

This is a raw transcript of the In-Focus forum on Japan (“Building Cities of the Future”) of the World Cities Summit, held at Marina Bay Sands, Singapore, on 3 July 2012. The panel comprised:

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**Mr Chua:** “Good morning, ladies and gentlemen. Thank you very much for attending this session and I also welcome many of our speakers from Japan despite their busy schedules. This session is about Japan in focus and we focus on opportunities and challenges. As all of us know, Japan always been the most advanced economy in the world by GDP. It is the third largest now but it always been the second largest. But we are all here always admire Japan for its sophistication of its society, high standard of living and also the graciousness of its people. So it’s both the hardware and the software of the city that actually enhance the attractiveness of Japan. Of course, even until today the Japanese urban or city, they constantly upgrade themselves to be state of the art, they always incorporate the latest technology. This is an area that many of us here also like to learn from them. But in recent years, Japan faced many challenges. Of course, some of these are demographic, for example declining and ageing population, and also financially, they have a chronic budget deficit. But at the industrial level, due to the international competitiveness, for example the high value of yen, their industry also face challenges in competition in the international markets. But adding to all this is a massive reconstruction effort they needed after the 2011 great East Japan earthquake. There’s an urgency to

regenerate growth for the entire economy. But taking this positively, it all represents interesting and exciting opportunities for all of us, not only just the Japanese companies in Japan, to redevelop the country, integrate the new technology, incorporate the new concept and most importantly can forget about all the legacy system, and this to many countries is a luxury that you can't afford.

The objective of today's session is really to provide you with an insight of all these issues and challenges and also to provide you with a first hand intelligence and perspective directly from the policymakers, from the project implementers, both from the public and private sectors. We have Mr Takase who is counselor to the governor of the Tokyo Metropolitan Government, we have Mr Suzuki who is the Deputy Mayor of Yokohama City. As you know, this is the city who pioneer the future city initiative. We have Mr Machida who is chief representative for the Japan Bank for International Corporation but he has been instrumental in altering Japan's new growth strategy when he was with the National Policy Unit. And we have from the private sector Mr Sasaki, who CEO of e-solution, which is championing the so-called smart city concept and we have also have Mr An from Nikken Sekkei, which a well known name for many of you in the area of architecturing and planning for the city. So I hope this session will help all the participants to have the first hand information to identify the potential opportunities. We also hope that you make use of this session to network with some of them who may lead you to some of the potential opportunities in the area of investment. And we also hope through this opportunity to partner and cooperate more with Japanese companies both for the Japanese as well as for the international market. So I hope this is a fruitful session for all of you and I have the pleasure to moderate the session for you. I hope that you all can post more questions to all the speakers and I look forward to enjoying a collective learning through this session. Thank you very much."

**Prof Takase:** "Good morning everyone. I'm a counselor to the Governor of Tokyo and also I'm Professor of Tokyo Metropolitan University. My name is Takase Tomatsu and since I'm a political scientist, this issue is political science-oriented and also my view in this is also entire Japan, not entire Japan because of always Governor is saying, from Tokyo, we should revitalize, revive Japan. So therefore this is my remark, is starting about some political situation in Japan, also economical situation, then go to the Tokyo Metropolitan Government. As you know, Japan is shrouded in a sense of hopelessness. The economy is stagnant and pension and healthcare and other social security issues growing increasingly serious. That's why as you know last week, very controversial issue, the rise of consumption tax bill is passed. On the top of this situation, great last year's earthquake, tsunami and nuclear power plant accident is the root of severe damage to Japanese society as a whole. This has a negative impact on the Japanese economy, which are showing signs of recovery from the recession after the 2008 Lehman crisis.

Now, look at this chart. Japan's nominal GDP peaked at US\$5.2 trillion in 1997 and US\$1.3 trillion in 2007. This shows that Japan's economy had not been

growing for the past two decades, just like a mountain in Cape Town. You see, this is just it. The problem facing Japan today can be narrowed down to following issues. One, deflationary recession; two fiscal problems; three national debt and last one is the low birth rate and ageing society. Since these four issues are mutually contradicting, our growth strategy cannot be formulated. This was made even more complex by the necessity for the deconstruction after the earthquake. Now the Tokyo Governor, Ishihara, is now serving the fourth town. He has constantly maintained the position that revitalization of Tokyo is a necessary to drive Japan forward. He's always advocating like that. It was fortunate that Tokyo receive little damage from last year's earthquake and well, indirect damages from the nuclear power plant, I'm sorry, nuclear power plant accident, we felt in Tokyo in the form of power shortages and radiation issues. Those things, issues, they do not come more serious so we say just a little damage. The power of Tokyo to drive Japan can be referred from the Tokyo's budget. The fiscal 2012 budget is US\$61.49 billion for the general accounted loan. This is equal to the Czech Republic's state budget. When the special account is included, total budget is US\$117.742. This is comparable to Norway budget of US\$121.38 billion in 2011. So you may realise Tokyo's budget is really loud and also almost more 10 per cent of our Japanese Government budget too.

The second is we are talking about political leadership. The situation surrounding Japan is one in which the national is unable to take the growth strategy due to lack of the political willingness and globalization has been increasing since the end of Cold War. It is here that Japan find itself so-called drifting. The change because, this is change of government in the 2009 and ensuing over-security in the political leadership has especially spurred on the chaos engulfing Japan. The reigns of the government had been passed to the Democratic Party of Japan, we call DPJ from Liberal Democratic Party, we say LDP, which has ruled almost consistently in the many years following end of World War II. But the fact that Japan has had three Prime Ministers in less than three years, since the change in government, unfortunately indicate a lack of leadership in the government administration. In this sense, even if the programme to regenerate Japan is formulated, it will not function.

Now I'm talking about government structural reforms. Deregulation, as you know, deregulation, lifting up of regulations, was the central feature of the government structural reforms that begun in the United States in late 1970s. This aimed to end collisions between politicians, bureaucrats and interest groups, introduce the principle of competition and return the benefit to the consumers. The (inaudible) of the reform spread from the Carter administration late in 1970s to the Reagan administration in early 1980s and from the (inaudible) the other industries, this has happened in the United States. Deregulation was also introduced in Japan. We made some comparative studies on the US-Japan political systems and we have introduced American, US way of deregulation. But in the new form manner, because of the collisions between the government and industry are so extensive, from the real perspective, another aspect we are talking about, all that is given by the *Dajokan*, this is Japanese

word, in the early Meiji, this is translated to Grand Council of the State, order given by the *Dajokan* in 1870s are still in effect at the statutes in Japan. You may be surprised. Moreover after World War II, the US official forces introduced American legal systems, concepts, to the framework of the continental legal system established under the Meiji Constitution. This is the 19<sup>th</sup> century. So because of this kind of things it's complicated, Japan's legal system. In this sense deregulation in Japan very difficult ordeal.

Now let's see, Japanese situation I am explaining. The word 'government' in English comes from the word 'govern' and the word 'administration' for the implementation of the policy comes from the word 'administer' which has the same meaning as 'govern'. The position of the government about the people is also seen in Japanese language where the government in Japan is sometimes called *okami*. *Okami* means words that literally translate to 'one who is above'. The current government structure is often likened to the vending machine, namely the government create budget based on tax revenue and realise policies by just introducing funds. This is like a vending machine where the product comes from out by pushing the button bearing the product's name. The question is whether such kind of style of the government will continue to be accepted. Now I'm talking about new public policy. If now, the principle of the public policy to reform the kind of government organisation and to take into the town the wishes of the citizens and realise their needs, the big challenge ahead would be how to pursue and achieve these ideas. No policy can satisfy everyone. This makes it crucial to have the political leadership that can run these policies in a priority order.

This leadership is the basic trait required of the politicians. As a method to decide, on the order of the United States Government had introduced PPBS, the planning programming budgeting system in 1967. But simply introducing a system to solve real problems. In other words, efforts have fallen into trap the of the vending machine model. Consequently this system was suspended in 1971 in the United States. Also, we can appreciate this attempt to integrate quantitative and qualitative approaches. It could not in the end stand up to the force of the political interest groups. Next is human resources, public servant. A new decision-making system is now necessary to achieve the new principle of the public policy. System reform, political system reforms require new human resources that can operate the system. Without such people, the new system will not function. Efficient operation of this system means for (inaudible) of the human resources. In other words, this is education. People who can operate the system are crucial for the outstanding organisation to the function. This applies to both central and local government administration systems. The authority and university and other educational institutions must work together in a close collaboration. Now in a Tokyo Government, now we are concerned with those issues I mentioned. So we are doing many things and just look at Tokyo is now established, let's see, there are now eight, yeah, eight goals from one to eight. And in order to accomplish all, we have 12 projects. Also last year, we have devised some because of the earthquake and we have starting from one to

project 12 and hoping by 2020, this can be accomplished. This is my presentation, thank you.”

**Mr Suzuki (Interpreter):** “I am Nobuya Suzuki, Mayor of Yokohama City. Thank you very much for giving me the opportunity to speak at such a wonderful forum like this. Today, I would like to talk about challenges in building environmental future city in Yokohama but as Mr Takase mentioned just now, Tokyo will change Yokohama. Actually, Yokohama also, we’re going to change Japan from Yokohama so we are working very hard to achieve that. I believe all the local governments are thinking the same way. Each local government or municipality will work hard and that will lead to the growth of the overall Japan. First of all, let me introduce Yokohama City. Yokohama City was an international port city. The port was opened in 1859. The population is 3.69 million, which is the largest population of a city in Japan. GDP of the city is 12 trillion yen or US\$150 billion. It takes 21 minutes, the shortest from Haneda Airport so it is easy even for people overseas to come to our city. Yokohama City has experienced rapid development and urbanisation in the past half a century. Now I would like you to take a look at an introductory video of our city.”

(Video presentation) “Yokohama, a city where tradition folds seamlessly into the future. Yokohama is easily accessible from all the major international hubs and functions as one of the most important gateways to Japan. Let’s take a look at what this fascinating city has to offer. Since the opening of the port in 1859, Yokohama was the capital of Japan’s modernization but Yokohama has also experienced many challenges. Against these challenges, governments, citizens and private firms work together tirelessly to make Yokohama a great modern city. Minato Mirai 21 is a futuristic city where events, business and shopping and modern residential high rise buildings are developed in the backdrop of open spaces and water. Yokohama will continue its own smart innovation looking towards the future and your city’s future.”

**Mr Suzuki (Interpreter):** “Yokohama has experienced challenges earlier than other parts of Japan and overseas due to its characteristics as shown in the video. We have overcome issues such as traffic jams and pollution that arose from rapid urbanisation and the challenges we face now are global warming and super ageing society. As population grows, emission of greenhouse gas has also increased. The population of our city is expected to grow even further so drastic reduction of greenhouse gas is necessary. Furthermore, our city is experiencing extremely rapid ageing of society which stands out among other cities in the world and soon we will be moving to the super ageing society. The elderly population continues to grow and expected to top one million in around 2025. Yokohama City has been a forerunner in handling these challenges and was designated by government as an environmental future city.

Under the concept of environmental future city, the government selects cities based on stringent criteria and those chosen cities will tackle problems common to all humankind, such as environment and super ageing population, and aims to

present resolution models to the world through its pioneering work. Japanese Government supports those environmental future cities by allocating sufficient budget to their relevant works. Some of the environmental future cities are those affected by the great East Japan earthquake and the projects that carried out as part of reconstruction efforts. In order to boost the attractiveness of our city and quality of life of our citizen, we aim to develop best practices in technologies and services to tackle such challenges as environment and super ageing society. And we continue to create new values in the area of environment society and economy to develop sustainable, social economic system. In order to achieve this vision, we will take initiative in five areas. Now let me share with you those initiatives.

First of all, after the great East Japan earthquake and Fukushima nuclear accident, Japan is in need of new energy system. Yokohama City will take the lead in this endeavor and aims to introduce smart city concept to the whole city to use energy in the city safely and independently. Yokohama is a city of mature residential estates and commercial and industrial areas. In order to establish community energy management system in the existing urban area, we will introduce system on a large scale, accelerate the adoption of electric vehicles and introduce home energy management system (HEMS) to households. Through such initiatives, we hope to develop smart city solution which is applicable to various cities regardless of their size and provide know-how. Second, Japan receives significant support from various countries after the great East Japan earthquake. In return, we are determined to contribute to the international society in the area of water and environment by making full use of our resources and technologies. Yokohama City is the birthplace of Japan's modern water and sewer system so we will leverage on our water and sewer-related technology we cultivated for more than a century and support the private companies when they engage in water infrastructure projects overseas. And also we have accumulated know-how for overcoming pollution so we will use all these to support emerging countries when they develop environmentally friendly cities. We're also committed to contribute to developing nations for improving the status of their waterworks by actively sending our staffs and receiving from trainees from such nations, such as Vietnam. The port Yokohama is the pride of our citizens so we will strive to realise beautiful sea.

Third, we will face the super ageing society faster than any other part of the world. In response, we will carry out new urban development. Since Yokohama is just next to Tokyo, the city has been growing, has seen growing inflow of young generations since 1960s and many houses were built to cater to their need. These estates are facing rapid ageing of the residents so we will develop sustainable community and compact city by transforming existing facilities. For example, a town where the elderly can go to any necessary facilities on foot and have access to adequate support system for their livelihood and a town where medical and welfare institutions are well coordinated. We will also promote development of houses so that the elderly can communicate with other generations and continue to live safely in their homes even after they start

receiving nursing care. Through such initiatives, we will develop Yokohama into a city where anyone, including foreigners, can live comfortably and conveniently at any age. Fourth, Yokohama City is blessed with various local resources. We will leverage on these assets to demonstrate the creativity of the city. Yokohama City has been a host of Yokohama Triennale, which is an international exhibition of contemporary arts. It is part of our rich cultural and arts resources we've accumulated over time. Starting from this year, we will organize three art festivals of arts, dance and music one after another so that you can enjoy world class culture and arts in our city. We have hosted various international conferences such as Apec Economic Leaders' meeting in 2010. We will leverage on our experiences in such conferences to become city where people from all over the world can have active exchanges in Yokohama.

Last but not least, challenge. We will continue to challenge ourselves so that we will continue to be a city where you feel there are business opportunities in Yokohama. Companies in Yokohama have excellent technologies, which have helped them to survive and win the global competitions. We are committed to promote their innovation further. To attract more global companies, we will develop more attractive business and residential environment. Yokohama is a home for top-class life science research institutions and venture companies so we will capitalize on this strength to form a life science hub. Furthermore, port of Yokohama is Japan's gateway to the world from the sea so we will develop it into a hub port to boost its international competitiveness. Next I would like to talk about our network both at home and abroad. We have various collaborations with many local governments and we are also supporting the reconstruction efforts after the great East Japan earthquake. We also have extensive partnerships with other cities in the world. For example, in March this year Yokohama and city of Cebu in the Philippines have signed a memorandum of understanding regarding technical cooperation towards the sustainable development of the city.

The World Bank has recognised Yokohama's international activities and in 2009, it designated Yokohama as one of the eco-tourist cities which successfully balanced environment and economic growth. And yesterday in Singapore, PUB and Japanese company Meiden Singapore and Yokohama City, the three parties have signed an MOU of joint development in order to improve waste water recycling technology. We will continue to contribute to cities around the world through various activities such as wide port project, which supports the development of infrastructure in emerging countries and public-private cooperation as well as cooperation with Jaika. We are committed to continue innovation toward the future and keep creating new values as a port city where people, goods and events traverse. Please look forward to what's going to happen in the environmental future state of Yokohama City. This autumn, Haneda and Yokohama, now we have railroad between them, and we will have more trains that connects these two locations so I would like you to keep having an interest in Yokohama. Thank you very much for your kind attention."

**Mr Machida:** “Mr Chua Taik Him, Deputy CEO of IE, distinguished speakers and ladies and gentlemen. I am Fumitaka Machida, chief representative of JB Singapore office, regional headquarters for Asia and the Pacific. It’s my great honour to make a presentation about the strategy reversal for Japan, including Japan’s future initiative today. So actually I was seconded to the National Policy Unit Cabinet Secretariat of the Government of Japan for two and a half years. I served for the three Prime Ministers and the Minister for the national policy. So I was in-charge of Japan’s foreign economic policy in National Policy Unit and I’m also involved in the launch of the new growth strategy dated on June 2010, including the deployment of the infrastructure systems and free trade agreements, including the DPP and reducing the corporate tax rates in order to invite the foreign direct investments into Japan as well as their future initiatives. And also after the March 11, i.e. the great East Japan earthquake, I was also involved in the launch of the strategy for reversal of Japan dated 24th December last year, including the several policy measures for the revival from the disaster by the tsunami and earthquake as well as the nuclear power accident in Fukushima in terms of the reconstruction of Tokyo region in cooperation with other foreign governments.

So based upon my experience, accordingly today mainly from the perspective so I would like to touch upon the outline of the new growth strategy by the Japanese Government and also the strategy for the reversal of Japan, both of which are the basic platform for the future city initiative. And then also I would like to explain in detail about the future city initiative itself and finally I would like to point out some challenges by Japan in this field from the bank’s perspective. So now I would like to emphasise two points on this slide.

The first the new growth strategy itself is to aim our responding to the Japan’s existing crisis, that is Japan has been suffering from the long-term sluggish economy and decreasing growth potential as well as the further deterioration of fiscal balance and deal with its population decreasing and our super ageing. Current social economic system in Japan is not to provide the appropriate solution in the area of the (inaudible) owners in which the population that we have a kind of negative impact on economic growth of Japan. And secondly, on the top of the affirmation, the existing crisis that has already emerged even before the crisis and the earthquake. The earthquake brought about the enormous damages like the nuclear power accident and limited electric supply as well as the rapid Japanese yen appreciation which currently shocked the Japanese economy. Therefore the strategy for the reversal of Japan itself is to tackle these kinds of new issues that is the crisis in the midst of a crisis, such as the destabilizing factor added after the March 11.

So now I would like to briefly explain the outline of the new growth strategy. So just like to show the overall picture of the new growth strategy. What I want to emphasise here is that the strategic clarified several strategic areas – green innovation, life innovation, leisure, tourism and the local revitalization, science, technology and IT and implement human resources and the finance. And then the green one and the yellow one, the green innovation and right innovation will

be regarded as the growth area driven by Japan's existing and potential strengths. And the regarding the leisure and tourism and local revitalization will be the growth area driven by pioneering the new frontiers. And then the rest of the three will be the platform to support such formation for the growth areas. So new growth strategy identified the 21 national strategic projects in seven areas that contribute especially significantly to economical growth and the economy achieved so far due to the (inaudible) integrated Japanese bureaucratic system and they tried to advance these seven areas utilising these 21 projects as a breakthrough in each field. So now I would like just point out that, the number of projects, i.e. 21, originates from the Democratic Party of Japan (DPJ) Government's strong conviction to leave behind the 20<sup>th</sup> century growth model and realise the 21<sup>st</sup> century growth model.

So what is the 21<sup>st</sup> century growth model? So the first, it sees the environment and the super ageing issue not as growth restrictions but as growth opportunities and second it transit the dichotomy between the large government and small governments by instead promoting the cooperation among the broad range of stakeholders. And third, it aims to open up Japan by striving for core existing with the emerging market while contributing to their sustainable growth or as countries. So on this basis, the future city initiative is categorized into the one of the important projects under the green innovation area as the policy measures to initiate 21<sup>st</sup> century's growth model in Japan. So I would just like to indicate the growth path of the Japanese economy that the DPJ Government administered at that time. So in new growth strategy, they just divided these 10 years to 2020 into the two periods, that is phase one and phase 2, with the end of the deflation as the dividing point. So in this regard, I would like to mention about the DPJ Government's basic policy towards overcoming deflation.

So it seems to me that the Government of Japan so far has the basic understanding that the Japanese economy is just in a situation of the regulatory trap where the cash injection into the banking sector by the Central Bank just failed to lower interest rates and hence it failed to stimulate economic growth. So in addition, I would like to mention that DPJ Government just identified the four main reasons for the deflation. One is the globalization, the second is future anxiety, the three is (inaudible) implement and the mismatch in the labour market and fourth is the decreasing population especially in the labour market. Then they just therefore they think about the respective measures to the respective factors. And for example, the one for the globalization, so they find that they have to promote the industry by utilizing PPP and with respect to the future anxiety, it must be cured by securing a social welfare system by increasing their consumption tax. And regarding the labour market, so they're going to develop the external labour market. And regarding the working population level, so in order to keep the population as much as possible, several policy measures are able to create to circumstances where the women and the senior people could continue their jobs. That will be taken and that will also stimulate domestic consumption in the end.

And now, I would like to just point out some arguments in Japan about which economic policy will be taken for the Japanese economy, i.e., the neo-liberalisation (inaudible) So DPJ Government is still in a position that so the laissez faire economic policy under the LDP Government, especially under the Koizumi Administration, such as restructuring measures, (inaudible) even under the situation of the depopulation and deflation (inaudible) implement programmes and the sluggish domestic consumption as well as further deflation. Accordingly, the DPJ Government have taken the policy to activate their potential demand in new fields, such as environment and the health sector, while liberating Japan's strengths. And I personally think that this approach would be to some extent reasonable, at least where we have GDP growth. So our slide is about about the strategy (inaudible) of Japan. So as I mentioned the new growth strategy itself is aimed at responding to Japan's existing crisis like ageing society and the declining birth rate and the fiscal deficit and long term economic stagnation, deflation since the bubble burst. So as Japan is now facing the additional challenges of the recovery and reconstruction from the earthquake and control of the nuclear incident, so I would like to know that the threshold reversal of Japan is to target as not only for the existing crisis but also the crisis in the middle of the crisis. So as a result strategy for reversal of Japan also includes the swift implementation of the new growth strategy itself and simultaneously policy measures on the new growth strategy will be aggressively applied even to the disaster area like Tokyo region from the viewpoint of the recovery and reverse. And then so based upon that, I would like to introduce Japan's future initiative.

So first I would like to explain the background over the initiative. As the slide shows, urban population has increased sharply and now comprised half of the world total population. This is projected to grow around 6.4 billion, i.e. 17 per cent for the world's total by 2050. So just to wrap it up, urbanisation is seen prominent even in the emerging markets and it has caused various environmental and urban problems. The 21<sup>st</sup> century is referred to as the age of the cities. So in this age, so the challenge of realizing the affluent life results in increasing burden on urban environment is a challenge common to all human beings. So Japan is known as an advanced country in terms of the challenges of both decreasing birth rates and rapid ageing. So it is projected that in 2050, so senior over the age of 65 will comprise of more than 40 per cent of the population. I think that the city in region where the senior can live a fruitful and healthy and secure life in a vital city is actual challenges, not future challenges. As many countries, such as Asia, also expected to experience these challenges in the near future, we think Japan is in a position tackle this problem and offer some solutions to common human challenges. So then the Government of Japan identified the future city initiative as one of the national strategic projects and the objective of the initiative is the challenge the common human problems and tried to propose modern solutions or as frontrunner in this field. So in other words, you see the big opportunities for Japan as well.

So next I would like to mention about the purpose of the future city initiative. The purpose of the future city initiative is to select a few cities, future cities, to realise a world's leading success skills in terms of technology, social economic system or services, business model and city building in order to resolve the common issue in 21<sup>st</sup> century. The selected city expected to reach to the innovation in social economic system that can create the successful cases. And the Japanese Government will support the selected city by concentrating on budget and affecting the deregulation and reform in regulating tax system as a bottom-up and selective approach. So I would like to emphasise that to realise this initiative, it is quite important to adapt an open resource in the business strategy which is open both at home and abroad. So this is also enhanced under the concept of the reconstruction of Tokyo region opening to the world. So it is important to gather the worldwide wisdom and experience and effort by absorbing as the city successful case all over the world. So the basic concept of the future city is to realise human-centred cities by creating new value to resolve the challenges of the environment and the super ageing basically. In order to realise the sustainable growth, so considering the value of environment as well as the society and the economy is essential. So in this relation, the selected cities are to set the strategic future vision in ways that will maximize the total of the environment, social and economic value. Moreover, it's important to set their vision in a way to maximize the respective city's interactions showing their variety and originality as well as their unique, the social and natural resources.

So on this slide, I would like to just point out these three points, important points to make this initiative a success. The one is steady project management and two is the establishment of the powerful and speedy established institution and the third will be strengthening the cooperation between cities. And so the Japanese Government has already selected 11 future cities just about less than a year, the five cities from the no-disaster areas and the six cities from the disaster areas. And then their original plan has already been brushed up and authorized by the (inaudible) in the regional revitalization office over there, Cabinet Secretariat, and the implementation of their model project has already started. And today, I don't have enough time to explain in detail the projects but I would like to mention that for example, Higashimatsushima City is to facilitate its project in cooperation with the Denmark Government and it is quite remarkable that the both selected future cities, i.e. the Kitakyushu City and the Kiamichi City promoting the inter-city cooperation and also the Yokohama City is to contribute to reconstruction of the disaster-affected area like the (inaudible) Fukushima and the Yamamoto-cho, Minamisan-cho and Miyagi prefecture.

So what will be the challenges for Japan? As you see in Japan, there are many cities which have had great effort in environmental issues and the rich green innovation before. However, it seems to me that how to give the rise over medical innovations simultaneously will be the difficult task in many cities on the outcome basis. So in addition that, so from the viewpoint of the input basis, I would like to point out the following major challenges. One is how to establish the business model in which we have to find out the least sharing model and

profit model and appropriate consumption, and two, what will be the appropriate PPP model? So PPP is of course, the public-private partnership. It should not be the PPP, planning, pending with patience. So in this regards, we have to identify the role of the central government as well as the local government and the three, how to harmonize the initiatives with a top-down approach like (inaudible) system or deregulation in utilities and the social welfare systems in Japan and fourth, how we can promote inter-city cooperation and five, how we can involve the community. With a cities across the world facing the common problem of growing population, ageing society and a limited resources, can Japan become a pioneer in developing new and more sustainable way for the 21<sup>st</sup> century? Yes, I think so, as Japan got over before in terms of the pollution and as well the other shocks in its history. On the other hand, I also think it is impossible to leave this to Japan's effort only. So it is quite important to adapt an open resource innovation strategy in this field and we have to gather the worldwide with them and the effort. In this context, I think this World Cities Summit itself will be very great platform for us. Thank you for your attention."

**Mr Sasaki:** "Thank you very much giving me a very great opportunity. I would like to introduce a very unique organisation, company, smart city planning. There are many variety of towns. One company cannot solve the whole issue of cities so we are going to challenge. Smart city project is the proposed total package of the next generation urban development. Smart city planning consists of 24 international environment technology companies. Smart city planning business model is the business platform between strategic partner with e-solutions and customers. Our challenges, first challenge, issue one – redefine the 24 functions required by smart city. When we analysed the Japanese domestic testing, each test focused on the limited area without linking the other areas like this. Even the four major testing areas change two, issue two insufficient of (inaudible). There are four major projects like Yokohama, Toyota, Kay Honda, Kitakyushu. However technology and business models not standardized among projects.

Issue three, concessions in general. Each player protects its own IP. If there is no cooperation among players, there should be no support among solutions. Finally, partial optimization with our standardization. Issue four, individual part supply system contracted, like local government tend to order separately to contractor. If there is no cooperation among players, their solution will be partially optimized city components. Issue five, lack of leadership. This chart explains from plan, research, feasibility study to execution. Few companies can take up on this. Local business owners, issue six. Productivity is the key. Business model is not completed. Issue seven, inefficient marketing. Most Japanese players tend to introduce their own products separately without concerning the whole to the global market. Issue eight, not enough financial support schemes. Demonstration experiment held mainly in Japan slow developed in the world.

So I'll just explain past achievements. First achievement, the number of players has been increasing for the past two years. Second achievement, the history remains solution development. Achievement three, marketing and promotion. We have been invited for presentation opportunities by more than countries. Achievement four, the increase in products globally. So I'll just explain various types of a smart city, competitive city and the island cities and the small cities, we have many types of a smart city planning. This is also future city selected Kashiwanoha smart city. This is a flagship project. This is a smart processing factory at the Kasenema and Toho area. Nine fishery companies work together with us. This is a just planning but Okinawa regional stimulus plan. This is later we will explain, Koru city. Our plans for 2012, in addition to the four major achievement strategy, new participants, second solution development that co-marketing, project formation, compose real estates business model and financial development will be important to us. Last page, smart city planning is a business platform between the strategic partners with e-solutions and customers and sub-committee; there are two measures of sub-committees. One is solution building and second is project formation, very key to success rate of our project. Thank you very much for your attention."

**Mr An (Interpreter):** "My name Masatoshi An. I work at the Nikken Sekkei Company. This is a professional organisation. My company is 110 years, I don't know whether you know and our company is ranked as one of the world's largest design engineering institutions consistently. If you go to the exhibition area, you will be able to see our company's video so I hope that you will drop by. In the welcome kit when you made the registration, I think you will be able to know our activities digest. This is our activity after the disaster. It is compiled in this book. I hope that you will be able to see that as well. Today, I would like to talk about the sustainability downtown development opportunity and challenges. This concept sustainability covers wide concern. For myself who has been working in downtown redevelopment planning throughout the entire professional career as a city planner, it covers physical and social safety, vitality, humanity, energy efficiency, ecological rationality, economical soundness and so on and so on. And moreover this has to be fulfilled at the same time. So for all these requirements, when we put into reality, certain designs and planning methods of collaborative development manners are to be agreed among the public sectors and private developers and the people together. Sustainable development can be only achieved under good and progressive public and private partnership or we can say PPP.

Now I'm going to show some of the projects we have designed in Tokyo Metropolitan area in the early years of the century. They are commonly characterized by mixed use and high density. From the old urban planning point of view, excessive mixture of use and highly intensive land use should be avoided, so we're told as such at school. But on the contrary, I think these are even secrets of making community sustainable if carefully designed under good public and private partnership. This is what I think. This is the Izumi garden complex at Roppongi, which received the Grand Prix of City Planners Association

of Japan. As you can see from the picture on the right hand side, they have a nice public space and this designed as beautifully, they're appreciated, it connects with the subway station. Tokyo midtown is one of the most popular mixed projects of Tokyo. This land on the site used to be the site of the Defense Agency but due to the developed this site has become attractive mixed usage development area together with the public park design and to make this, they have achieved success.

Nikken Sekkei has been long engaged in the project from masterplan stage to detailed design mediated between public and private sectors by the integrated power of a highly skilled planners, architects and engineers. Please remember this. It is a key for success for real estate development in Japan to let us participate as supporting consultants. This brand, new Sony R&D centre, located right in front of Osaki station of Yamanote line is characterized by its unique façade with a porous ceramic screen called bio skin, a new Japanese design. This system contributes a lot of to reducing the heat load by the sun. Osaki Centre is aiming at high efficient building so this façade system with this porous ceramic screen, this reduces a lot of heat load by the sun and it contributes a lot in this regard. Tokyo sky tree is the latest design work of our company. The anti-seismic structure system of the sky tree is inspired by the design of traditional Buddhist towers. The sky tree project includes large commercial facilities along the canal. I think they will stimulate the economy of an old and great neighbourhood.

Now let me talk about several aspect of sustainable design by picking up some of our practices. One of the important targets of sustainable design is to lessen CO2 emission. If you look at CO2 emission by fields, you will find that energy saving in commercial activities and efficiency of transportation are extremely crucial. My first example is the total energy management. This is the Harumi Trinton project on Tokyo Inahaba area. The point when we started planning the Harumi project in late 80s during the boom period, we first put priority on energy cost cut. We try to develop a highly efficient area, energy management system at first. At the same time, we paid a lot of attention to the layout planning of the machine system in order to minimize the total piping plan. So we decided to place it in the middle of the site. Of course, this did not, we tried to be careful not to give negative influence on the total function. Harumi is famous for its high energy efficiency. This is done because periodic commission has been carried out to check and improve energy saving performance for more than 10 years. Advanced waste management system and water recycling system are also introduced in the project.

This is Minato Mirai 21 project in Yokohama or MM21. Transit-oriented development (TOD) refers to residential and commercial centres designed to maximize access on foot and/or by public transit. A typical TOD has a railway station at its centre and surrounded by a relatively high density complex with progressively low density neighbourhoods spreading outwards in pedestrian scale distances. This is the Queen's Mall of MM21. I believe it is the most typical

and vast example of TOD to connect every corner with the subway station effectively, a public in a mall named Queen's Mall was planned. Left hand side is the Queen's Mall. The right hand side at the cross point called station core a very big atrium was designed. So with this you can be able to see and feel the special structure. Down this atrium, the subway is running and the subway started to operate since the opening of this complex, sorry 10 years after the building was completed. We planned this actually in advance. So this is our concept. Tokyo is composed of many TODs and in order to be sustainable it have to be like that. The future growth centre of Tokyo Metropolitan area are some of these TODs. The Shinagawa area where the linear *Shinkansen* bullet train terminal will be located and some other areas are designated as strategic growth areas, Shibuya, Shinjuku. These are the strategic growth area, they're designated as the strategic growth areas.

My last example is about small efforts for saving energy. This is Ai (?) Garden in Tokyo and in here, our headquarter Nikken Sekkei is located. This site used to be a railway yard. After laying out basic infrastructure, land pieces were sold separately to several companies, including Nikken Sekkei, by the previous owner, a freight rail company. So in order to introduce integrated land scale design and to reduce heat island impact, Nikken Sekkei took the lead at that time for the planning arrangement for encompassing private plots by sophisticated semi-public space. Well, it may be a small loss for each company in terms of the space area but you get much more in return when cooperation with each other is, when the cooperation with each other is made. The difficulty of this kind of agreement is no exception is to be permitted so it's all or nothing. So with the strong support of the local government, we succeeded finally to adopt the cooperative masterplan. Well, small efforts maybe to sometimes bring up a big outcome. At this site, the temperature of this surface of the site is low as the Imperial Palace, which is mostly a forest. If you have the time or chance to come to Tokyo, please enjoy this comfortable green shade there. Thank you very much for your attention."

#### **Video: In FOCUS JAPAN 06 Moderated Q & A**

**Mr Chua:** "Hello, can you hear me? We have received many questions and some of the questions I think enjoy quite a lot of popular votes. Probably I will start with the question that most people want to know and I think we can have everyone who like to comment on it, you can just put up your hand and comment on it. If not, then probably I will have to assign one of the panelist to at least, to respond to the question. I think now here there's one question that a lot of people want to know. Given Japan's current demographic problem, that means your population is declining, how likely is that Japan will turn to immigration to help reverse the population decline? And if this is not an option, is there any other solutions? I think anyone wants to comment on this. This is quite a very fundamental major question. Anyone want to respond to that? Machida-san?"

**Mr Machida:** “Yes, it’s quite a difficult question. Actually I’m just a banker but so, I think so or still Japan’s historical perspective still Japan’s employment rate is still relatively high compared with Japan’s history. So and then if we have some, there is also the argument in Japan on whether we should invite a lot of the foreign workers to Japan’s economy. Actually, the DPJ Government decided to increase the number of some highly talented people, especially in the special work in the hospital or some social welfare services. It’s quite difficult to increase the blue collar workers into Japan because of some argument or programme issue there. But we should just increase such kind of numbers to stimulate the economy as well as keep to certain level of economic (1:26:47)”

**Mr Chua:** “Yes, you would like to comment?”

**Prof Takase:** “Yes, I don’t know about immigration role in Japan but right now is many Japanese companies are hiring foreigners. As you know in Japan, our fiscal years starts in April and ends March before that April, many companies are hiring new recruits from university graduate or high school graduates. However now, previously this is only for the Japanese, but now they are hiring talented persons. So therefore now similar companies are already, even as you know, Sony or other companies is companies communication is in English or something like that so this is now the tendency, that the Japanese side is hiring.”

**Mr Chua:** “Any other comment? Suzuki-san, you run a city. Is your city accepting more immigrants?”

**Mr Suzuki (Interpreter):** “First of all regarding the problem of population, in Japan overall when we think about the domestic problem, how we can improve the birth rate, that is the issue that we have to tackle. Then only one municipality cannot solve all the problem and the next one is that the issue of immigration, inviting people from overseas. For this, we have some problem of the law so it’s difficult to have a fundamental solution as one municipality. But each municipalities have to think about what we can do and work very hard to solve the problem. So in that sense, we have competition among cities. So it’s a positive competitive so in Japan, we have to prepare and develop the environment where people can raise children easily and an environment where we can invite people. In terms of the raising their children, three years ago, we have a new mayor in Yokohama City and actually two years ago, our Mayor participate in the conference as well and she’s a female mayor. So she is very interested to focus on the raising of children. The problem of how to set up more childcare centre for children. So for this kind of issues, we have great achievement as well under the mayorship. And for the companies, in order to invite people, companies have to provide good incentives and other than that, when they come to Japan, we have to provide a very good environment in terms of housing and education and medical care and culture aspect. So we have to provide a city of environment where even foreigners will feel comfortable to live in. So we are having the discussion on this topic as well. Thank you.”

**Mr Chua:** “Maybe we should shift to another question which is a bit more broader but I think is probably most fundamental. The question is what is the best way to reform Japan’s political system to ensure more decisive leadership because I think a lot of speakers talked about the speed, the importance of speed in implementation and also the institutional structures so that they make good decision, quick decision. So would there be any system like the Japanese Prime Minister’s position more powerful to lead Japan such like the US presidency? I think probably as a start by asking Prof Takase-san. You talked about this, how to make the Prime Minister of Japan more powerful?”

**Prof Takase:** “That’s a difficult question. However, because of, why is this confusion, some kind of political turmoil happening in Japan because of the election system is revised because previously we have just like UK, we have our parliamentary system is the Upper House and the Lower House. Then the Lower House is sometimes the constituency is fairly rushed but now I think about several years ago, we are completely divided constituency problems, divided by (inaudible) just like the United States. So therefore each politician only concentrate on local politics and each constituency only, they can select one parliament, one congressman, therefore we have several political parties, LDP, DPJ, Communist Party, Socialist Democratic Party, all kinds of parties but only one member of the Congress. This means not a problem present in the entire Japan but this is a problem. And also people talking about Upper House, what is the role of the Upper House. Upper House is just like, similar to the role of the Lower House and therefore no functioning Upper House. Maybe someone radical will say abolish the Upper House and advising the constituency to go back to the old system, or something like that. This is only my personal comment.”

**Mr Chua:** “Any other comments that you want to have? This is a most fundamental question but I guess it’s difficult to respond in just a few sentences. Yeah, please.”

**Mr Suzuki (Interpreter):** “It is difficult to make a comment in my position so it’s going to be my personal opinion. So now we have talked about institution and system and I think it’s quite okay, correct. But what I usually think is that who politicians work for and for what? So each politician have to I think understand it and I’m not sure if they have such understanding. Their main purpose look like they want to win the election and also their personal interests but politicians have to serve the nation and the public. So now, what do the citizens want? So they have to understand their needs and make decisions according to their understanding. Then after that they also need to act swiftly but they have to look at the future, 50 years later, 100 years later and make decisions now. Not only about the short term perspective. That’s my request as well.”

**Mr An(Interpreter):** (inaudible) system might be developed. I do not know whether Singapore has developed the regulation system. Anyway, when I see other countries and compare to Japan, Japan has a various regulations and we’re caught up with these regulations. That’s what I feel while I’m working. So this

fact whether the politics will function well or not, well, it is really true as the media says that the Japanese politics is confused but the economic situation is not that bad as the political situation in Japan. It is surviving but the politics are really bad. But if we try to make inroads in the new area and when we think about this, the politics of course, politicians have to take the leadership and lead the way and then the regulation, which is monetized by bureaucrats, this situation has to be gotten rid off in the future.”

**Mr Chua:** “Thank you very much. I think I have to shift it to some more lighter question. This is a bit heavy for the city. I think there are more straightforward questions like how do Japanese city view density. That means from the Japanese experience, what are the benefit or the problem, what pitfall for high density urbanisation? Do we really need a high density city? Probably this we can ask Mr An or Sasaki-san to comment on it.”

**Mr An (Interpreter):** “...whether is it good to have a high density city, there are any appropriate density. It’s a matter of city planning. As I mentioned in my presentation, according to the conventional urban planning theory, where we look at the lower density than the current density of Tokyo, it’s more appropriate. That’s what the old school says. But what kind of background, what kind of support we have for this kind of assertion? We have to think of that. For example, the sunshine should shine on the house. Otherwise we, people will have some diseases caused by the lack of sunshine and that will lead to the social problem. Another matter is that from the factories in the town, it may release noise or the exhaust gas so they might release some pollution that hamper the daily lives of the people. So that will hamper the appropriate environment of the city. So the density of the city should think about such factors as well. But most of the problem has been solved in terms of technology-wise and the social-wise. I’m not sure what will be the appropriate density of the city but I think that we should aim for the high density city because as I mentioned it would improve the efficiency of the transport and when the elderly live in a city, they can provide mutual support. So that high density city would enable such things. My house is a bit far away in the main city area and we have a weekday city in the city centres. But at my age, this house in the city centre is very convenient for me. So a higher density than now is actually better. That’s my idea. Thank you very much.”

**Mr Chua:** “Thank you very much. I think it’s about time I need to sum it up with the last question and there’s a question related to the energy policy and this is about instead of retreating from the nuclear energy due to the Fukushima disaster, should Japan make full use of its technology strength to create a safer nuclear energy solution because this is an area that many people needed and maybe for this question I can have Mr Sasaki-san, you want to talk about the energy policy?”

**Mr Suzuki:** “This is my own personal idea but when it comes to nuclear power energy, if you stop immediately, the business of Japan will be stalled and our

Japanese economic strength will be deteriorated. But I think in an early timing, we have to find new energy that will replace the nuclear energy and also we have to do the energy saving, the know-how for energy saving and how to bring in the new energy. This is has to be accumulated as a know-how and bring it in as part of the package of the smart and then hopefully that smart city can be exported to the world and can contribute to the world.”

**Mr Chua:** “Thank you very much There are still several question, but in term of time’s constraint I think since you know all the panelist here, they will be around. Probably you will like to approach them and ask about anything specific. It’s about time for me to sum it up. Let me sum up this whole session. I think as you know based from the presentation we know Japanese community, private, public sectors, they know the challenges very well. Not only that, in fact they have solutions, they have put in place, many many solutions and response, smart city initiative. These are tangible but they all know these are all partial optimized solution because they are looking on something more fundamental. So it just leads to many long-term questions like political leadership, the speed related to the implementation, institutional response, immigration policy, energy policy. These are very fundamental but this require to a certain extent political leadership and all this.

So you can see from a simple city modeling planning, objective, actually it links back to a multifaceted type of issue. And this is exactly I think this is what World Cities Summit is supposed to do but we are very happy to see that because we believe that Japan will be able to respond to this in a very tangible manner. It may take time but every solution that they do, as in what you can see even with the immigration, they think of everything for the immigrant before accept the immigrant. So it’s a well-planned society. To a certain, there’s advantage and disadvantage to certain extent; there’s always a trade off. So on this note, I will, I think there’s still a lot of question on everybody’s mind but I think it’s a good session for us to continue to help to stimulate our monitoring of what Japan is going to do next and we’re going to all collectively learn from them. Thank you for participating in this session. Thank you very much.”

[End of Transcript]