

## Client Alert

October 2013

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### Olympic PPP Client Alert No. 1

### PPP/PFI opportunities in Japan for the Olympic Stadium and other related venues, the Metropolitan Highway and airports

On September 8, 2013 Tokyo was selected as the host city for the 2020 Olympics and Paralympics. The Abe Administration is expected to announce the National Strategic Economic Growth Areas in October 2013, which are based on the "Japan Revitalization Strategy - Japan is Back" (Cabinet decision on June 14, 2013). These Growth Areas include parts of Tokyo where the Olympic Games will be held in 2020.

Four private sector members of the Council on Economic and Fiscal Policy have proposed which Tokyo areas should be selected as National Strategic Economic Growth Areas. The proposal encourages the use of PPP/PFI for construction of the Olympic Stadium and other related venues, renovations to the Metropolitan Highway and urban development by relaxing floor area ratio (*yoseki ritsu*) regulations so that taller buildings can be built. The proposal also recommends 24 hour usage of Narita Tokyo International Airport and Haneda Tokyo International Airport and proposes the development of new access routes from the two airports to the center of Tokyo.

In addition to this proposal, 242 other proposals have been submitted to the Cabinet Office based on the Request for Proposal issued on August 12, 2013. Out of these 242 proposals, the Council on National Strategic Economic Growth Areas will select several areas accordingly. Unlike under the former special zone system, the concept of a project-focused location-dependent "special sector" will be introduced under the National Strategic Economic Growth Area. This means that not only geographic regions, but also business sectors and systems may be designated as Growth Areas (e.g. toll road concessions, agriculture business by private companies, foreign doctors licensing, etc.).

### Developments in airport privatization

Recent legislation concerning the operation of government-owned airports by private sector operators will bring new opportunities to banks and investors, bolstered by Tokyo hosting the Olympic Games in 2020. Following the enactment of this law will allow the transfer of management operations for public facilities at government-owned airports in Japan to private sector operators under a concession system.

For more information on the concession system and related potential developments, please refer to the [Client Alert](#) issued in July 2013.