

## COVER LEAD

## Infrastructure

## – Key to Revitalizing the World Economy

By Naoyuki Haraoka

Infrastructure is a vital basic need for the global economy. This is true not only for developing nations engaged in building their economies but also for developed nations in need of renovating their existing infrastructure. We should also note that filling the gap between demand and supply of infrastructure would benefit infrastructure producers as well as its users, so the whole global economy would ultimately be a beneficiary of infrastructure building projects. As each infrastructure building project, such as bridges, railways, highways, and electric power stations, would cost millions of dollars, its positive impact on economic growth would be significant. Therefore, infrastructure investment will be instrumental in raising global economic growth as well as promoting economic and social development among developing countries and restoration of old infrastructure among developed countries. Urban amenities and sustainable environments are other important goals that infrastructure can help achieve. They are universal needs, regardless of whether a country is developing or already developed.

The world today is still suffering from continuing global economic stagnation in the wake of the financial crisis in 2008 and we are facing a need to accelerate our economic growth. While developed nations need to renovate their old infrastructures in pursuing consistency between growth and environment, developing nations need to overcome the so-called “middle income trap”, stagnant growth at a certain stage of economic development after the primary stage due to the lack of a good education system or good governance or good infrastructure. Some countries, such as Japan, have strength in the infrastructure production industry and promoting exports of their infrastructures would benefit not only their users but also the producing countries’ economies.

After looking at the overall picture of the global investment gap in infrastructure given by a consultant’s report to the World Economic Forum, we present the views of various Asian authors on the current status and expected roles of infrastructure investment in the Asian region. Specifically, Dr. Juzhong



Zhuang, an economist at the Asian Development Bank, introduces his overview of Asia’s infrastructure needs and Dr. Sachin Chaturvedi, director general of the Indian think-tank Research & Information System for Developing Countries (RIS), talks about the case of India, while Dr. Yose Rizal Damuri, head of the Department of Economics at the Center for Strategic and International Studies (CSIS) discusses Indonesia.

We then have two interviews with Japanese business executives who have worked in the infrastructure exporting business for a number of years. Yoshiro Abe, managing director of JFE Engineering Corporation, introduces his experience of a sewerage system project in the Philippines, and Takeshi Kawakami, president of IHI Infrastructure Systems Co., Ltd. talks about a bridge construction project in Turkey.

We follow these interviews with articles covering two important issues related to infrastructure: one is about Chinese infrastructure initiatives, the AIIB and the “One Belt, One Road” project, while the other is about the significant implications of infrastructure for global value chains in Asia. The first takes the form of a discussion between our editorial committee member Long Ke and political scientist Dr. Akio Takahara, a professor at the University of Tokyo, and the second is written by Dr. Fukunari Kimura, a professor at the Faculty of Economics at Keio University and chief economist of the Economic Research Institute for ASEAN and East Asia (ERIA).

## COVER STORY 1

**Overview of Global Infrastructure Investment —  
Estimating Needs, Investment-Friendliness &  
Efficient Achievement**

(From the Report “Third Global Infrastructure Investment Index 2016, Bridging the Investment Gap” Provided by Arcadis and Discussed in the World Economic Forum)

By Japan SPOTLIGHT

This report estimates the current global investment gap for infrastructure at \$1 trillion per annum, and towards 2030 the world is facing a vast \$14 trillion shortfall.

## COVER STORY 2

Interview with Dr. Juzhong Zhuang, Deputy Chief Economist and Deputy Director General, Economic Research and Regional Cooperation Department, Asian Development Bank

### Academic Overview of Asia's Infrastructure Needs — ADB Expert Discusses 2017 Report

By Japan SPOTLIGHT

Infrastructure to be provided most efficiently by Public Private Partnerships (PPP) will support not only economic growth but also poverty reduction by creating jobs and providing the poor with access to essential public services.

## COVER STORY 3

### Investing in Social Infrastructure for Larger Dividends: Way Forward to Stimulate Indian Economy

By Sachin Chaturvedi

Social infrastructure in health and education, and urban infrastructure like low-cost housing, will provide India with larger dividends leading to further expansion of the economy.

## COVER STORY 4

### Infrastructure in Indonesian Economic Development: Potentials & Issues

By Yose Rizal Damuri

In Indonesia, the role of infrastructure in supporting economic activities and development is fully recognized by the Indonesian government. It needs to resolve issues such as difficulties in financing projects, acquisition of land and low participation by the private sector.

## COVER STORY 5

Interview with Yoshiro Abe, Managing Director, Overseas Business Division, Environmental Solutions Sector, JFE Engineering Corporation

### Promoting Urban Amenities in the Philippines

By Japan SPOTLIGHT

With the completion of the Parañaque Sewage Treatment

Plant in April 2018, the largest one that JFE Engineering has ever been engaged in constructing in the Philippines, Manila's urban development will be significantly improved.

## COVER STORY 6

Interview with Takeshi Kawakami, President of IHI Infrastructure Systems Co., Ltd.

### Building Izmit Bay Crossing Suspension Bridge in Turkey — a Project by IHI Infrastructure Systems Co., Ltd.

By Japan SPOTLIGHT

Osman Gazi Bridge, the longest suspension bridge in Turkey, on which IHI Infrastructure Systems worked, was opened on July 1, 2016. The bridge was instrumental in saving transportation time significantly and also offered a totally different view of the city.

## COVER STORY 7

### Chinese Infrastructure Initiatives, the AIIB & “One Belt, One Road” — Roundtable on the Global Implications

By Japan SPOTLIGHT

Two Chinese infrastructure building initiatives can be analyzed from economic and political perspectives. Political and economic stability in China must be a prerequisite for the success of the AIIB and “One Belt, One Road”.

## COVER STORY 8

### Infrastructure for Global Value Chains in ASEAN & East Asia

By Fukunari Kimura

In order to let global value chains work better in ASEAN and East Asia, soft and hard infrastructure to connect ASEAN and the surrounding countries is expected to play a key role. In this way the region's significant growth potential can be fully exploited.

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