



# PART I: INFRASTRUCTURE OPPORTUNITIES

## AUTHORS

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## BACKGROUND

On 8 September 2013, Tokyo was chosen as the host city for the 2020 Olympic Games. Tokyo is set to host the Games of the XXXII Olympiad from 25 July - 9 August 2020, and the Paralympic Games from 25 August - 6 September 2020.

DLA Piper's Tokyo 2020 Olympics Updates will cover various hot topics in relation to the Games, including new developments and legal issues. This Part 1 provides a snapshot of the infrastructure opportunities in relation to the Games, and outlines how your business can prepare itself for involvement.

Further updates will provide more information on the procurement process, tendering for works, energy infrastructure and finance, including lessons learnt from our work with the Olympic Development Authority with regard to infrastructural arrangements for the London 2012 Olympics.

The Tokyo 2020 Bid Committee (**Bid Committee**) predicts that a key physical legacy of the Games will be improvement to the urban environment, revitalisation of areas, expanding green spaces of the city and an improved interface between the city and its waterfront.

A reducing global economic presence and loss of regional competitiveness has sharpened Japan's focus on attracting global investment. Japan aims by 2020 to attract over 50 foreign companies to establish Asian headquarters or R&D centres in Tokyo and have over 500 foreign companies establish operations in Tokyo. The focus on infrastructure development and inbound investment resulting from the Games complements and furthers this objective.

## KEY INFRASTRUCTURE CONCEPTS<sup>1</sup>

The Games will be staged in the heart of central Tokyo, and will feature:

- the Olympic and Paralympic Villages at the geographical heart of the Games;
- two thematic and operational zones, being the Heritage Zone and the Tokyo Bay Zone;
- a "compact concept", with 28 of Tokyo's 31 venues located within an 8 km radius of the Villages;
- the maintenance and refurbishment of venues constructed for the Tokyo 1964 Olympic Games; and
- integration with the new "Tokyo Vision 2020" urban strategy.

<sup>1</sup> A useful visual overview of key venues can be found in the Tokyo 2020 Bid Committee video, available [here](#).

## OPPORTUNITIES

### Construction

The Bid Committee plans temporary or permanent works for a total of 35 competition venues throughout Japan. 15 of these venues are in existence and may require refurbishment. 20 new venues will be constructed, nine of which are temporary. The temporary venues include those which would be expected to be dismantled (such as for archery, water polo, marathon swimming, sailing and beach volleyball) and others which will require the dismantling of more significant works (such as the 12,000 seat Olympic Gymnastics centre). The earliest permanent works will commence in November 2013, for the Musashino Forest Sport Centre (which was planned regardless of the outcome of the Bid). The next wave of permanent works will commence in October 2015, for the Olympic Stadium, with most permanent works commencing in the years 2015 - 2017. It is anticipated that there may be some post Games construction, for the modification of venues to serve communities in the longer term.

There are also opportunities in relation to the Olympic Village site, which will after the Games become the Tokyo International Exchange Plaza residential and mix-use development. The Olympic Village will be financed by the private sector, with

opportunities for private investment in adjoining redevelopment projects.

The Bid Committee states that Japan has substantial hotel infrastructure, including western-style hotels and traditional Japanese "ryokan", expected to be sufficient to accommodate all categories of visitors. Nevertheless, construction authorisations have been signed for 29 new hotels and are expected to be signed for a further nine hotels, totalling 6,257 new rooms.

### Transport

Tokyo transport infrastructure is considered to be well-developed, with 1,052 km of railway tracks handling an average of 25.7 million trips (with a further 2 million trips handled by buses). Train headways of 2 minutes during rush hour are one of the world's shortest. There is some planned infrastructure investment which will contribute to the Games, with 20 km of major urban arterial routes to be widened, one train station to be expanded and 28 km of motorways and major urban arterial routes to be constructed. However this investment was planned irrespective of the Games bid, and Japan is unlikely to finance any additional major transport infrastructure specifically for the Games.

Figure 1: Heritage Zone<sup>2</sup>



<sup>2</sup> Tokyo 2020 Bid Committee, *Candidature File - Section 8 - Heritage Zone* (7 January 2013) [https://tokyo2020.jp/en/plan/candidature/dl/tokyo2020\\_candidate\\_section\\_8\\_enfr.pdf](https://tokyo2020.jp/en/plan/candidature/dl/tokyo2020_candidate_section_8_enfr.pdf).



## Telecommunications

At this stage, the Bid Committee does not foresee the need for telecommunications investment. Tokyo's fibre-optic broadband penetration rate is 100%, and the existing network infrastructure connecting the venues comfortably meets demand. This is also the case for mobile carrier capacity, although the Japanese Government has indicated that it will make further investment in free Wi-Fi services in Tokyo.

## Energy

The Bid Committee has to date provided limited insight into energy requirements for the Games, which is unsurprising given that power supply is a hot topic in Japan.

The Bid Committee intends that only green energy will be used at Games facilities and venues. How this intention will be developed and implemented will be a major issue for Japan to manage. In particular, interaction between this, the government's aim to deregulate the power industry in Japan and the growth of the renewable energy industry will be fascinating and many political, commercial and legal issues will arise.

## Finance

The Games will be financed as follows:

- The private sector will finance most of the Organising Committee for the Olympic Games (OCOG) budget, with the exclusion of a 50% government contribution to the Paralympic Games operating cost.
- The Tokyo Metropolitan Government (TMG) will cover any deficiencies that may occur in the OCOG budget.
- The Japan Government will provide all security, medical, customs, immigration and other government-related services at no cost to the OCOG.
- The public and private sectors will cover all expenditures regarding permanent competition and on-competition venues, training venues and infrastructure. The TMG has established a Hosting Reserve fund of US \$4,542 million for the construction and upgrade of infrastructure and city owned venues relating to the Games.

Each venue has already been categorised as being sourced from either public, private or joint funding. The most expensive will be the US \$1,520 million Olympic Stadium, followed by the US \$1,201 million Olympic and Paralympic Village.

## PROCUREMENT

Foreign companies can participate in the tender process if they have been approved under the Japanese *Business Construction Law*.

The TMG, Japan Sport Council, Nippon Budokan and one "private body" will manage the planning, design, tendering and construction of competition venues for the various permanent works.

These responsible bodies will be assisted by the Olympic Venues Department in the Tokyo OCOG, which will provide requirements for venues, participate in tender reviews, review design concepts, monitor progress and facilitate reporting to the International Olympic Committee. It will also coordinate the planning, design, tendering and management of construction, and post Games removal of overlays.

The bidding process will be implemented by the TMG, in accordance with the World Trade Organisation Agreement on Government Procurement (**Agreement**)<sup>5</sup> and the Government's existing contracting procedures.

Foreign companies may be interested to note that under the Agreement, the use of measures to encourage local development or improve the balance-of-payment accounts by means of domestic content, licensing of technology, investment requirements or otherwise is explicitly prohibited as a criteria for awarding contracts (Article XVI). In fact, the stated purpose of the Agreement is to ensure that government procurement is more transparent and that domestic products or suppliers are not favoured.

## CONCLUSION

The Games will bring international attention to Tokyo long before 2020, as the city develops the infrastructure it needs to meet the demands of the world's largest and most famous sporting event.

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<sup>5</sup> A copy of the Agreement is available [here](#).

DLA Piper's next Tokyo 2020 Olympics Update will focus on the proposed tender process and associated legislative and regulatory framework for the Games.

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