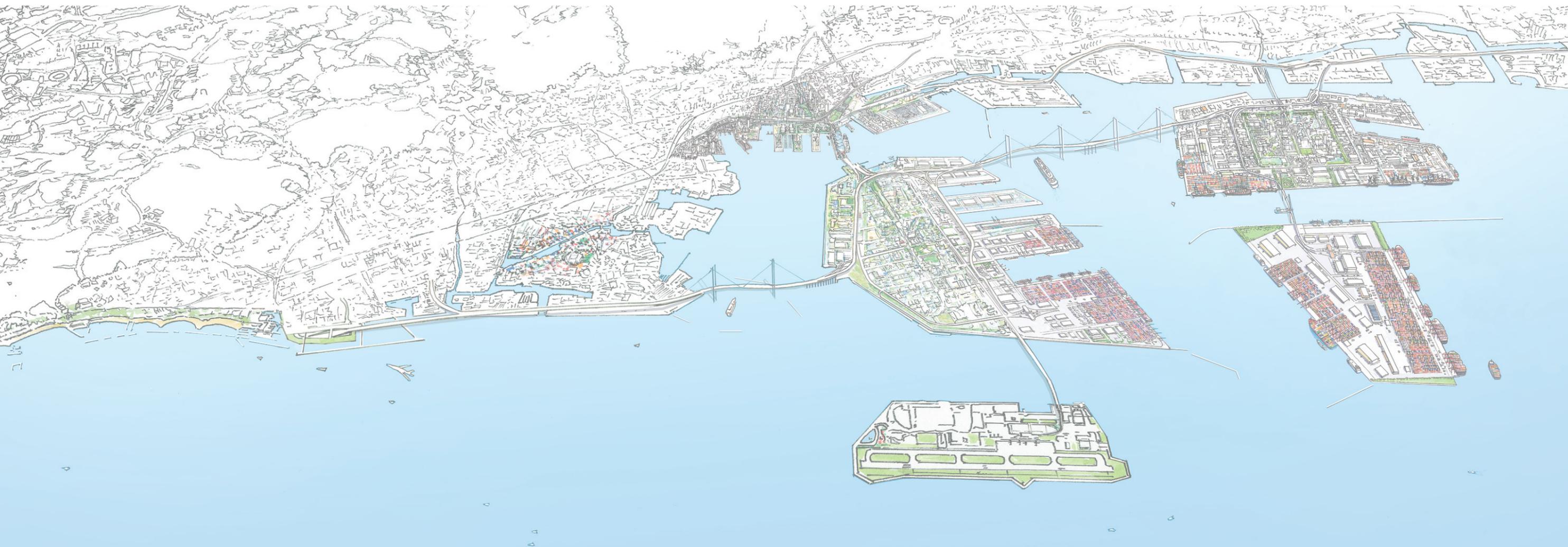


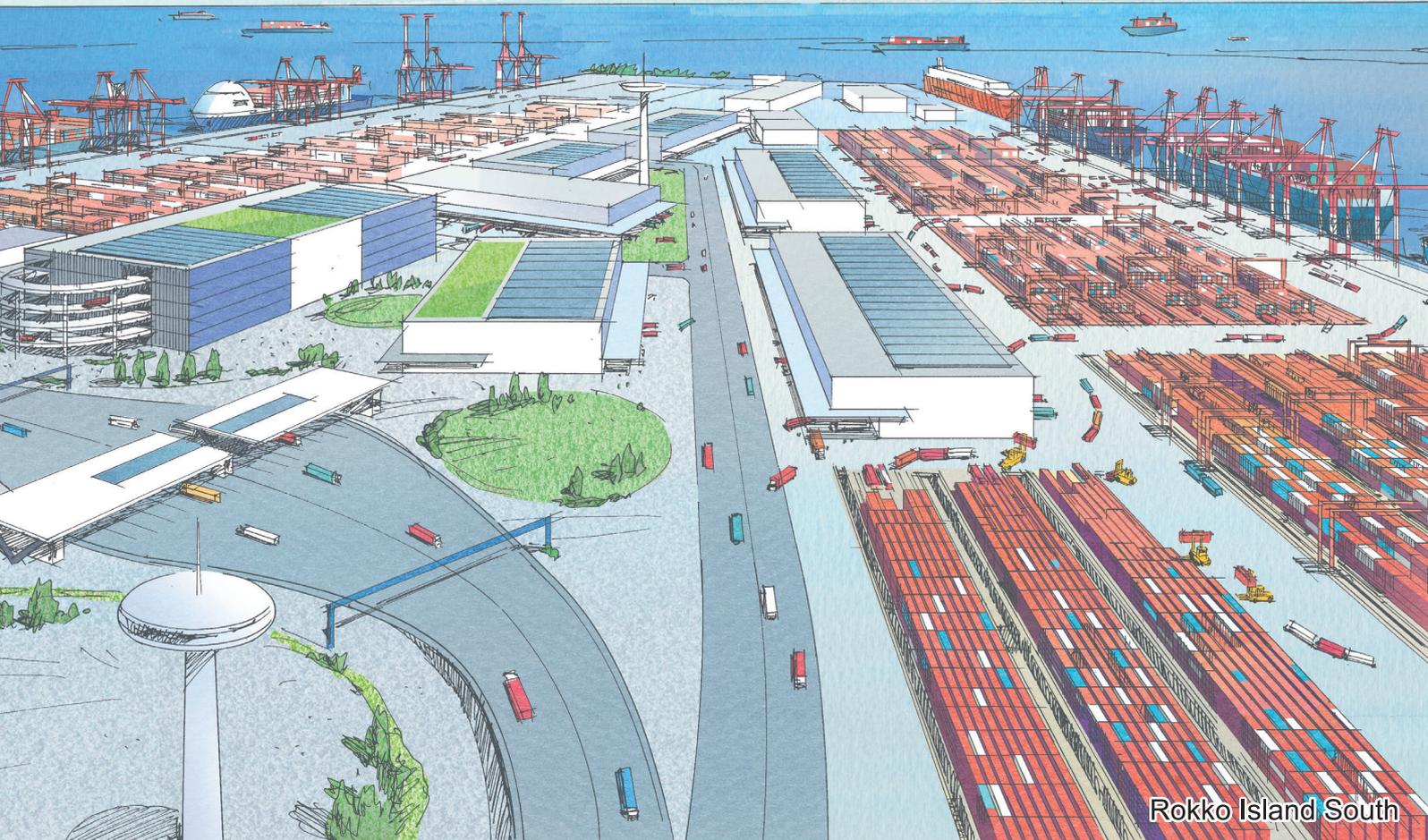
Ever-challenging and evolving Port of Kobe

Aiming to create new values

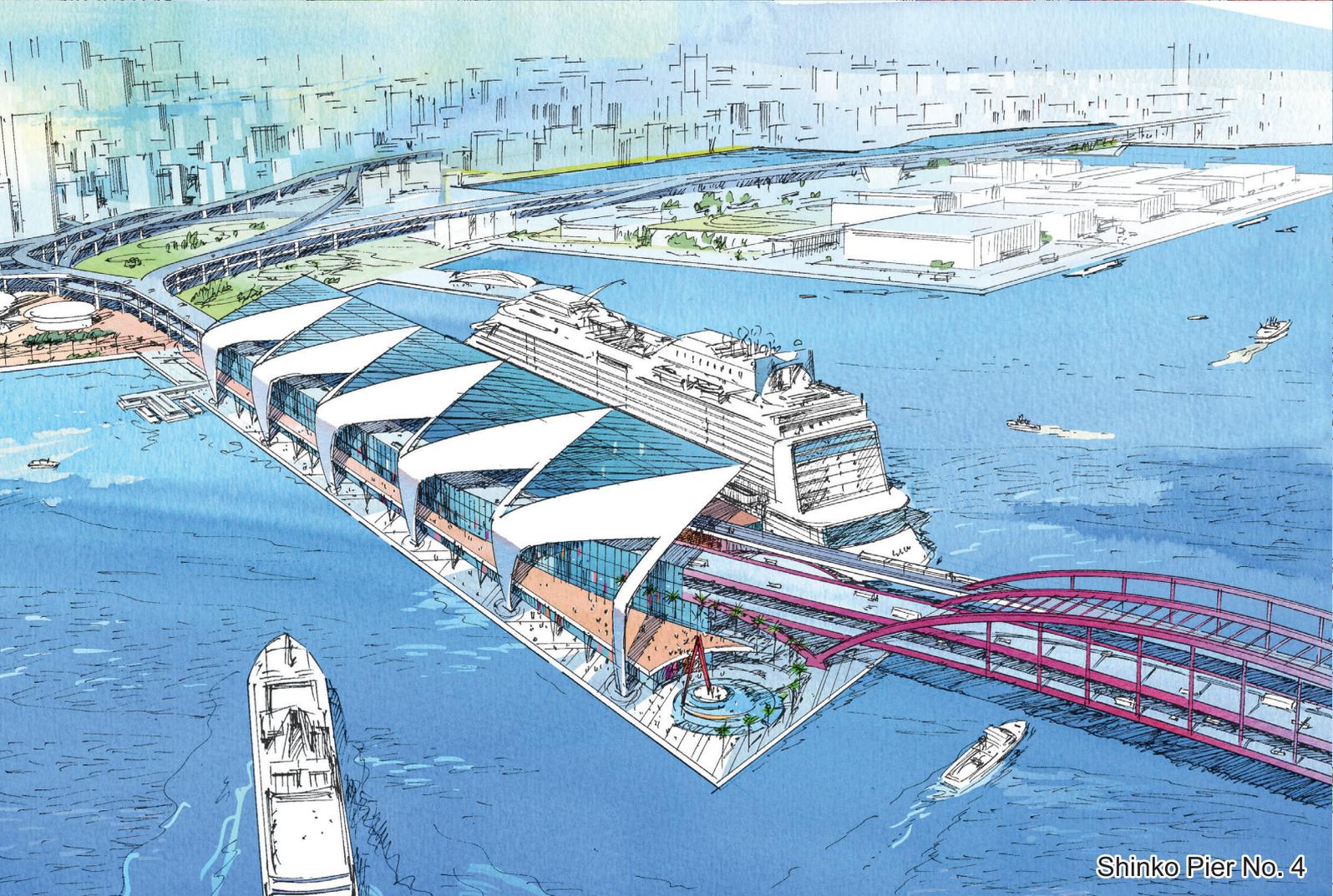
Port of Kobe Future Vision



July 2017
City of Kobe



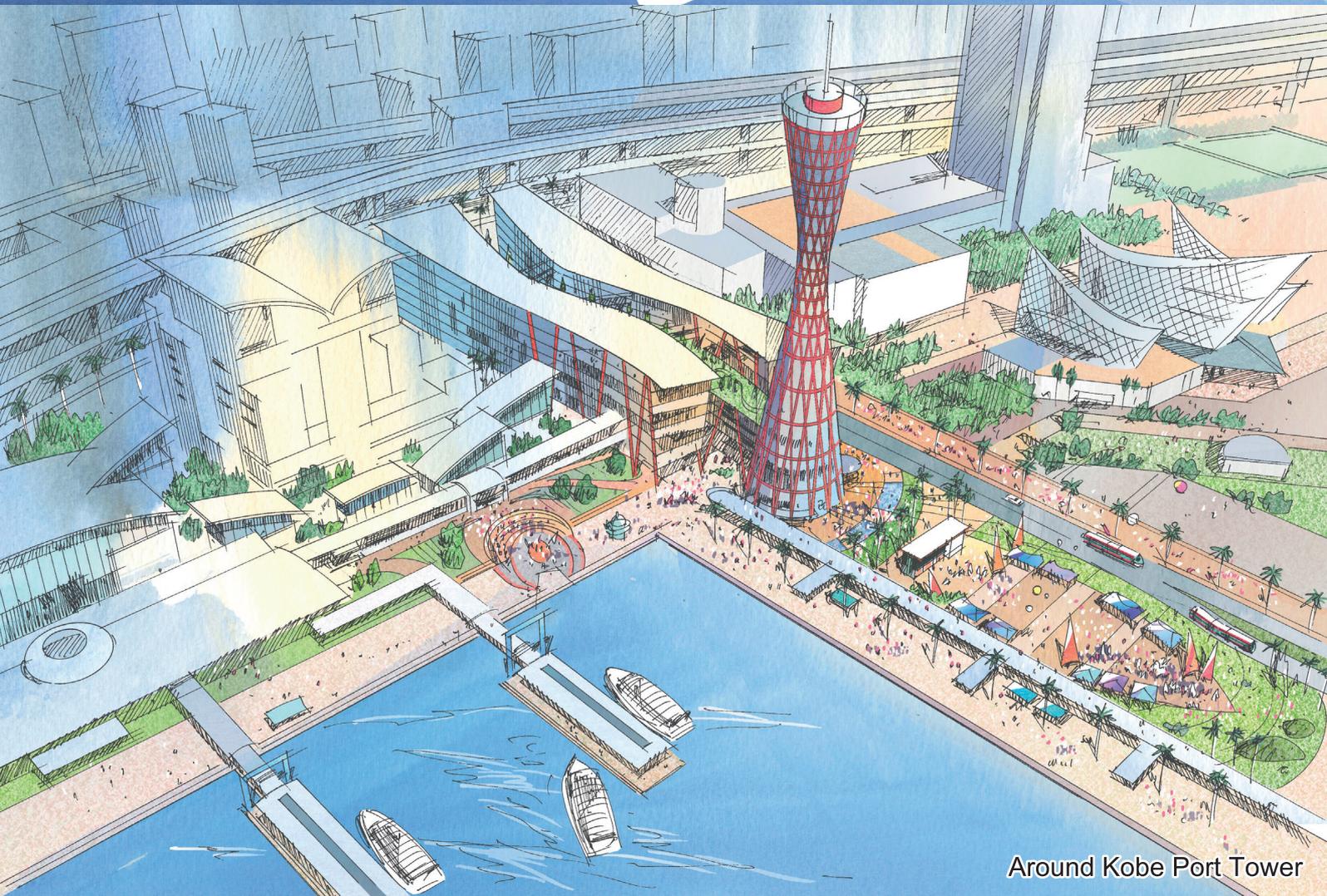
Rokko Island South



Shinko Pier No. 4



West District of Shinko Pier



Around Kobe Port Tower



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1 Port of Kobe Future Vision

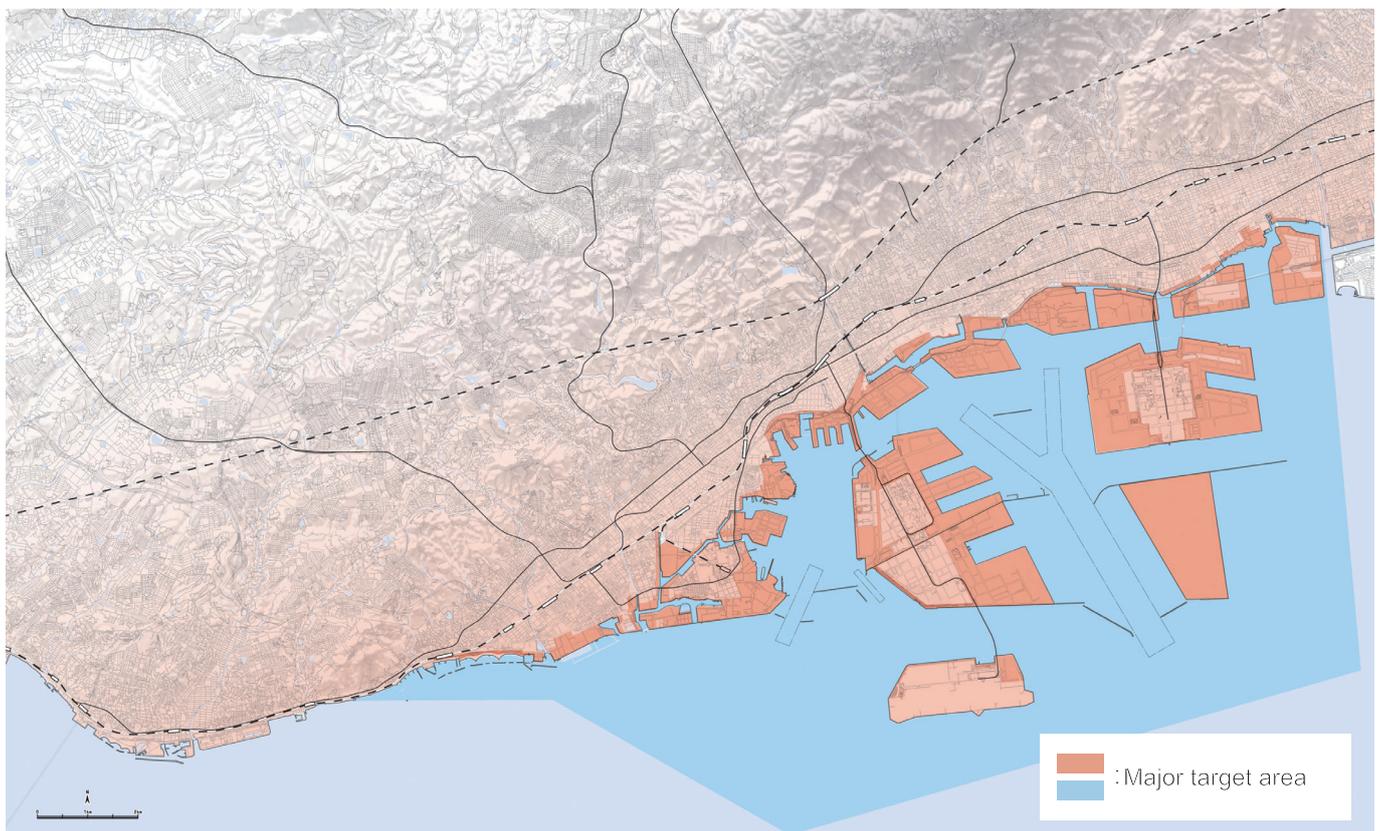
Background and aims of the Port of Kobe Future Vision

- The Port of Kobe opened on January 1, 1868, and is celebrating its 150th anniversary in 2017.
- In recent years, we have seen drastic changes occurring and global ties being strengthened through various aspects of people, goods, money, information, and technology, such as rapid economic growth of ASEAN and other emerging Asian countries, dramatic technological advancement that is sometimes even called the fourth industrial revolution represented by IoT and AI, and rapid environmental changes in international shipping and logistics.
- In Japan, circumstances surrounding the Port of Kobe have also been substantially changing, with the population decreasing and the relative position of Japanese domestic ports declining.
- Under these circumstances, on the occasion of the 150th anniversary of the Port of Kobe, the City of Kobe has decided to formulate a strategic vision that the Port of Kobe should aim at in around 30 years from now, based on an accurate prediction of the further changes expected in social and economic situations and the trends in port logistics in both Japan and the world.
- The Vision is designed to cover not only port and industry, the major functions of the Port of Kobe, but also the elements of bustling and city, which create the vitality and culture of Kobe as a port town, and the environment and safety, elements expected to become increasingly important, thereby demonstrating the aim of comprehensively enhancing the international competitiveness of the Port of Kobe.

Target year

In around 30 years from now (2050)

Target area



3

Changes in Social and Economic Situations

Ongoing economic growth in Asia, emergence of new economic centers

- 30 years from now, Asia and America will remain the two cores of the world economy.
- In Asia, the shift of manufacturing functions from China to ASEAN/India will accelerate.
- In Asia, personal income and the population of the upper and middle-income class will increase.
- In the long-run, Africa and Central and South America will become new economic centers.

Further advancement of globalization

- Some Japanese manufacturers are showing a tendency to return to Japan.
- Economic activities by borderless supply chains will develop.
- Globally integrated production and consumption systems will prevail.

Changes in circumstances surrounding international logistics

- Along with the shift of manufacturing functions in Asia and the ASEAN's economic growth, the center of international logistics in Asia will move southward from China.
- Response to actions at overseas ports, such as accelerating development of logistic parks and liberalization of trade, will be required.

Escalation in population aging and lifestyle change

- Japan's total population and labor force population will decrease, associated with changes in social systems.
- Lifestyles will change and become increasingly diversified.

Advancement in technologies that have an impact on industry and people's lives

- Technology innovation, including the fourth industrial revolution represented by IoT and AI, will accelerate.

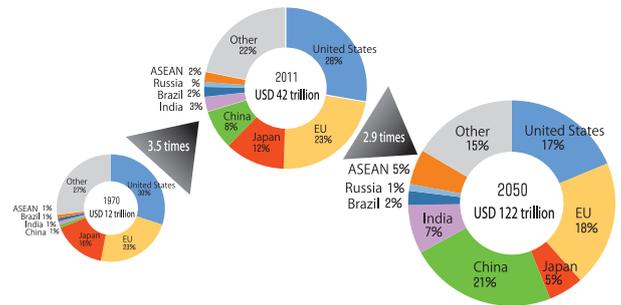
Increase in inbound tourists, such as cruise passengers

- Efforts to improve port terminals and other environmental factors are being made at many ports inside and outside Japan with the aim of increasing cruise passengers and other visitors.

Environment-friendliness as an important standard of conduct

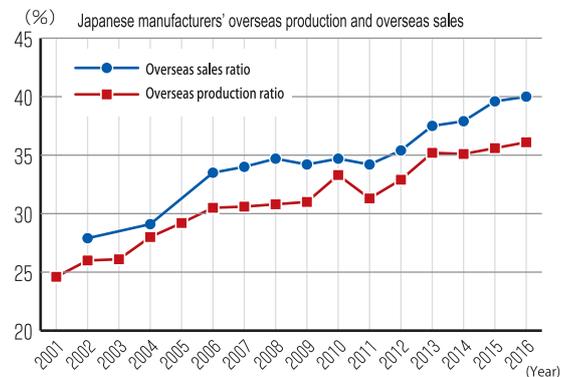
- Regulations on carbon emissions will be further tightened, such as the COP21 emissions reduction target.

World GDP will continue to increase, and the shares of China, India and ASEAN will double.
Real global GDP (2000, in USD)



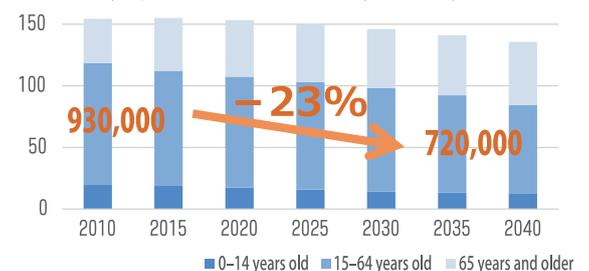
Notes: World real GDP for 2000 is used as the base (100 percent) for the USDGDP forecast.
The forecast is not intended to represent the real GDP for 2010 and 2011, and it does not include the forecast for 2050.
Source: "World GDP and Real GDP Development in the 21st Century" (BDO, The World in 2000)

Japanese manufacturers' overseas sales and overseas production ratios are rising in response to the world trends



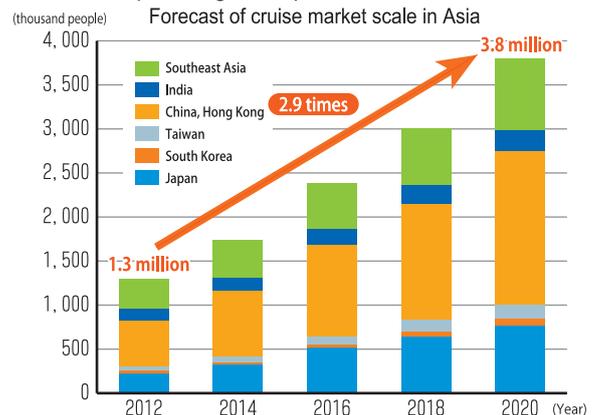
Source: FY2016 (the 20th Survey) Based on Overseas Business Operations by Japanese Manufacturing Companies (Survey) (Ministry of Economy, Trade and Industry)

Decrease in labor force population due to population aging (Population estimates of City of Kobe)



Source: Projections Program Developed by Projections Models Institute of Population and Social Security Research

Cruise passengers expected to increase in Asia Forecast of cruise market scale in Asia



Source: Asia Cruise 2016 (Korea Cruise Industry Association)

4 Future Image of Port of Kobe and Core Projects

Future image that the Port of Kobe should aim at

Ever-challenging and evolving Port of Kobe

Aiming to create new values

- For the sustainable growth of the Port of Kobe and taking continuous initiative among the world ports and harbors, we have to take strategic approaches unceasingly.
- Based on this determination, we set the “ever-challenging and evolving Port of Kobe” as the future image that the Port of Kobe should aim at.
- We position the power to attract goods and people from the world to the Port of Kobe as “creation of values” by users and visitors of the Port of Kobe, and thus set the basic direction for specific projects and initiatives as “aiming to create new values.”

Goal for “Port and Industry”

**A port that creates new values
in global supply chains**

Kobe International Logistics Park Initiative

Goal for “Bustling and City”

**A port that creates new values by offering
a luxurious time, place, and meetings**

Globally Attractive Waterfront Initiative



Four core projects and 12 strategic approaches to achieve goals

“Port and industry” field

Goal A port that creates new values in global supply chains

Develop the Port of Kobe Logistics Terminal to form a re-export transshipment base equipped with high value-added functions

Core Project
I

- (1) Integration of the next-generation container terminal with the sophisticated center of distribution, processing and manufacturing functions
= Port of Kobe Logistics Terminal
- (2) Strategic overseas expansion promoted in cooperation between the City of Kobe, Kobe-Osaka International Port Corporation, the national government, and business circles
- (3) Formation of a shipping and logistics base capable of handling diverse types of cargo

Establish the Kobe brand with leading-edge technologies and high-quality logistics services

Core Project
II

- (4) Realizing a highly efficient logistics system corresponding to technology advancement
- (5) Offering high-quality and safe green logistics and new energy-based systems

(6) High-level human resources development to support high-quality port services

“Bustling and City” field

Goal A port that creates new values by offering a luxurious time, place, and meetings

Establish a Kobe Waterfront that attracts people from around the world

Core Project
III

- (7) Redevelopment of the waterfront area to drive urban growth
- (8) Developing new symbolic landmarks of the Port of Kobe
- (9) Creating an attractive living environment taking advantage of unique waterfront features

Establish a cruise city by enhancing the environment to accept cruise ships and an expanding market

Core Project
IV

- (10) Reorganizing cruise terminals to accommodate various cruise ships
- (11) Cultivating a “cruise culture” and developing new markets in Japan

(12) Establishing a transportation network connecting sea, air and land terminals to facilitate movement around attractions

Strategic approach

(1) Integration of the next-generation container terminal with the sophisticated center of distribution, processing and manufacturing functions
= Port of Kobe Logistics Terminal

- ▶ In view of the anticipated southward shift of the international logistics center along with the economic growth of ASEAN and India, the Port of Kobe aims to satisfy demand for transshipment between Asia and North America.
- ▶ To achieve this, develop a next-generation container terminal while reorganizing and concentrating the distribution, processing and manufacturing functions. By integrating the terminal with these functions, establish the Port of Kobe Logistics Terminal as a re-export base for high value-added cargo.
- ▶ Also promote integrated actions in both the hardware and software aspects to support the establishment of the Port of Kobe Logistics Terminal and develop the environment therefor.

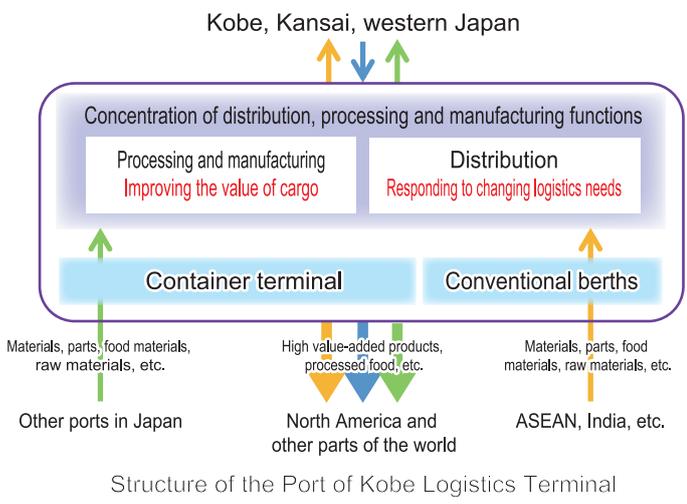
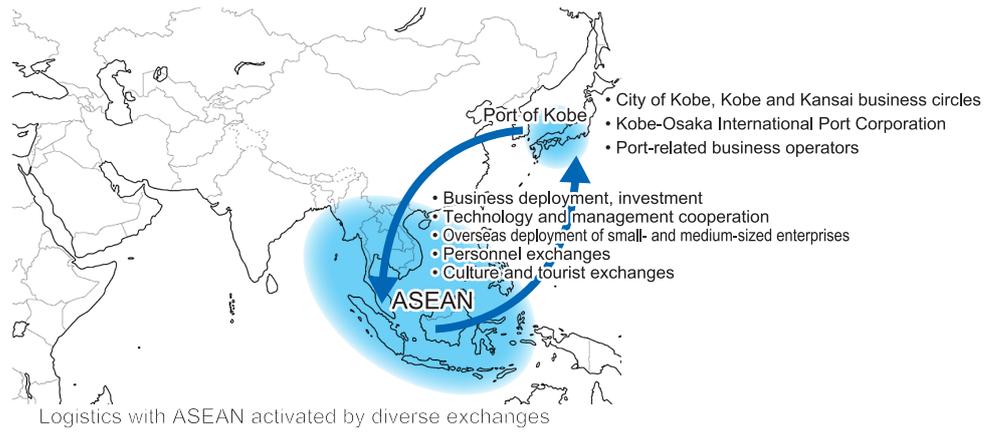


Image of the Port of Kobe Logistics Terminal

Strategic approach

(2) Strategic overseas expansion promoted in cooperation between the City of Kobe, Kobe-Osaka International Port Corporation, the national government, and business circles

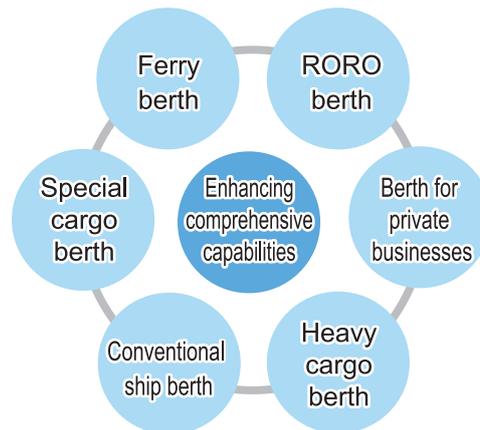
- ▶ Enhance ties with the ports in areas that are expected to grow, such as ASEAN, by supporting investments, development and technological assistance for their port infrastructure, as well as through funding and participation or cooperation in port operation.
- ▶ Also take integrated actions with business circles through supporting overseas deployment of Japanese companies and other initiatives, thereby making the Port of Kobe a transshipment port for consolidating/generating and re-exporting cargo.
- ▶ Moreover, promote multi-layered and broad exchanges among diverse entities by organizing training programs in Kobe for engineers of these emerging areas and other opportunities, thereby enhancing the capabilities of the Port of Kobe.



Strategic approach

(3) Formation of a shipping and logistics base capable of handling diverse types of cargo

- ▶ Enhance capabilities of handling diverse types of cargo, including heavy and special cargoes, as well as RORO and ferry cargoes, and establish such comprehensive capabilities as a brand image for the Port of Kobe.
- ▶ With these capabilities enabling the transportation of any form of goods and ensuring multiple modes of transportation, increase shippers' interest and the volume of cargo handled.
- ▶ Also, equip the Port of Kobe Logistics Terminal with high value-added functions besides container cargo handling, thereby contributing to the formation of a re-export transshipment base.



Establish the Port of Kobe's comprehensive capabilities as a brand feature

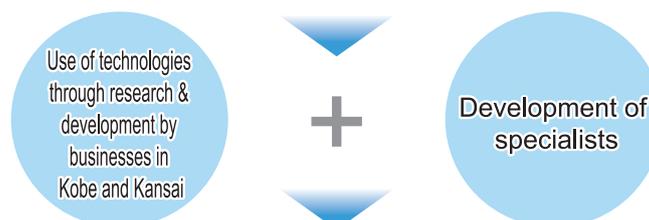
Increasing shippers' interest and the volume of cargo
Forming a re-export transshipment base through the enhancement of manufacturing and processing functions for diverse cargoes

Strategic approach

(4) Realizing a highly efficient logistics system corresponding to technology advancement

- ▶ By actively utilizing advanced technologies and systems to create an efficient work environment, overcome the challenge of a declining labor force population and maintain/expand the port logistics functions.
 - ▶ Furthermore, enhance competitiveness in the quality, speed, and cost of cargo handling by promoting synergy between the cargo handling systems incorporating advanced technologies and specialists with high-level cargo handling skills.
- These initiatives will contribute to the expansion of the port capabilities, the formation of a re-export transshipment base, and consequently the sustainable growth of the Port of Kobe.

●Emergence of new technologies ●Decline in the labor force population ●Advanced cargo handling skills at the Port of Kobe

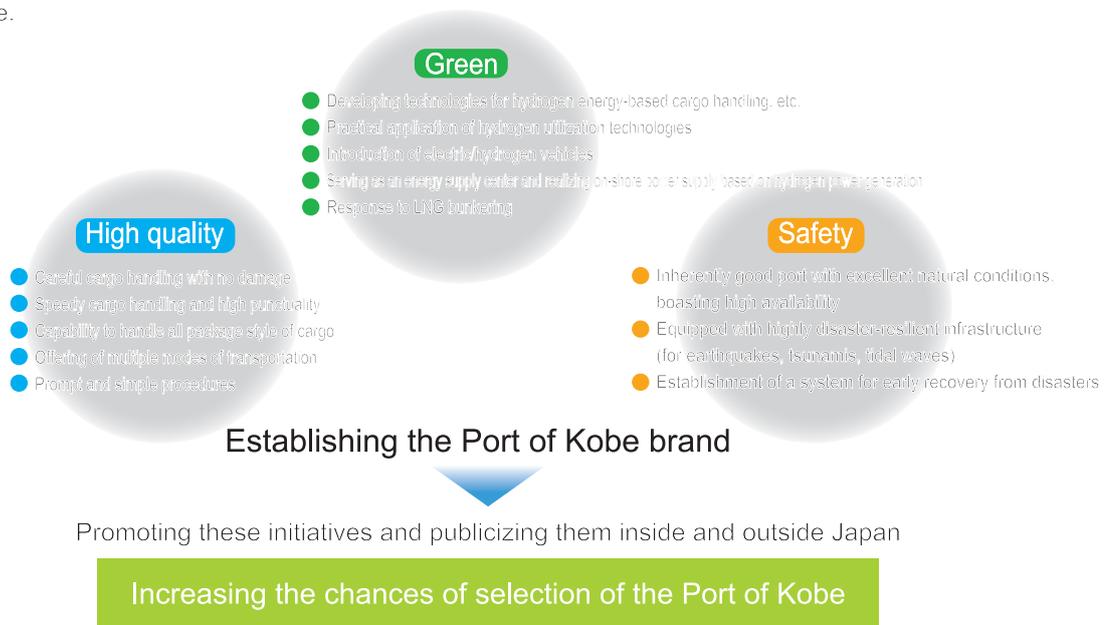


Enhancement of the Port of Kobe's competitiveness through the best combination of technologies and people

Strategic approach

(5) Offering high-quality and safe green logistics and new energy-based systems

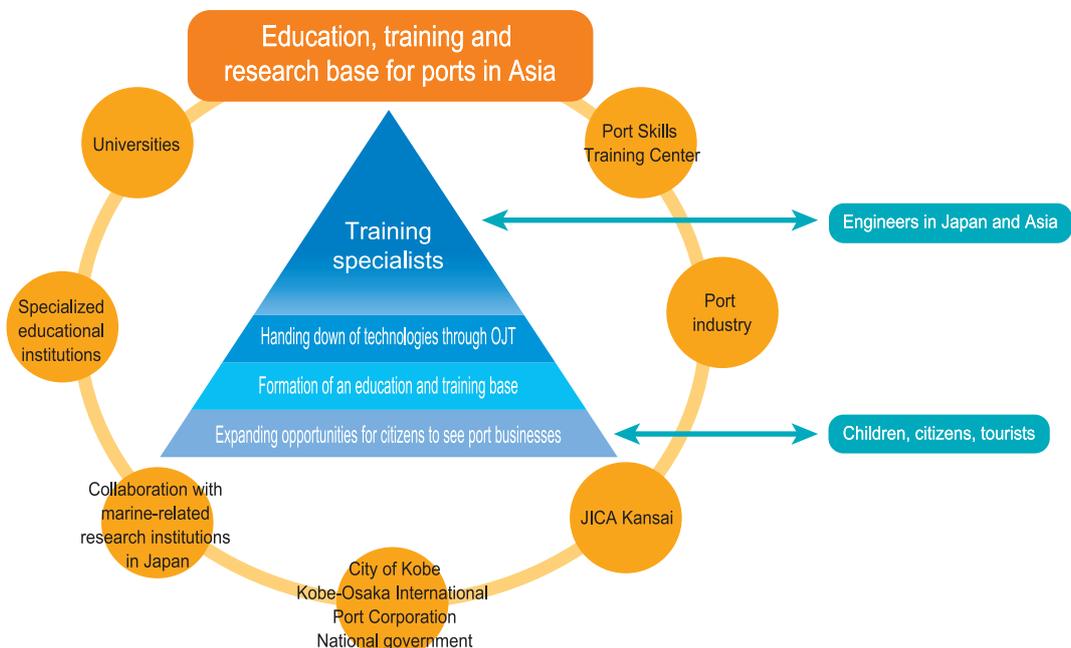
- ▶ Offer high-quality logistics services corresponding to increasingly important themes, such as environment and disaster prevention, thereby establishing green and safe logistics as a brand feature of the Port of Kobe.
- ▶ Promote also the development of hydrogen energy-based cargo handling technologies and the use of such technologies in logistics services.
- ▶ Furthermore, lead the world in the field of clean energy, such as hydrogen, to increase the chances of selection of the Port of Kobe.



Strategic approach

(6) High-level human resources development to support high-quality port services

- ▶ Develop human resources suitable for new port services, and continue/evolve the Port of Kobe's advanced cargo handling technologies.
- ▶ Also establish a system to continuously develop human resources that support port logistics.
- ▶ In addition, make the Port of Kobe a base for education, training, and research for ports in Asia by utilizing the facilities of the Port of Kobe while disseminating the achievements obtained to ports outside Japan, thereby enhancing ties with ports worldwide.



Strategic approach

(7) Redevelopment of the waterfront area to drive urban growth

- ▶ Pursue further development of the Port of Kobe's waterfront area, mainly the Shinko Pier west district and the Naka Pier district, as an international tourist attraction area where historic and cultural elements and new attractions coexist and merge.
- ▶ To this end, make the waterfront area function as a complex of multiple facilities under integrated themes through the introduction of new urban functions and cultural/tourist facilities, redevelopment of the cruise terminal, and other measures.
- ▶ With these initiatives, aim to attract people from Japan and around the world, create a resort place where people can spend valuable time, and have the area serve as a core of tourism in Kansai and Seto Inland Sea.

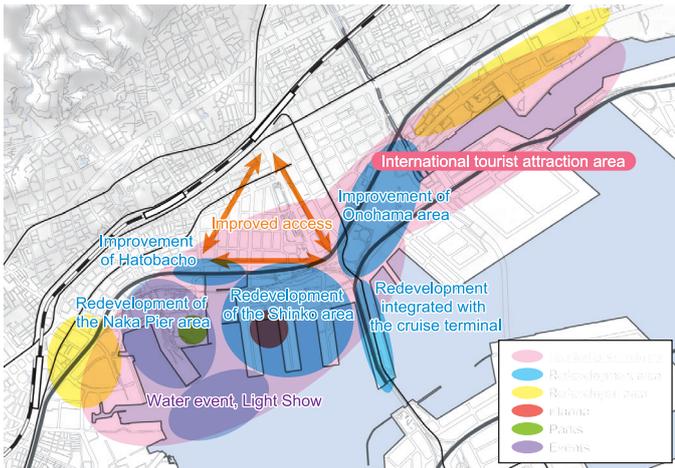


Image of the international tourist attraction area



Image of redeveloped urban waterfront area

Strategic approach

(8) Developing new symbolic landmarks of the Port of Kobe

- ▶ In addition to the initiatives for the improvement of public facilities, such as the redevelopment of the waterfront area including the cruise terminal, actively encourage private developers to support the development of new landmarks.
- ▶ Moreover, in the peripheral zone of No. 1 Water Area, create a symbolic panoramic landscape for Kobe as a world-renowned port city and demonstrate its night view, thereby contributing to the formation of the international tourist attraction area.



Well-designed public facilities and illumination



Image of Light Show

Image of new buildings in the redeveloped urban waterfront area added to the panoramic night view

Strategic approach

(9) Creating an attractive living environment taking advantage of the unique waterfront features

- ▶ By introducing commercial facilities and residential functions taking advantage of the proximity of Kobe's waterfront to city center, create daily popularity for citizens.
- ▶ Create a multi-faceted waterfront incorporating high-quality spaces with various functions.
- ▶ Furthermore, aim to attract both citizens and visitors with Kobe's luxurious lifestyle close to the water.

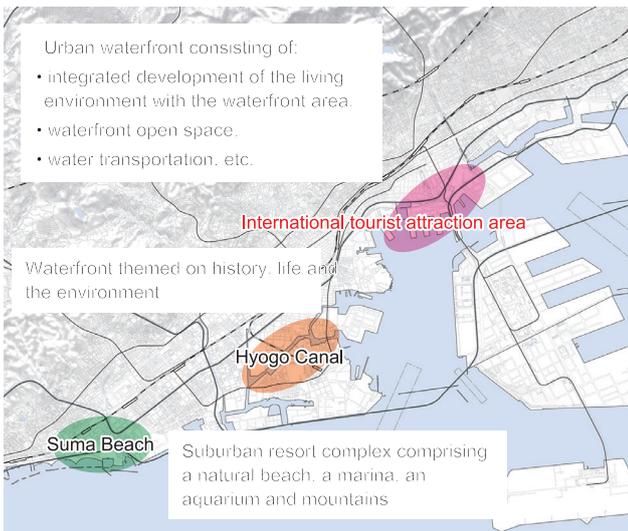


Image of the improved Hyogo Canal

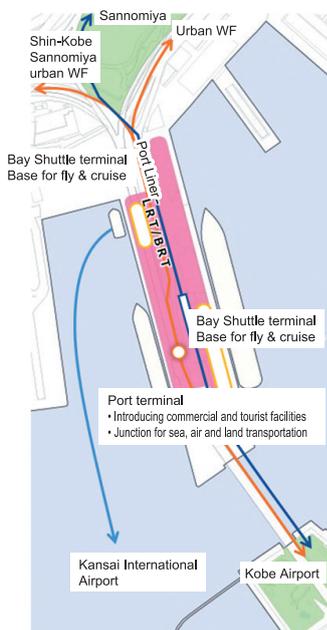


Image of the improved Suma Beach

Strategic approach

(10) Reorganizing cruise terminals to accommodate various cruise ships

- ▶ Enhance the functions of the berths and terminal facilities of the Port Terminal, targeting mainly large passenger ships and "fly & cruise" ships, and the Naka Pier passenger terminal, targeting luxury-class ships and Setouchi cruise ships.
- ▶ Also equip the terminals with commercial, operational, and visitor-attracting functions, and redevelop them as well-designed symbolic complexes, thereby enhancing the popularity of waterfront.



Plane image

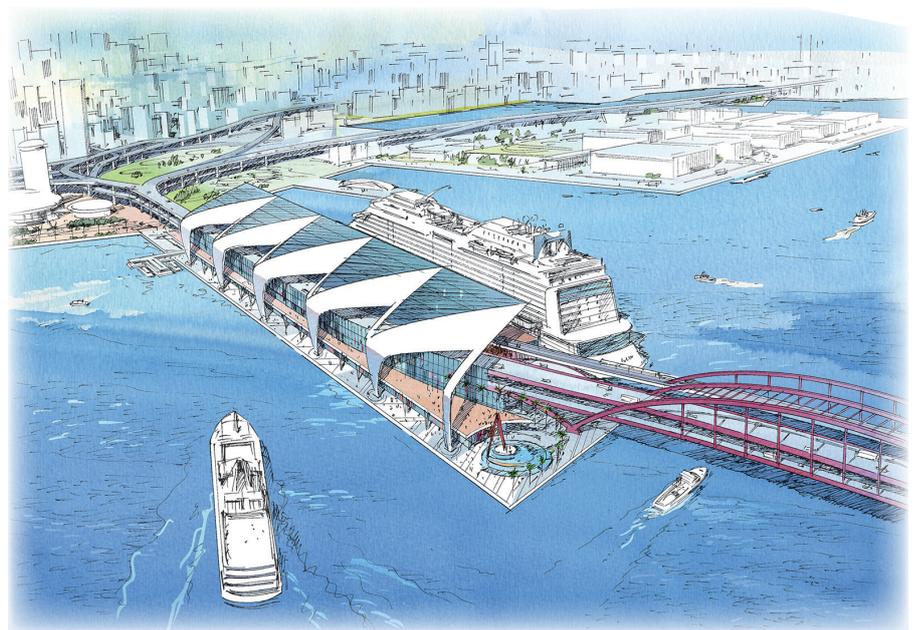
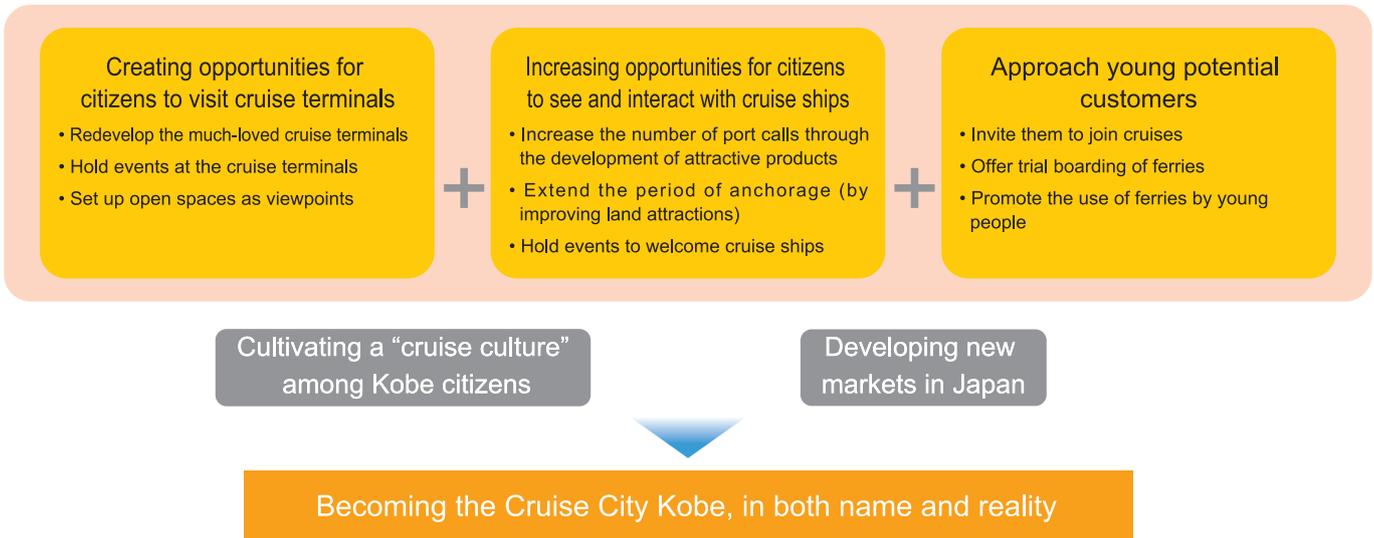


Image of the redeveloped Shinko No. 4 Pier

Strategic approach

(11) Cultivating a “cruise culture” and developing new markets in Japan

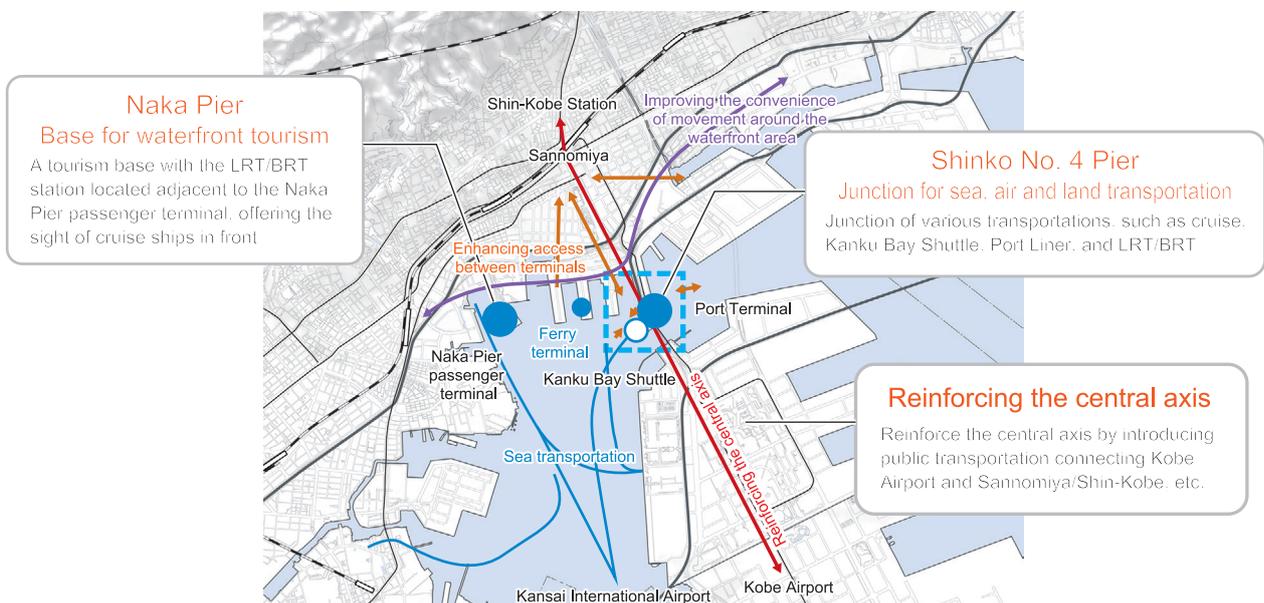
- ▶ Develop domestic markets by stimulating demand through the development of attractive products and approaching young potential customers to increase the number of cruise customers, thereby making the Port of Kobe a port where cruise ships are constantly anchoring.
- ▶ Aim to realize the “Cruise City Kobe.” where the cruise culture takes root in and is loved by citizens.
- ▶ With these initiatives, establish a foundation to attract cruise ships.



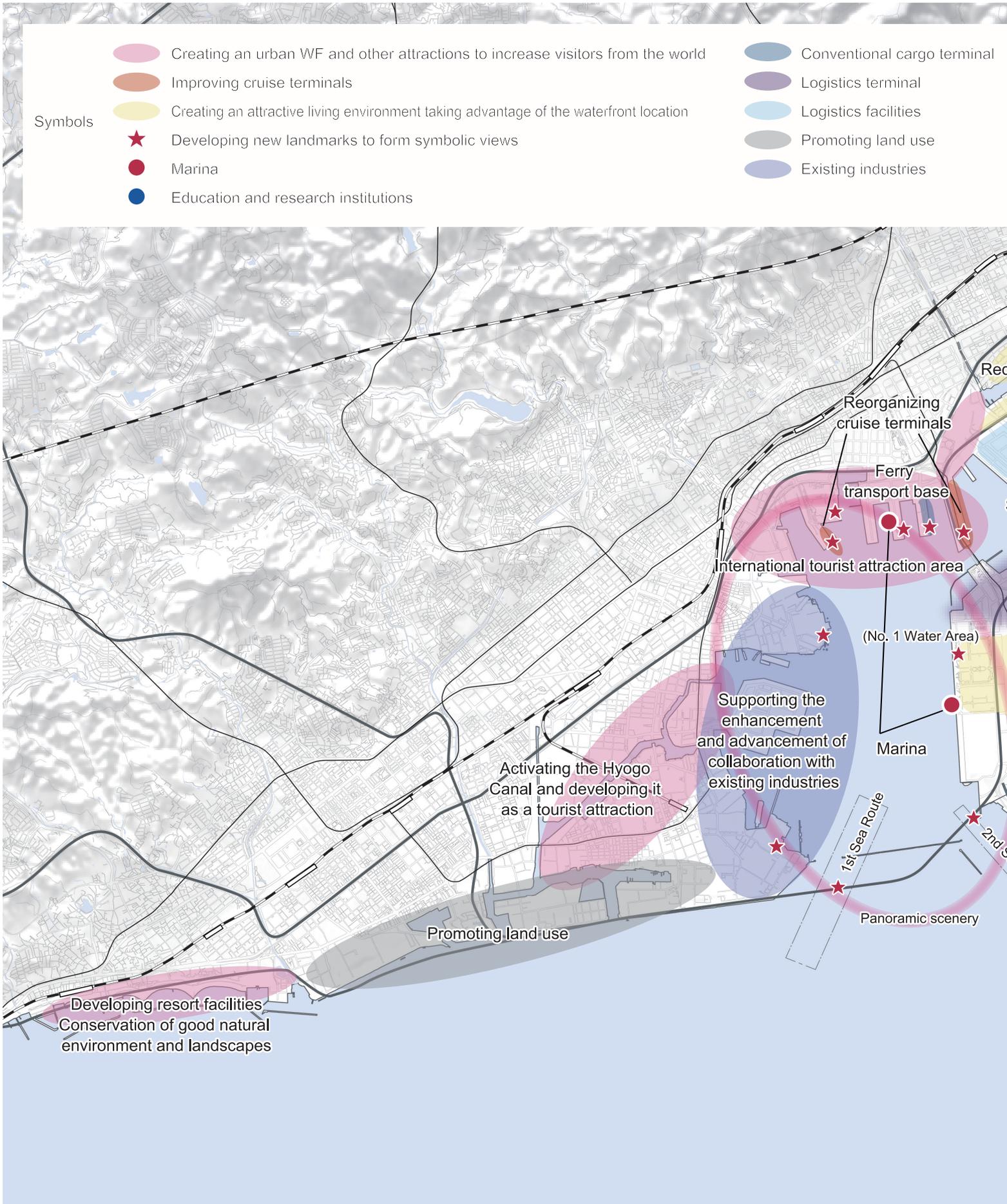
Strategic approach

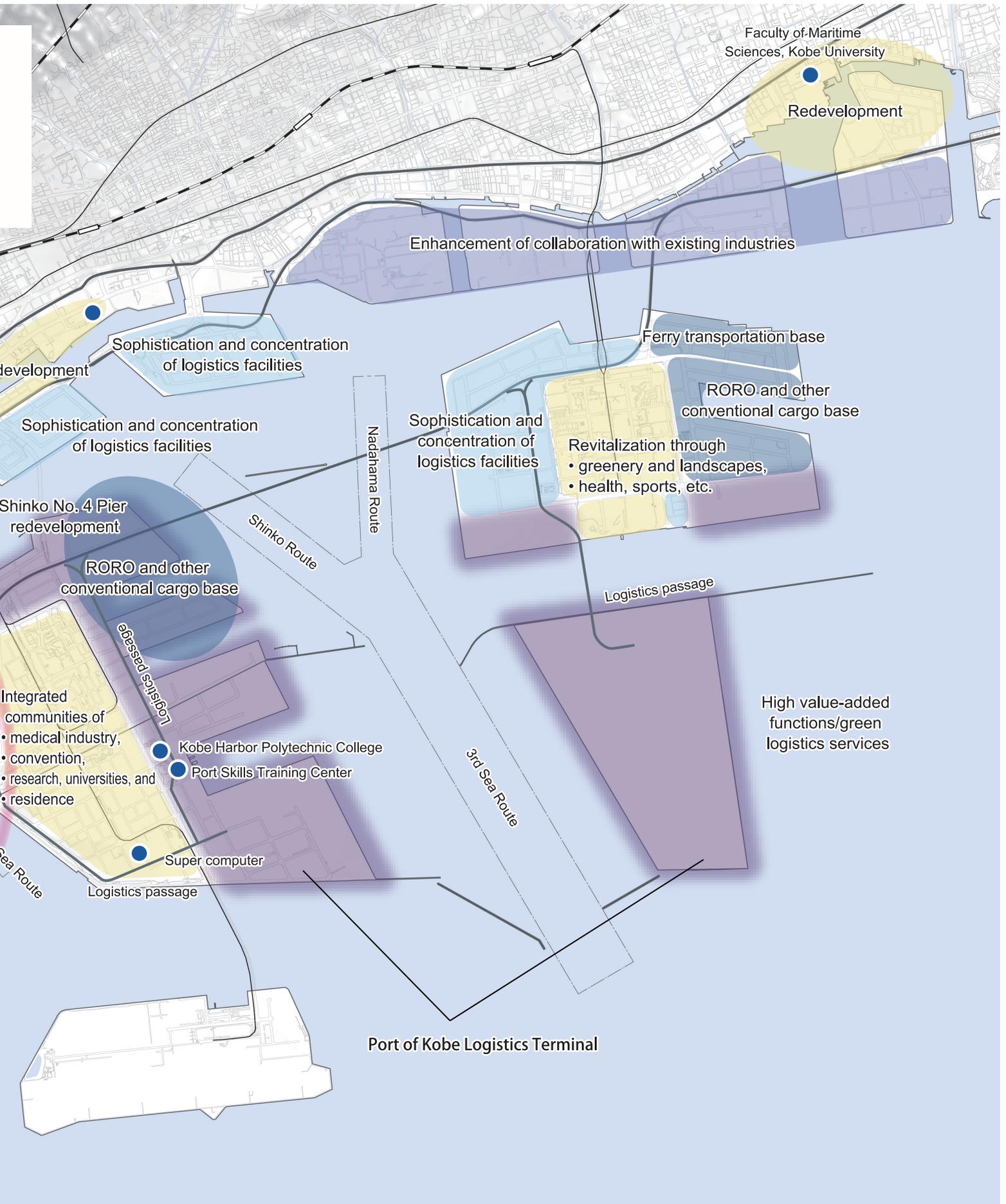
(12) Establishing a traffic network connecting sea, air and land terminals to facilitate movement around attractions

- ▶ Develop a new traffic network connecting cruise terminals and the urban center (e.g. LRT/BRT)
- ▶ Further establish broad traffic networks connecting the waterfront areas from east to west, Kobe Airport and Shin-Kobe Station from north to south, and other traffic bases, thereby improving the convenience of movement around the city for citizens and tourists



6 Zoning





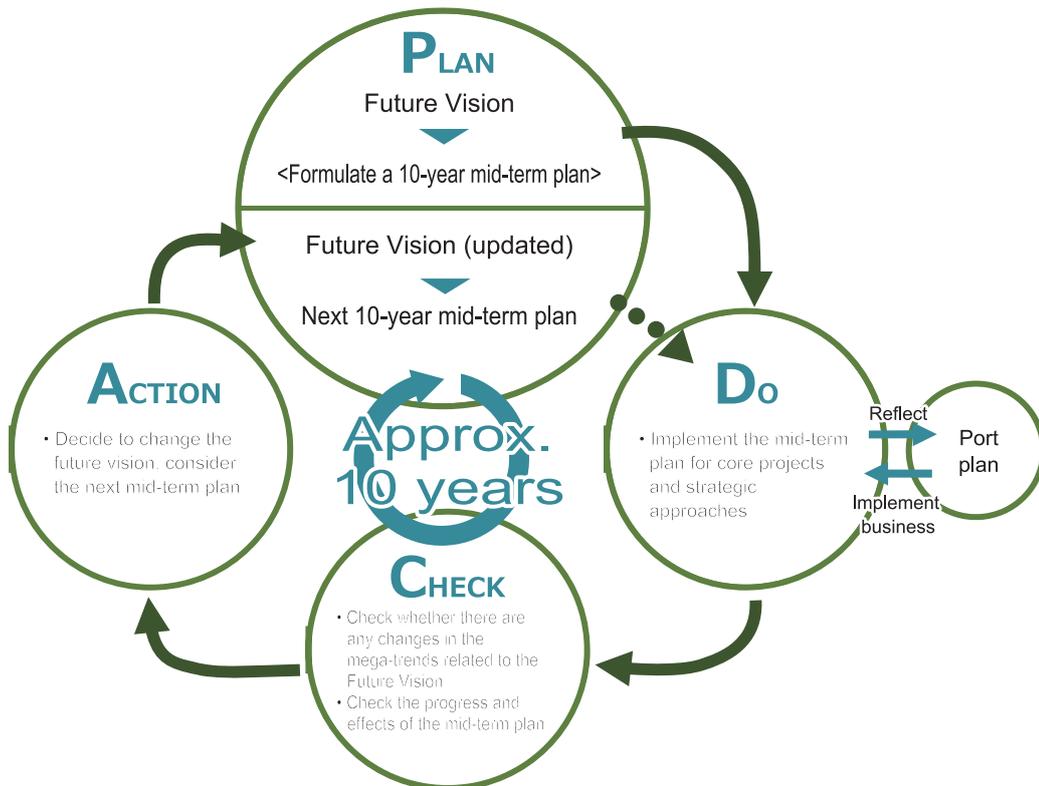
7 System for Verification

This Vision is a long-term initiative with the target year set at around 30 years from now. It will therefore be verified approximately every 10 years based on an examination of social and economic conditions, and updated as necessary.

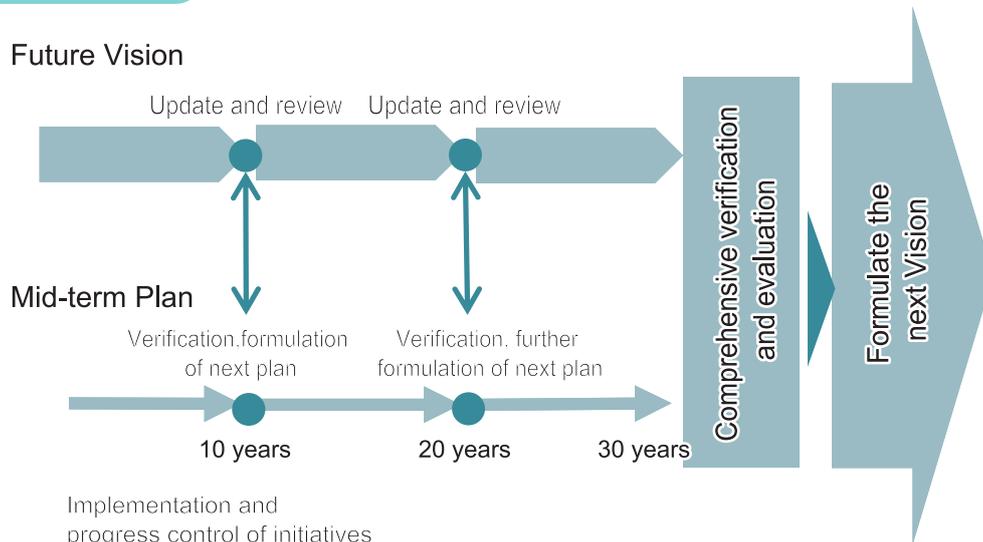
In practice, we will formulate a mid-term plan for approximately every 10 years, in which the target values and implementation schedule will be set for each strategic approach, and the progress thereof will be monitored on a periodic basis.

Furthermore, the results of the annual progress check will be promptly reflected in the port plan as necessary. With this and other measures, we will establish a highly effective verification system.

Image of verification of the Vision by PDCA



10-year Mid-term Plan



Regarding the formulation of this Vision, a public comment period will be set to invite the opinions of citizens.