

**Selection of FY 2006 support projects for regions
attracting foreign companies**

Press Release

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Ministry of Economy, Trade and Industry

As part of its efforts to promote FDI in Japan, METI assists Japan's regions in attracting foreign companies by promoting each region's comparative advantages. The administration of the FY 2006 support projects for regions attracting foreign companies has been commissioned to the Japan External Trade Organization (JETRO). JETRO requested a submission of proposals under this program, and after a stringent selection process that included document examination and interviews by an external committee, projects to be implemented were selected.

- The importance of foreign direct investment into Japan
Foreign direct investment creates new products and services, as well as encouraging greater technological and managerial know-how. It also creates employment opportunities within Japan, and represents a steady source of funds from overseas. Further, the importance of such foreign direct investment into Japan is increasing, as Japan faces the effects of its current demographic problems: a dwindling birthrate combined with an aging population.

On June 20, 2006 the Japan Investment Council, headed by Prime Minister Junichiro Koizumi, formulated the Foreign Direct Investment Acceleration Program. This aims to increase the share of gross domestic product by foreign investment by around 5% by 2010. It was further agreed that current measures supporting foreign investment be accelerated.

- Results of FY 2006 support projects for regions attracting foreign companies
(According to the order of the Japanese syllabary)

(Regions selected)

1. Aichi Prefecture, Gifu Prefecture, Mie Prefecture, three cities in these prefectures, Chubu Economic Federation, Nagoya Chamber of Commerce and Industry
2. Kanagawa Prefecture, Yokohama City
3. Kawasaki City
4. Kitakyushu City
5. Kumamoto Prefecture
6. Saitama Prefecture, Saitama City, Saitama Chamber of Commerce and Industry
7. Sendai City
8. Chiba Prefecture
9. Hyogo Prefecture, Kobe City, Hyogo Economic Development Center
10. Hiroshima Prefecture, Hiroshima City
11. Fukuoka City, Fukuoka Chamber of Commerce & Industry

(Selected in part)

1. Okinawa Prefecture
2. Kagawa Prefecture, Takamatsu City
3. Shizuoka Prefecture

(Please see the attached document 2 for full details of the programs submitted by each entry location.)

Support projects for regions attracting foreign companies

1. Objectives

To invite proposals regarding promotional activities and projects intended to attract foreign companies to invest and set up business in regional areas of Japan, and to provide comprehensive support for those activities and projects selected. In doing so, to expand on current levels of foreign direct investment into Japan, and to contribute to the invigoration of regional economies as a whole.

2. Details of the Program

- (1) The administration of this program has been commissioned by the Ministry of Economy, Trade and Industry (METI) to the Japan External Trade Organization (JETRO).
- (2) Submissions of proposals will be invited from all municipalities and local governing authorities throughout Japan, and the JETRO Foreign Direct Investment Regional Support Office will coordinate this through the various regional trade information centers.

Further, the implementation of the programs, which will be based on procedures relevant to the selection process, and on those plans selected, will be overseen by JETRO overseas offices, trade information centers, and other related METI bureaus. These offices will support the activities of the selected proposals to attract foreign investment to their areas.

3. Eligible activities described below

- (1) Activities aimed at attracting or inviting foreign investment
"Surveys to discover foreign companies" in Japan and abroad in order to concretely narrow down companies to be targeted for invitation, and "invitation activities" targeting executives of foreign companies.
- (2) Activities supporting the setting up of companies in the relevant region
Support activities, including the following examples, intended to ensure that foreign companies intending to start up businesses in the region can do so smoothly and without problems:
 - Advisor retention fees
 - Consulting fees for lawyers, administrative scriveners, etc.
 - Translation and interpreting fees

Outlines of the Proposals Submitted by Selected Regions
(According to the order of the Japanese syllabary)

Regions Selected

1	<p>Proposers Aichi Prefecture, Gifu Prefecture, Mie Prefecture, Nagoya City, Ogaki City, Tsu City, Chubu Economic Federation, Nagoya Chamber of Commerce & Industry</p> <p>Region The 'Greater Nagoya area' (a 100 km-square area with Nagoya City at its centre, encompassing the three prefectures of Aichi, Gifu and Mie)</p> <p>Outline of proposal The Greater Nagoya area boasts the greatest accumulation of manufacturing prowess in Japan, and the various industrial resources present within the area can be easily utilized. The Greater Nagoya area intends to expand on its current international industrial exchanges to encourage foreign companies to invest in the area, particularly within the fields of automobiles, which has great business potential in the area, IT and biotechnology. As an industrial region spanning several prefectures covering a wide area, the Greater Nagoya area has a strong, collective and strategic brand image, and is uniquely positioned to develop promotional activities that will attract foreign business. It is also intended to tie up any such investment activity with the region's industrial cluster projects such as the Tokai Manufacturing Project and the Tokai BioFactory Project.</p>
2	<p>Proposers Kanagawa Prefecture, Yokohama City</p> <p>Region Kanagawa Prefecture, particularly within Yokohama City</p> <p>Outline of proposal In Kanagawa Prefecture, particularly in Yokohama City, there is an IT industrial cluster. Further, the business and lifestyle environment of the area is such that would facilitate the development of foreign business interests. Kanagawa Prefecture intends to utilize these advantages and know-how it has gained so far through similar projects to encourage businesses engaged in IT, and in electronic components and devices, from Western Europe, Asia, and North America. With regard to the practical issues of setting up a business in this area, communication with foreign representatives would be undertaken regularly, and the prefecture further intends to strengthen relations with offices of foreign governments located within Japan.</p>
3	<p>Proposer Kawasaki City</p> <p>Region Kawasaki City</p> <p>Outline of proposal Kawasaki City boasts a good environment to promote FDI in that it is one of the greatest concentrations of R&D and technological development research facilities in the country. Further, it can guarantee the availability of qualified researchers, engineers, an excellent manufacturing labor force, an industry-academia collaboration system, a large metropolitan market area, and good transportation access. The city is going to promote these features overseas, and to implement projects designed to attract foreign businesses engaged in environmental, IT, manufacturing, and in life science industries so that set up within Kawasaki City. For foreign businesses that have already made a move into the city, Kawasaki City will support them under the cooperation with local organizations and JETRO.</p>
4	<p>Proposer Kitakyushu City</p> <p>Region Kitakyushu City</p>

	<p>Outline of proposal</p> <p>Kitakyushu boasts an environment perfectly suited to the development of FDI. Specifically, the IT industry, which is currently concerned with the development of international venture business, has a strong presence, as do the rapidly clustering automobile and the biotechnology industries, where international academia-industrial cooperation is rejuvenating.</p> <p>At the same time as exploiting these business advantages, Kitakyushu will be following up on businesses that have expressed interest in local investment in the past. Kitakyushu will aim at specific development, and will be looking to both expansion and advance of local industries, as well as to create greater employment opportunities.</p>
5	<p>Proposer</p> <p>Kumamoto Prefecture</p> <p>Region</p> <p>Kumamoto Prefecture</p> <p>Outline of proposal</p> <p>Kumamoto Prefecture has a superior geographical location, and boasts ample underground water resources. It also has a steady and reliable supply of manpower. Thus, Kumamoto Prefecture is home not only to top semiconductor device manufacturers but also to semiconductor related businesses such as semiconductor producing equipment manufacturers, materials providers, and producers of metal-based industrial tools, that together compose “a full set” of businesses for the semiconductor industry. Kumamoto Prefecture intends to actively seek to attract foreign business projects that boast a high level of semiconductor technology, and further aims to establish itself as an area with a high concentration of semiconductor businesses of an international standard.</p>
6	<p>Proposers</p> <p>Saitama Prefecture, Saitama City, Saitama Chamber of Commerce and Industry</p> <p>Region</p> <p>Saitama Prefecture (with a focus on Saitama City)</p> <p>Outline of proposal</p> <p>Saitama Prefecture boasts one of the biggest national shipment values in terms of equipment manufacturing, particularly of optical and medical equipment. It is also home to a concentration of R&D businesses, as well as international research facilities. Saitama City, which is the region's metropolis, can provide both the necessary manpower and information, and the municipal authority is dedicated to promoting fostering and clustering R&D businesses in the life science and advanced fine technology fields. Based on these facts, the prefecture intends to continue efforts to attract foreign businesses from these fields, with a particular view to building up a global cluster of businesses, human resources and information.</p>
7	<p>Proposer</p> <p>Sendai City</p> <p>Region</p> <p>Sendai City</p> <p>Outline of proposal</p> <p>Sendai City, as its industrial promotion strategies, is aiming to form an internationally competitive cluster. Therefore the city has been implementing practical collaborative R&D projects and international projects utilizing local fundamental research subjects and intellectual resources to attract oversea companies and facilitate industrial accumulation in this region. The city has been developing active and effective programs which are tied up with investment projects such as Sendai-Finland Wellbeing Center Project and MEMS PARK Consortium in order to have foreign companies' investments.</p>
8	<p>Proposer</p> <p>Chiba Prefecture</p> <p>Region</p> <p>The area consists of the Chiba and Katsunan area (area around Tokyo Bay north of Chiba), the Kazusa area, industrial premises in and around the Katsunan area, and industrial parks within the</p>

	<p>prefecture.</p> <p>Outline of proposal</p> <p>Five foreign companies were set up in the region as a result of participation in this program in the previous FY, and so, the prefecture is keen to continue to actively pursue this project. The prefecture formulated the "Chiba New Technology Promotion Strategy" in June 2006, and within this strategy a particular focus was placed on an "IT & Electronics Cluster," as well as a "Bio & Life Science Cluster," out of seven clusters. This year, efforts will be made to attract foreign companies specifically in these two key areas.</p>
9	<p>Proposers</p> <p>Hyogo Prefecture, Kobe City, Hyogo Economic Development Center</p> <p>Region</p> <p>Those areas centered on international industrial hub areas pursuant to Article 2(3) of the Regulation on the Rejuvenation of Employment Opportunities and Economy through the Accumulation of New Industries:</p> <ul style="list-style-type: none"> • 17 cities and towns in the Osaka Bay area as set out in Article 2, Paragraph 1 of the Law for the Development of the Areas around Osaka Bay, i.e.; the cities of Kobe, Amagasaki, Akashi, Nishinomiya, Sumoto, Ashiya, Itami, Kakogawa, Takarazuka, Miki, and Takasago; and the towns of Inami, Harima, Tsuna, Awaji, Hokudan, and Higashiura • 14 cities and towns as set out in Article 2, Paragraph 11 of the Act for Facilitating New Business Activities of Small and Medium-sized Enterprises, i.e.; the cities of Himeji, Aioi, Tatsuno, Ako, and Shiso; and the towns of Shingu, Ibogawa, Mitsu, Taishi, Kamigori, Sayo, Kozuki, Nanko, and Mikazuki <p>*In terms of Kobe City, the attraction of foreign investment and business will be concentrated in the Kobe Enterprise Zone and the Kobe International Economic Zone, as stipulated in Article 2, Paragraph 1 of the Regulations on the Supportive Measures for the Kobe Enterprise Zone and the International Economic Zone.</p> <p>**Some of the titles of laws and regulations described above are only provisionally translated.</p> <p>Outline of proposal</p> <p>Hyogo Prefecture and Kobe City are to cooperate for the rejuvenation of the local economy through increased FDI and the participation of foreign companies. The focus will lie on developing and promoting the formulation of the "International Economic Hub," and programs will be put in place to develop incentives for businesses setting up in the local area, to establish one-stop service centers, and to encourage intersectoral exchange and alliances.</p> <p>The proposers will find and invite those foreign companies that have shown an interest in doing business in the region, provide practical support to those in the planning stage, and make viable suggestions about local business needs.</p>
10	<p>Proposers</p> <p>Hiroshima Prefecture, Hiroshima City</p> <p>Region</p> <p>Various locations in Hiroshima Prefecture</p> <p>Outline of proposal</p> <p>Hiroshima Prefecture is very aware of the significance of FDI in the rejuvenation of local industry. Therefore, the prefecture intends to push towards expanding FDI especially from Europe and China, making the most of its advantage of possessing advanced manufacturing capabilities in the fields of the automobile sector etc. Efforts are being made to match up local businesses with businesses in these foreign areas. As a result of these efforts, two Swiss businesses have set up bases in the prefecture, and several promising business partnerships are also currently being discussed. In FY 2006, the prefecture aims to strengthen efforts to support the realization of greater FDI in the Hiroshima area, particularly in the automobile, environmental and health and welfare sectors through more active business exchanges, while at the same time keeping in close contact with the industrial cluster plans.</p>
11	<p>Proposers</p> <p>Fukuoka City, Fukuoka Chamber of Commerce & Industry</p> <p>Region</p> <p>Fukuoka City</p>

	<p>Outline of proposal</p> <p>Both historically and geographically, Fukuoka has a reputation for being the gateway to Asia; it boasts an industrial structure that is fitting for the capital of the Kyushu region, and has an accumulation of intellectual and knowledge-based industries such as IT. At the same time, it is in close competition with neighboring coastal towns. Against this backdrop, Fukuoka as an area that 1) can function as a comprehensive hub for East Asia especially in distribution; 2) can be a starting point for those Asian businesses eager to make further advances into the Japanese market; and 3) can facilitate the second-stage diversification in the Kyushu region of those foreign businesses that have already advanced into Japan. Fukuoka can attract and support foreign companies to promote collaboration with local companies, and can thus make a substantial contribution to the revitalization of the local economy as well as to increase in FDI into Japan.</p>
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Partially selected

1	<p>Proposer</p> <p>Okinawa Prefecture</p> <p>Region</p> <p>Nago City</p> <p>Outline of proposal</p> <p>Nago City is the only designated Special Financial Zone in the whole of Japan, and efforts are being made to ensure that financial services and functions are clustered within that zone. These efforts have been publicized widely in economic and specialist publications, and the area has attracted considerable attention. As a result, several companies, including foreign companies, have set up businesses in the area. The prefecture's intention is to further continue to attract foreign companies and investment, and to continue efforts to turn the area into a hub for the finance industry. For these reasons, the prefecture is eager to participate in the support projects for regions attracting foreign companies.</p>
2	<p>Proposers</p> <p>Kagawa Prefecture, Takamatsu City</p> <p>Region</p> <p>Takamatsu City, Kagawa Prefecture (with particular focus on the office building area around the main street)</p> <p>Outline of proposal</p> <p>In order to strengthen the central financial and industrial functions of Takamatsu City, the capital city of the Kagawa Prefecture, the prefecture intends to target foreign companies and investors, and will attempt to attract foreign businesses with nationwide office functions to city-center offices. As well as those companies that have already made advances into Tokyo, the prefecture will survey those overseas companies that are growing, and that are potential targets. The prefecture will also invite executives of these target companies, and will promote the area as particularly advantageous in terms of being a regionally central location with superior industrial infrastructure and a desirable living environment.</p>
3	<p>Proposer</p> <p>Shizuoka Prefecture</p> <p>Region</p> <ul style="list-style-type: none"> ● <i>Pharma Valley Project</i> <p>Eastern part of Shizuoka Prefecture (The cities of Numazu, Mishima, Gotemba, Susono, Fuji, Fujimiya, Izu, Izunokuni; the towns of Nagaizumi, Shimizu, Oyama, and Kannami; and neighboring cities and towns)</p> <ul style="list-style-type: none"> ● <i>Food Science Hills Project</i> <p>Central parts of Shizuoka Prefecture with particular focus on Shizuoka City and Yaizu City</p> <ul style="list-style-type: none"> ● <i>Photon Valley Project</i> <p>Western parts of Shizuoka Prefecture with particular focus on Hamamatsu City</p>

Outline of proposal

Shizuoka Prefecture is currently in the process of attracting businesses to accumulate the most advanced medical and healthcare technologies and facilities in the following areas: medical and healthcare industries through the “Pharma Valley Project”; food, pharmaceuticals and chemical products as part of the “Food Science Hills Project”; and photoelectronic technologies as part of the “Photon Valley Project.” By inviting foreign companies and research facilities possessing the latest technologies to engage in the region as a cluster, the prefecture aims to encourage the development of new technologies through partnerships with existing businesses in the area, which will in turn contribute to the economic development of the region.