

December 8, 2018
Fifth Japan-China-Republic of Korea Cooperation Dialogue



Kyukeiren's Activities related to the Japan-China-South Korea Cooperation



General Incorporated Associations **Kyushu Economic Federation**

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Managing Director & Chief Secretary

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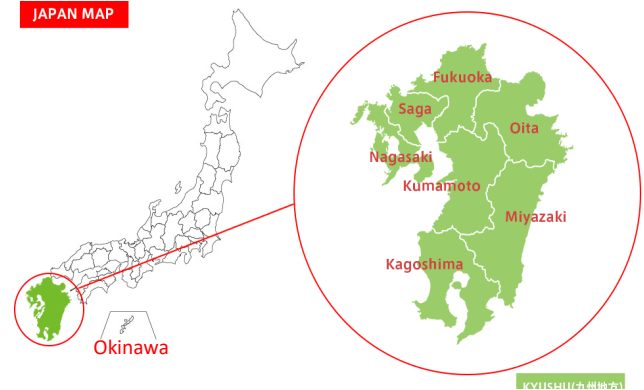
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1-1. 九州経済連合会 (九経連) Kyushu Economic Federation (Kyukeiren)

- Kyukeiren is an integrated economic organization (industrial organization) headquartered in Kyushu Prefecture and has a base for activities in Yamaguchi Prefecture. The federation boasts a wide range of members, including private-sector companies and incorporated agricultural, medical and educational institutions. There are 11 committees charged with revitalizing the economies of Kyushu and Yamaguchi. Kyukeiren compiles opinions from its member companies and presents them to the government and local municipalities.
- Collaborating with the Kyushu Governors' Association and three local economic organizations, Kyukeiren implements and provides cooperation for large-scale projects, including hosting the Kyushu Regional Strategic Council, establishing the Kyushu Tourism Promotion Organization, and building infrastructure (Shinkansen bullet train, highways) in the Kyushu region. In addition, the federation leverages its MOUs with countries in Asia to promote economic exchanges, and is also undertaking the expansion of sales channels for Kyushu agricultural and marine products to Singapore and Hong Kong by working with the Kyushu Agricultural and Marine Products Co., Ltd.
- Kyushu is said to account for 10% of Japan's GDP and other economic indicators. On the other hand, in the case of agricultural production, it makes up 20% of Japan's entire farming output while fish farming represents 40% of national production. However, the people engaging in these industries are aging and there is shortage of successors to take over these businesses. In light of this, Kyukeiren is pouring energies into the export of agricultural products to improve farming incomes and to enhance the appeal of the region to get young people who have left the region to return. The Agriculture, Forestry and Fisheries Committee, along with its planning, forestry and fisheries sections, aims to cooperate with related institutions and organizations while working to realize its economic goals. In ROK and China, as well as the rest of Asia, which is a growth region, there is an interest in Japanese food and Japanese agricultural and marine products, the same as in the US, Europe and Australia. In 2017, we held the Yellow Sea Rim Conference in Kagoshima to discuss how to expand exports of these products.

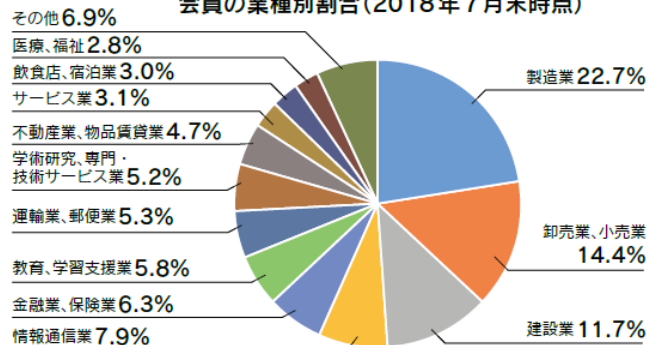
Member companies

九経連会員数(2018年7月)

1,029 法人

九経連には、様々な業種の企業等法人が会員となられています。

会員の業種別割合(2018年7月末時点)



Organization

- Est.: 1961
- Chairman: Yutaka Aso (Chairman, Aso Cement Co., Ltd.)
- Directors: 14 vice chairman, 12 executive board members (TOTO, JR Kyushu, Kyushu Electric Power, Okinawa Electric Power, Nishi-Nippon Railroad, Bank of Fukuoka, Nishi-Nippon City Bank, Bank of Saga, Oita Bank, Higo Bank, Miyazaki Bank, Kagoshima Bank, Eighteenth Bank, Yamaguchi Bank, Kyudenko, Kyushu University, Toyota Motor Kyushu, Yaskawa Electric, Bridgestone, etc.), 1 senior managing director and 1 managing director
- Committees: 11 (Energy Resources-Environment, Industrial Promotion, Tourism, Agriculture, Forestry and Fisheries, Information and Communication, Transportation, International, Administrative and Financial, Declining Birthrate and Aging Population, Employment, Kanmon Cooperation and Regional (8))



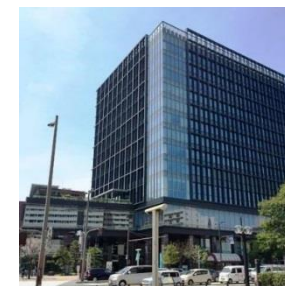
Secretariat

■ Staff: 47 people

■ Divisions: 7

(General Administration, Research and Planning, Infrastructure, Agriculture, Forestry and Fisheries, Industrial Promotion, Tourism and Services, and International Affairs)

■ Address: Denki Building Kyosokan, Chuo-ku, Fukuoka



- Kyushu Economy International (KEI) was established in July 2001 as a core international economic exchange organization in Kyushu that promotes cooperation among local governments, economic bodies, private companies and other entities within the region.
- KEI aims to revitalize Kyushu and trigger its autonomous development through international exchanges in industry, tourism, human resources and more. To this end, KEI publicizes comprehensive information on Kyushu's industrial environment, tourism resources, and other appealing areas. Alongside this, its goal is to promote the creation of innovation and well-balanced regional development through industrial exchange and by inviting domestic and overseas companies to set up operations in the region.

Organization

Composed of 36 institutions, including prefectural governments, ordinance-designated cities, economic group, and private-sector companies

[Members]

- Chairman: Chairman of Kyukeiren
- Vice-chairman: Chairman of Kyushu Federation of Chambers of Commerce and Industry
- Members: prefectural governors, ordinance-designated city majors, heads of economic groups and private-sector companies

[Board of Governor members]

- Director: Senior managing director of Kyukeiren
- Members: GMs or bureau chiefs of including prefectural governments and ordinance-designated cities, directors of economic groups, etc.
- Supporting organizations: JETRO, Development Bank of Japan, etc.
- Advisors: Kyushu Bureau Economy, Trade and Industry
Kyushu District Transport Bureau of Ministry of Land, Infrastructure, Transport and Tourism (MLIT)
- Supervisors: Organization for Small & Medium Enterprises and Regional Innovation and Kyushu Electric Power
- Secretariat: Kyukeiren, Kyushu Bureau Economy, Trade and Industry

Business profile

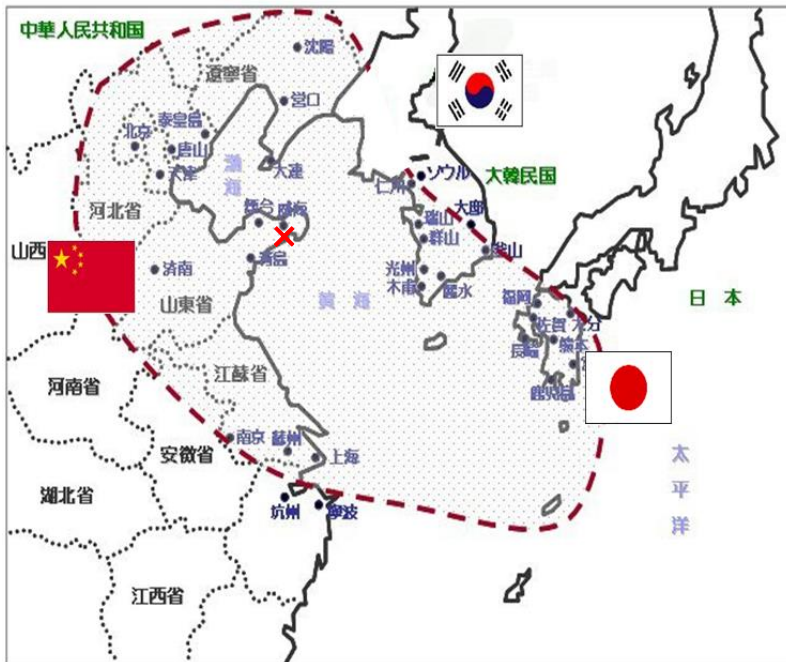
1. Planning and arrangements for internationalization strategies, etc.
 - Discussing surveys and plans deemed useful and effective when conducted around Kyushu
2. Creation and sharing of information «Imparting information about Kyushu»
 - Imparting information about the investment environment and economy-related programs in Kyushu through the website and PR sources
3. Industrial exchange «Industrial exchange between Kyushu and foreign countries»
 - (1) Programs for economic and business exchanges with Asia (targeting the Yellow Sea Rim Economic Zone, China, South Korea, and ASEAN); (2) Regarding the sharing of recent information about overseas locations and market trends and methods for using support programs, provide overseas business and economic information through seminars, etc.; (3) Programs for supporting overseas development, including participating in trade shows abroad, and through business talks with buyers specializing in foreign markets, to expand sales channels to Asia and support entry into markets in Asia.
4. Stimulating the establishment of business «Support for the invitation of overseas enterprises»
 - Holding business invitation seminars and workshops targeting decision-makers to promote the effective invitation of overseas enterprises for the revitalization of the regional economy
5. Human exchange «Relationship building with international students»
 - Holding networking events and job-hunting interview sessions to promote mutual understanding and continued relationships with international students, who will be the bridge between Kyushu-based companies operating abroad and foreign countries

2-1-(1): Summary of Yellow Sea Rim Economic and. Technology Exchange Conference

- The objective is to create new value by combining new needs with seeds and linking this to the growth dynamism in East Asia and the Yellow Sea Rim, including ROK and China, so that industries and companies in Kyushu can secure global competitiveness and continue to achieve growth.
- In light of this goal, from March 2001 the Kyushu region has been hosting the Yellow Sea Rim Economic and. Technology Exchange Conference to kindle more in-depth economic exchanges in the region based on partnerships with the central governments of and economic organizations in the ROK and China.
- The conference is gaining attention from the top leaders in these three countries as a platform to sustain the economic exchanges between Japan, the ROK and China and also as a key region-level conference.

[Prior meeting dates and locations]

1st: March 2001
Fukuoka, Japan
2nd: October 2002
Jeonju, ROK
3rd: September 2003
Weihai, China
4th: October 2004
Miyazaki, Japan
5th: November 2005
Daejeon, ROK
6th: November 2006
Rizhao, China
7th: November 2007
Kumamoto, Japan
8th: October 2008
Incheon, ROK
9th: July 2009
Yantai, China
10th: October 2010
Kitakyushu, Japan
11th: November 2011
Daejeon, ROK
12th: November 2013
Lianyungang, China
13th: November 2014
Nagasaki, Japan
14th: November 2015
Busan, ROK
15th: July 2016
Yancheng, China
16th: November 2017
Kagoshima, Japan



Yellow Sea region

This regional economic area encompasses the coastline areas from Shanghai to Dalian in China, and from Incheon to Busan in the ROK, and Kyushu in Japan.

The population in the area is around 400 million people (about 5% of the world population). The area accounts for around 5% of the world's GDP, outperforming the ASEAN region (which accounts for 2.3%).

Actively evaluated at high-level government meetings

At the 11th China, ROK and Japan Economic and Trade Ministers' Meeting, held on October 29, 2016 in Tokyo, a joint statement was released praising the results produced by the Yellow Sea Rim Economic and. Technology Exchange Conference thus far. In addition, the conference was also mentioned in the appendix of the joint declaration at the Seventh Japan-China-ROK Trilateral Summit meeting, held on May 9, 2018 in Tokyo.

2-1-(2): Overview of (Previous) 16th Annual Conference

(1) Meeting

Date: November 30, 2017 (Thu.), 14:00–17:00

Venue: Shiroyama Hotel, Kagoshima

Themes: Promoting exchanges between regions

Creating new industries and markets through innovation

Details: Participants from Kyushu, ROK and China introduced cases and offered proposals for economic and technological exchanges to promote trade, investment and technological exchanges in the Yellow Sea Rim. They share in the same vision and discussed measures for realizing this vision.

(1) Report from bureau director meeting on Yellow Sea Trilateral Cooperation (Director Takahashi)

(2) Summary of joint operations/projects

(3) Introduction of case examples by the Trilateral Cooperation Secretariat, an international organization

The role of the Trilateral Cooperation Secretariat in strengthening trilateral cooperation with businesses and local governments in Japan, ROK and China

(4) Introduce cases and proposals for trilateral economic and technological exchanges

(5) Introduction of next conference location (Cholla Buk-do Province, ROK)

(6) Yellow Sea Rim Economic and Technology Exchange awards ceremony

(7) Conclusion (Chairman Aso)



Overall view of conference



Awards ceremony

*Cooperation proposal and presenters

- (Kyushu) Expanding the Yellow Sea zone (Dalian) and developing in-depth regional exchanges

Kunio Kiyomoto, President, Kiyomoto Co., Ltd.

- (ROK) Propose collaborations to energize global tourism exchanges between the ROK, China and Japan to promote an expansion in the Northeast Asia tourism market and to increase mutual understanding

Kim Hyunchul, Chief of eBiz Strategy Office, Korea International Trade Association (KITA)

- (China) Shandong, a model province for the quality and safety of exporting food and agricultural products, a new driving force in the Yellow Sea regional cooperation between Japan, ROK and China

Lu Wei, Deputy Director General, Department of Commerce, Shandong

- (Kyushu) Overseas development by Kagoshima companies mainly in the Yellow Sea zone

Ichiro Fukutome, Economic Research Manager, Kyushu Economic Research Institute

- (ROK) Taking on global markets from the Yellow Sea

Hideo Ouchi, W-Scope Corp.

- (China) Promote the Liaoning Free Trade Zone and Shenfu New District to fortify economic trade cooperation between Liaoning, China, Japan, and the ROK

Wang Jingming, Deputy Director-General, Liaoning Commerce Department

*Winners of the Yellow Sea award (corporate, individual, regional municipality, and economy organization categories)

- (Kyushu) Eco-Factory Co., Ltd.

- (Kyushu) Kyushu Economic Research Center

- (ROK) W-Scope Korea

- (ROK) Korea Institute for International Economic Policy

- (China) China (Liaoning) Pilot Free Trade Zone, Yingkuo district management committee

- (China) Yantai Investment Development Board

Background

- Deputy Director General Lu of the Department of Commerce in Shandong was the presenter from the China-side. Her presentation was on Shandong as a quality and safety model for exporting food and agricultural products, which are new impetus for Japan-ROK-China cooperation in the Yellow Sea area.
- Chairman Aso of Kyukeiren had previously pursued exporting agricultural, forestry and fish products to China and the ROK. He proposed and approved carrying out concrete cooperation going forward.



Lu Wei, deputy director general of the Department of Commerce, Shandong

(Summary)

- The population of Shandong Province is 100 million (second largest in China). ROK and Japan rank as Shandong's No.2 and No. 5 trade partners, respectively.
- Shandong is China's first model for the quality and safety for exporting food and agricultural products. We aim to make Shandong a new driving force in the cooperation by further improving the connection between the agricultural products of the three countries.
- In Shandong 5,946 standard sites have been set up for food and agricultural products. More than 99% of all food and agricultural products pass quarantine inspection. In 2016, the export of agricultural products from the province reached the RMB100 billion-level. It continues to be the top exporter of agricultural goods in China, accounting for one-fourth of the country's total exports. In addition, food exports from Shandong to Japan account for more than 40% of China's total exports to Japan.
- Vice Premier Wang Yang highly praised Shandong for developing China's first quality and safety model for exporting food products and agricultural goods. GM Kaneyama of the commerce department also wants to quickly deploy the outstanding experience and methods of Shandong to other regions.
- For a total of 15 times over eight consecutive years, Shandong has been showcasing its activities as a model province for agricultural goods in various countries, include the ROK and Japan. More than 100 companies from Shandong participated in FOOD EX JAPAN as well as the Busan International Seafood & Fisheries Expo among other trade fairs. In March 2018, officials from Shandong visited Wakayama Prefecture to conduct business talks on collaboration matching. 37 companies from Shandong that are looking for products to import from Japan met with 20 companies from Wakayama Prefecture.
- Simplification of customs procedures. A mutual approval system is being tested with the ROK for quarantine certificates. Progress was also made in collaborations related to mutual approval of AEOs.
- The agricultural food processing industry in Kyushu is developed. Under the framework of the Yellow Sea Rim collaborations, Shandong aims to build a cooperative relationship with Kyushu. The province also wants to hold exchanges with industrial groups and companies. I encourage interested parties in Japan and the ROK to visit Shandong and engage in exchanges. We will do our best to accommodate you.
- The three countries have designated Shandong Province and institutions in Japan and the ROK to form a working group on cooperation food and agricultural products. We propose a model for cooperation between SMEs in the three companies under the Yellow Sea Rim framework.

2-2: Jan. 2018—Visit to the Shandong Business Office, Tokyo

Background

- Meeting in Tokyo with the Shandong government representative in Japan for economy and trade

Date: January 18, 2018

Venue: Shandong government's representative office for economy and trade in Japan (Kameido, Koto-ku)

Attendees: China side: Representative Guo Quantao, Liu Sheng, Operations GM

Japan side: Managing Director Hirai, Kyukeiren, GM Oda, Agriculture, Forestry and Fisheries, Kyukeiren, and GM Ando, International Affairs

Kyushu Agricultural and Marine Products: GM Chen Hai



Shandong government's representative office for economy and trade in Japan

(Summary)

- Several exhibitors and buyers came from Shandong to participate in FOOD EX JAPAN 2018 (43rd International Food and Beverage Exhibition), which was held March 6–9, 2018 at Makuhari Messe. We seized this opportunity to make a proposal to the Shandong-side. We presented a plan to gather exhibitors from both Shandong and Kyushu and to match them up with one another.
- *CCIC-Japan is in Tokyo and can export product that has passed quarantine. These operations were subcontracted out to CCIC by the Department of Commerce in Shandong (other provinces have yet to follow). We aim to convey the benefits of conducting quarantine in Japan rather than at ports in China.
 - *CCIC: China Certification & Inspection (Group) Co., Ltd.
- Shandong is interested in Japanese sea bream. Steamed sea bream is a highly-valued, high-end dish served for auspicious occasions. There is a seafood wholesale market in the free trade zone in Qingdao. Japanese marine products are welcome. In Shandong, which is at the same latitude as Japan, a sufficient amount of vegetables is being produced and supplied. There is more demand for seafood products from Japan.
- We are putting the final touches on the proposal with Deputy Director Lu, who returned to China just last week. Deputy Director Lu will be coming back to Japan so we want her to meet with Chairman Aso on the day she arrives. The Shandong provincial government will act as bridge between the two. Kyushu companies will get the opportunity to learn what route to use for export and Shandong will get to see what Kyushu has to offer. First we need to set up the meeting. We can connect this to business transactions with individual companies afterwards.
- There is major potential for sea bream as there are definitely buyers. There will be less quality risk if quarantine is handled in Japan and the fish is frozen and transported by ship. If we can create a success case with the sea bream, then we can break into the market and expect to see a ripple effect for other products.

2-3: Mar. 2018—FOODEX JAPAN Shandong–Kyushu Event

Shandong & Kyushu Food and Agricultural Product Matching Business Meeting

Date: March 9, 2018 (Fri.), 13:00–15:30

Venue: International Exhibition Hall, Makuhari Messe, Chiba Prefecture

Description: A product matching business meeting at the FOODEX JAPAN 2018 (43rd International Food and Beverage Exhibition). Companies from Shandong and Kyushu participated in the meeting.

- (1) Greeting and lecture by main sponsors
Department of Commerce of Shandong Province
(Lu Wei, Deputy Director-general)
Kyukeiren (Chairman Aso, Managing Director Hirai)
- (2) Introduction of import model “外検内放” (customs clearance icarried out by an external foreign authority, and the result is used by an internal Chinese authority)
(China Certification & Inspection (Group) Co., Ltd.)
- (3) Introduction of Japan-China-ROK cross-border EC (food) distribution
Weihai Municipal Bureau of Commerce
- (4) High-speed channels for Japan-China-ROK cross-border EC distribution
Weihai Yijia Ecommerce, Ltd.
- (5) Introduction of current production and export trends for sea bream in Kyushu
Norinchukin Bank, Kumamoto Branch
- (6) Signed MOU on comprehensive business partnership
Shandong Aixi Ecommerce, Ltd.
Kyushu Agricultural and Marine Products Co., Ltd.
- (7) Matching business meeting
Parties from Shandong companies
Parties from Kyushu companies



3-1: Jun. 2018—MOU with Weihai City, Shandong Province

Kyukeiren & Kyushu Agricultural and Marine Products visit Shandong

Date: June 21 (Thu) -24 (Sun), 2018
Description: We timed our visit to Shandong to coincide with the 9th Weihai International Food Exposition. On June 22 (Fri), we signed an MOU on food distribution between Japan and China at the Weihai International Exhibition Center (WIEC), where the expo was held. Signatures including Kyukeiren, the Department of Commerce of Shandong Province, and the municipal government of Weihai. The MOU confirmed that related parties aimed to cooperate to produce quick and concrete results.



Director **She** Chunming of the Department of Commerce of Shandong Province and Chairman Aso of the Kyukeiren



Tour of Port of Weihai; exchanging opinions with members of the Management Committee of Weihai Economic and Technological Development Zone and Weihai Port Group



Kyukeiren booth, KYUSYU CHOKUHAN, at the International Food Expo

3-2. Guests from Weihai and Rongcheng City, Shandong Province

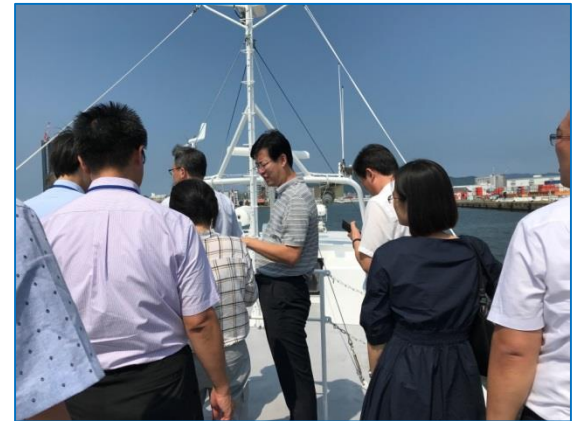
Deputy Mayor and entourage from Weihai and Rongcheng (Shandong) visit Fukuoka

Date: July 24, 2018 (Tue)

Details: When we visited Shandong Province in June, we signed an MOU which called for closer collaborations between our two regions and a pledge to pay mutual visits. In accordance with this, Deputy Mayor Hu Xiaofei from Weihai and Rongcheng City, Shandong Province, and associates from Rongcheng Taixiang Food Products Co., Ltd., a major food processor, distributor, and import-exporter from the same city, visited Fukuoka.

With the cooperation of the Seaport and Airport Bureau of Fukuoka City, we gave our guests a tour which included the container terminal at the Port of Hakata and Fukuoka City Central Wholesale Market. We exchanged opinions on the benefits for mutually importing and exporting products and on the issues faced in expanding distribution of agricultural and marine products which are strengths for both our regions.

A dinner party was held where our guests were able to do a taste testing of Kyushu farmed yellowtail.



3-3. Aug. 2018—Kyukeiren & Kyushu Agricultural and Marine Products Visit to Shandong

Details

- First visit to Shandong after signing MOU. Owing to visit by guests from Weihai and Rongcheng City in July, we toured a marine products company, etc. and held business talks.

Date: August 8-11, 2018

Location: Weihai and Rongcheng City, Shandong Province

Attendees: China side: Representatives from each company, and from Weihai Municipal Bureau of Commerce, Guo Liangtian, Deputy Director General, Liu Peng, manager, and Liu Yunyi

Japan side: Director Hirose and Vice-director Yano, Agriculture, Forestry and Fisheries, Kyukeiren
Kyushu Agricultural and Marine Products: President Oda, General Affairs Planning: GM Chen Hai

(Summary)

- Shandong Xin Dadong Co., Ltd.
 - Portfolio contains a wide range of unique Kyushu products
 - Expiration date for Japanese products is too short so would like a longer sell-by period (9-12 months)
 - Desired products: Water ☆, soy sauce ○, recommended Kyushu items, children's toothbrushes ©
- Rongcheng Taixiang Food Products Co., Ltd.
 - Mainly considering export of yellowtail and cooked rice packs, we want to develop track record
 - Continuing to examine pricing
- Jiajiayue (JJY)
 - Largest supermarket operator in Weihai with 700 outlets throughout Shandong
 - Plan to submit estimate for marine products for consideration
- Weihai Port Group Co., Ltd. (WHPG)
 - Wants to tour forest region in September when they visit
 - Want to expand timber exports by using the strengths of the Port of Weihai
- Weihai Municipal Bureau of Commerce
 - Looking to expand opportunities for Japanese and Chinese companies since signing MOU in June
 - Want the bureau to introduce activities being conducted in Shandong in Kyushu



Jiajiayue

Rongcheng Tisiang Food



Weihai Port Group

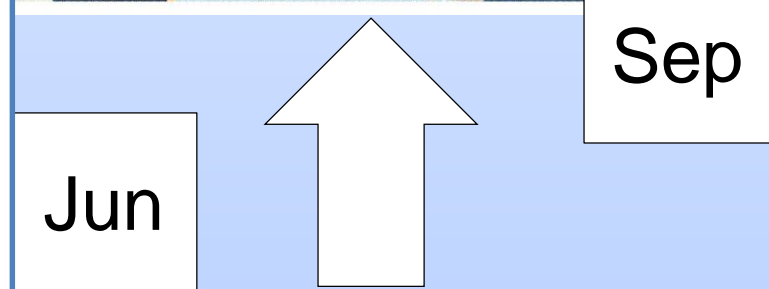
3-4. September 2018: Guests from Weihai; First Shipment of Kyushu Yellowtail

Overview of departure ceremony for yellowtail

- Date: September 11, 2018, 7:30 am
- Product: Whole Kagoshima farmed yellowtail (Buri-Oh, Azuma-cho Fishery Cooperative)
- Volume: 37 cases (1 case = 2 fish X 3.5kg each) (Total weight: approx. 260kg)
- Transport: Depart Fukuoka Airport at 14:40 → Arrive at Qingdao Airport at 16:00 on flight MU536
- Venue: Ceremony held at Fukuoka Airport Cargo Terminal zone, in front of the customers clearance terminal

Press conference (highlights)

- Export to the massive market in China has begun
Aim to make this good news for Kyushu's primary industries
- Weihai City, Shandong Province will serve as the gateway to the market in China for yellowtail and other high-quality Japanese seafood products



4. Kyukeiren Proposals for the Yellow Sea Rim Conference

Examining logistics to access new markets

- ◎ Establish a shipping route that passes through Weihai-Incheon-Gunsan-Busan-Fukuoka
- ◎ Establish a scheduled air route between Weihai-Fukuoka (Kitakyushu, Saga)
- ◎ Build economic exchange goodwill city and friendship city ties with Shandong Province, ROK and Fukuoka
- ◎ Establish a Europe route along Kitakyushu/Fukuoka-ROK-Shandong (Weihai)/Jiangsu (Lianyungang Port and the Port of Taicang)-Europe



太倉港
PORT OF TAICANG



釜山港
PORT OF BUSAN



博多港
PORT OF HAKATA

