

FUKUOKA: Japan's Best Value



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Since olden times, Fukuoka Prefecture has prospered as Japan's gateway to the rest of Asia, including the Asian Continent. It is located halfway between Tokyo and Shanghai, and is 90 minutes away by air from either of these cities. Another geographic advantage is that it is only a few hours' flight from other major cities in Asia as well. From Fukuoka, it is possible to visit Shanghai, Taipei or Seoul and return the same day. This makes the prefecture an optimum location for businesses that target the Japanese and other Asian markets.

The region has an excellent air service network. Fukuoka and Kitakyushu airports, both of which are international airports, together handle 330 flights weekly to 17 cities in the world, primarily in Asia. On domestic routes, there are 332 flights to other major Japanese cities each day. In marine transport, two important ports, Hakata and Kitakyushu, are connected to ports around the world. On the Fukuoka-Shanghai route, high-speed roll-on, roll-off vessels cover the distance in a little less than 27 hours, making it possible to transport cargoes very competitively, both in terms of time and cost.

Fukuoka Prefecture, where clusters of industries – including automobiles and semiconductors plus their related industries – are growing, has a gross regional product (GRP) of \$164 billion, which is comparable to the gross domestic product (GDP) of Hong Kong or Thailand. The GRP of Kyushu Island, which includes Fukuoka Prefecture, as a whole amounts to \$458 billion. If compared with the GDP of countries and regions in the world, it would rank in 17th place.

Fukuoka also enjoys a high level of quality of life, which is one of the best in Asia. It has been chosen as the best city in Asia a number of times, and it is a city where the most up-to-date urban infrastructure and rich nature exist in harmony. It is one of the cities attracting attention from all over the world, as indicated by the fact that Newsweek magazine chose it as one of the "10 hottest cities in the world."

The Fukuoka prefectural government is focusing on nine growth industries: semiconductors, information and communications technology (ICT), automobiles, biotechnology, hydrogen energy, robotics, environmental technology, nanotechnology and digital content. It is working to nurture these industries and make the prefecture their centers. Described below is what the Fukuoka prefectural government is undertaking in four of these industries.

"Silicon Sea Belt" Fukuoka Project

ACCOUNTING for approximately 5% of the world's total semiconductor production, Kyushu – one of Japan's four main islands – is known as a "silicon island." Furthermore, the region spanning Kyushu (where Fukuoka Prefecture is located), South Korea, Shanghai, Taiwan, Hong Kong, Singapore, India and other microchip-producing countries/regions accounts for more than 50% of the world's total semiconductor output. We call the region a "Silicon Sea Belt."

Against this backdrop, Fukuoka is promoting the "Silicon Sea Belt Fukuoka Project," aiming to make the prefecture a design and development center of state-of-the-art system LSIs. Such LSIs have been chosen out of the semiconductor industry because they form the basis of information society and create high value-added. Under the project, the prefectural government supports R&D, nurtures human resources, develops and assists venture businesses, and holds international conferences for exchange and cooperation with other regions. It has been focusing on industry-academia-government joint research in the field of applications, including embedded software and vehicle-mounted microchips, since fiscal 2007, using its abundant R&D funding totaling ¥8 billion over five years. In this manner, the prefectural government has been working to create clusters of human resources for the development of system LSIs as well as clusters of semiconductor-related industries.

Initiative for 1.5 Mil.-Vehicle Production in Northern Kyushu

In northern Kyushu, centering on Fukuoka Prefecture, Japanese automakers are producing finished cars as well as engines and other components. Since 2003, the prefectural government has been promoting an initiative to make northern Kyushu a major automobile production center. Its initial goal was annual output of one million vehicles, but production increased smoothly, reaching this goal in 2006.

Therefore, we launched the "Initiative for 1.5 Million-Vehicle Production in Northern Kyushu" in 2006 in a bid to make this region the second largest automobile production center in Japan. It has the following four goals: 1) annual production of 1.5 million vehicles; 2) the realization of a local content ratio of 70%; 3) becoming Asia's most up-to-date production center and 4) becoming a center for the development of next-generation automobiles. The last goal, in particular, is aimed at fusing automobile production with the technologies in which this prefecture excels, such as state-of-the-art semiconductors and hydrogen energy.

Since the launch of the initial campaign calling for one million-vehicle production, plants for engines and hybrid parts and R&D divisions have located in this region one after another in addition to factories of Nissan Motor Co., Toyota Motor Corp., and Daihatsu Motor Co. (all of which are finished-car makers), creating one of the largest automobile industry clusters in Japan.



Automobiles ready to be loaded for export at a Fukuoka port



Research Center for Hydrogen Industrial Use and Storage (Hydrogenius) of the National Institute of Advanced Industrial Science and Technology (AIST)

Fukuoka Bio Valley Project

Fukuoka Prefecture boasts four universities having faculties of medicine. Kyushu University is conducting the world's top-level bio-related research, while Kurume University is a center of research on hepatitis and liver cancer. In addition, there have been numerous food and biotechnology industry clusters based on fermentation and brewing in the southern part of the prefecture, centering on Kurume City, since long ago.

We are working on the creation of new industries based on biotechnology in an effort to build one of the largest biotech clusters in Japan, encompassing related businesses and research organizations. We are also focusing on cooperation with research centers and businesses in other countries and regions in Asia.

The prefectural government has established the "Fukuoka Bio Incubation Center," which is an R&D facility, and the "Fukuoka Bio Factory," a rental factory for businesses that can be used both for making trial products and for actual production. Thus, it is developing infrastructure as well so that it will be able to respond to various requests.

In the spring of 2008, the prefectural government linked the four medical schools/faculties in the prefecture to create "Clinical Research Network Fukuoka" with the goal of increasing the speed of clinical trials in pharmaceutical development and improving the quality of trials. By doing so, it has established an efficient system to support clinical trials.

Fukuoka Hy-Life Project

Hydrogen energy has been attracting attention to help secure a stable supply of energy in Japan, which depends on imports for more than 80% of its energy resources. The prefectural government is promoting the "Fukuoka Hy-Life Project" taking advantage of the following infrastructure: intellectual resources of Kyushu University, which is conducting R&D on the world's most up-to-date technology to use hydrogen; massive volumes of hydrogen-rich coke-oven gas emitted from steel plants; and the prefecture's infrastructure, including hydrogen pipelines and experimenting stations.

Under the project, R&D on the entire process of hydrogen production, transportation and storage is being promoted in a joint effort spearheaded by Kyushu University and the Research Center for Hydrogen Industrial Use and Storage (Hydrogenius)

of the National Institute of Advanced Industrial Science and Technology (AIST). The center is located on the campus of Kyushu University. The total cost of R&D is estimated at ¥10 billion over seven years.

In May 2008, a "hydrogen town" was created as a model city to realize a society based on hydrogen energy. Under the project, one of the world's largest, home-use fuel cell systems have been installed at some 150 households in a selected area to identify problems that need to be solved before the full-scale diffusion of such systems.

Furthermore, we are planning to establish hydrogen stations at two locations in the prefecture for operations starting in fiscal 2009 in an attempt to provide an environment in which fuel cell cars and hydrogen engine cars can be tested on demonstration runs.

Efforts for Foreign Investment in Fukuoka Prefecture

The Fukuoka prefectural government is also putting its energies into inviting investment from overseas businesses, primarily in industries related to the above-mentioned priority industrial projects.

In 2002, we established "Invest Fukuoka" (Fukuoka Foreign Investment Promotion Center) to offer a wide range of support, including the provision of information on the market, costs of doing business, laws and regulations, offices and residences, infrastructure and employment. It also provides match-making services between overseas businesses and local companies to support business start-ups.

At present, there are some 430 foreign-invested firms in Fukuoka Prefecture. In addition to expanding their businesses within the prefecture, they have an important role in introducing new technologies and products/services to the region.

Fukuoka Prefecture has its liaison offices in five foreign cities (San Francisco, Frankfurt, Shanghai, Hong Kong and Seoul) to promote foreign direct investment in Fukuoka, support overseas operations of Fukuoka-based firms and encourage foreign tourists to visit the prefecture.

Fukuoka is located halfway between Japan, which is a mature market, and East Asia, which is fast developing. Fukuoka aims to leap forward with the rest of the world.

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