

A GUIDE TO BUSINESS INVESTMENT



# shizuoka

BEST access, BIG potential



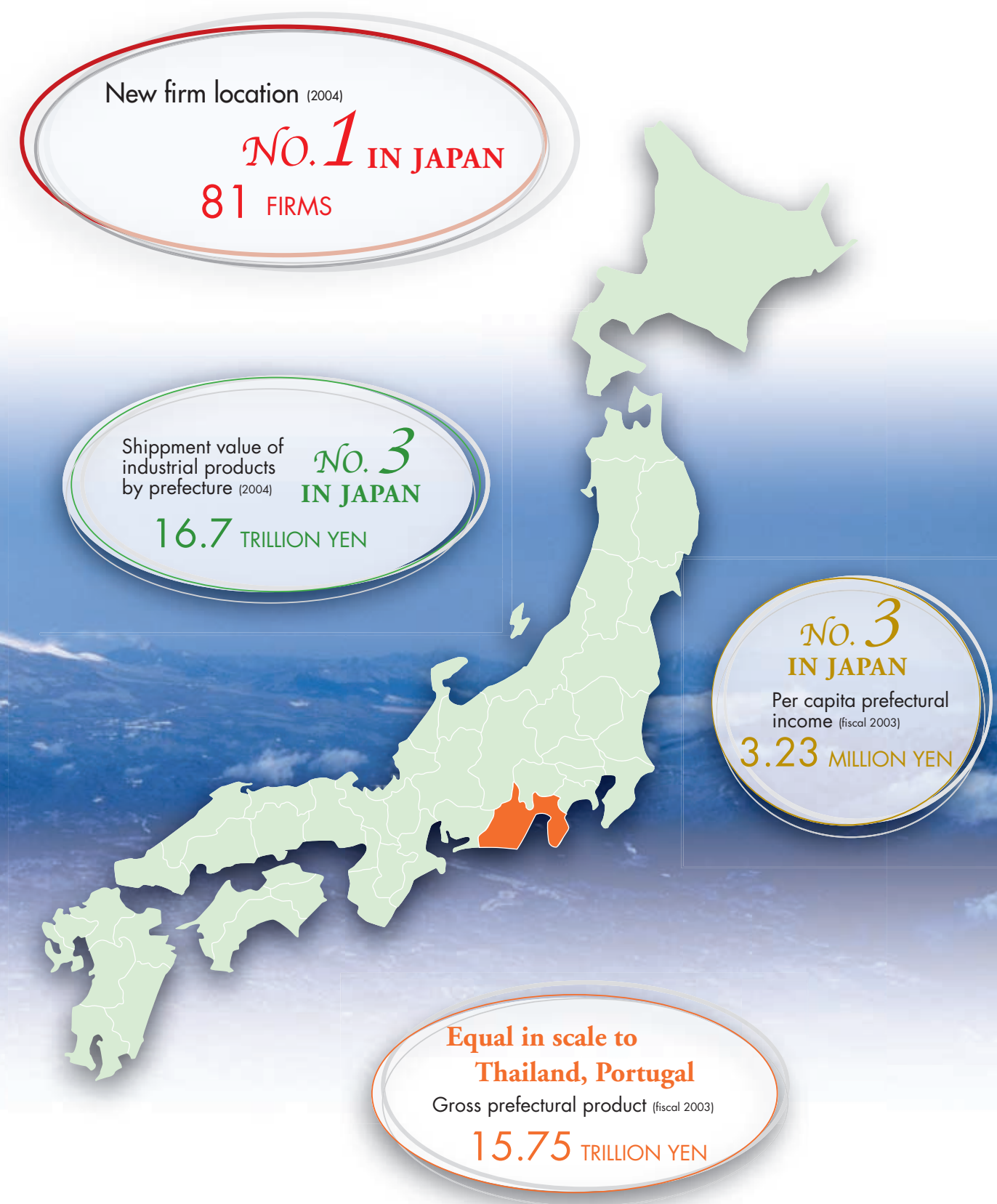


# WHY IS SHIZUOKA THE NO. 1 CHOICE FOR DOING BUSINESS IN JAPAN?

Located at the foot of Mount Fuji, Shizuoka Prefecture reflects everything special about Japan's most famous symbol: it is a unique place to grow that is head and shoulders above the rest. From 2002 to 2004, Shizuoka led Japan's rankings for new business locations and was the No. 1 choice for foreign companies in 2004. Shizuoka also holds the top spot in cumulative figures for overall foreign investment since 1989. But what makes it the best place to build your globally competitive business?

## CONTENTS

Fostering cutting-edge research and product development	2
Easy, rapid access to all major markets	4
Home to global leaders	6
SMEs with globally competitive technological prowess	8
Ideal for business and quality of life	10
Incentive packages and full support for investors	12





# FOSTERING CUTTING-EDGE RESEARCH AND PRODUCT DEVELOPMENT

Another reason to choose Shizuoka is synergy. Industrial clusters throughout Shizuoka Prefecture are creating the Shizuoka Research Cluster Triangle, yielding highly successful synergies between research and manufacturing. The central part of Shizuoka, rich in agricultural and marine products, is attracting food supplement companies. The east is a center for cancer and pharmaceuticals research, and the west for the latest optics and electronics technologies. In each cluster, research organizations and companies work together to create new opportunities, products, and businesses.



## FOOD SCIENCE HILLS

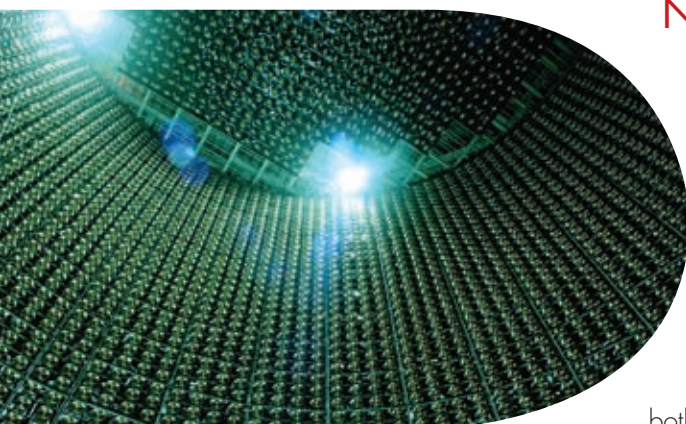
### Improving Quality of Life

Central Shizuoka is an area particularly rich in agricultural and marine products. To make full use of these natural resources, the University of Shizuoka, Shizuoka University, and other academic institutions are forming the Food Science Hills Project with local industries to study health and functional foods, especially those with anti-stress properties. Other project schemes include mass-production technologies for biotech applications, stress-evaluation techniques using optical technologies, and developing food products that prevent lifestyle diseases. Many patents are currently pending.



## PHOTON VALLEY

### Next Generation Optoelectronics



The area around the town of Hamamatsu in western Shizuoka has a tradition of optical research excellence, with world-leading companies such as Hamamatsu Photonics. Businesses and research organizations are working together in the Photon Valley framework for the development of high-powered semiconductor lasers, ultra-high accuracy imaging technology and other promising sources of innovation. Products developed through the project include a high-power, small-size laser system that can emit laser beams more than 1,000 times a second and a CMOS image sensor that features higher dynamic range than existing products. This sensor can detect objects in both low and bright light conditions instantly and with only a single unit.

## PHARMA VALLEY

### An Advanced Medical Research Cluster

Eastern Shizuoka is home to numerous players in the medical, biotech, and health industries. The opening of the Shizuoka Cancer Center Research Institute in 2005 began a landmark collaboration for research and new product development in medicine, nursing, and medical engineering technology. The Cancer Center, which is central to the Pharma Valley, features the world's most advanced proton-beam therapy facilities as well as leading-edge cancer treatment. Clinical studies are receiving the full support of a trial study group linking 28 hospitals with the total number of beds sums up to 14,000 around the prefecture.

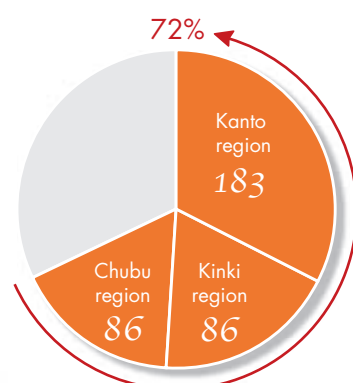




# EASY, RAPID ACCESS TO ALL MAJOR MARKETS

Shizuoka is ideally located in the central part of Japan with easy access to all major cities and international gateways. State-of-the-art facilities enhance the prime location of the prefecture, and ensure the easy flow of goods, perfectly matching the needs of each business. Points of departure for the rest of the world are within easy reach, with Tokyo and Nagoya only an hour away by Shinkansen bullet train, and Osaka two hours away.

- Gross regional product of the three main metropolitan regions (fiscal 2003; trillion yen)



Source: Annual Report on Prefectural Accounts, Cabinet office

## Within Easy Reach of Japan's Three Largest Cities

Located near the geographical center of Japan, and within 300 km of 63% of the country's population, Shizuoka offers quick and easy access to key domestic markets. The three major cities of Tokyo, Osaka, and Nagoya are very accessible. In addition, the regions surrounding these metropolises—Kanto, Kinki, and Chubu—represent a whopping 355 trillion yen in annual consumption and about 72% of Japan's gross domestic product.

## A Perfect Location for Distribution



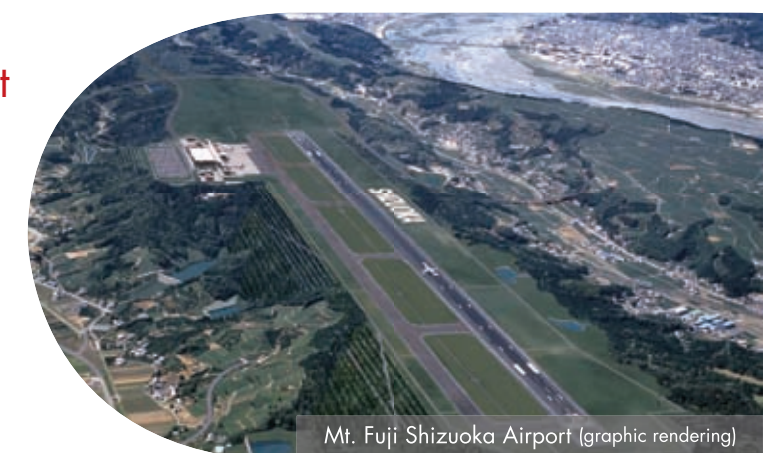
Shimizu port

Trucking distribution is well served by the Tomei Expressway, Japan's principal east-west thoroughfare, with 16 interchanges in Shizuoka. Tokyo and Nagoya are only about 2 hours away, and Osaka is just 4 hours and 20 minutes away. A second expressway is currently under construction, and will be another major asset for Shizuoka.

One of Shizuoka's greatest assets is the port of Shimizu which offers 24-hour stevedoring and competitive services pricing. The port of Omaezaki in the west added a full service container terminal to its facilities in 2004.

## Better Access to Asia with New Airport

The Mt. Fuji Shizuoka Airport, Shizuoka's international gateway, is due to open in 2009. It will provide domestic and international air connections, linking major cities across Japan and Asia. China especially will be within easy reach, with flight times of 2 hours and 50 minutes to Beijing, 2 hours and 20 minutes to Shanghai, and 3 hours and 30 minutes to Hong Kong.



Mt. Fuji Shizuoka Airport (graphic rendering)

### Access via expressway

Tokyo	2 hr. 10 min.
Nagoya	2 hr.
Osaka	4 hr. 20 min.

### Flight time from Shizuoka \*

Seoul	1 hr. 50 min.
Beijing	2 hr. 50 min.
Shanghai	2 hr. 20 min.
Taipei	2 hr. 40 min.
Hong Kong	3 hr. 30 min.

\* Actual air routes are to be determined approximately one year prior to the opening of the airport. The above flight times are all tentative.





# HOME TO GLOBAL LEADERS

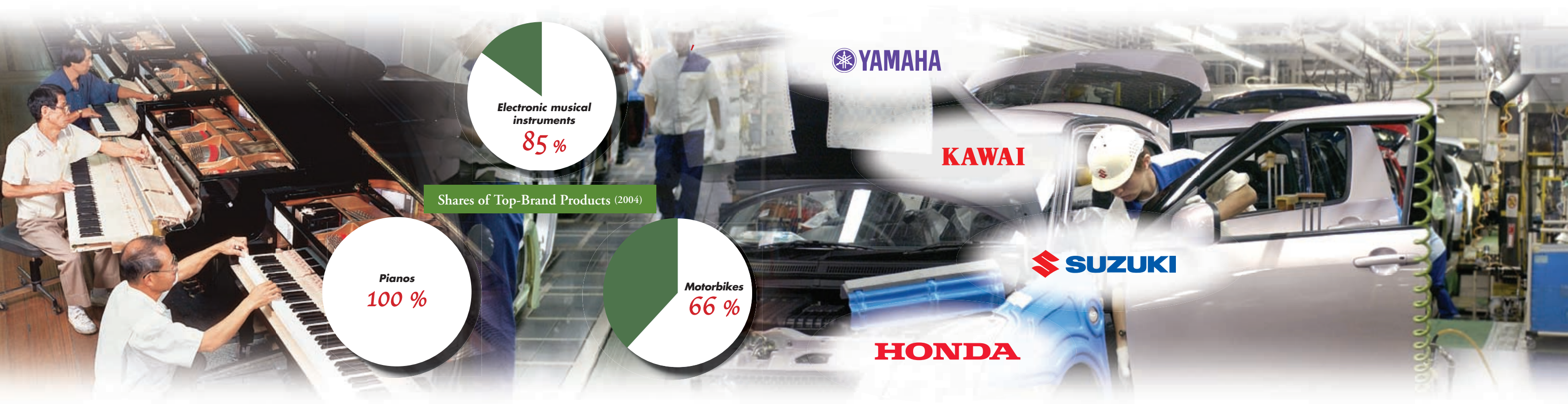
Global brand names like Honda, Yamaha, and Suzuki were launched by entrepreneurs from Shizuoka Prefecture. Honda Motor was established in Hamamatsu in 1946 and still has a plant there. Yamaha Motor, known around the world for its motorcycles, Suzuki Motor, also well-known for its motorcycles and small automobiles, as well as Yamaha and Kawai, both famous for their quality pianos and other musical instruments, are all Shizuoka companies. The spirit that created them and made them thrive is a key part of the Shizuoka tradition.

## More Than 40 Listed Companies

The prefecture counts 42 companies that are listed on either the first or second section of the prestigious Tokyo Stock Exchange. These cover a wide range of sectors, showing the versatility of Shizuoka's entrepreneurial spirit. Shizuoka's gross prefectural product is on the same scale as countries like Portugal and Thailand.

- Number of companies listed on the TSE with head offices in Shizuoka Prefecture

Food	3	Other manufacturing industries	5
Pulp and paper	3	Wholesale and retail	5
Ceramic, glass, and earthenware	1	Accommodation and eatery	1
Steel	1	Finance	4
General machinery	3	Education	1
Electric machinery	5	Gas	1
Transportation machinery	7	Land transport	1
Precision machinery	1		



## Home of the "Can Do" Attitude



Torakusu Yamaha,  
founder of Yamaha Corp.



Soichiro Honda  
founder of Honda  
Motor Co.

Western Shizuoka is known throughout Japan for a unique kind of "can do" attitude. This spirit of entrepreneurship and zest for challenge gave birth to the global success stories of companies such as Honda, Suzuki, and Yamaha. Sakichi Toyoda, founder of the first company in the Toyota Group, was also from Shizuoka. It is this pioneering spirit that has put Shizuoka on the world map for its sheer will to succeed.



University of Shizuoka

## A High-Quality Workforce for the Skills You Need

Shizuoka has a unique characteristic of having a high proportion of university graduates who return home for employment. In addition to graduates from local universities and colleges that offer high-quality education, these people make up an integral part of Shizuoka's highly attractive labor force of over 2 million persons. The availability of skilled staff helps maintain the long tradition of outperforming corporations and an active economy.



# SMEs WITH GLOBALLY COMPETITIVE TECHNOLOGICAL PROWESS

Shizuoka's strength in manufacturing does not stop at large companies. It encompasses many small and medium-sized enterprises (SMEs), as well as ventures, with globally competitive know-how and technology. These businesses cover a wide range of sectors from transport to electronics, chemicals, machinery, food, pulp and paper, and information technology. They have much to offer as partners or suppliers for foreign businesses locating in the prefecture.

## Technology Makes Shizuoka No. 3 in Product Shipments

Shizuoka ranks No. 3 nationwide in terms of product shipments. Machinery and equipment production accounts for 51.1% of prefectural industrial output, with transport equipment taking the lead at 30%. Small and medium-sized companies provide the backing that is vital to the success of global companies.

- Share of manufacturing industries in gross prefectural product (fiscal 2003)



Source: Annual Report on Prefectural Accounts, Cabinet Office

- Shipment value of industrial products by prefecture (2004; billion yen)

1.	Aichi	36,813.6
2.	Kanagawa	18,566.0
3.	Shizuoka	16,699.8
4.	Osaka	15,961.1
5.	Saitama	13,569.0
6.	Hyogo	12,945.2
7.	Chiba	11,257.6
8.	Tokyo	11,199.0
9.	Ibaraki	10,437.3
10.	Mie	8,775.1

Source: Census of Manufacturers, Ministry of Economy, Trade and Industry

- Gross prefectural product (fiscal 2003; billion yen)

1.	Tokyo	83,630.3
2.	Osaka	38,323.6
3.	Aichi	33,695.9
4.	Kanagawa	30,762.4
5.	Saitama	20,078.8
6.	Hokkaido	19,504.4
7.	Chiba	19,161.0
8.	Hyogo	18,164.4
9.	Fukuoka	17,456.0
10.	Shizuoka	15,747.6
11.	Ibaraki	11,150.4
12.	Hiroshima	10,960.7
13.	Kyoto	9,653.2
14.	Niigata	9,009.2
15.	Miyagi	8,426.7
16.	Nagano	7,935.8
17.	Tochigi	7,896.1
18.	Gunma	7,567.1

Source: Annual Report on Prefectural Accounts, Cabinet Office

## A High Concentration of Venture Companies

With its "can do" spirit, Shizuoka is extremely well suited to the development of venture companies. Many venture businesses are now operating in the prefecture, and more than 700 R&D business plans and business restructuring plans have been approved.

## A Wide Range of Suppliers

The prefecture is Japan's top producer of pulp and paper as well as drink products, second in electronics equipment, and third in transport equipment. The wide range of industries and products makes it a particularly attractive base for most companies in terms of finding top-quality partners or suppliers.





# IDEAL FOR BUSINESS AND QUALITY OF LIFE

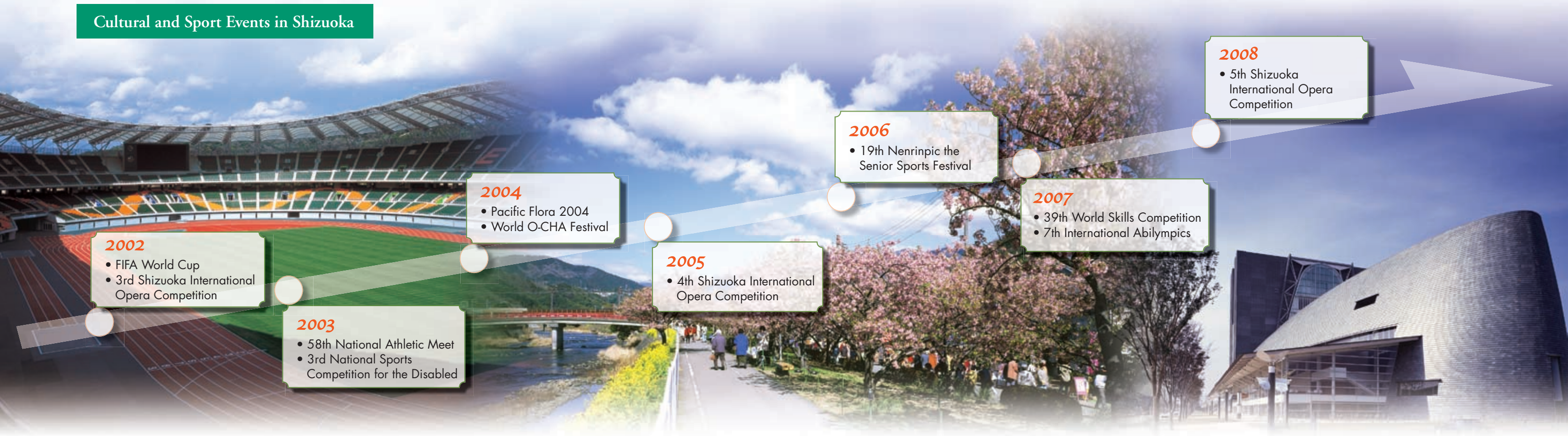
What makes Shizuoka so appealing is not just its excellent business conditions and thriving economy. It is also a great place to live. Land prices are significantly lower than Tokyo and Osaka, and the overall cost structure is very appealing. And all this comes with great natural beauty, clean air and water, a rich cultural tradition and quality of life that is second to none.

## Plentiful Resources at a Reasonable Cost

One of the most sought-after resources in manufacturing is clean, pure water, and Shizuoka can offer the best. With its abundance of springs and rivers, the prefecture is blessed with plentiful water for every industrial need. The concentration of chemical, pharmaceutical, and food and beverage industries is proof of this.



## Cultural and Sport Events in Shizuoka



## Rich In Nature and Culture

Life is about more than business, and Shizuoka provides the perfect setting for enjoying it. Against the backdrop of majestic Mount Fuji, the prefecture offers an abundance of hot springs and lakes, rustic mountain villages, and the stunning coastline of the Izu Peninsula. Each corner of Shizuoka is steeped in traditional culture, from castles to shrines and temples, festivals and folk crafts.

## Highly Cost Effective

Cost remains a major issue, however, and this is an area where Shizuoka is more than competitive. A much lower cost structure than in Tokyo, Kanagawa, and Osaka has already led numerous companies to locate in Shizuoka. Transport is also less of an issue without the typical congestion problems of major cities.

●● Average land prices by prefecture and by use (2005; yen per sq. meter)

	Industrial land	Commercial land
Tokyo	204,900	1,164,200
Kanagawa	87,700	371,600
<b>Shizuoka</b>	<b>43,500</b>	<b>138,400</b>
Aichi	55,200	230,500
Osaka	94,600	390,200

Source: Published land price in 2005, Ministry of Land, Infrastructure and Transport



# INCENTIVE PACKAGES AND FULL SUPPORT FOR INVESTORS

A wide range of subsidies and other incentives tailored to individual needs is available to companies seeking to establish manufacturing or distribution facilities or even renting office space in Shizuoka. Our One-Stop Service Center provides a variety of support services ranging from location selection advice to data distribution. More than 53\* foreign companies already operate in Shizuoka.

\* Manufacturing companies with foreign capital of more than 50%.

## Incubator Center and Startup Office for Ventures

Special support is available in Shizuoka for entrepreneurs and venture companies. There are 12 public incubator support facilities across the prefecture, which supply the necessary office space for starting a new business. In addition, the prefecture can offer assistance and advice on management diagnosis, setting up sales channels and technical matters. Also, there are four industrial technology centers in Shizuoka Prefecture (in the cities of Numazu, Fuji, Shizuoka, and Hamamatsu) that offer support to companies endeavoring to respond to the latest technological innovations.



Numazu Industrial Technology Center

- Industrial parks available for rent or purchase, industrial technology centers, prefectural incubator centers

### Industrial Parks Available for Rent or Purchase

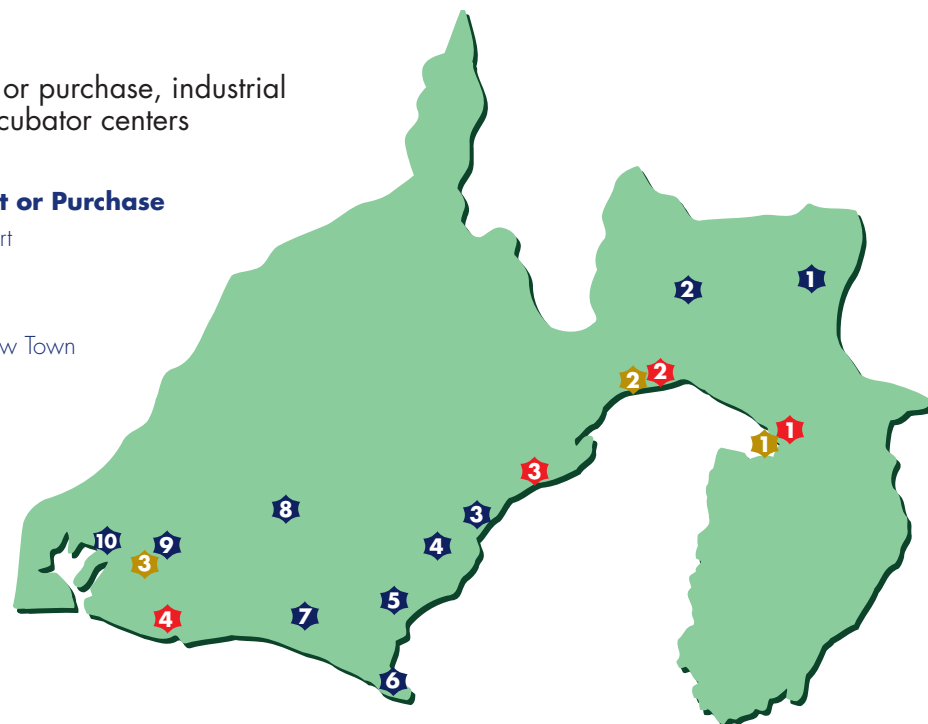
- |              |                     |
|--------------|---------------------|
| 1 Gotemba    | 6 Omaezaki Port     |
| 2 Fujinomiya | 7 Daito             |
| 3 Yaizu      | 8 Mori              |
| 4 Shimada    | 9 Hamakita New Town |
| 5 Sagara     | 10 Hamamatsu        |

### Industrial Technology Centers

- 1 Numazu
- 2 Fuji
- 3 Shizuoka
- 4 Hamamatsu

### Incubator Centers

- 1 Numazu
- 2 Fuji
- 3 Hamamatsu Miyakoda



## Special Service Center for Foreigners

In order to facilitate the decision-making process, the prefecture offers a full service center specifically for potential foreign investors. Whatever the requirement, detailed information is available to help select a site from among the 28 industrial estates, and to make the best use of the available subsidies. General background information on procedures, markets and life in Japan is also available.



One-Stop Service Center for foreigners

## Attractive and Flexible Incentive Programs

Shizuoka's flexible incentive programs cover a wide range of possible needs. Investors interested in setting up a manufacturing plant or research facility can benefit from up to 500 million yen in prefectural subsidies. In addition, foreign investors are also offered up to 500,000 yen as a one-time subsidy for renting office space. Land acquisition and new employment are also eligible for a variety of subsidies. Local offers include bounty for fixed property tax, discounted electricity rates, purchase option plan, interest-free loans and grants for locating near nuclear power plants.

### Office rent subsidy for foreign companies

Subsidy for office rent	Up to 50% of annual rent for one year
Maximum amount	¥500,000
Eligible applicant	<ul style="list-style-type: none"> <li>Foreign-affiliated companies with more than one third foreign capital</li> <li>Foreign companies established under the foreign laws</li> <li>Foreign public organizations</li> </ul>
Subsidy provider	Shizuoka Prefecture

### Subsidy for manufacturing and research facilities

Subsidy for construction cost	<ul style="list-style-type: none"> <li>Up to 7% for private estates</li> <li>Up to 10% for the Industrial Park estates</li> </ul>
Maximum amount	¥500 million
Eligible applicant	Companies that will build new research or manufacturing facilities with capital investment of 1 billion yen or more
Subsidy provider	Shizuoka Prefecture

### Subsidy for land acquisition and new employment

Subsidy for land acquisition cost	Up to 20% of the land acquisition cost
Subsidy for new employment	Up to ¥500,000 per employee
Maximum amount	¥200 million
Eligible applicant	Companies that will build a new plant, with land purchase of 1,000 sq. m or more and new employment of 10 employees or more
City/town in which subsidy is available	Susono, Nagaizumi, Numazu, Fujinomiya, Fuji, Shizuoka, Fujieda, Yaizu, Okabe, Fukuroi, Omaezaki, Kikugawa, Makinohara, Iwata, Mori, Hamamatsu, Kosai
Subsidy provider	Shizuoka Prefecture and municipalities (half each)



# Testimonials ● ● ●

## Plentiful Pure Water for High-Quality Production

EMERSON JAPAN, LTD.



The Fusite Division of Emerson Electric Co. (USA) is the world leader in technology for glass-to-metal hermetic seals. The Japanese facility which was established in 1962, in Gotemba, provides vertically integrated services, ranging from product development to full-scale manufacturing. Over the years, Fusite has successfully maintained a leadership position in HVAC-use hermetic seals.

Clean water is indispensable in the production process for these products, and Gotemba provides the ideal environment with its rivers and run-off from Mt. Fuji. Right from the beginning, the company was able to set up in-house plating facilities, making production much more efficient.

Forty years of operating in Shizuoka have given the company a truly local feeling, and over 90% of employees are from the area, enjoying a work environment far from the long commutes of the city. As Fusite makes full use of its production facilities in China, Japan will grow in importance as a research and development center from which new businesses and new solutions business will emerge.

*Hiroo Kobayashi*  
General Manager of Fusite Division

## A Prime Location for Attracting Consumers from Tokyo

CHELSEA JAPAN CO., LTD.



Chelsea Japan Co., Ltd. was formed in 1999 as a joint venture between Chelsea Property Group, and Japan's Mitsubishi Estate Co., Ltd., and Sojitz Corporation, to develop outlet shopping centers. The company currently owns, and operates five of these Premium Outlets in Japan. The

Gotemba Premium Outlets is the largest in Japan, offering popular brand products at reduction of 25 to 65% in an extraordinary comfortable setting. Since its opening in July 2000, it has attracted large crowds of shoppers.

The selling of brand products at a discount necessitates a location a certain distance from urban stores selling at full price, in order to avoid competition issues. At about 100km from Tokyo, Gotemba is ideally located and also very easy to access from the highway, leading to a large number of stores and visitors. An extra asset is the proximity to the Fuji-Hakone tourist area. Once the new Shizuoka airport is operational, an increase in customers from China, Taiwan, and Korea is sure to follow.

*Takuo Kato*  
Chairman & Representative Director



## Shizuoka Offers the Best Logistics by Far

CORNING JAPAN K.K.



Corning Japan K.K., a wholly-owned subsidiary of Corning Incorporated in the USA, is the world-leader in substrates for liquid crystal displays. Since its establishment in 1989, the Shizuoka plant has been producing high quality glass substrates with exceptionally smooth and pristine surfaces using Corning's own "fusion" technology, putting it at the forefront of the development of LCD substrates for flat panel displays.

The Shizuoka location was chosen for its overall logistics advantages, as the highway system permits easy access to customers in both Kanto and Kansai area, and imported raw materials can flow in easily. The fact that the prefecture offered assistance such as financial subsidies for setting up a new business also contributed to Shizuoka's appeal. The upcoming opening of the new international airport will make access to Corning's other overseas manufacturing facilities and business trips easier. Corning Japan K.K. Shizuoka plant will soon see the opening of the world's first Generation 8 glass production line.



*Takashi Sakurai*  
Director, Shizuoka Plant Manager

## Next-Day Delivery Anywhere in Japan

TRIUMPH INTERNATIONAL (JAPAN) LTD.

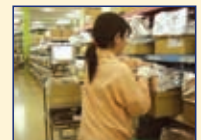


Triumph International Japan was established in 1964 as the Japan subsidiary of the world's largest intimate apparel company. It now ranks second in the Japanese domestic market and has achieved 19 straight years of sales and profit growth.

Triumph Shizuoka Center was set up in Kakegawa in 1995, and had achieved sales of over 50 billion yen in 2004. The manufacturing facility underwent a 2 billion yen expansion in the autumn of 2005, and new state-of-the-art automated facilities for warehousing and inventory control are now operational.

The company chose Shizuoka as its central location makes next-day delivery possible anywhere in Japan. Access to the Tomei Expressway takes about 15 minutes, and there are no congestion problems. Importing from overseas is also a smooth process, making it an ideal location from the logistics point of view.

Triumph purchased neighboring lands from the prefecture in 2004. If business makes it possible to expand more than anticipated, everything is already in place for a rapid response to varying consumer needs, including expansions in buildings.



*Yoshio Amakawa*  
TSC Department Manager



**Prosperous & Virtuous  
with Collective Wisdom &  
Collaborative Community**



**Business Development Office, Department of Commerce,  
Industry and Labor, Shizuoka Prefectural Government**

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