

The Business Environment in Okinawa



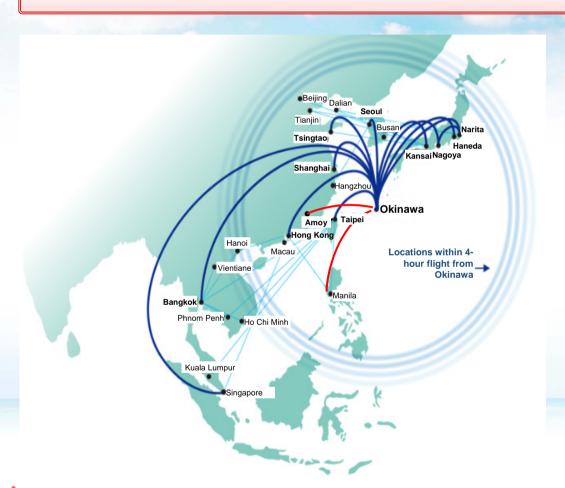




Competitive Advantage of Okinawa's Ideal Location



With major Asian cities within range of 4 hours, located in the heart of East Asia







Okinawa Growth Industry Strategy: Development as a Gateway to Asia



Okinawa Growth Industry Strategy: Development as a Gateway to Asia

■ The Conference of Industrial Competitiveness in Kyushu and Okinawa was established to consider growth strategies in the Kyushu and Okinawa regions, in light of an emergency resolution by the Japan Revitalization Strategy and the National Governors' Association.

■ To consider growth strategies in Okinawa and cooperative measures between Okinawa and Kyushu, the Okinawa Subcommittee was established under the Conference.

An international air cargo hub business began in 2009 to connect various Asian cities with the mainland, utilizing the locational benefits of Okinawa. Okinawa is well suited as an industrial location targeting emerging markets.

A world-class research educational institution (OIST) was opened. Drug discovery startup venture firms and IT firms have entered and converged.

■ A wealth of attractive regional resources (environment, agricultural products, and culture)

Okinawa's Potential "Locational Benefits" The center of East Asia

 Key cities of Tokyo, Seoul, Hong Kong, Shanghai, Taipei, Manila, etc., within 1,500km (within four hours by airplane) from Naha



Basic Concept

Position Okinawa as a "Gateway to Asia," hub for trade and interaction in people, products, money, and information

International logistics hub-related industries Concentrating products nationwide to Okinawa and expanding

- Enriching and differentiation for international expos and business meetings, including the Great Okinawa Trade Fair
- Strengthening cooperation with other regions
 Concentration of Okinawa-type industries adjacent to airports and sea ports
- Development of infrastructure toward strengthening logistics hub functions





Health / Bio / Sports / ICT Industries Making Okinawa a hub for internal and external advanced information and technology exchange

- Strengthening intellectual foundations by concentrating internal and external advanced researchers and companies
- Creating and adding value in sports-related industries
- Effective utilization of IoT and big data
- Promotion, etc., of measures in island-type environmental business, renewable energy development, and energy-saving measures

Industries Utilizing Regional Resources

Creating new industries in view of the Asian market through use of Okinawa's diverse biological and tourism resources, etc.

- Adding value to tourism
- Expanding production capacity and adding value to agricultural and fishery products and foods produced in Okinawa
- Broadcasting artistic and cultural industries to the world



Okinawa's Potential "Knowledge Foundations"

Research and development institutions to attract and develop personnel

- Okinawa Institute of Science and Technology (OIST)
- →World-class interdisciplinary and
- international research and education

 Okinawa Clinical Simulation Center
- →Facility for personnel development for the latest medical treatment



Okinawa's Potential "Regional Resources"

Subtropical climate and diversity born of an island

- Nature and landscape with blue skies, seas and mangrove forests
- Traditional entertainment and culture such as music, "eisa," and traditional dance
- Unique island produce such as peucedanum japonicum, turmeric, hemerocallis fulva, and lxeris



Personnel development to support key strategic industries

- Developing world standard global business personnel
- Personnel to create new businesses via comprehensive cooperation across industrial sectors
- Personnel with advanced technological skills

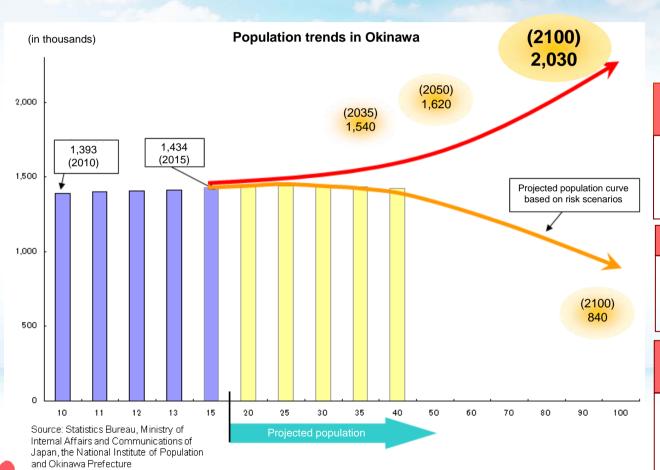


Source: Okinawa Subcommittee Report, The Conference of Industrial Competitiveness in Kyushu and Okinawa

Population of Okinawa (Future Prospects)



The population of Okinawa is expected to take a downward turn in and after 2025. Population is on the increase at this stage, but active steps towards population growth are being taken now.



Efforts to facilitate natural increase in population

Creation of a society that allows people to marry, give birth to and raise children without undue worries

- □Elimination of childcare waiting list
- □Promotion of "health and longevity in Okinawa" campaign

Efforts to enhance growth of society

Creation of a dynamic society that is open to society

- □Job creation and securing diverse human resources
- □Increasing tourists and visitors

Aims to revitalize isolated islands and depopulated regions

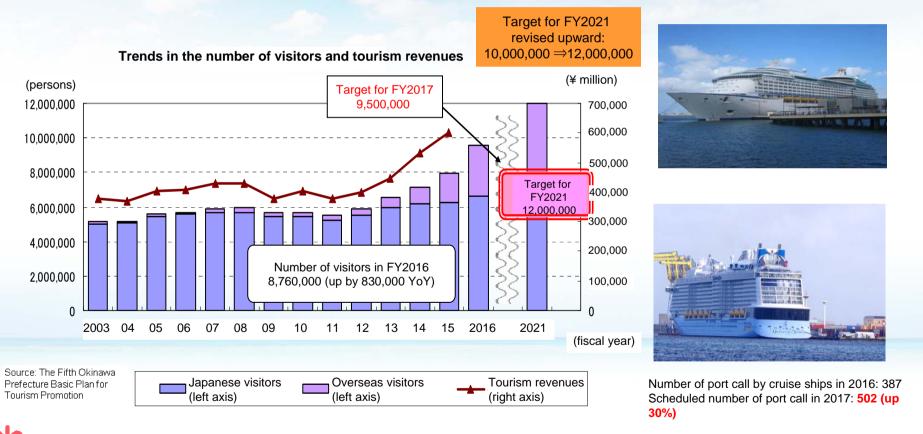
Creation of a society that delivers well-balanced and sustainable population growth

- □Improvement of conditions for long-term residence
- □Industrial development by demonstrating attractive regional characteristics

Number of Visitors to Okinawa



FY2016 marked a record 8.76 million tourists visiting Okinawa
The number of overseas tourists was 2.12 million (up 27% YoY), renewing a record high



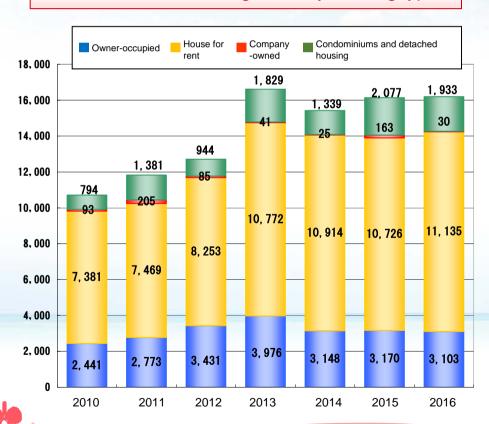


Housing Market Trends in Okinawa

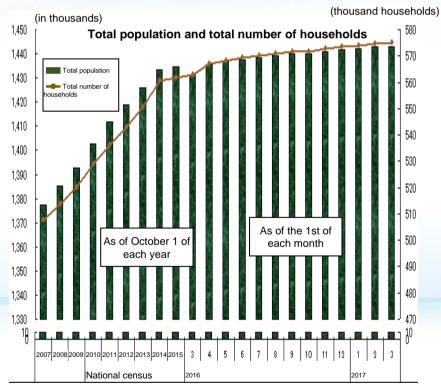


- Housing market in Okinawa remains strong
- According to the national census 2015, growth rate of population and number of households are both the highest in Japan

Number of new housing starts by housing type



Total population and total number of households in Okinawa

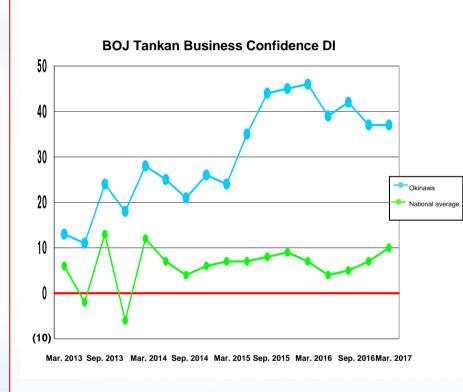


Source: Statistics Section, Planning Department, Okinawa Prefecture

Economic Trends in Okinawa 1



BOJ Tankan



Overview

- The prefectural economy is expanding overall.
- In terms of personal spending, trends are strong against a backdrop of an increase in the prefecture's population, tourism demand, and an improved employment and earnings environment within the prefecture. In terms of tourism, performance is favorable as domestic visitor demand is strong and demand from foreign visitors is on a rising trend. In construction-related terms, public investment is solid. Additionally, residential investment is trending at high levels against a backdrop of an increase in the prefecture's population. In terms of employment and earnings trends, improvement is significantly advancing.

Source: BOJ Naha Branch



Economic Trends in Okinawa 2









Overview

In land for residential use, demand remains strong overall for both detached homes and condominiums against a backdrop of an increasing population.

In particular, in central Naha, the Shintoshin area, and the Makabi area, demand is vigorous for land for detached homes and condominiums, and due to the scarcity of suitable land, the growth rate has exceeded the previous year in some areas.

In land for commercial use, demand for land for use as storefronts and hotels, etc., remains solid against a backdrop of an increase in both domestic and foreign tourists.

Source: Ministry of Land, Infrastructure, Transport and Tourism



Economic Trends in Okinawa 3



Employment situation

