

A Lecture on the Kyushu Economy

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(Supplementary)

Introduction to the Kyushu Economy

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Based on

Current Economic Climate in Kyushu

http://www.fukuoka-reit.jp/beginner/potential/img/pdf/carrent_economic.pdf

Kyushu represents 10% of Japan = 10% of Japan's economy

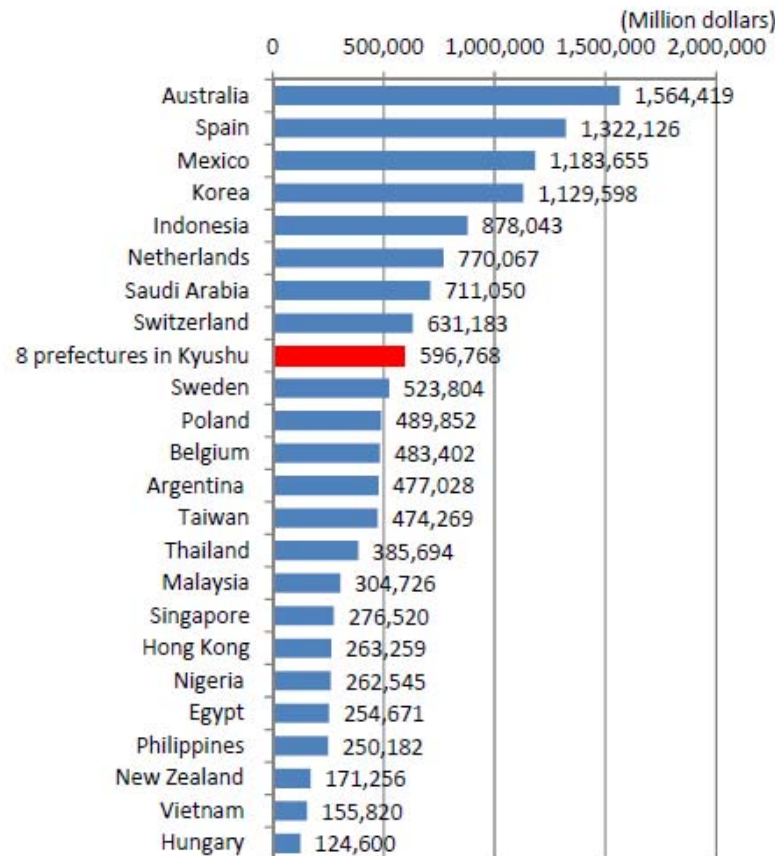
- In terms of population and GRP, Kyushu follows three metropolitan areas (i.e. Kanto (Tokyo area), Kinki (Osaka area), and Tokai (Nagoya area)), with the highest statistics for a local area.

• Land area:	44,514 km ²	...	11.8%	(2014)
• Population:	14.67 million	...	12.3%	(2015)
– About 30% of Korea's population, about 60% of Taiwan's, about 120% of those of Hong Kong and Singapore combined, and about 90% of that of the Netherlands				
• Real GRP:	51.9 trillion yen	...	9.5%	(FY2012)
– About 50% of GDP of Korea, and about 120% of that of Belgium/Taiwan				
• Retail sales:	13.4 trillion yen	...	10.5%	(2013)
• Oil consumption:	17.61 million kl	...	9.9%	(FY2015)
• Energy sales:	89 billion kWh	...	10.8%	(FY2014)
• Value of construction starts:	2.4 trillion yen	...	9.9%	(FY2013)
• No. of new housing starts:	97,426	...	10.9%	(2014)
• Value of contracted public works:	1.9 trillion yen	...	11.7%	(FY2014)

*8 prefectures in Kyushu (including Okinawa)

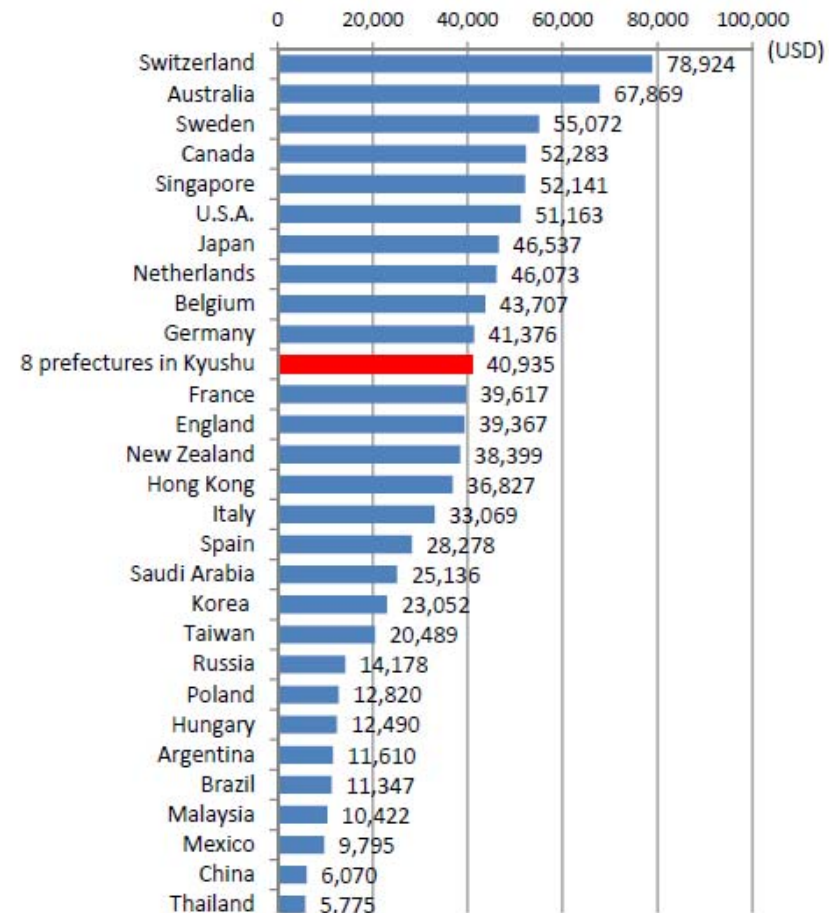
Kyushu's position in the global economy

GDP of major countries (2012)



Note: Rankings of major countries, excluding the top 10 countries
 Source: "International Statistics" published by Ministry of Internal Affairs and Communications, and JETRO Website

GDP per capita of major countries (2012)



Note: Rankings of major countries
 Source: "International Statistics" published by Ministry of Internal Affairs and Communications, and JETRO Website

Kyushu leads Japan's export industries

Industries representing over 10% in terms of size in Japan—
Industry groups earning foreign currencies

• Agricultural production	1.8 trillion yen	••• 20.5%	(2013)
• Production of forest raw materials	4.67 million m ³	••• 23.4%	(2014)
• Fish catch including fish farming	894,000 tons	••• 18.9%	(2013)
• Crude steel production	15.90 million tons	••• 14.4%	(2014)*
• Steel ship production	4.26 million gross tons	••• 32.0%	(FY2014)#
• Integrated circuit production	0.6 trillion yen	••• 27.9%	(FY2012)*
• Vehicle production	1.16 million vehicles	••• 11.9%	(2014)*

Note: Figures are those for eight prefectures in Kyushu (including Okinawa).
*: Excludes Okinawa. #: Includes Yamaguchi Prefecture.



The export industries increases their share in Kyushu

Kyushu's export ratio is high—Building an economic structure for achieving growth together with Asia

Trends of export ratios by regional bloc (manufacturers)

	Hokkaido	Tohoku	Kanto (Tokyo area)	Chubu (Nagoya area)	Kinki (Osaka area)	Chugoku	Shikoku	Kyushu	Okinawa	All Japan
	北海道	東北	関東	中部	近畿	中国	四国	九州	沖縄	全国
1970	3.8	2.7	8.2	8.4	8.8	7.5	8.5	6.1	—	7.8
1975	3.9	4.1	11.3	11.1	11.0	12.3	10.9	9.1	1.2	10.6
1980	—	—	—	—	—	—	—	8.5	1.2	11.6
1985	2.1	8.8	14.8	15.2	13.2	12.0	12.4	8.5	3.1	13.3
1990	1.4	8.4	11.2	14.3	10.5	9.8	7.8	8.6	8.3	10.9
1995	2.5	8.1	12.6	14.9	10.8	11.8	12.2	12.1	13.8	12.1
2000	3.0	13.2	14.8	17.6	14.7	13.9	15.0	19.0	5.4	15.2
2005	3.1	16.3	17.1	20.9	17.4	17.9	17.6	26.5	3.5	18.4

Source: "Interregional Input-Output Table" published by Ministry of Economy, Trade and Industry.

Car Island Kyushu

- Four automotive companies (Nissan Motor Kyushu, Nissan Shatai Kyushu, Toyota Motor Kyushu, and Daihatsu Motor Kyushu) have their finished vehicle plants in Kyushu, with a total production capacity of 1.54 million vehicles.
- In 2014, 1.29 million vehicles were produced.

Trends of number of vehicles produced
<8 prefectures in Kyushu>



注) 軽乗用車を含む

Note: Including light passenger cars

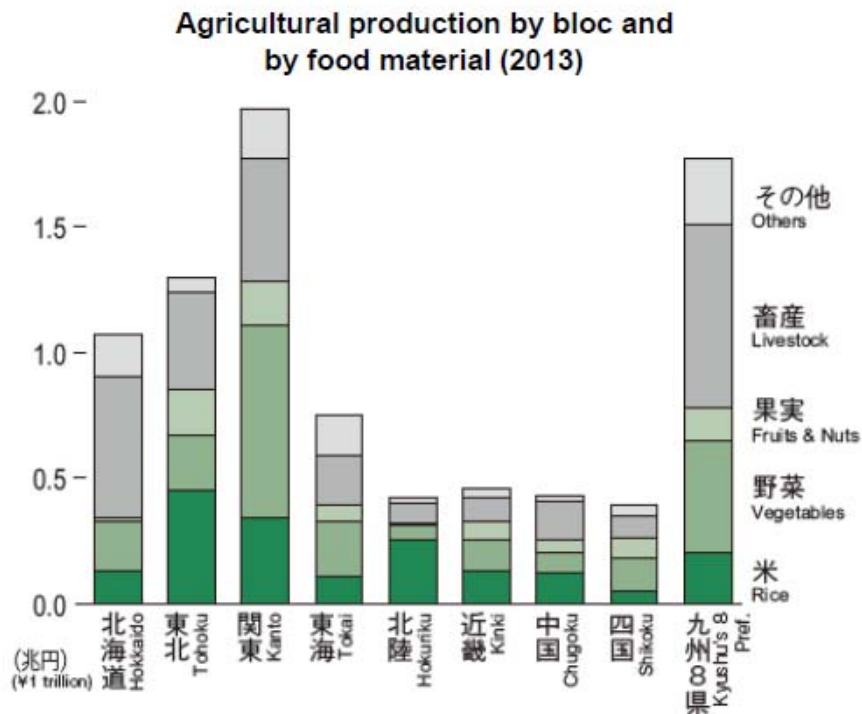
九州経済産業局、自動車工業会調べ

Source: 2016 Outline of Kyushu Economy (page 29)

会社名	稼働開始 (年)	生産能力 (万台)	所在地	生産車種一部
NISSAN MOTOR KYUSHU	1975	53	Fukuoka Prefecture	
NISSAN SHATAI KYUSHU	2009	12	Fukuoka Prefecture	
TOYOTA MOTOR KYUSHU	1992	43	Fukuoka Prefecture	
DAIHATSU MOTOR KYUSHU	2004	46	Oita Prefecture	

Food Island Kyushu

- Agricultural production amounted to 1.7 trillion yen, 20% of national production.
- South Kyushu is famous for its livestock farming, as well as forestry and fishery industries.
- Fresh food materials are available for its prospering food industry.



Source: 2016 Outline of Kyushu Economy (page 22)



Ito Den-emon 1

- Den-emon was born in 1861 as a son of a lower-rank private detective.
- He started a coal-mining business in 1880.
- He made a great success in accordance with the state-sponsored promotion of heavy industries.
- In early 20th century, he was called as the “King of Coal Miners.”

Ito Den-emon 2

- In 1911 at age of 50, Den-emon married Yanagihara-Byakuren (*hundred water lilies*), a famous poet, born in an aristocratic family.
- In 1921, Byakuren ran away with Miyazaki Ryusuke, a social activist and her young boy friend.
- She announced unilateral divorce to her husband through news papers, which was taken as a scandal of prestigious elite couple.
- The story was later adapted for a popular TV drama “Hanako and Anne” in 2014.

The Toyota Production System (トヨタ生産方式 TPS)

- TPS is a *Lean Production System*, consisting of:
 - *Just-In-Time* to suppress inventory
 - Simultaneous engineering during development
 - Supplier system with a higher level of outsourcing.
 - Multi-level suppliers in long-term, stable relationships.

Advantages of TSPS

- Interactions between development and manufacturing.
- Flexibility to demand changes.
- Organizational learning.

Informational Advantage

- Inventory produces no value-carrying information.
- By reducing inventory through Just-In-Time, information is transmitted faster to each manufacturing process.
- Making non-value-adding waiting time *visible* is in the core of the TSPS.