

I Kyoto Today

3. Industrial Trends

(1) Comparison of Kyoto and the Whole Country

<Overview of the economy in Kyoto>

The economy in Kyoto is highly ranked out of the 47 prefectures.²⁷ All commercial sales ratios excluding wholesales are approximately 2%, and its prefectural ranking for economic indices is overall located between 12th and 22nd place. More recently, however, the ‘value of manufactured goods shipments’ was ranked in 22nd place in 2002, though it had been 19th in 2000. Also, the ‘value of annual retail sales’ rose from 11th place as of year 1999 to 12th as of year 2002. ‘Per capita income’ has dropped from 14th place as of year 1999 to 22nd as of year 2001.²⁸

<Kyoto’s Economy in the Kansai Region>

Kyoto’s commercial sales ratio excluding wholesales occupies approximately 12% in Kansai District (including Fukui Prefecture).²⁹ Overall, Kyoto Prefecture is located in 3rd place, following Osaka and Hyogo Prefectures. However, ‘the value of manufactured goods shipments’ and the ‘value of annual retail’ are ranked in 4th place.³⁰

<‘Value of Manufactured Goods Shipments’ and ‘Economic Value Added’>

Since the year 2000, the ‘value of manufactured goods shipments’ and ‘economic value added’ of Kyoto Prefecture has been decreasing, though it had been increasing until that point. If the values for the year 1999 equal 100, then the values for the year 2006 stand at 90.4%, 93.2%. This reflects the general economic trend throughout Japan.

However, the values for Kyoto stand out in comparison with the whole country.

²⁷ “Monthly Report of Estimate Population”, Statistics Bureau, Ministry of General Affairs

“Survey of Industrial Statistics”, “Survey of Commercial Statistics”,

Ministry of Economy, Trade, and Industry, and Economy

“Prefectural Accounts in 2003”, Cabinet Office

²⁸ Rank in 47 prefectures, “Perspectives of Kyoto’s Industry ‘05” the Kyoto Prefectural Technology Center for Small and Medium Enterprises

²⁹ “Monthly Report of Estimate Population”, Statistics Bureau, Ministry of General Affairs

“Survey of Industrial Statistics”, “Survey of Commercial Statistics”,

Ministry of Economy, Trade, and Industry, and Economy

“Prefectural Accounts in 2003”, Cabinet Office

³⁰ “Monthly Report of Estimate Population”, Statistics Bureau, Ministry of General Affairs

“Survey of Industrial Statistics”, “Survey of Commercial Statistics”,

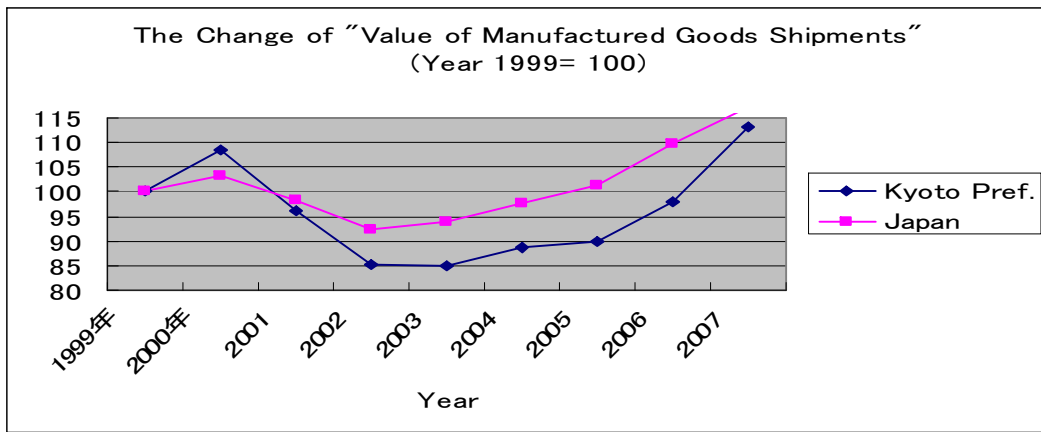
Ministry of Economy, Trade, and Industry, and Economy

“Prefectural Accounts in 2003”, Cabinet Office

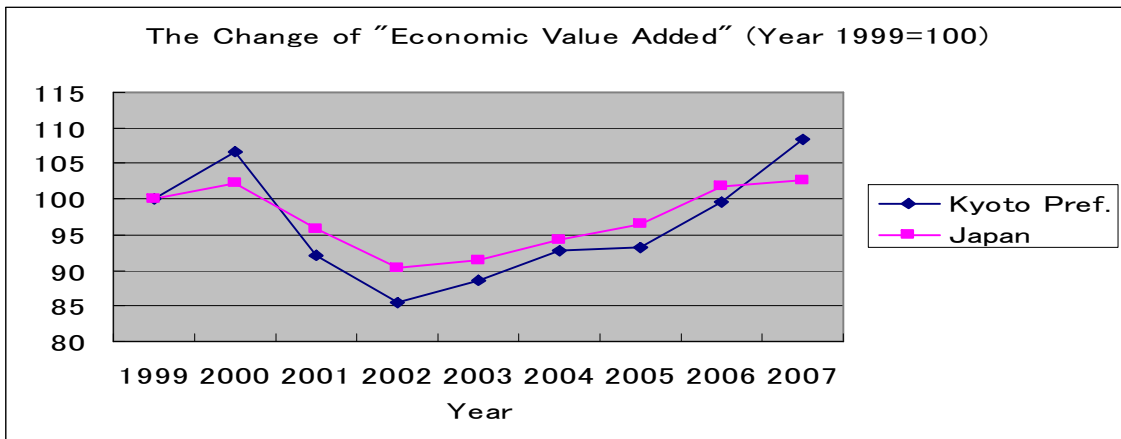
“Value of Manufactured Goods Shipments” and “Economic Value Added”

	Value of Manufactured Goods Shipments	Ratio	Economic Value Added	Ratio
Kyoto Pref.	613,400,000	-	241,480,000	-
City of Kyoto	281,390,000	45.9%	11,563,000	47.9%

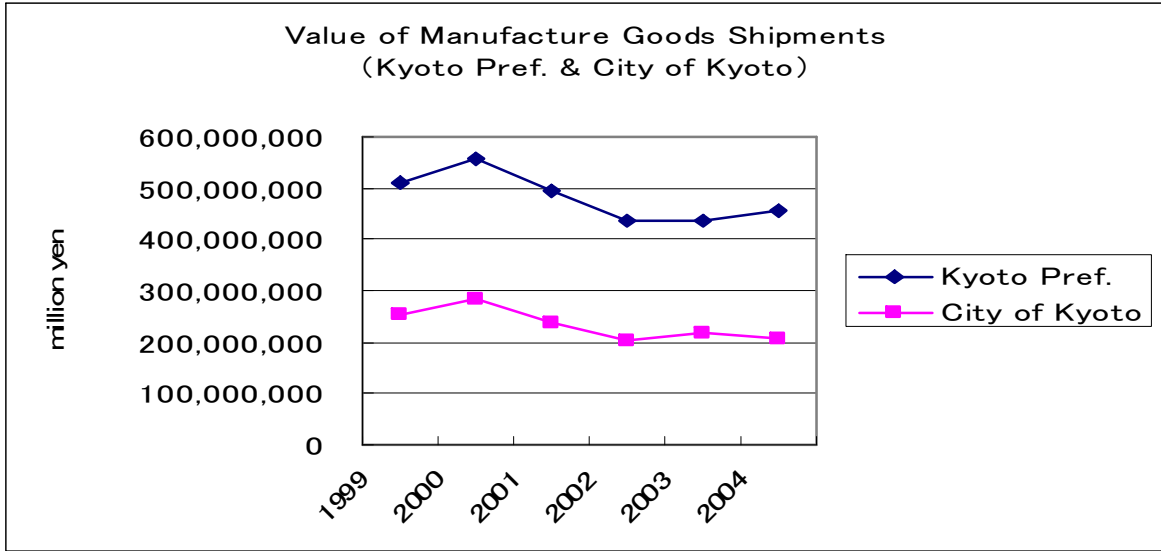
Number of Business, Employees, and Value of Manufactured Goods Shipments,
 “Industrial Statistics” Statistics Division, Kyoto Prefectural Government
 Industrial Survey (business with 4 employees or more)
 “Data Series 2007 in Kyoto” Information & Statistics Division, City of Kyoto



“Survey of Industrial Statistics”, Ministry of Economy, Trade, and Industry
 “Survey of Industrial Statistics” Kyoto Prefectural Government



“Survey of Industrial Statistics”, Ministry of Economy, Trade, and Industry
 “Survey of Industrial Statistics” Kyoto Prefectural Government



“Survey of Industrial Statistics” Kyoto Prefectural Government

(2) Industrial Structure

According to the figures for the GDP of Kyoto Prefecture, the manufacturing industry accounts for 22.7% of the GDP, the highest out of all industry types. On the other hand, according to the figures for the number of businesses and employees, the service industry (41.6% and 41.4%) and the wholesale and retail industry (27.1% and 22.1%) rank higher than the manufacturing industry.

Industrial Structure in Kyoto

	GDP in Kyoto (million yen)		Number of Businesses		Number of Employees	
Agriculture, Forestry, Fisheries,	50,595	0.5%	179	0.1%	2,237	0.2%
Mining	6,485	0.1%	42	0.0%	497	0.1%
Manufacturing	2,280,391	22.7%	17,295	13.4%	206,964	17.7%
Construction	465,464	4.6%	9,657	7.5%	60,520	5.2%
Electricity, Gas, Water	308,048	3.1%	144	0.1%	5,076	0.4%
Wholesale, Retail	1,438,383	14.3%	34,897	27.1%	258,574	22.1%
Finance, Insurance	620,044	6.2%	1,466	1.1%	23,041	2.0%
Real Estate	1,475,694	14.7%	7,718	6.0%	22,433	1.9%
Transportation, Communication	600,179	6.0%	3,059	2.4%	66,540	5.7%
Service	1,294,499	12.9%	53,512	41.6%	483,678	41.4%
Total	10,029,686	100.0%	128,660	100.0%	1,170,087	100.0%

GDP in Kyoto Prefecture by Industry "Prefectural Accounts in 2006",

Statistics Division, Kyoto Prefectural Government

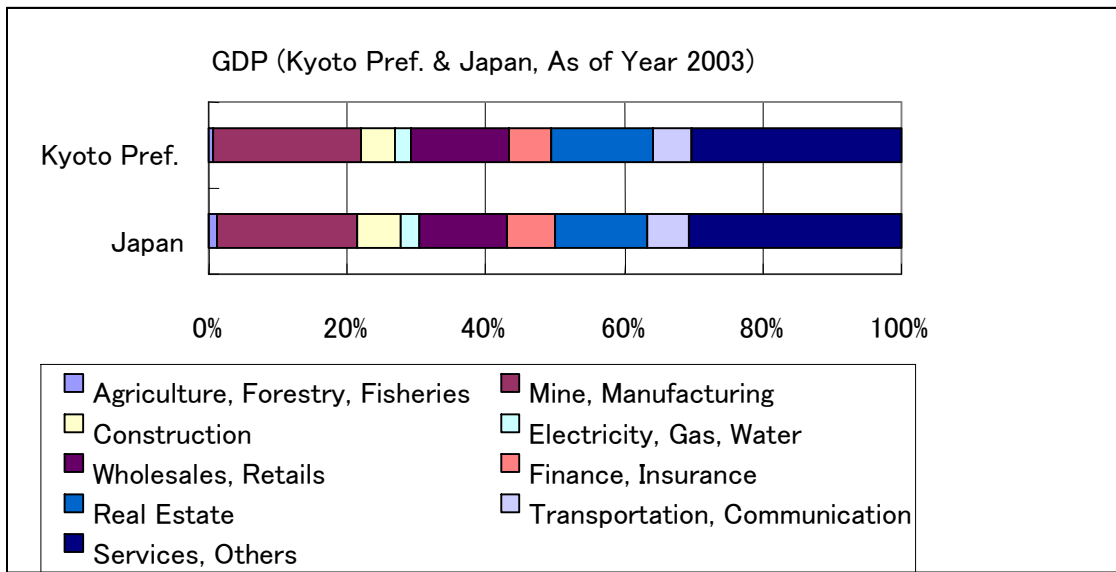
6. Business by Industry, Area in Kyoto Prefecture "Statistics of Kyoto",
Statistic Division, Kyoto Prefectural Government

Industrial Structure by Area

	GDP in Kyoto (100 million yen) As of Year 2005		Number of Businesses As of Year 2005		Number of Employees As of Year 2005	
Kyoto Pref.	100,297	100.00%	128,660	100.00%	1,170,087	100.00%
Northern, Middle Part of Kyoto	17,591	17.50%	26,593	20.67%	198,101	16.93%
City of Kyoto	60,059	* 59.60%	78,333	* 60.88%	734,400	* 62.77%
Southern Part of Kyoto	23,166	23.00%	23,734	18.45%	237,586	20.30%

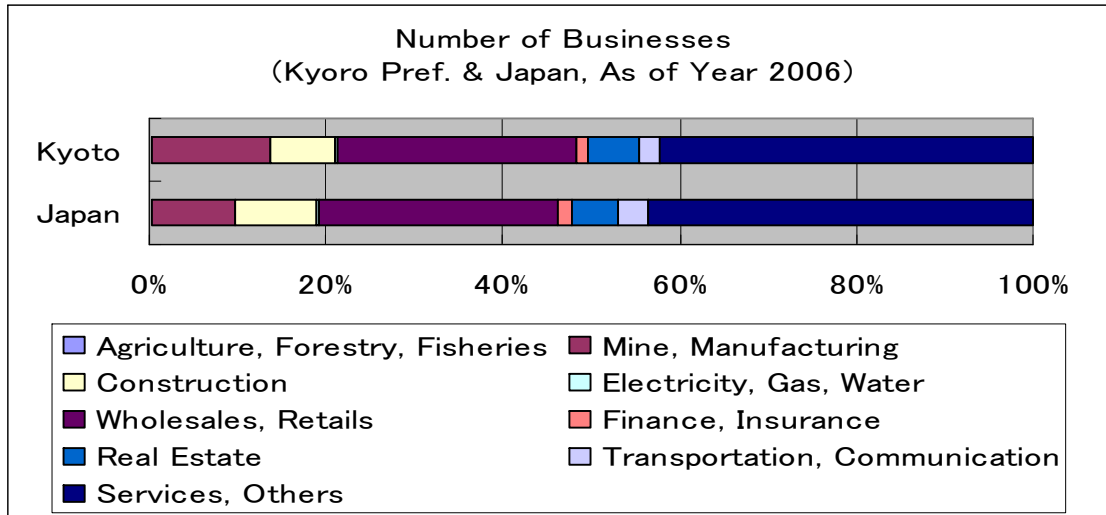
*City of Kyoto occupies over 50% of the ratios.

“Statistics by Area in Kyoto Prefecture”

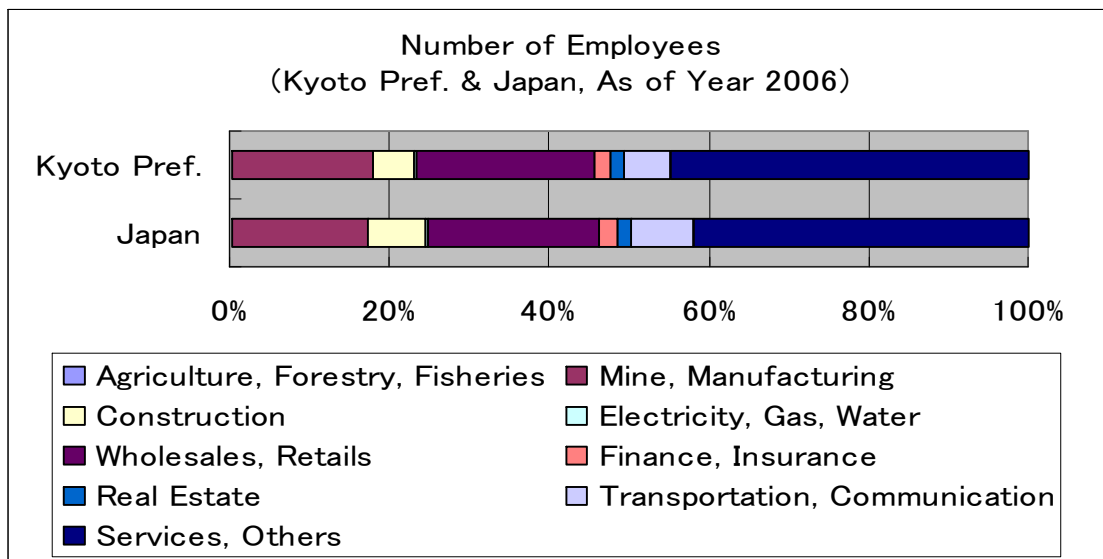


1. GDP in Kyoto Prefecture by Industry, 4. The Nominal GDP by Industry

“Prefectural Accounts in 2003”, Statistics Division, Kyoto Prefectural Government



“Statistics of Business & Enterprises”, Statistics Division, Kyoto Prefectural Government



“Statistics of Business & Enterprises”, Statistics Division, Kyoto Prefectural Government

(3) Establishment of Enterprises (Establishment and Dissolution Rates/Size)

In Kyoto Prefecture, enterprises whose employees number less than 9 accounts for 81.05% of all enterprises. This number nearly equals the national average of 78.87%. On the other hand, companies whose employees number more than 300 accounted for 0.21% in 2006, slightly above the national average of 0.20%.³¹

Enterprise Size (As of Jun. 1, 2006)

Number of Employees	Kyoto Pref.		Japan	
	Number of Businesses	Ratio	Number of Businesses	Ratio
1 ~ 4	81,368	63.24%	3,538,244	59.86%
5 ~ 9	22,912	17.81%	1,123,515	19.01%
10 ~ 19	12,750	9.91%	653,709	11.06%
20 ~ 29	4,484	3.49%	229,376	3.88%
30 ~ 49	3,292	2.56%	169,507	2.87%
50 ~ 99	1,919	1.49%	103,503	1.75%
100 ~ 199	743	0.58%	39,659	0.67%
200 ~ 299	217	0.17%	10,785	0.18%
more than 300	260	0.20%	12,275	0.21%
subcontractors only	715	0.56%	30,465	0.52%
Total	128,660	100.00%	5,911,038	100.00%

Enterprise Size, Newly established and Dissolved Enterprises, the Number of Business and employees by sex in 2003 and 2006,

“Business and Enterprises”, Statistics Division, Kyoto Prefectural Government

Curiously, the rates for newly establishing and dissolving business relate to one another. Generally, if a prefecture records a higher rate for the dissolution of business it will record a higher rate for newly establishing them.³²

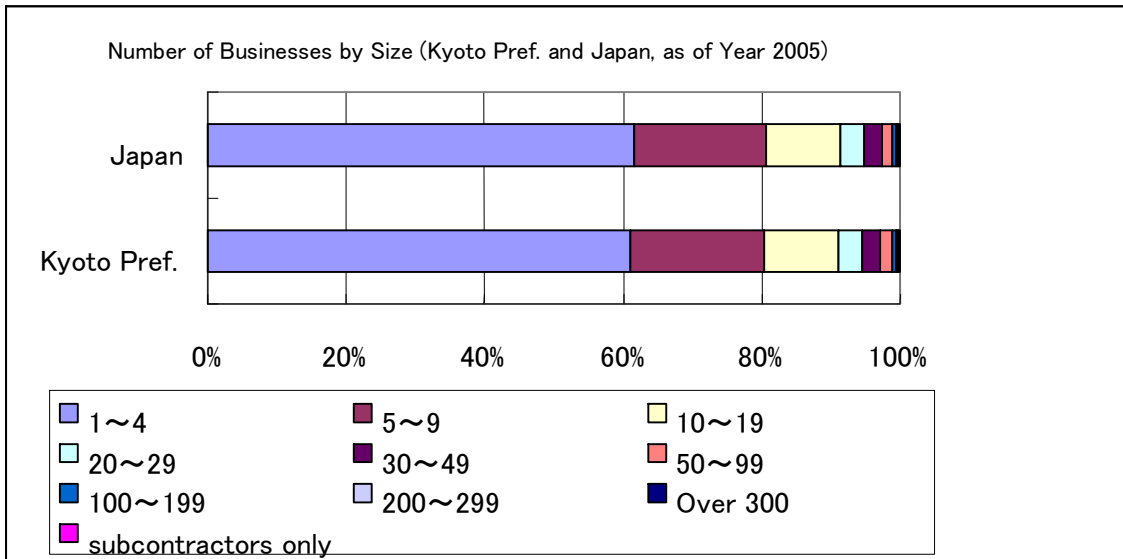
Establishment and Dissolution Rates in 2006

	Newly- organized Rate (A)	Abolished Rate (B)	A-B
Kyoto Pref.	4.53%	5.94%	-1.41%
Japan	4.89%	6.16%	-1.27%

Overview, Kyoto Prefecture, “Survey of Business & Enterprises, 2006”, Statistics Bureau, Ministry of General Affairs

³¹ 3. Number of Business, “Perspectives of Kyoto’s Industry ‘2006”, the Kyoto Prefectural Technology Center for Small and Medium Enterprises

³² 4. Establishment and Dissolution Rates, “Perspectives of Kyoto’s Industry ‘2006”, the Kyoto Prefectural Technology Center for Small and Medium Enterprises

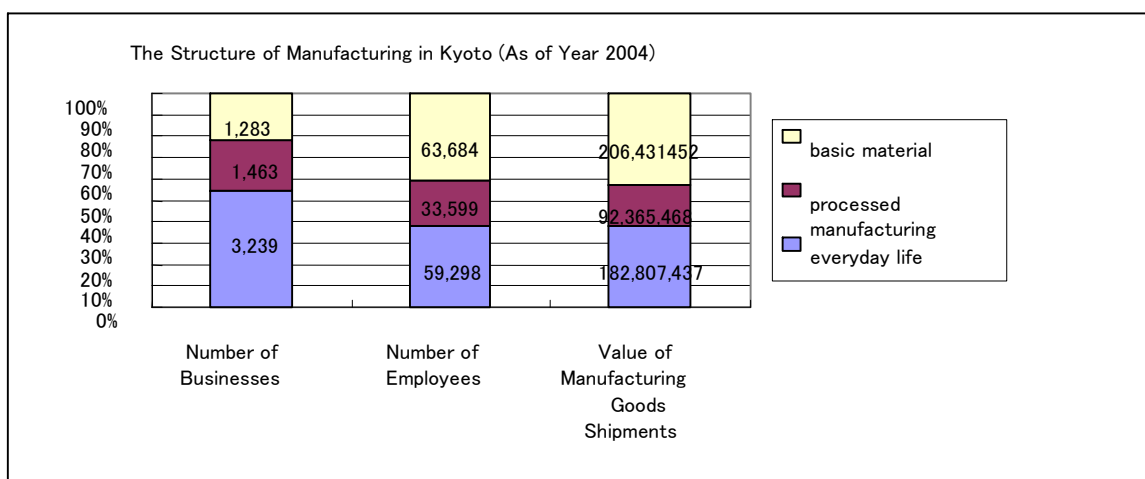


Enterprise Size, Newly- organized and Abolished Enterprises,
the Number of Business and employees by sex in 2003 and 2006, “Business and Enterprises”, Statistics Division,
Kyoto Prefectural Government

(4) Features of 'Manufacturing'

Manufacturing in Kyoto has two remarkable features: 'a wide production range with small quantities produced', and 'highly added value'.³³ Generally speaking, Kyoto's production is considered of a high quality because it takes advantage of 'knowledge based technology'.

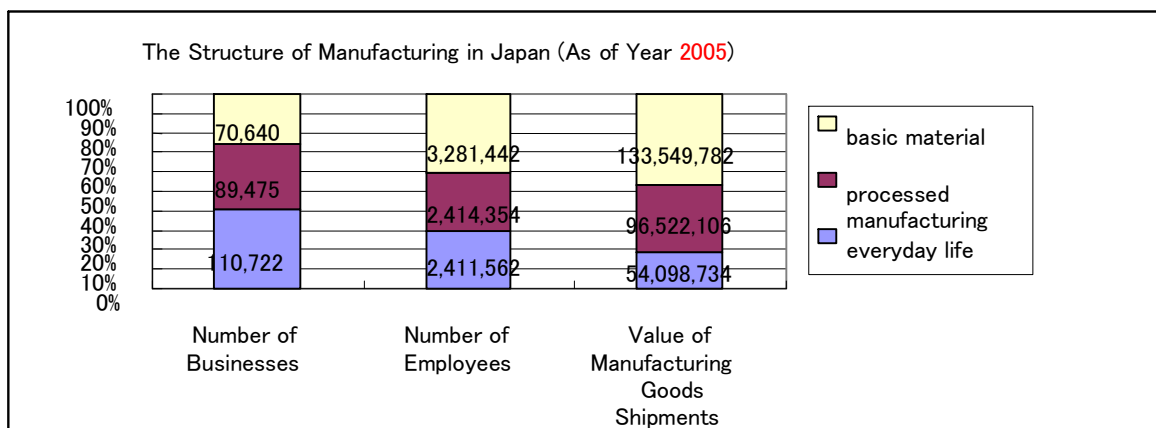
The number of businesses related to everyday life (68.6%)³⁴, the number of employees (42.6%), and the 'Value of Manufactured Goods Shipments' (37.5%) are all above the national average. This is because Kyoto's industry has been developing based on light industries and traditional industries such as textiles, ceramics, and so forth. Kyoto's industry is supported by the culture and high technology developed in the area. According to the data, the 'Value of Manufactured Goods Shipments' lies at over 30 billion yen. Another feature is that precision machinery and electric devices such as batteries (14.1%), and magnetic tapes and discs (16.1%) have a high nationwide market share, as does refined *sake* (10.9%), silk (17.0%), and processed 'sheet glass' (16.1%), all of which are famous Kyoto traditional industries. Kyoto takes an important role in the technological development and product planning among a wide range of industries.



Number of Business, Employees, and Value of Manufactured Goods Shipments – targeted towards businesses with more than 4 employees, “Survey of Industrial Statistics”, Statistics Division, Kyoto Prefectural Government

³³ 1. Feature of Kyoto's Industries “Perspectives of Kyoto's Industry ‘2005’ the Kyoto Prefectural Technology Center for Small and Medium Enterprises

³⁴ “Everyday Life Business” means food and drinks, clothes, furniture, and so forth. Also it includes processing and manufacture industry, basic material industry, etc.



“Industrial Statistics, Flash 2005” Statistics Bureau, Ministry of General Affairs

<Traditional Industry>

Since 794, the year in which it was established as the capital of Japan, Kyoto has flourished with its aristocratic culture, and has produced outstanding traditional crafts. ‘Nishijin Textile’, ‘Kyoto Yuzen Dyeing’ and ‘Kyoto Fine Pattern Dyeing’ are examples of such crafts, created by traditional techniques and identified as *Kyo Mono*, which stands for ‘Kyoto Original Brand’. Kyoto has been working towards manufacturing value added goods and original goods, rather than low cost goods, a fundamental element of the industries in Kyoto. In comparison with modernized or streamlined industry, Kyoto’s industry is somewhat lacking and needs to be improved in terms of its management, distribution channels, and so forth.

In May 1974, the Japanese government passed ‘the Law for the Promotion of Traditional Crafts’. In Kyoto, 17 traditional crafts have been designated based on the law, the most out of all 47 prefectures³⁵. In addition to this, Kyoto Prefecture and the City of Kyoto designate other crafts according to the following conditions³⁶.

Traditional Crafts Designated by the Governor of Kyoto	Handmade Crafts of Kyoto
14 Goods	32 Goods
1. Handmade in the main manufacturing process	1. Handmade in the main manufacturing process
2. Manufactured by traditional techniques or methods	2. Manufactured by traditional techniques or methods
3. Made of traditional raw materials	3. Made within the City of Kyoto, scarcity valued

³⁵ “Perspectives of Kyoto’s Industry ‘2005”,
The Kyoto Prefectural Technology Center for Small and Medium Enterprises

³⁶ Traditional Crafts Designated by Kyoto Prefectural Government, and City of Kyoto

17 Traditional Crafts Registered by ‘the Law for the Promotion of Traditional Crafts’

Craft		Production	Number of Businesses	Number of Employees	Production Value (million yen)
Nishijin Textile	Weaving	Kimono, Obi belt, tapestry	653	6,000	47,746
Kyoto Yuzen Dyeing	Dyeing	Kimono cloth	846	5,164	28,575
Kyoto Fine-Pattern Dyeing	Dyeing	Kimono cloth			
Kyoto Fawn Spot Tie-dyeing	Dyeing	Kimono cloth, Obi belt	94	1,760	2,200
Kyoto Black Dyeing	Dyeing	Formal Kimono	171	342	750
Kyoto Embroidery	Other Fiber Craft	Kimono cloth, Obi belt, ornaments	40	300	100
Kyoto Kumihimo Braids	Other Fiber Craft	Obi strap,	10	50	75
Kyoto Kiyomizu Ware	Pottery and Porcelain	Dish, vase	273	990	3,534
Kyoto Lacquer Ware	Lacquer	Dish, furniture,	unclear	unclear	1,000
Kyoto Joinery	Wood	Ornaments for tea ceremony and incense	13	29	185
Kyoto Household Buddhist Altars	Buddhist Altars and Accessories	Household Buddhist altars	unclear	unclear	90
Kyoto Buddhist Paraphernalia	Buddhist Altars and Accessories	Statue of Buddha, accessories	unclear	unclear	2,810
Kyoto Stone Carving	Stone	Garden ornaments, millstone	8	17	180
Kyoto Art Dolls	Dolls	Dolls for boys' & girls' ceremonies	38	230	330
Kyoto Folding Fans	Miscellaneous Crafts	Folding fan	unclear	unclear	100
Kyoto Round Fans	Miscellaneous Crafts	Round fan	unclear	unclear	25
Kyoto Art Mountings	Miscellaneous Crafts	Mountings	unclear	unclear	2,275

“List of Crafts”, the Association for the Promotion of Traditional Craft Industries

(5) Feature of Commerce and Service Industries

<Feature of Retail>

The main feature of retail in Kyoto is that department stores have a strong market, while supermarkets do not hold much influence. The data shows that the total amount of annual sales by department stores occupies a 9.7% market share and 7.8% of store space, more than the national averages of 6.16% and 4.98% respectively. In contrast, the store space of supermarkets in Kyoto occupies a share of 36.8%, 4.1% less than the national average. This is because specialty stores in shopping districts have a stronger market share than the big supermarkets³⁷.

<Feature of Wholesale>

According to the data from 'Wholesale Share', the shares for fabric and apparel are as follows in Kyoto: number of businesses, 22.16%, number of employees, 21.25%, annual sale, 14.55%. The figures for the whole nation show shares of 8.08%, 8.06%, and 4.65%. The reason why the fabric and apparel industries in Kyoto have a strong share is because Kyoto is the center of the Kimono industry. On the other hand, the share of miscellaneous wholesales such as construction materials, mined products and metal are less than the national average.

<Feature of Service Industry>

In Kyoto, restaurants and hotels are the strongest category in the service industry. However, the figures for the other categories such as ICT and learning support services are below the national average.

Type of Business for Retail Store Sales in Kyoto (As of Year 2004)

Type of Business	Number of Stores	Number of Employees	Commercial Sales per year (million yen)	Store Space (m ²)
Department Store	6	3,908	30,715,191	224,973
Supermarket	1,960	41,786	77,565,413	1,053,949
Convenience Store	784	11,814	12,924,746	83,928
Drug Store	273	1,947	4,472,053	64,355
Specialty Store	18,728	85,814	118,274,317	979,077
Other Retail	7,163	32,840	70,276,241	455,237
Total	28,914	178,109	3,142,280	2,861,629

“Survey of Commercial Statistics”, Statistics Division, Kyoto Prefectural Government

³⁷ “Perspectives of Kyoto’s Industry ‘05”,

The Kyoto Prefectural Technology Center for Small and Medium Enterprises

Type of Business for Wholesale in Kyoto (As of Year 2004)

Type of Business	Number of Stores	Number of Employees	Commercial Sales per year (million yen)
Miscellaneous Category	13	176	1,160,633
Fiber, Clothes	1,875	16,236	64,572,268
Food, Beverage	1,882	20,052	133,994,425
Construction, Materials, Mining, Metals	1,428	10,267	60,131,600
Electrical Machinery,	1,391	14,019	90,902,061
Others	1,874	15,651	95,762,827
Total	8,463	76,401	446,523,814

The Number of Business, Employees, Commercial Sales per Year by Category
 “Survey of Commercial Statistics”, Statistics Division, Kyoto Prefectural Government

Type of Business for Service Industries in Kyoto (As of Year 2004)

Type of Business	Number of Stores	Number of Employees	Commercial Sales per year (million yen)
ICT	44	232	1,334
Real Estate	6,433	15,633	168,978
Restaurant, Hotel	12,131	89,538	524,949
Medical Treatment, Welfare	2,607	34,945	48,667
Education, Learning-support	3,412	17,820	85,364
Complex Service	441	4,759	-
Others	21,916	137,959	1,535,087
Total	46,984	300,886	2,364,378

“Summary of Survey ‘04, Service Industry “, Statistics Division, Kyoto Prefectural Government

(6) Major Enterprises

The enterprises in Kyoto that are listed on the stock market are as follows.

The Number of Listed Companies

Name of Stock Market	Number of Listed Companies	Listed Kyoto Companies
Tokyo Stock Exchange Market	2,383	59
Osaka Stock Exchange Market	855	
Jasdaq	909	11
Mothers, Tokyo Stock Exchange Market	163	5
Hercules	196	2

<<http://www.tse.or.jp>>

<<http://www.ose.or.jp/index.html>>

<<http://www.jasdaq.co.jp>>

<<http://hercules.ose.or.jp>>