

General Information regarding
Inviting Overseas Business Activities

March 31, 2009

Kyoto Foreign Investment Promotion Committee
(KIC)

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Overview

I Kyoto Today

1. General Information

(1) Location, Access and Infrastructure

Kyoto stands for Kyoto Prefecture as well as the City of Kyoto. Kyoto Prefecture is situated on the same latitude as Pusan, Xi'an, Tehran, Crete, Atlanta and Los Angeles. Kyoto Prefecture is located almost at the center of the Japanese archipelago, and is bordered by the Japan Sea, as well as the prefectures of Fukui, Osaka, Nara, Mie, Shiga and Hyogo¹. Kyoto Prefecture consists of 28 cities and municipalities. In 2006, Kyoto Prefecture occupied 1.22% of Japan's total area. It was 31st out of the 47 prefectures in terms of area.²

Location

	Place	Latitude		Longitude	
Eastern Tip	Minami Yamashiro, Soraku County,	North Latitude	34° 44' 19"	East Longitude	136° 03' 20"
Western Tip	Kumihama, Kyotango City	North Latitude	35° 35' 19"	East Longitude	134° 51' 13"
Southern Tip	Kizugawa City	North Latitude	34° 42' 21"	East Longitude	135° 51' 04"
Northern Tip	Tango, Kyotango City	North Latitude	35° 46' 45"	East Longitude	135° 13' 25"

1-1 Location, "Data Series, 2009" Kyoto Prefectural Government

Area

Region	Area (k m ²)
Whole Country (as of Oct., 2008)	377,920.64
Kyoto Pref. (as of Oct., 2008)	4,613.01
City of Kyoto (as of Oct., 2008)	827.90

"Areas of Prefectures", Geographical Survey Institute

¹ Kyoto Prefectural Government <<http://www.pref.kyoto.jp/intro/index.html>>

² "Areas of Prefectures", Geographical Survey Institute
<<http://www.gsi.go.jp/KOKUJYOHO/MENCHO/200510/ichiran.htm>>

<Access to City of Kyoto>

- By train:

Tokyo Sta. - (JR Shinkansen Super Exp.) - Kyoto Sta. (140 min.)

Osaka Sta. - (JR Tokaido Line) - Kyoto Sta. (30 min.)

- By car:

Meishin Expressway - Exit Kyoto South I.C.

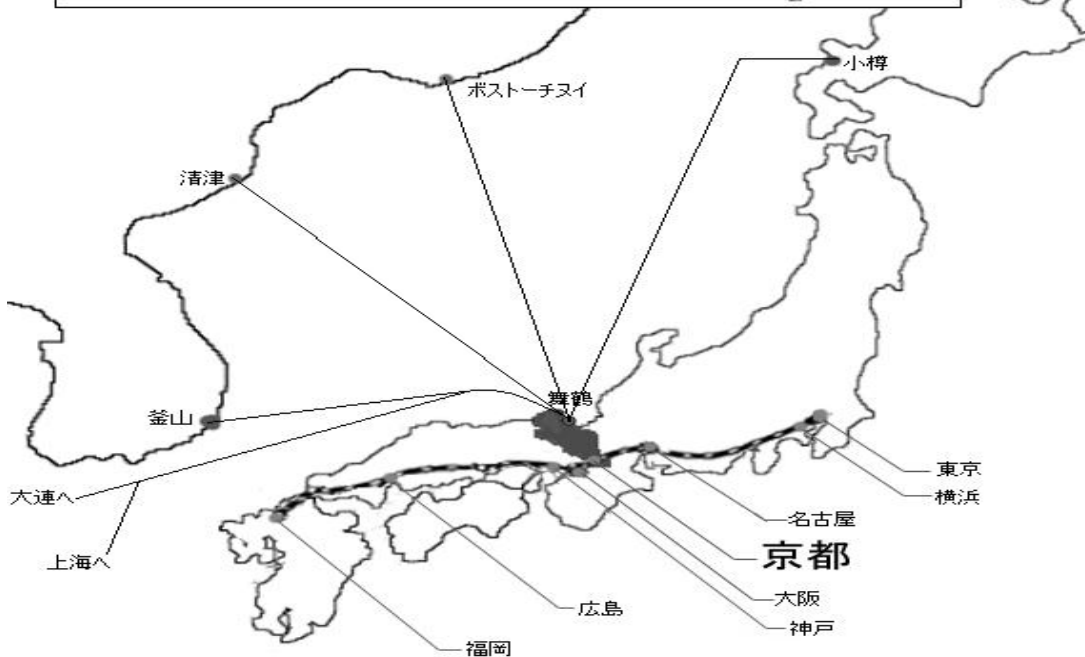
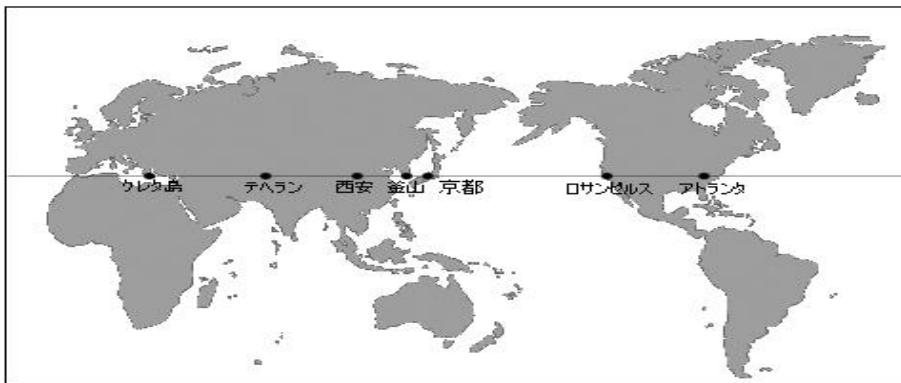
- Exit Kyoto East I.C.

- From Airport:

Kansai International Airport - (JR Haruka Exp.) - Kyoto Sta. (75 min.)

Osaka International Airport - (Airport Limousine) - Kyoto Sta. (55 min.)

Chubu International Airport - (JR Shinkansen Super Exp., Nagoya Railroad Nametoko Line) - Kyoto Sta. (90 min.)



<Access from Neighboring Prefectures>

The southern part of Kyoto Prefecture is close to Osaka and Kobe. This area is connected to other prefectures by railways and highways. This area is particularly accessible by rail, including Japan Railway (JR).

<Transportation in Kyoto Prefecture>

Kyoto Prefecture has transport connections from north to south and easy access between communities. In the southern part of the prefecture, including the City of Kyoto, a project has been launched for convenient public transportation and for minimizing traffic.³ As of April 2008, the length of the roads in Kyoto Prefecture totaled 15,181.2km, including 75.3km of Expressway, 903.7km of National Road, 2,185.2km of Prefectural Road, and 12,022.6km of Public Road (owned by municipalities).⁴

Highways that Traverse Kyoto Prefecture: Conducted by National Development

Route	Municipalities Traversed by Route
Meisin Expressway (Chuo – Nishinomiya Line)	[Komaki, Aichi Pref.]~City of Kyoto, Muko City, Nagaoka-kyo City, Oyamazaki Town~[Nishinomiya City, Hyogo Pref.]
Route Kinki - Tsuruga	[Suita, Osaka Pref.]~Fukuchiyama City, Ayabe City, Maizuru City~[Tsuruga, Fukui Pref.]
The Second Meisin Expressway (Route Nagoya- Kobe)	[Nagoya, Aichi Pref.]~Ujitawara Town, Joyo City, Kyotanabe City, Yawata City~[Kobe, Hyogo Pref.]

National Routes that Traverse Kyoto Prefecture

Route	Municipalities Traversed by Route
Route 478	City of Kyoto – Miyazu City
Route 24	City of Kyoto – Wakayama City (Wakayama Pref.)

“Types of Highways”, Kyoto Prefectural Government

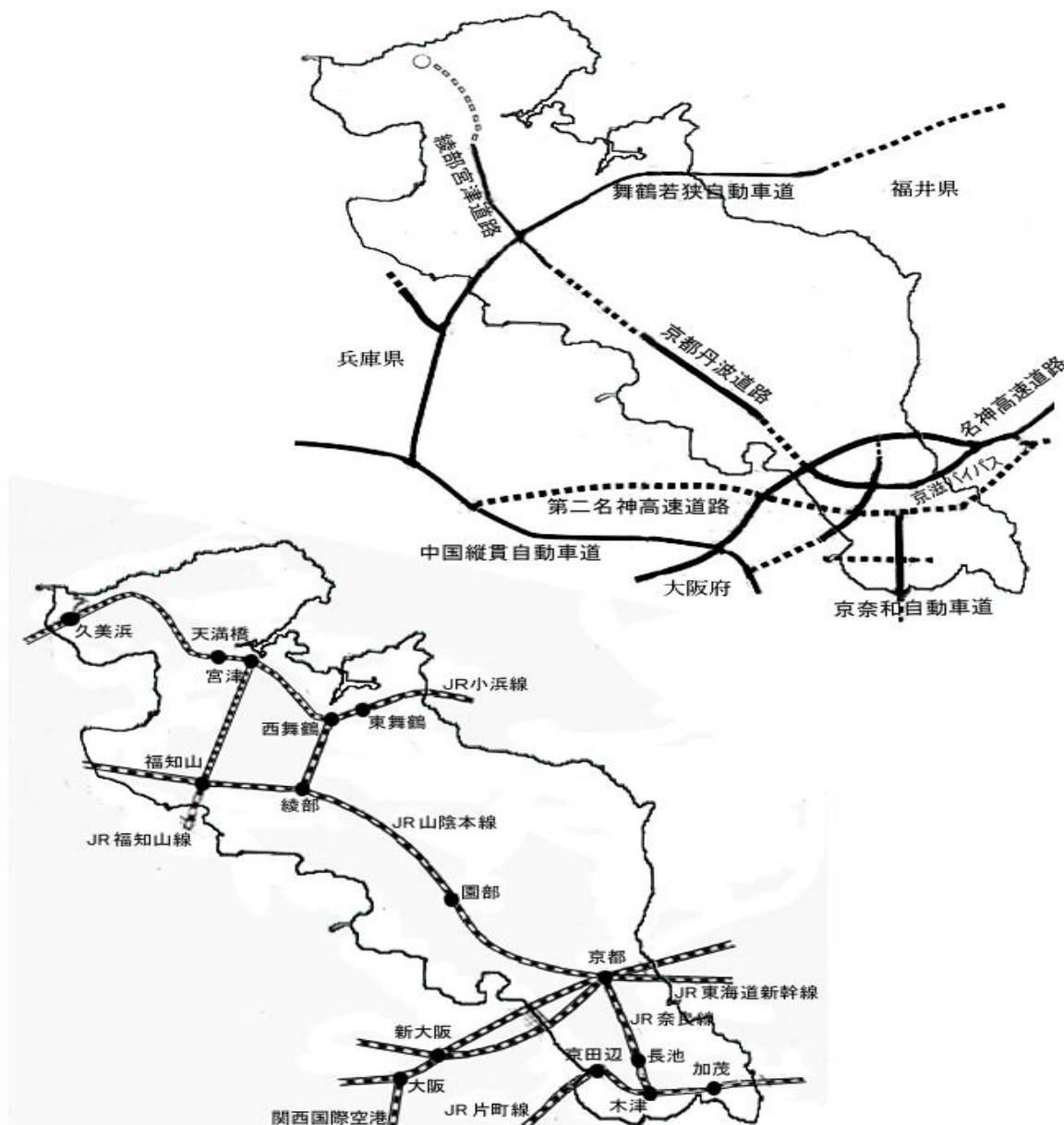
<<http://www.pref.kyoto.jp/douro/doroke/highway/fukui-shurui1.htm>>

³ 2. Transportation “Perspectives of Kyoto’s Industry ‘05” the Kyoto Prefectural Technology Center for Small and Medium Enterprises

⁴ 1. Present Condition of Roads, “Data Series, 2006” Kyoto Prefectural Government

<Port of Kyoto-Maizuru>

The Port of Kyoto-Maizuru, is an infrastructural hub port for ‘people, products, and information’ on the Japan Sea coastline, and functions as the gate of the Kansai District in terms of marine transportation. The fastest ferry in Japan operates daily services between Maizuru and Otaru, Hokkaido Prefecture, and plays an important role in transportation between Hokkaido and the Kansai District. Moreover, Maizuru is connected to several ports on the Japan Sea in East Asia, including Port Pusan in Korea, one of the famous international hub ports.



(2) Nature and Land

Kyoto Prefecture is divided into north and south by the Tamba Mountains that create two kinds of climate within the prefecture; the Japan Sea Coast climate in the north and the inland climate in the south. In winter, the Japan Sea climate brings snow and cold weather in the mountain areas, although it is less cold on the coastline. In summer, this area is popular with tourists who go swimming in the sea because of its comparatively mild and sunny climate. On the other hand, the climate in the southern part of the prefecture is generally milder than the northern part.

There is rich coastline along the Japan Sea between Kyotango and Maizuru in the Tango and Chutan areas. This area is blessed with scenic beauty and harbors. The area from Maizuru to Kameoka, just north of the City of Kyoto, is called the Nantan Hokuso area and consists mainly of mountains. In this area are the two river basins formed by the River Katsura and the River Yura. Along these rivers, smaller basins have also been formed in Kameoka and Fukuchiyama. The southern part of the prefecture, called the Otokuni and Minami Yamashiro area, consists of the Yamashiro Basin and three major rivers: the River Katsura, the River Uji, and the River Kizu.

Most of Kyoto Prefecture is covered by forest (56.4%).⁵ However, this is less than the nationwide average for forest coverage of 66.4%.⁶ The area of marshland and lakes is less than 1%, below the national average, whilst the area of farmland is 23.8%, much higher than the national average. Finally, the area of residential land in Kyoto Prefecture is 13.7%, which is much less than the figure for the City of Kyoto, which is 24.1%. This shows that more than the half of the prefecture's population reside in the City of Kyoto.

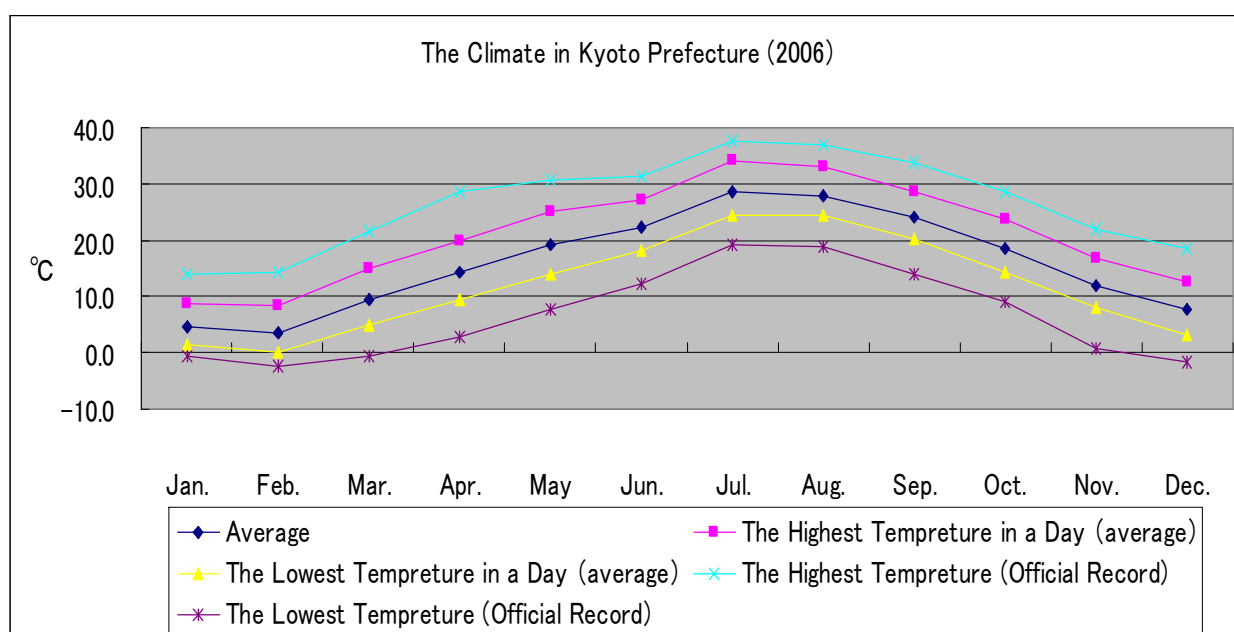
⁵ 6. Area Category, "Data Series, 2006" Kyoto Prefectural Government (As of Jan. 1, 2004)

⁶ 1-6 Area Category "Japan Statistical Yearbook, 2009" (As of Year 2003)

Percentage Distribution of Land (Area in square kilometers)

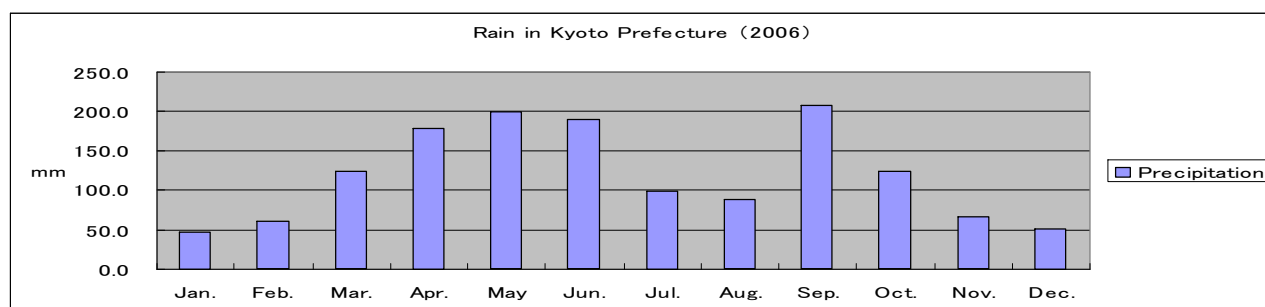
Land Category	Kyoto Pref.		City of Kyoto		Japan	
	Area	Ratio	Area	Ratio	Area	Ratio
Farmland	369.982	23.8%	28.698	8.7%	47,800	12.6%
Residential Land	213.346	13.7%	79.820	24.1%	18,500	4.9%
Marshland and Lakes	1.518	0.1%	0.051	0.1%	13,400	3.5%
Forest and Mountains	881.613	56.6%	210.799	63.6%	251,000	66.4%
Grassland	33.488	2.1%	0.1256	0.3%	2,800	0.7%
Others	57.658	3.7%	10.682	3.2%	44,400	11.9%
Total Area	1,557.605	100%	331.311	100%	377,900	100%

6. Area Category, "Data Series, 2006" Kyoto Prefectural Government (As of Jan. 1, 2004)
 1-6 Area Category "Japan Statistical Yearbook, 2007" (As of Year 2003)

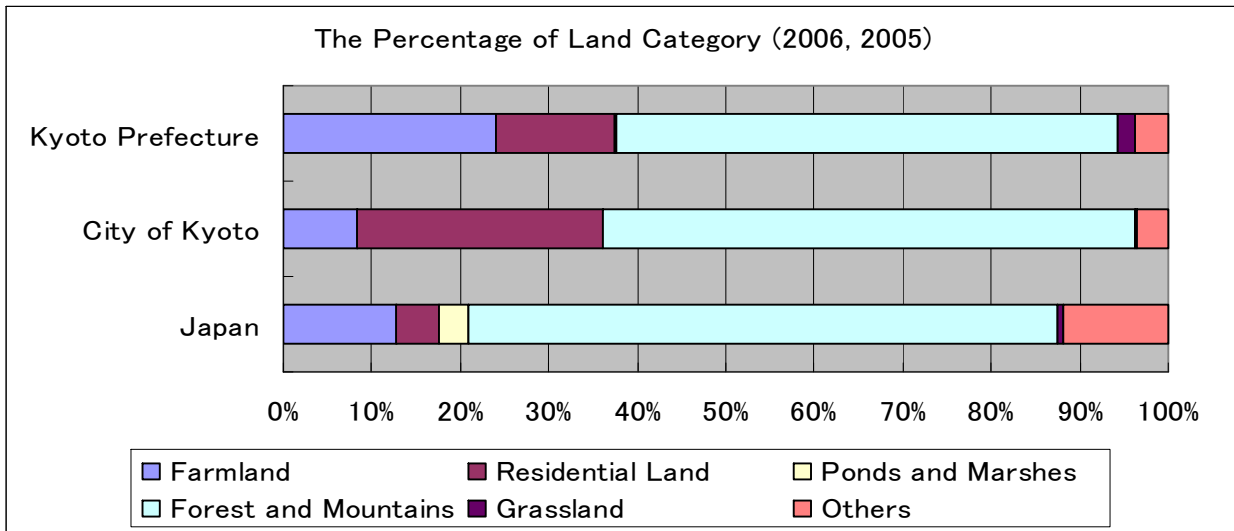


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8 Weather, "Data Series, 2007" Kyoto Prefectural Government



1-8 Weather, "Data Series, 2007" Kyoto Prefectural Government



6.

Area Category, "Data Series, 2006" Kyoto Prefectural Government
 Category "Japan Statistical Yearbook, 2009" (As of Year 2002)

(3) Population and Age Groups

Kyoto Prefecture was created in March 1868. According to the oldest surviving data, the population of the prefecture in 1885 stood at 846,761. The population had risen to over 1 million by 1899, and over 2 million by 1961.

In the last decade, the population increased into the 2,600,000s, finally reaching 2,644,075 in 2009.⁷ This is the thirteenth highest of the 47 prefectures.⁸ In the five years since the publication of the “2000 Population Census”, the population has increased by 0.1%. This figure is less than the national average of 0.7%.

The main feature of the age groups is that the younger generation (age 20-24) number above the national average. This is because there are many universities and colleges established in the city of Kyoto, so many students tend to live within the city.

Population of Prefectures (As of Year 2007) *ten thousand people

Pref.	Both Sexes		Male		Female	
	Population*	Rank	Population*	Rank	Population*	Rank
Kyoto	265	13	127	13	137	13
Osaka	882	2	428	3	454	2
Hyogo	559	8	268	7	291	8
Tokyo	1,257	1	626	1	631	1
Japan	12,776	–	6,234	–	6,542	–

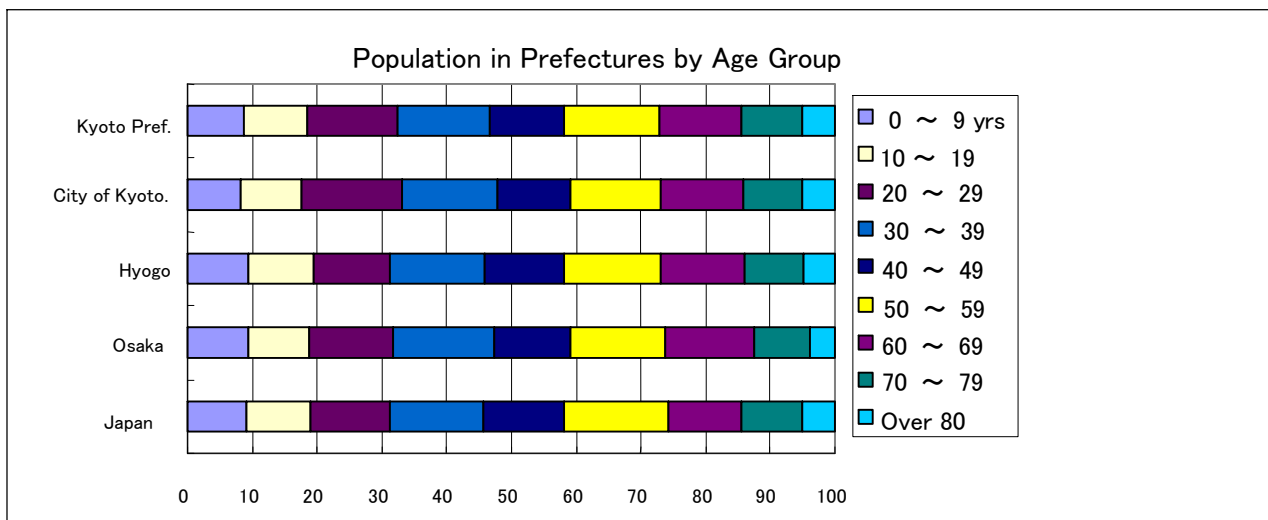
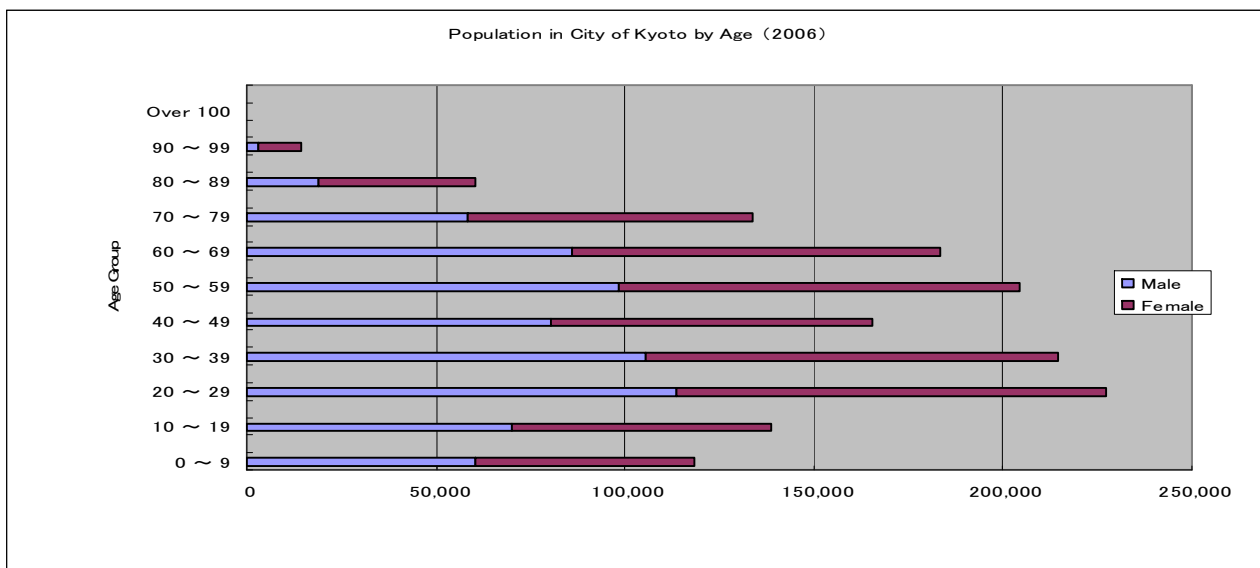
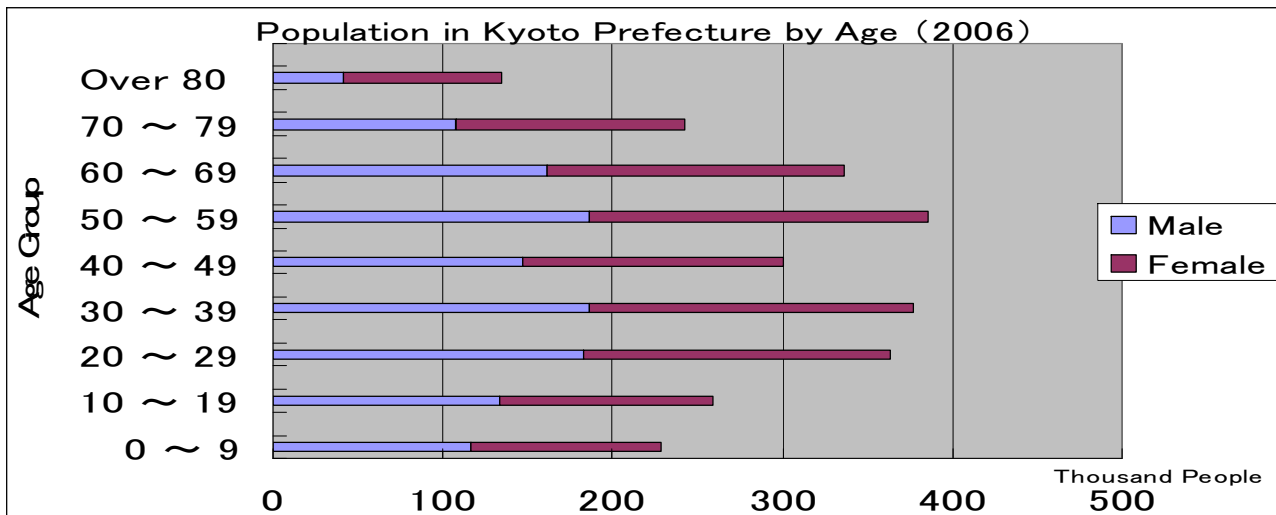
Census in 2009

Population in Kyoto Pref. and City of Kyoto (Jan. 1st, 2009)

	Both Sexes	Male	Female	Ratio
Kyoto Pref.	2,635,520	1,264,719	1,370,801	–
City of Kyoto	1,467,398	697,602	769,796	55.68%

⁷ 3 Estimated Population as of Jan. 1, 2009, “Statistics of Kyoto”, Statistic Division, Kyoto Prefectural Government

⁸ Census in 2009



Census in 2005

(4) Non-Japanese Residents

According to ‘Non-Japanese Residents Registered in Japan’, 53,693 non-Japanese residents lived in Kyoto Prefecture in 2007; and 77.2%, or 41,463 of them, lived in the City of Kyoto.⁹ The figure for registered non-Japanese residents was a decrease of 1.8% on the previous year, however, Kyoto Prefecture still occupies eleventh place out of the 47 prefectures.

Foreign Residents Registered (As of Dec.31, 2007)

Pref.	Number of Foreign Residents	Rank	Percentage Distribution	Percentage in Prefecture
Kyoto	53,295	11	2.5%	2.05%
Osaka	211,758	3	9.8%	2.41%
Hyogo	101,527	7	4.7%	1.82%
Tokyo	382,153	1	17.8%	2.88%
Total	2,152,973	—	100.0%	1.63%

Foreign Residents Registered in Kyoto Pref. and City of Kyoto (As of Year 2007)

	Number of Foreign Residents	Percentage in Kyoto Pref.
Kyoto Prefecture	53,693	—
City of Kyoto	41,463	77.2%

When focusing on the percentage of nationality, 62.4% are from North or South Korea, 20.4% is from China, 3.9% is from Philippines and 2.4% is from the United States.

<Registration According to Occupation >

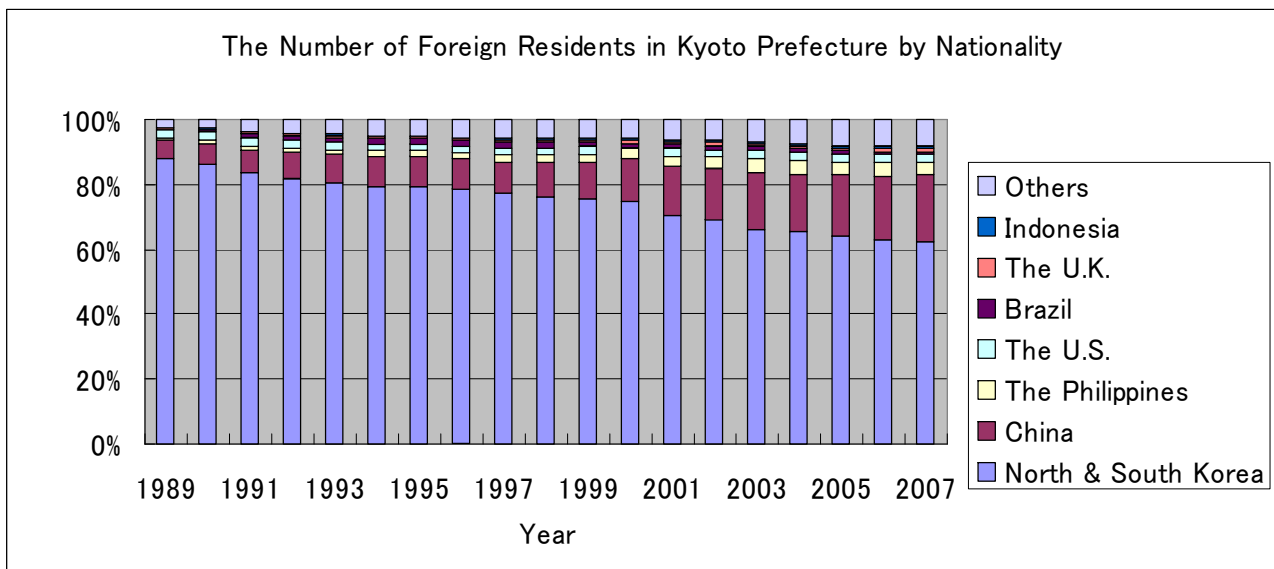
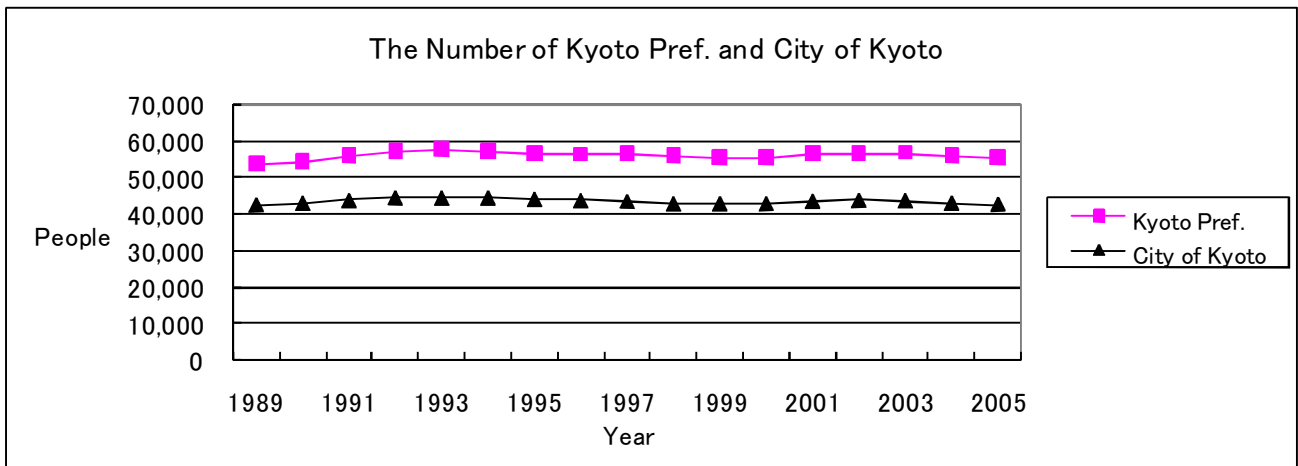
The data for ‘Registration According to Occupation’ shows that more than anywhere in the Kansai Region Kyoto Prefecture has a large number of professors (39.8%) and professionals engaged in cultural activities (44.3%). In the Kansai Region, 49.2% of permanent non-Japanese residents are originally from East Asia. However, only 12.6% of these permanent residents in the Kansai Region reside in Kyoto Prefecture. This is because the most of them reside in Osaka Prefecture.¹⁰

⁹ Survey of Foreigners Registered “Present Condition of Internationalization in Kyoto”
International Division, Kyoto Prefectural Government

¹⁰ Foreigners Registered “Information of Internationalization of Kansai”, Ministry of Economy, Trade, and Industry

<Employment of Non-Japanese Workers>

In 2006, the total figure for non-Japanese workers in Kyoto Prefecture stood at 3,075(7.0% of those in the Kansai Region) and the number of offices that accepted non-Japanese workers stood at 391 (9.1% of those in the Kansai Region). In the whole of the Kansai Region, the percentage distribution of non-Japanese workers and of offices that accept non-Japanese workers are: 11.3% and 14.1%, which is relatively low in comparison with other regions.¹¹



¹¹ Foreigners Registered “Information of Internationalization of Kansai”, Ministry of Economy, Trade, and Industry

(5) Other Information

<Electricity>

As of March 2007, there were 25 electricity generators, including 22 hydroelectricity generators, in Kyoto Prefecture¹². The ‘Ono Hydroelectric Power House’ and the ‘Taikoyama Wind Power Generator’ are managed by the Kyoto Prefectural Government and sell electricity to the ‘Kansai Electric Power Co., Inc (KEPCO)’. KEPCO supplies electricity to each house in the Kyoto Area.¹³ As of March 2005, these prefectural electricity generators sold approximately 16,527,921 thousand kWh of electricity, including 625,029 thousand kWh for electrical lighting and 10,277,892 thousand kWh for electrical power.¹⁴

<Gas>

Gas is supplied to the overall Kyoto area by local governments and private companies. Information about supply, production, and consumption is as follows.¹⁵

Gas Supply in Kyoto Prefecture

Local Government	Gas and Water Supply Section Fukuchiyama City	http://www.city.fukuchiyama.kyoto.jp/
Private Company	Osaka Gas Co.,Ltd.	http://www.osakagas.co.jp/index.htm
	Tango Gas Co.,Ltd.	http://www5.nkansai.ne.jp/com/tangogas
	Osadano Gas Co.,Ltd.	http://www.osadano-gas.co.jp/

Gas Production and Consumption in Kyoto Pref. (As of March, 2007)
(thousand MJ)

Production	Accepted Gas from Other Organizations	Produced Gas
45,720,181	44,320,194	1,399,987

Consumption	Industrial	Public	Medical	Commerce	Residential
45,515,219	18,978,922	2,814,674	1,930,854	7,030,310	14,760,460

¹² Power Houses, “Data Series, 2006” Kyoto Prefectural Government

¹³ <http://www.pref.kyoto/koei/denki/denki_10.html>

¹⁴ 1.Sold Electricity, “Data Series, 2006” Kyoto Prefectural Government

¹⁵ 3.Gas Production & Consumption, “Data Series, 2006” Kyoto Prefectural Government

<Water Supply>

Kyoto Prefectural Government (KPG) established 3 water purification plants in Uji and Kizu that make use of the River Kizu and the River Katsura.

Currently, 7 cities and 3 towns in the southern part of the prefecture are supplied water from these plants. In addition to these plants, other cities and towns have their own means of water supply.¹⁶

On the other hand, the City of Kyoto own the water supply route from Lake Biwa in Shiga Prefecture. In Apr. 1912, the City of Kyoto completed 'the Second Canal' from Lake Biwa and the 'Keage Water Purification Plant'. Since then, the water supply system has been continually developed. Recently, the City of Kyoto has come to own the water rights to 2,079 thousand m³ of water per day from Lake Biwa and the River Uji.¹⁷

<Sewerage>

KPG is currently promoting the drainage of the rivers above as well as advising municipalities on public sewage based on long-term development.¹⁸

In 2006, the saturation level of the public sewage system in Kyoto Prefecture stood at 88%, one of the highest out of the 47 prefectures. However, the figures that exclude the City of Kyoto and all other cities stand at 75% and 60% respectively.¹⁹

The City of Kyoto possesses 4 sewage disposal plants that enables the disposal of 951 thousand cubic meters of sewage per day in total.²⁰

Saturation Level of Public Sewage System (As of Dec. 31, 2004)

Municipalities	Population (A)	Population who uses sewage system (B)	Saturation Level B/A(%)
Kyoto Pref.	2,562.3	2,255.5	88.0
City of Kyoto	1,389.6	1,376.8	99.1
Prefectural Total, excludes City of Kyoto	1,172.7	878.7	74.9
Total of Prefectural Towns and Villages	142.1	99.6	70.1

¹⁶ <http://www.pref.kyoto.jp/koei/suidou/suidou_10.html>

¹⁷ <http://www.city.kyoto.jp/suido/suido_genjo.htm>

¹⁸ <<http://www.pref.kyoto.jp/kanri/gaiyou/0511gesui.html>>

¹⁹ <<http://www.pref.kyoto.jp/kanri/gaiyou/0511gesui.html>>

²⁰ <http://www.city.kyoto.jp/suido/suido_genjo.htm>

2. Economic Indicators

(1) GDP and Economic Growth Rate

The nominal and real GDP of Kyoto Prefecture has developed in a cyclical peak since 2000, with the figure having gradually decreased until recently when it began to improve.²¹ The GDP in Kyoto Prefecture was the thirteenth highest in Japan in 2005. The Economic Growth of Kyoto Prefecture mirrors the increase and decrease throughout the country as a whole. In 2005, the growth of 1.4% was the 21st place in Japan.²²

GDP of Kyoto Pref. (As of fiscal year 2006) (million yen)

Prefecture	GDP	Rank	Ratio (%)
Kyoto	10,236,070	13	2.0
Osaka	38,808,582	2	7.5
Hyogo	19,646,656	6	3.8
Tokyo	92,277,127	1	17.8
Japan	518,824,080	-	100.0

1. GDP in Prefectures, "Prefectural Accounts in 2006", Cabinet Office

GDP of Kyoto Pref. and City of Kyoto (million yen)

	2004		2005	
	GDP	Ratio(%)	GDP	Ratio(%)
Kyoto Pref.	9,887,944	-	10,029,686	-
City of Kyoto	5,976,092	61.6%	6,005,863	61.1%

1. GDP in Prefectures, "Prefectural Accounts in 2006", Cabinet Office

"Municipal Income Per Capita", City of Kyoto

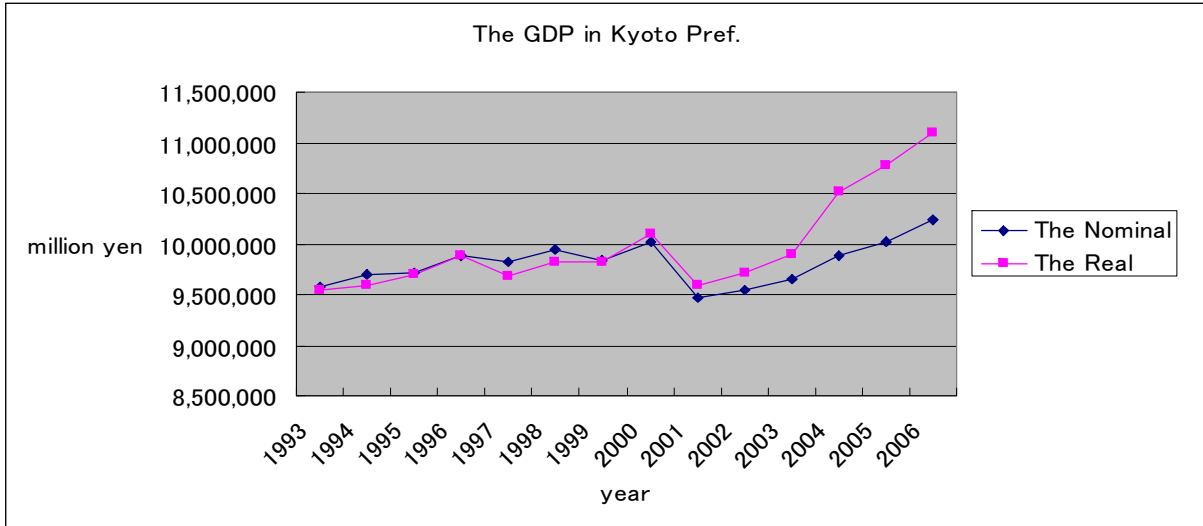
The Economic Growth (As of 2006)

Prefs.	Economic Growth	Ranking
Kyoto	3.4%	5
Tokyo	0.9%	20
Osaka	0.6%	26
Hyogo	2.6%	7
Japan	1.0%	-

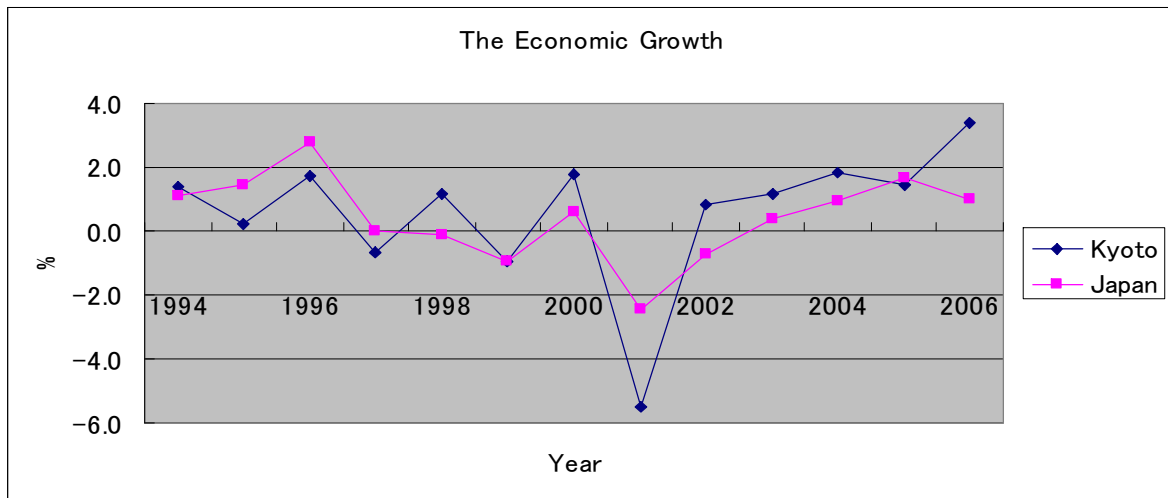
1. GDP in Prefectures, "Prefectural Accounts in 2006", Cabinet Office

²¹ GDP & Economic Growth in Kyoto (1990-2003), "Statistics of Kyoto", Statistic Division, Kyoto Prefectural Government

²² "Prefectural Accounts in 2006", Cabinet Office



3-2 Distribution of Prefectural Income, "Data Series, 2006" Kyoto Prefectural Government



1. GDP in Prefectures, "Prefectural Accounts in 2006", Cabinet Office

(2) Prefectural Income

In 2001, Kyoto's prefectural income was recorded at 7,338 trillion yen. This was the cyclical peak, as in 2006, it dropped to 7,863 trillion yen.²³

In detail, 67.3% of the income came from employment income, 1.8% from assets income and 30.8% from corporate profits.²⁴

The Comparison of Per-Capita Prefectural Income (As of 2006)

Prefs.	Per-Capita Income(thousand yen)	Rank
Kyoto	2,976	11
Osaka	3,083	9
Hyogo	2,882	16
Tokyo	4,820	1
Japan	3,069	-

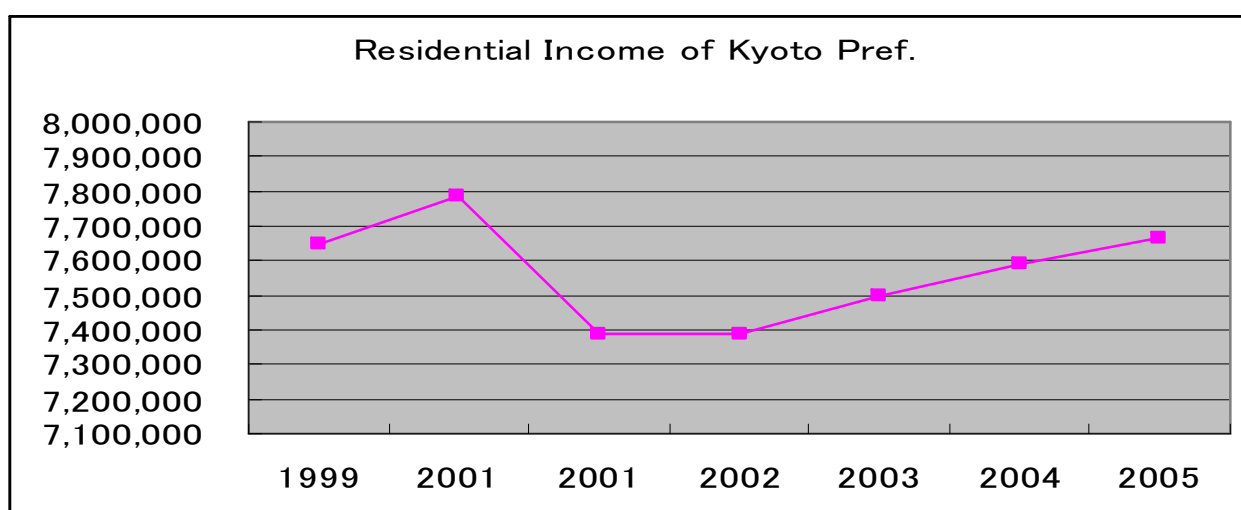
C Economic fundamentals, "Survey of Prefectures"

Residential Income of Kyoto Pref. and City of Kyoto

	2004		2005	
	Income(million yen)	Ratio(%)	Income (million yen)	Ratio(%)
Kyoto Pref.	7,516,999	-	7,665,004	-
City of Kyoto	4,310,181	57.4%	4,355,370	56.8%

3-2 Distribution of Prefectural Income, "Data Series, 2006" Kyoto Prefectural Government

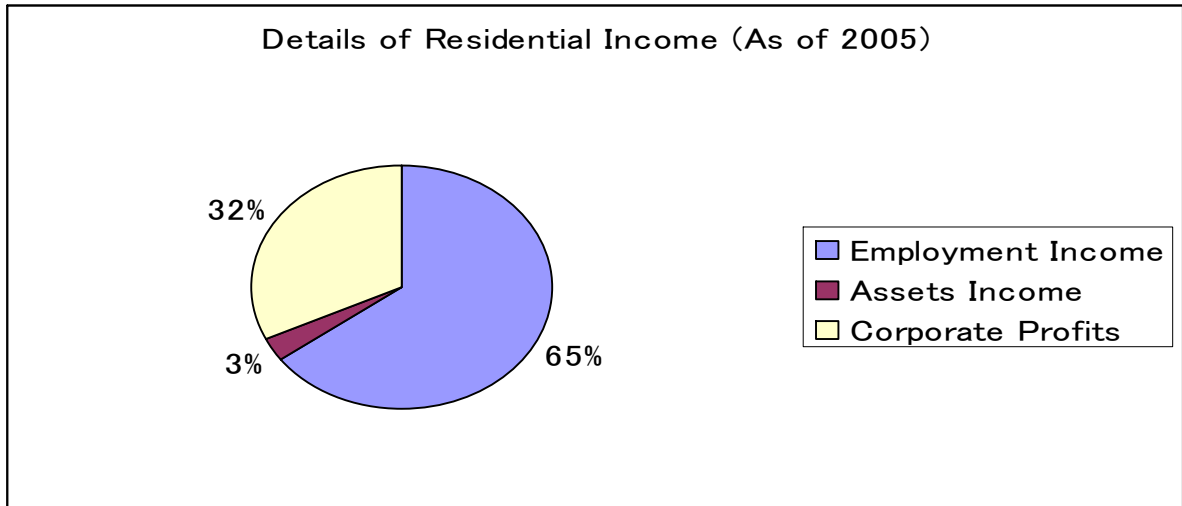
2 Distribution of Prefectural Income, "Prefectural Accounts in 2005", Cabinet Office



²³ 3-2 Distribution of Prefectural Income, "Data Series, 2006" Kyoto Prefectural Government

²⁴ 2 Distribution of Prefectural Income, "Prefectural Accounts in 2006", Cabinet Office

2 Distribution of Prefectural Income, "Prefectural Accounts in 2005", Cabinet Office



2 Distribution of Prefectural Income, "Prefectural Accounts in 2005", Cabinet Office

(3) Consumer Price Index

The Consumer Price Index in Kyoto has been decreasing since 1999. The index for furnishings, household articles, and articles for culture and amusement have decreased in particular. In contrast, the index for insurance, medical treatment, and education has tended to increase.²⁵ If the consumer price index in 23 wards of Tokyo Prefecture equals “100”, the index for Kyoto Prefecture occupies fourth place in Japan (third place for food). As such, price levels in Kyoto are generally higher than in other areas.

*Kyoto Prefecture does not possess data other than the price index of food. Other indices are recorded by the City of Kyoto.

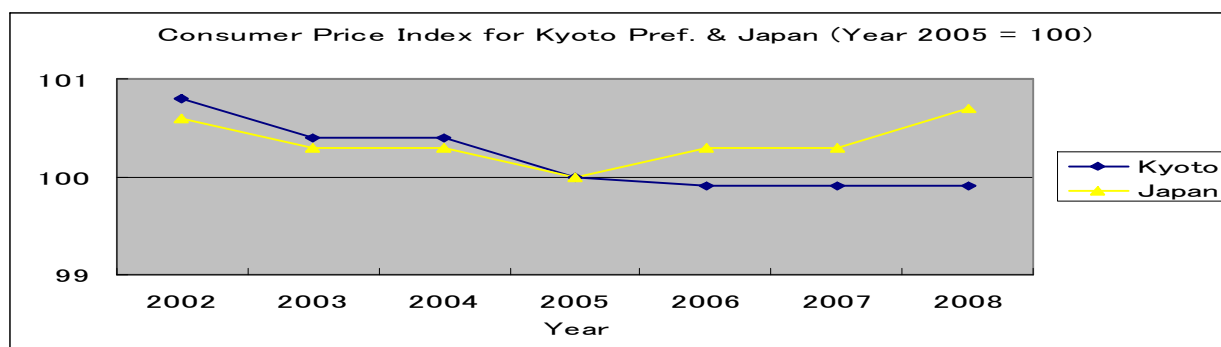
The Comparison of Consumer Price Index (As of Year 2007)

Prefs.	Tokyo 23 Wards = 100		Tokyo 23 Wards = 100	
	Grand Total Index	Rank	Food Index	Rank
Kyoto	95.6	4	99.0	3
Osaka	96.6	3	97.9	4
Hyogo	93.7	10	96.5	8
Tokyo	100.0	1	100.0	1
Japan	90.1	-	92.4	-

Details of Consumer Price Index (City of Kyoto, Year 2005 = 100)

	Grand Total	Food	Housing	Light, Heat, Water	Furniture, Housework Articles	Clothes, Shoes	Insurance, Medical Treatment	Transportation, Communication	Education	Culture, Amusement	Others
Oct 2008	99.9	100.9	98.4	101.7	97.4	99.9	100.1	99.9	101.0	98.1	101.9

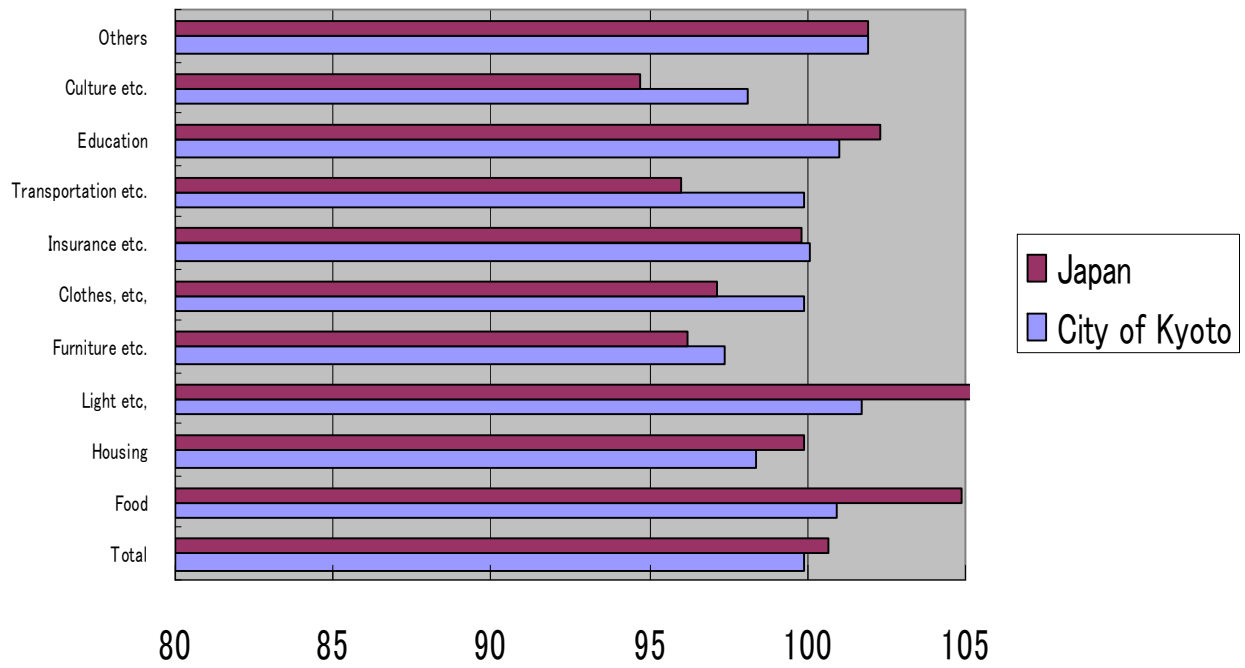
10. Flash Data of Consumer Price Index in Kyoto (As of Oct. 2006), “Statistics of Kyoto”, Statistic Division, Kyoto Prefectural Government



10. Flash Data of Consumer Price Index in Kyoto, “Statistics of Kyoto”, Statistic Division, Kyoto Prefectural Government

²⁵ 15-1 Consumer Price Index in City of Kyoto, “Data Series, 2006” Kyoto Prefectural Government

Consumer Price Index (City of Kyoto & Japan, 2005)



Consumer Price Index in Kyoto (As of Oct. 2006), "Statistics of Kyoto",
Statistic Division, Kyoto Prefectural Government

"Consumer Price Index Annual Report in 2005", Statistic Bureau, Ministry of General Affairs

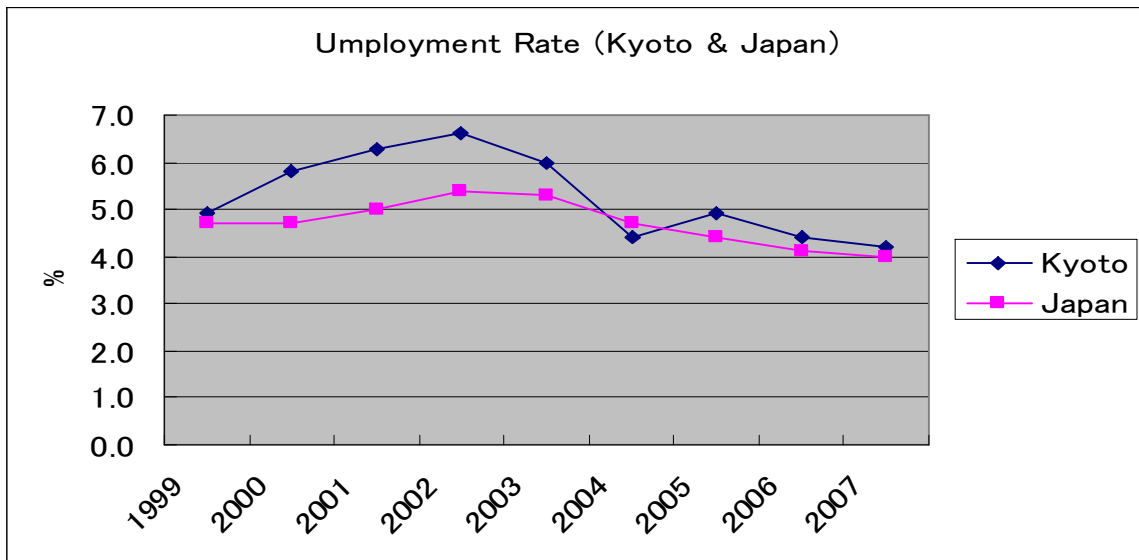
(4) Trends of Employment

The unemployment rate in Kyoto Prefecture had risen up until 2002, when it reached 6.5%. It has since decreased to 4.0% by 2007.²⁶ In detail, the unemployment rate for ‘Ages 15~24 in Kyoto’ is under the national average. By contrast, the rates for ‘Ages 25~34’ and ‘Age 55 and above’ record over the national average.

Trend of Employment (Year 2007) *thousand people

Pref.	Population Age 15 or Over* (A)	Not in Labor Force* (B)	Labor Force* (C)	Employed Persons *(D)	Unemployed Persons* (E)	Unemployment Rate(F)	Rank
Kyoto	2,288	963	1,323	1,267	56	4.2%	40
Osaka	7,605	3,251	4,351	4,120	231	5.3%	45
Hyogo	4,809	2,059	2,749	2,637	112	4.1%	37
Tokyo	11,337	4,176	7,158	6,995	273	3.8%	27
Japan	110,487	43,859	66,592	64,008	2,582	4.0%	-

“Labor Force Statistics”, Statistics Bureau, Ministry of General Affairs



Estimate Annual Average of Unemployment Rate 1997-2005,

“Labor Force Statistics”, Statistics Bureau, Ministry of General Affairs

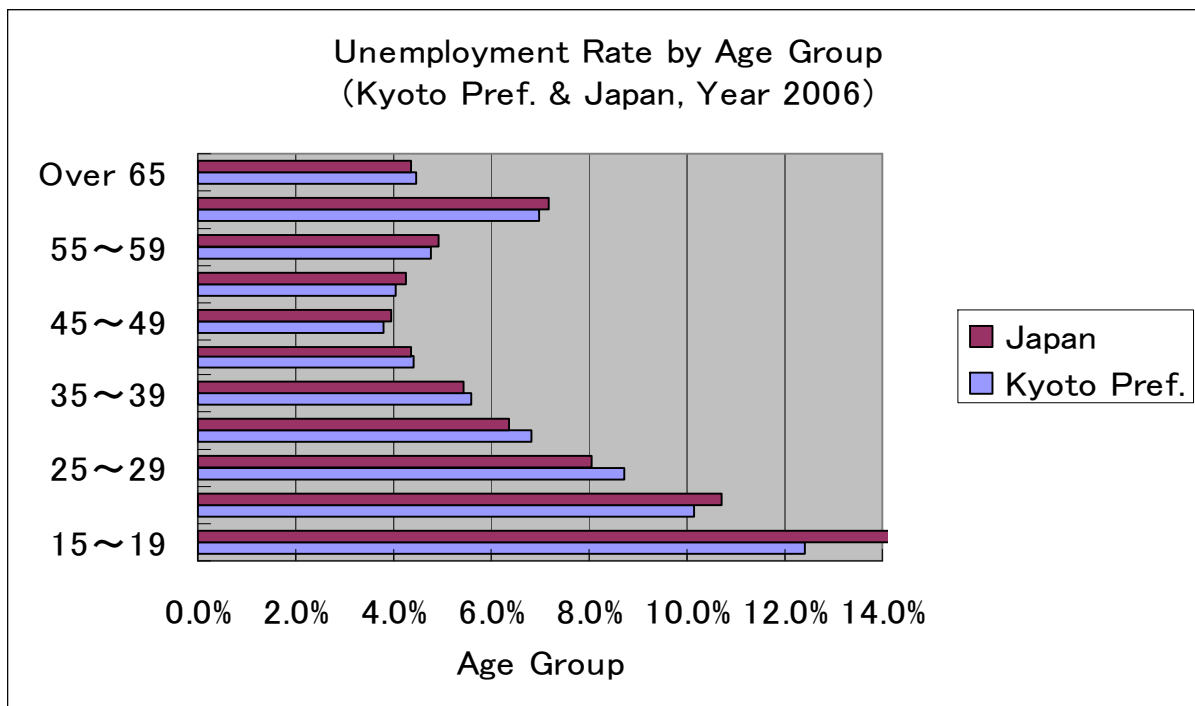
²⁶ Labor Force by Age Group over 15, “Data Series, 2004” Kyoto Prefectural Government

Population over 15, by Industry, Labor Force, Unemployment Rate,

Estimate Annual Average of Labor force by prefecture,

Estimate Annual Average of Unemployment Rate 1997-2005,

“Labor Force Statistics”, Statistics Bureau, Ministry of General Affairs



Labor Force by Age Group over 15, "Data Series, 2004" Kyoto Prefectural Government
 "Labor Force Statistics", Statistics Bureau, Ministry of General Affairs
 Unemployed Persons & Rate by Age, Sex, "Labor Force Statistics",
 Statistics Bureau, Ministry of General Affairs

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”,

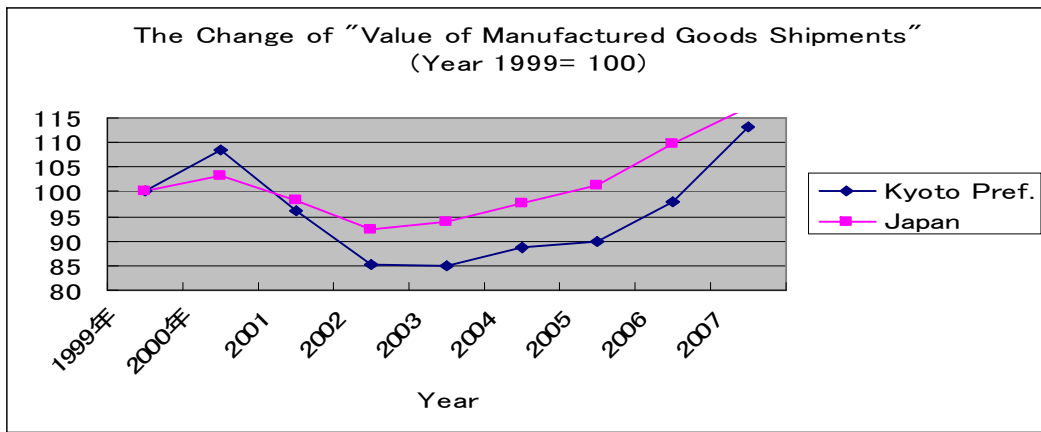
Ministry of Economy, Trade, and Industry, and Economy

“Prefectural Accounts in 2003”, Cabinet Office

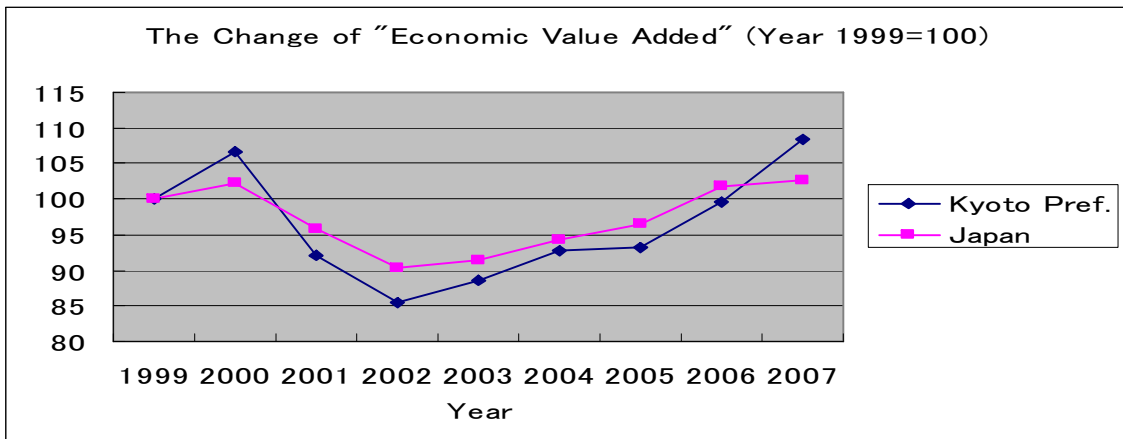
“Value of Manufactured Goods Shipments” and “Economic Value Added”

	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%

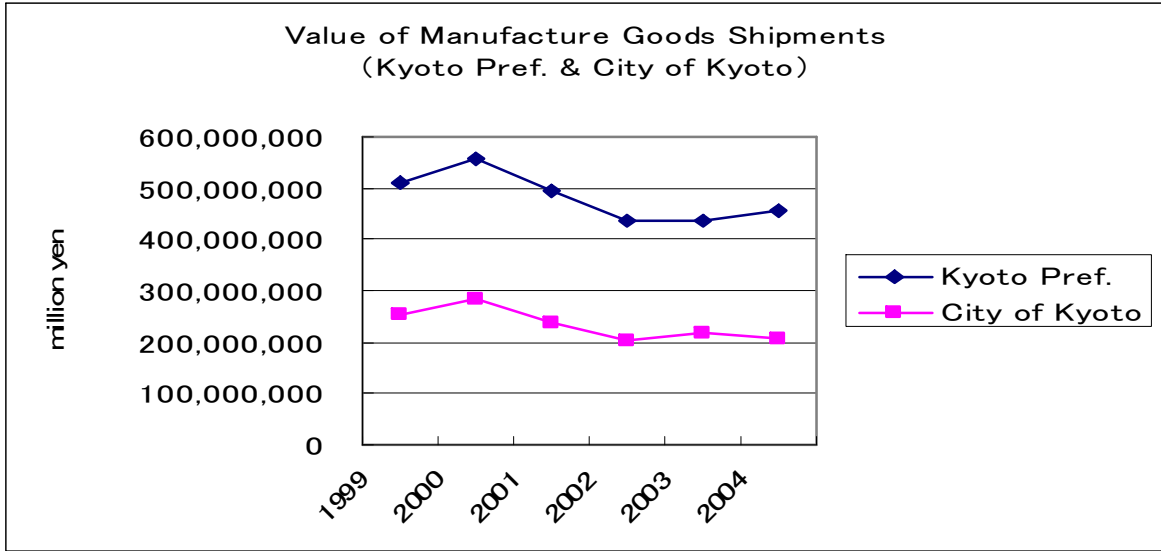
Number of Business, Employees, and Value of Manufactured Goods Shipments,
 “Industrial Statistics” Statistics Division, Kyoto Prefectural Government
 Industrial Survey (business with 4 employees or more)
 “Data Series 2007 in Kyoto” Information & Statistics Division, City of Kyoto



“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

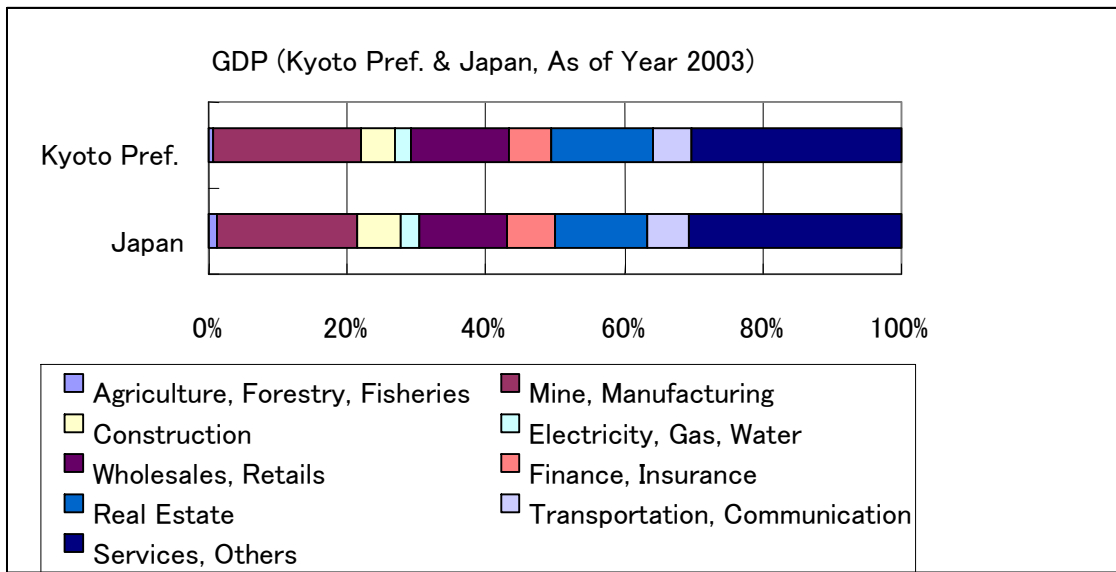
6. Business by Industry, Area in Kyoto Prefecture "Statistics of Kyoto",
Statistic Division, Kyoto Prefectural Government

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%

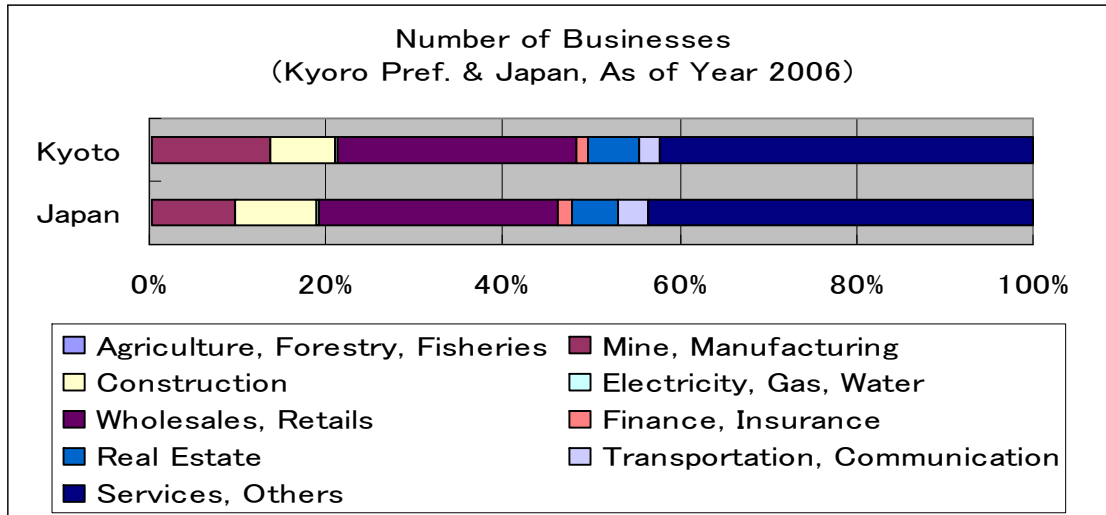
*City of Kyoto occupies over 50% of the ratios.

“Statistics by Area in Kyoto Prefecture”

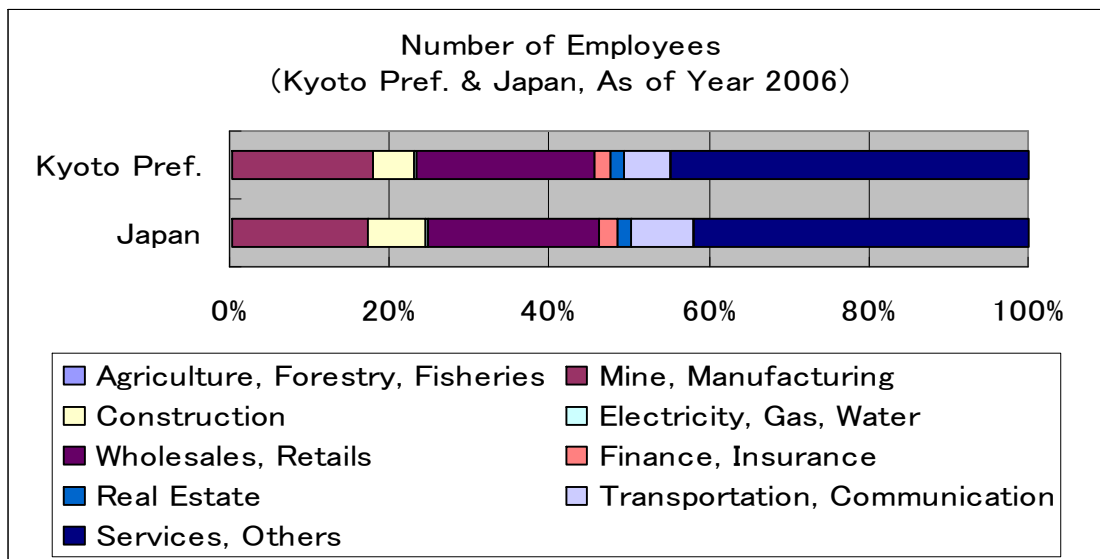


1. GDP in Kyoto Prefecture by Industry, 4. The Nominal GDP by Industry

“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

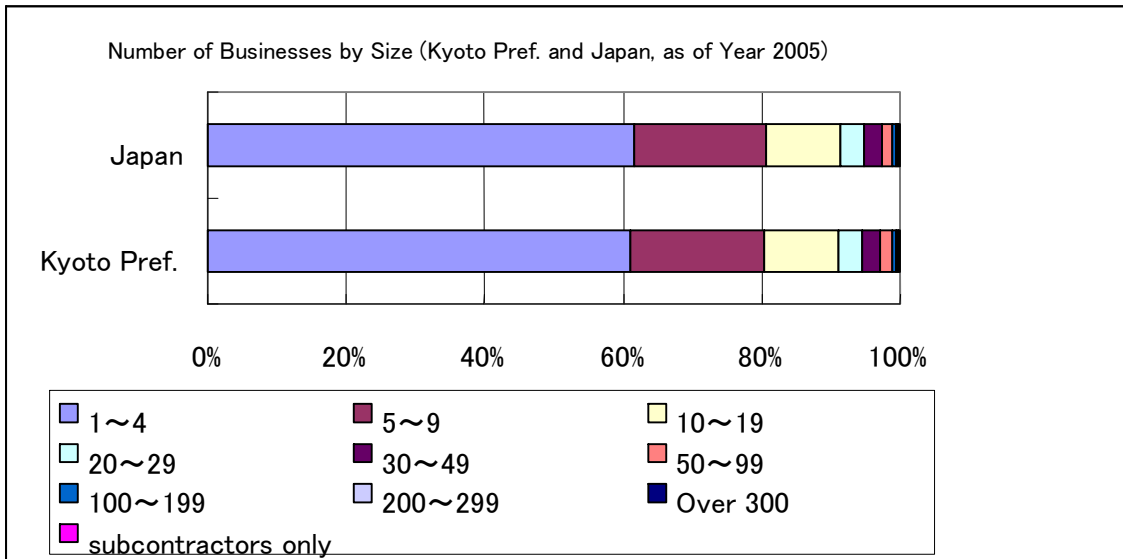
Establishment and Dissolution Rates in 2006

	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

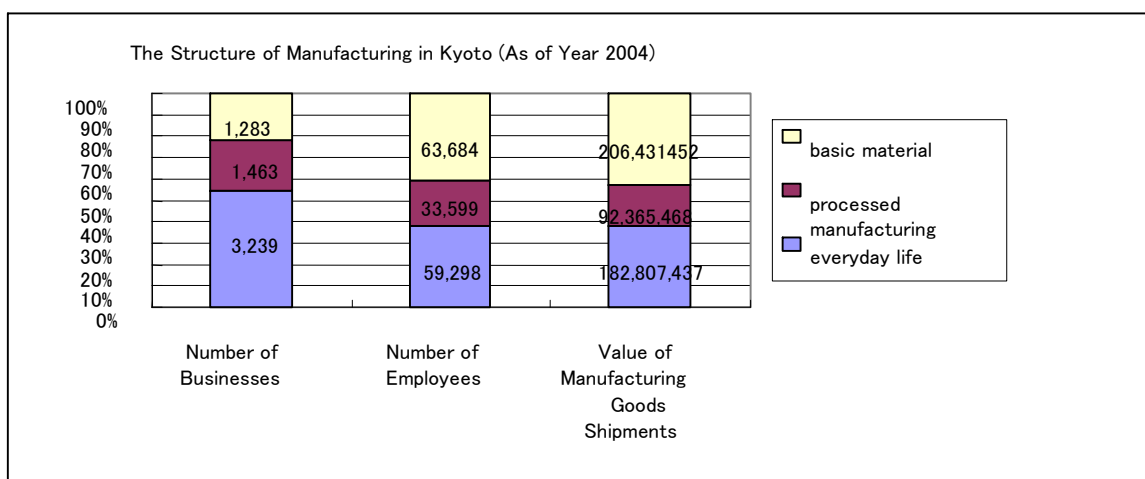


Enterprise Size, Newly- organized and Abolished Enterprises,
the Number of Business and employees by sex in 2003 and 2006, “Business and Enterprises”, Statistics Division,
Kyoto Prefectural Government

(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'.

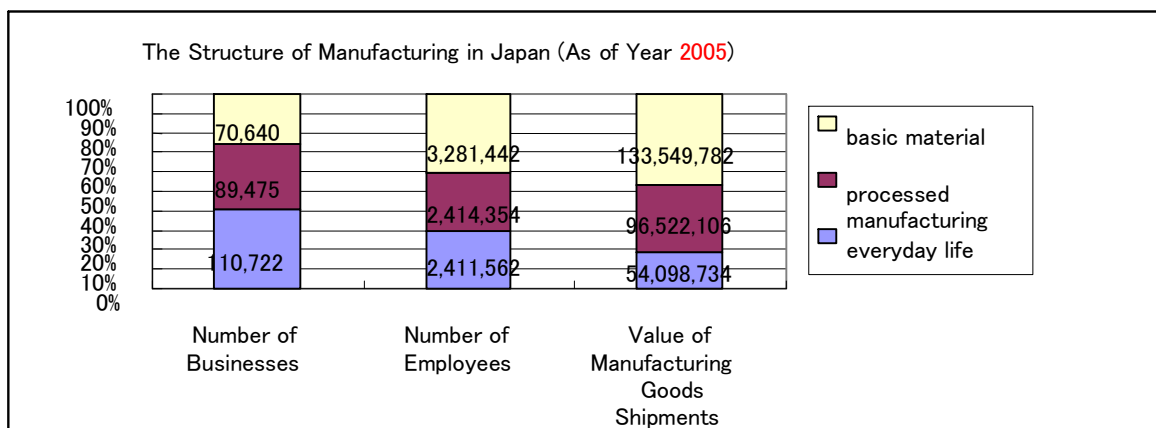
The number of businesses related to everyday life (68.6%)³⁴, the number of employees (42.6%), and the 'Value of Manufactured Goods Shipments' (37.5%) are all above the national average. This is because Kyoto's industry has been developing based on light industries and traditional industries such as textiles, 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>>

II Features of Kyoto Industries

1. Outstanding Industry Projects

■ **Kyoto Environment Nano Cluster**

Kyoto Environment Nano Cluster is a collaborative project of industries, universities and government started in 2008. It is appointed by the Ministry of Education, Culture, Sports, Science and Technology as “Intellectual Cluster Creation Project (the second term)”.

“Nano technology” is an ultra fine processing technique which Kyoto has developed in the history of its traditional industry. Taking “nano technology” as a fundamental core technology, active collaborative researches to create new industry have taken place at Katsura Innovation Park and Kansai Science City. Collaboration of Kyoto Prefecture and Kyoto City, the headquarters are located in the Advanced Software Technology & Mechatronics Research Institute of Kyoto. 10 universities in Kyoto including Kyoto University and Doshisha University, 44 companies and 3 public research institutes join the project to develop and commercialize new high functional components for environmental issues as a birth place of Kyoto Protocol, for instance, energy saving and resource saving field. As a result, it will contribute to the local revitalization and to improve Kyoto’s international competence.

This project aims to collect environmental and nano technology related industries in the Kyoto area (Kyoto City and Kansai Science City) to form a center of research, development and commercializing of “environment nano technology component” which has international competences. “Kyoto Nano Center” will be established in Kyoto City and Kansai Science City to be a core of the project.

■ **Development project of ubiquitous bio-instrumentation healthcare device and system**

With the collaborative suggestions of three prefectures in Kansai region, Kyoto, Osaka and Nara, development project of ubiquitous bio-instrumentation healthcare device and system is started. A variety of research institutions, companies and related people based in Kansai Science City and neighborhood area will take collaborative research. The project aims to contribute to improve nation’s healthcare by developing bio-instrumentation system at home taking advantage of utilizing recent ubiquitous network. At the same time, the project try to create new industry related to ICT and healthcare. Specifically, it aims to develop system for: 1) watching for pregnant mothers, 2) urological measurement, 3) non-restraint, less invasive, real time bio-instrumentation devices for provision of adult disease. The collected information will be shared among the institutions and will be used to develop new healthcare system for practical application based on the previous research results accumulated in the intellectual cluster creation project (the first term).

■ **Nurturing the New Kyoto Brand**

Not only as a city of traditional industry, but Kyoto is also a home of a number of small and medium sized companies with high level technology, IT related high-tech companies, universities and research institutions. Based on those foundations, Kyoto is an ideal place to create new industries and to revitalize existing industries using IT related technology and the latest research achievements.

With those advantages, active promotion plans are taken to support small and medium sized companies in Kyoto prefecture to nurture new industry or venture business to form the “New Kyoto Brand”, for example, 1) IT related field including mobile phone technology, 2) experiment industry related field, 3) healthcare creation (wellness) industry related field, 4) environment related field, 5) movie and image industry related field.

■ **Base Creation Project for Optical Medical Industry Valley**

This is a project which tries to create a new medical and industrial cluster. Specifically, it aims to realize a new cure by developing breakthrough laser-driven corpuscular beam acceleration technique and finally, to achieve to downsize the corpuscular beam cancer therapeutic instrument to provide cheaper treatment. This is one of the projects that industries, universities and government are in collaboration one another. The Kansai Optical Science Research Center of the Japan Atomic Energy Agency plays a main role in the project.

■ **The Kyoto Bio City Framework**

Kyoto is a home to many universities where various studies and researches on life science are currently being carried out. Also many global companies specialized in analysis, measurement and observational studies have their headquarters in Kyoto. Using this situation to advantage, Kyoto City has been prompting the ‘Kyoto Bio City Framework’. The city believes that this project can vitalize the Kyoto economy as well as promote the development in sciences and industries nationwide. In addition this project can develop the quality of life and find solutions to the serious environmental problems that we are facing now.

■ **The Kyoto Bio Industry and Technology Forum**

The Kyoto Bio-Industry and Technology Forum is a forum to promote bio related industry in Kyoto through the exchange of research and public awareness campaigns with the co-operation of universities, enterprises, and governmental bodies. The members of this forum include researchers at universities and bio-related enterprises and those with an interest in bio industry. It is held based on the ‘Kyoto Bio City Framework’, which places importance on the three categories of ‘collaboration between medicine and engineering’, ‘environment’, and ‘projects for taking advantage of regional innovation’.

■ **Kyoto Eco Industry**

As the birth place of Kyoto Protocol, “Kyoto Industrial Eco Promotion Organization” was established to provide support for environmental issues, including global warming, in Kyoto’s industrial field by making best use of Kyoto’s local resources and research and development ability. Under the cooperation of the industry, university and government, creation of new eco-industry, ecological promotion in the small and medium sized companies, reduction of CO2 emission and other challenges are taken in Kyoto.

■ **Katsura Venture Plaza, University of Kyoto**

The Katsura Venture Plaza of the University of Kyoto has been established to encourage the use of university-created technology in industry, based on the ‘Creative Business Promotion Law’. The goal is to assist the creation of small and medium enterprises by making use of the intellectual properties owned by universities.

■ **‘Creation Core Kyoto Mikuruma’, Development Center for New Venture Business**

Creation Core Kyoto Mikuruma, an entrepreneur nurturing facility that works on a merit-basis and focuses mainly on biotechnology projects, was established in 2006. The building is conveniently located in Kyoto City’s Kamigyō-ku ward, near the Kyoto Prefectural University of Medicine, and is very convenient for public transport. In order to support this facility, Kyoto Prefectural Government and the City of Kyoto are working together to offer both economic and human resource support to member companies.

■ **Venture Business Development Factory**

The City of Kyoto offers the use of a factory facility with low rent in order to support venture businesses at an early stage in the creation of technology and ideas. The tenants must be certified as rank-A by the ‘Kyoto City Judge Committee for Venture Business’ and must operate a business facility in the factory. The factory can be leased for up to 5 years.

■ **Kyoto Digital Archives Project**

The ‘Kyoto Digital Archives Project’ preserves 1,200 years worth of cultural heritage in digital graphic format. This project enables invaluable cultural information to be preserved, reproduced and made known to a wide audience. By digitalizing Kyoto’s cultural heritage, this project also enables the culture of Kyoto to be transmitted all over the world.

■ International *KEITAI* Forum

The International *KEITAI* Forum, based on the theme of 'Asia and the cell phone', has been held every year since 2002. This forum was established in order to develop the cell phone industry with regards communication, manufacturing, content business, and miscellaneous services. It includes lectures by CEOs from leading ICT companies, the ubiquitous nature of cell phones in future society, and exhibitions to match enterprises, academic bodies, research institutes, and so forth. The 5th forum was held in Kyoto on March 15th and 16th, 2006, and major exhibitors included the Korea Trade-Investment Promotion Agency as well as institutes from Zhongguancun, Beijing. The 6th forum is scheduled to be held in Beijing from March 26th through 28th, 2007. The International *KEITAI* Forum hopes to develop the 'cell phone industry' of the world as well as of Asia.

■ Kyoto Strategic Design Workshop

The Kyoto Strategic Design Workshop was established by the Kyoto Research Park (KRP), one of the leading business developers and international research and development institutions for high technology through the co-operation of industrial, academic, and governmental bodies. This workshop aims to further improve the 'Kyoto Brand' to offer better value products and services by making use of resources including the creative ideas of design graduates and strategic design by professional designers. This workshop introduces the themes of 'Practical Use of Design as a Business Resource' and 'Design Management' to enterprises that often work with designers and also offers an opportunity for products and services to take advantage of the ideas of young designers.

2. Enterprises Developed by Traditional Industries in Kyoto

Some of the leading Japanese companies are originally from Kyoto, and many of those are currently active in the global market. Remarkably, these companies have often been developed through collaboration with Kyoto's 1200-year old traditional industries.

The following traditional industries combine with the latest technology: Kyoto and Kiyomizu ware, for ceramics and condensers, Kyoto Yuzen Dyeing (a painting and printing technique of Kimono), for printing on semiconductors, wiring, metal ornaments of 'Household Buddhist altars and Paraphernalia' and precision machine tools. This is one of the remarkable features of Kyoto's industry; simultaneously, it enables small and medium enterprises to seek their own technological merits while developing a global business strategy.

Kyoto's traditional industry technologies have an effect on a wide range of enterprises. The following are famous examples.

- Firing Technology of Kyoto and Kiyomizu Ware:
Ceramic condenser (Kyocera Corp., Murata Manufacturing Co.,Ltd)
Artificial teeth, ceramic materials (Shofu Inc.,)
- Cloth Printing Technology of Kyoto Yuzen Dyeing
Apparel (Yoshichu Co.,Ltd)
Semiconductor and printing wiring (Kyosha Co.,Ltd, Dai Nippon Screen MFG. Co., Ltd.)
Printing (Nissha Printing Co., Ltd)
- Silk Thread Refining Technology of Kimono
Surfactant and high polymer pharmacy (Dai-ichi Kogyo Seiyaku Co.,Ltd, Sanyo Chemical Industry, Ltd)
- Metal Ornaments and Gold Foil Processing Technology of 'Household Buddhist Altars and Paraphernalia'
 - Gold foil and thread ⇒ vacuumed metal deposit (Oike & Co., Ltd.)
 - Gold and silver powder ⇒ metal foil for semiconductor & printing wiring (Fukuda Metal Foil & Power Co.,Ltd.)
 - Cut gold and silver foil (Nishimura Manufacturing Inc.)
- Brewing Technology of Japanese *Sake*
Biotechnology (Gekkeikan *Sake* Co.,Ltd., Takara Shuzou Co.,Ltd.)
※Cited from "The Essence of Kyoto's Economy" (Kyoto Chamber of Commerce and Industry)

3. Matured Environment in Education

There are 457 elementary, 205 middle, and 105 high schools in Kyoto Prefecture³⁸. Out of all the prefectures Kyoto has one of the highest ratios of schools to habitable area.

Number of Schools per 100,000 persons (As of Year 2007)

	Elementary School (Age 6–11)		Middle School (Age 12–14)		High School (Age 15–17)	
	Number of Schools	Rank	Number of Schools	Rank	Number of Schools	Rank
Kyoto Pref.	312.2	34	281.5	36	141.8	32
Japan	319.5	–	303.8	–	144.5	–

Number of Schools per 100 k m² of Habitable Area

	Elementary School (Age 6–11)		Middle School (Age 12–14)		High School (Age 15–17)	
	Number of Schools	Rank	Number of Schools	Rank	Number of Schools	Rank
Kyoto Pref.	38.69	4	17.66	4	9.18	4
Japan	18.70	–	9.03	–	4.38	–

E) Education “Prefectures through Statistics ’2007”

Ranking of Number of Schools per 100 k m² of Habitable Area

	Pref.	Number of Elementary School	Pref.	Number of Middle School	Pref.	Number of High School
1	Tokyo	98.97	Tokyo	59.15	Tokyo	32.23
2	Osaka	79.17	Osaka	39.96	Osaka	21.61
3	Kanagawa	61.51	Kanagawa	32.95	Kanagawa	16.92
4	Kyoto	38.69	Kyoto	17.66	Kyoto	9.18
5	Aichi	33.34	Saitama	17.58	Hyogo	8.11

E) Education “Prefectures through Statistics ’2009”

³⁸ 1. List of Schools “Data Series, 2007” Kyoto Prefectural Government

Also, Kyoto Prefecture has 31 universities and 17 junior colleges³⁹. In 2009, the ratio for the number of universities and junior colleges per 100,000 persons was ranked the top out of all prefectures. Also, in 2003, the ratio of college entrance for high school students was the highest out of all prefectures. This may be because of Kyoto's academic environment.

Higher Education in Kyoto Prefecture

	Number of Universities per 100,000 persons (As of Year 2007)		Number of Junior Colleges per 100,000 persons (As of Year 2007)		Ratio of college entrance for high school students (As of Year 2007)	
	Number of schools	Rank	Number of schools	Rank	Number of schools	Rank
Kyoto Pref.	1.18	1	0.65	1	62.9%	1
Japan	0.59	-	0.34	-	51.2%	-

E) Education "Prefectures through Statistics '2009"

In addition, Kyoto has produced many Nobel Laureates. Currently, Japan boasts 9 Laureates, 7 of which are connected to Kyoto.

	Laureate	Year	Field	Research Theme
1	Hideki Yukawa	1949	Physics	Dr. Yukawa is the first Japanese to be awarded the Nobel Prize for announcing the existence of mesons. He graduated from Kyoto Imperial University (present: University of Kyoto). He had held important posts such as the First President of the Basic Physics Research Laboratory and Distinguished Professor at University of Kyoto.
2	Shinichiro Tomonaga	1965	Physics	Dr. Tomonaga was awarded the prize for his work in the basic research of quantum electronic mechanics. He graduated from the Department of Science at Kyoto Imperial University.
3	Leo Esaki	1973	Physics	Dr. Esaki was awarded the prize for his discovery of 'Tunneling' by semiconductors based on experiments. He graduated from Doshisha Junior High School (present: Doshisha High School) and the Third Governmental High School (present: Department of Human Resources, University of Kyoto).

³⁹ 1. List of Schools "Data Series, 2009" Kyoto Prefectural Government

4	Kenichi Fukui	1981	Chemistry	Dr. Fukui was awarded the prize for theoretical research of the 'chemical reaction process'. He graduated from Kyoto Imperial University. He held important roles such as Professor of Engineering, University of Kyoto, President of the Kyoto Institute of Technology, President of the Basic Chemistry Laboratory.
5	Susumu Tonegawa	1987	Biology / Medicine	Dr. Tonegawa confirmed that genetic theory consists of various antibodies. He graduated from the Department of Science, University of Kyoto.
6	Ryoji Noyori	2001	Chemistry	Dr. Noyori was awarded for his research into the asymmetric reaction by chiral catalyst. He graduated from the Department of Engineering, University of Kyoto.
7	Koichi Tanaka	2002	Chemistry	Dr. Tanaka was awarded the prize for his work on biopolymers and the methodological development of structural analysis. He served as a researcher of Shimadzu Corporation, and a visiting professor of the International Innovation Center, University of Kyoto.
8	Toshihide Masukawa	2008	Physics	Research about "symmetry breaking" in the elementary particle physics
9	Makoto Kobayashi	2008	Physics	Research about "symmetry breaking" in the elementary particle physics
10	Osamu Shimomura	2008	Chemistry	Research about the green fluorescence protein

Historically, Kyoto has been developed as a center for academia and as a result there are many universities. The Universities connect with local society and industry through academic research and art and culture activities. In order to make this connection stronger, ‘The Consortium of Universities in Kyoto’ was established. This consortium, which aims for improved education, research and output to the local society and industries, engages in research to reform higher education, provide information and plan life-long education⁴⁰.

- ‘The Consortium of Universities in Kyoto’ Secretariat

Contact: Campus Plaza Kyoto Nishinotoin Shiokoji Sagaru,

Shimogyo-ku, 600-8216, Kyoto

+81-75-353-9100

+81-75-353-9101 (FAX)

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

Furthermore, the ‘Industry-Academia-Government Cooperation Institute’ was established for the purpose of sharing information among industrial, academic, and governmental bodies in February 2003⁴¹. This institute consists of 19 organizations representing industry, 19 organizations (including 18 universities) representing academia, and 6 organizations representing government.

⁴⁰ Prospectus of the Consortium of Universities in Kyoto
<<http://www.consortium.or.jp/consortium/opinion.html>>

⁴¹ Summary, the Association of Industry-University-Government Cooperation in Kyoto
<<http://www.kyo.or.jp/~sangakukou/index.shtml>>

4. International Conventions

As well as being a world-famous sightseeing city, Kyoto also competes to hold international conventions.

From 2003 to 2005, Kyoto was ranked in the top 4 Japanese cities for holding conventions⁴². Moreover, in the ranking of middle to large-scale international conventions, defined as being a convention with over 300 participants and over 50 non-Japanese participants, Kyoto came in fourth place in 2004 and 2005. Following the number of conventions held having exceeded 200 in 2002, the number of participants as well as conventions has continued to increase, and many conventions are scheduled to take place in the coming years.

Top 5 Cities and the Number of International Conventions

	Grand Total						Middle and Large Scale Conventions					
	Year 2005		Year 2006		Year 2007		Year 2005		Year 2006		Year 2007	
	City	total	City	total	City	total	City	total	City	total	City	total
1	Tokyo	742	Tokyo	460	Tokyo	440	Tokyo	64	Tokyo	71	Tokyo	63
2	Osaka	249	Kyoto	154	Kyoto	183	Yokohama	42	Yokohama	43	Kyoto	39
3	Nagoya	236	Fukuoka	126	Yokohama	157	Osaka	27	Kyoto	38	Yokohama	37
4	Kyoto	224	Osaka	111	Fukuoka	151	Kyoto	19	Fukuoka	24	Kobe	21
5	Fukuoka	180	Nagoya	109	Nagoya	109	Fukuoka	17	Osaka	20	Fukuoka	19

※more than 20 participants from more than two countries, or more than 20 participants including 10 non-Japanese

1. Trend of the Conventions Held in Japan “Statistics of Convention ‘04”, Japan National Tourist Organization

⁴² 1. Trend of the Conventions Held in Japan “Statistics of Convention ‘04”, Japan National Tourist Organization

<Notable Conventions in Recent Years>

- Kyoto Protocol Memorial Event (February 16th, 2005)
1,200 persons from 11 countries participated in this event. The former Minister of the Environment, Yuriko Koike, hosted this ceremony with other guests, including the Nobel Peace Laureate, Wangari Muta Maathai.

- The 7th ASEM Foreign Minister's Meeting (May 5th-6th, 2005)
13 Asian countries, including Japan, China, & South Korea, and 25 EU countries and the European Commission participated in this meeting. This was the first Minister's meeting since the number of EU-affiliated countries increased in October, 2004. The venue of this meeting was the Kyoto State Guest House, the first time it had been used for an International Conference. In this meeting, the characteristic topics to Kyoto of climate change and cultural affairs were discussed.

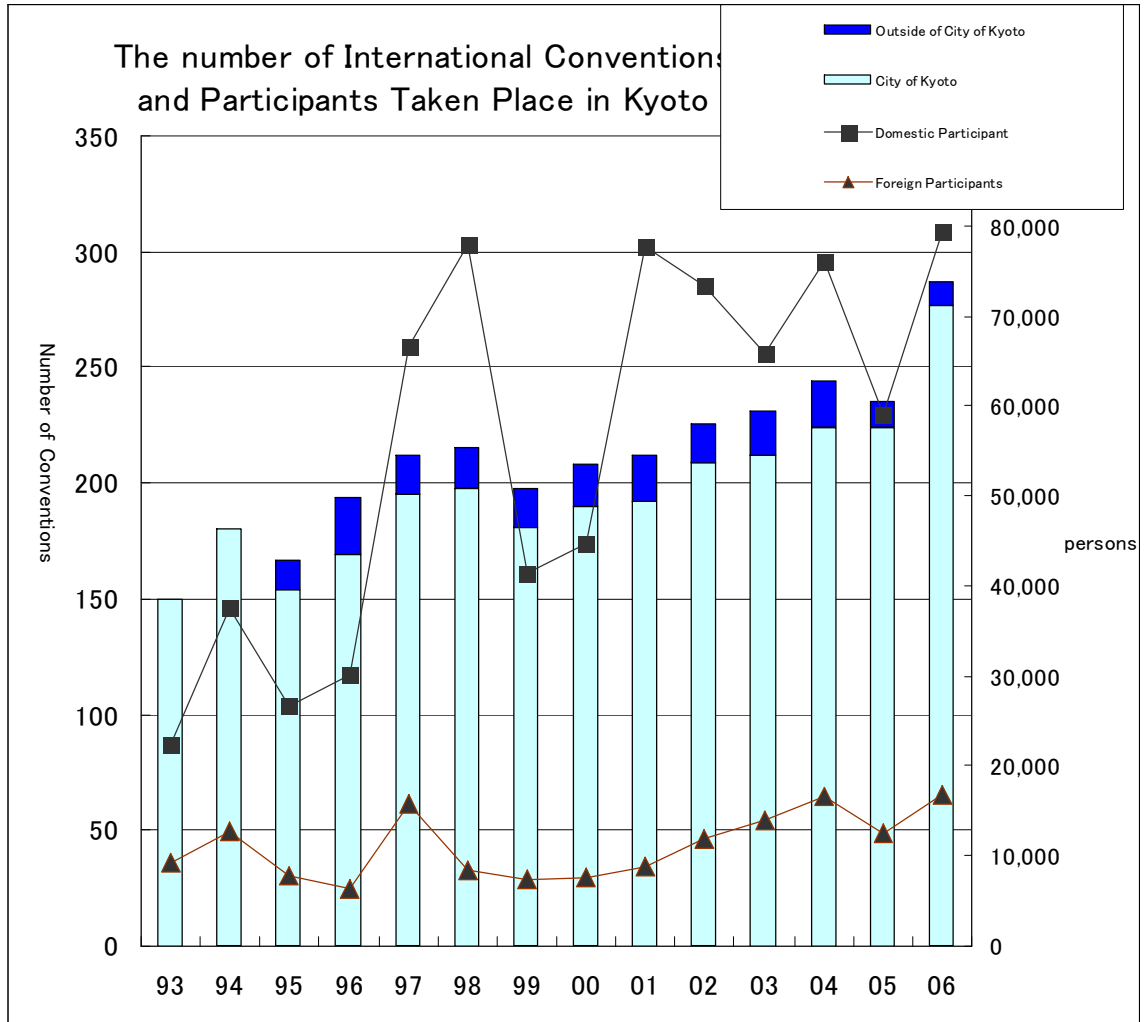
- The 5th International Symposium of America-Japan Societies (April 21st-22nd, 2006)
This symposium took place with approximately 400 regular members and general participants.

- The 3rd Annual Meeting of Science & Technology in Society Forum (September 10th-12th, 2006)
The 3rd annual meeting took place with the participation of over 600 leading scientists, policymakers and business executives from 70 different countries as well many different international organizations. This meeting is held every autumn in Kyoto.

- The 40th Annual Meeting of the Asia Development Bank (May 6th-8th, 2007)
Approximately 1,000 persons from 64 countries are set to participate.

- The 34th G-8 Summit Foreign Ministers' Meeting (June 26-27, 2008)
About 1,000 people attended including the government officials from each G-8 countries and domestic and international press.

- The 5th STS Forum Annual Meeting
(an international forum for science technology and future of the human beings)
(October 5-7, 2008)
More than 700 people attended from about 90 countries and regions.



※ 1 Outside of Kyoto City

※ 3 Domestic Participants

※ 2 City of Kyoto

※ 4 Foreign Participants

Cited from “Internationalization in Kyoto Prefecture”

5. Sightseeing and Tourists from Overseas

Over the past nine years, the number of visitors to the world famous sightseeing city of Kyoto has exceeded 70 million people⁴³. This number of visitors has been on a continued high.

The Number of Visitors (As of Year 2007)

Prefecture	Number of Visitors	Ranking
Kyoto	74,620,334	12
Osaka	143,860,000	2
Hyogo	133,276,000	5

"The number of Visitors by Prefectures"

The Number of Visitors to Kyoto Area (As of Year 2006)

	Number of Visitors	Consumption (thousand yen)
Kyoto Prefecture	72,602,883	683,440,176
City of Kyoto	48,391,000	637,106,000

"Number of Visitors and their Consumption" Tourism & Convention Office,
Kyoto Prefectural Government

Kyoto is the most popular sightseeing area among non-Japanese. Kyoto had been in the top 5 popular prefectures for sightseeing. American tourists number the highest (26.0%), followed by Europe (15.0%), Taiwanese (9.0%), Koreans (7.0%), Chinese (7.0%)⁴⁴.

⁴³ The number of Visitors and their Consumption, "Data Series, 2005" Kyoto Prefectural Government

⁴⁴ "The number of Visitors by Prefectures"

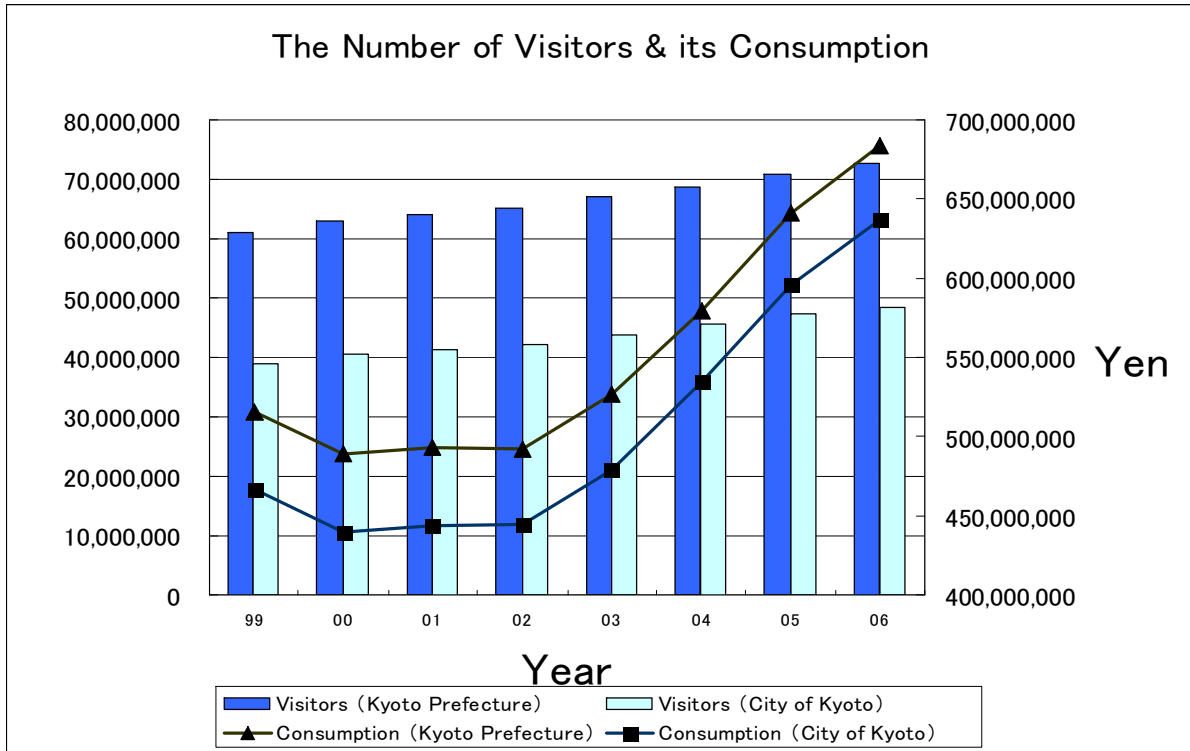
Destination for Foreigners

Ranking	Year 2007		Year 2008	
	Destination	Percentage	Destination	Percentage
1	Tokyo	58.2%	Tokyo	58.9%
2	Osaka	25.8%	Osaka	25.0%
3	Kyoto	21.8%	Kyoto	21.4%
4	Kanagawa	16.3%	Kanagawa	15.2%
5	Chiba	11.4%	Chiba	11.8%

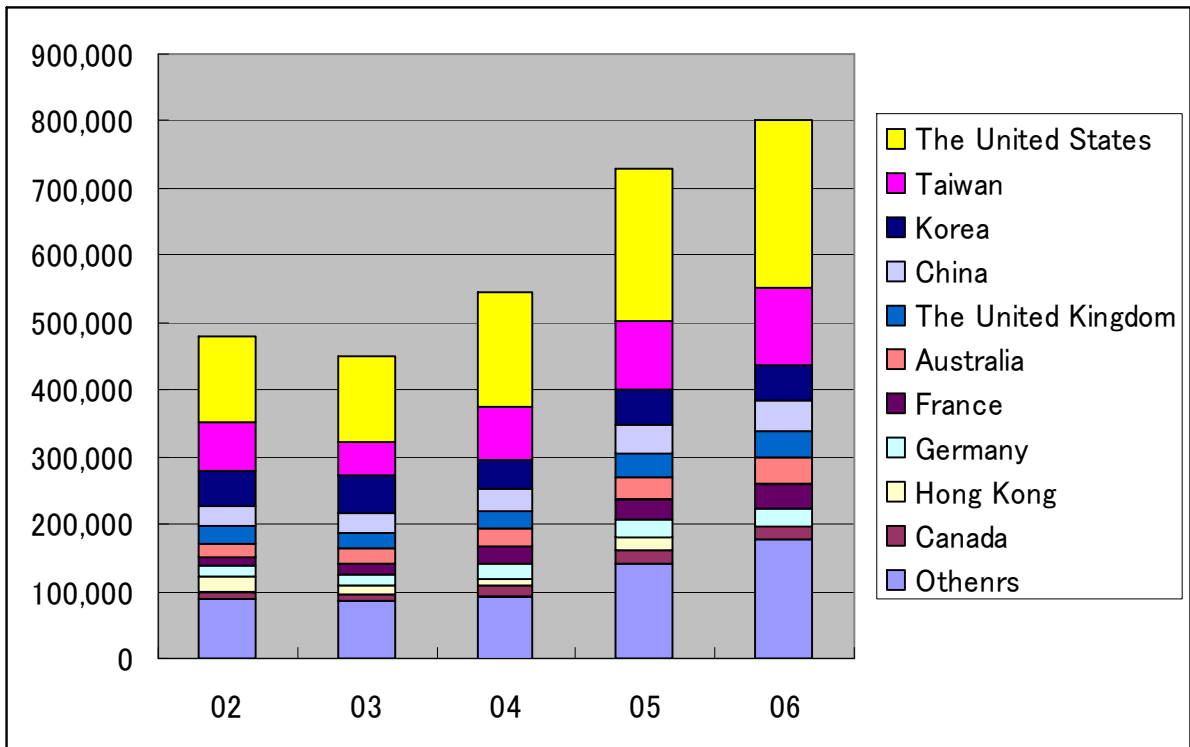
The Number of Foreign Visitors for Short-Term Stay
(By Country/Area, As of Year 2006)

Ranking	Nation/Area	Number of Visitors	Ratio
1	United States	250,000	31.2%
2	Taiwan	114, 000	14.2%
3	Korea	55, 000	6.9%
4	China	44, 000	5.5%
5	Australia	41, 000	5.1%
6	United Kingdom	40, 000	5.0%
7	France	36,000	4.5%
8	Germany	26, 000	3.2%
9	Canada	20, 000	2.5%
10	Others	176, 000	21.9%
	Total	543, 000	100.0%

The Number of Foreign Visitors for Overstay by Country/Area "Data Series, 2006" City of Kyoto



The Number of Visitors and their Consumption “Data Series, 2004” Kyoto Prefectural Government



Foreign Visitors for Short-Term Stay “Data Series, 2004” City of Kyoto

6. International Students

The number of international students in Kyoto Prefecture has been increasing steadily since 1999 following a dip around 1995⁴⁵. In 2007, 4 non-Japanese students lived in Kyoto, 4% of the non-Japanese students in Japan⁴⁶. By nationality, 57.8% of students were from China, followed by Korea (17.0%), Europe (5.0%). On the other hand, in the ranking for prefectures that employ international students Tokyo is number one, followed by Osaka, Aichi, Kanagawa, Saitama, Fukuoka, and then Kyoto⁴⁷. Only 2% of international students find the opportunity for employment in Kyoto. This data indicates that the international students in Kyoto move to another prefecture after their graduation. This issue needs to be addressed in order to take advantage of international students in the business field.

International Student in Employment by Prefecture

Prefectures	Year 2004	Year 2005	Year 2006	Year 2007	Ratio
Kyoto	113	136	160	185	1.8%
Osaka	579	669	919	1033	10.6%
Hyogo	135	158	220	254	2.5%
Tokyo	2,699	2,599	2,599	5,055	49.3%
Japan	3,209	3,778	3,778	10,267	100.0%

“Employment for International Students, 2004”, Immigration Bureau

Currently, Kyoto Prefectural Government (KPG) and the City of Kyoto are working on the following projects to support employment for international students.

- Administrating “Job Café” and “Job Café Satellite”⁴⁸
See website <<http://www.pref.kyoto.jp/jobcafe/index.html>>
- Consultation and “Job Fair”⁴⁹
See website <<http://www.kcif.or.jp/jp/zigyo/shusyoku/05-report.html>>

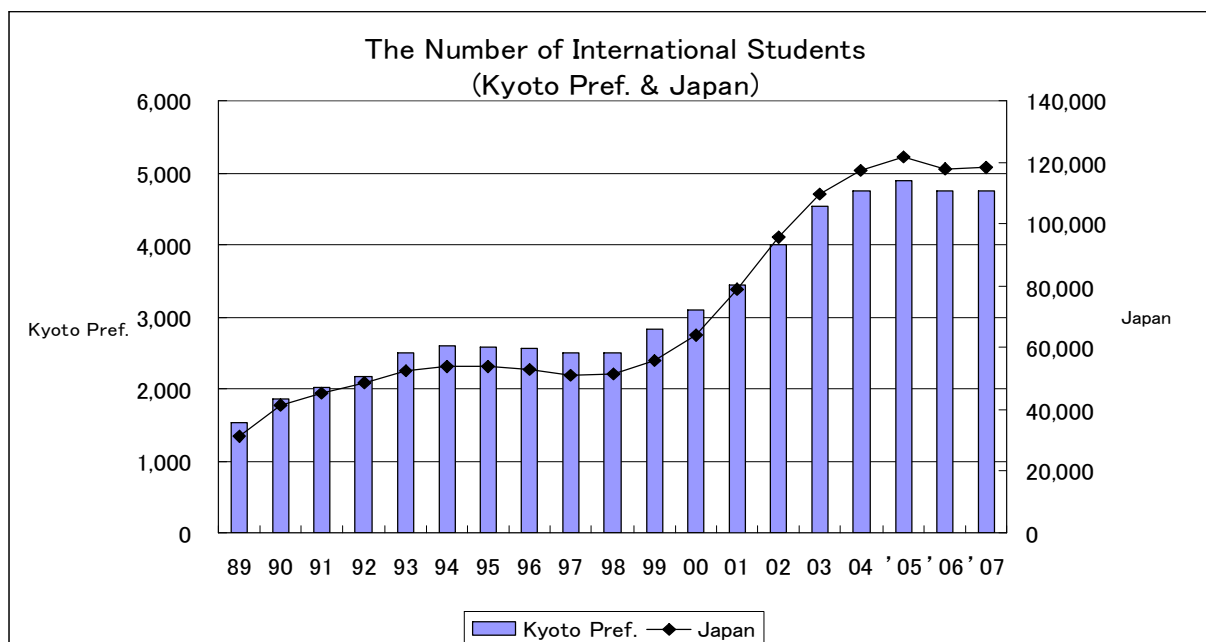
⁴⁵ The Number of International Students “Internationalization in Kyoto Prefecture”

⁴⁶ International Students by Nationality in Kyoto Prefecture
“Internationalization in Kyoto Prefecture”

⁴⁷ “Employment for International Students, 2006”, Immigration Bureau
<<http://www.moj.go.jp/PRESS/050801-1/050801-1.html>>

⁴⁸ Kyoto Prefecture Employment Support Center for the Fledged
<<http://www.pref.kyoto.jp/jobcafe/index.html>>

⁴⁹ “The Third Job Hunting Guidance & Job Fair”, Kyoto City International Foundation
<<http://www.kcif.or.jp/jp/zigyo/shusyoku/05-report.html>>



The Number of International Students “Internationalization in Kyoto Prefecture”

International Students in Kyoto Prefecture

Ranking	Nationality	Number	Ratio
1	China	2,356	52.8%
2	Korea	757	17.0%
3	Taiwan	215	4.8%
4	The United States	113	2.5%
5	Vietnam	99	2.2%
6	Thailand	86	1.9%
7	Indonesia	68	1.5%
8	Malaysia	57	1.3%
9	France	52	1.2%
10	Germany	40	0.9%
11	Bangladesh	25	0.6%
12	Philippine	33	0.7%
13	Australia	25	0.6%
14	Brazil	15	0.3%
15	Others	522	11.7%
Grand Total		4,463	100.0%

International Students by Nationality in Kyoto Prefecture “Internationalization in Kyoto Prefecture”

7. Cultural Heritage

In Kyoto Prefecture, there are many designated national historical sites. The number of national treasures and designated national important cultural assets are 2,207. This is the second highest, following Tokyo, whose number is 2,274⁵⁰.

The Number of Designated Historical Sites, Natural Monuments in Kyoto Pref.
(As of Year 2006)

Category			Number
Monument	Historical Site		80
		Special	3
	Scenic Beauty		40
		Special	11
	Natural Monument		9
		Special	–
Important Tangible Folk-Cultural Assets			3
Important Intangible Folk-Cultural Assets			9
Important Intangible Cultural Heritage	Living National Treasure	Number	15 persons
			14 matters
	Total Designated Holder		–
	Holder/Organization		–
Important Historical Building Site			7

“The Number of Designated Historical Sites, Natural Monument“, Statistics Division,
Kyoto Prefectural Government

Designated National Treasure and Important Cultural Assets in Kyoto Pref.
(As of Year 2006)

	Art Crafts								Buildings		Grand Total
	Picture	Sculpture	Craft	Calligraphy	Antiquarian book	Historical Spot	History	Total	Matters	Buildings	
National Treasure	45	37	14	70	28	3	–	197	48	60	245
Important Cultural Assets	509	403	162	519	296	28	15	1932	286	555	2218

“List of National Treasures and Important Cultural Assets by Prefecture”, Agency for Cultural Affairs

⁵⁰ “List of National Treasures and Important Cultural Assets by Prefecture”, Agency for Cultural Affairs

In addition to this, there are 617 cultural assets designated by the Kyoto Prefectural Government, including 64 ‘Cultural and Environmental Preservation Sites’, as well as 4 designated methods of preservation.

In December 1994, 17 historical spots including temples, shrines, and castle were designated as ‘Valuable Cultural Heritages of the Ancient Capital of Kyoto’. These sights possess national treasure buildings and special scenic gardens⁵¹.

World Cultural Heritages

Kamigamo-jinja Shrine	Shimogamo-jinja Shrine	To-ji Temple
Kiyomizu-dera Temple	Enryaku-ji Temple	Daigo-ji Temple
Ninna-ji Temple	Byodo-in Temple	Ujigami-jinja Shrine
Kozan-ji Temple	Koke-dera Temple	Tenryu-ji Temple
Golden Pavillion	Silver Pavillion	Ryoan-ji Temple
Hongan-ji Temple	Nijo Castle	

⁵¹ “World Cultural Heritage”, Kyoto Prefectural Government
<<http://www.pref.kyoto.jp/intro/isan/index.html>>

8. Environmental Strategies

<Summary of Kyoto Protocol>

In March 1994, the United Nations Framework Convention of Climate Change was signed. Since 1995, signatory nations had taken place in an annual meeting and then, in 1997, the COP3 meeting took place in Kyoto. In this meeting the content of the Kyoto Protocol was concluded and each signatory nation's numeral target and tentative policy for CO2 emission after 2000 was set. These numerical targets and policies were the point of controversy for many years in different nations. However, after Russia had ratified the Kyoto Protocol in November 2004, it was officially promulgated in February 2005.

<Designated System by Kyoto Prefectural Government and the City of Kyoto>

- Eco Kyoto 21(KPG)⁵²

KPG designates enterprises and organizations with environmental credentials.

- KES Environmental Management System Standard (City of Kyoto)⁵³

In order to be authorized by this standard it costs only 100,000 yen, which is cheaper than the ISO.

This standard has 2 steps designated by the City of Kyoto. Step 2 is the same level as ISO 14001.

<Other Projects>

- 'KEEP', Kyoto Eco Energy Project (KPG)⁵⁴

KEEP works on the research and development of new energy systems such as wind power, solar power, biogas, power generation, and battery power.

<http://www.pref.kyoto.jp/kankyo/project/ecoene_.htm>

- 'RITE', Research Institute of Innovative Technology for the Earth (KPG)

RITE takes a central role in research and development towards industrial technology for the earth.

⁵² <<http://www.pref.kyoto.jp/kankyoecokyoto/index.html>>

⁵³ <<http://web.kyoto-inet.or.jp/orgkesma21f/index.htm>>

⁵⁴ <<http://www.rite.or.jp/>>

III Overseas Business Activities into Kyoto

<Overview>

There are some difficulties in taking an accurate grasp of overseas businesses activities into Kyoto, namely:

- a) no unitary system to survey foreign affiliated business in Japan
- b) no clear definition regarding foreign affiliated enterprises
- c) no clear means for obtaining data from each prefecture relating to the headquarters and branches of foreign firms within each prefecture
- d) no clear definition regarding categorizing industries

Therefore, surveys carried out by public as well as private sector bodies all have their different individual definitions and methods.

The following 6 surveys contain information regarding foreign affiliated enterprises settled in Japan and Kyoto.

- ① Foreign Enterprises Settled in the Kyoto Area (by Kyoto Research Park)
- ② Foreign Affiliated Companies in Japan- A Comprehensive Directory (Toyo Keizai Shinpo Co.Ltd.,)
- ③ Survey of Trends in Business Activities of Foreign Affiliates (Ministry of Trade and Industry)
- ④ Survey of Foreign Direct Investment by the Foreign Affiliates Body (Japan External Trade Organization)
- ⑤ Employment of Japanese Affiliates at Foreign Firms (Japan External Trade Organization)
- ⑥ Others⁷⁰

⁷⁰ Other surveys are as follows:

1. “Survey of Local Government Invites to Foreign Affiliated Companies (non-disclosed)”
Ministry of Economy, Trade, and Industry
 - Survey of Project, System, Policy of Inviting Foreign Affiliated Companies by Prefecture and Designated City
 - The Number of Invited Companies is cited from “Foreign Affiliated Companies in Japan - A Comprehensive Directory”
2. “Survey regarding the Image of Foreign Affiliated Enterprises Investing in Japan”,
Cabinet Office
3. “Survey regarding the Latest Trend of Foreign Affiliated Enterprises Investing in Japan”,
Cabinet Office

The number of foreign affiliated enterprises which the surveys above consulted in their research are as follows:

- Survey① 51
- Survey② 9
- Survey③ 6
- Survey④ 0
- Survey⑤ 20

In addition, the Immigration Bureau survey indicates the number of foreign residents involved in investment and management. Currently, 16 non-Japanese involved in this field reside in Kyoto Prefecture.

Foreign Affiliated Companies in Kyoto Prefecture (As of May, 2006)

	Name	Headquarters	Business Category	Nationality of Holding Company	Capital (million yen)	Ratio of Foreign Affiliates
1	SICK OPTEX Co.,Ltd.	City of Kyoto	machinery	German	150	60%
2	Omron Network Applications Co.,Ltd.	City of Kyoto	software	North American	90	35%
3	Dako Japan Inc.	City of Kyoto	whole sales	Danish	80	100%
4	GE Nissen Credit Co., Ltd.	City of Kyoto	Lease/Finance	North American	4050	50%
5	San-Apro Ltd.	City of Kyoto	chemistry	American	60	50%
6	KEIJI-MAZDA Co.,Ltd.	City of Kyoto	retails	North American	200	30.6%
7	Tsubaki Emerson Co.	Nagaoka-kyo City	machinery	North American	460	30%
8	KSM Co.,Ltd	Yawata City	furniture	North American	10	25%
9	Kaimei Shindo Co.,Ltd	Kameoka City	metal	Chinese	90	42%

“Foreign Affiliated Companies in Japan- A Comprehensive Directory 2006”,

Toyo Keizai Shinpo Co.Ltd.,