

Kyushu Economic Internationalization Data 2017



< **Summary Version** >

January 2018

**Ministry of Economy, Trade and Industry
Kyushu Bureau of Economy, Trade and Industry**

Kyushu Economic Internationalization Data 2017 (Highlights ①)

Asian Degree

Kyushu's Asian degree is higher than the national average in five categories ("Export Value," "Businesses Expanding Overseas," "Foreign Entrants/Visitors," "International Air Routes," and "Sister city relationships"), indicating its strong economic ties with Asian countries, but not in "Import Value".

International Trade 【Highlights】

○Kyushu's Trade Value etc.

- **Kyushu's** trade value in 2016, decreased both in exports and imports compared to the previous year.
Export value **5.6548 trillion yen** (down 5.1% YOY, nationwide JPY 70.358 trillion, 8.1% in vs. Japan total, down 7.4% YOY)
Import value **4.4643 trillion yen** (down 21.4% YOY, nationwide JPY66.42 trillion, 6.8% in vs. Japan total, down 15.8% YOY)
- Both export and import figures decreased due to stronger JPY than the previous year (exchange rate: JPY121.04/US dollar in 2015→JPY108.79/US dollar in 2016).
- Thanks to the contribution of motor vehicle industries, the export volume increased slightly in spite of the negative impact of the Kumamoto Earthquakes in April.
- Import volume decreased considerably compared to the previous year, affected by the decline in the price of natural resources such as petroleum.
- Trade balance calculated by deducting the exports from the imports was plus JPY 1.1905 trillion, which resulted in the trade surplus for 2 years in a row. (Nationwide balance became positive for the first time in 6 years.)

○Trading Between Kyushu and Foreign Countries

- **In 2016, Kyushu's biggest trading partner was China,** followed by U.S.A. and South Korea (the same rank order as previous year based on the total trade value).
- However, both of the exports and imports with China declined drastically from the previous year.
- For export, China is the biggest partner, followed by U.S.A., South Korea, Taiwan, Hong Kong and etc., showing that Asian countries account for a large share in the total exports.
- For import, China is also the biggest partner, followed by Australia, Saudi Arabia, South Korea, and Indonesia etc., showing that resource-rich countries account for a large share in the total imports.
- ✖Myanmar and the share of U.K. out of EU are newly added.

○Kyushu's trade by industry

- Exported items from Kyushu to overseas are motor vehicles, semiconductors etc., ships and boats, flat-rolled products, and semicon machinery etc. in descending order, and these 5 items account for over 50% of the total.
- The top imported items from overseas to Kyushu are mineral fuels and raw materials such as petroleum, coal, ore of nonferrous, and petroleum gas etc.

Kyushu Economic Internationalization Data 2017 (Highlights ②)

Outward / Inward Investments

- Among 994 Kyushu businesses expanding overseas until 2016, 15 companies newly started its operation within 2016, which was less than half of the previously year (32). For business locations, nearly 80% of the businesses in total are based in Asia, including the majority of 359 China-based and 237 ASEAN-based businesses.
- As of 2014, 440 foreign affiliates have expanded their businesses in Kyushu. Among those, 303 companies accounting for a little less than 70% are based in Fukuoka, followed by Kumamoto and Kagoshima.

Interpersonal Exchange with Foreign Countries

- In 2016, 2.31 million foreigners entered Japan via Kyushu (up 12.9% year over year), and exceeded 2 million for two years in a row. By nationality, 95.9% of the total entrants/visitors are from Asian countries including South Korea (60.1%) followed by Taiwan, China, and Hong Kong. More Asian people entered Kyushu compared to the other regions in Japan, and for the South Korean in particular, nearly 30% of the total visitors entered via Kyushu.
- Recently more and more foreign cruisers call over at the ports in Kyushu. They visit 715 times in 2016, which was nearly 40% more than the previous year. Nationwide, Hakata port was ranked No.1 and (Nagasaki port was No.2) for 2 years in a row.
- In 2016, Kyushu received a total of 59,053 foreign workers (up 21.9% from previous year). By industry, the majority was at manufacturing industries (28.2%), followed by wholesale, retail, and food services.
- In 2016, Kyushu received 19,498 foreign students (up 12.3% from previous year) reaching a record high. By nationality, the majority was from China (35.9%), followed by Vietnam (19.8%) and Nepal (15.6%), showing that more than 90% of the total were from Asian countries.

Topics

【Japan-EU Trade Trends】

- **Japan's trade value with EU accounts for a little more than 10% of the entire trade value of exports and imports.**
- In the trade of food products, a large excess of imports has continued for years.
- **Japan's imports of food products from EU account for a little more than 10% of the total, of which wine accounts for more than 70%.**

【Impact of the Kumamoto Earthquakes】

○Export Trends

- After Kumamoto Earthquakes in April, the volume had decreased in all of the major commodities and the total export value had also kept declining for consecutive years until October, however, it has turned positive in each item as well as in total export amount since November.
- Cycles with engines which were the most affected by the Earthquakes had decreased drastically since April and recorded the considerable decline by 85.5% YOY in June, however, it turned positive after October.

○Tourism

- Affected by Kumamoto Earthquakes, the number of overnight visitors including foreign tourists in Kyushu especially in May decreased drastically compared to the same month in the previous year.
- Thanks to the subsidization program (Kyushu Restoration Discount) designed to assist tourist-focused businesses in Kyushu by offering discounts to travelers, and the efforts by local governments to attract more tourists, the number of tourists (both domestic and foreign) staying in Kyushu recovered to the previous year's level by the gross. Nevertheless, in worst-affected Kumamoto, the figures continue to be largely lower than the previous year.

◎Highlights

Global development of Kyushu-based businesses

Part1. Basic Data for Kyushu Internationalization

Chapter 1 Characteristics of Kyushu	1
Chapter 2 Trade of Kyushu	6
Chapter 3 Kyushu's External and Internal Investment	19
Chapter 4 Kyushu's International Human Exchange	29

Part2. Economic Relations between Kyushu and Other Countries/Regions

Chapter1 Economic Relation between Kyushu and South Korea	45
Chapter2 Economic Relation between Kyushu and China	52
Chapter3 Economic Relation between Kyushu and Yellow Sea Rim Economic Zone	59
Chapter4 Economic Relation between Kyushu and Taiwan	64
Chapter5 Economic Relation between Kyushu and Hong Kong	70
Chapter6 Economic Relation between Kyushu and ASEAN	76
Chapter7 Economic Relation between Kyushu and Vietnam	87
Chapter8 Economic Relation between Kyushu and Thailand	93
Chapter9 Economic Relation between Kyushu and Singapore	99
Chapter10 Economic Relation between Kyushu and Malaysia	105
Chapter11 Economic Relation between Kyushu and Phillipines	111
Chapter12 Economic Relation between Kyushu and Indonesia	117
Chapter13 Economic Relation between Kyushu and Myanmar	123
Chapter14 Economic Relation between Kyushu and India	129
Chapter15 Economic Relation between Kyushu and EU (including UK)	135
Chapter16 Economic Relation between Kyushu and Russia	157
Chapter17 Economic Relation between Kyushu and U.S.A.	163
Chapter18 Economic Relation between Kyushu and Australia	169

Part3. Kyushu's Major Industries by Category

Chapter1 Motor vehicles and Their Parts	177
Chapter2 Semiconductors etc.	181
Chapter3 Iron and Steel	183
Chapter4 Ships and Boats	185
Chapter5 Food Products	186
Chapter6 Agricultural, Forestry and Fishery Products	189
Chapter7 Mineral Fuels	205

◎Topics

1. Trends in Exports and Imports by Main Economic Zone (P18)
2. Attractive and Obstructive Factors for foreign affiliates to Expand their Business in Japan (p25)
3. Trend in the Number of Total foreign visitors Staying Overnight in Kyushu (p33)
4. Tourism (p41)
5. Exports of "Parts of Motor Vehicles" from South Korea (p51)
6. Exports of Motor Vehicles from Kyushu to China (p58)
7. Yellow Sea Rim Economic and Technology Exchange Conference (p60)
8. ASEAN Share of Kyushu and Nationwide (p86)
9. Trends in Trade between Japan and EU (p148)
10. Trends in Trade with TPP Members (p175)
11. Impact of the Kumamoto Earthquakes on Kyushu's Export Trend (p208)
12. Impacts of the Kumamoto Earthquakes to Tourism (p209)

◎Appendix

Kyushu Economic Internationalization Data 2017 –Contents

Asian Degree

.....p1

- Characteristics of Kyushu (Economic Exchange with Asian Countries) p1

International Trade

.....p2

- Kyushu Trade (Summary) p2
- Trade Trends of Kyushu by Commodity p3
- Trade Trends of Kyushu by Partner p4
- Kyushu Balance of Trade p5
- Trade Trends of Kyushu by partner (South Korea, China, Myanmar, EU (incl.UK)) p6-11
- Trade Trends of Kyushu by Industry (motor vehicles, semiconductors etc., food products, mineral fuels) p12-15

External / Internal Investment

.....p16

- Kyushu Businesses Expanding Overseas p16
- Foreign Affiliates Operating in Kyushu p18

Interpersonal Exchange with Foreign Countries

.....p19

- Foreign Visitors Entering Japan via Kyushu p19
- Foreign Workers in Kyushu p20
- Foreign Students in Kyushu p21

Topic

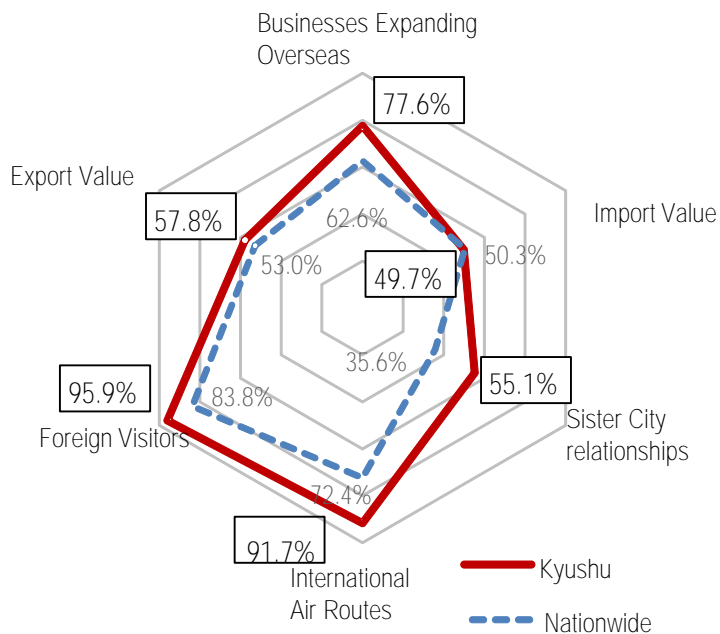
.....p22

- Trade Trends of Japan with EU p22
- Impacts of the Kumamoto Earthquakes (Export Trends) p23
- Impacts of the Kumamoto Earthquakes (Tourism) p24

Characteristics of Kyushu (Economic Exchange with Asian Countries)

To evaluate the depth of the economic exchanges between Kyushu and the nations of the Asian region, the percentage of Kyushu's economic engagement in the Asian region is defined as Kyushu's "Asian degree," with a focus on six (6) categories: "Export Value," "Import Value," "Businesses Expanding Overseas," "Foreign Visitors," "International Air Routes," and "Sister City relationships." When Kyushu's Asian degree is compared with that of Japan's nationwide Asian degree for the year 2016, Kyushu shows a strong economic tie throughout the Asian region in terms of the five categories except "Import value".

Comparison of Kyushu and Nationwide Asian Degree



		Kyushu			Nationwide		
Category	Unit	Asia	Global	Asian Degree	Asia	Global	Asian Degree
Businesses Expanding Overseas	Case	771	994	77.6%	18,719	29,904	62.6%
Import Value	100M yen	22,173	44,643	49.7%	331,988	660,420	50.3%
Sister city relationships	Case	102	185	55.1%	612	1,717	35.6%
International Air Routes	Route	33	36	91.7%	255	352	72.4%
Foreign Visitors	People	2,214,404	2,309,519	95.9%	19,451,400	23,218,912	83.8%
Export Value	100M yen	32,676	56,548	57.8%	371,070	700,358	53.0%

Note: The figures in "Import Value", "Foreign Visitors" and "Export Value" are based on the single-year data for 2016. Those in "Businesses Expanding Overseas" and "Sister city relationships" are the cumulative values up to 2016.; and the figure in "International Air Routes" is based on data confirmed as of 2016.

Source: Prepared by Kyushu Bureau of Economy, Trade and Industry based on "Trade Statistics of Japan" (Ministry of Finance), "2016 Kyushu/Yamaguchi Local Business Expanding Overseas" of Kyushu Economic Research Center (Public Interest Incorporated Foundation), "2017 Complete List of Japanese Businesses Expanding Overseas (Country-specific Edition)" of Toyo Keizai Inc., "Annual Report of Statistics on Legal Migrants" of Ministry of Justice, "JTB Timetable March 2017 Edition" of JTB Publishing, Inc., and the website of Council of Local Authorities for International Relations (General Incorporated Foundation).

Kyushu Trade (Summary)

- In 2016, the export value of Kyushu was JPY5.6548 trillion (down 5.1% YOY) which decreased from previous year for the first time in past 4 years and the import value was JPY4.4643 trillion (down 21.4% YOY) which decreased for 2 years in a row.
- For country, the export to China (Contribution ratio※: down3.0%), Taiwan (down0.9%), and Singapore (down0.9%) decreased. Meanwhile, the export to U.S.A. (up1.5%), Italy (up1.0%), and Korea (up0.6%) increased.
- The import from China (Contribution ratio: down3.3%), Saudi Arabia (down2.6%) and Australia (down2.2%) has decreased.
- Looking at the ratio of Kyushu trade in Japan, the export was 8.1% having increased from the previous year but the import was 6.8% having decreased from the previous year and dropped below 7% for the first time in 12 years.

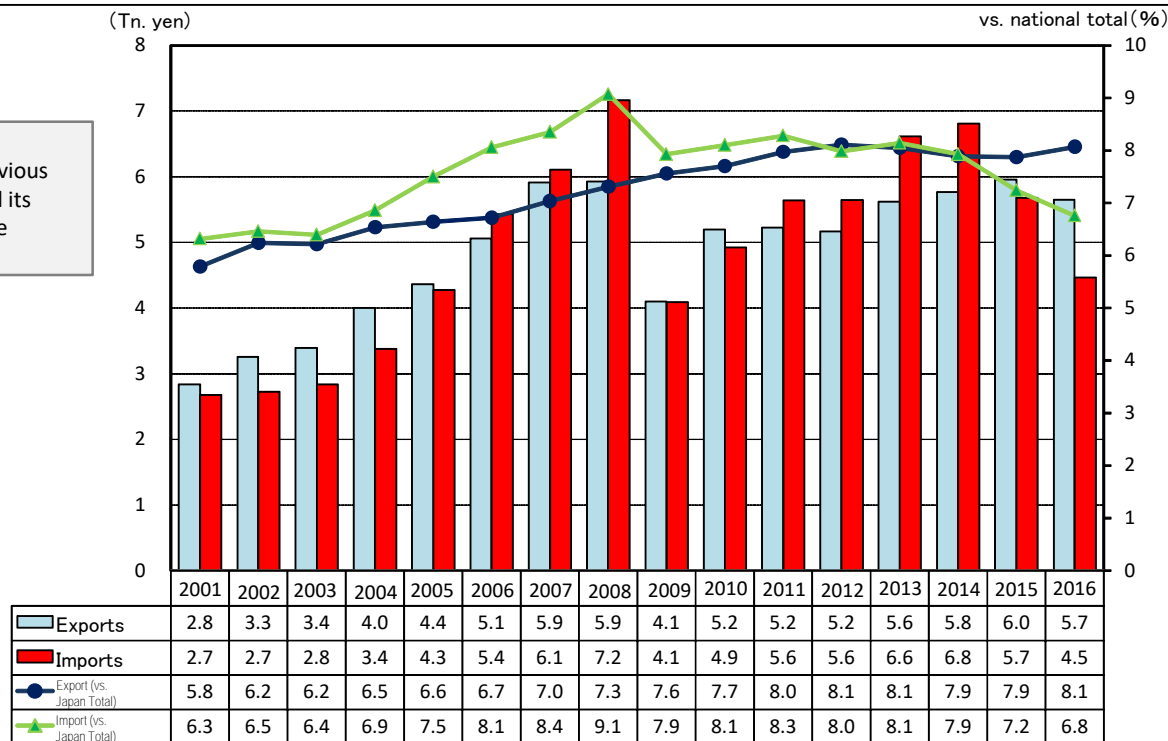
★Key Point of Year 2016★

Both of the exports and imports have declined due to stronger JPY than the previous year. Thanks to the contribution of motor vehicle industries, the export value declined only slightly in spite of the negative impacts of the Kumamoto Earthquakes in April. Meanwhile, the import value decreased considerably compared to the previous year, affected by the decline in the price of natural resources such as petroleum, which resulted in the continuous trade surplus for 2 years in a row.

Note※: What is contribution ratio?

In trade statistics, it is calculated by (Gap from the previous term) ÷ (Total export/import of the previous term), and its increased value indicates how much it contributes to the export or import. It is indicated in units of percent.

Kyushu Trading Value vs. Global/Nationwide Trading Value

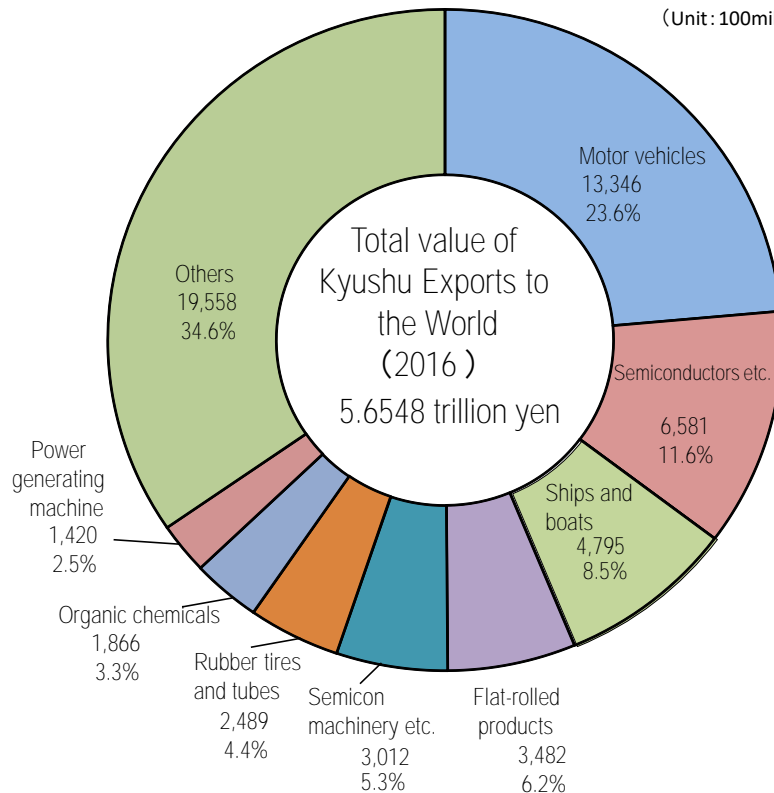


Trade Trends of Kyushu by Commodity

- Exported commodities from Kyushu to overseas are motor vehicles, semiconductors etc., ships and boats, flat-rolled products and semicon machinery etc. in descending order, and these 5 items account for over 50% of the total. In 2016, the exports increased for motor vehicles (contribution:up3.0%) and ship and boat(up1.5%), on the other hand, it decreased for visual apparatus(down1.9%), flat-rolled products(down1.8%), rubber tires and tubes(down1.8%) etc.
- The top import items from overseas to Kyushu are mineral fuels, raw materials such as petroleum, coal, ore of nonferrous, and petroleum gas etc. The import value in 2016 decreased for petroleum (contribution:down7.9%) and petroleum gas(down3.2%) and iron ore and concentrates and concentrates, petroleum products, and coal have also dropped below the previous year.

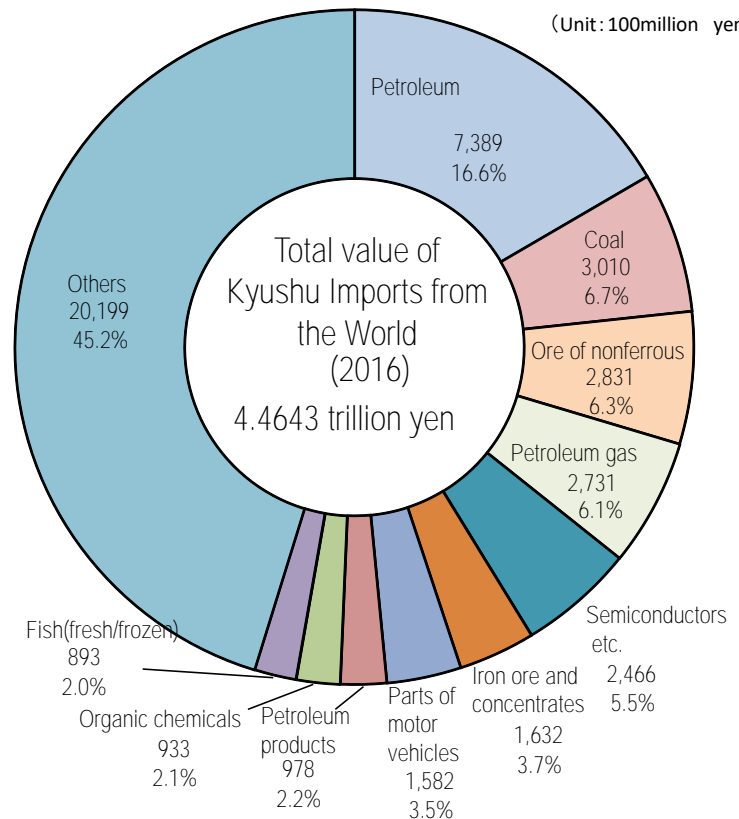
Kyushu Exports to the World (by commodity)

(Unit: 100million yen, %)



Kyushu Imports from the World (by commodity)

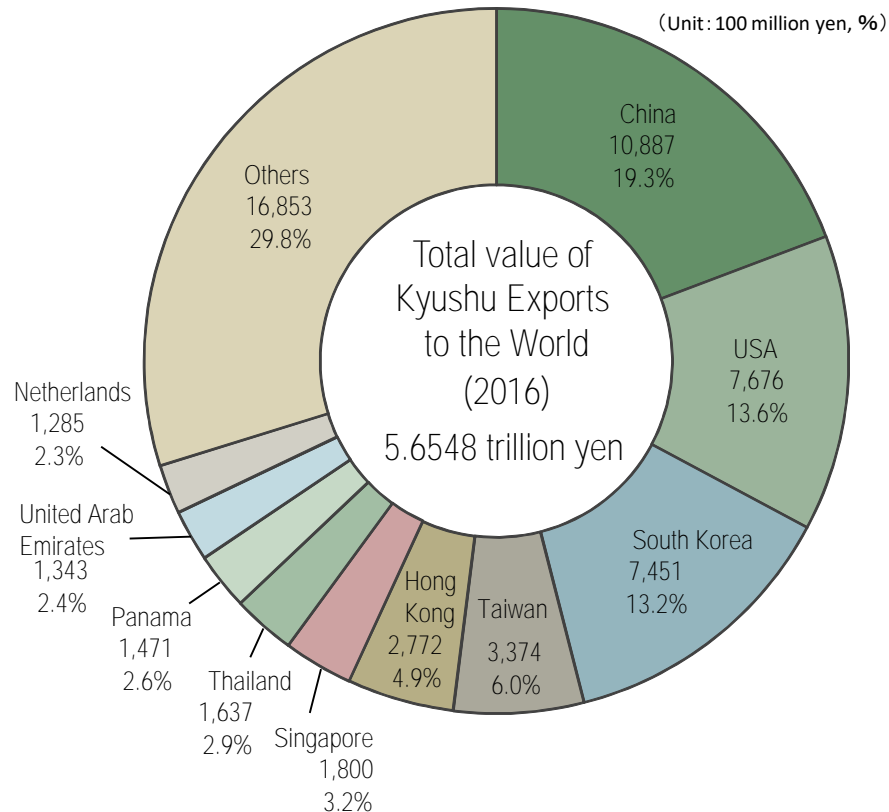
(Unit: 100million yen, %)



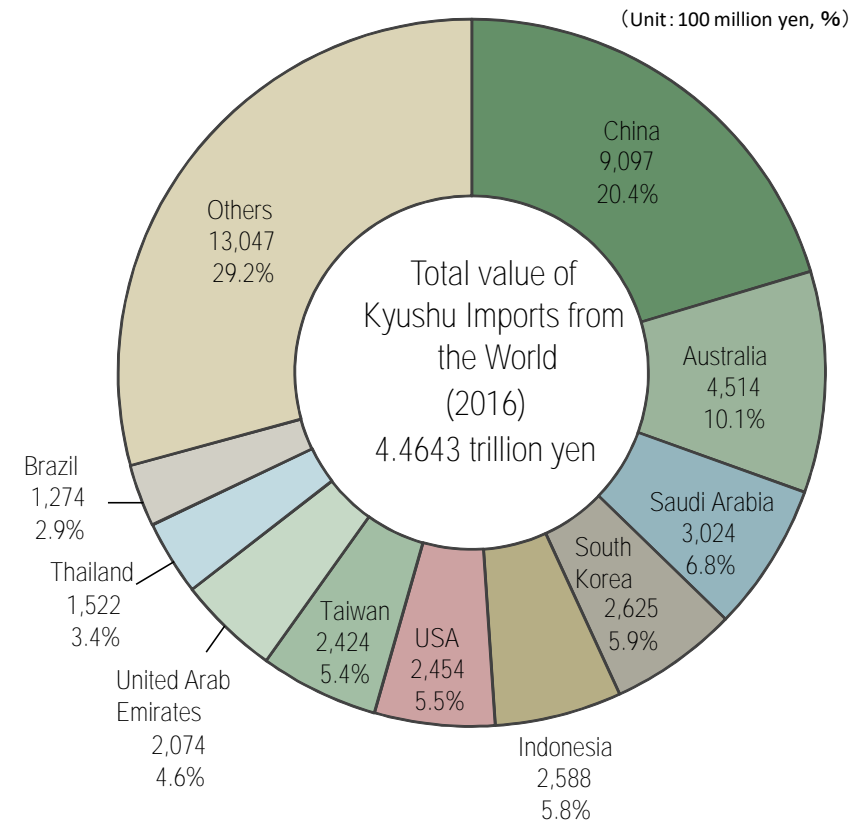
Trade Trends of Kyushu by Partner

- The biggest trade partners for Kyushu in 2016 was China, U.S.A. and South Korea in descending order (the same rank order as the previous year in trade total basis).
- The biggest export partners are China, U.S.A., South Korea, Taiwan and Hong Kong etc. in descending order. A large percentage of the exports are toward Asian countries.
- The biggest import partners are China, Australia, Saudi Arabia, South Korea and Indonesia etc. in descending order. A large percentage of the imports comes from resource-rich countries.

Kyushu's Export Partners (Countries/Regions)



Kyushu's Import Partners (Countries/Regions)

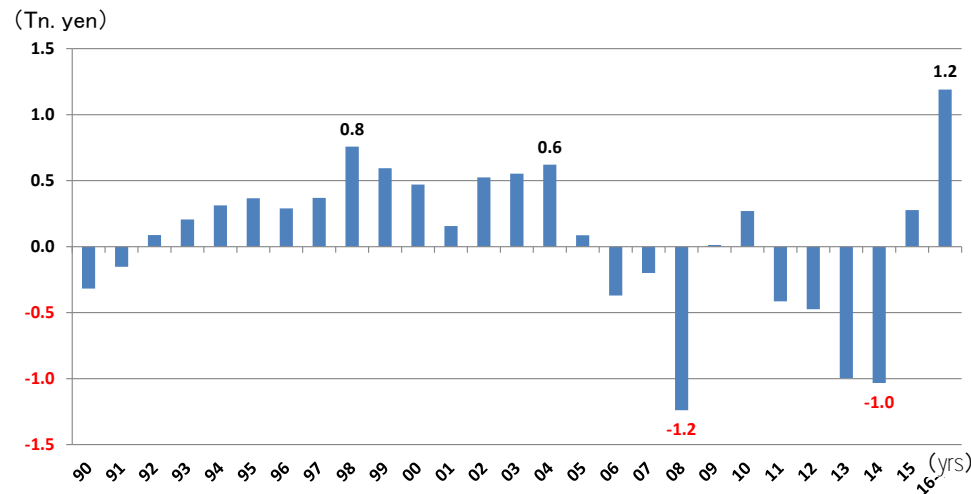


Source: Trade Statistics of Japan (Ministry of Finance)

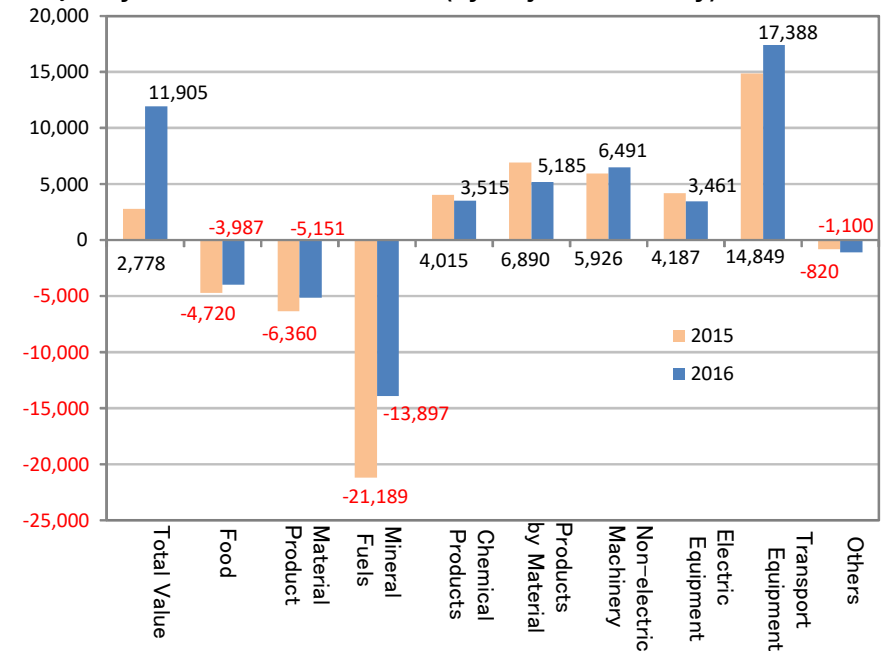
Kyushu Balance of Trade

- Trade balance of Kyushu in 2016 was plus JPY 1.1905 trillion which achieved trade surplus for 2 years in a row. (Nationwide trade produced surplus for the first time in the past 6 years in a row.)
- Addressing the Kyushu balance of trade from individual commodities, while the excess of export for transport equipment increased from the previous year, the excess import of mineral fuels had decreased even further, which brought Kyushu the large trade surplus even more than the previous year.

Trends in Kyushu Balance of Trade and Foreign Exchange Rate (JPY/US dollar)



(100M yen) Kyushu's Balance of Trade (by major commodity) (2015-2016)



Kyushu's Balance of Trade (by Partner) (2016)

(Unit: 100 million yen)

Partner Country/Region	Trade Surplus	Partner Country/Region	Trade Deficits
USA	5,221	Australia	▲ 3,707
South Korea	4,826	Saudi Arabia	▲ 2,341
Hong Kong	2,643	Indonesia	▲ 1,842
China	1,790	Brazil	▲ 1,080
Singapore	1,608	Russia	▲ 777

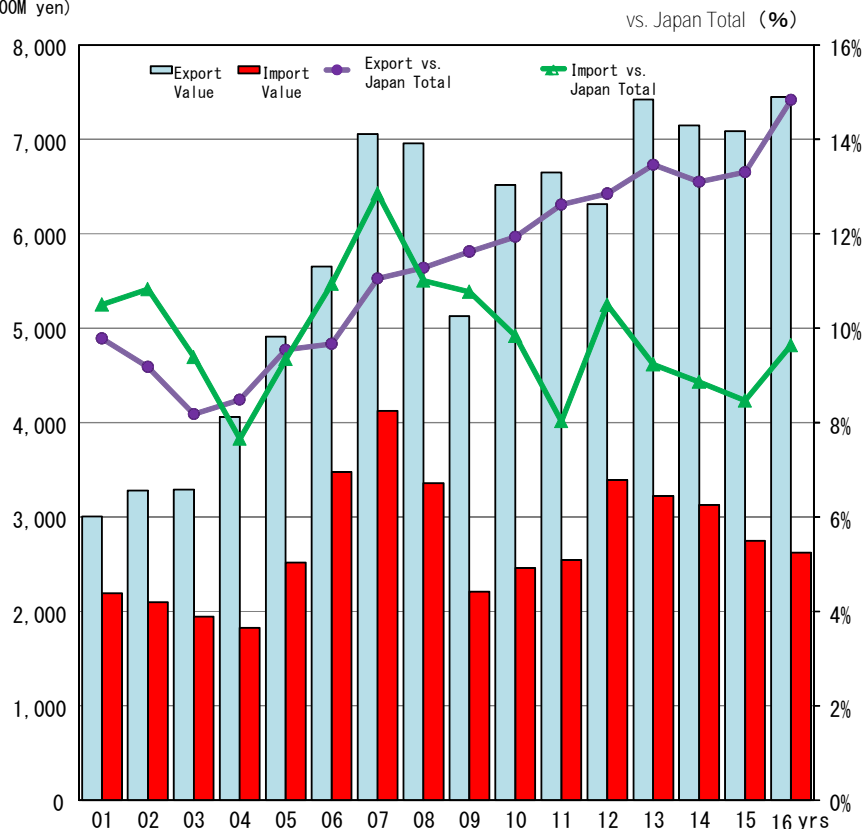
Kyushu Balance of Trade (2016) 1.1905 trillion yen

Kyushu Trade Trends with South Korea

- For Kyushu's trade with South Korea in 2016, the export value was JPY745.1 billion which marked the first increase in three years (up 5.1% YOY). The import declined for the 4th consecutive year to JPY262.5 billion(down 4.5% YOY).
- The export items, in descending order of amount, are semicon machinery etc., semiconductors etc., flat-rolled products and etc. What contributed largely to the increase in exports were semicon machinery etc.(contribution ratio: up11.8%) and motor vehicles(up11.8%). On the other hand, there was a decline in organic chemicals(down1.8%) and Flat-rolled products (down1.8%).
- The import items, in descending order of amount, are parts of motor vehicles, flat-rolled products, and petroleum products etc. What contributed largely to the increase in imports were petroleum spirits (contribution ratio: up3.6%) semicon machinery etc. (up2.6%). On the other hand, there was a decline in heavy fuel oils (down4.1%), telephony and telegraphy (down2.6%), and organic chemicals(down1.5%).

Trends in Trading Value of Kyushu with South Korea

(100M yen)



Source: Trade Statistics of Japan (Ministry of Finance)

Kyushu Major Trade Commodities with South Korea

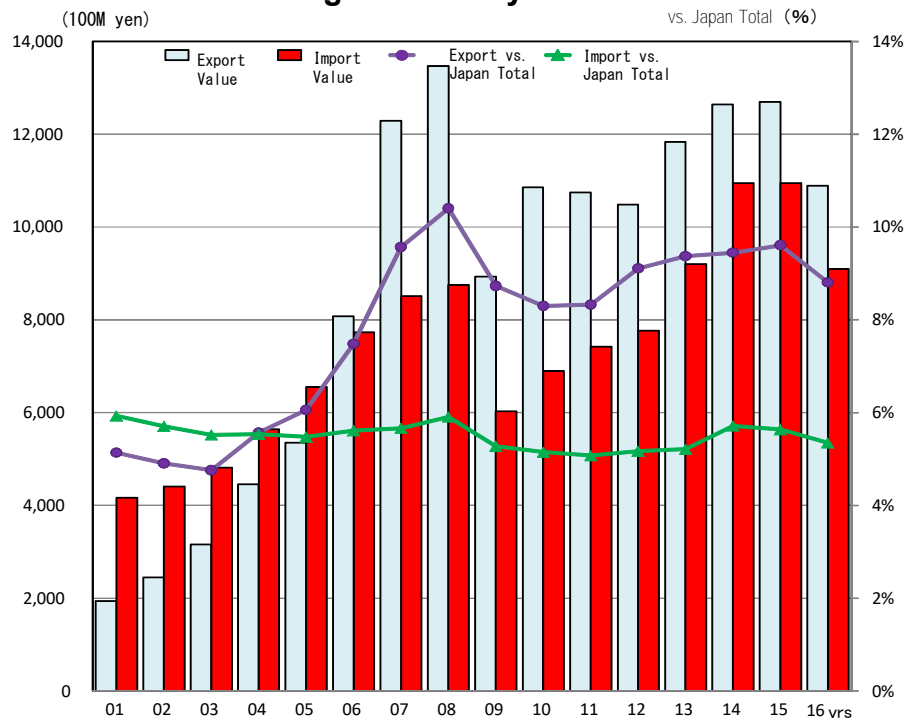
Major Export Commodities	Export Value (100M yen)	Percentage (%)
Semicon machinery etc.	1,703	22.9%
Semiconductors etc.	1,458	19.6%
Flat-rolled products	534	7.2%
Plastic materials	456	6.1%
Organic chemicals	367	4.9%
Scientific and optical instrument	349	4.7%
Motor vehicles	311	4.2%
Power generating machine	133	1.8%
Iron and steel scrap	112	1.5%
Copper and copper alloys	85	1.1%
Others	1,942	26.1%
Total	7,451	100%

Major Import Commodities	Import value (100M yen)	Percentage (%)
Parts of motor vehicles	269	10.2%
Flat-rolled products	267	10.2%
Petroleum product	215	8.2%
Semiconductors etc.	150	5.7%
Semicon machinery etc.	109	4.1%
Organic chemicals	108	4.1%
Structural parts	60	2.3%
Antibiotic preparation	60	2.3%
Fish(fresh/frozen)	54	2.1%
Vegetable	47	1.8%
Others	1,286	49.0%
Total	2,625	100%

Kyushu Trade Trends with China

- For **Kyushu's trade with** China in 2016, the export value was JPY1.887 trillion which marked the first decline in four years (down14.3% YOY). The imports declined for the first time in 7 years to JPY909.7 billion(down16.9% YOY).
- The export commodities, in descending order of amount, are motor vehicles, semiconductors etc. and semicon machinery etc. What contributed largely to the increase in exports were motor vehicles (contribution ratio: up4.7%). On the other hand, there was a decline in visual apparatus(down4.3%), organic chemicals(down 2.2%) and scientific and optical instruments(down 2.0%).
- The import items, in descending order of amount, are semiconductors etc., parts of motor vehicles and organic chemicals etc. What contributed largely to the decrease in imports were office machines (contribution ratio: down3.0%) and semiconductors etc. (down2.9%).

Trends in Trading Value of Kyushu with China



Kyushu Major Trade Commodities with China

Major Export Commodities	Export value (100M yen)	Percentage (%)
Motor vehicles	3,430	31.5%
Semiconductors etc.	951	8.7%
Semicon machinery etc.	894	8.2%
Organic chemicals	676	6.2%
Copper and copper alloys	665	6.1%
Flat-rolled products	567	5.2%
Plastic materials	512	4.7%
Power generating machine	444	4.1%
Scientific and optical instruments	160	1.5%
Iron and steel scrap	107	1.0%
Others	2,481	22.8%
Total	10,887	100%

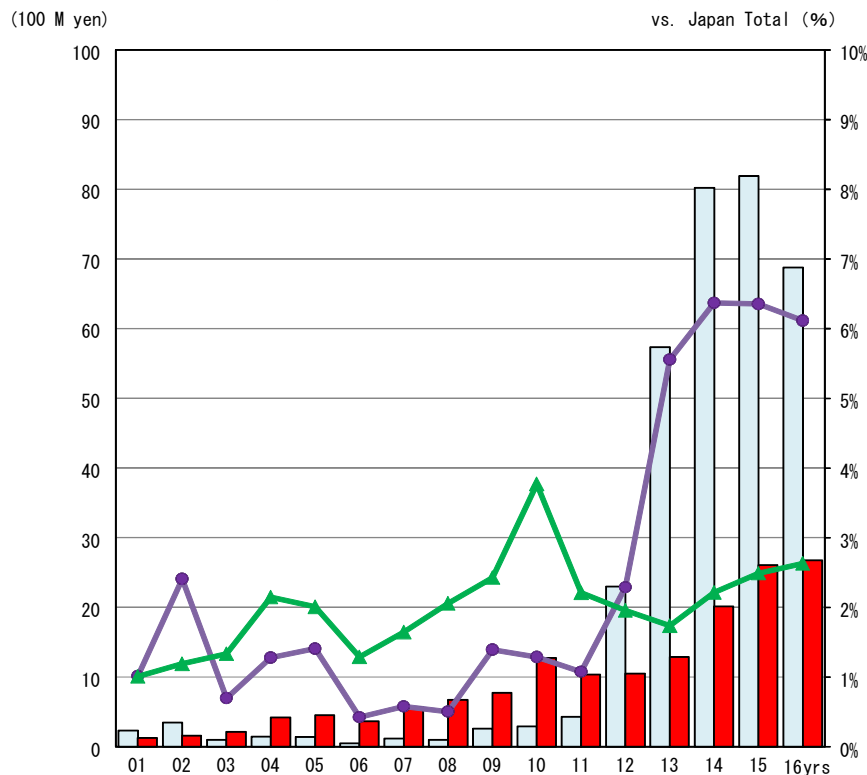
Major Import Commodities	Import value (100M yen)	Percentage(%)
Semiconductors etc.	674	7.4%
Parts of motor vehicles	641	7.0%
Organic chemicals	420	4.6%
Knitted and crocheted clothing	258	2.8%
Vegetable	249	2.7%
Oil-seeds cake and meal	234	2.6%
Electrical apparatus	232	2.6%
Plastic	213	2.3%
Audio and visual apparatus	186	2.0%
Heating / cooling equipment	172	1.9%
Others	5,816	63.9%
Total	9,097	100%

Source : Trade Statistics of Japan (Ministry of Finance)

Kyushu Trade Trends with Myanmar

- Since 2012, the sanction measures by the United States and European countries has been relaxed, which greatly increased the trade value.
Kyushu's trade with Myanmar in 2016 marked the first decline in four years since 2012 to the export amount of JPY 6.9 billion(down16.0% YOY).
The import increased to JPY 2.7 billion (up 2.9% YOY) to mark the 4th consecutive year growth since 2012.
- The export items, in descending order of amount, are motor vehicles, rubber tires and tubes, insulated wire and cable etc. What contributed largely to the increase in exports were rubber tires and tubes(contribution ratio: up3.2%), insulated wire and cable(up1.3%) . On the other hand, there was a decline in motor vehicles(down 14.1%), flat-rolled products(down 8.0%) and construction machines (down1.4%) .
- The import items, in descending order of amount, are clothing, vegetables, and clothing, knitted or clothe etc. What contributed largely to the increase in imports were clothing(contribution ratio: up7.8%), clothing, knitted or clothe (up5.6%) and vegetables (up2.6%).

Trends in Trading Value of Kyushu with Myanmar



Kyushu Major Trade Commodities with Myanmar

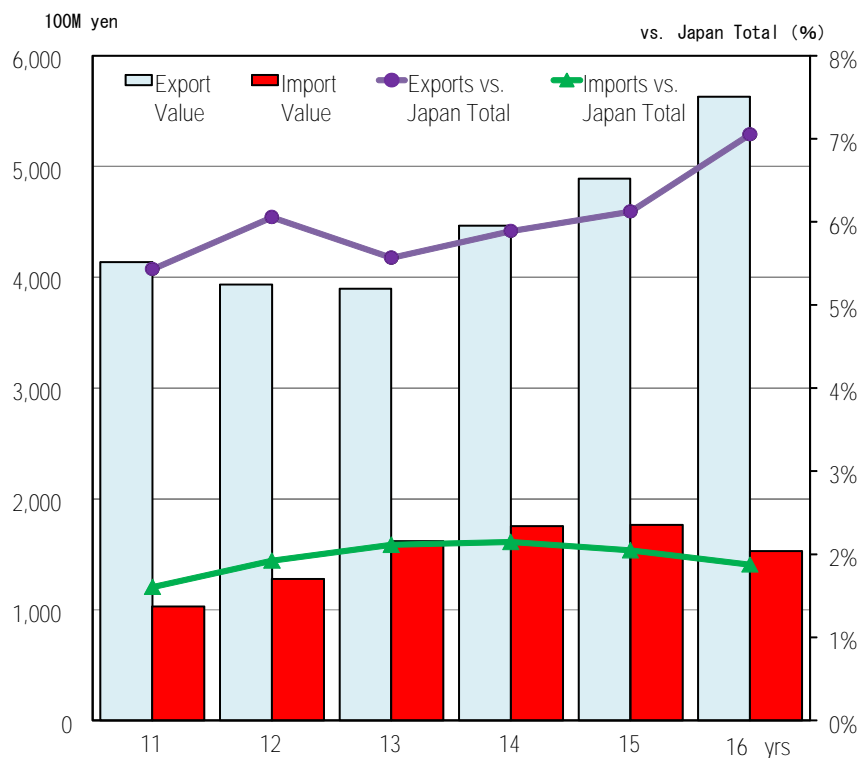
Major Export Commodities	Middle Classification	Export value (100M yen)	Percentage(%)
Motor vehicles	Transporting equipment	55	80.2%
Rubber tires and tubes	Rubber products	4	6.1%
Insulated wires and cables	Electric equipment	1	1.6%
Agricultural machinery	Non-electric machinery	0.8	1.1%
Scientific and optical instruments	Precision instruments	0.7	1.1%
Construction machines	Non-electric machinery	0.7	1.1%
Flat-rolled products	Iron and steel products	0.7	1.1%
Power generating machine	Non-electric machinery	0.5	0.7%
Organic chemicals	Element and compound	0.5	0.7%
Heating or cooling machine	Non-electric machinery	0.3	0.5%
Others		4	6.0%
Total		69	100.0%

Major Import Commodities	Middle classification	Import value (100M yen)	Percentage(%)
Clothing	Clothing and accessory	15	56.1%
Vegetables	Fruits and vegetables	3	12.7%
Clothing, knitted or clothe	Clothing and accessory	2	8.2%
Fish(fresh/frozen)	Fish and fish preparation	1	2.0%
Others		6	21.0%
Total		27	100.0%

Kyushu Trade Trends with EU ①

- For **Kyushu's trade with EU** in 2016, the export value increased to JPY 563.1 billion (up15.1% YOY) to mark the 3rd consecutive year growth. The import declined for the first time in five years to JPY 153.1 billion (down13.5% YOY).
- The values of exports from Kyushu were JPY 128.5 billion to the Netherlands (down 6.4% YOY), JPY 87.6 billion to Italy(up 185.3% YOY), JPY 75.6 billion to Germany (down 2.5% YOY) etc. For U.K., the value increased to JPY 73.4 billion to mark the 4th consecutive year growth (8.8% up YOY and the ratio within EU: 13.0%) .
- The values of imports to Kyushu were JPY 36.9 billion from Germany (down 17.8% YOY), JYP 36.1 billion to France (up16.8% YOY), JPY 16 billion from Spain (down 24.2% YOY) etc. For U.K., the value decreased from the previous year to JPY15billion (down 16.8% YOY, the ratio within EU: 9.8%).

Trends in Trading Value of Kyushu with EU



Kyushu's Export and Import Trends within EU by Partner (Top 10 Countries)

Country	Export Value (100M yen)	Percentage(%)
Netherlands	1,285	22.8%
Italy	876	15.6%
Germany	756	13.4%
U.K.	734	13.0%
Spain	501	8.9%
Belgium	426	7.6%
France	357	6.3%
Malta	287	5.1%
Sweden	91	1.6%
Ireland	63	1.1%
Others	255	4.5%
EU Total	5,631	100.0%

Country	Import Value(100M yen)	Percentage(%)
Germany	369	24.1%
France	361	23.6%
Spain	160	10.5%
U.K.	150	9.8%
Italy	92	6.0%
Netherlands	84	5.5%
Denmark	67	4.4%
Finland	52	3.4%
Sweden	47	3.1%
Belgium	27	1.8%
Others	120	7.9%
EU Total	1,531	100.0%

Kyushu Trade Trends with EU ②

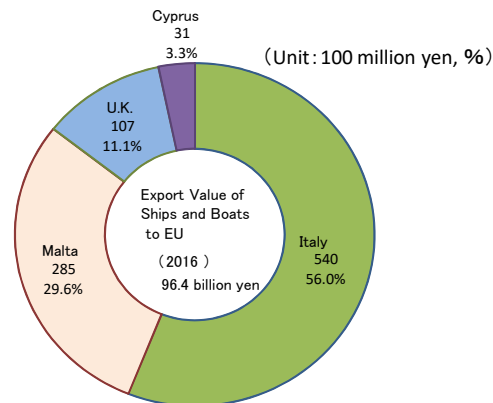
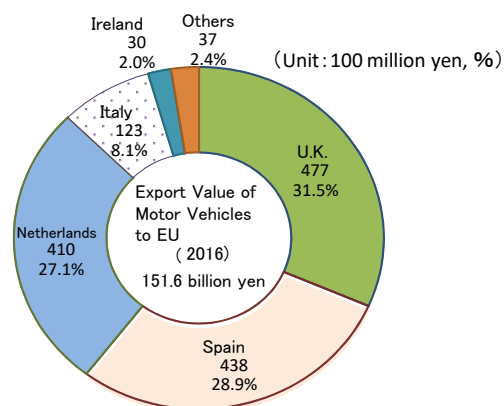
- The export items, in descending order of amount, are motor vehicles, ships and boats, and office machines etc. What contributed largely to the increase in exports were ships and boats (contribution ratio: up15.0%) and motor vehicles (up6.6%). On the other hand, there was a decline in visual apparatus (down 3.0%), office machines(down 1.3%) and rubber tires and tubes (down1.1%).
- The import items, in descending order of amount, are power generating machine, parts of motor vehicles and electric measuring etc. What contributed largely to the increase in imports were aircraft (contribution ratio: up2.0%). On the other hand, there was a decline in barley, unmilled (down2.4%), audio and visual apparatus (down 1.5%), and electrical power machinery (down 1.2%).

Kyushu's Major Trade Commodities with EU

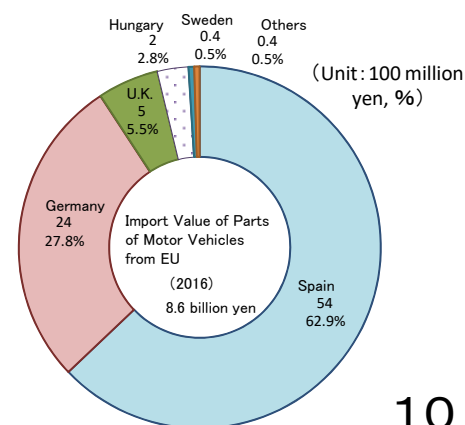
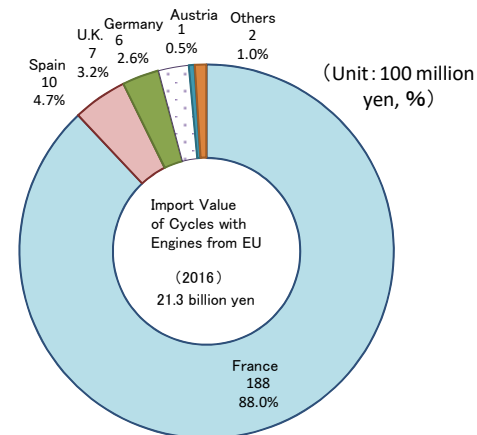
Major Export Commodities	Export Value (100M yen)	Percentage(%)
Motor vehicles	1,516	26.9%
Ships and boats	964	17.1%
Office machines	464	8.2%
Semiconductors etc.	436	7.7%
Rubber tires and tubes	355	6.3%
Cycles with engines	279	5.0%
Pump and centrifuges	144	2.6%
Visual apparatus	136	2.4%
Flat-rolled products	109	1.9%
Automotive electrical good	102	1.8%
Others	1,127	20.0%
Total	5,631	100.0%

Major Import Commodities	Import Value (100 M yen)	Percentage(%)
Power generating machine	213	13.9%
Parts of motor vehicles	86	5.6%
Electric measuring	65	4.2%
Aircraft	60	3.9%
Meat of swine, wild boars	60	3.9%
Organic chemicals	56	3.7%
Inorganic chemicals	42	2.7%
Audio and visual apparatus	30	1.9%
Paper and paperboard	26	1.7%
Wood	24	1.6%
Others	869	56.8%
Total	1,531	100.0%

Kyushu's Export Partners in EU for Major Commodities



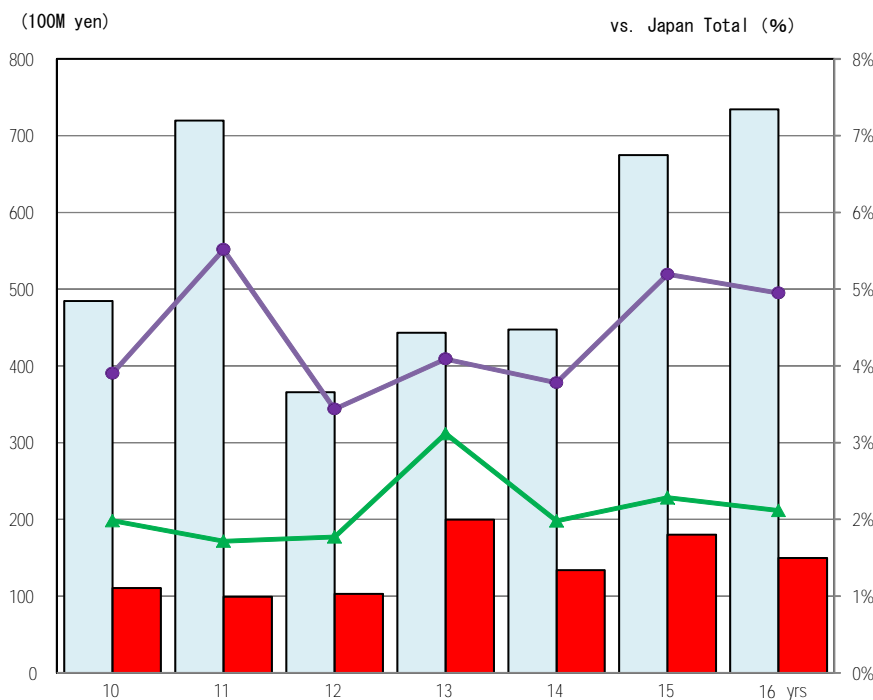
Kyushu's Import Partners in EU for Major Commodities



Kyushu Trade Trends with EU ③(U.K.)

- For Kyushu's trade with EU in 2016, the export value increased to JPY 73.4 billion (up 8.8% YOY and ratio within EU:13.0%) to mark the 4th consecutive year growth. The import declined from the previous year to JPY 15.0 billion (up16.8% YOY and ratio within EU:9.8%).
- The export items, in descending order, are motor vehicles, ships and boats and rubber tires and tubes etc.
- The import items, in descending order, are audio and visual apparatus, electric measuring, and wheat and meslin etc.

Trends in Trading Value of Kyushu with U.K.



Kyushu's major trade commodities with U.K.

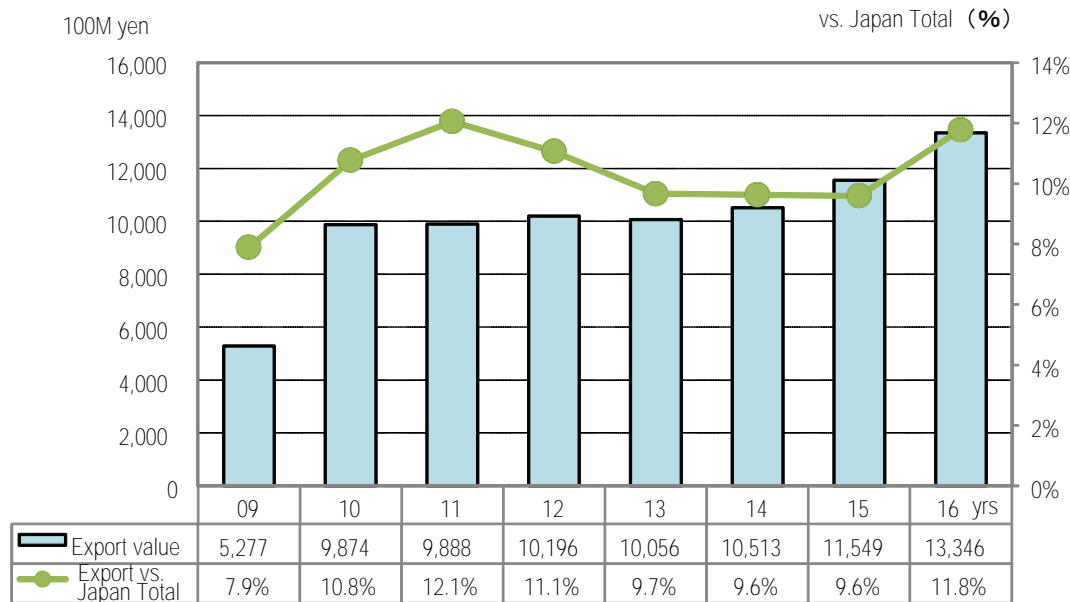
Major Export Commodities	Middle classification	Export value(100M yen)	Percentage(%)
Motor vehicles	Transport equipment	477	65.0%
Ships and boats	Transport equipment	107	14.6%
Rubber tires and tubes	Rubber products	38	5.2%
Cycles with engines	Transport equipment	36	5.0%
Automotive electrical good	Electric equipment	18	2.4%
Titanium and its alloys	Ore of nonferrous	6	0.8%
Electric power machinery	Electric equipment	4	0.6%
Power generating machine	Non-electric machinery	3	0.4%
Inorganic chemicals	Element and compound	2	0.3%
Organic chemicals	Element and compound	2	0.2%
Others		41	5.5%
Total		734	100.0%

Major Import Commodities	Middle classification	Import Value(100M yen)	Percentage(%)
Audio and visual apparatus	Electric equipment	25	16.9%
Electric measuring	Electric equipment	24	16.1%
Wheat and meslin	Cereal, cereal preparation	9	5.7%
Motor vehicles	Transport equipment	8	5.6%
Power generating machine	Non-electric machinery	7	4.5%
Nickel and nickel alloys	Ore of nonferrous	6	3.8%
Parts of motor vehicles	Transport equipment	5	3.1%
Alcoholic beverages	Beverages	3	2.1%
Scientific and optical instruments	Precision instruments	3	1.8%
Spiegeleisen & ferro-alloy	Iron and steel products	2	1.7%
Others		58	38.6%
Total		150	100.0%

Kyushu Trade Trends by Industry ① (Motor Vehicles)

- Kyushu's exports of motor vehicles in 2016 increased to JPY 1.3346 trillion (up 15.6% YOY) to mark the 3rd consecutive year growth. The major destinations are the United States, followed by China and UAE.
- The number motor vehicles produced in Kyushu in 2016 was 1.35 million (up 0.1% YOY) which accounts for approx. 15% of the total production in Japan (9.2 million).

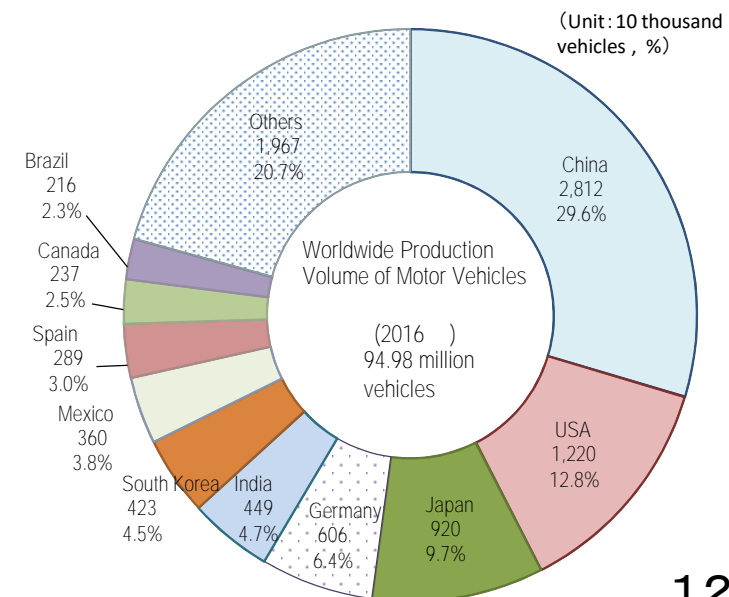
Trends in Export Value of Kyushu Motor Vehicles



Kyushu's Major Trading Partners (Countries/Regions) of Motor Vehicles

2016	Value	
	(100 million yen)	Percentage (%)
USA	3,555	26.6%
China	3,430	25.7%
UAE	932	7.0%
Mexico	717	5.4%
Taiwan	492	3.7%
Others	4,222	31.6%
Total	13,346	100.0%

Worldwide Production Volume of Motor Vehicles (Right)

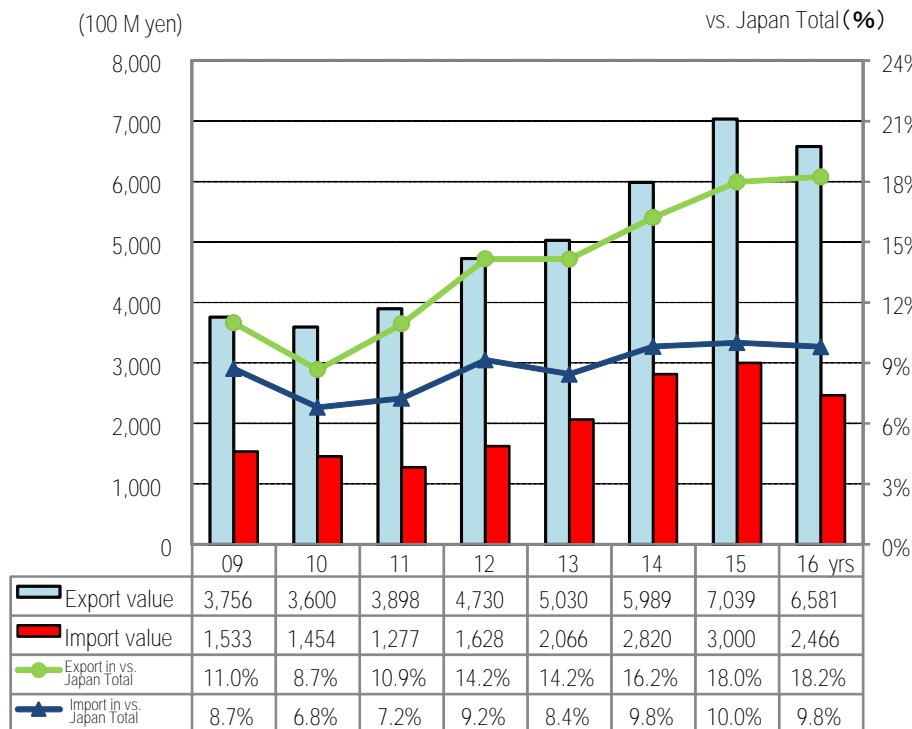


Source: Prepared by Kyushu Bureau of Economy, Trade and Industry based on "Trade Statistics of Japan" by Ministry of Finance and the website of Organisation Internationale des Constructeurs d'motor vehicles

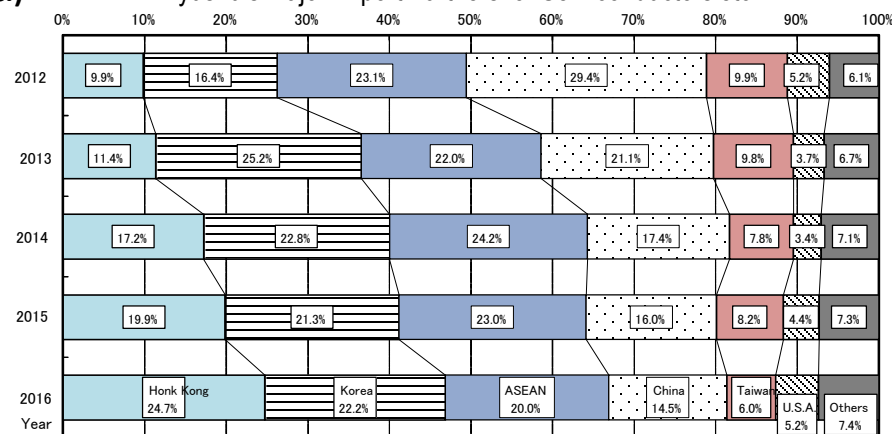
Kyushu Trade Trends by Industry ② (Semiconductors etc.)

- In Kyushu's trade of semiconductors etc. in 2016, the exports decreased to JPY 658.1 billion (down 6.5% YOY) and the imports decreased to JPY 246.6 billion (down 17.8% YOY) from the previous year. The major destination is Hong Kong followed by South Korea and China. The major importer is Taiwan, followed by China and South Korea.
- For the export partners, Hong Kong, South Korea and the United States increased their ratio, on the other hand, those of ASEAN, China, and Taiwan declined.
- For the import to Kyushu, Taiwan increased its ratio to 60%, on the other hand, China and ASEAN countries have decreased their ratio.

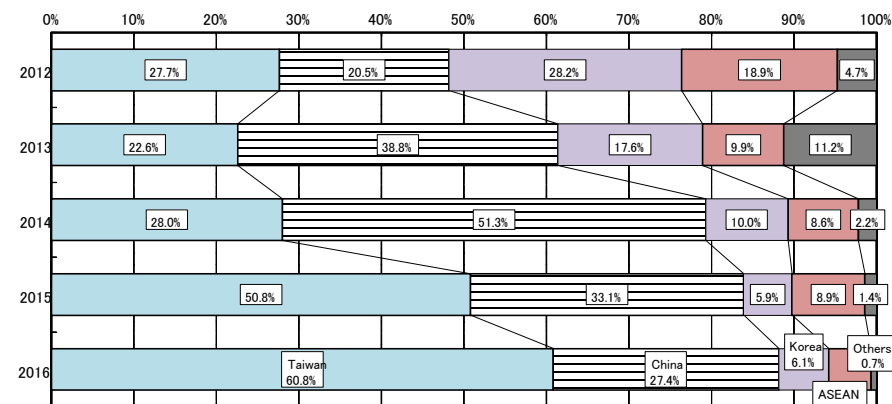
Trends in Trading Value of Kyushu Electronic Parts (Semiconductors, etc.)



Kyushu's Major Export Partners for Semiconductors etc.



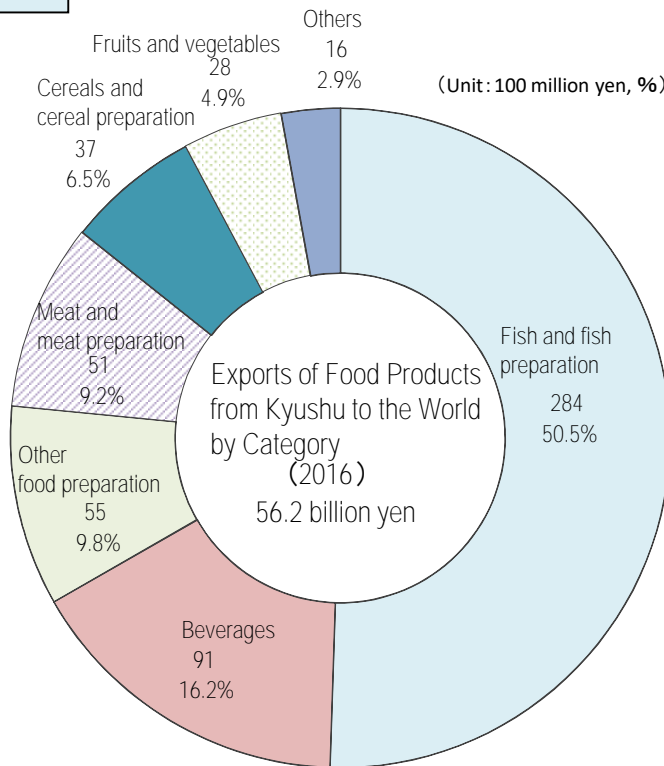
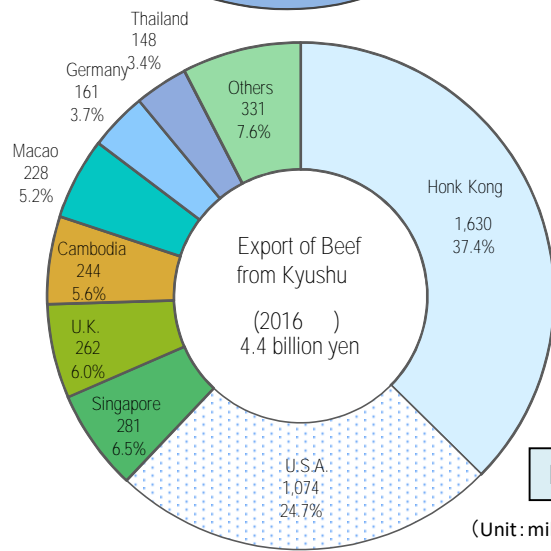
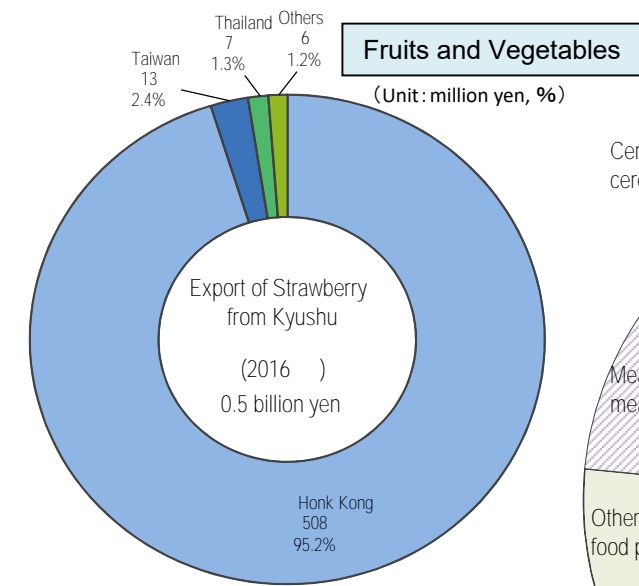
Kyushu's Major Import Partners for Semiconductors etc.



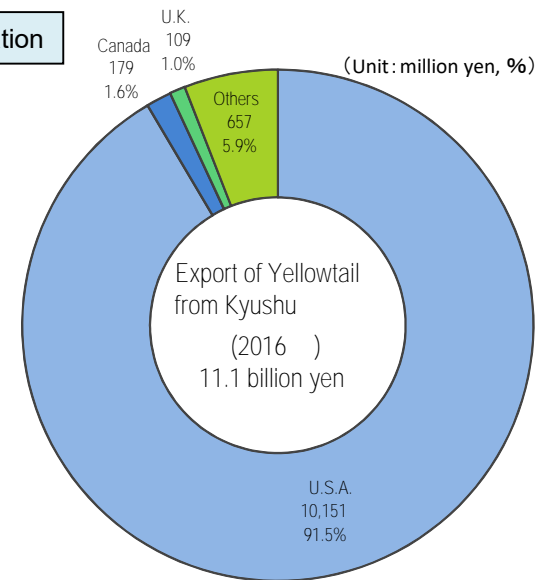
Source : Trade Statistics of Japan (Ministry of Finance)

Kyushu Trade Trends by Industry ③ (Food Products)

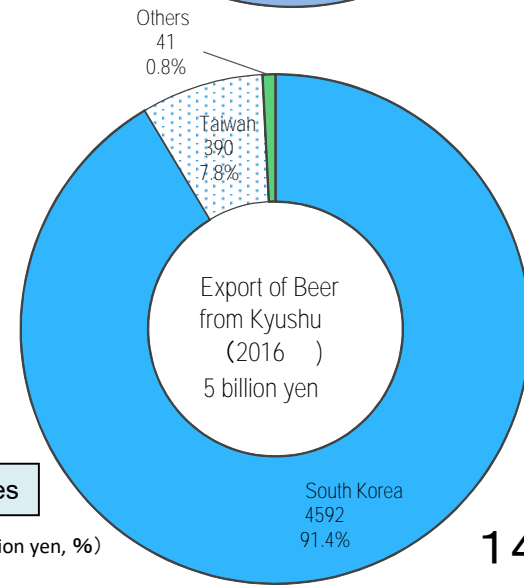
○ Looking at the food products in Kyushu by category, the export value of fish and fish preparation are the largest, followed by beverages, other food preparation, and meat and meat preparation. Yellowtail fish is exported the most to U.S.A., beer to South Korea, and beef and strawberry to Hong Kong.



Fish and Fish Preparation



Beverages

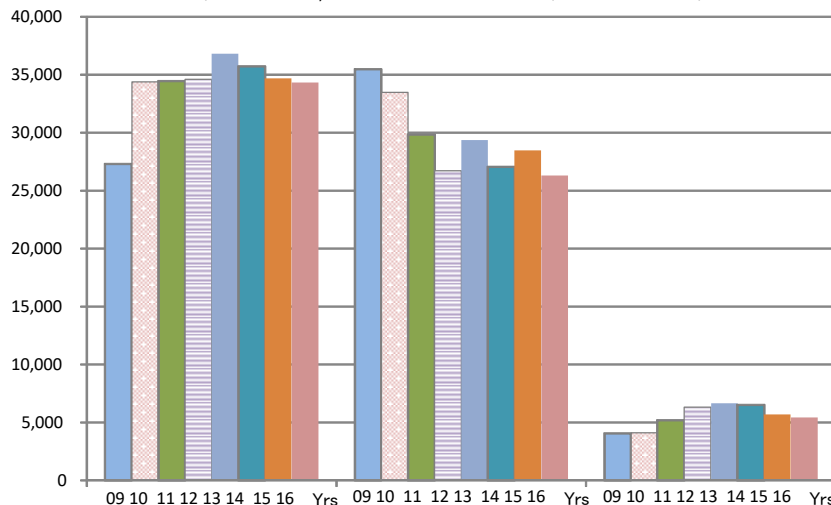
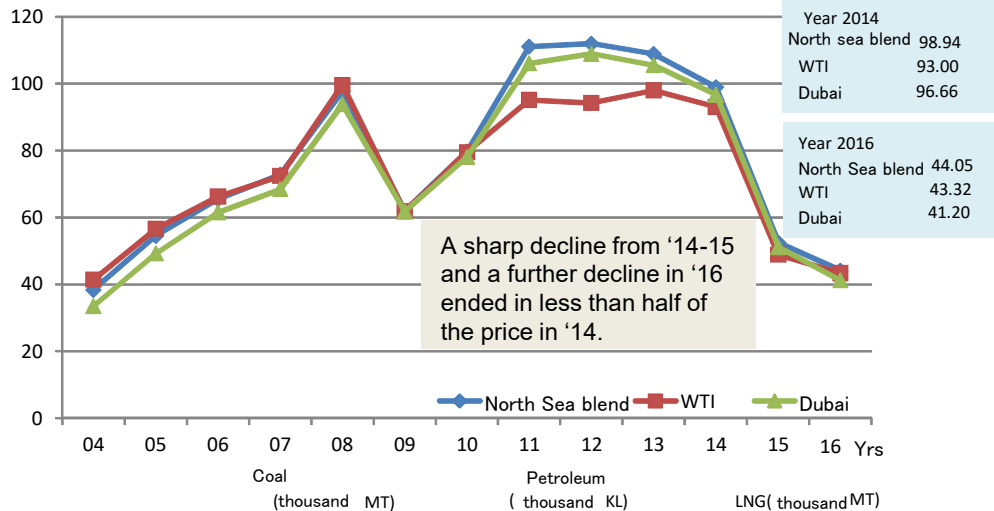


Kyushu Trade Trends by Industry ④ (Mineral Fuels)

○ In 2016, **Kyushu's** import of mineral fuels decreased to JPY 1.4123 trillion (down 34.4% YOY) to mark the 3rd consecutive year of decline. Since 2015 the import unit value has declined followed by a sharp drop in the market price of resources. In addition to that, the reduction of import volume in 2016 made the import value of mineral fuels fall greatly below the previous year that contributed to larger trade surplus.

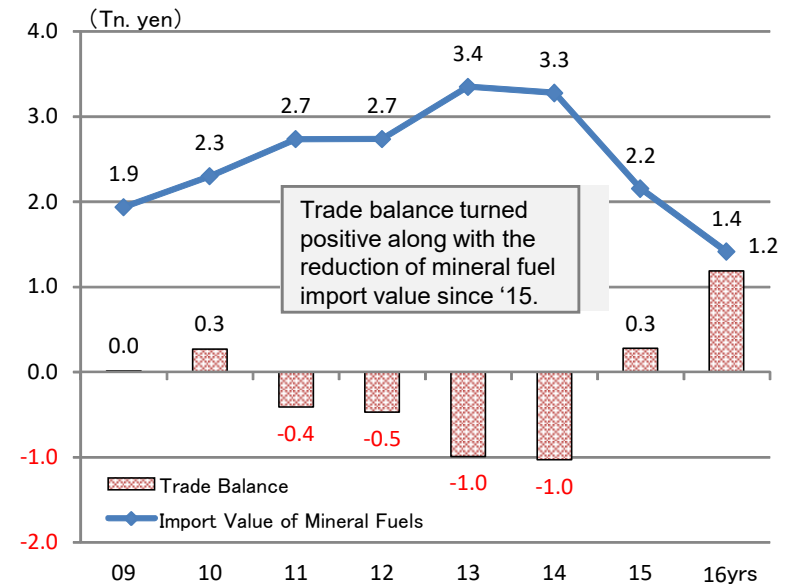
Trends in Petroleum Prices in Petroleum Market

(Unit: US dollar/barrel)



Trends in the Volume of Kyushu's Import of Major Mineral Fuels

Trends in Kyushu Imports of Mineral Fuels & Balance of Trade



Source : Trade Statistics of Japan (Ministry of Finance)

Kyushu Businesses Expanding Overseas ①

- 994 Kyushu-based businesses in total have expanded their business to overseas until 2016. 15 businesses out of them started overseas operation in 2016, which was 53.1% decrease YOY (17 less). The total number of Japanese companies which expanded business overseas was 29,904 as of 2016 and 779 of these started overseas operation for the first time.
- For overseas business expansion of Kyushu-based businesses, 771 target countries are in Asia including China(359) and ASEAN(237), which account for a little less than 80% of the total. Seen throughout Japan, Asian countries account for a little more than 60%, which means that Kyushu-based businesses expand their business to Asia more than other regions in Japan.

Countries/Regions Selected by Kyushu-based Businesses for Overseas Expansion

(Unit: Case, %)

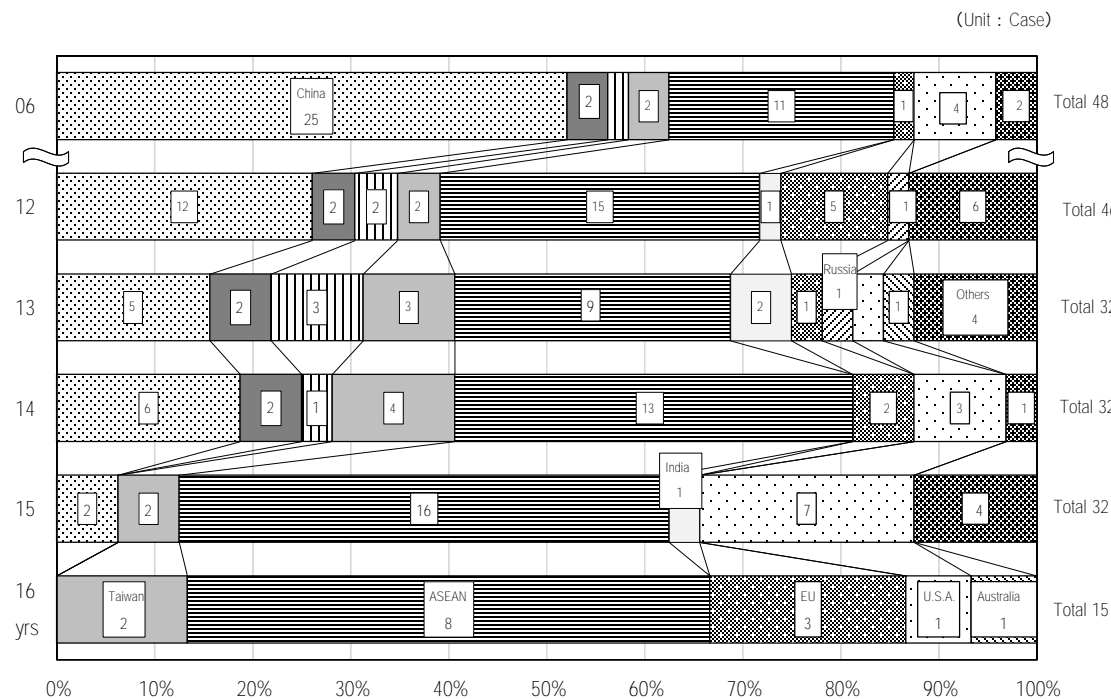
	Kyushu													Total Kyushu	Japan	
	2011		2012		2013		2014		2015		2016		Unknown		Coverage-based	As of year 2016 Share (%)
	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)								
Global total	46	100.0	46	100.0	32	100.0	32	100.0	32	100.0	15	100.0	41	994	29,904	100.0
Asia	41	89.1	35	76.1	24	75.0	26	81.3	23	71.9	10	66.7	27	771	18,719	62.6
China	20	43.5	12	26.1	5	15.6	6	18.8	2	6.3	-	-	9	359	6,774	22.7
South Korea	2	4.3	2	4.3	2	6.3	2	6.3	-	-	-	-	2	47	931	3.1
Hong Kong	4	8.7	2	4.3	3	9.4	1	3.1	-	-	-	-	1	39	1,282	4.3
Taiwan	4	8.7	2	4.3	3	9.4	4	12.5	2	6.3	2	13.3	6	60	1,071	3.6
ASEAN	7	15.2	15	32.6	9	28.1	13	40.6	16	50.0	8	53.3	8	237	7,736	25.9
India	4	8.7	1	2.2	2	6.3	-	-	1	3.1	-	-	1	24	808	2.7
Other Asian countries	-	-	1	2.2	-	-	-	-	2	6.3	-	-	-	5	117	0.4
EU	-	-	5	10.9	1	3.1	2	6.3	-	-	3	20.0	7	70	3,927	13.1
Russia	-	-	1	2.2	1	3.1	-	-	-	-	-	-	1	4	192	0.6
U.S.A.	4	8.7	-	-	1	3.1	3	9.4	7	21.9	1	6.7	4	103	3,830	12.8
Australia	-	-	-	-	1	3.1	-	-	-	-	1	6.7	1	6	584	2.0
Other	1	2.2	5	10.9	4	12.5	1	3.1	2	6.3	-	-	1	40	2,652	8.9

Source: Prepared by Kyushu Bureau of Economy, Trade and Industry based on "Overseas business expansion of Kyushu- & Yamaguchi-based local companies 2016" by Kyushu Economic Research Center (Public Interest Incorporated Foundation) and "Comprehensive List of Japanese Companies with Business Abroad 2017 (Country-specific Edition)" by Toyo Keizai Inc.

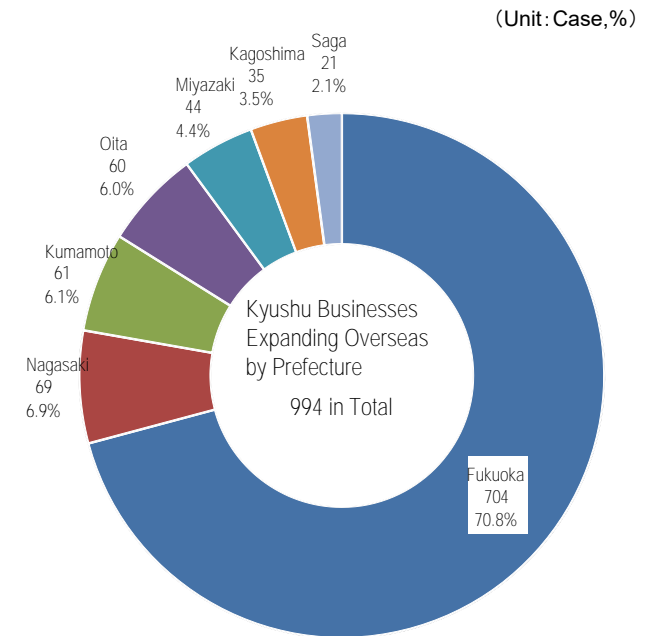
Kyushu Businesses Expanding Overseas ②

- Though the number of companies starting business overseas has been the largest in China until around 2011, recently it is larger in ASEAN countries than China, and in 2016 nearly half of the total targeted ASEAN countries.
- According to the year in which they started overseas operation, the number has been slightly decreasing after peaking at 56 businesses in 2010, and then keeping from 30 to 40 newcomers every year, however, it has fallen to 15 businesses at once in 2016.
- Looking at the companies by prefecture, Fukuoka has the largest number accounting for approx. 70% ,followed by Nagasaki and Kumamoto.

**Changes in Destinations
(Based on the Number of newcomers each year)**



**Kyushu Businesses Expanding Overseas (by Prefecture)
(Cumulative Data 2016)**

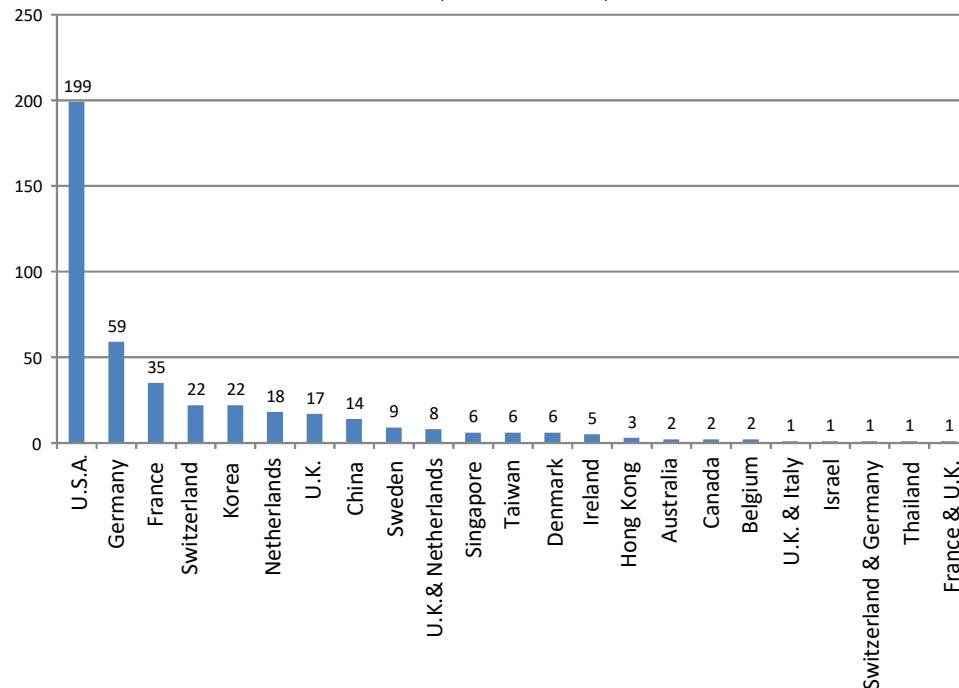


Source : Prepared by Kyushu Bureau of Economy, Trade and Industry based on "Overseas business expansion of Kyushu- & Yamaguchi-based local companies 2016" by Kyushu Economic Research Center (Public Interest Incorporated Foundation)

Foreign Affiliates Operating in Kyushu

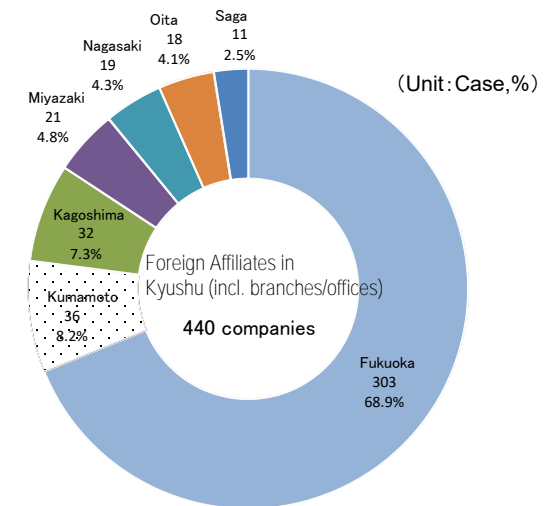
- 440 foreign affiliates (including branches, etc.) had entered the Kyushu market as of 2014, largely in Fukuoka (303), followed by Kumamoto and Kagoshima.
- Nationalities of the parent companies of these affiliates (incl. branches) operating in Kyushu were U.S.A. (199), Germany (59), France (35), and Switzerland and South Korea with 22 each.
- Since 2010, there have been many affiliates entering Kyushu from U.S.A., Europe and South Korea.

Foreign Affiliates in Kyushu (incl. Branches/ Offices) (2014)
< 440 in total >



【Foreign Affiliates Operating in Kyushu after 2010 →】

【Prefecture-specific】



Pref.	Founded (Foreign capital accepted)	Parent Nationality	Type of Office	Core Product / Service
Fukuoka	2010	South Korea	Head Office	Planning/ Manufacture / Internet Sale of Sporting Goods
Fukuoka	2010	U.S.A.	Branch	Investment Management
Fukuoka	2010	U.S.A.	Branch office	Asset Management
Fukuoka	2010	South Korea	Head Office	Research / Development of Semiconductors/ Robots
Fukuoka	2011	South Korea	Branch	Manufacture / Sale of Cable TV Receivers
Fukuoka	2011	Denmark	Branch office	Import/ Sale of Medical Equipment
Fukuoka	2012	U.S.A.	Office	Import/Export/ Sale / Development of GIS Software & Related Services (Maintenance, Training, Consulting, Publication)
Fukuoka	2012	U.S.A.	Office	Manufacture / Sale of Survey Instruments
Fukuoka	2012	South Korea	Branch	Import/ Sale of Solar Power Generation Modules
Fukuoka	2012	Switzerland	Service Station	Food Processing Facilities (Milling, etc.)
Saga	2012	U.S.A.	Fulfillment Center	Support for Online Store Operations
Fukuoka	2013	Netherlands	Branch	International Air Travelers
Fukuoka	2013	U.K. / Netherlands	Branch office	Manufacture / Sale Grease, Heat Treating Oils, Rust-Preventive Oils, Metal Working Fluids, Washing Oils, Lubrication Oils and Standard Solutions for Calibration of Viscometer
Oita	2013	U.S.A.	Packaging Center	Semiconductor Packaging Technology Development
Fukuoka	2014	China	Head Office	Provision of Cloud Marketing System

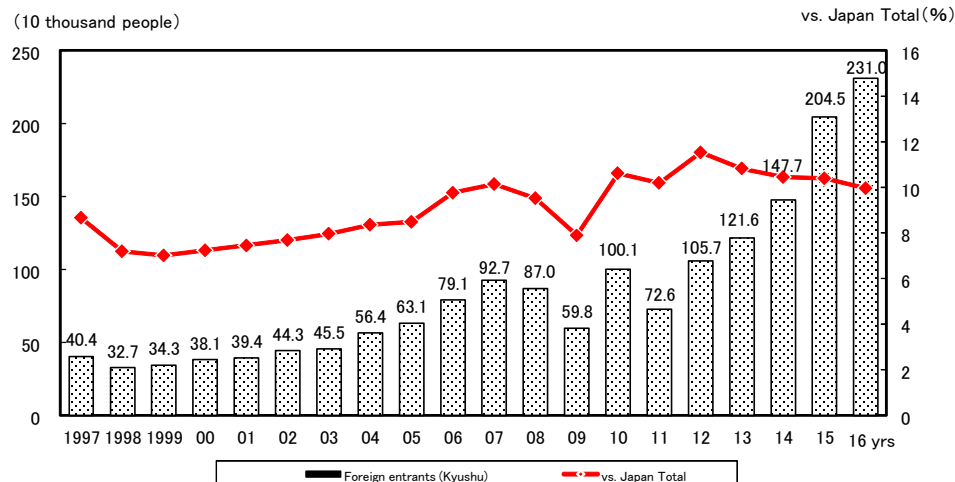
Source: Prepared by Kyushu Bureau of Economy, Trade and Industry based on "Foreign Affiliates in Kyushu and Yamaguchi 2015" by Kyushu Economic Research Center (Public Interest Incorporated Foundation)

Foreign Visitors Entering Japan via Kyushu

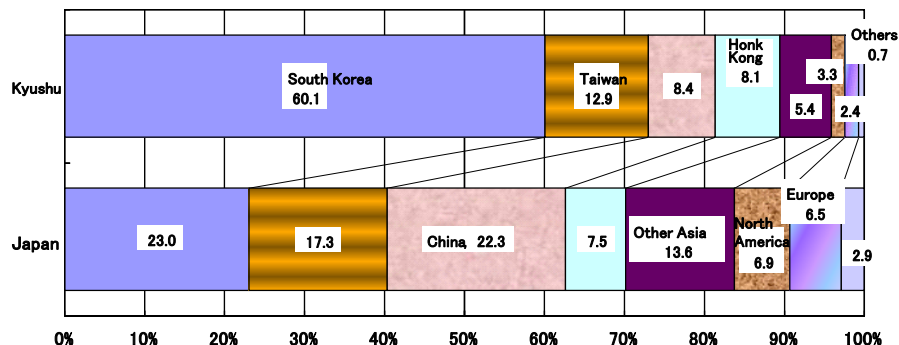
○ 2.31 million foreign visitors entered Japan via Kyushu in 2016 (up 12.9% YOY) that marked over 2 million for consecutive 2 years. By nationality, the largest number of entrants came from South Korea (60.1%), followed by Taiwan (12.9%) and China (8.4%). Kyushu has higher ratio of Asian entrants than other regions in Japan, and nearly 30% of total South Korean entrants in particular enters Japan via Kyushu.

○ Recently more and more cruise ships call over at Kyushu ports. They visited Kyushu 715 times in 2016 that means the frequency increased from 497 times in 2015 by a little more than 40%. The frequency of cruise ships calling over at Hakata port and Nagasaki port was the highest and second highest respectively.

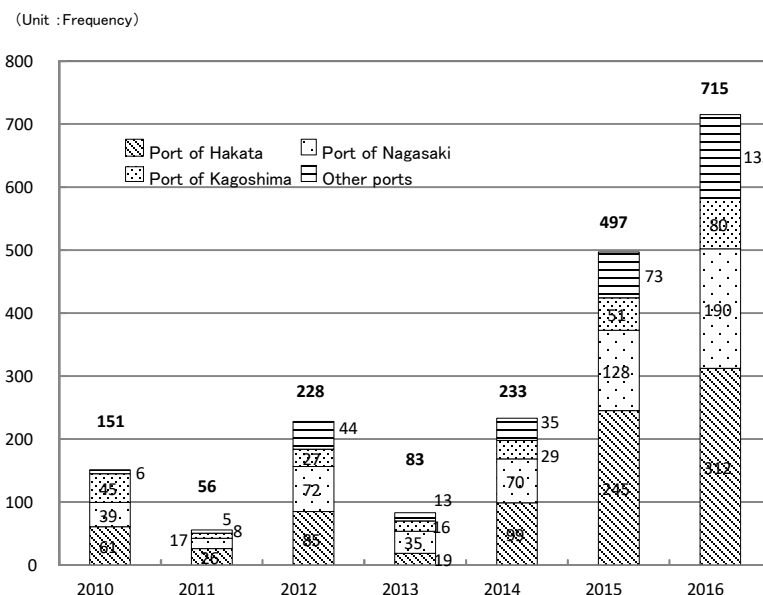
Trends in Foreign Visitors (via Kyushu vs. All Japan)



Share of Foreign Visitors in Kyushu and Japan



Foreign Cruise Ships Stopping Over at Kyushu



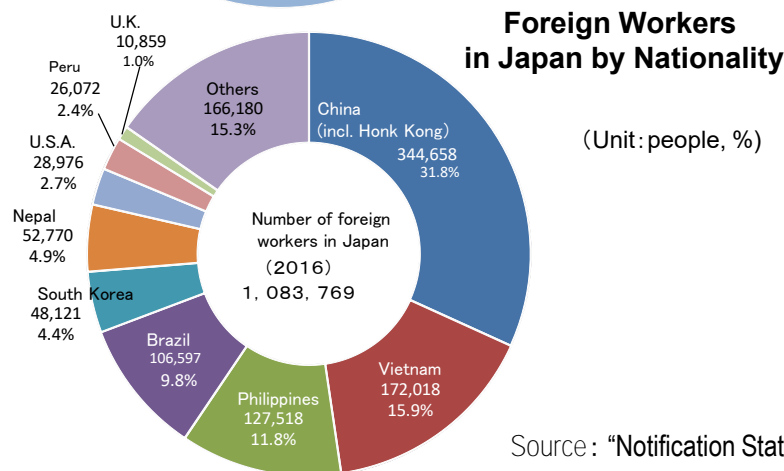
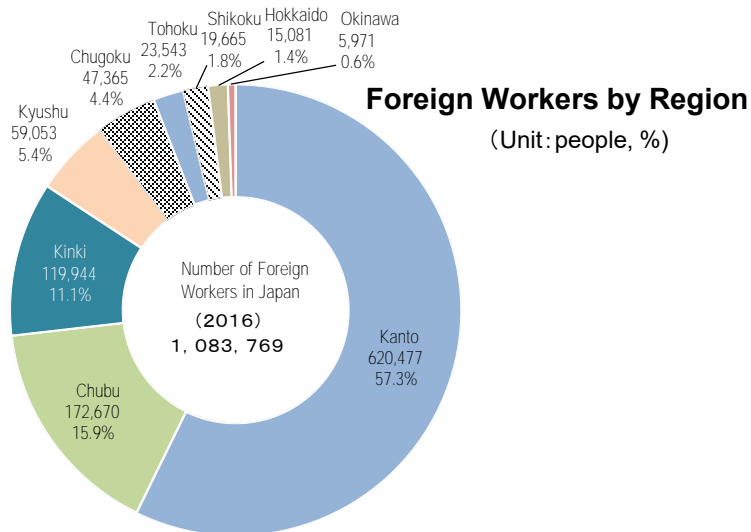
↑Source : PROFILE OF KYUSHU

←↑ Note : Excluding visitors using cruise ships; or "Landing Permission for Cruise Ship Tourists" (Article14.2 of the Immigration Control and Refugee Recognition Act)

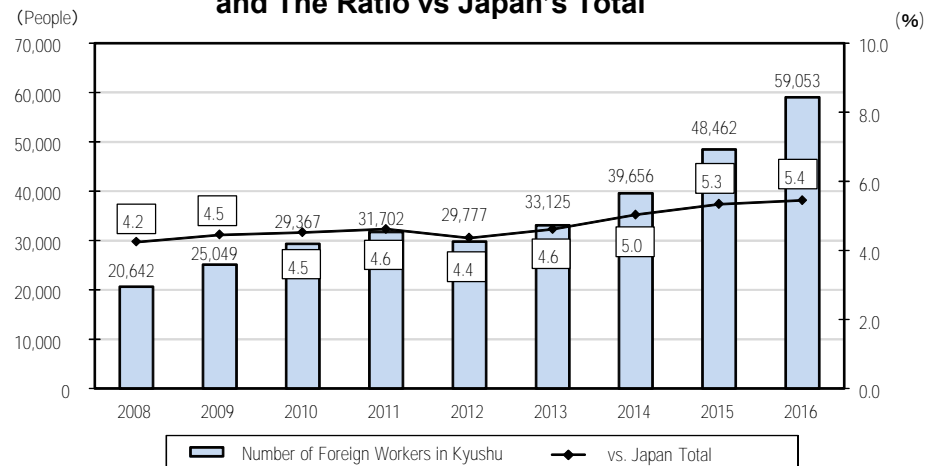
Source : "Statistical Survey on Legal Migrants" (Ministry of Justice)

Foreign Workers in Kyushu

- Japan received 1,083,769 foreign workers in 2016 (up 19.4% YOY) and the numbers over the past four years have continued to surpass the figures from each previous year. By region, the largest number of the workers are in Kanto (57.3%), followed by Chubu (15.9%) and Kinki (11.1%). By nationality, the largest number of workers come from China (incl. Hong Kong etc.) (31.8%), followed by Vietnam (15.9%) and Philippines (11.8%).
- In 2016, Kyushu received 59,053 foreign workers in Kyushu (up 21.9% YOY), accounting for 5.4% of Japan's total. By industry, manufacturing industry accounts for the highest ratio of 28.2%, followed by wholesale and retail (15.1%) and hotel & restaurant service (9.3%) showing that manufacturing industry accounts for nearly 30%.



Trends in Foreign Workers in Kyushu and The Ratio vs Japan's Total



Foreign Workers in Kyushu and Japan by Industry

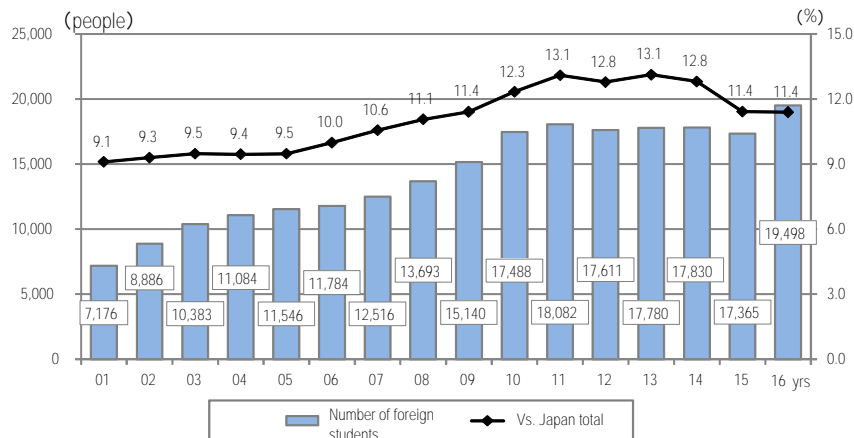
Industry	Kyushu			Nationwide	
	people	Percentage	vs. Japan Total	people	Percentage
Manufacturing	16,637	28.2%	4.9%	338,535	31.2%
Wholesale and retail	8,946	15.1%	6.4%	139,309	12.9%
Education and study support	5,108	8.6%	8.5%	59,963	5.5%
Hotel and restaurant service	5,506	9.3%	4.2%	130,908	12.1%
Construction	2,197	3.7%	5.3%	41,104	3.8%
Information and communication	540	0.9%	1.2%	43,758	4.0%
Service (not classified to others)	6,314	10.7%	4.1%	153,994	14.2%
All except above	13,805	23.4%	7.8%	176,198	16.3%
Total	59,053	100.0%	5.4%	1,083,769	100.0%

Source: "Notification Status of Foreign Workers' Employment Status" (Ministry of Health, Labor and Welfare)

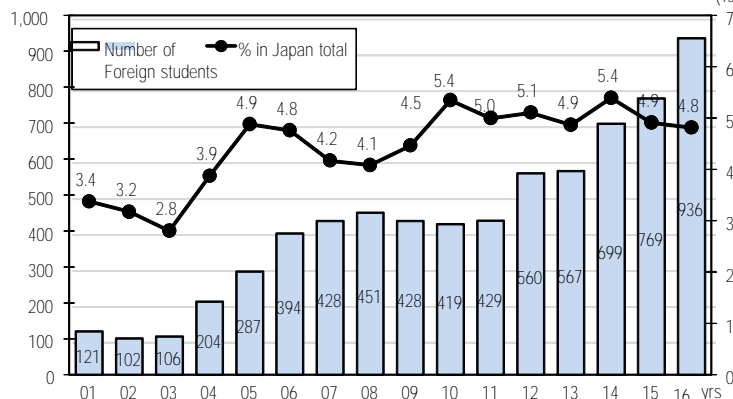
Foreign Students in Kyushu

- In 2016, Kyushu received a total of 19,498 foreign students (up 12.3% YOY), which reached a record. By nationality, the largest number of them are from China (35.9%), followed by Vietnam (19.8%) and Nepal (15.6%), showing that the students from Asian countries account for more than 90% of the total.
- Across Japan, 19,435 foreign students were hired by Japanese businesses in 2016, which greatly increased from the previous year (up 24.1% YOY). By occupation, “interpreter and translator”, “sales and marketing” and “overseas operation” are at the top of the list.
- In 2016, 936 foreign students were hired by firms located in Kyushu (up 21.7% YOY) which was higher than the previous year, while accounting for only 4.8% of Japan's total.

Trends of Foreign Students in Kyushu



Number of Foreign Students Hired by Kyushu-Based Businesses



Source: “2016 Survey on International Students Residing in Japan” – Japan Student Services Organization (Independent Administrative Institution)

Source: “2016 Foreign Students Hired by Japanese Businesses” of Ministry of Ministry of Justice Immigration Bureau

Nationality-specific Foreign Students Accepted by Kyushu

(Unit: people, %)

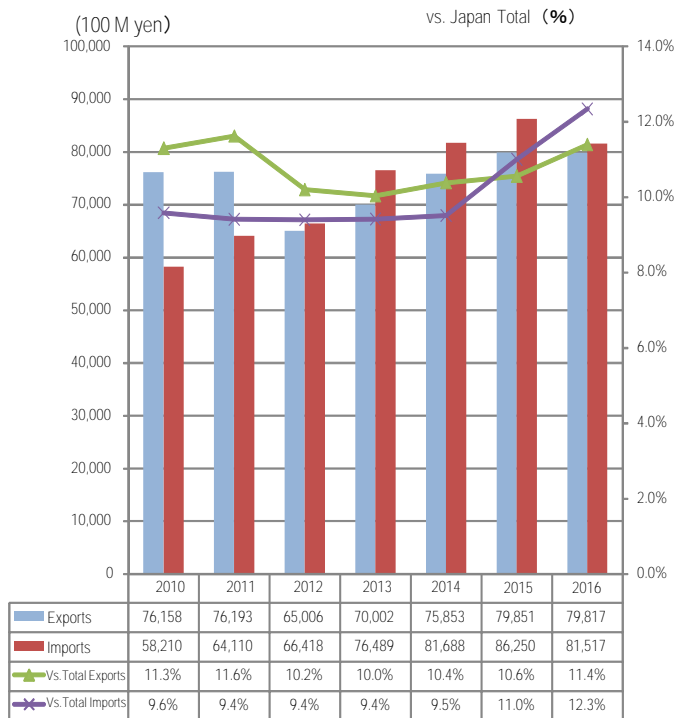
Country/Region	Kyushu			Nationwide	
	Number of students	Percentage	Vs. Japan total	Number of students	Percentage
Asia	18,200	93.3%	11.6%	156,556	91.5%
China	7,005	35.9%	9.3%	75,262	44.0%
Vietnam	3,866	19.8%	13.5%	28,579	16.7%
South Korea	1,581	8.1%	11.6%	13,571	7.9%
Nepal	3,037	15.6%	22.6%	13,456	7.9%
Indonesia	625	3.2%	17.0%	3,670	2.1%
Thailand	482	2.5%	15.1%	3,185	1.9%
Taiwan	370	1.9%	5.8%	6,401	3.7%
Malaysia	171	0.9%	6.6%	2,581	1.5%
Bangladesh	252	1.3%	18.0%	1,402	0.8%
Other Asian Countries	811	4.2%	9.6%	8,449	4.9%
Middle East	136	0.7%	8.6%	1,587	0.9%
Africa	262	1.3%	14.1%	1,857	1.1%
Oceania	86	0.4%	13.9%	618	0.4%
North America	216	1.1%	7.9%	2,742	1.6%
South / Central America	107	0.5%	8.3%	1,293	0.8%
Europe	491	2.5%	7.6%	6,466	3.8%
Others (Stateless)				3	0.0%
Total	19,498	100.0%	11.4%	171,122	100.0%

Source: Data from “International Students Survey - May 1, 2016” of Japan Student Services Organization (Independent Administrative Institution).

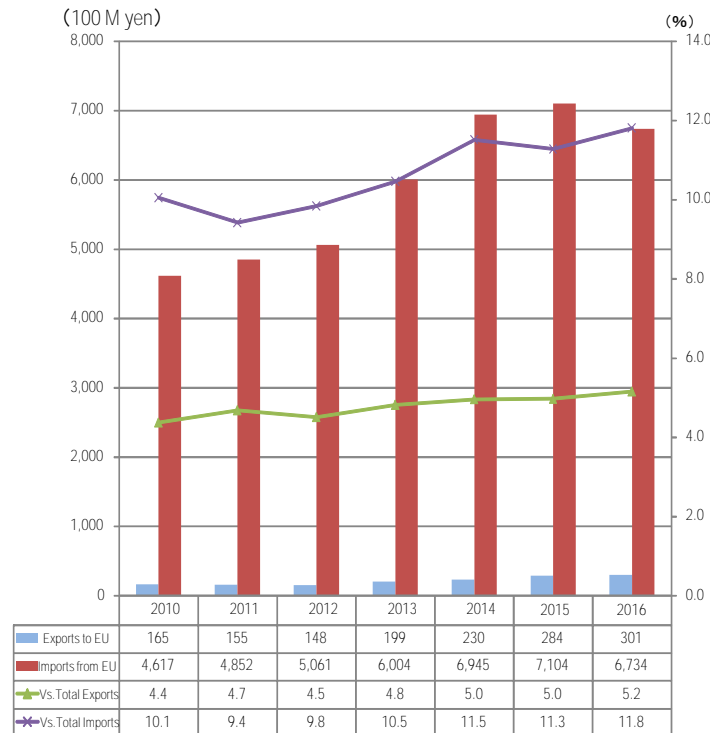
【Topic ①】 Trade Trends of Japan with EU

- In the trade between Japan and EU, both of the exports and imports account for nearly 10% of the total.
- Trade value of food products in 2016 was JPY 30.1 billion in exports (Share in Total : 5.2%) and JPY 673.4 billion in imports (Share in Total: 11.8%), showing that a substantial excess of imports has continued for years.
- Import value of food products from EU accounts for slightly more than 10% of all. By commodity, there are some items with high ratio to the whole imports, such as wine accounting for slightly more than 70%.

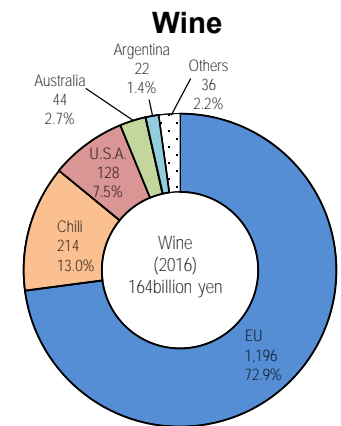
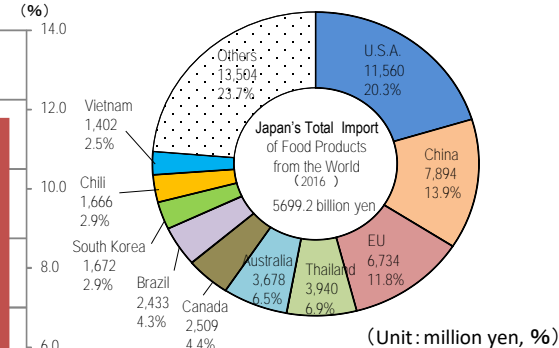
Japan's Trade Trends with EU



Japan's Trade Trends with EU for Food Products

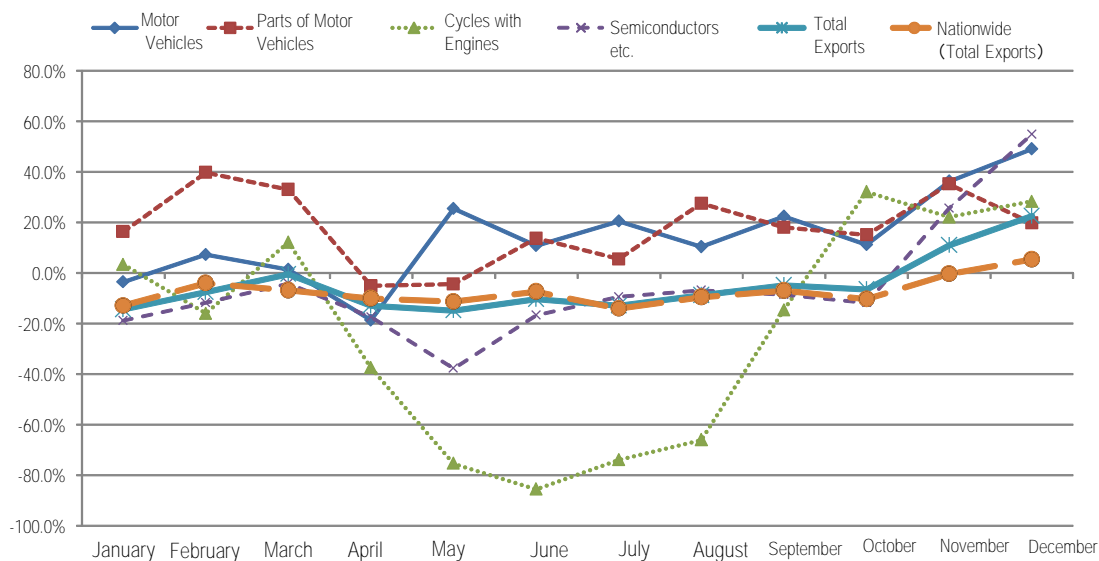


Japan's Import of Food Products by Country or Region



【Topic ②】Impact of the Kumamoto Earthquakes (Trends in Export)

- Regarding the impact of the Kumamoto Earthquakes in the mid April 2016 to Kyushu's export trends, the exports declined greatly in each commodity and the total exports also dropped by 12.9% compared to the same month of the previous year.
- In May, the following month, due to the considerable aftermath of the Earthquakes, the exports of parts of motor vehicles, cycles with engines and semiconductors etc. fell below the same month of the previous year. In addition, the rate of decline in cycles with engines and semiconductors etc. was expanded more than in April. On the other hand, the export of motor vehicles increased greatly by 25.5% compared to the same month of the previous year, which formed a remarkable contrast between items.
- For cycles with engines in particular, because the production bases in Kyushu were damaged by the Earthquakes, the export in June dropped by 85.5% compared to the previous year and a drastic decline continued until September.
- Since November, however, the export has turned positive in each item on a YOY basis and recovered as a whole.

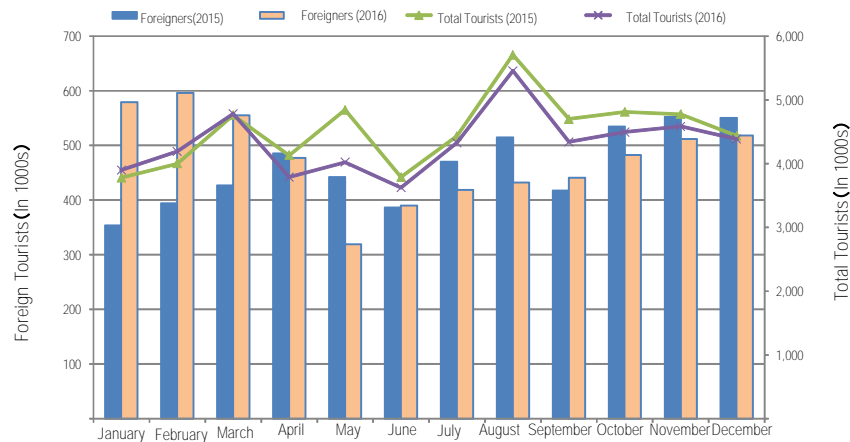


Source : "Trade Statistics of Japan" (Ministry of Finance)

Commodities	January	February	March	April	May	June	July	August	September	October	November	December
Motor Vehicles	-3.6%	7.3%	1.4%	-18.7%	25.5%	10.8%	20.5%	10.4%	22.4%	11.2%	36.3%	49.1%
Parts of Motor Vehicles	16.3%	39.7%	33.0%	-5.1%	-4.5%	13.7%	5.5%	27.6%	18.0%	15.0%	35.1%	19.7%
Cycles with Engines	3.4%	-16.0%	12.1%	-37.5%	-75.4%	-85.5%	-73.9%	-66.0%	-14.6%	32.0%	22.1%	28.3%
Semiconductors etc.	-18.8%	-11.8%	-4.1%	-17.4%	-37.7%	-16.7%	-9.4%	-6.8%	-8.6%	-11.8%	25.7%	54.9%
Total Exports	-14.4%	-7.6%	-0.5%	-12.9%	-14.8%	-10.3%	-12.9%	-8.7%	-4.9%	-6.5%	11.0%	22.6%
Nationwide (Total Exports)	-12.9%	-4.0%	-6.8%	-10.1%	-11.3%	-7.4%	-14.0%	-9.6%	-6.9%	-10.3%	-0.4%	5.4%

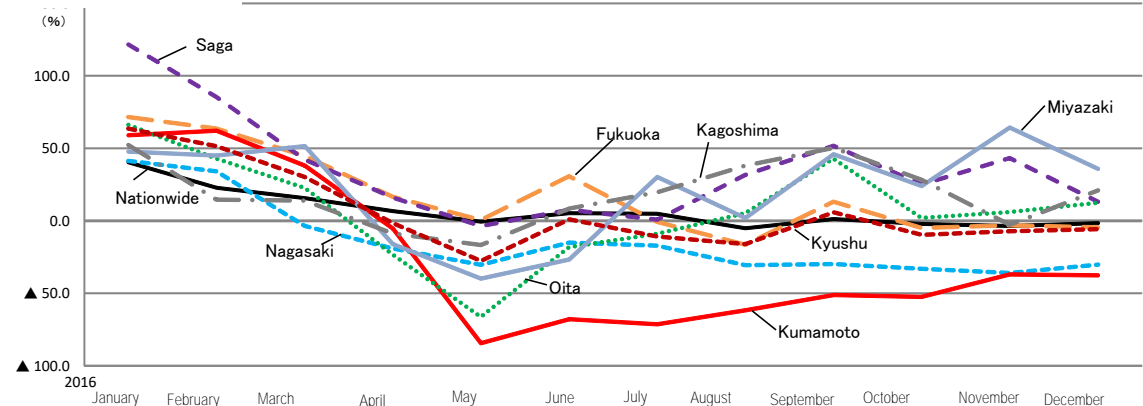
【Topic ③】 Impact of the Kumamoto Earthquakes (Tourism)

- As a result of Kumamoto Earthquakes in April 2016, the number of overnight visitors in Kyushu decreased greatly YOY especially in May. Also, the number of foreign visitors staying in Kyushu sharply declined by nearly 30% YOY.
- Thanks to the subsidization program (Kyushu Restoration Discount) designed to assist tourism businesses in Kyushu with discounts for travelers by the local governments and associated organizations to attract more tourists, the number of tourists staying in Kyushu has been recovering to the **previous year's level** by the gross. In addition, the number of foreign tourists staying in Kyushu has also increasing.
- Kumamoto and Oita which were directly affected by the Earthquakes, suffered a significant drop in the number of visitors just after the Earthquakes, however, in August, it recovered to the level of the previous year in Oita where damage was rather smaller. But in worst-affected Kumamoto, the number of visitors still remains largely below the **previous year's level**.



← Trends in Total Foreign Tourists Staying in Kyushu

↓ Total Foreign Tourists for Prefecture of Kyushu YOY Trends



Source : "Accommodation Survey"
- Japan Tourism Agency