

Fukuoka Growth

Growth Potential of Fukuoka City

17 Going Forward

(Version1.0)



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Last words from the editor

Fukuoka is determined to grow in a sustainable way in the rapidly changing world.

- There have been many positives news in Japan and Kyushu, such that: Mt. Fuji named World Heritage site; Tokyo was chosen to host the 2020 Olympic and Paralympics Games, and; "Seven Stars in Kyushu" cruise train started operation.
- On the other hand, there have been increasing uncertainty such as; political instability in East Asia, Middle East or Central Asia; frequent natural disasters, and; uncertain prospect in national and global economy.
- Fukuoka City, whose population exceeded 1.5 million, has steadily moved ahead toward sustainable growth by; adopting the new Master Plan; being designated as a "Global MICE Strategic City" by the National Tourism Agency, and; applying for the "National Strategic Economic Growth Areas."

More important becomes communication based upon regular monitoring of the city.

- As changes in society have been increasingly faster and larger, growth strategy of a city should be frequently revised based upon regular assessment of its progress.
- Monitoring of a city has therefore become more important, as a base for policy communication among a variety of stakeholders of Fukuoka.

"Fukuoka Facts" is a good tool for such communication.

- "Fukuoka Facts - Data about the Best of Fukuoka –" <http://facts.city.fukuoka.lg.jp/en/>
- "Fukuoka Growth" has provided integral contents for the "Fukuoka Facts", while creative communication designers have provided excellent user interface.
- "Fukuoka Facts" was honorably received the Microsoft Japan Award by the "Open Data Distribution Promotion Consortium" as an excellent initiative of city sales through utilizing public statistic data.

This 17th edition of "Fukuoka Growth" is the final number.

- "Fukuoka Growth" has been published since June 2013 at approximately every two weeks, aiming to help the region clearly position itself on the global map.
- We are very grateful for our readers and contributors.
- We would appreciate your continuing interest in Fukuoka and support for the Fukuoka Asian Urban Research Center.
- From April, we are going to publish and provide the information in an improved format regularly.

"'Fukuoka Growth' book" is going to be published.

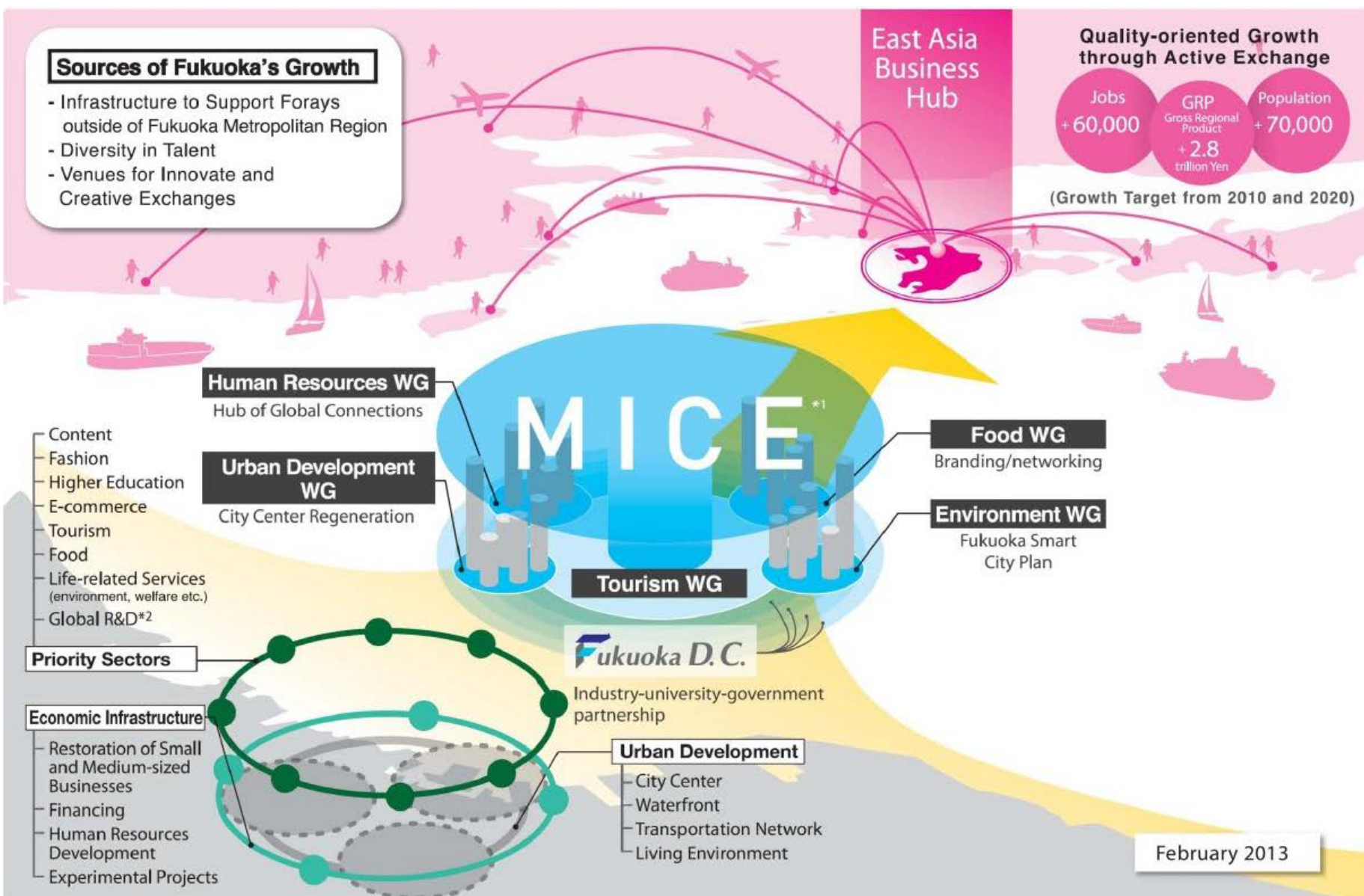
- We are going to publish a book containing reedited and rearranged contents of "Fukuoka Growth" we have published. It points out growth potential of Fukuoka City with data, and will be written in both Japanese and English.
- We hope the book will help introducing charms and growth potential of Fukuoka City as a tool of city sales to other cities in Japan and in the world.
- The detail about the publishing book will be announced on our website shortly.

March 17, 2014

Taichi GOTO

Head of Information and Strategy Office
Fukuoka Asian Urban Research Center

Growth Strategy of the Fukuoka Directive Council (Fukuoka D.C.).



Concept: to re-build Japan with a society to support challenges of startups generating employment.

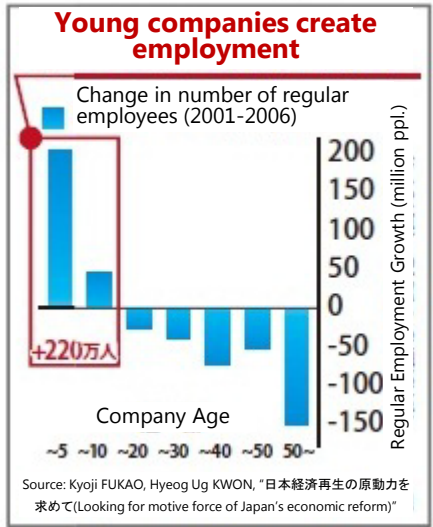
1. What is a startup generating employment?

1) Consequences

(1) Expand employment.
(2) Establishing business,
Business expansion.
(3) Generation of
diversified work style.

➔

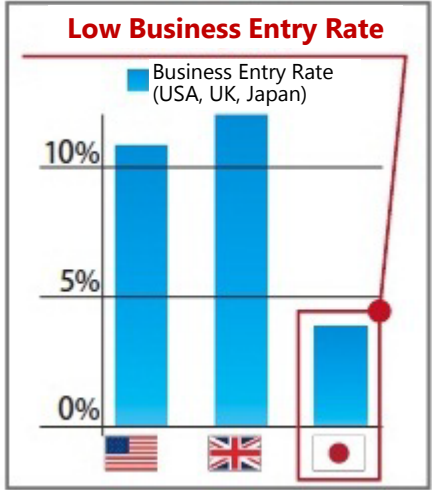
- Economic Growth
- Improved Life



2) The present condition

- Entry rate is lower than exit rate.

Country	Business Entry Rate	Business Exit Rate
Japan	approx. 4%	approx. 4.5%
USA	approx. 10%	approx. 9.7%
UK	approx. 12%	approx. 9.5%



3) The problem

Phase 1: Considering establishment

- (1) Low Motivation and Skills
 - Rate of people consider themselves to have skills of establishing business is **15.2%** (The 2nd lowest among 42 countries)

Phase 2: Establishing

- (2) Weak Environment (Procedure, Cost, Employment)
 - Establishing procedure under regulations

Country	Number of steps	Duration of procedures
Japan	8	23 days
USA	6	6 days
Korea	5	7 days

Phase 3: Growing

- (3) Weak Investment Environment

Amount of Venture capital Investment

- Smaller than one thirtieth of EU, smaller than one tenth of USA

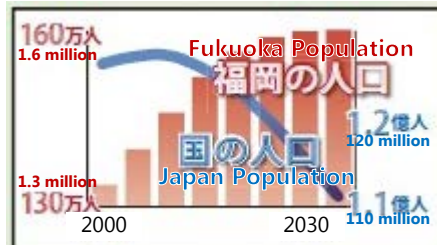
- (4) Slow Globalization
 - Overseas network is necessary

2. Why is the business entry rate in Fukuoka City the highest in Japan?

Phase 1

Reason 1: **Rich in human resources suitable for startups**

- Rich in human resources
 - Population growth rate: **No.1**
 - Youth population rate: **No.1**
 - Young female rate: **No.1**
 - Student ratio: **No.2**
- Rich in science students and foreign students



Phase 2

Reason 2: **Business cost easy to start business**

- Office rent

Fukuoka	9,200円	(YEN)
Tokyo	30,600円	
Singapore	27,800円	
Hong Kong	45,009円	

- No.1 easy city to live in, 95% of Citizen satisfaction
- Rich in natural environment and short commute time
- Accumulation of urban function and wide-area transportation function](below figure)

Hakata International Port

Hakata Japan Rail Station

Tenjin CBD

Convention Zone

Fukuoka Airport



Within a 2.5-kilometer radius

Phase 3

Reason 3: **Business environment linked to the world**



- Fukuoka Airport: international air route service with 18 cities
- Hakata Port: **No.1** international passengers for 20 consecutive years
- Number of international meetings: **No.2** in Japan
- Education: International schools, seminars for foreigners at municipal schools
- Medical: Approx. 260 medical institutions in the city support foreign languages
- UN-Habitat: recommends Fukuoka City as a model of livable million city

3. Recent initiatives in Fukuoka City.

Fukuoka Directive Council (Fukuoka D.C.)

Fukuoka D.C. has already been looking into growth strategy by industry-academic-government collaboration for 3 years.

- Think-and-do tank: invested by industry, academic, and government
- Target: GRP increase of 2.8 trillion YEN, Employment increase of 60 thousand people
- Project: MICE, Human resources, Urban redevelopment

Private businesses

Increasing opportunities of private investments in Fukuoka City.

- The largest venture capital in history
- Opportunities of investment in MICE cluster from overseas
- Locating a base to keep eye on Asia

Fukuoka City

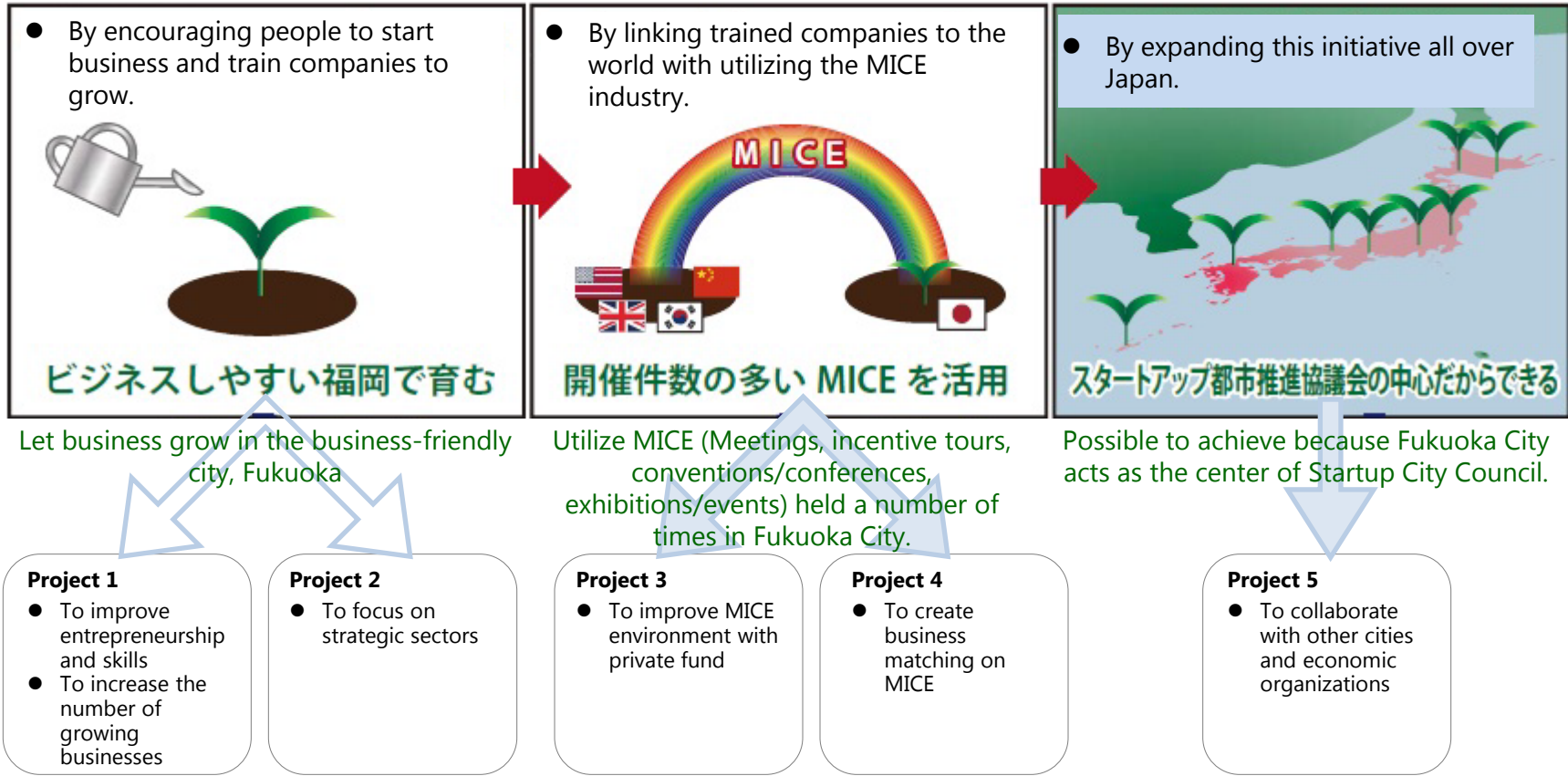
Fukuoka City has been promoting the city as a startup city.

- Declared as “Startup City Fukuoka”
- Established a section called “Startup Supporters”
- Co-established “Startup City Council” with other cities and prefectures

4. Projects aiming for realization.

Aiming for Japan to be a country supports challenges of startups generating employment to expand to the world.

How?



Aiming for...

(Key Performance Indicators)

Japan Revitalization Strategy

Entry rate: Level of
Exit rate: 10%
(currently 4.5%)

Fukuoka City

Entry rate: 20%
(twice the target of nation)
(currently 6.4%)

No.1 in Japan!

Fukuoka City proposal for "Global Startup National Strategic Economic Growth Areas".

Scheme for each phase and Projects

1. Scheme for each phase

Business Entry Phase		Phase1: Considering establishment		Phase2: Establishing		Phase3: Growing	
Contribution to the target		Entry rate Growth by 7%		Entry rate Growth by 7%		Employment Increase 500 thousand people (during the coming 10 years)	
Previous Initiatives	Fukuoka City	Japan	Fukuoka City	Japan	Fukuoka City	Japan	
	●Business educational program for junior high-school, high-school, university students ●Declaration of "Startup City FUKUOKA"	●"Increase Startups"Small and Medium Enterprise Charter approved	●Incubation program ●Management consulting service ●Loan system ●Establishing preparation seminars	●Removal of minimum capitalization requirements ●Startup subsidy ●Loaning	●Step-up subsidy program ●Trial order authorization program ●Establishing "Startup Supporters"	●Financing ●Exception for Stock Option system ●Angel tax system ●Maintaining the stock market	
National Strategic Special Zones (number corresponding to projects on following pages)	①Fermentation of entrepreneurship on potential entrepreneurs such as university students and females ①⑤Entrepreneurial training program for elementary, junior high school, and high school students ⑤Remodeling of Japan by Cities Alliance	①Reconsideration of entrepreneur individual bond system	①Enhancement of consultation service on business establishment procedures ①Expanding collaborative incubation with private sectors ①Improvement of loan system ①Development of safety net for retry ①Business matching by collaboration between cities	①Prompt process of business establishment procedures ①Easing of requirements for resident status ①Easing of dismissal regulation	①Financial support ①Collaboration with private investment fund ①Utilize startup business on municipal projects	①Reduction of corporate tax during the limited period of starting ①Reduction of corporate tax for venture investment ①Exception of municipal order system	
	・MICE ・Global environment	①Global education ④Opportunities of exchange and encounters with foreign human resources, culture and technology by MICE	①Easing of school authorization with International Baccalaureate requirements under School Education Law	①Development of livable city even for non-Japanese speakers ④Absorption of know-how and network by matching domestic companies and human resources in MICE business	①Easing visa requirements for human resources of overseas companies and their family ①Easing regulation for medical activity by foreign doctors under a certain rule	③Development of MICE cluster utilizing private investment ④Matching or Innovation by development of MICE innovation generating system ④Provide place for pilot experiment as one-stop service	③Exception of MICE facilities development support ③Easing of Aviation Law by area ③④Preferential measure on utilizing outdoor space ③④Preferential measure on issuance of visas ③Preferential measure of emigration and immigration, and customs ③Easing casino business on cruise ships ②Easing regulation for medical activity by foreign doctors (clinical trial)
		Utilize rich human resources including young people!		Fully utilize livable and business-friendly city!		Utilize upward investment opportunities and MICE business linked to the world!	

Entry rate: 14% increase

Generating Employment in strategic sectors (during the coming 10 years)

Creative sector	30,000 pers.
Healthcare sector	70,000 pers.
Food related sector	150,000 pers.

Fukuoka City proposal for "Global Startup National Strategic Economic Growth Areas".

Projects making the full use of Fukuoka's advantage

① Generation of startup business or new projects succeeding overseas

In order to generate startup businesses that succeed overseas and tow Japan or new projects that bring innovation to the economic society, Fukuoka provide a combination of support such as collaboration with private investment fund, tax benefits, exception of order system from municipality.



Declaration of "Startup City FUKUOKA"

② Promotion of strategic sectors (Creative, Healthcare, Food)

In order to promote startup business in growing sectors, Fukuoka not only promotes community formation for each sector and industry-academic-government collaboration but also plans to form a training base for entrepreneurs and effectively utilize high-skilled overseas professionals.



Creative, Healthcare, Food

③ Preferential measure for development and opening to the public of a prominent MICE cluster in Asia

Fukuoka develops a complex of facilities such as convention center, hotel, cruise ship (with casino), museum, and incubation facility by utilizing private fund. Fukuoka opens road space to MICE business and also supports IT technologies utilizing open data.



Convention centers, Hotels, Cruise ships, Museums, Nightclubs

Fukuoka City proposal for “Global Startup National Strategic Economic Growth Areas”.

Projects making the full use of Fukuoka’s advantage

④The first in Japan! Development of MICE innovation generating system, and preparation of environment to attract and implement pilot experiments

- Fukuoka strategically attracts MICE business, develops a platform to secure and accumulate highly-skilled domestic and overseas professionals, and prepares an communication hub to enhance business matching and innovation.
- In order to develop a product, Fukuoka prepares an environment to attract pilot experiments or support pilot implementation.



Pilot experiment
(Smart Mobility Asia)

⑤Remodel of Japan by Cities Alliance, aiming for Japan where startups are highly evaluated

Fukuoka plans to remodel Japan where cities actively involved in developing a “Startup City” are collaborating with the economic circles, training human resources, making business matching, which leads new companies to be generated one after another.



“Startup City Council”
From Fukuoka to the whole country