## (3) FUKUOKA

## **Economic Revitalization through Transnational Exchanges**

Mr. Hiroyuki Takada Deputy Mayer of Fukuoka City

## **Outline of Fukuoka City**

Fukuoka City is the closest in location to the rest of Asia among the major cities in Japan. By taking advantage of its location and a history of exchanges with the rest of Asia spanning over two millennia, Fukuoka City aims to be a focal point of exchanges within Asia. This is realized through actively approaching areas in East Asia in the fields of logistics, trade, tourism, and culture.

## Economic revitalization through transnational exchanges

There is one thing common between all the cities in the world which have found new vitality and currently succeeding in transforming themselves considerably, is that they all actively seek cooperation with regions across borders.

As you can see on the bottom left, in Northern Europe, near the Baltic Sea, unique cities with a population of about 1 million, such as Helsinki and Copenhagen, form an economic zone crossing national borders. This zone has given birth to international companies.

## 1. "Fukuoka-Busan Supra-regional Economic Zone"

Fukuoka City and Busan Metropolitan City, the second largest city in the Republic of Korea, are separated by a strait, and accessed by sea and air routes. With an annual flow of 900,000 people, active exchanges take place regularly between the two cities. Fukuoka-Busan Supra-regional Economic Zone was proposed by the mayor of Busan Metropolitan City, officially approved by President Lee Myung-Bak, and subsequently agreed upon by the mayor as well as the chairman of the Chamber of Commerce and Industry of both cities.

This agreement aims to:

- Improve international competitiveness
- Revitalize the region
- Create a flourishing sphere in Northeast Asia as a model of transnational cooperation between regions

With this agreement, we are working towards creating a single economic zone for Kyusyu and Southeast Korea. The cooperative project of forming a supra-regional economic zone consists of four basic policies and nine strategies.

## <4 Basic Policies>

The first policy is the promotion of future-oriented business cooperation, which promotes cooperation of leading industries in the future, and includes four strategies such as creating a cooperative environment between companies.

The second policy is the development of human resources, such as those who travel across the strait. This involves development and production of international human resources who work in both countries, and includes two strategies such as developing young human resources, especially those who travel across the strait.

The third policy is the creation of a sphere of day-to-day exchanges, which entails the formation of a region where citizens of both cities are able to travel back and forth with ease, and includes two strategies such as developing a favorable environment for the creation of an exchange zone.

The fourth policy is requesting for government cooperation, which entails requesting a system or financial support to accelerate the formation of the supra-regional economic zone.

## < Examples of cooperative projects>

- "Economic cooperation office in both cities" refers to the offices we established in Fukuoka City and Busan Metropolitan City in August, which provide information on industries and businesses in both cities.
- "Market exchange including the fish markets" refers to the sister city fish market agreement concluded in 2009 between the fish market of both cities, and the information exchange that takes place with regards to the circulation, consumption trend, and the general situation of fishery products, as well as food culture.
- "Elementary school lessons with supplementary readers" refers to our efforts to promote mutual understanding by incorporating lessons on each other's city in our elementary schools, based on our 20 year history of exchanges.
- "Promoting exchanges in the auto-related industry" refers to the exchanges in the automotive parts industry through auto parts trade fairs and exhibitions.

## 2. Creation of a tourism exchange zone in Northeast Asia

Fukuoka City is concentrating on tourist promotion, because actively attracting tourists will increase consumption and its effects will spill over to a variety of industries, resulting in the maintenance of our economic vitality.

Following the opening of the KTX in the end of 2010, in spring of 2011, the entire route of the Kyushu Shinkansen line will open. From this, a substantial change in the flow of people and goods in Kyushu and Korea is anticipated.

Furthermore Fukuoka's tie with China is also being reinforced due to the alleviation of tourist visa restrictions and the considerable increase in the number of port-of-calls by large-scale cruise ships from China.

Against this backdrop, we aim to form a Northeast Asia Tourism Exchange Zone by intensifying the

networks between Kyushu and Korea, as well as China. This is possible from visitor promotion to Fukuoka City through the cooperation between Fukuoka and Busan and port-of-calls by Chinese cruise ships taking root.

## 2.1 Busan-Fukuoka Asia Gateway 2011

One of the projects for the creation of this zone is the Busan-Fukuoka Asia Gateway 2011, a cooperative tourism project between Fukuoka City and Busan Metropolitan City. By taking advantage of our proximity, Fukuoka and Busan are working together to bring forth visitors to our area.

We have thus far jointly produced the contents of the project, such as producing and airing drama series and other television programs, hosting a joint professional baseball game, and jointly hosting promotional events in Shanghai, Shenyang, and Guangzhou in China, and Seoul in Korea, as one tourist destination.

Henceforth, we will do our utmost to increase the charms of our area and to promote these charms within our countries and beyond, as well as creating tour packages that include both of our cities, eventuating in a branding of our region.

## 2.2 Promoting the increase in cruise ship visitors

This year, we are welcoming 66 port-of-calls by Chinese cruise ships to Hakata Port, which entails 120,000 people based on ship capacity. We have seen a threefold increase in comparison to the year before.

Through these port-of-calls, numerous international tourists, including those from China, are visiting Fukuoka. Their economic impact is calculated at roughly 2.9 billion yen. We are focusing on increasing the level of satisfaction of these visitors in order to ensure the continuation of cruise ship visitors next year and beyond.

## 3. Promotion of fashion and game industries and exchanges with Asia and the world

Fukuoka City has a concentration of textile wholesale and retail industries as well as HR training institutions in fashion, hence, Fukuoka City is supporting the fashion industry which has the potential to bring about a considerable economic ripple effect.

The city, prefecture, Chamber of Commerce, and apparel companies formed the Fukuoka Asian Fashion Promotion Council in March 2008, to promote Fukuoka as a focal point of fashion in Asia. Information on local fashion brands are transmitted to the rest of Japan and the world through a fashion show called the Fukuoka Asia Collection (FACo), and an exhibition and trade show.

We have promoted Fukuoka's fashion in Asia. In 2009, we held a mini fashion show in Taipei, and a promotional booth of FACo at a fashion festival in Dalian. This year, we held a fashion show in Hanoi in August, and we plan to hold a promotional event in Taipei in autumn.

Furthermore, Fukuoka City has a cluster of roughly 20 game-related companies, and we are aiming

to form additional clusters of related industries. We established the Fukuoka Game Industry Promotion Agency, the first government-industry-academia collaboration in the gaming industry which carries out human resource development projects, attracts game-related companies, and holds Game Frontier in Fukuoka, a publicity event.

We are also focusing on exchanges with overseas cities that are concentrating on the gaming industry. With Busan Metropolitan City, we participated in a Korea-Japan joint seminar for the promotion of the gaming industry, as well as setting up a common booth for the gaming industry of Fukuoka and Busan at G-STAR, Korea's largest gaming event. We conducted promotional activities and exchanges with those in the gaming industry. We also have exchanges with other cities such as Utrecht in the Netherlands, as well as Seattle and Vancouver, and aim to internationalize the gaming industry in Fukuoka.

## 4. Formation of a center of human resource development in Asia

We have acquired knowledge through solving many urban problems such as environmental issues, water shortage, and aging society issues. Some countries in Asia may face these problems in the near future, thus, we aim to become the center of human resource development in Asia. I believe that the human network we create from this will lead to the economic revitalization of our city.

As part of forming a human resource development center, we have started a City Visit and Training Program in 2009. Based on Fukuoka's knowledge of development of a livable city, we offer five fields of study in this program – urban design, welfare for the elderly, water resources, environment and waste disposal, and fire and disaster prevention. We have received visitors and trainees from countries such as Korea and China who came to partake in this program. This kind of program is the first ever in Japan, and we plan to continue to develop it further in the future.

# 5. International Regions Benchmarking Consortium, a worldwide network of metropolitan regions

The consortium consists of ten regions including Barcelona and Seattle, which are metropolitan areas similar in population and economic features. The member cities are not megacities in global standards, but are metropolitan regions of a certain size, similar in industrial structure, and well-known for their livability.

The aim of this consortium is to share benchmarks and actual cases of urban development to exchange ideas and learn from one another.

This will enable us to recognize our position, reflect these ideas on projects in the future, and eventually improve our international competitiveness.

Following Seattle and Barcelona, Fukuoka City hosted the annual conference this year, in July. 60 representatives from nine regions including Fukuoka congregated to exchange opinions and to learn from one another, under the topic of Knowledge Regions.

Fukuoka City finds four points of significance in being an IRBC member. We can learn from other regions, which is the fundamental concept of the consortium, and consequently, we can provide

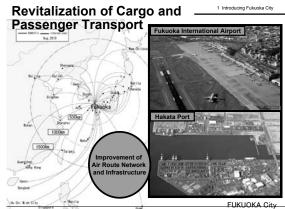
information on our successful cases to the other regions. We can then incorporate this new-found knowledge into our city development, thereby becoming a better city and increasing the name recognition of our city. Consequently, the relationship with the other member regions will lead to Fukuoka City attracting international companies through economic exchanges, which in turn will contribute to the economic revitalization of our city.

It has been a great honor for me to speak here, on the theme of Economic Revitalization through Transnational Exchanges.

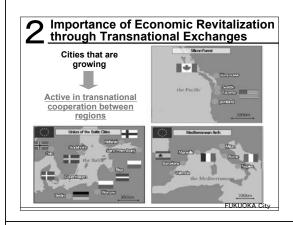
By promoting tourism, logistics, trade, and investment, through exchanges with cities outside of Japan, such as Busan, our neighbor across the strait, Fukuoka City would like to do its utmost to become a focal point of exchanges within the Asian-Pacific region.

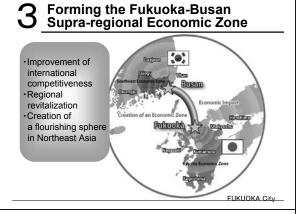


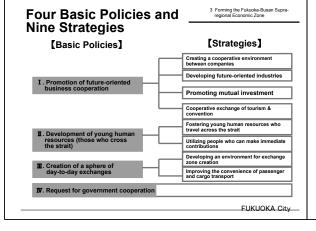
















Busan-Fukuoka Asia Gateway 2011 Campaign

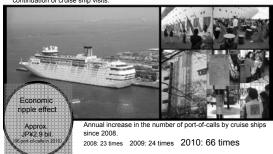
s one tourist destination through wel



FUKLIOKA City

## Promotion of Cruise Ship 4 Promotion of the creation of a "Touris Exchange Zone" in Northeast Asia **Visitors**

Enhancing satisfactory hospitality system for tourists in order to guarantee the continuation of cruise ship visits.



FUKUOKA City

## Promotion of Fashion and Game Industries and Exchanges with Asia and the World





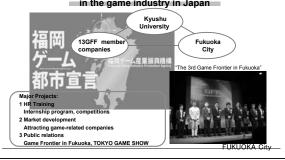


FUKUOKA City

#### **Fukuoka Game Industry Promotion Agency**

5 Promotion of Fashion and Game Industries and Exchanges with Asia and the World

-To develop Fukuoka as a gaming city to which the rest of world can aspire First government-industry-academia collaboration in the game industry in Japan



## **Exchange with cities** overseas

OBusan Metropolitan City, Korea (Fukuoka's sister city)

Exchanges through "Korea-Japan Joint Seminar" and "G-STAR2009," the largest game festival in Korea.

OUtrecht and Leeuwarden, The Netherlands

(leading cities in \*serious games)

\*Educational and medical games with societal benefits

Presentation on Fukuoka city's projects at a game festival held in Utrecht.

Lecture by a professor of Utrecht School of the Arts at a symposium on serious games held in Fukuoka.

OSeattle and Vancouver (game industry clusters in North America) Feasibility survey on business exchange (supported by JETRO)

Fukuoka aims to a leading city in serious games!!

FUKUOKA City

## Forming a center of human resource development in Asia

Fukuoka's knowledge

on :
-Environmental issues -Aging society issues -Water shortage, etc.

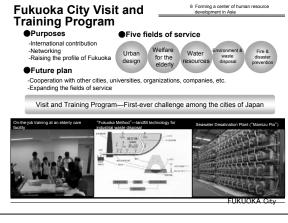
Flourishing Asian countries face:
-Environmental issues
-Declining birthrate and aging society issues
-Water shortage, etc.

Forming a center of human resource development in Asia



Economic revitalization of Fukuoka City = Business opportunities, increase of the population taking part in exchanges

FUKLIOKA City



## International Regions Benchmarking Consortium

International Regions Benchmarking Consortium (IRBC) An international network of 10 regions with common economic features and similar in size. A community of regions with a knowledge-oriented economy similar to Fukuoka.



O10 member regions Barcelona (Spain) Dublin (Ireland) Daejeon (Korea) Fukuoka (Japan) Helsinki (Finland) Melbourne (Australia) Munich (Germany) Seattle (America) Stockholm (Sweden) Vancouver (Canada)

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## Outline of IRBC and Conference in Fukuoka 2010

To share and learn about each other's urban issues and successful cases for future city development and international competitiveness.

OTo share and learn about each other's urban issues and successful cases for future city development and international competitiveness.

OFukuoka is the only participating region in Japan. The 2010 annual conference was held in Fukuoka.

■Annual IRBC Conference
1st: June 2008 in Seattle with the theme of "The
Innovative Region"
2nd: November 2009 in Barcelona with the theme of
"Creativity and Talent"
3rd: July 7th-9th 2010 in Fukuoka with the theme of
"Knowledge Region"
Participants: approx. 60 delegates
from 9 worldwide regions, from
industries, academia, and governments.

**IRBC2010** in Fukuoka

FUKUOKA City

## Significance of the .. membership

OTo learn of successful cases from other regions

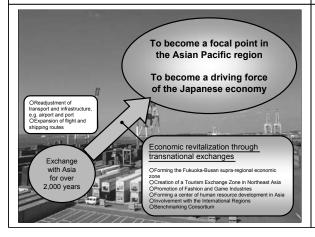
OTo provide information on Fukuoka's successful cases to the world

OTo raise Fukuoka's name recognition

OTo attract international companies through economic exchange



FUKUOKA City





## (4) **GWANGYANG**

# Promote the local economy through exchange with other cities by transcending boundaries

Mr. Lee Sung-Woong Mayor of Gwangyang City

## **Outline of Gwangyang City**

Gwangyang is a beautiful harbor city, located at the center of the southernmost part of the Korean peninsula. Three major industries have developed in Gwangyang: the steel industry, revolving around the POSCO Gwangyang steelworks, a global enterprise producing 17.4 million tons of steel annually; the shipbuilding industry cluster, developed around the steel plate mill, completed this year, with 5 million tons of annual production; and the harbor logistics industry, centering on the container terminal at Gwangyang Port and operating 16 berths for vessels in the 50 thousand-ton class.

According to mid- and long-term development plans, Gwangyang is expected to be intensively fostered as a hub for global logistics, as well as a world-class city for marine tourism and resorts by implementing the Sun Belt project to develop the broad southern coast area of Korea.

## **International Container Terminal**

The Gwangyang Container Terminal is now ranked the 57<sup>th</sup> port in the world for container traffic, with 1.81 million TEU last year since Phase 1 opened in 1998, and is expected to increase performance to over 2 million TEU this year. It is achieving its goal to be a logistics-centered port in northeast Asia through the realization of a state-of-the-art logistics system, green port, and free trade port.

Companies engaged in the logistics business have already moved in the outlying complexes to the rear of the Gwangyang container terminal and the city is attracting manufacturing companies in order to create greater container traffic. The Gwangyang Container Terminal and outlying complexes are designated as a free trade zone offering such benefits as rents as low 1 dollar per 3.3 square meters for up to 50 years.

Now, 9 million square meters in the area neighboring the port is designated as a free trade zone and plans are underway to extend this to 33 million square meters, aiming to develop Gwangyang into an international free trade city like Singapore and Hong Kong.

## Changes in conditions of the local government in a global society

As the international competitiveness of the local government is directly connected to national competitiveness because of the global changes, local governments must change their role in a global society. The winds of change, blowing through politics, economy, and society, have driven not only countries but also local governments to respond promptly and actively. Glocalization, characterized by the increasing of mutual dependence and intensifying of economic competition, is regarded as the current mainstream.

The local governments fulfilling only their given roles within their institutional boundaries will have no choice but to face their limits in development. It is critical to find common measures that can enable the cities in the Asian-Pacific region to share their interests with each other.

Local government, therefore, can utilize international exchange not only as a way to build friendship and show courtesy, but also as a chance to promote local economy, allowing local governments to prioritize their own development as suitable for local conditions and meet the demands of their citizens. I hope this meeting provides the opportunity to discuss measures for inter-city exchange transcending boundaries and for promoting the local economy through mutual cooperation.

## **Projects of Gwangyang City**

## 1. Establishment of the Northeast Asia Golden Route

First, we are carrying forward a project to establish a golden route in northeast Asia in connection with our 2 exchange cities located in the northeast of China. The Northeast Asia Golden Route refers to a project for creating a new logistics business model in order to draw mutual cooperation in the field of port logistics and to vitalize ports by establishing a seaway connecting Gwangyang with northern China.

We have held an international forum, seminars, and working-level discussions several times in each city since we made the agreement on a Letter of Intent to collaborate on the establishment of a sea route from Gwangyang Port to Yingkou Port in July 2006.

Experts had in-depth discussion in the "Establishment of the Golden Route in Northeast Asia" sessions both in the Northeast Asia Development Forum hosted by Shenyang, China in 2009 and in the 2010 Gwangyang Port International Forum hosted by Gwangyang City.

Concrete business items for the operation of container ships between Gwangyang Port and Yingkou Port are now in progress through the participation of representatives from both shipping companies and logistics in international exchange cities. The establishment of a golden route will contribute to the promotion of the local economy of the cities involved as well as to create new container traffic for Gwangyang Port.

## 2. Opening of a sea route for ferry between Gwangyang and Shimonoseki

Second, we are pushing ahead for the opening of a sea route for 15 thousand-ton class car ferries capable of carrying 700 passengers and 180 TEU cargo shuttling between Gwangyang and Japan 3 times a week. According to an analysis of the shipping company in charge of operation and tourism industry, this route is expected to attract 0.1 million Japans tourists to Korea as well as to transport ten thousand TEUs of agricultural, livestock, and fishery products annually. Opening a sea route for a car ferry will contribute to encouraging positive changes in the urban tourism industry and to facilitate the local economy.

## 3. Enhancement of international exchanges with the world's leading port cities

Third, we are trying to make international exchanges with the world's leading port cities. Gwangyang, looking for positive exchange and cooperation with the world's major port cities as a home for an international container terminal, is increasing exchanges with cities going in the same direction and needing cooperation from other ports in the near future.

Through the project to expand international exchange, since May 2008 we have been pursuing exchange with Izumiotsu, Japan, which has a similar industrial infrastructure as Gwangyang, along with economic exchanges in areas of mutual support for business, benchmarking of economic models and correspondence between entrepreneurs. In this process, Gwangyang has had the chance to export its Chinese plum crop to Japan, which contributes to our agricultural products to pioneer a new market abroad and to increase farming income.

For your reference, Gwangyang produces 7,922 tons of plum over 983 hectares, accounting for 28 percent of the total production in Korea. Our organically-grown plum, with its high levels of citric acid and excellent taste and flavor, is renowned as one of the best plum in Korea. Each March, the Gwangyang International plum Flower Festival, heralding the beginning of spring, attracts many tourists, both domestic and foreign.

## 4. Promoting of economic exchanges at international events

Fourth, we are pursuing friendly exchange along with economic exchange through city promotion, the attraction of foreign investment, and investor relations by attending a variety of international events including international exhibitions hosted by international sister and friendly relationship cities. We have achieved successful results by participating in two representative events: a seminar on Sharing International High Technology held in Shenzhen, China since 2006; and the international event the International Investment & Trade Consultation held in Xiamen, China. We are planning to pioneer the global market and attract investment through the exhibition and explanation of the results of our municipal U-IT research center by attending the 12<sup>th</sup> Seminar on Sharing International High Technology held in Shenzhen, China this November, as well as to promote our city as a home for tourism, industry, and ports and the principal products of our city by citizen's direct voice. Mutual cooperation between exchange cities is of substantial importance in that attending international events may contribute to improving the image of both the city and local industry.

# Three proposals for economic cooperation through exchanges among member cities of the Asian-Pacific City Summit

First, local governments should exert interest and efforts in pioneering the global market and increasing exports in order to strengthen the competitive edge of local products in the world market and to expand the market. In addition, local governments should facilitate productivity to produce with low price, high quality goods by increasing international exchange in the three production factors such of capital, technology, and human resources, as well as productivity through the advancement of industrial techniques. Local governments also pave the way for find promising products and promote competitiveness by highlighting their own distinct cultural traits, originality, and locality. Establishing an interactive cooperation system between international cities will play a great role in providing the opportunity for exchange, advertising products, exchanging information, attracting outstanding human resources, and supporting business activities for exchange cities.

The second plan is to dispatch a private-public cooperative group for global market pioneering to find promising products for import and export, and jointly pursue such long-term measures as establishing permanent exhibition halls or booths for selling specialties produced by exchange cities at retail outlets or department stores.

The third is to construct a network directly connecting every port in the member cities by creating a profitable distribution model, which could provide a chance to persuade both manufacturers and logistics to move into the hinterland of the container terminal. I sincerely hope that working-level discussions on research on current distribution states, information about ports, and ways to attract foreign investment can yield a variety of business models.





