

Table 3**Industrial Profile of Tokai — 1989**

| Industry | Percentage |
|----------------|------------|
| Transport | 33.8 |
| Machinery | 9.5 |
| Electronics | 8.9 |
| Steel | 5.3 |
| Food | 5.2 |
| Chemicals | 4.7 |
| Metal Stamping | 4.6 |
| Ceramics | 4.5 |
| Textiles | 4.3 |
| Plastics | 3.9 |
| Other | 15.3 |

Manufacturing

Tokai's manufacturers are uniformly strong, from heavy industry to advanced materials. But when compared to Tokyo, Osaka and the national picture, the region's manufacturing strength is seen to be concentrated in the three leading industries (transport, machinery and electronics) rather than in other areas. This means that Tokai could be more vulnerable than other locales to economic fluctuations, especially in the heavy industries.

Automotive industries, especially Toyota, are central to Tokai's economy. According to the regional office of the Ministry of International Trade and Industry (MITI), 20 to 30 per cent of the industrial sector in Aichi prefecture is in some way connected to Toyota.

Further, it has been argued that firms associated with the major automotive assemblers through the "keiretsu" system regard themselves as subcontractors, thus enhancing the actual economic power of the major companies by virtue of the absence of independent action on the part of the related firms.

But the automotive assemblers are not without problems. The labour shortage is already forcing Toyota to set up operations in other parts of Japan. The shortage is expected to affect the entire industry, forcing a search for new solutions, such as moving production to less industrialized areas of Japan and to overseas sites, and importing parts produced overseas.

Aerospace is another prominent industry in the transportation-equipment category. The Nagoya area has been the hub of the aircraft industry since the period before World War II, but, until recently, the industry had been a subcontractor of the large American companies.

Table 4**Regional Comparison of Leading Industries**

| Region | Industry | Percentage |
|--------|-------------|------------|
| Tokai | Transport | 33.8 |
| | Machinery | 9.5 |
| | Electronics | 8.9 |
| | Total | 52.2 |
| Tokyo | Electronics | 21.1 |
| | Transport | 13.2 |
| | Chemicals | 8.9 |
| | Total | 43.2 |
| Osaka | Electronics | 14.9 |
| | Machinery | 12.4 |
| | Chemicals | 8.6 |
| | Total | 35.9 |
| Japan | Electronics | 17.0 |
| | Transport | 13.6 |
| | Food | 7.7 |
| | Total | 38.3 |

While Nagoya is home to Japan's largest aerospace manufacturer, Mitsubishi Heavy Industries, as well as to Kawasaki Heavy Industries, the Tokai area has recently attracted other manufacturers through international collaboration: the U.S. defence contractors Raytheon, TRW and General Dynamics.

Major projects have included the V2500, YXX, the N-II rocket and, recently, the SST. A STOL project funded by the Science and Technology Agency is nearing completion at the Kawasaki Heavy Industries plant in Kagamihara. The prefectural government is hoping the project can be applied commercially. Kagamihara is also lobbying for a Space Museum. Ongoing research and development (R & D) in the aerospace sector covers a range of other projects in related fields, such as advanced composite materials, fine ceramics and electronics.