

2 Regional Economy

Overview

The Chubu region as a whole accounts for 16.8 per cent of Japan's industrial output, but the three Tokai prefectures within it account on their own for almost 15 per cent of the nation's total. Exports from Tokai represent more than 16 per cent of all Japanese exports, while the import figure is 10 per cent.

The relatively low import base accords with the region's predominance of manufacturing industries. However, the percentage of exported products by three of Chubu's largest industries has been steadily declining over the past three years, reflecting the trend to stronger domestic demand. This demand has also opened up opportunities for more imports.

The automobile industry's export percentage fell from 53.1 per cent of production in 1986 to 43.1 per cent in 1989. Similarly, machinery exports dropped from 50.2 per cent to 36.6 per cent and exports of fine ceramics slipped from 25.3 per cent of production to 16.1 per cent.

In 1987, manufacturing industries accounted for 38.8 per cent of production in the Tokai district, 26.5 per cent in Tokyo and 29.5 per cent in Osaka. For the past few years, the sector has been gaining strength in Tokai, holding steady in Osaka and, in Tokyo, losing ground to service industries.

Tokai's manufacturing strength is clear when compared with the national industrial structure for 1989 (see Table 1).

Table 1
Industrial Structure — 1989

| | Tokai (%) | Japan (%) |
|-----------|----------------------|----------------------|
| Primary | 1.5 | 2.4 |
| Secondary | 46.1 | 35.2 |
| Tertiary | 52.4 | 62.4 |
| TOTAL | 100.0 | 100.0 |

Weaknesses have been appearing in Tokai's information-based industries. For example, Tokai's advertising, consulting, design and other information industries are less than one-tenth the size of Tokyo's and about one-third the size of those in Osaka. Exceptions are service industries most closely related to manufacturing, such as engineering services, which are one-third smaller than Tokyo's and about the same size as Osaka's.

Aichi prefecture's crucial contribution to the Japanese economy — representing almost 7.9 per cent of the gross domestic product (GDP) — rests on the strength of its manufacturing. In 1988, 4 000 manufacturers were running 35 000 factories, employing 930 000 people — the record for Japan. Most of the companies are small and mid-sized enterprises with their roots in the region. Of the 74 larger manufacturers employing over 500 workers, 40 have their head offices in Aichi prefecture (see Table 2).

Canada has a large trade deficit with Nagoya because of its predominant production of manufactured goods for export. Canada accounts for 4.2 per cent of Chubu's exports, but supplies just 2.5 per cent of its import requirements. Figures for the port of Nagoya for 1989 show imports from Canada valued at US\$449 million and exports to Canada at US\$1.36 billion.

The major exports from Nagoya to Canada are automobiles, parts and engines, musical instruments and loading machines. The main products imported from Canada are pulp, lumber, non-ferrous metals, wheat and organic chemicals.

The leading suppliers of raw materials handled by the port of Nagoya in 1989 were Indonesia, Australia and the United States, with each accounting for about 13 per cent of the trade.

An industrial profile of Tokai (1989) is presented in Table 3.