

## 2 Regional Economy

### Overview

With a gross national product (GNP) amounting to nearly ¥33.4 billion in 1987, Kyushu is a market for Canadian exporters to note. The 1987 figure was 1.5 times larger than the GNP of the Netherlands, 2.3 times larger than that of Korea, and 2.6 times larger than that of Taiwan.

The statistics of Canada's trade with Kyushu cover only direct trade through Kyushu's major ports and airports. Japanese imports from Canada through Kyushu include coal, lumber, wheat and canola (C\$700 million in 1989). Japanese exports from Kyushu come overwhelmingly from Nissan's car assembly plant, plus rubber tires and steel (C\$500 million in 1989). Indirect exports from Canada cover a much broader range of products.

Kyushu's goal is to account for 10 per cent of the national economy, although that objective may be elusive in the near term. Kyushu has not quite met the 10 per cent goal over the past 30 years and, for the past five years, it has retained a relatively constant percentage of the gross domestic product (GDP) at 9.4 per cent to 9.6 per cent.

Although the 10 per cent share has been achieved in many specific industries, two notable exceptions illustrate the nature of Kyushu's economy.

Agricultural shipments have grown steadily in relative terms from 13.9 per cent of national output in 1960 to a high of 19 per cent in 1989, and have also increased in absolute terms. By contrast, the percentage of manufacturing shipments has declined from 6.3 per cent in 1980 to 5.8 per cent in 1989, while absolute values have not changed. In terms of industrial shipments, processed foods (constituting 23.2 per cent of the region's output), electrical machinery (13 per cent) and steel (8.2 per cent) are the strongest sectors. Table 2 gives a breakdown of industrial shipments by sector.

In 1987, secondary manufacturing and construction contributed almost 10 per cent less than the national average to Kyushu's GDP, as Table 3 illustrates.

The degree of local decision making is clearly not commensurate with Kyushu's economic power, which is estimated to be closer to 2 per cent than 10 per cent. Still, many Japanese firms looking for new markets or seeking to extend service nationally have located branch offices in Kyushu. (Because

Table 2

Industrial Shipment Share by Sector — 1988

Industry Sector	Kyushu (%)	Japan (%)
Processed food products	22.7	11.1
Electrical machinery	13.9	17.4
Steel	8.4	5.6
Chemicals	7.8	7.4
Refractory and ceramics products	6.7	2.5
General machinery	6.4	9.5
Transportation machinery	5.8	13.5
Lumber and furniture	5.1	2.9
Fabricated metal products	5.0	5.6
Others	18.2	24.5

Table 3

Contribution to Regional GDP by Industry — 1987

	Kyushu (%)	National Average (%)
Primary	4.8	2.4
Secondary	26.7	35.2
Tertiary	68.5	62.4
Total	100.0	100.0

the branches usually set up in Fukuoka, the city has numerous hotels.) Table 4 shows the major companies with headquarters in Kyushu.

Trading companies are among the firms which have stepped up their regional activities in Kyushu in order to capitalize on burgeoning domestic demand. The Sumitomo trading house, for example, recently made an arrangement to work with Best Denki, a consumer electronics retailer specializing in imported Asian-made products.