

1 Introduction

Economic History

Nagoya is the unofficial capital of Chubu, the central part of Japan. Chubu's post-war boundaries take in nine prefectures: Toyama, Ishikawa and Fukui on the Japan Sea coast; Nagano, Gifu and Shiga in the central mountains; and Shizuoka, Aichi and Mie along the Pacific. The prefectures of Aichi, Mie and Gifu and the area around Hamamatsu make up the Tokai region, Nagoya's distribution district.

Nagoya occupies Japan's industrial heartland of Aichi prefecture, in the Tokai region on the Pacific coast between Tokyo and Osaka. Aichi has led all Japanese prefectures in industrial output for the last 11 years. The prefecture has just 0.1 per cent of the world's population, but its industrial and economic activities represent approximately 1 per cent of the global economy. In fact, Aichi prefecture alone boasts a gross national product (GNP) greater than Korea's.

The prefecture is also home to Toyota Motors, one of the world's largest companies, while its major port at Nagoya is establishing itself as a strategic international distribution point, as well as a junction for the domestic sea-transportation system.

Nagoya's port is one of the 10 largest ports in the world, the second largest in Japan after Kobe, and the gateway to and from central Japan. Handling more than 127 million tonnes of cargo annually, Nagoya ranks first in terms of its annual foreign trade — over 71 million tonnes. The value of exports from Nagoya is around ¥4.57 trillion, but the value of imports is only ¥1.96 trillion. The port's 37 liner routes, including 17 full container-ship routes, link Nagoya with all the major international ports-of-call.

Not surprisingly, the people of Nagoya have no regional consciousness. They have had no need to develop one; their advantageous location has always meant that they are at the centre of national industrial and commercial activity. The spirit of competition is very strong in the city. In fact, Nagoya is reputed to have the lowest interest rates in Japan, owing to the competition among Nagoya's numerous regional banks. The expression "Nagoya kinri" has come to mean the lowest interest rate possible.

Traditional pottery and textile industries have operated in the region for hundreds of years. While textile manufacturing has declined recently as cheaper foreign suppliers surface and the industrial base matures, vigorous efforts in fashion and design indicate renewed support for the textile industry for the foreseeable future. The longstanding machine tool industry has developed since the turn of the century, and Nagoya now leads the country in that sector. The traditional ceramic industry is also benefiting from advances in the fine ceramics field.

Transportation-related equipment producers, like the automotive and aerospace industries, are part of the major manufacturing group in the Tokai region. The strong manufacturing base means there are opportunities for foreign exporters, increasingly in demand as suppliers of components, particularly now that nation-wide labour shortages continue to be a drag on domestic production.

Demographics

The Tokai region accounts for 10.3 million of Chubu's population of 12.66 million. Nagoya dominates Tokai with a population of 2.15 million, followed by Hamamatsu with 530 000, Gifu with 407 000, Toyohashi with 334 000 and Toyota with 325 000.

Over 18 million people live within a two-hour train ride of Nagoya, providing a potential market that compares favourably with those in the Osaka and Tokyo areas. Based on a projected growth rate of 7 per cent for 1985-1990, Tokai's population is expected to reach 12.6 million by the year 2000.

More than 41 per cent of Tokai's labour force works in secondary industry; the national average is 33 per cent. Despite the immense population base, labour shortages plague the Tokai region, as they do every other region of the country. Both Gifu and Aichi prefectures, for instance, had more than twice as many jobs as applicants in 1989. Of the 18 major industries in the Tokai region, 11 suffer labour shortages.

Companies are trying to respond to this challenge with increased capital investment (a 15.1 per cent increase in 1988-1989) and with transference of production to other prefectures, even to other countries. Once hired, local workers have tended to be dedicated and highly skilled. But these attributes may be disappearing because of the stressed labour market and the changing values of the younger generation.