



# Shizuoka Prefecture Investor Presentation

October 2010

# Table of Contents

## 1 Overview of Shizuoka

(1) Shizuoka's Position in Japan	4
(2) Industrial Structure	5
(3) Active Industrial location	6
(4) Creation of New Industries	7
(5) Shizuoka has much of the best of Japan	8
(6) Economic Scale	9
(7) Transportation Infrastructure	10

## 2 Fiscal Position

(1) Fiscal budget: Staying healthy	11
(2) Medium fiscal Outlook	12

## 3 Bond Issuance

(1) Management of Prefectural Bonds	13
(2) Prefectural Bond Issuance Plan	14

# Key takeaways about Shizuoka



1. Shizuoka has strong economic fundamentals
2. Shizuoka ensure a healthy budget
3. Shizuoka has high credit ratings  
(Aa2 from Moody's and AA+ from R&I)

# 1 Overview of Shizuoka

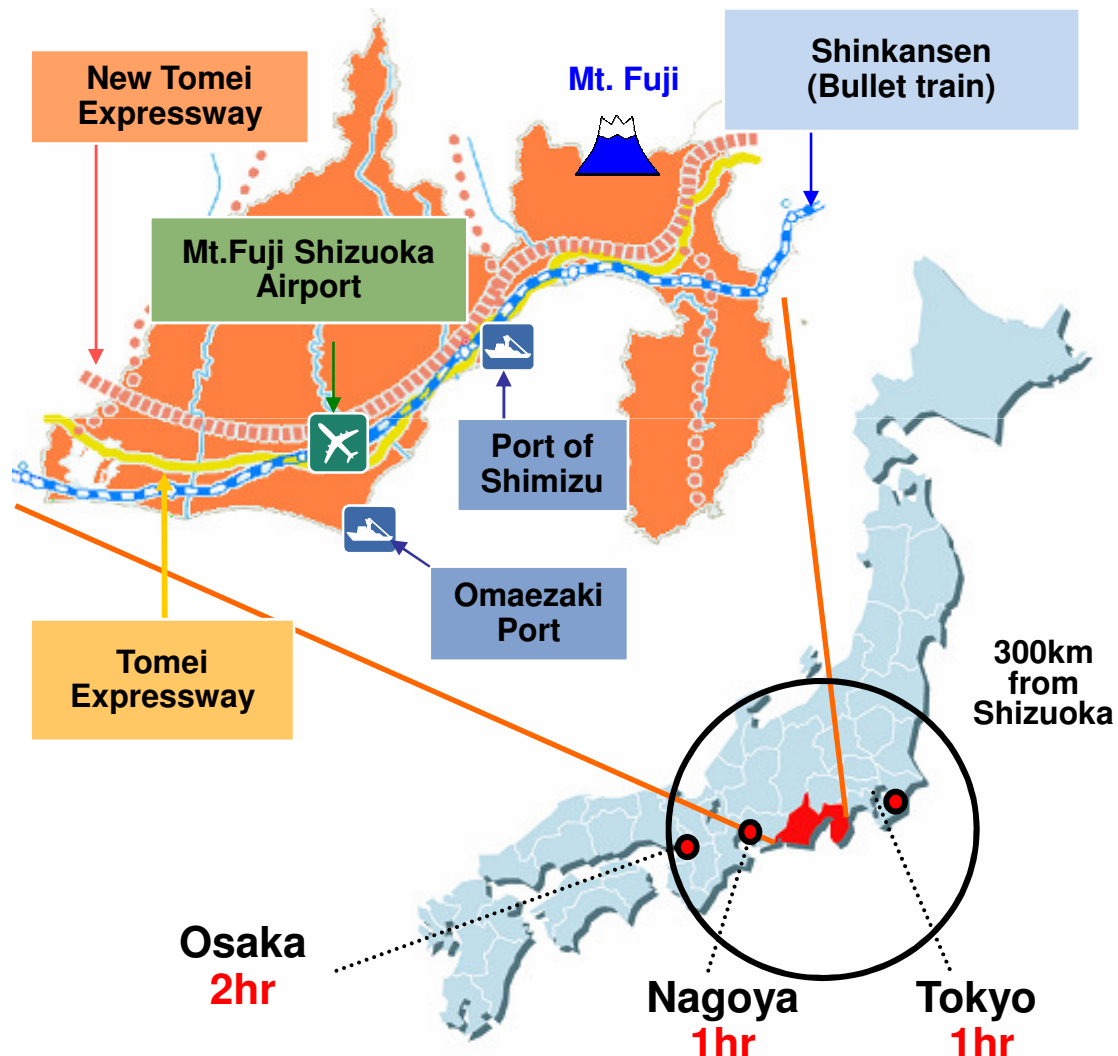






# 1-(1) Shizuoka's Position in Japan

## Shizuoka Prefecture



## Located in Center of Japan

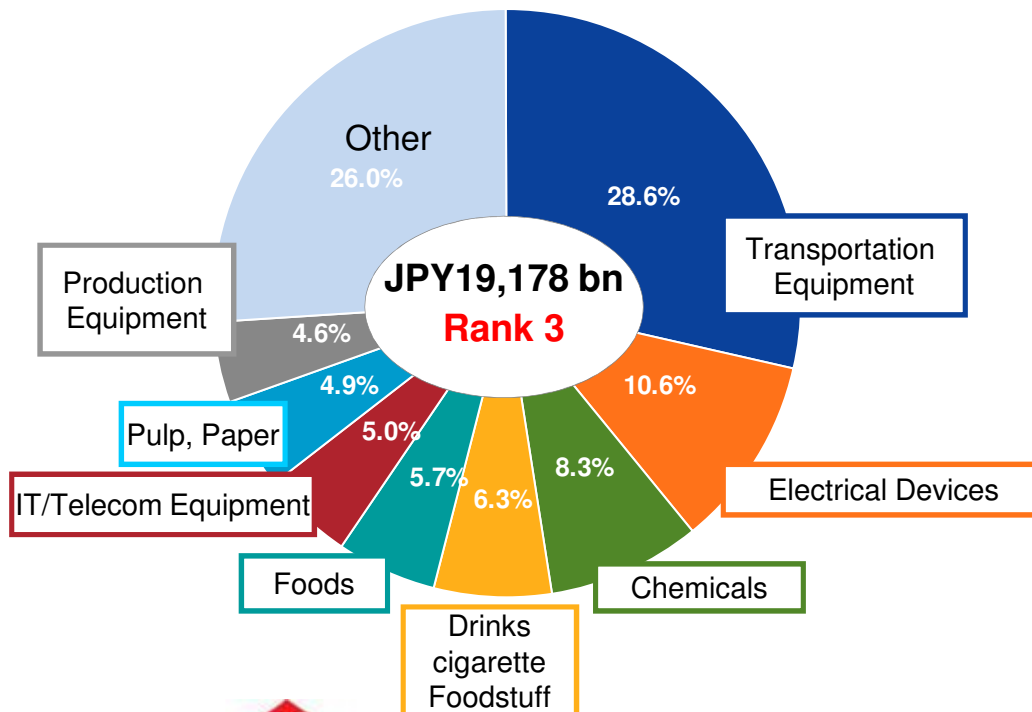
- Shizuoka is between Tokyo and Nagoya
- Travel time by Shinkansen
  - Tokyo, Nagoya 1 hour
  - Osaka 2 hour
- Situated in highly concentrated economic zone in Japan – economic activity within a 300km radius earns 70% of Japanese GDP

## Output of manufactured goods shipments and Per-capita income : No.3 among Japanese 47 local governments

- Population: 3.8 million (Rank 10)  
 Area: 7,780.38 km<sup>2</sup> (Rank 12)  
 Gross Production: JPY16.9 trillion (Rank10)
- Output of manufactured goods shipments: JPY19,178 billion (Rank 3)
- Per-capita income: JPY3,384,000 (Rank 3)

# 1-(2) Industrial Structure

Total revenue from manufactured products (2008)



## Manufacture-driven Prefecture

- Total revenue from Manufactured Products based on shipments (Rank 3 in Japan)

### Rank 1 products

- Electrical Device
- Drinks/Cigarette/Foodstuff
- Pulp/Paper

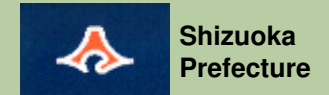
### Rank 2 products

- Transportation Equipment

- Strong industrial foundation mainly based on Transportation Equipment Manufacturing
- Well-balanced industrial structure with various sectors

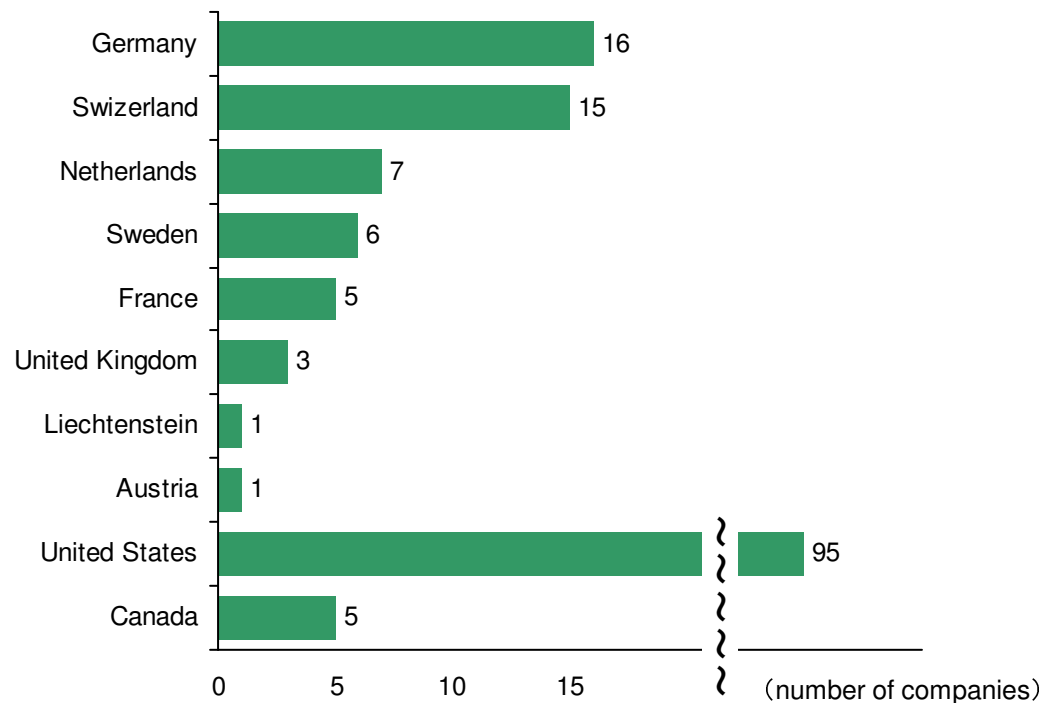
## Land of Spirit of Enterprenuership

- SUZUKI, YAMAHA, HONDA, which are now global brand companies, were founded in Shizuoka
- The founders of YAMAHA, HONDA and TOYOTA were born in Shizuoka



# 1-(3) Active Industrial location

# of global companies in Shizuoka by country



## High level of Corporate Industrial Locations in Japan

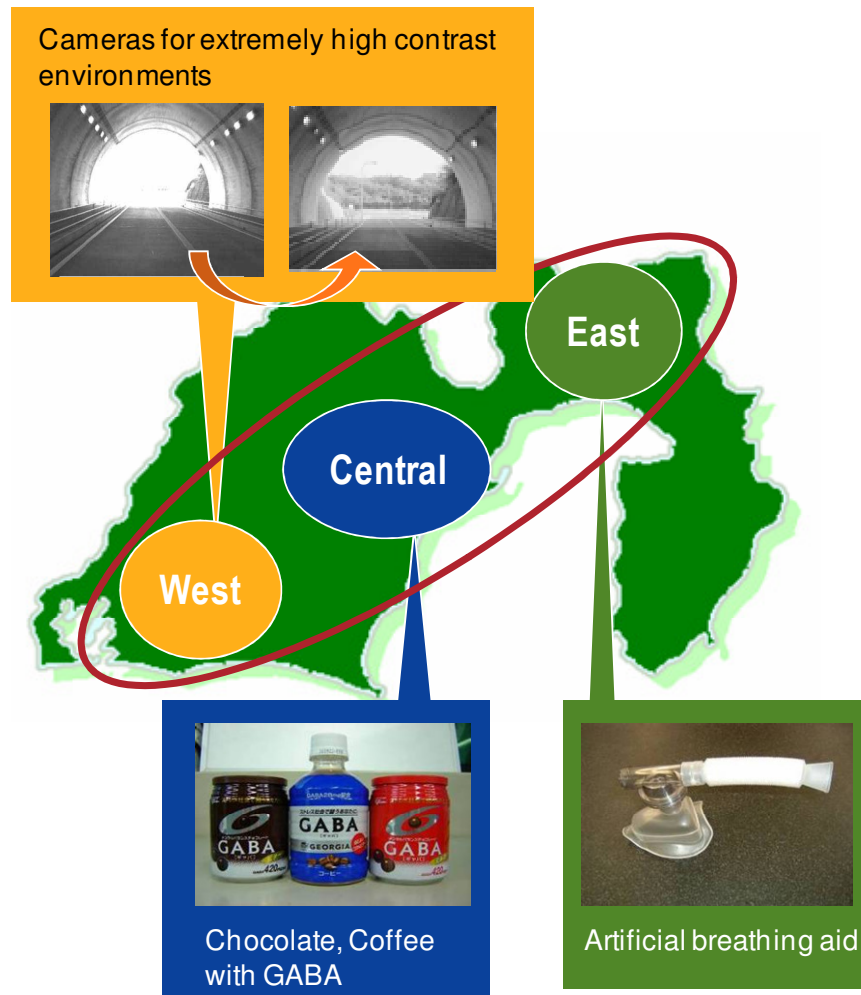
- Domestic industrial locations: 44 (FY2009)  
Area: 71ha (FY2009)
  - Rank 1 in Japan (FY 2007)
  - Rank 1 in Japan (FY 2008)
  - Rank 5 in Japan (FY 2009)

## Attract global companies

- The cumulative number of industrial location by Foreign company is the highest in Japan (accumulated total between 1989 -2008)
- About 170 global companies have their factories or offices in Shizuoka

Germany	Switzerland	Netherlands	France	United Kingdom	Liechtenstein	Austria
Moeller Osram-Melco	ABB schindler	Unilever Tritec	Cosmeroll Imerys	Nikkei-Mel Univite	Triumph	Ecka-granules

# 1-(4) Creation of New Industries



## Increasing High-valued added industries

### <West: Photon Valley>

- **Optical/electric technology-related company aggregation project**
  - Develop the base technologies to grow next-generation industry, especially focusing on optical technology

→ **Production of Photomultipliers : No.1 in Japan**

### <Central: Foods Science Hills>

- **Food/pharmaceuticals/chemical product companies aggregation project**
  - Fusion between “Food” and “Drugs” → Innovative functional food

### <East: Pharma Valley>

- **Advanced health industry aggregation project at the foot of Mt. Fuji**
  - Development of medical device by cooperation among medicine, nursing science and engineering

→ **Production of Drug and Medical Devices: No.1 in Japan**

### <Support of entry into growing industries>

- Diversion of transport-equipment related technology into environmental field
- Development of robot market in welfare field
- Entry promotion of SME into aerospace field



# 1-(5) Shizuoka has much of the best of Japan

1. Overview of Shizuoka



**Electric piano**



**Plastic model**



**Japanese Inn**

## We have much of “The Best of Japan!”

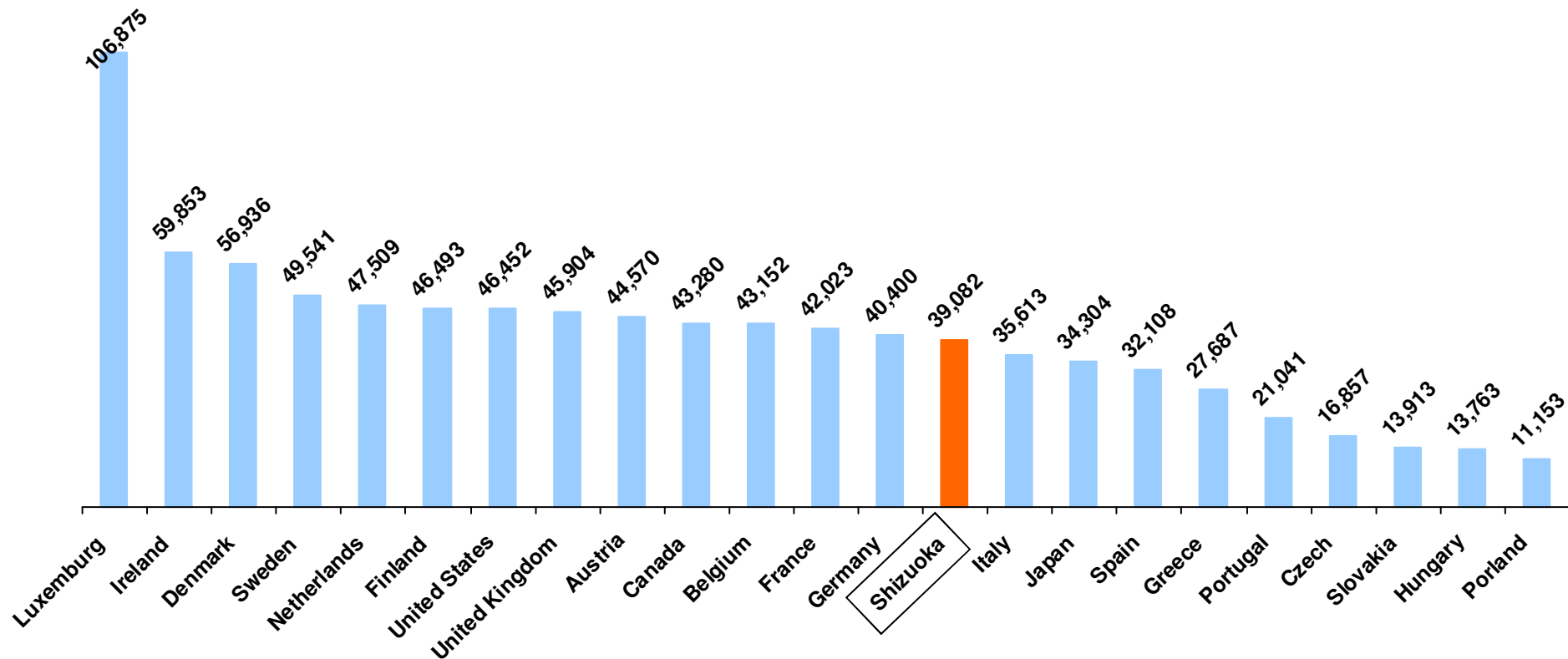
<b>Nature</b>	Mt. Fuji	Highest Mt in Japan
<b>Industrial</b>	Motorcycle Small Motorcycle	No.1 by export value
	Piano	No.1 by shipments
	Plastic model	No.1 by shipments
	Woodworking machine	No.1 by shipments
	38 other industrial products	No.1 by shipments
<b>Tourism</b>	Japanese Inns	No.1
<b>Agriculture Fisheries</b>	21 agricultural products (Green tea, Green house melon etc)	No.1 by production
	20 fishery products	No.1 by catch
<b>Sports</b>	Professional football players in J-League	No.1

# 1-(6) Economic Scale

## Per-capita GDP of Shizuoka is the same level as Germany

- Per-Capita GDP = USD 39,000
- Rank 3 in Japan (among 47 Japanese local governments)

Per Capita GDP of Shizuoka and other-OECD companies (Unit: USD)





# 1-(7) Transportation Infrastructure

## Transportation Infrastructure for connecting to the World

- Mt. Fuji Shizuoka Airport
  - To Seoul 2hr (2 flights per day)
  - To Shanghai 2hr 30min (4 flights per week)
- Port of Shimizu - International container terminal
  - Regular container routes 23 (Europe, North America, South East Asia etc)



Mt.Fuji Shizuoka Airport



Port of Shimizu



## 2 Fiscal Position





## 2-(1) Fiscal Budget: Staying healthy

### Budget comparison between 1998 and 2010

Category	Beginning of FY2010 (bn)	Beginning of FY1998 (bn)	Change (%)
General Account	1,127	1,351	△16.6
Mandatory Exp	637	601	6.0
Investment Exp	171	402	△57.5
Special Account (13)	409	121	338.0
Enterprise Account (4)	56	84	△33.3
Total	1,592	1,556	2.3

### Reduction in general administrative staffs

	As of April 2010	As of April 1997	Change
# of Staffs	5,942	7,264	△ 1,322

### ■ Budget for general account to JPY1.1 trillion

- Size of general account : Rank 11
- 13 special accounts, 4 enterprise account
- Mandatory Expenses remained high, and Investment Expenses restrained.

### ■ Efforts to Keep its health

- Cutting Investment Expense by less than half of its in FY1998 with the efficient administrative process
- Reducing 1,322 staff in this decade as the result of improved productivity
- Focusing on “One Reform per person movement” to have each staff member tackle an improvement in their daily work efficiency.





## 2-(2) Medium-term Fiscal Outlook

### ■ Retain our healthy financials

- Meets the standards for fiscal health established by Japanese government  
(4 indicators are provided for in law in order to manage local government financials)
- we are confident of maintaining current healthy position

Indicators	FY2009	Midium-term Fiscal Outlook			Standards	
		FY2010	FY2012	FY2014	Early warning limit	Reconstruction limit
Real deficit ratio	(surplus)	(surplus)	(surplus)	(surplus)	3.75%	5.00%
Consolidated real deficit ratio	(surplus)	(surplus)	(surplus)	(surplus)	8.75%	25.00%
Real debt payment ratio	13.1%	14.2%	15.0%	15.0%	25.0%	35.0%
Future burden ratio	262.6%	282.5%	293.9%	311.0%	400%	—

\* Shizuoka has a surplus in all accounts, Not Available for real deficit ratio and consolidated real deficit ratio



“Diamond-Fuji” seen from the lakeside of Tanukiko

## 3 Bond Issuance



# 3-(1) Management of Prefectural Bonds

## \* Accumulation rule for Sinking fund

Accumulation of 3.7%(1/27<sup>th</sup>) of total prefectural bond issuance after 3 years deferral period  
(Lump-sum payment at maturity)

## ■ Appropriate Sinking Fund

- No shortage of Sinking fund
- No borrowing from Sinking fund to date

## ■ Issuer Ratings

- Shizuoka has high credit rating by 2 rating agencies

Moody's

**Aa2**/stable

Comments by Moody's (as of December 2009)

- Small debt burden
- Solid administrative and fiscal management
- Strong local economic base

Rating and Investment  
Information, Inc

**AA+**/Stable

Comments by R&I (as of December 2009)

- As one of the best "Manufacturing prefecture", manufacturing industries drive the local economy
- Prefectural administration for keeping healthy finance

## 3-(2) Prefectural Bond Issuance Plan

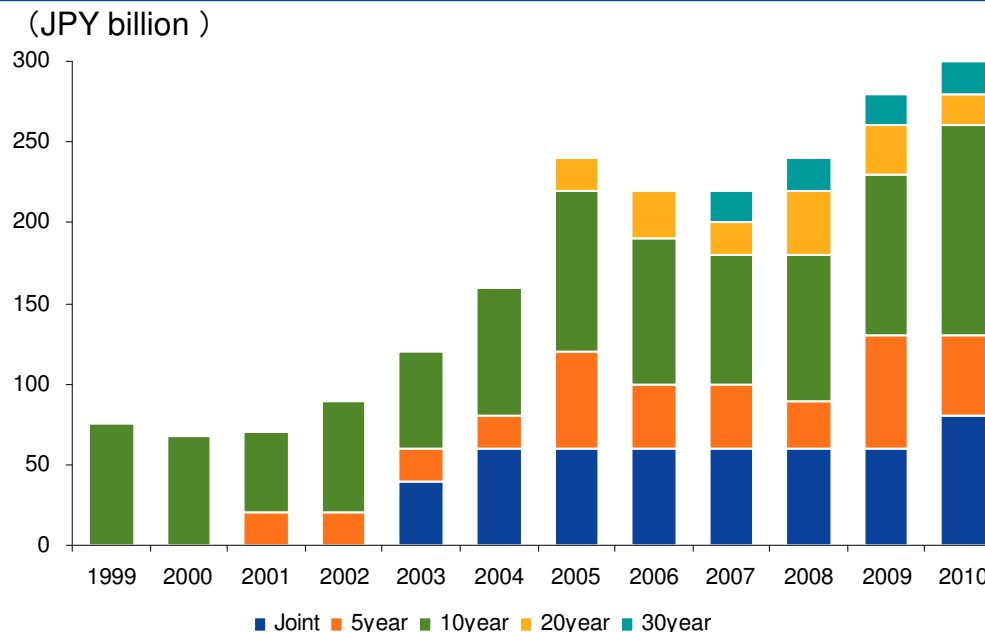
### ■ FY2010 public bond issuance plan

- Publicly issued bonds JPY 300 billion, Others JPY 75 billion
- Total issuance JPY 375 billion (including refinancing bonds)
- Plan to issue JPY 205 billion after October in FY2010. The breakdown is; Individual issuance JPY 100 billion, Joint issuance JPY 40 billion, and Others JPY 65 billion

FY 2010 Public bond issuance plan

						(JPY billion )
			Apr. to Sep.	Oct. to Mar.		Total
Publicly Issued Bonds	Individual Issuances	5-year	30	20		50
		10-year	80	50		130
		20-year	10	10		20
		30-year	—	20		20
		Subtotal	120	100		220
	Joint Issuances		40	40		80
	Subtotal		160	140		300
Bonds Underwritten by Banks, etc.			10	65		75
Total			170	205		375

Yearly issuance volume for Shizuoka's public bond





# Mt. Fuji to be a World Heritage site!!



**We are aiming for an early realization of designating Mt. Fuji as a World Heritage site**





Thank you

## Shizuoka Prefecture

URL : [http://www.pref.shizuoka.jp/a\\_foreign/english/index.html](http://www.pref.shizuoka.jp/a_foreign/english/index.html)

Email : [zaisei@pref.shizuoka.lg.jp](mailto:zaisei@pref.shizuoka.lg.jp)

Phone : +81-54-221-2034      Fax : +81-54-221-2750

Address : Fiscal Policy Office, General Affairs Div., Shizuoka  
Prefecture

9-6 Otemachi, Aoi-ku, Shizuoka-City, Shizuoka Pref. 420-8601