

# 2-2 Naha Port : An international trade hub linking Japan and Asia

## (1) Marine transport network connecting Japan with other countries

As the maritime gateway for Okinawa, Naha Port has 7 regular international container routes serving Taiwan, North America, China, South Korea, and the Philippines and 30 regular and irregular domestic routes (of which 10 are intraprefectural) featuring RORO, general cargo, and other ships serving such locations as Tokyo, Osaka, Kobe, Hakata, and Kagoshima.

Naha Port is the 16th largest in Japan for foreign trade, 3rd for domestic trade, and 7th for combined trade in terms of the total number of containers handled.

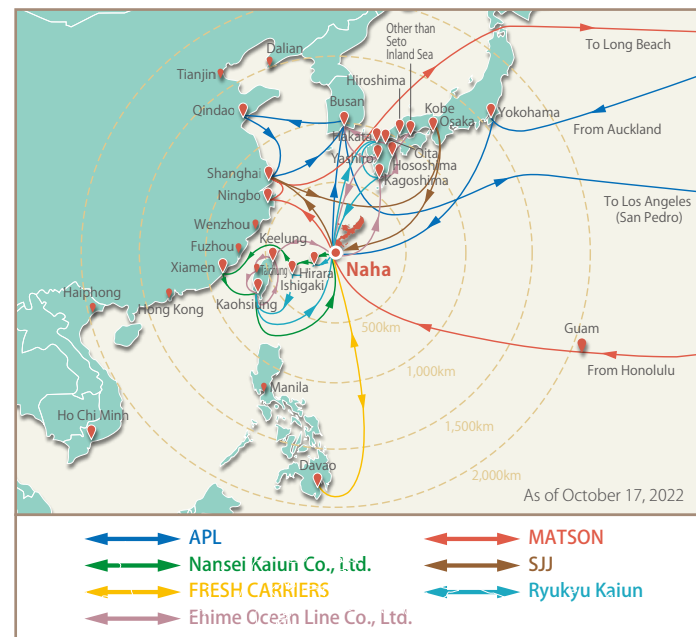
### Container Handling Volume (TEU) Ranking by Port (Preliminary figures 2021)

Foreign trade container handling volume			Domestic trade container handling volume			Total container handling volume		
Rank	Port name	TEU*	Rank	Port name	TEU*	Rank	Port name	TEU*
1	Tokyo (Keihin)	4,325,956	1	Kobe (Hanshin)	679,167	1	Tokyo (Keihin)	4,862,841
2	Yokohama (Keihin)	2,571,663	2	Tokyo (Keihin)	536,885	2	Yokohama (Keihin)	2,861,307
3	Nagoya	2,539,538	3	Naha	512,628	3	Kobe (Hanshin)	2,823,776
4	Kobe (Hanshin)	2,144,609	4	Osaka (Hanshin)	297,581	4	Nagoya	2,725,596
5	Osaka (Hanshin)	2,128,089	5	Yokohama (Keihin)	289,644	5	Osaka (Hanshin)	2,425,670
6			6	Nagoya	186,058	6	Hakata	957,056
7			7	Kagoshima	161,774	7	Naha	592,929
16	Naha	80,301						

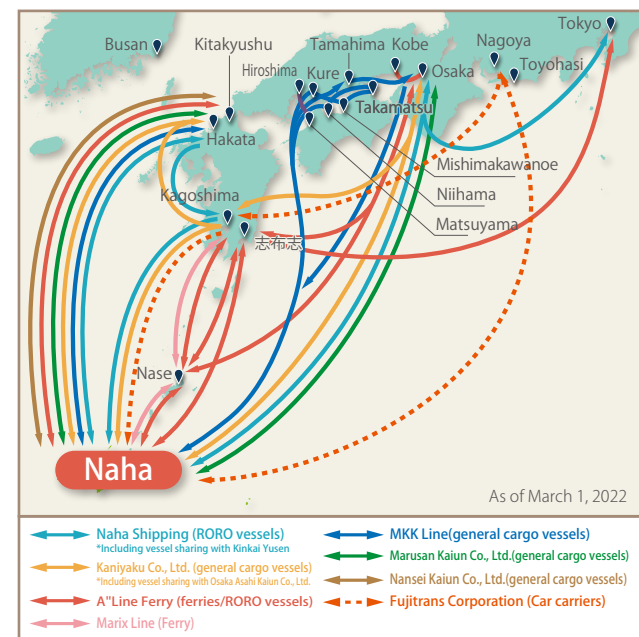
\*1 TEU = 1 20-foot container

Source: Port statistics (Current situation of amount of cargo handled in the port, etc.)

### Naha Port regular routes (overseas)



### Naha's regular and irregular shipping routes (out of prefecture)



### Naha's regular foreign trade shipping routes (as of January 2023)

The most recent version can be found at Naha Port's managing association website (<http://www.nahaport.jp>).

Region	Port of Call	Ship Type	Gross Tonnage (International Tonnage)	Frequency	Time of Passage	Operator
North America	Los Angeles (San Pedro) — Auckland — Yokohama — Naha — Busan-Qingdao — Shanghai-Busan — Los Angeles (San Pedro)	Full container	82,794	1/ wk	15d	APL
	Long Beach — Honolulu — Apra (Guam) — Naha — Ningbo — Shanghai — Long Beach	Full container	32,575	1/ wk	14d	MATSON
China	Shanghai — Osaka — Kobe — Naha — Shanghai	Full container	9,994	1/ wk	96hr	SJJ
Asia	Davao (Philippines) — Naha — (Hakata) — (Kobe) — Davao (Philippines)	Freezer container	9,340	1 / 2wk	72hr	FRESH CARRIERS
Southeast Asia (Taiwan)	*Sakishima route extension Naha — Hirara — Ishigaki — Kaohsiung — Naha — Hakata — Kagoshima — Naha	RORO ships	10,184	1/ wk	36hr	RKK Line
	*Sakishima route extension Naha — Hirara — Ishigaki — Xiamen — Kaohsiung — Naha	General cargo ship	1,488	1/ wk	93hr	NAMSUNG
	Naha — Shibushi — Hososhima — Matsuyama — Oita — Busan — Yatsushiro — Naha — Keelung — Taichung — Kaohsiung — Naha	Full container	9,443	0.5/ wk	2d	Ehime Ocean Line

\*Final ports are in red \*Ports of call in ( ) are irregular ports

## (2) Measures to strengthen functionality as an international logistics hub

Measures are being implemented to increase the volume of cargo handled, with the aim of realizing a international maritime logistics hub connecting domestic markets with East Asia.

### ① Facility maintenance

The Naha Port International Container Terminal has been fitted with gantry cranes and reefer power supply facilities, and the Naha Port Logistics Hub is being developed on an adjacent site.



Naha Port Logistics Hub

### Naha Port Logistics Hub

Currently, at Naha Port, which handles the majority of Okinawa Prefecture's port cargo, the development of the Naha Port General Distribution Center is underway. We aim to increase the amount of cargo handled by promoting the collection and creation of cargo, improving the sophistication of our logistics, and focusing creating new value-adding industries, such as distribution and processing. The first phase of the Naha Port Integrated Logistics Center opened in May of 2019, and we are currently analyzing the possibilities for the commercialization of the second and third phases of the Integrated Logistics Center.



Floor specifications of logistics building	Dedicated footprint area	Tenants	Handled cargo (Results)
3rd floor: dry goods only	approximately 10,495㎡	Okinawa Koun Co., Ltd., Maruei Logistics Co., Ltd., Ryukyus Logistics Co., Ltd.,	Food, Beverages, General Goods Building
2nd floor: frozen, refrigerated, dry goods	"	Okinawa Prefecture Black Sugar Cooperative, Okinawa Kyuso Co., Ltd., Ryukyu Freight Forwarders Co., Ltd.,	Okinawa black sugar, inshore tuna, etc.
1st floor: frozen and refrigerated goods only	"	Nichirei Logistics Kyushu, Inc.	Various frozen and refrigerated foods

### ② Initiatives to increase foreign cargo

Support systems such as the Naha Port Transport Efficiency Support Project have been set up to encourage companies to ship more cargo through Okinawa and to establish new sea routes.

Scan the QR code for details on the Naha Port Transport Efficiency Support Project ▶

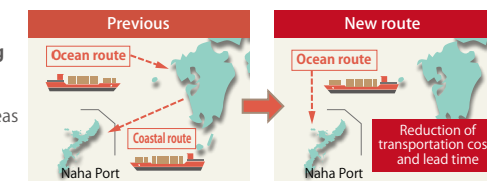


### Overview of the FY2023 Naha Port Transport Streamlining Support Project

- Objective: The Naha Port Transport Streamlining Support Project aims to promote the expansion of international container cargo and streamline transport using Naha Port. It will achieve this by helping operators shift to more efficient transportation patterns for international container cargo via Naha Port.
- Target operators: Shippers and logistics companies transporting international container cargo
- Support:
  - Financial support for **increased costs** (marine and land transportation expenses, etc.) that arise as a result of shifting to a transportation route via Naha Port
  - The maximum financial assistance is **¥300,000** for the first stage and **¥1,000,000** for the second stage. ¥100,000 is provided at each stage as a participation subsidy for a total of **¥1,500,000**
  - \*A second stage of transportation can start if the project is confirmed to be effective at the end of the first stage.
- Main requirements for support:
  - 1) Containers must be imported or exported through Naha Port
  - 2) New transportation routes must use Naha Port and follow transport patterns A, B, C, or D (see chart below).
  - 3) Applicants must meet the project's objectives and be planning to use Naha Port continuously
- Transport patterns eligible for support

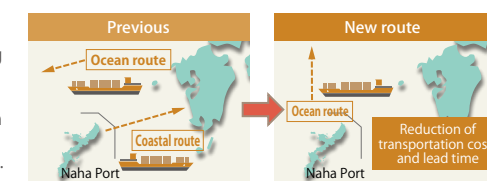
#### Pattern A

A shift to **importing directly** into Naha Port instead of transporting overseas cargo to Naha Port via a mainland port



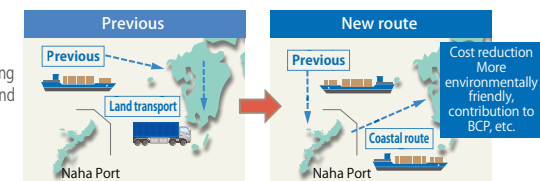
#### Pattern C

A shift to **exporting directly** from Naha Port instead of sending cargo from Naha Port overseas via a mainland port.



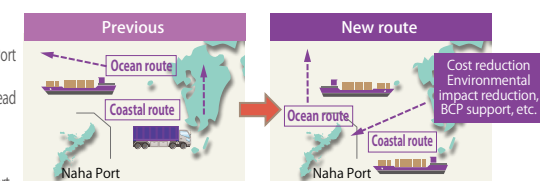
#### Pattern B

A shift to **importing cargo** at Naha Port and then transporting it to a local port on the mainland instead of importing it to a major mainland port and then transporting overseas cargo over a long distance by land



#### Pattern D

A shift to moving cargo to Naha Port from a local port on the mainland and then exporting overseas instead of transporting cargo over a long distance from local ports on the mainland and then **exporting overseas** via a major mainland port



Inquiries: Naha Port Management Association, Planning and Construction Department, Minato Promotion Division TEL 098-868-2582



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## Okinawa is a vibrant place with talented people



Average age  
in the nation  
**#1**

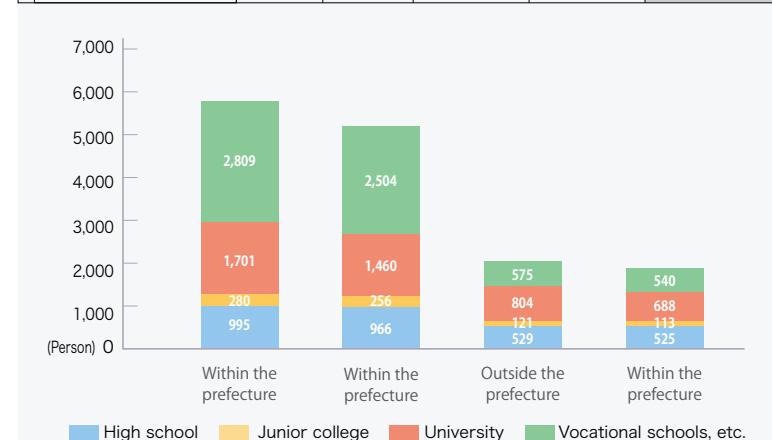
Percentage  
Change in  
Population  
by Prefecture  
**#2**  
in the nation

As we move into an era of population decline, Okinawa Prefecture is still experiencing population growth. Okinawa is also Japan's youngest prefecture, with the average age by prefecture the lowest at 43.5 years old and Japan's highest proportion of young people (ages 0 to 14) at 16.6%. Each year, a large number of students enroll in the prefecture's industrial education institutions, where the human resources who will lead the manufacturing industry of the future are trained.

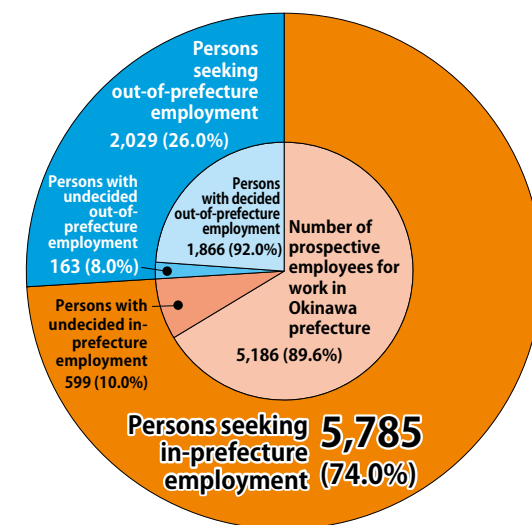
### 74% of new graduates want to find employment inside of Japan.

■ Data on the employment status of new graduates (job seekers) in the prefecture.

	High school	Junior college	University	Vocational schools, etc.	Total
#of graduates (people)	16,862	572	3,804	3,862	25,100
#of job seekers (people)	1,524	401	2,505	3,384	7,814
Within the prefecture	995	280	1,701	2,809	5,785
Outside the prefecture	529	121	804	575	2,029
#of people with unofficial job offers (people)	1,491	369	2,148	3,044	7,052
Within the prefecture	966	256	1,460	2,504	5,186
Within the prefecture	525	113	688	540	1,866
Unofficial job offer rate	97.8%	92.0%	85.8%	90.0%	90.2%
Within the prefecture	97.1%	91.4%	85.8%	89.1%	89.6%
Within the prefecture	99.2%	93.4%	85.6%	93.9%	92.0%



■ Employment status of new graduates



Source: Employment Security Division, Employment Security Department, Okinawa Bureau of Labor Graduation in March 2022 (as of March 2022)

### Capacity of universities, technical colleges, prefectural technical high schools, etc.

	Name of school	Capacity	Name of school	Capacity
North	National Institute of Technology, Okinawa College (Regular Course)	160	Nago Commercial and Technical High School	200
Central	Okinawa Prefectural Mirai Senior High School of Technology	320	Misato Technical High School	280
	University of the Ryukyus (Faculty of Engineering)	350		
South	Urasoe Technical High School	280	Naha Technical High School	320
	Nambu Technical High School	120	Okinawa Technical High School	320
Remote Islands	Yaeyama Commercial and Technical High School	160	Miyako Technical High School	120
Total for high schools		2,120	Overall total	2,630

### Polytechnic colleges

Name of school	Capacity
Okinawa Polytechnic College (Faculty of Engineering)	130
Gushikawa Polytechnic College	85
Urasoe Polytechnic College	120
Total	335

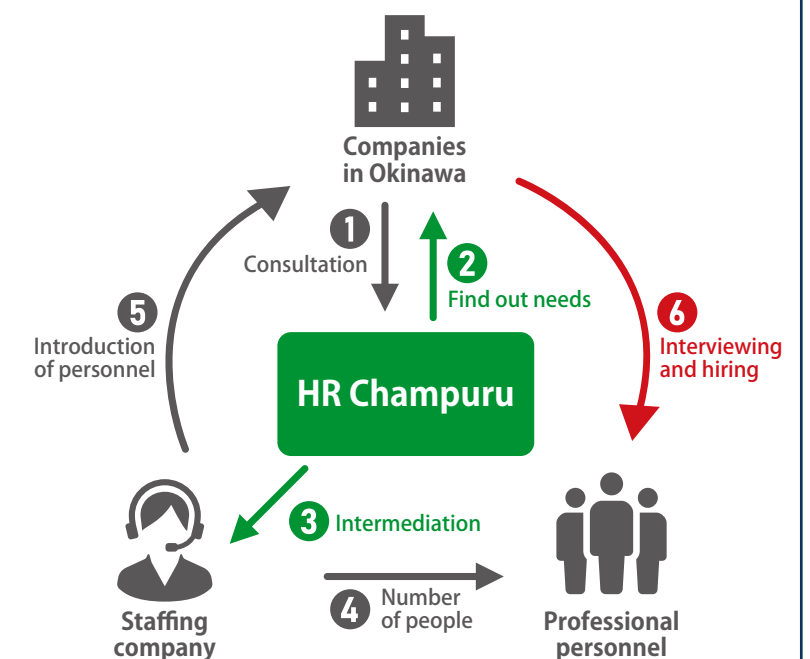
\*Okinawa Polytechnic Development Promotion Center also has a Faculty of Engineering.

Source: Okinawa Prefectural Board of Education, schools' websites

### Initiatives to secure personnel

#### What is HR Champuru (Okinawa Professional Workforce)?

HR Champuru is the nickname for the Okinawa Professional Workforce Strategy Center. We carefully identify challenges faced by companies and work together with various support organizations to connect the company with professional personnel that are perfect for the job! Get in touch for a free consultation.



#### Examples of experiences of companies in Okinawa

Profitability increased	<b>Awamori distiller in Okinawa</b>	Alcoholic beverages industry	Hired an employee familiar with social media and other online media management to attract more customers online and improve the company's online store
<div> <div> <b>Professional employee hired by the company</b> <p>Previous role Freelance advisor on social media and attracting customers online</p> <p>Hired Advisor for social media and other online media</p> </div> <div> <b>Business issue</b> <p>With interest in sake increasingly dwindling among young people, the company wanted to attract customers through social media and other online channels</p> </div> <div> <b>Professional employee's role</b> <p>Worked to increase IT literacy in the company and improve operations in online channels such as social media</p> </div> <div> <b>Benefit</b> <p>The employee autonomously designed posts and increased followers of each social media account</p> </div> </div> <p>Until now, social media has been something abstract to us. We now have a more specific image of it in our minds, and we know what we want to do with it. We're happy about how actively this employee shares opinions during meetings.</p>			

Inquiries: Okinawa Industry Promotion Public Corporation  
Okinawa Professional Workforce Strategy Center (098-859-6237)



# 4

## Detailed overview of available aid

### 4 - 1 Support Towards the Reduction of Initial Investments

#### Financing system of the Okinawa Development Finance Corporation

Financing is available if needed to conduct business in international logistics hubs/industrial clusters or industrial innovation promotion areas.



Okinawa Development Finance Corporation

Fund Name	Amount Limit	Repayment Period	Contact
Business Development Fund	70% of required capital	Within 25 years	Financing Department No. 1 Industrial Development Financing Group Phone: 098-941-1765
Fund for Small and Medium Businesses	¥720 million	Within 20 years	Financing Department No. 2 Small and Medium Enterprise Financing Group No. 1 Phone: 098-941-1785
Occupation Fund	¥72 million		Financing Department No. 2 Small and Medium Enterprise Financing Group No. 2 Phone: 098-941-1795

\*In addition to the above, a variety of other financing systems are available depending on type of business and objective in use of funds.

\*For more information, please visit the website of Okinawa Development Finance Corporation or contact us by phone.

### 4 - 2 Support for transport

#### Project for Promotion of Aircraft Container Space Usage

(Contact: Okinawa Prefecture Department of Commerce and Labor, Section for Asian Business Strategy, Phone: 098-866-2340)

Producers and similar businesses in Okinawa Prefecture can receive financial support for a portion of the air freight charges for cargo they export (in 2023). (Various export duties such as fuel surcharges, customs clearance expenditures, or freight receipt fees are the responsibility of the user.)

- Available for** : Producers, manufacturers, export trading companies, freight transportation companies, etc. with headquarters or branch offices in Okinawa Prefecture
- Applicable cargoes** : Agricultural products, livestock products, marine products, processed foods, precision machinery, etc. that are suitable for air freight
- Applicable Areas for Export** : Hong Kong/Shanghai/Bangkok/Singapore/Kuala Lumpur/Taipei/Seoul
- Implementation Period** : With in the 2023 Fiscal Year (Acceptance of applications may be closed upon exhaustion of budget during this period.)
- Assistance Details/Conditions** : •Over 50% (by weight) of the cumulative cargo quantity must be exportable products from the prefecture.  
•Those planning to use air transportation on an ongoing basis.  
•Those who report to Okinawa Prefecture on the contents, quantity, monetary value, etc. of exported items  
•Those who disclose distribution costs to Okinawa Prefecture and producers

\* The above terms and conditions are subject to change.

#### Conceptual diagram of the Project for Promotion of Container Space Usage



### 4 - 3 Okinawa Industry Promotion Corporation Support Services



Okinawa Industry Promotion Public Corporation

For medium and small entrepreneurs aiming to develop new businesses and products and for those seeking to found companies

We provide advice to medium and small business owners who are not sure where to turn for help, such as with issues related to physical distribution, benefits under the tax system, and new client acquisition, through phone, email, or in-person visits as needed. We encourage everybody to please feel free to reach out.

Support category	Content of support
1. Consultation on management overall	① Consultation desk for anything management-related ② Consultation on troubles in subcontracting transactions ③ Receiving advice from experts (dispatch-based)
2. Financing (utilization of prefectural financing programs)	① Raising funds for company establishment ② Raising funds to undertake new business
3. Development of new business	① Improving management through new business initiatives
4. Sales channel expansion/logistics	① Developing new markets and expanding sales ② Consulting on various logistical matters
5. Capital investment	① Operators want to adopt or renew machinery and equipment necessary for their business
6. R&D, new business creation, industry-academia-government collaboration	① Development of new products through industry-academia-government collaboration ② Research and development to create new business
7. Overseas expansion	① Utilization of the prefecture's overseas offices ② Opening up sales channels overseas
8. Human resource development and matching	① Participating in seminars organized by public corporations ② Developing human resources with earning power ③ Employing people who are ready to work immediately
9. Information and guidance from the Corporation	① Corporation Network membership ② "Okinawa Venture Studio" information paper ③ Corporation Email Newsletter, full of useful information! ④ Support for small- and medium-sized enterprises 100



Okinawa Industry Promotion Corporation  
1831-1 Oroku, Naha City, Okinawa 901-0152, Japan  
(Okinawa Industry Support Center 4F) TEL: 098-859-6255





## 4 - 4 Support in Securing and Training Personnel

### (1) Local Employment Development Subsidy (Local Employment Development Course)

(Inquiries: Okinawa Subsidy Center, TEL. 098-868-1606)

Businesses with offices established and maintained (applicable expenses of ¥200,000 or more per office, total of ¥3 million or more) in regions agreeing to promote employment development or depopulated regions requiring employment recovery. Such businesses which hire 3 or more applicants (2 in the case of founding a company) residing in the applicable region will be provided this subsidy according to the number of eligible workers hired and the expenses of the offices established and maintained (other conditions apply).

**Allowance** : Regulated amount (¥480,000–¥9.6 million)/year

**Subsidy Period** : Once per year for up to three years



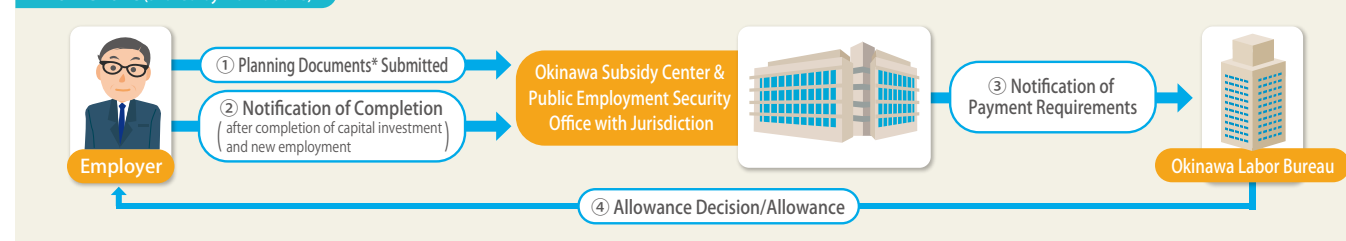
Local Hiring and Employment Development Subsidy

Establishment and maintenance costs	Increase in the number of applicable employees Numbers in parentheses ( ) are only applicable upon the founding							
	3 (2)-4 people		5-9 people		10-19 people		More than 20 people	
	Basic	Incentivized	Basic	Incentivized	Basic	Incentivized	Basic	Incentivized
¥3-10 million	48万円	60万円	76万円	96万円	143万円	180万円	285万円	360万円
	(50万円)		(80万円)		(150万円)		(300万円)	
¥10-30 million	57万円	72万円	95万円	120万円	190万円	240万円	380万円	480万円
	(60万円)		(100万円)		(200万円)		(400万円)	
¥30-50 million	86万円	108万円	143万円	180万円	285万円	360万円	570万円	720万円
	(90万円)		(150万円)		(300万円)		(600万円)	
¥50 million or more	114万円	144万円	190万円	240万円	380万円	480万円	760万円	960万円
	(120万円)		(200万円)		(400万円)		(800万円)	

\*\*1 If the production requirement is not met, the Basic amount will be paid. If it is met, the Incentivized amount will be paid.

\*\*2 For small business owners, an extra 1/2 of these amounts will be added to the first amount paid. However, regardless of this, in the case of a founded business, to increase the number of employees from 2, the amount in parentheses ( ) will be doubled when the first payment is made "

#### Flowchart (shared by 1 & 2 above)



\*Planning documents relating to establishment and maintenance of business site (facilities and equipment) as well as hiring.

### (2) Local Employment Development Subsidy (Okinawa Youth Employment Development Course)

(Inquiries: Okinawa Subsidy Center, TEL. 098-868-1606)

Businesses with offices established and maintained (applicable expenses of ¥200,000 or more per contract, total of ¥3 million or more) in Okinawa Prefecture, and which hire with the intention of long-term employment 3 or more applicants of age 35 or younger residing in the prefecture, will be provided a subsidy for part of the wages paid to said employees.

If, in addition to the 3 or more eligible young employees hired, a company also hires a new post-secondary graduate residing in Okinawa Prefecture, that new graduate may be eligible for a subsidy (other conditions apply).

**Allowance** : Subsidizes 1/4 of the amount in wages paid by the employer to the subsidy recipient (per person) during the calculation period (1/3 for SMEs)

**Subsidy Period** : Twice annually for one year (two years for companies with good employee retention)

**Allowance Limit** : 1.2 million yen per person per year (600,000 yen per person per calculation period)

\*Note: Goods dispatched, delivered, and fully paid and workers hired between submission of planning documents and completion thereof are eligible.



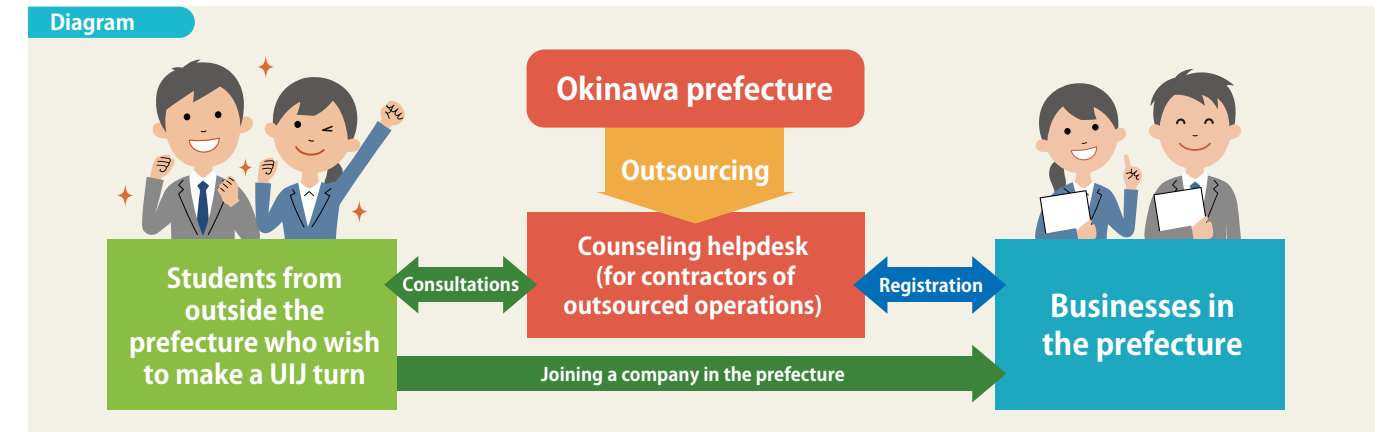
Regional Employment Development Subsidy (Okinawa Youth Employment Promotion Course)

### (3) Okinawa U/I-turn Employment Support Center

The Okinawa U/I-turn Employment Support Center has opened offices in Okinawa (Naha), Tokyo, and Osaka to act as a consultation point for people wishing to find employment in Okinawa Prefecture, offering support for employment/re-employing in the prefecture. The centers provide employment consultation services, information on companies in Okinawa Prefecture, information on relocating, information on employment events scheduled to take place in each area, and the like. Specialized consultants support you with your employment needs in Okinawa Prefecture.



Rikka Okinawa U-I turn business navigation site



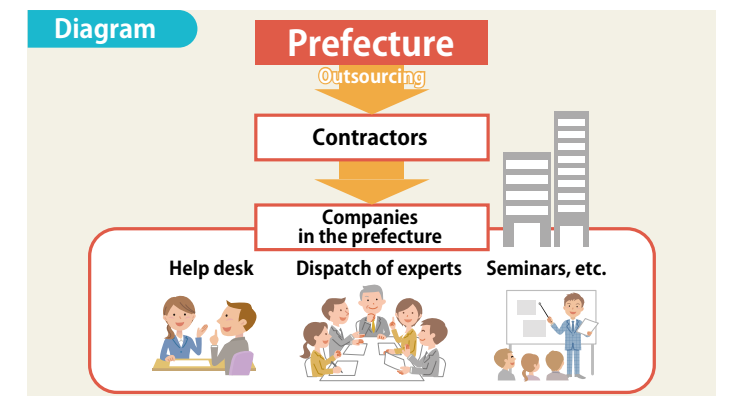
### (4) Project to Provide Comprehensive Support for Securing and Retaining Young Employees

A consultation service is available to help companies in Okinawa Prefecture solve issues they face in securing and retaining young employees.

The service holds a consultation to identify the company's challenges and then dispatches experts who are well versed in those issues. It also holds seminars on topics such as improving recruiting power and the workplace environment.



Project to Provide Comprehensive Support for Securing and Retaining Young Employees



### (5) International Logistics Hub Industry Development Zones in the Uruma Location Support Project

(Inquiries: Business Location Promotion Division, Commerce, Industry and Labor Department, Okinawa Prefecture TEL: 098-866-2770)

Companies located in the former Special Free Trade Zone, one of the industrial clusters in Okinawa's international logistics hub, face challenges such as reducing transportation costs and securing partnering companies. This project will provide comprehensive hands-on support to companies in this area from the initial establishment of their site in Okinawa until their operations stabilize.

Project targets: Companies and other organizations in the Uruma-Okinawa area (former Special Free Trade Zone), an industrial cluster in the international logistics hub

Support details:

(1) Strategic proposals and other advice from experts  
Management support experts will provide consistent support through visits in person and online. The support will include needs analysis, strategic proposals, implementation, verification, and improvement, using a PDCA cycle.

(2) Matching by the experts

The management support experts will act as coordinators to promote business-to-business or industry-academia collaboration by matching companies with companies, educational institutions or other organizations in Okinawa.





## 4 - 5 Okinawa Prefectural Industrial Technology Center Support Services

### ~Okinawa is here to help solve your technical problems~

The Okinawa Prefectural Industrial Technology Center accepts technical consultations from companies, and provides support to solve their technical problems through joint research with the Center, the provision of technical information, and technical guidance. If you have technical problems, please contact us.

#### (1) Support for joint research and development in collaboration with the company

(Inquiries: Okinawa Industrial Technology Center TEL.098-929-0111)

Okinawa Prefectural Industrial Technology Center provides joint research opportunities to help solve technical problems faced by companies.

Targeted business: Small and medium enterprises, etc. in the prefecture

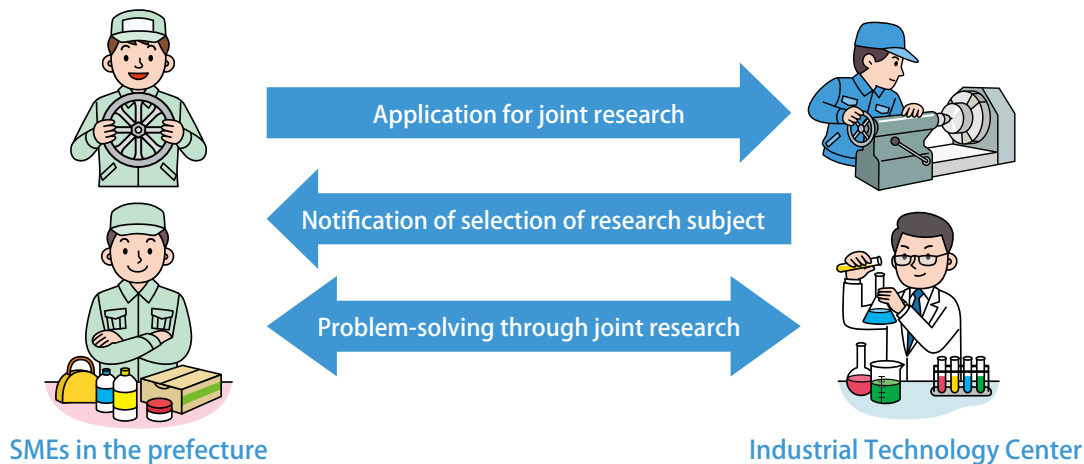
What is supported: Developing new products and technologies that would be difficult for a single company, improving manufacturing processes, establishing improved technologies, resolving technical issues, etc.

- Companies must bear at least half of the expenses necessary for the research (consumables, travel expenses, etc.).
- Ballpark figure: 300,000 to 2,000,000 JPY/theme (Burden borne by the company; 150,000 to 1,000,000 JPY).



Joint Corporate Research and Development Support Project

Note: Please visit the Industrial Technology Center's home page or inquire by phone for details.



#### (2) Business to Support Industrial Technology

(Inquiries: Okinawa Industrial Technology Center TEL.098-929-0111)

In order to improve the productivity and quality of regional industries, such as in manufacturing, and support product development, we identify technological issues that companies face and aim to resolve these issues using the technologies, research results, and information of the Industrial Technology Center.

Targets: Medium and small companies and would-be entrepreneurs in the prefecture

Support content : 1) Technological advice (free)

Specialized consultants provide advice in response to requests through phone, email, or in-person visits regarding technological issues, such as with product development and quality improvement.

2) Acceptance of trainees

We accept trainees who seek to learn analytical technologies or create prototypes for product development.

3) Requested testing (paid)

We fulfill requests for tests related to analysis required for product quality management and product development.

4) Usage of equipment (paid)

The processors and analytical equipment of the Industrial Technology Center can be used for processing tests of materials or analysis for quality management.

5) Hosting technological courses

We host technological courses in specialized fields, such as testing, analytical technologies, welding, food processing, and hygiene management technologies.



Okinawa Industrial Technology Center



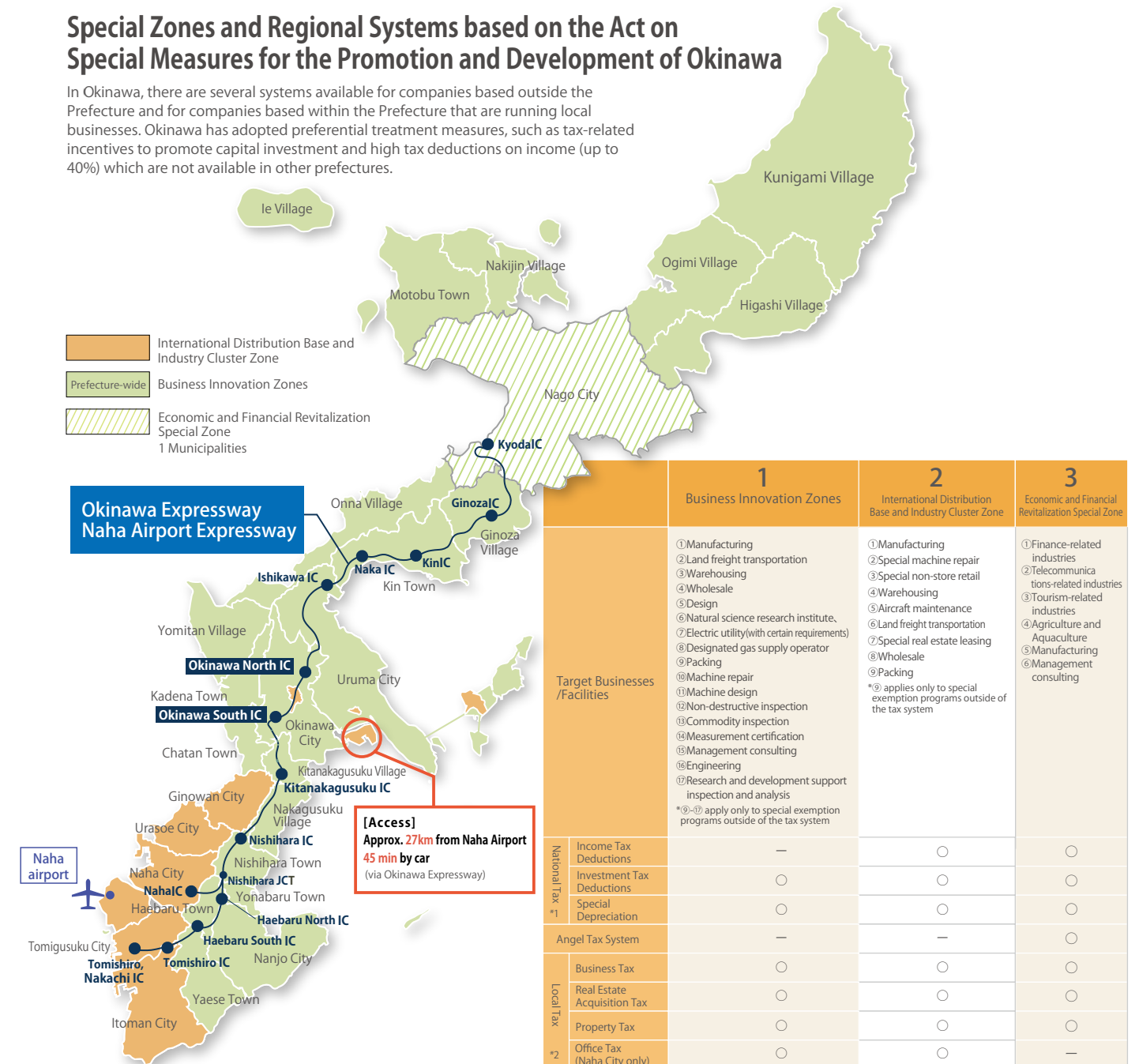
Division of Commerce, Industry and Labor Industrial Technology Center

## 5

## Special Taxation in a Special Economic Zone

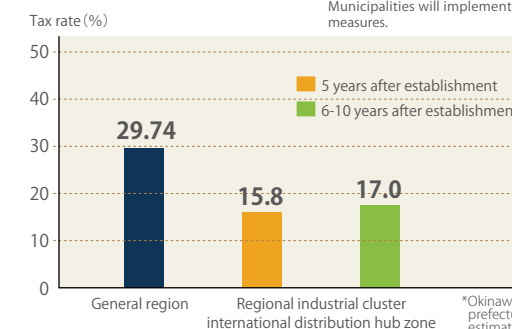
### Special Zones and Regional Systems based on the Act on Special Measures for the Promotion and Development of Okinawa

In Okinawa, there are several systems available for companies based outside the Prefecture and for companies based within the Prefecture that are running local businesses. Okinawa has adopted preferential treatment measures, such as tax-related incentives to promote capital investment and high tax deductions on income (up to 40%) which are not available in other prefectures.



### Comparison of effective tax rates for corporate taxes in the international distribution base and industry cluster zone versus general regions

\*Corporate tax rate for general regions quoted from public reference material on the Ministry of Finance website (federal tax + local tax)  
 \*The corporate tax rate for the international distribution hub zone was estimated assuming selection of the "income deduction scheme" (federal tax + local tax).



\*1. For national tax, only one special measure can be selected for each fiscal year.  
 \*2. Office tax is based on Article 33 of the Local Tax Law Supplementary Provisions. In all other cases, Prefectures and Municipalities will implement measures according to laws and regulations, following the national deficit compensation measures.

For more information about the application of the tax system, please consult the Okinawa Special Zone/Regional Tax System One-Stop Assistance Services.

Okinawa Special Zone/  
 Regional Tax System  
 One-Stop Assistance Services :  
 TEL.098-894-6377  
 E-mail:okitoku@okinawa-ric.or.jp





# 5-1 Business Innovation Zones

## All over the prefecture (41 municipalities)

Businesses within the limits of the area designated in the Industrial Innovation Promotion Plan established by the Okinawa prefectural governor (throughout the prefecture) may take advantage of tax incentives with regard to the following national and local taxes for plans to implement industrial advancement and business innovation measures, provided that they have first received approval regarding the eligibility of said plans from the prefectural governor and confirmation by the responsible cabinet minister.



	Incentives	Outline of tax incentives	Applicable industries
National tax	①Investment tax credit	If new or additional facilities that exceed a certain value (machinery and equipment, furniture and fixtures 1 million yen <sup>Note 2</sup> , buildings and their attached facilities 10 million yen <sup>Note 3</sup> ) and are in accordance with the approved implementation plan for industrial upgrading and business innovation measures are increased within Okinawa, a set percentage of the acquisition value of said facilities will be deducted from the corporate income tax. <b>Deduction rate : Machinery, installations, appliances, fixtures 15%</b> <b>Buildings and their auxiliary facilities, structure<sup>4</sup> 8%</b> (Limited to 20% of the corporate tax amount, can be carried forward for 4 years, maximum acquisition price of 2 billion yen) * Approval by the Governor of Okinawa and confirmation by a competent minister are required	① Manufacturing ② Road freight forwarding ③ Warehousing ④ Wholesale ⑤ Design ⑥ Natural science laboratories ⑦ Electrical (with certain requirements) ⑧ Designated gas supply operator ⑨ Packing ⑩ Machine repair ⑪ Machine design ⑫ Non-destructive inspection ⑬ Commodity inspection ⑭ Measurement certification ⑮ Management consulting ⑯ Engineering ⑰ Research and development support inspection and analysis
	②Special depreciation	If new or additional facilities that exceed a certain value (machinery and equipment, furniture and fixtures 1 million yen <sup>Note 2</sup> , buildings and their attached facilities 10 million yen <sup>Note 3</sup> ) and are in accordance with the approved implementation plan for industrial upgrading and business innovation measures are increased within Okinawa, special depreciation is granted. <b>Deduction rate: Machinery, installations, appliances, fixtures 34%</b> <b>Buildings and their auxiliary facilities, structure<sup>4</sup> 20%</b> (Upper limit of acquisition price of ¥2 billion) * Approval by the Governor of Okinawa and confirmation by a competent minister are required	
Local tax	Tax exemption from corporate enterprise tax	Within the designated zones, if the cost of installing new equipment (5 million yen for machinery, installations, appliances, fixtures, 10 million yen for buildings and their auxiliary facilities) for the implementation of activities certified as promoting industry development / business innovation exceeds a certain price, there is partial tax exemption from corporate enterprise tax (5 years) * Approval by the Governor of Okinawa and confirmation by a competent minister are required	*⑨-⑰ are not eligible for special exemptions from national tax or from regional tax (except business tax)
	Tax exemption from real estate acquisition tax	Within the designated zones, if the purchase of buildings or land for the implementation of activities certified as promoting industry development / business innovation exceeds a certain price (10 million yen), there is partial tax exemption for real estate acquisition tax <sup>5</sup> * Approval by the Governor of Okinawa and confirmation by a competent minister are required	
	Tax exemption from property tax *Except warehousing businesses	Within the designated zones, if the cost of installing new equipment (5 million yen for machinery, installations, appliances, fixtures, 10 million yen for buildings and their auxiliary facilities) for the implementation of activities certified as promoting industry development / business innovation exceeds a certain price, depending on the ordinances of each municipality, there is partial tax exemption from property tax (5 years) <sup>5</sup> * Approval by the Governor of Okinawa and confirmation by a competent minister are required	
	Tax reduction of business tax *Only in Naha City	Within Naha City, if the cost of acquiring new equipment is 10 million yen or more, and the cost for acquiring buildings, etc. is 100 million yen or more for the implementation of activities certified as promoting industry development / business innovation, out of the the payable office tax, the taxable office floor surface area can be calculated as half the actual surface area (5 years)	

\* To utilize the tax incentives, please consult the Okinawa Regional Taxation Office (national tax), the prefectural tax office (prefectural tax), and your municipal tax division (municipal tax).

<sup>1</sup>For national tax incentives, choose between ① or ② (individuals can only choose ②). <sup>3</sup>Only auxiliary facilities installed at the same time as the building can be subject to tax incentives

<sup>2</sup>Only limited to appliances and fixtures exclusively for research and development or other appliances and fixtures specified by government ordinances <sup>4</sup>Structures are limited to gas storage tanks for storing liquefied natural gas supplied to the gas supply industry or manufacturing industry, and pipelines for the use of said gas. <sup>5</sup>Only limited to land acquired where construction is started within one year after its acquisition (purchase)

## Advantages of utilizing special zones / local systems

<b>1 Income deduction</b> A maximum of 40% of taxable income of corporate income tax can be deducted (only applicable to industrial clusters of international logistics bases).	<div> <div>Before using the system</div> <div>After using the system</div> </div>	<p>* Corporate tax (national tax + local tax) is calculated as 30%</p> <p>* When using income deduction, the effective corporate tax About 30%⇒20%</p>
<b>2 Investment tax credit</b> When machinery and equipment, etc. are newly installed or expanded, a certain amount of their acquisition price can be deducted from the corporate tax.	<div> <div>Before using the system</div> <div>After using the system</div> </div>	<p>* Income refers to the amount when deducting only ordinary depreciation</p> <p>* Income tax (national tax) is calculated as 23%</p> <p>* Amounts exceeding the maximum deductible limit (20% of corporate tax) can be deducted from the following fiscal year (can be carried forward for 4 years)</p>
<b>3 Special depreciation</b> When machinery and equipment, etc. are newly installed or expanded, a certain amount of the acquired value can be included in expenses as special depreciation expenses.	<div> <div>Before using the system</div> <div>After using the system</div> </div>	<p>* Income refers to the amount when deducting only ordinary depreciation</p> <p>* Income tax (national tax) is calculated as 23%</p> <p>* The special depreciation rate of 50% can only be used when utilizing the International Distribution Base Industrial Cluster Region System</p>

# 5-2 International Distribution Base and Industry Cluster Zone

## Naha, Urasoe, Tomishiro, Ginowan, Itoman district, Uruma, Okinawa district(Nakagusuku Port Shinko Zone, Nakamine/Kamiesu Zone, Henza Zone, Ikento Zone)

Companies in zones designated under the International Logistics Hub Industry Concentration Plan formulated by the Governor of Okinawa are eligible for the following tax structure incentives after passing a screening process including approval from the Governor and verifications by the relevant Minister regarding points such as their business plan.

\* Certification requirements differ depending on the type of incentive.



	Incentives	Outline of tax incentives	Applicable industries
National (Japan) tax	① Income Deduction	Corporations that have been newly established in an international logistics hub/industrial cluster, operate exclusively in any of the targeted industries, and have 15 or more permanent employees, will receive a 40% deduction on corporate taxes for 10 years after being established. (The same also applies to corporate business tax and corporate inhabitant tax.) *For specific international logistics hub businesses, certification by the Governor of Okinawa Prefecture and confirmation by a Cabinet Minister are required.	Manufacturing businesses, warehousing businesses, specified equipment maintenance businesses, specified nonstore retailing, and aircraft maintenance businesses)
	②Investment tax credit (ITC)	If new facilities are built or expanded exceeding a specified amount (1 million yen for machinery and equipment; 10 million yen for buildings and their related equipment; see note 2) for supplying target industries in the target region, a fixed proportion of the acquisition cost will be deducted from corporate taxes. <b>Tax credit rate: 15% of machinery and equipment; 8% of buildings and their related equipment</b> (up to 20% of the amount of corporate tax; carry-forward: 4 years; upper limit of 20 million yen for acquisition costs) * Approval by the Governor of Okinawa and confirmation by a competent minister are required	
	③Special depreciation system	If new facilities are built or expanded exceeding a specified amount (1 million yen for machinery and equipment; 10 million yen for buildings and their related equipment; see note 2) for supplying target industries in the target region, special depreciation will be recognized. <b>Special depreciation rate: 50% for machinery and equipment; 25% for buildings and their related equipment</b> (upper limit of Acquisition price of ¥2 billion) * Approval by the Governor of Okinawa and confirmation by a competent minister are required	
Customs duties	Application of selective system for customs duties	If you accept products in Japan processed or manufactured in a bonded factory, or similar, from raw materials that were foreign cargo and you are charged customs duties on those products, you are allowed to choose either a taxation scheme applying to the materials (excluding special items) or a scheme applying to the products. * Business authorization required from the relevant Minister.	Manufacturing businesses, warehousing businesses, road cargo transportation businesses, wholesaling businesses, specified equipment repair businesses, specified nonstore retailing, specified real estate leasing, and aircraft maintenance businesses, packing businesses*
	Reduced customs bond permission fee	The customs bond permission fee will be halved for bonded warehouses, bonded factories, bonded show rooms, and general bonded areas. * Business authorization required from the relevant Minister.	
Local taxes	Corporate enterprise tax exemption	If facilities are built out or expanded exceeding a specified amount (10 million yen for machinery and equipment; 10 million yen for buildings and their related equipment) for supplying target industries in the target region, a portion of corporate enterprise taxes will be waived (for 5 years) (see note 2). * Approval by the Governor of Okinawa and confirmation by a competent minister are required	*Packing businesses are not eligible for special exemptions from national tax or from regional tax (except business tax)
	Real estate acquisition tax exemption	If facilities are built or expanded exceeding a specified amount (10 million yen for machinery and equipment; 10 million yen for buildings and their related equipment) for supplying target industries in the target region, a portion of real estate acquisition taxes will be waived(see note 2,see note 3). * Approval by the Governor of Okinawa and confirmation by a competent minister are required	
	Fixed asset tax exemption *Except warehousing businesses	If facilities are built or expanded exceeding a specified amount (1 million yen for machinery and equipment; 10 million yen for buildings and their related equipment) for supplying target industries in the target region, a portion of fixed asset taxes levied according to each municipality's regulations will be waived (for 5 years)(see note 2,see note 3). * Approval by the Governor of Okinawa and confirmation by a competent minister are required	
	Business office tax exemption *Naha city only	In Naha city, if the total cost for acquiring machinery, equipment, etc. to supply target industries equals or exceeds 10 million yen, or if the total acquisition cost of constructing new buildings, etc. equals or exceeds 100 million yen, calculations will be halved for commercial floor space subject to asset taxation as part of the business facility tax. (for 5 years)	

\*To utilize the tax incentives, please consult the Okinawa Regional Taxation Office (national tax), the Office of the Counselor at Okinawa Regional Customs (customs tax), the prefectural tax office (prefectural tax), and your municipal tax division (municipal tax).

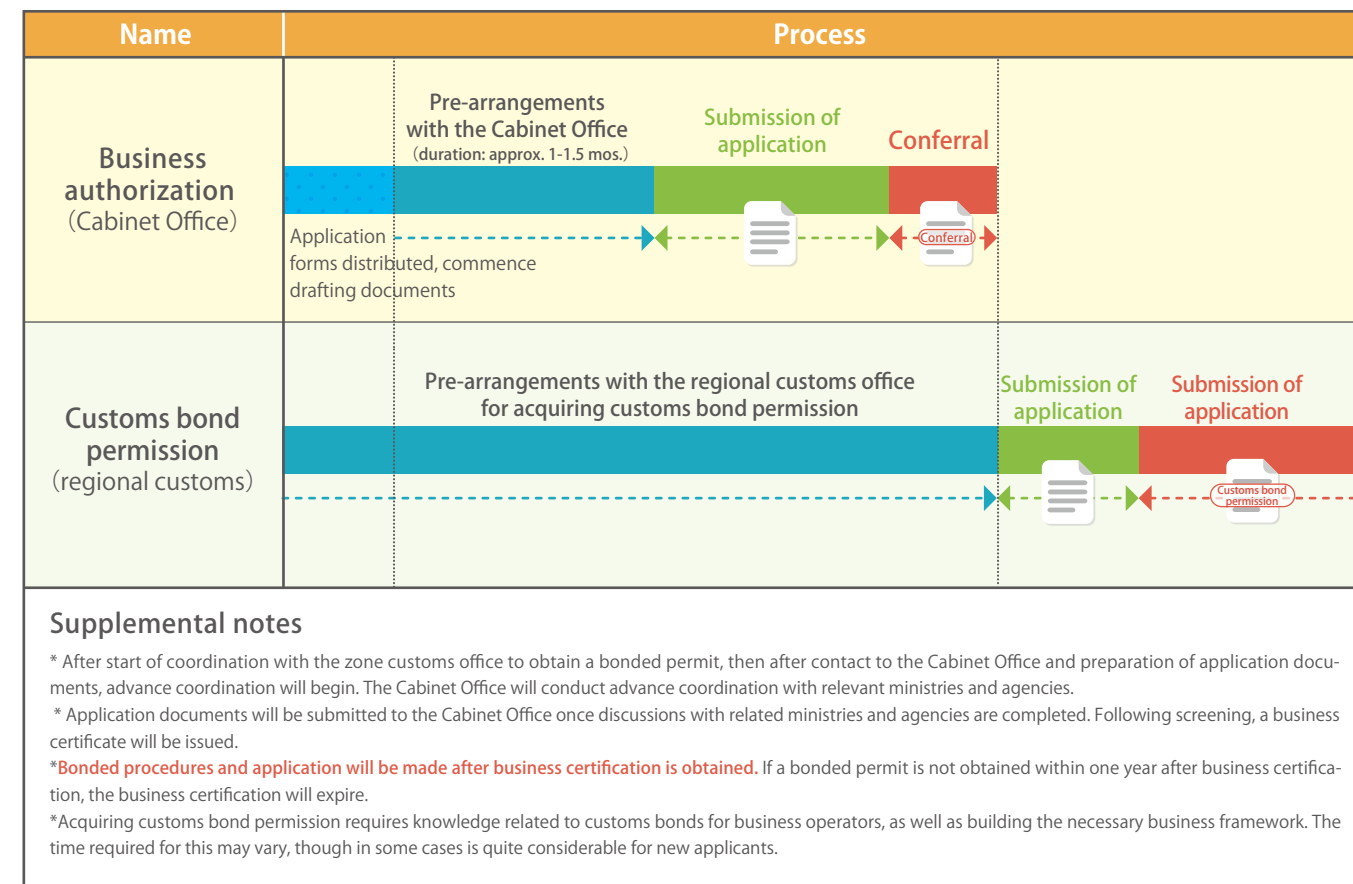
Note 1: For national tax incentives, choose ①, ② or ③

Note 2: This system applies only in cases where building-related equipment is acquired together with actual buildings.

Note 3: With regard to land, this is limited to building construction commenced within one year of acquiring (purchasing) the land.



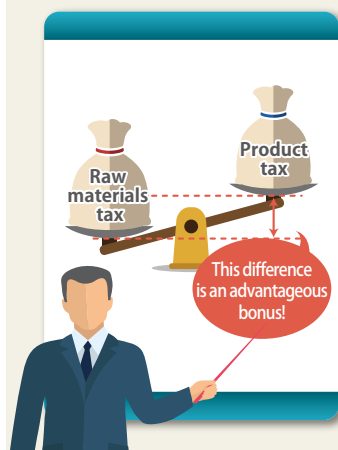
## How to obtain business certification for special customs taxation



## Selective system for customs duty

Companies can select either "materials customs" or "product customs" in the international distribution hub zone. If you take raw material that is foreign cargo secured with a customs bond and you process or manufacture it and ship (import) it into Japan as a product, you are allowed to choose the cheaper of two taxation schemes ("materials customs" or "product customs") for the customs duty.

\*Exclusions apply to some products.

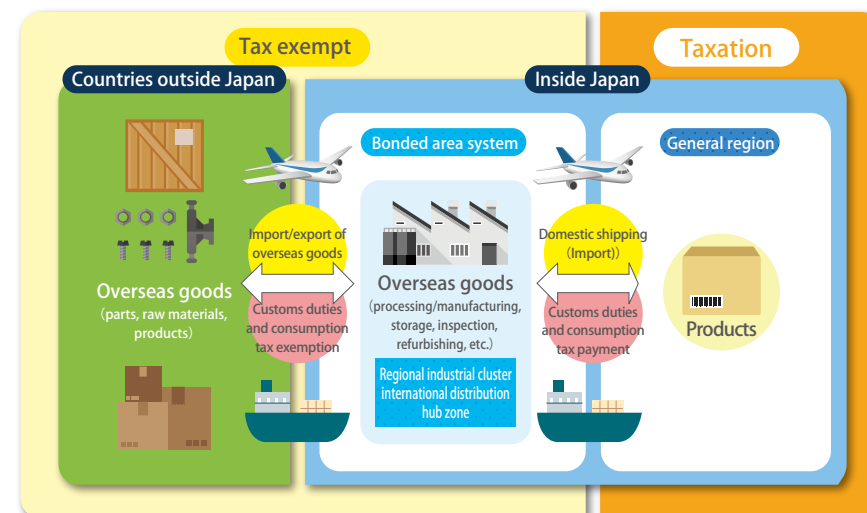


## What is the bonded area system?

The bonded area system is a system that allows a business to receive permission for a customs bonded zone from the Chief Customs Inspector and to store, process, manufacture, display, etc. foreign cargo in specified locations and facilities without having paid custom duties and consumption taxes.

### Companies that have received bonded area permission

- If you process or manufacture components and/or raw materials that were foreign cargo and export them as products outside Japan, you do not need to pay customs duties or consumption taxes.
- You can store, inspect, refurbish, finish, etc. foreign cargo for which customs duties and consumption taxes have not been paid and export or ship them domestically in response to market demand. If they are shipped domestically, customs duties and consumption taxes must be paid.
- If stored foreign cargo is shipped abroad as returned goods or is destroyed as defective goods, there is no need to pay customs duties or consumption taxes.



# 5-3 Regional Basis Strengthening Tax (Tax incentives for the relocation and head office function expansion)

Businesses that relocate or expand their head office functions in areas designated in the "Regional Revitalization Plan" formulated by the Governor of Okinawa can take advantage of special taxation and other incentives by obtaining prior approval for the development plan and the implementation thereof from the Governor.

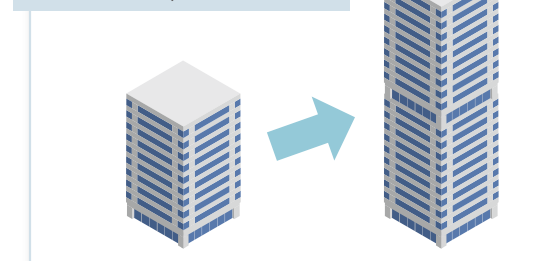
## Guide for Relocation/Expansion of Corporate Headquarters Functions

■ You can receive several preferential treatments by relocating or expanding your headquarters functions.

- 1 Headquarters functions (designated business establishment) are assigned to a place of business performing essential duties and may correspond to 1) an office, 2) a research establishment, 3) a research and development department in a factory or 4) a training center.
- 2 In order to receive preferential treatment, it is necessary to apply to the Program for the Regional Establishment and Development of Designated Businesses to Promote Local Revitalization and receive the authorization of the Prefectural Governor. (Certification must be received by March 31, 2024.)
- 3 We have made an outline of the preferential treatment system. To receive more details about the system and its application, please make an inquiry using the contact information below.

### Expansion Model

Strengthening of headquarters functions for companies in rural areas



### Relocation Model

Relocation from Tokyo's 23 wards



## ■ National Preferential Treatment System Tax System Special Measures (Locally Reinforced Tax System)

	Expansion Model	Relocation Model
Target Areas (Municipalities)	Uruma City, Okinawa City, Urasoe City and Itoman City An area of Haebaru Town	Nago City + Municipalities listed below Onna Village and an area of Yaese Town
Office Tax Reduction	Special depreciation (15%) or tax deduction (4%)	Special depreciation (25%) or tax deduction (7%)
Employment Promotion Tax System	Up to 600,000 yen per additional employee	Up to 1,500,000 yen per additional employee

## ■ Prefectural Preferential Treatment System Tax Special Measures (reduction of local taxes)

\*Certain requirements, such as specific equipment and a certain investment amount, must be met.

	Expansion Model	Relocation Model
Business Tax	Not applicable	Reduction for 3 years
Real Estate Acquisition Tax	1/10 th of current tax rate	Tax Exemption
Property Tax*	Reduction for 3 years	Tax exemption for 3 years

\*For property tax, what is displayed corresponds to the prefectural tax. Please contact your municipality for inquiries related to the municipal tax.

For more information, please contact the Industrial Location Division of Okinawa Prefecture's Department of Labor, Industry and Commerce.

TEL:098-866-2770 FAX:098-866-2846 E-mail:indus-pr@pref.okinawa.lg.jp  
http://www.pref.okinawa.jp/site/shoko/kigyoritchi/index.html

