BUSINESS LOCATION GUIDEBOOK HOKKAIDO
Hokkaido, the Perfect Place for Diversification of Risk

What do you think of when you hear the name ‘Hokkaido’?

Hokkaido ranks highly in surveys of ‘places I would most like to visit’ due to its abundant nature, delicious food, and unique culture. In this booklet, we’d like to introduce you to a different side of Hokkaido: Hokkaido as a business location.

Hokkaido is the perfect place for diversification of risk for companies and a backup center for industrial activities, thanks to the low risk of major natural disasters, abundant existence of renewable energy sources, extensive land, sea and air infrastructure and a unique climate that supports environmentally friendly business activities through use of the cold air, snow and ice.

These benefits have already attracted many businesses to Hokkaido. It is used as a processing and assembly site by many companies to decentralize their manufacturing bases or restructure their supplier chain, and serves as a resource site for companies in the food production industry, where it is well recognized for its abundant, high-quality ingredients that can be used for processing. Environmentally friendly data centers have also been established, as energy can be conserved to a large degree by making use of the cold air outside, and numerous companies have moved their head offices here. The merits of Hokkaido are now attracting more attention than ever, both within and outside of Hokkaido.

This booklet has been created to further promote Hokkaido as a business location by providing companies outside of Hokkaido with a deeper understanding of what we have to offer. We hope that you will consider this excellent region in northern Japan when expanding your business. Hokkaido is full of great possibilities and potential for unlocking the future of your company. It is our sincere hope that Hokkaido will provide major business opportunities for you.

Harumi Takahashi
President of the Committee for the Promotion of Investment in Hokkaido

Contents

Hokkaido’s Competitive Edge

■ The Perfect Place for Diversification of Risk
  ① Low Risk of Natural Disasters .................................................. 3
  ② Energy Supply and Communications Infrastructure ................. 4
  ③ Diversified Transport Infrastructure ...................................... 5

■ Eco-friendly Business Location
  Utilization of Renewable Energy and Cool Weather .................. 8
  ■ Fulfilling Lifestyle
    ① Outstanding Human Resources ........................................... 10
    ② Research Institutions Provide Strong Support for Emerging Businesses ...... 12
    ③ Open, Individual Local Communities .................................. 14
    ④ The Perfect Environment for Living and Working .................... 16

Current Main Industries

■ Data Centers ........................................................................ 17
■ Food-related Industry .............................................................. 18
■ Automobile-related Industry ....................................................... 20
■ IT-related Industry ................................................................ 22
■ Industrial Support Services Industry ........................................ 23
■ Biotechnology-related Industry ................................................... 24

Industrial Areas

■ Industrial Base ..................................................................... 25
■ Tomakomai Tobu Area ............................................................ 26
■ Ishikari Bay New Port Area ....................................................... 27

Incentive System

■ Incentive System .................................................................... 28
■ One-stop Service for Locating your Business .............................. 31
**POINT 2** Energy Supply and Communications Infrastructure

- **Japan’s Largest LNG Terminal Began Operations in 2012!**
  In 2012, the Ichthys Bay New Port LNG Terminal began operations in Ishikari. A 118,000 cubic kilotons, it is the largest liquefied natural gas (LNG) terminal in Japan. In addition to supplying LNG to Sapporo by pipeline, it is used to supply LNG to gas companies throughout Hokkaido. A second 200,000 cubic kilotons LNG terminal is scheduled to be completed alongside the Ichthys LNG terminal in 2016.

- **Power Grid**
  Hokkaido provides an outstanding power grid that uses a diverse range of sources. Looping of the key electrical supply system based on the central Hokkaido area is underway (Figure 1). Hokkaido secured the minimum necessary power supply reserve ratio of 3% in both the summer and winter of 2012 (Fig. 2).

- **Map of Electrical Power Facility Distribution in Hokkaido** (Figure 1)

- **Supply Reserve Ratio and Largest Power Demand for Summer and Winter during Hokkaido’s Power Conservation Periods in FY 2013**

- **Trends in Supply Reserve Ratio during Power Conservation Period of Summer FY 2013**

- **Stable Communications Infrastructure**
  There is a substantial communication infrastructure already in place between the Tokyo metropolitan area and Hokkaido, operated by multiple carriers through multiple routes. There are also plans to further reinforce backbone redundancy and diversify communications infrastructure between Hokkaido and the mainland Honshu. All of the main business areas in Hokkaido including Sapporo, Ishikari, Chitose, Yobuko, and Asahikawa are fully equipped with the necessary backbone lines.

- **Trends in Supply Reserve Ratio during Power Conservation Period of Winter FY 2013**

- **Map of Electrical Power Facility Distribution in Hokkaido** (Source: Hokkaido Electric Power Co., Inc.)

**POINT 3** Diversified Transport Infrastructure

- **Hokkaido — Close to the Rest of the World**
  Looking at a map of the northern hemisphere, you can see that most advanced industrialized nations are concentrated in just a few areas. But if you see that Hokkaido is actually the closest region of Japan to the rest of the world. Furthermore, the distance of the Northern Sea route is around 66% of that of the southern route connecting Europe and the Far East, and is therefore attracting an increasing amount of attention for new routes.

- **Network of 13 Airports throughout Hokkaido**
  There are 13 airports throughout Hokkaido. These airports are connected by various airlines, which also provide services to destinations outside of Hokkaido. The large number of air routes makes it easy to travel to and from Hokkaido. There are around 490 flights departing and arriving in Hokkaido each day. There are services to major cities outside Hokkaido from 10 airports, including services to Tokyo from 8 airports. There are also regular international services from airports such as New Chitose, Hakodate, and Asahikawa.

- **Flight Times and Number of Flights from Major Hokkaido Airports to Airports Outside Hokkaido**

- **Up to 7 Flights per Hour between Sapporo (New Chitose) and Tokyo (Haneda) - the Busiest Domestic Route in Japan**
  The route between New Chitose Airport and Haneda Airport is the busiest of all of Japan’s domestic routes, with 55 flights per day, and a maximum of 7 flights per hour. Operating from 7am to 10pm, there are an average of 5.4 flights per hour. With 16.58 million passengers on domestic flights, New Chitose is Japan’s second busiest airport after Haneda (As of FY 2012). A new international terminal was opened in March 2018.

- **Convenient Morning-to-Night Schedule**
  There are flights between Hokkaido and Honshu from early in the morning to late at night, making it possible to take business trips without needing to stay overnight. The first flight from Haneda to New Chitose departs at 6:10am and the last flight from New Chitose to Haneda departs at 9:35pm.

- **LCC Services Make Hokkaido Even More Accessible**
  In 2012, a low-cost carrier (LCC) began providing services between the main island of Honshu, and Hokkaido. There are now 3 companies providing services, with lower fares than major airlines.

- **Air Services Make It Easy to Get Around Hokkaido**
  JAL, ANA and Hokkaido Air System (HAC) provide air services within Hokkaido. With 9 routes and around 60 flights per day, this is a quick and easy way to get around Hokkaido.
Utilization of Renewable Energy and Cool Weather

- Hokkaido’s Renewable Energy Potential
  Hokkaido has the highest recognized use of renewable energy facilities, such as solar power and hydro-electric power facilities, in all of Japan. Much use is being made of this rich source of renewable energy.

- Wind Power Generation
  "Wind turbines", devices that derive their power from the movement of wind, are mainly being introduced on the Sea of Japan coast of Hokkaido due to the excellent wind conditions. As of the end of March 2013, 276 wind power generators have been installed, with an overall capacity of 1380,889 kW, making this area one of the most advanced regions in Japan for wind power generation.

- Solar Power Generation
  Solar power generation converts sunlight directly into electricity. It is a clean source of energy that does not produce CO2 emissions, and is expected to be key in the establishment of a low-carbon society. In addition to using these sources in public facilities and homes, Mega Solar sites are being announced successively throughout Hokkaido, making use of the prefecture’s abundant solar radiation and vast land.

- Solar Power Generation Efficiency
  - 1°C Cooler = Up to 0.4% Greater Output!

- Snow and Ice Energy Supply Methods
  1. Cold Water Exchange Cycle Method
  Melting water or antifreeze cooled with snow is circulated through the primary side of a heat exchanger with a pump, cooling the liquid circulating through the secondary side (Antifreeze, etc.)

  2. Cold Air Circulation Method by Direct Heat Exchange
  Air is circulated through a snow and ice storage device, providing cool air to a room or warehouse using a ventilator.

  3. Natural Convection Method (Snow Chamber/Ice Chamber)
  Cold from a snow and ice storage device or from snow stored in the warehouse is passed naturally through the warehouse by convection.

**Eco-friendly Business Location**

**Utilization of Clean Energy and Cool Weather**

- **An Eco-friendly New Energy**
  "Snow and ice energy" is a novel way of storing snow and ice collected during the winter for use in air conditioners in the summer time. This system is attracting attention as an eco-friendly source of energy, and has already been introduced to some parts of Hokkaido. Another technology is "Free Cooling," which generates cold water through the direct use of cold outdoor air during the cool and cold seasons (i.e., seasons other than summer) via heat exchangers instead of using cooling machines. This technology saves a great deal of energy, especially in facilities that use refrigeration throughout the winter. Such utilization of cool weather not only reduces the costs of refrigeration equipment and air-conditioning within buildings, but also contributes to low energy consumption, allowing increased control of CO2 emissions. It is expected that this technology will see increasing use in industrial facilities such as factories.

- **Main Companies Using Snow and Ice Thermal Energy in Hokkaido**

- **Controlling Air-conditioning Energy**
  Hokkaido has a short summer with low humidity, and less energy is needed for cooling systems compared to Honshu. Building insulation has been improved considerably, reducing energy requirements for heating in the winter. This has led to a dramatic decrease in the energy required for cooling, particularly in manufacturing industries and data centers where a large amount of heat is generated by devices year-round.

- **Comparison of the Annual Air-conditioning Load**

(Sources: Hokkaido Bureau of Economy, Trade and Industry)
### POINT 1

#### Outstanding Human Resources

- **Easy Attract the Outstanding Human Resources that Hold the Key to the Development of your Business**

  Hokkaido has an abundance of higher education institutions, with 35 graduate schools, 38 universities, and 17 junior colleges, and 4 technical colleges. There are about 84,000 young graduates annually, including those from vocational and high schools. This young and energetic workforce is keen to make its mark in the world.

- **University Student Enrollment by Specialization**
  
  (As of April 1st 2013) (Unit: persons)

  - Medicine and Dentistry: 405
  - Nursing: 837
  - Agricultural and Fishery: 1,776
  - Engineering, and Environmental Science: 7,120
  - Humanities and Social Sciences: 18,800

- **Incentives for Highly Skilled Engineers to Relocate to Hokkaido**

  To encourage highly skilled engineers who were born Hokkaido from major cities such as Tokyo to become “U-Turners” or those from other regions to relocate to Hokkaido (known as a “U-Turn”), a consultation framework has been established throughout Hokkaido government, and information registration and intermediary services between recuiting companies and job seekers are offered. Furthermore, in coordination with the Hokkaido Human Resources Promotion Council, a nationwide PR campaign has been developed to attract skilled workers to Hokkaido.

- **Implementation of Business Matching Schemes**

  Joint company briefings and interviews are now held in numerous venues throughout Hokkaido with the aim of increasing the opportunities for job seekers to meet with potential employers.

- **Higher Education Institutions throughout Hokkaido**

  (As of April 2013)

  - Art 855
  - Nursing 837
  - Agriculture and Fishery 1,776

- **Helping Companies Find Personnel**

  Job Cafe, Hokkaido, a Hokkaido-based support service for young job seekers, and Young-Fellows Workshops, a branch of a national service, are offered jointly at the Hokkaido Young Persons’ Employment Support Center (included Minaspo) to provide an all-in-one employment support system.

  In addition to providing job seekers with career advice, Job Cafe helps companies to find and maintain personnel holding industry seminars, workplace tours and job fairs with multiple companies to deepen job seeker’s understanding of industries and workplaces. In addition to the above, Job Cafe Hokkaido has been in Hokkaido, Asahikawa, Kushiro, Otaru, Utoro, and others. Over 43,939 people have used the service as of FY 2012, with 6,311 people finding work.

- **Enquiries**

  Job Cafe Hokkaido
  TEL: +81(0)11-209-4510

### Implementation of Business Matching Schemes

Joint company briefings and interviews are now held in numerous venues throughout Hokkaido with the aim of increasing the opportunities for job seekers to meet with potential employers.

For details, please visit the website shown below:

### An Environment that Makes Finding Personnel Easy

Hokkaido’s active opening rate is below the national average. Furthermore, the job market is now focused on 70% of young graduates finding work in Hokkaido.

**Employment of New Graduates (Graduating March 2013)**

Light green (%) indicates the percentage.

- **Category**: Graduates
- **Total**: 11,208
- **Employed**: 8,143
- **Unemployed**: 3,065
- **Total**: 11,208

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Graduates</th>
<th>Employed</th>
<th>Unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>11,208</td>
<td>8,143</td>
<td>3,065</td>
<td></td>
</tr>
<tr>
<td>Graduates</td>
<td>11,208</td>
<td>8,143</td>
<td>3,065</td>
<td></td>
</tr>
</tbody>
</table>

**Active Opening Rate for Past 5 Years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>0.37</td>
<td>0.47</td>
</tr>
<tr>
<td>2009</td>
<td>0.41</td>
<td>0.41</td>
</tr>
<tr>
<td>2010</td>
<td>0.41</td>
<td>0.47</td>
</tr>
<tr>
<td>2011</td>
<td>0.44</td>
<td>0.38</td>
</tr>
<tr>
<td>2012</td>
<td>0.41</td>
<td>0.41</td>
</tr>
</tbody>
</table>

**Average Graduate Starting Salary (2012)**

(1,000 yen/month)

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2009</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2010</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2011</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2012</td>
<td>177,500</td>
<td>177,500</td>
</tr>
</tbody>
</table>

**General Workers’ Basic Salary (2012)**

(1,000 yen/month)

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2009</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2010</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2011</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2012</td>
<td>177,500</td>
<td>177,500</td>
</tr>
</tbody>
</table>

**Part-time Wages (2012)**

(1,000 yen/month)

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2009</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2010</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2011</td>
<td>177,500</td>
<td>177,500</td>
</tr>
<tr>
<td>2012</td>
<td>177,500</td>
<td>177,500</td>
</tr>
</tbody>
</table>

(5) indicates universities that have graduate schools