

1-3 Okinawa Business Model Utilizing Asia Logistics Network

Example 1: Production Base for Products Going to Asia

By establishing a production base in Okinawa, which is situated near all areas in Asia, it is possible to shorten delivery times of products sent to Asian markets. The merits are particularly beneficial with air freight; as a hub, Naha Airport offers 24-hour operation and customs clearance in addition to a high-speed, well-established logistics network between domestic and international destinations across Asia. Furthermore, by basing production in Okinawa, it is possible to prevent the outflow of technology, and since the same domestic standards and quality control system apply, "made in Japan" product quality is maintained. Whereas business models which base production and sales operations in the target country must face the costs incurred due to foreign business practices, culture differences, and quality control, a business model which keeps production in Japan can alleviate such issues.



Example 2: Repair Parts Inventory Base for Asian Market

Establishing an inventory base in Okinawa allows for improved response capability to emergency repair part shipment requests. For companies which have production bases across Asia and split their stock of repair parts across facilities, consolidating the inventory for repair parts in one stock center in Okinawa makes it possible to reduce stock size and lower costs.



Operation of "Parts Center" in Building 4 of the Naha International Logistics Base Industrial Region



2 Preferential Tax Treatment in Special Economic Zone

Special Economic Zone as defined by the Act on Special Measures for the Promotion and Development of Okinawa

In Okinawa, businesses from other prefectures and local businesses within the prefecture have access to preferential treatment systems, such as a large income deduction not offered in other prefectures (up to 40%) and special tax credits for equipment investments.

- International Logistics Base Industrial Region
- Within Prefecture (All Areas) Manufacturing Improvement & Business Innovation Promotion Region
- Information and Communication Industry Promotion district
- Information and communications industry special district and Information and Communication Industry Promotion district
- Economic Stimulation Special Region

International Logistics Hub Industry Development Zone Uruma, Okinawa
*Circled in red on above map



	1 International Logistics Hub Industry Development Zone	2 Manufacturing Improvement & Business Innovation Promotion Region	3 Information and Communication Industry Promotion district	4 Economic Stimulation Special Region
Targeted Industries/Facilities	1. Manufacturing 2. Special Machinery Repair 3. Packaging 4. Special Retailers (without physical store locations) 5. Warehouse 6. Aircraft Maintenance 7. Ground Freight Shipment 8. Special Real Estate & Rental Housing 9. Wholesale Trade *7-9 do not qualify for income deductions *15-16 loan system only	1. Manufacturing 2. Ground Freight Shipment 3. Warehouse 4. Packaging 5. Wholesale Trade 6. Design 7. Machine Design 8. Economic Consulting 9. Engineering 10. Natural Sciences Research Center 11. Electricity Generation (must meet requirements) 12. Product Inspection 13. Weighing Certification 14. R&D Support Inspection and Analysis 15. Machine Repair 16. Non-destructive Testing *15-16 loan system only	1. Information Records Production (excluding newspaper and publishing) 2. Telecommunications 3. Film, Broadcast Programming and other visual or audio media production 4. Broadcast 5. Software 6. Data Processing and Provision Services 7. Internet Services 8. Information Technology	1. Data Center 2. Internet Service Provider (ISP) 3. Internet Exchange 4. Backup Center 5. Secure Data Center 6. Information Technology Device and Connection Verification
National Tax	Income Deduction	○	—	○
	Investment Tax Credit	○	○	○
	Special Repayment	○	—	○
Regional Tax	Angel Tax System	—	—	○
Regional Tax	Business Tax	○	○	○
	Property Acquisition Tax	○	○	○
	Property Tax	○	○	○
Business Office Tax (Naha only)	○	○	○	—

*1. For national tax, only one preferential tax treatment must be chosen every year.
 *2. The business office tax is in accordance with Local Tax Act Supplementary Provisions Article 33. Otherwise, national treatment applies first, subject to local, prefectural, city, district, or village ordinances.
 * In addition to the above, special tourism promotion regions and Ryokan businesses on remote islands are eligible for preferential treatment.