

The comprehensive service site that supports location of enterprises from both inside and outside Japan, into "Hyogo-Kobe" through one-stop services.

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## Achieving Early Operation and Good Performance through Plant Location in Amagasaki

Matsushita built a PDP plant that is in charge of the core of the world strategy, in Amagasaki.



The world's largest-class plasma display panel plant

Matsushita Electric Industrial Co., Ltd. built a third plant in Japan producing the world's largest PDP (Plasma Display Panel), in Amagasaki city, Hyogo prefecture, and began its operation in September last year. At the new plant, highly efficient operation by the leading-edge multiple method, and high process yield by its original black box technology, have been realized. In July this year, the second-stage line is planned to start operation, and this plant will be the core facility for the future world strategy. As to the reasons and advantages for having selected Amagasaki as such an important production base, we asked Mr. Hiroyuki Nagano, who is overall in charge of the company's PDP Device Business Unit.

Matsushita Electric Industrial Co., Ltd.  
Mr. Hiroyuki Nagano

Director  
PDP Device Business Unit  
Visual Products and  
Display Devices Business Group  
Panasonic AVC Networks Company



### - How is the performance of the first-stage line of the Amagasaki Plant?

Fortunately, we are performing even better than planned. The first factor for our good performance is that we could start operation two months earlier, in September, than the initial plan to start in November 2005. Though we did not think we could be in time for the overseas Christmas business competition, we could supply a large quantity of panels made in Amagasaki to overseas during the period, which significantly contributed to an improved share in the West. In America, which is the most important region for flat-screen TVs, our PDP share increased to almost 60%. Operation of the Amagasaki Plant thus boosted our world strategy.

### - What are the reasons you chose Amagasaki?

In a word, speed. Amagasaki was the best for the earliest possible launching and the earliest, most stable operation. Because the investment pace of Korean companies, which are our rival, rapidly increased, we had to advance our initial production increase plan by one year to win share, and build a new plant in a hurry. Under such circumstances, a candidate construction site was land belonging to Kansai Electric Power Co., Inc. in Amagasaki. Because it was previously the site of an electric power plant, sufficient capacity of electricity was already available, and industrial water was also abundant. To start operation early, these two infrastructure factors were very important.

Further, Amagasaki is conveniently located: It is only one minute from an expressway Interchange, and is close to Kobe Port and Osaka Port, which are bases for overseas transport; and thus, convenience

for export was another attraction. Products for Western markets, which are more rapidly expanding compared with in the Japanese market, and products for other foreign countries, are shipped in the form of panels from the Amagasaki Plant, and they are assembled locally.

### - Being close to the Ibaraki Plant, which has abundant engineering staff, was also important, wasn't it?

In fact, that was the biggest point. PDP production requires engineers' deep know-how and accumulated experience. A PDP is almost like a ceramic piece that is baked in an electric furnace. As such, if the plant is located far away, it is clear that engineers will be in short supply, resulting in low process yield. In this regard, engineers from the Ibaraki Plant can be posted to the Amagasaki Plant without need for job relocation.

Some people suggested locating a plant overseas, but that involves risk of technology outflow, and in foreign countries, engineers who acquire higher techniques tend to move to a rival maker, and as such, engineers do not stay, which hinders achievement of high process yield.

### - I understand support by administration was also helpful for the early start of operation.

Construction of a plant requires various procedures. Without completing these procedures in a short period, start of construction and then operation become delayed. In this regard, supply of one-stop support by Hyogo prefecture and Amagasaki city, with the Hanshin Minami Prefectural Citizen Bureau as the contact point, helped speedy completion of procedures. Without the support, it would have been impossible to start operation in September, two months earlier than the initial plan, and the plant could not have been started until after the Christmas business competition, resulting in very low-efficiency investment.

### - What kind of effects did the preferential system give to the plant locating?

We expect to receive a subsidy equivalent to

3% of the equipment investment amount, based on the prefecture's industrial concentration ordinance: 2,850 million yen for the third plant, which enables early recovery of investment and is very helpful for us. Further, because the new plant employs many local residents, we can receive a subsidy for local employment, of up to 300 million yen. I think this will be very effective also for promoting regional employment. In addition, reduction of and exemption from the city's fixed asset tax, etc., are also a decisive factor for additional investment.

### - Please tell me the future development and strategy.

In response to the worldwide PDP demand, we will build a fourth plant, in Amagasaki, in the summer of next year. Our company prospects 25 million units of PDP as the world demand for 2010, and we, as an entire company, will be able to produce about 11 million panels annually with full operation of the Amagasaki Plant, out of which this plant will produce about nine million units. If we can achieve the goal of slightly over 40% of the world share, therefore, over 30% of the world's PDPs will be "made in Amagasaki." Toward this goal, the Amagasaki Plant will tackle even higher quality and lower-cost operation, as the production base that is in charge of the core of the world strategy.

### Matsushita Plasma Display Panel Ltd. Amagasaki Plant

**Start of production:** first stage, on September 16, 2005; second stage, planned for July 2007. / **Location:** 2-16-4, Suehirocho, Amagasaki city, Hyogo prefecture / **Production items:** Production, marketing, etc., of plasma displays, plasma display modules, and related products / **Investment amount:** 95 billion yen / **Production capacity:** 250,000 units monthly (first stage, 125,000 units monthly; second stage, 125,000 units monthly) / **Production personnel:** About 800 persons / **Total floor space:** About 147,000 m<sup>2</sup>

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## "Hyogo-Kobe Investment Support Center" One Year Following Its Establishment

Total support for starting and expansion of business in "Hyogo-Kobe" Responding to various business advancement-related inquiries from companies both in and outside Japan

"Hyogo-Kobe Investment Support Center" was established in April 2005, as a department of the Hyogo Economic Development Center, for offering the business information and consulting in "Hyogo-Kobe." Both the Center in Kobe and Tokyo Office (Hyogo-Kobe Business Support Center in Tokyo) are supporting new business development and business expansion of the companies.

### Support system

Aiming to invite companies both in and outside Japan through "One-Stop" services

We support both domestic and foreign companies which considering business expansion in "Hyogo-Kobe" by providing information on industrial parks, areas suitable for factories, idle land, rental offices as well as on administrative procedures for business advancement, employment and residence. Further, we fully support companies' advancement through integrated efforts by collaborating with not only local governments, such as Hyogo Prefecture and Kobe City, but also JETRO, Kobe Chamber of Commerce and Industry, and other related agencies.

**1 When a company is considering business advancement into "Hyogo-Kobe" such as new establishment or enlargement of a factory or opening a laboratory**

We provide comprehensive information related to site location, such as information on industrial sites with full industrial infrastructure, excellent transportation access, best offices for R&D and incentives.

#### >Information on industrial sites

- Introduction of industrial parks, former factory sites, idle land, etc.

#### >Information on offices for R&D

- Introduction of R&D facilities, incubation facilities, laboratories, etc.

#### >Related information

- Explanation on incentives such as subsidies, administrative procedures
- Providing information on the employment environment and the living environment
- Arrangement of introduction to the developer (landlord) regarding desired properties
- Guidance to actual places

#### **2 When a foreign or foreign-affiliated company is considering setting up a new business base**

Providing information on comfortable and convenient offices, business-related information procedures for permission, and daily living.

#### >Business-related information

- Providing market information, business partners for joint venture / technological tie-up, incentives, securing of personnel, etc.

#### >Procedures for permission

- Procedures for establishment of a representative's office, a branch office or a corporation; application for business registration, permission, working visa, etc.

#### >Special advisors

- Free-of-charge consultation on business advancement by the attorney, the certified public accountant, and the administrative scrivener

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### Annual activities

"Hyogo-Kobe Investment Support Center" conducts aggressive activities for inviting companies, such as implementing questionnaire surveys on intention on advancement, company visitation, and participation in business fairs, in addition to responding to inquiries from companies both in and outside Japan regarding advancement into "Hyogo-Kobe."

Content	Number of cases (total of Kobe and Tokyo)
Providing information on industrial sites to domestic companies; company visitation, and guidance to actual places	1,189
Response to inquiries on business advancement from foreign and foreign-affiliated companies	357

### Foreign and foreign-affiliated companies we supported

Outline of the companies	Origin of Parent Company	Location
Opening of a Japanese branch (personnel dispatch, etc.)	China	Kobe
Establishment of a Japanese corporation (development and supply of Screen Code (IT technology))	China	Kobe
Establishment of a Japanese corporation (trading)	China	Kobe
Establishment of a Japanese corporation (English language school)	the Philippines	Takarazuka
Establishment of a Japanese corporation (wholesale of imported furniture)	Italy	Kobe
Opening of a call center of a foreign-affiliated life insurance company	U.S.A.	Kobe
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Establishment of a Japanese corporation (trading)	China	Kobe
Establishment of a Japanese corporation (research and sale of diagnostic pharmaceuticals, etc.)	Germany	Kobe
Establishment of a Japanese corporation (trading)	China	Kobe

The main support contents of some of the companies mentioned on the left are as follows:

#### Calligaris Japan (Italy)

Support for establishment of a Japanese corporation of Calligaris s.p.a. (major Italian furniture manufacturer)

#### Content Of Support>

- Explanation on incentives, etc.; support for office rent subsidy procedures for a foreign-affiliated company
- Translation of an office rent contract; arrangement of press announcement on establishment of the corporation

#### Alico Japan (U.S.A.)

Support for opening of a call center of Alico Japan (foreign-affiliated life insurance company)

#### Content of support >

- Providing information on suitable offices / guidance to actual places
- Providing employment information

#### Aflac (American Family Life Assurance Company) (U.S.A.)

Support for opening of a call center of Aflac (foreign-affiliated life insurance company)

#### Content of support >

- Providing information on suitable offices / guidance to actual places

#### DiaSys Japan Co., Ltd.(Germany)

Support for establishment of a Japanese corporation of DiaSys Diagnostic Systems GmbH (German diagnostic testing drug manufacturer)

#### Content of support >

- Support for office rent subsidy procedures for a foreign-affiliated company
- Arrangement of press announcement on establishment of the corporation