

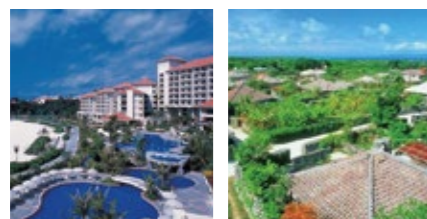
Okinawa Prefecture's government and residents are working together to Create three pillars that will bring Okinawa to the fore front of modern industry. These pillars are the "Tourism Industry", "Information & Communication Technology Industry", and "Establishing an International Logistics Hub". The objective of by becoming the "21st Century Bankoku Shinryo (Bridge of Nations)."

Okinawa to the fore front of modern industry. These pillars are the "Tourism Industry", "Information & Communication Technology Industry", and "Establishing an International Logistics Hub". The objective of by becoming the "21st Century Bankoku Shinryo (Bridge of Nations)."

Okinawa's New, Leading Industry Growth and Current Situation

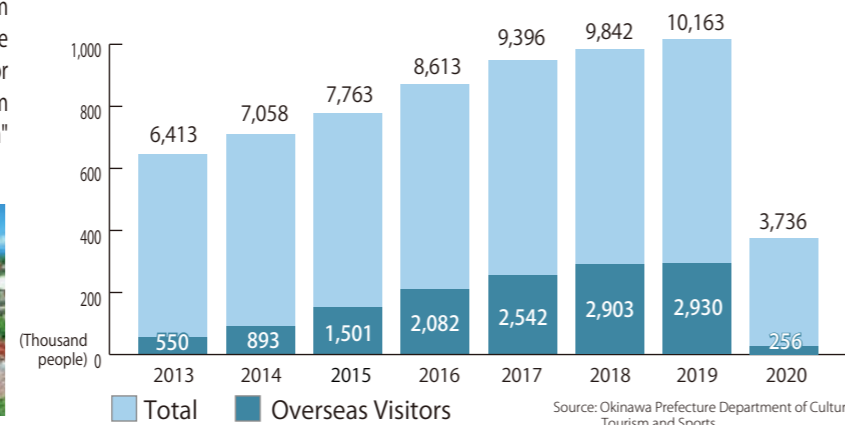
Pillar No. 1 Tourism Industry

Okinawa is an island where people live in harmony with the rich natural environment. We hope to create an environment that appeals to local residents, tourism businesses and tourists, and take advantage of Okinawa's soft power through its history, culture, and sports. Via the strategic development of a uniquely Okinawan tourism program (high value-added tourism), and the improvement of fundamental tourism facilities for the safety, security and comfort of tourists, we aim to establish our own brand of "Okinawa Tourism" as a sustainable, world-class tourism destination.



- Number of tourists entering the region : About 3.73 million people (2020)
Year-on-year decrease 63%
- Tourism revenue : Approximately 704.7 billion JPY (FY 2019)
4% decrease from the previous year

○ Progression of Number of Visitors to the Region (2013-2020)



Source: Okinawa Prefecture Department of Culture, Tourism and Sports
*Significantly decreased in 2020 due to the effects of the novel coronavirus pandemic.

Pillar No. 2 Information & Communication Technology Industry

Being located in the center of East Asia, our objective is to become an "IT Bridge" that links Japan and Asia as a hub for international communication and technology in Asia. Through this process, we will take full advantage of the prefecture's unique resources, such as our young labor force. The Okinawa IT Shinryo Park will act as the nucleus that draws in industries from Japan and abroad. Further, efforts are being made to improve and diversify local industries, to nurture and attract talented workers, and to build foundations for information and communication.

- Businesses that entered Okinawa
490 companies (FY January 2020)
- Number of new employees
29,748 people (FY January 2020)



Pillar No. 3 Establishing an International Logistics Hub

Expanding the air cargo capabilities of Naha Airport will strengthen the international logistics capabilities that the prefecture can provide as a hub for East Asia. New businesses in the air and marine industry will harness these logistics capabilities and will gather in Naha Airport and Naha Port. This will establish the international logistics hub. The goals are to become a Bankoku Shinryo (Bridge of Nations) befitting of the modern era, to expand exports and encourage local businesses to go abroad, and to establish a self-sustaining economy that works alongside the spectacular economic development and vitality of Asian countries.



Stages for Establishing Okinawa Prefecture's International Logistics Hub

Stage 1

- ANA International Cargo Hub (started in October 2009)
- Special International Logistics Zone (Zone for Concentration of International Logistics Industry, founded in April 2012)
- Building the Infrastructure for Inbound Businesses (i.e. Logistics Center, etc.)
- Expanding Exports of Local Okinawan Products



Stage 2

- Increasing Aerial and Maritime Routes
Regarding the Okinawa International Logistics Hub, we have expanded our aviation network by shifting to a model that utilizes both the cargo space of passenger flights as well as dedicated cargo planes, and a new shipping route for Asia has been established.
- Expanding the Special International Logistics Zone
The Special International Logistics Zone that was originally limited to a designated region has been expanded to include all of Naha, Urasoe, Tomigusuku, Ginowan, Itoman, and the Nakagusuku Bay Port Area.
- Progressing as a Hub for Exporting Domestic Specialty Goods
By passing through Okinawa, domestic specialty goods from all over Japan can be freshly shipped to the rest of Asia in a matter of days.
- Logistics Hub for Forwarders
The Logistics Center, which is a hub for international cargo transactions, is located near Naha Airport.
- Naha Airport 2nd Runway in Service
(from March 26th, 2020).
- Promotion of New Model (Utilization of Belly Freight) for Okinawa International Aerial Logistics Hub.



Stage 3 / Operations for "With corona" & "After corona" periods.

- Expansion of network through the advancement of aviation and shipping companies
- Strengthening of functionality of e-commerce and mail-order stock centers
- Strengthening of functionality of emergency parts centers
- Logistics bases of global manufacturers
- Become a Hub for Distribution, Storage, Exhibitions, and Third-party Logistics



In addition to its powerful geographic advantage at the center of the booming economies of East Asia, Okinawa supports round-the-clock transport operations at Naha Airport. These assets link travelers and cargo to a vast network of both domestic and international routes, diverse transportation needs.

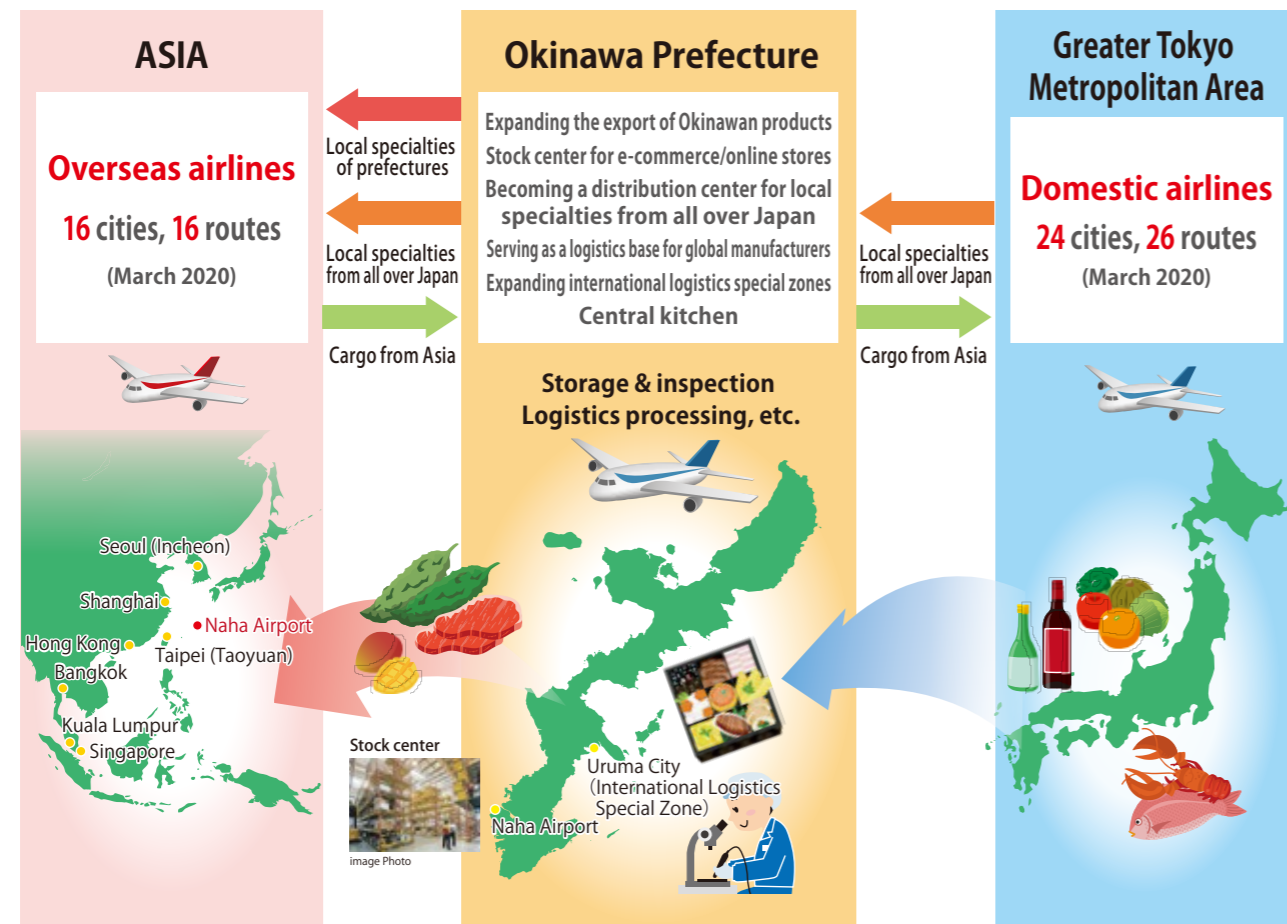
Naha Airport, Linking Japan and Major Asian Cities

An Air Logistics Network That Takes Advantage of Our Extensive Network of Flights

Okinawa Prefecture is developing an air logistics network centered on Naha Airport as the international hub of Okinawa by taking advantage of its geographical location in the center of East Asia and its extensive network of flights. Starting from 2021, we are shifting from the cargo-only aircraft-centric model in the past to a model that also utilizes cargo space on passenger flights bound for Naha Airport in addition to cargo-only aircraft. We are also enhancing a new air logistics network that connects the Tokyo metropolitan area and other regions of Japan with cities throughout Asia so as to serve multiple destinations at high frequencies.

POINT

- ▶ Establishing a logistics network that harnesses belly flights (cargo transportation on passenger aircraft) in addition to cargo flights
- ▶ Taking advantage of the dynamism of Asia, which continues to grow
- ▶ Catering to new logistics demands such as e-commerce



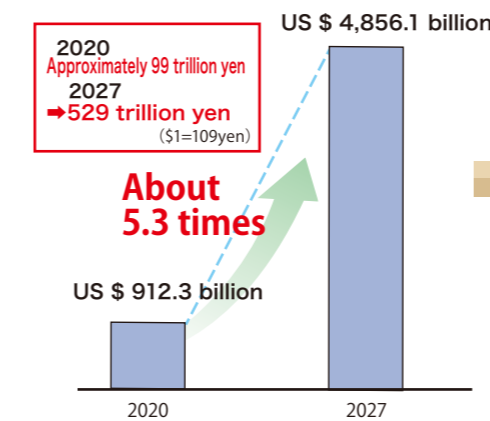
EFFECTS

- ▶ Establishment of a high-performance international logistics hub with low costs, improved convenience, and a diversified logistics network
- ▶ Establishment of sales channels for local specialties of prefectures and from all over Japan, and allowing for further industrial integration

Deployment Measures for Cross-border E-commerce Expansion

Through each phase (1 to 3) of the development stages of the new model, we will utilize cross-border e-commerce to work on market development, building-up commercial distribution, and physical distribution centers.

Forecast of market scale expansion of global cross-border e-commerce



Source: Market research on electronic commerce in 2019 (Ministry of Economy, Trade and Industry, Information Economy Division)



Phase 3 From 2024

Network expansion period (expansion period)

Establish and further expand new models
Physical distribution centers for e-commerce
Strengthen attraction to relevant businesses+freighters

Phase 2 2022 to 2023

After Covid-19 period (construction period)

Start full-scale utilization of international shipping carriers and expand domestic and overseas networks
Strengthen transportation of e-commerce products (build-up commercial distribution)

Phase 1 2021

With Covid-19 period (recovery period)

Promote utilization of e-commerce for prefectural products and development of sales channels
Promote resumption of international passenger aircraft operations (Priority markets: Taipei, Hong Kong, Singapore, Shanghai, Bangkok)

Development Phase of New Model

POINT

- ▶ Step-by-step restructuring of air cargo network
- ▶ Promote of inter-airline cooperation (interline / codeshare)

2021 (Reiwa3)

2022~2023 (Reiwa4~Reiwa5)

2024~ (Reiwa6~)

Freight transport via domestic carrier passenger planes

Build diverse air cargo network by strengthening cooperation between airlines

Strengthen network by developing new routes

Freight transport via overseas carrier passenger planes and utilization of overseas hub airports

Return flights for passenger planes and dedicated freighters

Promote utilization of e-commerce by prefectural businesses (market development)

Strengthen transportation of e-commerce products and related (build-up commercial distribution)

Physical distribution centers for e-commerce
Attract companies, expand stock center and central kitchen functionality, etc.

Link to tourism promotion measures (international passenger hubs, etc.)

- Expand air and transit routes
- Establish stopovers for domestic and international tourism
- Establish base for sightseeing tourism

