

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

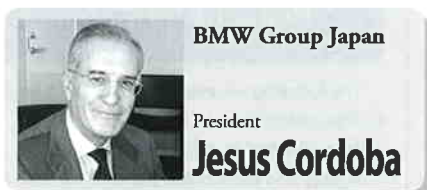
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## Kobe Selected for Training Center to support goal of "Sheer Driving Pleasure"

### "BMW Group Academy Kobe" moves into Kobe Port Island (2nd Stage) and opens

This January, BMW Japan opened its consolidated training facility "BMW Group Academy Kobe" in Port Island (2nd Stage) as the first direct investment to the training facility by the foreign car manufacturer in the western part of Japan. The facility offers a variety of training options including management, sales, marketing, after sales processes and technical solutions. The center forms an important part of the business strategy for BMW Group Japan that has been designing the sustainable and profitable growth. We spoke to the President, Mr. Jesus Cordoba, about this major move into Kobe.



—What responsibilities does the BMW Group Academy Kobe bear?

The facility is designed totally and perfectly in accordance with the BMW's image and CI. We cared about not only the architectural design but also the surrounding environment.

The training that is carried out here includes multiple responsibilities. It covers the comprehensive training for BMW, MINI and BMW Motorrad authorized dealers, which include management training, technical and non-technical training for sales and after sales staff. The content is basically identical with our another facility at Makuhari, but, depending on needs, we may also conduct specific trainings only at Kobe.

—Why did you build a training facility in Western Japan?

BMW is currently growing at a fast speed. Between 2001 and 2006, the sales have increased by 73%, and last year we marked a record by selling 62,000 units. With BMW brand alone, the users exceed 500,000. In order to provide the best services to our customers, we do need to provide comprehensive trainings to our dealers as well. Since half of our users and dealers are living in Western Japan, based on our motto of 'Closer to our Customers', we felt that it was important to establish our 2nd training facility in Western Japan.

—Why did you choose Kobe?

First of all, the access is excellent. Kobe airport is very close, Shinkansen access is very convenient,

and the location is quite close to the city center. Also, since we are automobile and motorcycle maker, it was naturally important that a good road infrastructure be in place, with an easy access to the parking lot. In addition, the accommodation and pleasant surrounding environment were also important, as these assure the pleasant stay and enhance the effectiveness of the training after all. We had a look at a number of candidate cities, but none of them were able to satisfy all of our needs as well as this area of Kobe.

When we first learned about Kobe during the selection process, we were surprised that such a great city exists in Japan outside of Tokyo. It has an international atmosphere, and is very open to Western culture. With a strong export base, this is certainly a city that can compete strongly with anywhere in the world.

Government support was another major factor. We received a very impressive package from the Kobe City Government regarding land. We are also extremely grateful for the various help given by the Hyogo Prefectural Government in the consideration of tax exemptions etc.

—What is your impression of Kobe and its people?

Kobe is a very unique and authentic city. It has a long history, with a strong brand image, and fits perfectly with the premium brand value of BMW.

Also, Kobe people have a good balance between work and private life, and seem to watch out for high quality. They also have the image of working hard towards difficult goals, through leadership and innovation. What BMW produces are not just means of transportation, but the mobility with joy that may even change the lifestyle. I feel that our vision fits well with the lifestyle of Kobe people.

—What do you think of the Japanese market?

We feel it's the most difficult in the world. The reason is that, firstly, you have 10 local car manufacturers all crammed into a space about the size of California. Also, there are strong relationships between consumers and brands, and customers and stores. There is a strong brand loyalty here which can't be seen anywhere else in the world. It is extremely difficult to let the consumer to convert the loyalty from one to the other in this market.

—What are you hoping to achieve from your business activities in Kobe?

With the construction of our Academy, we've now become a part of Kobe. We hope that we can contribute something as a corporate citizen to Kobe, and develop strong bonds with the people here. For example, we are looking to do a variety of things in the community, such as sharing management know-how to universities, etc.

We are very proud of being in Kobe. We really hope that the people of Kobe also feel glad that we are here now. We make every effort, step by step, to make that happen.

### BMW Group Academy Kobe

**Address:** 1-4-7 Minatojima-minamimachi, Chuo-ku, Kobe City  
**Land Area:** 1,499.98m<sup>2</sup>  
**Floor Area:** 1,331.30m<sup>2</sup>  
**Structure/Class:** Two Story Steel Structure  
**Facility Content:** 3 Technological Training Rooms (Classrooms and Labs), 2 Non-Technological Training Rooms, Office, Lobby

### BMW Japan

**Head Office:** 1-10-2 Nakase, Mihama-ku, Chiba City  
**Established:** 22nd September 1981  
**Business Area:** Automotive Industry  
**Employees:** 289

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## The "Hyogo/Kobe Investment Support Center" has well developed into a one stop shop for advisory services.

~ Supported 21 foreign and foreign-affiliated businesses' entry into "Hyogo/Kobe" ~

### Consulted on 501 cases in 2 years

The "Hyogo/Kobe Investment Support Center" has handled 501 cases (132 companies) since its founding in April 2005, consulting on the entry of foreign and foreign-affiliated companies. The main content of these consultations has included 431 cases regarding entry into the Japanese market (94 companies), 43 cases (20 companies) related to trade or customers, and 27 cases (18 companies) with system related matters.

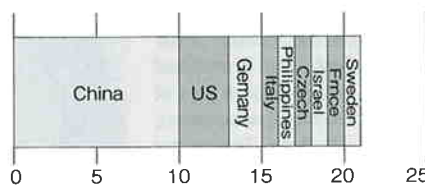
Among these consultations, 21 companies have made "Hyogo/Kobe" part of their business, establishing Japanese legal entities, branch offices, liaison offices, etc.

	2005	2006
Entry Consultations	156	275
Trade and Business Client Consultations	26	17
System Related etc.	25	2
Total	207	294
Entering Companies	10	11

### About Entering Companies

In terms of nationality, there are 9 nations represented, with China having the most companies, with 10, followed by the US with 3, Germany 2, and Italy, Philippines, Czech, Israel, France, and Sweden 1 each. Due to the nature of an international city Kobe, we receive requests for consultations from a variety of countries. Many of these companies are from China. We guess the reason why Chinese companies come into Hyogo/Kobe is that China has developed a strong relationship with Hyogo/Kobe, due to the usefulness of Kobe Port for trade purposes, the number of Chinese people in the area, the number of Chinese students starting businesses in Japan, and the international Hyogo/Kobe offices in Hong Kong, Nanjing, and Tianjin. (Figure 1)

In terms of the form of the 21 entering companies, 14 of them established legal entities, 1 a branch, and



[Figure 1: Entering Companies by Country]

1 established an office. Businesses that have established some kind of office in "Hyogo/Kobe" number 16, or 2/3 of all companies, and there are also 3 call centers, 1 major retail development, and 1 training center. (Figure 2)



[Figure 2: Form of advancement]

In terms of type of business, there are more trading companies than anything else, with 7, and then there are two Life insurance companies, 2 wholesale and retail furniture stores, and 2 firms related to information/communication technologies. In addition, there is one medical/drug related company in the area of "Kobe Medical Industry Development Project", and 1 seller of manufacturing machines of nano-fibers.

### Major support offered to Entering Companies

<Major support offered to Entering Companies in f/y 2006>

#### 1. BMW Co. Ltd. (Germany)

Supported the establishment of a dealer training facility for BMW.

**Kind of Support**▶ Provided information about suitable places for their training facility, and showed them around

#### 2. M.G.I.T. Japan Export Co. Ltd

Supported the establishment of a Japanese legal entity for trade with Israel and other countries.

**Kind of Support**▶ Provided information about potential office spaces, and showed them around

▶ Offered support for office rent subsidies for foreign/foreign affiliated companies in the filling in of documentation

#### 3. Jupiter Telecommunications Co. Ltd. (US)

Support for the establishment of a call center for sales and inquiries.

**Kind of Support**▶ Provided information about potential office spaces.

### Reasons for Coming

The following are examples of reasons for coming to "Hyogo/Kobe".

▶ "Hyogo/Kobe" is very open to foreigners, and is an easy and comfortable place to live, with a good natural environment.

▶ Involved parties are somehow related to "Hyogo/Kobe", for example, living there.

▶ The "Kobe" brand image can be used for business.

▶ With a well established railway network in the city, including Shinkansen and other railways, in addition to the newly opened Kobe Airport, transport access to various places both in Japan and abroad is excellent.

▶ Clients are in "Hyogo/Kobe".

▶ Having been interested in local projects (the Kobe Medical Industry Development Project, etc.)

▶ There are various financial incentive systems and good support institutions like JETRO IBSC Kobe (temporary office).

### Future Measures

After foreign companies enter the Japanese market, it is understood that a number of challenges await them in the development of their business, from differences in business culture or laws, to differences in language.

At the "Hyogo/Kobe Investment Support Center", we will continue to provide support to companies entering the "Hyogo/Kobe" area, assisting them to grow their businesses, and to have a stable foothold in the area.