

# Grasp of Current State and Issues of Spatial Development in Coastal Areas

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*Restructuring of coastal areas, manufacturing industry, and return of manufacturing to Japan*

## 1. Introduction

The recent depreciation of the yen, reduction of labor costs in Japan, rapid economic growth in Asia, and spread of the novel coronavirus have caused changes in the coastal areas of Japan. The purpose of this study is to identify the trends that are remarkable in relation to the coastal areas of Japan, and to identify and organize issues.

## 2. Trends in return of manufacturing to Japan

In Japan's manufacturing industry, factories had been relocated to China and Southeast Asian countries since the 1990s in search of cheaper labor costs. However, in light of the current situation, there are new developments such as reshoring (returning manufacturing to Japan). Typical examples are shown in Table 1. Some industries have switched their production bases to Japan due to the COVID-19 pandemic (e.g., textiles). Others are located in coastal areas.

Table 1: Trends in return of manufacturing to Japan

Industry	Summary
Cosmetics	Establishment of overseas export bases
Sanitary goods	Located in coastal industrial parks
Industrial machine	Establishment of overseas export bases
Fiber	Strengthening the production of non-woven fabrics
Toothpaste	Migration and export base formation
Air conditioner	Enhancement of production function

Next, the impact on logistics is shown in Table 2. It can be seen that the shift from overseas production to domestic production has had a considerable impact on global distribution networks, such as the type of packing and quantity of imports and exports.

Table 2: Effects on logistics

Industry	Impact on logistics
Motorcycle component	Shift 1/4 of Thai production to Japanese production
Household goods	Cost reduction by 20% on average
Apparel	Increase domestic production ratio to 90% from 40%
Car navigation system	Increase the domestic production scale to five times the conventional scale
Large household electrical appliance	Double the exports from the previous level

## 3. Summary and Discussion of Factors Such as Reshoring

First, it is assumed that one factor on the corporate side is that the countries where the factories were previously relocated have achieved economic growth and labor costs have increased while Japan's labor costs have not grown during that period. From the viewpoint of economic security, it is also assumed that there is a trend to avoid areas that are affected by production stoppages due to wars, conflicts or urban lockdowns.

In addition, this may be due in part to the fact that the Ministry of Economy, Trade and Industry's policy currently provides assistance for reshoring of production sites with regard to the reinforcement of supply chains. At the same time, ASEAN countries are increasing their procurement bases for important products and supporting the diversification of overseas supply chains. We will keep an eye on both sides of this issue.

## 4. Future Issues to Be Considered

As a future consideration, we will identify issues by collecting additional examples, having appropriate interviews with business operators, and collecting examples of coastal realignment. Measures to be taken in the coastal areas in the future will also be discussed.