

Bottom-up Regional Growth Strategy Creates the Future of Japan – From "Switzerland in the Orient" to "Matsumoto Health Valley"[†]

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1. Introduction

According to the Business & Technology Daily News, the Nikkan Kogyo Shimbun (January 15, 2014), the Ministry of Economy, Trade and Industry (METI) will revive Japan's industrial cluster policies for the first time in five years. These policies encourage regional small/medium or venture companies to create new businesses and technological innovations based on regional advantages. To produce innovation it will be essential to provide these businesses industrial conglomerations that allow them to use the strengths of their region. Industrial conglomerations in regional clusters, however, were significantly reduced due to factories being consecutively closed after the Lehman Shock from the fall of 2008 and manufacturing bases being transferred abroad because of the strong yen. METI has decided that it is necessary to construct a new foundation for industrial conglomerations in order to rebuild battered regional economies and enhance Japan's competitiveness throughout the global economy.

In my region, I strongly feel that the regional economy has declined during the last five to six years. Therefore, the change in METI's policies is greatly welcomed. My honest impression is that policy makers of the government have finally realized the realities of local economies.

The first two hallmarks, bold monetary and flexible fiscal policies of Abenomics, the economic and monetary policies of Prime Minister Shinzo Abe, seem to have shown satisfactory results, however we are still witnessing the reality of local business communities suffering from severe economic situations. It is difficult to keep the growth strategy on track and introduce private investment due to various structural problems.

This report describes the severe current situations of our regional economy, structural problems behind these situations, and bottom-up public involvement in the formation of an industrial cluster. We will also look at the concrete approach to the formation of "Construction of Matsumoto Health Valley". I consider that a regional specific and practical approach is extremely important for a robust national growth strategy.

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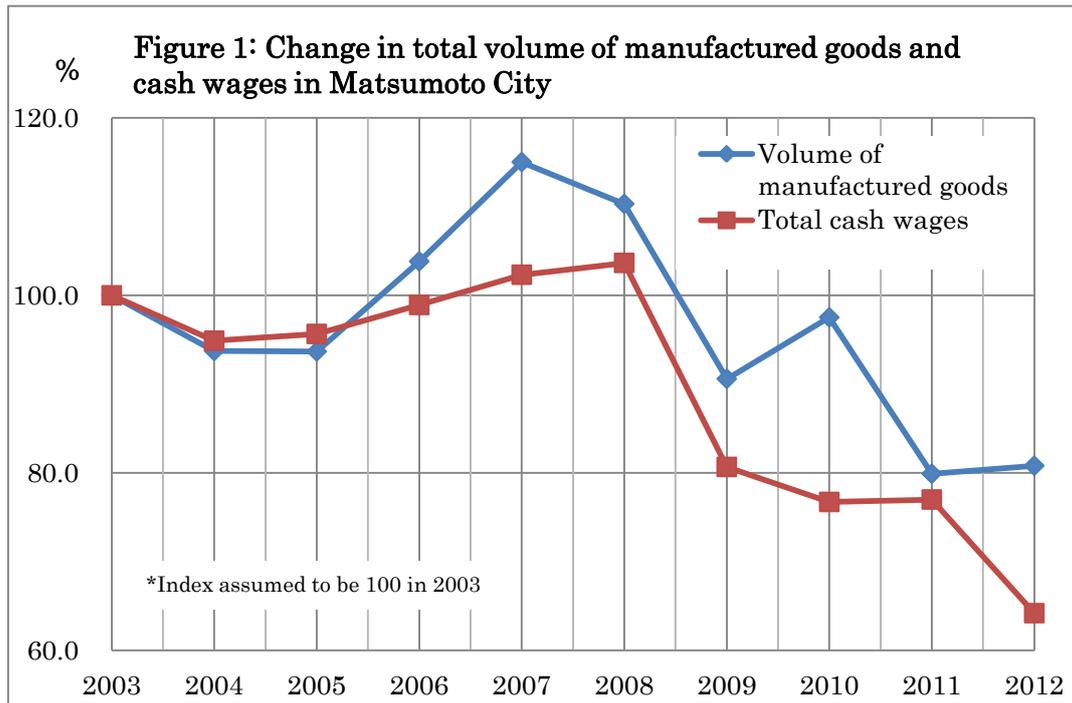
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2. The Severe Reality of a Regional Economy

The Bank of Japan's quarterly short-term survey (Tankan survey), released in December 2013, finds that the diffusion index (DI) has increased to plus one by 10 points for small/medium companies and manufacturers, which has given merely a relief. On the other hand, the DI for large companies and manufacturers has increased to plus 16 by 4 points, the highest since plus 19 was recorded in December 2007 before the Lehman Shock. Based only on this result, a sign of improvement in business sentiment seems to be spreading to small and medium companies against the background of export-related industries' profit improvement by the weak yen and hurried purchases before the raising of the consumption tax.

A basic survey on the economic trends of small and medium companies in Matsumoto City was conducted. According to the trends reflecting the reality of regional small and medium companies, the DI for these companies stood at minus 14.9 below the surface, meaning that they are still in a severe situation. In particular, the DI stood at minus 33.3, a low level for manufacturers. There is a gap of 34 points between the results of the Tankan and the Matsumoto surveys for small and medium manufacturers. This simply means that the effects of a weaker yen have not thoroughly penetrated into small and tiny companies, while increased costs of imported raw materials due to depreciation squeezes their business operations.

Observing these local situations over a longer span, as shown in Figure 1, the level of product shipments in Matsumoto City has greatly varied since 2003. Based on a relation between the level and the sum of cash wages in the city, the following interesting fact is revealed; when shipments are significantly increased, wages are only slightly increased and when shipments are reduced, wages are significantly decreased. It is seen from the figure that the level of the shipments had grown by forcing wages down till the Lehman Shock in 2008 and small/tiny companies have overcome the reduction of sales and the loss of competitiveness from the strong yen by lowering wages since the Shock. This shows that local corporate entrepreneurs are forced to make wages as low as possible due to future uncertainty and substantially cut wages for survival after the sharp shock, as a means to save and maintain their own companies.



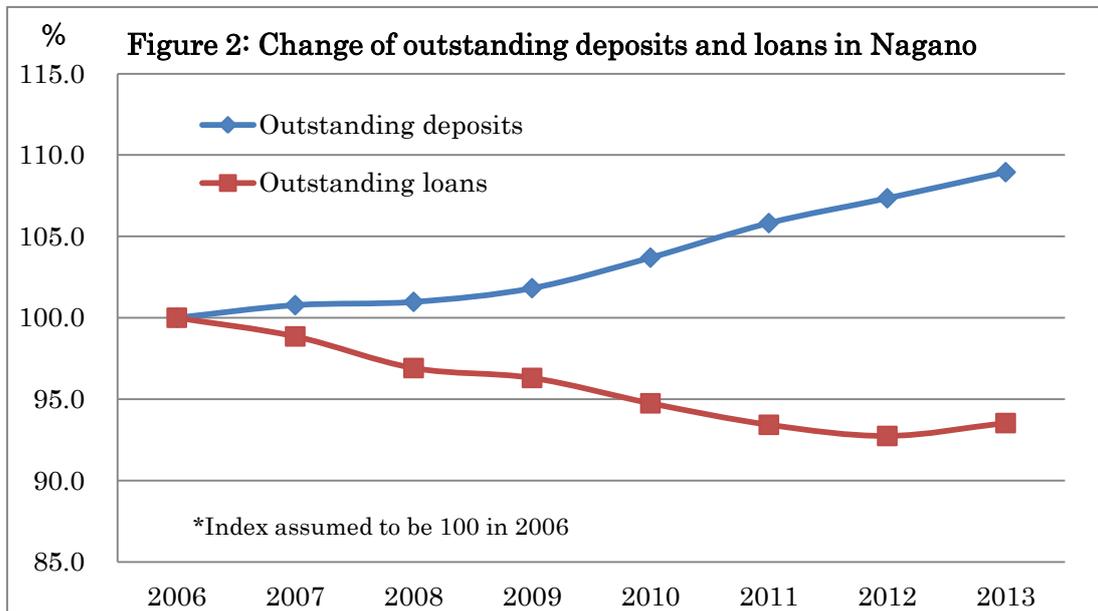
The total cash wages in 2012 was decreased by 35.8% as compared against 2003, inevitably leading to the deterioration of the personal income climate and the loss of the regional purchasing power. Retail, restaurant, and service businesses that depend on the regional demand become sluggish, reducing the level of business confidence of the whole region. Under the deflationary economy, the swirl of globalization that was induced by the Lehman Shock gave a direct blow to the regional economy. This blow decreased the purchasing power and withered corporate entrepreneurs psychologically. They have not obtained benefits from Abenomics yet. A stagnant mood, and even lethargy is pervading entrepreneurs. This is the reality of the regional economy.

3. Tapered Flow of Regional Funds

In addition to these procyclical factors, regionally inherent structural factors curtail the future expectations of regional corporate entrepreneurs and make them more cautious. Keynes' "animal spirits", meaning that entrepreneurs want to take risks because they prefer action rather than inaction, seems to be increasingly depleted in the region.

According to the prefectural accounts in Nagano, the gross fixed capital formation of nonfinancial corporations was 947.8 billion yen as of 2005, and shrank to 779.9 billion yen six years later, in 2011, representing reduction of 17.6%. Reduced capital investments in these enterprises may directly indicate a decline in the entrepreneurs' motivation for investment. Investment activities are a source of economic vitality and are equivalent to a mirror reflecting the future regional economy. From these viewpoints, the decline only illustrates that future growth is poorly cultivated in the region.

According to the IR materials of the leading local bank in Nagano Prefecture, the amount of outstanding deposits was 17,200 billion yen as of September 2013, while the amount of outstanding loans of all financial institutions in the prefecture was 5,900 billion yen. The remaining 11,000 billion yen, 1.4 times larger than the GDP of the prefecture (approx. 8,000 billion yen) was drained to other prefectures without being consumed and invested in Nagano Prefecture. The amount of drained deposits has increased annually from 9,500 billion yen in 2005 to over 10,000 billion yen in 2010 and over 11,000 billion yen in 2013. As shown in Figure 2, the outstanding deposits have increased regardless of the economic cycle, while the outstanding loans have decreased. From the figure, it can be confirmed that the economic cycle is shrinking in the prefecture.



Looking further into the local financial institutions' lending situation in Nagano, a trend becomes clear that there are few investment opportunities in the prefecture. As seen from an average balance in the first half of 2013 for the leading local bank in the prefecture, the amount of general outstanding deposits in the prefecture was 1,109.6 billion yen, while the amount for other prefectures was 1,756.8 billion yen. The former exceeds the latter. It may mean that the said bank operates its business easier in the large urban areas such as Tokyo than in Nagano, their main sales ground. If the bank enters the battleground crowded with mega banks and other large local banks, it will inevitably face fierce competition. The contracted yield in the prefecture is 1.651%, and 0.692% in other prefectures. This realistically depicts the intensity of competition. It is meant that deposits collected in Nagano must be lent to other prefectures such as in the Tokyo region because there are few investment opportunities in the prefecture.

The other day, I asked the head of a local bank in the prefecture about this reasoning. He said, "It is natural to drop a line at any place where there is fish, regardless of local areas or other prefectures. It

is a business practice." I unconsciously said, "Increasing fish in your own preserve is much better business than catching meager fish in another's preserve. That is a business model for local banks." After hearing it, the head glared at me in annoyance.

A conventional stance of local banks making progress with local customers is being increasingly lost. The local banks are strengthening the tendency to shift focus from the original banking business, lending money based on an entrepreneur's network/name recognition, ability, and motivation, to the increase of profits by operation of national bonds and securities as a pillar of management. The concept of relationship banking with local companies has already been used for the Financial Services Agency, and seems to have become considerably muted in actuality.

Funds do not flow within the region. Corporate entrepreneurs run their companies on a belt-tightening budget and refrain from investment, while local financial institutions are too sensitive to any risk and not eager to lend money to local customers. Although the sum of cash wages is being reduced, average citizens increase their deposits to prepare for expenses required in the future. How should such a sense of gridlock over the region be eliminated? How should the regional vitality be regained by inducing private investment? These are great challenges for the regional economy. At the same time, they are an important part of determining the success or failure of the Abenomics policies.

4. Growth Strategy from Top-down to Bottom-up

The severe reality of the regional economy was presented in the above sections. Will the whole of regional economy continue to decline? Will only large companies obtain the merits of Abenomics under the guise of growth? Is such a climate really desirable for the future of Japan?

The Industrial Competitiveness Council in the Cabinet Office, describes that future growth will occur in the four areas of (1) Health, (2) Energy, (3) Next-generation infrastructure, and (4) Agriculture/forestry/fisheries and tourism. This is a top-down industrial policy-making process in which the central policy-makers select industrial areas to be cultivated and intensively supported. Growth strategies in the last 10 years from "Japanese 21st Century Visions" (2005) to "Japan Revitalization Strategy" (2013) under the guise of Abenomics have been developed based on such a stance. As clarified in past results, economic growth has never been realized under this type of a policy-making stance.

As one of local people, I develop a feeling of strangeness concerning this type of undeveloped policy-making that positions local regions at the end of the central chain-of-command structure. Without being pointed out by the policy-maker in Tokyo, the growth areas are not known by private entrepreneurs. Even if the central policy-makers consider the region as a place to target and provide top-down assistance to it with a growth strategy, superficial top-down policy support will not eliminate "a sense of gridlock" by local corporate entrepreneurs and encourage them to make new investments. "Expectations" will be developed, and people will launch into a new project, only if they realize what is

happening around them. If they fully understand what local economic activities satisfy themselves and the region, investment activities induced by “animal spirits” will launch with future expectations of profits. The region that has a mechanism for firm support of these activities is Matsumoto. For example, the Saito Kinen Festival that is directed by Seiji Ozawa has conveyed splendid music to the world from Matsumoto, in cooperation with many grass-roots supporters throughout the city.

In general terms, no one disagrees with the fact that a market competition has created innovation, a new market or innovative business model gives great impetus to grow the economy. On the assumption of the market competition, it can be imagined that a political support for competitive large companies promotes “trickle down” consumption through employment or the increase of wage and benefits by leading medium, small/medium, and local small and tiny companies. However, as described when concerning the economic cycle in section 1, the reality of the regional economy does not always move toward such a direction. In reality, the globalized economic structure that makes up a vertical and horizontal network with other countries, only increases orders to large companies, their international affiliated companies and related enterprises due to an international division of labor. This increasingly shrinks the economic effects that pervade local small and tiny companies. As a result, a gap between the wealthy and other groups, or between some large companies and other companies is being expanded, increasingly shoving the middle-class group or small and medium companies that have supported the primary growth to the edge. The top-down growth seems to have weakened the middle-class group as well as small and medium companies and abandoned the local economy and Japan's growth potential.

The phrase of "utilizing regional comparative advantages" sounds like monotone terminology that appears in a textbook of economics. However, local people cannot afford to make an excuse for inaction to practical use of the advantages. Now that the regional economy is directly incorporated into the global economy, even the existence of the region will be threatened unless the advantages are thoroughly searched for and an industrial conglomeration that builds upon the superiority is formed. Without a challenge for the bottom-up growth strategy, we see no independence of the region, the revival of the middle-class group, and the growth of Japan.

Edmund Phelps, who received the Nobel Prize in Economics, said, "Dynamism for the economy will not be created unless many companies, people and regions make grass-root efforts to incorporate innovative technologies or ideas into products, services and business models."

5. A Flag for the Next-generation Industrial Cluster Following "Switzerland in the Orient"

What are "grass-roots efforts of companies, people, and regions"?

SWOT analysis is often used to conduct a basic analysis of management strategy. In this method, a company analyzes its internal and external environments to develop its management strategy. For

analysis of the internal environment, an inventory of its management resources is made to compare to other companies, thereby defining its Strength. On the other hand, inferior, lacking, and weak points are defined in comparison with other companies (Weakness). Next, external environments are analyzed from the standpoint of what is happening in the market. Moves to enhance its current strength and to ensure to bring certain advantages to the company by using the said strength are extracted (Opportunity), while moves to threaten its management itself are clarified (Threat).

Through these activities, "strength" as an internal factor is refined and improved, while "opportunities" in the market as an external factor is fully exploited to convert "weakness" to "strength" where possible. So that "threat" or "risk" does not threaten the management, the strength as an internal factor and the opportunity as an external factor are continuously reviewed to reduce the risk to zero where possible. A manager of a blue-chip corporation is supposed to conduct such a management judgment on a daily basis and firmly position the said judgment in a medium- and long-term management strategy, whether consciously or not.

If a local city works on a bottom-up management strategy, the same management strategy that a private company would use is required. For management, it is essential for the local city to observe their society and global movements, lower a level of risk in the region where possible, and exert the strength that has been developed so far and is not owned by other cities.

SWOT Analysis of Matsumoto City

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|------------------------|---|---|
| Internal factor | <p>Strength</p> <ul style="list-style-type: none"> - Formation of foundation for new industrial city in the region of Matsumoto and Suwa under the Comprehensive National Development Plan - Top management of mayor as medical profession - Excellent medical care (The number of doctors per population of 1000 is the highest in Japan) - Existence of institutions supporting health and medical-care industries (Shinshu University Medical Seeds Center, Medical Industry Support Center, Medical Innovation Center, Shinshu Medical Industry Association) - Positive activities of Matsumoto Regional Health Industry Promotion Council (74 members including many internal and external blue-chip companies) - Holding of World Health Capital Conference (held three times since 2011) - Improved health/medical research environment in School of Medicine, Shinshu University and Hospital - Shinshu University and Matsumoto University making active efforts for regional alliances (Nikkei Glocal: Shinshu University attained a first place for the second consecutive year, and Matsumoto University for sixth place.) - Fukushi Hiroba (welfare plaza, or regional welfare bases) (It is possible to promote health and lifework plans in all districts of the city.) - Dense accumulation of manufacturers for “Monozukuri” - People are willing to do lifelong learning, and have high volunteer consciousness. - The city enjoys popularity among person desiring to reside permanently. | <p>Weakness</p> <ul style="list-style-type: none"> - Bureaucratic culture - There is a climate in which people stick to the theory and depreciate profits. - People are individualistic and lacking in solidarity. - Business leaders lack hungry spirits and sense of crisis. - They depend on and stick to past successful experiences. - They agree with a plan in general, but will not compromise on details. They are intensely egoistic. - They are like a commentator that favors the theory but is not good at invention and action. - It is very hot in summer and bitterly cold in winter. - A city area was widened due to the merger of municipalities. - A cluster of specific industries has not been formed yet. - There is the lack of renowned companies, products and specialty. |
| External factor | <p>Opportunity</p> <ul style="list-style-type: none"> - Proposal for vision for “City with Increased Healthy Life-Span, Matsumoto” - Establishment of brand of “Nagano with Long Living People” - Establishment of image for city with advanced health policies “Matsumoto” (Awarded an excellent prize in the division of local governments, 1st award for increase of healthy life-span, organized by the the Ministry of Health, Labour and Welfare) - Creation of new demand through enhancement of health-consciousness “From treatment to protection” and nature/environment-orientation - Enhancement of decentralization-orientation “Industry for increase of healthy life-span” was explicitly stated in the national growth strategy. → Development of domestic demand-oriented small and medium companies and attainment of employment - Health management on which companies and administrations place the highest priority | <p>Risk – Threat</p> <ul style="list-style-type: none"> - Industrial structure with lack of demand that makes it difficult to hike the price - Outward shift of production bases - Contraction and withdrawal of businesses by external companies etc. - Weakening of local companies and factories and reduction of employment - Reduction of funds and investment (Drain of deposits) - Drain of productive population (Loss of purchasing power) - Longer time and distance from the capital region and the Chukyo area - High dependence on administrations |

Looking back on history, I'll make a remark on the above results of the SWOT analysis. The

"Strength" includes "Formation of foundation for new industrial city in the region of Matsumoto and Suwa under the Comprehensive National Development Plan." The plan was developed in 1962 on the basic concept of "growth pole strategy." At the same time, the "Act for Promoting Establishment of the New Industrial Cities" was established to embody the plan. A city that has developed a plan to allow for regional strengths and opportunities will be designated as a new industrial city under the Act. These measures were intended to boost the power of a region by supporting its potential self-reliant efforts and expand to other regions in Japan for enhancement of the general level of regional abilities. 13 regions were designated across the country. Matsumoto and Suwa District was the only inland district designated in 1964.

The reasons for the designation include: (1) the areas had a foundation for manufacturing that originated from the silk industry, and an conglomeration of mechanical industries, mainly the precision industry, (2) they were quick to coin this region the "Switzerland in the Orient" and understood that an conglomeration of light and compact industries focusing on high-precision processing is indispensable for Japan's own economic development, (3) in 1961, they formed the "Association for Promotion of Economic Development in the District of Matsumoto and Suwa," and were very eager to attract a new industrial city.

The precision machinery industry that produces watches, cameras, music devices and other related products, brought by such an industrial accumulation, served as an engine for Japan's export from 1960s onward. Afterwards, this formed a base to jump to the sectors for electronic precision equipment and automobile components. The accumulation of high-precision industries originated from the silk industry brought about a designation for a new industrial environment. During a planned period from 1964 to 2001, production and life infrastructures were dramatically established. This designation played a great role in planned improvement/establishment of production, life, and culture of Matsumoto City.

Looking at the current region of Matsumoto, the city was quick to propose a program under the slogan of the "City with an Increased Healthy Life-Span" where the average life-span is the longest in Japan (and as a result, the longest in the world). The city is trying to expand these measures and create a city model where "the number of people in a bedridden state" is reduced and so that people can become as independent as possible and live in prosperity.

Fortunately, the region of Masumoto has many medical institutions including Shinshu University Hospital. The number of doctors is the largest in Japan per capita. This rich medical environment raises the public awareness of health. One facility of "Fukushi Hiroba (welfare plaza)" is placed in each primary school district as a hub for public health promotion. In this center, health programs are actively operated on a voluntary basis. Such an effort is highly regarded across the country as a "Matsumoto original".

Since the said designation, there have been many high-precision manufacturers such as electronic

precision and high-precision components. Most of the manufacturers are members of the "Matsumoto Regional Health Industry Promotion Council" and attend workshops of the association members to work on development/realization of equipment and services related to health, medical care, and nursing care, thereby making efforts to respond to various field needs. Due to the fact that Shinshu University is eager to form a regional alliance, a support system for health and medical industries that contain the Shinshu University Industrial Liaison Office, the Shinshu University Medical Seeds Center (lending of inspection equipment, measurement support), the Medical Innovation Center (support from coordinators) and the Medical Innovation Center, Shinshu Medical Industry Association (provision of medical information, support for promotion of collaboration with the university), gives an incomparable advantages in the region.

The costs of social security place an enormous financial burden on both of the central and local governments. If lifestyle-related diseases are prevented with the enhancement of public health awareness (including hidden desire for PPK, meaning that people live long and die of natural causes without any disease), we will be willing to spend money for peripheral service industries for medical and nursing care. The scale of this market may become large. A great tide from treatment to prevention will not only alleviate the financial burden but also enhance the quality of human life, becoming increasingly important in the future to protect the dignity of people.

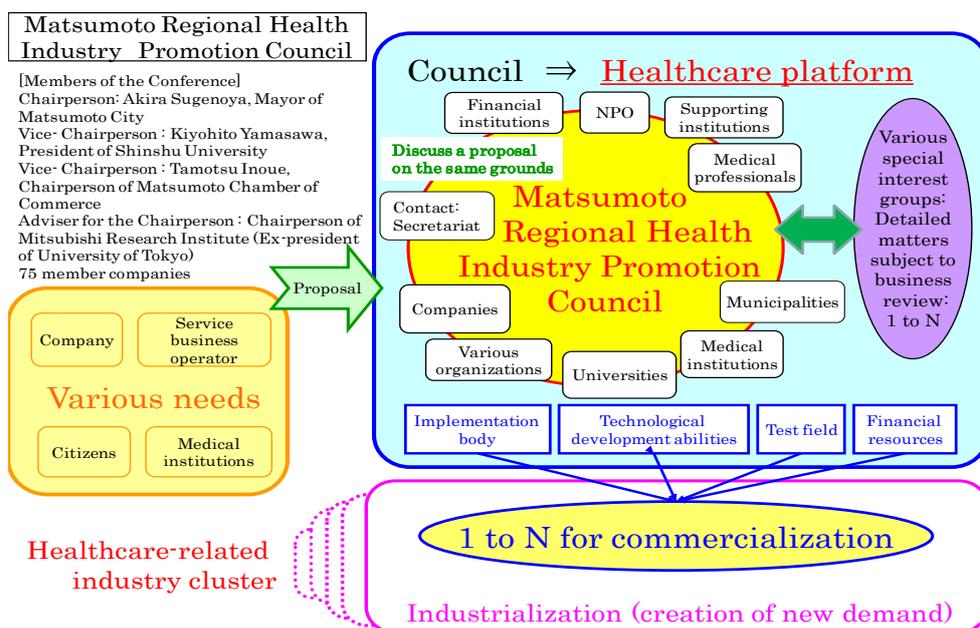
The area that formed a cluster of high-precision industries with a slogan of "Switzerland in the Orient" has just started to move toward an industrial cluster for a new epoch. This region, which has health-oriented citizens, ample medical and health bases, an established support system for medical industries, peripheral service industries for health and medical care, and a traditional cluster of high-precision processing manufacturers, is the only area that suits the formation of a cluster of new health and medical care industries. Healthy people live in the city, and health industries, and medical and nursing care peripheral service industries support them, form one cluster, thereby improving the health of the citizens. This region satisfies the requirements of the "Matsumoto Health Valley."

6. Toward Realization of the "Matsumoto Health Valley"

Calling on companies, universities, municipalities, medical institutions and various organizations, the region of Matsumoto established the "Matsumoto Regional Health Industry Promotion Council in 2011. The mayor of Matsumoto City was appointed as a chairperson of the Council, and the president of Shinshu University, the president of Matsumoto University, and the chairperson of Matsumoto Chamber of Commerce as vice-chairpersons, respectively.

The purpose of the creation is to extract medical and nursing care needs and provide an opportunity to develop solutions by using a member-to-member network. The Council provides an "opportunity for solving issues" and a platform for creating new industries. Furthermore, it aims to form a core for networks worldwide.

Various activities that have been performed on this platform include the following main six items:
 (1) Holding of health industry forum to share advanced health and medical information and review the possibility of using the information to create a new business, (2) Implementation of surveys on field needs (hospitals, care facilities, elderly-related facilities) and provision of the survey results to members, (3) Verification of commercialization (verification of test products and services by the Council's aid, (4) Consultation (certification, pharmaceutical information, markets, etc.), (5) Diffusion and practices of activities for "health management" (currently under consideration), and (6) Holding of "World Health Capital Conference."



As part of the verification of commercialization in (3), for instance, a local manufacturer of agricultural machinery developed and commercialized a "electric power-assisted four-wheel bicycle in order to enable the elderly to expand their activity range. A system development company developed a sensor-mounted system that measures sleep quality, and is developing a prescription for a sounder sleep, with medical experts, using the measured data. In terms of health promotion, a local Shinkin bank developed a new financial product called "Saving a Fixed Deposit to Expand your Healthy Longevity" with an incentive that encourages depositors to undergo a checkup. They started selling the product in September of last year. Within three months after sales of the product began, the bank obtained about 800 contracts that amount to about 600 million yen, which is to say that it is in great demand. Although not always involving vast investments as seen in investments into conventional production lines, research & development investments or M&A is also coming to the surface.

At the present time, many businesses are being adjusted and reviewed behind the scenes. An attempt, that is gradually producing better results in which a proposal offered by a member company is refined through a special-interest group and put into practical use after the accumulation of

demonstration tests by the Council.

In general, instruments related to medical, health and nursing care come into direct contact with human bodies and threaten human lives. Much higher precision and safety are required for these instruments than for other types of general high-precision machines. For this reason, there are legal systems and regulations that are involved in long-term clinical data or the Pharmaceutical Affairs Act. Clinical trials are typically conducted frequently in the U.S., which leads to a vast increase in costs. These instruments generally require a cost and time several times larger and longer than a general high-precision machine before being developed/researched and marketed. In this field, however, there are various levels of products from the most-advanced medical instruments such as an endoscope by Olympus that accounts for about 80% of the share worldwide for a disposal kit types and is used by emergency services for first aid. Another example is regenerative medicine by iPS cells that is being worked on in Kobe City, and is one of the most advanced cases in the world that has produced good results.

Since there is a limit to a local city's ability under these circumstances, it may be inadvisable for the local city to develop the most-advanced medical instrument, or a new therapy based on advanced life science. Even conventional existing technologies of small and medium companies can produce an entirely new instrument by compacting a large instrument and reducing its weight. For instance, the technique of fine processing brought about a "painless needle." These companies have a great chance to create a new product by gaining insight into the nature of the technique and developing an application that suits the technique. Not all of the key technologies of local small and medium companies are hopeful and sophisticated, but if they focus on medical, health, or nursing care fields, they will become much closer to this new domain (Katsuyuki Miyasaka, M.D., St. Luke's International Hospital). That is not an exaggeration.

In order to put something into development, only the first company to do so will involve effort of considerable difficulty. This requires gathering information on needs, information on research results in universities, details related administrative tasks, the contents of legal systems and regulations, grants from the national and prefectural governments and municipalities, cooperation of partner companies, participation and presentation at an exhibition, funding from financial institutions, and other assistance.

The Council and the Healthcare Platform have a mission to minimize risks that may occur in the process of one company's development, commercialization, and sales and encourage the whole community to undertake innovation with minimum risk. They will make it possible to help a motivated company's investment, encourage the circulation of funds in the region under this mechanism and introduce private investments. If positive results of growth strategy that induce private investments are attained, it is important to improve/reinforce the current legal system, considering the Comprehension Special Zone System, regional designation for development of a new

base, etc., as part of the growth strategy.

Such a designated region will attract attention from regional companies, and from other prefectures and countries. They may establish a development or information center at some future time. An industrial cluster will take a further leap in the region where information on specific industrial fields is exchanged and such information or human resources are centralized. If development information, market information, human resources information, venture information, and support scheme information can be shared in the whole platform through coordinators, the range of the cluster will be further broadened.

The "World Health Capital Conference" described in (6), which will enjoy a fourth round this year, has been established as an international meeting to form a health foundation focusing on health promotion and learn advanced health industries supporting the foundation. The conference include overseas keynote presentations concerning creation of medical industries or health promotion, various reports from municipalities, companies and organizations in Japan, and exchange of views through panel discussions. These exhibit the "current situations of health." The conference in Matsumoto assumes a role in transmitting the presented information to the world as the most-advanced information.

This international meeting is expected to create robust circulation of information. And Matsumoto will be the place where healthy and vital people will live and their daily activities will develop health industries or medical and nursing care peripheral service industries and attract more health information and people. As a result, they will create a healthier region and a more vital economy, leading to economic circulation. Some day in the future, this international conference may be expressed as "Go to Matsumoto if you want to get health information," like "Go to Davos if you want to know the economy for this year." The conference will be able to gain the position of a qualified international conference.

The table for realizing "Matsumoto Health Valley" is the "Matsumoto Regional Health Industry Promotion Council," while the stage for transmitting information to the world is the "World Health Capital Council." The region will steadily make advances with firm engagement between these two platforms. What will lie ahead may not be a mere "silicon valley" with an agglomeration of ICT and software industries, but a "Matsumoto Health Valley" that is supported by local people, and where industries related to health and medical care are further refined and developed. In order to achieve this we will make efforts to realize a public involvement health industry cluster beyond the conventional model and make it a front-runner of the world.