Article

Does Industry Cooperation Policy Matter? Evidence from Five Prefectures in Japan

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Abstract: Taiwan and Japan initiated an industrial cooperation policy and incentive measures in 2011. Five Japanese prefectures in the Tokai Region actively communicated and cooperated with Taiwan after 2011. This motivated us first to address the economic and trade ties between Taiwan and Japan. Second, we compared and analyzed effects of the industrial cooperation policy on the five prefectures, their willingness to cooperate with Taiwan, and the topics brought up by the industry cooperation. Main results indicate that the policy offers positive incentives for industries and enterprises, and the cooperation between enterprises creates mutual benefits. In sum, the bilateral industrial cooperation brings about a win–win situation. With the findings, we make suggestions on future development direction and for the Taiwan–Japan industrial cooperation.

Keywords: industrial cooperation policy; trade and culture exchanges; TJPO; JETOR; questionnaire survey

1. Introduction

Taiwan initiated an Industrial Cooperation Bridging Plan between Taiwan and Japan (hereafter called the Bridging Plan) to facilitate industrial cooperation in November 2011 [1]. To actively implement the communication and cooperation with Japanese local governments, the Taiwan–Japan Industrial Collaboration Promotion Office (TJPO) was established. In response to Taiwanese policy, Japan signed a memorandum of understanding (MOU) to enhance the industrial cooperation between Taiwan and Japan in 2013 [2].

After Japan’s Northeastern Great Earthquake on 11 March 2011 (hereafter, the 2011 Great Earthquake), five prefectures in the Tokai Region took the lead in communicating with Taiwan to revitalize their investment and tourism [3,4]. The five prefectures were Aichi, Mie, Gifu, Shizuoka, and Nagano. For example, Mie signed an industrial MOU with TJPO in July 2017. Shizuoka set up the Mt. Fuji Japan Shizuoka Taiwan Office in Taipei in 2013 [5]. Mino in Gifu signed the Friendship Exchange Agreement with Taiwanese Mino in Kaohsiung in 2012 [6]. This indicates that the communication and cooperation between local governments in Tokai Region and Taiwan is very active [7].

According to the 2014 County Economic Calculation in Heisei 25, the populations of Aichi, Mie, Gifu, Shizuoka, and Nagano rank 4th, 22nd, 17th, 10th, and 16th in Japan, respectively. However, their manufacturing industry products respectively rank 1st, 9th, 21st, 4th, and 19th in Japan. These statistics show that the basic economic structures of the five prefectures are situated in the middle class, but their manufacturing products locate them in the middle class, above or even in the leading class among 47 Japanese prefectures. According to the International Strategy New Plan of Comprehensive Special Zone, Japan identified the five prefectures as an Asian no. 1 development special zone of...
the aerospace industry in June 2014 [8]. They thus established focal development industries, such as aerospace, medical appliances, new generation energy, new generation car, medical and long-term care, social welfare, and environmental protection [9]. These industries agree with the strategic industries promoted by the Bridging Plan. In terms of population and products of the manufacturing industry, the five prefectures play a critical role in Taiwan–Japan industrial cooperation. Does the industrial cooperation matter? What the effects on and benefits to the five prefectures is an important issue to be investigated. To answer the questions above, this study first purports to address the economic and trade ties between Taiwan and Japan. Secondly, we aim to compare and analyze the effects of the industrial cooperation policy on the five prefectures, their willingness to cooperate with Taiwan, and the topics brought about by the industry cooperation. As a result, this study takes the five prefectures as a model to investigate the impact and fermentation effects of industrial cooperation policy on Taiwan and Japan.

Based on the long-term questionnaire survey, this study obtains overall results indicating that industrial cooperation between Taiwan and Japan matters, creating a win–win situation. With its findings, this study recommends the five prefectures as a model for other local governments and enterprises in promoting industrial cooperation between Taiwan and Japan. Our findings add incremental knowledge to the literature of cross-border collaboration, especially the industrial cooperation between Taiwan and Japan. Results obtained in this study advance the understanding of the topic on Taiwan–Japan industrial cooperation.

The remaining structure of this study is organized as follows. Section 2 presents the literature review and hypothesis development. Section 3 is the methodology and Section 4 describes the trade and culture ties between the five prefectures and Taiwan. In Section 5, this study provides analyses of the effects of industrial cooperation on the five prefectures, the willingness of enterprises to cooperate with Taiwan, the topics they faced, and assistance they expected from the industrial cooperation. We conclude in Section 6.

2. Literature Review and Hypothesis Development

After the Bridging Plan, few researches examined its effects on Japan, such as Takayuki and Lin (2012), Lin and Norihiro (2013), Lin (2014), and Lin (2017). Taking the viewpoint of Taiwanese companies, Takayuki and Lin (2012) examined the investment promotion policy and foreign companies in Tokai region, Japan. They took Aichi as an example to discuss the investment policy and the status quo of foreign investment. Takayuki and Lin (2012) particularly addressed the investment of Taiwanese companies in Aichi, the effects of the Taiwan-promoted industrial cooperation policy on Japanese enterprise.

Lin and Norihiro (2013) examined the current status and problems following the Taiwan–Japan industrial alliance. They conducted a questionnaire survey on Aichi and examined the effects of Aichi enterprise on the Taiwan–Japan industrial alliance. Mie was the first Japanese prefecture to sign an industrial cooperation MOU with Taiwan TJPO. Hence, Lin and Norihiro (2013) investigated the features and status quo of the Taiwan–Japan industrial alliance in Mie. In addition, they addressed the effects of industrial alliance, countermeasures taken, and future development in Aichi and Mie.

Taiwan signed an Economic Cooperation Framework Agreement (ECFA) with mainland China in 2010. The ECFA aims to open more duty-free products market for Taiwan and China. Lin (2014) investigated the changes and tendencies in the Taiwan–Japan industrial alliance in Mie, the effectiveness and features of the Taiwan–Japan industrial alliance in Mie after the ECFA. Lin (2014) focused on a company joining the industrial alliance as a successful case to elaborate on the status quo and features of industrial alliance in Mie.

By conducting a questionnaire survey, Lin (2017) compared the differences in viewpoints between Shizuoka and Gifu about investment, trade, and culture after the Taiwan–Japan industrial alliance. Additionally, Lin (2017) interviewed with companies in Shizuoka and Gifu to learn their viewpoints
about investment, trade, and culture after the Taiwan–Japan industrial alliance. Finally, Lin (2017) compared the differences in findings between the questionnaire survey and enterprise interview. The aforementioned researches either focused on a single or two prefectures in the Tokai region to investigate the status quo and features of industrial cooperation. Further, they examined the related but diversified issues in the short-term period. A complete picture of the Taiwan–Japan industrial cooperation in this area is unavailable. To fill the research gap, this study conducted a comprehensive and long-term investigation into the Taiwan–Japan industrial cooperation. We had a wider sample range, including five prefectures in the Tokai region: Aichi, Mie, Gifu, Shizuoka, and Nagano. We conducted a questionnaire survey on the five prefectures between 2013 and 2017. Further, we focused on the overseas investing strategy, the intentions and trends of the industrial cooperation. Specifically, we analyzed the effects of industrial cooperation policy on the five prefectures, their willingness to cooperate with Taiwan, and the topics raised by the industry cooperation. Based on the literature review and analyses of official statistics, this study expected that Taiwan–Japan industrial cooperation would benefit Japan, increase its willingness to cooperate with Taiwan, and result in positive bilateral development in the future. We established the following hypotheses.

**Hypothesis 1.** Industrial cooperation brings about positive effects on Japanese enterprises.

**Hypothesis 2.** Industrial cooperation promotes the willingness of Japan to cooperate with Taiwan.

**Hypothesis 3.** Industrial cooperation leads to positive future developments between Taiwan and Japan.

### 3. Methodology

This study conducted a questionnaire survey of the enterprises of the five prefectures. As shown in Table 1, we conducted the investigation into Aichi and Mie in 2013, Gifu and Shizuoka in 2015, and Nagano in 2017. The sample came from companies registered in the association of small and medium-sized enterprise (SME), and some companies were from other institutions or networks. The respondents to our survey included a representative director, executive director, chairman of the board, general manager, section manager, and manager. Because our major sample companies were small and medium-sized enterprises, most of the respondents were representative directors. This study applied simple random sampling to companies in Aichi, Gifu, and Shizuoka, and then sent the questionnaires by mail. All subjects in Mie and Nagano were investigated by mail. Both single and multiple option items were included in the questionnaires. Questionnaires sent to Aichi, Gifu, and Shizuoka had a responding rate between 30% and 40%. We sent questionnaires to Mie and Nagano by fax and network but had a lower responding rate, between 4% and 5%. Although the questionnaire surveys were conducted in different years, we investigated the issues for different prefectures in the same area, Tokai region. Furthermore, the content of questionnaire was the same. This enabled us to compare the survey results of different prefectures.

| Table 1. Process of the Questionnaire Survey. |
|-----------------------------------------------|
| **Items**                       | Aichi | Mie | Gifu | Shizuoka | Nagano |
| Investigation periods (DD/MM/YY) | 01/08/2013–31/08/2013 | 01/08/2013–31/08/2013 | 27/02/2015–24/03/2015 | 09/03/2015–24/03/2015 and 13/04/2015–07/05/2015 | 09/03/2015–24/03/2015 and 13/04/2015–07/05/2015 |
| Subjects                        | Members of Aichi Doyu of SME (130) | Members of Mie Doyu of SME (1924) | Members of Gifu Doyu of SME (158) | Members of Shizuoka Doyu of SME (134) | Members of Nagano Doyu of SME (693) |
| Methods                         | Post | Email and Fax | Post | Post | Post |
| Sampling method                 | Random sampling | Population | Random sampling | Random sampling | Population |
| Responding rate                 | 57/130 = 43.84% | 77/1924 = 4.0% | 43/158 = 27.21% | 50/134 = 37.31% | 34/693 = 4.90% |
Table 2 displays the sizes of the companies by the number of employees. As can be seen, about 10%~16% of companies in Aichi and Mie and 4% of companies in Shizuoka and Nagano had over 300 employees. Next, companies in Gifu were smaller ones, with fewer than 300 employees. Most of the respondents were small and medium-sized enterprises, as defined by the Japanese Center and Medium Enterprise Agency.

Table 2. Number of Employees.

| Items          | Aichi | Mie  | Gifu | Shizuoka | Nagano |
|----------------|-------|------|------|----------|--------|
|                | No.   | %    | No.  | %        | No.    | %        | No.  | %        | No.    | %        |
| Over 300       | 6     | 10.53| 12   | 15.58    | 0      | 0        | 2    | 4.00     | 2      | 5.88     |
| 299–100        | 8     | 14.04| 15   | 19.48    | 2      | 4.68     | 7    | 14.00    | 1      | 2.94     |
| 99–50          | 14    | 24.56| 20   | 25.97    | 12     | 27.91    | 24   | 48.00    | 5      | 14.71    |
| 49–20          | 13    | 22.81| 12   | 15.58    | 15     | 34.88    | 8    | 16.00    | 11     | 32.35    |
| Under 19       | 16    | 28.07| 18   | 23.38    | 14     | 32.56    | 9    | 18.00    | 15     | 44.12    |
| Total          | 57    | 100  | 77   | 100      | 43     | 100      | 50   | 100      | 34     | 100      |

Table 3 shows the authorized capital of companies surveyed. About 10%–20% of companies in Aichi and Mie had authorized capital exceeding JPY 100 million. In Gifu, Shizuoka, and Nagano, the authorized capital was less than JPY 100 million. Specifically, the authorized capital of companies in Nagano was less than JPY 50 million.

Table 3. Authorized Capital.

| Items           | Aichi | Mie   | Gifu | Shizuoka | Nagano |
|-----------------|-------|-------|------|----------|--------|
|                 | No.   | %     | No.  | %        | No.    | %        | No.  | %        | No.    | %        |
| Over JPY 300 million | 1     | 1.75  | 12   | 15.58    | 0      | 0        | 0    | 0        | 2      | 5.88     |
| JPY 300–100 million   | 4     | 7.02  | 4    | 5.19     | 0      | 0        | 2    | 4.00     | 2      | 5.88     |
| JPY 100–50 million    | 11    | 19.30 | 19   | 24.68    | 7      | 16.28    | 11   | 22.00    | -      | -        |
| Below JPY 50 million  | 41    | 71.93 | 42   | 54.55    | 36     | 83.72    | 37   | 74.00    | 34     | 100      |
| Total             | 57    | 100   | 77   | 100      | 43     | 100      | 50   | 100      | 34     | 100      |

The industrial distribution of the companies is listed in Table 4. As shown, most companies were from manufacturing industry, followed by wholesale, retail, and construction engineering industries. Manufacturing industry accounted for 83.12% of the companies in Mie, 76.74% in Gifu, 66.0% in Shizuoka, 63.16% in Aichi, and 58.82% in Nagano. In sum, our subjects comprised the small and medium-sized enterprises and the manufacturing industry.

Table 4. Industrial Distribution.

| Items                                | Aichi | Mie   | Gifu | Shizuoka | Nagano |
|--------------------------------------|-------|-------|------|----------|--------|
|                                      | No.   | %     | No.  | %        | No.    | %        | No.  | %        | No.    | %        |
| Manufacturing                        | 36    | 63.16 | 64   | 83.12    | 33     | 76.74    | 33   | 66.0     | 20     | 58.82    |
| Agriculture                          | 1     | 1.75  | 1    | 1.30     | 1      | 2.33     | 1    | 2.00     | -      | -        |
| Construction engineering             | 3     | 5.26  | 3    | 3.90     | 2      | 4.65     | 1    | 2.00     | 4      | 11.76    |
| Transportation (railway, road, waterway, aviation) | 3     | 5.26  | 1    | 1.30     | 2      | 4.00     | -    | -        |        |          |
| Utilities                            | 1     | 1.75  | 1    | 1.30     | 1      | 2.33     | -    | -        |        |          |
| Wholesale                            | 6     | 10.53 | 3    | 3.90     | 2      | 4.65     | 2    | 4.00     | 3      | 8.82     |
| Retail                               | 5     | 8.77  | 1    | 1.30     | 1      | 2.33     | 3    | 8.82     | -      | -        |
| Education                            | 1     | 1.30  | 2    | 2.60     | 1      | 2.00     | -    | -        |        |          |
| Healthcare                           | 3     | 5.26  | 3    | 6.98     | 7      | 14.00    | 1    | 2.94     | 34     | 100      |
| Information and communication        | 3     | 5.26  | 3    | 6.98     | 7      | 14.00    | 34   | 100      | 34     | 100      |
| Total                                | 57    | 100   | 77   | 100      | 43     | 100      | 50   | 100      | 34     | 100      |
4. Trade and Culture Exchanges between the Five Prefectures and Taiwan

4.1. Investment Relationship

According to an official survey in Japan, information about the overseas investment status is available for enterprises in Aichi, Shizuoka, and Nagano, but unavailable for Gifu and Mie. Aichi has more companies with overseas investment and more manufacturing industries than other prefectures. The major overseas investing areas for Aichi, Shizuoka, and Nagano include China, Hong Kong, Thailand, Indonesia, Vietnam, India, and USA. Taiwan is an important investing area. For example, the numbers of overseas investments in Taiwan for Aichi, Shizuoka, and Nagano rank 10th, 8th, and 6th, respectively [10–12].

The official statistics above are similar to our survey results, shown in Table 5. The ranking of overseas investment areas focused on Southeast Asia, Northeast Asia, and North America. Other areas were relatively minor. Putting both survey results together, the major overseas investment area of the five prefectures was Asia.

Table 5. Overseas Investing Areas of Enterprises in the Five Prefectures (in %).

| Items                        | Aichi | Mie | Gifu | Shizuoka | Nagano |
|------------------------------|-------|-----|------|----------|--------|
| Northeast Asia               | 61.40 | 61.04 | 48.84 | 61.40    | 64.71  |
| Southeast Asia and Southern Asia | 49.12 | 46.75 | 41.86 | 52.00    | 32.35  |
| North America                | 14.04 | 9.09 | 20.93 | 16.00    | 8.82   |
| Central and South America    | 5.26  | 3.90 | 4.65  | 4.00     | 2.94   |
| Europe                       | 7.02  | 3.90 | 6.98  | 2.00     | 2.94   |
| Africa                       | 0.00  | 0.00 | 2.33  | 0.00     | 0.00   |
| Other                        | 28.07 | 28.57 | 25.58 | 20.00    | 35.29  |

4.2. Trade Relation between the Five Prefectures and Taiwan

According to the statistics from Nagoya Port, the amount of goods exported from Nagoya to Taiwan is JPY 1.5 billion (2.8%), which ranks 10th in the world. The Foreign Trade Container Cargo statistics show that the quantities of export and import from Nagoya Port to Taiwan are 103,498 tons (4.5%) and 1,132,398 tons (4.7%), which rank 4th and 7th in the world [13]. This indicates that Taiwan is the major trading area for Nagoya Port. Next, the Mie custom report shows that the amount of goods exported from Mie to Taiwan totals JPY 7.68 billion (9.65%). Taiwan is the second largest trade partner of Mie [14].

The Shizuoka Statistical Yearbook shows that the amounts of exports and imports between Shimizu Port and Taiwan account for 3.10% and 7.72% of those of Shimizu Port. In terms of the export and import amounts of Shimizu Port, Taiwan is its major trade partner and ranks 9th and 4th in exports and import, respectively. In addition, the import amount of Shizuoka Airport from Taiwan is about JPY 153 million, accounting for 72.55% of the total import amount. Taiwan is the number one import country of Shizuoka [15].

According to statistics of the Gifu Export Survey [16], the amounts of exports and imports between Gifu and Taiwan account for 3% to 5%. For Gifu, Taiwan is the third largest trading country in the world. Both the total export and import amounts between Gifu and Taiwan increase annually. The total export amounts to Taiwan were JPY 5.21 billion and JPY 5.84 billion in 2010 and 2015, and the total import amounts from Taiwan were about JPY 1.7 billion in 2010 and JPY 3.7 billion in 2015. Finally, the export amount from Nagano to Taiwan accounts for 4% to 6%. For Nagano, Taiwan places between the largest 3rd and 5th trading country in the world. [17].

Statistics of the five prefectures indicate that Taiwan is an important partner in investment and trade in Asia. The trade between Shizuoka and Taiwan is hotter than that of other prefectures. In terms of tourists, Taiwan is also a key source of tourism in the five prefectures. The number of Taiwanese travelers ranks 1st and 2nd in Japan and in the five prefectures, respectively. It increased substantially
from 2013 to 2016. The number of Taiwanese tourists exceeds that of Korea, Hong Kong, Thailand, and Europe. The reasons behind the substantial increase in Taiwanese tourists are as follows. First, the tourism departments of local governments went to Taiwan to solicit tourists aggressively after the 2011 Great Earthquake. Second, the depreciation of the Japanese Yen lowers travel expenses, resulting in more tourists. As a result, Taiwan is still the key source of tourism and makes a significant contribution to the consumption of Japan [18].

4.3. Promotion of Industrial Cooperation by the Five Prefectures

The 2011 Great Earthquake negatively impacted the industrial environment in the northeastern area but the five prefectures were less impacted. They took precedence over others to aggressively engage in communication and cooperation with Taiwan for marketing local products, promoting foreign investment, attracting foreign tourists, expanding flight numbers, and assisting enterprises to invest in Taiwan.

4.3.1. Mie Ken

Mie signed an industrial cooperation MOU with Taiwan TJPO in July 2012 and a Tourism Exchange and Cooperation Pact with New Taipei City in October 2013 [19]. Since January 2016, Mie has signed an exchange and cooperation MOU with Kaohsiung. Two cities, Iga and Shima, signed a local government cooperation MOU with Taitung, Taiwan. Based on the 2012 Overseas Investment Strategy and the 2013 Basic Orientation of International Expansion, Mie placed Taiwan as a key overseas expanding area. Mie and Kaohsiung established a triangle promoting model: government vs. government, academic vs. academic, and industry vs. industry. Through the linkage with related official websites, Mie renders assistances to its local companies by providing information about investment in Taiwan and matching opportunities with Taiwan. After signing the MOU, industrial, academic, and cultural cooperation is very active. Taiwan TJPO recommends the triangle promoting model as a benchmark to other local governments for communication with Taiwan [5].

4.3.2. Shizuoka Ken

To expand the exchange with foreign countries and local trade, Shizuoka drew up the Shizuoka Comprehensive Project in 2007 and updates investment strategy annually for the exchange of overseas areas. Based on this project, Shizuoka lists Taiwan as a key overseas country and area. In particular, after the opening of Shizuoka Airport, the exchanges and cooperation between Shizuoka and Taiwan have become fluent and smooth. Shizuoka further set up the Shizuoka Taiwan Office of Fuji Country Japan in Taipei, hoping to expand Taiwanese impressions of knowing only Fuji Mountain but not Shizuoka ken and its sightseeing resources [20].

In addition, Shizuoka designated responsible agencies to promote a comprehensive and multi-dimensional exchange with Taiwan. For example, the District Diplomatic Office is responsible for the exchange with Taiwan, the Culture and Tourism Office for the exchange of culture and tourism, the Office of Economic Industry for the economic exchange, the Office of Crisis Management for guarding against accident or disaster, and the Education Committee for adolescent exchange. Backed by a strong policy strategy and authoritative agencies, Shizuoka actively exchanges and cooperates with Taiwan, resulting in warm trade and aviation communication between Shizuoka and Taiwan [21].

4.3.3. Gifu Ken

Gifu established its annual International Tactic in 2007. After the 2011 Great Earthquake, Gifu actively exchanged and cooperated with Taiwan. It lists Taiwan as a key overseas country and tourist attraction, expands the export of local and agricultural products, promotes investment of foreign capital, and assists Taiwanese companies [22]. Although there is no MOU with TJPO, Mino in Gifu signed a Friendship Exchange Pact with Mino in Kaohsiung in 2012. Gifu engages in industry, tourism,
and culture exchanges and cooperation with Taiwan. It further exchanges or cooperates with Taiwanese travel agencies or tourism associations by the cooperation with neighboring kens in the Chubu area [6].

4.3.4. Nagano Ken

The exchanges between Nagano and Taiwan are different from the former three prefectures. Although it has no overseas investment strategy with Taiwan, Nagano has a tutorial strategy for companies investing in China, Thailand, Indonesia, and Vietnam. In fact, Nagano actively exchanged with Taiwan twenty years ago. The local companies visited and exchanged with Taiwan through the Association of Nagano Industrial Technique Research or Nagano ken Genjinkai. The official statistics of the Tourism Bureau of Domestic Communication Department indicate that the number of foreign travelers in Nagano ranks 2nd in Japan and Taiwan ranks 1st in Nagano. The agricultural population of Nagano is higher than that of the other four prefectures. Thus, enterprises intending to exchange and cooperate with Taiwan focus on tourism and agriculture industries. For example, Nagano signed an Education Tourism Pact with Kaohsiung in November 2012, and Matsukawa signed a Friendly City Pact with Changhau County in 2013 [18].

To promote international sightseeing, Nagano listed China and Southeast Asia as the top priority markets, Taiwan as a key market, and Australia, Hong Kong, and Korea as target markets in 2015. Further, Nagano intends to establish the Matsumoto Airport as the air threshold of Japan and Northeast Asia [23]. To greet visitors worldwide, Nagano took some countermeasures for Matsumoto Airport to exchange and cooperate with Northeast Asia airports. For example, Matsumoto Airport had charter flights with Taipei and Kaohsiung in 2017. In sum, current exchanges between Nagano and Taiwan focus on agriculture and tourism, a long friendship established by local companies.

4.3.5. Aichi Ken

Although illustration meetings were held in Aichi in 2012 and 2017, there are no MOUs and special policy or measures of industrial cooperation between Taiwan and Aichi. This results in a less active exchange and cooperation with Taiwan [24]. Two facts account for the situation. First, Aichi has more experience in internationalization and overseas investment than other prefectures. Second, its core industrial structure is automobile companies, which recently focused their investment in China and Southeast Asia [3].

In summary, after 2011, the exchanges or cooperation between Taiwan and the five prefectures have focused on promoting tourism and exporting local products. Tourists from Taiwan increase consistently. Due to their setup of overseas investment strategy and responsible agencies, Mie and Shizuoka are more active in exchange and cooperation with Taiwan than the other three prefectures, leading to a persistent increase in the imports from and exports to Taiwan.

4.4. Performance of Trade or Cooperation between the Five Prefectures and Taiwan

Except Mie, Table 6 shows that over half of the enterprises had no trade or cooperation with Taiwan. Enterprises in Nagano had the lowest percentage of 5.88%. Most of the respondents were either medium-sized or small enterprises. Due to their size, fewer enterprises had the experience of trading or exchange with Taiwan. In contrast, more large-scaled enterprises in Mie responded to our survey, leading to more enterprises having trade or exchange with Taiwan.

Next, in terms of the methods of trade or cooperation with Taiwan, Table 3 indicates that the major practices included “sales of products, raw material, products in progress and machinery,” “OEM contract,” “commissioned sales contract,” and “exchange of business administration, service and human capital.”
Table 6. Current State of Trade or Cooperation between Japan and Taiwan (in %).

| Items                                | Aichi | Mie | Gifu | Shizuoka | Nagano |
|--------------------------------------|-------|-----|------|----------|--------|
| Trade or cooperation experience      |       |     |      |          |        |
| No experience                        | 68.42 | 41.56 | 72.09 | 74.00    | 94.12  |
| With experience                      | 31.58 | 58.44 | 27.91 | 26.00    | 5.88   |
| Total                                | 100.00 | 100.00 | 100.00 | 100.00   | 100.00 |
| Pattern of cooperation (answered by companies with experience) |       |     |      |          |        |
| Joint venture                        | 5.56  | 4.44 | 16.67 | 0.00     | 0.00   |
| Joint development of skill           | 5.56  | 4.44 | 8.33  | 0.00     | 0.00   |
| Skill transfer to Taiwan enterprises | 16.67 | 11.11 | 0.00  | 7.69     | 0.00   |
| Sales of products, raw material, products in progress and machinery to Taiwan | 66.67 | 57.78 | 16.77 | 53.85    | 2.94   |
| OEM contract                         | 33.33 | 17.78 | 25.00 | 34.46    | 0.00   |
| Commissioned sales contract          | 27.78 | 17.78 | 8.33  | 7.69     | 0.00   |
| Exchange of business administration, service and human capital | 5.56  | 8.89 | 16.67 | 7.69     | 2.94   |
| Other (I don’t know)                 | 16.62 | 20.00 | 58.33 | 7.69     | 94.12  |

Note: OEM is defined as Original Equipment Manufacture. Trade or cooperation experience was a single option item and pattern of cooperation a multiple option item.

5. Viewpoints of Enterprises on Taiwan–Japan Industry Cooperation

The following sections explain and compare the viewpoints of the enterprises in the five prefectures to the industry cooperation.

5.1. Evaluation of Investing Environment in Taiwan

Table 7 displays the evaluation of the investing environment in Taiwan by enterprises in the five prefectures. Higher evaluation items included “reliability and pro-Japanese” (average 60.63%), “political and public security stability” (average 42.87%), “more talents in Japanese” (average 32.07%). Next higher items included “more complete investing environment than other Asian countries” (average 28.05%), “strong capabilities in production, R&D, market expansion” (average 23.67%), and “diligent laborers” (average 17.85%). However, about 20% of the respondents answering “other (I don’t know)” indicated that some enterprises are not familiar with the investing environment in Taiwan.

Table 7. Evaluation of Investing Environment in Taiwan (in %).

| Items                                | Aichi | Mie | Gifu | Shizuoka | Nagano |
|--------------------------------------|-------|-----|------|----------|--------|
| More complete investing environment than other Asian countries | 26.32 | 28.57 | 34.88 | 24.00 | 26.47 |
| Political and public security stability | 45.61 | 48.05 | 51.16 | 44.00 | 25.53 |
| Strong capabilities in production, R&D, market expansion | 21.05 | 31.17 | 18.60 | 24.00 | 23.53 |
| Strong skill and capabilities in international business administration | 15.79 | 20.78 | 16.28 | 12.00 | 11.76 |
| More talents in Japanese | 45.61 | 36.36 | 27.91 | 24.00 | 26.47 |
| Reliability and pro-Japanese | 54.39 | 70.13 | 69.77 | 70.60 | 38.24 |
| Diligent laborers | 19.30 | 18.18 | 18.00 | 22.00 | 11.76 |
| Quick decision-making by Taiwan enterprises | 12.28 | 25.97 | 6.98 | 10.00 | 8.82 |
| Other (I don’t know) | 19.30 | 18.18 | 11.63 | 20.00 | 32.35 |

Note: All items were multiple option ones.

5.2. Niches of Industrial Cooperation Open to Taiwan and Japan Enterprises

Table 8 displays the niches open to Japanese enterprises by cooperating with Taiwan. The most selected niches included “availability of production site and marketing internet” (average 48.47%), “utilization of political relationship with government, connections, and talents in China market established by Taiwan enterprises” (average 28.81%), and “flexible utilization of active global website in Taiwan enterprises to expand market to countries or area other than China” (average 25.18%). In addition, about 22.62% respondents selected the option of “other (I don’t know),” indicating that some
Japanese enterprises do not understand the information about Taiwan–Japan industrial cooperation or the investing environment in Taiwan.

Table 8. Niches Open to Japanese Enterprises by Industrial Cooperation (in %).

| Items                                                   | Aichi | Mie  | Gifu | Shizuoka | Nagano |
|---------------------------------------------------------|-------|------|------|----------|--------|
| Availability of production site and marketing internet | 47.37 | 54.55| 51.16| 54.00    | 35.29  |
| Flexible utilization of active global website in Taiwan | 22.81 | 41.56| 20.93| 20.00    | 20.59  |
| Utilization of political relationship with government,   |       |      |      |          |        |
| connections, and talents in China market established by  |       |      |      |          |        |
| Taiwan enterprises                                      | 33.33 | 32.47| 39.53| 24.00    | 14.71  |
| Available Taiwanese talents with capability to          |       |      |      |          |        |
| communicate with China or stay in China                 | 35.09 | 27.27| 18.60| 14.00    | 8.82   |
| Availability of production and development capabilities  | 19.30 | 22.08| 13.95| 18.00    | 20.59  |
| to lower manufacturing cost                            |       |      |      |          |        |
| Other (I don’t know)                                   | 21.05 | 18.18| 18.60| 20.00    | 35.29  |

Note: All items were multiple option ones.

In contrast, as shown in Table 9, the most selected major niches open to Taiwanese enterprises from industrial cooperation were “availability of skill or business administration from Japan.” The next most chosen evaluation items included “enlargement of supply and expansion of production by way of purchasing product and parts from Japanese enterprises, or by way of OEM or ODM (Original Design Manufacture)” and “active use of Japanese internet to expand the market in China or other countries and area.”

Table 9. Niches Open to Taiwanese Enterprises by Industrial Cooperation (in %).

| Items                                                   | Aichi | Mie  | Gifu | Shizuoka | Nagano |
|---------------------------------------------------------|-------|------|------|----------|--------|
| Availability of skill or business administration from Japan | 47.37 | 58.44| 55.81| 58.00    | 38.24  |
| Enlargement of supply and expansion of production by    | 43.86 | 40.26| 44.19| 42.00    | 44.12  |
| way of purchasing product and parts from Japanese       |       |      |      |          |        |
| enterprises, or by way of OEM or ODM                   |       |      |      |          |        |
| A protection to Taiwanese enterprises having joint      | 17.79 | 12.99| 9.73 | 6.00     | 8.82   |
| venture or merger with Japanese enterprises in China    |       |      |      |          |        |
| Active use of Japanese internet to expand the market in | 24.56 | 16.88| 27.91| 27.91    | 20.59  |
| China or other countries and area                       |       |      |      |          |        |
| Other (I don’t know)                                   | 26.32 | 16.88| 20.93| 20.00    | 26.47  |

Note: All items were multiple option ones.

Given the results in Tables 8 and 9, the major reasons for Japanese enterprises to cooperate with Taiwan are threefold, including “availability of production site and marketing internet,” “utilization of political relationship with government, connections, and talents in China market established by Taiwan enterprises,” and “flexible utilization of active global website in Taiwan enterprises to expand market to countries or area other than China.”

5.3. Operating Topics and Strategies of Enterprises of the Five Prefectures

As can be seen in Table 10, enterprises of the five prefectures face the same operating topics. The most mentioned were “increase in domestic demand,” followed by “intense competition in domestic and oversea markets,” “rise of cost in raw material and parts due to depreciation of JPY,” and “retention of local laborers.” The second most mentioned included “expanded oversea investment in the downstream industry” and “fewer talents with foreign language capability.” Although the 2011 Great Earthquake devastated the domestic supply chain, government took effective countermeasures to restore it. This resulted in some less-affected outcomes, including “export reduction due to depreciation of JPY” and “destruction of domestic supply chain.”
Table 10. Operating Topics Faced by the Five Prefectures in Recent Years (in %).

| Items                                                   | Aichi | Mie  | Gifu | Shizuoka | Nagano |
|---------------------------------------------------------|-------|------|------|----------|--------|
| Export reduction due to depreciation of JPY              | 1.75  | 7.79 | 0.00 | 0.00     | 2.94   |
| Decrease in domestic demand                            | 66.67 | 59.74| 58.06| 58.00    | 41.18  |
| Fewer talents with foreign language capability         | 15.70 | 31.17| 10.75| 14.00    | 8.82   |
| Destruction of domestic supply chain                   | 1.75  | 3.90 | 0.00 | 0.00     | 2.94   |
| Expanded overseas investment in the downstream industry| 14.04 | 11.69| 6.45 | 4.00     | 5.88   |
| Intense competition in domestic and overseas markets   | 36.84 | 41.56| 43.01| 46.00    | 29.41  |
| Retention of local laborers                            | 17.54 | 10.39| 25.81| 22.00    | 44.12  |
| Rise of cost in raw material and parts due to depreciation of JPY | 42.11 | 20.78| 27.96| 30.00    | 2.94   |
| Other (I don’t know)                                   | 3.51  | 3.51 | 12.93| 10.00    | 29.41  |

Note: All items were multiple option ones.

For Aichi, seriously-affected topics included “rise of cost in raw material and parts due to depreciation of JPY” and “export reduction due to depreciation of JPY.” For example, the exchange rate was JPY 97.60 for USD 1 in 2013, when we conducted the survey. In contrast, the exchange rate was JPY 79.81 for USD 1 in 2011. Depreciation of the Japanese yen increased the cost of imported materials for Aichi in 2013. Subsequently, the exchange rate was JPY 121.04 for USD 1 in 2015 and JPY 114.75 for USD 1 in January 2017. The changes in the exchange rate account for the depreciation of the Japanese yen and the rise in cost of raw material and parts.

Given the operating topics above, what were the countermeasures taken by the five prefectures? As shown in Table 11, most enterprises adopted “soft and fast responding to market demand” and “spreading operating risk by multi-product and business diversification.” The second most cited countermeasures include “production efficiency improvement by on-the-job training,” and “lower cost of raw material and parts imported from overseas markets.” In sum, the five prefectures have less willingness in overseas investment because they focus on the domestic market.

Table 11. Operating Strategies of the Five Prefectures in Recent Years (in %).

| Items                                                   | Aichi | Mie  | Gifu | Shizuoka | Nagano |
|---------------------------------------------------------|-------|------|------|----------|--------|
| Cost-down of production by overseas investment          | 17.54 | 15.58| 9.30 | 10.00    | 2.94   |
| Spreading operating risk by multi-product and business diversification | 59.65 | 28.57| 34.88| 40.00    | 41.18  |
| Expansion of overseas investment                       | 22.81 | 51.95| 25.58| 20.00    | 8.82   |
| Responses to the demand of downstream industry         | 1.75  | 10.39| 0.00 | 2.00     | 2.94   |
| Production efficiency improvement by on-the-job training| 35.09 | 15.58| 18.60| 12.00    | 5.88   |
| Soft and fast responding to market demand              | 64.91 | 51.95| 58.14| 42.00    | 29.41  |
| Lower cost of raw material and parts imported from overseas markets | 22.81 | 19.48| 13.95| 18.00    | 44.12  |
| Other (I don’t know)                                   | 3.51  | 16.88| 18.60| 22.00    | 2.94   |

Note: All items were multiple option ones.

5.4. Effects of Cooperative Policy Promoted by Taiwan and Japan on Enterprises of the Five Prefectures

Did the Taiwan–Japan industrial cooperation policy bring about positive effects on enterprises of the five prefectures? The left-hand side of Table 12 displays the influence levels of the 2011 Bridging Plan on the five prefectures. As shown, the average of low and high influence levels was 84.51% and of no-influence levels was 15.49%. Next, the right-hand side of Table 12 shows the effects of promoting the industrial cooperation policy by local governments on the enterprises’ trend of investment in Taiwan. This side shows that the average of both low and high influence levels (88.68%) was more than the average of no influence levels (11.32%).
Results above indicate that incentive measures promoted by the Taiwan–Japan cooperation policy benefit Japanese enterprises. Consistent with expectation, our Hypothesis 1 is supported, that is, Taiwan–Japan industrial cooperation brings about positive effects on Japanese enterprises.

5.5. Cooperation Trends of Enterprises with Taiwan

5.5.1. Willingness to Cooperate

The results in Table 12 show that Taiwan–Japan cooperative policy benefits Japanese enterprises. We further examined the willingness of enterprises to cooperate with Taiwan and display our findings in Table 13. As shown in Table 13, about 46.88% \(( (66.67 + 31.17 + 34.88 + 40.00 + 61.67)/5 )\) of the enterprises indicated “no plan to cooperate” and 33.30% \(( (22.81 + 42.86 + 39.53 + 26.00 + 35.29)/5 )\) “have willingness to cooperate if opportunity available.” When Tables 12 and 13 were taken into account simultaneously, we found that the industrial cooperation policy benefits Japanese enterprises, but some companies had no plan to cooperate with Taiwan. The conflicting results prompted us to further investigate the reasons behind the no overseas investment decisions made by the 46.88% Japanese enterprises.

As can be seen in Table 14, the major reasons behind no oversea investment include “focusing on local market,” “less demand of oversea investment due to smaller size,” “insufficient talents in oversea investment,” and “difficulties in searching oversea investment countries and cooperative enterprises.” The results closely relate to the resources used by the enterprises, such as market orientation, size, and oversea investment expansion. Given the critical problems above, some small and medium-sized enterprises have higher willingness to transform their market orientation from domestic market to overseas market. For example, 42.86% of enterprises in Mie, 39.53% in Gifu, 26.0% in Shizuoka, and 35.29% in Nagano have willingness to cooperate with Taiwan if opportunities appear. However, Aichi has higher degree of internationalization and thus has less willingness to cooperate with Taiwan even opportunities available. Our survey further indicates that enterprises willing to cooperate with Taiwan are small and medium-sized enterprises, consistent with our sample distribution in Table 2. The findings agree with and lend a support to the Hypothesis 2, Taiwan–Japan industrial cooperation promotes and increases their willingness to cooperate with Taiwan.

| Table 12. Effects of Cooperative Policy on Enterprises of the Five Prefectures (in %). |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Influence Levels of the Effects of the 2011 Bridging Plan between Taiwan and Japan | A | M | G | S | N | A | M | G | S | N |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| No                              | 14.04 | 3.90 | 20.93 | 18.00 | 20.59 | No | 8.77 | 3.90 | 16.28 | 10.00 | 17.65 |
| Low                             | 49.12 | 53.25 | 41.86 | 36.00 | 38.24 | Low | 61.40 | 54.55 | 46.51 | 34.00 | 47.06 |
| High                            | 36.84 | 42.86 | 37.21 | 46.00 | 41.18 | High | 29.82 | 41.55 | 37.21 | 56.00 | 35.29 |
| Total                           | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

Note: 1. All items were single option items. 2. A = Aichi, M = Mie, G = Gifu, S = Shizuoka, and N = Nagano.

| Table 13. Willingness of Enterprises to Cooperate with Taiwan (in %). |
|---------------------------------|-----|-----|-----|-----|-----|
| Items                           | Aichi | Mie | Gifu | Shizuoka | Nagano |
|---------------------------------|------|-----|-----|-------|------|
| Industrial cooperation already conducted | 10.52 | 20.78 | 9.30 | 10.00 | 0.00 |
| No plan to cooperate            | 66.67 | 31.17 | 34.88 | 40.00 | 61.67 |
| Industrial cooperation in progress | 0.00 | 5.19 | 25.58 | 20.00 | 2.94 |
| Have willingness to cooperate if opportunity available | 22.81 | 42.86 | 39.53 | 26.00 | 35.29 |
| Total                           | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

Note: All items were single option items.
Table 14. Reasons behind No Overseas Investment by the Enterprises (%).

| Items                                                                 | Aichi    | Mie     | Gifu     | Shizuoka | Nagano   |
|----------------------------------------------------------------------|----------|---------|----------|----------|----------|
| Focusing on local market                                            | 60.47    | 42.86   | 57.14    | 64.10    | 58.82    |
| Less demand of overseas investment due to smaller size              | 34.88    | 32.14   | 37.14    | 46.15    | 52.94    |
| Insufficient talents in overseas investment                         | 41.86    | 35.71   | 37.14    | 33.33    | 20.59    |
| Insufficient capital in overseas investment                         | 6.98     | 14.29   | 22.86    | 7.69     | 11.76    |
| Difficulties in borrowing capital for overseas investment           | 4.65     | 0.00    | 5.71     | 0.00     | 0.00     |
| Difficulties in collecting information for overseas investment      | 6.98     | 7.14    | 8.57     | 7.69     | 2.94     |
| Difficulties in searching overseas investment countries and          | 25.58    | 10.71   | 28.57    | 15.38    | 23.53    |
| cooperative enterprises                                             |          |         |          |          |          |
| Difficulties in negotiating in foreign languages                   | 13.95    | 14.29   | 17.14    | 10.26    | 5.88     |
| Other (I don't know)                                                | 2.33     | 17.86   | 0.00     | 7.69     | 2.94     |

Note: All items were multiple option ones.

5.5.2. Taiwanese Industries Likely to Cooperate

As shown in Table 15, enterprises that expressed the highest willingness to cooperate with Taiwan were manufacturing companies. Next, the second highest level of willingness to cooperate with Taiwan included agriculture, wholesale and retail, dining, accommodation, farming fishery, and social service industries. For example, Nagano has a highly developed agriculture industry and most companies expressed that they are likely to cooperate with Taiwan. Because the five prefectures actively promote tourism and health care, some industries were likely to cooperate with Taiwan, including accommodation, health care, dining, and social service industries.

Table 15. Taiwanese Industries Likely to Cooperate with the Five Prefectures (in %).

| Items                                                                 | Aichi    | Mie     | Gifu     | Shizuoka | Nagano   |
|----------------------------------------------------------------------|----------|---------|----------|----------|----------|
| Manufacturing                                                        | 82.46    | 96.10   | 81.40    | 84.00    | 67.65    |
| Agriculture                                                          | 10.53    | 10.39   | 6.98     | 12.00    | 32.35    |
| Forestry                                                             | 0.00     | 1.30    | 2.33     | 2.00     | 2.94     |
| Fishery                                                              | 10.53    | 2.60    | 4.65     | 4.00     | 0.00     |
| Mining                                                               | 0.00     | 0.00    | 0.00     | 0.00     | 2.94     |
| Farming fishery                                                       | 5.26     | 10.39   | 6.98     | 12.00    | 2.94     |
| Construction engineering                                              | 0.00     | 0.00    | 4.65     | 2.00     | 5.88     |
| Utilities                                                            | 3.51     | 2.60    | 0.00     | 2.00     | 2.94     |
| Information and communication                                        | 3.51     | 6.69    | 2.33     | 4.00     | 5.44     |
| Information service                                                  | 3.51     | 3.90    | 2.33     | 10.00    | 8.82     |
| Broadcasting                                                         | 0.00     | 1.30    | 2.33     | 0.00     | 0.00     |
| Transportation (railway, road, waterway, aviation)                    | 3.51     | 3.90    | 2.33     | 4.00     | 2.94     |
| Warehousing                                                          | 0.00     | 2.60    | 2.33     | 2.00     | 2.94     |
| Wholesale                                                            | 17.54    | 7.79    | 2.33     | 4.00     | 0.00     |
| Retail                                                               | 7.02     | 6.49    | 9.30     | 0.00     | 2.94     |
| Financial, securities, insurance                                     | 1.75     | 0.00    | 0.00     | 0.00     | 0.00     |
| Social service                                                       | 8.77     | 6.49    | 4.65     | 4.00     | 0.00     |
| Real estate                                                          | 3.51     | 0.00    | 9.30     | 0.00     | 0.00     |
| Real estate rental                                                    | 1.75     | 0.00    | 4.65     | 2.00     | 0.00     |
| Accommodation                                                        | 5.26     | 11.69   | 4.65     | 14.00    | 5.88     |
| Dining                                                               | 8.77     | 7.79    | 13.95    | 16.00    | 2.94     |
| Education                                                            | 3.51     | 3.90    | 0.00     | 2.00     | 2.94     |
| Healthcare                                                           | 3.51     | 7.79    | 0.00     | 12.00    | 0.00     |
| Other                                                                | 12.28    | 28.57   | 0.00     | 0.00     | 20.59    |

Note: All items were single option items.

5.5.3. Cooperation Patterns with Taiwan

What are the best methods of cooperating with Taiwan? As shown in Table 16, the five prefectures had similar opinions and indicated that “cooperation in marketing” and “cooperation in production” were the two easiest ways to cooperate with Taiwan. However, cooperation in business administration and in R&D or design were two patterns that were not easy. The survey results above agree with the current state of cooperation with Taiwan, as shown in Table 3.
Table 16. Cooperation Patterns of Conduct with Taiwan (in %).

| Items                        | Aichi | Mie | Gifu | Shizuoka | Nagano |
|------------------------------|-------|-----|------|----------|--------|
| Cooperation in marketing     | 46.75 | 36.84 | 34.88 | 54.00    | 26.47  |
| Cooperation in production    | 41.56 | 31.58 | 37.21 | 40.00    | 23.53  |
| Cooperation in business admin| 22.08 | 15.79 | 16.28 | 16.00    | 14.71  |
| Cooperation in R&D or design | 11.69 | 14.04 | 13.95 | 12.00    | 8.82   |
| Other                        | 20.78 | 47.37 | 25.58 | 28.00    | 52.94  |

Note: All items were multiple option ones.

5.5.4. Expected Oversea Market Expansion after Cooperating with Taiwan

The five prefectures held similar opinions about expected areas for overseas market expansion after cooperating with Taiwan. As shown in Table 17, the most-desired areas include Northeast Asia, Southeast Asia, and South Asia. In terms of the Northeast Asian market to be expanded, China ranked the first, followed by Taiwan and Korea. For Southeast and South Asia, the enterprises most desired to expand in Indonesia, Thailand, Vietnam, and India.

Table 17. Expected Areas for Overseas Market Expansion after Cooperating with Taiwan (in %).

| Items                        | Aichi | Mie | Gifu | Shizuoka | Nagano |
|------------------------------|-------|-----|------|----------|--------|
| Northeast Asia               | 61.40 | 61.04 | 46.84 | 64.40    | 64.71  |
| Southeast Asia and Southern Asia | 49.12 | 46.75 | 41.86 | 52.00    | 32.55  |
| North America                | 14.04 | 9.09 | 20.93 | 16.00    | 8.82   |
| Central and South America    | 5.26  | 3.90 | 4.65  | 4.00     | 2.94   |
| Europe                       | 7.02  | 3.90 | 6.98  | 2.00     | 2.94   |
| Africa                       | 0.00  | 0.00 | 2.33  | 0.00     | 0.00   |
| Other                        | 28.07 | 28.57 | 25.58 | 20.00    | 35.29  |

Note: All items were multiple option ones.

The results above indicate that, after cooperating with Taiwan, Japan can utilize the production site, marketing internet, and connections established by Taiwan in China or Southeast Asia, as well as its international business administration experience. After cooperating with Taiwan, the most-desired area for overseas market expansion concentrated on China and Southeast Asia.

5.6. Future Development and Topics Faced after the Industrial Cooperation

In this section, we discuss the topics faced, and assistance and institutions needed as a result of industrial cooperation between the five prefectures and Taiwan. Future developments of the industrial cooperation will be investigated, as well.

5.6.1. Likely challenges after Cooperating with Taiwan

When cooperating with Taiwan, as shown in Table 18, the five prefectures would probably face the following major challenges: “difficulties in finding partners,” “insufficient talents for dealing overseas investment business,” “difficulties in language needed,” and “ambiguity of investing environment.” The topic of “capital raising,” however, was not a major concern. Because the majority of the companies in the five prefectures are small and medium-sized enterprises, the topics above signal key information to government. Accordingly, Taiwan and Japan should take note of the topics above and take feasible countermeasures to promote the industrial cooperation policy.

5.6.2. Desired Assistance after Cooperation with Taiwan

The enterprises of the five prefectures expressed similar desires for assistance when cooperating with Taiwan. As shown in Table 19, the most desired assistance was “provision of information about the partners whom are most likely to cooperate with.” Next expected assistances were “provisions of incentives policy and guidance policy for overseas investment by Japanese central or local government,”
“provisions of foreign language talents for investment in Taiwan,” “provisions of information about the industries which are most likely to cooperate with,” and “provisions of information about the investing environment.” In contrast, the expectation of “necessary capital raising when investing in Taiwan” was the least desired assistance.

Table 18. Topics Faced after the Industrial Cooperation (in %).

| Items                                                      | Aichi  | Mie  | Gifu  | Shizuoka | Nagano |
|------------------------------------------------------------|--------|------|-------|----------|--------|
| Ambiguity of investing environment                         | 36.84  | 22.08| 37.21 | 26.00    | 20.59  |
| Difficulties in finding partners                           | 57.89  | 45.45| 53.90 | 54.00    | 41.18  |
| Insufficient talents for dealing overseas investment business | 42.11  | 35.06| 46.51 | 46.00    | 38.24  |
| Difficulties in language needed                            | 33.33  | 27.27| 37.21 | 38.00    | 20.59  |
| Capital raising                                            | 17.54  | 15.58| 25.58 | 18.00    | 17.65  |
| Other                                                      | 17.54  | 29.87| 18.60 | 20.00    | 41.18  |

Note: All items were multiple option ones.

Table 19. Desired Assistance after Cooperating with Taiwan (in %).

| Items                                                      | Aichi  | Mie  | Gifu  | Shizuoka | Nagano |
|------------------------------------------------------------|--------|------|-------|----------|--------|
| Provisions of incentives policy and guidance policy for overseas investment by Japanese central or local government | 28.07  | 38.96| 46.51 | 44.40    | 35.29  |
| Provisions of information about the investing environment in Taiwan | 31.58  | 20.78| 27.91 | 20.00    | 14.71  |
| Provisions of information about the industries which are most likely to cooperate with | 36.84  | 28.57| 32.56 | 28.00    | 23.53  |
| Provision of information about the partners whom are most likely to cooperate with | 61.40  | 48.05| 53.49 | 44.00    | 32.35  |
| Provisions of foreign language talents for investment in Taiwan | 35.09  | 23.38| 41.86 | 40.00    | 20.59  |
| Necessary capital raising when investing in Taiwan          | 16.88  | 22.81| 23.36 | 18.00    | 14.71  |
| Other                                                      | 19.30  | 23.38| 18.60 | 22.00    | 41.18  |

Note: All items were multiple option ones.

5.6.3. Desired Institutions for Assistance

Which institutions can offer assistance to the five prefectures to support cooperation with Taiwan? Table 20 displays the higher expectation items, such as guidance institutions for small and medium-sized enterprises, Japan External Trade Organization (JETOR), overseas investment responsible departments of local governments, Taiwanese local governments, and Japanese local banks.

Table 20. Desired Institutions for Assistance after Cooperation with Taiwan (in %).

| Items                                                      | Aichi  | Mie  | Gifu  | Shizuoka | Nagano |
|------------------------------------------------------------|--------|------|-------|----------|--------|
| No assistance due to overseas investment made by companies themselves | 8.77   | 6.49 | 2.33  | 8.77     | 2.94   |
| Japan External Trade Organization (JETOR)                  | 31.58  | 37.66| 51.16 | 32.00    | 32.35  |
| Overseas investment responsible department of local governments | 28.07  | 33.77| 39.53 | 28.07    | 26.47  |
| Local banks providing capital for overseas investment       | 35.09  | 27.27| 27.91 | 30.00    | 23.53  |
| Guidance institutions for small and medium-sized enterprises | 43.86  | 32.47| 37.21 | 42.00    | 38.24  |
| Local governments in Taiwan                                | 33.33  | 32.47| 32.56 | 22.00    | 23.53  |
| Taiwanese Economic and Culture Representative              | 22.81  | 14.29| 16.28 | 10.00    | 11.76  |
| Other                                                      | 21.05  | 24.68| 16.28 | 24.00    | 41.18  |

Note: All items were multiple option ones.
5.6.4. Future Development of the Taiwan–Japan Industrial Cooperation

The five prefectures expressed similar opinions on the future development of Taiwan–Japan industrial cooperation. As shown in Table 21, more enterprises agreed with the following items: “Taiwan–Japan industrial cooperation benefits both countries and is expected to have a good future development,” “Due to smaller market in Taiwan, it is feasible to expand market into other countries or area on basis of Taiwan market,” and “Active cooperation and exchanges between Japan and Taiwan will benefit the bilateral industrial development.”

Table 21. Future Development of Taiwan–Japan Industrial Cooperation (in %).

| Items                                                   | Aichi | Mie  | Gifu | Shizuoka | Nagano |
|---------------------------------------------------------|-------|------|------|----------|--------|
| Taiwan–Japan industrial cooperation benefits both countries and is expected to have good future development | 22.81 | 37.66| 41.86| 40.00    | 32.25  |
| Due to smaller market in Taiwan, it is feasible to expand market into other countries or area on basis of Taiwan market | 36.84 | 38.96| 34.88| 26.00    | 17.65  |
| Development of Taiwan–Japan industrial cooperation is limited because of the small trade scale between Taiwan and Japan | 14.04 | 5.19 | 11.63| 0.00     | 2.94   |
| Active cooperation and exchanges between Japan and Taiwan will benefit the bilateral industrial development | 42.11 | 33.77| 27.91| 41.86    | 38.24  |
| Other                                                   | 15.79 | 20.78| 11.63| 16.00    | 35.29  |

Note: All items were multiple option ones.

From the perspectives above, Taiwan–Japan industrial cooperation policy provides incentives to both countries, and active promotion of cooperation or exchange benefits the development of cooperation. Because of a smaller market size in Taiwan, it is feasible to base in Taiwan to expand the market into other countries or areas, creating a win–win situation. Based on the results displayed in Table 21, our Hypothesis 3, Industrial cooperation leads to positive future developments between Taiwan and Japan, is supported.

6. Conclusions

6.1. Findings

This study conducted a questionnaire survey about industrial cooperation between Taiwan and Japan of the enterprises in five prefectures in the Tokai region. As a whole, enterprises in the five prefectures indicated that industrial cooperation brings complementary and mutual benefits to the enterprises in Taiwan and Japan.

Of the five prefectures, Aichi, Mie, and Shizuoka have closer and more important trade ties with Taiwan than Gifu and Nagano. Specifically, Mie, and Shizuoka are more active due to the support of policy resources, such as overseas investing policy and dedicated agencies. Hence, Taiwan–Japan industrial cooperation and exchange will be effectively promoted, if local governments set offices in Taiwan.

The decisions to cooperate with Taiwan include such factors as having a production site and marketing internet, utilizing the political relationship with China market established by Taiwan, and utilizing the global website in Taiwan to expand the market to countries or areas other than China.

The operating topics faced by the five prefectures indicate that more and more small and medium-sized enterprises have a willingness to conduct overseas investment due to the needs of transforming from domestic market orientation to export orientation. These smaller companies lack overseas investment experience and business resources. They expect the central or local government to provide information about incentive policies of overseas investment and potential partners in Taiwan and supports from the guidance institutions for them.
6.2. Benefits: Suggestions to Policy Makers

To promote the development of Taiwan–Japan industrial cooperation and create a win-win situation, this study makes the following suggestions. First, for the development of industrial cooperation, Taiwan and Japan are advised to select feasible industries as the strategically incentive industries on basis of the characteristics of industry structure. For example, tourism can be the first candidate industry in the five prefectures. In addition, industries that have been promoted by the five prefectures and Taiwan can also be listed as the incentive industries, such as aerospace, new generation energy, biotechnology, medical appliances, and automobile industries. Establishment of incentive and guidance measures is necessary to increase the opportunities of mutual contact and understanding between the five prefectures and Taiwan.

Next, enterprises rely heavily on Japan External Trade Organization (JETOR) in conducting overseas investment. JETOR is advised to establish offices in Taiwan to collect and provide timely information about investment in Taiwan to assist enterprises. Local governments should enhance their role as contact window in the bilateral industrial cooperation. Setting a Taiwan Office or guidance widow is necessary. Specifically, enhancing the function and organization of the overseas investment guidance entity for small and medium-sized enterprises is an urgent need.

The third suggestion is to foster talents needed for the industrial cooperation and talents with Chinese and English capabilities. Japan is advised to strengthen the announcement of information about the investing environment in Taiwan and the policy of bilateral industrial cooperation, and to provide information to meet the various demands from enterprises.

Finally, both Japan and Taiwan should boost the exchanges between local governments, industrial associations or institutes, or enterprises. This will facilitate access to diversified information for both countries. Further, providing information for partners with a high willingness to invest in Taiwan will increase the successful opportunities for industrial cooperation.

6.3. Limitations and Suggestions for Future Study

This study sent questionnaires to companies in the five prefectures with the assistance of associations of small and medium-sized enterprises or business association. Both the sample and responding rate were subject to the willingness and positive compliance of the associations. In addition, budget limited the size of the sample in our oversea investigation. Because of the difficulties in contacting industrial, governmental, and academic organizations, we selected some representative entities with a willingness to receive our survey, another limitation of this study.

There are four prefectures in the Shikoku region, Japan. Three prefectures, Kagawa, Köchi, and Ehime, signed a MOU of industrial cooperation with Taiwan. The Shikoku region was another active region in the Taiwan–Japan industrial cooperation. Future study is advised to examine the status quo and topics of bilateral industrial cooperation, and to compare the differences in industrial cooperation between Tokai region and Shikoku region.

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