

Japan External Trade Organization
 1 East Wacker Drive, Suite 3350
 Chicago, IL 60601
 Phone: 312-832-6000
 Fax: 312-832-6066
www.jetro.go.jp/usa

JETRO Chicago Midwest NEWSLETTER

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Japanese Companies in the U.S. Facing a Double Set of Challenges



**From the
 Chief
 Executive
 Director**

Ralph Inforzato
*Chief Executive Director,
 JETRO Chicago*

Beginning in late March, to better ascertain the conditions of Japanese companies with U.S. operations, JETRO has conducted a series of five business surveys. JETRO is the single institution in the

United States surveying Japanese companies to better understand the challenges they are faced with during the pandemic. If we have a clear assessment of the problems of Japanese companies, then, we at JETRO along with state and local governments, can better assist them.

Josh Hundt, Executive Vice President & Chief Business Development Officer with the Michigan Economic Development Corporation, illustrates how the state of Michigan continues to closely partner with the Japanese business community during the pandemic to help protect the state's

critically important healthcare community. That's the key point of sustaining close relationships with Japanese companies, they will move with speed to assist state and local governments during any emergency. I encourage you to pay attention to Josh Hundt's article.

It is this latest JETRO Business Survey of U.S. based Japanese companies taken in late June, which I need to discuss (the link to the survey summary is available on page 2). This specific survey shows how Japanese companies are coping with re-opening their businesses during the COVID-19 pandemic and uniquely; it includes the perspectives of Japanese companies on the impact of the Presidential Proclamation on Non-Immigrant Visas (effective June 24).

Please understand that Japanese companies are currently indicating a double set of challenges on conducting business in America. First, they have to manage the day-to-day issues of re-opening their operations during a resurgent COVID-19 pandemic. There is good progress on the pace of re-opening as my colleague Tsubasa Hashimoto analyzes

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Michigan Adjusts to Support Businesses During COVID-19 Outbreak



Guest View

Josh Hundt
*Executive Vice President
 & Chief Business
 Development Officer,
 Michigan Economic
 Development Corporation*

When the outbreak of COVID-19 first hit Michigan in early March, Governor Whitmer and her administration moved swiftly, taking decisive and necessary measures to respond to the public health emergency that quickly took hold in Michigan. Although Michigan is the tenth largest state in the nation for population size, we at one point ranked third in the nation for the number of

deaths from COVID-19, forcing us to take quick actions in response to the rapid spread of the virus.

We have moved swiftly and intentionally since then in an effort to combat the devastating economic impacts of the COVID-19 outbreak, deploying or repurposing 19 programs to support more than 3,400 businesses and 14,700 jobs in every county of the state, creating equitable opportunities for access to capital and other critical support.

During this time, however, the partnerships that the state of Michigan has developed over the years with the Japanese business community have played a critical role in allowing us to respond effectively to this crisis. Denso Manufacturing in Southfield, and Nissan Technical Center North America's R&D center in Farmington Hills helped

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Findings from JETRO's Fifth Business Survey Reflect Impact of COVID-19 Summary of Responses of Japanese Companies in the United States

Prepared by Tsubasa Hashimoto, Director, Public Affairs, JETRO Chicago

JETRO finished its Fifth Quick Business Survey that was conducted from June 26 –July 1, 2020. We received feedback from 961 Japanese companies operating in the United States.

The current survey is unique. It not only shows how Japanese companies are coping with re-opening their businesses during the COVID-19 pandemic; this particular survey, importantly, includes the perspectives of Japanese companies on the impact of the Presidential Proclamation on Non-Immigrant Visas. (Please refer to the Chief Executive Directors column for an explanation about the impact of the Presidential Proclamation on Non-Immigrant Visas.)

This article focuses on the results of the business conditions of Japanese companies with operations in the United States. I would like to touch upon JETRO's Fourth Survey (May 27-June 1, 2020) as well, because that survey uniquely included the question about their supply chain and procurement outlook.

These results indicate that most companies' business operations are back to about 80% on average, compared to 2019. Managers are making their best effort to establish safe business environments for workers. The respondents said, however, the risk of COVID-19 is not only a concern in the workplace, but in the entire community, as well. I understand Japanese companies are expecting everyone in the Midwest, the manufacturing heartland, to work together against COVID-19.

Regarding the supply chain and procurement outlook, due to the difficulty with international transportation and the large concern of the long-term U.S. China trade friction, many Japanese companies are considering to purchase more products in the U.S. and/or planning to expand production inside the U.S.. On the other hand, finding new suppliers and moving expansion plans forward are not easy tasks during the COVID-19 pandemic.

Here are some of the highlights from our most recent Business Survey.

- More than 70% of the surveyed companies have seen a decrease in sales in the past month. However, companies whose sales fell by more than 50% is half from the previous survey conducted at the end of May, and there are signs of improvement.
- Most manufacturing has resumed production with only 1.7% having suspended production. More than 50% of companies are operating at 80% capacity or more (36.2% previously).
- From the previous survey, nearly 70% of companies stated they did not lay-off nor furlough regarding their employment. As for the remaining 30%, currently more than 70% of companies that laid off employees have now recalled them back to work.
- By the end of 2020, more than 60% of companies stated they would maintain their business operations in the U.S.. More than 20% of those companies plan to reduce operations.
- More than 70% will promote working from home after COVID-19, and it is expected that working from home has been widely accepted.

Here is a summary of supply chain related responses from the Fourth JETRO Survey (May 27-June 1, 2020)

- 30% of companies are planning to change their supply chain, while 70% of companies do not plan to do so.
- The above 30% of companies that are considering a reevaluation of their supply chain due to COVID-19 and the U.S.-China trade friction. Reevaluation includes diversification of suppliers, procuring more products within the U.S. and expansion of production in the U.S.

Please access this link to the entire 5th JETRO Quick Business Survey:
https://www.jetro.go.jp/ext_images/world/covid-19/us/doc_us_en05.pdf

The entire 4th JETRO Quick Business Survey is available here:
https://www.jetro.go.jp/ext_images/world/covid-19/us/doc_us_en04.pdf

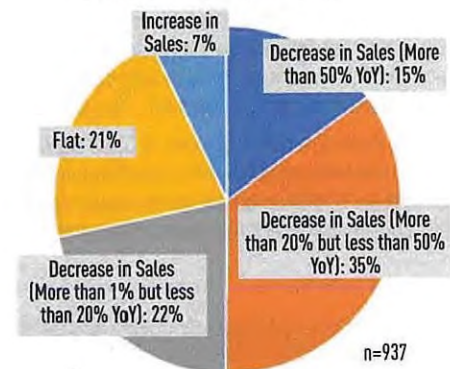
We at JETRO will also continue to make our very best effort to support Japanese companies throughout the United States by providing factual information and business guidance to them in a timely manner.

Impact on Sales

- 72.7% of companies have seen a decrease in sales in the past month compared to the same period last year. Although the number decreased slightly from 75.5% in the previous survey, the situation continues to be severe.
- However, only 15.0% have seen a decrease in sales by more than 50%, down from 34.9% in the previous survey, showing signs of improvement (Conducted May 27-June 1).

Sales in June 2020 (U.S.)

Compared to the same period last year



Business Implementation Under Economic Reopening

- 23.2% (13.0% previously) of responding companies were allowed to resume their business in the workplace. For companies deemed non-essential businesses and their employees are working from home, the number decreased from 23.0% in the previous survey to 10.7%.
- Most companies have now resumed business in the workplace.
- Nevertheless, in order to ensure safety, 40% of respondents continue to work from home.
- (Nearly 30% in the manufacturing sector, more than 50% in the non-manufacturing sector.)

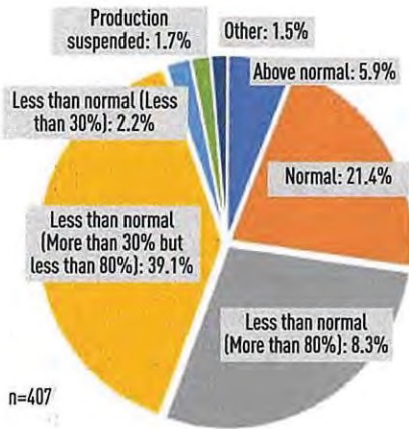
Continued on page 3

Key Findings from JETRO's Fifth Business Survey (continued)

Production Status for Manufacturing Companies

- As most companies have resumed production, only 1.7% suspended operations. (from 28.2% at the end of April to 3.3% at the end of May and 1.7% this time).
- Although 70% of companies have reduced production, more than 50% are operating at 80% capacity or more (36.2% previously).
- Over 90% of the responding companies stated the leading factor concerning the decrease in production was a decline in domestic demand. This was followed by measures against COVID-19 (restrictions on workers and working hours, etc.) (12.5%) and shortage of workers (7.6%).

Production Status



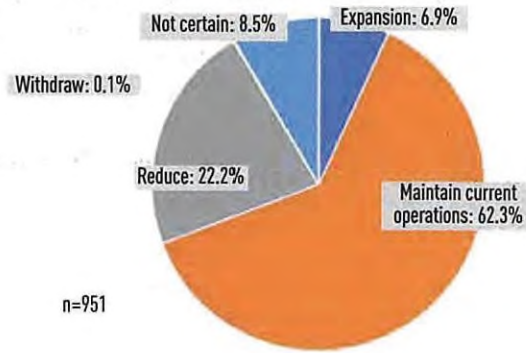
Future Business Travel

More than 50% of companies stated they will only allow essential business travel until September. More than 40% are prohibiting travel overseas and many companies are taking extra precautionary measures to ensure travel safety.

Post COVID-19: Business Outlook

Compared to pre COVID-19 levels, over 60% of companies stated they will maintain their current operations in the U.S. for the remainder of 2020, while more than 20% are considering reducing their operations. Less than 10% are still uncertain, and most companies continue to take a wait-and-see approach in this uncertain environment.

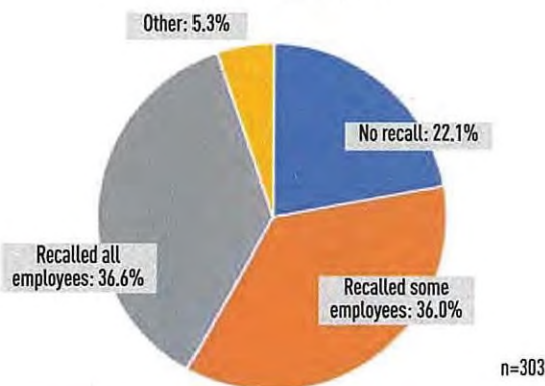
Post COVID-19: Business Outlook



Impact on Employment

- Nearly 70% of companies stated they did not conduct any layoffs or furloughs.
- In contrast, about 30% stated they have conducted dismissals, layoffs or granted employees to take a temporary unpaid leave*. (*Maintained health benefit enrollment.)
- However, more than 70% have recalled employees back to work.
- Due to COVID-19, nearly 60% of companies have temporarily frozen or postponed their hiring plans.
- 41% stated there is no impact on their hiring plans to due to COVID-19.

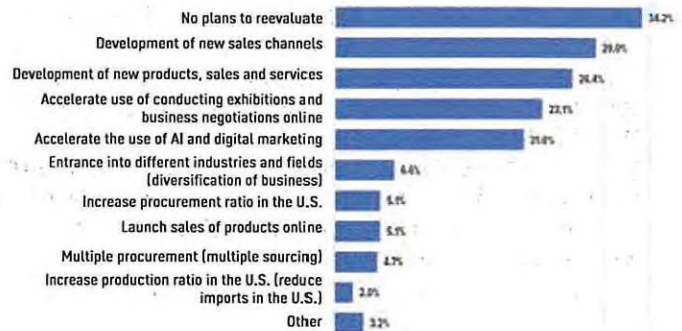
Status of Recall for Employees Laid Off
(For companies that were impacted)



Post-COVID-19: Business Strategy

More than 70% of companies stated they will promote working from home, indicating that working from home will be here to stay as a model to keep moving forward.

Nearly 30% of companies are engaged in developing new sales channels and new products, services and sales. 20% are citing the use of online tools to conduct exhibitions and promote digitalization, which is a sign that digitalization is accelerating.



Re-evaluation of Supply Chain

70% of companies do not plan on reevaluating their supply chain. Of these companies, over 50% stated that COVID19 had no impact on their supply chain. 30% stated they are taking a wait-and-see approach. On the other hand, 30% are considering to change their supply chain.

Timeframe for Re-evaluating Supply Chain



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The Challenges of a New Business Sector



By Nobuharu Nakajima, President, Kamic Corporation; Managing Member, Hinata Restaurant

I grew up in Japan and went to a college in Canada. My first visit to Indiana was in 1990. In 1994, I was offered the president position of a small family business in Indiana, which manufactured and sold parts for automobiles and diesel engines.

Our main customer at the time was Cummins, and at their request, we established a local subsidiary in 1995 and began operations in 1997. Since then, we have continued to proudly operate in Indiana.

While living in Indiana, I began to observe that the food culture in the Midwest was less diversified than in Japan and other large metropolitan areas in North America. I realized that my experience with food in Japan and Canada along the Pacific coast had been very diverse and rich. I knew that my assignment would be a long-term commitment because of a lack of successors and my enthusiasm for food never subsided. Over time I began to notice there were no Japanese restaurants that were truly authentic and which satisfied my palette. That being said, this was the main reason for me to get into the restaurant business.

After 25 years in the manufacturing industry, and at the timing of being 50 years old myself, I had only two options to pursue my passion for food. Either I had to improve my cooking skills or open the restaurant of my dreams, which I dreamed of for 25 years, but never came true until today. Fortunately, I had the opportunity to form a partnership with a trustworthy Japanese restaurant operator and we discovered a skilled chef in Japan that was willing to relocate to Indiana. It was the time to move forward and the reason I decided to open a Japanese restaurant.

I had gone through many challenges during my career in the manufacturing sector; the process of establishing a company, building a factory, and multiple business expansions. Therefore, I thought my

experience was good enough to open a restaurant in Indianapolis. Then, I realized that starting a food business is not the same.

For example, meeting a deadline is a very common expectation in Japanese business relationships, but here in the U.S., many contractors do not hesitate to extend deadlines or change plans if you make a contract without contingencies. This was something I was unaccustomed to, bringing a new challenge to my undertaking. Fortunately, I found a Japanese architectural designer, Cubit Design Studio in Chicago, and

we were able to pursue an authentic Japanese design with them. Securing capable local human resources was another challenge. We brought in a skilled chef from Japan, however, when we started interviewing local assistant chefs, we found in many cases, their resumes and actual skills did not match. And yet another challenge we faced was to work on employee training.



Recently we have seen many Japanese restaurants and ramen restaurants here, but it is rare to find an authentic one that follows proper cooking processes. I am concerned how our authentic "Kaiseki" style restaurant will be appreciated when mediocre Japanese style food is actually recognized as "Japanese food". We have not yet started marketing our restaurant, but it seems as though many people will be interested in the authentic Kaiseki style. This may be the result of increasing interest in Japanese food here in Indiana. We will provide our best service to meet their expectations.



Guest View: Hundt ... from page 1

assemble face shields and donated them to our public health workers. Meanwhile, Honda delivered specially outfitted Odyssey minivans to help transport health care workers and potential COVID-19 patients in Detroit. And as a result of the Japan Business Society of Detroit and Shinichi Yasui, President of Toyota Motor Engineering & Manufacturing donating \$25,000 to COVID-19 response efforts in Michigan, our state has been able to protect its essential workers and frontline public health workers.

Meanwhile, we were honored to partner with JETRO to hold a webinar providing resources and information to Japanese businesses in Michigan, ensuring they continue to grow and thrive in our state long after the pandemic has ended.

Altogether, the generosity, partnership and support we have received from the Japanese business community throughout the ongoing pandemic have been vitally important in our fight against COVID-19, and we are thankful to have you as allies during this uncertain time.

Due in part to efforts and collaborations like these, the state of Michigan has effectively responded to the crisis at hand and created a runway for economic recovery by growing businesses and resilient, diverse and vibrant communities long after this crisis has concluded. And thanks to the partnership we have with Consul-General Nakagawa and the team

at JETRO, we remain confident that we will not only recover from this crisis but create a path for economic growth and prosperity for all small businesses, communities, entrepreneurs and workers in the months and years to come.

Learn more about the resources and tools available for businesses at michiganbusiness.org/covid19.

Contact JETRO Chicago • www.jetro.go.jp/usa/

JETRO Chicago is located at 1 East Wacker Drive, Suite 3350, Chicago 60601.
Phone: 312-832-6000; Fax: 312-832-6066

INVEST JAPAN

For general information, call the number above.

The JETRO Chicago team offers a wide variety of business support services for companies in the Midwest planning to initiate a business presence or seeking to add to their existing investment in Japan, and/or work with Japanese companies. Please feel free to contact us.

Tsubasa Hashimoto, Director of Public Affairs, tsubasa_hashimoto@jetro.go.jp

Akira Kawachi, Director of Business Development, akira_kawachi@jetro.go.jp

Kevin Kalb, Robotics, automotive and manufacturing inquiries, kevin_kalb@jetro.go.jp

Stephen Vullo, Industrial machinery exports from Japan inquiries, stephen_vullo@jetro.go.jp

Matt Feagley, Biotechnology and life science inquiries, Matt_Feagley@jetro.go.jp

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JETRO at BIO Digital 2020

Prepared by Matt Feagley, JETRO Chicago

JETRO Chicago has been organizing the Japan Pavilion at the BIO International Convention for the past 17 years. This year, the convention was scheduled to be held June 8-11 in San Diego, California. However, due to the COVID-19 Pandemic and restrictions placed on international and domestic travel, as well as large gatherings, the Biotechnology Innovation Organization (BIO) decided to not hold a physical conference. Instead, BIO held a virtual convention called BIO Digital 2020 from June 8-11.

BIO Digital 2020 featured the same One-on-One Partnering system that allows companies to request and arrange meetings throughout the week. Despite challenges such as time zone differences and arranging video call meetings, 7,260 participants from 64 countries joined BIO Digital 2020. At the end of the week 26,867 meetings took place across 28 time zones.

Because country pavilions would no longer be applicable to a digital event, JETRO instead organized a delegation of 22 innovative Japanese companies to participate in BIO Digital 2020. These companies brought advancements in regenerative medicine; drug discovery tools; new treatments for oncology, pain management, cognitive and neurological disorders; contract manufacturing; and R&D. Many of our delegation companies also presented on BIO Digital's virtual presentation sessions. Companies from the Japan delegation combined for a total of 300 meetings through the One-on-One Partnering system.

This year JETRO once again represented Japan in the Global Innovation Hub Presentation, with Ms. Sachiko Yoshimura from JETRO, as well as Professor Yoshiaki Tsukamoto from JBA (Japan Bioindustry Association) giving presentations about why life science companies should invest in Japan. JETRO also participated in BIO Digital 2020's Beyond Borders video project that featured voices from delegations around the world with messages of determination to pursue innovation in the face of the current pandemic.

Next year's BIO International Convention is planned for June 14-17, 2021 in Boston, Massachusetts. If you are interested in learning more about Japan's life science sector or JETRO's biotech initiatives, contact Matt Feagley (Matt_Feagley@jetro.go.jp).

JETRO Chicago Introduces Jconnect Webinar Series

Prepared by Kevin Kalb, JETRO Chicago

The Covid-19 pandemic has put the brakes on a decade of growth in the United States economy, and has forced a change to remote work environments for nearly everyone in the past few months. With large scale events and seminars being cancelled and business travel coming to a standstill, JETRO Chicago has had to come up with new solutions to try to help facilitate partnerships between innovative Midwestern startups and Japanese businesses across the U.S. without in-person networking.

On May 23, JETRO Chicago introduced its first webinar in the new series called Jconnect. The Jconnect webinar series was designed to give a platform to Midwestern startups to present about their companies and technologies to an audience of primarily Japanese companies, and to help foster business relationships in the North American market. Each Jconnect webinar will have its own industry topic, and gives Japanese businesses across the U.S. a flavor of disruptive innovations to help improve their own innovation and productivity strategies.

The first Jconnect webinar in May highlighted the theme of Smart Manufacturing, and featured three Midwestern companies: Plex Systems of Troy, Michigan, and iTSpeeX and Predictrionics, both of Cincinnati, Ohio. Each company gave a 15-minute presentation, which was followed by a Q&A panel session. On June 30, the second Jconnect webinar introduced the topic of 3D Printing, with Fast Radius of Chicago, Impossible Objects of Northbrook, Illinois, and Evolve Additive Solutions of Minnetonka, Minnesota.

As an ongoing series, the third webinar on July 30 featured companies presenting under the theme of Covid-19 Work Solutions, followed by the topic of Smart Cities-Mobility on August 11. For more information, please check out the JETRO USA website for webinar registration details, and to view recordings of previous webinars, visit JETRO USA's YouTube page.



JETRO's COVID-19 Website

In light of the impact of the novel coronavirus infection, JETRO has established a consultation service for foreign companies and foreign-affiliated companies operating in Japan regarding their domestic operations.

All information, including that for U.S. companies with relations with Japan, can be found at JETRO'S global website at <https://www.jetro.go.jp/en/invest/covid-19/>.

There you will find the results of JETRO's "Survey on Operations of Foreign-affiliated Companies in Japan," plus Q&A on support for businesses in Japan amidst measures to limit the spread of the novel coronavirus disease, and a link to JETRO's COVID-19 Helpline.




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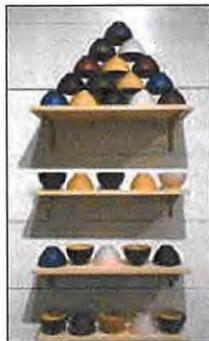
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Owner of Minnesota's UMEI Recounts Buyers Trip to Hokuriku Region

Before Covid-19 prevented JETRO from sending Midwest businesses to Japan on Buyer's Missions, Susan Brouillette, owner of Minnesota-based Umei, was able to travel to Japan and learn more about the country and the goods and services relevant to her business. Here are a few of her observations:

	<p>Guest View</p> <p>Susan Brouillette Owner UMEI</p>
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My small business Umei and I had the great fortune of being invited by Tsubasa Hashimoto and Kelly Highland from the JETRO Chicago office, to participate in a buyer's mission to the Hokuriku region of Japan, last September. You may already be familiar with this program, but it was new to me. This trip was organized by JETRO as a way to connect many of Japan's talented small to mid-sized makers with foreign buyers, creating avenues to bring Japanese design and functionality to new markets, growing both the makers and buyer's businesses. I am thrilled to report it was a fantastic program from start to finish and accomplished my goals of connecting with new makers. I was able to bring exciting new products into my shop, even in time for the 2019 holiday season.



This was not a "nonbiri trip". It was a thoughtfully planned, high energy trip with varied, rich activities in each of the regions we visited, Fukui, Kanazawa and Toyama, culminating of course with over 20 intense, speed dating like meetings with prospective makers. It was such a treat to see such professional presentations, filled with company stories, product demonstration and of course details like price lists and shipping lead times. The makers clearly put a lot of time and effort into their presentations.

We also made trips to several of the makers studios which only adds to our knowledge and ability of our makers strengths. All of the visits were amazing. One of the examples I share with our guests often is the visit to Shimatani-Shouryu in Toyama. They are only one of six remaining craftsmen in Japan that make the special large Orin, Buddhist bells. Shimatani-san also shared with us how he and his team create Suzugami (tin-paper), beautiful, hand hammered tin papers that are food safe, and totally customizable – you shape and reshape your own. I ended up bringing this line to my shop for the holidays and it was a big hit. Our guests saw the value in it being very different, but having beautiful design and functionality.

The JETRO staff also went the extra mile to share with us cultural gems from each of the regions. For example, we were treated to an amazing kaiseki experience with the bounty from the Sea of Japan in Kanazawa (what American's could imagine as a 12 course meal!), to visiting the large famous outdoor Buddha in Toyama. All of the cultural details that JETRO shared helped us retailers with sharing these stories of Japan, with our interested guests – it connects us in a beautiful way.



Also I can't say enough of the hard work and professionalism from the JETRO team from Chicago with Tsubasa-san and Kelly, to the Hokuriku teams and their leaders Sekine-san from Fukui, Sato-san from Kanazawa and Takamura-san from Toyama, to the Tokyo team leader Minamisawa-san. They were all top notch and I am so grateful to them all. In this age of social distancing, I look back in our closely held meetings, dinners and bus rides with great fondness.

Most importantly, JETRO helped me make great connections in Japan and I was able to place product orders. Our guests were happy with the unique, well designed wares from Japan. Without JETRO's introduction, I would not have found 95% of my buys on my own. And I am still planning on making several more orders with some of my original contacts from last year, later this year. I think in light of the world events, meditational candles and bells might be just the tools to find peace within ourselves.



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Success Story: UL Japan, Inc. Founded in Chicago, Tokyo-based Subsidiary Supports Japanese Manufacturers

UL was founded in Chicago, Illinois in 1894 to conduct objective safety assessments and risk analysis against the background of the frequent fires that were occurring in the country as electrical products rapidly spread. The company's mission, "working for a safer world," has reached Japan, beginning with the establishment of a base in Tokyo in 1993 which has since expanded to seven offices including a headquarters in Mie. For a Success Story published on the JETRO headquarters website, Masahito Hashizume, General Manager of UL Japan's Consumer Technology Business Division, spoke about its business development in Japan.

UL established its base in Tokyo in 1993 and established its Japanese subsidiary, UL Japan in 2003 (with headquarters in Ise, Mie). With multiple bases in areas where manufacturing industries are concentrated, such as Mie and Aichi, UL Japan provides services mainly to Japanese companies attempting to acquire certification when developing overseas markets, while also supporting overseas companies wishing to sell products in Japan.

Masahito Hashizume said, "Domestic manufacturers with extensive in-house equipment tend to believe that they should conduct the necessary testing which they are able to conduct in-house, and that this also applies to their quality assurance operations." On the other hand, he points out, the trend over the last 10 years or so has been that fewer manufacturers are able to complete all the testing in-house. The number of standards to meet has increased dramatically with the increased overseas sales, and it has become impossible for a company to carry out all the quality assurance operations on its own.



Masahito Hashizume, General Manager, Consumer Technology Business Division

Therefore, the importance of organizations that provide services like UL to develop standards and verify products as a third party is increasing.

UL Japan has seven bases, in Mie, the headquarters, Kyoto, Aichi, Kanagawa, Tokyo and Chiba Prefectures. It is important to be physically close to the customers to carry out

measurement, verification and certification operations in accordance with the needs of the customers. In fact, the automotive-related facility, ATC (Automotive Technology Center) that opened in 2017 and the reliability testing laboratory that opened in 2019 are located in Aichi and Mie Prefecture respectively, where many automobile manufacturers and related parts manufacturers are located.

Describing the strength of the Japanese market, Mr. Hashizume says, "The automotive industry is one where Japan is currently strong. If you look at UL globally, in terms of the automotive field, UL Japan is at the top and is running the largest business."

"There are always industries where Japan has strengths, and they are constantly changing and evolving. The strategy of manufacturers is to

develop high value-added technology and bring it to market quickly. So, I think that new technology will continue to be developed in Japan. We consider that measurement, verification and certification of these new technologies are a part of the development process in a broad sense. When customers develop a product and bring it to market quickly, there can be a variety of issues, and we want to continue to help them solve those issues," says the general manager.

In this way, when there are technologies where Japan leads, UL Japan sometimes gives insights to the UL headquarters. Recently, an electronic cigarette standard, UL 8139, was formulated based on suggestions from Japan. The EHV Chamber (an anechoic chamber with a fixed dynamometer for EV/HV equipment) that was established in the ATC in Aichi Prefecture in September 2018 is unique in Japan and, even including other institutions, there are only a few examples in the world. UL Japan is the only UL base in the world to have such a facility, and the investment could only be made because UL Japan has high domestic demand. In addition, a next-generation mobility laboratory with two EHV Chambers was established at the Kashima EMC Laboratory in Chiba Prefecture in January 2020. This is evidence of the high expectations the Japanese automotive industry has for UL.

For UL Japan, which employs over 500 Japanese people, securing talented human resources is essential at its bases in Mie and Aichi Prefectures.

While UL Japan employs many scientific personnel, who are skilled in specialized technologies, Mr. Hashizume says that securing high-quality personnel who can handle new fields such as software is a challenge to continue business in Japan.



UL Japan Ise Headquarters

JETRO Support for UL and the establishment of UL Japan goes back many years, and has included providing information on real estate; referrals to local government officials, assistance with public relations (inviting the company to speak at business seminar and PR support); invitations to participate in JETRO events; and other consulting services.

UL Japan also participates in JETRO's export support service, the "Consortium for a New Export Nation," and provides information on regulations. UL Japan is supported by JETRO, for example, with the introduction of local government officials and the implementation of press releases, and at the same time supports the overseas expansion of Japanese companies together with JETRO.

You can read the Success Story in its entirety at https://www.jetro.go.jp/en/invest/success_stories/ul.html. Or you can download a PDF version at https://www.jetro.go.jp/ext_images/en/invest/success_stories/pdf/ul.pdf.

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in his article. However, Japanese companies with U.S. operations are also facing a second challenge: The Presidential Proclamation on Non-Immigrant Visas. This latest JETRO Survey shows for the first time the number of responding companies and employees that are impacted by this Presidential Proclamation.

Across the U.S., at least 308 companies of 958 that responded to our survey indicated that more than 1,400 Japanese holding U.S. visas are impacted by the Presidential Proclamation. In particular, the impact on the restriction of L Visas (in-house transferees) is significant, accounting for nearly 90% (1,220 Japanese) of the 308 total companies responding to this recent JETRO survey.

Japanese companies have to secure Visas issued from the United States Government to secure timely technical personnel transfers from Japan, needed to help maintain and expand their U.S. based operations. In many states throughout the Midwest, for example, Indiana, Michigan, Nebraska and Ohio and throughout the Southeast region of America, manufacturing investment from Japan is the lead foreign investor. Japanese manufacturing operations depend upon technical experts, especially engineers and administrators that can efficiently communicate to their American team members and with their head offices in Japan.

However, the Presidential Proclamation which suspends entry of foreigners into the United States specifically holding the L-1 Visa among others has become an issue of risk for Japanese companies having U.S. operations. We translated their narrative responses from our survey specifically related to the proclamation; please have a look so you can obtain a sense of their anxiety:

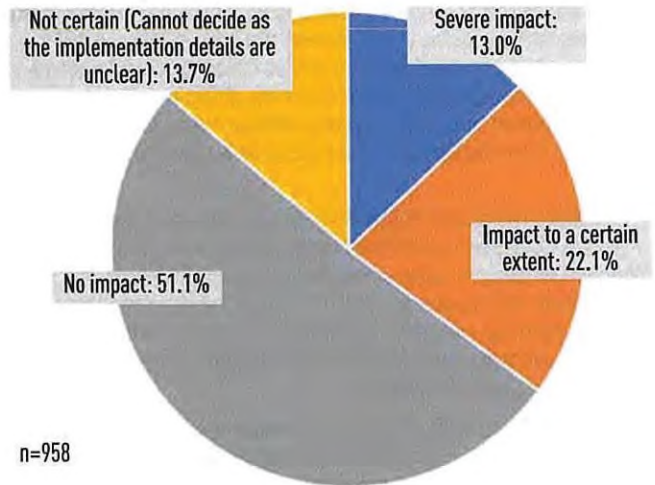
"The HQ's in Japan will have a bad view of doing business in the U.S. There are concerns that proper resources will not be allocated and they (HQ) may reduce operations in the U.S."

"This measure (Presidential Proclamation) will delay personnel changes and plans transferring expatriates as well as hinder relationships with business partners. With delays of transferring researchers and engineers, there is concern this may interfere with production and development."

By reading the narrative of Japanese respondents focused on this Visa issue, you can obtain a feel for their worry in operating an existing business or establishing a new business in the United States.

Please realize that all Japanese are sensitive to and actually averse to risk, especially business risk. Simply put, all you need to know is this: if the mindset of the headquarters of Japanese companies may now see the continuity of their U.S. based operations as risky because of the

Impact of the Presidential Proclamation on Non-Immigrant Visas



Presidential Proclamation on Non-Immigrant Visas, it will be very difficult to win their trust back.

If you are a state or local government leader or an economic development professional with Japanese companies in your communities, I encourage you to call them, if you have not already, and ask them specifically how the 6/24 Presidential Proclamation concerning Non-Immigrant Visas is affecting them. Offer to assist them, the time to act is now.

It is an uncertain and difficult summer for all of us. Please take care and be extra cautious. My thoughts are with you and your loving families.

Look for a special report with key findings from JETRO's Fifth Business Survey on pages 2-3

Recommend the JETRO Chicago Midwest Newsletter to a colleague, so they can keep up with the latest news, events and ideas that are helping Midwest companies develop businesses in Japan and with Japanese companies. For a FREE subscription delivered quarterly via e-mail, send name, title, company/organization name, address, phone number and e-mail address to Kelly_Highland@jetro.go.jp