

## Teaming up with Foreign Corporations Investing in Japan's Future

*Japan as seen from abroad. What are the objectives of foreign firms that see business opportunities in the Japanese market?*

### Corporations increasing investment in Japan after the quake

“Unfortunately, [the earthquake has had] a considerable impact. . . [but] Umicore will not change its existing business and investment plans in Japan. We decided to press on with the launch of operations at the Kobe plant scheduled and our investment plans in other cities according to our initial schedule.” Marc Grynberg, CEO of Umicore, a global corporation producing performance materials, made that comment in an interview with JETRO.<sup>1</sup>

Umicore, whose headquarters are in Brussels, Belgium, has built a plant to produce cathode materials for lithium-ion batteries on Kobe Port Island. Production there began in June, 2011. Prior to its going on line, Grynberg, the Umicore CEO, came to Japan to hold the Umicore Group directors meeting in Japan from April 19-21, shortly after the earthquake.

It was reported immediately after the March 11 earthquake and thereafter that many foreign firms with branches in Japan were moving their headquarters functions to western Japan or out of Japan entirely. As a full picture of the disaster gradually emerged and fears of economic stagnation grew, the breakage of supply chains due to halting production at plants in the disaster area and electric power shortages after the nuclear power plant accident left many in Japan feeling anxious about the future.

But while the outlook for the Japanese economy seemed increasingly uncertain, Umicore was not the only foreign corporation to continue to see high potential in the Japanese market. IKEA Japan, the Japanese branch of the Swedish furniture manufacturer and retailer, is another. Its President & CEO, Mikael Palmquist, says that the company has not changed its business activities in Japan after the quake. In fact, it is planning further investments, to accelerate the expansion of its business here. “IKEA has been so welcomed and appreciated by so many customers [in Japan], so it’s an important market for IKEA,” Palmquist said. “And, looking into the future, it seems like the home is becoming more important and that people will be spending more time at home, which is beneficial for IKEA, because we want to offer a better everyday life at home for many people.”

Japan is now facing urgent problems in its post-quake recovery and reconstruction after the earthquake. A significant decrease in demand in the wake of the financial crisis of 2008 and the strong yen, which has been

setting new highs, are among the challenging conditions affecting corporate revenues. Yet there are foreign firms such as Umicore and IKEA that have seen business opportunities in the Japanese market and are increasing their investments in Japan.

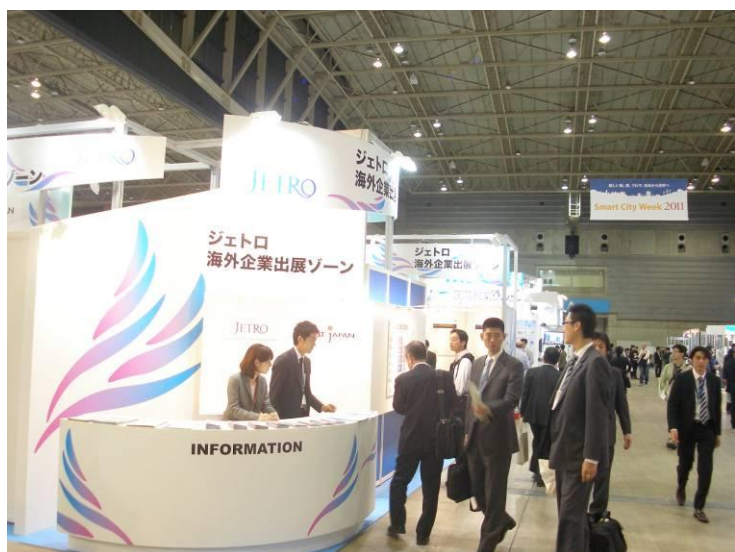
Perhaps the view from abroad can help identify business possibilities that might otherwise be overlooked. What opportunities do foreign corporations see in the post-quake Japanese market?

## **Expansion of the market related to energy conservation and new energy sources**

The fear that investment in Japan by foreign firms might decline in the year or two after the quake was a further source of unease in Japan, already greatly shaken by the quake. It was in that context, that JETRO planned the JETRO Zone in the Smart City Week 2011 exhibition, held in Yokohama in October, to encourage foreign corporations to establish operations in Japan. Despite what seemed a cloudy outlook for the future, twenty-seven foreign firms applied to exhibit in the JETRO Zone. After screening the applicants in terms of type of business, potential for expansion, and interest in investing in Japan, we chose thirteen companies. (Twelve were companies coming from overseas for the event and one a foreign-affiliated company that had already established a business in Japan.)

The participating firms included six from the United States, the largest group, followed by three from Germany and one each from France, Canada, and Israel, plus one Swiss company that had already established operations in Japan. <sup>ii</sup>

The purpose of Smart City Week 2011, which included both a conference and an exhibition, was to inform the world about the Smart City concept and products, technologies, and materials related to the smart grid and new energy sources. Since businesses in those areas are expected to expand in Japan, JETRO saw Smart City Week 2011 as an opportunity to attract foreign firms. It both provided assistance for foreign firms taking part and



JETRO Zone for overseas companies at Smart City Week 2011

arranged business meetings with Japanese firms, providing opportunities to meet with potential partners in order to build alliances aimed at expanding or establishing businesses in Japan.

For the JETRO Zone participants, JETRO selected foreign firms with technologies related to energy conservation: smart-grid related projects, solar and wind power generation technologies and products, lithium-ion batteries and other rechargeable storage related products, LEDs, and energy management systems (EMS).

Day4 Energy Inc., the Canadian participant in the JETRO Zone, supplies photovoltaic technologies for manufacturing solar modules for residential, commercial, and public project use as well as services and manufacturing solutions. Its Director of Marketing, Justin Lacey, explains the company's business model as licensing its patented solar module manufacturing technologies to other companies, so licensing fees generate its revenue stream. Its major markets are Germany, Italy, and the UK. While Day4 Energy thinks the U.S. market may have potential, it is the Japanese market, thanks to Japan's introduction of the feed-in tariff system, that it sees as having potential for growth. The company thus has high hopes for its business in Japan.

It is not just the scale of the market that is drawing attention to Japan. Lacey noted that Japan's many high-tech companies include possible business partners in Japan for manufacturing high quality solar modules. Also, while protecting intellectual assets is a concern in some countries, Day4 Energy can do business with confidence in Japan. The company is thus aiming to establishing a base here.

### **Feed-in tariff system is creating new markets**

The feed-in tariff is a system to support renewable energy by setting, by law, the price at which it is to be purchased by electric power company. It gives preferential treatment to those setting up solar, wind, or other renewable power generation systems by requiring that the power companies buy the electricity generated there at a price set by law, thus encouraging the spread of renewable power generation.

The Act on Purchase of Renewable Energy Sourced Electricity by Electric Utilities was approved on August 15, 2011, during the 177th session of Japan's Diet.<sup>iii</sup> This legislation, which goes into effect on July 1, 2012, requires that electric utilities purchase electricity generated by renewable energy sources (solar, wind, geothermal, biomass) on a fixed-period contract at a fixed price.

ABB Japan, the Japanese branch of Swiss engineering company ABB, has been assessing the impact of the new law. Its marketing and business development manager, Hiroyuki Takahashi, observed, "The newly introduced feed-in tariff is expected to lead to a marked increase in firms entering the renewable energy field. Who the major

players in that market will probably be sorted out within the next two years, so getting into it soon is essential.”

Takahashi has positive expectations about businesses related to energy conservation and new energy sources. “In the next two years, competition in the renewable energy field in Japan is expected to grow fierce, then settle down in, say, five years. Also, with the spread of power generation from renewable sources, including solar, wind, and geothermal power, society is going to become aware of the need for a smart grid, and businesses in related fields will be created.”

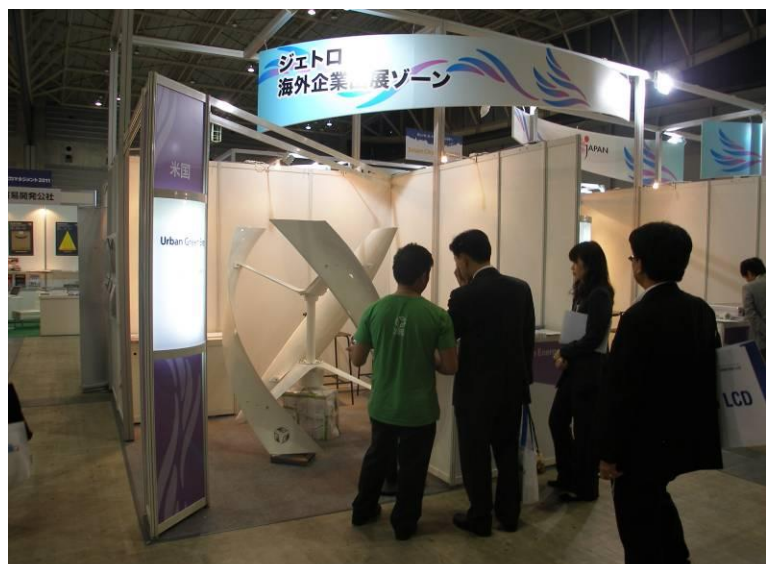
“In Japan, direct-current components (from modules to inverters) for large-scale solar energy projects are required by law to be designed for 600V direct current transmission. The global standard, however, is 1,000V. Assuming Japan uniformly adopts the international IEC standard, it would be possible to design 1,000V transmission equipment for Japan. Then, the introduction of the feed-in tariff would lead to the appearance of new plants designed to meet the 1,000V standard.”

ABB, a proud leader in power and automation technologies, employs 130,000 in a hundred countries throughout the world. The ABB Japan Group has about 700 employees. Takahashi of ABB Japan notes, “Now we will be able to put to work the knowledge and experience in power generating systems that we’ve built up in Europe. We have products, technologies, and expertise that Japanese companies have yet to introduce, so business opportunities will be expanding for us.” Through exhibiting in the JETRO Zone, ABB Japan made new contacts with Japanese firms, he told us.

Urban Green Energy, a JETRO Zone participant from the United States in the wind power generation field, attracted great interest. During Smart City Week, it exhibited an actual small-scale vertical axis wind turbine. Small it may be, but the wind turbine, which dominated its booth, enthralled visitors (see the photograph).

One of the world leaders in small wind turbines and renewable energy systems, Urban Green Energy has over 100

companies serving as its agents and has installed facilities in fifty countries. In addition to the vertical axis wind



The vertical axis wind turbine exhibited by Urban Green Energy of the United States.

turbine that is a sine qua non for small wind power generators, it designs, manufactures, and markets battery-backup hybrid street lighting (using wind and solar power) and electric vehicle charging stations powered by its wind turbines.

Taka Koizumi, who came to Japan to be in charge of Urban Green Energy's business development here, explained the distinctive features of its products: "UGE understands that homeowners and business deserve the ability to control where their energy comes from. We are providing solutions to our customers that allow them to do just this, by designing distributed turbines and hybrid systems which are versatile and reliable. Our customers value our ability to innovate, and we have responded to this by designing turbines which are silent and built for long-term reliability, maximizing convenience for our end-users. Not only are our turbines powerful and high performing, but also our design is quite unique--many people tell us that our turbines could be mistaken for a modern art sculpture!"

Participating in the smart grid field was Micropelt GmbH, a German company that manufactures and sells thermal energy harvesting solutions that make use of a thin-film process for thermal power generation. Thermal energy harvesting refers to the conversion of the temperature differences that occur in many settings into small amounts of electrical power.

Dr. Hidetoshi Nishi, chief technology officer at Micropelt's office in Tokyo, explained, "Our thermogenerator chip can create 1 milliwatt of electricity from a 10°C temperature difference. For example, using this chip, it is possible to make microsensors (for temperature, pressure, humidity, vibration, lighting, or locational information, for example) and actuators (switchers, bulbs, displays) that do not need batteries."

A key sales point, he noted, is "Such self-powered devices do not need batteries (guaranteed for ten years), so maintenance costs can be radically cut. Because they do not have batteries that need to be replaced, sensors powered by our product are ideal for use in spaces too cramped for a human being to enter." Nishi predicts that demand will rise. "Because our thermogenerator chips make batteryless sensors possible, with the automation of smart grids, smart meters, motors, buildings, and factories, we expect that the opportunities for utilizing our chips will be on the increase."

Micropelt is a spin-off from Infineon Technologies, which is based in Munich. It has been working on expanding into Japan since December, 2009. "Interest in energy harvesting rose after the earthquake, and specific inquiries about our products have increased," Nishi told us. He regards the Japanese market as having great potential.

## Japan as the Asian base

Mag-Isover, part of France's Saint-Gobain Group, signed a location agreement with Mie Prefecture on September 8, 2011, to build its new fiberglass factory in the city of Tsu, Mie Prefecture. The plant is to go into operation in 2014. The decision to build it in the New Factory Hisai Industrial Park in Tsu came about through cooperation by Mie Prefecture and Tsu and information provided by the Invest Kansai desk at JETRO Osaka.

Mag-Isover is interested in investing to contribute to the reduction of energy consumption, a high priority issue for Japan. Having observed that 30-40 percent of energy consumption in Japan occurs in homes and other buildings, the company believes that reducing energy consumption for heating and cooling by insulating homes will play a major role in future energy conservation measures. The Tsu factory is its fourth manufacturing facility and will be the largest producing fiberglass for residential insulation in western Japan. The new factory, in which the company is investing about ¥15 billion, will employ about 100 people.

As that example shows, foreign companies' decisions to locate in Japan benefit regional economies and create employment. To make Japan once again the location of choice in Asia, the Japanese government has published objectives for doubling employment by foreign companies in Japan through encouraging high-valued-added global corporations to locate here and for doubling direct inbound investment.<sup>iv</sup>

To implement those strategies, the Cabinet Office's "Measures in Response to Yen Appreciation and Deflation" (October 8, 2010) promote making Japan the Asian Business Hub through support for attracting the Asian headquarters and R&D facilities of global corporations to Japan. By building on Japan's strengths, these measures aim to make economic growth in Asia pay off in sound economic growth in Japan.

One aspect of government efforts to attract companies to locate in Japan and make Japan the Asian Business Hub is its Subsidy Program for Projects Promoting Asian Site Location in Japan. This program, by subsidizing the location in Japan of high-valued-added facilities such as regional headquarters and R&D centers, pulls in companies with high-valued-added capabilities that are a good match for Japan's strengths and promotes the building of industrial clusters, to achieve sustainable economic growth in Japan.

For the fiscal 2010 project, a call for applications was issued and the successful applicants selected based on scrutiny by a third-party committee consisting of outside experts. The result was the selection of five companies from the United States, France, and other countries that will now be building R&D centers in Japan. JETRO serves as the secretariat for the Subsidy Program for Projects Promoting Asian Site Location in Japan.<sup>v</sup>

## **Fostering industrial clusters**

Umicore, the Belgian company mentioned at the beginning of this article, is known as a manufacturer of specialty materials, including automotive catalysts and the materials used in electrodes for rechargeable batteries. It has also proactively engaged in environmental preservation efforts, including the recovery of rare metals from cell phones and personal computers.

In Japan, Umicore, with an eye to future demand for rechargeable batteries for electric vehicles, decided to establish a factory in Kobe for producing materials for batteries, as well as a technical center there. It has invested ¥4 billion in these facilities, where it plans to create 40 new jobs. Japan's Ministry of Economy, Trade, and Industry provided assistance for the company's expansion in Japan through its program of support for job-creating low-carbon industries. Kobe and JETRO aided it in its choice of a location.

Why is the Japanese market attractive to Umicore? Grynberg, its CEO, responded as follows: "Japan is a very important market for us as many important technologies are being developed in Japan. Many of the materials that we deal in have close relationships with Japanese technologies. One example is electric vehicles, where Japan is a world leader, with many leading companies based here. It is crucial for the Umicore group as a whole to demonstrate our presence to these leading companies and our existing Japanese customers, and to underline our commitment to the Japanese market."

Post-quake electric power shortages following the earthquake have been a major threat to the Japanese economy, while the rolling power cuts that were implemented to prevent critical shortage of electricity have greatly increased awareness in Japan of the need for energy conservation. Coming on top of efforts to counter global warming, a new awareness of the need for energy conservation and for the utilization of new energy sources found in both individuals and corporations. The result of that changing consciousness will spur the expansion of markets related to energy conservation and new energy sources. Since many foreign corporations tell us that "Business partners who are thoroughly familiar with the market are essential for doing business in Japan," business opportunities for foreign corporations mean opportunities for Japanese corporations as well.

**Projects selected in the Fiscal 2010 Subsidy Program for Projects Promoting Asian Site Location in Japan**

Company	Headquarters	Project in Japan	Field
DAiSOL Japan	Australia	R&D center	Next-generation solar batteries
Dou Yee International Private Limited	Singapore	R&D center	Liquid-crystal displays
Eurocopter Japan T&E	France	R&D center	Special purpose helicopters
salesforce.com	USA	R&D center	IT services
Zydus Pharma	India	R&D center	Pharmaceuticals

Mikihiko Shimizu

Director of the Invest Japan Promotion Division

<sup>i</sup> The interviews with Umicore and IKEA Japan are available on the JETRO website ([www.jetro.go.jp/en/earthquake/](http://www.jetro.go.jp/en/earthquake/)).

<sup>ii</sup> For a list of participants, see [http://www.jetro.go.jp/events/event\\_items/20110824403-event/SCWshousaiban.pdf](http://www.jetro.go.jp/events/event_items/20110824403-event/SCWshousaiban.pdf) (Japanese only)

<sup>iii</sup> [www.enecho.meti.go.jp/saiene/kaitori/2011kaitori\\_gaiyo.pdf](http://www.enecho.meti.go.jp/saiene/kaitori/2011kaitori_gaiyo.pdf) (Japanese only)

<sup>iv</sup> The New Growth Strategy (Cabinet Decision, June 18, 2010) set as an objective to “Promote domestic reforms to double the flow of people, goods, and money” and included measures to promote international trade and indirect inbound investment and increase flows of people.

<sup>v</sup> The government is continuing the Subsidy Program for Projects Promoting Asian Site Location in Japan in fiscal 2011. 10 projects were selected for the Japanese Fiscal Year 2011 Subsidy Program.

[http://www.meti.go.jp/english/press/2011/1221\\_01.html](http://www.meti.go.jp/english/press/2011/1221_01.html)



## Keeping strong business ties alive

*Miyagi's marine products sector works to make a comeback from the Great East Japan Earthquake; companies target Hong Kong exports once again*

The Miyagi Food Processing Technology Cooperative, comprising 15 marine products processing companies from Sendai, Shiogama, Minami Sanriku and other areas in Miyagi Prefecture, first began exporting overseas after participating in the October 2010 “Yamagata and Miyagi Food Sampling and Business Conference in Hong Kong,” an event organized by JETRO Sendai at the behest of Miyagi Prefecture. The Cooperative received a formal order from a Hong Kong firm for regular bi-monthly exports of around 450 kilograms of Sanriku region's specialty products (including sea squirts, kelp, dried Japanese armorhead, farmed silver salmon and arabesque greenling paste). The group was all set to expand from Hong Kong into other overseas markets.



Marketing fishery products of Miyagi prefecture at the “Yamagata and Miyagi Food Sampling and Business Conference in Hong Kong 2010”

Then the great earthquake struck, hitting many of the Cooperative's members hard and forcing four of its 19 affiliated companies to leave the group. Water levels around the Cooperative's Shiogama offices reached waist height at one point and most of its vehicles and equipment were washed away. As if this wasn't enough, the organization was then damaged by unfounded rumors following the accident at the Fukushima nuclear plant. As Hong Kong's residents continuing to steer clear of Japanese foodstuffs, the future looked bleak for Miyagi's marine products export industry.

Though orders didn't drop completely to zero straight after the quake, the situation worsened as time went by. According to the Cooperative, its members were still receiving substantial orders as of April 7, but with companies struggling to restore damaged infrastructure (refrigerated warehouses, etc.) and maintain supplies of raw materials, shipment volumes dropped to as little as 120 kg. The organization received requests for an extra 210 kg in May but was only able to supply around three quarters of this. Orders began tapering off until the point where they had fallen to one tenth of pre-disaster levels by September.

The main factor behind this decline was the inability to fulfill orders, a fact that saw Miyagi's goods replaced by other products on Hong Kong's shelves. As Kenichi Sasaki, the Cooperative's Executive Director, ruefully explains—"Importers can't just leave shelves empty. They won't wait around forever for a product to be delivered, no matter how good it is." At the same time, buyers of retail goods have sometimes refused to handle products whose packaging would carry Miyagi or Sendai labels. These two cases—of cancelled purchases due to damaging rumors and of importers switching to other products on the back of supply problems—have occurred on numerous occasions.

Despite this, the Cooperative still harbors a strong desire to break back into the Hong Kong market and Executive Director Sasaki is very eager to get the group back on its feet. He has travelled to Hong Kong and worked with local buyers to try to drum up business again with retailers, Japanese restaurants and others who ordered the products before the quake hit. He is also gathering information in Shanghai and Qingdao to look into how restrictions on exports of Miyagi products to mainland China, in effect as of November 2011, might be lifted.

"Our group's mission is to promote Sanriku's marine products overseas," he explains. "However, the nuclear accident is putting a massive burden on fishers, manufacturers and retailers. The government has still not formulated a recovery plan and facilities at the fishing ports and surrounding areas have not been rebuilt. Infrastructure like refrigerated warehouses was hit particularly hard, leading to a shortage of raw materials and soaring prices. It upsets me that we have been unable to meet these orders, despite our best intentions. For better or worse, Hong Kong is a very fickle market. This is my second year in overseas PR and I have managed to forge many ties during this time. What worries me most right now is the idea of completely losing the trust we have built up with our clients and other parties. The radiation issue has scared many people and it will be difficult to restore confidence just through the PR activities of a few small and medium-sized businesses alone. In order to maintain these relationships, the government and relevant bodies need to take the lead in rebuilding infrastructure swiftly and providing our global partners with the information necessary to regain their trust."

Despite the disaster, these companies still have the desire and the capability to start exporting again. The seeds of hope need to be nurtured through the maintenance and building of strong ties with overseas firms. The question now is, what can be done to promote these goals?

Keisuke Mizuno

JETRO Sendai

## Taking Action, Talking, Erasing the Rumors

*Damaging rumors are a major obstacle to Fukushima's recovery. Pointing to small and medium sized firms vigorously pursuing business both at home and abroad is a powerful way to erase those rumors.*

Following the great earthquake and tsunami in northeastern Japan and the nuclear plant disaster at Fukushima No. 1, the word "Fukushima" is now known the world over. Whenever I travel overseas, the first thing I am asked is, "Are things OK in Fukushima? How's it going there?" I am grateful for everyone's concern. The reality is, however, that the media overseas now provide little news from Fukushima. Since most people have no idea what has happened since the disasters, it is only natural to hear these questions.

As the lyrics to the song "I love you, I need you, Fukushima" by the band Inowashirokozu, whose members were born in Fukushima, tell us, Fukushima stretches from east to west and is divided into three districts, Hamadori (along the coast), Nakadori (in the center), and Aizu (further inland). All three districts suffered damage, to varying degrees. The biggest obstacle now to Fukushima's recovery, however, is not quake damage but damaging rumors, and, unfortunately, the rumors run deep and cannot be instantly countered, both in Japan and overseas.

Still, one critically important effort, low key as it may be, is for firms based in Fukushima to participate actively in exhibitions and trade shows throughout the world, so that, over time, they can get across the message that business is returning to normal in Fukushima. With this thought in mind, I would like to introduce several Fukushima-based firms that are pursuing business opportunities overseas.

Sagara Printing House, which is located in Koriyama City, participated in the 110th Guangzhou Trade Fair in October 2011 in Guangzhou, China. It participated for two reasons. The first was to see for itself if its Pad-Kun optical mouse pad would attract attention in global markets. Second, it wanted to show other Fukushima-based firms that even small firms like itself were still active and aggressively pursuing business, to encourage them to do likewise.

This trade fair was the first at which the firm had exhibited its products outside Japan,



Hiroyuki Sagara (right), President of Sagara Printing House, in business talks at the Guangzhou Trade Fair in China.

but Sagara president Hiroyuki Sagara's nervousness was soon dispelled. Many Chinese and other buyers expressed interest in the firm's products, they held 140 business were held, and 50 seemed productive. Sagara is now working hard to develop a sales system for his products. "Fukushima firms mustn't be pessimistic," he says. "It is important for more firms to participate in trade shows and exhibitions overseas to demonstrate that Fukushima is alive and well," as he said, when, following his return from China, he was interviewed by a local newspaper.

Saiei Orimono Co., Ltd. is based in Kawamata-cho in Idate-gun, Fukushima. In October 2011, it participated in a local TV broadcast, "Small Factories Strike Back," in which it described its efforts to develop its overseas business. Managing Director Eita Saito, who is only 30, is devoting himself to the revival of Kawamata-cho's silk industry. He believes that participating in overseas trade shows and exhibitions will drive the industry's recovery. Even before the earthquake, he was making active use of JETRO support for export-driven businesses. While continuing to struggle with the damage caused both by the earthquake and the rumors that have followed it, he continues to seek business partners at home and abroad to promote what he calls the sheerest silk fabric in the world.

Medicine is another area with great promise for Fukushima's future. Before the earthquake, Fukushima Prefecture was already eyeing medical care as an area for development. It provided support for Fukushima-based firms participating in the 2011 MEDICA international medical devices show in Germany. As it turned out, however, many of the firms intending to participate were severely damaged in the earthquake and it seemed like the plan would have to be abandoned. In the end, however, four firms whose production lines were back to normal were able to participate in MEDICA in November, resulting in global exposure for medical devices produced in Fukushima.

We believe that by seizing opportunities as these firms have done, other small and medium-sized Fukushima firms can demonstrate the real state of Fukushima today and do much to dispel unfounded rumors both in Japan and overseas.

Tadayuki Tsunoda  
JETRO Fukushima

## **The road to post-disaster recovery leads overseas**

*Iwate's businesses are trying to recover from the impact of the 3.11 great earthquake. We introduce three companies who are looking overseas for the way forward.*

### **Kondo Shoten**

**(A marine products producer and wholesaler, Kamaishi City)**

In a regular year before the earthquake, Kondo Shoten would export around 10 tons of abalone and other marine products through a trading firm. The company was hit hard by the disaster though, with the tsunami sweeping away its offices, processing factories, refrigerated warehouses and ships. It also lost its source of raw materials after its fishing grounds were destroyed. In June 2010, JETRO had selected Kondo Shoten for the “JETRO Identification and New Market Development Program for Japan-made Products with Global Potential”, and moves were afoot to begin exporting its marine products directly to Asian markets such as Hong Kong and South Korea. It was sad enough that these initiatives were shelved following the disaster and that the support the firm would have received as an eligible company for JETRO's program has also been put on hold for now.

Although Kondo Shoten faces an uphill struggle to break into new global markets at this moment in time, the company has not given up its dream of overseas expansion. It is already raring to go again in October 2011 when it attended the “Food Business Matching in Hong Kong,” an event organized as part of JETRO's earthquake recovery support activities, where this company had opportunities to discuss the market entry possibilities with eight local businesses and expects to bear fruit in two deals as a result.

### **Sawagiku**

**(A confectionary manufacturer, wholesaler and retailer, Kuji City)**

Also located along the coast, Sawagiku suffered considerable human losses and other damage as a result of the earthquake and tsunami. Furthermore, since the company deals with foodstuffs, it was hit hard by rootless damaging rumors about radioactive contamination following the accident at the nuclear plant. In January 2011 before the quake, the firm participated in the JETRO-organized Business Matching for Food Export in Morioka, where it held promising talks with a Hong Kong customer. It was also planning to hold its sales promotion event in Hong Kong in March as a result of the business matching, which was once considered to be difficult to carry out.

Fortunately, the concerns of Hong Kong consumers began to ease off and Sawagiku managed to obtain the understanding of its counterparts there, which led the company to finally able to go ahead with the sales promotion and some business meetings in June with better-than-expected results. The company also took part in the aforementioned Food Business Matching in Hong Kong and has now moved closer towards its goal of carving out some direct business opportunities.

## Oigen

**(A manufacturer and retailer of Nambu cast iron ware, Oshu City)**

With a proven track record of exporting to Europe, the US and China, Oigen is now forging ahead into new overseas markets. The company was previously selected for the “JETRO Identification and New Market Development Program for Japan-made Products with Global Potential” and concluded a local sales agreement with an Australian company in February 2011.

Then the earthquake struck. Although the company was located inland, it was still hit hard by the disaster. The company’s furnace shut down immediately after the quake due to a power cut, which brought the remaining iron melted inside into a solidified state. Production was also hampered after the disaster by quake-damaged buildings and a temporary shortage of raw materials. Just as the company was managing to get back on its feet, it was then hit by damaging rumors over radioactive contamination. It was fortunate that the company finally managed to assuage such rootless concerns by providing data and explanation, including the results of radiation-level tests on its products, in a timely manner, to which JETRO contributed much.

Despite all these, Oigen has continued to push on into new markets overseas., sending a senior executive on the JETRO-organized Trade Mission to China in October, for example. It has also made notable steps towards expanding sales within Australia. Also in October, the firm’s president was invited over to Australia by local partners to take part in the Sydney International Food Festival (SIFF), and tried to promote its unique cooking utensils that



Iwate was the most represented prefecture in the “Trade Mission to China,” with six companies taking part.

combine new technology with traditional *Nambu* ironware manufacturing methods. The company, for example, held a publicity event aimed at influential restaurant chefs and local media organizations, which was a good opportunity to present the products directly to potential end users, rather than just to handling stores. This ambitious approach included promotional activities involving visual media as well as cooking demonstrations using actual Oigen products. All these efforts are expected to bear fruit from now on.

Michiro Hayashi

Chief Director, JETRO Morioka