

Growing Together



Japan & Los Angeles County



Celebrating Economic Development Leadership

LAEDC

LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION

Growing Together Japan & Los Angeles County

The Fast Facts

- ▶ Japan is the #1 source of Foreign Direct Investment (FDI) into L.A. County
- ▶ Japan is the #2 trading partner of the Los Angeles Customs District (LACD)
- ▶ L.A. County is home to the largest Japanese-American Community in the U.S.

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The LAEDC, the region's premier business leadership organization, is a private, non-profit 501(c)3 organization established in 1981.

As Southern California's premier business leadership organization, the mission of the LAEDC is to attract, retain, and grow businesses and jobs for the regions of Los Angeles County.

Since 1996, the LAEDC has helped retain or attract more than 163,500 jobs, providing \$8.0 billion in direct economic impact from salaries and more than \$136 million in tax revenue benefit to local governments and education in Los Angeles County.

Regional Leadership

The members of the LAEDC are civic leaders and ranking executives of the region's leading public and private organizations. Through financial support and direct participation in the mission, programs, and public policy initiatives of the LAEDC, the members are committed to playing a decisive role in shaping the region's economic future.

Business Services

The LAEDC's Business Development and Assistance Program provides essential services to L.A. County businesses at no cost, including coordinating site searches, securing incentives and permits, and identifying traditional and nontraditional financing including industrial development bonds. The LAEDC also works with workforce training, transportation, and utility providers.

Economic Information

Through our public information and for-fee research, the LAEDC provides critical economic analysis to business decision makers, education, media, and government. We publish a wide variety of industry focused and regional analysis, and our Economic Forecast report, produced by the Kyser Center for Economic Research, has been ranked #1 by the Wall Street Journal.

Economic Consulting

The LAEDC consulting practice offers thoughtful, highly regarded economic and policy expertise to private- and public-sector clients. The LAEDC takes a flexible approach to problem solving, supplementing its in-house staff when needed with outside firms and consultants. Depending on our clients' needs, the LAEDC will assemble and lead teams for complex, long-term projects; contribute to other teams as a subcontractor; or act as sole consultant.

Leveraging our Leadership

The LAEDC operates the World Trade Center Association Los Angeles-Long Beach (WTCA LA-LB), which facilitates trade expansion and foreign investment, and the LAEDC's Center for Economic Development partners with the Southern California Leadership Council to help enable public sector officials, policy makers, and other civic leaders to address and solve public policy issues critical to the region's economic vitality and quality of life.

Global Connections

The World Trade Center Association Los Angeles-Long Beach works to support the development of international trade and business opportunities for Southern California companies as the leading international trade association, trade service organization and trade resource in Los Angeles County. It also promotes the Los Angeles region as a destination for foreign investment. The WTCA LA-LB is a subsidiary of the Los Angeles County Economic Development Corporation. For more information, please visit www.wtca-lalb.org.

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WORLD TRADE CENTER ASSOCIATION
LOS ANGELES - LONG BEACH



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Japan at a Glance

- ▶ **Slightly smaller than the size of California (in terms of territory) and a bit larger than Italy**
- ▶ **Population** – approximately 127 million – 10th largest in the world (has remained near this figure for the past decade, in fact birthrates have been declining since the mid 1970's)
- ▶ **47 administrative divisions called prefectures** – (Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima, Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano, Gifu, Shizuoka, Aichi, Mie, Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama, Tottori, Shimane, Okayama, Hiroshima, Yamaguchi, Tokushima, Kagawa, Ehime, Kochi, Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Okinawa)
- ▶ **8 regions** – (Hokkaido, Tohoku, Kanto, Chubu, Kinki/Kansai, Chugoku, Shikoku, Kyushu-Okinawa)
- ▶ **Parliamentary government with a constitutional monarchy**
- ▶ **Chief of State** – Emperor Akihito (since 1989)
- ▶ **Head of Government** – Prime Minister Naoto Kan (since June 2010)
- ▶ **New government came into power in 2009** – the Democratic Party of Japan (DPJ) – the Liberal Democratic Party (LDP) had been in power since after WWII
- ▶ **Ambassador to the U.S.** – Ichiro Fujisaki
- ▶ **Consulate General of Japan in Los Angeles** – Consul General Junichi Ihara

Japan's Economy at a Glance

- ▶ **Japan's GDP in 2010 was \$5.5 trillion (based on current official exchange rates – in nominal terms)**
- ▶ **Third largest economy in the world based on current exchange rates, recently surpassed by China in 2010**
- ▶ **Japan's economic growth averaged 10% a year in the 1960's, 5% in the 1970's and 4% in the 1980's (in real terms – adjusted for inflation)**
- ▶ **Second largest economy in the world from 1968 to 2010**
- ▶ **Current Account Balance** (defined by the sum of the value of imports of goods and services plus net returns on investments abroad, minus the value of exports of goods and services) – 2nd largest in the world at \$196 billion
- ▶ **10 Main Ports** – Chiba, Kawasaki, Kobe, Mizushima, Moji, Nagoya, Osaka, Tokyo, Tomakomai, Yokohama
- ▶ **GDP composition by sector** – services 75%, industry 23%, and agriculture 2%
- ▶ **2nd highest amount of total foreign exchange reserves** – over \$1.0 trillion
- ▶ **8th largest labor force in the world** – over 66 million
- ▶ **Per capita Income** - \$39,573 or \$32,817 in purchasing power parity (PPP)*
- ▶ **Nationwide saving rate** – just above 2%, used to have the highest of the industrialized nations back in the 1980's at 15%
- ▶ **Size of middle class** – roughly 125 million – 2nd largest in the world after the U.S.

All based on the most recent data available

**Purchasing Power Parity – A nation's GDP at purchasing power parity (PPP) exchange rates is the sum value of all goods and services produced in the country valued at prices prevailing in the United States. This is the measure most economists prefer when looking at per-capita welfare and when comparing living conditions or use of resources across countries.*

Executive Summary



Los Angeles County and Japan are two places that have grown, and continue to grow closer together, by building a mutually beneficial relationship over the past 120 years. The peoples of Japan and Los Angeles County have developed a very special bond due to this long shared history. Japan's impact on Los Angeles County can be felt both personally and economically. Indeed, Japanese-Americans have had a noticeable effect on the socio-economic fabric of the Los Angeles region. The futures of Los Angeles and Japan are likely to be tied together. The close connections forged in the past and new possibilities that will open up in the future are highlighted in this special report.

► Overview of Report

- The objective of the report is to describe the long, deep and growing bonds between Japan and Los Angeles County and how they have impacted the development of both places.
- First, this report provides an overview of the scope of the ties between Japan and Los Angeles County beginning with the historical ties.
- Second, the report highlights the personal connections between Japan and Los Angeles County, including the educational, cultural and network ties.
- Third, the analysis presents the economic links between the two with a focus on the critical trade links.
- Fourth, the report explains the significant role played by Foreign Direct Investment ("FDI") and identifies some key industry sectors for investment going forward.
- Fifth, the study provides some details about the business and financial links between the two areas by profiling firms that are based in Los Angeles County and present in Japan (and some not based in LA County, but with Japan operations closely tied to LA County offices) followed by profiles of some major Japanese firms with U.S. or North American headquarters in Los Angeles County.
- In the final sections of the report, we describe some of the challenges and opportunities that lie ahead for this partnership and present some recommendations to further solidify and grow the relationship.

► Historical Ties

The Japanese were the second group of Asian immigrants to come to the United States. The first wave of Japanese immigrants came to the U.S. in the late 1800's. These immigrants were recruited to Hawaii to work on the sugar plantations and then many began to make their way to California. In 1870, the U.S. Census showed that there were 55 Japanese residents in the U.S. and the majority lived in California. The history of the Japanese in Southern California really began in the 1880's & 1890's and by 1900 there were roughly 500 Japanese living predominantly in Los Angeles County. By 1920, almost 20,000 Japanese citizens lived in Los Angeles County, mostly working in the agricultural industry. The 1930 U.S. Census showed that Los Angeles County still had the largest Japanese population at over 35,000, while California's total Japanese population moved close to 100,000. In 1940, the Japanese resident population figures for California did not change by much and actually slightly declined.

Executive Order 9066, authorizing the incarceration of Japanese Americans in internment camps following the bombing of Pearl Harbor, marked the start of a dark chapter in U.S. history. More than 120,000 Japanese Americans, at least one-quarter of them from Los Angeles County, were rounded up and moved to remote prison camps for the duration of the war years. Many of those who were interned lost their homes, businesses, and life savings, little of which was ever recovered.

By 1950, the total Japanese population in California had declined to roughly 85,000 and Los Angeles County continued to have the largest population, with nearly

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40,000 Japanese American residents. The next decade leading up to 1960 saw the Japanese American community in California double in size, reaching nearly 160,000 residents. Los Angeles County continued to lead the state in total Japanese American population, which almost doubled in size reaching 78,000 residents.

In the 1970's and 1980's, Japanese companies started to contribute greatly to the U.S. economy, as goods—particularly cars and then consumer electronics—investment, employment, and technological advances all arrived. The economic impact to the Southern California economy was substantial and it continues to this day.

Presently, more than 250,000 Japanese Americans live in Southern California including 50,000 Japanese nationals. More than 100,000 people of Japanese heritage live in Los Angeles County.

▶ Personal Ties

The Japanese culture has always emphasized the importance of education throughout its dynamic history. As the economy flourished, particularly in the 1970's and 1980's, and with the advent of globalization, many Japanese students began to take advantage of the opportunity to study abroad. The U.S. has been the leading destination for Japanese students, and no other state has attracted more Japanese students than California.

As the leading gateway to the Pacific Rim, Los Angeles County has emerged as the center of Asian-American economic, business, educational and cultural exchanges. The University of California, Los Angeles (UCLA) has the highest number of Japanese students of any university in the U.S., followed by the University of Southern California (USC). Other colleges and universities also enroll many Japanese students. This report estimates that, more than 1,000 Japanese students are currently attending postsecondary institutions of learning in Los Angeles County. When they become alumni and develop successful business, professional and government careers, these students will become important new links between the two regions in the future.

Japan and Los Angeles County are tied together in many ways beside education. The personal connections between the two regions include many significant cultural ties linking the county's large Japanese and Japanese-American population. In addition, Los Angeles County has many useful business and professional associations for Japanese and Japanese-Americans along with organizations such as the Asia Society, the U.S. Japan Council, the Japan Business Association of Southern California, the Japan America Society of Southern California and the Japan Foundation. These resources go a long way in strengthening the relationship between Los Angeles County and Japan. All of these networks will continue to provide the leadership needed in order for the partnership to thrive in the future.

▶ Trade Ties

Japan transformed its nation dramatically after World War II, by building the world's second largest economy by 1968. A major factor in Japan's dramatic economic growth was the export-led development model the nation implemented beginning in the 1950's. Other critical ingredients included a very high rate of capital investment and the vertical/horizontal "keiretsu" model (which connected all factors of production and allowed the utilization of economies of scale to create some of the largest conglomerates in the world). U.S.-Japan trade increased dramatically starting in the 1950's as Japan became the U.S.'s largest trading partner. From 1962 to 2000 trade between the two nations jumped from \$3 billion to \$211 billion. During that time, Los Angeles County established very close economic ties with Japan. The Los Angeles Customs District (LACD) today handles 29% of total U.S. trade (by value) with Japan. Indeed, the ports of Los Angeles and Long Beach together handle close 25% of total trade value between Japan and the U.S.

"In fact, the growth in international trade links between Los Angeles County and Japan has contributed greatly to the economic development of the Los Angeles region."

Los Angeles has been referred to as the capital of the Pacific Rim due to its deep connections with the Asian continent. Like the personal ties, the economic ties between Los Angeles County and Japan are unmatched by any other region of the United States. In fact, the growth in international trade links between Los Angeles County and Japan has contributed greatly to the economic development of the Los Angeles region. The San Pedro Bay port complex, which includes the Ports of Los Angeles and Long Beach, is the busiest port complex in the U.S. and the fifth busiest in the world (tied with the Port of Busan in South Korea). Only Shanghai, Singapore, Hong Kong and Shenzhen are ranked ahead of the San Pedro Bay ports.

Trade between the U.S. and Japan dropped significantly during 2009 due to the global recession. However, world trade rebounded strongly last year and trade between the U.S. and Japan grew by over 11%. The "numbers" for the Los Angeles Customs District (LACD) were reflective of that comeback. Japan was the LACD's second largest trading partner in 2010 (through November), with total two-way trade valued at over \$48.3 billion. Total Japanese imports unloaded in the LACD were \$35.6 billion (#2), and total U.S. exports to Japan through the LACD came to \$12.7 billion (again #2). This gave the LACD a trade deficit with Japan of -\$22.9 billion. Japan's import-to-export ratio of 2.8 is one of the highest among the LACD's top trading partners.

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► Investment Ties

The U.S. Bureau of Economic Analysis (BEA) defines foreign direct investment as “ownership or control, directly or indirectly, by one foreign person, or entity, of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.”

Foreign direct investment (FDI) into Japan grew substantially after the war and then in the 1970's and 1980's and has played an instrumental role along with international trade in propelling Japan's economy into the top three in the world. Economic development has been especially strong in the regions that have higher proportions of FDI.

Taking a Los Angeles County view, Japan ranked as the top source of foreign-owned and -affiliated companies in Los Angeles County, according to the recent LAEDC report “Foreign Direct Investment in Los Angeles County.” That report identified 544 primary locations and 869 secondary locations for a total of 1,413 business establishments owned by companies based in Japan. The largest industry area for these establishments is retail trade (471 establishments), followed by wholesale trade (362 total establishments). Well known Japanese companies with operations in Los Angeles County include Honda, Toyota Motor Sales, Epson, Kenwood, Pioneer, and Yakult.

“Retaining that investment and attracting more direct investment from Japan is absolutely critical going forward.”

Retaining that investment and attracting more direct investment from Japan is absolutely critical going forward. Japanese companies have always seen Los Angeles as an attractive place to invest for many reasons. First, Los Angeles is a large market, with a population of more than 10 million people and 418,000 business establishments. The county has an excellent transportation network, with the two ports, an international airport, plus a well-developed network freeway system and railroads to carry goods to the rest of the U.S. The county has a world-class system of higher education with three superb research universities. Importantly, setting up abroad allows Japanese companies to avoid some of the obstacles associated with trade disputes. Finally, the large Japanese population in Los Angeles provides a “comfort factor” to Japanese business managers who move into the area.

Informed observers believe that future Japanese investments will be made in green/clean technology industries, including electric vehicles, as well as in the renewable energy sector.

Healthcare and biotech also will be likely investment areas. Other key industries likely to attract investment range from food to entertainment, to robotics and engineering to digital media (animation).

The County of Los Angeles is aggressively pursuing foreign investment from Japan and has a very strong interest in attracting green/clean technology. The World Trade Center Association Los Angeles-Long Beach (WTCA) strategy targets Japanese investment in the clean technology, automotive industry and the alternative/renewable energy industry amongst others. This section of the report also includes a list of trade and investment resources in Los Angeles County for the benefit of foreign investors along with a parallel listing of Japanese trade and economic development organizations that have offices in Los Angeles.

► Business Ties

This section of the report presents two annotated lists of companies involved in foreign direct investment activities in Los Angeles County and in Japan. The first consists of companies headquartered in Los Angeles (*Fortune 500 companies, Key Industry Cluster Firms and Others*) and having a physical presence—an office, factory, store, etc.—in Japan and companies not headquartered in LA County, but with Japan operations closely tied to LA County offices. This list includes seven LA County based Fortune 500 companies at present, with summary profiles of each firm's activities in Japan. In addition, the list includes companies from key industry clusters including financial services, professional and business services, tourism and hospitality, fashion design & production, entertainment, technology, and bio-medical. The list is surprisingly diverse—reflecting the wide variety of industry clusters in Los Angeles County. The companies range from large to small, in industries ranging from engineering to fashion, finance, law, professional services and advanced technology.

The second list includes key Japanese firms with U.S. or North American headquarters in Los Angeles County. There are a number of well-known Japanese companies and conglomerates based in Los Angeles County at present—the number is expected to grow in the future—including Honda, Toyota Motor Sales, All Nippon Airways, Japan Airlines, Alpine Electronics of America, Epson America, Kenwood USA, Asahi Beer USA, Kirin Brewery of America, Makita USA, Mitsui & Co USA, Nissin Foods USA, Pioneer North America and others. This list includes other less well known names like TEAC America, IFC International, Kubota Tractor, Multiquip, Nishimoto Trading Company, and NMB USA as well as others perhaps not so well known today but eager to participate in the Los Angeles economy.

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▶ What Lies Ahead

The report next considers the factors that will influence the future relationship between Japan and Los Angeles County. The U.S. trade imbalance with Japan used to be one of the thorniest issues in the U.S.-Japan economic relationship. One of the most important unresolved challenges involves the issue of the Japanese and U.S. currencies. Probably the most important and critical issue related to trade disputes between the U.S. and Japan has had to do with the Yen-Dollar exchange rate. Of course, this rate affects all U.S. imports from Japan and all U.S. exports to Japan. In addition, it impacts the global economy to the extent that trade and capital flows are dependent on the exchange rate. This issue has become a hot topic for the global economy as the U.S. government is extremely concerned about the overall U.S. global current account deficit. This contentious issue will surely continue to dominate U.S.-Japan trade relations and ultimately will be important to Los Angeles County-Japan trade flows. Minimizing the number of new trade disputes will go a long way in encouraging growth of Los Angeles trade patterns with Japan.

With regard to foreign direct investment, there will be strong competition from other parts of the world as well as other regions of the U.S. Still, the opportunities for Los Angeles County are many and worth pursuing. They include not only increased flows of trade but also increased employment in Japanese-owned and operated offices and plants.

The outlook for foreign direct investment from Japan into Los Angeles County is bright. Japanese companies have been and will continue to be especially attracted to the Los Angeles area as the County has the highest population of Japanese-Americans in the U.S., along with a broad economic base and the necessary business infrastructure to enable profitable returns on their investment. Los Angeles County offers Japanese companies the following: a huge market, a well-educated and trained workforce, outstanding trade infrastructure, excellent access to national and international markets, a technology rich area, first-rate apparel, auto and engineering design, the nation's largest manufacturing base, competitive costs and great weather.

The greatest opportunities for Japanese investment are in the "green"/clean tech industries, healthcare, biotech, food, and entertainment. Near term, investment will most likely occur within electric automobiles, solar energy, and biotechnology. The investment will be in the form of distribution, sales and service, research & development and regional headquarters. Other relevant opportunities are likely to be in healthcare, food, entertainment, education, digital media, construction & engineering and creative design.

▶ Conclusion

The report demonstrates that Japan and Los Angeles County have a very special relationship based on cultural and personal ties as well as trade, investment and business transactions. While trade, investment and business ties will be even more important in the future, Los Angeles County's large Japanese population, the number of Japanese students at area universities and colleges, and the area's many cultural organizations will enhance and deepen the relationship even further.

"Japan and Los Angeles County will continue to play vital roles in the California economy and for that matter in the U.S. and global economy."

The economies of Japan and Los Angeles County continue to have a lot of potential. Both locations possess the resources and tools necessary to reap the benefits of increased globalization. Japan and Los Angeles County will continue to play vital roles in the California economy and for that matter in the U.S. and global economy. The world will continue to look to Japan as a global economic engine that propels the global economy forward. Together, Los Angeles County and Japan can take the lead on pressing global issues such as renewable energy and climate change. Innovation and new technologies will come out of both Japan's and Los Angeles area research universities and institutes as both places continue to produce some of the brightest talent.

Los Angeles County is in a unique position to benefit from Japan's technology and innovation and to fortify its position as America's leading gateway with Japan. The report concludes with recommendations for nurturing the existing relationship to ensure that future ties grow even stronger in the years ahead.

Introduction



► Overview of Report

The objective of this report is to highlight the long, deep and growing bonds between Japan and Los Angeles County and how they have impacted the development of both places. This report provides an overview of the breadth and depth of the ties between Japan and Los Angeles County beginning with the historical ties. Next, the report highlights the personal connections between Japan and Los Angeles County including the educational, cultural and network ties. Third, the analysis presents the economic links between the two with a focus on the critical trade links. Fourth, the report explains the significance of the role Foreign Direct Investment (“FDI”) plays in the relationship between Los Angeles and Japan and focuses on investment prospects for the future. Fifth, the study provides a description of the business and financial links by profiling the firms that are based in Los Angeles County and also present in Japan (including those not based in LA County, but with Japan operations closely tied to the LA County office) followed by profiles of some major Japanese firms with U.S. and North American Headquarters in Los Angeles County. In the final sections of the report, we describe some of the challenges and opportunities that lie ahead for this partnership and present some recommendations to further solidify the relationship.

The Japanese Postwar Economic Miracle

After World War II, the Japanese economy developed into one of the most technologically advanced economies in the world. In fact, from the late 1950’s until the early 1990’s, the Japanese economy was heralded as the economic growth model to emulate. The years from the late 1950’s to the early 1970’s saw the highest economic growth rates, which propelled Japan from less-developed to developed status. Japan became the first country to make this transition in the postwar era. In 1968, Japan became the second largest economy in the world (in real exchange rates and in U.S. dollars) and held that position for over forty years until it was surpassed by China in 2010. The world had never seen such an economic transformation until the Japanese example. Many factors contributed to this economic miracle, and they all played a critical role in this historic era of Japanese economic history.

The strong and vibrant economic development that took place in postwar Japan can be attributed to formidable government/industry/private sector cooperation, high internal investment and savings rates, a highly educated work force with a very strong work ethic, innovative technology, a pro-free trade global environment that permitted strong exports, an abundance of cheap oil, and a small budget allocation towards defense.

In addition, it is absolutely essential to understand that Japan’s prewar history played a substantial role in Japan’s postwar development. Japan has actually experienced two periods of strong economic development. The first period of economic development began towards the end of the Tokugawa period and continued through the Meiji Restoration period leading up to World War I. During this period Japan was opened up to Western influence, banking and commerce. The most important developments during this time were the creation of urban commercial centers, financial systems, Western-based education systems, a national infrastructure, and industrialization. As a result, some of the most important pre-conditions for an economic boom were already in place for the government and the people to take full advantage of after World War II.

High and consistent rates of internal capital investment by both the private and public sectors were instrumental in launching the period of robust economic growth in Japan from the late 1950’s to the late 1980’s. Capital equipment investment in Japan ranged from 10% to 15% of GDP during the prewar period. After WWII, the Japanese government began to invest 20% of GDP towards capital equipment investment. In addition, this percentage continued to rise

The Japanese Postwar Economic Miracle (continued)

in the late 1960's and into the 1970's, reaching more than 30% at its height. Overall gross fixed capital investment reached similar levels during the postwar period, attaining its highest levels in the mid 1970's.

The importation and adaptation of foreign technology in the 1960's and 1970's allowed Japan to accelerate the industrialization process (the Ministry of International Trade and Industry – M.I.T.I. – was the key player). Investing in research and development led to breakthrough technological innovation and creativity in the late 1970's and the 1980's, which propelled Japan into a major economic powerhouse and even created expectations of Japan possibly surpassing the U.S. as the top economic superpower.

“The highly skilled workforce along with high savings and investment rates led to a high rate of productivity growth.”

As mentioned above, multiple factors also contributed to the success of the Japanese economy. Japan's flexible labor force played a key role in the transformation that took place after WWII. The size of the labor force and the fact that the labor force was educated enabled the transition from agriculture to industry. In turn, this led to rising productivity. Initially, the abundance of labor led to only moderate wage increases. This drastically changed in the 1960's as population growth declined and the island nation became increasingly industrialized. The highly skilled workforce along with high savings and investment rates led to a high rate of productivity growth.

The other key factor in Japan's stellar postwar economic performance was that the nation greatly benefitted from economies of scale¹. Very large industrial enterprise groups called “*keiretsu*” emerged during this time, which greatly increased industrial efficiency by reducing average costs and created competitive advantage. Their large size allowed Japanese industrial firms to extend their reach beyond Japan and into international markets. Japan experienced very strong export growth beginning in the 1960's (near 20% annual growth rates) and through the late 1980's.

The Japanese economy in the 1990's, as America's over the past three years was deeply impacted by a sharp collapse in the real estate market. As a result, the Japanese government and the Bank of Japan attempted to end the bubble by raising interest rates. The tightening of monetary supply led to the termination of the bubble. However, the increase in interest rates contributed to a sharp decline in the Japanese stock market. Next, this was followed by a debt crisis as a large percentage of loans became toxic assets, which ultimately led to a failing banking sector. As a consequence, many banks became unsustainable and a wave of consolidation took place.

On the other hand, Japanese firms were burdened with massive debts affecting their ability to invest in capital. All of this led to high unemployment and a prolonged recession. One of the main causes of this recession was the liquidity trap, in which consumers and firms saved too much overall, causing the economy to slow. This in turn led to a reduction in consumer spending, which triggered a deflationary recession in Japan. This decade of economic stagnation has come to be referred to as the “Lost Decade”.

Japan's recession, which started in the early 1990's, continued into the 2000's, with deflation (a decrease in the general price level of goods and services) being the main problem. Deflation began plaguing Japan in the fiscal year ending 1999, and by 2005 the yen had 103% of its 2000 buying power. The Bank of Japan attempted to create inflation with high liquidity and by lowering nominal interest rates to zero percent. On the positive side, unemployment in Japan remained relatively low in the early 2000's, and China became an increasingly important purchaser of Japanese exports.

Japan's economy has grown to be closely interconnected with the U.S. economy as a direct result of globalization. American firms have invested heavily in Japan over the years in order to participate in the remarkable economic growth that took place after World War II. Japan's top trading partner in the postwar period was the U.S. up until recently, and American consumers played a large role in fueling Japan's export-led growth. More specifically, Japan's economy is closely linked to California and Los Angeles County. An overwhelming percentage of Japanese investment and trade are tied to Los Angeles County, which will be demonstrated later in this report.

¹ *Economies of Scale*: refers to the cost advantages that a business obtains due to expansion. There are factors that cause a producer's average cost per unit to fall as the scale of output is increased. “Economies of scale” is a long run concept and refers to reductions in unit cost as the size of a facility and the usage levels of other inputs increase.

Los Angeles County Profile

America's most populous county, Los Angeles County encompasses 27% of California's population. Los Angeles County would be the eighth largest state in terms of population in the U.S. if it were a separate state. With over \$500 billion in annual economic output, Los Angeles County ranks among the world's largest economies. In fact, Los Angeles County had the 20th largest economy in the world as of 2010 estimates (measured in nominal GDP, based on official exchange rates). Its GDP was larger than Belgium, Sweden, Poland, Saudi Arabia and Taiwan utilizing this methodology.

Los Angeles County Ranked #1 in the U.S.:

▶ County population	10.4 million
▶ Asian population	over 1.4 million
▶ Labor force	4.9 million
▶ Professional/scientific/ tech services employees	over 247,000
▶ Asian-owned businesses	nearly 40,000
▶ Total trade value L.A. Customs District	\$317 billion – 2010 YTD

L.A. Firsts: Some Things Born in the Los Angeles Area

- ▶ The Internet
- ▶ The Space Shuttle
- ▶ The Douglas DC-3, the first commercially viable passenger airplane
- ▶ Disney characters: Mickey Mouse & Donald Duck
- ▶ Barbie Doll
- ▶ The Modern T-shirt (for USC in 1932)
- ▶ The Fortune Cookie
- ▶ The Mars Exploration Rovers "Spirit" & "Opportunity"
- ▶ New VW Beetle
- ▶ Epogen/Neuprogen (Bio-Tech Blockbuster Drugs)
- ▶ The multi-channel recording process
- ▶ THX Sound System (for movie theaters)
- ▶ The Modern Theme Park – Disneyland
- ▶ Celebrity PR
- ▶ The Hula Hoop
- ▶ The Aeron Chair

The Los Angeles economy has evolved into a well-rounded, diverse marketplace with a number of core competencies including higher education, creativity and design, and technological innovation. Los Angeles County is the "Creative Capital" of the world. It is home to the world's leading movie studios, television networks, video game developers and publishers, the music industry, and large numbers of creative artists, producers and distributors. Indeed, LA County has more creative establishments and creative employment than any other county in the U.S.

LA County is also the "Manufacturing Capital" and "International Trade Capital" of America. The County has the most manufacturing business establishments and employment in the nation. In addition, as a direct result of globalization, LA County has become the international trade capital of the U.S. Los Angeles County's seaports and airport are the lifelines of Southern California's thriving international trade community. Two major seaports (Port of Los Angeles and Port of Long Beach) make up the largest port complex in the nation in both cargo tonnage and containers handled. In terms of total containers processed, the port complex ranks fifth among the world's largest ports. Los Angeles International Airport (LAX) is one of the largest origin and destination (non-connecting flights) airports in the world, and the seventh busiest in the world in terms of passengers.

As to education, the County has 120 institutions of higher learning including a University of California campus, five campuses of the California State University (CSU) system, and well respected private institutions like Caltech and the University of Southern California (USC). Caltech, the University of California at Los Angeles (UCLA), and USC are world-class research universities whose faculty, students and technological developments have helped Los Angeles County become a leader in technological innovation and bio-medical research. These world renowned schools produce a continuous flow of creative talent that feeds the County's dynamic workforce. The county also has a superb support infrastructure for entrepreneurs, which includes entrepreneurial training programs at both USC and UCLA.

Los Angeles County has been a leader in advancing environmental innovation as well. As the foremost market for alternative fuel vehicles, energy efficiency and clean air initiatives, Los Angeles County offers abundant opportunities for "green" growth. In fact, California invested over \$3.3 billion in clean technologies in 2008 and is first in the nation in new energy patents. Although the financial and economic crisis has severely hampered new green energy investment, California continued to lead the nation in green investment in 2009 (with \$2.1 billion) and this trend is expected to continue in the coming years. Los Angeles County has the greenest ports in the world and has set the standard for other world ports to follow. In addition, Los Angeles County is a leader in "intelligent highways" technology.

Introduction

Los Angeles County Profile

L.A. County Growth Projections

- ▶ Population 11.5 million by 2025
- ▶ Nonfarm employment 4.4 million in 2025
- ▶ Per capita income \$75,000 in 2025
- ▶ Gross product nearly \$1 trillion in 2025
- ▶ Will become the North American/Global Center for Green Technology

Fortune 500 Companies Based in Los Angeles County

- ▶ Walt Disney
- ▶ Northrop Grumman
- ▶ DirecTV Group
- ▶ Health Net
- ▶ Occidental Petroleum
- ▶ Edison International
- ▶ Jacobs Engineering
- ▶ Dole Food
- ▶ AECOM Technology
- ▶ Avery Dennison
- ▶ Mattel
- ▶ Reliance Steel & Aluminum
- ▶ Tutor Perini
- ▶ Live Nation Entertainment
- ▶ CB Richard Ellis Group



While it is a major urban area, Los Angeles is quite competitive cost-wise. According to the latest annual *Cities of Opportunity* report from Pricewaterhouse Coopers (PWC), Los Angeles ranked first in the world in cost competitiveness based on a fair-pricing index comprised of three variables (cost of business occupancy, cost of living and purchasing power).

Los Angeles has a larger consular corps than any other U.S. city outside of Washington D.C., and more than 220 languages and cultures are represented across the County. As a result, Los Angeles is increasingly being recognized as the “Capital of the Pacific Rim”. No other area of the U.S. has a stronger relationship with Japan. For example, *Japan is the largest source of foreign direct investment into Los Angeles County and is the second largest trading partner of the Los Angeles Customs District (LACD) and there are more Japanese-Americans living in LA County (approximately 102,000) than in any other region in the U.S.*

Key Cities and Prefectures in Japan:

(Based on Estimated Population, minimum of 700,000 and Economic Significance)

Japan	127 million
Tokyo (Tokyo Prefecture)	8.7 million
Yokohama (Kanagawa Prefecture)	3.6 million
Osaka (Osaka Prefecture)	2.6 million
Nagoya (Aichi Prefecture)	2.2 million
Sapporo (Hokkaido Prefecture)	1.9 million
Kobe (Hyogo Prefecture)	1.5 million
Kyoto (Kyoto Prefecture)	1.5 million
Fukuoka (Fukuoka Prefecture)	1.4 million
Hiroshima (Hiroshima Prefecture)	1.3 million
Kawasaki (Kanagawa Prefecture)	1.3 million
Saitama (Saitama Prefecture)	1.2 million
Sendai (Miyagi Prefecture)	1.0 million
Kitakyushu (Fukuoka Prefecture)	985,000
Hamamatsu (Shizuoka Prefecture)	810,000
Shizuoka (Shizuoka Prefecture)	710,000

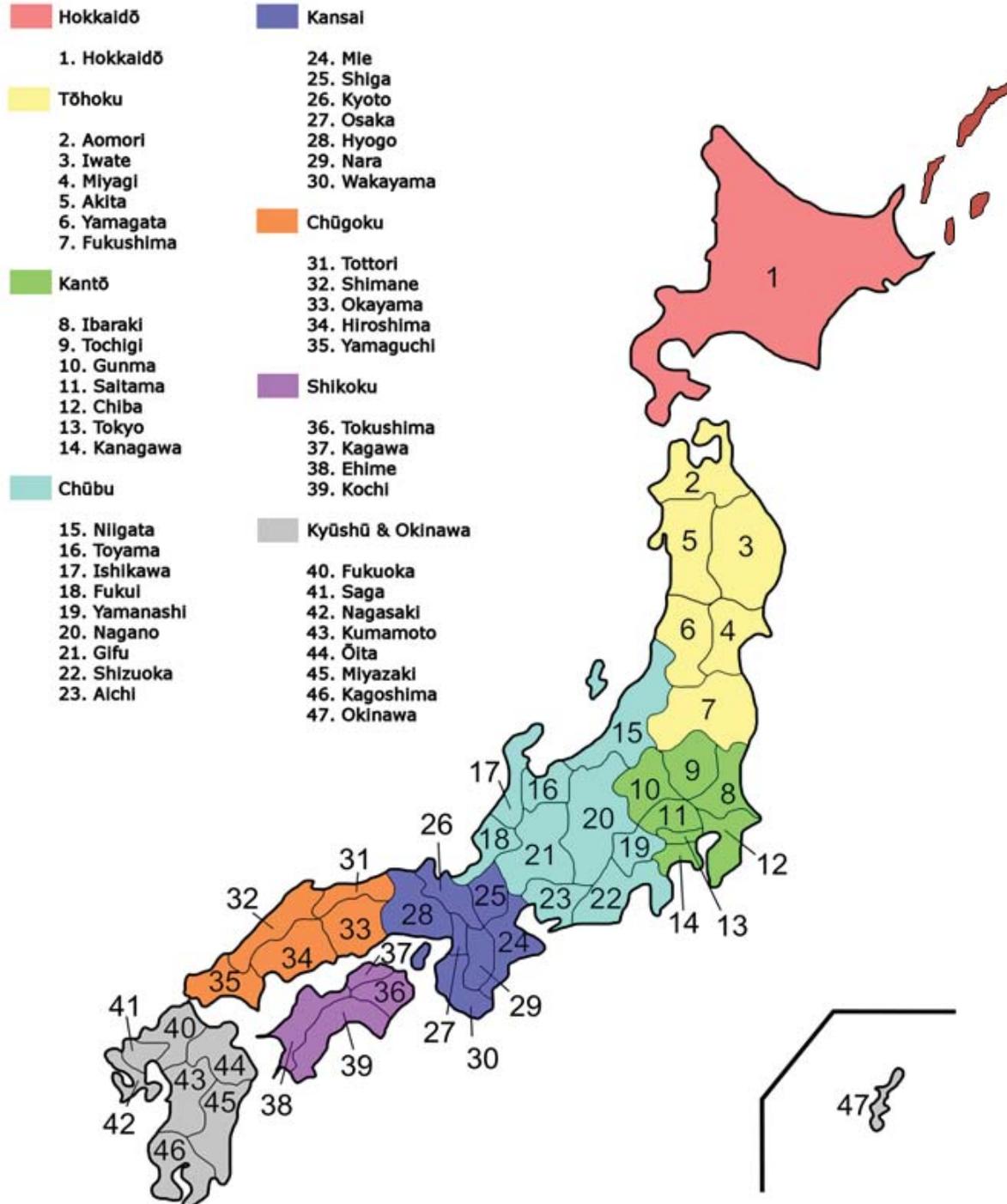
Key Cities in Los Angeles County:

(Based on Population, minimum of 100,000)

Los Angeles County	10.4 million
City of Los Angeles	4.1 million
Long Beach	490,000
Glendale	210,000
Santa Clarita	180,000
Pomona	160,000
Pasadena	150,000
Torrance	150,000
Palmdale	150,000
Lancaster	145,000
West Covina	115,000
Burbank	110,000
Norwalk	110,000
Carson	100,000
South Gate	100,000

Introduction

Regions and Prefectures of Japan



Introduction

▶ Los Angeles County



Section 1 | Historical Ties



The first group of settlers from Japan arrived in the United States in June 1869, about one year after Japanese immigrants arrived in the Territory of Hawaii. The group settled in Cold Hill, El Dorado County and was part of the Wakamatsu Tea and Silk Farm Colony. More immigrants arrived that autumn with many agricultural products such as bamboo roots, tea plants and mulberry trees. In 1870, the U.S. Census counted 55 Japanese in the U.S., the majority of them living in California (33 out of 55).

By 1880, the U.S. Census counted a total of 148 Japanese living in the U.S., with 86 living in California. In 1890, over 2,000 Japanese were living in the U.S., with 1,114 residing in California. The majority of these immigrants were initially recruited as laborers for Hawaiian sugar plantations. Most of the plantation workers were specifically chosen from the prefectures with the most agricultural experience including Hiroshima, Kumamoto, Yamaguchi, and Fukushima. Many of these immigrants eventually made their way to California.

Japanese immigration continued until 1907-1908 when resistance became a big issue in the U.S. and especially in California. In order to address this issue, the Roosevelt Administration accepted a "Gentlemen's Agreement" proposed by the Empire of Japan. The informal agreement was a compromise. It allowed the U.S. government to placate the anti-Japanese movement in the U.S. while keeping the Japanese Empire content. President Roosevelt agreed to accept the presence of Japanese immigrants already residing in the U.S. and to permit the immigration of wives, children, and parents. At the same time, the Japanese agreed not to issue new passports for Japanese citizens wishing to work in the continental U.S. (they were still permitted to immigrate to the Territory of Hawaii). This resolution was possible due to Japan's growing influence on the world stage (it had just defeated Russia in the Russo-Japanese War). Neither the Roosevelt Administration nor the Empire of Japan wanted Congress to enact the kind of legislation that prevented Chinese immigration to the U.S. in 1882.

The problem with the Gentlemen's Agreement was that it was never signed into law. In the subsequent years, the anti-Japanese movement continued to garner strength, and in 1924 the Immigration Act was passed by Congress and signed into law by President Coolidge. The Immigration Act effectively curtailed immigration from Japan and most of Asia for the next twenty-eight years (until 1952).

"The Japanese settlers played an instrumental role in the California agricultural-based economy."

The Japanese population formed *nihonmachi* (sections of town) in communities by establishing businesses, Buddhist temples, and Christian churches. The original Japanese immigrants were heavily involved in agriculture in Hawaii and in California since they initially came to Hawaii to work in agriculture. Japanese Americans formed cooperatives in order to better organize growing, packing and the selling of various crops including rice. The Japanese settlers played an instrumental role in the California agricultural-based economy.

By 1900, Southern California had a Japanese population of roughly 500 people, mostly in Los Angeles County. The largest influx came south after the 1906 San Francisco earthquake and as the Los Angeles area began to flourish. In fact, Los Angeles County became the region with the largest Japanese population in all of California. The Japanese population increased to over 8,000 after 1910 and by 1920 it more than doubled to over 19,000.

At this same time, the Japanese community was becoming very successful in the agricultural business and branching out to new industries such as fishing, for example with locations at White Point and Santa Monica Canyon in

Section 1 | Historical Ties

Los Angeles County. In addition, the Japanese worked for the railroads and canneries. The flower industry was very prominent as well in California and in Los Angeles. The produce and flower industries that they participated in were owned and operated by the Japanese, who proved to be very successful entrepreneurs. The Japanese community was also heavily involved in the farming, distributing and retailing of rice during this same period.

By 1930, the U.S. Census shows that Los Angeles County still had the largest Japanese population at over 35,000, while California's total Japanese population increased close to 100,000. The growth in population was related to an increase in the number of women migrating here as well as Japanese moving from other areas of the West Coast. In 1940, the Japanese resident population figures for California did not change by much and actually slightly declined. However, the population in Los Angeles County continued to expand as others moved for economic opportunities.

Executive Order 9066, authorizing the incarceration of Japanese Americans in internment camps following the bombing of Pearl Harbor, marked the start of a dark chapter in U.S. history. More than 120,000 Japanese Americans, at least one-quarter of them from Los Angeles County, were rounded up and moved to remote prison camps for the duration of the war years. Many of those who were interned lost their homes, businesses, and life savings, little of which was ever recovered.

By 1950, the total Japanese population in California had declined to roughly 85,000 and Los Angeles County continued to have the largest population, with nearly 40,000 Japanese American residents. This was a very difficult period for Japanese Americans as they had to re-establish themselves in communities throughout the

state and county. Once again, agricultural employment became very prominent as large numbers of Japanese Americans went into gardening. The three large Japanese auto companies began to sell vehicles (Toyota in 1957, Nissan in 1958, and Honda in 1959) in the U.S. and they all came to Los Angeles County first.

The next decade leading up to 1960 saw the Japanese American community in California double in size, reaching nearly 160,000 residents. Los Angeles County continued to lead the state in total Japanese American population, which doubled in size reaching 78,000 residents.

In the 1970's and 1980's, Japanese companies started to contribute greatly to the overall U.S. economy as goods—particularly more cars and then consumer electronics—investment, employment, and technological advances all arrived. The economic impact to the Southern California economy was very substantial and it continues to this day. First, Japanese goods came in the shape of televisions, portable cassette and CD players, cameras, other electronic devices, and cars. Next, came investment, as major Japanese corporations began to establish U.S. headquarters in Southern California, which directly and indirectly led to job and revenue creation in the region along with innovation and new technologies. In fact, the greatest beneficiary of this investment, employment, revenue generation, and innovation was Los Angeles County as the overwhelming majority of Japan's largest corporations set up in cities like Torrance, Gardena, and Long Beach.

Presently, more than 250,000 Japanese Americans live in Southern California including 50,000 Japanese nationals. More than 100,000 people of Japanese heritage live in Los Angeles County. Also, some 650,000 Japanese visit Los Angeles County every year. Tourism from Japan to Southern California is second only to that from Mexico.





► U.S.-Japan Educational Ties

“Furthering academic exchange – in both directions – is one of the best investments that we can make to strengthen U.S. higher education and research activities and foster cross-border collaboration on shared global problems such as fighting disease, protecting the environment, and countering terrorism.”

– Allan E. Goodman, President and CEO of the Institute of International Education

The Japanese culture has always emphasized the importance of education throughout its vibrant history. As the country prospered economically over the past sixty years and with the advent of globalization, many Japanese students have taken advantage of the opportunity to study abroad. Key factors were the opportunities economic growth created for Japanese families and the trade and investment ties that were established over the years with the U.S. In fact, as trade and investment surged in the late 1980's and 1990's, large numbers of Japanese students came to the U.S. to study. From 1994 to 1999, Japan was the leading sender of students to the U.S. The peak academic year was 1997-1998, as 47,073 students came to the U.S.

Over the years, this has been extremely helpful for the U.S. economy and for U.S.-Japan relations. The current economic impact includes tuition, fees and living expenses. Future benefits arise if alumni decide to work and live in the U.S.

However, this trend has not continued. The number of Japanese students studying in the U.S. has declined by 47% since 2000. Japan has fallen from being the largest contributor of students to the U.S. to the number six slot (according to the latest data published by the Institute of *International Education (IIE)*) as students from India, China and South Korea have surpassed them. In the academic year (AY) 2009-2010, Japan experienced the most notable decline of the leading places of origin as it fell off by -15% after dropping by -14% in 2008-2009. The main reasons for this can be attributed to economic stagnation (and the greater difficulty of affording study in the U.S.), a rapidly aging Japanese population, an increased demand to study in China and elsewhere in Asia as economic ties with Asia becomes more prevalent.

Of all of the states in the U.S. none has attracted more international and Asian students than California. As the leading gateway to the Pacific Rim, California has emerged as the natural center of Asian-American economic, business, educational and cultural exchanges.

▶ Local Educational Ties

Few places in the world offer as rich an academic climate as Los Angeles County. It is home to three world-class research universities, -Caltech, USC and UCLA-, as well as dozens of other outstanding institutions. Each year, these schools graduate tens of thousands of students. By providing the right combination of educational curriculum, experienced faculty, and a broad selection of universities, LA County is the number one choice for higher learning for international students (numbering over 20,000). In fact, more than 1,000 Japanese students are currently studying in Los Angeles County universities.

University of California, Los Angeles (UCLA) – A Truly Global Public University

UCLA is a global academic institution located in the City of Los Angeles. UCLA ranked #7 in the nation in international student enrollment, with a total of 5,685 in 2009-2010. The number of Japanese students enrolled at UCLA for AY 2009-2010 was 148. UCLA has one of the highest number of Japanese students of any university in the U.S. Here are the most recent figures from the 2010 UCLA International Student Enrollment Report:

UCLA has made a very deep commitment to Japan over the years and its overall programs, centers and institutes demonstrate that commitment.

Japanese Students Enrolled at UCLA	
Undergraduate Students	100
Graduate Students	48
Total Number of Japanese Students at UCLA	148
Total Number of Japanese - American Students at UCLA	748

Department of Asian Languages & Cultures (ALC)

UCLA has a department of Asian Languages and Cultures (ALC) which is dedicated to the study of Asian civilizations and cultures, including Japan. The department provides courses in language, religion, archaeology, thought and other areas.

Asian American Studies Center

In addition, UCLA has an Asian American Studies Center which was established in 1969. The founding committee's goal was to "enrich the experience of the entire university by contributing to an understanding of the long neglected history, rich cultural heritage, and present position of Asian Americans in our society." Over the past forty years the Center has achieved the following milestones:

- ▶ Recruited the largest faculty in Asian American Studies in the nation, with 38 professors
- ▶ Built the largest teaching program, with a B.A. major and minor, and M.A. major, and in 2004, the Department of Asian American Studies

- ▶ Since 1971, the Center has published the leading scholarly journal in Asian American Studies, *Amerasia Journal*, and over 200 books on Asian Americans. In 2003, the Center launched a second national journal, *AAPI*
- ▶ *Nexus: Asian Americans and Pacific Islanders Policy, Practice, and Community*
- ▶ Developed the most diverse library and archival resources on Asian Americans in the nation
- ▶ Established strong working relationships with hundreds of organizations and leaders in California, nationally, and globally

UCLA has been acknowledged as having the top Asian American Studies program in the world.

International Institute

The UCLA International Institute includes eighteen multidisciplinary centers and programs focusing on world regions and global issues. The Institute provides a forum for international research and teaching at UCLA. It provides student exchange and research collaboration between UCLA and universities from around the world. The Institute offers events and lecture series that bring foreign dignitaries, politicians and academic scholars to the campus. It has outreach programs; funds research projects, offers business and government training programs and advises the media on global issues. In addition, the Institute plays a big role in keeping UCLA around the world connected and allows alumni to make a contribution to the development of the Institute. The Institute is UCLA's bridge to the world as it maintains relationships with universities in over forty countries, as well as many international companies and foundations.

The International Institute contains two research centers and programs that are directly related to Japan. They are the Asia Institute and the Center for Japanese Studies.

Asia Institute

The Asia Institute promotes Asian Studies at UCLA and fosters greater understanding of Asia through a wide variety of research support, public programs, and community outreach on East Asia, Southeast Asia, and South Asia. The Institute promotes collaboration with other institutions

Asia Institute (continued)

in Asia, Europe and North America to make the study of Asia even more interdisciplinary and truly international in its content, communication, and organization through international research exchanges and graduate and faculty fellowships.

Asia Institute Programs – Workshops for K-12 Educators, Asia in LA, Asian Voices and the Media and Careers in Asia.

The Asia Institute encompasses three different interdepartmental programs: East Asian Studies, South Asian Studies and Southeast Asian Studies. The East Asian Studies program is an interdisciplinary studies program divided into three specializations: China, Japan and Korea. The Japan specialization includes courses in Japanese, Anthropology, Art History, Communication Studies, Economics, Ethnomusicology, Film & Television, Geography, History, Philosophy, Political Science, Sociology, Theater and World Arts & Cultures.

Center for Japanese Studies

The UCLA Paul and Hisako Terasaki Center for Japanese Studies focuses on the core areas of research and teaching and has developed some of the best graduate programs in the nation related to Japanese Studies. The Center was established in 1991 and has been able to attract some of the most prominent faculty and students from around the world. The program allows graduate students to concentrate on many different areas of study including the Japanese Language, Literary Studies, Hermeneutical Studies, Historical Studies, and Art History. The Center can leverage the Richard C. Rudolph East Asian Library which holds Japanese volumes and maintains subscriptions to Japanese journals & newspapers and has one of the largest collections of any university in the nation.

The UCLA Center for Japanese Studies offers the following programs – Japanese Language and Linguistics, Literary and Hermeneutical Studies, Historical Studies, and Art History.

Other UCLA Japan Related Resources**Japanese Student Association**

The Japanese Student Association (JSA) at UCLA was started in 1981. The organization has over 100 members dedicated to sharing Japanese identity, culture, and language. The JSA offers cultural exchange programs, career support, and various events including BBQ's, ski trips, sushi parties, movie nights, and bowling outings.

UCLA Alumni Association and Network in Japan**Prominent UCLA alumni include:**

- ▶ A. Wallace Tashima, First Japanese American in U.S. history to be appointed to a U.S. Court of Appeals
- ▶ Paul Terasaki, Scientist and Professor Emeritus of Surgery at UCLA School of Medicine;
- ▶ Tritia Toyota, Television News Anchor
- ▶ George Takei, Actor, best known for role in Star Trek;
- ▶ Chris Tashima, Actor and Co-founder of Cedar Grove Productions;
- ▶ Gregg Araki and Rick Famuyiwa, Film Directors;
- ▶ Cary-Hiroyuki Tagawa, Actor

The Hannah Carter Japanese Garden

The UCLA Hannah Carter Japanese Garden is located close to campus in the community of Bel Air. A number of structures within the garden were constructed in Japan including the main gate, garden house, bridges and shrine. Other items within the garden from Japan include stone carvings, rocks, the pagoda, water basins and lanterns. The garden was completed in 1961 and donated to the University in 1965. In 1982, the garden was named the UCLA Hannah Carter Japanese Garden.

The George and Sakaye Aratani Chair on the Japanese American Internment, Redress and Community

Mr. George Aratani is a famous businessman and philanthropist who has generously supported Japanese American institutions throughout the U.S. and Southern California. He founded both Mikasa and Kenwood, two of the most successful Japanese companies in the U.S. Mr. Aratani has been a huge supporter of UCLA's Asian American Studies Center. In 2004 he was awarded the University's highest honor, the UCLA Medal.

UCLA Study Abroad Opportunities in Japan**University of California Programs in Japan**

- ▶ Contemporary Japan, International Christian University – Quarter and Semester Programs
- ▶ Engineering & Science in English, Tohoku University – ILP + Year, Spring, Year
- ▶ Global & International Studies, Meiji Gakuin University – Fall and Spring Semesters
- ▶ Graduate Studies, International Relations, University of Tokyo – Fall, Spring and Year
- ▶ Immersion, Japan Universities – Fall and Year Programs
- ▶ Lab Research, Engineering & Science, Osaka University – Fall and Spring
- ▶ Language & Culture, Doshisha University – Spring Program
- ▶ Language & Culture, Tsuru University – Fall Program

University of Southern California (USC) – A Truly Global Private University

Of all the universities in the U.S., the University of Southern California (USC) has enrolled the most international students for nine consecutive years and will most likely maintain this ranking in the current academic year. In the AY 2009-2010, USC hosted 7,987 international students out of a total student body of over 33,000 students. The number of Japanese students enrolled at USC for AY 2009-2010 was 143. USC has one of the highest number of Japanese students of any university in the U.S. Here are the most recent figures from the 2010 USC International Student Enrollment Report:

Japanese Students Enrolled at USC	
Undergraduate Students	50
Graduate Students	84
Visitor Students	6
Language Academy Students	3
Total Number of Japanese Students at USC	143

Since 1994 USC has made a conscious effort to expand to the west and make USC the first global American university. Under former President Steven B. Sample’s and current President/former Provost C.L. Max Nikias’ leadership, USC has moved up faster and higher in the national rankings than any other research university in the U.S. They have really emphasized the geographical importance of Los Angeles within the Pacific Rim. In the 1990s, former President Sample spoke strongly about the emergence of the Pacific Rim and how it would be the most dominant economic region in the 21st Century and how Southern California is the American gateway to this region of the world. In fact, President Sample was the one who coined the phrase that Los Angeles is the “Capital of the Pacific Rim”.

Association of Pacific Rim Universities (APRU)

In 1997, Dr. Sample’s vision of a network of Pacific Rim universities was realized when the Association of Pacific Rim Universities (APRU) became a reality. The APRU is now a consortium of 42 universities from 16 countries on the Pacific Rim. The Association includes the following LA County and Japanese universities:

Los Angeles County Member Universities

- ▶ University of Southern California (USC)
- ▶ University of California, Los Angeles (UCLA)
- ▶ California Institute of Technology (Caltech)

Japanese Member Universities

- ▶ Keio University
- ▶ Kyoto University
- ▶ Osaka University
- ▶ Tohoku University
- ▶ University of Tokyo
- ▶ Waseda University

During the 1990s, USC opened up international offices throughout the Pacific Rim including Taipei and Hong Kong. Later, USC opened up an office in Tokyo, Seoul, and most recently in Shanghai.

East Asian Studies Center (EASC)

The East Asian Studies Center (EASC) at USC was founded in 1975 within the College of Letters, Arts and Sciences. The EASC has been acknowledged as one of the country’s leading centers for East Asian Studies. In fact, the EASC is a part of a small group that has been designated a National Resource Center for East Asian Studies by the U.S. Department of Education.

The EASC offers the following programs:

- ▶ East Asian Visual Cultures Visitors Program
- ▶ Explore East Asia: China, Japan and Korea
- ▶ Teaching East Asia Program (TEAP)
- ▶ Research Study Abroad
- ▶ Area Studies Abroad

The center is also the headquarters for the USC/UCLA Joint East Asian Studies Center, which is funded under Title VI of the U.S. Department of Education. (Funded as part of the Higher Education Act, the Title VI programs represent a comprehensive approach to expanding international education in the U.S. Through numerous initiatives to strengthen international teaching and curricula at the K-12 level, Title VI helps to open students’ eyes to the wider world and engage future area studies specialists at a young age, increasing the likelihood that students will pursue internationally-focused studies later.) In addition, the College of Letters, Arts and Sciences includes an abundance of Japan experts in economics, linguistics, history, international relations, political science, anthropology, art history and religion. The director of the EASC is world-renowned political scientist and East Asia expert, Stan Rosen.

East Asian Languages and Cultures Department (EALC)

The USC College of Letters, Arts and Sciences also has an East Asian Languages and Cultures Department (EALC). Students can choose to study either the Chinese, Japanese or Korean languages and culture in addition to an array of general courses on East Asia.

Other USC Resources related to Japan:

- ▶ USC International Office in Tokyo
- ▶ Gakusei Kai – Japanese fraternity established in 1920
- ▶ Past USC Global Conference Held in Tokyo
- ▶ Japanese Students Association of USC
- ▶ Project for Premodern Japan Studies
- ▶ USC Center for Active Learning in International Studies: Teaching East Asia Program (TEAP) & USC Center for International Studies
- ▶ Japanese American Relocation Digital Archive – USC Digital Library
- ▶ Former USC Professor Peter Berton – Japanese Government awarded Dr. Berton the Order of the Rising Sun in 2010 – Prof. Berton started the Asia-Pacific area studies program at the USC School of International Relations in 1962 and developed the first lecture course on Japan
- ▶ Director of the USC Brain and Creativity Institute and Professor of Neuroscience Antonio Damasio was awarded the Honda Prize by the Honda Foundation of Japan for scientific achievement

USC Japan Related Programs:

- ▶ Architecture – Summer Program in Tokyo and Kyoto
- ▶ Architecture – Traveling Fellowships
- ▶ Business – Asia-Pacific Business Outlook
- ▶ Business – Center for Global Business Excellence (C-Globe)
- ▶ Business – Global Executive MBA
- ▶ Business – PM Globe
- ▶ Communications – Center on Public Diplomacy
- ▶ East Asian Studies – Provost’s Distinguished Visitors Program
- ▶ Engineering – Student Satellite Project in Japan
- ▶ Humanities – Overseas Studies

USC Japan Study Abroad Programs:

Undergraduate Programs

- ▶ Overseas Studies in Tokyo (Waseda University) – Office of Overseas Studies
- ▶ Overseas Studies in Tokyo (Sophia University) – Office of Overseas Studies
- ▶ Overseas Studies in Tokyo (Tokyo International University) – Office of Overseas Studies
- ▶ Overseas Studies in Nagoya (Nanzan University) – Office of Overseas Studies

USC offers a wide range of Japan-related courses. Classes are offered by the American Studies and Ethnicity (AMST), Art History (AHIS), East Asian Language and Cultures (EALC), East Asian Studies (EASC), Economics (ECON), Health Promotion and Disease Prevention Studies (HP), History (HIST), International Relations (IR) and Linguistics (LING).

Alumni Clubs

USC has four Japan alumni clubs based in Tokyo, Nagoya, Kansai, and Hiroshima. There are many alumni living in Japan and many of those individuals have obtained very important positions in both business and government. USC has a distinguished history of alumni from Japan including two former prime ministers.

Prominent USC alumni include:

- ▶ *Takeo Miki, Japanese Politician and 41st Prime Minister of Japan;*
- ▶ *Shinzo Abe, Japanese Politician and 57th Prime Minister of Japan;*
- ▶ *Robert Mitsuhiro Takasugi, United States Federal Judge;*
- ▶ *Gregg Araki and Rick Famuyiwa, Film Directors;*
- ▶ *Cary-Hiroyuki Tagawa, Actor*

Section 2 | Personal Ties

EDUCATIONAL TIES

Other Local Universities with Educational Ties to Japan

California State University, Long Beach

- ▶ **Total Number of Japanese Students: 228**
- ▶ **Total Number of Japanese-American Students: 628**
- ▶ **Total Number of Japanese-American Alumni: 3,332**
- ▶ Asian and Asian American Studies
- ▶ Japanese Language Studies
- ▶ CSU International Program – Japan Study Abroad Program at Waseda University in Tokyo

California State University, Northridge

- ▶ **Total Number of Japanese Students: 159**
- ▶ **Total Number of Japanese-American Students: 299**
- ▶ **Total Number of Japanese Alumni: 868**
- ▶ Asian American Studies
- ▶ Japanese Language Studies
- ▶ CSU International Program – Japan Study Abroad Program at Waseda University in Tokyo

California State University, Los Angeles

- ▶ **Total Number of Japanese Students: 53**
- ▶ **Total Number of Japanese-American Students: 169**
- ▶ Japanese Program
- ▶ CSU International Program – Japan Study Abroad Program at Waseda University in Tokyo

California State Polytechnic University (Cal Poly Pomona)

- ▶ **Total Number of Japanese Students: 52**
- ▶ **Total Number of Japanese-American Students: 304**
- ▶ **Total Number of Japanese Alumni living in Japan: 859**
- ▶ Japanese Language Studies
- ▶ CSU International Program – Japan Study Abroad Program at Waseda University in Tokyo

Claremont Colleges

- ▶ **Total Number of Japanese Students: 48**
- ▶ **Total Number of Japanese-American Students: NA**

Pomona College

- ▶ Asian Studies Program
- ▶ Pacific Basin Institute
- ▶ Pomona's Oldenborg Center
- ▶ Study Abroad Programs in Kyoto and Tokyo

Scripps College

- ▶ Asian American Studies
- ▶ Asian Studies
- ▶ Study Abroad Program in Tokyo

California Institute of Technology (Caltech)

- ▶ **Total Number of Japanese Students: 20**
- ▶ **Total Number of Japanese Alumni: NA**
- ▶ Japanese Language Classes

California State University, Dominguez Hills

- ▶ **Total Number of Japanese Students: 11**
- ▶ **Total Number of Japanese-American Students: 113**
- ▶ **Total Number of Japanese Alumni: 757**
- ▶ Asian-Pacific Studies Program
- ▶ Japanese Language
- ▶ CSU International Program – Japan Study Abroad Program at Waseda University in Tokyo

Pepperdine University

- ▶ **Total Number of Japanese Students: 11**
- ▶ **Total Number of Japanese-American Students: NA**
- ▶ **Total Number of Japanese Alumni: 385**
- ▶ Asian Studies Program

Loyola Marymount University (LMU)

- ▶ **Total Number of Japanese Students: NA**
- ▶ **Total Number of Japanese Alumni: NA**
- ▶ Asian & Pacific Studies
- ▶ Asian Pacific American Studies
- ▶ Japanese Language & Literature
- ▶ Center for Asian Business
- ▶ Study Abroad in Japan
 - ▶ Osaka – Kansai Gaidai University
 - ▶ Tokyo – Sofia University

Occidental College

- ▶ **Total Number of Japanese Students: NA**
- ▶ **Total Number of Japanese Alumni: NA**
- ▶ East Asian Studies
- ▶ Japanese Studies and Japanese Language
- ▶ Study Abroad in Japan
 - ▶ Tokyo International University

Section 2 | Personal Ties



► Cultural Ties

Japan and the Los Angeles region are linked in many remarkable ways. In addition to the educational ties, the personal connections between the two regions include many significant cultural ties. The six-county Southern California area is home to the largest Japanese and Japanese-American population in the entire U.S. More than 250,000 Japanese-Americans are living in Southern California. In fact, Los Angeles County has the largest Japanese and Japanese-American community of any county in the U.S. As a result, Los Angeles County has more Japanese related resources and associations than any other location. Based on the 2009 American Community Survey, there are 102,826 people of Japanese heritage living in Los Angeles County. The surrounding counties also contain a significant Japanese-American population.

Some Prominent Japanese Americans from Los Angeles County:

- *William T. Fujioka – Chief Executive Officer (CEO) of the County of Los Angeles*
- *Paul Bannai – 1st Japanese American to serve in the California State Legislature*
- *George Nakano – 1st Japanese American to hold the Democratic leadership position in the State Legislature*
- *Amy Okuda – Actress*
- *Harajuku Girls – Professional Dancers in Gwen Stefani music videos*

Sister Cities

The following is a list of Japanese Sister Cities with Los Angeles County Cities:

- City of Los Angeles – Nagoya – Nagoya is located in Aichi – Sister City Since 1959
- Long Beach – Yokkaichi – located in Mie – since 1963
- Pasadena – Kasukabe (in Saitama, since 1993) and Mishima (in Shizuoka, since 1957)
- Torrance – Kashiwa – located in Chiba – since 1973
- Burbank – Ota – located in Gunma – since 1984
- Carson – Soka – located in Saitama – since 1979
- Culver City – Kaizuka – located in Osaka – since 1965
- Gardena – Ichikawa – located in Chiba – since 1962
- Glendale – Higashi Osaka – located in Osaka – since 1960
- Glendora – Moka – located in Tochigi – since 1988
- La Mirada – Isehara – located in Kanagawa – since 1981
- Lomita – Takaishi – located in Osaka – since 1981
- Montebello – Ashiya – located in Hyogo – since 1961
- Monterey Park – Nachikatsuura – located in Wakayama – since 1968
- Santa Monica – Fujinomiya – located in Shizuoka – since 1975
- West Covina – Ohtawara – located in Tochigi – since 2004

Little Tokyo

The only officially recognized traditional “Japantown” in LA County is located in downtown LA. It is one of only three Japan towns in the entire U.S., all of which are in California (San Francisco and San Jose have the other two). Little Tokyo was established around 1900, and is also referred to as Little Tokyo Historic District, Lil’ Tokyo and J-Town. The area was declared a National Historic Landmark District in 1995. At one time Little Tokyo had around 30,000 Japanese American living in the area. However, the area has evolved into a work, cultural, religious, and business district, as most Japanese-Americans now live in Torrance, Gardena, Monterey Park and West Los Angeles (Sawtelle Area). The Japanese American National Museum, Japanese American Cultural & Community Center and the Nisei Week annual festival are all in Little Tokyo.

Suburban Japanese Communities

There are at least four suburban Japanese communities (Torrance, Gardena, Monterey Park, and Sawtelle Area/Little Osaka) in Los Angeles County. Most ethnic Japanese actually frequent these suburban Japanese areas instead of the more tourist oriented downtown location. The neighborhoods tend to be more suburban in style, but are easily identified by the prominent Japanese lettering on the store front signs.

Most Japanese and Japanese-Americans in the Los Angeles region live in the Torrance area. Many Japanese companies-including Toyota, Honda, Asahi, Kirin, and Taisho Pharmaceutical California-are located in Torrance. In addition, Gardena and Monterey Park have significant Japanese-American communities as Japanese-Americans have settled in these communities throughout their history. Another area with a large Japanese-American presence is the Sawtelle neighborhood of West Los Angeles. The Sawtelle area is also referred to as Little Osaka and is where the Japanese-American community frequents relatively newer Japanese restaurants and food stores. Other cities within Los Angeles County, including the cities of Pasadena, Walnut, and Diamond Bar are home to many Japanese-Americans as well.

Nisei Week

The annual Japanese festival is held in Little Tokyo and includes ondo dancing, Japanese floral arrangements, tea ceremonies, martial arts, fashion shows, kimono-clad queens, calligraphy, art shows, and talent programs. In 2010, the Nisei Week Japanese festival celebrated its 70th anniversary. The 70th anniversary celebration included Nikkei Games, Tanabata Festival, Grand Parade featuring Nebuta Festival, cultural events, competitions, ondo dancing, coronation ball, and a closing ceremony.

Japanese American National Museum

The Japanese American National Museum (JANM) was officially opened in 1992 in the Little Tokyo area of downtown Los Angeles. The JANM was the first museum in the U.S. dedicated to sharing the experience of Japanese-Americans in the U.S. The main mission of the JANM is to promote understanding and appreciation of America’s ethnic and cultural diversity by sharing the Japanese-American experience. In 1982, businessmen in the City of Los Angeles along with World War II veterans joined forces to make the museum become a reality. The JANM shares the Japanese-American story with the world through its collection of objects, images, documents, exhibitions, educational programs, documentaries, and publications.

Japanese American Network

The Japanese American Network is an electronic medium established in 1995 by the Japanese American Cultural and Community Center, the Little Tokyo Service Center, the Japanese American National Museum and the Rafu Shimpo. The organizations wanted to create an online community to bring the Japanese American community closer together and to maintain the Japanese culture and heritage. The Japanese American Network (<http://www.janet.org>) is based in downtown Los Angeles.

Japanese Prefectural Association of Southern California

Los Angeles County along with the entire Southern California area has prefectural associations and these prefectural associations have a federation which is called the Kenjinkai Kyogikai. Kenjinkai are the associations of people sharing an interest related to a particular ken or prefecture in Japan. A prefecture is the geographical equivalent subdivision of a state in the U.S. The Nanka Kenjinkai Kyogikai is the English equivalent of the Japanese Prefectural Association of Southern California. There are a total of 42 prefectural associations in Southern California. One of the many prefectural associations in Los Angeles County includes the Hiroshima Kenjinkai located in Montebello, which celebrated its 100th anniversary in 2010.

Japanese American Cultural & Community Center

The Japanese American Cultural & Community Center was established in 1971 in downtown Los Angeles. The Center is one of the largest Japanese American cultural centers in the U.S. The main mission of the Japanese American Cultural & Community Center is to present, perpetuate, transmit and promote Japanese and Japanese American arts and culture, and to provide a center that enhances community programs. The Center is also one of the leading presenters of Japanese and Asian American performing arts. Programs at the Center are made possible due to grants from the National Endowment for the Arts, the LA County Board of Supervisors, the City of Los Angeles, and the Japan Foundation.

Public Japanese Gardens in Los Angeles County

- ▶ **Shosei An Japanese Friendship Garden and Tea House** – Glendale
- ▶ **City of Hope National Medical Center** – Duarte
- ▶ **Descanso Gardens** – La Canada Flintridge
- ▶ **Earl Burns Miller Japanese Garden** – Long Beach
- ▶ **Gardena Mayme Dear Library Japanese Garden** – Gardena
- ▶ **George and Sakaye Aratani Japanese Garden** – Pomona
- ▶ **Hannah Carter Japanese Garden** – Los Angeles
- ▶ **Huntington Botanical Gardens** – San Marino
- ▶ **James Irvine Garden Seriyu-en** – Los Angeles
- ▶ **Kaizuka Meditation Garden** – Culver City
- ▶ **Kyoto Grand Hotel & Gardens** – Los Angeles
- ▶ **Lincoln Park** – Long Beach
- ▶ **Pine Wind Japanese Garden** – Torrance
- ▶ **Sequoia Park** – Monterey Park
- ▶ **Shin-En Kan Pavilion for Japanese Art** – Los Angeles
- ▶ **Shinwa-En Garden** – Carson
- ▶ **South Coast Botanic Gardens** – Palos Verdes Peninsula
- ▶ **Wattles Mansion Japanese Garden & Tea House** – Los Angeles
- ▶ **Yamashiro Restaurant** – Hollywood
- ▶ **The Japanese Garden** – Van Nuys

Temples

The Little Tokyo area of downtown Los Angeles has many Buddhist temples including Jodo Shinshu, Jodo Shu, Shingon, and Soto Zen. They also include the Zenshuji Soto Mission, Nishi Honganji, Higashi Honganji, and the Koyasan Temple. The Zenshuji Soto Mission was the first Soto Zen temple in North America, while the Koyasan temple was the first Shingon temple in North America.

Japan and the Los Angeles Dodgers

Baseball is the most popular team sport in Japan. The sport was introduced to Japan in 1872 and currently has two professional leagues called the Central League and Pacific League. More than 40 players have come out of Japan to play in U.S. Major League Baseball (MLB). These include seven players that have played or currently play for the Los Angeles Dodgers. They include Hideo Nomo, Masao Kida, Kazuhisa Ishii, Norihoro Nakamura, Takashi Saito, Hiroki Kuroda, and Fumimasa Ishibashi.

The most famous Japanese player to play for the Los Angeles Dodgers (and for that matter maybe the most famous in MLB history) was Hideo Nomo. Hideo Nomo was Rookie of the Year in 1995, and he had the most strikeouts in 1995 and 2001 in the majors. In addition, Hideo Nomo is the only Japanese pitcher in MLB history to throw a no-hitter, which he did twice (once with the Dodgers and once with the Red Sox).

Cherry Blossom Festival – City of Monterey Park

The City of Monterey Park hosts the annual Cherry Blossom Festival. The Festival attempts to provide a Japanese cultural arts event which offers a forum for learning, entertainment, fun, and support of community. The event includes Japanese dancing, music, martial arts, games, crafts, and food. It also includes a raffle and poster/essay contest.

Japanese Community Centers and Cultural Institutes

- ▶ East San Gabriel Valley Japanese Community Center
- ▶ Gardena Valley Japanese Cultural Institute
- ▶ Hollywood Japanese Cultural Institute
- ▶ Long Beach Japanese Community Center
- ▶ Pasadena Japanese Cultural Institute
- ▶ San Fernando Valley Japanese American Community Center
- ▶ Southeast Japanese School and Community Center Norwalk
- ▶ Venice Japanese Community Center
- ▶ West Los Angeles Japanese American Community Center

Japanese New Year – Oshogatsu

New Year's Day is considered one of the most important festivals of the year in Japan. The event includes many customs that are centuries old. The holiday is enjoyed by preparing traditional dishes including boiled seaweed, fish cakes, mashed sweet potato with chestnuts, simmered burdock root, and sweetened black soybeans. Other foods eaten on New Year's Day include soup with omochi, sashimi, and sushi. Among the many traditional activities that take place are bell ringing, sending postcards, giving money to children, creating rice cakes, poetry, games such as kite flying, wearing paper faces, and showcasing the traditional decoration called kadomatsu.

Japanese Newspapers in Los Angeles

Japanese Daily Sun (Nikkan San)

- ▶ Japanese language newspaper
- ▶ Founded in 1984

Rafu Shimpo

- ▶ Daily publication for the Japanese-American community in Los Angeles
- ▶ Published in Japanese and English
- ▶ Founded in 1903

Kamai Forum

- ▶ Published semi-monthly for Japanese-Americans

Cultural News

- ▶ Only English language newspaper dedicated to the Japanese Culture

JiJi Press America

- ▶ Japanese wire service serving newspapers in Japan

KSCI (Channel 18), KXLA (Channel 44), Japan America TV, NTB, UTB, TV Japan, Radio Japan AM 1580, KALI-FM 106.3, Team J Station, Bridge USA Magazine, Weekly LaLaLa, Lighthouse Magazine, U.S. Frontline News, Sushi & Sake website, Littlet, Vivinavi Los Angeles, Rafu Telephone Guide, and CompassCompass.

California Travel and Tourism Commission

The California Travel and Tourism Commission, established in 1998, works together with the State Division of Tourism to promote California as a travel destination. The organization helps implement the state's annual Marketing Plan. The Commission has an office location in Japan.

Japan National Tourism Organization, Los Angeles Office

The Japan National Tourist Organization was established in 1964 in order to promote travel to Japan. The organization has 13 offices overseas including an office in Little Tokyo in downtown Los Angeles. The Los Angeles office's main duties are to promote travel to Japan.

LA Inc.

The Los Angeles Convention and Visitors Bureau is a non-profit business association with sales and marketing offices throughout the U.S. In addition, LA Inc. has international marketing offices in alliance with Los Angeles World Airports (LAWA) including an office in Tokyo. LA Inc. represents Los Angeles as a destination to the convention industry, domestic and international travelers, the cruise industry, and the worldwide travel media.

Section 2 | Personal Ties



▶ Network Ties

Asia Society

The Asia Society is a global institution committed to bringing the people and institutions of Asia and the U.S. closer together. The international organization has been in existence for over 50 years and has focused on programs and events in the areas of economics, politics, arts, culture and international relations. Asia Society has offices in California, New York, Texas, Washington D.C., Hong Kong, Mumbai, Philippines, and Shanghai. Asia Society has two branches in California including San Francisco and Los Angeles. Asia Society Southern California has grown substantially over the past years and continues to play a pivotal role in fortifying ties between Asia and the Western U.S. Asia Society Southern California offers programs and events in business, entertainment, education and public policy throughout Southern California. The organization plays a leading role in promoting Southern California as the center for Asian and U.S. innovation.

Asia Society Southern California Japan Related Programs & Initiatives

Examples of Programs

- ▶ Pacific Asia Museum Presents: Japan in Blue and White Exhibition
- ▶ Can President Obama and Prime Minister Kan Repair the Damage?
- ▶ Domestic Politics, Futenma & the Yen
- ▶ Intertwined: Bamboo & Stem – Contemporary Bamboo Art Exhibition & Lecture by Kenichi Nagakura
- ▶ Japanese Hospitals: Caring for the Pre-War Nikkei Community

Education Initiatives

- ▶ International Studies School Network
- ▶ First national network of urban secondary schools devoted to international studies & language
- ▶ Two schools in Los Angeles
- ▶ International Studies Learning Center and the Vaughn International Studies Academy

Other Japan Programs & Events

- ▶ Film & food festivals, dinners, forums, lecture series, roundtable discussions, trade missions, language programs, book publishing, reports & catalogs

U.S.-Japan Council

The U.S.-Japan Council is a non-profit organization that seeks to develop a network of Japanese-Americans who are committed to fostering U.S.-Japan relations. The Council was established in 2009 and has offices in Washington D.C. and Los Angeles. The organization is responsible for coordinating international programs and activities developed by the Japanese American National Museum in Los Angeles. The official goals of the Council are to create a network of American, Japanese, and Nikkei leaders to focus on government, business and education. In addition, the Council develops programs that concentrate on bilateral issues and supports programs that promote a greater understanding of Japanese culture, arts and language. Programs at the U.S.-Japan Council include the Japanese American Leadership Delegation, Annual U.S.-Japan Leaders' Meeting, U.S.-Japan Executive Business Network, Annual Conference, and the Policy Luncheon Program Series.

Japan Business Association of Southern California (JBA)

The Japan Business Association of Southern California is based in Torrance and includes nearly 450 Japanese companies that are involved in various business activities across Southern California. The JBA supports its members by highlighting the Japanese contributions to communities throughout the Southland and advancing the business environment for its members. The Association conducts surveys such as the *Survey of Japanese Companies in Southern California* and releases data on the impact of JBA members on the Southern California economy. The JBA also works very closely with state and local governments in order to advance its members' interests.

Japan America Society of Southern California

The Japan America Society (JAS) of Southern California was established in 1909 in order to help build relationships between the people of Japan and the U.S. The JAS is a non-profit organization that attempts to: *"promote among the American people a more accurate knowledge of the people of Japan, their aims, customs, ideals, arts and sciences, industries, economic conditions, and educational process; serve the peoples of Japan and the U.S. in fostering mutual understanding between the two nations; serve as an information center in obtaining information relating to Japan and the U.S. for individuals and organizations; sponsor meetings of distinguished Japanese and Americans for the exchange of knowledge and ideas; assist students in obtaining proper counseling in regard to educational matters; foster education about Japan through bulletins, lectures, special courses, conferences, discussion panels, exhibitions, films and scientific purposes."* – Article I, By-laws of the Japan America Society of Southern California

Japan Foundation, Los Angeles

The Japan Foundation was founded in 1972 by the Foreign Ministry of Japan. The main objective of the Foundation was to conduct international cultural exchanges. In October 2003, the Foundation became an independent administrative institution. It is headquartered in Tokyo and has a branch office in Kyoto. In addition, the Foundation has 23 offices in 21 countries and two Japanese language institutes in Urawa and Kansai. The U.S. office is located in downtown Los Angeles. The most recent topic that the Los Angeles office highlighted was titled "Nurturing Generation X Leaders in Japanese Language in the U.S."

Japanese Chamber of Commerce of Southern California

In 1951, the Los Angeles Japanese American Association and the Little Tokyo Business Association merged to form the Japanese Chamber of Commerce of Southern California in downtown Los Angeles. The main responsibility of the Japanese Chamber of Commerce is to promote Japanese American business. The Chamber also attempts to improve the welfare of Japanese Americans and promote the overall U.S.-Japan relationship. The Chamber takes part in communications between state and local governments, cultural activities, educational activities, student exchanges, seminars, networking, and trade missions from Japan.

Asia Pacific-USA Chamber of Commerce (APUCC)

The Asia Pacific-USA Chamber of Commerce is based in Pasadena and is an organization that promotes free trade and economic development between the U.S. and Japan. The APUCC helps American executives by offering various business services including workshops, executive briefings, cultural exchanges and trade missions. The organization concentrates on opportunities within telecommunications, entertainment, commercial real estate, financial services, banking, waste and energy infrastructure and supply chain management.

Asian-American Economic Development Enterprises, Inc. (AAEDE)

Asian American Economic Development Enterprises (AAEDE) was established in 1977 in order to help Asian immigrants become better acquainted with their new home and to provide financial assistance. The AAEDE is located in Monterey Park. It has developed into a non-profit organization which promotes economic development for Asian-Americans. The organization offers workshops, seminars, small business assistance programs, access to funding, information support and an annual job fair. The major goals of the AAEDE are the Four E's: Employment, Education, Enterprise and Excellence.

Asian Business Association (ABA)

The Asian Business Association is an association that represents Asian American business owners' interests at the local, state and federal levels. Its five main objectives are to – (1) present the views of the business owners to government officials to promote their agenda, (2) educate members on impacts of government policies, (3) provide an environment for members to create business opportunities amongst each other, (4) bring the business community together, and (5) provide training.

Asian Business League of Southern California (ABL)

The Asian Business League was founded in 1984 in downtown Los Angeles. The main mission of the organization is to promote business opportunities for individuals throughout the Southland. The ABL provides educational programs to the Asian business community throughout Southern California. They educate the business community on the following issues – technology, e-commerce, real estate development and the Pacific-rim business climate.

Asian Pacific American Legal Center of Southern California (APALC)

The Asian Pacific American Legal Center of Southern California is the largest U.S. legal organization representing the Asian community. The organization was established in 1983 in order to provide legal services as well as civil rights advocacy. The main mission of the APALC is to offer legal services, protect civil rights and build relationships in order to improve the lives of Asian Pacific Americans throughout Southern California.

Downtown Los Angeles Japanese American Citizens League

The Downtown Los Angeles Chapter of the Japanese American Citizens League was the first chapter of the Japanese American Citizens League, which celebrated its 80th anniversary in 2009. The Downtown LA Chapter attempts to improve the lives of Japanese and Asian Americans. Through the many years of its existence, the Chapter has supported Japanese and Asian artistic, cultural, historic, and development organizations.

Asian Pacific Community Fund (APCF)

The Asian Pacific Community Fund is a group of community organizations that concentrate on improving the lives of Asians and Pacific Islanders throughout Los Angeles County. The organization was founded in 1980. Its main mission is to build healthy neighborhoods, develop leaders, create a stronger voice for the people and provide a better future for all. The APCF meets these goals by providing health services, after-school programs, housing, counseling, training, and employment & legal services.

Asian Professional Exchange (APEX)

The Asian Professional Exchange was founded in 1993 in order to advance professional development, community service and cultural awareness amongst the Asian Pacific community

in Southern California. The main objectives of the organization are to provide an opportunity for Asian Pacific Americans to develop their full potential as corporate leaders, address key business issues, act as a support system and provide a forum for the exchange of ideas between Asian Pacific Americans.

Asian Youth Center (AYC)

The Asian Youth Center was established in 1989 as a United Way project in order to fill the void for Asian youth services. The AYC opened a center in San Gabriel in 1997 and an annex in 2003 that provides recreation areas for kids to play and learn.

Little Tokyo Business Association

The history of the Little Tokyo Business Association goes back to 1890 when the Japanese Association of Los Angeles was established by Issei business owners in Little Tokyo. The association today has 130 members made up of merchants, businesses and professionals located in the Little Tokyo District of downtown Los Angeles. In 1951, the Japanese American Association and the Little Tokyo Businessmen's Association merged and became the Japanese Chamber of Commerce of Southern California. The Little Tokyo Business Association works together with the Community Redevelopment Agency, LA City Council and other organizations to promote Little Tokyo.

Los Angeles County Asian American Employees Association (LACAAEA)

The Los Angeles County Asian American Employees Association is an employee organization established in the 1970s in order to empower the members of association. The Association works to improve the employment conditions of its members by providing them with information related to employee rights and by providing a forum for members to network.

Pacific Council on International Policy (PCIP)

The Pacific Council on International Policy was established in 1995 as a partnership with USC and the Council on Foreign Relations in order to provide the West Coast with a voice in international affairs. The organization is involved in resolving some of the world's most critical issues such as terrorism, globalization and global warming. The Council's members participate actively in the global debate through a network of global leaders, hosted public exchanges, research, publications and partnerships with key organizations from around the world.

Pacific Rim Chamber of Commerce

The Pacific Rim Chamber of Commerce membership includes entrepreneurs, executives and leaders active in Pacific Rim trade and business. The Chamber has offices in New York, Japan, South Korea, Shanghai, Beijing, Shenyang and Beverly Hills. The main mission of the Chamber is to promote and support business ties between the Pacific Rim nations and the rest of the world.

Section 3 | Trade Ties



▶ Japan in the World Economy

“In 1968, Japan became the second largest economy in the world behind the U.S. and went on to become the envy of the world in the 1980’s. “Japan Inc.”, as it was known then became the first Asian country to challenge the dominance of the West.”

The Japanese economy experienced unprecedented economic growth after World War II. In 1968, Japan became the second largest economy in the world behind the U.S. and went on to become the envy of the world in the 1980’s. “Japan Inc.”, as it was known then became the first Asian country to challenge the dominance of the West. In fact, Japan Inc. was touted as the next great economic superpower and was projected to overtake the U.S. economy by 2010. Japan’s mighty conglomerates dominated global commerce, and U.S. manufacturing was constantly under threat from the Japanese economic powerhouse. The Japanese stock market quadrupled and the Yen rose to all-time highs. Many U.S. companies—along with the general public feared that the days of U.S. economic dominance were numbered.

Meanwhile, Japanese companies were acquiring significant assets in the U.S. Many of these acquisitions were made in California. Japan invested heavily in Southern California and Los Angeles County. Indeed, the Japanese have been the top source of Foreign Direct Investment (FDI) in Los Angeles County for many years (please see the *Investment Ties* section for more details). In addition, Japan is the Los Angeles Custom’s District (LACD’s) second largest trading partner.

The Japanese economy was not able to sustain the strong economic growth rates of the 1980’s. Japan suffered greatly from the bursting of its own real estate and stock market bubbles and a long period of economic stagnation. In addition, the island nation has accumulated a large amount of public debt and has experienced deflation over much of the past two decades. Most recently, the Japanese economy lost its position as the second largest economy in the world.

However, Japan’s standard of living actually improved over the past two decades, as real average income grew by +17% during the period. In addition, Japan still possesses some of the world’s most innovative companies across multiple industries including auto companies and electronics firms. Japanese companies have more than a 70% market share in 30 different industries. Many of these companies have established a very significant presence in Los Angeles County including *Honda, Toyota, Kirin Brewery, Asahi Beer, Epson, Nippon Steel Trading America, Taiheiyō Cement, Pioneer, Kenwood, Nissin Foods, Taisho Pharmaceutical and NMB* (please see the *Business Ties Section* for more information).

Recent Economic Developments

In 2008-2009, the Japanese economy suffered its worst recession since World War II. The island nation came out of the recession in the second quarter of 2009 as a result of a massive stimulus package. Japan was one of the largest casualties of the global financial and economic crisis as its economy is heavily dependent upon exports. The global economic crisis caused a dramatic collapse in world trade flows and Japan's export-led growth model suffered greatly as a result. Japanese exports plummeted in the latter half of 2008 and early 2009.

The Japanese economy experienced record unemployment, falling real wages, a sharp drop in industrial production and a deterioration of business investment in late 2008 and early 2009. Reflecting these conditions, 2009 became a very historic year for Japan, as the main opposition party, the Democratic Party of Japan (DPJ) came to power for the first time since after World War II. The DPJ has tried to focus on boosting consumer spending as well as implementing an additional stimulus package. Overall, the multiple stimulus packages along with near-zero interest rates for most of 2009 led to a modest recovery in the second half of 2009. In addition, strong demand from the emerging Asian countries helped revive exports and boosted further the modest domestic recovery. Even so, Japan's GDP dropped by -5.3% in 2009.

However, strong export demand continued during the first half of 2010. Japan's economy grew by +5.0% on an annualized basis in the first quarter 2010. Exports rose strongly. The majority of this demand came from China (Japan's largest foreign market) and the rest of Asia.

The Japanese economy grew by +1.1% in the third quarter of 2010, after expanding by +0.9% in the second quarter on a quarterly basis. In the fourth quarter, GDP fell by -.03%. As a result, the Japanese economy recorded economic growth of +3.9% during 2010.

Many obstacles still lie ahead for Japan in 2011. The economy faces big question marks related to its public indebtedness, deflation and a rising currency. Expansionary fiscal policy will be constrained by the already high budget deficits and will most likely be reduced in 2011. Monetary policy is expected to remain loose in order to stimulate the recovery and to counter the deflationary environment. Many observers believe that the Japanese economic recovery could be particularly unstable as the nation attempts to address its structural economic problems. The recovery in 2011 will be highly dependent upon the strength of external demand on the one hand and on domestic demand-consumer spending and business investment on the other. The Japanese economy is projected to grow at a very moderate rate of around +1.5 to +2.0% in 2011.

U.S. – Japan Trade

Japan's economic transformation after World War II was primarily due to its focus on export industries and its openness to world trade. After the war, Japan concentrated on rebuilding its industrial base. U.S.-Japan trade increased dramatically from the 1950's to the 1980's. The U.S. became Japan's largest trading partner, a position it held until 2009 when China moved in to the #1 position.

In order to put things into perspective, in 1962 total trade between the U.S. and Japan was \$3.2 billion; by 1976 it reached \$27.5 billion. Japanese exports to the U.S. averaged +20% annual growth from 1962-1976, while U.S. exports to Japan averaged nearly +16% annual growth. From 1978-1985, Japanese exports to the U.S. averaged 15% annual growth. During the same period, U.S. exports to Japan averaged 10% annual growth. In total, from 1962-1985, Japanese exports to the U.S. averaged 18% annual growth, while U.S. exports to Japan averaged over 13% annual growth.

Total two-way trade between Japan and the U.S. reached \$91.4 billion in 1985. The peak for Japanese exports to the U.S. came in 2006, when the U.S. imported \$148 billion in goods. The peak for U.S. exports to Japan came earlier, in 1996, when Japan imported \$67.6 billion in goods. Overall, the two-way trade peak between the U.S. and Japan came in 2000 when total trade between the two nations totaled \$211 billion.

Since the end of World War II, the U.S. has served as the main market for Japanese manufacturers such as Toyota, Nissan, Honda, Sony, and Toshiba. The U.S. market played an instrumental role in Japan's export-led economy and was a big reason why Japan was able to become an economic superpower.

Japan is currently the U.S.'s fourth largest trading partner after Canada, China and Mexico. However, Japan was the U.S.'s second largest trading partner for many years before China surpassed Japan in 2003.

Trade between the two nations escalated from approximately \$3.2 billion in 1962 to its peak in 2000 to \$211 billion. U.S. exports to Japan grew from less than \$1 billion to nearly \$68 billion in 1996. U.S. imports from Japan rose from \$2 billion to nearly \$150 billion in 2006. Roughly 6% of all U.S. global trade is now with Japan.

The rapid increase in trade played a leading role in the stellar economic growth achieved by both the U.S. and Japan after the war. As a result, both nations have some of the highest per capita incomes in the world. Both countries have a very large middle class with high consumption patterns.

Section 3 | Trade Ties

California – Japan Trade

California is the U.S. gateway to the Pacific Rim, and the state has realized significant export growth to Japan since the 1960's. For many years Japan was the second leading destination for California exports, though, Japan moved from the number two position to the number four slot over the past eight years. In the years to come, California's prosperity will become more closely tied to international trade with Japan and the entire Asia-Pacific Region. No other state in the U.S. will gain more from this relationship.

California and Los Angeles County were uniquely positioned to take advantage of Japan's surging postwar economic development. Japan was California's fourth largest export market in 2009, with exports of \$10.9 billion. The 2010 YTD figures (through November) demonstrate that Japan is still California's fourth largest export market with exports of \$11.1 billion. The state will continue to benefit in the future as Japan continues to be one of the largest economies and one of the strongest marketplaces in the world.

CA Exports – Top 5 Destinations from 2005 - 2010 YTD*

Billions of \$

Country	2005	2006	2007	2008	2009	2010 YTD
Mexico	17.7	19.6	18.3	20.5	17.5	19.1
China**	12.8	14.8	15.5	16.8	15.6	17.2
Canada	13.3	14.2	16.3	17.9	14.3	14.8
Japan	13.5	13.9	13.5	13.1	10.9	11.1
South Korea	6.3	7.0	7.4	20.5	5.9	7.3

Notes: () 2010 YTD is through November, (**) China includes Hong Kong & Macao
Source: U.S. Census Bureau, USA Trade Online*

L.A. County is the International Trade Capital of America



- ▶ **America's #1** Gateway to the Global Economy
- ▶ **America's #1** Gateway to Asia
- ▶ **America's #1** Gateway to Japan
- ▶ **America's #1** Customs District with \$317 billion in two-way trade values (2010 YTD)
- ▶ **America's #1** Port – The Port of Los Angeles (POLA)
- ▶ **America's #2** Port – The Port of Long Beach (POLB)
- ▶ Together the Ports of LA and Long Beach handle over 40% of all the waterborne containerized cargo coming into the U.S.
- ▶ Los Angeles International Airport (LAX) is one of the world's busiest origin-and-destination airports in the world

Top World Container Ports by Volume (2010 preliminary figures)

▶ Shanghai	29.0 Million TEUs
▶ Singapore	28.4 Million TEUs
▶ Hong Kong	23.5 Million TEUs
▶ Shenzhen	18.2 Million TEUs (2009 figure)
▶ Busan (South Korea)	14.1 Million TEUs (2010 estimate)
▶ Los Angeles-Long Beach (combined)	14.1 Million TEUs



Section 3 | Trade Ties

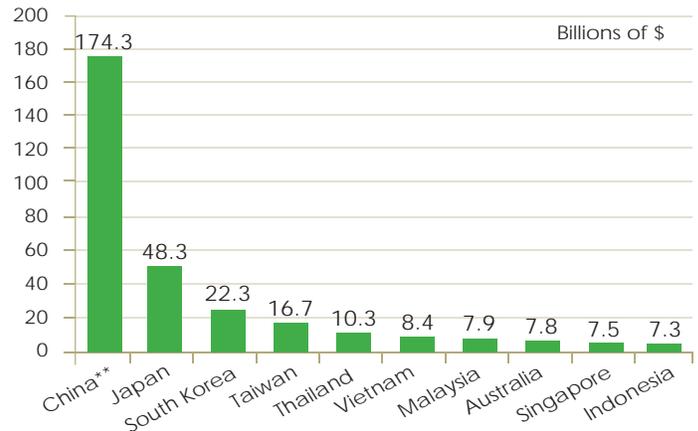
Los Angeles Customs District (LACD)

As it evolved into a leader in international commerce and investment, Los Angeles County has become the U.S. gateway to the Asian economies. In fact, Los Angeles has been referred to as the capital of the Pacific Rim due to its deep connections with the Asian continent. Like the personal ties between us, the economic ties between Southern California and Japan are unmatched by any other region of the United States. In particular, the international trade links between the Los Angeles Customs District (LACD) and Japan have revolutionized our economic connections in a way which has now created an unbreakable bond. The San Pedro port complex, which includes the Ports of Los Angeles and Long Beach, is the busiest port complex in the U.S. and the western hemisphere, and the fifth busiest in the world. As of 2010, only Shanghai, Singapore, Hong Kong, and Shenzhen were ranked ahead of the San Pedro ports in total container traffic. The preliminary results for 2010 are demonstrating that the combined Ports of LA and Long Beach are about even with the Port of Busan (South Korea) for fifth busiest in the world.

The Los Angeles region is the primary beneficiary as the local ports are the focal point for U.S.-Asia/Japan trade. Southern California has established very close economic ties with Japan. The Los Angeles Customs District handles nearly 30% of trade between Japan and the U.S. Together, the Ports of Los Angeles and Long Beach handle over 25% of trade between Japan and the U.S. Japan was the LACD's largest trading partner up until 2000. In 2001, China joined the LACD's largest trading partner as imports from China began to skyrocket from 2002-2008. Since 2001, Japan has been the LACD's second largest trading partner. Japan was once again the LACD's second largest trading partner in 2009, with total two-way trade (general imports & exports) valued at \$42.3 billion. Japan will once again be the LACD's second largest trading partner in 2010.

In 2010 YTD through November total two-way trade was valued at \$48.3 billion. Total Japanese imports unloaded in the LACD were \$35.6 billion (#2), while total U.S. exports to Japan through the LACD came to \$12.7 billion (again #2). This gave the LACD a trade deficit of -\$22.9. Japan's

2010 YTD* LACD Top 10 Trading Partners

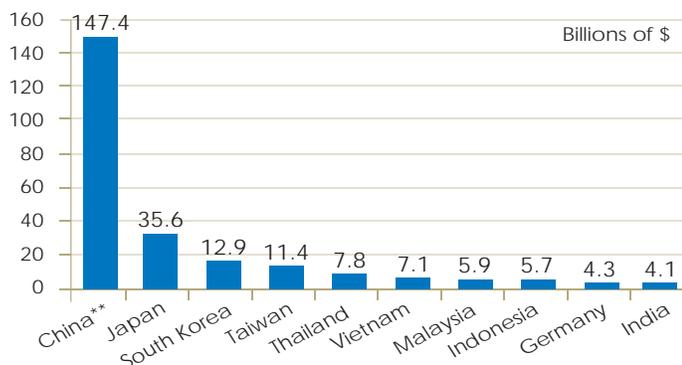


*Note: 2010 YTD is through November
 **Note: China includes Hong Kong and Macao
 Source: U.S. Census Bureau, USA Trade Online

import-to-export ratio of 2.8 is higher than the 2009 ratio of 2.6. The Los Angeles Customs District handles roughly \$317 billion worth of international trade and Japan accounted for 21% of that total (both 2010 YTD figures).

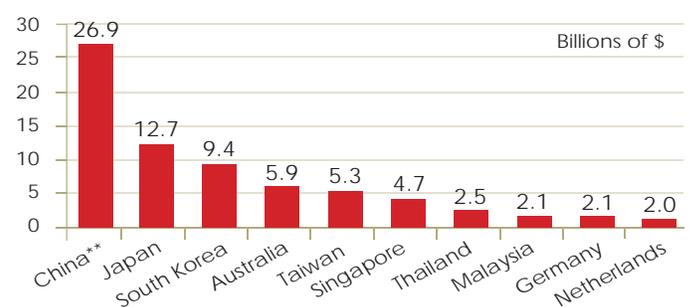
International trade has become one of the most significant economic drivers for Southern California, creating hundreds of thousands of jobs. In 2009, an estimated 482,500 workers were employed in trade sensitive industries in the Los Angeles five-county region. This figure counts not only longshore workers at the ports but also a wide array of other occupations that pay good wages. These include vessel operations, services to vessels, cargo handling, surface transportation (rail and truck), air cargo, logistics services, trade finance, freight forwarding, customs brokers, distribution centers, insurance and law (the latter are necessary to interpret the growing roster of trade security regulations). Southern California has transformed itself into a hub for global logistics and transportation stemming from its trade links with Asia and the world. For this reason and owing to its many other long ties to Japan and its people, the Los Angeles County region moved into an important strategic position with regards to U.S.-Japan relations beginning back in the postwar period.

2010 YTD LACD Top 10 Import Sources*



*Note: Based on General Imports and 2010 YTD is through November
 **Note: China includes Hong Kong and Macao
 Source: U.S. Census Bureau, USA Trade Online

2010 YTD* LACD Top 10 Export Destinations



*Note: 2010 YTD is through November
 **Note: China includes Hong Kong and Macao
 Source: U.S. Census Bureau, USA Trade Online



LACD Imports from Japan

The value of Japan’s imports unloaded in the LACD plunged by -30.8% during 2009, after declining by -5.6% in 2008. The major factors in this performance were sharp declines in the number of motor vehicles & parts, computers and electronic equipment & components coming from Japan through the LACD’s ports. U.S. demand for these products fell sharply in 2009 while the Yen strengthened against the dollar. Imports of optic, photo, medical instruments and rubber products also weakened in 2009. A reduction in direct imports of plastic products through the LACD also contributed to the weakness in Japanese imports in 2009. Other notable declines in product imports through the LACD included drop-offs in iron & steel and clocks & watches.

Trade between the U.S. and Japan rebounded strongly during 2010. LACD general imports from Japan jumped by over +25% year-to-date (from November 2009 to November 2010). Imports from Japan would have even made a stronger comeback had, the Yen not reached an all-time high vis-à-vis the U.S. Dollar.

The 2010 YTD figures have been very encouraging so far. The top three commodity imports (which make-up nearly 89% of total imports) remain vehicles & auto parts, computer parts & machinery, and electrical equipment & electronic parts. All three products have surpassed their 2009 respective totals and should demonstrate substantial growth relative to 2009.

LACD Top 10 Imports from Japan

Commodity	2010 YTD* (millions \$)	% of Japan Total
Vehicles & Auto Parts	\$11,624.5	32.6%
Computer Parts & Machinery	\$8,995.2	25.1%
Electrical Equipment & Electronic Components	\$5,199.3	14.6%
Optical and Medical Instruments	\$1,613.2	4.5%
Rubber & Rubber Products	\$1,485.9	4.2%
Plastics & Plastic Products	\$886.3	2.5%
Organic Chemicals	\$599.9	1.7%
Iron & Steel Products	\$554.7	1.6%
Other Chemical Products	\$407.2	1.1%
Photographic Goods	\$259.8	0.7%
Total Top 10	\$31,586.2	88.7%

**Note: 2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online*



LACD Exports to Japan

LACD exports of goods to Japan declined by -22.5% during 2009 after rising by +10% in 2008. The LACD's major exports to Japan include aircraft, spacecraft and parts; optic, photo, and medical instruments; electrical equipment & electronic parts; computer parts & machinery; and chemicals & plastics. Exports of all these products decreased in 2009. At the top of the list were computers & parts (-38.4%); vehicles & parts (-38.0%); plastics & plastic products (-36.8%); electrical equipment & parts (down by -20.5% in 2009); and aircraft & parts (-16.3%). Farther down, significant drop-offs in exports were registered by organic chemicals (down by -40.2%), miscellaneous chemical products (-41.5%) and refined oil products (-43.4%), the largest yearly decline.

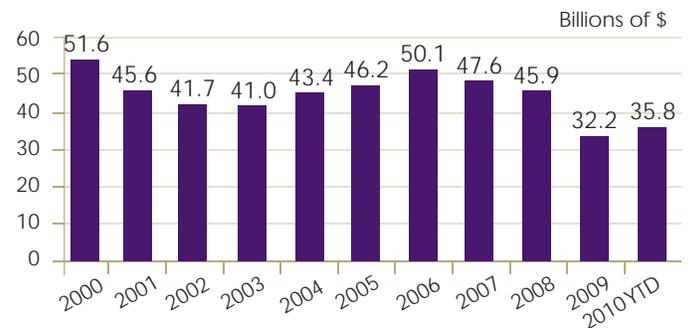
Total LACD exports year-to-date through November 2010 have grown by roughly +20% as demand from Japan has rebounded and a weak U.S. Dollar has made LACD exports cheaper. Year-to-date, the top three export commodities have been optical and medical equipment, aircraft & parts, and computer parts & machinery. All the top commodity products are near or above 2009 levels. In fact, plastics and plastic products have already surpassed the total figure for 2009.

LACD Top 10 Exports to Japan

Commodity	2010 YTD* (millions \$)	% of Japan Total
Optical and Medical Instruments	\$1,069.8	8.4%
Aircraft & Parts	\$966.6	7.6%
Computer Parts & Machinery	\$951.5	7.5%
Electrical Equipment & Electronic Components	\$890.2	7.0%
Plastics & Plastic Products	\$828.6	6.5%
Organic Chemicals	\$614.9	4.8%
Vehicles & Auto Parts	\$602.9	4.8%
Inorganic Chemicals	\$562.9	4.4%
Meat & Meat Products	\$531.4	4.2%
Refined Oil Products	\$511.4	4.0%
Total Top 10	\$7,530.6	59.3%

*Note: 2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online

LACD 2-Way Trade with Japan* 2000-2010 YTD**



*Includes Imports for Consumption and not General Imports
**2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online

Section 3 | Trade Ties

The Los Angeles Customs District Top 10 Imports from Japan 2010 YTD Detail

- 1 Vehicles & Auto Parts**
 - ▶ Vehicles for Transporting Persons
 - ▶ Parts
 - ▶ Tractors
 - ▶ Motorcycles
 - ▶ Cycle Parts
- 2 Computer Products & Machinery Parts**
 - ▶ Printers
- 3 Electrical Equipment & Electronic Components**
 - ▶ Generators
- 4 Optical, Medical & Surgical Instruments**
 - ▶ Medical, Dental, Surgical Instruments
- 5 Rubber & Rubber Products**
 - ▶ Unharded Vulcanized Rubber
 - ▶ Synthetic Rubber, Tubes & Pipes
- 6 Plastics & Plastic Products**
 - ▶ Plates & Sheets
 - ▶ Polymers & Resins
 - ▶ Polyesters
 - ▶ Acrylic Polymers
- 7 Organic Chemicals**
 - ▶ Heterocyclic Compounds
 - ▶ Carboxamide Compounds
- 8 Iron & Steel Products**
 - ▶ Screws, Bolts, and Nuts
- 9 Other Chemical Products**
 - ▶ Binders for Mound Molds
- 10 Photographic Goods**
 - ▶ Photographic Chemicals

The Los Angeles Customs District Top 10 Exports to Japan 2010 YTD Detail

- 1 Optical, Medical & Surgical Instruments**
 - ▶ Orthopedic Applications
 - ▶ Liquid Crystal Devices and Lasers
 - ▶ Optical Fibers
- 2 Computer Products & Machinery Parts**
 - ▶ Engine Parts
 - ▶ Centrifuges
- 3 Aircraft & Aircraft Parts**
 - ▶ Civilian Aircraft
 - ▶ Parts of Balloons and Spacecraft
- 4 Electrical Equipment & Electronic Components**
 - ▶ Radar Apparatus
 - ▶ Microphones and Loudspeakers
- 5 Plastics & Plastic Products**
 - ▶ Silicones, Polyethers, and Polyesters
- 6 Vehicles & Auto Parts**
 - ▶ Auto Parts
 - ▶ Vehicles for Transporting Persons
- 7 Organic Chemicals**
 - ▶ Acids & Salts
 - ▶ Heterocyclic Compounds
- 8 Inorganic Chemicals**
 - ▶ Hydrogen and Hydrazine
- 9 Meats**
 - ▶ Pork
- 10 Refined Oil Products**
 - ▶ Petroleum Coke

The Port of Los Angeles (POLA)

The Port of Los Angeles (POLA) is located in San Pedro Bay and together with the Port of Long Beach makes up the San Pedro Bay port complex. POLA is located 20 miles south of downtown Los Angeles and is comprised of 7,500 acres, with 43 miles of waterfront and 25 passenger and cargo terminals, including dry and liquid bulk, container, break-bulk, automobiles and warehouse facilities. The Port is also home to the World Cruise Center. The Port of Los Angeles was the busiest port in the U.S. for the eleventh consecutive year in 2010. Container volumes have more than doubled during the past decade. The POLA is the 16th busiest port in the world (based on 2009 figures) and is part of the fifth busiest port complex in the world when combined with the adjacent Port of Long Beach. The POLA handled 6.7 million Twenty-Foot Equivalent Units (TEUs) in Calendar Year (CY) 2009. The total cargo value of trade in CY 2009 was \$195.7 billion. The total cargo tonnage for CY 2009 was 157.5 million metric revenue tons. The port saw 2,179 vessel arrivals in CY 2009, and 105,934 automobiles were handled that year. *The CY 2010 figures for the POLA were extremely encouraging as the port handled 7.8 million TEUs.*

Total Import TEUs were 3.6 million in CY 2009. Of this number, the most important products imported in containers were:

The Port of Los Angeles CY 2009 top 5 Imports by TEU's

- ▶ Furniture – 370,867 TEUs or 10.4%
- ▶ Apparel – 147,212 TEUs or 4.1%
- ▶ Footwear – 139,126 TEUs or 3.9%
- ▶ Toys – 128,213 TEUs or 3.6%
- ▶ Auto Parts – 116,458 TEUs or 3.3%

Total Export TEUs at the Port of Los Angeles were 3.2 million in CY 2009. Of this number, the most important products exported in containers were:

The Port of Los Angeles CY 2009 top 5 Exports by TEU's

- ▶ Paper, Paperboard and Wastepaper – 279,867 TEUs or 8.8%
- ▶ Scrap Metal – 94,651 TEUs or 3.0%
- ▶ Grains and Flour Products – 88,756 TEUs or 2.8%
- ▶ Fabrics and Raw Cotton – 85,559 TEUs or 2.7%
- ▶ Pet and Animal Feed – 78,227 TEUs or 2.5%

Port of Los Angeles Top Imports from Japan

Year-to-date 2010, the top import commodity from Japan was motor vehicles & parts valued at \$10.7 billion, followed by computer parts & machinery, electrical equipment & electronic components which totaled \$9.5 billion. The next three top imports from Japan were optical and medical equipment (\$921 million), rubber and rubber products (\$916 million) and plastics and plastic products (\$714 million). Through November 2010, the most noteworthy change from 2009 has been in motor vehicle & parts imports as they have climbed by more than +20%. Other notable increases in product group imports through the Port of Los Angeles were computer parts & machinery and plastics & plastic products.

Port of Los Angeles (POLA) Top 10 Imports from Japan

Commodity	2010 YTD* (millions \$)	% of Japan Total
Vehicle & Auto Parts	\$10,672.9	39.7%
Computer Parts & Machinery	\$6,381.2	23.8%
Electrical Equipment & Electronic Components	\$3,158.2	11.8%
Optical and Medical Instruments	\$920.6	3.4%
Rubber & Rubber Products	\$915.9	3.4%
Plastics & Plastic Products	\$713.6	2.7%
Organic Chemicals	\$519.0	1.9%
Iron & Steel Products	\$439.5	1.6%
Other Chemical Products	\$233.8	0.9%
Photographic & Cinematographic Goods	\$185.2	0.7%
Total Top 10	\$24,139.9	89.9%

**Note: 2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online*

Port of Los Angeles Top Exports to Japan

On the export side, the top commodities sent out of the Port of Los Angeles to Japan YTD 2010 were plastics and plastic products followed by organic chemicals. Plastics and plastic products were valued at \$577 million while organic chemicals were valued at nearly \$465 million. These two exports were followed in the rankings by computer parts & machinery and inorganic chemicals.

Through November 2010, the most significant change with regards to the top exports to Japan was related to organic chemicals as they have already surpassed 2009 totals.

The Far East accounts for almost all (over 90%) of the trade routes served by the Port of Los Angeles (POLA). This explains why the Los Angeles Customs District's (LACD) top five trading partners are China, Japan, South Korea, Taiwan and Thailand. The overwhelming majority of the total trade comes in the form of imports, mainly from China and Japan. In fact, China was the POLA's most important trading partner in 2009 with a two-way trade total of \$92.5 billion, followed by Japan with a value of \$22.3 billion.

Port of Los Angeles (POLA) Top 10 Exports to Japan

Commodity	2010 YTD* (millions \$)	% of Japan Total
Plastics & Plastic Products	\$576.8	10.3%
Organic Chemicals	\$464.6	8.3%
Computer Parts & Machinery	\$457.4	8.2%
Inorganic Chemicals	\$438.6	7.9%
Meat & Meat Products	\$382.4	6.9%
Vehicle & Auto Parts	\$335.2	6.0%
Other Chemical Products	\$213.7	3.8%
Optical and Medical Instruments	\$191.7	3.4%
Electrical Equipment & Electronic Components	\$189.7	3.4%
Grains, Seeds, Fruits & Plants	\$143.4	2.6%
Total Top 10	\$3,393.6	60.8%

*Note: 2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online

The Port of Long Beach (POLB)

The Port of Long Beach (POLB) is located in San Pedro Bay adjacent to the Port of Los Angeles. POLB is located 20 miles south of downtown Los Angeles and is comprised of 3,200 acres with 10 piers, 80 berths and 71 post-Panamex gantry cranes. The Port of Long Beach is the second busiest port in the U.S. It is the 18th busiest port in the world (based on 2009 figures) and part of the fifth busiest port complex when combined with the Port of Los Angeles. POLB handled 5.1 million Twenty-Foot Equivalent Units (TEUs) in 2009. The Port handled total cargo valued at more than \$120 billion in 2009. The port serviced 4,746 vessels in 2009 and more than 70 million metric tons of cargo. On average, the Port of Long Beach handled the equivalent of nearly 14,000 TEUs each day during CY 2009. ***The CY 2010 figures for the POLB were also excellent as the port handled 6.3 million TEUs, which was an increase of +23.6% when compared to last year.***

The Port of Long Beach top 5 Imports:

- ▶ Crude Oil
- ▶ Electronics
- ▶ Plastics
- ▶ Furniture
- ▶ Clothing

The Port of Long Beach top 5 Exports:

- ▶ Petroleum Coke
- ▶ Refined Petroleum
- ▶ Chemicals
- ▶ Waste Paper
- ▶ Foods

The Port of Long Beach top Trading Partners:

Top trading partners by value are:

- ▶ China – 56.4% of Total
- ▶ **Japan** – 11.8%
- ▶ South Korea – 9.8%
- ▶ Australia – 4.9%
- ▶ Taiwan – 3.5%

Top trading partners by tonnage are:

- ▶ China
- ▶ **Japan**
- ▶ South Korea
- ▶ Taiwan
- ▶ Mexico

Section 3 | Trade Ties

Port of Long Beach Top Imports from Japan

The top import commodity from Japan YTD 2010 was computer parts & machinery valued at \$1.5 billion, followed by vehicles & auto parts which totaled \$718 billion. The next three imports from Japan were electrical equipment & electronic parts (\$676 million), rubber and rubber products (\$565 million) and optical and medical instruments (\$213 million). Through November 2010, the most noteworthy change from 2009 has been in computer parts & machinery imports as they have already surpassed 2009 totals. Other notable increases in product group imports through the Port of Long Beach have been electrical equipment & electronic components, plastics & plastic products and other chemical products.

Port of Long Beach (POLB) Top 10 Imports from Japan

Commodity	2010 YTD* (millions \$)	% of Japan Total
Computer Parts & Machinery	\$1,538.6	32.3%
Vehicles & Auto Parts	\$717.6	15.1%
Electrical Equipment & Electronic Components	\$675.9	14.2%
Rubber & Rubber Products	\$565.3	11.9%
Optical and Medical Instruments	\$213.3	4.9%
Plastics & Plastic Products	\$150.2	3.2%
Other Chemical Products	\$133.7	2.8%
Iron & Steel Products	\$85.9	1.8%
Refined Oil Products	\$68.8	1.4%
Organic Chemicals	\$61.9	1.3%
Total Top 10	\$4,229.3	88.7%

*Note: 2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online

Port of Long Beach Top Exports to Japan

On the export side, the top commodities sent out of the Port of Long Beach to Japan YTD 2010 were refined oil products followed by plastics and plastic products. Refined oil products were valued at nearly \$426 million while plastics were valued at \$209 million. These two exports were followed in the rankings by prepared animal feed, vehicles & auto parts, and meat & meat products. Through November 2010, the most significant change with regards to the top exports to Japan was related to refined oil products, plastics & plastic products, prepared animal feed and vehicles & auto parts as they all have already surpassed 2009 totals.

Port of Long Beach (POLB) Top 10 Exports to Japan

Commodity	2010 YTD* (millions \$)	% of Japan Total
Refined Oil Products	\$426.1	14.5%
Plastics & Plastic Products	\$209.3	7.1%
Prepared Animal Feed	\$190.4	6.5%
Vehicles & Auto Parts	\$176.5	6.0%
Meat and Meat Products	\$145.3	5.0%
Computer Parts & Machinery	\$137.7	4.7%
Inorganic Chemicals	\$110.4	3.8%
Fruits & Nuts	\$100.6	3.4%
Inorganic Chemicals	\$93.4	3.2%
Other Chemical Products	\$92.2	3.1%
Total Top 10	\$1,682.0	57.3%

*Note: 2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online

Los Angeles International Airport (LAX)

Los Angeles World Airports is the airport operations department for the City of Los Angeles which owns and operates Los Angeles International Airport (LAX). LAX is another key link in LA County's international trade, as it handles high-value products such as medical instruments, electronics, and perishables. The international airport is served by 43 international carriers and all major air freight lines including the two major Japanese airlines (All Nippon Airways (ANA) and Japan Airlines (JAL)). LAX has become a pivotal distribution center for cargo from and to Japan and the rest of the Pacific Rim. LAX was the 13th busiest cargo airport in the world in 2009 (2010 figures are not yet available for all airports) as it handled 1.5 million metric tons of air cargo. The airport handled 1.9 million metric tons in 2010 which should move it up in the rankings. In addition, it is the 6th busiest passenger airport in the world (reclaiming its #6 position in 2010 after falling to #7 in 2009) as it handled 59.1 million passengers in 2010 (2.6 million more than in 2009). LAX is also one of the world's busiest origin-and-destination airports.

The top trading partner with LAX is the Asia-Pacific region, with 582,283 tons of cargo annually valued at over \$45 billion. More than 1,000 flights arrive and depart LAX daily carrying air cargo. Of these over 50% are international. Nearly 80% of the Los Angeles region's air cargo is handled at LAX. LAX is responsible for more than \$65 billion in exports and imports. The airport serves every Asian and Pacific Rim airline including All Nippon Airways and Japan Airlines.

Los Angeles International Airport Top 5 Imports in 2009:

- ▶ Computer Equipment
- ▶ Electronics
- ▶ Pearls and Precious Stones
- ▶ Optical Instruments
- ▶ Apparel

Los Angeles International Airport Top 5 Exports in 2009:

- ▶ Electronics
- ▶ Aircraft and Aircraft Parts
- ▶ Optical Instruments
- ▶ Computer Equipment
- ▶ Pharmaceutical Products

Los Angeles International Airport Top 5 Trading Partners by Two-Way Value in 2009 included:

- ▶ China – 23.1% of Total
- ▶ **Japan** – 10.9%
- ▶ Malaysia – 4.5%
- ▶ South Korea – 4.5%
- ▶ Taiwan – 4.2%

LAX Top Imports from Japan

The top LAX import commodity from Japan YTD 2010 was electrical equipment & electronic components valued at \$1.4 billion, followed by optical and medical instruments which totaled \$1.0 billion. The next three imports from Japan were computer parts & machinery (\$461 million), clocks/watches & parts (\$119 million) and vehicles & auto parts (\$48 million).

Los Angeles International Airport (LAX) Top 10 Imports from Japan

Commodity	2010 YTD* (millions \$)	% of Japan Total
Electrical Equipment & Electronic Components	\$1,364.6	35.9%
Optical and Medical Instruments	\$1,032.1	27.1%
Computer Parts & Machinery	\$460.9	12.1%
Clocks/Watches & Parts	\$118.7	3.1%
Vehicles & Auto Parts	\$48.3	1.3%
Cutlery Tools & Parts	\$41.8	1.1%
Other Chemical Products	\$39.7	1.0%
Toys, Parts & Accessories	\$34.3	0.9%
Iron & Steel Products	\$29.3	0.8%
Photographic & Cinematographic Goods	\$29.0	0.8%
Total Top 10	\$3,198.8	84.1%

**Note: 2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online*

LAX Top Exports to Japan

On the export side, the top commodities sent out of LAX to Japan YTD 2010 were optical and medical instruments followed by aircraft & parts. Optical and medical instruments were valued at nearly \$845 million while aircraft & parts were valued at \$812 million. These two exports were followed in the rankings by electrical equipment & electronic components, computer machinery & parts, and pharmaceutical products.

Los Angeles International Airport (LAX) Top 10 Exports to Japan

Commodity	2010 YTD* (millions \$)	% of Japan Total
Optical and Medical Instruments	\$844.8	20.6%
Aircraft & Parts	\$811.6	19.8%
Electrical Equipment & Electronic Components	\$618.9	15.1%
Computer Parts & Machinery	\$347.6	8.5%
Pharmaceutical Products	\$132.9	3.2%
Other Chemical Products	\$122.6	3.0%
Apparel (Knit)	\$74.2	1.8%
Toys	\$72.1	1.8%
Leather Art & Handbags	\$62.3	1.5%
Vehicles & Auto Parts	\$58.2	1.4%
Total Top 10	\$3,145.1	76.6%

*Note: 2010 YTD is through November

Source: U.S. Census Bureau, USA Trade Online

LAX and Japan (Tokyo Narita and Tokyo Haneda)

LAX and Tokyo Narita – All Nippon Airways (ANA) and Japan Airlines (JAL) had a total of 14 weekly non-stop flights in 2010, with daily non-stop flights. These two Japanese airlines represented slightly over 1% of the total international passengers in 2010 YTD and over 2% of the total international air freight. Over 132,000 passengers departed or arrived via these two Japanese airlines in 2010 YTD. All Nippon Airways carried more passengers of the two Japanese airlines serving LAX, followed by Japan Airways. Also, Japan Airlines carried the most cargo tonnage. Other airlines that provide daily flights between Los Angeles and Tokyo Narita include American, Delta, Korean Air, Singapore, and United.

LAX and Tokyo Haneda -- Two airlines provide daily flights to Tokyo Haneda, All Nippon Airways (ANA) and Delta Airlines.

World's Busiest Passenger Airports

Atlanta's Hartsfield-Jackson International Airport remained the world's busiest passenger airport in 2009 with over 88 million passengers. Atlanta was followed by London Heathrow (LHR) and then Beijing Capital International Airport (PEK). Tokyo's Haneda Airport was ranked fifth in the overall rankings as it reported nearly 62 million passengers in 2009. Los Angeles International Airport (LAX) was the 7th busiest airport in the world in 2009 falling from its #6 ranking in 2008 due to a drop of -5.5% in total passenger traffic. However, in 2010 LAX handled 59.1 million passengers, which should allow it to reclaim its #6 ranking in the world. It was the third busiest U.S. airport in 2010.

2009 World's Busiest Airports

Airports	# of Passengers
Atlanta Hartsfield - Jackson (ATL)	88,032,086
London Heathrow (LHR)	66,037,578
Beijing (PEK)	65,372,012
Chicago O'Hare (ORD)	64,158,343
Tokyo Haneda (HND)	61,903,656
Paris Charles de Gaulle (CDG)	57,906,866
LAX	56,520,843
Dallas Fort/Worth	56,030,457
Frankfurt (FRA)	50,932,840
Denver (DEN)	50,167,485

Source: Airports Council International, 2009 Final Figures

World's Busiest Cargo Airports

Memphis International Airport (MEM) was the world's busiest cargo airport in 2009, reflecting its status as the primary FedEx hub. MEM recorded nearly 3.7 million metric tons in 2009. Tokyo's Narita airport came in ranked tenth with 1.85 million metric tons in 2009. Los Angeles International Airport (LAX) remained the thirteenth busiest cargo airport recording 1.5 million metric tons in 2009 (a decline of -7.4% over 2008). However, the 2010 figures demonstrate that LAX has seen a substantial increase in cargo traffic (moved to 1.9 million metric tons). Not all of the other world airports have reported preliminary figures for 2010. As a result, we are unable to determine the standing of LAX for 2010 at this time. Two other Japanese airports were among the top 30: Tokyo Haneda Airport (HND) at #24 and Osaka International Airport (KIX) at #26.

2009 World's Busiest Airports by Cargo Traffic

Airports	Tonnage
Memphis, Tennessee	3,697,054
Hong Kong	3,385,313
Shanghai	2,543,394
Seoul (Incheon)	2,313,001
Paris	2,054,515
Anchorage, Alaska	1,994,629
Louisville, Kentucky	1,949,528
Dubai, United Arab Emirates	1,927,520
Frankfurt, Germany	1,887,686
Tokyo (Narita) (#10)	1,851,972
Singapore	1,660,724
Miami	1,557,401
LAX (#13)	1,509,236
Beijing	1,475,649
Taipei	1,358,304

*Note: 2010 YTD is through November
Source: U.S. Census Bureau, USA Trade Online

Section 4 | Investment Ties



► Foreign Direct Investment (FDI)

The U.S. Bureau of Economic Analysis (BEA) defines foreign direct investment (FDI) as “ownership or control, directly or indirectly, by one foreign person, or entity, of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.” FDI is normally divided into two categories: 1) greenfield investment and 2) mergers and acquisitions. Greenfield investment involves the creation of new businesses and the development or expansion of production facilities. Mergers and acquisitions involve the purchase of existing enterprises.

Economic history has demonstrated that as nations develop and trade grows so does outward investment. Strong economic growth generates higher savings which allows nations to eventually become net outward investors. Japan has been the perfect example of this scenario, as its successful export-led strategy was then followed by huge outward investment. The U.S. and Japan first established very close trade ties and then the two nations began to invest in each other’s countries. Japan began to send its goods into the U.S. market in the 1950’s (mainly automobiles) and this accelerated into the 1970’s and 1980’s. Japanese FDI into the U.S. began in the late 1950’s and then surged in the late 1980’s and early 1990’s with such notable acquisitions as Universal Studios, Columbia Pictures, Rockefeller Center, and Pebble Beach golf course. Japan has been a substantial investor in the U.S., California, and particularly in Los Angeles County.

Most of Japan’s outward FDI included investments in real estate and financial services. In addition, more than half of Japan’s outward FDI went to North America (consistently over 90% to the U.S.). Japan’s outward FDI into the U.S. increased from \$1.3 billion in 1983 to \$25.5 billion in 1990. In the 1990’s, Japanese outward FDI slowed. This was particularly true of outward investment to the U.S. By 1998 Japanese outward FDI dropped back to \$6 billion.

Japan has also attracted large inward investment flows. Beginning in the postwar period, the U.S. began to invest in Japan as it helped rebuild the country. As the Japanese economy began to develop, other nations showed interest. By the 1980’s, Japan was experiencing large inflows of investment. Inward investment into Japan from the U.S. tripled in the 1980’s moving from \$200 million to \$600 million. Japanese inward FDI from the U.S. reached new highs in 2007 moving to over \$13 billion. In 2008, the

U.S. figure dropped to \$11.8 billion and accounted for nearly 50% of total Japanese inward FDI. The overwhelming majority of the \$11.8 billion (\$10.7 billion or over 90%) was in finance & insurance due to relaxation of ownership regulations.

Global FDI flows plunged in 2009 as a direct result of the financial and economic crisis. FDI into the U.S. and Japan plummeted by over 50%. In fact, Japanese investment into the U.S. experienced the largest drop of any country investing into the U.S. Japanese outward investment to the U.S. collapsed by -92%. Meanwhile, U.S. investment into Japan declined by nearly as much, tumbling by over -85%.

Japanese direct foreign investment into the U.S. has and will continue to come in the form of both greenfield investment and mergers & acquisitions. Over the past thirty years, the majority of Japanese outward investment came in the form of greenfield investment. The Japanese have a high domestic saving role and an overabundance of foreign exchange reserves that historically has ended up in the U.S., California and Los Angeles County. This will most likely continue in the years to come. LAEDC research suggests that Japan ranks as the leading source of foreign direct investment into Los Angeles County. Japan has maintained its top ranking for many years.

Majority of Japanese Investment Originated/ Originates from these Areas:

- **Kanto Region** – area surrounding Tokyo – largest economy in Japan – comprises roughly 30%-40% of GDP – includes the Tokyo-Yokohama district – which is the core of Japan’s commerce and industry – also includes the prefectures of Chiba, Kanagawa and Saitama – slightly smaller than the economy of California or 10th largest economy in the world – headquarters of Honda
- **Kinki/Kansai Region** – 2nd largest economy in Japan – solar battery manufacturing capital of Japan – includes the area around Osaka Bay
- **Chubu Region** – 3rd largest economy in Japan – includes Nagoya and headquarters of Toyota
- **Kyushu Region** – 4th largest economy in Japan – includes Fukuoka
- **Chugoku Region** – 5th largest economy in Japan – includes Hiroshima

► FDI into the U.S. and California

The United States and California have generally been very successful in attracting FDI. However, the global competition for FDI is becoming more intense. In terms of FDI stock, foreign companies' share of their overseas affiliates' net worth plus debt owed to them by their affiliates, the United States led the world in 2009, with \$2.4 trillion (e.g., inward FDI stock in U.S. companies), followed by China (including Hong Kong, \$1.4 trillion), France (\$1.2 trillion) and the United Kingdom (\$1.0 trillion).

Recent reports identify emerging countries like the BRIC group (Brazil, Russia, India, and China) plus Vietnam on par with North America and Europe for new foreign direct investment. Many developing countries have recorded impressive growth rates in inward FDI stock in recent years (e.g., a 100% plus increase for the BRIC countries since 2001). Still, the advanced industrial nations account for the largest increases in world inward FDI stocks (especially the European Union) as a result of their sizable populations of affluent consumers and first-world legal and investment protections.

Many countries are developing explicit strategies to attract new FDI. The advanced industrial nations (and regions within developed countries) should not become complacent with their currently favorable positions.

In the United States, California remains the largest recipient of foreign direct investment (FDI) by all measures. However, faster growth in FDI is occurring elsewhere in the country. During the same period that the level of gross property, plant, and equipment of all non-bank affiliates in California grew by 10.7% to \$124 billion between 1999 and 2005, the nationwide rate of growth was 20.6%.

► FDI into Los Angeles County

Throughout its history, Los Angeles has been a key destination for foreign direct investment. FDI strengthens the regional economy by bringing new technology, capital, skills, and international connections and by creating new jobs. While much is known about FDI at the national and state levels, there are no official government data publicly reported concerning FDI in Los Angeles County.

Los Angeles County is home to many recent and older foreign direct investments throughout its diversified industrial base. The County's sheer size (number one in the country for both population and the number of manufacturing employees) has led policymakers, business officials, and others to attribute to Los Angeles County a significant share of California's FDI in terms of establishments, employees, and wages, but the facts necessary to make precise

calculations are not made readily available by state or federal statistical agencies.

Los Angeles County receives investment capital from countries all over the world. The LAEDC's FDI database (which covers 2007) includes 4,521 foreign-owned and -affiliated business establishments in total, of which 2,130 (or 47.1%) are primary locations and 2,391 (52.9%) are secondary locations. The County's 4,521 foreign-owned and -affiliated establishments represent slightly less than a third (32.4%) of the state's 13,969 foreign-owned establishments.

Almost half (or 48.5%) of the County's foreign-owned or -affiliated establishments have a parent company based in Europe. Another 1,948 establishments (43.1%) have an Asian parent company. Meanwhile, 335 establishments (7.4%) have a parent company in Canada or Mexico, 27 (0.6%) have a Middle Eastern or African parent company, and 17 (0.4%) have a parent company in Latin America or the Caribbean.

Japan is the leading single source of FDI in Los Angeles County, as measured by number of businesses, with 1,413 total establishments or 31.3% of total foreign-owned and -affiliated companies. The United Kingdom ranks second, with a total of 794 local establishments. They are followed at some distance by France and Germany, which have 360 and 334 local establishments respectively. Canada rounds out the top five, with 278 establishments in the County. The "second five" group of countries includes three from Europe—Switzerland, Italy, and the Netherlands, with a combined total of 515 establishments—and two from Asia (Taiwan and Australia, with 236 more establishments).

Los Angeles County's foreign-owned and -affiliated businesses are spread across several industry sectors. The largest concentration of FDI establishments is in retail trade (981 total establishments, or 21.7% of the all foreign-owned and affiliated establishments) followed by wholesale trade (930 total establishments or 20.6%). The figures for wholesale trade category include import and export activities and reflect the fact that the County is home to the important Ports of Long Beach and Los Angeles. Manufacturing ranks number three, with 608 total establishments or 13.4% of the total. Many foreign-owned banking and insurance companies (481 establishments or 10.6% of the total) also are in Los Angeles County, attracted by its large ethnic population and business base and the opportunity to finance a huge volume of internationally oriented transactions.

The City of Los Angeles has the largest number of foreign-owned and -affiliated businesses, with 1,591 total establishments, followed by Torrance (310 total establishments), Long Beach (212 total establishments), Santa Monica (134 total establishments), Pasadena (127 total establishments), and City of Industry (118 total establishments).

FDI into Los Angeles County (continued)

In terms of foreign-owned and -affiliated establishments as a percentage of all establishments (domestic and foreign-owned) in a particular city, Carson and El Segundo are tied for the top spot (6.6%) followed by the City of Industry (5.2%), Compton (4.8%), Torrance (4.7%), and Santa Fe Springs (4.5%). The county-wide ratio is 1.8%.

Foreign-owned and -affiliated establishments account for an estimated 136,000 jobs and \$7.6 billion in wages in Los Angeles County. The average wage for employees of foreign-owned and -affiliated businesses (\$56,000) exceeds the County average wage for employees of all businesses (\$47,700).

In terms of both employment and wages in Los Angeles County, Europe is the largest contributor of foreign direct investment with 63,500 employees and \$3.7 billion in wages. Asia-Oceania is the second largest source with 62,000 employees and \$3.3 billion in wages in the County.

Industries Japanese Companies are Investing in Overseas

- ▶ *Green Technology*
- ▶ *Biomedical*
- ▶ *Internet Technologies*

The industry with the largest number of foreign-owned and -affiliated businesses in the City of Los Angeles is retail trade (369 total establishments), followed by wholesale trade (226 total establishments), finance and insurance (223 total establishments), and manufacturing (178 total establishments). The make-up of retailing is quite eclectic, ranging from food stores to clothing and gas stations.

Foreign-owned and -affiliated businesses in the City of Los Angeles account for 51,900 jobs and \$2.8 billion in wages. Japan is the largest source for jobs and wages (16,200 jobs and \$792 million respectively) followed by France (10,000 jobs and \$583 million) and the United Kingdom (7,200 jobs and \$422 million).

FDI into Los Angeles County from Japan

Japan is the top foreign investor in Los Angeles County in terms of foreign-owned and -affiliated businesses, with 544 primary locations and 869 secondary locations, for a total of 1,413 establishments. Japanese companies in Los Angeles County are diversified across several industry groups. Retail trade is the largest industry sector with 471 total establishments, followed by wholesale trade (362 total establishments); and finance and insurance (110 total establishments).

In retailing, the major sub-sectors are food and beverage stores, motor vehicles and parts dealers, and clothing and accessories stores. In wholesale trade, the major sub-sector is durable goods, especially autos and consumer electronics.

Several well-known companies that are actually Japanese owned have operations in Los Angeles County. They include 7-Eleven (part of Seven & i Holdings) and Firestone Tire (part of Bridgestone) retail chains as well as Union Bank. Large international auto manufacturers with sizable operations in the County include Toyota (U.S. sales headquarters) and Honda (U.S./North American headquarters).

Japanese-Owned Establishments by Major Industry Sector

Sector	Primary Locations	Secondary Locations	Total Establishments	% of Total
Retail Trade	24	447	471	33.3%
Wholesale Trade	242	120	362	25.6%
Finance & Insurance	16	94	110	7.8%
Accommodation & Food Services	15	84	99	7.0%
Manufacturing	67	27	94	6.7%
Transportation & Warehousing	57	22	79	5.6%
Prof., Scientific & Tech Services	36	27	63	4.5%
Information	30	13	43	3.0%
Administrative, Support, Waste Management & Remediation Services	20	10	30	2.1%
Real Estate, Rental & Leasing	15	4	19	1.3%
Other Sectors	22	21	43	3.0%
Total	544	869	1,413	100.0%

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

Section 4 | Investment Ties

FDI into Los Angeles County from Japan (continued)

Japanese-Owned Establishments by Detailed Industry		
Sector	Total Establishments	% of Total
Food and Beverage Stores	387	27.4%
Merchant Wholesalers, Durable Goods	290	20.5%
Credit Intermediation and Related Activities	94	6.7%
Food Services and Drinking Places	85	6.0%
Merchant Wholesalers, Nondurable Goods	72	5.1%
Professional, Scientific & Technical Services	63	4.5%
Support Activities for Transportation	52	3.7%
Motor Vehicle & Parts Dealers	45	3.2%
Motion Picture & Sound Recording Industries	33	2.3%
Computer & Electronic Product Manufacturing	31	2.2%
Administrative & Support Services	30	2.1%
Food Manufacturing	21	1.5%
Clothing & Clothing Accessories Stores	20	1.4%
Other Industries	190	13.4%
Total	1,413	100.0%

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

The City of Los Angeles has the largest number of Japanese-owned and -affiliated businesses, with 454 total establishments, followed by Torrance (199 total establishments), Long Beach (75 total establishments), Carson (43 total establishments), and Gardena (42 total establishments). The cities of Torrance, Gardena, and Carson are all in the South Bay area of the County. A large array of support activities (schools, retail, etc.) has developed there over several decades dating back to the entry of several Japanese companies into the U.S. market. This provides a high “comfort factor” for Japanese firms and their key employees.

Japanese-Owned Establishments by City		
City	Total Establishments	% of Total
Los Angeles	454	32.1%
Torrance	199	14.1%
Long Beach	75	5.3%
Carson	43	3.0%
Gardena	42	3.0%
Pasadena	34	2.4%
Santa Fe Springs	29	2.1%
Compton	28	2.0%
Culver City	28	2.0%
Santa Clarita	26	1.8%
El Segundo	23	1.6%
Santa Monica	23	1.6%
Inglewood	18	1.3%
Glendale	17	1.2%
Burbank	16	1.1%
Pomona	16	1.1%
Cerritos	15	1.1%
City of Industry	13	0.9%
Vernon	13	0.9%
Lakewood	12	0.8%
Monterey Park	12	0.8%
Whittier	12	0.8%
Norwalk	11	0.8%
Alhambra	10	0.7%
Palmdale	10	0.7%
Other Cities	234	16.6%
Total	1,413	100.0%

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

Japanese-owned and -affiliated companies in Los Angeles County account for 49,600 employees and \$2.6 billion in wages. Retail trade is the largest major industry sector in terms of employment (12,500 employees). Wholesale trade, manufacturing, and information (9,300, 7,100, and 5,600 employees respectively) are the next largest sectors. Wholesale trade is the largest major industry sector in terms of wages for Japanese-owned companies (\$520 million) followed by information (\$466 million), manufacturing (\$430 million), and retail trade (\$348 million).

Section 4 | Investment Ties

FDI into Los Angeles County from Japan (continued)

Employment and Wages of Japanese-owned Establishments by Major Industry Sector				
Sector	Employment	Wages (1,000s)	% of Total Employment	% of Total Wages
Retail Trade	12,500	\$348,000	25.2%	13.3%
Wholesale Trade	9,300	\$520,000	18.8%	19.9%
Manufacturing	7,100	\$430,000	14.3%	16.4%
Information	5,600	\$466,000	11.3%	17.8%
Finance & Insurance	4,200	\$287,000	8.5%	11.0%
Transportation & Warehousing	3,800	\$211,000	7.7%	8.1%
Professional, Scientific & Technical Services	2,700	\$198,000	5.4%	7.6%
Accommodation & Food Svcs	2,000	\$38,000	4.0%	1.5%
Admin, Support, Waste Management & Remediation Svcs	1,000	\$30,000	2.0%	1.1%
Management of Companies & Enterprises	600	\$49,000	1.2%	1.9%
Other Industries	800	\$38,000	1.6%	1.5%
Total	49,600	\$2,614,000	100.0%	100.0%

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

The City of Los Angeles is number one for both employment and wages of Japanese-owned companies (16,200 employees and \$792 million respectively). Torrance (8,500 employees and \$488 million in wages) and Long Beach (3,400 employees and \$180 million in wages) are also top locations for employment and wages of Japanese-owned companies.

Employment and Wages of Japanese-owned Establishments by Cities in Los Angeles County				
City	Employment	Wages (1,000s)	% of Total Employment	% of Total Wages
Los Angeles	16,200	\$792,000	32.7%	30.3%
Torrance	8,500	\$488,000	17.1%	18.7%
Culver City	4,000	\$326,000	8.1%	12.5%
Long Beach	3,400	\$180,000	6.9%	6.9%
Gardena	2,100	\$100,000	4.2%	3.8%
Santa Clarita	1,100	\$47,000	2.2%	1.8%
Carson	900	\$50,000	1.8%	1.9%
Santa Fe Springs	900	\$42,000	1.8%	1.6%
Pasadena	900	\$54,000	1.8%	2.1%
El Segundo	800	\$49,000	1.6%	1.9%
Compton	700	\$37,000	1.4%	1.4%
Other Cities	10,100	\$449,000	20.4%	17.2%
Total	49,600	\$2,614,000	100.0%	100.0%

Source: Los Angeles County Economic Development Corporation (LAEDC) FDI Report

► Where will Japan Invest?

Japanese companies invested predominantly in the advanced economies of North America and Europe for decades after the war. Over the past two decades, Japanese outward FDI has moved more into developing Asia and less into the developed world. Japanese companies have focused on investing into China and South Korea over the past decade as both nations have witnessed very strong economic growth. In addition, Japanese companies have moved into Vietnam, Thailand and other Southeast Asian economies as well as into Africa in order to take advantage of robust economic growth and lower average costs.

Historically, Japanese companies have continued to move production overseas whenever the Yen strengthened to the point where operating profits began to fall domestically. In the past year, Japanese firms have started to send more production abroad as the Yen has reached record levels against the U.S. dollar. Auto companies such as Toyota & Nissan and electronics companies like Sony & Canon are all moving more production overseas. The U.S. has been a major beneficiary of this trend particularly the auto industry.

The U.S. is an attractive area for Japanese investment for many reasons. First, the U.S. has the largest domestic market in the world. Second, the U.S. market presents few challenges that are major issues in other worldwide markets. Third, setting up abroad allows Japanese companies to avoid the obstacles associated with trade disputes. Finally, the Japanese have an abundance of U.S. dollars in reserves.

No other county in the U.S. has a larger consumer market than Los Angeles County which is obviously very good news for potential investment prospects. In addition, Los Angeles County possesses some undeniable assets that will attract more Japanese investment into the County. The first relates to the transportation infrastructure, which includes the ports, rails, intermodal resources, established logistics and Los Angeles International Airport. The second reason why investment will continue to be attracted to LA County is the world class university and R&D talent pool populated by thousands of Asian and Japanese students. Other factors that should continue to entice Japanese investors to LA County include the largest established Japanese community in the U.S., the local Japanese language capabilities and the strong cultural ties documented earlier in this report. These should provide important comfort for leery investors. The key is to identify industry clusters in LA County that will attract future Japanese investment.

Informed observers believe investments will be made in the green/clean technology industries like electric vehicles, and renewable energy like solar & wind energy. Entertainment, digital media, animation, and high-tech consumer electronics also will be core areas, as these

Prominent Japanese Companies with a Presence in the U.S.

Company
Toyota (Automobiles)
Honda (Automobiles)
Nissan (Automobiles)
Sony (Conglomerate)
Canon (Household Electric Appliances)
Mitsubishi (Conglomerate)
Seven & I Holdings (Owner of 7-Eleven)
Kirin Brewery (Beer)
Asahi Beer
Hitachi (Conglomerate)
Toshiba (Conglomerate)
Panasonic (Consumer Electronics)
Pioneer (Consumer Electronics)
Kenwood (Consumer Electronics)
Mitsui & Co. (Conglomerate)

industries have been targeted by the private sector in Japan. Other key industries likely to attract Japanese investment include the auto industry, health care, pharmaceuticals, food, and educational technology. Still other FDI Prospects from Japan in LA County include: biotech/biomedical, robotics, earthquake technology, and logistics.

According to most observers, Japanese investment will come in the form of technology and not in the form of manufacturing. Technology will complement the concentration of manufacturing facilities that already exists in Los Angeles County. In fact, the key reason why this type of investment should come to Los Angeles County is that the region is the capital of American manufacturing. Distribution centers also are expected to draw much attention by Japanese companies looking to expand into the U.S. Such investment will have to include sales and service offices in order to provide critical customer service. FDI will come in the shape of research and development facilities in order to promote crucial innovation to remain competitive. Also, the FDI will likely come in the form of regional headquarters (U.S. or North America), which has already been evident for the past 20-30 years. In addition, critical emphasis will be placed on maintaining the headquarters of Japanese companies already located in Los Angeles County as well as attracting new companies in the industry areas mentioned above.

► Foreign Direct Investment (FDI)

According to economic theory, the key reasons why companies attempt to invest overseas are related to markets, efficiency and resources. First, firms participate in foreign direct investment in order to gain access to foreign markets. A perfect example of this occurs when a company tries to reduce costs by producing or assembling products inside a particular market or in close proximity to that target market. A relevant example for this report relates to the Japanese companies Toyota and Honda, which built assembly plants across the U.S.

Secondly, corporations around the world are always looking to find ways to become more efficient. Placing production sites near the inputs to production (labor or capital) is often the most cost-efficient. There are many examples of companies moving production sites to parts of the world where labor costs or factory costs are very low relative to the home country. This phenomenon has been very common for more than twenty years.

“According to economic theory, the key reasons why companies attempt to invest overseas are related to markets, efficiency and resources.”

Finally, companies invest in basic natural resources all over the world. Acquiring sources of energy and other essential commodities has always been one of the most critical objectives of nations attempting to develop

economically. Throughout history all of the world’s great economic powers (Britain, the U.S. and Japan) have been sustained by gaining access to resource-rich areas. Today we see this occurring all over again as the next emerging economic superpower, China, looks to secure its economic future by investing in the Middle East, Africa, Australia and South America.

Economic growth is one of the fundamental goals of macroeconomic policy. Similar to trade, FDI plays a vital role in achieving strong economic growth throughout the world. Economic studies have demonstrated that FDI stimulates new employment and boosts productivity. Productivity has been raised due to the introduction of new business models that accompany FDI. In addition, FDI has been shown to improve returns on capital. Countries around the world are always competing to become more attractive destinations to foreign investors. Nations can become more attractive by advocating for less regulation, lower operating costs, lower tax rates, higher rates of labor mobility, the creation of opportunities for mergers and acquisitions, and the creation of incentives for investment into the country.

Over the years, outward FDI from Japan has mainly been to the U.S. Japan has focused on four main industry groups: automotive (vehicle and parts sales, distribution and then manufacturing), real estate (commercial), finance & insurance (banks and holding companies) and electronics (headquarters). Inward FDI investment to Japan has predominantly been from the U.S. in the form of finance & insurance, electric machinery and non-manufacturing.

▶ Los Angeles County FDI – Green/Clean Technology Strategy

It is also worth noting that the LAEDC in 2009 facilitated the creation of LA County's first ever consensus **Strategic Plan for Economic Development**. The Plan (developed by more than a thousand business, labor, government, educational, and environmental organizations) contains a specific strategic objective to attract more foreign direct investment into the County during its five year implementation period from 2010-2014.

As the leading foreign investor in Los Angeles County, Japan continues to be a major focus for Los Angeles County to attract, retain, and grow foreign direct investment. The County of Los Angeles has aggressively pursued foreign investment from Japan over the past three decades. The World Trade Center Association Los Angeles-Long Beach (WTCA), a subsidiary of the LAEDC, has a very strong interest in attracting investment in the area of green/clean technology. Part of the WTCA's Los Angeles-Long Beach "green strategy" includes targeting and attracting Japanese investment in the clean technology automotive industry and the alternative/renewable energy industry. The focus in the renewable energy industry lies with solar, fuel cells and wind. Some leading companies in Japan that are in these industries include:

- ▶ **Toyota** – Automotive (Electric Vehicles)
- ▶ **Honda** – Automotive (Electric Vehicles)
- ▶ **Nissan** – Automotive (Electric Vehicles)
- ▶ **Sharp** – Electronics/Solar Energy
- ▶ **Kyocera** – Electronics/Solar Energy
- ▶ **Sanyo** – Electronics/Solar Energy
- ▶ **Mitsubishi Electric** – Solar Energy
- ▶ **Kaneka** – Solar Energy
- ▶ **Solar Frontier** (formerly Showa Shell Sekiyu)
- ▶ **Fuji Electric Holdings** – Solar Energy

The state and county efforts to attract this type of investment are proceeding on many fronts including state and federal legislation, incentives, access to various funding sources and valuable resources that will facilitate the overall process. Examples are:

State Legislation

- ▶ California Assembly Bill (AB) 32 – California Global Warming Solutions Act
- ▶ California Assembly Bill (AB) 811 – Energy Efficiency and Renewable Energy Financing Program
- ▶ The Green Building Initiative and the accompanying Green Building Action Plan
- ▶ California Assembly Bill (AB) 939 – The Integrated Waste Management Act

State Incentives

- ▶ California Solar Initiative
- ▶ California Assembly Bill (AB) 118 – Clean Vehicle Rebate Program
- ▶ Sales Tax Credit for Green Manufacturing Equipment

Green Opportunities

- ▶ California ranks as the 10th largest consumer of energy in the world
- ▶ The Ports of Los Angeles and Long Beach are mandating significant CO2 reductions
- ▶ City of Los Angeles – Green LA Initiatives
- ▶ The Antelope Valley – centrally located to 95% of the state's wind-generating capacity and output

Federal Funding for Renewable Energy

- ▶ \$2.5 Billion for applied research, development, demonstration and deployment of energy efficiency and renewable energy technologies
- ▶ \$1.25 Billion for wind, solar, water power, hydrogen, vehicles, industrial and building technologies
- ▶ \$1.25 Billion for competitive solicitation for a range of industrial and energy efficiency improvement projects
- ▶ \$4.5 Billion for developing the smart electricity grid
- ▶ \$30 Billion for investments in applied research, loan guarantees and grants to develop new technologies in partnership with industry, energy efficiency and conservation activities
- ▶ \$4.2 Billion to make Department of Defense facilities more energy efficient

Los Angeles County FDI – Green/Clean Technology Strategy (continued)

\$50-\$70 Billion Available for Los Angeles County Infrastructure Projects

- ▶ **\$40 Billion** – Measure R: Funding LA County Transportation Projects
- ▶ **\$10-13 Billion** – Modernizing LAX
- ▶ **\$3.5 Billion** – Modernizing and Greening LA Community Colleges and Training Students
- ▶ **\$7.0 Billion** – Creating Smaller, Modern and Greener Schools
- ▶ **\$9.95 Billion** – Proposition 1A: High Speed Rail linking LA County to the rest of California
- ▶ **Billions of Dollars to Upgrade and Green the Ports of LA and Long Beach**

The federal government along with the state & county governments are trying to facilitate the investment process by providing access to funding sources. The private sector also plays a key role as private equity and venture capital firms provide substantial opportunities. Other critical sources are federal stimulus funds, grants and guaranteed loans.

▶ Tokyo and Los Angeles – Global Environmental Leaders

Tokyo – Committed to Going Green

The city of Tokyo has been working to make itself the world's most eco-friendly mega-city for a decade. The metropolitan area is home to a population of 13 million and, has been a world leader in moving forward on its environmental initiatives. For example, Tokyo has reduced solid waste by recycling waste and converting the remainder into electricity.

The city has enacted tough environmental building standards along with offering incentives to residents to install solar panels. The local government has also created a plan to green the city by planting trees and creating a forest. In addition, Tokyo has launched a mandatory program for factories and buildings to reduce carbon emissions by 25% by the end of 2020.

Profile: Japanese Renewable Energy Industry

The solar/renewable energy industry in Japan has been one of the global leaders over the past two decades as Japanese investors have been acutely aware of the growth opportunities within this industry. Japan has been one of the top investors in clean energy investment and is the world's third-largest market for solar energy. The solar market is projected to double over the next two years. Japanese companies have been the industry leaders over the years and are facing increased competition from Chinese, Taiwanese and South Korean firms. However, many Japanese industry leaders still hold superior technology and a competitive advantage. The Japanese government has allocated \$745 million in state subsidies for solar installations in the fiscal years 2008 to 2011. In addition, Japan began a feed-in tariff scheme in 2009 which allowed residential solar users to sell excess power back to the grid. Japan is expected to remain one of the strongest markets for photovoltaic (PV) systems over the coming years.

Los Angeles – Green LA: An Action Plan to Lead the Nation in Fighting Global Warming

In May 2007, Mayor Villaraigosa in partnership with the Los Angeles City Council and environmental leaders unveiled GREEN LA – An Action Plan to Lead the Nation in Fighting Global Warming. The long-term goal is to reduce the City of Los Angeles' greenhouse gas emissions by 35% below 1990 levels by 2030. This goal goes beyond the targets set in the Kyoto Protocol and is the greatest reduction target of any large US city.

The plan outlines the actions that the public and private sectors need to take to reduce greenhouse gas emissions: promoting green energy, conserving water, building a world-class transportation system, reducing waste, greening the port and airports, creating more open space and park land, and adapting Los Angeles' economy to the realities of global climate change. Green LA offers a blueprint for reducing the city's carbon footprint and addressing climate change.

Ownership of the largest municipal utility in the country, the Los Angeles Department of Water and Power, allows the City to directly affect a major source of green house gases from electricity production. Overall, one-third of CO₂ emissions are from the City operations. Today, Los Angeles is more than halfway toward meeting the U.S. emissions target outlined by the Kyoto Protocol.

Profile: SoCal Edison's Electric Vehicle ("EV") Technical Center - Pomona

The Southern California Edison's ("SCE") EV Technical Center is one of only two U.S. Department of Energy test sites approved to test electric vehicle performance in fleet operations. The Center was established in 1993, and it provides an array of electric transportation services centering on solutions for automakers, battery manufacturers, government agencies, business and industrial fleet customers and residential customers.

The SCE EV Tech Center serves the following purposes:

- ▶ To help the SCE's Transportation Services Department manage the nation's largest and most successful fleet of pure battery-electric vehicles. To date, the EV fleet has logged more than 17 million tailpipe-emission-free miles;
- ▶ To evaluate various electric-drive technologies for uses in SCE's own fleet applications to meet federal and state regulations;
- ▶ To understand and help minimize potential impacts of large increases in the numbers of vehicles connecting to the grid. This includes helping customers shift charging to off-peak (low-energy-use) periods;
- ▶ To provide education and outreach on the safe, reliable and energy-efficient use of electric-drive technologies

The EV Center includes the following state-of-the-art Equipment:

- ▶ Electric vehicle testing and maintenance facilities
- ▶ "Garage of the Future" – capable of simulating volt charging, energy flow, energy storage, energy generation and meter control
- ▶ Charge testing and fast charge testing facilities
- ▶ Maintenance bay for hydrogen Internal Combustion Engine (ICE) and fuel cell EV prototypes
- ▶ Battery testing laboratory

Japan – Clean Energy Profile

Distribution of Investment from 2005-2009:

- ▶ 35.5% Wind
- ▶ 27.3% Other renewables
- ▶ 25.7% Solar
- ▶ 8.5% Efficiency and low carbon tech/services
- ▶ 3.0% Biofuels

2009 Figures:

- ▶ Total Investment -- \$800 million
- ▶ 5-Year Growth Rate – 51.1%
- ▶ Total Renewable Energy Capacity – 12.9 GW
- ▶ Total Power Capacity – 1.3%
- ▶ 5-Year Growth Rate – 4.2%
- ▶ Key Sectors – Biomass and Solar

2020 Key Clean Energy Targets:

- ▶ Wind – 5,000 MW
- ▶ Solar – 28,000 MW

Key Investment Incentives:

- ▶ Solar – Residential feed-in tariff
- ▶ Energy Efficiency – Energy bank (fund for energy efficiency and Carbon Dioxide)

According to the Clean Energy Patent Growth Index's (CEPGI) 2010 second quarter results, Japan led the non-U.S. holders of U.S. clean energy patents. Japan had 121 clean energy patents and was followed by South Korea, Germany, and Canada. Honda was once again the overall company leader as it secured 33 patents. These included mainly fuel cell patents along with solar and hybrid/electric vehicle patents. Toyota (#4), Panasonic (#6), Nissan (#7), Hitachi (#7) and Mitsubishi were the other Japanese companies that also obtained patents which were in the areas of fuel cells, hybrid/electric vehicles, solar, and wind.

▶ FDI into Japan

Foreign direct investment (FDI) into Japan has grown substantially since the end of World War II and has played an instrumental role, along with international trade, in propelling Japan's economy into one of the largest in the world. Indeed, economic development has been stronger in regions that have had high proportions of FDI.

Japan attracted FDI mainly from the advanced economies through the years. However, this trend has changed dramatically in recent years. Developing Asia and other emerging markets have witnessed dramatic economic growth. In 2007 and 2008, the U.S. was the largest source of FDI into Japan, making up nearly 50% of total FDI into Japan. From a sector perspective, the highest percentage of net investments was in the finance and insurance sector, which made up over 80% of total FDI inflows. However, in 2009, global investment flows plummeted in the advanced economies, particularly in the U.S. and Japan, falling by over 50% in both nations.

Foreign direct investment by companies into Japan has normally fallen into three categories. First, entry into Japan's domestic market has usually been vis-à-vis a license tie-up with a Japanese firm. This works similar to a license agreement, which allows a foreign company to market its products in Japan in return for some sort of compensation. Second, another key approach to entering the Japanese market has been establishing a joint venture with a Japanese firm. Finally, the third model has been to establish a wholly-owned subsidiary in Japan.

Many foreign firms that have entered into Japan have utilized all three methods. Initially it usually made most sense for foreign firms to use a license agreement in order to gain entry. This allowed foreign firms to focus on attaining local market knowledge, sales and marketing. Later, firms could make the transition to a joint venture with a Japanese firm. Then, if the opportunity presented itself, they could establish in Japan a wholly-owned subsidiary of their parent company.

▶ Key Advantages to Investing in Japan

- ▶ **One of the Largest Markets in the World** – Japan has the third largest economy in the world. Also, the separate regions are very attractive individual markets that offer a plethora of business opportunities.
- ▶ **High Purchasing Power** – Japan has one of the largest middle classes and one of the highest per capita household consumption expenditures of any country. In addition, Japan has long had the reputation for being the best test market for new goods and services.
- ▶ **World Class Companies to Form Partnerships With** – Japan is the home to some of the most successful companies in the world including small & medium sized enterprises that produce technologically advanced products and innovative services. Foreign firms have unlimited opportunities to partner with these companies. Many companies have benefitted from these arrangements over the years, and Japanese firms have proven to be extremely loyal.
- ▶ **World Class Industries with Bright Futures** – The information technology (IT) and communications sectors in Japan have an extremely bright future due to its world-class cutting edge technology. Other key areas poised to experience significant growth in the coming years are health care, auto parts, and the environmental sector.
- ▶ **The Center of Technological Advances** – Japan has been the leader in R&D investment as a percentage of GDP for over twenty years. Japanese firms have been on the cutting edge of new technologies for over three decades, and many firms possess unique technologies.
- ▶ **Access to Growing Asian Markets** – Japan has a very strong presence in the East Asian region where economic growth has been surging. The region continues to integrate economically, and the economies are becoming more service oriented. Japan is an excellent location for companies to establish regional headquarters for the same reasons that Los Angeles County is the optimal place for North American or U.S. headquarters.
- ▶ **Very Favorable Business Environment** – The Japanese government has worked very hard to create a more favorable business climate in Japan. It has made significant changes to its accounting standards and corporate legal framework. Japan was ranked #15 in the world according to the World Bank *Ease of Doing Business* rankings for 2010.
- ▶ **Fast Growing Broadband Capabilities** – Japan has one of the most cost-effective broadband networks in the world. Also, Japan has some of the most technologically advanced broadband products and services in the world.
- ▶ **A Global Leader on the Environment** – Japan has been a key global leader in the movement towards going green. The government has been committed to this goal since the 1990's. Japanese companies and consumers have demonstrated that they are just as committed.
- ▶ **Great Prospects in the Health Care Industry** – Japan has one of the fastest aging populations in the world. The growth of senior consumers will lead to increased demand for medical products and health care services.
- ▶ **Excellent Living Environment** – Japan has one of the highest standards of living in the world. It possesses first-rate infrastructure, and clean and safe cities. In addition, it provides outstanding health care and education along with a multitude of leisure options.

FDI growth in Japan nearly doubled from 1996 to 2001, moving from 3.5 trillion Yen to 6.6 trillion Yen. In 2001, the government set a target to double FDI in 5 years. This goal was almost achieved as FDI stock moved from 6.6 trillion Yen to 12.8 trillion Yen in 2006. FDI inflows reached an all-time high in 2008 as inward FDI moved to 18.5 trillion Yen. This meant that FDI increased by more than 5 times from 1996 to 2008. As previously mentioned, since the financial and economic crisis, FDI inflows have fallen off substantially as Japan's largest investor, the U.S., dramatically reduced FDI into Japan.

► Recent Los Angeles Area Events and Conferences Promoting Trade & Investment with Japan

Sister Chamber Celebration with the City of Nagoya

The Los Angeles Area Chamber of Commerce and the City of Nagoya Chamber of Commerce & Industry in Japan celebrated the anniversary of the relationship between Los Angeles and Nagoya in 2009. The City of Nagoya is considered the Industrial Heartland of Japan and the Port of Nagoya (Japan's largest port) also has a very strong relationship with the Port of Los Angeles (America's largest port).

Building on the Experience of Green Innovation from Japan

This conference was part of the Japanese External Trade Organization's Tuesday Tech Exchanges in 2010. The speakers included the General Manager of Fuji Electric Corporation of America and the Special Project Coordinator of Takagi Industrial Company U.S.A., Inc. The speakers focused on their experiences with innovative green technologies and best practices in Japan.

Southern California Biomedical Council (SoCalBio) Conference

This is a one-day annual conference organized by SoCalBio to showcase emerging bioscience firms and technologies (including Japanese firms and technologies). It offers presentations and panel discussions to help entrepreneurs and it highlights the role of public/private partnerships in sustaining a regional culture of innovation. Also, it allows participants to explore new business models and to create new networks.

Medical Design and Manufacturing West 2010 – Japan Pavilion

The Medical Design and Manufacturing West Conference is the industry's original medical device conference and it is dedicated to offering the West Coast's premier program for R&D, design, engineering, manufacturing, and regulatory affairs information for medical manufacturing industry professionals. The medical devices industry demands the highest quality manufacturing and Japanese manufacturing technology leads the world. Seven companies exhibited at the Japan Pavilion including; Kaneko Manufacturing, NIHON CERATEC Company, Nitta Mold Corporation, Osaka Coat Rope Company, Seiko Instruments, TCD Corporation, TECNO CAST Company and the Miyagi Prefecture Government.

Natural Products Expo West 2010 – Japan Pavilion Booth and Osaka Prefecture Booth

The Natural Products Expo West is one of the top events of the natural, organic, and healthy products industry. It is ranked as one of the top 100 shows in the U.S. and one of the 50 fastest growing tradeshow in the U.S. and Canada. The conference includes over 3,000 exhibits from 1,900 companies showcasing the latest products in natural and specialty foods, organic, health and beauty, natural living, supplements and pet products.

Greening the City: Sharing Sustainable Urban Planning and Green Building of LA and Eco-Cities in Japan

This event was co-organized by the City of Los Angeles, USGBC-LA and the Japan External Trade Organization (JETRO). The City of Los Angeles and cities in Japan shared their experiences and lessons related to municipal initiatives and emerging technologies during this seminar. The conference provided an opportunity to exchange information about city greening efforts, developing business and jobs in the Los Angeles area.

Asia-Pacific Business Outlook Conference (APBO)

For the past twenty-four years, the USC Marshall School's Center for International Business and Research (CIBER) and the U.S. Commercial Service have held this conference to provide U.S. companies with the latest information on opportunities in Asian markets. The event discusses the business opportunities and challenges facing U.S. companies in the Asia-Pacific region. It allows companies to have direct access to U.S. Commercial Officers from embassies around the Pacific Rim and to business experts who can provide current details about the shifting business and economic landscape occurring within the region.

Solar Power International 2010: Japan Pavilion Booth

Solar Power International 2010 took place at the Los Angeles Convention Center in downtown Los Angeles. The focus for Japan at this event was to showcase the Osaka/Kansai region, which is transforming into the world's factory of solar batteries.

Recent Los Angeles Area Events and Conferences Promoting Trade & Investment with Japan (continued)

Japanese Business Seminar: Business Opportunities in Medical Device Sector

The Southern California Biomedical Council (SoCalBio) and the Japan External Trade Organization (JETRO) organize this annual seminar which teaches firms how to navigate the Japanese regulatory pathways and knowledge on how to collaborate with Japanese companies. Also, the seminar provides valuable information on understanding future medical device needs and trends in Japan.

American Film Market 2010 – Japan Pavilion Booth and Panel Discussion

The American Film Market takes place twice yearly in Santa Monica. This event allowed ten Japanese film distributors to promote their respective films. The panel discussion focused on Hollywood producers and the ins and outs of Japanese intellectual property business expansion.

▶ Los Angeles County Trade and Investment Organizations (Please see Appendix for U.S. Government Resources)

World Trade Center Association (WTCA) – Los Angeles-Long Beach

The World Trade Center Association Los Angeles–Long Beach (WTCA LA-LB) pursues trade facilitation and investment attraction for the Los Angeles region. The WTCA LA-LB works to support the development of international trade and business opportunities for Southern California companies. It is the leading international trade association, trade service organization and trade resource in the Los Angeles region. The WTCA LA-LB also promotes the Los Angeles region as a destination for foreign investment to a targeted international audience in order to attract a significant flow of investment into the region, thereby enhancing the region's economy, employment and business opportunities for local firms.

The WTCA participates in outbound trade and FDI missions and hosts dozens of trade and FDI delegations each year. The WTCA can help local companies identify new market opportunities, offer guidance in dealing with overseas trading partners and help arrange direct foreign investments to help fund growth. The WTCA LA-LB is a subsidiary of the LAEDC and together they host regular briefings and receptions for the 90+ consular offices in Los Angeles (America's second largest consular corp concentration behind only Washington D.C.)

Los Angeles County Economic Development Corporation (LAEDC)

Founded in 1981, the LAEDC was created by the Los Angeles County Board of Supervisors to implement LA County's economic development program through land development, project financing and marketing activities. During its history, the LAEDC has evolved from being a facilitator of the County's industrial bond development program to being Southern California's premier economic development organization. "The mission of the LAEDC is to attract, retain and grow businesses and jobs for the regions of LA County".

Just as the region's economy has grown, so have the breadth and impact of the LAEDC's programs and services. The LAEDC's Business Assistance Program (BAP) offers free, confidential assistance to business owners, decision makers and their advisors. Through local offices across the County, the BAP team can provide comprehensive analysis of business opportunities starting with initial site selection. Today the LAEDC's Business Assistance Program (BAP) has helped create or retain over 163,500 jobs, with a direct economic impact of \$8 billion and \$136 million in annual tax revenue benefit to Los Angeles County.

Economic expertise is provided by the Kyser Center for Economic Research and the Consulting Practice. They are both relied upon by key business decision-makers, media and government. The Strategic Initiatives department was created to ensure the successful implementation and delivery of the first-ever consensus, strategic plan for economic development in Los Angeles County. Guided by the five aspirational goals, 12 broad objectives and 52 specific strategies contained within the five-year Strategic Plan, the Strategic Initiatives department works with the designated Champions of each goal, like-minded organizations and individuals, the business community and the media to carry out the objectives and strategies that will help strengthen the economy, improve the environment and invigorate communities. The Strategic Initiatives department combines the LAEDC's Policy, Consulting, and Marketing & Communications teams to effectively operationalize the Plan.

The LAEDC promotes proactive leadership for a strong economy through the Southern California Leadership Council and facilitates global connections through the World Trade Center Los Angeles-Long Beach (WTCA LA-Long Beach).

Foreign Trade Association of Southern California (FTA)

The Foreign Trade Association of Southern California (FTA) was established in 1919 in order to promote international business and support economic growth in Southern California and worldwide. The main objectives of the FTA are: to encourage interest in international trade and business; conduct high quality and timely meetings,

Los Angeles County Trade and Investment Organizations (continued)

provide educational courses, seminars and conferences for the purpose of encouraging and developing international trade; cooperate with its members in matters relating to the growth and development of international trade; provide informational trade updates and services, programs, and newsletters to its members; and to publish and distribute worldwide an annual roster and directory, listing all firms and individuals who are members of the FTA.

Los Angeles Chamber of Commerce – Global Initiatives

The Los Angeles Chamber of Commerce through its Global Initiatives programs works to move global trade forward in the LA region, assisting local businesses to increase their global reach by establishing relationships abroad. The Chamber's key global initiatives related to world trade are World Trade Week, the Americas Business Forum, Global Initiatives Council, Roundtable Discussions, Business Matchmaking & Trade Missions, Trade Briefings, Trade Commissioners Networking Group, Global Partnerships, Export Seminar Series and Certificates of Origin, Free Sale and Letters of Invitation.

U.S. Department of Commerce – U.S. Commercial Service – Downtown & West Los Angeles U.S. Export Assistance Centers

The U.S. Commercial Service of the U.S. Department of Commerce is a federal government agency whose main mission is to help small-to-medium sized Los Angeles manufacturing and service companies develop international markets. The experienced staff of International Trade Specialists focuses on identifying and evaluating international partners, developing market entry strategies, overcoming exporting challenges and navigating other export-related issues. The Downtown & West Los Angeles U.S. Commercial Service/Export Assistance Centers (co-located with the LAEDC) are part of an international network of 1700 international trade specialists throughout the world, with 165 offices in 82 countries.

▶ Los Angeles Based Japanese Government, Trade and Investment Organizations

(Please see Sources for Websites)

The Consulate General of Japan in Los Angeles

The Japanese Consulate in Los Angeles promotes cooperation and exchange between Japan and the Southern California region in the areas of commerce, culture, education and science & technology in addition to handling all official visa and passport responsibilities. The Consulate General plays a key role in all trade and investment developments between Japan and Los Angeles County. The Consulate General website offers information regarding visiting Japan, culture & education, business & investment, bilateral relations, Japan's foreign policy and general information on Japan. In addition, the Consulate General has a Japan Information and Culture Center which hosts special exhibitions and events throughout the year.

Japan External Trade Organization (JETRO)

The Japan External Trade Organization (JETRO) is a non-profit government related organization that promotes trade and investment between Japan and the rest of the world. JETRO has six offices in the U.S. The Los Angeles office is responsible for the Southwestern U.S. (includes Southern California, Arizona, Southern Nevada, New Mexico, Colorado and Hawaii). The Los Angeles office attempts to connect Southwestern U.S. businesses with opportunities in Japan and Japanese companies with connections to the Southwestern U.S. market. Since 1983 JETRO, along with the Japan Business Association (JBA) has conducted the *Survey of Japanese Companies in Southern California*. The *Survey of Japanese Companies in Southern California* is conducted in order to determine the number of Japanese companies in Southern California.

The JETRO Los Angeles office has three main sections including:

Business Development Section

- ▶ Market Research
- ▶ Trade and Economic Data
- ▶ Trade Show and Business Matching Services
- ▶ Temporary Office Space in Japan

Technology Section

- ▶ Connects Japanese Technologies with LA Area business partners
- ▶ Programs that focus on the Green Economy with different programs such as the Green Innovations Partnership Program
- ▶ Focus on other industries: Media and Medical Devices

Los Angeles Based Japanese Government, Trade and Investment Organizations (continued)

Export Promotion Section

- ▶ Helps Japanese Companies Expand to the U.S.
- ▶ Focus on such industries as the Entertainment and Food Industries
- ▶ Update the “Cool Japan” site, which contains local events, products, reports related to Japanese entertainment and food

Four Main Objectives of JETRO:

- ▶ *Showcase premium Japanese goods*
- ▶ *Help U.S. companies establish an office in Japan*
- ▶ *Help U.S. companies find Japanese business partners*
- ▶ *Connect U.S. investors with cutting edge Japanese technology*

Japan Business Association of Southern California (JBA)

The Japan Business Association of Southern California is based in Torrance and includes nearly 450 Japanese companies that are involved in various business activities across Southern California. The JBA supports its members by highlighting the Japanese contributions to communities throughout the Southland and advancing the business environment for its members. The Association conducts surveys such as the Survey of Japanese Companies in Southern California and releases data on the impact of JBA members on the Southern California economy. The JBA also works very closely with state and local governments in order to advance its members' interests.

In addition, the JBA pursues the following activities on behalf of its members:

- ▶ Networking Events
- ▶ Educational Programs in Schools throughout Southern California
- ▶ Contributions to Local Communities

Japan Business Association (JBA) of Southern California:

- ▶ *Founded in 1961*
- ▶ *Marking its 50th Anniversary in 2011*
- ▶ *Conducts “Survey of Japanese Companies in Southern California” in Conjunction with JETRO*
- ▶ *Surveys were conducted in 1983, 1987, 1997, 2000, 2002, 2004, 2006, 2008 and 2010*

Japan America Society of Southern California (JAS)

The Japan America Society of Southern California was founded in 1909 and is a non-profit organization with approximately 120 corporate members and nearly 2,000 individual members. The organization was formed in order to build economic, cultural, governmental and personal relationships between the peoples of Japan and America.

According to Article I of the By-Laws of the Japan America Society of Southern California, the JAS works to:

- ▶ *Promote among the American people a more accurate knowledge of the people of Japan, their aims, customs, ideals, arts and sciences, industries, economic conditions, and educational process*
- ▶ *Serve the peoples of Japan and the U.S. in fostering mutual understanding between the two nations*
- ▶ *Serve as an information center in obtaining information relating to Japan and the U.S. for individuals and organizations*
- ▶ *Sponsor meetings of distinguished Japanese and Americans for the exchange of knowledge and ideas*
- ▶ *Assist students in obtaining proper counseling in regard to educational matters*
- ▶ *Foster education about Japan through bulletins, lectures, special courses, conferences, discussion panels, exhibitions, firms and scientific purposes*

The JAS offers many programs and events which allow for the opportunity to better understand the two nations such as breakfast functions, luncheons, seminars, workshops, roundtable meetings, dinners, golf tournaments, kite festival, family events and art programs.

▶ Trade and Investment Missions

The WTCA Los Angeles-Long Beach plans to organize a Japan trade and investment mission working in partnership with the Japanese Consulate and the Japan External Trade Organization (JETRO) in the near future. In addition, the WTCA will continue to participate in inbound and outbound missions in cooperation with the Japanese Consulate and JETRO in the future in order to attract further Japanese foreign direct investment. Also, the WTCA will be working on attracting companies into technology incubators throughout Los Angeles County for 2011 and beyond.

▶ LA County Based Investment Banking and Private Equity Firms Active in Japan

Houlihan Lokey (subsidiary of ORIX Corporation of Japan)

Houlihan Lokey is one of the leading international investment banks in the world. The company was established in 1970 by O. Kit Lokey and Richard Houlihan as a financial consulting firm. The firm has expanded its operations to 14 offices in six countries in the U.S., Europe and Asia. In 2006, Houlihan Lokey agreed to merge with ORIX USA, the U.S. corporate lending operations of ORIX Corp. of Japan, to address the growing international demand for middle-market investment banking services. Houlihan Lokey opened an office in Tokyo in 2007.

The company offers the following advisory services to clients -- corporate finance: mergers & acquisitions, financing, secondary advisory; financial advisory services: opinion services, transactions & valuation reporting services, portfolio valuation, advisory services, financial consulting; financial restructuring: distressed mergers & acquisition, special situations.

Greif & Co.

Greif & Co. is an investment banking firm founded in 1992 by Lloyd Greif in downtown Los Angeles. The firm specializes in providing corporate advisory services to entrepreneurial companies at every stage of development. The company conducts transactions in the U.S. and worldwide. Greif & Co. has become one of the leading financial advisory firms on the West Coast.

Greif & Co. offers the following advisory services -- corporate finance activities: mergers & acquisitions, leveraged buyouts, private placements of equity and debt securities (venture capital, senior subordinated debt); financial advisory services: rendering business valuations, fairness opinions, and financial restructuring assistance.

Greif & Co. has a strong international presence. In fact, one third of all transactions involve foreign companies. The firm is a member of **Globalscope** - An alliance of 23 independent investment banks and advisory firms in 19 countries.

The firm's Japan transactions include:

- ▶ JAC Creative Foods, Inc.
- ▶ Mitsubishi International Corporation
- ▶ Nissin Oil Mills, Ltd.
- ▶ Suzuhiro Kamaboko Kogyo, Ltd.

Oaktree Capital Management

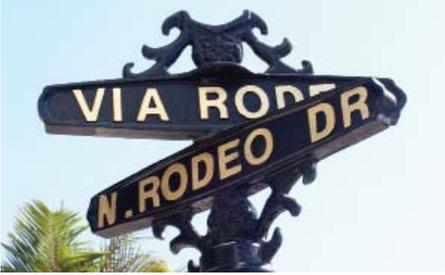
Oaktree Capital Management is a private equity firm that was established in 1995 and is headquartered in downtown Los Angeles. Oaktree has over 580 employees in 16 offices in nine countries including Japan. The company has approximately \$73 billion in assets under management and its preferred financing strategies are distress for control and buyouts. The firm specializes in less efficient markets and alternative investments.

Oaktree focuses on the following investment strategies: high yield debt, convertibles, distressed debt, private equity, real estate and listed equities.

Oaktree Japan, Inc. has one office in Tokyo and focuses on four main investment strategies within Japan including:

- ▶ Convertibles – International Convertibles
- ▶ Private Equity – Asia Principal
- ▶ Real Estate – Asia Special Situations
- ▶ Listed Equities – Emerging Markets

Section 5 | Business Ties



Los Angeles County is an enormous business market. There are 18.5 million residents in the five-county area and 10.4 million in Los Angeles County alone. Los Angeles County would be the eighth largest state by population in the U.S. if it were a separate state. Most people think of Los Angeles as the “three-legged economy” – movies, tourism and aerospace. The reality is there are 15 significant industry clusters in the County, with new ones in the process of emerging. The area is “technology rich”, with companies such as Lockheed Martin, Boeing and Northrop Grumman and it has over 30,000 people working in computer systems design and software publishing activities. In addition, Los Angeles County is the nation’s largest manufacturing hub and number one in apparel manufacturing employment. Los Angeles County is also a center for the design of autos, apparel, furniture and toys. Finally, Los Angeles County is both the international trade capital of America and the entertainment capital of the world.

Globalization has significantly impacted the Los Angeles County economy. Tourism, education, international trade and foreign direct investment (FDI) have all been transformed over the past 25 years. Los Angeles County has become the international trade capital of the U.S. as a direct result of globalization. Los Angeles seaports (POLA and POLB) and the Los Angeles International Airport (LAX) are the lifelines of Southern California’s thriving international trade community. The international

trade community is supported by the World Trade Center Association Los Angeles-Long Beach (WTCA) which, along with its parent corporation, the LAEDC, also leads the County’s FDI attraction efforts. Los Angeles County has two major seaports, Los Angeles and Long Beach, which combined make up the largest port complex in the nation.

The tourism industry has seen large growth rates over recent years. In 2010, 25.7 million overnight visitors came to Los Angeles County and spent \$13.1 billion. Japan was the second largest overseas feeder market for the tourism industry in 2009 as 239,000 people visited the Los Angeles area. Higher education has also been a beneficiary of globalization. There are 120 institutions of higher education in Los Angeles County, and the major local universities have some of the highest international student enrollments in the nation (please see the Educational Ties section). Los Angeles County has always been a key destination for Foreign Direct Investment (FDI) through the years, but has really benefited during the past two decades as globalization advanced. FDI has strengthened the Los Angeles County economy by bringing new technology, capital, skills, international connections and by creating new jobs. There are over 4,500 foreign-owned and affiliated business establishments. Nearly 360,000 direct and indirect employees owe their jobs to FDI in Los Angeles County (roughly 10% of workers).

This Section profiles companies with headquarters in Los Angeles County and a presence in Japan and some not based in Los Angeles County, but with Japanese operations closely tied to the firm's Los Angeles County office. We also include some key LA County U.S. or North American headquartered Japanese companies.

(Note: This list is not exhaustive, though we have attempted to include as many qualifying firms as possible)

► Fortune 500 Companies based in Los Angeles County & Present in Japan

Walt Disney

FY 2009 Revenues: \$36.1 Billion

The Walt Disney Company was founded in 1923 in Los Angeles. It is headquartered in Burbank and is the largest international family entertainment and media enterprise in the world. The company has four business segments: studio entertainment, parks and resorts, consumer products and media networks. Disney has a multi-faceted presence in Japan: investments in Content Companies; Disney Consumer Products – Disney Princess, Disney Consumer Products – retail distribution, key product lines and overall brand presence; ESPN – Sports-iESPN merged with J SPORTS Broadcasting Corporation to form 4 new channels with a viewership of over 6.5 million households – coverage of the X Games via X Games Mobile, The Magazine; Disney Channel (with approximately 5 million subscribers); Disney food products; Disney Stores licensed to Oriental Land Company in 2002 and sold back to the Walt Disney Company in April 2010); Tokyo Disneyland (opened in 1983, 494 acres, 3 hotels, and 1,711 rooms); and Tokyo DisneySea (opened in 2001).

Northrop Grumman

FY 2009 Revenues: \$35.3 Billion

Northrop Grumman is one of the largest global defense and security companies in the world. The company has roughly 120,000 employees worldwide and the corporate headquarters are located in Los Angeles along with various divisions employing more than 20,000 people in locations throughout Los Angeles County. In January 2010, the company announced it would be moving its corporate headquarters (including about 300 employees) to Falls Church, Virginia in the summer of 2011. However, its Aerospace Systems sector will still continue to be headquartered in Redondo Beach. Northrop Grumman focuses on five business sectors: information systems, electronic systems, aerospace systems, technical services, and shipbuilding. The company has international locations in sixteen countries including a location in Tokyo.

Dole Food Company

FY 2009 Revenues: \$6.8 Billion

Dole's world headquarters are in Westlake Village. Dole Food Company is the world's biggest producer of fresh fruits and vegetables. Dole has 76,000 employees and operates in more than 90 countries including Japan. Dole sources citrus fruit and deciduous fruit and vegetables in Japan.

Dole operations in Japan include: 9 ripening & distribution centers, 7 regional offices, 4 farms, and 7 plants. (Nittan Vegetable Farm in Yufutsu-gun, Kasaoka farm, Odaka farm, Tomisato farm, ripening facility in Kawasaki, Aomi, Ebino factory, Odate, Nagoya, Sapporo, Kashii, Koriyama, Dole's regional headquarters are in Tokyo)

AECOM

FY 2009 Revenues: \$6.2 Billion

AECOM, one of the largest engineering design firms in the world, serves the transportation, facilities, environmental, energy, water and government markets. AECOM was established by the merger of six separate firms in 1990. Since 1990, the company has acquired more than 30 companies and become one of the biggest professional, technical, and management support services firms in the world. The company is based in downtown Los Angeles and operates in over 100 countries. AECOM has 45,000 employees worldwide including 4,200 in Asia. AECOM provides the following services: architecture, building engineering, design + planning, economics, energy, environment, geotechnical, government services, project and program management, transportation, urban development and water. AECOM has a presence in Japan including an office in Tokyo (former operating company ENSR).

Fortune 500 Companies based in Los Angeles County & Present in Japan (continued)

Avery Dennison

FY 2009 Revenues: \$5.9 Billion

Avery Dennison Corporation was founded in 1935 and is headquartered in Pasadena. The company specializes in labeling solutions for all industries. Avery Dennison has over 30,000 employees in nearly 50 countries. The company makes self-adhesive materials, labels and tapes, office products, tags, retail systems and specialty chemicals. Operations in Japan include:

- ▶ *Avery Dennison Overseas Corporation Japan (Located in Tokyo)*
- ▶ *Avery Dennison Overseas Corporation Japan (Located in Osaka)*
- ▶ *Avery Dennison Japan K.K. (Located in Tokyo)*
- ▶ *Avery Dennison Japan DC (Located in Chiba)*

Mattel

FY 2009 Revenues: \$5.4 Billion

Mattel, headquartered in El Segundo is the world's biggest toy importing company and the largest toymaker in the U.S. The company was founded in 1945 and is most famous for its Barbie product line. In fact, Japan was the original manufacturing site for the doll in 1959. Mattel in Japan sells the Princess of Japan Barbie. Other popular Mattel brands in Japan have been the Shogun Warriors, Fisher Price and Hot Wheels. Presently, Mattel manufactures toy products through facilities and third-party manufacturers located primarily in China. Most of Mattel's Japanese office space and retail space are located in Tokyo. There are multiple stores in Japan selling Barbie clothes.

CB Richard Ellis Group

FY 2009 Revenues: \$4.2 Billion

CB Richard Ellis Group is the world's largest commercial real estate services company and has more than 30,000 employees in over 300 offices worldwide. CB Richard Ellis is headquartered in downtown Los Angeles.

The company offers the following services: strategic advice and execution for property sales and leasing, corporate services, property, facilities and project management, mortgage banking, appraisal and valuation, development services, investment management and research and consulting.

CB Richard Ellis started its first Japanese operations in Tokyo in 1970 (was IKOMA Corporation). Richard Ellis International began working in Japan in 1986. Since then, CB Richard Ellis has expanded throughout Japan and has established itself as one of the top real estate service providers in Japan. The firm has 15 offices in cities across Japan. The company provides leasing, sales, valuation, investment, asset management, research and consulting services to its clients in Japan.

15 Offices in Japan:

- ▶ Sapporo, Sendai, Saitama, 3 in Tokyo, Yokohama, Kanazawa, Nagoya, Kyoto, Osaka, Kobe, Takamatsu, Hiroshima, and Fukuoka

► Los Angeles County Key Industry Cluster Companies Present in Japan

Financial Services – Banking

Union Bank

Union Bank is the primary subsidiary of UnionBanCal Corporation which is headquartered in San Francisco. However, Union Bank has a very significant presence in Downtown Los Angeles. In fact, senior management and other corporate executives tend to divide their time between the Los Angeles and San Francisco locations. UnionBanCal Corporation is a wholly-owned subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is a subsidiary of Mitsubishi UFJ Financial Group, Inc. (please see the Profile in the Business Ties Section).

Union Bank is a full-service commercial bank providing financial services to businesses and individuals. The bank caters to the following markets: consumer, small business, middle market, real estate, corporate, correspondent and trade finance. Union Bank also offers investment and financial management, trust services, private banking, insurance services, and global custody services. The bank has more than 400 banking offices with over 600 ATMs in California, Oregon, Washington and Texas and two international offices.

The History of Union Bank and its Connection to Japan:

- *History of Union Bank goes back to 1864 with the founding of the Bank of California which was the first incorporated commercial bank in the West*
- *In 1880 Yokohama Specie Bank was created in Japan*
- *In 1918 Kaspere Cohn Commercial & Savings Bank was renamed Union Bank & Trust Company of Los Angeles*
- *In 1947 Yokohama Specie Bank became The Bank of Tokyo*
- *In 1984 the Bank of California became a subsidiary of the Mitsubishi Bank which was founded by Yataro Iwasaki*
- *In 1996, the Mitsubishi Bank and the Bank of Tokyo merged and the Bank of California and Union Bank consolidated into UnionBanCal Corporation*
- *In 2008 the Bank of Tokyo-Mitsubishi UFJ acquired all of the outstanding shares of UnionBanCal resulting in Union Bank of California becoming a wholly owned subsidiary of the Bank of Tokyo-Mitsubishi UFJ*
- *In 2008 Union Bank of California shortened its name to Union Bank*

Pacific Commerce Bank (Not present in Japan)

In 2002, Japanese American community leaders decided to invest in a Japanese American bank in Little Tokyo in order to service the Japanese American community in Los Angeles. George Aratani (founder of Mikasa Inc. and Kenwood Corporation), Frances Hashimoto (president of Mikawayaya Bakery), Dale Okuno (founder of E-Z Data Inc.), and Tom Iino (partner at Deloitte) wanted to fill a void created by the dearth of Japanese banks in the Los Angeles area. In 2005, the bank opened its second branch in West Los Angeles. Both locations cater to small businesses and professionals by providing a personalized approach. Pacific Commerce Bank offers a range of retail and commercial services.

Professional & Business Services

The Big Four Accounting Firms (Offer a significant percentage of Japan Services from Downtown Los Angeles office although firms and respective Japanese services divisions are headquartered elsewhere)

Deloitte & Touche

Deloitte's Japanese Services Group (JSG) helps U.S. companies that are investing and operating in Japan by coordinating with Deloitte's member firms in Japan. The JSG also assists Japanese companies attempting to penetrate the U.S. market. Deloitte has the largest and most integrated Japanese Services Group of the major U.S. accounting firms. The JSG includes 400 professionals in 18 cities that are dedicated to serving Japanese companies.

The JSG offers many services to both U.S. and Japanese companies. These include market entry, supply chain advisement, corporate finance/mergers & acquisitions and risk management.

Deloitte Member Firms in Japan (total of 41 locations)
 – includes 4 offices in Tokyo, Sapporo, Sendai, Morioka, Niigata, Saitama, Utsunomiya, Takasaki, Chiba, Yokohama, Nagano, Matsumoto, Kanazawa, Fukui, Toyama, Shizuoka, Hamamatsu, Nagoya, Gifu, Mie, Kyoto, Osaka, Shiga, Nara, Wakayama, Kobe, Okayama, Hiroshima, Matsue, Takamatsu, Matsuyama, Fukuoka, Oita, Kumamoto, Nagasaki, Miyazaki, Kagoshima, Naha.

Los Angeles County Key Industry Cluster Companies Present in Japan (continued)

Deloitte & Touche

In collaboration with the Economist Intelligence Unit, Deloitte also produces Deloitte Country Guides which contain information regarding tax and business issues in key trading nations such as Japan. These member firms play an instrumental role in assisting companies with complying with Japan's financial instruments exchange law (J-SOX).

Deloitte's J-SOX Services:

- ▶ Internal Control Rationalization
- ▶ Internal Control Testing and Remediation
- ▶ Project Initiating and Planning
- ▶ Documentation and Assessment of Internal Control
- ▶ Internal Control Testing and Remediation

Deloitte Touche Tohmatsu:

- ▶ *Nobuzo Tohmatsu was an admiral in the Imperial Japanese Navy in World War II and he played a key role in assisting Allied officials after the War*
- ▶ *Nobuzo Tohmatsu went on to become one of Japan's finest CPA's*
- ▶ *In 1968 Nobuzo Tohmatsu formed Tohmatsu Awoki & Co, which became part of the Touche Ross network in 1975*
- ▶ *In 1989 Deloitte Haskins & Sells merged with Touche Ross to form Deloitte & Touche*
- ▶ *In 1993 the firm was renamed Deloitte Touche Tohmatsu to reflect the contribution from the Tohmatsu Company*

Ernst & Young (E&Y)

Ernst & Young offers Japanese and U.S. companies professional services via the Japan Business Services Group (JBS) and Ernst & Young ShinNihon LLC. JBS is a global network of bilingual professionals that provide services to Japanese clients around the world including the Pacific Southwest area of the U.S. JBS Pacific Southwest area's headquarters are in downtown Los Angeles. Ernst & Young ShinNihon works closely with Ernst & Young Global to support both overseas companies wishing to enter the Japanese market and Japanese companies wishing to enter the global market. The main services that the Japan Business Services offers to clients include support services for companies and services related to cross-border offerings by providing fund procurement from E&Y's Capital Market Center in Tokyo.

E&Y also offers the following services to clients in Japan and in the U.S.:

- ▶ Market Entry Strategic Analysis
- ▶ Transaction Advisory Services
- ▶ Performance Improvement
- ▶ Assurance Services
- ▶ IT Risk and Assurance
- ▶ Tax Advisory and Compliance Services
- ▶ Human Capital Advisory

E&Y in Japan has 35 offices in: Tokyo, Sapporo, Sendai, Yamagata, Fukushima, Aomori, Niigata, Nagaoka, Matsumoto, Nagano, Yamanashi, Toyama, Kanazawa, Fukui, Mito, Gunma, Saitama, Chiba, Yokohama, Gifu, Shizuoka, Hamamatsu, Toyohashi, Nagoya, Kyoto, Osaka, Kobe, Matsuyama, Fukuoka, Miyazaki, Kagoshima, Okinawa, and Nago

JBS also offers events such as seminars in Japanese on accounting, tax and HR for Japanese rotational executives assigned to the U.S.

KPMG

KPMG provides Tax Services to U.S. companies with operations in Japan and compliance & advisory services. Also, KPMG supplies trade and customs compliance services to U.S. companies. In addition, KPMG offers Japanese and U.S. companies professional services via the Global Japanese Practice. The Global Japanese Practice provides many vital services for U.S. and Japanese companies attempting to invest or expand in either country or both.

KPMG offers the following services to clients in Japan:

- ▶ Corporate Tax Compliance
- ▶ Corporate Tax Advisory
- ▶ Global Transfer Pricing Services
- ▶ Indirect Tax
- ▶ International Executive Services
- ▶ International Corporate Tax Services

Los Angeles County Key Industry Cluster Companies Present in Japan (continued)

KPMG

The Global Japanese Practice provides the following services to Japanese and U.S. companies:

- ▶ Market Entry Feasibility Studies
- ▶ Investment Holding Structure
- ▶ Tax Planning and Compliance
- ▶ Merger and Acquisition
- ▶ Fund Raising
- ▶ Global Supply Chain Management
- ▶ Corporate Governance
- ▶ Business Performance Enhancement

KPMG's Japan member firms include:

Audit -- KPMG AZSA LLC, Tax-- KPMG Tax Corporation, Advisory -- KPMG FAS Co., Ltd., KPMG BPA Co., Ltd., KPMG AZSA Sustainability Co., Ltd., KPMG Healthcare Japan Co., Ltd., Outsourcing – KPMG BRM Co., Ltd., KPMG Social Insurance and Labor Advisors Corporation all with a total of 8 offices in Tokyo

KPMG Global Japanese Practice Department in Japan – includes offices in Tokyo, Osaka, and Nagoya

PricewaterhouseCoopers (PWC)

PricewaterhouseCoopers (PWC) Japan is the collective name for PWC Aarata, PWC Zeirishi-Hojin, PWC and PWC Research Institute. PWC Japan offers a broad spectrum of services to U.S. and Japanese companies and organizations including tax and advisory services. The firm also offers industry specific services in order to provide organizations the most cutting-edge information.

PWC offers the following services to clients in Japan:

- ▶ Audit and Assurance Services (PWC Aarata)
- ▶ Advisory Services (PWC)
- ▶ Tax Services (PWC Zeirishi-Hojin)
- ▶ Research Institute (PWC Soken)

PWC in Japan – includes 16 offices – Kyoto, 3 in Nagoya, 4 in Osaka, Sapporo, and 7 in Tokyo

► Other Professional & Business Services Firms with Los Angeles Headquarters

Korn/Ferry International

Korn/Ferry International was founded in 1969. Headquartered in Los Angeles, Korn/Ferry has become the worldwide leader in executive recruitment and talent management. The company has established 90 offices in 40 countries including Japan. Korn/Ferry has over 2,000 employees worldwide. Forbes recently ranked Korn/Ferry #1 in CEO recruiting effectiveness.

The company serves the following core industries: consumer, financial, healthcare, industrial, life sciences and technology Korn/Ferry International in Japan:

- First U.S. executive search firm to open an office in the Asia Pacific Region
- Entered Japan in 1973
- One office in Japan: Tokyo

Professional & Business Services – Law Firms

Latham & Watkins

Latham's Japan Practice is comprised of the Tokyo office. The Tokyo office is called the Latham & Watkins Gaikokuho Joint Enterprise. The Japan office provides legal and strategic advice to Japanese and international companies throughout Asia and the rest of the world. The Tokyo office provides legal services in the following practice areas:

- Mergers & acquisitions, joint ventures, employment, banking, corporate finance, capital markets, project finance, aircraft finance, structured finance, intellectual property, telecom, antitrust, trade regulation, and arbitration

O'Melveny & Myers

O'Melveny & Myers was one of the first international law firms to practice in Japan. O'Melveny established an office in Tokyo in 1987 and now has more than 25 licensed Japanese lawyers.

Overall, the firm provides the following legal services throughout Japan:

- Corporate Finance, Entertainment and Media, Intellectual Property, Mergers & Acquisitions, Private Equity and Venture Capital, Pro Bono, and Real Estate and Principal Investments

Paul Hastings

Paul Hastings has a Japan Practice with an office in Tokyo. The firm is one of the few to provide a Japan-China Practice based in both Beijing and Shanghai. The Tokyo office is one of the biggest law practices in Japan.

The Tokyo office provides a number of legal services including: arbitration, litigation, and dispute resolution, banking and finance, capital markets and corporate finance, employment, foreign direct investment (FDI), insolvency and restructuring, intellectual property, international financial services, international trade and regulatory, investment management, mergers & acquisitions (M&A), non-performing loans and distressed assets, private equity and venture capital, privatization and government representations, project development and finance, real estate, securitization and structured finance, tax and international tax structuring, and U.S. market entry.

Squire Sanders

Squire Sanders was founded in 1890 in Cleveland, Ohio. In 2000, the firm expanded its operations, and the Los Angeles office became the key intermediary between its U.S. clients and Asia. The firm specializes in the following industries: airlines, automotive, banking, health care, public and private finance, energy, media and entertainment, real estate, information technology, transportation, and telecommunications.

The Tokyo office provides a number of legal services including: litigation, dispute resolution, banking and finance, capital markets and corporate finance, e-commerce, venture capital, and mergers & acquisitions (M&A). The firm conducts a significant amount of its Asia/ Japan business within the Los Angeles office.

Squire Sanders has 32 offices worldwide including Los Angeles and Tokyo. The first Squire Sanders office established in Tokyo was in 1955 under Graham & James. In 2010, Squire Sanders merged with intellectual property firm Miki & Yoshida.

Other Professional & Business Services Firms with Los Angeles Headquarters (continued)

Professional & Business Services – Law Firms

Morrison & Foerster

Morrison & Foerster established its Japan Practice Group in 1987, opening its first office in Tokyo. Morrison & Foerster is the largest international law firm in Japan with over 120 attorneys including 50 Japanese lawyers. The firm is also one of the largest law firms in Japan (foreign or domestic).

The firm specializes in the following practice areas in Japan: mergers & acquisitions, capital markets and securities offerings, joint ventures and global strategic alliances, intellectual property, technology transactions, litigation and arbitration, real estate, finance, project finance, and antitrust.

Bryan Cave

Bryan Cave's International Trade Practice Group has a Country Advisory office in Japan which offers legal advisory services in the following areas: business strategies and operations, compliance with domestic laws and regulations governing exports, imports, in bound investments, direct and indirect taxes, transfer pricing, valuation, classification, franchising, incorporation, and joint ventures.

The International Trade Practice Country Advisory office has an Export Control Advisory which assists clients with understanding the legal and regulatory framework of the Japanese export control regime, reviewing the goods and technologies regulated under Japanese export control law, compliance with export control requirements and ensuring compliance with customs requirements relating to export control.

The Japan Country Advisory office also reviews: importations to ensure that customs information is accurate, tariff classifications, declared value of imports, transfer pricing policies, regulatory requirements, internal systems to ensure customs compliance and personnel training.

Professional & Business Services – Architecture, Engineering, & Construction Firms

Johnson Fain

Over the past twenty years Johnson Fain has been serving clients in the U.S. and worldwide from its Los Angeles headquarters. The firm specializes in architecture, urban design and planning, interior design and management. Johnson Fain has established itself as a leading international firm and has worked on projects in Japan. These have included the Leoplace 21 in Osaka.

Tourism & Hospitality

Princess Cruises

Princess Cruises is the third largest cruise line in the world. Headquartered in Santa Clarita, the company began operating in 1965 with a cruise to Mexico. Princess Cruises serves over 1.3 million passengers each year and owns 17 vessels. It offers 100 different itineraries, sails to all seven continents and goes to 350 ports. Destinations include Asia (including Japan).

- ▶ Cruises to and from Japan include: Southeast Asia & China Cruise and the China & Far East Cruise
- ▶ Ports of Call in Japan: Osaka(Embarkation Port), Tokyo/Yokohama, Hiroshima, Iwo Jima (Scenic Cruising), Muroran, Nagasaki, and Okinawa

Fashion Design & Production

Los Angeles County is the apparel manufacturing capital of America and is home to many well-recognized designer labels including American Apparel, BCBGMAXAZRIA, Forever 21, Guess, Karen Kane, Seven for all Mankind and True Religion.

American Apparel

American Apparel is a clothing designer, manufacturer, distributor and retailer located in downtown Los Angeles. The company primarily offers t-shirts, denim, sweaters, jackets and other casual wear. All operations are located in the downtown Los Angeles headquarters including design,

Other Professional & Business Services Firms with Los Angeles Headquarters (continued)

Fashion Design & Production

American Apparel

knitting, dyeing, cutting, sewing, marketing and distribution. American Apparel has the largest garment factory in the U.S. The company has over 10,000 employees with 5,000 in Los Angeles and operates more than 260 retail stores in 19 countries. The first American Apparel retail store opened in 2003 and in eight years the company has expanded all over the world.

American Apparel expanded into the Japanese market in 2005. The first stores were opened in the popular shopping districts of Tokyo (Daikanyama and Shibuya). Then in 2007, the apparel company entered into the Osaka and Hakata markets. American Apparel now has nine store locations in Japan including five in Tokyo (Azabujuban, Daikanyama, two in Shibuya, and Tiyugaoka), two in Osaka (Shinsaibashi and Chayamachi), Fukuoka (Hakata/Tenjin), and Kanagawa (Yokohama).

BCBGMAXAZRIA

BCBG is a high-quality clothing company founded in 1989 by Max Azria and based in Los Angeles. BCBG are the letters representing the French phrase “bon chic, bon genre” meaning good style, good attitude. The first BCBG boutique was opened in Los Angeles in 1992. The clothing company produces women’s ready-to-wear and high-fashion collections for women. Products include evening dresses, denim, outerwear, footwear, swimwear, handbags and small leather goods. BCBG has launched new product categories for men in recent years. The company has stores located throughout the world and has a presence in Japan.

The company has twelve store locations in Japan including: Achi (Nagoya), Hyogo (Hankyu Nishinomiya Gardens), Niigat (Niigata Mitsukoshi), Kanagama (Shin-Yokohama Prince Pepe), Fukuoka (Hakata Eeny Meeny Mino Mo), Osaka (Uehonmachi Kintetsu Department Store), Chiba (Kashiwa Takashimaya Station), and five in Tokyo (Ginza, Hibiya Chanter, Shinjuku Mitsukoshi, Alcott, and Yebisu Mitsukoshi).

Forever 21

Forever 21 is a specialty retail clothing company founded in 1984 in downtown Los Angeles. The company was originally called Fashion 21 and then, once it expanded, it became Forever 21. Forever 21 product lines include tops, dresses, sweaters, outerwear, jeans, pants, intimates, shoes and accessories. The company has stores throughout the U.S. and has locations in the Middle East and Asia (including Japan). Forever 21 has four store locations in Japan including: three in Tokyo (Ginza, Shinjuku, and Harajuku Takara) and Chiba (LaLaPort Tokyo Bay). Forever 21 is best known in the industry as the clothing company that offers the latest fashions at affordable prices.

Forever 21 brands, trademarks and flagship stores (Pasadena and Cerritos) include: Love 21 and Faith 21, Boutique by Forever 21, Forever 21 Twist and Forever 21 Collection, Forever XXI.

7 For All Mankind

7 for All Mankind was launched in 2000 in Los Angeles as a premium denim jean company and has expanded into other product lines. The company was extremely successful in its first year and its “Sevens” have become a favorite for Hollywood’s leading celebrities. 7 for All Mankind has branched out into women’s, men’s, kids, sportswear and handbag and footwear collections. 7 for All Mankind products are sold in its stores, department stores and boutiques in over 80 countries around the world including Japan. There are two retail stores in Japan, one in Tokyo (Daikanyama) and Naka-ku (Dacela Hiroshima) and two outlet locations including one in Kobe (Kobe Sanda) and one in Hokkaido (Kitahiroshima).

True Religion

True Religion was founded in 2002 in Vernon as a premium denim jeans company and later developed into a sportswear company as well. The company is known throughout the world for its denim, knit and woven sportswear. Its sportswear includes t-shirts, western shirts, sweatshirts and sweatpants. In addition, True Religion has branched out into licensed products including footwear, headwear, handbags, swimwear, eyewear, hosiery, socks and fragrance. The company has also launched its own retail stores across the U.S. and throughout the world including Japan. There are four stores (three retail and one outlet) in Japan including: Iruma, Jingumae, Marinao City and an outlet in Ami-Machi.

Other Professional & Business Services Firms with Los Angeles Headquarters (continued)

Fashion Design & Production

Karen Kane

In 1979, Karen and Lonnie Kane established a specialty clothing company in the garage of their home, which has grown into a 150,000 square foot facility in Los Angeles. The company distributes clothing all over the world, mostly to major department stores. Karen Kane manufactures its clothing in both Los Angeles and China. The company sells its clothing in Japan.

Lucky Brand

Lucky Brand was established in 1990 in Vernon as a jeans company by two friends, Gene Montesano and Barry Perlman. The company designs and manufactures denim jeans, sportswear, knits, wovens, outerwear, T-shirts, shoes and active wear. Lucky Brand also offers licensed products such as swimwear and accessories for both men and women. Its jeans are very popular amongst the Hollywood elite. The company was 85% acquired by Liz Claiborne in 1999. Lucky Brand now has stores throughout the U.S, Canada, Middle East and Asia (including Japan). In 2002, Lucky Brand signed a deal with Itochu Fashion Systems to distribute its jeans, sportswear, swimwear, and leather in Japan.

Entertainment

Los Angeles County is the entertainment capital of the world. It is home to major studios such as Disney, Fox, Paramount, DreamWorks, Sony/Columbia, NBC/Universal, Warner Brothers and Lionsgate. Los Angeles County leads the world in producing and distributing popular movies, television programs, video games and recorded music and is home to the Oscars, Emmy and Grammy award shows. In addition to Disney (profiled within the Fortune 500 section), DreamWorks, Fox, Lionsgate, NBC/Universal, Paramount, Sony/Columbia and Warner Brothers have operations in Japan.

DreamWorks

DreamWorks is a film studio that develops, produces and distributes films, video games and television programs and is headquartered in Universal City. The company was founded in 1994 by Steven Spielberg, Jeffrey Katzenberg and David Geffen. The animation arm of DreamWorks was spun-off into DreamWorks Animation SKG and its films are

distributed worldwide (including Japan) by Paramount. In 2004, Japanese film distributor Kadokawa Holdings Inc., purchased a 2.8% stake in DreamWorks. Japanese anime films such as Ghost in the Shell were released in the U.S. by DreamWorks and most recently DreamWorks announced that it acquired the rights to adapt Ghost in the Shell as a 3-D live-action feature.

20th Century Fox

Twentieth Century Fox is one of the six major American film studios and they are located in Century City, CA. Their most popular film franchises include Avatar, The Simpsons, and Star Wars. Twentieth Century Fox Home Entertainment Japan K.K. operates as a subsidiary of Fox Entertainment Group Inc. Fox Japan Online offers renting DVDs and Video on Demand (vod) to its Japanese customers through its website. FOX International Channels (FIC) is News Corporation's international multi-media business. Pioneered in 1993 with the launch of the FOX-branded general entertainment channel in Japan, FOX International Channels operates seven active channel brands, including FX, FOXCRIME, National Geographic Channel, National Geographic Channel HD, Nat Geo Adventure, Nat Geo Wild and BabyTV broadcasting in local language and programmed independently for each market.

Lionsgate

Lionsgate Entertainment Corporation is one of the leading independent filmed entertainment studios. The company has established a presence in motion pictures, television programming, home entertainment, family entertainment, video-on demand and digital distribution of content. Lionsgate owns one of the largest libraries in the entertainment industry with nearly 12,000 titles. Lionsgate includes Tiger Gate Entertainment which is headquartered in Hong Kong. Tiger Gate Entertainment is a partnership between Lionsgate and Haim Saban's Saban Capital Group. Mr. Saban has a close connection with Japan as he licensed Power Rangers from Japan in the 1990's. Tiger Gate distributes Lionsgate's content to all media in Asia. In addition, the Lionsgate film Saw IV contains the song I.V. as its main theme song, which is a song by a Japanese band called X Japan.

Other Professional & Business Services Firms with Los Angeles Headquarters (continued)

Entertainment

Universal Pictures (NBC/Universal)

Universal Pictures is a subsidiary of NBC/Universal. It was founded in 1912 and is one of the oldest American movie studios still in continuous production. Its production studios are located in Universal City, CA. Distribution and other corporate offices are in New York City. NBC Universal has large operations in Japan. In November 2008 it acquired 80.1% of Geneon Entertainment from Dentsu in Japan, merging it with Universal International Pictures (UIPE) to form a new company, Geneon Universal Entertainment Japan. The Geneon Universal Entertainment Japan LLC develops and markets video, music, and animation software solutions in Japan.

Paramount Pictures

Paramount Pictures is one of the original major motion picture studios with a library of 2,500 titles. Several of the most successful franchises include Star Trek, The Godfather, and Indiana Jones. The company has an extensive network for domestic theatrical distribution of its motion pictures. International distribution of Paramount's feature films is generally handled by United International Pictures (UIP). Paramount Pictures distributes its motion pictures on video and DVD in the U.S. and Canada through Paramount Home Entertainment. Paramount Pictures International is responsible for marketing and distributing Paramount movies to audiences around the world. It has offices in all major countries including Japan. It also offers online services of Video on Demand (VOD), renting DVDs and blue-rays from its Japanese website.

Sony/Columbia

Sony Pictures Entertainment's global operations include: motion picture production and distribution, television production and distribution, digital content creation and distribution, worldwide channel investments, home entertainment acquisition and distribution, operation of studio facilities, development of new entertainment products, services and technologies, and distribution of filmed entertainment in more than 130 countries including Japan. Sony Pictures is headquartered in Culver City. Sony Pictures Entertainment's international motion picture operations include Columbia Film Production Asia in Japan. Sony Pictures Television includes the branded distribution channels AXN, Animax, and AXN Mystery which were established in 1998 in Japan.

Warner Brothers

Warner Brothers Entertainment Inc. also known as Warner Brothers is a film and television entertainment company based in Burbank. The company is a subsidiary of Time Warner and owns multiple subsidiaries including Interactive, New Line Cinema, The WB and DC Comics. Warner Brothers supports local-language film production worldwide and has released such films to a number of countries including Japan. Warner Brothers was one of the first foreign media companies to invest its expertise and capital in the Japanese cinema industry. Warner Brothers International Cinemas provides movie experience to audiences in eleven countries around the globe including Japan.

Technology

Robinson Helicopter

Robinson Helicopter Company was founded in 1973 by Frank Robinson and is based in Torrance. The company has 1,200 employees and is a leading producer of helicopters in North America. Its Torrance Airport factory performs all operations including welding, machining, assembly, painting and flight testing. Robinson Helicopter also repairs older aircraft and provides training to flight instructors and technicians. The company has 110 factory-authorized dealers and 290 service centers in 50 countries including Japan. There are four dealer and service centers in Japan: Alpha Aviation (dealer & service), Osaka Aviation (dealer & service), SGC Saga Aviation Co., Ltd (dealer & service) and Tsukuba Aviation (service only).

Trojan Battery

Trojan Battery Company was established in 1925 in the Los Angeles area and moved to its current headquarters in Santa Fe Springs in the 1960s. The company is the world's leading manufacturer of deep cycle battery technology. Trojan batteries are used to power golf carts, utility vehicles, aerial work platforms, floor machines, heavy duty and commercial trucks, marine/recreational vehicles and for renewable energy. The company has a distributor network in Japan called Nisco Corporation.

Other Professional & Business Services Firms with Los Angeles Headquarters (continued)

Technology

Heraeus Metal Processing

Heraeus Group is a global precious metals and technology company based in Germany with offices worldwide. The main business segments of Heraeus are precious metals, sensors, dental and medical products, quartz glass and specialty lighting sources. Heraeus has eleven locations in the U.S. including one in Santa Fe Springs. Heraeus Metal Processing falls under the Precious Metals (W.C. Heraeus) business segment of the company. The Precious Metals division processes gold, silver, platinum and special metals in order to produce industrial products for the telecom, IT, energy, environmental and health care industries. Heraeus Metal Processing conducts a significant amount of business with Heraeus Precious Metals (W.C. Heraeus) in Japan. Heraeus Precious Metals is located in Tokyo, Japan. Heraeus Group has a total of 4 locations in Japan including Heraeus KK (Tokyo), Heraeus Electro-Nite Japan Ltd. (Chiba), Heraeus Kulzer Japan Co., Ltd. (Tokyo), and Shin-Etsu Quartz Products Co., Ltd. (Tokyo).

Bio-Medical

Obagi Medical Products

Obagi Medical Products is involved in the development, manufacturing and marketing of prescription skin care products. The company is based in Long Beach and is an important provider of topical aesthetic and skin care systems in the physician-dispensed market. The products are mainly used to prevent skin problems in adults. Obagi has greatly expanded its operations across the globe and now has distribution partners in more than 42 countries including Japan. The company's international distributor for Japan is Cutera K.K. and is located in Tokyo (Shibuya-Ku). The markets served by Obagi include dermatology, plastic surgery and aesthetic markets.

- ▶ Skin conditions treated include: photodamage, hyperpigmentation, senile lentigines, acne, sun damage, and rosacea.

Sunrider

Sunrider is a wholesale distributor/franchiser and commercial real estate company with thousands of franchise stores worldwide and with hotels in Beijing. The company is headquartered in Torrance and was founded by Dr. Tei-Fu Chen and Dr. Oi-Lin Chen who immigrated to the U.S. in the 1970s. The firm manufactures health, beauty, food, and household products at four manufacturing facilities located around the world. Sunrider conducts business in over 40 countries with over 7,000 retail stores. The firm has offices in over 20 countries including Japan. Sunrider has two flagship stores in Tokyo. The second store opened in March 2010.

► Other Los Angeles County Based Firms Active in Japan

Miyamoto

Miyamoto is a structural and earthquake engineering firm that provides services worldwide. The company was founded in 1946 by Arthur Sauer and in 1997 Kit Miyamoto became president and sole owner of the company. Mr. Miyamoto holds graduate degrees from the Tokyo Institute of Technology and California State University. Under his leadership the firm has expanded to Orange County, San Diego, Portland-Vancouver, Haiti, Istanbul, and Milan. While the company is headquartered in West Sacramento, California, it has a very substantial presence in Southern California including its office in downtown Los Angeles. The firm also has an office in Tokyo. Miyamoto has worked on over 8,000 structures and has consulted clients around the world including in Haiti. The firm is providing structural engineering expertise to support Pan American Development Foundation relief efforts in Haiti. Miyamoto provides risk services via Global Risk Miyamoto, which was established to quantify site-specific risk identification and loss expectancies.

Nestlé USA

Nestlé USA is part of Nestlé S.A. of Switzerland, the world's largest food company. Nestlé USA is headquartered in Glendale. Nestlé USA has 26 manufacturing facilities, 22 distribution centers and more than 21,000 employees in California, Connecticut, New Jersey and Missouri.

Some of Nestlé USA famous brands include Lean Cuisine, Stouffer's, Taster's Choice, Libby's, Carnation, Nesquik and Lean Pockets.

Nestlé Group in Japan:

- Some significant milestones in Japan
- 1913 – Nestlé opens a branch office in Yokohama
- 1922 – Japan branch office moves to Kobe
- 1960 – Nestlé Japan Limited is launched
- 1965 – Himeji factory is completed
- 1966 – Domestic production of NESCAFE begins
- 1973 – Shimada factory is completed
- 1978 – Kasumigaura factory is completed
- 2003 – 90th anniversary of Nestlé Japan Group
- 2013 will be the 100th anniversary

Pelican Products

Pelican Products is a manufacturing firm located in Torrance founded in 1978 by Dave Parker. The firm manufactures advanced lighting systems, rugged protector cases and shipping containers. Pelican has six manufacturing plants, six distribution centers and sales offices around the globe including Japan. Pelican Japan has a Pelican Products Japan Representative Office in Tokyo. The company distributes its products in over 50 countries and provides: multilingual product packaging and sales staff, international power supplies, specification data in English and metric measurements and strong packaging for export shipping.

International Lease Finance Corporation

International Lease Finance Corporation (ILFC) began operating in 1973 and focuses on the leasing and sales of aircraft to airlines around the world. The firm offers the following services: fleet planning and rationalization, revenue and route analysis and product support programs. ILFC works on all aspects of traditional leases including structured financings. The company has a fleet numbering close to 1000 aircraft. The company has leased or sold aircraft to several airlines/customers in Japan: Skymark and Star Flyer.

► Key Japanese Firms with U.S. or North American Headquarters in Los Angeles County (based on total employees and total global revenues)

Alpine Electronics of America, Inc.

Alpine Electronics of America is a subsidiary of the Japanese company Alps Electric Company. Alps Electric Company was established in 1948 and is one of the largest manufacturers of electronic components for computer, communications and car electronic equipment. Alpine Electronics was founded in 1967 in Japan and Alpine Electronics of America was founded in 1978 in Torrance. The company primarily manufactures car audio equipment and automotive navigation systems. Also, the company is the only manufacturer who specializes in mobile multimedia.

Asahi Beer U.S.A., Inc.

Asahi Beer U.S.A. Inc. is a subsidiary of Asahi Breweries, Ltd., a leading brewery and soft drink company based in Tokyo, Japan. Asahi Beer U.S.A. is headquartered in Long Beach. Asahi Breweries is the number one brewery in Japan based on sales and profits. Asahi Breweries has a 40% share of the Japanese beer market. Since 1990, Asahi has acquired a stake in an Australian brewery (currently now part of the Foster's Group), the Australian beverage unit of Cadbury Schweppes and a stake in the Tsingtao brewery. The main brand of Asahi is the Asahi Super Dry. Other key beers distributed worldwide by Asahi are Asahi Stout, Asahi Z-Dry Lager, Asahi Gold-Lager, Asahi Black-Black Lager, and Asahi Prime Time-German Pilsner Style Lager. In 1994, the Vancouver, Canada brewery of Molson Canada began Asahi Super Dry for the North American market.

Epson America, Inc.

Epson America was founded in 1975 and is headquartered in Long Beach. Epson America is the U.S. affiliate of Seiko Epson Corporation, a global technology company based in Japan. Epson is a worldwide leader in imaging, robotics, precision machinery and electronics. The company offers image capture and image output products for the following markets: consumer, business, photographic and graphic arts. Epson also supplies value-added point-of-sale (POS) printers and transaction terminals. The company has sales offices throughout the U.S., Colombia and Peru along with subsidiaries in Argentina, Brazil, Canada, Chile, Costa Rica, Mexico and Venezuela. Epson products include ink jet printers, compact photo printers, digital cameras, scanners, projectors, home entertainment, professional imaging, impact printers, ink cartridges, paper & media, supplies & accessories, software and all-in-ones.

International Transportation Service, Inc.

International Transportation Service, Inc. (ITS) is a terminal services company based in Long Beach. ITS was established in 1971 and provides terminal services to clients from all over the world. ITS is an affiliated company of Kawasaki Kisen Kaisha, Ltd. ("K" Line), which is based in Japan. "K" Line is one of the largest shipping companies in the world and is involved in marine, land, and air transportation. The company offers the following services: vessel stevedoring, gate & container yard, on-dock rail, maintenance & repair, chassis rental, staffing, security, break bulk, green port, and from ship to shelf. ITS's client list includes Cosco Container Lines, Hamburg Sud, Hanjin Shipping, "K" Line America, Maersk Line, and Yang Ming.

Kenwood U.S.A. Corporation

Kenwood USA was founded in 1961 and is the largest sales subsidiary of Kenwood Corporation of Japan. Kenwood develops and manufactures consumer electronics (car electronics) and communications equipment. Kenwood's Americas headquarters are in Long Beach. Kenwood USA has developed a strong reputation built on quality and innovation. In fact, Kenwood was the first company to build the audio/video amplifier for home theater in 1981 and created the first anti-theft car cassette deck that came out of the dash. Also, the company was the first to manufacture automatic sensor systems and noise reduction.

Japanese Airlines with international offices in Los Angeles County:

- All Nippon Airlines (ANA) – (Office in Torrance) – Founded in 1952 – largest airline in Japan – began international flights to LAX in 1986
- Japan Airlines (Office at LAX) – was established in 1951 – 2nd largest airline in Japan – began service to the West Coast in the 1960's

All Nippon Airways (ANA) and Japan Airlines (JAL) had a total of 14 weekly non-stop flights in 2010, with daily non-stop flights.

Key Japanese Firms with U.S. or North American Headquarters in Los Angeles County (based on total employees and total global revenues) (continued)

JFC International

JFC International dates its history back to 1906, but was not formally established until 1958. JFC International is headquartered in Los Angeles and has 10 branch offices and 7 sales offices located in the U.S. The company is part of the Japan-based Kikkoman family of companies. JFC International has a 15,000 item product line of food products that it distributes around the world. The company has automated warehouse facilities and test kitchens.

Kirin Brewery of America LLC

Kirin Brewery of America is a subsidiary of Kirin Brewery Company Ltd., a leading brewery and diversified company based in Tokyo, Japan. Kirin Brewery of America is headquartered in Long Beach and was founded in 1996. Kirin Brewery utilizes Anheuser-Busch's facilities in Los Angeles to brew Kirin beer in the U.S. Kirin Brewery is the oldest brewery in Japan. Kirin sells two of Japan's most popular beers including Kirin Lager and Ichiban Shibori. Kirin Brewery Company is a part of the Mitsubishi conglomerate and has multiple holdings including: alcoholic beverages, soft drinks, logistics, engineering, restaurants, real estate, nutrient foods, agribio and food. In addition, Kirin Brewery Company possesses international holdings in the alcohol, soft drink, pharmaceutical, agribio and other businesses. Kirin Brewery of America is the alcohol business international holding, along with Four Roses Distillery and Raymond Vineyard and Cellar.

Kubota Tractor Corporation

Kubota Tractor Corporation was established in 1972 and its corporate headquarters are in Torrance. Kubota Tractor Corporation is a subsidiary of Kubota Corporation, which is an agricultural machinery manufacturing company based in Japan. Kubota Corp. was formed in 1890 and has subsidiaries and affiliates worldwide. The Kubota Corporation first introduced its tractor to the U.S. market in 1969. Kubota tractor equipment is sold and serviced throughout the U.S. by a network of more than 1,400 authorized Kubota dealers. The company has four division offices and warehouses located in California, Texas, Ohio, and Georgia. Kubota Credit Corporation, U.S.A. is also headquartered in Torrance and was formed in 1982 in order to provide financing alternatives to its clients.

Makita U.S.A. Inc.

Makita Corporation is a Japanese company that manufactures electric power tools, stationary woodworking machines, air tools, garden tools and household tools. The company is headquartered in Aichi, Japan and has over 10,000 employees. Makita Corporation was founded in 1915 and incorporated in 1938. The company is listed on the Tokyo, Nagoya and NASDAQ stock exchanges. Makita U.S.A. is headquartered in La Mirada and focuses on industrial power tools in the U.S. Makita has three sales branches and distribution centers in the U.S. including Georgia, Illinois and California. The company primarily manufactures saws and drills for cutting metals, concrete and wood.

Mitsubishi International Corporation

Mitsubishi International Corporation (MIC) is a unique knowledge-based company established in 1954. Its primary businesses are related to global trading that links merchandise and industrial products to consumers, complex project management, and strategic finance and investment. Other important MIC business services are marketing and distribution, sourcing and transfer of technology as well as product sourcing and supply chain management. MIC has currently more than 50 subsidiaries or branch offices in the U.S. (including Los Angeles) and other countries and is continuing to form new strategic partnerships.

Mitsui & Co. U.S.A., Inc.

Mitsui & Co. U.S.A. is the largest subsidiary of Mitsui & Co., Ltd., which is a global trading, investment, and services conglomerate headquartered in Japan. Mitsui & Co. has a worldwide network of 151 offices in 65 countries with over 41,000 employees. Mitsui has over 500 subsidiaries and affiliates around the globe. The Japanese conglomerate engages in product sales and logistics and financing in the business areas of iron & steel, mineral & metal resources, infrastructure projects, motor vehicles, marine & aerospace, chemicals, energy, foods & retail, consumer services, information, electronics and telecommunications, financial markets and transportation logistics. Mitsui & Co. U.S.A. is involved in business investment, project development, project management, capital goods leasing, technology transfer, and import/export, off-shore trade and domestic wholesale. The company has 10 offices in the U.S. with its headquarters located in New York. The Western Regional headquarters is located in downtown Los Angeles.

Key Japanese Firms with U.S. or North American Headquarters in Los Angeles County (based on total employees and total global revenues) (continued)

Mizuho Corporate Bank of California

Mizuho Corporate Bank was established in 2002 as part of the Mizuho Financial Group in Japan. The Bank provides solutions in the areas of finance and business strategies to major corporations, financial institutions, public sector entities and Japanese and foreign companies overseas. Mizuho Financial Group is a bank holding company that operates and manages its banks, long-term credit banks, specialized securities companies, and other companies that it owns by law as its subsidiaries. One of its Americas subsidiaries includes the Mizuho Corporate Bank of California, which is based in downtown Los Angeles.

MOL Logistics

MOL Logistics is the core logistics company of the Mitsui OSK Lines Group. MOL Logistics was founded in 1960 and established as a corporation in 1989. It has over 2,000 employees and five subsidiaries. The logistics company offers the following services: air freight, ocean freight, customs brokerage, removal service, small package, logistics, domestic transport, and cargo insurance. MOL possesses the world's largest fleet of bulk carriers. MOL has an extensive overseas network that includes MOL Logistics U.S.A. which is headquartered in Roslyn Heights, New York. However, MOL Logistics U.S.A. has a key U.S. office in Torrance that serves the San Pedro port complex.

Multiquip Inc.

Multiquip Inc. is a manufacturer and supplier of construction equipment, lighting, and power generators. The company was established in 1973 and is headquartered in Carson. Multiquip Inc. is part of the ITOCHU Corporation family of companies, which is based in Japan. ITOCHU Corporation has over 150 offices in more than 70 countries worldwide and has investments in 400 companies including Multiquip Inc. Multiquip distributes products in more than 70 countries worldwide and has become one of the largest companies of its kind. The company offers construction equipment such as compaction equipment, dewatering equipment, concrete-masonry, mixers, and grout delivery systems. In addition, the company provides lighting solutions including light towers and balloon lighting systems. The third business line of Multiquip is power solutions which include portable generators, stationary generators, containerized generators, custom generators, and portable & mobile welders. The company has locations in Idaho, Texas, California, Pennsylvania, Kentucky, Canada, Mexico, the U.K., and China.

Nippon Steel Trading America, Inc.

Nippon Steel Trading was founded as a trading company for the Nippon Steel Corporation which is part of the Nippon Steel Group of companies. The Nippon Steel Group consists of 255 subsidiaries along with 73 affiliated companies. In total, the Nippon Steel Group has over 50,000 employees worldwide. The Nippon Steel Corporation was established in 1970 and it has over 15,000 employees. Nippon Steel Corporation is involved in five core business areas including steelmaking, engineering & construction, urban development, chemicals, new materials, and system solutions. The Nippon Steel Trading Company is in charge of distribution for the Nippon Steel Group of companies. Nippon Steel Trading America is located in downtown Los Angeles.

Nishimoto Trading Company

Nishimoto Trading Company was founded in 1912 in Japan and was later established as a trading company in 1960. The company is one of the first distributors of Asian food products in North America. Nishimoto Trading Company has 19 branch offices in the U.S., Canada, Japan, and China. The company is best known for its "Shirakiku" brand products in Japan. The North American corporate headquarters are located in Santa Fe Springs. In addition, the company has 15 other North American offices. Nishimoto Trading Company has expanded its line of business beyond food products and now offers kitchenware, household products, hair products, and cosmetics.

NMB USA Inc.

NMB USA is located in Chatsworth and was created in 1984 as a holding company to manage Minebea's U.S. subsidiaries. NMB USA is the parent company for all Minebea operations in North America. Minebea's U.S. subsidiaries include New Hampshire Ball Bearings and Hansen Corporation. Minebea was founded in 1951 and was Japan's first manufacturer to specialize in miniature ball bearings. Minebea Group has 42 subsidiaries and affiliates that operate 28 manufacturing plants and 43 sales offices in 13 countries. In the U.S., the Minebea Group of Companies consists of NMB Technologies Corporation, New Hampshire Ball Bearings (NHBB), and Hansen Corporation. Minebea Group manufactures keyboards, speakers, lighting devices, ball bearings, fans and blowers, hybrid step motors and brush DC motors. NHBB is one of the leading producers of bearings and Hansen Corporation manufactures precision motors.

Key Japanese Firms with U.S. or North American Headquarters in Los Angeles County (based on total employees and total global revenues) (continued)

NYK Line North America Inc.

Nippon Yusen Kabushiki Kaisha (NYK Line) Group is a global logistics company that was established in 1885 in Japan. The NYK Group of companies utilizes ocean, land, and air transportation networks to provide liner trade, bulk shipping, logistics, terminal and harbor transport, cruise, air cargo transportation, and real estate services worldwide. NYK Line is the largest container fleet operator in Japan and the eleventh largest in the world. NYK has key facilities in Los Angeles County serving the San Pedro port complex. NYK Line North America has an office in Torrance and NYK Logistics Americas has a warehouse in Long Beach.

Nissin Foods USA Company, Inc.

Nissin Food Products Company was established in 1958 by Momofuku Ando. Mr. Ando introduced Chicken Ramen, the first instant ramen noodle. The Japanese food company has nearly 22,000 employees and operates 29 plants in 11 countries. Nissin food products are sold worldwide and some of its key products are Chow Mein, Cup Noodles (was originally called Cup O' Noodles in the U.S.), Bowl Noodles, Chow Noodles, Top Ramen and Souper Meal. In 1970, Nissin Food Products established Nissin Foods USA Company in Gardena. The company introduced instant ramen noodles to U.S. consumers. The following year the company invented Cup Noodle which made it possible for the first time to package, prepare and serve noodles all in the same container.

Pioneer North America

Pioneer North America is part of the Pioneer Corporation, which is a leading maker of consumer and commercial electronics with subsidiaries and affiliates around the world. Pioneer Electronics (USA) is the sales and marketing arm of Pioneer's North American headquarters. Pioneer North America is headquartered in Long Beach. The company offers audio, video, and computer products for the home and car, such as projection TVs, DVD players, car navigation systems, and satellite radio. Its brands include Pioneer and Premier (in-car products), as well as Pioneer Elite (televisions and audio components), among others. Pioneer Corporation was founded in 1938 by Nozomu Matsumoto as an audio products manufacturer. The company introduced such innovations such as the consumer laser disc, car CD player, GPS car navigation, the DVD-Video player, high definition plasma display and organic electroluminescent display. Pioneer's first office in the U.S. was in the Empire State Building in New York in 1972.

Ricoh Americas Corporation

Ricoh Company, Ltd was established in 1936 and has 108,525 employees worldwide. Its main businesses are in imaging solutions, network system solutions, industrial products, and digital cameras and projectors. Ricoh is a leading provider of digital office equipment. Ricoh Electronics, Inc. (REI) is Ricoh's manufacturing subsidiary based in Tustin, California. REI began manufacturing Ricoh products in 1973, making Ricoh the first Japanese company to manufacture office equipment and consumables in the United States. Since then, REI has developed toner and thermal media facilities in Santa Ana and plain paper copier and printed circuit board facilities in Tustin. Ricoh Americas Corporation, the holding company of Ricoh Electronics is based in Los Angeles.

Sony Pictures Entertainment

Sony Pictures Entertainment (SPE) is part of the Japanese multinational technology and media conglomerate Sony Corporation. SPE is the television and film production/distribution division. In 1989, Sony acquired Columbia Pictures Entertainment from the Coca-Cola Company for \$1 billion. In 1991, the company was renamed Sony Pictures Entertainment. Since 1991, Sony has added film production and distribution units to its portfolio by creating Sony Pictures Classics and by forming Columbia TriStar Pictures. Sony Pictures Entertainment is headquartered in Culver City. SPE had total sales of \$7.2 billion for fiscal year ended March 2009.

In addition to producing and distributing motion picture and television programming, SPE does the following: manages television channel investment worldwide, acquires and distributes home entertainment products, develops entertainment products and services for broadband distribution, markets entertainment products and licensed merchandise for consumers and operates studio facilities.

Sony Pictures Entertainment includes the following list of operations:

- ▶ Columbia TriStar Motion Picture Group
 - ▶ Columbia Pictures
 - ▶ Sony Pictures
 - ▶ Screen Gems
 - ▶ TriStar Pictures
- ▶ Sony Pictures Home Entertainment

Key Japanese Firms with U.S. or North American Headquarters in Los Angeles County (based on total employees and total global revenues) (continued)

Sony Pictures Entertainment

- ▶ Sony Pictures Television Group
 - ▶ Sony Pictures Television
 - ▶ Sony Pictures Television International
 - ▶ Crackle (Online Video Network)
- ▶ Sony Pictures Consumer Products
- ▶ Sony Pictures Digital Production
 - ▶ Sony Pictures Imageworks
 - ▶ Sony Pictures Animation
 - ▶ Sony Pictures Imageworks Interactive
- ▶ Sony Pictures Studios
 - ▶ Sony Pictures Studios Post Production Facilities
 - ▶ DVD Authoring Center
 - ▶ Worldwide Product Fulfillment
- ▶ Sony Pictures Technologies
 - ▶ Digital Authoring Center
 - ▶ Colorworks

Taiheiyo Cement USA, Inc.

The Taiheiyo Cement Corporation is a Japanese company based in Tokyo. The Taiheiyo Cement Group was established in 1881 and currently has over 2,000 employees. The company has a research & development center, 10 branch offices, 16 sales offices, 14 cement plants (including 4 domestic and 10 at overseas affiliates), and 117 cement distribution terminals. In the U.S., Taiheiyo Cement manufactures cement at three plants in California and Arizona. In addition, the company manufactures and sells ready-mixed concrete throughout the West Coast region. The company is set-up into four areas including cement, mineral resources, environmental and international businesses. Its overseas network includes a subsidiary in the U.S. called Taiheiyo Cement U.S.A., Inc. and it is headquartered in Glendora.

Taisho Pharmaceutical California Inc.

Taisho Pharmaceutical Company was established in 1928 in Tokyo. The company has over 5,500 employees worldwide. Taisho has 3 factories, 4 distribution centers and 1 research center in Japan. Taisho Pharmaceutical Company operates in Taiwan, Malaysia, Philippines, Indonesia, Germany, China, U.K., Vietnam, Thailand, Singapore and the U.S. Taisho has two group companies in the U.S. including Taisho Pharmaceutical R&D Inc. in New Jersey and Taisho Pharmaceutical California Inc. which is headquartered in Torrance. Taisho focuses on self-medication and medical supplies. It has concentrated on self-medication through its over-the-counter-medicines and health-related products. The medical supplies business focuses on CNS, diabetes, immunology/allergy and infectious diseases. Taisho also has a prescription drug business that it is attempting to expand globally by forming corporate alliances.

TEAC America, Inc.

TEAC America Inc., the largest subsidiary of TEAC Corporation, a Japanese company that is one of the largest recording technology companies in the world. TEAC Corporation was formed in 1939. The company develops, designs, and manufactures audio & video equipment, information products, and data storage products. TEAC is a leader in DVD Recorders, CD-RW, CD-ROM, DVD-ROM, hard disk, floppy disk, and USB flash drives for desktop and notebook PCs. The company has overseas sales offices in the U.S., Canada, Mexico, Germany, the U.K., and Taiwan. It has production facilities in Malaysia, Indonesia, Hong Kong, and China. TEAC America is headquartered in Montebello.

Japanese Video Game Developers Based in LA County

- ▶ Naughty Dog and Santa Monica Studio are both located in Santa Monica and are part of Sony Computer Entertainment America's (which is headquartered in Foster City, CA) North America Studios
- ▶ Konami Digital Entertainment is a subsidiary of Konami Corporation which is based in Japan – Konami Digital Entertainment's North America headquarters are in Los Angeles
- ▶ Tecmo is a Japanese video game corporation with its U.S. headquarters in Torrance

► Profile: American Honda Motor Company

Honda Motor Company was named after Soichiro Honda who in 1946 established the Honda Technical Research Institute in Hamamatsu, Japan in order to develop and produce small 2-cycle motorbike engines. Two years later in 1948 Honda Motor Company was established in Japan. Since then, Honda Motor Company has become the world's largest motorcycle manufacturer and one of the largest motor vehicle makers in the world. The company has 176,000 employees worldwide with a global network of 492 subsidiaries. Honda Motor Company develops, manufactures, and markets motorcycles, autos, trucks, scooters, engines and power products.

American Honda Motor Company was established in 1959 as Honda Motor Company's first overseas subsidiary. The company opened its first storefront in Los Angeles in 1959 with six employees. **The U.S. headquarters for American Honda Motor Company is in Torrance. Torrance is also the location of American Honda's vehicle design & development, market research & styling design and parts center. In addition, American Honda Finance Corporation, Honda R&D Americas, Honda North America, and Honda Trading America Corporation are headquartered in Torrance.** Since 1959, Honda has dramatically expanded its roots in the North American region by investing more than \$15 billion in manufacturing, research & development, sales and service operations. American Honda Motor Company has 14 major manufacturing plants and 14 R&D facilities in North America. Honda vehicles are produced in Indiana, Ohio and Alabama. Other manufacturing plants are in North Carolina, South Carolina, Georgia, and Florida.

Nearly 85% of the Honda and Acura cars and trucks sold in the U.S. in 2009 were built in North America. Thirty-three percent of Honda and Acura models sold in the U.S. in model year 2010 were designed and developed locally by Honda R&D Americas. Honda's R&D Americas celebrated 35 years of local research & development in 2010.

Key Facts:

- Honda's seven North American manufacturing plants produce 16 Honda and Acura models, the highest volume manufacturing network of the 6 regions in Honda's global network
- A 2009 Center for Automotive Research study (based on 2007 figures) concluded that a total of 367,683 private-sector jobs and \$17 billion in annual wages and salaries are generated by Honda's total U.S. operations
- Of the total 367,683 private-sector jobs, 151,957 are related to Honda's direct employment in its manufacturer-related activities in the U.S., while the remaining 215,726 are generated by Honda's dealerships and product-related retail employment
- The largest numbers of employees are in Ohio and California, followed by Alabama, Georgia, North Carolina, Indiana, and South Carolina

► Profile: Toyota Motor Sales, U.S.A., Inc.

Toyota Motor Sales, U.S.A. is the Toyota subsidiary devoted to sales, marketing, and distribution for the U.S. market. Toyota Motor Sales is part of Toyota Motor North America, which is part of the Toyota Motor Corporation. Toyota Motor Corporation is the biggest motor vehicle (including cars, light and heavy commercial and trucks) and largest auto manufacturer in the world. Toyota is a Japanese company that was founded in 1937 and it has over 320,000 employees worldwide. The company was started by Mr. Sakichi Toyoda who invented the Toyoda Model G Automatic Loom in 1924. In 1957, Toyota Motor Sales U.S.A. was established in order to oversee all operations in the U.S. **Toyota Motor Sales U.S.A. is headquartered in Torrance** and has over 6,500 employees who overlook 14 regional offices in 49 states. The company has 1,239 Toyota dealers throughout the U.S. with 993 authorized to sell Scion vehicles. The regional offices coordinate Toyota and Scion vehicle sales, parts, and service for dealers throughout the country. In addition, the company works with two private distributors in the U.S. including Southeast Toyota Distributors and Gulf States Toyota Distributors.

The Lexus Division of Toyota Motor Sales U.S.A. is also headquartered in Torrance, and it directs sales and operations for 229 Lexus dealers located across the U.S. Other operations include Toyota Logistics Services, North American Parts Operations, and Aviation Business Development are headquartered in Torrance. Toyota Financial Services provides finance and insurance products and services to Toyota, Lexus, Scion, and Toyota Material Handling dealers and their customers through Toyota Motor Credit Corporation and Toyota Motor Insurance Services. Toyota Financial Services has three regional offices and 30 dealer sales and service offices across the U.S.

Toyota Motor Sales U.S.A includes AirFlite, a fixed-base operation providing a full range of services for corporate and general aviation at Long Beach Airport. The company is headquartered in Long Beach. Toyota Motor Engineering & Manufacturing North America includes TABC, which was Toyota's first North American manufacturing plant. TABC's manufacturing plant is located in Long Beach and manufactures sheet metal components, steering columns, catalytic converters, coated catalytic substrates, and weld sub-assemblies for Toyota's North American manufacturing facilities and for export to Japan.

Key Facts:

- Direct Employment – 28,783
- Indirect Employment – 163,880
- **Total Employment – 192,663**
- Vehicle Sales – 1,770,149
- Toyota, Scion & Lexus Dealers – 1,500
- Vehicle Production – 870,570
- Purchasing – \$22.2 billion
- Direct Investment – \$18.3 billion
- Philanthropy – \$493 million

Note: All figures as of 2009

► Profile: Mitsubishi UFJ Financial Group

Mitsubishi UFJ Financial Group is the holding company for The Bank of Tokyo-Mitsubishi UFJ, one of the world's largest financial organizations. The Bank of Tokyo-Mitsubishi UFJ provides a range of domestic and international commercial banking services. It is headquartered in Tokyo and has offices around the world.

In 2008, The Bank of Tokyo-Mitsubishi UFJ acquired all the common stock of UnionBanCal Corporation which resulted in UnionBanCal becoming a wholly owned subsidiary of The Bank of Tokyo-Mitsubishi UFJ. UnionBanCal's primary subsidiary is Union Bank, which is headquartered in San Francisco. Union Bank has a very significant corporate presence in Los Angeles and does a substantial amount of business in Southern California. In fact, Union Bank can trace part of its history to Los Angeles.

Union Bank is a full-service commercial bank providing financial services to businesses and individuals. The bank caters to the following markets: consumer, small business, middle market, real estate, corporate, correspondent and trade finance. Union Bank also offers investment and financial management, trust services, private banking, insurance services, and global custody services. Union Bank has more than 400 banking offices with over 600 ATMs and 11,000 employees in California, Oregon, Washington, Texas and two international offices.

The History of Union Bank and its Connection to Japan:

- *History of Union Bank goes back to 1864 with the founding of the Bank of California which was the first incorporated commercial bank in the West*
- *In 1880 Yokohama Specie Bank was created in Japan*
- *In 1918 Kaspare Cohn Commercial & Savings Bank was renamed Union Bank & Trust Company of Los Angeles*
- *In 1947 Yokohama Specie Bank became The Bank of Tokyo*
- *In 1984 the Bank of California became a subsidiary of the Mitsubishi Bank which was founded by Yataro Iwasaki*
- *In 1996, the Mitsubishi Bank and the Bank of Tokyo merged and the Bank of California and Union Bank consolidated into UnionBanCal Corporation*
- *In 2008 the Bank of Tokyo-Mitsubishi UFJ acquired all of the outstanding shares of UnionBanCal resulting in Union Bank of California becoming a wholly owned subsidiary of the Bank of Tokyo-Mitsubishi UFJ*
- *In 2008 Union Bank of California shortened its name to Union Bank*

► Profile: Yakult U.S.A., Inc.

Yakult was manufactured and introduced to the Japanese market in 1935. Yakult Honsha Company was established and incorporated in 1955 in Tokyo. Yakult is the world's leading probiotic drink and is sold in more than 30 countries and regions around the world. Yakult's principal business units are food and beverage products, cosmetics, and pharmaceuticals. The Beverage and Food segment manufactures and sells dairy products, beverages, including juices and soft drinks, and food, including noodles and chlorella. The Pharmaceutical segment manufactures and sells medicine to local hospitals and pharmacies through pharmaceutical wholesalers, as well as the sale of its products to its overseas affiliated drug manufacturers. The Cosmetics segment produces and sells its products with lactobacillus-based products.

Yakult stands for a company that promotes a healthy lifestyle through its food, cosmetics, and pharmaceutical products. Yakult's founder, Dr. Minoru Shirota, discovered that lactobacilli were effective in suppressing harmful bacteria within the intestines. Eventually an inexpensive, good tasting and healthy drink was created in 1935. Yakult is steadfastly pursuing R&D aimed at relieving health-related anxieties, fighting environmental degradation, and protecting human health.

Yakult dairy products include larger numbers of lactobacilli which serve the purpose of a healthy intestinal tract. As a leader in the field of probiotics, Yakult plans to continue pursuing other possible preventive medicine possibilities with lactobacilli. It offers functional beverages that respond to a wide variety of health needs. The company is constantly employing new perspectives in delivering products that help to ensure healthy lives for people susceptible to lifestyle and other modern diseases. Yakult cosmetics promote healthy skin through the use of lactobacillus-based products. In addition, Yakult offers preventive medicine utilizing the effects of lactobacilli. The pharmaceutical business is pursuing three goals: drug development primarily in the field of oncology, promoting the adoption of standard treatments of Yakult products, and organizational restructuring to adapt to these activities.

Yakult has science and research institutes in both Japan and Europe. The Yakult Group includes nearly 170 companies which include Yakult Honsha, marketing companies, bottling companies and other affiliates. The Yakult Group has more than 11,000 employees in over 20 countries including the U.S. ***Yakult U.S.A. is a subsidiary of Yakult Honsha and is headquartered in Torrance.*** The Torrance location also supports Yakult's Canadian business.

Key Facts:

- *Over 16,000 employees worldwide*
- *Established in the U.S. in 2007*
- *Yakult plans to open its first U.S. factory in Fountain Valley, CA in 2012*
- *Comprises nearly 140 companies (approximately 170 counting overseas)*
- *Yakult U.S.A. Inc is headquartered in Torrance, CA which supports business in United States and Canada*

Main Recommendations of the 2010 American Chamber of Commerce in Japan's "Charting a New Course for Growth" White Paper

Japan's New Growth Strategy should focus on the Following Themes:

- ▶ *New Entrants and Entrepreneurs*
 - ▶ *Startups*
 - ▶ *Spinoffs*
 - ▶ *Incoming FDI*
 - ▶ *Mergers & Acquisitions*
- ▶ *Technology Spillovers*
 - ▶ *Introduce New Disruptive Technologies and Business Models*
- ▶ *Inward Globalization*
 - ▶ *FDI*
 - ▶ *Corporate Governance*
 - ▶ *Education*
 - ▶ *Immigration*
- ▶ *Market-based Policies*
- ▶ *Tax policies that provide Incentives*
- ▶ *Regulatory Transparency*
 - ▶ *Increase Fairness*
 - ▶ *Lower Costs*
 - ▶ *Make markets more accessible*
- ▶ *Open Convergence in the Internet Economy*
 - ▶ *Deregulation*
 - ▶ *Convergence of Telecom and Broadcasting*
- ▶ *Services Productivity Enhancement*
- ▶ *Labor Market Mobility and Immigration*
 - ▶ *Fairer and More Flexible Hiring and Dismissals*



► Key Challenges

Global Economy

The global economy will continue to be a significant concern facing both Japan and Los Angeles County in years to come. In the medium to long term, macroeconomic growth trends and financial stability will also influence the amount of trade and investment between the U.S. (including Los Angeles County) and Japan. As to the immediate outlook, the Japanese economy is expected to lose some of the steam it generated in 2010. The fiscal and monetary stimulus that greatly benefited the Japanese economy in 2010 has come to its ending. The U.S. economy will continue to grow in 2011, though stimulus spending here too will lose its punch.

One of the questions going forward remains whether or not some emerging economies will turn to boosting domestic consumption spending as a force for growth instead of relying solely on exports. This would directly translate into a higher demand for both U.S. and Japanese goods. As these nations transform their economies and resolve their imbalances in the coming years, both Japanese and Los Angeles County exporters will greatly benefit. It is important to point out that another critical factor that will impact Japanese and U.S. trade flows will be the value of both the U.S. Dollar and the Japanese Yen.

The lack of domestic consumption spending in these emerging markets, particularly for U.S. and Japanese made products, will be a fundamental challenge going forward. In addition, exports from Los Angeles County and Japan could ultimately be the prime beneficiaries of a renewed surge in U.S. and Japanese consumer spending. The Los Angeles County and Japanese economies should also benefit as key growth industries gain a solid foothold in the Los Angeles area and in Japan (such as green/clean technology).

In addition, the existing diversified economy in Los Angeles County and Japan should continue to reap the benefits of increasing globalization. As demonstrated in this report, Los Angeles County has a very large market, a well-trained workforce, the busiest port complex in the U.S., an excellent higher education base and is technology rich. All of these elements should add up to a very strong economy in the years ahead and allow Los Angeles County to further solidify its overall ties with Japan.

Trade Issues

The U.S. trade imbalance with Japan used to be one of the thorniest issues in the U.S.-Japan economic relationship. One of the most important current issues involves the road ahead with regards to the Japanese and U.S. currencies. Probably the most important and critical issue related to trade disputes between the U.S. and Japan has had to do with the Yen-Dollar exchange rate. Of course, this rate affects all U.S. imports from Japan and all U.S. exports to Japan. In addition, it impacts the global economy to the extent that trade and capital flows are dependent on the exchange rate. This issue has become a hot topic for the global economy as the U.S. government is extremely concerned about the overall U.S. global current account deficit. This contentious issue will surely continue to dominate U.S.-Japan trade relations and ultimately will be important to Los Angeles County-Japan trade flows. Minimizing the number of new trade disputes will go a long way in encouraging growth of Los Angeles trade patterns with Japan.

“Minimizing the number of new trade disputes will go a long way in encouraging growth of Los Angeles trade patterns with Japan.”

Trade volumes collapsed in 2009 as the global financial crisis and the resulting “Great Recession” led to a dramatic decline in global demand. However, world trade recovered significantly in 2010 and both the U.S. & Japan experienced strong growth in exports. Expectations are for trade volumes to continue to improve in 2011 and 2012, but the local ports still face many challenges ahead including increased competition from the west and east coast ports (which could become even more problematic after the widening of the Panama Canal is completed in 2014).

Key Challenges (continued)

Trade Issues

All of these trade issues can be managed by federal, state, and local officials supporting sensible policies that promote free trade and economic development. Many of these issues are in the hands of the federal government. However, state and local officials could play an instrumental role in increasing trade between the U.S. and Japan by pursuing the following policies:

- ▶ Tax Incentives
- ▶ Enterprise Zones
- ▶ Trade Infrastructure Spending – Ports, Airport, Railways, Intermodal
- ▶ Trade Financing Support
- ▶ Port Marketing

Retaining and Increasing Foreign Direct Investment from Japan

One of the key challenges going forward for Los Angeles County will be retaining its existing base of Japanese companies as other areas are always trying to attract Los Angeles companies to move operations. The main objective has to be to deepen the existing relationships with companies and encourage them to stay in Los Angeles County. Los Angeles County has benefitted economically and culturally as many Japanese companies established U.S. or North American headquarters in the area. Japanese FDI has been a significant driver in the Los Angeles County economy for over 30 years now and will continue to play an instrumental role in the county's economy. It is absolutely essential to realize the importance of keeping these high-wage jobs in Los Angeles County.

Another challenge related to investment involves attracting new foreign direct investment from Japan in the coming years in order to enhance economic development in Los Angeles County. Los Angeles County will be competing for this new investment with new markets in Asia, Latin America and Africa as well as with other regions of the U.S. However, Japan should begin to increase investments in California due to its strong economic ties with the state and the state's leadership and focus on the green industries of the future. The good news is that Los Angeles County should capture much of that investment due to its strong trade and personal ties with Japan. In addition, Los Angeles County is a high-tech and innovative area with a very talented workforce.

▶ Key Opportunities

Trade

The outlook for international trade calls for increased volumes between California and Japan. The Japanese government is pursuing macroeconomic policies that will encourage domestic consumption as it looks to resolve existing economic imbalances. On the other hand, the government also has announced that it will continue to pursue policies that allow it to regain the export-led growth rates that were so negatively impacted by the global recession. As a result, trade patterns should improve in the short term. In the medium to long term the greatest opportunities in Los Angeles County-Japan trade would seem to be the growth potential for Los Angeles Customs District exports to Japan. Japan seems to be serious about creating stronger domestic spending within the economy in order to move away from such strong dependence upon export-led growth. The experience of the past two decades has created a sense of urgency within economic circles in Japan to move towards a more aggressive economic approach.

Foreign Direct Investment

The outlook for foreign direct investment from Japan into Los Angeles County is brighter than it has been in recent years. In fact, one of the greatest opportunities for Los Angeles County could be the significant flows of green tech investment arriving from Japan in the coming years. Most importantly, Japanese companies are especially attracted to the Los Angeles area as the County has the highest population of Japanese-Americans in the U.S. along with the broad economic base and necessary business infrastructure to enable profitable returns on Japanese investment.

In particular, Los Angeles County offers Japanese companies the following:

- ▶ A huge market (highest population of any County in the U.S.)
- ▶ A well-educated and trained workforce (excellent higher education institutions)
- ▶ Outstanding trade infrastructure (ports, railways, freeways and airport)
- ▶ Excellent access to national and international markets
- ▶ Technology rich area
- ▶ First-rate apparel, auto and engineering design, and creative industries
- ▶ Nation's largest manufacturing base
- ▶ Competitive costs
- ▶ Great weather all year round

Key Opportunities (continued)

Foreign Direct Investment

As previously mentioned in the Investment Ties section of this report, the greatest opportunities are in the green/clean tech, healthcare and bio-tech, electronics, education, entertainment, digital media, and food industries. Near term, investment will most likely occur within electric automobiles, solar energy, hi-tech electronics, digital media and healthcare bio-tech.

Also, another recent development that has evolved over the past year has been the appreciation of the Japanese Yen and the opportunities that presents for attracting new Japanese investment into Los Angeles County. The rise of the Yen has led to many Japanese companies moving a higher percentage of production out of Japan as it has become too expensive to manufacture domestically. As a result, this has created an excellent chance for Los Angeles County to further attract Japanese investment.

WTCA LA-LB Japan Trade & FDI Strategy for 2011

Industry Focus:

- ▶ Green Transportation
- ▶ Renewable Energy/Green Technology
- ▶ Health Care/Bio Tech
- ▶ Food Industry
- ▶ Entertainment

Partners:

- ▶ Consulate General of Japan
- ▶ JETRO
- ▶ Japan Business Association (JBA)

Program:

- ▶ L.A. County Trade and Investment Mission- September, 2011
- ▶ Consult with established Japanese investors- L.A. County & Japan
- ▶ Provide local outreach seminars in support of established investors
- ▶ Coordinate program with above partners

Healthcare & Biotechnology Industries and FDI

The opportunities for investment within the healthcare and biotech areas are very significant as Japan is the fastest-ageing nation in the world. By 2025 nearly 30 percent of the population will be over the age of 65 and by 2050 that figure will rise to forty percent.

The biotech industry has been one of the key sectors attracting Japanese FDI over the past few years. The majority of that investment has taken place in California. The golden state's appeal includes being the birthplace of the industry and it is home to many of the largest biotech firms. California biotech firms are the global leaders as they have scientific innovation, commercial vision and the financial support. In fact, Southern California has been very active in attracting Japanese pharmaceutical companies. Los Angeles County biotech firms should be focusing on attracting some of this Japanese investment, as Japanese companies have been some of the most aggressive multinational firms.

Likely Nature of Japanese Investment to Be Comprised of the Following Functions:

- ▶ Distribution
- ▶ Sales & Service
- ▶ Research & Development
- ▶ Regional Headquarters (already the case for many Japanese companies, mostly U.S. headquarters)

▶ Other Significant Opportunities

- ▶ **Renewable Energy (Green Technology)** – in addition to solar energy, there will be opportunities for growth in wind power
- ▶ **Global Warming** – Los Angeles County can provide valuable leadership on this subject, leveraging the landmark California Global Warming Solutions Act (AB 32) (the first-in-the-world comprehensive program of regulatory and market mechanisms to achieve real, quantifiable, cost-effective reductions of greenhouse gases). The State of California and Japan have forged partnerships to deal with climate change at the Governor's Global Climate Summits.
- ▶ **Banking and Financial Services** – as trade continues to flourish between Japan and the U.S., Japan and Los Angeles County both will experience strong growth in the demand for trade financing
- ▶ **Professional and Business Services** – More investment will come to Los Angeles County from Japan and investment will continue to flow to Japan. International trade and foreign direct investment flows will continue to experience high growth rates. Therefore it is logical to expect more Japanese law firms will move into the U.S. and particularly into the Los Angeles area. Japanese firms and Los Angeles County businesses both will require more international legal services, international trade practices, consulting and accounting.
- ▶ **Materials & Machinery** – Los Angeles County is the number one manufacturing center in the U.S. Japan's machine tool manufacturers are leaders in their field. Investing in Los Angeles facilities seems advantageous.
- ▶ **Construction & Engineering** – Japan has a highly developed transportation network, including high speed rail, highways, and bridges. All of this infrastructure was built to withstand severe earthquakes. A number of large infrastructure projects are just getting underway in Los Angeles County and across California, with similar earthquake hazards. Japanese construction & engineering firms will want to participate in this market and basing operations in Los Angeles County would be a wise option.
- ▶ **Creative Design** – Japan's affluent consumers have become more style conscious. The "LA Brand" is already part of the Japanese fashion scene. Japan consumer goods manufacturers will want to engage other LA designers for other types of products like house wares and home furnishings.



► Special Relationship

This report has demonstrated that Los Angeles County has become the nation's leading gateway with Japan due to its unique historical, educational, cultural, economic and business ties. Los Angeles County's ties with Japan have flourished since the late 1800's and reached new heights when Japan became an economic superpower in the late 1960's. Japan's economic rise transformed the global economic landscape, and Japan's economic development created enormous opportunities for both countries. The key development that solidified the unbreakable bond between Japan and Los Angeles County was globalization – the spread of trade, capital flows and people around the world – which has brought the world closer together. This is clearly evident in the growing numbers of students studying abroad. The U.S. is the leading destination for Japanese students, and of all the states in the U.S., no other has attracted more international and Japanese students than California. As the leading gateway to the Pacific Rim, Los Angeles has emerged as the natural center of Japanese-American educational and cultural exchanges. Two of LA County's world renowned universities (UCLA and USC) have the highest combined number of Japanese students in the nation.

“Los Angeles County is truly the international trade capital of the U.S. and the gateway to the Pacific Rim, and Japan remains a major force among the Pacific Rim nations.”

The emergence of Japan as the world's second largest economy in 1968 strengthened the economic and trade ties between the two areas. The Ports of Los Angeles and Long Beach have become the busiest ports in the U.S. and are still North America's largest recipients of Japanese exports. In fact, as a direct result of huge trade flows from

Japan and the rest of Asia, the San Pedro Bay Port Complex has become the fifth busiest in the world. Los Angeles County is truly the international trade capital of the U.S. and the gateway to the Pacific Rim, and Japan remains a major force among the Pacific Rim nations.

Direct investment from the U.S. into Japan has grown strongly over the past sixty-five years as U.S. companies built plants and factories in order to re-build the country after the war. Many firms in the Los Angeles County area have profited from these investments and are keeping a close eye out for new opportunities. In turn, over the past fifty-five years, Los Angeles County has been very active as it worked to bring new foreign direct investment from Japan in order to create new jobs and new revenue sources in Los Angeles County. After World War II, Japan's government encouraged its companies to “go global”, and since the late 50's they have established some of the most reputable global name brands in the world. In fact, Japanese FDI has benefitted Los Angeles County more than any other area in the U.S. Some of the largest Japanese companies such as Toyota Motor Sales, Honda, Kirin Brewery, Asahi Beer, Epson, Pioneer, and Kenwood, have chosen Los Angeles County as their U.S. or Northern American headquarters.

Business ties between Los Angeles County and Japan have benefitted greatly from Japan's economic miracle and ever growing financial globalization. In addition, multinational corporations have altered international business patterns along with international relations. Fortune 500 companies have expanded their global operations since the late 1980's as globalization has evolved. The opportunities seem to be boundless in Asia for American businesses with Asia's huge population, growing income and purchasing power. LA County based Fortune 500 companies such as *Walt Disney*, *Northrop Grumman*, *Dole Food*, *Avery Dennison*, *Mattel*, *AECOM* and *CB Richard Ellis* are reaping the benefits and will continue to do so as the emerging Asian middle class expands. Local companies representing many of Los Angeles County's key industry clusters already have a strong presence in Japan. Others will want to tap into Japan and the rest of Asia in the coming years.

► Storied History & A Wealth of Potential

Los Angeles County and Japan have developed a dynamic and mutually beneficial relationship that still has great potential. The sky is truly the limit when discussing Los Angeles County-Japan relations given the strong personal and economic ties that bind the two areas. Los Angeles County is home to more Japanese-Americans than any other area in the U.S., and the local universities are home to more Japanese students than any other region in the U.S. As more Japanese decide to pursue studies, they too will immigrate into the LA basin and open more businesses making the trans-Pacific bond even more unbreakable. The benefit of having so many Japanese students studying locally is that they will become alumni. As future business and government leaders, they will either remain in the Los Angeles area or go back to Japan. Either way the local community will benefit greatly, as future cross-border business opportunities will flourish.

“The most immediate and long-term potential lies in the area of increased trade and foreign direct investment from Japan, especially in the LA County industry clusters. The key industries expected to draw the most attention are renewable energy, hi-tech electronics and bio-tech.”

The Los Angeles Customs District (LACD) has established itself as the entry point for Japanese goods into the U.S. **Japan is the second leading trading partner of the LACD and is the leading source of foreign direct investment into Los Angeles County.** The investment ties between Los Angeles and Japan are very well known and long established. The most immediate and long-term potential lies in the area of increased trade and foreign direct investment from Japan, especially in the LA County industry clusters. The key industries expected to draw the most attention are renewable energy, hi-tech electronics and bio-tech. Solar energy should attract a significant amount of investment from Japanese solar companies. As they seek sites for manufacturing plants in the U.S., they will find value in the talented workforce that has made Los Angeles County the manufacturing capital of America.

In conclusion, the future is extremely bright for the Los Angeles County-Japan relationship. Los Angeles County will continue to play a vital role in the California economy and for that matter in the U.S. and global economies. As Time magazine pointed out in an October 2009 cover story, the future of America is in California as the key green industries of the future are all extremely well positioned in the Golden State. The world will continue to look to Japanese companies to provide innovative leading-edge technology to propel the global economy forward as Japan still leads the world in innovation. Together Los Angeles County and Japan can take the lead on the most pressing global issues such as renewable energy and climate change. Innovation and new technologies will come out of Los Angeles area research universities and Japanese universities & research institutes as both places continue to produce some of the brightest talent. Los Angeles County has been in a position to benefit from Japan's economic rise over the years and continues to be in a good position with regards to specific growth industries of the future.

However, as important as it is to highlight the future prospects of the relationship, it is also of value to note some improvements that could be made in order to ensure the relationship moves in the right direction. Los Angeles County's future prosperity will surely be impacted by how well it manages its relations with Japan and the rest of Asia. Here are some recommendations for nurturing the existing Los Angeles County-Japan relationship in order to ensure that future ties become even stronger:

- Promote and market Los Angeles County as an extremely attractive location for Japanese foreign direct investment. Emphasize all the elements highlighted within this report to make it very clear why LA County provides significant overall value and return on investment. Focus on attracting Japanese companies that are looking to locate their North American or U.S. headquarters, manufacturing plants, distribution centers, etc.
- Invest in improving the existing trade infrastructure (local ports, freeways, intermodal rail capacity to distribution centers, other rail capacity and LAX). Implement strategies to ensure that the local ports do not lose market share to other North American ports due to lower costs or in anticipation of the Panama Canal 2014 expansion. The local ports need to dispel all congestion myths, bottleneck issues and business unfriendly perceptions. Apply pressure at the local, state and federal levels to adopt policies that support free trade and funding for trade promotion programs via the U.S. Commerce Department.

Storied History & A Wealth of Potential (continued)

- ▶ Attempt to better leverage the resources of the World Trade Center Association Los Angeles-Long Beach (WTCA LA-LB), the Japanese Consulate General, JETRO, JBA and other Japan related organizations to increase the level of interaction between U.S. and Japanese companies. Focus on business development exchanges and foreign direct investment prospects.
- ▶ Focus on increasing the number of Japanese language programs within Los Angeles County primary and secondary schools, community colleges and universities as well as other Los Angeles County organizations and associations such as those mentioned within this report (*please see the Personal Ties section*).
- ▶ Promote Los Angeles County to Japanese tourists and students (should be part of a larger strategy to re-gain some of the large drops that have occurred in the past 15 years in Japanese student enrollment). Attempt to attract Japanese high school students via exchange programs; also college students, graduate students and those looking to learn English at various institutions. Develop a marketing campaign to attract more Japanese tourists to Los Angeles County emphasizing all the region has to offer to them (as mentioned in the *Personal Ties* section). Create cultural activities to strengthen the longstanding ties between Japan and the people of Los Angeles County.
- ▶ Establish a presence in Japan for LA County through a representative office that will support trade and investment opportunities as well as market LA County and its competitive advantages over other North American regions.

▶ Introduction

- ▶ *Global California, Rising to the Cosmopolitan Challenge*, by Abraham F. Lowenthal
- ▶ IHS Global Insight
- ▶ The Economist, Economist Intelligence Unit (EIU)
- ▶ California Department of Finance (DOF)
- ▶ Japanese Ministry of Internal Affairs and Communications
- ▶ Consulate General of Japan in Los Angeles

▶ Section 1: Historical Ties

- ▶ *"Mutual Life and Aid Among the Japanese in Southern California with Special Reference to Los Angeles"*, University of Southern California, 1937
- ▶ *"Japanese in the United States"*, New York Times, 1969
- ▶ *"Japanese Immigrants in California Agriculture"*, Agricultural History, 1962
- ▶ *"The Japanese Community in Los Angeles"*, Columbia University, 1926
- ▶ Consulate General of Japan in Los Angeles

▶ Section 2: Personal Ties

Educational Ties

- ▶ Institute of International Education, *2010 Open Doors Report*
- ▶ U.S. Department of Education
- ▶ Association of Pacific Rim Universities (APRU)
- ▶ University of Southern California (USC)
 - ▶ Vice Provost's Office for Globalization
 - ▶ Center for International Studies
 - ▶ Marshall School of Business
- ▶ University of California, Los Angeles (UCLA)
 - ▶ Office of Analysis and Information Management
 - ▶ International Institute
 - ▶ International Education Office
 - ▶ Office of Media Relations
 - ▶ University of California Education Abroad
- ▶ Loyola Marymount University
 - ▶ Institutional Research
 - ▶ Communications & Government Relations
- ▶ California State University (CSU), Dominguez Hills
 - ▶ Advancement Services
- ▶ Occidental College
 - ▶ Office of Alumni Relations
- ▶ California State University (CSU), Long Beach
 - ▶ Institutional Research and Assessment
- ▶ Caltech
 - ▶ International Student Programs
 - ▶ Caltech Alumni Association

▶ Section 2: Personal Ties

- ▶ California State University (CSU), Pomona
 - ▶ International Center
 - ▶ Office of Alumni Affairs
- ▶ California State University (CSU), Los Angeles
 - ▶ Office of Institutional Research
 - ▶ ERSS
 - ▶ Asian Pacific Business Institute
- ▶ California State University (CSU), Northridge
 - ▶ Office of Institutional Research
- ▶ The Claremont Colleges
 - ▶ International Placement Office
- ▶ Pepperdine University
 - ▶ International Placement Office

Cultural and Network Ties

- ▶ U.S. Census Bureau, 2009 American Community Survey
- ▶ City of Los Angeles, Sister Cities of Los Angeles
- ▶ Sister Cities in the United States
- ▶ California Travel and Tourism Commission

▶ Section 3: Trade Ties

- ▶ U.S. Department of Commerce, Bureau of the Census, USATrade Online
- ▶ U.S. Census Bureau, Foreign Trade Division
- ▶ Peterson Institute for International Economics
- ▶ Los Angeles Chamber of Commerce, Global Initiatives
- ▶ California Chamber of Commerce, Trade Statistics
- ▶ California Department of Finance, California Trade Data
- ▶ U.S. Department of Commerce, International Trade Administration (ITA)
- ▶ U.S. Department of Commerce, U.S. Commercial Service
- ▶ World Trade Organization (WTO), Tariff and Trade Statistics
- ▶ Journal of Commerce
- ▶ PIERS Global Intelligence Solutions
- ▶ Central Intelligence Agency (CIA) World Fact Book 2010
- ▶ Port of Los Angeles (POLA)
- ▶ Port of Long Beach (POLB)
- ▶ Los Angeles World Airports, Los Angeles International Airport (LAX)
- ▶ Airports Council International (ACI)
- ▶ Los Angeles Times
- ▶ E-Cargonews Asia
- ▶ Japan Foreign Trade Council, Inc. (JFTC)
- ▶ Japanese Ministry of Economy, Trade and Industry (METI)
- ▶ Japan External Trade Organization (JETRO)

▶ Section 4: Investment Ties

- ▶ Bureau of Economic Analysis (BEA), *Foreign Direct Investment in the U.S.*
- ▶ LAEDC Foreign Direct Investment Study
- ▶ World Trade Center Association Los Angeles-Long Beach (WTCA-LALB), www.wtca-lalb.org
- ▶ Peterson Institute for International Economics
- ▶ ACG Los Angeles Capital Connection
- ▶ Deloitte, Japanese Services Group
- ▶ Deloitte Consulting
- ▶ Asia-Pacific Business Outlook (APBO)
- ▶ OECD Investment Policy Reviews
- ▶ Japan Ministry of Economy, Trade and Industry (METI)
- ▶ Consulate General of Japan, <http://losangeles.china-consulate.org/eng/>
- ▶ Japan External Trade Organization, www.jetro.org
- ▶ Japan Business Association (JBA), www.jba.org
- ▶ Japan America Society, www.jas-socal.org
- ▶ Houlihan Lokey, www.hl.com
- ▶ Greif & Co., www.greifco.com
- ▶ Bank of Japan
- ▶ World Economic Forum
- ▶ Fortune Japan
- ▶ Business Week
- ▶ The Economist Magazine
- ▶ Time Magazine
- ▶ The New York Times
- ▶ The Financial Times
- ▶ Boston Consulting Group
- ▶ McKinsey Global Institute

▶ Section 5: Business Ties

- ▶ Los Angeles Business Journal, *Book of Lists 2010*
- ▶ Fortune Magazine, *Top 500 Companies*
- ▶ LAEDC, *Foreign Direct Investment in Los Angeles County*
- ▶ World Trade Center Association (WTCA-LALB)
- ▶ Consulate General of Japan
- ▶ Japan External Trade Organization (JETRO)
- ▶ Japan Business Association of Southern California (JBA)
- ▶ Walt Disney Company, www.disney.com
- ▶ Northrop Grumman, www.northropgrumman.com
- ▶ Dole Food Company, www.dole.com
- ▶ AECOM, www.aecom.com
- ▶ Avery Dennison, www.averydennison.com
- ▶ Mattel, www.mattel.com
- ▶ CB Richard Ellis, www.cbre.com

▶ Section 5: Business Ties

- ▶ Union Bank, www.unionbank.com
- ▶ Mitsubishi UFJ Financial Group, www.musg.jp
- ▶ Pacific Commerce Bank, www.pacificcommercebank.com
- ▶ Deloitte & Touche Tohmatsu, www.deloitte.com
- ▶ Ernst & Young, www.ey.com
- ▶ KPMG, www.kpmg.com
- ▶ PricewaterhouseCoopers, www.pwc.com
- ▶ Korn/Ferry International, www.kornferry.com
- ▶ Latham & Watkins, www.lw.com
- ▶ O'Melveny & Myers, www.omm.com
- ▶ Paul Hastings, www.paulhastings.com
- ▶ Squire Sanders, www.ssd.com
- ▶ Morrison & Foerster, www.mofo.com
- ▶ Bryan Cave, www.bryancave.com
- ▶ Johnson Fain, www.johnsonfain.com
- ▶ Princess Cruises, www.princess.com
- ▶ American Apparel, www.americanapparel.net
- ▶ BCBGMAXAZRIA, www.bcbg.com
- ▶ Forever 21, www.forever21.com
- ▶ 7 For All Mankind, www.7forallmankind.com
- ▶ True Religion, www.truereligionbrandjeans.com
- ▶ Karen Kane, www.karenkane.com
- ▶ Lucky Brand, www.luckybrand.com
- ▶ DreamWorks, www.dreamworkstudios.com
- ▶ 20th Century Fox, www.foxstudios.com
- ▶ Lionsgate, www.lionsgate.com
- ▶ Universal Pictures, www.universalpictures.com
- ▶ Paramount Pictures, www.paramount.com
- ▶ Sony/Columbia, www.sonypictures.com
- ▶ Warner Brothers, www.warnerbros.com
- ▶ Robinson Helicopter, www.robinsonheli.com
- ▶ Trojan Battery, www.trojanbattery.com
- ▶ Heraeus Metal Processing, www.heraeus.com
- ▶ Obagi Medical Products, www.obagi.com
- ▶ Sunrider, www.sunrider.com
- ▶ Miyamoto, www.miyamotointernational.com
- ▶ Nestlé USA, www.nestle.com
- ▶ Pelican Products, www.pelican.com
- ▶ International Lease Finance Corporation, www.ilfc.com
- ▶ Alpine Electronics of America, www.alpine-usa.com
- ▶ Asahi Beer U.S.A., www.asahibeerusa.com
- ▶ Epson America, www.epson.com
- ▶ International Transportation Service, www.itslb.com
- ▶ Kenwood U.S.A., www.kenwoodusa.com
- ▶ All Nippon Airways (ANA), www.ana.co.jp

▶ Section 5: Business Ties

- ▶ Japan Airlines (JAL), www.jal.com
- ▶ JFC International, www.jfc.com
- ▶ Kirin Brewery of America, www.kirin.com
- ▶ Kubota Tractor Corporation, www.kubota.com
- ▶ Makita U.S.A., www.makita.com
- ▶ Mitsubishi International Corporation, www.mitsubishicorp.com
- ▶ Mitsui & Co. U.S.A., www.mitsui.com
- ▶ Mizuho Corporate Bank of California, www.mizuhocbk.com
- ▶ MOL Logistics, www.mol.logistics.co.jp
- ▶ Multiquip, www.multiquip.com
- ▶ Nippon Steel Trading America, www.ns.net.co.jp
- ▶ Nishimoto Trading Company, www.nishimototrading.com
- ▶ NMB USA, www.nmbusa.com
- ▶ NYK Line North America, www.nykline.com
- ▶ Nissin Foods USA Company, www.nissinfoods.com
- ▶ Pioneer North America, www.pioneerelectronics.com
- ▶ Ricoh Americas Corporation, www.ricoh-usa.com
- ▶ Sony Pictures Entertainment, www.sonypictures.com
- ▶ Taiheiyo Cement USA, www.taiheiyo-cement.co.jp
- ▶ Taisho Pharmaceutical California, www.taisho.co.jp
- ▶ Naughty Dog, www.naughtydog.com
- ▶ Santa Monica Studio, www.worldwidestudios.net
- ▶ Konami Digital Entertainment, www.konami.com
- ▶ Tecmo, www.tecmogames.com
- ▶ American Honda Motor Company, www.honda.com
- ▶ Toyota Motor Sales, U.S.A., www.toyota.com
- ▶ Mitsubishi UFJ Financial Group, www.mufg.jp
- ▶ Yakult U.S.A., www.yakultusa.com

▶ Some Government Resources

General Information Sites

- ▶ [The State Department](#) - State Department website
- ▶ [The Library of Congress Guide](#) - Online access to past bills, treaties, and resolutions
- ▶ [U.S. Government Printing Office](#) - Directory of Government documents
- ▶ [U.S. Patent and Trademark Office](#) - Patents, Trademarks, Forms, order copies
- ▶ [Public Diplomacy Calendar](#) - International Events Calendar
- ▶ [U.S. Customs and Border Protection](#) - Import/Export, Travel Info, Enforcement Activities
- ▶ Websites of U.S. Embassies, Consulates, and Diplomatic Missions
- ▶ International Chamber of Commerce

General Export Counseling

- ▶ [Office of the U.S. Trade Representative](#) - Office of the United States Trade Representative
- ▶ [U.S. Trade & Development Agency \(USTDA\)](#) - USTDA's mission is to advance economic development and U.S. commercial interests in developing and middle-income countries
- ▶ U.S. Agency for International Development
- ▶ U.S. Department of Commerce
- ▶ [U.S. Commercial Service](#) - Specialized services for exporting U.S. products or importing from U.S.
- ▶ [Export.gov](#) - Comprehensive federal export assistance program, Helping U.S. companies export
- ▶ [International Trade Administration](#) - Monitors, analyzes and provides information on industries
- ▶ [Small Business Administration \(SBA\)](#) - Finance counseling and information for small businesses
- ▶ [Manufacturing and Services Division](#) - U.S. industry's global competitiveness through critical analysis of domestic regulations, legislation, trade policy development, and negotiation
- ▶ [Overseas Private Investment Corporation](#) - Supports U.S. businesses that invest in developing countries and emerging market economies