

JETRO Chicago Midwest NEWSLETTER

Japan External Trade Organization

1 East Wacker Drive, Suite 600

Chicago, IL 60601

Phone: 312-832-6000

Fax: 312-832-6066

www.jetro.org

In this issue ...

- *Director's Dialogue: Top 5 issues at Advanced Manufacturing Seminars ... page 3*
- *Ask JETRO: How to arrange a speaker or seminar with JETRO ... page 3*
- *Michigan companies have successful trip to Japan ... page 4*

Midwest strength reflected in new survey of Japanese facilities in U.S.

A new JETRO survey of Japan-affiliated companies doing business in the U.S. has recently been released, and it reflects positive sentiment toward the business climate in this country, and shows continued strength in the Midwest states.

Nationally, the number of Japan-affiliated manufacturing facilities JETRO found in the U.S. increased to 2,191, a gain of 250 over the 2004 survey. Particular growth was seen in the Southern Atlantic and Pacific Coast regions. The Midwest regions remained strong with a total of 553 facilities.

There was other good news from Japan-affiliated companies. The survey revealed strong business performance for a majority of firms, with a record 75.7% of respondents expecting to post an operating profit in 2005; only 9.6% of firms (a record low), on the other hand, expect to post an operating loss.

Responding firms did not appear to be greatly affected by the prolonged hike in oil prices. However, among firms expecting smaller profits or greater losses (compared to last year), rising utility and procurement costs were frequently cited as a negative pressure. (The survey was conducted before Hurricanes Katrina and Rita devastated

See "Manufacturing Survey" on page 2

The successes of 2005 ... the promise of 2006



From the Chief Executive Director

*Takashi "Taka" Tsuchiya,
Chief Executive Director,
JETRO Chicago*

We heard good news about the Japanese Economy last August, to the effect that the Japanese economy broke out of the lull it had been experiencing since mid 2004. The Japanese economy finally returned to a solid recovery track, which began in January 2002. The recovery is driven by the corporate sector, which eliminated excesses in 1) facilities and equipment, 2) employment, and 3) debt. These excesses are remnants of the bubble period plaguing the Japanese economy for more than a decade. Now Japanese manufacturers are quite active in capital investment, last year investment during the period of April to

September registered double-digit growth over the same period in the previous year. Moreover, according to a survey of 160 major manufacturers conducted by the Nihon Keizai Shimbun, last October, about 60% of respondents said that they have decided to or are considering new domestic factories. And more than 60% said that they plan to increase domestic production in monetary terms in the next three years. The unemployment rate has also dropped from a high of 5.4% in 2002 to 4.6% last November and accordingly consumer spending has been increasing. Corporate profits are increasing, and for the first time in five years the Nikkei Average of stock prices rose from 7,607 yen in 2003 to a high of 16,000 yen at the end of last year.

Japan definitely is back, and business opportunities with Japan are expanding, deserving even more attention now. We at JETRO Chicago would like to make the best of this situation and continue to promote

See "Chief Executive Director" on page 2

Strong Japanese presence planned for Bio 2006 in Chicago

When the BIO 2006 Chicago Annual International Convention comes to Chicago's McCormick Place Convention Center from April 9-12, 2006, Japan's biotech industry will have a strong showcase. Three major efforts at the conference will keep Japan top-of-mind, thanks to JETRO's efforts.

First, the Japan Pavilion will have a major presence on the Exhibit Floor of the show, which is being held for first time in the Midwest. 55 Japanese biotechnology companies and organizations will exhibit at the Japan Pavilion, the most ever.

The 54 Japanese exhibitors range in size from small start-ups to well-established biotech businesses, along with a number of biotech business development groups. This is latest in a series of events in Japan and the U.S. aimed at establishing partnerships and developing collaboration between U.S. and Japanese biotech firms.

In addition to the Japan Pavilion, there will be a special presentation by Japanese biotech industry leaders as part of an International Seminar series at the Convention.

See "Bio 2006" on page 4

JETRO Chicago

Midwest Newsletter

January-February 2006, Page 2

In this issue ...

- *Director's Dialogue: Top 5 issues at Advanced Manufacturing Seminars ... page 3*
- *Ask JETRO: How to arrange a speaker or seminar with JETRO ... page 3*
- *Michigan companies have successful trip to Japan ... page 4*

Back to Page 1

Contact JETRO Chicago

JETRO Chicago is located at 1 East Wacker Drive, Suite 600, Chicago 60601. Phone: 312-832-6000; Fax: 312-832-6066; website: www.jetro.org

For general information, call the number above, or for a specific inquiry, use the form at www.jetro.org (select "Contact JETRO" from the menu bar at left). For Invest-in-Japan information contact Bryan Esenberg, Assistant Director, at bryan_esenberg@jetro.go.jp

For biotech information, contact David Peterson at David_Peterson@jetro.go.jp

Manufacturing Survey ... from page 1

sections of the US Gulf Coast, an important oil producing area. Thus, the impact of further oil price hikes—as a result of the storms—are not reflected in the survey results.)

A total of 586 companies (or 33.9 % of firms sent questionnaires) replied to the survey, which JETRO's six US offices (in Atlanta, Chicago, Houston, Los Angeles, New York and San Francisco) conducted in July and August 2005. JETRO began this annual survey in 1981. For further details please visit www.jetro.go.jp/en/news/releases/20051013565-news.



Advanced Manufacturing Seminars draw crowds in Cincinnati OH and Novi MI

On November 29 and 30, JETRO brought seminars on Advanced Manufacturing to two locations.

First, in Cincinnati, JETRO and TechSolve presented to an audience of more than 85 people. Below: a panel discussed "21st Century Manufacturing Revolution in the U.S. and Japan". From left: Ben Schawe of Mazak Corp.; Kap Choi of Motoman Ubc; Jim Dolle of General Electric Transportation - Aircraft Engines; John Roemisch of FANUC Robotics America, Inc., and Luis Alcantara of Toyota Motor Manufacturing North America.



Above: Dr. Jay Lee, Ohio Eminent Scholar in Manufacturing at the University of Cincinnati moderated a panel discussion.

Below: Gary Conley, President, TechSolve opens the program.



On November 30, the program moved to Novi, Michigan. At left, Masabiro Akiyama, President and Chief Executive Officer, Armonicos Company, Ltd. makes a presentation.

Below: Panelists on the program included (from left) William "Rob" Cusard of L.E. Borden Company and Lang Fastner; Dwight D. Carlson of Coherix; Glenn A. Jackson of Motoman Inc.; Ben Schawe of Mazak Corporation and Gary Zywiol of FANUC Robotics America Inc.

More than 40 business people attended the event in Novi, which was organized by JETRO and the Society of Manufacturing Engineers.

Look for observations from these seminars on the next page.



From the Chief Executive Director ... from page 1

US-Japan business collaborations even further.

Recently we have been actively creating US-Japan collaboration in the fields of biotechnology and robotic technology. In the biotechnology area, there will be Bio 2006 at Chicago's McCormick Place, April 9-12, which is the annual tradeshow of the US Bio Industry Association. We will have a Japan pavilion of 28 booths and introduce more than 50 Japanese companies to US partners. In the robotics area, we will welcome a Japanese delegation of leading

companies and laboratories, organized by JETRO Tokyo. The mission will exchange new ideas and technologies with US partners and we hope collaboration will materialize.

In addition to these industry-specific projects, we will remain committed to providing updated information on the Japanese economy and business opportunities as well as hosting many Japan seminars. Please join our activities and develop new business leads in 2006.

In this issue ...

- *Director's Dialogue: Top 5 issues at Advanced Manufacturing Seminars ... page 3*

- *Ask JETRO: How to arrange a speaker or seminar with JETRO ... page 3*
- *Michigan companies have successful trip to Japan ... page 4*

[Back to Page 1](#)

Top 5 issues discussed at recent JETRO Advanced Manufacturing seminars



Director's Dialogue

*Terunobu Yamauchi
Director of Technology,
JETRO Chicago*

JETRO Chicago presented two seminars titled "21st Century Manufacturing Revolution in the US and Japan; Utilizing Robotics and Advanced Manufacturing Processes to Enhance Global Competitiveness" this past November 29 and 30 in Cincinnati, Ohio and Novi, Michigan which were cosponsored by TechSolve (OH), the Michigan Manufacturing Technology Center, and the Society of Manufacturing Engineers with support by the Michigan Economic Development Corporation, Robotics Industry Association and Detroit Regional Chamber.

In the seminars, technological representatives from the Mazak Corporation, FANUC Robotics, Motoman Inc., Toyota Motor Manufacturing North America, Armonicos Co., Ltd (Shizuoka) and GE-Transportation-Aircraft Engines presented their case studies, describing their successes in improving productivity and product quality by using advanced manufacturing technologies. In turn, representatives from local small- and medium-sized manufacturing factories made presentations on their technological strategies as users of advanced manufacturing technologies.

Also, emerging 3-dimensional recognition technologies which are being utilized in various manufacturing processes such as design, manufacturing, testing and evaluation, were introduced by high-tech companies from the US and Japan.

Many important issues were raised during the lively discussion between presenters and attendees at the seminars. To summarize, I've assembled my list of the top five key points learned from these seminars.

1. Factory management should not invest in advanced manufacturing technologies including robotics for the purpose of reducing their labor force. Instead, management must recognize that these technologies are worth the investment from the viewpoint of improving quality of their final products.
2. Investment in advanced manufacturing technologies results in factory waste reduction. Robots have an advantage in the areas of precise motion and process management so that time and materials necessary for production can be minimized.
3. By investing in advanced manufacturing technologies, factory employees get additional time to consider how to maximize the efficiency of their management processes. Therefore, they can also absorb the essential part of manufacturing technologies so that entire productivity and product quality will be improved.
4. Investment of advanced manufacturing technologies makes it possible for factories to increase their production without enlarging the size of their labor force. It allows more flexibility of management.
5. It should be considered that we have no federal promotion policy in the field of manufacturing technology, while much more of the federal investment budget for research and development has been allocated to other technological fields, such as nano-technology and life sciences.



Ask JETRO

Can JETRO help arrange a seminar for your organization, or provide a speaker?

For decades, JETRO Chicago has had a visible presence in the Midwest, holding seminars and executive briefings, organizing symposia, and providing speakers to programs presented by a variety of organizations ... all designed to assist Midwest businesses in their efforts to work with Japanese companies and develop their businesses in Japan.

Keeping up with JETRO events is easy ... just read the JETRO Chicago Midwest Newsletter and check the www.jetro.org website.

But what if your university, industry organization or group wants to present a JETRO seminar ... or what if you need a speaker for an event? JETRO Chicago will be happy to consider your request.

If you're looking for a speaker for an event you are currently planning, send complete details about the event, the planned audience, the market, and about your organization. Let us know what type of information you'd like a JETRO speaker to provide ... whether it's general information, or specific to an industry, such as biotech, robotics, agriculture, etc. Sometimes we have people on staff who can help ... other times we have experts visiting from Japan who may be appropriate.

JETRO Chicago has limited spots on its calendar for full-day or half-day seminars, and we try to present these events in locations across the Midwest, to both academic and business audiences. If you're interested in sponsoring a JETRO event, you should also send complete information about the audience, and type of program you envision. Of course we can't get everywhere every year ... but we'll try to help.

Mail information to JETRO Chicago, 1 East Wacker Drive, Suite 600, Chicago 60601. Or email bryan_esenberg@jetro.go.jp.

In this issue ...

- *Director's Dialogue: Top 5 issues at Advanced Manufacturing Seminars ... page 3*

- *Ask JETRO: How to arrange a speaker or seminar with JETRO ... page 3*
 - *Michigan companies have successful trip to Japan ... page 4*
- Back to Page 1**

Two Michigan companies find JETRO-sponsored Japan trip helpful to Advanced Manufacturing/Robotics efforts

In December, 2005 Mr. Adil Shafi, President of Shafi, Inc. in Brighton MI, and Mr. Michael Jacobs, President of Applied Manufacturing Technologies in Orion MI, both visited Japan as part of a JETRO-organized program for advanced manufacturing/robotics companies. They were both kind enough to share some of their experiences and thoughts with us.



Adil Shafi sent in this photo of the group sharing a meal in Japan. Shafi is third from the left. Michael Jacobs is second from the right.

Adil Shafi of Shafi Inc.

Adil Shafi had traveled to nearly 40 countries, and across the U.S., but his recent JETRO-organized trip was his first visit to Japan ... and he came away impressed with both the overall experience and the potential for his company, which designs vision-guided robotic solutions for manufacturing, with an emphasis in the automotive industry.

"What excited me most," Shafi said of Japan, "was the level of innovation, and the interest in innovation."

"It was a very positive experience, from the dinners and meetings, to the conferences. I can't wait to go back." Shafi will be going back in February, to follow up on a number of earlier meetings.

Shafi Inc. depends primarily on integrators to install and implement its solutions to manufacturers, but stays involved with the entire process, and provides service and support. Vision-guided robotics can dramatically increase efficiency and lower costs, through reducing retooling, avoiding injuries, increasing throughput and reducing labor costs. Because Japan is facing many of the same challenges in manufacturing as the U.S., Shafi believes that the time may be right for an office in Japan, to work with integrators and provide support services.

Shafi Inc. has been in business since 1991, and has seen continued growth. They have already seen their solutions implemented in Europe and Mexico and are ready to bring their own innovations to Japan.

Adil Shafi notes that although the "humanoid robotics" side of the business is very visible in Japan, the industrial robotics business is really growing in the U.S., driven in great measure by the automotive industry. "The industrial side may be a little more 'risk averse,'" Shafi said, "but we see the needs of manufacturing growing at a rapid pace," as both the U.S. and Japan work

SHAFI inc. to stay competitive in the expanding global manufacturing marketplace.

Michael Jacobs of Applied Manufacturing Technologies

"Eye-opening," was how Michael Jacobs described his recent visit to Japan. Applied Manufacturing Technologies has worked with Japanese-owned businesses in the U.S. since the 1980s, but he knows that working with companies in Japan will be a different challenge.

"The contacts, meetings and look at the Japanese culture provided by the JETRO program was invaluable," said Jacobs. He's anxious to return to Japan soon, and perhaps meet with even higher-level executives at automotive companies.

Applied Manufacturing Technologies, Inc. has been a supplier of complete consulting and engineering services, and integrated robotic systems, since 1989, specializing in industrial automation, including robotic vision systems.

Jacobs sees the automotive industry setting the pace for advanced automation in other industries, though his interest in Japan will initially focus on the auto industry. "We are initially thinking about an office in Japan for sales and support functions, but after the trip to Japan, we've entertained thoughts of even a larger presence down the road."

Jacobs knows that Japan leads in manufacturing of robots, but with the applications expertise in the U.S., collaboration seems inevitable.

Are Japanese companies open to collaboration? Jacobs saw it in his meetings. "I was pleasantly surprised at the level of openness," he said. "In fact, in some cases we could see attitudes changing during our meetings, as we described our company and capabilities."

Michael Jacobs is looking forward to following up on his efforts in Japan, with a possible return trip in the Spring.



BIO 2006 ... from page 1

On April 10, a unique Japan Night Reception will be held at the Chicago Hilton and Towers, for Convention attendees. Japan Night has been one of the most popular receptions at the past two BIO Conventions.

More than 20,000 biotech executives, investors, journalists, policy makers and scientists from more than 60 countries are expected to attend BIO 2006, presented by the Biotechnology Industry

Organization (BIO).

For more information on the Japan Pavilion at BIO 2006, contact David Peterson at JETRO Chicago, 312-832-6000, email david_peterson@jetro.go.jp.

For general information and registration for BIO 2006, visit www.bio.org/events/2006.