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セントラルオハイオ日米協会

Japanese-American Business Appreciation Reception

日系企業への感謝レセプションパーティ

To recognize the value of Japanese-American businesses to the central Ohio economy.

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Wednesday • November 19, 2008
The Fawcett Center
6:00 - 8:00 p.m.

THE OHIO STATE UNIVERSITY

Order of the Evening

Entertainment throughout the evening

Koto music by Sakura
Tea Ceremony

Program

Opening remarks by JASCO Board Member Al Kinzer

Welcome by JASCO Board President Suzanne McKenna

Discussion of CompeteColumbus study by Dr. Ned Hill

Remarks by Consul General Tamotsu Shinotsuka

Remarks by Lieutenant Governor Lee Fisher

Introduction of Mr. Tanai by Mr. Lowell Howard, JASCO Vice President

Remarks by the President of Honda of America Mfg., Inc., Mr. Tsuneo Tanai

Continuous slide presentation of CompleteColumbus Study

A special thanks to Honda of America Mfg., Inc. for providing us with not only simultaneous interpreting this evening but also the interpreting equipment for our Japanese guests.

The interpreter for tonight is Yoshiko Tuttle.

HONDA

Honda of America Mfg., Inc.

Recent JASCO Events

Reception for Honorary Consul General of Japan Philip Barth: October 8, 2008
Introduced the new Honorary Consul General of Japan, Mr. Philip Barth, to the academic and business community.

JASCO Fall Picnic: October 26, 2008
This potluck event gave JASCO colleagues a chance to gather informally. Nori Ito manned the grill so JASCO could provide teriyaki chicken and marinated beef. JASCO also provided beverages. There were activities for people of all ages; including making and flying kites. Go to the website http:\\jasco.osu.eduto see photos of the event .

JASCO's Night at the Columbus Crew game: September 6 and October 4, 2008
JASCO members had two great evenings watching the Columbus Crew beat their opponents. Every~one had fun cheering for our home town champions!

U.S.~Japanese Economic Seminar: Possibilities for Ohio– Saitama Business Collaboration: September 4, 2008
Topics included, Ohio and Saitama: The Business Hot Spot, Future Business Strategy in Midwest U.S. and International Technology Based Economic Development.

JASCO Japanese Language Camp for Kids: July, 2008
This class was designed to be a fun and interactive way of provide local children with the opportunity to learn basic Japanese language and culture.

JASCO Business Seminar Series: Environmental Issues: April 23, 2008

Foreign Exchange Seminar: May 12, 2008

Upcoming JASCO Events

Beginner I and II Japanese Language Class: early January ~ late February, 2009
This class is designed for beginners with no Japanese language skills and those wanting to brush up on their basic skills. The class is designed to be fun and interactive. Class size is limited to 15 and there must be at least 8 to run the class. It is open to those high school age and older. Classes are held at 109 Oxley Hall on the OSU Campus (1712 Neil Ave. at 12th Ave.) Wednesdays, 6:30~8:00pm for 8 weeks from January 9—February 27. Applications need to be in by December 19 and are available on the JASCO website at http:\\jasco.osu.edu.

JASCO Japanese Language Speech Contest: March 1, 2009
An annual competition showcasing the Japanese language speaking and comprehension talents of Ohio's high school and college students. Applications are due January 30, 2009.

JASCO Golf Outing Fundraiser at Golf Club of Dublin: May 20, 2009
Mark your calendars now and join us for a day of golf, networking and fun to support JASCO's ongoing educational and cultural programming for the Central Ohio community. For registration information, please go to the JASCO website.

Visit our website for details regarding these and other programs **http://jasco.osu.edu.**

Annual JASCO Activities

Japan Artifact Box Program (1997–present): Portable boxes containing authentic artifacts with pictures and explanations so that educators can use them for "hands-on" instruction about Japan. These boxes are sent to schools and libraries throughout Ohio.

Passport to Japan Program (1997–present): These workshops provide an opportunity for children and adults of all ages to learn about Japan by listening to a speaker and participating in 'hands-on" activities. Programs range from one hour to all day, and take place in schools, day camps, libraries and companies.

Japanese Language Speech Contest (1999–present): Japanese Language Speech Contest for college and high school students. Co-sponsored with the Consulate General of Japan and Central Ohio Japanese Association of Commerce.

JASCO Golf Outing Fundraiser (1999–present): This is an annual activity for the Japan-America Society of Central Ohio to raise funds for cultural and educational activities.

JASCO Business Seminars (2000–present): Seminars addressing different topics related to businesses in Central Ohio, often with interpreting in Japanese. Co-sponsored with JASCO Corporate Members, JETRO, Columbus Chamber of Commerce, and Ohio

Extent of JASCO's Impact in Central Ohio (2007):

Activity/Program	Number of Events	Number of Attendees
Business Outreach	34	693
Community Outreach	22	877
Educational Outreach to Teachers	19	312
Educational Outreach to Students	18	1984
Government Outreach	3	87
OVERALL IMPACT— 2007	**96**	**3953**

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Meiko America, Inc.
Midwest Express Inc.
Mitsubishi Electric Automotive
Mitsubishi International Food Ingredients, Inc.
Murotech Ohio Corp.
New Sabina Industries, Inc.
Newman Technology, Inc.
NEX Transport, Inc.
Next Step Resources
Nifco America Corp.
Nippon Express USA, Inc.

Today's Job: Focus on Workforce Improvement

- Focus and invest in the incumbent manufacturing worker in a demand-driven system.
- Make all training and funding outcome based and customized.
- Base the subsidy for workforce training, which is a recognized focus of Ohio's two-year college system, on credit hour provided, not on student enrollment in degree granting programs.
- Establish one source of contact across all service providers.

Today's Job: Support Incumbent Manufacturers

- Ensure long-term energy price stability & reliability and help finance "last mile" energy infrastructure.
- Regionalize and integrate state & local economic development retention and expansion
- activities.
- Provide seamless processes and best practice improvement services.

Tomorrow's Job: Develop Thought Leadership

- Recruit Tier 1 & 2 headquarters and research and development functions.
- Become a thought leader in global integrated manufacturing production (global process improvement.
- Build on existing leadership in manufacturing ergonomics and joining technologies.
- Develop leadership in the areas of lightweight metals, composites, forming technologies, alternative fuels and related propulsion systems, and non-destructive materials testing.

Japan-America Society of Central Ohio
セントラルオハイオ日米協会

Mission:

The Japan-America Society of Central Ohio (JASCO) is a private, not-for-profit membership association of Americans and Japanese who desire to bring the Japanese and American communities together, promote goodwill through the sharing of knowledge about Japan, and provide a forum for informed discussion regarding the Japan-U.S. relationship. The Japan-America Society of Central Ohio is one of 38 Japan-America Societies located throughout the United States and is a member of the National Association of Japan-America Societies.

使命:

セントラルオハイオ日米協会は非営利の団体であり、その使命は、日米両社会の交流をはかり、日本についての知識を分かち合うことを通して日米友好を促進し、日米関係における諸問題について、より開かれた議論のための場を提供していくことと考えています。セントラルオハイオ日米協会は全米にある３８の日米協会のひとつであり、全米日米協会連合に加盟しています。

Some of the primary concerns of respondents – such as the costs of raw materials that fluctuate with global market prices – are beyond the reach of local, regional or even federal government intervention. However, other concerns represent ripe opportunities for state and local leaders to intervene with programs and tools to help manufacturers overcome challenges, bridge gaps, and especially address labor market failures. The increasing demands on manufacturers to be forever engaged in product- and process improving innovation has in turn meant that every employee – from shop floor to corner office – must be actively working two jobs: today's job to meet production demands and tomorrow's job to continually improve. State and local leaders would be wise to adopt such a strategy for retaining and growing Ohio's important manufacturing base: Today's job for policy makers is to address potential hurdles and problem areas that make the state a less-than-ideal environment for manufacturing. Based on survey and interview responses, top among policy concerns are workforce development, energy, taxes, and workers' compensation. Tomorrow's job for policy makers is to position Ohio to capitalize on future opportunities. One manufacturer interviewed summarized the need this way: "When the cost of manufacturing structures breaks down in China or India, where will they want to come back to? We need to make it here in Central Ohio." To be ready for such opportunities, manufacturers today need help with product and process innovation, support for research and development, and a workforce system that invests in increasing the skill level of the incumbent and entering workforce.

Central to the two jobs of policy makers and manufacturers should be the goal of adding value. U.S. manufacturers of commodity products are challenged by countries with low labor costs. In a competitive global environment, manufacturing jobs that employed generations of Ohioans are "not coming back, not unless we add some huge high-value-added distinction that creates that price for the product," said one Central Ohio supplier. The good news is that high-value-added distinction can happen – and is – here in Ohio, according to that supplier and many others. However, manufacturers need help from state and local leaders in creating a business environment that supports high-value-added manufacturing. In fact, manufacturers are not the only ones that need to be concerned about adding value. If manufacturing in Ohio is to grow, the state needs to consider what value it adds to the profitability equation.

The two-job strategy for growing the value of advanced manufacturing in Ohio should develop from one of the state's core strengths **– the Central Ohio automotive cluster**. Supporting and nurturing that core represents the best opportunity to foster economic growth throughout the state's industrial base. For decades, the automotive industry has helped drive Ohio's prosperity. It can continue to serve as that economic engine. However, to support the industry in getting from where it is today to where it needs to be tomorrow, state and local leaders must develop a road map to success. The main thoroughfares for policy to nurture Central Ohio's automotive manufacturing industry are business environment, operating infrastructure, technology and workforce.

Today's Job: Improve the Business Environment

- Focus on retaining OEM assembly plants and their supply chains.
- Work on maintaining state business tax reforms and incentives.
- Support collaboration between OEMs and parts manufacturers to forge joint ventures.
- Address uncompetitive aspects in workers' compensation system.

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EXECUTIVE SUMMARY

Few other states have suffered the pains of global competition as intensely as Ohio, losing some 236,000 manufacturing jobs over the past 10 years alone. Yet, Ohio's industrial base has been extraordinarily resilient in these challenging times. Despite a 9.5 percent drop in gross domestic product during the 2001 recession, Ohio's manufacturing GDP had rebounded to levels slightly above those of 1998 after adjusting for inflation. As a whole, the state did lag the nation in GDP growth from 2001 to 2006. Ohio enjoyed a 12.1 percent real increase in manufacturing GDP from 2001 to 2006, compared to the 17 percent national increase that propelled the United States to a GDP of $1.5 trillion. However, one region of the state managed to steer clear of many of the obstacles of job loss and plant closings to navigate a relatively smooth and stable road to global competitiveness: Central Ohio. Columbus-area manufacturers fared even better than the nation – dropping less than 4 percent during the 2001 recession – and growing by a sizzling 24 percent since then.

These Central Ohio manufacturers that have been growing sales, while their counterparts in other areas of the state have been struggling, provide insight and example of what it takes to compete globally and win. Ten years ago, Columbus-area manufacturers accounted for about 12 percent of the state's manufacturing GDP of $80.5 billion. By 2007, those manufacturers contributed nearly 14 percent of the state's manufacturing GDP. There can be little doubt that the engine helping to propel Central Ohio manufacturers forward is partially made by Honda. While other regions of the state have experienced the sputters that have choked growth among the "Big Three" automakers, the engine of the Japanese headquartered automakers has continued to rev.

The successes among Central Ohio manufacturers suggest that there is still opportunity for the state to revitalize its storied manufacturing might. State and local policy makers who read worrisome headlines about troubles in the automotive industry may doubt that Ohio's future success relies on the long-term strength and stability of motor vehicle manufacturing. However, automotive manufacturing provides the glue and springboard for Ohio companies to capture the high-value-added gains of advanced manufacturing – and reinforces strengths in IT, logistics, materials joining, and other key parts of the region's economic base.

Without a doubt, the manufacturing industry is locked in a transformation. Nowhere is that more evident than in the area of motor vehicle manufacturing and its cluster of suppliers. As the distinction between American- and foreign-owned becomes more and more blurred, state and local leaders would be well-served to begin to craft policies that help all domestic automakers, both old and new, and their increasingly integrated chains of suppliers compete more effectively against manufacturers making parts and cars outside the United States — be they in Canada, Mexico, Europe, Japan, Korea, China or India. Increasingly, suppliers traditionally serving the "old domestic" automakers are pinning their futures on getting business from the "new domestics." Central to this mission should be supporting manufacturers in their efforts to add value.

The manufacturers that are thriving are those that have quickly learned to navigate the new terrain of a global landscape. They have embraced new technology, encouraged innovation, eliminated waste and enhanced the value of their products. Unfortunately, too few are thriving. Many assemblers – in Central Ohio, as well as throughout the state – are struggling to survive. Nearly 43 percent of suppliers surveyed say operational inefficiencies threaten their profitability. A similar number – 42 percent – perceive global competition as a threat to profitability, with 18 percent also citing global sourcing as a concern.

A statewide survey of automotive parts suppliers detail the difficulties of competing in a rapidly changing business environment. They have plenty of worries:

- 72 percent cite raw material and component costs.
- 38 percent cite labor costs.
- 35 percent cite finding skilled labor.
- 27 percent cite finding skilled leaders.
- 26 percent cite customer instability.
- 12 percent cite logistics and transportation costs.

Driving Ohio's Prosperity

Central Ohio is the Leverage Point of a Two-Job Strategy for Growing the Value of Automotive & Advanced Manufacturing.

How to help manufacturers do today's job of meeting customer's demands and tomorrow's job of continuing to innovate and improve.

ABOUT THIS REPORT

CompeteColumbus commissioned this report on the Central Ohio automotive cluster following a regional assessment of cluster competitiveness by the Monitor Group in 2005. CompeteColumbus engaged a team of consultants to craft a strategy document that would advance regional cluster competitiveness and strengthen the Central Ohio automotive cluster.

Between January and April 2007, the MPI Group surveyed suppliers in Central Ohio's automotive cluster. The benchmarking survey generated 71 responses.1 Of those who responded, 57 percent were Tier 1 suppliers, 24 percent were Tier 2 suppliers and 19 percent identified themselves as Tier 3 or "other." In all, respondents reported supplying parts for 16 different car and truck OEMs, with an equal share – 61 percent – saying they served Honda and General Motors. This figure clearly indicates that the supply chains for domestic- and foreign-owned OEMs are entwined, with suppliers, especially Tier 2 and beyond, perhaps manufacturing parts for Honda Accords, Chevy Cobalts and Ford vans, as well as Toyota Camrys assembled in Kentucky and Indiana.

The interconnected nature of the automotive supply chain is important to understand. First, it illustrates that the distinction between "American" and "foreign" vehicles is fuzzy. An October 2007 letter from the Federal Reserve Bank of Chicago highlighted just how meaningless the distinction has become: "Some models produced by the American-owned Detroit Three carmakers have a smaller share of domestic parts than models produced by foreign-owned carmakers." For example, the 2006 Honda Accord had more domestic content – 70 percent – than the 2006 Ford Mustang, which consisted of 65 percent domestic content.

Which of the two models is more "American"? The letter went on to make a point that is particularly instructive for the scenario playing out in Ohio, which is home to both American-owned and Japanese-owned assembly plants: "Domestic carmakers rely more on imported parts, foreign carmakers increasingly use parts that were produced in the U.S., and foreign parts companies have established production operations in North America." Going forward, it is important to understand that the meaningful economic distinction is between domestic auto assemblers and suppliers, both old and new, and vehicles assembled outside the nation. The challenge for Ohio's automotive industry is to become ***globally competitive locally.***

Phase 2 of the project took place between July and November 2007 and entailed interviews with 34 representatives of OEMs; Tier 1, 2, and 3 suppliers; and raw material and logistics providers. Those interviewed represented a variety of operational responsibilities – from plant manager to president, engineering to human resources – giving voice to perspectives that crossed the business enterprise and work experiences that crossed the globe. The manufacturers selected for interview, the majority of which operated out of Central Ohio, reflected the mix described in the Federal Reserve letter: Some were longtime suppliers to the Detroit Three automakers who had lost business to countries promising parts at a lower cost; several were foreign-owned companies that had located in Central Ohio to supply the original Honda plant in Marysville. Others are Ohio-born companies that are operating globally to satisfy the demands of their customer OEMs.

As the Detroit Three automakers have struggled, their longtime suppliers have felt caught in a squeeze on prices. To survive, many of these "old domestic" suppliers have tried to align themselves with "new domestic" assemblers, such as Honda and Toyota. Drawing from these interviews and the survey responses, we endeavor to benchmark the state in general – and Central Ohio in particular – as a location for automotive and advanced manufacturing, discuss the primary issues, explore potential government roles for addressing these issues, and map a strategy for, as the one manufacturer put it, making Central Ohio the place where advanced manufacturing rebounds when the "hidden costs" of supposed low-cost countries are finally fully understood.

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