

Survey Result of Japanese Business In Southern California 2012

Summary of findings

- *This survey was compiled from questions sent to 700 Japanese companies in Southern California. Japanese companies contribute to the local economy through job creation and salaries.*
- *Compared to the previous survey, positive evaluations on performance and sales, as well as future expectations over next two years have increased.*
- *The advantages of operating a business in Southern California include “Size of Market”, “Logistics/Transportation hubs”, and “The size of the Japanese community”. This survey implies that foreign investment would increase if the conditions of labor costs and taxes become more favorable in the future.*

A summary of Japanese Companies

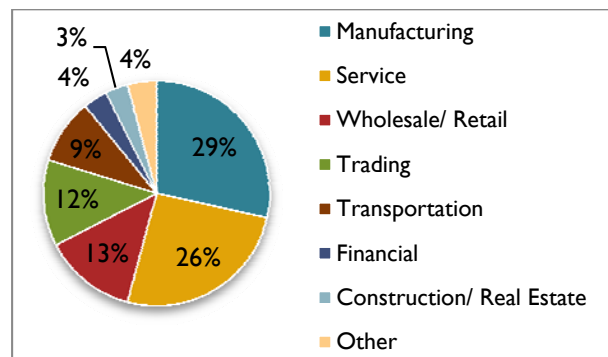
Southern California is one of the largest regional clusters of Japanese investment in the world.

On industrial distribution, 55% of local Japanese companies are engaged in “Manufacturing” and “Services” which include information systems, film/publishing, leisure/tourism and professional services.

<Table 1>Geographic Distribution Statistics

	Numbers of Companies	
	Count	Ratio
Los Angeles	492	70%
Orange	147	21%
San Diego	46	7%
Others	15	2%
Total	700	100%

<Graph 1>Industrial Distribution Statistics (n=460)



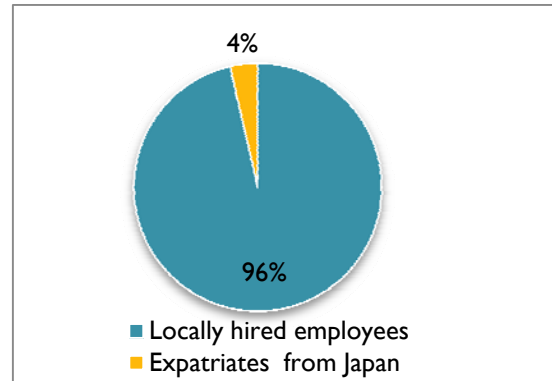
Contributions to the Regional Economy

Job creation

The result shows Japanese companies are contributing to the local economy through job creation.

The total number of employees in Southern California reached 49,651 with 453 companies' responding. Locally hired employees comprised 96% of the total.

<Graph 2>Percentage of Local Employment (n=453)



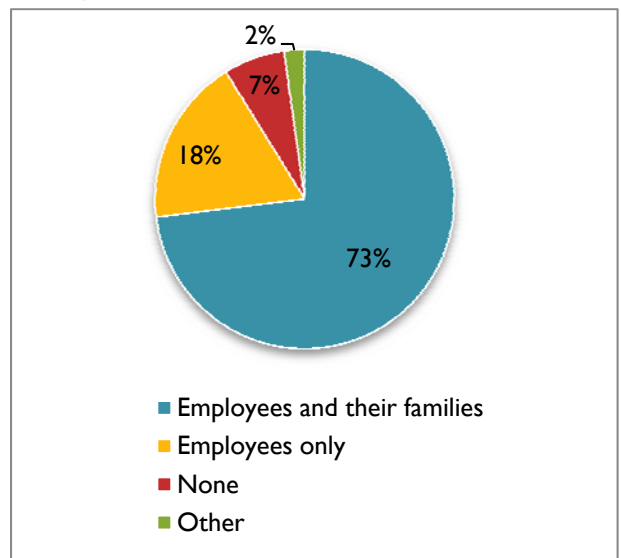
Salaries and wages

A total of \$2.16 billion in salaries and wages (including benefits) were paid by the 319 responding Japanese companies in Southern California.

Healthcare insurance coverage

The result shows 91 % of all Japanese companies provide healthcare insurance for their employees.

<Graph 3> Health Insurance Provision

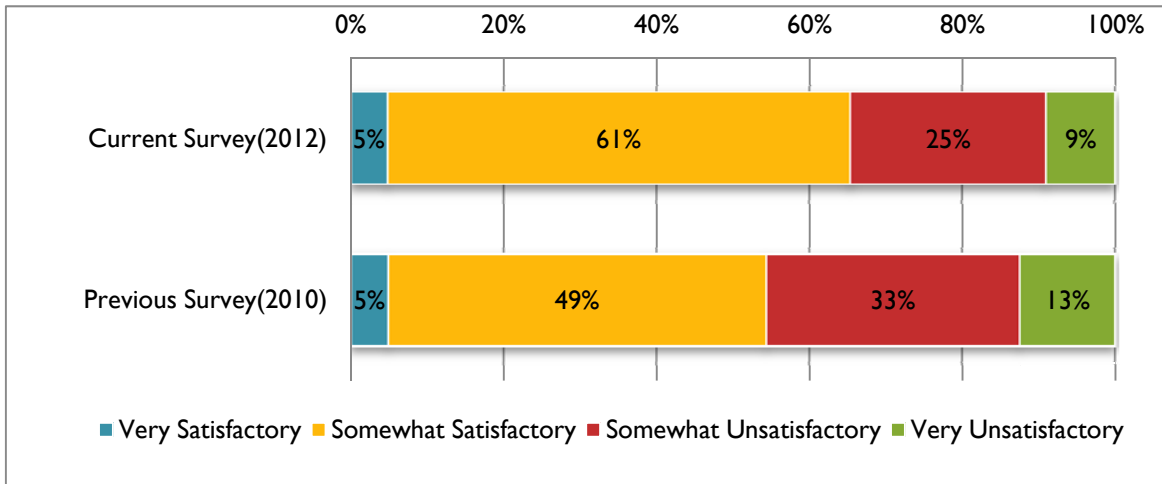


Business Environment

Evaluation of Business Performance

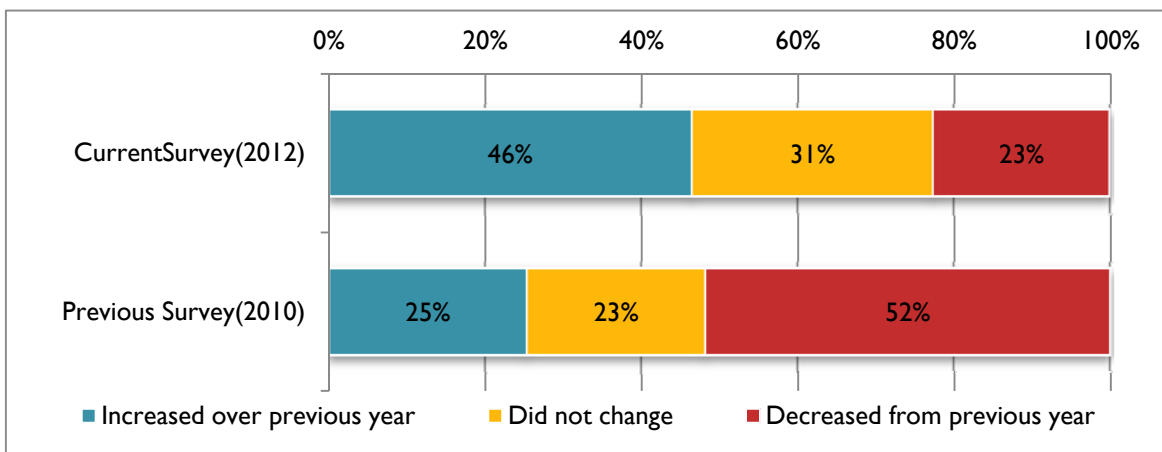
Compared to the previous survey, the percentage of “Somewhat Satisfactory” has increased by over 10 %.

<Graph 4> Evaluation of Business Performance in Southern California (n=442)



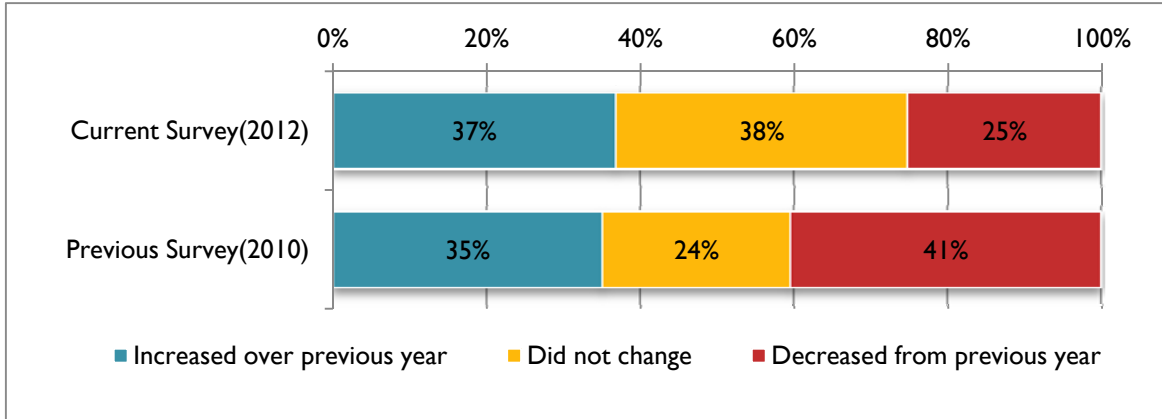
<Graph 5>Year-over-Year Change in sales (n=437)

A year-over-year change in sales, 46% of companies which experienced respondents stating sales “Increased over the previous year”. This was substantially higher from the 25% in the previous survey.



Companies that expected to see profits “Decreased from the previous year” were decreased substantially (from 41% to 25%).

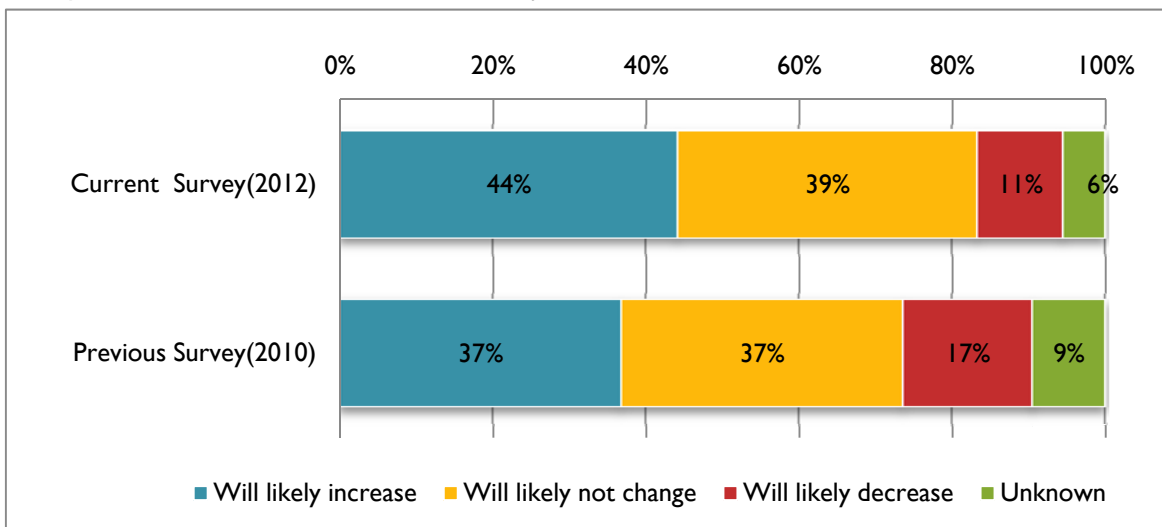
<Graph 6>Year -over-Year Changes in Profit (n=432)



Future Outlook

As for the outlook on future business performance over the next year or two, “Will likely increase” was increased from 37 % in the previous survey to 44%.

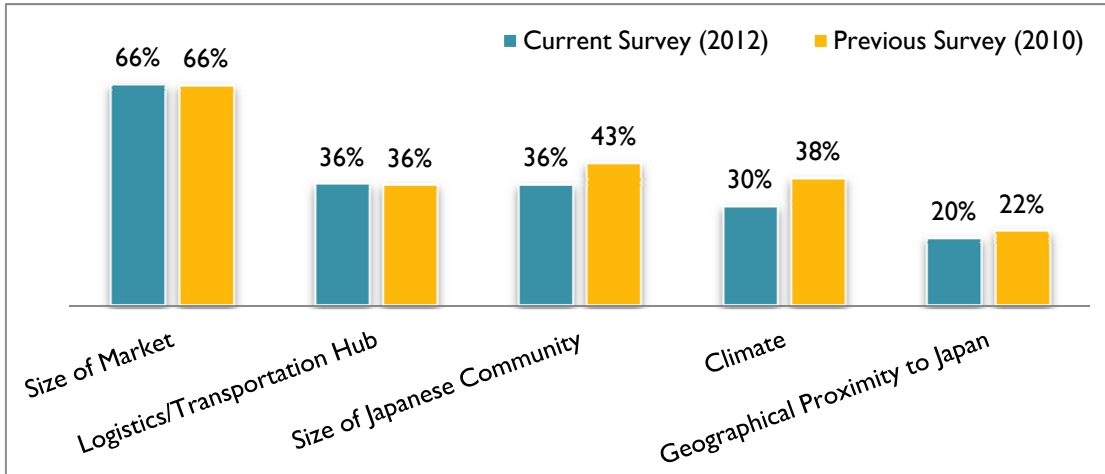
<Graph 7>Profit Outlook for the Next 1-2years (n=437)



Business Advantages of in Southern California

The “Size of Market” is a major advantage followed by “Logistics/Transportation hub”, “Size of the Japanese community” and “Climate”.

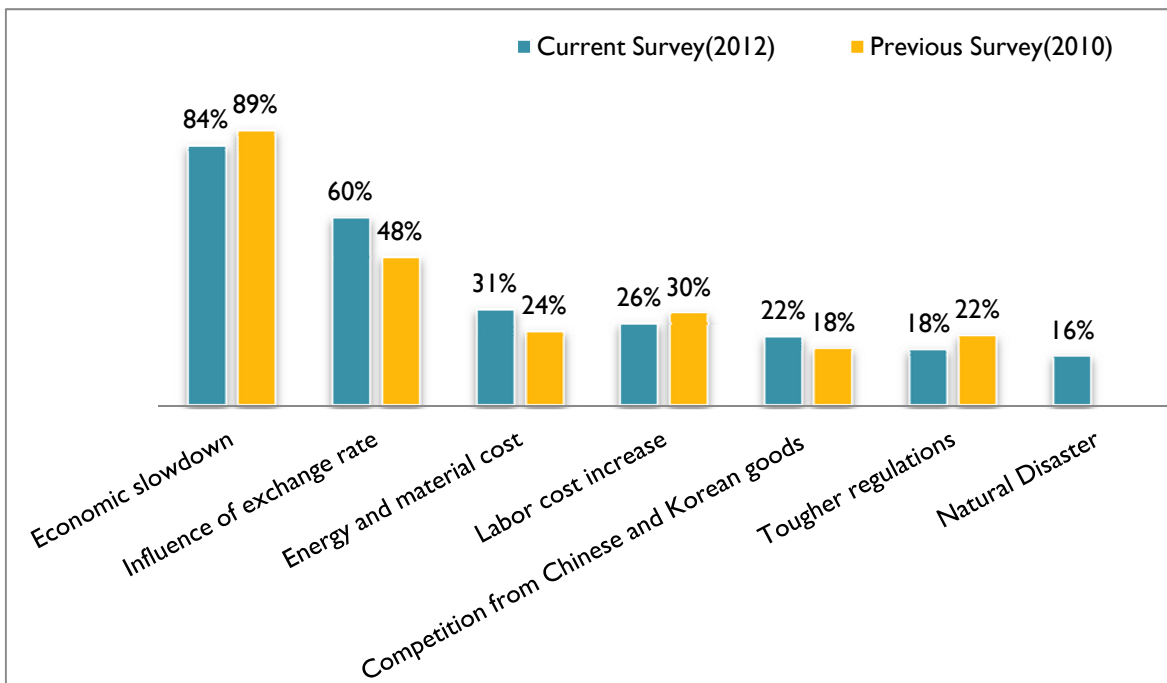
<Graph 8>Business Advantages of California (Multiple responses; n=444)



Concerns over Business Operations in the Future

Even though, responses shown improving outlook for future business performance, the “Economic slowdown” and “Influence of exchange rate” are the highest concerns.

<Graph 9>Concerns over Business Operations in the Future (Multiple responses; n= 450)

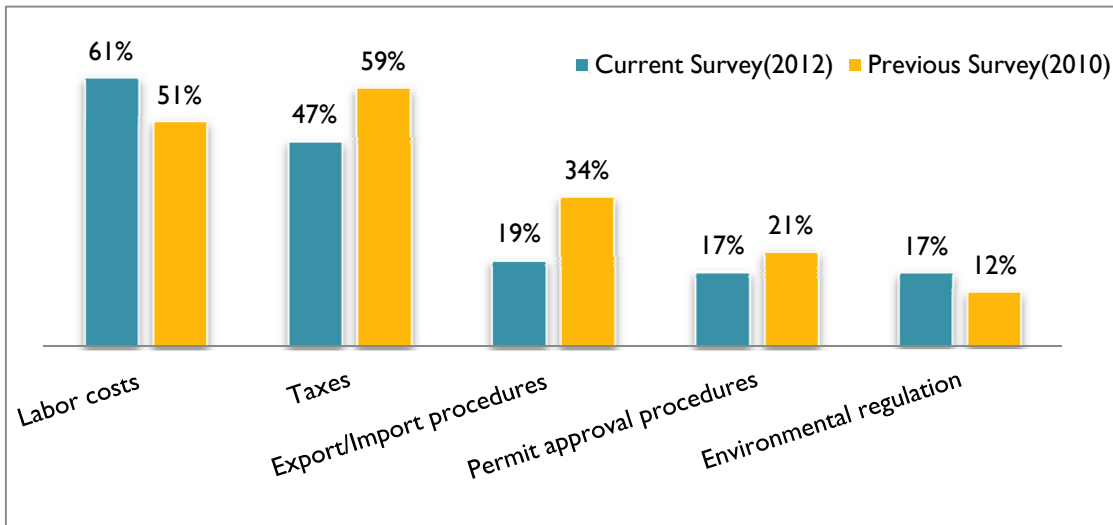


Note: “Natural Disaster” was added to the selections from this survey.

Burdens of Operating Business in Southern California

Among concerns associated with operating a business in California, “Labor costs” and “Taxes” are the two highest. Singled out was dissatisfaction over the cost burdens on employers for pensions, health insurance, and higher tax rates compared to other states. This survey implies that foreign investment would increase if the conditions of labor costs, taxes, and export / import procedures become more favorable in the future.

<Graph 10>Concerns with Operating Business in California (n=417)



Method of Survey

The survey was distributed to Japanese companies, which include companies incorporated in the U.S. with 10% or more Japanese investment, branches or representative offices of companies that are headquartered in Japan and companies operated by Japanese.

The survey area consisted of the 10 counties in Southern California (Los Angeles, Orange, Ventura, Santa Barbara, Kern, San Luis Obispo, San Bernardino, Riverside, San Diego and Imperial).

The survey was conducted from February through March, 2012 and was distributed to 700 Japanese companies. The questionnaires were collected from 461 companies through an online survey system. The response data dated on December 31, 2011.

Survey Organizers

This survey was conducted by JBA and JETRO Los Angeles. This survey, the 10th of its type, is conducted every two years.