Table of Contents

02 // About JETRO
03 // Executive Summary
04 // Key Findings: Japan’s U.S. Investment Dynamic
06 // The Dynamics of Japanese Direct Investment in the U.S.
07 // Japan’s Greenfield Production Profile in the U.S.
08 // Japanese Business Expansion; an Ongoing Positive Trend in the U.S.
10 // Japan’s Contribution to U.S. Manufacturing Employment
14 // Japan’s Contribution to U.S. Exports
15 // Expenditures on Research & Development
17 // Contact
JETRO, Japan External Trade Organization, is the Government of Japan's official trade and investment promotion agency. JETRO is dedicated to promoting mutual trade and investment between Japan and the rest of the world.

Established in 1958 to accelerate Japanese exports to global markets, JETRO's core focus in the 21st century has shifted towards promoting foreign direct investment into Japan and assisting Japanese small to medium size firms to maximize their global export and investment potential. JETRO offers extensive business assistance such as market intelligence and consultation, as well as relationship building through its substantive global business network.

In this new era of REIWA (Beautiful Harmony), we find that Japan and the United States have grown to be more than mere allies; they are the very best of friends, where democratic values and the rule of law are deeply cherished in both nations. Our US – Japan bond of friendship is based on a deep sense of trust and mutual affection; it is the foundation of our relationship. This US-Japan emotional bond is called KIZUNA, which has never been stronger among Japan and America.

Japan remains the third-largest global economy and fourth leading exporter. It is a nation similar to the United States which possesses cutting-edge engineering skills, a deep sense of work ethic, and state-of-the-art technologies and products. Both American and Japanese companies are dedicated to making quality products and developing human talent. In this sense, the US-Japan bilateral economic relationship is based on the mindset of Monozukuri - embracing quality throughout the company and producing state-of-the-art products.

During the past three decades, hundreds of Japanese company representatives have brought their families to the United States where they have contributed to and play active roles in their new American hometowns. And thousands of American working men and women have found more than jobs and these Japanese companies; they have built careers.

The objective of Japan’s U.S. Investment Dynamic; Reflections on the Economic Contributions Made by Japanese Companies is to provide current and clear economic data to show the growth and commitments by Japanese companies' investments in the U.S. economy.
Key Findings: Japan’s U.S. Investment Dynamic

1/ Japan’s Direct Investment in the U.S.
Since 1990, Japanese investment in the U.S. has steadily grown to almost $477 billion, which is at a record level. This upward trend is consistent so that by 2017, the increase is 98.6% compared to 2009. The direct investment balance from Japan is third, behind only the United Kingdom and Canada.

2/ Expansion Trends of Japanese Business Growth in the U.S.
According to JETRO surveys, since 2012, more than 50% of Japanese manufacturers have reported plans to expand their businesses in the U.S.

3/ Contribution to U.S. Employment
More than 40% of Japanese manufacturers have increased employment in the U.S. every year since 2011.
Data shows that total U.S. employment by Japanese manufacturers in 2016 amounted to 397,000 American jobs, a record level and the highest among all foreign investor countries.
Total employment by all Japanese companies in the Great Lakes Industrial Heartland (Ohio, Indiana, Michigan) was 147,400 Americans in 2016, the largest by any country. (Total US employment including all industries served by Japanese companies amounted to 861,000.)

4/ Japanese Companies’ Contribution to U.S. Exports at Record Levels for 2015 and 2016
In 2016, approximately $87 billion of U.S. exports were generated by Japanese companies in the U.S., which accounted for approximately 6% of the total value of U.S. exports and is the highest among all countries. In 2015, Japanese companies also achieved $87 billion of exports from the U.S. Both 2015 and 2016 are at record high levels of exports.

5/ Contribution to R&D Deployment in the U.S.
Japanese company investment in research & development continues to grow in the United States. In 2016, the total value of Japanese companies’ investment in R&D deployment reached $8 billion – a record level of U.S. R&D investment.
The Dynamics of Japanese Direct Investment in the U.S.

Foreign direct investment (FDI) in the U.S. continues on a steady **upward trajectory**.

Year-after-year since 1990, Japanese direct investment in the U.S. has steadily grown. Based on 2017 data, investment in the United States from Japan now stands at a record level of $477 billion in cumulative investment stock, a phenomenal 98.6% increase from just 8 years ago.

Japan’s automotive supply chain investment has shown remarkable growth in the U.S., especially in the Midwest and Southeast regions.

Note: Companies in which ultimate beneficial owner (UBO) owns the majority Source: US Department of Commerce, Bureau of Economic Analysis

Japan’s Projects in the U.S.

Japanese FDI into the U.S. (Manufacturing and Logistics, 2008-2017 1st half)
Japanese Business Expansion; an Ongoing Positive Trend in the U.S.

More than 50% of Japanese manufacturers in the U.S. have recently reported expansion plans within one to two years.

According to results from JETRO’s 2018 ‘Survey on Business Conditions of Japanese Companies in the United States,’ this sentiment has been consistently reported every year since 2012. Based on similar indicators, cumulative investment stock should continue to increase.

Survey Coverage: “Japanese-affiliated manufacturers in the United States” are companies in which the capital contribution ratio of the parent firm in Japan is at least 10%, including direct and indirect investment.

Note: No survey conducted in 2004. The surveyor from 2002 to 2011 asked respondents about their plans for capital investment in their facilities.

Source: JETRO “Survey on Business Conditions of Japanese Companies in the United States”
Among foreign direct investors, **Japanese companies in the U.S. rank in the Top 3** for the total number of employees in 23 U.S. states. (2016)

23 US states show Japanese companies among the top three employers compared to companies from other countries. The presence of these companies is particularly strong in the Midwest, Southeast and West.

Japan’s Employment in the U.S. Manufacturing Sector: Achieving a Record Level in 2016

A record level of approximately **400,000 Americans were employed by Japanese manufacturers** in the U.S., the largest by any foreign investor in 2016. This is a phenomenal **increase of 37%** (107,600 manufacturing jobs) compared to 2010.
Additional employment related findings derived from recent data show:

In 2016, total employment by Japanese companies in the U.S. was 10.8 times larger than that of Chinese companies and 11.6 times larger than that of Australian companies.

More than 40% of Japanese manufacturers have reported increasing local employment compared to the previous year, on an annual basis, since 2012. (Based on JETRO 2018 survey)

Increases in total employment and average employment by Japanese manufacturers were the strongest and most significant in the Midwest region of the U.S. (Based on JETRO 2018 survey)

In 2016, total employment by Japanese companies in the Great Lakes Industrial Heartland of Ohio, Indiana and Michigan amounted to 147,400 jobs, a record level. Employment increased by 35%, from 109,200 jobs since 2010, the largest gain by any country.
Exports by Japanese Companies in the U.S. are Consistent and at Record Levels

Total exports by Japanese companies have shown a 66% increase since 2007

Expenditures on Research & Development

R&D expenditures by Japanese companies in the US surpassed 8.05 billion USD in 2016.

In 2016, total exports by Japanese companies amounted to approximately $87 billion, a 66% increase from 2007. This was the largest export value by any country, representing 6% of total US exports. And in 2015, Japanese companies also achieved $87 billion of exports from the U.S. – both 2015 and 2016 were at record high levels of exports.

R&D increased by 82.3% compared to 2007, the second largest increase among G7 countries, following the United Kingdom.
To learn more about how JETRO can help guide your business decision-making with deeper market intelligence, resources, incentive programs, and networking opportunities, contact:

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The economic relationship between the United States and Japan has never been as dynamic in terms of the expansion of trade and investment. There is a complementary connection between Japan’s culture of Monozukuri — art of manufacturing — and America’s historic spirit of innovation. These combined cultural cornerstones are the foundation of the US-Japan mindset of innovation.