

The Actual Situation and Challenges for Expansion into China for Local Regional Firms: (Part One) The Niigata Prefecture Case Example

MU, Yaoqian

Research Fellow, Business Support Division and Research Division, ERINA

Summary

A great number of studies have been carried out centered around the expansion of the overseas operations of Japanese firms—including the "Survey on Overseas Business Activities" of the Ministry of Economy, Trade and Industry (METI) and the "Survey on International Operations of Japanese Firms" of the Japan External Trade Organization (JETRO)—and analyses and research outcomes based on them also abound. In particular, detailed surveys have been carried out on expansion into China—which has been sustaining remarkable economic growth in recent years—and they have contributed greatly to the decision making of Japanese firms and the formulation of support measures by government and institutions. These surveys, however, taking firms throughout Japan as their subject, have identified the movement at the national-average level, but are not surveys that have specified regional firms which have their headquarters in the regions. The important thing—through specializing on regional firms which support regional economies and elucidating the actual situation and challenges for expansion into China—is to offer up commensurate resolution and support measures. In addition, it goes without saying that such analysis and policy proposals hold great meaning for local authorities and regional bodies supporting economies.

This paper, raising the case example of Niigata Prefecture, elucidates the actual situation of expansion into China for firms that have their headquarters in the region, and investigates the challenges and solutions thereof. Specifically: 1) along with organizing the macrodata on expansion into China by firms within Niigata Prefecture, and identifying the overall picture for expansion into China, I analyze the current situation for expansion into China obtained by means of a questionnaire survey; 2) I elucidate in detail and specifically the actual situation and challenges for expansion into China by means of fact-finding investigation; and 3) comparing the trends for expansion into China by firms within Niigata Prefecture with the trends for the country as a whole and analyzing the characteristic features of and challenges for regional firms in their expansion into China, I examine the commensurate solutions.

In this edition I address the initial challenges. First, defining the conceptual categories of regional firms, I elucidate their characteristic features and the key roles that they play in the regional economy. I overview also the support measures of local authorities and bodies for the overseas expansion of regional firms. Next, based on Niigata Prefecture's "Survey on the State of Niigata Prefecture's Imports and Exports and the State of Overseas Expansion", I organize the macrodata on expansion into China by firms within the prefecture from 1995 to 2009, examine such things as the number of expanding firms, the number of instances of expansion, the state of expansion broken down by country, and the changes in region of expansion within China, and ascertain the trends for expansion into China through time. Lastly, based on the results of a questionnaire conducted on firms within the prefecture, I carry out analysis of the management aspects—including the form of the expansion of the expanding firms, the procurement of raw materials, competitors, the procurement of funding, the state of sales and profits, and satisfactory and unsatisfactory matters—and explore the actual situation of expansion into China by firms within the prefecture.

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