

SAN DIEGO

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Connecting Asia and the Americas

Global expansion through trust and collaboration

The state of California, situated on the West Coast of the United States and bordering the Pacific Ocean, is generally known for its great weather and some of the most majestic sceneries on that side of the continent.

San Diego, one of the most recognized counties in California, is located at the state's southernmost point and has long been among the most popular destinations not only within California but within the entire country.

According to the San Diego Tourism Authority, the county welcomes more than 33 million visitors every year, all of whom spend nearly \$8.4 billion. The significant contribution of the tourism industry extends beyond county borders as it generates more than \$388 million annually in state and local taxes.

While tourism and its impact continue to grow, San Diego has found itself in the advantageous position of offering investment opportunities in a wide range of areas. With the recovery from an unforgiving recession gaining increasing momentum in the

United States, the county of San Diego can boast of having navigated the deep downturn successfully.

"Business is good in San Diego. We are coming out of the recession pretty strongly. Job growth has been better in San Diego in comparison to other places in California because we diversified our economy a long time ago," explained San Diego Chamber of Commerce President Jerry Sanders, who was also once mayor of the city.

Because of its deep-water port, San Diego hosted one of the country's largest mainland naval and air bases. So, the city attracted defense contractors, as well as the high technology and advanced offshoot industries that came with servicing the American military.

Aside from clean and renewable technologies, wireless communications and big data analytics, San Diego has also seen growth in the pharmaceutical and life sciences sectors. Today, San Diego has the highest employment rate in California and exhibits encouraging signs of growth in all industries.

"We are seeing the sports industry here in San Diego emerge and complement what has been here for quite some time - the life science industry, which is one of the largest cluster industries in the world," explained San Diego Regional Economic Development Corp. President Mark Cafferty.

"The city also does position itself as the largest wireless city in the world with (the) largest telecom industry, anchored by QUALCOMM. You are seeing traditional drivers of our economy complemented by some of the emerging industries leading the future growth of San Diego," Cafferty added.

With so much excitement sur-



Over the years, San Diego and Japan have seen their relationship grow more extensive, trade-wise and culture-wise. Above is the Japanese Friendship Bell at Shelter Island, one of the parks overseen by The Port of San Diego.

rounding this thriving economy, many are growing aware of the long-running and deep connection between San Diego and Japan, a country that has a well-established reputation around the world as a pioneer in high-tech industries.

"In a lot of ways, I would credit



The San Diego County Regional Airport Authority President Thella Bowns

the Japanese business leadership for developing what is today one of San Diego's most attractive advantages: our cross-border relations with Mexico," stressed Cafferty, in reference to the practice of large Japanese companies during the 1980s and 1990s setting up factories and facilities in San Diego and northern Mexico.

"What we find from Japanese companies such as Takeda, Kyocera or Sony here in San Diego is that they become ingrained in the community, which seems to be a value that is very important to the Japanese and it is very important to us also," said Sanders. Optimistic about the long-term prospects of Japanese investment in the county, several entities in San Diego, from both the public and private sectors, have worked on establishing daily flights between Japan and San Diego International Airport.

"We are absolutely thrilled to have Japan Airlines and the Oneworld Alliance as partners

in San Diego. We think there is a tremendous amount of energy between the two business communities. We are committed to do anything we can to make sure that the flight is successful. We want people in Japan to know more about San Diego. We are committed to the trade and the business partners we're dealing with," stressed the San Diego County Regional Airport Authority President Thella Bowns.

The local business sector remains also very bullish about the prospects of increased trade and business with Japan.

"Our willingness to continue growing San Diego's business with Japan could not be higher. The personal relationships, investments and partnerships that have been established in San Diego and Asia has been magnificent. If we look at who we are doing business with on a significant level, it is impossible to ignore the importance of Japan," said Cafferty.

After Japanese pharmaceutical company Kyorin acquired startup biotech firm **ActivX Biosciences Inc.** in 2004, the new company retained an important and reliable asset - **Dr. John Kozarich**, who was involved in starting up ActivX four years before and was a highly-regarded pharmaceutical researcher with several years of collaborating with Kyorin while he was at industry leader Merck.

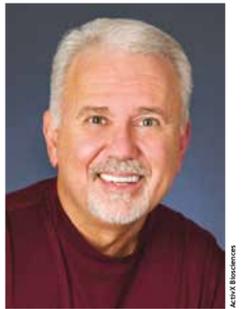
"Personal relationships have made all the difference. Kyorin had a very enlightened R&D group that had a Western orientation in many ways. Because of this dynamic, we agreed to become a U.S. corporation," Kozarich recalled.

The mutual trust and respect between ActivX and Kyorin have resulted in expansion in the do-

estic and international markets.

"Kyorin understands that it's important to treat us like a biotech company whose resources can expand its sphere of influence. If it weren't for Kyorin, ActivX would not have survived, and our technology would not have been as advanced and as powerful as it is today. It was very visionary for Kyorin to collaborate with us and trust our operations," said Kozarich.

"Kyorin has allowed me to network with other companies, which has led to the growth of ActivX. This was good for them and good for their reputation. Kyorin has a unique visibility in the United States as a small Japanese company and, in many cases, would not be as well known if ActivX was not here. It has been a



ActivX Biosciences Inc. Chairman and President Dr. John Kozarich very successful collaboration between us," he added. → www.activx.com

Japanese businesses find right-hand man in the West and Southwest

"Procopio is more than just a law firm. We are professional problem solvers."

That is an accurate summary of **Procopio, Cory, Hargreaves & Savitch LLP**, the San Diego-based law firm formed in 1946 that has grown into a full-service practice with offices in Del Mar Heights (also known as San Diego's technology corridor), Silicon Valley, Phoenix and Austin.

Procopio takes pride in having formed a lean organizational model that still offers its clients best-in-class expertise without the financial overhead typically associated with large national and international firms.

"We understand that no two clients are the same, especially when it comes to understanding and appreciating the decision-making philosophies and nuances in working with our Japanese clients," said **Chief Operating Officer James Perkins**.

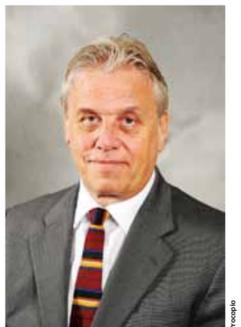
"With offices in Silicon Valley

and Austin, we have access to two U.S. Patent and Trademark regional offices. And with our California-based headquarters, this means that our business day overlaps with the Pacific Rim, including Japan, so that we can connect in real-time with those regions," Perkins added.

Having worked with Japanese clients since the 1960s, Procopio consolidated its connection with Japan with the first dot-com boom in Silicon Valley in the early 2000s and the arrival of Japanese technology *maquiladoras* (manufacturers) in Baja California, Mexico.

As business between Japan and the United States continues to grow, Procopio remains committed to providing excellent service to its expanding base of Japanese clientele.

"Procopio understands the Japanese market and has the resources to assist these companies across many different areas. We immerse ourselves in



Procopio, Cory, Hargreaves & Savitch LLP Chief Operating Officer James Perkins

the culture and understand the unique business philosophies in Japan. Many of our attorneys speak fluent Japanese and have lived in the Pacific Rim," said Perkins.

→ www.procopio.com



San Diego Regional Economic Development Corp. President Mark Cafferty

San Diego: a gateway to limitless possibilities



"The historic new service from Japan Airlines...is a landmark achievement and brings benefits to vital business sectors and leisure travelers on both sides of the Pacific."

Robert H. Gleason, Chairman, The San Diego County Regional Airport Authority

When Japan Airlines landed for the first time in San Diego in December 2012, it was the culmination of years of work and a tribute to the strength of Japanese companies in the San Diego market and their contribution to the regional economy.

A 21st century urban powerhouse, the San Diego region is home to a world-class biotech cluster, a preeminent mobile telecom center, growing clean technology companies, and the world's largest concentration of military facilities.

Long viewed as a major tourist destination, San Diego is situated on the world's busiest land port of entry and operates as a global gateway for trade and business. Each year, an estimated \$20 billion in goods cross the border at the Otay Mesa Port of Entry, while more than 33 million travelers from around the globe visit for meetings, conventions and vacations.

"Historically the birthplace of California, San Diego has beautiful weather all year round, excellent beaches, a vibrant food and craft beer scene, and world-famous attractions. It is San Diego's appeal as the best of the Southern California lifestyle that continues to attract millions of travelers from around the world to America's Finest City," said **San Diego Tourism Authority Board Chair Rod LaBranche**.

Although one of America's top travel destinations, the region isn't just where people go to visit, but also where businesses and people go to build.

"San Diego is a vibrant business accelerator, attracting the best and brightest to its

shores. We will always be a world-class vacation destination, but we are also a world-class business hub," said **Vincent Mudd, Chairman of San Diego Regional Economic Development Corp.**, a non-profit that helps companies attract, retain and expand their footprint in San Diego.

Of course, San Diego wouldn't be a true gateway to Asia if there wasn't a direct way to get there. Each year, nearly half a million people travel between Asia and San Diego, with most of them previously having had to make connections in Los Angeles, San Francisco or other cities.

For nearly two years now, thanks to JAL, a nonstop flight takes travelers from San Diego International Airport to Narita International Airport in Tokyo, and back.

As a global carrier, JAL benefits both business and leisure travelers on both sides of the Pacific. In fact, San Diego International Airport's immigration and customs facilities have shorter average wait times than those at Los Angeles International Airport (LAX).

"As California's second largest city, San Diego is home to thriving international trade, tourism and defense sectors. It also has many research centers, higher educational institutions and business development opportunities that translate into substantial flight demand," said **Tetsuya Fujii, Regional Manager of Japan Airlines in San Diego**.

The chairman of the San Diego County Regional Airport Authority has already noticed the positive results from the nonstop JAL route.

"The historic new service from Japan

Airlines that connects San Diego to Asia nonstop for the first time is a landmark achievement and brings benefits to vital business sectors and leisure travelers on both sides of the Pacific. And passengers are thrilled this service showcases one of the world's most innovative new planes, Boeing's 787 Dreamliner," said the **San Diego County Regional Airport Authority Chairman Robert H. Gleason**.

JAL's direct route has proved invaluable to many of the Japanese companies that have set up shop in San Diego.

In 1972, Sony became the first Japanese electronics company to set up a television assembly plant in the United States, paving the way for other Japanese innovators looking to tap into American manufacturing and engineering talent.

Many other Japanese companies - such as Kyocera, Hydranautics (Nitto Denko), Ajinomoto Althea, SANYO and Takeda - have followed suit.

Those companies established their U.S. headquarters or satellite offices in San Diego, to take advantage of the region's strong biotech, aerospace and engineering expertise. SONY and Kyocera have also pointed out another perk: R&D departments with well-paid engineers.

"The region continues to have a strong reputation as a leading, competitive global biotechnology cluster and we are currently exploring a number of potential collaborations with exceptional local university and biotechnology laboratories," said **Takeda California Chief Scientific Officer Keith Wilson**.



On Dec. 2, 2012, history was made in San Diego with the arrival of the first-ever, non-stop service connecting San Diego and Asia on the revolutionary Boeing 787 Dreamliner.

San Diego's workforce is highly educated and the diversified economy provides a wide range of employment opportunities. Successful technology, healthcare, defense and hospitality companies not only employ technical talent but a full complement of supporting positions, from marketing, finance, human resources to facilities management.

Fueled by the booming life sciences industry, the region also ranks fourth in the United States for the percentage of workers with doctorate degrees. University of California San Diego, located in scenic La Jolla, has consistently been ranked among the top 20 universities in the world.

From the onset, the collaboration between universities, industries and international markets that drove San Diego's success continues today.

"The universities provide a huge talent pool. People want to stay in this environment, so we found hiring new highly trained people very easy here," said **Genomics Pioneer J. Craig Venter** in an

interview with media outlet Politico.

In April, San Diego was one of the six U.S. cities selected to take part in the Global Cities Initiative, a joint program between JP Morgan Chase and the Brookings Institution, to help cities attract foreign direct investment and collaborate internationally.

Japanese companies currently account for nearly 20 percent of San Diego's employment in foreign-owned firms. The new program will further help San Diego and Tokyo share products and resources in the global marketplace.

As Bruce Katz, one of the founders of the Brookings Metropolitan Policy Program and author of "The Metropolitan Revolution" puts it: "You don't export unless you're making a product that the rest of the world wants, and you don't attract investment from around the world unless you are really good at what you do, and that's the San Diego story."

→ www.sandiegobusiness.org/
→ www.sandiego.org/ / www.jal.com/ / www.san.org

An influx of investment from Japan

Japanese companies have flocked to San Diego to take advantage of border access to Mexico, the strong talent pool, cultural heritage and excellent quality of life.

- These companies include:
- SONY
 - Hitachi
 - Kyocera
 - Hydranautics (Nitto Denko)
 - Althea
 - Ajinomoto
 - SANYO