

Japanese Firms to Benefit from Global Supply Chain Transformation

In the not-so-distant past, global trade focused on cost efficiency, resulting in supply chains that spanned multiple countries and continents. In recent years, however, supply-side disruptions combined with geopolitical tensions and technological advancements have compelled multinationals and governments to reconsider the framework of global trade, placing an increased emphasis on stability.

To Japan, this period of transition represents a unique opportunity that is being compounded by macroeconomic factors, such as the devaluation of the yen, creating an environment for corporate groups to expand. Mr. Hiroshi Majima, president of Iwatani Corporation, a leader in industrial gases and hydrogen which also holds the top share of the Japanese LP gas market, argues that the current environment is bolstering Japan's attractiveness as a production hub. "The current depreciation of the yen presents an opportune moment. This devaluation has not only attracted investors back to Japan but has also encouraged Japanese companies to reconsider domestic production," he states.

Early signs of this development were seen in the semiconductor sector, where the world's largest chipmaker, TSMC, partnered with Sony to build a new semiconductor plant in Kumamoto. To Mr. Majima, this increase in domestic activity casts a bright

light on the company's future. "We perceive significant opportunities to supply our industrial gases and machinery in this context," he explains. "Given the current economic conditions, we believe there is great potential to expand our operations."

The realignment of global supply chains also presents opportunities for Japan's famous Sogo Shoshas, also known as general trading companies. Having invested in a plethora of different industries and sectors, these traders are now able to create synergies among their business divisions to create new ecosystems. In 2023, Japan's general traders received the backing of one of Wall Street's most famed investors, Mr. Warren Buffet, who recognized their potential to lead supply chain transformations.

Chief among these enterprises is Mitsubishi Corporation, whose various investments in renewable energy projects are paving the way for the creation of a more sustainable and reliable energy system. Mr. Katsuya Nakanishi, president and CEO of Mitsubishi Corporation, believes that his firm can play a transformative role in the Japanese and global economy. "By connecting strong business groups, we can create new value. By engaging in closer communication with both internal and external stakeholders, our goal is to transition



Katsuya Nakanishi, President & CEO, Mitsubishi Corporation

into a 'value chain creation' company," he explains.

In our rapidly changing world, Iwata unlocking new business value also stems from the integration of digital technologies. Mitsubishi Corporation, with its eight distinct business groups, is uniquely positioned to leverage innovative technologies across a wide range of divisions. "The technology landscape has evolved significantly due to innovation and the incorporation of AI," explains Mr. Nakanishi. "Given the uncertainties of the future, our potential for growth is substantial, driven by our diverse resources and extensive portfolio."

Beyond the country's large corporate groups, Japan can also count on the robustness of its industrial suppliers to navigate the current period of transformation. In an era where the focus of supply chains has shifted from cost efficiency to stability, Japan's historical strength in quality control and high-spec products has never appeared stronger. Mr. Takuya



Hiroshi Majima, President, Iwatani Corporation

Iwata, president of Iwata & Co., a comprehensive chemical trading firm, highlights the strengths of Japan's chemical industry. "The biggest strength of the Japanese chemical industry is the materials. In addition, Iwata another core strength is the quality the industry can produce. Japanese companies can produce products with high levels of purification, and thus we see them being supplied to the semiconductor industry," Mr. Iwata explains. He also emphasizes the role of high-quality equipment, which is essential for semiconductor production, as a significant competitive edge for Japanese firms.

As global trade shifts from cost efficiency to stability, Japan finds itself uniquely positioned to capitalize on this transition. Macroeconomic factors, coupled with Japan's strengths in quality control and innovative technologies, offer a promising future for both large corporations and industrial suppliers in the evolving global market.

Quality Chains that Clients Can Count on



"We're always aware that a chain's only as strong as its weakest link."

Haruhiko Shiba, President, FEC Chain Corporation

A specialist manufacturer of industrial chains and automobile tire chains, the Japanese company FEC is a go-to supplier for clients at home and abroad.

A Japanese manufacturer founded in 1957, FEC specializes in world-class, high-strength chains, as well as supplying premium-quality automobile parts.

"The reason customers worldwide choose our chains is our stable quality and reliability," says President Haruhiko Shiba.

FEC HydroFree boasts unbeatable hardness as a galvanized case-hardened chain thanks to its patented manufacturing



technology, making it stronger than competitors' products.

FEC also manufactures high-quality automobile parts—chiefly door and seat components—for an extensive portfolio of clients.

The company's vehicle parts are both strong and lightweight—a combination of traits that will be key to success in the growing electric vehicle (EV) market. "We want to play our part in this once-in-a-century revolution," Mr. Shiba says.

FEC's commitment to the EV sector reflects the manufactur-



HydroFree

er's overall pursuit of a greener future. "We aim to contribute to the Sustainable Development Goals and achieve carbon neutrality through our technologies," Mr. Shiba declares.



www.fecchain.co.jp/english

Iwata: Innovative Chemistry and Semiconductors

Japan's Iwata & Co. is a leading light in the semiconductor industry thanks to its high-purity materials and customized equipment, which are driving innovation and global competitiveness in this critical sector.



"Trading companies play an essential role in responding to customer requests in a speedy manner."

Takuya Iwata,
President, Iwata & Co., Ltd.

Given the intricate world of semiconductor manufacturing, the importance of high-purity materials and sophisticated equipment cannot be overstated. Therefore, it is no surprise that Japanese companies, renowned for their precision and quality, are key players in this industry. The country's government invested over 20 billion USD between 2021 and 2023 in the semiconductor sector, with a focus on supporting next-generation semiconductor technologies through new materials and equipment.



New-type sealant for buildings

Japanese trading company Iwata & Co. is one of the trading firms leading the way in this respect, acting as a coordinator to ensure its customers receive the highest-quality chemicals, materials and equipment. As company President Takuya Iwata says: "Japan's power comes from high-quality materials which allow our firms to be highly competitive in the global market."

Dr. Iwata understands that providing solutions for standard,



Customized wet cleaner

current semiconductors does not represent added value, so his firm concentrates on quality and precision, something which has always set Japan's manufacturers apart. As every manufacturer has different processes, Iwata provides customized products to respond to its clients' requirements. Dr. Iwata adds: "Trading companies play an essential role in responding to those requests in a speedy manner."

In 2020, Iwata established a subsidiary called Seibu dedicated to providing customized equipment to the semiconductor industry. The smaller nature of Seibu allows it to be agile and respond quickly to the rapidly-changing nature of the semiconductor industry, and is a reflection of the small-scale factories that have supported Japanese craftsmanship in manufacturing for decades. Dr. Iwata adds: "Seibu plays a vital role in providing customized equipment to the semiconductor industry. As that sector continues to evolve, so too should our equipment."

Japan's ability to connect basic research with practical applications is a testament to its numerous Nobel Prize-winning researchers. This synergy between research and industry positions Japanese companies at the forefront of product development, and this is true of Iwata. Indeed, key to the company's success has been its belief in the power of chemistry. The company is dedicated

to the development of next-generation chemicals through experimentation and research, and it therefore contributes to the general evolution of technology. As Dr. Iwata says: "There really are limitless combinations, and people can dedicate entire lifetimes to trying to discover a small fraction of those combinations. Chemistry is essentially the glue that holds our company together."

Despite often operating behind the scenes, Iwata provides indispensable innovation in a range of industries. For example, the company has previously pushed forward the production of high-quality semiconductors by proposing fluoro-resin filters, while it regularly experiments with new combinations of materials in the chemical industry to provide the best products for its customers.



New-type waterproofing material

Its flagship Auton construction material—made using a unique polyurethane—is a prime example of the results of this experimentation. Its chemical makeup ensures that it is an industry-leading sealant, but the product can also be used in construction and Dr. Iwata reveals the com-

pany's R&D team are working on a hard coating for surfaces to add to the Auton series.

Rubber-like materials are often used in Japan because of the number of earthquakes that occur there, and the Auton products can be softer, harder or transparent, depending on the needs of its customers, a customization profile that is very rare for a resin. Other products in the Auton range include UREAX-HG, a high-strength waterproofing material for flat surfaces.

Iwata is not resting on its laurels. The company is keenly interested in Malaysia, recognizing its potential as a burgeoning hub for the semiconductor industry in Asia. Malaysia's rapidly developing infrastructure and strategic location make it an attractive destination for semiconductor manufacturing, and to capitalize on this potential, Iwata is preparing to increase its presence in the country. The company is always on the lookout for regional partners with knowledge of the local market to help its expansion overseas.



High-quality sealant

Iwata's commitment to customization and innovation, coupled with Japan's strong research and development infrastructure, positions the company as a key player in the semiconductor industry for years to come, while its commitment to the power of chemistry continues to lead to the development of unique new products. As Dr. Iwata says: "Iwata is striving to be involved in the development of next-generation chemicals, and our mission is to contribute to the evolution of technology on a global scale through the power of chemistry."

AGC Si-Tech: Frontrunner in the Silica Industry

Despite its strong position in the cosmetics sector, AGC Si-Tech is setting its sights on a wide variety of industries with its silica products.



"Silica has huge potential given its natural sand origins, making it an eco-friendly, sustainable alternative."

Takanori Furukawa, President,
AGC Si-Tech Co., Ltd.

Established in 1948, Japanese silica manufacturer AGC Si-Tech is leading the way in the clean beauty industry. The company has been manufacturing and selling environmentally friendly micron-sized spherical silica gel for over 30 years for use in the cosmetics, pharmaceutical and analytical industries.

Consumers' increasing attention to clean beauty and sustainability has seen cosmetics manufacturers adopting silica as a sustain-

able alternative to microplastic beads, which will be banned in the European Union.

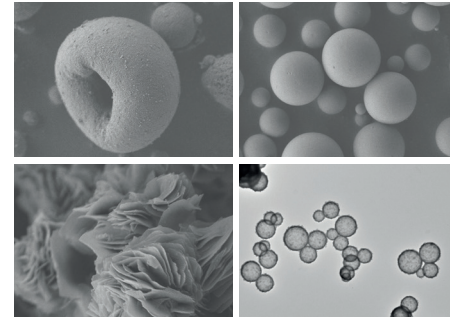
The market's growing interest in silica means the company is expanding rapidly into the cosmetics industry. Company president Takanori Furukawa points out the company has an advantage over its competitors due to "our proven track record of high quality and stable supply capability throughout the 30 years we have been providing silica to cosmetics companies. This means safety, assurance and trust have already been established."

AGC Si-Tech launched its environmentally friendly brand RESIFA in 2022 in response to the demand for sustainable beauty products. Along with this demand and the fact that the silica market is predicted to continue growing 11 percent annually for the next decade, the company is channeling its efforts into the brand. Mr. Furukawa notes: "We are currently undergoing an expansion of our Wakamatsu factory to increase the total volume production capacity of our RESIFA brand 1.5-fold."

Recently, AGC Si-Tech has launched new products such as scaled, bowl-shaped and hollow silica, as well as spherical silica, with the aim of developing applications in a wide range of sectors, including the electronics industry.



Integrated Control Center (ICC)



Bowl-shaped silica, FB-82 (top left); SUNSPHERE (top right); scaled silica, SUNLOVELY (bottom left); and hollow silica (bottom right)



www.agc-sitech.com/en

Honda Logicom Navigates Logistics Future

Honda Logicom leverages technology and sustainability to emerge as a key player in Japan's evolving logistics landscape.



"I would like our company to be a business that makes people happy."

Atsushi Honda, President,
Honda Logicom Co., Ltd.

Honda Logicom, led by President Atsushi Honda, is emerging as a pivotal player in Japan's logistics sector amidst global disruptions. Historically overshadowed by regional competitors like China, Japan's logistics industry is gaining prominence due to geopolitical shifts and its advanced infrastructure and technology.

"Japan possesses the high levels of technology required to build factories, and the existing infrastructure is also highly advanced," Mr. Honda notes. The country's rise as a production hub for semicon-

ductors, exemplified by TSMC's new fab in Kumamoto, underscores its growing logistics capabilities.

Honda Logicom is addressing industry challenges, particularly Japan's '2024 problem,' which imposes new overtime regulations on truck drivers. "Our truck drivers are not directly hired by us. However, we do have operators at our warehouses," Mr. Honda explains. By enhancing operational efficiency and digitalizing processes, Honda Logicom has significantly reduced overtime for its operators.

The company is leveraging technology to address labor shortages, incorporating autonomous mobile robots (AMR) into its operations. "This year, we introduced 20 units of AMR into our logistics operations," says Mr. Honda. By combining human manpower with robots, Honda Logicom has improved efficiency by 1.5 times.

Sustainability is another focus for Honda Logicom. The company, which received ISO 14000 certification over a decade ago, has been actively working on decarbonization. Efforts include switching to LED lighting, digitalizing operations and utilizing hydrogen-powered forklifts in partnership with Toyota.

Beyond logistics, Honda Logicom is committed to social contributions. Initiatives like Kasugai Farm and company daycare centers aim to enhance employee welfare and contribute to



Warehouse



Kasugai Farm

Daycare facility

regional revitalization. "While the primary goal of running a business is to generate profits, our approach is not driven by self-interest alone," Mr. Honda emphasizes. "We believe in reinvesting our profits to benefit our employees and contribute to society. Our focus is always on creating value and making a positive impact on the world. I would like it to be a business that makes people happy."



<https://honda-logi.com>