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Maryland — Kanagawa Sister States from Cultural Exchange to Win/Win in Business

WASHINGTON | CORE

In 2021, Kanagawa Prefecture and the State of Maryland marked the 40th anniversary of their sister state relationship. Not only is it one of the oldest relationships, but it's one of the most productive subnational relationships in the world. Washington CORE recently interviewed Mr. Hitoshi Suzuki, director of the Japan External Trade Organization (JETRO), and former International Business Manager for the Kanagawa prefectural government. According to Mr. Suzuki, the sister state relationship with Maryland is making a big splash, just as in the famous 16th century wood block painting of The Great Wave off Kanagawa.

Kanagawa — Japan's Gateway to the World

Kanagawa, adjacent to Tokyo and a 30 min train ride from Tokyo's downtown, has been Japan's window to the world ever since Commodore Perry of the U.S. landed in 1853 at Uraga, Kanagawa to try to open Japan to international trade. Soon Kanagawa's famous port, Yokohama, would become a major entry point for international goods, giving rise to a vibrant local foreign community and supporting Japan's modernization.



In the 20th century, Kanagawa's globally minded Governor Kazuji Nagasu had a vision to transform Kanagawa to be a truly international prefecture and in the 1970s established a series of sister-state agreements with the State of Maryland in the United States, the state of Baden-Württemberg in Germany, Liaoning Province in China, and Gyeonggi Province in South Korea. Kanagawa houses two major industrial cities: Yokohama (3.69M people)¹ and Kawasaki (1.41M people)² are respectively the second and ninth largest cities by population in Japan. Kawasaki has a sister city relationship with Baltimore, Maryland. It also boasts a remarkably diverse nature and landscape³ from Shonan beach (famous for surfers), to an ancient shrine called Oyama, to the hot spring mountain resort Hakone (where John Lennon and Yoko Ono frequently vacationed), to Daibutsu (Big Buddha) in Kamakura, where the samurai tradition originated in the 16th century.

Foreign Businesses Attracted to Kanagawa

Outside of Tokyo, Kanagawa receives the lion's share of foreign investment in Japan. The prefecture has recently stepped up its efforts to bring more global companies to the region. It is well-known for its brain power, boasting the highest number of people who work at academic and research institutions in Japan.⁴ Due to its relative spaciousness compared to Tokyo, Kanagawa prefecture houses the headquarters and R&D facilities of Japanese industry giants such as Nissan, Sony, Fujitsu, and recently Apple.

As the Kanagawa economy shifts from its manufacturing past to its innovation present, several notable redevelopment areas have emerged, include Kawasaki/Tonomachi⁵ and Shonan Health Innovation Park (Shonan iPark).⁶ Tonomachi, which translates to "King Skyfront," was created at the former Isuzu Motors factory site near the coast in Kawasaki, and is now a nationally

designated⁷ area with direct access to the increasingly internationally connected Haneda Airport. Tonomachi houses 70 companies and research institutes as of January 2021⁸, and is becoming one of the hottest tech areas in Japan with national and international businesses in the health, medicine, welfare, and environment sectors.⁹

Shonan Health Innovation Park (Shonan iPark)¹⁰ opened in April 2018 at the site of Takeda Pharmaceuticals' former laboratory facilities. It is now becoming a preeminent healthcare and bio/medical hub, housing 88 companies and research institutes (as of July 2021).¹¹ It organized a 2019 conference in Boston to discuss biomedical Innovation in Boston & Japan and connect Japanese researchers and entrepreneurs with potential collaborators in Boston.¹²



Modern day Yokohama

Kanagawa Companies Making Inroads in Maryland

In the U.S., Kanagawa is supporting Japanese companies to locate U.S. operations in Maryland. Maryland boasts diverse industries including life science, manufacturing industries such as aerospace, cybersecurity, agriculture, and water resource management, as well as information technology capabilities leveraging the proximity of the federal government. Kanagawa's USA office connects Kanagawa-based companies with Maryland, whether this means setting up a U.S. office, partnering with Maryland companies, or doing business with Marylanders.

For example, Kanagawa USA has been helping Japanese companies to participate in trade shows organized by the Maryland Technology Council. One such event is BioInnovation, Maryland Technology Council's signature event which takes place every October. Each year, a Kanagawa delegation has attended the event along with a group of a dozen or so Kanagawa companies that showcase their products and services. Another important event is the Maryland Digital Transformation Virtual Summit, aimed at the IT companies who help transform their clients' operations with various ICT technologies. For example, in March 2021, six Kanagawa companies participated in this event, showcasing products including IT storage technologies, toys to help children learn how to code, cyborg suits as medical assistive technologies, and remote work monitoring system.

One Kanagawa Team

Kanagawa provides all out support both to foreign companies who have shown interest in investing in the Kanagawa region and to Japanese companies who want to go abroad. Usually there are different departments who handle the different stages of a company: providing needed information to support both inbound and outbound investment, opening an office, launching a business, and trying to grow. Kanagawa does all this with one team, within which different groups work together seamlessly to support and welcome foreign entities and make sure they will blossom in Kanagawa.

It is true that American businesses face significant hurdles when investing in Japan, a different language, legal system and bureaucracy, and culture are just some of the challenges. Kanagawa's thorough one team support takes care of the headaches of foreign companies setting up business in Japan.

Kanagawa also supports Japanese outbound investment. When a group of companies housed in the same industrial park decided to invest in Vietnam, Kanagawa assisted them to achieve success with entering that market and setting up business.

The national, prefectural, and local governments work as one coordinated team to assist completion of bureaucratic paperwork, including how to fill out subsidy and grant applications for potential foreign investors, says Mr. Suzuki — a level of effort and coordination beyond what other prefectural governments provide. For this reason, Mr. Suzuki notes that “Companies that come here typically stay here.”

Leveraging the Sister State Relationship

Kanagawa and Maryland's sister state relationship is a successful business relationship, becoming a model for other sister states/cities around the world. The two governments first formed the sister-state relationship in 1981 because of similarities between the two states: both are located next to their respective nations' capitals, and are dotted with mountains and oceans, with major ports for international trade.

The Kanagawa-Maryland sister state relationship has established many cultural exchange programs ranging from grass roots friendship activities to college lacrosse games, to robust school exchanges. For example, the University of Maryland, Baltimore County (UMBC) held exchange programs with middle and high schools in Kanagawa Prefecture, where students could stay with local host families.



Mr. Hitoshi Suzuki

Now, the relationship is also becoming business-oriented, and the trust and friendship built up by the long-standing relationship are facilitating business transactions. Case in point: Elixirgen Scientific, Inc., a stem cell technology development company from Johns Hopkins University, recently formed a joint venture with Ricoh Co., Ltd., and set up a Japanese headquarters to Kawasaki, Kanagawa. Elixirgen Scientific is the epitome of the sister city/state relationship, having headquarters in both Baltimore, Maryland and Kawasaki, Kanagawa.

Mr. Suzuki is not content with achievements to date. He is now looking for other sectors for collaboration, such as Japanese sake. The Maryland company SAKÉ MU.GEN is now introducing distilleries in Kanagawa to sake connoisseurs and adventurers in Maryland willing to try new beverages. SAKÉ MU.GEN and Kanagawa USA are collaborating to provide online information and sake tasting opportunities in Maryland. Mr. Suzuki continues to explore different sectors where the two governments can create opportunities to find win wins for both states.

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Endnote

¹ http://www.citymayors.com/gratis/japanese_cities.html

² Ibid.

³ <https://trip.pref.kanagawa.jp/>

⁴ <https://www.pref.kanagawa.jp/docs/pw3/mlt/f370155/>

⁵ <https://www.jetro.go.jp/en/invest/region/data/kawasaki-city/Ka>

⁶ <https://www.shonan-health-innovation-park.com/>

⁷ <https://www.jetro.go.jp/en/invest/region/data/kawasaki-city/>

⁸ <https://www.king-skyfront.jp/en/about-en/>

⁹ <https://www.king-skyfront.jp/about/>

¹⁰ <https://www.shonan-health-innovation-park.com/>

¹¹ <https://www.shonan-health-innovation-park.com/community/tenants/>

¹² <https://www.shonan-health-innovation-park.com/>

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The Great Wave off Kanagawa by Hokusai

