

Groundbreaking held for two Japanese-owned companies

November 28, 2006 was a very historic day in the economic development history of Washington County, Tennessee. On that date two Japanese-owned companies celebrated groundbreaking exercises at the Washington County, Tennessee Industrial Park. Both companies manufacture ball bearings for a host of automotive and other uses and are closely affiliated with Toyota Motor Corporation as key suppliers. P.C. Snapp, Executive Director of the Economic Development Board, referred to the announcements as “the largest single outside manufacturing investment for Northeast Tennessee in the past fifteen years.”

The two new companies are Koyo Corporation, USA, and Nakatetsu Inc. of Tennessee. Koyo Corporation of U.S.A. is a wholly owned subsidiary of JTEKT Corporation, based in Osaka, Japan. Koyo intends to expand its U.S.-based tapered

roller ball bearings capacity with the new Washington County facility which will increase their production capacity by an estimated 50%, to a planned volume of 1.5 million sets per month. Koyo has two plants in South Carolina at Orangeburg and Blythewood, both easily accessible to Washington County via Interstate 26.

Nakatetsu Incorporated of Tennessee is a wholly owned subsidiary of Nakatetsu Co. Ltd. and is also headquartered in Osaka, Japan. The Washington County facility will be the company’s first in the United States and will produce high tolerance bearing components for use in automotive and industrial applications. Nakatetsu is a key business partner of Koyo.

The companies have confirmed an initial investment of approximately \$40 million dollars and both have additional plant expansions on the drawing boards in

addition to their first phase of projects. According to EDB Executive Director, P.C. Snapp, these companies are blue-chip employers with Koyo being the 12th largest automotive supplier in the world. The companies (including JTEKT) combined have about 40,000 employees worldwide.

The site selection search by Koyo and Nakatetsu was facilitated by Mark Williams, President of Strategic Development Group, Inc., of Columbia, South Carolina. Mark, as a keynote speaker at the annual Governor’s Conference on Economic Development in Nashville this past September, provided insight into the selection process for Koyo and Nakatetsu. “The initial focus included portions of South Carolina, North Carolina, Georgia and Tennessee



Tom Wada, Mark Williams, and Steve McCullough, Koyo Corporation



Groundbreaking Exercises at Washington County Industrial Park

with an evaluation of over fifty sites. Important factors included quality of life, existing workforce, interstate accessibility, and distance to auto-related suppliers and manufacturers. While the initial intent was to not place both companies in the same market area, Washington County gradually emerged as the optimal choice and in negotiations with County Mayor George Jaynes; it became apparent that the Washington County Industrial Park could suitably accommodate both companies.” “The natural beauty of the mountains in East Tennessee was a strong factor also as the geography is very similar to Japan,” Mark stated. Mark stressed the comfort level and trust established with Mayor Jaynes and P.C. Snapp as well as the decisiveness and positive response from the Washington County Commission during the negotiations being crucial factors as well.

EDB Executive Director, P.C. Snapp, remarked at the groundbreaking ceremony, “I would like to commend the Washington County Commission for its vision about 10 years ago in its decision to purchase property for this park. In addition the Commission’s unanimous support for incentives and agreements with the companies was vital to winning the projects. The Town of Jonesborough also provided major utility

upgrades to the site and provides high quality services to the area. The State of Tennessee’s funding commitments from the Fast Track programs for job training and infrastructure of over \$1.4 million were crucial elements and greatly appreciated.” Tennessee’s Commissioner of Economic

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and Community Development, Matt Kisber, spoke at the groundbreaking and emphasized the state’s partnership with local communities and Tennessee’s strong track record in attracting Asian investment.

The successful recruitment of the two

companies involved a host of partnerships well beyond the customary team involved with hosting industrial prospects. Neighboring company, Bush Hog, which has a 425,000 square foot front loader manufacturing plant in the Industrial Park, assisted with hosting company representatives and provided testimonials to the favorable location the site has been for their operation. “Bush Hog obviously set a high quality standard as the first facility to locate in the newly developed park in 2001, and the attractiveness of their plant was a huge selling point in showing the property to corporate prospects,” emphasized Mr. Snapp. “There had been interest from various other companies for operations that quite frankly would have compromised the prospects for landing companies such as Koyo and Nakatetsu, which enhance and reinforce the investment Bush Hog has made here,” said Mayor Jaynes.

Community support and assistance with the recruitment effort was broad based and extremely effective. A local resident, Ms. Yumi Smith, a Japanese native who has lived in the U.S. for seven years, volunteered to serve as an interpreter and to translate materials involved in events during the recruitment of Japanese company officials. Ms. Smith also enlisted Ms. Junko Mathes, Japanese language instructor at ETSU and

Ms. Maki Bayard to assist with several events.

After learning officials from Nakatesu desired to visit a local elementary school, a trip was arranged to Fairmont Elementary School in Johnson City at which a year long study of Japan was in progress. Instructor Cathy Glenn, who had visited Japan on a Fulbright Memorial Fund Teacher Program and retired California educator Karen Bauer, who had authored teaching materials on Japanese culture, also assisted in hosting company officials during special events. The tour of Fairmont included interaction between Nakatetsu company officials, Mr. Masafumi Nakano and Mr. Hideo Dote, with students. A special treat was provided when Christmas gifts were given to students in selected first, third, and fifth grade classes. Ms. Yumi Smith also participated in the elementary school tour and this team has also agreed to provide advice and relocation assistance as families move from Japan to the local area.

“It is really impossible to mention everyone who assisted in this year-long recruitment effort but TVA, local utilities representatives, local and regional educational/training facilities, the First Tennessee Development District, Mayors of Washington County, Jonesborough, and Johnson City, Chamber of Commerce officials, as well as generous time commitments of local citizens strongly influenced the final decision,” reported Mr. Snapp. “I have never been prouder to be from this area than at the signing ceremony at the International Storytelling Center at which agreements were consummated recognizing the effort put forth by our recruitment team. These projects show that Northeast Tennessee can attract the major automotive-related manufacturing investments that have been focused in Middle Tennessee primarily in recent years,” he added.



Jonesborough Mayor Tobie Bledsoe greets Koyo and JTEKT officials



Hideo Dote, Masafumi Nakano, and Yumi Smith at Fairmont School



Local Hostesses Provide Orientation for Nakatetsu Officials