

Achieving Success in Japan

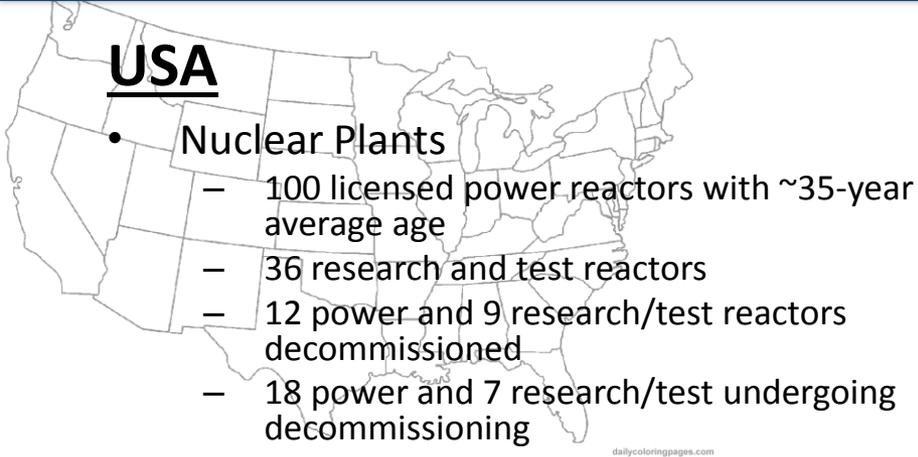
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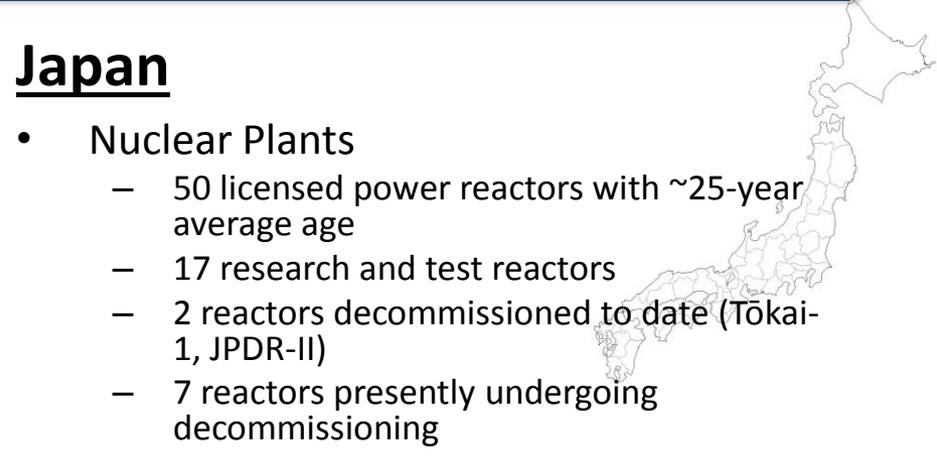
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What the US Has to Offer



USA

- **Nuclear Plants**
 - 100 licensed power reactors with ~35-year average age
 - 36 research and test reactors
 - 12 power and 9 research/test reactors decommissioned
 - 18 power and 7 research/test undergoing decommissioning
- **Weapons Complex**
 - Dozens nuclear naval ships and subs plus 17 Army and Naval reactors
 - 11 major sites/8000 km² undergoing some level of decommissioning containing
 - ~ 100 research reactors
 - 14 Pu production reactors
 - > 10,000 groundwater and soil sites
 - ~ \$6 billion/year expenditures since early 1990's with ~ 100,000 workers



Japan

- **Nuclear Plants**
 - 50 licensed power reactors with ~25-year average age
 - 17 research and test reactors
 - 2 reactors decommissioned to date (Tōkai-1, JPDR-II)
 - 7 reactors presently undergoing decommissioning
- **Weapons Complex – n/a**

US Experience where Japan can Benefit

- Deepest reactor decommissioning and remediation experience worldwide
- Deepest waste management know-how worldwide
- Longest experience in stakeholder interface and engagement for success

Asia is like Europe, One Size Does Not Fit All

- Common traits with other Asians: humbleness, saving of face, respect for seniority
- Japan, like the US, is a democratic capitalistic country that respects the rule of law
- Japan and US are strong allies, key trading partners with many common geopolitical interests
- Japanese like to deliver on promises, but are shrewd and hard negotiating businessmen, so quality of contract is important

Fukushima has Real Impacts on People

- ~ 48,000 people still displaced from Fukushima Prefecture
- Decontamination efforts continue in neighborhoods throughout Fukushima Prefecture
- Fishing still forbidden off Fukushima coast
- 1F site and site boundary dose is increasing
- Many exclusion zone homes still in disrepair from effects of the 2011 quake and tsunami
- Public and Press remain very tough and skeptical about TEPCO and its 1F efforts
 - Anti-nuclear protests a daily event in Tokyo
 - Nuclear power plants remains down

A National Disaster with Real Consequences on People

Learn about Cultural Differences

- JP formal vs. US informal
- Like to follow rules (e.g. queues, avoidance of jaywalking)
- Won't say "no", just "very difficult"
- Business card etiquette
- Meeting etiquette
- Negotiating differences

Seek to Work With/Not Displace Japanese Firms

- Japanese have a strong preference for doing business with Japanese; rooted in national pride and culture
- Seeking to displace only runs into an immovable force
- Knowledge of JSME vs. ASME is critical, unless offering a commercial product
- Therefore, the more US firms look, act and work like Japanese, the higher likelihood of success (think global, act local)



Business Differences

- Precision and accuracy
- Trust is key, but difficult to build
- Many, many, many questions
- JSME vs. ASME – same basic result, but ...
- Regulator reengaged mid-2013 and very persnickety, involved with design reviews and post fabrication inspections
- Negotiating
- Intensity of interface
- Precision and accuracy

Where to Fit In?

- Tier 1 Contractor (Prime/Direct with TEPCO)
 - Must have deep infrastructure to operate in an all Japanese environment
 - Must be able to turnkey work at 1F
 - Deep understanding of local codes
- Tier 2 Contractor (Subcontractor to Prime)
 - Find the right partner who can provide wrap-around support with good/proven relationship with TEPCO
 - Be prepared for focus on IP discussions
 - Be prepared to support

Setting up Business

- **Business Development**
 - Cost (travel, local translators)
 - Meetings (develop rapport and interest)
 - Dedication (not occasional visits)
 - Patience (building trust is key)
- **Make sure you have the right offerings**
 - Many Japanese firms searching internet to learn about know-how and attempting to execute
 - Services are very difficult to sell in Japan, seek to partner
 - Clearly define what is unique about your products, efficiency, IP protection
 - Don't look to displace existing contracts, rather look to support them, etc.
 - Be prepared to work in a JSME compliant environment
 - Be prepared for intensity of interface on projects (many questions)
- **Partnering**
 - Research/know your sector, who the leaders are (e.g. NSSS, construction) and who are the competition
 - Trading companies (e.g. Itoh, Sumitomo, Marubeni , Mitsui, Mitsubishi , Nissho Iwai, Tomen, Nichimen, and Kanematsu-Gosho)
 - Established US firms
 - Consider establishing agent for local focus
- **Business Conduct**
 - Setup local legal representation
 - Review tax laws

Top Ten Metrics for Success

- 1) Patience, Perseverance and Cost
- 2) Seek to work with/not displace Japanese firms
- 3) Unless highly specialized, avoid offering services, stay with products
- 4) Evaluate the competition, make sure you have discriminating offerings
- 5) Ensure your IP is protected
- 6) Understand the cultural differences
- 7) Determine the right market position/tier
- 8) Find the right Partner
- 9) Invest time in Japan and with partners
- 10) 1F concerns are real, embrace the goal of helping people

Significance of Fukushima

- D&D requires many first-of-a-kind solutions due to
 - Plant explosions
 - Reactor meltdowns
 - Torn primary containments
 - Cracked foundations
 - Groundwater
 - Scale of the challenges
 - Complexity covers elements found at nuclear plants and weapons complex
- Societal impacts
 - Influence on stakeholder trust (e.g. public, regulator)
 - Influence on nuclear industry
 - Political impacts both in and ex-country

If You've Come to Help, Help Rebuild Public Trust by Delivering on Your Commitments