

Proposal to Seismic Safety Commission

Post-Earthquake Business Recovery: Learning from Japan's Experiences

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As of 2014 there were more than 1,470 Japanese companies in California, with more than 224,000 employees, and an annual payroll of \$11 billion. Close to 96% of these employees are local hires. Japan is also the largest foreign investor nation in California, accounting for 24.2% of overall foreign direct investment. Due to the unfortunate occurrence of the Great Tohoku Earthquake of March 11, 2011, and the more recent Kumamoto Earthquakes, many of the parent companies in Japan have suffered the consequences of damaging earthquakes. This is in contrast to California which has not had a major earthquake since the January 17, 1994 Northridge Earthquake. In the post Tohoku Earthquake period the Japanese national and local governments implemented a variety of measures to incentivize the return, and growth, of businesses in the afflicted regions. This provides an opportunity for the State of California to learn from the experience of the Japanese to identify post earthquake economic recovery measures that could potentially be applicable to California.

Given the recent experience of damaging earthquakes in Japan, Japanese companies in California are very keen to learn more about what they can do to reduce earthquake-caused damage at their facilities, and the kind(s) of assistance they can expect from federal, state and local governments for a speedy recovery. It would be to the advantage of the State of California to work with our business partners in an effort to accelerate post-earthquake economic recovery and to learn from the experiences of the parent companies located in Japan. It is envisaged that this pilot effort will lead to a larger effort at developing post-earthquake economic recovery strategies that will be applicable on a broader basis.

This proposed effort will consist of the following three tasks:

- (1) Survey and review economic recovery measures implemented by the Japanese governments (national and local), and where possible the extent to which these measures were effective.
- (2) Develop and deliver seminars to Japanese companies in northern and southern California to educate them on the earthquake threat in California, including pertinent regulations designed to accelerate economic recovery and limitations to the extent US federal, state and local governments can assist specific businesses.
- (3) Develop and implement a survey to Japanese companies to determine their perceptions of needs in a post-earthquake environment to accelerate their recovery. This will serve as the basis for the development of a more broadly applicable business/economic recovery strategy for the State of California.

A proposed budget and time line for initiating and completing these tasks is below. A 12 month performance period is requested. Project Updates will be presented to the Seismic Safety Commission once every four months. A draft final report will be provided for the Commissioners' review during month 10, with the Final Report being submitted in month 12.

Project Deliverables & Timeline:

Deliverable	Timeline
Identification of Post Tohoku Earthquake economic recovery incentives	Months 1-3
Development of educational seminars for Japanese companies	Months 4 – 5
Delivery of educational seminars in northern and Southern California	Months 6 – 9
Survey California-based Japanese companies	Months 6-11
Survey implementation	Months 7-8
Analysis of survey results	Month 9
Supplemental surveys	Months 10-11
Reporting	Months 4 & 8
Draft final reports to the	Month 10
Final report submission	Month 12