

NIGHT FLIGHT SPECIAL I

WORLD ROUTE

Why Did Japanese Companies Move Overseas?

BEGINNER ROUTE

Did They Really “Abandon Japan” —
Or Were They Trying to Protect Their Businesses?

TAKEOFF

There was a time when Japanese companies built large numbers of factories overseas.

Looking back, it may seem easy to explain:

“Labor was cheaper overseas, so Japanese companies closed factories at home and moved abroad.”

Yes.

Lower labor costs and production costs were certainly part of the story.

But they were not the whole story.

When we look beyond the major corporations and turn our attention to smaller manufacturers and local factories, another picture begins to emerge.

For some companies, moving overseas was not an exciting opportunity.

It was not an adventure.

Sometimes—

It was a decision they made to survive.

A Small Screw Factory

Imagine a small factory in Japan.

It makes screws.

For many years, this factory has supplied those screws to a major automobile manufacturer.

The relationship is stable.

The customer trusts the factory.

The factory knows exactly what its customer needs.

Then one day, the automobile company says:

“We’re going to build a large factory overseas.”

The owner of the small screw factory cannot simply reply:

“That’s wonderful. Good luck!”

Why?

Because one of his most important customers is moving overseas.

“Could You Come With Us?”

Then the automobile company asks:

“Could you make the same screws for us at our new overseas factory?”

Now the small factory owner faces a difficult decision.

Building a factory overseas requires a great deal of money.

The country is unfamiliar.

The language is different.

The laws are different.

Workers must be found and trained.

And if the project fails, the company could be left with enormous debt.

The owner probably was not thinking:

“Great! Let’s go on an overseas adventure!”

Quite the opposite.

He may have been thinking:

“If possible, I would rather continue working here in Japan, just as we always have.”

Going Is Frightening. Staying Is Frightening Too.

But what happens if the company does not follow its customer overseas?

Orders may begin to disappear.

Sales may fall.

There may be less work for employees.

Paying wages may become more difficult.

And in the worst case—

the company itself may no longer survive.

So the choice was not simply:

Japan or overseas.

For some companies, the real choice felt more like:

Going overseas is frightening.

But—

Staying in Japan is frightening too.

That was the dilemma they faced.

What Were They Trying to Protect?

Why, then, did they go overseas?

To make more money?

For some companies, certainly.

But that was not the only reason.

Some wanted to:

Keep the company alive.

Protect their business.

Protect their employees' jobs.

Protect the lives of their employees and their families.

To do that, they accepted the enormous risk of expanding overseas.

This is especially important when we look at Japan's small and medium-sized manufacturers.

Large Companies Had Many Reasons Too

Large corporations also had reasons beyond lower labor costs.

More customers for Japanese products were appearing overseas.

Producing closer to those customers could make sense.

Business partners and suppliers were moving abroad.

And at times, exchange-rate conditions such as a strong yen made overseas production more attractive than exporting from Japan.

Companies therefore had to keep asking:

“Where should we produce if we want this company to continue?”

The answer depended on the conditions of the time.

Think of a School

Here is a simple analogy.

Imagine a town where the number of children keeps falling.

More classrooms become empty.

Eventually, the town decides to merge schools.

At that moment, it may be a perfectly reasonable decision.

Now jump forward twenty years.

Suddenly, many families move into the town.

The number of children rises.

And now everyone says:

“We don’t have enough classrooms!”

Does that mean the people who merged the schools twenty years earlier were wrong?

Not necessarily.

Why?

Because the conditions were different then.

The same idea can be applied to companies.



When Conditions Change, the Best Answer Can Change

In the past, expanding overseas may have been the best way for some companies to protect their businesses.

But now the environment is changing again.

Semiconductor factories are being built in Japan.

Investment in AI and data centers is increasing.

The importance of producing certain goods domestically is being reconsidered.

Global conditions are changing.

So companies are asking again:

“Would it make more sense to produce in Japan now?”

This does not mean companies suddenly changed their minds for no reason.

The companies did not simply change.

The conditions surrounding them changed.

And when conditions change—

The best answer can change too.

This is one of the most important ideas in this flight.

But “Just Bring Everything Back” Is Not the Answer Either

There is another important point.

It is easy to say:

“Then bring all those factories back to Japan.”

But building new factories in Japan also requires:

Money.

Workers.

Engineers.

Electricity.

Land.

Suppliers.

Just as moving overseas was once a major decision—

Investing in Japan again is also a major decision.

There is no simple switch marked:

RETURN TO JAPAN.

The necessary conditions have to exist.



NIGHT FLIGHT RADAR

Look Beyond the Giant Factory

Suppose a huge semiconductor factory is built in Japan.

The headline says:

“TRILLIONS OF YEN IN NEW INVESTMENT!”

That is impressive.

But NIGHT FLIGHT does not stop at the headline.

We turn on the radar.

Around that giant factory are:

Construction companies.

Component manufacturers.

Materials suppliers.

Logistics companies.

Electrical contractors.

And small local factories.

Then we ask:

Is the work reaching them?

And then another question:

Are they earning enough profit from that work?

Can they raise wages?

Can they buy new machinery?

Can they invest again?

Only when the money flows that far through the economy do we begin to approach what might truly be called:

A DOMESTIC REVIVAL.

That is the part of the story NIGHT FLIGHT wants to follow.



LANDING

Don't Judge Yesterday's Decisions Only by Today's Conditions

If we explain Japan's overseas expansion only by saying:

"Japanese companies abandoned Japan in search of cheap labor."

we miss an important part of the story.

For some small and medium-sized companies, the route looked more like this:

A major customer moved overseas

↓

The supplier followed to protect its business

↓

The company accepted enormous risks to expand abroad

So rather than judging an old decision only by today's conditions, perhaps we should first ask:

"Why did that company make that decision at that particular time?"

And now—

the conditions are changing again.

If there is one sentence to remember from this flight, it is this:

The companies did not simply change.

The conditions surrounding them changed.

And that brings us to our next question:

Why is investment in Japan attracting attention once again?

RE-FLIGHT

Would You Like to See the Same Story from Another Altitude?

This was our  Beginner Route.

The basic story was:

The customer moved overseas.

↓

The supplier followed to protect its business.

↓

The company accepted major risks in order to survive.

But there is more sky above us.

BEGINNER

Follow the story of a small factory

Why would a small Japanese supplier follow its customer overseas?

→ Return to  Beginner

● INTERMEDIATE

Look at the forces behind the decision

Exchange rates.

Overseas markets.

Customers.

Labor costs.

Supply chains.

How did these conditions influence where Japanese companies produced?

→ Continue to ● Intermediate

● ADVANCED

Look at the structural change

Globalization.

Foreign Direct Investment.

Supply-chain restructuring.

Economic security.

Domestic capital investment.

What happens when the conditions that once encouraged overseas production begin to change?

→ Continue to ● Advanced

SELECT YOUR ALTITUDE

● Beginner → ● Intermediate → ● Advanced

You do not have to climb all the way today.

Read at your own pace.

Come back when another question appears.

And when you want to see farther—

Climb.

Because on NIGHT FLIGHT:

You are the Captain.

You choose your own altitude.



NEXT FLIGHT

Now we know why some Japanese companies went overseas.

But the conditions are changing again.

So the next question is:

Why is investment returning to Japan?

A semiconductor factory appears on the radar.

Around it:

Construction.

Equipment.

Materials.

Electricity.

Logistics.

People.

Small manufacturers.

Money begins to move through an entire network.

And that brings us to our next NIGHT FLIGHT question:

Can a Factory Become a “Money Pump” for the Domestic Economy?

The next aircraft is waiting on the runway.

NIGHT FLIGHT SPECIAL

Numbers Take Flight.

You are the Captain.

I am your Co-Pilot.

AI is in the Control Tower.

WORLD ROUTE — BEGINNER

RE-FLIGHT COMPLETE.

NEXT FLIGHT — CLEARED FOR TAKEOFF. 