

Essay from Expatriate at HKE

HATTORI Koji

1. Introduction

KYB launched a joint-venture project with the Henglong Group of China in August 2017. The project was implemented under the company's policy to shift the business base of electric power steering (EPS) for passenger vehicles from Japan to China.

Before that, KYB had surveyed parts suppliers in China as part of its cost reduction activity for EPS parts. The Henglong Group was among those with whom KYB had already gotten in touch. However, a joint-venture relationship is quite different from a business partnership in scale and relevance. I remember that I recognized the launch of the project as a big milestone.

I am, and was at that time too, in charge of cost planning. I was involved in the joint-venture project to study the commercial feasibility of the project from the cost perspective. Actually, I was quite frustrated about the limited information we could obtain from the other party because cost information is very sensitive until both parties enter into a formal joint-venture contract.

In April 2018, the joint-venture contract was concluded and Hubei Henglong & KYB Automobile Electric Steering System Co., Ltd. (hereinafter "HKE") was formally established. To set up a cost planning organization for the first time for the Henglong Group, I was assigned to work for HKE in China, which was my second expatriation following the first one to the U.S. in 2005. I moved to China with five colleagues of mine at the end of November 2018.



Photo 1 Appearance of HKE building

2. Jingzhou City, Hubei Province

HKE is located in Jingzhou City, Hubei Province in China. Jingzhou is about 200 km inland and west of Wuhan in the same province, which is considered to be the origin of COVID-19 that continues to severely affect the world today. Compared to Japan, Jingzhou City is located at a latitude south of Tanegashima, which may give you the impression that Jingzhou is a tropical place. However, the climate there is very similar to that of Kani City, Gifu Prefecture in Japan where Gifu North Plant is located. While in the summer it is so hot and humid in Jingzhou that the temperature rises to 35°C or more for consecutive days, it sometimes snows in the winter.

At the end of 2018, in the month after I was sent to Jingzhou, several centimeters of snow fell. I heard that snow accumulation was quite rare in recent years. Small children were playing in a lively way with the snow in the courtyard of the apartment where I lived. That was my first experience to spend the year-end period in China and I felt happy to see scenery similar to that in Japan.



Photo 2 Snow at the end of 2018

Jingzhou City occupies an area of 14,067 square kilometers. Spreading along the meandering Yangtze River, the entire city is rich in water with a network of distributary channels, waterways, and lakes. Many beaches and parks located along the Yangtze River are occupied by families and couples enjoying holidays. With this geographical advantage, Jingzhou City is an important site of maritime transportation and physical

distribution in the middle reaches of the Yangtze River. Historically, the city is famous for its strategically important location as seen in the Romance of the Three Kingdoms. A gigantic statue of Guan Yu (total height of 58 meters), who was a bold military general assigned to govern Jingzhou, had previously existed as a symbol of the city. Unfortunately, it became evident just before my repatriation that the statue was an unlawful construction and it has now already been demolished. (I heard that there was a plan to relocate the statue, but no relocation work seems to have been carried out at this moment).



Photo 3 Now-lost world's largest statue of Guan Yu

3. Working in HKE

As mentioned above, my duties during the stay in Jingzhou City were to kick off the cost planning operation for the first time for the Henglong Group and to proliferate the visualization and standardization of cost issues, in order to achieve a suitable product cost and EPS business profitability. However, it was quite difficult for me to get the Chinese staff to understand the operation as it was their first job of this kind. I prepared a cost planning manual and related documents on the operation in PowerPoint and translated the text into Chinese. After distributing the documents and holding seminars, I received my first request from the staff. They asked me to do a job, saying "we want to buy some curtains for the office, please do a cost assessment".

While I encountered various "difficult-to-understand" events like this, I built a friendship with my Chinese



Photo 4 Shore of Yangtze River with many families enjoying a holiday

colleagues through monthly dinners and birthday parties within the department. Meanwhile, the project gradually got on track, enabling us to carry out cost reduction activities and build a collaborative relationship with related departments in a manner similar to how we did in Japan. Then, worrying news came as we approached the end of 2019.

4. Terrible Shock

There were rumors that a new type of pneumonia had emerged in a seafood market in Wuhan City, which is near Jingzhou City. This was the later-named COVID-19 as I mentioned above.

The seafood market deals with not only seafood but also all kinds of foodstuffs. I even heard a Chinese saying expressing the richness of the food culture that "we eat everything with four legs except tables and everything that flies except airplanes". It is regular practice to even treat some wild animals as food, many of which may look unacceptable to the Japanese. Since COVID-19 was said to originate in such wild animals, Chinese people around me were rather optimistic at the beginning. When I visited a local supplier, people there said "it is OK because the seafood market has been closed" or "COVID-19 does not involve human-to-human transmission". Television news generally reported similar stories. While I was wondering if things were really so positive, I never ever imagined at that time that such a terrible situation would actually occur.

The first time COVID-19 affected me was during the Chinese New Year holidays. Based on the lunar calendar, the Chinese New Year vacation in 2020 began on January 23, which was earlier than most years. During the vacation, I tried to temporarily go back to Japan and found a dramatic change in circumstances. All flights scheduled to arrive at Wuhan Airport were reportedly going to be canceled in the morning of the day I went to the airport. Among the Japanese expatriates, half were supposed to fly back to Japan on another flight the next day for the sake of air ticket arrangement. We were very anxious whether the flight would take off as scheduled. In the end, the flight on the next day was the last one to Japan before Wuhan Airport was fully closed. All the expatriates in HKE successfully returned to Japan safely. Unfortunately, many expatriates of Japan-based corporations were left out in Wuhan. The news that they were eventually transported to Japan by a government-chartered flight is still fresh in my memory.

Although we managed to come back home safely, we could not return to China even after the lunar New Year vacation was over due to the large-scale city lockdown by the Chinese government. In the end, we continued working online with China for eight months altogether. In addition to the time-zone difference of one hour between Japan and China, which might not be so large, there is a language barrier. Under these circumstances,

doing remote work without face-to-face communication unfortunately affected the human relationship between us that had been built with our relentless efforts. This is a sad memory.

After an eight-month stay in Japan, I was finally permitted to return to China. Still, the immigration restriction, which persists even now, was very strict. Firstly, we were required to take a PCR test at the airport when we arrived to prove we were negative for COVID-19. We were quarantined in a hotel room near the airport for two weeks. We were required to take two further PCR tests during the quarantine period. Then, we went back to Jingzhou and took another PCR test. After returning to the apartment that we lived in, we had to quarantine for another two weeks. Upon completion of the quarantine, we had to take yet another PCR test. By the way, I had had a PCR test before I left Japan to begin with. That was six PCR tests in one month, which were needed for me to enter China. The Chinese government raised their guard against foreigners coming in from abroad, while those who had never taken a PCR test at all were still walking around in the city as usual. I could not help thinking who was the more dangerous.



Photo 5 Wuhan Airport where I arrived in September 2020

5. Living in China

I'm afraid I have told a somewhat cheerless story overall, so I would now like to tell you a little bit happier story for those who will be future expatriates. The word "China" may first remind you of historical culture and cuisine. For your information, the Japanese often say that China has four thousand years of history, but I have heard that the Chinese prefer to say that China has five thousand years of history. When you talk about history with Chinese people, be careful not to say, "four thousand years of history", which may cause them to doubt this phrase.

Unfortunately, I had little chance of enjoying travelling during my assignment in China due to COVID-19. Before the COVID-19 pandemic, I had the opportunity of visiting the Great Wall, which may be the first thing that comes to mind for the Japanese when talking about famous historic buildings in China. As is usual for other similar buildings or great natural sites throughout the world, the Great Wall also has been arranged as a typical

sightseeing venue or amusement spot. Still, the gigantic, overwhelming structure in the land was so impactful that it moved me a lot when I saw it with my own eyes. That was a wonderful experience for me. Because it is recognized throughout the world, I intentionally visited the Great Wall on a day outside the busy period, but the site was still so crowded that I found an area around a hilltop along the course of the Wall fully covered by people and could not see the architecture.



Photo 6 The Great Wall crowded with visitors

Speaking of food, Jingzhou cuisine includes many spicy dishes partly because of its closeness to Sichuan Province and Chongqing. People who like spicy food can enjoy many varieties of local delicious cuisine. I actually got hooked on pork intestine (or "fei chang" in Chinese). This so-called "hormone" in Japan can be eaten in China in various ways including as a pot dish and ramen. Fried fei chang with a good amount of hot red pepper was particularly marvelous. I loved its spicy taste and texture that perfectly matched the rather weak Chinese beer of low alcohol content. I frequently used to go to one good restaurant even alone after it had been introduced to me. With many other family customers in the restaurant, a Japanese who could hardly speak Chinese had taken the trouble to come there alone to eat typical local food. I



Photo 7 Fried fei chang

wonder if I looked rather strange to the other customers. Even among the Chinese, some like fei chang but some others do not because of its unique taste. Those who like it sometimes asked me to go out to enjoy fei chang together as we developed a sense of collegiality. That made me recognize that Chinese culture values eating more than is the case in Japan.

6. Farewell

Bearing in mind that I would appoint a Chinese employee to be my successor, I selected and trained local employees after becoming an expatriate in HKE. Today, one of my subordinates at the time has taken over my activities. My colleagues with whom I became good friends still keep in touch with me in public and private life. I consider it a lifelong achievement for me to have established these relationships.

After much joy and hardship, I was directed by the company to repatriate in January 2022 after the first term of the HKE joint-venture contract was to finish. I regretted that there were still many things I had not yet done, but HKE successfully ended the fiscal year 2021 in the black for the first time since its foundation, which was a milestone for me before returning home. It was very emotional for me to be able to say a joyous goodbye to the colleagues with whom I had earlier struggled.



Photo 8 My colleagues at HKE Finance/Cost Planning with whom I worked

Author



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Joined the company in 1989.
Expatriate in KYB Asia Pacific Corp.
Ltd.

Took present post after working in Steering Design Dept., expatriate in the U.S. (Detroit), working in Product Planning Dept., working in PS Cost Planning Dept., and as an expatriate in China (HKE).

7. In Closing

Among my Japanese colleagues who were sent to HKE together in 2018, some are still working hard there even without a temporary return to Japan under the Chinese government's zero-corona policy with no end in sight. Because of its geography, Jingzhou is an inland center for peripheral ethnic minorities and seldom accessed by Japanese, so they are working and living in a very different environment and having to deal with stress. They are making efforts to develop profitable products by putting the EPS business on track under this stress. Hoping that they will be able to proudly return to Japan in the near future, I would like to close this report.

Finally, I would like to express my appreciation to those who extended support and cooperation to me during my assignment in HKE and sincerely hope that HKE and its EPS business will further develop in future.