

**BRIEFING NOTE FOR FIONA HYSLOP, CABINET SECRETARY FOR CULTURE, EUROPE, AND EXTERNAL AFFAIRS**

**MEETING WITH MAYEKAWA Tuesday 8 October 2019**

<p><b>What does this stem from</b></p>	<ul style="list-style-type: none"> <li>• Mayekawa is keen to significantly increase its market share in the UK and is in the final stages of a business case for creating c20 new jobs over a 5-year period once a UK base for investment has been chosen.</li> <li>• Mayekawa has recently completed a RSA application via Scottish Development International in the hope of securing funding to help support their ambitions to increase presence in UK.</li> <li>• Mayekawa Europe NV already has a representative office in the UK with 2 employees in Kent, working from home. Areas being considered for further investment are Kent, Manchester and Scotland – must have strong airport/transport links, strong portfolio of business properties along with a supportive and competitive business environment.</li> </ul>
<p><b>Key Message</b></p>	<ul style="list-style-type: none"> <li>• Scotland attracts more R&amp;D investment projects than any other UK region, including London. <b>70%</b> y-o-y increase illustrating confidence that Scotland has leading edge in science and technology.</li> <li>• Scotland is pro-business: <b>5<sup>th</sup></b> most supportive business environment in the world in 2018 (ranking above rest of UK).</li> <li>• It's up to <b>40%</b> more cost effective to locate in Scotland than other parts of the UK.</li> <li>• Growing innovation system in Scotland has developed a number of emerging technology opportunities that are disrupting markets and cutting across sectoral boundaries.</li> <li>• We're investing in the development of innovation and excellence centres to catalyse collaborations between industry and academia. These interactions support business performance through the rapid and efficient translation of solutions to industrial and scientific challenges, creating even greater opportunities for companies like Mayekawa.</li> <li>• Terasaki Electric has had a presence in Scotland c50 years and we now have 90 Japanese-owned businesses at 135 Scottish sites employing over 6,000 staff - generating a Scottish turnover of more than £1.8billion.</li> </ul>
<p><b>Who</b></p>	<ul style="list-style-type: none"> <li>• [Redacted]</li> <li>• [Redacted]</li> <li>• [Redacted]</li> <li>• [Redacted]</li> <li>• [Redacted]</li> <li>• [Redacted]</li> </ul>
<p><b>What</b></p>	<p>Company meeting with potential investor.</p>
<p><b>Additional information</b></p>	<p>Gift (quaich) to be handed over to [Redacted] at the end of the meeting.</p>
<p><b>Why</b></p>	<ul style="list-style-type: none"> <li>• Celebrate Mayekawa's proposal for further expansion in the UK and consideration for Scotland as potential location for investment.</li> <li>• Encourage Mayekawa to consider Scotland as an investment location.</li> </ul>

<b>Where</b>	Mayekawa Head Office, Tokyo 3-14-15 Botan Koto-Ku, Tokyo 135-8482, Japan
<b>When</b>	Tuesday 8 <sup>th</sup> October, 11:00 – 11:40
<b>Dress code</b>	Business attire
<b>Official(s) attending</b>	[Redacted] [Redacted]
<b>Media Handling</b>	No media at meeting, press release to be issued by both SE and Mayekawa.  Possible announcement - to be released by SG if RSA grant is approved and investment confirmed (hoping to have an outcome before meeting takes place).
<b>Annexes</b>	Annex A: Summary Annex B: Guest and company profile

## SUMMARY PAGE

### Purpose

- Celebrate Mayekawa's proposal for further expansion in the UK and consideration for Scotland as potential location for investment.
- Understand and gain insights into Mayekawa's business model and overseas investment strategy.
- Encourage Mayekawa to consider Scotland as an investment location.

### Strategic context

- Founded in Tokyo, Mayekawa is a world leader in gas compression and refrigeration equipment offering innovative and reliable products for the industrial refrigeration, oil & gas, and chemical processing industries.
- The introduction to Mayekawa came from Morgan Phillips, a Luxembourg headquartered recruitment firm which acquired Glasgow based recruiter, Hudson, last October. Hudson's have had an excellent working relationship with SDI over a number of years hence the instant referral.
- Mayekawa looking to set up a UK branch which will support R&D as well as sales and admin for UK/Europe division. Initially looking for c5 staff and growth will depend on the organic growth of business in Europe.
- SDI has received a completed RSA application form to help with the creation of c5-20 new jobs. The application was received in September 2019 and is currently under review.
- Following discussions with Morgan Phillips, Mayekawa are confident that they can source the skills required within the Glasgow conurbation and consequently have asked SDI to carry out a property search for central Glasgow.

### Key facts

- Many firms have chosen Scotland as their preferred location for a range of business functions, including; customer contact, finance, HR, procurement, legal and technology. Scotland is recognised on the world stage as a leader in global business services.
- Less expensive property and staff costs from one of the best trained and educated workforces in Europe.
- Over **70** organisations have chosen Scotland for their SSC (shared services centre) with many serving the UK, Europe and markets worldwide. Employ over **40,000** people.
- Many of these centres are serving international markets from Scotland, utilising the availability of multilingual talent speaking at least **26** languages.
- Well-established and growing technology ecosystem in Scotland with assets such as The Data Lab, The Cyber Security Network, The School of Informatics and technology accelerators such as Code Lab.
- **19** higher education institutes – 4 ranked in The Times Top 200 in the world.
- London is less than 90 minutes away with over 100 flights a day.
- **5** international airports that serve **150** destinations worldwide.

## Lines to take

- **Scotland remains the leading UK location outside of London for global investment for the 6<sup>th</sup> time in 7 years and Glasgow welcomes the opportunity for Mayekawa's UK expansion plans.**
- A number of Japanese companies has had a presence in Scotland for many years such as, Terasaki Electric and have gone on to celebrate further growth.
- *If Glasgow is indeed the successful location for investment, what are the immediate plans for the Scottish based operation?*
- *What plans do you have going forward for future business activity in Scotland? How can Scottish Government and enterprise agencies such as SE/SDI support this vision?*
- *Recognising Mayekawa's significant success in Japan, what more could Scottish Government/ SDI be doing to support your international operations?*
- **Technology/R&D - Scotland delivers the right environment for continuous research and ground-breaking technology development through an innovative company base, world class universities and leading innovation centres.**
- Following the submission of a RSA application form, it is hoped that Mayekawa's UK branch will support R&D as well as sales and admin for UK/Europe division.
- *What are Mayekawa's main technology and innovation challenges in Japan and worldwide?*
- *How can Scotland contribute to your need to access global innovation, research and development?*

## ANNEX B

### GUEST AND COMPANY PROFILE

#### Mayekawa

Founded in Tokyo in 1924, Mayekawa has become a **world leader in gas compression and refrigeration equipment** offering innovative and reliable products for the industrial refrigeration, oil & gas, and chemical processing industries. At the core of their business is the **MYCOM** compressor. Mayekawa has provided business solutions to customers based on freezing and compression technologies and, in turn, continuously evolved their technology and services. Besides the MYCOM brand compressors, Mayekawa is well known for its high-quality automated deboning solutions for poultry and pork, commercialised under the brand name **DAS**. More recently, Mayekawa has launched the new brand **CHORUS**, offering freezer solutions. Mayekawa's technology achieves environmental preservation by recovering gases from offshore oil flare stacks and recycling them safely back into the environment.

- Approx. **57** domestic offices with 3 plants and **90** overseas offices with 6 plants. Total of **c3,350** employees across **33** countries worldwide.

- Gained market shares in more than **120** countries globally.
- Over **100** small subsidiaries (units) in Japan and **40+** subsidiaries overseas.
- Mayekawa realised that these small units alone may not satisfy the needs of a growing global market which is becoming more complex. Mayekawa has decided to consolidate and reorganise the independent units both in Japan and abroad.
- Company has combined **R&D** and manufacturing understanding to cope with a wider and deeper range of problems that confront customers in the 21st century. For example, in the food market, by synthesising Mayekawa's expertise in freezing technology with the customers' existing food production process, Mayekawa is now developing new food processing technologies together with customers to dramatically improve flavors, tastes, colors, and smells of the final products.

## Europe/UK (Kent)

- EU division (Mayekawa Europe NV/SA) began in Brussels, Belgium 1971.
- Mayekawa Europe NV/SA offers products to Europe, Middle East, Africa and Western parts of Russia with established offices in **14** countries.
- Mayekawa EU is one of the leading companies for refrigeration and gas compressors in the European market and acts as a wholesale distributor, for the EMEA market, for Mayekawa Japan and Mayekawa Mexico.
- Representative office in the UK, **2** employees living in Kent and working from home.
- Growth is not visible in the UK yet due to current limited resources.
- Mayekawa is **keen to significantly increase its market share in the UK** and has decided to open an office base in the UK with **c20 employees** (over 5-year period).
- Aim is to increase sales as well as creating a R&D department tasked with looking for solutions tailored to the needs and challenges unique to each country.
- 5 largest existing customers: 3CL, Integral, Star Refrigeration, Greencold & Seward.

## SE/SDI RECENT ENGAGEMENT

- Mayekawa was introduced to SDI via Morgan Phillips recruitment firm.
- SDI has subsequently been in discussions with both Morgan Phillips and Mayekawa regarding the company's proposal to further invest in the UK.
- SDI has helped with the completion of a RSA application form which was officially submitted by Mayekawa Sep 2019 and is currently under review.
- Morgan Phillips advised SDI that Mayekawa are strongly considering Glasgow as a location to invest and subsequently requested that SDI begin searching for suitable commercial property within central Glasgow.
- Senior Mayekawa HQ executives have already visited Glasgow and met with Morgan Phillips, with the key project lead being [Redacted]
- [Redacted]