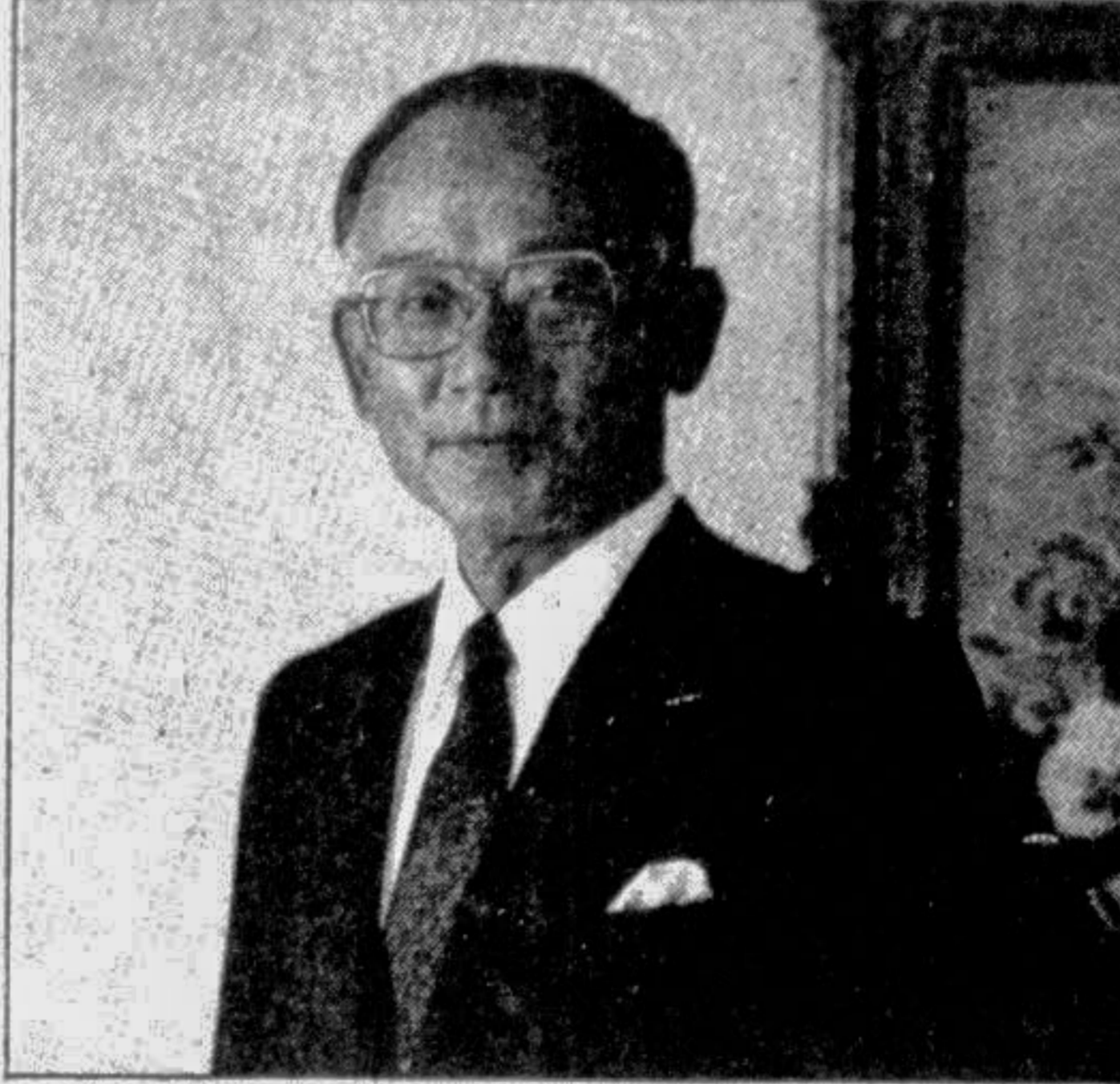


Sumitomo President Speaks to Star

"Japanese Industries will Relocate More in Next Two Years"

It was in one of those mild early spring afternoons that I got to meet Mr Tomiichi Akiyama, the President of Sumitomo Corporation at his head office in Tokyo. The simplicity of the man was instantly disarming. Punctual to the dot, he warmly welcomed me in the most humble and courteous manner possible. Throughout my 45 minutes interview he made me feel that I was doing him a favour by interviewing him. As I talked to him and thought that he presides over a company whose '93 sales totalled US\$ 155 billion, I couldn't but marvel at the human qualities that this man was exuding with his every word and gesture. As I watched him, I wondered that it was perhaps not the technological or management miracles, but the personal traits of Japanese business leaders, that lay behind their phenomenal success in the post-War era.



by Mahfuz Anam

the Japanese economy, that we saw in the post second world war period, was essentially over. Japan was facing the worst recession since the oil crisis of 1971. Now is the era of globalisation of the economy, and the key to survival in this atmosphere is innovation and discovery of new markets. They are integral parts of the same thing, he elaborated. New markets relate to new products, and new products can only come from innovation, which includes greater efficiency, reducing production and marketing costs etc. He pointed out that as a part of the globalisation of the world economy, capital is flowing to the places, wherever it's return was highest, regardless of national boundaries. Look at how much of the Japanese capital has already moved elsewhere. This process is going to continue, and is likely to become stronger in the coming years.

The question that obviously came to me in the face of this comment was whether or not Japanese capital will move to South Asia, especially Bangladesh? South Asia has not yet been able to make a big impression in the Japanese mind, he felt. Obviously the Japanese investors were taking a far more serious look at the region than they ever did before. But Sumitomo's Boss felt it remained in the drawing board stage. "The recent economic reforms in the region has definitely raised our interest. The rising cost in the regions where we have invested so far is also another factor that is making us look for new regions and opportunities." But it takes much more than just cheap labour to open the tap of foreign investment, he pointed out.

In what I felt to be a pointer to understanding the Japanese attitude about South Asia, he said. "Psychologically, South Asia remains far from the Japanese mind." What did he mean I asked? Physical distance is no longer a factor in

determining where a country will invest. Japanese are going in a big way to Latin America. They are willing to go anywhere. Why Latin America? The psychological barrier against that region is coming down with military dictatorship being replaced by democratic governments, and with the threat of communist movements taking over receding into the background. The whole region is now adopting market oriented policies.

However the mental blocks about South Asia remains. It is an area that Japanese do not seem to understand much about. The fault, he felt, was on both sides. The Japanese businessmen did not try very hard to understand the subcontinent, and the people from here have not done much either. There was also the question of need. Till now, the Japanese did not need to look hard for new areas for investment, because there were plenty. Perhaps, now they will take a more serious look at this region. It is already taking place. India and Pakistan are high on the interest list of the Japanese, he said.

But even now, there are plenty of other places to invest in, especially the newly opened East European countries, I pointed out. The Sumitomo Chief felt that East European opportunity will not affect the Japanese investment in South Asia if these countries create the necessary conditions. Though he did not say so, I understood his remark to mean that Japan will try and maintain its economic supremacy in Asia, and not allow European and American investors to establish their hold in South Asia — that is if this region can create that competitive environment. "USA and the EC have invested a lot in India. Japan is far behind", he said.

The fact that the Sumitomo Chairman did not refer to Bangladesh yet, did not escape my attention. So I repeated. What about our country's prospect of getting Japanese investment? Mr Akiyama was

very positive of the Prime Minister's visit to Japan. He said it is initiatives like these that make the initial breakthroughs. But the reality is that not too much is known about Bangladesh in Japan, he said. He recalled his visit to Bangladesh, when we were a part of Pakistan. Sumitomo, he said came here 30 years ago, in the 1960s. At present it was involved in telecommunication and to some extent in power equipment. Why haven't he returned? He said his other preoccupation prevented him from coming back. But this was a polite reply, I thought. The real reason must have been that we did not grow enough to become an attractive investment opportunity for expansion of Sumitomo investment here.

What did a man of his international experience and vision have to tell our entrepreneurs in Bangladesh? I asked. For countries like Bangladesh he thought export was a must. The Government will have to carefully think how best to give incentives to the export industries that can may a breakthrough in the international market. "Forty eight years ago we had lost everything. I can still remember those days. Our government did not have much money. So instead of putting it in too many places, it selected specific industries like steel, ship building, coal etc. and gave them all the support. I was in steel business at first. It took us twenty years to export steel. A lot of studying and building went behind to come to where we are." He meant both Japan and Sumitomo I suppose. In

always better under democracy. So what matters is economic opportunities for the foreign investors in an overall sense.

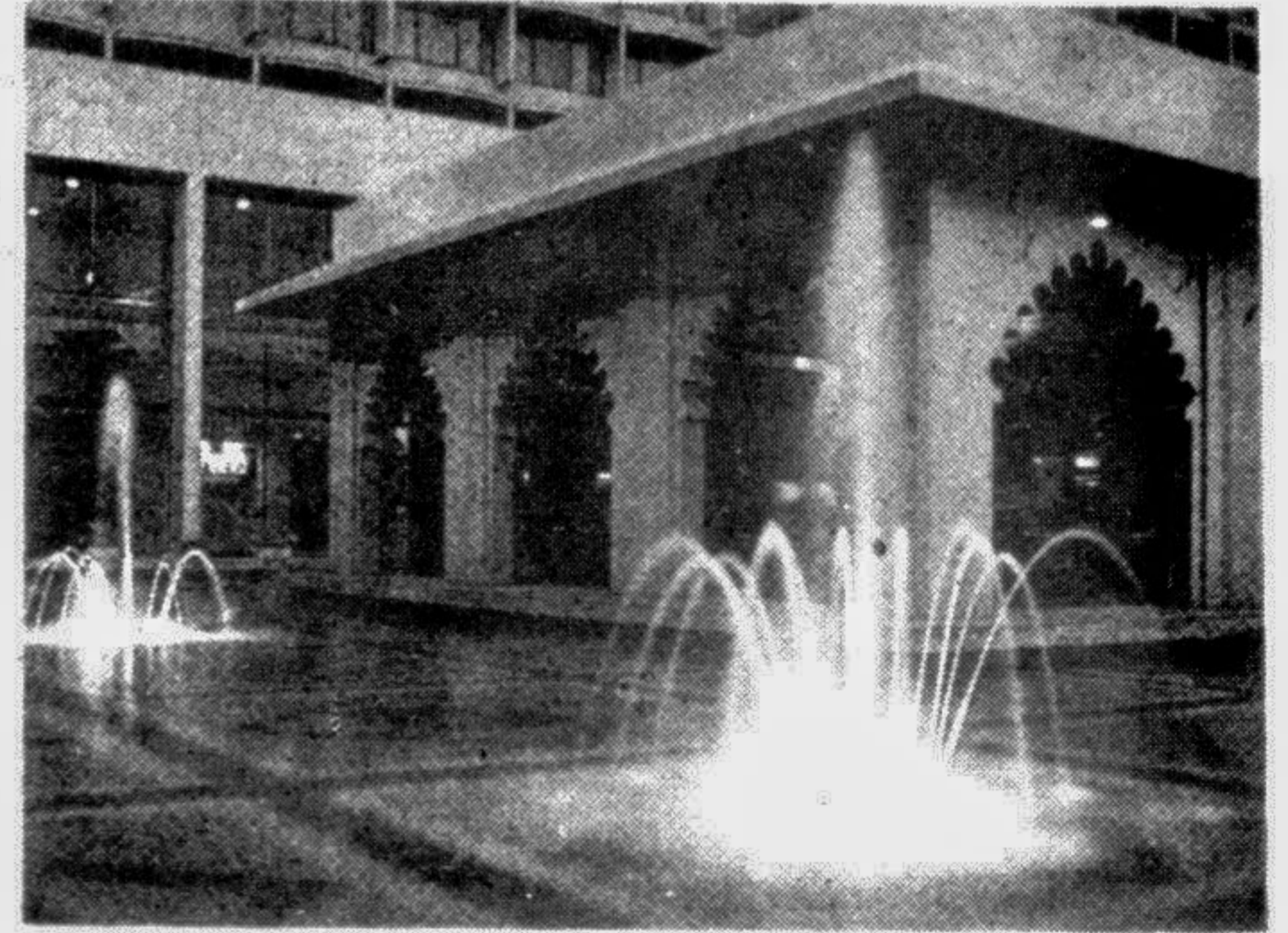
Any last word of advice? "Your businessmen must persistently cultivate the Japanese connection. One or two visits or efforts will not do. It has to be well planned, forceful and sustained overtime. I think there are many items that Bangladesh can export here. But your entrepreneurs must study our market, explore the possibility and then negotiate with us and establish the busi-

ness links. It will take a while and lots of efforts. There is no quick way about it." Wise words indeed. Any takers on our side?

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