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.

THE big Japanese companies are now known the world over, sometimes in envy, occasionally in anger, but mostly in admiration and wonder at their achievements. From a war devastated country to the strongest economy in the world, Japan's has been a transition that can be termed as near miraculous. Much of the post-war reconstruction of Japan was due to the close collaboration of the former socalled zaibatsus with the government of the day.

We have all heard about the revolutionary breakthroughs of Japanese technology, spearheaded by these companies. We also know, to some extent, about the whole new thinking of Japanese management techniques that bring out far greater output along with greater dedication from the staff and employees. But what perhaps we do not know much, especially in a country like Bangladesh, is about the people who run these giant companies.

It was a rare opportunity that I got to interview the soft spoken, extremely mild-mannered President of the Sumitomo Corporation, Tomiichi Akiyama. Sumitomo Corporation is a Sogo Shosha. meaning, an integrated business enterprise involved in trade, business investment and value added services- in other words, the whole range of , bussiness. The Corporation's various Groups include Iron and Steel. Machinery and Electric, Non-Ferrous Metals, Chemicals and Fuels, Media and Living Related activities. As of 1993 the Corporation's total capital base was US dollars 1.3 billion with sales of approximately US dollars 155

With sales of that size, my first obvious question to the man who heads this giant corporate structure, was to know how he sees the current global trends in the economy. He was categorical in his view that the era of tremendous growth of

## 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 produc-tion 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

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 vet 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

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 any-where. Why Latin America? The psychological barrier against that region is coming down with military dictatorship being replaced by demo-cratic 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 vet, 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 in-

ternational 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 A lot of studying and building went behind to come to where we are." He meant both Japan and Sumitomo 1 suppose. In

thrust should be in light industries like textile, garments and agriculture. "You must put a lot of emphasis in building your infrastructure and human resources development. Train your people to become good workers. Other Asian countries like Thailand and Malaysia did. and as Indonesia is doing now."Due to the economic situation in Japan, especially the high value of Yen, Japanese industries are going to relocate. "We have already relocated 4 to 6 per cent outside. This is likely to rise to 10 per cent in the next two years. We have relocated in Thailand, Malaysia and Indonesia in the past. Japan is now looking at China. Myanmar, India and also Bangladesh." The effort should be to create the best possible conditions so that in the relocation process Bangladesh can get a good share he advised. What can we do to make our country more attractive for relocation of Japanese industries.? Mr. Akiyama's reply was instant, "Build roads, ports, improve power generation and telecommunication facilities and the transport system. These are the first steps, but very important ones. Others

our case, his view was that our

will follow from them." Does cultural factors matter? For example are Japanese businessmen going to Vietnam because they are Buddhists? "Don't forget we have been in Indonesia and Malaysia far ahead of Vietnam, and we had excellent experience there. No I do not think cultural factors make that much difference. However the political system that goes well with market economy is of democracy. It is

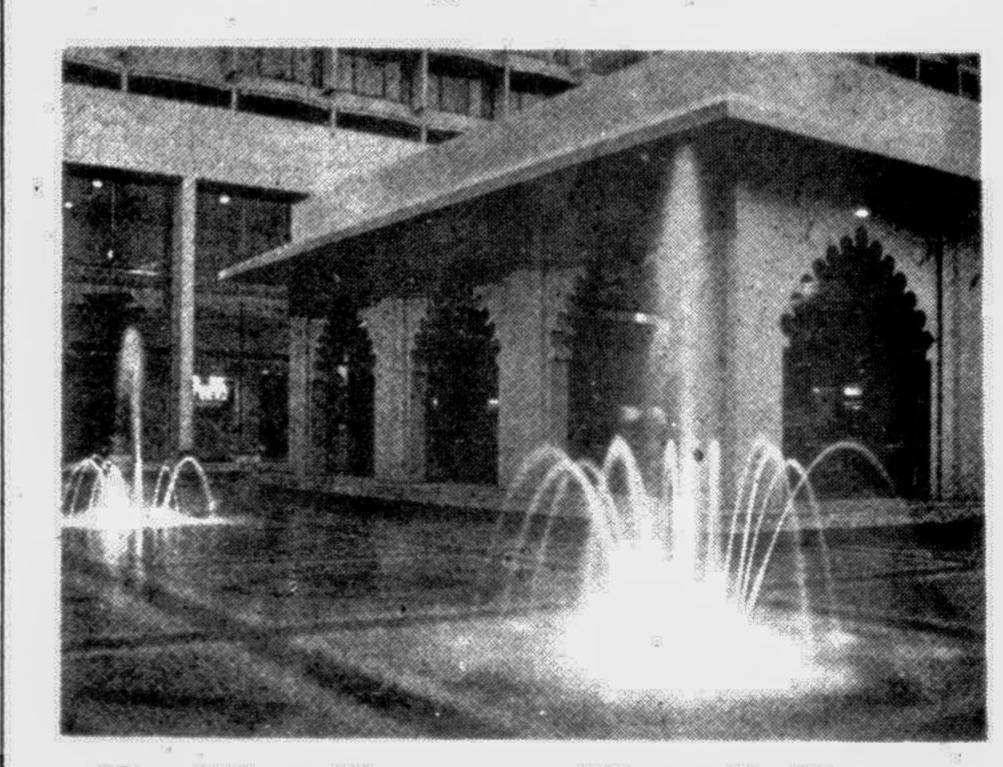
always better under democracy. So what matters is economic opportunities for the foreign investors in an averall

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

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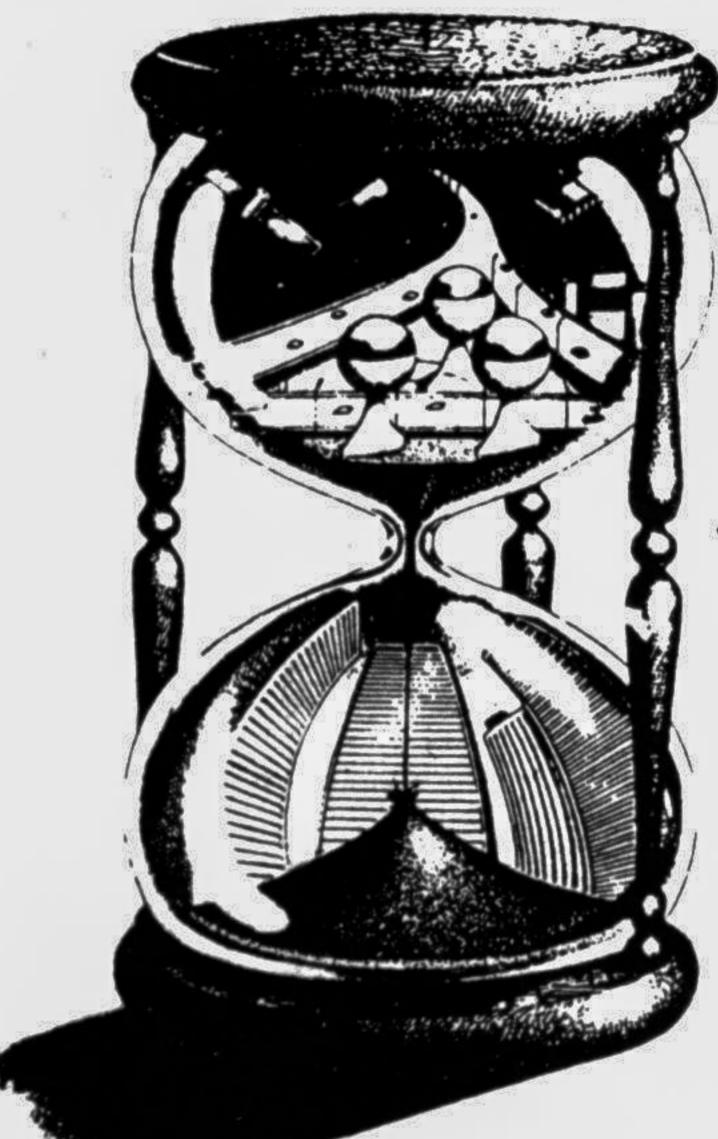
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