

The Globalisation of the Japanese Cable Industry

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MERI/J

Good afternoon, ladies and gentlemen.

My name is Hiroshi Kobayashi and I work as senior analyst at Metal Economics Research Institute, Japan. First of all, I want to thank ICF for the invitation giving me the chance to speak on the present status of the Japanese cable industry.

The subject of my presentation today is “The Globalisation of the Japanese Cable Industry”. The point of my presentation is that although the domestic production of electric wire & cable of Japan has been decreasing considerably in recent years, the Japanese cable industry has been greatly globalised during this period relocating the cable manufacturing operation to overseas countries such as China and Southeast Asian countries and still plays an important role, keeping a strong presence in the global cable industry.

In this presentation, I want to speak broadly in accordance with this agenda:

1. Outline of Japanese cable industry
2. Contraction of domestic production & reasons of decrease
3. Globalisation of Japanese cable industry & trade of cable of Japan
4. Recent trend of Japanese cable industry
5. Historical trend of cable production
6. Summary

Outline of Japanese Cable Industry

(2004)

Number of Companies:	About 400 (*143) <small>*Number of companies belonging to JEW&CM Association</small>
Number of Employees;	24,073 (Incl.fiber cable)
Production qty;	744,268 tons (copper) 34,329 tons (aluminium) 9,471,977 core-km (fiber)
Turnover;	1,038,142 million yen (metal) + 92,826 million yen (fibre) = \$ 10,282 million

(Source: Ministry of Economy, Trade & Industry=METI)

The outline of the current Japanese cable industry (2004) is as shown in this slide. The number of cable manufacturers is estimated at about 400 including large and small ones. Out of these, 143 companies belong to “Japan Electric Wire & Cable Makers Association” and they manufacture more than 90% of the total national production. The production quantity of aluminum conductor cable is about 4% as compared with that of copper conductor cable. This is small compared with Europe and USA where this is 10% or more. Total turnover (copper, aluminum & optical fiber cable) is about \$10.3 billion in 2004.

Contraction of Domestic Production

Production Quantity of Wire & Cable in Japan



Japan used to be one of the biggest countries in the world in electric wire & cable production and still maintains an important position in the global cable industry but the production has been falling considerably in terms of copper and aluminum conductor quantities since 1991 which was the peak year of production. As shown in this slide, the production quantity has decreased by as much as 35% for copper conductor cable and about 60% for aluminum conductor cable during 1991~2004.

Change of Production Quantity by Cable Types (1991=100)

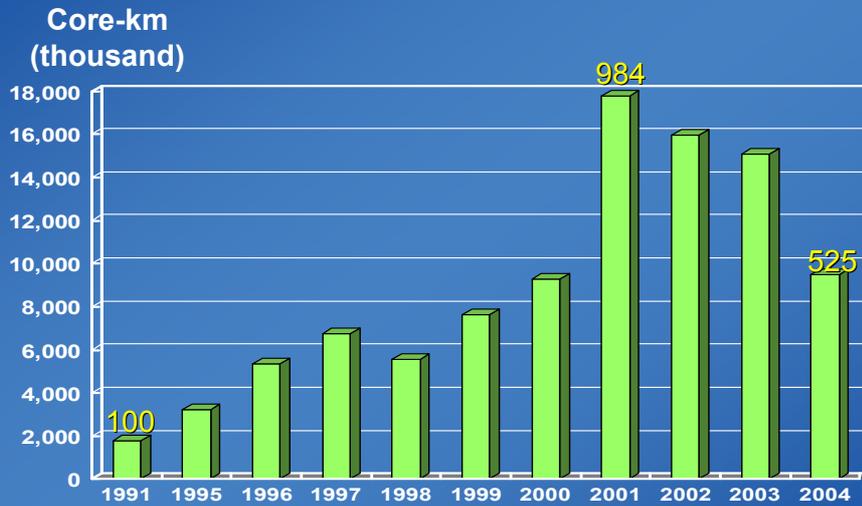
	(2004)
<i>Automotive wire</i>	103.2
Power cable	72.0
Others	68.5
Bare copper wire	63.9
Total copper wire	63.6
<i>Appliance wire</i>	58.2
<i>Magnet wire</i>	51.9
Total aluminium wire	40.6
<i>Communication cable</i>	36.6

If we examine the decrease of the production in details by types of wire and cable, three items of wires and cables, magnet wire, appliance wire and communication cable suffered considerably by the greatest decrease in production quantity together with aluminum conductor cable as shown in this slide.

The reason for the large amount of decrease of production for the first two items (magnet wire and appliance wire) is that the production of these wires has been relocated to overseas countries with low labor cost, notably China (mainland) and ASEAN countries, while the decrease of communication cable production in Japan is obviously due to the replacement by optical fiber cables. The aluminum conductor cables are mainly used by electric power companies as ACSR and power cables for the transmission of electricity. In Japan the consumption of electricity has shown sluggish growth in recent years, leading to the holding back of capital investment in transmission network by electric power companies.

The production of transport cables which is mainly used for automobiles has been continuing at a similar or higher level during this period in spite of the decrease of the total domestic production quantity of automobiles from 13.5 million in 1990 (peak year) to 10.5 million in 2004. This can be explained by the fact that many additional functions using electronics have been introduced in automobiles such as airbags, navigation systems etc. As a result of this, an increasingly large quantity of motors, switches and sensors are now being used for each automobile as compared with the past, leading to the use of more automotive cables, together with magnet wires and other types of cables. If “hybrid cars” come into more popular use in the future, this tendency will become stronger.

Production Quantity of Optical Fiber Cable in Japan



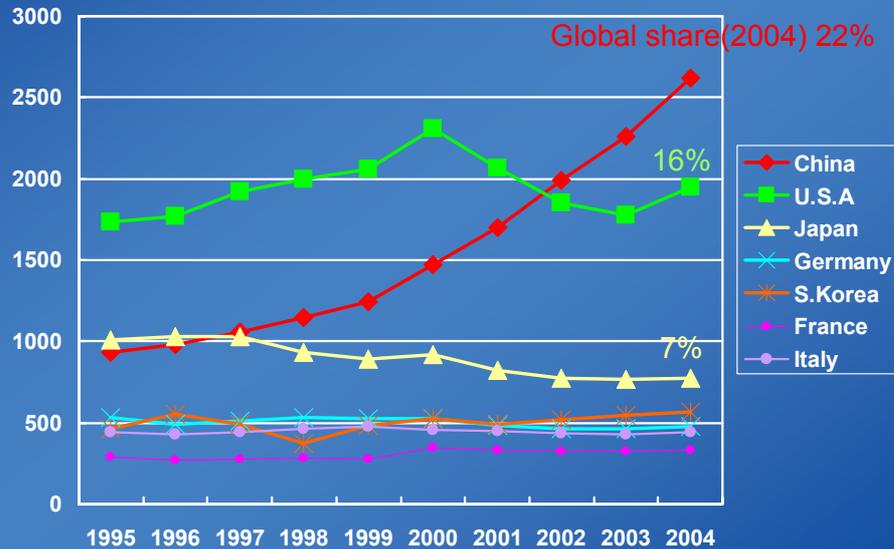
(Source: Ministry of Economy, Trade & Industry)

The production quantity of optical fiber communication cables for the past 10 years is shown in this slide. In great contrast to metal conductor communication cables, the production of optical fiber cables has shown a remarkable growth, almost tenfold from 1991 to 2001. Since 2001 the production has gone down because of the burst of the so-called IT bubble but the recovery of the demand is expected to start around 2007~2008.

Production of Insulated Wire & Cable in Major Countries

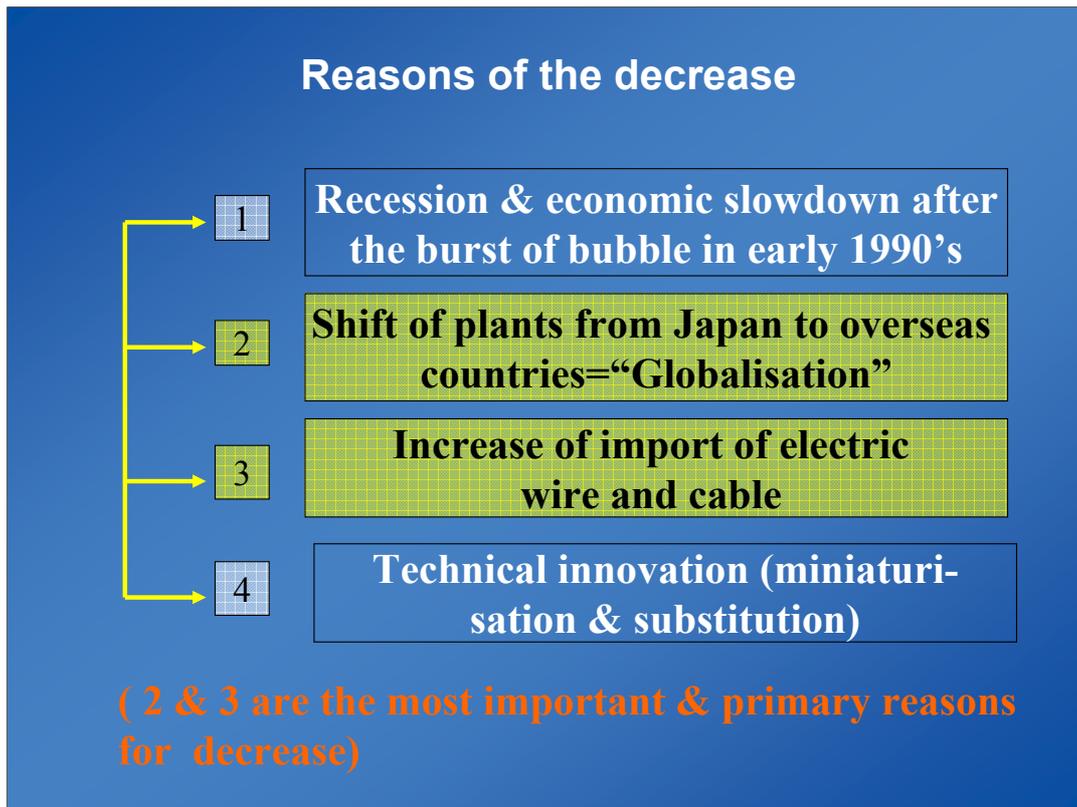
(Thousand tons
-Conductor weight)

(1995~2004)



(Source : International Cablemakers Federation)

Thus all the figures and data show the downward trend in the past 14 years and in the world league table of electric wire & cable production statistics, Japan was overtaken by China in 1997 and now stands at the 3rd place after China and U.S.A. The production quantity in Japan is less than half of that in each of these two countries, Japan being the distant third. The global share of Japan in 2004 is estimated at about 7% against 22% of China and 16% of USA. The growth of production in other major European and Asian countries has been either almost flat or very moderate.



There are several reasons for this decrease of the production quantities in the wire & cable industry in Japan, but I think we can give the following four major reasons.

(1) The recession after the burst of the economic bubble in Japan in the early 1990's and subsequent economic slowdown.

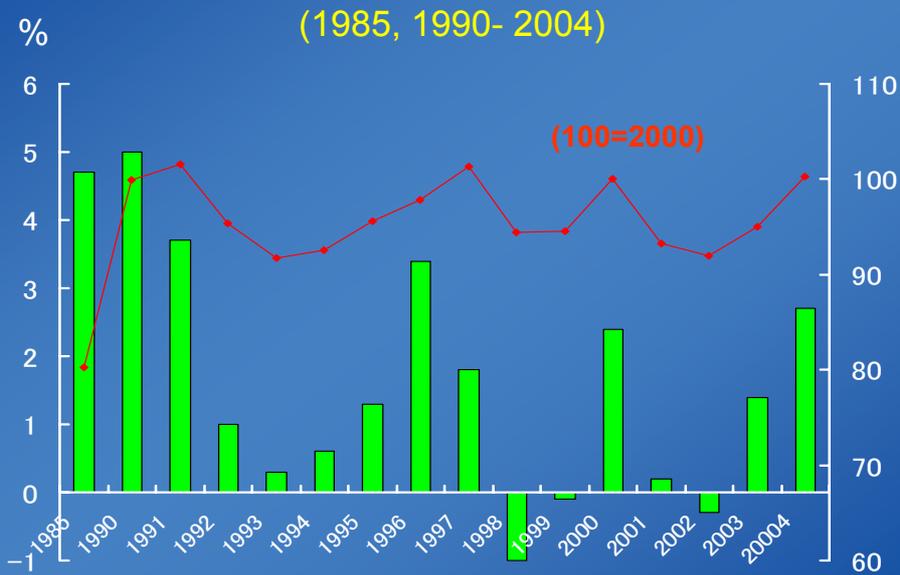
(2) Many electric wire & cable manufacturers, large and small, have shifted their plants out of Japan to overseas countries, notably China and Southeast Asian countries where labor cost is exceptionally low compared with Japan.

(3) The import of electric wire and cable has considerably increased in recent years, mainly coming from Japanese transplants in overseas countries while exports have been decreasing recently.

(4) Substitution of copper by other materials (typical example is optical fiber) has taken place and miniaturisation or downsizing of electric and electronic equipment has been realized by technical development and innovation.

Among these four reasons, the reason (1) can be said to be cyclical but the other 3 reasons (2), (3) & (4) are all structural and important factors in forecasting the future of the cable industry in Japan. Especially as for (2) & (3), we can say these are the result of "Globalisation of the industry" and are the primary reasons for the decline of production at the home country Japan. Japanese cable industry is contracting at home but is expanding globally. This is taking place inevitably or will take place more or less in developed countries, not only in Japan but also in major European countries and the U.S.A. But it has happened in Japan in a most typical manner in a comparatively short period of time.

GDP growth (actual) & Mining/Manufacturing Industry Production Index of Japan



(Source : Cabinet Office of Japan & METI)

This slide shows the GDP growth rate (actual) and the mining & manufacturing industry production index of Japan in 1985 and 1990~2004. The rate of GDP growth in recent years has been low as compared with that in the late 1980's, being negative in some years and the index of production in the mining & manufacturing industries has been stagnant remaining in the range of 90~100 during the past 10 years.

Globalisation of Japanese Cable Industry

Overseas cable manufacturing sites of Japanese companies (as of August,2004)



(Source : Japanese Electric Wire & Cable Markers Association)

This slide shows the location of Japanese overseas cable plants at the end of August 2004. There are as many as 274 overseas cable companies (plants) owned by Japanese cable manufacturers in total, being scattered over 31 different countries or areas. There is a heavy concentration in Asian countries having 76% of the total number.

The first overseas electric wire and cable manufacturing company (plant) was established in 1962 in Thailand and ever since the sharp appreciation of Japanese yen after the so-called "Plaza Accord" in 1985, many Japanese manufacturing companies, electric & electronics and automobile companies in particular rushed to shift their manufacturing plants to overseas countries such as China and ASEAN countries (Thailand, Malaysia, Indonesia, Philippines etc.) where labor cost is low. Then many cable companies followed them who were important customers for cable manufacturers. At the initial stage, many plants were established mainly in NIEs (Newly Industrialized Economies) countries such as South Korea, Taiwan, Hong Kong and Singapore, being followed by ASEAN countries and USA, but since the late 1990's China has become the most popular destination for the shift of cable manufacturing plants.

Location of Overseas Japanese Cable Plants

(Number of plants - August,2004)

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Asia</td> <td style="text-align: right;">208 (76% of total)</td> </tr> <tr> <td>North America</td> <td style="text-align: right;">31</td> </tr> <tr> <td>Europe</td> <td style="text-align: right;">23</td> </tr> <tr> <td>South America</td> <td style="text-align: right;">8</td> </tr> <tr> <td>Oceania</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Africa</td> <td style="text-align: right;">1</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">274</td> </tr> </table>	Asia	208 (76% of total)	North America	31	Europe	23	South America	8	Oceania	3	Africa	1	Total	274	⇒	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">China</td> <td style="text-align: right;">72</td> </tr> <tr> <td>Thailand</td> <td style="text-align: right;">29</td> </tr> <tr> <td>Malaysia</td> <td style="text-align: right;">26</td> </tr> <tr> <td>Indonesia</td> <td style="text-align: right;">22</td> </tr> <tr> <td>Hong Kong</td> <td style="text-align: right;">13</td> </tr> <tr> <td>Taiwan</td> <td style="text-align: right;">11</td> </tr> <tr> <td>Philippines</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Vietnam</td> <td style="text-align: right;">9</td> </tr> <tr> <td>India</td> <td style="text-align: right;">5</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">11</td> </tr> </table>	China	72	Thailand	29	Malaysia	26	Indonesia	22	Hong Kong	13	Taiwan	11	Philippines	10	Vietnam	9	India	5	Others	11
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If we see the details of the location by regions and countries, Asia is by far the most popular region followed by North America and Europe. The top 6 countries or areas are mainland China (72), Thailand (29), Malaysia (26), Indonesia (22), U.S.A.(21) and Hong Kong (13).

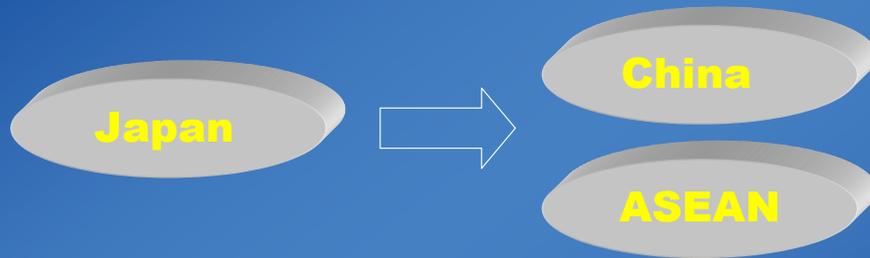
Cable Types manufactured at Japanese Overseas Plants

(Number of plants - August,2004)

Appliance wire	117	(27.6%)
Automotive wire	76	(18.0%)
Magnet wire	51	(12.1%)
Optical fiber cable	36	(8.5%)
Communication cable	36	(8.5%)
Other insulated wire	36	(8.5%)

When we look at the types of cables produced at these overseas plants, appliance wire (117=27.6%), transport or automotive wire (including harness fabrication 76=18.0%) and magnet wire (51=12.1%), which are generally called “OEM cables” are the major items of production. In this examination, the numbers of overseas plants owned by Japanese cable manufacturers are simply taken and considered, because unfortunately no definite figures or statistics of the overseas production quantity or value are available. In case of magnet wire, however, it is roughly estimated that nearly two thirds of the total magnet wire production by Japanese manufacturers is now done at these overseas plants. The two items of appliance wire and magnet wire happen to be among the wire and cable, which show the greatest decrease in domestic production during the past 14 years. From this fact, it can be said that this relocation of manufacturing plants has undoubtedly led to the considerable decrease of the production quantity in Japan.

Shift of Manufacturing Locations



Reason of Shift

- ① Cheap labour cost
- ② Big domestic Market

Type of Cable

- ① Appliance wire
- ② Automotive wire
- ③ Magnet wire

To summarize, the relocation of manufacturing operation has gone to China and ASEAN countries due to cheap labor and in case of China due to the huge and rapidly growing market. The main types of cable production being relocated are automotive wire, appliance wire and magnet wire.

China

Change of Motives in Investment in China (All industries, Plural replies)

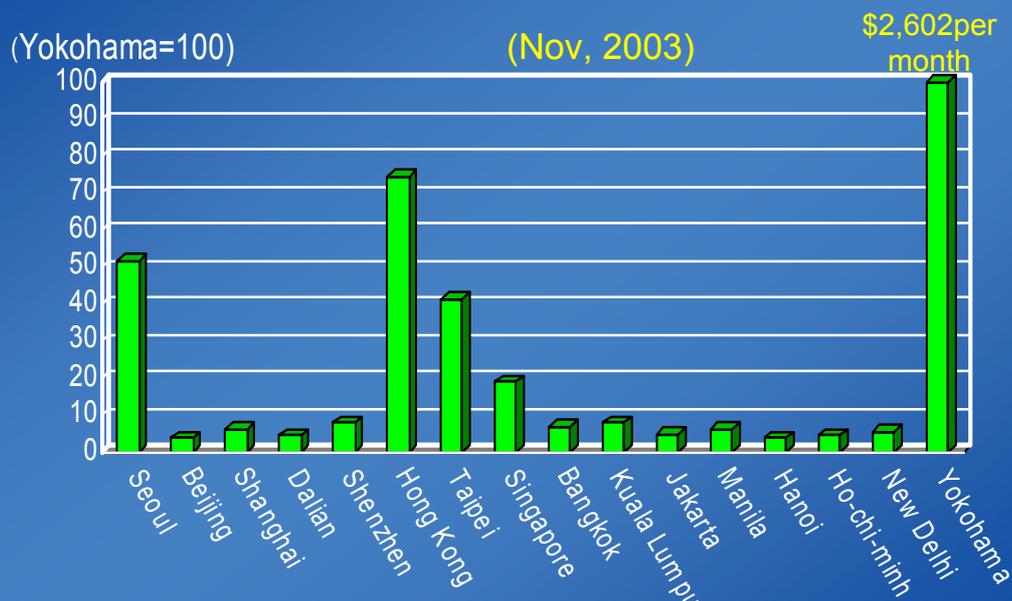
1995	① Cheap labour cost	69.9%
	② Maintaining Chinese market	49.0
	③ Developing Chinese market	49.0
2004	① Huge market & high growth	83.3%
	② Cheap labour cost	66.1
	③ Establishing supply base close to Japanese clients in China	28.6

(Survey by Japan Bank for International Cooperation)

Now I want to draw your attention to the change of character as well as location of Japanese transplants in China. At the early stage of establishing plants in China, most of them engaged in manufacturing or processing products for export by using the low-cost labor force in China but many recent operations are mainly targeting the huge and rapidly growing domestic market in China. This trend has been accelerated by the entry of China into the WTO in 2001, requiring China to conform to international rules and standards. This has given some sense of assurance to the management of not only many Japanese, but also European and American companies.

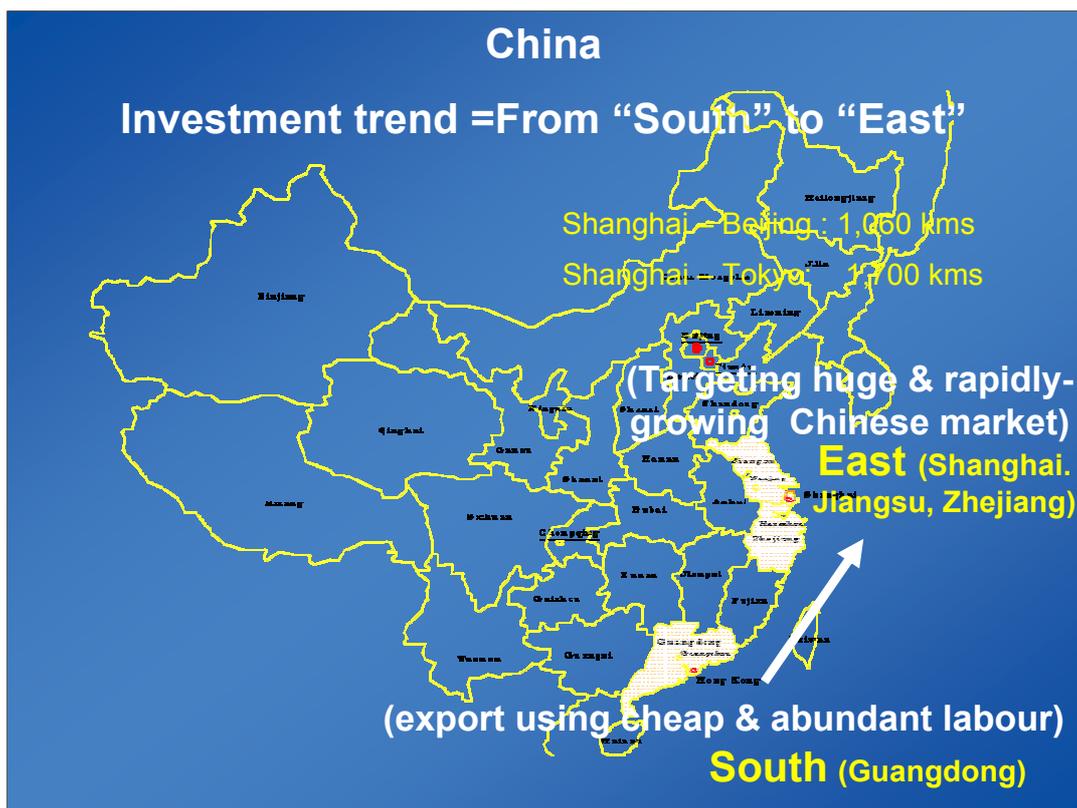
This is clearly demonstrated by the survey conducted by the Japan Bank for International Cooperation. According to this survey, the most important motive for investment in China was “cheap labor cost” in 1995, but “huge domestic market and its high growth” became the number one motive in 2004. Accordingly we can see a recent trend that many cable companies are now starting to manufacture power cables as well as communication cables for local customers in China.

Comparison of General Workers' Wages in Selected Asian Cities



Source: Research by JETRO

This slide shows a comparison of labor cost (unskilled labor) in selected main cities in Asian countries, taking the labor cost in Yokohama, the second largest city in Japan after Tokyo, at 100. This data is based on the study made by JETRO (Japan External Trade Organization) in November 2003 and should be taken just for reference, because wages in China are rising very rapidly and therefore this may not necessarily reflect the latest situation. Anyway, the labor cost in China and Asian countries is exceptionally low, being less than one tenth of that of Japan.



As explained earlier, the nature or character of investment in China has been changing and the plants are accordingly located less in the South (Guangdong Province) and more in the East (Shanghai city, Jiangsu & Zhejiang Provinces). The East is the richest area in China and is conveniently located at the center of China for the transportation and distribution of products to the whole area of China. Furthermore, well-educated high-level workers and engineers are easily available there, while in the South they rely mainly on young female migrant workers from neighboring provinces. The relatively short distance from Japan is also advantageous for the East. The distance between Tokyo and Shanghai is about 1,700 km (between Beijing and Shanghai is 1,060 km) and it is only 3 to 4 hours by air. The development of transportation and communication has made this distance nearly insignificant. Recently, many cable companies, even from Europe and America, are also moving to the East to invest in local manufacturing. We see a lot of “big names” in the global cable industry operating in this area.

The share of foreign-funded companies in cable production value is now estimated at 20% or more. Therefore we can say the recent rapid increase in cable production in China has been achieved to a certain extent at the expense of the domestic production in Japan as well as in Europe and U.S.A. .

ASEAN

In spite of recent “Chinese Fever”, ASEAN countries are still important for Japanese companies in overseas investment.

① Diversification of Risks:

It is too risky to become too much dependent on China (something unexpected or unforeseen might happen -political or social unrest, heavy shortage of electricity, SARS etc.

② AFTA:

AFTA scheme has started to work in earnest and all import duties are scheduled to be abolished by 2010 -2015, creating a big united free market with about 540 million population.

In spite of this recent “China fever”, Japanese cable companies are not necessarily wholly devoted to China, but they still remain interested in the manufacturing in ASEAN countries as well. Historically until the mid-1990's, ASEAN countries were more favorable than China with respect to overseas investment conditions and environments for Japanese companies for several reasons – political stability, good infrastructure system, good living conditions for foreign expatriates etc. But recently, the situation has greatly changed in favor of China and everybody now seems to be interested in investment in China. However, many Japanese companies still continue to maintain operations in these countries, although there are signs that the investment rush there is slowing. Two main reasons can be given for this.

(1) In the first place, they think it is too risky to become too dependent on operations in China. So they want to diversify risks just in case something unexpected and unforeseen happens in China: Political and social unrest, SARS and major shortage of electricity, to give some recent examples.

(2) Secondly, the AFTA scheme which is a free trade zone, formed by the 10 ASEAN countries in 1992, started to work in earnest and all the import duties among the member countries are scheduled to be abolished completely by 2010~2015. At present, Japanese cable companies in ASEAN countries play an important role in the local market as main players and wish to keep this strong presence in this enlarged common market with a big growth potential, having a population of about 540 million.

At present, India is not necessarily a popular country for relocation, because the infrastructure there (transport, electricity etc) is inferior as compared with China and major ASEAN countries, but from a mid or long-term viewpoint it has a great potential.

ASEAN 10 Countries

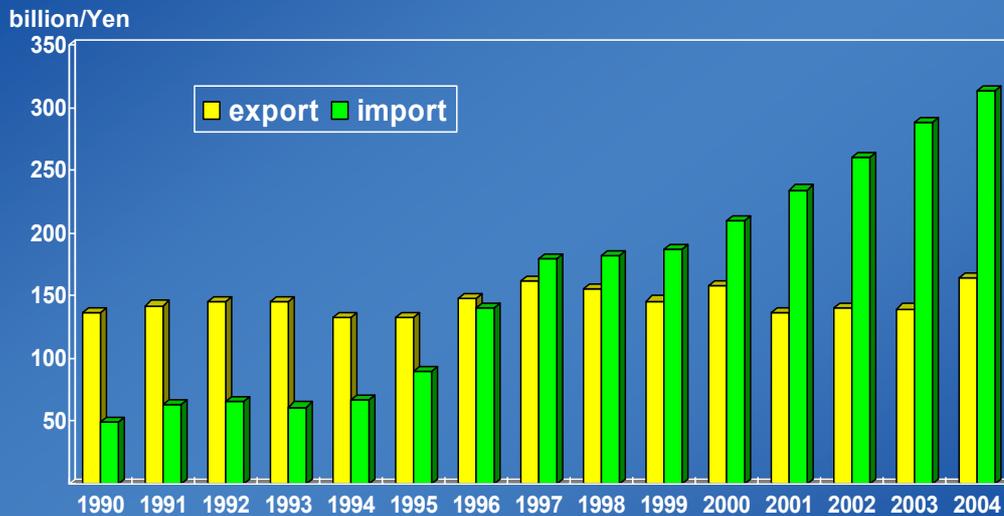
Area: 4,481 km² (56% of China)
Population: 540 million (42%)
GDP (estimated): \$ 680 billion (48%)

⇒ Roughly half size of China



These are the 10 ASEAN countries and the key data of ASEAN are shown. The size of the market of the 10 ASEAN countries is very roughly half of that of China in area, population and GDP. Therefore, ASEAN has a great possibility of becoming a big economic power and a big market in the future.

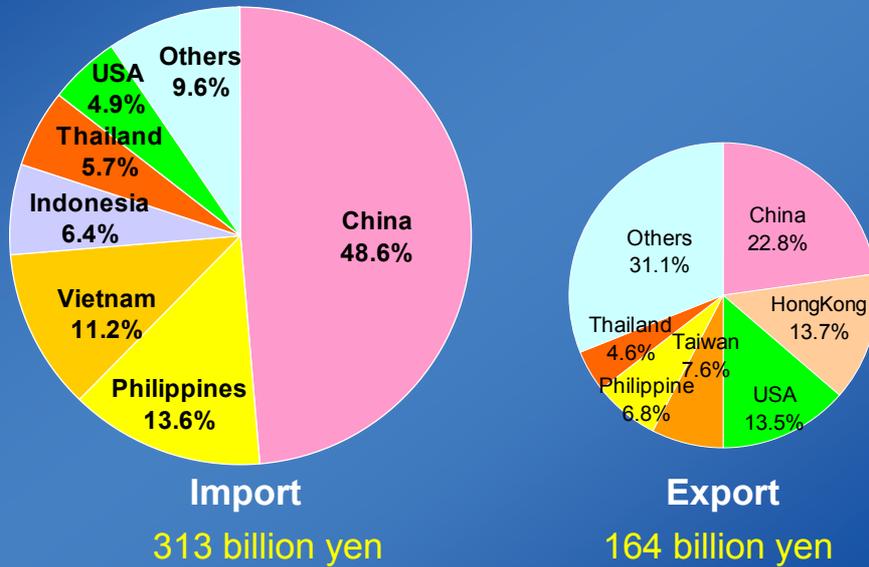
Trade of Cable of Japan Export & Import of Insulated Wire & Cable of Japan



Source: Japanese Electric Wire & Cable Exporters Association

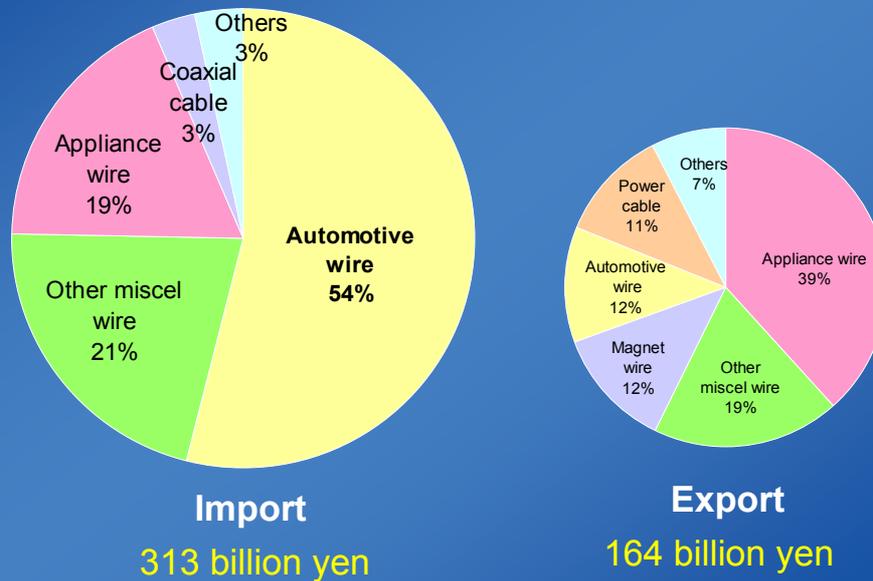
In the past, Japan was one of the biggest exporting countries in the world for various kinds of insulated wire and cable, but in 1990's the growth of these exports slowed down in the face of keen international competition and the growing domestic cable industry in many developing countries. On the other hand, the import showed a sharp increase since the mid-1990's and from 1997 onward the imports exceeded the exports constantly and the gap is widening every year as shown in this slide. The majority of the imports is coming from the Japanese transplants in China and the ASEAN countries.

Main Trading Partners of Japan of Insulated Wire & Cable (2004)



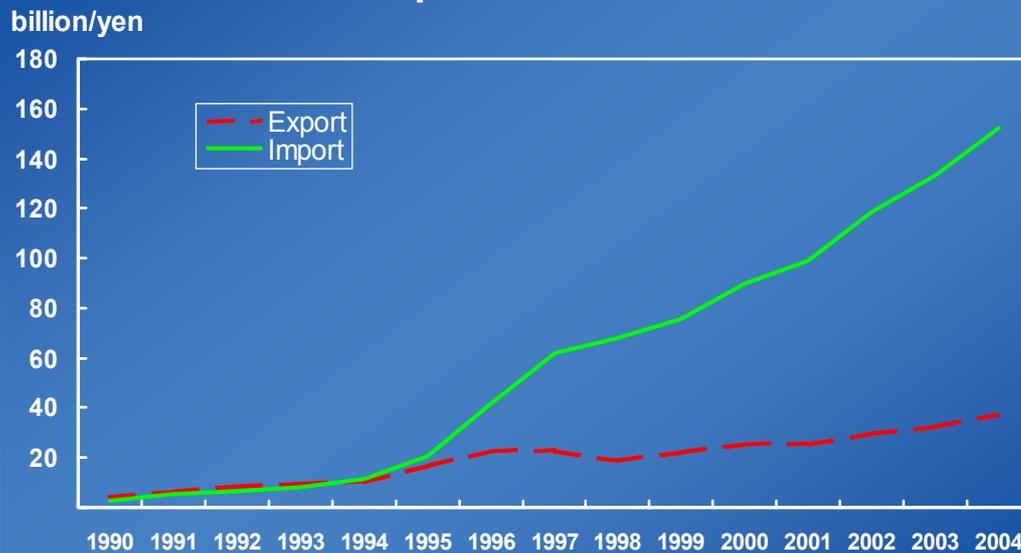
Since 1995 China has been the biggest importing country of electric wire and cable to Japan, followed by Philippines and Vietnam. In the latest statistics of 2004, China is by far the largest partner for imports to Japan. In export, Hong Kong comes next to China, but since almost all the cables exported to Hong Kong are supposed to go ultimately to mainland China, the combined share of China and Hong Kong (which is actual export to China) from Japan amounts to 36.5% of the total export. The main items of import from these countries are appliance wire and automotive wire & harness manufactured at Japanese transplants.

Main Trading Types of Insulated Wire & Cable of Japan (2004)



The breakdown by the types of cable is shown in this slide. For the import, transport wire mostly in the form of wire-harness is by far the biggest item making up 54% of the total import of insulated wire & cable, followed by other miscellaneous types of wires and appliance wire. These three types make up about 94% of the total. As for export, appliance wire is the biggest item at 38% of the total and then other miscellaneous types of wire, magnet wire and automotive wire come after appliance wire.

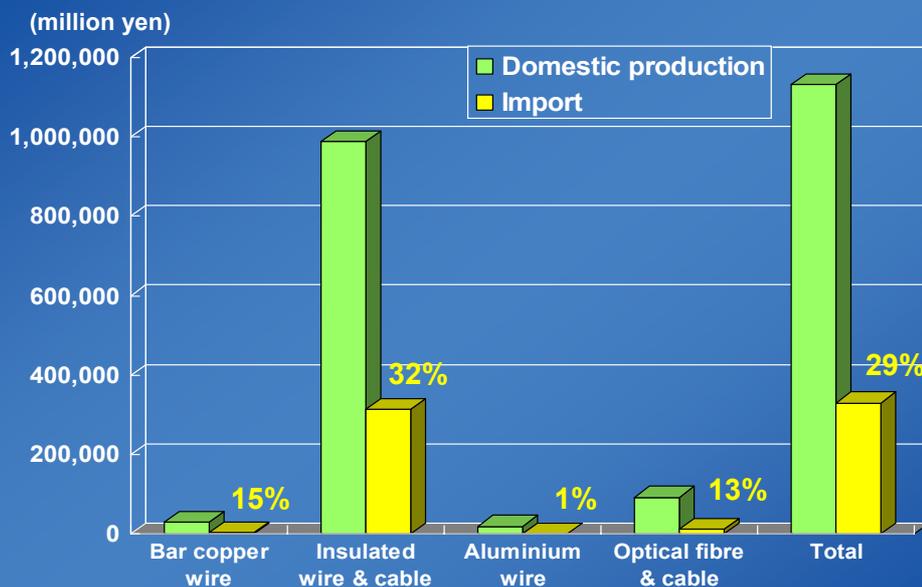
Trade of Insulated Wire & Cable of Japan with China



Source: Japanese Electric Wire & Cable Exporters Association

This slide shows the trading trend of insulated wire & cable of Japan with China since 1990. The export from Japan has been showing a moderate growth while the import from China has been increasing rapidly since 1995, when the relocation of cable manufacture to China took off.

Comparison : Domestic Production vs. Import of Cable in Japan (Value -2004)



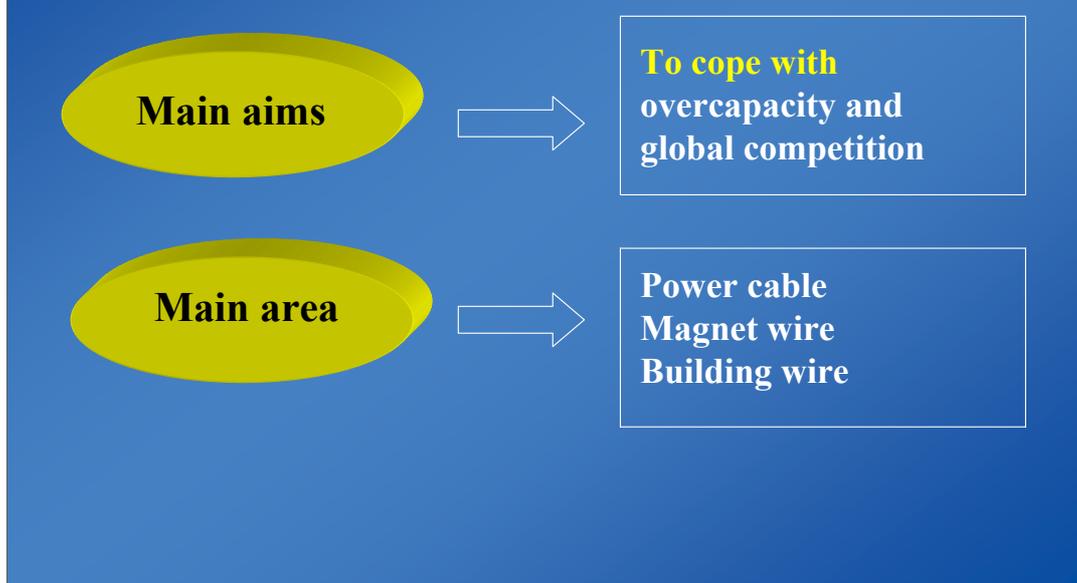
Sources: METI Statistics & Japanese EW&C Exporters Association

Apart from these imports, a number of leading indigenous cable manufacturers in South Korea and Taiwan have started to supply cable including low & medium voltage power cable to some of the important customers including electric power utilities, magnet wires, power supply cords and appliance wires. Japan is now increasingly opening its market to these foreign suppliers and at the same time many Japanese customers are much more interested in global purchasing, seeking better prices to survive in keen international competition. This trend will continue to be strong in the future. Now the import corresponds to nearly 30% in value of the total domestic production of wire and cable in Japan as shown in this slide.

Three main developments can be given for the recent trend of the Japanese cable industry.

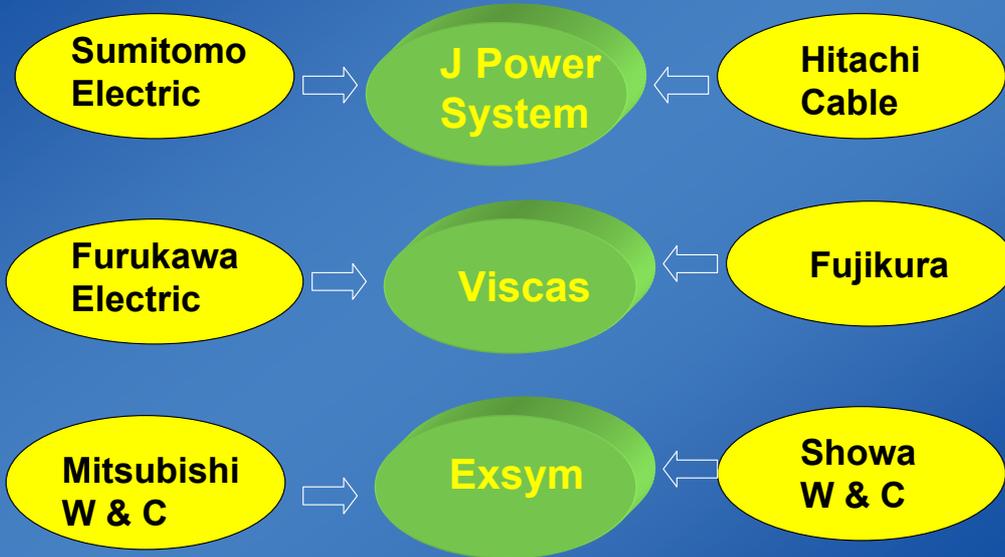
- (1) Consolidation in cable business.
- (2) Expansion of manufacturing operation in China.
- (3) Development of non-cable business.

Consolidations in Japanese Cable Industry

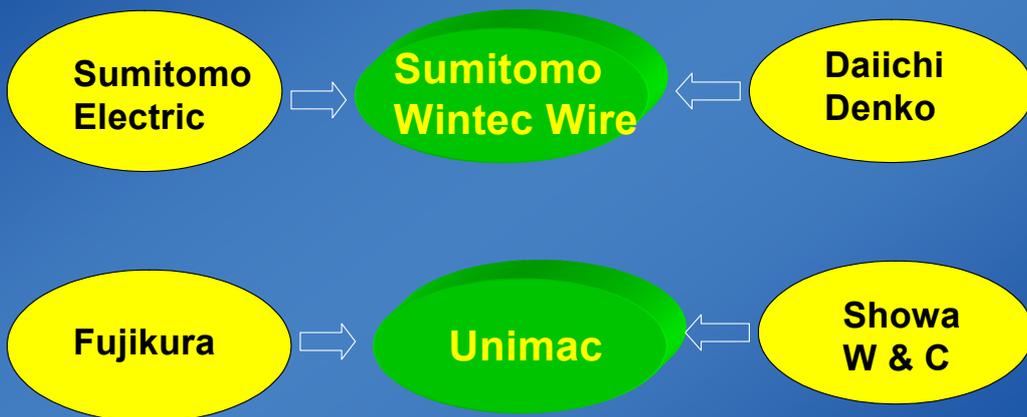


Because of the diminished demand for electric wire & cable at home, power cable, magnet wire and building wire in particular, a considerable portion of the manufacturing capacity has become idle and redundant. In order to overcome this problem, a number of important consolidations took place in the industry one after another during the past several years as I will explain in detail later. These consolidations are mainly for the purpose of coping with the overcapacity, but at the same time are aimed at strengthening the competitive power in the global market.

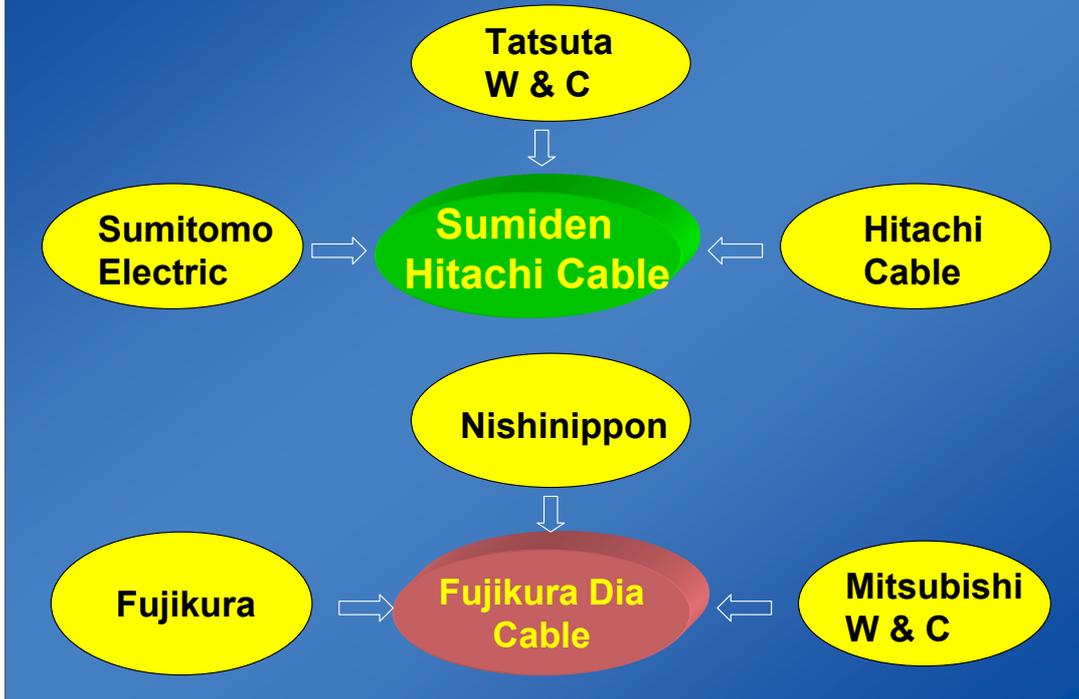
Consolidation in Power Cable Business (From 6 companies to 3 groups)



Consolidation in Magnet Wire Business



Consolidation in Building Wire Business



As in the previous 2 slides, here you can see another consolidation in our wire and cable industry. This shows the consolidation in the building wire business.

Development of Non-cable Business

Some of the products manufactured by 6 big companies

Automotive parts: Disc brakes, Rubber Hoses for Automobiles

Electronics: Compound conductor, Lead frames, Flexible print circuits

Optical products; WDM, Arc fusion splicer, Switches & Connectors

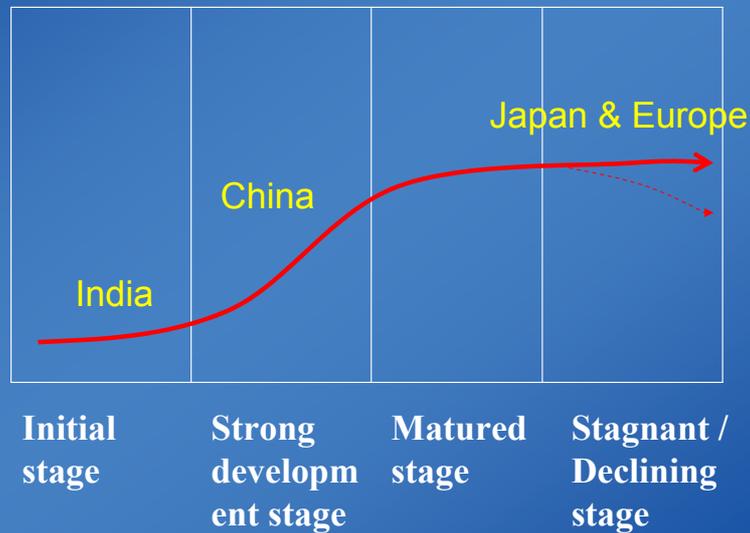
Copper Products: Copper tubes, Copper strips

Others: Hard metals, O-rings, Lithium batteries, Rubber rollers for printers & copiers

In order to compensate for the decrease of demand for electric wire and cable, major cable manufacturers in Japan are, in addition to overseas investment and operation, now paying more attention to the expansion of “non-cable business” at home and are putting much of their managerial and financial resources into these businesses.

The non-cable business includes ①automobile parts (braking system, rubber hose etc) ②parts and components for electronics (flexible print circuits, compound semiconductor, leadframes for semiconductor etc) ③ various devices for optical communication systems (WDM, arc fusion splicer, switches, connectors etc) ④ copper products (copper tube, copper strip) ⑤others (hard metals, O-rings, lithium batteries, rubber rollers for printers & copiers etc). The sales of these “non-cable businesses” now constitute nearly half of the total turnover of some of the major companies and contribute to a good amount of profit.

Historical Trend of Cable Production



When we look at the long-term statistics of electric wire and cable production quantity in a number of countries of the world, we can notice a historical curve or general trend as shown in this slide.

Historical Trend of Cable Production (2)

① Rapidly developing stage

The production of cables shows remarkable increase owing to the strong demand for the construction of infrastructure & housing and consumer goods = China

② Next stage

The construction of infrastructure & housing is completed and demand for consumer goods become saturated, the production of cable slows down and then become stagnant and finally shows signs of decline = Japan & Europe

When a country is at the stage of rapid development, the production of wire and cable shows a remarkable increase owing to the strong demand for construction of infrastructure & housing and durable consumer goods such as automobiles, electrical household appliances etc. During this period, the number of cable manufacturers increases with expanded manufacturing capacity. The cable industry occupies an important position in the manufacturing sector of the national economy. At the next stage, when the construction of infrastructure & housing is almost completed and the demand of durable consumer goods becomes saturated, the production of wire & cable slows down and becomes stagnant. At the following stage, when the economy comes to maturity and the tertiary industry (service and information industry) becomes larger than the secondary industry (manufacturing industry), the production tends to decrease. At this stage, manufacturing plants are likely to be relocated to developing countries with low labor cost.

Japan is probably approaching this final stage, while China is undoubtedly at the rapidly developing stage and India is still at the initial stage, but is just on the point of taking off. In this context, the contraction of the Japanese cable industry is the result of the “Globalisation” of the industry and is thought to be a natural course. However, from the global point of view, the Japanese cable industry is still growing and developing in the larger international stage and is making a great contribution to the development of the global cable industry, still maintaining a strong presence in spite of the decreased production at home.

Summary (1)

- ① Japanese cable industry suffered the contraction in size by 40% in the past 15 years. This caused manufacturing capacity & employment to become redundant, accelerating a number of major consolidations in the industry.
- ② This is mainly the result of “globalisation” of Japanese cable industry and many Japanese companies shifted their operations to overseas countries, notably China & ASEAN. Japanese cable industry still keeps a strong presence in the global cable industry.

(1) The Japanese cable industry suffered a contraction by about 40% in production quantity and in overall size during the past 14 years for several reasons. This inevitably caused the manufacturing capacity and the employment to become idle and redundant, accelerating a number of major consolidations in the industry, notably power cable, magnet wire and building wire manufacturing sectors.

Now major cable manufacturing companies are operating their business of wire & cable production on a world-wide global basis and at home, they are placing more emphasis on “non-cable business”, which is mainly the manufacture of parts & components for electric & electronic and automobile industries. This non-cable business constitutes nearly half of the total turnover of some of major cable companies.

(2) This contraction is mainly the result of “globalisation” of Japanese cable industry. Japanese wire & cable manufacturers have moved out of the traditional national barrier of Japan and have relocated their manufacturing operation to overseas countries such as China and Southeast Asia, where the labor cost is low. As the world economy is now becoming more liberalised and globalised, this tendency will accelerate in the future. In this context, the Japanese cable industry is still growing in the larger international scene and is now making a great contribution to the development of the global cable industry, keeping a strong presence in the global market in spite of the reduced production at home.

Summary (2)

③ China is increasingly the most important partner for Japan in overseas production as well as in trading for various types of cable.

(3) China is the most important partner for Japan in overseas investment and production as well as in trading of electric wire and cable. China is presently by far the largest trading partner of Japan both for import (49% of the total in 2004) and export (23%) and China has the largest number of Japanese overseas manufacturing plants of electric wire & cable. Thus the relation between the two countries is getting closer and stronger every year and Japan is playing an important part in the development of the cable manufacturing industry in China. Thank you for your kind attention.

Question

What is the view of the Japanese industry on moving to India as a next step?

Answer by **Mr. Hiroshi Kobayashi**

At the moment India is not considered to be a good place for this type of globalisation. Besides the problems in infrastructure there seems to be problems with the handling of legal matters. But maybe in 5 or 6 years these hurdles will be removed by India and we have to look at these developments regionally.

Question

I do not find your answer totally satisfactory. The world is divided in 3 zones. Japan, Australia and in between, Europe, Africa and the Americas. Is that what you mean by regional?

Answer by **Mr. Hiroshi Kobayashi**

We cannot deal with the cable industry country by country, but only on a regional basis.