

Japan sends out its own black ships

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As foreigners start to penetrate the domestic market, the government is looking for ways to secure a bigger share of the international water business.

Japan is looking to leverage its overseas aid contributions as part of a strategy to rebuild its position in the international water market. The policy is being recommended by Team Water Japan, a new task force to promote water industry exports headed by Ebara veteran **Kazunari Yoshimura**.

“40% of all overseas aid is from the Japan Industrial Cooperation Agency (JICA). We need more in return for this,” Yoshimura explains, adding that overseas development assistance (ODA) from Japan now totals \$7 billion, down from \$12 billion 10 years ago. “The prime minister has decided that much more spending in ODA will be for water.”

Team Water Japan will also look at how the national export credit agency – Japan Bank for International Cooperation (JBIC) – can do more to support domestic water exports. Yoshimura recalls that Japanese companies such as Mitsubishi, Sasakura, and Toshiba enjoyed great success selling water equipment to the Middle East in the 1980s, but Japan’s position in the international water market is now very low.

This time round, the focus is not the Gulf, but Asian markets closer to home. “China is already done, because Suez and Veolia are already there, but we are focusing on medium-sized countries such as Vietnam, Cambodia and other South East Asian countries,” Yoshimura told us.

The taskforce is looking at ways of exporting cutting-edge technologies such as ceramic microfiltration membranes, silica-based coagulants and flexible pipe joints for seismic zones. “No private company has experience of engaging in the international water market, but my aim is to bring together many companies and enable them to go

outside Japan.” He is confident that Japan has many things to teach the world about water. “In Tokyo, the leakage rate is 3%. That is a miracle.”

The drive to export Japanese technologies coincides with greater foreign competition in the Japanese domestic water market. “The Black Ship came in 2006”, Yoshimura remembers, drawing a parallel with the entry of Commodore Matthew Perry’s fleet which ended Japan’s isolation in 1853. “Veolia purchased a Japanese company, which gave them an entry ticket to the Japanese market. It has been very successful in Yokohama, Chiba, Saitama, and Hiroshima.” All Japanese utilities are currently operated by municipal companies, although a small number of five-year plant operating contracts are available. “They [Veolia] were bidding 10–15% less than Japanese companies.”

The biggest opportunity in the Japanese utility sector is the Fukuoka city management contract which is currently under bidding. A win for Veolia would be a further blow to domestic operators.

***「Discuss with GWI magazine」
Christopher Gasson of Global Water
Intelligence based on London***



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