

# Green Industrial Revolution Stirring Aggressive Investment Despite Recession

By Hiroshi OKABE

The auto and electrical machinery sectors are among Japan's leading industries plagued with a fast deterioration in earnings. Many companies in these industries logged hefty losses in the year to March 2009, being forced to cut tens of thousands of jobs and realign production bases. Amid a string of gloomy news, some companies are attracting attention by going ahead with strategies for the next phase of growth, even under tough business conditions. "We must acknowledge that the economic crisis has triggered a cataclysm," says an executive at an electrical machinery manufacturer. "The time has come for the third industrial revolution in the form of environmental technology development, or a revolution to shift away from fossil fuels."

In a specific move, Panasonic EV Energy Co., a joint venture between Toyota Motor Corp. and Panasonic Corp., has decided to move up the launch of a plant to late 2009 from early 2010 for production of batteries for gasoline-electric hybrid cars. While planning to put off or scale down new automobile plant construction projects, Toyota remains confident of steady demand for hybrid and other environment-friendly vehicles and intends to accelerate the enhancement of battery production for hybrid cars. The plant is designed to produce nickel-hydrogen batteries for 200,000 hybrid vehicles annually. Toyota has no plan to cut its production capacity.

Honda Motor Co. has received robust orders for its new *Insight* hybrid model by holding the low-end price to ¥1.89 million. This has prompted Toyota to plan to offer a remodeled



Photo: Kyodo News

*Head office in Kosai, Shizuoka Pref., of Panasonic EV Energy Co., a joint venture between Toyota Motor Corp. and Panasonic Corp. It has decided to move up to late 2009 from early 2010 the launch of a plant for production of batteries for gasoline-electric hybrid cars.*

version of its *Prius* hybrid in May at some ¥2.05 million, nearly ¥300,000 cheaper than the existing model. While overall auto sales have dwindled in Japan, a price-cutting race has intensified for hybrid cars. "It is not that demand has disappeared," says an auto industry source. "We have keenly felt that consumers still have great expectations on eco-cars."

A race has also heated up to invest in photovoltaic cell production. Sharp Corp. plans to invest ¥72 billion in a giant thin-film photovoltaic cell plant in Sakai, Osaka Prefecture. While incurring its first-ever operating loss in the year to March 2009, Sharp intends to expand its photovoltaic cell business. It also plans to form a joint venture in Italy to build a photovoltaic cell plant. Other photovoltaic cell makers are also planning large-scale investments. Sanyo Electric Co. plans to invest some ¥70 billion in photovoltaic cell

production by fiscal 2010 and Kyocera Corp. about ¥50 billion by fiscal 2011.

Panasonic, which acquired Sanyo and its excellent photovoltaic cell technology, opened a model house that seeks to cut CO<sub>2</sub> emissions to zero in Tokyo's Odaiba waterfront area. The model home combines energy-saving electrical appliances with fuel and photovoltaic cells and storage batteries to portray a future home life with minimal CO<sub>2</sub> emissions.

The government has drafted an economic growth strategy designed to develop photovoltaic generation systems, electric vehicles and other energy-saving and environmental technologies into leading industries as the future backbone of the Japanese economy. In a way competing with US President Barack Obama's Green New Deal initiative, a green industrial revolution is stirring in Japan amid the global recession.

## Debate Heats Up over Tighter Curbs on Temps

### Proposed Ban on Mfg. Sector Arouses Worry over Industry Hollowing-out

Debate on how to regulate temporary workers in the manufacturing sector is heating up. In Japan, the dispatch of temp workers to the manufacturing sector was legalized in 2004 as many firms moved to relocate their factories to China and other developing countries in quest of cheap labor, raising the specter of Japanese industry hollowing out. By hiring lower-wage temp workers, Japanese companies such as automakers and electronics firms recovered their global competitiveness, choosing to resume domestic production of selected products once relocated abroad.

In the face of the global financial crisis and the deepening recession across the world, however, most auto companies and electronics firms have accelerated job cuts, as symbolized by abrupt, mas-

sive termination of employment contracts with temp workers. The resultant sharp rise in the number of jobless workers has emerged as a social problem. It prompted the ruling Liberal Democratic Party (LDP) to switch its policy stance toward tighter regulation on the dispatch of temp workers to the manufacturing industry. A plan to ban in principle the dispatch of "registered temp workers" to the manufacturing sector is gaining ground within the LDP.

But the business community, spearheaded by the Japan Business Federation, is worried that a ban on the dispatch of temps to manufacturers could spur them to relocate plants overseas. Behind the concern is a sense of crisis shared by companies facing competition on the global market that a temp

ban would push up their domestic production costs to unprofitable levels and could eventually wipe out the manufacturing industry in Japan.

A series of job cuts by companies, mainly in the manufacturing sector, left an estimated 160,000 nonregular workers unemployed between last October and March this year. The unemployment rate is on the rise. Issues associated with employment are almost certain to be high on the campaign agenda in the upcoming general election. Seeking to court public opinion, political parties are inclined to move toward tighter regulation on the dispatch of temp workers. But it is hoped that they will discuss the matter from a perspective of the future of Japan's manufacturing industry.

## Kyoto, Nara among Spots Given 3-Star Rating

### Michelin Publishes *Green Guide* for Japan

Michelin, renowned for its star-rating assessments of hotels and restaurants, has published its first comprehensive travel guide to Japan, "*Michelin Le Guide Vert Japon*" — the local edition of its *Green Guide* travel book series. At a time when the number of foreign visitors to Japan is decreasing against the background of the global economic downturn and the sharp appreciation of the yen, expectations for the "Michelin effect" are mounting in Kyoto, Nara and other tourist destinations that were awarded the highest three-star rating.

Under a three-star system for recommending tourist spots, destinations awarded three stars mean "worth the trip." The guide gives three-star status to places of scenic beauty, including Kabira Bay on Ishigaki Island in Okinawa Prefecture, in addition to Nikko in Tochigi Prefecture, Horyu-ji Temple in Nara Prefecture, Himeji Castle in Hyogo Prefecture and Itsukushima Shrine in Hiroshima Prefecture that have already

been popular spots among foreign visitors. Mount Takao on the outskirts of Tokyo, a popular hiking spot, has also been awarded the top rating. A total of 56 destinations have three stars. The guide also lists 89 two-star destinations as spots "worth a detour," 301 one-star "interesting" places and many no-star scenic spots.

A team of 12 French and Japanese observers penned the guide after traveling throughout Japan for several months. They also obtained information from the Japan National Tourism Organization. Michelin's Tokyo guide for restaurants was launched two years ago. The publication of the world's authoritative gourmet guide from France gave an opportunity for the Japanese to take a fresh look at high-end *sushi* bars and other wining/dining places. Tourism industry officials hope the publication of the Japan edition of *Green Guide* will provide local people with an opportunity for "rediscovery of Japan."



*Part of the world's longest tree-lined road in Nikko, northeast of Tokyo (listed by the Guinness Book of World Records): About 12,500 cedar trees, some as old as 390 years, line both sides of the road, stretching over 37 km.*

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