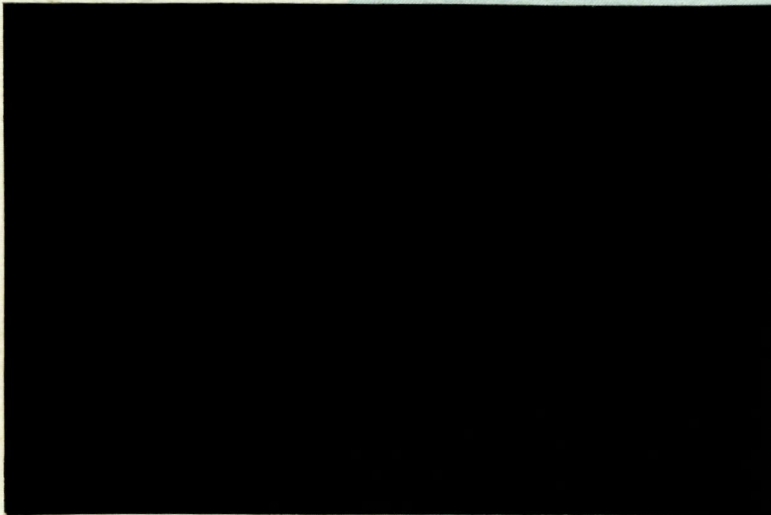


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Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations



ALL IN THE KEIRETSU:

**The connections of four major
Japanese timber traders with
other Japanese companies,
and their links with The Netherlands**

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A report prepared for Vereniging Milieudefensie and Konsumenten Kontakt
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PREFACE

Tropical forests all over the world, so important for the environmental equilibrium on this planet, are threatened in their existence by the ever increasing trade in tropical timber. "The mature tropical forests that still exist cover only 900 million hectares, out of the 1.5-1.6 billion hectares that once stood. Between 7.6 and 10 million hectares are eliminated outright each year, and at least a further 10 million hectares are grossly disrupted annually."(1)

The single nation most involved in this trade is Japan, which is responsible for around 30 percent of global tropical timber imports. The Japanese timber imports are as large as those of the European Community, which has three times as much inhabitants.(2)

Worldwide protests against the plundering of the tropical forests are increasing. Environmental and consumer groups from all over the world have joined forces, and are concentrating their efforts on influencing the behaviour of the largest single timber consuming nation: Japan. They focus their attention on four of the main Japanese companies importing tropical timber: Nissho Iwai Corporation, C.Itoh & Co., Ltd., Marubeni Corporation and Mitsubishi Corporation. In 1989 those four companies and their associates were responsible for respectively 14%, 13%, 12% and 7% of total Japanese timber imports (in terms of roundwood equivalents).(3)

All four trading companies are core members of one of the six giant 'keiretsu', a typical Japanese form of industrial grouping. The core members within these keiretsu's (Mitsubishi, Mitsui, Sumitomo, Dai-Ichi Kangyo, Fuyo and Sanwa) are closely connected by means of cross-holding of shares, mutual directors, regular meetings, and intensive financial and trade relations. They therefore can influence each others activities, and, to a certain extent, can be held responsible for each others business policies.

Presently environmental and consumer groups from all over the world, among which are Milieudéfensie and Konsumenten Kontakt from The Netherlands, are looking into the possibilities of involving the general public in their home countries in a campaign against Japanese timber imports. They are seriously evaluating the possibilities for asking the public to write to the local subsidiaries and branches of the four Japanese trading companies and their keiretsu-affiliates, and to boycott the products these four companies and their keiretsu-affiliates bring to the local market. For this reason the Stichting Onderzoek Multinationale Ondernemingen (SOMO - Centre for Research on Multinational Corporations) in Amsterdam was approached by Milieudéfensie and Konsumenten Kontakt to answer the following three questions:

1. How do Japanese keiretsu's operate, and to what extent can core members of these groupings be held responsible for the activities of the four trading companies mentioned ?
2. What branches and subsidiaries do these four trading companies and their keiretsu-affiliates have in The Netherlands ?
3. Which products do these trading companies and their keiretsu-affiliates sell on the Dutch market, and who are the importers ?

This report tries to answer these questions. In the first chapter, a historical overview of Japanese corporate structures is presented, along with a concise description of the way in which the keiretsu's operate, and the functioning of trading companies among them. The chapter is concluded by an assesment of the criteria that can be used to determine the companies that can influence the activities of the four companies mentioned. In the second chapter a short description of patterns in Japanese foreign investment is given, with particular attention to investments in The Netherlands.

In chapter 3 the four keiretsu involved - Dai-Ichi Kangyo, Fuyo, Mitsubishi, and Sanwa - are described, their core members identified, and their relations with The Netherlands (in terms of investments and products) listed. These findings are summarized shortly in Chapter 4, followed by conclusions regarding the possibilities of public action in The Netherlands against the four trading companies and their keiretsu-affiliates.

At the request of Milieudedefensie and Konsumenten Kontakt this report is written in English language, to make it more accessible to foreign environmental and consumer groups that would like to do a similar research project. For the same reason the methodology used to write this report is described in some detail in chapter 8.

For their assistance in writing this report I would like to thank Eric Wakker of Milieudedefensie and Sjef Stoop of SOMO. The writing of this report would not have been possible without the financial support of the WWf Wereld Natuur Fonds Nederland.

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Jan Willem van Gelder for SOMO, Amsterdam

NOTES

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Chapter One: JAPANESE CORPORATE STRUCTURES

1.1 Introduction: What is a sogo shosha ?

Mitsubishi Corporation, Marubeni Corporation, Nissho Iwai Corporation and C.Itoh & Co., Ltd. are all four Sogo Soshas, which means General Trading Companies. The Japanese sogo shosha almost literally trade in "everything under the sun except people and coffins", as one of their officials stated jokingly. (1)

It is hard to compare them to Western trading companies, who are invariably much smaller and more specialized. In one of the first English language books on the subject they are described as follows: "Japan's ten largest general trading companies are unique global trading institutions, whether compared with Japanese or non-Japanese trading companies - unique in terms of the scale of transactions, the almost infinite number of products they handle, the global spread of their business, the multiple types of their trade, and, equally important, in terms of the services they provide and the enormous resources they command for conducting and expanding their businesses. The sogo shosha are an important economic institution the Japanese have devised and refined to serve their national and corporate needs." (2)

There are 8,500 sogo shosha in Japan, but the smaller trading houses often specialize in a limited number of trade areas. (3) When speaking about the sogo shosha, one refers generally to the nine largest companies. (4)

In the popular rankings of industrial grouping published regularly by business magazines, they don't usually figure. One of the few exceptions is The Times 1.000, which is published annually by the British newspaper The Times. In a list called "The World's Top Fifty Industrial Groupings", their sales are compared to those of Shell, Exxon, General Motors, Ford and the like, what of course is somewhat strange: the sogo shosha are trading companies, not manufacturing. But the comparison does show clearly that the extent of the sales of the sogo shosha is unrivalled in the world: (5)

Sogo Shosha	Sales in 88-89	World-Wide Ranking
Mitsui and Co., Ltd.	£ 75,310.0 mln	1
C.Itoh and Co., Ltd.	£ 71,668.9 mln	2
Mitsubishi Corporation	£ 70,230.9 mln	3
Sumitomo Corporation	£ 66,629.4 mln	5
Marubeni Corporation	£ 65,895.6 mln	6
Nissho Iwai Corporation	£ 51,392.0 mln	9
Toyo Menka Kaisha Ltd.	£ 25,945.6 mln	16
Nichimen Corporation	£ 22,120.5 mln	22
Kanematsu Corporation	£ 20,143.0 mln	26

Other important trading companies on the way to becoming sogo shosha are the Okura and Co.Ltd., Chori Co.Ltd., Toshoku Ltd., Nozaki and Co.Ltd., Kinsho Mataichi Corporation, and Itohman and Co.Ltd. (6)

In 1986 the sales of the main nine sogo shosha were equivalent to 25% of Japanese

GNP, and represented 40% of Japanese imports and 84% of Japanese exports. Despite the fact that these figures are ambiguous, on account of the double counting of joint ventures between trading houses, for instance in oil imports, they do show that the general trading houses are of considerable importance in the Japanese economy.(7)

1.2 History of Japanese corporate structures

1.2.1 The Meiji Restoration

The origins of the present day sogo shosha date back to the period of the Tokugawa shogunate, between 1635 and 1868. During this long period Japan was completely isolated from the rest of the world, except for the Dutch trade mission on the tiny Denshima isle in the bay of Nagasaki. Families of samurai (the Mitsui, the Sumitomo, and others) started trading, and over the years grew very wealthy. They turned Osaka into the principal trading and banking city.(8)

But to this period came an end in 1868, when the ships of admiral Perry in the bay of Edo forced Japan to give up isolationism. The Meiji emperor was restored, a young and ambitious government installed, and trade with the Western world resumed. The samurai trading families had huge amounts of capital and energy waiting to be used, but lacked the knowledge and experience of foreign trade customs and procedures, had insufficient import and export market information and a lack of foreign language skills. Therefore, after two years 95% of external trade was being dominated by foreign companies.(9)

The new Japanese government was faced with the severe problem of rebuilding the economy, and preventing foreign domination. It looked for cooperation with the old trading families, and actively supported their development into modern trading companies. The Meiji government had three purposes: 1. to reduce the near monopoly of Japan's foreign trade by foreign business; 2. to develop external trade to supply raw materials, industrial equipment, technology, and other goods to Japan's budding industries and to develop overseas outlets for manufactured products; and 3. to build a system of division of labour in which Japanese manufacturers could concentrate on manufacturing and leave supply and marketing functions to the trading companies with their foreign trade specialists. The government therefore sold them all government-owned ships and factories.(10)

1.2.2 The rise of the zaibatsu's

The old trading families turned into zaibatsu's. These were unique and powerful business institutions. They took the form of Western corporations, but were run like traditional family institutions with emphasis on the authority of the head of the family, on a firm's position in the group hierarchy, and on group loyalties and obligations.(11)

The zaibatsu's profited very much from their very close collaboration with the government, and the establishment of a strong colonial army. A very successful military-industrial complex was being created. In the period after 1895, when territories in Manchouria, Korea, Taiwan and China were conquered, the zaibatsu's

played a key role in the economic development of these territories, which were treated as parts of Great Japan (and thus had a liberalized trade).(12)

Propelled by new business opportunities during World War I, the three largest groups, Mitsui, Mitsubishi and Sumitomo, evolved into financial, industrial, and trading combines of considerable strength. Each group expanded its empire like an octopus, establishing at least one big firm per industry. By the end of World War I, each had under its control nearly all the major industries of the day: financial institutions (commercial bank, trust bank, life and marine insurance companies), trade and other service industries (trading company, shipping company, warehousing company, etc.), a broad range of manufacturing industries (steel and other metals, shipbuilding, mining, heavy machinery, light machinery, oil, chemicals, paper, etc.), and even real estate businesses.(13)

Although some of the zaibatsu's were not too enthusiastic about the national-socialistic orientation of the army in the 1920s and 1930s, and were concerned about its inflationary budgets, the cooperation between army and zaibatsu's continued to the profit of both of them. Around 1940, the four biggest zaibatsu's (Mitsui, Misubishi, Sumitomo and Yasuda) accounted for 25% of the aggregate paid-up capital of all Japanese companies, while another six zaibatsu's (Nissan, Asano, Furukawa, Okura, Nakijama and Nomura) accounted for another 10%. Especially the power of the big four was overwhelming.(14)

1.2.3 Managing a zaibatsu

The zaibatsu were organized very centralistic. There was one mother firm, the honsha, who controlled the rest strictly, through heavy capital participations. The family of owners (the Mitsui, Iwasaki (of Mitsubishi), Sumitomo and others) had shares in the honsha, but also in subsidiaries. These shareholdings taken together didn't leave much room for external capital participation.

Well-trained management was dropped from above by the honsha in the subsidiaries. These managers did meet regularly, and were inclined to think in terms of maximizing group profit rather than the earnings of individual enterprises, and to maximize the monopoly power of the group. The honsha was sided by the bank and the trading company, the shosha, of the group. The bank exercised control through credits, and the trading company because the subsidiaries were obliged to channel external trade through it.(15)

1.2.4 The dismantling of the zaibatsu

After the War, the Occupation Forces under the direction of General MacArthur were concerned with dismantling the basis of Japanese military power, and spreading the wealth of the nation more evenly among its inhabitants. They ordered the dismantling of the four zaibatsu which were seen as most involved in the Japanese war efforts: Mitsui, Mitsubishi, Sumitomo, and Yasuda. The honsha (holding companies) were prohibited, the shares belonging to the founding families had to be sold on the open market, and no financial company was permitted to own more than 5% of the of a production company, raised to 10% in 1953.

Furthermore approximately 1500 top company executives, ranging from auditors to chairmen, in 405 firms affiliated to the ten largest zaibatsu, were purged. Moreover,

the two biggest shosha (trading firms) were dissolved. Mitsui & Co., the biggest shosha, did have 7,000 employees and a capital of 200 millions of yens. It had to be divided in 170 separate companies with each no more than 50 employees and a capital of 200,000 yens. Mitsubishi Shoji was split into 139 new entities.(16)

The complete breakup of the two giant trading companies opened golden opportunities for other trading firms for expanding and diversifying into sogo shosha. Especially the Kansai Gomen, the big cotton and textile traders from the Kansai region around Osaka, who were not touched by the dissolution decrees, profited: Marubeni (merged with Iida in 1955), Nichimen, C.Itoh (merged with Ataka in 1977), Goshu (merged in 1967 with Kanematsu) and Toyomenka (that however was part of the Mitsui zaibatsu, and came into existence when Mitsui and Co. spun off its textile activities in 1920). Textile still is relatively important in the activities of these sogo shosha.

And some other traders profited as well. Nissho Co. and Iwai Sangyo (merged in 1968), and Ataka were specialized machine and metal traders, who also started to diversify after 1950. And Sumitomo, an old zaibatsu which was mainly involved in base metal production and before the war did not have a separate trading company, also diversified, but is still trading mainly in metals, chemicals and machines.(17)

This anti-trust policy didn't last long however. The circumstances of the Cold War and the Korean War made the Americans change their mind: they decided that having a weak, defenceless Japan was not in their interest. And they could use supplies from a nearby country. So they stopped their activities on breaking up the old zaibatsu structures, and these more or less survived under the surface. Feelings of kinship, common loyalties and mutual obligations, common corporate cultures and experiences, and close business relations built over many prewar years made it natural for the former zaibatsu firms to draw to each other to reap the benefits of close cooperation in capital, management transactions and new business ventures. Exclusive trade agencies were not allowed, but companies kept using the successors of the old shosha for their trade. Already in 1949 antitrust laws were relaxed (and again in 1953). The banks, which remained untouched by the antitrust laws, kept on working with their old partners.(18)

1.2.5 Older groups regroup and new emerge

The postwar Occupation of Japan ended in the spring of 1952. The regaining of sovereignty by Japan gave former zaibatsu firms a big impetus to regroup. The Mitsubishi Trading Company was re-established in 1954, Mitsui & Co. in 1959. Those two sogo shosha, as well as the never dissolved Sumitomo, revived the old zaibatsu structures more or less. Instead of the old honsha (holding companies) these groups are now being coordinated by regular meetings of the executives of the core 20 or so companies belonging to the group, the so-called 'Sacho-kai' (Presidential Council).(19)

But what was new and unique in the postwar period was the formation of the so-called 'bank-centered' conglomerate groups. Financial institutions acquired considerable clout in the postwar Japanese economy because of their exemption from the Occupation's dissolution order and antitrust law. And in 1948 American type financial regulations had been introduced, which for instance separated the businesses of banks and securities firms, and limited competition between banks

very much. Banks therefore didn't have to worry about profit-rates and all kinds of solvability and other standards which hamper growth in Europe. Together with the very high Japanese tendency to save - although interest rates were artificially low - and the impossibility for Japanese companies to look for overseas funding, this fostered the growth of the banks. The banks also did specialize a lot: there were regional savings banks, agricultural banks, long-term credit banks, trust banks, banks for small businesses, city banks (which provided short-term credits to the industry) and the Bank of Tokyo, which specialized in overseas valuta transactions. The city banks did profit the most of this system, because their customers were expanding heavily, and they themselves were able to raise money on the inter-bank lending market.(20)

Three city banks not belonging to the big prewar zaibatsus, namely the Fuji Bank (formerly the Yasuda Bank belonging to the prewar Yasuda zaibatsu), the Dai-Ichi Kangyo Bank, and the Sanwa Bank, used their position to form their own groups from the mid-1950s. The practice of giving preferential loans at a lower rate to selected firms, the perennial shortage of capital in the rapidly growing Japanese economy, and the underdevelopment of Japan's critical market led to increased dependence of firms on financial institutions and caused the highly leveraged capital structure of Japanese corporations. The three banks actively prodded the firms under their influence to form the Fuyo Group, the Dai-Ichi Kangyo Bank Group, and the Sanwa Group.(21)

1.2.6 The emergence of the keiretsu's

In this way six big conglomerates emerged in the 1950s and 1960s, successors to the prewar zaibatsu's. These groups had horizontal connections over a wide spectrum of industries, and they were called 'keiretsu', which means 'affiliation'. A keiretsu is usually grouped around a bank and some other financial institutions, and one or two trading houses. A key difference with the pre-war zaibatsu's is that they are not controlled by one family through its central holding company. 'The names have remained the same, but the ownership has changed. Where once intertwined family-interests existed, now the more powerful institutions reign, just as dedicated to their own interests.'(22)

An important reason for this kind of regrouping in postwar Japan was the severe lack of capital. Japanese companies had little to offer to foreign enterprises, so they entered into strategic alliances with each other. The essence of the keiretsu's is the strategic alliance, and the fundamental dynamic is risk sharing.(23)

Protected against foreign competition in the postwar decades through high tariff walls, this model of cooperation proved to be very successful. An investigation by the Japan Fair Trade Commission in 1974 asserted that the six main keiretsu's at that time consisted of 187 financial, industrial and trading giants, with a share of 22 percent of the total capital stock of Japanese enterprises (public utilities excluded).(24)

According to Dodwell Marketing Consultants the six major keiretsu's in 1987, although accounting for less than 0,1% of all companies in Japan, represented 20,3% of the paid-up capital of all Japanese firms, 16,0% of the annual sales of all Japanese firms, and 5,7% of the employees working in the private sector. The six keiretsu's earned 12,7% of the total net income of all Japanese firms, which

brought them twice as much net income per employee as the Japanese average. In annual sales per employee they beat the Japanese average three times however.(25) Although it has not yet developed into such a solid or large group as any of the six major industrial groups, the Tokai Bank has been striving to follow in the steps of the keiretsu's. The Industrial Bank of Japan however is following a different path. The IBJ plays a neutral role in relation to other major industrial groups and an important one in financing large joint projects or in the rehabilitation of large financially-troubled companies, as well acting as the main financier for more than 100 large companies listed on the stock exchanges. It is especially connected with the Nissan and Hitachi vertical groups, which before the war both belonged to the very loose Aikawa zaibatsu. The two groups still cooperate closely together.(26)

1.3 General features of a keiretsu

All keiretsu share some general features, which can be summarized shortly as follows:

1.3.1 Cross-holding of shares

The objectives of cross-holding of shares (known as 'mochiai') are to improve the coherency of the group, to protect each group company from outside control or threats, and to maintain one another's status through interdependence. This was started in the post-war years, and carried out further between 1965 and 1975 in order to cope with the liberalization of direct capital investment by foreign interests. According to Dodwell Marketing Consultants, the following percentages of paid-up capital of the total group were held through cross-holdings within the group in the fiscal year 1987:(27)

Mitsubishi	21,9%
Mitsui	17,8%
Sumitomo	21,3%
Fuyo	17,5%
DKB	15,4%
Sanwa	13,9%

It is important to point at the differences in attitudes and motivation between Western and Japanese shareholders. Japanese shareholders are not interested in dividends, and therefore Japanese companies are able to use their cash-flow largely for investments. In the long term this pays off to a certain amount in substantial capital gains, although there is always the risk of a stockmarket collapse such as in 1990 (40% down). But large shareholders very seldomly sell any of their participations, because the real reason for their investment is different: their shareholding gives them a privileged right to provide credit, or insurance, or to supply parts or handle distribution. In other words, business flows their way. Through extensive cross-holdings of in itself small participations, the keiretsu's get the benefits of an integrated conglomerate without having to bear its costs. A parts supplier, for instance, acts as if it is a division of the manufacturer, co-operating on

design and ensuring timely delivery. But the supplier is more independent and exposed to market pressures (it raises its own finance, deals with its own suppliers, makes its own profits or losses) than would be a mere division in a big conglomerate.(28)

1.3.2 Central position of a bank

Each of the keiretsu is formed around a bank, each of which ranks among the largest banks in the world:(29)

Bank	Capital (\$ mln)	World Ranking
Sumitomo Bank	15,735	1
Dai-Ichi Kangyo Bank	14,766	2
Fuji Bank	13,799	3
Sanwa Bank	13,437	4
Mitsui Taiyo Kobe Bank(30)	12,155	7
Mitsubishi Bank	11,883	9
Industrial Bank of Japan	9,553	13
Tokai Bank	7,818	19

These huge financial institutions play a large role in cementing the coherence of the group and in directing its policies. Different from American banks who are not allowed to have shares in companies they lend money to, it is usual in Japan for banks to buy a stake in their major debtors.(31) And although mostly this participation does not exceed 10 per cent, or even 5 percent, of the total paid-up capital of a company, this makes the big city banks into major shareholders of most large Japanese companies, and gives them the opportunity to dispatch directors to these companies.

But stockholders in Japan have less impact on company management than their American and European counterparts, and the influence of the banks usually comes more from the holding of long-term or short-term loans.(32) In the first post-war decades, when financial funds were in short supply, the preferential treatment of Group members was crucial for the growth potential of many companies. And this in turn tied the companies strongly to the bank. Although today most large companies are doing business with several banks, within and without their group, the financial backing provided by their group bank still is important to them. Of the long-term loans the main six keiretsu banks have outstanding, between 9 percent (Dai-Ichi Kangyo Bank) and 12 percent (Mitsubishi Bank) is tied up in loans to the core members of their Group.(33)

Most large corporations are for less than 20% of their loans dependent on their group-bank. And this percentage is decreasing further, because in recent years the large corporations have increasingly attracted money on the Japanese and international capital markets. This makes the system of keiretsu-financing not less important however.(34)

1.3.3 Formation of presidential councils

All keiretsu have one or more presidential councils. They are composed by the presidents of the leading companies belonging to the industrial groups, and all take part in discussions as equal partners. They meet regularly (once a month, or once every three months for one keiretsu) to exchange views on the general economic and financial situation, promising business, the state of R&D, maintenance of intra-group trademarks and company names, and labor problems, as well as to make decisions on joint investment in new industries, on the allocation among the members of political contributions, conducting on public relation activities for the entire group, the assignment among members of political contributions, rehabilitation of financially-troubled companies, key personnel appointments, etc.

But the keiretsu's mostly insist that the presidential councils are not 'policy-making bodies' for the whole group, but only regularly meetings 'to foster friendship'. Every member is independent they claim, and no one is bound by the decisions or recommendations made by the council. But as the content of discussions in the presidential councils is never disclosed, this assertion does not seem to be very thrustworthy. A foreign executive who participated in the Mitsubishi Kinyo-kai as part of a joint-venture says: 'There are major decisions made at these meetings'. The American business magazine Business Week for instance mentions discussions on the construction of a huge petrochemical complex in Saudi Arabia, and on how to help Mitsubishi Motors gear up for global distribution. 'But', adds the magazine, 'it is generally agreed that the more important role of the Friday Club is to cement personal ties among group presidents and identify mutual interests. That lubricates the channels of communications for staffers from different companies to follow through later.' (35)

Apart from presidential councils, some groups also have separate meetings for the executive directors of group companies. The following presidential and executive director councils exist: (36)

Group	Presidential Council	Membership
Mitsubishi	Kinyo-kai (friday meeting)	29
Mitsui	Nimoku-kai (second thursday meeting)	24
Sumitomo	Hakusui-kai (white water meeting)	20
Fuyo	Fuyo-kai	29
Dai-Ichi Kangyo Bank	Sankin-kai (third friday meeting)	47
DKB Sub-group	Furukawa Sansui-kai	44
DKB Sub-group	Kawasaki Mtsumi-kai	4
DKB Sub-group	Jugosha Shacho-kai	15
Sanwa	Sansui-kai (third wednesday meeting)	44
Tokai	Satsuki-kai	?
	Executive Director Council	
Mitsui	Getsuyo-kai	
Sanwa	Clover-kai	
Tokai	Wakaba-kai	

1.3.4 Mutual directors and other key personnel

Key industrial group companies send staff members to their subsidiaries, affiliates and other companies of their respective groups as top ranking officers. This is a powerful means of strengthening group unity and controlling subsidiaries and affiliates. Sometimes the presidential council is influential in selecting and appointing personnel to high level positions.(37)

The practice of dispatching directors to other group companies is particularly common between banks and corporations in the core of their group. Mitsubishi Bank has dispatched 27 directors to 21 core companies of the Group, Mitsui Bank 11 directors to 10 companies, Fuji Bank 25 directors to 17 companies, Sanwa Bank has sent 36 directors to 24 companies and Dai-Ichi Kangyo Bank even sent 57 directors to the core members of its Group.(38) A manager of a Mitsubishi Group company: "Our ties consist of 20 per cent friendly relations in top management, 20 per cent manager exchange, 20 per cent distribution of share capital, and 20 per cent financial backing by the Mitsubishi finance companies".(39)

1.3.5 Key role of a sogo shosha

Each of the big six soga sosha has been the core trading company and coordinator-secretariat of joint projects of the keiretsu to which it belongs. Some keiretsu's however have several sogo sosha in their group, and at the other hand some sogo shosha have strong relationships with more than one group. Although the sogo shosha together with the city banks form the nuclei of the keiretsu's, they are not so strong as the banks in terms of holding equities in group companies or in the number of assigned officers. The following table shows the relationships between the major keiretsu's and the major sogo shosha. The first sogo shosha listed for each group can be seen as its main organizer and coordinator, but the degree of their presence differs from one group to another.(40)

Keiretsu	Sogo Shosha
Mitsubishi	Mitsubishi Corp.
Mitsui	Mitsui & Co., Ltd.; Toyo Menka Kaisha, Ltd.
Sumitomo	Sumitomo Corp.
Fuyo	Marubeni Corp.
DKB	C.Itoh & Co., Ltd.; Kanematsu Corp.; Nissho-Iwai Corp.
Sanwa	Nissho-Iwai Corp.; Nichimen Corp.
Tokai	Toyo Menka Kaisha, Ltd.

An example of what is meant by coordinating group activities, is the development of a Y150 billion petrochemical complex in Port Harcourt, Nigeria. Coordinating the work of six Japanese trading companies as well as engineering firms from all over the world, Nissho Iwai Corporation arranged multinational financing and made major contributions to the smooth implementation of engineering, procurement, and construction contracts for plants that will utilize natural gas now going to waste. From 1993 the complex will produce 330,000 tons of ethylene, 250,000 tons of

polyethylene, and 80,000 tons of propylene a year. While this immense project involved typical sogo shosha activities, such as exports of plant equipment and machinery, engineering services, arrangement of export credits, and marketing of the products, the biggest challenge lay in financing. Because of Nigeria's heavy foreign debt, governments as well as the banking community balked at extending any credit.

What finally clinched the deal was a project financing plan under which Nissho Iwai agreed to purchase the plant's excess production and market it overseas -the only company that will do so. Nissho Iwai was able to secure project financing from the IMF, and Japan's MITI and Exim Bank. Writes Nissho Iwai in its Annual Report: "Nigeria's petrochemical project illustrates one of the unrecognized talents of a sogo shosha, and one that Nissho Iwai proudly exhibits: the ability to marshal a wide variety of resources and the expertise to create an enterprise that benefits everyone involved."(41)

1.3.6 Emphasis on heavy and chemical industries

What is clear looking at the six major keiretsu is that they are involved in very many different industries, but that there is a heavy emphasis on heavy and chemical industries. Partly this is a pre-war inheritance, and partly it reflects the fact that the keiretsu played a mayor role in the high-growth period of the 1960s. In the growth sectors of the later 1970s and the 1980s, cars, electronics and services, they were less involved. Much of the growth in these sectors can be contributed to relatively independent groups and enterprises. But during the last decade or so the keiretsu have been investing heavily in these sectors to catch up, and to be the forerunners in the growth areas of the future (see the next feature).(42)

1.3.7 Joint research and joint investment in new industries

Each corporate group has organized research groups to promote joint development, and joint investments in new fields are a common feature. During the 1950s and 1960s many groups set up consortia for the development of atomic energy and collaborated in establishing their own petrochemical industries. In the 1960s and 1970s there were joint projects in the fields of leasing, computers and information processing services, urban development, ocean development, oil development, etc. The sogo shosha played an important role in setting up these ventures. Large industrial concerns which head their own groups as Hitachi, Toshiba, Nippon Steel and Nissan also have participated in these joint ventures.

In the 1980s the six major groups have been establishing joint projects for the construction of the second international airport in the Kansai district, enhanced services in the data communications field, satellite communications, and the common carriers market.(43)

1.3.8 Aiding struggling group members

'Having the Mitsubishi name is a guarantee of non-bankruptcy', says a Mitsubishi executive. This assumption, which applies to other keiretsu's as well, is a real plus in credit markets. That, of course, helps attract low-cost capital. But this backing is not just hypothetical. When Mitsubishi group member Akai Electric Co. ran into financial problems in the early 1980s, it was rescued by Mitsubishi Bank. When Mitsubishi Heavy Industries' shipbuilding business hit rough shoals in the mid-1980s, it was able to place unneeded workers with other group companies and raise massive new equity.(44)

A few years ago, Mitsubishi group companies including Mitsubishi Corporation, Mitsubishi Oil, the Mitsubishi Bank and others agreed to shoulder the debt of Mitsubishi Liquefied Petroleum Gas Company, one of the leading distributors of LPG in Japan, and to reorganize the firm to streamline its business activities.(45) And an example from another keiretsu: Mazda Motor Corporation, which is connected to the Sumitomo Group, was a recipient of Sumitomo aid and management restructuring by several Sumitomo Group companies when it faced management difficulties in the 1970s.(46)

1.3.9 Competition and cooperation

Clearly there is a tendency to 'buy group products', and this is encouraged by the presidential councils of the groups. The Mitsubishi group corporations for example are believed to purchase only Kirin beer, and members of the Sumitomo group give preference to Asahi Breweries. But there is no obligation to buy within the group. Group members compete fiercely in the market and with each other. For example, when Asahi Breweries planned to increase production significantly two years ago, it bought the necessary equipment from Mitsubishi Heavy Industries, and not from fellow group-member Sumitomo Heavy Industries.(47)

Unlike supplier companies belonging to a Western conglomerate, the companies in a keiretsu are never sure a contract will be awarded to them. They have to compete for it, and thus stay competitive. It is common, for example, to hear Mitsubishi Heavy Industries executives howl about losing out to European or Japanese rivals in bidding for work on a group member's project, and Mitsubishi Bank brass sometimes complain that their group counterparts do too much business with Chase Manhattan or Morgan Guaranty. Mitsubishi companies depend on other group members for no more than 15% to 20% of their supplies or sales.

But on the other hand: companies in the keiretsu enjoy a family safety net that encourages long-term investments and high-tech risk-taking. It is their unique combination of collaboration and competition which makes the keiretsu so hard to beat.(48)

More or less the same applies to the division of fields of business between group members. Fundamentally, each company does not enter the territory of other companies within the group. But companies do compete with one another when both are entering a new field. For example, Sumitomo Metal Industries and Sumitomo Chemical have competed in the aluminum market. At that time, the presidential council of the Sumitomo group failed to reach agreement over interests, and both

companies in the group ended up entering the aluminum field. But in another group, Mitsubishi, in similar conditions cooperation prevailed. Mitsubishi Chemical Industries withdrew from the aluminum field, set up the the new Mitsubishi Light Metals Company and moved its aluminum division to the new company. At that time, the group corporations invested in the new company and helped shoulder a part of Mitsubishi Chemical Industries' burden.(49)

1.4 Vertical Groups

Apart from the keiretsu, many vertically integrated groups exist in Japan as well. These are characterized by vertical bonds between a large industrial concern, for example Nippon Steel, Hitachi, Sony, Nissan, Toyota, Matsushita, etc., and its subsidiaries and affiliates, who are usually concentrated in a single or limited number of industries. Most of these groups operate in the electronics or automotive industry. The structure of their group is mostly pyramidal, having several tiers of suppliers. Toyota for instance is linked with 175 primary suppliers, 4,000 secondary suppliers, and tens of thousands tertiary ones. The consolidated sales of its total group amount to \$41 billion.(50) The more you get towards the base of the supply pyramid, the simpler and smaller the products, the smaller the companies, the longer the working days, and the smaller the wages and benefits.

The vertical groups to some extent rely on the keiretsu for financing, distribution of products, procurement of materials, etc., but their independence in general is greater than that of core companies of the keiretsu. On the other hand, the keiretsu have been striving for better relations with vertically integrated groups in order to enlarge and strengthen themselves. As a result, various forms of relationships between the horizontal and vertical groups have been established, but it should be noted that most vertically integrated groups are not full-fledged members of the major horizontal groups, although some of them do participate in their presidential councils. Hitachi Ltd. for example is a member of three presidential councils, namely Sanwa's, Fuyo's and DKB's.(51)

That the relationships within such a vertical group are very strong, the Texan raider T.Boone Pickens found out in 1989, when he had spent \$1,2 billion for a 26% stake in Koito, a producer of headlights. That was a larger block than anyone else owned, and he figured he was on his way to control. But Koito is a member of Toyota's vertical keiretsu. Toyota holds 19% of the shares and buys about half the company's output. Pickens never even got a seat on the board and withdrew in disgust in 1991. But his foray did draw attention to the functioning of Japanese corporate structures.(52)

Also in the services sector independent vertical groups exist, especially in securities trading. The Big Four - the famous Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities - developed into powerhouses in their own right. But because Japanese financial laws prohibited the combination of banking and securities trading, they did not develop close relations with the keiretsu's. Nor did they build their own keiretsu by taking stakes in industrial corporations. The securities houses operate more on an incidental basis, without strong client-relations. They however have the ambition to develop into investment banks, but did have to make a foreign detour to realize this. Since the early 1970s they have been

establishing investment banking subsidiaries overseas, first in liberal countries like the Netherlands, and later in big financial centres as London, Frankfurt and New York. In this way they prepared themselves for the now imminent abolishment in Japan of the division between securities trading and banking, which could open possibilities for building their own keiretsu's.(53)

1.5 Role and function of the sogo shosha

To understand the functioning of the keiretsu's, it is essential to focus on the key roles played by the big sogo shosha within each keiretsu. As the main organizing force within the keiretsu, it uses its resources in the fields of finance, global organization and information to promote the prosperity of the group as a whole. The major functions of the sogo shosha can be summarized as follows:

1. marketing and physical distribution;
2. financing;
3. organizing domestic and overseas projects;
4. gathering and disseminating information.(54)

1.5.1 Marketing and physical distribution

In 1986 the total sales of the nine largest sogo shosha could be divided as follows:(55)

Domestic trade in Japan	45% of sales
Exports	20%
Imports	18%
Third-country trade	17%

1.5.1.1 Marketing and distribution in Japan

Although they are best known to us because of their foreign trade activities, the largest part of the sales of the general trading companies is actually made up by marketing and physical distribution of commodities, consumer goods and capital goods in Japan itself. This is the direct consequence of the division between production and distribution propagated by the government and the zaibatsu at the end of the last century: producing companies left the marketing and distribution of their products exclusively to the honsha of their group.

The exclusivity is gone, but a strong dependence remains. The Oriental Economist in May 1975 figured that of the total sales of the group members of the Mitsui Group, 30,1% was done through their shosha, and 26,7% of buying. For Mitsubishi those figures were 30,4% and 30,3%, and for Sumitomo 27,9% and 22,2%. This seems to be profitable for both sides, and is one of the main characteristics of the Japanese economic system.(56)

Before the war, and during the first post-war decades, the sogo shosha almost completely controlled the wholesale structure for most products, which consists of much more tiers than in the West. Most of the detail stores were however very small shops, having almost no personnel. The sogo shosha didn't have any direct

participation in this tier. (57)

Their indirect control of the whole distribution structure was however often credited for creating a stable long-term supply, and for minimizing price fluctuations. Although this is true to a certain extent on the domestic market, it are the *sogo shosha* themselves that create certain speculative movements on the international commodity markets, which they have to smooth down in Japan. Japanese purchases loom so large in world trade that the behaviour of the trading companies can have an effect on world prices, especially because they tend to emulate another in follow-the-leader fashion. (58)

Since the 1960s the grip of the *sogo shosha* on the domestic distribution sector has loosened gradually because of several developments:

a. relatively independent vertical groups with technical advanced products, such as Toyota, Nissan, Honda, Hitachi, Matsushita, Sony, started the marketing and distribution of their own products. Or they established a joint venture with a *sogo shosha* to do it together;

b. retail sales which needed some expertise to sell their products (electronics, cars, etc.) began to organize and form store chains;

c. in the food and consumer items sector independent supermarket chains, like Daiei and Seiyu, were established, backed by banks. (59)

As the Nomura securities house commented in 1988: "The strengths of the *sogo shosha* ultimately became liabilities. Automakers and makers of precision instruments and electronics found that the traders did not possess the necessary technical capabilities for selling and servicing their products. They consequently set up their own domestic and international distribution systems in the 1960s. Not only did the traders find themselves frozen out of the high growth sectors of the economy, but they saw demand for their financing decline as manufacturers became able to self-finance their businesses. Many of the heavy or material industries are shifting production to outside Japan. The result is that the traditional business of the trading firms is shrinking." (60)

1.5.1.2 Imports

Japan has very limited resources, and securing the imports of food, commodities and half-fabricates was therefore of prime importance for the growing Japanese economy in the period after the Meiji Restoration. Before World War II, most commodities were coming from occupied territories (China, Manchouria, Korea, South-Sakalhine). The trade between these colonies and Japan itself actually was of vital importance for the growth of the major *sogo shosha*.

After the war, the *sogos shosha* dispersed over the world, looking for other possibilities to fulfill Japan's growing needs for raw materials. Dependence on foreign imports of carbon, wood, coal, copper, oil and lead has grown rapidly during the 1960s and 1970s. In 1965 Japan was still for 57,1% self-sufficient for petrol, for 71,4% for wood, and for 44,3% for coal. In 1980 Japan's self-sufficiency for petrol was only 0,3%, for wood 29,8%, for coal 20,8%, for iron 0,4%, for bauxite 0%, for copper 0,4%, for sugar 14%, meat 20,7%, wool 0%, salt 11,5%, and cotton 0%.

Since then, this dependency on imports has still been growing. Of all imports in 1980, 66,7% consisted of commodities, and 9,9% of food. But it is important to

remember that a large part of these imports is destined for re-export, after some kind of treatment, for example in a steel plant or a cotton mill.(61)

To secure the supply of commodities, the sogo shosha often set up joint ventures with local foreign producers.(62) Their role in Japanese imports of commodities is very dominant, they are for instance responsible for over 70% of the imports of most agricultural commodities. In contrast, they 'only' take care of 28,1% of all imports of machinery and equipment. Through this specialization they play a role in voluntarily protecting the internal market for foreign industrial products.(63)

Foreign producers of consumer items as cars and electronics often complain that the grip of the sogo shosha and the vertical groups on the distribution sector makes it very difficult to export their products to Japan. And that therefore, because of a lack of foreign competition, Japanese companies can keep prices too high in the domestic market.(64)

To a certain extent they are right. The Japanese car producers could build up their exports to the United States in the 1960s and 1970s by luring American car dealers to sell a Japanese brand next to their American brand. In this way they could profit from an existing infrastructure, and didn't have to invest too much in a time when this was not yet justified by the amount of sales. But the American and European car producers that try to export to Japan, can't use the same strategy because of the tight grip of the keiretsu on the distribution sector. So they have only two choices left: investing very heavily in a wholly owned distribution channel which will be profitable only after a very long time, or collaborating with a Japanese car producer by using his distribution channels, which makes them dependent on a competitor.

1.5.1.3 Exports

It will surprise nobody that more than 90 percent of the exports by sogo shosha consist of industry products and capital goods.(65) Although their dominance over distribution in Japan itself is challenged, many producers of consumer products still rely partially or totally on the sogo shosha when it concerns exports. This is also true for companies that have set up their own sales network in Japan itself, like Toyota, Nissan, Hitachi, Sony, etc. Because the sogo shosha have offices in, and knowledge of, so many countries of the world, they are engaged by the large producers of consumer items when these want to explore new markets. Only later, when sales are growing, investments in a wholly owned sales and distribution channel in this country becomes justified, but to gain a first entrance collaborating with a sogo shosha seems very profitable.

Nissan for example, during 1957-58 avoided a direct investment in the United States by engaging Marubeni and Mitsubishi Corporation to sell the Datsun 210 to independent American dealers. Using feedback from dealers and tests done in the United States, Nissan designers upgraded the 1959 Datsun 310. Only then was President Kawamata of Nissan ready to establish a sales subsidiary, an investment of \$1 mln.(66)

Or to give some recent examples: through joint ventures with Mazda, Isuzu, and Toyo Unpaki, the sogo shosha C.Itoh & Co.,Ltd. is engaged in the wholesale of cars and forklift machinery in the United States, through a joint venture with Bridgestone in the wholesale of tires and tubes in the United Kingdom, and a wholly owned C.Itoh subsidiary sells Kawasaki motorcycles in France.(67)

1.5.2 Financing

The sogo shosha extend financial assistance in the form of business credits, loans and payment guarantees to their subsidiaries and customers to expand their business.(68)

When a lot of money is involved in taking over a foreign company, or setting up a joint venture, Japanese companies often link up with a sogo shosha to assist and co-finance them. A good example was the joint proposal of Toshiba and C.Itoh in October 1991 to the debt-laden US media and entertainment company Time Warner to take over parts of its debts and its businesses.(69)

1.5.3 Organizing domestic and overseas projects

The sogo shosha have been actively investing in domestic and overseas markets to promote new businesses, for themselves and for other companies belonging to their keiretsu. They also act as coordinators for exporting entire plants, setting up subsidiaries and joint ventures overseas, and have significantly increased their involvement in offshore transactions, using their global information/marketing networks. They search all over the world, using their offices in numerous countries and their connections with other group companies, to meet the needs of their customers and present them package deals.(70)

But they play a coordinating role, not a dominating one. They lack the financial power as well as the family power of the pre-war honsha. Using their global contacts the sogho shosha can offer the companies in their group all kind of business opportunities which are hard to refuse. But if they do refuse, the sogo shosha can turn to somebody else, in- or outside the Group.(71)

The sogo shosha themselves engage in three types of foreign investments:

1. local trading houses, mostly 100% owned, obeying orders from Japan, in all continents;
2. participation in mining companies: prevalent in Australia and South America;
3. participation in local industry: prevalent in South East Asia and the industrialized countries;

But the sogo shosha have been and remain trading conglomerates, not manufacturing conglomerates. By contrast, US and Western European conglomerates are centered around manufacturing industries. The sogo shosha own hundreds of small subsidiaries and large joint ventures in Japan and all over the world that engage in resource prospecting and development, manufacturing and processing, construction, financing and leasing, and subcontracting. They are devoting very much energy to keeping in contact with the potential growth areas of the future, and therefore invest in telecommunications, biotechnology, advanced electronics, and new materials. But all are owned and run for one primary purpose: to support the core business of selling and buying, and to generate new business opportunities -not for development and manufacturing purposes per se.(72)

One of the boldest examples of the way in which the sogo shosha are able to organize their group companies in foreign projects, is the take-over of Aristech Chemical Corporation from the US in January 1990. The Huntsman Group together with General Electric Plastics was bidding for the company, which turned for support to Mitsubishi Corporation. This sogo shosha was able to take-over the

chemical company for \$877 million, partly because it threatened GE Plastics that it would create antitrust problems. It argued that GE Plastics would have had too great a concentration of market-share in the basic building-block chemicals that Aristech makes.

Mitsubishi Corporation itself, according to the definitions in the US law, did not have close relations with companies operating in this market, and thus was free of anti-trust worries. But nevertheless it turned to Mitsubishi Bank and Mitsubishi Trust to underwrite the buy-out, and four months later sold 4.48% stakes in Aristech to Mitsubishi Kasei, Mitsubishi Gas Chemical, Mitsubishi Rayon and Mitsubishi Petrochemical. Comments Business Week: "The end result was that Japan's largest industrial group, including its largest general chemical maker and largest petrochemical company, secured control over Aristech - something GE Plastics was discouraged from doing partly because of antitrust worries." (73)

An example which shows that the sogo shosha don't limit themselves to group members when helping Japanese companies to set up businesses abroad, comes from Nissho Iwai Corp.'s latest annual report: 'Nissho Iwai in 1988 established in the USA a logistics company called Autrans Corporation, in response to the increasing number of Japanese automakers setting up plants in the United States and Canada. In order to successfully export their flexible manufacturing and 'just-in-time' production systems, these companies need exacting inventory control and deliveries timed to the precise hour of production, and in some cases, to the minute a particular assembly operation takes place. Autrans works with automakers and suppliers to meet these strict requirements. In 1990, Autrans Europe Ltd. was established in the United Kingdom. Autrans Corp. and Autrans Europe are now poised to expand their service into Mexico and Spain, respectively.' (74)

Government support

The coordinating activities of the sogo shosha are being supplemented by the government, through three important institutions: the famous MITI (Ministry of International Trade and Industry), the Japan External Trade Organisation (JETRO) which gathers information about foreign economies, which is provided to all Japanese companies and the Eximbank which gives credits at very favourable interest rates. (75) It is important to note that the active government policy to promote the development of new technologies and industries, also leads to regular, and sometimes extensive, contacts between companies belonging to different keiretsu or vertical groupings.

The MITI organizes hundreds of councils and subsouncils on subjects ranging from industrial structure to retail trade policy. Companies from competing groups routinely sit on the same council to debate government policy for their businesses, along with academics, journalists, and consumers. And then there is the system of amakudari, literally 'descent from heaven'. Scores of MITI officers, retired at 55, are being sent to the Japanese industry each year. This of course creates a personal network between various competitors. (76)

1.5.4 Gathering and disseminating information

It follows from the preceding paragraphs that the strength of the sogo sosha lies for a large part in their formidable communications network. A company such as Mitsui & Co.Ltd. invests as much in communications as in research and development, and exchanges up to 80,000 telexes per day. Its communications network is even 'better than the Pentagon's'.(77)

1.5.5 Organization of the sogo shosha

The sogo sosha are organized very hierarchically, and you can climb higher only if you get older. The president at the top is mostly very old, but has no real influence, he is just the symbol. He is assisted by vice-presidents, divided over two committees:(78)

1. administrative committee: in this committee the shareholders are represented, and its role is mainly to coordinate different services and different parts of the group, and for arbitrage;
2. executive committee: here the directors of the different departments of the company take all important decisions on its future;

The company is divided in divisions and sub-divisions or departments following the lines of different products. The director (bucho) of each sub-division has to take decisions on all problems connected with the trade in that specific product (selling, buying, investments, finance), it is a profit-centre. The bucho is assisted by assistants (kacho). Those are the people who do the business, with foreigners also. There are also central divisions supplying services to the departments (juridical, financial, etc.) There also exists a coordinating division, which helps in establishing links, solving conflicts, circulating information, etc.(79)

1.6 The changing position of the keiretsu's

1.6.1 Criticizing the keiretsu's

The six major keiretsu's clearly represented the Japanese economy during the 1950s, 1960s and early 1970s. During this period they were respected and feared in Japan, and hardly known abroad. From the second half of the 1970s they became better known, but were also criticised more in public. And at the same time their unrivalled dominance of Japanese economic structures was challenged by the emergence of independent groups and corporations in the new growth areas, high tech and services. These two factors - public criticism and more severe competition - have eroded their power somewhat, but their clout nevertheless remains formidable.

Criticism of the keiretsu and their sogo shosha started at home. In this respect 1974 was an important year, for two reasons. In that year the Fair Trade Commission, established in 1947 by the Americans but made forceless in 1952 by the abolishment of anti-monopoly laws, revealed that the ten sogo shosha had majority control over more than half of all companies quoted on the Tokyo Stock Exchange.

Secondly, the first oil crisis was accompanied in Japan by severe shortages of primary necessities as sugar, soap and detergents, which caused some public outrage. After investigations it was revealed that most of these shortages were artificial, caused by sogo shosha keeping their warehouses full and closed, hoping for a speculation profit.

Although there was much public debate on these questions, the government felt to dependent on the sogo shosha to take effective measures to limit their power. The sanctions taken were more of a symbolic nature. The only measure which was effective (the limiting of bank lending to one single client to 20-40% of the bank's capital, depending on the bank's statues) was taken more to reorganize the capital market than to punish the sogo shosha.(80)

1.6.2 Foreign criticism on the keiretsu

Agrowing flow of criticism on the keiretsu's is coming from the United States. American companies hold them responsible for their difficulties to get access to the Japanese market. The American government agrees with their view, and calls the keiretsu's 'non-tariff trade barriers'. It keeps pressing Tokyo to reform the structure of its economy. But Michael Gerlach, a professor of business administration at the University of California, says the attack is useless: "Telling them to dismantle the keiretsu is like telling Americans to rip up their credit cards. It is fundamental to the way business has been done in Japan."(81)

The American business magazine Fortune concluded this year: "Though the U.S. occupation left behind lots of American-style legislation, the Japanese don't really believe in anti-trust. Enforcement is lax. Everyday business practices, from retail pricing to the restructuring of declining industries, ignore the gospel according to the Sherman and Clayton acts."(82)

1.6.3 Increased competition from independent groupings

Since the heavy appreciation of the yen in 1985, the Japanese industries have to face intensifying international and domestic competition. Therefore Japanese companies have begun to place more emphasis on improvement of operational efficiencies and diversification into new business areas. This trend forces companies to select and tie up with the most powerful partners rather than to find alternatives necessarily from within the group companies. In recent years we therefore witness three movements which brake away slightly from the well-known path:(83)

1. Inter-group activities have been getting more vigorous in those areas where either dominant competition already exists, or an enormous risk is involved. For instance several trading companies are working together with electronics firms in the area of telecommunications, shipping lines belonging to different keiretsu cooperate to counter international competition, and seven major shipbuilders are working together on the very expensive development of a new type of shipping engine.

2. Vertically integrated groups are getting more active in the Japanese economy. They are taking the lead in new projects, and are diversifying into new industries. NTT for instance is working with Toshiba, Toyota and IBM in the computer and telecommunications industry, Nippon Steel is also diversifying into the computer and information system industries, and Matsushita has entered the fields of computers,

factory automation systems and dry batteries.

3. Major Western multinationals are at last establishing strong business bases in Japan, and have formed various business tie-ups with the members of Japanese industrial groups and non-group companies.

1.7 Conclusions

Although the post-war circumstances under which the keiretsu's prospered have altered significantly, their predominance in the Japanese economy has diminished somewhat and the boundaries between keiretsu's are being crossed more often, there is no dispute over the question if the keiretsu's still exist as discernible, functioning entities. Nor is there any disagreement over the question if keiretsu's and keiretsu-type relations are still of great importance for the development of the Japanese economy.

But to define the exact boundaries of the different keiretsu's, and to assess the coherence of each of them, is much more difficult. From the above description it is clear that there is not one single criterium sufficient to decide upon the question which company belongs to which keiretsu. A keiretsu is formed by ever widening concentric circles, tied together by very different types of bonds: membership of the presidential council, cross-holding of shares, credits and loans, strong trade relations, joint managers, and other, sometimes historic, ties. The core members of the group share several of these bonds, but the further a company is removed from the core, the looser the bonds, and the harder to decide if this company still is connected to a particular keiretsu.

The question we are facing therefore is difficult: we want to assess which companies have such strong links to one of the four timber traders (Mitsubishi Corp., Marubeni Corp., Nissho Iwai Corp., and C.Itoh & Co.,Ltd.) that they are able to influence its policies, and can be held - partially at least - co-responsible for the tropical timber trade. As there are so many criteria of importance, and so many companies involved, we simply lack time and resources - thousands of annual reports for a start - to perform this assessment adequately.

We therefore decided to rely upon one source: the comprehensive overview of Japanese keiretsu's by Dodwell Marketing Consultants published in 1988. (84) In this study an assessment is made of each company's degree of inclination to a particular keiretsu. This assessment is made on the basis of the following criteria: (85)

- the ratio of the group's shareholding to the total shares held by the top ten shareholders;
- the characteristics and historical background of the group and/or the company;
- the sources and amounts of bank loans;
- directors sent by and/or coming from nucleus group companies;
- the company attitude towards the group;
- the company connections with non-group companies;

When describing the four keiretsu's in chapter 3 we relied on this assessment. We therefore have only selected the Dutch connections of those companies which are according to Dodwell a core member of one of the four keiretsu's.

The Dodwell report however is published more than three years ago, and some things might have changed since then. As the report states itself: "There is a certain

degree of movement of companies from one group to another, so the degrees of inclination can change."(86) But the chance that a company with a strong inclination to the group 'drifts away' to another group is much smaller than the chance that this will happen with a company with weak links to the group, and therefore we don't think this will lead to major errors.

NOTES

1. Quoted in: *The Sogo Shosha: Japan's Multinational Trading Companies*, Alexander K.Young, Boulder Colorado: Westview Press, 1979, p.4
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2.1 General patterns

According to Japanese government sources, Japanese foreign direct investments can be divided in three phases. (1) The first phase runs from 1951, when foreign investment was once again allowed, until 1973. In this period the main motive for foreign investment was the wish to export some industrial products, and secure the supply of raw materials. The total amount of foreign direct investment (FDI) in this phase was limited, around \$10 billion, and the main regions where investment took place were Asia (25%), North America (23%) and Europe (22%).

The first oil crisis, which hit Japan hard, motivated the second phase, between 1974 and 1985. Two new goals were added to the ones mentioned above: to find cheap labour, and to reduce the growing trade frictions. These arose from the fastly expanding exports by Japanese companies, which motivated pressure from foreign governments on the Japanese to invest abroad. In this phase around \$70 billion has been invested abroad, mainly in North America (33%), Asia (24%) and Latin America (19%).

The third phase started with the Plaza Accord in 1985. Under heavy pressure from the United States, which saw its trade gap with Japan surging, a meeting of central bankers at the Plaza hotel in New York decided to double the value of the yen vis-a-vis the dollar. Theoretically this should result in a sharp reduction of the trade gap, but the American business magazine *Fortune* recently concluded that this hardly has been the case. "The currency shift was supposed to solve the trade problem by making US goods cheaper in Japanese markets. Japan's imports have gone up dramatically, but the main beneficiaries have been neighboring Asian countries that sell cheap consumer goods and Europeans who have exploited a new Japanese appetite for French wines, Italian suits, and BMWs. And while the US trade deficit with Japan has declined, its proportion of Japan's total surplus went up from 62% in 1986 to 75% in 1991. (2)

In fact, after four years of decline, Japan's global trade surplus is expected to go up again dramatically in 1991. (3) But at least one goal was achieved by the appreciation of the yen in 1985: it did encourage Japanese companies to substitute part of their exports by production overseas. To counter protectionist sentiments, many Japanese producers, especially in the car and electronics industry, are building up their own production bases in North America and Europe. The Japanese External Trade Organisation, JETRO, calls this the phase of the 'globalisation' of the Japanese enterprise: all products will be increasingly manufactured in the region they are sold in. In this optimistic vision of the future all trade problems will simply vanish over time. (4)

To accelerate this process, Japanese corporations are taking over foreign companies, JETRO claims. But these take-overs seem to be limited mainly to high-tech sectors (electronics, new materials, data communication), and service sectors (film and music industry, tourism, and finance). In the car, machinery, chemical and heavy industries this tendency is virtually absent. (5) And now that landmarks of American culture like CBS Records, Columbia Pictures and the Rockefeller Center are bought up by Japanese companies, this increased Japanese FDI seems to intensify rather

than diminish tensions between the two countries. It provoked for instance the serious business magazine Business Week to write an article under the title "Japan is like a kid in a candy store - A rich kid".(6)

Another new phenomenon since 1986 is the rapid increase of FDI by small and medium-sized Japanese firms, especially in Asia, and especially in manufacturing, using low labour costs.(7) And in the same period the Japanese banks, already the biggest in the world, 'began flocking overseas, flush with the proceeds of Japan's trading surpluses. By the end of 1988 their loan portfolio had tripled to more than \$1.7 trillion, nearly 40% of all international lending.'(8)

Taken all together, in the five years between 1986 and 1990, cumulative Japanese foreign direct investment reached \$227,157 million, almost three times as much as in the entire period 1951-1985! Of this huge amount of investments, nearly 50% has been directed to North America, more than 20% to Europe, and 12% to Asia and Latin America each.(9)

But although there is a tendency towards globalisation of Japanese companies, this is still much more profound in the spheres of trade and finance, than in industrial production itself. Of cumulative Japanese FDI in the forty years between 1951 and 1990 (of which 75% took place in the last five years), only 26.3% was directed at manufacturing industries. A massive 71.8% was invested in non-manufacturing industries, mainly banking & insurance (21.0%), real estate (14.8%), services (11.2%) and commerce (10.1%).(10) Looking at these figures one gets the impression that the main tendency in the last five years is not the increase in Japanese transplant production, but mainly the discovery by the Japanese of the international financial markets.

This tendency is the most profound in Europe. Japanese FDI in Europe (between 1951 and 1990) has been less than half of that in the United States, \$59 bln versus \$136 bln, and much more concentrated in a few, non-manufacturing, sectors. A stunning 42.4% of total Japanese FDI in Europe between 1951 and 1990 has been invested in the banking and insurance sector, 11.3% in commerce and 11.1% in real estate. Manufacturing industries are only good for 21.2%, with the electrics industry as most important (7.3%).(11)

JETRO gives two reasons for the heavy predominance of the banking and insurance sector in Japanese investments in Europe, a tendency that started after 1983. "Firstly the Big Bang in London, and other measures to liberalize European financial markets. And secondly the increasing need for foreign capital by Japanese companies. The large banks and securities houses, and later the life insurance companies, the casualty insurance companies and the medium-sized securities houses have been successively establishing local affiliates and investment companies in the United Kingdom, and in Luxemburg and The Netherlands where tax laws are easier. And trading and manufacturing companies also established their own financing companies in these countries."(12)

According to the Japanese Ministry of Finance, of all Japanese FDI in Europe, 38.1% is located in the United Kingdom, 21.6% in The Netherlands, and 9.5% in Luxemburg. Other European countries are less popular.(13)

On the 'easy tax laws' in The Netherlands, and the consequences for Japanese FDI in this country, we will elaborate in chapter 2.3.1.

2.2 The role played by the keiretsu's in Japanese FDI

The keiretsu's play an important role in Japanese foreign investment. One reason for this is obvious: they consist of fairly large companies, a category which is responsible for almost all foreign investment movements all over the world. But another reason is that they help each other in establishing a subsidiary in a foreign market. 'When we came to the U.S., we asked other Mitsubishi companies to support us', says Mitsubishi Semiconductor President Tadaaki Mizoguchi, whose plant nestles among the North Carolina pines. 'If we had to develop everything from scratch or ask other (outside) companies we are not familiar with, it would be more difficult.' So Mitsubishi Bank provided start-up capital, Mitsubishi Corporation handles purchasing and warehousing, and the Nippon Yusen shipping line also lends a hand. 'If a deal comes up, and you can do business with two different people, you tend to pick the person you know better,' adds Minoru B. Makihara, president of Mitsubishi International Corporation in New York. (14)

Abroad the keiretsu companies continue their practice of buying preferably from each other. Fortune recently cited the case of Tenneco Automotive: "The Illinois company has a large presence in Japan and supplies the Toyota keiretsu worldwide with exhaust systems and shock absorbers. But its sales to Mazda in the U.S. suddenly stopped last year. The new supplier: Tokico Manufacturing, which set up shop in Kentucky. Says John Reilly, CEO of Tenneco Automotive: 'They told us their decision to re-source reflected cost and quality problems. Frankly, we believe there were other reasons.'

One appears to be that the new supplier is part of Mazda's keiretsu. Tokico now shares the business with another Japanese transplant, KYB Industries, which is not part of the official family. Says a Japanese auto executive who asks not to be named: 'First choice is a keiretsu company, second is a Japanese supplier, third is a local company.' According to a University of Michigan study of a Honda plant in Ohio, only 16% of its parts requirements in 1989 were met by U.S. suppliers; the rest came either from Japan or from transplanted Japanese suppliers." (15)

According to Business Week, there are among 25 Mitsubishi-related companies in the U.S. supplying to Diamond-Star Motors Corporation, until recently a joint-venture between Chrysler and Mitsubishi Motors. But the magazine has to admit: 'Group membership does not guarantee that a company gets a sweetheart deal from a sister company. Mitsubishi Heavy Industries competed to supply gas turbines for a \$400 million power plant that Mitsubishi Corp.'s wholly owned Diamond Energy Inc. unit is building in Virginia, but lost most of the work to Siemens. Mitsubishi Heavy also lost in bidding to supply most of the robots to Diamond-Star in Illinois. 'They didn't satisfy us', complains Diamond-Star President Yoichi Nakane.' (16)

2.3 Japanese investments in The Netherlands

2.3.1 Total amount and sectoral distribution

According to the Japanese Ministry of Finance, total Japanese direct investments in The Netherlands in the period 1951-1990 amount to \$12,816 million, 4.1% of total

Japanese FDI, and 21.6% of Japanese FDI in Europe. Of the total Japanese FDI in The Netherlands 35.4% was invested in 1989 and 21.4% in 1990.(17)

Figures from De Nederlandsche Bank, the Dutch central bank, are much lower though. The Bank says total Japanese investment stood at f4.8 billion (about \$2.5 bln) at the end of 1990.(18) Only 11.6% of this total was invested in 1989, and 10.8% in 1990. In the first nine months of 1991, Japanese FDI in The Netherlands grew with 7.9%.(19)

Comparing the figures, two points can be made. Firstly, and most striking, the total mentioned by De Nederlandsche Bank is only 20% of the figure mentioned by the Japanese authorities! And secondly, the Japanese also give a much higher growth rate, so the discrepancy is growing.

Both facts can be explained by the enormous growth of Japanese holding and financial companies in The Netherlands in the last five years. These are postbox-companies, only created to profit from the very convenient corporate tax climate. Through the famous 'participation exemption' clause in Dutch tax laws, companies situated in The Netherlands don't have to pay withholding tax on dividends and capital gains coming from foreign participations. Furthermore, The Netherlands have tax treaties with many countries which guarantee a lower tax rate for the withholding taxes on dividends, interest and royalties paid to a foreign company.

It therefore is very attractive for a foreign company that wants to invest for example \$100 million in Europe or the United States, to 'invest' that amount in a Dutch holding company, that on his turn can make the real investment. Benefits coming from this investment will then flow through the Dutch 'tax haven', resulting in a much lower overall tax level.

A slight variation on the same theme is occurring when the - for example Japanese - company lends money to a Dutch financing company, who can on-lend it to for instance a European production-subsiary of the Japanese company, or to a non-affiliated company. In that case the interests flow to Japan through The Netherlands, again resulting in a lower overall tax level.

And the third variation concerns the - again for instance - Japanese company that wants to raise capital on the Euro-market, to finance its foreign expansion plans. In this case as well it is much more profitable (in terms of corporate tax) to have the bonds or other securities being issued formally by a Dutch financing company.

These three tax evading constructions, and some other less important variations, have been well-known and heavily used by European, American and even South African multinationals for the last two decades.(20) But Japanese firms only started to set up these Bijzondere Financiële Instellingen (Special Financial Institutions) - as they are called by the Dutch tax authorities - on a massive scale some five years ago. According to estimates there are now some 150 BFI's established by Japanese companies.(21)

De Nederlandsche Bank does not include the investments made in BFI's in its statistics, because these 'disturb the picture of what is really invested in The Netherlands', according to prof.dr.M. van Nieuwkerk of the Bank. (Because BFI's usually invest almost all their assets in foreign countries). The figures on FDI published by the central bank are 'flesh and blood'-figures, says Van Nieuwkerk. According to him over the last three years an annually inflow from Japan into BFI's of around f3 billion (\$5.7 billion) took place, which probably includes investments

as well as loans. And annually f600 million (\$ 1.1 billion) annually flows back to Japan, in the form of dividends, interest and royalties.(22)

When we leave the financing and holding companies or BFI's aside, the total number of Japanese subsidiaries in the Netherlands at the end of 1991 will be between 250 and 300.(23) Of these, 44 are production- and assembly companies. The other 200-250 are European headquartes, distribution centers, trading and other services companies. Exact figures about the distribution over different sectors are not known.

2.3.2 Employment

Total employment by Japanese subsidiaries in The Netherlands was estimated by Buck Consultants, specialized in foreign investment in The Netherlands, at 13,000 in May 1991.(24) Compared with the total employment by foreign companies, which stands at 310,000, this is not much.

The distribution over the different types of companies is not known exactly. The financial and holding companies hardly employ any personnel: sometimes they are managed by one or two employees, but often they have no employees, and leave the aministration to a so-called trust company.(25)

Among the maufacturing companies, Fuji Photo Film in Tilburg is the biggest employer, with 1,200 employees. The Dutch government calls this company the largest Japanese company in Europe, outside the automotive sector.(26) The f1,000 million investment by Mitsubishi Motors in exchange for a 1/3 share in Netherlands Car (holding) BV (the former Volvo Car BV), which employs around 1,000 people, of course also is very important.

Probably most people employed by Japanese subsidiaries work for companies in the services, distribution and coordinating sector. Important employers in this sector are Canon (720 employees) and Nissan (600).

2.3.3 Reasons for investing

Japanese companies mention several reasons for investing in The Netherlands: the attractive fiscal climate, the eminent infrastructure and distribution facilities, the favourable geographical position in respect of Europe's biggest markets, the proximity of a big international port (Rotterdam) and a big international airport (Schiphol), the average high level of education and skills of the Dutch workforce, the (regional) investment incentives, the good knowledge of English language, and the friendly attitude towards foreigners. Another reason is the fear to be excluded by higher tariff walls from 'Fortress Europe' after 1992.(27)

The Netherlands have only two disadvantages, says director K.Wada of Mitsubishi Nederland: "The small internal market, which will change with European integration, and the high wage level."(28) But president Y.Kawanade of Nissan Europe BV sees some other disturbing tendencies: "An increase in small criminality and degeneration, growing problems to find skilled employees in the fields of data-processing and international management, and a lack of telecommunication facilities and international schools."(29)

An additional reason for investment in The Netherlands is that Japanese companies attract eachother: the fact that the European headquarters of Canon were located

near Amsterdam surely did encourage its competitors Ricoh, Brother, Mita, and Nikon to do the same, and the same applies to Japanese banks. When one company is successful in The Netherlands, the assumption that The Netherlands is a good location for this type of activities is quickly made.(30)

And another reason is that the larger the Japanese community grows, the better the facilities for Japanese speaking families. As a pre-condition for the establishment of Nissan's European Headquarters a few years ago, a Japanese school was established in Amsterdam, which is open for other Japanese native speakers as well.(31) Says F.Migchelbrink of the Netherlands Foreign Investment Agency (CBIN): "The fact that Amsterdam's neighbouring city Amstelveen tries to bring a Japanese TV-station on cable-television, is an important factor for a Japanese firm in choosing its place of settlement."(32)

Only three years ago, the then Dutch Minister of Economic Affairs, De Korte, wanted to present The Netherlands as very pro-Japanese, by exclaiming "All Japanese investments are wellcome without restriction".(33) But today there are some doubts among the public authorities concerning the fact that Japanese investments in The Netherlands are mainly taking place in the services sector. Says F.Migchelbrink (CBIN): "Japanese production plants are going to low-wage countries like Spain and Ireland, who are known in Japan as good industry-countries. The Netherlands stands for logistics, distribution and service in Japan. The Japanese companies in the Netherlands are mainly distribution centers or European headquarters. In this way the Japanese investments do not add much to the diversity of the Dutch economy. The CBIN tries to break through this one-sided picture. But apart from a few exceptions we were not very successful in it."(34)

2.3.4 Location patterns

The general tendency for all foreign investments in The Netherlands is to establish headquarters, distribution and trading companies, and other services companies mainly in the 'Randstad' (the region enclosed by the big cities Amsterdam, Rotterdam, Den Haag en Utrecht), while the provinces Gelderland, Zeeland, Noord-Brabant and Limburg are favored for investments in production companies.(35)

Japanese companies fit in this scheme. The 44 Japanese production- and assembly-subsidiaries are scathered around the country. Although 18 consist of take-overs of existing companies, there is a clear pattern in it. The first Japanese production company was Yoshida in Sneek in 1964, in the Northern province Friesland. But in 1988 of the 25 Japanese production subsidiaries in The Netherlands, 14 were situated in the southeastern provinces Gelderland, Noord-Brabant and Limburg, which are close to the German and Belgian markets, and which can offer regional investment incentives. This pattern has remained the same since then: in 1991, of the 44 production subsidiaries, eight were located in Noord-Brabant and nine in Limburg.(36)

Headquartes, distribution centres, trading and other services companies however have a strong preference for the Randstad. Only in the province Noord-Holland there are already 151 of them. But there are some differences among them as well. Banking subsidiaries (as well as the 150 financial and holding companies) are almost

exclusively located in the Dutch financial centre, Amsterdam. The general trading companies however prefer Rotterdam. Companies establishing European headquarters and distribution centres often choose for the area around Amsterdam. Well-known examples of the latter are Nissan, Canon, Yamaha and Nikon. Between 1988 and 1990 the number of European headquarters of Japanese companies in this area rose from 34 to 47, and surpassed that of American companies, which stands at 46. Fifteen to twenty per cent of all European headquarters of Japanese firms are established in The Netherlands, and one of every three European distribution centres.(37)

The location pattern of Japanese investments in The Netherlands described above, is reflected in the distribution of Japanese inhabitants. More than four thousand Japanese live in The Netherlands, but over eighty percent lives in and around Amsterdam, mainly in Buitenveldert and Amstelveen.(38)

2.3.5 Keiretsu-structures in The Netherlands

In general, the keiretsu's play a big role in Japanese FDI (see 2.2). One could assume that this is also the case in The Netherlands, although the total amount of keiretsu-investments in The Netherlands is incomparable to that for instance in the United States. For this reason, and because much of the keiretsu-type relations are established behind closed doors, there is not much known about this subject. But in the scarce information available, we when cautiously discern some patterns.

For instance in construction, Japanese companies in The Netherlands don't seem to rely very much on keiretsu companies, but they do choose a Japanese company for helping them to construct their warehouses, offices and distribution centres. Two subsidiaries of Japanese construction companies dominate this market: Ohbayashi Europe BV (loosely connected to the Sanwa Group) and Takenaka Netherlands BV, which is not connected to any keiretsu. Both function as intermediate between the Japanese companies and the Dutch construction firms, as the Japanese 'have not enough knowledge of the local construction market', according to a representative of Ohabyashi. This firm is active for six years in the Netherlands, and has built premises for a.o. MHI Equipment Europe BV (Mitsubishi Group), Canon Europe BV (Fuyo Group) and Hoya Lens BV (affiliated to Sanwa Group).(39)

Even more succesful is Takenaka Netherlands, which did work for Nissan (affiliated to Fuyo Group), JVC and Pioneer (both Matsushita Group). It grew to annual sales of f110 million and 60 employees in 1991.(40) But the most ambitious is the newly established Taisei Europe (Fuyo Group), which wants to construct a huge Japanese Trade Centre, south of Amsterdam.(41)

In banking, until recently there was no clear connection between Dutch subsidiaries of keiretsu-affiliated companies and their keiretsu bank, simply because most keiretsu banks didn't have offices here. Only Dai-Ichi Kangyo Bank has had a Dutch branch since 1974, and the smaller Tokai Bank since 1976. Most Japanese companies in The Netherlands do business with one or two Dutch banks, and/or a Japanese securities house(42) and with the Bank of Tokyo (BOT), which was established in Amsterdam in 1972. Of old, this city bank has been appointed by Japanese financial authorities as the international bank of Japan. It's function was to pave the way for foreign investments by Japanese companies. BOT therefore is not connected to any particular keiretsu. It has the largest network of international

branches of all Japanese banks, and is specialized in valuta exchange and trade financing. In The Netherlands it is the only Japanese bank engaged in retail banking, and it therefore is the private bank of all Japanese inhabitants.(43)

Recently, more keiretsu banks have established offices in The Netherlands. Fuji Bank opened a subsidiary in 1990, and Mitsubishi Bank, Sanwa Bank and Sumitomo Bank opened representative offices the same year, which will grow into banking subsidiaries soon. A student of the Amsterdam University who looked at overseas expansion strategies by keiretsu banks, concluded that Japanese subsidiaries in The Netherlands belonging to a keiretsu will switch a large part of their banking activities to their keiretsu bank, as soon as it opens a subsidiary in The Netherlands. The most profitable activities for the bank (letters of credit, valuta arbitrage, deposit money transactions) will be done by the keiretsu bank, while for other activities (credits, etcetera) relationships will be kept with a few other (Japanese and Dutch) banks. From the Dutch example and others, he concluded that the keiretsu banks follow their group companies to foreign countries.(44)

From the scarce information available, there is no reason to doubt that a pattern similar to that described above is valid for The Netherlands as well: 'First choice is a keiretsu company, second is a Japanese supplier, third is a local company.'(45)

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27. Klijn, 1991, p.29; Volkskrant, October 20 1989; Japanners zitten het liefst op elkaars lip, Herman Stil, Het Parool, December 19, 1991
28. Gestaalde Connecties - Mitsubishi Groep breidt activiteiten in Nederland uit, Jan Willem van Gelder, Elsevier, June 29, 1991, p.61
29. Gateway from Asia, Willem van der Ham, Intermediair, October 19 1990
30. Het Parool, December 19 1991
31. Quote, December 1991, p.73
32. Het Parool, December 19 1991
33. Financieele Dagblad, January 20 1989
34. Het Parool, December 19 1991
35. CBIN, Jaarverslag 1989, p.17
36. NRC Handelsblad, May 23 1991; Financieele Dagblad, August 19 1988
37. The 1991 Survey of Foreign-Based Companies with European Headquarters in the Amsterdam Area, KPMG, November 1991; NRC Handelsblad, May 23, 1991; CBIN, Jaarverslag 1989, p.28
38. Intermediar, September 20, 1991; Klijn, 1991, p.30
39. Fiancieele Dagblad, September 14 1988
40. Quote, December 1991, p.73-75
41. Financieele Dagblad, February 1 1991
42. Daiwa, Yamaichi and Nomura opened a banking subsidiary in Amsterdam in 1972-73, and Nikko followed in 1988
43. Klijn, 1991, p.30
44. Klijn, 1991, p.30-38; for concrete examples: see paragraphs 3.3.4 and 3.4.4
45. Fortune, July 15 1991, p.50

Chapter Three: THE FOUR KEIRETSU'S

3.1 Introduction

In this chapter we will describe the four keiretsu's (Dai-Ichi Kangyo Bank, Fuyo, Mitsubishi, and Sanwa) the four sogo shosha we are concerned with (C.Itoh & Co., Ltd., Marubeni Corporation, Mitsubishi Corporation and Nissho Iwai Corporation) belong to. We will identify core members of these groupings, and the links of these companies with The Netherlands in terms of subsidiaries, importers and products. The sources for these data are mentioned in the notes to this chapter, and are described in more detail in chapter 5. As these data can be wrong or outdated, we have checked the most important ones with the companies involved, but nevertheless minor errors (address, exact product imported, etcetera) are still possible.

3.2 Dai-Ichi Kangyo Bank Group / C.Itoh & Co., Ltd.

3.2.1 Description of the Group

* Nucleus of the Group

Dai-Ichi Kangyo Bank. Total assets on 31-3-1991: Y 64,530,318 mln. Net Income in 1990-91: Y 91,613 mln.(1) The Dai-Ichi Kangyo Bank was formed through a merger of the Dai-Ichi Bank and the Nippon Kangyo Bank in 1971. The group is also called Ichi-kan.(2)

* Total size of the Group

106 companies with total sales in 1987 of Y 32,928 bln, total paid-up capital of Y 1,231 bln, and 344,000 employees.(3)

* Sogo Shosha in the Group

- + C.Itoh & Co.,Ltd. (C.Itoh & Co.,Ltd. historically worked for the Sumitomo Group, but with the rapid growth of Sumitomo Corp., C.Itoh & Co.'s role as a general trading firm in the group tended to diminish somewhat. As a result the firm became more strongly oriented to the DKB Group and has replaced Nissho Iwai Corp. as its leader and organizer. Although C.Itoh in 1977 absorbed Ataka & Co. which belonged to the Sumitomo Group, its inclination to the DKB Group has shown no change)
- + Kanematsu Corporation (Originally belonged to the Nippon Kangyo Bank Group)
- + Nissho Iwai Corporation (Until some ten years ago Nissho Iwai Corp. played an important role as a trading firm for the Dai-Ichi Kangyo Bank Group, and it still is a member of the DKB's Sankin-kai. But since C.Itoh & Co. gravitated to the DKB Group in recent years, Nissho Iwai Corp. became a nucleus member of the Sanwa Group)(4)

SOMO

Paulus Potterstraat 20

1071 DA Amsterdam

*** Presidential Council**

To create greater unity among the Group members, the Sankin-Kai (Third Friday Meeting) was established in 1978. Four times a year the presidents of 47 companies meet. The Sankin-Kai remains an open and free council. Some of the members such as Hitachi Ltd. and Ishikawajima-Harima Heavy Industries have formed their own groups, while others are not full members of the DKB Group.(5)

*** Other Councils and Sub-Groups**

The DKB Group consists of several sub-groups. Crossholding of shares within the Group as a whole has not been practiced significantly, but within each sub-group it is common practice. Sub-groups are: the Furukawa Group with Furukawa Sansui-Kai presidential council (44 companies); the Kawasaki Group (a historical extension of the pre-war Kawasaki Zaibatsu) with the Kawasaki Mutsumi-Kai (4 companies); and the Jugosha Shacho-Kai (a council consisting of the Dai-Ichi Kangyo Bank and 14 companies with close ties with the former Nippon Kangyo Bank). Furthermore the Sankin-Kai has a sub-council composed of senior managing directors which seeks ways of cooperating in technology, finance and international business. There are also sub-groups for the overseas development of uranium and coal, for the development of the international tourist business, the information and communications field, etcetera.(6)

*** Connected Vertical Groups**

Seibu Saison Group
Hitachi Group
Ishikawajima-Harima Heavy Industries Group(7)

3.2.2 Core members of the Group

Sankin-kai Members(8)	Sub-council (a)	Inclin. (b)
Asahi Denka Kogyo K.K.	F	***
Asahi Mutual Life Insurance Co.	F	***
C.Itoh & Co.,Ltd.		****
Dai-Ichi Kangyo Bank, Ltd.	FJ	****
Fuji Electric Co., Ltd.	F	****
Fujitsu Ltd.	F	****
Furukawa Co., Ltd.	F	***
Furukawa Electric Co., Ltd.	F	***
Kawasaki Heavy Industries, Ltd.	K	***
Kawasaki Steel Corporation	K	***
Kawasho Corporation	K	***
Nippon Zeon Co., Ltd.	F	***
Taisei Fire & Marine Insurance Co., Ltd.		****
Yokohama Rubber Co., Ltd.	F	***

Asahi Chemical Industry		*
Asahi Optical		*
Chichibu Cement		*
Denki Kagaku Kogyo	J	*
Ebara Corporation		*
Fukoku Mutual Life Insurance	J	*
Hitachi Ltd.		*
Honshu Paper	J	*
Iseki & Co.		*
Ishikawajima-Harima Heavy Industries		*
Isuzu Motors		*
Japan Metals & Chemicals		*
Kanematsu Corporation(9)	J	*
Kankaku Securities(10)	J	**
Kawasaki Kisen	K	*
Kobe Steel		*
Korakuen Company	J	*
Kyowa Hakko Kogyo		*
Lion Corporation		*
Niigata Engineering	J	**
Nippon Columbia	J	*
Nippon Express	J	**
Nippon Light Metal	F	*
Nissan Fire & Marine Insurance	J	*
Nissho Iwai Corporation		*
Orient Corporation(11)		*
Sankyo Co.	J	*
Seibu Department Stores	J	*
Shibusawa Warehouse	F	**
Shimizu Corporation		**
Shiseido Co.	J	*
Showa Shell Sekiyu		*
Yaskawa Electric Manufacturing	J	*

Other Group Companies(12)	Subsid. (c)	Inclin. (b)
---------------------------	-------------	-------------

Advantest Corporation		***
Aoyama Trading Co.,Ltd.	C	***
C.I. Marine	C	***
C.I. Metal	C	***
C.Itoh & Co. (Nonferrous Metals)	C	***
C.Itoh Apparel	C	***
C.Itoh Automobiles	C	***
C.Itoh Building Materials	C	***
C.Itoh Data Systems	C	***
C.Itoh Electronics	C	***

C.Itoh Farming Instrument & Fertilizer	C	***
C.Itoh Feed Mills	C	***
C.Itoh Fine Chemical	C	***
C.Itoh Fudosan	C	***
C.Itoh Fuel Co.,Ltd.	C	***
C.Itoh Industrial Machinery	C	***
C.Itoh Iron & Steel Sale	C	***
C.Itoh Kensetsu Kikai Hanbai	C	***
C.Itoh Kozai Hanbai	C	***
C.Itoh Mechatronics	C	***
C.Itoh Petroleum Sales	C	***
C.Itoh Plastics System	C	***
C.Itoh Pulp & Paper Sales	C	***
C.Itoh Sato Hanbai	C	***
C.Itoh Tekko Hanbai	C	***
C.Itoh Texmac	C	***
Century Leasing System Inc.		***
Century Medical	C	***
Century Research Center		***
Crefin	C	***
Fanuc Ltd.	F	***
Fuji Business Systems		***
Fuji Butsuryu	F	***
Fuji Denki Reiki		***
Fuji Electrochemical Co., Ltd.	F	***
Fujitsu Denso, Ltd.	F	***
Fujitsu General, Ltd.		***
Furukawa Aluminium	F	***
Furukawa Battery Co., Ltd.	F	***
Furukawa Circuit Foil		***
Japan Aircraft Manufacturing Co., Ltd.	K	***
Japan Liquor	k	***
Kakouki Service	C	***
Kanto Denka Kogyo Co., Ltd.	F	***
Kawasaki Refractories	K	***
Kawatetsu Transportation	K	***
KGK	k	***
Kinugawa Mokuzai	C	***
Matsushita Suzuki	C	***
Meiji Trading		***
Meikan	C	***
Minatoya Paper Trading	C	***
Nihon Nohyaku Co., Ltd.	F	***
Niigata Converter		***
Nippon Foil Manufacturing Co., Ltd.	F	***
Nishino Shoji	C	***
Progress Trading	C	***
Riken Electric Wire Co., Ltd.	F	***

Roy-Ne	C	***
Sanko Company, Ltd.	C	***
Shindengen Electric Manufacturing Co.	F	***
Shinko Electric Industries Co., Ltd.	F	***
Takamisawa Electric Co., Ltd.	F	***
Takiron Co., Ltd.		***
Toa Paint Co., Ltd.	F	***
Toho Tochi Kaihatsu	C	***
Towa Electron Co., Ltd.	F	***
Urschel Japan	C	***
World Energy Development		***
Ando Construction		*
Ayaha Industries		**
Calpis Food Industry		*
Daido Signal		*
Daifuku Co.		**
Daiken Trade & Industry		**
Daito Transportation	K	*
Fuji Oil		**
Fujitsu Ten	F	*
Hakuyosha Company		*
Hazama-Gumi		**
Hokuetsu Paper Mills		*
Hokusei Aluminium	F	*
Hokushi		*
Iino Kaiun	K	*
Iwasaki Electric		*
Kagetsuenkanko Company		*
Kawajyu Shoji		**
Kawasaki Steel Container	K	**
Kawatetsu Galvanizing	K	**
Kondo Tsushin Kogyo	F	*
Kotobuki Industry		*
Kumamoto Sogo Bank		*
Kurita Water Industries		**
Kyodo Printing		**
Meiji Machine		**
Meiji Milk Products		**
Meiji Seika		**
Morozoff Ltd.		*
Nagasakiya Company		*
Nichimo Company		**
Niigata Rikokairiku Unso	K	**
Nikken Chemicals		**
Nikkiso Company		*
Nippon Beet Sugar Manufacturing		*
Nippon Coinco		*

Nippon Gear	F	**
Nippon Road		**
Nisseki House Industry		**
Ocean Transport	K	*
PFU Ltd.	F	*
Prima Meat Packers		**
Sato Kogyo		*
Seibu Electric		*
Shata Kogyo		*
Showa Rubber		**
Tokyo Leasing		**
Tokyo Rope Manufacturing		**
Toyo Radiator		*
Y-E Data		*

- (a) F = Member of Furukawa Sansui-kai
K = Member of Kawasaki Mutsumi-kai
J = Member of Jugosha-Shacho-kai
- (b) For significance of asterisks see chapter 5.3
- (c) C = Majority owned subsidiary of C.Itoh & Co.
k = Majority owned subsidiary of Kanematsu Corporation

3.2.3 Dutch Connections of Core Group Members(13)

* Advantest Corporation

- # Products and Trade Names: ADVANTEST measuring and analytical instruments;
European Headquarters: Advantest Europe GmbH.: Rosenkavalierplatz 5, D-8000 München 81, Germany, tel: 09-49-89-928060, 100%;
Dutch Subsidiaries, Branches, Affiliates:
+ Advantest International Europe BV: De Boelelaan 7, Postbus 71744, 1008 DE Amsterdam, tel: 020-6465996, 100%, no employees, bank: BOT en Dai-Ichi Kangyo Bank, managing director: BOT Trust (Holland) BV (financing and holding company)
+ Advantest Netherlands BV: Fellenoord 310, 5611 ZD Eindhoven, tel: 040-442245, 100%, 5 employees, director: mr.G.Kessler (import of test equipment);
Importer(s) for the Dutch market:
+ Advantest (Netherlands) BV: see above;
+ Koning en Hartman BV (subsidiary of Internatio-Müller): Energieweg 1, Postbus 125, 2600 AC Delft, tel: 015-609906;

* Asahi Denka Kogyo K.K.

- # Products and Trade Names: fats, oils, ADEKA chemical products;
Importer(s) for the Dutch market:

+ Pakor Bouwchemie BV: Mandenmakerstraat 24, 2984 AS Ridderkerk, tel: 01804-10888 (import of ADEKA ULTRA SEAL swelling seal rubber);

* Asahi Mutual Life Insurance Company

Products and Trade Names: life insurance

European Headquarters: Asahi Life Investment Europe Ltd.: 125 Wood Street, London EC2V 7AQ, United Kingdom, tel: 09-44-71-7963841, 100%;

* C.Itoh & Co., Ltd.

Products and Trade Names: general trading company;

European Headquarters: C.Itoh et Cie.(Europe) SA: Boulevard Saint Michel 83, 1040 Brussel, Belgium, tel: 09-32-1-3536090, 100%;

Dutch Subsidiaries, Branches, Affiliates:

+ C.Itoh & Co., Nederland BV: Westblaak 224, 3012 KP Rotterdam, tel: 010-4132948, 100%, managing director: mr.A.Imai (general trade);

+ Daihatsu Holland BV: Witboom 2, Postbus 149, 4130 EC Vianen, tel: 03473-70505, 65% (Daihatsu Motor Co. owns other 35%), 39 employees, managing director: mr.K.Kasama (import and wholesale of DAIHATSU cars);

+ Hitachi Construction Machinery (Europe) BV: Souvereinstraat 16, Postbus 404, 4900 AK Oosterhout, tel: 01620-84400, 15% (Hitachi Construction Machinery Co. owns other 85%), 170 employees, general manager: mr.M.Kobayashi, banks: ABN and BOT (import, production and assemblage of HITACHI construction machinery);

+ Kawasaki Motors NV: Marconiweg 5, Postbus 68, 4130 EB Vianen, tel: 03473-73444, 50% (Kawasaki Heavy Industries, Ltd. owns other 50%), 38 employees, managing director: mr.H.Suzuki (European distribution centre of KAWASAKI motorcycle parts);

* Century Leasing System, Inc.

Products and Trade Names: leasing;

Dutch Subsidiaries, Branches, Affiliates:

+ Century Leasing Holland BV: De Boelelaan 7, Postbus 71744, 1008 DE Amsterdam, tel: 020-6466111, 100%, no employees, bank: Dai-Ichi Kangyo Bank, director: mr.T.Kitagawa (holding and financing company, total assets at 28-2-1991: f85 mln);

* Dai-Ichi Kangyo Bank, Ltd.

Products and Trade Names: banking;

Dutch Subsidiaries, Branches, Affiliates:

+ Dai-Ichi Kangyo Bank Nederland NV: Apollolaan 171, Postbus 7075, 1007 JB Amsterdam, tel: 020-5740200, 100%, 50 employees, deputy general manager: mr.F.Shinomya;

* Fanuc, Ltd.

Products and Trade Names: FANUC robots, machinery, automation equipment, and measuring and control equipment;

Dutch Subsidiaries, Branches, Affiliates:

+ GE Fanuc Automation Benelux BV: Druivenstraat 3, Postbus 7230, 4800 GE Breda, tel: 076-78300, 50% (via GE Fanuc Automation Europe SA in Luxemburg, General Electric owns other 50%), 55 employees, director: mr.J.Houben (import of production machinery, automation equipment);

Importer(s) for the Dutch market:

+ GE Fanuc Automation Benelux BV: see above;

+ Landré Metaalbewerking BV (subsidiary of Koninklijke Landré en Glindeman): Visseringweg 40, Postbus 187, 1112 AT Diemen, tel: 020-5696569;

+ Mechalectron BV (subsidiary of Boschhaven Groep): Overijsselhaven 30, Postbus 1060, 3430 BB Nieuwegein, tel: 03402-61414;

* Fuji Electric Co.,Ltd.

Products and Trade Names: FUJI power equipment, heavy machinery, solar cells, measuring instruments, electric and electronic components;

Importer(s) for the Dutch market:

+ ABE CV: Buskenblaserstraat 24, Postbus 8157, 1005 AD Amsterdam, tel: 020-6846533 (import of electro-engines);

+ Envico Environment Control BV: Zuidbuurtseweg 42, Postbus 8, 2380 AA Zoeterwoude, tel: 01715-9308 (import of gasanalyzers);

+ Hollinda Process Automation Services BV: Regentesselaan 9, 2562 CL Den Haag, tel: 070-3617394 (import of electrical components);

+ INTRA Electronics BV (subsidiary of Sonépar Electronique): Gulberg 33, Postbus 259, 5670 AG Nuenen, tel: 040-836455 (import of electrical components);

+ Kimman Aandrijftechniek BV (subsidiary of Doedijns Holding BV): Polakweg 6, Postbus 743, 2280 AS Rijswijk, tel: 070-3401785 (import of inverters);

+ Koning en Hartman BV (subsidiary of Internatio-Müller NV): Energieweg 1, Postbus 125, 2600 AC Delft, tel: 015-609906 (import of electronic parts);

+ Riko Lampen BV, Laarpark 38, 4881 ED Zundert, tel: 01696-74030 (import of lighting bulbs);

+ Technische Handelonderneming Kolmer BV: Industrieweg 16, Postbus 173, 3880 AD Putten, tel: 03418-54870 (import of frequency modifiers)

+ Weda BV: Jan Steenlaan 5, 1412 JS Naarden, tel: 02159-32788 (import of weighing equipment);

* Fujitsu, Ltd.

Products and Trade Names: FUJITSU, ICL and POQUET computers, FUJITSU and FETEX telecommunication equipment and semiconductors, FUJITSU consumer electronics and refrigerators;

European Headquarters: Fujitsu Europe Ltd.: 2 Longwalk Road, Stockley Park, Ubridge, Middlesex UB11 1AB, United Kingdom, tel: 09-44-81-5734444, 100%;

Dutch Subsidiaries, Branches, Affiliates:

- + Fujitsu Component Europe BV: Weesp, 100%, no employees (no current activities);
- + Fujitsu General Japan (NL) BV: Marconiweg 10, Postbus 91, 4130 EB Vianen, tel: 03473-73744, 100%, 18 employees, banks: Amro and DKB (import of FUJITSU electronic products and airconditioning equipment);
- + Fujitsu International Finance (Netherlands) BV: Amsterdam (financing company);
- + Amdahl Nederland BV: Weg der Verenigde Naties 1, Postbus 8480, 3503 RL Utrecht, tel: 030-906222, 44% (via Amdahl Corporation in the USA), (import of AMDAHL computers);
- + ICL Nederland BV: Het Kwadrant 1, Postbus 4000, 3600 KA Maarssen, tel: 03465-98111, 80% (via ICL Ltd. in the UK), 520 employees (import of ICL computers);

Importer(s) for the Dutch market:

- + subsidiaries above;
- + ACAL Auriema Nederland BV (subsidiary of ACAL PLC): Doornakkersweg 26, 5642 MP Eindhoven, tel: 040-816565 (import of electronic components and computers);
- + Air-Parts International BV: Kalkovenweg 12, Postbus 255, 2400 AG Alphen aan de Rijn, tel: 01720-43221 (import of measuring and control equipment);
- + Argo BV (subsidiary of Internatio-Müller NV): Computerweg 10-16, Postbus 1176, 3600 BD Maarssen, tel: 03465-95211 (import of office machinery);
- + Berdo BV: Bellstraat 23, 3771 AH Barneveld, tel: 03420-93244 (import of displays and clocks);
- + Bodamer International BV: Havenstraat 8, Postbus 1258, 1500 AG Zaandam, tel: 075-351521 (import of electrical components);
- + Datelcare BV (subsidiary of Internatio-Müller NV): Huis ter Heideweg 28, Postbus 2, 3700 AA Zeist, tel: 03404-27211 (import of disc drives and printers);
- + MCA-Tronix International BV: Delftweg 69, Postbus 1152, 2280 CD Rijswijk (ZH), tel: 015-134940 (import of electrical components);
- + NRS National Retail Systems Benelux BV (subsidiary of Koninklijke Borsumij Wehry NV): Koxkampseweg 8c, Postbus 2029, 5300 CA Zaltbommel, tel: 04180-12995 (import of ICL retail automation equipment);
- + P&T Electronics International BV (subsidiary of HTI Group BV): Rietbaan 2, Postbus 239, 2900 AH Capelle aan de IJssel, tel: 010-4501444 (import of electronic components and computers);
- + Vitel Communicatie BV (subsidiary of GTI Holdings NV): Stavorenweg 8, Postbus 75, 2800 AB Gouda, tel: 01820-68600 (import of datacommunication equipment);
- + Vosko Electronics BV: Staringlaan 21.02, Postbus 284, 2740 AG Waddinxveen, tel: 01828-10666 (import of datacommunication equipment);

* Furukawa Co., Ltd.

Products and Trade Names: FURUKAWA metals, industrial machinery;

Dutch Subsidiaries, Branches, Affiliates:

- + Furukawa Finance Netherlands BV: Jozef Israëlkade 48b, 1072 SB Amsterdam,

tel: 020-5730111, 5 employees, managing director: mr.T.Kasama (financing company);

Importer(s) for the Dutch market:

+ Dehaco BV: Kruisbaak 25, 2165 AJ Lisserbroek, tel: 02521-17950 (import of drilling machines);

+ Ingenieursbureau PromoTec BV: Tweede Loswal 23, 1216 BC Hilversum, tel: 035-282280 (import of pumps);

+ Linotechniek Mederland BV: Watergoorweg 57a, Postbus 1009, 3860 AB Nijkerk, tel: 03494-56504 (import of climate control equipment);

+ Meerman Vlaardingen BV: Energieweg 48, Postbus 191, 3130 AD Vlaardingen, tel: 010-4350611 (import of road construction equipment);

+ Van Gemert BV: Molenstraat 40, Postbus 25, 5446 ZG Wanroy, tel: 08859-53024 (import of agricultural machinery);

* Kawasaki Heavy Industries, Ltd.

Products and Trade Names: KAWASAKI machinery, ships and motorcycles, KAWASAKI JET SKI watercrafts;

Dutch Subsidiaries, Branches, Affiliates:

+ Kawasaki Heavy Industries (Europe) BV: 7th Floor, Rivierstate, Amsteldijk 166, 1079 LH Amsterdam, tel: 020-6446869, 100%, 9 employees, banks: DKB and BOT, president: mr.Y.Fujita (sales and purchase agent of industrial equipment, shipping parts, robots, engines and other materials, for and from other group companies)

+ Kawasaki Jet Ski Europe NV: Diamantlaan 14, 2132 WV Hoofddorp, tel: 02503-70500, 100%, 6 employees, managing director: mr.H.Tanaka (import and wholesale of watercrafts in Europe);

+ Kawasaki Motors NV: Marconiweg 5, Postbus 68, 4130 EB Vianen, tel: 03473-73444, 50% (C.Itoh & Co., Ltd. owns other 50%), 38 employees, managing director: mr.H.Suzuki (European distribution centre of KAWASAKI motorcycle parts)

Importer(s) for the Dutch market:

+ subsidiaries above;

+ ABE CV: Buskenblaserstraat 24, Postbus 8157, 1005 AD Amsterdam, tel: 020-6846533 (import of machinery);

+ Kawim Handelsmaatschappij BV: Ondernemingsweg 4, 3641 RZ Mijdrecht, tel: 02979-88477 (import of motorcycles);

+ Kees van der Spek BV: Nijverheidsweg 22, Postbus 40, 2820 AA Stolwijk, tel: 01824-2168 (import of motorscythes);

* Kawasaki Steel Corporation

Products and Trade Names: KAWASAKI and ARMCO steel and steel products, welding equipment, silicon wafers, optical disk drives;

European Headquarters: Kawasaki Steel Europe: Neptune House, Triton Court, 14 Finsbury Square, London EC2A 1BR, United Kingdom, tel: 09-44-71-6381048;

Dutch Subsidiaries, Branches, Affiliates:

+ Armco Merchandising BV: Meerpaal 10, Postbus 127, 4900 AC Oosterhout

- (NB), tel: 01620-54752, 50% (through Armco Steel Inc. in the USA), (import of ARMCO steel products and welding equipment);
- # Importer(s) for the Dutch market:
 - + Armco Merchandising BV: see above;
 - * Nippon Zeon Co., Ltd.
 - # Products and Trade Names: synthetic rubber, resins, biochemicals, electronic materials, medical equipment;
 - # Importer(s) for the Dutch market:
 - + Safe Trade BV (subsidiary of Christiaan Schuitema Agenturen BV): Frederik Hendriklaan 47, Postbus 82368, 2508 EJ Den Haag, tel: 070-3540211 (import of synthetic rubber);
 - * Shindengen Electric Manufacturing Co., Ltd.
 - # Products and Trade Names: electronical components;
 - # Importer(s) for the Dutch market:
 - + Roterio (Holland) BV (subsidiary of Roterio Holland Beheer BV): Frans Halsstraat 3, 5443 TA Woerden, tel: 03480-10874 (import of solenoids);
 - * Taisei Fire and Marine Insurance Co., Ltd.
 - # Products and Trade Names: non-life insurance;
 - # Agent for the Dutch market:
 - + Knight Schippers Assuradeuren BV: Blaak 16, 3011 TA Rotterdam, Postbus 680, 3000 AR Rotterdam, tel: 010-4545955;
 - * Takamisawa Electric Co., Ltd.
 - # Products and Trade Names: electronic components;
 - # Importer(s) for the Dutch market:
 - + Amtor Electronics BV: Mercuriusstraat 40, 5345 LX Oss, tel: 04120-38051;
 - + Rodelco BV (subsidiary of Sonépar SA): Takkebijsters 2, Postbus 6824, 4802 HV Breda, tel: 076-784911;
 - + Van Reysen Elektronika BV: Schieweg 73, Postbus 5005, 2600 GA Delft, tel: 015-569216;
 - + Van Vliet Industriële Componenten BV (subsidiary of A. van Vliet BV): Cobaltstraat 40, Postbus 403, 2700 AK Zoetermeer, tel: 079-611244;
 - * Takiron Co., Ltd.
 - # Products and Trade Names: roofing materials;
 - # Importer(s) for the Dutch market:
 - + Asphaltwerken Amsterdam NV: Asterweg 45, Postbus 3005, 1003 AA Amsterdam, tel: 020-6368817 (import of gutters);

* Towa Electron Co., Ltd.

Products and Trade Names: capacitors, industrial components;

Importer(s) for the Dutch market:

+ Rodelco BV (subsidiary of Sonépar SA): Takkebijsters 2, Postbus 6824, 4802 HV Breda, tel: 076-784911;

* Yokohama Rubber Co., Ltd.

Products and Trade Names: YOKOHAMA tires and G.T.SPECIAL and other rubber products;

Dutch Subsidiaries, Branches, Affiliates:

+ Yokohama Gomu Finance Europe BV: Officia 1, 2nd floor, De Boelelaan 7, 1083 HJ Amsterdam, tel: 020-6466111, 100%, no employees, managing director: Equity Trust Co., NV (financing company);

Importer(s) for the Dutch market:

+ Louwman & Parqui BV: Steurweg 8, Postbus 21, 4940 AE Raamsdonkveer, tel: 01621-85900 (import of tires);

3.2.4 Keiretsu activities in The Netherlands

Of most of the 18 Dutch subsidiaries of core members of the Dai-Ichi Kangyo Bank Group we identified, it is unknown with which bank they are working. But at least three of them use the Dai-Ichi Kangyo Bank Nederland NV.

Another typical keiretsu-type relation is the cooperation by C.Itoh & Co., Ltd. and Kawasaki Heavy Industries, Ltd. in Kawasaki Motors NV, a distribution company for motorcycle parts. It must be added however that C.Itoh & Co., Ltd. has a similar type of cooperation with Daihatsu Motor Co. (an affiliated member of the Sanwa Group) in Daihatsu Holland BV, a car importing and distributing company.

NOTES

1. Dai-Ichi Kangyo Bank, Ltd. Annual Report March 31, 1991
2. Industrial Groupings in Japan - The 8th edition 1988/89, Dodwell Marketing Consultants, Tokyo, Japan, September 1988, p.98
3. Dodwell, 1988, p.40-41
4. Dodwell, 1988, p.12,98
5. Dodwell, 1988, p.98-99
6. Dodwell, 1988, p.98-99
7. Dodwell, 1988, p.5
8. Dodwell, 1988, p.100-102
9. New name of Kanematsu-Gosho Ltd.
10. New name of Nippon Kangyo Kakumaru Securities
11. New name of Orient Finance
12. Dodwell, 1988, p.103-112
13. Based upon: Directory of the World's Largest Service Companies, Series

I, Moody's Investor Service and UNCTC, New York; December 1990; Who owns Whom 1990 Continental Europe, Volume 1, Dun & Bradstreet International, London, 1990; Who owns Whom 1990 United Kingdom and Republic of Ireland, Volume 1, Dun & Bradstreet International, London, 1990; Japanese Presence in Europe, 1990 Edition, Europe-Japan Economic Research Centre, Catholic University of Louvain, Belgium, 1990; Japanese Overseas Investment - A Complete Listing by Firms and Countries 1986-87, Toyo Keizai Shinposha (The Oriental Economist), Tokyo, 1986; Subsidiaries of Japanese Companies in the Netherlands, Toyo Keizai Data Bank, Tokyo, 1990; List of Japanese Companies in the Netherlands, Japanese Chamber of Commerce, Amsterdam, November 1991; Nederlands ABC voor Handel en Industrie, Editie 39, Haarlem, Augustus 1991; Financieel-Economisch Lexicon, editie 1991, Band 1: Dochterondernemingen en deelnemingen, DELWEL, Dordrecht, 1991; International Electronics Directory 1990, C.G. Wedgwood & Co., London, 1990; Bankenboekje 1991, NIBE, Amsterdam, 1991; Wie Levert 1991, 33th Edition, Kluwer, Deventer, 1991; Japan Trade Directory 1991-92, JETRO, Tokyo, 1991; Vademecum voor het Verzekeringswezen 89/90, Nijgh Periodieken BV, Schiedam, November 1989; Chemical Directory of the Benelux, 14th Edition, Chemselect, Almere, 1991; Company Register Chamber of Commerce Amsterdam; Fujitsu Ltd., Annual Report March 31 1991; Dai-Ichi Kangyo Bank, Ltd., Annual Report March 31 1991; Kawasaki Steel Corporation, Annual Report March 31 1990; Kawasaki Heavy Industries, Ltd., Annual Report March 31 1991; C.Itoh & Co., Ltd., Annual Report March 31 1991; Amdahl Corporation, Annual Report December 31 1990

3.3 Fuyo Group / Marubeni Corporation

3.3.1 Description of the Group

* History of the Group

The Fuyo Group was formed after World War II around the Fuji Bank, which was formerly known as the Yasuda Bank - the key company of the pre-war Yasuda zaibatsu. The name of the Group is another name for Mount Fuji, Japan's holy mountain. The Fuyo Group lags behind Groups as Mitsubishi and Sumitomo in terms of strength and unity, as some key members of the Group, as Nissan and Hitachi, have formed their own group, and pursue an independent policy.(1)

* Nucleus of the Group

Fuji Bank, Ltd. Total Assets on 31-3-1991: Y 61,437,697 mln. Net Income in 1990-91: Y 100,991 mln.(2)

* Total size of the Group

Companies with total sales in 1987 of Y 25,870 bln, total paid-up capital of Y 1,135 bln, and 246,000 employees.(3)

* Sogo Shosha in the Group

Marubeni Corporation. Sales in 1990-91: Y 19,564,586 mln.(4)

* Presidential Council

The Fuyo-kai is composed of the presidents of 29 Group companies and meets every month.

* Other Councils

Sub-councils of the Fuyo-kai are the Fuji-kai (consisting of vice-presidents) and the Fusui-kai (consisting of planning department managers), which also meet every month. The Fuyo Kondan-kai (Fuyo Conference) consists of 65 Group companies and was formed to exchange information, to promote intragroup sales as well as to enlarge membership of the Fuyo Group. In the Fuyo Joho System Kondan-kai working-level staff of 29 member companies meet, in principle, every month to discuss and study data communications technology, enhanced information networks, CATV, videotex and satellite communications. And in the Fuyo Kenkyu Kaihatsu Kondan-kai 24 Fuyo Group companies meet every month to improve R&D activities by sharing R&D cost and better utilizing information.

Furthermore, the companies belonging to the Nissan and Hitachi groups, which are associated with the Fuyo Group, have annual meetings of company presidents.(5)

* Connected Vertical Groups

Hitachi Group
Nissan Motor Group(6)

* Joint Group Projects

+ The Fuyo New Kansai Airport Conference, consisting of 71 corporations primarily of the Fuyo Group, plans the new international airport for the Kansai (Kyoto-Osaka) area;

+ In the Study Group promoting the Use of Space Stations, 33 major corporations, primarily those of the Fuyo Group, conduct study and research on new technologies and materials for space stations, and investigate their commercial potential;(7)

3.3.2 Core Members of the Group

Fuyo-kai Members(8)

Inclination (a)

Canon Inc.	****
Fuji Bank, Ltd.	****
Keihin Electric Express Railway	****
Kureha Chemical Industry Co., Ltd.	****
Marubeni Corporation	****
Nichirei Corporation	****
Nihon Cement Co., Ltd.	****
Nippon Oil & Fats Co., Ltd.	****
Nippon Seiko K.K.	****
Nisshin Flour Milling Co., Ltd.	****
NKK Corporation	****
Oki Electric Industry Co., Ltd.	****
Sanyo-Kokusaku Pulp Co., Ltd.	***
Sapporo Breweries, Ltd.	****
Showa Denko K.K.	****
Showa Line, Ltd.	****
Taisei Corporation	****
The Yasuda Fire & Marine Insurance Co., Ltd.	****
The Yasuda Mutual Life Insurance Co.	****
The Yasuda Trust and Banking Co., Ltd.	****
Tokyo Tatemono Co., Ltd.	****
Yokogawa Electric Corporation	****

Hitachi Ltd.	*
Kubota Ltd.	**
Nissan Motor	*
Nisshinbo Industries(9)	*
Toa Corporation(10)	*

Tobu Railway	**
Toho Rayon	**

Other Group Companies(11)	Subsid. (b)	Inclin. (a)
---------------------------	-------------	-------------

Asahi Concrete Works Co.,Ltd.		***
Asano Slate Co.,Ltd.		***
Canon Electronics		***
Canon Sales Co., Ltd.		***
Chiba Kogyo Bank, Ltd.		***
Chiyoda Shigyo		***
Copyer Company, Ltd.		***
Daiichi Cement Co., Ltd.		***
Fuji Diesel		***
Fuyo Air Service		***
Fuyo Data Processing & System Development		***
Fuyo General Development		***
Fuyo General Lease Co., Ltd.		***
Fuyo Kaiun		***
Fuyo Ocean Development & Engineering		***
Hinode Kisen Co., Ltd.		***
Japan Carlit Co., Ltd.		***
Japan Casting Co., Ltd.		***
Japan Overseas Leasing	M	***
Japan Paper Industry Co., Ltd.		***
Kaji Technology Corporation(12)		***
Katakura Chikkarin Co., Ltd.		***
Kinseki Ltd.		***
Kokan Mining		***
Kyoto Marubeni	M	***
Marubeni Construction Machinery Sales	M	***
Marubeni Construction Material Lease Co.	M	***
Marubeni Credit	M	***
Marubeni Electronics	M	***
Marubeni Energy	M	***
Marubeni Foods	M	***
Marubeni Fudosan	M	***
Marubeni Hytech	M	***
Marubeni Iryou	M	***
Marubeni Live Stock & Meats	M	***
Marubeni Machinery & Engineering	M	***
Marubeni Machinery Sales	M	***
Marubeni Metal Trading	M	***
Marubeni Metals	M	***
Marubeni Mokuzai-Kenzai	M	***
Marubeni Pack	M	***
Marubeni Plastic Products	M	***
Marubeni Reizo	M	***

Marubeni Seni Yohin	M	***
Marubeni Shigyo	M	***
Marubeni Shiryo	M	***
Marubeni Steel Structural Materials	M	***
Marubeni Tekmatex	M	***
Marubenitex	M	***
Minatoya Paper Trading	M	***
Mishima Paper Co., Ltd.		***
Nikko Oil Mills	M	***
Nippon Chutetsukan K.K.		***
Nippon Hume Pipe Co., Ltd.		***
Nippon Kokan Koji		***
Nippon Typewriter Co., Ltd.		***
Nissan Marubeni Shoji	M	***
Nisshin Paper Mills		***
Okamoto Industries Inc.		***
Okano Valve Manufacturing Co.		***
Okaya Electric Industries Co., Ltd.		***
Oki Electric Cable Co., Ltd.		***
Oriental Yeast Co., Ltd.		***
Origin Electric Co., Ltd.		***
Penta-Ocean Construction Co., Ltd.		***
Riken Corundum Co., Ltd.		***
Sanyo Coca-Cola Bottling Co., Ltd.		***
Shikoku Bank, Ltd.		***
Shinnihon Doboku	M	***
Shoei Company, Ltd.		***
Shoko Company, Ltd.		***
Showa Aluminium Corporation		***
Showa Highpolymer		***
Showa Tansan Co., Ltd.		***
Taiko Electric Works, Ltd.		***
Taisei Polymer		***
Taisei Prefab Construction Co., Ltd.		***
Taisei Rotec Corporation(13)		***
Teikoku Piston Ring		***
Teikoku Sen-i Co., Ltd.		***
Toa Harbor Works		***
Tokyo Shearing Co., Ltd.		***
Tokyo Yogyo		***
Toyo Sugar Refining Co., Ltd.		***
Yuraku Real Estate Co., Ltd.		***
Aloka		**
Amatei Inc.		**
Amatsuji Steel Ball Manufacturing		**
Dai-Ichi Kogyo Seiyaku		*
Du Pont-Showa Denko Company		**

Enshu Ltd.	**
Hakodate Dock	**
Hamai Company	**
Higo Bank	**
Higo Soga Bank	*
Hoko Fishing	**
Hosiden Electronics	*
Ishizuka Glass	**
Japan Radio	**
Jomo Twisting Thread	*
Jujiya Company	*
Juki Corporation	*
Katakura Industries	**
Kayaba Industry	**
Kurimoto Ltd.	*
Kuwazawa Trading	**
Kyoto Hotel	**
Kyowa Concrete Kogyo	**
Marusumi Paper Manufacturing	**
Maruyama Manufacturing	**
Matsui Construction	**
Mitsuuroko Company	**
Myojo Cement	*
Nankai Worsted Spinning	**
New Japan Radio	**
Nichido Fire & Marine Insurance	**
Nippon Carbon	**
Nippon Densetsu Kogyo	*
Nippon Glass	*
Nippon Sanso	**
Nippon Signal	*
Nishimatsu Construction	**
Ogaki Kyoritsu Bank	**
Ohki Construction	*
Okura & Company	**
Orient Watch	*
Oval Engineering	**
Riken Vinyl Industry	**
Sakurada Iron Works	**
San-Mic Trading	**
Sanyo Scott	**
Shikoku Chemicals	*
Shikoku Paper	**
Takara Shuzo	*
Tamura Electric Works	**
Tekken Construction	*
Toa Electronics	**
Toho Rayon	**

Tokyo Kikai Seisakusho	*
Tonen Petrochemical	*
Tonen Tanker	*
Totenko Company	*
Totetsu Kogyo	**
Tsukiji Uoichiba	*
Yamatake-Honeywell	*
Yodogawa Steel Works	**
Yokogawa Medical System	**

(a) For significance of asterisks see chapter 5.3

(b) M = Majority owned subsidiary of Marubeni Corporation

3.3.3 Dutch Connections of Core Group Members(14)

* Canon Inc.

Products and Trade Names: CANON photo equipment, optical products, copiers, and other office machinery;

European Headquarters: Canon Europa NV: Bovenkerkerweg 59-61, Postbus 2262, 1180 EG Amstelveen, The Netherlands, tel: 020-5458545, 100%, 322 employees at the company, 8,148 employees inclusive subsidiaries, sales in 1990: f7.1 billion, president: mr.M.Tanaka (import and selling of photographic equipment and office machinery to subsidiaries and affiliates in Europe, Middle East and Africa, and holding company);

Dutch Subsidiaries, Branches, Affiliates:

+ Canon Europa NV: see above;

+ Canon Benelux Foto BV: Hoofdweg 1212, 2153 LP Nieuw-Venep, tel: 02526-87386, 100%, 39 employees (import of photo and video equipment for the Benelux);

+ Canon Business Machines Nederland BV: Neptunusstraat 1, Postbus 1500, 2130 HA Hoofddorp, tel. 02503-70123, 100%, 350 employees, president: mr.B.Collet, bank: ABN (import, wholesale and service of copiers, typewriters, faxes and other office machinery), branches:

- Paasheuvelweg 26, 1105 BH Amsterdam Z.O., tel: 020-6916169;

- Bijlmermeerstraat 2, 2131 HG Hoofddorp;

- Rietbaan 8, 2908 LP Capelle aan de IJssel;

- Luchthavenweg 67, 5507 SM Veldhoven;

- Grote Voort 117, 8041 BD Zwolle, tel: 038-220012;

+ Canon International Finance Netherlands BV: Hoekenrode 6, 1102 BR Amsterdam, 2 employees, bank: ABN, director: mr.R.Hirako (financing company);

Importer(s) for the Dutch market:

+ Dutch subsidiaries mentioned above;

+ Holland Systema BV (subsidiary of Koninklijke Borsumij Wehry NV): Albert Einsteinweg 4, Postbus 178, 8200 AD Lelystad, tel: 03200-72200 (importer of

electrical counting machines, etc.);

+ Inelco Electronics Nederland BV: Wegstraat 77, 2516 AN Den Haag, tel: 070-382414 (importer of computers);

* Copyer Company Ltd.

Products and Trade Names: SELEX and CANON copiers;

Dutch Subsidiaries, Branches, Affiliates:

+ Selex Europe BV: Laan Nieuwer Amstel 3, 1182 JR Amstelveen, tel: 020-6470801, 100%, 9 employees, president-director: mr. K. Mujake (import of office machinery);

* Fuji Bank, Ltd.

Products and Trade Names: banking;

European Headquarters: Fuji Bank Europe, Africa & Middle East Division: River Plate House, 7-11 Finsbury Circus, London EC2M 7PX, United Kingdom, tel: 09-44-71-8263460, 100%;

Dutch Subsidiaries, Branches, Affiliates:

+ Fuji Bank Nederland NV: Rivierstaete, Amsteldijk 166, Postbus 70103, 1007 KC Amsterdam, tel: 020-6610049, 100%, 12 employees, managing director: mr. T. Hayano (banking);

+ NMB-Heller NV: Zwanehofdreef 35, Postbus 9687, 3506 GR Utrecht, tel: 030-642911, 50% (via Heller International Corporation in the USA, NMB-Postbank owns other 50%), (debtors management and collection agency);

* Fuji Diesel Co., Ltd.

Products and Trade Names: diesel engines;

Importer(s) for the Dutch market:

+ ABE CV: Buskenblaserstraat 24, Postbus 8157, 1005 AD Amsterdam, tel: 020-6846533;

* Japan Casting and Forging Co., Ltd.

Products and Trade Names: steel products;

Importer(s) for the Dutch market:

+ G.C. de Jong Agencies BV: Oude Haven 2, 4301 CK Zierikzee, tel: 01110-15522;

* Kureha Chemical Industry Co., Ltd.

Products and Trade Names: KREHALON, FORTRON KPS, BTA, KMC and other fine chemical products and packaging materials, RABCIDE fungicide and KRESTIN pharmaceuticals;

Benelux Headquarters: Krehalon Benelux NV: Nijverheidsweg 30, 2240 Zandhoven, Belgium, tel: 09-32-3-4857012, 62,5%;

Dutch Subsidiaries, Branches, Affiliates:

+ Krehalon Industrie BV: Londenstraat 10, Postbus 414, 7400 AK Deventer, tel: 05700-24333, 87,5% (Mitsui & Co. owns other 12,5%), 230 employees, president: mr.S.Kindaichi (processing and sales of KREHALON synthetic resin packaging materials);

* Marubeni Corporation

Products and Trade Names: general trading of ABC, BENNY, MARUBENI and other products;

Benelux Headquarters: Marubeni Benelux SA: 287 Avenue Louise, Boite 3, 1050 Brussel, Belgium, tel: 09-32-2-6485520, 100%, 59 employees;

Dutch Subsidiaries, Branches, Affiliates:

+ Marubeni Finance Holland BV: World Trade Center, Strawinskyaan 1111, 1077 XX Amsterdam, tel: 020-6716646, 100%, 2 employees, managing director: mr.T.Kitagawa, banks: Yamaichi, BOT en Fuji (finance services and investment);
+ MMS Europe BV: Antennestraat 6a, 3903 LZ Veenendaal, tel: 08385-40034, 100%, 6 employees, managing director: mr.N.Morita (import and sales of construction machinery);

Importer(s) for the Dutch market:

+ Handelonderneming Daka BV: Postbus 210, 5340 AE Oss, tel: 04120-41222 (import of plastics from Marubeni Benelux SA);

+ Jan Dekker International BV: Plein 13, nr.1, Postbus 10, 1520 AA Wormerveer, tel: 075-278278 (import of conservants and flavourings from Marubeni Benelux SA);

+ Will & Co. BV (subsidiary of Henkel KGaA): Dellaertlaan 24, Postbus 46, 1170 AA Badhoevedorp, tel: 020-6597501 (import of chemical products from Marubeni Benelux SA);

* Nichirei Corporation

Products and Trade Names: refrigeration, frozen and other processed food products, pharmaceuticals and seeds;

Dutch Subsidiaries, Branches, Affiliates:

+ Nichirei Holding Holland BV: Albert Plesmanweg 51, Postbus 59021, 3008 PA Rotterdam, tel: 010-4280203, director: mr.H.Shiihashi (holding company);

+ Nichirei Finance Holland BV: World Trade Center B-8, Strawinskyaan 831, 1077 XX Amsterdam, tel: 020-6620713, 100%, no employees, bank: BOT, Fuji Bank, Bank Mees en Hope, Banque Indosuez, Yasuda Trust, general manager: mr.H.Matsubara, (financing company);

+ Eurofrigo BV: Albert Plesmanweg 39-55, Postbus 59021, 3008 PA Rotterdam, tel: 010-4280333, 100%, 75 employees, bank: Mees & Hope, director: mr.H.Kloosterboer (cooling and freezing warehouses), branch:

- Ringweg 5, 6074 NP Melick, tel: 04750-27141, 100%, 4 employees;

+ Eurofrigo Venlo BV: Egtenrayseweg 35, 5928 PH Venlo, tel: 077-873600, 100%;

+ Extenso Controle & Expeditie Bedrijf BV: Albert Plesmanweg 55, Postbus 59021, 3008 PA Rotterdam, tel: 010-4297311, 100%;

+ Holland International Warehousing BV: Van Maasdijkweg 15, 3088 EC

Rotterdam, tel: 010-4294877, branch:
- IJselstraat, 3029 BM Rotterdam, tel: 010-4773322;

* Nippon Oil & Fats Co.Ltd.

Products and Trade Names: Food products, industrial coatings, medical products and other chemicals;

Importer(s) for the Dutch market:

+ Bechem Chemie BV (subsidiary of Behomij Nieuw Venne BV and C.K.L. de Vries Beheer BV): Albert Schweitzerlaan 75, Postbus 62, 2100 AB Heemstede, tel: 023-367474 (import of chemicals);

+ Stokvis Chemicaliën BV (subsidiary of R.S.Stokvis & Zonen BV): Zuideinde 80, Postbus 287, 2990 AG Barendrecht, tel: 01806-56222 (import of chemicals);

* Nippon Seiko K.K.

Products and Trade Names: NSK bearings, automotive parts, and machine parts;

European Headquarters: NSK Bearings Europe Ltd.: Pollen House, 10-12 Cork Street, London W1X 1PD, United Kingdom, tel: 09-44-1-4391377, 100%;

Dutch Subsidiaries, Branches, Affiliates:

+ NSK Nederland BV: Bouwerij 81, 1185 XW Amstelveen, tel: 020-6470711, 12 employees, 100%, banks: ABN, Citibank and BOT, managing director: mr.N.Ishikawa (import of bearings, bearing production machinery and mechanical components for the Benelux);

+ NSK Finance Netherlands BV: Hoekenrode 6, 1102 BR Amsterdam, 100%, no employees, bank: ABN, director: mr.S.Saigo (financing company)

Importer(s) for the Dutch market:

+ Komeetstaal BV (subsidiary of STS Komeetstaal Holding BV): Industriestraat 1, Postbus 51, 7000 AB Doetinchem, tel: 08340-43000 (import of metal processing instruments);

+ Technische Handelsmaatschappij P. van Mierlo BV (subsidiary of Van Mierlo Beheer en Belegging BV): Vossenbeemd 106, Postbus 127, 5700 AC Helmond, tel: 04920-23393 (import of metal processing instruments);

+ Ubel BV: Kabelweg 22, Postbus 8484, 1005 AL Amsterdam, tel: 020-5863611 (import of bearings);

* NKK Corporation

Products and Trade Names: steel, engineering, advanced materials and electronics;

Dutch Subsidiaries, Branches, Affiliates:

+ NKK International Finance BV: Haarlem, 100%, 2 employees (financing company);

+ NKK Netherlands BV: 9th Floor, Room 923, Calandstraat 66, 3016 CD Rotterdam, tel: 010-4361344, 5 employees, managing director: mr.T.Jimbo (trading company);

* Oki Electric Industry Co., Ltd.

Products and Trade Names: OKI office machinery, telecommunications equipment, AXIS converters and electronic devices;

European Headquarters: Oki Europe Ltd.: Central House, Belfour Road, Hounslow, Middlesex TW3 1HY, tel: 44-81-5779000;

Dutch Subsidiaries, Branches, Affiliates:

+ Oki Systems Holland BV: Kruisweg 765, Postbus 690, 2132 NG Hoofddorp, tel: 020-6531301, 100%, 35 employees, director: mr.J.Neve (import of OKI printers and fax machines and AXIS converters)

Importer(s) for the Dutch market:

+ Oki Systems Holland BV: see above;

+ Nijkerk Electronika BV (subsidiary of Nijkerk Holding BV): Drentestraat 7, Postbus 7920, 1008 AC Amsterdam, tel: 020-5495969 (import of electrical components);

* Penta-Ocean Construction Co., Ltd.

Products and Trade Names: construction;

Joint-Venture (in Japan) with Dutch Company:

+ Goyo Ballast: Penta-Ocean Construction Co., Ltd. 50%; Ballast Nedam NV 50%;

* Shoko Co., Ltd.

Products and Trade Names: chemicals, materials and electrical components;

Importer(s) for the Dutch market:

+ Elproma BV: Nijendal 42, Postbus 170, 3970 AD Driebergen, tel: 03438-18724 (import of electrical components);

* Showa Denko K.K.

Products and Trade Names: SDK chemicals, gases, carbons, ceramics, aluminium and electronic materials;

European Headquarters: Showa Denko (Europe) GmbH.: Niederkasseler Lohweg 8, D-4000 Düsseldorf 1, Germany, tel: 09-49-211-5961098, 100%;

Importer(s) for the Dutch market:

+ Analytica BV: Maasdijk 39, 4284 VB Rijswijk (NB), tel: 01832-2030 (import of special materials);

+ Nocarbo BV: Kleine Tocht 4, postbus 1067, 1500 AB Zaandam, tel: 075-162177 (import of chemicals);

+ NVCP Chemicals BV: Hogehilweg 19, Postbus 12064, 1100 AB Amsterdam Z.O., tel: 020-5630400 (import of chemicals);

* Taisei Corporation

- # Products and Trade Names: construction company;
- # European Headquarters: Taisei Europe Ltd.: 3 Hanover Square, London W1R 9RD, United Kingdom, tel: 09-44-1-62999701, 100%;
- # Dutch Subsidiaries, Branches, Affiliates:
 - + Taisei Europe Ltd., Amsterdam Representative Office: World Trade Center B-4, Strawinskylaan 429, 1077 XX Amsterdam, tel: 020-6649174, 100%, managing director: mr.S.Kawanishi (construction);
 - + Taisei Holland BV: World Trade Center B-4, Strawinskylaan 429, 1077 XX Amsterdam, tel: 020-6649174, 100%, 3 employees, bank: Pierson, managing director: mr.M.Ikeya (financing company, total assets on 31-12-1990: f1.87 bln);

* The Yasuda Fire and Marine Insurance Co., Ltd.

- # Products and Trade Names: non-life insurance;
- # European Headquarters: The Yasuda Fire & Marine Insurance Company of Europe, Ltd.: 40 Lime Street, London EC3M 5LX, United Kingdom, tel: 09-44-71-9294471;
- # Dutch Subsidiaries, Branches, Affiliates:
 - + The Yasuda Fire and Marine Insurance Co.,Ltd., Amsterdam Liaison Office: World Trade Center A-12, Strawinskylaan 1209, 1077 XX Amsterdam, tel: 020-6730873, representative: mr.T.Kano;
- # Agent for the Dutch market:
 - + Tulleners Van Buren CV: BWT-Center, Beursplein 37, Postbus 21046, 3001 AA Rotterdam, tel: 010-4051736;

* The Yasuda Trust and Banking Co.Ltd.

- # Products and Trade Names: general banking and trust business;
- # European Headquarters: Yasuda Trust Europe Ltd.: 1 Liverpool Street, London EC2M 7NH, United Kingdom, tel: 09-44-71-2566188, 100%;

* Tokyo Yogyo

- # Products and Trade Names: ceramics;
- # Importer(s) for the Dutch market:
 - + Hoogovens Industrial Ceramics BV (subsidiary of Hoogovens NV): Staalstraat 10, Postbus 1000, 1970 CA IJmuiden, tel: 02514-97960 (import of ceramic filters and membranes);

* Yokogawa Electric Corporation

- # Products and Trade Names: YOKOGAWA industrial measuring and control equipment
- # European Headquarters: Yokogawa Europe BV: Radiumweg 30, Postbus 163, 3800 AD Amersfoort, tel: 033-641611, 100%, banks: Amro and BOT, president: mr.K.Bush;

Dutch Subsidiaries, Branches, Affiliates:

- + Yokogawa Europe BV: see above;
- + Yokogawa Electrofact BV: Radiumweg 30, Postbus 163, 3800 AD Amersfoort, tel. 033-641611, 100%, 300 employees (production of industrial measuring and scientific instruments);
- + Yokogawa Engineering Center Europe BV: Radiumweg 30, Postbus 163, 3800 AD Amersfoort, tel. 033-641611, 100% (production of software);
- + Yokogawa Nederland BV: Computerweg 1, 3606 AV Maarssen, tel: 03465-91211;

Importer(s) for the Dutch market:

- + subsidiaries mentioned above;
- + ABE CV: Buskenblaserstraat 24, Postbus 8157, 1005 AD Amsterdam, tel: 020-6846533 (import of dataloggers);
- + Koning en Hartman BV (subsidiary of Internatio-Müller): Energieweg 1, Postbus 125, 2600 AC Delft, tel: 015-609906;
- + Marcotec BV: Innsbruckweg 57, Postbus 11236, 3004 EE Rotterdam, tel: 010-4625060 (import of electronical components);

3.3.4 Keiretsu activities in the Netherlands

The Fuji Bank opened a representative office in Amsterdam in 1989, and turned it into a full subsidiary in February 1990. It started with 18 clients, all Dutch subsidiaries of companies connected to the Fuyo group. Many switched from the Bank of Tokyo to the Fuji Bank. In the fall of 1991 the number of clients was 60, of which 60% belonged to the Fuyo group. Most of them let their main - for the bank most profitable - financial transactions be handled by the Fuji Bank, but have dealings with other banks as well. When for instance a large company like Nissan (connected to the Fuyo Group) wants to lend f500 million, a possible division could be: Fuji Bank f200 million, BOT, Dai-Ichi Kangyo Bank and ABN-Amro each f100 million. According to mr. Ch.Shelton, senior manager of Fuji Bank Nederland NV, the heavy investments by Nissan in the Netherlands were no reason for Fuji Bank to open a banking subsidiary in Amsterdam.(15)

NOTES

1. Industrial Groupings in Japan - The 8th edition 1988/89, Dodwell Marketing Consultants, Tokyo, Japan, September 1988, p.86
2. Fuji Bank, Ltd. Annual Report March 31, 1991
3. Dodwell, 1988, p.40-41
4. Marubeni Corporation Annual Report March 31, 1991
5. Dodwell, 1988, p.86; The Japanese Automobile Industry - Technology & Management at Nissan & Toyota, Michael A.Cusumano, Cambridge/London: The Harvard University Press, 1989, p.53-55; Fuyo Group -Japan's Leading Industrial Group, Brochure of Fuyo Group, Tokyo, 1989

6. Dodwell, 1988, p.5
7. Fuyo Group - Japan's Leading Industrial Group, Brochure of Fuyo Group, Tokyo, 1989
8. Dodwell, 1988, p.87-88
9. New name of Nisshin Spinning
10. New name of Toa Nenryo Kogyo
11. Dodwell, 1988, p.89-97
12. New name of Kaji Iron Works
13. New name of Taisei Road Construction
14. Based upon: Dodwell, 1988, p.95; Directory of the World's Largest Service Companies, Series I, Moody's Investor Service and UNCTC, New York; December 1990; Who owns Whom 1990 Continental Europe, Volume 1, Dun & Bradstreet International, London, 1990; Who owns Whom 1990 United Kingdom and Republic of Ireland, Volume 1, Dun & Bradstreet International, London, 1990; Japanese Presence in Europe, 1990 Edition, Europe-Japan Economic Research Centre, Catholic University of Louvain, Belgium, 1990; Japanese Overseas Investment - A Complete Listing by Firms and Countries 1986-87, Toyo Keizai Shinposha (The Oriental Economist), Tokyo, 1986; Subsidiaries of Japanese Companies in the Netherlands, Toyo Keizai Data Bank, Tokyo, 1990; List of Japanese Companies in the Netherlands, Japanese Chamber of Commerce, Amsterdam, November 1991; Nederlands ABC voor Handel en Industrie, Editie 39, Haarlem, Augustus 1991; Financieel-Economisch Lexicon, editie 1991, Band 1: Dochterondernemingen en deelnemingen, DELWEL, Dordrecht, 1991; International Electronics Directory 1990, C.G. Wedgwood & Co., London, 1990; Bankenboekje 1991, NIBE, Amsterdam, 1991; Wie Levert 1991, 33th Edition, Kluwer, Deventer, 1991; Japan Trade Directory 1991-92, JETRO, Tokyo, 1991; Vademecum voor het Verzekeringswezen 89/90, Nijgh Periodieken BV, Schiedam, November 1989; Chemical Directory of the Benelux, 14th Edition, Chemsselect, Almere, 1991; Company Register Chamber of Commerce Amsterdam; Fuyo Group - Japan's Leading Industrial Group, Brochure of Fuyo Group, Tokyo, 1989; Fuji Bank, Annual Report March 31 1991; Marubeni Corporation, Annual Report March 31 1991; NKK Corporation, Annual Report March 31 1991; Canon Inc., Annual Report December 31 1990
15. Quoted in: Klijn, 1991, p.33-34

3.4 Mitsubishi Corporation / Mitsubishi Group

3.4.1 Description of the Group

* History of the Group

In 1870 an independent shipping business was founded by Yataro Iwasaki, the son of a samurai family. The company changed its name to Mitsubishi Steamship Company in 1874. The Mitsubishi name and three diamonds trademark were derived from Iwasaki's family weapon, which shows a triangular water chestnut. The company grew wealthy when it received thirty government-owned ships in 1875 as a reward for its patriotic shipment of munition to the imperial army on expedition in Taiwan. After Iwasaki's death in 1875 the company diversified in coalmining, shipbuilding and real estate. It grew into one of the most powerful zaibatsu in the pre-war decades. After the war it was dissolved by the Americans, and the shares of the founding family were sold. But in a few years time the Mitsubishi companies regrouped, a.o. by forming a presidential council. The Mitsubishi Group grew into the largest, and one of the most coherent keiretsu's.(1)

* Nucleus of the Group

The Mitsubishi Bank, Ltd. Total Assets on 31-3-1991: Y 53,387,000 mln. Net Income in 1990-91: Y 102,000 mln.(2)

* Total size of the Group

Nearly 160 companies (124 of which are leading companies listed on the stock exchanges of Tokyo, Osaka, and elsewhere) with aggregate annual sales in 1987 of Y 31,017 bln, paid-up capital of Y 1,610 bln, and 360,000 employees.(3)

* Sogo Shosha in the Group

Mitsubishi Corporation. Sales in 1990-91: Y 19,726,536 mln.(4)

* Presidential Council

Mitsubishi Kinyo-kai (Friday Meeting, on the second Friday of every month) with chairmen and presidents of 28 companies.

* Other councils

Mitsubishi Koho Lin-kai (Mitsubishi Public Relations Committee) which consists of 42 group companies and is responsible for joint public relations activities in order to improve consumers' awareness of Mitsubishi Group companies, the common brand name 'Mitsubishi' and the 'Three Diamond' logo in Japan and abroad.(5)

* Connected Vertical Groups

Nippon Steel
Tokyu(6)

* Joint Group Projects

- + All 28 core Mitsubishi companies teamed up to start Space Communications Corporation, the group's satellite service venture, which is meant to enhance data communication facilities.(7)
- + Mitsubishi Group firms and leading industrial firms such as Nippon Steel, Honda Motor and Matsushita Electric Industrial work together on a US-initiated space station.(8)

3.4.2 Core Group Members

Kinyo-Kai Members(9)

Inclination (a)

Asahi Glass Co., Ltd.	****
Kirin Brewery Co., Ltd.	****
Mitsubishi Aluminium Co., Ltd.	****
Mitsubishi Construction Co., Ltd.	****
Mitsubishi Corporation	****
Mitsubishi Electric Corporation	****
Mitsubishi Estate Co., Ltd.	****
Mitsubishi Gas Chemical Co., Inc.	****
Mitsubishi Heavy Industries, Ltd.	****
Mitsubishi Kakoki Kaisha, Ltd.	****
Mitsubishi Kasei Corporation(10)	****
Mitsubishi Kasei Polytec(11)	****
Mitsubishi Materials Corporation(12)	****
Mitsubishi Motors Corporation	****
Mitsubishi Office Machinery Co., Ltd.	****
Mitsubishi Oil Co.,Ltd.	****
Mitsubishi Paper Mills, Ltd.	****
Mitsubishi Petrochemical Co., Ltd.	****
Mitsubishi Plastics Industries, Ltd.	****
Mitsubishi Rayon Co., Ltd.	****
Mitsubishi Steel Manufacturing Co., Ltd.	****
Mitsubishi Warehouse and Transportation Co.,Ltd.	****
Nikon Corporation(13)	****
Nippon Yusen Kabushiki Kaisha	****
The Meiji Mutual Life Insurance Company	****
The Mitsubishi Bank, Ltd.	****
The Mitsubishi Trust and Banking Corporation	****
The Tokio Marine and Fire Insurance Co., Ltd.	****

Other Group Companies(14)	(b)	(a)
Aichi Spinning	MC	***
Arisawa Manufacturing Co.,Ltd.		***
Asahi Fiber Glass		***
Asahi Steel	MC	***
Asahikawa Hokuyo	MC	***
Chiyoda Corporation		***
Chugoku Marine Paints, Ltd.		***
Chukyo Coca-Cola Bottling Co., Ltd.		***
Chuo Kasei	MC	***
Chushin Shurui Oroshi Hanbai	MC	***
Dai Nippon Toryo Co., Ltd.	PR	***
Daiichi Denko		***
Dainihon Sugar Manufacturing Co.,Ltd.	MC	***
Dia Consultants		**
Dia Houser	MC	***
Dia Packaging Corporation	MC	***
Dia Steel	MC	***
Diamond Credit Co., Ltd.	PR	***
Diamond Lease Co., Ltd.		***
Diamond Sea Foods	MC	***
Elna Co., Ltd.		***
Fudow Chemical		***
Fuji Coca-Cola Bottling Co.,Ltd.		***
Fuji Sangyo	MC	***
Fukushima Hokuyo	MC	***
Fukuya Shoji	MC	***
Green Houser Co., Ltd.	MC	***
Hakodate Goban	MC	***
Hakodate Hokuyo	MC	***
Haratoku Shoten	MC	***
Harumoto Iron Works Co., Ltd.		***
Hikawa Shoji		***
Howa Kozai	MC	***
Ibaraki Hokuyo	MC	***
Inai Hokuyo	MC	***
Japan Maize Products		***
Japan Storage Battery Co., Ltd.		***
Japan Styrene Paper		***
Kajiwara	MC	***
Kanagawa Electric Co., Ltd.		***
Kawagoe & Company	MC	***
Kawasaki Kasei Chemicals, Ltd.		***
Kinki Coca-Cola Bottling Co., Ltd.		***
Kinrin Lemon Service		***
Kinsho-Mataichi Corporation		***
Kirin-Seagram		***

Kodama Chemical Industry		***
Kodensha Company		***
M.C. Aluminum	MC	***
M.C. Finance	MC	***
M.C. Gold	MC	***
M.C. Software	MC	***
Maruni Industry Co., Ltd.	MC	***
Meiji Rubber & Chemical		***
Meiji Sugar Manufacturing	MC	***
Meiwa Trading Co.,Ltd.		***
Mitsubishi Acetate	PR	***
Mitsubishi Atomic Power Industries, Inc.	PR	***
Mitsubishi Cable Industries, Ltd.	PR	***
Mitsubishi Cement Asbestos		***
Mitsubishi Electric Home Appliances		***
Mitsubishi Liquefied Petroleum Gas Co.	PR	***
Mitsubishi Nuclear Fuel Co., Ltd.	PR	***
Mitsubishi Ore Transport		***
Mitsubishi Paper Sales Co., Ltd.		***
Mitsubishi Petroleum Development		***
Mitsubishi Precision Co., Ltd.	PR	***
Mitsubishi Research Institute, Inc.	PR	***
Mitsubishi Shindoh Co., Ltd.		***
Mitsubishi Shoji Kaisha, Ltd.		***
Mitsubishi Silvermaster		***
Mitsubishi Space Software Co., Ltd.	PR	***
Mitsubishi-York, Ltd.	PR	***
Mitsubishi Yuka Badische		***
Miyaji Iron Works Co., Ltd.		***
Mizushima Ethylene		***
Morinaga & Co., Ltd.		*****
Morinaga Milk Industry Co., Ltd.		***
Namitaka Terminal	MC	***
Nara Lily	MC	***
Narasaki Sangyo Co., Ltd.		***
Nihon Kentetsu Co., Ltd.		***
Nippon Carbide Industries Co., Inc.		***
Nippon Kasei Chemical Co., Ltd.		***
Nippon Meat Packers Inc.		*****
Nippon Shinyaku Co., Ltd.		***
Nippon Synthetic Chemical Industry Co., Ltd.		***
Nitto Chemical Industry Co., Ltd.		***
Nitto Flour Milling Co.,Ltd.		***
Nitto Kako Co., Ltd.		***
Niwa Hokuyo	MC	***
Okamura Corporation		***
P.S. Corporation(15)		***
Pasco Corporation		***

Ryoden Trading Co.,Ltd.		***
Ryoka Systems		***
Ryoshoku Ltd.	MC	***
Ryoto Shoji	MC	***
Ryowa Shoko		***
Ryowa Shurui Hanbai	MC	***
Ryoyu Tanker		***
Saitama Hokuyo	MC	***
Shimadzu Corporation		***
Shintoa Koeki Kaisha	MC	***
Shinwa Kaiun Kaisha, Ltd.		***
Suzuya	MC	***
Taiheiyo Kaiun Co., Ltd.		***
Taiyo Sanso Co., Ltd.		***
Toa Valve Co., Ltd.		***
Tohoku Oil		***
Tokai Carbon(16)		***
Tokuwa	MC	***
Tokyo Hokuyo	MC	***
Tokyo Sangyo Co., Ltd.		***
Tokyo Senpaku Kaisha, Ltd.		***
Toyo Engineering Corporation	PR	***
Toyo Reizo	MC	***
Toyo Sanso K.K.		***
Toyo Takasago Dry Battery Co., Ltd.		***
Toyo Thermo Control Vessels	MC	***
Yamanaschi Hokuyo	MC	***
Zenith Ryoko Concrete Industry		***
Akai Electric		**
Asahi Malleable Iron		**
Co-op Chemical		**
Dai-Ichi Kikaku		**
Dairchi Tsuun		**
Dia Fibers		**
Energy Support		**
Fuji Kiko		**
Fuji Spinning		**
Hachijuni Bank		**
Hochiki Corporation		*
Ichida & Company		**
Inax Corporation		**
Intec Inc.		*
Isetan Company		**
Ishihara Construction		**
JEOL Ltd.		**
Kanro		**
Katsumura Construction		*
Kobayashi Metals		**

Kyoei Sangyo	**
Kyoei Tanker	**
Kyoritsu Ceramic Materials	**
Mamma	*
Meiten Corporation	*
Miura Printing	**
Miyaji Kensetsu Kogyo	**
Miyoshi Oil & Fat	**
Nakanogumi Corporation	*
NGK Insulators	**
NGK Spark Plugs	**
Nihon Matai	**
Nihon Nosan Kogyo	**
Nikko Sanso	?
Nikko Securities	*
Nippon Chemical Industrial	*
Nippon Kayaku	**
Nippon Trust and Banking	**
Nippon Yusoki	**
Nisshin Fire & Marine Insurance	**
Nisshin Oil Mills	**
Noritake Company	**
Rinoru Oil Mills Co.,Ltd.	MC **
Rokko Butter	**
Ryoden Express	**
Sakai Chemical Industry	**
Sanbo Copper Alloy	**
Seika Sangyo	**
Settsu Oil Mill	**
Shin Caterpillar Mitsubishi, Ltd.	PR **
Shinryo Air Conditioning	**
Shinwa Bank	**
Shizuki Electric	**
Tachibana Shokai	*
Takai Konetsu Kogyo	**
Takasago Thermal Engineering	*
Tatsumura-Gumi	*
Teikoku Kako	**
Toda Construction	*
Tokai Carbon	**
Toto Limited	**
Tsukamoto Shoji	**
Wacoal Corporation	**
Yokhichi Warehouse	**

(a) For significance of asterisks see chapter 5.3

(b) MC = Majority owned subsidiary of Mitsubishi Corporation

PR = Member of Koho Lin-Kai

3.4.3 Dutch connections of Core Group Members(17)

* Asahi Glass Co., Ltd.

Products and Trade Names: ASAHI glass and special glass, GLASRON ceramics, LANCETTI and AMERICA'S CUP eyeglasses;

European Headquarters: Asahi Glass Europe BV: World Trade Center, Strawinskyalaan 1525, 1077 XX Amsterdam, The Netherlands, tel: 020-5753260, 100%, 1 employee, managing director: Mr.Y.Kanaya, bank: ABN (holding and financial company);

Dutch Subsidiaries, Branches, Affiliates:

+ Asahi Glass Europe BV: see above;

+ Maasglas BV: Panovenweg 21, Postbus 6025, 4000 HA Tiel, tel: 03440-79911, 40% (other 60% owned by Glaverbel SA in Belgium, which is 56,3% owned by Asahi Glass), 700 employees, director: mr.A.Bergstein (flat glass producer);

+ GlaverNed BV Glasverkoop Nederland: Panovenweg 20, Postbus 6139, 4000 HC Tiel, tel: 03440-79922, 40% owned by Maasglas BV and 60% by Glaverbel SA; 30 employees, director: mr.H.van Doorn (import and wholesale of glass and special glass products);

Importer(s) for the Dutch market:

+ Straaltechniek International BV: Bunsenstraat 1, 3316 GC Dordrecht, tel: 078-511477 (import of sprayer equipment from Glaverbel SA);

+ Breyer Glashandel BV (subsidiary of Breyer BV): Maashaven Noordzijde 13-15, 3072 AE Rotterdam, tel: 010-4844033 (import of glass from Glaverbel SA);

+ Nijkerk Elektronika BV (subsidiary of Nijkerk Holding BV): Drentestraat 7, Postbus 7920, 1008 AC Amsterdam, tel: 020-5495969 (import of electrical components from Optrex Corporation, a joint-venture between Asahi Glass Co., Ltd. and Mitsubishi Electric Corporation);

+ VAT Chemicals BV: Schorpioenstraat 286, Postbus 84010, 3009 CA Rotterdam, tel: 010-4555566 (import of chemicals);

* Chiyoda Corporation

Products and Trade Names: construction;

European Headquarters: Chiyoda International Ltd.: 101 Wigmore Street, London W1H 0AX, United Kingdom, tel: 09-44-71-4914832;

Dutch Subsidiaries, Branches, Affiliates:

+ Chiyoda Netherlands BV: Koningin Julianaplein 30-4a, 2595 AA Den Haag, tel: 070-3859453, general manager: mr.M.Yamabe;

* Chugoku Marine Paints, Ltd.

Products and Trade Names: CHUGOKU, RAVAX and CAMREX paints;

Dutch Subsidiaries, Branches, Affiliates:

+ Chugoku Marine Paints BV (former name: Camrex Holding BV): Sluisweg 12, Postbus 73, 4793 ZH Fijnaart, tel: 01672-3552, no employees, bank: Van

Lanscot, managing director: mr.J.Fujiwara (holding company);
+ Camrex Coatings BV: Sluisweg 12, Postbus 73, 4793 ZH Fijnaart, tel: 01672-3552, 70 employees, bank: Van Lanscot, managing director: mr.J.Fujiwara (production of CHUGOKU and CAMREX paints);

* Elna Co., Ltd.

Products and Trade Names: electrolytic capacitors, integrated circuits;

Importer(s) for the Dutch market:

+ ABE CV: Buskenblaserstraat 24, Postbus 8157, 1005 AD Amsterdam, tel: 020-6846533 (import of components for communication systems);

* Japan Storage Battery Co., Ltd.

Products and Trade Names: GS storage batteries, lighting equipment and power supply systems;

European Headquarters: Japan Storage Battery Co., Ltd., Representative Office: Germany;

Importer(s) for the Dutch market:

+ Continental Rubber BV: Nijverheidsweg 50, Postbus 11, 3770 AA Barneveld, tel: 03420-97230 (import of batteries);

+ Rentpower BV: Techniekweg 1, Postbus 218, 3400 AE IJsselstein (U), tel: 03408-81814 (import of traction batteries);

* Kirin Brewery Co., Ltd.

Products and Trade Names: KIRIN beer, pharmaceuticals, fruits, rice, vegetables, seeds;

European Headquarters: Kirin Brewery Co., Ltd. Europe: Goltsteinstrasse 31, D-4000 Dusseldorf 1, Germany, tel: 09-49-211-353086, 100%;

* Mitsubishi Corporation

Products and Trade Names: general trading in MITSUBISHI and other products;

European Headquarters: Mitsubishi Corporation Europe: Bow Bells House, Bread Street, London EC4M 9BE, United Kingdom, tel: 09-44-71-8220022, 100%;

Dutch Subsidiaries, Branches, Affiliates:

+ tankyard in Rotterdam;

+ Mitsubishi Nederland BV: 10th Floor, Rotterdam Building, Aert van Nesstraat 45, 3012 CA Rotterdam, 30 employees, tel: 010-4031200, 100%, managing director: mr.K.Wada (trading in a.o. dairy and other agricultural products, steel pipes, cars, ships);

+ MC Finance International BV: Foppingadreef 12, 1102 BS Amsterdam Z.O., tel: 020-6964813, 2 employees, 100%, bank: ABN, managing director: mr.T.Arima (financing company, total assets on 31/1/91: \$ 3.2 billion);

+ MC Investment Europe BV: no employees (financing company);

+ MC Investment Services BV: Foppingadreef 12, 1102 BS Amsterdam Z.O., tel: 020-6964813, 100%, no employees in Amsterdam but a branch in Singapore,

bank: ABN and BOT, managing director: mr. Y. Yamagishi (financial services to MC Finance International BV);

+ Namascor BV: Industrierrein 'Moerdijk', Oostelijke Randweg, Moerdijk, tel: 01680-24900, 10%, 45 employees (steel service centre; Kloeckner & Co., Finsider International Co., Ltd., and Hoogovens NV each own 30%);

+ Princes Holding (Rotterdam) BV: Rotterdam, no employees (holding company);

+ Princes Foods BV: Gouwzeestraat 7, 1382 KD Weesp, tel: 02940-17582, 100% (via Princes, Ltd. in the United Kingdom) (import and distribution of PRINCES canned fish products);

Importer(s) for the Dutch market:

+ Decona BV: (subsidiary of Schipper's Hout- en Triplexhandel BV) Industrieweg 12, 3762 EK Soest, tel: 02155-13590 (import of woodproducts from Mitsubishi Corporation's Brazilian affiliate Eidai do Brasil Madeiras S.A.);

+ Profiltra Technische Handel en Industrie BV (subsidiary of Industrial Holdings Holland BV): Meerpaalweg 4, Postbus 1072, 1300 BB Almere, tel: 03240-24228 (import of construction materials);

* Mitsubishi Electric Corporation

Products and Trade Names: MITSUBISHI consumer electronics, office machinery, semiconductors, datacommunications systems, large electric equipment, military equipment and electric machinery;

European Headquarters: Mitsubishi Electric Europe GmbH: Gothaerstrasse 8, Postfach 1548, 4030 Ratingen 1, Germany, tel. 09-49-2102-4860, 100%;

Dutch Subsidiaries, Branches, Affiliates:

+ Mitsubishi Electric Europe (Benelux) BV: Nijverheidsweg 20, Postbus 222, 3640 AE Mijdrecht, tel. 02979-82461, 35 employees, 100 %, banks: Amro and BOT, director: mr. A. ter Meulen (import and wholesale of consumer electronics, telecommunication equipment and office machinery for the Benelux), branch:

- Opijnenstraat 13, 3087 CE Rotterdam, tel: 010-4296355;

+ Mitsubishi Electric Netherlands BV: Parnassustoren, 3rd Floor, Locatellikade 1, 1076 AZ Amsterdam, tel: 020-6790094, 100%, 9 employees, presidential managing director: mr. Y. Kugenuma (trade in large electric equipment, motor vehicle equipment, and electricity substations in Europe and the Middle East, and procurement for the parent company);

Importer(s) for the Dutch market:

+ ABE CV: Buskenblaserstraat 24, Postbus 8157, 1005 AD Amsterdam, tel: 020-6846533 (import of shipping machinery);

+ Akam Electronics BV (subsidiary of Akam International Holding BV): Bleiswijkseweg 43, Postbus 325, 2700 AH Zoetermeer, tel: 079-443200 (import of electrical components and computers);

+ Euro Marintechnic Services BV (subsidiary of E. Gray & Co. (Overseas) Ltd., Tokyo Sangyo Co., Ltd. and others): Kipstraat 5d, 3011 RR Rotterdam, tel: 010-4112985, (import of shipping electronics);

+ Getronics NV: Donauweg 10, Postbus 652, 1000 AR Amsterdam, tel: 020-5861412 (import of electrical components);

+ ITS Elektrotechniek BV (subsidiary of Beheersmaatschappij 't Broek BV): Korte Broekstraat 2a, 4944 XM Raamsdonk, tel: 01621-21221 (import of

electrotechnical equipment);

+ Karsen Elektronika Service BV: Herenweg 35-39, 3513 CB Utrecht, tel: 030-311336 (import of electrical parts);

+ Malchus BV: Fokkerstraat 511-513, Postbus 48, 3100 AA Schiedam, tel: 010-4277777 (import of computers and electrical components);

+ MCA-Tronix International BV: Delftweg 69, Postbus 1152, 2280 CD Rijswijk (ZH), tel: 015-134940 (import of electrical components);

+ Nijkerk Elektronika BV (subsidiary of Nijkerk Holding BV): Drentestraat 7, Postbus 7920, 1008 AC Amsterdam, tel: 020-5495969 (import of electrical displays from Optrex Corporation, a joint-venture between Asahi Glass Co., Ltd. and Mitsubishi Electric Corporation);

+ Professional Audio Center BV: Hondsruglaan 83a, 5628 DB Eindhoven, tel: 040-424455 (import of professional recording equipment);

+ Romefa BV (subsidiary of J.de Vos BV): Industrieweg 140, Postbus 11075, 3004 EB Rotterdam, tel: 010-4620488 (import of cooling equipment);

+ Sydec Nederland BV (subsidiary of Sydec Holdings BV): Amersfoortsestraat 70d, Postbus 6, 3769 ZG Soesterberg, tel: 03463-57211 (import of computers);

+ Werktuigmachines Rogerma BV: Goudsesingel 204, Postbus 22166, 3003 DD Rotterdam, tel: 010-4334222 (import of metal processing machinery);

* Mitsubishi Gas Chemical Co., Inc.

Products and Trade Names: MITSUBISHI chemical gases, basic chemicals, plastics;

Importer(s) for the Dutch market:

+ Transol Olieprodukten Nederland BV (subsidiary of Transol International BV): Ringdijk 420, Postbus 1030, 2890 BA Ridderkerk, tel: 01804-60300 (import of chemicals);

* Mitsubishi Group

Joint-ventures (in Japan) with Dutch companies:

+ Japan Black Tea: Mitsubishi Group 64% and Nippon Lever (subsidiary of Unilever) 25%;

+ Mitsubishi Petrochemical: Mitsubishi Group 39% and Shell Group 28%;

* Mitsubishi Heavy Industries, Ltd.

Products and Trade Names: MITSUBISHI ships, machinery, aircrafts, military equipment and steel structures, MITSUBISHI and M-LIFT forklifts, LITHOPIA printing equipment, MITSUBISHI and MEIKI heavy engines;

European Headquarters: Mitsubishi Heavy Industries Europe: Heinrich Heine Allee 1, 4000 Dusseldorf 1, Germany, tel: 09-49-211-80501, 100%;

Dutch Subsidiaries, Branches, Affiliates:

+ MHI Corrugating Machinery Company: Hendrik Figeeweg 5-L, 2031 BJ Haarlem, tel: 023-319007, director: mr.K.Ohtomo (import of corrugating machinery);

+ MHI Equipment Europe BV: Hefbrugweg 77, Postbus 30101, 1303 AC

Almere, tel: 03420-88311, 60 employees, 100%, banks: ABN, BOT and Mitsubishi, executive vice president: mr.T.Sotoike (import and assemblage of forklifts, diesel engines and turbochargers);

Importer(s) for the Dutch market:

- + Gosman & Kraan BV: Dennenlaan 1, Postbus 1, 1160 AA Zwanenburg, tel: 02907-4164 (import of graphic machines);
- + Intrans-Udenhout BV: Ramgatseweg 18, Postbus 138, 4940 AC Raamsdonksveer, tel: 01621-15880 (import of forklifts and other special vehicles);
- + J.J.Dabekausen BV: Galvaniweg 10, Postbus 20, 6100 AA Echt, tel: 04754-87021 (import of agricultural machinery);
- + Drinkwaard Motoren CV: Parallelweg 20, Postbus 265, 3360 AG Sliedrecht, tel: 01840-12332 (import of diesel engines and aggregates);
- + Heftrucks en Onderdelen Nederland BV: Rietvink 30, 2986 XG Ridderkerk, tel: 01804-24122 (import of forklifts);
- + Lewenstein BV: Pieter Calandlaan 5, 1065 KH Amsterdam, tel: 020-6156555 (importer of industrial sewing machines);
- + NIBM Nederlandse Industrie- en Bouwmachine Maatschappij BV: Deventerweg 9, 2803 MA Gouda, tel: 01820-30033 (import of road construction machinery);
- + Nicoverken Holland BV: Regoutstraat 1, 3125 BH Schiedam, tel: 010-4370877 (import of shipping machinery);
- + Padmos Machinefabriek BV: Deltahaven 18, Postbus 23, 3250 AA Stellendam, tel: 01879-1766 (import of ship screws);
- + Technische Handelsmaatschappij J.de Wild BV: De Meeten 54, Postbus 1195, 4700 BD Roosendaal, tel: 01650-32992 (import of petroleum- and electro-engines);
- + W.H. den Ouden NV: Fokkerstraat 571, 3125 BD Schiedam, tel: 010-4377700 (import of diesel engines);
- + Wolfers Heftruck Centrum BV: Korte Hei 7, 4715 RS Rucphen, tel: 01653-7070 (import of forklifts);
- + Wolters & Dros Evli BV (subsidiary of TBI Holdings BV): Schietboom 20, Postbus 235, 3900 AE Veenendaal, tel: 08385-19057 (import of elevator parts);

* Mitsubishi Kakoki Kaisha, Ltd.

Products and Trade Names: MITSUBISHI machinery;

Importer(s) for the Dutch market:

- + Euro Marintechnic Services BV (subsidiary of E.Gray & Co.(Overseas) Ltd., Tokyo Sangyo Co.,Ltd. and others): Kipstraat 5d, 3011 RR Rotterdam, tel: 010-4112985, (import of shipping equipment);
- + Goltens Service BV (subsidiary of Goltens A/S): Welplaatkade 19, Postbus 7340, 3000 HH Rotterdam, tel: 010-4167900 (import of shipping equipment);

* Mitsubishi Kasei Corporation

Products and Trade Names: chemicals, pharmaceuticals, seeds, biochips and other biotechnological and chemical products;

European Headquarters: Mitsubishi Kasei Europe GmbH.: Am Seestern, Niederkasseler Lohweg 8, 4000 Dusseldorf 11, Germany, tel: 09-49-211-596045, 100%;

Dutch Subsidiaries, Branches, Affiliates:

+ MKC Finance Amsterdam BV: Officia I, De Boelelaan 7, 1083 HJ Amsterdam, tel: 020-6466111, 100%; no employees, president-director: mr.Y.Miyabe, bank: BOT (financing company, total assets at 31-1-1991: f110 mln);

Importer(s) for the Dutch market:

+ Charles Goffin Wetenschappelijke Instrumenten en

Laboratoriumbenodigdheden BV (subsidiary of Charles Goffin Beheer BV): Lagedijk 14, Postbus 29, 3400 AA IJsselstein (U), tel: 03408-87717 (import of special chemicals);

+ Stokvis Tapes & Lijmen BV (subsidiary of Stokvis Tape Group BV): Touwslagerstraat 5, Postbus 4190, 2980 GD Ridderkerk, tel: 01804-41400 (import of collants);

+ Sydec Nederland BV (subsidiary of Sydec Holdings BV): Amersfoortsestraat 70d, Postbus 6, 3769 ZG Soesterberg, tel: 03463-57211 (import of computer discs);

* Mitsubishi Materials Corporation

Products and Trade Names: metals, hardmetallic tools, aluminium cans, cement, new materials;

Importer(s) for the Dutch market:

+ Philips van der Hak BV: Sandersweg 90, Postbus 150, 6200 AD Maastricht, tel: 043-214041 (import of turning chisels);

+ Vereenigde Ingenieursbureaux VIBA NV: Bleiswijkseweg 41, Postbus 441, 2700 AK Zoetermeer, tel: 079-418881 (import of tools);

* Mitsubishi Motors Corporation

Products and Trade Names: MITSUBISHI cars and commercial vehicles;

Dutch Subsidiaries, Branches, Affiliates:

+ Mitsubishi Motors Europe BV: Douglassingel 1, Postbus 75010, 1117 ZN Schiphol-Oost, tel: 020-6531311, 30 employees, 100%, president: mr.M.Takada (distribution of spare truck and car parts for Europe);

+ Netherlands Car BV (or Nedcar): Volvolaan 1, Postbus 1015, 5700 MC Helmond, tel: 04920-66111, 33,33% (Volvo AB in Sweden and the Dutch Ministry of Economic Affairs also own 33,33%), 6000 employees (including two subsidiaries), chairman of the board: mr.F.Sevenstern (production of VOLVO 400 series and (as from 1995) MITSUBISHI cars), subsidiaries:

+ NedCar Engineering and Development BV: Volvolaan 1, Postbus 1015, 5700 MC Helmond, tel: 04920-66111;

+ NedCar Production BV: Dr. Hub van Doorneweg 1, 6121 RD Born, Postbus 150, 6130 AD Sittard, tel: 04498-94444;

+ MMC International Finance Netherlands BV: Hoekenrode 6, Postbus 1469, 1000 BL Amsterdam, 100%, no employees, bank: Mitsubishi Bank, director: mr.Y.Shizukawa (financing company)

Importer(s) for the Dutch market:

+ Hart, Nibbrig & Greeve BV (part of Abémy Holding BV): Warmonderweg 12, Postbus 44, 2170 BB Sassenheim, tel: 02522-66111 (import of cars and light

commercial vehicles);

+ MHI Equipment Europe BV (subsidiary of Mitsubishi Heavy Industries, Ltd.): Hefbrugweg 77, Postbus 30101, 1303 AC Almere, tel: 03420-88311, (import of diesel engines);

+ Truck Service Center BV (subsidiary of Charles Feyts Group BV): Bergerweg 63, 6135 KD Sittard, tel: 046-527000 (assemblage of light commercial vehicles for Hart, Nibbrig & Greeve BV);

* Mitsubishi Oil Co., Ltd.

Products and Trade Names: petroleum products;

Dutch Subsidiaries, Branches, Affiliates:

+ MIPETRO (Netherlands) BV: World Trade Center, Strawinskyalaan 1057, 1077 XX Amsterdam, tel: 020-6649966, no employees, president-director: mr.H.Senda, bank: ABN and BOT (financing company);

* Mitsubishi Paper Mills, Ltd.

Products and Trade Names: paper and DIA, PEARL and other paper products;

Importer(s) for the Dutch market:

+ Graphec Offset-Handel BV: Waarderweg 96b, Postbus 940, 2003 RX Haarlem, tel: 023-341134 (import of special printing paper);

* Mitsubishi Plastics Industries, Ltd.

Products and Trade Names: plastic products: construction and industrial products, packaging materials;

European Headquarters: Hishi Plastics Europe SA: Avenue Mercury, Park Industriel de Petite-Rechain, 4655 Chaineux, Belgium, tel: 09-32-87-335189, 51% (Mitsubishi Corporation owns other 49%);

Importer(s) for the Dutch market:

+ Kies Kurk anno 1845 BV: Slabbecoornweg 27, Postbus 67, 4691 RZ Tholen, tel: 01660-4111 (import of artificial cork products from Hishi Plastics Europe SA);

* Mitsubishi Rayon Co., Ltd.

Products and Trade Names: synthetic fibers, plastics and resins, and MRE machinery;

Dutch Subsidiaries, Branches, Affiliates:

+ M&T Chemicals B.V.: Postbus 70, 4380 AB Vlissingen, tel: 01196-17000, 50 employees, ?% (M&T Chemicals owns other ?%), bank: Amro, (production of polymere-additives and other chemicals)

Importer(s) for the Dutch market:

+ Chemimpo BV: Graaf van Solnsweg 52, Postbus 2240, 5202 CE 's Hertogenbosch, tel: 073-210155 (import of chemicals);

+ ECEM European Chemical Marketing BV (subsidiary of European Chemical Marketing NV): Hogehilweg 10, 1101 CC Amsterdam Z.O., tel: 020-6912001 (import of chemicals);

+ V.T. Plastics BV (subsidiary of the VT Group): Postbus 29, 1733 ZG Nieuwe Nieuwdorp, tel: 02261-1625 (import of acrylate sheets);

* Mitsubishi Shoji Kaisha, Ltd.

Products and Trade Names: agricultural products;

Importer(s) for the Dutch market:

+ Pelmolen Holland BV (subsidiary of Cebeco NV): Havenweg 71-73, Postbus 12, 4670 AA Dinteloord;

* Mitsubishi Silvermaster

Products and Trade Names: printing equipment;

Importer(s) for the Dutch market:

+ Graphec Offset-Handel BV: Waarderweg 96b, Postbus 940, 2003 RX Haarlem, tel: 023-341134;

* Mitsubishi Steel Manufacturing Co., Ltd.

Products and Trade Names: steel products, springs, machinery parts, MAV anti-pollution equipment;

Importer(s) for the Dutch market:

+ G.C. de Jong Agencies BV: Oude Haven 2, 4301 CK Zierikzee, tel: 01110-15522;

* Morinaga & Co., Ltd.

Products and Trade Names: confectionery;

Dutch Subsidiaries, Branches, Affiliates:

+ Morinaga & Co.,Ltd.: World Trade Center A-8, Strawinskyaan 801, 1077 XX Amsterdam, tel: 020-5753087, general manager: mr.A.Suzuki;

* Nikon Corporation

Products and Trade Names: NIKON camera's, optical instruments, medical equipment, semiconductor manufacturing equipment, office machinery, HANAE MORI, KARL LAGERFELD and LOLITA LEMPICKA eyeglasses;

European Headquarters: Nikon Europe BV: Schipholweg 321, Postbus 222, 1170 AE Badhoevedorp, The Netherlands, tel: 020-6594406, 100%, 40 employees, bank: ABN, president: mr.T.Hirai (trade in optical, photographic, medical and scientific instruments and machinery, net sales in year ended 31-3-1991: f74.5 mln);

Dutch Subsidiaries, Branches, Affiliates:

+ Nikon Europe BV: see above;

Importer(s) for the Dutch market:

+ Nikon Europe BV: see above;

+ Friederichs BV: Nijverheidsweg 15, Postbus 16, 2100 AA Heemstede, tel: 023-232700 (import of optical instruments);

- + INCA BV: Rutherfordstraat 7, Postbus 354, 2000 AJ Haarlem, tel: 023-249181 (import of camera's);
- + Pol Geotechniek BV: Industrieweg 26, 6871 KA Renkum, tel: 08373-63111 (import of geodetical instruments);
- + Shandon BV (subsidiary of Shandon Scientific Ltd.): Utrechtseweg 31, Postbus 509, 3700 AM Zeist, tel: 03404-62260 (import of scientific instruments);
- + Van Eyle & Ruygers BV (subsidiary of Geveke Technische Handelsmaatschappij): Bergse Rechter Rottekade 1, Postbus 350400, 3005 DA Rotterdam, tel: 010-4226666 (import of measuring instruments);

* Nippon Carbide Industries Co., Inc.

- # Products and Trade Names: carbide and PVC resins, marking films, adhesives, electronic materials;
- # Importer(s) for the Dutch market:
 - + Transol Olieproducten Nederland BV (subsidiary of Transol International BV): Ringdijk 420, Postbus 1030, 2890 BA Ridderkerk, tel: 01804-60300 (import of chemicals);

* Nippon Yusen Kabushiki Kaisha

- # Products and Trade Names: NYK LINE marine transport
- # European Headquarters: NYK Line (Europe) Ltd.: 15 Saint Botolph Street, London EC3A 7NY, United Kingdom, tel: 09-44-71-2832099;
- # Dutch Subsidiaries, Branches, Affiliates:
 - + NYK Line (Europe) Ltd.: c/o Van Ommeren Agencies BV, Westerlaan 10, Postbus 845, 3000 AV Rotterdam, tel: 010-4642303, 3 employees, chief representative: mr.H.Kuramoto (marine transport);
 - + NYK International (Netherlands) BV: Hoekenrode 6, Postbus 1469, 1000 BL Amsterdam, tel: 020-6298033, 100%, no employees, bank: ABN, director: mr.K.Suzumara (financing company)
 - + NYK Holding (Europe) BV: Hoekenrode 6, Postbus 1469, 1000 BL Amsterdam, tel: 020-6298033, no employees, bank: ABN, director: mr.K.Suzumura (holding company, total assets in June 1991: f85 mln)
- # Agents for the Dutch market:
 - + Van Ommeren Agencies BV, Westerlaan 10, Postbus 845, 3000 AV Rotterdam, tel: 010-4649111 (lines to the Far East and Lisbon);
 - + Interzee Scheepvaartmaatschappij BV: Postbus 2546, 3000 CM Rotterdam, tel: 010-4360888 (line to Yeddah);

* Shimadzu Corporation

- # Products and Trade Names: SHIMADZU measuring, medical and scientific instruments;
- # European Headquarters: Shimadzu (Europa) GmbH.: Dusseldorf, Germany, 100%;
- # Importer(s) for the Dutch market:
 - + Isotron Systems BV: De Meerheuvel 6a, Postbus 2232, 5202 CE Den Bosch,

tel: 073-313030 (import of electronical components);
+ Leica BV: Verrijn Stuartlaan 7, Postbus 80, 2280 AB Rijswijk, tel:
070-3198999 (import of scientific instruments);

* Shintoa Koeki Kaisha, Ltd.

Products and Trade Names: general trading;
Importer(s) for the Dutch market:
+ Foster Refrigeration Holland BV: Zuiderweg 171, Postbus 4032, 1200 LA
Hilversum, tel: 035-853200 (import of cooling and freezing equipment);

* Toa Valve Co., Ltd.

Products and Trade Names: valves;
Importer(s) for the Dutch market:
+ Euro Marintechnic Services BV (subsidiary of E.Gray & Co.(Overseas) Ltd.,
Tokyo Sangyo Co.,Ltd. and others): Kipstraat 5d, 3011 RR Rotterdam, tel:
010-4112985;

* The Meiji Mutual Life Insurance Company

Products and Trade Names: life insurance;
European Headquarters: Meijiseimei International London Ltd.: Bishopsgate,
London EC4M 9BQ, United Kingdom, tel: 09-44-71-5885588;

* The Mitsubishi Bank, Ltd.

Products and Trade Names: banking
European Headquarters: The Mitsubishi Bank Europe: 6 Broadgate, London
EC2M 2SX, United Kingdom, tel: 09-44-71-6382222, 100%;
Dutch Subsidiaries, Branches, Affiliates:
+ The Mitsubishi Bank Ltd., Amsterdam Representative Office: World Trade
Center D-3, Strawinskylaan 357, 1077 XX, Amsterdam, tel: 020-6622799, 100%,
chief representative: mr.M.Shimada;

* The Mitsubishi Trust and Banking Corporation

Products and Trade Names: banking;
European Headquarters: Mitsubishi Trust International Ltd.: Third Floor, 24
Lombard Street, London EC3V 9AJ, United Kingdom, tel: 09-44-71-9292323,
100%;

* The Tokio Marine & Fire Insurance Co., Ltd.

Products and Trade Names: non-life insurance;
European Headquarters: Tokio Marine Europe, Ltd.: 150 Leadenhall Street,
London EC3V 4TE, United Kingdom, tel: 09-44-71-283884, 100%;
Dutch Subsidiaries, Branches, Affiliates:

+ The Tokio Marine & Fire Insurance Co.,Ltd.: World Trade Center B-4, Strawinskylaan 435, 1077 XX Amsterdam, tel: 020-5753401, chief representative: mr.S.Yamaoka;

Agent for the Dutch market:

+ Moes & Caviet BV: Prinsengracht 697, Postbus 3995, 1001 AT Amsterdam, tel: 020-6263485;

* Tokyo Sangyo Co., Ltd.

Products and Trade Names: machinery trading;

Dutch Subsidiaries, Branches, Affiliates:

+ Euro Marintechnic Services BV: Kipstraat 5d, 3011 RR Rotterdam, tel: 010-4112985, 33,3% (E.Gray & Co. (Overseas) Ltd. also owns a minority share), 6 employees, (im- and export of machinery parts for ships);

* Toyo Engineering Corporation

Products and Trade Names: machinery;

Dutch Subsidiaries, Branches, Affiliates:

+ Toyo Engineering (Netherlands) BV: no employees (financing company);

3.4.4 Keiretsu activities in the Netherlands

Mitsubishi Bank opened a representative office in Amsterdam in 1990. It plans to turn it into a banking subsidiary soon, and hopes to attract 30 customers at first. Of these, ten will be Mitsubishi group members. That means that almost all Dutch subsidiaries of Mitsubishi companies will switch banking activities to Mitsubishi Bank. Mr.M.Shimada, chief representative of the Mitsubishi Bank in Amsterdam however denied that the establishment of a banking subsidiary in Amsterdam was closely connected with the recent big investment by Mitsubishi Motors in the Volvo Car plant in Born. But at the same time he acknowledged that it would be loss of face for the Mitsubishi Bank if Mitsubishi Motors would have to turn to another bank in The Netherlands.(18)

Mitsubishi Nederland, the Dutch branch of Mitsubishi Corporation, did help other Mitsubishi companies to establish themselves in The Netherlands. Says director K.Wada: "As a trading group we are in a good position to do so, and we have the right contacts. But we will always do so without coming to the openness." Together with the (independent) Dutch importer of Mitsubishi cars, Mitsubishi Nederland is responsible for shipping and importing Mitsubishi cars into The Netherlands. And Mitsubishi Nederland also organises regularly social meetings for the Japanese management of Mitsubishi companies in the Netherlands.

Maasglas, a big Dutch glass plant, was bought by Asahi Glass in 1981. In 1983 Asahi Glass decided to invest f150 million in new float-glass equipment. Says director A.Bergstein: "A short while after the investment decision was taken all those Mitsubishi-companies came by saying: 'We heard from Asahi that we could make an offer for the machinery'. But we decide, and we thought the competition

at that time was cheaper and better. We only have bought diesel engines from Mitsubishi for the emergency power unit. But that was almost ten years ago, in the mean time the Mitsubishi companies here have grown stronger."

When MHI Equipment Europe BV in Almere, the European headquarters of Mitsubishi Heavy Industries, started with the local assembly of forklifts and turbochargers in the summer of 1991, financing came from the Mitsubishi Bank in Brussels.

When asked if the investment of Mitsubishi Motors in Volvo Car would bring them more business opportunities, director Wada of Mitsubishi Nederland, and the representative of the NYK Line in The Netherlands agreed. And director Bergstein of Maasglas says: "We will get preferential treatment by NedCar when it comes to car glass".(19)

NOTES

1. A Brief History of Mitsubishi, Mitsubishi Public Affairs Committee, 1990
2. Mitsubishi Bank, Ltd. Annual Report March 31, 1991
3. Industrial Groupings in Japan - The 8th edition 1988/89, Dodwell Marketing Consultants, Tokyo, Japan, September 1988, p.40-41
4. Mitsubishi Corporation Annual Report March 31, 1991
5. Dodwell, 1988, p.44-45
6. Dodwell, 1988, p.5
7. Mighty Mitsubishi is on the move, Business Week, September 24 1990, p.38-41
8. Dodwell, 1988, p.47
9. Dodwell, 1988, p.46-48
10. New name of Mitsubishi Chemical Industries
11. New name of Mitsubishi Monsanto Chemical Co.
12. Created on December 1 1990 by a merger between Mitsubishi Metal Corporation and Mitsubishi Mining and Cement Co., Ltd.
13. New name of Nihon Kogaku
14. Dodwell, 1988, p.49-57
15. New name of P.S.Concrete
16. Merged with Toyo Carbon in 1990
17. Based upon: Dodwell, 1988,p.54-55; CBIN, Jaarverslag 1989, p.21; Gestaalde Connecties - Mitsubishi Groep breidt activiteiten in Nederland uit, Jan Willem van Gelder, Elsevier, June 29, 1991, p.58-61; Directory of the World's Largest Service Companies, Series I, Moody's Investor Service and UNCTC, New York; December 1990; Who owns Whom 1990 Continental Europe, Volume 1, Dun & Bradstreet International, London, 1990; Who owns Whom 1990 United Kingdom and Republic of Ireland, Volume 1, Dun & Bradstreet International, London, 1990; Japanese Presence in Europe, 1990 Edition, Europe-Japan Economic Research Centre, Catholic University of Louvain, Belgium, 1990; Japanese Overseas Investment - A Complete Listing by Firms and Countries 1986-87, Toyo

Keizai Shinposha (The Oriental Economist), Tokyo, 1986; Japanese Overseas Investment 1990 (Japanese Edition), Toyo Keizai Shinposha (The Oriental Economist), Tokyo, 1990; Subsidiaries of Japanese Companies in the Netherlands, Toyo Keizai Data Bank, Tokyo, 1990; List of Japanese Companies in the Netherlands, Japanese Chamber of Commerce, Amsterdam, November 1991; Nederlands ABC voor Handel en Industrie, Editie 39, Haarlem, Augustus 1991; Financieel-Economisch Lexicon, editie 1991, Band 1: Dochterondernemingen en deelnemingen, DELWEL, Dordrecht, 1991, European Community Shipping Directory 1991, Lloyd's of London Press, London, 1991; International Electronics Directory 1990, C.G.Wedgwood & Co., London, 1990; Bankenboekje 1991, NIBE, Amsterdam, 1991; Wie Levert 1991, 33th Edition, Kluwer, Deventer, 1991; Japan Trade Directory 1991-92, JETRO, Tokyo, 1991; Vademecum voor het Verzekeringswezen 89/90, Nijgh Periodieken BV, Schiedam, November 1989; Chemical Directory of the Benelux, 14th Edition, Chemsselect, Almere, 1991; Company Register Chamber of Commerce Amsterdam; Mitsubishi Corporation, Annual Report March 31 1991; Mitsubishi Kasei Corporation, Annual Report March 31 1990; Mitsubishi Heavy Industries, Ltd., Annual Report March 31 1991; Mitsubishi Electric Corporation, Annual Report March 31 1991; The Mitsubishi Bank Ltd., Annual Report March 31 1991; Asahi Glass Co., Ltd., Annual Report December 31 1990; Kirin Brewery Co., Ltd., Annual Report December 31 1990; Nikon - Focusing on the Future 1990, Nikon Corporation, 1990

18. Quoted in: Klijn, 1991, p.34-35
19. Elsevier, June 29, 1991, p.58-61

3.5 Sanwa Group / Nissho Iwai Corporation

3.5.1 Description of the Group

* Nucleus of the Group

The Sanwa Bank, Ltd. Total Assets on 31-3-1990: Y 61,147,000 mln. Net Income in 1989-90: Y 162,365 mln.(1)

* History of the Group

The Sanwa Bank was established in 1933 through the merger of three medium-size banks based in Osaka (The 34th Bank, The Yamaguchi Bank and the Konoike Bank) to compete with the then major zaibatsu banks. The core activities of the Group are textiles and other light industries, but it is striving to expand its business with heavy, chemical and high-tech industries.(2)

* Total size of the Group

94 companies with total sales in 1987 of Y 22,022 bln, total paid-up capital of Y 909 bln, and 195,000 employees.(3)

* Sogo Shosha in the Group

+ Nissho Iwai Corporation. Sales in 1990-91: Y 13,671,803 mln.(4) Nissho Iwai Corp. originally belonged to the Dai-Ichi Kangyo Bank Group, and is still a member of the DKB's Sankin-kai. But since C.Itoh & Co. gravitated to the DKB Group in recent years, Nissho-Iwai Corp. became a nucleus member of the Sanwa Group;

+ Nichimen Corporation;(5)

* Presidential Council

The Sansui-Kai (Third Wednesday Meeting) was established in the late 1960s and is composed of the presidents of 44 Group companies.

* Other Councils

The Group has two other councils, the Clover-Kai and the Midori-Kai. The Clover-Kai is an organization for promoting the group's projects and includes the executive directors of 43 Group companies. The Midori-Kai is a unique organization charged with carrying out various kinds of projects for its 161 members and their employees, such as computer-programmer training, health care activities, group bulletin publication and mail order business. However, the degree of unity of the members of the Midori-kai is far weaker than that of the other two councils.(6)

* Connected Vertical Groups

Hitachi
Mitsui Bank
Nomura Securities
Tokai Bank
Toyota(7)

* Joint Group Projects

- + The Data-Tsushin Kenkyu-Kai, a group comprised of 85 Group companies was set up to cope with evolving data and enhanced communications networks;(8)
- + 74 Sanwa Group companies such as the Sanwa Bank, Nissho Iwai and Hitachi Zosen operate a council to promote cooperation with the People's Republic of China in licensing, technology transfer and joint venture operations;(9)
- + 48 Sanwa Group firms including the Sanwa Bank, Hitachi Zosen and Suntory formed an inter-industrial committee to promote joint R&D and information exchange in the biotechnology field, and recently set up a new venture to pursue the commercialization of plant growing systems;(10)

3.5.2 Core Group Members

Council Members(11)	Council (a)	Incl. (b)
Daido Mutual Life Insurance Co., Ltd.	C	***
Kansai Paint Co., Ltd.	SC	***
Midori-Kai	C	***
Nichimen Corporation	SC	****
Nissho Iwai Corporation	SC	****
Orix Corporation(12)	SC	***
Teijin Ltd.	SC	***
The Sanwa Bank, Ltd.	SC	****
Tokuyama Soda Co., Ltd.	SC	***
Toyo Construction Co., Ltd.	SC	***
Toyo Trust and Banking Co., Ltd.	SC	****
Cosmo Oil	SC	**
Daihatsu Motor	SC	*
Fujisawa Pharmaceutical	SC	**
Fukusuke Corporation	C	*
Hankyu Corporation	SC	*
Hitachi Cable	SC	*
Hitachi Chemical	SC	*
Hitachi Ltd.	SC	*
Hitachi Metals	SC	*
Hitachi Zosen Corporation	SC	*

SOMO
Paulus Potterstraat 20
1071 DA Amsterdam

Hoya Corporation	S	*
Itoham Foods	S	*
Iwatani & Co.	SC	**
Iwatsu Electric	SC	**
Kobe Steel	SC	*
Kyocera Corporation	S	*
Mitsuboshi Belting	C	*
Nakayama Steel Works	S	*
Nankai Electric Railway	C	*
Navix Line(13)	SC	*
Nippon Express	S	*
Nippon Life Insurance	S	**
Nisshin Steel	S	*
Nissin Corporation	C	**
Nitto Electric Industrial	SC	*
NTN Corporation(14)	SC	*
Ohbayashi Corporation	SC	**
Osaka Cement	SC	**
Osaka Soda	C	**
Sekisui Chemical	SC	*
Sekisui House	S	*
Sharp Corporation	S	*
Shin Meiwa Industry	S	*
Suntory Ltd.	SC	*
Takashimaya Co.	SC	**
Tanabe Seiyaku	SC	**
Toyo Tire & Rubber	SC	*
Toyo Umpanki	C	*
Tsukishima Kikai	C	*
Ube Industries	SC	*
Unitika Ltd.	SC	**
Zenitaka Corporation	SC	*

(a) S = member of the Sansui-Kai

C = member of the Clover-Kai

(b) For significance of asterisks see paragraph 5.3

Other Group Companies(15)	Subs.(a)	Incl.(b)
Beisei Inc.	N	***
Canox Corporation(16)		***
Finac	N	***
Fuji Kako Corporation, Ltd.	N	***
Fuji Seito Company, Ltd.		***
Hamamatsu Kohan Kako Co.,Ltd.	N	***
Inter-Lease Corporation		***
Japan Bridge Co., Ltd.		***

Komatsugawa Koki K.K.	N	***
Kyushu Nisho Iwai Metal Corporation	N	***
Nichimen Iryon		***
Nihon Mining & Concentrating		***
Nikka Fats & Oils		***
Nikkyo Shoji	N	***
Nissho Electronics Co., Ltd.	N	***
Nissho Iwai Aerospace Corporation	N	***
Nissho Iwai Foods Corporation	N	***
Nissho Iwai Foods Osaka Corporation	N	***
Nissho Iwai Housing	N	***
Nissho Iwai Kenzai	N	***
Nissho Iwai Nonferrous Metals	N	***
Nissho Iwai Polymers & Products Corp.	N	***
Nissho Iwai Propane & Oil	N	***
Nissho Iwai Real Estate Corporation	N	***
Nissho Iwai Sekiyu	N	***
Nissho Iwai Steel	N	***
Nissho Iwai Steel Leasing Co.,Ltd.	N	***
Nissho Iwai Textile Co.,Ltd.	N	***
Oyodo Steel Co.,Ltd.	N	***
Sanpuku Shoji	N	***
Senshu Bank, Ltd.		***
Shikoku Nissho Iwai	N	***
Shinko-Pfaudler Company		***
Shokusan Jutako Sogo Co., Ltd.		***
Taka-Ain		***
Tamurakoma Company, Ltd.		***
Teijin Chemical		***
Tobu Seitetsun		***
Tokyo Ramie Spinning		***
Toshiki		***
Toyo Denki Seizo K.K.		***
Toyo Information Systems Co., Ltd.		***
Toyo Real Estate Co., Ltd.		***
Wataei Steel Co.,Ltd.	N	***
Watanabe Kosen	N	***
Ataka Construction & Engineering		*
Carolina Company		**
Central Automotive Products		*
Daiki Engineering		*
Daikyo Inc.		*
Daishinpan Company		**
Daisue Construction		**
Daiwabo Company		*
Fuji Car Manufacturing		*
Gomiya Company		*

Goto Drop Forging Co.,Ltd.	**
Hitachi Zosen Tomioka Machinery	*
Hitachizosen Engineering & Construction	*
JCB Company	*
Kansai Hanpu Kagaku Bosui	*
Kanto Takashimaya	**
Kitanihon Oil	*
Kurogane Kosakusho	*
Maruzen Petrochemicals	*
Morishita Jintan	*
Naikai Shipbuilding & Engineering	*
Namura Shipbuilding	**
Nippon Air Brake	*
Nippon Fire & Marine Insurance	*
Nippon Gas	**
Nippon Koshuha Steel	*
Nippon Lime	**
Nippon Orimonokako	*
Nippon Shinpan	**
Nissan Construction	*
ODD Corporation	**
Ohbayashi Road Construction	**
Onami Unyu Soko	**
Osaka Chain & Machinery	*
Sekaicho Rubber	*
Sekisui Jushi	*
Sekisui Plastics	*
Shinko Electric Company	*
Shinko Engineering	*
Shinko Wire	*
Shinsho Corporation	*
Takase Dyeing & Printing Works	**
Takashimaya Kosakusho	**
Teijin Seiki	*
Terada Cotton Spinning	**
Toa Wool Spinning & Weaving	**
Toyo Linoleum Manufacturing	**
Ube Chemicals Industry	**
Une Cycon	*
Yamaguchi Bank	*
Yokohama Takashimaya	**
Yotai Refractories	**
Yutani Heavy Industries	*

(a) N = majority owned subsidiary of Nissho Iwai Corporation

n = majority owned subsidiary of Nichimen Corporation

(b) For significance of asterisks see chapter on Methodology

3.5.3 Dutch Connections of Core Group Members(17)

* Hamamatsu Kohan Kako Co., Ltd.

Products and Trade Names: special instruments;

Importer(s) for the Dutch market:

+ Charles Goffin Wetenschappelijke Instrumenten en Laboratoriumbenodigdheden BV (subsidiary of Charles Goffin Beheer BV): Lagedijk 14, Postbus 29, 3400 AA IJsselstein (U), tel: 03408-87717 (import of scientific instruments);

* Nichimen Corporation

Products and Trade Names: general trading company;

European Headquarters: Nichimen Europe BV: Cometon Gebouw, 12th Floor, Westblaak 110, 3012 KM Rotterdam, tel: 010-4145077, 100%, 51 employees, general manager: mr.M.Tsunooka;

Dutch Subsidiaries, Branches, Affiliates:

+ Nichimen Europe BV: see above;

+ Nichimen Overseas Trade & Investment Service BV: Westblaak 110, 3012 KM Rotterdam, tel: 010-4145077, no employees, 45% (Kleinwort Benson owns 10%), (financing company);

+ NOTIS Europe BV: Rotterdam, 2 employees, 45% (Kleinwort Benson owns 10%), (financing company);

* Nissho Iwai Corporation

Products and Trade Names: general trading in NISSHO IWAI, NISCON, NONCORD and other products;

Benelux Headquarters: NV Nissho Iwai (Benelux) SA: Rue de la Science 4, 1040 Brussel, Belgium, tel: 09-32-2-5124731, 10 employees, 100%;

Dutch Subsidiaries, Branches, Affiliates:

+ NV Nissho Iwai (Benelux) SA, Rotterdam Branch: Westblaak 6,3012 KK Rotterdam, tel: 010-4332911, 100%, general manager: mr.S.Takahashi;

+ DHL International BV: Kruisweg 563, Postbus 508, 2130 AM Hoofddorp, tel: 020-6555555, 550 employees, 2,5% (via DHL Holding), bank: NMB,

general manager: mr.C.van Schaik (courier services);

Importer(s) for the Dutch market:

+ ABE CV: Buskenblaserstraat 24, Postbus 8157, 1005 AD Amsterdam, tel: 020-6846533 (import of NISCON electronic machinery);

+ Dimetech BV: Regulierenring 29, 3981 LA Bunnik, tel: 03405-61744 (import of YAMAZAKI MAZAK laser cuttingmachines from Mazak Nissho Iwai Europe NV SA in Belgium);

* The Sanwa Bank, Ltd.

Products and Trade Names: banking;

Dutch Subsidiaries, Branches, Affiliates:

+ The Sanwa Bank, Ltd., Amsterdam Representative Office: World Trade Center C-14, Strawinskyaan 1447, 1077 XX Amsterdam, tel: 020-6753111, 100%;

* Toyo Denki Seizo K.K.

Products and Trade Names: electrical equipment for rollingstock, other electrical machinery;

Importer(s) for the Dutch market:

+ Van Gelder Compagnie BV (subsidiary of Schuttervaerweg Holding BV): Schuttervaerweg 60, Postbus 660, 3000 AR Rotterdam, tel: 010-4156622 (import of engines and machinery parts);

* Toyo Trust and Banking Co., Ltd.

Products and Trade Names: banking and trust business;

European Headquarters: Toyo Trust International Ltd.: 36 Queen Street, London EC4R 1BN, United Kingdom, tel: 09-44-71-2365272, 100%;

3.5.4 Keiretsu activities in The Netherlands

Partially due to the limited size and amount of the investments by core members of the Sanwa Group in The Netherlands, there is not much to say on this subject.

NOTES

1. Sanwa Bank, Ltd. Annual Report March 31, 1990
2. Industrial Groupings in Japan - The 8th edition 1988/89, Dodwell Marketing Consultants, Tokyo, Japan, September 1988, p.113
3. Dodwell, 1988, p.40-41
4. Nissho Iwai Corporation Annual Report March 31, 1991
5. Dodwell, 1988, p.12,113
6. Dodwell, 1988, p.113-114
7. Dodwell, 1988, p.5,113-114
8. Dodwell, 1988, p.114
9. Dodwell, 1988, p.114
10. Dodwell, 1988, p.114
11. Dodwell, 1988, p.115-117
12. New name of Orient Leasing
13. New name of Yamashita-Shinnihon Steamship
14. New name of NTN Toyo Bearing
15. Dodwell, 1988, p.118-125
16. New name of Kanoh Steel
17. Based upon: Directory of the World's Largest Service Companies, Series I, Moody's Investor Service and UNCTC, New York; December 1990; Who owns Whom 1990 Continental Europe, Volume 1, Dun & Bradstreet

International, London, 1990; Who owns Whom 1990 United Kingdom and Republic of Ireland, Volume 1, Dun & Bradstreet International, London, 1990; Japanese Presence in Europe, 1990 Edition, Europe-Japan Economic Research Centre, Catholic University of Louvain, Belgium, 1990; Japanese Overseas Investment - A Complete Listing by Firms and Countries 1986-87, Toyo Keizai Shinposha (The Oriental Economist), Tokyo, 1986; Subsidiaries of Japanese Companies in the Netherlands, Toyo Keizai Data Bank, Tokyo, 1990; List of Japanese Companies in the Netherlands, Japanese Chamber of Commerce, Amsterdam, November 1991; Nederlands ABC voor Handel en Industrie, Editie 39, Haarlem, Augustus 1991; Financieel-Economisch Lexicon, editie 1991, Band 1: Dochterondernemingen en deelnemingen, DELWEL, Dordrecht, 1991; Bankenboekje 1991, NIBE, Amsterdam, 1991; Japan Trade Directory 1991-92, JETRO, Tokyo, 1991; Nissho Iwai Corporation, Annual Report March 31 1991;

Chapter Four: CONCLUSIONS

4.1 General conclusions

As outlined in the Preface, the first question we had to answer was: "How do Japanese keiretsu's operate, and to what extent can core members of these groupings be held responsible for the activities of the four trading companies mentioned?" We described the functioning of the keiretsu, and the position of the sogo shosha within them, in Chapter One. As we concluded in paragraph 1.7. 'there is no dispute over the question if the keiretsu's still exist as discernible, functioning entities'. Within the inner circles of each keiretsu, a large amount of reciprocal ties exist, through which companies can influence eachothers policies.

Each of the four trading companies (Nissho Iwai Corporation, C.Itoh & Co., Ltd., Marubeni Corporation and Mitsubishi Corporation) is in the nucleus of a different keiretsu (Sanwa Group, Dai-Ichi Kangyo Bank Group, Fuyo Group and Mitsubishi Group respectively). The question if core members of these groupings can be held, at least partially, co-responsible for the timber trading activities of the four trading companies, can therefore be answered positively. 'Core members' are here defined as follows: 'companies which are tied strongly to one or more other core members of the keiretsu, through several bonds (share-ownership, loans and credits, mutual directors, historical ties, business relations, membership of a presidential council, and/or others)'.

In the paragraphs 3.2.2, 3.3.2, 3.4.2, and 3.5.2 we have identified the core members of the four groupings concerned, following the findings of a major consultancy study.

In the paragraphs 3.2.3, 3.3.3, 3.4.3, and 3.5.3 we have identified the links of these companies with The Netherlands: subsidiaries and affiliates, importers for the Dutch market, and products sold here. For companies without a Dutch subsidiary, we listed the European headquarters, when known. These findings will be summarized shortly in the following four paragraphs.

4.2 C.Itoh & Co.,Ltd.

C.Itoh & Co., Ltd. is a core member of the Dai-Ichi Kangyo Bank Group. In this report we have identified 14 fully owned subsidiaries of core members of the Dai-Ichi Kangyo Group in The Netherlands, as well as 5 partially owned ones. Four of these are holding and financial companies, wich have together around five employees.

Only one company, Hitachi Construction Machinery (Europe) BV, is a production and assembly company, assembling construction machinery. It employs 170 people. But C.Itoh & Co., Ltd. only owns 15% of this company, while non-core group member Hitachi Construction Machinery Co. owns 85%.

One company is a financing company, without employees. Thirteen companies, among them four partially owned ones, are active in trading, distribution, and services. Together they employ an estimate of 815 people, of which the largest part

comes from ICL Nederland BV, which has 520 employees. This company is 80% owned by Fujitsu, Ltd.

Taken together, we estimate that the 18 Dutch companies affiliated with the Dai-Ichi Kangyo Bank Group employ around 985 people.

We have identified the following consumer products coming from core members of the Dai-Ichi Kangyo Bank Group that are sold on the Dutch market:

DAIHATSU	cars
KAWASAKI	motorcycles
KAWASAKI JET SKI	watercrafts
AMDAHL	computers
ICL	computers
FUJITSU	computers, consumer electronics, office machinery, telecommunication equipment
YOKOHAMA	tires

4.3 Marubeni Corporation

Marubeni Corporation is a core member of the Fuyo Group. In this report we have identified 23 fully owned subsidiaries of core members of the Fuyo Group in The Netherlands, as well as 2 partially owned ones. Of these, 7 are holding and financial companies, which employ together around ten people.

Three subsidiaries are production and assembly companies, of which one is partially owned by a core group member. This company, Krehalon Industrie BV, produces synthetic resin packaging materials, or in other words: plastic used for shopping bags, to wrap vegetables and meat, etcetera. This company is 87.5% owned by Kureha Chemical Industries Co., Ltd., while the other 12.5% are owned by Mitsui & Co., Ltd., which is not a group member. The other two producing companies are Yokogawa

Electrofact BV and Yokogawa Engineering Center Europe BV, producing industrial measuring and scientific instruments, and connected software. Both companies are fully owned by Yokogawa Electric Corporation. The three companies together employ an estimated 530 people.

The other fifteen subsidiaries are active in trading, distribution, and other services. We estimate their employment figure at around 950 people, the majority of them (710) working at the three subsidiaries of Canon Inc. in The Netherlands. The total employment by Dutch subsidiaries of core members of the Fuyo Group we estimate at 1,500 people.

We have identified the following consumer products coming from core members of the Fuyo Group that are sold on the Dutch market:

AXIS	electronic machinery
CANON	camera's and office machinery
OKI	printers and office machinery
SELEX	copiers

4.4 Mitsubishi Corporation

Mitsubishi Corporation is a core member of the Mitsubishi Group. In this report we have identified 26 fully owned subsidiaries of core members of the Mitsubishi Group in The Netherlands, as well as 6 partially owned ones. Of these, 12 are holding and financial companies, which employ together around ten people.

Six companies are active in production and assembly, but only two of these are fully owned by a core group member. Maasglas BV is the largest flat-glass plant in The Netherlands, and is around 75% owned by Asahi Glass Co., Ltd. It employs 700 people. Paint-producer Camrex Coatings BV (70 employees) has recently been taken over by Chugoku Marine Paints Ltd. Namascor BV is a steel working company, employing 45 people. It is 10% owned by Mitsubishi Corporation, and 30% each by a Dutch, a French and a German steel producer. MHI Equipment Europe BV is the European distribution centre of Mitsubishi Heavy Industries, Ltd., which has recently started with assembling forklifts and diesel-engines. It employs around 100 people. Netherlands Car (Holding) BV is the former Volvo Car BV, which produces Volvo 4-series cars, and, in the near future, Mitsubishi cars. It is 33,3% owned by Mitsubishi Motors, and employs around 6,000 people. M&T Chemicals BV (50 employees) is a chemical company, which is minority owned by Mitsubishi Rayon Co., Ltd. Together these six companies employ around 6,950 people.

Of the fourteen trading, distribution and services companies affiliated with core group members, 12 are fully owned. Together they employ according to our estimate 200 people.

Total employment by Dutch subsidiaries core members of the Mitsubishi Group is estimated by us at 7,150 people.

Of the numerous importers for the Dutch market of products coming from core members of the Mitsubishi Group, one deserves special mentioning: Decona BV, which imports woodproducts from Mitsubishi Corporation's Brazilian affiliate Eidai do Brasil Madeiras S.A.

We have identified the following consumer products coming from core members of the Mitsubishi Group that are sold on the Dutch market:

CAMREX	paints
CHUGOKU	paints
GS	storage batteries
MITSUBISHI	consumer electronics
MITSUBISHI	office machinery
MITSUBISHI	communication systems
MITSUBISHI	cars and commercial light vehicles
PRINCES	canned fish products
VOLVO 440/460/480	cars
NIKON	camera's

4.5 Nissho Iwai Corporation

Nissho Iwai Corporation is a core member of the Sanwa Group. In this report we have identified 5 fully owned subsidiaries of core members of the Sanwa Group in

The Netherlands, as well as one partially owned one. Of these, 2 are holding and financial companies, which employ together around two people.

We did not find any production or assembly company in The Netherlands affiliated with a core member of the Sanwa Group. The other four companies are active in trading, distribution and other services, and employ an estimate of 635 people. The majority of them (550 people) works for the courier service company DHL International BV, in which Nisho Iwai Corporation has taken a participation of unknown size.

Total employment by Dutch affiliates of core members of the Sanwa Group is estimated by us at 640 people.

We have not identified any consumer products coming from core members of the Sanwa Group that are sold on the Dutch market.

4.6 Final conclusions

All four trading companies are connected with a number of subsidiaries and affiliates in The Netherlands to which the general public could address itself, by letters, phone, or other means. Some of these are fairly large in terms of employment, what possibly enhances the possibilities to put pressure on them. Three of the four trading companies are connected to some clearly visible consumer products, which the general public could be asked to refuse to buy. The fourth trading company, Nissho Iwai Corporation, however is not connected to any clearly visible consumer product. One should therefore consider if it is wise to call for a boycott of this company.

Finally, we have identified a much larger number of importers of non-consumer products (components, machinery, materials) connected to one of the four trading companies, which could be involved in the campaign as well.

Chapter Five: METHODOLOGY

5.1 Japanese corporate structures

The description of history and functioning of Japanese corporate structures in this report is based on a few general books on sogo shosha and keiretsu, and on magazine articles, mostly focusing on specific points. Useful general books on Japanese corporate structures:

- * *The Sogo Shosha: Japan's Multinational Trading Companies*, Alexander K. Young, Boulder Colorado: Westview Press, 1979;
- * *Les Shosha - Les grandes sociétés de commerce Japonaises*, Jean-Loup Lesage, Paris: Publications Orientalistes de France, 1983;
- * *Industrial Groupings in Japan - The 8th edition 1988/89*, Dodwell Marketing Consultants, Tokyo, September 1988;
- * *Kaisha - The Japanese Corporation*, James C. Abegglen and George Stalk, Jr., New York: Basic Books, 1985;
- * *General Trading Companies - A Comparative and Historical Study*, Edited by Shin'ichi Yonekawa, Tokyo: United Nations University Press, 1990;

Some useful books on specific companies or industries:

- * *The Japanese Automobile Industry - Technology & Management at Nissan & Toyota*, Michael A. Cusumano, Cambridge/London: The Harvard University Press, 1989;
- * *De Nomura Dynastie*, Al Alletzhauser, Amsterdam: Balans, 1991;
- * *Timber from the South Seas*, Francois Nectoux and Yoichi Kuroda, Gland: WWF International, 1989;

All books mentioned above are on hand in the SOMO-library, in many university libraries, or in the representative offices of the Japanese External Trade Organisation (JETRO) in all capitals of Europe.

Magazines which regularly publish useful articles on the subject are:

- Business Magazines:
 - * Business Week
 - * Fortune
- Scientific Magazines:
 - * Harvard Business Review
 - * Columbia Journal of Management
 - * Longe Range Planning
 - * Japanese Economic Studies

Business magazines are on hand and indexed in the SOMO-library and in many public and university libraries, for scientific magazines one has to turn to university libraries.

5.2 Japanese foreign investments

Useful books on this subject:

- * *The Evolution of Japanese Direct Investment in Europe*, Stephen Thomsen and Phedon Nicolaidis, New York: Harvester Wheatsheaf, 1991;
 - * *Les Sociétés Transnationales Japonaises en Europe - Structures, Stratégies et Nouvelles Tendances*, Groupe Conjoint CEE/CNUST sur le Sociétés Transnationales, New York: United Nations, 1991;
 - * *Japanese Presence in Europe*, 1990 Edition, Europe-Japan Economic Research Centre, Catholic University of Louvain, Belgium, 1990;
- These books are available at SOMO, and probably in university libraries as well.

Articles on the issue in general, and on concrete investments, can be found in:

- * *Business Week*
- * *Fortune*
- * *Financial Times*
- * *The Economist*
- * Local business magazines like *Quote*, *FEM*, *Manager Magazin*, *Le Nouvel Economiste*, *Business*, *Far Eastern Economic Review*, etcetera.
- * Sectoral business magazines like *European Chemical News*, *Automotive News*, *Electronics Weekly*, and so on.

These magazines can be found at the SOMO-library and other public and university libraries. The largest collection in The Netherlands is available at the library of the Economische Voorlichtings Dienst (Economic Information Service), a part of the Ministry of Economic Affairs in Den Haag.

SOMO has an updated index on many magazines. A very useful help for research is the Research Index of Business Surveys Ltd., on companies and countries, available at SOMO and in several libraries. The Financial Times has its own, on-line, index system.

Recent figures on FDI from the Japanese Ministry of Finance can be obtained at the JETRO offices. The authorities of the host countries also can provide figures. In the Netherlands statistics are published by the central bank (Kwartaalberichten van De Nederlandsche Bank) and by the Netherlands Foreign Investment Agency (Commissariaat voor Buitenlandse Investerings in Nederland), part of the Ministry of Economic Affairs.

5.3 Assessing the membership of each keiretsu

As explained in paragraph 1.7, it is not easy to assess the membership of each keiretsu. There are too many factors involved, the number of possible members is too big, and the information available in The Netherlands is too limited. SOMO has annual reports of the 50 biggest Japanese companies, but you should have access to thousands of annual reports at least. The Japan Company Handbook, published twice yearly by Toyo Keizai Inc. and available at the SOMO- and EVD-libraries,

describes hundreds of Japanese companies and is a useful source of information. But it has its limitations. We for instance tried to determine cross-holding of share-ownership between companies belonging to the same presidential council of a keiretsu, using the Japan Company Handbook. Firstly, the companies not listed on a stock exchange are not described in it. Secondly, for each company only the seven to ten biggest shareholders are published in it, plus the amount of shares which is foreign owned. As the shares of one company can be scattered around dozens of other companies, the picture presented by the Japan Company Handbook is far from complete. Adding the number of shares owned by the seven to ten largest shareholders, and the number of shares in foreign hands, you can end with anything between less than twenty percent of total shares and more than eighty percent. The results as published in the tables in the appendices, are therefore just illustrations of a tendency: the actual percentage of shares held by keiretsu-affiliates of a certain company in some cases can be much higher than the figure published.

To determine the membership of each keiretsu we therefore had to rely on one source only, the comprehensive study: "Industrial Groupings in Japan, The 8th Edition 1988/89" by Dodwell Marketing Consultants in Tokyo, published in September 1988. In this study all companies more or less linked to one of the six main keiretsu are listed, followed by an assessment of their degree of inclination to the group. This degree of inclination is indicated by one to four asterisks:

- **** = Nucleus group companies;
- *** = Strong inclination to the Group, Group's influential power over the company is 50% and above;
- ** = Moderate inclination, Group's influential power between 30 and 49%;
- * = Weak links, Group's influential power less than 30%;

This assessment is made on the basis of the following criteria:(1)

- the ratio of the group's shareholding to the total shares held by the top ten shareholders;
- the characteristics and historical background of the group and/or the company;
- the sources and amounts of bank loans;
- directors sent by and/or coming from nucleus group companies;
- the company attitude towards the group;
- the company connections with non-group companies;

In the paragraphs 3.2.2, 3.3.2, 3.4.2, and 3.5.2 we have listed all companies which according to Dodwell are connected to the four groups we are concerned with, as well as the majority owned subsidiaries of the four sogo shosha we are concentrating on. Those companies are listed together with the asterisks given to them by Dodwell in 1988 (majority owned subsidiaries of the sogo shosha all get three asterisks).

Looking at these lists, it becomes clear that membership of the group's presidential council does not automatically mean that strong links with the group exist, as is sometimes presumed. Nor does the name of a company always give a clear indication: specific and family names as Marubeni, Mitsubishi and Yasuda are exclusively connected to specific keiretsu's, but geographical names as Tokyo, Fuji, Nippon, etcetera, can be used by companies belonging to different keiretsu's.

This research project is concerned with the possibilities for consumer and public actions in The Netherlands which could influence the policies of four timber trading sogo shosha. In the second part of our investigation (concerning the links between the four sogo shosha and The Netherlands) we therefore have concentrated on the companies which, according to Dodwell, have a strong or very strong inclination to the group they are associated with, and thus are presumably able to bring to bear pressure on one of the sogo shosha. These are the companies indicated with three or four asterisks. The names of these companies we brought together on a checklist.

5.4 Dutch links of core members of each keiretsu

5.4.1 Products and trade names

To find products produced, and trade names used by the companies on the checklist we first checked annual reports of these companies available at the SOMO-library. For some twenty companies on the checklist these were available. For some others we wrote to the company to send us a copy of the latest edition. You can write to the headquarters in Japan, or to the Dutch branch if there is any. The last route may be faster, when the branch doesn't operate too bureaucratically.

Another important source to know which products a company is producing is the Japan Company Handbook of Toyo Keizai, Inc., available at SOMO- and EVD-libraries.

To find tradenames, we used:

*Japan Trade Directory 1991-92, JETRO, Tokyo, 1991, Part II, Section H: Alphabetical Index for Trade Names;

*Standard Trade Index of Japan 1991-92, 35th Edition, Japan Chamber of Commerce, Tokyo, 1991, Section B-1: Brandnames;

Both are available at the EVD-library and in the JETRO-office. However in both directories trade names are unfortunately listed alphabetically, not according to company name, which makes checking rather difficult and time-consuming.

5.4.2 Dutch subsidiaries, branches, affiliates

The first step to find European headquarters and Dutch subsidiaries, branches, or affiliates of the companies on our checklist, was checking the annual reports available.

Next step was checking all names on the checklist with general directories more or less specialized in ownership structures:

*Directory of the World's Largest Service Companies, Series I, Moody's Investor Service and UNCTC, New York, December 1990;

*Who owns Whom 1990 Continental Europe, Volume 1, Dun & Bradstreet International, London, 1990;

- * Who owns Whom 1990 United Kingdom and Republic of Ireland, Volume 1, Dun & Bradstreet International, London, 1990;
- * Financieel-Economisch Lexicon, Editie 1991, Band 1:
Dochterondernemingen en deelnemingen, DELWEL, Dordrecht, 1991;
- * Bankenboekje 1991, NIBE, Amsterdam, 1991;

These directories are available at SOMO- and EVD-libraries, and some public and university libraries.

A third step is looking at directories and publications especially concerned with Japanese FDI:

- * Japanese Presence in Europe, 1990 Edition, Europe-Japan Economic Research Centre, Catholic University of Louvain, Belgium, 1990; (available at SOMO)
- * Japanese Overseas Investment - A Complete Listing by Firms and Countries 1986-87, Toyo Keizai Shinposha (The Oriental Economist), Tokyo, 1986; (available at JETRO and EVD)
- * Japanese Overseas Investment 1990 (Japanese Edition), Toyo Keizai Shinposha (The Oriental Economist), Tokyo, 1990; (not available in The Netherlands)
- * Subsidiaries of Japanese Companies in the Netherlands, Toyo Keizai Data Bank, Tokyo, 1990; (available at SOMO(2))

And in this same category falls the last edition of the membership list of the Japanese Chamber of Commerce for The Netherlands in Amsterdam. This covers many, though not all, Japanese companies in The Netherlands, but without the name of the parent company. This means we had to check it 'backwards': using the "Financieel-Economisch Lexicon, Editie 1991, Band 1: Dochterondernemingen en deelnemingen, DELWEL, Dordrecht, 1991" to find out if their parent company was on our checklist.

Most directories and annual reports don't offer more information on subsidiaries than its name, country, and the percentage of shares held by the parent company. The membership list of the Japanese Chamber of Commerce mentioned above did offer somewhat more (addresses, directors). To obtain more information on production and trading companies we used:

- * Nederlands ABC voor Handel en Industrie, Editie 39, Haarlem, Augustus 1991;
- * telephone books (for addresses as well, foreign telephone books available at the EVD-library);
- * press clippings (available at SOMO and public libraries);
- * Dutch business magazines (Quote, FEM);
- * annual report Netherlands Foreign Investment Agency;

To obtain more information, especially on financing and holding companies which are generally too small in terms of employment to be mentioned in the publications above, we also examined company files kept at the Company Register of the Chamber of Commerce in Amsterdam. As smaller companies since five years also have the obligation to file their annual reports at the Chamber of Commerce, these files give a host of information on activities, sales, assets, profits, directors, banks, and subsidiaries (of the subsidiaries). Using one's imagination, it was even possible to find some Dutch subsidiaries of Japanese companies on the checklist not yet

mentioned in the publications, directories and annual reports mentioned above: you just take a name from the checklist, put 'Finance Netherlands BV' behind it, and ask for the file. In approximately one in four tries this approach was successful. As the Chamber of Commerce in Amsterdam only covers the region of Amsterdam, similar investigations at other Chambers of Commerce would of course be useful, but the limited time of this research project didn't allow that.

5.4.3 Importer(s) for the Dutch market

To find the importers for the Dutch market of the products produced by the companies on the checklist, as well as agents etcetera, we used several general and specialized directories, and checked for company names as well as trade names:

- * Nederlands ABC voor Handel en Industrie, Editie 39, Haarlem, Augustus 1991;
 - * ABC Dienstverleners, Editie 5, Haarlem, Maart 1991;
 - * European Community Shipping Directory 1991, Lloyd's of London Press, London, 1991;
 - * International Electronics Directory 1990, C.G.Wedgwood & Co., London, 1990;
 - * Wie Levert 1991, 33th Edition, Kluwer, Deventer, 1991;
 - * Vademecum voor het Verzekeringswezen 89/90, Nijgh Periodieken BV, Schiedam, November 1989;
 - * Chemical Directory of the Benelux, 14th Edition, Chemselect, Almere, 1991;
- These directories are available at either the SOMO- or the EVD-library, and some public and university libraries.

5.4.4 Keiretsu activities in The Netherlands

The scarce information on this subject was based on some press clippings and articles in Dutch business magazines, and an essay by a student of the Economic Faculty of the University of Amsterdam on the foreign expansion of keiretsu-banks, a.o. in The Netherlands:

- * De rol van de hoofdbank bij buitenlandse expansie van eenkeiretsu, Robert C.Klijn, Amsterdam: Faculteit der Economische Wetenschappen en Econometrie, Universiteit van Amsterdam, Augustus 1991; (available at SOMO)

NOTES

1. Dodwell, 1988, p.34
2. As an annex to: De rol van de hoofdbank bij buitenlandse expansie van een keiretsu, Robert C.Klijn, Amsterdam: Faculteit der Economische Wetenschappen en Econometrie, Universiteit van Amsterdam, Augustus 1991

APPENDIX 1

DAI-ICHI KANGYO BANK GROUP CROSS-OWNERSHIP STRUCTURE

Shareholder

Subsidiary	DKEBank	Asahi Mutual	Furukawa Co.	Fukoku Mutual	Kawasaki St.	Fujitsu Ltd.	Furukawa El.	Fuji El.	C. Itoh & Co.	Kawasaki HI	Hitachi Ltd.	Nissan F&M	Asahi Chem.	Yokohama Rub.	Kobe Steel	Shimizu Corp.	Nippon Zeon	GROUP TOTAL	Other Japanese	Foreign
Asahi Chem.	3,4	3,4																6,8	27,5	3,
Asahi Denka	4,4	8,9	3,4															16,7	25,8	8,
Asahi Mutual																		n	n	n
Asahi Optic.	4,9	5,0																9,9	24,9	2,
C. Itoh & Co.	3,7	2,7																6,4	23,6	6,
Chichibu	4,1																	4,1	41,6	1,
DKEBank		4,4		1,3	1,2													6,9	13,7	1,
Denki KK	4,9	2,2																7,1	26,2	2,
Ebara Corp.	4,4																	4,4	26,3	7,
Fuji Electr.	4,0	6,3				7,0	3,7											21,0	15,0	10,
Fujitsu Ltd	4,6	6,3						13,5										24,4	13,6	9,
Fukoku Mutual																		n	n	
Furukawa Co.	3,9	7,4					7,0	3,2										21,5	19,5	8,
Furukawa El.	3,6	6,5	3,6															13,7	18,7	5,
Hitachi Ltd.																		-	23,1	12,
Honshu Paper	3,3																	3,3	34,7	2,
Iseki & Co.	4,9																	4,9	34,9	2,
Ishikawajima	3,5	2,8																6,3	21,6	1,
Isuzu Motors	2,8	2,7							2,3									7,8	8,5	38,
Japan Metals	5,0																	5,0	40,7	1,
Kanematsu	4,5																	4,5	34,8	4,
Kawasaki HI	4,5	2,0			2,6													9,1	22,3	2,
Kawasaki K.	4,9								5,6									10,5	25,6	4,
Kawasaki St.	4,3	2,5																6,8	21,5	1,
Kawasho Corp	2,5				24,7													27,2	27,1	0,
Kobe Steel	3,6	2,7																6,3	22,4	1,
Korakuen Co.																		n	n	
Kyowa Hakko	3,6																	3,6	32,7	3,
Lion Corp.	3,8																	3,8	23,6	2,
Niigata Eng.	4,9	6,2																11,1	25,9	2,
Nippon Col.	4,6			2,6							12,3	2,4						21,9	24,1	6,
Nippon Exp.	4,6	8,5																13,1	18,4	4,
Nippon KK																		n	n	
Nippon LM	3,8	3,1																6,9	10,7	52,
Nippon Zeon	4,7	8,2				6,8	1,8					3,6	6,8					31,9	9,4	1,
Nissan F&M	5,0									10,4								15,4	49,7	0,
Nissho Iwai	4,9	3,3													2,3			10,5	23,3	0,
Orient Fin.	4,9	4,6																9,5	25,7	1,
Sankyo Corp	4,3																	4,7	28,6	15,
Saihoku Co.	4,9	4,8																4,9	26,4	4,
Shibusawa	4,0	2,9				2,9	2,7									5,0		10,7	27,9	9,
Taisei F&M	4,9	8,6	18,2			2,6	1,9											4,0	12,0	55,
Yaskawa El.	4,1																	36,2	18,6	1,
Yokohama Rub.	4,3	8,6				6,3	2,8									6,4		4,1	25,3	3,
																		23,9	18,0	2,

Source: Japan Company Handbook, First Section, Toyo Keizai Inc., Tokyo, Autumn 1991

APPENDIX 2

FUYO GROUP CROSS-OWNERSHIP STRUCTURE

Shareholder

Subsidiary	Fuji Bank	Yasuda Trust	Kubota Ltd.	Nihon Cement	Nissan Motor	NKK Corp.	Taisei Corp.	Yasuda F&M	Yasuda Mutual	Hitachi Ltd.	Marubeni Corp.	Nichirei Corp.	Nisshinbo Inc.	GROUP TOTAL	Other Japanese	Foreign
Canon Inc.	3,4	3,5												6,9	25,7	15,5
Fuji Bank			1,5	1,7	1,8	1,7	1,6	2,3	4,9					15,5	7,8	1,2
Hitachi Ltd.														-	23,1	12,7
Keihin Railway	4,8	4,0												8,8	26,3	1,9
Kubota Ltd.	4,9								3,1					8,0	37,9	1,8
Kureha Chem.	4,9	4,8							7,0					16,7	26,8	2,1
Marubeni Corp.	4,5	4,4						3,6	2,7					16,2	18,3	2,6
Nichirei Corp.	4,4	4,4												8,8	24,2	6,7
Nihon Cement	4,9	4,7							4,6					14,2	19,8	7,2
Nippon Oil	4,9	6,5			4,0			2,8	2,2	2,2				22,6	11,7	2,6
Nippon Seiko	4,8	6,0							5,5					16,3	23,9	4,1
Nissan Motor	4,5	2,5												7,0	25,3	2,7
Nisshin Flour	4,9	2,4												7,3	24,0	2,3
Nisshinbo Ind.	4,9	4,0							2,5					11,4	29,2	9,1
NKK Corp.	3,7	2,0						1,9	3,2					10,8	15,8	2,6
Oki Electric	4,9	4,3						2,1	7,7					19,3	19,5	2,3
Sanyo-Kokusaku	4,7	4,3							2,2					11,2	24,0	1,8
Sapporo Brew.	4,3	4,7					2,3		3,3		2,1			16,7	15,1	1,3
Showa Denko	4,6	4,0						5,0	4,0					17,6	23,7	1,2
Showa Line	10,5	4,2			4,3			7,3	2,5					28,8	20,6	2,3
Taisei Corp.	3,9	3,1												7,0	18,9	6,4
Toa Corp.	4,9	7,0			3,3		1,9	3,5			6,0			26,6	11,3	3,9
Tobu Railway	3,0	1,9												4,9	29,4	4,6
Toho Rayon	4,9	5,4							1,7			24,4		35,4	16,0	5,4
Tokyo Tatemono	4,3	5,0					3,4	5,5	4,4					23,2	7,7	1,7
Yasuda F&M	4,9	4,4							3,5					12,8	10,5	10,9
Yasuda Mutual														n	n	n
Yasuda Trust	3,5		1,4		2,1	1,7	2,4	3,9			2,2			17,2	5,7	1,2
Yokogawa El.	3,7	5,8												9,5	27,2	9,7

Source: Japan Company Handbook, First Section, Toyo Keizai Inc., Tokyo, Autumn 1991

APPENDIX 3

MITSUBISHI GROUP CROSS-OWNERSHIP STRUCTURE

Shareholder

Subsidiary	Meiji Mutual	M Bank	M Trust	Tokyo M&F Ins.	M Corp.	M Heavy Ind.	M Gas Chem.	Asahi Glass	M Chemical	M Estate	Kirin Brewery	GROUP TOTAL	Other Japanese	Foreign
Asahi Glass	6,4	4,9	4,6	4,7								20,6	19,2	2,8
Kirin Brewery	4,8	4,8	3,8									13,4	12,2	6,5
Meiji Mutual												n	n	n
M Aluminium												n	n	n
M Bank	5,6		1,7	4,3	1,7	3,0						16,3	9,8	1,2
M Construction												n	n	n
M Corporation	5,8	4,9	5,4	6,0		3,1						20,2	13,9	5,9
M Electric	4,1	3,3	4,5									11,9	17,0	4,0
M Estate	4,3	4,5	8,9	3,4								21,1	13,3	7,0
M Gas Chemical	5,0	4,4	6,0									15,4	20,2	1,4
M Heavy Ind.	3,0	3,6	7,0	2,0	1,5							17,1	3,0	9,3
M Kakoki	5,7	4,9	6,5		5,6	5,6						28,3	9,6	0,8
M Kasei	7,4	4,7	4,8	2,5								19,4	23,0	2,3
M Materials	6,7	4,3	4,9									15,9	11,8	2,9
M Monsanto Ch.												n	n	n
M Motors	2,2	4,5	3,8	1,9	8,2	25,7						46,3	-	22,6
M Office Mach.												n	n	n
M Oil	3,0	4,9	5,5	4,9	17,3							35,6	8,1	4,9
M Paper Mills	7,6	4,6	5,8	4,3	3,6		2,1					28,0	8,4	4,6
M Petrochem.	4,5	4,0	4,2	4,6				4,9	4,7			26,9	-	33,9
M Plastics	2,1	3,0	3,8						47,2			56,1	4,7	1,9
M Rayon	6,0	4,6	4,6									15,2	13,8	1,5
M Steel Mfg.	5,8	4,9	5,0		3,8	6,9						26,4	10,1	4,2
M Trust	4,8	3,1		1,9	3,1	2,7		2,3		1,7	1,8	21,4	1,3	2,9
M Warehouse	7,4	4,8	7,0	5,9						3,8	2,2	31,1	13,7	6,1
Nikon	5,8	4,7	7,5	2,8	1,9							22,7	13,0	8,8
Nippon Yusen	4,3	4,1	5,8	4,9		4,7						23,8	11,4	2,5
Tokyo M&F Ins.	4,5	4,8	3,8		2,3	1,8		1,7				19,9	5,4	12,6

Source: Japan Company Handbook, First Section, Toyo Keizai Inc., Tokyo, Autumn 1991

APPENDIX 4

SANWA GROUP CROSS-OWNERSHIP STRUCTURE

Shareholder

Subsidiary	Sanwa Bank	Toyo Trust	Nippon Life	Daido Mutual	Hitachi Ltd.	Takashimaya	Kobe Steel	Nichimen	Teijin Ltd.	Nippon Expr.	Sekisui House	Sekisui Chem.	Nissho Iwai	Hitachi Zosen	GROUP TOTAL	Other Japanese	Foreign
Cosmo Oil	3,9	3,2													7,1	17,9	2,0
Daido Mutual															n	n	n
Daihatsu	4,8	3,0	4,4												12,2	35,2	0,3
Fujisawa Ph.	4,6	6,0	8,8	3,9											23,3	14,4	9,4
Fukusuke Corp	3,7	2,1	2,6												8,4	37,3	0,3
Hankyu Corp.	3,4	1,5	3,7												8,6	9,8	1,8
Hitachi Cable	1,8	2,5	2,0		51,5										57,8	11,1	4,0
Hitachi Chem.	2,4	1,4	2,7		56,0										62,5	9,5	0,5
Hitachi Ltd.	2,2	2,3	3,8												8,5	12,6	12,7
Hitachi Met.	2,9	2,4	1,5		53,4										60,2	10,5	3,7
Hitachi Zosen	4,9	2,4	2,3												9,6	19,5	4,9
Hoya Corp.	4,9	6,5	6,6												13,0	25,4	4,9
Itoham Foods	4,6		3,0												7,6	32,1	3,6
Iwatani & Co.	4,7	5,2													9,9	10,6	2,1
Iwatsu Elect.	4,9	5,5	5,7												16,1	22,3	0,8
Kansai Paint	4,6	4,0	5,4	2,7											16,7	18,4	0,7
Kobe Steel	3,6		5,7												9,3	19,4	1,9
Kyocera Corp.	4,2	3,0													7,2	25,9	19,4
Midori-Kai															n	n	n
Mitsuboshi	4,9	5,8	2,0	2,6											15,3	19,3	0,8
Nakayama St.	4,2	5,4													9,6	12,6	1,3
Nankai El.R.	3,2	0,8	5,0			0,7									9,7	8,9	0,1
Nichimen Corp	4,5	3,5	3,6	3,6											15,2	19,9	2,0
Nippon Expr.	3,2	2,2													5,4	26,1	4,8
Nippon Life															n	n	n
Nisshin Steel	4,4	2,8	3,7												10,9	23,6	1,4
Nissho Iwai	4,9	3,2	3,0				2,3								13,4	18,0	0,9
Nissin Corp.	4,8	4,6	4,7												14,1	23,5	0,8
Nitto Electr.															n	n	n
NTN Corp.	4,7	4,7													9,4	26,8	7,9
Ohbayashi															n	n	n
Orix Corp.	4,5	4,8	2,7					3,4							15,4	20,2	19,6
Osaka Cement	4,9	3,4	2,9												11,2	24,1	0,4
Osaka Soda															n	n	n
Sanwa Bank			4,5	3,0	1,4				1,6	1,4					11,9	10,9	1,9
Sekisui Chem.	3,9	2,7								2,2					8,8	26,9	9,2
Sekisui House	4,0	1,8	1,8								21,5				29,1	15,4	14,2
Sharp Corp.	4,0		5,1												9,1	28,2	9,3
Shin Meiwa	4,3	3,3			28,8										36,4	22,6	9,5
Suntory Ltd.															n	n	n
Tanabe Seiyu	4,9	2,8	9,1												18,0	34,9	7,6
Teijin Ltd.	4,7	4,0	6,2												14,9	16,3	4,6
Tokuyama Soda	4,9	5,3	6,9										2,1		19,2	16,7	1,7
Toyo Constr.	4,8	7,0	2,9												14,7	15,8	0,7
Toyo Tire	4,3	2,5	3,1												9,9	23,6	0,7
Toyo Trust	4,9		2,6						1,4						3,9	13,7	0,5
Toyo Umpanki	4,7	1,8												34,0	40,5	17,0	0,6
Tsukishima K.	4,9	5,1		9,9											19,9	27,6	3,9
Ube Industr.	4,5		2,8												7,3	22,9	1,5
Unitika Ltd.	4,9	2,5	2,0	3,0											12,4	9,9	1,4
Yamashita-Sh.															n	n	n
Zenitaka Corp	4,9	1,7													6,6	57,5	0,4

Source: Japan Company Handbook, Section 1 and 2, Toyo Keizai Inc., Tokyo, Autumn 1991

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