

shosha

MARUBENI

Q U A R T E R L Y • A P R I L 2 0 0 3

Vol.
75

飛

Ready for
the Next Leap Forward

躍

The Feature Story

Greeting from New President and CEO Nobuo Katsumata

On April 1, Corporate Executive Vice President Nobuo Katsumata assumed his new post of President and CEO. In this issue he presents a strong clear message of his dedication and call to achieving the "V" Plan and transforming Marubeni into a confident and proud company; and shares with us some of his personal experiences and episodes at Marubeni.



Nobuo Katsumata President and CEO

Due to your great efforts, we expect to achieve the goals of the “A” Plan – 30 billion yen in profit and net interest-bearing debt of 2.5 trillion yen or less. This has enabled us to somehow remain among the five major trading companies. This, however, is not our goal, but merely the starting point of the real battle ahead. If we drop our guard even a little, we will drop out of the competition of top trading companies.

We must out-think and out-work our competitors to heighten our cost efficiency and profitability. Unless this is realized, we will never catch up to the companies ahead of us, nor will we be able to escape from our current situation. Please hammer this into your heads.

I’m not trying to spark off a sense of crisis, but I want you firstly to recognize that our company is on the crossroad of either succeeding as a major trading company or not. Also, I want you to be keenly aware that these difficult times can only be overcome if all executives and employees of the Marubeni Group share an awareness of the problem and fight against it as one.

The “V” Plan

How can we then overcome this adversity and reestablish ourselves as commonly-accepted blue-chip company? The targets

Ready for the Next Leap Forward

Greeting from New President and CEO Nobuo Katsumata

and strategies for this are described in the “V” Plan, our new medium-term management plan.

The targets established in the “V” plan – including net income of 50 billion yen, net interest-bearing debt of 2 trillion yen and a debt-to-equity ratio of 4-5 times – are high and only attainable with strong resolve. Successful implementation of the “V” Plan is vital for Marubeni in the next ten years; we need to complete the “V” Plan to gain trust

from both inside and outside the company, to be victorious, and to become a tougher and more vigorous corporate group.

Currently, repeated downgrading has narrowed Marubeni's measures for direct financing from the capital market. As a trading company, financing is our lifeline. We must improve our financial constitution, upgrade our rating, and establish an organization that can easily receive financing from the capital market.

If we don't overcome our current obstacles, we will be unable to win the trust we need from the markets to climb up to a higher level.

Achievement requires the management to dedicate attention to "selection and concentration," to create a tough corporate group with the number one portfolio in the industry.

"Selection and concentration" will be determined by whether or not our "Profit After Tax less Risk Asset Cost (PATRAC)"* is positive. PATRAC consists of profit, assets and risk factors, and is an indicator that incorporates the concept of capital cost.

We will evaluate units and business companies with PATRAC, and will conduct solid management by concentrating management resources in such businesses will reliably generate a profit. It is important to increase PATRAC annually, which means increased corporate value and growth for Marubeni.

I want you to understand that we have to review the businesses and projects that we're conducting, and improve our balance sheet, profit and loss statement and cash flow statement to increase PATRAC. This means increasing profit, cutting costs, reducing assets that don't generate profits, improving risk quality, and quitting businesses that are high in risk assets and low in earnings.

We have decided that units and businesses with negative PATRACs will produce improvement plans to transform their PATRACs to positive figures within three years. If their plans appear unlikely to be

realized, that unit or business corporation will of course be a target for integration, divestiture or termination.

Furthermore, units and businesses with positive PATRACs need to think about how to maximize the figures. We need to be of the thinking that only maximizing PATRAC will generate growth at Marubeni.

Corporate Culture

Let's now shift our focus to Marubeni's corporate culture.

Corporate culture is the set of values that has been shared or conveyed on to the next generation throughout the corporation's long history. It may consist of unwritten rules, for example how Marubeni Group's employees should act at certain times and in certain situations.

We need to accept that the company is still suffering from the "large corporation disease." The concern is that unless we overcome this way of thinking, the "V" Plan will not be realized. As long as we hinder the process of reform by saying "we always did it this way..." or "it was like this in the past..." we can't invigorate the management, select and concentrate on units, or reform corporate staffing. We need to respect the

future more than the past or present, and to set our minds to striving to change our status, even though this may involve much trial and error. We must build a culture that respects flexibility and keen minds that adjust to dynamic changes, and a disciplined culture that rewards and punishes fairly.

To achieve this, I want to work on making Marubeni "an open company."

I want to make Marubeni transparent by establishing an advisory committee or by meetings to listen to and absorb outsiders' points of view more often. This will include



methods for proceeding with general meetings of shareholders as a means of focusing on and incorporating opinions from outside of the company.

As for inside the company, I will use various methods to convey my thoughts and intentions as clearly as possible. I'm also planning to create many chances for you to relate your views directly to me. Increased communication opportunities will create a sense of togetherness and ensure that we build relationships based on trust. I intend to enrich communication with you, and gain your understanding about the company and our measures.

In Conclusion

Achieving the "V" Plan will not be easy, but by doing so Marubeni will leap forward in line with the top trading companies. Our target is to achieve the "V" Plan in fiscal 2005, but let's not be satisfied with that. Let's do it as quickly as we can.

My first duty is to achieve the "V" Plan. This requires me to be selfless and to resolutely carry out reforms from the frontline.

It is also my duty as president to make Marubeni a company where everyone is confident and proud to be working, as quickly as possible.

Today, I assumed the presidency. I am determined to dedicate my heart and soul to the company, towards attainment of the "V" Plan. As the Marubeni Group Leader, I'll tackle Marubeni's reforms swiftly. All of us need to share this attitude and feeling as well, and to devote ourselves to this task. And in 3 years, we can all enjoy the satisfaction to have helped transform Marubeni into an excellent blue-chip business group, trusted both by society and by its members.

PATRAC* =
Consolidated net income – Risk assets x 8%
PATRAC target: Greater than zero





Nobuo Katsumata (left) at age 5, with one of his cousins

Nobuo Katsumata Up Close

President and CEO Nobuo Katsumata kindly opened up his photo album and shared some thoughts and memories of his work and private life.



On a yacht during his university days

Nurtured by the Ocean

August 1948, Numazu (in Shizuoka Prefecture)

As my mother had a total of ten brothers and sisters, when I was little I used to visit my uncles' and aunts' houses and play with my cousins who were around my age. Since my aunts lived in cities along the ocean, I used to visit for two to three weeks every summer and enjoyed swimming in the ocean. My love for the ocean may have started back then. If you asked what kind of a child I was, I would have been characterized as a somewhat boisterous leader of the other children.

sailboats managed to gather together, but the other half were nowhere to be seen. We arrived at our destination at 11 o'clock at night by using a search light as our guide while constantly worrying that a cargo ship might crush us. Fortunately, everyone arrived unharmed.

Currently, I co-own a cruiser with about 20 friends from those days. There's nothing like being out on the sea drinking brandy on the deck and enjoying renewing old friendships. Unfortunately, I can't take time out for such things very often.

My Debut as a Trading Company Employee

Summer 1966, traveling to Shimoda on a company trip (in Shizuoka Prefecture)

This was taken on a company trip for the Paper Pulp Department. It was my first year with the company, and naturally I had to



Together with some of the yacht club members

Around 1964, Hayama

My hobby is sailing. It all began with the yacht club I joined at university. The club had 10 to 20 people from each school year, so there may have been up to 40 or 50 people in all. Our activities took place in Hayama on weekends and there were summer camps in Chiba.

We mainly spent our time crossing Tokyo Bay. We usually left Hayama at three o'clock in the morning, sailed past Yokosuka at six or



seven o'clock and reached Iwai at around three in the afternoon. On one occasion, although the weather looked like it would hold when we started, a thick fog rose in

Tokyo Bay, the wind stopped, and eventually it started raining. We were only able to see 10 meters ahead. Half of our 10 two-person



Nobuo Katsumata (right) on a company trip in his early days at Marubeni

organize the trip, which included a huge party and group photo. This is probably a part of Japanese business culture that has disappeared now.

Karaoke machines weren't around at this



At his home with a guest who had taken care of him during a training session in Canada



Holding the prize pike, caught in a lake in Finland

time, so everyone sang any song they wanted with a microphone in hand. While everyone else sang enka (Japanese “country” songs), I sang “With you forever” by Yuzo Kayama (a young new movie star and singer at the time) including its spoken lines. The senior workers were surprised by the song and remarked on how times had changed. This was because that type of melody was very new then. I can’t keep up with recent up-tempo Karaoke songs, but I guess I was a modern man in those days.

Around 1968, at Home in Tokyo *Who is the person in the kimono?*

I visited a paper-manufacturer in Eastern Canada for a 10-day training session in my second year. This picture was taken when the general manager of the Technical Service Department of that paper manufacturer came to my home during a visit to Japan. He had looked after me during my training.

In those days, imported paper was still not very common. However, sales of Canadian paper increased a few years later, when newspapers began to be printed in color, at the same time color TVs became more widespread. At that time, Japan couldn’t produce the paper for color printing, so Canadian paper had the lion’s share of around 80% of the market.

A Valuable Business Experience

Please tell us what gave you your greatest sense of achievement in your work?

The year 1973 hit us doubly hard, as there was a product supply shortage and both the oil shock and drought pushed up prices. Publishers and newspaper publishers, who were our clients, were in desperate need of paper. So we decided to buy paper from

America’s Georgia-Pacific (GP) for five years. The contract was for a total of 12,000 tons per year, 3,000 tons each for three major Japanese publishers and Marubeni secured 3,000 extra tons at our own risk. The Marubeni risk portion arose because a newspaper publisher that had originally promised to buy it dropped out just before the contract with GP was concluded in New York.

But by the time the paper actually arrived, the escalated prices had started to decline and domestic demand had decreased. Although our purchase was continued as contracted for a year, there was no sign of the discrepancy in the contracted price and the market price decreasing. Therefore, it was decided that it would be better to cancel the contract even if a penalty had to be paid. However, we managed to find a paper mill that was not operating at its full capacity. We negotiated with them and agreed to buy paper at a very competitive price, which was then delivered to our client at market price. This business was enough profitable to cover our losses from the penalty. As a result, the contracting publishers were able to purchase domestic paper at the market price and the paper company was able to operate at capacity. Both sides thanked Marubeni, and the close relationships forged then continue today. As to the Marubeni risk portion of paper, we delivered this to a newspaper publisher at a special price. This newspaper publisher continued to procure domestic paper from Marubeni even after the stock was depleted, and this relationship also continues today. At the time, we registered a loss, but this led to successful business links over the longer term.

How true is the rumor that you don’t take notes?

It is just that I like to listen intently to what others are saying and commit it to memory rather than taking notes. I think we often gain a sense of satisfaction from just taking

notes and so have become unable to commit things to memory. I also want to look at the person speaking when I listen.

Holiday in My Other Hometown **Summer 2001, Finland**

I have visited Finland three or four times every year since 1971, making a total of nearly 100 visits.

When this picture was taken, I was spending a couple of days at my friend’s summer cottage. I was enjoying cooking for myself and spending time lure fishing on a boat floating on a lake facing a garden, collecting wood in the forest to use for the sauna and fireplace, and drawing water. I used candlelight at night, and was amazed at the number of orbiting satellites I could see when I looked up into the star filled sky.

The size of the pike I caught was so large that it even surprised the locals. I broiled it in butter on a grill, and I remember how especially delicious it tasted.

Do you have any comments for the group’s employees?

Please tackle your work with passion. If you feel a sense of accomplishment and joy in your work, it becomes fun. If the work isn’t fun or rewarding, you will not be motivated. Please also always have a strong sense of involvement. It may be easy to criticize from the outside looking in, but it is nothing but self gratification. Discuss matters constructively and be personally involved in taking action.

If each of us has our own mission and is prepared to share in the joy and emotions of achieving it with others, we will bring vitality and confidence to the workplace. I believe that this is what will help us to make strong “leaps” forward.

News & Information

Marubeni's Focus on the Oil and Gas Business

Marubeni Announces First Oil from Sycamore

On March 12 2003, Marubeni through its UK subsidiary, Marubeni Oil & Gas (UK) Limited, announced that its Sycamore field had entered production, about one month ahead of schedule. This project is a joint venture with Venture Production plc, the Aberdeen-based UK independent oil and gas production company. Following the successful rejuvenation of the nearby Larch field in mid-2001, Sycamore represents Marubeni's second successful development project in the UK North Sea area.

The Sycamore field is located in waters 260km northeast of Aberdeen, at a depth of about 110m. The UK government granted approval for the development of Sycamore in May 2002. Marubeni, along with its partner Venture Production, has been deeply involved in the project in order to maximize the efficiency of production. The development is expected to cost about US\$150 million; and Marubeni will be investing about US\$50 million.

Marubeni, together with Venture as the project operator, has successfully managed to complete the installation of a sub-sea pipeline bundle and other facilities during the severe winter months. This has enabled the first delivery of oil almost one month earlier than originally planned.

Sycamore's production this year is expected to be approximately 20,000 barrels of oil equivalent per day (boed), with net production for Marubeni's 35.5% interest to be approximately 7,000 boed. As a result, it is anticipated that Marubeni's net production in the UK North Sea area will rise from its current level of 11,000 boed to 18,000 boed.

Sycamore's total gross recoverable reserves are expected to be 24 million

barrels of oil equivalent (boe), with net for Marubeni to be 8.5 million boe. In addition, there are ongoing plans to further enhance and develop production at Sycamore.

Marubeni-BP Deal in Alabama State Waters

Marubeni, through its U.S. subsidiary, Marubeni Oil & Gas (USA) Inc., has agreed to purchase from BP (through its U.S. subsidiary, BP America Production Company) a 35.7% interest in Fairway Field and its associated facilities in Alabama state waters in the Gulf of Mexico. The field's current production is approximately 18,000 barrels of oil equivalent per day (boed); and the purchase cost was \$93 million in a cash transaction. The sale is effective as of December 1, 2002 and is subject to U.S. regulatory consent and approvals.

Shell holds the remaining interest of 64.3% and operates the gas field and related facilities. The sale includes BP's share in 6 wells, an offshore gathering system and an onshore gas processing plant. The company's working interest share of the annual amount produced by the assets is approximately 6,500 boed.

Marubeni is currently implementing the "V"Plan, a New Medium-Term Management Plan, to help revitalize business. Under this plan, the oil and gas E&P business is regarded as a core enterprise, and new production assets are actively sought and acquired. As a result of Sycamore in the UK North Sea and this deal, Marubeni's total worldwide production (excluding LNG), covering the UK North Sea, Asia and North America, will rise to over 30,000 boed. Marubeni is targeting global production of 50,000 boed by 2005.

Tubarao Steelworks Converter Gas Recovery System Order Received

In October 2002, Marubeni and Kawasaki Heavy Industries, Ltd. (Kawasaki) jointly concluded an agreement for full turn-key construction of a converter (LD) gas recovery system with Companhia Siderurgica de Tubarao (CST), a private steel maker in Espirito Santo State, Brazil. The contract is worth about 3 billion yen and entails the improvement of existing dust removing systems in the steelworks and installation of a new gas holder system at the company's Tubarao Steelworks.

Prior to this contract, in August 2002, Marubeni and Mitsubishi Heavy Industries, Ltd. (Mitsubishi) concluded a contract with CST related to an independent power generating system. The contract is for full turn-key construction of a 75MW power generating facility (boiler, turbine and generator). The total contract is approximately 6 billion yen.



President Jose Armando de Figueiredo Campos of Companhia Siderurgica de Tubarao (white shirt, photo center) signing the contract

The collected and stored emitted converter gas from the steelworks will be used as fuel for the ordered independent power generating system and thereby effectively recycle energy. This will allow Tubarao Steelworks to secure an inexpensive and stable power supply.

Tubarao Steelworks needs the new power generating facilities to meet increasing demand for electricity by its

Note: Job titles of people named in these articles were current at the time of the events described and are subject to change.

hot rolling mill operations. Tubarao Steelworks will be the lone major steelworks in Brazil to exclusively fulfill power needs through independent power generation systems. This is a clear advantage over other steel makers in a country where the power supply is not stable. Moreover, improvement of the existing dust removal system in the steelworks will lessen its environmental impact by greatly reducing dust emissions.

The converter gas recovery system order was won following intense competition with European engineering and manufacturing companies including SMS, the largest engineering and equipment supplier to the steel industry, for the following reasons: Kawasaki's high technology capabilities in the steel making area, Kawasaki's accumulated experience in the world market including Brazil where it delivered similar systems to CSN, USIMINAS and COSIPA; and Marubeni's buyer's credit arrangement with Japan Bank for International Cooperation (JBIC).

Marubeni and Mitsubishi are also suppliers for the existing power generating facilities. We were able to capture this new power generating facility order over General Electric and others due to the efficient power generating ability of our facilities, excellent after-sales support and consistently reasonable pricing including locally procuring boilers.

Marubeni's buyer's credit was a significant factor in obtaining both contracts with CST and is financed by JBIC without a third party guarantor. This is the first such attempt for a private Brazilian steelworks and also the first under the current governmental administration in Brazil. JBIC assessed the credibility of CST highly, as it is one of five leading export-oriented Brazilian companies.

CST is presently studying further expansion and Marubeni is aiming to build on its success and secure more orders from CST.

Companhia Siderurgica de Tubarao

Head office: Vitoria

President: Jose Armando de Figueiredo Campos

Paid-in capital: ARCELOR (France), Companhia Vale do Rio Doce (Brazil), Kawasaki Steel Corporation, etc.

Crude steel production: 5 million tons per year (the largest in Brazil)

Acquisition of Wind Power Generation Firm in Spain

In March, Marubeni and the Electric Power Development Company, Ltd. (EPDC) jointly acquired Sistemas Energéticos Cando, S.A. (SEC), which owns wind power generation facilities with approximately 64,000kW of capacity in Galicia, Spain. The total acquisition cost was 76.5 million euro (about 10 billion yen). Marubeni, as a leader in the project, has negotiated

various key contracts for operation of the project and successfully arranged for 62 million euro of non-recourse project financing from European financial institutions.

The European Union (EU), known for its aggressive campaign against global warming, has already set numerical targets for the introduction of renewable energy in the form of an EU directive. Additionally, they are developing a mechanism of benefits (such as a renewable obligation certificate and a climate change levy) generated by renewable energy efforts in each country. Within this business environment, Marubeni will hold a portfolio of renewable and highly profitable assets.

In order to maximize the stability and profitability of this portfolio, Marubeni will make use of knowledge and experience

gained from its operations as a global Independent Power Producer (IPP) and from SmartestEnergy Limited in the UK, Marubeni's strategic organization that consolidates and trades energy and benefits from renewable and small generators.



Wind power generation in Galicia, Spain

Marubeni, Maruetsu and Tobu Store Enter Investment and Operational Alliance

Marubeni and Maruetsu Inc., of the Marubeni Group, one of the largest food supermarkets in the Tokyo Metropolitan area, have reached an agreement with Tobu Store Co., Ltd. on an investment and operational alliance regarding Tobu Store's business. Tobu Store is an affiliate of the Tobu Railway Group and has 51 stores in the Tokyo Metropolitan area (as of March 2003). Four companies, including Tobu Railway Co., Ltd., signed the



Shoppers at one of the Tobu Store outlets



basic agreement on the investment and operational alliance on January 29, 2003.

The Japanese retail industry has been facing uncertain situations, due to such adverse factors as deflation, entry of foreign companies and intense competition all occurring within an increasingly stagnant Japanese economy.

The new alliance includes an arrangement in which Marubeni and Maruetsu dispatch staff including management to Tobu Store, conduct employee education, cooperate in the operation of stores, supply products and such to build the business model of a "supermarket centered on food," which is part of Tobu Store's management strategy.

Regarding the investment alliance, all of the Tobu Store stocks possessed by Tobu Department Store Co., Ltd. (17.5%), a subsidiary of Tobu Railway, were transferred to Marubeni (12.5%) and Maruetsu (5%) at the end of February 2003. In addition, Marubeni and Maruetsu will receive options for Tobu Store's new stocks to further deepen the investment and operational alliance.

Launch for New Kimono Brand "TOGISM"

Kyoto Marubeni Co., Ltd, a subsidiary of Marubeni, formed new partnership with Hideki Togi, a *gagaku* (Japanese traditional court music) performer, and started selling the new "TOGISM" kimono brand from this spring.

While the Japanese kimono industry is still suffering from harsh conditions, interest in Japanese traditional culture among consumers of all ages has been increasing. Such increased interest can be seen in the trend of adopting typical Japanese patterns into Western clothes and the growing attention given to antique kimonos. Kyoto Marubeni considers the kimono culture to be one of the significant traditional cultures representing Japan. With this viewpoint, Kyoto Marubeni has continued to pursue new approaches to the kimono industry including a tie-up with well-known overseas and domestic designers, such as Benetton and Keita Maruyama, and development of kimonos produced by fashion leaders of each gen-



"TOGISM" brand kimono by Hideki Togi

eration in order to augment the success of classical designs.

Hideki Togi is an active *gagaku* performer who also excels as a composer, an actor, an author and in other fields, which have brought him great acclaim among all age groups. In collaboration with Hideki Togi, Kyoto Marubeni will express a beautiful world of kimonos in the motif of Japanese traditional music instruments and season representing flowers against the backdrop of the elegant world of *gagaku* that conveys Japanese traditional culture. The products were launched in March 2003 through promotional events at exhibitions. The initial products offered will contain semiformal kimonos (*homon-gi*; from 480,000 yen) and belts for kimonos (*obi*; from 280,000 yen). In the future this will be expanded to long-sleeved kimonos (*furi-sode*; from 680,000 yen), plain colored kimonos (*iro-muji*; from 198,000 yen), fine pattern kimonos (*komon*; from 230,000 yen) and such. Sales of 300 million yen are targeted in the first fiscal year and 500 million yen in three years.

Marubeni Invests in the Institute of Gene and Brain Science

Marubeni has invested 30 million yen (a 5.4% share of the total cost) into the Institute of Gene and Brain Science (GBS), a bio-venture based at Keio University that is involved in the development of drugs for cancer and spinal injuries.

Marubeni is working to transform

"seeds" into businesses through new developments in growth industries; this includes new technologies centered on biotechnology and nano-technology, and health care, concentrating on home medical therapy which involves many industries. As part of this approach, Marubeni supports venture companies with leading-edge technologies to advance into foreign markets through investment; alternatively, Marubeni accelerates the incubation of these venture companies. In the area of biotechnology in particular, the main focus from the start has been regenerative medicines and investments have been made in Lymphotec Inc. and Osteo-Genesis, Inc., both regenerative medicine ventures. The investment in GBS is part of this strategy and negotiations with other promising companies are currently being held. Further investments are planned in the near future.

GBS is the first company to move into the Shinanomachi Research Park built by Keio University's School of Medicine, one of the measures being implemented to increase collaboration between industry and academia, and is receiving unanimous support from the university. Furthermore, GBS is an extremely promising bio-venture company that has been provided with matching funds from the Ministry of Education, Culture, Sports, Science and Technology. Specifically, it is developing diagnostic agents for cerebral tumors, molecular targeting therapy, regenerative medicines that use the immune system to combat nerve damage, and treatment for cancer using inactivated herpes virus. Prospects of GBS are rated highly as it is targeting cancer, spinal injuries and other illnesses that are beyond the treatment of existing therapies.

Marubeni will take the opportunity presented by this investment to proactively support GBS's businesses, such as introducing its technology to foreign markets and negotiating for licensing tie-ups. Such activities shall further strengthen GBS's business foundation as well as its probability of an initial public offering, securing capital gains for Marubeni.

Note: In the previous print issue (vol.74, News & Information, "President and CEO Tohru Tsuji Visits Philippine President Arroyo," p.6) the name of the President of Marubeni Philippines Corporation was erroneously printed as "Takayoshi Kawaguchi," the correct name is "Ryukichi Kawaguchi." We apologize for the error and would like to amend it here.

Overseas

The Washington, D.C. Office



The White House, traditional home and office of the President of the United States

Washington, D.C. is the capital of the United States of America. Although a small city, it has enormous influence.

With a population of 570,000 its area is 68 square miles (176 square kilometers). That is only one-twelfth the size of Tokyo, or about the same size as the small European monarchy of Liechtenstein. Here, you find no automotive assembly plant, no petrochemical refinery, and no steel or textile mill. Not a single one.

Instead, the city houses the White House, the Capitol (the Senate and the

House of Representatives), and the Supreme Court. Occasionally you come across a motorcade belonging to President Bush or other heads of state or dignitaries from around the world who visit the White House to see the president. There are many think tanks, lobbyists, lawyers and consultants competing to influence the U.S. government's domestic and foreign policy.

Washington, D.C. is a politically charged enclave. When the president of the United States talks about war against Saddam Hussein, oil and currency traders react, the stock markets run scared, and the marine insurance premium soars. When the president of the United States speaks of increasing aid or imposing sanctions, or expanding the network of Free Trade Agreements (FTAs) with certain countries, international investors plan ahead for the prospect of new business opportunities (or loss of them!). United States policy is *fought* and *formulated* in this highly politicized city; and the central focus of the office in Washington, D.C., therefore, is to monitor, analyze and predict this policy.

This is a challenging task. The United States is engaged in so many diverse parts and sectors of the world, and so is Marubeni. Consequently, this office must pay attention to what happens from Asia to Oceania, from the Middle East to Europe, and from

Africa to the Americas; it also has to follow developments in areas spanning from trade issues to commodity markets and from international politics to military confrontation.

Yet this is a rewarding job too, as it is only here in Washington, D.C., that you have access to a wide range of authoritative sources, both public and private, which might hold clues, answers and ultimate decision-making powers regarding many of these issues.

One final footnote: another aspect of work here is contact with the World Bank and the International Monetary Fund (IMF), both headquartered in Washington, D.C. In this age of the global economy, a financial crisis in a particular country or region quickly spreads worldwide through the *contagion* effect. While the two international financial institutions have been criticized for their inability to deal with problems effectively and quickly, they are nonetheless instrumental in assisting the governments and firms of emerging markets, where Marubeni continues to develop a lot of business.

Washington, D.C. is a unique town. It inevitably makes the work and function of the Washington, D.C. office unique as well. We are proud of what we do here, because only we, in Washington, D.C., can do it.

– Mike K. Miyazawa *

*Former Vice President, General Manager of Washington, D.C. Office



The U.S. Capitol Building – home of the U.S. Congress

Established:
May 17, 1963

Employees:
4 (as of February 2003)

Voices from the World

Developing with the Past and Future

Shanghai House Property Development Co., Ltd.

Address:

Floor 6, No.900 Huai hai RD, Shanghai, China 20020

Tel: 86-21-64672222

Fax: 86-21-64672328

Established:

July 1998

Ownership:

Marubeni 60% and Shanghai T&L Enterprises Co., Ltd. 40%

Main Business:

Mainly developing and subdividing housing for Chinese residents of Shanghai

Employees:

65 (as of January 2003)

Shanghai House Property Development (SHPD) was established in July 1998 as a joint venture between Marubeni and the Taiheiyō Group, a local Shanghai developer. In the past, any discussion of housing conditions in Shanghai was dominated by complaints about water leakage, blackouts and drafts coming through the walls. Recently, however, significant improvements have been made, and with heightened personal incomes condominiums and detached houses have become increasingly popular. Within these changing conditions, the company is concentrating on developing and subdividing housing for local Shanghai people.

SHPD is currently conducting two projects. Our first project is a townhouse. The property is located about 16km from the heart of central Shanghai, and is a seven minute bus journey from the end of the subway line. The neighboring area is being developed as a new residential district. The property - called "Sakura Garden" - looks like Western style housing, and has proved so popular that it has sold out. The development site's space is about 230,000m²

average area per house is about 200m² primary arrangement is 3 bedrooms, a living room, dining room, kitchen and loft. The average price per unit is about 800,000 yuan (about US\$97,000); at the moment, this is the average price range in Shanghai.

The second property is a condominium called "Phoenix City," which is being developed near "Sakura Garden." It is a large project with a total development site of about 190,000m²

The 454 units in the first phase have sold out, and we are now preparing to sell the units in the second phase. There are two primary configurations. The first are units with an area of about 90m²

room, dining room and kitchen, priced around 300,000 yuan (about US\$36,000); and the second are units of about 130m²

3 bedrooms, a living room, dining room and kitchen, priced around 400,000 and 500,000 yuan (about US\$48,000 and US\$60,000). Partly because the average white-collar worker in Shanghai can afford these price ranges fairly easily, these units have been very successful; indeed, in some areas where the units first went on sale, there were even lines forming for applications.

China is currently posting amazing economic growth, and this is especially true for Shanghai, at the center of the economy. Consequently, the market for real estate is very heated. Pudong Development Area and the region called Bund are particularly representative of Shanghai. Both regions face each other across the Huangpu River that runs through the city. Bund in the old city on the west bank represents old Shanghai, and the Pudong Development Area on the east bank represents new Shanghai.

Bund maintains the ancient atmosphere of the city, with neo-renaissance and colonial-era art deco style buildings standing side by side. Pudong on the opposite bank has a very different atmosphere, with skyscrapers being built one after the other; these include the Grand Hyatt, which at the moment is the fourth tallest building in the world, and the Oriental Pearl Tower. Once the "Shanghai World Financial Center Building" is completed, it is expected to be the tallest building. I am probably not alone in feeling that I am seeing the future of the world as well as of Shanghai as I look at this collection of sky-

scrapers on the east bank of the Huangpu River. In this way, Shanghai's oldness and newness offer an impressive contrast on both banks of the Huangpu River. The sight of them illuminated in the night sky is truly beautiful and moves the heart of any observer.

SHPD will continue to develop and subdivide housing for local Shanghai residents. As we view this landscape, moving from good old Shanghai towards its brilliant future, our desire is that SHPD progresses as the city continues to grow and change.

— Hideshi Fujimoto



Sold Out – the townhouse development "Sakura Garden"



"Phoenix City" – a beautifully laid out condominium property



The Bund – Old Shanghai unfolds along the Huangpu River



The Pudong Development Area – Shanghai's today and future facing the Bund across the river

Want Something Very Japanese?

Part XIII: Bamboo – a flexible tree with flexible uses

On a Japanese table in springtime, the unique taste of bamboo shoots begins to appear in rice and soup dishes. As soon as the shoots, one after another, start popping their heads out in a bamboo grove they are pulled out of the ground. If left alone, they rapidly grow into tall and distinctive bamboo trees.

Bamboo grows in many parts of the world, especially throughout Asia. In Japan and China, the skills of working with bamboo are a very old tradition, as seen in the ancient products unearthed from ruins of the Jomon Period (before 300 BC). People have used bamboo in many different ways to make a wide range of products; from daily necessities to works of art, including woven strainers and baskets that make full use of the bamboo's strength and flexibility.

Even today, you can find many products made from bamboo in and around a Japanese kitchen. These include skewers to pierce ginkgo nuts, quail eggs, rice dumplings or pieces of chicken. A mat of thin pieces of bamboo arranged horizontally is used to make rolls such as rolled *sushi* and *datemaki* (rolled sweet omelet with minced white fish).

The acrid taste of bamboo is removed by slowly boiling it in water that has been used to wash rice. As this demonstrates, bamboo and rice share a close relationship. A *shamoji* (spatula) used to serve steaming rice is traditionally made from bamboo. When bamboo sprouts grow into shoots they leave skins behind that were used for wrapping up rice balls. Bamboo skins were suitable for preserving food, as they prevented rice from becoming too "moist" when people carried them on a trip. However, plastic wrap and aluminum foil now fulfill this function instead.



Strainers and baskets, some of the practical items made from bamboo, which are used even today.

In addition to the bamboo mat used in cooking, bamboo blinds (along with reed blinds) were often used as window shades, though recently their use has declined. Although bamboo poles were once indispensable to our daily life for hanging laundry, they have been replaced



Tea ceremony items represent some of the most sophisticated of products made from bamboo. A bamboo tea whisk, a bamboo spoon and a lid rest on which a Japanese iron teakettle lid is placed.

by stainless steel poles. Moreover, it is now less common to see children playing with bamboo dragonflies, a toy made from whittled pieces of bamboo connected in the shape of a propeller, or children walking on stilts made from bamboo.

If you have taken part in a tea cere-

mony, you may have seen the various ways in which bamboo is utilized. A bamboo tea whisk is used to froth green tea and a bamboo spoon scoops the green tea powder. Tea ceremony masters used to whittle their own tea spoons using a *katana* (Japanese sword), then create a Japanese poem and give a special name to it. A bamboo vase is displayed in the alcove. Furthermore, bamboo is also an essential material for building the tea-ceremony room and garden fence.

In addition, bamboo is considered to be good luck, symbolic of growing straight and fast with vitality. Even ordinary households decorate New Year's or other celebratory occasions with the three good-luck articles of pine, bamboo and plum trees or just bamboo alone, though sometimes they may use imitation materials in a design. These trees are considered to be friends when the days are cold since both pine and bamboo retain their green leaves during winter and the Japanese plum tree blooms while the weather is still frigid.

Speaking of bamboo, there is a story that every Japanese person knows. While seven wise men lived in a bamboo grove in China, in Japan the Moon Princess lived in a Japanese bamboo grove. "The Tale of the Bamboo-Hunter," the oldest tale in Japan, is the story of a princess who was born from bamboo, grew up to be a beautiful lady, turned down suitors who brought gorgeous and unique gifts, and in the end returned to the moon.

Bamboo Gallery

Beautiful flexibility with diverse applications

It is said that bamboo, a native tree of southern Asia, was not indigenous to Japan but was brought over. However, bamboo has now become extremely common in Japan and to Japanese life.

Sagano Bamboo Grove – Kyoto

Bamboo found in the Sagano bamboo grove is appreciated not only for its beauty but also for its exceptionally high quality. It has been used for bamboo swords utilized with the Kendo martial art, rulers and high-grade building materials.



Furthermore, the “sound of bamboo branches swishing in the wind” in Sagano was selected as one of the “best 100 sounds of Japan” as chosen by the Ministry of the Environment.

Since bamboo roots (rhizomes) spread out widely and are considered to assist in preventing landslides, vast amounts of bamboo are

planted along riversides in some areas. Such bamboo groves also add a new beauty to the scenery.

This bamboo grove in Sagano has a long history and is well known for the Nonomiya Shrine, which was the stage of one volume of “The Tale of Genji” that was written 1,000 years ago, being located in its midst.

Bamboo shoot dishes



Clockwise from the front: baked bamboo shoots, boiled wakame (edible seaweed) and bamboo shoots, rice cooked with bamboo shoots

Bamboo shoots are full of vitamins and fiber that can be enjoyed in a variety of dishes. Bamboo shoots from Kyoto, nourished in soft soil, are said to have a particularly delicious and mild taste. One main type of edible bamboo shoots called *Mosochiku* came to Japan around 1736, surprisingly not so long ago.

The effects of bamboo shoots on health

have become a hot topic. Lately, baked bamboo shoots are said to be good brain food, help in subduing swelling and strengthening immunity.

Freshly uprooted bamboo shoots can be enjoyed after being baked and raw bamboo shoots are also very tasty.

Tsukubai



Tsukubai are places where people purify their hands and mouths before worshiping Buddha or other deities at shrines and temples. Since new bamboo leaves appear in autumn and their dead leaves fall off in spring (due to the nutrients absorbed from the ground) they are respectively referred to as “bamboo spring” and “bamboo autumn.” However, bamboo cut in autumn and winter is usually utilized for making new tea whisks and other products and in early spring new green bamboo is used.

In many Japanese gardens can be found *shishiodoshi* (deer scare), which are bamboo pipes that utilize running water to turn them on a fulcrum and produce a pleasant sound when the bamboo raps against a stone.

Notice: Starting with the next issue, the “shosha” magazine will only be published as an electronic edition (PDF format). As before, each new issue will be online around the 20th of January, April, July and October, and can be viewed at: <http://www.marubeni.com/shosha/index.html>

shosha is published every three months by Marubeni Corporation. Address all inquiries to Corporate Communications Dept., Tokyo Head Office, C.P.O. Box 595, Tokyo 100-8692, Japan. Publisher: Hidehisa Saito
Editor: Michio Miyajima

shosha can also be accessed on the Internet through the home page of Marubeni Corporation at <http://www.marubeni.com/>
Please e-mail any comments regarding *shosha* to shosha@liaison-kikaku.co.jp

©2003 Marubeni Corporation.
All rights reserved.
Reproduction in whole or in part without permission is prohibited.

ISSN 0912-7704

Printed on 100% recycled paper.
Printed in Japan