

Japan Businesses In China Hit As Protests Rage

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TOKYO (AP) — Scores of Japanese-owned factories and stores in China were shuttered Tuesday as anti-Japan demonstrations erupted in dozens of cities.

At stake are billions of dollars in investments and far more in sales and trade between Japan and China, the world's third- and second-largest economies. The two are so closely entwined that both would suffer from any long-term disruptions.

While Chinese authorities appeared to be moving to clamp down on the protests, the Japanese government has been urging Beijing to do more to protect Japanese businesses from trespassing, looting and other damage, Chief Cabinet Secretary Osamu Fujimura told reporters.

"Japanese companies play an important role in the Chinese economy and employment. We believe we should be calm and make rational judgments from a broad perspective," Fujimura said. Some private and government-level meetings and events have been postponed or cancelled, he said.

Big name brands and retailers appeared to be suffering the brunt of the latest mass outburst of anti-Japanese sentiment, with companies in lower profile sectors less affected.

Many companies said they closed Tuesday as the 81st anniversary of a Japanese invasion brought a fresh wave of protests venting anger over the colonial past and a current dispute involving contested islands in the East China Sea.

Pain from the protests was being felt in Tokyo, too, where business has slowed for the many shopkeepers catering to Chinese tourists.

"It makes me wonder how Japan will emerge from this," 20-year-old Yui Watanabe said of the protests. "We just really need to be level-headed," she said.

In Shanghai, many of the Japanese-owned or oriented shops and restaurants in the western part of the city where the Japanese consulate is located had either closed or covered any Japan-brand signs.

Uniqlo, Asia's biggest clothing retailer, had closed some of its outlets but opened its huge flagship store on Shanghai's main Nanjing Rd. shopping street by the early afternoon. Amid calls for a boycott of Japanese products, the popular store was busy with shoppers.

Despite rancor over the territorial dispute, trade between the two countries has been thriving. Total trade rose 14 percent to \$344.9 billion in 2011, setting a record, according to the Japan External Trade Organization, or JETRO. Japanese help run

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China's high-speed train lines and aid from Tokyo helped build much of the country's modern infrastructure, including its Pudong international airport in Shanghai.

Still, many employees of Japanese retailers, automakers and other companies were staying home Tuesday as thousands of anti-Japanese protesters marched in Beijing. The Japanese school in Beijing was closed on Monday, a Japanese public holiday, and on Tuesday. Staff said they were uncertain what would happen on Wednesday.

Many companies were wary of speaking in too much detail about the situation.

Toyota Motor Corp. would not reveal which or how many of its factories were closed, saying it was up to each affiliate or subsidiary to decide. Employee safety was the priority, it said in a company statement.

A Toyota dealership in Qingdao was burned and others had display models damaged, though there were no reports of injuries at the company's factories or dealerships.

Honda Motor Corp. said all five of its assembly plants in China were closed Tuesday and Wednesday, mainly to adjust production due to the impact of the anti-Japanese backlash on sales. Honda dealerships also have been damaged in recent protests, the company said.

Honda's China sales account for about one-fifth of its global total, with Toyota's accounting for about 10 percent and Nissan Motor Co.'s for over one-quarter. Until recently, all three were outperforming their domestic rivals, despite a cooling in demand over the past two years.

Kobe Steel shut four of its various steel, aluminum and construction machinery plants in China from yesterday or today, said spokesman Gary Tsuchida.

"As a precautionary measure, we decided it would be better to cool things," he said.

Sharp Corp., which gets about a fifth of its sales from China, said its various factories are operating as usual, with no impact so far on their production. However, spokesman Yuta Oga said the company was taking precautions in having employees avoid unnecessary travel or excursions.

Kawasaki Heavy Industries, which has a big shipbuilding joint venture in the Yangtze River city of Nantong, near Shanghai, has likewise continued business as usual.

Sony Corp. said it had suspended production at two factories out of the seven it operates in China, to protect its employees.

Although Chinese manufacturers are upgrading their technology and equipment as they close the gap with their global rivals, many rely heavily on advanced robotic machinery and other Japanese technology, as well as state-of-the-art materials and components.

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Halts to production caused by the March 2011 earthquake and tsunami in northeastern Japan had an especially heavy impact on automakers. But the ripple effects of any major disruptions would be felt in many industries, from heavy manufacturing to clothing and cosmetics.

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