

Performance

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Development of Overseas Industrial Parks Coexisting and Growing with the Local Community

Industrial Park Business Contributing to the Development of Southeast Asian Countries



Vietnam

● Thang Long Industrial Park (TLIP)

The Philippines
● First Philippine Industrial Park (FPIP) ●



Indonesia

● East Jakarta Industrial Park (EJIP)



To avoid the concentration of offshore factories in one country, Japanese manufacturers are actively looking for other locations, such as in Southeast Asia, to build new factories.

Sumitomo Corporation is developing industrial parks in Southeast Asia that will contribute to the development of both Japanese manufacturers and local communities.



Launch of overseas industrial park business near Jakarta, Indonesia, in 1990

As the strong yen after the Plaza Accord* in 1985 drove Japanese manufacturers to advance into Southeast Asia, Sumitomo Corporation started a sales agency business for an industrial park developed by a Thai real estate developer. The company then developed the East Jakarta Industrial Park (EJIP) on its own account near Jakarta, Indonesia, in 1990, marking the company's first full-out overseas industrial park business. The EJIP, which was Indonesia's first industrial park developed by private foreign capital, was sold out in six years after commencement of the project. The comprehensive support provided by the company, ranging from the development and creation of the park to its management and operation, was rated highly by the Indonesian government, local community and tenants in the park.

* **Plaza Accord:** An agreement signed by the U.S., the U.K., West Germany, France and Japan at the meeting of G5 finance ministers and central bank governors held in the Plaza Hotel in New York in September 1985 to take coordinated intervention in foreign exchange markets to depreciate the U.S. dollar

Services provided through the Group's integrated corporate strength

Since its success in EJIP, Sumitomo Corporation has built up a track record and experience in the area of overseas industrial park development by establishing the First Philippine Industrial Park (FPIP) near Manila in the Philippines in 1996, and the Thang Long Industrial Park (TLIP) in Hanoi, Vietnam, in 1997.

One thing to which Sumitomo Corporation has paid particular attention with its overseas industrial park business is the provision of a comprehensive range of services to support Japanese manufacturers' advances into overseas markets. Rather than regarding the business simply as real estate projects as in the ordinary industrial park business, the company has organized an Overseas Industrial Park Department, a special team operating in collaboration with various other departments and group companies, to provide consultation and know-how in a wide variety of areas including logistics and materials procurement. The services provided under this system are comprehensive, covering the construction of infrastructure indispensable for production activities, such as water supplies and roads; a consultancy on compliance with local law and regulations as well as on employment; and an intermediary service between manufacturers and suppliers.

Meticulous investigation and analysis at the planning stage to create carefree and comfortable business locations

It is important for the overseas industrial park business to create an environment that is carefree and comfortable for the tenants in the park and the local community around it. Sumitomo Corporation investigates each candidate location carefully before selecting a site after analysis of its access, surrounding environment, ground conditions, soil type, water

quality and other factors. The company also scrupulously assesses the impact that the project may have on the living environment of local residents.

After a site is expropriated, Sumitomo Corporation undertakes the infrastructure development work necessary for production activities, such as ground preparation, laying out of trunk roads, and construction of power substations, water purification facilities, wastewater treatment facilities, and electrical and communication facilities. The company even prepares rental factories, offices and distribution centers to help the tenants in the park save on initial investment costs.

TLIP-II in Vietnam currently attracting attention as an additional "China plus one" production location

Japanese companies are recently turning their attention to Vietnam—a country characterized by internal stability, the third largest labor resource in the ASEAN region, and people who are skillful, diligent and gentle—as an additional "China plus one" production location.

In addition to the TLIP constructed in Hanoi in 1997, where many Japanese manufacturers have been invited to set up their factories, Sumitomo Corporation also established Thang Long Industrial Park II (TLIP-II) Corporation in Hung Yen Province, east of Hanoi, in November 2006 to meet the soaring needs of

IN FOCUS Reduction of environmental impact

Implementing a range of environmental research projects into soil, water, noise and others

Before proceeding to the construction of industrial parks, Sumitomo Corporation studies the soil and water quality in collaboration with professional environmental consultants, and submits reports to tenants. Research projects on noise are also implemented to protect the quiet living environment around the parks. When embankment work was conducted at TLIP in Vietnam, sand was sent under pressure through a pipeline from the Red River, two kilometers away from the park, where dredgers collected sand from the bottom of the river. The company chose not to use dump trucks to carry the sand to minimize the environmental impact on the surrounding areas.



Soil research



Water quality research



Noise research

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Japanese companies to advance into the country. Sales started in August 2008.

The project area of TLIP-II is 220 ha, and the park is situated at a convenient location that can be accessed from central Hanoi in about 45 minutes by car via National Highway No. 5, and in about one hour by car from TLIP. The park is also close to the



Thang Long Industrial Park II



Conception of the completed Thang Long Industrial Park II

Haiphong and Cai Lan ports, and thanks to this ideal location, the park has already received inquiries from many companies. TLIP-II is also unique because—unlike other industrial parks operated through a joint venture with local companies—it is funded almost 100% by Sumitomo Corporation, and is expected to be run based on a more precise understanding of the needs of Japanese companies.

Multi-faceted support for tenants and local communities by fully utilizing experience and know-how built up over many years

On the basis of good relationships with the Vietnam government and local society, as well as know-how on land acquisition, development and operation of a site nurtured through the TLIP project, Sumitomo Corporation will provide a comprehensive range of services for TLIP-II as well. For medium to small companies in particular, Sumitomo Corporation will inform them in advance of troubles and problems that are likely to occur in Vietnam, and offer consultation and support services in diverse areas including incorporation of a local company, labor, taxation and employment. Even after

Sumitomo Spirit

Together with tenants and the government, we continue to improve the industrial park to make it an ideal workplace for many Vietnamese people.

When I visited the site 12 years ago to examine the feasibility of the project, all I could see was paddy fields. But the site has now turned into a huge industrial park that, as a symbol of Japanese-Vietnamese economic codevelopment, houses the largest number of Japanese companies in the country, and creates employment for about 40,000 workers. I feel very excited to have become the representative of this industrial park and responsible for its operation.

What tenants are requesting us to do first and foremost is to improve the employment environment. The majority of Japanese companies in the park are not well known yet in Vietnam, and find it very difficult to secure a sufficient workforce. In addition, there are many local people who are concerned that the surge in population of the local community along with the increased number of tenants may erode the public peace and destroy the environment. We are therefore currently working on improving the living environment of workers working in the park as well as residents in the neighboring areas in collaboration with the local government.

We have concentrated our efforts rather on development and sales in the park for the past 12 years, but we will now shift our focus to making the park a more attractive workplace for many Vietnamese people through cooperation with tenants and the local government.



Akito Shirashi

General Director
Thang Long Industrial
Park Corporation

IN FOCUS Securing safety for the surrounding areas

Efforts to reduce traffic accidents to zero

To prevent construction vehicles from causing traffic accidents in the surrounding areas during construction work, Sumitomo Corporation provides the necessary education to those involved in the work, and takes various measures in cooperation with the local police to ensure traffic safety in the areas. In addition, for TLIP-II, a message calling for traffic accidents to be reduced to zero is being aired on TV to raise local people's awareness of traffic safety.



Thorough traffic control

these medium to small companies find a factory in the park, Sumitomo Corporation will also take various measures to facilitate communication and information-sharing among tenants. Information-sharing meetings for presidents of tenant companies, which originated in EJIP that commenced operations in 1990, are one example of these measures. The meetings are now held in all the industrial parks every month, and are very popular among tenants. The same type of meeting will also be introduced at TLIP-II as well.

Efforts will also be made to make TLIP-II a workplace where local people can work comfortably and an industrial park favored by the local community by actively working on education and welfare and conservation of the environment surrounding the local community.

What Sumitomo Corporation aims at through its overseas industrial park business is not only support for the establishment of offshore factories and smooth operations abroad for Japanese manufacturers, but also contribution to local development and economic revitalization. This is the reason why the company is so enthusiastic about providing multi-faceted and comprehensive services.

The demand for new industrial parks is still very high in various countries and regions. While pursuing the ideal industrial park that best matches each country and region, Sumitomo Corporation continues to make its utmost efforts to achieve prosperity and realize dreams for both tenants and local communities by fully utilizing its wealth of know-how and experience accumulated over many years.

Column

Contributions to Local Communities

Achieving prosperity and realizing dreams for tenants and local communities

In order for tenants to develop their businesses with peace of mind abroad and effectively fulfill their social responsibility as companies employing local people, it is important for both the industrial park and its tenants to encourage co-existence with the local community and to be accepted by the local community as a good corporate citizen.

Sumitomo Corporation is actively involved in a variety of activities to help improve education and welfare in the local communities in cooperation with tenants. These activities include donating stationery and equipment to kindergartens and elementary schools in the neighborhood, presenting fire engines to local governments, repairing old school buildings, and professional training for local residents.

For TLIP, a Local Contributions Committee made up of tenants from the park has been established to listen to the opinions and requests of the local people, and collect donations from each tenant, and many unique activities including donating electronic organs to kindergartens in the vicinity of the park, and scholarships for excellent students, are carried out under this committee. In addition, Ekiden marathon relay races by employees of tenant companies, and other opportunities are also organized to promote exchanges among employees of different companies.

For TLIP-II currently under development, work to

expand farm roads is also being carried out in response to requests from the local community.

Sumitomo Corporation continues to make a wide range of local contributions to achieve prosperity and realize dreams for both tenants and local communities.



Donation of stationery and equipment



A school building after repair