

## **Daido Metal** (non-paper: summarized by T. Kasai, JIIA)

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1. The Company was established in Jan. 2002 in Kotor Montenegro.
2. The main activity of the company is production of engine bearings (same as Daido Metal in Japan).
3. Current main customers are domestic OE and aftermarket customers.
4. The Daido metal founds the company through the business contacts in Europe.
5. Overall, investment in Montenegro is better than expected. Most of the difficulties are regarding the industrial regional infrastructures:
  - a. Water ; we have difficulties with summertime water supply. It is necessary to have a well in order to secure water supply.
  - b. Electricity ; while supply exists; supply is often disrupted due to line breaks (in mountains). We have our own diesel engine generator.
  - c. Industrial components ; local supply for purchase or repair of machinery or other manufacturing related equipments are difficult.
  - d. Bank system is not yet to western European standards. It is almost impossible to use credit cards, what causes inconvenience.
  - e. English language ability is similar to many East European countries (not so good)
6. Good points are:
  - a. Montenegro Government has had a long term desire to be integrated to EU and therefore public policy and laws (business and general) follow EU guidelines.
  - b. Monetary and tax system is complaint to EU regulation (Montenegro official currency is Euro).
  - c. All of the people we dealt were very capable and with high integrity. Government is big enough to have necessary stable bureaucracy but small enough that necessary requirements could happen quickly.
7. Request from Government was very little. They demanded investment far lower than our business strategy. They understood our desire to grow up the company and they supported assisted us very well based on Daido's request.

8. (Answering the question “Do you feel if there still exists old time regime ?”) It is quite complicated to answer. Generally, The Government has already enacted laws in line with EU law (mainly copied from Italian law). Therefore we don’t see a lot of socialistic thinking in the Government. The Prime Minister, President and other top people in the Government are pretty western minded (I believe the Prime Minister has a masters degree in economics). The workers and existing management of the company have also done a great job to understand and after 10 years of wars and embargos they understand they have a lot of things to learn and grow up. The workers union exists but supports our management. We reduced the workers from 360 to 100 when we bought the company but we had support from the management. At the same time we still see some socialistic type thinking in society (power, trash collection, road work) but in general it is pretty good. Please remember that the former Yugoslavia was probably the least socialistic country during the cold war.