

# A Small Business from Japan Contributes to Industrial Development in Colombia

The First Japanese Precision Casting Manufacturer to Set Up a Colombian Plant

Castem is a precision casting manufacturer located in Fukuyama, Hiroshima Prefecture, approximately 730 kilometers (450 miles) west of Tokyo. Its products include parts for printing machines, machine tools, and parts for medical devices. For the past 20 years, Castem's offshore production bases have been situated in Asia. However, the company recently decided to enter the U.S. market, and it chose Colombia, not the United States, as the site of its new factory, to take advantage of the good location.

Japanese companies have been showing increasing interest in Colombia because of the favorable environment for business that has been emerging thanks to the improvement in security and development of the economy. In July 2014, as part of a tour of five Latin American countries, Japanese Prime Minister Shinzo Abe made his first visit to Colombia, where he took part in a bilateral summit and expressed his positive assessment of recent developments, along with his hopes for the country's future.

Castem's CEO, Takuo Toda, was a member of the prime minister's delegation to Colombia, and this provided the impetus for him to consider investing there. He was impressed with the country's excellent human resources and the region's potential. And just half a year later, in January 2015, Castem decided to build a factory in Colombia, moving nimbly as only a small business can. Work began on the new factory in July that year, but coordination with related parties took longer than expected, and construction fell behind schedule. Any delay in the commencement of operations is a serious issue for a small firm like Castem with limited resources to use for overseas expansion. Toda took over supervision of the construction process himself, and Castem managed to begin trial operations at the new factory in August 2016, six months behind the initial schedule.

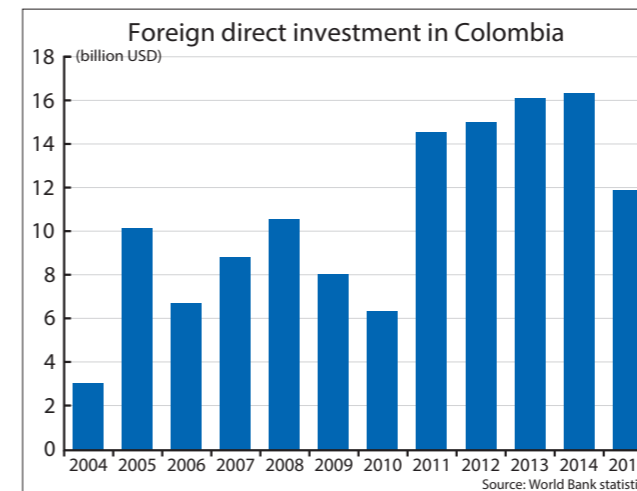
Securing talented human resources on site is essential for any small business seeking to start operations in a new country. With the support of the Colombian government, Toda visited the Universidad de los Andes, a leading Colombian science university, and the National Service of Learning (SENA), a public vocational training institution. There Castem was able to hire well-qualified personnel—people with strengths characteristic of Colombians, such as manual dexterity, meticulousness, and ambition to get ahead.

Currently the factory is operating with 15 local and 2 Japanese employees; but when it gears up to full capacity, slated for October 2017, the company intends to increase the number of local personnel to 40. In the future, Castem plans to develop the factory into a key base by passing on technological know-how from Japan to its local staff, procuring raw materials and manufacturing equipment locally, and producing high-value-added precision cast parts for medical device makers in the United States.

Toda notes, "Colombian engineers possess wonderful qualities individually, but there is room for improvement when it comes to their working together in an organization. In particular, we need to make them rigorously conscious of deadlines." Toda is very enthusiastic about introducing Japan's culture of meticulous manufacturing, *monozukuri*, to Colombia. If Castem becomes a successful example of a small Japanese business operating in Colombia, numerous other small and medium-sized enterprises underpinning Japan's manufacturing sector may be encouraged to set up operations there too. Japan can contribute much to the future of manufacturing in Colombia.



Castem's factory in Colombia, located in the Intexzona free-trade industrial zone, near Bogotá's El Dorado International Airport. Designed by a local firm, it embodies CEO Toda's idea that a company needs to present an attractive appearance in order to secure excellent staff.



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- Foreign direct investment in Colombia has been increasing steadily. Over the 12 years since 2004, the cumulative total of FDI has roughly quadrupled.
  - Toda delivers a speech at the completion ceremony for the local factory in May 2016.
  - The machinery installed in the local factory includes mold production equipment and lost-wax-casting equipment.
  - Toda (far left) is a leader who values the spirit of tackling challenges and encourages the creation of new businesses within the company. He holds the Guinness record for the longest-duration flight of a paper aircraft, and he has shared his paper-folding and flying techniques with people in Colombia.