

KOYO ROMANIA S.A.

—KRA—

1. Company Profile

Name : Koyo Romania S.A.
Location : Romania, Alexandria
Established : 1998
No. of employees : 3 450
Business : Manufacture and sales of rolling bearings and other related products.



2. Introduction of Romania

What do you remember about "Romania"? Comaneci, a famous Olympic gymnastics former champion? Simon, a current world champion in women's marathon? President Ceausescu, who resisted to the end of the collapse of socialism but was finally toppled in the bloody revolution? But what other things are in your memories of Romania? There may be few things to appeal you as a country.

When I came across a Japanese tourist in a small town in Romania the other day, I asked him "What brought you to Romania?" His answer was "I wanted to visit a country where other people do not come and would listen eagerly to my stories when I return to Japan." I realize that this is the country where I am now.



The House of the People (the Ceausescu Palace)

One of the tourist attractions is a big marshy delta where Danube River flows into Black Sea. This area is registered as a world natural heritage for so many species of migratory birds (more than 300 species) and its vast area (about two times area of Tokyo). The Carpathian Mountains in the central Romania ranging with peaks of 2 000 meters are famous for ski resorts. In the summer time Black Sea coast is crowded with tourists from many European countries. There is a sight seeing tour to visit the sights of Dracula legends. As you may

know, Dracula is a fiction by a British author. Court Dracula was a real historical lord. He was said to be wise and popular among people. When, however, besieged in the castle during the war against Turkey, he put up stakes outside the castle and impaled Turkish soldiers on the stakes to de-motivate them from fighting. This is said to be the background of that famous novel.

In Bucharest there is the second highest building in the world (the highest is the Pentagon in U.S.A). This building is now called the House of the People, but we call them Ceausescu Palace. Ceausescu built the palace when people were starving. The building had not been completed yet at the time of revolution. He was executed by shooting before he could reside in there. The House of the People is now partly used as the Diet Building. But it seems the building with 350 000 square meters is so large for Romanian people to know how to use it.

The capital city Bucharest was once called "petit Paris". Romania itself was called a Latin country afloat in the Slavic Sea. In fact there still remain a lot of buildings to remind you of good old days at the beginning of the 20th century.

Historically speaking, in the 1st century the Roman Empire conquered the country and the Romans gave great influence on the natives of the area "Dacia". The name of the country "Romania" is said to come from this fact. Even afterward part of the country had been occupied and divided into three countries by Hungary, Russia from the north, Turkey from the south. In 1918 after the 1st World War, the unification of the country, long cherished since 1 600, was finally achieved and was unified in one country "Romania". There is an arc of triumph in Bucharest to commemorate the participation and victory in the war. A part of the territory was lost during the 2nd World War and the country remains as it was until today.



The Arc of Triumph

Racially the people are of Latin descent, cheerful, friendly and pleasant to work with.

They are nature loving people, too. It is really relaxing and you will forget daily annoying and civilized life when you spend time drinking home-made wine eating home-made ham, bread baked with core of corn burned like charcoal, fresh fish just out of the river, fresh chicken just seen in the yard.

Romanian people are skillful with their hands and the educational standard is high. There are many good technicians. During 1980's they have undergone a terrible experience. In the last period of socialism they had no other alternative than to make every spare part themselves because of limited foreign currency.

They endeavor and use wisdom to continue production by making imitated parts or substitutes one way or another although it takes time. Here you can see that technical skill is transferred to next generation. Such was forgotten long years ago in Japan. You can see this clearly in their language and behavior. In Japan when a machine breaks down, you can simply telephone to its manufacturer and they will give instruction or come over immediately. When we live in a country where such convenience is not available, I sometimes wonder if Japan can go on like this.

Living in this small town with not so many happenings, the trouble is that Japanese can be a good provider of topics. It appears every small thing we Japanese do spread quickly among local Romanians. We do not know who they are, but they know that these Japanese are living in their town. If we are in any problem, many people come around and extend helping hands. Sometimes it can be an unwelcome favor for us, but such is the case open-mindedness not to waste their kindness is required.

I heard of an old French saying "to spend money as a petty Romanian landlord"

Ceausescu decided suddenly to change the country into an industrial nation from a typically rich agricultural country with fertile land thankful to Danube River.

He built factories one after another in unbecoming small towns in the country. He had to export agricultural products to pay for factory equipment imported. This so called starvation export left nothing to eat in Romania and became a main

trigger for revolution. According to his original plan it was thought to industrialize the nation for exporting the products to earn foreign currency, but it appears that prices were drastically beaten down.

3. Introduction of KRA

- 1971 Plant export contract signed between the Ministry of Industry, Romania and Koyo Seiko.
- 1974 Production started.
- 1991 Six bearing factories in Romania became six independent new companies.
New company name: KOYO RULMENTI ALEXANDRIA S.A.
- 1998 Koyo Seiko contracted purchase agreement with Romanian National Fund.
New company name: KOYO ROMANIA S.A.
- 1998 ISO 9002 certified



KRA

Romania held similar ideas as other socialistic countries and concentrated their investment to industries that earned foreign currency by exporting products to capitalistic countries.

Koyo built three bearing factories in Romania in a form of plant export of which two were expansion of existing factories. But Alexandria factory was built on green field and almost all the equipment was the same type as used by Koyo Seiko Japan. On the very vast land of 390 000 square meters, the factory commenced the production manufacturing all the components including, jig and tools in the factory. This was partly because there was not yet industrial basis in Romania to outsource parts of the production to other companies. We had to start bearing production using very few existing experienced workers while educating and training local inexperienced persons.

There were six bearing factories in Romania. In 1991, they became six independent bearing companies. Of these six companies, three of them entered into contract with Koyo, Timken and a Turkish firm respectively. The remaining three are still operated by the government.

Alexandria is a small city situated 100 km south-east of Bucharest with a population of 50 000. Alexandria is a so-

called corporate-town. The city developed after the growth of the company. Inhabitants have much expectation and familiar feeling toward the factory. It can be said that the company and the city share the same destiny.

4. Future View

Even today Romania is far beyond such prize countries of former socialistic block like Poland, Czech and Hungary. But I believe the future can be promising considering a large market with the second largest population in the Central-Eastern Europe and the advantage of possibility of export by vessel to the world utilizing ports facing Black Sea opened to the Mediterranean Sea

Bucharest, 2 hours distance from here, is drastically changing now. Large scale foreign-owned super-markets, well-known brand shops though not many customers seen in them, are rapidly increasing. It will still take time, but will not be too far away until richness of capitalistic countries, which people of Romania dreamed of and were sacrificed for, can be materialized in Alexandria.

We are endeavoring hard together with the people here in the belief that realizing this dream as early as possible together with them will lead to the further growth of the company.

(Contributed by Takashi KUNIMATSU, Overseas
Operations Control Department)