

The Environmental Protection Industry in China and its Northeast, and Market Entry Challenges for Japanese Companies (Summary)

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With environmental pollution and climate change posing global risks, China's continuous development in the field of environmental protection is a crucial part of Japan's development. Incorporating information from Chinese business partners, government offices, and media reports, as well as the perspective of the author, who is engaged in the business of introducing environmental equipment and technology of Japanese companies to China, in particular the northeast region, this paper summarizes the current state of China's environmental protection industry. The challenges and prospects facing Japanese companies to expand their markets and the likelihood of China achieving sustainable development are also discussed.

Japan's environmental protection industry, whose domestic market is shrinking owing to population decline and additional factors, is forced to consider overseas markets. Presently, at local and national government levels the focus is on Southeast Asia and South Asia, both of which are home to friendly developing countries. On the other hand, China is confronting its "toughest ever" environmental protection measures, making it the most likely market for Japanese companies in the short-term, but in addition to Japanese-Chinese relations and the challenges facing China's economy, the characteristics of its environmental protection policies are significant barriers to success for Japanese companies in the field. Although Japan has been considered a "developed country in the world of environmental protection" since the parliamentary sessions centering on anti-pollution measures in November 1970, and is blessed with the necessary technology and know-how, it faces a shrinking domestic market and severe competition from Chinese companies touting cheaper technology.

Furthermore, this paper introduces initiatives within the environmental protection industry in Liaoning Province, located Northeast China, and potential future developments the author consults on. In addition to the challenges facing the region's economy, businesses must develop technology and equipment independently or procure from overseas because direct assistance from local governments is less common compared with municipalities in the south, such as Guangdong Province. Viewing the entire environmental protection industry, after governmental meetings in March 2014 China was overrun by small and medium-sized enterprises, however, in response to subsequent changes in the market's capital structure, progress in their consolidation into large-scale companies has been observed. In response to this trend, there are cases in which Beijing-based or nationwide enterprises play a role in projects throughout Liaoning, and companies based in Liaoning Province enter and develop markets in other regions.

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