

'Domestic Producer' Hitachi Ships First Excavators

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Hitachi's new excavator plant in the Tver region hopes to produce components for mining equipment in future.

Hitachi Construction Machinery, or HCM, which made its first shipment from a new excavator plant in the Tver region on Wednesday, swears that despite its Japanese roots, its new plant is Russian and should be treated as such.

Despite government policies to the contrary, Hitachi wants to qualify as a "domestic producer" in Russia, company officials said at a ceremony marking the first shipment from the plant in the Raslovo industrial park, 150 kilometers north-west of Moscow, which was graced by senior HCM executives, Tver Governor Andrei Shevelov and Japan's Ambassador to Russia Chikahito Harada, among others.

The government's rule of thumb is that a "domestic producer" has to use more than 50 percent Russian-made components, a goal Hitachi has yet to meet. The company uses

primarily imported parts that are assembled at its facility in Raslovo.

But Hitachi wants the government to change the rules, as it believes that paying taxes and creating jobs in Russia are enough to make a company a domestic producer, said Sonosuke Ishii, head of HCM's Eurasia sales.

"We consider ourselves a Russian plant," Ishii said at a press conference in Raslovo.

Hitachi has invested 2.5 billion rubles (\$74 million) since 2011 in the plant in Russia, the company's 35th worldwide.

The facility has created 200 jobs, though 25 of them went to Japanese staff, according to the company.

The plant will bring 50 million rubles (\$1.5 million) in taxes to the region, Shevelyov said during the ceremony.

The project is also a trailblazer for Japanese businesses, he said. Two more Japanese companies are currently planning production facilities to be located among Tver's five industrial parks, Shevelyov said, although he did not name the companies.

The plant currently expects to turn out 2,000 hydraulic excavators in the 20 to 30-ton range a year, the company said in a press release. The total size of the Russian excavator market is about 60,000 machines, a representative for Hitachi's exclusive Russian dealer Techstroikontrakt said.

Hitachi plans to add medium and large-tonnage excavators and components for mining equipment to the production roster, said Yuichi Tsujimoto, HCM's president and CEO.

The company also hopes to make its Tver-produced machines available throughout the Commonwealth of Independent States, which unites most of the ex-Soviet space, Tsujimoto said. He did not specify a timeframe for this CIS expansion.

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