

Success Stories: Ideas for Potential Players

B/C Biotechnology / Chemicals

Regional Headquarters



ARI Japan Corporation

Assaulting asbestos



ARI Corporation Office

The deleterious effects of asbestos on human health and the environment have been known for many years. About 25 years ago cleaning it up and compensating its victims became a major issue in several countries, including Japan.

But that hasn't stopped a few companies from continuing to seek business from asbestos elimination. One of them is ARI Technologies Inc. of Kent, Washington, in the United States. Just last year ARI arrived in Japan and is now laying the groundwork for what it hopes will eventually become a major market and a stepping stone toward China, Taiwan, and South Korea.

ARI traces its origins to the 1980s invention of a thermo chemical technology by Roger Ek, an American ceramics engineer, which converts asbestos into a harmless,

recyclable substance. In 1991, a Seattle-area mechanical contractor called the Hermanson Corp. bought a majority interest in the Thermochemical Conversion Technology (TCCT) and established ARI to commercialize the process.

By 1995 the company had won a nine-month contract from the U.S. Department of Energy to operate a nine-month test program to clean up the department's site in Washington State. During the nine months, ARI successfully converted 100 per cent of the asbestos it treated into safe, recyclable material. This helped the company obtain a national permit from the U.S. Environmental Protection Agency to operate numerous systems throughout the United States. Since then ARI has demonstrated that its patented TCCT can detoxify other kinds of waste containing metals, dioxins, radioactive substances, and PCB (Polychlorinated biphenyl). And it does so with significantly lower capital and operational costs than conventional methods such as plasma-arc or electrical melting.

OPPORTUNITIES IN JAPAN

In the environmental business, markets in other countries can be assessed by examining how governments react to environmental issues, meaning whether or not the government imposes environmental sanctions and regulations and whether those measures are enforced. Many major changes in environmental regulations are usually well publicized, so ARI Technologies always keeps a close eye on the media.

On July 7, 2005, the media brought ARI Technologies' attention to Japan, where a handful of Japanese companies came forward to reveal that hundreds of employees may have died from handling asbestos. This issue came to the forefront in Japan overnight and forced the Japanese

- 2007** ARI Japan Corporation is established. Using ARI's TCCT plant, demonstrations tests, which based on guidelines approved by the environment ministry, is available for Japanese customer. The company starts sales of TCCT plant for Japanese customer
- 2008** The company is getting ready to establish businesses with the customer in metropolitan area.



Shigeru Kubota, President of ARI Japan Corporation



ARI TCCT Plant

government to recognize a very serious problem. ARI Technologies knew that kind of media coverage would create the market and the kind of need that they think they could satisfy.

Beyond the opportunities created by the media frenzy and the government response that followed, ARI Technologies sought the large market in general for asbestos treatment in Japan. According to the Japanese Ministry of Environment, there are 40 million tons of building materials and more than a million tons of asbestos waste per year to be managed over the next two decades. The Japan Asbestos Association estimates that about 1 million tons of asbestos per year must be treated over the next decade and ARI's TCCT could help do that for two to four times less cost than conventional means.

MARKET ENTRY

The first thing ARI Technologies did to begin its business in Japan was to find a liaison that had all the qualities required for representing their business well in the market. Those qualities were: (1) someone who is Japanese, (2) technically knowledgeable, (3) knowledgeable in environmental regulations in Japan, (4) fluent in Japanese and English—both written and spoken, (5) knowledgeable of marketing techniques, and (6) has the ability to establish business contacts in Japan. ARI Technologies felt it was very important to have someone who is Japanese representing them in order to establish the necessary relationships to begin their business. There are highly volatile issues involved, complicated laws and regulations, so ARI Technologies seek local companies and local partnerships in each country to move things forward. While many companies find it challenging to find suitable representatives for their business in Japan—meaning representatives with both English and Japanese language abilities and technical

knowledge — ARI Technologies was able to hire one of many agents, Mr. Kubota, president of ARI Japan, who regularly contact the company requesting to represent its business.

ARI Technologies then worked with JETRO to establish the business and become further connected within the Japan market. JETRO provided introduction services with potential partners and clients, provided office and meeting facilities in Japan, and helped arrange media coverage for ARI Japan. ARI Technologies established its Japan office in December of 2007.

FINDING PARTNERS AND CUSTOMERS

By May 2007 ARI Japan has made steady efforts. But at almost the same time the parent company signed an agreement with a Japanese consortium of six prominent companies including a major steel manufacturer and a leading general contractor to conduct an asbestos destruction and recycling demonstration at its processing facility in Tacoma, Washington. This was accomplished mainly through personal contact of President of ARI Japan. The test went well, successfully reducing the waste by about 50 per cent and detoxifying it well below regulatory standards. In a statement, the company called this "a major step toward establishing commercial asbestos processing facilities in Japan."

Now domestic and international new technologies which help to remove pollutants are developing in Japan, which has established a reputation as a world leader in environmental technologies. And ARI could be a powerhouse in this industry and has huge potential for growth by meeting civil needs. "We are going to drive away specially at building our society comfortable to everyone." Kubota smiled with confidence.

Japanese Operation

Established: 2007
 Capital: ¥3 million
 Employees: 4
 Business: ARI has patented, developed, engineered, constructed, tested, permitted, and commercialized an innovative and versatile mobile thermochemical conversion technology suitable for treatment of hazardous and radioactive waste and destruction of asbestos.
 Location: 2-21-11-128 Higashi Gotanda, Shinagawa-ku, Tokyo
 URL: <http://www.aritechnologies.com/japan/>
 Parent company: ARI Technologies Inc. (Kent, Washington U.S.; 10 employees)