

## **Mt. HAKODATE ROPEWAY Co.**

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As its name suggests, Mt. HAKODATE ROPEWAY Co. provides gondola rides from within Hakodate City to an observatory atop Mt. Hakodate. The central city is on a narrow peninsula of flat land at sea level that protrudes southwest into the surrounding waters, with the mountain at the seaward end. Thus, the city spreads out from the base of the mountain, with Tsugaru Straits on the right and Hakodate Port on the left when looking down on the city. The summit is 1100 feet at its highest point. The mountain was formed by the eruption of an underwater volcano, creating an island that over time was connected to the main Hokkaido island by a sandbar, a landform called a tombolo. The main part of Hakodate lies on this sand bar.

The observatory provides a wonderful panoramic view of the city and its environs. The night view is considered the best because the built-up area is well lit. The company touts the view at about 30 minutes after sunset as the very best. This ranges from 6 to 7 PM in the spring and summer to as early as 4 PM in December. Although Hakodate is on Japan's northern-most island, a latitude of 41.7° puts it just south of Chicago and Rome (both 41.9°).

The city, with a population of about 260,000, has been steadily losing residents since the early 1980s. It has an interesting history. Serious attempts at settlement by Japanese began in the mid 15th century, but Ainu largely retained control of the area. Then in 1789, the Tokugawa took direct control and the Hakodate area became a base for deep-sea fishing and whaling. When the Tokugawa government signed an agreement with US Commodore Matthew Perry to open the country in 1854, Hakodate was one of the initial two treaty ports. A residential area was established for foreigners, including Western missionaries.

To serve the Christian community, a number of churches were established, clustered in what is now the Motomachi district, which lies adjacent to the port area at the foot of Mt. Hakodate, about 1.5 miles from Hakodate Station. These include a Russian Orthodox church

(1859; the current, 1916, building is known as Gan-Gan Dera (Ding-dong Temple) because of its bell's distinctive sound and is an Important Cultural Property); a Roman Catholic cathedral (1877, rebuilt 1923); St John's (Episcopal) church (1874, current building 1979); and a protestant church founded by an American missionary (1874, rebuilt 1931). Motomachi also has a Buddhist temple: Ōtani Honganji (Hokkaido branch), built in 1915, it is the oldest reinforced concrete temple in Japan and has been designated an Important Cultural Property. The city also has a cemetery for foreigners dating to 1854, with plots grouped by nationality and religion.

In the 1920s, Hakodate became a major port for a burgeoning fishing fleet in the northern seas. Ika (cuttlefish) is a major catch, as is Pacific salmon. It was the largest city in Hokkaido until a fire in March 1934 destroyed four-fifths of the city, killing 1,000. After World War II, the city focused on developing as a tourist city, stating that the night view from the Mt. Hakodate's summit is one of the world's three best night views, accessible thanks to the ropeway.

Hakodate is linked to Japan's main island of Honshu by a 33.5-mile railway tunnel (the world's second-longest railway tunnel, just behind Switzerland's Gotthard tunnel), by ferry, and via commercial flights. Flight time to Tokyo Haneda is about 90 minutes. Shinkansen trains take just over 5 hours, including a connection from the shinkansen station to central Hakodate. By comparison, the Hakodate-Aomori ferry takes 3 hours 40 minutes, and pre-shinkansen trains took 11.5 hours from Aomori to Tokyo (Ueno).

The top of Mt. Hakodate, about 1100 feet (334 meters), can be reached by a walking trail, by bus or car on a 20-minute winding road, or three minutes by the ropeway gondola. There is only a small space for parking at the summit. Private cars are not allowed in the evening. From mid-November to late April, the road and walking trail are closed.

Gondolas run every 5 to 10 minutes, from 10 AM to 10 PM in-season (April 25 to October 15). They run less-often and only until 9 PM in the off-season (October 16 to April 24). The regular fare for an adult is ¥1500 round-trip, ¥1350 for adults in groups of 15 or more. The fare for children is about half. The one-way adult fare is ¥1000.

In 1958 the Hakodate Tour System Company opened the ropeway, using a gondola that accommodated 31 passengers. In 1970 the gondola size was increased to 45 passengers. In

1976 the company name was changed to Mt. HAKODATE ROPEWAY Co. In 1988 a new, stronger ropeway and a gondola holding 125 passengers were installed, using the latest French technology. The ropeway does not have any support posts between the terminals. The gondola has been replaced several times with better models, while still keeping the passenger size at 125. The current gondola provides excellent views in all directions.

At the summit, the observatory building has a lovely tea lounge on the third floor (which can be rented for weddings and other events) and an elegant restaurant serving lunch and dinner on the second floor. Both, of course, have a panoramic view of the city below. There is also has a gift shop and a takeout store for coffee, ice cream, and light meals using foodstuffs produced in Hokkaido. The company also operates a gift shop in Sanroku Station.

Mt. HAKODATE ROPEWAY Co. is a third sector, public-private company. The mountain itself is owned by the central government, so its use for money-making purposes is restricted.

The company's paid-in capital is ¥60 million (\$581,000 at 105 yen/dollar), but its retained profits and reserves are far larger. The company's stated purpose is two-fold: to protect the wildlife and natural environment of Mt. Hakodate, and to make sufficient profits to finance maintaining and upgrading the ropeway and its facilities while compensating investors with a modest dividend.

Sales revenues, ¥1.5 billion in 2015, peaked at ¥1.7 billion in 2016 when the shinkansen to Hakodate opened. Revenues were ¥1.6 billion in 2017 and ¥1.5 billion in 2018. Profits have performed increasingly well. Operating profits were ¥19 million in 2015, substantially increased to ¥46 million in 2016, and continued to be an even higher ¥55 million in 2017 and ¥54 million in 2018.

The ropeway company was originally financed by the Hakodate City government and more than 100 shareholders. It now has 88, half of them well-to-do families and the other half banks and other institutions in Hakodate. Sales of company shares have to be approved by the board of directors.

In 1988 the Hakodate City government and the Development Bank of Japan (DBJ) became involved in financing the new gondola and ropeway. The DBJ obtained an exemption from the 5 percent limit on bank ownership in non-subsidiary companies and took a 25 percent equity position. The city government owns 26.7 percent, so public ownership is 51.7 percent

and private ownership 48.3 percent. The current president joined the company four years ago as president and CEO, after holding senior managerial positions at DBJ. His two predecessors are also from DBJ.

The company has 66 full-time employees and 32 part-time employees. Since the gondola lift service is 12 hours, most (19) of the part-time workers are in this unit, in some part-time shifts. 42 of the full-time employees are male, and 24 are female. Of the 20 full-time employees who are 50 years or older, 17 are male. 13 of the female full-time employees are between the age of 30 and 44; and the number of males in that age group is also 13.

The company's board of directors has six members, three of whom are full-time directors. Of the other three, one is from the Hakodate City government, one is a long-term employee, and one is from DBJ (the current company president).

A roundtrip counts as two passengers, as some people walk or ride the bus one way. The low point in the number of passengers, some 1,105,000 in 2011, was a consequence of the economic and tourist slowdown following the Fukushima earthquake. The high point, with 1,979,000 passengers, was in 2016 when the shinkansen to Hakodate was opened. There were 1,697,000 passengers in 2018.

Most of the company's passengers are members of Japanese tour groups. In 2017, 28.4 percent of passengers were with foreign tour groups, including those from cruise ships, and in 2018, 26.6 percent. By far, the largest group of foreign tourists are from Taiwan, 338,000 (68.1 percent of all foreigners) in 2017 and 305,000 in 2018 (67.5 percent of all foreigners). Tourists from China were 13.0 percent of foreign tourists in 2017 and 13.3 percent in 2018. The third-largest nationality was from South Korea, 5.2 percent in 2017, and 4.3 percent in 2018.

The large number of Taiwanese ropeway passengers is a result of the emphasis of travel companies in Taiwan on Hakodate as an excellent Japanese city with fresh seafood and the views from the Mt. Hakodate summit. Many are repeat visitors to Hakodate, bringing their friends. The president of the ropeway company was a member of a group of ten people recently sent to Taiwan by the Hakodate City government office to promote Taiwan tourism to Hakodate.

The ropeway cable is safe, but 31 years old. The company will close the ropeway in 2021 for two months to replace the cable and upgrade the gondola. It will cost about \$6 million in

lost revenue. The company now has adequate reserves to finance the new cable and equipment and to cover the period of revenue loss. During that period, it is expected that the roadway to the summit will be a huge traffic jam going up, with passenger buses having to wait at least an hour.

Some feel for the view can be obtained by visiting the company's web site. Note that the domain name is the height of Mt. Hakodate in meters: <https://334.co.jp/eng/>

### **Acknowledgments**

On October 8, 2019, I had an excellent meeting with Takashi Takemura, president of Mt. HAKODATE ROPEWAY Co. Ltd, and Ikuo Komatsu, Administrative Division General Manager. Mr. Takemura joined the company in 2015 as president and CEO. Before that, he rose through the ranks at the Development Bank of Japan to a senior position. I took the ropeway with them to the observatory in a smooth, pleasant trip. The view from the observatory is indeed outstanding.

I was accompanied by my able interpreter Mr. Ryoei Aoki, a national government-licensed guide and interpreter. Originally from Tokyo, Mr. Aoki graduated from Hokkaido University, liked living in Hokkaido, and took a position as a local government official in Otaru. He retired after 34 years of service and became a guide-interpreter, focusing on cruise ship passengers who want to take tours in various Hokkaido port cities.

My meeting at Mt. HAKODATE ROPEWAY Co. with Mr. Takemura was arranged by Mr. Hirofumi Maki, General Manager, Corporate Planning & Coordination Department at the Development Bank of Japan in Tokyo.