

2023  
SPECIAL  
ISSUE

Japan  
Bank for  
International  
Cooperation

# JBIC

## Today

Supporting  
Your Global Challenges

## 2023 AMENDMENT TO THE JBIC ACT

JBIC is pushing forward for  
the future of Japan and the world

### INTERVIEW

**HASHIYAMA Shigeto**

(Executive Managing Director of JBIC)

JBIC's Operational Reform Looking to the Future

### DIALOGUE

**KOYAMA Ken** (The Institute of Energy Economics, Japan)

**SEKINE Hiroki** (Managing Executive Officer of JBIC)



JAPAN BANK FOR  
INTERNATIONAL COOPERATION



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# JBIC Today

The Japan Bank for International Cooperation has been publishing JBIC Today since 2003 to showcase its diverse initiatives around the globe. In addition to feature articles exploring current affairs, the magazine carries interviews with the leaders of companies that have received JBIC support for their overseas operations, as well as with young JBIC staffers working on the frontlines of the bank's activities.

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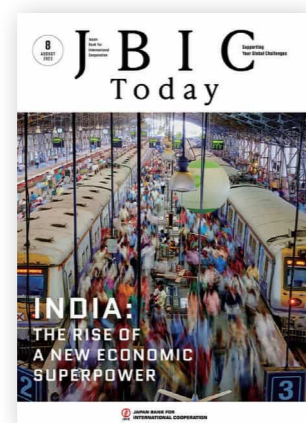
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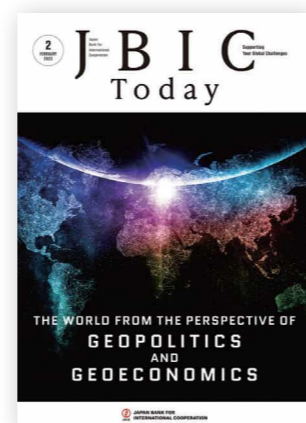
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# 2023 AMENDMENT TO THE JBIC ACT

JBIC is pushing forward for the future of Japan and the world



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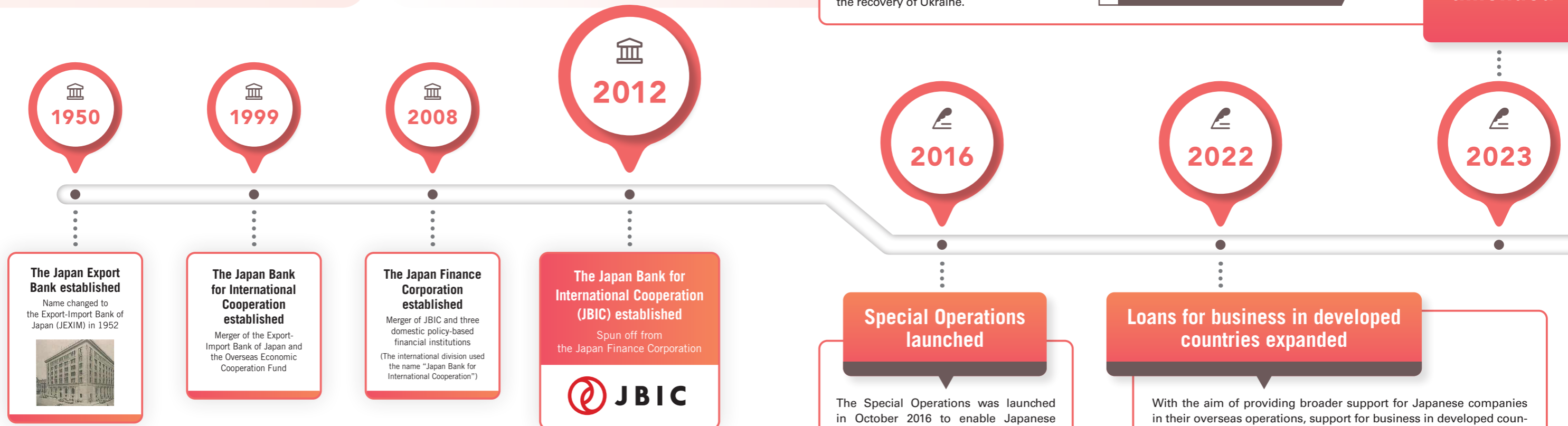
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# Continuous Evolution of JBIC's Role

As a policy-based financial institution, the Japan Bank for International Cooperation (JBIC) has contributed to the sound development of Japan and the international economy and society for more than 70 years since its establishment as the Japan Export Bank in 1950. While diversifying its operations to meet the needs of the changing times, JBIC continues to fulfill its role and the expectations of society.



## What is JBIC?

The Japan Bank for International Cooperation (JBIC) is a policy-based financial institution wholly owned by the Japanese government. While its primary purpose is to supplement the services of general financial institutions, its goal is to contribute to the sound development of Japan and the international economy and society through operations including the provision of financial support in pursuit of its four missions.

### Four missions

<p><b>Promoting the overseas development and securement of resources which are important for Japan</b></p> 	<p><b>Maintaining and improving the international competitiveness of Japanese industries</b></p> 
<p><b>Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming</b></p> 	<p><b>Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions</b></p> 


In response to the changing international situation surrounding the Japanese economy, the Act for Partial Amendment of the Japan Bank for International Cooperation Act was officially announced in April 2023, and came into effect in October that year to further bolster JBIC's functions. In line with this law, the following measures were introduced:

- 1 Enhancement of supply chain resilience to contribute toward maintaining and improving the international competitiveness of Japanese industries; [▶ Page 9](#)
- 2 Assistance to Japanese companies, including startups, in further taking risks amid growing expectations for such sectors as digitalization and green initiatives; [▶ Page 13](#)
- 3 Participation in international support for the recovery of Ukraine [▶ Page 15](#)

**JBIC Act amended**

## Special Operations launched

The Special Operations was launched in October 2016 to enable Japanese companies to take more risks in their overseas infrastructure projects. While maintaining the principle of income and expenditure for public enterprises, which requires interest rates to be set so that revenues cover expenditures in the total account, Special Operations made it possible to lend to projects where repayment cannot be guaranteed. This had been limited to the realm of infrastructure, but the 2023 amendment broadens the scope of Special Operations to include support for new technologies and business models, as well as startups, allowing further risks to be taken. [▶ Page 14](#)



## Loans for business in developed countries expanded

With the aim of providing broader support for Japanese companies in their overseas operations, support for business in developed countries, which had been limited to rail, airports, and other projects falling under specific industries, has been expanded as follows. This enables JBIC to further support Japanese companies in overseas markets.

<p><b>Export loans for the exports of Japanese products to developed countries</b></p>	<p><b>Investment loans for projects in developed countries</b></p>
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- NEW Support from a cross-industrial perspective**
  - Businesses with new technology, business model, etc.
  - Businesses that contribute to reducing greenhouse gas emissions
  - Development of goods and technologies irreplaceable for a stable supply of raw materials of products, etc.
- Support through designation of specific industries**

Railways, airports, renewable energy, power transmission and distribution, electricity storage, hydrogen, etc.

  - NEW** Medical equipment (e.g. endoscopes, MRI equipment), Semiconductors, Biopharmaceuticals, Fuel Ammonia, Electric vehicles

# JBIC's Operational Reform Looking to the Future

An amendment to the JBIC Act was enacted to allow the bank to fulfill its role more fully while responding to the changing times. The kind of transformations JBIC will be undergoing and what are its roles going forward are addressed by JBIC Executive Managing Director HASHIYAMA Shigeto.

## Strengthening Japan's industrial competitiveness and developing the global supply chains of its companies

Prior to the amended JBIC Act, which was passed into law at the regular session of the Diet (parliament) in 2023, the Japanese government enacted the Economic Security Promotion Act (Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures). With "security" at its foundation, this law aims to prevent economic activities from harming national security via the following four pillars: (1) ensuring stable supply of critical products, (2) ensuring stable provision of essential infrastructure services, (3) enhancing development of cutting-edge critical technologies, and (4) non-disclosure of selected patent applications.

From the perspective of strengthening industrial competitiveness, "ensuring stable supply of critical products" and "ensuring stable provision of essential infrastructure services" require not only building domestic systems but also developing and bolstering the global supply chain itself, where Japanese companies have a competitive advantage. In fact, across global supply chains that span countries and continents, there are Japanese companies competing globally. Therefore, it is in the direct interest of Japan to strengthen supply chains, a concept at the foundation of the JBIC Act amendment.

The environment surrounding Japan's industries is changing dramatically. In terms of the external environment, global supply chains have been built with a focus on efficiency, but recent years have seen economic conflicts

resurface due to a lack of mutual understanding between states. Moreover, a gradual return to a more fragmented global economy is on the cards.

Meanwhile, there are limits to growth in the domestic market. As exemplified by the "demographic burden" (a high percentage of the dependent population aged 14 or younger and 65 or older compared to the working-age population) caused by the declining birthrate and aging society, Japan currently has a low potential growth rate. Against this backdrop, it is recognized that global business development will become ever more important in strengthening Japan's industrial competitiveness.

## Supporting the competitiveness and technological innovation of Japanese companies through necessary "capital"

One of the key characteristics of globally active Japanese companies is their technological prowess. Therefore, of the "capital," "labor," and "technology" necessary for the corporate economy, JBIC's role should be to supplement the "capital" needed and thereby further encourage the activities of Japanese companies in the global market and foster more technological innovation.

For example, in the global semiconductor supply chain, Japanese companies have a competitive edge in the materials and manufacturing equipment markets stemming from their technological capabilities. In order to maintain and strengthen this competitiveness, it is essential to not only support Japanese companies, but to also enhance the resilience of the entire global supply chain in which they play an integral role. It is in this context that JBIC

is now able to provide loans to foreign companies.

### ▶▶▶ Point 1 of the JBIC Act amendment (p.9)

In addition, as climate change is a particularly urgent issue among the various challenges confronting the world, technological breakthroughs are indispensable for greenhouse gas reduction and other related areas such as energy, water, soil, and infrastructure development. JBIC will do its part to provide active support for risk taking by companies with the potential to be game changers through advanced technologies so that they can further grow.

### ▶▶▶ Point 2 of the JBIC Act amendment (p.13)

Moreover, a system has been established through this amendment that allows us to continue support for Ukraine, including full reconstruction efforts in the future in collaboration with international financial institutions.

### ▶▶▶ Point 3 of the JBIC Act amendment (p.15)

## Responding flexibly even in uncertain times

JBIC has a history of adapting its roles and functions to meet the needs of the

times. Amid uncertainty as to what lies ahead as geopolitical risks increase and bring about major changes in the world, JBIC is now able to flexibly respond with a broader scope of operations in such situations. This is the core of the recent legal revisions.

As stated in Article 1 of the JBIC Act, the organization's four roles are: "Promoting the overseas development and securement of resources which are important for Japan," "Maintaining and improving the international competitiveness of Japanese industries," "Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming," and "Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions."

Today, amid a rapid and fundamentally changing global order, JBIC's activities need to be more agile and effective than ever. While building a worldwide information network, we must aim to realize a balance between the overseas business strategies of Japanese companies and the national

interests of countries around the world from our two perspectives as a public institution and a financial institution. To that end, in addition to our function as a financial institution, we must also strengthen our functions as an intermediary linking Japan and the rest of the world, and as an information provider by leveraging our access to all kinds of industries worldwide.

## Change the rules if need be: Don't be bound by rules, bind them.

JBIC's vision is, "To serve as a 'navigator' to build a brighter future with Japanese power in an uncharted global situation." However, along with being a "navigator," it is now more necessary than ever to look beyond that. The challenges we face are increasingly complex. These include searching for and implementing realistic, shared solutions to climate change based on mutual respect among states, consideration of human rights in renewable energy projects, and the establishment of a level playing field to maintain and strengthen the international competitiveness of Japanese industries in the

To serve as a "navigator" to build a brighter future with Japanese power in an uncharted global situation

## HASHIYAMA Shigeto

Executive Managing Director of JBIC

Joined the Export-Import Bank of Japan (now JBIC) after graduating from Hitotsubashi University, Faculty of Economics, in 1990. After assignments including Director General of the Corporate Finance Department, Industry Finance Group, he was appointed Managing Executive Officer, Global Head of the Corporate Planning Group in 2018, and Senior Managing Director in 2021. Assumed his current post in June 2022.

2023

# JBIC Act Amendment: Three Key Points

A partial amendment was made to the Japan Bank for International Cooperation Act (JBIC Act) in April 2023. There are three key points to the amendment. Frameworks for various forms of support were newly established in order to bolster the competitiveness of Japan's companies and industries amid the rapidly changing global landscape.



## The three key points of the 2023 JBIC Act amendment

POINT 1

**Enhancement of supply chain resilience to contribute toward maintaining and improving the international competitiveness of Japanese industries**

POINT 2

**Assistance to Japanese companies, including startups, in further taking risks**

POINT 3

**Participation in international support for the recovery of Ukraine**

The amendment consists of three pillars: ① enhancing the resilience of Japan's supply chains, ② assisting Japanese companies, including startups, in further taking risks, and ③ participating in international support for the recovery of Ukraine.

Amid the growing importance of supply chains in the global economy, JBIC can now provide loans to foreign companies that serve important roles for Japanese industry. Moreover, it is

now possible for JBIC to acquire bonds and invest in domestic startups and other companies engaging in business overseas. And the scope of Special Operations, without certainty of repayment for each project, has been expanded. The aim is to encourage risk-taking by private sector companies. In addition, "loans by international institutions" have been added to the scope of loan guarantees, whereby JBIC can support the recovery of Ukraine, in line with Japanese government policy.



CHECK

### What is the JBIC Act?

The Japan Bank for International Cooperation (JBIC) is a policy-based financial institution established under the Japan Bank for International

Cooperation Act (JBIC Act), issued and enacted in May 2011. The forms of support provided by JBIC (e.g., loans, guarantees, investments) are all regulated by law and Cabinet and Ministerial Orders. In keeping with the changing times, JBIC's operations are revised by amending this act.

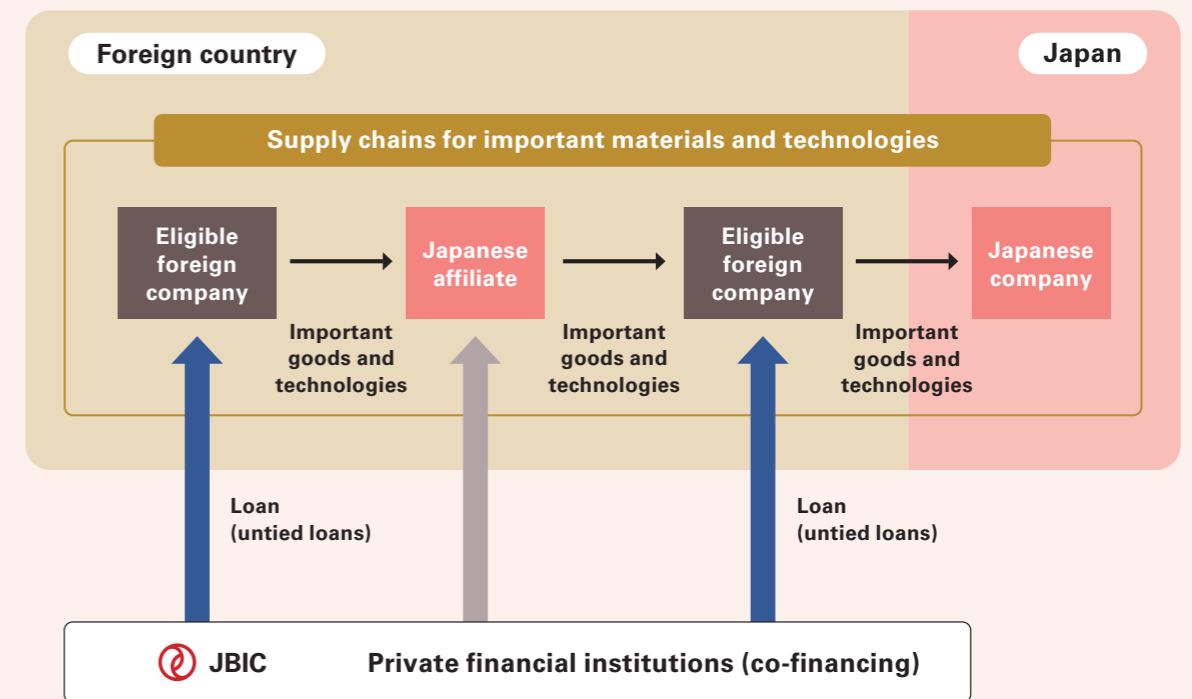
POINT 1

## Enhancement of supply chain resilience to contribute toward maintaining and improving the international competitiveness of Japanese industries

Given the recent international political and economic landscape, more and more companies are investing to strengthen their supply chains. With the aim of ensuring stable procurement within the international division of labor framework, JBIC supports the entire supply chain, including foreign companies and overseas subsidiaries.

### New loans for eligible foreign companies

Can now support foreign companies that are vital to Japanese company supply chains and industry bases



The international division of labor for industry bases and supply chains of semiconductors, storage batteries and other goods and technologies indispensable to daily life has now become highly developed. In light of the increasingly complex international landscape, foreign companies included in the supply chains and industry infrastructure (i.e., eligible foreign companies) are now eligible for loans (specific eligibility is designated by a Ministry of Finance ordinance).

For a loan to an eligible foreign company to be

considered, a request for such support must be made by a Japanese company (including overseas Japanese affiliates). The Japanese company must have supply chain ties with the eligible foreign company, or a shared use of business bases.

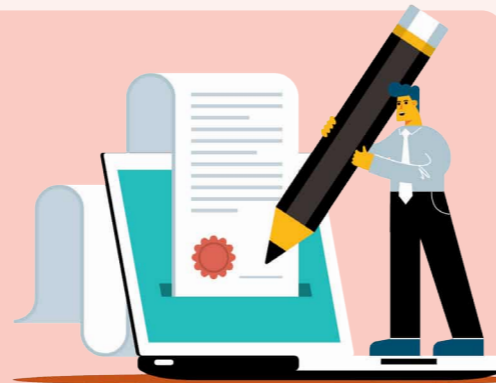
Moreover, as in normal loans, it will be confirmed that environmental and social considerations are being taken into account, as outlined in the JBIC Guidelines for Confirmation of Environmental and Social Considerations.

POINT  
1

## Enhancement of supply chain resilience to contribute toward maintaining and improving the international competitiveness of Japanese industries

## Loans to eligible foreign company

Eligibility for the new eligible foreign company loans is dependent on them providing “important goods,” “important technologies,” or “bases necessary for global business operations” to Japanese companies. Specifically, the following operations are designated as eligible by the Ministry of Finance ordinance.



## Important goods

Of the following operations, those necessary for enhancing the resilience of the supply chain for goods procured by Japanese or Japanese-affiliated companies:

- Development of important resources for Japan
- Manufacturing of equipment and other items necessary to generate electricity from renewable energy
- Manufacturing of rechargeable batteries
- Manufacturing of components and accessories of ships and aircraft
- Development and manufacturing of medical devices
- Development and manufacturing of pharmaceuticals
- Manufacturing of motors
- Manufacturing of semiconductors, including the raw materials and equipment necessary for the manufacturing
- Development and manufacturing of fertilizers, agricultural instruments, and other goods necessary for food production, including agriculture
- Manufacturing of low-carbon materials

## Important technologies

Of the following operations, those necessary for facilitating the provision of technologies utilized by Japanese and Japanese-affiliated companies:

- Development of artificial intelligence-related technologies
- Development of technologies related to quantum computers and other equipment that harness the quantum property
- Development of biotechnology
- Development of blockchain technology

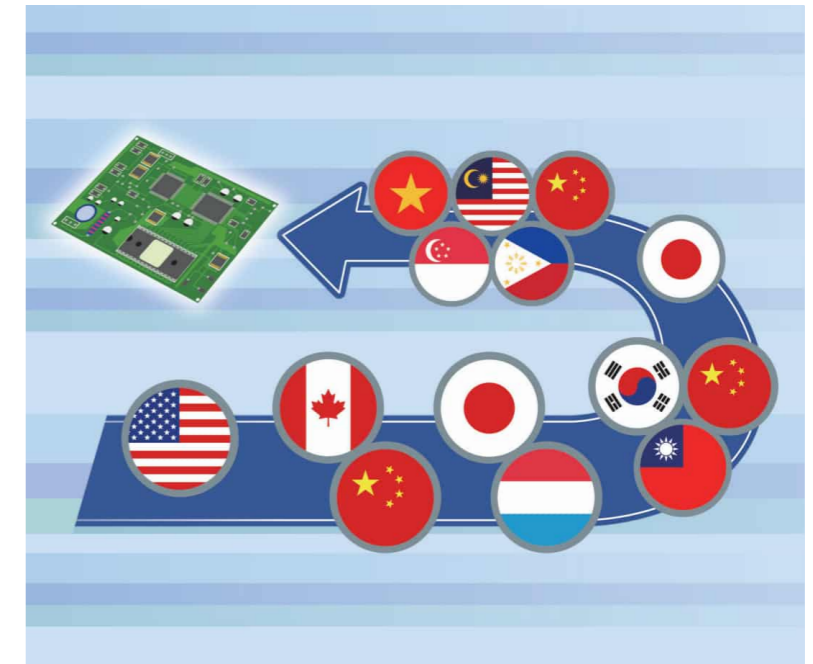
## Bases necessary for global business operations

Of the following operations, those necessary for global business activities by Japanese and Japanese-affiliated companies:

- Development of bases for power generation, transmission, etc., necessary to provide electricity from renewable energy
- Development of bases for utilizing information and communication technology (including launching, tracking, and controlling of communication satellites)
- Medical care

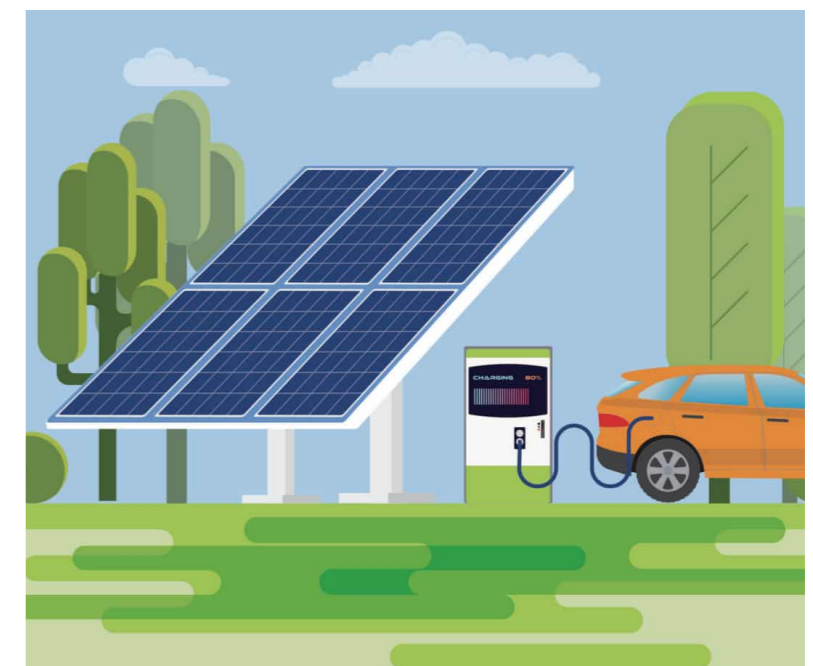
## [CASE 1] Enhancing the resilience of the semiconductor supply chain

Segmentation of semiconductor manufacturing has led to global supply chains. In the supply chains, there are many companies with advanced technologies that have a monopoly position in one part of the process. Should the production of a company in another country stop for some reason, manufacturing by Japanese companies will also come to a halt. Having stable production by overseas companies in their supply chains is thus crucial for Japanese companies. That is why JBIC will directly support foreign companies when requested by their Japanese counterparts. This not only protects the production of relevant Japanese companies, but also helps meet demand in Japan and the world by maintaining the global supply of semiconductors.



## [CASE 2] Seizing business opportunities in the EV supply chain

Demand for lithium-ion batteries is growing rapidly with the spread of electric vehicles (EVs). Japan's major electronics manufacturers are exclusive suppliers to the world's top EV manufacturers, but competition is fierce. In order to improve the quality and environmental friendliness of their products, collaboration with companies from other countries is essential, starting with the mining of minerals for these batteries. JBIC will provide integrated support for Japanese companies and their foreign partners to secure their supply chains for vital materials.



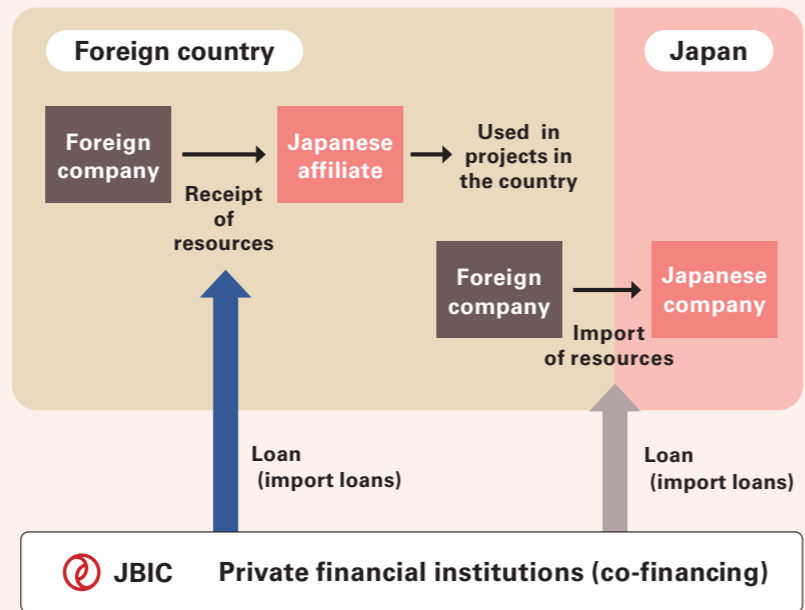
## Procurement and use of resources abroad now eligible for loans

In addition to the imports of resources and other strategically important goods, loans are now possible for their procurement and use abroad

Up to now, JBIC's import loans have been provided for resources and other strategically important goods imported to Japan. However, in the global operations of Japanese companies there has been an increasing number of cases in recent years in which resources procured overseas are received by Japanese affiliates located overseas, where they are then manufactured into products and marketed. In response, import loans have now become available for cases in which Japanese companies overseas obtain resources from foreign companies (the same applies when products are manufactured and marketed using resources procured overseas).

**CHECK**

Eligible resources include: oil, petroleum gas, LNG, coal, uranium, metallic ore, metals, mineral phosphate, fluoride, salt, wood, wood chips, pulp, fuels derived from biomass, hydrogen, and fuel ammonia.



➡ : Newly available supports ➡ : Currently available supports

## Expanding support to strengthen supply chains for Japanese companies

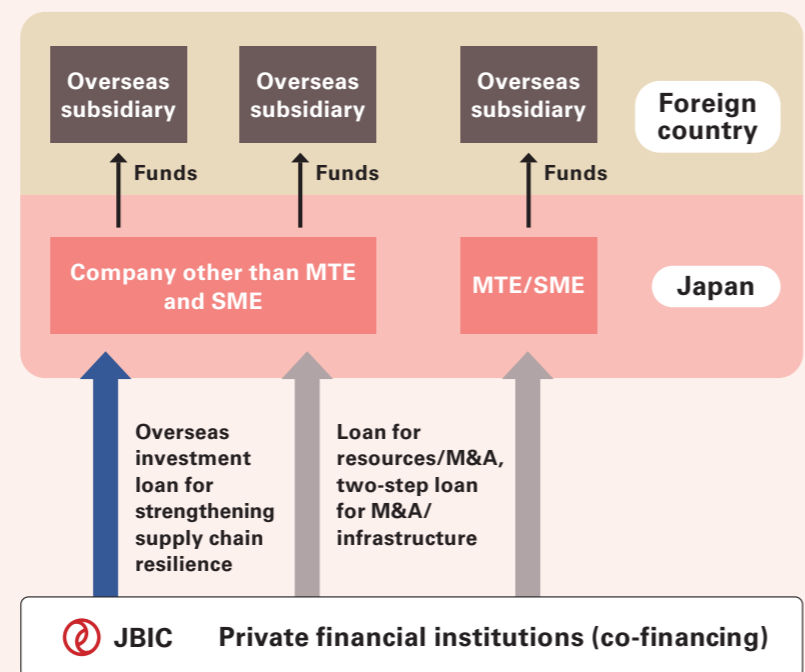
More flexible support for Japanese companies in funding their overseas operations to strengthen their supply chains

The supply chains of Japanese companies have extended across national borders. Considering this, JBIC will provide loans to fund the operations of Japanese companies' overseas subsidiaries. For companies other than mid-tier enterprises (MTEs) and small and medium-sized enterprises (SMEs), JBIC has been providing loans for resources, M&A, and infrastructure (two-step loans). But now overseas investment loans to Japanese companies for overseas business operations to strengthen supply chain resilience are also possible. JBIC is now able to support the overseas supply chains of Japanese companies from upstream to downstream. Existing domestic loans to MTEs and SMEs remain unchanged.

**CHECK**

Small and medium-sized enterprise (SME): In principle, a company or individual with capital of 300 million yen or less or with up to 300 regular employees (for the manufacturing industry) (Definition varies by industry, and some industries are excluded.)

Mid-tier enterprise (MTE): A company with capital of under 1 billion yen (Both include listed companies, but exclude consolidated subsidiaries of large companies.)



➡ : Newly available supports ➡ : Currently available supports

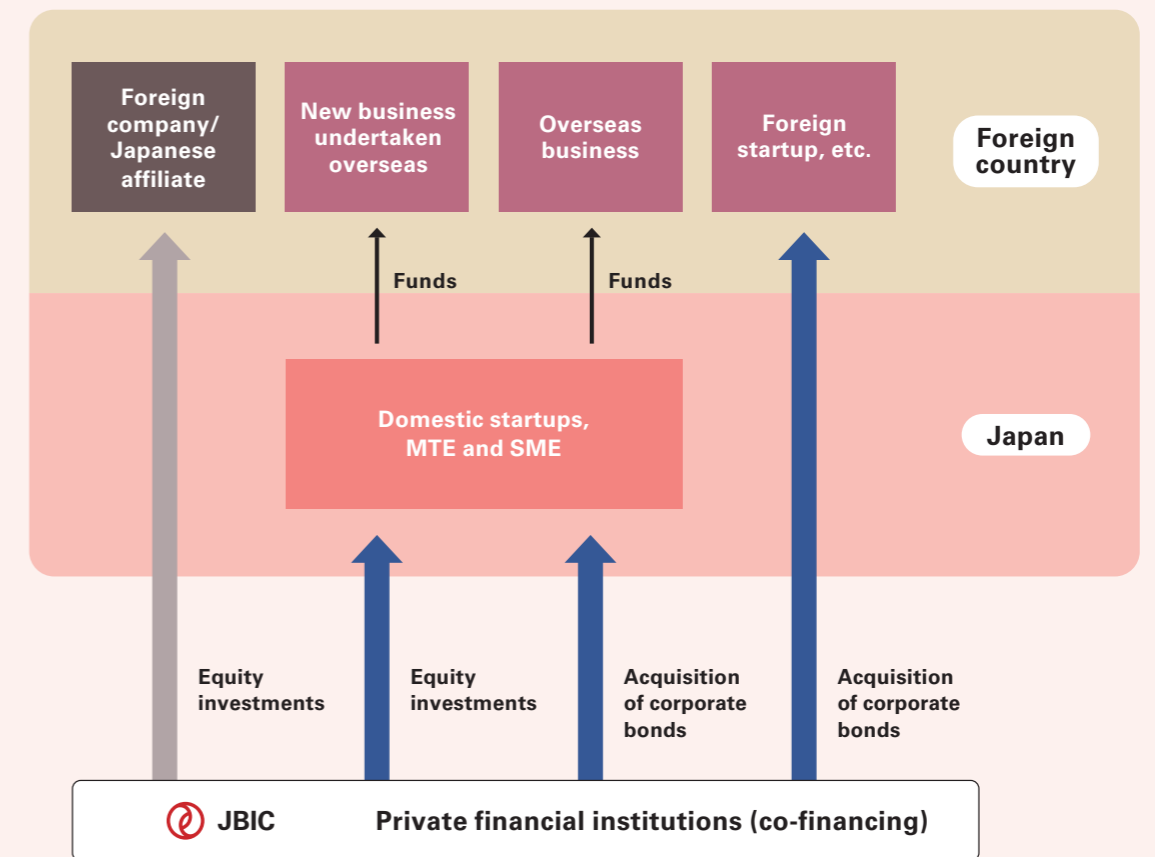
POINT 2

## Assistance to Japanese companies, including startups, in further taking risks

Support provided through the Special Operations for high-risk loans has been expanded to include energy and natural resource development, commercialization of new technologies, and equity investments in startups. This will support economic security and expansion into growth areas such as digital transformation and decarbonization.

### New support for domestic startups

Equity investments or acquisition of corporate bonds of Japanese startups, MTEs and SMEs engaged in overseas business operations is newly available



➡ : Newly available supports ➡ : Currently available supports

Until now, JBIC was unable to directly equity in the overseas operations of domestic startups, MTEs, and SMEs, making it necessary for these companies to establish new overseas subsidiaries. However, in response to the need for domestic funding through equity investments participation, it has now become

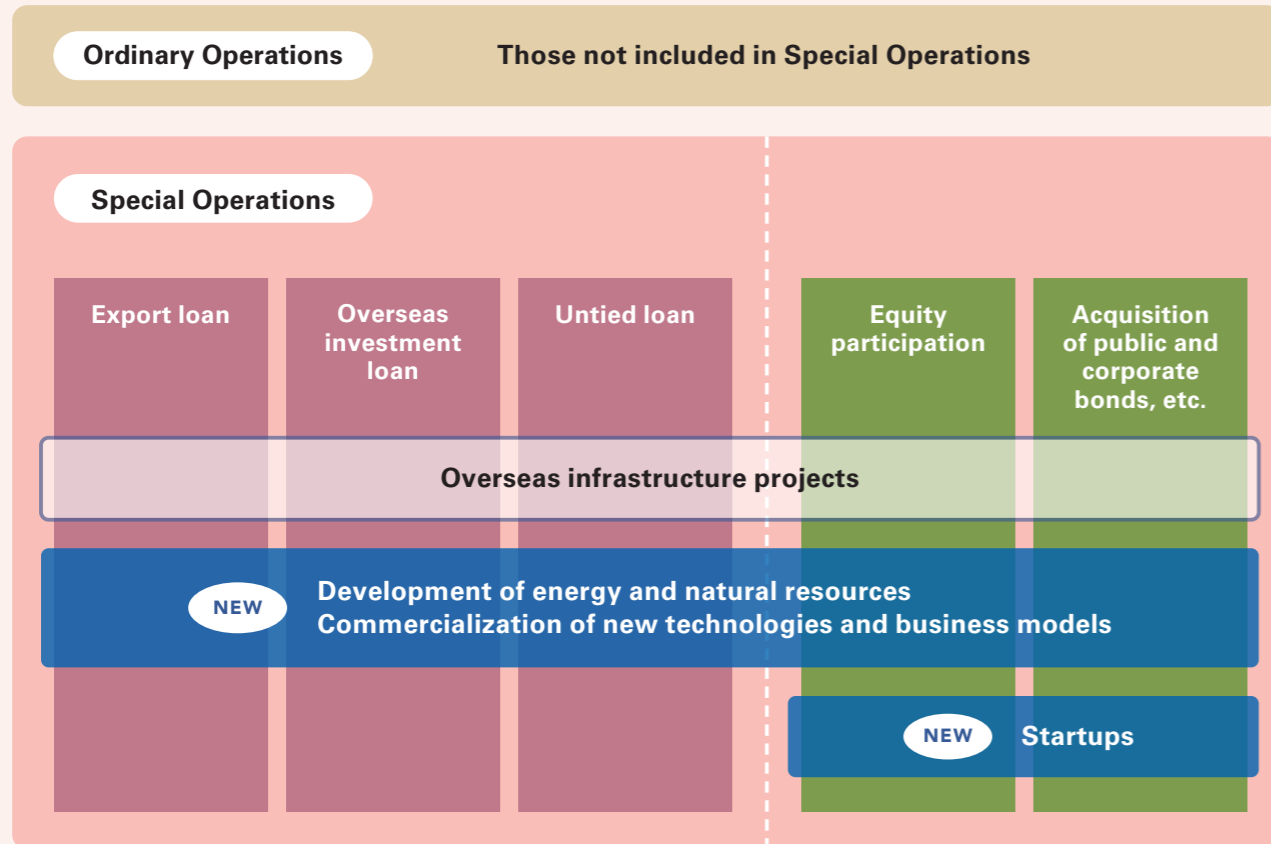
possible for JBIC to provide such financial support to Japanese startups, MTEs, and SMEs. Startups will play an especially large role in the digital and green sectors, and agile support for their overseas business development will promote social innovation.

**CHECK**

Startup: A company that was established or started operation within less than 10 years (excluding a subsidiary and other entity of a large company.)

## Expanded coverage of “Special Operations”

Now possible to support energy and natural resource development, new technology and business models, and equity investments in startups through Special Operations



The Special Operations program was launched in 2016 to support overseas infrastructure projects for which did not need certainty of repayment principle. Added to this were “development of energy and natural resources,” “commercialization of new technology and business models,” and “equity investments in startups.” Amid the need for digital transformation (DX) and green transformation (GX), there is an urgent need to promote outside the box innovation, and it is increasingly important to encourage companies to take on new challenges. Making it possible for JBIC to support such efforts spurs Japanese companies to take more risks.



**CHECK**

Development of energy and natural resources: development of resources, including energy sources and rare metals such as rare earths.  
Commercialization of new technologies and business models: businesses that utilize cutting-edge digital technology, green innovation-related businesses that utilize technologies to contribute toward decarbonization, businesses that utilize FinTech to improve convenience for service users.

**POINT 3**

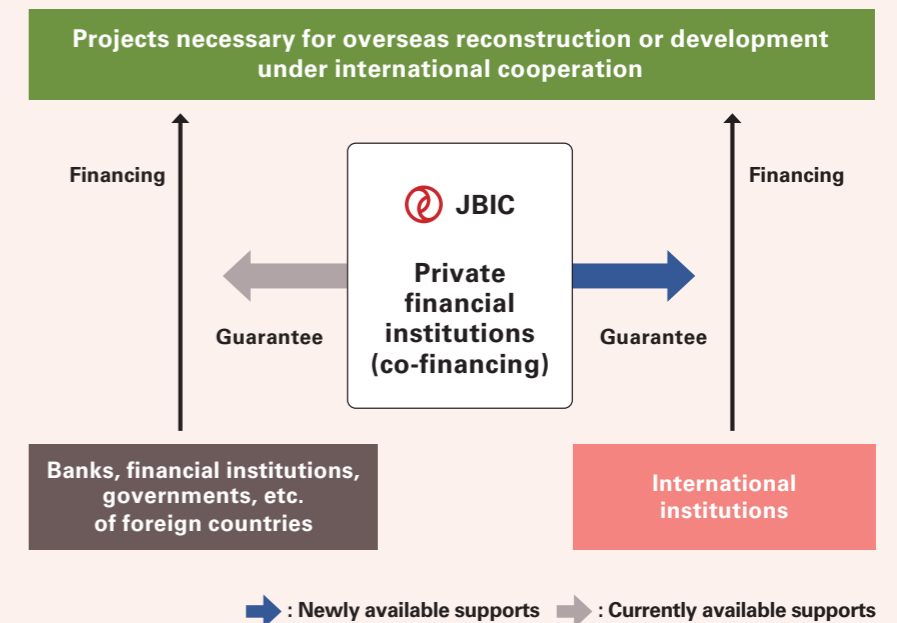
## Participation in international support for the recovery of Ukraine

In the context of supporting recovery of Ukraine, JBIC can now guarantee private sector loans by international financial institutions for reconstruction projects.

### Ability to guarantee international institution loans

It is now possible to provide financial support for projects under international collaboration, such as assistance for Ukraine’s recovery

JBIC has been providing guarantees for loans extended by private financial institutions, but for overseas recovery and development projects, only borrowings from banks, foreign financial institutions, and foreign governments could be guaranteed. To support the recovery of Ukraine after the Russian invasion, loans by international financial institutions are now eligible for guarantee. This is in line with one of JBIC’s missions: “maintaining international financial order” (Ordinary Operations Account).



## Establishment of the Ukraine Investment Platform under the leadership of JBIC

JBIC, development finance institutions from the G7 countries, and the European Bank for Reconstruction and Development, agreed in May 2023 to establish the Ukraine Investment Platform. By pooling knowledge and experience, and coordinating effectively, the participating institutions will financially support Ukraine’s recovery.

Participating Institutions:  
JBIC, Japan International Cooperation Agency (JICA), Cassa Depositi e Prestiti (CDP, Italy), FinDev Canada (Canada), PROPARCO (France), U.S. International Development Finance Corporation (DFC, the U.S.), British International Investment (BII, the U.K.), and Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG, Germany)



Institution presidents agreed to establish an investment platform and signed an MOU.





# The JBIC Act Amendment Points the Way to Embracing New Challenges

## To adapt to the major changes surrounding Japan and the world by becoming “a navigator”

**KOYAMA Ken**

The Institute of Energy Economics, Japan  
Senior Managing Director, Chief Economist

Joined the Institute in 1986 after receiving his master's degree from the Graduate School of Economics, Waseda University. His fields of research include the world's oil and energy situation and energy security issues. Was awarded his PhD from the University of Dundee in 2001. Among other various positions, he served as a member of the Japanese government's advisory council on energy-related matters. Has been a visiting professor at the University of Tokyo's Graduate School of Public Policy since 2010. Books authored include *Interpreting from Geopolitics! The Future Map of Strategic Commodities* (ASA Publishing Co., Ltd.). In 2023, he became the first Asian to receive The OPEC Award for Research.

U.S.-China tensions, the COVID-19 pandemic, and Russia's invasion of Ukraine —the world is now in the midst of huge upheavals. Supporting Japan in properly adapting to such changes is the 2023 amendment of the JBIC Act. KOYAMA Ken, Senior Managing Director and SEKINE Hiroki, JBIC's Managing Executive Officer and discuss the global landscape leading up to the

amendment of the law and the role required of JBIC.

**SEKINE Hiroki**

Managing Executive Officer of JBIC  
Global Head of Infrastructure and Environment Finance Group

Joined the Export-Import Bank of Japan (now JBIC) in 1995 after graduating from the Faculty of Economics, The University of Tokyo. Received his master's in finance from the London Business School in 2005. Following appointments including the Infrastructure Finance Group, he was a visiting researcher at the Chatham House in the UK from 2020 to 2021. After his return, he was engaged in operations for the amendment of the JBIC Act in his position as Special Advisor for Operation Policy and Strategy, Corporate Planning Group. He assumed his current post in 2023.



**KOYAMA Ken**

The Institute of Energy Economics, Japan  
Senior Managing Director, Chief Economist

**SEKINE Hiroki**

Managing Executive Officer of JBIC  
Global Head of Infrastructure and Environment Finance Group



The world is undergoing a major transformation. The power of finance will be an important key, and JBIC is central to this in Japan.



We need to make proposals for solutions from the stance of being partners working together toward a goal. From now on, JBIC will need to be “a navigator.”

**If a country uses energy resources to exert various forms of pressure or as bargaining chips, enormous leverage is created, making energy a “strategic commodity.”**

**Energy “weaponized” by Russia’s invasion of Ukraine has shaken the world**

**SEKINE** | The current global trends in energy resources had a large impact on the amendment of the JBIC Act. Mr. Koyama, you analyze such energy from the perspective of “strategic commodities.”

**KOYAMA** | We use various kinds of energy in our daily lives when we turn on lights, cook with gas, drive our cars, and so on. They are such an integral part of life that you might not give them a second thought. Energy is indispensable to the economy and our lives, and you could even say that it determines the fate of a country.

Accordingly, if a country uses energy supplies to exert various forms of

pressure or as bargaining chips, this creates enormous leverage, making energy a “strategic commodity.” The sea change in the energy situation brought about by the Ukraine crisis can be understood when viewed in terms of Russia’s “weaponization of strategic commodities.”

The world has been reliant on cheap Russian energy, and Europe in particular has had deep links with Russia in terms of procurement of natural gas and other energy resources. However, with the imposition of economic sanctions by the West following the invasion of Ukraine, Russian energy exports themselves became a risk factor. Europe is now in a game of survival as it seeks to escape from its dependence on Russian resources. It is now shifting direction to secure stable resource supplies even if the costs are higher.

**SEKINE** | The invasion of Ukraine has again brought us face to face with the

risk of resources becoming strategic commodities. That is why we need to take a hard look at what form risk control should take to meet the needs of today and think more about diversifying procurement to ensure that we can continue to obtain resources that are indispensable for our daily lives.

One of JBIC’s main functions is to promote the overseas development and acquisition of important resources for Japan. Given the recent situation, there is a greater need than ever to provide financial support to reduce dependence on specific countries and diversify acquisition channels for resources.

**The vulnerability of supply chains brought to light by the pandemic**

**KOYAMA** | The importance of diversification was brought home when supply chains were disrupted by the COVID-19 pandemic, impacting our daily lives. Everyday life may seem to consist of things that are close at hand, but it is actually supported by large-scale supply chains that span the globe, and those many of those things actually come from far away. Everyone had mostly forgotten that supply chains are vulnerable.

**SEKINE** | I agree. The pandemic and the invasion of Ukraine brought home the fact that the globalization benefits reaped from dependence on efficient division of labor and low-cost, high-volume production are clearly not sustainable. We must now build stable supply chains, even if this entails higher costs.

However, diversifying the risk that comes from dependence on the division of labor with certain countries, and building new, reliable supply chains is not economically efficient, and it is impossible for a single company to handle an entire supply chain.

Against this background, it has become important for public institutions such as JBIC to support companies in strengthening their supply chains in an effort to address the challenges they face. This is also an important reason for the amendment to the JBIC Act.

**A divided world also obstructs the stability of supply chains**

**KOYAMA** | Not only the invasion of Ukraine and the COVID-19 pandemic, but global fragmentation centering on U.S.-China antagonism is also having a major impact on the stability of energy



supplies and supply chains.

Although U.S.-China tensions have been intensifying particularly since the latter half of the Trump administration, the power balance between the two nations had, in fact, been changing even before then, with U.S. power wavering and China rapidly gaining ground. Over the past half century, efficiency and cost minimization have been pursued via the division of labor as part of free trade-based globalization. Before anyone realized, the world was heavily dependent on China’s manufacturing industry.

Then came the Russian invasion of Ukraine, triggering the birth of two axes, the “West” versus “China and Russia.” And a third axis, that doesn’t belong to

either, the “Global South,” also emerged. These shifts by countries over energy resources, which have become “strategic commodities,” will likely become even more pronounced.

Under such circumstances, what should Japan do to protect its supply chains for important commodities such as energy resources? I think JBIC’s role is expanding.

**SEKINE** | In order to ensure the ongoing acquisition of energy resources, which have become a strategic commodity as the risk of global fragmentation increases, we must diversify their procurement routes and supply chains. This is, of course, costly. As I just mentioned, it is not something that can be handled by a single company. Which is precisely why national governments have to show leadership. It is important to prepare risk control measures through subsidies and policy-based loans, and to send the message, “Let’s together strengthen our country.”

And as a policy-based financial institution, JBIC, must fulfill this responsibility, together with the national government.

**As decarbonization accelerates, will critical minerals become the next strategic commodity?**

**KOYAMA** | As a matter of fact, the first oil crisis, that hit Japan 50 years ago, was caused by our dependence on certain countries and regions for energy. And the same kind of thing is happening again. I am concerned that something similar could happen down the line due to the rapid increase in demand for important materials known as “critical minerals.”

K O Y A M A K e n



With the world accelerating its decarbonization efforts, the supply of rare earth and lithium-ion batteries essential for electric vehicles, and critical minerals, such as lithium, silicon, and nickel for applications such as semiconductors, is expected to tighten. And dependence is inevitable as certain countries have an overwhelming share of some critical minerals. Nevertheless, the question is how to manage this dependence to some extent or properly diversify.

**SEKINE** | Japan possesses superb technologies in the supply chain process in terms of turning resources such as critical minerals into products. Therefore, Japan can play a central role in the development, production, and procurement of new supply chains by partnering with related foreign companies. While Japan will be a central player in creating a new, strong supply chain, this requires greater global collaboration, not only an all-Japan effort. JBIC is aware of its role in supporting such actions through the power of finance.

#### Promoting innovations by startups is essential for structural change

**KOYAMA** | In working toward decarbonization, many countries around the world are aiming for carbon neutrality by 2050. This will require a fundamental change of the energy supply-demand structure within the next 30 years. That is a huge challenge.

While renewable energy use will undoubtedly expand greatly, at the same time there are many issues to be addressed, such as a tight supply of

critical minerals, and the increasing costs of system integration to meet the growing use of variable renewable energies (e.g., wind and solar). In light of this, we must also strive to promote innovation to further develop Japan's strong areas such as hydrogen and ammonia.

**SEKINE** | Indeed, I believe that the global green transformation (GX) trend will not be reversed. Every country in the world has made the energy revolution a priority. But the pathways to achieving this are diverse, depending on countries' respective circumstances. The only way to proceed toward this goal is to aim high and take on all kinds of challenges, constantly innovating, and making course corrections along the way.

Of course, Japan also needs to tackle



similar challenges. The legal amendment has bolstered JBIC's functions in financing startups that generate innovation in growth areas such as digital and green technologies. JBIC is now prepared to support global GX, including the promotion of innovation.

**KOYAMA** | At the G7 Summit in Hiroshima this year (2023), the message went out to the world that the G7 stance is to aim for carbon neutrality via "various pathways" in which all kinds of technologies and energy sources should be used properly. I believe that Japan's big contribution here was to have the G7 clarify its position of being supportive of the countries of the Global South by showing that what Europe, the U.S., and other developed countries are trying to do is not the "only pathway," but that there are "various pathways" to achieve carbon neutrality.

And, in order for Japan to further maintain its presence in the world, we need to build a supply chain that makes the best of hydrogen-related and other technologies, in which Japan has superiority.

**SEKINE** | I believe that this cannot be

achieved without more technological innovation. That is why it is so significant that the amendment has made it possible to provide support through the Special Operations Account to businesses using new technologies and business models, resource development projects, and startups.

The "new form of capitalism" set out by the Kishida government also calls for nurturing startups, so this amendment to the JBIC Act is in line with national policy. However, focusing on startups is a new initiative for JBIC. This means we must move with the times so that more companies can connect with us, so that we can support them through all stages from their birth to growth and on to maturity. I have become very conscious of this again.

#### To fully leverage the amendment, JBIC needs to be able to be "a navigator"

**KOYAMA** | The world is undergoing a major transformation. Countries, including Japan, must each prepare to respond to these changes. The state needs to drive this forward with policies and



strategies. The power of finance will be an important key to support such efforts, and JBIC is central to this in Japan.

**SEKINE** | As the various challenges become more complex and changes occur at rapid speed, everyone is searching for the form the new world should take. So that citizens can live with peace of mind, the country itself must strengthen its structures. Finance is a means to this end, and it is JBIC's role to identify and address challenges for its realization, but I also feel that the limits have been reached for one country alone to provide solutions. Another of JBIC's roles is to facilitate collaboration and connections with other countries and companies that have particular areas of expertise.

In addition, JBIC's future efforts will include providing support for the

creation of supply chains for energy resources, and for startups. It will also be necessary for us to not just respond to requests by our clients, but to proactively propose solutions as partners working together toward a goal. In other words, I believe that from now on, JBIC will need to be "a navigator."

**KOYAMA** | Through the amendment to the act, I think that JBIC will be able to operate in new ways. I have high hopes that JBIC, which has played an important role in supporting Japan's energy challenges over the years, will successfully promote the energy transformation going forward.



SEKINE HIROKI

**Enhancing the resilience of the supply chain is not something that can be handled by a single company. It is important to send the message, "Let's strengthen our country together."**

**The Mission of JBIC**

Japan Bank for International Cooperation (JBIC) is a policy-based financial institution wholly owned by the Japanese government, which has the mission of contributing to the sound development of Japan and the international economy and society, by conducting financial operations in the following four fields, while having the objective of supplementing the financial transactions implemented by private sector financial institutions:

Promoting the overseas development and securement of resources which are important for Japan

Maintaining and improving the international competitiveness of Japanese industries

Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming

Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions

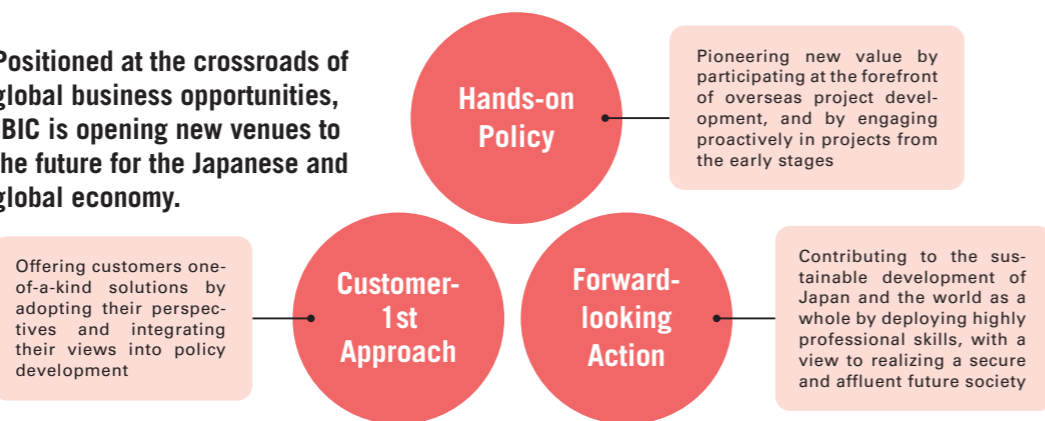
**Corporate Slogan**

日本の力を、世界のために。  
Supporting Your Global Challenges

**Corporate Philosophy**

The objective of JBIC, as set forth in its statutory law, is to “contribute to the sound development of Japan and the international economy and society” by executing a variety of financial functions. To pursue this objective, we have set out the following corporate philosophy, which espouses three core values: “Hands-on Policy,” “Customer-1st Approach,” and “Forward-looking Action.”

Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy.



**Operational Principles**

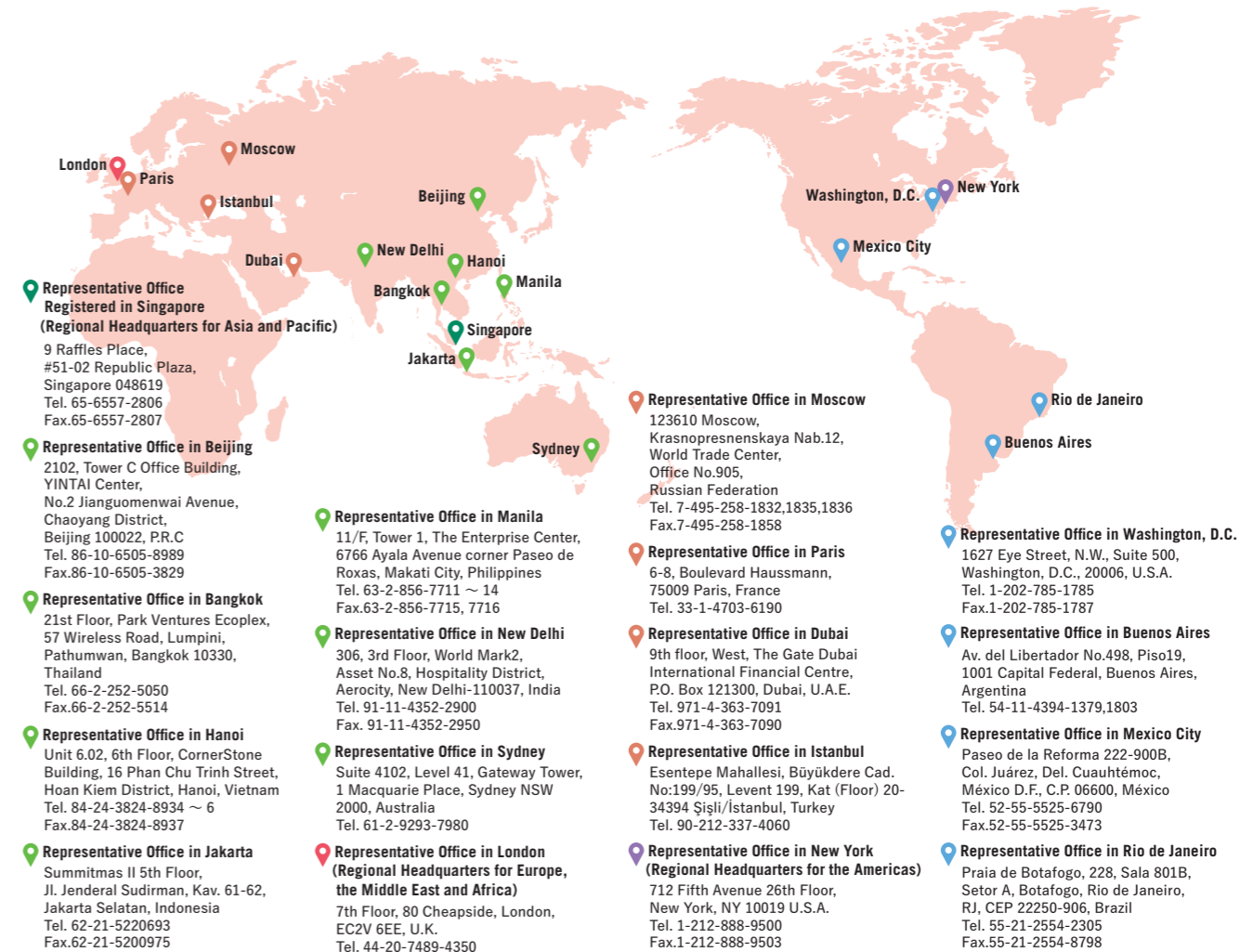
JBIC, as a policy-based financial institution and in accordance with the following principles, conducts speedy and well-focused operations based on policy needs in response to economic and financial situations in Japan and abroad.

- 1 Supplementing the financial transactions implemented by private-sector financial institutions**  
To effectively perform the functions required for policy-based financing, JBIC shall take account of situations where private-sector financial institutions are placed in their international finance activities and supplement their operations.
- 2 Ensuring financial soundness and certainty of repayment**  
Pursuant to the JBIC Act, JBIC shall make efforts to maintain the financial soundness of its operations, and when making financial decisions, to conduct adequate screening regarding the outlook for the recovery of funds.
- 3 Maintaining and improving international creditworthiness and confidence**  
In order to conduct adequate operations and effective overseas funding operations, JBIC shall maintain and improve the international creditworthiness and confidence gained by JBIC over the years.
- 4 Conducting business operations by drawing on its expertise and initiatives**  
JBIC shall conduct operations by drawing on its own expertise and initiatives on international finance.

**Profile**

**Name:** Japan Bank for International Cooperation (JBIC)  
**Office:** 4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan  
**Capital:** ¥2,108.8 billion (wholly owned by the Japanese government) (as of June 21, 2023)  
**Outstanding Loans and Equity Participations\*:** ¥15,998.6 billion  
**Outstanding Guarantees\*:** ¥1,537.6 billion \* as of March 31, 2023

**Overseas Network** (as of December 1, 2023)



**Key Operations**

**Export Loans**

Loans for the export and sales of machinery, equipment, and technology by Japanese companies and their overseas affiliates. Export loans are available for overseas importers (purchasers) and foreign financial institutions.

**Import Loans**

Loans for the import of important goods such as natural resources by Japanese companies, and for resources procured and used by Japanese companies and their affiliates at locations overseas where they are conducting operations. Import loans are available for Japanese importers, Japanese companies and affiliates receiving resources overseas, and for overseas importers.

**Overseas Investment Loans**

Loans for Japanese foreign direct investments. Loans are available for Japanese companies (investors), and for overseas Japanese affiliates (including joint ventures) or foreign banks and governments providing loans to or investing in those companies.

**Untied Loans**

Loans to provide the capital required for projects undertaken by developing countries and for their imports of goods; for those countries to achieve a balance of payments equilibrium and stabilize their currency; and for the overseas operations of foreign companies (specified foreign corporations) that are part of the industry infrastructure or supply chains for important goods and technologies essential for Japan's economic activities and the daily lives of its citizens.

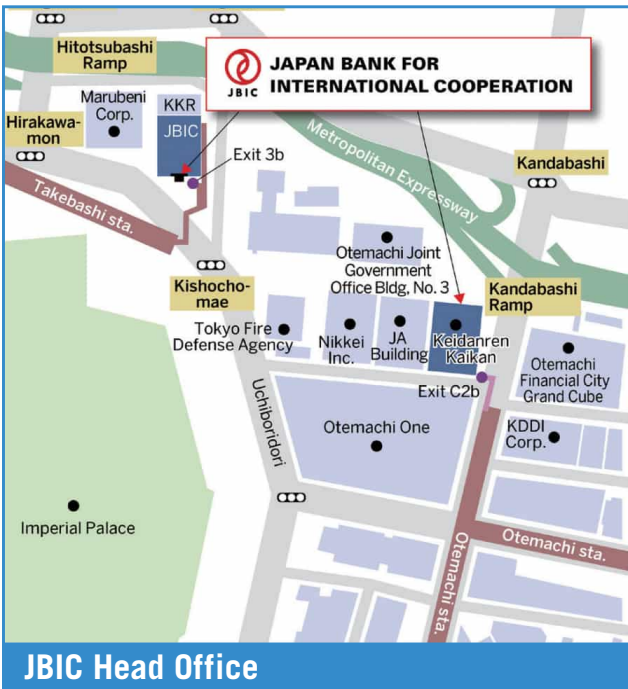
**Equity Participations**

Capital contributions are made to companies operating overseas in which Japanese companies have equity stakes, to domestic startups and other companies newly developing operations overseas, and to funds where Japanese companies play central roles.

**Guarantees**

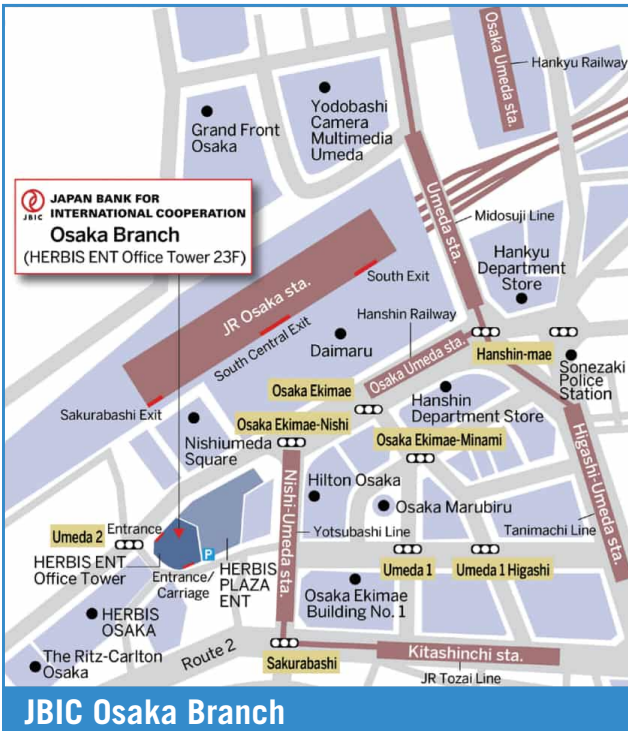
Support is also provided through JBIC's guarantee facility, including for loans extended by private financial institutions, bonds issued by governments of developing countries and overseas Japanese affiliates, and currency swap transactions, as well as re-guarantee for guarantees provided by export credit agencies of other countries.

# ACCESS



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