CHAPTER 3

3 Industry Finance Group


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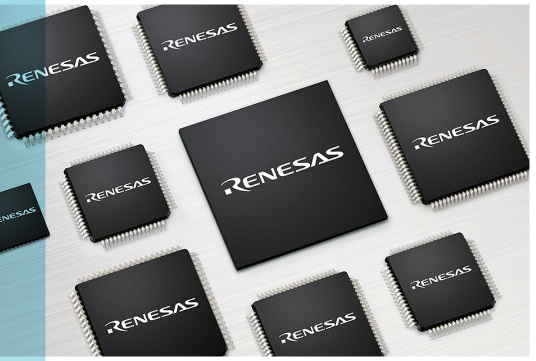

Group Outline

- Providing support for the overseas expansion of Japanese companies, including mid-tier enterprises and SMEs, and the export of marine vessel and plant equipment, to maintain and improve the international competitiveness of Japanese industries
- Lending support to strengthen and rebuild Japanese companies' global supply chains and cross-border M&A aimed at acquiring next-generation technologies
- Supporting projects that contribute to helping provide a sustainable future through climate-related finance and other methods

The main role of the Industry Finance Group is to maintain and enhance the international competitiveness of Japanese companies.

The Corporate Finance Department handles business such as exports of products from major manufacturing industries, and overseas local production and sales. The Finance Office for SMEs is responsible for mid-tier enterprises and SMEs in Eastern Japan, while the Osaka Branch is responsible for companies in Western Japan, including mid-tier enterprises and SMEs. The Marine and Aviation Finance Department supports businesses related to ships and aircraft, etc.

Using a variety of financing methods tailored to the overseas business expansion strategies and needs of Japanese companies, we are working to maintain and enhance the international competitiveness of Japanese industry.

“In these turbulent times, we intend to contribute to the strengthening and restructuring of Japan's supply chains together with Japanese companies that are active on the world stage”

SASAKI Satoshi
Senior Executive Managing Officer,
Global Head of Industry Finance Group

Message

Japan is facing an increasingly divided global environment due to the emergence of a variety of geopolitical risks including political and economic conflict between countries and regions. Uncertainty and instability also persist due to global climate change, food shortages, soaring raw material prices, increased financing costs caused by exchange rate fluctuations, and the economic policies of various countries. Amid these difficult global circumstances, Japanese companies are facing a number of extremely challenging issues, including difficulty in securing critical minerals and semiconductors essential to many industries, the rebuilding of stable supply chains, and initiatives to help realize a decarbonized society that balance the prevention of global warming with the maintenance of corporate profitability. There are also challenges such as the stable procurement of food from overseas and the construction of global food value chains. We firmly recognize that the role that the financial sector, including JBIC, should play in overcoming these challenges is becoming increasingly important.

The Industry Finance Group is contributing to Japan's economic security by supporting Japanese companies in strengthening and rebuilding their global supply chains by accurately grasping their needs and engaging in proactive risk-assuming. Although signs of a slowing of the global momentum for decarbonization have begun to appear, JBIC remains committed to continuing its support for highly significant projects that contribute toward the achievement of carbon neutrality. In addition to such support, we are also making efforts to maintain and improve the international competitiveness of Japanese industries. These efforts include further strengthening support for cross-border M&A aimed at acquiring next-generation technologies as well as support for the overseas expansion of companies, including mid-tier enterprises and SMEs, that possess key cutting-edge and innovative technologies.

By utilizing JBIC's global network, we collect and analyze a wide range of information from countries around the world related to the expansion of supply chains in various industries and sectors, as well as carbon neutrality initiatives. By leveraging JBIC's unique status, we will utilize a diverse range of platforms including seminars to inform Japanese companies about overseas developments and provide them with timely and accurate information. Despite the rapid changes to industrial and social structures, we remain committed to supporting dynamic overseas expansion.

As a platform for the overseas expansion of Japanese companies, JBIC will work to meet stakeholder expectations and “play a key role in supporting Japan's economic security and creative innovation of Japanese industry.” This is what we are aiming for.

"By seizing the growing momentum for supply chain restructuring and digital transformation investment, we will implement projects that support the overseas expansion of Japanese companies"

01 | Strengths

- Ability to accurately grasp the needs of Japanese industry
- Provision of support tools for strengthening and restructuring supply chains
- Ability to collect and analyze information globally, leveraging an extensive international network

02 | Assessment of the External Environment

Geopolitical risks such as political and economic tensions between countries and regions are significantly impacting the international financial landscape, meaning Japanese companies continue to face a highly uncertain business environment.

According to JBIC's Survey Report on Overseas Business Operations by Japanese Manufacturing Companies, released in December 2024, companies are stepping up their strategy of diversifying away from China. There is a growing trend to shift manufacturing and sales bases, as well as raw materials procurement activities, away from China to countries such as India. In addition, rebuilding supply chains with a focus on local production for local consumption has become an urgent challenge impacting the maintenance and enhancement of international competitiveness of companies.

Globally, while decarbonization initiatives (green transformation initiatives) are losing momentum, digital transformation investment continues apace, particularly in the West. Against this backdrop, demand for sensing technologies, semiconductors, and data centers is rising, spurring momentum for technological development. Companies are also continuing to expand their overseas operations through M&A activities, in addition to capital investment. They are also continuing with efforts to help realize a decarbonized society in the shipping, shipbuilding, and aviation sectors, and are promoting the development aimed at the introduction both of state-of-the-art marine vessels that comply with environmental regulations and ships powered by new fuel, as well as introducing aircraft with high fuel-efficient performance.

03 | Growth Strategy

To meet the needs of Japanese industry, we support projects that contribute to resolving bottlenecks in Japan's industrial supply chains, including loans to eligible foreign companies in fields such as semiconductors, electric vehicles, and rechargeable batteries, as well as the strategic M&A activities of Japanese companies. We also promote overseas expansion by Japanese mid-tier enterprises and SMEs that play vital roles in stabilizing supply chains, as well as those with strong technological capabilities, by strengthening collaboration and partnerships with regional financial institutions and others.

Although decarbonization efforts are losing momentum globally, we will continue to proactively support high-impact projects that contribute to carbon neutrality, such as those related to renewable energy. We will also continue implementing projects that help address global challenges in areas such as food and healthcare. Furthermore, we continue to work on identifying and formulating projects that contribute to energy transitions and provide support for Ukraine and neighboring countries, as well as projects aligned with international cooperative frameworks such as a strategic partnership between Australia, India, Japan, and the U.S. (Quad), the Japan-India Semiconductor Supply Chain Partnership, and the Japan-Canada Memorandum of Cooperation concerning Battery Supply Chains. Specifically, we are working to formulate projects relating to semiconductors in India and batteries in Canada, and are also working to expedite projects involving LNG floating storage and regasification units (FSRUs).

PROJECT HIGHLIGHT

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Financing for Acquisition of U.S. Company by House Foods Group Inc.

–Supporting the overseas M&A activities of Japanese companies–

JBIC signed a loan agreement with House Foods Holding USA Inc. (HFUSA), a U.S. subsidiary of House Foods Group Inc., to finance part of the funds required for HFUSA's acquisition of Keystone Natural Holdings, LLC (KNH), a U.S. company that manufactures and sells plant-based food products such as tofu and meat substitutes.

Through financial support for overseas M&A activities, JBIC contributes to maintaining and enhancing the international competitiveness of Japanese industry.

Plant-based food contributes to healthy eating and preventive healthcare, and also serves as a solution to the protein shortage issue caused by population growth. Therefore, it is expected to contribute toward solving environmental and food issues.
Products of KNH (photos provided by House Foods Group Inc.)

Financing for the Purchase of Spare Aircraft Engines by a Singapore-Based Engine Leasing Company

–Supporting aircraft engine leasing business involving Japanese company–

We concluded a loan agreement with Total Engine Asset Management Pte. Ltd. (TEAM), a Singapore-based company jointly funded by Marubeni Corporation and a Singapore Technologies Engineering Ltd, to finance the purchase of spare aircraft engines required for TEAM's aircraft engine leasing business.

This loan financially supports TEAM's efforts to secure a competitive edge and expand revenue opportunities by increasing the number of engines it owns and manages. In doing so, it contributes to maintaining and enhancing the international competitiveness of Japan's aircraft engine leasing industry.

A LEAP engines, one of the types of engines that TEAM has targeted for investment. (photo provided by TEAM)

Loan to ADVANTEC CO., LTD.'s Vietnamese Subsidiary for Manufacturing and Sales of Semiconductor Production Equipment Components

–Supporting supply chain strengthening efforts by Japanese companies in the semiconductor production equipment sector–

In cooperation with The Bank of Yokohama, Ltd., we provided ADVANTEC VIETNAM COMPANY LIMITED (AVC)., the Vietnamese subsidiary of ADVANTEC (headquartered in Chiyoda-ku, Tokyo), the financing required for AVC's business manufacturing and selling parts for semiconductor production equipment. The financing is aimed at supporting AVC's efforts to establish, as a manufacturing base for semiconductor production equipment parts, a backup system for existing plants, and at expanding sales channels to Japanese, U.S., and European companies operating in the ASEAN region.

We will support efforts to strengthen semiconductor supply chains, and contribute to maintaining and enhancing the international competitiveness of Japanese industry.

Vacuum equipment components used in semiconductor production equipment. (photo provided by ADVANTEC)

Details about these and other projects can be found here

- https://www.jbic.go.jp/en/information/press/machine-equipment.html
- https://www.jbic.go.jp/en/information/press/manufacture-services.html
- https://www.jbic.go.jp/en/information/press/smes.html
- https://www.jbic.go.jp/en/information/press/marine-aero.html