



Supporting Overseas Expansion of Mid-tier Enterprises and SMEs with Expertise Unique to JBIC

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Among various forms of support that JBIC provides to overseas business expansion of mid-tier enterprises and SMEs, JBIC provides loans, investment, and services through regional banks and credit unions. Regional financial institutions lay the foundations for regional companies by building solid relationships with the mid-tier enterprises and SMEs and supporting their businesses. Since the inception of a new JBIC in 2012, we have focused on and actively supported overseas business expansion of mid-tier enterprises and SMEs through diverse partnerships with regional financial institutions who are well-informed of regional businesses.

Financial support by combining expertise unique to each institution

Regional financial institutions play a major role for mid-tier enterprises and SMEs, but they cannot always respond to all the diverse needs that arise with their overseas expansion because they are mostly based in their region and do not necessarily have a sufficient organizational structure or system for operating overseas. JBIC, on the other hand, despite a relatively small number of transactions with mid-tier enterprises and SMEs, is familiar with international financial transactions and circumstances of developing countries. By combining partnerships with the regional financial institutions and JBIC's own financial schemes and various services, we can support the overseas expansion of mid-tier enterprises and SMEs, while providing the regional financial institutions with experience and know-how of overseas operations.

A typical example of JBIC's support based on such partnerships is the long-term financing in foreign currencies provided to mid-tier enterprises and SMEs establishing overseas bases. The loans are sometimes made through their parent companies in Japan (e.g., loan from parent company), but there are growing expectations for overseas subsidiaries to be financially independent, as well as needs for loans in local currencies to be provided directly to the local subsidiary to diversify methods of financing according to its business stage. The advantage of financing in local currencies is that it can mitigate currency risks through repayments in the local currencies

given that the incomes from overseas production and sales are often in local currencies.

In recent years, JBIC has become in a better position to procure major local currencies. As a result, there has been an increasing number of cases where JBIC provides loans in the local currency to overseas subsidiaries, while regional financial institutions that do not have overseas branches provide loans to the parent company (in Japanese yen or US dollars) – in other words, a form of support by making use of each one's expertise. Recently, JBIC has had some repetitive clients among mid-tier enterprises and SMEs that experienced support through this cooperation between regional financial institutions and JBIC.

Providing information through JBIC's overseas network

JBIC's support continues even after financing. For example, if political risks such as policy changes in the local government or political instability occur, or when trouble occurs in dealing with the authorities over local regulations, JBIC will help resolve issues by holding dialogues with the local government. When there is a necessity for expertise in law, taxes, and accounting in relation to the financed projects, mid-tier enterprises and SMEs can receive advice from accounting and law firms affiliated with JBIC for second opinions.

Furthermore, in order to follow the business conditions, production and sales of overseas subsidiaries after financing, members of the Finance Office for SMEs of JBIC regularly visit the site and

share with regional financial institutions their opinions and information heard at the local subsidiaries. In addition, we also hold seminars and consultation meetings for customers of regional financial institutions, study sessions for their employees, and provide guidebooks on the investment climate of each country.

Recently, Mexico has become increasingly popular as a destination for overseas expansion of mid-tier enterprises and SMEs, and therefore regional financial institutions have also shown a keen interest in the local situations of Mexico. Responding to this trend, JBIC signed memorandums of understanding (MOUs) between 2015 and 2016 with four Mexican state governments and local financial institutions with the aim of supporting mid-tier enterprises and SMEs expand into Mexico. Many regional financial institutions joined the support framework based on these MOUs.

In addition to explaining JBIC's support by having our members visit regional financial institutions who request consultation for individual projects, we also visit mid-tier enterprises and SMEs to ask the corporate managers their thoughts on expanding abroad. As overseas expansion is a major event affecting the future of the company, we feel it is extremely important to share the vision of corporate managers and stories of successful growth as a financial institution that supports mid-tier enterprises and SMEs together with regional financial institutions. We will continue to enhance our cooperation with regional financial institutions and use our unique strengths in order to help regional mid-tier enterprises and SMEs go forward with overseas expansion and feel reassured in the process.



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JBIC Today

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Special Feature

Japanese Mid-tier Enterprises and SMEs

~Entering New Stage of Global Business~

Our Global Challenges

CHARMANT INC. (Sabae City, Fukui Prefecture)

Vision that Took Local Company Into and Beyond Global Eyewear Industry

Benda Kogyo Co., Ltd. (Kure City, Hiroshima Prefecture)

Factory to Market – Growing Group Business by Expanding Overseas Marketing Channels

SPOT LIGHT

Supporting Overseas Expansion of Mid-tier Enterprises and SMEs with Expertise Unique to JBIC



JAPAN BANK FOR INTERNATIONAL COOPERATION

日本の力を、世界のために。

Supporting Your Global Challenges

Japanese Mid-tier Enterprises and SMEs

~Entering New Stage of Global Business~

Just a few years ago, the overseas investment for many of Japan's mid-tier enterprises and small and medium-sized enterprises (SMEs) meant following after major manufacturers that advanced into the world market. Recently, the reason, the type of business, the size, and the country of destination of such enterprises have been changing. Not only are the profit, knowledge and abilities obtained through overseas investment used for developing new sales channels, but also for management reform and corporate capacity enhancement. They have even started to contribute to local revitalization through deploying what they acquired overseas. Japan's mid-tier enterprises and SMEs are transforming, incorporating the achievements of overseas businesses, and their overseas business is entering a new stage.

Interview with expert in SME finance,
Executive Officer for West Japan

Current Business Climate and New Trends of Overseas Investment by Japanese SMEs

Japan underpinned by global inflation

Japan's trade balance, which had continued to be in surplus since the beginning of the 1980s, has been in the red ever since it suddenly fell into a deficit in 2011. On the other hand, the balance of income which consists of foreign dividends and interest has surpassed the trade balance, resulting in a surplus in the current balance. Sources of such income are foreign direct investments and security investments. The balance of foreign

direct investment in particular has grown steadily since 2000, and amongst all, direct investment for China and the ASEAN region has reached a considerable level. Moreover, since 2005, Japanese companies have had ordinary profit rates exceeding the sales operating profit rates. This explains the phenomenon in which dividends and interest that Japanese companies earned overseas have begun to flow back to Japan.

Looking at the transition of the GDP growth rate, we can see that the growth has become "slow" in developed countries and

"rapid" in emerging countries since 2000. According to the IMF World Economic Outlook, this trend is expected to continue (forecast for 2021 GDP rate of increase (against 2015) are 1.36-fold for Japan and 1.27-fold for the US, while 1.56-fold for ASEAN region, 1.64-fold for China, and 1.75-fold for India). Meanwhile, the domestic economy of Japan has remained lethargic with not only the declining population but also stagnant workforce productivity since the 1990s.

This string of such phenomena indi-

cates that Japanese companies have been establishing plants and actively manufacturing and selling abroad, seeking opportunities in emerging countries which continue to grow, unlike Japan, which offers little hope of market growth due to recession, decreasing population, and stagnant labor productivity among other factors.

Mid-tier enterprises and SMEs further enhancing capabilities through overseas business

Many of Japanese mid-tier enterprises and SMEs have enlarged their businesses after advancing into the overseas market by capturing new markets and sales channels. A majority of their overseas investment began by tagging along end product manufacturers, as well as tier 1 and 2 companies, until recently. As they built up a wide array of experiences on-site, some have attained skills and abilities that they did not own before.

According to the 2016 *White Paper on Small and Medium Enterprises in Japan*, as effects of direct investment in production bases, companies which developed new markets and customers, and the ones which enhanced their planning abilities were 34.9% and 18.7%, respectively (see Figure 1). Additionally, as effects of direct investment in sales and service bases, the companies which suggested two above-mentioned outcomes were 55.5% and 25.8%, respectively (see Figure 2). We can see that they build relationships with non-Keiretsu and foreign companies, as well as companies from different trade, and capture new overseas business opportunities, or enhance their operational, sales, and planning abilities by collecting information of the foreign markets.

Furthermore, it is indicated that companies which have conducted direct investments have higher labor productivity than those which have not (Figure 3 on next page). Also when we look at the changes in the number of

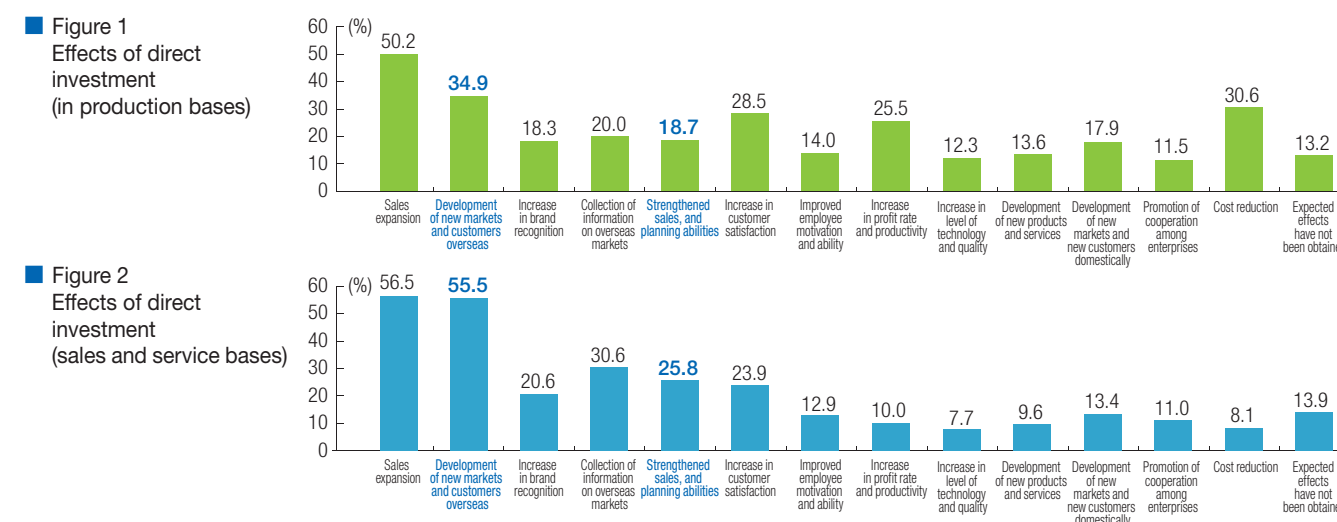
domestic workers, we can see that amongst the companies which have conducted direct investments, there are more companies which increased the number of employees than those which decreased it (see Figure 4 on next page).

Through overseas businesses, it has been proven that mid-tier enterprises and SMEs have begun to see the positive results in their businesses, such as expanded sales channels, while increasing their abilities as a by-product.

Diversification of overseas investment by industry, scale, and destination

As Japanese companies increase their active efforts in overseas businesses, mid-tier enterprises and SMEs are also becoming more familiar with the foreign business. Looking at the "Change in the number of enterprises conducting direct investment by enterprise

Some Japanese companies have attained new capabilities through various experiences in the overseas market



Source: Teikoku Databank, Ltd, Questionnaire on Small and Medium Enterprises' Growth and Investment Activities (December 2015), commissioned by the SME Agency.
Notes: 1. Categories respectively aggregate results for companies investing in export, conducting direct investment in production or sales/service bases, or investing in responses to inbound tourism.
2. Total does not always equal 100% as multiple responses were possible.

size and industry category” (Figure 5, p5), the number of firms in non-manufacturing industries, such as wholesale and retail, is increasing. As mentioned above, the income level is rising in emerging countries, and the middle and wealthy classes are growing. Taking advantage of such trend, not only manufacturers but also small and medium-sized wholesalers and retailers are actively promoting their businesses overseas aiming to develop peripheral industries and local consumption market.

Each year, we see a rising trend of SMEs

owning overseas subsidiaries, similarly to major companies, and it is particularly noticeable among small and medium-sized manufacturers. Overseas investment had a high hurdle for SMEs which had limited management resources back then, but the hurdle has been lowered enough to jump into the overseas business with a proper motivation.

Destinations are diversifying as well. In the 2000s, there was a strong inclination to shift to China, but in the 2010s, the trend of diversifying to other emerging countries has become stronger. We can also see from

“FY2016 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies,” an annual survey conducted by JBIC, that SMEs are shifting away from the rigid focus on China and spreading across the ASEAN region. Along with the fact that political and economic situations are becoming stable in the ASEAN region, this indicates that the ASEAN countries have been successful in attracting investments, and Japanese mid-tier enterprises and SMEs are in turn selecting the countries suitable for their own overseas business strategies.

Bringing management reform to parent company through globalization

Overseas businesses provide chances for Japanese mid-tier enterprises and SMEs to bring about management reforms.

We often have the chance to hear from the presidents of our clients the self-evaluation of their overseas businesses, and some of them say: “we were able to develop overseas human resources (both Japanese and local staff).” More specifically, “our general manager and manager became more resilient after being in charge of the management of the new plants,” and “locally-hired management staff took the leading role when setting up plants in other countries.”

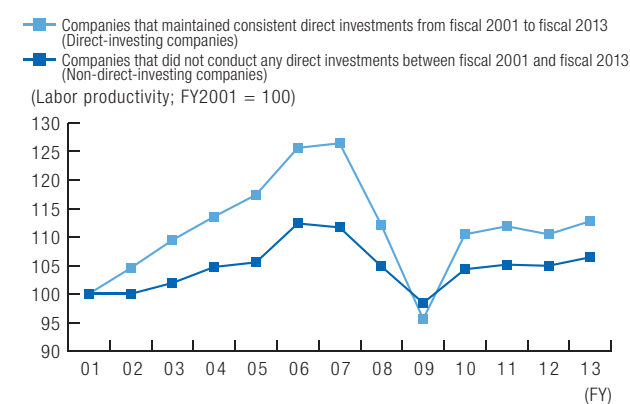
Developing global human resources is one of the key management tasks for Japanese companies in present days. It is more urgently so for the mid-tier enterprises and SMEs which do not necessarily have a sufficient workforce, tangible assets, and financial resources. But when we hear that those companies have had positive effect on their staff, these stories give us motivation, because this may become one of the typical measures to mend the issues of developing global-minded workforce.

This is indeed the globalization. Returning the earnings profited abroad is

just one aspect. Rather various initiatives undertaken overseas may eventually resolve management challenges of their parent companies in Japan, or lead to management reforms. In the above case, the parent company would have to appropriately utilize the human resources, including promotion to the management team. The global management has also become important, even among mid-tier enterprises and SMEs. Through global business, mid-tier enterprises and SMEs will not only resolve their issues, but possibly build new strengths.

Companies making direct investments show higher labor productivity

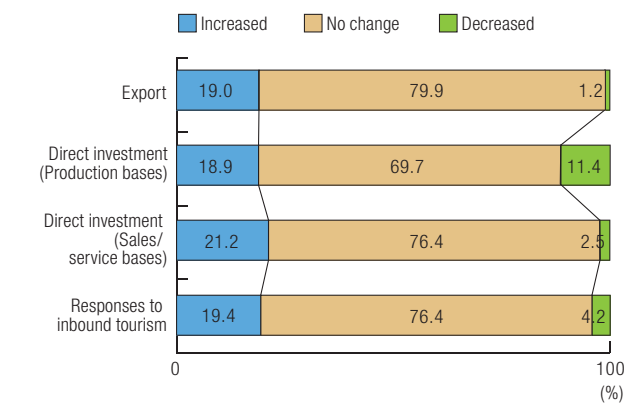
Figure 3 Labor productivity for direct-investing and non-direct-investing companies



Source: Recompiled from METI, *Basic Survey of Japanese Business Structure and Activities*.
N.B.: 1. Aggregates results for SMEs only.
2. Labor productivity calculated as value added domestically divided by number of domestic employees.
3. Aggregates results for companies responding to the survey every fiscal year from fiscal 2001 to fiscal 2013.

Uncommon to reduce the number of employees in Japan after overseas investment

Figure 4 Changes in number of domestic workers with investment in overseas expansion (by type of investment)



Source: Teikoku Databank, Ltd., *Questionnaire on Small and Medium Enterprises' Growth and Investment Activities* (December 2015), commissioned by the SME Agency.
Note: Categories respectively aggregate results for companies investing in export, conducting direct investment in production or sales/service bases, or investing in responses to inbound tourism.

Using overseas investment as opportunities for firm-level upgrading or regional revitalization

Each of the mid-tier enterprises and SMEs has its own strengths. These strengths don't always have to be the most cutting-edge technologies or technologically competitive in the relevant industry. The experience and know-how that are taken for granted in Japan could be taken as unparalleled assets abroad. These include the ability of process management for delivering products without any delay, and the ability to create products from prototyping to delivering products. Utilizing such assets – experience, know-how, and technologies – in the overseas market can provide those companies with the chance to further enhance their

strengths. In other words, the overseas investment provides mid-tier enterprises and SMEs with the opportunity for improvement.

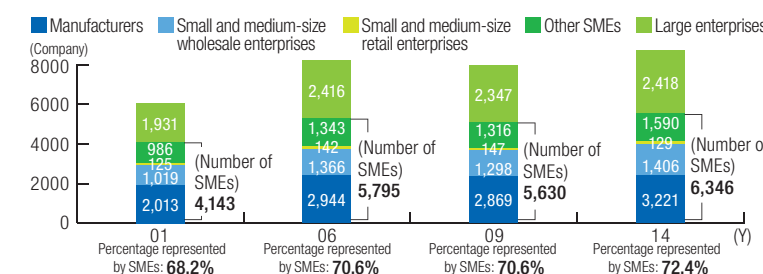
There are cases where companies *re-import* the outcomes achieved in overseas businesses to their parent company in Japan. For example, the Japanese market has a custom of doing business within their business grouping (Keiretsu), making inter-group business difficult. Nevertheless, there are not a few companies that started business with a different group in Japan after developing on inter-group business starting in the overseas market. The key is to upgrade the whole group of companies, and

to deliver back the achievements to their local community. When such flow is achieved, it will lead them to stimulate regional revitalization, by bringing benefit to local traders and craftsmen, by promoting application of the company's core technologies to other business areas, and by developing new sales channels and other innovations.

Our role as JBIC is to focus on and support mid-tier enterprises and SMEs that undertake effective overseas investment. At the same time, JBIC takes into account of spill-over effects of their globalization on their domestic business in Japan and regional economies.

More non-manufacturers are making direct investments

Figure 5 Changes in the number of enterprises conducting direct investment (by enterprise size and industry category)



Sources: Recompiled from MIC, *Establishment and Enterprise Census, 2009 and 2014 Economic Census for Business Frame*.
Notes: 1 "Enterprises conducting direct investments" here refers to enterprises that have an overseas subsidiary (A company of which the parent company holds more than 50% of voting rights; this includes cases in which either the subsidiary or the parent company and the parent company combined hold more than 50% of voting rights, and subsidiaries that appear on the parent company's consolidated financial statements, even if the parent company holds less than 50% of voting rights), but not including small offices/home offices.
2 "Large enterprises" here refers to any enterprise other than an SME as defined by the Small and Medium-sized Enterprise Basic Act.

Examples of business expansion by companies supported by JBIC

On the following pages, we present two of the mid-tier enterprises and SMEs whose overseas expansions were supported by JBIC, and have captured overseas demand to grow their businesses, while also contributing to local revitalization in Japan. These examples of success stories provide the evidence that advancing into the overseas market opens up new possibilities for a great leap forward.

Example 1 CHARMANT INC. (Sabae City, Fukui Prefecture)

CHARMANT Group is one of the leading Japanese eyewear companies which develop, design, manufacture and sell eyeglass frames and sunglasses. The company began their overseas production in the 1990s, and now owns a plant in China. With direct sales to 12 countries, including the US, Germany, France, Italy, China, Hong Kong, and Dubai, and sales through their agents to more than 100 countries across the world, CHARMANT is growing into a multinational company. Moreover, they apply the innovative technologies of titanium treatment gained through R&D and manufacturing of frames to another industry in Japan, and have started new trade, manufacturing and sales of the advanced medical instruments business.



»P6

Example 2 Benda Kogyo Co., Ltd. (Kure City, Hiroshima Prefecture)

Benda Kogyo designs, manufactures, and sells metal ring products, and maintains its world-top share of the auto engine ring gears market with its unique technical skills, called "Benda Method." After setting up a production plant in South Korea in 1986, and while promoting globalization through business development in China and Thailand, the company tried developing a new local sales network and succeeded in starting business with Western finished-car manufacturers and primary suppliers.



Meanwhile, in 2016, Benda Kogyo set up a new plant in Japan in order to strengthen the domestic production and technology base, and is developing new products, such as ultra-small diameter rings.

»P8



Our Global Challenges | CHARMANT INC. (Sabae City, Fukui Prefecture)

Vision that Took Local Company Into and Beyond Global Eyewear Industry

— Creating medical innovation out of local eyeglass frame manufacturer

The CHARMANT Group's modest beginnings can be traced back to 1956, when it started as one of Sabae City's eyeglass frame parts manufacturers. The company gradually evolved into a fully-fledged frame manufacturer by insourcing all the necessary parts production and surface processing in order to make finished products. Growth continued with the creation of their own sales company, entry into the international market, and commencement of overseas production, turning it into a global business with a 70% overseas sales ratio. Their unique innovations in titanium processing have recently created light-weight "Line Art" frames, solidifying their status as a premium brand. Now applying this technology to develop medical instruments, one can say that the last half century has been a history of continuous self-challenge for CHARMANT.



Clear vision to deliver premium eyewear across the globe

CHARMANT first made its inroads into the global arena in 1980 by exporting to southeast Asia. Mr. Horikawa, the founder and chairman of the company, explains this motive that "it was my insatiable curiosity that made me want to try delivering our high-end eyewear to people across the world."

The first two countries were Singapore and Thailand, where they aimed to secure the sales networks by the one-country-one-agent system. Then they immediately saw success, which can be explained with two facts. First, frames imported from Europe did not fit the people of southeast Asia, but the frames made

for Japanese fit them without any adjustments. Secondly, while metal frames would easily rust in the southeast Asian environment which is even more humid than Japan, the Japanese plated frames did not. Thanks to the Singaporean agent who also had branches in Indonesia and Malaysia, CHARMANT expanded to four Asian countries in a single swoop.

Ensuring product supply by establishing production bases overseas

In 1982, two years after their big success in Asia, the company started to make moves to expand into the US market, but this time they struggled desperately to find companies

who would be their agents. "The design and size made for Japanese and Asians were not well received in the US. At my wits' end, I asked a Korean friend for his advice. He said we should set up our own sales company, and I thought, 'well, indeed.' We soon started to search for local partners, and by pure chance I found out that my friend from university managed a small trading company in Denver, Colorado. I talked to him about my dream and convinced him to be the president of our first sales company in the US, which we set up in New York. We sent two young employees — one in charge of management and the other of design — and they started with just three people." (Mr. Horikawa)

After their persistent efforts in sales, CHARMANT eyewear's finest quality was



finally recognized, and the sales steadily increased. With the confidence after successes in both Asia and the US, the company expanded to Germany, France, Great Britain, and Italy from 1987 onwards. They continued to explore the European market by sending to each branch a management expert who gained experience in the American market. Today, CHARMANT sells their products to a total of over 100 countries across the globe through agents, as well as by direct sales through local subsidiaries in 12 countries.

Next, CHARMANT rolled up their sleeves to build production bases overseas in order to ensure that products are delivered to the world market. After establishing a subsidiary in Hong Kong in 1991, they began their production in China (Dongguan in Guangdong province and Xiamen in Fujian province). By designating the Chinese factories for products targeting the "volume zone" and the headquarters for premium products, CHARMANT has achieved the optimum production level and stable supply system.

Venturing into the medical business and revitalizing local economy

In 2012, CHARMANT embarked on a brand new challenge. Using the state-of-the-art precision processing technologies developed through R&D and production of high-end eyewear, such as "LineArt", they began manufacturing and selling cutting-edge medical instruments, which were mainly titanium products. These products are made

with four different materials — high-hardness special steel for the blade edges of surgical scissors and titanium alloy springs for the handles. The materials are processed with CHARMANT's unique laser micro welding technology, achieving the sharpness of the blades as well as the lightness of the scissors. First starting from ophthalmic instruments, the scope of products has been expanding to instruments for neuro and vascular surgeries. "Our company's know-how has been refined to meet the world's diverse needs and designs for the eyewear. This gives us the perspective of users and flexible ideas beyond the conventions of the medical instrument industry. Our unremitting efforts for originality and ingenuity to meet the needs of doctors have produced revolutionary medical instruments. I believe that companies that own unique technologies should take the leading roles and constantly venture into new fields without fear of setbacks."

Today, CHARMANT combines technologies of eyeglass frame manufacturing with superior craftsmanship of Sabae — digital and analog — to lead Sabae's innovation to become a new production base of world-class medical instruments, and also to contribute to local revitalization. With conviction, Mr. Horikawa states that "although we haven't made huge steps yet, our medical business will be without a doubt successful in a few years. I believe Sabae will be the production center of the world's medical instruments. Prime Minister Abe visited us in April 2015, because companies like us are expected to take the lead in supporting the development of rural areas, to realize the 'Local Abenomics.'"



Kaoru Horikawa
Chairman of CHARMANT INC.



Company Profile

Name	CHARMANT INC.
Established	1968
Capital	617 million yen (as of December 2015)
Representatives	Chairman: Kaoru Horikawa President: Masao Miyachi
Business	Development, production and distribution of optical frames, sunglasses and surgical instruments (ophthalmic / neurosurgery)
Headquarters	6-1, Kawasaki-cho, Sabae-city, Fukui Prefecture
Factories	Sabae, Japan Dong Guan City, Guangdong Province, China Xiamen City, Fujian Province, China
Design studios	Tokyo, Fukui, Milan, Paris, New York, Hong Kong
Group companies	US, Germany, France, UK, Hong Kong, and China

Relationship with JBIC

Since 1993, when still known as the Export-Import Bank of Japan, JBIC has supported CHARMANT INC. with the establishment of overseas branches and enhancement of production facilities for overseas expansion. All of the financial support was cofinanced with regional banks in the Hokuriku region, where CHARMANT headquarters is located.



Our Global Challenges | Benda Kogyo Co., Ltd. (Kure City, Hiroshima Prefecture)

Factory to Market – Growing Group Business by Expanding Overseas Marketing Channels

– Transforming into a global tier 1 technology development company

The history of Benda Kogyo Co., Ltd. began in 1964 from what became its name – bending steel. Creating a groundbreaking method for bending steel pipes without heat, they developed their unique cold-forming technologies and equipment – the “Benda Method”. After acquiring patents in nine countries, Benda Kogyo entered the automobile parts industry in 1975, bringing a major change in their business. Under “Quality is Vital” – their etched in stone corporate philosophy they retain their thorough commitment to quality even when expanding overseas. Such commitment, coupled with the high acclaim earned by Benda Method at home and abroad and the company’s unbending determination to meet customer needs, has led the discovery of new market opportunities and the continuous development of products by Benda Kogyo.



Delivering top-class quality to the world with determination to succeed abroad

“Benda Kogyo Group has faced a lot of challenges throughout our history. Yet we confronted and overcame all of these crises and obstacles.” As President Mr. Yashiro states, there is a symbolic episode behind the overseas expansion that led the company to success.

Mr. Kazuyoshi Yashiro, the grandfather of the current president and the founder of Benda Kogyo, built the company’s first overseas branch in South Korea in 1986, despite strong opposition from others in Benda leadership. The purpose behind this expansion was to seek a low-cost but good-quality labor force amid a serious lack of the same and an

increased cost of labor in Japan. However, it was not uncommon at the time for Japanese companies to collapse after expanding to South Korea. As feared, they continued to see losses, and all of the other executives suggested withdrawing from the country, fearing that it would jeopardize their business in Japan. But Mr. Kazuyoshi Yashiro had a greater fear that their business will eventually come to an end if they continued solely with domestic production. This sense of crisis, as well as his strong desire to contribute to the world with Benda Kogyo’s technologies, finally brought forth results. “In the mid-1990s, we suddenly saw a rapid yen appreciation, turning the situation around to favor overseas procurement of automotive parts. We gradually managed to receive orders not only from Japanese but also Korean and Western car manufacturers. Japanese cars have been

known to have the best quality in the world. The fact that our auto parts were well recognized as such in the Japanese car industry gave us a good reputation, and our products began to be used” says Mr. Yashiro.

Capturing local sales channels by local production

Benda Kogyo took proactive steps for new businesses as well. One of them, in 2000, was securing QS-9000, a quality standard developed jointly by the “Big Three” American automakers. Then in 2003, after forming a technical alliance with Magna Powertrain Inc. a leading global automotive parts supplier in Canada, Benda Kogyo established the Benda R&D Center and became engaged in product design, attaining

the functions of a tier 1 supplier which develops and designs parts. They began to manufacture not only ring gears, their flagship product (a component which transmits the rotation of starter and initiates the engine), but also drive plate assemblies (a component which transmits the drive force of crankshaft to torque converter).

At the same time, Benda Kogyo also set up production plants in China, first in Qingdao in 1995, then in Yancheng in 2007. They faced obstacles and difficulties along the way, such as the Asian financial crisis (1997) and the Lehman’s fall (2008), but the Benda Kogyo Group overcame each of them and accomplished steady growth.

In 2013, marking new global expansion, the company established the group’s next strategic production plant, Benda (Thailand) Co., Ltd. in Thailand. Mr. Yashiro says that “contrary to the overseas plants mainly built for supplying clients in the Japanese market, the Thai plant was built to both manufacture and sell locally to clients in southeast Asia. We will pour in even more effort into marketing to firmly establish our sales network in the ASEAN region.”

“One Benda Project” Towards United Benda Group

As part of the 50th anniversary of the founding, in 2014 Benda Kogyo developed its first medium-term business plan (2015-2017), creating the “One Benda Project” aimed at unifying the group businesses to realize a united



Benda (Thailand) Co., Ltd.



The corporate philosophy “Quality is Vital” etched in stone.

BENDA Group in 3 years. One of the plans is to increase their share in the global market by moving on from a business focused on single-products, such as ring gears, and placing more weight on drive plates or assembled components and to reach the vision for their future: becoming a global tier 1 technology development company. In August 2016, the construction of their new plant in Kurose was completed, enhancing their domestic production capabilities. The plant will give further polish to the advanced technology and quality which are the sources of Benda Kogyo’s competitiveness. It will also assist in passing on the technologies across Japan, while enhancing the domestic production market share.

Ever since their founder made the firm decision to advance into South Korea, Benda Kogyo has been rapidly capturing new sales from new markets and expanding their businesses. Reflecting on its history, the current President says, “Driven by the excellent reception overseas, our orientational focus for this business shifted, ‘from factory to the market,’ and our overseas sales now substantially exceed our domestic sales as a result. It goes without saying that BENDA Group would not have grown without pursuing the overseas market.”



Kazunari Yashiro
President of Benda Kogyo Co., Ltd.

Company Profile	
Name	Benda Kogyo Co., Ltd.
Established	1964
Capital	58.5 million yen
President	Kazunari Yashiro
Business lines	Manufacturing of powertrain ring gear, drive plate assembly, flywheel assembly, and various ring products; manufacturing of cold and hot-rolled steel bars and coils
Headquarters address	1-16-20 Konigata, Kawajiri-cho, Kure-shi, Hiroshima Prefecture
Plants in Japan	Headquarters and Kurose
Overseas production plants	South Korea, China, and Thailand

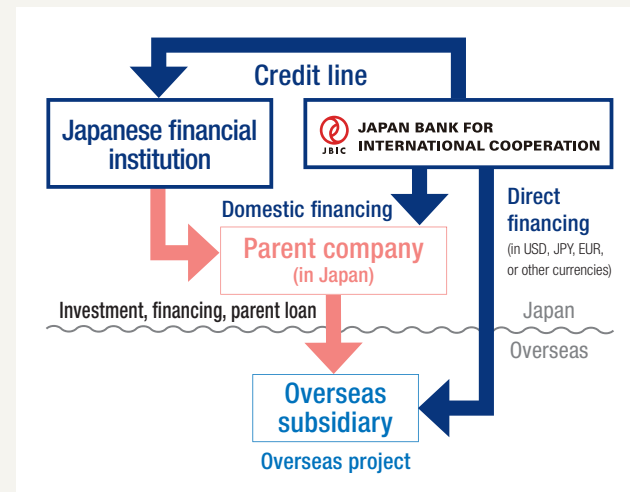
Relationship with JBIC

In December 2013, JBIC signed a loan agreement amounting to 50 million Thai baht (JBIC portion) with Benda (Thailand) Co., Ltd. (BTC), a Thai subsidiary of Benda Kogyo Co., Ltd. The loan was co-financed with private financial institutions, and intended to finance, in local currency, the creation of an automobile parts (such as metal ring gears) manufacturing plant of BTC located in Rayong Province in the central region of Thailand.

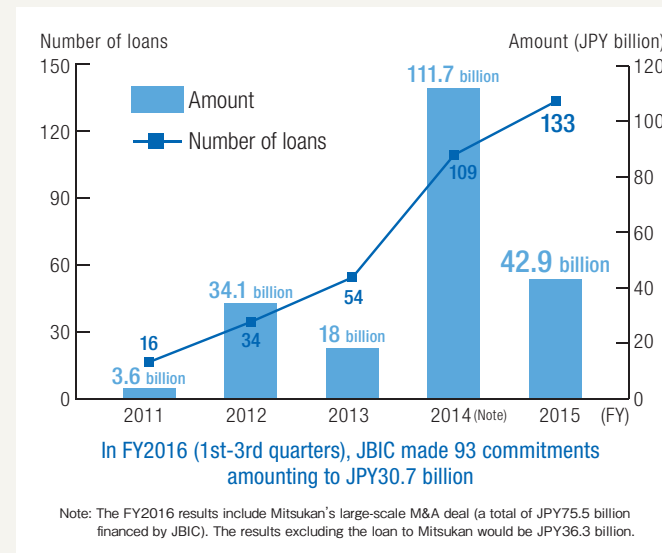
JBIC's Support and Scheme for Mid-tier Enterprises and SMEs

JBIC continues to strengthen its partnership with private financial institutions and regional banks abroad in order to respond to diversifying needs of overseas businesses of mid-tier enterprises and small and medium-sized enterprises (SMEs). JBIC's support is provided through co-financing with regional financial institutions, among others, and in local currencies, as well as through facilities (credit lines) set up at private financial institutions and leasing companies. In addition to such financial support, JBIC provides information on the overseas investment climate.

■ An example of JBIC's mid-tier enterprises and SMEs support scheme



■ Past loans committed to mid-tier enterprises and SMEs



Okayama	Marugo Rubber Industries, Ltd.	Indonesia	Auto rubber parts
	Uchiyama Manufacturing Corp.	Vietnam	Auto parts
Hiroshima	KAIHARA CORPORATION	Thailand	Denim fabric
	Bankoku Needle Mfg. Co., Ltd.	Thailand	Needles for handicrafts, etc.
	Benda Kogyo Co., Ltd.	Thailand	Auto parts
Credit line for The Hiroshima Bank, Ltd.			

Miyazaki	Nichiwa Co., Ltd.	China	Auto parts
Saga	Fuji Concrete Industry Co., Ltd.	India	Concrete products



Manufacturing and sales of concrete products in India by Toyota Kohki Co., Ltd. (Tokyo) and Fuji Concrete Industry Co., Ltd. (Saga)



Brewing and sales of soy sauce in Thailand by Yamamori Inc. (Mie)



Manufacturing and sales of fishing tackle in the Philippines by MARUYONE CO., LTD. (Osaka)



Manufacturing and sales of electronic parts in the Philippines by Goto Denshi Co., Ltd. (Yamagata)



Production and sales of hygiene and cleaning products in China by Haso Ltd. (Tokyo)



Production and sales of health and hygiene products in Thailand by Saraya Co., Ltd. (Osaka)



Production and sales of labels in Vietnam by NAKAGAWA MFG. CO., LTD. (Saitama)

Note: Description of each deal (from left to right): location of the headquarters; company name; country of destination; and products/business

Fukushima	Asahi Tsushin Co., Ltd.	Indonesia	Wire harnesses
Yamagata	Goto Denshi Co., Ltd.	The Philippines	Electronic parts
Aichi	Yamako Co., Ltd.	China	Refrigerating, processing and sales of <i>nori</i>
	Nagoyashokuryo Co., Ltd.	Thailand	Rice products
Ishikawa	Tamada Industries, Inc.	Vietnam	Underground petroleum storage tanks
Gifu	Higuchi Manufacturing Co., Ltd.	Mexico	Auto parts
	SUZUKI EIKODO CO., LTD.	Vietnam	Candies
Shizuoka	Facelabo Co., Ltd.	Thailand	Health food and supplements
Toyama	ATSUMI FASHION CO., LTD.	Myanmar	Clothing
Nagano	Hayashi Techno Co., Ltd.	China	Plastic magnets
	KOYAMA Co., Ltd.	Thailand	Castings
Fukui	JAPAN A.M.C. LTD	Thailand	Fittings for construction machinery and automobiles
	CHARMANT INC.	China and others	Eyeglass frames
Credit line for THE SHIZUOKA BANK, LTD.			
Credit line for The Hachijuni Bank, Ltd.			
Credit line for The Hokuriku Bank, Ltd.			

Tokyo	Lacto Japan Co., Ltd.	Thailand	Dairy products (processing and sales business)
	Haso Ltd.	China	Hygiene and cleaning products
	Toyota Kohki Co., Ltd.	India	Moulds for precast Concrete products
Saitama	Nakagawa Mfg. CO., LTD.	Vietnam	Labels
Kanagawa	SUN ACE CORPORATION	Brazil	Polyvinyl Chloride Stabilizer
	Toei Chemical Industry co., Ltd	The Philippines	Industrial rubber products
Gunma	SUN ENGINEERING Co., Ltd	Thailand	Mechanical equipment (assembly and installation)
Credit line for The Joyo Bank, Ltd.			
Credit line for The Chiba Bank, Ltd.			
Credit line for The Bank of Yokohama, Ltd.			

Osaka	Saraya Co., Ltd.	Thailand	Health and hygiene products
	MARUYONE CO., LTD.	The Philippines	Fishing tackle
	TAIKI Corporation, Ltd.	Cambodia	Cosmetics related products
	Nagaoka Co., Ltd.	China	Fragrances and food flavors
Kyoto	Tiger Corporation.	Vietnam	Stainless bottles
	NAXIS CO., LTD.	Vietnam	Secondary materials for apparels
Shiga	GOHSYU CORPORATION	Mexico	Forged auto parts
Nara	GMB CORPORATION	China	Auto parts and components
Hyogo	BOLTZ Co., Ltd	Indonesia	Automobile and motorcycle fastenings
	DAI-ICHI DENSHI SANGYO CO., LTD.	Laos	Various electronic parts
Mie	Yamamori Inc.	Thailand	Soy sauce (brewing and sales)
	Topia CO., LTD.	China	Auto parts
Credit line for The Senshu Ikeda Bank, Ltd.			
Credit line for THE SHIGA BANK, LTD.			

Chugoku region

Chubu region

Kanto region

Kansai region

Shikoku region

Kyushu region

Tokushima	MARUHISA Japan CO., LTD	Bangladesh	Clothing
Ehime	SAKURAI CO., LTD.	Vietnam	Clothing
Credit line for The Hyakujushi Bank, Ltd			