



## Aiming to provide JBIC's unique support to Japanese mid-tier enterprises and SMEs with plans to expand business overseas

Industry Finance Group  
Executive Officer for West Japan

**Hidetou Usuyama**



Industry Finance Group  
Finance Office for SMEs  
Director General

**Toshiyuki Suzuki**

In July 2017, Hidetou Usuyama was appointed as Executive Officer and Executive Officer for West Japan and Toshiyuki Suzuki was appointed as Director General of Finance Office for SMEs. They were both involved in supporting Japanese mid-tier enterprises and SMEs in their years as young and mid-career employees. They talk about their aspirations for JBIC's future support. Under the new management team, JBIC will support Japanese mid-tier enterprises and SMEs which wish to expand to foreign countries.

► **Usuyama** I have come back to the West Japan Office as Executive Officer, where I used to work as a staff member 21 years ago. Back then, I worked with Director General Suzuki and we worked very hard.

► **Suzuki** We had a strict mentor, didn't we? (Laughter)

► **Usuyama** I have been visiting as many companies, financial institutions, and economic organizations as possible since I was assigned and have gathered their opinions, including various management problems and their needs for JBIC. Japanese mid-tier enterprises and SMEs expressed their needs of investment information on emerging countries, which have grown much more diverse over the last 21 years. At the same time, I found out that many mid-tier enterprises and SMEs face the same business challenges, such as how to cope with the major structural changes of the global market and their business succession in Japan. I wish to help them to address such business challenges not only by providing our financial support, but also by making the best use of our information, knowledge and overseas networks. I am determined to tackle such business challenges with mid-tier enterprises and SMEs and grow hand in hand with them.

► **Suzuki** I have also been very busy visiting mid-tier enterprises and SMEs across Japan since I was assigned. I even visited their overseas offices in countries where many of them have already started business, such as Thailand

and Indonesia. Besides being very energetic, many mid-tier enterprise and SME owners have their own unique philosophies. I found there is much to learn by visiting those business owners and talking directly with them. Some ten years ago, I worked in the West Japan Office and helped mid-tier enterprises and SMEs to expand their business overseas. Since those days, I feel that, regardless of business area or enterprise size, more Japanese companies have been continuing to shift their focus to expanding business overseas because of their corporate strategies aimed at benefitting from the growth of emerging countries.

► **Usuyama** One of JBIC's strengths is the ability to support mid-tier enterprises and SMEs in entering into overseas markets by offering long-term foreign currency denominated loans. Especially in recent years, there has been increasing demand for borrowings in local currencies, such as Thai baht and Indian rupee in addition to the U.S. dollar and euro. Under such circumstances, we have gradually been increasing our experience in providing financing in local currencies. On the other hand, some mid-tier enterprises and SMEs are not yet aware that they can utilize our financial support. One of our challenges is to make JBIC's presence and financing support services widely known among those mid-tier enterprises and SMEs.

► **Suzuki** I totally agree with you on that point. I would like to identify the potential

needs of mid-tier enterprises and SMEs through our efforts to improve their awareness of JBIC's financial products and services, while strengthening cooperation with regional financial institutions which have established close relations with them. At the same time, I strongly feel we need to actively communicate JBIC's support for mid-tier enterprises and SMEs to the public by obtaining their understanding of our public relations (PR) activity. This PR activity will not only help to make JBIC's financial support for mid-tier enterprises and SMEs more widely known to the public, but also to show more people about how vigorous mid-tier enterprises and SMEs are in foraying into overseas markets.

► **Usuyama** In the West Japan Office, I will make various efforts to support Japanese mid-tier enterprises and SMEs in starting their business overseas by capitalizing on our flexibility in meeting their wide range of financing needs. I would like to provide our financing support in a more creative and innovative way, such as by developing new financing schemes where necessary to proactively address their financing needs or providing business matching services. If those efforts are implemented, I will give feedback of the results to the Head Office.

► **Usuyama and Suzuki** We, in collaboration with regional financial institutions, will make our best efforts to support Japanese mid-tier enterprises and SMEs in expanding their business overseas with a sense of security.

国際協力銀行の広報誌  
JBICToday

Special Issue

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# JBIC Today

Japan Bank for International Cooperation

Our Global Challenges

Special Issue

## Supporting the Overseas Expansion of Japanese Mid-tier Enterprises and SMEs



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INTERNATIONAL COOPERATION**

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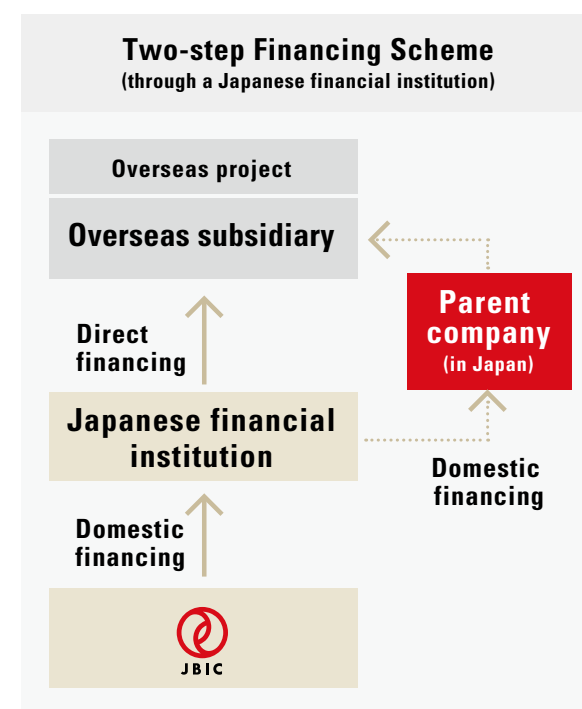
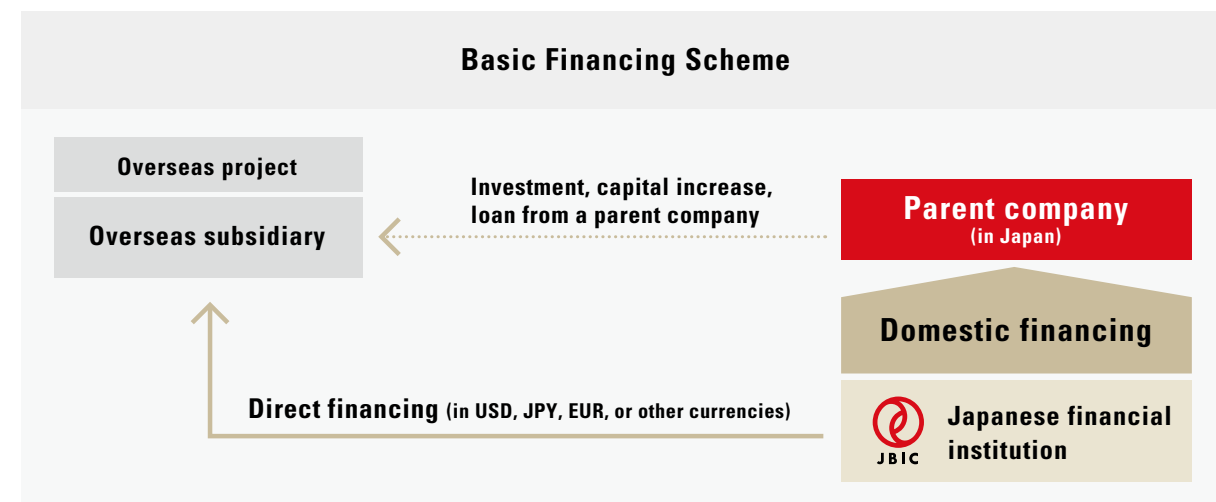
日本の力を、世界のために。  
Supporting Your Global Challenges



# JBIC's Financial Support for Japanese Mid-tier Enterprises and SMEs with Diverse Financing Needs

## JBIC's financial support schemes for Japanese mid-tier enterprises and SMEs

JBIC offers the following financial support schemes to respond to the diverse financing needs of Japanese mid-tier enterprises and small and medium-sized enterprises (SMEs) by strengthening the alliance with Japanese private-sector financial institutions and local banks in countries or regions where those Japanese companies plan to start a business.



## Promoting alliance between local financial institutions in developing countries and Japanese regional financial institutions

01.

### Establishing Japan Desk and organizing follow-up seminars

JBIC signed memoranda of understanding (MOUs) for business cooperation with local banks in the countries of Asia as well as local banks and state governments of Mexico with an aim to establishing a specialized contact point for Japanese enterprises ("Japan Desk") in those local banks which provides a wide range of financial products, services and consultancy for Japanese mid-tier enterprises and SMEs when they arrange financing outside Japan. Under the MOUs, those local banks and state governments have established and expanded their Japan Desks to assist Japanese overseas subsidiaries in coordinating financing for their business by providing them with financial services such as account opening, foreign exchange and remittance transactions. This has eventually resulted in creating new business between those local banks and Japanese overseas subsidiaries. In addition, JBIC organizes follow-up seminars on a regular basis inviting staff members from Japanese regional financial institutions and the Japan Desks of foreign local banks, which have signed MOUs with JBIC for business cooperation. The purpose of these follow-up seminars is to deepen mutual understanding of business partnership between those local banks and Japanese regional financial institutions through the discussions of issues and challenges faced by the Japan Desks of those local banks, including the dispatch of trainees, and the shape of their business alliance.

#### Recent follow-up seminars

- Second follow-up meeting and seminar with Kasikornbank (May 2016 in Tokyo)
- Second follow-up meeting and seminar with Metropolitan Bank (July 2016 in Tokyo and Osaka)
- First follow-up meeting and seminar with Mexican state governments and bank (November 2016 in Tokyo and Osaka)
- First follow-up meeting and seminar with BDO Unibank (February 2017 in Manila)



Second follow-up meeting and seminar with Metropolitan Bank (July 2016 in Tokyo)



First follow-up meeting and seminar with BDO Unibank (February 2017 in Manila)

02.

### Providing overseas investment information

JBIC provides Japanese mid-tier enterprises and SMEs with overseas investment information, such as by organizing consultation sessions and investment seminars across Japan.

#### Overseas investment seminars

- JBIC holds overseas investment seminars across Japan to provide information about the current state of overseas expansion by Japanese companies which is gathered through the JBIC's survey on overseas investments by Japanese companies
- JBIC also organizes investment seminars focusing on investments in promising emerging countries such as India, China, Indonesia, Vietnam and Thailand.

#### Advisory services on overseas investments

JBIC provides advisory services to projects which JBIC has financed by external professionals at the early stage of the project development process, covering the following fields, in the following countries or regions:

- Advisory fields: (1) Taxation and accounting, (2) Law
- Countries or regions: (1) China, (2) India, (3) 10 ASEAN countries\*

(\*Indonesia, Singapore, Thailand, the Philippines, Malaysia, Brunei, Vietnam, Myanmar, Laos, Cambodia), (4) North America, Latin America, the Middle East

#### General contacts

Japan Bank for International Cooperation (JBIC)

East Japan: Head Office, Finance Division for SMEs of East Japan  
4-1 Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan Tel: 03-5218-3579

West Japan: West Japan Office, Finance Division for SMEs of West Japan  
10th floor, Umeshin Daiichi Seimei Building, 3-5 Sonezaki 2-chome, Kita-ku, Osaka-city, Osaka 530-0057, Japan Tel: 06-6311-2520

# Map of Japanese Mid-tier Enterprises and SMEs with JBIC Financing

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

Kanazawa City, Ishikawa Prefecture | P8-9

**Tamada Industries, Inc.**  
Manufacturing and sales of underground tanks for oil reserve in Vietnam




Ogaki City, Gifu Prefecture | P12-13

**SUZUKI EIKODO CO., LTD.**  
Manufacturing and sales of Japanese candies in Vietnam



Sabae City, Fukui Prefecture | P18-19

**CHARMANT INC.**  
Manufacturing and sales of eyeglass frames and sunglasses in China and other countries



Chiyoda-ku, Tokyo | P6-7

**Unika Holdings Co., Ltd.**  
Development and operation of an industrial park with a management team in Vietnam




Shinagawa-ku, Tokyo | P14-15

**Haso Ltd.**  
Production and sales of hygiene and cleaning products in China



Maebashi City, Gunma Prefecture | P26-27

**Farmdo Corp.**  
Solar power generation business in Mongolia



Fukuyama City, Hiroshima Prefecture | P10-11

**KAIHARA CORPORATION**  
Manufacturing and sales of denim fabrics in Thailand



Kure City, Hiroshima Prefecture | P20-21

**Benda Kogyo Co., Ltd.**  
Manufacturing and sales of metal rings for automobile parts in Thailand



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
Gunma	Toei Chemical Industry co., ltd	The Philippines	Industrial rubber products
	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.			

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

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

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

Osaka	Saraya Co., Ltd.	Thailand	Health and sanitation products
	MARUYONE CO., LTD.	The Philippines	Fishing tackles
	TAIKI Corporation, Ltd.	Cambodia	Cosmetics related products
	Nagaoka Co., Ltd.	China	Fragrances and food flavors
	Tiger Corporation.	Vietnam	Stainless bottles
Kyoto	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.			

Osaka City, Osaka | P16-17

**Saraya Co., Ltd.**  
Production and sales of sanitation and healthcare products in Thailand




Osaka City, Osaka | P24-25

**Osaka Sealing Printing Co., Ltd.**  
Production and sales of adhesive labels in Thailand




Takeo City, Saga Prefecture | P22-23

**Fuji Concrete Industry Co., Ltd.**  
Manufacturing and sales of concrete products in India



Fuchu City, Tokyo | P22-23

**Toyota Kohki Co., Ltd.**  
Manufacturing and sales of concrete products in India





# Unika Holdings Co., Ltd.

Chiyoda-ku, Tokyo



**Yoshinori Yasumi**  
President & CEO Unika Holdings Co., Ltd.

## Products of Unika HD

Unika HD's shaving collection drill system "Q Bit UX" powerfully gathers concrete shavings during drilling and prevents scattering. This new product eliminates the problems caused by shavings in traditional drilling and results in a clean, good working environment.

## Relationship with JBIC

In August 2014, JBIC signed a loan agreement totaling up to 1.4 million U.S. dollars (JBIC portion) with VIETNAM JAPAN TECHNOLOGY PARK COMPANY LIMITED (VIE-PAN), a Vietnamese subsidiary of Unika Holdings Co., Ltd. The loan is cofinanced with Seibu Shinkin Bank, bringing the overall cofinancing amount to 2.008 million U.S. dollars. This loan is intended to finance VIE-PAN's construction and operation of the industrial park mainly for Japanese mid-tier and medium- and small-sized companies in Ho Chi Minh City.

<b>Name</b>	Unika Holdings Co., Ltd.
<b>Established</b>	November 1965 (Reincorporated April 1, 2011 as the holding company of Unika Holdings Co., Ltd.)
<b>Capital</b>	72 million yen
<b>President</b>	Yoshinori Yasumi, President & CEO
<b>Business lines</b>	Providing business strategy, management, incidental and related operations, and special services to each of the group companies that manufacture and sell various state-of-the-art tools including concrete drills and core drills as well as construction fastening materials such as anchors
<b>Headquarters</b>	2-10-6 Iwamoto-cho, Chiyoda-ku, Tokyo 101-0032, Japan



# Industrial development in Ho Chi Minh City by leveraging the expertise of

## Japanese SMEs

### Supporting the growth of Vietnam by operating and managing an industrial park

Unika Holdings Co., Ltd. (hereafter "Unika HD") is a medium-sized company with Unika Company Limited as its subsidiary engaged in the manufacture and sale of concrete drills, core drills and other cutting tools and construction fastening materials. The company has been doing business in Ho Chi Minh City, Vietnam since 1996 through its local subsidiary, and it operates and manages an industrial park for Japanese mid-tier enterprises and small- and medium-sized enterprises (SMEs) entering Vietnam. Unika HD's business was highly evaluated, and so it was asked in 2013 by the city to help Japanese SMEs develop supporting industries in Vietnam.

### Growing as a manufacturer specializing in state-of-the-art tools for half a century

Since its foundation in 1965, Unika HD has been producing and supplying indispensable tools for improving social infrastructure such as construction, civil engineering, electric, water service, and information technology. The market share of its concrete drills, one of its main products, is

steadily growing. Recalling the company's half-century history, President Yasumi commented, "We have survived the competition by building nationwide sales channels that can immediately respond to market needs, pursuing quality and a good working environment for people involved in construction, and focusing on research and development of innovative products like diamond tools and hard metal tools. Through such efforts, we have gained a

solid reputation as a manufacturer specializing in advanced tools."

Unika HD has been actively expanding such manufacturing business, and entered China in 1995, Vietnam in 1997, and India in 2013.

### Supporting the overseas expansion of Japanese SMEs through the operation of an industrial park

Unika HD has an original approach in its overseas business, as evidenced by the industrial park in Ho Chi Minh City that started in 1996. Specifically, the company takes care of human resource management, accounting, general affairs, logistics, material arrangements and general administration on behalf of Japanese mid-tier companies and SMEs that started doing business in the city.

The most serious issue for the companies when expanding abroad for the first time is the cost, labor and time for start-up. A rental factory with managerial staff allows a company to easily secure a plant and office and start production and sales locally. Because Japanese or Japanese-speaking local managers handle daily management work, the company does not need to employ managers of their own.

"Because operations at our China plant went smoothly, we started to support Japanese mid-tier companies and SMEs wishing to enter Vietnam, using our accumulated experience and know-how. This project is

not only a profit-making business but also one of our social contribution projects. Profit should not be the sole purpose of a company. As long as we are part of society, we must contribute to society together and do business for the benefit of society too. The same is true even in other countries."

### Contributing to the industrial development project of Ho Chi Minh City

In 2013, the project got a kick-start. Ho Chi Minh City appreciated how Unika had smoothly run the industrial park over the years, and so asked it to help support the development of Vietnamese industry.

The city has been actively building export processing zones and industrial parks to strengthen its export competitiveness. Hiep Phuoc Industrial Park (site area of 2,000 ha) is the largest among them, and is where Ho Chi Minh City decided to construct an industrial park exclusively for SMEs and appointed Unika HD as the Japanese partner. In response, Unika HD set up a joint company with a company affiliated with

Ho Chi Minh City People's Committee to manage the Vie-Pan Techno Park. In October 2014, a rental plant was completed in a 13 ha premise, and Japanese companies started moving in from the following month.

"Our local joint company had to procure capital for the construction and management of the industrial park because Ho Chi Minh City is taking the initiative in this project, so we asked JBIC for financing. We were highly satisfied with the business with JBIC, because the loan terms were favorable and the enormous amount of paperwork for local procurement went very smoothly. In Vietnam, infrastructure development is starting to take off and this will boost the economy. Japanese SMEs will continue to expand in Vietnam, and we wish to contribute to Vietnam's nation-building through this project."

19 years ago, Unika HD started this project with the aim of helping Japanese SMEs do business easily in Vietnam. That effort is now contributing to the development of supporting industries in Vietnam.



# Tamada Industries, Inc.

Kanazawa City, Ishikawa Prefecture



## Tamada Industries' S&F Double-wall Tank

Tamada Industries has the largest share in the S&F Double-wall Tank market in Japan and has installed 22,000 units in total (as of September 2014). Equipped with a leak monitor, corrosion of the steel layer is detected before it causes soil contamination. Thanks to their excellent safety and reliability, Tamada's earthquake-resistant water tanks for firefighting are being used to store contaminated water at the Fukushima Daiichi Nuclear Power Station.



## Yoshiaki Tamada

Representative Director and President  
Tamada Industries, Inc.



Completion ceremony in Vietnam

## Relationship with JBIC

JBIC signed a loan agreement totaling USD6.3 million (JBIC portion) with Tamada Industries, Inc. The loan is cofinanced with the Bank of Tokyo-Mitsubishi UFJ, Ltd. and The Hokkoku Bank, Ltd., with the overall cofinancing amount reaching the equivalent of USD9 million. The loan will finance the funds that Tamada Industries needs for TAMADA VIETNAM COMPANY LIMITED, which is Tamada Industries' wholly-owned subsidiary, to manufacture and sell underground petroleum storage tanks, as well as other tanks and tank-related products.

<b>Name</b>	Tamada Industries, Inc.
<b>Established</b>	April 1, 1950
<b>Incorporated</b>	July 3, 1957
<b>Capital</b>	52.5 million yen
<b>President</b>	Yoshiaki Tamada, Representative Director and President
<b>Business lines</b>	Design and construction of various underground tanks and water storage tanks for firefighting, and design and construction of gas stations
<b>Headquarters</b>	Ha 61-1 Muroyomachi, Kanazawa, Ishikawa Prefecture 920-0332, Japan
<b>Plants</b>	Headquarters, Hokuriku plant, Kanto plant, Kyushu plant, Vietnam plant



# Distributing the technology of the leading company in underground tank market

## From Kanazawa to Asia:

Tamada Industries, Inc. specializes in the manufacture and sale of various types of underground tanks. In particular, it is the leading company in the market for underground steel and S&F Double-wall Tank for gas stations, with a 75% share of the Japanese market. Since its establishment in 1950, Tamada Industries has been growing in the market by executing an aggressive business strategy to keep a step ahead in the industry. It is now actively expanding its overseas business as the second wave in its 65-year history. On April 24, 2015, a new plant in Vietnam was completed as the base for overseas expansion.

## Supporting the company's growth through execution of aggressive business strategy

According to President Tamada, "We are the leading manufacturer in the niche market of S&F Double-wall Tank, with a 75% share in terms of sales."

President Tamada's ability to execute an aggressive business strategy is the driving force behind the company's growth. Since being appointed as the third president in 1991 at the age of 43, he has been leading the company with quick decision-making and execution. To boost sales, he set up a sales office in Tokyo and expanded the sales area from three prefectures in the Hokuriku

region to the entire nation in 1993. Building on its technical skills, the company successfully developed the S&F Double-wall Tank in 1994. He made a massive investment in equipment, started shipping products nationwide, and acquired the largest share of the domestic market within a few years.

The S&F Double-wall Tank, Tamada's leading product, uses steel sheet for the inner wall and fiber-reinforced plastic (FRP) for the outer wall. The amendment of the Fire Services Act in 1993 permitted the manufacture of light and durable S&F Double-wall Tank instead of the traditional steel tank. President Tamada immediately flew to the US to study manufacturing methods, and after returning to Japan with

manufacturing knowhow, he bet the company and started developing the product. Finally, the company succeeded in developing the S&F Double-wall Tank after much trial and error. Applying the technology used in the S&F Double-wall Tank as the basis, Tamada Industry developed and launched earthquake-resistant and fire-fighting water tanks in 1995, underground storage tanks in 2005, and the water circulating storage tank "Aqua in PIT" in 2009. These innovative products gave the company a firm competitive position as a specialist manufacturer of underground tanks.

"As the third president, I wanted to innovate at the earliest opportunity. The

series of bold moves I took immediately after becoming president greatly helped to develop the company."

## First wave of going global

President Tamada made full use of managerial skills to expand the business overseas. He started transferring technology licensing to Thailand, Malaysia and China in 1998, and formed a joint venture in China in 2010.

However, overseas development did not go smoothly. "Because technology licensing is a five-year contract, nothing is left once the technology is transferred. We knew this when we started the joint venture in China, but we disbanded it because the Chinese government introduced a policy which made it hard to expand the S&F Double-wall Tank market in China."

To overcome the impasse, the company decided to expand in Vietnam next. It cooperated on the provision of technology to Vietnam's largest oil distributor to manufacture and bury S&F Double-wall Tank through the Japanese government's official development assistance (ODA) program starting in 2013. In carrying out the pro-

gram, President Tamada perceived the potential of the business in Vietnam and established a wholly-owned subsidiary "TAMADA VIETNAM COMPANY LIMITED" in February 2014.<sup>Note</sup> The company started to construct a new plant on the outskirts of Hanoi, the capital of Vietnam.

"We had two major objectives in expanding in Vietnam. One was to manufacture outsourced parts of the earthquake-resistant water storage tank, which will be a mainstay of our future business, in house and then export those internally-manufactured parts to Japan. The other was to manufacture tanks and metal parts, and sell them to Japanese companies expanding into Southeast Asia.

## New progress with the second wave

President Tamada is looking further ahead: "Japanese companies are constructing oil refineries in Vietnam and are expected to move into retailing. Business opportunities will increase greatly when these companies start putting their plans into practice, and it will be too late to start once the trend becomes visible. Because the demand for

our products is not expected to grow in the Japanese market with its falling population, we judged that it was the time to invest for the medium to long term and so we made the investment."

The expansion to Vietnam is the second wave of Tamada Industries. "If we had not done what we did 22 years ago, our company would no longer exist. Likewise, if we do not make a move now, we cannot expect growth 10 years later. Although expansion requires a huge investment, we feel secure because we were able to borrow a long-term loan under favorable conditions from JBIC when we needed it."

The new plant was completed on April 24, 2015. Tamada Industries is aiming for annual sales of 300 million yen in the first year, rising to 0.8 to 1 billion yen in five years. "Medium-sized companies must not lose their focus. In particular, slow decision-making means losing the competition in today's highly competitive age," said President Tamada. He is looking forward to making further progress with his quick decision making and execution.

Note:  
Because Tamada Industries accepted a capital increase from THE KAWATEX CO., LTD. in March 2015, currently Tamada Industries owns 70% and Kawatex owns 30%.



## KAIHARA CORPORATION

Fukuyama City, Hiroshima Prefecture



Junji Kaihara

Vice Chairman KAIHARA CORPORATION

Kaihara has a well-established production system that spans the entire process from spinning of raw cotton to dyeing, weaving of fabrics and processing. The high quality of Kaihara products is praised as “Kaihara Quality,” and Kaihara has more than a 50% share of the domestic blue denim market and also boasts the top share in exports of blue denim.



The new plant in Ratchaburi Province, which lies 90 km west of Bangkok, has a site area of 140,000 m<sup>2</sup> and a building area of 36,530 m<sup>2</sup>. The weaving mill and product warehouse have been operating since November 2015, and a dye works is under construction.

## Relationship with JBIC

JBIC signed a loan agreement totaling up to 37 million US dollars (JBIC portion) with KAIHARA CORPORATION (KAIHARA) in September 2014. The loan is cofinanced with The Hiroshima Bank Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and The Shoko Chukin Bank, Ltd., bringing the overall cofinancing amount to 58 million US dollars. JBIC signed another loan agreement totaling up to 28.9 million US dollars (JBIC portion) with KAIHARA in September 2015. These loan agreements are intended to finance the establishment of KAIHARA (THAILAND) CO., LTD., a Thai subsidiary of Kaihara, and its denim manufacturing and sales business. The loan will support the overseas expansion of KAIHARA and thereby contribute to maintaining and strengthening the international competitiveness of Japanese industry.

Name	KAIHARA CORPORATION
Established	1893
Incorporated	March, 1951
Capital	151 million yen
President	Mamoru Kaihara, President
Business lines	Integrated production (spinning, dyeing, weaving, processing) and sales of denim
Headquarters	1450 Tsune, Shinichi-cho, Fukuyama City, Hiroshima Prefecture 729-3107, Japan
Network	Head Office, Shin-Ichi Mill, Kisa Mill (Miyoshi City, Hiroshima), Joge Mill (Fuchu City, Hiroshima), Sanwa Mill (Jinseki-gun, Hiroshima), Thailand Mill (Ratchaburi Province, Thailand)



## Leaving the world-renowned “Kaihara Quality” to the next generation

## Establishing a production base in Thailand for the expanding denim market

Established in 1893, KAIHARA CORPORATION (hereafter “Kaihara”) is Japan’s largest denim fabric manufacturer, supplying high-quality denim fabrics to apparel manufacturers, both at home and abroad, including EDWIN, Levi’s, UNIQLO and GAP. Kaihara’s dominant presence in the market owes to its well-established integrated production system that spans the entire process from spinning of raw cotton to dyeing, weaving of fabrics and processing. In particular, the indigo-dyeing technology that has been developed since its foundation is highly praised. In March 2014, it established its first overseas operation base in Thailand in anticipation of steady growth of the denim market worldwide, especially in emerging countries, on the back of economic and population growth. Since then, Kaihara has worked hard to increase its market share by leveraging its competitiveness realized by local production.

## Investing in the next stage to prepare for the changing business environment

Kaihara has more than a 50% share of the domestic blue denim market and also boasts the top share in exports of blue denim. Its denim products, highly praised as “Kaihara Quality”, have garnered global credibility for their “Made in Japan” quality.

Vice Chairman Mr. Kaihara explained his passion and community-rooted attitude to manufacturing: “The indigo dyeing technology has been inherited from generation to

generation in the Bicchu and Bingo districts (currently in Okayama Prefecture). It used to be pure craftsmanship. We mechanized this traditional craftsmanship and applied it to denim manufacturing, making the new craftsmanship our core technology. Our integrated manufacturing system based on this core technology has become our greatest asset and advantage.”

Kaihara has long stood by integrated domestic manufacturing despite the globalization of production. Kaihara’s decision to expand overseas was therefore “a major step because it required a change from its

long-standing community-based policy.” Its decision to invest about 10 billion yen to build a manufacturing plant in Thailand was a bet-the-company project, as sales for the year ending February 2015 were just 16.7 billion yen.

Changes in market structure and customers were the reasons behind this major decision. Japan has had a continuing trend of low birthrate and long lifespan, and the number of youths who are the main purchasers of denim products has been decreasing. Furthermore, though the biggest customer segment was apparel makers specializing in jeans, specialty

store retailers of private label apparel (SPA)<sup>Note</sup> became its main customers as women started to wear jeans more frequently around 2000. SPAs then started to expand overseas, and this required Kaihara to build a factory near the point of consumption.

“There are three major reasons for going overseas: local procurement of raw cotton, inexpensive infrastructure and large markets. We decided to build a plant in Thailand in anticipation of market expansion. In addition to the 600 million people in the ASEAN market, the scheduled inauguration of the ASEAN Economic Community (AEC) was a major factor. Moreover, Australia will enter the market when the Trans-Pacific Partnership (TPP) comes into effect. All these factors will make Thailand even more promising as a center of commercial distribution.

## Demonstrating the value of the Japanese way of manufacturing in the new environment

After Kaihara made the decision to expand overseas, it inspected several can-

didate sites including Thailand, Indonesia, China, and Vietnam, while also considering using a financing system that supports the overseas development of companies offered by their existing banks. “In the course of discussions on utilizing a financing system, we learned that JBIC helps mid-tier enterprises and SMEs to expand overseas, and so we decided to use their financing system. We are very grateful to JBIC for their financial support, and would appreciate their advice in the future when problems arise during operations in Thailand.”

Kaihara had no experience of overseas production because it had been doing business and developing technologies in its local production area of woven products for 120 years since its foundation. Vice Chairman Kaihara commented: “Bingo Kasuri used to be woven inside the household, and this skill has been passed down from generation to generation without interruption. Whether or not we can make this kind of skill effective in areas outside the production origin depends entirely on our efforts.” The greatest challenge they face is repro-

ducing the Kaihara Quality and developing skilled human resources to produce the same quality overseas. As part of their effort to achieve this, they invited 15 locally hired employees to Japan in November 2014 for a six-month training program at the production site.

The new plant in Thailand was completed in April 2015, the opening ceremony was held on October 11, and production started in November. Kaihara is initially dispatching 20 or so employees from Japan for about 200 locally hired employees, but plans to station about five or six Japanese employees for mentorship in the long term. Mr. Kaihara said, “We urged Thai employees to take the initiative after the opening ceremony. We may face many difficulties, including the language barrier, but we are determined to overcome them for the growth of our company.” Kaihara has taken a bold step to demonstrate the value of the Japanese way of manufacturing.

Note:  
SPA is the abbreviation of “specialty store retailer of private label apparel”, and indicates an apparel maker of casual clothes.



## SUZUKI EIKODO CO., LTD.

Ogaki City, Gifu Prefecture



**Yuzuru Suzuki**  
President SUZUKI EIKODO CO., LTD.

Focusing on candies, chocolates, and jellies (right photo) as its main products, Suzuki Eikodo captured the highest share in the market of products for amusement facilities and parks. Even in terms of exports to the world market where Japanese sweets are becoming increasingly popular, the company is the industry leader. It is now expanding private-label products for convenience stores and 100-yen shops.



Opening ceremony of the Vietnamese plant

## Relationship with JBIC

In February 2015, JBIC signed a loan agreement totaling up to USD1.75 million (JBIC portion) with EIKODO VIETNAM CO., LTD. (EKD), a Vietnamese subsidiary of SUZUKI EIKODO CO., LTD. The loan is cofinanced with The Juroku Bank, Ltd., THE OGAKI KYORITSU BANK, LTD., THE SHIGA BANK, LTD. and other financial institutions. It is intended to finance EKD for the business of manufacturing and selling candies.

<b>Name</b>	SUZUKI EIKODO CO., LTD.
<b>Established</b>	1877
<b>Incorporated</b>	1933
<b>Capital</b>	50 million yen
<b>President</b>	Yuzuru Suzuki
<b>Business lines</b>	Manufacturing, confectionery wholesaling, toy imports
<b>Headquarters</b>	50 Tawara-machi, Ogaki City, Gifu Prefecture 503-0876, Japan
<b>Plants</b>	No. 2 plant, Yoro distribution center, Tokyo office, Iga plant, Vietnam plant



## Providing safe Japanese confectioneries worldwide

### Launching candy manufacturing and sales in Vietnam with the dedication of a long-established company

Founded in 1877, SUZUKI EIKODO CO., LTD. (hereafter “Suzuki Eikodo”) is a longestablished small and medium-sized enterprise (SME) well known for “ZELIKO”, a box of candies with a prize inside. The company focuses on the wholesaling of confectioneries (candy, chocolate, jelly, etc.), while also designing products, manufacturing and taking orders as an OEM under license from major confectionery makers. It is the leading manufacturer of products designed for amusement facilities and parks, including prizes for arcade games. As it approaches its 140th anniversary next year, Suzuki Eikodo is actively carrying out a growth strategy based on the promotion of M&A in Japan as well as strengthening its business overseas. The company was the first Japanese confectionery manufacturer to expand into Vietnam in December 2014, making the first move to stay ahead of the game.

### Three challenges of a small company

“The castle town of Ogaki was famous for manufacturing Japanese confectioneries, and we too started out by making confectioneries. We began manufacturing caramels in the 1910s, which was the only product we made until 2002,” said President Suzuki, looking back on the company’s long history and tradition.

The candy manufacturer reached a turning point in 2002. After working for a trading

company for 12 years, President Suzuki joined Suzuki Eikodo, which had, at the time, only five employees and annual sales of 140 million yen. He carried out three reforms – the first was to develop new products. He signed contracts with major amusement companies and started manufacturing confectionery for crane game prizes in game arcades. The company has since captured the biggest market share in this field, and its annual sales have risen to the current 3 billion yen.

The second reform was the overseas expansion. Suzuki Eikodo established its over-

seas subsidiary in China in 2011, and started exporting and selling Japanese confectionery at Japanese-affiliated convenience chain stores in Shanghai. “Japanese confectionery became an explosive hit thanks to the weak Japanese yen, booming popularity for Japanese products in the Chinese market, and the burgeoning middle class. Our company became the largest exporter of Japanese confectionery, and our annual sales reached 2.5 billion yen within five years,” said President Suzuki.

The third reform was strengthening the company’s manufacturing department. To

reduce its dependence on the amusement business which was suffering due to the slow growth of domestic economy, it improved and expanded its private-label products for convenience stores and 100-yen shops. In 2008, the company acquired Eagle Confectionery Co., Ltd., a manufacturer of chocolates, jellies and cookies, and in 2015, Chambord Co., Ltd., a long-established company manufacturing and selling baked confectionery, and organized them as affiliates. The manufacturing department’s annual sales have now risen to 2 billion yen.

As a result of these three reforms, Suzuki Eikodo’s annual sales have grown to 7.5 billion yen, making it the leading company in two of its three business fields in Japan.

### Bringing “Cool Japan” to the Vietnamese confectionery market

The two mainstays of Suzuki Eikodo’s growth strategy are M&A in Japan and strengthening of its overseas business. “M&A is the only way to grow in the domestic market as demand is not expected to increase. This is why we brought the

companies we purchased into our group to grow together. Overseas, however, the ‘Cool Japan’ boom in emerging countries with their growing populations offers a big opportunity for Japanese companies. As a Japanese confectionery manufacturer, we plan to be among the first to expand overseas and capture a substantial market share,” said President Suzuki.

In line with its strategy, Suzuki Eikodo established EIKODO VIETNAM CO., LTD. (EKD) as its candy production and sales base in Vietnam. “As the successor of the family business, my mission is to keep growing the manufacturing business, which is our main business. In order to do this, I selected Vietnam to acquire the largest share in the niche market of candies. Although Thailand and Indonesia are also promising, we have little chance of competing successfully in those two countries against major companies. In Vietnam, confectionery shipments are estimated at 70 billion yen, of which candies account for about 700 million yen. The shipments are much smaller than those in Japan, but we have high expectations for the Vietnamese market because of the greater

number of children.”

In expanding to Vietnam, Suzuki Eikodo used JBIC’s scheme for financing the manufacturing and sales business of EKD.

“Because we are not allowed to purchase land in Vietnam, we used a 50-year lease contract. However, leased property cannot be used as collateral, which makes it very hard to borrow money in Vietnam. But JBIC’s financing system enabled us to collect funds without any difficulty. Without it, our business expansion would have been much slower.

“On November 4, 2015, the company held the opening ceremony of the Eikodo Vietnam Plant, and began shipping products at the end of December. It first sold the products to independent grocery stores and in the wholesale market in Vietnam, and then began selling to Japanese-affiliated supermarkets and convenience stores from March 2016. “We want to provide safe Japanese confectionery worldwide – safety and quality first, cost second,” said President Suzuki. Today, too, their candies are delivered from the new plant, with the dedication of a long-established company.



## Haso Ltd.

Shinagawa-ku, Tokyo



Kikuo Yamada

CEO Haso Ltd.



Disposal diapers using revolutionary functional materials created a sensation at exhibitions



## Relationship with JBIC

In March 2016, JBIC signed a loan agreement amounting to USD3.5 million (JBIC portion) with HASO. The loan is cofinanced with THE CHIBA BANK, LTD., with the overall cofinancing amount reaching USD5 million. It is intended to finance HASO for expanding production facilities of hygiene and cleaning products produced by its Chinese subsidiary, HASO SANITARY MATERIALS (SUZHOU) CO., LTD. (HSM). JBIC also signed in October 2014 a loan agreement amounting to USD1.4 million (JBIC portion) with HASO for expanding HSM's production facilities.

Name	Haso Ltd.
Established	2001
Capital	50 million yen
CEO	Kikuo Yamada
Business lines	Manufacturing and sales of hygiene and cleaning products
Headquarters	2-19-3 Nishi-Gotanda, Shinagawa-ku, Tokyo 141-0031, Japan
Factories	Ishikawa factory (domestic), China factory, Thai factory, and the U.S. factory (overseas)



# Innovating hygiene products to bring more comfort to people across the world

## Enhancing overseas production to compete with global peers by turning unique ideas into original products

Haso Ltd (hereafter "Haso"), a Japanese small and medium-sized enterprise (SME), holds a number of patents for its key products such as handy wipers and wet tissues. With its advanced skills, it designs and manufactures hygiene and cleaning products which are highly praised. Haso supplies its products to major Japanese manufacturers, mass retailers, drug stores, and major overseas daily commodity makers as an OEM (original equipment manufacturer). Also active in expanding overseas businesses, the company built production and sales bases starting from China in 2001, then Thailand in 2012, and the U.S. in 2014. This year (2016), Haso has launched a new epoch-making product using unique materials, while moving forward with enhancing its own brand, setting their goal to compete in the global market with their original products.

### Expanding to the Chinese market with high ambition

"I was seriously aiming to achieve an annual turnover of 500 billion yen and get our shares to be listed. We didn't have much money but I had the confidence that we could develop one new product after another.

" This is the big target with which Haso Ltd.'s CEO, Mr. Yamada, started the business. But he says it was not easy to operate his business in China, where he chose as the

company's first production base. "Because we didn't have any funds, we had to rent the factory, and because we didn't understand any Chinese, we constantly relied on interpreters. We could not pay our ingredient suppliers on time as our deposits of proceeds were delayed for the first two years or so. I can't count how many times we were saved by the local Chinese people," Mr. Yamada looks back with a smile.

It was not until 2005 that Haso reached a turning point. The company's patented

product, the "Handy Wiper" drew the attention of major companies both in Japan and overseas who successively ordered for OEM supplies, so Haso expanded its facilities to increase production. This is when Haso's track record suddenly began turning positive. After Haso gained momentum when it co-developed a product with a major Japanese manufacturer, the company began producing toilet cleaners in Thailand in 2012, then wet tissues in the U.S. in 2014.

The company continued to grow, and finally reached a revenue of 5.2 billion yen in 2015. It expects to achieve 15 to 20 billion in two years from now. Even with this accomplishment, Mr. Yamada is still girding up his loins: "we only achieved our initial goal and reached the stage when we can finally begin what we originally wanted to do. This is only the beginning."

### Aiming for the global market with unprecedented ideas and epoch-making products

Developing unique products – that is what Mr. Yamada wanted to do. "Until now, we focused on creating products that satisfy customers by just adding a bit of ingenuity to existing products. But what I really wanted to do was to develop products that we can sell under our own brand. For the first time, we have the foundation for developing and delivering products that never existed before."

What the company developed was a disposable underwear-shaped diaper for infants and the elderly using epoch-

making functional materials. They have revolutionized the conventional style of diapers – fashionably designed, thin and light, comfortably fitting with excellent elasticity, added with a pad which has high absorbing and deodorizing functions. The replaceable pad makes it highly economical and reduces waste, so the product has many advantages. They received a great response at product exhibitions and are already attracting orders from major Japanese drugstores as well as major American retailers.

With the increasing population in emerging countries and aging population in developed countries, the diaper market continues to expand across the world. On the company's future development, Mr. Yamada says, "the global diaper market is worth 6 to 7 trillion yen. Our company can target 100 to 200 billion yen. We will make the new product at the China plant whose facilities were expanded with the loan from JBIC, and we plan to eventually expand to Thailand."

### Bringing Haso brand to the world

Fifteen years have passed since Haso began its production in China. Mr. Yamada reconfirmed the importance of being able to procure funds for a company to grow and pointed out that JBIC's loans have helped raise their credibility. Mr. Yamada says, "We have used JBIC's loans twice for expanding the production facilities of our main plant in China. Each loan improved the recognition of Haso as 'a company supported by JBIC.'"

Haso plans to enhance its own brand of products within this year toward their big goal. "We will always be the best in creating one new product after another. We want to become a company that has vast networks and supporters across the world, however small we are. Our goal is to achieve a revenue of 15-20 billion yen with 15% profits in two years, and then compete in the global market." Mr. Yamada takes steps forward each day to turn his dream into reality, envisioning the Haso brand bringing joy and comfort to people across the world.



## Saraya Co., Ltd.

Osaka City, Osaka Prefecture



Yusuke Saraya

President Saraya Co., Ltd.

Starting from the symbolic "Yashinomi" series of household detergents made from palm oil (left photo), SARAYA has diversified into food and public sanitation, and into products that contribute to sanitation, the environment, and health, such as medical products.



Thailand factory where the products are being produced.

## Relationship with JBIC

In July 2015, JBIC signed a loan agreement amounting to THB25 million with Saraya MFG. (Thailand) Co., Ltd. (SMT), a Thai subsidiary of Saraya. The loan is cofinanced with Mizuho Bank, Ltd., with the overall cofinancing reaching THB40 million. It is intended to finance necessary funds in local currency for SMT to expand production facilities of hygiene products.

<b>Name</b>	Saraya Co., Ltd.
<b>Established</b>	1959
<b>Capital</b>	45 million yen
<b>President</b>	Yusuke Saraya
<b>Business lines</b>	Development, manufacturing, and sales of health and sanitation products and services Consultation of food and environmental sanitation Development, manufacturing and sales of food products
<b>Headquarters</b>	2-2-8 Yuzato, Higashisumiyoshi-ku, Osaka City, Osaka Prefecture 546-0013, Japan
<b>Factories</b>	Osaka and Iga (domestic); China, Thailand, U.S., Malaysia (overseas)



# Improving the sanitation, environment and health of the world through environmentally conscious products

## Making unique efforts in social action and environmental conservation initiatives

Founded in 1959, Saraya Co. Ltd. (hereafter "SARAYA") is a small and medium-sized enterprise (SME) engaged in the production and sales of sanitation products. Since its establishment, it has pursued product development and management that are grounded on environmentally conscious innovations, and has evolved into a company which is committed to improving the sanitation, the environment and health across the world. The company has actively expanded overseas with the concept of "connecting with the world through the global supply chains." Not only does it provide products and services across the globe, but SARAYA also engages itself in unique commitment to the society, such as social action businesses aimed at raising sanitation awareness in developing countries, as well as environmental preservation activities in Borneo Island to achieve harmony between the environment and industries.

### Commitment to environmentally conscious products

"Our business first started during a dysentery epidemic in post-war Japan when we created antibacterial liquid soap made from palm oil and distributed it along with dispensers. The business field then diversified naturally into food and public sanitation, as well as the environment and health," Mr. Saraya, the president, looks back at his company's growth.

As proven by the fact that the business started with palm oil soap, SARAYA com-

mits to "environmentally conscious products." One such symbolic product is the "Yashinomi Detergent," a botanical kitchen detergent launched in 1971. It was the first ever botanical detergent when water contamination by petroleum-based synthetic detergents had been a growing social concern at the time. It has been one of the longest selling products, and has become SARAYA's flagship product. "The coconut and palm oil based cleansing ingredients are purely botanical. The detergent contains no added fragrance or colors which are unrelated to its cleansing

effect. So it is mild on skin, and the wastewater can be quickly biodegraded by microbes, reducing the damage on the environment."

The company's environmental considerations also extend to the source of the ingredients themselves. The production of palm oil, one of the product's botanical ingredients, continues to escalate due to the world's growing demand for food. The response to this demand has led to disordered expansions of plantations, cutting down the rainforests and aggravating various environmental and social problems in regions including Borneo Island,

Malaysia. Taking an initiative to "start with what we can do for a better environment," SARAYA began collaborating in 2004 with a number of organizations to work on rainforest restoration and biodiversity conservation in the Sabah state of Borneo Island, which is one of the source areas of the detergent's ingredient, while inviting consumers to participate in the "Borneo Explorers," an initiative aimed at raising consumers' environmental awareness.

As the motivation for his goal to achieve a harmony between business and the environment, Mr. Saraya explains: "our company's supply chain system is connected across the world, so I need to be responsible for all steps of the supply chain process, from the backyard to our customers."

### Connecting with the world through the global supply chains

The passion to connect with the world through the supply chains can be seen in SARAYA's active overseas business expansion. Since the establishment of its U.S. sales office in 1995, as well as production bases in China, Thailand, and U.S. in the 2000s, the global network of the SARAYA Group has now expanded to 25 offices in 15 countries/regions across the

world (6 factories and 19 sales offices).

One of its commitments to the society is the social action business aimed at improving sanitation in developing countries. In Uganda, for example, the company launched the "Wash A Million Hands" project in 2010 to promote communities' awareness for hand washing. Then in 2011, SARAYA established a local subsidiary in Uganda with the aim of improving the poor sanitation environment of local medical facilities. In 2014, the company began the local manufacturing of alcohol hand disinfectants and started delivering the products to Kenya the following year, in pursuit of a sustainable business which addresses Africa's social issues, while creating local employment.

Besides Africa, SARAYA has also been carrying out the "Happy Handwash Project" in Cambodia since 2013, a social action business which promotes education on proper hand sanitation, as well as the use of antibacterial liquid hand soap and alcohol hand disinfectant.

### Increasing the production capacity for improving the sanitation, environment and health of the world

Demand for sanitation products such as liquid soap, detergent, and hand disin-

fectant has recently been soaring with the economic growth of Thailand and surrounding countries in Asia. SARAYA responded to this demand by expanding the facilities of its factory in Thailand, the main manufacturing base for detergent products, and utilized the funds financed by JBIC. Mr. Saraya expresses his praise for JBIC, "we are grateful for being able to procure the funds denominated and in local currency mitigate currency risks," and added: "JBIC provides medium to long-term funds based on the Japanese government policy, without being affected by the changing economic environment. In addition to its financial function, we would also like to rely on JBIC as one of our vital information sources for regions such as Africa, where Japanese private banks have not yet expanded to."

"Supplies from our factories in Japan cannot catch up with the surging demand. We would have to consider building a new factory in a few years." With commitment to improving the sanitation, environment, and health of the world through its wide-ranging products and services, SARAYA strides forward with firm, unwavering steps.



## CHARMANT INC.

Sabae City, Fukui Prefecture



**Kaoru Horikawa**  
Chairman CHARMANT INC.

The company's glasses frames feature reliable quality, sophisticated design, and excellent comfort and function (left photo). Applying the technologies used in these products, CHARMANT is also developing and producing state-of-the-art medical devices made of titanium (right photo).



## 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.

<b>Name</b>	CHARMANT INC.
<b>Established</b>	1968
<b>Capital</b>	617 million yen (as of December 2015)
<b>Representatives Chairman:</b>	Kaoru Horikawa
<b>President:</b>	Masao Miyachi
<b>Business</b>	Development, production and distribution of optical frames, sunglasses and surgical instruments (ophthalmic / neurosurgery)
<b>Headquarters</b>	6-1, Kawasari-cho, Sabae City, Fukui Prefecture 916-0088, Japan
<b>Factories</b>	Sabae City, 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, China



## 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."

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 unrelenting efforts for originality and

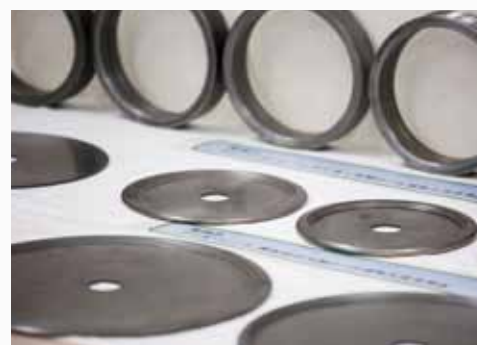
ingenuity to meet the needs of doctors have produced revolutionary medical instruments. I believe that companies that own unique technologies should take the leading roles and constantly venture into new fields without fear of setbacks."

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.'"



## Benda Kogyo Co., Ltd.

Kure City, Hiroshima Prefecture



Benda Kogyo has the top share in the world market of engine starter gears made by the Benda manufacturing method (top right photo). The company also manufactures flywheel assemblies (top center photo) and drive plates (bottom right photo), and hot rolling materials for agricultural machinery, construction machinery, and vessel engines.



Kazunari Yashiro

President Benda Kogyo Co., Ltd.



Benda (Thailand) Co., Ltd.

## 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 cofinanced 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.

<b>Name</b>	Benda Kogyo Co., Ltd.
<b>Established</b>	1964
<b>Capital</b>	58.5 million yen
<b>President</b>	Kazunari Yashiro
<b>Business lines</b>	Manufacturing of powertrain ring gear, drive plate assembly, fly-wheel assembly, and various ring products; manufacturing of cold and hot-rolled steel bars and coils
<b>Headquarters</b>	1-16-20 Konigata, Kawajiri-cho, Kure City, Hiroshima Prefecture 737-2604, Japan
<b>Plants</b>	Headquarters and Kurose (domestic) South Korea, China, Thailand (overseas)



# 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.”

### 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 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

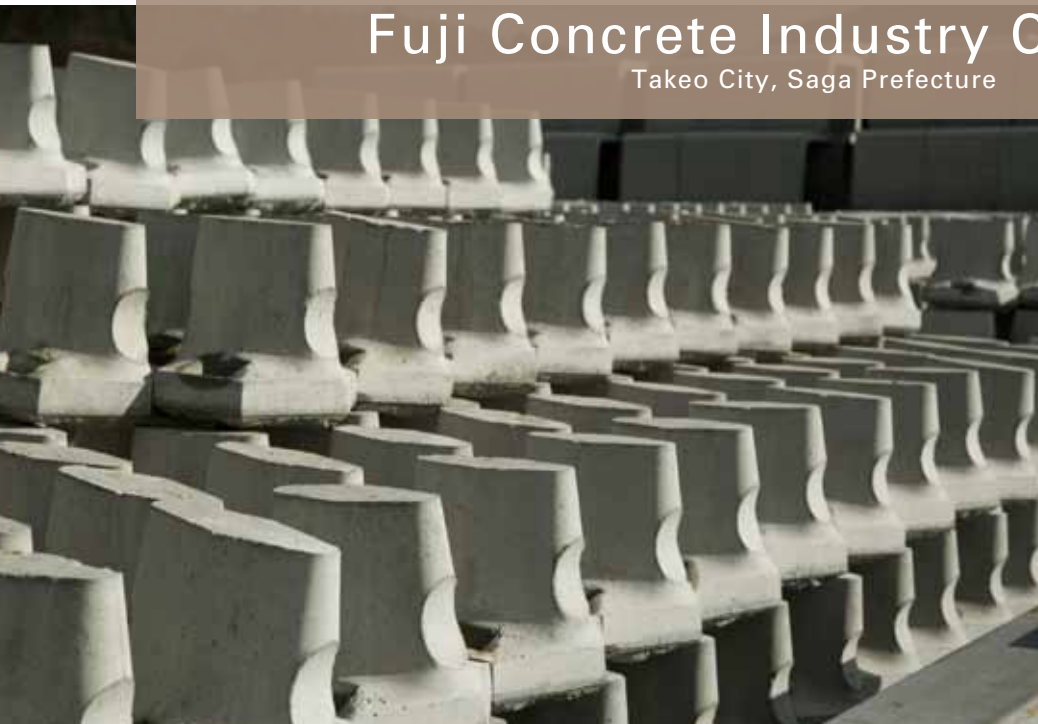
more weight on drive plates or assembled components and to reach the vision for their future: becoming a global tier 1 technology development company. In August 2016, the construction of their new plant in Kurose was completed, enhancing their domestic production capabilities. The plant will give further 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.”



**Toyota Kohki Co., Ltd.**  
Fuchu City, Tokyo

**Fuji Concrete Industry Co., Ltd.**  
Takeo City, Saga Prefecture



The plant of Fuji Silvertch Concrete Private Limited



First shipment of concrete products

## Contributing to India's nation-building with high-quality concrete products

### Courageous challenge by cross-border relationship based on trust

In India, which is enjoying rapid economic growth, the demand for concrete construct to improve its infrastructure including roads, ports and bridges is rising. Amid this dynamic situation, two Japanese small and medium-sized enterprises (SMEs) with technology for manufacturing high-precision, high-quality concrete products jointly branched out to India, and started production and sales locally. Since orders for concrete products are usually placed with local companies, no other Japanese manufacturers of concrete products had entered India. However, an encounter with young Indian entrepreneurs who put their hearts into building the nation made the two CEOs decide to take on a courageous challenge.

#### SMEs working together to develop business in India

Toyota Kohki, which manufactures and sells concrete forms for making concrete products, and Fuji Concrete Industry, which manufactures and sells concrete products, are working together to develop their business in India which has a population of 1.3 billion. Fuji Concrete Industry manufactures and sells precast concrete products <sup>Note 1</sup> using forms made by Toyota

Kohki. According to Mr. Toyoda of Toyota Kohki, the CEOs of the two companies have a long relationship of strong trust, also as shown by Mr. Irie of Fuji Concrete Industry who said, "I work closely with Mr. Toyoda, and ask him for advice even on subjects other than business." The two companies jointly set up an Indian company, Fuji Silvertch Concrete Private Limited (FSC), to manufacture precast concrete products in Ahmadabad in the state of Gujarat together with an Indian company.

The two companies had been exploring the possibility of expanding overseas amid the decreasing demand for concrete products in Japan. About two years before setting up FSC, Toyota Kohki established a wholly-owned subsidiary, Toyota Forms India Private Limited (TFI), to manufacture concrete forms in India. The relationship Mr. Toyoda built up with an Indian businessman in the process of establishing TFI gave him the confidence to take on the challenge of launching a joint venture project.

### Strong trust boosts business

"A business cannot grow without trust with local partners," said Mr. Toyoda and Mr. Irie unanimously. An encounter between Mr. Toyoda and Mr. Rajkumar Oswal marked the start of the relationship. Mr. Toyoda was introduced to Mr. Oswal by an Indian associate who was working as an assistant in a booth at an exhibition for construction machinery in Mumbai in February 2013 at the time of registering his company. Mr. Oswal was the person responsible on the Indian side in the negotiations with world-famous companies including Honda Motor on expanding in India. He has a great deal of experience of working for multinational companies, and is a man of faith and integrity.

Interested in his personal history and character, Mr. Toyoda asked Mr. Oswal to help him launch TFI. At the time, Mr. Oswal was 69 years old, having retired before becoming even 50. He liked Mr. Toyoda's idea, became the advisor of TFI, and subsequently became a director. The strong tie between the two men led to a new business opportunity.

TFI gradually started to receive requests from local Indian precast manufacturers to visit Japanese manufacturers of concrete products. In particular, Mr. Brijesh Shah, who is a young top executive of a 60-year-old company that manufactures concrete products, wished to learn sophisticated technologies abroad and introduce them to India to help develop India's precast industry and improve the country's infrastructure. He strongly expressed his wish to visit Japan through Mr. Oswal, with whom he became acquainted following an introduction from a consultant. His ambition finally led to a visit to Japan by a group of top executives of Indian companies, including himself. During the tour, Mr. Toyoda showed the group around the plants of Fuji Concrete Industry and his own company. Amazed by the sophisticated manufacturing technology using high-fluidity concrete <sup>Note 2</sup> as well as excellent product quality and high productivity, Mr. Shah immediately asked Mr. Toyoda to help him launch a new precast company jointly with Japanese companies including Toyota Kohki. He also asked Mr. Oswal for support.

Moved by the aspirations and sincere personality of Mr. Shah, Mr. Toyoda agreed with the idea of establishing a new company to realize his wishes. However, he considered that his company could not help him,

because it already had a commitment as a concrete form manufacturer that had already established a subsidiary for manufacturing forms in India. Therefore, he passed Mr. Shah's request to Mr. Irie of Fuji Concrete Industry and suggested that Mr. Irie should take on the challenge of expanding into India. Mr. Irie immediately agreed to the idea, considering that his company could contribute to the growth of India by providing high-quality concrete products and in particular because the request came from Mr. Toyoda. After several negotiations with the Indian side, the Japanese side agreed to establish a new joint company among the two Japanese companies and one Indian company, finally founding FSC in March 2015. Mr. Irie became chairman, Mr. Shah became president, and Mr. Toyoda, Mr. Oswal and the father and son of Mr. Raval, who are relatives of Mr. Shah and influential figures in the local community, became directors. The arrangement truly symbolizes the trust between Japan and India.

### Aiming to be the largest precast company in India

FSC's plant was completed on January 25, 2016, just seven months after construction started. This was exceptionally quick, as it usually takes much time and effort in India to acquire land and construct a plant due to the complicated legal system. It would never have been possible without the support from the construction company managed by Mr. Shah and from Mr. Raval who is a developer. In addition, financing by JBIC was used for the plant construction. Mr. Irie highly praised JBIC, "We have never done business with JBIC before, and were amazed by its speed. Thanks to their expertise in overseas financing, we could receive funds in just two months."

Overseas expansion is a major step that determines the direction for SMEs. Mr. Toyoda emphasized, "We had some concerns, but they were outweighed by the possibilities in India. Japanese manufacturing technology is the best in the world. Even SMEs can do a lot of things in foreign markets. We just need the courage to take a step forward, as well as ties with local people." The new plant commenced operation in March 2016 and business is now going smoothly. FSC aims to become the largest manufacturing and sales company of precast products in India. The new company is a challenging pioneer.

Note 1:

Precast concrete product: Concrete products that are accurately mass-produced at a plant, rather than being manufactured at the building and construction site (cast-in-place concrete).

Note 2:

High-fluidity concrete: Concrete that does not require compaction using a vibrator during placement because it is highly fluid. To maintain quality, it requires unique technology to adjust the amount of water, etc. depending on the weather conditions.

### Relationship with JBIC

JBIC signed a loan agreement in July 2015 worth USD 1.65 million (JBIC portion) with Fuji Silvertch Concrete Private Limited, an Indian company jointly owned by Toyota Kohki Co., Ltd. and Fuji Concrete Industry Co., Ltd. The loan is cofinanced with The Tama Shinkin Bank.



#### Minoru Toyoda

President Toyota Kohki Co., Ltd.

Name	Toyota Kohki Co., Ltd.
Established	1966
Capital	53.5 million yen
Business lines	Manufacturing forms for manufacturing concrete products Manufacturing and construction of equipment for continuous manufacturing of concrete products
Headquarters	6-12-8 Yotsuya, Fuchu City, Tokyo 183-0035, Japan



#### Shunsuke Irie

President Fuji Concrete Industry Co., Ltd

Name	Fuji Concrete Industry Co., Ltd.
Founded	1970
Capital	40 million yen
Business lines	Manufacturing, sales, and design of secondary concrete products
Headquarters	7552-2 Nagano, Higashikawanobori-cho, Takeo City, Saga Prefecture 843-0233, Japan



## Osaka Sealing Printing Co., Ltd.

Osaka City, Osaka Prefecture



## “The Daily Pursuit of the newie and the grandeur” towards the next century

### Stepping Up to the World Arena with our label products

Reaching to the 90th anniversary in this year, Osaka Sealing Printing Co., Ltd. (hereafter “OSP”) is a mid-tier enterprise which is at the forefront of small-lot production and distribution of a wide variety of adhesive labels. The company boosted sales after obtaining a patent in 1961 for inventing stickers which were peeled off from the mount. Afterwards OSP has become the leading company in the adhesive label industry with establishing an integrated production system which includes a material paper production, package planning, design, and printing. For overseas business, OSP paved their way by establishing a material procurement base in New York State (U.S.) in 1995, and has ever since then steadily developed, setting up a sales office in Shanghai (China) in 2003 and a production base in Suzhou (China) in 2006. Then in 2014, the company opened OSP (THAILAND) CO., LTD. as a sales office in Thailand, where a production base, OSP LABEL (THAILAND) CO., LTD., was set up two years later. With its unique ideas, OSP continues to turn consumer needs, ever-changing with time and lifestyle, into business opportunities and is now stepping up into the global market for the next challenge.

### Winning trust from the market with the innovative production process and technology

OSP began broadening its playing field in the 1970s. This coincided with the emergence of hypermarkets, which drastically changed the retail business, where, until then, food and daily products had been sold directly to customers by privately-owned shops. President Mr. Matsuguchi looks back at the time:

“private shops used to wrap fish, meat, or vegetables in used papers and hand their products to their customers, but at the hypermarkets where customers freely walk around, products need to be packed and labeled with their names and prices. This helped the demand for adhesive labels to grow rapidly.”

The demand for the labels was boosted even further by the introduction of the POS (Point-of-sale) cash register system and barcodes for managing sales data. With a radi-

cal reform of the production process, OSP developed a system to meet small-lot orders and its own printer and automatic labeling machine, providing the service at a cost that would not be possible for its rivals. This mindset was the key to accelerating the growth. “In recent years, it has become an obligation for retailers to indicate not only the ingredients of processed food but also where they are made and allergens. This has been a driving force for our growth.” Mr.



Matsuguchi says that he sees the aging as well as the declining population in a different, more positive light. “While the population is shrinking, the number of households is growing due to an increase of single-person households and trend toward the nuclear family. More specifically, the increasing number of the elderly, the young who live alone, and working couples leads to more people having meals alone. One product that used to contain 400 grams is now sold at 100 grams per pack, and this has increased the demand for the adhesive labels.”

### Expanding overseas production base with an eye to develop new prospective markets

OSP’s challenge continues with a keen eye on the future. In 2006, it established OSAKA SEALING PRINTING (SUZHOU) CO., LTD. (China). “The business did not expand as much as we expected in the beginning, but it picked up when the inbound to Japan boomed. Chinese people who visited Japan started to seek Japanese quality, and together with our heightened automation ratio of the production line, this helped us get on track.”

With the rising labor cost and stricter regulations for overseas remittance imposed in China, the company set up OSP LABEL (THAILAND) CO., LTD. in 2016 as an adhesive label production base in Thailand. This aimed to mitigate the risk of overconcentration of their overseas bases in a single country, and to target the promising ASEAN market with 600 million people as a new overseas branch. In fact, many Thai households do not yet have a kitchen and so the demand for perishable ingredients at supermarkets is relatively low. Thus they are planning to start from producing and selling labels for industrial use, and then gradually launch the production of labels for general consumers as the middle class grows. OSP utilized loans from JBIC for setting up OSP LABEL (THAILAND) CO., LTD. “The loan was introduced to us by a financial institution with whom we already had business. We are extremely grateful that JBIC provided us with competitive, long-term, and stable funds denominated in Thai baht, although it

might take us a while for our Thai business to move into the black.”

### Moving forward to the 100th anniversary Towards the fourth industrial revolution

For the past 90 years since its establishment, OSP has been continuously proposing new products that are part of people’s daily lives, and is now expanding its arena abroad.

“Our current consolidated net sales amount to 95.127 billion Japanese yen <sup>Note</sup>. The net sales from overseas business is still small, but we are aiming to achieve 100 billion yen from domestic and 20 billion yen from overseas business in the medium to long term. In order to achieve this number, we will utilize our branch in Thailand to form partnerships with local printing companies in various Asian countries, such as Malaysia and Vietnam, and solidify our foundation in the Asian market.”

OSP will have its 100th anniversary in 10 years. Towards this milestone, and to achieve “OSP’s Industry 4.0 (the fourth industrial revolution)”, the company has formed a network for domestic sales branches and factories through IoT. By developing the optimum production efficiency, it aims to create a “Smart Factory,” built on the philosophy of “mass customization” which would flexibly respond to diverse but small-lot needs. “Although we have many products with a domestic market share of 70% or more, technological innovation is progressing minute by minute, and our strengths might sooner or later become depleted. If, for example, there is an invention of a technology that allows direct printing on products and packages, adhesive labels will no longer be needed. We will infinitely challenge to create businesses that meet the next generation’s demand, both in and outside of Japan.”

The insatiable curiosity and challenging spirit of Mr. Matsuguchi continue to create new ideas and big innovations, proposing original “methods to print information” with a keen eye on our needs one step ahead of time.

Note:  
As of January 2017 (consolidated)

### Relationship with JBIC

In September 2016, JBIC signed a loan agreement amounting to 63 million Thai baht (JBIC portion) with OSP LABEL (THAILAND) CO., LTD., a Thai subsidiary of OSP’s holding company, OSP HOLDINGS CO, LTD. The loan was cofinanced with Resona Bank, Limited, and intended to provide the necessary funds for sticker and label production and distribution by OSP LABEL (THAILAND) CO., LTD. and will be used to install new factory equipment.

Name	Osaka Sealing Printing Co., Ltd.
Established	1927
Incorporated	1954
Capital	324,439,200 yen
President	Tadashi Matsuguchi
Business lines	Production and distribution of stickers, labels, processed films, and packages Manufacturing and distribution of label printer and automated labeling machines
Headquarters	1-8 Obasecho, Tennoji-ku, Osaka City, Osaka Prefecture 543-0028, Japan
Sales branches	32 in Japan
Production and R&D bases	13 in Japan: Tochigi (3), Gifu (2), Shiga (2), Osaka (3), Kyushu (3) Group companies: US (New York), three in China (Shanghai, Suzhou, Qingdao), two in Thailand (Bangkok, Nakhon Pathom)



**Tadashi Matsuguchi**  
President Osaka Sealing Printing Co., Ltd.



## Farmdo Corp.

Maebashi City, Gunma Prefecture



Solar panels in operation (Mongolia)



Vegetables sold at stands along a trunk road (Mongolia)

## Solar Farm Business: Shaping the Future of World Agriculture

### Farmdo's efforts for farming business and solar power generation in Mongolia

With its corporate philosophy “Support agriculture; Make efforts towards an increase in farmers’ incomes”, Farmdo Corp. (hereafter “Farmdo”), an SME company that assists Japan’s farmers and supports the country’s agriculture sector, promotes the so-called Sixth Industrialization of Agriculture<sup>Note 1</sup> that aims to integrate the activities of sectors in the agricultural industry value chain from production to processing and sales. Having started the solar power business especially in Gunma Prefecture, the company also invests in the “solar farm business” to generate solar power on a farming land while growing crops, which is a new form of agriculture. The company has installed solar panels at about 100 places in Japan, which generate a total power capacity of 56,000 kW, including the power capacity generated through solar panels installed on farm lands where crops are not grown. Farmdo started its business in Mongolia in 2012 and Myanmar in 2013. In the fall of 2017, the company will launch a solar farm business in Mongolia using the accumulated know-how on the business in Japan, with an aim to: i) assist Mongolia in achieving its target for renewable energy capacity and ii) provide fresh and safe agricultural products which are expected to see increased demand in the country.

### Understanding the needs of farmers through sales by truck

Mr. Masayuki Iwai, President of Farmdo, recalled, “Since my early 30s, when I was working for a leading distribution company, I had planned to run my own business in the future. When I opened a store to sell agricultural materials, I had the idea of building a “department store for farmers” that sells seeds, fertilizers and agricultural machinery. This idea led me to the current business.”

Mr. Iwai continued to say, “Back then,

farmers purchased agricultural machinery and materials, such as fertilizers, from Japan Agricultural Cooperatives (“JA”) and also sold all agricultural products to JA. Under such distribution system, farmers have limited access to the source of information about consumers’ needs, so I thought I could create a new business by establishing new distribution channels (direct sales system) without using the normal circulation markets, which would directly bring in more incomes and information about consumers’ needs to farmers”. Based on this strong belief, Mr. Iwai established Farmland

Corp., the former company of Farmdo, in 1994. Unfortunately, the launch of his company was delayed by 10 months because the site where he planned to do business became subject to land use restrictions. Facing the serious situation without any income, he decided to drive a sales truck loaded with agricultural materials. “This decision turned out to be very successful. I could understand the needs of farmers by directly talking with them,” Mr. Iwai recounted. He traveled across the country, purchasing as many as 20,000 agricultural products and pricing them

one by one by himself. As a result, he earned the support of farmers and doubled sales in the second year. In the third year, he obtained a license of an agricultural production corporation and founded another company called Farm Club as a private limited company. This enabled him to start a business to produce and sell vegetable seedlings. The turning point came about 10 years after foundation. Farmdo was in a slump due to competition and the declining number of farmers. Mr. Iwai said, “To overcome the slump, I decided to sell fresh vegetables that had sustained steady sales. To satisfy the needs of customers who wish to eat fresh vegetables, I built “Shoku no Eki” shops as a sales network of agricultural products that connects farmers and consumers. This market-in idea became popular with consumers and also welcomed by farmers because it allows them to secure sales channels. This idea was a hit, and sales increased by 2.2 times year-on-year”.

### Launching the solar power generation business and developing foreign markets

Thereafter, sales continued to increase steadily, which formed a foundation towards the Sixth Industrialization of Agriculture. However, the reputation of vegetables produced in Gunma was hit by the Great East Japan Earthquake in 2011, which significantly dragged down sales of vegetables. Furthermore, the gasoline shortages after the earthquake significantly hurt the household incomes of farmers. While finding a way to enable farmers to secure a source of income, Mr. Iwai conceived the idea of gaining an income by selling electricity generated through solar panels installed on the roofs of plastic greenhouses. Based on this idea, he acquired fallow land and started a solar farm business in 2013 to generate solar power on an agricultural land while growing crops in a plastic greenhouse. Supported by a government’s program to purchase renewable energy at a fixed price that started in the previous year, the solar farm business expanded further to install solar panels at about 70 places across Japan. This paved the way to further expand the solar farm business into Mongolia.

Mr. Iwai explained, “Farmdo established a joint-venture company, Everyday Farm LLC (EDF), with a local Mongolian company in 2012. I focused on Mongolia because local eating habits are diversified especially in urban areas, and the demand for fresh and safe vegetables is growing and is expected to

continue to grow”.

In addition, air pollution in the city of Ulaanbaatar in Mongolia is worsening and the city is implementing various measures to cut air pollution, including the use of renewable energy sources. As this project is expected to spread innovative low carbon technologies in Mongolia, it is accepted as one of the projects that is supported under the joint crediting mechanism (JCM)<sup>Note 2</sup> program led by Ministry of the Environment, Government of Japan. In Mongolia where a vast agricultural land is available, Farmdo can fully utilize its knowhow in the solar farm business which produces stable income by selling electricity generated through solar panels installed on farming land while growing crops there in more efficient way by adjusting sunlight. “Needless to say it was important to earn the trust in our solar farm technology from Mongolia, but it was also important to make our own efforts to build relationships of trust with local people. As a result of these efforts, we developed deep relationships with the local administrative chief and receive encouraging support from him”, said Mr. Iwai, with a smile.

### Focusing on educating young people to build the future of Japan’s agriculture

Now, Farmdo plans to expand the solar farm business more broadly in Asian emerging countries. At the same time, the company is making efforts to create the future of Japan’s farming industry, particularly together with the next generation of young people. Mr. Iwai said, “we are planning to introduce and practice the Japanese version of the dual system<sup>Note 3</sup> in agriculture in partnership with local universities beginning in fiscal 2018. This system is intended to develop human resources who will contribute to the world in the agriculture industry, providing courses of lectures and training for both the Sixth Industrialization of Agriculture and agricultural production. We hope that agriculture will be a growing industry in 10 years. To realize our hopes, we believe that our mission is to develop young people who will support the future farming industry and overseas agricultural businesses, and to proactively create new ways of farming”. In April 2017, Farmdo recruited 17 young members of staff, the largest number since the company was established. The company continues to move forward to further increase the potential of Japan’s farming industry.

Note 1: Sixth Industrialization of Agriculture

Integration from the upstream to downstream of the agriculture industry, by combining its primary sector (agricultural production), secondary sector (processing) and tertiary sector (distribution and sales). The term “Sixth Industrialization of Agriculture” is an invented term, in which “Sixth” is derived by summing the numbers, 1 for primary industry, 2 for secondary industry, and 3 for tertiary industry.

Note 2: Joint crediting mechanism (JCM)

An initiative of Japanese government aimed at quantitatively evaluating Japan’s contribution to curbing greenhouse gas emissions by providing Japanese emission reduction technologies, products, systems, services and infrastructure to developing countries and taking account of the above quantified contribution as a part of achievement towards Japan’s own target for emission reduction.

Note 3: Dual system

A practical vocational training system that combines on-the-job (OJT) training programs, and educational and vocational training courses.



### Masayuki Iwai

President Farmdo Corporation

### Relationship with JBIC

In March 2017, JBIC signed a loan agreement with Everyday Farm LLC (EDF), the Mongolian subsidiary of Farmdo, under a cofinancing arrangement with Towa Bank, Ltd. for the amount up to USD 12.1 million equivalent, of which JBIC will provide up to USD 8.5 million. This financing is to provide capital necessary for the solar power generation project conducted by EDF in Ulaanbaatar, Mongolia. EDF will sell electricity to Mongolian National Transmission and Distribution Company for the next two decades.

<b>Name</b>	Farmdo Corporation
<b>Established</b>	1994
<b>Capital</b>	98 million yen (as of March 2016)
<b>President</b>	Masayuki Iwai
<b>Business lines</b>	Sales of agricultural materials, agricultural products, processed specialty products and electricity generated by photovoltaic generation
<b>Headquarters</b>	3rd floor, NF2 Bldg., 1-1-1 Tonyamachi, Maebashi City, Gunma Prefecture 371-0855, Japan
<b>Shops</b>	Six “Noen’s” shops in Gunma Prefecture, 12 “Shoku no Eki” shops mainly in the northern Kanto region, and 14 “Local production Marché” shops mainly in Tokyo, and a farm restaurant “Saino Saien” in Saitama Prefecture
	Overseas bases: Everyday Farm LLC (Mongolia) Five Stars Food Industry Co. Ltd. (Myanmar)

