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CORPORATE STRATEGY AMID GEOECONOMIC RISKS

Insights from analysts and the frontline
Navigating an uncertain world



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CORPORATE STRATEGY AMID GEOECONOMIC RISKS

As geopolitics, economics, and security become ever more entangled, decisions on overseas corporate operations and investments are made amid unprecedented uncertainty. This issue explores geopolitical and geo-economic risks from multiple angles, opening with a dialogue between SUZUKI Kazuto, a scholar of international politics, and a senior managing director of the Japan Bank for International Cooperation (JBIC), followed by commentary from a European specialist, and analyses by JBIC's Director General of the Strategic Research Department and the Director General of the Country Credit Department, as well as an introduction of initiatives on the ground in Asia.

Director, Institute of Geoeconomics
Professor, Graduate School of Public Policy,
The University of Tokyo

SUZUKI Kazuto

Following positions including Professor at the Hokkaido University Public Policy School, Visiting Fellow at the Princeton Institute for International and Regional Studies, and Member of the UN Security Council Panel of Experts on Iran Sanctions, he has been a Professor at the Graduate School of Public Policy at the University of Tokyo since 2020 and Director of the Institute of Geoeconomics since 2022. He received his Ph.D. from the Sussex European Institute, University of Sussex.



Senior Managing Director, JBIC

KIKUCHI Yo

Joined the Export-Import Bank of Japan (now JBIC) in 1991. Following various positions including the inaugural director general of the Strategic Research Department, director general of the Human Resources Management Office of the Corporate Planning Department, global head of the Credit, Assessment and Risk Management Group, and global head of Corporate Planning Group, he assumed the position of senior managing director in June 2024. Using his extensive experience in risk management and planning operations, he oversees management as a whole.

POINT What are geopolitics and geoeconomics?

Geopolitics is a framework for analyzing how geographical conditions and the distribution of resources influence power dynamics and security among nations. In recent years, economic tools such as tariffs, resources, technology, and supply chains have increasingly been used as "weapons" in international conflicts, leading to growing interest in "geoeconomics," which incorporates the perspective of economic security. It has become a critical framework that directly impacts not only national strategy but also corporate investment decisions and business strategy.

formula" was thorough pursuit of cost efficiency.

Management decisions were able to be made on the foundation that international rules function and free trade will continue. Business leaders only had to think about profitability, technology, and legal issues, treating the international landscape as a given. But now that foundation is swaying. This could be summed up as a "rethinking of supply chains"—the need to consider safety over low cost. This is shaking the very core of business decision-making.

SUZUKI ▶ The reason for so much focus on geoeconomics is the end of the separation between politics and economics. In the past, countries only had to deal with force majeure risks such as natural disasters and terrorism, but now, rule-flaunting economic coercion is being strategically employed as a political tool.

The more that free trade advanced, the more international division of labor developed, increasing one country's dependence on others. In normal times, this would be risk-free efficiency, but once a particular country becomes aware that its monopolistic position can be leveraged as a political tool, the economy transforms into its "strongest weapon." In the current situation, in which the WTO's dispute settlement mechanism is paralyzed, there is greater incentive than ever for major economies to weaponize

| DIALOGUE |

Beyond the era of fragmentation: The new criteria for corporate investment

The premise of rules-based free trade is collapsing, and Japanese companies developing business overseas cannot avoid being impacted.

SUZUKI Kazuto, director of the Institute of Geoeconomics, and KIKUCHI Yo, senior managing director, JBIC, discuss how Japan and Japanese companies can navigate a path forward in a rapidly shifting geopolitical and geoeconomic global environment.

Geoeconomics: Turning the economy into the "strongest weapon"

SUZUKI ▶ Let's start by clarifying the context. The more established "geopolitics" is a framework for analyzing how geographical conditions influence power dynamics between states, especially power struggles through military force. This is analysis such as: island states like Japan are maritime powers that are not easily invaded, whereas Russia and Germany are continental powers that seek to expand their spheres of influence to neighboring countries in concentric circles.

In contrast, "geoeconomics," which has been gaining importance in recent years, replaces this military strength with economic means. Power is drawn

not from military strength, but economic "indispensability"—possessing something that cannot be replaced. For example, a country having "scarce resources rarely found elsewhere" or "irreplaceable technologies" makes other countries dependent on it, and this is used as a weapon to achieve political objectives. A case in point is China's rare earth supply chain. China has a de facto monopoly on rare earth elements, and is taking advantage of that. The U.S.'s unilateral imposition of tariffs on everyone, including its allies, can also be called a geoeconomic tactic—exploiting the weakness of other countries that are dependent on its huge market.

To counter this situation, a country must reduce its dependence on other countries and work to increase

its strategic autonomy. At the core of geoeconomics is analyzing the power dynamics controlling economic choke points, the nodes within global supply chains, and thinking about the tug-of-war between indispensability and independence.

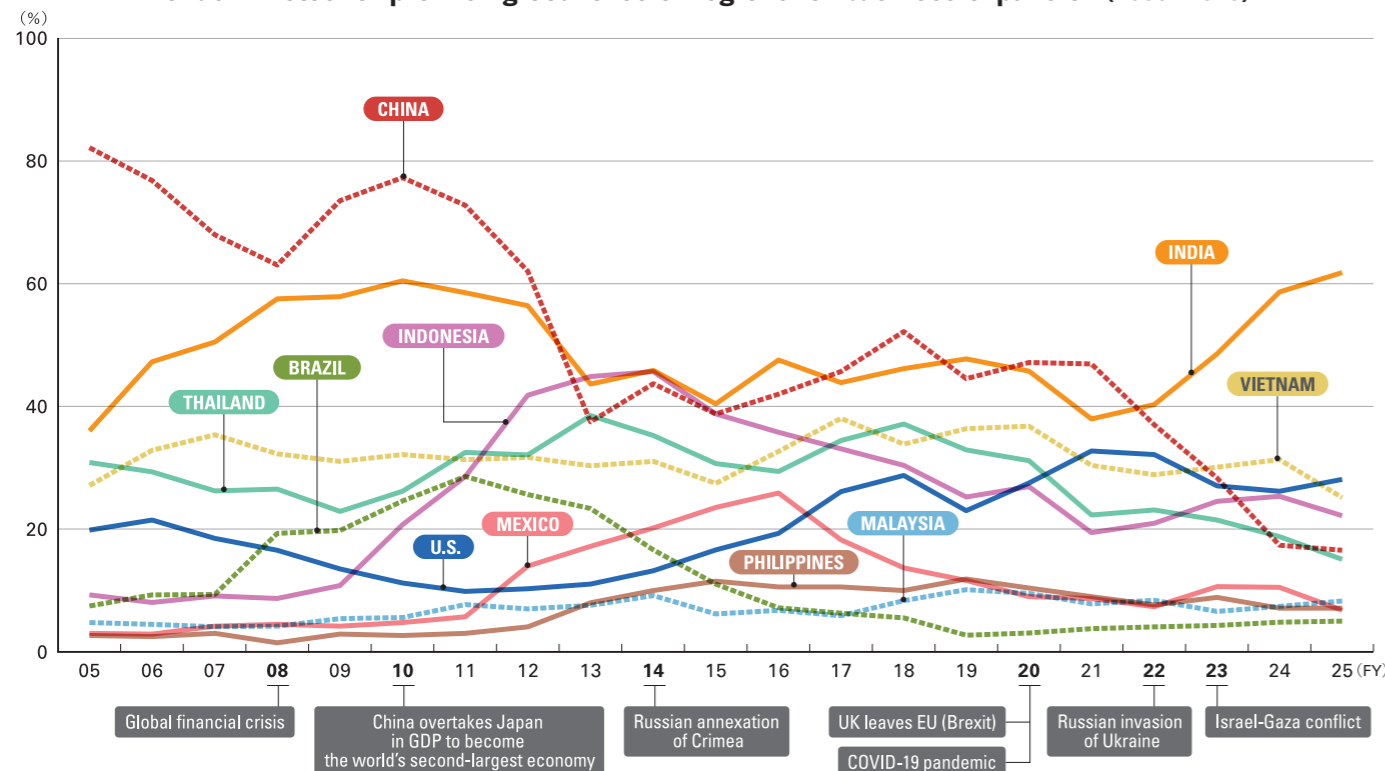
KIKUCHI ▶ Even from an on-the-ground perspective, I am keenly aware that the risks associated with economic interdependence have become top management priorities. For some 30 years after the end of the Cold War, companies assumed globalization to be risk-free and made decisions based solely on economic rationality. As symbolized by China joining the World Trade Organization (WTO) in 2001, it was simply a matter of optimization based on a free trade system. The "winning



The supply chains for critical resources such as rare earth elements have now become a strategic arena that can affect the balance of power between states.



Trends in votes for promising countries or regions for business expansion (2005–2025)



Respondent companies listed up to five countries or regions that they considered promising for business expansion in the medium term (around the next three years), and these were ranked as promising countries or regions for business expansion.

this power. This is the era of economic statecraft—the use of economic means to pursue national interests—unconstrained by rules.

The end of “cold politics, hot economy” Long-term diversification of suppliers

KIKUCHI ▶ Japanese companies are also responding proactively to this change, symbolized by changing sentiment toward China and the shift in investment destinations. In the past there was an expression, “cold politics, hot economy,” a kind of optimistic outlook which posited that strained political relations do not affect economic relations. However, that assumption collapsed around the time China’s GDP surpassed that of Japan in 2010. When political relations cool, the economy also cools. That is the new normal.

Interesting trends are also revealed in the Global Landscape of Overseas Business Expansion (GLOBE) survey conducted annually by JBIC on Japanese

companies. China was overwhelmingly popular for many years, ranking first or second in the ranking of promising countries or regions for business expansion. In the 2023 survey, however, it fell to third place, and in 2024, it dropped to sixth, a record low. Although it rebounded to fifth place in the latest 2025 survey, the trend for Japanese companies to diversify their suppliers and markets has already taken hold.

Recently, interest in the USMCA (U.S.-Mexico-Canada Agreement, formerly NAFTA) region has risen. This was due to widespread expectations at the start of the Biden administration that free trade might resume via Mexico. But these prospects waned with the start of the second Trump administration in 2025. Over time, we are seeing the U.S. becoming more popular, while Mexico’s appeal declines. This is resulting in a clearer shift toward investment in the U.S. proper. Seeing a prolongation of the U.S.—China conflict, Japanese companies are realizing that they will not be returning to the “good old days” and are tilting toward more direct investments in the U.S. market.

SUZUKI ▶ I call this “the end of unfounded optimism.” Rather than overturning the policies of the first Trump administration, the Biden administration actually reinforced them, which is why I call it “Trump

1.5.” It did not return to the Trans-Pacific Partnership (TPP) and it strengthened restrictions on semiconductor exports to China. As long as a strong consensus exists among the American public for trade policies to protect the middle class, this geoeconomic trend will probably continue no matter who is president. It appears that Japanese companies are restructuring their risk portfolios based on this premise.

Typically, even when governments issue calls to “reduce dependence on China due to geoeconomic risks,” companies will resist on the basis that “lower costs mean higher profits.” However, what sets Japanese companies apart is that they generally have a high awareness of risk and will work to diversify their suppliers even before the government makes a move. From the perspective of economic rationality alone, it might seem to be a “loss” to intentionally choose a more expensive supplier. Nevertheless, Japan’s CEOs are having their companies bear these costs and restructuring their risk portfolios to avoid geopolitical risks. You could call this the long-term perspective of Japanese companies, which stands in contrast to Western companies, which tend to focus on short-term quarterly results.

KIKUCHI ▶ At the same time, it is the flip side of another risk: a low-growth

domestic market. It’s true that conducting all business domestically would reduce geoeconomic risk. But on the other hand, companies will confront limitations in market size. Indeed, the percentage of overseas sales of Japanese companies is now at a record high of over 40 percent. Accordingly, “A return to Japan is safe, but growth cannot be expected. Going overseas offers growth, but carries geopolitical risks.” Caught between these two constraints, Japanese companies are pressed for a decision. At that point, they have already shifted from their singular focus on efficiency and are in the phase where they take out what might be described as “geoeconomic insurance”—preventing disruptions in times of emergency even if it means accepting pain in the form of some cost increase during normal times.

Can India become a geoeconomic hub despite its challenging landscape?

KIKUCHI ▶ Recently, India has increasingly been cited as a candidate for supply chain diversification. In GLOBE’s rankings of promising countries or regions for business expansion, India vied with China for the top spot for many years, and since 2022 has ranked first for four consecutive years. Its potential is now widely recognized. However, operations on the ground persistently face the dilemma of “high expectations amid many business challenges.”

SUZUKI ▶ India is unique. In addition to infrastructure challenges, the national government and states have different interpretations of institutions and regulations, and there is a culture of bureaucratism as well as a tendency for individuals to put themselves before the organization. If you enter the market assuming Japanese-style teamwork, you’ll find yourself stumbling. On the other hand, the Modi administration is implementing very flexible diplomacy by maintaining relations with both the U.S. and Russia, and a balance with China although tensions exist. This complexity itself is also one of India’s geoeconomic strengths.

Having this country, with its “balanced diplomacy,” serve as a hub is a big challenge for Japanese companies. However, companies succeeding in India have a common feature. Daikin Industries, which has a strong presence in India’s air conditioning market, and Suzuki (Maruti Suzuki India), which holds about a 40 percent share of the passenger car market, are willing to go through the mill there. Both companies say that “If we can acquire a sense for products and cost consciousness that work in

India, we can compete in Africa and the Middle East as well.” Should India be viewed merely as a market, or positioned as a global “geoeconomic hub” or a “training ground”? That strategic perspective will determine the success or failure of overseas expansion.

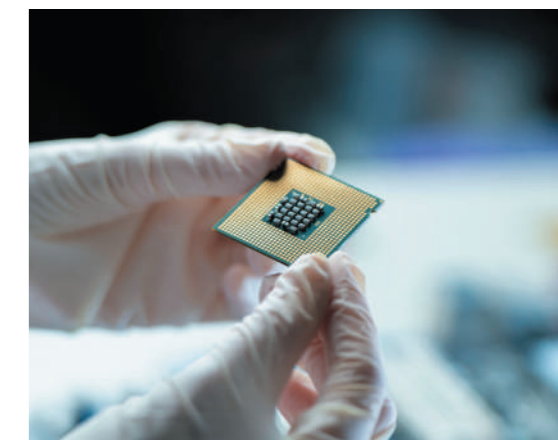
Honing “indispensability” as a strategy for economic security

SUZUKI ▶ The Trump administration is showing strong interest in Greenland because the strategic resources there could be a means to reduce its dependence on China. Today, geoeconomics and national security are two sides of the same coin. From that line of thought, JBIC’s financing should not simply be economic assistance, it should play a role that supports Japan’s economic security.

KIKUCHI ▶ We, too, are strongly aware of this responsibility. As geoeconomic risks merge with national security, JBIC’s role does not stop at addressing social challenges. A rising priority is improving the resilience of supply chains. For example, our financing for development of a copper mine in Chile and for a decarbonization project with Brazil’s state-owned oil company helps secure critical resources. In the semiconductor industry as well, we are supporting overseas investments and other initiatives necessary to maintain and enhance the international competitiveness of Japanese companies. In all these cases, we are aware that they are areas directly connected to Japan’s vulnerabilities in resources, technology, and supply chains.

Going forward, just being a like-minded “ally” will not be enough; it will be a matter of whether the relationship is mutually beneficial. An aim of the loans for solar power projects in Uzbekistan and port container cranes in Ecuador is to have the countries recognize Japan as an indispensable partner by helping them address their pressing challenges of power shortages and logistics improvements. Though geographically distant, if countries feel that “we will be at a loss without Japan,” this ultimately contributes to Japan’s national security.

SUZUKI ▶ What is crucial here is “transparency” of the strategy. In this era of geoeconomics, even investments that are purely economic risk being characterized as politically motivated by the way some countries frame them publicly. That is why it is crucial for Japan to clearly convey why it is investing in a country—not only out of goodwill, but also because of its strategic importance and alignment of interests. This will



Semiconductors are at the intersection of the economy and national security. Choices in technological capabilities, investment targets, and supply chains greatly affect the competitiveness of companies and states.

actually make it easier to gain trust.

KIKUCHI ▶ The same can be said for ASEAN. Because of long years of peaceful economic diplomacy, the Japanese side had taken it for granted that the partner countries there are “pro-Japan.” However, ASEAN members are seriously gauging their positions between China, with its huge investments, and the U.S., for its security. The era when Japan was welcomed simply because it was Japan is over. While the trust in Japan built by our predecessors is our foundation, it is crucial that we do not become complacent. It is essential that we engage deeply in the growth of these countries by addressing truly crucial issues using the technologies and solutions that only Japan can.

SUZUKI ▶ Japan is not a natural resource country, and so it cannot dominate the world through oil or food. However, there are areas such as semiconductor materials, machine tools, and carbon fiber for aircraft, where countries will be at a loss without Japan. How strategically Japan can control these choke points—ones that affect specific countries—will determine Japan’s path forward.

KIKUCHI ▶ To that end as well, continuous innovation is essential. In addition to supporting startups, JBIC is investing in and providing loans for next-generation technologies such as nuclear fusion. We must also be willing to cast a wide net in areas where success is not guaranteed.

SUZUKI ▶ In the world of geoeconomics, “win-win” scenarios that benefit everyone do not exist. Reducing dependence always comes at a cost, with someone having to feel pain. By allowing a little pain to be felt during normal times, a fatal blow in times of emergency can be avoided. That is the commitment now demanded of business leaders.

Survey overview

This survey, which investigates the trends of Japanese companies regarding overseas business expansion, was conducted and collected by JBIC from July through August 2025. Responses were received from a total of 733 companies in the manufacturing and non-manufacturing sectors. The full report is available online.





| ANALYSIS |

Geoeconomics Amid a Changing World Order: the challenges of diversification and realignment

As the global order appears to be in transition, alliances shift and the economic interdependence that once promised peace is weaponized, geoeconomics and security specialist Dr. Niklas Swanström delivers his take on how the world is evolving and how Japan can adapt to it.



Q Looking ahead, how do you see security dynamics evolving across Europe, North America, and Asia this year?

A Unpredictability is the key word. We are entering a period with a new set of synchronized challenges where security, economics, and politics are deeply intertwined in ways we haven't seen before. Traditional alliance lines are weakening, at least temporarily, and countries will need to diversify their partnerships. Paradoxically, this will lead to greater polarization but also greater multipolarity, as states focus more on their own security and resilience.

Q We are already seeing shifts in trade and political alignment. How significant are these changes?

A They are very significant. The way that the U.S. is viewed by its allies has been altered, even if the U.S. remains the most important security provider for

Europe, Japan, and South Korea. We are seeing Europe and parts of Asia gradually turn away from overreliance on the U.S. market. Consumers and companies are beginning to make different choices, and China becomes an increasingly important—if complex—economic partner.

Q What does this mean for supply chains and economic security, particularly for Japan and Europe?

A Diversification is no longer optional. Japan and Europe are already exposed to economic coercion by the major powers, whether through export controls, tariffs, or restrictions on critical minerals such as gallium, germanium, and graphite. The challenge is that diversification is constrained: alternative markets and suppliers are often already influenced by major powers, and they could be hit with sanctions over their dealings with other nations. Still, relying on a single economic actor is a serious national security risk.

Q Many people once believed that economic interdependence would reduce conflict. Has that assumption been proven wrong?

A Largely, yes. Economic interdependence has increased wealth, but it has also created vulnerabilities that can be weaponized. We now see trade, investment, and regulation used as tools of coercion. This doesn't mean decoupling is realistic or desirable—complete decoupling has never happened, even during the Cold War—but it does mean we need to rethink how dependence is managed.

Q Is it realistic for Europe or Japan to reshore production in areas like solar panels?

A It is technically possible but extremely costly. Building full domestic capacity for solar panels would require enormous investment and time, while governments are simultaneously increasing military

spending. The real challenge is prioritization: deciding which technologies and sectors are critical enough to justify the cost, and whether consumers are willing to accept higher prices. Awareness matters a great deal. In Europe, the Russian invasion of Ukraine increased public willingness to accept higher costs for energy and security. A similar shift could occur in Japan if there were a crisis over Taiwan. Still, resources are limited, and governments face difficult trade-offs.

Q Japan is often described as a linchpin of security in the Asia-Pacific. How can it balance its alliance with the U.S. while maintaining regional ties?

A Japan's challenge is not choosing between the U.S., Asia, or Europe, but leveraging all of these relationships. Diversification is essential—toward Southeast Asia, Central Europe, Latin America, and beyond—but it must be strategic, not scattershot. Priority regions such as Vietnam, parts of Central and Northern Europe, and countries like Mexico and Brazil offer opportunities. The goal is risk reduction through a balanced portfolio.

Q What are some common misconceptions around geopolitical and geoeconomic risks?

A One major misconception is that geopolitical risk is only for governments to manage. In reality, companies—especially mid-sized firms—are often the first targets. Another is the belief that diversifying away from China automatically solves the problem. Many alternative suppliers are still dependent on China. There is also a false sense of security around specialization or long-term business relationships; these do not protect firms from political pressure. Military conflict is sometimes overestimated. While risks around Taiwan or the Korean Peninsula are serious, they are often managed more carefully than headlines suggest. At the same time, non-military



Non-military risks such as cyberattacks and the spread of disinformation are increasing alongside conflicts.

risks—cyber threats, legal and regulatory weaponization, disinformation, and climate-related disruption—are often underestimated.

Q What should JBIC focus on in this shifting environment?

A JBIC should be seen not just as a development bank but as a strategic tool for Japan's economic security. That means prioritizing critical sectors—semiconductors, advanced materials, batteries, digital infrastructure, pharmaceuticals, space and satellite systems—and critical regions. It also means developing stronger geopolitical risk assessment frameworks, including hybrid threat indicators and supply-chain resilience metrics. JBIC also needs to adjust how it evaluates risk and success. Traditional development metrics are no longer sufficient. Strategic value—how a project contributes to Japan's long-term competitiveness and security—has to carry much greater weight alongside commercial viability. This may require a higher risk tolerance and new financing tools, such as enhanced political risk insurance and support for consortium-based

investments that allow Japanese firms to share exposure.

Q How should JBIC and similar institutions think about international law, given its apparent weaknesses?

A We can no longer assume that international law alone will protect investments. It relies heavily on consensus, and enforcement is weak against powerful states. Japan and Europe do not have the military leverage to ignore international rules—precisely why those rules matter so much to us. The response should be deeper collaboration among countries that do value predictability and rules. That includes coordinated approaches to standards-setting in emerging technologies and closer ties between development banks, export credit agencies, and regional institutions such as the African Development Bank or the Inter-American Development Bank. And we need to be realistic: multilateral institutions like the UN and WTO are flawed and often ineffective, but remain our only global frameworks. Strengthening them, even incrementally, is still preferable to letting them erode entirely.

Director and co-founder of the Institute for Security and Development Policy

Niklas Swanström

In addition to a PhD from Uppsala University, MAs from Uppsala and Fletcher School of Law and Diplomacy, and extensive study in China, Dr. Niklas Swanström is the director of the Sweden-based Institute for Security and Development Policy. He has authored and contributed to multiple books on topics including supply chain security, non-traditional security threats such as cyber warfare and disinformation, Chinese foreign policy, Northeast Asian geoeconomics and geopolitics, as well as conflict prevention and management.



Japan's challenge is not choosing between the U.S., Asia, or Europe, but leveraging all of these relationships.



| ASSESSMENT |

Intelligence sharing between the Strategic Research Department and the Country Credit Department

- ◉ Addressing unpredictable geopolitical risks requires a perspective that factors in both global economic trends and country-specific financial risks.
- ◉ Delivering integrated information analysis and financial assessments, JBIC supports Japanese companies in their decision-making amid a rapidly changing international environment.
- ◉ Analysis is underpinned by staff from diverse backgrounds who continually examine issues from multiple perspectives while formulating and testing hypotheses.

The Strategic Research Department and the Country Credit Department are the two “brains” of JBIC. Amid escalating uncertainty over the international situation and the accelerating pace of change, these two departments cooperate to serve as a compass guiding Japanese companies. KAWAKAMI Nao, Managing Officer and Director General of the Strategic Research Department, and YOKOBORI Naoko, Managing Officer and Director General of the Country Credit Department, share how the two departments collaborate and analyze geopolitical risks.

Q What are the respective roles of the two departments?

KAWAKAMI ▶ The key difference lies in the perspective each department is responsible for. The Strategic Research Department is part of the Corporate Planning Group. Rather than being directly tied to individual projects, its role is to identify major currents, such as geopolitical, industrial, and technological trends, and to share these insights with JBIC’s management and Japanese companies.

YOKOBORI ▶ The Country Credit Department comes under the Credit, Assessment and

Risk Management Group. While keeping individual transactions in mind, we analyze international financial markets and country-specific economic conditions that form the backdrop to JBIC lending activities and project management. Our core responsibility is assessing sovereign risk—a country’s repayment capacity. Drawing on the Strategic Research Department’s analysis of how broad currents such as geopolitical and technological trends affect the global economy and specific countries, we apply those insights to transaction appraisal and risk management.

Q Have your two departments always worked closely together?

KAWAKAMI ▶ The Strategic Research Department is a relatively new department established about eight years ago. It’s only been a few years since we began working with the Country Credit Department as closely as we do today. The driver was the growing complexity of international analysis, making it increasingly important to consider a single phenomenon from multiple perspectives.

YOKOBORI ▶ Requests from senior management for timely input have increased significantly compared with the past. By deepening cooperation, we feel that the organization as a whole has gained the ability to conduct more multifaceted analysis.

The Strategic Research Department and the Country Credit Department hold regular discussions to align our views



Analysts from the Strategic Research Department and economists from the Country Credit Department, routinely engage in frank discussions from their different perspectives to explore the direction of their analyses.

on how to interpret events occurring in the world.

Q What is your take on current geopolitical and geoeconomic risks?

YOKOBORI ▶ I feel that the era of unwavering trust in international rules and free trade has come to an end. International organizations such as the International Monetary Fund (IMF) had traditionally led restructuring based on established rules when an emerging country faced a financial crisis, but it is now becoming difficult for such frameworks to function. For emerging economies, their geopolitical positioning—namely, which countries or blocs, such as the U.S. or China, they choose to deepen ties with for financing and diplomatic relations, is now a crucial factor influencing their repayment capacity.

KAWAKAMI ▶ Geopolitics used to be a

subject limited to just some experts and specific high-risk regions. That’s no longer the case. This concept has infiltrated all economic activities including trade, investment, supply chains, semiconductors, and cutting-edge technologies. Economic activity and national security used to be separate, but they now overlap in this era of “economic security.” Lately, I have been saying that “geopolitics is no longer just a risk; it is a ‘cost’ for companies.” I see the world as having become one where businesses must factor in some costs to be sustainable in this age of uncertainty.

Q What does each of your departments prioritize when collecting and analyzing information?

KAWAKAMI ▶ I encourage analysts in the Strategic Research Department to follow three steps: “fact-finding,” “analysis of background and cause,” and “implications for the future,” and then present it as a coherent narrative. Geopolitical analyses tend to be qualitative, but we always back this up with quantitative proof—data and figures to make our message more persuasive.

YOKOBORI ▶ A defining feature of analyses by the Country Credit Department is “multi-layered interviews.” We not only engage with a country’s government and central bank, but also with private financial institutions, Japanese companies operating in the country, and even international organizations and think tanks, for a multifaceted assessment of the country’s situation within the broader



Using the combination of diverse data and local information, risk is analyzed by country and project for financial decision-making.

Financial disruptions, in particular, can materialize very quickly. That is why continuous monitoring of financial markets and early detection of even small signs of stress are essential.

YOKOBORI Naoko Joined the bank in 1997. After assignments including secondment to the IMF Senior Representative of the Representative Office in Paris, and secondment to the Cabinet Secretariat, she was assigned to sovereign risk assessment in the Country Credit Department. Has been Managing Officer and Director General of the department since 2024. Graduated from the University of Tokyo, College of Arts and Sciences, and has a master’s degree (MA) in International & Development Economics from Yale University.



sweep of the global economy.

Q Are there warning signs when assessing risk?

YOKOBORI ▶ We focus on two key channels: first, the real-economy channel, such as how tariff policies affect exports and investment; and second, the financial channel, such as how rising U.S. long-term interest rates increase financing costs for emerging economies. Financial disruptions, in particular, can materialize very quickly. That is why continuous monitoring of financial markets and early detection of even small signs of stress are essential.

KAWAKAMI ▶ I frequently exchange views with external experts. When their opinions all point in the same direction, I get very skeptical, because sharing the same outlook tends to reduce sensitivity toward changes in underlying assumptions. Conversely, when views diverge, the uncertainties come into sharp relief, making it easier to catch the early signs of risk.

YOKOBORI ▶ I believe it to be most dangerous when there is a clear problem, but political constraints prevent necessary measures from being taken. For example, when policy response lags, such as not increasing exchange rate flexibility when foreign exchange reserves are being depleted, the risk of default increases.

Q How do you view the challenges faced by Japanese companies looking to expand overseas?

KAWAKAMI ▶ Withdrawal from overseas operations and restructuring of supply chains due to geopolitical risks are becoming increasingly widespread. While companies essentially formulate their business strategies on the premise of long-term predictability, geopolitical risks are the exact opposite, changing unpredictably over the short term. I believe that the largest issue is this temporal gap. There are also many companies that lack the talent and expertise to analyze these risks. This is more of a challenge confronting Japan as a whole,

rather than individual companies. That is why we want to provide companies with the information we analyzed through our extensive networks. I believe that JBIC’s greatest strength lies in our ability to provide information and analyses, and financial solutions (e.g., loans and equity investments, and guarantees) based on that, as one package. **YOKOBORI** ▶ Recently, we have increasingly been consulted on how JBIC views countries in high-risk regions such as the Middle East and Africa. By combining on-the-ground intelligence from our 18 overseas representative offices with a broader macro perspective encompassing both the global economy and the overall economy of the respective countries, we aim to effectively support Japanese companies in their decision-making processes.

Q What kind of people do you think are suited for this type of analytical work?

KAWAKAMI ▶ I think they are people who have an intellectual curiosity and the ability to formulate hypotheses. The Strategic Research Department has more than a few people who were science majors. From the enormous amount of news and data, they formulate a hypothesis and verify it through interviews and other methods, and accumulate evidence for an analysis. Scientific thinking skills are extremely useful in this process.

YOKOBORI ▶ People who genuinely enjoy thinking about how daily news affects the global economy and their assigned countries. A basic understanding of economics is essential, but backgrounds can be diverse. By pooling individual strengths, we will continue to pursue multifaceted country analysis.

Geopolitics is no longer just a risk; it is a “cost” for companies. This is now an era where businesses will become unsustainable unless they factor in this assumption.

KAWAKAMI Nao Joined the bank in 1996. After working in areas including resources and energy, infrastructure finance, and corporate planning, he was appointed Chief Representative of the Representative Office in Washington, D.C. Managing Officer and Director General of the Strategic Research Department since 2024. Graduated from the University of Tokyo, Faculty of Law, and has a master’s degree (LLM) from the University of Michigan (Ann Arbor) Law School.



| PERSPECTIVE |

Geopolitics through an Asia-Pacific lens

- India has topped the ranking of promising countries or regions for business expansion for four consecutive years, with Vietnam placing third.
- Amid sweeping changes to semiconductor supply chains, power transmission technologies capable of meeting surging electricity demand are emerging as major business opportunities.
- Navigating this shifting landscape requires both adaptability and the painstaking cultivation of trust with local stakeholders.

While pursuing economic self-reliance, India is actively welcoming cooperation with Japanese companies

Amid geopolitical shifts affecting the business environment, including trade tensions fueled by U.S. tariff policies, it is becoming ever more difficult for Japanese companies to make decisions about overseas expansion and investment.

However, where there is risk, there is opportunity, says SAKUMA Kazuko, JBIC's Resident Managing Officer and Regional Head for Asia and Pacific, who oversees a vast area from India in the west, to the Pacific region in the east, and Mongolia and China in the north. "How well we can respond to changes in the environment is crucial to getting through this era of uncertainty. I am optimistic that making the most of opportunities while minimizing risks will create genuine opportunities for Japanese companies to transform themselves."

India is the focus of attention in the Asia-Pacific. In the Survey Report on Overseas Business Operations by Japanese Companies—also referred to as the Global Landscape of Overseas Business Expansion (GLOBE)—conducted by JBIC in FY2025, India ranked first for the fourth consecutive year, cited by more than 60 percent of respondents as a promising country or region for business expansion.

The "Self-Reliant India" policy announced in 2020 aims to reduce import dependence and elevate the country's role in global supply chains. "India is promoting multilateral cooperation while avoiding dependence on specific countries and is also actively pursuing cooperation with Japanese companies. As more than 95 percent of India's businesses are mid-tier and small- and medium-sized enterprises, just like in Japan, I often hear that Indian counterparts want to learn from Japan's advanced technologies and industrial structure."

With an equity investment in the National Industrial Corridor Development Corporation (NICDC), JBIC is supporting the development of industrial parks in

India. There is particular focus on attracting Japanese companies to the Dholera Industrial Area, which aims to become a semiconductor hub. This smart city development in western India is a flagship zone in the government-led Delhi Mumbai Industrial Corridor project, with Japanese companies showing strong interest.

As indicated by the GLOBE survey results, many Japanese companies wish not only to export products to this promising market but also to establish manufacturing bases there. However, some companies remain hesitant due to the complexity of legal and regulatory frameworks that vary from state to state, as well as underdeveloped inter-city infrastructure.

In response to such challenges, SAKUMA says that JBIC also serves as a bridge, consolidating feedback on matters such as regulatory frameworks, the development of industrial parks, and improvements to living infrastructure, and engaging with officials at the central and state governments. "We play an important role in not only providing loans, but also helping to remove barriers to market entry."

Vietnam's manufacturing boom brings new challenges

Vietnam is also becoming a major beneficiary of supply chain realignment. "Against the backdrop of U.S.-China

tensions, companies from Japan as well as from South Korea, Taiwan, and Singapore are accelerating efforts to shift manufacturing bases from China to Vietnam. This trend will probably continue for the foreseeable future."

With overseas companies concentrated in northern Vietnam, near the Chinese border, new challenges are surfacing: labor shortages and soaring wages. The labor-intensive model built on an inexpensive and hardworking workforce, which used to be Vietnam's strength, is reaching its limits, meaning that automation and higher-value manufacturing are becoming unavoidable.

JBIC's primary focus in Vietnam is a public-private dialogue framework established under the Asia Zero-Emission Community (AZEC), a Japan-led platform aimed at achieving decarbonization. JBIC serves as team leader together with the Embassy of Japan in Vietnam and Vietnam's Ministry of Industry and Trade, working with 46 Japanese companies to improve energy policies and support individual projects. In March 2025, 15 projects worth approximately USD20 billion were selected for the first round.

However, negotiations with the Vietnamese side are not straightforward. SAKUMA candidly says, "Decisions on large-scale projects take time, making patience, grit, and tenacity essential.

Where there is risk, there is opportunity. Visiting the site in person and building relationships with the government and trusted partners will be increasingly important.

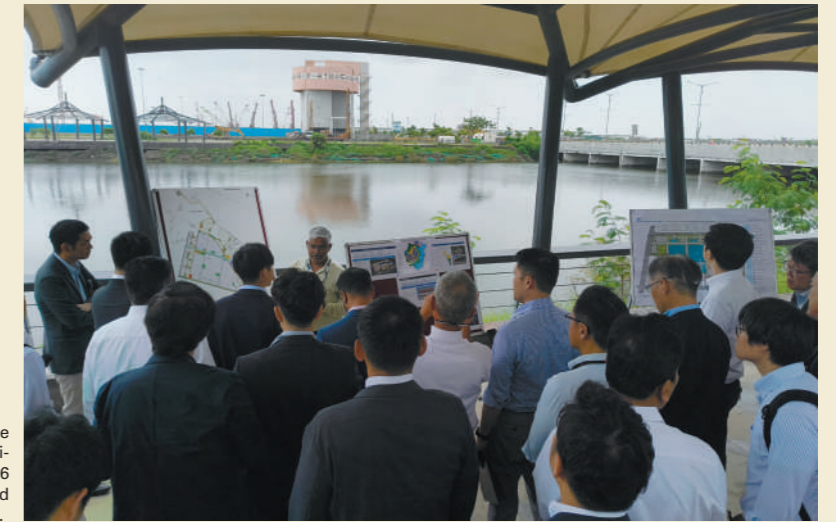
Resident Managing Officer,
Regional Head for Asia and Pacific, JBIC
SAKUMA Kazuko

Joined JBIC in 1994. After serving in posts including Director General of the Mining and Metals Finance Department, Director General of the Oil and Gas Finance Department, and Managing Officer and Director General of the Human Resources Management Office, she assumed her current position in June 2024. Graduated from the University of Tokyo, Faculty of Economics.



The Dholera Industrial Area is being developed as a hub for next-generation semiconductors. Tata Electronics, a major Indian semiconductor company, is also constructing a fabrication plant there.

Reflecting strong interest in the Dholera Industrial Area as a semiconductor manufacturing hub, 36 Japanese companies participated in a JBIC study tour in July 2025.



We diligently maintain communication with people from the top echelons of government down to administrative staff, striving to build trust that will allow dialogue at all times."

Energy is a challenge not confined to Vietnam but shared across the entire region. In Asia, beyond growing demand for electricity spurred by economic growth, the rapid rise of the AI industry in recent years is fundamentally transforming the situation. Malaysia and other Southeast Asian countries are raising their presence as AI hubs, ramping up efforts to attract data centers and semiconductor investment, leading to strained electricity supplies.

Weighing value and risk through due diligence

To meet this rising demand, discussions on strengthening power supply are shifting into high gear across the ASEAN region. At the core is the ASEAN Power Grid (APG) initiative, which aims to enable regional power-sharing. Malaysia, the ASEAN 2025 chair, is

promoting this initiative, drawing on its capacity to supply renewable energy and its geographic connectivity to neighboring countries.

SAKUMA sees the confluence of two trends—rising power demand and the shift to clean energy—as opening up business opportunities in ASEAN in the fields of power generation and power transmission. Notably, business opportunities could be found in high-voltage direct current (HVDC) transmission, which is more energy efficient than alternating current in long-distance transmission. Japanese companies are highly competitive globally in the development, operation, and maintenance of such systems, as well as in the manufacture of converters, transformers, cables, and other related products.

A broad, region-wide perspective is important when evaluating investment opportunities in Asia-Pacific. The era of investment decisions based on analyzing a single country is over. Underlying this is a broader shift: countries are avoiding single-nation dependence

and deepening cooperation with like-minded partners. Beyond moves toward multilateral collaboration in building critical minerals supply chains, in which Australia plays a central role, there are also various geopolitical factors behind the actions of the relatively small economies of the Pacific region, making constant vigilance essential.

"Comprehensive due diligence on the value and risks of an investment target is required."

However, it is not realistic to exclude countries that think differently. "We need to collaborate by balancing technological capabilities and resources while keeping economic viability in mind."

This sense of balance is becoming increasingly important as the AI revolution reshapes the industrial structure. As it will be difficult for Japan to maintain its competitiveness through traditional technological strengths and quality alone, it is critical to maintain good relationships with the other Asia-Pacific countries, with which it shares close geographical and historical ties.

SAKUMA reiterates the importance of site visits and dialogue with trusted local counterparts as keys to swiftly expanding operations while leveraging Japan's reputation for thorough and reliable business practices. "It is essential to have channels of communication to make your position clear while respecting local business practices and culture."

SAKUMA encourages companies to make greater use of JBIC and other government institutions for clear understanding of the situation in the Asia-Pacific region. It is precisely in this era of uncertainty that opportunities for transformation arise—her words will be a message that will resonate strongly with companies looking to expand business in the region.



To strengthen collaboration in Vietnam, SAKUMA met with the vice-chairwoman of the Ho Chi Minh City People's Committee (SAKUMA is in the center). Developing relations with officials across the Asia-Pacific region is also a key part of her mission.

JBIC STORY

The stories behind their projects

BACK NUMBERS

Check out the back issues of this series here.



Assessing and analyzing global trends to support strategic corporate decision-making for overseas operations

JBIC's Strategic Research Department conducts multifaceted analyses of geopolitics and geoeconomics to support Japanese companies in overseas business expansion. HATA Hitomi and TOMODA Reo, two young JBIC staff members, speak about their sense of accomplishment and the significance of being on the frontlines of this work.

Identifying structural changes for management strategy blueprints

"I feel that understanding geopolitical dynamics and their implications is becoming more valuable than ever for companies," says HATA, Division 2, Strategic Research Department. As government policies and market trends continue to evolve, the business environment surrounding Japanese companies is in flux.

In such an environment, the key question is not whether to react to individual developments, but how to interpret the trends and events, and assess whether they represent structural changes. The role of the Strategic Research Department is to connect fragments of information and draw up a strategic blueprint for interpreting the latest global situation and business trends of Japanese companies.

In addition to researching publicly available information, the department also engages in dialogue with domestic and international experts to provide geopolitical and geoeconomic insights to JBIC and Japanese companies.

Every year, the Strategic Research

Department publishes the Survey Report on Overseas Business Operations by Japanese Companies a.k.a. the Global Landscape of Overseas Business Expansion (GLOBE). The 2025 edition based its analysis on responses from more than 700 companies in a variety of sectors. TOMODA, Division 1, Strategic Research Department, who joined JBIC in April 2025, was involved in the research and analysis of key themes such as "promising countries or regions," and "AI-driven business transformation and business opportunities."

"Organizing and visualizing the voices of companies, and sharing them both domestically and internationally, leads to policies and discussions. I find being a part of this process rewarding," reflects TOMODA.

Gathering voices from around the world and improving the investment environment

HATA, who joined the bank in 2022, worked on Brazilian steel-related projects in the Mining and Metals Finance Department before being assigned to Division 2 of the Strategic Research Department in 2024. She thought that this

move from a client-facing lending role to the Strategic Research Department, a "back-office department," would mean less overseas business trips. "I was completely wrong," she laughs.

HATA frequently flies around the world to locations including Europe, India, the U.S., and South Korea to meet with experts and gather information. Analyzing geopolitical risks, she is involved in briefing JBIC's senior management on effective frameworks. She also acts as a bridge for valuable information by sharing these externally through discussions with Japanese companies, lectures at universities, and writing articles.

Meanwhile, TOMODA has carefully gathered the voices of companies through the GLOBE survey: "I gained a sense of the reality on the ground, something that can't be grasped just from public documents or information online."

Views collected in this way are not only shared with companies in the form of survey reports but are also shared directly with government authorities in various countries. During his first business trip, which was to India, TOMODA met with government agency officials to



After the responses were collected, some 160 interviews were held with companies and experts. Through direct visits, telephone calls, and emails, the team strove to better understand what drove the survey responses.

discuss the complex legal systems and infrastructure conditions that Japanese companies face when expanding into the market. "I find it meaningful work to deliver the voices of Japanese companies to local governments to help create a better investment environment," he says.

A sharper understanding of the global landscape and cultivating sound judgment

They both find it essential to maintain a critical perspective and gather information from the media, documents, books, and all other available channels. At the

same time, HATA remains mindful of the guiding words of her supervisor: "Just listing information doesn't create added value. Developing a keen sense of what information matters is essential for deeper analysis."

TOMODA recalls feeling frustrated when he was struggling to clearly communicate when explaining the GLOBE analysis to government agencies and companies. His supervisor advised him: "You need to carefully think about what the other party wants and fine-tune your explanation. Your message won't resonate if you give the same explanation to

everyone."

The two agree that what they are learning in the Strategic Research Department will be very beneficial for building their careers at JBIC. HATA, who is also looking to be assigned to a representative office overseas, has her eyes on the future, saying, "I now have a sharper understanding of the global landscape. I want to make the most of the skills I developed in the Strategic Research Department to provide Japan with more high-value insights."

Having studied immunology at graduate school, TOMODA has an unconventional background for JBIC. He laughs, saying that he never imagined he would be conducting research on overseas business by Japanese companies. The perspectives he developed through his scientific background, however, are also proving useful for technological evaluation of companies and industries. Noting that he has come to look at entire businesses from a technological standpoint, he says, "I've learned to take a broad perspective on companies, including their business strategies."

Each day, they continue facing a turbulent international situation and tackle questions with no easy answers.

Overview

The Strategic Research Department conducts research and analyses of the environment surrounding the overseas business expansion of Japanese companies from perspectives such as international economics and finance, as well as geopolitics and geoeconomics. While considering major trends in the global economy and international landscape, the department identifies challenges and opportunities for Japanese companies through corporate interviews and data analyses, and shares these findings both within and outside the bank.

Division 1
Strategic Research Department
Corporate Planning Group, JBIC
TOMODA Reo

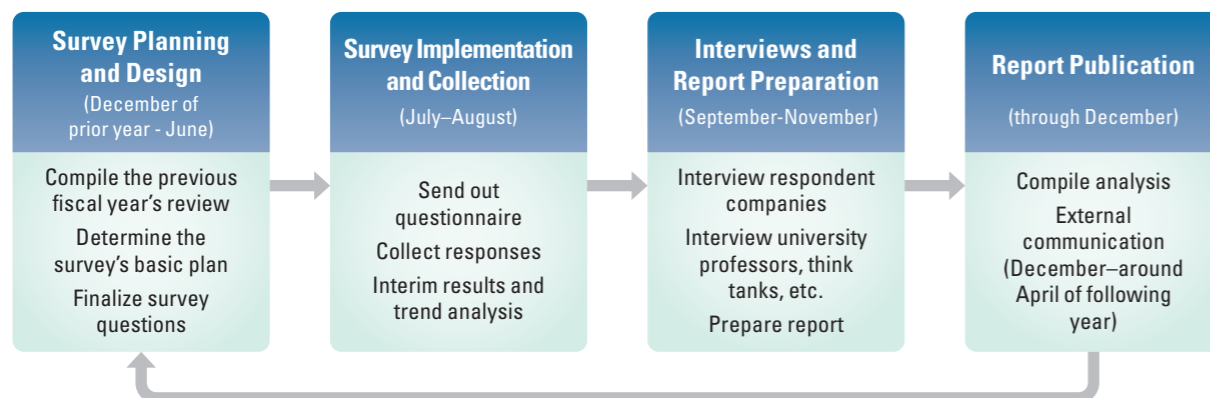
Joined the bank in 2025. At the Strategic Research Department, he is responsible for research on the overseas business expansion of Japanese companies and industry trends. Received his master's degree from Osaka University, Graduate School of Medicine.

Division 2
Strategic Research Department
Corporate Planning Group, JBIC
HATA Hitomi

Joined the bank in 2022. After engaging in Brazil-related projects, management of steel-related projects, and approvals for new projects in the Mining and Metals Finance Department, she was an overseas trainee at the Representative Office in New York before her current position. Graduated from Akita International University, Faculty of International Liberal Arts.



● GLOBE Survey Process





CEO
Tosco Co., Ltd.
TSUMORI Atsushi

While a student at the Department of Applied Chemistry, Faculty of Science and Engineering, Chuo University, he studied metallocene catalysts for a year as a research student at the Organometallic Chemistry Laboratory, RIKEN. In 1992, he joined Sigma-Aldrich, an American reagent manufacturer, where he worked for the technical services department as well as the sales and marketing manager for a European subsidiary. He joined Tosco Co., Ltd., founded by his father, in 1995. Assumed his current position in June 2000.

Tosco Co., Ltd.

From line to web: diversifying supply chain risk through an India-based pharmaceutical manufacturing hub

The pharmaceutical and chemical industries directly impact human lives and well-being, making supply chain diversification an urgent challenge. Shifting its focus from China to India, Tosco Co., Ltd. is manufacturing Japanese-quality active pharmaceutical ingredients (APIs) and helping to address drug shortages.

A strategic pivot toward technological expertise and enthusiasm

“He was truly passionate about his work. We clicked the moment we met, and I instinctively knew I wanted to work with him,” recalls Tsumori Atsushi, CEO of Tosco Co., Ltd., a Japanese manufacturer of APIs and intermediates* in India. That encounter with a young Indian entrepreneur would prove to be a turning point—but the road leading there began decades earlier.

Originally established in 1980 as a trading company importing goods such as lumber and wallpaper primarily from China, Tosco embarked on a new trajectory when the founder’s son Tsumori took over leadership in 2000. Reading the writing on the wall, he realized that direct trading online would eat into the company’s core business. Drawing on his experience working at an American

chemical manufacturer, Tsumori shifted the company to pharmaceuticals and chemicals, which are also less vulnerable to economic cycles.

Initially, China was central to Tosco’s business: sourcing raw materials and intermediates contract manufacturing for Japanese chemical companies. However, the 2010s saw deteriorating Japan-China relations and large-scale closures of chemical plants due to the Chinese government’s stricter environmental regulations (Blue Sky Defense Battle). With single-country dependency becoming a liability, Tsumori turned his eyes to India.

While gradually expanding business with India, it was Tsumori’s encounter with that young Indian business owner on a chemical product search site that triggered a full-scale move into the country. “After posting that I was looking for a specific API, he contacted me right away. Because of his quick and clear response,

I immediately went to meet him.”

Though still in his early 30s at the time, the entrepreneur was running a chemical trading company and a manufacturing plant for APIs and intermediates. The company had a very energetic, youthful workforce, as well as dealings with major Japanese pharmaceutical companies—demonstrating that it met stringent quality control requirements.

Sensing great possibilities in his enthusiasm and technological expertise, Tsumori decided to acquire the company. The trading company was purchased in 2019, followed by the plant in 2024, bolstering the Tosco group’s local manufacturing capability.

“India was already beginning to be called the ‘pharmacy of the world,’ holding a position second only to China. It has a huge, highly educated, young workforce. Another big advantage is being able to communicate in English. And

under the Japan-India Comprehensive Economic Partnership Agreement, many pharmaceutical products imported into Japan are tariff-exempt.”

Scaling up operations to meet surging demand

Tosco’s strategy in India picked up speed with the COVID-19 pandemic. Single-country dependence risk became apparent when repeated lockdowns shuttered Chinese factories, halting supplies and leading to global drug shortages. Inquiries surged not only from companies in Japan, but also from Europe and beyond, seeking to shift raw material and API sourcing from China to India. “Since drug shortages have life-or-death consequences, the supply chain shift away from China is accelerating, and the trend is likely to continue.”

Due to the large number of inquiries from European countries, particularly from France, Tosco established a local subsidiary there in 2020. In 2025, it acquired another plant in India to expand manufacturing capacity. Local employees, who numbered just a few dozen at first, now stand at over 400.

JBIC financing funded expansion in India. “Receiving a loan from a Japanese government-affiliated financial institution also helps gain local trust,” according to Tsumori.

One notable point about the company’s overseas operations is that they are entirely run by local staff. Tosco has not

dispatched any employees from Japan to its subsidiaries in India, China, or France.

“Japanese companies tend to make the mistake of sending their staff abroad and imposing Japanese-style management practices. When this doesn’t fit with the country’s culture and business practices, miscommunication occurs. I believe that trust is built through respecting the culture and values of the country you are operating in and leaving things in the hands of the local staff.”

Of course, close communication is also essential for maintaining strong relationships. Because of the relatively small time difference with India—just 3 hours and 30 minutes—the company places importance on real-time interaction through video calls and chat.

“I’m sure I’m receiving various messages right now,” Tsumori said during the interview with a smile. “Many Japanese companies are hesitant about expanding into India, but I believe they’re missing a huge opportunity.”

Manufacturing Japanese-quality pharmaceutical intermediates and APIs in India and delivering them to the world—Tosco’s business is a textbook case study in diversifying geopolitical risk.

“By building a business that is not just a line between Japan and India, but a web connecting Japan, India, and the world, we aim to reduce risk and ensure a stable supply to the pharmaceutical and chemical industries in many countries.”



Tosco Co., Ltd.

1980	Tosco Co., Ltd. founded
2001	Established a local subsidiary in China
2019	Established a local subsidiary in India, Acquired Indian company GM Fine Chemicals
2020	Established a local subsidiary in France
2021	Acquired Indian company Snehaa Pharma, Launched the manufacture of fine chemicals
2024	Acquired Indian company GMFC Labs, Launched the manufacture of APIs and intermediates
2025	Acquired Indian company Vasista, Scaled up the manufacture of APIs

Looking ahead, the company is exploring opportunities to enter the U.S. market, seeking further scaling up the India hub, and expanding in Europe to meet burgeoning customer demand. Tosco is not resting on its laurels.



In 2024, the company acquired GMFC Labs, an Indian manufacturer of APIs and intermediates, as a wholly owned subsidiary, expanding its business operations.

The deciding factor in the acquisition of GMFC Labs was its track record of supplying products to major Japanese pharmaceutical companies, and its ability to meet stringent quality control requirements.

Loan Summary

In December 2024, a loan agreement was signed with Tosco Co., Ltd. for JPY180 million (JBIC portion), co-financed with Resona Bank. The loan finances Tosco’s acquisition of additional shares in GMFC Labs Private Limited, an Indian company engaged in the manufacturing and sales of APIs and intermediates for pharmaceuticals and chemicals. Through this loan, JBIC supports the overseas business expansion of Japanese companies, including M&A activities, and contributes toward maintaining and enhancing the international competitiveness of Japanese industry.

“ON THE
GROUND”
FROM
AROUND THE
WORLD

Vol. 4

The White House is just a short distance from the office. “I can really feel that I’m in the center of U.S. politics, with its major global impacts,” comments TSUJI.



Instagram



In the center of U.S. politics, I want to fulfill a role for which JBIC is uniquely positioned!



Representative
JBIC Representative Office
in Washington, D.C.
TSUJI Naoki

Joined JBIC in 2016. After handling sovereign credit assessments and power generation projects, he was seconded to the Ministry of Finance where he worked with MDBs such as the World Bank Group. Handled hydrogen-related businesses before assuming his current position in July 2024.



Bridging policy and business in the turbulent U.S. political landscape

>>> Representative Office in Washington, D.C.



BACK
NUMBERS

Check out the back issues of this series here.

Q What kind of city is Washington, D.C.?

A It is the center of U.S. politics, and our office is just a few minutes’ walk from the White House. Because of global attention on what happens in Washington, D.C., I always feel that “I am working in a place where the headlines are made.” It is also a city rich in international atmosphere, with the streets lined by global organizations such as the World Bank and the International Monetary Fund (IMF).

Q What is the role of the Washington, D.C. office?

A A key part of our work is maintaining relationships with the U.S. government, its agencies, members of Congress and their staff, as well as private companies located in Washington, D.C. Another is collecting and sharing information on U.S. government policies and geopolitical developments. In addition, state governments have a great deal of authority—much more than prefectural governments do in Japan—so we use the occasions of business trips to states like Louisiana, Ohio, and North Carolina, to strengthen our relationships with them.

We also have a representative office in New York, with which we collaborate on a daily basis, sharing information back and forth.

Q What are your main responsibilities?

A I relay the views of federal governments and relevant stakeholders on various policies to our Tokyo head office and other offices. I often meet with contacts to gather useful information. It is difficult to get meetings if I have little to contribute to the conversation, so I make sure to have a lot of information about a wide range of topics at hand—from current affairs in Japan to global developments.

Q Are there any trends you are taking notice of?

A I am closely watching the surge of AI-driven data center construction and their energy supply challenges. The Trump administration made a major shift away from the net-zero and clean energy policies of the previous Biden administration by increasing fossil fuel production, but with the midterm elections coming up this year, the outlook remains uncertain. While it is important to keep a close eye on these rapid, current short-term policy changes, it is essential not to lose sight of long-term trends.

Q What do you do on your days off?

A Washington, D.C. has a relaxed and livable environment with lots of greenery. I enjoy playing with my daughters in

the park, and hosting pizza parties at our place for my friends and their families.

Q What are your career plans?

A As a policy-based financial institution, JBIC sits between government policy experts and private sector business experts. I would like to continue engaging in work that JBIC is uniquely positioned to do—connecting policy and business from a neutral position with access to both worlds.



Top: World Bank headquarters. TSUJI attends the IMF-World Bank annual meetings every fall. Bottom: A pizza party with friends who have children around the same age.

