

August 2019

JBIC Today



Special Feature

Learning about Africa

- ▶ What is the key point to understand this area?
- ▶ Growth Potential of Africa and Business Opportunity for Japanese companies
- ▶ China, India, Turkey... Latest developments in other countries

The Focus / Our Global Challenges

Our "Blue Ocean" Strategy; Helping us Achieve Growth

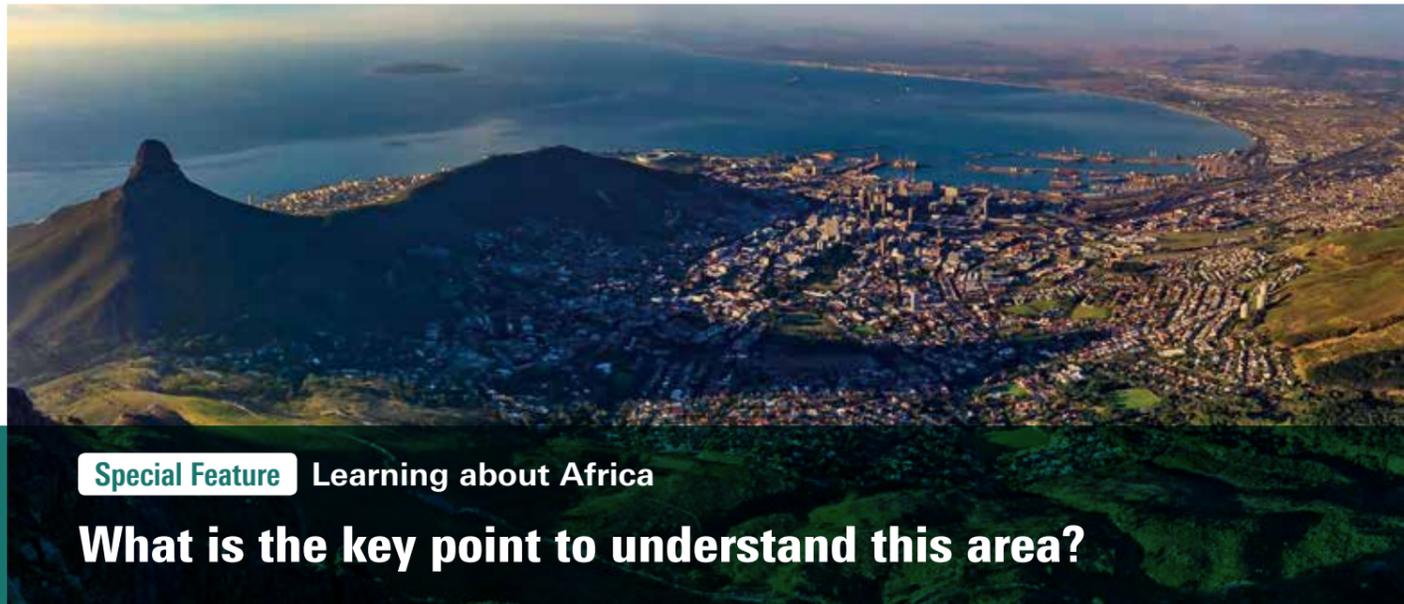
Latest Report From Young Staffs

Project Frontline

- ▶ The Emirate of Sharjah; Development of large power plants to meet rising electricity demand
- ▶ Loan to the Banco de la Nación Argentina to support Japanese companies' business opportunities in Argentina
- ▶ Identifying deep-tech startups with advanced technology; Eyes are now on the Nordic and Baltic region



**JAPAN BANK FOR
INTERNATIONAL COOPERATION**



Special Feature Learning about Africa

What is the key point to understand this area?

Various reforms are being implemented in Africa where abundant resources and population increases draw attention. We looked into the ways of how Japanese companies can enter business in Africa.

Africa, the second largest of the six continents in the world after the Eurasian continent, is highly diverse in terms of climates, cultures and countries. What are the key points for understanding the entire region of Africa? According to Kenji Hosono, Director General of Country Credit Department of Japan Bank for International Cooperation (JBIC), there are three keywords that should be noted for exploring the potential of Africa, which are: i) abundant resources, ii) growing population and iii) intra and extra-regional connectivity.

“Africa has a wealth of resources, rang-

ing from energy resources like petroleum, to minerals and food, and high demand can be expected for industries developing such resources. The population of Africa continues to grow and economies have also progressed. As evidenced by increasing automobile ownership and use, consumer purchasing power is also rising. Infrastructure development will also come into full swing and demand for related fields is likely to expand. Regional integration is progressing within this vast continent with free trade agreements in the region. In addition, given that Africa is located at a strategic point that connects Europe and Asia, its geographical advantage is also high.” (Hosono)

Angola and South Africa promote reforms with the change in regime

News on African countries tends to be about their unstable political and economic situation. However, movements promoting various reforms are progressing in the vast region of Africa. “Indeed, there has been political turmoil in the process of democratization. However, many African countries have proceeded with democratization as elections are held peacefully. Angola and South Africa

are examples of how African countries are advancing reforms, promoting investment and consolidating public finance.” (Hosono)

In Angola and South Africa, policies such as reform of state-owned enterprises and the use of private investment are pushed forward to attract the inflow of foreign capital. To achieve high growth by taking advantage of the growth potential described earlier, it will be indispensable for African countries to focus their efforts on economic reform and improvement of investment environments.

So, assuming that such a policy will be implemented, how can Japanese companies join in the business for Africa? “The first thing we can expect to do is to export equipment of business areas where demand will grow, such as power and infrastructure. In addition, if progress is made in enhancing systems for law, tax, accounting and investment approval procedures make progress, the environment for private companies to make direct investment will also be improved. This may contribute in expanding demand not only for the construction of new infrastructure, but also for the renovation of aging power generation facilities and the electrification of railways.” (Hosono)

To understand the current situation of



Kenji Hosono
Director General of Country Credit Department, Credit, Assessment and Risk Management Group, JBIC

the African economy, Mr. Hosono explains that it is important to understand the regional issues pointed out in the International Monetary Fund’s (IMF) “World Economic Outlook” and “Regional Economic Outlook for Sub-Saharan Africa”. “According to the IMF’s outlook reports published in April 2019, the policy response to fluctuations in natural re-

source prices, fiscal consolidation, and fiscal buffers building are very important. At the same time, the reports indicate the significance and potential of mobilization of private-sector capital as well as diversification of economic structures of African countries. Given this, I believe that African industry’s horizons are expected to broaden in future.” (Hosono) ✓

Learning about the future of Africa from its social structures

Integrated into the world economy as a major resource producer

On the other hand, Dr. Katsumi Hirano, Executive Vice President of JETRO, who specializes in Africa studies and development economics, points out the following. “Economic growth in Africa is linked to movements in resource prices. Resource prices continued to soar from the Iraq war in 2003 to around 2014, accelerating economic growth across all of Africa, with some exceptions.”

In light of this fact, it seems that the local economy would likely slow down if resource prices weaken, but it is too early to jump to any conclusions. According to Dr. Hirano, Africa already occupies a weighty position in the global economy. “In fact, until the end of the 20th century, Africa was not expected to be a one of major sources of natural resources. However, with the rise of China as a major

economic power, global demand for resources increased sharply by about 30%. In order to secure a considerable share of additional 30%, China has invested in the development of resources in Africa. As a result, Africa has been completely integrated into the global economy since the start of the 21st century, as a major resource producer to meet significant increase in global demand for resources.” (Dr. Hirano)

Note that growth patterns are very different from East Asia

When looking at Africa where economic growth is driven by resource demand, as explained above, it should be noted that its growth patterns are greatly different from Japan and East Asian countries, Dr. Hirano said. “Japan and other East Asian countries have historically achieved economic progress through paddy cultivation and then manu-



Katsumi Hirano Ph.D.
Executive Vice President, IDE-JETRO

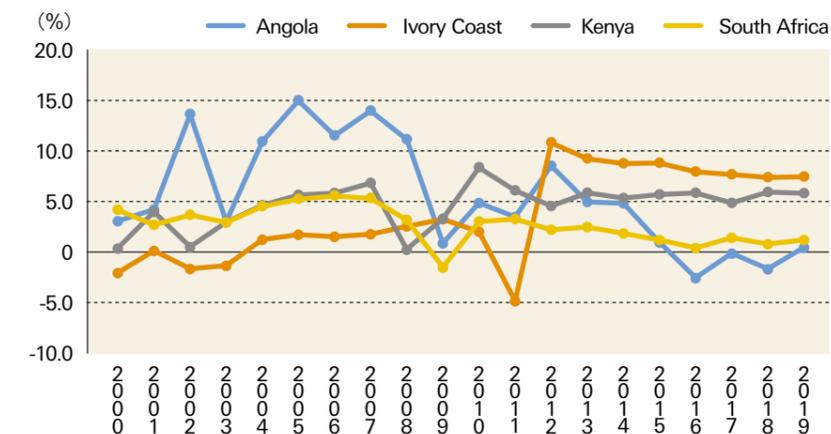
facturing. In such a pattern, the population is steadily increased to make its population-density highest in the world and the income tends to be equalized (i.e. the middle class of population expands) as economy develops. However, this shows merely one growth pattern. In Africa, when economy grows, income becomes rather unbalanced and the poorest segment of the population expands. In other words, the gap between rich and poor continues to be widened with economic growth.” (Dr. Hirano).

The key to success in Africa is to conduct business by thoroughly analyzing local needs in addition to understanding the differences of these social structures and economic conditions. “For instance, demand for money transfers in Africa is the highest in the world, perhaps given the security concerns there. Based on this backdrop, The Standard Bank of South Africa Limited has developed their own remittance networks throughout Africa. Recently, M-Pesa has also received strong support for their mobile money transfer services in Kenya.” (Dr. Hirano)

This trend is not limited to Africa. Given the growing population of the world over the medium to long term, it is likely that income inequality will spread not only in Africa but also around the world. In other words, it will be needed to respond to different life needs from different segments of population, instead of setting the middle class of population as the business target.

In that sense, responding to the needs of the African market from the current stage should be an effective means to analyze the future trends of the global market.

► Real GDP growth rate in four countries



* Forecasts since 2016 for Côte d'Ivoire and since 2017 for other countries
Source: IMF "World Economic Outlook Database" (April, 2019)



Special Feature Learning about Africa
Growth Potential of Africa and Business Opportunity for Japanese Companies

Interview with Richard Bielle, Chairman and CEO of CFAO Doing Business in Africa for 160 Years; CFAO Joined Toyota Tsusho in 2012

Starting business in Africa in 1852, CFAO has continued business deployment in the region for more than 160 years. What advantages has your company gained from this long-term business experience in Africa?

Present for more than 165 years in Africa, CFAO has in-depth knowledge of its markets and unique know-how. CFAO went through two world wars, decolonisation, numerous Af-

rican crises, the devaluation of the CFA franc and the 2008 crisis without disappearing and never leaving Africa.

One of CFAO's strengths is its pan-African presence. We are located in 36 countries and have an indirect presence in 18 others. This geographical diversity allows us to pool our risks. Another fundamental asset is our presence in several business lines: industrial equipment, healthcare and consumer goods, which have different and complementary growth profiles. This diversity, both geographical and sectoral, is very important for pooling risks and delivering stable growth that exceeds the GDP growth of the continent.

CFAO has published a research report about the middle class in Africa, along with research institutes. What is your business strategy aimed at the middle class in Africa which has increased in size and purchasing power?

One of the main growth drivers for CFAO is the rise of the middle class in Africa. Our customers were historically largely professional customers: pharmacists, companies, NGOs and administrations. Without giving up on strengthening our leadership in B2B

segments, we decided to adapt our offerings and our expertise to better penetrate the private customer segment in three strategic sectors: the automotive sector, healthcare and consumer goods. This strategic orientation has led to an enrichment of our offerings of products and services in the automotive sector, particularly with cars and motorcycles that are more adapted to the purchasing power of private customers. It has also led to a strengthening of our partnerships with Suzuki and Yamaha, and has triggered a first foray into the used vehicle market.

Our most emblematic project in the B2C segment is the supermarkets and shopping centres development project. We opened our first shopping centre, "PlaYce", in December 2015 in Abidjan (Côte d'Ivoire). We are currently developing in 3 countries - Côte d'Ivoire, Senegal and Cameroon - with PlaYce shopping centres with shopping malls and local stores such as "Carrefour Market" supermarkets and "Supeco". It's an exciting challenge that is changing the profile of the CFAO Group, and creates many direct and indirect jobs.

What we think is key for meeting the expectations of the middle class is to offer quality products and services at affordable prices, to take into account purchasing power which



©Thomas Renaut

©CFAO Group all rights

remains low and which is still progressing too slowly.

African countries move toward forming a Continental Free Trade Area (AfCFTA) agreement. Amid this, what business opportunities do you think will be created for CFAO?

Economic integration in Africa is undoubtedly one of the key issues for the continent. This CFTA project would contribute to the economic transformation of the continent. Today, to move a container between Mombasa (Kenya) and Kampala (Uganda) for example, a little over 1000 km, it takes almost as much time as to send the same container from Shanghai to Mombasa. Africa also suffers from the fragmentation of its economies, with several countries that do not yet have the critical market size to interest brands or large-scale projects. The role of CFTA project is to give a chance to these smaller markets, to approach Africa by market and no longer by country.

CFAO joined Toyota Tsusho Group in 2012. What synergy effects can you expect from collaborating with Toyota Tsusho in African business with the focus on specific sectors?

In 2012, TTC set up an "Alliance" team

in France and Japan in order to facilitate mutual understanding between the TTC and CFAO teams and to share best practices and promote synergies. In April 2017, this search for synergies accelerated with the consolidation of the African activities of CFAO and TTC.

In addition, we have common values, such as respect and humility, and we also complement one another a great deal. Therefore, while CFAO has been able to demonstrate its agility, entrepreneurship and performance for 167 years, TTC provides us with its very long-term vision, its operational efficiency and continuous improvement approaches. As such, we are gradually deploying the *Kaizen* and *Anzen* approaches on our sites with the active support of TTC. TTC also allows us to begin or expedite partnership projects with certain Japanese economic players in the automotive or consumer goods sectors.

Japanese companies have been trying to enter the African market despite their geographical and historical distance. Could you also tell us about if there is any good way for Japanese companies including small and medium-sized enterprises and venture companies to establish good relations with African countries?

First, Japan has an excellent image in Africa because of the good results of ODA and the success of TICAD. Japanese companies wishing to enter the African market therefore already benefit from this positive image.

International deployment cannot depend solely on large groups. It is necessary to rely on a network of smaller players that are necessarily more flexible and agile. All the more so given that, in Africa, 90% of the economic fabric is made up of small companies and micro-entities. It is therefore necessary to be able to address these players by being agile and flexible ourselves.

The growth sectors are many, but some are particularly relevant in this context. For example, education attracts many investors. Renewable energies, as well as housing and healthcare, also represent enormous opportunities. The most important thing is to propose a humble, adaptable and long-term approach in order to nurture a profitable and equitable relationship. In this, the Japanese approach is the right one.

■ CFAO Corporate Profile

- Established 1852
- Number of employees 15,500 (on a consolidated basis)
- Sales EUR4.4 billion (as of end of March 2019)
- Head Office Based in Paris, France
- President Richard Bielle
- Business Export/import of automobiles, wholesale of pharmaceuticals



Richard Bielle
 Chairman and Chief Executive Officer, CFAO
 CEO for Africa Division, TTC

©Patrick Sagnes



Special Feature Learning about Africa

China, India, Turkey... Latest developments in other countries

The geopolitical and historical connection between Africa and countries investing in the region is an essential part of understanding Africa. What are these countries focusing on in Africa and how are they developing their relationships with African nations? JBIC's chief representatives covering these countries analyze the African strategies of each nation.

China

The priority areas change as the country's economy develops; Shifting to development cooperation in environment, healthcare, education and peace and security

Motofumi Ochi

Chief Representative in Beijing, JBIC

The history of China's relationship with African countries is long, dating back to South-South Cooperation (exchange of support and assistance among developing countries) in the 1950s which came immediately after the founding of the People's Republic of China. Entering this century, as the Chinese economy developed, their approach to Africa has been changed to focusing on the securing of the natural resources they needed. The main Chinese players expanding to Africa are large state-owned companies engaged in infrastructure construction and resource development. However, the "Beijing Action Plan" of the Forum on China-Africa Cooperation (FOCAC) (2019-2021) held last year shows that China will shift its priority areas to development cooperation in environment, capacity building, healthcare, education and public welfare. Furthermore, there is a movement to build economic and trade cooperation zones in African countries and to attract investments into telecommunications and financial sectors in the region.

China's investment in Africa is vigorous, as illustrated above, and the industry sectors they are investing in are diverse. Therefore, if Japanese companies plan to expand to Africa, they might benefit much from working with Chinese companies. As

China has recently begun to focus on diversifying risk by working with other countries from the perspective of international cooperation, I believe that Japanese companies can expect to seek win-win partnerships with Chinese companies.

What are geopolitical and historical connections with Africa?

India

Restoring its presence in Africa; Rebuilding the relationship through both industrial and foreign policies

Ichiro Hayashidani

Chief Representative in New Delhi, JBIC

Although the connection between India and Africa has a long and deep history, there had not been so many diplomatic approaches to Africa taken by India. India rather positioned Africa as a base for production and investment to satisfy its domestic demand. However, heading into the late 2000s, China approached Africa more rapidly and the Indian government began to become aware of strengthening relations with Africa. In 2008, the Government of India held the India-Africa Forum Summit (IAFS) for the first time, with an aim to strengthen diplomatic relationships with African countries. The Modi administration, which inaugurated in 2014, has made an active effort to build relationships with African nations, such as hosting the third IAFS meeting in Delhi in 2015 and the annual meeting of the African Development Bank (AfDB) in Ahmed-

PickUp JBIC Activity

Providing quality infrastructure for the Namibe Port, Angola

Ayaka Itagaki Unit 3 of Oil and Gas Finance Department

Located in southwestern Africa, the Republic of Angola is about 3.3 times the size of Japan, with a population of 28,810,000. Its capital is Luanda. The country is recovering from a civil war that had continued for 27 years.

In January 2019, JBIC set up an export credit line for the Government of Angola and signed two individual loan agreements in March. These loans are intended to finance two projects implemented by Angola's Ministry of Transport, which are the Namibe port expansion and the Sacomar export terminal rehabilitation. These loans support export of construction materials and services by Toyota Tsusho Corporation and Toa Corporation.

Expanding the Namibe container terminal port is expected to reduce Angola's dependence on using the ports of neighboring Namibia as well as revitalize the economy of southern Angola. In addition, the rehabilitation of the Sacomar port used to export iron ore extracted from the Casinga mine is anticipated to export more iron ore, which will help Angola to access foreign currencies and diversify its economy.

JBIC, along with ToyotaTsusho and Toa, made a proposal to the Government of Angola to deliver the both projects as packaged projects. The expansion of the Namibe port is a project where Toyota Tsusho has been working for 10 years, while the rehabilitation of the Sacomar port is a top-priority project of the Government of Angola. This proposal was successful, enabling Toyota Tsusho and Toa to receive an order from the Government of Angola. This project is the first large-scale port development project in Angola where Japanese companies participate.

President Lourenço has begun to strengthen his political base and implement both administrative and fiscal reforms, while joining a new financing program offered by the International Monetary Fund (IMF) to support Angola's economic reform efforts. Under such situation, JBIC was able to propose financing arrangements that considered the debt sustainability of Angola, sharing information about these projects with the IMF. We wish for the future economic development of Angola and the further expansion of Japanese companies into Africa.



Staff members from Unit 3 of Oil and Gas Finance Department in charge of this project. From left, Director Kato, officer Itagaki and Advisor Hosojima.

abad, Prime Minister Modi's political base, in 2017. Furthermore, India has taken an approach to facilitate the overseas deployment of a solar energy expansion program, which is one of its domestic energy policies, by combining industrial policy with foreign policy. Prime Minister Modi jointly launched the framework of the International Solar Alliance (ISA) with the French government. Under the ISA framework agreement, the Export-Import Bank of India has actively supported solar power projects in Africa.

The Export-Import Bank of India provides loans to finance businesses in Africa, including infrastructure development for electricity and water and export of automobiles and buses. They also provide financing for overseas investment in agriculture, textiles and steel sectors. There are not many examples of partnerships for investment in Africa between Japanese and Indian companies, but I think that finding a mutual benefit to be derived from cooperation between Japan and India will lead to the next step in forming an alliance for African business.

Turkey

The network across Africa will accelerate the companies' expansion into the region

Kazushige Gobe

Chief Representative in Paris, JBIC

Turkey's policies for Africa are not a recent development. President Erdogan has been undertaking various initiatives since 2003 to strengthen relations with African countries. Positioning Year 2005 as the "Year of Africa", Turkey has been increasing the number of its embassies in Africa. In 2008, the first Turkey-Africa Cooperation Summit was held. As a result of these efforts, the Turkey-Africa Business Forum held in Istanbul in October 2018 attracted 7,000 participants from 43 countries in Africa.

Turkey's investment in Africa is expected to continue to expand in the future. There are two main reasons behind this. One is that the number of Turkish embassies in Africa rapidly increased due to the above-mentioned initiative, reaching 41 in the region as of the end of 2018. Now Turkey has the largest number of embassies in Africa following those of the United States, China and France. The other reason is that the national airline, Turkish Airlines, launched regular flights to 54 African cities. These two networks are likely to encourage Turkish companies to expand into Africa.

Cooperation with Japanese companies is greatly expected. Turkish companies are characterized by its proactive risk-taking approach and quick top-down decision making. I believe that combining these Turkish aspects and technological and financial capabilities of Japanese companies can complement each other to become a strong coalition.

Our "Blue Ocean" Strategy; Helping us Achieve Growth

—JET8 Co., Ltd.

Entering the new market of international courier services for chilled and frozen goods, JET 8 Co., Ltd., headquarter in Tokyo Japan, continues to expand business overseas. We asked Mr. Nishi, president of the company, how the business idea came from.

Provide services to save our customer's time and effort!



What kind of products or services do I want? This is one way to think about a new business. If you can provide something that is needed but does not exist in the world, you will be able to sail into that blue ocean. It will be a market with less competition and greater potential. JET8 opened the path to overseas expansion based on this concept.

Reflecting on his own experiences and strategizing

With overseas logistics services as their main business, JET8 has been continuing to challenge overseas expansion since its founding in 2004 based on their "Blue Ocean Strategy." Their strategy aims to maximize profits by opening up a new market space and providing users with high-value-added services at low costs.

What kind of market is created by JET8? It is international shipping services of small goods requiring temperature control, such as pharmaceuticals, chemical materials and food. These transportation services are known as "international courier services for chilled and frozen goods".

According to Mr. Masahiro Nishi, president and CEO of the company, he got this idea from his own experience when studying in London. "I missed Japanese food and I tried to have my parents send it to me, but at that time there was no method to ship chilled and frozen food and I remember having to give up. After starting my own business, I encountered *the Blue Ocean Strategy* book and it reminded me of my experience when I was in London. I thought to myself, an international courier service business for chilled and

Masahiro Nishi
President and CEO of JET8 Co., Ltd.
(HQ in Tokyo, Japan)

frozen goods might be my Blue Ocean. Conducting a research about international logistics business, I found out that port-to-port logistics services with temperature-controlled distribution did exist, but not door-to-door international courier services for chilled and frozen goods. I thought, this is our Blue Ocean."

Being able to deliver chilled and frozen items directly from a sender to the door of the recipient is adding value. On top of this, Mr. Nishi was thinking of providing documentation services for import and export shipments. Through these services associated with international shipments, he also added positive "differentiation" to his overseas strategy.

Mr. Nishi continues, "Many people were strongly against my idea. They said it is shipper's responsibilities to prepare their own documents for quarantine and customs clearance. Critics also said providing documentation services for export and import shipments would pose a great risk and liability. However, for our clients (researchers and engineers), preparing shipment documents is outside their specialty. Arranging for shipping documents simply wastes their precious time, which they can use for their research and development work. JET8 not only provides courier services but also focuses on supporting clients to optimize and maximize the research and development skills in Japan. From this aspect, I thought our documentation services must be necessary



Cargo bed of refrigerated car. The "specimen" specified to be refrigerated by the hospital is transported with temperature control vehicle. JET8 also provides a service which prepares shipping documents necessary for shipments. This service greatly differentiates JET8 from other logistic companies.



Left / Refrigerated vehicle owned by JET8 (Thailand) Co., Ltd. In Thailand, this vehicle is used for their door-to-door international courier services. Right / Safe and secured service. JET8 also provides customized marine container stuffing work service according to customer requests (in Thailand).

for some users."

As the company did not have the know-how to prepare documents for international shipments, there were some failures in the beginning. However, JET8 learned and improved from such failures, JET8 became a company which provides a high-added value to clients, through international shipping documentation services that other companies do not wish to be engaged in. This is one of the reasons why clients choose JET8 for international logistical needs.

Enhancing credibility from other companies through financing from JBIC

The business expansion of JET8 continues. To grow business in Thailand, JET8 (Thailand) Co., Ltd., a subsidiary of JET8, has obtained funding for the international freight transportation business from JBIC in the form of a cross-border loan in the local currency. When the Thai subsidiary was established in 2009, there was a definite need of freight transportation in Thailand where the middle class population was growing. This prompted the company to form another subsidiary in neighboring Myanmar to build a transportation network between the two countries, which enabled the company to accumulate experience in the business of international freight services in ASEAN. As a result of these tenacious efforts by the company, they have achieved rapid growth with increases in annual sales of 20% on average in the last five years. Mr. Nishi explains, "Thai people tend to go to clinic to get prescription medicines, even if they feel only slightly sick. For this reason, the amount of healthcare costs they are spending is increasing considerably along with the rise in income. The proportion of sales to Japanese customers to total sales of the Thai subsidiary is merely 10%. We are proud to have been able to firmly capture the local needs of inter-hospital transportation in Thailand, by promoting sales strategies rooted in the local market."

The fund-raising this time is intended to build local office and warehouses and lay the foundation for further leaps in business, but

Mr. Nishi continues firmly saying they can also expect other advantages. "As the economy matures, high reliability is requested for companies. The fact that our subsidiary was able to receive financing directly from JBIC, Japan's public financial institution, not in the form of a two-step loan through a parent company, will no doubt enhance the credibility of our company in the future."

The company is currently expanding business in countries like Myanmar and Bangladesh. In these countries, they focus on the import business of large-sized machinery and materials related to construction of plants and facilities, capitalizing on Mr. Nishi's experience in civil engineering and social infrastructure development. Another subsidiary in Canada engages in trade business and JET8 plans to expand into Azerbaijan and Georgia in search of further Blue Oceans.

Mr. Nishi says, "One thing we have become keenly aware of by being active on a global scale is that we have no hope of being competitive without 'something special and unique' about our business. However, recently management tends to become defensive because they think too much about reducing the debt in the balance sheet. That, I think, is not an approach to seek competitive advantages. I believe that you can acquire "something special and unique" for doing business, by taking on new challenges and learning new skills and knowledge, although you might face difficulties. If you want to be globally competitive, 'you have to keep going, no matter how many burdens you hold!' That's what I want to convey!"

Arm yourself with "something special and unique" to fight and win abroad!



Employees of JET8 (Thailand) Co., Ltd., surrounding President Nishi (front row, third from right). Continue rapid growth led by transportation needs between hospitals in Thailand.

Corporate Data

JET8 Co., Ltd.

Founded 2004

Total capital JPY 158.8 million.

Business Transportation of air freight mainly for international express cargo

Overland freight forwarding on vehicles accompanying air freight transportation

Warehousing and packaging industry

Customs service operations for international air freight transportation

Headquarters 5-28-7 Honkomagome, Bunkyo-ku, Tokyo

Relation with JBIC

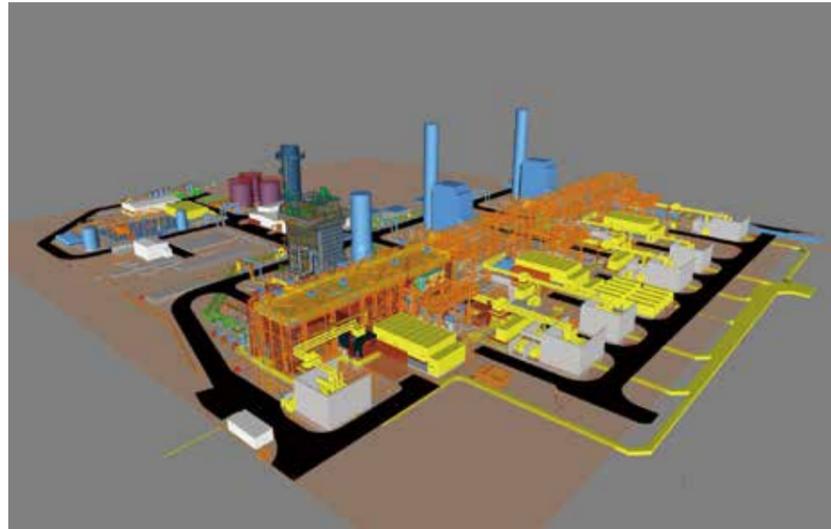
To grow business in Thailand, JET8 (Thailand) Co., Ltd., a subsidiary of JET8, has obtained funding for the international freight transportation business from JBIC in the form of a cross-border loan in the local currency.

JBIC is working on various projects around the world. Young staffs report on the significance of the latest projects and the role of JBIC.

The Emirate of Sharjah, one of the emirates of the UAE; Development of large power plants to meet rising electricity demand



Above / View of the city of the Emirate of Sharjah, located in the northeast of Dubai.



Hamriyah gas-fired combined cycle power plant to be built.

When you hear the word “the United Arab Emirates (UAE)”, you might think of abundant oil resources. However, the Emirate of Sharjah, one of the seven emirates that comprise the UAE, is different. With less resources compared to other major emirates, the Emirate of Sharjah has diverse industries. With regards to electricity, about 50% of their power supply is dependent on the Emirate of Abu Dhabi, and the remainder is supplied by their own aging power plants.

Amid continued increase in electricity demand due to economic growth, the Government of Sharjah is promoting development of large-scale, high-efficiency power plants. The Hamriyah gas-fired combined cycle power project, which I am in charge of, is one of them. The project is being developed by Sharjah Hamriyah Independent Power Company PJSC (SHIPCO), a consortium of Sumitomo Corporation, Shikoku Electric Power, a subsidiary of General Electric, and a subsidiary of the Sharjah government. It is being co-financed by JBIC and private financial institutions; the private-sector loan is partly covered by Nippon Export and Investment Insurance, NEXI.

SHIPCO will construct, own and operate a 1,800MW gas-fired combined cycle power plant located in Hamriyah, the Emirate of Sharjah. This power plant is expected to start commercial operations in May 2023. This is the first project in the emirate that is implemented by an Independent Power Producer (IPP) who builds and operates power facilities and generates electricity available for sale. It was 2017 when JBIC had the first preliminary meeting with the sponsors regarding the project. I was placed in charge of this project in April 2018 when a full-scale negotiation on the project started.

I visited the emirate twice on business trips, in the summer and autumn of 2018. As this was going to be the first time for JBIC to provide financing to the emirate, we met with government officials and the other related parties during the business trip in summer to gather more information about the emirate.

During the autumn trip, we visited the site for the power plant to investigate the environmental impact of the project. Visiting the Emirate of Sharjah allowed me to learn more about the economic environment of the emirate and feel the strong expectations towards the construction of the new power plant; this was something I could only gain from such hands-on experiences.

This was the first time for me to deal with a project until financial close. With the support from my team who have experience and knowledge in project financing, I was able to work on challenging tasks such as contract negotiation, risk analysis and project coordination.

Overall, the experiences of this challenging project are an extremely valuable asset for me.

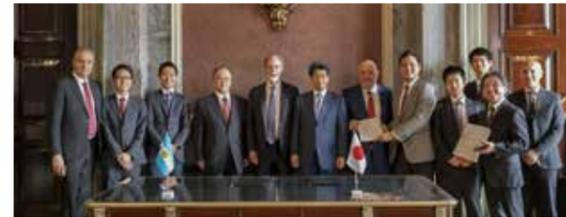
profile



Chihiro Karakawa
Unit 2 of New Energy and Power Finance Department I, Infrastructure and Environment Finance Group (then)

"It is difficult to negotiate with countries different cultures, but it was a rewarding experience."

Loan to the Banco de la Nación Argentina to support Japanese companies' business opportunities in Argentina



The signing ceremony held in Buenos Aires on November 29, 2018.

Experiencing the economic stagnation after declaring a default in 2001, Argentina just returned to the international financial markets in 2015. Argentina has had strong economic ties with Japan for long time and there are many Japanese companies wishing to resume the export of infrastructure-related equipments to the country. After exploring ways to encourage Japanese companies to expand to Argentina, JBIC decided to set up a credit line for the Banco de la Nación Argentina, the largest commercial bank in the country, to support the export of Japanese products.

This loan is provided under JBIC's "Special Operations" which started in October 2016. This is the first time in 20 years that JBIC makes a loan to the bank. JBIC's representative office in Buenos Aires has maintained relations with the bank by serving as a liaison.

My team from Tokyo also frequently visited the bank for negotiations. Despite the good relationship, tense negotiations continued because there were terms and conditions of the loan agreement that both parties had difficulty with agreeing on. The last and most difficult issue was about the timing of signing the loan agreement. Both parties had a strong desire to implement the signing ceremony before the G20 Buenos Aires Summit beginning on November 30, 2018, and we struggled to finish loan negotiations and related procedures in time for the Summit.

We got an internal approval for the loan agreement just two days before the signing ceremony and jumped on a plane to Argentina carrying the freshly-completed contract. I was wrapped up in an enormous sense of accomplishment on the return flight after having completed the signing ceremony safely.

profile



Takashi Yonemura
Unit 1 of Mining and Metals Finance Department, Energy and Natural Resources Finance Group

"It is great to be able to flexibly challenge even things that are unprecedented. Moving ahead with a repeated trial and error approach helps me grow as well!"

Identifying deep-tech startups with advanced technology; Eyes are now on the Nordic and Baltic region

The Nordic and Baltic region has established itself as one of the world's leading startup hubs thanks to the former Nokia workers and the support programs for tech startups provided by governmental institutions. Having many tech companies with advanced technologies such as IoT or AI, the region is also known as the "Silicon Valley of Europe".

Following the creation of the Equity Finance Group in October 2016, JBIC jointly established JBIC IG Partners (JBIC IG) in June 2017 with Industrial Growth Platform, Inc. (IGPI). JBIC IG launched a fund investing in deep-tech startups in the Nordic and Baltic region, in collaboration with AS BaltCap, a leading PE/VC fund manager in the Baltic States based in Estonia. JBIC invests up to EUR40 million in the fund.

Participated by OMRON, Panasonic and Honda Motor, together



The event of the announcement of the fund launch

profile



Ryoko Ichihara
Deputy Director
Division 3 of Equity Investment Department, Equity Finance Group

"It's our mission to always be half a step ahead and provide the latest information to companies."

with JBIC, the fund started with an investment size of EUR100 million. We hope that we can not only provide a return on investment from the fund, but also support those investors in collaborating with local deep-tech companies including exploring opportunities for acquisitions. It was a very exciting experience for me to be engaged in the process of creating the fund through working closely with JBIC IG. However, the fund is still in its beginning stages and I believe it's crucial for us to keep the close cooperation with JBIC IG and other related parties for the success of the fund.

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

JBIC Today August 2019

[Published by]

Press and External Affairs Division, Corporate Planning Department,
Corporate Planning Group, Japan Bank for International Cooperation
4-1, Otemachi, 1-chome Chiyoda-ku, Tokyo 100-8144, Japan
Tel. +81-3-5218-3100 URL: <https://www.jbic.go.jp/en/>

Cover photo : ©Product/VGL/Geoscience/Planetobserver Agency/Artbank
Some of the photos shown here are used under license from Shutterstock.

*No part of this magazine may be reproduced without the written permission of JBIC.

