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Supporting Your Global Challenges

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# Conditions for a successful regional cooperation ～What are vital elements? What a regional cooperation platform should do? ～ JBIC Perspectives

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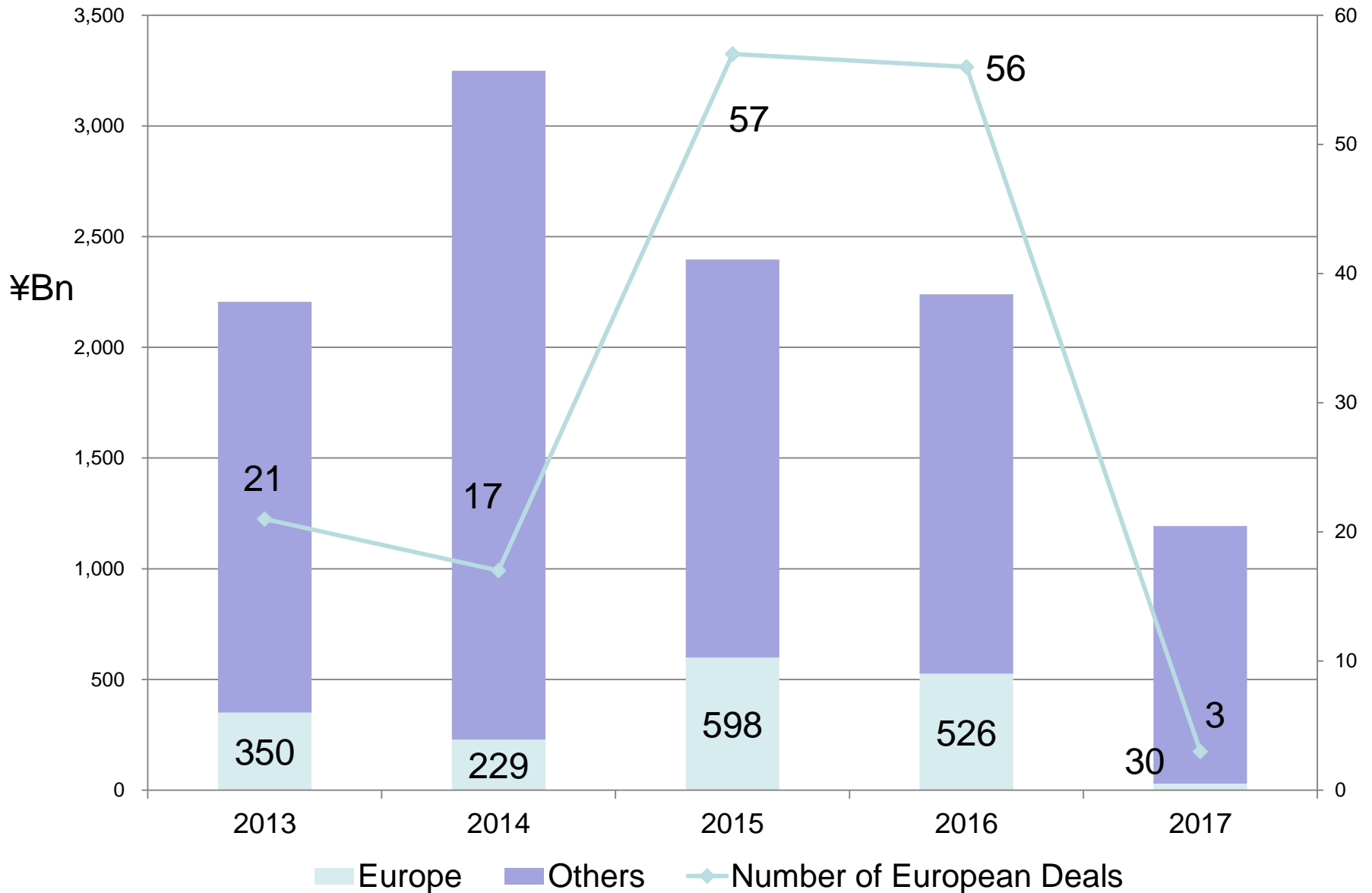
November 20 2018  
Japan Bank for International Cooperation

# JBIC Profile

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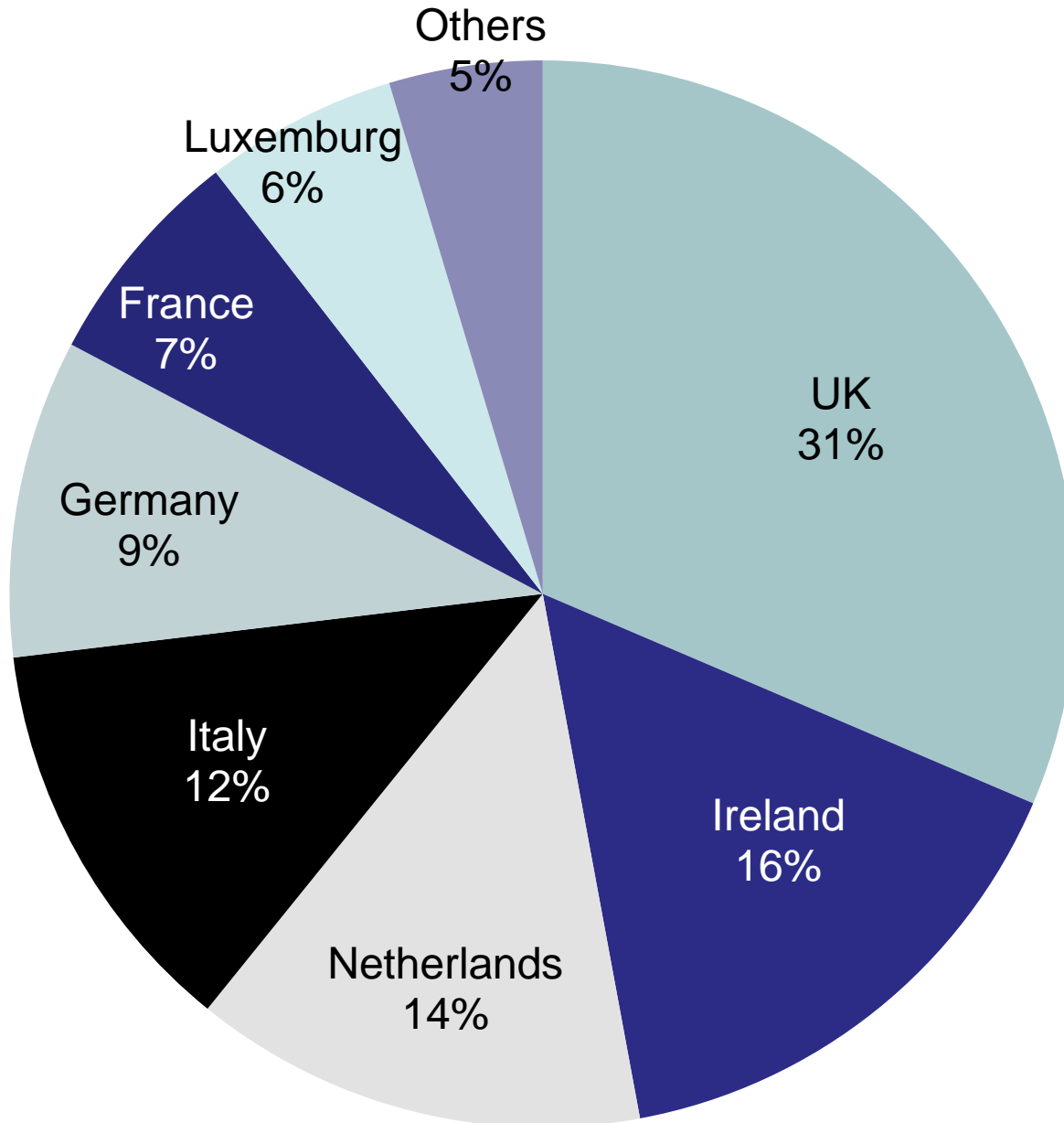
Establishment	April 1, 2012
Origin	Export Bank of Japan est. 1950
Legislation	JBIC Act
Ownership	Wholly-owned by the Government
Supervised by	Ministry of Finance
Funding Sources	Fiscal and Investment Loan Program (FILP), Foreign Reserves, Government Guarantee on JBIC Bonds
Annual Budget	Approved by the Diet
Total Outstanding Loan, Equity and Guarantee	¥16,180bn (€125bn)

# JBIC's annual commitments in Europe



# Outstanding Amount by EU member Countries

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# MOU with European Investment Bank

- ◆ JBIC signed a memorandum of understanding on October 22 with the European Investment Bank.
- ◆ The signing of this MOU aims to promote cooperation between the two policy-based public financial institutions, JBIC and EIB, to create business opportunities for Japan and the EU both within and outside the EU.



# Rankings of Promising Countries

◆ JBIC has been studying on overseas business operations by Japanese manufacturing companies for 30 years.

◆ In 2017, The US was found 6<sup>th</sup> attractive FDI destination while Germany was found 16<sup>th</sup>.

Ranking			Country/Region (Total)	No. of Companies		Percentage Share(%)	
2017	← 2016			2017 444	2016 483	2017	2016
1	↑	2	China	203	203	45.7	42.0
2	↓	1	India	195	230	43.9	47.6
3	↑	4	Vietnam	169	158	38.1	32.7
4	↑	5	Thailand	153	142	34.5	29.4
5	↓	3	Indonesia	147	173	33.1	35.8
6	↑	7	US	116	93	26.1	19.3
7	↓	6	Mexico	81	125	18.2	25.9
8	—	8	Philippines	47	51	10.6	10.6
9	—	9	Myanmar	40	49	9.0	10.1
10	—	10	Brazil	28	35	6.3	7.2
10	↑	16	Korea	28	15	6.3	3.1
12	↓	11	Malaysia	26	33	5.9	6.8
13	↑	15	Russia	19	17	4.3	3.5
14	↓	12	Singapore	17	23	3.8	4.8
14	↓	13	Taiwan	17	22	3.8	4.6
16	↓	14	Germany	13	20	2.9	4.1
17	—	17	Turkey	12	12	2.7	2.5
18	↑	19	Australia	10	11	2.3	2.3
18	↑	29	Canada	10	3	2.3	0.6
20	↓	17	Cambodia	9	12	2.0	2.5

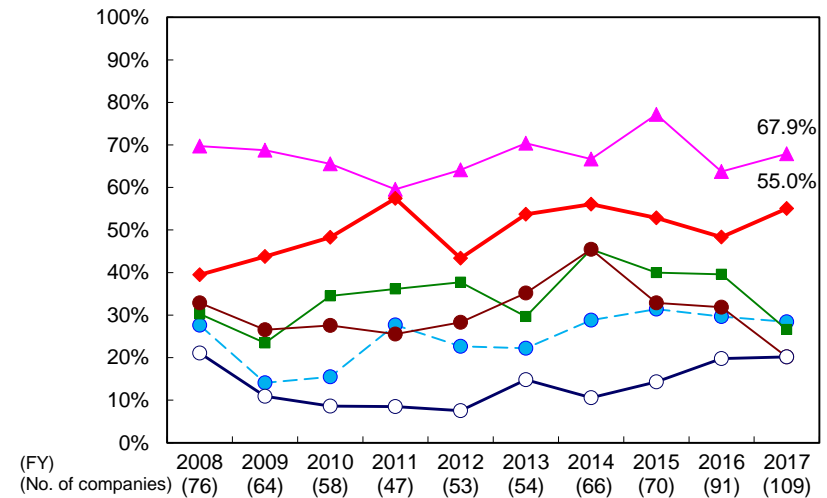
# Medium-term Prospects for Overseas Operations

- ◆ Companies were asked about medium-term (next 3 yrs. or so) prospects for businesses in countries/regions where they are currently operating or planning to operate.
- ◆ Companies have a strong interest in strengthening their operations in EU, but not as strong as in the U.S.

	China		North America		EU 15	
	2016	2017	2016	2017	2016	2017
Strengthen	47.6%	43.1%	56.5%	55.8%	48.2%	45.5%
Maintain present level	49.0%	54.7%	42.0%	43.2%	49.3%	53.0%
Scale back/withdraw	3.4%	2.1%	1.5%	1.0%	2.5%	1.5%

# Comparative study: the US attractiveness

According to the respondent companies, market size and its growth potential is important element of attractiveness. And this trend has been quite consistent



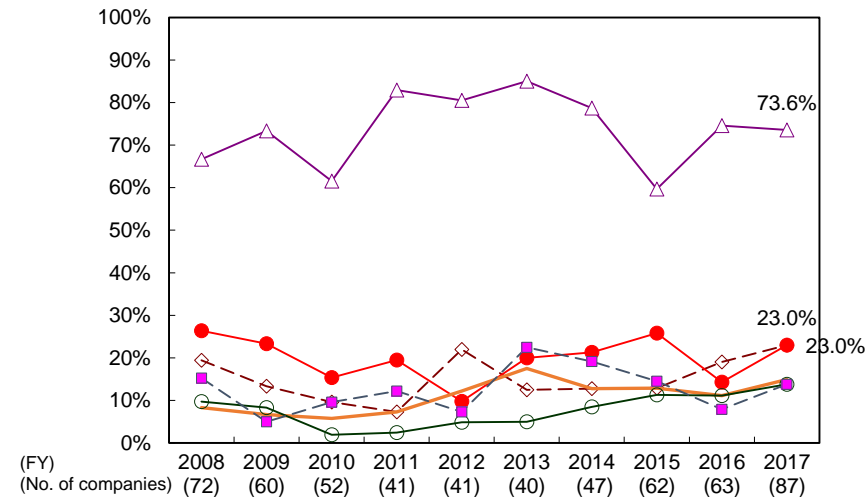
(Total No. of respondent companies: 109)

	No. of companies	Ratio
1 Current size of local market	74	67.9%
2 Future growth potential of local market	60	55.0%
3 Profitability of local market	31	28.4%
4 Developed local infrastructure	29	26.6%
5 Social/political situation stable	22	20.2%
5 Base for product development	22	20.2%



# Comparative study: Issues for the US market

But growing number of companies recognize the difficulty in obtaining appropriate human resources.



(Total No. of respondent companies: 87)

	No. of companies	Ratio
1 Intense competition with other companies	64	73.6%
2 Difficult to secure management-level staff	20	23.0%
2 Rising labor costs	20	23.0%
4 Increased taxation	13	14.9%
5 Difficult to secure technical/engineering staff	12	13.8%
5 Labor problems	12	13.8%