Analysis of EU-Japan business cooperation in third countries

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Executive Summary

Cooperation between European and Japanese companies in third markets is a growing and promising business trend. For example, a study conducted by the German Chamber of Commerce and Industry in Japan in 2019 reveals that 69% of German companies in Japan are involved in business activities with Japanese partners outside Japan, a number being on a consistent increase from 64% in 2018 and 54% in 2017. In addition, 46% of German companies in Japan are generating revenues with Japanese customers outside Japan at least to the same extent as in Japan, and depending on the industry, this revenue ratio is 1 to 4. Indeed, such cooperation allows European and Japanese companies to better compete as they may possess complementary strengths in technologies, market intelligence, financing, existing infrastructures and facilities – notwithstanding historical and cultural ties between several EU member states, or Japan may have in Africa, Southeast Asia, and Latin America.

Cooperation between European and Japanese companies in third markets is also the backbone of EU-Japan Connectivity. In itself, such business cooperation has high political stakes as it advances common values and principles of freedom, democracy, and open markets. Even further, the cooperation of European and Japanese companies in third countries also defends and promotes globally high social, environmental and technological standards. This comes as increasingly strategic facing assertive Chinese and United States foreign and economic diplomacy, especially with regard to their respective Belt and Road Initiative and Blue Dot Network.

Against this background, this report aims to provide an overview of the current situation, notably through a review of 30 case studies. Although it appears that there is great potential in a variety of industrial sectors and third markets, Japanese corporate and institutional demand for third country business cooperation seems to be particularly high in the power sector and in particular in renewables, in developing countries and more specifically in Africa. Besides, Japanese interest also appears important in smart cities in ASEAN, and in particular digital (such as IoT and AI) applied to dimensions of mobility, governance and quality of life.

If general recommendations for any business cooperation prevail for European and Japanese companies, two highlights can be made. The first is that privileged stakeholders for any European company looking for Japanese partners for overseas projects are the Japanese general trading companies: they are intermediaries, managing and taking charge of orders from contractors; but also financing coordinators, as well as considerable investors. The second is that the recent shift of Japanese companies to a strategy of open innovation, in particular in the industries of telecommunications, automotive, electronics and railway, is also an important window of opportunity for European companies.

As for trade promotion organisations, this report suggests three priorities to enhance further EU-Japan business cooperation in third countries. The first is the promotion of the benefits and opportunities of such cooperation to relevant EU, Japan and third countries' institutional and corporate stakeholders. The second is the support of the matchmaking of businesses of all sizes, with different strategies proposed according to the situations in which companies are. Lastly, a focus should be made on reinforcing institutional cooperation to align interests and third-country business strategies, as well as and coordinate mobilised resources and initiatives.

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List of abbreviations

AAGC	Asia-Africa Growth Corridor
AHK Japan	German Chamber of Commerce and Industry in Japan
ADB	Asian Development Bank
AFD	French Development Agency
ASEAN	Association of Southeast Asian Nations
BDN	Blue Dot Network
BRI	China's Belt and Road Initiative
CIS	Commonwealth of Independent States
DIT	UK Department of International Trade
EU	European Union
EBRD	European Bank for Reconstruction and Development
ECFR	European Council on Foreign Relations
EIB	European Investment Bank
EIF	European Investment Fund
EPA	Japan-EU Economic Partnership Agreement
EPC	Engineering, Procurement and Construction
FTA	Free Trade Agreement
FY	Fiscal Year (in Japan from 1 April to 31 March)
IT	Information Technology
IoT	Internet of Things
JBIC	Japan Bank for International Cooperation
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
JV	Joint Venture
METI	Ministry of Economy, Trade and Industry of Japan
MW	Megawatt
MOFA	Ministry of Foreign Affairs of Japan
MoU	Memorandum of Understanding
NEXI	Nippon Export and Investment Insurance
ODA	Official Development Assistance
O&M	Operation and maintenance
PPP	Public-private partnerships
R&D	Research and Development
SDGs	United Nations Sustainable Development Goals
SME	Small Medium Enterprise
TICAD	Tokyo International Conference on African Development
UAE	United Arab Emirates
UK	United Kingdom
UKEF	UK Export Finance
US	United States
WTO	World Trade Organization

1. Introduction

1.1 Context

Business collaboration between European and Japanese companies does not necessarily aim at accessing each other's market but may also take the form of alliances for operating in third countries. This particular scheme is supported by strong political momentum, as the EU and Japanese authorities strive to strengthen their ties in the context of increasing geopolitical tensions and multilateral trade uncertainties.

Three landmark agreements have been reached by the EU and Japan in recent years. The **EU-Japan Economic Partnership Agreement (EPA)**, which was signed on 17 July 2018 and entered into force on 1 February 2019, has abolished tariffs and other trade barriers in key sectors while reinforcing cooperation on international standards and regulatory convergence. The **EU-Japan Strategic Partnership Agreement (SPA)**, also signed on 17 July 2018 and legally binding, focuses on the political dimension of the EU-Japan relationship with a commitment to shared values such as democracy, the rule of law, human rights and fundamental freedoms. Additionally, the agreement calls for cooperation on the issues of security and justice, and in addressing global challenges such as terrorism, climate change, cyberspace, or nuclear proliferation. Then, on 27 September 2019, Prime Minister Shinzo Abe and President of the European Commission Jean-Claude Juncker signed the **Partnership on Sustainable Connectivity and Quality Infrastructure between the European Union and Japan**, representing a major step forward for the EU and Japan to increase cooperation with partner third countries.

What is connectivity? Connectivity is defined by the European Commission as being "essentially about networks," and can be appreciated according to three dimensions: physical, institutional, and people-to-people connectivity. Physical connectivity focuses on enhancing transportation infrastructures, digital and energy networks and flows, and as such, has a key economic and industrial dimension. Then, institutional connectivity revolves around the convergence of values and standards on the facilitation of free and fair trade and investment, but also to social and environmental criteria, and in particular of the United Nations' Sustainable Development Goals (SDGs). Finally, connectivity has at its core a people-to-people dimension, the latter mainly addressing cooperation in the fields of education and research.[1]

Why is connectivity important? The rationale for these agreements, and in particular of the Connectivity Partnership, is to develop further what the EU and Japan can do together on the global scene, following common ambitions in securing new markets and trade routes in third countries. This mutual interest is twofold. First, alliances of European and Japanese companies allow them to better compete by joining forces. They may possess complementary strengths in technologies, market intelligence, financing, infrastructures, and facilities – notwithstanding historical and cultural ties between several EU member states, or Japan may have in Africa,

[1] European Commission, *Explaining the European Union's approach to connecting Europe and Asia,* 19 September 2018, MEMO/18/5804, https://ec.europa.eu/commission/presscorner/detail/en/MEMO_18_5804 (accessed 14 January 2020).

Southeast Asia, and Latin America. Then, another objective of this EU-Japan enhanced cooperation is to advance common values and principles of freedom, democracy, and open markets. Even further, such cooperation also aims to strategically defend and promote globally high standards in key areas such as sustainability, the guarantee of human rights, and digital rules on key technologies such as 5G, artificial intelligence, and facial recognition.

EU-Japan connectivity has a crucial geopolitical dimension. In January 2016, the European Council on Foreign Relations (ECFR) think tank published a collection of essays titled: "Connectivity Wars: Why Migration, Finance, and Trade are the Geo-Economic Battlegrounds of the Future."[2] In its introductory remarks, Mark Leonard explains: "the wall between economics and politics has fallen, and political conflicts are fought through the system that manages the global economy." The Director of the ECFR then highlights three new "battlegrounds" which fall within the realm of connectivity: "economic warfare", including trade, access to finance, and investment; "weaponizing of international institutions" characterized by the deadlock of several multilateral institutions such as the World Trade Organization (WTO) and the trend for exclusive "mini-lateral" groupings;[3] and lastly "infrastructure competition."

China and the United States (US) have already seized the strategic importance of connectivity. As for China, it is pursuing a gigantic global development strategy under its Belt and Road Initiative (BRI) launched in 2013. The project aims to enhance regional connectivity through infrastructure and funding, aiming to "link China to cities as far as Bangkok and Budapest". The BRI includes: "hard infrastructures such as railways, highways, ports, pipelines, industrial parks, border custom facilities, and special trade zones; and soft infrastructure such as development finance, trade, and investment agreements, and multilateral cooperation forum." According to the OECD: "BRI investment projects are estimated to add over US dillars 1 trillion of outward funding for foreign infrastructure over the 10-year period from 2017." [4] [5] As for the US, it is leading the Blue Dot Network (BDN), to which Australia and Japan are also participating, and which has been launched on 4 November 2019 at the Indo-Pacific Business Forum in Bangkok. The BDN is a certification program for big infrastructure projects, aiming to "serve as a globally recognized symbol of market-driven, transparent and financially sustainable development projects" for countries, companies and local communities. Its vision is based on the G20 Principles for Quality Infrastructure Investment, the G7 Charlevoix Commitment on Innovative Financing for Development, and the Equator Principles. [6] [7]

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[2] European Council on Foreign Relations, *Connectivity Wars: Why Migration, Finance and Trade are the Geo-Economic Battlegrounds of the Future,* January 2016, London, https://www.ecfr.eu/page/-/Connectivity_Wars.pdf (accessed 5 March 2020).

[3] Mark Leonard refers on this point to the essay "gated globalization" of Hina Rabbani Khar.

[4] European Council on Foreign Relations, *Connectivity Wars: Why Migration, Finance and Trade are the Geo-Economic Battlegrounds of the Future,* January 2016, London, https://www.ecfr.eu/page/-/Connectivity_Wars.pdf (accessed 5 March 2020).

[5] Chapter 2 from the 2018 edition of the *OECD Business and Financial Outlook*, "China's Belt and Road initiative in the global trade, investment and finance landscape,' p3. Accessed at : https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf

[6] U.S. Department of State, "Blue Dot Network," *U.S. Department of State website*, https://www.state.gov/blue-dot-network/ (accessed 5 March 2020).

[7] Japan Times Editorials, "A 'Michelin guide' to infrastructure in Asia," *The Japan Times*, 13 November 2019, https://www.japantimes.co.jp/opinion/2019/11/13/editorials/michelin-guide-infrastructure-asia/#.XmBUlJMzb-Y (accessed 5 March 2020).

In light of this, **how does the Connectivity Partnership between the EU and Japan aim to support connectivity?** First, the agreement states that "the EU and Japan endeavour to ensure synergies and complementarity between their respective cooperation on connectivity and quality infrastructure with partner third countries and coordinate action". It aims to address "all dimensions of connectivity" as defined above (art. 2 and art. 3) and underlines a regional focus on "the Western Balkans, Eastern Europe, Central Asia, Indo-Pacific, as well as Africa." (art.2). Furthermore, the Connectivity Partnership calls for a bilateral and multilateral cooperation, including within international and regional bodies on regulatory matters, "with respect for the achievement of the EU-Japan Economic Partnership Agreement as a model of high standards rules in the 21st century for free, open, rules-based and fair trade and investment, and policy coordination for boosting innovative technology" (art. 4). Lastly, the EU and Japan announced their "inten[tion] to cooperate to facilitate financing of sustainable connectivity, including through joint projects, with the engagement of private together." (art. 5) Concurrently, the Connectivity Partnership welcomes the Memoranda of Understanding (MoU) already concluded between the European Investment Bank (EIB) and the Japan International Cooperation Agency (JICA), EIB and the Japan Bank for International Cooperation (JBIC), and the EIB and the Nippon Export and Investment Insurance (NEXI). [8]

Against this background, benefiting from a favourable political agenda from the authorities, the impetus for European and Japanese companies to boost collaborations in activities overseas is strong. Cases of such collaborations are already plentiful, as they reflect the internationalisation of European and Japanese companies in an increasingly globalised world. This report aims to analyse and discuss this growing trend to provide some suggestions on how to encourage further such partnerships, ultimately aiming to enrich the general reflection towards the better operationalization of the Connectivity Partnership.

Although this report has been commissioned by the EU-Japan Centre for Industrial Cooperation and thus, primarily serves its internal interests, it addresses a great variety of institutional and corporate stakeholders. To begin with, this report can be of interest to governmental and non-governmental trade promotion organisations. Such organisations include national or EU public departments and agencies working on topics related to trade and/or EU-Japan relations, industry and trade associations, and chambers of commerce. Besides, this report may also hold business' attention by providing an overview of past examples of such cooperation, as well as some key points on the institutional framework sustaining cooperation in third countries. The targeted audience is mainly European and Japanese, but also of third countries from the perspective of encouraging a true three-party beneficial cooperation.

[8] "The Partnership on Sustainable Connectivity and Quality Infrastructure between the European Union and Japan," signed on 27 September 2019, *European External Action Service (EEAS) website*, https://eeas.europa.eu/headquarters/headquarters-homepage/68018/partnership-sustainable-connectivity-and-quality-infrastructure-between-european-union-and_en (accessed 5 November 2019).

1.2. Aim of the research and problem statement

This report aspires to provide a better understanding of the current situation in terms of EU-Japan business cooperation in third countries. Ultimately, the report aims to determine what the opportunities are for European and Japanese companies and propose key measures for organisations such as the EU-Japan Centre for Industrial Cooperation to support and to encourage those partnerships, in line with identified business needs.

The research questions and the parameters this report attempts to address are:

- What are the **characteristics of the companies** involved in the collaboration? In which country is their head office registered? What is their size? Other from European and Japanese businesses, is there a potential third-party company involved in the partnership?
- What are the **characteristics of the partnerships**? In which form of collaborations the projects are conducted? When and in which country are they operated? In which industrial sector the business partnership occurs? Was the partnership successful?
- What are the **business needs** and the **drivers and rationale** for such collaboration? What is the magnitude of the current trend? To which extent do enterprises rely on a previous relationship between the parties involved? As those partnerships are designed to enhance each parties' competitiveness, to which extent are they motivated by technical complementarities, strategies to reduce costs, or sharing market intelligence?
- How to **encourage and support** partnerships of European and Japanese businesses for operating in third countries? What are the **opportunities** for businesses**,** including in terms of sector or third markets? What are the **challenges and best practices** for such collaboration to be successful? What roles and services an organisation like the EU-Japan Centre for Industrial Cooperation could offer to facilitate such alliances?

1.3. Methodology

1.3.1. Definitions and scope

This research has been carried out between **November 2019 and April 2020**.

A "**Japanese company**" has been defined as registered and possessing headquarters in Japan. A "**European/EU company**" has been defined as a company registered and possessing main headquarters in a **country participating in "COSME**," the EU programme for the competitiveness of enterprises and SMEs. COSME countries include EU member states that are, as of April 2020: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. Furthermore, the COSME programme also includes non-EU Participants that are, as of April 2020: the United Kingdom, Montenegro, North Macedonia, Turkey, Albania, Serbia, Bosnia and Herzegovina, Kosovo, Moldova, Armenia, Ukraine and Iceland. "Third country" has been defined as any country

in which business operations occur other than Japan, or the European country of origin of the European partner company. When subsidiary companies were involved, the country of headquarters of their parent company was taken into account.

The **appreciation of business size** has been made according to the definition of SMEs provided by the Commission Recommendation of 6 May 2003. According to the latter, a SMEs is defined as employing less than 250 persons, having an annual turnover of no more than EUR 50 million, or a balance sheet total up to EUR 43 billion.[9] Other companies have been considered as large enterprises. However, the reader should be aware that this report refers to several studies conducted by Japanese entities which usual rely on different appreciation of business size as defined in Japan's Small and Medium-sized Enterprise Basic Act.[10] The **industrial sectors** covered by this report are transportation, waste & water management, energy, IT & telecommunications, machinery & industrial equipment, construction, wholesale & retail trade.

This report distinguishes different **forms of cooperation** between European, Japanese companies, and a potential third-party. Although, a great diversity of terms is utilised in each language to define such relationship, and that sometimes cooperation may be multi-level and multi-dimensional, this study has attempted to classify business cooperation according to the following categories:

- A **collaboration** is a form of cooperation that is not necessarily bound through a legal contract. Two or more companies collaborate when they share common interests in a certain area of activity. The term "collaboration" has thus often been used in this report as a default term for any relationship between European and Japanese companies. Collaborations are sometimes formalised in a document such as Memorandum of Understanding (MoU).
- A **partnership** is the broadest term in defining a legal contract between two or more companies, whereby two or more companies agree to pursue a certain set of objectives while remaining independent organisation. Such a relationship may induce that participating companies share risk and responsibility. For this research, "partnership" has been considered as a synonym to "alliance."
- A **joint-venture** is a third company made by the investment of two (or more) companies. The investing companies share the ownership of the new company and manage it (depending on the share of investment) together, as well as responsibility and risk.
- A **consortium** is an association of two or more companies by which parties pool their resources as needed for achieving a set objective. Aside from the consortium, they retain their separate legal status.
- An **investment** is a form of cooperation under which one company invests in another company to expand certain activities such as business development or research and development (R&D). This financial outlay comes with a risk and uncertainty in how much returns will be or how long the returns will take.

[9] For reference: https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme
[10] For reference: https://www.chusho.meti.go.jp/sme_english/outline/08/01_01.html

- An **acquisition** is a situation in which one enterprise buys all of the stock of another, so as the acquired company becomes a subsidiary of the acquiring company. This purchasing of stocks tends to happen gradually and may happen over several years.
- A **contractor/supplier relationship** is a form of cooperation in which the first, the contractor, is designated by a client in charge of completing construction work, and the second, the supplier, is chosen by the contractor to support the project.

1.3.2. Analysis methodology

This research has been carried out through deskwork and discussions with corporate and institutional stakeholders.[11] The analysis is **primarily qualitative:** it relies on a review of selected **business cases** combined with a study of secondary sources. The latter originate from organisations such as government-affiliated organisations related to industrial, trade, and investment cooperation, chambers of commerce and industry, and business associations. Sources consisted of articles of newspapers and communication from such entities, including reports, press releases, websites, public interventions, written and verbal exchanges.

Limits to this study include that sources related to business partnerships, may they stem from companies or other organisations, predominantly focus on **portraying successful cases**. It thus made it difficult to assess possible negative aspects or challenges encountered in the partnerships. Another bias that might have arisen from this study is that it could solely rely on **information disclosed publicly**. It thus sets aside partnerships deemed highly strategic or sensitive in terms of business strategy or link with governments. Lastly, the study might probably be biased by the **languages the author as a command of** – that are English, French, and Japanese – and that may have restricted the author's access to some valuable resources.

Notwithstanding, **a core challenge to this research was the absence of comprehensive quantitative data**. Indeed, this report remains a preliminary work to offer a real overview of the dynamic of EU-Japan business cooperation in third countries. **We hope it will open the door to more extensive research on the topic to enable a true understanding of this trend, and support for decision-making**. In this regard, the surveys conducted by the German Chamber of Commerce in Japan (AHK Japan), and the Japan External Trade Organisation (JETRO), Middle East and Africa Division, Overseas and Research Department, and to which this report extensively refers to, can be a great source of inspiration for further work on the topic. [12] [13] Similarly, the mapping and data compiled by the Sustainable Development Division of the Tokyo Regional Economic Service of the French Embassy in Japan is also a

[11] As for corporate stakeholders, a total of **10 companies** have been interviewed by the author with questions covering specific projects, future ambitions, as well as suggestions for institutional support of EU-Japan business cooperation in third countries. Although such interviews made significant contributions to this research, the author recognizes that they remain "anecdotal" inputs. Some names of interviewees and their company are not disclosed in this report.

[12] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).

[13] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).

valuable study.[14] Finally, it is worth mentioning the Ministry of Foreign Affairs of Japan is also currently conducting a survey on Japan-EU business collaboration in third markets.

2. ANALYSIS OF THE OVERALL TREND

In this section, the report focuses on the general trend of EU and Japan business cooperation in third markets. This section aims to provide an analysis of the main dynamics at play in the cooperation, as well as their main characteristics, their drivers, and a review of the challenges encountered by companies. This part is illustrated with a compilation of case studies.

Section summary

Several comments can be made on the characteristics of European and Japanese companies that engage in such cooperation. To begin with, most cases found throughout this research involved companies from **Western Europe** and of a **large size.** This might be explained by limited and biased access to information: for example, perhaps such business cooperation might be more strategic for SMEs to the extent they would not publicly communicate on it in general; but also perhaps such communication is not being done in a language understood by the author. Nonetheless, several patterns are observable.

As for the **country of origin of the European companies**, it seems that in most cases, it was **not immediately relevant** to the extent that business cooperation remains mainly driven by market motivations such as cost competitiveness or particular technologies. Otherwise, when the country of origin of the European company did matter, it has been for two main reasons. The first is in the case the latter is somehow **correlated to industry specialisation**, such as Germany in automotive, or Turkey in manufacturing and construction. The second reason is the **link between this European country and the third country** in which the project takes place. This link may by cultural, historical, linguistic, but also based on present economic and diplomatic ties, as well as development policy. This is for example particularly relevant in business partnerships implicating Spanish companies in Latin America, or French companies in French-speaking Africa.

As for the **size of the companies** involved in such partnerships, as a rule of thumb, business cooperation in third countries often involve **large-scale infrastructure projects** of which by nature, the investments and the risks are **more likely to be undertaken by large companies**, though SMEs may be, for example, involved as suppliers. Furthermore, business cooperation of large-size companies and SMEs in third countries usually occur when a **cash-rich and large Japanese company is interested in investing in innovative technologies** of

[14] Directorate-General of the Treasury of France (in French: DG Trésor), Tokyo Regional Economic Service (in French: Service économique régional de Tokyo), Sustainable Development Division (in French: Pôle Développement Durable), "Energy Transition and Sustainable Cities: Mapping Franco-Japanese cooperation in third countries," 15 april 2020, https://www.tresor.economie.gouv.fr/Articles/2020/04/15/energy-transition-and-sustainable-cities-mapping-franco-japanese-cooperation-in-third-countries (accessed on 23 April 2020).

a European SME, which have applications particularly tailored for a specific demand in a third market.

There are various **forms of business cooperation** in which European and Japanese companies engage when working together in third countries. To start with, they may not necessarily engage in a legally binding relationship. We observe, for example, that several companies prefer to rely on a **MoU** to initiate and formalise business cooperation, for instance in committing to exploring opportunities together with joint bidding, or on business development of a certain technology or service. Then, not surprisingly, for **industrial and specific projects**, European and Japanese companies will cooperate on a clear legal basis that defines risks and responsibilities undertaken by each party, such as **JV**, **consortia**, or **contractor / supplier relationship**. Last but not the least, **investment** and **acquisition** are also significant forms of cooperation in the case that one company is particularly interested in expanding its portfolio in terms of technology and geographically.

Geographically, the study of the German Chamber of Commerce and the data gathered by the French Embassy in Japan indicates that such business cooperation seems particularly interesting in **Asia**, **Europe**, **South America**, and **Africa**. When asked in which regions projects are planned, currently in progress, or have already been carried out in cooperation with Japanese businesses, surveyed German companies answered for 59% of them Association of Southeast Asian Nations (ASEAN) countries, 37% Greater China, 37% Europe, 20% India, 14% South America, 11% Africa.[15] As for cooperation between French and Japanese companies overseas, they occur for 35% of them in Asia-Pacific, 23% in South America, 15% in Africa, and 13% in the Middle East, 10% in Europe and 4% in North America. Moreover, it is also to be noted that, as for the Japanese side, if companies have particular strengths in the Indo-pacific region, there seems to be a particular demand for cooperation with European business counterparts in Africa in which Japanese companies have a weak presence. This demand is also sustained by the Japanese authorities, such as the Japan External Trade Organisation (JETRO) which has developed several initiatives to this effect.

Although this report has primarily focused on the industrial dimension of business cooperation, the sectors in which it seems particularly relevant for European and Japanese companies to work together in third markets are **large-scale industrial contracts** including **transportation**, **waste** and **water management**, **machinery** and **industrial equipment**, and **construction**; but also **raw materials**, **power generation** and in particular **renewables**; and finally in the domain of **IT** and **telecommunications**.

Business cooperation of European and Japanese companies in third countries can be categorized in five schemes: **cooperation in products and services** to provide total solutions to customers in third markets, especially in industrial projects; **cooperation in engineering** such as on Engineering-Procurement-Construction (EPC) contracting or joint-

[15] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).

bidding; **cooperation in investment**, through for example mergers and acquisitions as well as JV; **cooperation in industry and finance combination**; and last, **strategic cooperation among businesses** in a wide range of areas such as Research and Development (R&D), manufacturing or logistics.[16]

Drivers for business cooperation include, first and foremost, a **long-term relationship** between the partner companies, which sometimes have gradually cooperated and built trust over several decades. Additionally, cooperation between European and Japanese companies in third countries is also, of course, driven by **complementary technologies and expertise**, **market intelligence and local know-how**, and corresponding **human resources**. Furthermore, business cooperation is also based on great motivations of **pooling risks** of large-scale projects, **reducing costs**, by, for instance, relying on the partner company's local infrastructures as well as enjoying the financial contribution of the partner company country's public financial institutions, and in particular those from Japan. Business cooperation may also be driven by general ambitions of **expanding activities overseas**, and for European companies in **strengthening the strategic importance of their Japanese subsidiaries**. The last driver for cooperation may be the **relative similarities in compliance standards and corporate cultures** between European and Japanese companies.

There are also several challenges for entering into business cooperation and jointly conducting projects in third countries. A first is the language, culture and management differences between the European and Japanese partner companies, which may be aggravated by the fact that **conflicts may not be judged in the light of the local legal or mediation system**, as the latter can be embryonic in certain third countries. A second challenge is that companies might consider their counterparts as **more competitors than potential partners** - although this problem varies greatly from one sector to another. Henceforth, companies might fear business cooperation because of too high risks in leakage of technology or strategic information, as well as introducing their counterparts to prospective clients that ultimately, they may lose.

2.1. Case studies

30 examples of EU and Japanese business collaborations in third markets are presented in this section. They were chosen as illustrations to reflect a certain diversity of situations in terms of the characteristics of the companies, of the partnerships and their drivers, and based on sufficient availability of information. Cases presented are also recent ones, that are which took place in the last 20 years.[17]

[16] This categorisation originates from: National Development and Reform Commission, People's Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, p46, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).

[17] The selection was restricted to 30 case studies, but other examples are listed in ANNEX 1. Complementary list of case studies.

Examples include business cooperation in various industrial sectors and in different business relationships. Targeted third country and regions are developing markets in Africa, Southeast Asia, and Latin America, but also mature economies such as the US, Australia, or Europe. Nonetheless, business cases that were found mostly involve large companies, and companies from the Western part of Europe. This might be explained by specific industrial and financial strength related to company size and country origin, but also by limited access to information.

Table I. List of case studies

Case number	Sector	Characteristics of the companies				Characteristics of the partnership			
		Japanese company		European Company		Form of partnership	Third Market	Year	Details on joint project(s)
		Name	Size	Name (COUNTRY)	Size				
1	Transportation	Sumitomo Corporation	large	Thales SA (France)	large	Consortium	Philippines	2013	Air traffic control building and systems
2		Mitsubishi Corporation	large	Construcciones y Auxiliar de Ferrocariles SA (Spain)	large	Consortium	Turkey, Australia, Philippines	2014	Urban transport infrastructures
3		Mitsubishi Heavy Industries Ltd ; Mitsubishi Co. ; Kinki Sharyo Co., Ltd	large	Thales SA (France)	large	Consortium	Qatar	2015	Automated driverless metro
4		Hitachi Ltd	large	Ansaldo STS SpA (Italy)	large	Collaboration, acquisition	Panama	2018	Monorail system
5	Water & Waste Management	Hitachi Ltd	large	Veolia Environnement SA (France)	large	Collaboration, consortium	Middle East, Africa and Asia-Pacific	2014	Desalination plant in Iraq, Sewage treatment facility in Vietnam
6		ITOCHU Co.	large	SUEZ SA (France)	large	Joint-venture	Serbia	2017	“Energy-from-waste” facility
7		Mitsubishi Corporation	large	Acciona SA (Spain)	large	Collaboration, investment	Portugal, Australia, Chile, Qatar	2009	Renewable energy and water management treatment
8	Energy	INPEX Co. ; ITOCHU Co.	large	BP p.l.c. (UK) ; Equinor. ASA (Norway) ; TPAO (Turkey) ; Eni S.p.A. (Italy) ; Total SA (France)	large	Joint-venture	Azerbaijan, Turkey, Georgia	2002	Crude oil pipeline

9	Energy	Sumitomo Corporation	large	ENGIE SA (France)	large	Consortium	Indonesia	2010	Geothermal power plant
10		Mitsubishi Heavy Industries Ltd	large	Vestas Wind Systems A/S (Denmark)	large	Joint-venture	Europe, Asia, America	2013	Offshore wind turbines
11		Mitsubishi Corporation ; Toshiba Plant Systems & Services Co.	large	thyssenkrupp AG (Germany)	large	Contractor/supplier	Philippines	2014	Thermal power plant
12		Marubeni Corporation	large	Siemens AG (Germany)	large	Consortium	Thailand	2017	Power plant
13		Toyota Tsusho Co.	large	ENGIE SA (France)	large	Joint-venture	Egypt	2017	Wind farm
14		Tokyo Century Co. ; Kyudenko Co. ; Kyuden Mirai Energy Co.,	large	Ciel et Terre SAS (France)	SME	Investment	Taiwan	2018	Floating solar power plant
15		Mitsubishi Corporation	large	Electricite de France SA (France)	large	Joint-venture	Africa	2018	Investment platform for renewables
16		Tokyo Gas Co.	large	ENGIE SA (France)	large	Joint-venture	Mexico	2019	Onshore wind farms and solar photovoltaic plants
17		Marubeni Corporation	large	Azuri Technologies Ltd. (UK)	SME	Investment	Africa	2019	Pay-as-you-go solar energy equipment
18		Nippon Koei Co. Ltd	large	YUSO BV (Belgium)	SME	Investment	Europe	2019	Battery energy storage solutions and energy platform
19	IT & Telecommunications	NTT DATA Co.	large	Everis Participaciones, S.L. (Spain)	large	Acquisition	Latin America	2013	Consulting in technological applications
20		NTT DATA Co.	large	Citibeats (Spain)	SME	Collaboration	Global	2018	Citizen engagement platform

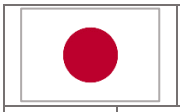
21	IT & Telecommunications	Hondar Motor Co. Ltd ; OMRON Co. ; Panasonic Co.	large	Bolt Technology OÜ (Estonia); Combinostics Oy (Finland); Einride AB (Sweden); Flexound Systems Oy (Finland); MaaS Global Ltd (Finland)	SME / large	Investment (through VC NordicNinja)	Global	2019	Innovation (esp. mobility)
22		ACCESS Co., Ltd	large	IoTerop SAS (France)	SME	Partnership	Southeast Asia	2019	Software solution
23	Machinery & Industrial equipment	Mitsubishi Heavy Industries Ltd	large	Rocla Oyj (Finland)	large	Acquisition	Europe	2008	Manufacturing of electric warehouse equipment
24		Chlorine Engineers Co. Ltd	large	Industrie De Nora SpA (Italy)	large	Acquisition	Asia (esp. China)	2011	Manufacturing of electrode
25		Panasonic Co.	large	Viko Elektrik Elektronik Endüstrisi San. ve Tic. A.Ş. (Turkey)	large	Acquisition	Middle East, CIS,[18] Africa	2013	Manufacturing and sales of wiring devices
26		Toyo Kohan Co. Ltd	large	Tosyali Holding (Turkey)	large	Joint-venture	Europe, Middle East, Africa	2015	Steel manufacturing
27	Construction	Taisei Co.	large	Bouygues SA (France)	large	Joint-venture	Myanmar	2017	Construction of office, hotel and residential towers
28		Azusa Sekkei Co. Ltd	large	Ingérop SAS (France)	large	Partnership	Europe, Africa, Asia	2018	Collaboration to explore joint opportunities in construction
29	Wholesale & Retail trade	Toyota Tsusho Corporation	large	CFAO SA (France)	large	Acquisition	Africa	2012	Distribution in Africa
30		Toyota Tsusho Co.; NYK LINE	large	Bolloré SA (France)	large	Joint-venture	East Africa	2016	Vehicle logistics

[18] The Commonwealth of Independent States (CIS) market is comprised of former Soviet Union nations. It is comprised of: Armenia, Azerbaidjan, Belarus, Kazakhstan, Kyrgystan, Moldova, Russia, Tajikistan, and Uzbekistan.

2.1.1. Case studies in transportation

Case 1: Air traffic control building and systems in the Philippines [19] [20]

CHARACTERISTICS OF THE COMPANIES

	**Sumitomo Corporation**
Size	large
HQ	Tokyo, Japan
About	Sumitomo Corporation is a general trading company. The Company imports and exports a wide variety of goods such as metals, machinery, chemicals, fuel, food products, and textiles. Sumitomo also operates real estate, construction, shipping, insurance, finance, and, leasing businesses.

	**Thales SA**
Size	large
HQ	Paris La Défense, France
About	Thales designs and builds aerospace and defense electrical systems. The Company offers flight deck systems, avionics equipment, and navigation solutions, as well as provides telecommunications satellites, signaling systems, and air traffic management and maintenance services.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Consortium	Philippines	2013	Construction of air traffic control building and delivery of control systems

DETAILS ON THE PARTNERSHIP

On 24 December 2010, Sumitomo Corporation announced the company won the contract to deliver "next-generation air traffic control systems to the Philippine Department of Transportation and Communication," together with the Australian subsidiary of French company Thales. The contract amounted to about **9 billion yen.** However, the initial contract was turned down by the Commission on Audit in 2011, and an amended contract was signed by both parties in **March 2013**.

The contract covered the "construction of a **new air traffic control centre building** within the Ninoy Aquino International Airport in the Philippines, and **delivery of air traffic control systems** (including systems for communications, aeronautical information processing, satellite signal monitoring, and weather) at the new air traffic control centre and major airports in the Philippines (about 25 sites)."

The modernization of the Philippines' air traffic control system has been supported by Official Development Aid (ODA) from the Japanese Government. Indeed, in 2002, **JICA committed to provide yen loans amounting to about 22 billion yen** to the Department of Transportation and Communication.

[19] Sumitomo Corporation press release, "Sumitomo Corporation wins contract to deliver next-generation air traffic control systems to the Philippine Department of Transportation and Communication," *Sumitomo Corporation website,* 24 December 2010, https://www.sumitomocorp.com/en/jp/news/release/2010/group/20101224 (accessed 17 March 2010).

[20] Airport Technology, "Philippines signs deal with Sumitomo-Thales JV to modernize aviation safety system," *Airport Technology*, 3 June 2013, https://www.airport-technology.com/uncategorised/newsphilippines-signs-deal-sumitomo-thales-jv-modernise-aviation-safety-system/ (accessed 17 March 2020).

Case 2: Urban transport infrastructures in Turkey, Australia and the Philippines [21] [22] [23] [24] [25]

CHARACTERISTICS OF THE COMPANIES

	**Mitsubishi Corporation**
Size	large
HQ	Tokyo, Japan
About	Mitsubishi Corporation is a general trading company. The company has business groups such as new business initiatives, IT and electronics, fuels, metals, machinery, chemicals, living essentials, and professional services.

	**Construcciones y Auxiliar de Ferrocarriles SA**
Size	large
HQ	Beasain, Spain
About	Construcciones y Auxiliar de Ferrocarriles (CAF) SA manufactures railroad cars and components, as well as complete turnkey transportation systems.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Consortium	Turkey, Australia, Philippines	2014	Urban transport infrastructures

DETAILS ON PARTNERSHIP

Mitsubishi Corporation and CAF have been collaborating in third countries in the area of urban transportation infrastructure since 2014. Three joint projects seem to have been conducted:

In **2014**, Mitsubishi Co. and CAF were awarded by the **Istanbul Metro** a project to **supply automatic underground units** to Istanbul. The contract amounted to **119 million euros** and comprised the delivery of 21 trains made of 6 cars each.

In **2016**, the **Canberra Metro Consortium** is awarded by the **Australian Capital Territory** a concession to undertake **Light Rail Transit design, construction, operation and maintenance (O&M)** for 20 years in Canberra, under a public-private cooperation scheme. The consortium is comprised of eight companies of which Mitsubishi Corporation and CAF.

In **2017**, the Republic of the **Philippines Department of Transportation and Communications** has awarded Mitsubishi Corporation and CAF a new **rolling stock supply contract for Manila Light Rail Transit**. The contract amounted to **225 million euros** and was funded through a **Japanese ODA Loan Agreement** subscribed by the governments of Japan and the Philippines.

[21] CAF press release, "Istanbul Metro Award (Turkey)," *CAF website*, 19 June 2014, https://www.caf.net/en/sala-prensa/nota-prensa-detalle.php?e=148 (accessed 26 November 2019).
[22] CAF press release, "CAF awarded the supply of Canberra trams, in Australia," *CAF website*, 1 February 2016, https://www.caf.net/en/sala-prensa/nota-prensa-detalle.php?e=182 (accessed 26 November 2016).
[23] Mitsubishi Co., "Mitsubishi Co. Signs Concession for Canberra Light Rail Project," *Mitsubishi Co. website*, 17 May 2016, https://www.mitsubishiCo.com/jp/en/pr/archive/2016/html/0000030228.html (accessed 26 November 2019).
[24] CAF press release, "CAF to supply 30 LRVS to Manila (The Philippines), *CAF website*, 20 November 2011, https://www.caf.net/en/sala-prensa/nota-prensa-detalle.php?e=232 (accessed 26 November 2019).
[25] Mitsubishi Co. press release, "Mitsubishi Co. Awarded Contract to Supply Rolling Stock for Manila LRT Line-1 in the Philippines," *Mitsubishi Co. website*, 20 November 2017, https://www.mitsubishiCo.com/jp/en/pr/archive/2017/html/0000033623.html (accessed 26 November 2019).

Case 3: Qatar's Doha automated driverless metro [26] [27]

CHARACTERISTICS OF THE COMPANIES

	**Mitsubishi Heavy Industries Ltd**
Size	large
HQ	Tokyo, Japan
About	Mitsubishi Heavy Industries, Ltd. is a comprehensive heavy machinery maker. The company manufactures machinery, ships, turbines and engines, prime movers, aircrafts, and machine parts for military and commercial use. Mitsubishi Heavy Industries also researches and develops nuclear power plants.

	**Thales SA**
Size	large
HQ	Paris La Défense, France
About	Thales designs and builds aerospace and defense electrical systems. The Company offers flight deck systems, avionics equipment, and navigation solutions, as well as provides telecommunications satellites, signaling systems, and air traffic management and maintenance services.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Consortium	Qatar	2015	automated driverless metro

DETAILS ON PARTNERSHIP

In a press release of 20 February 2015, Mitsubishi Corporation announced that a consortium consisting of Mitsubishi Heavy Industries, Ltd.; Mitsubishi Corporation; Hitachi, Ltd.; The Kinki Sharyo Co., Ltd.; and Thales received a Letter of Conditional Acceptance from the **Qatar Railways Company** for a **systems package for the Doha Metro."** The construction has been scheduled for completion by October 2019. **NEXI** has provided **Export Credit Insurance** covering construction and maintenance. The package refers to the "turnkey construction of a fully automated driverless metro system," including "75 sets of three-car trains, platform screen doors, tracks, a railway yard, and systems for signaling, power distribution, telecommunications and tunnel ventilation" and also "expected to include maximum 20-year maintenance services."

The press release then details: "Mitsubishi Heavy Industries, the leader of the consortium, will supply the power distribution system, platform screen doors, tracks and tunnel ventilation work, and will also undertake overall project management and system integration. Mitsubishi Corporation and Kinki Sharyo will jointly provide the railway cars. Thales will supply the advanced Communications Based Train Control (CBTC) signaling, telecommunications & security, integrated Operational Control Center and automatic fare collection systems. Hitachi will perform some project management duties and also handle facilities maintenance, including the supply of special maintenance vehicles that comprehensively inspect the safety of infrastructures such as railway tracks and electric train lines."

[26] Mitsubishi Corporation press release, "Five Member Consortium of Mitsubishi Heavy Industries, Mitsubishi Corporation, Hitachi, Kinki Sharyo and Thales Receives Letter of Conditional Acceptance for Doha Metro Construction," *Mitsubishi Corporation website*, 20 February 2015, https://www.mitsubishicorp.com/jp/en/pr/archive/2015/html/0000026741.html (accessed 17 March 2020).

[27] NEXI press release, "Qatar/Support for Doha Metro Construction and Maintenance – Qatar's First Subway System," *NEXI website*, 20 June 2016, https://www.nexi.go.jp/en/topics/newsrelease/2016061602.html (accessed 17 March 2020).

Case 4: Monorail System in Panama [28] [29]

CHARACTERISTICS OF THE COMPANIES

	**Hitachi Ltd.**
Size	large
HQ	Tokyo, Japan
About	Hitachi Ltd. manufactures communications and electronic equipment, heavy electrical and industrial machinery, and consumer electronics. Hitachi also operates subsidiaries in the wire and cable, metal, and chemical industries.

	**Ansaldo STS SpA**
Size	large
HQ	Genoa, Italy
About	Ansaldo STS SpA designs and implements signalling systems and components for railway and underground traffic management and control. It designs, plans and carries out the activities required to provide high technology for railway and underground systems.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Collaboration, acquisition	Panama	2018	Monorail system

DETAILS ON THE PARTNERSHIP

Hitachi, and its subsidiary Hitachi Rail Italy Investments S.r.l. took a majority 51% stake in Ansaldo STS in 2015, before **completing the takeover of the Italian company in January 2019**. Ansaldo STS was officially renamed Hitachi Rail STS on 30 January 2019.

Hitachi and Ansaldo STS have been indeed collaborating in projects such as in **providing a monorail system for Line 3 of Panama Metro**, together with Mitsubishi Corporation, and for Metro de Panamá, S.A. (MPSA). It was announced that an MoU between the four companies was signed on 30 August 2018. Under the latter, Hitachi would provide 28 six-car trains, while signalling, telecommunications and power systems would be delivered by Ansaldo STS, and Mitsubishi Corporation would be in charge of commercial affairs.

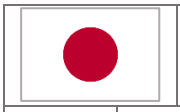
The project would have received a **yen-loan** "to support the improvement of urban transportation systems and efforts to combat climate change, which [would have] be allocated to civil works projects and the procurement of the monorail system" from **JICA**.

[28] Hitachi press release, "Hitachi and Mitsubishi Corporation Sign a Memorandum of Understanding with Metro de Panamá, S.A. to Provide a Monorail System", *Hitachi website*, 30 August 2018, http://www.hitachi.us/press/Hitachi-and-Mitsubishi-to-Provide-a-Monorail-System-to-Metro-de-Panam%C3%A1 (accessed 3 March 2020).
[29] Railway Gazette International, "Hitachi completes Ansaldo STS takeover," *Railway Gazette International*, 22 January 2019, https://www.railwaygazette.com/business/hitachi-completes-ansaldo-sts-takeover/47912.article (accessed 3 March 2020).

2.1.2. Case studies in water and waste management

Case 5: Desalination plant in Iraq and sewage treatment facility in Vietnam [30] [31] [32] [33]

CHARACTERISTICS OF THE COMPANIES

	**Hitachi Ltd.**
Size	large
HQ	Tokyo, Japan
About	Hitachi Ltd. manufactures communications and electronic equipment, heavy electrical and industrial machinery, and consumer electronics. Hitachi also operates subsidiaries in the wire and cable, metal, and chemical industries.

	**Veolia Environnement SA**
Size	large
HQ	Paris, France
About	Veolia Environnement SA operates utility and public transportation businesses. Veolia Water Solutions & Technologies is the technology subsidiary of Veolia Water, a division of Veolia Environnement focusing on water and wastewater services and specialising in the engineering, design and construction of turnkey facilities.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Collaboration, consortium	Middle-East, Africa and Asia-Pacific	2014	Desalination plant in Iraq, Sewage treatment facility in Vietnam

DETAILS ON THE PARTNERSHIP

On 11 June 2014, Hitachi and Veolia Solutions & Technologies announced the completion of a **MoU,** settling the framework for collaboration on the joint rollout of **business targeting city and sewage treatment, seawater desalination, and other water infrastructure projects.** The targeted locations are primarily the Middle East, Africa, and the Asia-Pacific regions. Through this enhanced collaboration, both companies aim to join forces in utilizing respective sales channels and expertise in Engineering Procurement and Construction (EPC) and O&M in the concerned regions.

[30] Hitachi press release, "Hitachi to Promote Cooperation with Veolia Water Technologies, the World Leader in Water Treatment, on Overseas Water Infrastructure Projects," *Hitachi website*, 11 June 2014, http://www.hitachi.com/New/cnews/month/2014/06/140611b.pdf (accessed 18 November 2019).
[31] Hitachi press release, "Hitachi and Veolia part of a consortium awarded a contract to supply the largest sewage treatment facility in Vietnam," *Hitachi website*, 9 February 2015, http://www.hitachi.com/New/cnews/month/2015/02/150209a.pdf (accessed on 18 November 2019)
[32] Veolia press release, "Hitachi and Veolia Win Contract to build Pretreatment Facilities for Large-scale Water Desalination Plant in Basrah, Iraq," *Veolia website*, 22 October 2014, https://www.veolia.com/en/veolia-group/media/press-releases/hitachi-and-veolia-win-contract-build-pretreatment-facilities-large-scale-water-desalination-plant-basrah-iraq (accessed on 18 November 2019).
[33] John Lee, "$240m Iraq Desalination Contract," *Iraq Business News,* 23 October 2014, https://www.iraq-businessnews.com/2014/10/23/240m-iraq-desalination-contract/ (accessed on 18 November 2019).

The companies have already worked together on several other water-related projects, and the MoU came six months after Hitachi and OTV, a subsidiary of Veolia Water Solutions & Technologies, secured an order for a large-scale desalination plant in Iraq .Two joint projects, including the latter, appear so far to be falling within the framework of this MoU.

The first is the **water desalination plant in Iraq**. In January **2014**, the consortium comprised of Hitachi, Veolia and Egyptian firm ArabCo received a comprehensive order in January 2014 for **EPC on the water desalination plant** as well as O&M for a period of five years. In addition, in October 2014, the consortium "received an order from the Iraqi Ministry of Municipalities and Public Works for the engineering, procurement and construction of **pre-treatment and surrounding facilities at a water desalination plant** in Basrah, Iraq," with "Hitachi and Veolia […] responsible for the design, delivery, and test operation of mechanical and electrical facilities, and ArabCo […] responsible for civil engineering, construction, and on-site installation work." The order amounted to about **24 billion yen**, of which 10 billion yen for Hitachi and Veolia. The completion of the construction was scheduled for April 2017. The **Japanese government has provided loan assistance** to the construction of these pre-treatment facilities.

The second joint project pertains to the expansion of a **large-scale sewage treatment facility in Vietnam in 2015**. A consortium formed by Hitachi and Veolia subsidiary OTV, together with South Korean construction company POSCO E&C received an order from **the Urban Civil Works Construction-Investment Management Authority of Ho Chi Minh City**. The contract amounted to around **130 million US dollars.** The project has been fully funded by **loan assistance from the Japanese government**.

Case 6: Energy-from-waste facility in Serbia [34] [35] [36] [37] [38] [39]

CHARACTERISTICS OF THE COMPANIES

	**ITOCHU Corporation**
Size	large
HQ	Osaka, Japan
About	ITOCHU Co. is a general trading firm handling textiles, wood, machinery, metals, food, chemicals, construction materials, commodities, and energy related products such as oil and gas.

	**Suez SA**
Size	large
HQ	Paris, France
About	SUEZ produces and distributes electricity and natural gas. The company provides environmental services such as water treatment, and waste management. SUEZ offers design, construction and maintenance of installations.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	Serbia	2017	"Energy-from-waste" facility

DETAILS ON THE PARTNERSHIP

A consortium of Suez and ITOCHU, through its UK subsidiary, signed a 25-year public-private-partnership (PPP) contract with the **City of Belgrade** on 29 September **2017**, following a competitive international tender organised by the city with the support of the International Finance Corporation, member of the World Bank Group. The two companies entered in cooperation under the form of a 50-50 JV called Beo Čista Energija Ltd. On 30 November 2018, Marguerite Fund[40] acquired a 20% stake in the project company.

[34] Suez press release, "The city of Belgrade chooses SUEZ and ITOCHU for a 25-year waste-to-energy project," *Suez website*, 29 September 2017, https://www.suez.com/en/news/press-releases/the-city-of-belgrade-chooses-suez-and-itochu (accessed 19 December 2019).
[35] ITOCHU press release, "ITOCHU has signed a waste management contract with the City of Belgrade, the First Major PPP Project in Republic of Serbia," *ITOCHU website*, 2 October 2017, https://www.itochu.co.jp/en/news/press/2017/171002.html (accessed 19 December 2019).
[36] Suez press release, "Marguerite joins SUEZ and ITOCHU in their public-private-partnership with the city of Belgrade (Serbia) for the construction and operation of modern waste management facilities," *Suez website*, 30 November 2018, https://www.suez.com/en/news/press-releases/marguerite-joins-suez-and-itochu-in-their-public-private-partnership-with-the-city-of-belgrade (accessed 19 December 2019).
[37] ITOCHU press release, "ITOCHU announces the commencement of activities for public-private-partnership waste management project with city of Belgrade," *ITOCHU website*, 2 October 2019, https://www.itochu.co.jp/en/news/press/2019/191002.html (accessed 19 December 2019).
[38] European Bank for Reconstruction and Development, *Belgrade to get new waste management facilities*, 2 October 2019, https://www.ebrd.com/news/2019/belgrade-to-get-new-waste-management-facilities.html (accessed 19 December 2019).
[39] Marguerite, "About Us, Background," Marguerite website, unknown, http://www.marguerite.com/about-us/background/ (accessed 19 December 2019).
[40] The Marguerite Fund is a pan-European equity fund investing in renewables, energy, transportation and digital infrastructure. The EIB has committed to it EUR 200 million, of which half are guaranteed by the European Fund for Strategic Investments, and the other half from five National Promotional Banks.

The project encompasses the **design, construction, financing and operation of a greenfield energy-from-waste (EfW) facility**, a **recycling facility for construction and demolition waste**, the **remediation of the existing dumpsite of Vinča** and the **development of a new sanitary landfill for residual waste**. The EfW facility aims to generate renewable electricity (30 megawatt (MW)) and heat (56MW) for households of Belgrade. According to Suez, "the project is an important milestone for Serbia in the context of its EU accession process, as it contributes to Serbia's compliance with EU environmental requirements." Furthermore, it has a development dimension to the extent that, as stated by the European Bank for Reconstruction and Development (EBRD), it "addresses environmental risks from one of Europe's largest uncontrolled landfills."

The partnership between Suez and ITOCHU was motivated by an extensive track record of joint development and investments in "energy-from-waste" projects in the UK. Furthermore, SUEZ advances it has been "the first company to deliver a fully project-financed waste-to-energy facility in Central Europe under a PPP scheme […] in Poznań (Poland), which started operation in 2016."

The project is the result of a joint investment by international lenders: 128.5 million euros provided by the EBRD, 72.25 million euros provided by the International Finance Corporation, member of the World Bank group, and 35 million euros provided by Oesterreichische Entwicklungsbank, the development bank of Austria.

Case 7: Renewable energy and water management and treatment worldwide[41] [42] [43]

CHARACTERISTICS OF THE COMPANIES

	**Mitsubishi Corporation**
Size	large
HQ	Tokyo, Japan
About	Mitsubishi Corporation is a general trading company. The company has business groups such as new business initiatives, IT and electronics, fuels, metals, machinery, chemicals, living essentials, and professional services.

	**Acciona SA**
Size	large
HQ	Alcobendas, Spain
About	Acciona S.A. is a global developer and service provider of solutions in renewable energy, large civil infrastructures, and water treatment and reverse osmosis desalination.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Collaboration, investment	Portugal, Australia, Chile, Qatar	2009	Renewable energy and water management and treatment

DETAILS ON THE PARTNERSHIP

On 3 April 2009, Mitsubishi Corporation acquired 34% equity interest in Amper Central Solar, a company 100% owned by Acciona and in charge of developing and operating a photovoltaic project in Amareleja Portugal. The plant required an investment of **261 million euros**. This investment marked the first collaboration between the two companies.

On 13 July of the same year, the two companies signed an MoU, agreeing to enter into "a **strategic alliance** to develop and operate **renewable energy project**s and share innovation aimed at leading the development of sustainable solutions worldwide**.**" The agreement also includes **collaboration in water management and treatment, sustainable construction and transportation**; as well as a target of two billion euros "for working together on renewable energy projects worldwide." A press release of Acciona details further on the mechanisms sought in order to ensure the effectiveness of the alliance: "both partners may take equity stakes in projects or companies that fall within the joint strategy framework or that strengthen their partnership."

[41] Tetsuji Nakagawa and José Díaz-Caneja, "Infrastructure and Collaboration, Japan-Spain, Mitsubishi Co.-Acciona," Presentation, 25th Japan-Spain Joint Business Conference, The Japan-Spain Business Cooperation Committee and The Spain-Japan Business Cooperation Committee, Tokyo, 14 April 2016, https://www.jcci.or.jp/kokusai/Acciona.pdf ; https://www.jcci.or.jp/kokusai/Mitsubishi%20Co..pdf (accessed 17 November 2019).
[42] Acciona press release, "Mitsubishi Corporation partners with Acciona by taking a 34% stake in world's largest solar photovoltaic plant," *Acciona website*, 4 March 2009, https://www.acciona.com/pressroom/news/2009/march/mitsubishi-corporation-partners-with-acciona-by-taking-a-34-stake-in-world-s-largest-solar-photovoltaic-plant/ (accessed 17 March 2020).
[43] Acciona press release, "Mitsubishi Corporation and Acciona sign an international strategic alliance focused on sustainability," *Acciona website*, 13 July 2009, https://www.acciona.com/pressroom/news/2009/july/mitsubishi-corporation-and-acciona-sign-an-international-strategic-alliance-focused-on-sustainability/ (accessed 17 March 2020).

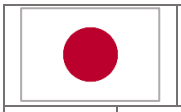
Collaboration between Mitsubishi Corporation and Acciona has been motivated by complementarities to the extent that, while Acciona has an extensive track record as an EPC contractor and a top player in renewable and water industry, Mitsubishi Corporation profits from advanced technologies and strong financial support by export credit agencies and lenders. Furthermore, from this cooperation, both companies stated that Mitsubishi Corporation benefits from Acciona's experienced capability of EPC in third countries, and Acciona from Mitsubishi Corporation's world-wide track record in infrastructure investment.

Beyond the Amaraleja photovoltaic plant, it seems that five projects have been jointly conducted by Mitsubishi Corporation and Acciona in third markets. There were two water projects in Australia, the **Adelaide Desalination Plant and the Mundaring Water Treatment Plant**, in which Mitsubishi Corporation acted as an investor and Acciona as an EPC contractor, with both companies in charge of O&M. Another project was a **desalination plant for a mining group in Chile**, in which Mitsubishi Corporation acted as a developer and Acciona as an EPC Contractor. Acciona has also won two **desalination projects in Qatar** as main equipment supplier and O&M for the first, Facility D and Ras Abu Fontas A3, projects in which Mitsubishi Corporation is respectively in charge of the development and O&M, and an EPC contractor.

2.1.3. Case studies in energy

Case 8: Crude oil pipeline from Azerbaijan and Georgia, to Turkey [44] [45] [46]

CHARACTERISTICS OF THE COMPANIES

	**ITOCHU Corporation**
Size	large
HQ	Osaka, Japan
About	ITOCHU Co. is a general trading firm handling textiles, wood, machinery, metals, food, chemicals, construction materials, commodities, and energy related products such as oil and gas.

	**INPEX Corporation**
Size	large
HQ	Tokyo, Japan
About	INPEX Co. is a holding company managing subsidiaries that explores, produces, and sells oil and natural gas.

	**BP p.l.c.**
Size	large
HQ	London, UK
About	BP p.l.c is an oil and petrochemicals company. The Company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy, and manufactures and markets chemicals.

	**Equinor ASA**
Size	large
HQ	Stravanger, Norway
About	Equinor ASA operates as an energy company. The Company develops oil, gas, wind, and solar energy projects, as well as focuses on offshore operations and exploration services.

	**Turkish Petroleum Corporation (TPAO)**
Size	large
HQ	Ankara, Turkey
About	Turkish Petroleum Co. was established as the National Oil Company in 1954. Today, Turkish Petroleum is merely an upstream (exploration, drilling, well completion and production) company.

	**Eni S.p.A**
Size	large
HQ	Rome, Italy
About	Eni SpA explores for and produces hydrocarbons, and both produces natural gas and imports it for sale in Italy and elsewhere in Europe.

[44] Mark Tran, "Q&A: The Baku-Tbilisi-Ceyhan pipeline," *The Guardian*, 26 May 2005, https://www.theguardian.com/business/2005/may/26/businessqandas.oilandpetrol (accessed 23 December 2019).
[45] European Commission, *Baku-Tbilisi-Ceyhan pipeline fact sheet*, 13 July 2006, MEMO/06/282, https://ec.europa.eu/commission/presscorner/detail/en/MEMO_06_282 (accessed 23 December 2019).
[46] European Bank for Reconstruction and Development, *BTS pipeline and cross-border energy projects: working for energy security*, 28 April 2016, https://www.ebrd.com/news/2016/btc-pipeline-and-crossborder-energy-projects-working-for-energy-security.html (accessed 23 December 2019).

	**Total SA**
Size	large
HQ	Paris La Défense, France
About	TOTAL S.A. explores for, produces, refines, transports, and markets oil and natural gas. The Company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives, and resins.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	Azerbaijan, Turkey, Georgia	2002	Crude oil pipeline

DETAILS ON THE PARTNERSHIP

The **construction of the Baku-Tbilisi-Ceyhan (BTC) pipeline** started in **2002**, and the pipeline **began operating in June 2006**. It stretches for 1,770 kilometres from the Azerbaijani capital Baku through the capital of Georgia, Tbilisi, all the way to the port of Ceyhan on the Mediterranean coast of Turkey. Furthermore, the same year Kazakhstan and Azerbaijan signed an oil transportation agreement under which Kazakhstan joined the BTC pipeline. The pipeline has a throughput capacity of 1 million barrels per day, and has a lifetime projected to be at least 40 years in operation.

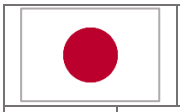
The operator of the BTC pipeline is BP Baku-Tbilisi-Ceyhan Pipeline Company, which was created in 2001 to **construct, own and operate** the pipeline. It is a **joint-venture of several companies**, including several European and Japanese ones. As of today, its shareholders are: BP (30.1 per cent); AzBTC (25.00 per cent); Chevron (8.90 per cent); Equinor (8.71 per cent); TPAO (6.53 per cent); Eni (5.00 per cent); Total (5.00 per cent), ITOCHU (3.40 per cent); INPEX (2.50 per cent), ExxonMobil (2.50 per cent) and ONGC (BTC) Limited (2.36 per cent)

One certain driver for the partnership is the important scale of the project. Indeed, according to the EBRD, “the cost was initially estimated at **3.6 billion US dollars** before settling slightly higher after some amendments to the route,” the largest private construction project in the world at its time. For its financing, “in 2003 the **EBRD approved a 12-year loan for BTC of up to 125 million US dollars** for its own account and syndicated a 10-year **125 million US dollars** loan to commercial lenders. In addition to the EBRD, the IFC, a member of the World Bank Group; governmental agencies including US-Exim, JBIC, Nexi, Hermes, SACE, Coface, ECGD, OPIC; and a number of commercial banks such as Société Générale, ABN Amro, Citibank and Mizuho, also provided finance to the BTC project.”

The BTC pipeline has a **key geopolitical dimension**. Indeed, according to *The Guardian*, the US favoured the pipeline on the grounds that it would lessen western dependence on Middle East oil and Russian pipelines, as well as avoiding Iran. Similarly, for the EBRD, the project equals a matter of **energy security**: “for Georgia, the project promised to become the first major alternative source of energy to its traditional supplies from Russia [and] for Azerbaijani – and Caspian – oil, it was the first alternative route to the West.”

Case 9: Geothermal power plant in Indonesia [47] [48] [49]

CHARACTERISTICS OF THE COMPANIES

	**Sumitomo Corporation**
Size	large
HQ	Tokyo, Japan
About	Sumitomo Corporation is a general trading company. The Company imports and exports a wide variety of goods such as metals, machinery, chemicals, fuel, food products, and textiles. Sumitomo also operates real estate, construction, shipping, insurance, finance, and, leasing businesses.

	**ENGIE SA**
Size	large
HQ	Courbevoie, France
About	ENGIE SA offers a full range of electricity, gas and associated energy and environment services. The company produces, trades, transports, stores, and distributes natural gas, and offers energy management and climatic and thermal engineering services.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Consortium	Indonesia	2010	Geothermal power plant

DETAILS ON THE PARTNERSHIP

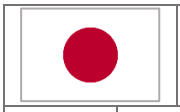
PT Supreme Energy Muara Laboh consortium of Sumitomo Corporation, ENGIE, and Indonesian company Supreme Energy, was awarded a **geothermal power generation project in Muara Laboh in 2010** under a **"build, own and operate" scheme**. In **December 2019**, the three companies **started operations** at the plant, claiming its capacity can supply electricity to 420,000 households. The Japanese and French companies both own 35% of the plant, with Supreme Energy holding the remaining 30% stake. The construction of the Muara Laboh plant has cost **70 billion yen** (640 million US dollars). A financing agreement amounting to 440 million US dollars was reached between the PT Supreme energy Muara Laboh consortium with **JBIC**, the **ADB** and **several commercial banks** under a **guarantee of NEXI** under the objective of supporting clean energy development in Indonesia.

The project was eased by a long-lasting partnership between Sumitomo Corporation and ENGIE, which have been involved and co-investing in desalination and energy projects around the world. A second geothermal plant project in Rajabasa, Indonesia, involving the two companies and other partners is underway, with a target for the beginning of operations in 2025. According to the Nikkei Asian Review, this project in Indonesia is intended to be used by Sumitomo Corporation as "steppingstones into the geothermal power generation business in the Philippines and the U.S," and part of the Corporation's strategy to "raise its ratio of renewable energy sources to its total power output capacity to 30% by 2035 from the current 20%."

[47] Kenta Ando, "Indonesia lures Sumitomo to its geothermal power sources," *Nikkei Asian Review*, 19 December 2019, https://asia.nikkei.com/Business/Energy/Indonesia-lures-Sumitomo-to-its-geothermal-power-sources2 (accessed on 14 January 2020).
[48] ENGIE press release, "ENGIE builds in Indonesia its first geothermal power generation plant in the world," ENGIE website, 27 January 2017, https://www.engie.com/en/journalists/press-releases/indonesia-geothermal (accessed 14 January 2020).
[49] PT Supreme Energy, "PT Supreme Energy Muara Laboh," *PT Supreme Energy Website*, http://www.supreme-energy.com/?page_id=5 (accessed 14 January 2020).

Case 10: Offshore wind turbines in Europe, Asia and America [50] [51] [52] [53] [54] [55] [56]

CHARACTERISTICS OF THE COMPANIES

	**Mitsubishi Heavy Industries Ltd**
Size	large
HQ	Tokyo, Japan
About	Mitsubishi Heavy Industries, Ltd. is a comprehensive heavy machinery maker. The company manufactures machinery, ships, turbines and engines, prime movers, aircrafts, and machine parts for military and commercial use. Mitsubishi Heavy Industries also researches and develops nuclear power plants.

	**Vestas Wind Systems SA**
Size	large
HQ	Aarhus, Denmark
About	Vestas Wind Systems A/S develops, manufactures, and markets wind turbines that generate electricity. The company also installs the turbines and offers follow-up and maintenance services of the installations.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	Europe (North Sea coastal countries)	2013	Offshore wind turbines

DETAILS ON THE PARTNERSHIP

According to an article from the Nikkei Asian Review of July 2019, if Mitsubishi Heavy Industries formerly relied on gas turbines as the main infrastructure product, the company sought to actively invest in renewable energy amid tougher environmental regulations. On 17 September 2013, Mitsubishi Heavy Industries and Vestas agreed to form a **joint-venture dedicated to business in offshore wind turbines**. The joint-venture MHI Vestas was **established in April 2014 with equal equity ownership ratios**. The JV initial agreement indicated the transfer of Vestas offshore order book, service contracts and approximately 300 employees to the JV, and an initial investment of 100 million euros from Mitsubishi Heavy Industries to the JV, with a second investment conditional to certain milestone achievements.

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[50] Vestas Wind Systems company announcement, "Vestas and Mitsubishi Heavy Industries form a joint venture dedicated to offshore wind energy," *Vestas Wind Systems,* 27 September 2013, https://www.vestas.com/en/media/~/media/c25bb62b1a6d4d0d8a8873a36597fb46.ashx (accessed 21 November 2019).

[51] Mitsubishi Heavy Industries press release, "MHI and Vestas agree to form a joint-venture company dedicated to offshore wind turbines," 27 September 2013, https://www.mhi.com/news/story/1309271718.html (accessed 21 November 2019).

[52] Naoki Watanabe, "Mitsubishi Heavy to make offshore wind turbines in US and Asia," *Nikkei Asian Review*, 12 July 2019, https://asia.nikkei.com/Business/Companies/Mitsubishi-Heavy-to-make-offshore-wind-turbines-in-US-and-Asia (accessed 21 November 2019).

[53] MHI Vestas Offshore Wind, "our story," *MHI Vestas Offshore Wind website*, http://www.mhivestasoffshore.com/#/Our-Story/2014/ (accessed 21 November 2019).

[54] Natashi Li, "MHI Vestas inks purchase contract with Mitsubishi," *Taipei Times*, 22 August 2019, http://www.taipeitimes.com/News/biz/archives/2019/08/22/2003720895 (accessed 21 November 2019).

[55] Ryoichi Abe, "Collaboration with EIB and JBIC's support to EU-Japan Projects," Presentation, EU-Japan Centre for Industrial Cooperation seminar on EU-Japan Business Collaborations in Third Markets, Tokyo, 3 December 2019, https://www.eu-japan.eu/sites/default/files/imce/jbic_for_web_20191203_eu_japan_connectivity.pdf (accessed 3 December 2019).

[56] Koichi Hayama (Business Development Manager at MHI Vestas), in discussion with Masami Marbot and Réka Lóczi, Tokyo, 17 February 2020.

JBIC played a significant role in the formation of the JV **by co-investing together with MHI** Holding Denmark ApS, and thus reducing MHI's required investment. Furthermore, the collaboration between Mitsubishi Heavy Industries and JBIC also focuses on the development of new products and access to new markets such as in Japan, Taiwan, South Korea and the US.

The JV was in part motivated by a rapidly growing demand worldwide to supersede outdated coal-fired and nuclear plants, with the most vibrant markets for offshore wind turbines identified at the time of the creation of the JV in the North Sea coastal countries, particularly the UK and Germany. Furthermore, the two companies proved to have several complementarities. Indeed, if MHI had extensive experience in the onshore wind business, in the APAC region, and with harsh natural conditions such as typhoons, earthquake and lightning, the company was aiming to develop its offshore wind business and penetrate the European market. As for Vestas, the company had experience in offshore wind business and in Europe and the Americas but was looking for a partner to bring additional investment.

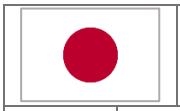
MHI Vestas's focus is to design, manufacture, install and service wind turbines for the offshore wind industry. Since the JV, several projects have been ordered and carried out in **Denmark, Belgium, Netherlands and the UK.**

MHI Vestas is also geographically expanding its activities beyond its initial focus of the North Sea, with plans on manufacturing offshore wind turbines in the **US and Asia**, more particularly **Taiwan** and **Vietnam**, as soon as 2021. According to the same article from the Nikkei Asian Review, MHI Vestas Offshore Wind **holds 33% of global market share in offshore wind turbines**, behind Spain's Siemens Gamesa Renewable Energy, and managed to secure profitability in 2018.

Delving more particularly into the projects in Taiwan, it is interesting to remark that MHI Vestas activities are related to multiple partnerships between Japanese, European and local firms. Indeed, MHI Vestas is involved in three projects: two with Danish fund management company Copenhagen Infrastructure Partners (CIP) in Chang Fang and Xidao, and one project co-developed by CIP, China Steel Co. and Diamond Generating Asia, a subsidiary of Mitsubishi Corporation. Meanwhile, MHI Vestas signed a conditional contract of purchase with Mitsubishi Electric (Europe) Co., the latter to cooperate with long-time Taiwanese partner Shihlin Electric & Engineering Corp to deliver high-voltage switchgear to MHI Vestas.

Case 11: Thermal power plant in the Philippines [57] [58]

CHARACTERISTICS OF THE COMPANIES

	**Mitsubishi Corporation**
Size	large
HQ	Tokyo, Japan
About	Mitsubishi Co. is a general trading company. The company has business groups such as new business initiatives, IT and electronics, fuels, metals, machinery, chemicals, living essentials, and professional services.

	**Toshiba Plant Systems & Services Co.**
Size	large
HQ	Yokohama, Japan
About	Toshiba Plant Systems & Services Co. is a plant engineering company specializing in thermal, hydroelectric, and nuclear power plant construction. The company also develops production facilities as well as civil infrastructure such as water treatment, electrical, and communication systems.

	**thyssenkrupp AG**
Size	large
HQ	Essen, Germany
About	Thyssenkrupp AG manufactures industrial components. The Company produces flat rolled and cast steel, automobile parts, elevators and escalators, machine tools, bearings, nonferrous metals, and plastics. Thyssenkrupp develops and manages real estate as well as designs and constructs factories.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Contractor / Supplier	Philippines	2014	Thermal power plant

[57] Nikolaus Boltze, "Drivers, challenges and opportunities for EU-Japan business collaboration in third markets," Presentation, EU-Japan Centre for Industrial Cooperation seminar on EU-Japan Business Collaborations in Third Markets, Tokyo, 3 December 2019, https://www.eu-japan.eu/sites/default/files/imce/ahk_eu-japan_business_partnerships_in_3rd_countries_031219.pdf (accessed 3 December 2019).

[58] Hindu Business Online Bureaus, "ThyssenKrupp bags deals worth Rs 1,000 cr," *Hindu Business Online,* 12 June 2014, https://www.thehindubusinessline.com/companies/thyssenkrupp-bags-deals-worth-rs-1000-cr/article20797195.ece1# (accessed 27 January 2020).

DETAILS ON THE PARTNERSHIP

On 31 January **2014**, Mitsubishi Co. and Toshiba Plant Systems & Services Cooperation announced they concluded a contract with Filipino company Cagayan Electric Power & Light Company, to **build a thermal power plant in Northern Mindanao, in the Philippines**. The project is comprised of two units of 55MW each, and is being undertaken on a full turn-key basis by which the two Japanese companies execute the project in its entirety, including engineering, civil work, procurement, erection and testing.

ThyssenKrupp's Indian subsidiary announced on 10 June 2014 that it would **supply three boilers** to the thermal plant project. ThyssenKrupp Industries India Managing Director Sivasubramanian Natarajan explained that "ThyrssenKrupp's business, particularly in the material-handling equipment and boilers divisions in India and South East Asian countries, has seen a significant boost owing to both increased demand and an aggressive international market outreach." The order volume would have amounted to approximately **30 million US dollars**.

Case 12: Power plant in Thailand [59] [60]

CHARACTERISTICS OF THE COMPANIES

	**Marubeni Corporation**
Size	large
HQ	Tokyo, Japan
About	Marubeni Corporation is a trading company with business divisions in iron and steel, information technology, utility and infrastructure, energy, food, metals and mineral resources, development and construction, industrial machinery, and chemicals.

	**Siemens AG**
Size	large
HQ	Munich, Germany
About	Siemens AG is an engineering and manufacturing company. The company focuses on areas of electrification, automation, and digitalization. Siemens also provides engineering solutions in automation and control, power, transportation, and medical diagnosis.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Consortium	Thailand	2017	Power plant

DETAILS ON THE PARTNERSHIP

On 25 January **2017**, the consortium of Marubeni and Siemens announced it was awarded the **South Bangkok Power Plant Replacement Project Phase 1**, from state-owned utility **Electricity Generating Authority of Thailand (EGAT)**. The new power plant aims to replace an existing thermal power plant. The combined order for Marubeni and Siemens approximately amounts to **550 million US dollars**. It is a full turn-key project, with the scope of the consortium including engineering, procurement, construction and commissioning. The cooperation was defined as: "main equipment such as gas turbines, steam turbines, generators and heat recovery steam generators will be supplied by the Siemens Group, while Marubeni is in charge of supplying the balance of plant equipment, civil engineering/construction and installation work."

Commenting on the background which led to this partnership, Will Meixner, CEO of the Siemens Power and Gas Division stated: "Within the last 10 years in Thailand, the Marubeni and Siemens consortium has jointly succeeded in a total of 4 combined cycle power plant projects, and the extensive experience and reliable performance of the technology in these past projects contributed to winning the award for this project. This marks not only the fifth order from the Electricity Generating Authority of Thailand for the two consortium partners for a power plant in Thailand but is also the first time that Siemens will supply its largest and most efficient gas turbine to the country."

[59] Marubeni press release, "Marubeni Awarded Combined-Cycle Power Plant Project in Thailand," *Marubeni website*, 25 January 2017, https://www.marubeni.com/en/news/2017/release/00003.html (accessed 25 December 2019).
[60] Siemens press release, "Siemens to supply turnkey combined power plant to Thailand," *Siemens press release*, 26 January 2017, https://press.siemens.com/global/en/pressrelease/siemens-supply-turnkey-combined-cycle-power-plant-thailand?content[]=PG (accessed 25 December 2019).

Case 13: Wind farm in Egypt [61] [62] [63] [64]

CHARACTERISTICS OF THE COMPANIES

	Toyota Tsusho Corporation
Size	large
HQ	Nagoya, Japan
About	Toyota Tsusho Corporation is a trading company. The company markets automobiles, trucks, steel products, industrial machinery, chemical products, and energy in both domestic and overseas markets.

	ENGIE SA
Size	large
HQ	Courbevoie, France
About	ENGIE SA offers a full range of electricity, gas and associated energy and environment services. The company produces, trades, transports, stores, and distributes natural gas, and offers energy management and climatic and thermal engineering services.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	Egypt	2017	Wind farm

DETAILS ON THE PARTNERSHIP

In December **2017**, Toyota Tsusho and its group company Eurus Energy, together with ENGIE and Egyptian construction company Orascom, were awarded a **wind farm project in the Gulf of SUEZ**. The project is led by joint-venture company Ras Ghareb Wind Energy, owned respectively at 40%, 40%, and 20%. The JV was in part motivated by complementarities in ENGIE's expertise in onshore windfarm, and Toyota financial strength. Contractors include the German and Spanish JV Siemens Garmesa for the supply of wind turbines. The total project cost is estimated at **400 million US dollars**. **JBIC** provided approximately 60% senior loan with 40% coming from Japanese and French commercial banks Sumitomo Mitsui Banking Co. and Société Générale covered by NEXI. Commercial International Bank (CIB) Egypt is acting as the working capital bank and Attijariwafa Bank provided an equity bridge loan for Orascom Construction.

In November **2019**, the consortium completed the construction of the wind farm. Under an independent power producer (IPP) scheme, the companies **started the commercial operation** of the plant and the sale of generated electricity for 20 years. The energy produced by the wind farm is sold under a 20-year Power Purchase Agreement to the state-owned Egyptian Electricity Transmission Company.

[61] Toyota Tsusho Co. press release, "Toyota Tsusho to win the first wind power IPP project in Egypt," *Toyota Tsusho Co. website,* 4 December 2017, https://www.toyota-tsusho.com/english/press/detail/171204_004069.html (accessed 16 December 2019).
[62] ENGIE press release, "ENGIE Africa consortium starts Commercial Operation of Egypt's first private & large wind farm," ENGIE website, 4 November 2019, https://www.engie-africa.com/en/consortium-commercial-operation-egypts-first-private-largest-wind-farm/ (accessed 16 December 2019).
[63] Doaa Farid, "Orascom-Engie-Toyota seal financial closure for 250MW wind farm," *Egypt Today*, 18 December 2017, https://www.egypttoday.com/Article/3/37339/Orascom-Engie-Toyota-seal-financial-closure-for-250MW-wind-farm (accessed 16 December 2019).
[64] Ryoichi Abe, "Collaboration with EIB and JBIC's support to EU-Japan Projects," Presentation, EU-Japan Centre for Industrial Cooperation seminar on EU-Japan Business Collaborations in Third Markets, Tokyo, 3 December 2019, https://www.eu-japan.eu/sites/default/files/imce/jbic_for_web_20191203_eu_japan_connectivity.pdf (accessed 3 December 2019).

Case 14: Floating solar power in Taiwan [65]

CHARACTERISTICS OF THE COMPANIES

	Tokyo Century Corporation
Size	large
HQ	Tokyo, Japan
About	Tokyo Century Corporation provides businesses with lease financing for their equipment needs, such as information/communication equipment and machinery.

	Kyudenko Corporation
Size	large
HQ	Tokyo, Japan
About	Kyudenko Corporation constructs power transmission and transformation facilities. The Company also performs indoor electrical wiring, water treatment, air-conditioning, and piping works.

	Kyuden Mirai energy Company
Size	SME
HQ	Fukuoka, Japan
About	Kyuden Mirai Energy Co., Inc. plans, builds and operates power plants based on renewable energies. Kyuden Mirai Energy Co., Inc. is a wholly owned subsidiary of Kyushu Electric Power Co., Inc., which is a Japanese electric utility company.

	Ciel et Terre SAS
Size	SME
HQ	Sainghin-en-Mélantois, France
About	Established in 2006 in France as a specialist in the integration of photovoltaic systems and 'floating PV,' developing its Hydrelio® technology in 2011. The company develops projects with private companies, industries and public institutions all over the world.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Investment	Taiwan	2018	Floating solar power

DETAILS ON THE PARTNERSHIP

On 9 April 2018, Tokyo Century Corporation, Kyudenko Corporation and Kyuden Mirai Energy Company announced they reached an agreement with Ciel et Terre "to **jointly invest** in a **special purpose company** which is engaged in the **floating solar power plant project** developed by Ciel et Terre in **Taiwan**." The project is estimated to generate "6,400 megawatt hours (MWh) per year by installing a total of approximately 5.1 megawatt (MW) solar modules over a 50,000m2 freshwater surface area of two ponds owned by Tainan City." As for the agreement, it specifies "to invest in Valley of Trees (1.1 MW plant) which is scheduled to start operating in April 2018. […] All electricity generated at these plants will be sold to Taiwan Power Company."

[65] Tokyo Century press release, "Tokyo Century Entered into Floating Solar Power Plant Project in Taiwan," *Tokyo Century website,* 9 April 2018, https://www.tokyocentury.co.jp/_cms/wp-content/uploads/2018/04/180409_Tokyo-Century-Entered-into-Floating-Solar-Power-Plant-Project-in-Taiwan.pdf (accessed 17 March 2020).

Case 15: Investment platform for renewables in Africa [66] [67] [68]

CHARACTERISTICS OF THE COMPANIES

	**Mitsubishi Corporation**
Size	large
HQ	Tokyo, Japan
About	Mitsubishi Co. is a general trading company. The company has business groups such as new business initiatives, IT and electronics, fuels, metals, machinery, chemicals, living essentials, and professional services.

	**Electricite de France SA**
Size	large
HQ	Paris, France
About	ENGIE SA offers a full range of electricity, gas and associated energy and environment services. The company produces, trades, transports, stores, and distributes natural gas, and offers energy management and climatic and thermal engineering services.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	Africa	2018	Investment platform for renewables

DETAILS ON THE PARTNERSHIP

On 10 September **2018**, Mitsubishi Corporation announced its investment into **NEoT Offgrid Africa** (NOA), which is "**an investment platform focused on developing distributed renewable projects in Africa**," aiming to "promote new businesses that use batteries to bring power to areas without access to electricity" on the continent. As of now, NOA is "developing its business around the provision of solutions such as power sources (solar power generation systems and storage batteries) and household appliances (lighting fixtures, radios, TVs, etc.) to households in off-grid areas in Africa." The platform itself is managed by investment company NEoT, to which Mitsubishi Corporation became a strategic investor, "tak[ing] a significant minority share" alongside French companies EDF and Forsee Power.

Mitsubishi Corporation indicated this investment was motivated by a desire to "expand its distributed power business in Sub-Saharan Africa, starting with Côte d'Ivoire, and to further develop related to power supply services for business customers such as mobile towers in off-grid areas."

Mitsubishi Corporation and EDF have cooperated on several projects. Among the latter are wind farms projects in Northern France since 2013, and electric mobility solutions in Europe since 2017.

[66] Mitsubishi Co. press release, "Mitsubishi Co. to Invest in Distributed Power Supply Project in Off-Grid Areas in Africa," *Mitsubishi Co. website*, 10 September 2017, https://www.mitsubishiCo.com/jp/en/pr/archive/2018/html/0000035685.html (accessed 31 January 2020).
[67] EDF Energies Nouvelles press release, "EDF Energies Nouvelles teams up with Mitsubishi Co. to build four wind farms in France," *EDF website*, 15 July 2013, https://www.edf-renouvelables.com/en/press/press-releases/edf-energies-nouvelles-teams-up-with-mitsubishi-Co.-to-build-four-wind-farms-in-france/ (accessed 31 January 2020).
[68] NEoT Capital press release, "NEoT Capital welcomes Mitsubishi Co. as strategic investor," *NEoT Capital website*, 14 September 2017, https://neotcapital.com/new-blog/2017/9/13/neot-capital-welcomes-mitsubishi-Co.-as-strategic-investor# (accessed 31 January 2020).

Case 16: Onshore wind farms and solar photovoltaic plants in Mexico [69] [70] [71]

CHARACTERISTICS OF THE COMPANIES

	Tokyo Gas Corporation
Size	large
HQ	Tokyo, Japan
About	Tokyo Gas Corporation produces and supplies liquefied natural gas to Tokyo and the surrounding areas, maintains and manages gas supply equipment and sells air conditioning appliances. Tokyo Gas also operates power generation business as well and provides real estate services.

	ENGIE SA
Size	large
HQ	Courbevoie, France
About	ENGIE SA offers a full range of electricity, gas and associated energy and environment services. The company produces, trades, transports, stores, and distributes natural gas, and offers energy management and climatic and thermal engineering services.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	Mexico	2019	Onshore wind farms and solar photovoltaic plants

DETAILS ON THE PARTNERSHIP

On 8 April **2019**, ENGIE and Tokyo Gas, through its US subsidiary, announced their intention to invest in the 50-50 joint-venture company **Heolios EnTG**. The JV aims to develop **renewable energy projects in Mexico**. It is the first renewable project joint venture that Tokyo Gas participated in outside Japan and the cooperation was in part driven by a long-term relationship between Tokyo Gas and ENGIE, which dates back to 1983. The projects were secured by ENGIE in the Mexican government's renewable energy auctions. Heolios EnTG was set up to **develop, finance, construct, own, operate, and maintain** six renewable energy projects in Mexico: two onshore wind and four solar photovoltaic (Table II). The projects were granted 15-year power purchase agreements.

Table II. Project details of the JV "Heolios EnTG" (Source: Tokyo Gas and ENGIE)

	Name	Type	Location	Generation Capacity (MWp)	Generation Capacity (MWe)	Expected COD
1	Tres Mesas 3	Wind	Tamaulipas	52	50	In operation
2	Trompezon	Solar	Aguascalientes	159	126	Under commissioning
3	Villa Ahumada	Solar	Chihuahua	200	150	Under commissioning
4	Tres Mesas 4	Wind	Tamaulipas	101	96	March 2020
5	Abril	Solar	Sonora	134	99	September 2020
6	Calpulalpan	Solar	Tlaxcala	254	200	November 2020
Total capacity				900	721	-

[69] Tokyo Gas press release, "ENGIE and Tokyo Gas to establish renewables joint venture company in Mexico," *Tokyo Gas website*, 8 April 2019, https://www.tokyo-gas.co.jp/IR/english/library/pdf/tekijikaiji/20190408-01e.pdf (accessed on 20 December 2019).
[70] Tokyo Gas press release, "Acquisition of equity interests in renewables joint venture company in Mexico," *Tokyo Gas website*, 12 December 2019, https://www.tokyo-gas.co.jp/Press_e/20191212-03e.pdf (accessed on 20 December 2019).
[71] Sladjana Djunisic, "Tokyo Gas lands in Mexico with 50% stake in renewables JV with Engie," *Renewables Now*, 17 December 2019, https://www.renewablesnow.com/news/tokyo-gas-lands-in-mexico-with-50-stake-in-renewables-jv-with-engie-680583/ (accessed on 20 December 2019).

Case 17: Pay-as-you-go solar energy equipment for Africa [72] [73] [74]

CHARACTERISTICS OF THE COMPANIES

	**Marubeni Corporation**
Size	large
HQ	Tokyo, Japan
About	Marubeni Corporation is a trading company with business divisions in iron and steel, information technology, utility and infrastructure, energy, food, metals and mineral resources, development and construction, industrial machinery, and chemicals.

	**Azuri Technologies Ltd**
Size	SME
HQ	Cambridge, UK
About	Azuri Technologies Ltd produces and distributes solar energy equipment. The company offers solar energy lighting devices for students which replace the use of kerosene, candles, and disposable batteries.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Investment	Africa	2019	Pay-as-you-go solar energy equipment

DETAILS ON THE PARTNERSHIP

In June **2019**, Marubeni Co. led an investment of **26 million US dollars** in Azuri Technologies. Representatives of the companies had initially met at a conference. The investment is part of a wider strategy of Marubeni to expand in the developing market. Following the same reasoning, the Japanese company indeed has invested in 2018 into WASSHA, a community-based power business in Tanzania.

According to the British Chamber of Commerce in Japan (BCCJ): "The first phase of the partnership involved bringing significant additional equity capital to Azuri, allowing the business to **invest in new technology development**. Since June 2019, the partnership has helped Azuri to reach customers more effectively using the latest artificial intelligence tools and to build the infrastructure necessary to scale off-grid solar to a mass market." Other investors include shareholders of Azuri Technologies IP Group, a UK fund proving capital to technology companies, and Fortune 500.

The partnership draws on Marubeni's network and Azuri's extensive experience in Africa, with the latter possessing offices in Kenya, Nigeria, Tanzania, Uganda and Zambia. It aims at addressing the growing demand in Africa for energy provision, especially for low-income and rural households, relying on Azuri's pay-as-you-go solar home system. It thus ambitions to ensure universal access to modern and clean energy. The firms were awarded the UK-Japan Partnership British Business Award at the BCCJ's UK-Japan Partnership British Business Award. The BCCJ commented indeed that this partnership is "an excellent example of how established businesses and fast-growing technology-based organisations can collaborate to accelerate growth."

[72] British Chamber of Commerce in Japan, "2019 BBA Winner Profile-UK-Japan Partnership," *BCCJ website,* 13 December 2019, https://bccjapan.com/news/2019-bba-winner-profile-uk-japan-partnership/ (accessed on 18 December 2019).
[73] Azuri Technologies, "UK-Japan Energy Partnership of Azuri and Marubeni Wins at British Awards," *PR Newswire*, 13 November 2019, https://www.prnewswire.com/news-releases/uk-japan-energy-partnership-of-azuri-and-marubeni-wins-at-british-business-awards-300957451.html (accessed on 18 December 2019).
[74] Akihiko Suzuki (Strategy Director at Azuri Technologies), in discussion over the phone with Masami Marbot and Joana Vaz, 3 February 2020.

Case 18: Battery energy storage solutions and energy platform in Europe [75] [76] [77]

CHARACTERISTICS OF THE COMPANIES

	**Nippon Koei Corporation**
Size	large
HQ	Tokyo, Japan
About	Nippon Koei Co., Ltd. provides construction consulting and engineering services to the public and private sectors. The Company operates in the hydroelectric, irrigation, and power transmission fields. Nippon Koei also operates its own construction division.

	**YUSO BV**
Size	SME
HQ	Waregem, Belgium
About	YUSO is active in the energy aggregation business, bringing together all players of modern electricity market: consumers, prosumers, producers, grid operators and power wholesale market exchanges. YUSO provides services to renewable energy generators using its own platform ("My YUSO").

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Investment	Europe	2019	Battery energy storage solutions and energy platform

DETAILS ON THE PARTNERSHIP

On 18 December 2019, it was announced that Nippon Koei "**increased its strategic investment in YUSO to 29% as part of a funding round**." The investment will be held through the Japanese company's 100% owned subsidiary, Nippon Koei Energy Europe B.V. It follows notably a successful collaboration started in 2018 between the two companies on the joint development of a battery energy storage project in Belgium, through the JV Ruien Energy Storage.

The collaboration was initiated by Nippon Koei, as the Japanese company was looking out for a European in this sector to invest in, in order to strengthen its position within the European energy market to prepare for the future energy transition in Japan following the unbundling of electric power generation, transmission and distribution. YUSO was chosen following the shortlisting of a dozen of companies by a consultancy firm. As for YUSO, with this investment, the Belgian company intends to grow its business, in particular considering the further expansion of its "My YUSO" energy platform its terms of customer segments and geographies, and the launch of battery energy storage solutions. Commenting on the details of the relationship between the two companies: "Yuso's technology will play a vital role to commercialize the grid-scale energy storage assets developed by Nippon Koei in the European energy and flexibility markets. In addition, Nippon Koei will second engineers to Yuso to transfer specific know-how and technology to the Japanese market," with an ambition to enter the latter in 2021.

[75] Yuso press release, "Nippon Koei makes a strategic investment in Yuso," 18 December 2019, https://yuso.be/fr/2019/12/18/nippon-koei-makes-a-strategic-investment-in-yuso/ (accessed 22 January 2020).
[76] Nippon Koei press release, "Investment in YUSO, Belgium – Further Promotion of Energy Business & Start of Aggregation Business," 18 December 2019, https://pdf.irpocket.com/C1954/yUG5/XSgA/j8ia.pdf (accessed 22 January 2020).
[77] Bart Pycke (Co-Founder and Managing Director of YUSO), in phone discussion with Masami Marbot and Joana Vaz, 29 January 2020.

2.1.4. Case studies in IT & telecommunications

Case 19: Consulting in technological applications in Latin America [78] [79] [80] [81]

CHARACTERISTICS OF THE COMPANIES

	**NTT DATA Co.**
Size	large
HQ	Tokyo, Japan
About	NTT Data Co. mainly provides large scale system integration and networking system services. System integration involves data transmission system design, sales, leasing, and services. Network System Services include Internet related and linked computer networks, and data provision and management of data.

	**Everis Participaciones S.L.**
Size	large
HQ	Madrid, Spain
About	Acciona S.A. is a global developer and service provider of solutions in renewable energy, large civil infrastructures, and water treatment and reverse osmosis desalination.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Acquisition	Latin America	2014	Consulting in technological applications in Latin America

DETAILS ON THE PARTNERSHIP

In November 2013, both companies reached an acquisition agreement, and in January **2014**, Everis **became a wholly-owned subsidiary of NTT DATA**. The acquisition amounted to about **50 billion yen** and was part of NTT DATA's strategy to accelerate its globalization of activities and to widen its global offering portfolio and presence outside Japan. Indeed, the acquisition of Everis represented to the Japanese company a gate to the Spanish and Latin American markets in which the Spanish company had several clients. Sharing of competences, knowledge and resources has also been at the core of the collaboration.

[78] Everis press release, "NTT DATA announces a capital alliance with everis," *Everis website*, 4 November 2013, https://www.everis.com/global/en/news/newsroom/ntt-data-announces-capital-alliance-everis (accessed 26 November 2019).
[79] NTT DATA press release, "NTT DATA has completed the capital alliance with everis Group," *NTT DATA website*, 29 January 2014, https://in.nttdata.com/en/news/press-release/2014/january/press-release-29-jan-2014 (accessed 26 November 2019).
[80] Kaz Nishihata and Fernando Francés, "Everis + NTT DATA = New Tomorrow Together" Presentation, 25th Japan-Spain Joint Business Conference, The Japan-Spain Business Cooperation Committee and The Spain-Japan Business Cooperation Committee, Tokyo, 14 April 2016, https://www.jcci.or.jp/kokusai/NTT%20Data%20Everis.pdf (accessed 26 November 2019).
[81] Rohit T. K., "NTT DATA to buy Spanish IT firm for about 50 billion yen: Nikkei," *Reuters*, 31 October 2013, https://www.reuters.com/article/us-nttdata-acquisition-everis/ntt-data-to-buy-spanish-it-firm-for-about-50-billion-yen-nikkei-idUSBRE99T18620131030 (accessed 19 March 2020).

Case 20: Citizen engagement platform worldwide [82] [83] [84]

CHARACTERISTICS OF THE COMPANIES

	NTT DATA Co.
Size	large
HQ	Tokyo, Japan
About	NTT Data Co. mainly provides large scale system integration and networking system services. System integration involves data transmission system design, sales, leasing, and services. Network System Services include Internet related and linked computer networks, and data provision and management of data.

	Citibeats
Size	SME
HQ	Barcelona, Spain
About	Citibeats, is an AI text analytics tool that leverages a clustering technology to grasp regional issues from the opinions and feedback of local citizens.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Collaboration	Global, East Africa	2018	Citizen engagement platform

DETAILS ON THE PARTNERSHIP

In 2016, Citibeats was in contact with Spanish consulting company Everis, which had been acquired by NTT Data in 2014 (see Case 18). Everis introduced Citibeats to a local pitching competition, which in turn led the startup to the finals of **NTT Data's Open Innovation Contest**. This contest is organised globally and biannually by the Japanese company since 2014 to promote collaborations with startups with cutting-edge solutions to issues in global societies. Citibeats was the champion of the **2016-2017** edition of the contest, which initiated the collaboration between the two companies. Citibeats and NTT DATA signed an **MoU on the joint development of a citizen engagement platform** which enables social understanding of citizen opinions and emotions in certain areas by analysing social media or other big data sources, using AI. The technology enables ultimately to develop solutions to discover regional issues and supplying them to the client. The fact that Citibeats' technology is not sensitive to language would have been one of its key advantages.

In February 2018, the companies were aiming to receive mandates for analyses and consulting services from 10 clients in Japan and 20 clients outside Japan within fiscal 2018. So far, they communicated on two projects. The first is ongoing in regions in East Africa and fosters on financial inclusion by analysing local residents' needs and problems related to financial services. The second is held in Japan, following the large-scale floods resulting from heavy rain in summer 2018. The project consisted in giving structured data on 23 affected prefectures for response prioritization to the Government, with the aim of enlightening them on infrastructure repair needs.

[82] NTT DATA Open Innovation Contest, "AI Analytics of the Underlying Opinions & Emotions of Citizens: Solution that solves local issues as well as addresses the UN Sustainable Development Goals," *NTT DATA Open Innovation Contest website,* http://oi.nttdata.com/en/contest/9th/achievement/service03/ (accessed on 22 November 2019).
[83] Citibeats, "Social Impact Report for 2018," *Citibeats website*, https://citibeats.net/ (accessed on 22 November 2019).
[84] Cristian Pi (Business Development Director at Citibeats), in phone discussion with Masami Marbot and Joana Vaz, 13 February 2020.

Case 21: Innovation in the Nordic and Baltic regions [85] [86] [87] [88] [89] [90] [91] [92]

CHARACTERISTICS OF THE COMPANIES

	Honda Motor Co. Ltd
Size	large
HQ	Tokyo, Japan
About	Honda Motor Co., Ltd. develops, manufactures, and distributes motorcycles, automobiles, and power products such as generators and farm machinery. The Company also operates a financial credit business.

	Panasonic Co.
Size	SME
HQ	Kadoma, Japan
About	Panasonic Co. manufactures electric and electronic products. The Company produces home appliances, car navigation systems, digital devices, computer peripherals, telecommunications, industrial equipment, and electronic parts

	OMRON Co.
Size	large
HQ	Kyoto, Japan
About	OMRON Co. manufactures electronic components, equipment and systems used for factory automation. The company provides products and services in a variety of fields including industrial automation, electronic components, automotive electronics, and social systems.

[85] Japan Times Global Media Post, Estonia Report 2019, "BaltCap: Japan's partner to build Europe's Silicon Valley," *The Japan Times*, 29 June 2019. https://www.japantimes.co.jp/country-report/2019/06/29/global-media-post/estonia-report-2019/baltcap-japans-partner-build-europes-silicon-valley/#.XgRDD9L7SM8 (accessed 26 December 2019).

[86] OMRON Co. press release, "OMRON invests in JB Nordic Fund I" *OMRON website*, 15 January 2019, https://www.omron.com/media/2019/01/20190115.html (accessed 26 December 2019).

[87] JBIC press release, "Investment in fund targeting leading IT companies in the Nordic and Baltic regions (original title in Japanese: 北欧・バルト地域の IT 先端企業を投資対象とするファンドに出資)," *JBIC website*, 15 January 2019, https://www.jbic.go.jp/ja/information/press/press-2012/0129-6355.html (accessed 26 December 2019).

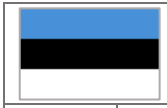
[88] "NordicNinja," Nordic Ninja website, https://nordicninja.vc/ (accessed 26 December 2019).

[89] Einride press release, "Einride raises $25 million series A to accelerate commercialization of its Autonomous, Electric Transport System," Einride website, 10 October 2019, https://www.einride.tech/news/einride-raises-25-million-series-a-to-accelerate-commercialization-of-its-autonomous-electric-transport-system (accessed 27 October 2019).

[90] Tomosaku Sohara (Managing Partner at NordicNinja), in discussion over the phone with Masami Marbot and Joana Vaz, 21 January 2020.

[91] Bolt press release, "Bolt enters €50 million funding partnership with EU Investment Bank," *Bolt website*, 16 January 2020, https://blog.bolt.eu/en/bolt-enters-e50-million-funding-partnership-with-eu-investment-bank/ (accessed 6 February 2020).

[92] European Investment Fund press release, "Baltcap is establishing a new fund with target size of EUR 50m to invest in small and medium enterprises," *EIF website*, 4 May 2017, http://www.eif.europa.eu/what_we_do/equity/news/2017/eif-and-baltcap-launch-new-fund.htm (accessed 6 February 2020).

	**Bolt Technology OÜ**
Size	large
HQ	Tallinn, Estonia
About	Bolt is a transportation network company developing and operating the Bolt mobile application. The latter provides ride-hailing and scooter sharing services.

	**Combinostics Oy**
Size	SME
HQ	Tampere, Finland
About	Combinostics' mission is to support healthcare professionals in the diagnosis and treatment of neurodegenerative diseases. The company's "cNeuro" platform combines imaging data with clinical data and provides an intuitive and holistic view of patient data that highlights important relationships early on and supports early diagnosis.

	**Einride AB**
Size	SME
HQ	Stockholm, Sweden
About	Einride AB is a transport company based focusing on electric and self-driving vehicles known, the "Einride pods." The pods are electric trucks remotely controlled by drivers, and are notable for their lack of a driver's cab. The Einride pods are designed for autonomous, all-electric which for an example means that the vehicles do not have a cab or room on board for human drivers.

	**Flexound Systems Oy**
Size	SME
HQ	Espoo, Finland
About	The company provides FLEXOUND Augmented Audio™ that adds the sense of touch to audio-visual listening experience — be it music, games, television, streaming or movies. Its proprietary technologies combine high-quality audio with physical sound wave vibration. The company's customers are essentially in the automotive, aviation, and cinema industries.

	**MaaS Global Ltd**
Size	SME
HQ	Helsinki, Finland
About	MaaS Global is a company that aims to bring a multi-modal subscription transport service to cities globally by building a mobility ecosystem. The company operates the all-in-one mobility service application Whim. MaaS is short for Mobility as a Service.

	**Sensible 4 Oy**
Size	SME
HQ	Espoo, Finland
About	Sensible 4 is a Finnish technology startup with entirely in-house developed software allows for complete automation of vehicles. Sensible 4's unique combination of LiDAR-based software and sensor fusion makes self-driving cars able to operate in even the most challenging weather conditions.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Investment (through VC NordicNinja)	Global	2019	Innovation (mobility)

DETAILS ON THE PARTNERSHIP

NordicNinja **venture capital** is an official auxiliary name of JB Nordic Ventures Oy, which is a Helsinki-based 50-50 **joint-venture between JBIC IG Partners**, a subsidiary of JBIC engaged in overseas investment advisory and agency business, and **BaltCap**, a private equity and venture capital investor in the Nordic and Baltic region. According to Managing Partner Tomosaku Sohara, NordicNinja is probably the first Japanese VC in Europe and JBIC-backed VC. It was initially founded as JBIC was interested in investing in these regions and was looking for local stakeholders until it eventually found BaltCap.

NordicNinja VC started with **over 100 million euros in January 2019** and is backed by **Japanese blue-chip companies**, Honda, Omron, and Panasonic, as well as the Japan Bank for International Cooperation. Its website states that "it [primarily] aims to support scale-up goals in the Nordic and Baltic region through supporting the region's startups expand into and develop business opportunities in Japan." The region indeed appears as a strategic startup ecosystem beyond the three main ones of Silicon Valley, China and Israel, in which Japanese companies are interested in acquiring a foothold through NordicNinja. Another important dimension of the work of VC is related to the **support of the internationalization of the companies** it invests in.

OMRON Co. presented indeed the company's motivation for its investment in the JB Nordic Fund. Indeed, the company has in recent years focused on three business strategies: "redefine our focus domains," "evolve our business model," and "reinforce our core technologies." Hence, the company aims to "accelerate these strategies through an **open innovation strategy** aiming at "collaborative creations with partners." Furthermore, OMRON intends to "search for influential local start-ups and technological seeds, thereby accelerating the drive in this regard through open innovation," "by utilizing the business matching opportunities service offered by BaltCap, which possesses networks with start-ups in the Nordic and Baltic region."

NordicNinja VC has so far invested in 6 companies, accelerating their expansion globally. Bolt is considered as "one of the fastest-growing transportation platforms in Europe and Africa," and already available in more than 150 cities worldwide and 30 countries (mainly on the European and African continent). Then, Combinostics states it already has clients throughout the EU, in the US, Japan and South Korea. As for Einride, the Swedish company aims to rely of the funds provided by NordicNinja VC to start expanding in the US. The application "Whim" of MaaS Global, is already available in Helsinki, Norway, Birmingham, UK, Antwerp, Belgium, and Vienna, Austria. As for Sensible 4, the funding brought by NordicNinja together with ITOCHU "will be used to further develop the software and part will be used to build more GACHA busses, which aims to enter the Japanese and Chinese market."

The last aspect of EU-Japan collaboration with regard to this startup ecosystem is that beyond the financial products provided by NordicNinja, startups such as BOLT may receive funding from the EU's long term lending institution the European Investment Bank (EIB), while BaltCap has joint projects with the European Investment Fund such as the Baltic Innovation Fund.

Case 22: Software solutions in Southeast Asia [93] [94] [95]

CHARACTERISTICS OF THE COMPANIES

	ACCESS Co, Ltd
Size	large
HQ	Tokyo, Japan
About	ACCESS CO., Ltd. develops browser software for the Internet. The Company designs custom browsers for manufacturers of electronics such as cellular phones, portable e-mail devices, handheld PCs, video game consoles, and car navigation systems.

	IoTerop SAS
Size	large
HQ	Courbevoie, France
About	IoTerop is a software solution provider for security, interoperability and remote management of connected objects in the world of the Internet of Things. The company provides solutions that enable IoT manufacturers to build a new generation of secure, interoperable and remotely manageable solutions and connected objects.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Partnership	Southeast Asia	2019	Software solution

DETAILS ON THE PARTNERSHIP

In October **2019**, IoTerop and ACCESS Systems have signed a **partnership agreement**. This partnership was enabled by the fact that IoTerop executives have had a long-term relationship with ACCESS. Some of them used to work for a company belonging to ACCESS, before this company was acquired by another. They reconnected with ACCESS after founding IoTerop in 2016 and signed a partnership agreement in 2019.

The partnership is as follows: as IoTerop is currently actively expanding its activities overseas, it relies on the **market intelligence and business development expertise of ACCESS Systems in Southeast Asia**, with one of the ultimate goals being to then enter the Japanese market. According to IoTerop, ACCESS Systems motivation in the partnership relies on its interest in IoTerop technology.

[93] IoTerop press release, "IoTerop, a leading provider of security and management solutions for connected devices, raises €1.5 million," *IoTerop website*, 24 October 2019, https://ioterop.com/ioterop-a-leading-provider-of-security-and-management-solutions-for-connected-devices-raises-e1-5-million/ (accessed 22 November 2019).
[94] Hubert Vialatte, "Ioterop lève 1,5 million pour solutions de gestion à distance des objets connectés," *Business Les Echos*, 24 October 2019, https://business.lesechos.fr/entrepreneurs/financer-sa-creation/0602024268598-ioterop-leve-1-5-million-pour-ses-solutions-de-gestion-a-distance-des-objets-connectes-332613.php (accessed 22 November 2019).
[95] Hatem Oueslati (CEO and Co-founder at IoTerop), in discussion with Masami Marbot, Yokohama, 21 November 2019.

2.1.5. Case studies in machinery & industrial equipment

Case 23: Manufacturing of electric warehouse equipment in Europe [96] [97]

CHARACTERISTICS OF THE COMPANIES

	**Mitsubishi Heavy Industries Ltd**
Size	large
HQ	Tokyo, Japan
About	Mitsubishi Heavy Industries, Ltd. is a comprehensive heavy machinery maker. The company manufactures machinery, ships, turbines and engines, prime movers, aircrafts, and machine parts for military and commercial use. Mitsubishi Heavy Industries also researches and develops nuclear power plants.

	**Rocla Oyj**
Size	large
HQ	Järvenpää, Finland
About	Rocla Oy designs, manufactures, and markets indoor electric trucks and automated guided vehicles. The Company offers a range of warehouse trucks including pallet, stacking equipment, reach, and lift trucks.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Acquisition	Europe	2008	Manufacturing of electric warehouse

DETAILS ON THE PARTNERSHIP

On 24 December **2008**, Mitsubishi Caterpillar Forklift Europe B.V. (MCFE), a European subsidiary of Mitsubishi Heavy Industries, announced that it had successfully completed a public tender to acquire Rocla. Under this offer, MCFE would have obtained 99.3% of all shares and voting rights in Rocla. The total payment amount was around **40 million euros**. MCFE and Rocla have had a "long history of cooperation": "Rocla began supplying warehouse equipment to MHI affiliates in Europe in 1987," and "MHI forged a strategic alliance with Rocla in 2002 through investment by MCFE and Mitsubishi Caterpillar Forklift America Inc."

Mitsubishi Heavy Industries explained the motivations behind the acquisition: the Japanese company "aims to reinforce and further expand its material handling equipment portfolio, strengthen its capability to address the needs of European customers, and aggressively develop comprehensive solution-oriented products and services to customers in Europe, one of the largest markets for material handling equipment".

[96] Mitsubishi Heavy Industries press release, "MHI to acquire Rocla, a Finnish Electric Warehouse Truck Manufacturer, To Stregnthen its Material Handling," *Mitsubishi Heavy Industries website*, 28 October 2018, https://www.mhi.com/news/story/0810231261.html (accessed 2 March 2020).
[97] Mitsubishi Heavy Industries press release, "MHI successfully completes public tender offer for Rocla, A Finnish Electric Warehouse Truck Manufactuer," *Mitsubishi Heavy Industries website*, 24 December 2008, https://www.mhi.com/news/story/0812241268.html (accessed 2 March 2020).

Case 24: Manufacturing of electrode in Asia [98] [99]

CHARACTERISTICS OF THE COMPANIES

	Chlorine Engineers Corporation Ltd
Size	large
HQ	Tokyo, Japan
About	Chlorine Engineers provides engineering and manufacturing of electrolysis devices. The company offers products including process development, electrolysis technology, water treatment technology, and separation technology.

	Industrie de Nora SpA
Size	large
HQ	Milan, Italy
About	De Nora manufactures and distributes chemicals. The company offers chlorate, diaphragm, amalgam, cells, anode coatings, and electrodes.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Acquisition	Asia (esp. China)	2014	Manufacturing of electrode

DETAILS ON THE PARTNERSHIP

De Nora entered the Japanese market in 1969 as a 50-50 JV with Mitsui under the name of "Permelec Electrode Ltd". Permelec Electrode was then fully acquired by De Nora in September **2010**. The same year, the company entered into a **partnership with Chlorine Engineers**, which was also a subsidiary of Mitsui. The **acquisition proceeded in two steps**: De Nora acquired 51% of Chlorine Engineers in 2011, before acquiring the remaining 49% in 2012.

De Nora was primarily motivated by its desire to expand its activities in Asia and interested by Chlorine Engineers strengths in those markets, and in particular In China, where the Japanese company was holding a third of market share. According to the Ministry of Economy, Trade and Industry of Japan (METI) Casebook on Investment Alliance with Japanese companies which dates from 2015, the acquisition enabled De Nora to double its sales amount.

[98] Industrie De Nora, "De Nora Japan," Industrie De Nora website, unknown, https://www.denora.com/company/electrode-technologies/De-Nora-Japan.html (accessed 23 December 2019).
[99] Ministry of Economy, Trade and Industry in Japan, *Casebook on Investment Alliances with Japanese Companies*, April 2015, p52-53, https://www.meti.go.jp/english/policy/external_economy/investment/pdf/casebook_01a.pdf (accessed 12 November 2019).

Case 25: Manufacturing and sales of wiring devices in the Middle East, CIS, and Africa [100] [101]

CHARACTERISTICS OF THE COMPANIES

	**Panasonic Corporation**
Size	large
HQ	Kadoma, Japan
About	Panasonic Co. manufactures electric and electronic products. The Company produces home appliances, car navigation systems, digital devices, computer peripherals, telecommunications, industrial equipment, and electronic parts.

	**Viko Elektrik Elektronik Endüstrisi San. ve Tic. A.Ş.**
Size	large
HQ	Istanbul, Turkey
About	Viko designs and manufactures innovative low voltage products and services. The product range of Viko includes wiring devices, group sockets, miniature circuit breaker boxes, accessories, low voltage switchgears, smart meters, automated meter reading systems and building automation systems.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Acquisition	Middle East, CIS, Africa	2013	Manufacturing and sales of wiring devices in Africa

DETAILS ON THE PARTNERSHIP

On 31 October **2013**, Panasonic Co. announced that it has concluded a share purchase of the wiring devices Turkish company Viko Elektrik, acquiring by this agreement 90% of the issued shares of the latter at a purchase price of **460 million US dollars**.

The acquisition is justified as "Panasonic expects expansion in the sales of wiring devices and other product ranges as well as electrical equipment and materials produced by Panasonic, such as lighting devices and fans, not only in Turkey, but in the Middle East, CIS and African market. In addition, by introducing new products making use of Panasonic's product competitiveness and development capacities, and by making improvements in productivity through sharing manufacturing know-how with VIKO, Panasonic will create synergy with VIKO and is aiming for further expansion of the business".

[100] Akihiro Sano, "Japanese firms exporting to Africa via Turkey," *Nikkei Asian Review*, 9 July 2017, https://asia.nikkei.com/Business/Japanese-firms-exporting-to-Africa-via-Turkey (accessed 1 February 2020).
[101] Panasonic press release, "Panasonic signs share purchase agreement for Turkish Wiring Device Maker VIKO," *Panasonic website*, 31 October 2013, https://news.panasonic.com/global/press/data/2013/10/en131031-9/en131031-9.pdf (accessed 1 February 2020).

Case 26: Steel manufacturing for Europe, the Middle East, and Africa [102] [103] [104] [105]

CHARACTERISTICS OF THE COMPANIES

	Toyo Kohan Co.
Size	large
HQ	Tokyo, Japan
About	Toyo Kohan Co., Ltd. manufactures and distributes steel products. The Company produces resin coated steel sheets, iron foils, nickel plated steel sheets, cold-rolled steel sheets, and more. Toyo Kohan also provides consulting services.

	Tosyali Holding
Size	large
HQ	Istanbul, Turkey
About	Tosyali Holding manufactures steel products. The Company products and markets steel welded pipes, billets, hot rolled coils, tubes, and metal bars. Tosyali also produces a wide range of pipes for water and natural gas, scaffolding, and industrial use.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	Europe, Middle East, Africa	2015	Steel manufacturing

DETAILS ON THE PARTNERSHIP

On 2 February **2012**, Tosyali Holding and Toyo Kohan announced the companies reached an agreement to form a **joint-venture in Turkey to produce steel**. The Turkish company has a 51% stake in the JV, and its Japanese partner 49%. The production facility of Tosyalı-Toyo Çelik A.Ş. was built in Osmaniye, in southern Turkey, with a **total investment cost of 650 million US dollars**, and the beginning of trial production in December 2016. The plant represents about 1.06 billion US dollars in consolidated sales annually for Toyo Kohan.

The products "don't meet the needs of just Turkey but of a **wide geography stretching from Europe to the Caucasus and from the Middle East to North Africa**." Indeed, quoted by the Nikkei Asian Review, Fuat Tosyali, chairman of the JV company, explained that "the location of the plant allows the company to ship product by ocean vessel to Ethiopia and other East African locations in three-to-four days."

JBIC provided two loans, respectively totalling up to **87 million US dollars** to the JV, and 91 million US dollars to the Turkish commercial bank Yapi ve Kredi Bankasi A.S. Each of these loans is co-financed with Sumitomo Mitsui Banking Corporation, and NEXI is providing insurance for part of the loan portion of SMBC. The overall co-financing amount is about 297 million US dollars.

[102] Tosyali Holding, "Tosyali Toyo Steel Joint-Stock Company," *Tosyali website*, https://www.tosyaliholding.com.tr/en/our-scope-of-activity/group-companies/en-our-scope-of-activity-group-companies-joint-ventures-1571041901055/tosyali-toyo-steel-joint-stock-company (accessed 1 February 2020).
[103] Akihiro Sano, "Japanese firms exporting to Africa via Turkey," *Nikkei Asian Review*, 9 July 2017, https://asia.nikkei.com/Business/Japanese-firms-exporting-to-Africa-via-Turkey (accessed 1 February 2020).
[104] Seda Sezer, "Turkish steelmaker Tosyali partners Japan's Toyo Kohan," 2 February 2012, *Reuters*, https://www.reuters.com/article/tosyali-toyo-idAFL5E8D232L20120202 (accessed 1 February 2020).
[105] JBIC press release, "Loan for Manufacturing and Sales of Cold Rolled Steel Sheets and Surface Processed Steel Sheets in Turkey," *JBIC website*, 2 March 2015, https://www.jbic.go.jp/en/information/press/press-2014/0302-35355.html (accessed 1 February 2020).

2.3.6. Case studies in construction

Case 27: Construction of office, hotel and residential towers in Myanmar [106] [107] [108]

CHARACTERISTICS OF THE COMPANIES

	Taisei Corporation
Size	large
HQ	Tokyo, Japan
About	Taisei Co. is a general contractor operating nationwide and overseas. The company builds residential, commercial, and institutional buildings such as condominiums and single-family houses. Taisei also performs civil engineering works for roads.

	Bouygues SA
Size	large
HQ	Paris, France
About	Bouygues SA offers construction services, develops real estate, cellular communications services, produces television programming and movies, and manages utilities.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	Myanmar	2017	Construction

DETAILS ON THE PARTNERSHIP

On 29 November **2017**, Taisei Corporation and Dragages Singapore, a subsidiary of Bouygues, announced that through their joint-venture "BTJV Myanmar", they were awarded by **Singaporean developer Yoma Strategic Holdings**, the **Yoma Central project**. The construction project in Yangon is comprised of two office towers, one hotel tower, and one residential tower, on top of a large retail podium with. An aspect of the construction project is the conservation of the former headquarters of the former Burma Railway Company.

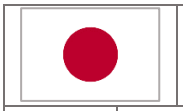
In a speech of Cyrus Pun, Executive Director of Yoma strategic, it appears that the joint-venture was appealing for the project because "Bouygues Construction has unrivalled experiences in the field of heritage conservation, coming from a history of restoration projects which includes some of the most prestigious historic hotels in Europe, [while] Japan's Taisei Co. is one of the oldest and biggest construction companies in Japan."

The Yoma Central project comes under Meeyahta Development Ltd, a joint-venture between Yoma Strategic (48%), First Myanmar Investment Company Limited (12%) ("FMI"), the Mitsubishi Corporation and Mitsubishi Estate (30%), the International Finance Co. (5%) ("IFC") and the Asian Development Bank (5%).

[106] GCR Staff, "Bouygues, Kajima, Taisei win $1.1bn of work in Myanmar as Rohingya crisis continues," *Global Construction Review*, 29 November 2017, http://www.globalconstructionreview.com/news/bouygues-kajima-taisei-win-11bn-work-myanmar-rohin/ (accessed 9 December 2019).
[107] Yoma Strategic Holdings Ltd. press release, "Peninsula Yangon to be built by Construction Giants, Bouygues Construction and Taisei," *Markets Insider*, 30 November 2017, https://markets.businessinsider.com/news/stocks/yoma-central-and-the-peninsula-yangon-to-be-built-by-construction-giants-bouygues-construction-and-taisei-1010017784 (accessed on 9 December 2019).
[108] Myanmar Insider, "Yoma Central and the Peninsula Yangon to be built by Construction Giants," *Myanmar Insider*, 12 January 2018, https://www.myanmarinsider.com/yoma-central-and-the-peninsula-yangon-to-bebuilt-by-construction-giants/ (accessed on 9 December 2019).

Case 28: Collaboration to explore joint opportunities in construction in Europe, Africa and Asia [109] [110]

CHARACTERISTICS OF THE COMPANIES

	**Azusa Sekkei Corporation Ltd**
Size	large
HQ	Tokyo, Japan
About	Azusa Sekkei is an architectural design firm. Its activities vary from projects related to the airport market, sport business, and public facilities such as government buildings and schools, medical and health care facilities, and in fields including urban planning, logistics and production.

	**Ingérop SAS**
Size	large
HQ	Reuil Malmaison, France
About	Ingérop is an engineering and consulting firm focusing on sustainable mobility, energy transition, and living environment. It operates along four business lines: building, water & environment, energy & industry, and urban development & transportation..

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Partnership	Europe, Africa, Asia	2018	Collaboration to explore joint opportunities in construction

DETAILS ON THE PARTNERSHIP

On 25 April **2018**, Azusa Sekkei and Ingérop announced the two companies have entered into a "strategic alliance." The relationship was probably facilitated by French Government agency Business France, as it was communicated on its twitter account. Both companies expressed this collaboration was driven by a desire to geographically expand their activities: for Ingérop in Asia, and Azusa Sekkei in Europe and Africa, and more particularly French-speaking countries.

Furthermore, the strategic alliance plans on fostering exchanges between structural engineers and architectural designers between the two companies. Furthermore, Azusa Sekkei and Ingérop are planning to **collaborate on projects in Europe, Africa, and Asia, and specifically those commissioned by JICA, the French Development Agency (AFD) and the Asian Development Bank (ADB)**.

[109] Azusa Sekkei press release, "Strategic alliance with INGEROP (France) (original title in Japanese: フランス INGEROP (アンジェロップ)社と戦略的提携), *Azusa Sekkei website*, 26 April 2018, https://www.azusasekkei.co.jp/information/news/view/191 (accessed 5 February 2020).
[110] Business France Japan Office (original name in Japanese : フランス貿易投資庁・ビジネスフランス), Twitter post, 26 April 2018, 8:23 a.m, https://twitter.com/i/web/status/989283666378608642 (accessed 6 February 2020).

2.3.7. Case studies in wholesale & retail trade

Case 29: Distribution in Africa [111] [112] [113] [114] [115]

CHARACTERISTICS OF THE COMPANIES

	**Toyota Tsusho Corporation**
Size	large
HQ	Nagoya, Japan
About	Toyota Tsusho Co., is a trading company. The company markets automobiles, trucks, steel products, industrial machinery, chemical products, and energy in both domestic and overseas markets.

	**CFAO SA**
Size	large
HQ	Sèvres, France
About	CFAO SA is a French company specialising in the automotive distribution, pharmaceutical products and services, shopping center and supermarket management, manufacturing of mass consumption products as well as in the new technologies and energy sectors.

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Acquisition	Africa	2012	Distribution

DETAILS ON THE PARTNERSHIP

As early as in the 1990s, Toyota Tsusho recognized CFAO as a competitor in automobile-related business and sought for possibilities of collaboration. The French company had indeed been doing business in French-speaking African countries since the 1880s, mainly in the Northern and Western areas of the continent. As in **2012**, **CFAO parent company started selling stocks**, Toyota Tsusho started to gradually buy shares of the French trading company. As of December, Toyota Tsusho owned 97.8 percent of CFAO. The investment represented approximately **2.3 billion euros**, the most important M&A deal for Toyota Tsusho at the time. The financing of the acquisition was supported by **JBIC**, together with the commercial banks of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui, and Mizuho, which concluded a loan agreement covering part of the necessary acquisition funds (approximately 2.26 million euros). This financing was agreed within the framework of a specific program to support overseas M&A of Japanese companies despite a strong yen.

[111] Toyota Tsusho Co. press release, "Toyota Tsusho Co. Completes Tender Shares of CFAO S.A.," *Toyota Tsusho Co. website*, 24 December 2012, https://www.toyota-tsusho.com/english/press/detail/121224_001825.html (accessed 14 November 2019).
[112] Japanese Institute for Overseas Investment, "Collaboration of Toyota Tsusho with CFAO on African strategy (original title in Japanese: 豊田通商、CFAO と協業するアフリカ戦略)," *Japanese Institute for Overseas Investment*, September 2015, https://www.joi.or.jp/modules/downloads_open/index.php?page=visit&cid=22&lid=1865 (accessed 14 November 2019).
[113] Toyota Tsusho Co., "Collaboration with CFAO," *Toyota Tsusho Co. website*, https://www.toyota-tsusho.com/english/csr/business/case04.html (accessed 14 November 2019).
[114] Olivier Caslin, "Richard Bielle: "CFAO et Toyota Tsusho Co. sont très complémentaires," *Jeune Afrique*, 27 July 2016, https://www.jeuneafrique.com/345005/economie/richard-bielle-cfao-toyota-tsusho-Co.-tres-complementaires/ (accessed 14 November 2019).
[115] JBIC press release, "Financing for the acquisition of French CFAO S.A. supporting overseas M&A of Japanese companies based on the emergency system facing strong yen (original title in Japanese: フランス共和国法人 CFAO S.A.の買収資金融資について、円高対応緊急ファシリティに基づき日本企業の海外 M&A を支援)," *JBIC website*, 29 January 2013, https://www.jbic.go.jp/ja/information/press/press-2012/0129-6355.html (accessed 14 November 2019).

In an interview with the Japanese Institute for Overseas Investment in 2015, Kenji Suzuki, Head of Pan-Africa Regional Strategic Business Unit Office, Strategic Alliance Department, General Manager of Toyota Tsusho highlighted three main motivations behind the acquisition, Firstly, he indicated that there was an affinity between the corporate strategies of both companies. Secondly, he argued that a core advantage of CFAO is the deep knowledge its employees have of the African continent. The vast majority of them had worked in Africa, often in several countries, and sometimes for an extensive period of time of over 30 years. Lastly, the acquisition was greatly driven by complementary geographical coverage, as CFAO business was primarily in northern and western Africa, while Toyota Tsusho's operations were rooted in eastern and southern Africa.

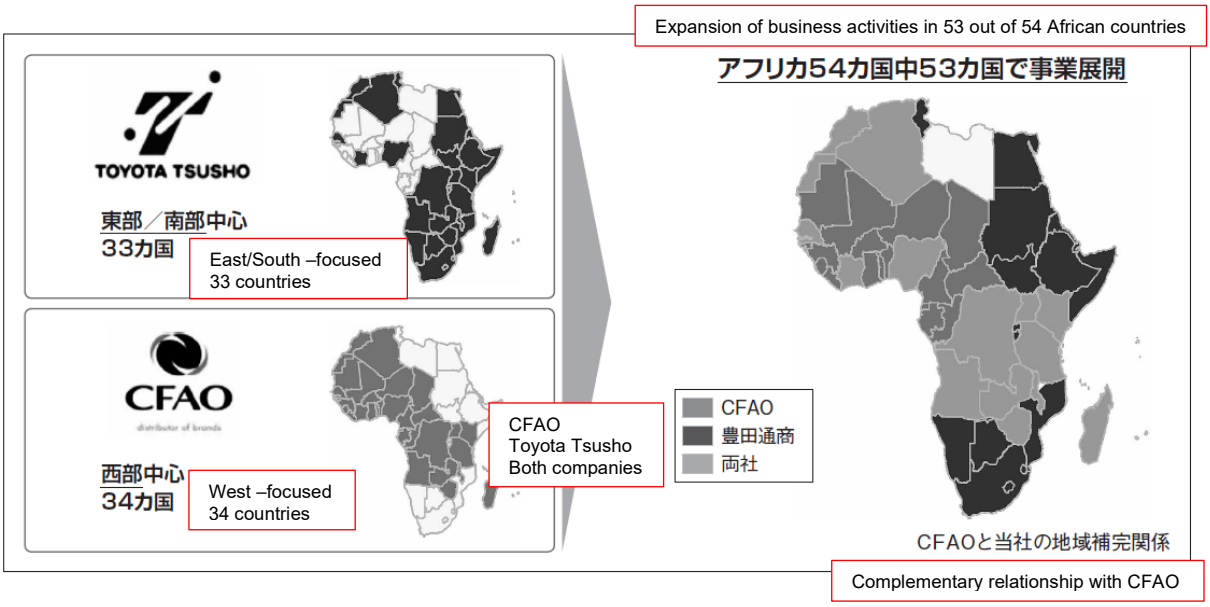


Figure 1. Expansion of business activities in 53 out of 54 African countries thanks to the acquisition of CFAO by Toyota Tsusho (Source: Japanese Institute for Overseas Investment)

Since the acquisition of CFAO by Toyota Tsusho, several projects have been jointly conducted in Africa. Some examples include: a joint venture of CFAO and Yamaha to produce and sell motorcycles in Nigeria, the sale and import of Japanese tool manufacturer Makita in Cameroon, or a retail shopping mall business with Carrefour in 8 countries in Africa (Cameroon, Congo, Côte d'Ivoire, Gabon, Ghana, Nigeria, Democratic Republic of Congo and Senegal).

Toyota Tsusho and CFAO have indicated combining their approaches in doing business have been beneficial: for example, while Toyota Tsusho introduced CFAO the culture of safety and improvement ('kanzen'), CFAO stressed its know-how in terms of risk management. The acquisition also enabled Toyota Tsusho to enlarge its business portfolio, notably in the pharmaceutical sector and in mass retail. Lastly, commenting on the management of the partnership in an interview with *Jeune Afrique* in July 2016, Richard Bielle, at the time Chairman of the Management Board of CFAO, stated that CFAO has retained autonomy as Toyota Tsusho is "leaving [the] group to operate exactly as before". The latter also highlighted that Toyota Tsusho has conversely referred to the acquisition more as an "alliance". However, Richard Bielle also mentioned in the same interview that the acquisition induced the loss of certain distribution contracts for the French group with other Japanese companies such as Isuzu or Nissan, to which CFAO was previously customer or supplier.

Case 30: Vehicle logistics in Africa [116] [117]

CHARACTERISTICS OF THE COMPANIES

	Toyota Tsusho Corporation
Size	large
HQ	Nagoya, Japan
About	Toyota Tsusho Co., is a trading company. The company markets automobiles, trucks, steel products, industrial machinery, chemical products, and energy in both domestic and overseas markets.

	NYK LINE
Size	large
HQ	Tokyo, Japan
About	Nippon Yusen mainly provides marine transportation services and transportation management solution from international hub ports to both domestic and international ports. The Company operates container transportation, specialized carriers, logistics, and cruise lines.

	Bolloré SA
Size	large
HQ	Puteaux, France
About	Bollore operates as a holding company. The Company offers transportation, logistics, communications, and electricity and storage solutions, as well as manages a portfolio of communication and agricultural sector and manufacturing of steel tubes. Bolloré Transport & Logistics is the result of the union between the Bolloré Group's four traditional businesses: Bolloré Ports, Bolloré Railways, Bolloré Energy and Bolloré Logistics

CHARACTERISTICS OF THE PARTNERSHIP

Form of partnership	*Third market*	*Year*	*Details on joint project(s)*
Joint-venture	East Africa	2016	Vehicle logistics

[116] Toyota Tsusho Co. press release, "Toyota Tsusho Enters Agreement to Establish Vehicle Logistsics Company in Kenya – Launching services in East Africa, which is experiencing vehicle import growth," *Toyota Tsusho Co. website,* 18 October 2016, https://www.toyota-tsusho.com/english/press/detail/161018_003848.html (accessed 5 February 2020).
[117] NYK LINE press release, "NYK Established First Exclusive RORO Terminal in Egypt," *NYK LINE website,* 28 January 2020, https://www.nyk.com/english/news/2020/20200128_01.html (accessed 5 February 2020).

DETAILS ON THE PARTNERSHIP

On 18 October **2016**, a joint-venture agreement was signed between NYK LINE, Toyota Tsusho, and the Kenyan subsidiary of French Bolloré Transport & Logistics to establish Bolloré NYK Auto Logistics Limited. The JV is a **vehicle company for new car imports into East Africa, offering a variety of services ranging from inland transport, pre-delivery inspection, as well as car storage and customs clearance**. Kenya was chosen as the country is experiencing strong economic growth, it is "expected to see a rise in finished car imports and become a gate pot for countries in East Africa".

The establishment of this venture was announced previously at the occasion of the sixth Tokyo International Conference on African Development (TICAD) on 27 and 18 August 2016, during which was held a ceremony celebrating the MoUs reached between Japanese enterprises, African countries, and others. Furthermore, this collaboration follows a letter of intent signed in January 2016 by Toyota Tsusho and Bolloré "to work towards a collaboration in Africa and other regions," including on infrastructure and logistics businesses.

Then, on 28 January 2020, NYK LINE, Toyota Tsusho, and Bolloré Africa Logistics reached an agreement with the General Authority for the Suez Economic Zone "to set up and operate a dedicated automotive terminal at East Port Said in Egypt." The collaboration was explained by the complementary strengths of the three companies, as "the knowledge and experience that Bolloré has accumulated through its port operations in Africa will be utilized together with the achievements and know-how that Toyota Tsusho has acquired in a wide range of businesses inside Egypt and the skill and expertise that NYK has gained in its automotive transportation and terminal operations throughout the world, resulting in a rather valuable service from the three companies."

2.2. Characteristics of cooperation

Some trends are observable in the characteristics of the companies involved in cooperation in third countries, in terms of country of origin of the European company, and company size; as well as in the business cooperation itself, with regard to the type of relationship, the targeted third country, and the sector.

2.2.1. Characteristics of partner companies

2.2.1.1. Country of origin of the company

Although for several stakeholders interviewed for this research, the country of origin of the partner company was **not immediately relevant** compared to other parameters such as price competitiveness and technological advantage, two dynamics can be highlighted. First, some trends are observable **when considering the country in correlation to a certain industrial focus**. For instance, German companies benefit from a leading position in automotive supply, and Turkish companies are highly competitive in the area of construction and manufacturing (case 25 and 26).

Second, some patterns arise when considering the partnerships through the prism of the **relationship between the country of origin of the company, and the third party or region**. This link may be historical, cultural and linguistic, as reflects, for example, the important relations between some countries and their former colonies. Additionally, this closer link between the European country or Japan and the third country or region may also be the result of a proactive stance in economic diplomacy. This concretely induces that the European or Japanese partner company is more likely to have already experiences of business activities in this third country or region, and a better understanding of the market. Furthermore, it can also mean that the partner company is more likely to interact directly or indirectly through its government with the government of the third country, which can be of strategic importance for, for instance, projects relating to public services and infrastructures, or more generally information collection on the local business environment.[118] Conversely, business collaborations overseas may be affected when diplomatic and trade relations between the country of origin of one of the companies and the third country in which the project is based deteriorate.[119]

In this respect, the link between the country origin of the company and the third country seems particularly important in Africa. Indeed, between 24 September and 25 October 2019, JETRO surveyed Japanese companies in Africa, asking which country origin is more promising for third-country alliance on the continent, leaving the possibility for multiple answers. For

[118] See 3.1. Understanding third market strategies, and in particular 3.1.2 Regional focuses for a geographical breakdown.
[119] Japanese Government, *Agenda of the 39th Meeting on Strategy relating Infrastructure Export and Economic Cooperation (17 October 2018) on the theme of third country cooperation* (original title in Japanese: 第３９回経協インフラ戦略会議（2018 年 10 月 17 日）テーマ：第三国連携　議事次第), 17 July 2018, https://www.kantei.go.jp/jp/singi/keikyou/dai39/siryou1.pdf (accessed 26 February 2020).

Japanese companies, four European companies emerged as quality partners: **France** (14.1% of respondents), **Germany** (5.2%), **Turkey** (3.0%) and the **UK** (2.0%) (Figure 2).[120]

Following the same reasoning, when a third company is involved in European and Japanese business cooperation, in general in a consortium or a joint-venture, it is often a local one. Illustrations include case 9 with a tripartite partnership between Sumitomo Corporation, ENGIE, and Indonesian company Supreme Energy in geothermal plant projects, and case 13 with the cooperation of Toyota Tsusho, ENGIE, and Egyptian construction company Orascom. Reasons may be that a local partner might have an advantage in terms of knowledge of the market and its stakeholders, as well as benefit from cost competitiveness.

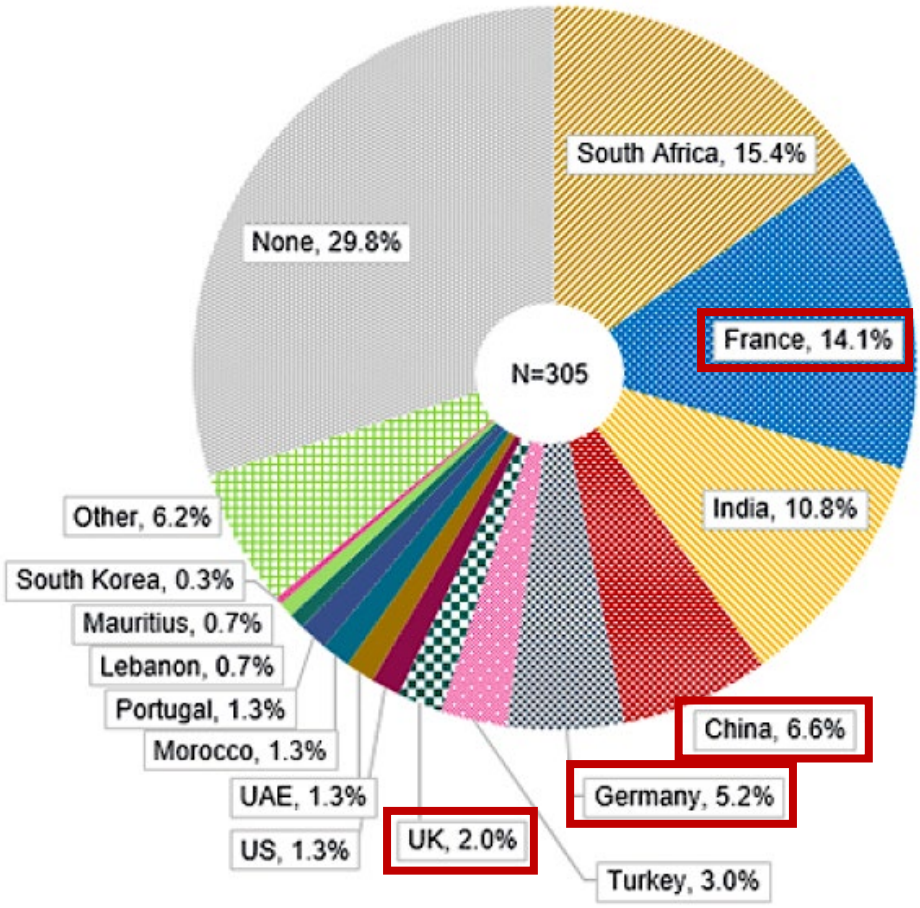


Figure 2. Country Origin for Promising Third-Country Alliance in Africa, for Japanese companies (Multiple Answers) (Source: JETRO) [121]

2.2.1.2. Size of the company

[120] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).
[121] Ibid.

Two observations can be made on the size of the companies involved in EU-Japan business cooperation in third markets. Firstly, one common scheme for business cooperation in third countries is in a **large-scale project of infrastructures**, especially in energy and transportation. Those projects induce **high risk-taking and high costs that can only be assumed by the largest companies** together in a consortium or joint-venture.[122] Nonetheless, this does not prevent SMEs to be involved as suppliers for example.

A second observation is **projects involving SMEs** are often a case in which a **large, cash-rich company is investing in, or acquiring a specific technology**. Indeed, this approach seems to be particularly relevant when the first is a Japanese company, and the second a European. Examples include case 14 with Tokyo Century Corporation, Kyudenko Corporation, and Kyuden Mirai Energy Company jointly investing in a special purpose company engaged in a project developed by Ciel et Terre SAS, as well as case 17 with the investment of Marubeni in Azuri Technologies. As for Japanese SME, one Japanese business organisation underlined that, as a rule of thumb, Japanese SME tend to rely primarily on general trading companies[123] when considering internationalisation.

2.2.2. Characteristics of business relationship

2.2.2.1. General trend

There are unfortunately little data available on the magnitude of European and Japanese business partnerships for operating in third countries – or in other words, to which extent they are interested in engaging in such alliance, to which extent they have had already experienced some, etc. Nonetheless, the business climate survey conducted by the German Chamber of Commerce and Industry in Japan in 2019 offers a first insight of the general trend.[124]

When asked whether German companies' subsidiaries in Japan have been or are involved in business activities with Japanese partners outside Japan, **69% answered "yes"** (Figure 3); the latter number being on a consistent increase from 64% in 2018, and 54% in 2017. Furthermore, **46% of the surveyed companies have indicating generating revenues with Japanese customers outside Japan at least to the same extent as in Japan itself; and depending on the industry, revenue ratio is 1 (Japan) to 4 (outside) Japan**.[125] Thus, for German companies having already a presence in Japan, partnerships with Japanese businesses in third countries are highly strategic and profitable. It would be interesting to also consider to what extent German companies that do not have a foothold in Japan are considering, or have experienced such partnerships.[126]

[122] See 2.3. Drivers for cooperation, and 3.2. Cooperation schemes in third countries.
[123] See 3.3. Japanese general trading companies.
[124] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).
[125] Nikolaus Boltze, "Drivers, challenges and opportunities for EU-Japan business collaboration in third markets," Presentation, EU-Japan Centre for Industrial Cooperation seminar on EU-Japan Business Collaborations in Third Markets, Tokyo, 3 December 2019, https://www.eu-japan.eu/sites/default/files/imce/ahk_eu-japan_business_partnerships_in_3rd_countries_031219.pdf (accessed 3 December 2019).
[126] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).

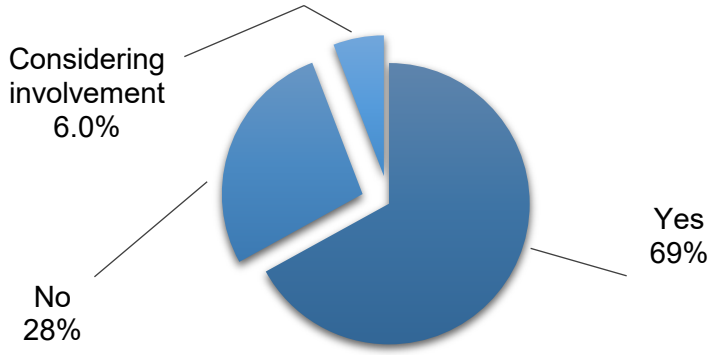


Figure 3. Japanese subsidiary of German companies' involvement in projects/business activities with Japanese partners outside Japan in 2019 (Source: AHK Japan) [127]

2.2.2.2. Form of cooperation

The analysis of the form of business cooperation has been limited by the use of a vast vocabulary of sometimes unclear (legal) definition, especially in terms of task and risk-sharing between the companies involved. Nonetheless, from the review of business cases, three patterns seem to stand out.

A first observation is that **memoranda of understanding** appear to be important and frequent practice to **formalize closer collaboration** between a European and Japanese company, especially in its initial stages. It represents a sort of 'declaration of interests' whereby companies express their will to cooperate, on which grounds, and perhaps more importantly, targeting which third markets. This can be illustrated by case 5 with Hitachi and Veolia: the MoU between both companies was signed a couple of months only after they secured a joint project in Iraq. Furthermore, while the MoU explicitly identified the Middle East, Africa and the Asia Pacific regions as the targets of this collaboration, it can be said that it enabled a favourable background for Hitachi and Veolia to then secure another project in Vietnam in 2015. Another example is the cooperation between NTT DATA and Citibeats which lays out the terms for the joint development of the citizen engagement platform (case 20).

A second observation is that the formalisation of the business partnerships under the form of a **joint-venture** or **consortium** is the standard approach in the case of **project-specific** cooperation. One advantage is that setting up a JV or consortium enables to rather clearly define the investment, tasks, and risks undertaken by each company, as it seems to be the case between Mitsubishi Heavy Industries and Vestas Wind Systems (case 10), or Toyo Kohan and Tosyali Holding (case 26). Setting a JV or consortium has the advantage of leaving the room for a third partner, as is the case for example between Toyota Tsusho and ENGIE in Egypt (case 13).

[127] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).

Project-specific cooperation also encompasses **contract/supplier** business relationship, such as between Mitsubishi Corporation, Toshiba Plant Systems, and thyssenkrupp in case 11.

A third observation is that **acquisitions** appear to be particularly strategic for European and Japanese partnerships overseas, enabling the acquiring company to **diversify its geographical coverage and enlarge its business portfolio**. It is particularly relevant to the cases 19, 24 and 29: the acquisition of Everis by NTT Data enabled the Japanese company to 'acquire' its Latin American portfolio, the acquisition of Chlorine Engineers by the Italian company De Nora its activities in Asia, and the acquisition of CFAO by Toyota Tsusho its foothold in French-speaking Western Africa. Conversely, **investments** from one company into another seem to follow the same ambitions and are particularly driven by innovative and attractive technologies.

2.2.2.3. Third country/regions

Although no comprehensive study enables to obtain a comprehensive understanding of what are the targeted markets for European and Japanese business partnerships for operations in third countries, once again, the business climate survey conducted by the German Chamber of Commerce and Industry in Japan in 2019 provides a useful insight on projects that have been carried out, and German companies' ambitions. The survey asked to German companies present in Japan the "regions in which projects are planned, currently in progress or have already been carried out" between German and Japanese companies. Results demonstrate that Japan represents for German companies a strategic business hub for **Asian markets** which are perceived as the most promising with ASEAN (Vietnam, Thailand, Singapore, Philippines, Myanmar, Malaysia, Laos, Indonesia, Cambodia, and Brunei) concerning 59% of surveyed companies, Greater China 37% and India 20%. The **European market** was also considered as a market with great potential for business partnerships (37%). However, South America and Africa were not considered as appealing markets, respectively concerning 14% and 11% of surveyed companies (Figure 4).

The data provided by the French Embassy in Japan offers a slightly different picture of the targeted third markets when considering cooperation between French and Japanese companies overseas. Indeed, out of the 52 projects identified, a **majority of them are conducted in regions with mainly developing economies,** with 35% projects in **Asia-Pacific**, 23% in **South America**, 15% in **Africa**, and 13% in the **Middle East**; with only 10% of projects in Europe and 4% in North America (Figure 5).[128] This difference might be explained by factors related to the country of origin of the company as exposed before, or by different statistical methods.[129]

[128] Directorate-General of the Treasury of France (in French: DG Trésor), Tokyo Regional Economic Service (in French: Service économique régional de Tokyo), Sustainable Development Division (in French: Pôle Développement Durable), "Energy Transition and Sustainable Cities: Mapping Franco-Japanese cooperation in third countries," 15 april 2020, https://www.tresor.economie.gouv.fr/Articles/2020/04/15/energy-transition-and-sustainable-cities-mapping-franco-japanese-cooperation-in-third-countries (accessed on 23 April 2020).

[129] We notice in particular that the study of the French Embassy in Japan focuses on specific sectors that are "renewable energies (solar, wind, geothermal) and natural gas, railway and public transportation, water and sewerage, as well as waste treatment,"

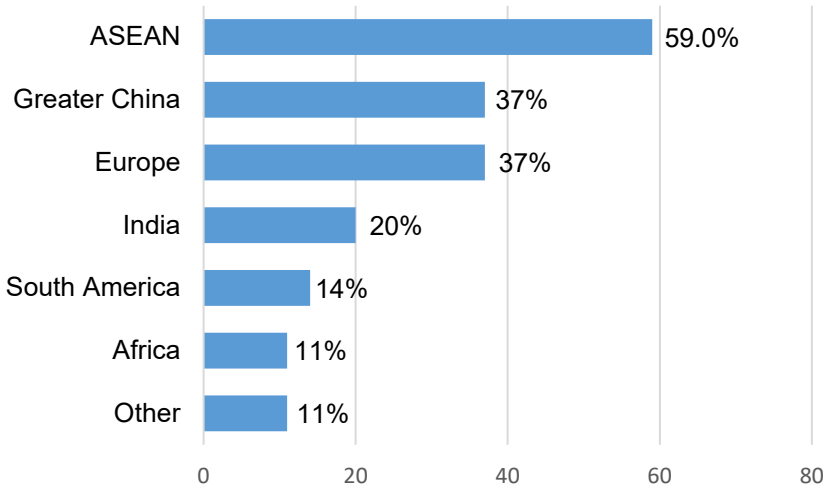


Figure 4. Regions in which projects are planned, currently in progress or have already been carried out between German and Japanese companies in 2019 (Source: AHK Japan) [130]

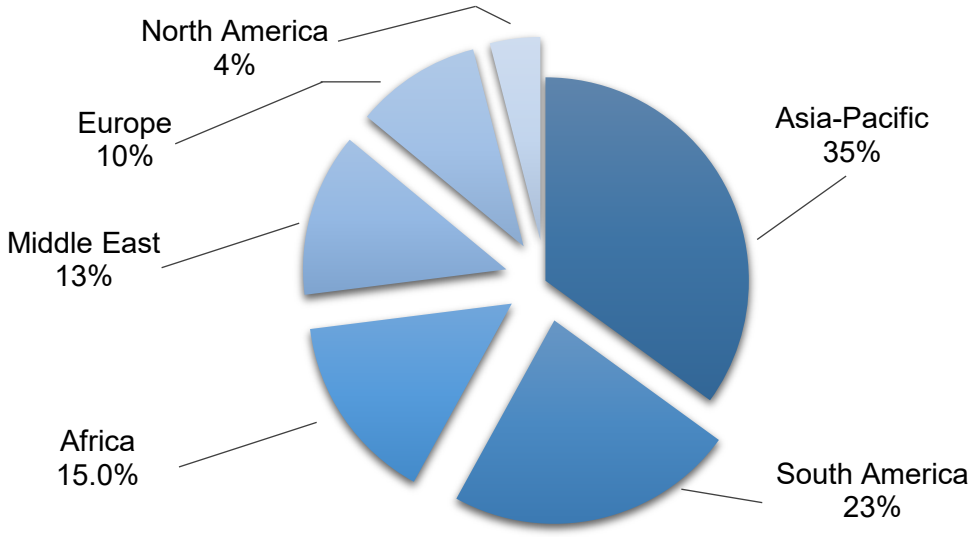


Figure 5. Geographical distribution of identified business cooperation of French and Japanese companies in third countries (Source: French Embassy in Japan) [131]

[130] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).
[131] Directorate-General of the Treasury of France (in French: DG Trésor), Tokyo Regional Economic Service (in French: Service économique régional de Tokyo), Sustainable Development Division (in French: Pôle Développement Durable), "Energy Transition and Sustainable Cities: Mapping Franco-Japanese cooperation in third countries," 15 april 2020, https://www.tresor.economie.gouv.fr/Articles/2020/04/15/energy-transition-and-sustainable-cities-mapping-franco-japanese-cooperation-in-third-countries (accessed on 23 April 2020).

As for Japanese companies, another survey conducted by JETRO offers some hints on markets that are targeted for overseas expansion. Surveyed companies were asked whether they "currently have an overseas base and planning to further expand operations." Results demonstrate first that most targeted regions are in Asia with 67.3% for "ASEAN6" (Singapore, Thailand, Malaysia, Indonesia, Philippines and Vietnam), 55.4% for China, 21.3% for Taiwan, 13.5% for Hong Kong, 13.6% for Korea, and 20.9% for India. Then, Japanese companies show interest for business expansion in European market with 21.9% for Western Europe, 4.5% for Central-Eastern Europe, and 4.1% for Russia & CIS. North America, with the US and to a lesser extent Canada, respectively 32.3% and 3.2% are also among targeted regions. Lastly, other promising market seems Mexico for 4.6% of surveyed companies (Table III)[132]

Table III. Ambitions of Japanese companies for overseas expansion by country and region (Source: JETRO) [133]

Country/region	FY 2018		FY 2017		FY 2016		FY 2015	
	(n=1,050)	Rank	(n=938)	Rank	(n=992)	Rank	(n=895)	Rank
China	**55.4**	**(1)**	49.4	(1)	52.3	(1)	53.7	(1)
Vietnam	**35.5**	**(2)**	37.5	(2)	34.1	(3)	32.4	(4)
Thailand	**34.8**	**(3)**	36.7	(3)	38.6	(2)	41.7	(2)
US	**32.3**	**(4)**	29.0	(4)	33.5	(4)	33.7	(3)
Indonesia	**23.4**	**(5)**	24.8	(5)	26.8	(5)	31.8	(5)
Western Europe	**21.9**	**(6)**	21.5	(6)	19.7	(7)	20.6	(7)
Taiwan	**21.3**	**(7)**	20.0	(7)	20.6	(6)	21.6	(6)
India	**20.9**	**(8)**	18.2	(8)	18.5	(8)	20.1	(8)
Singapore	**15.0**	**(9)**	17.1	(9)	17.7	(9)	16.1	(10)
Malaysia	**14.2**	**(10)**	14.0	(10)	14.7	(11)	15.5	(11)
Korea	**13.6**	**(11)**	12.6	(13)	15.0	(10)	16.5	(9)
Hong Kong	**13.5**	**(12)**	13.6	(11)	14.1	(12)	14.2	(12)
Philippines	**9.9**	**(13)**	13.1	(12)	13.4	(13)	11.3	(14)
Myanmar	**8.7**	**(14)**	10.2	(14)	12.7	(14)	11.5	(13)
Australia	**5.5**	**(15)**	4.3	(18)	4.6	(19)	4.6	(19)
Mexico	**4.6**	**(16)**	6.9	(15)	8.5	(15)	10.9	(15)
Central-Eastern Europe	**4.5**	**(17)**	5.2	(16)	5.9	(16)	7.0	(16)
Russia & CIS	**4.1**	**(18)**	4.1	(19)	4.9	(18)	4.1	(20)
Cambodia	**3.3**	**(19)**	4.8	(17)	5.2	(17)	6.0	(17)
Canada	**3.2**	**(20)**	2.2	(23)	3.2	(22)	3.4	(21)
ASEAN6	**67.3**		69.2		70.5		73.2	

Nonetheless, it is worth mentioning that the picture might be different on the Japanese side in terms of the targeted and ambitions vis-à-vis third country market when considering partnerships *per se* with European companies. Indeed, from the discussions of the author with several Japanese companies, business organisations and officials, it appears Japanese businesses are more inclined to seek partnerships with Europeans **when considering regions in which they have poor foothold** and European companies have experience, such as the African market.[134] This is reflected at the level of the Japanese authorities, which have indeed been concentrating their efforts on encouraging business partnerships in Africa.

[132] JETRO, Overseas Research Department, *FY 2018 Survey on the International Operations of Japanese Firms*, 7 March 2019, Tokyo, https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/jafirms2018.pdf (accessed 5 December 2019).
[133] Ibid.
[134] See 3.1.2. Regional focus: Africa

2.2.2.4. Sectors

In his 2008 study on the cooperation between French and Japanese companies in third countries, Aya Yamazaki highlights several privileged sectors, offering a helpful insight for the case of cooperation between European and Japanese companies. Firstly, **large-scale industrial contracts** seem to draw together companies that have better chances to secure a project as a consortium, and or keen to reduce their own costs and risk-taking. Secondly, **raw materials and energy,** and in particular **renewables**, is a sector in which French and Japanese companies are often jointly awarded projects ranging from exploration rights, to production and commercial exploitation in third markets. Then, other significant areas of cooperation are **electricity production** and **water treatment**, a pattern that seems to be confirmed by the numerous cases compiled in this report. [135]

The data gathered by the French Embassy in Japan confirm these observations (Figure 6). Even more, the study highlights a specific geographical distribution (third market) by sector. Among its main findings are that projects in solar and wind energies tend to be in South American markets (respectively 70% and 56%), while projects in the natural gas sector and in railway and public transportation tend to be located in Asia-Pacific (for both sectors 45%) (Figure 7).[136]

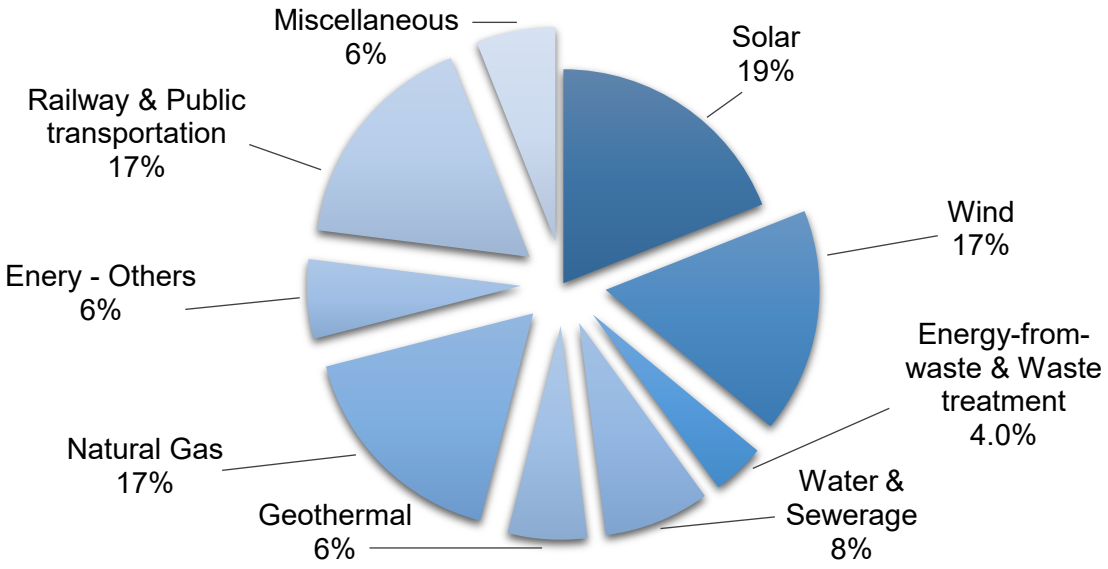
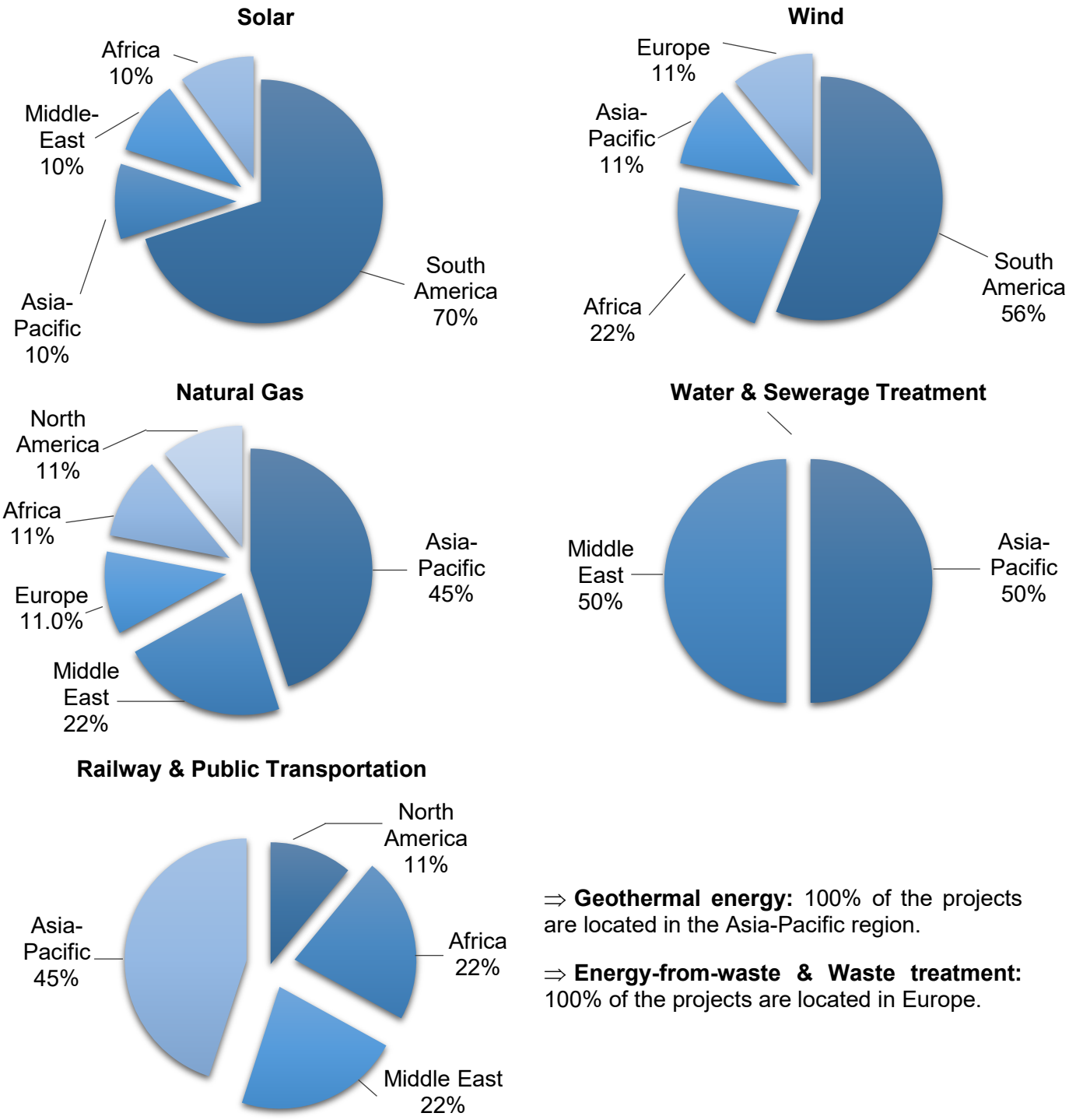


Figure 6. Sectorial distribution of identified business cooperation of French and Japanese companies in third countries (Source: French Embassy in Japan) [137]

[135] Aya Yamazaki, "Cooperation of French and Japanese companies in third markets (original title in French: La coopération des entreprises françaises et japonaises en pays tiers"), *Conference paper,* October 2008, p9-18, https://www.researchgate.net/publication/322419827_La_cooperation_des_entreprises_francaises_et_japonaises_en_pays-tiers (accessed 19 December 2019).

[136] Directorate-General of the Treasury of France (in French: DG Trésor), Tokyo Regional Economic Service (in French: Service économique régional de Tokyo), Sustainable Development Division (in French: Pôle Développement Durable), "Energy Transition and Sustainable Cities: Mapping Franco-Japanese cooperation in third countries," 15 april 2020, https://www.tresor.economie.gouv.fr/Articles/2020/04/15/energy-transition-and-sustainable-cities-mapping-franco-japanese-cooperation-in-third-countries (accessed on 23 April 2020).

[137] Ibid.



⇒ **Geothermal energy:** 100% of the projects are located in the Asia-Pacific region.

⇒ **Energy-from-waste & Waste treatment:** 100% of the projects are located in Europe.

Figure 7. Geographical distribution of identified business cooperation of French and Japanese companies in third countries (Source: French Embassy in Japan) [138]

[138] Directorate-General of the Treasury of France (in French: DG Trésor), Tokyo Regional Economic Service (in French: Service économique régional de Tokyo), Sustainable Development Division (in French: Pôle Développement Durable), "Energy Transition and Sustainable Cities: Mapping Franco-Japanese cooperation in third countries," 15 april 2020,

In addition to these sectors, it seems transportation and digital (in particular for SMEs) are also promising areas of cooperation for European and Japanese companies.

2.3. Drivers for cooperation

If some drivers presented in this section are a prerequisite to any business cooperation, some are also specifically related to a third-country project. Such latter motivations are rooted in a common ambition of the partner companies to create the most favourable conditions for operating in this third country while enhancing the competitiveness of the products and services they offer together. Additionally, collaborations for third-country projects are also driven by the company's respective broader strategy in expanding their activities and for European companies, vis-à-vis their position in Japan.

2.3.1. Long-term relationship

The first driver for the establishment of cooperation between European and Japanese companies is the existence of a long-term relationship between them.

First of all, the case studies demonstrate that **relying on a previous relationship** or the background of a previous collaboration, is in most cases a preliminary condition for engaging in a more perennial form of partnership. It is a crucial step for both companies to get acquainted and build trust with respect to each other's' quality of services and technology, management. For instance, in case 5, in the press release announcing the signature of their MoU for collaboration third-country projects with Veolia Water Technologies, Hitachi explains "the two companies have worked together on numerous other water-related projects. It was this background which led to this most recent and closer collaboration."[139] Similarly in the case of the joint-venture between Tokyo Gas and ENGIE, with both companies stating that their relationship dates back to 1983. Another example is case 24: if De Nora fully acquired Chlorine Engineers in 2010 from Mitsui, it was in contact with the latter as early as in 1969 as they formed the JV "Permelec Electrode".

Cooperation in third countries is also for European and Japanese companies a strategic approach to **build on a long-term relationship** that, beyond the project at stake, may open doors to **new opportunities**. The partnership can thus set the background for other projects. Indeed, an illustration of this dynamic is in the survey of JETRO of Japanese companies for business in Africa. The organization reveals that 25.9% of surveyed companies esteem that advantages for such collaboration reside in the fact that "joint project with partner countries is already showing tangible progress or has the likelihood of moving forward," and 13.0% that in the fact that "business related to project that future partner countries are responsible is either moving forward

https://www.tresor.economie.gouv.fr/Articles/2020/04/15/energy-transition-and-sustainable-cities-mapping-franco-japanese-cooperation-in-third-countries (accessed on 23 April 2020).

[139] Hitachi press release, "Hitachi to Promote Cooperation with Veolia Water Technologies, the World Leader in Water Treatment, on Overseas Water Infrastructure Projects," *Hitachi website*, 11 June 2014, http://www.hitachi.com/New/cnews/month/2014/06/140611b.pdf (accessed 18 November 2019).

or has the likelihood of emerging" (Figure 10).[140] Additionally, for some European companies, and in particular SMEs, partnership in a third country with a Japanese company may also be an initial step to build on the relationship and prove the quality of services and products beforehand to, ultimately, **enter the Japanese market**. This last point may be illustrated by case 22 as French SME IoTerop has expressed that their cooperation with ACCESS has first occurred in Southeast Asia, now targeting the Japanese market.

2.3.2. Complementary technologies and expertise

Another core motivation for European and Japanese companies to enter in business cooperation is, surely, the presence of complementary technologies and expertise.

The first aspect of this complementariness is to **benefit from access to new technologies or new business activities** from one company to another. For example, the case 20 of collaboration between NTT DATA and Citibeats demonstrates the appetite for the Japanese company to benefit from the unique technology of the Spanish start-up. Another example is the case 29 of the acquisition of CFAO by Toyota Tsusho whereby Toyota Tsusho enlarged its business portfolio in the pharmaceutical and mass retail sectors, in which it did not have experience previously.

Meanwhile, complementary technologies and expertise enable to **enhance the competitiveness of the partnership of the two companies**. An illustration of this is the collaboration between Taisei Corporation and Bouygues in a construction project in Myanmar (case 27). Drivers for cooperation include the significant importance of companies' respective strengths in the field, but also of Bouygues' particular experience with heritage conservation and restoration projects in Europe. In fact, complementary technologies and expertise may be at the heart of the business collaboration and imposed by the bid itself to which the companies aim to answer.

2.3.3. Reducing costs / financial contribution

A third driver for European and Japanese partnerships is a financial one: reducing costs and securing the necessary financing may be a crucial challenge for overseas projects.

A study of JETRO on the international operations of Japanese firms reveals that among the main difficulties in doing overseas business is to ensure **cost competitiveness**, as expressed by 36.9% of surveyed companies; a number that rises as up as 49.8% for large-scale enterprises (Figure 11).[141] Against this background, cooperation between European and Japanese firms is of strategic importance to reduce costs as it can enable the companies to rely on their partner local resources. This observation is confirmed in part by the survey of JETRO on perceived advantages

[140] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).
[141] JETRO, Overseas Research Department, *FY 2018 Survey on the International Operations of Japanese Firms*, 7 March 2019, Tokyo, https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/jafirms2018.pdf (accessed 5 December 2019).

for such collaboration for Japanese companies in Africa, in which 15.6% of them answered the "us[e] the infrastructure network developed" by the partner company as one of them (Figure 10).[142] This latter point is particularly relevant in the case 26: by manufacturing steel in a JV located in Turkey, Toyo Kohan has gained easier access to markets in the Middle East and Africa. The same observation can be made for case 25. Furthermore, an article of the Nikkei Asian Review explains such partnerships can have the advantage of reducing costs for sectors such as the agrochemical industry because the government approval and the regulatory barriers may be complicated to overcome: "by supplying key chemicals and jointly developing new products, the hurdles can be cleared with far less hassle and financial outlay."[143]

Another challenge highlighted by Japanese firms to internationalize is for 21.0% of them, of which 23,3% for SMEs, to **acquire the necessary funding** (Figure 11).[144] Partnership can indeed be an advantage with respect to a **particular financial strength of one of the partner company**, as in the case 7 between Acciona and Mitsubishi Corporation, in which the latter pointed out benefitting from "strong financial support by export credit agencies and lenders." Additionally, for European companies, partnering with a Japanese company might induce easier access to information related to projects to which JICA has provided assistance, as well as to export credits provided by JBIC, and vice versa. This approach is illustrated by the strategic partnership concluded by Azusa Sekkei and Ingérop, and which mentions specific cooperation for projects commissioned by JICA, AFD and ADB (case 28).

2.3.4. Market intelligence, local know-how and human resources

Market intelligence, local know-how and human resources are one of the main drivers for European and Japanese partnerships for operating in third countries, as it appears for instance in the JETRO Survey on the international operations of Japanese firms. Among the main difficulties highlighted by surveyed companies are first, 54.5% of them, of which 67.3% large-scale enterprises, having **employees that can handle overseas business**, and for 54.2% of them have **local business partners**. Other challenges include for 45.1% of them having **information about local markets**, such as on the likes and needs of consumers, and for 42.5% of them obtaining **information about local systems**, such as on **tariffs, regulations, permits and licenses** (Figure 11).[145]

European and Japanese partnerships thus appear as answering considerably to these needs. Indeed, 34% of German companies in Japan affirm that one of the advantages of such partnerships is the "easier accessibility of foreign markets due to internationalization" (Figure

[142] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).
[143] Tomohiro Arao and Takahisa Miwa, "Partnering with overseas players a win-win situation," *Nikkei Asian Review*, 8 December 2015, https://asia.nikkei.com/Business/Partnering-with-overseas-players-a-win-win-situation (accessed 19 December 2019).
[144] JETRO, Overseas Research Department, *FY 2018 Survey on the International Operations of Japanese Firms*, 7 March 2019, Tokyo, https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/jafirms2018.pdf (accessed 5 December 2019).
[145] JETRO, Overseas Research Department, *FY 2018 Survey on the International Operations of Japanese Firms*, 7 March 2019, Tokyo, https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/jafirms2018.pdf (accessed 5 December 2019).

6).[146] Conversely, 65.0% of Japanese companies in Africa also underlined that such partnerships represent an opportunity for the "ab[ility] to leverage the network including business connection owned by companies of the future partner countries" (Figure 10).[147] This driver of acquiring market intelligence, local know-how and human resources is particularly illustrated in the case 29. Toyota Tsusho executives indeed affirmed that "the biggest achievement we noticed after the acquisition was that we had gain human resources with over 20, 30 years of experience in Africa." [148]

2.3.5. Pooling risks

Another driver that is not expressively mentioned by companies when entering partnerships, despite being nonetheless important, is the advantage of pooling risk. This benefit is crucial in some **risky markets such as in Africa** (Figure 8). [149] As pointed out by some trading companies in a study of JETRO, these **risks are diversified and difficult to predict**, even for companies having a strong knowledge and experience on the local conditions. Indeed, JETRO recalls business conditions may be considerably affected by many brutal changes among which a change of government following a *coup d'état*, popular uprising, economic fluctuations greatly influenced by the price of resources, or the lack of foreign currency.[150] Moreover, risks may also arise not primarily from the characteristics of the project itself, but also from 'solely' its large-scale, making it impossible for a company alone to assume all the risks and costs alone. [151] It is, for example, the case in the sector of geothermal energy, in which the Nikkei Asian Review argues that "companies have been reluctant to participate in projects that harness the planet's thermal energy because of the large investments needed," suggesting that business partnerships might be part of the solution to this problem. [152]

This need for pooling risk is in part observable when looking at the financing of projects such as in case 13 of collaboration between Toyota Tsusho and ENGIE for a wind farm project in Egypt. The project is indeed being financed by several Japanese, French and Egyptian banks, covered by NEXI, an insurance corporation owned by the Japanese government.

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[146] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).
[147] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).
[148] JETRO, London Office, Overseas Research Department, Middle East & Africa Division, *Possibilities of collaboration with Japanese companies in Africa* (original title in Japanese: 主要国企業のアフリカ展開と日本企業との提携可能性), April 2018, https://www.jetro.go.jp/ext_images/_Reports/01/599d8aef3f68f9ff/20180001.pdf (accessed 25 November 2019).
[149] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).
[150] JETRO, London Office, Overseas Research Department, Middle East & Africa Division, *Possibilities of collaboration with Japanese companies in Africa* (original title in Japanese: 主要国企業のアフリカ展開と日本企業との提携可能性), April 2018, https://www.jetro.go.jp/ext_images/_Reports/01/599d8aef3f68f9ff/20180001.pdf (accessed 25 November 2019).
[151] Aya Yamazaki, "Cooperation of French and Japanese companies in third markets (original title in French: La coopération des entreprises françaises et japonaises en pays tiers"), *Conference paper,* October 2008, p3, https://www.researchgate.net/publication/322419827_La_cooperation_des_entreprises_francaises_et_japonaises_en_pays-tiers (accessed 19 December 2019).
[152] Kenta Ando, "Indonesia lures Sumitomo to its geothermal power sources," *Nikkei Asian Review*, 19 December 2019, https://asia.nikkei.com/Business/Energy/Indonesia-lures-Sumitomo-to-its-geothermal-power-sources2 (accessed on 14 January 2020).

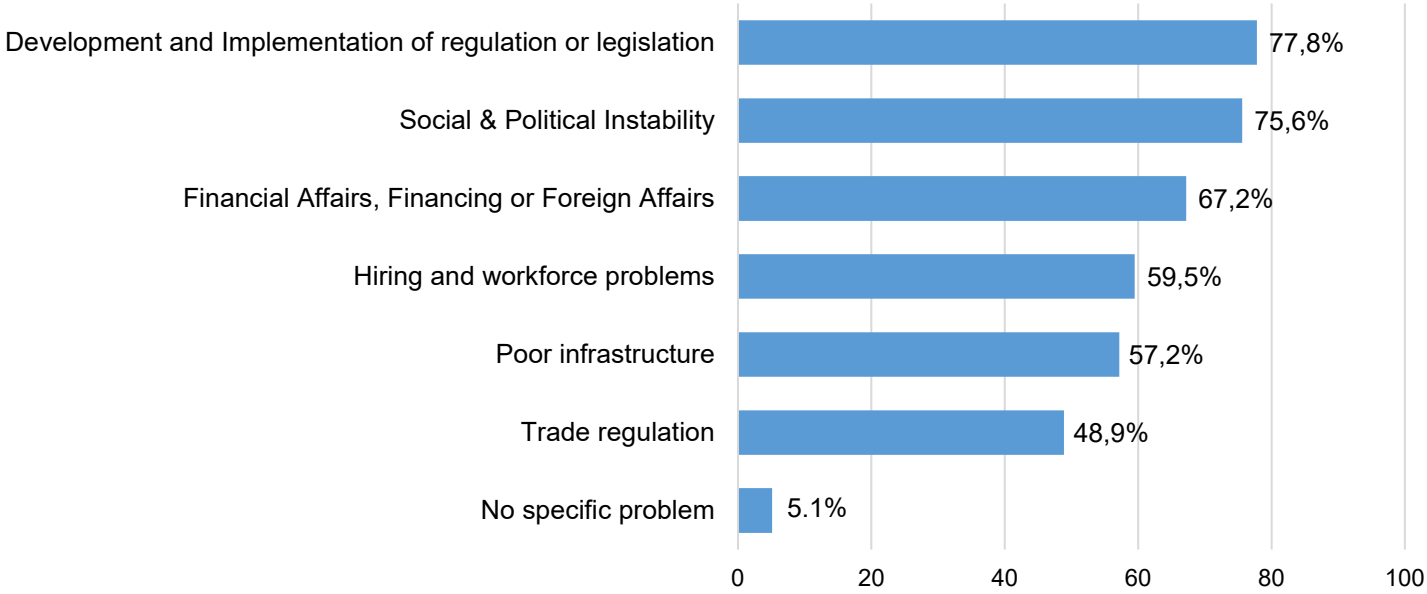

Figure 8. Perceived investment environment risks (multiple answers) for Japanese companies for business in Africa (Source: JETRO) [153]

2.3.6. Expansion of business activities

Naturally, drivers for European and Japanese partnerships for overseas projects are also **anchored into each company's broader strategy in terms of expansion of its business activities, including geographically**. For example, German companies are 51% assert that one of their motivation for partnership is to "mak[e] use of the [the] company's global sales & services network" (Figure 9).[154] This approach can be illustrated by case 17, with Marubeni's investment in Azuri Technologies being driven by very innovative technology, but also by an ambition to expand in developing markets.

2.3.7. Strategic importance of the Japanese subsidiary

Another key driver for European companies to engage in partnership with Japanese companies overseas is also to **reinforce the strategic importance of their Japanese subsidiary to the company**. This advantage was indeed considered by 30% of surveyed German companies as an advantage of such a cooperation. This parameter may be also

[153] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).
[154] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).

reinforced to the extent that some of them (13%) consider the Japanese market as saturated, and thus feel the need to explore third markets through the Japanese subsidiary (Figure 9).[155]

2.3.8. Compliance standards and corporate culture

The last parameter that seems to contribute to driving European and Japanese companies in collaborating in third countries is convergences in compliance standards. For instance, one company representative has highlighted in a public intervention that one of the key assets of partnering with French companies has indeed been to **gain leverage on avoiding corruption and ensure transparency**, facing sometimes some challenging third-country counterparts. Similarly, if the differences between European and Japanese corporate culture might be challenging for business cooperation, some similarities can stand out. In this regard, Aya Yamazaki stresses for example that collaboration between Japanese and French companies might be eased by the fact that French companies are traditionally rather aiming for the long-term management of their activities. It contrasts with, for instance, their American counterparts that are more likely to prioritize short-term profit.

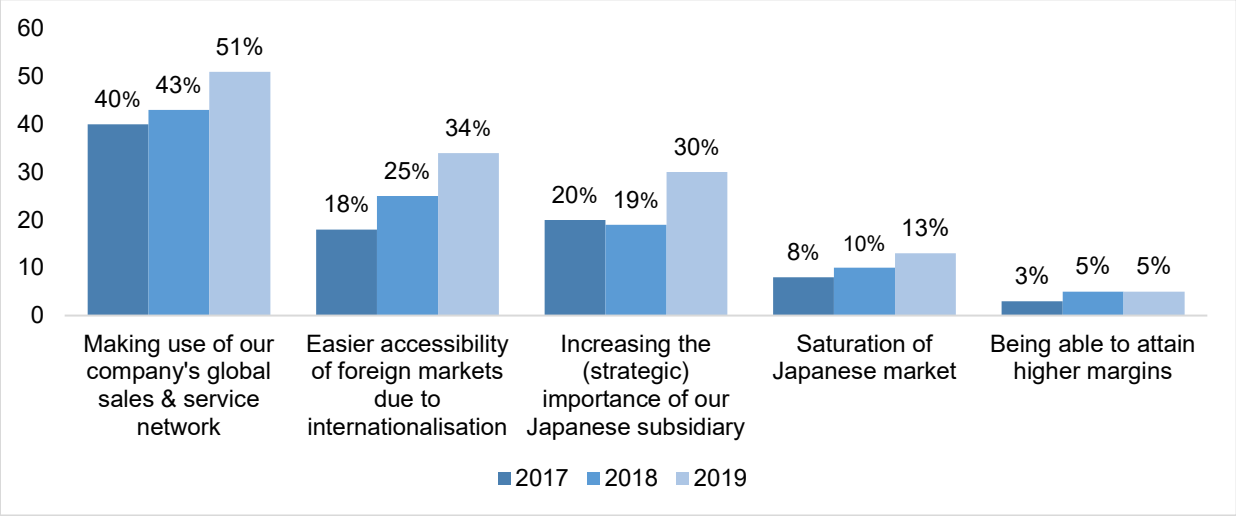

Figure 9. Japanese subsidiary of German companies' main reasons for involvement in third-country projects with Japanese companies (Source: AHK Japan) [156]

[155] German Chamber of Commerce and Industry in Japan (AHK Japan) and KPMG AG Wirtschaftsprüfungsgesellschaft , *German Business in Japan 2019*, January 2019, Tokyo, https://japan.ahk.de/fileadmin/AHK_Japan/Dokumente/German_Business_in_Japan_2019_EN.pdf (accessed 7 November 2019).
[156] Ibid.

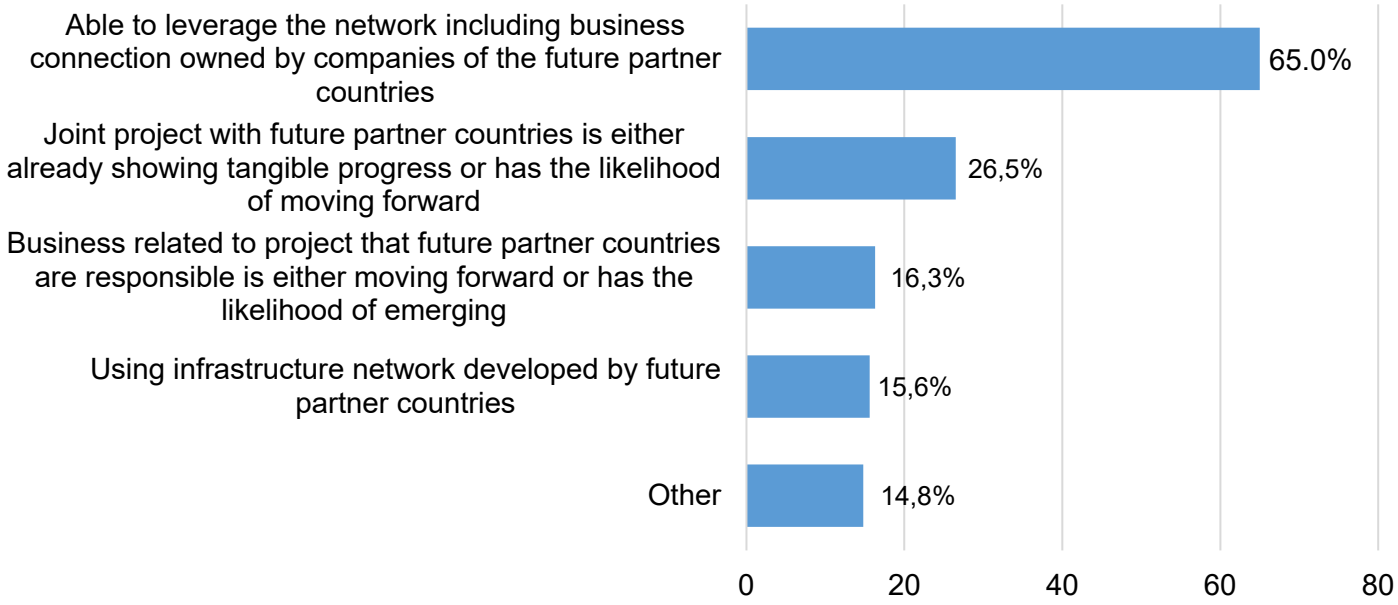

Figure 10. Perceived opportunities and advantages (multiple answers) for collaboration with Third-Country Companies for Japanese companies for business in Africa (Source: JETRO) [157]

[157] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).

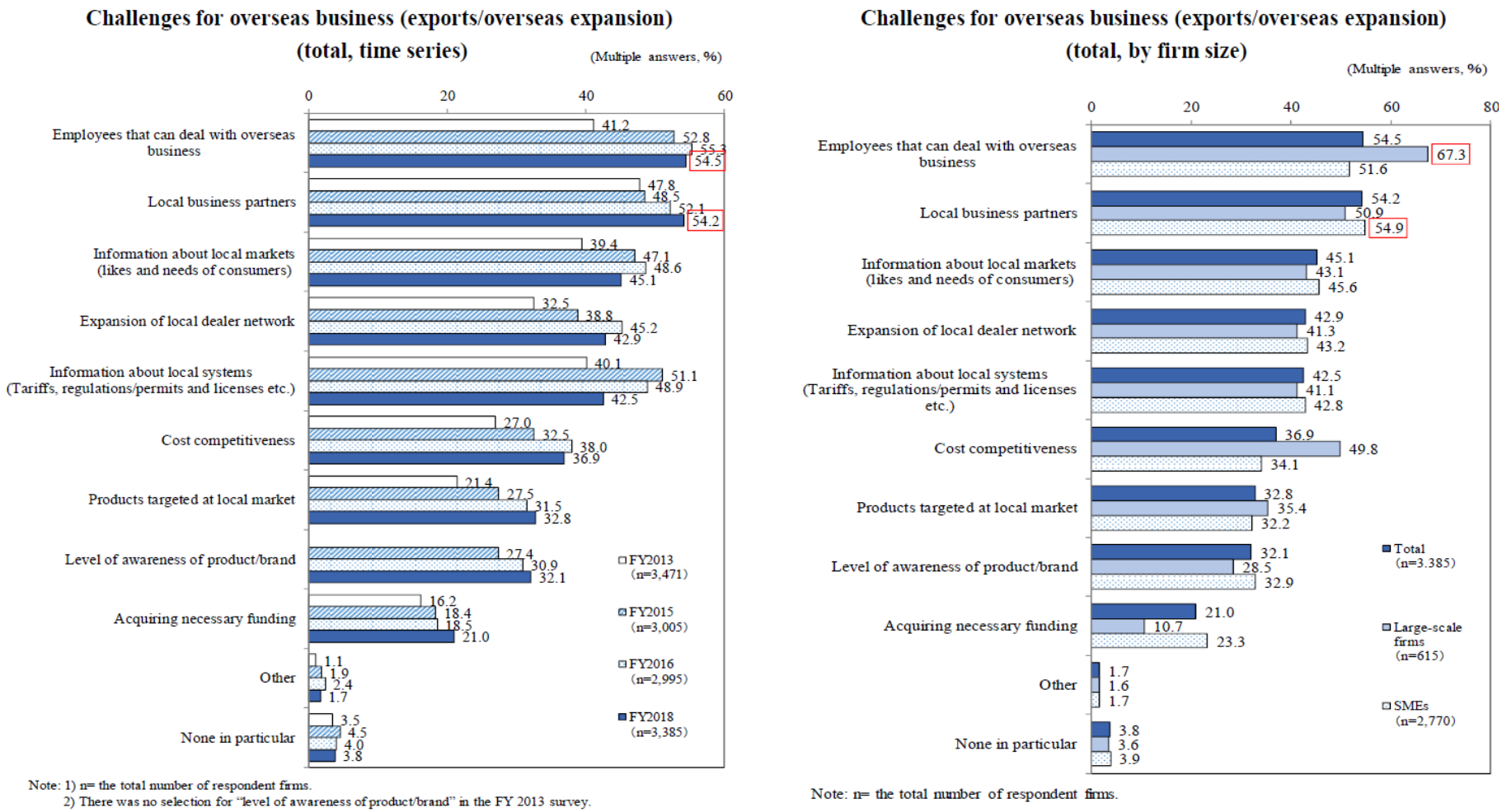

Figure 11. Challenges for overseas business for Japanese companies (Source: JETRO)[158] [159]

[158] JETRO, Overseas Research Department, *FY 2018 Survey on the International Operations of Japanese Firms*, 7 March 2019, Tokyo, https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/jafirms2018.pdf (accessed 5 December 2019).

[159] JETRO's appreciation of the size of enterprises (large-scale/SME) differs from the definition used in this report, and is based on Japan's Small and Medium-sized Enterprise Basic Act. For more information: https://www.chusho.meti.go.jp/sme_english/outline/08/01_01.html

2.4. Cooperation schemes

In terms of cooperation schemes for business cooperation in third countries, two studies provide a helpful classification. The first is the paper of Aya Yamazaki on the case of French and Japanese business cooperation in third countries and cited previously several times already. The second is the Chinese government report on "Third-Party Market Cooperation Guidelines and Cases," released by China's National Development and Reform Commission on 4 September 2019.[160] Combined, the two documents introduce five models of cooperation in third markets that can be applied to the cooperation of European and Japanese businesses.

2.4.1. Cooperation in products and services

Cooperation in products and services is defined by the Chinese government as a situation whereby "Chinese businesses and their international counterparts **collaborate in equipment procurement, certification and licensing, legal and business consulting** and other aspects, **providing total solutions to customers** in third-party markets." [161] An example is case 3, in which equipment provided by each of the partner companies for Doha's metro is greatly detailed. Furthermore, an important area of cooperation highlighted by several Japanese companies with whom the author discussed is O&M. Indeed, on the Japanese domestic market, O&M are often left to a utility company or a general trading company so Japanese companies might be interested in collaboration with EU companies that are more familiar with handling it.

Similarly, Aya Yamazaki distinguishes a cooperation scheme revolving around the **supply of equipment and services** for projects in third countries. He defines it as having two main characteristics: on the one hand a production facility located in a third country, and on the other hand, a supplier of capital goods or services to the first. Indeed, beyond a mere seller-to-buyer relationship, it reveals particularly stronger ties to the extent that "the acquisition of funds is based on Project Financing and that in that the very feasibility depends a lot on the capacity of EPC contractors." [162]An illustration of this approach applied to EU-Japan business cooperation is the case 11 where thyssenkrupp's Indian subsidiary supplies three boilers to Mitsubishi Corporation and Toshiba Plant System & Services Corporation thermal plant project in the Philippines. Other examples include projects Japanese production centres in Asia in which SUEZ or Veolia or conferred water treatment.

2.4.2. Cooperation in engineering

The second cooperation scheme is cooperation in engineering, defined by the Chinese guidelines as when "Chinese businesses and their international counterparts collaborate on projects in third-party markets in such forms as **EPC contracting, sub-contracting, joint**

[160] National Development and Reform Commission, People's Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).
[161] Ibid.
[162] Aya Yamazaki, "Cooperation of French and Japanese companies in third markets (original title in French: La coopération des entreprises françaises et japonaises en pays tiers"), *Conference paper,* October 2008, p7, https://www.researchgate.net/publication/322419827_La_cooperation_des_entreprises_francaises_et_japonaises_en_pays-tiers (accessed 19 December 2019).

bidding, and etc." [163] Likewise, Aya Yamazaki identifies joint-orders as a particular framework of cooperation by which French and Japanese companies are jointly awarded large-scale industrial and infrastructure projects, often under an Engineering Procurement and Construction (EPC) contract. These joint orders have costs ranging between several hundred million and several billion dollars, and thus, companies alone may not undertake them in terms of resources, technique, and risks. The partnership of several companies hence appears as imperative to conduct the project. In terms of contractual responsibility, Aya Yamazaki underlines that there are cases where the responsibility is assumed jointly by both parties and others in which one acts as a subcontractor. [164]

An illustration of this scheme is the cooperation of Hitachi and Veolia on the desalination plant in Iraq and the sewage treatment facility in Vietnam (case 5). Another example may also be the geothermal power generation project in Indonesia undertaken by a consortium comprised of Sumitomo Corporation, ENGIE, and Indonesian company Supreme Energy, and of which the construction cost amounted to 640 million US dollars (case 9).

2.4.3. Cooperation in investment

Another scheme is cooperation in investment that is defined by the NDRC guidelines as when "Chinese businesses and their international counterparts **invest together in third-party markets through mergers and acquisitions, establishment of joint ventures, shareholding** etc., in which they **share both risks and benefits**." Parties jointly participate in the capital of the activity and share the risks in terms of operations and management. [165] [166]

Plenty of the above cases fall within this category. In terms of large-scale infrastructure projects, an example is the Bakou-Tbilisi-Ceyhan oil pipeline where parties had acquired exploration and production rights, sharing the risks and the profits of the activity by co-investing (case 8). As for acquisitions, they are the examples of NTT DATA and Everis Participaciones (case 19), or Toyota Tsusho and CFAO (case 29). For joint-ventures, the examples of Mitsubishi Heavy Industries and Vestas Wind Systems (case 10) or Mitsubishi Corporation and EDF for the investment platform on renewables in Africa (case 15), and most cases of collaborations between large and companies and SMEs.

[163] National Development and Reform Commission, People's Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, p24, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).
[164] Aya Yamazaki, "Cooperation of French and Japanese companies in third markets (original title in French: La coopération des entreprises françaises et japonaises en pays tiers"), *Conference paper,* October 2008, p4-5, https://www.researchgate.net/publication/322419827_La_cooperation_des_entreprises_francaises_et_japonaises_en_pays-tiers (accessed 19 December 2019).
[165] National Development and Reform Commission, People's Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, p46, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).
[166] Aya Yamazaki, "Cooperation of French and Japanese companies in third markets (original title in French: La coopération des entreprises françaises et japonaises en pays tiers"), *Conference paper,* October 2008, p5-6, https://www.researchgate.net/publication/322419827_La_cooperation_des_entreprises_francaises_et_japonaises_en_pays-tiers (accessed 19 December 2019).

2.4.4. Cooperation in industry and finance combination

The fourth scheme is the cooperation in industry and finance combination, a situation whereby: "Chinese financial institutions and their international counterparts **collaborate through syndicated loans, joint-financing, on-lending, equity investment**, and etc. in third-party markets to **broaden financing channels for businesses** and **reduce financing risks for themselves**, so that the co-existence and co-prosperity of industry and finance can be promoted."[167]

Similarly, Aya Yamazaki highlights project financing as a cooperation scheme in itself. Indeed, several cases demonstrate that the **partnership between the two parties can be driven by the access to financing provided by the other party's government and financial institutions**. Indeed, several financial products granted by the Japanese public sector are particularly flexible compared to their European counterparts and may cover a wide range of non-Japanese products in the field of development, such as export credits, investment credits or credits for the development of natural resources provided by JBIC. For example, as a rule of thumb, Japanese products need to represent only around 30% for the entire package to be covered by JBIC export loans. Additionally, Aya Yamazaki underlines that cooperation in project financing may also involve coordination of aid between France and Japanese institutions for the project at stake, but also cooperation from the two countries' commercial banks.[168] [169]

An illustration of this cooperation in industry and finance combination is the wind farm project in the Gulf of Suez (case 13) of Toyota Tsusho and ENGIE. Indeed, the total cost amounted to 400 million US dollars, with JBIC providing 60% senior loan, and 40% coming from Sumitomo Mitsui Banking Co. and Société Générale, covered by NEXI – which is, speaking of, a very typical financing arrangement with 60% provided by JBIC and 40% by commercial banks.[170] Another example can also be the "energy-from-waste" facility project in Serbia undertaken by SUEZ and ITOCHU, which is a joint investment of the EBRD, the IFC, and the Austrian development bank (case 6).

2.4.5. Strategic cooperation among businesses

The fifth cooperation scheme consists in **cases of strategic cooperation among businesses**: "by entering into strategic cooperation agreements, establishing alliances or making other efforts, Chinese businesses and their international counterparts carry out **all-round, multi-field and multi-level cooperation in third-party markets, involving R&D, manufacturing, engineering, logistics, funding and talents.** While drawing upon each other strengths, they

[167] National Development and Reform Commission, People's Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, p62, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).
[168] Aya Yamazaki, "Cooperation of French and Japanese companies in third markets (original title in French: La coopération des entreprises françaises et japonaises en pays tiers"), *Conference paper,* October 2008, p7-9, https://www.researchgate.net/publication/322419827_La_cooperation_des_entreprises_francaises_et_japonaises_en_pays-tiers (accessed 19 December 2019).
[169] Aya Yamazaki (Executive Officer at JGC Holdings, and Vice-President of the Paris Club), in discussion with Masami Marbot, Yokohama, 20 January 2020.
[170] Ibid.

bring more development opportunities to third-party markets." [171] Several examples of EU and Japan business cooperation may belong to this category such as the collaboration between NTT DATA and Citibeats (case 20) on the joint development of a citizen engagement platform.

2.5. Challenges

Notwithstanding the benefits of business cooperation of European and Japanese companies in third markets, several challenges may affect the cooperation itself, such as of differences in language, culture and management; but also prevent companies from seeking cooperation, with the issue of distinguishing whether their counterparts are more promising partners than competitors.

2.5.1. Language, culture and management

A first challenge that appears when entering negotiations for cooperation, as well as to jointly conduct a project, are the problems of **language and cultural barriers**, together with **differences in management** views. The latter can significantly impact negotiation processes, handling of the delivery of the final product, and perhaps even compliance standards. It can also be emphasized by parameters such as geography and time difference between the local teams in the third country, and the European and Japanese headquarters.

Differences in management views and corporate culture may also impact business partnerships more tangibly. As a matter of fact, in his study on French and Japanese business partnerships for operating in third countries, Aya Yamazaki has compiled several comments of companies on significant differences in management views. For French companies, among the main challenges encountered when working with their Japanese companies was organisational pitfalls, whereby Japanese companies would attach more importance to formality and procedure at the expense of results. Similarly, French companies would deplore the slowness of decision-making as Japanese companies' decision-making is more based on consensus, as well as the length of time to build a trust-based relationship with Japanese businesses. As for Japanese companies, they would be bothered by French "Cartesian spirit," that is the highly logical and analytical decision-making and management, and the subsequent harshness in negotiations, while conversely recognizing these characteristics as virtues. [172]

Complications due to differences in management views on the partnership can considerably escalate when operating in third countries. Furthermore, in particular in Africa where the legal system is in some places often underdeveloped, differences on matters such as

[171] National Development and Reform Commission, People's Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, p74, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).
[172] Aya Yamazaki, "Cooperation of French and Japanese companies in third markets (original title in French: La coopération des entreprises françaises et japonaises en pays tiers"), *Conference paper,* October 2008, https://www.researchgate.net/publication/322419827_La_cooperation_des_entreprises_francaises_et_japonaises_en_pays-tiers (accessed 19 December 2019).

compliance, investment ratio, or the leading team of the project at stake can be emphasized by the fact that **conflicts may not be judged in light of local legal or mediation system**.[173]

Additional to cultural differences between European and Japanese companies, cultural differences between SMEs and large enterprises are also to be taken into account. In Figure 12, Accenture realized a breakdown of the "cultural divide" between startups and large companies, ranging from innovative or decision-making process, to risk aversion and investors' expectations.[174]

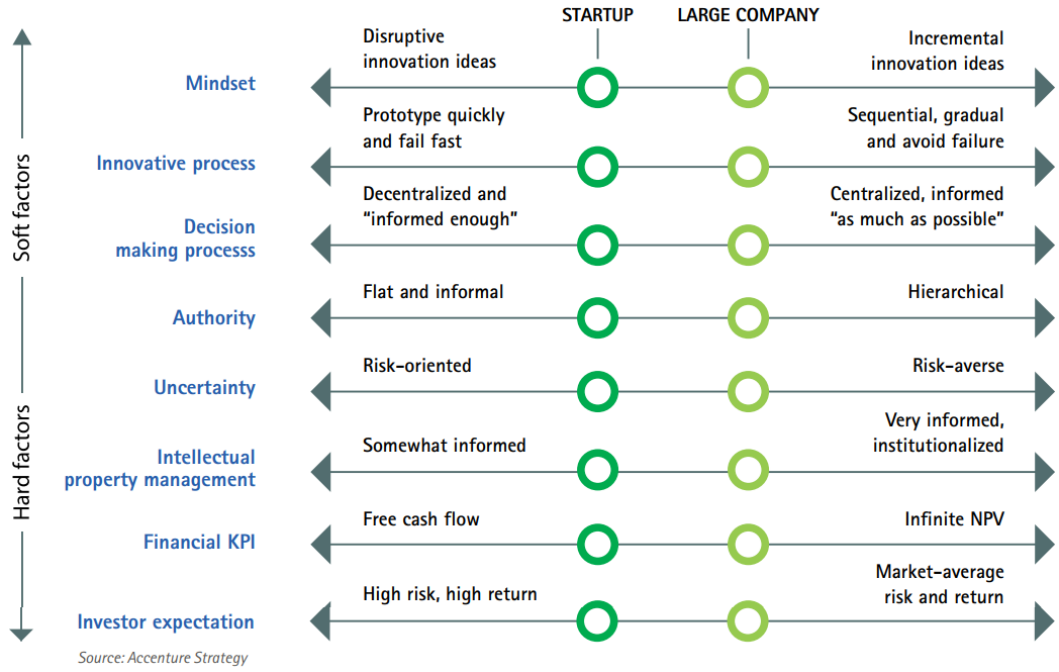

Figure 12. Comparative cultural trends between startups and large companies (Source: Accenture)[175]

2.5.2. Partners and competitors

Another challenge that appears as perhaps an obstacle to new partnerships between European and Japanese is that beyond being potential partners, they may also be competitors on those specific third-country markets, which matters if the companies are solely considering a punctual partnership. **Fear of leakage of technology and strategic information** can be a

[173] JETRO, London Office, Overseas Research Department, Middle East & Africa Division, *Possibilities of collaboration with Japanese companies in Africa* (original title in Japanese: 主要国企業のアフリカ展開と日本企業との提携可能性), April 2018, https://www.jetro.go.jp/ext_images/_Reports/01/599d8aef3f68f9ff/20180001.pdf (accessed 25 November 2019).

[174] Accenture, *Harnessing the Power of Entrepreneurs to Open Innovation*, 2015, https://www.accenture.com/t20151005t162506_w_/us-en/_acnmedia/accenture/next-gen/b20/accenture-g20-yea-2015-open-innovation-executive-summary.pdf (accessed 9 March 2020).

[175] Accenture, *Harnessing the Power of Entrepreneurs to Open Innovation*, 2015, https://www.accenture.com/t20151005t162506_w_/us-en/_acnmedia/accenture/next-gen/b20/accenture-g20-yea-2015-open-innovation-executive-summary.pdf (accessed 9 March 2020).

hindrance to cooperation.[176] Furthermore, the ultimate concern is thus that company A, by partnering with company B for a specific project, will introduce its network including its clients, expertise of the local market and technologies to company B. After the project, company B will have acquired local know-how and could stand on its own feet, and even compete with company A for future projects with the clients it was introduced. We indeed observe that for instance in Africa, if European companies are perceived as promising for business cooperation, they are also considered by Japanese companies as serious competitors (Figure 13). Notwithstanding, it is worth mentioning the issue of competition may **vary greatly from one sector to another**: if competition might heavily prevent collaboration in for instance the automotive sector, it might be less relevant for example in construction in which companies may have clearer specialization and expertise.

Another challenge that may appear is in the case that the potential partner company A is having business with the competitors of the company B. Indeed, this problem happens in the case 29 of the acquisition of CFAO by Toyota Tsusho: CFAO lost certain distribution contracts with other Japanese companies such as Isuzu or Nissan.

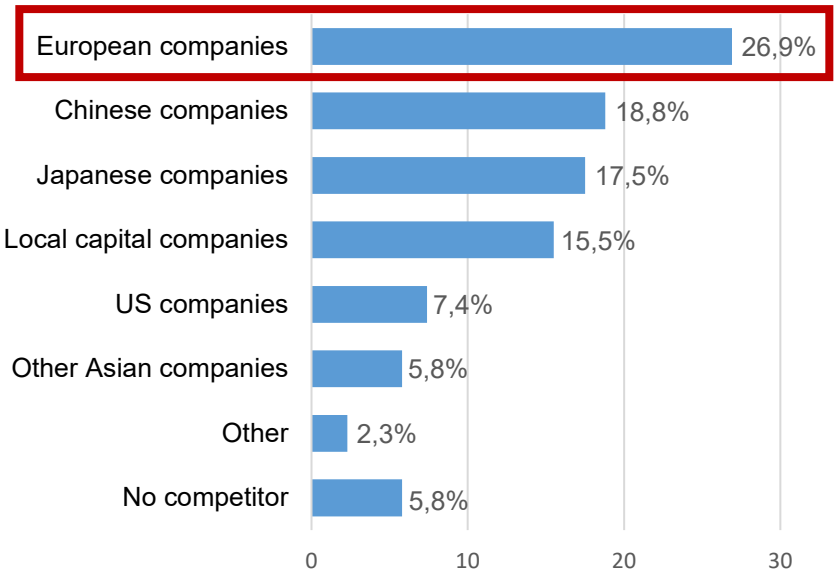

Figure 13. Perceived third-country companies with the most competitive relationship by Japanese companies for business in Africa (Source: JETRO) [177]

[176] Japanese Government, *Agenda of the 39th Meeting on Strategy relating Infrastructure Export and Economic Cooperation (17 October 2018) on the theme of third country cooperation* (original title in Japanese: 第３９回経協インフラ戦略会議（2018 年 10 月 17 日）テーマ：第三国連携　議事次第), 17 July 2018, https://www.kantei.go.jp/jp/singi/keikyou/dai39/siryou1.pdf (accessed 26 February 2020).

[177] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).

3. OPPORTUNITIES

This third section endeavours to provide some hints on the opportunities for EU and Japan business cooperation in third markets. It offers a snapshot of the political and market conditions for business collaboration in third countries, including on development issues, while providing some suggestions on interesting business trends that may favour EU-Japan business cooperation in third markets.

Section Summary

As for the political landscape, it is important to notice that the EU is not the only institutional actor to reach out to Japan with a third-market strategy. At the bilateral level, France since 2015, and the UK since 2017, have had several initiatives following those purposes. Besides, in the past five years, the Japanese government has strengthened ties with other privileged partner countries for jointly exploring business opportunities in third markets, of which in particular the US, China, India, and South Africa.

Another important parameter to take into account is that EU-Japan business cooperation in third countries may be greatly supported by the EU and Japan joint and respective **infrastructure export strategy** and **development policies**. Indeed, the global demand for infrastructures is expected to increase in both developing countries which aim to answer to the basic needs of their people, but also in advanced economies because of a need to renovate and modernise aging infrastructures. According to a 2017 study from the McKinsey Global Institute, **3.7 trillion US dollars a year of investment in economic infrastructure are needed to 2035**, of which **54% in Asia** and **63% in emerging economies**.[178]

On the financing of the EU-Japan Connectivity *per se*, the Connectivity Partnership refers to the 2018 MoUs between the European Investment Bank (EIB) and the Japan Bank for International Cooperation (JBIC), as well between the EIB and the Nippon Export and Investment Insurance (NEXI). Some hints are provided on their approach as they "aim to promote cooperation between the parties to support sustainable economic and social development and to create business opportunities for Japan and the EU both within and outside Europe," and innovation and environmental conservation are cited as examples of common areas of interest. Similarly, the MoU concluded between the EIB and the Japan International Cooperation Agency in 2019 indicates the ambition of the two institutions to explore "co-financing and co-investment opportunities in projects conducted in developing countries" concerning "relevant issues – for example: transport, quality infrastructure investment, microfinance and renewable energy sources."

In addition, companies might be interested in delving into the **EU and Japan's respective agenda for infrastructure export**. Indeed, last November 2019 marked a turning

[178] Jonathan Woetzel, Nicklas Garemo, Jan Mischke, Priyanka Kamra and Rob Palter, "Bridging Infrastructures Gaps – Has the World made progress?," *McKinsey Global Institute,* October 2017, https://mck.co/2SxJt7D (accessed 10 February 2020).

point for the EIB as it announced its new climate strategy and Energy Lending Policy. The latter comprises a key commitment of the EU Bank to end financing fossil fuel energy projects from the end of 2021, as well as an engagement to prioritise clean energy innovation, energy efficiency and renewable energy. As for the Japanese government, its 2019 revised strategy relating to infrastructure export and economic cooperation highlights four priorities: the promotion of public and private sector cooperation to strengthen competitiveness, including increasing the risks covered by JBIC and expand measures in public finance; strategic efforts for getting orders by notably relying on cooperation with foreign governments and companies; an approach to a wide range of infrastructure fields with a focus on smart cities and IT, and the promotion of the concept of "quality infrastructure," which was endorsed by the G20 at the 2019 Osaka Summit.

Key stakeholders for European companies looking for Japanese partners for overseas projects are the **Japanese general trading companies**. Unique Japanese actors because of their large size and scope, their extremely diversified activities, products, services, industry-wise and geographically, there are currently seven of them: Mitsubishi Corporation, Mitsui & Co, Itochu Corporation, Sumitomo Corporation, Marubeni Corporation, Toyota Tsusho Corporation, Sojitz Corporation. Japanese general trading companies together have a total sales volume which approximately accounts for **15% of the country's GDP**, **30% of imports**, and **18% of exports.** [179] Their multifaceted role with regard to third-country business cooperation makes them privileged contact points to European companies. They are intermediaries, managing and taking charge of orders from contractors and thereby choosing products and equipment from manufacturers or to engage in joint-bidding and consortia; but also financing coordinator, including with Japanese public financial institutions, as well as considerable investors. Another important window of opportunity for European companies, and in particular SMEs, is the recent shift of Japanese companies to a **strategy of open innovation**, which is particularly relevant in the industries of telecommunications, automotive, electronics and railway.

3.1. Third-market strategies

3.1.1. General overview: between markets and politics

As mentioned in the introduction of this report, the Connectivity Partnership has a key political dimension, being portrayed as a response and alternative to, in particular, China's BRI and US initiatives which have been increasingly bilateral in recent years. Beyond infrastructure exports and trade, the Connectivity Partnership calls for in-depth cooperation with third countries. However, Martin Schulz reminds us that **business cooperation in third countries is "nothing new"**, and **a market-led "natural process of globalisation**." The Senior Economist at Fujitsu

[179] Patrick Ryan, "Reflecting the nation's history, 'sogo shosha' are unique to Japan," *The Japan Times*, 16 October 2018, https://www.japantimes.co.jp/news/2018/10/16/business/reflecting-nations-history-sogo-shosha-unique-japan/#.Xi56Xk_7SM8 (accessed on 27 January 2020).

Research Institute emphasises that "connectivity aligns market and political interests," but that differentiating in which cases market or political interests are at stake, and to whom, is crucial for any stakeholders. Martin Schulz then argues that Japan has been essentially politically driven in its approach of globalization, governance and investment, while the EU and its member states have had a mixed approach (Figure 14) [180] [181]

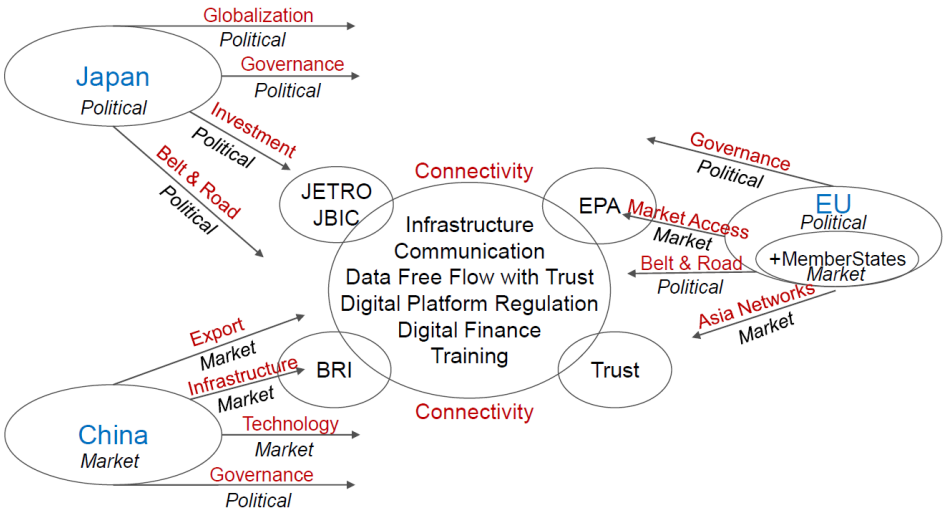

Figure 14. Third market strategies between market and political interests (Source: Martin Schulz)[182]

Martin Schulz's analysis echoes to a comment made by several companies interviewed: **institutional support**, for example from the EU-Japan Centre for Industrial Cooperation, is **particularly relevant in projects where institutional stakeholders are already involved**, such as projects in which JBIC is providing funding support.

3.1.2. Regional focus: Africa

Historical, societal, economic, and political ties between Japan or the European country of origin of the company with the third country, can set a strong background for business collaborations in overseas markets. As pointed out by Japanese stakeholders, this seems to be particularly relevant for projects in Africa. A JETRO study indeed explores the possibilities of cooperation between European and Japanese companies in Africa by assessing the particular links between the country of origin of the European company and the continent. [183]

[180] Martin Schulz (Senior Economist at Fujitsu Research Institute), in phone discussion with Masami Marbot, 12 March 2020.
[181] Martin Schulz, "EU-Japan Business Collaborations in Third Markets," Presentation, EU-Japan Centre for Industrial Cooperation seminar on EU-Japan Business Collaborations in Third Markets, Tokyo, 3 December 2019, https://www.eu-japan.eu/sites/default/files/imce/fri_2019.12.03_-_eu-jp_third_market_cooperation_03.pdf (accessed 3 December 2019).
[182] Ibid.
[183] JETRO, London Office, Overseas Research Department, Middle East & Africa Division, *Possibilities of collaboration with Japanese companies in Africa* (original title in Japanese: 主要国企業のアフリカ展開と日本企業との提携可能性), April 2018, https://www.jetro.go.jp/ext_images/_Reports/01/599d8aef3f68f9ff/20180001.pdf (accessed 25 November 2019).

For **France**, links between the country and Africa are in part rooted in the colonial era, especially in French-speaking Africa in the Western part of the continent, combined with the presence of a large-scale diaspora. Additionally, French and African relations are characterized by a strong political and economic commitment from France to the continent, ranging from military cooperation to its role vis-à-vis the CFA franc currency.[184] The French government is also considered as actively supporting infrastructure projects in Africa.

Similarly, the **UK**'s relationship with the African continent also finds its origins in the colonial era. This aspect is as of today partly formalized with the Commonwealth. Moreover, the UK has also a long history of welcoming immigrants from Africa, with thus the presence of a large diaspora from the continent in the UK's society. The JETRO study also considers that as a global financial centre, the UK has been able to gather a considerable knowledge of the African market and industries.

As for **Germany**, links with the African continent are to a lesser extent related to historical colonial past compared to other European counterparts, with only 'few' former colonies such as the equivalent today of Namibia, Rwanda, Tanzania, Togo and Cameroon. Some large German companies such as Siemens have had nevertheless a large presence on the continent. As for the German government, if it has been initially reluctant to support companies directly, the refugee crisis from 2015 has been a turning point for a more resolute diplomatic stance in Africa.

Turkey is then viewed in the JETRO study as having proactive diplomacy in Africa under the Erdogan government. Strengths of Turkey in doing business on the continent are particularly relevant in the domains of infrastructure/construction and consumer goods, being highly competitive in terms of price, business management, and risk appetite. Another important advantage of Turkey is the operation of regular flights throughout the continent by Turkish Airlines.

Then, for JETRO, other European countries enjoying particular relations with Africa relevant to business include the Netherlands, Portugal, Norway and Poland. The **Netherlands** benefits from great know-how of the continent with several companies well-established such as Philips, Heineken, Shell, or Unilever; and strengths in specific industries such as dairy farming, livestock and agriculture, or port development. **Portugal** has also former colonies in Africa, with the main ones being Angola and Mozambique, inducing that Portuguese is spoken in several African countries and the presence of a significant diaspora. As for **Norway**, if Africa used to be an important target of assistance, the government strategy has henceforth shifted to encouraging business relations. Norway benefits from strengths in key sectors such as the oil and gas industry or renewable energies. Lastly, **Poland**'s relationship is also dynamic in Africa. As a former communist power, it has a rather deep history of exchanges with many African countries such as Tanzania and Mozambique, with notably many government officials and ministers that have

[184] A set of reforms have been announced on 21 December 2019 by French President Emmanuel Macron, and his Ivorian counterpart Alassane Ouattara on the CFA franc, including the role of France vis-à-vis the currency. For more information: https://www.cnbcafrica.com/news/west-africa/2020/01/10/op-ed-from-cfa-franc-to-eco-what-you-need-to-know-about-west-africas-new-currency/

received education in Poland. The country also enjoys expertise in the agriculture and information and communication technology fields.

As for Japan's relations with Africa impacting businesses, it has to be contextualized in the history of a strong presence of Japanese businesses in the 70s and 80s on the continent, but that then left Africa due to political instability, preferring to it the Asian market which was encountering a remarkable growth at the time. As a result, Japanese businesses have thus gradually lost their local know-how, and have today a very small presence on the continent. In an interview with *The Japan Times*, JETRO's Chairman and CEO of JETRO's Nobuhiko Sasaki outlined that **just over 1 percent of the Japanese company's overseas business sites are in Africa**.[185,186] Nobuhiko Sasaki further highlights that simultaneously, the **government strategy has greatly evolved from "aid" to "business" in Africa since the fourth TICAD in 2008**. If Japanese business in Africa has been traditionally leaning toward infrastructure, natural resources and automobiles, the government is now inclined to support Japanese companies in Africa as contributors to the continent's development, and in more diversified economic fields.

3.1.3. Bilateral initiatives of European countries for third market collaboration with Japan

In parallel with the initiatives at the EU and Japanese level for cooperation in third countries, among EU member states (or COSME programme participating countries), it seems **France** and the **UK** have also endeavoured to work **bilaterally** with Japan on the topic.

3.1.3.1. France and Japan collaboration in third markets

France has been active since 2015 in strengthening cooperation with Japan in third countries. The first major initiative is the **Franco-Japanese Plan for Sustainable Development, Health and Security in Africa**, adopted by the French and Japanese Prime Ministers Manuel Valls and Shinzo Abe adopted on **5 October 2015** in Tokyo. The plan mentions in particular that "France and Japan will promote trade and investment projects and partnerships in Africa between French and Japanese businesses. They will particularly focus on initiatives that could contribute to the development of high-quality infrastructure, which is crucial in the field of sustainable cities" (art. 5). Cooperation between AFD, JICA, JBIC and NEXI (art. 2), and Business France and JETRO (art. 6) is also mentioned.[187]

A joint event on the "**Franco-Japanese Partnership for Africa"** was then held as a side event of TICAD 7 on **26 August 2016**. On this occasion, several MoUs were signed: between the

[185] Nobuhiko Sasaki, "Africa commerce succeeds through new partnerships," *The Japan Times*, 27 August 2019, https://www.japantimes.co.jp/news/2019/08/27/business/economy-business/africa-commerce-succeeds-new-partnerships/ (accessed 14 November 2019).
[186] JETRO, London Office, Overseas Research Department, Middle East & Africa Division, *Possibilities of collaboration with Japanese companies in Africa* (original title in Japanese: 主要国企業のアフリカ展開と日本企業との提携可能性), April 2018, https://www.jetro.go.jp/ext_images/_Reports/01/599d8aef3f68f9ff/20180001.pdf (accessed 25 November 2019).
[187] "Franco-Japanese plan for sustainable development, health and security in Africa," adopted by the Prime Ministers of France and Japan on 5 October 2018, *French Embassy in Japan website,* https://jp.ambafrance.org/IMG/pdf/franco-japanese_plan_for_sustainable_development_health_and_security_in_africa.pdf?20949/dfa13a290c8790be74e5f776f5aa6c23b3de3ba8 (accessed 27 February 2020).

Government of Ivory Coast, AFD and JICA; the subsidiaries of Total and Mitsubishi Corporation intending to develop solar energy in Kenya; and two memoranda between Egis and Mitsubishi Corporation (one covering the continent as a whole and concerning the fields of the sustainable city, road, water, energy and construction; and the second targeting Ivory Coast and more particularly drinking water supply projects).[188] Additionally, a three-day **Forum on France-Japan Cooperation in Third Countries** was organised by Business France and the French Embassy in Japan, supported by JETRO, in **November 2017**. The forum included a panel discussion with French and Japanese companies sharing their experience, networking sessions, presentations of the political and macro-economic states of such collaboration, a panel discussion on public aid for financing, and discussions on opportunities in specific sectors and targeted third markets.[189]

In 2019, there were two other joint initiatives between France and Japan covering cooperation in third countries. On the occasion of the official visit of President Emmanuel Macron to Japan on 26-27 June 2019, the **Roadmap on Japan-France Cooperation for Opening New Horizons between Japan and France under an Exceptional Partnership (2019-2023)** was adopted. This roadmap mentions in its article 1 that: "France and Japan […] undertake to carry out concrete cooperation within the framework of a partnership for the Indo-pacific in order to ensure that this region is an area of peace and prosperity, inclusive, free and open to all partners, based on three axes: freedom of navigation and maritime security, climate, environment and biodiversity as well as quality infrastructure ".[190] The second major initiative is the holding of the first **Franco-Japanese world maritime dialogue** in Noumea on 20 September 2019. The dialogues have reiterated the axes of cooperation mentioned in the roadmap relating to the Indo-pacific.[191]

3.1.3.2. The UK and Japan collaboration in third markets

The UK has also been active in terms of collaboration with Japan in third countries. The year 2017 marked a significant milestone for UK-Japan institutional cooperation on the topic. On 30 August, NEXI and the UK Export Finance (UKEF) reached a One-Stop-Shop Reinsurance Agreement.[192] Then, the Department of International Trade (DIT) concluded on 30 August an MoU with JETRO, and on 1 September, an MoU with JBIC, aiming to enhance UK-Japan

[188] MOFA and French government joint press release, "Joint event on the "France-Japan Partnership for Africa" organised in the framework of TICAD VI," *MOFA website*, 26 August 2016, https://www.mofa.go.jp/files/000183524.pdf (accessed 14 November 2019).
[189] Business France, "Programme of the Forum on France-Japan Cooperation in Third Countries," *Business France website*, https://export.businessfrance.fr/EmailingResources/Files/885a3e42fc7c292c52d3fe91e891d03e/27510/programme-du-forum-franco-japonais-en-pays-tiers-2017.pdf (accessed 27 February 2020).
[190] Translated by the author from French to English. "Roadmap on Japan-France Cooperation for Opening New Horizons between Japan and France under an exceptional Partnership (2019-2023)", adopted by the Prime Minister of Japan and the President of France on 26 June 2019, *MOFA website*, https://www.mofa.go.jp/files/000492473.pdf (accessed 27 February 2020).
[191] France-Japan joint press release, "First Franco-Japanese global maritime dialogue," *French Embassy in Tokyo website*, 25 September 2019, https://jp.ambafrance.org/Communique-conjoint-France-Japon-tenue-du-premier-dialogue-maritime-global-franco-japonais (accessed 27 February 2020).
[192] Note on One-Stop-Shop Reinsurance (source: NEXI, https://www.nexi.go.jp/en/topics/newsrelease/2017091503_2.html): "When a Japanese company joins a project in a third country in conjunction with a foreign company, One-Stop-Shop Reinsurance agreements make it possible for NEXI to undertake the risk portion of exports made from Japan. Suppose a Japanese company exports to a third country with a foreign company under a consortium, and the foreign company obtains insurance from its own ECA for the entire contract amount including the portion exported by a Japanese company; NEXI will provide reinsurance to the foreign ECA for the portion exported from Japan. It is called One-Stop-Shop because it allows you to apply for trade insurance at a single window for all export contracts involving companies from multiple countries."

collaboration such as in facilitating cooperation in promoting Japanese investment in the UK, as well as promoting joint investment and business cooperation in third countries. [193] On 10 January 2019, at the occasion of the Japan-UK Summit Meeting, Prime Minister Abe and Prime Minister Theresa May issued a **UK-Japan Joint Statement** whereby they agreed that: "[…] Contributing to a free and open Indo-Pacific, [the UK and Japan] will strengthen intergovernmental cooperation including through a designated dialogue mechanism, and including cooperation with third countries and engagement with the private sector in support of quality infrastructure investment in accordance with international standards […]" (article 5).[194]

A website and brochure provide then more details on the focus of such UK-Japan third-country collaboration.[195] [196] In terms of vision, "**contributing to the sustainable growth of society and citizens** is a key point in providing high-quality infrastructures." The targeted regions or the **Asian and African countries**, and the diverse needs this collaboration aims to answer to are health, safety, employment, housing, education, and transportation. Against this background, the UK has proposed some priority sectors for such UK-Japan collaboration for third-country infrastructure development: smart city, regional development, intercity highways / suburban railroad (commuting), roads, airport maintenance and operation, water and sewage, healthcare / medical. A 2-day **UK-Japan 3rd Country Infrastructure Collaboration – Workshop & Business Forum** had been scheduled in March 2020 but had to be postponed because of the coronavirus outbreak.[197] The first day had been designed as a workshop for UK participants with a briefing by Japanese stakeholders on the infrastructure perspectives in Japan, and exchanges of views between companies; and the second day as a business forum in which UK companies would have had the opportunity to present their expertise to a Japanese audience.

3.1.4. Other partner countries for third market collaboration with Japan

Before the Connectivity Partnership with the EU, the Japanese government has striven to enhance third country business partnership with several strategic countries' government and companies of which in particular the US, China, India, and South Africa. In fact, in a document published by the 39th "Meeting on Strategy relating Infrastructure Export and Economic Cooperation," (経協インフラ戦略会議 in Japanese) held on 17 October 2018 and of which the theme was third-country collaborations, there is **no mention of Europeans as privileged partner countries at the exception of Turkey** (Table III). It has to be noted that these other countries cited remain, as of today, among preferred partner countries for Japan vis-à-vis third market business collaboration.[198]

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[193] Department of International Trade, Third Country Business Team, *Japan-UK Collaboration for 3rd Country Infrastructure Development*, Tokyo, https://www.british-mc.com/japan_uk/form/ (accessed 4 March 2020).
[194] "UK-Japan Joint Statement," adopted by the Prime Ministers of the UK and Japan on 10 January 2019, *Gov.uk website*, https://www.gov.uk/government/publications/uk-japan-joint-statement-10-january-2019 (accessed 4 March 2020.
[195] British Market Council, "Japan-UK Collaboration for 3rd Country Infrastructure Development," *British Market Council Website*, https://www.british-mc.com/japan_uk/index.html (accessed 4 March 2020).
[196] Department of International Trade, Third Country Business Team, *Japan-UK Collaboration for 3rd Country Infrastructure Development*, Tokyo, https://www.british-mc.com/japan_uk/form/ (accessed 4 March 2020).
[197] Details of the event: https://exporttojapan.co.uk/uk-japan-3rd-country-infrastructure-collaboration-seminar/
[198] Japanese Government, *Agenda of the 39th Meeting on Strategy relating Infrastructure Export and Economic Cooperation (17 October 2018) on the theme of third country cooperation* (original title in Japanese: 第３９回経協インフラ戦略会議（2018 年 10 月

As for **Japan-US** cooperation in third countries, a recent milestone is the **Memorandum of Cooperation on Strengthening Energy and Infrastructure Finance and Market Building Cooperation** Concluded between the Japanese Ministry of Economy, Trade and Industry and the Ministry of Finance, and the US. Department of the Treasury on 4 February 2020. Under this memorandum, the two governments agreed on "work[ing] together to address regulatory, market, and legal barriers to private sector investment, and develop innovative solutions to deepen regional debt markets for energy and infrastructure projects; crowd in institutional investors; enhance liquefied natural gas and other commodity trading markets; and boost bilateral infrastructure investment between the United States and Japan." The memorandum focuses on the Indo-Pacific region, building on the Japan-US Strategic Energy Partnership agreed upon by Prime Minister Abe and President Trump in November 2017. [199]

17 日）テーマ：第三国連携　議事次第), 17 July 2018, https://www.kantei.go.jp/jp/singi/keikyou/dai39/siryou1.pdf (accessed 26 February 2020).

[199] U.S. Department of The Treasury, "United States and Japan Sign Memorandum of Cooperation Strengthening Energy and Infrastructure Finance and Market Building," *U.S. Department of Treasury website*, https://home.treasury.gov/news/press-releases/sm894 (accessed 23 March 2020).

Table IV. Achievements and current status of third country alliances between governments and government agencies – as of 17 October 2018 (Source: Japanese Government) [200]

Partner country	Examples	Details
US	Second Public-Private Sector Roundtable Discussion on U.S.-Japan Cooperation on Third Country Infrastructure	• Development of third country infrastructure cooperation as a component of the US-Japan Economic Dialogue • Joint press release and announcement of a list of Japan-US infrastructure cooperation projects.
	Memorandum of Cooperation to promote third country cooperation	• Concluded between JBIC and NEXI (2017) / JICA (2018) and US Overseas Private Investment Corporation (OPIC)
India	India-Japan cooperation project on ICT capacity building in Africa and ASEAN countries	• Under the "Japan-India ICT Cooperation Framework," government and other officials from third countries (Africa and ASEAN countries) are invited to India, and a capacity building program is provided jointly by Japan and India.
	Memorandum of Cooperation to promote third country cooperation	• Concluded between JBIC and Exim Bank of India (2014)
China	Establishment of "Committee on Promotion of Private-Sector Business in Third Countries" and "Japan-China Third Market Cooperation Forum"	• Agreed upon at the Japan-China summit meeting in May 2018 • Forum for discussing Japan-China private economic cooperation in third countries under the Japan-China High-Level Economic Dialogue, involving the private sector across ministries, and a wide range of business managers and relationships to further promote exchanges between private companies and officials
Turkey	Fourth Turkish-Japanese Overseas Construction Cooperation Conference	• Forum attended by 150 officials from both countries • Confirmed the promotion of joint construction projects in Africa, the Middle East, Central Asia etc. • Concluded an MoU for construction services in third countries
	Memorandum of Understanding to promote third country cooperation	• Concluded between NEXI (2017) and JBIC (2018) and Türk Eximbank
Singapore	Japan-Singapore Partnership Programme for the 21st century (JSPP21)	• Japan and Singapore collaborate to develop human resources in third countries, mainly in ASEAN countries. Implementation of training courses provided for the development of soft infrastructure that supports economic development and infrastructure development in each country, in particular in areas in which Japan and Singapore have strong know-how, such as system development such as customs and protection of intellectual property rights, disaster prevention, food security, urban development, etc.
Others	Promotion of third country cooperation	• NEXI and MIGA (Multilateral Investment Guarantee Agency), member of the World Group, concluded a MOU in the field of reinsurance (May 2018) • NEXI has concluded reinsurance agreements with Export Development Canada (September 2018), UK Export Credit Guarantee Agency (2017) among others.

[200] Japanese Government, *Agenda of the 39th Meeting on Strategy relating Infrastructure Export and Economic Cooperation (17 October 2018) on the theme of third country cooperation* (original title in Japanese: 第３９回経協インフラ戦略会議（2018 年 10 月 17 日）テーマ：第三国連携　議事次第), 17 July 2018, https://www.kantei.go.jp/jp/singi/keikyou/dai39/siryou1.pdf (accessed 26 February 2020).

As for **Japan-China** initiatives, the **Third Market cooperation forum** was indeed held on 26 October 2018, attended by about 1,500 stakeholders from governmental organizations and businesses. It was the occasion for 52 memoranda of cooperation to be reached between the public and private sectors, including in the fields of infrastructure, logistics, information technology, healthcare and finance.[201] Then, on 21 May 2019, JBIC held the **Japan-China Third Country Market Financing Cooperation Forum** together with China Development Bank, based on an MoU signed in October 2018, stating their ambition to collaborate on supporting projects involving both Japanese and Chinese companies in third countries. [202] Beyond government-level collaboration, third country business cooperation between Japan and China seem indeed significantly strategic. For instance, a JETRO survey indicates that **6.6% of Japanese companies identified China as a country origin for promising third-country collaboration**, in particular as a supplier of goods and materials; a position behind France (14.1%), and in front other European countries (Figure 2).[203]

Similarly, governments of Japan and **India** have endeavoured to encourage third country business cooperation. A significant project is the **Asia-Africa Growth Corridor (AAGC)**, which took shape at the occasion of the annual meeting of the African Development Bank in May 2017 (Figure 15). AAGC aspires to develop the economic links between the two regions and would include beyond Africa, India and Japan: South Asia, Southeast Asia, and Oceania. This ambition is based on four major axes: development and cooperation, improvement of quality infrastructure and know-how, as well as the establishment of an environment favourable to interpersonal partnerships. Furthermore, this project is based on an Indo-Pacific order with liberal values as defined in the Indian and Japanese bilateral strategic partnership 'Vision 2025'. India-Japan business cooperation in Africa seems already significant. Indeed, the JETRO survey highlights that **10.6% of Japanese companies identified India as a country origin for promising third-country collaboration** (Figure 2), pointing out that India has not only an excellent strategy with regards to the African market but also that Japanese companies were able to launch operations in Africa utilizing their Indian bases. [204] [205] [206]

Other recent examples of Japan-India initiatives towards third country business cooperation included a **Memorandum of Cooperation on a digital partnership** concluded by METI and the Indian Ministry of Electronics and Information Technology on 29 October 2018. The latter aims to encourage collaboration "between startups, inter-company collaboration, IT human resources, research and development in the field of AI, next-generation networks, and electronics." It also covers joint efforts on digital infrastructures, and on "designing architecture and improving the ability of implementing architecture in society conducted in third-party countries in Africa, Asia

[201] JETRO press release, "1st Japan-China Third Country Market Cooperation Forum," October 2018, https://www.jetro.go.jp/en/jetro/topics/2018/1810_topics11/ (accessed 16 January 2020).
[202] JBIC press release, "Japanese and Chinese Co.s in Third Countries," 21 May 2019, https://www.jbic.go.jp/en/information/press/press-2019/0521-012173.html (accessed 16 January 2020).
[203] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).
[204] Ibid.
[205] Title Basu, "Thinking Africa: India, Japan, and the Asia-Africa Growth Corridor," *The Diplomat*, 3 June 2017, https://thediplomat.com/2017/06/thinking-africa-india-japan-and-the-asia-africa-growth-corridor/ (accessed 16 January 2020).
[206] Jagannath Panda, "The Asia-Africa Growth Corridor: An Indian-Japan Arch in the Making?," *Focus Asia Perspective & Analysis,* August 2017, http://isdp.eu/content/uploads/2017/08/2017-focus-asia-jagannath-panda.pdf (accessed 16 January 2020).

and other regions."[207] Another example is the meeting held in November 2019 between Indian Prime Minister Narendra Modi and Japanese Prime Minister Shinzo Abe on the side-lines of the East Asia Summit, whereby they "agreed to foster bilateral cooperation in third countries for peace, prosperity and development in the region" of Indo-Pacific.[208]

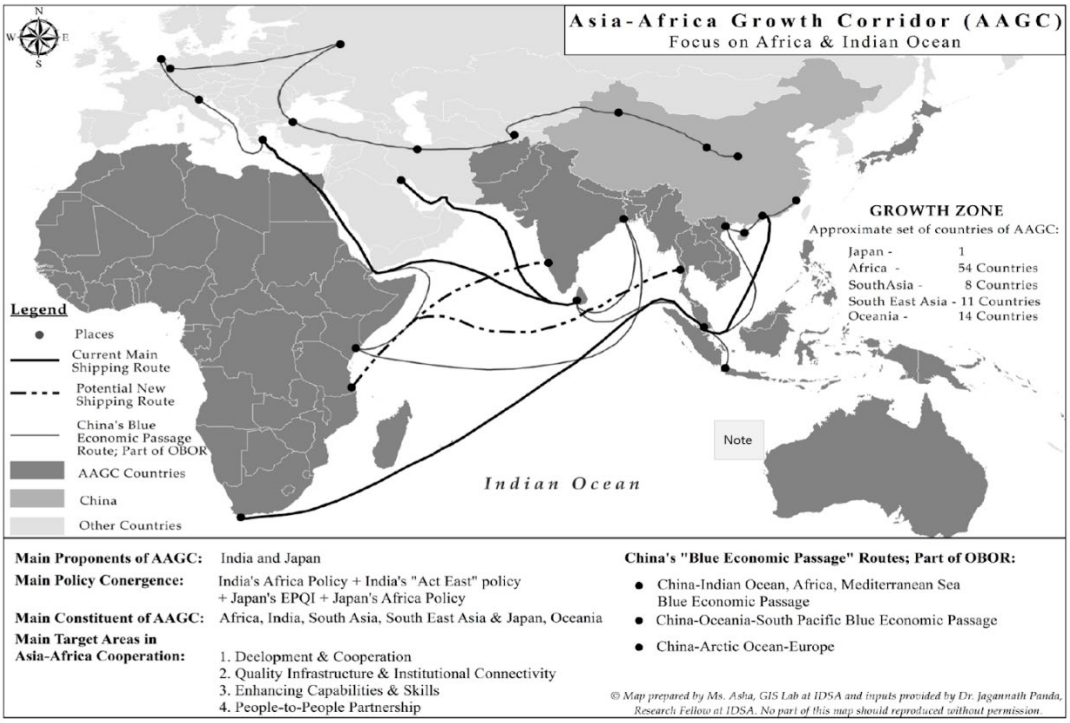

Figure 15. Map of the Asia-Africa Growth Corridor project (Source: Institute for Security and Development Policy) [209]

A last privileged partner country for Japan, and in particular on the African market, is **South Africa**. Indeed, the JETRO survey highlights that **15.4% of Japanese companies identified South Africa as promising third-country collaboration**, highlighting, indicated the country as an attractive regional foothold, but also as possessing great local know-how and networks. On 27 August 2019, JBIC and the Development Bank of Southern Africa indeed signed an MoU, "for business promotion between Japan and the African countries" (Figure 2). [210] [211]

[207] METI press release, "Promotion of Japan-India Business Cooperation in the Field of Digital Infrastructure Welcomed," *METI website*, 12 December 2019, https://www.meti.go.jp/english/press/2019/1212_003.html (accessed 16 January 2020).
[208] The Economic Times, "India, Japan review situation in Indo-Pacific; resolve to ramp up cooperation in third countries," 4 November 2019, https://economictimes.indiatimes.com/news/defence/india-japan-review-situation-in-indo-pacific-resolve-to-ramp-up-cooperation-in-third-countries/articleshow/71888924.cms (accessed 16 January 2020).
[209] Jagannath Panda, "The Asia-Africa Growth Corridor: An Indian-Japan Arch in the Making?," *Focus Asia Perspective & Analysis,* August 2017, http://isdp.eu/content/uploads/2017/08/2017-focus-asia-jagannath-panda.pdf (accessed 16 January 2020).
[210] JBIC press release, "JBIC signs MoU on Business Cooperation with the Development Bank of Southern African (DBSA)," 27 August 2019, https://www.jbic.go.jp/en/information/press/press-2019/0827-012477.html (accessed 26 February 2020).
[211] JETRO, Overseas Research Department, Middle East & Africa Division, *2019 Survey on Business Conditions of Japanese Affiliated Companies in Africa* (original title in Japanese: (アフリカ進出日系企業実態調査（2019 年度調査）), 16 January 2020, Tokyo, https://www.jetro.go.jp/ext_images/_News/releases/2020/dea99c70c5f8d086/1_0121.pdf (accessed 24 January 2020).

3.2. Infrastructure and Development

EU-Japan business collaboration in third markets involves greatly **infrastructure projects**, often tied with **development** (and public financing for development), as well as **infrastructure export agendas**. This part aims to provide some key facts and figures on priority sectors about these two points.

3.2.1. Global infrastructure needs

Global demand for infrastructures is expecting to increase in both developing and advanced economies. It is undeniable that this represents a business opportunity for EU and Japan business cooperation in third markets, as illustrated by several successful case studies presented above. Indeed, according to the McKinsey Global Institute, the world has spent 9.5 trillion US dollars on infrastructure in 2015, or 14% of global GDP. Nonetheless, **3.7 trillion US dollars a year of investment in economic infrastructure are needed to 2035**, of which the breakdown by sector can be observed in Figure 16. Overall, there is a **5.5 trillion US dollars spending gap** between now (October 2017) and 2035.[212]

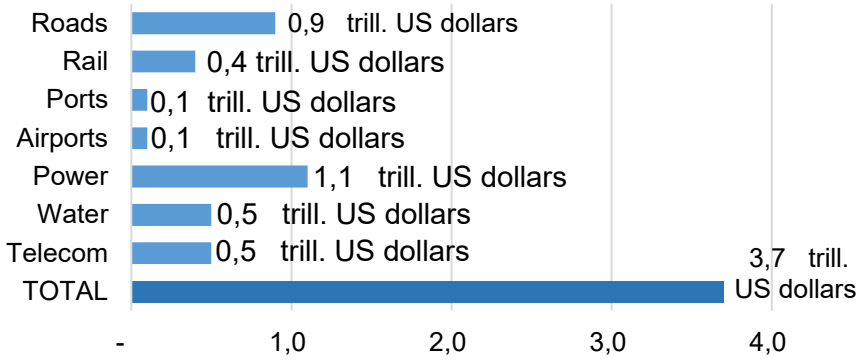

Figure 16. Average global infrastructure annual need, 2017-2035, in trillion US dollars
(Source: McKinsey Global Institute) [213]

In terms of geography, **54% of the investment need is in Asia**, and **63% is in emerging economies** (Figure 17). For the Asian continent alone, and more precisely 45 of ADB's developing member countries, infrastructure **investment needs amount to 26.2 trillion US dollars over the period 2016 to 2030**¸"if the region is to maintain its growth momentum, eradicate poverty, and respond to climate change." (Figure 19).

Nevertheless, it remains that the **infrastructure needs between developing and advanced economies differ**. In this regard, an article from JBIC first identifies developing economies as having diverse demand for infrastructures according to their level of economic development (Figure 18). For instance, countries with a GDP per capita less than 2,000 dollars such as Haiti or Madagascar, the infrastructures needed are those to support the daily needs of the people and their business activities: electricity, roads and ports. As the level of economic

[212] Jonathan Woetzel, Nicklas Garemo, Jan Mischke, Priyanka Kamra and Rob Palter, "Bridging Infrastructures Gaps – Has the World made progress?," *McKinsey Global Institute,* October 2017, https://mck.co/2SxJt7D (accessed 10 February 2020).
[213] Ibid.

development increases, infrastructure needs to bear more on high-quality and environment-friendly infrastructures, and infrastructures aiming at improving the quality of life.[214] As for advanced economies, infrastructure needs are primarily about renovation and modernisation in dealing with aging infrastructures. For example, as quoted by JBIC, according to 2013 data from the US Department of Transportation, 25% of bridges across the country are inadequate or obsolete and 12% of tunnels are more than 100 years old.[215]

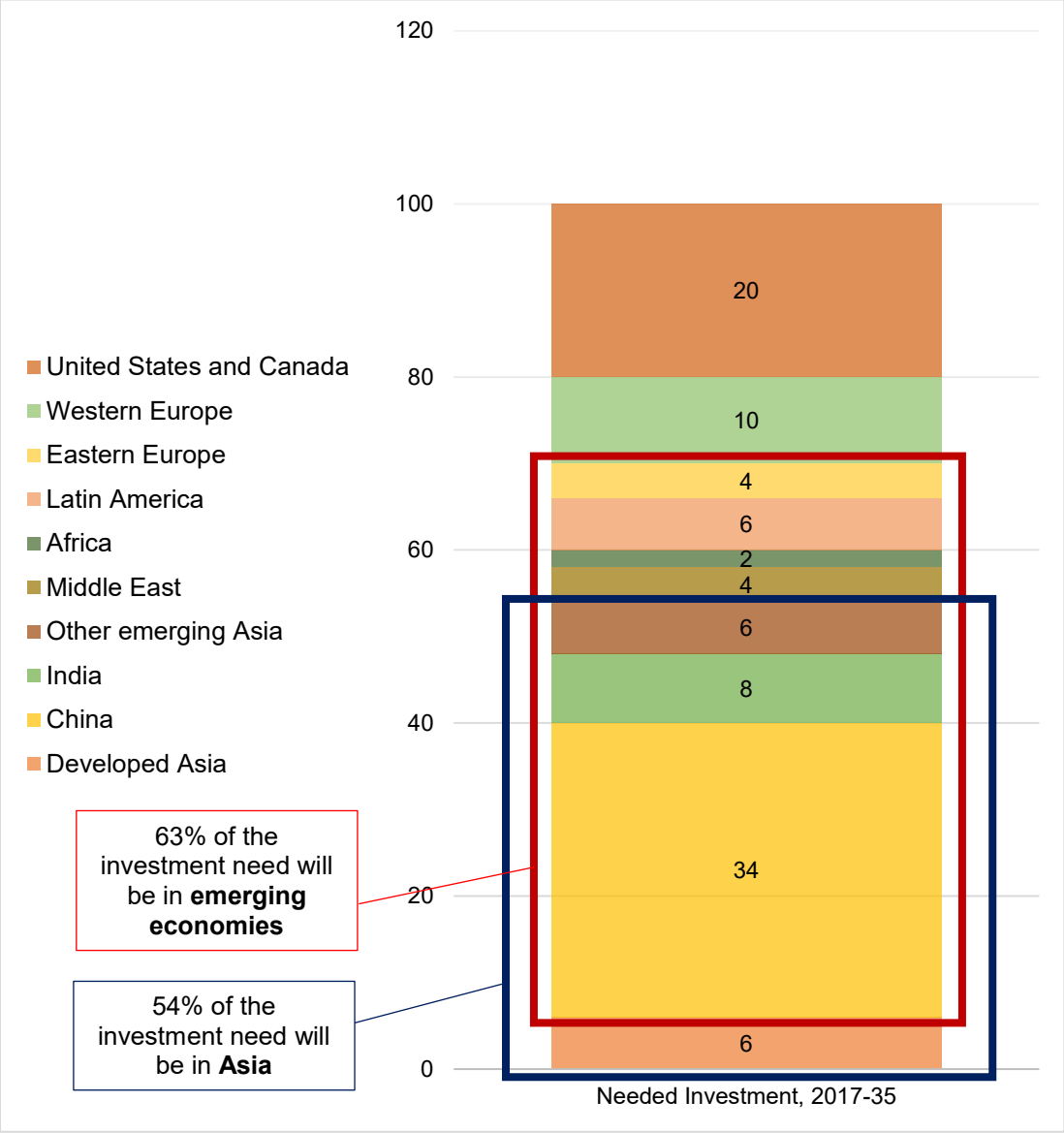

Figure 17. Investment needs by geography, 2017-2035, in trillion US dollars (Source: McKinsey Global Institute) [216]

[214] JBIC, "Capturing diverse infrastructure needs of the world," *JBIC Today*, March 2018, https://www.jbic.go.jp/en/information/today/today-2018/contents/jtd_201805_en.pdf (accessed 10 February 2020).
[215] Ibid.
[216] Jonathan Woetzel, Nicklas Garemo, Jan Mischke, Priyanka Kamra and Rob Palter, "Bridging Infrastructures Gaps – Has the World made progress?," *McKinsey Global Institute,* October 2017, https://mck.co/2SxJt7D (accessed 10 February 2020).

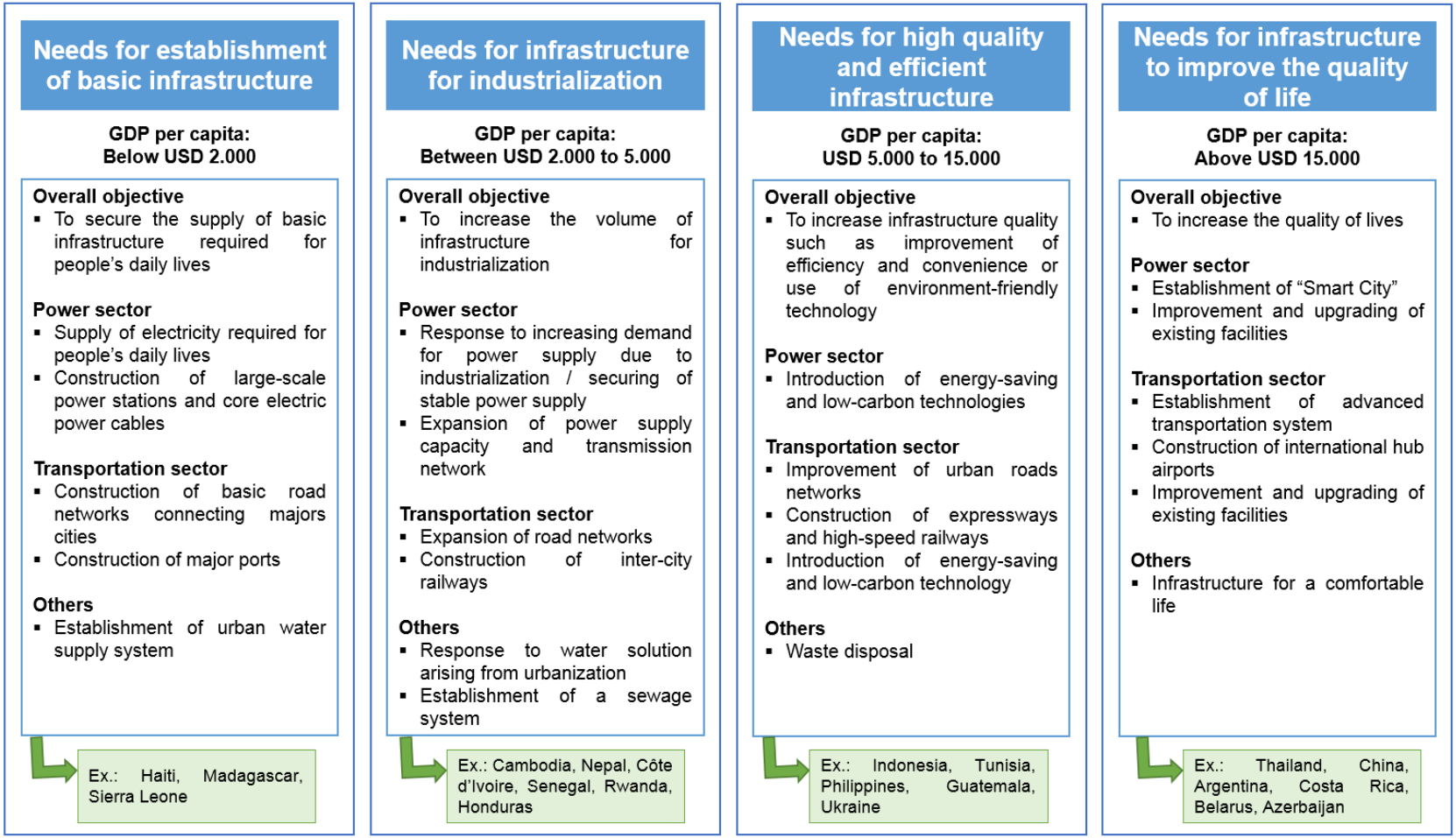

Figure 18. Infrastructure needs in developing countries, depending on GDP per capita (Source: JBIC, from Mizuho Financial Group) [217]

[217] JBIC, "Capturing diverse infrastructure needs of the world," *JBIC Today*, March 2018, https://www.jbic.go.jp/en/information/today/today-2018/contents/jtd_201805_en.pdf (accessed 10 February 2020).

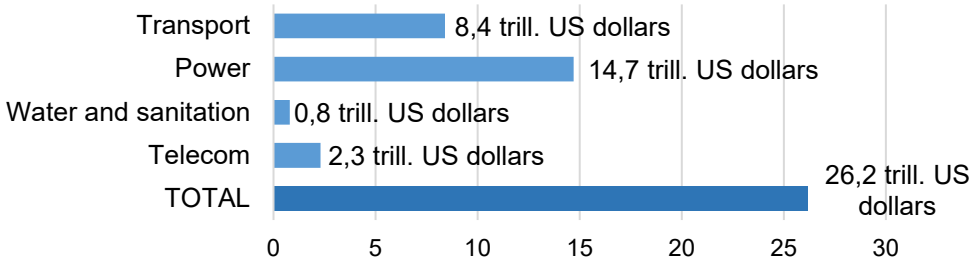

Figure 19. Investments needs over 2016-2030 in Asia, in trillion US dollars (Source: ADB)[218]

3.2.2. Financing EU-Japan connectivity

Although joint institiutional financing of EU-Japan connectivity is still being discusses in its initial stages, respective financial institutions have provided some information on their upcoming collaboration, and thus for joint projects in third countries.

As mentioned in article 5 of the Connectivity Partnership, financing of EU-Japan connectivity is first expected to rely on a closer collaboration between the **EIB and JICA**.[219] In this respect, an MoU was signed between the two institutions on 26 September 2019 at the occasion of the EU-Asia Connectivity Forum. This collaboration would bear on "**co-financing and co-investment opportunities in projects conducted in developing countries**." The examples of sectors quoted in which such collaboration appears relevant are "**transport**, **quality infrastructure investment**, **microfinance** and **renewable energy sources**." Furthermore, the EIB and JICA have indicated that they also aim to cooperate "on **technical assistance/project preparation** and create synergies and exchanges at the level of their local offices to extent the positive impact of their work." The two institutions have already co-invested in a women-focused microfinance fund in Sub-Saharan Africa. [220]

Another financial lever mentioned in the Connectivity Partnership are the memoranda between the **EIB and JBIC**, and the **EIB and NEXI**. Both were signed on 22 October 2018 during the Japan-EU High-Level Dialogue for Industry, Trade and Economy, "aim[ing] to promote cooperation between the parties to **support sustainable economic** and **social development** and to **create business opportunities** for Japan and the EU both within and outside Europe." **Innovation** and **environmental conservation** are cited as examples of common areas of interest between the two institutions. [221]

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[218] ADB, "Meeting Asia's infrastructure needs," ADB, Manila, 2017, https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf (accessed 10 February 2020).

[219] "The Partnership on Sustainable Connectivity and Quality Infrastructure between the European Union and Japan," signed on 27 September 2019, *European External Action Service (EEAS) website*, https://eeas.europa.eu/headquarters/headquarters-homepage/68018/partnership-sustainable-connectivity-and-quality-infrastructure-between-european-union-and_en (accessed 5 November 2019).

[220] EIB press release, "EIB expands its partnership with Japan's JICA," *EIB website,* 27 September 2019, https://www.eib.org/en/press/news/eib-expands-partnership-with-japan (accessed 10 February 2020).

[221] EIB press release, "EIB new cooperation with the Japan Bank for International Cooperation (JBIC) and with the Nippon Export and Investment Insurance (NEXI)," *EIB website,* 23 October 2018, 2018-264-EN, https://www.eib.org/en/press/all/2018-264-eib-new-

3.2.3. The EU and Japan respective agenda for infrastructures export

In parallel to the discussions on the specifics of EU-Japan collaborations in third markets in infrastructures, the EU and Japan have been respectively advancing their agendas in terms of infrastructure financing and export. This subpart aims to provide some highlights of those.

3.2.3.1. Highlights on the EU's agenda for infrastructure export

A recent milestone in the EU's agenda for infrastructure export is the announcement of the EIB last November 2019 of its **new climate strategy and Energy Lending Policy**. The latter has is composed of four key policies. The first policy pertains to a commitment of the EIB to **end financing fossil fuel energy projects from the end of 2021**. The second is that future financing will prioritize clean **energy innovation, energy efficiency and renewables**. The third point is that the EIB Group will unlock **1 trillion euros for climate action and environmentally sustainable investment** in the decade to 2030. The last point is the commitment of the EIB to align all its financing activities with the **goals of the Paris Agreement** from the end of 2020.[222]

Other hints on the future orientations of the financing of EU-Japan connectivity were provided by Ambassador Romana Vlahutin, Ambassador at Large for Connectivity in the European External Action Service. On financing *per se*, Romana Vlahutin highlighted that private capital and investment remains crucial for connectivity and that the latter calls for blended finance. Additionally, Romana Vlahutin emphasized the priorities in developing countries have evolved from not only securing the quality of life of the people from sanitary conditions for examples but also by focusing now on the technology and security (such as crisis management) dimensions. Secondly, the ambassador suggested some priority sectors for each region such as energy for the Balkans, transport for Africa, and cybersecurity for Asia. [223]

3.2.3.2. Highlights on Japan's agenda for infrastructure export

As for Japan, in 2019, the Japanese Government, through its "Meeting on Strategy relating Infrastructure Export and Economic Cooperation" above mentioned, revised its infrastructure export strategy with four priorities.[224] The first is to promote public and private sector cooperation to strengthening competitiveness. Two means are considered: increasing the **types of risks covered by JBIC** special operations to promote **innovation and investment in new businesses** by Japanese companies and expanding support measures in **public finance**, such as schemes utilizing the NEXI trade insurance system to utilize institutional investors' funds. The second priority is centred on **strategic efforts for getting orders**. The latter consists in various support

cooperation-with-the-japan-bank-for-international-cooperation-jbic-and-with-the-nippon-export-and-investment-insurance-nexi (accessed 10 February 2020).

[222] EIB press release, "EU Bank launches ambitious new climate strategy and Energy Lending Policy," *EIB website,* 15 November 2019, 2019-313-EN, https://www.eib.org/en/press/all/2019-313-eu-bank-launches-ambitious-new-climate-strategy-and-energy-lending-policy (accessed 12 February 2020).

[223] Romana Vlahutin, "Sustainable connectivity and quality infrastructure – New level of EU-Japan Partnership," Lecture, Waseda University, Tokyo, 14 January 2020.

[224] Dr. Hiroto Izumi, "the Japanese Government's efforts toward overseas expansion of infrastructure for urban development," Presentation, 5th seminar on the Japanese Investments for Overseas Infrastructure organised by the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN), Tokyo, 21 February 2020.

measures **for continuous involvement in infrastructure projects** through **operation** and **maintenance**, and efforts to complement the strengths of Japanese companies **in cooperation with foreign governments and companies** to enhance price competitiveness and market access. The third priority identified is to **approach a wide range of infrastructure fields**, by supporting the overseas expansion of **smart cities etc., by utilizing advanced ICT such as IoT and AI** in light of the progress of digitalization. The last point pertained to the **promotion of quality infrastructure**, notably in international discussions, and with the development of technologies, knowledge and know-how that Japan has an advantage in helping to solve problems in the international community.

The concept of **"quality infrastructure"** has indeed been a key component of Japan's development policies, and is certainly **a strong background for EU-Japan connectivity**. In 2015, Japan endorsed its "Quality Infrastructure Partnership" which unlocked 110 billion US dollars in Asia-based projects, notably together with the ADB. Then, in 2016, Prime Minister Abe delivered at the G7 Ise-Shima Summit the "Expanded Partnership for Quality Infrastructure which announced the provision of approximately 200 billion US dollars to infrastructure projects across the world. Finally, in June 2019 at the occasion of the G20 Osaka Summit, was endorsed the G20 Principles for Quality Infrastructure Investment. The latter introduced six core principles: maximizing the positive impact of infrastructure to achieve **sustainable growth and development**, **raising economic given life-cycle cost**, **integrating environmental considerations** in infrastructure investments, **building resilience against natural disasters and other risks**, integrating **social considerations** in infrastructure investment, and strengthening **infrastructure governance**. [225]

3.3. Japanese general trading companies

Japanese general trading companies, or '*sogo shosha*' (総合商社 in Japanese), or unique and **key economic actors**, including with regards to partnerships with European businesses in third countries. Indeed, these Japanese companies are characterized by their very **large size** and **scope**, with **extremely diversified activities, products, services, industry-wise and geographically**. Indeed, out of the 52 projects identified of cooperation between French and Japanese companies in third countries by the French Embassy in Japan, **39 of them (or 75%) involve a Japanese general trading company**.[226]

Sogo shosha are **key drivers of the Japanese economy** and globalisation and occupy a significant presence in supply chains around the world. Their total sales volumes approximately account for **15% of the country's GDP**, **30% of imports**, and **18% of exports**. It is notwithstanding the amount of 'offshore' trade *sogo shosha* undertake to supply Japanese

[225] MOFA, "Quality Infrastructure (original title in Japanese: 質の高いインフラ)," *MOFA website*, 26 September 2019, https://www.mofa.go.jp/mofaj/gaiko/oda/bunya/infrastructure/index.html (accessed 21 February 2020).
[226] Directorate-General of the Treasury of France (in French: DG Trésor), Tokyo Regional Economic Service (in French: Service économique régional de Tokyo), Sustainable Development Division (in French: Pôle Développement Durable), "Energy Transition and Sustainable Cities: Mapping Franco-Japanese cooperation in third countries," 15 april 2020, https://www.tresor.economie.gouv.fr/Articles/2020/04/15/energy-transition-and-sustainable-cities-mapping-franco-japanese-cooperation-in-third-countries (accessed on 23 April 2020).

manufacturers abroad, which is between two countries other than Japan, and which represents more than 40% of their total sales volume.[227] They are currently seven **general trading companies** (Figure 20).

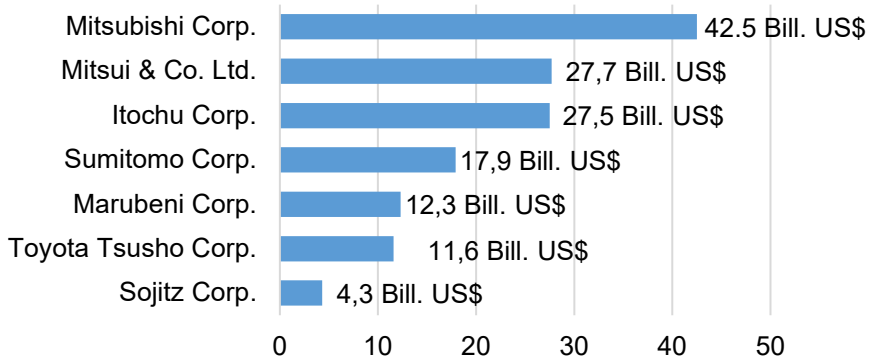


Figure 20. Market value of Japan's seven sogo shoshas in 2019 (Source: Forbes)

Aya Yamazaki analyses how *sogo shosha* can be essential for third country business partnership, highlighting three of their key functions: their role as **intermediaries**, as **financing coordinator**, and **investors**.[228] As intermediaries between the contractors and manufacturers, their role may often reside in being the unique contractual 'window,' thereby managing and taking charge of orders from contractors. In doing so, *sogo shosha* **may choose a combination of products and equipment from Japanese and foreign manufacturers**, but also engage both Japanese and foreign companies as **joint contractors for projects and in strategic consortia**. As financing coordinator, *sogo shosha* sometimes uses **JBIC credits as leverage in obtaining contracts**, and occupy a **key role in the area of project financing**. *Sogo shosha* indeed provide various financial functions, relying on their capability to mitigate risks due to their integrated corporate structure. Finally, as it appears from the case studies, *sogo shosha* are also active **investors**, including in foreign companies and in activities that may occur in third markets.

3.4. Japanese companies and Open Innovation

Another important trend to grasp for EU-Japan business collaborations in third countries is the adoption by Japanese companies of an **open innovation strategy**, especially with regards to collaboration between large companies and SMEs.[229] This is for example illustrated by the

[227] Patrick Ryan, "Reflecting the nation's history, 'sogo shosha' are unique to Japan," *The Japan Times*, 16 October 2018, https://www.japantimes.co.jp/news/2018/10/16/business/reflecting-nations-history-sogo-shosha-unique-japan/#.Xi56Xk_7SM8 (accessed on 27 January 2020).
[228] Aya Yamazaki, "Cooperation of French and Japanese companies in third markets (original title in French: La coopération des entreprises françaises et japonaises en pays tiers"), *Conference paper,* October 2008, https://www.researchgate.net/publication/322419827_La_cooperation_des_entreprises_francaises_et_japonaises_en_pays-tiers (accessed 19 December 2019).
[229] Most elements and sources referred to in this part originate from: Kaori Iwasaki, "Pursuit of Open Innovation: Collaboration of Japanese Corporates with Foreign Startups," Presentation, FDI Seminar 2020: Recent trends of Japanese FDI organised by Japan Bank for International Cooperation (JBIC) and Japan Institute for Overseas Investment (JOI), Tokyo, 28 January 2020.

collaboration between NTT DATA and Citibeats following an open innovation contest organised by the Japanese company (case 20). Another example is the foundation of the VC NordicNinja which benefits from the support of Japanese companies and JBIC (case 21). Indeed, Europe is home to a great startup ecosystems: in StartupBlink Rankings Report 2019, 17 European countries are among the top 30 (Table V). Criteria taken into account are the quantity and quality of startups and other supporting organisations (such as co-working spaces, accelerators, global startup influencers, and startup event), and the business environment and critical mass.

Table V. Global Startup Ranking: Top 30 Countries (Source: StartupBlink)[230]

Rank	Country	Total Score
1	United States	44.090
2	**United Kingdom**	16.719
3	Canada	15.867
4	Israel	14.626
5	Australia	12.953
6	**The Netherlands**	12.907
7	**Sweden**	12.774
8	Switzerland	12.527
9	**Germany**	12.461
10	**Spain**	12.396
11	**France**	11.451
12	**Finland**	11.366
13	**Estonia**	11.267
14	**Ireland**	11.117
15	Russia	10.880

Rank	Country	Total Score
16	**Denmark**	10.658
17	India	10.651
18	**Lithuania**	10.521
19	South Korea	10.467
20	**Poland**	10.446
21	Singapore	10.432
22	**Czechia**	10.168
23	Japan	10.103
24	**Belgium**	10.086
25	**Italy**	10.067
26	New Zealand	10.064
27	China	10.040
28	**Austria**	10.040
29	**Portugal**	10.034
30	Chile	9.769

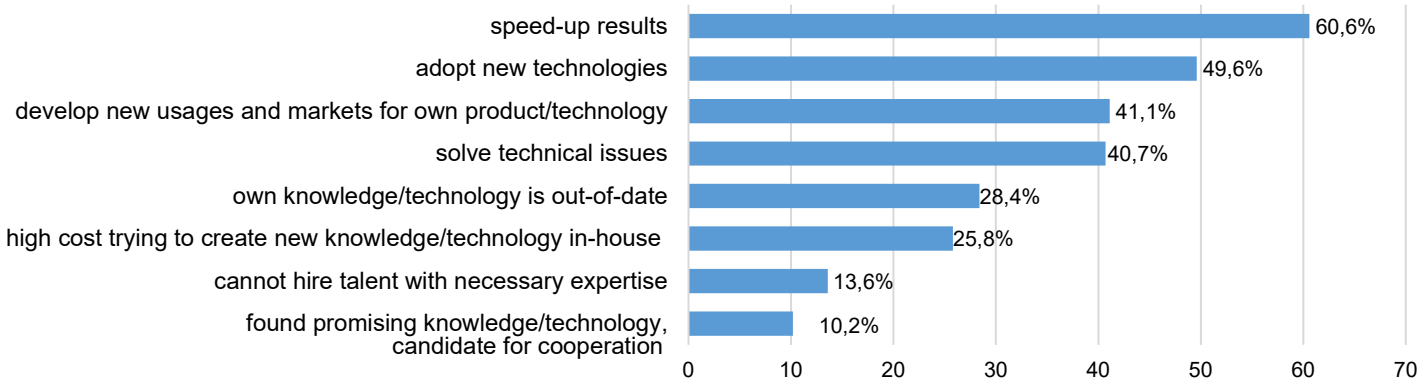


Figure 21. Presence and motivations for open innovation policy in surveyed companies (Source: Rie Fujisawa) [231]

[230] StartupBlink, *StartupBlink Startup Ecosystem Rankings 2019,* 2019, https://report.startupblink.com/ (accessed 5 March 2020).
[231] Rie Fujisawa, "Survey on open innovation," *Recruit Management Solutions*, 8 April 2019, https://www.recruit-ms.co.jp/issue/inquiry_report/0000000748 (accessed 5 March 2020).

What is open innovation? Open innovation is defined by Henry Chesbrough and Jason M. Eichenholz as "the use of purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use of innovation, respectively." Further adding that "**open innovation assumes that companies can and should use external as well as internal ideas and paths to market as they look to advance their innovations and create value**." If Japanese companies used to rely on closed innovation, they are now actively pursuing open innovation as appears for **64,4% of companies** employing 300 or more employees in a survey conducted by Rie Fujisawa. Among the main reasons for promoting open innovation are speeding-up results (60.6%), adopting new technologies (49.6%), and develop new usages and markets for own product/technology (41.1%) (Figure 21). This shift of strategy from closed to open innovations – and mindset – is detailed in Table VI. Table VII seems to show that Japanese companies in the **industries of telecommunications, automotive, electronics and railway** seem particularly keen to embrace open innovation. [232] [233]

Table VI. Contrasting Principles of Closed and Open Innovations (Source: Henry Chesbrough and Jason M. Eichenholz) [234]

Closed innovation		Open innovation
The smart people in our field work for us.		Not all smart people work for us. We need to work with smart people inside and outside the company.
To profit from R&D, we must discover it, develop it and ship it ourselves.		External R&D can create significant value. Internal R&D is needed to claim some portion of that value.
The company that gests innovation to market first will win.	➔	Building a better business model is more important than getting to market first.
If we create the most and the best ideas in the industry, we will win.		If we make the best use of internal and external ideas, we will win.
We should control our intellectual property, so that our competitors cannot profit from it.		We should profit from other's use of our intellectual property (license out) and we should license in other's IP whenever it advances our business model.
We will own results from contract research with universities.		We will partner with universities to create knowledge and encourage use outside our field.

[232] Rie Fujisawa, "Survey on open innovation," *Recruit Management Solutions*, 8 April 2019, https://www.recruit-ms.co.jp/issue/inquiry_report/0000000748 (accessed 5 March 2020).
[233] Henry Chesbrough and Jason M. Eichenholz, "Open Innovation: The case for sharing and harvesting innovations in photonics," *SPIE*, 28 December 2018, https://spie.org/news/spie-professional-magazine-archive/2013-january/open-innovation?SSO=1 (accessed 5 March 2020).
[234] Ibid.

Table VII. Top 20 Japanese Companies Embracing Open Innovation selected by startups (Source: Innovation Leaders Summit Executive Committee, METI)[235]

Rank	Company	Industry
1	KKDI	Telecommunications
2	Softbank	Telecommunications
3	Toyota Motor	Automotive
4	NTT Docomo	Telecommunications
5	Fujitsu	Electronics
6	Panasonic	Electronics
7	JR East Railway	Railway
8	Tokyu Railway	Railway
9	Sony	Electronics
10	Denso	Automotive parts

Rank	Company	Industry
11	Omron	Electronics
12	Mitsubishi UFJ Bank	Banking
13	Daiwa House Industry	Construction
14	NTT Data	IT services
15	Toppan Printing	Printing
16	Mitsui Fudosan Realty	Real estate
17	Fujifilm	Photography and imaging
18	Dai Nippon Printing	Printing
19	Itochu	Trading
20	Honda	Automotive

[235] Innovation Leaders Summit Executive Committee, METI, "'TOP 100 Ranking of large companies' open innovation' by promising startups (original title in Japanese: 有望スタートアップが選ぶ「イノベーティブ大企業ランキング TOP100」を発表)," *ILS website*, 20 June 2019, https://ils.tokyo/news/201906_01.php (accessed 5 March 2020).

4. RECOMMENDATIONS

4.1. Recommendations for the EU-Japan Centre for Industrial Cooperation and other organisations

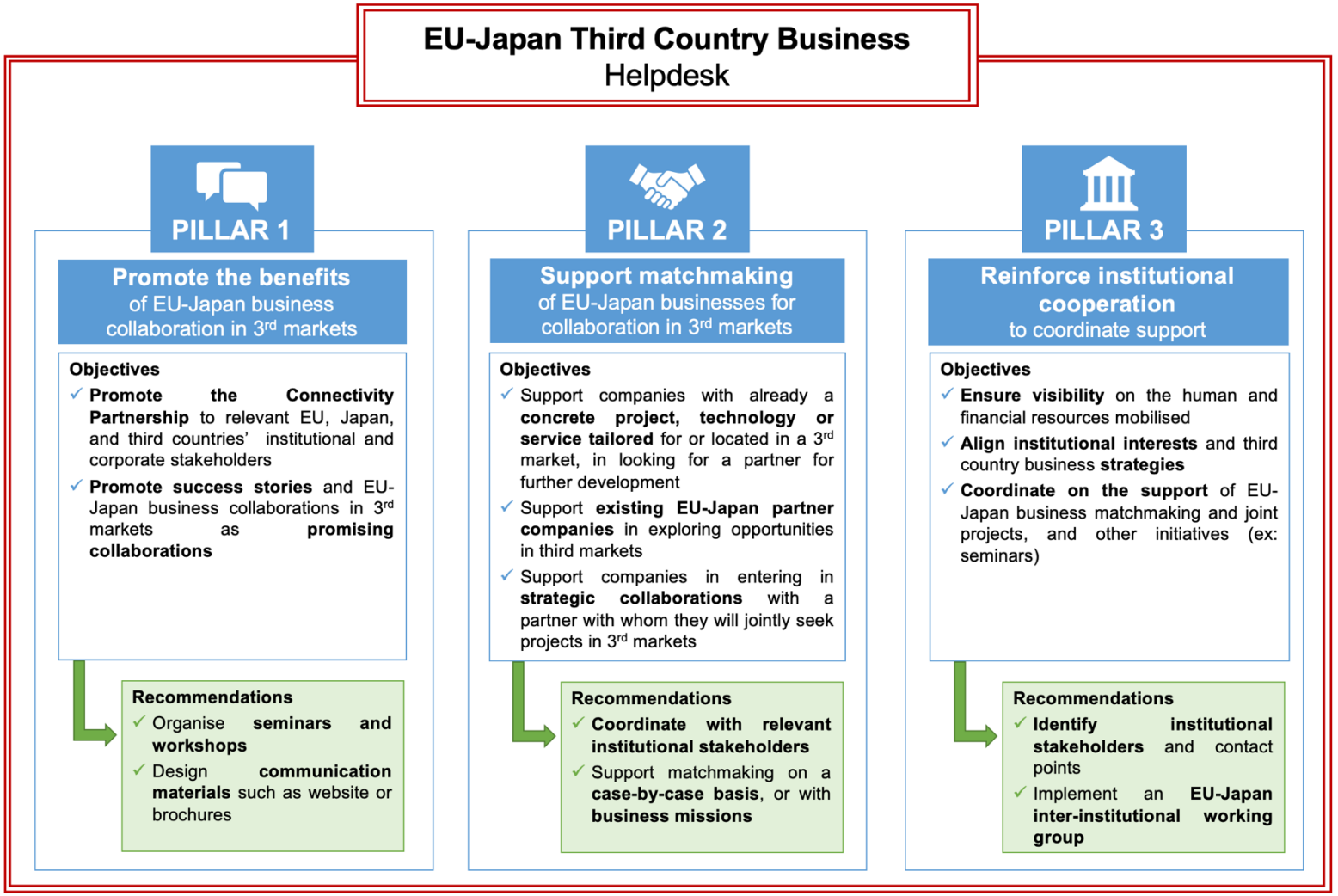


Figure 22. Recommendations for the implementation of an EU-Japan Third Market Business Helpdesk

As part of this research, the author was asked to design a **potential EU-Japan Third Country Collaboration Helpdesk** that would be established by the EU-Japan Centre for Industrial Cooperation. Such helpdesk would rely on three pillars: **promoting the benefits of EU-Japan business collaboration in third markets**, **supporting business matchmaking**, and **reinforcing interinstitutional cooperation**. The objectives and operational recommendations are detailed below. They may be relevant to other organisations working on industrial, trade, and investment cooperation.

Section summary

This report lays out some recommendations to enhance further EU-Japan business cooperation in third countries. As for the EU-Japan Centre for Industrial Cooperation or any similar organisations, such aspiration should be based on three pillars. The first is the **promotion of the benefits** of these cooperations to relevant EU, Japan and third countries' institutional and corporate stakeholders as well as sharing success stories. Opportunities that EU-Japan business cooperation in third countries represent for companies, for third countries as clients, as well as on the broad political spectrum are, to the least, poorly know, and to the worst, the object of heavy scepticism from all kinds of stakeholders. The second pillar is the **support of the matchmaking** of businesses. The latter should have three approaches: supporting companies with an already concrete project, technology or service tailored for or located in a 3rd market and looking for a partner for further development; supporting existing EU-Japan partner companies in exploring opportunities in third markets; and supporting companies in entering in strategic collaborations with a partner with whom they will jointly seek projects in 3rd markets. Such matchmaking should be coordinated with European and Japanese institutional stakeholders, notably on identifying potential business partners on a case-by-case basis, as well as on organising comprehensive business missions. Indeed, the last focus should bear on **reinforcing institutional cooperation**. The latter should pursue the objectives of ensuring clear visibility on the human and financial resources mobilized, aligning institutional interests and third-country business strategies, and coordinating on the support of EU-Japan business in third countries as detailed in the "pillars" above-mentioned. A concrete set of actions would include identifying interested and relevant institutional stakeholders and contact points as well as the implementation of an EU-Japan interinstitutional working group.

As for businesses, general recommendations on any business cooperation prevail: businesses must have a strong will to cooperate, based on a good mutual understanding of common interests, and inter-complementariness in all its dimensions, as well as being prepared to engage in a lengthy process to define clearly the details of such cooperation. Furthermore, there is no doubt that it may be particularly challenging for SMEs to address issues relating to differences in language, culture and management. Lastly, bearing specifically on the third country business, an important parameter to keep in mind and highlighted by several companies is that the negotiation of the business cooperation and project details often occur with management from the Japanese company's headquarters in Japan. As for projects in third countries more specifically, two main sets of best practices shared by companies are to sustain attention in the local environment and demand, as well as on being vigilant concerning ethics and compliance standards.

4.1.1. Promote the benefits of EU-Japan business collaborations in third markets

4.1.1.1. Objectives

First and foremost, one of the priorities is to promote the benefits of EU-Japan business collaborations in third markets among relevant stakeholders. These relevant stakeholders are comprised of businesses and business organizations, and institutions related to trade and diplomatic relations. The targeted audience should be European and Japanese, but also of the targeted third countries. Indeed, from the discussion of the author with several stakeholders in businesses, business and governmental organizations, two issues to address were identified.

The first issue is that it appears the Connectivity Partnership is not heard of, and the term "connectivity" not really understood. Promotion of EU-Japan business collaborations in third markets should provide a **better understanding of the concept of "connectivity,"** and perhaps be more specific of the targeted and covered sectors such as digital, as well as countries or regions. Furthermore, communication should be made on the **latest evolution at the political and institutional level**. For example, in the perspective the Connectivity Partnership will lead to new and or/joint services from the EU and Japanese institutions, it is necessary to ensure relevant stakeholders, and in particular businesses, are aware of them promptly.

The second objective that should be pursued is to ensure a **better understanding of third market business cooperation as an 'option'** for all relevant stakeholders**.** Indeed, as suggested by Sawaka Takazaki, Deputy Director, Middle East and Africa Division at JETRO, a preliminary step to encourage EU-Japan business partnerships in third countries is first to inform of the existence and benefits of such collaborations.[236] Partnering and how to partner with a foreign EU or Japanese company might indeed not appear like an evident strategic approach.

By sharing concrete data and examples on the benefits of EU-Japan business collaborations in third countries, companies might be more inclined to engage in such partnerships. Furthermore, raising awareness on the topic among institutions would accelerate the EU, EU member states, and Japan inter-institutional cooperation.[237] The latter is particularly important with regards to the ongoing considerations as regards the implementation of new and/or joint services, support or financing. Lastly, promoting EU-Japan business collaborations in relevant third markets is crucial. It would ensure that such partnership truly mirrors the local expectations, and answer to the local demand and needs. This could ensure for example better access to project information and tenders.

4.1.1.2. Recommendations

Promoting the benefits of EU-Japan business collaborations in third markets can take diverse forms, and at different levels, and this subpart aims to suggest some concrete solutions.

[236] Sawaka Takazaki (Deputy Director, Middle East and Africa Division, Overseas Research Department, JETRO), in discussion with Masami Marbot, Tokyo, 28 January 2020.
[237] See 4.1.3.Reinforce inter-institutional cooperation.

The first form of promotion is the organisation of **seminars or forums** to bring together public and private sector stakeholders from the EU and Japan, and a targeted third country or region. Past examples include the French-Japanese collaboration side event held at TICAD VI in Nairobi, Kenya, in August 2016; but also a forum co-organised by Business France, the French Embassy and with the support of JETRO in November 2017.[238] More recent examples include the seminar organised by the EU-Japan Centre for Industrial Cooperation in December 2019,[239] as well as the UK-Japan 3rd Country Infrastructure Collaboration – Workshop & Business forum organised in March 2020 in Tokyo.[240] Such seminars should be first and foremost **informative** on the points mentioned above, with stakeholders from the public and private sectors presenting success stories and opportunities. Furthermore, these events should also include **workshops** and **matchmaking sessions**, as detailed in the next recommendation.[241] They should also perhaps target one specific country or region. For instance, in this regard, the first Japan-China Third Country Market Cooperation Forum organised in October 2018 had a workshop dedicated to regional development, at which businesses from specifically Thailand were invited.[242] Nonetheless, it should be reminded that such an event is highly demanding in terms of human and financial resources.

Another suggestion is to create common **communication materials such as dedicated a website and brochure**, as support for relevant public and private sector stakeholders when discussing and promoting partnerships of EU and Japanese companies in third countries. The latter could provide a comprehensive overview of what is being done on the political level, as well as the relevant contact points in the institutions. It could also present the "basics" of EU-Japan collaboration in third markets and connectivity with definitions, key numbers and partnerships schemes, all relying on selected success stories. In comparison with organising a high-level forum or seminar, such communication materials would not require many resources. In this regard, an example of the website is the web page dedicated to UK-Japan Collaboration for 3rd Country Infrastructure Development on the British Market Council website, elaborated in cooperation with the British Embassy and the Department of International Trade.[243] The web page summarizes the **political background** and **ambitions** for such cooperation for British authorities, as well as proposes **priority sectors** (Figure 23). The web page also enables the reader to download a brochure.[244] The brochure includes an email address to contact the British Embassy on this matter and further promotes some specific **advantages of collaborating with British companies** such as strengths in financial services, but also legal services, risk management, or human resources consulting (Figure 24). Then the document lists some companies in the above-mentioned sectors and presents several **success stories** (Figure 24). It also presents the

[238] Details of the event: https://jp.ambafrance.org/Forum-de-cooperation-franco-japonaise-pour-des-infrastructures-de-qualite
[239] Details of the event: https://www.eu-japan.eu/events/eu-japan-business-collaborations-third-markets
[240] Details of the event: https://exporttojapan.co.uk/uk-japan-3rd-country-infrastructure-collaboration-seminar/
[241] See 4.1.2. Support EU-Japan business collaborations in third markets
[242] JETRO press release, "1st Japan-China Third Country Market Cooperation Forum," October 2018, https://www.jetro.go.jp/en/jetro/topics/2018/1810_topics11/ (accessed 16 January 2020).

[243] British Market Council, "Japan-UK Collaboration for 3rd Country Infrastructure Development," *British Market Council Website*, https://www.british-mc.com/japan_uk/index.html (accessed 4 March 2020).
[244] Department of International Trade, Third Country Business Team, *Japan-UK Collaboration for 3rd Country Infrastructure Development*, Tokyo, https://www.british-mc.com/japan_uk/form/ (accessed 4 March 2020).

relevant MoUs between the UK and Japanese institutions and includes a comprehensive presentation of the UK Export Finance (UKEF). [245]

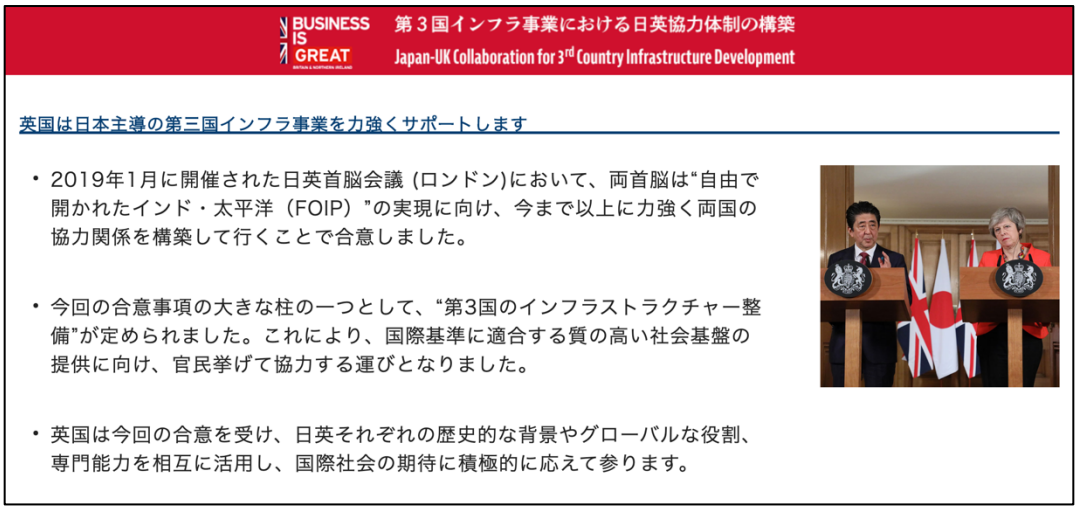


Figure 23. Visuals from the web page on UK-Japan Collaboration for 3rd Country Infrastructure Development (Source: British Market Council) [246]

[245] See 3.1.3.2. The UK and Japan collaboration in third markets.
[246] British Market Council, “Japan-UK Collaboration for 3rd Country Infrastructure Development,” *British Market Council Website*, https://www.british-mc.com/japan_uk/index.html (accessed 4 March 2020).

Page 7: "UK Supply Chain: financial services"

Page 19: Success story "Vietnam : Coc San Hydroelectric power generation project"

Figure 24. Visuals from the brochure on UK-Japan Collaboration for 3rd Country Infrastructure Development (Source: Department of International Trade, Third Country Business Team) [247]

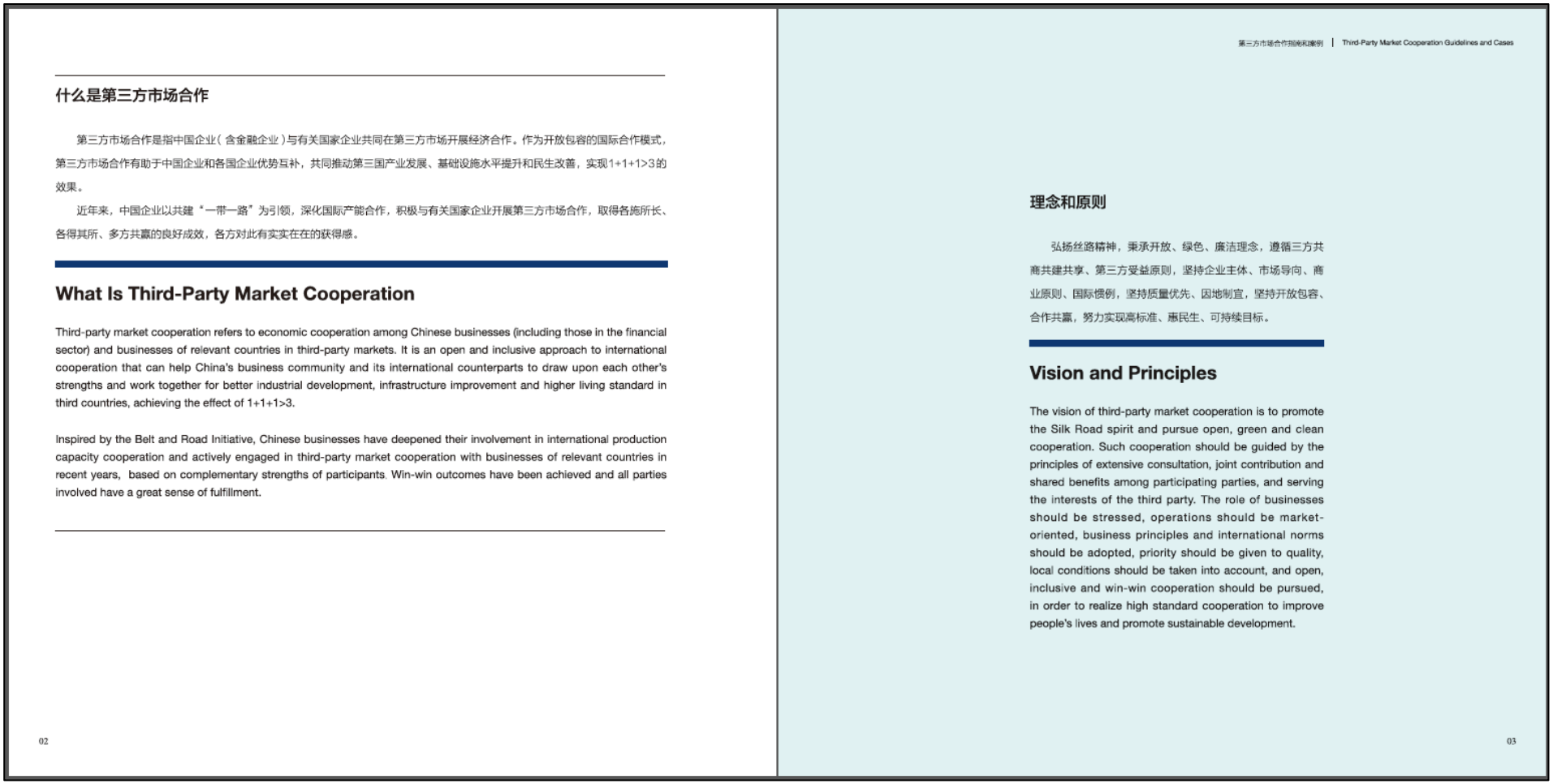
[247] Department of International Trade, Third Country Business Team, *Japan-UK Collaboration for 3rd Country Infrastructure Development*, Tokyo, https://www.british-mc.com/japan_uk/form/ (accessed 4 March 2020).

Concerning another example of a brochure, as cited above, China has published guidelines on its own "third-party market cooperation" strategy. On 4 September 2019, the country's National Development and Reform Commission released its "Third-Party Market Cooperation Guidelines and Cases." The bilingual (Chinese-English) brochure comprehensively summarizes and "advertises" the main pillars of the country's approach in third-market cooperation, which can be a source of inspiration for the communication on EU-Japan Connectivity. [248] [249]

The brochure starts by laying out the foundations for third-market cooperation (Figure 25). Firstly, it proposes a **definition** of third-market cooperation, relying on a **catchy concept of "1+1+1>3,"** which embodies the idea that "China's business community and its international counterparts [..] draw upon each other's strengths and work together for better development, infrastructure improvement and higher living standard in third countries" (page 2). Secondly, the document introduces the "**vision and principles**," or in other words the broad ambitions and orientations of this initiative in terms of Chinese economic diplomacy (page 3). Then, the report maps the "**mechanisms and platforms**" supporting this cooperation, which are the documents and platforms of reference at the bilateral level for each country partnering with China on this subject (page 4-6). As of June 2019, China has established joint initiatives with 14 countries, including Japan and several European countries (Austria, Belgium, Italy, the Netherlands, Portugal, Spain, and the UK).

The second part of the brochure develops on **five models** for third-market cooperation and illustrates them with **21 success stories** with pictures (Figure 26). The five models are, as mentioned previously: cooperation in products and services, engineering, investment, industry and finance combination, and cases of strategic cooperation among businesses (page 7-87).[250]

[248] National Development and Reform Commission, People's Republic of China, *Promotion of third-party market cooperation and mutually profitable results* (original title in Mandarin Chinese: 推进第三方市场合作 促进多方互利共赢), 4 September 2019, Beijing, https://www.ndrc.gov.cn/xxgk/jd/jd/201909/t20190904_1182950.html (accessed 4 February 2020).
[249] National Development and Reform Commission, People's Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).
[250] See 2.4. Cooperation schemes in third countries.



什么是第三方市场合作

第三方市场合作是指中国企业（含金融企业）与有关国家企业共同在第三方市场开展经济合作。作为开放包容的国际合作模式，第三方市场合作有助于中国企业和各国企业优势互补，共同推动第三国产业发展、基础设施水平提升和民生改善，实现1+1+1>3的效果。

近年来，中国企业以共建“一带一路”为引领，深化国际产能合作，积极与有关国家企业开展第三方市场合作，取得各施所长、各得其所、多方共赢的良好成效，各方对此有实实在在的获得感。

What Is Third-Party Market Cooperation

Third-party market cooperation refers to economic cooperation among Chinese businesses (including those in the financial sector) and businesses of relevant countries in third-party markets. It is an open and inclusive approach to international cooperation that can help China's business community and its international counterparts to draw upon each other's strengths and work together for better industrial development, infrastructure improvement and higher living standard in third countries, achieving the effect of 1+1+1>3.

Inspired by the Belt and Road Initiative, Chinese businesses have deepened their involvement in international production capacity cooperation and actively engaged in third-party market cooperation with businesses of relevant countries in recent years, based on complementary strengths of participants. Win-win outcomes have been achieved and all parties involved have a great sense of fulfillment.

02

理念和原则

弘扬丝路精神，秉承开放、绿色、廉洁理念，遵循三方共商共建共享、第三方受益原则，坚持企业主体、市场导向、商业原则、国际惯例，坚持质量优先、因地制宜，坚持开放包容、合作共赢，努力实现高标准、惠民生、可持续目标。

Vision and Principles

The vision of third-party market cooperation is to promote the Silk Road spirit and pursue open, green and clean cooperation. Such cooperation should be guided by the principles of extensive consultation, joint contribution and shared benefits among participating parties, and serving the interests of the third party. The role of businesses should be stressed, operations should be market-oriented, business principles and international norms should be adopted, priority should be given to quality, local conditions should be taken into account, and open, inclusive and win-win cooperation should be pursued, in order to realize high standard cooperation to improve people's lives and promote sustainable development.

03

Page 2-3: “What is Third-Party Market Cooperation” and “Vision and Principles

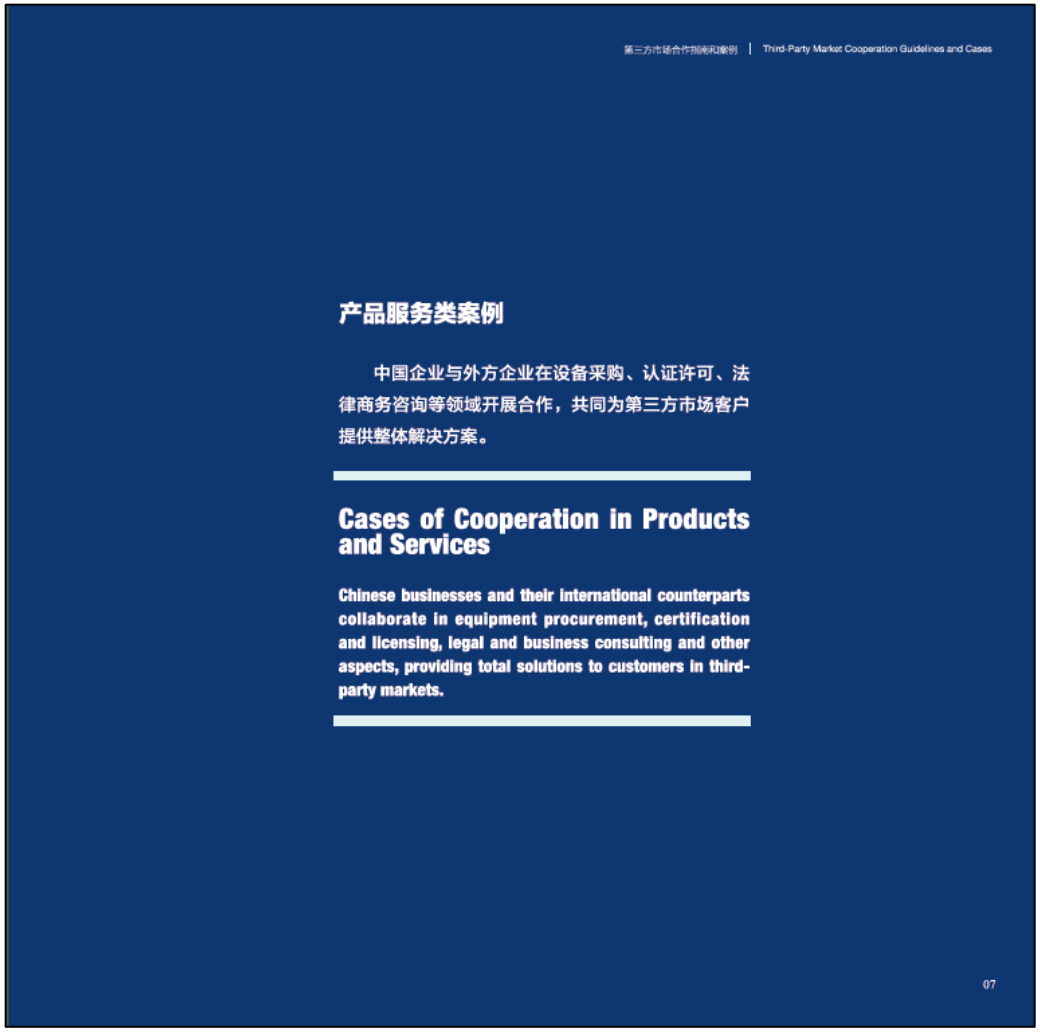
Figure 25. Visuals introducing China’s third-market cooperation strategy (Source: NDRC) [251]

[251] National Development and Reform Commission, People’s Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).

No.	Countries	Signed Documents	Cooperation Platforms
1	China-Australia	*Memorandum of Understanding on Third-Party Market Cooperation*	China-Australia Strategic Economic Dialogue
2	China-Austria	*Memorandum of Understanding on Third-Party Market Cooperation*	China-Austria Working Group on Third-Party Market Cooperation
			China-Austria Forum on Third-Party Market Cooperation
3	China-Belgium	*Memorandum of Understanding on Developing Partnerships and Cooperation in Third-Party Markets*	–
4	China-Canada	*Joint Statement on Third-Party Market Cooperation*	–
5	China-France	*Joint Statement on China-France Third-Party Market Cooperation* *List of Key Projects in China-France Third-Party Market Cooperation*	China-France Steering Committee on Third-Party Market Cooperation
			China-France Forum on Third-Party Market Cooperation
			China-France Fund for Third-Party Market Cooperation
6	China-Italy	*Memorandum of Understanding on Third-Party Market Cooperation*	China-Italy Forum on Third-Party Market Cooperation
			China-Italy Working Group on Third-Party Market Cooperation
7	China-Japan	*Memorandum of Understanding on Third-Party Market Cooperation between Chinese and Japanese Businesses*	China-Japan Forum on Third-Party Market Cooperation
			China-Japan Working Mechanism for Third-Party Market Cooperation
8	China-Netherlands	*Memorandum of Understanding on Strengthening Third-Party Market Cooperation*	–
9	China-Portugal	*Memorandum of Understanding on Strengthening Third-Party Market Cooperation*	China-Portugal Working Group on Third-Party Market Cooperation
10	China-Republic of Korea	*Memorandum of Understanding on Third-Party Market Cooperation*	China-RoK Working Group on Third-Party Market Cooperation
11	China-Singapore	*Memorandum of Understanding on Third-Party Market Cooperation* *Memorandum of Understanding on the Implementation Framework for Strengthening China-Singapore Third-Party Market Cooperation*	China-Singapore Working Group on Third-Party Market Cooperation
			China-Singapore Belt and Road Initiative Investment Forum
12	China-Spain	*Memorandum of Understanding on Strengthening Third-Party Market Cooperation*	China-Spain Working Group on Third-Party Market Cooperation
13	China-Switzerland	*Memorandum of Understanding on Third-Party Market Cooperation*	China-Switzerland Working Group on Third-Party Market Cooperation
			Belt and Road Initiative Capacity Building Center
14	China-United Kingdom	*Memorandum of Understanding on Third-Party Market Cooperation*	China-U.K. Working Group on Third-Party Market Cooperation

Note: Partner countries are listed in alphabetical order.

Page 6: Partner countries, reference documents and platforms



Page 7 (extract): "Cases of Cooperation in Products and Services

Figure 26. Visuals on China's third-market cooperation success stories (Source: NDRC) [252]

[252] National Development and Reform Commission, People's Republic of China, *Third-Party Market Cooperation Guidelines and Cases,* 4 September 2019, Beijing, https://www.ndrc.gov.cn/xxgk/zcfb/tz/201909/W020190905514523737249.pdf (accessed 4 February 2020).

案例 3　中国能建与马来西亚、爱沙尼亚等企业合作开发约旦油页岩电厂项目

约旦油页岩储量约700亿吨，位列世界第四，约旦政府希望通过油页岩发电解决电力依赖进口的问题。阿塔拉特区新油页岩CFB电厂项目位于约旦首都安曼南部阿塔拉特油页岩矿富集区。CFB电厂项目业主Attarat Power Company是由广东省粤电集团、马来西亚杨忠礼国际电力公司和爱沙尼亚能源公司共同建立的股份有限公司，中国能建广东火电工程有限公司为项目EPC总承包商。

CFB电厂项目旨在安全利用油页岩资源，提高约旦能源独立性。项目燃料油页岩相比同等容量燃煤机组的碳排放量大幅降低。项目预计年消耗800万吨油页岩，每年将为约旦减少约3.5亿第纳尔的能源支出，还将创造数千个就业岗位，对促进约旦经济社会发展具有重要意义。

资料来源：中国能源建设集团有限公司

▽ 项目主厂房钢结构吊装（案例3）

Hoisting of the main workshop's steel structures (Case 3)

Case 3

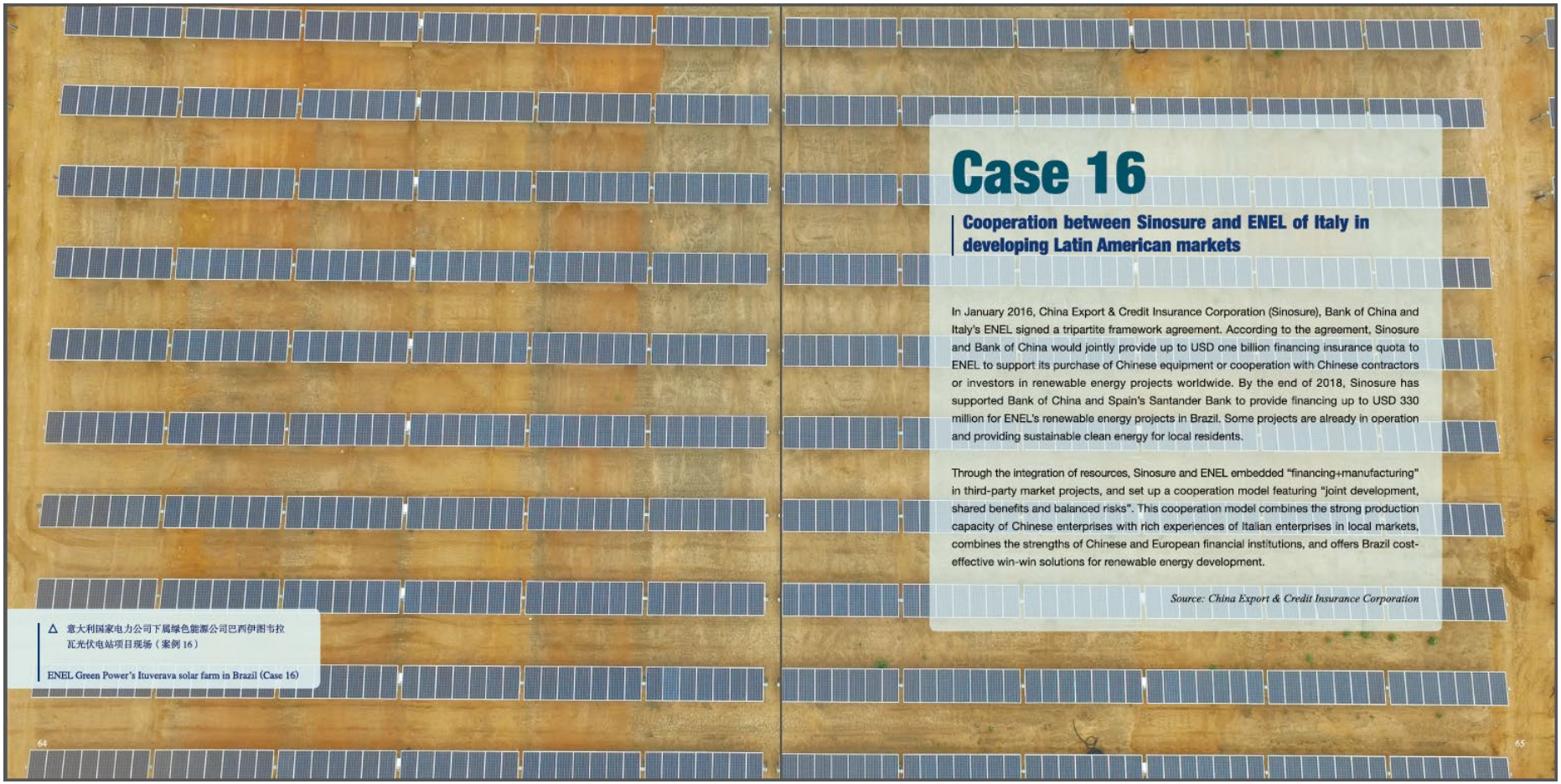
Cooperation among Energy China and companies of Malaysia and Estonia on an oil shale-fueled power plant in Jordan

Jordan has about 70 billion tons of oil shale reserves, ranking fourth in the world. The Jordanian government intends to reduce its reliance on imported electricity through oil shale-based power generation. The new oil shale-fueled power plant with two CFB units is located in the Attarat Um Ghudran area in southern Amman, the capital of Jordan. The project is developed by Attarat Power Company, a partnership between Guangdong Yudean Group, YTL Power International of Malaysia, and Eesti Energia of Estonia. Guangdong Power Engineering Co., a subsidiary of China Energy Engineering Group Co., Ltd. (Energy China) is the EPC contractor of the project.

The project is intended to ensure the safe use of oil shale resources and thus to promote Jordan's energy independence. Compared with coal-fired units of the same capacity, oil shale as the fuel of the plant can significantly reduce carbon emissions. The project, which is expected to consume 8 million tons of oil shale per year, will reduce Jordan's energy expenditure by about 350 million dinars every year and help create thousands of jobs. That will be of great significance to the economic and social development of Jordan.

Source: China Energy Engineering Group Co., Ltd.

Page 14-15: "Case 3: Cooperation among Energy China and companies of Malaysia and Estonia on an oil shale-fuelled power plant in Jordan"



Page 64-65 (extract): “Case 16: Cooperation between Sinosure and ENEL of Italy in developing Latin American markets”

Lastly, it appears so far that the promotion of EU-Japan business cooperation in third markets has originated mostly from the political level. Until perhaps some further study would bring a better overview of the trend with solid quantitative data, it remains some scepticism, including from institutions, as to whether businesses are overall truly interested in such collaboration, and if yes, what are their expectations vis-à-vis some support from institutions. Thus, **businesses need to voice their ambitions** with regards to EU-Japan business cooperation and the Connectivity Partnership. This would motivate institutions to dedicate more resources to supporting such cooperation, as well as accelerate EU-Japan inter-institutional cooperation. It would also enable businesses to engage in a virtuous circle with institutions that could design better services as to ultimately support them. To do so, businesses should provide **policy recommendations** through **business organisations** and **trade promotion agencies**.

4.1.2. Support EU-Japan business matchmaking

4.1.2.1. Objectives

Another area in which the EU-Japan Centre for Industrial Cooperation and similar organisations could offer their support is in matchmaking of European and Japanese companies interested in collaborations in third countries.

Several limits are to be considered first and foremost. A first mentioned by Japanese institutional and corporate stakeholders is that **Japanese companies are reluctant to partner with foreign companies**, and as a rule of thumb, prefer to partner with other Japanese companies, or companies with high cost competitiveness usually from countries such as China or India. Secondly, **businesses have mitigated responses to institutional support** for projects in third countries: if some companies are warmly welcoming such initiatives and proactively seeking institutional/political support, others (mostly large companies) are extremely doubtful of the value-added of such approach. An institutional stakeholder even indicated that those divergences could arise within the same company. This skepticism is reinforced by the fact that a vast majority of projects are the result of a lengthy process in which companies gradually build trust. Thus, with this regard, punctual institutional support can seem futile. A last and a more practical limit is that depending on each company's respective organizational structure, EU-Japan business collaborations in third markets **does not necessarily involve staff in Japan** and may be managed by local or regional subsidiaries.

Three approaches to supporting business matchmaking can be considered. The first would be to **support one company with already a concrete project or technology underway**, and that is looking for a partner for further development, expansion, or in order to answer to the criteria of a tender. If this approach would enable the EU-Japan Centre for Industrial Cooperation and other institutional stakeholders to have clear visibility on the progress of concrete projects, it remains that the level of resources or technical expertise required to answer fully to the company's demand may not be met, compared to more specialized intermediaries such as consulting or M&A firms.

The second approach would be to **encourage existing EU-Japan partner companies in exploring opportunities** in third markets, while the third would consist in **assisting companies willing to enter in a strategic collaboration with an appropriate partner in order to jointly seek projects in targeted sectors and third markets** (such as in case 5 between Hitachi and Veolia Water Technologies). This approach would be practically easier for the EU-Japan Centre for Industrial Cooperation to implement, however, it would not necessarily result in immediate and concrete projects and require a meticulous follow-up over the years.

4.1.2.2. Recommendations

The EU-Japan Third Country Business Helpdesk could be a platform through which companies would apply and interact with the EU-Japan Centre for Industrial Cooperation, and from which support of business matchmaking could be considered. This platform would be particularly helpful to reach out to European SMEs and should be promoted together with other activities of the Centre's such as the EU-Japan Cooperation Helpdesk, or throughout the EEN network.

This helpdesk could first and foremost rely on an online platform to receive online applications/requests from companies. Such online application form would have three entries, echoing to the three approached above-mentioned: "my company has a product/technology/project tailored for or located in a third market, I am looking for a partner," (entry 1) "my company is looking for a partner to explore together opportunities in third markets" (entry 2), "my company wants to explore opportunities overseas together with our Japanese partner(s)" (entry 3). An example of entry 1 is: "My company is an SME with innovative technologies in X, that would answer to the need of X in X region. We are looking for a partner for further investment and business development to expand our activities." Then, an example of entry 2 is: "My company provides X infrastructures. We are looking for a partner to explore opportunities (e.g. answer tenders / financing) in this sector and in X region." The platform would then ask for the company information, details on the product/technology, the total investment required (entry 1), targeted third markets, targeted form of partnership, desired profile of partner company (entry 1 & 2) or of the Japanese partner companies (entry 3).

The EU-Japan Centre for Industrial Cooperation would then do a pre-selection of promising companies to support matchmaking based on eligibility criteria and maturity of the project, in line with the Centre's priorities. It would then consult with Japanese stakeholders (see next recommendation) and in particular JBIC, JETRO, JICA and JOIN. It would present the latter the pre-selected companies, in order to agree on a final selection of companies to support and matchmaking approach. A first option would be **matchmaking on a case-by-case basis**: that is for example if during this preparatory discussion between the Centre and Japanese institutional stakeholders, some potential business partners and contact points for the company which reached out to the helpdesk would already be suggested. A second option would be to organise a **business mission** on a target industry, and when relevant, a sub-target third market**.** Such a business mission should focus on meeting Japanese trading houses, and public Japanese

financial stakeholders (JBIC, JICA and JOIN). It could occur 'independently,' or at the occasion of a relevant conference or international political event.

Suggestions for themes for the upcoming business missions are: **power sector in Africa** (in which Japanese trading houses seem to be greatly interested in) and **renewables** in general; **smart cities in ASEAN** and in particular digital (such as IoT and AI) applied to dimensions of mobility, governance and quality of life.

4.1.3. Reinforce inter-institutional cooperation

4.1.3.1. Objectives

The last pillar identified to support EU-Japan business cooperation in third markets is to reinforce inter-institutional cooperation between the EU, EU Member States, and Japanese institutions. It appears that two main objectives should be aimed for.

The first one is to **guarantee a systematic dialogue** between institutions. This would enable potential stakeholders to **define and align common interests**, such as targeted projects and regions, as well as to establish **joint mechanisms** and **symmetric support** of concrete projects. Attention should be given on delimiting the scope of the Connectivity Partnership and EU-Japan collaboration in third countries. Indeed, for example, even though it is not the approach taken in this report, it appears that several institutional stakeholders consider that collaboration at the financing level without necessarily involving business cooperation is relevant to EU-Japan collaboration in third countries. Furthermore, the issue of what is the scope of work between the EU-institutions and European countries institutions should be coordinated to avoid unnecessary duplication. Then, a second and subsequent objective is to jointly **define and ensure the visibility of the human and financial resources** mobilised in each institution to the support of EU-Japan Connectivity.

4.1.3.2. Recommendations

Inter-institutional cooperation is a daunting and complex task. This report will suggest nonetheless some suggestions on how to proceed. A first step would be to **identify contact points, or divisions/departments**, in each appropriate governmental institution and non-governmental organizations at the EU, and EU-member states' level, as well as the Japanese level, which would enhance the efficiency of the dialogue. Below is a preliminary mapping of these relevant institutions (Table VIII) and organizations (Table IX).[253] Sector-specific institutions listed focus on infrastructures, environment, and digital/ICT; following the focus of this report. However, EU-Japan business collaborations in third markets could cover an infinite range of other sectors such as agriculture, fisheries, or space.

[253] See propositions in Table XI. Institutional stakeholder mapping for the EU-Japan Interinstitutional Working Group of ANNEX 2. Implementation of the EU-Japan Interinstitutional Working Group.

Table VIII. Mapping of relevant governmental institutions for EU-Japan business collaborations in third countries

		Japan	EU	EU member states	International & Third regions/countries
General	*Diplomacy*	• Ministry of Foreign Affairs (MOFA)	• EU Delegation in Japan • European External Action Service (EEAS) • Services for Foreign Policy Instruments (FPI) • Directorate-General for European Neighbourhood and Enlargement Negotiations (DG NEAR)	• Ministry for Foreign and European Affairs • Embassy in Japan • Embassies in targeted regions and third countries	• Ministry for Foreign Affairs • Embassy in Japan • Embassies in the EU
	Economic Affairs	• Ministry of Economy, Trade and Industry (METI) • Japan External Trade Organisation (JETRO)	• EU-Japan Centre for Industrial Cooperation • Directorate-General for Trade (DG TRADE) • Directorate-General for Economic and Financial Affairs (DG ECFIN) • Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) • Executive Agency for Small and Medium-sized Enterprises (EASME)	• Ministry for Economic Affairs • Embassy in Japan, economy and trade sections • Trade promotion agencies	• Ministry for Economic Affairs • Embassy in Japan and the EU, economy and trade sections
	Development	• Japan International Cooperation Agency (JICA)	• Directorate-General for International Cooperation and Development (DG DEVCO)	• Development Agency	X
Sectoral *(in particular infrastructures, environment, and digital/ICT)*		• Ministry of Land, Infrastructure, Transport and Tourism (MLIT) • Ministry of the Environment • Ministry of Internal Affairs and Communication (MIC)	• Directorate-General for Climate Action (DG CLIMA) • Directorate-General for Environment (DG ENV) • Directorate-General for Communications Networks, Content and Technology (DG CONNECT)	• Sector-specific ministries • Sector-specific sections in embassies	• Sector-specific ministries • Sector-specific sections in embassies
Financial		• Japan Bank for International Cooperation (JBIC) • Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) • Nippon Export and Investment Insurance (NEXI)	• European Investment Bank (EIB)	• National Investment Bank	• European Bank for Reconstruction and Development (EBRD) • Asian Development Bank (ADB) • World Bank

Table IX. Mapping of relevant non-governmental organisations for EU-Japan business collaborations in third countries

<table>
<tr><th></th><th>Japan</th><th>EU</th><th>EU member states
(example of corresponding French institutions)</th></tr>
<tr><td rowspan="2">General</td><td>• Japan Chamber of Commerce and Industry (JCCI)
• Tokyo Chamber of Commerce and Industry</td><td>• European Business Organisation Worldwide Network (EBO WWN)
• Business Europe</td><td rowspan="2">• Chambers of Commerce in Japan</td></tr>
<tr><td colspan="2">• EU-Japan Business Round Table</td></tr>
<tr><td>Sectoral/ Regional</td><td>• Japan Foreign Trade Council (JFTC)
• Japan Machinery Center (JMC)
• Japan Open Innovation Council (JOIC)
• Renewable Energy Association for Sustainable Power supply (REASP)</td><td>• EU-ASEAN Business Council
• EU-Africa Chamber of Commerce (EUACC)</td><td></td></tr>
</table>

A second phase would be to set up a **steering committee** / **working group** with relevant contact points in the identified institutions and organizations.[254] This committee would meet **regularly**, for instance twice a year, with the following agenda:

- **Aligning and defining common ambitions** (targeted sectors, regions etc.);
- Listing **opportunities** with project information and tenders;
- Discussing **concrete projects and companies** to support (matchmaking, financing etc.), including those screened by the EU-Japan Centre for Industrial Cooperation;
- Coordinating other initiatives and actions such as promotional or political.

As regards the task of harnessing the opportunities that would be jointly listed by such a committee, it should be reminded that a challenge remains that they become truly beneficial to a European and Japanese collaboration. The risk being, for example, that information provided on one tender by one side, ultimately results in the other side's companies winning the bid with no business collaborations. Nonetheless, the EU-Japan Centre for Industrial Cooperation could focus on strengthening relations with Japanese institutional stakeholders based in Japan, European chambers of commerce and trade sections of the Delegation of the European Union in targeted third markets to be informed of the latest opportunities there, and adapt its approach accordingly.

As mentioned above, as for discussing concrete projects and company matchmaking, the potential role the EU-Japan Centre for Industrial Cooperation could be to provide to this committee a **first screening and assessment** of how mature the projects are, from the European side. This

[254] See propositions in Table XI. Institutional stakeholder mapping for the EU-Japan Interinstitutional Working Group of ANNEX 2. Implementation of the EU-Japan Interinstitutional Working Group.

could take the form of a 1 or 2-pages briefing note that would include a project description with location, sector, total investment, and potential existing Japanese partner(s).

4.1.4. Other recommendations

Other forms of support from the European and Japanese authorities from the three above mentioned could be considered.

Tatsuro Kikuchi from Hitachi, Ltd. Energy sector, mentions that advancing the common agenda on the issue of **harmonising standards**, as mentioned in the article 7.6 of the EU-Japan EPA, would be particularly helpful to EU-Japan business collaborations in third markets.[255] [256] Similarly, the Japanese Government emphasized on the issue of ensuring the proper compliance with international standards in third country business as central.[257]

Other forms of joint EU-Japan institutional support may be **tailored to the need of companies in specific third markets**. In this regard, the survey conducted by JETRO on which government support is expected by Japanese companies in Africa for example highlights that government support is also expected in formulating requests to the government of the host nation, on **information provision** or **talent management** (Figure 27 and Figure 28). Indeed, one Japanese general trading company with whom the author discussed emphasized that the latter can information provision particularly challenging in Africa on issues such as financial liability, repayment capability, political stability and micro-economic situation. More generally, it has also been pointed out by companies that the speed at which companies have access to tender information is highly strategic. Cooperation of overseas diplomatic missions on this matter might be appreciated.

[255] Tatsuro Kikuchi (Supervisor, Communications & Governmental Relations Department, Business Planning & Strategy Division at Hitachi, Ltd. Energy Sector), in discussion with Masami Marbot, Tokyo, 25 February 2020.
[256] "EU-Japan Economic Partnership Agreement: texts of the agreement," signed on 17 July 2018, *European Commission website*, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018PC0192#document2 (accessed 26 February 2020).
[257] Japanese Government, *Agenda of the 39th Meeting on Strategy relating Infrastructure Export and Economic Cooperation (17 October 2018) on the theme of third country cooperation* (original title in Japanese: 第３９回経協インフラ戦略会議（2018 年 10 月 17 日）テーマ：第三国連携　議事次第), 17 July 2018, https://www.kantei.go.jp/jp/singi/keikyou/dai39/siryou1.pdf (accessed 26 February 2020).

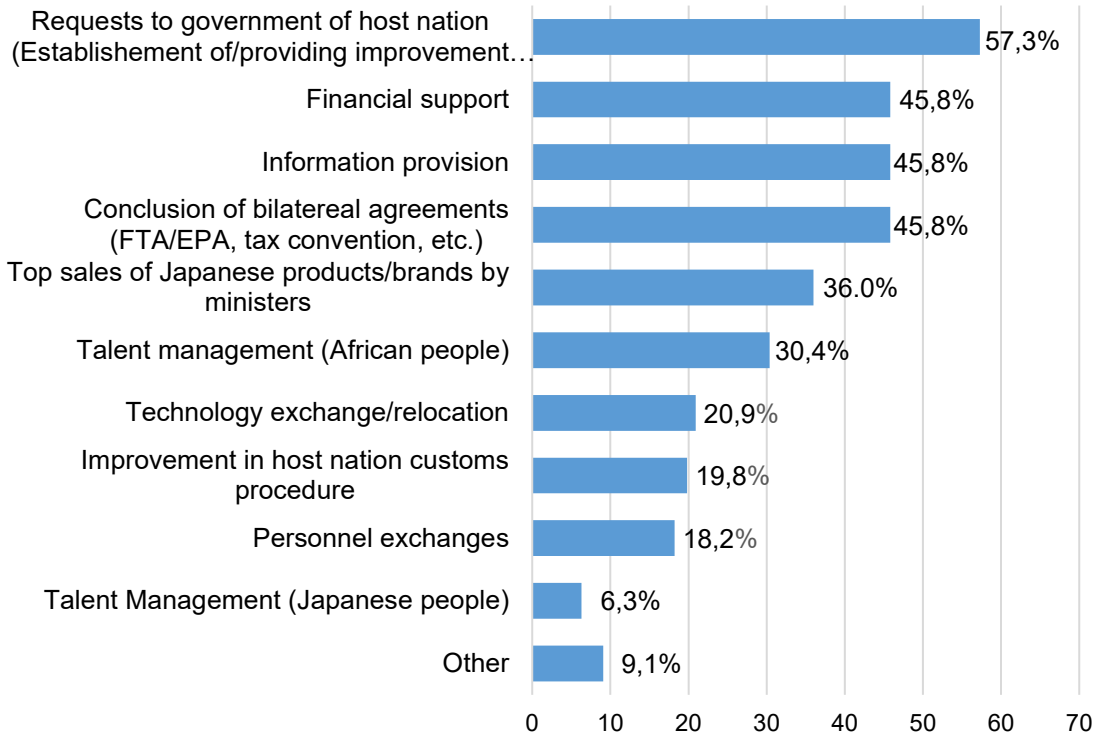


Figure 27. Required company support for Japanese companies for business in Africa (Source: JETRO)[258]

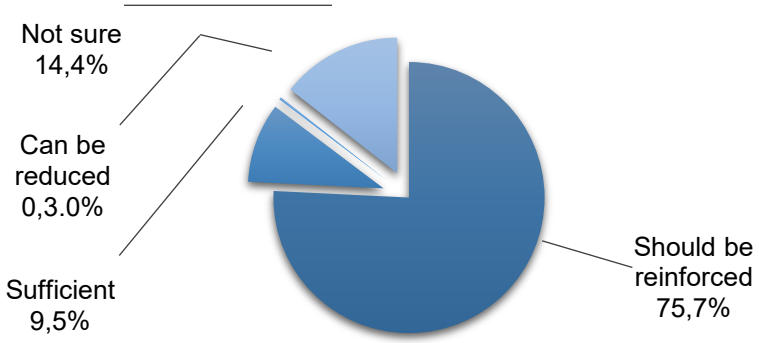


Figure 28. Japanese companies' opinion on whether more Japanese government support should be given for business in Africa (Source: JETRO) [259]

[258] JETRO, Overseas Research Department, Middle East & Africa Division, *2018 Survey on Business Conditions of Japanese Affiliated Companies in Africa,* 15 February 2019, Tokyo, https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/rp_firms_af2018.pdf (accessed 7 November 2019).
[259] Ibid.

4.2. Recommendations for businesses & Best practices

This last part aims to provide recommendations for businesses seeking to engage in EU-Japan business collaboration in third countries. Far from being exhaustive facing the variety of business collaborations, industries, and third markets that could be at stake, this part compiles some of the best practices indicated by different institutional and corporate stakeholders.

4.2.1. Recommendations on EU-Japan business collaborations

The first set of recommendations pertains to the EU-Japan business collaboration itself. Beyond the great geopolitical background discussed in this report, a prerequisite remains to any collaboration: **businesses must have a strong will to cooperate**, based on a good mutual understanding of **common interests,** and **inter-complementariness** in all its dimensions (technologies, geography, human and financial resources etc.). A second crucial parameter business should keep in mind is that the preparation stage during which the collaboration is considered and discussed is a **lengthy process**. This is as true for large-size infrastructure project where they may be several years between the tender official announcement, the tender selection, the start of construction and then of operation; as for investment and joint development of certain technologies and products, which relies on a long-term relationship of trust gradually built upon by the business partners.

As for dealing with **differences in language, culture and management** exposed previously, there is no doubt that they might be more challenging for SMEs, than to large companies. Among the best practices shared by the companies, the first one is the (temporary) **exchange of personnel** between the companies are within the eventual structure in a third country, as to enable a better linkage between the two partners. This is for example the case of the collaboration between Marubeni and Azuri Technologies (case 17), and Mitsubishi Heavy Industries and Vestas (case 10). Another best practice shared by a European SME is to always rely on a **professional translator** from their mother tongue to Japanese, in all formal exchanges with its Japanese partners. This would enable to guarantee a better mutual understanding between the companies (compared to a situation in which the partners would exchange in English), as well as better handling cultural differences.

The last comment made by companies on the **negotiation/discussion of the partnership and project details** is that for Japanese companies, they often involve management from the Japanese company's **headquarters in Japan**. Hence, it might prove easier for European companies considering a collaboration to rely on a Japan-based contact point. As for European companies, it seems that **the Japanese subsidiary is not necessarily involved** in collaborations with Japanese companies in third countries, as sometimes it is piloted by a local or regional subsidiary. Such an aspect should be taken into account by Japanese companies.

4.2.2. Recommendations on business collaborations in third countries

As for business collaborations in third countries *per se*, there seem to be two particular areas of caution. First, **be mindful of the local environment and demand**: companies stressed that securing promptly local information provision and local resources (from suppliers to workforce) can be highly strategic. Second, **being vigilant of ethics and compliance standards** of the business partners, and given the third country's local laws. This converges with the comments of

Pierre Mustiere, CEO of Bouygues Asia, who distinguishes four priorities: the **training of the local workforce**, maintaining a **code of ethics**, ensuring the **security of people and assets**, **logistics and remote work** (Figure 29).[260]

Figure 29. Some key principles on France-Japan collaboration in third party countries (Source: Pierre Mustiere) [261]

[260] Pierre Mustiere, "Collaboration in third party countries," Presentation, EU-Japan Centre for Industrial Cooperation seminar on EU-Japan Business Collaborations in Third Markets, Tokyo, 3 December 2019, https://www.eu-japan.eu/sites/default/files/imce/bouygues_2019_0212france_japan_collaboration_v0.pdf (accessed 3 December 2019).

[261] Pierre Mustiere, "Collaboration in third party countries," Presentation, EU-Japan Centre for Industrial Cooperation seminar on EU-Japan Business Collaborations in Third Markets, Tokyo, 3 December 2019, https://www.eu-japan.eu/sites/default/files/imce/bouygues_2019_0212france_japan_collaboration_v0.pdf (accessed 3 December 2019).

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Masami MARBOT

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ANNEX 1: Complementary list of case studies

Table X. Complementary list of case studies

Sector	Characteristics of the companies				Characteristics of the partnership				Reference(s)
	Japanese company		European Company		Form of partnership	Third Market	Year	Details on joint project(s)	
	Name	Size	Name (COUNTRY)	Size					
Transportation	All Nippon Airways Corporation	large	Deutsche Lufthansa AG (Germany)	large	Joint-venture	Europe	2014	Air cargo joint-venture on routes between Europe and Japan	https://www.anacargo.jp/en/news/ana_cargo_and_lufthansa_cargo_joint_venture_5_year_anniversary.html
	Daiho Corporation	large	RAZEL-BEC SAS (France)	large	Contractor/supplier	Ivory Coast	2017	Construction of two flyovers	https://www.fayat.com/en/references/solibra-junction
Energy	Sumitomo Corporation ; TEPCO	large	Electricite de France SA (France)	large	Joint-venture	Vietnam	1999	Power plant	https://www4.tepco.co.jp/en/press/corp-com/release/05020701-e.html
	MODEC ; Mitsui & Co ; Mitsui O.S.K. Lines; Marubeni Corporation	large	Galp Energia SGPS SA (Portugal)	large	Investment	Brazil	2012	Oil field	https://www.jbic.go.jp/en/information/press/press-2011/0328-6319.html
	Eurus Energy Holdings	large	Akuo Energy SAS (France)	large	Investment	Uruguay	2013	Wind farm	https://eurusenergy.com/news/press-releases/eurus-energy-america/minas-wind-farm/
	INPEX Corporation	large	Total SA (France)	large	Joint-venture	Australia	2018	Ichthys LNG project	https://www.total.com/en/energy-expertise/projects/oil-gas/lng/ichthys-a-bold-lng-project-off-the-coast-of-australia
	Toshiba Corporation	large	VINCI SA (France)	large	Collaboration	Africa	2018	MoU for collaboration in construction hydroelectric and geothermal plants	https://www.toshiba-energy.com/en/info/info2018_0503_02.htm

	JERA Corporation	large	Orsted S/A (Denmark)	large	Investment	Taiwan	2018	Wind farm	https://www.jera.co.jp/english/information/20181228_37
	Mitsubishi Corporation	large	BBOXX Ltd. (UK)	large	Investment	Africa	2019	Pay-as-you-go solar energy equipment	https://www.bboxx.co.uk/bboxx-closes-50-million-series-d-funding-round-led-by-mitsubishi-Co./
Water & Waste Management	Mitsubishi Corporation	large	Egis International SAS (France)	large	Collaboration	Africa	2018	Collaboration on sustainable city and in water in Ivory Coast	https://www.egis-group.com/action/news/egis-and-mitsubishi-corporation-sign-two-agreements-development-joint-projects
	Mitsui Corporation	large	Técnicas de Desalinazación de Aguas SA	large	Joint-venture	Australia, Chile	2017, 2018	Collaboration in operation for desalination and conveyance services	https://www.mitsui.com/jp/en/release/2017/1224667_10832.html ; https://www.mitsui.com/jp/en/topics/2018/1226545_11241.html
Machinery & Industrial Equipment	Mitsubishi Heavy Industries Ltd	large	Siemens AG (Germany)	Large	Joint-venture, acquisition	Global	2014, 2019	Steel and metal production machinery	https://press.siemens.com/global/en/pressrelease/joint-venture-mitsubishi-heavy-industries-and-siemens-starts-operations
Wholesale & Retail trade	Mitsubishi Corporation	large	Bergé Automoción SL (Spain)	large	Investment	Europe, Latin America	2019	Motor vehicle wholesale and retail distribution	http://www.journalauto.com/lja/article.view/33406/mitsubishi-et-berge-vers-une-coentreprise-transatlantique/4/distribution
Others	Mitsubishi Sumitomo Insurance Corporation	large	AXA SA (France)	large	Collaboration	Africa	2014	Providing insurance to Japanese client companies for business in Africa	https://asia.nikkei.com/Business/Mitsui-Sumitomo-Insurance-teaming-up-with-European-peers

ANNEX 2: Implementation of the EU-Japan Interinstitutional Working Group

The **EU-Japan Interinstitutional Working Group** (Figure 30) would be a body composed of representatives of the EU-Japan Centre for Industrial Cooperation, JBIC, JETRO, JICA and JOIN. It would aim to provide support to both the **EU SME Finance Helpdesk**[262] and to the **EU-Japan Third Country Business Helpdesk** proposed in this report, notably relying on the establishment of a regular channel of communication between the EU-Japan Centre for Industrial Cooperation and key institutional stakeholders in Japan. Ideally, this Working Group should meet every three months to discuss financing and non-financing opportunities (e.g. priority sectors and third markets) for EU-Japan business collaborations.

The main priorities of the Working Group are to align ambitions and define a common strategy to its EU and Japanese parties, list opportunities, discuss concrete projects and support tools, and coordinate promotional and political initiatives. Indeed, besides the regular meetings, the Working Group is expected to organise joint activities, such as seminars/training sessions, as well as facilitate matchmaking between EU and Japanese companies. The matchmaking service should be provided either on a case-by-case basis with the EU-Japan Centre for Industrial Cooperation briefing its Japanese counterparts on a couple of particularly promising business plans at each meeting, either by collaborating on organising comprehensive business missions.

On the financial level, the Working Group should support EU SMEs in connecting with financial providers and Japanese partners to become eligible to apply for financial instruments provided by Japanese institutions. On the non-financial level, the Working Group should support companies looking for a Japanese partner with whom they can jointly operate in third markets and/or existing EU-Japan partner companies in exploiting opportunities in third markets.

In terms of internal preparation for the meetings of the Working Group, the position of the EU-Japan Centre for Industrial Cooperation should be based on a regular follow-up with the "**Advisory Stakeholders**" that are:

- The European Commission, in view of receiving inputs for the overall strategy and progress;
- The European Investment Bank, to follow-up on the progress of the MoUs with JBIC, JICA and NEXI);
- Governmental and non-governmental trade promotion organisations (national or EU public departments and agencies working on topics related to trade and/or EU-Japan relations, industry and trade associations and chambers of commerce), in view of promoting the helpdesks and exchanging on local opportunities in coordination with local Japanese institutional and corporate stakeholders.

Table XI provides a stakeholder mapping, including contact points, for the implementation of the EU-Japan Interinstitutional Working Group.

[262] See my colleague Joana Vaz's report on "Research and list-up access to funding and financing Support for EU SME's Internationalization to Japan." Available at: https://www.eu-japan.eu/minerva-past-reports-20142019#

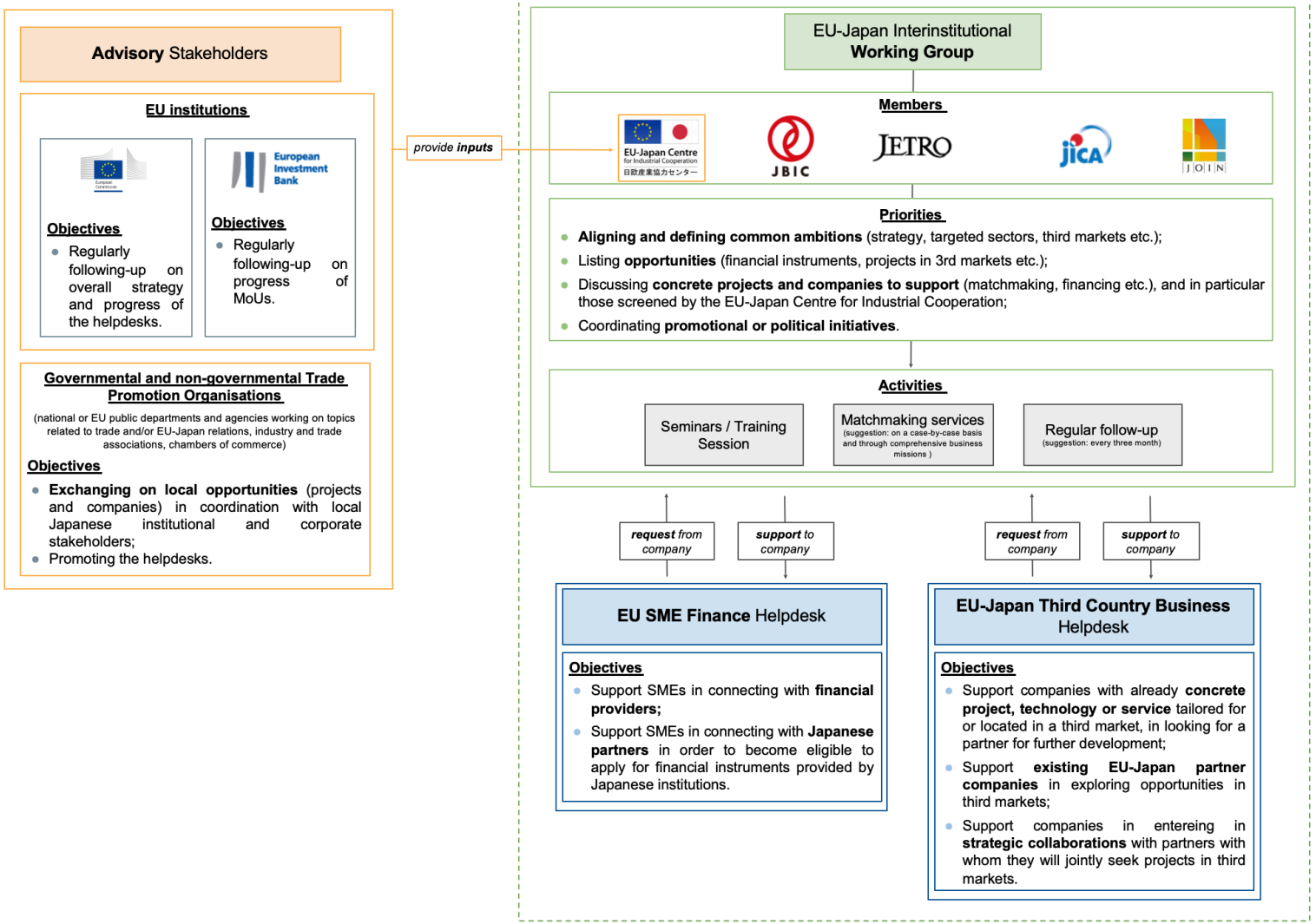

Figure 30. Implementation of the EU-Japan Interinstitutional Working Group

Table XI. Institutional stakeholder mapping for the EU-Japan Interinstitutional Working Group

Stakeholder	Type	Location	Contact point (confidential)	Relevance for the EU-Japan Centre			Comments / Key message (confidential)
				EU SME Finance Helpdesk	**EU-Japan Third Country Collaboration** Helpdesk	**Potential for joint activities**	
Japan External Trade Organization (JETRO)	Governmental	Tokyo, Japan	**(confidential)**	✓	✓	Support in promotional activities and matchmaking	**(confidential)**
Ministry of Foreign Affairs of Japan (MOFA)	Governmental	Tokyo, Japan	**(confidential)**		✓	Support in interinstitutional cooperation	**(confidential)**
Japan Machinery Center for Trade and Investment (JMC)	Business Association	Tokyo, Japan	**(confidential)**	✓	✓	Support in promotional activities and matchmaking	**(confidential)**
Japan Chamber of Commerce and Industry/Tokyo Chamber of Commerce and Industry	Business Association	Tokyo, Japan	**(confidential)**	✓	✓	Support in promotional activities and matchmaking	**(confidential)**
Japan Bank for International Cooperation (JBIC)	Governmental/ Financial institution	Tokyo, Japan	**(confidential)**	✓	✓	Financial support for EU-Japan business partnerships (loans and equity)	**(confidential)**
Japan International Cooperation Agency (JICA)	Governmental/ State Aid	Tokyo, Japan	N/A	✓	✓	Financial support for EU-Japan business partnerships in third markets (available at the local level via calls for tender and under very specific conditions)	**(confidential)**

Nippon Export and Investment Insurance (NEXI)	Governmental	Tokyo, Japan	**(confidential)**	✓		Financial Support for EU-Japan business partnerships in third markets.	**(confidential)**
Japan Overseas Infrastructure Investment (JOIN)	Governmental	Tokyo, Japan	N/A	✓	✓	Financial Support for EU-Japan business partnerships in third markets.	**(confidential)**
Japan Investment Advisers Association (JIAA)	Japan/ Non-governmental	Tokyo, Japan	N/A	✓		Informing the EU-Japan Centre about potential investors in Japan	**(confidential)**
European Investment Bank (EIB)	EU Institutions	Luxembourg	**(confidential)**	✓	✓	Informing the EU-Japan Centre about the progress of the MoUs with JBIC, JICA and NEXI	**(confidential)**.
The European Trade Association for Business Angels, Seed Funds and Early Stage Capital Market (EBAN)	Non-governmental	Brussels, Belgium	N/A	✓		Connecting the EU-Japan Centre with smart capital and angel investors.	**(confidential)**
EEN Access to Finance Working Group	Non-governmental	EU level, Several locations	**(confidential)**	✓		Providing the EU-Japan Centre with relevant information on future EU funding programmes	**(confidential)**
DG GROW – Access to Finance for SMEs (Unit H3)	EU Institutions		**(confidential)**	✓		Providing the EU-Japan Centre with relevant information on future EU funding programmes	**(confidential)**