



# ***JBIC in Russia***

**to promote Japanese – Russian Relations**

**September, 2008**

**Japan Bank for International Cooperation (JBIC)**



# 1. JBIC' Profile

# JBIC's Profile

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## Registered Name

- Japan Bank for International Cooperation

## Establishment

- October 1, 1999  
(succeeding ex-Export Import Bank of Japan)

## Profile

- Policy based financing institution, fully owned by the Japanese Government, responsible for conducting Japan's external economic policy and economic cooperation
- Network of 28 overseas offices to cover operations with more than 110 countries



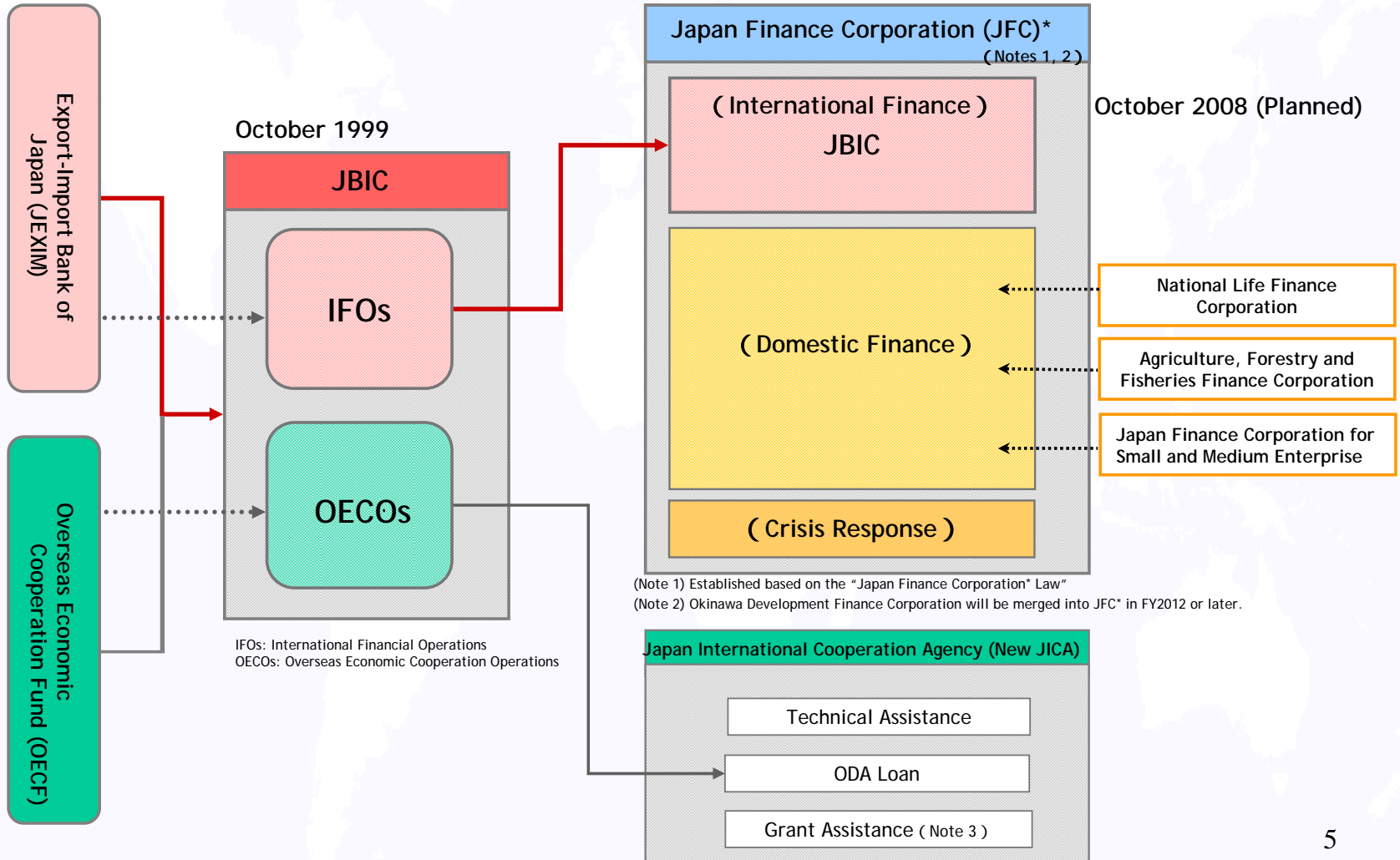
# Restructuring of Japanese Government Finance Institutions

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- To restructure the Japanese Government Finance Institutions, the Japanese Government decided reorganization.
- As of 1<sup>st</sup> of Oct 2008, International Finance Operations of JBIC (former EXIM functions) will be merged with (3) other domestic finance institutions and new policy-based finance institution the Japan Finance Corporation (“JFC”) will be established .
- The Japanese Government will at all times hold the total number of outstanding shares of JFC therefore JFC, as a policy-based finance institution will continue to keep the status of the agency of public character.
- JFC will set up a separate internal organization that is to solely and exclusively conduct the operations to which the Internal Finance Operations of JBIC succeed, under the name of “Japan Bank for International Cooperation” (New JBIC).

**JBIC's name, role and function will be remained unchanged !!**

# Outline of Organizational restructuring in October 2008



(Note 1) Established based on the "Japan Finance Corporation" Law

(Note 2) Okinawa Development Finance Corporation will be merged into JFC\* in FY2012 or later.

(Note 3) This excludes grant assistance which the Ministry of Foreign Affairs will continue to directly implement for the necessity of diplomatic policy.

# New JBIC's Operation

- 1) Promote overseas development of natural resources which are strategically important**
- 2) Support efforts of Japanese industries to develop international business operations**
- 3) Respond to financial disorder in the international economy**

## **1. Export Loans**

- Financing the export by Japanese products, including power generation plants and telecommunication equipments.

## **2. Import Loans**

- Financing the import of strategically important materials, such as OIL, LNG and IRON ORE etc to Japan

## **3. Overseas Investment Loans**

- Financing overseas projects and resource developments undertaken by Japanese companies

## **4. Untied Loans**

- Financing the infrastructure projects which are developed by public entities. The loans do not require procurement of materials and equipment from Japan (“Untied Loans”) but projects to be financed should have “Japan Interests”.

## **5. Equity participation**

- Capital contribution to the overseas projects where Japanese firms participate

## **2. JBIC's Achievements in Russia**

# JBIC's Achievements in Russia

Total Commitment amounts : JPY 1,269 bil (US\$ 11.8 bil equivalent)  
Loans Outstanding : JPY 492 bil (US\$ 4.6 bil equivalent)  
(as of July 2008)

## < Main features of JBIC's operations in Russia >

- Supporting the export of Japanese products = Export Loans =
  - Transportation equipment, construction equipment, etc.
- Supporting Japanese companies' overseas investments = Overseas Investment Loans =
  - Manufacturing business (ex. Automobile business, Automobile-related business, floating glass manufacturing plant )
- Supporting improvement of Japanese companies' business environment = Untied Loan =
- Securing access to natural resources = Overseas Investment Loans & Import Loans =
  - Natural resources developments



### **3. Cases of JBIC's operations in Russia**

## Supporting the Export from Japan (1)

Bank name	Signing date	Committed Amount
VTB	March 2002	USD 74 mil.
Sberbank	November 2004	USD 70 mil.
VEB	March 2007	USD 50 mil.
Gazprombank	June 2007	USD 100 mil.
MDMbank	April 2008	USD 48mil.
Sum Total		USD 342mil.

JBIC have extended five “Export Credit Lines” with Russian banks to enhance imports from Japan by **Small and Medium-sized Enterprises in Russia.**

# Supporting the Export from Japan (2)

## Export Loan to Gazprombank

**Scheme : Bank-to-bank Loan**

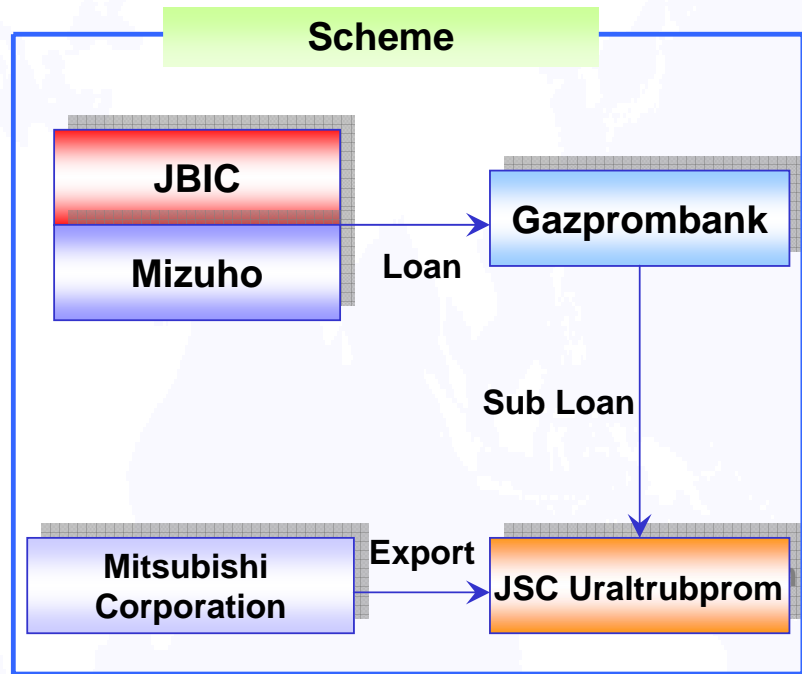
**Loan Amount : JPY 10 billion**

**Date : July 2007**

**Exporter : Mitsubishi Corporation**

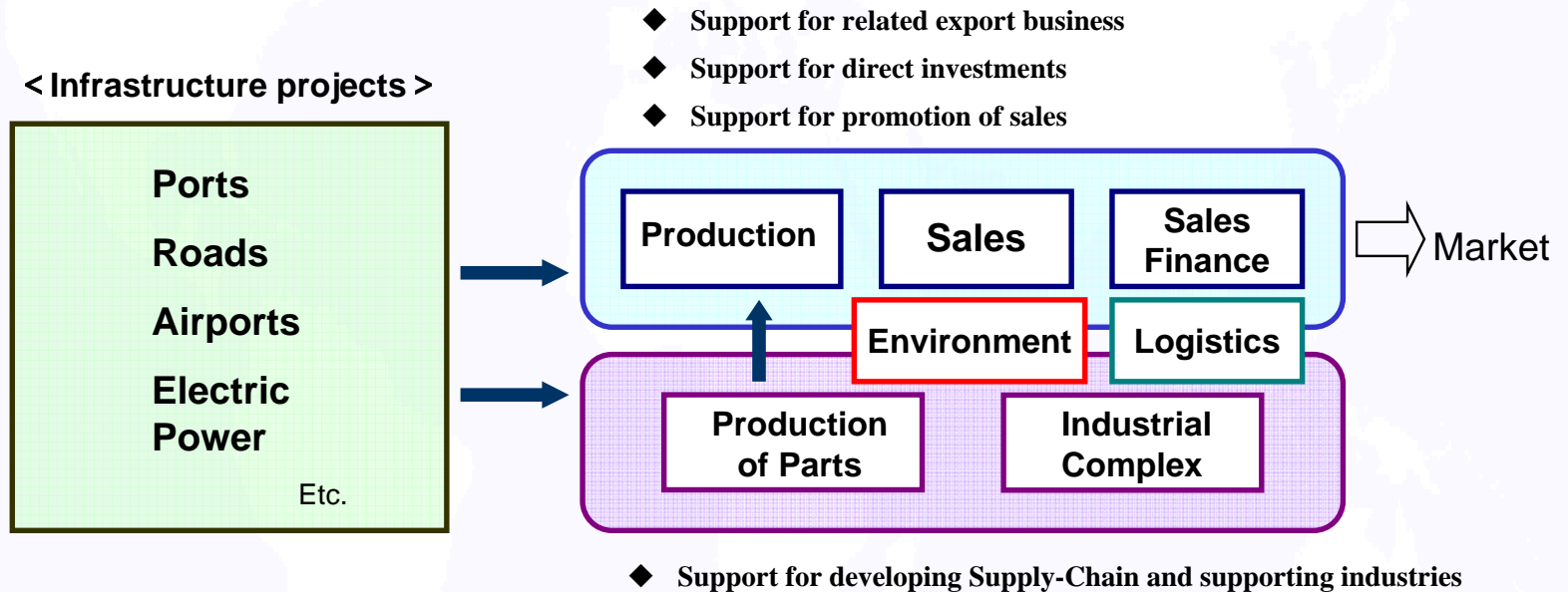
**Importer : JSC Uraltrubprom**

**Exported goods : Electric resistance welded pipe manufacturing equipment**



# Multilayered Support for Japanese Overseas Businesses

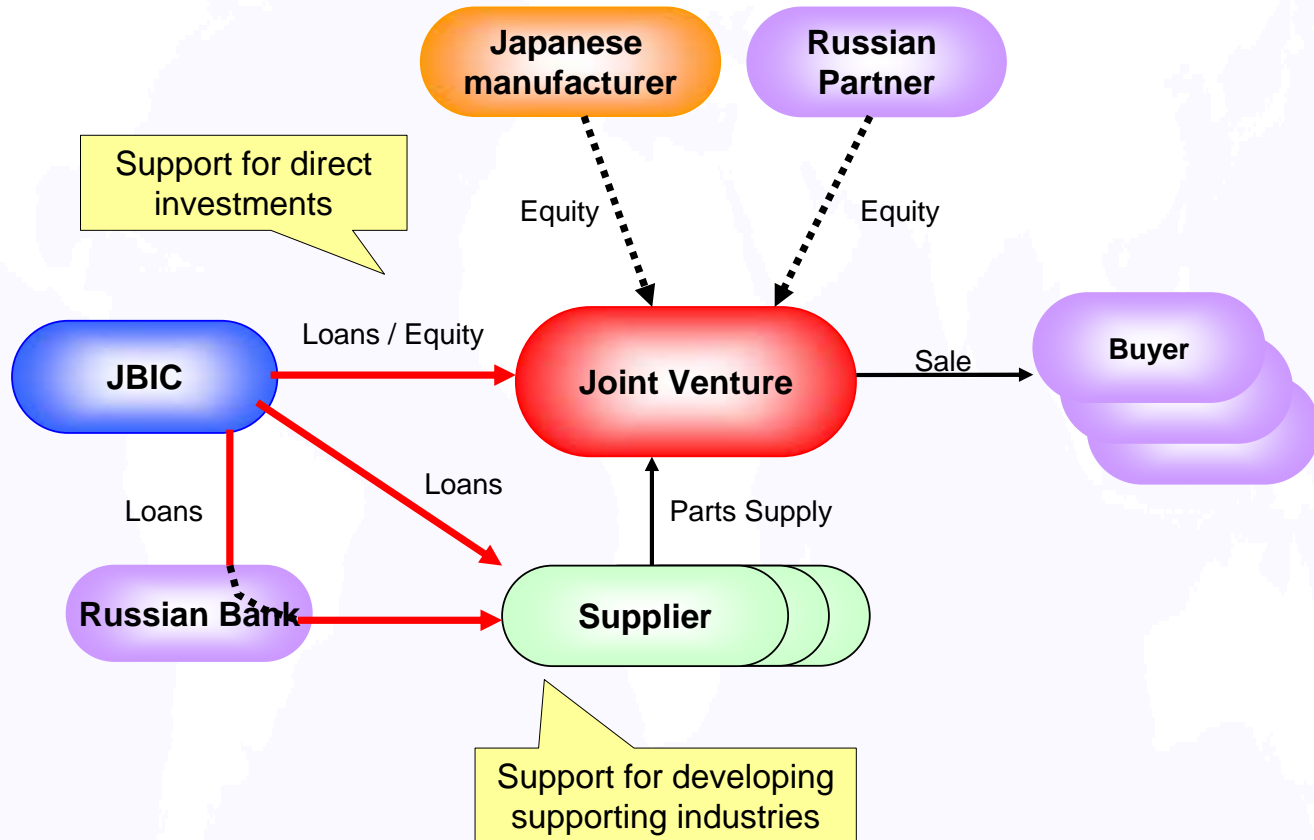
To support efforts of Japanese companies to develop international business operations



JBIC is supporting overseas investments by Japanese companies, the Infrastructure projects, development of supporting industries.

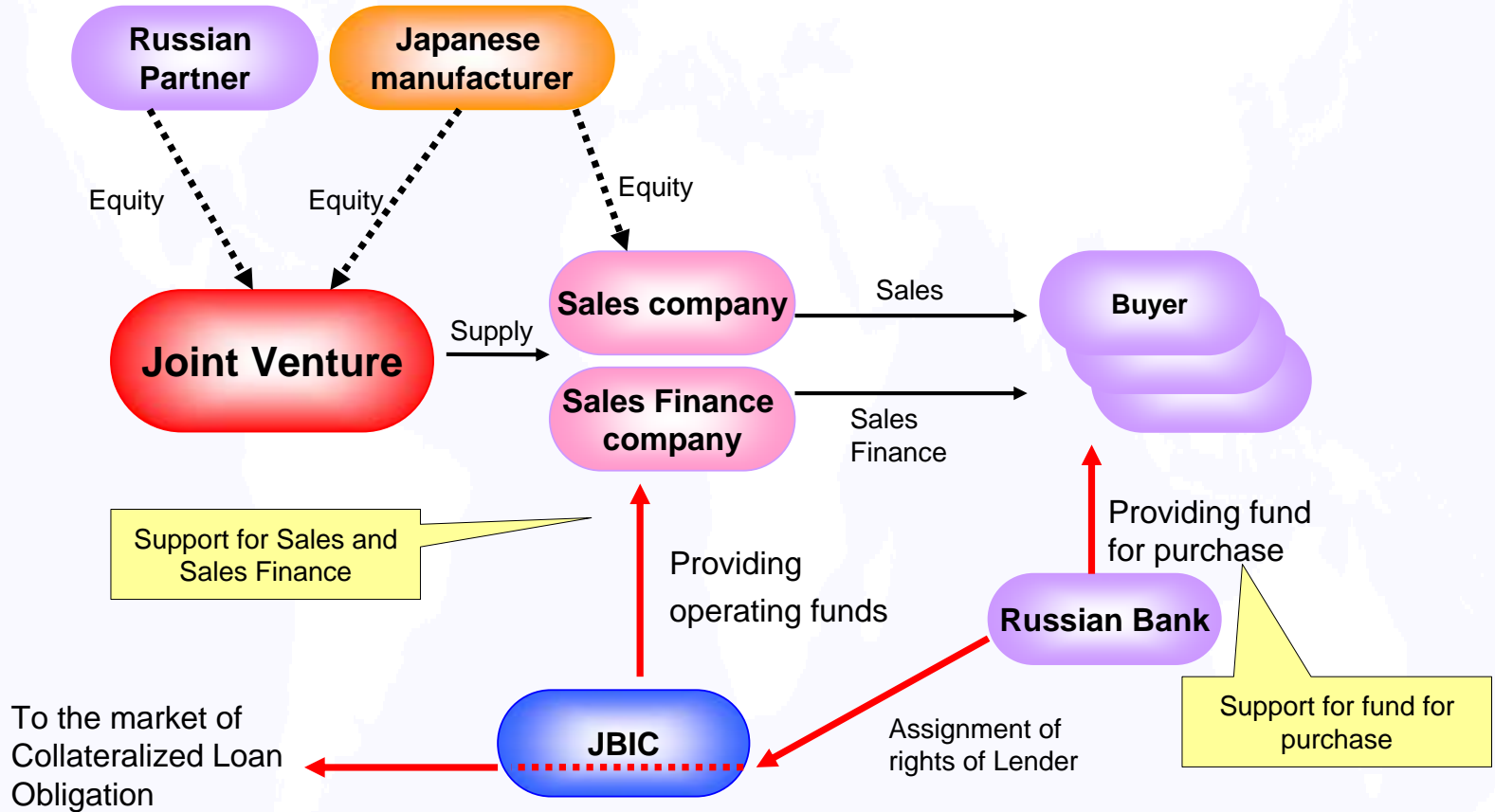
# <Example 1>

## JBIC's Loans/Equity to Joint Venture and Support for developing Supply-Chain



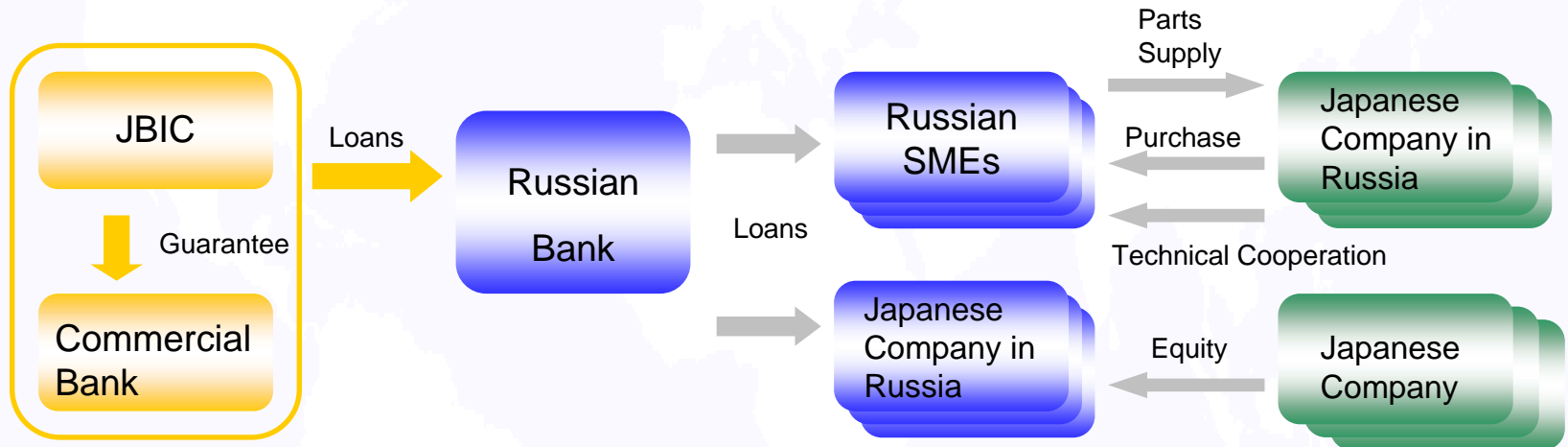
## <Example 2>

### JBIC's Loans/Equity to promote sales of Japanese products



## <Example 3>

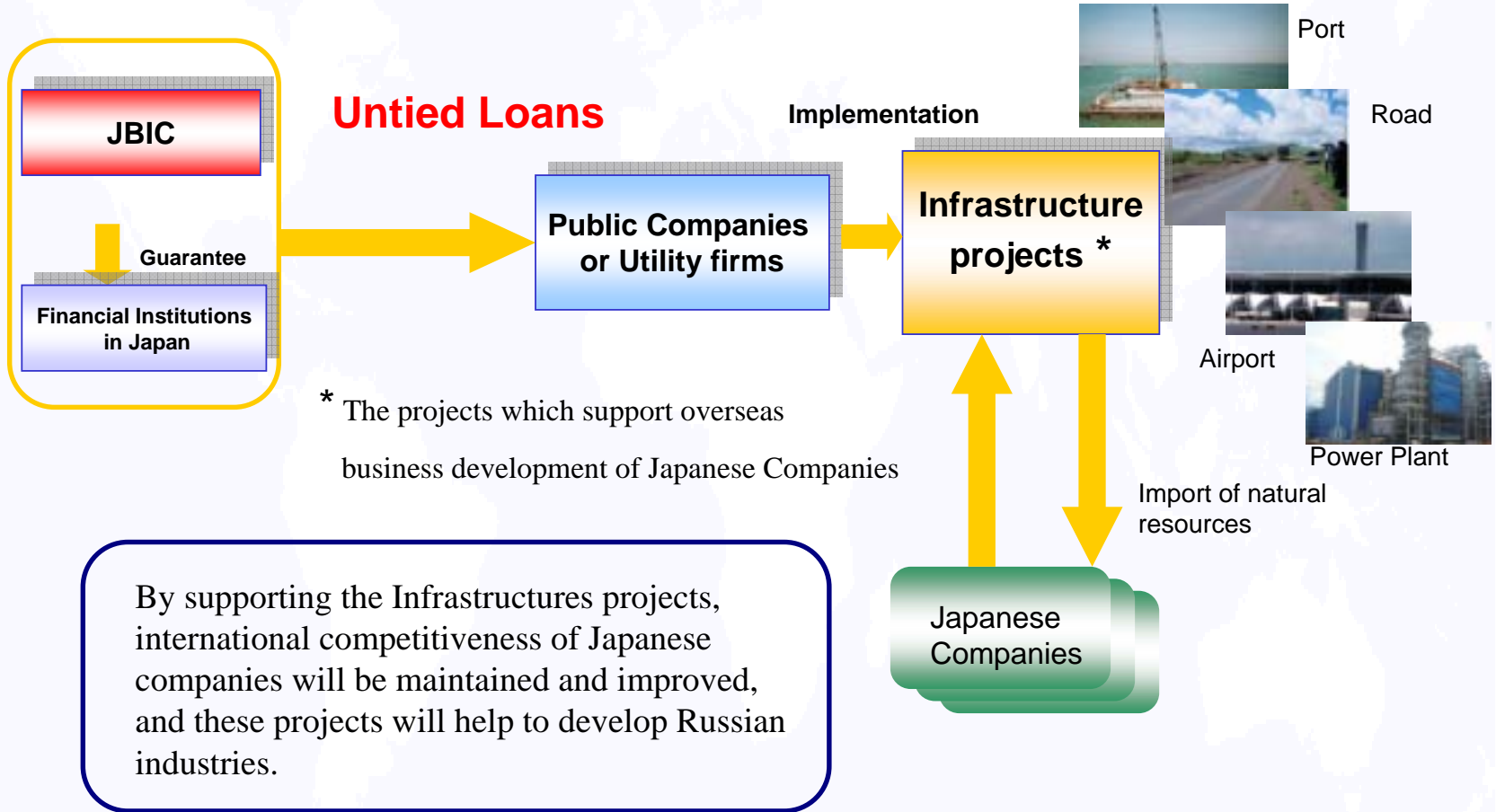
### JBIC's "Export Credit Line" to develop Supporting industries in Russia



JBIC provides long-term financing through Russian Banks to Russian SMEs (including Japanese Company in Russia).

By developing Russian SEMs, improvement of investment environment for Japanese company will be expected.

# Supporting Infrastructure projects in Russia





# Securing access to natural resources (1)

## Project Finance to Sakhalin Phase 2 Project

**Scheme : Project Finance**

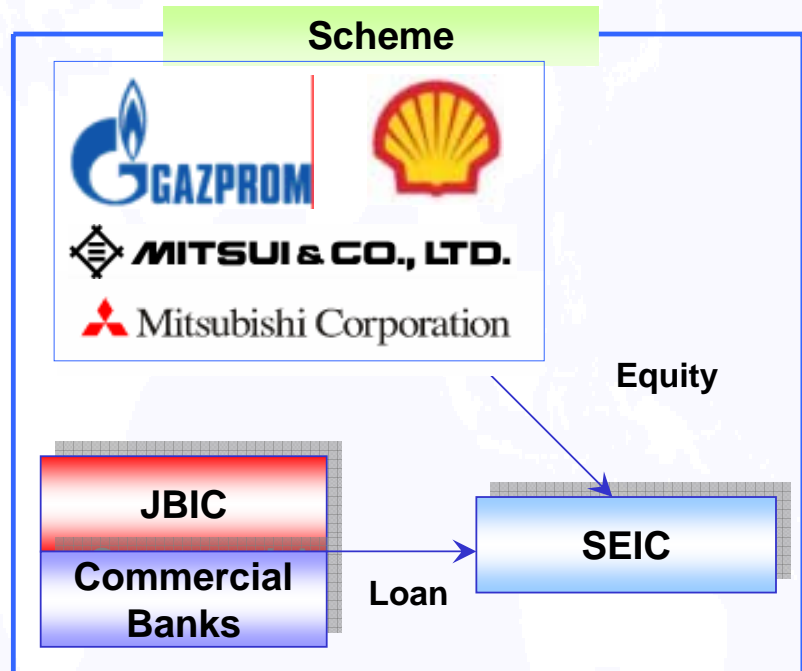
**JBIC Loan Amount: USD 3.7 billion**

**Signing Date : June 2008**

**Borrower : Sakhalin Energy Investment  
Company Ltd. (SEIC)**

**Investors : Gazprom, Mitsui & Co., Ltd.  
Mitsubishi Corporation, RD Shell**

**Project : Oil and Natural Gas development  
production in Sakhalin and sales  
of LNG and Oil to Japan etc.**



## Securing access to natural resources (2)

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### **Project Finance to Sakhalin Phase 2 Project**

#### **JBIC's objectives of financing the Project;**

- 1. Securing the supply of Oil and LNG to Japan**
- 2. Promoting relationship between Russia and Japan**
- 3. Huge and long-term finance**
- 4. Mitigate the Russian political risk to Japanese enterprises**

# JBIC's History in Russia

<p>During the Soviet Union ~ 1991</p>	<ul style="list-style-type: none"> <li>• Support for export of industrial plants, machinery and equipments from Japan including those used for development of coking coal mines, gas fields, pulp projects in Eastern Siberia.</li> <li>• Loan commitments totaling ¥ 1.4 trillion.</li> </ul>
<p>Birth of the Russian Federation (1991) ~</p>	<ul style="list-style-type: none"> <li>• Financial support packages to the Russian Government consisting of \$1.2 billion export loans and humanitarian assistance to support Russia's transition to market economy and promote bilateral economic relations</li> <li>• Support for Japanese companies' direct involvement in natural resource development projects in Russia</li> </ul>
<p>Russian Financial Crisis (1998)</p>	<ul style="list-style-type: none"> <li>• Emergency support to the Russian Government through \$1.5 billion untied loans in co-financing with the World Bank</li> </ul>
<p>Recent development 2000 ~</p>	<ul style="list-style-type: none"> <li>• Support for natural resource projects on the trend of increasing project sizes</li> <li>• Support for Japanese companies' export business with Russian companies especially in telecom and petrochemical sectors</li> <li>• Support for Foreign Direct Investment by Japanese companies in Russia</li> </ul>

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