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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Consulting Services Offered

by

The Engineering Consulting Firms

Association, Japan

to

The UNIDO Investment Promotion Services, Tokyo

(Project No. US/GLO/86/169)

Final Report

May, 1987

Engineering Consulting Firms Association, Japan

Table of Contents

I. INTRODUCTION	1
II. OUTLINE OF THE PROJECT	2
III. SPECIFIC INVESTMENT PROJECT PROMOTION ACTIVITIES	3
III-a. INVESTMENT PROJECTS IN QINGDAO, CHINA	3
III-b. INVESTMENT PROJECTS IN SHENYANG, CHINA	4
III-c. INVESTMENT PROJECT IN THAILAND	5
III-d. INVESTMENT PROJECTS IN INDONESIA	6
III-e. INVESTMENT PROJECT IN EGYPT	8
IV. INVESTMENT PROJECT FOLLOW-UP MISSION TO INDONESIA AND CHINA ..	9
V. INVITATION PROGRAM OF AN ENTREPRENEUR FROM INDONESIA	14
VI. CONSULTING SERVICES FOR IPMS	16
VI-a. GENERAL	16
VI-b. MAURITIUS TOKYO SEMINAR	16
VII. CONCLUSION	19

I. INTRODUCTION

1. In accordance with the agreement between UNIDO and the Engineering Consulting Firms Association, Japan (ECFA) - Contract No. 87/4, ECFA provided consulting services to UNIDO, Investment Promotion Services Tokyo (UNIDO, IPS Tokyo) for the promotion of investment projects. The Consultant assigned by ECFA to this project, in principle, promoted projects identified by UNIDO Industrial Investment Division, especially those which were related to the Investment Promotion Meetings and the specific projects respectively identified by the same Branch. In addition, some of the projects brought by the investment promotion officers who were stationed at UNIDO, IPS Tokyo, were also handled by the Consultant.

It should be noted, hereby, that the Consultant acted as an in-house consultant at UNIDO IPS Tokyo, while ECFA managed financial matters for activities required for the Consultant. These arrangements are being supervised by Japanese Ministry of International Trade and Industry (MITI).

2. In providing consulting services, ECFA organized a back-stop team which enabled to take selective approach to projects by taking into account of transfer of technology and development potential of developing countries.

3. This report summarizes the activities undertaken by the ECFA Consultants to UNIDO, IPS Tokyo in the course of the execution of the project, US/GLO/86/169.

II. OUTLINE OF THE PROJECT

4. In order to provide the said services to UNIDO, IPS Tokyo, ECFA assigned two consultants intermittently for a total of 8 (eight) man-months during the period from April 1986 to March 1987. The names of Consultants assigned during this period were Mr. Toru Ishibashi and Mr. Akira Kuroki.

5. The consulting services rendered by the Consultant of ECFA to UNIDO, IPS Tokyo are summarized as follows:

- (1) Promotion of specified investment projects related to the investment promotion officers from developing countries stationed at UNIDO, IPS Tokyo as participants of on-the-job orientation program.
 - a. Assistance to investment officers from developing countries in promotion activities. (China, Thailand, Indonesia and Egypt)
 - b. Follow-up activities on investment projects through visits to developing countries. (Indonesia and China)
- (2) Assistance on visiting program of an entrepreneur from a developing country (Indonesia)
- (3) Services related to the Investment Promotion Meetings (IPM)
 - a. Dissemination of information to the Japanese business community for IPMs
 - b. Assistance in arrangement and organization of seminars held in Tokyo (Bangladesh and Mauritius)
 - c. Assistance of Japanese participants in business activities and survey on investment projects related by UNIDO, IPS Tokyo at IPM (Bangladesh)

6. The Consultants are taking advantages of back-up support provided by ECFA in the course of project promotions. Specifically, such back-up support is enabled by ECFA's i) vast information network with relevant governmental organizations, industrial association, academic institutions and private consulting firms, ii) its expertise in both technical and economic spheres, iii) and also by its accumulated experiences on industrial development projects in developing countries.

III. SPECIFIC INVESTMENT PROJECT PROMOTION ACTIVITIES

7. The Consultant assisted in promoting specific projects which were brought by investment promotion officers from developing countries who were stationed at UNIDO IPS, Tokyo.

The Consultant was basically open for coordinating all projects brought by the investment officials to be promoted effectively during the session.

III-a. INVESTMENT PROJECTS IN QINGDAO, CHINA

8. The two projects out of fifteen projects brought by the investment officer from Qingdao in China, were handled by the Consultant while other projects are handled by another consultant in charge at IPS Tokyo. These two projects are:

- 1) Small diameter enameled wire and cable.
- 2) Organic pigment and printing ink.

Small Diameter Enameled Wire and Cable

9. Although this project was introduced to several Japanese companies in this field including Furukawa Electric Co., Ltd. and Fujikura Densen Co., Ltd., no tangible reaction has come up so far because the investment environment in China, they said, is still unfavorable for Japanese investors.

10. The Furukawa Electric Co., Ltd. explained one of the difficulties, even in the field of compensation trade, was that the communication cables produced in China may not be used by the National Telephone and Telecommunication Co., Ltd. of Japan, because of their very severe quality control and checking system. They will try to seek out possibilities of producing small diameter enameled wire in the future. They wish to have more detailed data about basic materials such as locally-supplied copper rod and enamel for producing fine wire.

Organic Pigment and Printing Ink

11. Dai Nippon Ink and Chemicals Inc. (DIC), the largest ink producing company in Japan, operates many joint-venture projects abroad for production of ink and its related materials. According to Mr. M. Tsuyuki, DIC is negotiating with Qingdao Dyestuff Factory, the local partner of this project in Qingdao, to import intermediate materials of pigment (dikelene and aniline).

12. Upon completion of this import negotiation with Qingdao, DIC can cooperate with the Qingdao Dyestuff Factory in the following manner.

- 1) Qingdao exports the intermediate materials to DIC. DIC will provide key equipment and technical assistance required for printing ink production in Qingdao.
 - 2) In this manner a closer relationship will be established between both sides and DIC can consider a much higher level of partnership or cooperation with the Qingdao side in the future.
13. Regarding pigment production, one of two products originally proposed by Qingdao, can not be taken into consideration by DIC, due to the fact that a greater amount of capital will be needed for the purpose of comparison with the production of printing ink.

111-b. INVESTMENT PROJECTS IN SHENYANG, CHINA

14. Three projects brought by the participant, an investment officer from Shenyang, China, were handled by the Consultant. These three projects are:

- 1) Electrical Cables
- 2) Cast Steel Valves
- 3) Modern Jacquard Knitting Wear.

Electrical Cables

15. The Furukawa Electric Co., Ltd. is a leading company in this field in Japan. They are operating many projects abroad in the form of joint-ventures, technical cooperation, and so on. The local partner in Shenyang, Shenyang Cable Works, was originally established and started by Furukawa more than forty years ago. For this reason close relations are still maintained and Furukawa supplies equipment and technical services to Shenyang.

16. Regarding the joint-venture proposal brought by the participant, it includes a very wide range of products, from different kinds of telecommunication cables to optical fiber cables and also optic fiber-connector assemblies. It is the Furukawa's opinion that it is very difficult for them to consider this project as a joint-venture or technical cooperation because a huge amount of investment is needed for the purpose.

17. Furukawa suggested the participant minimize the proposal down to a very limited production line so that they will be able to take into account the possible cooperation in the future. Furukawa asked questions about different kinds of production lines, which has been conveyed to Shenyang for reply.

Cast Steel Valves

18. Kanematsu-Gosho Ltd., one of the general trading companies in Japan, has had a close relationship with the local partner, The Shenyang High-Pressure Valve Factory, since few years ago. Kanematsu-Gosho is interested in establishing technical cooperation with Shenyang and sent five-member mission to Shenyang along with Ben Co., Ltd. a Japanese valve manufacturer, in mid-December, 1986. They submitted a proposal cum equipment quotation to Shenyang on one production line of pressure-reducing valves.

19. As the production plan proposed by Shenyang includes too wide variety of products, Kanematsu suggested a step-by-step approach of cooperation instead of whole range production.

So far no reaction has been received on the above proposal cum quotation placed by Kanematsu-Gosho. The Shenyang High-Pressure Valve Factory was set up by a Japanese company in 1938, and is one of the biggest companies in this field in China at present.

Modern Jacquard Knitting Wear

20. Kosugi Sangyo Co., Ltd. one of the biggest apparel industry companies in Japan, is interested in this knitting project. When knitted items produced in China are to be exported to foreign countries, the most difficult point is to adapt design according to fashion and seasonal fluctuation in the envisaged foreign market. In this sense, they said, starting production of underwear at the beginning stage is most suitable.

21. For further consideration for setting up the project in lucrative shape for cooperation, they need to collect more detailed data on this project. Some questions were placed in this regard to the local partner in Shenyang.

22. In mid-January, 1987, UNIDO, IPS Tokyo was informed by the Office of Shenyang Foreign Economic Relations and Trade, that the local partner was to be changed from Shenyang No. 1 Knitting Factory to Shenyang Woolen Mill. Under these circumstances, action should be taken after researching the actual situation of the new partner in Shenyang.

III-c. INVESTMENT PROJECT IN THAILAND

23. One of the five projects brought by the participant to the on-the-job orientation program at IPS Tokyo, an investment promotion officer from the Board of Investment (BOI) Thailand, was handled by the Consultant.

Printing Ink

24. There are three big manufacturers of ink and its related materials in Japan. Two companies out of the above three have already established joint-ventures a couple years ago and are producing printing ink in Thailand. Dainichiseika Color and Chemical Mfg., Co., Ltd., is interested in the project since this manufacturer has not yet established joint-venture in Thailand. Actually, since many years ago, Dainichiseika has had business relations with the local partner of this project in Thailand, as one of the suppliers of pigments to them. In order to find the most possible way of setting up closer cooperation or a joint-venture, Dainichiseika intends to send a mission to Bangkok in the first half of 1987.

25. In this connection, the Consultant introduced Mr. S. Ichihara of Dainichiseika, to Mr. Somphong Wanapha, Representative of the Thailand Board of Investment in Japan. After acquiring some potentially productive ideas regarding the investment condition and situation in Thailand from Mr. Somphong, Dainichiseika started preparation to send a mission.

III-d. INVESTMENT PROJECTS IN INDONESIA

26. The two projects brought by the participant, UNIDO National Expert from the Office of the Institute for Industrial Entrepreneurship (LKI), Ministry of Industry, Indonesia, were handled by the Consultant;

- 1) Cocoa Processing
- 2) Rattan Furniture.

Activities on these two projects are explained as follows.

Cocoa Processing

27. In order to promote this particular project, the Consultant and the participant contacted the Chocolate and Cocoa Association of Japan who has been interested in the project from the beginning. There is committee for the development of the cocoa business which consists of six companies out of 26 member companies of the chocolate industry within the Association.

28. Since some of the member companies of the committee want to study the feasibility of setting up a joint-venture in Indonesia, they are going to organize a survey mission to be sent to the country in the near future.

29. In connection with this feasibility study they were seeking consulting support including financial assistance from the Japan

Consulting Institute (JCI). The Consultant introduced Mr. M. Uchino, Director-General of the Chocolate and Cocoa Association of Japan, to Mr. K. Kudo of JCI and had serious negotiation on the issue.

30. It was confirmed that the consulting services, as well as financial assistance to send the mission, will be provided to promote this cocoa business by JCI with the budget of this fiscal year starting from the 1st of April, 1987. The development of this project is further explained in the paragraph 62 to 67 of the Chapter V.

Rattan Furniture

31. Since the Decree of 7 October, 1986, proclaimed by the Indonesian Government to entirely contraband rattan raw materials out of the country, the foreign rattan furniture manufacturers including ones in Japan have been facing difficulty in obtaining raw rattan wood.

32. Under the circumstances, some of the rattan furniture companies have to consider ways to alleviate the damage originated by this stoppage of material supply. One way envisaged at this stage is that some Japanese rattan companies should provide technical cooperation to Indonesian counterparts to heighten the quality of furniture in order to meet the standards of the Japanese market. Another way is to set up a joint-venture to manufacture high quality products for the same purpose.

33. During the Investment Promotion Programme, the Consultant provided the following services in this field:

- 1) Yamakawa Rattan Co., Ltd. is one of the leading rattan furniture manufacturers and suppliers of quality furniture not only to the Japanese market, but to some foreign markets. Since a few years ago Yamakawa Rattan has established close business relations with three Indonesian rattan companies and organized a business group with these three companies. They have a plan to send two technical staff members to the Indonesian group as a part of technical cooperation. In this regard, they also applied for financial support in due form to the Japan Overseas Development Corporation (JODC), a Government-affiliated Agency of the Ministry of International Trade and Industry (MITI).

The UNIDO IPS Tokyo, along with the Consultant, asked early approval from JODC on the application for financial support to send expatriates. Finally, the plan of sending two experts to Indonesia was approved by JODC in mid-December, 1986. Actual implementation of this plan will be after April of 1987. At the same time Yamakawa Rattan with some support from Toyo Menka Kaisha, Ltd., a leading trading company in Japan, is seeking a possibility to establish a joint-venture with the same Indonesian group in the future.

- 2) Under the same circumstances of the rattan furniture business, Kosuga Furniture, Inc., another Japanese leading company in this field, is interested in the project brought by the participant. Kosuga Furniture has sent missions to Indonesia two times since November, 1986. They have visited the Indonesian project site, negotiations to set up a joint-venture with the local partner were being vigorously carried out.
- 3) Other inquiries of the rattan furniture business from several Japanese companies came to UNIDO, IPS Tokyo during the programme. So far no concrete business negotiations have been observed by the Consultant. Actually, the participant brought six rattan projects with him. Soon after his arrival in Tokyo, the office of UNIDO IPS Tokyo suggested him to select the most promising project out of the six rattan projects.

The development of this project is further explained in the paragraph 68 to 70 of the Chapter V.

III-e. INVESTMENT PROJECT IN EGYPT

34. The participant, an investment promotion officer from Egypt, brought numbers of projects with him. Most of these projects were found, by UNIDO IPS Tokyo, to be too big as to be treated in a cooperation programme on a private investment project. Among them only four small projects were selected by officials concerned with this programme. One out of the four projects was handled by the Consultant.

Phosphoric Gypsum

35. The Yoshino Gypsum Industry Co., Ltd. and its group is the biggest organization in Japan in this field. Although the Consultant introduced this project to several Japanese companies including the Yoshino Gypsum Group, no interest has been shown by them so far.

36. According to their evaluation, a huge amount of investment is needed to set up this kind of project for infrastructure, such as water supply and transportation routes to the major market. The business dialogue is not proceeded any further so far.

IV. INVESTMENT PROJECT FOLLOW-UP MISSION TO INDONESIA AND CHINA

37. It generally takes a reasonably long time to materialize joint-venture businesses. Several steps such as carrying out feasibility studies and heightening technical abilities, etc., aside from other preparatory activities, are invariably needed to reach the final agreement in the investment business.

38. After the intensive promotional operations by UNIDO, IPS Tokyo for two and a half months from October, 1986, two countries - Indonesia and China - were selected by IPS Tokyo for the purpose of further promotion. The Consultant visited the countries in February, 1987 and implemented follow up actions as described below:

INDONESIA

39. The Consultant stayed in Jakarta from the 1st through the 7th of February, 1987 and followed up several projects with strong support from UNIDO SIDFA, Ministry of Industry (MOI) and Institute for Industrial Entrepreneurship (LKI) in Indonesia.

The following projects were handled during the mission:

- 1) Activated Carbon
- 2) Cattle Feed Mill
- 3) Rattan Furniture
- 4) Rubber Hose
- 5) Power Transmission Steel Tower
- 6) Cocoa Processing
- 7) Industrial Valve
- 8) Pump Manufacturing

40. All the developments on the above projects were discussed between the Indonesian participant from LKI to the on-the-job training program at IPS Tokyo.

41. Regarding the Power Transmission Steel Tower project, the Consultant advised the former participant that informations and data related to over all expansion plans of the electricity supply in Indonesia should be scrutinized by LKI, with strong supports of the Ministry of Public Works. In compliance with the above study judgement by LKI on the viability of this project, this could become one of important factors to establish a joint business between the Japanese and Indonesian parties.

42. Mr. F. Sartono, Project Director of LKI, introduced the Consultant to Mr. Zulkifli Katib, Director, Department of Small-Scale

Industry, Ministry of Industry, Indonesia, and a meeting was arranged on 4 February, 1987. At this meeting the Consultant and LKI coordinators made presentation of the promotional activities taken place in UNIDO IPS Tokyo to 45 attendants which included local entrepreneurs.

43. After the meeting, the Consultant had a private meeting with Mr. Zulkifli and discussed the issue of the severe export restriction of rattan raw materials decreed in October, 1986. The following was the Consultant's suggestion to the Indonesian Authority and the latter's reaction on the matter.

44. The strict enforcement of the law by the Indonesian Government could have an adverse effect on the overall rattan business. The foreseen shortage of raw materials would make repairs on the already-marketed rattan products extremely difficult and this could seriously damage the already-established marketing channels for rattan furniture resulting in the overall shrinkage of the rattan market as a whole. The Consultant, therefore, advised the Authority that it is best to permit the rattan furniture manufacturers in Indonesia to export around 1/3 the weight of their raw materials along with finished furniture for the purpose of repairing furniture in the future.

45. The Director, Department of Small-Scale Industry, highly appreciated the suggestion and promised that they would seriously consider the possibility of this partial raw material exportation. If the partial exportation materializes in the near future, this would become a great incentive not only in widening the market of rattan furniture throughout the world, but also in encouraging foreign investors to produce high quality furniture in Indonesia as actual joint businesses.

46. In close consultation with UNIDO, IPS Tokyo, the Consultant selected an Indonesia entrepreneur to be invited to Japan for further promotion of the project within the framework of US/GLO/86/169. The Consultant formulated a tentative itinerary for this visit with the industrialist of the Ujung Pandang project, and then asked LKI officials to proceed with detailed arrangements for this programme.

47. The Consultant has reported to Mr. F. Sartono, Project Director of LKI, as well as to Mr. G. L. Narasimhan, SIDFA of UNIDO in Indonesia, that the performance of the participant from LKI was quite effective for investment promotion for his personal reliability and business capability and also for this continuous devotion expected for the ongoing projects.

48. The investment Forum planned in November 1987 at Jakarta is expected to be carried out with support of these relevant organization to further promote investments.

CHINA

49. The Consultant stayed in China from the 8th to the 15th February, 1987, concentrated on the follow-up action of several projects with support provided by the Department of International Relations (DIR), Ministry of Foreign Economic Relations and Trade, The People's Republic of China, and the Shenyang Foreign Economic Relations and Trade Bureau.

50. During the mission to China, the following projects of Qingdao and Shenyang were undertaken by the Consultant:

QINGDAO PROJECTS:

1. White-coated paperboard
2. Abalone and Scallop cultivation
3. Ocean Transportation
4. Sewing Thread
5. Small Diameter Enameled Wire and Cable

SHENYANG PROJECTS:

1. High tension fastener
2. Sebacic Acid
3. Cast Steel Valves
4. Beverage
5. Osembei Production
6. Gear/Rotary Pump
7. Kaoliang Board
8. Fire Engine with Ladder

51. Mr. Jia Sen, Deputy Director, Qingdao Municipal Commission of Foreign Economic Relations and Trade, accompanied by th former participant and a prospective participant for the second-round of UNIDO's Investment Promotion Programme at IPS Tokyo, came to Beijing to see the Consultant on 9 February, 1987, and exchanged information on developments of the Qingdao projects with the former participant. At the same time, the Consultant rendered a briefing on the next promotional programme to the new participant.

52. Mr. Yu Sheng, the former participant to the Investment Promotion Programme of IPS Tokyo from Qingdao, informed the Consultant that negative factors arised on the Ocean Transportation project which proposed by Narasaki Industry Co. of Japan to establish a joint business in providing Japanese vessels.

53. Circumstances of this business in Chinese side were as follows:

- i) Only less cargo could be distributed to the project under such recessive economic situation spread all over the world.
- ii) More than 40% of Chinese cargo vessels exceeded at this stage.
- iii) The proposed joint business could be allotted very small quota of marine cargo which strictly controlled by the Ministry of Transportation of China.

54. The Consultant left for Shenyang under the guidance of Ms. Wang Limin, Programme Officer of DIR on 11 February. He was received by officials of the Shenyang Local Government at the airport. All the details of the developments on both sides since the previous promotional programme was discussed between the former participant and the Consultant during the mission in Shenyang.

55. The Consultant visited the following factories/offices and had intensive discussions with relevant officials in order to consolidate grounds for future cooperation.

1. Shenyang High and Medium Pressure Valve Factory
2. Shenyang Fasteners Industry Co.
3. Shenyang Organic Chemical Plant
4. Shenyang New Building Materials Co.
5. Shenyang Chemical Machinery and Equipment Factory
6. Shenyang Guancheng Qingnian Beverage Factory

56. During this factory visits in Shenyang the Consultant observed that most of factories were equipped quite well with extremely sophisticated machinery, some of which imported from developed countries, but they were not fully and effectively utilized due to lack of production management.

57. Under such circumstance, technical transfer to business management would become one of key points to be developed by Japanese partners, if joint businesses established with Chinese companies.

58. As a matter of fact only over ten machines were being operated out of 410 machines equipped at the huge workshop premises in Shenyang Chemical Machinery Factory, when the Consultant visited there. The Factory would be the Chinese partner in Gear/Rotary Pump manufacturing project with the Japan Clويد Industry Co. in Tokyo.

59. Regarding the Kaoliang Board project, very intensive discussion was exchanged between the Consultant and managers of Shenyang New Building Materials Co. They informed the Consultant that raw

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Kaoliang stems of about two tons have been sent to the Japanese partner, Koyo Industry Co., recently for test production of Kaoliang board. The Koyo Industry Co. together with Chori Trading Co. are ready to set up joint production with the Shenyang partner in the shape of providing technical know-how to Chinese side and buying back their products to Japan.

V. INVITATION PROGRAM OF AN ENTREPRENEUR FROM INDONESIA TO JAPAN

61. During the mission to Indonesia, the Consultant chose a local entrepreneur to be invited in consultation with SIDFA and the Ministry of Industry. This invitation to prospective local partner was arranged by IPS Tokyo in cooperation with ECFA to incorporate the programme within the framework of ECFA's contribution in kind. Consequently, Mrs. Tuntomo, representative of P.T. Dinamika Sulawesi, was invited to Japan from 4th to the 11th of March, 1987, in order to conduct further business discussions with relevant parties. P.T. Dinamika is dealing with not only cocoa processing, but also with rattan furniture projects. Mr. Tuntomo, who is mainly responsible for the rattan business within P.T. Dinamika, joined the mission along with Mrs. Tuntomo. During their stay in Japan, business negotiations on two projects were carried out as follows:

Cocoa Processing Project

62. The Cocoa Processing Project was proposed by the Indonesian participant who joined the on-the-job orientation program at IPS Tokyo during October - December in 1986. It should be noted that, on the hand, there have been abundant cocoa bean resources produced in Indonesia and in recent years the Indonesian Government has been encouraging to expand cocoa plantation around ten times within five years. On the other hand, the overseas interest on the part of the Japanese cocoa industry increased, because one of the biggest European chocolate companies established a joint-venture business in Singapore to widen their market in Asia, and also because of drastic change in the economic structure as appreciation of Japanese Yen has increased significantly within such a short period.

63. Under these circumstances, IPS Tokyo saw it imperative to invite the counterpart entrepreneur of this Cocoa Processing project for further business discussions.

64. On the first day (5 March) Mr. and Mrs. Tuntomo visited one of the factories of Daito Cacao Co., Ltd. in Tokyo accompanied by Mr. M. Uchino, Director-General, the Chocolate and Cocoa Association of Japan, and the Consultant. Some of the most modernized cocoa processing operations were shown and later on some basic information on the cocoa business was exchanged between the company and the visitors.

65. In the afternoon, a meeting chaired by Mr. Uchino was held at the Chocolate and Cocoa Association of Japan. Representatives of seven member companies of the Association, the Indonesian entrepreneurs, a staff member of IPS Tokyo and the Consultant attended the meeting. Mr. and Mrs. Tuntomo distributed one kg. of Sulawesi cocoa beans as samples to each of the member companies and explained the background of the cocoa business in Indonesia. The association members promised that they

would each study these samples and start preparations for sending a survey mission to Indonesia in order to find out the feasibility of close business relations as soon as possible.

66. On the morning of 6 March, Mr. and Mrs. Tuntomo, together with a staff member of IPS Tokyo and the Consultant, met the Commercial Attache of the Indonesian Embassy in Tokyo and reported on the on-going business negotiations of both the cocoa and rattan projects. The Commercial Attache, promised to provide strong support to both the Cocoa Processing and Rattan Furniture Projects proposed by the Tuntomos.

67. In the afternoon of 6 March, a visit to Mr. K. Kudo, Director of Japan Consulting Institute (JCI), was made by the Tuntomos, a staff member of IPS Tokyo and the Consultant. First of all, Mr. Kudo gave a presentation on the outline of JCI's activities and handed out some of JCI's explanatory materials to the guests. In return to the above presentation, the Tuntomos explained the background of the business proposal on the cocoa processing project and asked for JCI's support on the project. Mr. Kudo replied that JCI would be ready to support the feasibility study mission to Indonesia in collaboration with the Chocolate and Cocoa Association of Japan in the near future.

Rattan Furniture Project

68. On 9 March, 1987, the Consultant guided the Tuntomos to the showrooms at the International Furniture Centre in Harumi and major furniture shops conduct a market study on rattan furniture in Tokyo. Prices, designs, rattan materials used, techniques of furniture assembling and finishing were investigated.

69. On 10 March, intensive business negotiations were held between Mr. M. Dosaka, Director of International Business, Kosuga Furniture Co., and the mission at Kosuga's main office. Upon several business contacts made between the two parties last year, Mr. Dosaka's observation on the project was that Kosuga might be able to consider technical cooperation for them if the Indonesian side (Dinamika) could set up their own fully-equipped factory near Jakarta City, although a joint-venture could not be taken into account by Kosuga at this stage.

70. The Tuntomos response to the above observation of Kosuga was that they would start preparations to erect a workshop on their own land located just on the outskirts of Jakarta as soon as a detailed implementation scheme of the plan could be submitted by Kosuga. In this regard, Mr. Dosaka promised to submit a project scheme soon. At the same time, Mr. Dosaka offered to visit Jakarta in the last week of March, 1987, in order to survey their project site and have further discussions on the project scheme with the Tuntomos.

VI. CONSULTING SERVICES FOR IPMS

VI-a. GENERAL

71. Under the auspices of UNIDO, the Investment Promotion Meetings (IPM) are held in developing countries each year, inviting potential investors from developed countries to meet and discuss with relevant local partners of the projects.

72. The Regional Forum of Bangladesh has been postponed several times after the country presentation of Bangladesh held in Tokyo on 8 April, 1986. Finally the second Investor's Forum was held from 19 to 22 January, 1987 in Dhaka with presence of approximately 1,300 people concerned.

73. In preparation for Regional Forum in Mauritius to promote industrial investment projects, UNIDO, IPS Tokyo held a seminar for promoting Japanese entrepreneurs' participation in Tokyo on 17 March, 1987.

74. The Consultants' services were rendered in giving advice and assistance for arrangement and organization of Bangladesh and Mauritius seminars in Tokyo, and also for participation to the Regional Forum of Bangladesh attended by Mr. K. Hagiwara, investment promotion officer for UNIDO, IPS Tokyo.

VI-b. MAURITIUS TOKYO SEMINAR

75. Prior to Regional Forum for promotion of industrial investment projects in Mauritius, the Government of Mauritius sent a investment promotion mission to Japan which was composed of eight members led by Mr. B. Arouff, Chairman of Mauritius Export Development and Investment Authority (MEDIA). The mission stayed in Japan from 15 to 21 March, 1987.

76. The country presentation of Mauritius (Tokyo Seminar) was held on 17 March, 1987 under the auspices of IPS Tokyo. The Seminar was jointly sponsored by the Japan Chambers of Commerce and Industry (JCCI) and the Japan External Trade Organization (JETRO). Approximately 40 representatives from various industries and governmental institutions participated in the seminar.

77. UNIDO, IPS Tokyo had extended a series of efforts to attract Japanese business circles to participate in the seminar. As a result, IPS Tokyo received positive responses from private firms with which IPS Tokyo had already established good business contacts during such

occasions as former IPMs and the investment promotion programmes. This high response was unexpected and therefore a pleasant surprise since the investment climate in Mauritius has not been aggressively introduced among the Japanese business society.

78. The three-hour seminar was proceeded in the intensive and effective way. The programme of the seminar is indicated as follows:

PROGRAMME

- | | |
|---|---|
| (1) Opening | Mr Mitsuo SAITO
Head, UNIDO IPS, Tokyo |
| (2) Country Presentation | |
| The Investment Climate in Mauritius and The Mauritius Export Processing Zones | Mr. Benoit AROUFF
Chairman, MEDIA |
| The Incentives and Advantages offered to Industrialists in The Mauritius Export Processing Zone and the Role of The MEDIA | Mr. Chand Bhadain
Director, MEDIA |
| The Role of The Private Sector and The Banking Environment in Mauritius | Mr. Philippe Forget
Manager
Mauritius Commerical Bank |
| Prospects of Japanese Investment in Mauritius | Mr. P. Mohith
Permanent Secretary
Ministry of Industry |
| (3) Film Show (Introducing MEDIA) | |
| (4) Report on Investment in Mauritius | Mr. Susumu Date
NISSHO Corporation |
| (5) Question and Answer | |
| (6) Explanation on the Investment Promotion Meeting in Mauritius | Mr. Koichi HAGIWARA
Investment Promotion Officer
UNIDO IPS, Tokyo |

79. The mission gave a courtesy visit to IPS Tokyo on 16 March, 1987. After introductory session they exchanged each other views on the issues of the investment promotion to Mauritius.

80. It should be worth mentioning that the mission has shown a very keen interest when Mr. M. Saito suggested a possibility of inviting one Mauritius investment official to On-the-Job Orientation Programme either in autumn 1987 or in spring 1988 course.

81. The mission visited several governmental institutions and private organizations during their stay in Japan. The followings were places they visited.

- 1) Japan External Trade Organization (JETRO)
- 2) Japan Chamber of Commerce and Industry (JCCI)
- 3) BANDAI Toys Factory
- 4) Glass Factory and Association
- 5) UNICHIKA
- 6) Tanaka Hoshoku Co., Ltd. (Jewelry)
- 7) Electronic Industries Association, Japan
- 8) OAFIC (Consulting Company for Agro-Fishery)

VII. CONCLUSIONS

82. The Consultant's services rendered to UNIDO, IPS Tokyo were, in summary:

- i) to promote specific investment projects brought by the investment promotion officers who were stationed at UNIDO, IPS Tokyo.
- ii) to further promote investment projects by visiting two countries, Indonesia and China.
- iii) to assist potential local partner's visit to Japan to meet with potential investors.
- iv) to provide consulting services for IPMs

83. As a result of the investment promotion activities rendered by the Consultant during this programme, over ten investment projects are presently under positively progressing stage by relevant Japanese parties as listed below:

No.	<u>Project Title</u>	<u>Country</u>
1)	Activated Carbon	Indonesia
2)	Cattle Feed Mill	Indonesia
3)	Rattan Furniture	Indonesia
4)	Power Transmission Steel Tower	Indonesia
5)	Cocoa Processing	Indonesia
6)	Pump Manufacturing	Indonesia
7)	Printing Ink	Thailand
8)	Abalone and Scallop Cultivation	China (Qingdao)
9)	Small Diameter Enameled Wire and Cable	China (Qingdao)
10)	Cast Steel Valves	China (Shenyang)
11)	Osembei Production	China (Shenyang)
12)	Gear/Rotary Pump	China (Shenyang)
13)	Kaoliang Board	China (Shenyang)

84. The Consultant believes that the above projects will be followed up and come to a fruitful conclusion in the near future. Regarding the projects which are not listed on the above table, it is expected that the connection between both partners will be kept for future business discussions.

85. Regarding the follow-up activities in Indonesia and China to reinforce the investment relations between the countries concerned, the Consultant visited Jakarta, Beijing and Shenyang to assist the investment officer's activities in their countries and at the same time to make preparatory arrangements concerning the invitation of the entrepreneur

from Indonesia.

86. Regarding the invitation of potential local partner to Japan for the projects of the cocoa processing and the rattan furniture, the Consultant was deeply involved in arranging the factory visits and further business discussions with Japanese partners, and also in arranging the feasibility study mission in the cocoa project to be sent to Sulawesi, Indonesia in this fiscal year. The arrangement of ECFA and its Consultant for conduct of feasibility study is highly appreciated by the potential partner.

87. Furthermore, the Consultant wishes that invitation of Indonesian partner on the Cocoa Processing Project from Ujung Pandang, Sulawesi would be materialized through sending the planned feasibility study mission to Indonesia in the future.

88. As a result, the activities of the Consultant has been carried out with some flexibility, based on needs at UNIDO IPS Tokyo, thus comparatively more attention was gives to project-by-project investment promotion activities during this contract period. ECFA fully agrees on this principle so that the in-kind contribution has more effective results for investment promotion activities.

89. In conclusion, the Consultant firmly believes that these projects identified by the Consultant needs further promotional activities. This type of consulting services which comprehensively covers activities on specific project promotion in Japan, follow-up mission to the fields, invitation of potential partner to Japan and arrangement of feasibility study will be strongly and continuously needed for the coming years.