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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/GL0/88/142)**

**Final Report**

**May, 1989**

**Engineering Consulting Firms Association, Japan**

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## I. INTRODUCTION

1. In accordance with the agreement between UNIDO and the Engineering Consulting Firms Association, Japan (ECFA), ECFA provided consulting services to UNIDO Investment Promotion Service, Tokyo (UNIDO IPS, Tokyo) for the promotion of investment projects. The consultant assigned by ECFA to this project promoted, in principle, projects identified by the 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.

2. It should be noted at this point 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 the Japanese Ministry of International Trade and Industry (MITI).

3. In providing consulting services, ECFA organized a backstopping team which enabled the Consultant to take a selective approach to projects by taking into account the transfer of technology and development potential of each developing country. This report summarizes the activities undertaken by the ECFA Consultant to UNIDO IPS, Tokyo in the course of the execution of the project US/GLO/88/142.

## II. OUTLINE OF THE PROJECT

4. In order to provide the said services to UNIDO IPS, Tokyo, ECFA assigned one Consultant intermittently for a total of 7.8 man-months during the period June, 1988 to March, 1989. The name of the consultant assigned during this period is 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 in this investment promotion programme.
  - a) Assistance to investment officers from the following developing countries for promotional activities: the Philippines, Thailand, Indonesia, Malaysia, China (Nanjing and Xiamen) and Bangladesh.
  - b) Follow-up activities on investment projects through visits to the following countries: Thailand, Malaysia and the Philippines.
- (2) Assistance on a visiting programme for an entrepreneur from a developing country, Bangladesh.
- (3) Services related to Investment Promotion Meetings (IPMs).
  - a) Dissemination of information to the Japanese business community for IPMs.
  - b) Assistance in the arrangement and organization of seminars held in Tokyo. The Consultant met with delegates of an IPM/seminar in preparation for the IPS - the so-called Country Presentation for the Manila Forum in the Philippines.
  - c) Assistance to Japanese participants in business activities and surveys on investment projects related to the Manila Forum in the Philippines.

6. The Consultant took advantage of back-up support provided by ECFA in the course of project promotion. Specifically, such back-up support is made possible by ECFA's:

- i) vast information network with relevant governmental organizations, industrial associations, academic institutions and private consulting firms,
- ii) expertise in both technical and economic spheres, and
- iii) accumulated experience 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.

8. The Consultant was basically available for coordinating all projects brought by the investment officials for effective promotion during this session.

#### III. (A) INVESTMENT PROJECTS FROM INDONESIA

9. Soon after the arrival of the investment officer in Tokyo, he prepared twelve project proposals which consisted mainly of agricultural projects. Upon very strong requests from IPS, Tokyo, he replaced most of these proposals with nine project proposals in manufacturing sectors. The following five projects out of the nine brought by the investment officer were handled by the Consultant, while other projects were promoted by UNIDO staff and another Consultant stationed at IPS, Tokyo.

1. Precision Tool and Die Manufacture
2. Manufacture of Electric Motors
3. Dry Mix Plant Modular Structure
4. Salted Fish and Processing Plant
5. Cocoa Processing Plant

Precision Tool and Die Manufacture

10. The project was presented to Sanko Industry Co., Ltd., who had indicated some interest, and relations with an Indonesian partner, PT. Alpha Austenite, have started by way of exchanging company information.

Sanko Industry suggested establishing the joint venture in two steps:

- a) First, they would provide technical assistance to the Indonesian partner by sending Japanese technical experts to assist them in improving the level of manufacturing techniques.
- b) If both sides are satisfied with the results of the above cooperation, it could be expanded into the establishment of a joint venture company in the future.

11. Hitachi Co., Ltd. has shown interest in this project to manufacture dies and moulds for parts for electric appliances. Through inquiries to BKPM, some names of Indonesian companies related to this project have been passed on to Hitachi and they are studying the information within the Hitachi Group.

Manufacture of Electric Motors

12. Nissho Iwai Corporation has made contact with IPS, Tokyo regarding promotion of this project and informed IPS that one of the manufacturing companies under their business umbrella was interested in the establishment of a plant in Indonesia. An Indonesian company, PT. Bukaka Teknik Utama, was introduced by the BKPM delegate, and the company's brochure was given to the Japanese partner for their consideration.

Nissho Iwai has a plan to send a survey mission to Indonesia in early 1989 to study possibilities of investment business, not only with this project, but also with other projects planned by the company.

Dry Mix Plant Modular Structure (Dry Mortar)

13. During the Shizuoka Investment Seminar, of which detailed explanation will be given later in this report, Matsumoto Industry Co., Ltd. showed interest in this project. As a result, Mr. S. Satoh, President of the company, has a plan to visit the Indonesian partner in the first half of 1989. For their smooth and effective business negotiation, the Consultant has introduced Mr. Satoh to the Japanese Investment Advisor, Mr. H. Tanaka, who is stationed at BKPM's main office in Jakarta.

Salted Fish and Processing Plant

14. After obtaining some information regarding this project from Mr. M. Shimada of Overseas Agro-Fisheries Consultants Co., Ltd. (OAFIC), the Indonesian delegate and the Consultant started contact with Mr. A. Azuma of Goshoku Co., Ltd. In response to some requests by Goshoku regarding fish catching capacity and types of fish, transportation, refrigeration, port facilities, etc., some information was conveyed to the Japanese company through IPS, Tokyo.

At the same time, upon the request of Goshoku, the Consultant advised the Indonesian partner, PT. Arrow M. Gobei, to send some salted fish samples similar to the fish to be processed in the proposed plant directly to the Japanese partner, since both sides are very interested in extending closer cooperation in this field in the near future.



Cocoa Processing Plant

15. Mr. I. Kustono, the Indonesian delegate, and the Consultant visited the Chocolate and Cocoa Association of Japan and introduced the captioned project to Mr. M. Uchino, Director General of the Association. He agreed to present this project to member companies of the Cocoa Processing Committee, which met in mid-December, 1988. If approved by the Committee, the Association will send a mission to Indonesia to conduct a feasibility study. So far, IPS, Tokyo has not received a positive reaction from the Association in organizing the feasibility study mission.

16. IPS, Tokyo was requested by Toshoku Ltd. to explain this project. Toshoku has the largest share of cocoa imports in Japan, together with Daito Cacao Co., Ltd., which is a member of the Cocoa Processing Committee mentioned above. The Consultant met directors of Toshoku Ltd. and submitted all available information on the project to them. The Toshoku Group has promised that they will seriously study the project after contacting the Indonesian partner through their representative stationed in Jakarta.

(A-1) Additional Investment Projects from Indonesia

17. Besides the projects brought by the Indonesian delegate, six additional projects were promoted by the Consultant during this programme, as listed below:

1. Casualwear Knitting
2. Sheep Fur Mattress for Bedding
3. Dry Cell Battery
4. Rattan Products
5. Wooden Picture Frame
6. Manufacture of Slippers

Casualwear Knitting

18. A few years ago, Itabashi Knit Co., Ltd. established a sub-contract, and has been manufacturing casual shirts with an Indonesian partner, Great River Garment Industry. Because the production during one year, 1988, was satisfactory, Itabashi Knit and the Indonesian partner started production in January, 1989. All products are exported to Japan, and if the business in this form becomes successful, Itabashi Knit has a plan to expand the project as a joint venture in the near future.

Sheep Fur Mattress for Bedding

19. Maruhati Co., Ltd. has been operating the captioned project in Korea since a few years ago, using sheep fur materials imported from Australia and New Zealand. They are contemplating shifting some parts of the above project to Indonesia, because labour costs in Korea are becoming higher. In the early stage of the project, they want to start a leather processing plant for the tanning and drying of sheep skin, and export 100% of their products to Japan. If that proves successful, they want to enlarge the project to produce sheep fur mattresses for bedding in Indonesia later on.

20. For the purpose of preliminary study of the project, Mr. A. Kuroyanagi, Vice President of Maruhati Co., Ltd., and Mr. H. Hitomi, Senior Managing Director of Kyowa Consulting Co., Ltd., an affiliated company of Kyowa Bank, as well as the consulting company for this particular project, visited Indonesia for about ten days in mid-January, 1989.

21. IPS, Tokyo introduced the above mission to the JETRO Jakarta office and Mr. H. Tanaka in BKPM. They collected a lot of information during their mission to Indonesia regarding such matters as the latest investment regulations, availability of quality water, pollution regulations, labour situation, transportation facilities, freight, etc. They are presently studying the most likely and viable way for the project to proceed.

#### Dry Cell Battery

22. Fuji Electrochemical Co., Ltd. (FDK), one of the Fujitsu Group companies, has been maintaining good business relations with an Indonesian company called PT. International Chemical Industry (PT. Intercallin), which produces carbon-zinc battery and has a big share of the Indonesian market under the name of ABC Battery. In 1988, the Indonesian partner informed FDK that they would like to manufacture alkaline batteries with close cooperation by a Japanese partner.

23. FDK started to study the possibility of the proposal and requested IPS, Tokyo for assistance for its materialization. The Indonesian delegate and the Consultant provided them with a large amount of practical information and introduced Mr. K. Mori, General Manager, International Division, Fuji Electrochemical, to Mr. H. Tanaka in BKPM.

24. Mr. Mori has visited Indonesia several times during 1988, and has reached an agreement with PT. Intercallin to establish a joint venture company under the following conditions:

- a) Capital share:
- 51% Fuji Electrochemical Co., Ltd.
  - 46% PT. Intercallin
  - 3% PT. Alpha Industry (distributor in Indonesia,
- b) Application for joint venture company to be submitted to BKPM in February, and may be approved by April, 1989.
- c) Production operation to commence in January, 1990. Approximately 80% of products will be exported to Europe and the U.S.A.

#### Rattan Products

25. Kimura & Co., Ltd., a rattan business located in Osaka, contacted IPS, Tokyo. Mr. M. Kimura explained that they were planning to establish a joint venture company with PT. Chandra Utama, which had been maintaining good relations with Kimura & Co. for more than ten years, and requested IPS, Tokyo for assistance in this regard. Soon after their visit to IPS, Tokyo, the Indonesian delegate made an inquiry to the Commercial Attache at the Indonesian Embassy in Tokyo and learned that joint ventures with foreign companies in the rattan business are no longer to be approved in Indonesia. That information was delivered to Kimura & Co. as soon as it was confirmed. The ban has also been confirmed by Mr. Tanaka at BKPM.

#### Wooden Picture Frame

26. JETRO introduced Doshisha Co., Ltd., who was interested in establishing a joint venture in the manufacture of wooden picture frames in Indonesia. Mr. M. Hanyu, President of Doshisha, asked IPS, Tokyo to find reliable Indonesian partners for manufacturing such products, as well as supplying wood materials. Two companies were found and introduced by the Indonesian delegate to Mr. Hanyu. It seemed that these Indonesian companies were looking forward to receiving the profile of

the joint venture envisaged by Mr. Hanyu and setting up business negotiations on the proposed project. However, by the end of this investment programme, Doshisha had not taken any positive action on the project, and IPS, Tokyo has been informed that the company decided to suspend the project, due to business constraints.

#### Manufacture of Slippers

27. UNIDO IPS, Tokyo has been maintaining very close contact with Price Waterhouse Consultant Co., Ltd., which has provided information on several investment projects since the early stages of the programme. They introduced Takayama Manufacturing Co., Ltd., which would like to set up an off-shore manufacturing plant for slippers in Indonesia. The company has a plan to erect their own workshop on a site neighbouring Mitsubishi Rayon Co. in Bandung, so that Mitsubishi Rayon can supply rayon yarn for their slipper production.

28. Other materials, such as slipper soles, glue, etc., would also be procured locally. One hundred percent of finished products would be exported to Japan, at a rate of two containers per month in the early stages of the project. For the purpose of assisting their investment plans, the Consultant introduced Mr. Y. Takayama, President of Takayama Manufacturing, to Mr. Tanaka at BKPM in Jakarta.

### III. (B) INVESTMENT PROJECTS FROM THE PHILIPPINES

29. The following projects were handled in large part by the Consultant during the programme. One of the projects was brought by the investment officer from the Philippines, while other projects were proposed by respective Japanese companies and promoted by the investment officer and the Consultant.

1. Computer Software for International Market
2. High Quality Blouse
3. Apparel
4. Optical Lens Polishing

Regarding the promotion of other projects, reference should be made to the UNIDO report on Project US/INT/88/076 prepared by another ECFA consultant.

#### Computer Software for International Market

A Japanese business group in this field, consisting of System For Co., Ltd. and Sanwa Koki Co., Ltd. were interested in this project and started preparation to set up a joint venture company in Manila, together with the local Filipino sponsor, Chronicle Marketing Corporation. In January, 1989, System For Philippines was established and registered at the Philippine Board of Investment (BOI).

The primary purpose of the new company is to develop and market computer systems and application programmes for the export market, mainly for Japanese clients. With respect to 100% exportation of processed systems, the company is entitled to receive the full benefit of BOI incentives, such as income tax holiday, duty-free importation of equipment for

their operation, etc. In February, 1989, some computer equipment was imported duty-free and some operations have already started. According to their future plan, technical training facilities will be established within the company's expanded premises, while some Filipino staff are simultaneously being trained in Japan.

#### High Quality Blouse

32. Shinso Co., Ltd., which is producing high quality blouses in Gumma Prefecture, was introduced to UNIDO IPS, Tokyo by the Japan Chamber of Commerce and Industry (JCCI), in order to set up the same production unit in the Philippines. The investment officer from the Philippines and the Consultant provided relevant information, such as recommended place of production and the names of several potential local partners.

33. Mr. Kubozuka, President of Shinso Co., visited the Philippines in March, 1989 and collected some related information. BOI in Manila introduced several small- and medium-range Filipino blouse manufacturers in the vicinity of Metro Manila to Shinso Co. After serious study, Mr. Kubozuka is now contemplating providing technical cooperation to some of the selected Filipino companies. After some time, this would be extended to the establishment of a joint venture company.

#### Apparel

34. For more than five years, Setouchi Co., Ltd. has been producing different kinds of clothes in Maclan Export Processing Zone (MEPZ) in Lapu-Lapu City, Cebu and exporting all their products to Japan. Distribution of their products to some of the leading supermarkets in Japan has

caused demand to grow, so they planned to set up another plant in Cavite EPZ. This plan was approved by Filipino authorities in November, 1988. The President of the new company, named Ocean Industry Co., Ltd., visited the Philippines in December to inaugurate construction of the new workshop in Cavite.

### Optical Lens Polishing

25. The Optical Division of Hoya Corporation and their affiliated company, Touhoku Optical Corporation, which have been planning to set up an off-shore plant for lens polishing in one of the ASEAN countries, contacted IPS Tokyo in order to gain support for promotion of this project. In the very early stages of project preparation, the Philippines was selected as the first target, followed by Thailand. In this respect, the Consultant introduced the investment officer from the Board of Investment (BOI) to Hoya and provided related information. In mid-December, 1988, the Consultant and the investment officer visited the workshop of the Hoya Optical Division, where serious discussions were held to further promote the project, and lens manufacturing operations were observed.

Hoya organized a preliminary survey mission to visit the Philippines and Thailand from January 20 to 31, 1989. Upon intensive and serious study of the information collected during the mission, the Board Meeting of Hoya Corporation reached a final decision in mid-March, 1989, as follows:

- a) The first off-shore plant for lens polishing would be erected in the Chiang Mai Industrial Estate in Northern Thailand, as soon as possible.
- b) A second plant would be set up in the future in the outskirts of Metro Manila, in the Philippines. This plant would not only polish lenses, but would also manufacture camera and binocular parts.



### III(C) INVESTMENT PROJECTS FROM THAILAND

37. Several projects were handled by the Consultant during the programme. The following two projects were brought by the delegate from Thailand and promoted by both the delegate and the Consultant.

1. Transformer
2. Shipping Containers

#### Trans Former

38. Since the very beginning of the spring course of the programme, Daihen Corporation, one of the leading companies in this field in Japan, has been interested in the project. In Thailand, on the other hand, there are six local manufacturers of small-capacity transformers, but no manufacturer of such large-capacity transformers for electric power exists. Under the circumstances, Daihen wanted to obtain a bigger market share by producing the large-capacity transformers there, and sent a feasibility study mission to Bangkok in late September to early October, 1988, with supports provided by Japan Consulting Institute (JCI).

39. The Consultant followed up progress of this particular project during his mission to Thailand in February, 1989, and found that Daihen's application to set up the J/V company had just been approved by BOI in January, 1989, under the following conditions:

- a) Local Partner: Ekarat Engineering Co., Ltd.
- b) Plant Site: Chachoengsao Area(outside Bangkok)
- c) Production Capacity: 2,100 MVA/year
- d) Amount of the first investment: Approximately 10 million U.S.dollars

### Shipping Containers

40. During the spring course, the participating delegate from the Industrial Finance Corporation of Thailand (IFCT) brought this project. After intensive selection of a Japanese would-be sponsor, the Consultant found a company interested in this project. Then the company, Nippon Trailmobile Co., Ltd. requested IPS Tokyo to supply more detailed information about present activities of the proposed local partner in Thailand. The additional information was provided by the delegate, and Nippon Trailmobile promised to study this project very carefully.

41. The Consultant made an inquiry with the Japanese sponsor about progress of their consideration on the project in March, 1989. Nippon Trailmobile informed that they were not in position to take up the project at this stage, because they were quite occupied with other businesses, although still they are interested in the project. Also, they said sometime in the future they will be able to consider the project more seriously so that it might be materialized.

### III (D) INVESTMENT PROJECTS FROM MALAYSIA

42. The following two projects were proposed by respective Japanese companies and promoted by the delegate from Malaysia and the Consultant.

1. Moulded Plastics for Industrial Purposes
2. Precision Dies and Tools

#### Moulded Plastics for Industrial Purposes

43. Daiei Co., Ltd. who had a plan to set up a joint-venture company in Malaysia was introduced by Fuji Plastic Industry Co., Ltd. to IPS Tokyo. Actually Daiei Co. had established a relationship with a

Malaysian company to produce plastic car parts since a few years back. Their plan at this time was that the relationship with the local partner, Teck See Plastic SDN. BHD., would be expanded to a new J/V company. The delegate and the Consultant assisted Daiei Co. to prepare the establishment of the new company. For this purpose Mr. K. Nosaka, President of Daiei Co., Ltd. visited Malaysia several times and submitted an application to MIDA.

44. In October, 1988 the Consultant was informed by Mr. Nosaka that the proposed J/V company had been approved by the Malaysian Authority under the following conditions:

- a) Name of J/V company: LIPRO SDN. BHD.
- b) Initial Investment Cost: Approximately 1.2 million U.S.Dollars
- c) Capital Share: 51% Teck See Plastic SDN. BHD.  
39% Daiei Co., Ltd.  
10% C. Itoh Corporation

Mr. Nosaka also informed us that construction of a workshop as well as installation of equipment were going on, and that the manufacturing operation might be commenced sometime in early 1989.

#### Precision Dies and Tools

45. UNIDO, IPS Tokyo was contacted by Mr. S. Ohma, Director of Technical Planning Dept., Fujitsu Automation Co., Ltd. in the very beginning of this programme. Fujitsu Automation is planning to set up a J/V company to manufacture precision dies and moulds in Malaysia. Actually several Fujitsu family companies are scattered around this area such as Thailand, Malaysia and Singapore, and they are manufacturing a wide variety of electric and electronic items. But most of the precision dies and moulds for their manufacturing operation

used to be supplied from Japan.

46. Under the following circumstances Fujitsu Automation started to make contact with IPS Tokyo. The Consultant introduced the Malaysian delegate to Mr. S. Ohma in order to explain the investment situation in this manufacturing field. The delegate and the Consultant also provided many other related information such as a list of mould makers in Malaysia and so forth. Since then Fujitsu Automation has been seriously studying possibilities with all collected information along with their family companies. In February, 1989, the Consultant was told by Mr. S. Ohma that Fujitsu Automation would move to set up a J/V company in Malaysia within the year.

#### IV. FOLLOW UP PROJECTS

47. Among many projects promoted by the staff members of IPS Tokyo and the ECFA Consultants in previous programmes, the follow up action was required on several projects during the period in which the Consultant was assigned.

#### IV (A) FOLLOW UP PROJECTS FROM INDONESIA

48. The following six follow-up projects from Indonesia were handled by the Consultant during the programme.

1. Wooden Furniture Parts
2. Injector for Diesel Engine
3. Dairy Products (Drinks)
4. Maintenance of Electric Generating Facility
5. Leather gloves
6. Textile

### Wooden Furniture Parts

49. This project was proposed by Shimizu Mokko Co., Ltd. during the UNIDO Investors' Forum held in Jakarta in November, 1988. Since then, Mr. K. Shimizu, President of the company, has visited Indonesia several times and opened a provisional office in Jakarta. Simultaneously, they have become a member of the Investment Consultancy Centre of Indonesia (ICCI) in order to establish a support system for the preparation of this project.

50. The Consultant was informed by Shimizu Mokko that the plan for the project has been developed during this programme as summarized below:

- a) Two Indonesian companies, PT. Julia Alpha Tama and Fancywood Co., were selected from among other candidate companies as local partners for the project.
- b) Shimizu Mokko has assigned Mr. K. Tanimoto, an advisor in furniture making who has lived in Indonesia for a long time and has very ample knowledge of both business and woodworks in the country, as a consultant to advise the local partners.
- c) They are planning to commence technical cooperation, including staff training, from June, 1989, with the purpose of establishing a joint venture company within two years.
- d) For the purpose of funding and technical training schemes, IPS Tokyo introduced government affiliated associations in Japan, such as Japan Overseas Development Corporation (JODC) and Association of Overseas Technical Scholarships (AOTS) to Shimizu Mokko.

### Injector for Diesel Engine

51. This project had been promoted to Diesel Kiki co., Ltd., one of the leading manufacturers of diesel injector in Japan, by Mr. B. Rusbandi, the delegate from BKPM who participated in the previous

programme. Diesel Kiki was interested in information about the Indonesian policy on utilization of local components in diesel engine manufacturing for their further consideration of the project.

Although it has taken a rather long time, IPS, Tokyo received an outline of the above-mentioned policy from BKPM, and the Consultant passed it on to Diesel Kiki in mid-December, 1988. They promised that further action would be taken through their representative stationed in Jakarta, and that contacts would be maintained with IPS, Tokyo in this respect.

#### Dairy Products (Drinks)

52. This project was presented to Yakult Honsha Co., Ltd. more than one year ago by the Indonesian delegate and the Consultant. Mr. Y. Nakamura, a representative of Yakult who is in charge of the project, was introduced by the Consultant to Mr. H. Tanaka in BKPM. With the assistance of Mr. Tanaka, Yakult has become a member of the Investment Consultancy Centre of Indonesia (ICCI) and opened a provisional office in Jakarta for more effective preparation of the project.

ICCI is assisting Yakult in finding an appropriate local partner and the company hopes to settle an agreement for a joint venture by the end of 1989 and start production of dairy drinks in Indonesia during 1990. In this connection, it has been agreed that contact would be kept between Yakult Honsha Co., Ltd. and UNIDO IPS, Tokyo.

### Maintenance of Electric Generating Facilities

53. This project was brought to IPS, Tokyo by Mr. A. Fujimoto, President of Fujimoto Kiko Co., Lt., during the early stage of the investment programme for 1988. This company was previously involved in installing electric generators in compliance with the electrical facilities expansion plan of the Indonesian Government. Although breakdown of bigger generators happens frequently and maintenance of these facilities is currently a serious problem in the country, regulations forbidding foreign investment in this field have made it impossible for Fujimoto to establish a joint venture company in Indonesia.

54. The delegates from Indonesia and the Consultant have helped make arrangements for Mr. Fujimoto's several missions to Indonesia, and introduced him to Mr. Tanaka at BKPM, asking for his cooperation. Mr. Fujimoto has learned that the aforementioned regulations might be changed in the near future by the Indonesian authorities, allowing foreign companies to get into this kind of business. In the meantime, Fujimoto Kiko is trying to identify an appropriate local partner from among some Indonesian companies introduced by Mr. Tanaka.

### Leather Gloves

55. Kuroda Co., Ltd. participated in the Indonesian Investors' Forum held in November, 1988, and started negotiation with three Indonesian companies on a possible joint venture in leather products, by asking them to produce some designated items on a trial production basis.

In late 1988, with assistance rendered by the Jakarta office of Sumitomo Corporation, Kuroda selected one Indonesian partner from the three mentioned above, based on a quality evaluation of the trial products provided by the three companies.

56. In early 1989, Kuroda and PT. Haji Noor, the selected Indonesian partner, began preparation for a joint venture company in Surabaya, and submission of a joint venture application to BKPM will be made in the near future. The conditions for the setting up of the joint venture company are summarized below:

- a) Land and buildings for the plant, as well as necessary raw materials, will be provided by the Indonesian partner.
- b) Equipment will be provided by Kuroda, and initial investment by the Japanese side will reach approximately one million dollars.
- c) All products for this project will be exported to foreign countries, including Japan.

### Textile

57. Wakoh Textile co., Ltd. also attended the Indonesian Investors' Forum in November, 1987. Since then, they have sent several missions to Indonesia, and opened a liason office in Jakarta, in order to study the possibilities of the textile project and became a member of the Investment Consultancy Centre of Indoneisa (ICCI). Wakoh Textile is now trying to select a local partner from among the Indonesian companies in this sector introduced by ICCI.



#### **IV (B) FOLLOW UP PROJECT FROM THAILAND**

58. Several projects were launched by the delegates who participated in previous programmes, but required further action during the period in which the Consultant was assigned. The following project required follow up action among Thailand projects.

##### **Printing Ink**

59. This project was brought by the delegate who participated to the IPS Tokyo's programme in 1986 and proposed to Dainichi Seika Colour and Chemical manufacturing Co., Ltd. Since then they have been interested in this project and sent a mission to Thailand several times. Dainichi Seika had business negotiations in order to set up a joint-venture company with local partners for long term.

60. In Autumn, 1988, Dainichi Seika made a decision to establish the joint-venture company with one of the local partners. Finally they got an approval on the establishment of the J/V company from Board of Investments, Thailand, under the conditions as indicated below:

- a) Local Partner: Charoen Aksorn Co., Ltd.
- b) Capital share: 51% -- Charoen and their business group  
49% -- Dainichi Seika group
- c) Amount of the first investment by Japanese side reaches approximately to 1.5 million U.S.dollars.

#### **IV (C) FOLLOW UP PROJECTS FROM MALAYSIA**

61. During his follow-up mission to Asian three countries including Malaysia in early February, 1989, the Consultant checked progress of the following two projects which had been promoted by the

delegate from Malaysian Industrial development Authority (MIDA).

1. Industrial Valve
2. Hard Disk Drives

#### Industrial Valve

62. This project was promoted by a staff of IPS Tokyo and the Malaysian delegate during the Spring Course in 1988. Okumura Mfg. Co., Ltd. was interested in this project, and started to make contacts with the delegate. They sent study missions to Malaysia several times under the proper guidance provided by the delegate as well as IPS Tokyo.

63. The Consultant found tremendous progress on this investment project during his visit to Malaysia as the follow-up mission as summarized below:

- a) Their plan to establish the Industrial Valve manufacturing unit in Kuala Lumpur has been duly approved by the Authority in January, 1989, and provided very advantageous incentives by MIDA.
- b) Initial investment cost of this project reaches approximately to 3 million U.S.dollars.
- c) Five Malaysian technicians have been invited to Japan and trained at Okumura's Shiga Plant for six months from January, 1989.
- d) Soon after the approval of the project construction of their workshop was started. According to their plan, manufacturing operation would be commenced from September, 1989.

#### Hard Disk Drives

64. The delegate and the staff of IPS Tokyo promoted this project during the programme in 1988. Apollo Seiki Co., Ltd. began preparation to set up hard disk manufacturing unit in K.L. using the supporting facilities by JETRO called "JOIN SCHEME" for enhancing

investment businesses. Upon approval of this project by MIDA in January, 1989, installation of equipment started in their workshop of HICOM Industrial Estate under the supervision of a staff sent by Apollo Seiki.

65. During his mission to Malaysia, the Consultant visited their workshop and found the following:

- a) They have just started processing aluminum hard disks diecast by a neighbouring Malaysian brother company. This operation will come in full swing by August, 1989.
- b) Initial investment cost of this project reaches nearly to 2 million U.S. dollars.
- c) Their ultimate purpose is to expand their operation in manufacturing moulds and dies for diecasting and plastic moulding etc.

#### **IV (D) FOLLOW UP PROJECTS FROM SHENYANG, CHINA**

66. Since the Spring course of the investment promotion programme conducted by IPS Tokyo in 1987, the following projects have been promoted by the delegate from Shenyang, China, and the Consultant. Further promotional actions were taken by both sides in Shenyang and Tokyo. The progress of following two projects are summarized as below:

1. Testing Equipment of Automobile Parts
2. Gaoliang Board

#### **Testing Equipment of Automobile Parts**

67. Kanomax Incorporated Co. in Osaka was interested in this project brought by the delegate from Shenyang, and they sent survey missions to Shenyang several times. IPS Tokyo was informed by

Kanomax in September, 1987, that both sides exchanged letters of intent to set up a new J/V company for production of the captioned items in Shenyang.

68. In April, 1988, IPS Tokyo was informed by Mr. Y. Jinno of Kanomax that an agreement was settled between the Shenyang local partner, National Shinraku Electric Factory and Kanomax Incorporated Co. of Japan to establish a J/V company, and that Shenyang City Authority has approved the company's establishment. But further detailed information is not available so far, although IPS Tokyo sent a telex to Shenyang inquiring more details in May, 1988.

#### Gaoliang Board

69. This project was originally promoted by the first delegate from Shenyang in 1986. Koyo Sangyo Co., Ltd. of Japan has proposed to set up a new company in cooperation with the local partner, Shenyang New Building Materials Co. Since then they have exchanged missions with each other and intensively studied possibilities of establishment of the proposed J/V company.

70. Since late 1987, the Chinese economic situation has been drastically changed and the price of gaoliang stems from raw materials of the proposed products became quite high. Then the second feasibility study mission was sent by Japan Consulting Institute and Koyo Sangyo to Shenyang in September, 1988. It was learned by the mission that prices became expensive due to intensive inflation, and that raw materials could not be procured with a favorable price. Consequently Koyo Sangyo decided to suspend their plan to start production in late 1989 for the time being.

V. CONSULTING SERVICES FOR IPSs

v (A) GENERAL

71. The Consultant's services were rendered by giving advice and assistance for arrangements and organization of different kinds of Investment Promotion Meetings (IPMs) held in several places in Japan, and also participated in the Regional Forum of Philippines.

72. In compliance with the request from the Government of Philippines, the Regional Forum was held from 7 to 10 November, 1988 in Manila. Prior to the Forum held in the Philippines, UNIDO, IPS Tokyo organized a seminar in Tokyo on 4 October, 1988, as the country presentation of Philippines in order to encourage Japanese entrepreneurs' participation in the Forum.

73. As a mean of publicizing other meetings to the Japanese business community, IPS Tokyo arranged seminars in order to disseminate information and encourage Japanese potential investors. The seminars participated by IPS Tokyo were as follows:

--	Tokyo Seminar for Investors Forum of the Philippines	October 4, 1988
--	Investors Forum for the Philippines	November 7-10, 1988
--	Shizuoka Seminar for Indonesia and the Philippines	December 7, 1988
--	Bangladesh Investors Conference (attended by Mr. M. Saito, Director of IPS Tokyo)	February 5-7, 1989
--	Arab Gulf States Conference	March 1-2, 1989
--	Bangladesh Investment Seminars	March 15-17, 1989

V. (B) PHILIPPINE COUNTRY PRESENTATION IN TOKYO

74. Prior to the Philippine Investors' Forum, the Country Presentation of the Philippines (Tokyo Seminar) was held on 4 October, 1988, under the auspices of UNIDO, IPS Tokyo. The Seminar was jointly sponsored by the Japan Chamber of Commerce and Industry (JCCI) and the Japan External Trade Organization (JETRO). It was attended by more than 120 participants from various Japanese business sectors and related organizations.

75. The Government of the Philippines sent an investment promotion mission to Japan which was led by Mr. T. Alcantara, Undersecretary, Department of Trade and Industry, and the staff members representing the Philippine Embassy in Tokyo were the guests of honour. The investment climate in the Philippines, especially the improved investment incentives provided for offshore partners in recent years were emphasized by the mission members.

76. IPS Tokyo extended great efforts in attracting 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 various former Investment Promotion Programmes.

V. (C) INVESTORS FORUM FOR THE PHILIPPINES

77. The Regional Forum in Manila organized by UNIDO and the Department of Trade and Industry, the Philippines, was formally opened at the International Trade Training Centre on 7 November, 1988. The primary objective of the Forum was the promotion of 130 proposed projects.

Business negotiations were started in many separate booths immediately after the finish of the opening session of the Forum.

78. Business negotiations between local entrepreneurs and would-be foreign investors took place on 7-10 November, 1988, for about four days.

Major outcomes of the Forum made by the participating Japanese business community are summarized as follows:

- a) Over 40 Japanese businessmen and other concerns participated.
- b) More than 30 face-to-face business discussions took place.
- c) At least one letter of intent on the Hotel Expansion project was signed.
- d) Three feasibility studies on the projects of Food Packaging, Ceramics, Moulds and Dies were expected to be dispatched in the near future.
- e) Four factory visits were carried out on projects such as Steel Fabrication, Food Processing etc.

V. (D) IPS TOKYO SEMINAR IN MANILA

79. Prior to the Regional Investors Forum in Manila as well as the captioned seminar, the Consultant visited Manila for about five days from 18 October, 1988, for preparation of such events. In order to get proper supports from Japanese business sectors the Consultant made contacts with the office of Japanese Chamber of Commerce and Industry, and also with other concerns in Manila during his mission.

80. IPS Tokyo organized an investment promotion seminar on 8, November,

1988, exclusively for the Japanese participants to the Forum and also for Japanese business circles in Manila. The purpose of this seminar was to provide supplemental information on UNIDO's activity as well as the Manila Forum to the attendants.

81. More than 40 Japanese businessmen participated in this seminar. Very informative speeches and lectures were given by Mr. M. Saito, Director of IPS Tokyo, and Mr. A. Inoue, First Secretary, Embassy of Japan. The Director General of UNIDO, Mr. D. Siazon also kindly attended the seminar and gave a short speech to the participants. The seminar was followed by a modest cocktail party.

V. (E) SHIZUOKA INVESTMENT PROMOTION SEMINAR

82. Since most of the business enterprises in major cities such as Tokyo and Osaka, etc. can easily obtain a substantial range of business information, the Consultant suggested that utilization of local industries' capabilities in some provincial cities in the field of investment promotion should be highlighted by IPS Tokyo. The idea was proposed to JETRO Shizuoka Office through their Headquarters to organize a similar seminar in Shizuoka City.

83. The seminar was organized jointly by Shizuoka JETRO, the Shizuoka Chamber of Commerce and Industry (SCCI), Shizuoka International Business Association and UNIDO, IPS Tokyo, and held at the conference room of SCCI on 7 December, 1988. One staff and two ECFA's consultants from IPS Tokyo together with delegates from Indonesia and the Philippines participated in the seminar.



84. More than fifty participants from business circles in the Tokai Industrial Belt, stretching along the Pacific Coast in Shizuoka Prefecture, attended the seminar. As a result of this investment promotional event, several projects were identified as substantive, and many inquiries for further information came to IPS Tokyo. At least three companies sent survey missions to respective countries by mid-March, 1989.

V. (F) CONFERENCE ON INDUSTRIAL COOPERATION BETWEEN ARAB GULF STATES AND JAPAN

85. The captioned conference was jointly organized by Japan Cooperation Centre for the Middle East (JCCME) and Gulf Organization for Industrial Consulting (GOIC). JETRO also participated in the Conference as a co-organizer and IPS Tokyo was requested to be involved in preparing the meetings and in collecting information for some projects by GOIC.

86. The meetings were held in the Imperial Hotel, Tokyo, on 1-2 March, 1989, for two days. Mr. M. Abdelmoneim from UNIDO Headquarters gave a presentation titled "Industrial Investment Opportunities in the Gulf" on the first day. Mr. M. Saito, Director of IPS Tokyo, also presented an explanation on activities of UNIDO, IPS Tokyo. In the afternoon session of the final day Mr. D.L. Siazon, Director General of UNIDO, joined the discussions on appropriate industrialization in the Arab Gulf region as one of the pannel.

VI. MISSION TO THREE ASEAN COUNTRIES FOR FOLLOWING UP SOME PROJECTS  
AND SELECTION OF DELEGATES

87. Mr. M. Saito, Director of IPS Tokyo, and the Consultant visited several offices in Bangkok during their mission to Thailand from 8-11 March, 1989. They were received by Mr. T. Niwa, Regional Representative of UNDP in Thailand, and had discussions on matters regarding possible participation from IFCT to the investment programme of IPS Tokyo in the near future.

88. The Consultant proceeded in his mission to Malaysia and the Philippines and stayed in each place for about four days. In Malaysia the Consultant made contact with the Malaysian Industrial Development Authority (MIDA), UNDP/UNIDO Office, JETRO Office, etc. Intensive discussions regarding possible cooperation as well as participation of a Malaysian delegate to the next programme were held with them. Mr. Yeoh Hock Eng was recommended by MIDA as a candidate for participation to the programme and preparatory procedures for his assignment were set through UNDP/UNIDO, Kuala Lumpur.

89. In Manila a would-be participant to the next programme, Mr. Cecilio J. Lahoz, was recommended by the Board of Investments (BCI) of the Philippines and interviewed by the Consultant. After the delegates formal nomination arrangements were made by BOI through the Representative Office of UNIDO in Manila.

90. In all the above mentioned countries the Consultant pursued some prospective projects which were promoted by former delegates and found that most of these projects had reached the concluding stage in setting up J/V companies. The projects followed up by the Consultant during his mission are listed below:

<u>Country</u>	<u>Project Title</u>	<u>Japanese Investor</u>
Thailand	Transformer	Daihen Corporation C. Itoh & Co., Ltd.
Malaysia	Industrial Valve	Okumura Engineering Works
"	Rubber Roller for	Hokushin Industries Co., Ltd.
"	Office automation	
"	Hard Disk Drives	Apollo Seiki Co.,Ltd.
Philippines	Computer Software	System For Co., Ltd.

#### VII INVITATION OF AN INVESTMENT PROMOTION STAFF FROM BANGLADESH TO JAPAN

91. The invitation of a person who was deeply related to the most prospective projects promoted during the programme in the fiscal year of 1988 was arranged by IPS Tokyo. This invitation programme within the framework of ECFA's contribution in kind was provided to IPS Tokyo. Consequently Mr. M. Rahman from Bangladesh Export Processing Zones Authority (BAPZA) was invited to Japan from 13 to 19 March, 1989, in order to conduct further investment promotion operation with the relevant Japanese business sectors.

92. Bangladesh Embassy in Tokyo and Marubeni Corporation organized three-day seminars, a series of the seminars designed in the shape of two separate sessions held on 15 and 17 March, 1989, at the Embassy. Another seminar was held on 16 March, 1989, at Sanyo Electric Co., Ltd. in Ohta City, Gunma Prefecture. Mr. M. Rahman of

BEPZA and Consultant were heavily involved in these seminars in order to give presentations on the investment climate in Bangladesh, especially that of EPZ in Chittagong. Around 15 Japanese businessmen attended each session of three-day seminars, and some of them were willing to visit Bangladesh in the near future.

93. On 15 March, 1989, Mr. M. Rahman and the Consultant visited Minipilo Electric Co., Ltd. to check the progress of their investment plan in Chittagong EPZ, as a part of his follow-up action. On 17 March Mr. M. Rahman and the Consultant also paid a courtesy call on Mr. K. Ikeda, President of Nippon Koei Co., Ltd., who was the leader of the mission which visited Bangladesh in early February, 1989.

#### VIII. CONCLUSION

94. The Consultant seconded from ECFA provided the following services to UNIDO, IPS Tokyo as summarized below:

- 1) To promote specific investment projects brought by the investment promotion delegates who were stationed at UNIDO, IPS Tokyo.
- 2) To follow up investment projects carried over from previous programmes.
- 3) To provide consulting services for IPMs.
- 4) To render consulting services in assisting invited missions to IPS Tokyo, and also selecting delegates participated to the investment promotion programmes.

95. As a result of the investment promotion activities rendered by the Consultant during the programmes in the fiscal year of 1988, around 23 projects are either concluded or under prospective stage 2 listed as follows:

INDONESIA

- 1) Precision Tool and Die Manufacture
- 2) Salted Fish and Processing Plant
- 3) Casualwear Knitting
- 4) Dry Cell Battery
- 5) Manufacture of Slippers
- 6) Wcoden Furniture Parts
- 7) Dairy Products (Drinks)
- 8) Maintenance of Electric Generating Facility
- 9) Leather Gloves
- 10) Textile

PHILIPPINES

- 11) Computer Software
- 12) High Quality Blouse
- 13) Apparel

THAILAND

- 14) Optical Lens Polishing
- 15) Printing Ink
- 16) Transformer

MALAYSIA

- 17) Moulded Plastics for Industrial Purposes
- 18) Precision Dies and Tools
- 19) Industrial Valve
- 20) Hard Disk Drives

CHINA

21) Testing Equipment of Automobile Parts

22) Gaoliang Board

BANGLADESH

23) Electrical Components

96. Although the Consultant was mainly responsible for promoting investment projects brought by Indonesian delegates, he was requested by the Director of IPS Tokyo to look after all investment projects brought by delegates from several different countries, and also to coordinate overall promotional operations during the programmes in the fiscal year of 1988.