

# Approach to Internationalization

## Proactively Supporting SMEs Dealing with Internationalization

### Supporting the Internationalization of SMEs

The SME Unit's client companies currently have approximately 4,500 overseas subsidiaries. The SME Unit actively supports the overseas development of SMEs by providing "Loans for Overseas Investment", consulting services, as well as opportunities for building business networks among Japanese overseas subsidiaries.

In the ASEAN region, the SME Unit helps to stabilize and develop the operations of Japanese SMEs through the Bangkok representative office in Thailand. To SMEs newly entering the region, the SME Unit provides information on the current business conditions of local Japanese SMEs as well as financial information. To SMEs already running businesses in the region, the SME Unit helps them to overcome various business challenges by working with local related institutions and financial institutions.

In China, where the number of Japanese SMEs is increasing, the SME Unit has dispatched staff to the Shanghai Office of the Japan-China Economic Association, thus strengthening its support for Japanese SMEs in China by offering best practices on overcoming business challenges and providing bridges to local governments and authorities.

In addition, the SME Unit regularly organizes Business Network Meetings in major cities in the ASEAN Region and China, thus helping overseas subsidiaries build networks among local Japanese SMEs.

Many SMEs utilize the SME Unit's "Loans for Overseas Investments" as financial aid when expanding their business overseas. The cumulative number of transactions of the loan scheme since it was established in August 1987 exceeded 1,200<sup>(Note)</sup> in March 2010.

Note: Since the name of the loan scheme was changed in fiscal 1993, the figures before fiscal 1992 include those under "Loans to Facilitate Overseas Investments".

### Example of SME Unit's Support for Solving Business Challenges

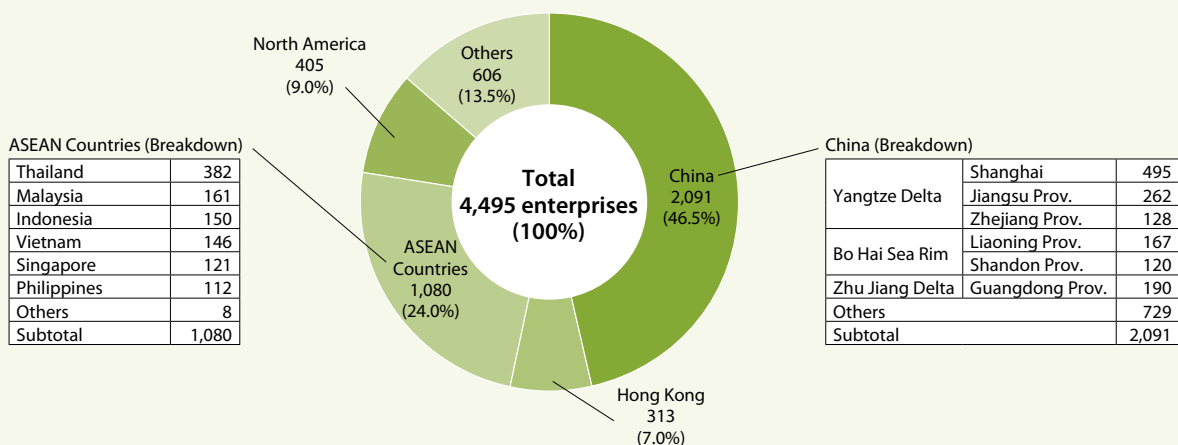
#### Business Challenge

Client A needed a large loan in order to expand its subsidiary in China and buy new production facilities, but the company had never raised funds in China. To compare the methods and conditions of fund-raising in China with those in Japan, the company sought the advice of the SME Unit.

#### Support from the SME Unit

The SME Unit introduced client A to the Japan-China Economic Association, which has an office in Shanghai and specializes in providing business consulting services for Japanese companies investing in China. The SME Unit has dispatched staff to the Shanghai Office of the Japan-China Economic Association and the staff met with a manager of the company and explained the methods and conditions of raising funds from Chinese financial institutions, and how Japanese companies typically invest in China. The company learned that Chinese financial institutions tend to provide short-term rather than long-term loans. Needing a long-term loan, the company eventually decided not to apply for a loan in China but for the SME Unit's "Loans for Overseas Investment".

### Number of SME Unit's Clients Operating Overseas



## Examples of SME Unit's Support for Building Business Networks

### Business Negotiation Meetings

In collaboration with the Small and Medium Enterprise Development Bank of Thailand, a government-affiliated financial institution for Thai SMEs, the SME Unit organizes Business Negotiation Meetings as a platform for matching Japanese SMEs in Thailand with local Thai companies.

Approximately 100 Thai and Japanese SMEs in total, primarily in the automobile and electronic industries in which there are many Japanese companies in Thailand, took part in lively discussions during the fourth Business Negotiation Meeting held in July 2009.



A Business Negotiation Meeting in Thailand

### A Business Network Meeting in China

The SME Unit held a Business Network Meeting in Shanghai, China in December 2009, after a series of seminars on "The key to successful factory management in China" and "Measures to cope with taxation difficulties in China". The event was attended by 109 representatives from 82 client companies including Japanese head offices and local subsidiaries.

The SME Unit also holds similar business network meetings in major cities in the ASEAN region.



A Business Network Meeting (Seminar Session) in China

## Cooperation with Overseas Institutions

### Cooperation with APEC Financial Institutions Dealing with SMEs

To promote cooperation with SME-related financial institutions within the APEC region, the SME Unit signed an MOU<sup>(Note)</sup> with 14 financial institutions in the region, including the China Development Bank (CDB) and the Small and Medium Enterprise Development Bank of Thailand (SME Bank). The Unit attends the annual meeting and engages in technical cooperation and information exchange.

Note: Memorandum of Understanding on Cooperation among APEC (Asia-Pacific Economic Cooperation) Financial Institutions Dealing with SMEs



The 6th Annual Meeting of APEC Financial Institutions Dealing with SME's (Korea)

### Cooperation with ACSIC Member Institutions

The Asian Credit Supplementation Institution Confederation (ACSIC) comprises 16 institutions including the Korea Credit Guarantee Fund (KODIT), Credit Guarantee Corporation Malaysia Berhad (CGCMB) and the Small Business Credit Guarantee Corporation (SBCG) of Thailand. As an ACSIC member, the SME Unit attends the annual conference and actively encourages mutual exchange with institutions engaged in implementing the Credit Supplementation System.



The 22nd ACSIC Conference (Taiwan)