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Providing an edge for success

While Japanese companies are particularly strong in engineering, Canadian suppliers have expertise in the "softer" areas such as health, education, governance, environment and women in development—increasingly important components of MDB and JICA development activities. Proposals for WB and AsDB projects are judged on both technical competence and cost-competitiveness. The addition of Canadian content can help a Japanese business to achieve a more cost-competitive bid, since the Canadian dollar is very attractive compared to the Japanese yen. Canadians can also assist Japanese companies in writing expressions of interest and put together successful proposals (which must be submitted in English).

Huge market opportunity

In turn, JICA-funded projects represent a

huge market opportunity for Canadian consulting firms. JICA is responsible for the technical cooperation aspect of Japan's official development assistance (ODA). Japan offers the most generous development assistance programs in the world, providing nearly one-quarter of the world's total ODA in recent years, accounting for some US\$20 billion annually.

Of most interest to Canadian suppliers are the development study schemes—such as feasibility studies—that JICA employs to plan grant aid or loan-funded follow-up projects. Since JICA contracts only with firms that are incorporated in Japan and pre-registered, subcontracting is the best option for Canadian firms.

JICA report outlines options

A new on-line report prepared by the Canadian International Development Agency, "JICA Contracting of Foreign

Consultants," (www.infoexport.gc.ca/ifinet/jica-e.htm) outlines the JICA procurement process and provides valuable marketing tips and key contacts. The report also lists the top 20 Japanese consulting firms that win 70% of JICA-funded projects.

Once a potential partner has been identified from this list, the Canadian Embassy in Tokyo can facilitate those important introductions, as well as provide tips on business protocol. Companies willing to invest in the effort to visit with Japanese consulting firms active on JICA-funded projects, and develop the trust necessary for successful long-term relationships, have excellent prospects for success.

For more information, contact Masanobu Tsukada, Commercial Officer, Canadian Embassy in Tokyo, tel.: **(011-81-3) 5412-6223**, e-mail: tokyo.er@dfait-maeci.gc.ca, Web site: www.jica.go.jp/english/.

(For the unabridged version, see www.dfait-maeci.gc.ca/canadexport and click on "A Yen for Japan".)

Need financing for an Asian expansion?

Look to Hong Kong

After Japan, Hong Kong is the strongest regional base for private equity funds in Asia. There are several hundred private equity firms in Hong Kong managing about US\$50 billion, or roughly 30% of the total private equity capital pool in the region. Private equity companies provide capital to a variety of businesses from younger to more established companies involved in everything from new technology to infrastructure projects.

But Hong Kong financiers are not lenders of last resort. Hong Kong companies are, however, receptive to financing Canadian companies with a strong Asian connection and strategy.

With the volatility in equity markets in the past year, private equity funds are facing pressure from their own investors to produce better returns from their portfolios. Recently, Hong Kong investors have tended to support later-stage companies—as opposed to start-ups—and aim for management control. Most prefer to invest in more mature companies with proven technology and

clear applications to Asian markets. Referrals from known Canadian or American venture capitalists are very important as most local venture capital firms do not have the resources to review many deals. Referrals from existing investors from earlier rounds are also important.

Find a local partner

Because of its extremely competitive manufacturing base and large domestic market, China is a priority market for many Asian venture capitalists, particularly those in Hong Kong. A

strong local strategic partner is often the key to success, and a venture capitalist can be a partner. Local venture capitalists suggest that Canadian companies should leverage their way to Asian markets using Asia-based manufacturing and/or distribution partners. In China, for example, companies with established distribution networks are actively seeking partners with leading technology to integrate into their products. China also provides a world-class, low-cost manufacturing base in sectors ranging from information technology, to medical devices, health care and processed food.

If you have a proven track record, and if financing is key to your China strategy, look to Hong Kong.

For more information, contact Amy Yung, Trade Commissioner, Canadian Consulate General in Hong Kong, tel.: **(011-852) 2847-7414**, e-mail: amy.yung@dfait-maeci.gc.ca.



June 2003

PERU: The Hidden Treasure

A Country Eager to Attract Canadian Business and Investment

Peru at a glance

| GENERAL | |
|-----------------------|------------------------------------|
| Population: | 26.7 million (2002e) |
| Capital: | Lima, pop. 8.0 million (2002e) |
| Pop. growth rate: | 1.3% (2000-2015 average) |
| Total area: | 1,285,215 square kilometres |
| Currency: | C\$1=2.38 Nuevo Sol (May 15, 2003) |
| ECONOMIC | |
| GDP: | \$55.6 billion (2002e) |
| Real GDP growth rate: | 4.8% (2002e) |
| GDP per capita: | \$2,076 (2001) |
| Inflation rate: | 2.0% (2002e) |
| Unemployment rate: | 8.9% (2002) |
| BILATERAL TRADE | |
| Exports to Peru: | \$167 million (2002) |
| Imports from Peru: | \$293 million (2002) |

