

Ministry of Economy, Trade and Industry

FY 2023 International economic research project
on the development of an integrated domestic and international economic
growth strategy

(Research project on supporting the development of social problem-
solving businesses in Pacific island countries.)

The Summary of the Final Report

(Public Version)

22nd of March, 2024

QUNIE CORPORATION



1. Overview of the project

1.1 Background and objectives of this project

The background and objectives of the project are as follows.

Background of the project

To realize the government-wide “Free and Open Indo-Pacific (FOIP) strategy”, it is an important geopolitical and industrial policy initiative for Japan to continue to contribute to the economic prosperity of the Indo-Pacific region by strengthening connectivity through the development of "high-quality infrastructure" and other measures.

Moreover, as the world becomes more fragmented and polarized in the wake of Russia's aggression in Ukraine and other events, Japan, the US and other like-minded countries need to work together more than ever to ensure sustainable growth for the countries of the Global South.

Given the smaller size of these regions compared to the Japanese market, etc., the potential for start-ups and SMEs to participate in projects is likely to be relatively high, but it is difficult for these companies to build networks with foreign governments and relevant institutions from scratch, even if they have superior technology.

Objectives of the project

Explore ways to address social issues for economic development in the region, as proposed by the Pacific Island countries, the cornerstone of the FOIP, at forums such as PALM 9 (9th Pacific Islands Summit), including by harnessing the dynamism of the private sector through cooperation among like-minded countries.

Through reverse pitching and matching events in Japan and overseas, including with counterpart government officials, the possibility of actual project formation will also be explored, with the aim of linking this to the outcomes of PALM 10 (10th Pacific Islands Summit) in 2024.

1. Overview of the project

1.2 Description of the project

Based on the background and objectives described on P.2, the project conducted the following research and events.

Research

- Research on economic overview of the Pacific Island Countries (PICs)**
 Based mainly on publicly available information, an overview of the economic situation in the 14 Pacific Island countries was provided, as well as an research on the business environment in each country, including foreign business investment was conducted (see “2. Economic overview of the Pacific Islands Countries (PICs)”).
- Research on the possibility of business development by companies of Japan and like-minded countries (US, Australia and New Zealand)**
 - Interviews with Japanese companies**
 Interviews with Japanese companies that participated in the “The Event for Development of Social Problem-Solving Business in Pacific Island Countries” were conducted to gain an understanding of the technologies and solutions that each company possesses and the businesses that they were considering to implement.
 - Field research**
 Interviews with local government officials and other stakeholders to understand social issues with high priorities and the status of foreign investment in the countries were conducted.
 Collection of information on areas and solutions where investment is expected was also conducted (see “4.1 Social Issue with high priorities in the target countries”).
 - Overview of the entry status of foreign firms in the surveyed countries**
 Based on publicly available information and the results of interviews during the field research, an overview of the entry status of Japanese and like-minded companies was compiles (see “3.2 Overview of foreign support and business participation”).

Events

- Domestic events**
 - In July 2023, the “The Event for the Development of Social Problem-Solving Business in Pacific Island Countries” was held, and the event provided information and networking on business development in Pacific Island countries.(See “4.2 The Event for the Development of Social Problem-Solving Business in PICs”).
 - First round of mission**
 Based on the results of various research, Japanese companies with technologies and solutions that contribute to solving social issues in the countries with high priorities are selected. The selected companies traveled to the target countries in February 2024 (the first round of travel) to meet with relevant ministries, agencies, and private sector organizations for networking, information exchange, and business development discussions (See “4.3 ‘Support for the Development of Social Problem-Solving Business in PICs’ 1st round of mission”).
 *A second trip is planned for the first quarter of FY2024.

2. Economic overview of the Pacific Islands Countries (PICs)

2.1 Classification of the development potential of the target countries

- As confirmed through the economic situation of each country, the economic and social situation of the 14 countries is not uniform and the development potential varies accordingly. In previous ODA evaluation conducted by the Ministry of Foreign Affairs (2015), the classification of Pacific Island countries according to their development potential is shown in the table below.
- From the perspective of Japanese companies' business development through partnerships, it is important to consider target countries flexibly depending on the scale of business and target industries, as sufficient infrastructure, the existence of local markets, and a certain level of business networking are required. Countries 1 to 3 in the table below can be considered for a certain scale and sales channels, and countries 4 for niche or distinctive markets.

Characteristics by Development Potential		Relevant Island Countries	Direction of economic development
1. Countries with more economic growth and regional impact due to abundant resources		Papua New Guinea	To target markets where a certain scale of business and distribution channels are expected to be secured
2. Countries with relatively large economies and significant regional influence		Fiji	
3. Countries that need assistance in the immediate future, but can move toward self-sufficiency in the future		Solomon Islands, Vanuatu, Samoa, and Tonga	
4. Countries with high vulnerability and difficulties in achieving self-sufficiency and in need of continued assistance	Free Association Relations with the United States of America	The Federated States of Micronesia, the Marshall Islands, and Palau	To target niche and distinctive markets
	Free association relations with New Zealand	The Cook Islands and Niue	
	Others (countries dependent on trust funds and residual phosphate)	Kiribati, Tuvalu and Nauru	

Source: Prepared by QUNIE Corporation based on the report "Evaluation of Japanese ODA Projects in Pacific Island Countries" (ODA Evaluation by the Ministry of Foreign Affairs in 2015), pp. 1-3.

3. Foreign government assistance and business participation in PICs

3.1 Target countries for in-depth research

As a result of a comprehensive review of the following four indicators, Palau, Papua New Guinea, Fiji, and Samoa were selected as target countries for a detailed research of the entry status of foreign companies (countries where Japanese companies are considered to have a high potential for entry).

1. Region: At least one country from each of the three regions (Micronesia, Melanesia, and Polynesia) should be selected.
2. Economic size: In order to increase the potential for business development by Japanese companies, countries with a relatively large nominal GDP, one of the indicators of economic size, are selected within each region. (*Exception for the Micronesia region, where priority is given to Indicator 4 'Interest of Japanese companies', described below).
3. Development Potential Classification: Refer to the Classification of Development Potential on P.4, select countries where a certain size of market, distribution channels or other conditions can be secured, including countries where future economic growth is expected (1, 2 and 3).
4. Interest of Japanese companies: In order to increase the certainty of business development for Japanese companies, the top four countries in which Japanese companies answered "interested" in the post-event questionnaire in Japan are selected.

Indicator 1	Countries	Indicator 2	Indicator 3	Indicator 4
Region		Economic size (Nominal GDP (USD millions))	Development Potential Classification (see P.4)	Interest from Japanese companies (top four countries)
Micronesia	Palau	218	4	●
	Federated States of Micronesia	427	4	
	the Marshall Islands	279	4	
	Kiribati	223	4	
	Nauru	150	4	
Melanesia	Papua New Guinea	30,633	1	●
	the Solomon Islands	1,595	3	
	Vanuatu	983	3	
	Fiji	4,943	2	●
Polynesia	Tuvalu	60	4	
	Samoa	832	3	●
	Tonga	469	3	
	Cook Islands	27	4	
	Niue	22	5	

Source (GDP): World Bank World Development Indicators data for 2021 or 2022

Only data for Cook Islands and Niue are based on Asian Development Bank Statistical Database System (1NZD = 0.59 converted to USD)

3. Foreign government assistance and business participation in PICs

3.1. Samoa: Overview of foreign support and business participation

Japan has provided a number of infrastructure projects to Samoa through ODA, and Japanese companies have been contracted for these projects.

There is no public information on infrastructure development assistance from the Australian, New Zealand or US governments.

Australia provides loans through “Australian Infrastructure Financing Facility for the Pacific” (AIFFP), while in New Zealand private companies are involved in roads, energy, and other sectors.

	Assistance to Samoa in the infrastructure and other sectors and the status of corporate participation
Japan 	• Since the 2010s, ODA has provided assistance in the areas of water resources and disaster prevention, environmental management, transportation and traffic, and electricity. • Japanese construction companies and development consultants have been contracted to provide services.
Australia 	• No specific public information on government support for infrastructure development, although there are examples of support for bridge replacement, establishment of infrastructure development funds, or others.
NZ 	• There is no public information on government support for infrastructure development, although there are examples of support for waterfront development in Apia and support for the introduction of renewable energy with the EU.
U.S. 	• Since 2013, only three disaster management related assistance has been provided. There is no information on specific projects or other assistance for other infrastructure sectors.
Others	• Chinese, Dutch, and British companies have been involved in ADB projects. • China is independently supporting the construction of the Faleolo International Airport Terminal, government buildings, and telecommunications network development.

3. Foreign government assistance and business participation in PICs

3.1. Papua New Guinea : Overview of foreign support and business participation

For PNG, Japan has provided ODA for a number of infrastructure projects that have been commissioned to Japanese companies. In addition, the Australian government has been implementing large-scale infrastructure support projects.

Assistance to PNG in the infrastructure and other sectors and the status of corporate participation

Japan 	• Since the 2010s, ODA has provided a wide range of assistance in transportation, information and telecommunications, water and sanitation, urban development, energy, disaster prevention, medical care, and other areas. Japanese construction companies and development consultants have been commissioned to implement the projects. • Oji Paper used to be involved in the timber business. Sumitomo Forestry is currently developing its timber business. • In the past, a Japanese company (now Maruha Nichiro) was involved in the fishing industry. There are few other examples of Japanese companies developing business on a commercial basis.
Australia 	• AusAID has been implementing several aid programs, including health, disaster, transport and ICT. In particular, the PNG-AUS Transport Sector Support Program (A\$560.7 million over 10 years) is being implemented. Australian and PNG companies have been contracted to carry out road projects. • The AIFFP provides loans for energy and transport projects, some of which are provided as grant assistance. • Some Australian companies have participated in ADB projects.
NZ 	• New Zealand provides assistance to PNG, but does not focus on infrastructure projects. • Some New Zealand companies have been involved in ADB projects.
U.S. 	• Since the 2010s, the company has provided a wide range of disaster management, water, and energy-related assistance.
Others	• POSCO of South Korea has been involved in power generation. • Malaysian, Indonesian and Belgian companies have been involved in palm oil. • Malaysian companies have been involved in transportation, telecommunications, hotels and real estate. • In recent years, Chinese investment has increased, mainly in the retail sector.

3. Foreign government assistance and business participation in PICs

3.1. Palau : Overview of foreign support and business participation

Japan has provided ODA to Palau for a number of infrastructure projects, and Japanese companies have been commissioned to contracts for these projects. Japanese companies have also formed joint ventures to expand and operate international airport terminals. In addition, the Australian government has been supporting in ICT and energy projects.

	Assistance to Palau in the infrastructure and other sectors and the status of corporate participation
Japan 	• Since the 2010s, ODA has provided numerous assistance in a wide range of areas, including transportation, energy, disaster prevention, environmental management, and healthcare. • In 2019, the Palau International Airport Terminal Expansion and Operation Project was implemented through a PPP by a joint venture of Sojitz, Japan Airport Building, and the Overseas Transportation and Urban Development Business Support Organization. • While there are Japanese companies willing to participate in ODA projects, there are few Japanese companies willing to enter Palau as a business.
Australia 	• AusAID has been providing ICT technical assistance • AIFFP has been providing support for energy and telecommunications projects (energy sector has been supported by a Philippine company and telecommunications projects are implemented by NEC of Japan). • “Beyond Essential Systems (BES)” has developed an application that connects farmers and restaurants (farmers receive orders for vegetables directly from restaurants) and plans to release it in 2024.
NZ 	• New Zealand has not disclosed information on its assistance to Palau. • Some New Zealand companies participate in ADB projects.
U.S. 	• The United States has been providing a variety of assistance in the areas of disaster relief, air and sea transportation.
Others	• Four Taiwanese companies are registered as local contractors. (Of these, only Fortune Investment Co, Ltd. is resident) . • A Philippine company called “Pacific Power” has entered the market as an independent power producer (IPP). (Participating in the AIFFP project) • A British company “Utilex” is involved in the solar panel installation project.

3. Foreign government assistance and business participation in PICs

3.1. Fiji : Overview of foreign support and business participation

Japan has structured a number of infrastructure projects for Fiji through ODA, and Japanese companies have been contracted for these projects. Neither the Australian, New Zealand nor the US governments have published information on their support for infrastructure development. Australia provides loans through the AIFFP, while in New Zealand private companies are involved in areas such as roads and energy.

	Assistance to Fiji in the infrastructure and other sectors and the status of corporate participation
Japan 	• Since the 2010s, ODA has provided a wide range of assistance, particularly in the areas of water supply and sewerage, water and sanitation, environmental management, and disaster management. • “Chugoku Electric Power Company” participates in Fiji by investing in Energy Fiji Limited (EFL), a Fijian power company. • “Yachiyo Engineering” participates in ADB projects. • There are a company provides staffing services for the Narita Airport business and manages resorts of Japanese executives.
Australia 	• There is no publicly available information on the Australian government's support for infrastructure development. • The AIFFP has been providing loan support for aviation, road and water-related projects. • Several companies have been involved in construction-related projects. Some companies, such as “Blackhall Engineering”, are based in Fiji and have operations in other island countries. • There are other Australian companies working in Fiji such as “Telstra” (telecommunications), resource companies, “ANZ Bank” and “Westpac Bank”. • Some Australian companies are involved in ADB projects.
NZ 	• No public information on New Zealand government support for infrastructure development • The private sector has been involved in infrastructure construction, such as roads, and in the energy sector, such as solar power generation. • Some New Zealand companies have been participating in ADB projects. • Some New Zealand companies have been participating in health sector, financial sector such as insurance companies, and outsourcing of call center operations.
U.S. 	• There is no information on specific projects on the United States support for the infrastructure sector. • There are not many US companies that enter PICs directly, but many of them establish a base in Australia first and then do business in FICs remotely from Australia.
Others	• Many French and Chinese companies have been involved in ADB projects.

4. Business potential for Japanese and like-minded companies to enter PICs

4.1 Social Issue with high priorities in the target countries

After selecting the four countries for the in-depth research, field research was conducted in each country from September to December 2023, and the following high prioritized social issues were specified.

Samoa	Palau
• Agriculture, forestry, fishery and food processing • Tourism • Health and Medical Care • Power & Energy • Infrastructure & Construction • Financial Services	• Agriculture, forestry, fishery and food processing • Power & Energy • Infrastructure & Construction • Waste Management
Papua New Guinea	Fiji
• Power & Energy • Agriculture, forestry, fishery and food processing • Infrastructure & Construction	• Agriculture, forestry, fishery and food processing • Tourism and Travel • Health and Medical Care • Power & Energy • Infrastructure & Construction • Services • Waste Management • Communications

4. Business potential for Japanese and like-minded companies to enter PICs

4.2 The Event for the Development of Social Problem-Solving Business in PICs

"The Event for the Development of Social Problem-Solving Business in Pacific Island Countries" was held as following.

1. Date: Friday, July 28, 2023, 2:00-5:00 pm
2. Venue: MITA KAIGISYO 1F Auditorium (2-1-8 Mita, Minato-ku, Tokyo)
3. Program: As shown in the table below.

Time	Program	Presenter	Venue
14:00 – 14:05	Opening Remarks from Ministry of Economy, Trade and Industry	H.E. NISHIMURA Yasutoshi Minister of Economy, Trade and Industry	Auditorium
14:05 – 14:15	Support Tools by Ministry of Economy, Trade and Industry	Mr. YOSHIKAWA Yoshifumi, Director Trade Promotion Division, Trade and Economic Cooperation Bureau Ministry of Economy, Trade and Industry	
14:15 – 14:20	Greetings from Cabinet Secretariat	Mr. OHYA Toshio ,Policy Advisor to Cabinet Secretariat Government of Japan	
14:20 – 14:30	Support Tools by Asian Development Bank	Mr. IWASAKI Hideaki, Deputy Director General Pacific Regional Department Asian Development Bank	
14:30 – 14:40	Support Tools by Japan International Cooperation Agency	Mr. TAMIO Shinya Senior Director Pacific and Southeast Asia Division 6, Southeast Asia and Pacific Department, Japan International Cooperation Agency	
14:40 – 14:50	Business Environment of Pacific Island Countries	Mr. SAITO Ryuzo, Director, Pacific Islands Centre	
14:50 – 15:00 15:00 – 15:10 15:10 – 15:20	Business in Pacific Island Countries • SORAMITSU Co., Ltd • T-PLAN Inc. • MACNICA, Inc.	Representative of each company	
15:20 – 15:25	Greetings form Ministry of Economy, Trade and Industry	Ms. FUKUCHI Mami, Director, Asia and Pacific Division, Trade policy Bureau, Ministry of Economy, Trade and Industry	Reception Hall
15:25 – 17:00	Consultative exchanges with government agencies, PIC, embassies of island countries in Tokyo, and embassies of the U.S., Australia, and New Zealand in Tokyo.	~Free~	

4. Business potential for Japanese and like-minded companies to enter PICs

4.2 The Event for the Development of Social Problem-Solving Business in PICs

After the event, all participants were asked to complete a questionnaire. The questions were as follows.

Q.1	Name
Q.2	Company Name
Q.3	Department Name
Q.4	Job Title
Q.5	E-mail Address
Q.6	Telephone Number
Q.7	What are the barriers to doing business in Pacific Island countries?
Q.8	Please identify the specific government support you would need to do business in Pacific Island Countries.
Q.9	Please tell us about any Pacific Island Countries you are interested in as new business development destinations.
Q.10	What are the reasons for your interest in countries you have answered above?
Q.11	Which embassies have you interacted with in the reception hall?
Q.12	Would you like to attend an upcoming event in the island countries around January next year? (Please tell us your preference at this moment)
Q.13	If you answered "yes" to the Q.12, please tell us the specific countries in which you plan to enter.
Q.14	Please provide an overview of the social problem needs and your company's solutions in the above countries you answered in Q.13.
Q.15	Overall, how satisfied were you with the event?
Q.16	What were the reasons for the answer in Q.15?
Q.17	In order to properly support your company's expansion, we may ask you to provide additional information on a case-by-case basis. Please indicate whether or not you agree.
Q.18	I agree to the QUNIE CORPORATION Privacy Policy.

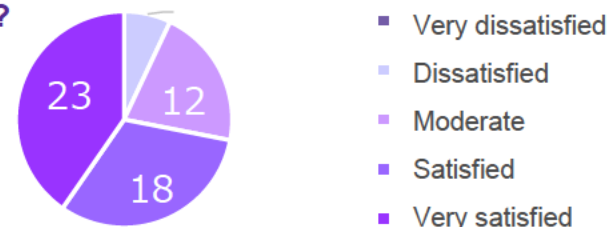
4. Business potential for Japanese and like-minded companies to enter PICs

4.2 The Event for the Development of Social Problem-Solving Business in PICs

57 responses were received and the results of the post-event survey were compiled.

Over 70% (41 attendees) indicated that they were "somewhat satisfied" or "satisfied" with the event.

Q.15 How would you rate your overall experience with this event overall?



Q.16 What were the reasons for this above?

【 Below is a sampling of those who responded "satisfied". 】

- Received requests for meetings from the Papua New Guinea and Fiji representatives with whom we talked in the event.
- We were satisfied that we were able to make appointments to meet with exhibitors.
- In the second part of the meeting, we had a chance to meet with Mr. Yoshikawa, Director of METI, and Cabinet Secretariat, and Mr. Iwasaki, Deputy Director General of ADB, who are in charge of "High-quality Overseas Infrastructure FS Development," which was adopted by our company last year.
- I found the contents of the seminar very interesting and the interaction with the different embassies was well directed.
- It was the first time that I attended in this kind of events, and learned about the grants.
- The presentations by the speakers provided a lot of useful information, and I was glad to have a positive and friendly exchange with the embassy staff and participating companies during the consultation and exchange session.
- It was good to talk with other companies at the exchange meeting. I believe that Japanese companies need to cooperate with other Japanese companies instead of competing with each other to expand overseas, especially in China, in order to win. It was a valuable experience for me to interact with like-minded Japanese companies and executives, which I could not have had without this opportunity.
- I learned a lot by talking directly with people involved in local projects in Pacific Island countries, ambassadors, and METI officials. Although there are local needs and we have solutions, the reality is that they are not yet well known. I have a passionate hope that we can help the people of these countries if we have the courage to venture out. I have a passionate desire to help the people of this country.

【 Below is a sampling of those who responded "Dissatisfied". 】

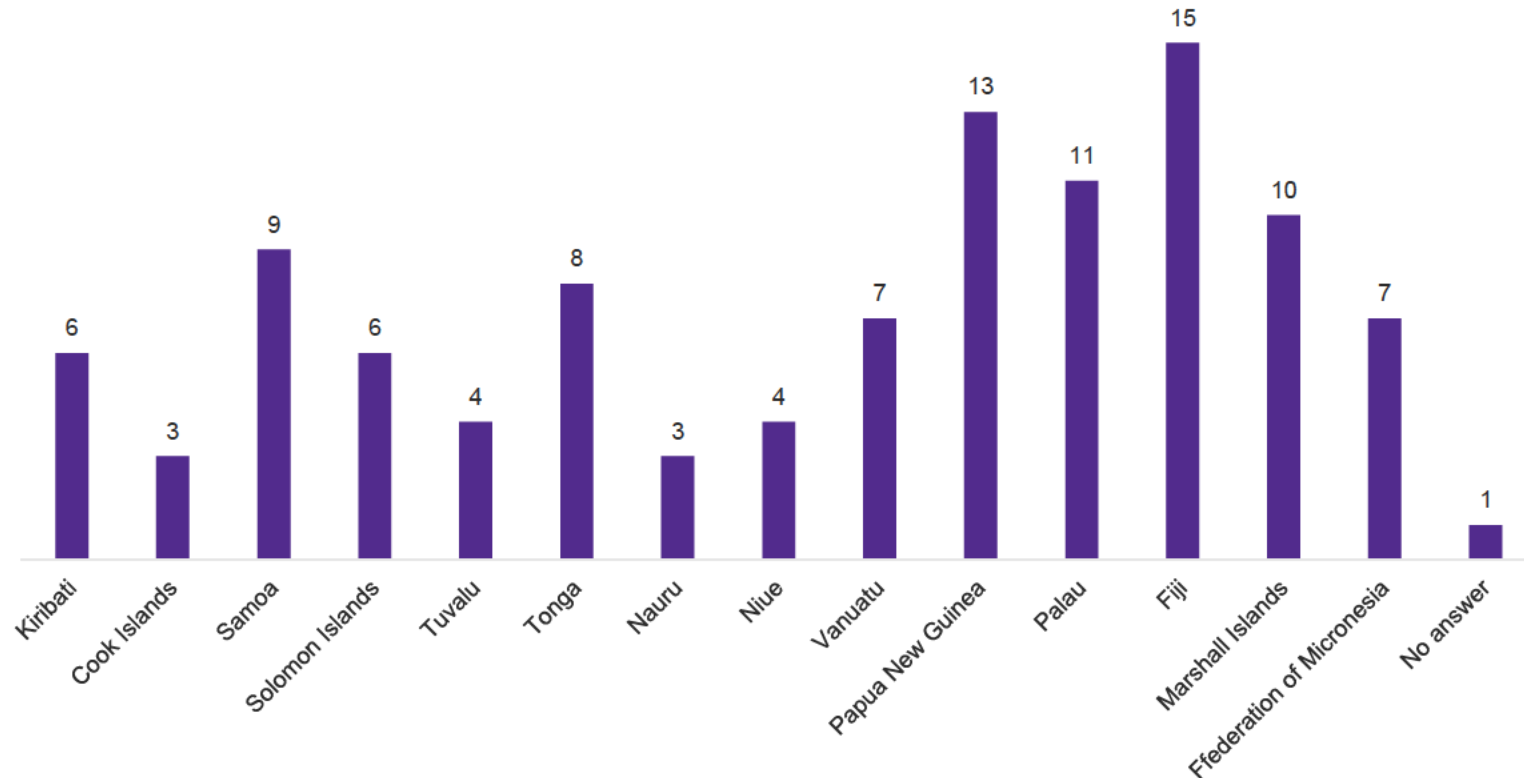
- I was able to contact the embassy staff by looking at their table, but I did not know where the government officials were, and their name tags were small and difficult to identify, making it difficult to talk to them. It would have been easier if you had a table for government agencies.
- There seemed to be a bias in the target industries.
- I could not find the representatives at the social event after their presentations.

4. Business potential for Japanese and like-minded companies to enter PICs

4.2 The Event for the Development of Social Problem-Solving Business in PICs

Many companies were interested in Fiji, Palau, Papua New Guinea and Samoa as business development destinations.

Q.9 Please tell us about any Pacific Island countries you are interested in as new business development destinations.



4. Business potential for Japanese and like-minded companies to enter PICs

4.3 "Support for the Development of Social Problem-Solving Business in PICs"

1st round of mission

In order to conduct business matching between companies with technologies and solutions that contribute to solving social issues in the target countries and local needs, a website was opened on November 6, 2023 for applications to participate in local business matching events. Twenty-six companies applied for the program, and after screening, 12 companies were selected. The following destinations were finalized in consideration of each company's plan. Toyota Tsusho and NBK Corporation were not selected, but they requested to participate in the program at their own expense.

Companies	Target Countries	Destinations	Remarks
Challenergy Inc.	Samoa	same as on the left	
WESCO Inc.	Samoa	same as on the left	
Akabira Orchid Corp.	Samoa	PNG	The trip was selected for Samoa, but the destination was changed to PNG in accordance with the company's request.
SAKA NO TOCHU CO., LTD.	PNG	same as on the left	
Hitachi Zosen Corporation	PNG	same as on the left	
SORA Technology Co.	PNG	same as on the left	
Nippon Basic Co.	Palau	same as on the left	
Kawasaki Heavy Industries, Ltd.	Palau	same as on the left	
BLANCTEC INTERNATIONAL Co.	Palau	same as on the left	
ArkEdge Space Inc.	Fiji	same as on the left	
FUSO Corporation	Fiji	same as on the left	
UMITRON K. K.	Fiji	Palau	The trip was selected to go to Fiji, but the destination was changed to Palau at the company's request.
toyota tsusho corporation	-	Palau, Fiji	Participation at own expense
NBK Corporation	-	Samoa	Participation at own expense

4. Business potential for Japanese and like-minded companies to enter PICs

4.3 "Support for the Development of Social Problem-Solving Business in PICs"

1st round of mission

The implementation schedule and destinations of each country for the 1st round of mission are as follows

Samoa	Palau
Dates: February 22~23, 2024 ➤ Ministry of Commerce, Industry and Labour ➤ Samoa Chamber of Commerce and Industry ➤ Ministry of Works, Transport and Infrastructure ➤ Ministry of Natural Resources and Environment ➤ JICA Samoa Branch Office ➤ Embassy of Japan in Samoa ➤ Electric Power Corporation ➤ Samoa Water Authority ➤ Samoa Tourism Authority ➤ Samoa Hotel & Hospitality Association	Dates: February 13~14, 2024 ➤ Courtesy of the President ➤ Foreign Investment Board ➤ Embassy of Japan in Palau and representatives of local businesses ➤ Bureau of Public Works ➤ Environmental Quality Protection Board ➤ Bureau of Fisheries ➤ Ministry of Public Infrastructure and Industries ➤ Palau Chambers of Commerce
Papua New Guinea	Fiji
Dates: February 27~29, 2024 ➤ Visit to the Embassy of Japan in PNG ➤ joint public-private economic seminar ➤ Japan-PNG Business Forum ➤ PNG Government Reception ➤ Individual meetings with government and private organizations *The 1st round of mission to PNG was conducted in conjunction with the Papua New Guinea Economic Mission organized by the international organization Pacific Islands Center (PIC) /Invest Papua New Guinea (IPA).	Dates: February 21~23, 2024 ➤ Embassy of Japan in Fiji ➤ JICA Fiji Office ➤ Investment Fiji ➤ Fiji Commerce and Employers Federation ➤ Ministry of Tourism and Civil Aviation ➤ Trade, Co-operatives, Small and Medium Enterprises and Communications ➤ Water Authority Fiji ➤ Fiji Metrological Service Head Quarter

4. Business potential for Japanese and like-minded companies to enter PICs

4.4 Business development support measures: Business models by selected companies



The business models of the selected companies are not disclosed.

4. Business potential for Japanese and like-minded companies to enter PICs

4.4 Business development support measures: Challenges to Entry

After having the Japanese companies that participated in the "The Event for the Development of Social Problem-Solving Business in PICs," interviews with companies that are considering doing business in PICs were conducted. The following is a list of the major issues identified through the interviews that each company is facing or may face in the future.

Local Information

- It is difficult for private companies to establish contacts with government agencies and networks with other relevant organizations on their own.
- As this is the first time for the company to expand into the area, they do not have the right contacts.
- At the study stage, the company has not established relationships with local companies, local governments or other stakeholders. They don't know where to go for advice on projects and issues (no clear point of contact).

Ensuring Profitability

- It is difficult to determine whether it is profitable for new entrants to enter the market relative to development and operating costs.
- All countries have relatively small economies and demand, and solutions are needed to overcome monetization challenges.
- Management is concerned about differences in business practices and environments, and is reluctant to expand overseas at their own expense or alone, requiring ODA or other supports.
- Few countries can use the Joint Crediting System (JCM).

Local Partners

- The challenge is to develop credible local partners.
- Counterparties cannot bear the cost of capital investment.
- In the countries where we have implemented projects in the past, we happened to find local companies that were on the same wavelength as us, and they were able to pull us along, making it easy for us to carry out our projects. It is not enough sure if everyone will be able to find such partners in island countries.

legislation

- There is still a lack of legislation for new technologies and businesses, which can make business development difficult.
- There are concerns about protecting intellectual property rights and preventing technology leakage.

Human Resource Development

- Lack of sufficient financial and human resources for expansion.
- Employees are uncomfortable with overseas business in terms of language and culture.

4. Business potential for Japanese and like-minded companies to enter PICs

4.4 Business development support measures:

Recommendation of support measures based on the issues

There are various challenges for Japanese companies to expand in the PICs, including those mentioned in P.30, and there has been no change in the situation where it is difficult to develop business if the "status quo model" remains unchanged. Therefore, it is important that the Japanese government as a whole, including METI, proactively provide support for the various issues. The following is a list of specific support measures that METI could take to improve the situation with regard to the issues raised so far.

Local Information

- To Support private companies to make contact with government agencies and private-sector organizations through strengthening relations with investment promotion agencies in each country, as well as through cooperation with Japanese business support offices in diplomatic missions abroad.
- To establish a system to respond to enquiries from the private sector through collaboration with trade and investment promotion agencies such as the Pacific Islands Centre, and through outsourcing to private companies and institutions that have many links with organizations and companies related to Pacific Island countries.
- To keep up-to-date with the economic and sectoral situation and economic policies of PICs, either through independent information gathering or outsourcing, so that they can be made available to the private sector.

Ensuring Profitability

- To identify advisors / consultants familiar with PICs context to provide business development advice to private enterprises.
- Focusing on supporting businesses that target niche markets, given the business constraints of small island economies can be a help.
- To provide support in the form of low-interest loans through partnerships with financial institutions, etc., and subsidizes part of the loans, so that the private sector can develop its business at a low, but risk-taking level, since it cannot continue to provide subsidies for business development.

Local Partners

- To support projects to introduce local partners through private organizations and companies.
- To implement low-interest loan projects flexibly (e.g., funds targeted to the region) through ODA and other means to encourage financial contributions and investment by local companies in island countries.
- To provide a multi-year mentoring support system by consultants familiar with PICs until Japanese companies get their businesses off the ground in the region.

legislation

- To support the development of legal systems and intellectual property rights related to the promotion of new technologies, enterprises and public-private partnerships (PPP), as well as capacity building of related parties through ODA and industrial human resource development programs.

Human Resource Development

- To establish and support a training program for Japanese companies to be sent to PICs based on an assessment of their needs.



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