

# **Japanese Infrastructure Financing and The India/ Japan Infrastructure Relationship**

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February, 2010

# Japan's Infrastructure Development

**Past** Reconstruction to Advanced Economy

Public Sector Led Construction of Infrastructure  
Privatization from Electricity, Railways and Road  
to Water?



**Now**

Shifting Resources from Concrete to Human  
Being

Focus on Operation aspects

# Toward Asian-Pacific Infrastructure

## ✓ DPJ Basic Growth Principles

Utilize \1400Trillion, Asia as Japan's  
Growth Frontier

## ✓ Japan's Business Involvement

- Technology
- Know-how for Project management
- Ability for Risk Taking
- Sound Financial Institutions

# Japan's Financial Balance excl. Financial Institution

## Net Financial Asset

Household	1065	(▼40)
Corporate	▼257	( 166)
Governmental	▼517	(▼65)
Overseas Account	247	(▼32)

Sep2009 (±Mar2008) ( trillion\)

# Population Change

By JCER Million

	2005	2020	2030	2040	2050
Japan	127	123	115	105	94
India	1108	1359	1509	1636	1733
China	1378	1416	1411	1358	1262

## Area Wide Project Finance 2009

from 2008 **\$250bio** to 2009 **\$139bio**

By Project Finance International

\$bio

%

Asia & Oceania	55.4	39.8
Europe	42.5	30.5
Middle East & Africa	20.0	14.4
North America	10.9	7.8
Central and South America	9.2	6.6
Japan	1.2	0.9

# Current Project Financing Market and Hurdles to Clear (1)

- Decrease of Risk Appetite from U/W but Club

- Shortening of Credit Tenor

Europe ~30yrs> Mid. East ~20 yrs>, Asia & Oceania>North America

- Increase of Credit Spread      Kept High

- Tightening of Covenants to care Market Risk

# Current Project Financing Market and Hurdles to Clear (2)

## ✓ Hurdles to Clear

- Commercial Viability Gap
- Lack of Long Term Local Currency Market
- Exchange Risk
- Standardization of PPP Model
- Sharing Project Information between Public and Private Sector
- Green Project

# Japan's Cooperation in India

## ✓ Delhi-Mumbai Industrial Corridor

- Urban Development Project
- High Speed Cargo Train Project
- Huge Financing Needs, especially for Long Term

Mr. Kamal Nath, Road Transport and Highway Minister in India said;  
“The past 10 years were IT decade and the coming 10 years will be infrastructure decade.”

# Thank you for your kind attention

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