

Japanese Infrastructure Financing and The India/ Japan Infrastructure Relationship

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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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