Purpose
Japan Bank for International Cooperation has a statutory mandate to undertake lending and other operations for the promotion of Japanese exports, imports and economic activities overseas; for the stability of international financial order; and for economic and social development as well as economic stability in the developing economies, thereby contributing to the sound development of the Japanese economy as well as international economy. JBIC operates under the principle that it will not compete with financial institutions in the private sector.

Capital
International Financial Operations: 985.5 billion yen
Overseas Economic Cooperation Operations: 6,891.2 billion yen
Introduction

Project finance means a financial structure in which repayments for a loan provided for a project are made exclusively from the cash flows generated by the project while security for the loan is limited to the project assets, rights, and interests.

As project finance involves many participants and requires a diverse set of contracts, the negotiation process is very complicated. The participation of the Japan Bank for International Cooperation (JBIC) in these projects is expected to provide benefits such as securing the project structure and facilitating the negotiation and coordination process for financial structuring as well as reducing political risk associated with doing business in developing countries.

This booklet explains the role JBIC has played in the ever-changing world of project finance by providing examples of projects in which JBIC was involved. It is also intended to assist Japanese companies planning to undertake such projects and financial institutions considering cofinancing with JBIC gain greater understanding of the process of project finance.

We hope this booklet will provide insight into the significance and role of JBIC’s involvement in overseas project finance and encourage increasing numbers of Japanese companies to actively develop their overseas operations taking advantage of JBIC’s functions.
JBIC’s PF Loan Commitments (Cumulative)

Loan Commitments by Region
(As of December 31, 2005)

- Asia: 40%
- Latin America: 35%
- Africa: 5%
- Middle East: 10%
- Europe: 2.5%
- Oceania: 2.5%
- CIS/Russia: 5%
- Near East: 10%
- Other: 5%

Loan Commitments by Sector
(As of December 31, 2005)

- Oil/Gas: 10%
- Manufacturing: 15%
- Mineral Resources: 17.5%
- Power: 50%
- Transportation/Telecommunications/Water Supply: 7.5%
- Other: 20%

Since providing the first project finance loan in 1986 for the LNG Development Project in West Australia, JBIC has steadily expanded its sectoral reach into mineral resources, power and manufacturing. It has also expanded its operations geographically from Latin America and Asia to include Africa and the Middle East.

JBIC established its Project Finance Office (currently called the Project Finance Department) in 1988 as a specialized division for dealing with project finance. Since then JBIC has assumed a pioneering role among public financial institutions and has steadily built a track record in this area.

Recent Trends in Project Finance

Following steady development into the mid-1990s, project finance entered a temporary period of stagnation due to the emergence of political risks such as the Asian currency crisis of the late ’90s, balance sheet recession among Japanese companies, and the added impact of revisions in developing country portfolios by European and U.S. power companies. Recently, project finance has been enjoying renewed vigor as the economies of developing countries in Asia in which currency crises have been resolved, and in Latin America where two regions have demonstrated greater stability than developed countries, allowing those developing countries to re-emerge as markets with solid potential for return on investment. Also contributing to this resurgence of project finance is the widening acceptance of public-private partnerships (PPP) among developing countries and the returning of business performance by Japanese companies to a path of recovery.

Building upon a Solid Track Record to Meet Diverse Financing Needs

Following steady development into the mid-1990s, project finance entered a temporary period of stagnation due to the emergence of political risks such as the Asian currency crisis of the late ’90s, balance sheet recession among Japanese companies, and the added impact of revisions in developing country portfolios by European and U.S. power companies. Recently, project finance has been enjoying renewed vigor as the economies of developing countries in Asia in which currency crises have been resolved, and in Latin America where two regions have demonstrated greater stability than developed countries, allowing those developing countries to re-emerge as markets with solid potential for return on investment. Also contributing to this resurgence of project finance is the widening acceptance of public-private partnerships (PPP) among developing countries and the returning of business performance by Japanese companies to a path of recovery.

JBIC’s Roles and Functions in Project Finance

By fully leveraging its abilities as a public institution, JBIC reduces and mitigates political risks of developing countries, leads negotiations and due diligence, plays the role of coordinator with international institutions and overseas government institutions on project structuring, and also takes the lead in conducting negotiations on project restructuring. JBIC’s scope of financing has also expanded into projects that bear demand and product price risks as well as mezzanine financing.

We plan to actively undertake projects in the areas of transportation, telecommunications, water supply and treatment as well as renewable energy sources. In line with the dramatic increase of projects in Middle East, we will also take on the challenge of cooperation with financing within the framework of Islamic law and thereby structure process and efficiently implement projects. We plan to support Japanese companies in seizing new business opportunities by structuring “tailor-made” financing in response to the specific characteristics of projects that have become increasingly diversified, and by providing “hybrid” solutions combining various products offered by other public institutions and private financial institutions.
JBIC Finance Menu

A Variety of Financial Schemes for Comprehensively Supporting the Overseas Development of Japanese Companies

JBIC offers a varied financial menu that includes export loans, import loans, overseas investment loans, resource finance, untied loans, guarantees and ODA loans. JBIC extends project finance-based loans and guarantees utilizing this financial menu along with various financial schemes to provide multidimensional support for overseas economic activities undertaken by Japanese companies.

Export Loans
Export loans support the export of Japanese plants and technology. Buyer’s credit (B/C) to foreign importers is utilized under project finance.

A major portion of Japan’s plant industry consists of small and medium-sized enterprises. The export of plants through their collective technologies, such as power generating facilities and communications facilities, contribute to the development of a broad spectrum of industries.

Although the provision of long-term financing to developing countries involves political risks that may arise from changes in domestic situations, export loans extended by JBIC are well suited to deal with such risks.

Overseas Investment Loans and Guarantees
Overseas investment loans are intended for overseas investments by Japanese companies. Overseas investments by Japanese companies will lead to an advanced domestic industrial structure and a more efficient international division of labor. However, foreign investment involves risks such as an abrupt shift in economic policy in the host country, fiscal collapse, or economic turmoil. As a public lender, JBIC seeks to mitigate such risks through dialogue with host country governments and government agencies.

With respect to project finance, JBIC provides guarantees to assist private finance institutions that participate in cofinancing, mainly under overseas investment loans.

Apart from these services, JBIC also supports smooth project implementation through measures including extending loans for infrastructure construction related to the project, such as road and harbor facilities for transporting fuel and products.
Leveraging Our Status as a Public Institution, JBIC Offers Support and Advice at Each Step of Finance Structuring

JBIC provides information and expertise to strengthen the structure of projects and contributes to strengthening project security through negotiation and coordination that take advantage of our characteristic status as a public institution and via the alleviation of risks through dialogues at the governmental level.

The chart below is an example of overseas investment loan extended by JBIC.

**Points**
- Sponsors consider the basic structure, such as risk sharing and debt/equity ratio.
- The sponsors' initial assessment of the basic structure generates benefits in the subsequent process.
- Provision of information through our overseas network
- Provision of expertise based on our track record of structuring project finance in developing countries
- JBIC makes first drawdown following the satisfaction of conditions precedent.
- Subsequent drawdowns are made while monitoring construction.
- At the time of completion of construction, JBIC certifies completion and continues monitoring operations.

**Support by JBIC**
- The agreements in the Term Sheet are embodied in legal documents. Agreements regarding items not addressed in the Term Sheet are also defined in the contract. Timely work via lawyers is essential.
- JBIC prepares final agreement to extend the loan after the contract is concluded.
- Assume role of alleviating risk as a public institution, in the event that political risks materialize.

### Loan Flowchart

#### Steps in Project Structuring

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STEP1</strong></td>
<td>Sponsors submit a project outline to JBIC at an early stage, then the possibility of utilizing JBIC arises.</td>
</tr>
<tr>
<td><strong>STEP2</strong></td>
<td>JBIC confirms the basic structure and provides an explanation of issues such as the types of financial instruments that may be applied.</td>
</tr>
<tr>
<td><strong>STEP3</strong></td>
<td>Based on the results of a BIC consideration, the sponsors submit a &quot;PF Application Form&quot; to JBIC to formally request a due diligence for extending a loan under PF scheme, which concurrently serves as a payment agreement for legal counseling and consultancy fees as well as business trip costs.</td>
</tr>
<tr>
<td><strong>STEP4</strong></td>
<td>The project’s risk factors are identified according to specific project characteristics. Project participants draft a concrete risk-sharing proposal reflecting their respective priorities and needs. This process is referred to as structuring the security package.</td>
</tr>
<tr>
<td><strong>STEP5</strong></td>
<td>JBIC makes first drawdown following the satisfaction of conditions precedent.</td>
</tr>
</tbody>
</table>

#### Chart:

- **Sponsors**
  - Consideration of the basic project structure
  - Submission of project outline
  - Examination of the basic structure
  - Confirmation of the structure and information-sharing
  - Retaining of consultants, such as lawyers, technical consultants and insurance consultants

- **JBIC**
  - Support for project structuring
  - Form Application Finance (PF) Project
  - JBIC

- **JBIC Project Finance (PF) Application Form**
  - JBIC prepares final agreement to extend the loan after the contract is concluded.

- **Application for project finance**
  - JBIC begins at this stage. (if necessary, JBIC may retain its own lawyers).

- **项目的融资**
  - JBIC considers the possibility of applying project finance based on the information provided by the sponsors.

- **Further consideration of the structure and provision of information to JBIC**
  - The project’s risk factors are identified according to specific project characteristics. Project participants draft a concrete risk-sharing proposal reflecting their respective priorities and needs. This process is referred to as structuring the security package.

- **Negotiations for the security package**
  - The agreements in the Term Sheet are embodied in legal documents. Agreements regarding items not addressed in the Term Sheet are also defined in the contract. Timely work via lawyers is essential.

- **Term Sheet agreement**
  - The agreements in the Term Sheet are embodied in legal documents. Agreements regarding items not addressed in the Term Sheet are also defined in the contract. Timely work via lawyers is essential.

- **Board approval**
  - At the time of completion of construction, JBIC certifies completion and continues monitoring operations.

- **Contract signing**
  - JBIC makes first drawdown following the satisfaction of conditions precedent.

- **First drawdown**
  - The agreements in the Term Sheet are embodied in legal documents. Agreements regarding items not addressed in the Term Sheet are also defined in the contract. Timely work via lawyers is essential.

- **Project monitoring**
  - At the time of completion of construction, JBIC certifies completion and continues monitoring operations.
Fuel Supply Agreement

Project 1

Phu My 3 Natural Gas-fired Combined-Cycle Power Plant

- Assistance for Risk-taking by Japanese Companies that are Expanding Overseas Operations

Loan Outline

JBIC has assigned priority to the power sector and provided ODA loans to support power and transmission projects. Since year 2001, JBIC has been strengthening its support for independent power producers (IPPs) initiated by private sector, in addition to providing financial support for the public sector.

Japanese power utilities have been vigorously expanding their overseas operations by seeking business opportunities primarily in IPPs in developing countries. Today, however, the private financial sector can hardly take risks on loans extended to Vietnam.

Under these circumstances, JBIC signed a loan agreement in June 2003 for a maximum of US$99 million with the Phu My 3 BOT Power Company, a project company incorporated in the Socialist Republic of Vietnam, for its Phu My 3 Power Project. Kyushu Electric Utilities, Nissho-Iwaso and others have joint stakes in the Company.

Under the project, Phu My 3 BOT Power Company will build, operate a natural gas-fired power plant with a capacity of 717 MW in the Phu My Power Complex in Ba Ria-Vung Tau Province in southern Vietnam, 70 kilometers southeast of Ho Chi Minh City, in a BOT scheme and sell the electricity to Electricity of Vietnam (EVN). The power plant started commercial operations in March 2004.

The loan was cofinanced with Mizuho Corporate Bank and Fortis Bank of Belgium as structuring lead arrangers, along with the Asian Development Bank (ADB), and Bank of Tokyo-Mitsubishi-UFJ, as well as Calyon Corporate and Investment Bank. The overall loan amount totaled US$309 million.

This is the second project finance loan JBIC has extended for a large IPP project in Vietnam, following last year’s Phu My 2.2 Project, for which JBIC provided US$150 million. The cumulative effect of such deals is expected to increase confidence in large power projects in the Vietnamese market but also in other developing countries.

Project 2

Tuxpan V Natural Gas-fired Combined-Cycle Power Plant

- Contribute to Japanese Companies in Maintaining and Developing Business Opportunities through JBIC’s Support for a Series of IPP Projects in Mexico
- Guarantee Provided to Cover Political Risk in Mexico for Portion Financed by Private Financial Institutions

Loan Outline

JBIC signed a loan agreement in July 2004 for up to US$210 million with Electricidad Sol de Tuxpan, S. de R. L. de C. V. (EST), a company in which Mitsubishi Corporation and Kyushu Electric Power Co., Inc. have joint stakes. The loan will be cofinanced with a syndicate led by Mizuho Corporate Bank as the agent bank. JBIC also provides a guarantee that covers the political risk in Mexico for the portion financed by private financial institutions to provide indirect support to the international operations of Japanese banks.

The loan will provide long-term funding for EST to construct a natural gas-fired combined-cycle thermal power plant with a 495 MW capacity in Tuxpan, State of Veracruz, 250 kilometers northeast of the capital Mexico City, and to sell the electricity generated at the plant to the Federal Electricity Commission (Comision Federal de Electricidad; CFE) for a period of 25 years.

The Mexican government has been actively promoting independent power producer (IPP) projects since 1992 when the Electricity Law was amended. Following government policy, the project is undertaken on the basis of a BOO scheme*. The project, which uses natural gas to promote the utilization of clean energy, will thus contribute to achieving a stable power supply in Mexico. At the same time, Japanese companies regard the Mexican power sector as a promising market and have been actively investing in IPP projects in Mexico.

Intensive contract negotiations took place for this project toward the goal of reaching financial close before the start of construction. The most significant factor to successfully signing the loan contract in the short span of four months from project acceptance was that, apart from the CFE, all parties involved in the project, including the lead arranger, were Japanese companies that understood each other's strengths and interests. In addition, CFE, the offtaker, and JBIC understood the other party's risk tolerance and interests from a history of ten previous cases of direct loans extended by JBIC to CFE and five IPP/BLT projects in which JBIC had been involved. This made it possible for the CFE and JBIC to reach an agreement on the electricity supply contract within a short period of time.

* BOO scheme: A scheme under which private firms build, own and operate facilities such as power plants.
CBK Power Acquisition

- First Project Finance Loan to Support Japanese Companies to Acquire Stakes for Existing IPP Project
- Support for Japanese Companies’ Acquisition of Existing IPP Assets from IPP Developers that are Scaling back Their Overseas Operations
- Transfer of Japanese Company’s Advanced Technology as a Result of JBIC’s Support to Japanese Company’s Participation in Power Projects
- Political Risk Guarantee Covering the Cofinancing Loan by Private Financial Institutions

Loan Outline

Recently, the number of acquisition transactions of overseas IPP projects is increasing, as a result of IPP developers (mainly from U.S. and Europe) dialing back their overseas operations. Japanese power utilities and major trading companies have been actively engaging in such acquisition projects (brownfield projects). In order to proceed IPP projects in developing countries, including brownfield projects, long term funding and appropriate control of political risk are essential. JBIC meets these needs through project finance loans and others.

As the first case of this kind of support, JBIC provided loan and guarantee in order to assist CBK Power acquisition deal, in which J-Power and Sumitomo Corporation acquired stakes of this project and conduct power business.

JBIC cofinanced a project finance-based loan with private financial institutions (agent bank: Mizuho Corporate Bank) to CBK Netherlands Holdings B.V. (CBKNH), jointly established by J-Power and Sumitomo Corporation, to enable the acquisition of a stake for the project from its former shareholders. In this transaction, status of this loan is subordinated to that of existing senior loan. For example, the source of repayment is limited to dividends/distribution from the project company to CBKNH. This kind of transaction is relatively new for private financial institutions. In addition to these loans for acquisition of the stake, JBIC supported the new business development of private financial institutions by providing a guarantee covering political risk in the Philippines and the tariff payment risk of the National Power Corporation, the project’s primary electricity buyer. This kind of risk-taking is difficult for private financial institutions to address. Furthermore, this is the only project in the Philippines, which includes a pumped storage generation project. J-Power has a plenty of experience and expertise in this kind of project. Sumitomo Corporation has been conducting various types of business in the Philippines for the long time period. Engagement of these two companies to this unique project will make a large contribution to stable power supply in the Philippines.

Project Outline

Project Company: CBK Power Company Ltd.
Location: Laguna Province, Philippines
Loan Signing: March 2005 (Overseas Investment Loan)
Sponsors: Electric Power Development Co., Ltd. (J-Power), Sumitomo Corporation
Acquisition Cost: ¥23 billion
Participating Japanese Companies: Mizuho Corporate Bank, Ltd.

Jetco Power Acquisition

- Create Business Opportunities for Japanese Companies Seeking to Expand Business in Fast-Growing Middle East Countries
- Cofinancing Involves 15 Financial Institutions for a 20-Year Loan Totaling US$2,200 million
- Support an IWPP Project to Meet Strong Demand for Electricity and Water

Loan Outline

In April 2005 JBIC signed a loan agreement for the Taweelah B Power and Desalination Project with the Taweelah Asia Power Company (TAPCO), a company incorporated in Abu Dhabi of the United Arab Emirates (UAE), in which Marubeni Corporation, JGC Corporation, Abu Dhabi Water and Electricity Authority and others have equity stakes. The loan totaling an aggregate amount of US$2,200 million was cofinanced with 15 financial institutions, including the Bank of Tokyo-Mitsubishi UFJ, Mizuho Corporate Bank and Sumitomo Mitsui Banking Corporation. The loan will provide long-term funds to enable TAPCO to upgrade existing facilities for natural gas-fired combined cycle power generation and desalination plants and to expand plant facilities at Taweelah in Abu Dhabi, as well as to sell the electricity and water produced by the plants to the Abu Dhabi Water and Electricity Company for a period of 20 years. The project will increase the plant’s total power generation capacity to 2,000 MW and total desalination capacity to 165 million gallons per day. This is the first loan that JBIC has provided for a large infrastructure project in Abu Dhabi that utilizes project financing there.

The Abu Dhabi government is actively promoting independent water and power producer (IWPP) projects. In line with this government policy, the project is being undertaken on a BOO scheme. Japanese companies consider power and water markets in the rapidly growing Middle Eastern countries as a promising destination for their investments and are considering investments in power and water projects in this region. This is the first IWPP project for both Marubeni Corporation and JGC Corporation in UAE, and the first large overseas investment for JGC Corporation.

The project is expected to serve as a stepping stone for broader business operations by Japanese companies in the Middle East. JBIC continues to support their investment projects in this region.
Shell/CNOOC Nanhai Petrochemical Project

- Support for Japanese companies in the Export of Plants for the Construction of One of the Largest Petrochemical Plants in China
- Appropriate Control of the Risks for Feedstock Supply and Sales

Loan Outline

A number of projects are underway to meet increasing domestic demand for petrochemical products in China, a nation that is continuing to experience rapid economic growth. These projects include rehabilitation and expansion of existing plants, as well as construction of large-scale petrochemical plants through joint ventures with foreign investors.

The goal of this specific project is to boost the production of ethylene and other raw materials for petrochemical products by constructing one of the country’s largest petrochemical plants at the Daya Bay Economic and Development Zone near Huizhou in Guangdong Province.

The Project will be undertaken by CNOOC and Shell Petrochemicals Company Ltd. (CSPCL), a state-owned Chinese company. CSPCL signed EPC contracts with multiple contractors, including JGC Corporation, Mitsubishi Corporation, and the Chiyoda Corporation of Japan, and will import the equipment and materials necessary for constructing the petrochemical plant in this project. JBIC, with cofinancing by private financial institutions, provided a buyer’s credit of up to USD150 million to CSPCL based on a limited recourse finance scheme.

JBIC was successful in mitigating various risks associated with this loan, including the completion risk of the entire plant and the feedstock supply and sales risks that may be encountered once production commences at the plant. This loan supports the efforts of Japanese companies to export materials for large-scale plants.

In addition, the construction of the petrochemical plant in the Economic and Technical Development Zone of Guangdong Province will further assist China in increasing domestically supplied ethylene and other related petrochemical products.

Sohar Fertilizer Project

- First Project Finance Loan by JBIC for a Fertilizer Plant Project
- Loan Achieved by Appropriately Controlling Fluctuation Risk of Fertilizer Prices
- Supports Meeting Strong Fertilizer Demand Caused by Population Growth

Loan Outline

Demand for fertilizer has steadily increased in recent years reflecting worldwide population growth. On the other hand, the rising prices of natural gas, the primary feedstock and fuel for producing ammonia and urea, have led to the shutdown of existing plants, resulting in tight supply-demand conditions for fertilizer. Against this background, the construction of large-scale ammonia and urea plants is being planned in the Middle East, where gas can be purchased at lower cost.

In light of the high competitiveness of this project based on inexpensive gas, JBIC decided to provide its first project finance loan for a fertilizer plant by appropriately controlling the fluctuation risk of fertilizer prices by drafting a flexible repayment schedule to address the rise and fall of market prices.

The negotiations for coming to agreement on concrete terms of the loan contract were difficult since, on the one hand, there was a need to ensure consistency among the related agreements in the project documents and, on the other hand, there was a need to coordinate project participants with various interests.

Under this project JBIC is also providing comprehensive support by extending untied loans to support the development of the Sohar Industrial Port Area where this fertilizer plant is located as well as the Sohar Port, a shipping port for the urea exports produced by the project. These supports are expected to further strengthen economic and business relationships between Oman and Japan.
**Project 7**

**Cerro Verde Copper Mining Project**

- Financial Support for Securing Long-Term, Stable Supply of Copper Concentrate to Japan

**Loan Outline**

Under this project, Sociedad Minera Cerro Verde S.A.A. (SMCV), a Peru-based company, will develop sulfide deposits in the Cerro Verde copper mine, in the southern region of Peru, to produce copper concentrate (annual production volume of approximately 180,000 tons) starting in the fourth quarter of 2006. To undertake this project, Sumitomo Metal Mining and Sumitomo Corporation acquired a 21% equity stake in SMCV when SMCV increased its mining and processing capacity from 420,000 tons per year to 600,000 tons per year, with a target of approximately 4.46 million tons in 2004 from which copper cathode is produced. With this background, JBIC has contributed not only financial assistance but has also supported Japanese companies to develop business in Peru and secured a stable, long-term supply of copper concentrate for Japan. With respect to this project, the borrower aggressively demanded competitive terms and conditions that were more stringent than conventional loans to ensure rising market prices for copper. Nevertheless, JBIC stood firm throughout the process, at times leading the negotiations, utilizing its due diligence expertise for copper mine development projects toward the successful signing of the finance agreements.

The project also involves plans for funding through the issuance of U.S. dollar-denominated bonds targeting Peru’s domestic institutional investors, and is therefore also expected to contribute to cultivating the country’s capital markets. Moreover, the project is also expected to contribute to cultivating the country's capital markets.

**Baku-Tbilisi-Ceyhan Pipeline**

- Contribution to Securing the Stable Supply of Energy Sources for Japan
- Maintaining and Raising the International Brand Name Reputation of Japanese Companies by Building a Track Record in Noteworthy Global Projects

**Loan Outline**

In February 2004, JBIC signed loan agreements for a maximum of US$3.6 billion with the Baku-Tbilisi-Ceyhan Pipeline Company as the project company and Baku-Tbilisi-Ceyhan Pipeline Finance B.V. as the borrower for the Baku-Tbilisi-Ceyhan (BTC) Pipeline Project to establish the first-ever oil transportation route from the Caspian Sea to the Mediterranean Sea. These loans were cofinanced by private financial institutions with Mizuho Corporate Bank as the agent bank. In addition to JBIC, the total financing arrangement for this project includes other public institutions, such as Nippon Export and Investment Insurance, an independent administrative institution of Japan, International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD).

With the total cost estimated to reach approximately US$5.6 billion, investment in the BTC project represents one of the largest investments by foreign companies in a single project in the Caucasian region and in Turkey. This project is also the first instance for directly transporting crude oil produced mainly by the Azeri-Chirag-Guneshli (ACG) offshore oil field in the Caspian Sea to the Mediterranean Sea instead of the Middle East or Black Sea route. The loans will provide funds to finance the construction and implementation of a 1,768km crude oil pipeline designed with daily capacity of 1 million barrels of oil from Baku in Azerbaijan to Ceyhan, a city located along the Mediterranean coast in Turkey, via Tbilisi in Georgia.

This project is operated and implemented by an international consortium, which includes Inoohu Oil Exploration Co., Ltd. and INPEX Corporation, which is engaged in developmental activities at the ACG offshore oil field. Therefore, the project is expected to further secure stable energy sources for Japan. In addition, the project will help to maintain and strengthen the international brand name reputation of Japanese products, since Japanese companies have received contracts for pipeline facilities totaling approximately 40 billion yen. It is also anticipated that the project will encourage development of oil fields around the Caspian Sea and thereby lead to greater stability in the global oil supply. This project, which involves the establishment of international collaborative relationships among governments of related countries, is further expected to help stabilize the political situation in the region.