

MESSAGE FROM THE GOVERNOR

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It was in March 1995 that the Cabinet decided to merge the Export-Import Bank of Japan (JEXIM) and the Overseas Economic Cooperation Fund (OECF). And after four and a half years of preparations, Japan Bank for International Cooperation (JBIC) was established on October 1, 1999. JBIC had a portfolio of loan and investments totaling 21 trillion 750 billion yen as of the end of November 1999, the amount that places us in the same league with the World Bank. The birth of a new financial institution of this stature with a mandate to pursue Japan's external economic policy and cooperation will highlight the significance of her contribution in the area of official financial cooperation in a number of countries in Asia and other regions.

Previously JEXIM, which was devoted to promoting Japanese exports and imports as well as Japanese economic activities overseas and contributing toward a stable international economic order, provided financial facilities, including export loans, import loans, overseas investment loans and untied loans. OECF, which was devoted to contributing toward economic and social development as well as economic stability in the developing region, provided official development assistance (ODA), including ODA loans, overseas investment loans and equity investments.

In taking over the previous operations in the process of merger, JBIC made a particular effort to distinguish "international financial operations," carried out by JEXIM and "overseas economic cooperation operations," carried out by OECF, on distinctive accounts, thereby avoiding confusion in the unique nature of respective operations. This was necessary because the two institutions had different objectives, targeted different types of projects and had different operational procedures. As the result, their confusion would undermine the effectiveness of various financial facilities or cause concern in the international community that ODA might be used to support the exports or overseas activities of Japanese firms.

At the same time, while differentiating the two types of operations and accounts, efforts have been made in creating the new organization so that we can share information and know-how accumulated by the two institutions, building an institutional setup capable of systematically drawing on such resources to the maximum extent. In particular, as a research arm of the new institution, the Re-

search Institute for Development and Finance (JBIC Institute) was established by merging the Research Institute for International Investment and Development (RIIID) of JEXIM and the Research Institute for Development Assistance (RIDA) of OECF. In the past, RIIID conducted research focusing on the economic conditions and investment environment of various countries as well as the analysis of investment trends among Japanese businesses, whereas RIDA conducted research and made policy recommendations primarily with respect to various policy issues encountered in the process of undertaking ODA operations in various countries. Part of the results of such research activities was presented in "EXIM Review" and "Journal of Development Assistance" and other publications issued by respective institutes. By incorporating information collection and analytical capabilities accumulated in the two institutes through their research activities, the new Institute is expected to yield research with increased operational value.

Japan's financial cooperation has become more important than ever in a world where many countries have been striving to overcome economic difficulties that spread across the world with the onset of the Asian currency crisis. As an example, I may cite our assistance, amounting to a total of 4 trillion 840 billion yen, including the "New Miyazawa Initiative", that was provided by JEXIM and OECF in support of Asia. In addition to direct credit in financial cooperation, there are expectations that JBIC may tap a new guarantee facility for foreign public securities, which was added to its functions. Moreover, in the area of overseas economic cooperation, there has been a growing diversity in the needs for support—environmental considerations, poverty reduction, human resources development, to name a few. In light of such reality, we intend to provide the most appropriate form of assistance, flexibly combining various financing instruments in accordance with the economic conditions of the recipient country and in collaboration with multilateral development finance institutions, including the World Bank and the Asian Development Bank (ADB), technical cooperation agencies, including Japan International Cooperation Agency (JICA) and research institutes at home and abroad.

The JBIC Review is a publication that introduces the results of ongoing research at the JBIC Institute, taking

over the EXIM Review and the Journal of Development Assistance. We would like to ask for the reader's candid opinion about this publication, and we would be happy if it would pave the way for sharing of ideas between researchers in JBIC and those in the development finance

community at home and abroad. In order for JBIC to be able to perform its mission, adapting flexibly to a changing economic and social environment at home and abroad, the reader's advice is requested.
