

# IBG QUARTERLY

Opportunities globally



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## SUB-SAHARAN AFRICA:

### Water Remediation Needs in South Africa Critical

South Africa has to consider short- and long- term water **remediation solutions valued at US\$750 – US\$1 billion**. Funding from government and commercial sources has been forthcoming to protect water reserves in this arid country where water resources are critical to human consumption as well as the sustainability of the mining sector. The **mining sector** in South Africa is **worth ca. US\$35 billion per year**, but legacy water issues remain from a century of operations. The Water Research Commission is **exploring emerging technologies to manage Acid Mine Drainage (AMD)**. Another initiative to address the AMD situation was carried out by South Africa's state-owned minerals researcher, Mintek, and water services specialist, Veolia Water Technologies who had begun pilot testing a jointly-developed treatment process that aims to transform AMD into potable water or water for industrial use. Firms interested in water remediation in South Africa should be in touch.

*by Richard Zurba*

## MIDDLE EAST:

### Israeli Economy Ranked 3<sup>rd</sup> Most Stable in the World for 2016

Bloomberg financial news agency has ranked Israel as the world's third most stable and promising economy for 2016. The Bloomberg list named Hong Kong as the most stable economy in 2016, followed by South Korea. Denmark, Taiwan, Iceland, Japan, Switzerland, Singapore and Thailand followed Israel to round out the top 10 in the rankings. **Israel's economy continues to perform well** by international parameters. In January, **Israel cracked the top 10 on the 2017 Bloomberg Innovation Index** and a report by Bank of America Merrill Lynch assessed the Israeli economy as "on a **robust recovery path** with growth rates running **at 3 to 4% levels**."

*by Sherwin Pomerantz*

## BRAZIL: Agri Sector Set to Harvest Records in 2017

Brazil will harvest a **record grain and oilseeds crop in 2017** as a robust agriculture sector supports both GDP expansion and a burgeoning foreign trade surplus. The Brazilian Census Bureau (IBGE) predicts a **29.2% increase in grain and oilseeds** output this year to a record 238.9 million metric tons. 2017 has also been an exceptional year for **soybean and corn producers – crop is 20% above all expectations**. Brazil is world's largest producer and exporter of coffee, sugar, orange juice and one of the top producers and exporters of soybean, corn, ethanol, pork, beef and poultry. Today, agribusiness represents 23% of Brazil's GDP (or USD\$360 Billion) and almost 40% of exports.

As a result of consecutive years of high productivity, business opportunities are abundant in industries that move in and around the agribusiness industry – investment in infrastructure such as ports, railroads, storage are quickly moving forward with PPP, attracting construction companies, international suppliers and investment funds.

*by Fabio Yukio Yamada*

## INTERESTING PROJECT

Water and sanitation export successes reach across the Africa continent.

Recent projects of interest include locating a distributor for a pipe lining company in South Africa, identifying opportunities in public sanitation refurbishment in Dar es Salaam and a project in the Seychelles islands relating to planning and implementing a municipal potable water system in maritime environment.

[IBG Sub-Saharan Africa / Zurcom International](#)

## INTERESTING PROJECT

IBG Middle East is working with an Israeli firm that has developed predictive technology to identify in company security threats with proof of concept at three local banks.

IBG has arranged meetings with a number of multinationals (two in Israel and one in the U.S.) as possible strategic partners.

[IBG Middle East / Atid EDI Ltd.](#)

## INTERESTING PROJECT

IBG Brazil's latest projects in agri sector include assisting a deal between a major trading company and an international supplier of silos and also an agreement between an international player specialized in transportation of grains by barges and a local transportation company.

[IBG Brazil / Tradebrz International Consultants](#)

## CANADA: Mining in Canada still strong, rushing for cobalt

Mining industry expects to see over **\$140 billion in potential mineral project investments** over the next decade in Canada alone. Canada is the world's largest producer of zinc and potash, and a major producer of gold, nickel, aluminum, lead and uranium. Additionally, Canadians aim to answer the **growing demand for cobalt**, a mineral used in Lithium-ion batteries, which is expected to double in next 3-5 years. More than a dozen companies are staking out claims in Cobalt, Ontario as the price of its namesake mineral rises. **Production** could get **underway in the next 3-5 years**.

Canada has one of the **largest mining supply sectors globally with more than 3,700 companies** supplying engineering, geotechnical, environmental, financial, and other services to mining operations. Major engineering firm and mining companies provide access to domestic and global projects.

*by Ron A. Straatsma*

## Automotive Industry Booming in MEXICO

Mexico was positioned as **the 7<sup>th</sup> largest automotive producer** in the world in 2015, with production of 3.4 million units and pushing for 5 million units by 2020. All the main auto manufacturers of the world have a plant in Mexico including Ford, Honda, Audi, BMW, Fiat, VW, Toyota, Volvo and General Motors. Mexico boasts a total of 23 production parks, and thousands of TIER 1, 2 and 3 suppliers to support them. Assembly plants currently under construction such as **Infiniti, Mercedes Benz, Toyota and BMW** are planning to start **production by 2020**.

*by Ana Arroyo*

## UNITED STATES:

### Renewable Energy Forecast Grows to 2050

Renewable energy has been growing at a breakneck pace in the United States. Many major U.S. cities are restructuring to use more clean energy sources even under the volatility of regulation or policies introduced by the current administration. **Houston** is just the latest city to derive a significant amount of its power from solar energy. The energy capital of the world **announced it will be purchasing 10.5%** of its energy **from the SolaireHolman utility-scale power plant** located eight hours away in Alpine, Texas. The plant is **one of the largest solar installations in Texas** and was constructed by Solairedirect North America, a subsidiary of French energy giant ENGIE. The city will purchase the power under a 20-year power-purchase agreement.

*by Bruno Tateossian*

## INDIA Ranks 3rd in the World in Implementing Robotic Automation in its Core Business Processes

**Engineering Services Outsourcing (ESO) market** in India is growing rapidly. Industry analysts forecast a **CAGR of 30% during the 2014-2019 period**. The need for quick delivery of products and services due to shorter product lifecycle, in addition to the inherent benefit of cost advantage, remain key drivers for businesses outsourcing their engineering services. Economies of scale and faster lead-times add significant value to clients.

*by Supriya Kanetkar*

## INTERESTING PROJECT

IBG Canada has provided highly targeted mining site and engineering firm level Canadian itineraries for several US underground mining equipment companies.

Relationships built by one firm in 2016 led to sales of over US\$300,000 in 2017.

[IBG Canada / CDA Market Services](#)

## INTERESTING PROJECT

IBG Mexico has assisted a Japanese supplier of molds to carry out a feasibility study and arranged meetings with several Tier1 and Tier2 companies from Mexico, Germany and the US. As a result, the company decided to establish an operation in Mexico with total capital investment of US\$5 million, 16 direct jobs and with expectations to grow in the coming years. Soft-landing services were also provided.

[IBG Mexico / ARNI Consulting Group](#)

## INTERESTING PROJECT

IBG US just completed a 2-year assignment (market entry strategy, marketing materials specifically for the US market, 12-month advertising campaign, prospection campaigns) for an Italian software company targeting US municipalities. After securing its first customer, our client incorporated its US branch now based in our offices.

[IBG USA / Quino Consulting](#)

## INTERESTING PROJECT

IBG India assisted a US company interested in ESO in May 2017 and arranged meetings in the cities of Mumbai, Pune, Chennai and the National Capital Region. The client was very impressed with the talent pool of Indian ESO companies and capabilities of IBG India for organizing a seamless 10-day visit.

[IBG India / SRK and Associates](#)

## AUSTRALIA & NEW ZEALAND:

### Opportunities in the Healthcare Infrastructure Sector

Australia's growing population, increasing rates of chronic diseases, as well as rapidly aging population, are driving the country's need for new and sophisticated investments in **healthcare infrastructure** (including hospitals, medical research and aged care facilities). A building boom is underway with the State Governments in Australia investing in new hospitals as well as retro-fitting existing healthcare facilities. There is a strong focus on improving patient care delivery and clinical services with new and upgraded facilities being equipped with a range of new technologies.

The recently announced 2017-2018 Federal Budget plans for an **additional funding of A\$2.8 billion for Australian public hospitals** over the next four years - including new projects and works to upgrade existing buildings and equipment.

*By Angela Foley*

### INTERESTING PROJECT

IBG Australia assisted in hosting a successful US Trade Mission to Australia in Q1-2017 led by Automation Alley, a technology business association, and supported by the Michigan Economic Development Corporation (MEDC). The Michigan companies engaged in productive B2B meetings in Australia's capital cities and regional industry hubs over three days.

[IBG Australia & New Zealand / Foley & Associates Pty Ltd](#)

## CHINA: Sino-US Deal Eases Access to Markets

China and the US have reached a **new deal** that will ease market access in **agriculture, financial services and energy**, marking both sides' willingness to **advance the trade relationship and alleviating fears of a trade war** between the world's two largest economies.

The 10-part deal is the first result of the 100-day action plan that President Xi Jinping and US President Donald Trump agreed to pursue at their meeting at Mar-a-Lago in Florida in April. Several parts of the deal were already adopted in July.

While China agreed to resume imports of US beef by July 16, the US agreed to open its market to Chinese cooked poultry. The agreement also **streamlines** the evaluation of **pending US biotechnology product applications** and **facilitates the entry of Chinese banks into the US** banking market.

*by Annabel Rong*

### INTERESTING PROJECT

IBG China organized and joined the export road show meeting with more than 45 companies around the US and had one-on-one meetings with each of the company decision makers on export questions to China.

[IBG China / Alglory Investment Limited](#)

## JAPAN:

### Land of Rising Sun Rises Again: Japanese Economy Moving Up

Japan's economy has long been in decline after the financial crisis in 2008 and the 2011 earthquake in east Japan. However, it has been recovering steadily and latest estimates show that **GDP reached JPY 540 trillion (US\$4.96 trillion) in 2016**, the highest figure ever recorded. The government set the **GDP goal at JPY 600 trillion (US\$5.36 trillion)** with the aid of Abenomics, the economic policy consisting of the three arrows, 1) Monetary easing, 2) Fiscal stimulus and 3) Growth strategy. For the third arrow, **Industry 4.0** will be implemented as part of the Revitalization Strategy 2016, announced by the government in June 2016. Many players are now rushing into this field and the US, UK and Germany Embassies are all putting effort into promotion of their IoT technologies in Japan on both the trade and investment sides.

*by Yasushi Hasegawa*

### INTERESTING PROJECT

FRABA Group, a German industrial automation and motion control producer, chose IBG Japan to become their local sales rep in 2009. Dr. Ingo Moench, General Manager, shared the following insight at our business seminar: "You need 3 years to see the first sales and 5 years to earn profit in Japan." This case explains that advanced technology requires several years in Japan for market entry, but the effort pays off at the end of the day.

[IBG Japan / Fenetre Partners, Ltd.](#)

## SOUTH EAST ASIA:

### Large-Scale Smart Nation Projects in Singapore

The global cities of South East Asia, such as **Singapore, Kuala Lumpur and Bangkok**, have ambitious **digital programs** demanding heavy investment. Singapore, for example, is looking for smart solutions to address several challenges: high urban density, an aging population, water scarcity, high per capita energy demand, etc. The government is focused on making every aspect of life, from transport to water systems to even garbage disposal, more efficient. This includes establishing **sensor networks** across the city and gathering data for scientific analyses. The city aims to accelerate large-scale smart nation projects such as **e-identity, e-payment** and establishing an **island wide wireless sensor network**, and is keen to harness the best technologies and solutions introduced by both local and foreign companies.

*by Sarath Menon*

### Demand for Anti-Dust Appliances Growing in SOUTH KOREA

The Korean Peninsula has been repeatedly blanketed with huge dust storms originating in the Gobi Desert in Mongolia as well as smog from its neighboring country. Facing major problems with its quality of air, South Korea has seen tremendous growth in demand for anti-dust equipment. The **South Korean market for air purifiers reached US\$894.2 million in 2016** and is expected to grow by ca. US\$1.1 billion this year. E-mart, one of the biggest hypermarket chains in Korea, announced that sales of air purifiers rose by 86% in March 2017. In addition, vacuum cleaners, dust-proof bed lines & curtains, and dust masks filtering 10 micrometer size particles, are also in high demand in South Korea. Companies wishing to tap into the Korean market may benefit from the positive outlook for advanced environmental technologies.

*by Ken Yang*

### TAIWAN Remains the World's Largest IC Materials Buyer

Taiwan was the **largest consumer of semiconductor materials in the world** for the seventh consecutive year in 2016 with a total **procurement amount of nearly US\$9.8 billion**, registering an increase of US\$370 million from the previous year, according to the U.S.-based Semiconductor Equipment and Materials Institute. South Korea, Japan and China trailed behind Taiwan in that order. Statistics compiled by Taiwan's Ministry of Finance showed that **IC products accounted for 30.7% of the nation's total exports in 2016**. One important policy to help maintain Taiwan's growth momentum is President Tsai Ing-wen's five-plus-two innovative industries initiative, which covers the biotech and pharmaceuticals, green energy, national defense, smart machinery and IoT sectors, plus the circular economy and a new paradigm for agricultural development.

*by Irene Tsai*

### INTERESTING PROJECT

Organized a week-long multi-sector trade mission to **Indonesia & Vietnam** for the Conference of Great Lakes and St. Lawrence Governors and Premiers. We arranged a packed itinerary of business-matching meetings for 10 companies in the automotive, chemicals, food products and education sectors.

[IBG South East Asia / Orissa International](#)

### INTERESTING PROJECT

A US-based ice-cream producer has opened its first retail store in Seoul, Korea, and is now looking to open 30 additional stores in 2017. IBG Korea has been assisting the company with the local rules and regulations including its manufacturing facility registration.

[IBG South Korea / Korea Business Services, Inc.](#)

### INTERESTING PROJECT

IBG Taiwan has been providing assistance to organize a series of product seminars for a U.S. based ceiling and flooring company to introduce their product lines to selected groups of clients. The office has helped identify decision makers from specific professions to attend the session, which has subsequently led to increasing sales for the client for three years in a row in Taiwan.

[IBG Taiwan / AIM Development Corporation](#)

## CENTRAL & EASTERN EUROPE:

### CEE Countries Take Action Against Cyber Security Threats

Cyber security incidents in Central and Eastern Europe rise by approximately 20% on average annually. Operators of critical infrastructure and digital service providers are reportedly among the most targeted businesses. National governments have already recognized these realities and drawn action plans in the national cyber security strategies in addition to adapting to the NIS (network information security) Directive adopted by the EU in 2016. Most CEE countries thus plan to significantly increase cyber security spending in the upcoming years.

**Poland** will spend about **US\$250 million a year on cyber security**, several times the amount seen only a few years ago, following a trend in other NATO countries that have been increasingly subject to Internet security breaches. The **Czech Republic's** newly formed **National Center of Cyber Forces** yearly **budget** is planned at **US\$15 million**. 50% of Czech companies with 100+ employees plan to significantly raise their IT security expenditures over the next couple of years. In **Romania**, **60% of companies** are planning to **increase their cyber security budget** in the next year.

*by Filip Korinek*

### GERMAN Economy Beats the Forecast for 2016

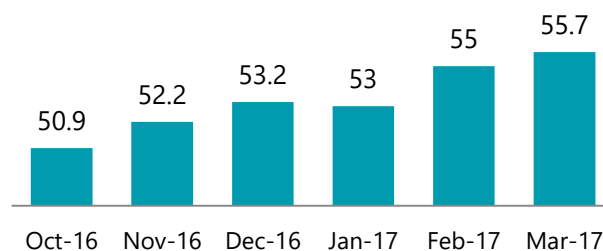
According to the Financial Times, Germany's economy has recorded **the fastest growth in five years** and remains one of the most stable economies in the European Union. While exports hit a peak in November 2016 increasing by 2.5% yearly, the **GDP is expected to grow by 1.5% in 2017**. Bloomberg stated the Germans beat all expectations for 2016 and Q1 in 2017 by recording an upturn of 1.9%. The unemployment rate is lower than ever with the highest employment rate since 1990. This makes Germany an attractive target market for investors, companies looking for labour and a market with a high private consumption.

*by Dr. Linda von Delhaes-Guenther*

### ITALY: Manufacturing Industry Continues to Grow

Markit Economics announced that in Italy, the **PMI Manufacturing Index rose to 55.7 points in March from 55 points in February**, indicating the continuous improvement of general operating conditions, with the highest growth rate of the last six years.

This is an **important signal for Italian economy**, as manufacturing is the most important sub-sector within the industry sector. The country's manufacturing sector is specialized in high-quality goods and is mainly run by small- and medium-sized enterprises.



*by Rita Malavasi*

### INTERESTING PROJECT

IBG CEE recently organized itineraries for a US multi-sector trade mission with focus on the defense industry. The week-long mission took place in the Czech Republic and Poland. TM participants met with potential distributors and integrators, as well as high-profile ministry representatives.

[IBG CEE / EasyLink Business Services](#)

### INTERESTING PROJECT

A grout selling company that already found distributors through IBG Germany in Spain is now working on their market entry to Sweden with the IBG network identifying potential leads.

[IBG Germany / AHP International GmbH & Co. KG](#)

### INTERESTING PROJECT

Simol Spa, an Italian manufacturer of jacks and jockeys wheels, commissioned IBG Italy to explore opportunities in the US market. Deliveries included a prospecting campaign, market overview, competitor benchmarking and price analysis for the US market, a promotion plan and assisting the company in participating in a major US trade exhibition.

[IBG Italy / Warrant Group SRL](#)

## NETHERLANDS / BENELUX:

### Food Service Market Trends in the Benelux

A recent research study (April 2017), carried out by and presented at a psp organized Dutch-Belgian seminar on food in the healthcare sector, showed that 66% of hospitals offer food with adjusted nutritional values for their elderly patients. A majority of the



hospitals seem to regard healthy food not only as a service but even more as an essential part of the treatment. In the context of the seminar it became apparent that this part of the **food service market is rapidly shifting towards customized food concepts** and is clearly open to innovative international food service suppliers.

*by Peter E. Sanders*

### INTERESTING PROJECT

IBG Benelux organized 2 consecutive incoming capital equipment missions from South Africa to the Netherlands and Belgium. Objectives: identify export opportunities PLUS attract foreign direct investments of Dutch high tech. Business deals with new OEM customers were closed, numerous partnerships initiated, talks with large existing investors led to re assessment of investment attraction policy.

[IBG Benelux / psp consultants](#)

## SWEDEN Shows Continued Growth, 2016 GDP Up by 3.3%

Sweden, the largest market in Scandinavia and the 7<sup>th</sup> largest economy in the EU, continues to show above EU average growth rates. **In 2016, the Swedish GDP grew by 3.3 %** and forecasts for 2017 vary between 2.2 and 2.8%. The export driven Swedish economy has benefited from the increased global demand. More than 50% of the Swedish economy is exported. This in combination with stable governmental finances has created a **strong purchasing power with GDP/capita of US\$51,100**. Retail sales have grown yearly by 4% over the last 15 years, with strongest growth in health care and cosmetic products over the last observed period. Swedish imports grew by 3.6 % to almost US\$200 billion.

*by Henrik Hjelm*

### INTERESTING PROJECT

Funke Medical, a German manufacturer of medical equipment, decided to explore opportunities in the Swedish market. IBG Sweden assisted in identifying and developing their local sales network - Funke's products were well received and they have now started delivering the first orders to their recently contracted local distributor.

[IBG Sweden / Eastnet Business Development AB](#)

## UNITED KINGDOM:

### “BREXIT Means BREXIT” – Prime Minister, Theresa May

A statement which sounds straight forward, but when analyzed generates many more questions. We do know the UK is to leave the Single Market. Beyond that, what that means for the UK's post BREXIT relationship with the EU is unknown.

Although the economy has been performing steadily since the referendum in June 2016, businesses are quietly considering the impact. IBG's UK member, Kinetic Cubed has estimated that if **10% of active businesses are directly impacted by the decision to leave The EU**, then that would mean approximately 250,000 businesses may consider setting up a base in a EU Country. It is reported that **some 100,000 businesses have already made enquiries about Ireland**.

*by Tony Aggarwal*

### INTERESTING PROJECT

IBG UK is working with several locations in the EU and also the US (driven by 'Made in America') looking to identify and connect to potential outward investors. That can involve lead prospecting; social media campaigns and promotional roadshow activities. We are currently planning tailored visit programs for US clients in the autumn.

[IBG UK / Kinetic Cubed](#)

# IBG GLOBAL

The International Business Group (IBG Global), founded in 2000, is a Partnership of private commercial consulting firms with offices and staff in **49 countries, covering a total of over 150 country markets** in the Americas, Europe, Asia-Pacific, Africa, and the Middle East.

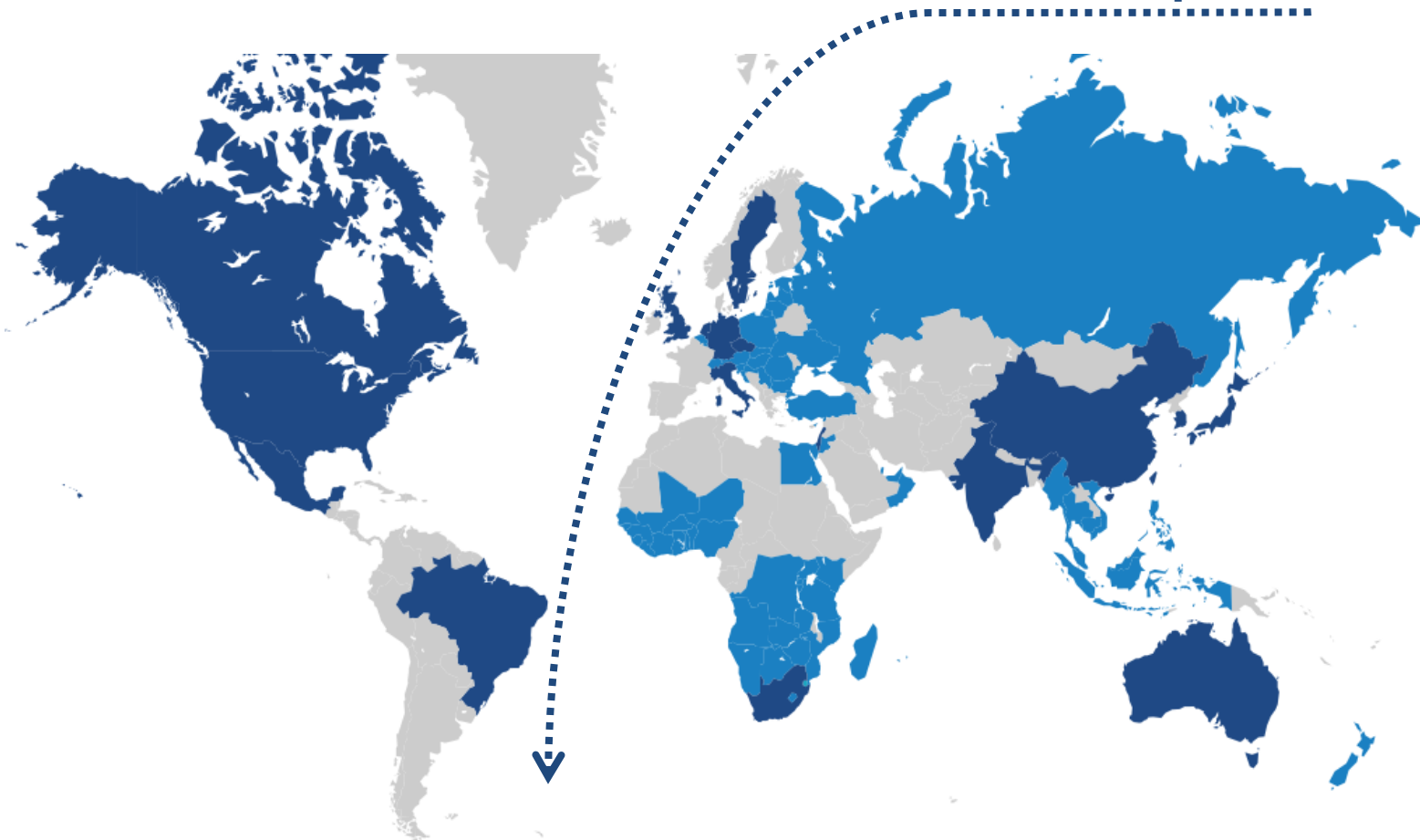


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