

# IBG QUARTERLY

## Opportunities globally



### FEATURED NEWS:

- [South Africa's Forestry Industry Provides Opportunity](#)
- [Israel Is America's 13th Largest FDI Source](#)
- [Boost of Car Sales Confirms End of Recession in Brazil](#)
- [Solid Healthcare Equipment Market Prospects in Canada](#)
- [M&A's Between U.S. and European Firms at 10 Year High](#)
- [Opportunities in 'Smart City' Projects in Australia and New Zealand](#)
- [Chinese Global E-Commerce Growing Fast, up by 27% y-o-y](#)
- [PE Investment in Renewable Sector in India up 47% in 2017](#)
- [Washoku Tsunami – Big Surge of Japanese Foods](#)
- [Growing Healthcare Market in South East Asia](#)
- [South Korea: Greenlight for Bio-fusion Technologies](#)
- [US\\$14 Million in Deals Inked at US Business Day in Taipei](#)
- [Electric Cars Gaining Momentum in Central and Eastern Europe](#)
- [Germany: Robotics And Automation Break Record After Record](#)
- [Italian Food Sector Predicts a Recovery This Year](#)
- [Explosive Growth Expected for Fully Electric Cars Sales in the Netherlands](#)
- [Swedish IT Expenditures Continue To Grow](#)

Browse by  
**COVERED TERRITORY**

#### **AFRICA / MIDDLE EAST**

- [Sub-Saharan Africa](#)
- [Middle East](#)

#### **AMERICAS**

- [Brazil](#)
- [Canada](#)
- [USA](#)

#### **ASIA / PACIFIC**

- [Australia & New Zealand](#)
- [China](#)
- [India](#)
- [Japan](#)
- [South East Asia](#)
- [South Korea](#)
- [Taiwan](#)

#### **EUROPE**

- [Central & Eastern Europe](#)
- [Germany](#)
- [Italy](#)
- [Netherlands / Benelux](#)
- [Sweden](#)

## SUB-SAHARAN AFRICA:

### South Africa's Forestry Industry Provides Opportunity

Forestry represents **opportunities for exporters of forestry related technology, equipment and know-how** into the South African economy. The forestry and forest products **industry** in South Africa is worth **more than US\$4.88 billion** yearly with **imports** valued at **US\$12 million** annually. In 2013, the forestry and forest products industry contributed 72.6 billion Rand (approximately US\$5.8 billion) to South Africa's GDP, the timber sector contributed 10.9 billion Rand (US\$833 million), the wood, paper, publishing and printing sector contributed 32.4 billion Rand (US\$2.4 billion) and the furniture sector contributed 27.2 billion Rand (US\$2.07 billion). The Department of Agriculture, Forestry and Fisheries (DAFF) is the custodian of South Africa's forest resources, which cover over 40 million hectares (about 36.7%) of the country's land surface area.

*by Richard Zurba*

## MIDDLE EAST: Israel Is America's 13th Largest FDI Source

The U.S. Bureau of Economic Analysis (BEA) recently released foreign direct investment (FDI) data for 2016 showing that Israel is the 13<sup>th</sup> largest source worldwide for foreign **direct investment into the U.S. at US\$55.4 million**, roughly equal to that of Belgium, Australia and Sweden. Impressively, this is an **astonishing 121% increase from 2015** with Israel as the 8th fastest growing source of FDI for the U.S.

**Total foreign direct investment** into the U.S. in 2016 amounted to **US\$5.5 billion**, with total foreign direct investment in the U.S. now standing at US\$3.725 trillion, a 12.8% increase from 2015. This was driven by strong growth in a number of markets, including Canada, Ireland, Switzerland, Singapore, China and Israel.

*by Sherwin Pomerantz*

## BRAZIL:

### Boost of Car Sales Confirms End of Recession in Brazil

After two consecutive years of economic recession, when the economy shrank by almost 8%, there are clear indications that the **economy** is finally **growing** again, **pushed mainly by exports of grains and domestic consumption**. The **market (GDP) is expected to grow by 3% in 2018**.

One of the forerunners of the upturn is the **unexpected growth of car sales of 24%** over the same period in 2016. September's Daily registrations of new vehicles went from 8,000 units per day in 2016 to 11,000 units per day in 2017, including car, buses and trucks.

Inflation stability, lower interest rates and macroeconomic policies such as reforms in retirement plans are the foundations for this increase in consumer confidence.

*by Fabio Yukio Yamada*

## INTERESTING PROJECT

South Africa's forestry industry is predominantly softwood related while most hardwoods used in commerce are imported. South Africa has maintained its position over the years as a key destination for American hardwoods with US\$11.07 million for the year 2014. This is approximately 15% of the total hardwood imports into South Africa. Our office in South Africa has been instrumental in locating sales for hardwood firms entering this market. While oak, cherry, and ash lead some of the hardwood preferences in South Africa.

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

## INTERESTING PROJECT

Israel's recently held international water conference and exhibition (WATEC) attracted over 25,000 visitors from 55 countries. Our office hosted four client groups simultaneously from Illinois, Ohio, Pennsylvania and Ontario for whom we made dozens of pre-scheduled B2B appointments for each.

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

## INTERESTING PROJECT

IBG Brazil is involved in two Renewable Energy projects with output of 50MW and 32 MW which are fueled by biomass from renewable eucalyptus forests and where all equipment is supplied by European manufacturers. Both projects will help replace the consumption of fossil fuels and will generate considerable savings as these new power plants will be installed close to transmission lines, in areas of Brazil where feedstock is already grown and abundant.

[IBG Brazil / Tradebrz International Consultants](#)

## CANADA: Solid Healthcare Equipment Market Prospects

In 2016, total **Healthcare expenditures in Canada amounted to US\$185 billion**. Such spending is projected to continually increase especially toward treating cardiovascular, cancer, and respiratory diseases.

By 2021, seniors will comprise 19 % of Canada's population. Medical Devices that support that population, including neurological and cardiovascular products, are expected to experience strong sales growth. In **2017 Canadian imports of all medical devices** will reach some **US\$6 billion**.

Diagnostic apparatus, orthopedic, prosthetic, patient monitoring, and dental equipment are currently Canada's top five largest import medical device categories.

*by Ron A. Straatsma*

## UNITED STATES:

### M&A's Between U.S. and European Firms at 10 Year High

A total of **US\$171.8 billion of cross-border merger and acquisition deals** between U.S. and European companies have been **announced so far in 2017**, the highest figure at this stage of the year for a decade according to Thomson Reuters data. The latest example of the spate of big deals between the two regions is the US-based chemicals firm **Huntsman Corp (HUN.N)** and European rival **Swiss Clariant AG (CLN.S)** who recently **announced a US\$14 billion tie-up**. In fact, Europe's leading multinationals looked to the US to escape slower regional growth and gain a foothold in an often more reliable US market (such as German conglomerate Bayer's deal for US rival Monsanto and French yoghurt maker Danone's takeover of WhiteWave Foods).



*by Bruno Tateossian*

## AUSTRALIA & NEW ZEALAND:

### Opportunities in 'Smart City' Projects

Australia's growing urban population is driving a need for improved infrastructure, intelligent transport systems and cities that can operate in a more efficient and environmentally friendly way.

In September 2016, the **Government launched the 'Smart Cities and Suburbs Program'**, a **US\$40 million fund** aiming **to encourage municipalities** across Australia **to invest in 'smart' technologies** to improve cities and suburbs. The **first** funding round is expected to be allocated in the **1<sup>st</sup> quarter of 2018**. Smart cities, IoT and digital transformation will continue taking big steps forward in the coming months.

New Zealand has also been recognized as a 'hotbed' for smart city technologies, with increased funding opportunities for initiatives that enhance the livability and sustainability of its major cities.

*By Angela Foley*

## INTERESTING PROJECT

IBG Canada recently identified and approached key contacts with medical imaging clinic groups in the Montreal and Toronto regions. A client wishes to supply these markets with reconditioned OEM equipment and parts. Initial feedback was positive from a number of Canadian targets.

[IBG Canada / CDA Market Services](#)

## INTERESTING PROJECT

IBG USA has been very active in the medical equipment sector since its founding in 2002. Our oldest client is France-based Vipamat, a manufacturer of all terrain wheelchairs. Our team manages all sales activities in the US market: working with and growing our network of 100+ resellers across the US, answering requests from individuals and municipalities, handling back office duties, participating in trade shows and overseeing the local stock and fulfillment of orders. The US market now represents 25% of Vipamat's worldwide sales.

[IBG USA / Quino Consulting](#)

## INTERESTING PROJECT

IBG Australia hosted a successful Trade Mission from Finland (4-8 September). Led by the Finnish Health Minister, a delegation of 11 digital health companies visited Sydney, Gold Coast, Brisbane and Melbourne. Week's activities included group site visits, high-level meetings and networking events with industry and government leaders as well as separate B2B programs for companies.



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

## CHINA: Global E-Commerce Growing Fast, up by 27% y-o-y

China's e-commerce trading recorded **13.35 trillion yuan (US\$2.03 trillion)** for the first half of 2017, a **27% increase year-on-year**. B2B transactions reached 9.8 trillion yuan (US\$1.49 trillion), online retail sales were at 3.1 trillion yuan (US\$470 billion), and e-commerce trading for life services was about 0.45 trillion yuan. **Cross-border e-commerce** reached 3.6 trillion yuan (US\$544 billion) in H1, up 30.7% year-on-year, **accounting for 26.97% of China's total e-commerce trade** volume, with 2.75 trillion yuan for export and 862.4 billion yuan for import. By the end of 2016, **180 of the world's 314 cross-border e-commerce companies had operations in Shanghai**, making it the third-largest cross-border e-commerce headquarters in the world.

*by Annabel Rong*

## INTERESTING PROJECT

IBG China's client, a manufacturer and designer of hot line tools, has recently reported exports to China worth US\$500,000. The client has been working with IBG China for over 3 years - from pre-market research, screening dealers, customer meetings, to successfully selling products and building its China market.

[IBG China / Alglory Investment Limited](#)

## INDIA: PE Investment in Renewable Sector up 47% in 2017

Private Equity flows into wind and solar power jumped 47 per cent to **US\$920 million between January 1 and September 25, 2017**. Some of the major deals reported: Macquarie's US\$250-million investment in Hindustan Powerprojects, US\$200 million by IDFC Alternatives in First Solar, US\$2,500 million by JERA in ReNew Wind Power, US\$108 million by Warburg Pincus in CleanMax Enviro Energy, and US\$100 million by Abraaj Group in Engie Abraaj joint venture (JV). **Investors were attracted by high growth prospects and supportive policy framework**. India's **installed solar capacity** is expected to reach **20 GW by the end of FY 2017-18** as per Bridge To India (BTI).

*by Supriya Kanetkar*

## INTERESTING PROJECT

IBG India assisted two American companies in the Aerospace and Defense sector who visited India in September 2017. We organized a week-long itinerary consisting of business meetings with decision makers & key government agencies, site visits and seminars in 3 cities of India.

[IBG India / SRK and Associates](#)

## JAPAN: Washoku Tsunami – Big Surge of Japanese Foods

Many Japanese food service companies have been mushrooming everywhere in the world since the **"Washoku" traditional Japanese cuisine** was **added to UNESCO's Intangible Cultural Heritage list in 2013**. The Ministry of Agriculture, Forestry and Fisheries reported that the **number of Japanese restaurants increased by 60% from 2013 to 2015 outside Japan**. On the other hand, the growth rate is very low in Japan itself – the number of restaurants has decreased by 0.1%. Ramen looks like the most successful category at the moment but many other categories are also exploring opportunities and destinations for foreign direct investment and joint venture.

*by Yasushi Hasegawa*

## INTERESTING PROJECT

Honeymoon Dessert, a Hong Kong based restaurant chain with over 350 stores established a joint venture with Sucrey, famous for its brand Tokyo Milk Cheese Factory and opened 3 stores in HK through our partner search service in 2015.

[IBG Japan / Fenetre Partners](#)

## SOUTH EAST ASIA: Growing Healthcare Market

**The demand for quality healthcare and medical devices** in South East Asia is expected **to skyrocket in the next decade** fueled by the rapidly increasing middle class. The region's medical device market is expected to **grow from US\$4.6 billion in 2013 to US\$9 billion by 2019**. Countries like Vietnam, Indonesia and Thailand are heavily reliant on the import of medical technologies, especially high-grade and sophisticated devices since **their local medical device markets are still underdeveloped**. **Singapore**, the most advanced economy in South East Asia, is becoming **a key base for foreign medical device providers** looking to establish a foothold in the region due to its established healthcare system, strong intellectual property protection, existing research infrastructure and educated workforce.

*by Sarath Menon*

## INTERESTING PROJECT

IBG South East Asia recently finalized a report on the Healthcare & Medical Technologies sector in Singapore for the EU Gateway Business Avenues Program in South East Asia, for their med-tech mission in September. The report included market opportunities, industry trends, key players and case studies.

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

## **SOUTH KOREA: Greenlight for Bio-fusion Technologies**

Using core technologies from the 4.0 industrial revolution involving Artificial Intelligence and robot technology, the **South Korean government is planning to develop cutting-edge bio-fusion technology**. The 4 Ministries; MSIT, MOTIE, MOHW and MFDS announced that they are planning to carry out the **"artificial intelligence, bio-robot medical convergence project" starting next year**. The project will mainly focus on three areas of development: intelligent human body implantable health care technology, smart diagnosis and treatment integrated solutions, and AI-based robot fusion health care technology. Accordingly, foreign companies in these sectors have huge business opportunities in the South Korean market.

*by Ken Yang*

## **TAIWAN:**

### **US\$14 Million in Deals Inked at US Business Day in Taipei**

A total of US\$14.55M in deals spanning sectors from electronic components, information and communication technology, to medical devices was inked at U.S. Business Day August 29 in Taipei. Launched in 2012 by Taiwan External Trade Development Council (TAITRA), **U.S. Business Day is one of the biggest government-organized events for cultivating trade opportunities between the two countries**. This year's event featured **150 matchmaking sessions** involving representatives from 117 local firms, 15 major U.S. companies and the economic development offices of Hawaii, New Mexico, Pennsylvania and Utah. Strong democratic institutions and a dynamic market economy make Taiwan a natural export market for U.S. firms: **in 2016, the island was the U.S.'s 10th largest trading partner**, 14th largest export market and seventh largest source of foreign students pursuing higher education.

*by Irene Tsai*

## **CENTRAL & EASTERN EUROPE:**

### **Electric Cars Gaining Momentum**

Central and Eastern European countries have recently seen increased interest in all things related to electric cars as the region's auto industry gears up to mass produce electric cars. Latest news of interest include:

- One of the region's top car makers – **Škoda Auto** – **plans to start production of electric vehicles by 2020** at the factory in Mladá Boleslav, Czech Republic.
- South Korea's **LG Chem will open Europe's largest lithium-ion battery factory in Poland** next year **spending US\$1.63 billion** on a facility near the southwestern city of Wroclaw. LG Chem expects to produce up to 100,000 EV (Electric Vehicles) batteries in Poland annually.
- **NEXT-E consortium and EU signed a grant agreement to deploy 252 fast and ultra-chargers** for electric vehicles **across CEE**. The network of 222 fast chargers and 30 ultra-chargers for EV will connect six countries in CEE along main roads on the EU's core transport network. The countries in question are the Czech Republic, Slovakia, Hungary, Slovenia, Croatia and Romania.

*by Filip Korinek*

## **INTERESTING PROJECT**

The Governor-led trade mission from the State of Wisconsin, USA, visited South Korea in September to meet with prospective business partners and investors. This trade mission encouraged South Korean companies to invest in Wisconsin and to help state companies strengthen exporting efforts. IBG Korea assisted the delegation with organizing of business meetings with South Korean industry leaders, government officials and business executives for the future business development.

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

## **INTERESTING PROJECT**

Acting as the representative office for a well-established public university located in Pennsylvania for the Taiwan market, IBG Taiwan has been responsible for organizing a series of campus visit programs for representatives of both undergraduate and postgraduate programs to conduct information sessions for prospective students during the annual recruiting season. The number of registered students from Taiwan has been on a steady rise since IBG Taiwan took on the commission three years ago.

[IBG Taiwan / AIM Development Corporation](#)

## **INTERESTING PROJECT**

IBG CEE recently hosted a delegation of 10 South Korean companies in Poland and Russia. The week-long shipbuilding-related trade mission included a visit of the Baltic shipyard in Saint Petersburg, matchmaking sessions at the Neva shipping and shipbuilding trade fair and a day-long matchmaking event in Gdansk, Poland, with shipyards and distributors from the tri-city area.

[IBG CEE / EasyLink Business Services](#)

## GERMANY:

### Robotics And Automation Break Record After Record

The German **robotics and automation sector grew by 7% in 2017**, exceeding the expected growth of 5%. **Sales reached US\$16.2 billion** with China accounting for 10% and the US for 9% percent of these sales. According to the Mechanical Engineering Industry Association (VDMA) each sub-segment - integrated assembly solutions, industrial image-processing and robotics – is expected to set a new record by the end of 2017.

*by Dr. Linda von Delhaes-Guenther*

### INTERESTING PROJECT

IBG Germany annually exhibits at the world's largest industrial trade show Hannover Messe, supporting companies in finding business partners and enhancing their presence in the German market. Hannover Messe will be held again in April 2018 – key topics: automation, smart factory and robotics.

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

## ITALY: Food Sector Predicts a Recovery This Year

After 2016, when food production and exports grew but consumption stagnated, the year 2017 promises an across-the-board improvement: higher sales, export growth and increased domestic demand, according to forecasts by Federalimentare.

Revenues for the **food business should grow by 1.5% to US\$157 billion this year**, exports by 5% to US\$37 billion and **consumption by 0.3% (net of inflation) to US\$272 billion**. The reversal of the trend started in the 2<sup>nd</sup> half of 2016. Main drivers included the production of tea and coffee (+11.7%), pasta (+5.6%) and pet food (+4.9%). Exports were solid in 2016: sugar was a winner (+19.3%), as was flour (+18.5%) and coffee (+10.3%). **Wine products remain the most significant segment, making up 20% of the market** with more than US\$7 billion in sales, followed by dairy production in distant 2<sup>nd</sup> place at US\$3.2 billion.

*by Rita Malavasi*

### INTERESTING PROJECT

Ghiott Dolciaria Srl, a well-known Italian biscuits producer, asked IBG Italy's support to explore their opportunities in the Indian market. For this project, IBG Italy provided temporary export management activities and market analysis on the overall industry, including market trends, market segments and market value. Thanks to the activities carried out throughout 2016, Ghiott acquired a working knowledge of major market dynamics that are likely to increase the export revenue's share of the company.

[IBG Italy / Warrant Group SRL](#)

## NETHERLANDS / BENELUX:

### Explosive Growth Expected for Fully Electric Cars Sales

Recent ING Bank research shows that an explosive growth of fully electric cars is expected over the next 8 years in the Netherlands. In 2015, their market share accounted for 1%, growing to ca. 3% in 2017 due to fiscal advantages. **In 2020, the electric car market will account for 10% of all passenger vehicles** and in **2025 it is expected to reach 25%**. This equals to approximately 30,000 electric cars, which is more than eight times the current market size of fully electric cars.

*by Peter E. Sanders*

### INTERESTING PROJECT

IBG Benelux organized two organic and food service business missions to Belgium. A "Food Nerd Night" was organized, a buffet with ingredients from the participants. Each company conveyed their story to an audience of 70 attendees. The event generated many new contacts and deals.

[IBG Benelux / psp consultants](#)

## SWEDEN: IT Expenditures Continue To Grow

The Nordic countries have always been progressive in the use of IT and Automation. Currently, there is an **increased focus on digitalization** among Swedish industries, which is one of the top priorities within IT investments. The Swedish government also has a strategic advisory board to push digitalization in the public sector. **Sweden has the largest share of the IT market in the Nordic countries with IT expenditures of US\$23 billion and expected growth of 9% until 2020**. The market **for IT consulting is set to increase by 3.6% in 2017**. Consulting services based on time and materials are dominant in Sweden unlike in many other countries. The value of the Swedish consulting market has been estimated to US\$6.65 billion in 2017.

*by Henrik Hjelm*

### INTERESTING PROJECT

IBG Sweden identified suitable sales channels in Sweden for KHW Umweltdienst, a producer of joint fillers used for sealing of natural stones at terraces, garden paths, private driveway pavements and many more applications. Their high quality products were well received by the Swedish market and during spring 2017, IBG Sweden organized a visit program to the most interesting potential local prospects. This resulted in several RFQs and cooperation discussions have been initiated.

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

# 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.

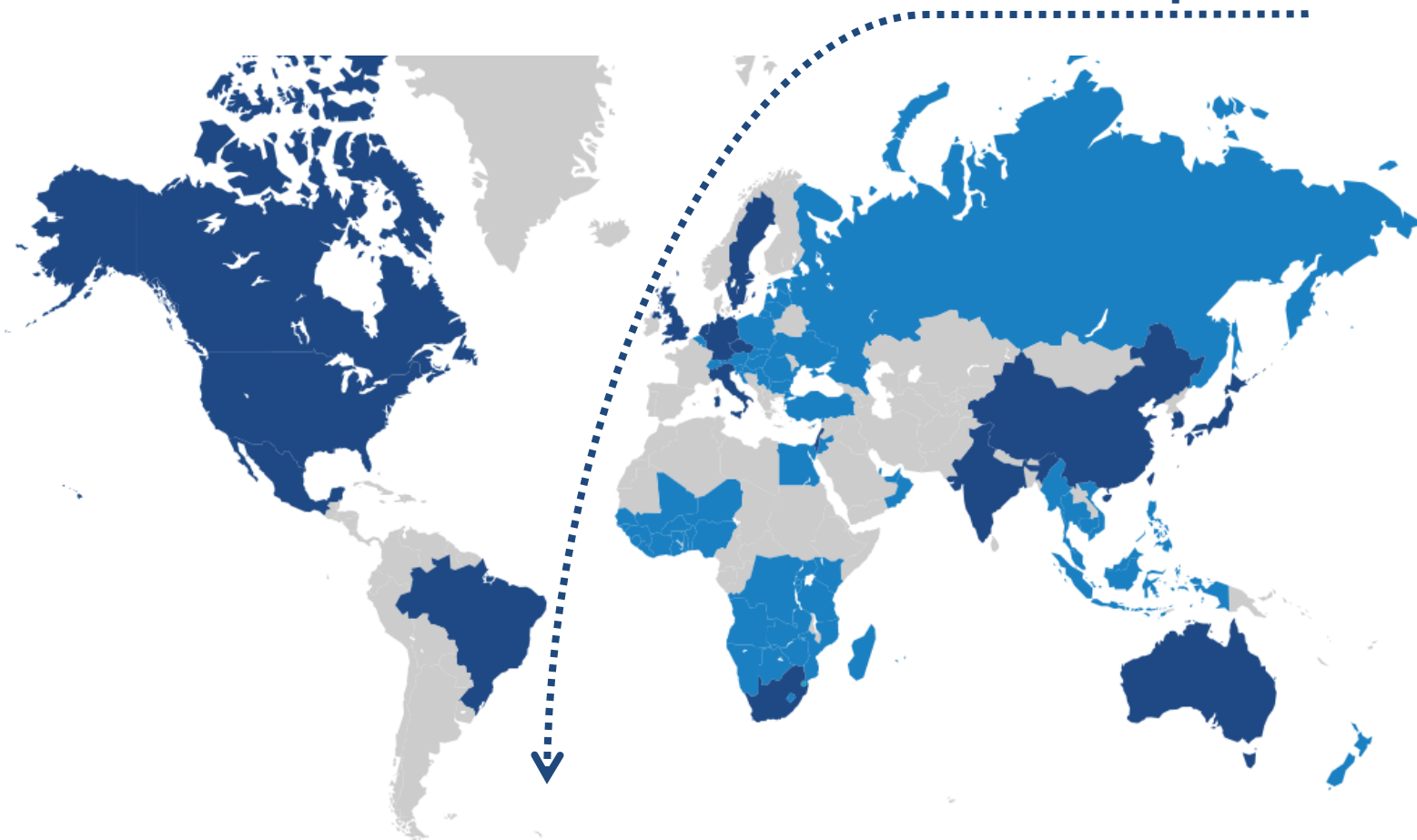


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