

Message from Japan for promoting business with Africa

*(*This message is excerpted from the Proposal by the Public-Private Council for the Promotion of TICADV.)*

- Japanese private companies are greatly interested in expanding their businesses in Africa. This interest is also directed at improving the lives of African people and at providing local production, sales, and servicing of products such as daily necessities and machinery.
- Business expansion by Japanese companies leads to technology transfers and local job creation. The Japanese government will mobilize its resources to support Japanese companies doing business in Africa.
- At the same time, we would like to see African countries undertaking particular efforts in the following sectors. To this end, we expect that African governments will exert leadership recognizing that Japanese business expansion in Africa will contribute to Africa's medium- and long-term growth.

Approach 1: Create a safer business environment

[Japanese companies' view of current circumstances]

- Conflicts and deteriorating security exposes business activities to danger and makes business expansion difficult. The expenditures required to implement security measures also drive up costs for companies. Creating a safer business environment is of the utmost priority for business expansion.

[Requests for Africa]

- Continue full-fledged efforts in cooperation with the international community to prevent conflicts, improve security, implement counter-terrorism/kidnapping measures and take anti-piracy measures.
- Cooperate in ensuring safety by effectively and efficiently providing safety information to companies operating locally and by protecting companies with security forces.

Approach 2: Create a freer and more stable business environment

[Japanese companies' view of current circumstances]

- Imposing excessive regulations on companies restricts corporate activities and diminishes the willingness of companies to do business in Africa. Giving private companies a freer hand in conducting business will contribute to the medium- and long-term growth of Africa even more than the benefits gained through regulation.

(Examples) Limits on foreign capital ratios, local content requirements, local hiring requirements, mandatory joint ventures with state-run or local companies, restrictions on royalty remittances, etc.

- A developed legal system is a prerequisite for business. Reliable protection of investment assets and intellectual property rights will lead to greater business expansion. Intellectual property rights are the wellspring of companies' competitiveness, and Japanese companies are adamant on such protection.

[Requests for Africa]

- Repeal and ease regulations on corporate activities to the extent possible.
- Improve administrative capacity (including capacity development of civil servants) in cooperation with the international community so that regulations can be implemented appropriately and efficiently.
- Promote the conclusion of investment agreements and other bilateral agreements for the promotion of investment.
- Improve legal systems on expropriation, bidding systems, intellectual property rights, etc., and develop human resources in these areas.

Approach 3: Facilitate flows of people and goods

[Japanese companies' view of current circumstances]

- High tariffs and complex non-tariff measures constitute barriers to Africa's intra-regional and inter-regional trade, and make it difficult for companies to build distribution networks.

(Examples) High average tariff rates, inconsistent application of

common intra-regional tariffs, unfair tariff collection, delays in customs clearance procedures, frequent changes in procedures and ambiguous implementation of the same

- Smooth entry/exit procedures for business personnel to be posted or temporarily dispatched locally are essential for corporate activities.

[Requests for Africa]

- Collaborate with regional economic communities (RECs) and neighboring countries to lower tariffs and simplify customs clearance procedures and thereby invigorate intra-/inter-regional trade.
- Endeavor to establish speedy, consistent and simple procedures (set standard processing periods, etc.) for issuing the work visas essential for corporate activities.