

2. Trade, Investment and Tourism

With the total amount of foreign direct investment from around the world in Sub-Saharan countries exceeding the amount of aid since 2006, the promotion of trade and investment is becoming increasingly important in the context of African development.

In June 2010, the Kan administration set forth the “New Growth Strategy,” a policy of expanding international trade and investment, including the export of “package” type infrastructure, notably to emerging economies and resource-rich nations, including those in Africa. In light of this policy orientation, Japan is engaging in closer economic relations with Africa.

Currently there are over 484* Japanese private sector companies which have opened offices/branches and local Japanese corporations operating independently or jointly in Africa, which provides roughly 200,000 Africans’ workplaces. Major examples include TOYOTA, the Ambatovy Madagascar project of which Sumitomo Corporation owns a 27.5% interest, and Mozal in Mozambique of which Mitsubishi Corporation has a 25% share. As such, Japan’s investment contributes not only to job creation but to technology transfer and human resource development with a focus on the downstream industrial development that will lead to a stable socio-economy in African countries.

* MOFA’s data as of Oct.1, 2009 **the Secretariat’s rough estimate

(1) Trade and Investment

✈ Trends in Trade and Investment between Japan and Africa

With Africa’s recovery from the impact of the global economic and financial crisis, Japan’s total trade amount with Africa in 2010 showed a 27% increase over the 2009 figure. In addition, except for investment in Mauritius, Japan’s direct investment in Africa also increased compared to 2009 as a whole. Nippon Telegraph and Telephone Corporation (NTT)’s acquisition of Dimension Data Holdings plc, South African IT firm, and the participation of Sojitz Corporation in the joint development of the wind power project in Namibia, the

first IPP project by a Japanese firm in Sub-Saharan Africa, are examples of Japan’s investment in Africa in fiscal year 2010.

With regard to bilateral investment treaties, an agreement in principle with Angola was announced in February 2011. The conclusion of this treaty would mark Japan’s first investment treaty with a Sub-Saharan African nation. Japan is also exploring the possibility of strengthening wide-ranging trade economic relations with SACU.

✈ Supporting African Capacity for Doing Business

African countries continue to improve their business climates. According to the World Bank report “Doing Business 2011,” the rankings of 17 African countries have risen compared to the 2010 report. The most remarkable is Rwanda (rising from 70th to 58th) who has raised its rank two years in a row, followed by Ghana (77th to 67th) and Zambia (84th to 76th). In addition, among the nine indicators measuring improvements in business climate, in four of them (deal-

ing with construction permits, getting credit, paying taxes, and enforcing contracts) the greatest improvement was shown by African countries (DR Congo, Ghana, Tunisia, and Malawi). TICAD partners are continuing to implement various policies and measures in order to support these efforts by Africa. In this regard, Japan made an active contribution to launch the “Aid for Investment in Infrastructure” project in the NEPAD-OECD Africa Investment Initiative.

Examples of Japan’s assistance to improve the business environment in Africa

Promotion of Trade

● **JICA: Increasing the quota of trainees in the field of trade tenfold**
In fiscal years 2008 and 2009, approximately 200 people participated in various types of JICA training (training in Japan and third country training) and seminars in the field of trade.

● **JETRO: Access Japan!**
(Mechanism for African products to enter the Japanese market)
JETRO is assisting African products to gain access to the Japa-

nese market through several schemes. Among others, in fiscal year 2010, five African products were adopted by the Pilot Demonstration Projects for Development and Import Scheme. For example, dried fruits from Uganda and baskets from Rwanda are favorably reviewed in Japanese department stores. In addition, many other African products such as herbs, spices and cut flower are being improved for the Japanese market through these projects.



(Photo: FAR EAST Inc.)



(Photo: Ruise B)



Promotion of Investment

●JBIC/UNCTAD: Follow-up on policy recommendations

Following delivery of the Blue Book in collaboration UNCTAD, JBIC held consultations with the governments of Kenya, Uganda, Zambia, Ghana, and Tanzania to assess how far the recommendations had been implemented. For example, in Kenya, guidelines for transactions in agricultural land have been published for investors. In Uganda, a computer database has been developed and a special liaison officer was made available to help potential investors secure information on suitable land that meets their needs, and in Ghana, an online tax information service has been set up, where information on various tax incentives can be found.

●NEPAD-OECD Africa Investment Initiative

Japan provided assistance for capacity building in order to enhance the investment climate of various African countries through this initiative, contributing 400,000 Euros between 2008 and 2010. At the November 2009 ministerial meeting, investment policy reviews of Southern African nations were launched

and are currently underway in Zambia and Mozambique. As a separate endeavor, an agricultural investment policy review of Burkina Faso has begun at the request of the Club du Sahel.

A ministerial meeting with infrastructure and agricultural investment as its main theme is scheduled to be held in Senegal in late April 2011. Synergic effects are expected between this meeting and the TICAD Ministerial Follow-up Meeting in May.

Support for Private-sector Development

●JICA: Expansion of the number of trainees in its Private Sector Development Program to a scale of 1,500

In fiscal 2008 and 2009, 1,566 Africans participated in seminars and various types of training by JICA related to private sector development (training in Japan, in-country training, and third country training). Although the target has already been attained, JICA will continue to be committed to the enhancement and implementation of training programmes, given the importance of fostering human resources in private sector development.

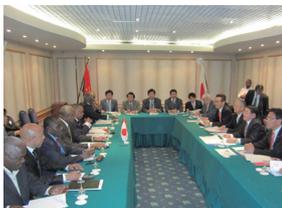
✈ Public Support for Japanese Corporations (Public-Private Partnership)

The Government of Japan continues to step up its "Public-Private Partnership for Boosting Economic Growth" programme. In addition to actively disseminating information via various types of seminars, symposia etc., it is strengthening measures to encourage the

utilisation of official funding resources including ODA. Through the use of such frameworks, further diversification of the forms of public-private partnerships can be expected in the future.

Public and Private sector Joint Mission for Promoting Trade and Investment for Southern Africa

In August 2010, a high-level Public and Private sector Joint Mission for Promoting Trade and Investment for Southern Africa was undertaken. The mission was headed by Mr. Osamu Fujimura, the then Secretary for Foreign Affairs, and visited Angola, Namibia and South Africa. Approximately 60 Japanese from the public and private sectors (including some board members of Japanese major companies) participated in meetings with high-level government officials and other persons concerned, receptions with economic and industrial associations and other groups, business seminars, and visit to project sites. At the working level, several public and private sector missions have been dispatched across a broad variety of sectors, including eight missions known to the Secretariat thus far.



Promotion of Base of the Pyramid (BOP) businesses

In 2009, the Government of Japan began its full-fledged consideration of public support to promote Base of Pyramid (BOP) business. In August 2010, the "Preparatory Survey for BOP Business Promotion," a programme to support private sector endeavors, was launched by JICA, with 20 projects (including ten from Africa) adopted from the total 92 project proposals that were submitted by 124 entities in 2010. In October 2010, corporations, NGOs/NPOs, international organisations, aid agencies, academic institutions, and other entities came together in the "Japan Inclusive Business Support Centre" established under METI as a framework for assisting BOP business in an integrated manner. Through this centre, METI is engaged in the promotion of BOP business by Japanese corporations and other actors.

JBIC finance: New establishment of GREEN financing scheme

In April 2010, JBIC started to provide a new financial tool, the Global action for Reconciling Economic growth and ENvironmental preservation (GREEN), which supports projects aimed at preservation of the global environment such as the mitigation of global warming.

In addition, following the conclusion of a Memorandum in 2009 to enhance cooperation in financing with the African Development Bank (AfDB), JBIC concluded a Memorandum with the African Export-Import Bank in May 2010, with a view to establishing cooperative relations in operations. JBIC continues to actively support Japan's exports to Africa through its collaboration with these regional development banks. (See pages 6 and 9 for information on progress regarding JBIC's US\$2.5 billion commitment.)

JOGMEC Remote Sensing Centre in Botswana

In order to expand the activities of the JOGMEC Remote Sensing Centre Project (the Centre) which commenced in 2008, JOGMEC invited experts from Angola, Malawi and Tanzania in 2010 to transfer techniques of satellite image analysis.

In addition to the desktop satellite image analysis at the Centre, field surveys were carried out in Mozambique and Angola in 2010 to check the result of desktop analysis.

Furthermore the Centre and SADC Secretariat in Botswana held the SADC Remote Sensing Seminar and Workshop with the assistance of the Ministry of Foreign Affairs of Japan.



(Photo: JOGMEC)

✈ Specific examples of Japanese corporations' business and investment in Africa conducive to African development

Yamaha Motor Co., Ltd.:

Before the term "BOP business" exists, YAMAHA MOTOR CO., LTD. has been active in empowerment of rural community in developing countries. The company has built up a sales network in all countries and regions in Africa other than Somalia, and their outboard motors contributing to the development of African fishery have a 75% market share. As a new activity, through cooperation with NGOs, agricultural equipment manufacturers, and local governments, the company is providing guidance to farmers in Senegalese agricultural villages facing desertification. This guidance introduces farmers to a new farming method employing pumps and drip irrigation. By selling pumps for agricultural



(Photo: YAMAHA MOTOR CO., LTD.)

use, the company is undertaking efforts for agricultural revitalisation through boosting production efficiency and decreasing production costs over the long term.

NTT's Acquisition of South African firm Dimension Data

In October 2010, NTT acquired a major South African IT firm, Dimension Data, for a total price of approximately 270 billion yen. This acquisition is expected to facilitate the entry of NTT into the rapidly growing African cellular phone and IT services market, while simultaneously enhancing the intra-office services of Dimension Data amidst advances in cloud computing, which will lead to a "win-win" situation for both sides. Moreover, since both sides will be providing new services, it is expected that benefits will also expand to African development in the fields of education, medicine, and the environment.

✈ Efforts by Other TICAD Partners

UNDP

In addition to effective use of ODA, it has become increasingly important to support private corporations to establish a new and inclusive business model to contribute to human development through simultaneous pursuit of revenues and social impact. Against this backdrop, UNDP has been facilitating "Growing Inclusive Markets" initiative, which included support for Japanese companies to engage in African market with sustainable contribution to development.

UNIDO

UNIDO conducted through its Tokyo investment and Technology Promotion Office various investment promotion programmes with the cooperation of African Investment Promotion Agencies (IPAs). High level IPAs staff from Kenya, Tanzania, Uganda, Mozambique, Nigeria, South Africa, Egypt, Morocco and Botswana were invited to Japan to facilitate business and FDI promotion in the African continent.

(2) Promotion of Tourism

The success of the first World Cup held in Africa attracted international attention not only to the host nation South Africa but also to Africa as a whole. Partially as a result of the World Cup, Sub-Saharan Africa became only region in the world to see an increase in tourists in 2009, with the number of international tourists also up by 16% in the first half of 2010. Africa's major tourism destinations outside of South Africa such as Cape Verde, Kenya, Mauritius, the Seychelles, and Tanzania also saw increases in tourism-related revenue.



(Photo: MOFA)

MOFA and Yokohama-city co-organised African Festa 2010 with a support of African embassies in Japan and Kanagawa Prefecture to broadly introduce African culture to Japa-

nese citizens and deepen their understanding towards Africa. In addition to NGOs and universities, Japanese companies, which participated in this event for the first time, sold their fair trade African products and presented BOP business activities and tours for Africa.

JATA (Japan Association of Travel Agents) organised several seminars targeting Japanese travel industry in Oct. to Nov. 2010 to promote the tour for African countries (Lesotho, South Africa, Kenya, Tunisia and Morocco) and Egypt travel seminar was also held at the JATA World Travel Fair 2010 in Tokyo in Sep.2010.

JICA is currently working actively to enhance its support for the development of tourism and it is now in the process of identifying projects for further cooperation. Additional efforts are required toward the implementation of the plan to double the quota of trainees in the field of tourism.