

2. Trade, Investment and Tourism

(1) Trade and Investment

✈ Trends in Trade and Investment between Japan and Africa

Japan's total trade with Africa in 2009 decreased by 46% compared to 2008. Despite the fact that the amount of direct investment from Japan for the period of January to September 2009 decreased compared to the same period of the previous year, some Japanese companies managed to engage in business activities in construction and installation projects including in Egypt, Algeria, and South Africa.

There has also been progress on bilateral investment agreements;

formal negotiations with Angola have begun and preparations for agreements with several other countries are in progress.

Continuous joint efforts such as those set out in the following paragraphs needs to be made by the public and private sectors of Japan and Africa in order to achieve tangible results towards the goal of doubling Japan's direct investment to Africa by 2012. (see p.5 for investment position up to 2008)

(Photo: JICA)



✈ Supporting African Capacity for Doing Business

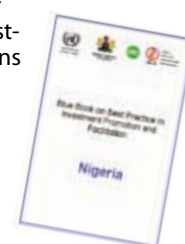
African countries are striving to improve their business climate. According to the World Bank 2010 Doing Business report, 18 African countries have risen in rankings compared to the 2009 report. The most remarkable is Rwanda which rose from 143rd to 67th, and is ranked as the best performer in Africa. Various measures are currently underway by TICAD partners to make the trade and investment environment in Africa more conducive to business.

Promotion of Investment

● **JICA: Triangle of Hope (TOH) programme in Zambia**
12 concrete policy recommendations and an action plan for the creation of a favorable investment environment in Zambia were drawn up with the assistance of a Malaysian advisor invited by JICA. This project emphasises strengthening the capacity of the Zambia Development Agency (ZDA) to be able to better conduct investment promotion activities. Consequently, a cellular phone company was established in Zambia in 2009 as a joint venture with a Malaysian company.



● **JBIC/UNCTAD: Policy recommendations in Nigeria**
The Blue Book has been prepared jointly by JBIC and UNCTAD to encourage direct investment by Japanese firms in Nigeria. It contains an effective and realistic action plan of 15 short-term measures, including procedural improvement and a pilot Multi-facility Economic Zone.



● **NEPAD-OECD: African Investment Initiative**
This Initiative, funded by Japan, aims to support improved African capacity to strengthen the investment environment for growth and development, and plays a role as a facilitator of region-wide dialogue on investment policy.

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

Promotion of Trade

● **JICA: "Kaizen" programme**

"Kaizen" refers to a philosophy and practices for continuous improvement deployed extensively by many Japanese companies. Following the two Kaizen projects in Egypt and Tunisia, JICA launched a new project in Ethiopia in 2009 after a series of high-level policy dialogues on industrial development under leadership of Prime Minister Meles Zenawi.

● **JETRO: Access Japan!** (Mechanism for African products to enter the Japanese market)

JETRO is assisting African products to gain access to the Japanese market by way of support schemes such as dispatching experts and holding seminars and exhibitions at various stages. The One Village One Product Market at Narita and Kansai airports is another component of this mechanism. Currently, 6 projects are in progress to improve African products with high potential including cacao, tea, baskets, etc., after successfully completed 4 projects for developing competitive products such as below in 6 countries in 2008.

Mixed spices from Tanzania



(Photo: Baraka Co., Ltd.)

Jam and Herbal Tea from Kenya



(Photo: Fair Trade Company)

Private-sector Development

● **EPSA (Enhanced Private Sector Assistance) for Africa**

EPSA is the joint initiative launched by Japan and the AfDB Group in 2005 to implement comprehensive assistance to the private sector in Africa. As part of its commitment to provide ODA loans up to US\$ 1 billion over five years from 2005, 32.1 billion yen (equiv. US\$300 million) was provided in September 2008. In addition, the Fund for African Private-Sector Assistance (FAPA) was established in AfDB as a trust fund to provide technical assistance toward the development of SMEs, the capacity building of financial organisations, and strengthening the governance of public sector.



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

The Government of Japan is stepping up its “Public-Private Partnership for Boosting Economic Growth” programme, and in addition to proactively disseminating information through various means including seminars and symposia, it is strengthening measures to encourage the utilisation of official funding sources such as ODA to facilitate business by Japanese corporations.

In 2009, a high-level joint tourism-reconnaissance mission was dispatched to Rwanda prior to the Fifth Africa-Asia Business Forum (AABF V). In addition, a number of working-level public-private joint missions was dispatched to promote trade and investment in various sectors. At least 15 such missions were undertaken between January 2009 and March 2010, including the January 2010 Study Tour to Southern Africa to explore modalities for public-private sector collaboration. In December 2008 and November

2009, symposia organised by the Government of Japan on the promotion of trade and investment provided the opportunity for Japanese corporations to learn about the trade and investment climate in 13 different African countries.

In 2009, the Government of Japan initiated public support for the promotion of the Base of Pyramid (BOP) business, a sustainable business targeting the poorer segments of society that contributes to solving their social and development agenda. The associated support mechanisms have been devised by JICA and JETRO, which function in a similar fashion to existing programmes such as the UNDP’s Growing Sustainable Business (GSB) programme. It is anticipated that this will further contribute to the diversification of public-private partnerships in Africa.

(See also p.6 and p.8 for details of the JBIC loan commitment)

(2) Promotion of Tourism

The AUC is working on elaboration of a comprehensive tourism policy for the continent based on the NEPAD/AU Tourism Action Plan adopted in 2004. With an eye on potential opportunities arising from the upcoming 2010 FIFA World Cup to be held in South Africa, the Fifth Africa-Asia Business Forum (AABF V) focusing on tourism was held in Uganda in June 2009 by TICAD Co-organisers with UNIDO and UNWTO.

AABF V in Uganda

With the participation of a total of 349 representatives from 35 countries of the public and private sectors as well as civil society and international organisations, MoUs and Partnership Arrangements to a total value of US\$245 million were signed; the Forum issued the Chair’s Summary containing policy recommendations on future actions including:

- (i) the importance of a holistic approach in public-private partnerships,
- (ii) the need for a targeted marketing strategy based on trends and profile analysis,
- (iii) tourism development to be environmentally sustainable and geared toward the poorer sector of society,
- (iv) Africa’s image to be improved through strategic public relations campaigns, and
- (v) effective utilisation of the various support measures offered by the TICAD partners.

(Photo: MOFA)



The President of Uganda and State Secretary for Foreign Affairs, Japan attended the opening

(Photo: JATA)

The total number of outbound Japanese travelers, worldwide, has been decreasing since 2007. With specific reference to Africa, it is clear that all stakeholders, both in Japan and in Africa, will have to make further efforts to facilitate and to promote a greater flow of Japanese tourists to the continent. As follow-up to the aforementioned policy recommendations, following measures were taken.

■ At the JATA (Japan Association of Travel Agents) World Travel Fair 2009 held in Tokyo, in September, an “Africa Zone” was set up with support provided for an exhibition, and an African tourism promotion seminar targeting the Japanese travel industry was held.

■ Utilizing Japanese funding, Japanese and English language stud-



ies were produced by UNDP and UNWTO (United Nations World Tourism Organisation) providing an overview of tourism in Africa with reference to the Asian and Japanese outbound markets.

■ A JATA delegation was dispatched to southern Africa in February 2010 to survey the tourism infrastructure.

■ JICA currently provides tourism support to a number of countries in Africa, and is in the process of preparing further cooperation measures. The JICA training programme for a tenfold increase in tourism-related personnel is in progress.

■ WBG support for tourism is being scaled up. In 2009, work on a regional tourism strategy was begun and new projects with significant tourism activities were funded.

■ UNWTO is reinforcing further partnership-building and resource mobilisation for the Benin regional initiative for Africa.