

African Integration from the Japanese Perspective

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/ Japan External Trade Organization (JETRO)**

1. Corporate Japan goes African

- Japanese companies in Africa are no longer obviously Japanese.

African executives



(From left to right)
Prejay Lalla, CEO, Kansai Plascon
Johann van Zyl, Executive Vice President (Europe & Africa), Toyota
Gbenga Oyeboode, Chairman, Yamaha CFAO Motors Nigeria

Partnership

Example: Roofing Rolling Mills in Uganda
(10% ownership and technical alliance with Yodoko)



Ownership

(whole)



COLOUR YOUR WORLD

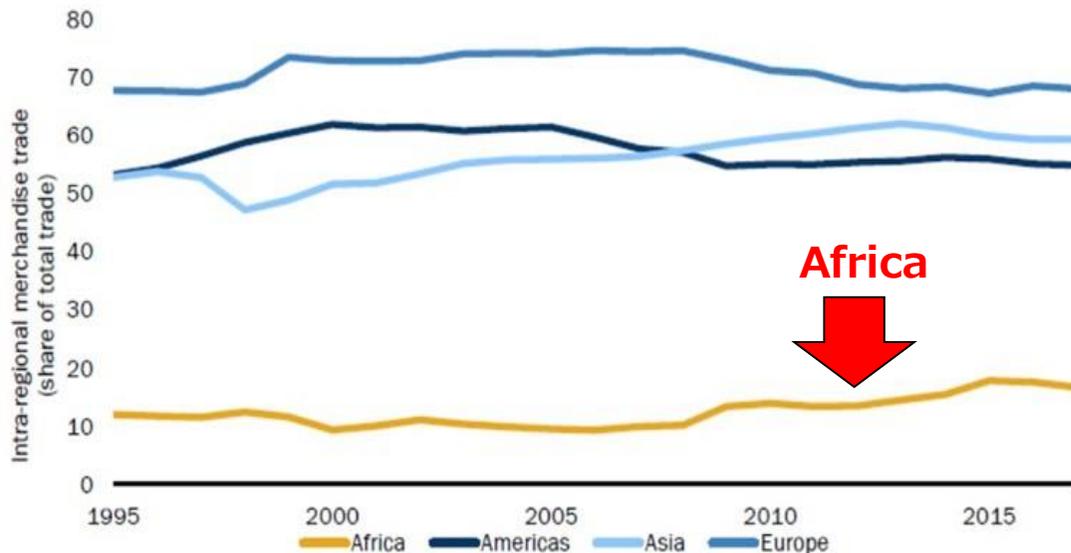
(partial)



2. Limits to intra-African trade

- Trade within Africa is weak – and this hurts Japanese companies, too.

Proportion of intra-regional trade



(Source) UNCTAD, Merchandise: Inter-trade and extra-trade of country groups by product, 2017

The little intra-African trade that exist is non-industrial products

Main intra-Africa export products



Main intra-Africa non-agricultural export products (2017)



(Source) tralac AfCFTA Guide fourth edition, February 2019, calculated from ITC Trademap 2019

3. High intra-African tariff rates (outside of RECs)

- High MFN tariff rates – most industrial products taxed at 20%-plus.

| | Cement, salt, earths & stones etc | Mineral fuels & oils | Inorganic chemicals, rare earths etc | Fertilizers | Plastics | Precious stones & metals | Iron & steel | Nuclear reactors etc | Electricals | Vehicles other than railway |
|---------------|-----------------------------------|----------------------|--------------------------------------|-------------|----------|--------------------------|--------------|----------------------|-------------|-----------------------------|
| | HS25 | HS27 | HS28 | HS31 | HS39 | HS71 | HS72 | HS84 | HS85 | HS87 |
| Angola | 50 | 20 | 20 | 2 | 50 | 50 | 30 | 50 | 50 | 50 |
| Botswana | 10 | 20 | 20 | 0 | 20 | 20 | 10 | 30 | 25 | 30 |
| Cabo Verde | 10 | 20 | 0 | 0 | 30 | 40 | 0 | 30 | 30 | 50 |
| Cameroon | 20 | 20 | 20 | 5 | 30 | 30 | 30 | 30 | 30 | 30 |
| CAR | 20 | 10 | 20 | 10 | 30 | 30 | 30 | 30 | 30 | 30 |
| Chad | 20 | 20 | 20 | 5 | 30 | 30 | 30 | 30 | 30 | 30 |
| DRC | 20 | 10 | 5 | 5 | 20 | 20 | 20 | 20 | 20 | 20 |
| Djibouti | 26 | 26 | 26 | 2 | 26 | 26 | 26 | 26 | 26 | 26 |
| eSwatini | 10 | 20 | 20 | 0 | 20 | 20 | 10 | 30 | 25 | 30 |
| Gabon | 20 | 20 | 20 | 5 | 30 | 30 | 30 | 30 | 30 | 30 |
| The Gambia | 20 | 10 | 20 | 5 | 20 | 20 | 20 | 20 | 20 | 20 |
| Ghana | 20 | 10 | 10 | 0 | 20 | 20 | 20 | 20 | 20 | 20 |
| Guinea | 20 | 20 | 10 | 0 | 20 | 20 | 20 | 20 | 20 | 20 |
| Guinea-Bissau | 20 | 10 | 20 | 5 | 20 | 20 | 20 | 20 | 20 | 20 |
| Lesotho | 10 | 20 | 20 | 0 | 20 | 20 | 10 | 30 | 25 | 30 |
| Liberia | 25 | 15 | 25 | 2.5 | 15 | 25 | 5 | 25 | 25 | 50 |
| Madagascar | 10 | 20 | 5 | 0 | 20 | 20 | 15 | 20 | 20 | 20 |
| Mauritania | 20 | 20 | 13 | 5 | 20 | 20 | 20 | 20 | 20 | 20 |
| Mozambique | 20 | 7.5 | 2.5 | 2.5 | 20 | 20 | 7.5 | 20 | 20 | 20 |
| Namibia | 10 | 20 | 20 | 0 | 20 | 20 | 10 | 30 | 25 | 30 |
| Nigeria | 20 | 10 | 20 | 5 | 20 | 20 | 20 | 20 | 20 | 35 |
| Rwanda | 25 | 25 | 25 | 0 | 25 | 25 | 25 | 25 | 35 | 25 |
| Sierra Leone | 30 | 20 | 5 | 5 | 20 | 20 | 10 | 20 | 20 | 30 |
| Tunisia | 20 | 20 | 20 | 0 | 20 | 20 | 20 | 20 | 20 | 20 |
| Zambia | 25 | 25 | 0 | 0 | 25 | 25 | 30 | 25 | 25 | 25 |
| Zimbabwe | 20 | 45 | 10 | 25 | 40 | 40 | 25 | 60 | 60 | 60 |

| | Petroleum oil | Copper ores & concentrates | Goods vehicles | Portland cement | Refined sugar | Maize | Articles of iron or steel | Beer | Trousers |
|------------|---------------|----------------------------|----------------|-----------------|---------------|-------|---------------------------|------|----------|
| EAC CET | 0 | 0 | 0; 10; 20; 25* | 25 | 20; 100* | 50 | 0; 10; 25* | 25 | 25 |
| ECOWAS CET | 0 | 5 | 0 | 20 | 20 | 5 | 5; 10; 20* | 20 | 20 |
| SACU CET | 0 | 0 | 0; 10* | 0 | 213.1c/kg | 0 | 20; 5; 10; 15; 20; 30* | 5 | 40; 45* |

(Custom Unions)

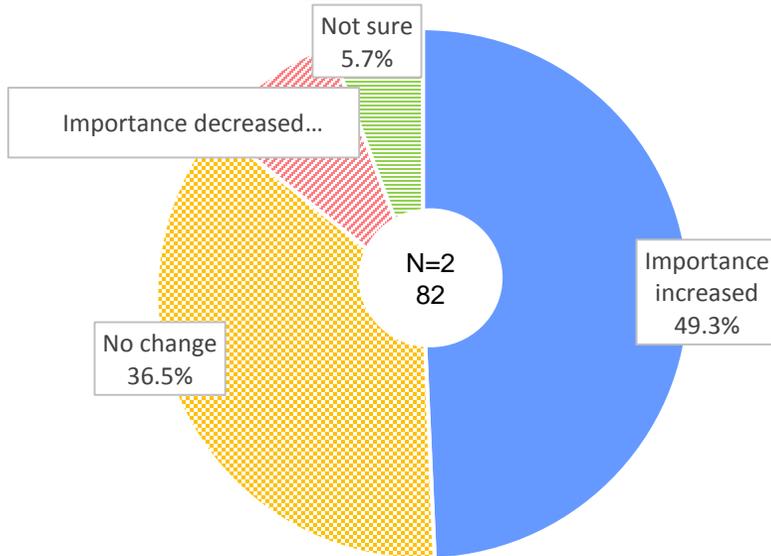
EAC: East African Community
 ECOWAS: Economic Community of West African States
 SACU: Southern Africa Customs Union

4. Africa's position in Japanese business strategy

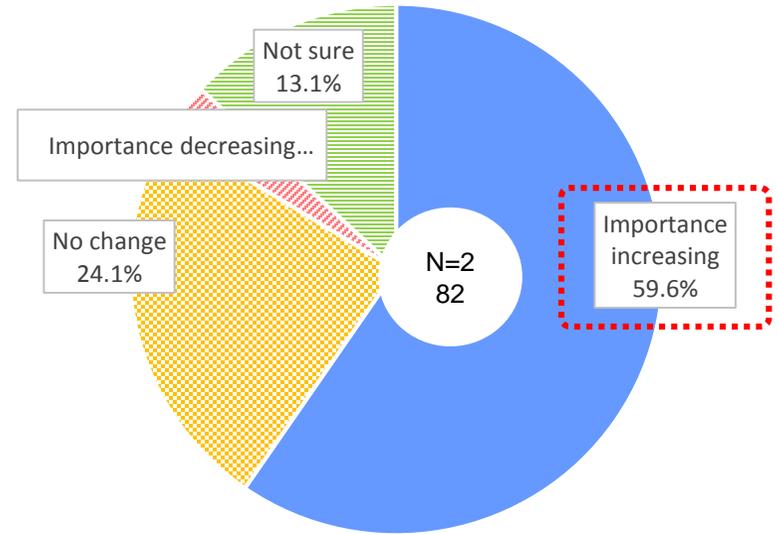
(From the Survey of Business Conditions of Japanese-Affiliated Companies in Africa, JETRO, December 2020)

- About 50% of companies responded that the “importance of Africa increased” compared to five years ago.
- About 60% responded that the “importance of Africa will increase” over the next five years. Many companies cited "market expansion with the growth of population" and "expectations for the African Continental Free Trade Area (AfCFTA)" as reasons for this.

Positioning compared to five years ago



Positioning over next five years



"Importance increased"

- Growth market, population growth, rising labor costs in Asia
- Strong demand for resource development and infrastructure development
- Increased attention within the company through growing number of expatriates

- Stable employment situation due to political stabilization

"Importance decreased"

- Market growth is slower than expected, sales scale did not grow, etc.

"Importance increasing"

- Expect an increase in demand with population growth and AfCFTA
- Leapfrog innovation will continue to happen.
- Manufacturing transfer from European bases will increase

"Not sure"

- Unable to forecast the future due to COVID-19
- Economic and political stability of African countries is unclear, etc.

5. What's in it for Africa?

- Japan can be a steady, long-term partner for Africa's industrial and commercial development.
- Skin in the game: equity rather than debt (although we do engage in highly concessional lending through JICA).
- Competitive, cutting-edge capital equipment for use by African industries (as an alternative to the Europeans).
- Marketing know-how in markets outside of Africa.
- Reliance on local executives, managers and workers (therefore taking HR development seriously).

6. Japan's strategic objectives in Africa

- Three overlapping objectives – partner, earn and contribute.

Partner

Earn

