

The Second Japan-Africa Business Forum

Joao Miguel Vahekeni

***Chair – ADC Trade and Investment Committee
Ambassador Extraordinary & Plenipotentiary – Republic of Angola***

Mr. Vahekeni welcomed and expressed his delight at the presence of the varied distinguished guests at the Second Japan-Africa Business Forum, an event co-organized by the African Development Bank and the African Diplomatic Corps in Japan.

The event came to fruition with the support of the Government of Japan, JBIC, Keidanren, Keizai Doyukai, UNDP, World Bank Group, African Society of Japan, Association of African Economy and Development, and Africa Business Promotion Support Network and was sponsored by the Bank of Tokyo Mitsubishi, UFJ, Sumitomo Mitsui Banking Corporation, Toyota Tsusho Corporation, Glory Limited and Mitsubishi Corporation.

Many senior government officials as well as public and private sector representatives from Africa had travelled to Japan to attend the forum as Africans look at Japan as a partner in transforming Africa into a more prosperous continent with competitive, diversified and growing economies participating in the global trade.

The forum was honored by the presence of remarkable panelists, who led the discussions about business opportunities in Africa, based on the High-Fives strategies of the African Development Bank.

Mr. Vahekeni concluded by saying that Africa was open for business and invited all participants to make the most of this precious occasion and leave challenged, excited and inspired to start a new chapter in the Japan-Africa business ties.

Akinwumi Adesina

President – Africa Development Bank

Mr. Adesina conveyed his regret for not being present in person at the forum and conveyed his message through video.

Japan is one of Africa's strongest and most reliable supporters, partners and stakeholders. Japanese representatives take a serious and positive approach in supporting the bank. Japan has been a member of the African Development Bank since December 1982 and has contributed to all general capital increases of the bank since then.

Japan strongly supported the bank group, including a very significant contribution to the 14th replenishment of the African Development Fund, which included a substantial bridge loan from the Government of Japan. Japan has been a reliable partner on the enhanced private sector assistance for Africa for over 10 years.

The development aid priorities of the Japanese government have focused on Africa and put emphasis on utilizing and deploying the private sector, particularly the public-private partnerships.

In 2015, Prime Minister Abe stated that the Japanese government intended to promote quality infrastructure investments that are environmentally-friendly, disaster-resilient and cost effective in the long run. The medium-term objectives for African economic transformation are demonstrably alive. The private sector-led growth in Africa needs to be boosted by taking a logical approach to attract the enormous investments needed to accelerate Africa's development.

Both African and Japan place a high value on investments in the education of Africa's children and youth. Japan's priorities are perfectly aligned with the bank's own priorities and its High-Fives strategy of Light-Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa and Improve the Quality of Life for the People of Africa. In this regards, the bank is building greater links with Japan through the African Development Bank group's External Representation Office for Asia.

The office is the bank's only external office outside of Africa, opened in Tokyo in 2012, to help strengthen the bank's communications and influence on African development issues in the Asia-Pacific region. The office has done great work and will continue to be in the discussions between the bank and the Japanese government to promote business and investment opportunities in and with Africa.

In August 2016, during the Sixth Tokyo International Conference on African Development, Japan placed \$30 billion of aid in public and private support for Africa over the next 3 years to boost infrastructural building on the continent. This huge leadership commitment was enormously appreciated.

When African Heads of State met with Prime Minister Abe at the TICAD Sixth Meeting in Nairobi, Kenya, they requested a financing facility to allow Africa to benefit from Japanese technologies, skills and expertise, especially in the energy sector, including clean core technologies. Prime Minister Abe listens and responds to the needs of Africa without any preconditions. Prime Minister Abe and Deputy Prime Minister Aso responded to Africa strongly with a provision of US \$6 billion to support the Japan-Africa Energy Partnership. This Memorandum of Understanding was signed at the African Union Summit.

The Japan-Africa Energy Initiative will significantly bolster Africa's ability to develop its baseload power needed to support its industrial development. This initiative was welcomed with enthusiasm, gratitude and hope that it will catalyze further support from other partners to meet the huge financing gap in Africa's energy sector. Japan's commitment to Africa and to the African Development Bank will serve as a bright and shining model for other partners to increase their support for the High-Fives agenda to light up and power Africa.

Africa looks forward to Japanese government's strong support for expanding Japanese business investments in Africa.

Africa is doing well and the Japanese private sector should not bother about the negative narratives. African economies will grow at 3.4% this year, up from 2.2% last year and reach 4.3% next year.

Underscoring the resilience of African economies, last year 32 African countries grew at rates between 3% and 5%, 12 countries grew at above 5%, all above global averages. Foreign direct investments to Africa will reach \$57.5 billion this year compared to \$56 billion last year and just \$2 billion in 1990.

Although faced by challenges, Africa's future is definitely bright. Africa is a continent where household expenditures will rise to \$1.4 trillion in the next 3 years, where business-to-business investment will rise to \$3.5 trillion in the next 5 years and where the population, by 2050, will be the same as the combined population of India and China today.

Africa is a continent that will brim with huge demand from a rising youth population reaching 840 million by 2050 with rapid growth of the middle class. The African Development Bank is launching the Africa Investment Forum, which will kick off next year, with the idea of do not think far, just think Africa.

Finally, *Mr. Adesina* welcomed to invest in Africa and be part of Africa's bright investment future.

Hisatake Sugi
Parliamentary Vice Minister of Finance – Government of Japan

On behalf of State Minister Otsuka, *Mr. Sugi* spoke for the Japanese government and the Ministry of Finance.

Africa is a continent of hope with wide-ranging potentials. Last August, when the TICAD VI was held in Nairobi, Kenya, Prime Minister Abe attended the meeting and announced that investment will be made for the future of Africa in human resources development, quality infrastructure and other areas.

To support Africa's economic growth, the Ministry of Finance of the Government of Japan through strong partnership with the African Development Bank is promoting several initiatives.

To promote quality infrastructure and private sector-led growth, along with the African Development Bank, the EPSA, Enhanced Private Sector Assistance for Africa is underway which will provide \$3 billion Official Development Assistance loans over the course of the next 3 years.

JBIC is promoting FAITE, Facility for African Investment and Trade Enhancement, to promote diversification of the African economy and industrialization with a total amount of \$7 billion. Further, Deputy Prime

Minister Aso and President Adesina reached an agreement to inaugurate the joint Japan-Africa Energy Initiative between the Government of Japan and the African Development Bank.

The objective is to resolve the power shortage in Africa by using sophisticated technology of Japan with a special focus placed on clean coal technology to provide support towards energy-related projects in Africa. The Government of Japan is prepared to provide up to \$6 billion through ODA loans and JBIC.

These initiatives will surely deepen the win-win relationship between Africa and Japan.

Mr. Sugi concluded by praying for the success of the Japan-Africa Business Forum and further development of business between Japan and Africa.

Henry Mussa

Minister of Industry, Trade and Tourism – Republic of Malawi

Mr. Mussa conveyed fraternal greetings and best wishes from the President and people of Malawi.

He expressed sincere gratitude and appreciation to the government and people of Japan, African Development Bank, in being the organizers of the Japan-Africa Business Forum 2017, in Tokyo, Japan, for the excellent and unprecedented facilities. He also expressed delight in enjoying sushi, miso soup, Yebisu beer, all under the auspices of people of Japan and African Development Bank.

The overall objective of the forum is to provide business stakeholders from Japan and Africa an opportunity to share business ideas, opportunities and network on various thematic areas of energy and power, agriculture and agribusiness, infrastructure, trade and industrialization, financing for projects in Africa and health and sanitation.

In this regard, the forum will indeed provide increasing matching opportunities among business stakeholders so that more Japanese companies are able to do business and actively invest in Africa.

This forum could not have come at an opportune time like now when various countries in Africa are grappling on how to develop their economies with a view to uplifting the lives of their people. Poverty and underdevelopment are key issues that need to be addressed.

Everyone knows that the beauty of Japanese investors is credible and sustainable and is basically inclusive rather than extractive. These qualities make Japan desirable for Malawi. Development without reliable energy and power together with infrastructure development, trade and industrialization which is the focus of SADC, COMESA and the Tripartite Free Trade Area cannot be sustained.

Issues of increased agriculture production and food, self-sufficient, agribusiness and value addition remain important to the socioeconomic livelihood of the nations. An empowered nation should have healthy people, who are provided with habitable sanitation. Nevertheless, to undertake all these daunting tasks, there is a need for equity financing.

The policy in Africa encourages member states to invest in innovation and technology ability to expand manufacturing base. Africa needs Japan to invest in developing innovation and technology capabilities for the reason that Africa has limited capabilities with no financial muscle. Japanese companies need to take over the investment portfolio in Africa and develop the region into a formidable economic area that will be a model for the entire world. This can be done either through direct Japanese investment or through partnerships with local investors already established in the region.

The African presence at the Japan-Africa Business Forum reflects the confidence that Japan can achieve this goal through business discussion between Japan and Africa and considering the given context of Africa and developing an interest to look at the inherent and potential opportunities both individual and aggregated.

In terms of Malawi, under the transformational leadership of His Excellency, Professor Arthur Peter Mutharika, Malawi is implementing various reforms with a view to facilitating the ease of doing business. Currently, Malawi is at 133 out of 162 of the World Bank Ease of Doing Business Index. The desire is to be in the top 100 in the next round of assessment. Investment licenses in Malawi can now be obtained within 5 working days. Border agencies have been reduced from 22 to 5 days only in order to facilitate trade.

The Land Act was promulgated to allow the state to easily redistribute land to would-be investors. Various incentives, including tax holidays, investment allowances have been put in place for the would-be investors. Above all, the constitution of Malawi guarantees equal participation of business in qualifying areas. Further, Malawi is a free market economy and foreign investors are allowed to repatriate 100% of profits and dividends. The policy also allows 100% ownership of private investment unless stipulated. However, joint ventures with locals are encouraged for employment purposes.

Mr. Mussa concluded by expressing his sincere gratitude to African Diplomatic Corps and African Development Bank for organizing this forum.

Kunio Noji
Committee Chair – Sub-Saharan Africa of Keidanren
Board Chairman – Komatsu Limited

Mr. Noji thanked the governments of Africa, the business sector, African Development Bank and the ADC in Japan for the tremendous support and cooperation to the activities of Japanese business.

Against the backdrop of abundant natural resources, Africa is achieving a very high economic growth. The population exceeded 1 billion, with a growing middle class, who are being focused on by the world as an attractive and huge market in the making.

Japanese businesses have focused on the potential of Africa. Presently, in the respective countries of Africa, over 400 bases have been established and are engaging in different forms of business. For over 60 or for close to 60 years, Komatsu has been engaged in businesses in Africa and throughout Africa, with a head count of 1400 as group employees. Japanese businesses have been very positive in business in Africa and against this backdrop Keidanren has been contributing to the convening of the TICAD meetings.

Last year in Nairobi, Kenya, TICAD VI took place and saw the participation of Prime Minister Abe, Chairman of Keidanren, *Mr. Sakakibara* and over 100 businesses. TICAD VI's business declaration has been adopted which talks of a strong commitment to the African development and to the cooperation which will be rendered for business environment improvement in Africa.

The African Development Bank, the organizer of this conference, is committed to the High Fives: Light-Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, Improve the Quality of Life or the Quality of Africa. The TICAD VI Business Declaration is in alignment with this. The sustainable development in African is growing and is in alignment with the business circles' commitment to African development.

Going forward, there will be continued cooperation to the economic circles of Africa and cooperation with the Japanese government, the African Development Bank and other relevant organizations to promote trade and investment, infrastructure improvement, resources, energy, agriculture and human resources development.

Mr. Noji concluded by wishing the forum to be fruitful.