

## Japan-Africa Public-Private Economic Forum

### Summary

Johannesburg, 4 May 2018

#### 1. Introduction

Japan-Africa Public-Private Economic Forum was held in South Africa, 3-4 May 2018, under the presence of Mr. Hiroshige Seko, Minister of Economy, Trade and Industry (METI) and Dr. Rob Davies, Minister of Trade and Industry of South Africa. 28 Ministers and ministerial representations from 42 African countries in charge of trade, industry, energy, infrastructure and natural resources and ministerial representations from Japan in charge of foreign affairs and land, infrastructure and transport, and a total of 2000, participants were in attendance of this forum of which Japan External Trade Organization (JETRO) served as the secretariat. Representatives of business associations and councils such as KEIDANREN (Japan Business Federation), DOYUKAI (Japan Association of Corporate Executives), and Business Unity South Africa (BUSA), trade and investment promotion organisations such as JETRO and Kenya Investment Authority (KenInvest), development related organisations such as the Japan International Cooperation Agency (JICA), as well as international and multilateral organisations such as the African Development Bank (AfDB), the Development Bank of Southern Africa (DBSA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), the United Nations Industrial Development Organization (UNIDO), and the World Bank joined the forum. The exhibitions of Japanese products (Japan Fair) and African products were held alongside the forum. The exhibitions aimed to showcase Japanese and African products to open the way to new business frontiers.

In 2016, in Nairobi, Japanese Prime Minister Shinzo Abe announced Japan's initiative to launch the "Japan-Africa Public-Private Economic Forum" to be held in Africa with a view to accelerating the promotion of private-sector-led economic growth by encouraging further business encounters among Japanese companies and African companies.

The forum aimed to provide an opportunity for Japanese and African companies and the public sector to highlight their activities in Africa and explore possibilities of further facilitating mutually beneficial business partnerships. For the participating

countries, it represented an opportunity to capitalise on the presence of a wide range of business actors to reflect on their approaches to boost investment in their respective countries by leveraging necessary public and private resources. The forum also highlighted the challenges surrounding a private-sector-driven economic growth and showcased successful and innovative examples to explore ways forward. Business networking events were also arranged to generate new business opportunities for participating companies not only from Japan and Africa but also from third countries.

## **2. Summary of the forum**

H.E. Mr. Cyril Ramaphosa, President of the Republic of South Africa, had keynote address on 3<sup>rd</sup> May and showed his confidence that this forum will enable to break new ground in further advancing the relationship between the countries of Africa and Japan, and Japanese companies and the government of Japan are committed to the realisation of Africa's potential. He showed his expectation that Japan will collaborate with countries across the continent as they venture towards balanced, equitable and sustainable integration into the global economic system by sharing best-practice models of infrastructure development with the African continent. He also expressed that Africa can learn much from Japan's Kaizen philosophy, with its emphasis on productivity improvement, efficiency, support for SMEs and skills development.

Plenary sessions, with approximately 2000 participants, focused on the following cross-cutting themes of relevance to both African countries and Japan with ministerial representations from Japan, South Africa and other African countries

Cross-cutting topics:

- Opportunities and challenges for collaboration between Japan and Africa
- Energy and infrastructure enhancement in Africa
- New frontiers for business in Africa and challenges for transforming economies in Africa

Thematic sessions, focused on the following sectors and issues, provided an avenue for sector engagements between the business communities from Japan, African countries and third countries.

- Finance
- New business frontiers with new technologies
- Infrastructure, power and energy
- Skills development, SMEs, and entrepreneurship

- Showcase of Japanese business and partnerships with African and third countries

At the plenary session, the following general perspectives were broadly shared. Africa has significant potential of becoming a leading source of global economic growth with the fastest growing population, a rapidly growing middle class, and abundant natural resources. With the above potential, appropriate technologies, human resources, and the right partnerships are needed for the blossoming of the mutually beneficial economic relationship between Japan and African countries. On the other hand, African countries face challenges in transforming their economy through diversification and industrialisation. Such structural transformations of their economies is key to achieving sustainable and inclusive growth, while reinforcing the resilience to external risks.

Having recognised Agenda 2063 and the Addis Ababa Action Agenda, and the importance of African ownership, Minister Seko reiterated the significance of the role of the private sector to achieve the goals and targets of Africa by transforming African economies. Minister Seko highlighted the importance of creating mutually beneficial relationship between Japan and African countries with emphasis on the following four pillars, i) promoting infrastructure development by increasing the use of private finance, ii) expanding the fields of business activities such as ICT and agriculture, iii) increasing the number of business players by encouraging the business activities of SMEs and start-ups, and promoting partnerships with third countries, and iv) improving business environment.

The following policy fields are examples expressed by Minister Seko under his initiative:

- Promoting bankable and investable infrastructure projects and increasing inflow of private finance in the infrastructure market by mitigating risks in private sector business;
- Strengthening cooperation among financial institution including ECAs, MDBs and EXIM bank of the third countries to expand finance capacity for the projects in Africa;
- Encouraging the business activities of SMEs and start-ups, and exploring new fields of business activities in Africa by organising business missions to Africa and networking events;
- Expanding supports for the Japanese business activities in cooperation with UNIDO ITPO Tokyo;



- Enhancing multinational alliances of private sector activities in Africa by utilising JETRO's network in Europe, South Asia and the Middle East, and organising business missions and networking events;
- Supporting human resource development and technical cooperation in the fields of IPRs and natural resources;
- Concluding bilateral investment agreements between Japan and African countries to enhance business friendly environment for foreign investment by the private sector.
- Establishing a JOGMEC office in Johannesburg to promote investment in natural resources by the private sector.

The African side welcomed this initiative and showed its expectation to see further cooperation between Japan and African countries.

The successive session shed light on energy and infrastructure enhancement. In order to promote structural transformation and industrialisation in Africa, further development of infrastructure is indispensable. It was pointed out that aligned with the development needs of African countries, it is important to ensure economic efficiency and quality at the same time. Integrating regional markets, improving global and regional value chains, upgrading infrastructure and creating an enabling environment such as legal and procedural frameworks and its appropriate implementation will also make Africa more integrated in the global market and increase Africa's market value for business decision making.

Another key issue is how to benefit from recent development of technologies which will create new business opportunities. Not only existing companies but also start-ups and SMEs can also enhance accessibility of various services such as healthcare, education and finance in Africa. Both Japanese and African participants to the forum pointed out that African countries can take advantage of such transformation of technologies to achieve sustainable and inclusive growth. Appropriate policies, legal and regulatory frameworks need to be implemented in order to foster business on the front line.

African countries and business communities explained the current policies and activities to invite private investment in their respective countries and expressed their expectations of further involvement of the Japanese private sector in various fields such as infrastructure, agro processing, water, power, ICT, healthcare and so on. The African side also shed light on the importance of youth entrepreneurship in Africa for exploring business opportunities and stimulating the economy.

Japanese companies showcased their business activities in Africa and showed their expectations to explore future business opportunities while pointing out that good governance and transparency including anti-corruption measures, investor protection, fair dispute settlement and improved security are important elements to be tackled in order to foster robust business activities in Africa. They also stressed the importance of collaborating not only with African companies but also with third countries' companies in doing business in Africa.

Finance is another key issue to be addressed and special thematic session on finance was held with participation of AfDB, MIGA, Nippon Export and Investment Insurance (NEXI), DBSA, IFC, Japan Oil, Gas and Metals National Corporation (JOGMEC), Japan Bank for International Cooperation (JBIC), TURK EXIMBANK, World Bank and a commercial bank. While public finance will continue to be the most important source of infrastructure funding in Africa, it is not sufficient to meet all of the infrastructure needs. Therefore, it is crucial to mobilise private capital with the aim of filling the financing gap by creating an enabling environment, through such initiatives as formulating bankable and investable projects and mitigating various risks associated with projects in Africa. This special session focused on the role of private finance and methods of attracting more private finance to Africa while addressing challenges including lack of appropriate policy and regulatory frameworks in Africa. This session provided the information of financial tools and programmes and business case studies of various financial institutions available for the private sector. On this occasion, MIGA and NEXI concluded MOU on reinsurance with which the private sector can explore further business opportunities in Africa.

At the closing session, an expectation was expressed that participants of the forum constitute the nucleus of cooperation and work together for realising economic diversification and industrialisation in Africa. 16 MOUs were signed among participants as the concrete outcomes of this forum.

Further promoting investment to Africa and strengthening Japan-Africa economic relationship are expected at the occasion of TICAD VII which will be held in Japan in 2019.

Sincere appreciation was expressed to the Government and the people of the Republic of South Africa for the warm hospitality extended to the participants of the forum.