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Improving the Flow of Business and Investment between Japan and the EAC: The role of the Private Sector

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MY OBSERVATIONS AS SPEAKER AT THE JAPAN – EAST AFRICAN COMMUNITY (EAC) INVESTMENT SEMINAR ORGANIZED BY THE JAPANESE AUTHORITIES AND THE EAC SECRETARIAT / MARCH 2014

- EAC: Dynamic and fast growing Region
- Japanese firms are very good performers and Quality Investors in Africa, in terms of business growth, employment, value addition, profits and local supplier development
- However, the presence of Japanese companies in the EAC is modest compared to other Foreign Investors, especially European, Indian, Chinese
- The role of Regional and National Institutions like EAC Secretariat and IPAs
- What about the Private Sector?
- EAST AFRICAN BUSINESS COUNCIL (EABC)

Challenges for Doing business between Japan and the EAC: From Japanese Private Sector side

- Important lack of information and data on EAC market and business opportunities
- According to recent study by UNIDO on Investments in the EAC, Japanese companies seem to benefit less from incentives than other Foreign companies
- Identifying local potential partners
- Lack of visibility of the business environment
- Infrastructure (Transport, energy)
- JETRO Study

Challenges for Doing business between Japan and the EAC: From EAC Private Sector side

- Lack of information on what Japanese companies can offer in terms of technology, supplier development, skills development, etc.
- Lack of “tradition” of doing business with Japan (when compared to West, India or even China)
- Culture
- Lack of knowledge of Japanese market and requirements
- Insufficient support institutions / mechanism (finance, information)

■ Opportunities for Doing Business in East Africa

- Most dynamic Region in Sub-Saharan Africa in terms of growth and investment / Most integrated common market / 140+M pop
- Rising middle class
- Growing level of available human and physical infrastructure
- Improving levels of business services
- Growing opportunity Sectors (Agribusiness, Manufacturing, Infrastructure, Energy, Telecommunication, Health and Education, Services)
- In the EAC, Joint Ventures between Foreign Investors and local Private sector invested more than totally Foreign owned companies or totally Domestic companies
- **MOST IMPORTANT: Mature and Dynamic Local Private Sector**



A FEW SUGGESTIONS FOR THE WAY FORWARD (1)

- Nominate within the EABC Secretariat a Focal Point that could provide information and data on EAC business opportunities for Japanese companies and identify local partners
 - Institutionalize the Business and Investment Monitoring Platform within the EABC (database of over 7,000 companies)
 - Dedicated EABC Officer to interact with Japanese Private Sector through Delegate Programme with UNIDO ITPO Tokyo
 - EABC's Advisory role to EAC Secretariat for improving Business climate/policies

A FEW SUGGESTIONS FOR THE WAY FORWARD (2)

- Organize in 2015, in the EAC Region a Business Forum between the Private Sectors of the EAC and Japan. This could be followed by Business seminars focusing on specific sectors.
 - B2Bs based on pre-identified project and partnership proposals
 - Contributes to creating stronger relations and understanding between the business communities of the EAC and Japan.
 - Discussions on business strategies (e.g. how can Japanese companies can take advantage of RTAs or other business or investment agreements)

A FEW SUGGESTIONS FOR THE WAY FORWARD (3)

- Identify Private Sector “champions”, in other words businessmen in Japan and the EAC to promote the “Japan – EAC Agenda”. The first champions could be the EAC and Japanese members on this distinguished Panel.
- Disseminate information on success stories within respective business communities

HOW CAN UNIDO ASSIST?

UNIDO Private Sector and Partnership Networks in the EAC

- UNIDO ITPO Tokyo as starting point
- Investment Promotion Agencies - AfrIPANet
- Private Sector Associations
- UNIDO Upgrading and Restructuring Offices
- UNIDO Cleaner Production Centers
- UNIDO SME Technical Assistance projects
- UNIDO Representative Offices
- UNIDO Subcontracting and Partnership Exchange

Conclusions

THE TIME IS RIGHT

- TICAD Momentum
- Strong political will on Japanese and African side
- Private sector is seen as the main driver of the TICAD Agenda
- Practical / business-related solutions
- Business Facilitation Networks are available

THANK YOU!



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