



FY2021

Survey on Business Conditions of Japanese Companies in Africa

- Business sentiment recovered to the same level as in previous years, but varied by country;
Promising areas are food, electrical power and renewable energy-**

Japan External Trade Organization (JETRO)

Overseas Research Department

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* For the “Policy on human rights, including labor, safety and health in the supply chain,” “Response to environmental issues,” and “Use of digital technologies and issues,” please refer to “2021 Survey on Business Conditions of Japanese Affiliated Companies Global Edition - .”

Key Points

- Business sentiment recovered to the same level as in previous years, but varied by country;**
– Promising areas are food, electrical power and renewable energy –

01

Operating Profit Outlook

The percentage of companies expecting operating profit in 2021 increased by 12.7 points from the previous year to 49.2%, on par with previous years. While the percentage for South Africa was above the global average, it was below the global average in all other countries. In some countries, the figure did not yet recover to pre-COVID-19 levels or have decreased from 2020.

02

Future Business Outlook/ Investment Environment in Africa

The percentage of companies expecting business expansion increased by 6.8 points to 48.6%. More than 70% of companies operating in Africa highly evaluated the market size/growth potential. On the other hand, more than 50% of the companies answered that there were investment risks related to the development and implementation of regulation or legislation and unstable situations. AfCFTA continued to attract a high level of attention.

03

Business Areas with Future Promise/ Countries of Interest

Top promising business areas are food in the consumer market and electrical power in the infrastructure market. In the resources and energy category, renewable energy accounted for more than 80% of the answers, surpassing the percentage for natural gas and oil. As in the previous years, countries of interest are Kenya, South Africa and Nigeria (from the 1st place to the 3rd place). Ghana ranked 4th, because it was highly evaluated as the business hub in West Africa.

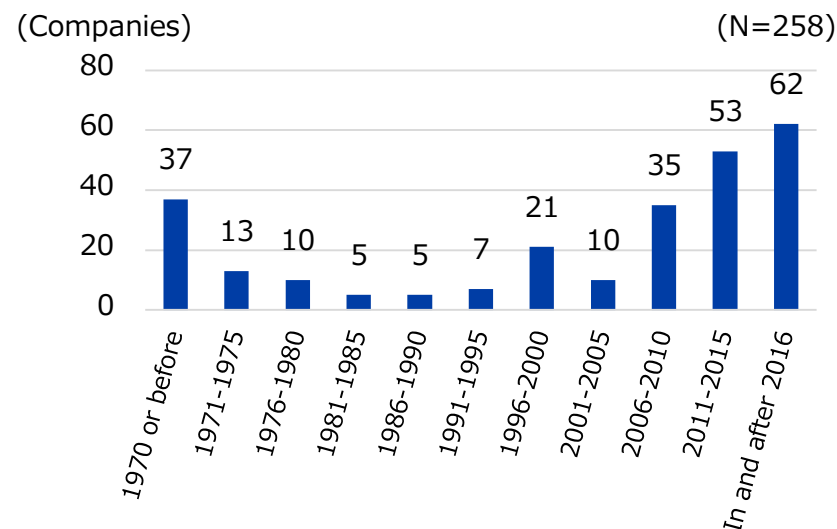
Survey Overview & Company Profile

Survey Overview

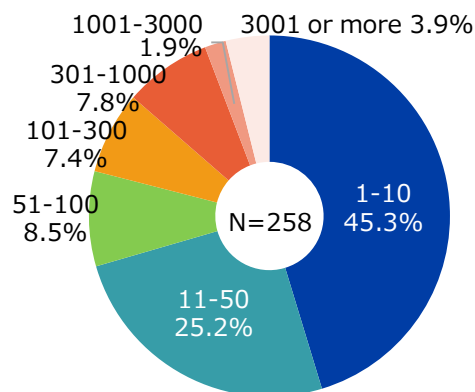
2021 Survey on Business Conditions of Japanese Companies in Africa

- ◆ Survey Period: September 1st - September 30th, 2021
- ◆ Response rate: 77.0%
Valid responses received from 258 companies in 20 countries out of 335 companies in 23 countries surveyed
* See details on the next page
- ◆ Survey target: Japanese companies in Africa
* A Japanese company in Africa, is a company that receives capital contribution from any Japanese company, regardless of the investment ratio or number of Japanese expats present.

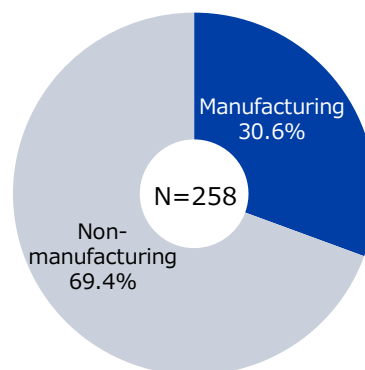
Year of Establishment



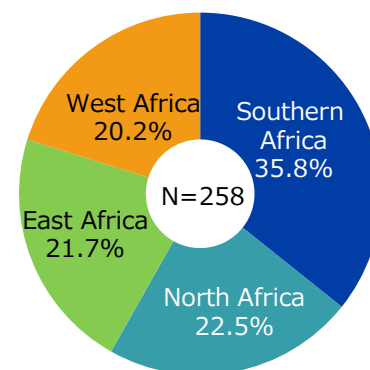
Total Number of Employees



Industry (Manufacturing/Other)



Composition of companies responded by region (see p.5 for details)



Note: Branches and representative offices that did not obtain an operating profit reported the operating profit of higher-level organizations, such as their head office, in the relevant market.

Valid responses received from 258 companies (in 20 countries)

	# of Companies surveyed	# of Companies responded		Valid response rate
		# of Valid Responses () = Manufacturers	% share	
Total count	335	258(79)	100.0	77.0
North Africa	80	58(18)	22.5	72.5
Morocco	35	23(10)	8.9	65.7
Egypt	35	26(6)	10.1	74.3
Algeria	5	5(0)	1.9	100.0
Tunisia	5	4(2)	1.6	80.0
West Africa	69	52(11)	20.2	75.4
Nigeria	25	19(5)	7.4	76.0
Ghana	15	10(1)	3.9	66.7
Cote d'Ivoire	14	10(3)	3.9	71.4
Senegal	14	13(2)	5.0	92.9
Burkina Faso	1	0(0)	0.0	0.0
East Africa	68	56(17)	21.7	82.4
Kenya	44	34(9)	13.2	77.3
Tanzania	6	5(1)	1.9	83.3
Ethiopia	9	9(4)	3.5	100.0
Uganda	4	3(2)	1.2	75.0
Rwanda	5	5(1)	1.9	100.0
Southern Africa	118	92(33)	35.8	78.0
South Africa	83	68(28)	26.4	81.9
Mozambique	14	10(2)	3.9	71.4
Zambia	9	6(2)	2.3	66.7
Angola	2	2(1)	0.8	100.0
Madagascar	4	4(0)	1.6	100.0
Malawi	1	0(0)	0.0	0.0
Mauritius	2	1(0)	0.4	50.0
Zimbabwe	2	0(0)	0.0	0.0
Botswana	1	1(0)	0.4	100.0

Note 1: The component percentages in the tables and charts have been rounded off to the 2nd decimal place, therefore the percentage of each answer may not amount to 100%. As a result, some of the total figures do not add up to 100%.

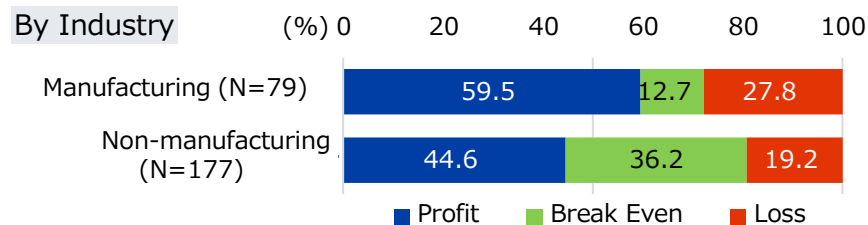
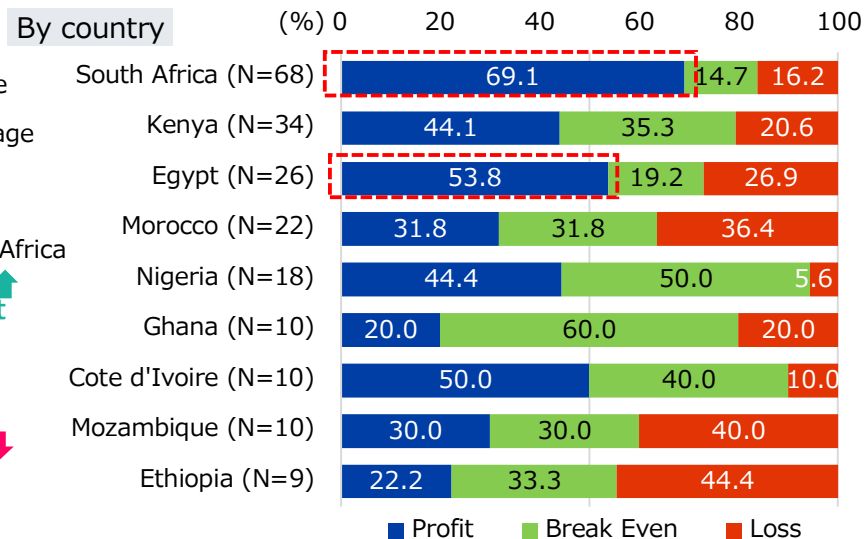
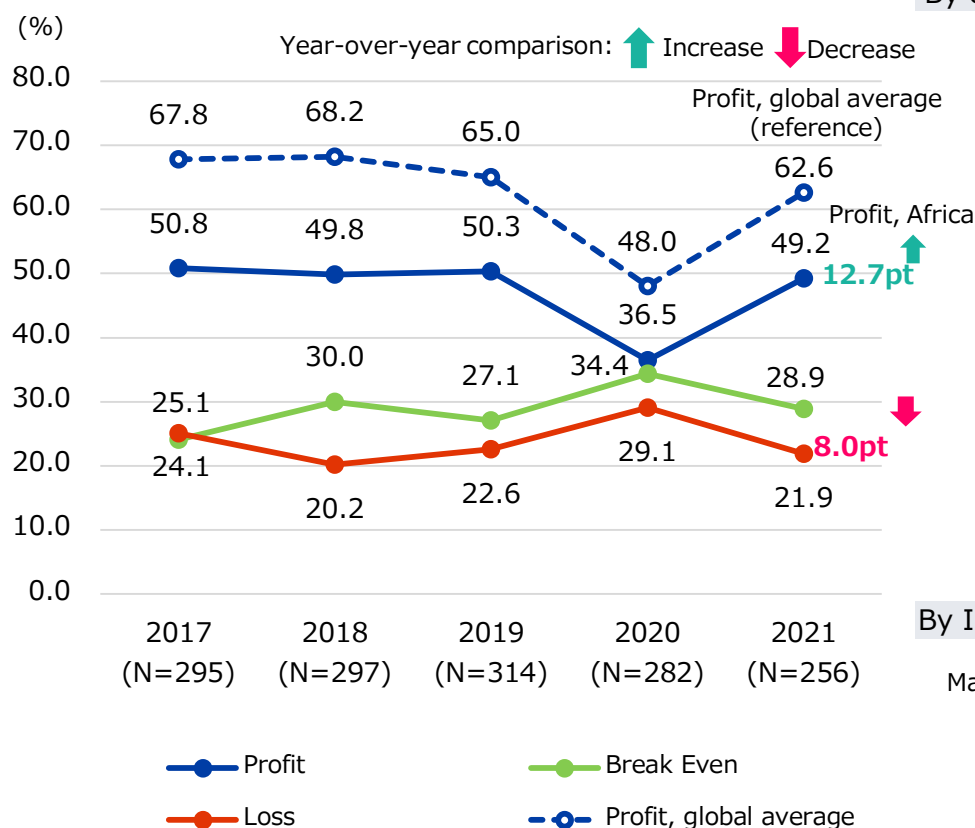
Note 2: "N" written in the report is the number of valid responses (parameter.)

I. Operating Profit Outlook

1 | 2021 Operating Profit Forecast(Trends, by Country)

- The percentage of companies expecting operating profit for 2021 increased 12.7 points from the previous year, recovering to the same level as in the previous years. However, it falls short of the global average. The percentage of companies expecting loss decreased by 8.0 points to 21.9%.
- By country, more than half of the companies in South Africa, Egypt, and Cote d'Ivoire answered they expected profit. The percentage was 69.1% for South Africa, exceeding the global average. On the other hand, the percentage of companies that expected loss exceeded that expected profit for Morocco, Mozambique and Ethiopia.

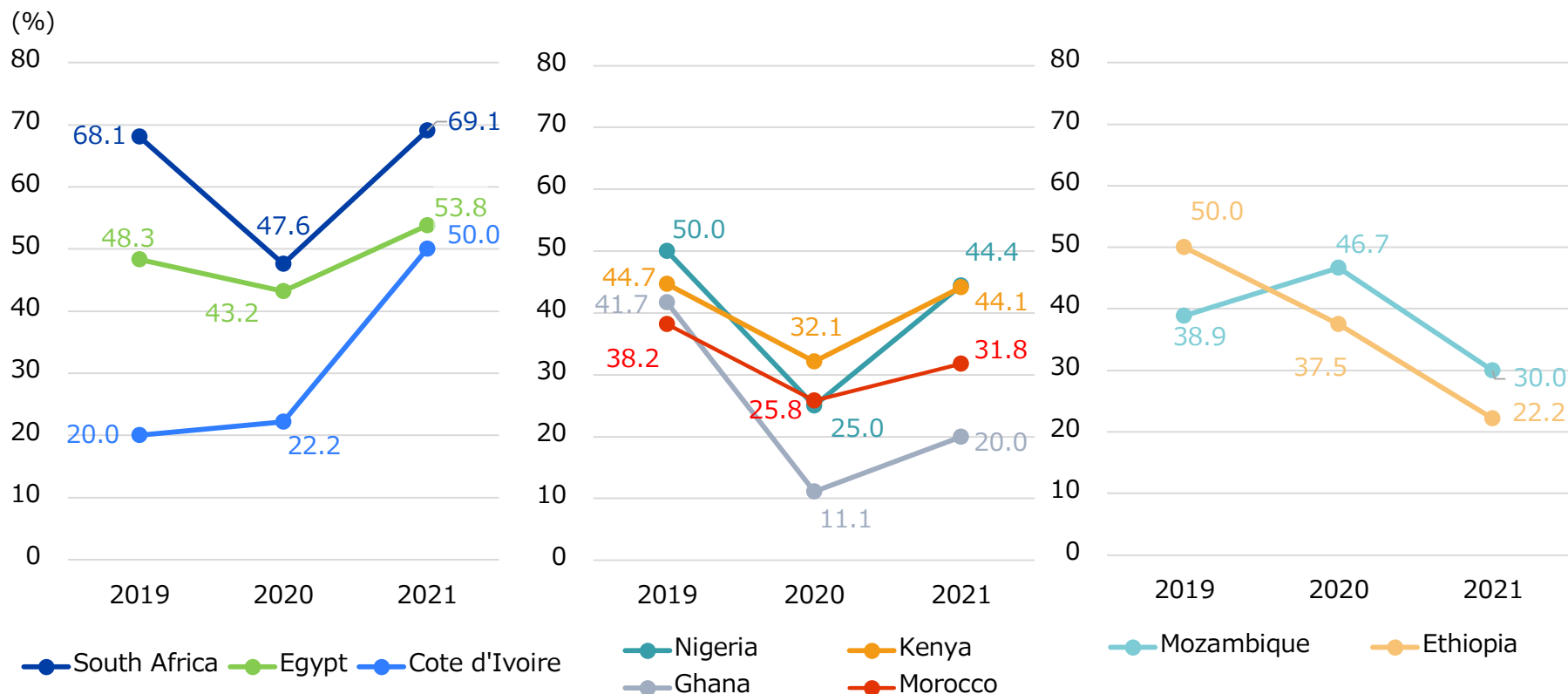
Operating Profit Forecast Trends



2 | 2021 Operating Profit Forecast (Trends of the Proportion of Companies Expecting a Profit, by Country)

- The charts below show the trends in operating profit forecast over the past three years.
 - For South Africa, Egypt and Cote d'Ivoire, the percentage have recovered to the levels above those before the COVID-19 pandemic (2019).
 - For Kenya, Morocco, Nigeria and Ghana, it recovered from the previous year's level but did not reach the pre-pandemic level.
 - For Mozambique and Ethiopia, companies that expected profit declined from 2019 and 2020.

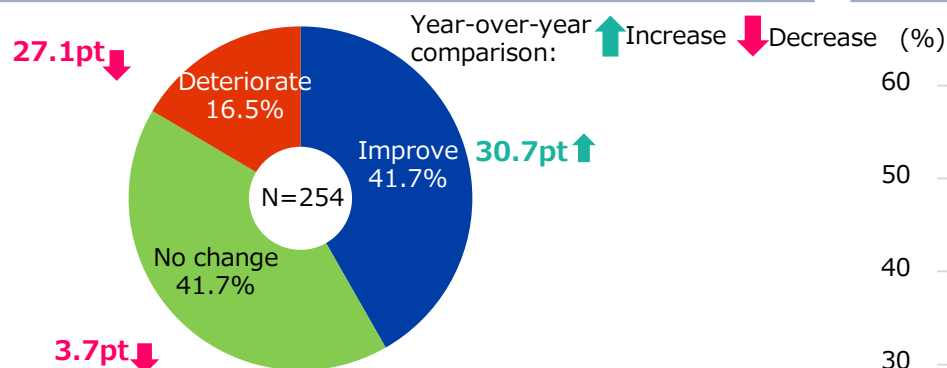
Trends in the Percentage of Companies Expecting Profit in Major Countries



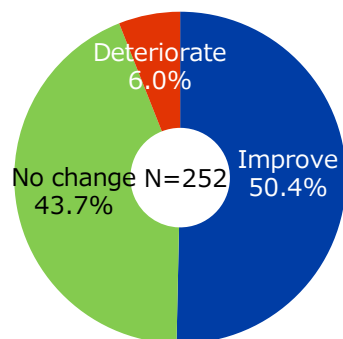
3 | 2021 Operating Profit Forecast and 2022 Outlook (Y-o-Y)

- 41.7% of companies expected their operating profit to improve 30.7 points from the previous year. 16.5% of the companies answered they expected loss, down 27.1 points from the previous year.
- For 2022, 50.4% of companies said they expected improvement from 2021, and 6.0% expected deterioration. About half of the companies expected that the recovery in 2022 to be greater than in 2021.

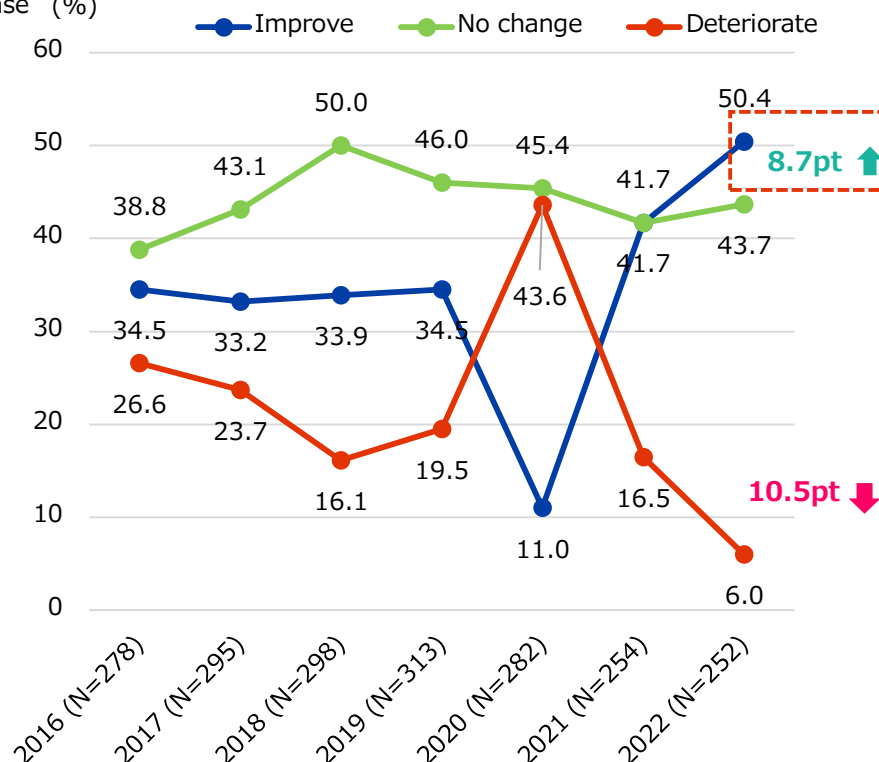
2021 Operating Profit Forecast (Y-o-Y)



2022 Operating Profit Outlook



Operating Profit Forecast Trends



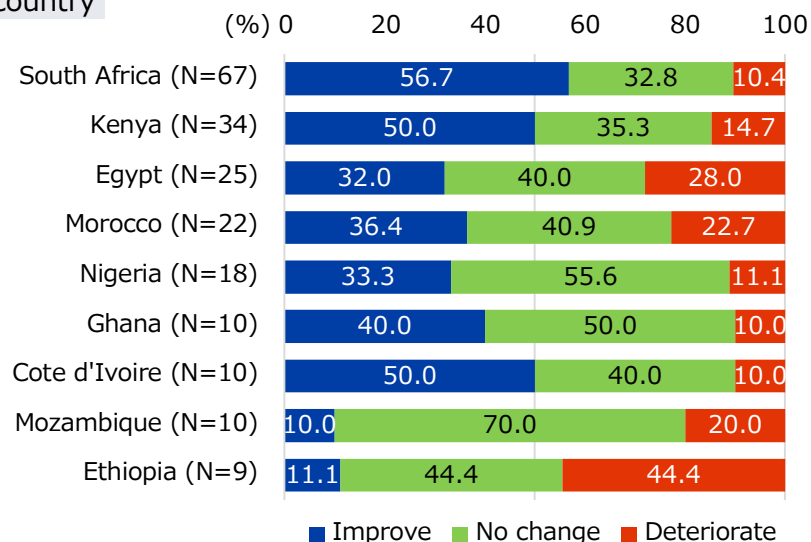
Note: forecast for 2016 - 2021; outlook for 2022

4 | 2021 Operating Profit Forecast and Outlook for 2022 (by Country / by Industry)

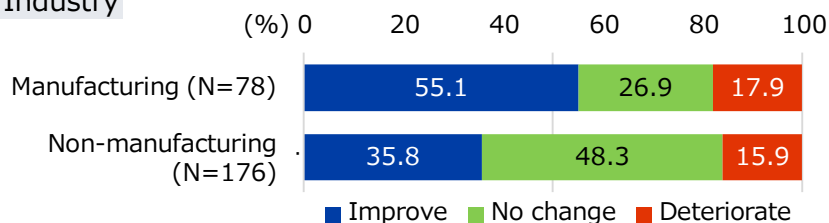
- For 2021, more than 50% of companies operating in South Africa, Kenya and Cote d'Ivoire answered "improvement" compared to the previous year.
- For 2022, more than 50% of the companies operating in South Africa, Kenya, Morocco, Ghana, Cote d'Ivoire and Mozambique answered "improvement".

2021 Operating Profit Forecast (Y-o-Y)

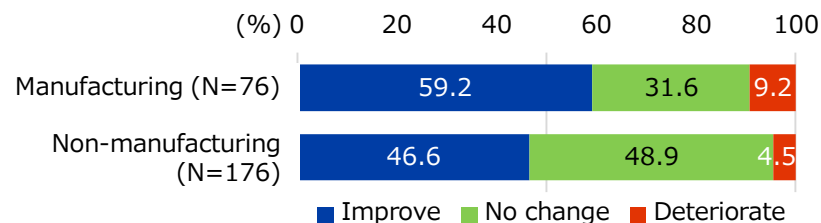
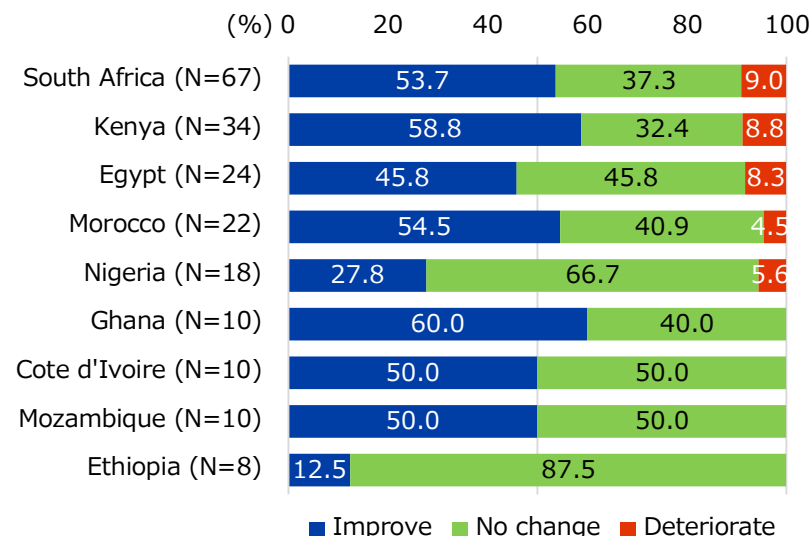
By country



By Industry



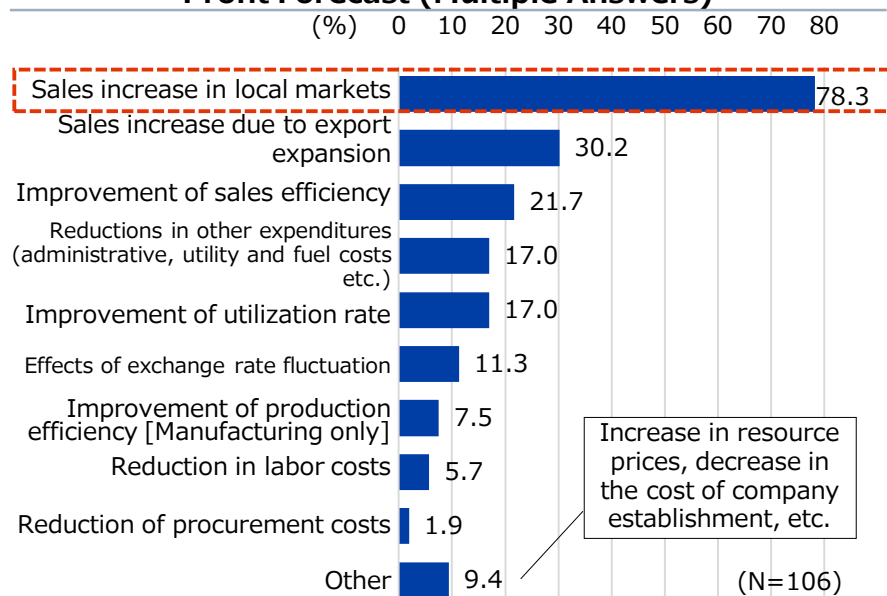
2022 Operating Profit Outlook



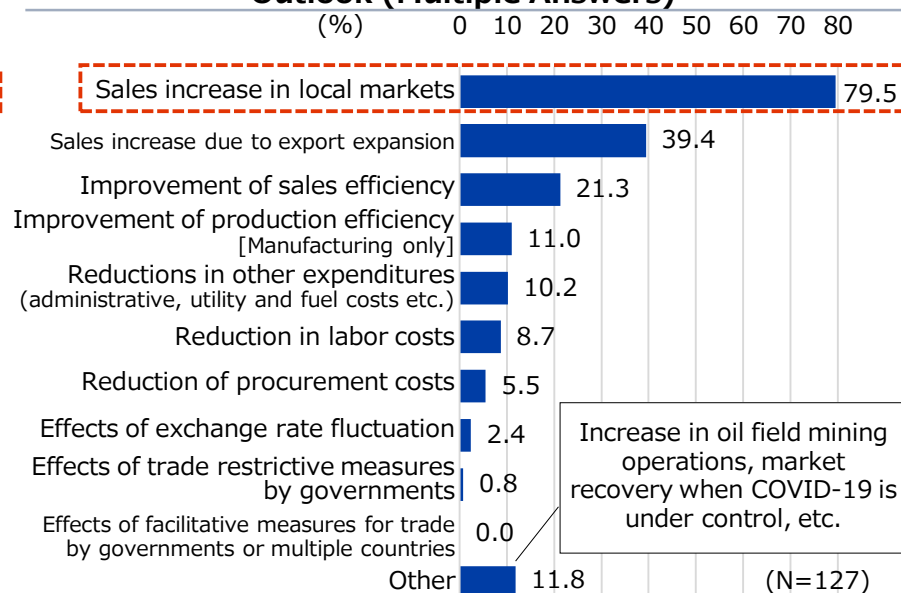
5 | 2021 Operating Profit Forecast and 2022 Outlook (Reasons for Improvement)

- For both 2021 and 2022, about 80% answered “sales increase in local markets,” which was the highest. This was followed by “export expansion” and “improvements in sales efficiency”. For 2021, “reduction in other expenditures” (17.0%) and “improvements in operational efficiency” (17.0%) ranked high.
- More than half of the companies that answered that sales increased in “local markets” and due to “export expansion” attributed the increase to a rebound from the previous year.

Reasons for Y-o-Y Improvement of 2021 Operating Profit Forecast (Multiple Answers)



Reasons for Improvement of 2022 Operating Profit Outlook (Multiple Answers)



Reasons for Y-o-Y Improvement in 2021 Operating Profit Forecast (Multiple Answers) (N=106)

Reasons for improvement (Descending order)	Response rate	Due to reactionary increase from sales decrease in the previous year attributable to the COVID-19 pandemic	Due to sales increase caused by the COVID-19 pandemic	Other factors
1 Sales increase in local markets	78.3%	56.6%	19.7%	35.5%
2 Sales increase due to export expansion	30.2%	58.1%	19.4%	45.2%

6 | 2021 Operating Profit Forecast and 2022 Operating Profit Outlook (Reasons for Deterioration)

- The most common reason for forecasting the decrease of operating profit for 2021 was “sales decrease due to export slowdown” at 48.7%.
- For 2022, the most common answer was “sales decrease in local markets” at 40.0%.

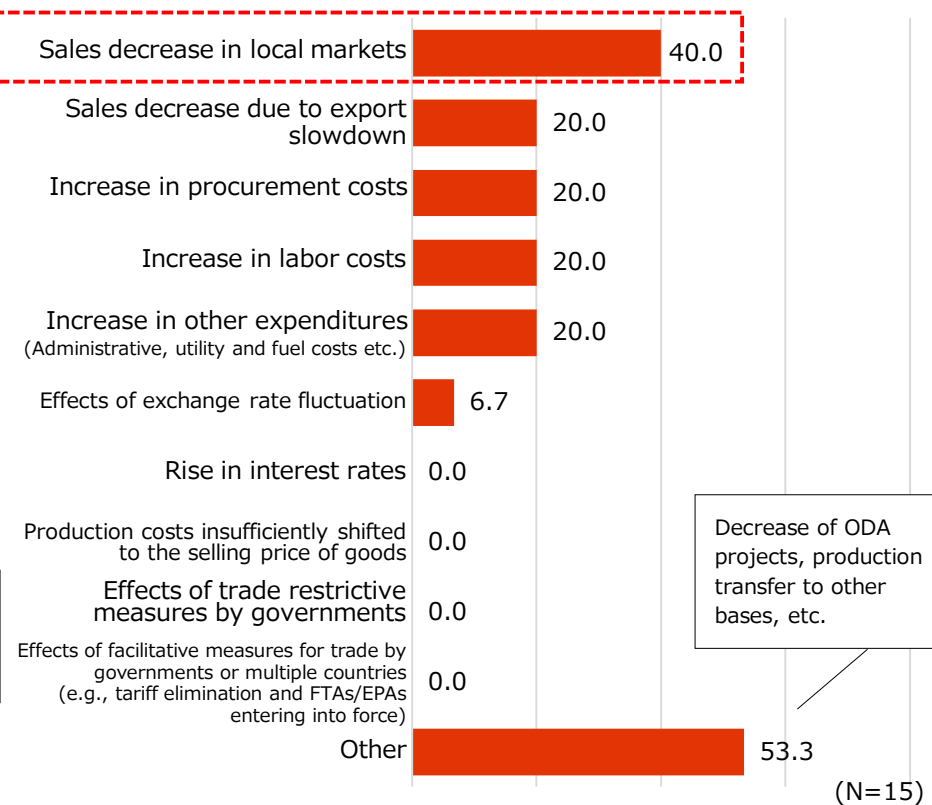
**Reasons for Y-o-Y Deterioration in 2021
Operating Profit Forecast (Multiple Answers)**

(%) 0 20 40 60 80



Reasons for Deterioration in 2022 Operating Profit Outlook (Multiple Answers)

(%) 0 20 40 60 80

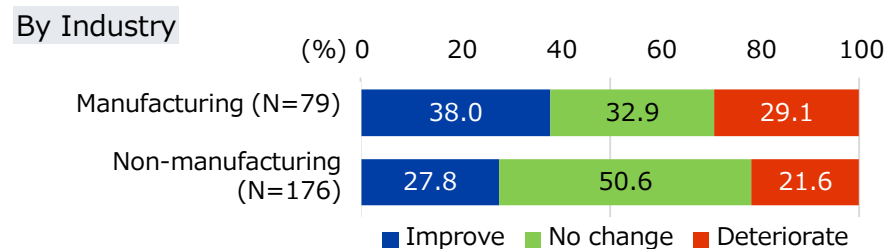
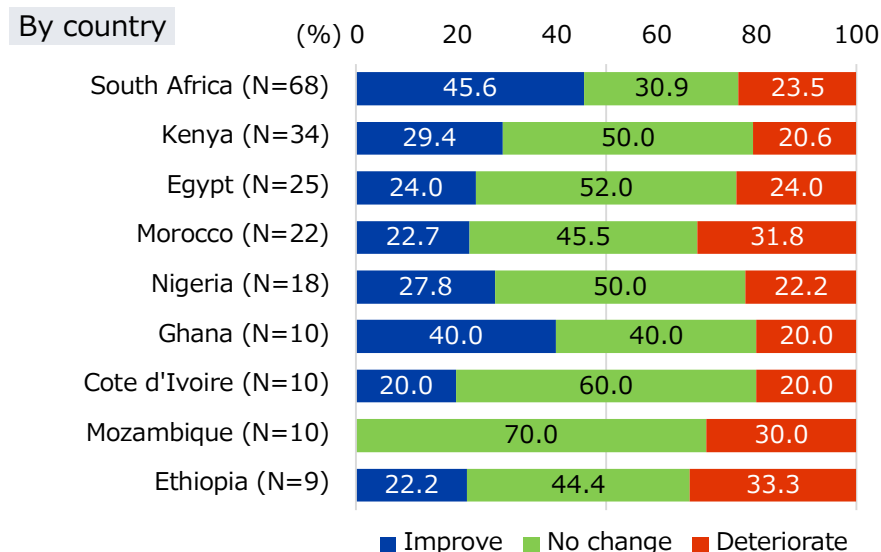
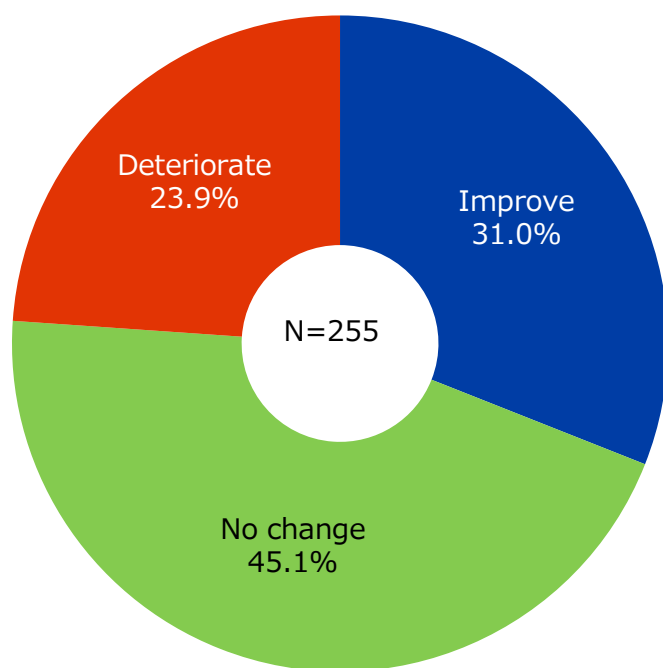


7 | 2021 Operating Profit Forecast

(Compared to 2019 [January-December] results before COVID-19 pandemic)

- Compared to the pre-pandemic period (comparison between 2019 and 2021), 31.0% of companies answered that their business performance improved, while 23.9% answered that it deteriorated.
- While more than 40% of the companies in South Africa and Ghana answered “improved”, it was below 30% in other countries.

(Compared to 2019 [January-December] results before the COVID-19 pandemic)

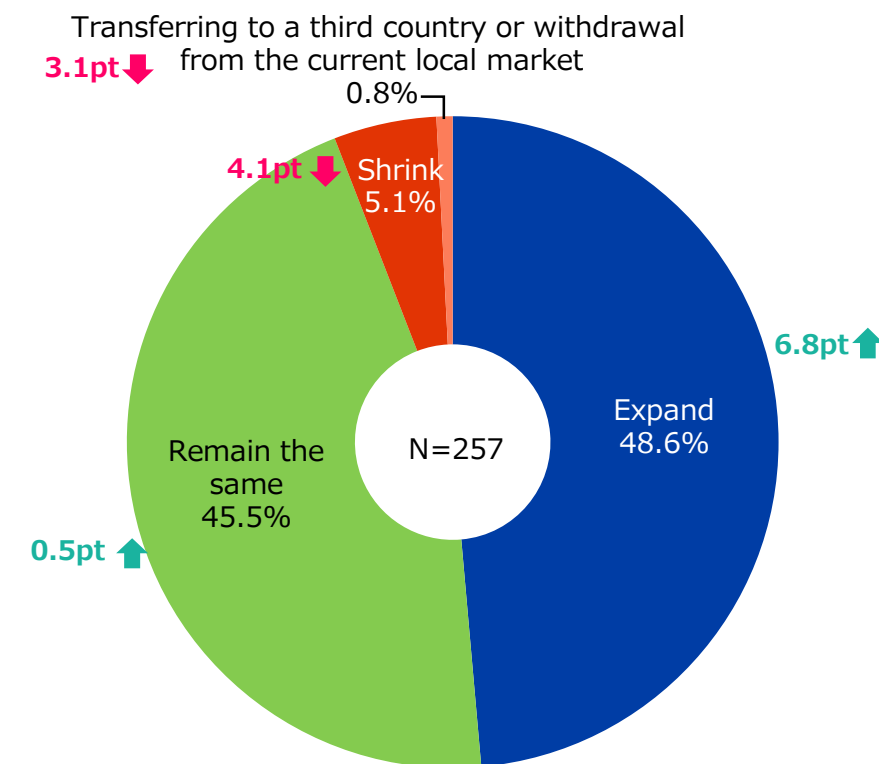


II. Future Business Outlook

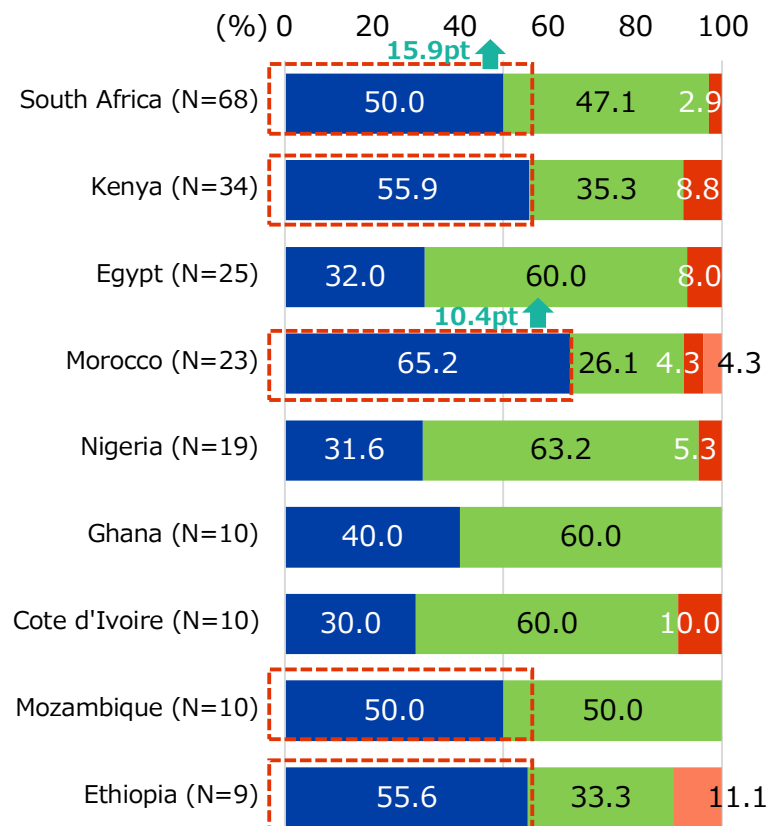
1 | Future Business Outlook: (Overall / by Country)

- Of all companies answered, 48.6% answered that their business will “expand” in the next 1-2 years, up 6.8 points from the previous year.
- Of the countries in which more than 50% of the companies answered “expand” (South Africa, Kenya, Morocco, Mozambique and Ethiopia), the percentage significantly increased in South Africa (+15.9 points) and Morocco (+10.4 points) compared to the previous year.

Direction of Business Operations in the Next One to Two Years



Year-over-year comparison: ↑ Increase ↓ Decrease

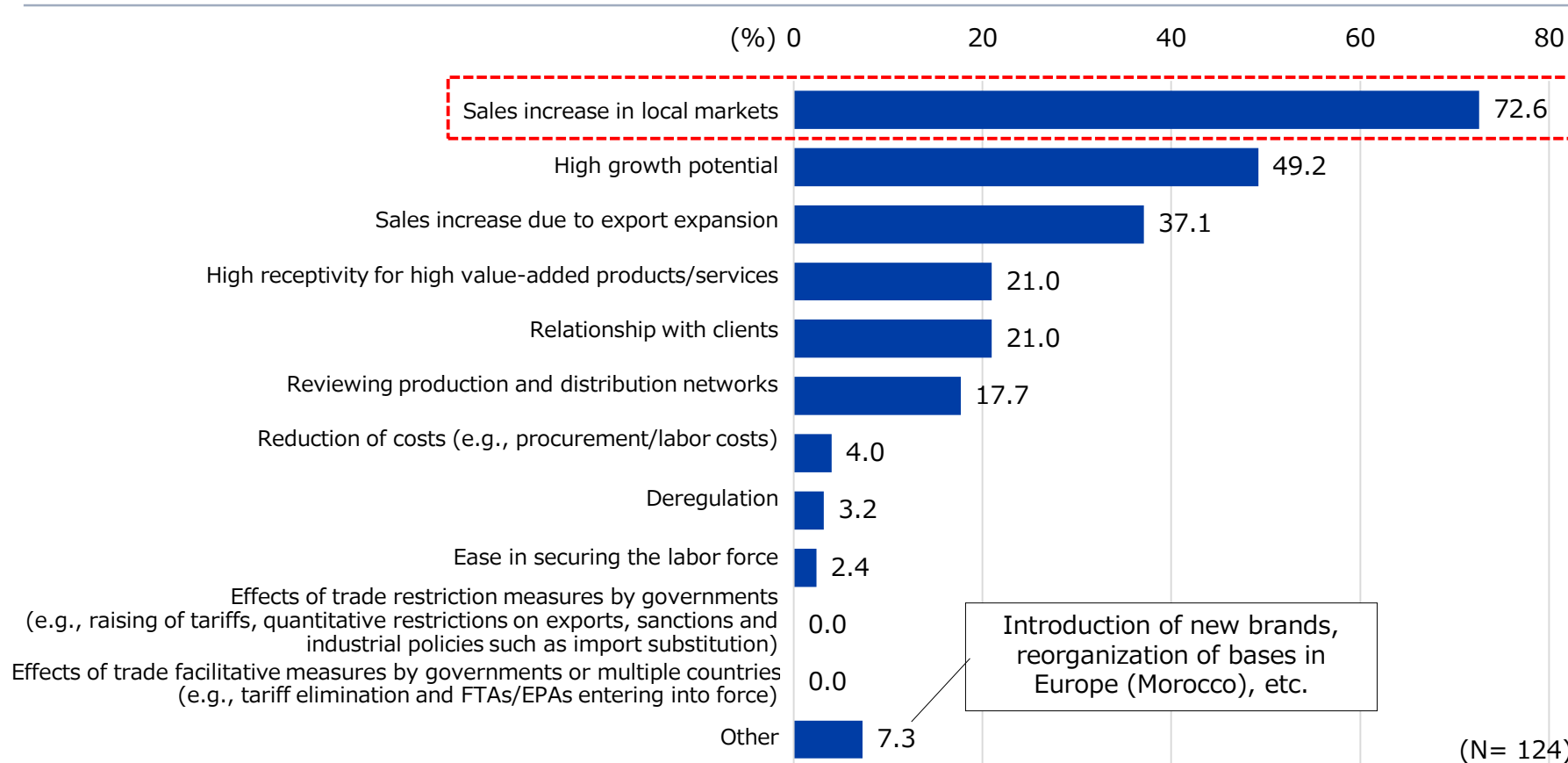


■ Expand ■ Remain the same ■ Shrink
■ Transferring to a third country or withdrawal from the current local market

2 | Future Business Outlook: (Reasons for Expansion)

- 72.6% of the companies cited “sales increase of local markets” as the reason for business expansion, which was the highest.
- This was followed by “high growth potential” at about 50% and “sales increase due to export expansion” at about 40%.

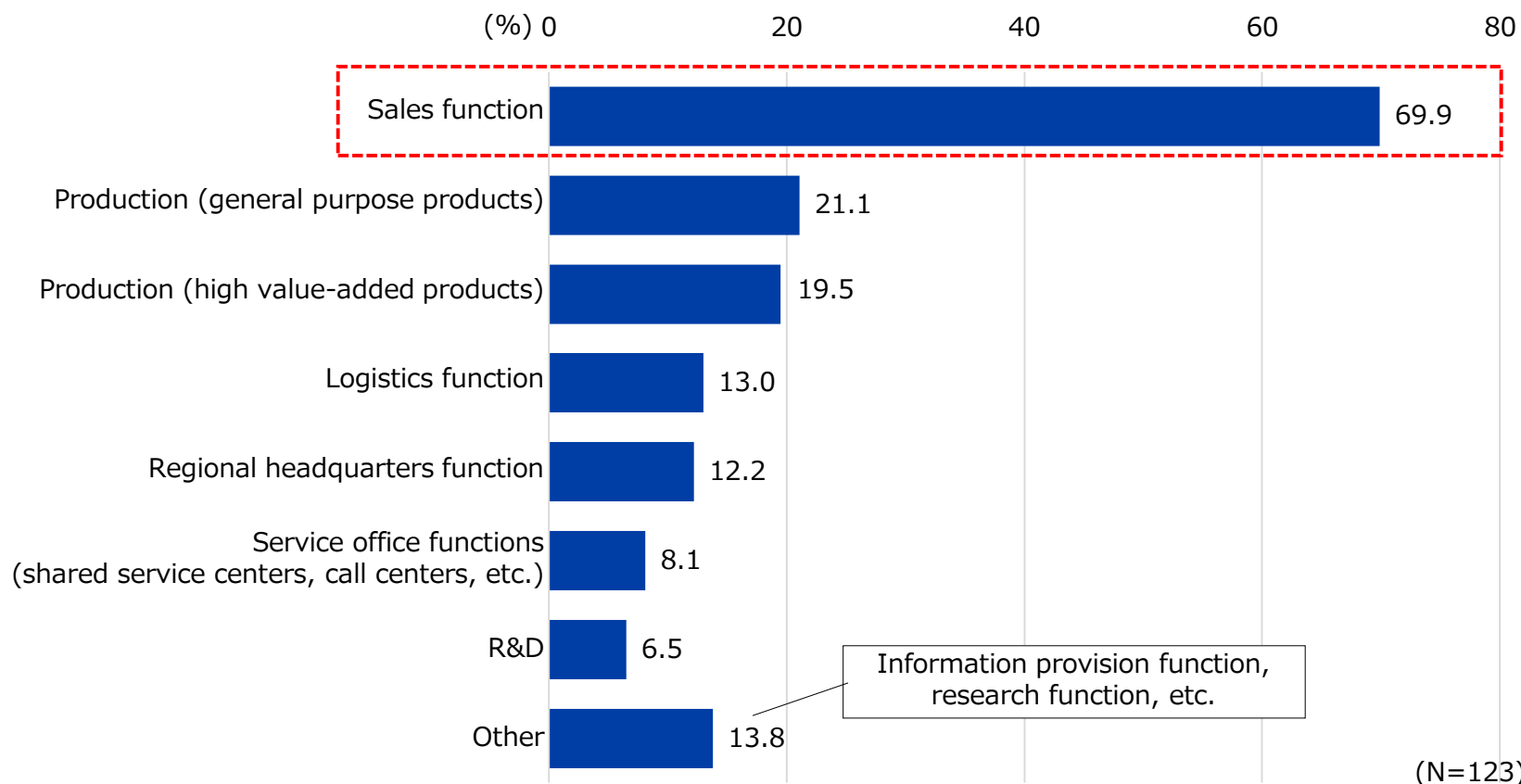
Reasons for Business Expansion (Multiple Answers)



3 | Future Business Outlook: Functions to be Expanded

- The function for which business expansion is planned is “sales function,” highest at about 70%.
- The percentage for production function of “general-purpose products” and “high-value-added products” remained at about 20%.

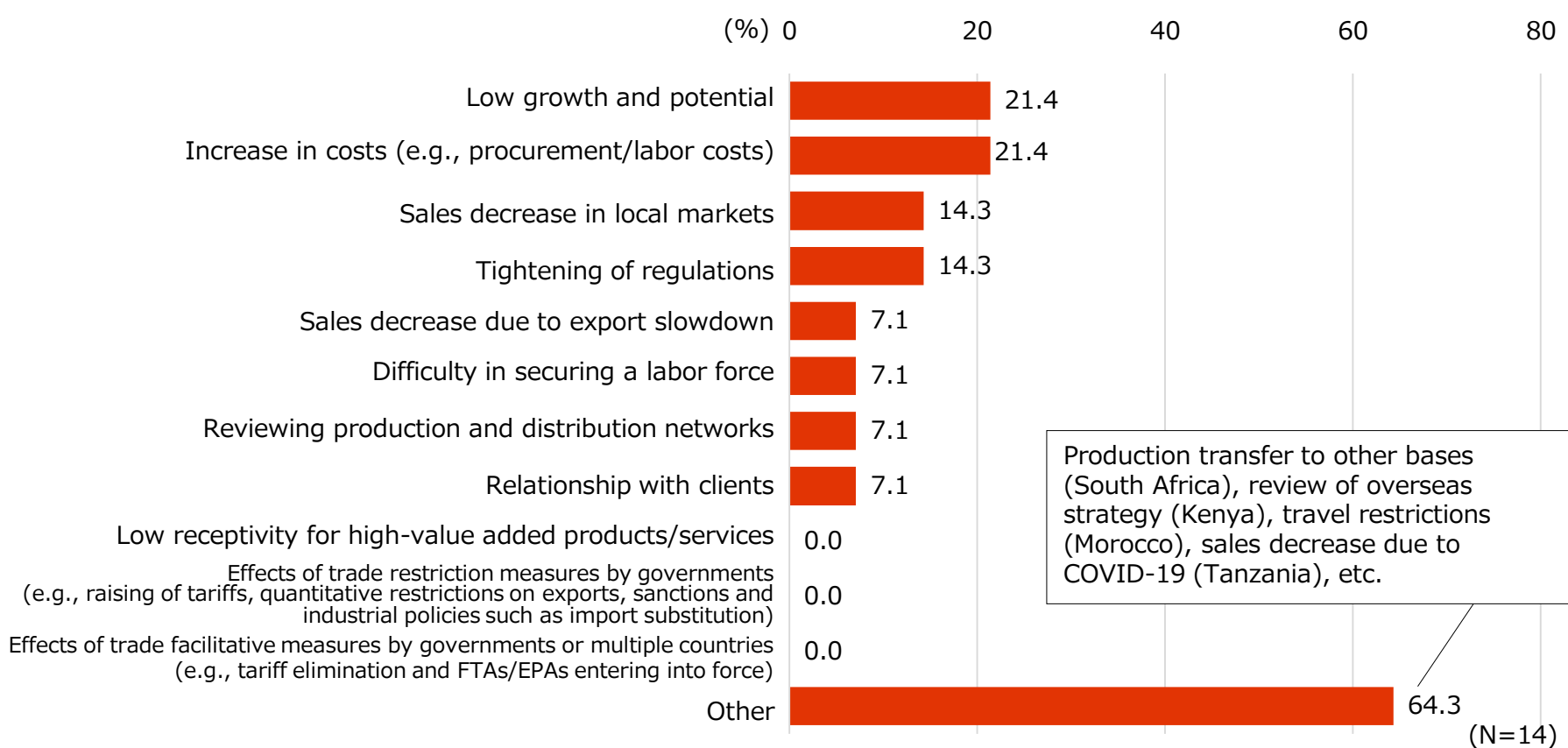
Specific functions to be expanded (Multiple answers)



4 | Future Business Outlook: (Reasons for “shrink,” “relocation or withdrawal to third countries”)

- The most common reasons for “shrink” were “low growth and potential” and “increase in costs” at 21.4%.
- Reasons included in “others”, were transfer of production to other bases and a review of overseas strategies.

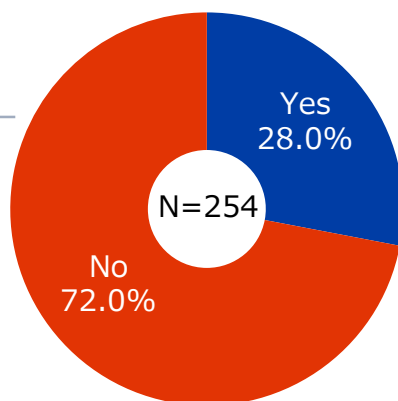
Reasons for “Reduction,” “Relocation or Withdrawal to Third Countries (Regions)” (Multiple answers)



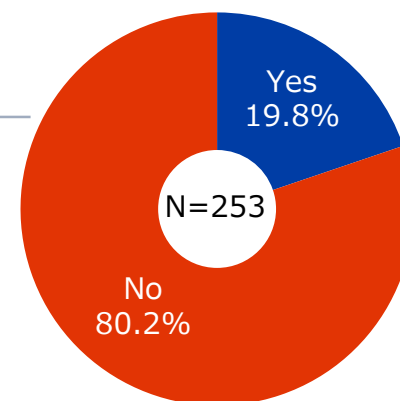
5 | Plan to review business strategy

- For all business strategies, more than 70% of respondents have no plans to review.

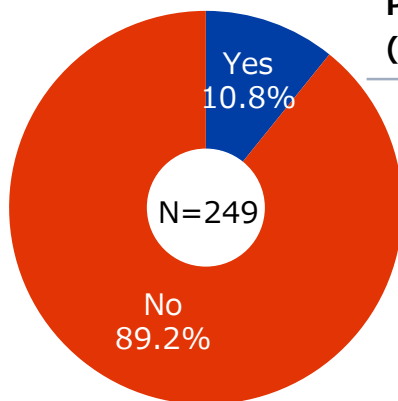
Plans to review sales strategy
(Single answer)



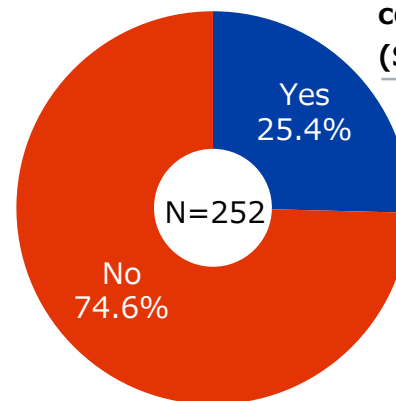
Plans to review procurement
(Single answer)



Plans to review production
(Single answer)



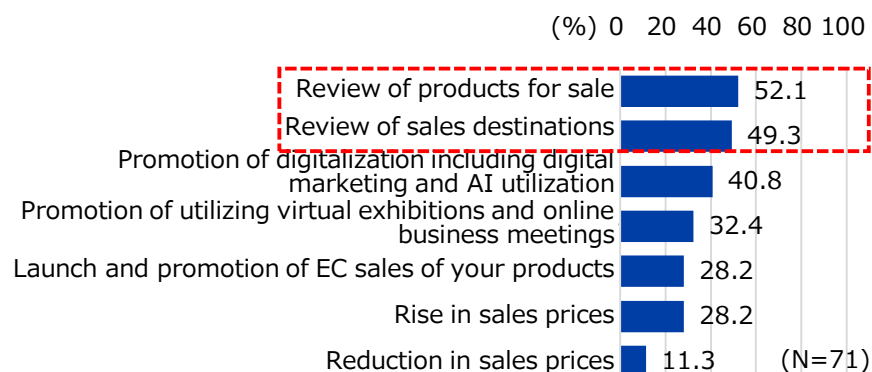
Plans to review control/management system
(Single answer)



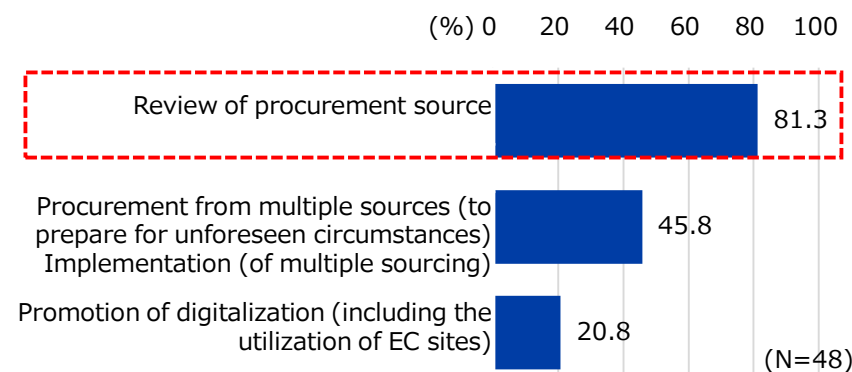
6 Contents of the review of business strategy

- In the review of sales strategies, about 50% of the companies answered “products for sale” and “customers”.
- In the review of procurement, the most common answers were “review of suppliers” in procurement, “increasing new investment/capital investment” in production, and “expanding working at home and teleworking” in control/management.

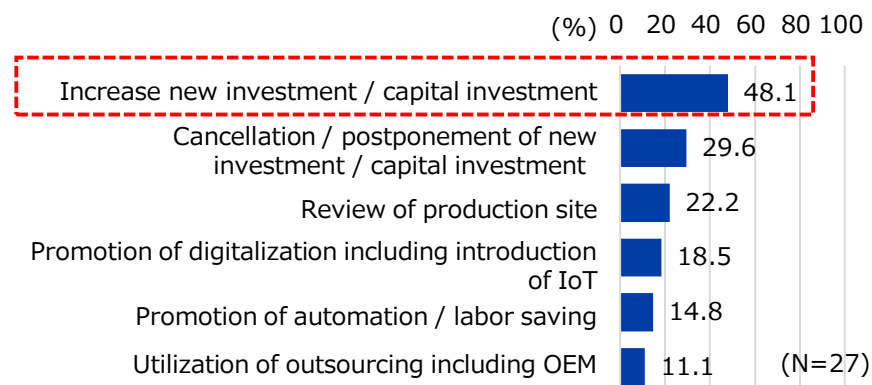
Contents of the review of sales strategy



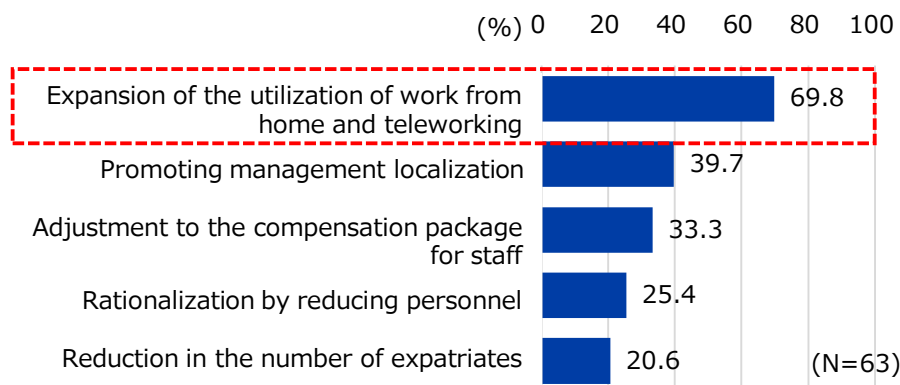
Contents of the review of procurement



Contents of the review of production



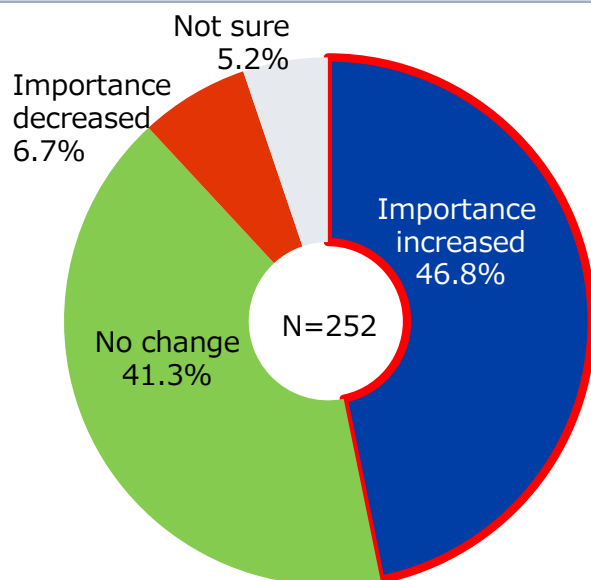
Contents of the review of the control/management system



7 | Positioning of Africa in the Global Business Strategy (Comparison between Five Years Ago and Five Years from Now)

- 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. There were expectations for market expansion and the AfCFTA. On the other hand, some companies said that COVID-19 pandemic made it difficult for them to foresee the future.

Positioning Compared to Five Years Ago



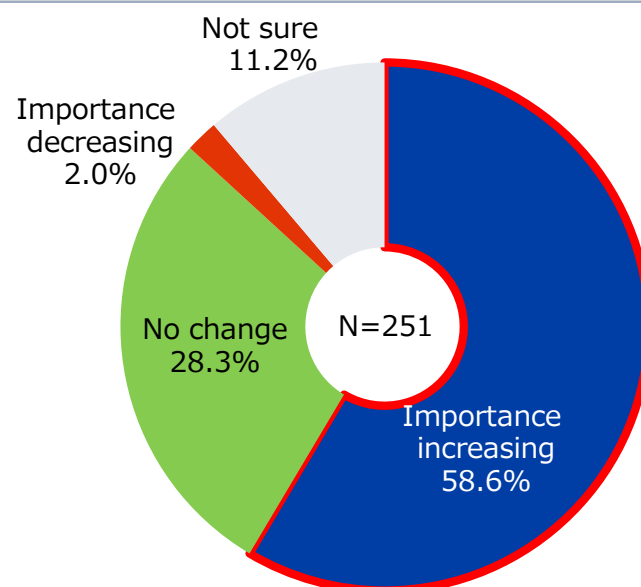
“Importance increased”

- Growth market, population growth, the final frontier
- Strong demand for resource development and infrastructure development
- Order intake of large-scale projects

“Importance decreased”

- The impact of COVID-19 is increasing reliance on Asia, rather than on Africa, which is farther.

Positioning Over the Next Five Years



“Importance increasing”

- Increasing business opportunities due to expanding population and market and AfCFTA
- Leapfrog phenomenon will continue to increase

“Not sure”

- Unable to forecast the future due to COVID-19

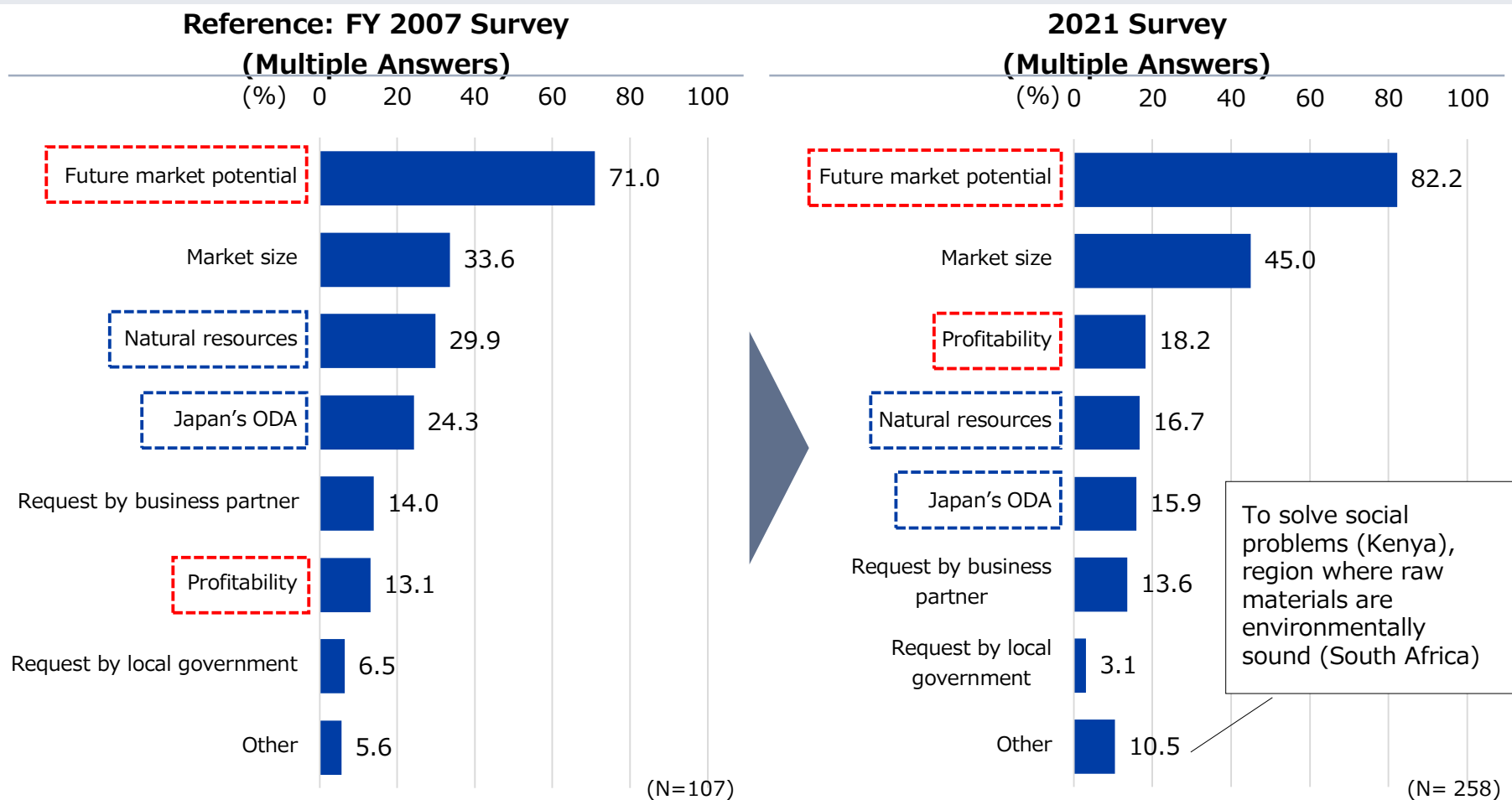
“Importance decreasing”

- Decarbonization will affect business activities

III. Investment Environment in Africa

1 | Reasons for Maintaining Presence in Africa

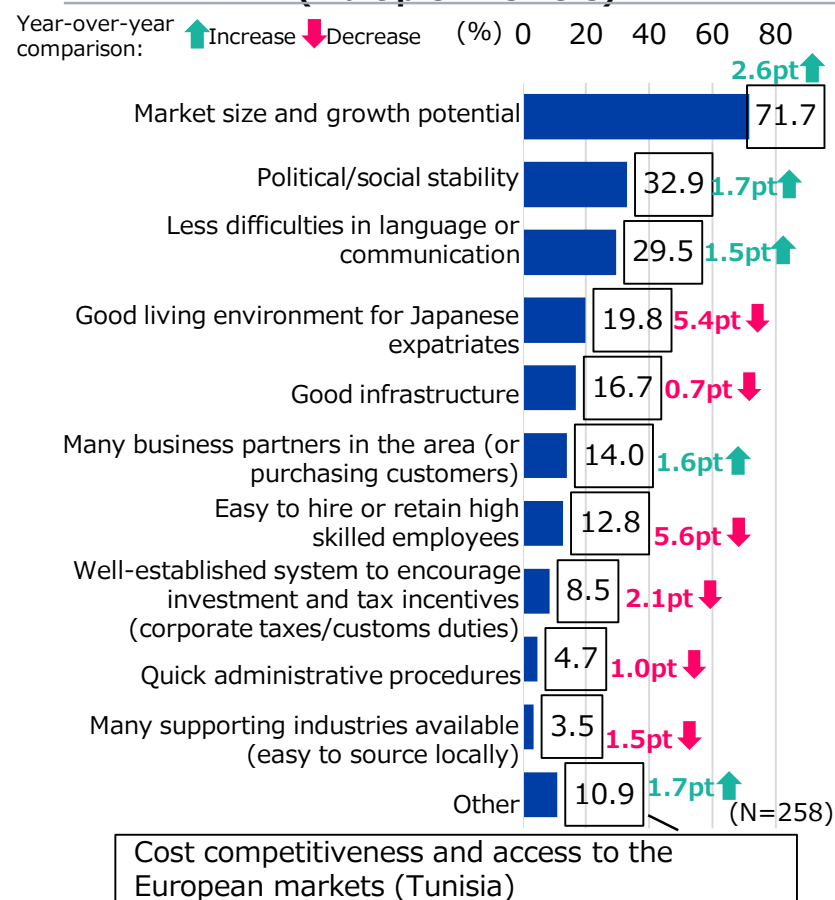
- “Future market potential” was the highest at 82.2%, up 11.2 points from 2007.
- Compared to 2007, “profitability” increased by 5.1 points, “Japan’s ODA” decreased by 8.4 points, and “natural resources” decreased by 13.2 points, falling below 20%.



2 | Investment Environment Advantages

- More than 70% of companies cited “market size and growth potential” as the main attraction for investing in Africa. The percentage was above average for Egypt, Morocco, Kenya, Nigeria and Ethiopia.
- Morocco and Ghana were rated highly for “political/social stability”.

Investment Environment Advantages (Multiple Answers)



By country

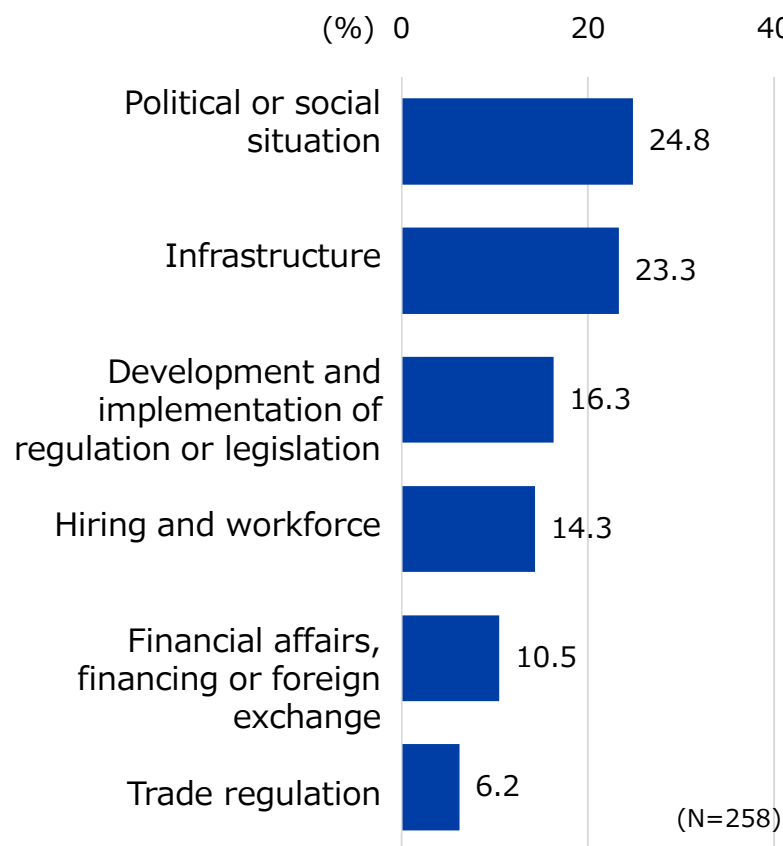
	Market size and growth potential	Political/social stability	Less difficulties in language or communication	Good infrastructure	Good living environment for Japanese expatriates	Many business partners in the area (or purchasing customers)	Easy to hire or retain high skilled employees	Well-established system to encourage investment and tax incentives	Quick administrative procedures	Many supporting industries available (easy to source locally)	Other
(%)											
Overall (N=258)	71.7	32.9	29.5	16.7	19.8	14.0	12.8	8.5	4.7	3.5	10.9
South Africa (N=68)	70.6	13.2	36.8	25.0	25.0	23.5	10.3	10.3	1.5	5.9	10.3
Egypt (N=26)	76.9	30.8	11.5	7.7	11.5	11.5	7.7	11.5	7.7	3.8	7.7
Morocco (N=23)	82.6	78.3	26.1	39.1	21.7	21.7	30.4	26.1	26.1	8.7	0.0
Kenya (N=34)	76.5	38.2	64.7	26.5	41.2	5.9	20.6	2.9	0.0	0.0	2.9
Nigeria (N=19)	100.0	0.0	15.8	0.0	0.0	5.3	5.3	0.0	0.0	0.0	5.3
Mozambique (N=10)	70.0	0.0	0.0	10.0	10.0	20.0	10.0	0.0	0.0	0.0	20.0
Ghana (N=10)	60.0	80.0	80.0	10.0	30.0	0.0	10.0	0.0	0.0	10.0	10.0
Cote d'Ivoire (N=10)	70.0	20.0	10.0	10.0	10.0	20.0	0.0	0.0	10.0	0.0	10.0
Ethiopia (N=9)	88.9	0.0	11.1	0.0	0.0	0.0	0.0	11.1	0.0	0.0	22.2

Note: Figures highlighted in blue: exceeding the average for this factor.

3 | Improvements in the Investment Environment (Overall and By Country)

- In terms of improvement in the investment environment, the percentage was the highest at 24.8% for “political and social situation”, and the percentage exceeded 50% for Egypt, Ghana and Cote d'Ivoire.
- The next most common answer was “infrastructure” (23.3%), and by country, 70% for Ethiopia and 60% for Mozambique.

Improvements in the Investment Environment in the Country (Multiple Answers)



By country

	Political or social situation	Development and implementation of regulation or legislation	Hiring and workforce	Infrastructure	Financial affairs, financing or foreign exchange	Trade regulation
Overall (N=258)	24.8	16.3	14.3	23.3	10.5	6.2
South Africa (N=68)	17.6	11.8	14.7	17.6	14.7	11.8
Egypt (N=26)	53.8	11.5	3.8	11.5	11.5	3.8
Morocco (N=23)	13.0	21.7	26.1	4.3	8.7	4.3
Kenya (N=34)	17.6	26.5	17.6	23.5	17.6	2.9
Nigeria (N=19)	10.5	15.8	21.1	15.8	0.0	0.0
Mozambique (N=10)	10.0	30.0	30.0	60.0	20.0	10.0
Ghana (N=10)	50.0	20.0	0.0	20.0	0.0	0.0
Cote d'Ivoire (N=10)	70.0	10.0	10.0	10.0	0.0	0.0
Ethiopia (N=9)	0.0	11.1	0.0	77.8	0.0	0.0

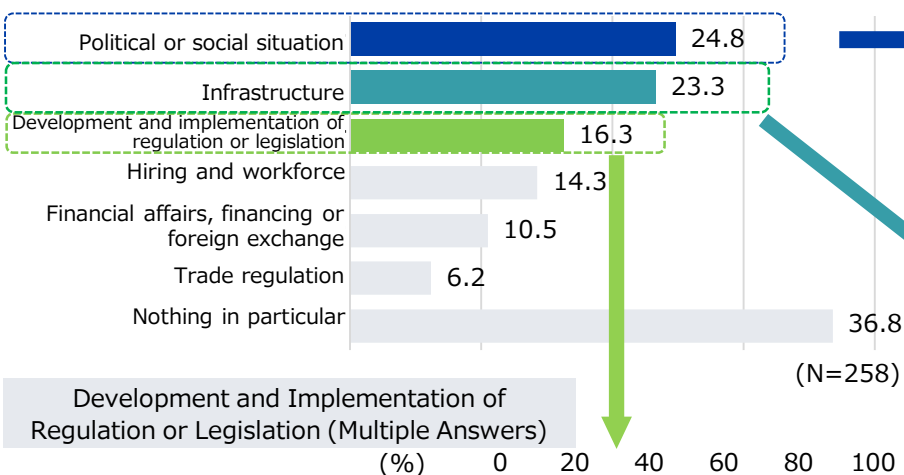
Note: Figures highlighted in blue: exceeding the average for this factor.

4 | Improvements in the Investment Environment (by item, ①)

- By item, when asked about the improvements in “political or social situation”, the percentage for “political risk” and “public safety” was over 80% and 60%, respectively.
- For “infrastructure”, the percentage for “communication”, “electrical power” and “road” was about 50% for all.
- The percentage of “administrative procedures” exceeded 50% for “development and implementation of regulation or legislation”.

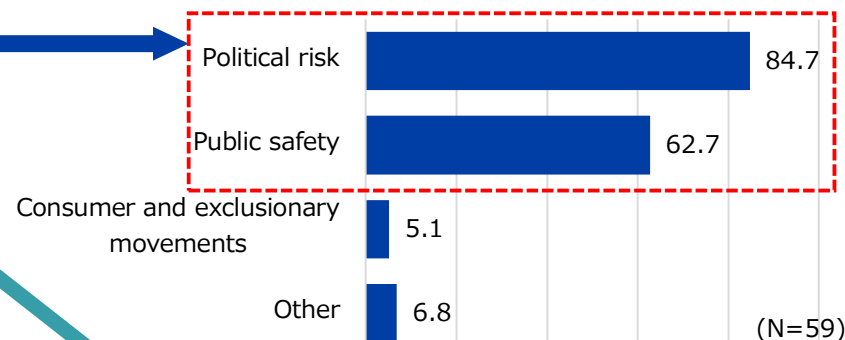
Improvements in the Investment Environment in the Country (Multiple Answers)

(%) 0 10 20 30 40



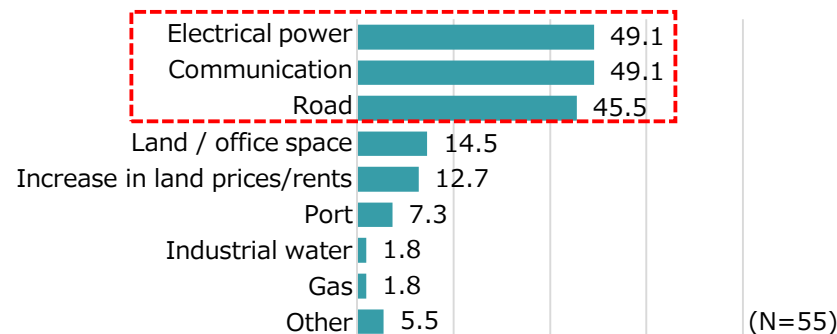
Political or Social Situation (Multiple Answers)

(%) 0 20 40 60 80 100



Infrastructure (Multiple Answers)

(%) 0 20 40 60 80 100

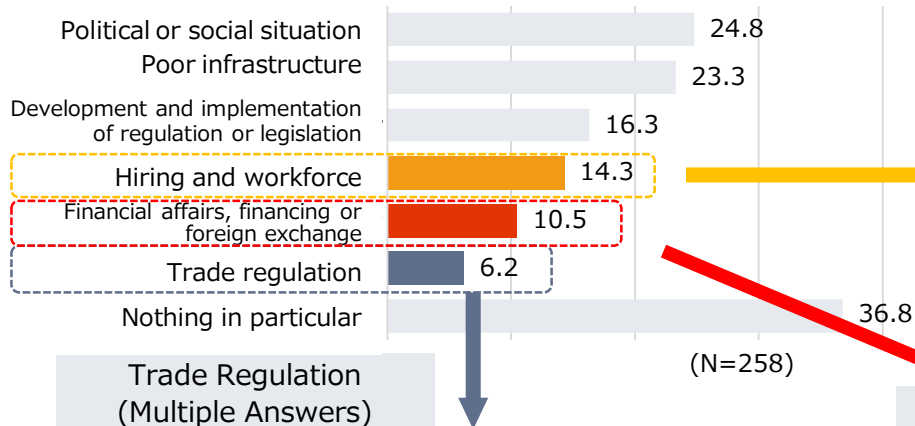


5 | Improvements in the Investment Environment (by item, ②)

- In the area of “hiring and workforce”, about 50% of the companies answered “securing human resources” had improved.
- The percentage was the highest for “foreign exchange” in financial affairs, financing or foreign exchange, and “customs clearance and other procedures” was the highest in “trade regulation”.

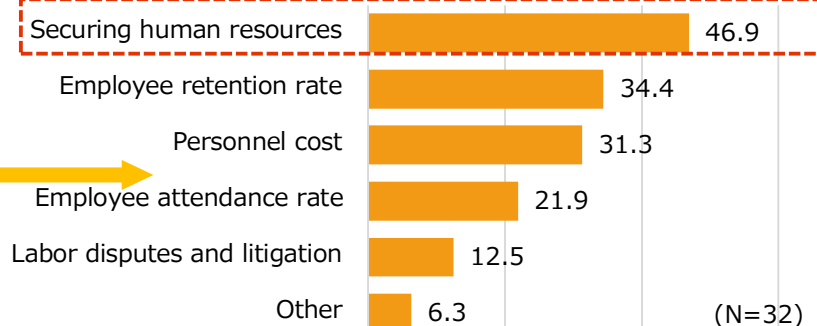
Improvements in the Investment Environment in the Country (Multiple Answers)

(%) 0 10 20 30 40



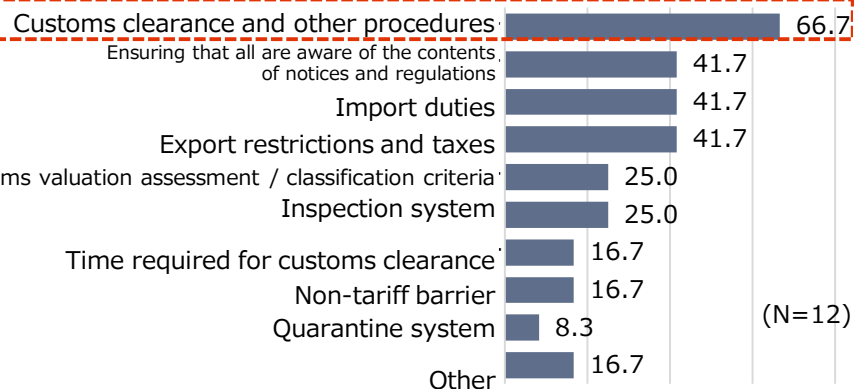
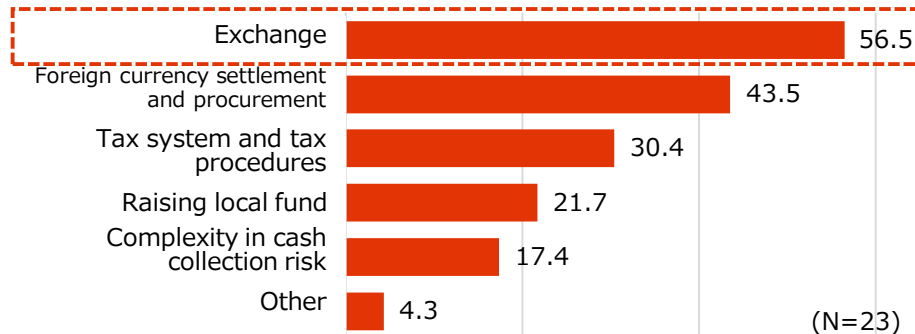
Hiring and Workforce (Multiple Answers)

(%) 0 20 40 60



Financial Affairs, Financing or Foreign Exchange (Multiple Answers)

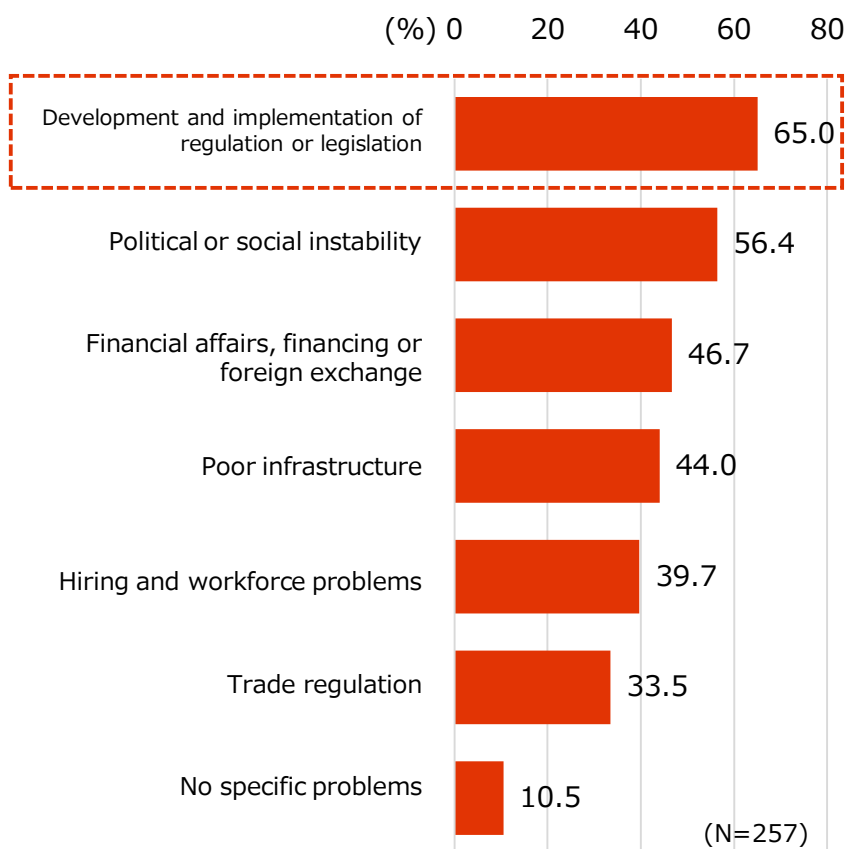
(%) 0 20 40 60



6 | Risks of Investing in Africa (Overall and by Country)

- More than 60% of companies answered “development and implementation of regulation or legislation” was a risk for investing in Africa, and the percentage was above average for Egypt, Mozambique, Ghana, Cote d'Ivoire and Ethiopia.
- For “political or social instability”, the percentage exceeded 80% for South Africa and Ethiopia.

**Investment Environment Risks
(Multiple Answers)**



By country

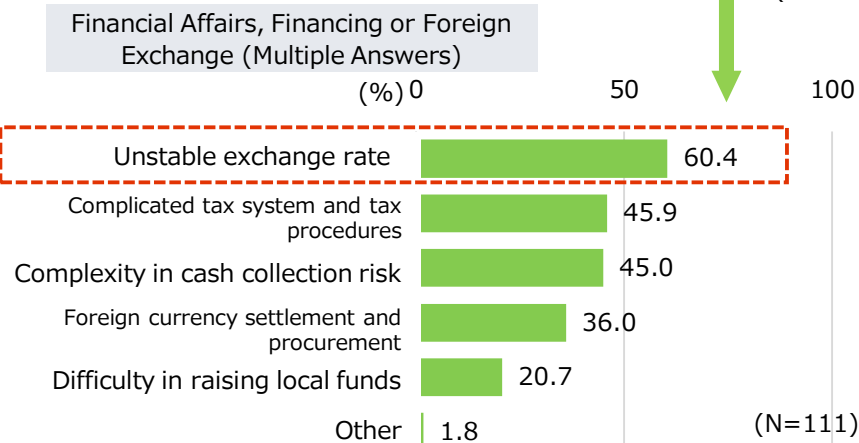
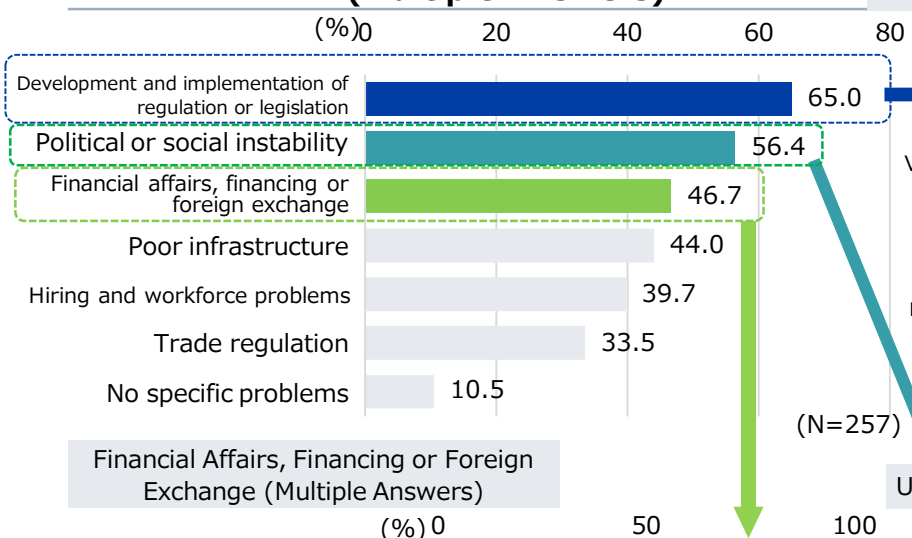
	Development and implementation of regulation or legislation (%)	Political or social instability	Financial affairs, financing or foreign exchange	Hiring and workforce problems	Poor infrastructure	Trade regulation	No specific problems
Overall (N=257)	65.0	56.4	46.7	39.7	44.0	33.5	10.5
South Africa (N=68)	58.8	88.2	52.9	51.5	51.5	25.0	5.9
Egypt (N=26)	84.6	30.8	30.8	15.4	15.4	19.2	7.7
Morocco (N=23)	39.1	21.7	30.4	8.7	21.7	13.0	34.8
Kenya (N=34)	61.8	55.9	38.2	35.3	26.5	32.4	14.7
Nigeria (N=19)	57.9	78.9	68.4	36.8	84.2	52.6	10.5
Mozambique (N=10)	80.0	70.0	50.0	30.0	40.0	50.0	0.0
Ghana (N=10)	80.0	30.0	50.0	50.0	40.0	40.0	0.0
Cote d'Ivoire (N=9)	66.7	22.2	44.4	55.6	44.4	44.4	22.2
Ethiopia (N=9)	88.9	100.0	77.8	66.7	77.8	77.8	0.0

Note: Figures highlighted in red: exceeding the average for this factor.

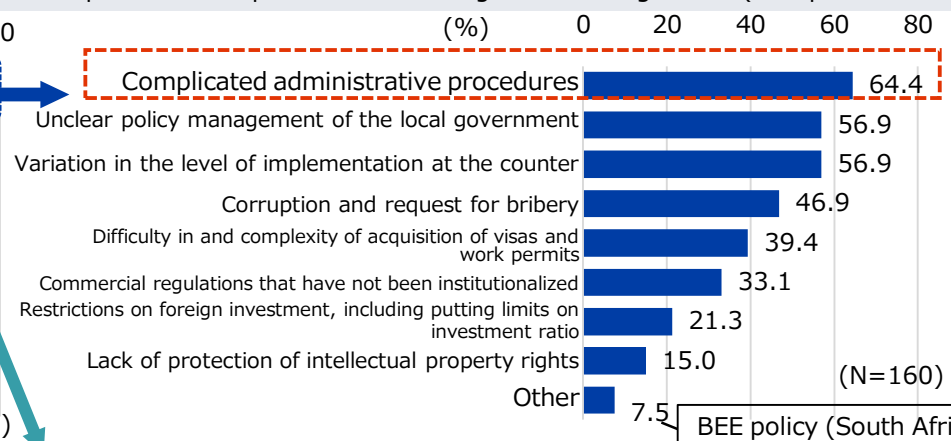
7 | Risks of Investing in Africa (by item,①)

- By item, of “development and implementation of regulation or legislation”, “complicated administrative procedures” accounted for the largest share of 64.4%.
- For “political or social instability”, the percentage exceeded 80% for “public safety” and above 70% for “political risk”.
- For financial affairs, financing or foreign exchange, “unstable exchange rate” was the highest at 60%.

Investment Environment Risks (Multiple Answers)

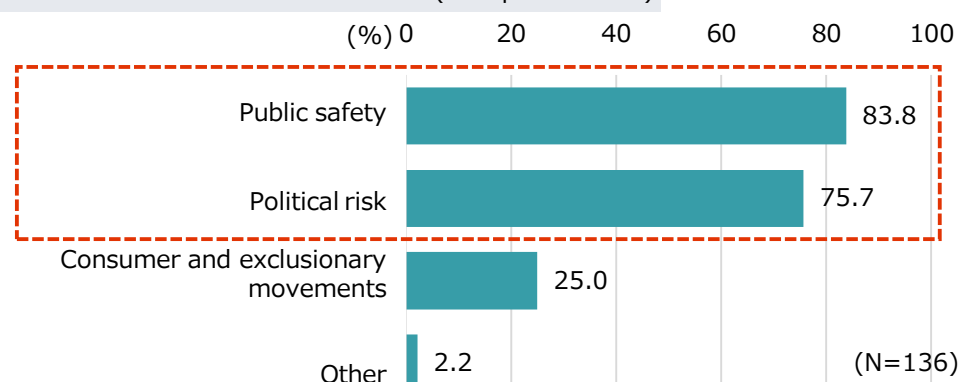


Development and Implementation of Regulation or Legislation (Multiple Answers)



BEE policy (South Africa)

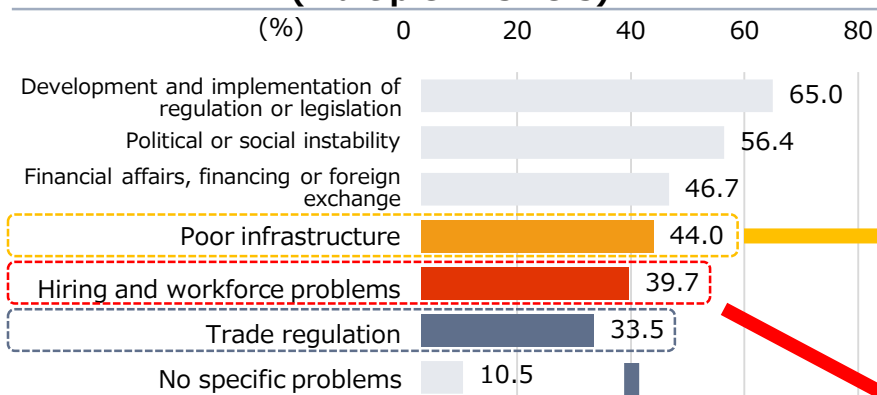
Unstable Political or Social Situation (Multiple Answers)



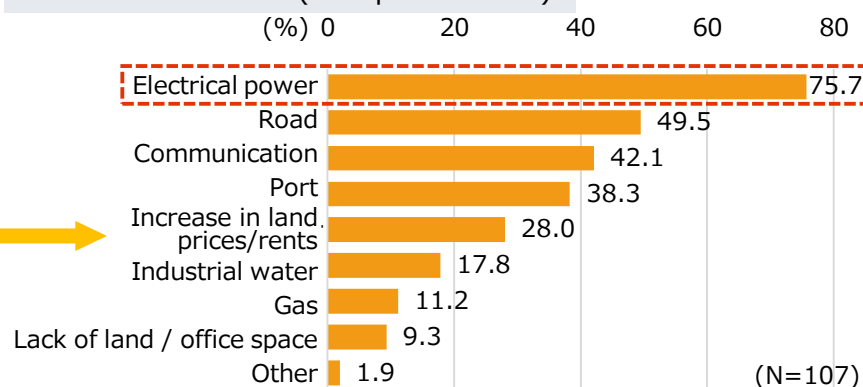
8 | Risks of Investing in Africa (by item, ②)

- For “poor infrastructure”, “electrical power” was at the highest at 75.7%, and for “hiring and workforce”, “securing human resources” was at the highest at 64.6%.
- As for “trade regulation”, many cited “time for customs clearance”, which was followed by “customs clearance and other procedures”.

**Investment Environment Risks
(Multiple Answers)**

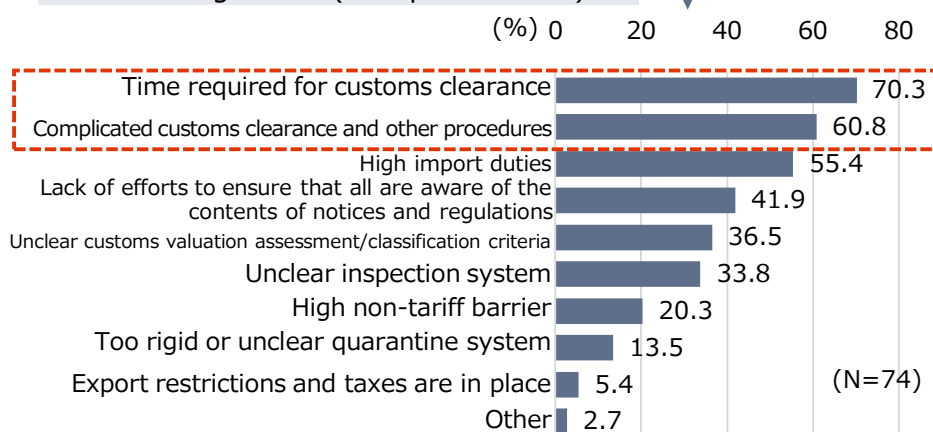


Poor Infrastructure (Multiple Answers)

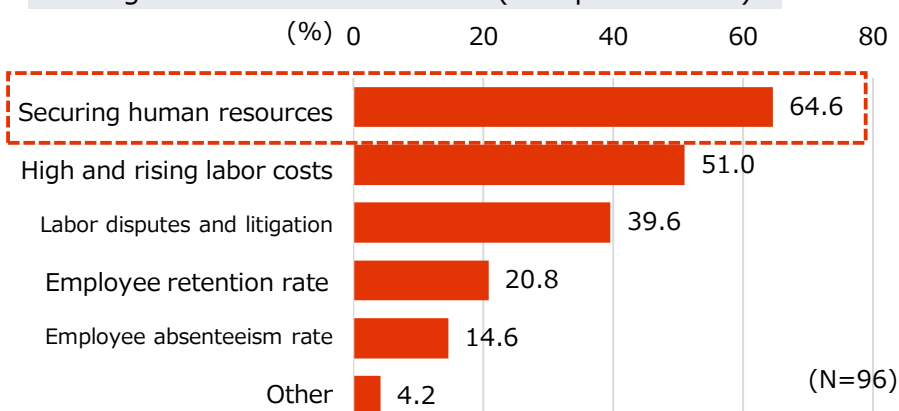


(N=257)

Trade Regulation (Multiple Answers)



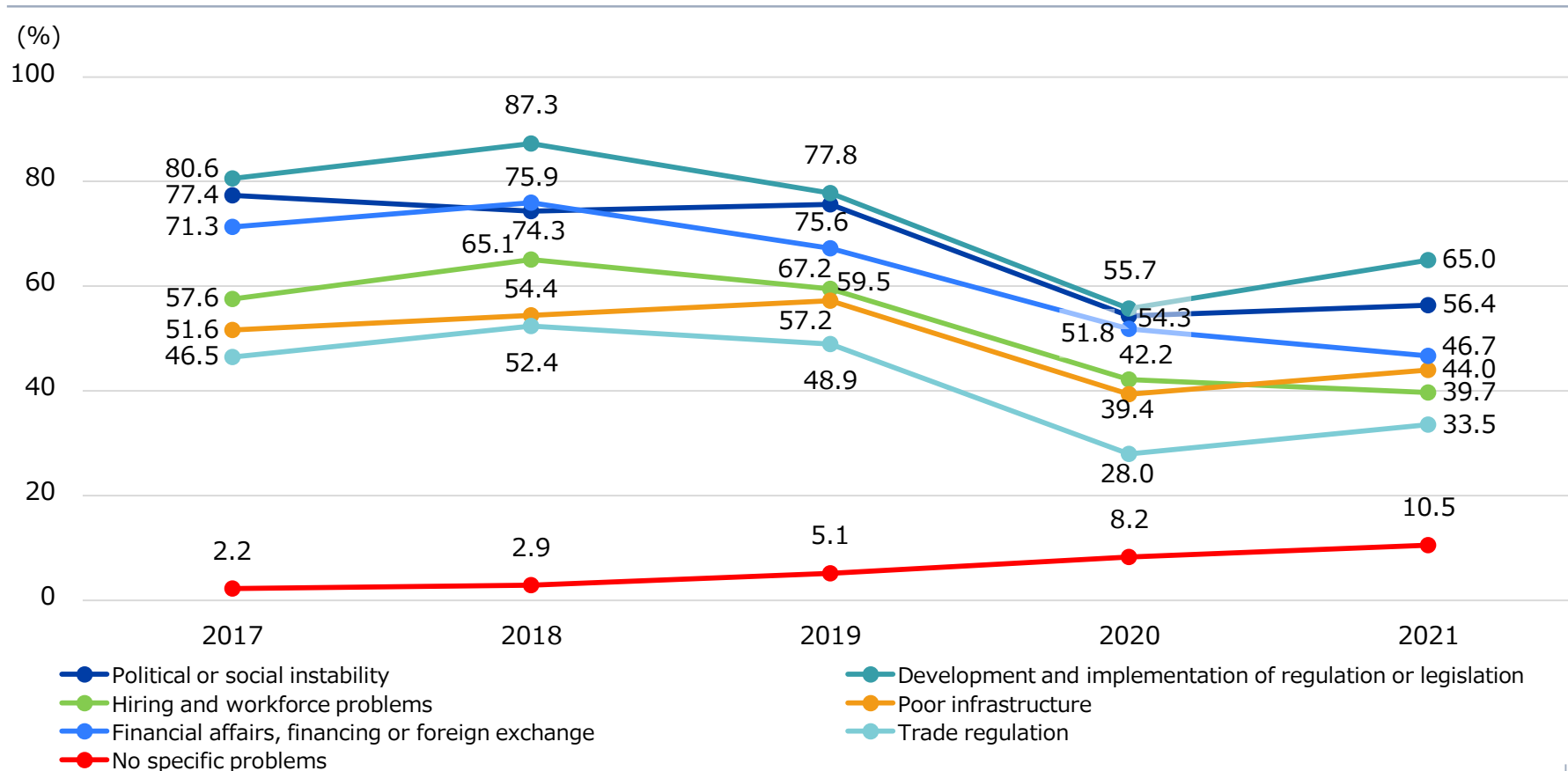
Hiring and Workforce Problems (Multiple Answers)



9 | Risks of Investing in Africa (trends by item)

- Continuing from 2018, “financial affairs, financing of foreign exchange” and “hiring and workforce problems” were improving. The percentage of companies answered “no specific problems” continued to increase to 10.5%.
- The risk of “political or social instability”, “development and implementation of regulation or legislation”, “poor infrastructure” and “trade regulation” slightly increased from 2020.

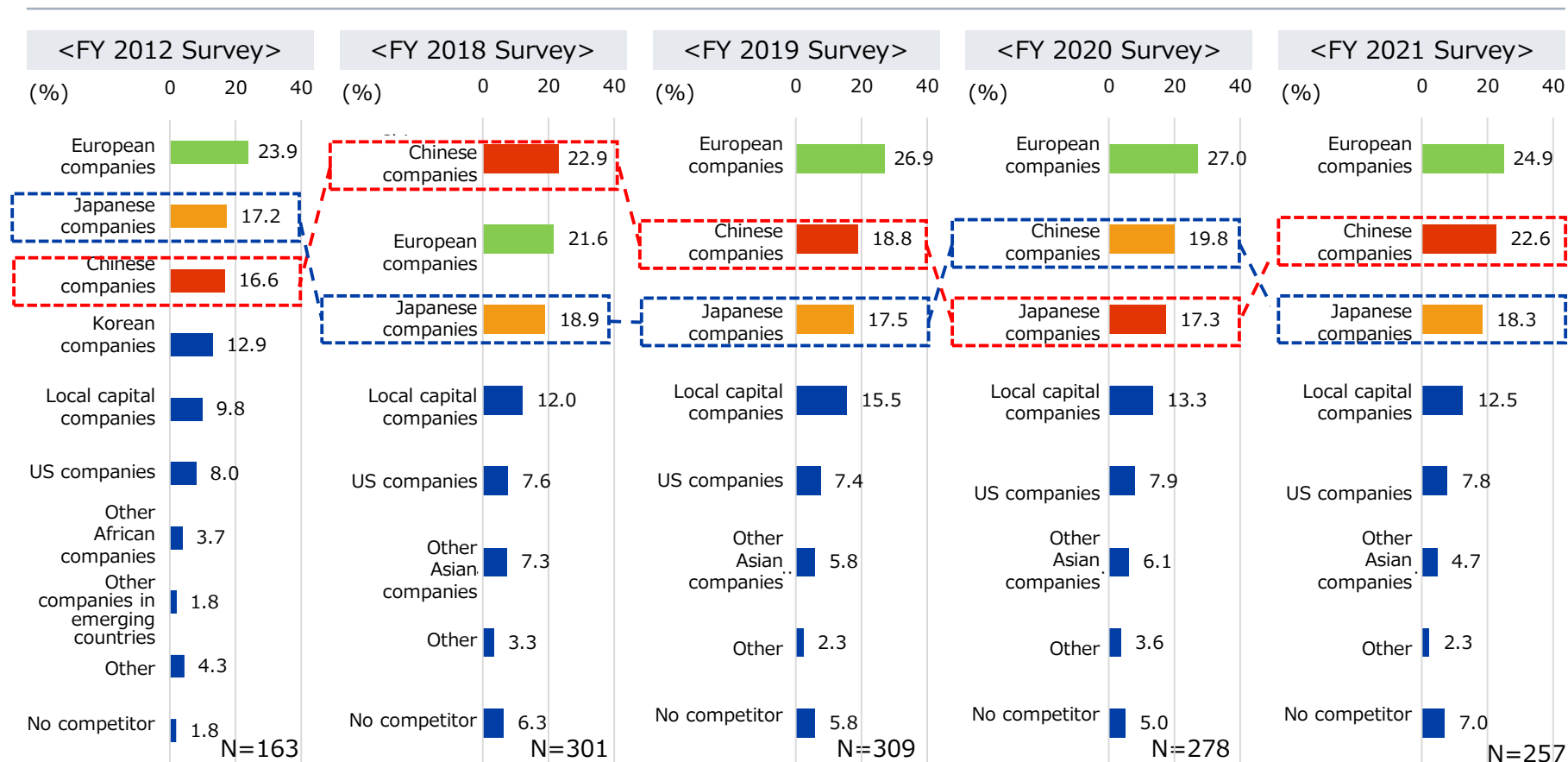
Investment Environment Risks (Multiple Answers)



10 | Competition with third-country companies

- For FY2021, European companies continued to be the most highly positioned competitors.
- Chinese companies, which decreased in FY 2019 and 2020, came up to the second place in 2021, replacing Japanese companies.

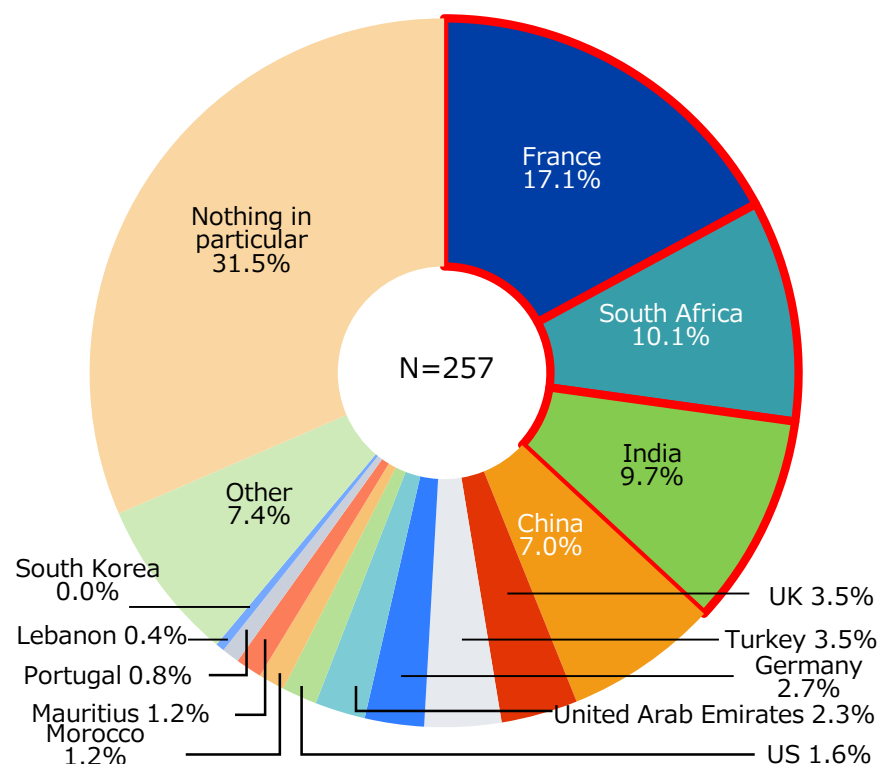
Trends in Percentage of Companies with the Most Competitive Relationship



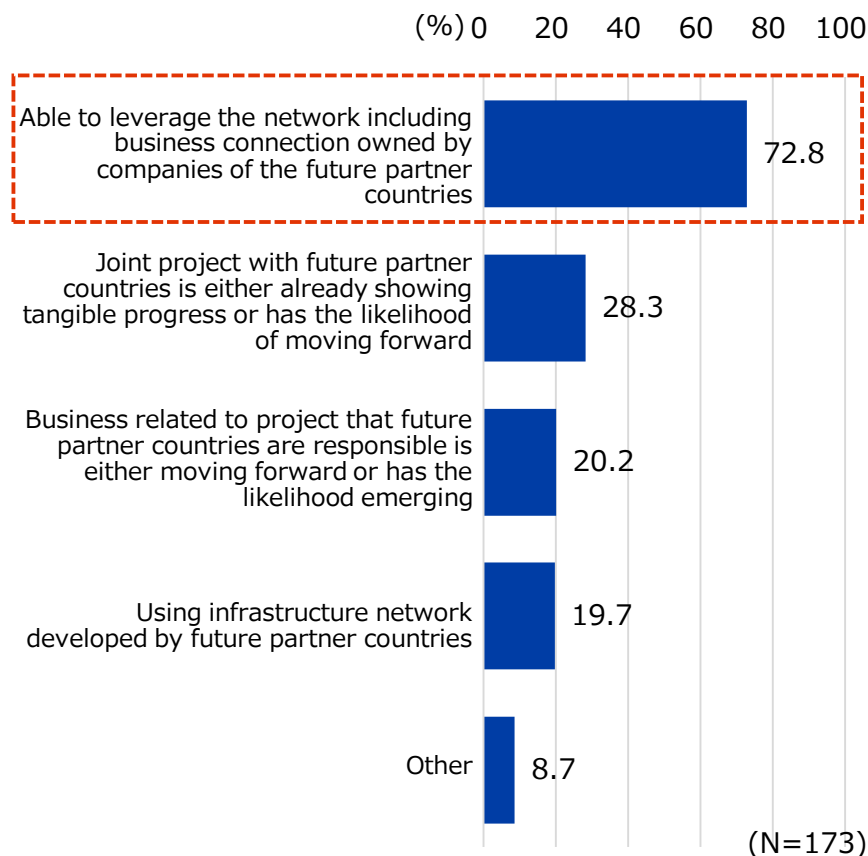
11 | Collaboration with Third-Country Companies

- As in the previous year, France, South Africa, and India continued to top the list of third-country companies that can be potential partners.
- When asked about opportunities and advantages, about 70% of the companies answered that potential partner countries allow them to “leverage the network including business connection owned by future partner countries.”

Partner Countries in the Third-Country



Opportunities and Advantages (Multiple Answers)



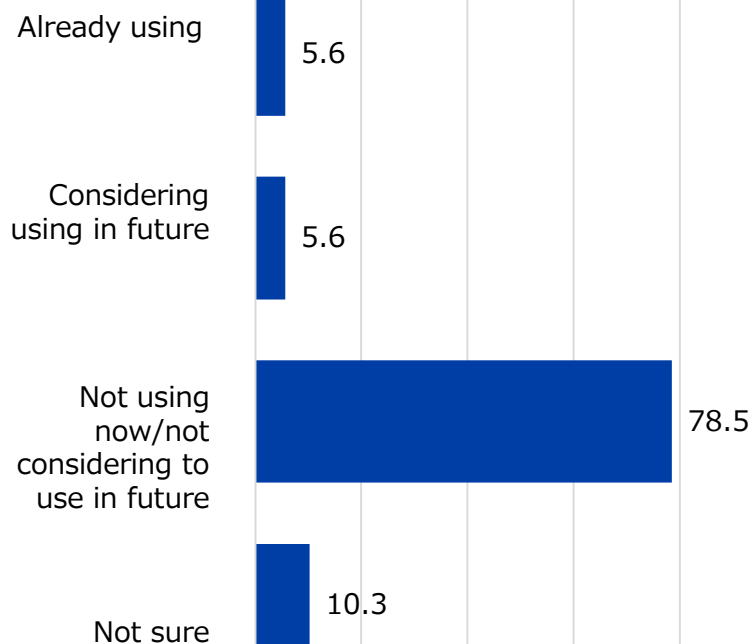
12 | Usage of FTA & Customs Union (overall)

- The percentage of companies using existing FTAs and customs unions (already in force) within and outside Africa has almost tripled since 2007.
- When companies that answered “considering using FTAs/customs unions” combined, nearly 40% of the companies answered they were willing to use them.

Current Usage of FTA & Customs Union (Multiple Answers)

<Reference: FY 2007 Survey>

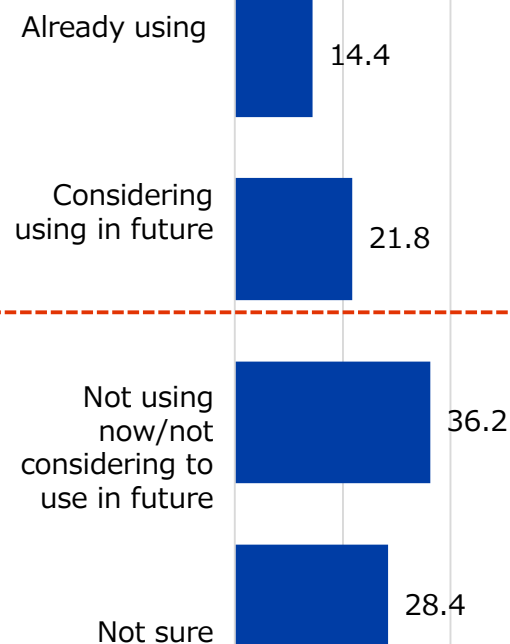
(%) 0 20 40 60 80 100



(N=107)

<FY 2021 Survey>

(%) 0 20 40 60 80 100

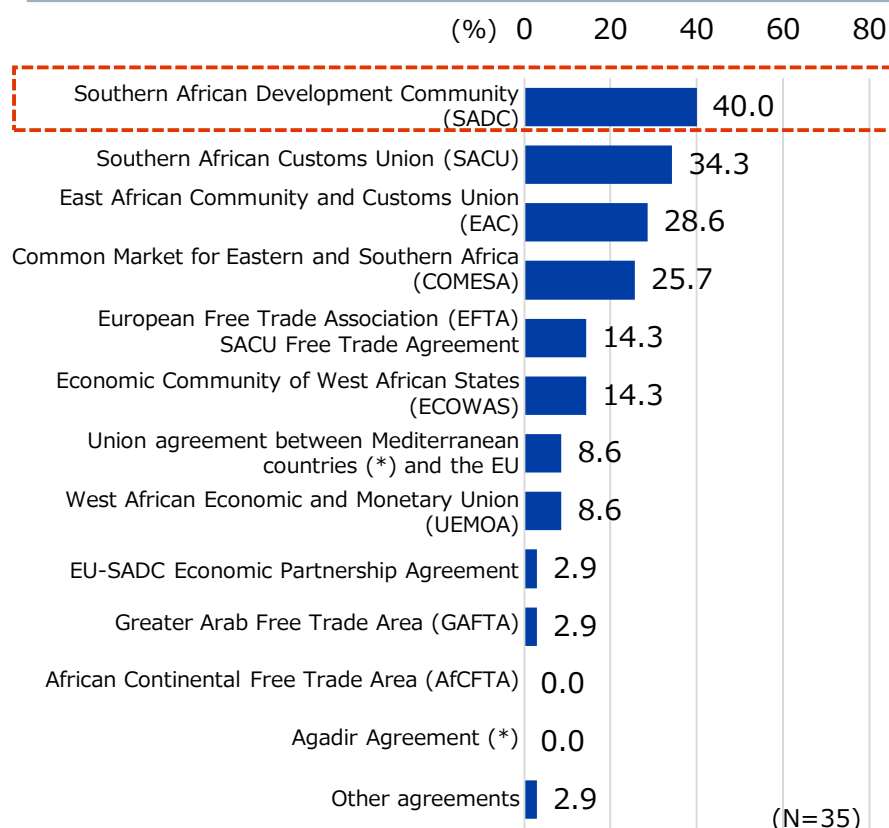


(N=257)

13 | Usage of FTA & Customs Union (by agreement/union)

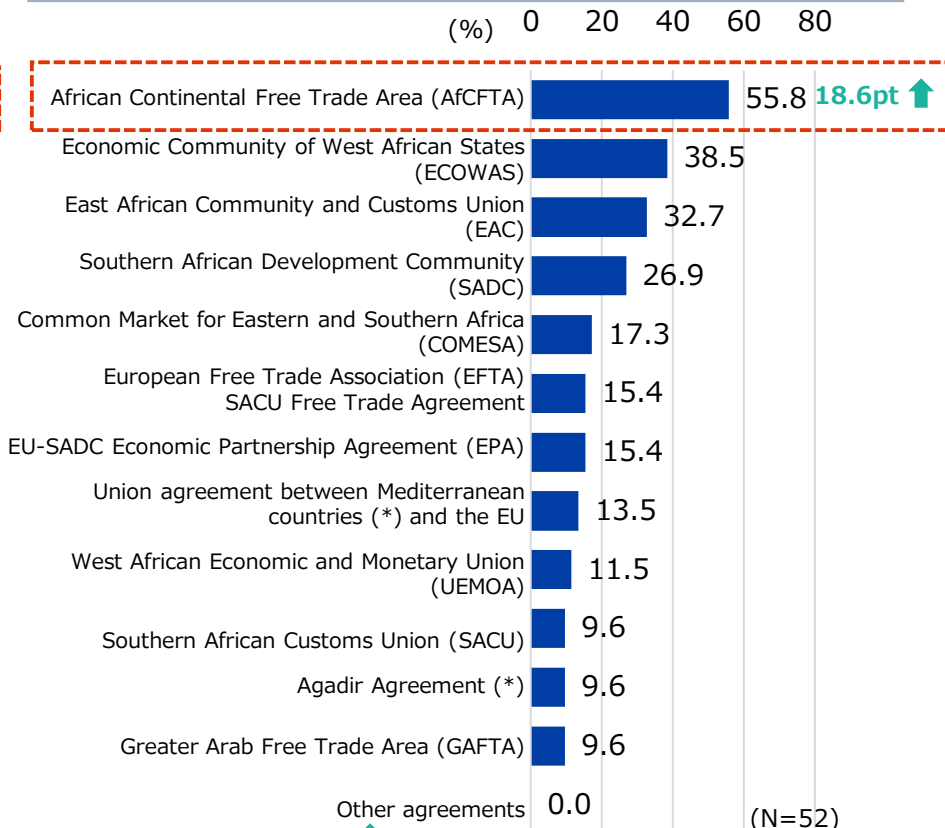
- Currently, 40.0% of the companies using FTAs and customs unions answered they were using the Southern African Development Community (SADC).
- When asked about the FTAs and customs unions they were considering using, 55.8% of the companies answered the African Continental Free Trade Area (AfCFTA), up 18.6 points from the previous year.

FTA or Customs Union Currently Using (Multiple Answers)



* Egypt, Tunisia, Algeria, Morocco, etc.

FTA or Customs Union Considering Using (Multiple Answers)



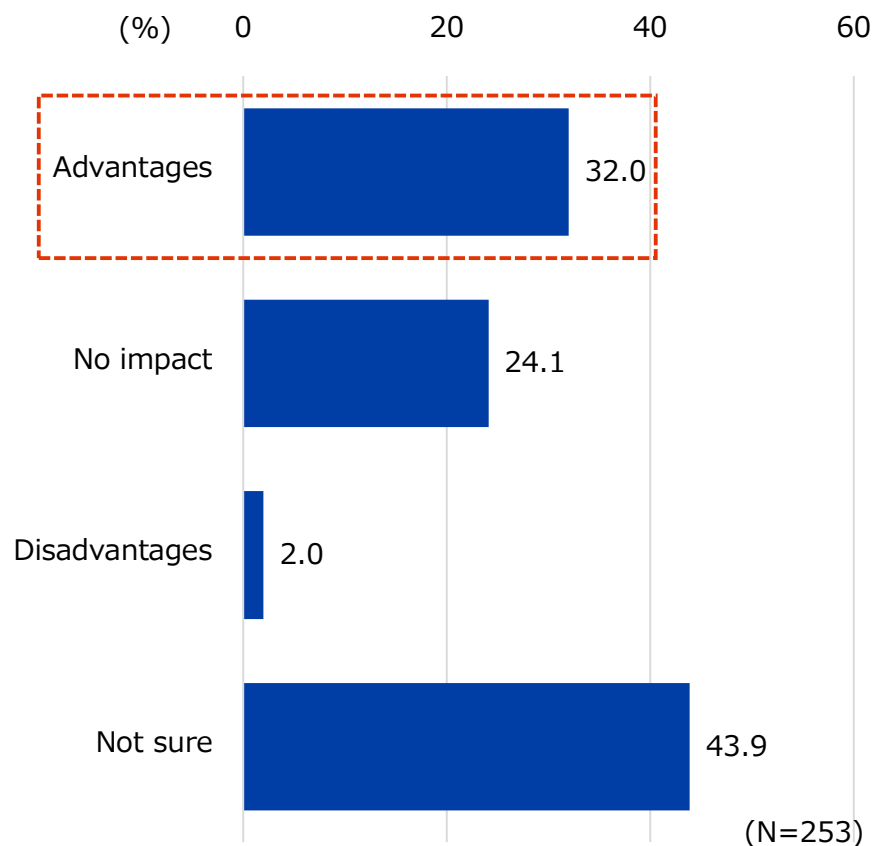
Year-over-year comparison: ↑ Increase

* Egypt, Tunisia, Algeria, Morocco, etc.

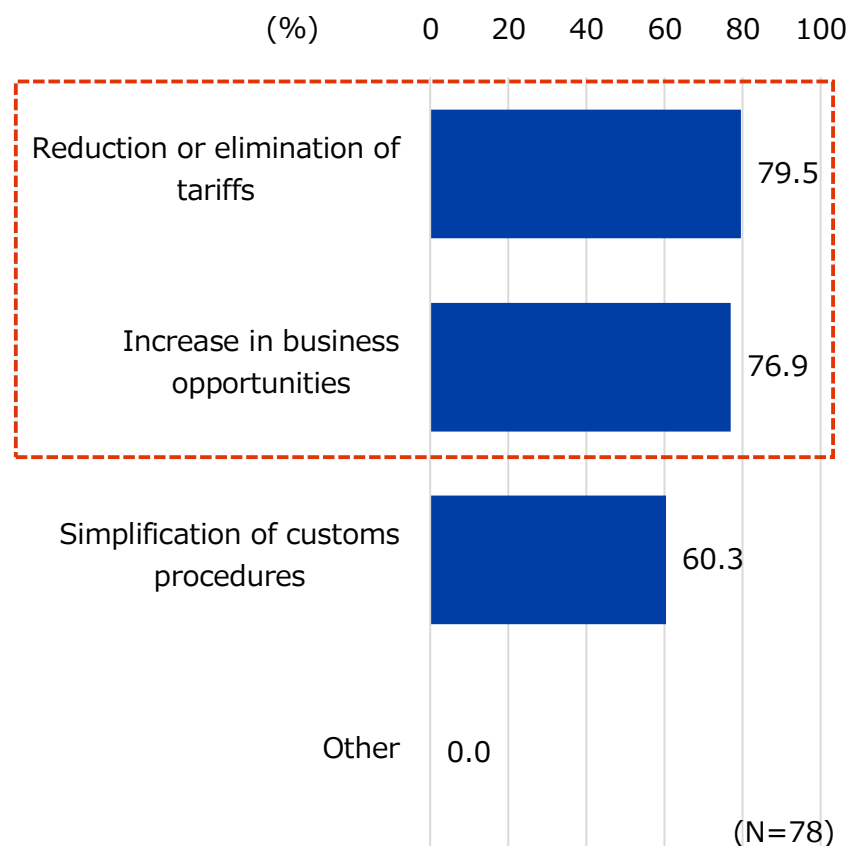
14 | Impact of the operation of the African Continental Free Trade Area (AfCFTA)

- While 32.0% of the companies said that AfCFTA was an “advantage” for their business activities, 43.9% said that they were uncertain about its operation and that they were “not sure” of its impact.
- As the reason for answering “advantage”, both “reduction/elimination of tariffs” and “increase in business opportunities” were cited by nearly 80% of the companies responded.

**Impact that AfCFTA Has on Business Activities
(Multiple Answers)**



**Reason for Selecting “Advantage”
(Multiple Answers)**

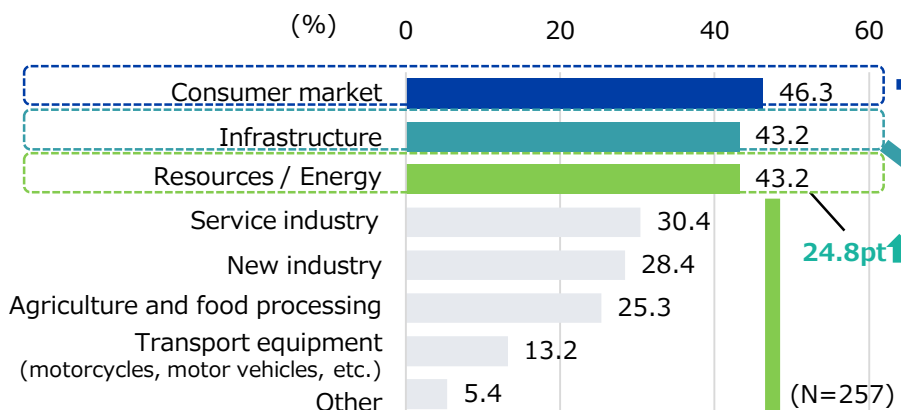


IV. Business Areas with Future Promise and Countries of Interest

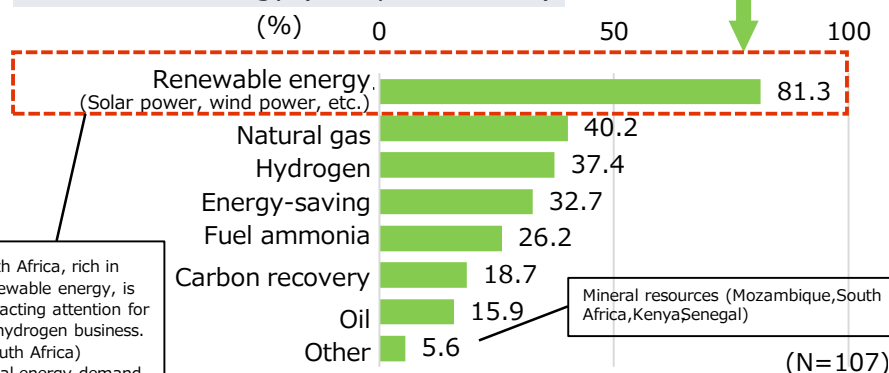
1 | Business Areas with Future Promise (by Category ①)

- The most promising business in the future is “consumer market” at about 50%. This was followed by “infrastructure”, “resources / energy”, at slightly above 40%. The percentage of “resources / energy” was up 24.8 points from the previous year.
- In the “consumer market” category, “food” was the highest, and it was “electric power” in the “infrastructure” category, and “renewable energy” in the “resources / energy” category, surpassing natural gas and oil.

**Promising Business Field in the Future
(Multiple Answers)**



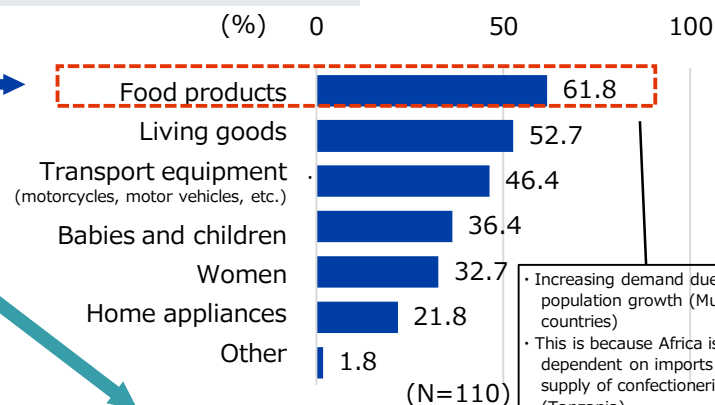
Resources / Energy (Multiple Answers)



• South Africa, rich in renewable energy, is attracting attention for its hydrogen business. (South Africa)
• Global energy demand (multiple countries)

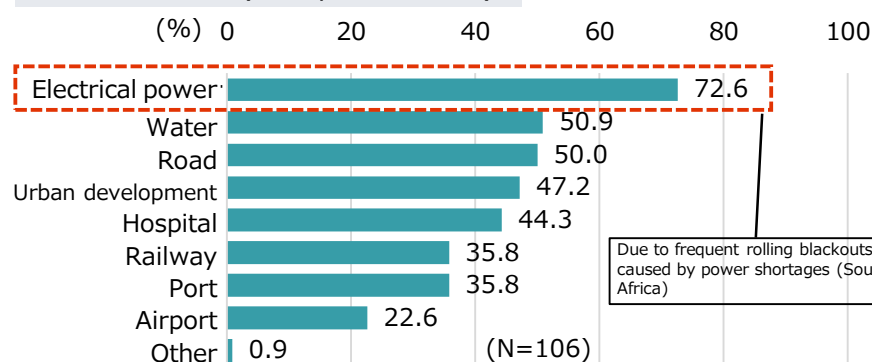
Mineral resources (Mozambique, South Africa, Kenya, Senegal)

Consumer Market (Multiple Answers)



• Increasing demand due to population growth (Multiple countries)
• This is because Africa is dependent on imports for the supply of confectioneries. (Tanzania)

Infrastructure (Multiple Answers)

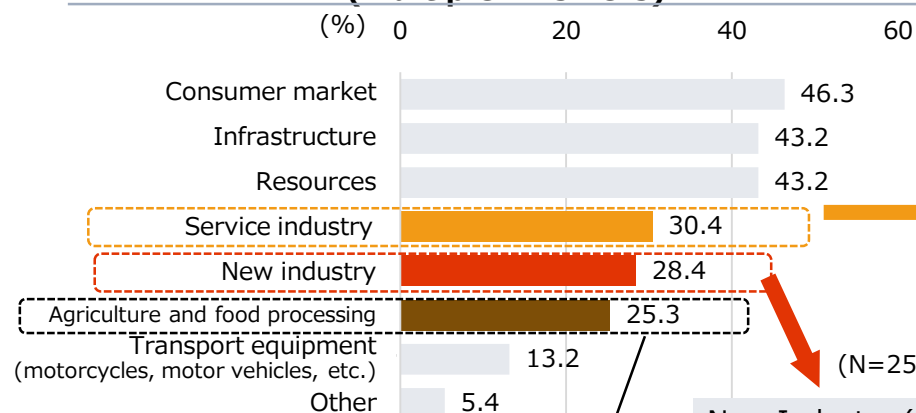


Due to frequent rolling blackouts caused by power shortages (South Africa)

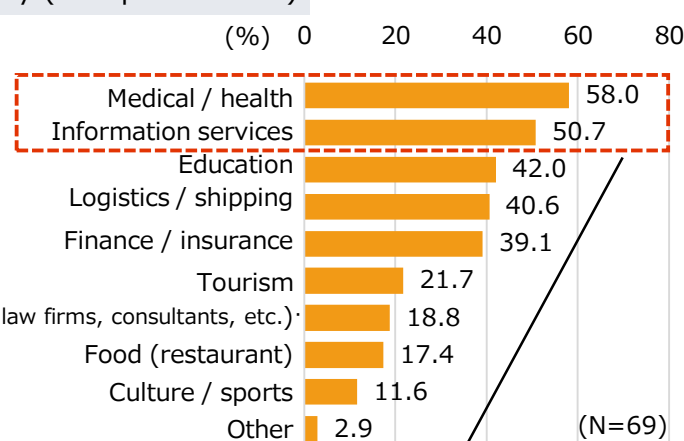
2 | Business Areas with Future Promise (by Category ②)

- In the “service industry”, “medical service and insurance” was the highest at nearly 60%, followed by “information service” at 50%.
- In the “new industry” category, “startups” accounted for nearly 70%, followed by “smart agriculture” and “water technology”.

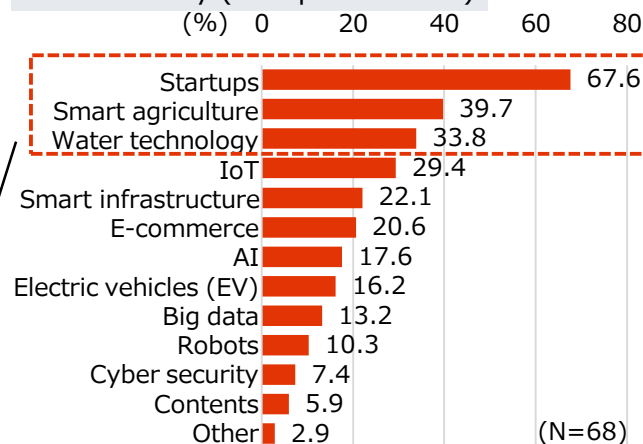
Promising Business Field in the Future (Multiple Answers)



Service Industry (Multiple Answers)



New Industry (Multiple Answers)



- Cultivation and export of agricultural products (Madagascar)
- Introducing machinery to agriculture (Tanzania)
- Grain production, supply of processed products to Europe and Middle East (Morocco)
- Irrigation, fertilizer (South Africa)

Leading the move to expand the market is the key of success in Africa. (South Africa)

The number of patients with lifestyle-related diseases is likely to increase in the future, and the need for medical care, including disease prevention, will rise. (Kenya)

- Finetech (Tanzania)
- Automotive-related (Morocco)

3 | Reference | Japanese companies making challenges in promising fields (food, agriculture, medicine)

Nakajima Jozo (Gifu), Shata Shuzo (Ishikawa)

Making export of sake to Africa come true

- In August 2021, began exporting local sake to Kenya as their first foray into Africa. Imported and distributed by KAI GLOBAL LTD.
- Despite the difficulties in requesting inspection and confirmation and obtaining a certificate of conformity, the companies were able to export the products through cooperation with its business partners.
- Japanese food is expected to become even more popular, and efforts will be made to further expand demand.

Reference article: [Two Local Sake Breweries Export to Africa for the First Time](#)



Kett Electric Laboratory (Tokyo) | Expand sales channels for moisture meters by providing support and training

- The company exports moisture meters to measure the moisture content of grains, coffee, cocoa, etc.
- Participated in an online business meeting hosted by JETRO in December 2020, and exported moisture meter demonstration units to Cote d'Ivoire.
- After the introduction, the company continues to support and train buyers to expand sales channels in the region.

(Source) [“The World Today - JETRO Global Eye” Series: Japanese Agricultural Machinery Challenging West African Market - Commercial Opportunities in the Challenges of Cote d'Ivoire - \(August 26, 2021\)](#)

Reference article: [Aiming to Return to African Markets with Moisture Meters](#)

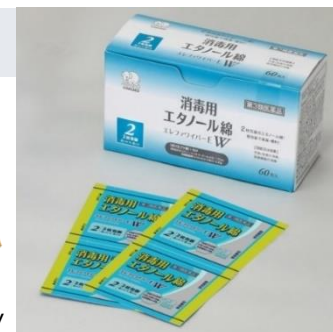


Hakuzo Medical Corporation (Osaka)

Selling medical consumables with an eye on future potential of the African market

- Selling medical consumables such as plasters, bandages and alcohol disinfectant to Côte d'Ivoire and Kenya.
- Expecting that the demand for products to prevent adult diseases to increase with the economic growth of emerging countries, the company participated in business meetings organized by JETRO. With a focus on Nigeria with a large market.

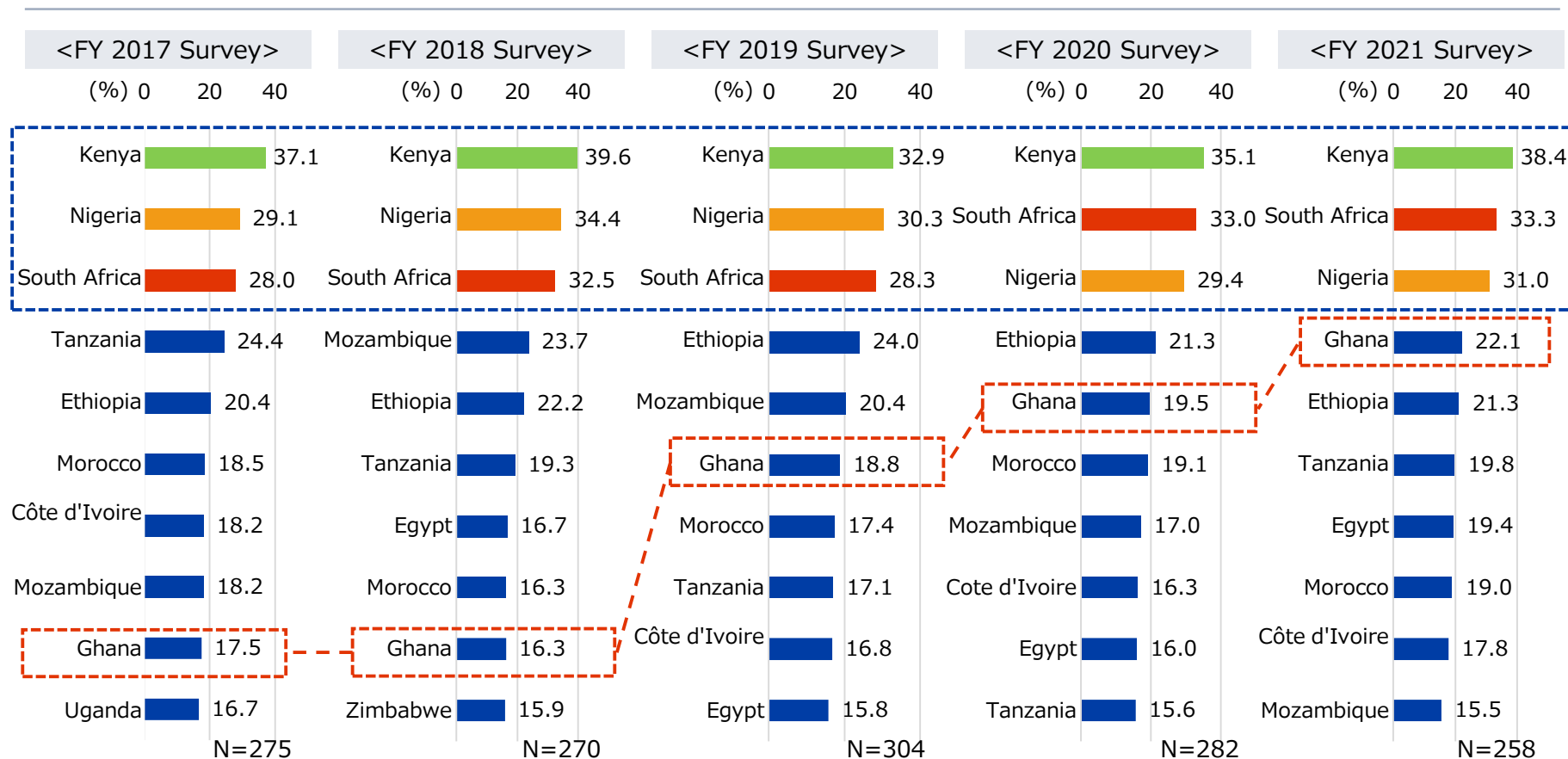
Reference article: [Japanese Medical Product Manufacturers Challenge the Blue Ocean African Market](#)



4 | Future Investment Destinations

- Among countries of interest, the top three countries (Kenya, South Africa and Nigeria) have not changed in five years.
- Ghana has moved up in the rankings every year, and in 2021 it was in fourth place, behind Nigeria. Companies that cited Tanzania or Egypt also increased.

Top 10 Future Investment Destinations (Multiple Answers)



5 | Reference | Future Investment Destinations and Comments towards Investment Destinations Ranked 1 - 10 (Multiple Answers)

(N=258)

Country	Share (%)	Reason (Company Comments)
1 Kenya	38.4	Emerging startup companies and potential for collaboration, expanding demand for infrastructure, potential of renewable energy, the hub function of East Africa, economic stability, Japan's ODA and investment projects, the growth of the automobile industry, market size and future potential growth
2 South Africa	33.0	Economic, manufacturing, and export hubs in Africa, mature economies, industrial strength in the development of the automotive industry, mineral resources, conversion to electricity supply and renewable energy
3 Nigeria	31.0	Population growth and market size, large number of young people, consumer goods market potential, increasing number of middle-income earners, oil and gas development, expanding automobile industry, expanding market for agricultural sector
4 Ghana	22.1	Expectations as a hub in West Africa, cluster of Japanese companies, ease of doing business due to population growth, stable security, language, etc., expansion of economic scale, expansion of the automobile industry, development of mineral resources, entry into the electric power and agricultural sectors
5 Ethiopia	21.3	Huge consumer market, needs for infrastructure projects, new entrants in the telecommunication business, market expansion in the agriculture sector, ODA projects in Japan, development of automotive industry, privatization trends and associated growth
6 Tanzania	19.8	Expanding consumer market due to population growth, natural gas development, growing demand for infrastructure, Japan's ODA projects, development of the automobile industry, expectations for market opening with the inauguration of the new president
7 Egypt	19.4	Expectations for the country as a resource hub in the Mediterranean Sea, expanding demand for electricity and other infrastructure, population growth, and development of the automobile industry
8 Morocco	19.0	Market size, growing demand for infrastructure development, port terminal development, expectations for economic growth, widespread use of renewable energy
9 Cote d'Ivoire	17.8	Expectations as a hub in West Africa and French-speaking countries, population growth and economic expansion, Japan's ODA projects, market expansion in the agricultural sector
10 Mozambique	15.5	Natural gas development, expansion of the automobile industry, living materials, Japan's ODA, needs for infrastructure development

6 | Reference | Future Investment Destinations and Comments towards Investment Destinations Ranked 11 and below (Multiple Answers)

(N=258)

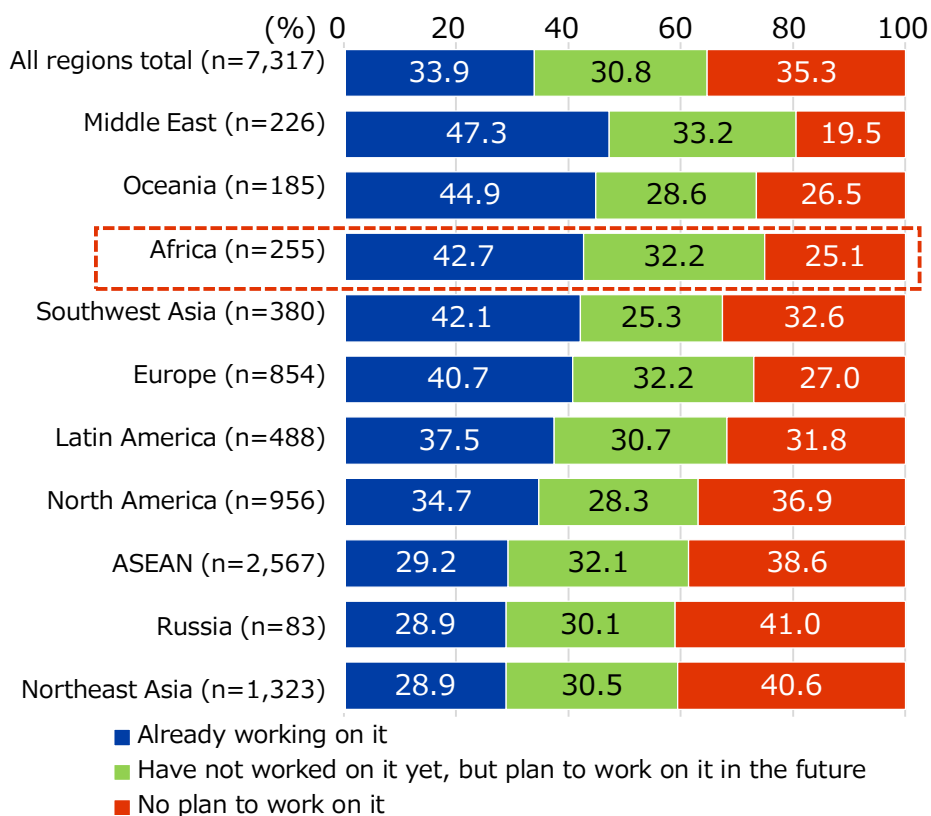
Country	Share (%)	Reason (Company Comments)
11 Uganda	14.3	Growing demand for infrastructure, growth potential of the market, Japan's ODA projects
12 Zambia	10.9	Natural resources development, Japan's ODA projects
13 DR Congo	9.7	Market size, abundant natural resources such as copper and cobalt
14 Rwanda	8.9	Entry into the agricultural sector, potential of the ICT sector, progress in infrastructure development
15 Mauritius	8.5	Small in scale but stable economy, potential for manufacturing base in Africa
15 Angola	8.5	Natural resources development, market size
17 Madagascar	7.8	Expanding demand for infrastructure development, business opportunities related to ODA, mineral resources including nickel
18 Zimbabwe	7.0	Potential of agricultural industries, expanding demand for infrastructure projects
18 Algeria	7.0	Market size, abundant natural resources, export base for Turkey
20 Cameroon	3.5	Potential as a destination as the market of French-speaking countries

V. Reference

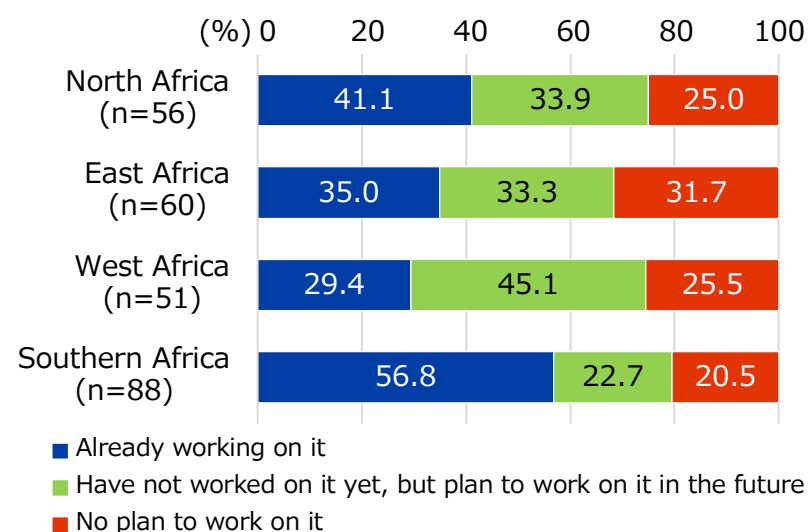
1 | Reference | Decarbonization Efforts

- About 40% of companies are already working on decarbonization (reduction of greenhouse gas emissions), and when combined with companies that have plans, the figure reaches over 70%. By region, the percentage of companies that are “already working on it” is the third highest after Middle East and Oceania.
- By region, Southern Africa had the highest rate at 56.8%, followed by North Africa at 41.1%.

Status of Decarbonization Efforts (By Region)



Status of Decarbonization Efforts (Within the Region)



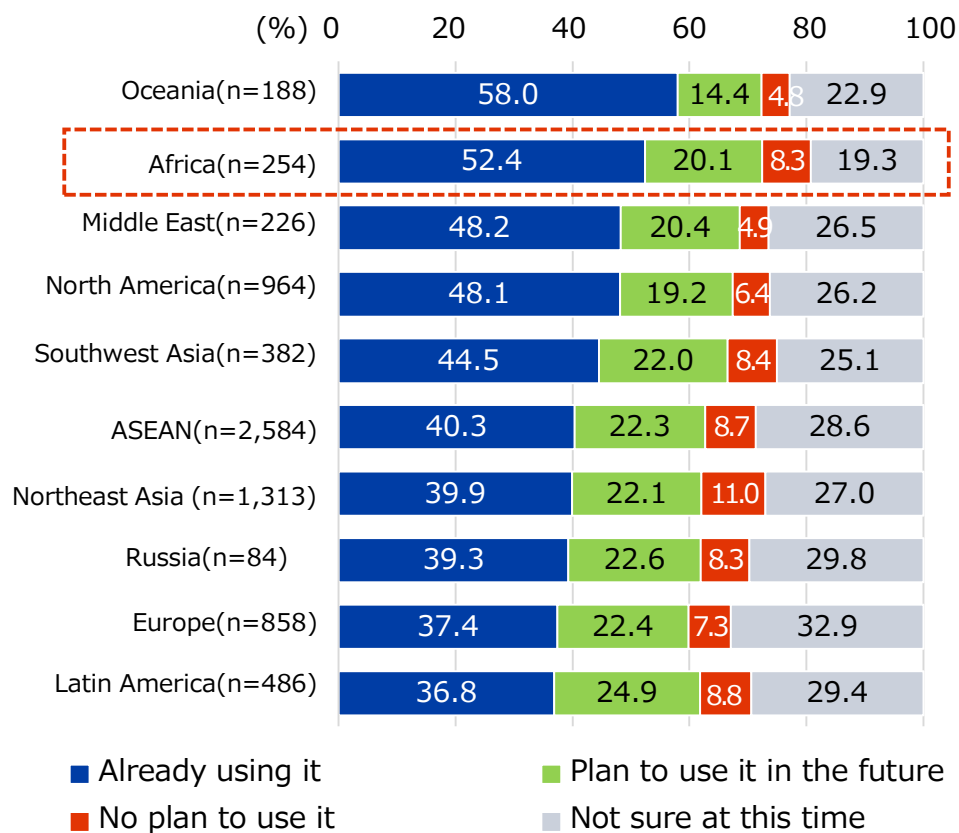
Examples of Specific Initiatives

- Reducing CO2 emissions from production facilities (Algeria, construction)
- Reducing the use of plastics in existing products (food products, Nigeria)
- Financial subsidies for eco-friendly commuting using bicycles, EVs, hybrid vehicles, etc., full subsidies for carbon offsets for business travel (air travel), encouragement of use of EVs and hybrid vehicles when procuring vehicles, etc. (Kenya, consulting)

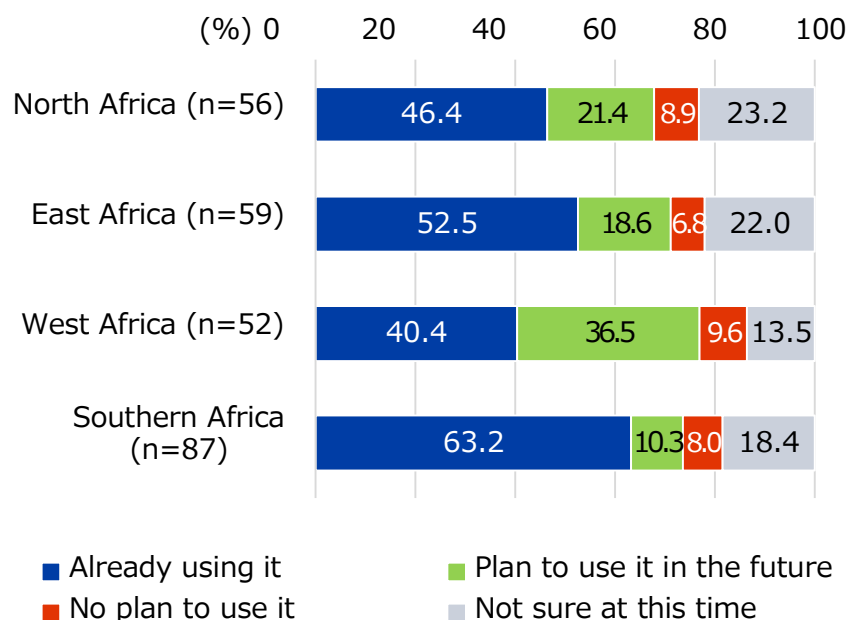
2 | Reference | Use of Digital Technology

- About 50% of the companies answered that they were “already using” digital technology, and when those planning to use it in the future combined, this was the region of the highest interest in the world.
- By region, Southern Africa had the highest rate at 63.2%, followed by East Africa at 52.5%.

Use of Digital Technology (by region)



Use of Digital Technology (within the region)



- Already using it
- Plan to use it in the future
- No plan to use it
- Not sure at this time

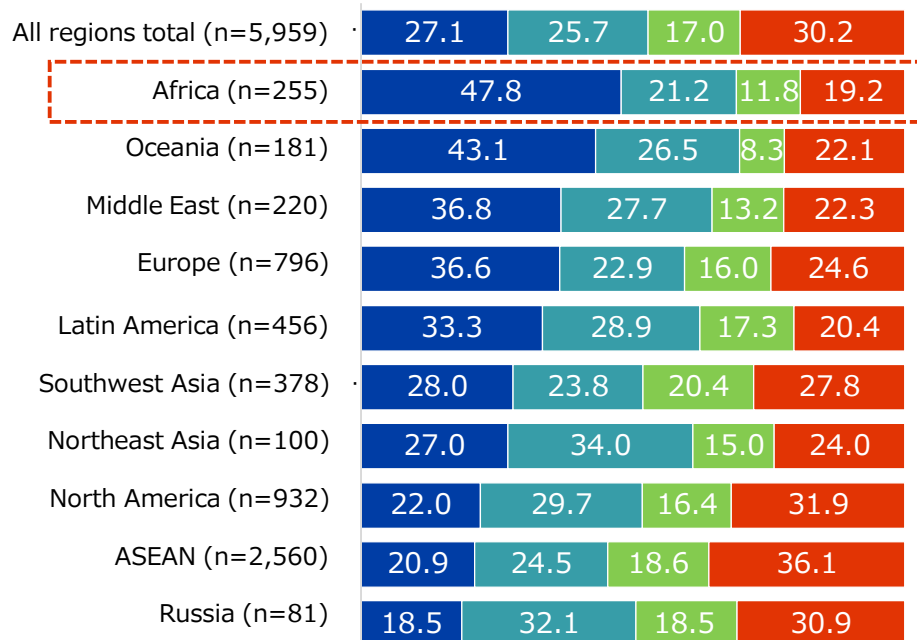
Examples of Specific Initiatives

- E-learning for customers (South Africa, health/welfare)
- Construction supervision using BMI (Kenya, construction / plant)
- Diagnostic imaging (Kenya, medical/welfare)

3 | Reference | Human Rights Policy in the Supply Chain

- Of the Japanese companies operating overseas, 52.7% have a policy on respect for human rights throughout their supply chain. Of these, more than half **(27.1%) also require their suppliers to comply**.
- By region, the rate was high in Africa, with many companies citing compliance with the EU's Conflict Mineral Resources Regulations in mineral mining areas as the reason.

Policy on Respect for Human Rights in the Supply Chain (by region)



- Policy is in place and require the suppliers to comply with it
- Policy is in place but not require the suppliers to comply with it
- No policy but plan to formulate it
- No policy and not planning to formulate it in the future

Note: China, Hong Kong, Macau and Taiwan are not included in Northeastern Asia.

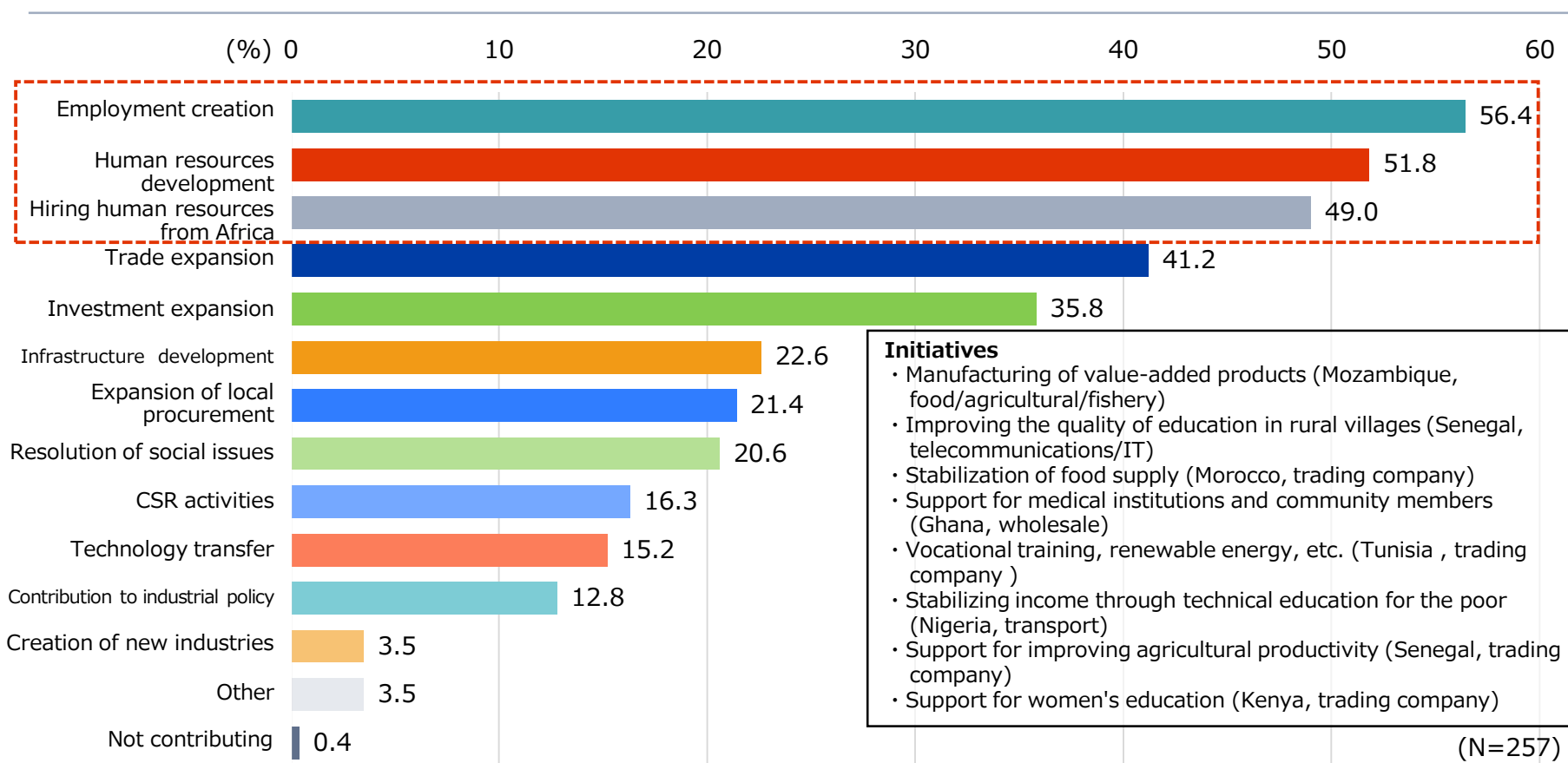
Human rights risks of concern and preventive measures (describe freely)

Major risks	Specific details and preventive measures
Child labor	<ul style="list-style-type: none"> Thorough age verification using IDs, etc. Suspend trading with traders that violated the policy (Egypt) Checking child labor as a condition for selecting contractors (Kenya)
Labor standards Labor conditions	<ul style="list-style-type: none"> Appropriate personnel costs, provision of in-house harassment training, clear reporting line for victims, etc. (South Africa)
Conflict minerals Resources	<ul style="list-style-type: none"> Site visits, questionnaires for suppliers, use of lawyers to organize documents, etc. (South Africa) Obtain certificates from all suppliers stating that procured metal materials do not contain conflict minerals and submit them to customers (South Africa)
Gender Racial discrimination	<ul style="list-style-type: none"> Not to consider race in hiring (South Africa) Considering an increasing ethnic-based conflicts, trying to send personnel to the area with as little risk of being attacked as possible (Ethiopia)
Other	<ul style="list-style-type: none"> Careful handling of the use of biometric products, including protection of data (South Africa)

4 | Reference | Contributions to the African Economy (Overall)

- As for contributions to the African economy, “job creation” accounted for the largest share at 56.4%. This was followed by “human resources development” at 51.8%, and “hiring human resources from Africa” at 49.0%.

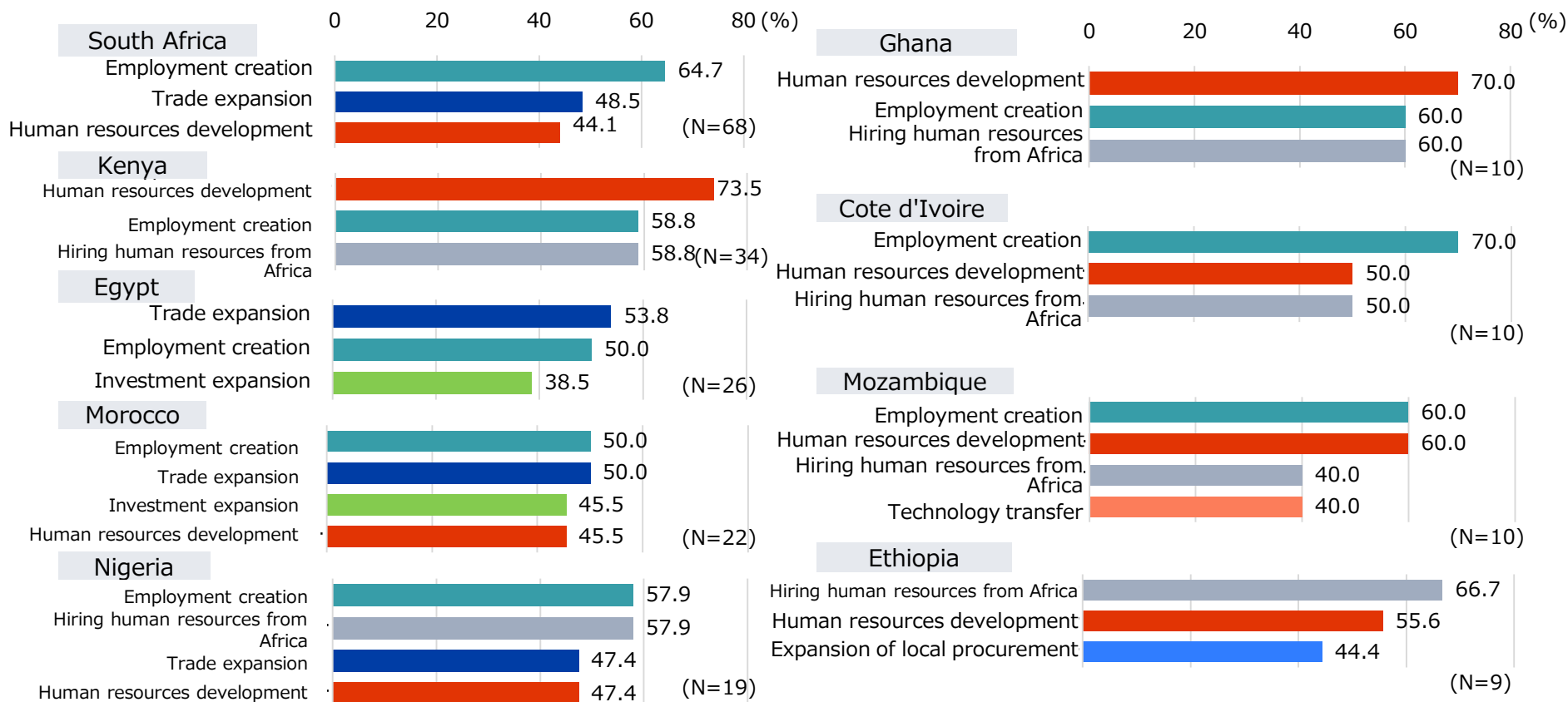
Content of Contribution to the African Economy (Multiple Answers)



5 | Reference | Contributions to the African Economy (by country)

- By country, South Africa, Morocco, Nigeria, Cote d'Ivoire, and Mozambique had the highest percentage of "job creation."
- In Kenya and Ghana, "human resource development", and in Egypt, "expansion of trade" were the highest at 53.8%. In Ethiopia, "hiring human resources from Africa" was the highest at 66.7%.

Content of Contribution to the African Economy (top Three Items by Country) (Multiple Answers)



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