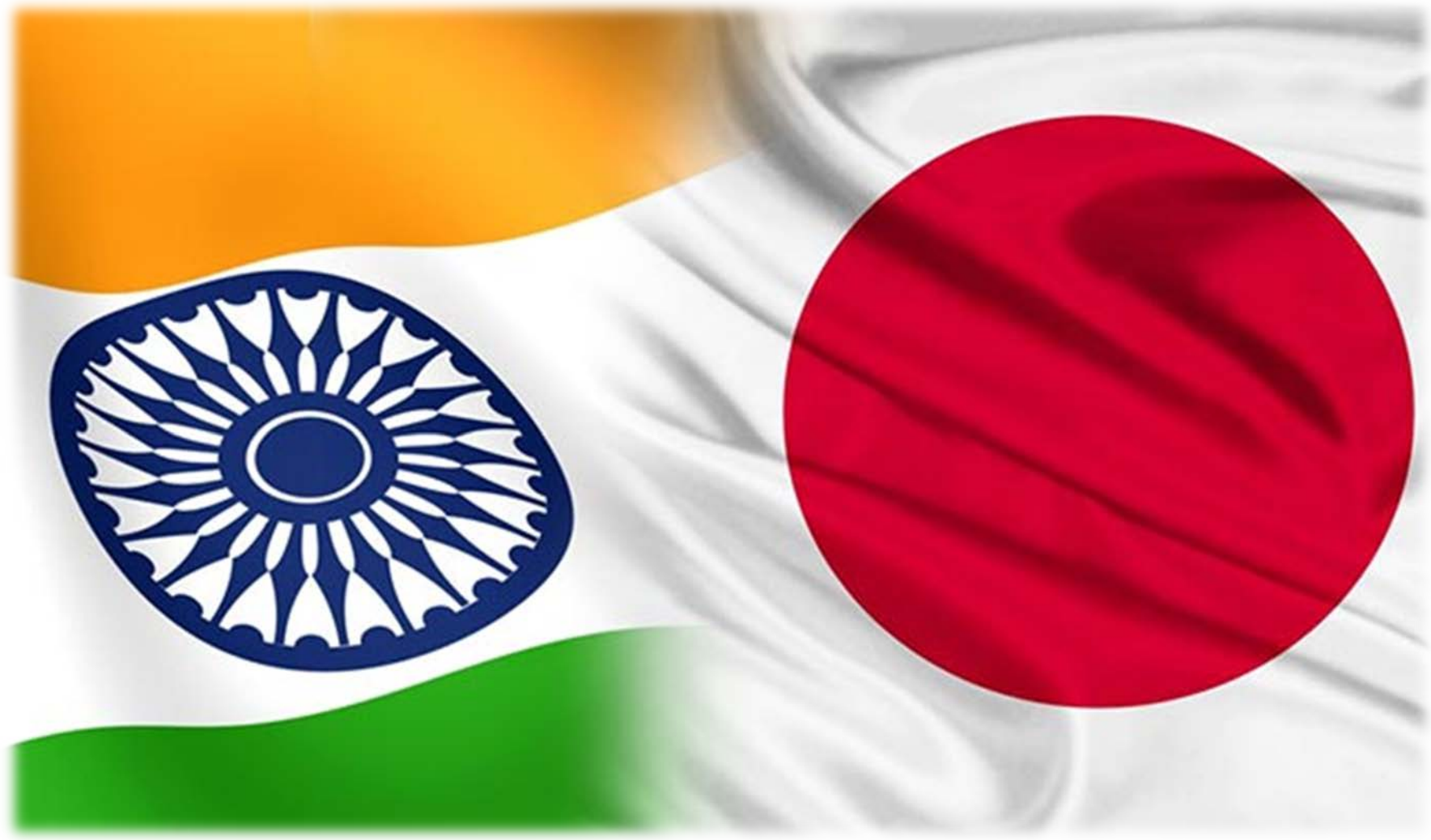


# Unlocking Africa's Potential – *Through India-Japan Collaboration*





# Confederation of Indian Industries (CII)





- Driving Indian engagement with Africa
  - Africa division formed 25 years ago.
- Plays a catalytic role to strengthen India – Africa ties in business
- Linked with 78 counterpart organisations in 37 African countries
  - Facilitation of information exchange and tie-up with investment promotion agencies.
- Works with GOI to promote Brand India and its 'Triple A' (Affordable, Adaptable, Appropriate) technologies.
- CII Africa organizes multi-lateral business forums to enhance South – South commercial co-operation.



## CII Africa Conclaves

- **CII-EXIM Bank Conclave** on India Africa Project Partnership is an important dimension of engagements with Africa. Twelve editions of the Conclave have been organised.
- **India-Japan-Africa Seminar** - CII & JETRO organised the Seminar on 8<sup>th</sup> March 2017 alongside 12<sup>th</sup> CII-EXIM Bank Conclave on India Africa Project Partnership.
- **13 Regional Conclaves in Africa** - Zambia, Ethiopia, Ghana, Mozambique, South Africa, Cote d'Ivoire, Uganda, Senegal, Tanzania, Namibia and Nigeria.
- **India – East Africa Regional Conclave** - Kampala, Uganda November 2017.

# Africa's growth story





# Africa's growth story

(1/2)

*Africa grew at 4.5% in the 10 years till 2014, beating the global GDP growth rate*

*However since 2015*

## Economic slowing

- ↓ Last year, SSA growth 1.4%; lowest in the last two decades
- Unease about monopoly in external aid

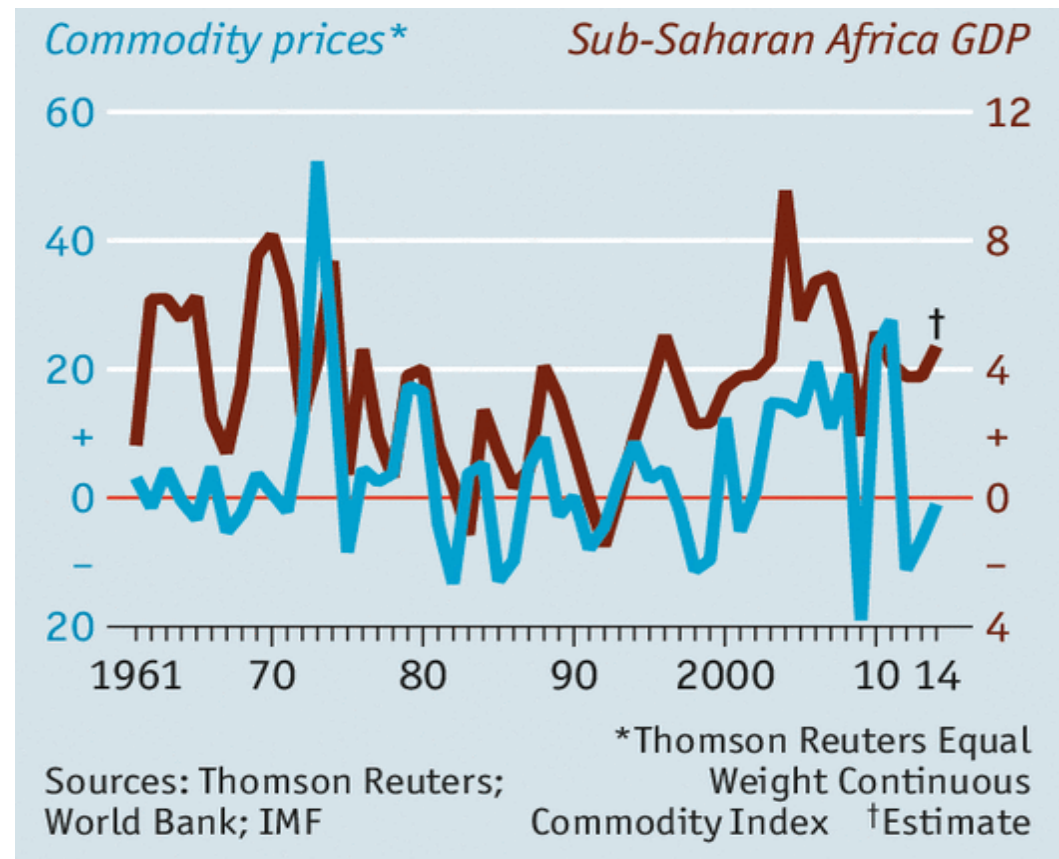
## Commodity – Cyclic

- ↓ World commodity prices
- ↑ Use of renewable resources

## Infrastructure – key to growth

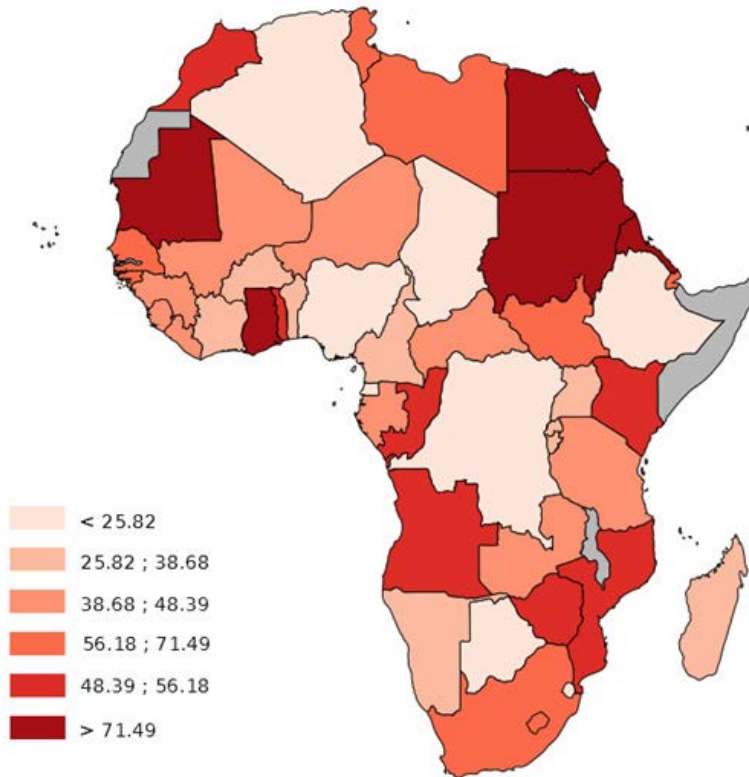
- Bridging the deficit could boost GDP by 2.2%
- Annual needs above \$93 billion
- Concerns over quality, technology transfer & skill upgradation

## Commodity Movement v/s GDP growth



*Source: The Economist, African Economic Growth; Jan 8, 2015*

*Economic slowdown has exacerbated the debt challenges*



Source : IMF - 2015

Gross public debt, percent of GDP

*Still significant growth potential exists, driven by strong fundamentals*

1

## Ongoing economic reforms

- Widespread business-friendly reforms

2

## Demographic shifts

- World's largest working age population by 2035
- ↑ Discretionary spending power

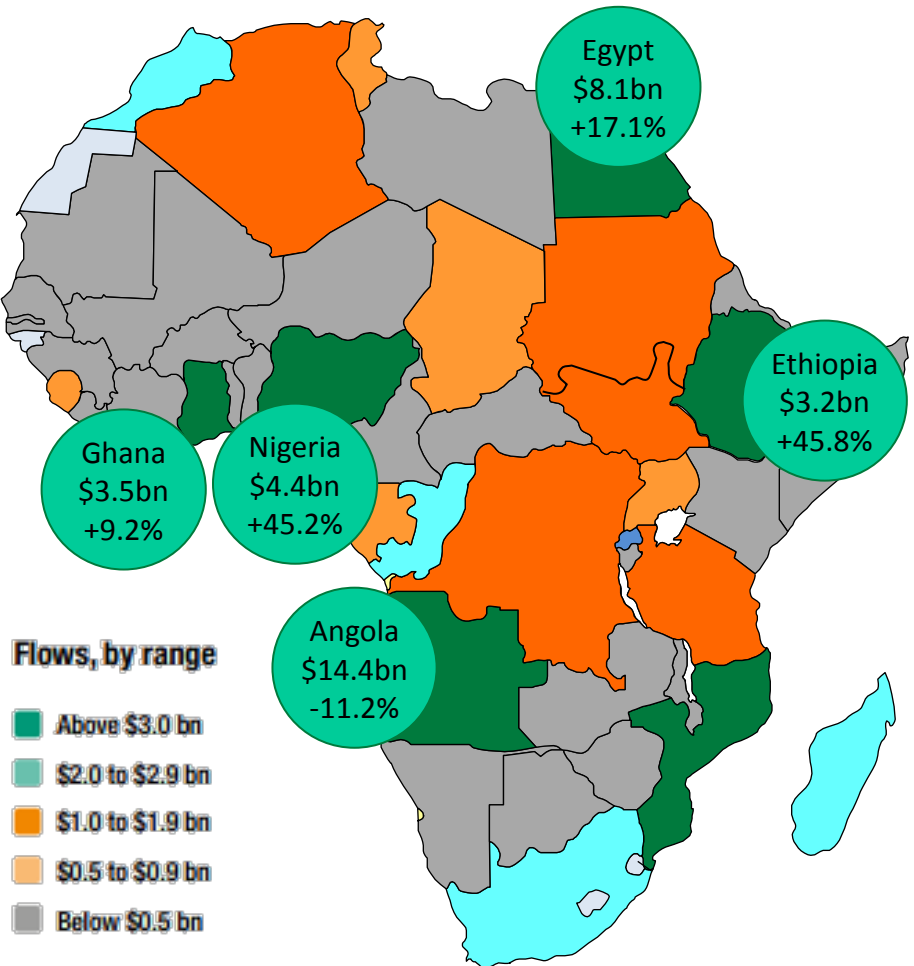
3

## Proven resource base and natural wealth

- Oil & Gas finds in East Africa
- Iron Ore in West Africa
- Copper, Coal, Uranium etc

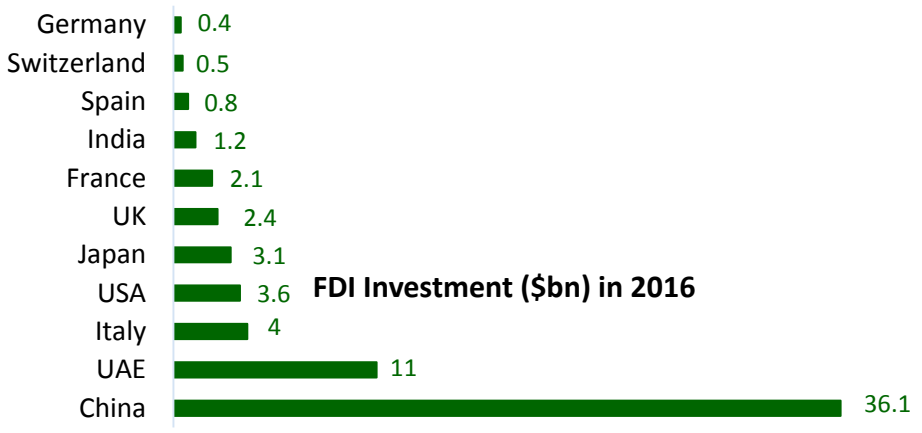
# FDI inflows to Africa

## FDI Inflows in 2016



Source: UNCTAD

## Source Countries



*Significant investment from China, creating excessive dependence*



# An Indo-Japan alliance can unlock more value in Africa



Breakdown by sub-regions in Africa, shows limited Japanese and/or Indian presence

## West Africa

- Africa – 26.1%
- China – 17.4%
- France – 6.5%
- Italy – 6.5%
- UK 4.3%

## East Africa

- China – 41.9%
- Africa – 25.6%
- US – 4.7%
- Japan – 4.7%
- South Korea – 4.7%
- Turkey – 4.7%

## Central Africa

- China – 50%
- Africa – 20.8%
- France – 8.3%

## Southern Africa

- China – 17.6%
- Portugal – 9.4%
- South Africa – 8.2%
- Private Domestic 28.2%

## North Africa

- Africa – 28.6%
- Italy – 16.7%
- France – 9.5%
- China – 7.1%
- South Korea – 7.1%

**Significant Potential for India and Japan to increase their share of participation**  
**“Time right for India, Japan and Africa to forge *winning partnerships*”**



- Strong India – Africa connect
    - Mutual appreciation and support during independence struggles in 1940s created a strong connect between India and many African countries, which exists till today
    - PM Narendra Modi announced a \$10 billion line of credit for development projects in Africa
    - India, fifth-biggest investor in Africa
    - Indian companies have established significant presence in Africa
- India offers many advantages as a springboard for entering the African market, including geographical proximity, a network of Indian expatriates and market similarity.***



# Indian Companies with African Footprints (1/2)

## Infrastructure



## Financial Services



## Resources





# Indian Companies with African Footprints (2/2)

## Agriculture



Enriching Lives



KARUTURI GLOBAL LIMITED

## Communication/IT



## Manufacturing



## Pharmaceuticals



## Consumer Goods



Distinctly Ahead



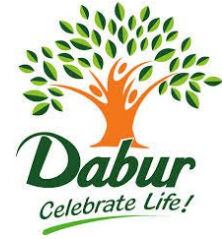
Ashok Leyland



Consumer Products Ltd.



marico



# New National Assembly Building, Gambia



# Seat Of Government And Presidency, Ghana



# Chirodzi mine, Mozambique



# Port construction – Madagascar

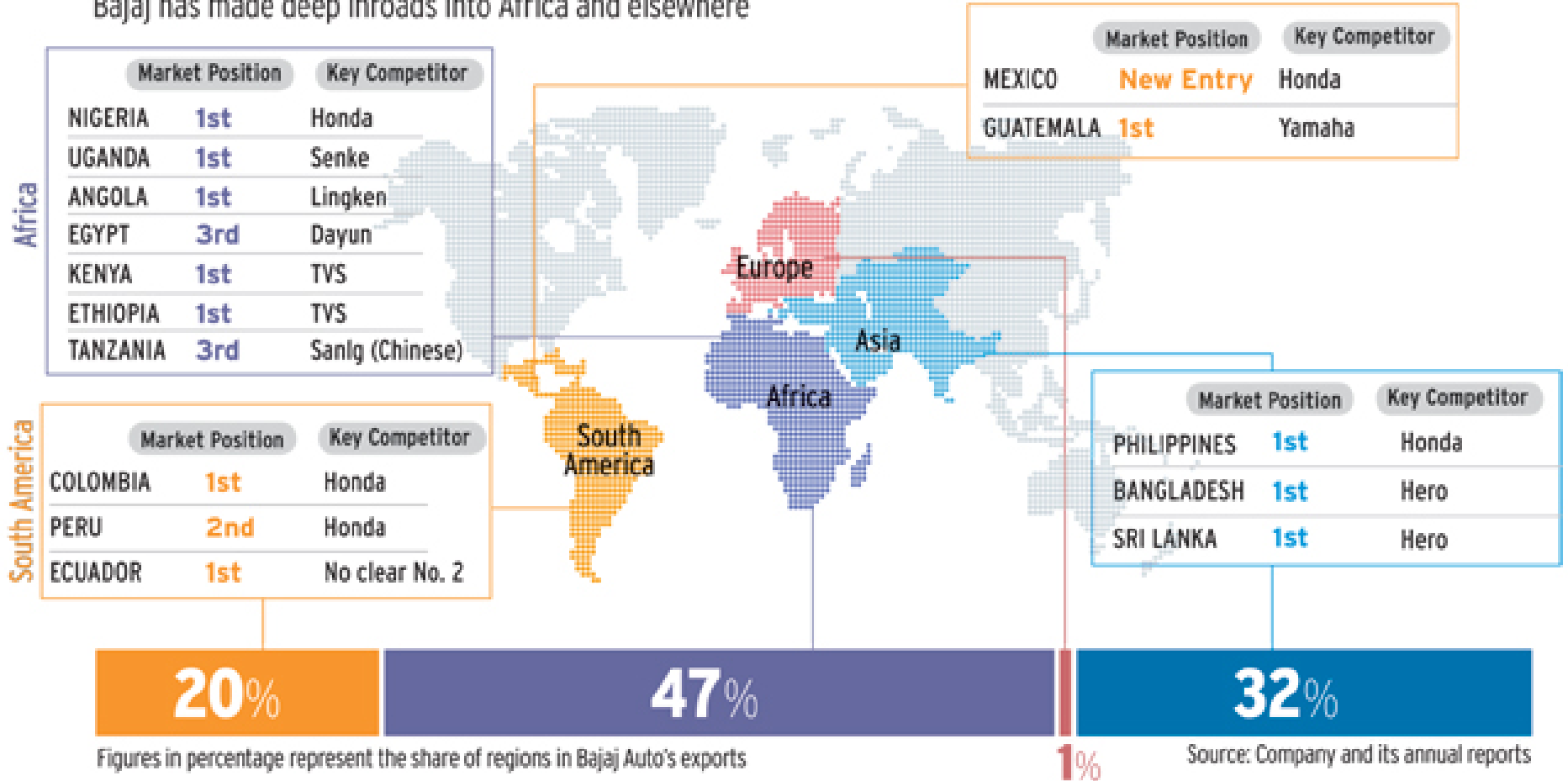






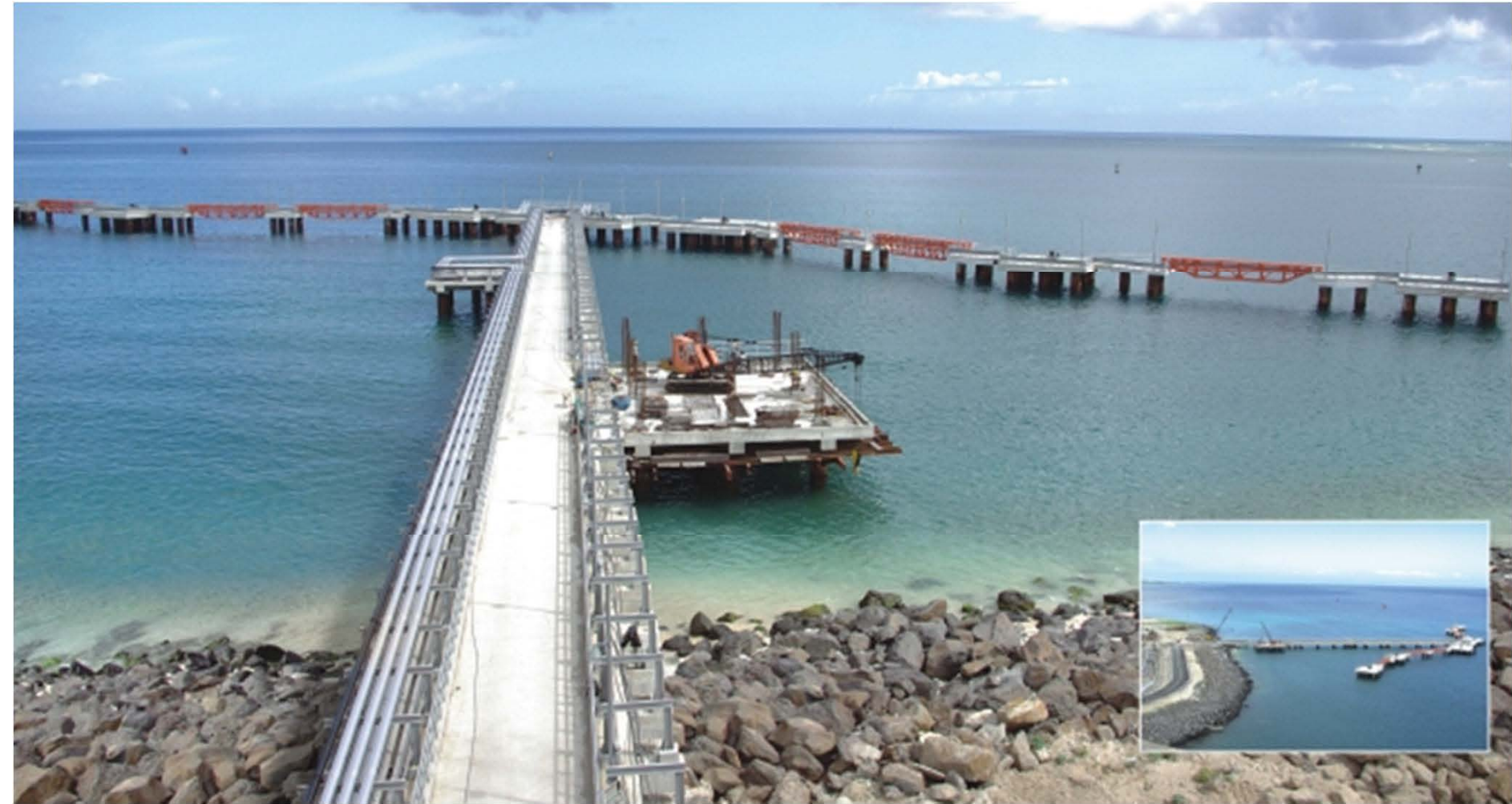
### THE LONG ARM OF BAJAJ

Bajaj has made deep inroads into Africa and elsewhere





# Oil Jetty for Mauritius Port Authority



# Iron Ore Mining Project - Liberia



# 10 Advantages to enter African Market in collaboration with India (1/2)



**Experiences in Africa have enabled India to develop following advantages**

<b>Geographical advantage</b>	<ul style="list-style-type: none"><li>▪ India is located on the opposite shore of the Arabian sea and has good access to West Africa.</li></ul>
<b>Historical/cultural connection</b>	<ul style="list-style-type: none"><li>▪ 19 African countries belong to the same British Commonwealth as India.</li><li>▪ Persons of Indian origin have been present in African countries for 200+ years, with substantial business presence</li></ul>
<b>English-speaking employees</b>	<ul style="list-style-type: none"><li>▪ The high English-language proficiency of Indians facilitates a variety of commercial activities.</li></ul>
<b>Market similarity</b>	<ul style="list-style-type: none"><li>▪ African markets are diversified and structured similar to India</li></ul>
<b>Similarity with India growth</b>	<ul style="list-style-type: none"><li>▪ Internal consumption driven growth through increasing middle class</li><li>▪ Strong Entrepreneurial skills</li></ul>

# 10 Advantages to enter African Market in collaboration with India (2/2)



<b>Established presence on Indian businesses</b>	<ul style="list-style-type: none"><li>▪ India companies have already created a footprint across majority of African nations</li><li>▪ Deep understanding of “doing-business” in Africa</li></ul>
<b>Desire to expand overseas</b>	<ul style="list-style-type: none"><li>▪ Deregulation of foreign exchange controls</li><li>▪ Indian corporates interested in overseas investment</li></ul>
<b>Scale of industry and personnel</b>	<ul style="list-style-type: none"><li>▪ There are no countries which rival the industry accumulation and scale of India.</li></ul>
<b>Rich resources</b>	<ul style="list-style-type: none"><li>▪ One of the world’s leaders in production amount of agricultural and marine products and fibers.</li><li>▪ Provides a wealth of basic engineering products such as metals and chemicals</li></ul>
<b>Support from Indian government</b>	<ul style="list-style-type: none"><li>▪ Indian Government supports Indian companies’ entry into the African market</li><li>▪ Active provision of information on investment in Africa and tax incentives for exporters.</li></ul>



- 1. Development of value chains** between India and Africa by Japanese companies
- 2. Joint development of Infrastructure project in Africa :** India and Japan have a number of iconic infrastructure projects done together
  - Delhi Mumbai Industrial Corridor
  - Dedicated Freight Corridor
- 3. Agri and food processing:** India and Japan could work jointly on large agri projects in African continent
- 4. Skill Development:** Both the countries can look to promote skill upgradation and skill development in both public and private sectors in Africa through skill training and certification, Bilateral exchanges.

# Developing “Asian Africa Growth Corridor” to harness the opportunities



- Opportunity for nations in Africa-Asia region to emerge as a “competitive economic bloc”
- Draw on Indo-Japan strengths to create a pan Africa
  - E-network,
  - develop industrial corridors,
  - telecommunication networks
  - power grids
- Synergize efforts and explore joint projects in trade, capacity building, health, infrastructure and connectivity
- Enhance skills, research and development capacities in Africa. Strive to develop institutional, industrial and transport infrastructure in the Asia – Africa region

***“Vision document which is a road-map for an Asia-Africa Growth Corridor already in place ; AAGC has the potential to unlock the immense growth potential between Asia and Africa”***





# India-Japan-Africa: Win-Win-Win



Africa's Needs	
<ul style="list-style-type: none"> <li>• Robust Infrastructure</li> <li>• Employment and job opportunities</li> <li>• Education and skill development</li> </ul>	<ul style="list-style-type: none"> <li>• Low cost healthcare solutions</li> <li>• Constructive FDI</li> </ul>

**India's needs**

- Economic Growth
- Effective utilization of aid
- Project exports
- Long-term access to natural resources

India's value proposition
<ul style="list-style-type: none"> <li>• Low cost innovation and operating model</li> <li>• Cultural affinity and understanding</li> <li>• Skill and talent development</li> <li>• Entrepreneurship and service orientation</li> <li>• Infrastructure development</li> </ul>

Japan's value proposition
<ul style="list-style-type: none"> <li>• Technology Leader</li> <li>• Capital raising</li> <li>• Vast resources</li> </ul>

**Japan's needs**

- Economic Growth
- Provide aid on OECD guidelines
- Equipment exports
- Long-term access to natural resources

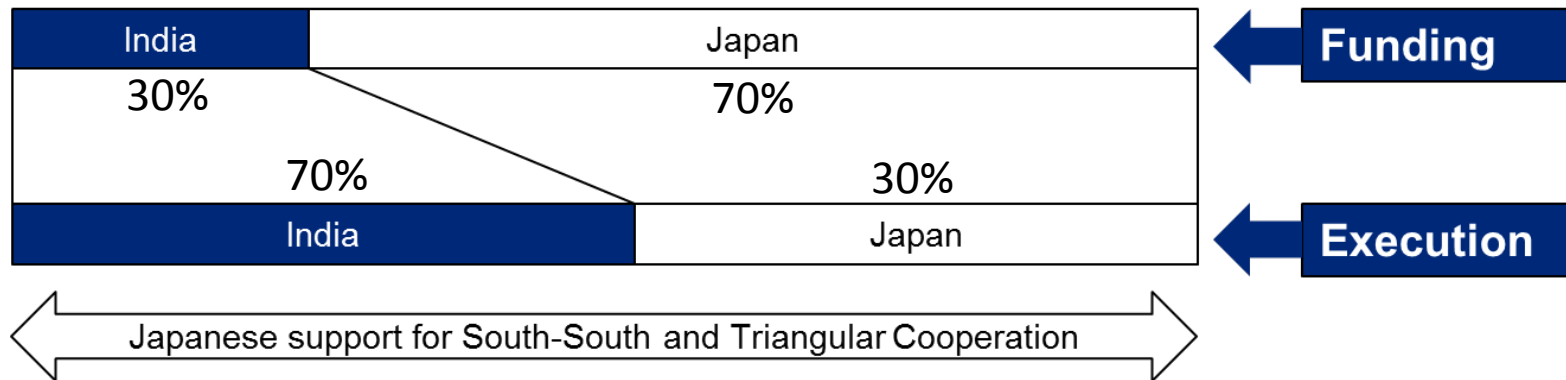
## Commitments for Africa

Japan	India
\$32 billion	\$ 10 billion



# Steps to Collaboration with Japan

- 1 Collaborative Development – Enhancing Reach and impact**
  - Combined Buyers Credit to developing countries from EXIM Bank of India and JICA/JBIC
  - Joint execution by Indian and Japanese firms with complementary expertise



- 2 Credit Enhancement**
  - Guarantees offered from JICA/JBIC to EXIM Bank of India for providing longer tenure loans(>12 Years) to developing countries.
- 3 Bilateral Access to Technology, Expertise and Capabilities**
  - Contractors and consultants should be cross empanelled with JICA/JBIC and EXIM Bank of India.



# Key Takeaways

# An Indo-Japan alliance can unlock more value in Africa



## Strategic Partnership

- Common interests to ensure balance of power
- Strong diplomatic ties between the countries
- Common focus on development

## Synergies

- Japanese high technology can be combined with appropriate/frugal engineering and construction experience from India to execute projects in an economical manner and engage on a larger scale in Africa

## Developmental Impacts

- Financing and execution of key infrastructure projects in Africa to support its growth.

## Benefits of India-Japan Alliance

- Projects of large scale can be executed
- Geo-politically sound partnership
- Cost of long-term borrowing for projects would be lower due to high Japanese sovereign rating
- Possibility for Japanese companies to set up a JV in India and use India as a manufacturing hub
- Enhanced potential for technology exports from Japan as its projects in Africa increase
- Alternates to the monopoly currently established in Africa



**Thank You.**