

MADAGASCAR

AUTREMENT

ISLE DE

Promising Madagascar

for a Mutual Revitalization of Madagascar and Japan

Japan-Africa Business Forum

June 10th, 2014



Invest in Madagascar



Promising
Madagascar

The journey

Discover Madagascar

Why Madagascar?

Promising sectors

Facilitation by EDBM





Promising
Madagascar

► Discover Madagascar

A new political situation

**A stable political new regime
after 5 years of crisis**

**A newly elected President
committed to:**

- Fight corruption
- Reestablish the rule of law and ensure good governance
- Guaranty a secure business environment
- Promote the development of the private sector
- Protect the environment

**A renewed relationship with
international donors**





Promising
Madagascar

► Discover Madagascar

Key facts

587,295 km² (about 60 million ha)

21.1 million people, of which **53% is active** and generate **€7.6 billion** of **GDP**

FDI increased 36-fold from 2005 to 2008 reaching **€2.1 billion** thanks to **investment partners**: UK, Canada, Japan, South Korea, France, Mauritius, ...

Exports rose by 10% in the last 5 years reaching **€1 billion** in 2013 thanks to **trading partners**: France, US, Germany, Canada, South Africa, ...





Why Madagascar?

Friendly business environment

- **100%** foreign ownership allowed
- World's **79th freest economy** (Index of Economic Freedom, 2013)
- **Investment protection, Double Taxation Agreement (DTA)** and other Bilateral Treaties with numerous countries
- Registering business in **7 days** (29th in the DBI 2014) thanks to EDBM
- Regulatory and fiscal incentives, assistance on export (ITBM)

Natural and human resources

- Megadiversity with the highest fauna and flora's **endemicity rate**
- Different types of **climate** and **soil**
- Skillful, competitive and young **labor**

Gateway to international markets

- **Strategic** location
- **Preferential access** to Europe, Africa and soon USA
- Considered as the "**breadbasket of the Indianoceanica**"





Textile and garments

- Availability of **all occupations of the sector**: spinning, weaving, knitting, printing and finishing
- Garments from **warp and weft knitting** and **accessories**
- Ability to produce **large series and upscale products** for man, woman and child
- **Certification** AFAQ ISO 9001, GOTS, SA 8000, ...
- **Rules Of Origin with UE**: simple transformation
- Pending re-eligibility for **AGOA**





Agriculture, livestock & fishery

- **Bio** agriculture and livestock
- **18 million ha** of potential arable land available, large grazing land area, **50,000 ha** of favourable land for shrimp farming and **114 million ha of EEZ**
- Wide range of **high quality products**: vanilla, lychees, gambas, lobster, honey, ...
- World's top exporter of **lychees** (70% of UE market)
- 50% of world's **vanilla**
- Leading exporter of **other species** and **essential oils**





Promising
Madagascar

► Promising sectors

Tourism

- **22** touristic **land reserves** and **5,000 km** of unspoilt **coastline**
- Extensive **rainforest** and **natural reserves (megadiversity)**
- **20,000 hotels rooms** needed in the next **5 years**
- Small, high end tourism **resorts, marina**
- Many types of **tourism assets**: ecotourism, beach, discovery, cutlural, adventure, rural, ...





- **Liberalized sector** with 3 main operators
- Connected to the rest of the world via **optical fiber**: EASSy, Lion, ...
- **Skilled technicians** for: software development, outsourcing services, call centers, data processing
- **Fastest connection speed in Africa** (Net Index, August 2013)
- **Penetration rate** in mobile telephony: **49%**
- **Growth of other sectors** (tourism, financial services, mining, ...)



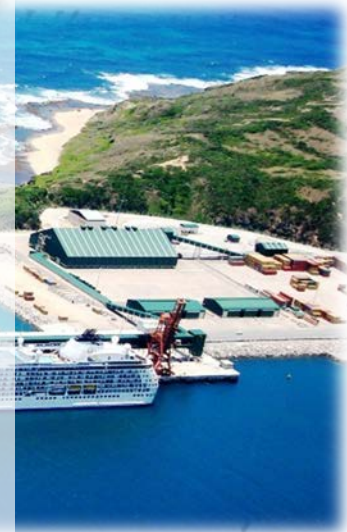


Promising
Madagascar

► Promising sectors

Infrastructure & energy

- **Law on PPP** being elaborated
- **7,800 MW hydro power** potential
- Solar energy: **2,000 kwh/m²/year**
- Wind energy: **8 m/s at 50 m high**
- Competitive cost with **0% increase in the last 10 years**
- New operational **deep-water port** with a new adjoining **special economic zone** in the south in a very interesting **maritime axis**





Promising
Madagascar

Facilitation by EDBM

- **3 main missions:** (i) improvement of the business climate, (ii) promotion and (iii) facilitation of investment
- **One-Stop Shop** in charge of:
 - Company creation
 - Issuance of: long-term visa (investors, expatriates and their families), residence card, transformable visa, environment and work permits, agreement on free zone regime





Promising
Madagascar

Contact:

Johary RAJOSEFA
Director of Promotion

Email: johary.rajosefa@edbm.gov.mg

Port: +261 33 11 653 58

Website: www.edbm.gov.mg

Address: Immeuble EDBM, Av.
Général RAMANANTSOA,
Antaninarenina, Madagascar



EDBM

ECONOMIC DEVELOPMENT BOARD OF MADAGASCAR





What MADAGASCAR can OFFER

Potential Markets:

- Madagascar Internal Market: 22 Million Population (doubling within 25 years)
- Madagascar as major supplier of the Indian Ocean Islands for Food Security
- Access market to the SADC countries (FTA 15 Countries with 277 Million Population, 660 Billions USD of GDP)
- Access market to COMESA countries (FTA 19 Countries with 443 Million Population 519 Billions USD of GDP)
- Prospect of the Tripartite Access to SADC-COMESA-EAC for FTA, Customs Union, Common Market, monetary Union and Single Currency.

Island of Unique and Hotspot Biodiversity:

- Interest focus on Researches and Development (Natural Sciences; Biotechnology and Pharmaceuticals, etc.);
- Land of Discovery and Tourism.

Rich and Diverse Human Capital:

- Young, Cheap and Moderately Skilled Labour;
- Strong Cultural link to Asia



MADAGASCAR can offer (Cont'd)

Vast Reserve Arable Land:

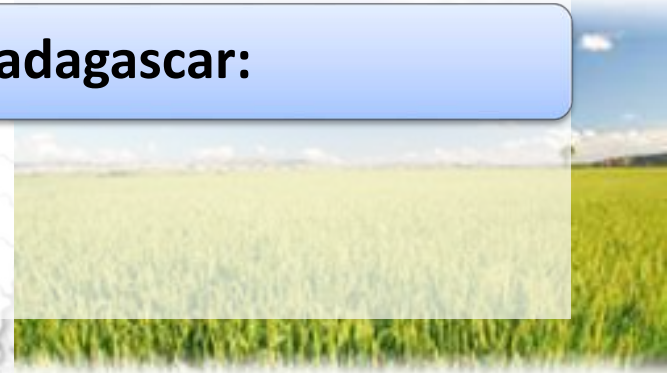
- For Agriculture: Role to play in terms of Regional and Global Food Security;
- For Energy: Bio-Energy (Biodiesel, Ethanol etc.); and Renewable Energy (Spaces for Solar; Wind; Hydro etc...);
- For Forestry and Logging: Role to Play on Fights against Climate Change (Carbone Trade);

Reserves of Natural Resources of World Importance :

- Mining Resources: Precious Stones; Rare Earths; etc.;
- Petroleum and Gas: On-Shore and Offshore;
- Fishery and Coral Reefs.

Strategic Geographical Position of Madagascar:

- Hub for World Maritime Merchandise Traffic;
- Highway for Energy Transport;
- Historically Gate of Indian Ocean.





Commitments of the Government

Strong Political Will of the New President HE Hery RAJAONARIMAMPIANINA for a “Strong and Stable State” and the “Rule of Law” through the three following commitment pillars:

- By ensuring **security** (persons, goods and investments);
- By ensuring the **independence of the judiciary** system and;
- By **fighting against corruption** and committing for more transparent and accountable governance.

Madagascar aspires for an “accelerated, inclusive and sustainable growth”:

- As a recovery response to the 5 years of crisis, the new Madagascar Government is optimistically and aggressively challenging to attain the vision of the President for a “**Madagascar as a Modern and Prosperous Nation**”.



Policy and Development Goals

The priority development strategies of the government will be focused on the four main axes as follow:

- Improvement of the Governance and the Rule of Law;
- Acceleration of inclusive growth; and the promotion of employment creation ; effective decentralization for a more equitable territorial (local) development;
- Improvement of the access to basic social services (education, health, water and hygiene) and a more proactive and adaptive human resource development;
- Protection of the Madagascar's unique environment; Towards a Green Economic Growth by mainstreaming strategy for adaptation and mitigation to climate change adverse effects.

Some Indicators of Economic and Development Goals to be achieved within 2 years:

- Double digit Economic growth;
- Attain a high rate of investments allocations (at least 25% of GDP, through public investments mainly on infrastructures);
- Creation of 500,000 employment and;
- Reduction of poverty rate by 7 to 10 points.



Business Opportunities and Facilitations

Facilitation through a New Improved Code of Investment:

- Facilitation on doing business and FDI in Madagascar by the services of the **EDBM**
- **Special Economic Zones** approaches by promoting PPP (New Creation and Concentration of Economic Activities; new cities and clusters of industrial zones)
- **Integrated Growth Poles** approaches for existing Regional Economic Potentials (Nosy-Be Island for Tourism Development; Antananarivo-Antsirabe for Industrial Development; Fort-Dauphin for Mining and Tourism Development; Extension soon for other Regions): one example is the promotion of investment zones at Ehoala Port in Fort-Dauphin (For import-exports related activities such as: Fisheries, Mining and Natural Resources, Agribusinesses; Pharmaceuticals, Cosmetics etc...);
- **Franchise Zones** approaches (For some competitive sectors such as textiles, garments, ITC and handcrafts etc...)
- **Agriculture Investment Zones** approaches : 4,145,400ha of unexploited land identified in 4 regions of Madagascar destined for social insertion and youth employment promotion but importantly for attracting Local and FDI investments projects.

Facilitation through a New improved law for exports:

- Facilitation on Exportation by the Installation of **ITBM** (or International Trade Board of Madagascar) as a One-Stop shop Service for Exports .





Business Opportunities and Facilitations

Facilitation through the Improvement of the Code of Tourism:

- **Tourism Investment Special Zones** approaches and specifically the Promotion of Concession Management at National Parks (launching of call for expression of interests for Pilote Projects in 4 national park sites in the north and east) ; and by the Promotion of Sustainable Tourism and Construction of “Cultural Villages”;
- **Aggressive reforms on Transportation and Communication:** Accessibility to all important tourism sites internally and internationally by deploying the National Airlines (Air Madagascar) and by partnering with potential countries for inbound tourism.

Facilitation through the Improvement of the Mining and Petrol Code:

- Special Treatments for Eligible Big Mining Investment (For instance the Ambatovy Project within which **Sumitomo Corporation** is involved);
- Attractive State’s Joint Venture on Petrol and Gaz Exploitation: some remained on-shore blocks open for bidding soon; and many other remaining off-shore blocks Off the east coast of Madagascar in the Canal of Mozambique. Possibilities of Joint-Ventures to current exploration projects. The Government has decided to allow the internal commercialization of the heavy oil from Tsimiroro Project (Madagascar Oil).

New Law and Instruments for PPP Development in Madagascar:

- Energy (Promotion of Hydropower: launching of a pilot project of exclusive renewable energy of the Nosy-Be island estimated at 130Millions USD);
- Infrastructures (roads, ports and airports) etc.





Promising
Madagascar

Welcome you to embark on the journey





Promising
Madagascar

Madagascar Embassy in Japan

Andonirina RATODISOA

Economic and Commercial Counsellor

Website: www.madagascar-embassy.jp

Email: ambtyo@r5.dion.ne.jp

Tel: +81 03 3446 7252

Address: 2-3-23 Moto-Azabu
Minato-ku Tokyo
Japan 106-0046





Promising
Madagascar



MISAOTRA

ARIGATO GOZAIMASU

**Thank you for your
attention!**

