



FY2023

Survey on Business Conditions of Japanese Companies in Africa

- Underpinned by a recovery in operating profit, Africa is expected to remain a growth market

Challenges include improving the investment environment and increasing the local procurement rate -

Japan External Trade Organization (JETRO)

Research & Analysis Department

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Key Points of Survey Results

Underpinned by a recovery in operating profit, Africa is expected to remain a growth market
- Challenges include improving the investment environment and increasing the local procurement rate -

I. Operating Profit Forecast

58.4% of companies said they would be in the black in 2023, the highest in the past four years. By country, those operating in South Africa and Egypt are performing particularly well. Many companies in Morocco and Ghana expect operating profit to increase in 2024. This is due to an increase in local demand and corporate efforts to strengthen sales structure.

II. Future Business Outlook

More than half of companies said they would expand their business in the next one to two years, as demand including that from export destinations is likely to grow. They are seen trying to capture demand through sales reinforcement, new development, service enhancement, etc. The local procurement rate is only 37.2%, lower than in Asia.

III. Employment Environment

Just over 40% of companies said there was a shortage of human resources. The percentage of companies that said the employment environment improved in the past year is higher in Kenya.

IV. Investment Environment

The percentage of respondents who said the investment environment had not improved increased from the previous survey. In Kenya, Egypt, Nigeria, Ghana, and Mozambique, where foreign currency shortages are severe, many companies are faced with challenges of "financial affairs, financing, or foreign exchange." Interest in the use of FTAs/customs unions declined.

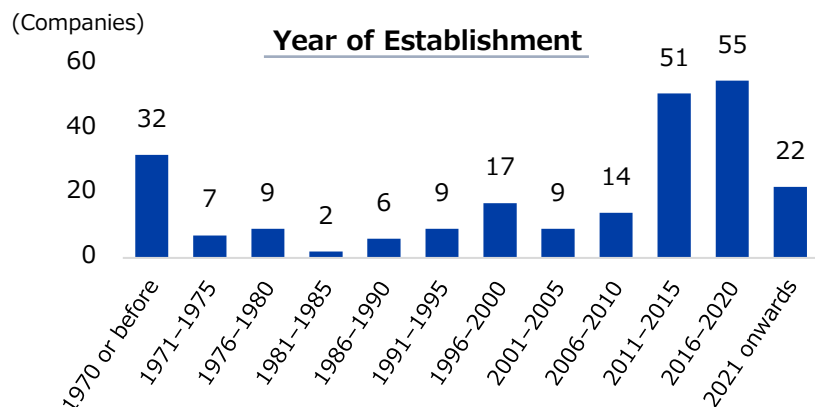
V. Focus Countries/Areas

Against the backdrop of population growth, nearly half of respondents regard "Consumer market" as a promising area. In the "New industry" category, the percentage of companies citing "EV" as a promising area decreased, while that voting for "Smart agriculture" was the highest.

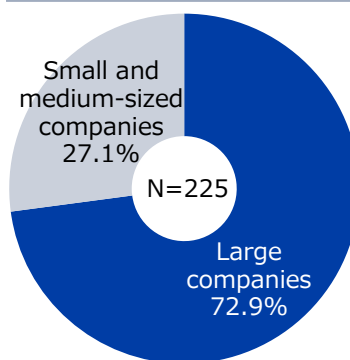
Survey Overview & Respondent Companies Profile

Survey Overview

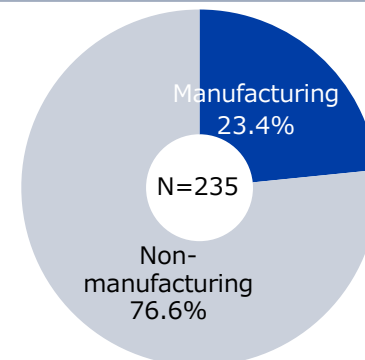
Survey period:	September 4 to September 27, 2023
Valid response rate:	82.2%
Number of companies that provided valid responses:	235 companies from 20 countries (Note) A total of 286 companies from 21 countries were surveyed; see details on the next page.
Survey target:	Japanese companies in Africa (Note) In principle, they are local corporations with a Japanese ownership of 10% or more, and branches and representative offices of Japanese companies.



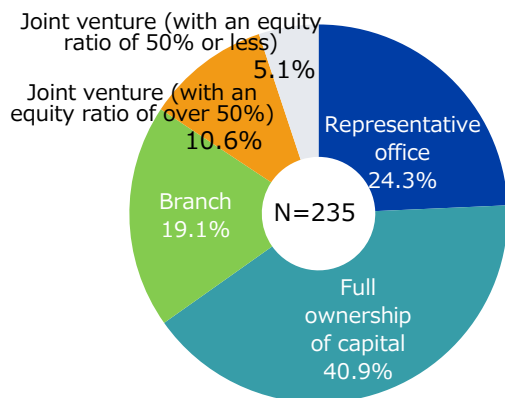
Classification of Japanese Headquarters



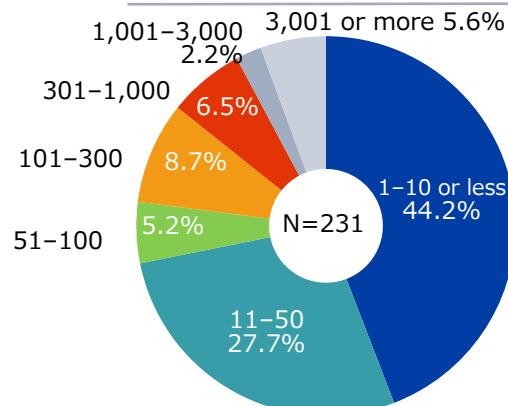
Industry (Manufacturing/Non-manufacturing)



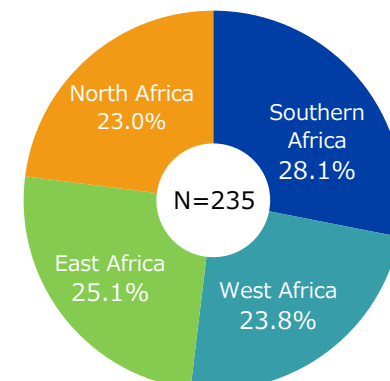
Type of Operation in Africa



Total Number of Employees



Respondent Companies by Region



Valid Responses Received from 235 Companies (in 20 Countries)

	Number of companies surveyed	Number of companies that provided valid responses:		Valid response rate:
		Number of valid responses; () = Manufacturers	% share	
Total count	286	235(55)	100.0	82.2
North Africa	67	54(15)	23.0	80.6
Morocco	24	18(5)	7.7	75.0
Egypt	34	29(9)	12.3	85.3
Algeria	6	6(1)	2.6	100.0
Tunisia	3	1(0)	0.4	33.3
West Africa	71	56(8)	23.8	78.9
Nigeria	25	22(7)	9.4	88.0
Ghana	15	12(1)	5.1	80.0
Cote d'Ivoire	14	10(0)	4.3	71.4
Senegal	16	12(0)	5.1	75.0
Burkina Faso	1	0(0)	0.0	0.0
East Africa	68	55(13)	23.4	80.9
Kenya	51	43(8)	18.3	84.3
Tanzania	5	3(1)	1.3	60.0
Ethiopia	7	5(2)	2.1	71.4
Uganda	2	2(2)	0.9	100.0
Rwanda	3	2(0)	0.9	66.7
Southern Africa	80	70(19)	29.8	87.5
South Africa	59	52(15)	22.1	88.1
Mozambique	12	9(3)	3.8	75.0
Zambia	1	1(0)	0.4	100.0
Angola	2	2(0)	0.9	100.0
Madagascar	4	4(0)	1.7	100.0
Mauritius	1	1(0)	0.4	100.0
Eswatini	1	1(1)	0.4	100.0

(Note 1) The component percentages in the tables and charts have been rounded off to the 2nd decimal place. As a result, some of the total sums do not add up to 100%.

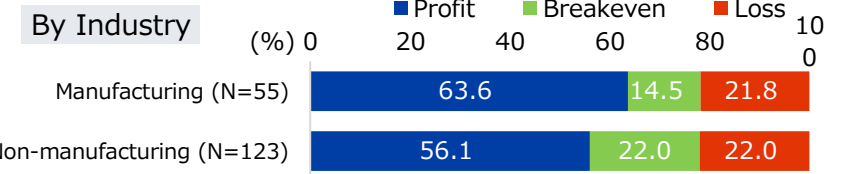
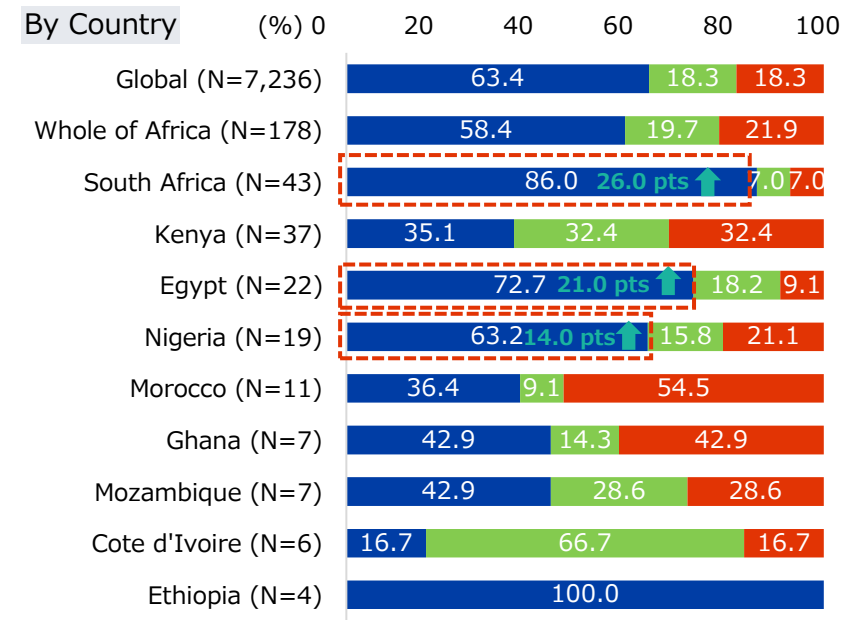
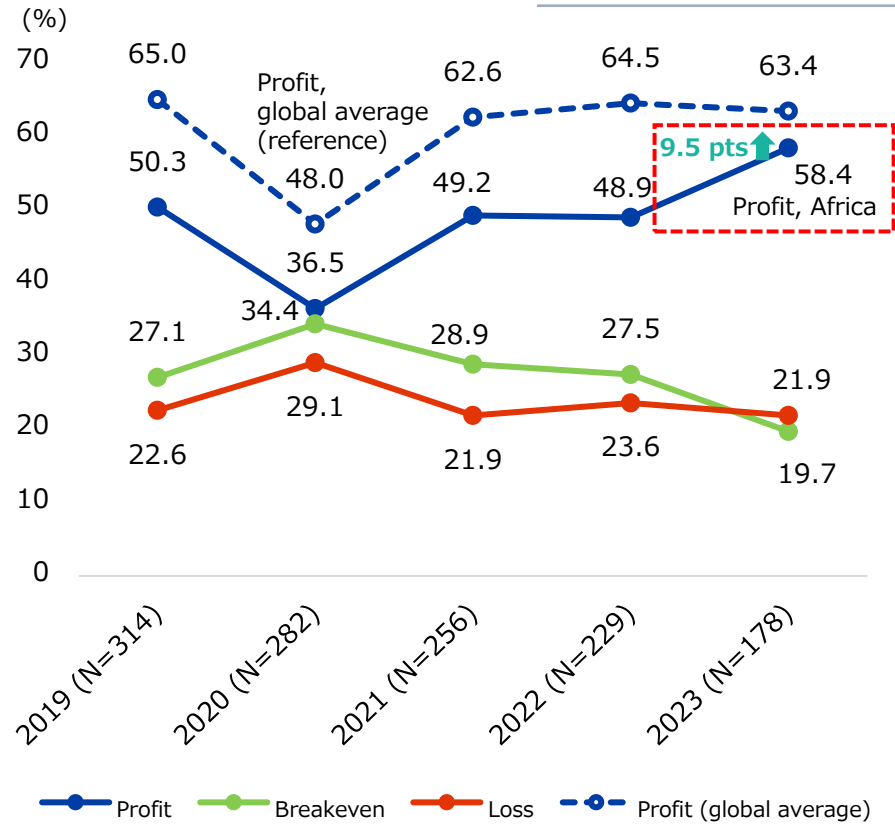
(Note 2) "N" written in the report is the number of valid responses (parameter).

I. Operating Profit Forecast

1 | 2023 Operating Profit Forecast (Overall Trend/by Country)

- **58.4% of companies** answered **that they would be in the black**, up 9.5 points from the previous year. **It is the highest since 2015**, but falls short of the global average (63.4%). 21.9% of companies said that they would post an operating loss, down 1.7 percent points. Meanwhile, 19.7% of companies are expected to end up breaking even, down 7.8 percent points.
- By country, the percentage of companies that will **end in the black is 86.0% in South Africa, 72.7% in Egypt, and 63.2% in Nigeria**. A larger proportion of companies in Morocco and Ghana said that they would be saddled with an operating loss.

2023 (Jan–Dec) Operating Profit Forecast

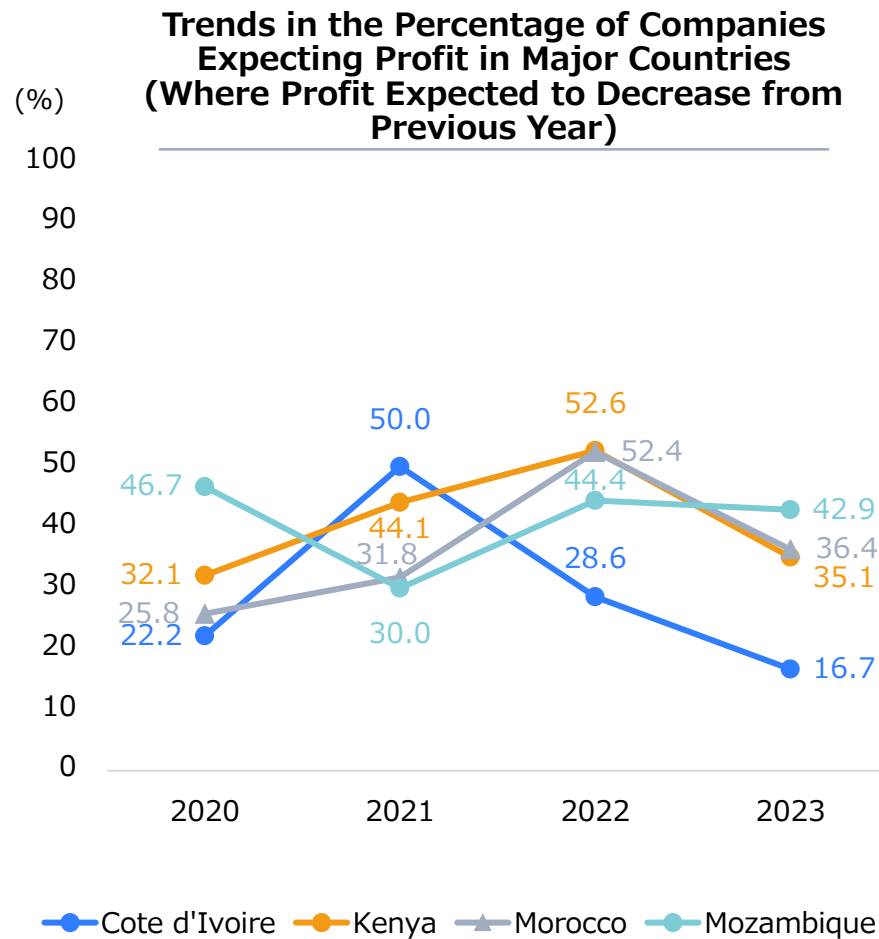
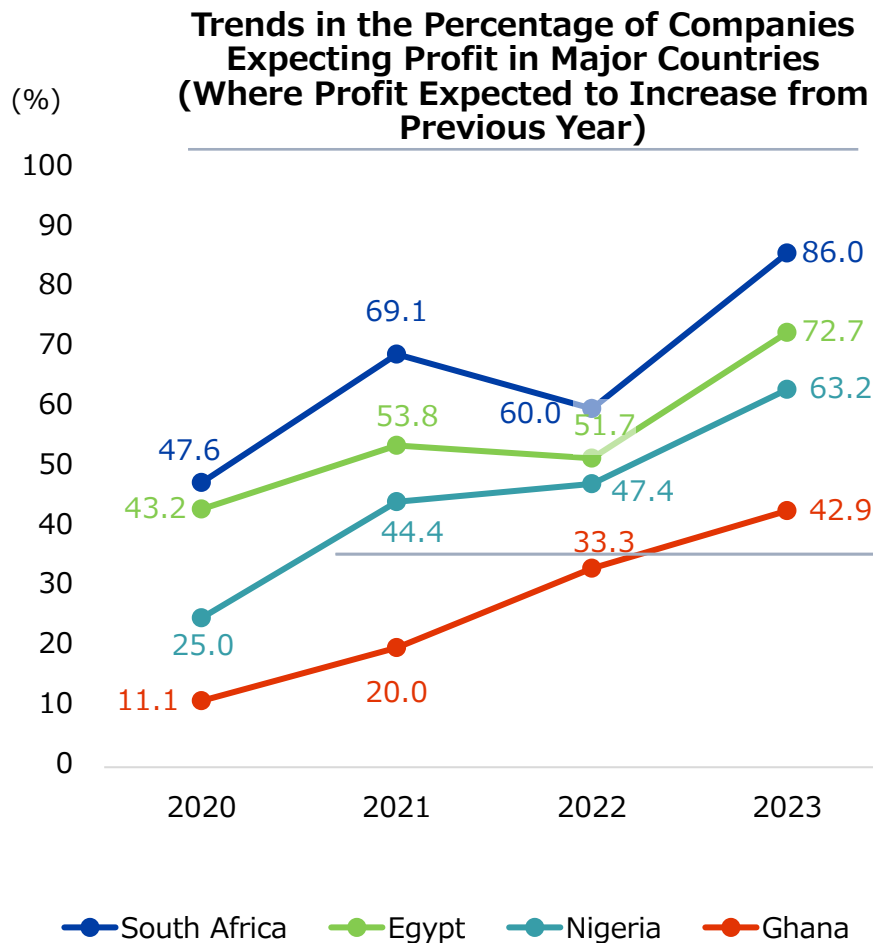


Compared to previous year: ↑ Up ↓ Down

(Note) In 2023, representative offices that do not generate operating profit/loss were not subject to questions about operating profit/loss.

2 | 2023 Operating Profit Forecast (by Country/Trends in Percentage of Companies Expecting Profit)

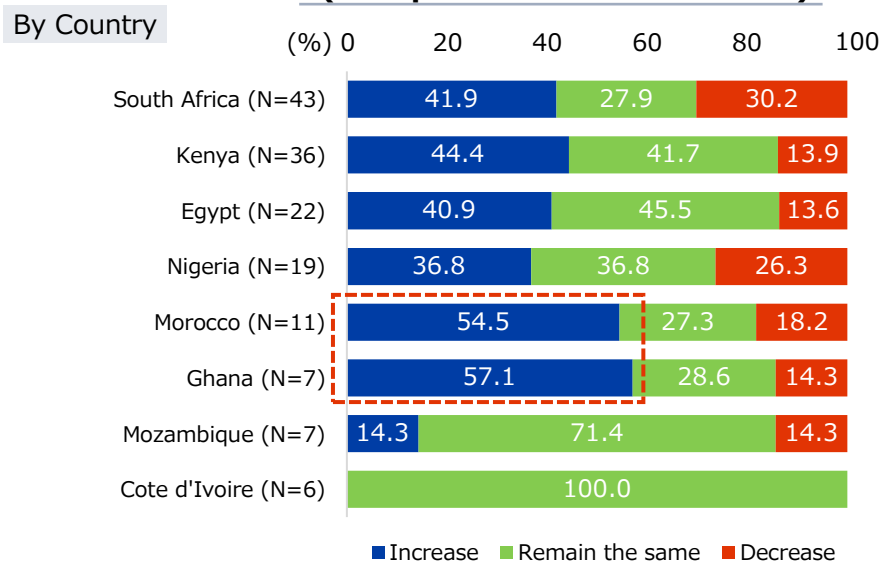
- **In Nigeria and Ghana, the percentage of companies expecting to end in the black has been on the rise since 2020.** In South Africa and Egypt, the corresponding percentage fell in 2022 but picked up in 2023.
- In Mozambique, Morocco, Kenya and Cote d'Ivoire, the corresponding percentage decreased from a year earlier.



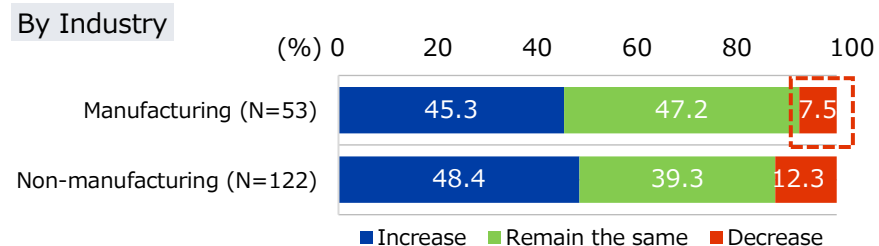
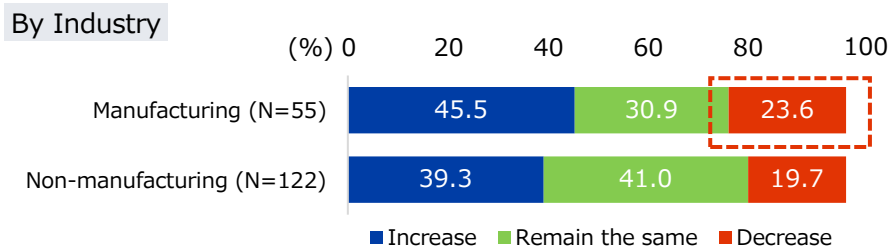
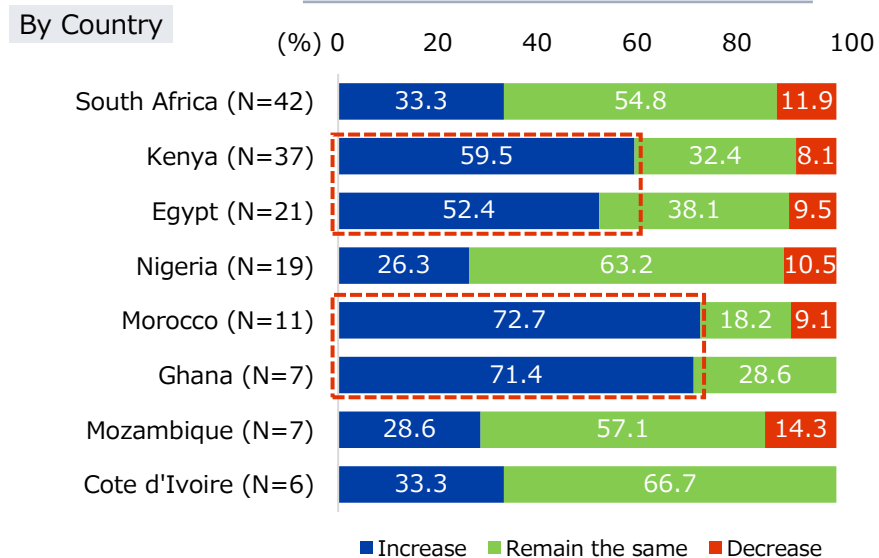
3 | 2023 Operating Profit Forecast and 2024 Outlook (by Country/by Industry)

- More than 50% of respondents in Morocco and Ghana reported that operating profit would increase in 2023 from the prior year. **More than 70% of respondents in Morocco and Ghana, and more than 50% of those in Kenya and Egypt said that operating profit would advance in 2024.**
- By industry, the percentage of manufacturers expecting a decrease in operating profit in 2023 is 23.6%. However, the corresponding percentage for 2024 is much lower at 7.5%. The percentage of non-manufacturers expecting a decrease in operating profit in 2024 is also lower than in 2023.

2023 Operating Profit Forecast (Compared to Previous Year)



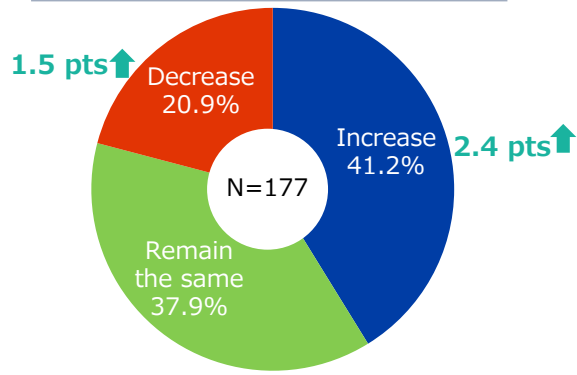
2024 Operating Profit Outlook



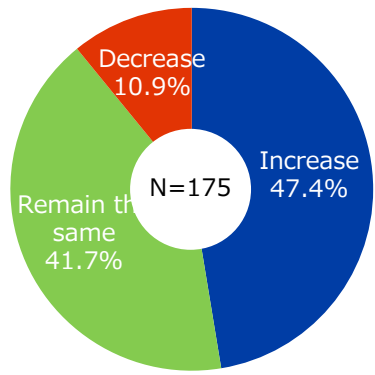
4 | 2023 Operating Profit Forecast and 2024 Outlook (Compared to Previous Year)

- 41.2% of companies said they were expecting operating profit to increase in 2023. Only 20.9% of companies forecast that operating profit will decrease in 2023. Accordingly, **roughly 80% of companies expect that operating profit will either increase or remain flat from the preceding year.**
- For 2024, 47.4% of companies expect operating profit to increase, and 41.7% expect operating profit to level off, with these two groups making up about 90% of total respondents. The percentage of companies that expect a decline in operating profit in 2024 is 10.9%, down 10.0 percent points from a year earlier, **meaning that the business environment is likely to improve in 2024.**

2023 Operating Profit Forecast (Compared to Previous Year)

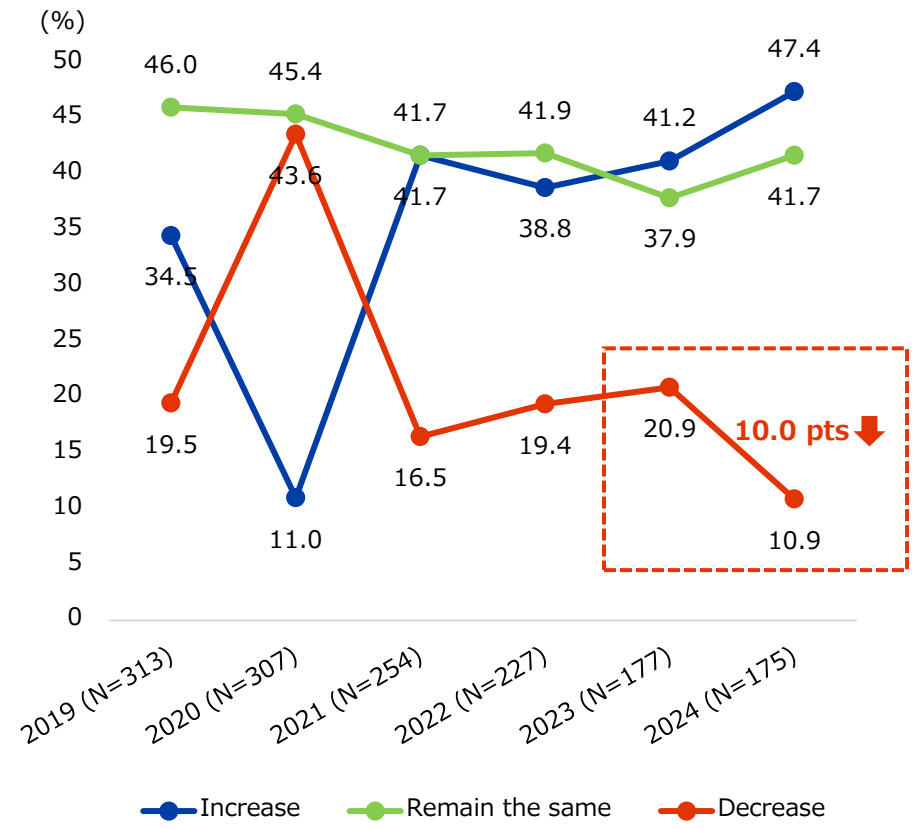


2024 Operating Profit Outlook



Compared to previous year: ↑ Up ↓ Down

Trends in Operating Profit Forecast

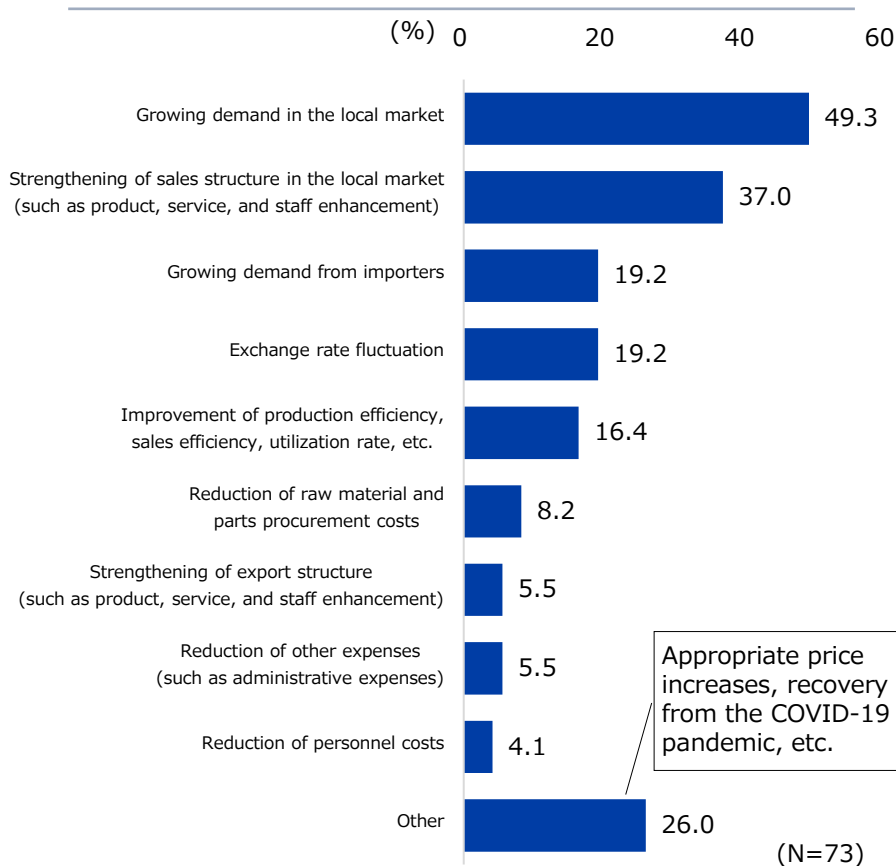


(Note) Forecast for 2018–2022; outlook for 2023.

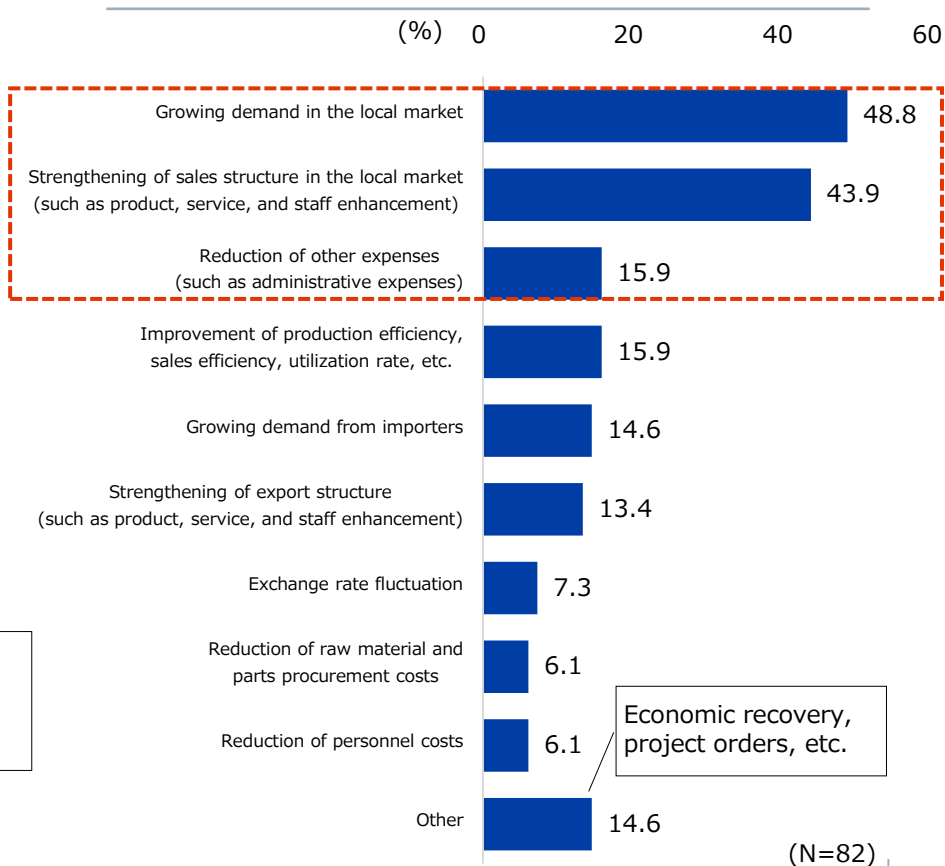
5 | 2023 Operating Profit Forecast and 2024 Outlook (Reasons for Increase)

- Major reasons for the expected increase in operating profit in 2023 are the same as last year, namely "Growing demand in the local market" (49.3%) and "Strengthening of sales structure in the local market" (37.0%).
- A larger proportion of companies cited "Reduction of other expenses" as a reason for the expected increase in operating profit in 2024.

Reasons for Expected Increase in Operating Profit in 2023 (Compared to Previous Year)
 <Multiple Answers>



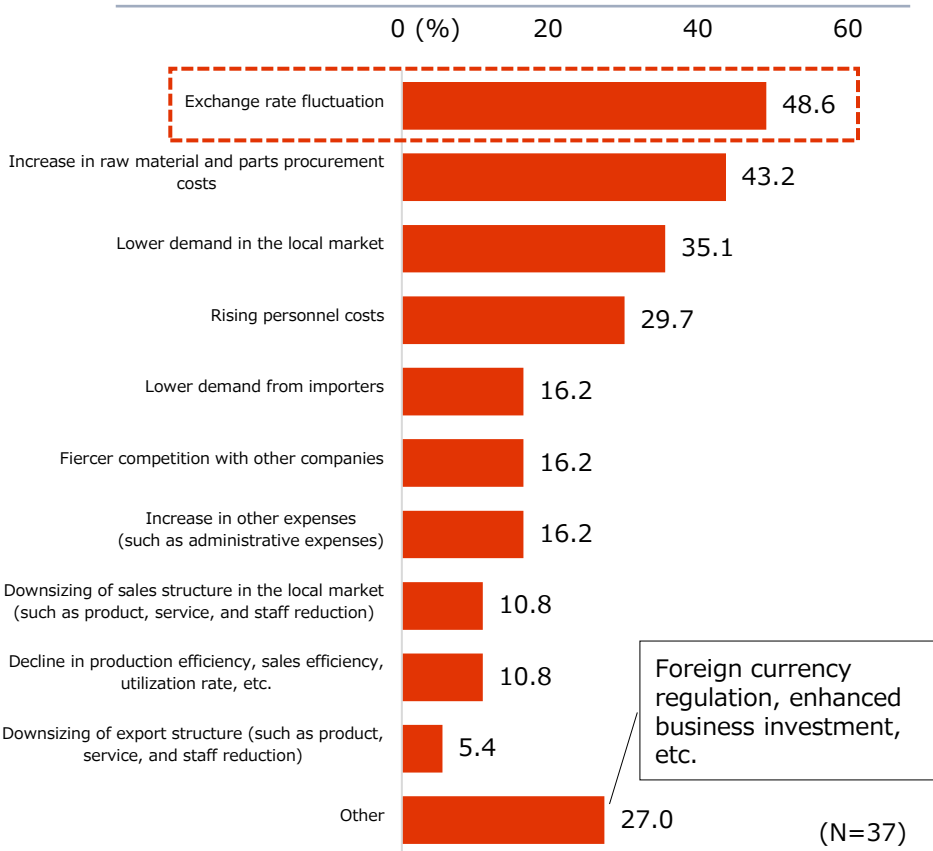
Reasons for Expected Increase in Operating Profit in 2024 (Compared to Previous Year)
 <Multiple Answers>



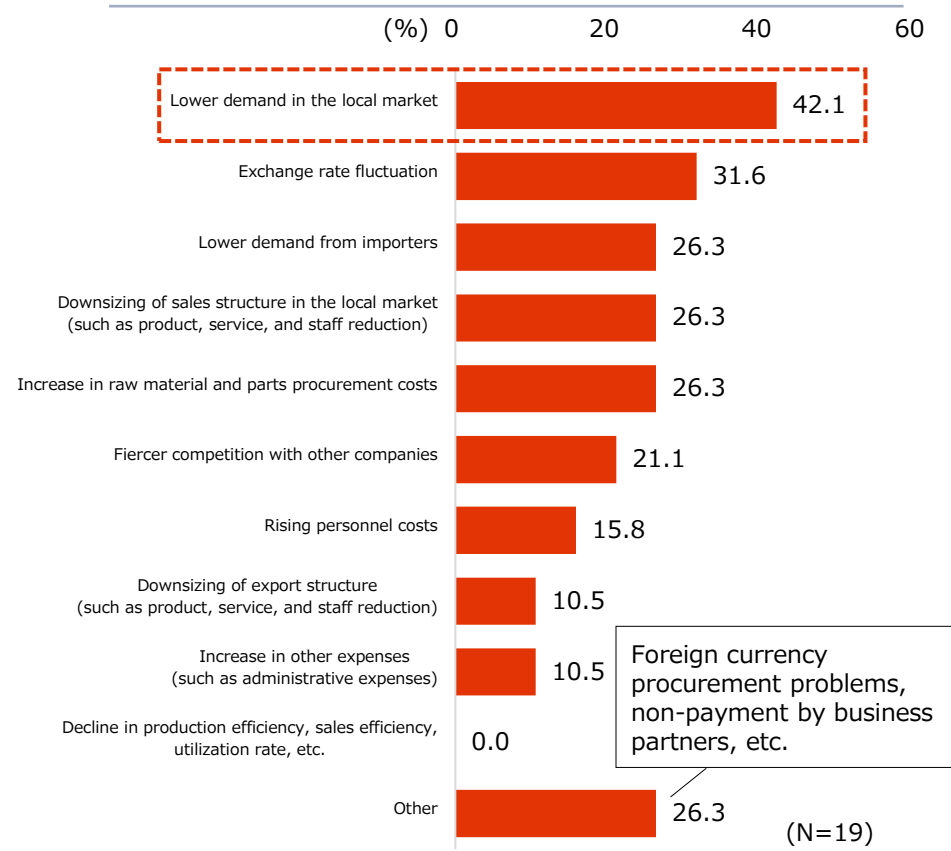
6 | 2023 Operating Profit Forecast and 2024 Outlook (Reasons for Decrease)

- The largest proportion of companies (48.6%) cited “Exchange rate fluctuation” as a reason for the expected decrease in operating profit in 2023.
- “Lower demand in the local market” replaced “Exchange rate fluctuation” as a reason cited by the largest number of companies (42.1%) why they expected operating profit to decline in 2024. The percentage of companies that cited “Lower demand from importers” as a reason also rose.

Reasons for Expected Decrease in Operating Profit in 2023 (Compared to Previous Year)
 <Multiple Answers>



Reasons for Expected Decrease in Operating Profit in 2024 (Compared to Previous Year)
 <Multiple Answers>

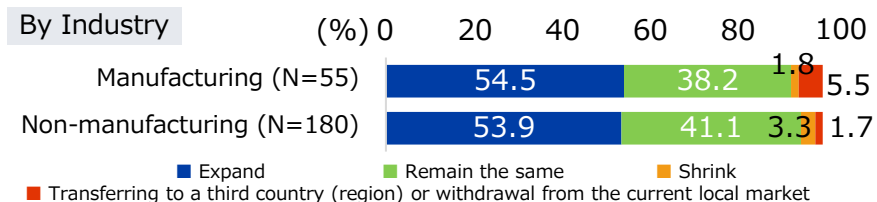
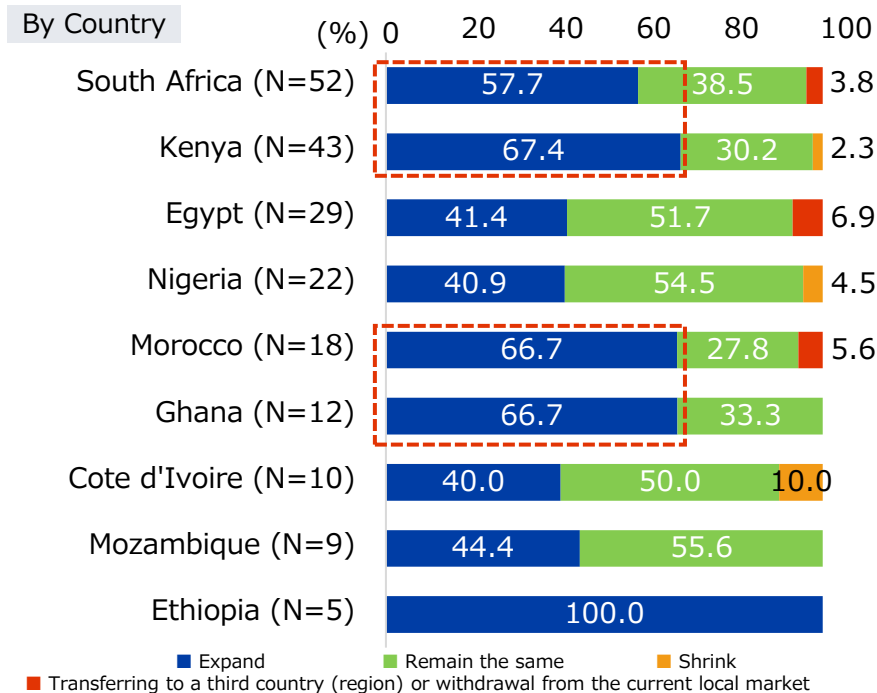
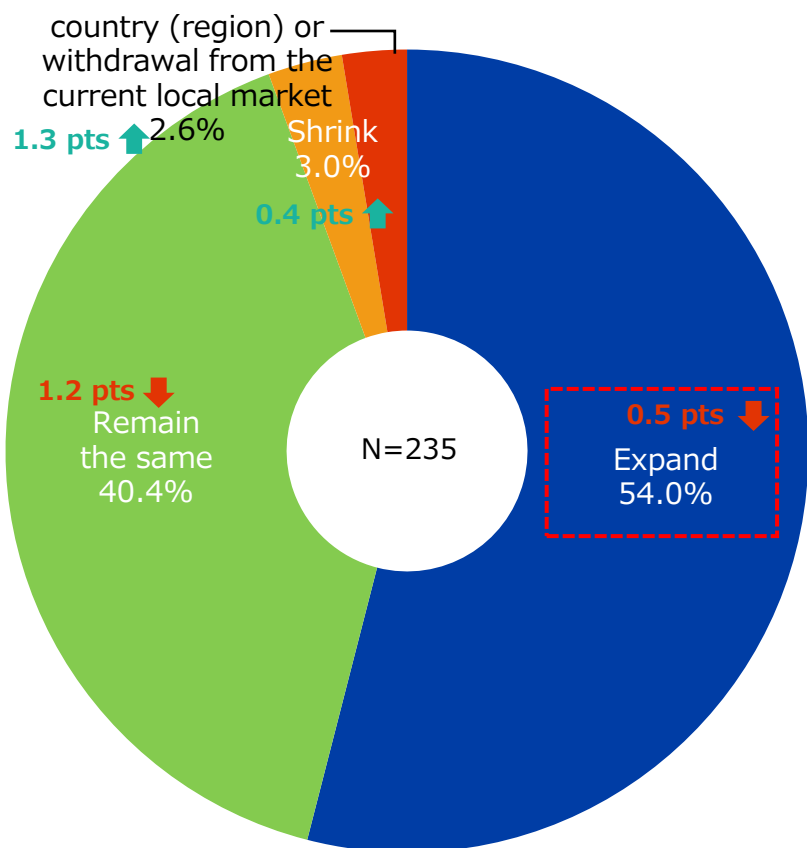


II. Future Business Outlook

1 | Future Business Outlook (Whole Africa/by Country)

- Of all respondents, **54.0% reported that their business would expand in the next one to two years, down 0.5 percent points from the previous year.**
- In South Africa, Kenya, Morocco, and Ghana, more than half of companies are planning to expand their business. In the previous year, more than half of companies in Egypt and Nigeria said they would expand their business, but this year, fewer than half said they would do so.

Direction of Business Operations in the Next One to Two Years



Compared to previous year: ↑ Up ↓ Down

2 | Future Business Outlook (Reasons for Expansion)

- The most common reason for business expansion is “Expansion of local market needs,” which was voted for by more than half of companies. The second most common reason is “Increase in exports,” cited by approximately 30% of companies.

Reason for Business Expansion <Multiple Answers>

(%)	Expansion of local market needs	Increase in exports	High receptivity for high value-added products/services	Strong advantage over competitors	Great talent advantage	Expansion of preferential treatment	Deregulation	Other
Whole of Africa (N=127)	56.7	29.1	14.2	14.2	8.7	4.7	1.6	16.5
South Africa (N=30)	50.0	36.7	10.0	6.7	6.7	0.0	3.3	23.3
Kenya (N=29)	65.5	17.2	27.6	27.6	6.9	0.0	0.0	10.3
Egypt (N=12)	41.7	25.0	0.0	8.3	16.7	16.7	0.0	25.0
Nigeria (N=9)	88.9	22.2	11.1	11.1	11.1	11.1	0.0	0.0
Morocco (N=12)	66.7	41.7	16.7	8.3	8.3	8.3	0.0	8.3
Ghana (N=8)	50.0	12.5	12.5	12.5	12.5	12.5	0.0	25.0
Ethiopia (N=5)	20.0	60.0	20.0	20.0	0.0	0.0	20.0	60.0
Cote d'Ivoire (N=4)	50.0	25.0	0.0	25.0	25.0	0.0	0.0	25.0
Mozambique (N=4)	50.0	25.0	25.0	0.0	0.0	0.0	0.0	0.0

(Note) Blue (light blue) cells are those that exceed the overall (average) ratio.

3 | Future Business Outlook (Functions to Be Expanded)

- More than 70% of companies stated that they would expand “Sales” function.
- “New business development” function was chosen by about 40% of companies.

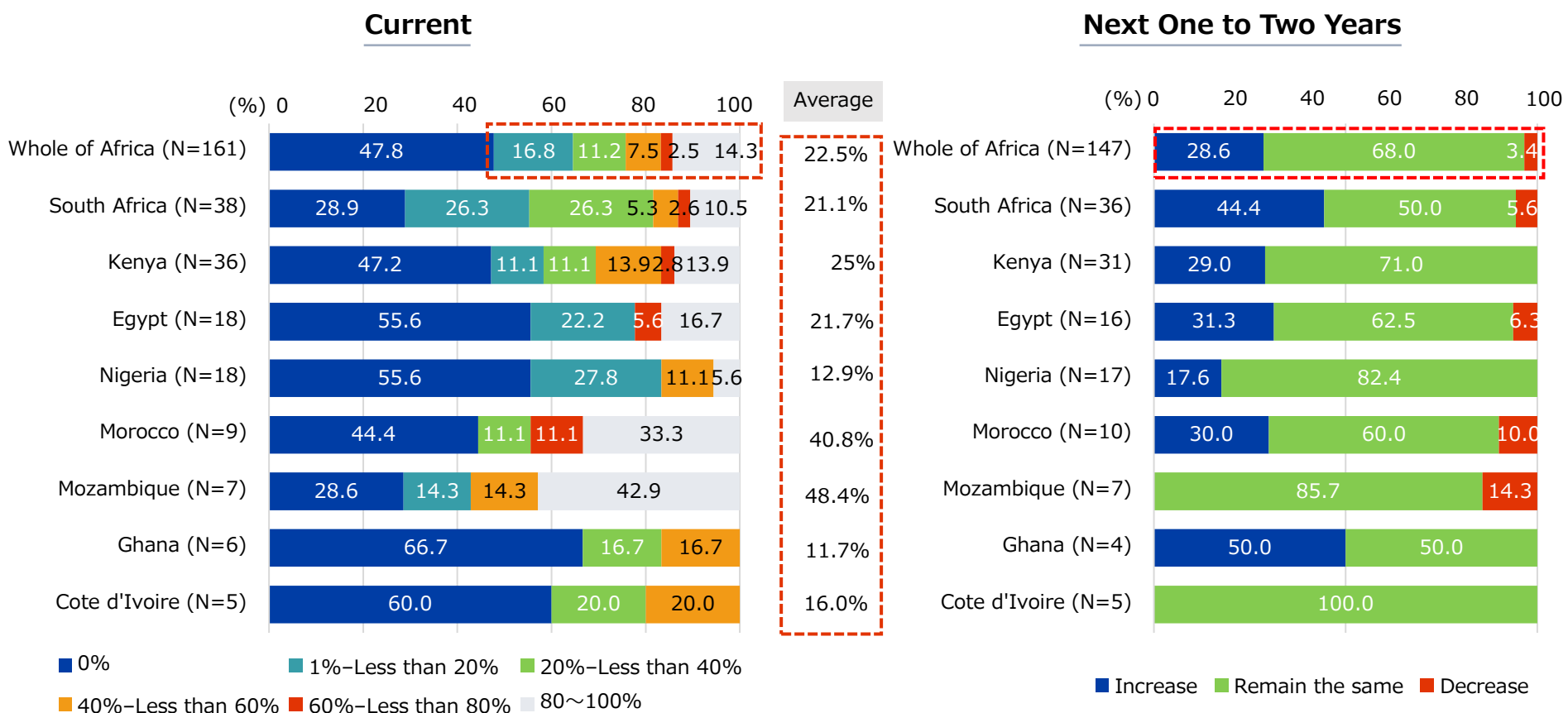
Functions to Be Expanded <Multiple Answers>

(%)	Sales	New business development	Customer service	Production (high value-added products)	Production (general purpose goods)	Regional control function	R&D	Other
Whole of Africa (N=127)	71.7	38.6	23.6	16.5	11.8	11.0	5.5	9.4
South Africa (N=30)	90.0	30.0	23.3	3.3	6.7	10.0	0.0	3.3
Kenya (N=29)	72.4	51.7	24.1	24.1	6.9	20.7	10.3	10.3
Egypt (N=12)	75.0	8.3	8.3	16.7	25.0	0.0	0.0	16.7
Morocco (N=12)	41.7	50.0	25.0	8.3	25.0	8.3	0.0	8.3
Nigeria (N=9)	77.8	44.4	44.4	0.0	0.0	0.0	0.0	11.1
Ghana (N=8)	87.5	37.5	25.0	37.5	25.0	12.5	25.0	12.5
Ethiopia (N=5)	40.0	40.0	0.0	20.0	0.0	0.0	0.0	20.0
Cote d'Ivoire (N=4)	50.0	50.0	50.0	25.0	0.0	50.0	25.0	0.0
Mozambique (N=4)	50.0	100.0	0.0	50.0	25.0	25.0	25.0	0.0

(Note) Blue (light blue) cells are those that exceed the overall (average) ratio.

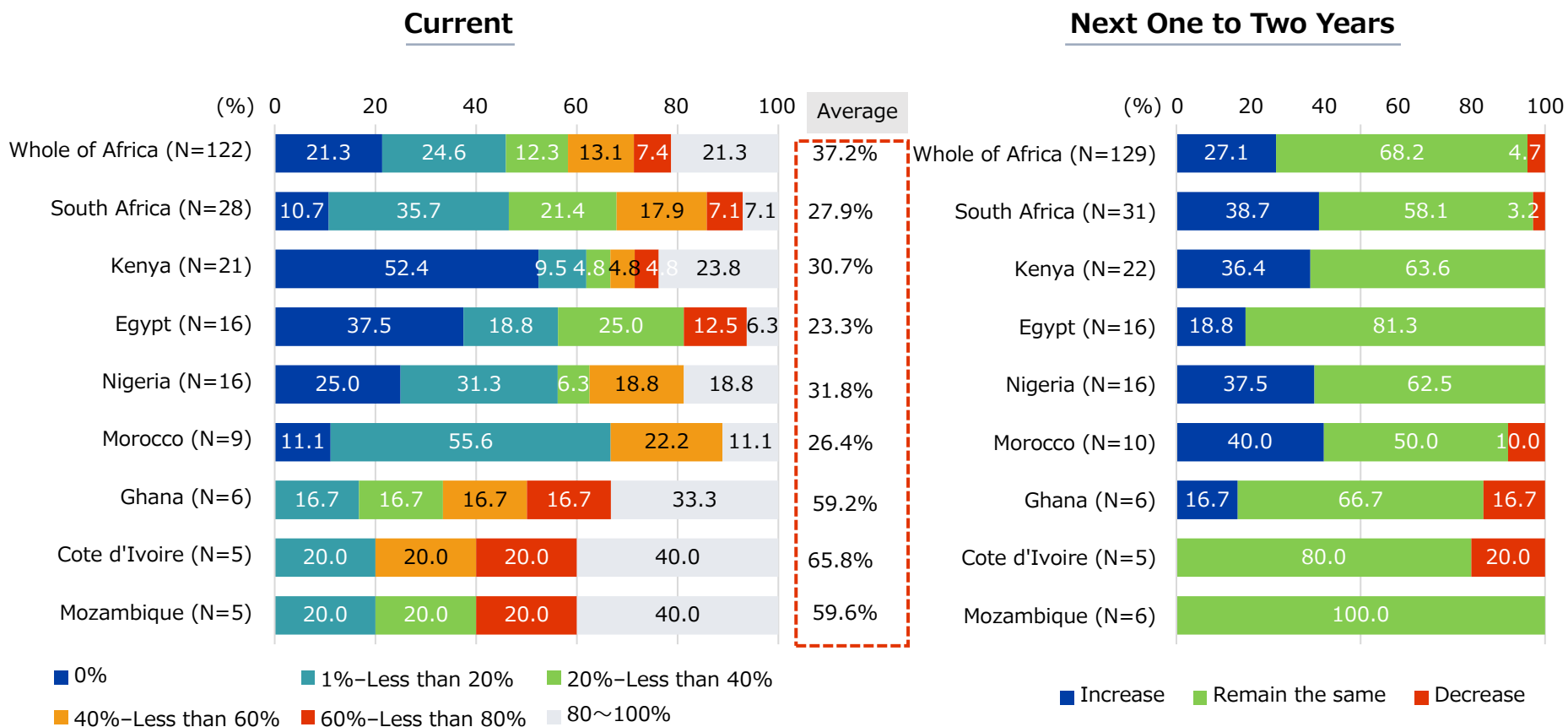
4 | Export Ratio (Current/Next One to Two Years)

- More than half of companies are engaged in export. Just over 70% of companies in South Africa, and about half in Morocco, Kenya, Egypt, and Nigeria export.
- As for the outlook for the next one to two years, slightly less than 70% of companies said that their export ratio would remain the same, while slightly less than 30% said that it would increase.



5 | Local Procurement Rate (Current/Next One to Two Years)

- The current average local procurement rate in Africa is 37.2%, which is lower than roughly 70% in China and over 50% in Asia.
- As for the outlook for the next one to two years, 27.1% of companies said that their local procurement rate would increase, higher than the global average of 25.2%.

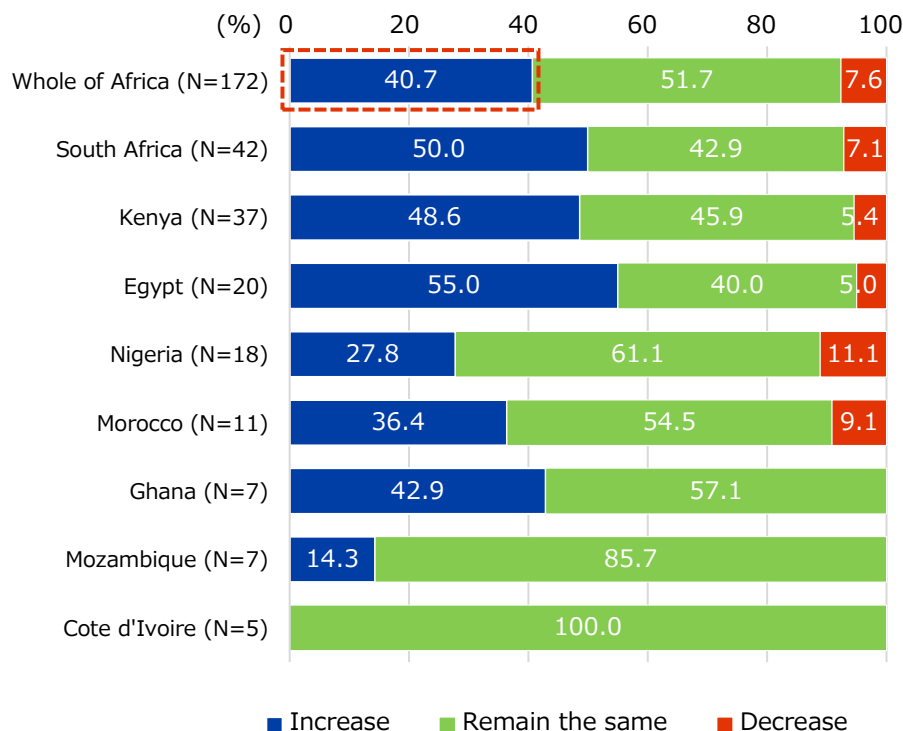


6 | Africa's Share of the Total Group's Sales

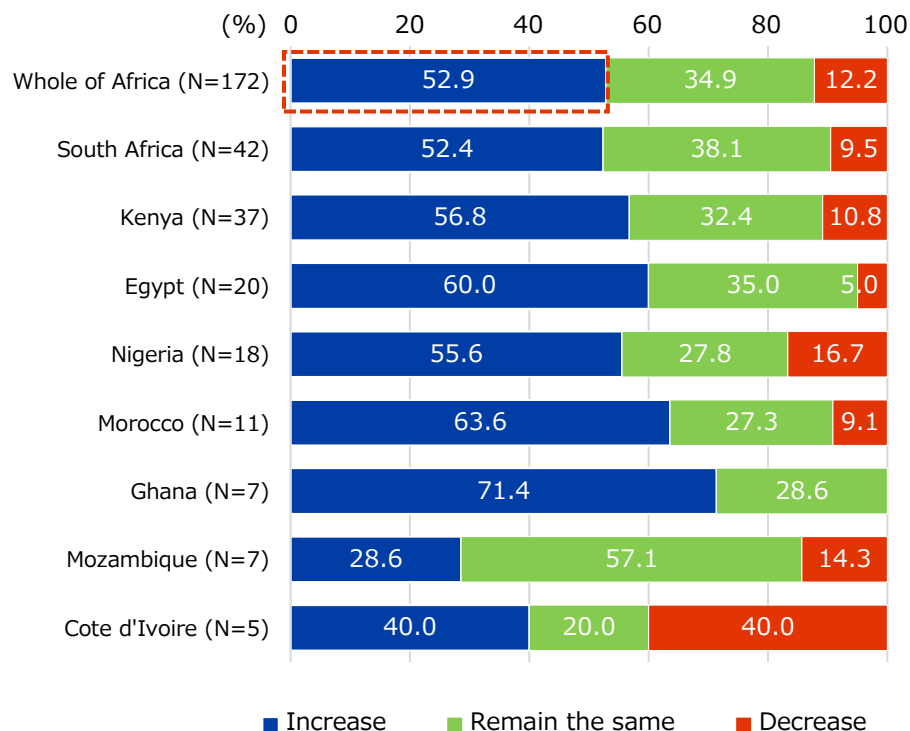
- 40% of companies said they expect Africa's share of the total group's sales to increase in the next two to three years. More than half in Egypt and almost half in South Africa and Kenya said so.
- More than half of the companies surveyed expect Africa's share of the total group's sales to increase in the next five years and beyond.

Forecast for Africa's Share of the Total Group's Sales

In the Next Two to Three Years



In the Next Five Years and Beyond

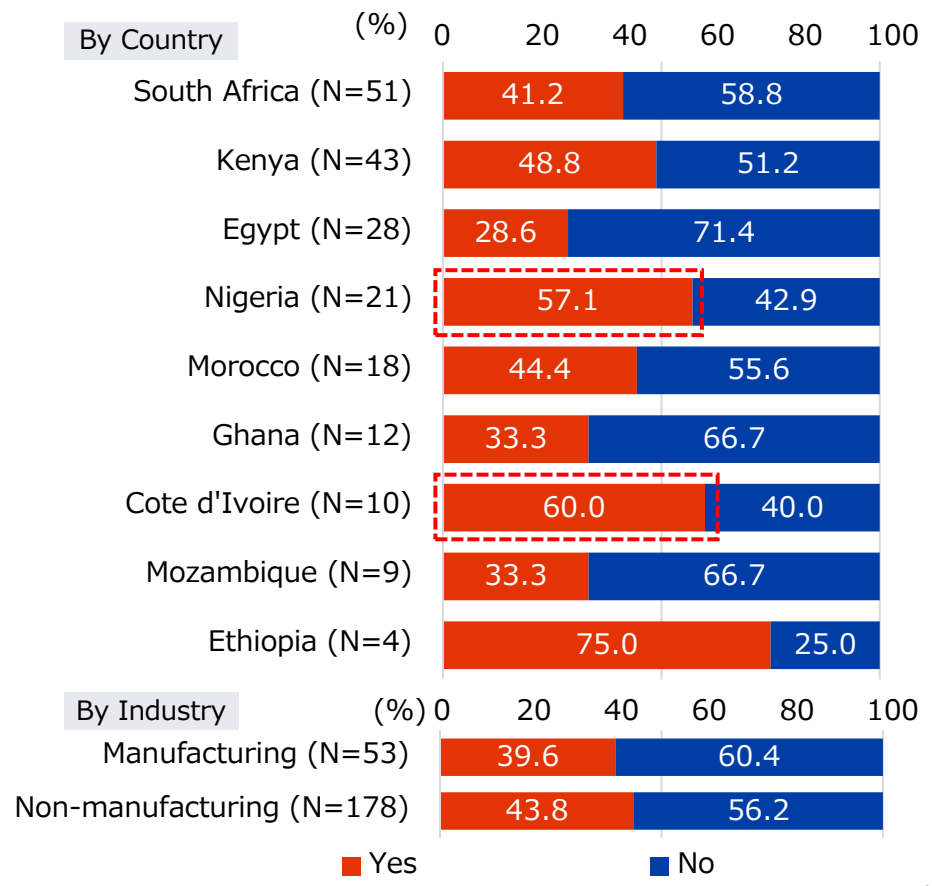
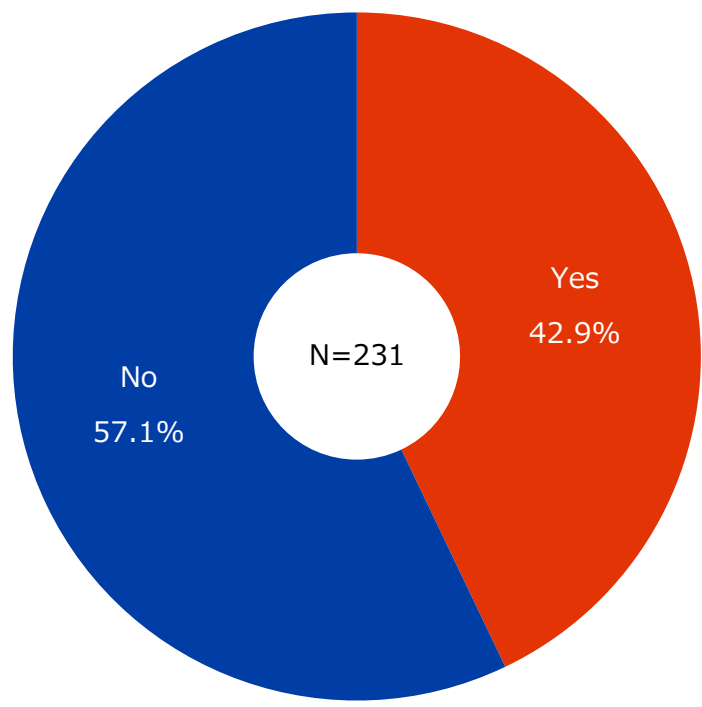


III. Employment Environment

1 | Employment Environment (1)

- Just over 40% of companies said they were facing a shortage of human resources, below the global average of 51.5%.
- By country, more than half of companies in Cote d'Ivoire and Nigeria said a shortage of human resources was a problem.

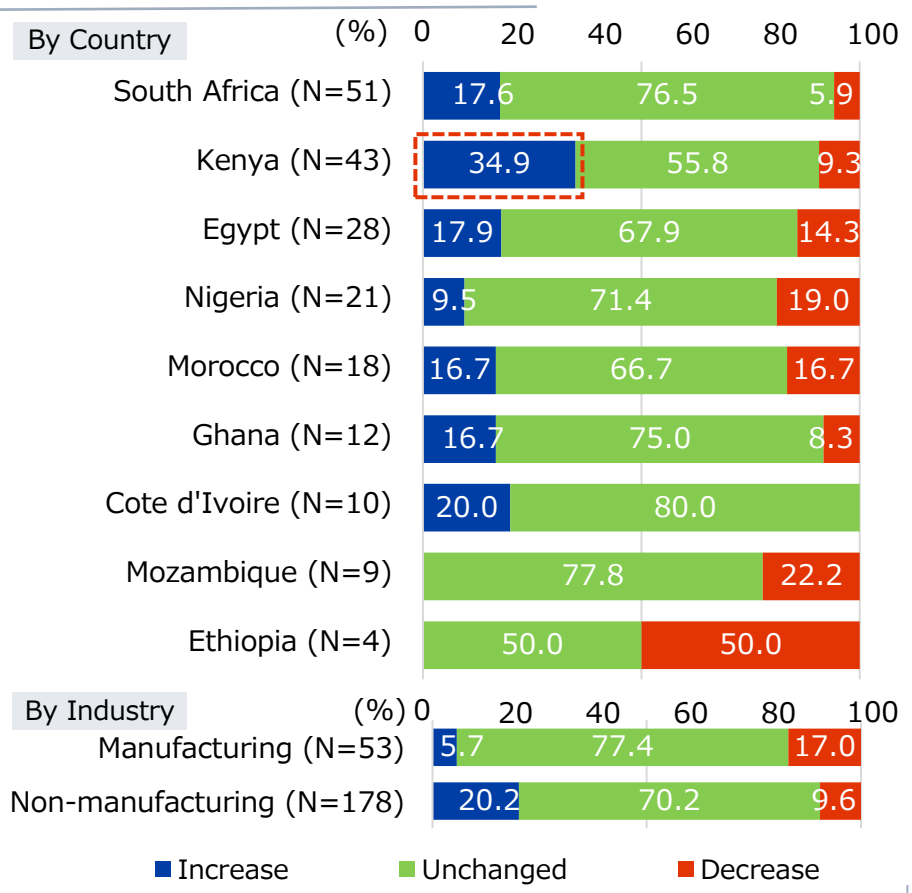
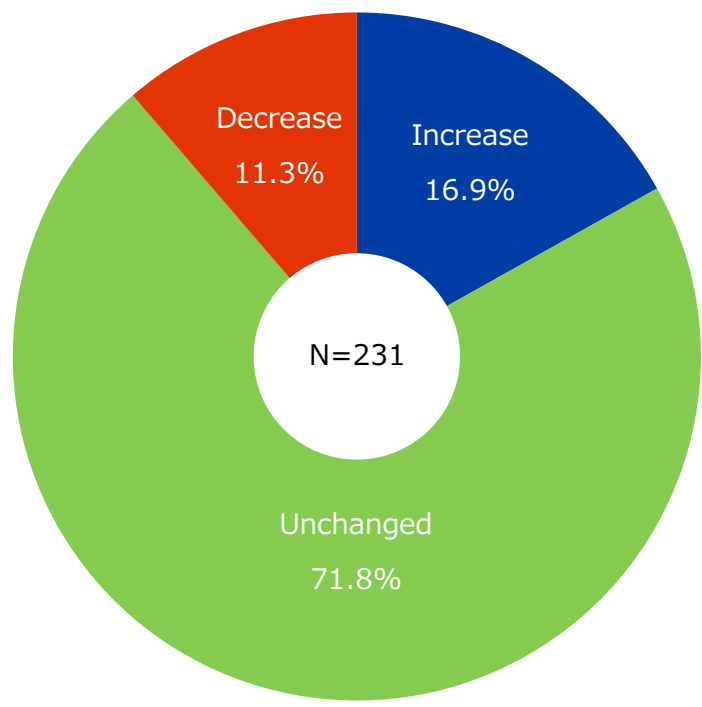
Are you suffering from a shortage of human resources?



1 | Employment Environment (2)

- More than 70% of companies reported no change in the employment environment in 2023 compared to August through September 2022.
- By country, the percentage of companies that reported an improvement in the employment environment is significantly higher (34.9%) in Kenya.

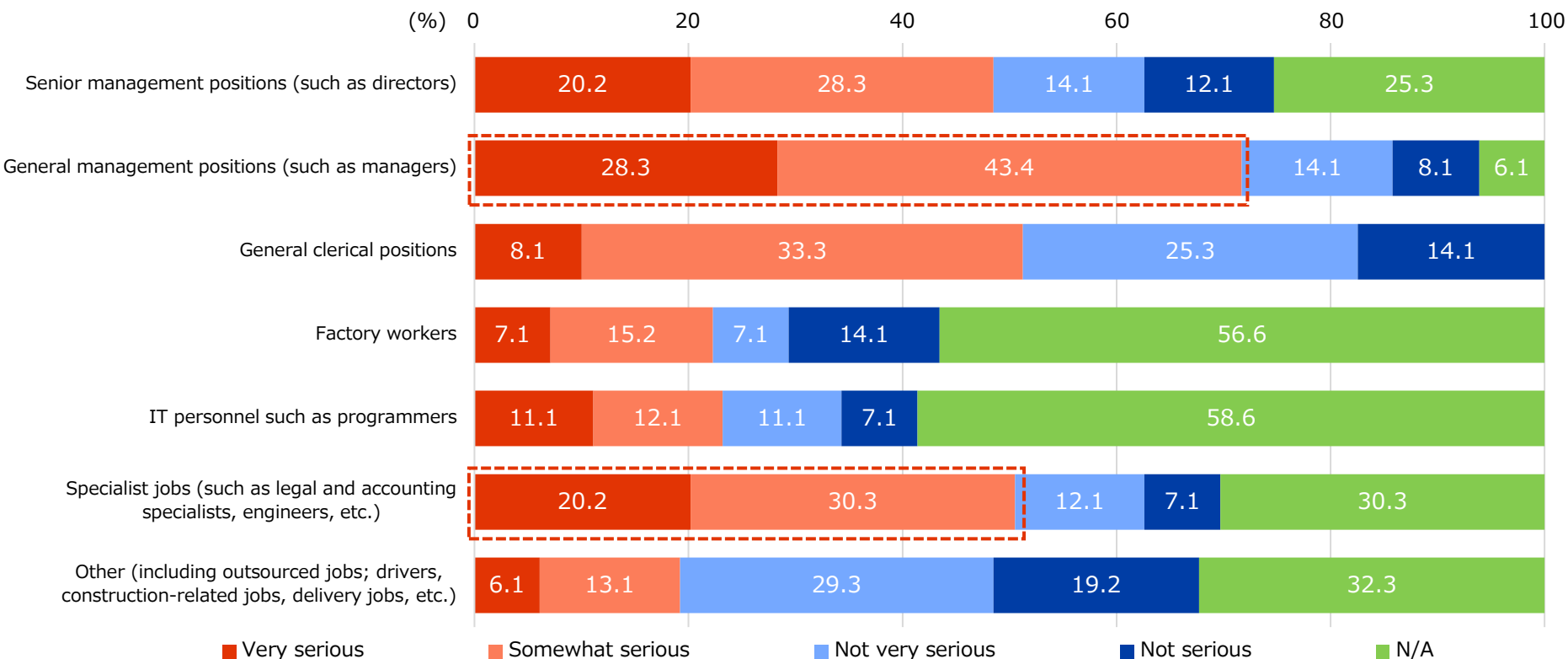
**Changes in Human Resources and Employment Situation
(Compared to Aug–Sept 2022)**



2 | Shortage of Human Resources Evident in Some Industries and Job Categories

- By job category, human resource shortages are most serious for general management positions (such as managers), with more than 70% of companies reporting that it is "Very serious" or "Somewhat serious."
- The second most serious category suffering from a shortage of human resources is specialist jobs (such as legal and accounting specialists, engineers, etc.), with more than 50% of companies saying that it is "Very serious" or "Somewhat serious." Nearly half of companies reported that "senior management positions (such as directors)" and "general clerical positions" also suffer a talent shortage.

Seriousness of Shortage of Human Resources (by Job Category)



(Note) These answers were received only from companies that said they were facing a shortage of human resources. "N/A" is the type of job that is not employed (not planned). For factory workers, only answers from manufacturers are counted.

(N=99)

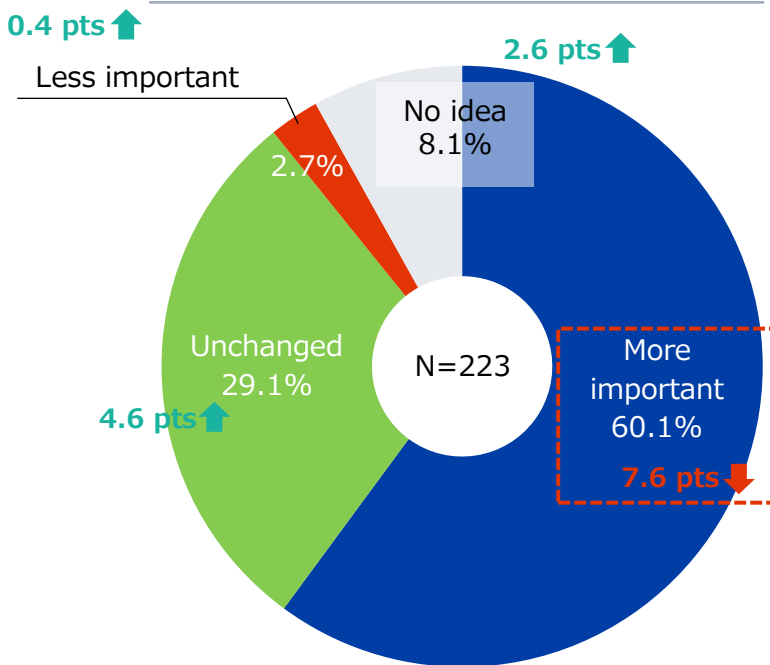
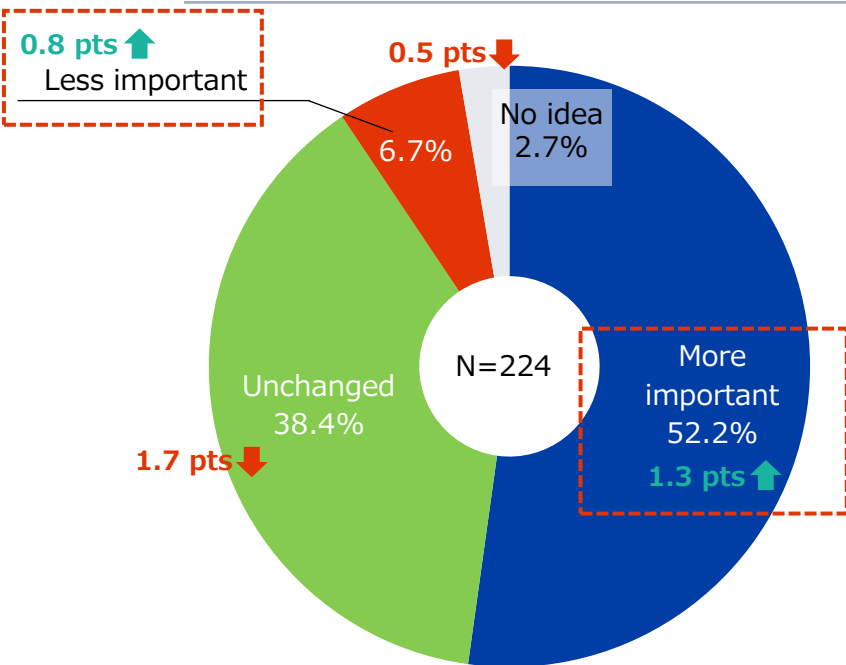
IV. Investment Environment

1 | Africa's Position in Global Strategy

- The percentage of companies saying that Africa's position is more important than five years ago increased by 1.3 percentage points from a year earlier, while that of companies saying that it is less important also increased by 0.8 percentage points.
- With regard to Africa's position over the next five years, the percentage of companies saying it will become more important decreased 7.6 percentage points from the previous year, while that of companies saying it will become less important increased 0.4 percentage points.

Positioning Compared to Five Years Ago

Positioning Over the Next Five Years



“More important”

- Growth markets, population growth, business expansion, sales growth, orders for infrastructure projects, increased purchasing power, etc.

“Less important”

- Market stagnation, unstable political situation and financial difficulties, deterioration of public order, risk concerns, headquarters policies, etc.

“More important”

- Population growth and market expansion, increased purchasing power, new product development and business expansion, increased demand for infrastructure, etc.

“Less important”

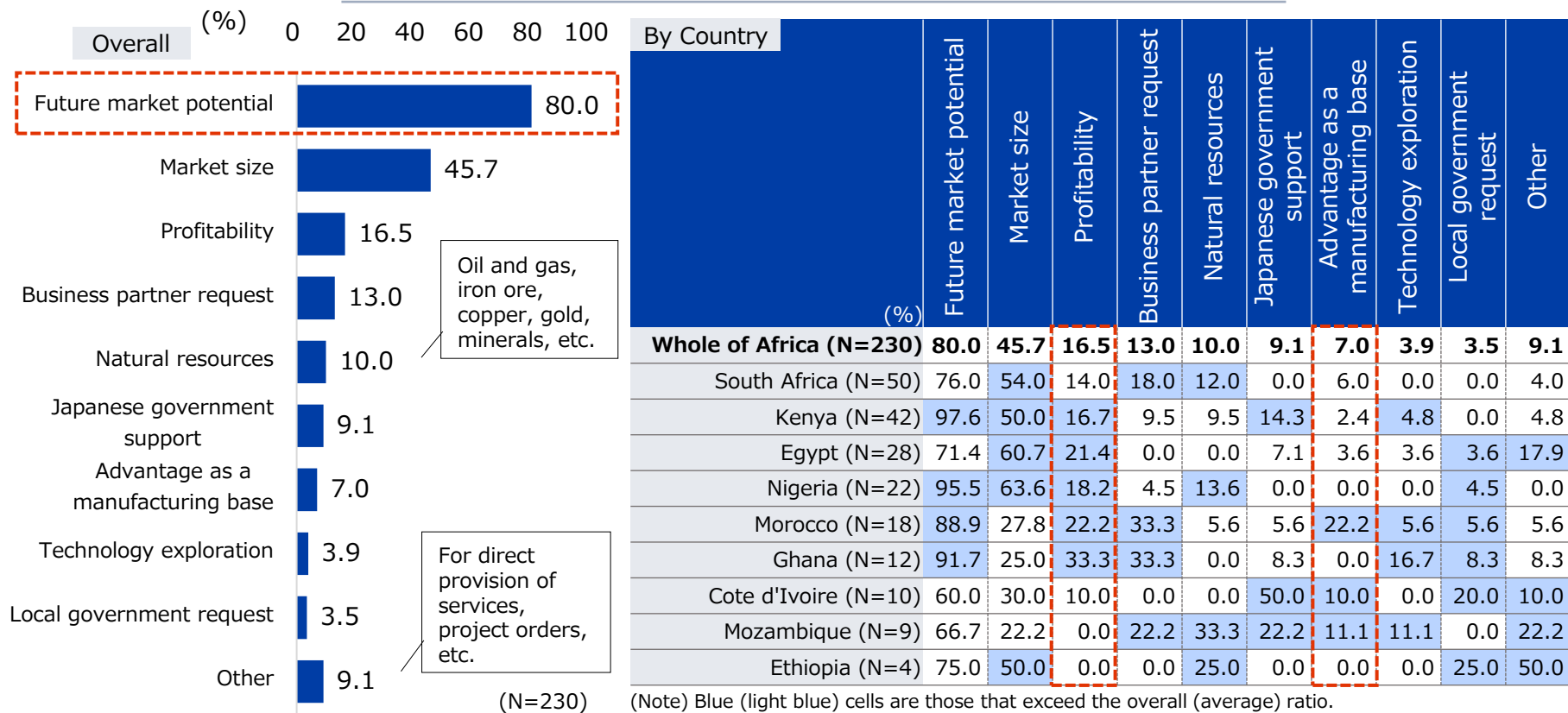
- Japan's ODA is expected to reduce its involvement in electric power infrastructure development in the future

Compared to previous year: ↑ Up ↓ Down

2 | Reasons for Maintaining Presence in Africa (Overall/by Country)

- **The most common reason for setting up a base in Africa is “Future market potential” as is the case with the previous survey.** The percentage of companies citing this reason is the highest in all countries surveyed.
- In Kenya, Egypt, Nigeria, Morocco, and Ghana, the percentage of companies citing “Profitability” as the reason is higher than the overall average.
- In Morocco, Côte d'Ivoire and Mozambique, the percentage of companies citing “Advantage as a manufacturing base” as the reason is also higher than the overall average.

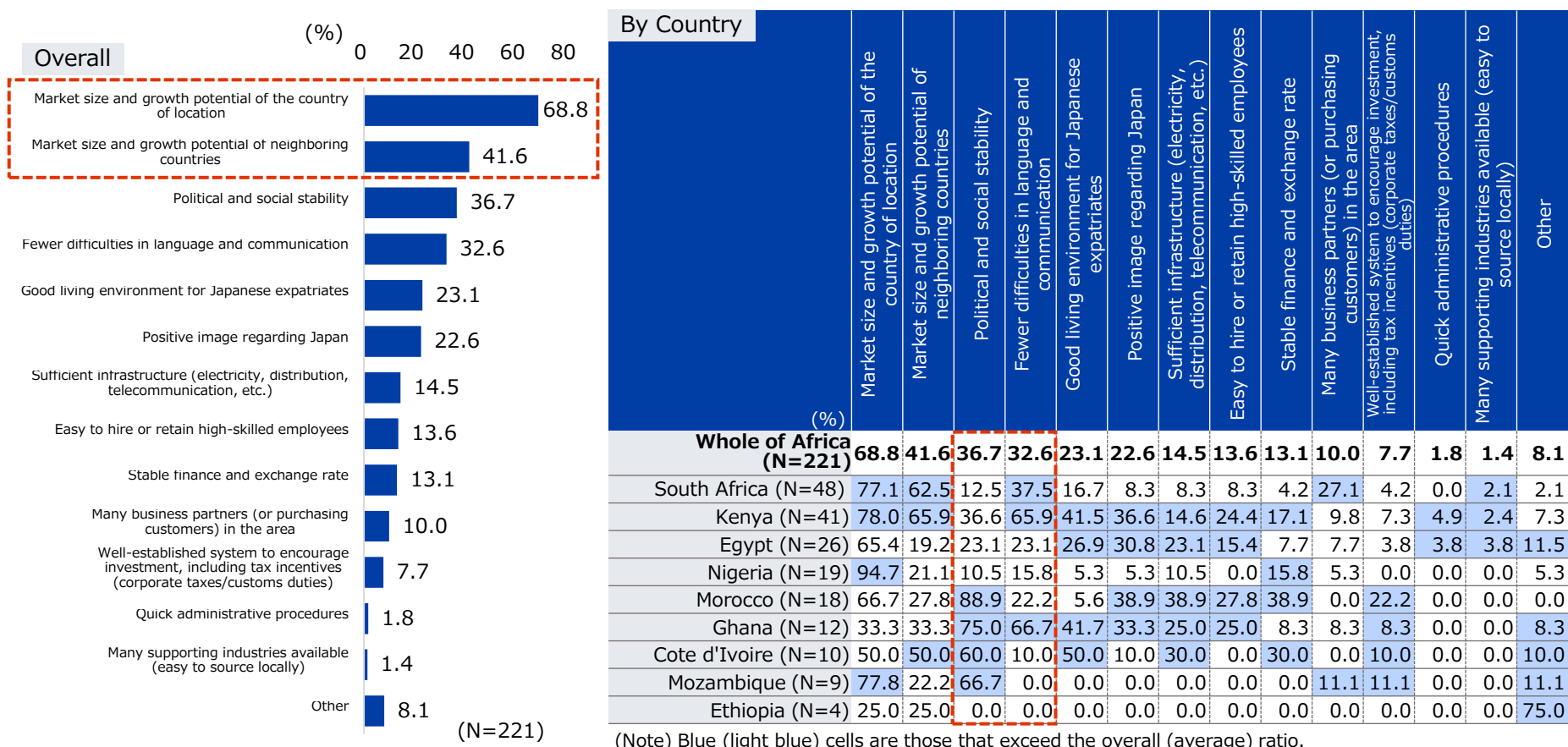
Reasons for Maintaining Presence in Africa <Multiple Answers>



3 | Attractiveness in Terms of Investment Environment (Overall/by Country)

- The largest proportion of companies (68.8%) voted for “Market size and growth potential of the country of location” as the main attraction for investing. The second largest proportion of companies (41.6%) cite “Market size and growth potential of neighboring countries.”
- Other major factors attracting investor include “Political and social stability” in Morocco, Ghana, Côte d'Ivoire, and Mozambique, and “Less difficulties in communication” in South Africa, Kenya, and Ghana.

Attractiveness of the Investment Environment of the Country of Location <Multiple Answers>

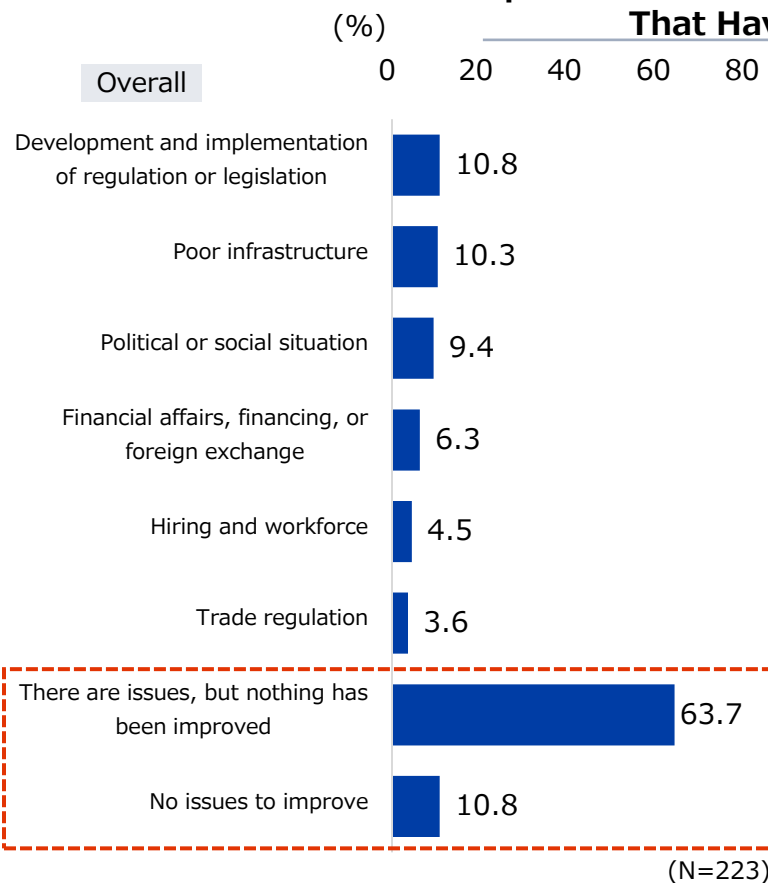


(Note) Blue (light blue) cells are those that exceed the overall (average) ratio.

4 | Aspects of the Investment Environment That Have Been Improved (Overall/by Country)

- Selected by 63.7% of companies, up 8.6 percentage points from the previous survey, “There are issues, but nothing has been improved” is the most common response. The percentage of companies that chose “No issues to improve” also increased from 3.3% in the previous survey to 10.8%.
- The most common answer to the question as to what aspect of the investment environment has been improved was “Political or social situation” in the previous year (20.6%), but the percentage dropped to 9.4% this year. Instead, “Development and implementation of regulation or legislation” topped the list at 10.8% this year (14.5% in the previous year).

Aspects of the Investment Environment of the Country of Location That Have Been Improved <Multiple Answers>



By Country	Development and implementation of regulation or legislation	Poor infrastructure	Political or social situation	Financial affairs, financing, or foreign exchange	Hiring and workforce	Trade regulation	There are issues, but nothing has been improved	No issues to improve
Whole of Africa (N=223)	10.8	10.3	9.4	6.3	4.5	3.6	63.7	10.8
South Africa (N=48)	8.3	2.1	2.1	2.1	4.2	2.1	83.3	6.3
Kenya (N=39)	5.1	10.3	15.4	7.7	0.0	0.0	56.4	12.8
Egypt (N=27)	11.1	18.5	7.4	0.0	3.7	7.4	51.9	22.2
Nigeria (N=21)	0.0	4.8	0.0	9.5	4.8	0.0	71.4	14.3
Morocco (N=18)	16.7	5.6	5.6	0.0	11.1	0.0	50.0	16.7
Ghana (N=12)	8.3	8.3	8.3	16.7	8.3	0.0	75.0	8.3
Cote d'Ivoire (N=10)	10.0	30.0	30.0	10.0	10.0	20.0	60.0	10.0
Mozambique (N=9)	77.8	22.2	33.3	22.2	11.1	11.1	11.1	0.0
Ethiopia (N=4)	25.0	0.0	0.0	0.0	0.0	0.0	75.0	0.0

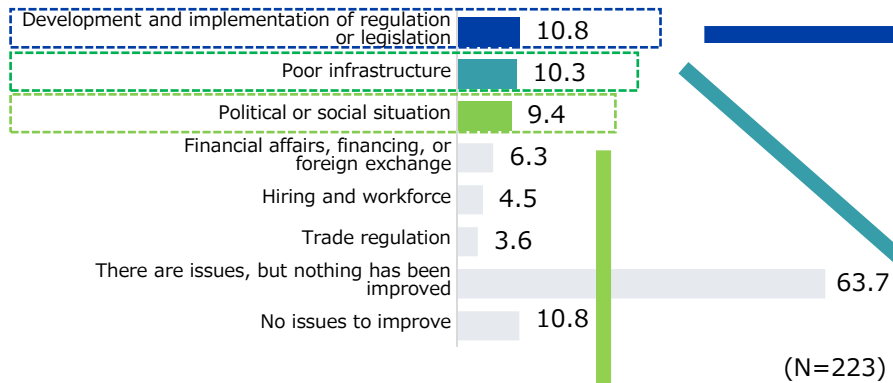
(Note) Blue (light blue) cells are those that exceed the overall (average) ratio.

5 | Improvements in the Investment Environment (by Aspect ①)

- Regarding “Development and implementation of regulation or legislation,” **“Complexity of acquisition of visas and work permits” topped the list of issues that have improved**, with more than half of companies saying that they felt some improvements in it.
- As for “Poor infrastructure,” **“Roads” topped the list** as in the previous survey, at 90%.
- As for “Political or social situation,” the largest number of companies (70%) **saw some improvements in “Political risk”** as in the previous survey.

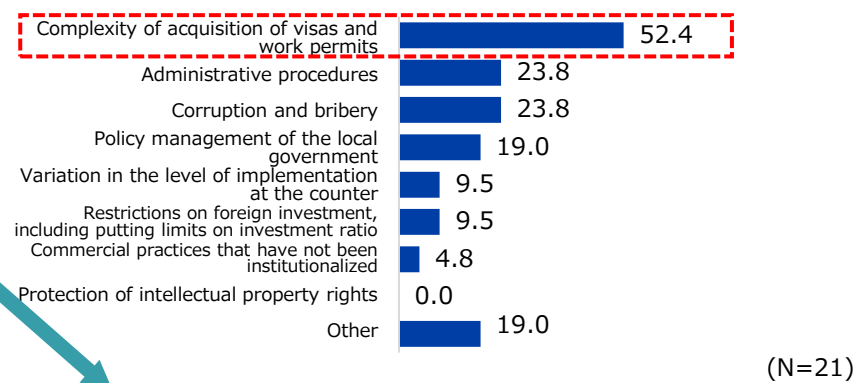
Improvements in the Investment Environment in the Country <Multiple Answers>

(%) 0 10 20 30 40 50 60 70



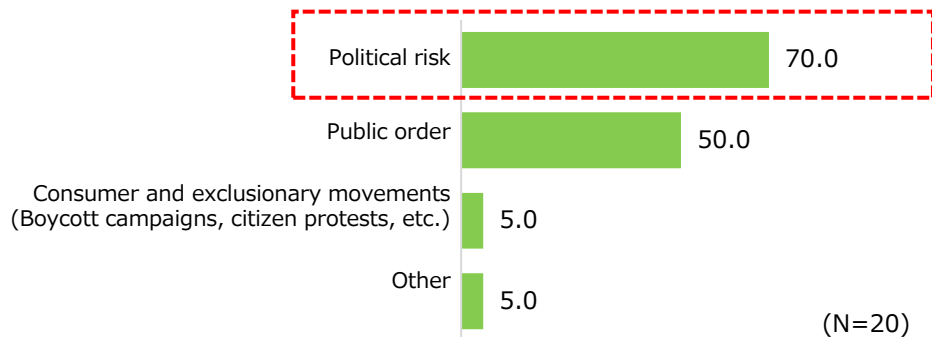
Development and Implementation of Regulation or Legislation (Multiple Answers)

(%) 0 20 40 60 80 100



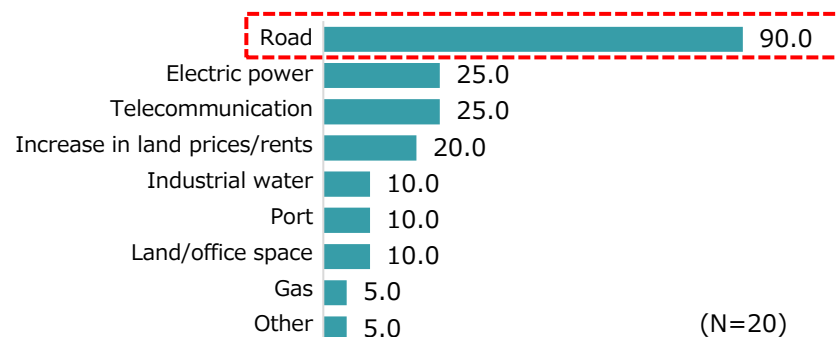
Political or Social Situation (Multiple Answers)

(%) 0 20 40 60 80 100



Infrastructure (Multiple Answers)

(%) 0 20 40 60 80 100

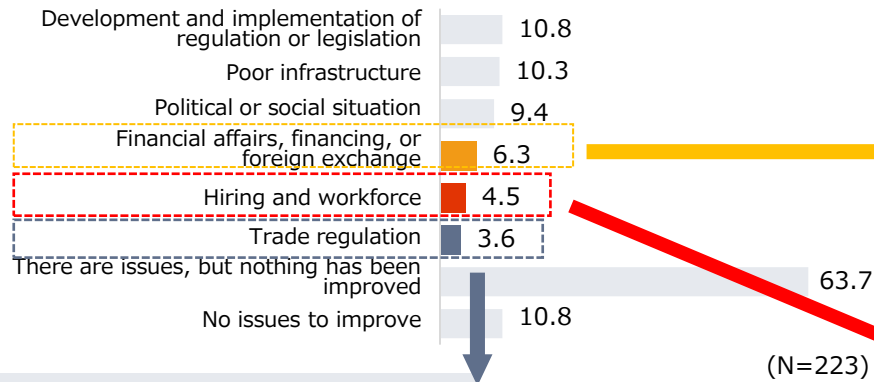


5 Improvements in the Investment Environment (by Aspect ②)

- As for "Financial affairs, financing or foreign exchange," "Cash collection risk" topped the list of issues that have been improved in the previous year. Instead, "Exchange" topped the list this year, selected by 70% of companies.
- As for "Hiring and workforce," "Securing human resources" topped the list for the second consecutive year. However, the percentage of companies that felt there were some improvements in this issue increased sharply from 47.1% in the previous survey to 87.5%.
- In terms of "Trade regulation," "Time required for customs clearance," which was the most common response in the previous survey, topped the list along with "Customs clearance and other procedures," "Import tariffs," and "Inspection system," each receiving votes from 60% of companies.

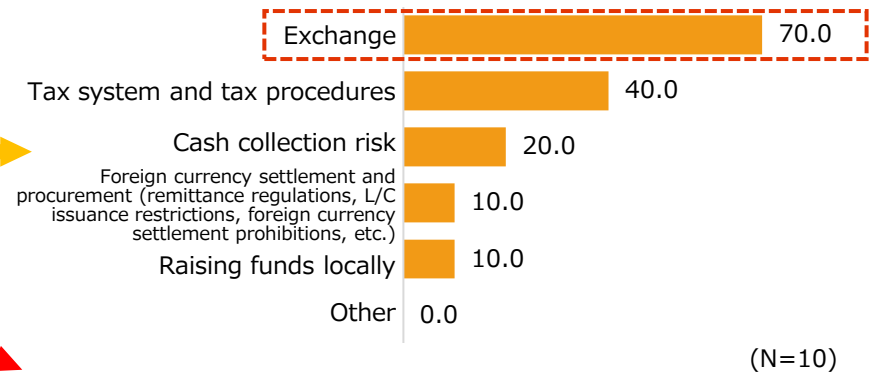
Improvements in the Investment Environment in the Country <Multiple Answers>

(%) 0 10 20 30 40 50 60 70



Financial Affairs, Financing, or Foreign Exchange (Multiple Answers)

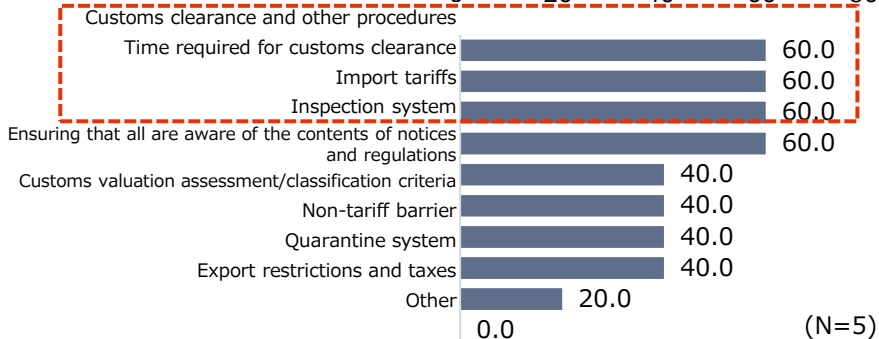
(%) 0 20 40 60 80



Trade Regulation (Multiple Answers)

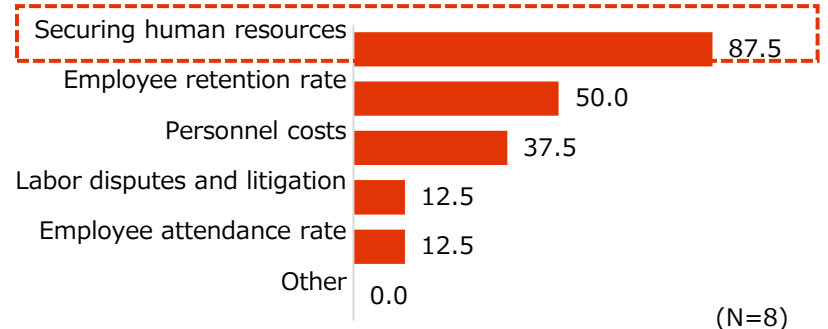
(%)

0 20 40 60 80



Hiring and Workforce (Multiple Answers)

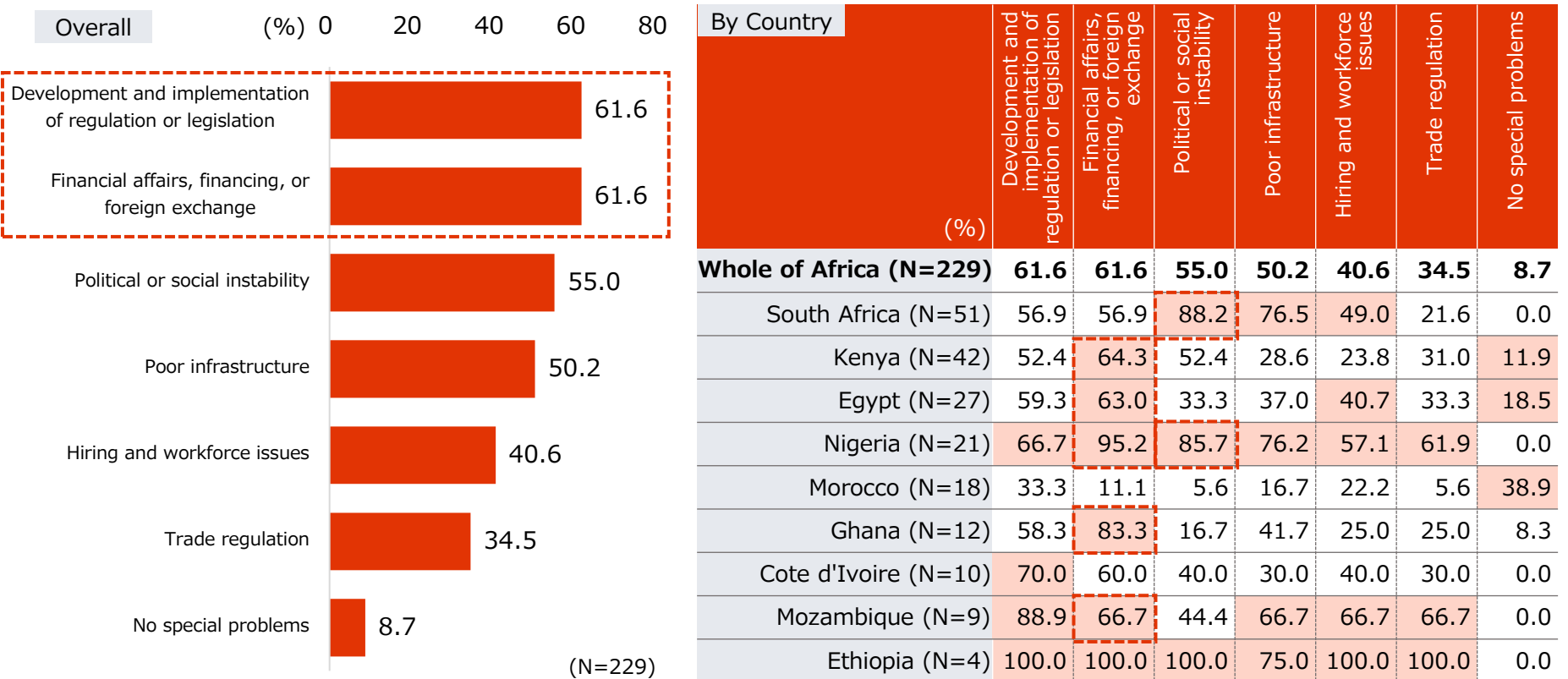
(%) 0 20 40 60 80 100



6 | Challenges in the Investment Environment (Overall/by Country)

- **“Development and implementation of regulation or legislation,”** which topped the list of **challenges in the previous survey**, shared first place with **“Financial affairs, financing, or foreign exchange”** this year, each chosen by 61.6% of companies.
- The percentage of companies voting for “Financial affairs, financing, or foreign exchange” in Kenya, Egypt, Nigeria, Ghana, and Mozambique exceeds the overall average.
- “Political or social instability” received votes from higher percentages of companies in South Africa and Nigeria.

Challenges in the Investment Environment in the Country <Multiple Answers>

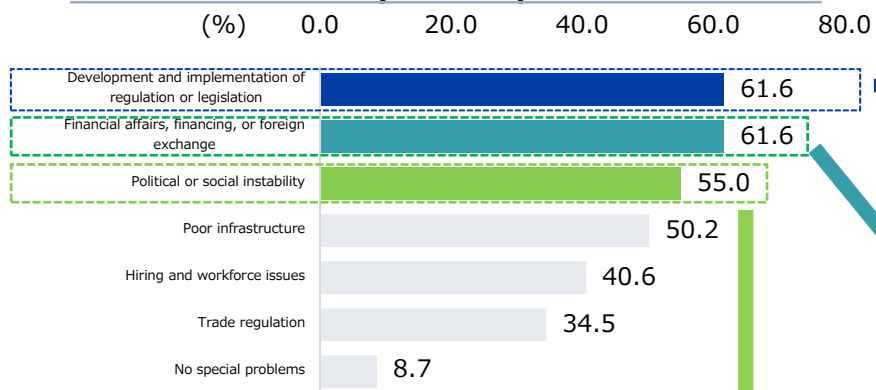


(Note) Red (light red) cells are those that exceed the overall (average) ratio.

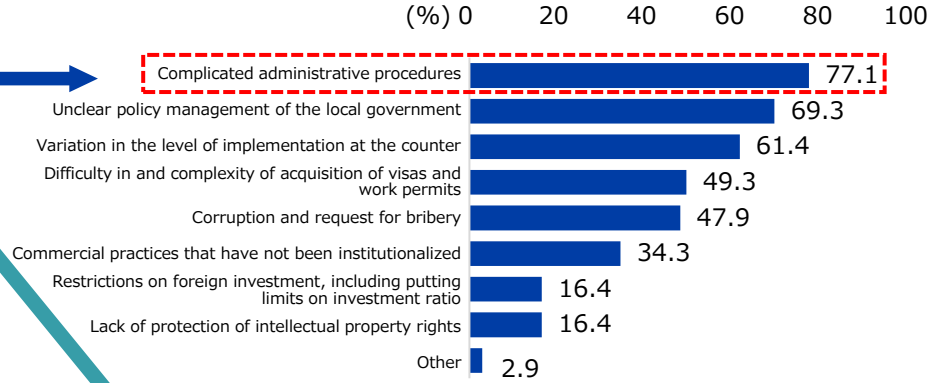
7 | Challenges in the Investment Environment (by Aspect ①)

- Among issues concerning “Development and implementation of regulation or legislation,” **“Complicated administrative procedures”** topped the list of challenges as in the previous year, voted for by 77.1% of companies.
- Out of “Financial affairs, financing, or foreign exchange,” **“Unstable exchange rate”** is the most common challenge as in the case for the previous survey, selected by nearly 70% of companies.
- In terms of “Political or social instability,” the higher percentage of companies (more than 80% compared with 70% in the prior year) regard **“Public order”** and **“Political risk”** as challenges, as in the previous year.

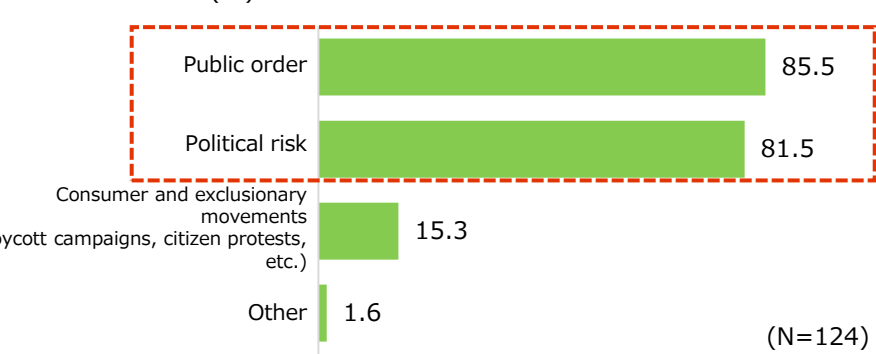
Challenges in the Investment Environment in the Country <Multiple Answers>



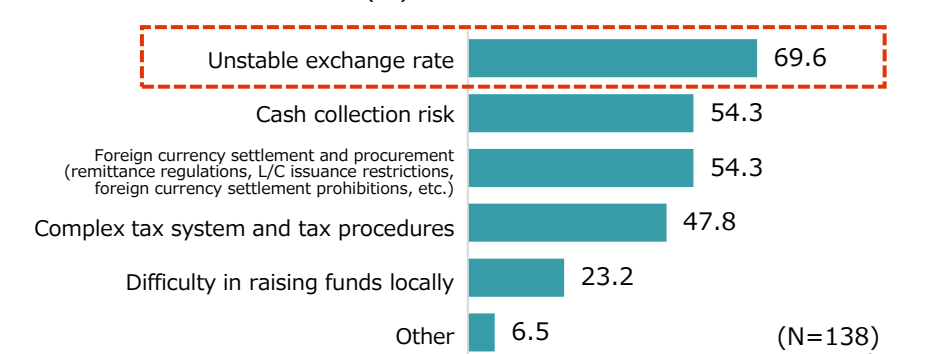
Development and Implementation of Regulation or Legislation (Multiple Answers)



Political or Social Instability (Multiple Answers)



Financial Affairs, Financing, or Foreign Exchange (Multiple Answers)

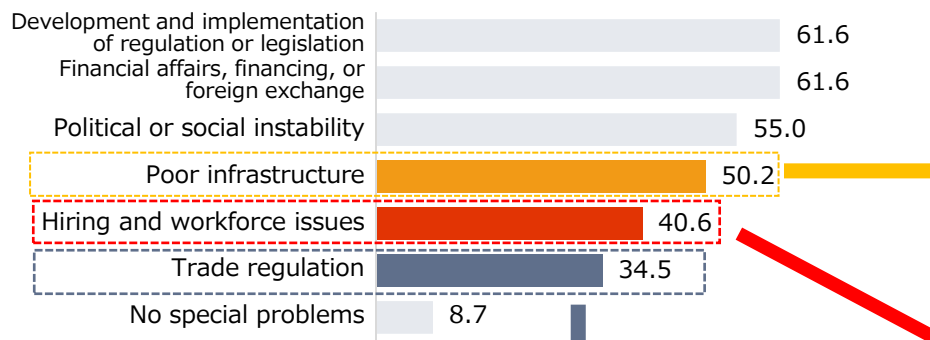


7 | Challenges in the Investment Environment (by Aspect ②)

- As for “Poor infrastructure,” **“Electric power” shortage** is the most common challenge as is the case for the previous survey, receiving votes from 85.7% of companies.
- Among issues concerning “hiring and workforce,” **“Securing human resources”** topped the list of challenges as in the previous survey, voted for by 61.6% of companies.
- In terms of “trade regulation,” **“Time required for customs clearance”** is the most common challenge (69.0%), followed by **“Complicated customs clearance and other procedures”** (63.4%), as is the case with the previous survey.

Challenges in the Investment Environment in the Country <Multiple Answers>

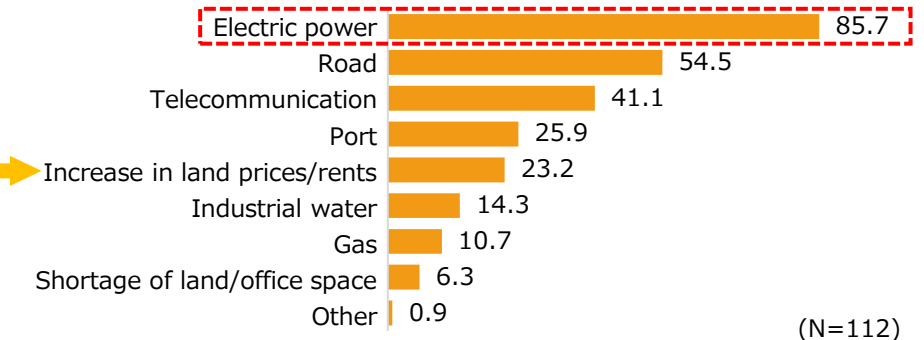
(%) 0.0 20.0 40.0 60.0 80.0



(N=225)

Poor Infrastructure (Multiple Answers)

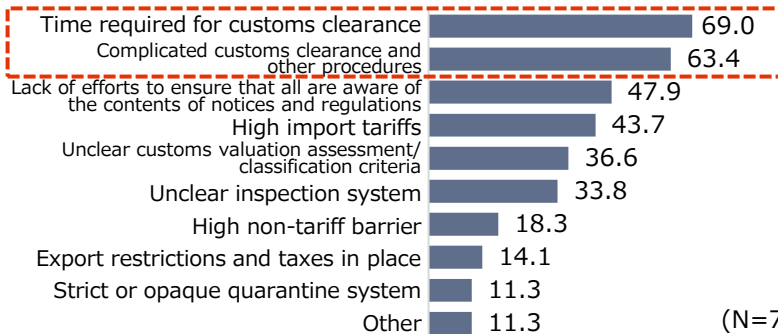
(%) 0 20 40 60 80 100



(N=112)

Trade Regulation (Multiple Answers)

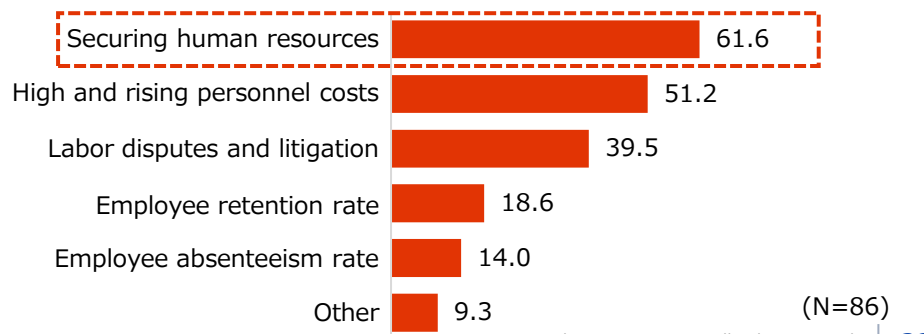
(%) 0 20 40 60 80 100



(N=71)

Hiring and Workforce Issues (Multiple Answers)

(%) 0 50 100

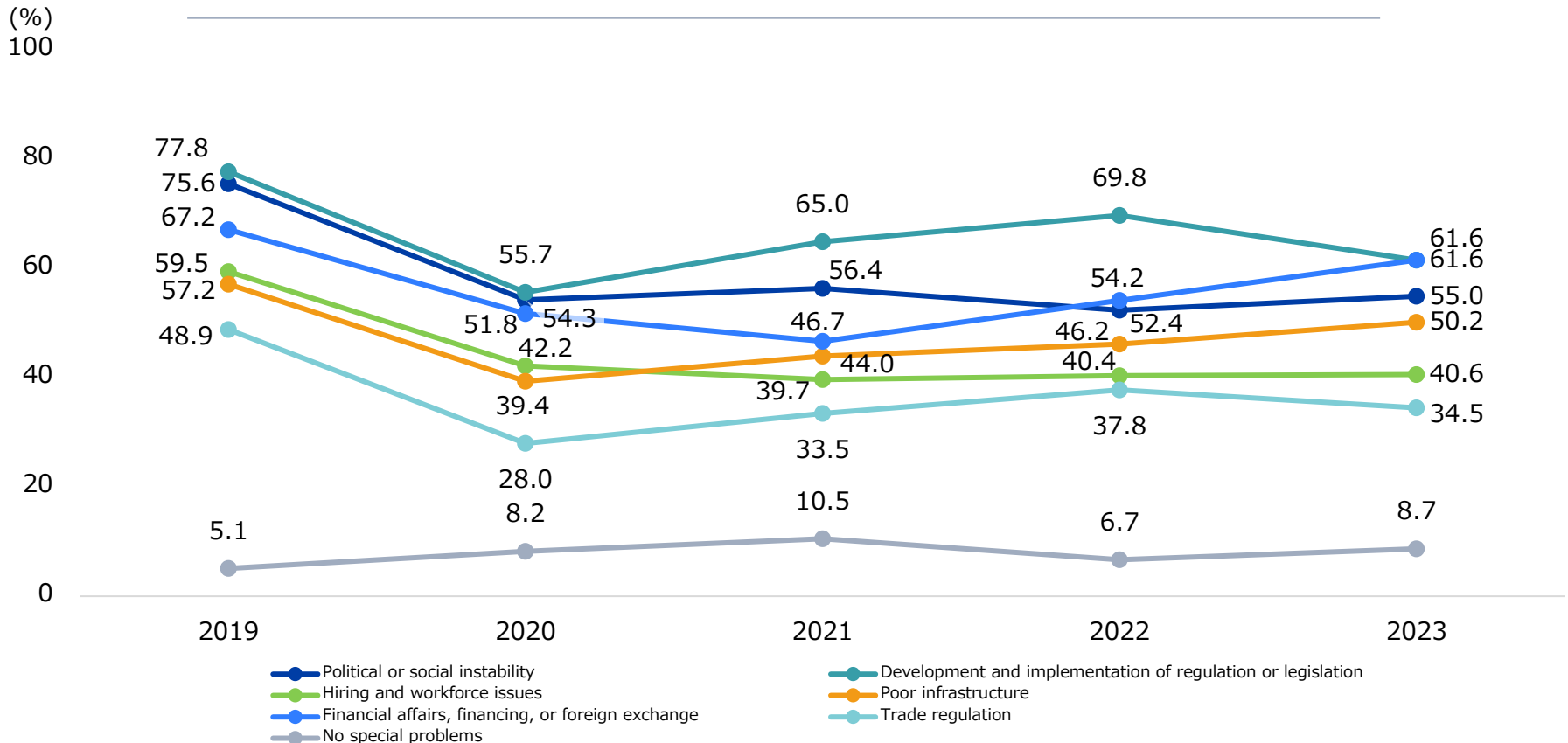


(N=86)

8 | Challenges in the Investment Environment (Trends by Aspect)

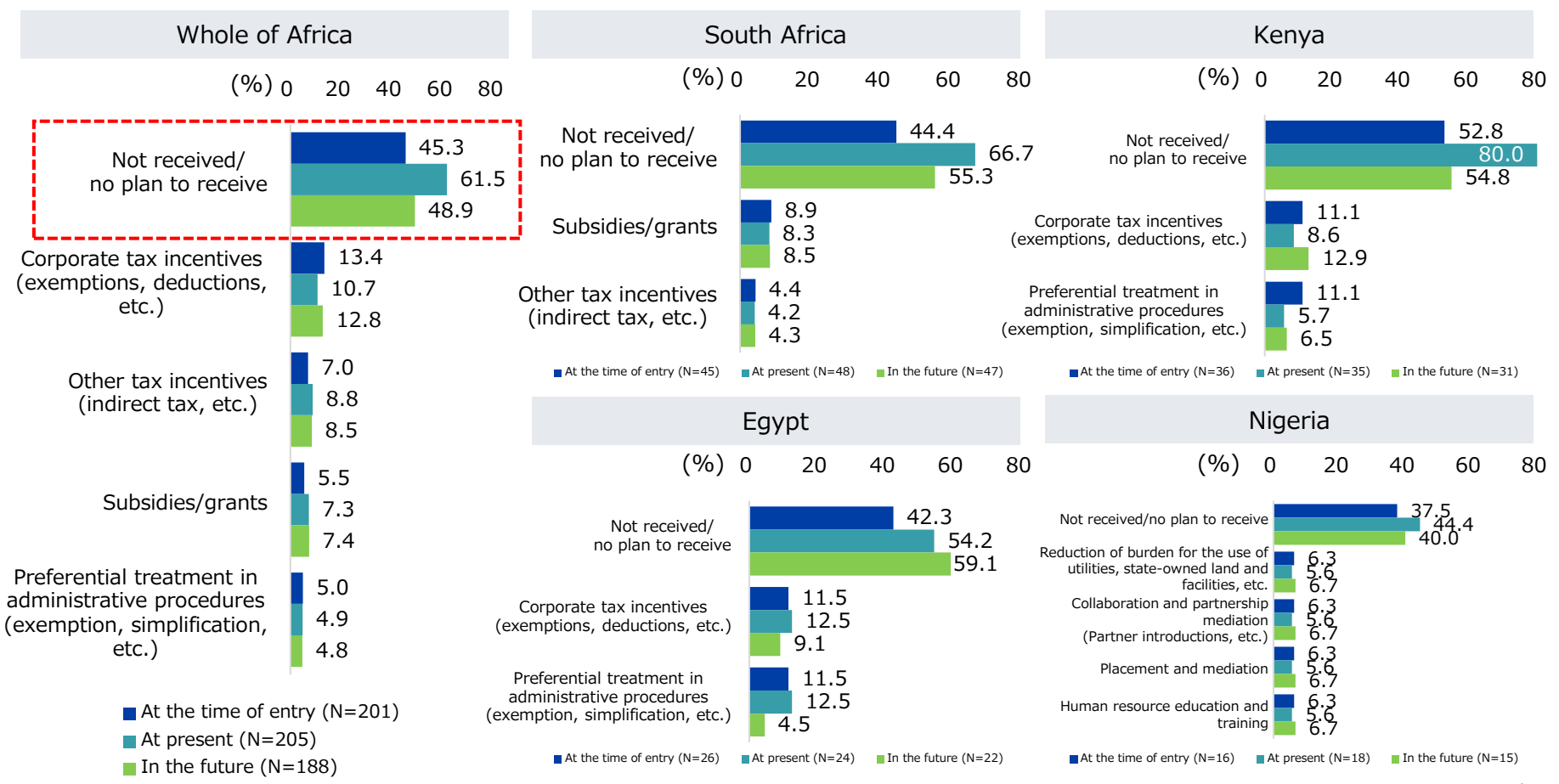
- The percentage of votes for “Development and implementation of regulation or legislation” and that for “Trade regulation” had been on the rise since 2020, but they declined this year.
- The percentage of votes for challenges concerning “Financial affairs, financing, or foreign exchange” increased by the sharpest degree of 7.4 percentage points from the preceding year.
- The percentage of votes for other challenges was flat or up slightly.

Challenges in the Investment Environment in the Country <Multiple Answers>



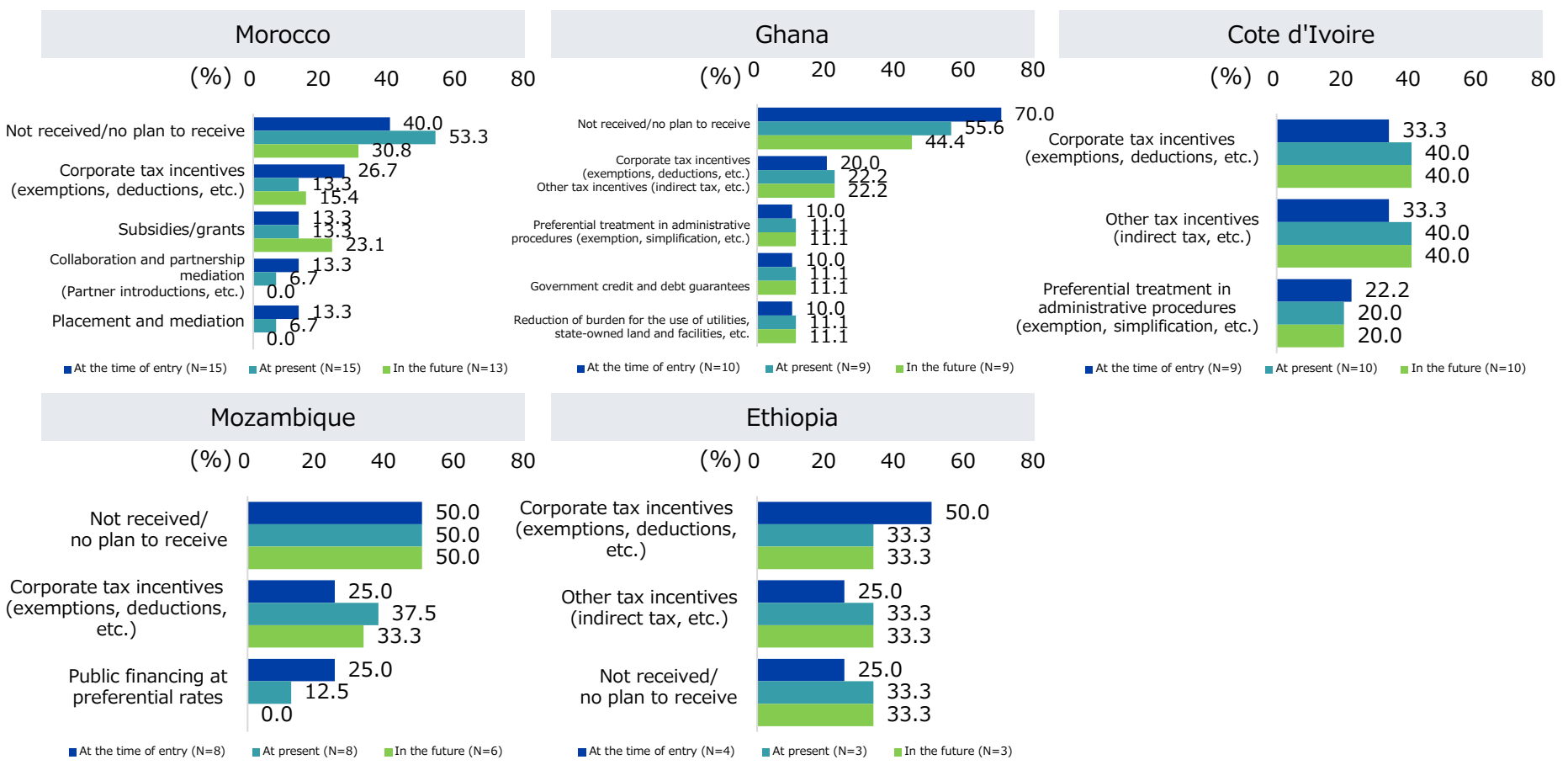
9 | Incentives (Whole Africa/by Country) (1)

- About half of companies said they had not received any incentives from the governments of the countries where they operate.
- With regard to the types of incentives that companies received at the time of entry, receive at present, or will receive in the future, "Corporate tax incentives" topped the list (just over 10%) regardless of the time or receipt, followed by "Other tax incentives" (just under 10%), and "Subsidies/grants" and "Preferential treatment in administrative procedures" (each around 5%).



9 | Incentives (Whole Africa/by Country) (2)

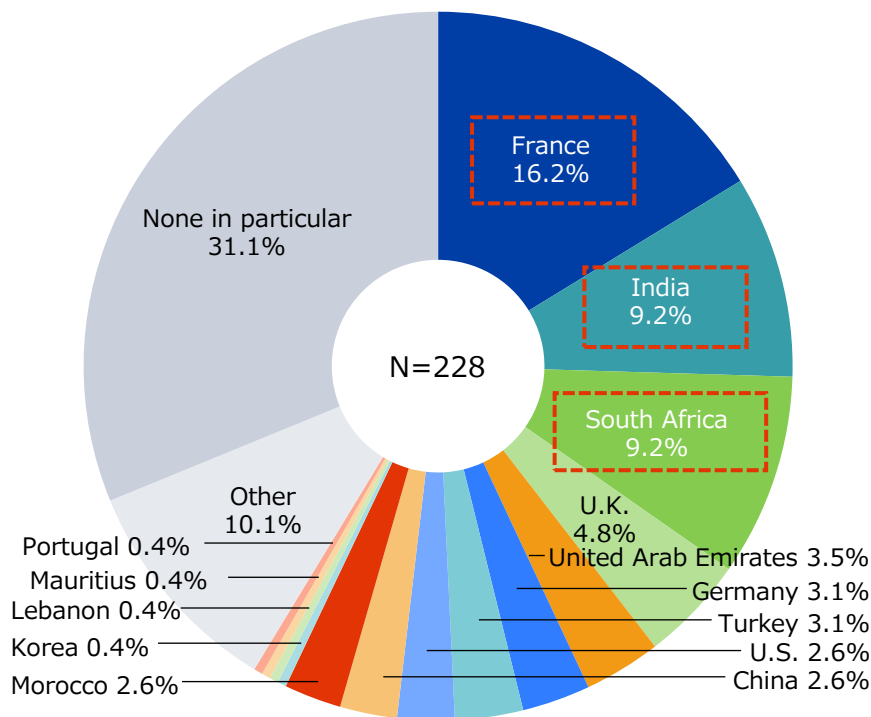
■ A relatively large proportion of companies receive incentives in Cote d'Ivoire and Mozambique.



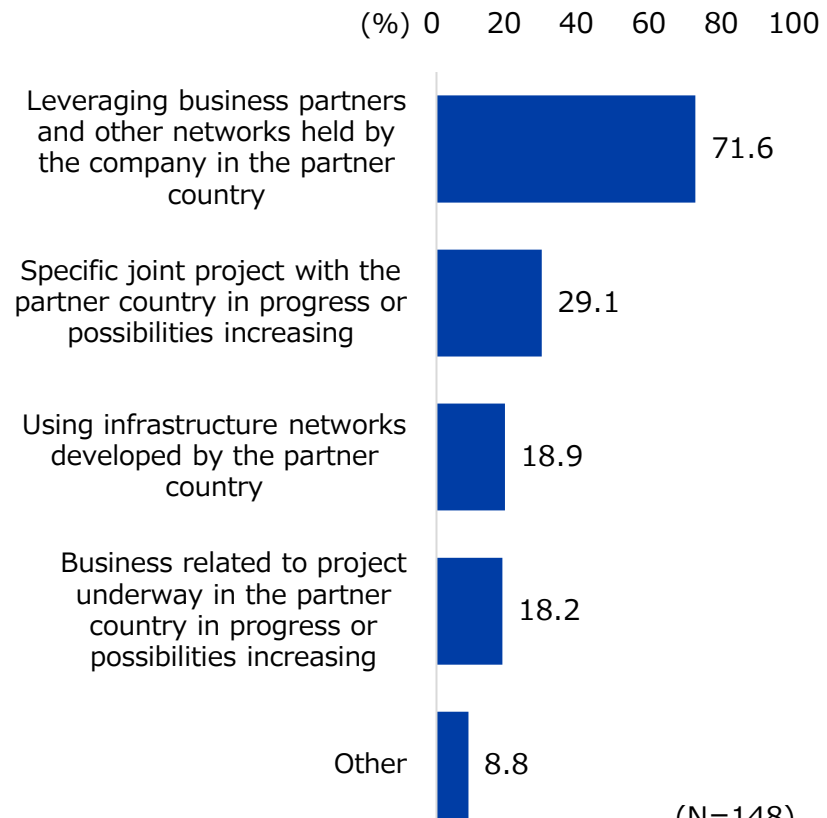
10 | Collaboration with Companies of Other Countries

- As for potential partner companies in third countries, those in France topped the list for the second consecutive year, followed by those in India (slight increase from the previous year), and those in South Africa.
- As for opportunities and advantages brought about by the partner, more than 70% of companies cited “The partner’s business partner network,” as in the preceding year. The percentage of companies that cited “Use of infrastructure networks” increased from 12.8% in the previous year to 18.9%.

Third Countries Where Potential Partners Operate



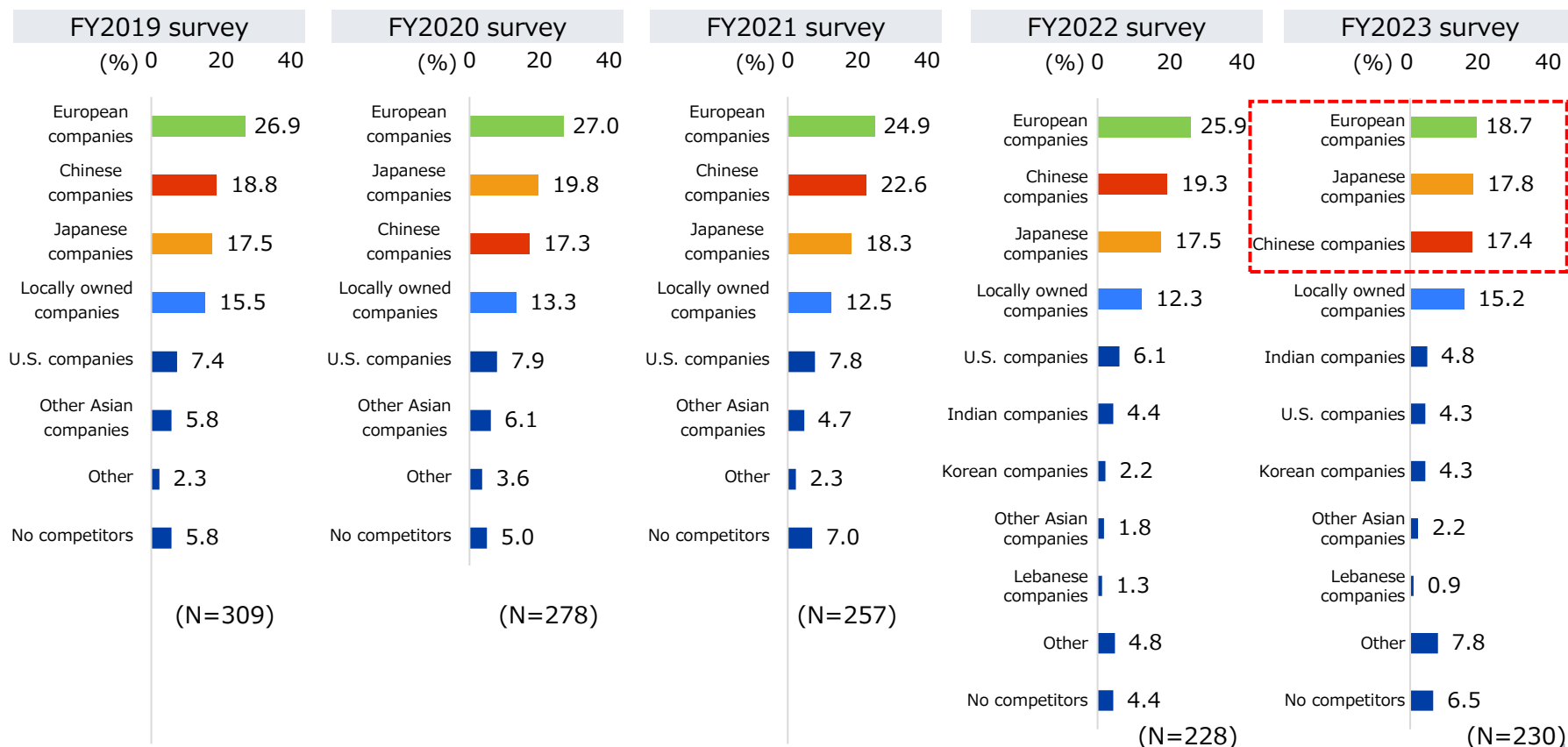
Opportunities and Advantages <Multiple Answers>



11 | Competition with Companies of Other Countries

- **The highest percentage (18.7%) of companies said** that their competitors were **European companies**. European companies have topped the list of competitors for five straight years since 2019.
- Chinese companies, which were second only to European companies in the prior survey, dropped to third at 17.4%. Japanese companies rose to second place for the first time since 2020.

Companies with the Most Competitive Relationships



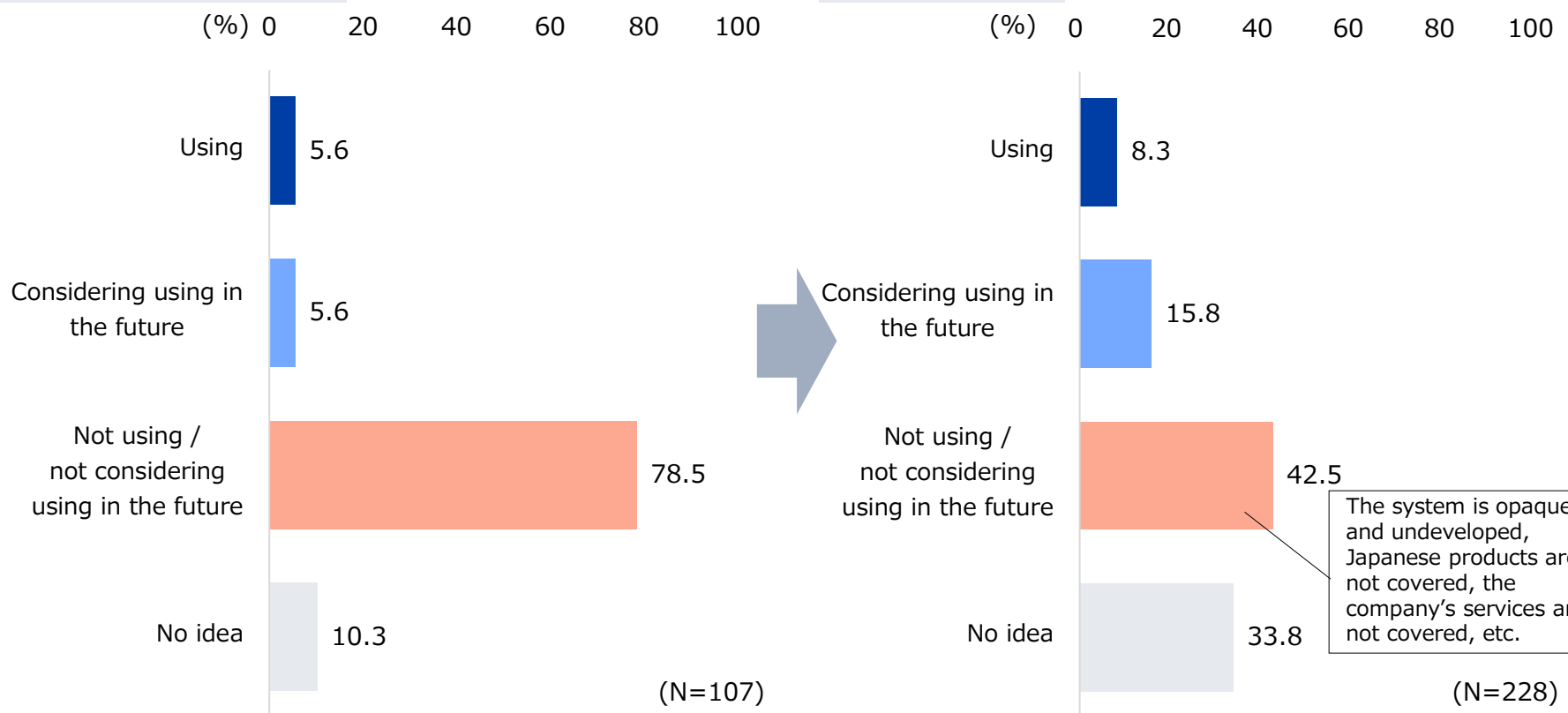
12 | Usage of FTAs and Customs Unions (Overall)

- The percentage of companies using FTAs and customs unions was 5.6% in 2007, 13.3% in the previous year, and 8.3% this year.
- The percentage of companies that are considering using FTAs and customs unions in the future was 5.6% in 2007, 21.8% in the previous year, and 15.8% this year.
- The percentage of companies that are not using FTAs and customs unions now or not considering doing so was 78.5% in 2007, 37.3% in the previous year, and 42.5% this year.

Current Use of FTAs, EPAs, and Customs Unions <Multiple Answers>

<Reference: FY2007 Survey>

<FY2023 Survey>

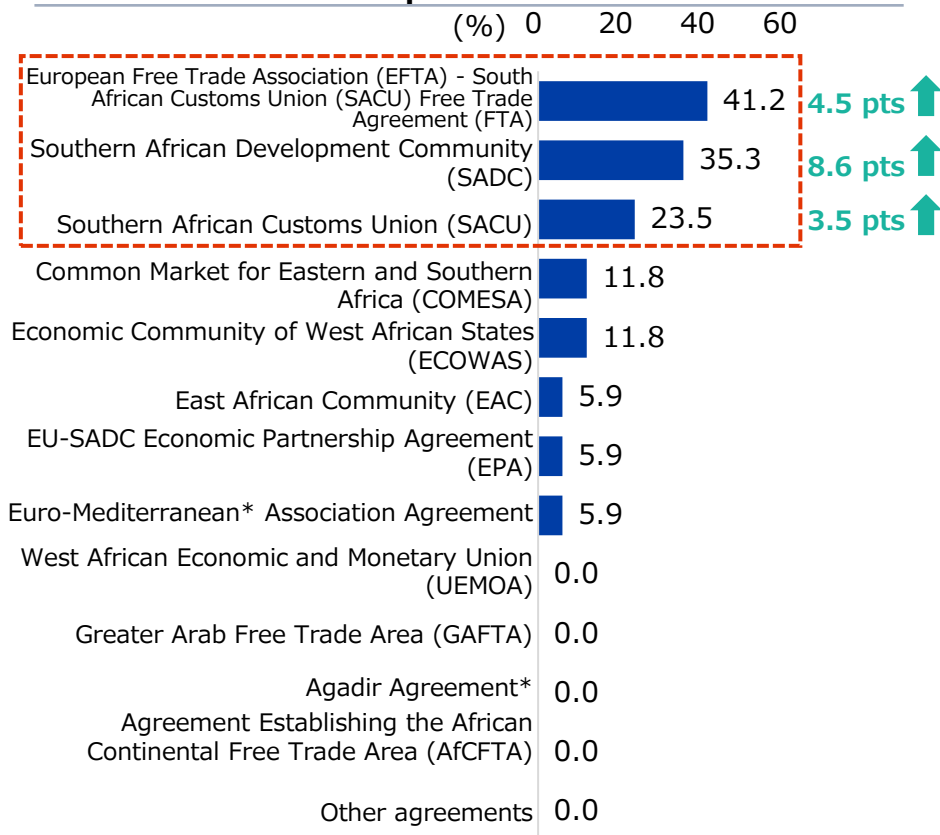


The system is opaque and undeveloped, Japanese products are not covered, the company's services are not covered, etc.

13 | Usage of FTAs and Customs Unions (by Agreement/Union)

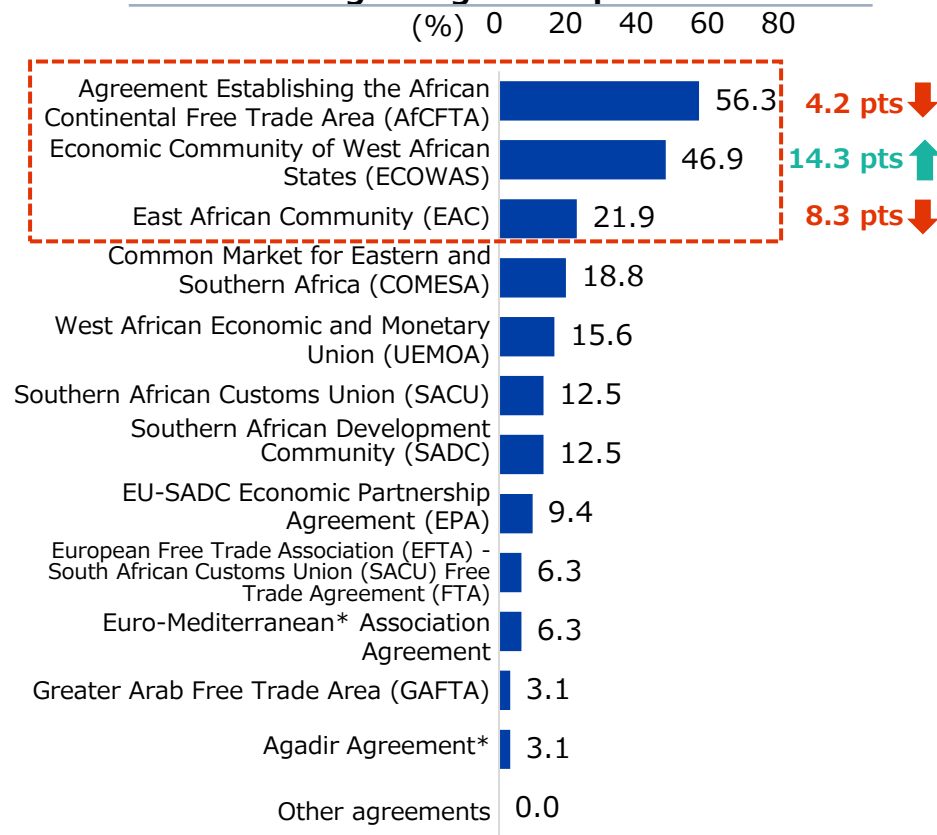
- The top three FTAs and other agreements currently in use have not changed from the prior survey, but their use has increased respectively.
- The top three FTAs and other agreements that they are considering using have not changed from the previous survey either, but the percentage of the vote for AfCFTA and that for EAC have decreased, while that for ECOWAS has increased.

FTAs, EPAs, and Customs Unions Currently in Use
 <Multiple Answers>



(N=17)

FTAs, EPAs, and Customs Unions You Are Considering Using
 <Multiple Answers>



* Egypt, Tunisia, Algeria, Morocco, etc.

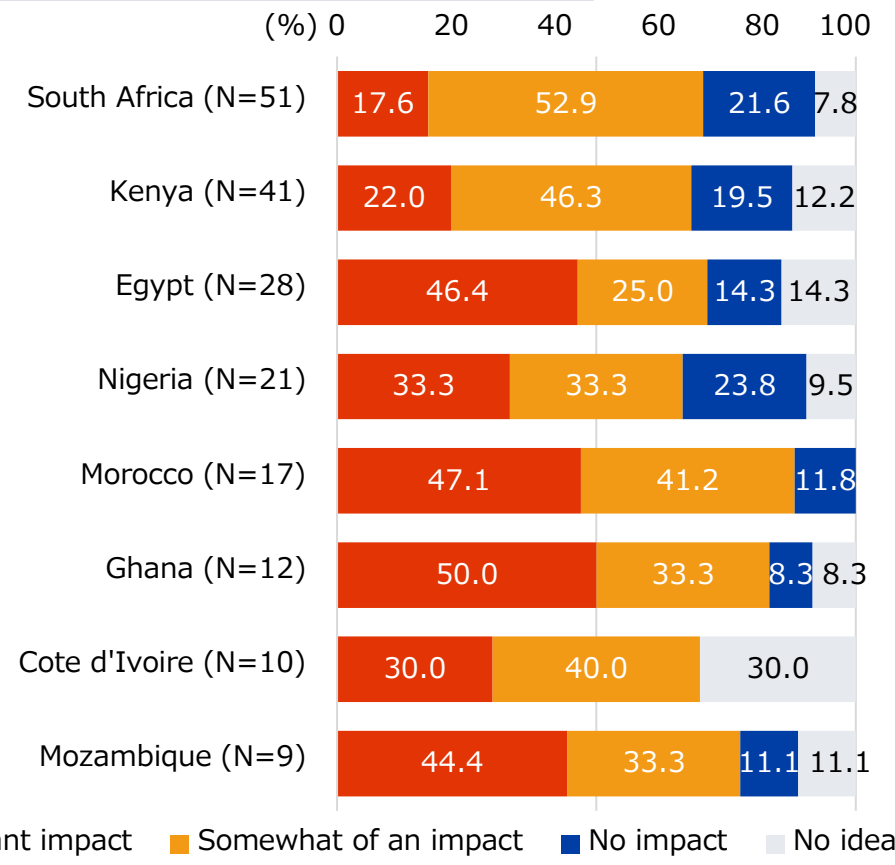
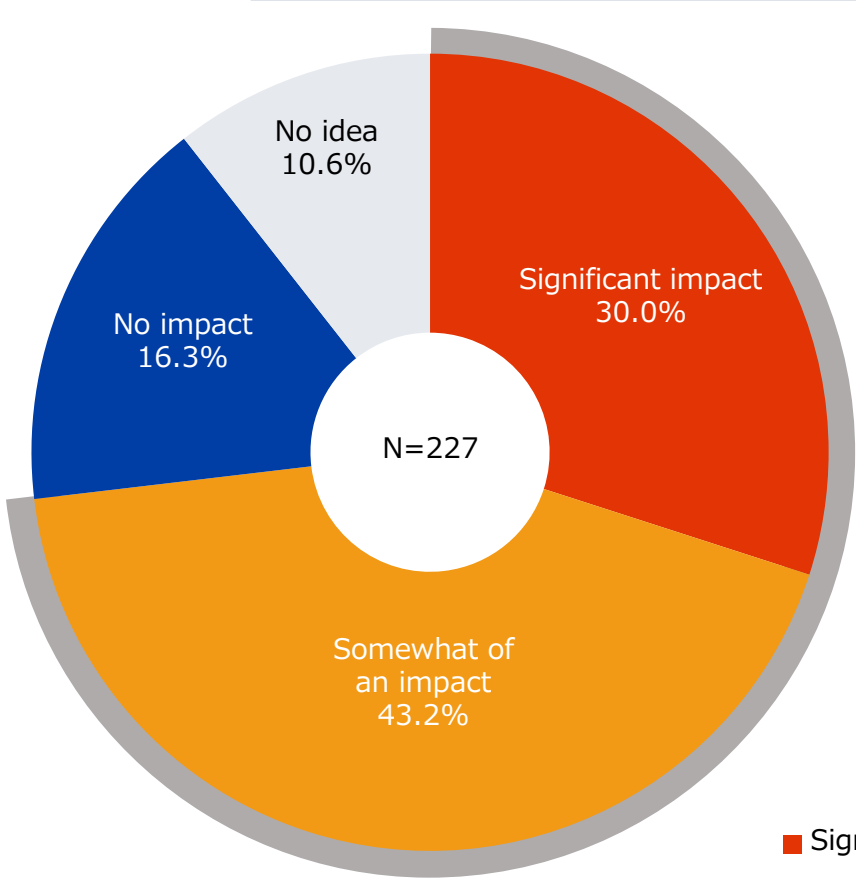
(N=32)

Compared to previous year: ↑ Up ↓ Down

14 | Impact of Russia's Invasion of Ukraine on Business (1)

- **Just over 70% of companies** said that they suffered **somewhat of an impact**. However, the percentage dropped from the previous survey.
- By country, the percentage of companies that said there was no impact increased in Kenya, Egypt, and Nigeria. That of companies that felt a significant impact fell in South Africa, Kenya, Egypt, and Mozambique.

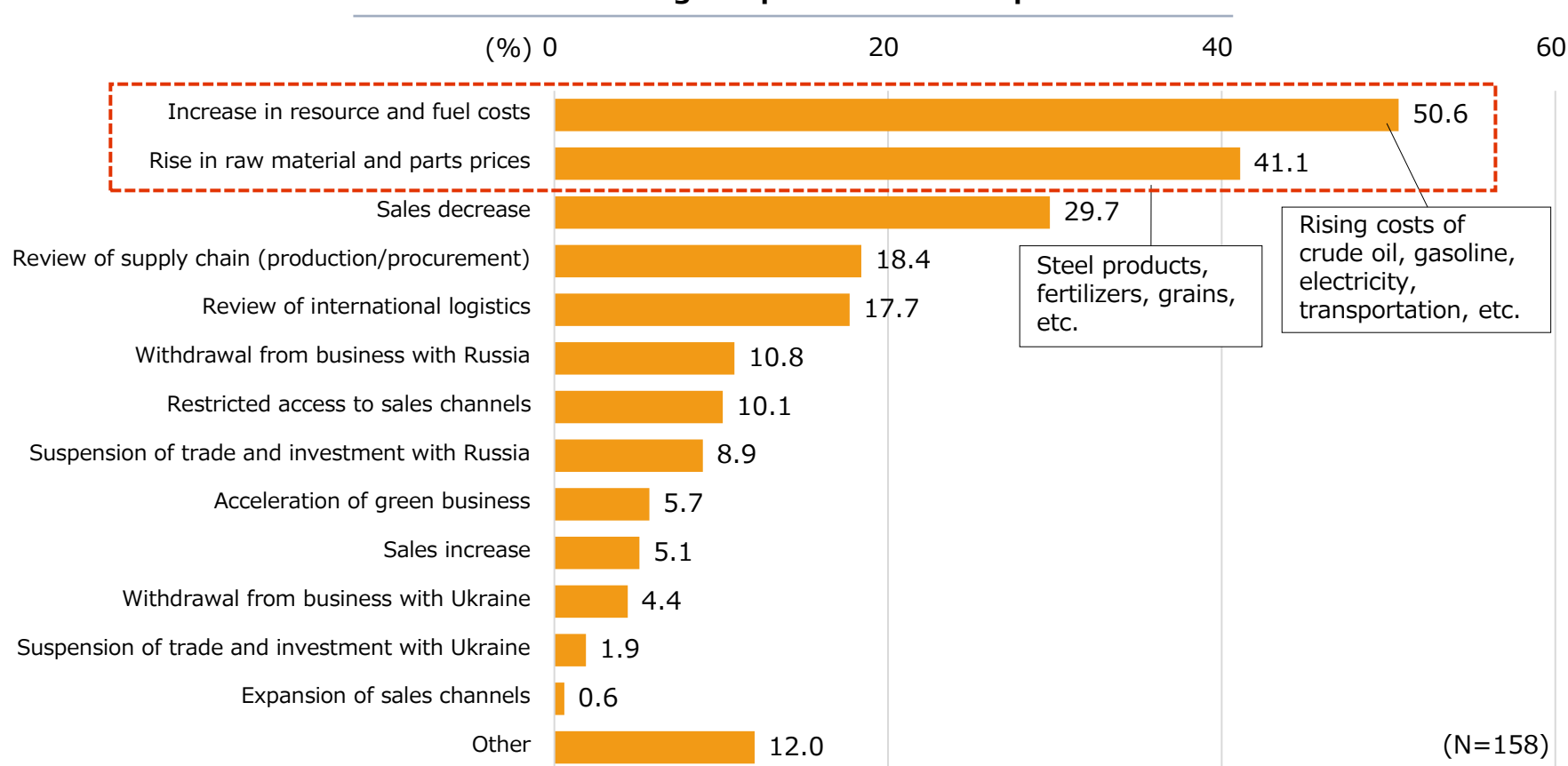
Impact of Russia's Invasion of Ukraine on the Company's Activities



14 | Impact of Russia's Invasion of Ukraine on Business (2)

- The two most significant impacts on respondents' business are "Increase in resource and fuel costs," and "Rise in raw material and parts prices," the same results as in last year. This year, "Sales decrease" climbed up to third place.
- "Review of international logistics," which was third last year, fell down to fifth, with the percentage falling from 28.0% to 17.7%.

Reasons for Selecting "Impact Felt" <Multiple Answers>

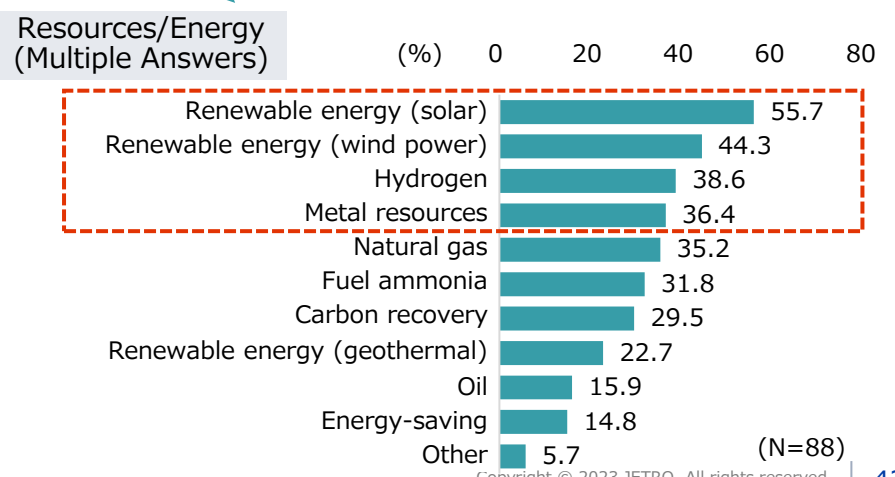
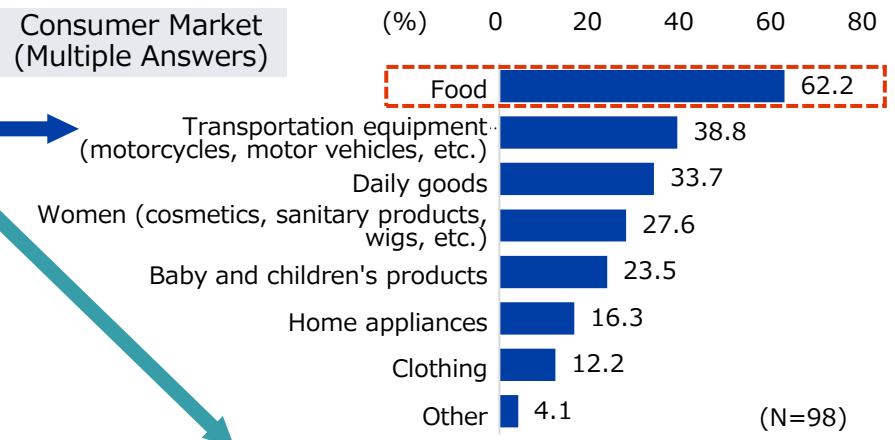
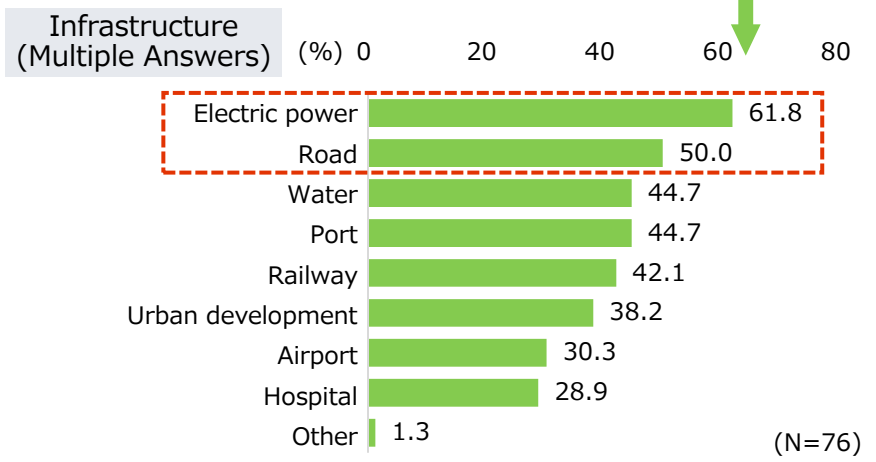
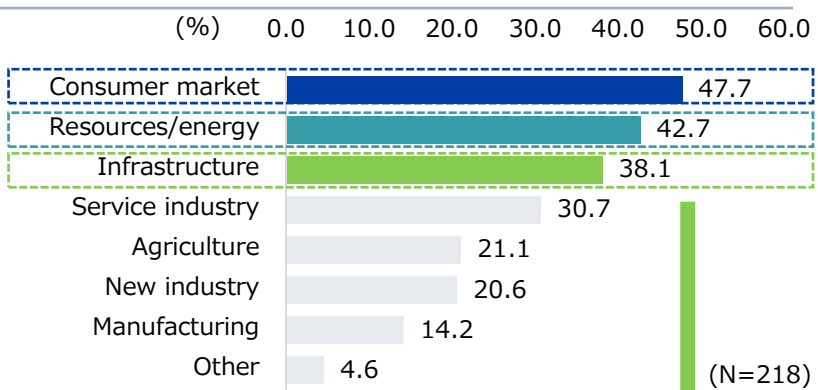


V. Promising Business Areas & Focus Countries

1 | Promising Business Areas (by Area ①)

- **“Consumer market”** tops the list of promising business areas in Africa, as was the case in the previous survey. Out of “consumer market,” the **“Food”** sector is considered to have the greatest growth potential as in the previous survey.
- Regarding “Resources/energy,” companies continue to regard **“Solar power”** as the most promising sector. Meanwhile, the percentage of companies voting for **“Wind power”** and **“Metal resources”** advanced. As for “Infrastructure,” many companies place emphasis on **“Electric power”** and **“Road,”** as is the case with the previous survey.

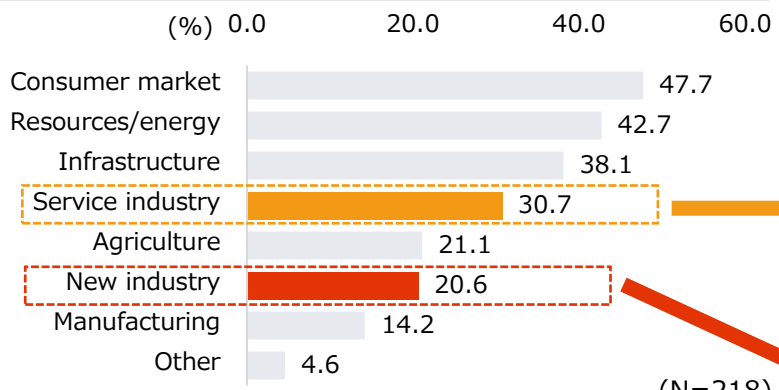
Promising Business Areas (Multiple Answers)



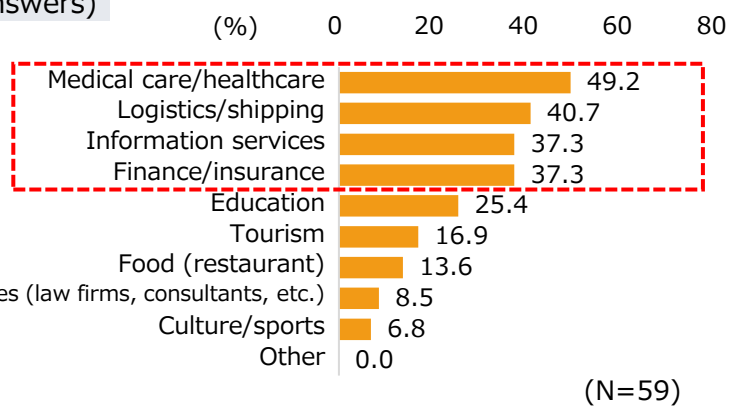
1 | Promising Business Areas (by Area ②)

- As for "Service industry," the "Medical care/healthcare" sector is considered to be the most promising, followed by "Logistics/shipping," "Information services," and "Finance/insurance," as in last year, whereas companies are less interested in the "Education" sector than in the previous survey.
- As for "New industry," "EV" for which the largest proportion of companies voted in the previous survey, fell to third place. "Smart agriculture," which was second last year, was first this year.

Promising Business Areas (Multiple Answers)

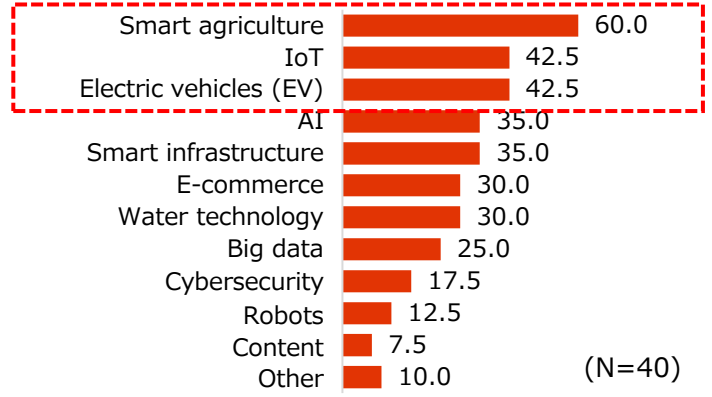


Service Industry (Multiple Answers)



Professional services (law firms, consultants, etc.)

New Industry (Multiple Answers)



- <Agriculture>

 - Fertilizers, pesticides, etc.
 - Grains, vegetables, and fruits (Cacao, sesame, wheat, rice, soybeans, etc.)

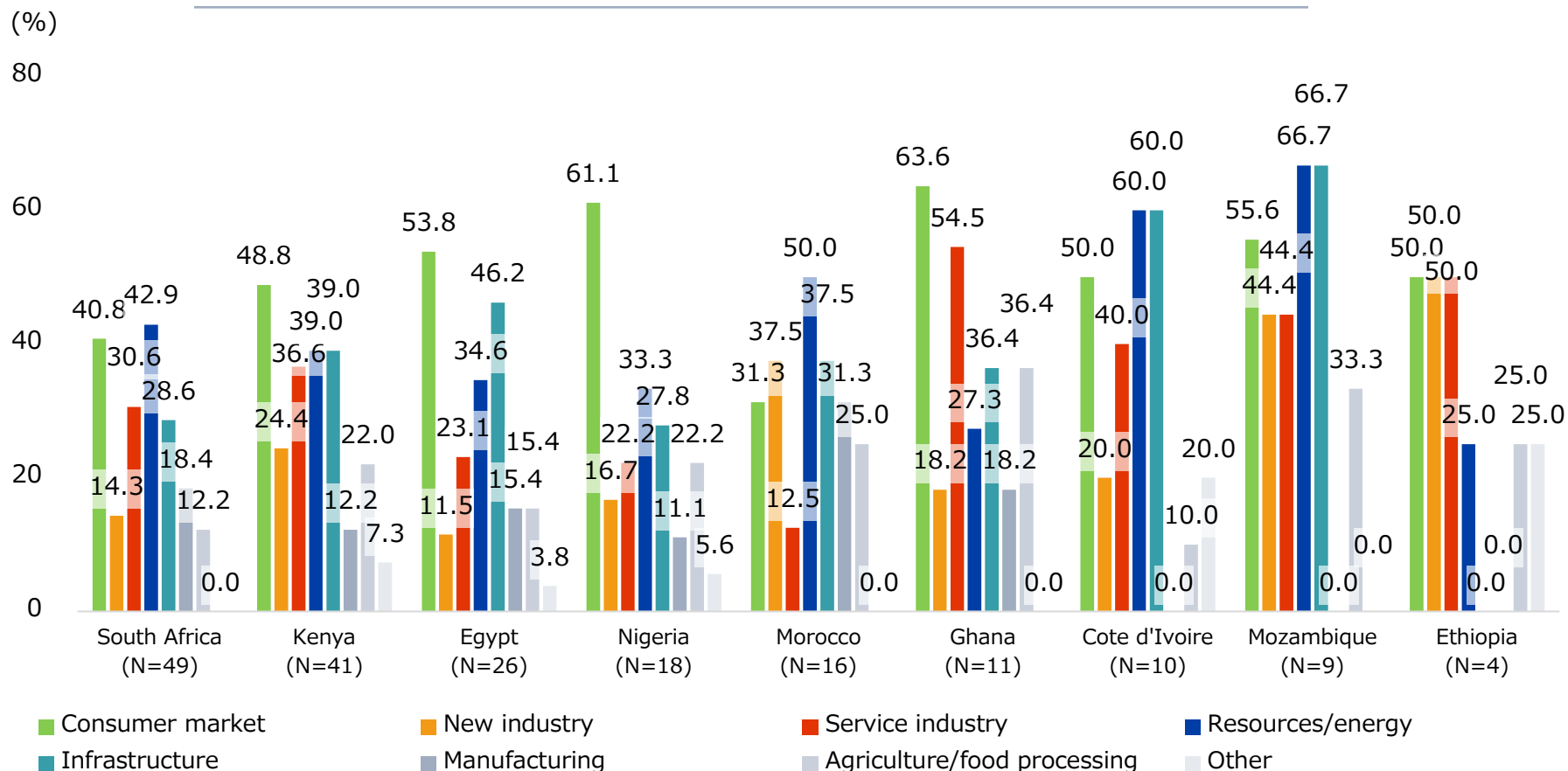
<Manufacturing sectors and products>

 - Automotive industry, consumer goods
 - Oil-related, etc.

2 | Promising Business Areas (by Country)

- Companies in Kenya, Egypt, Nigeria, Ghana, and Ethiopia see “Consumer market” as the most promising.
- A relatively large number of companies in Kenya, Egypt, Côte d'Ivoire, and Mozambique voted for “Infrastructure” as a promising area, whereas those in Ghana chose “Service industry.”

Promising Business Areas in the Country or in Africa <Multiple Answers>



3 | Reference: Japanese Food

- **Approximately 90% of Japan’s food exports to Africa are mackerel and other fish.**
- In Africa, along with economic growth and rising income levels, there is a strong consumer appetite. While lifestyles, including eating habits, are changing, Japanese food is attracting increasing attention.

Trends in the Volume of Japan’s Food Exports to Africa by Product Category (US\$1,000)

Product category	2018	2019	2020	2021	2022
Fish, crustaceans, etc.	170,841	115,123	93,916	114,612	64,360
Grain	10,642	11,463	8,983	8,174	675
Prepared meat, fish, crustacean products, etc.	4,718	5,300	6,271	5,785	4,982
Various prepared foods	1,846	2,032	1,778	2,555	2,092
Beverages, alcohol, and vinegar	945	1,406	697	965	2,564
Coffee, tea, mate, and spices	378	607	192	656	319
Prepared grain, flour, starch products, etc.	237	295	234	287	238
Animal or vegetable oil, etc.	95	103	131	114	68
Flour, processed grain, malt, etc.	9	9	3	84	119
Prepared vegetable, fruit, nut products, etc.	57	74	27	44	67

(Source) Compiled by JETRO based on Global Trade Atlas.



Japanese food section at a Nigerian supermarket (Photo by JETRO)



Somen served for tasting at an event to promote Japanese foodstuffs in Morocco (from Business Briefing "First Japanese Food Promotion Event Held in Morocco")



Ramen served at a Japanese restaurant in Kenya (from the JETRO research report "Food and Beverage Market Survey in Africa (Kenya)")

(Reference articles) [Possibility of Japanese Food Business in Africa;](#) [Food and Beverage Market Survey in Africa \(Morocco, Kenya\);](#) [First Japanese Food Promotion Event Held in Morocco;](#) [Business Briefing \(Morocco, France\)](#)

4 | Reference: Green Energy

- Following the 27th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) held in Egypt in 2022, COP28 was held in the UAE in 2023, marking the second consecutive time the Middle East and Africa region has hosted the conference.
- The UAE, the COP28 Presidency, emphasized the Climate Fund and energy transition. With the launch of the Loss and Damage Fund, a number of support measures were announced for developing countries including those in Africa in the energy sector, such as hydrogen and renewable energy.

Overview of COP28

Schedule	November 30 to December 13, 2023
Host Country/ City	Dubai, United Arab Emirates (UAE) The Global Stocktake (GST), a comprehensive five-year assessment of progress against each of the goals set out in the Paris Agreement, was conducted for the first time.
Main Agenda	Result
Climate Fund	<ul style="list-style-type: none"> • Governments agreed to establish the Loss and Damage Fund. • The UAE announced the launch of US\$30 billion ALTERRA investment platform aimed at driving private capital toward climate investments. • As of December 4, commitments totaling more than \$57 billion were announced in areas such as renewable energy, food, and water. • The UK, France, World Bank, Inter-American Development Bank (IDB), European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), and African Development Bank (AfDB) announced their new commitments to expand Climate-Resilient Debt Clauses (CRDCs) in their lending. • Kenya and the UAE announced the launch of the Africa Green Industrialization Initiative.
Energy	<ul style="list-style-type: none"> • 130 countries have signed up to the pledge to triple global renewable power capacity by 2030 and double the annual rate of energy efficiency improvements every year to 2030. • 37 countries have signed a declaration of intent on the mutual recognition of certification schemes for clean hydrogen and hydrogen derivatives. • 66 countries support the Global Cooling Pledge, which aims to reduce CO2 emissions from cooling equipment by at least 68% by 2050.



(Photo by JETRO)

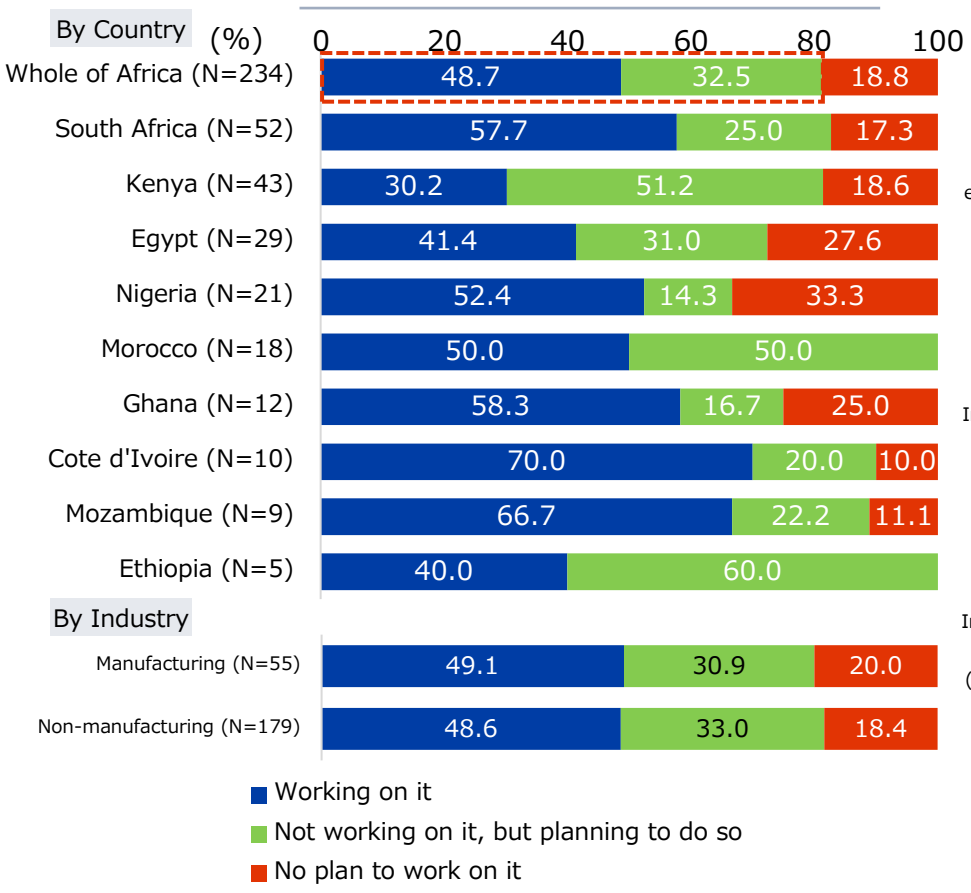
(Sources) Official website of COP28 and Special Issue of JETRO Business Briefing "[Responses of Countries and Regions to COP28.](#)"

VI. Reference

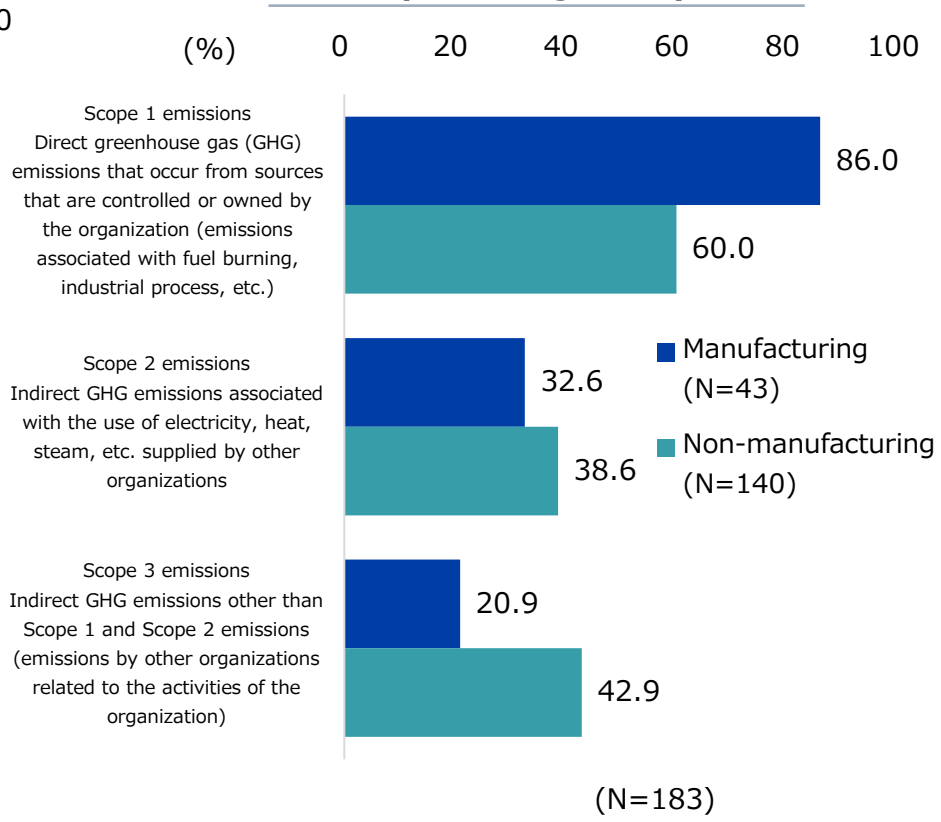
1 | Decarbonization Efforts (1)

- More than 80%, higher than the global average (77.6%), of companies said that they were working, or planning to work, on decarbonization.
- In Egypt, Nigeria, and Ghana, a higher percentage of companies than in other countries said that they had no plan to work on it.

Status of Decarbonization Efforts



Scope of Emissions to Address (Including Plans)

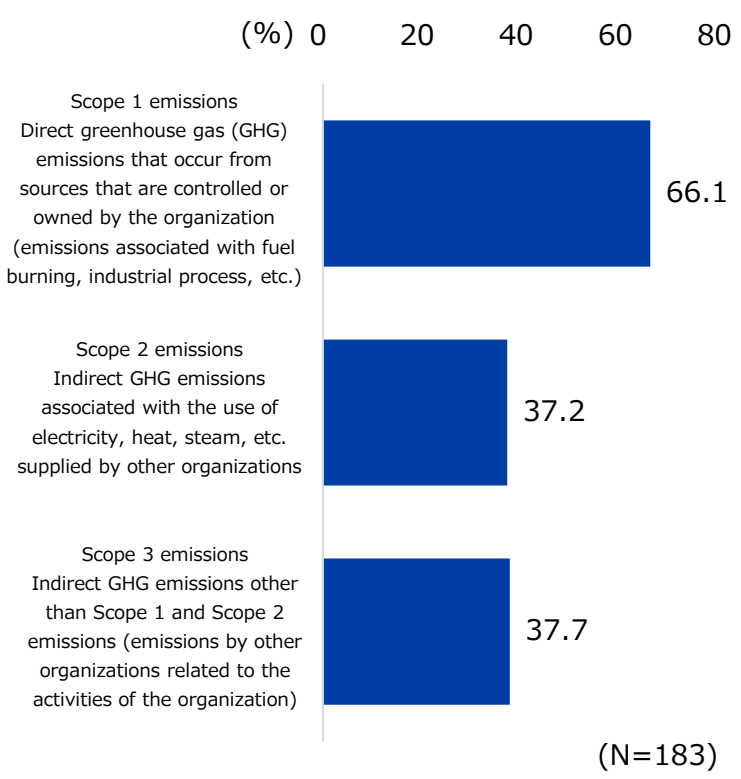


1 | Decarbonization Efforts (2)

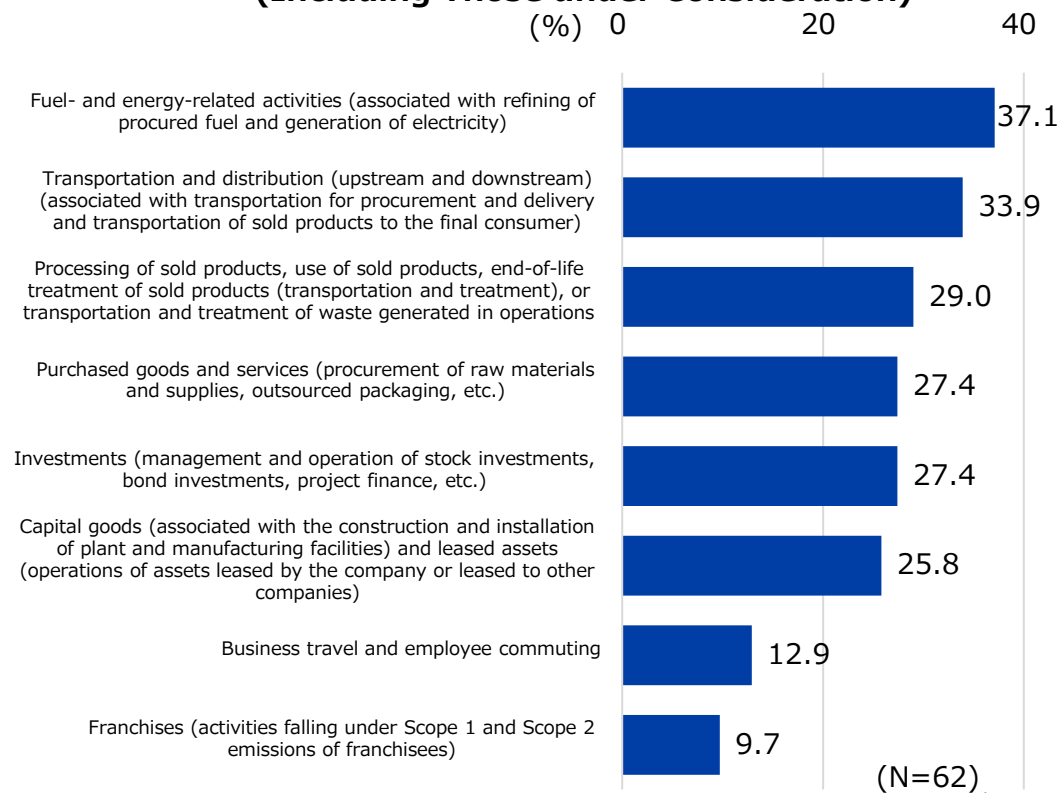
- 66.1% of companies said that they were trying to reduce Scope 1 emissions, with 37.2% and 37.7% aiming to reduce Scope 2 emissions and Scope 3 emissions, respectively. Each of the percentages is at the same level as the global average (61.4%, 40.0% and 30.4%, respectively).
- Out of Scope 3 categories, "Fuel- and energy-related activities" and "Transportation and distribution" were the most common categories, each voted for by more than 30% of companies.

Specific Decarbonization Efforts (Including Those under Consideration) <Multiple Answers>

Scope of Emissions to Address (Including Plans)



Categories of Priority (Including Those under Consideration)



For inquiries, please contact:

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