

Association Economique
Madagascar Japon



Investment and business
opportunities for economic and social
recovery after **COVID-19.**



ECONOMIC IMPACT OF COVID 19

➤ INTERNATIONAL

Global economic activity will contract in 2020 (-4.5%) before recovering in 2021 (+ 5.0%)

Pandemic could push 88 to 115 million more people into extreme poverty

The "new poor" are more likely to belong to urban and educated populations and to work in an informal service economy and in industry

➤ AFRICA

In 2020, the decline in GDP in sub-Saharan Africa is due to the decrease in exports (4% less), private investments (8%) and household consumption (6%).



➤ MADAGASCAR



INDUSTRIE

54%

Companies remained open during containment

92%

Declare a decrease in turnover

6791

DOWNSIZING



TOURISME

48%

Companies remained open during containment

97%

Declare a decrease in turnover

301

DOWNSIZING



INFRASTRUCTURE ENERGIE

67%

Companies remained open during containment

83%

Declare a decrease in turnover

394

DOWNSIZING



TIC

85%

Companies remained open during containment

90%

Declare a decrease in turnover

529

DOWNSIZING



AGRIBUSINESS

79%

Companies remained open during containment

85%

Declare a decrease in turnover

2179

DOWNSIZING

216 RESPONDING COMPANIES

PRIORITY AREAS FOR THE MALAGASY GOVERNMENT

AREA 1: Strengthening the governance of the fight against the pandemic

AREA 2: Strengthening measures relating to social protection

AXIS 3: Support for economic resilience and support for the private **sector**

1. TOURISM
2. TRANSPORT
3. AGRICULTURE
4. SUPPORT FOR THE PRIVATE SECTOR

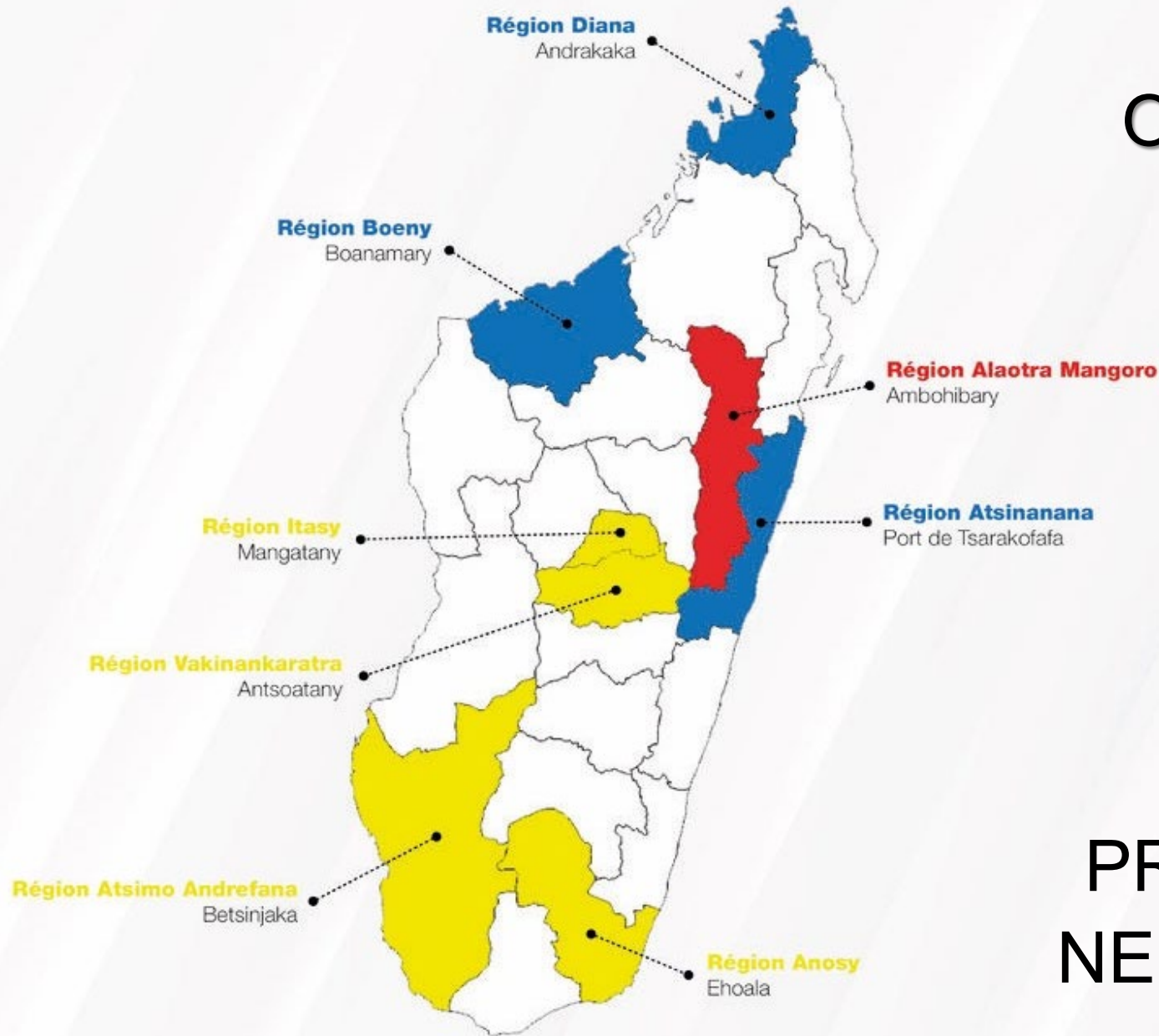




FOCUS :

**SUPPORT ECONOMIC
RESILIENCE AND
SUPPORT THE
PRIVATE SECTOR**

REGIONAL INDUSTRIALIZATION OPPORTUNITIES



OBLIGATION TO DEVELOP MORE INDUSTRIES

industrialization that is both green and innovative.

THE PANDEMIC HAS ACCELERATED THE INDUSTRIALIZATION PROCESS THROUGH THE NEED TO PRODUCE LOCAL

FONDS MALAGASY DE FORMATION PROFESSIONNELLE OU FMFP



Training policy so that the country can acquire all the skills

In total in 2019, FMFP funding enabled the training of **12,159 people**, 40% of whom were women, 5% of young people (pre-employment) and 43,098 hours of training.

6,300 contributing companies

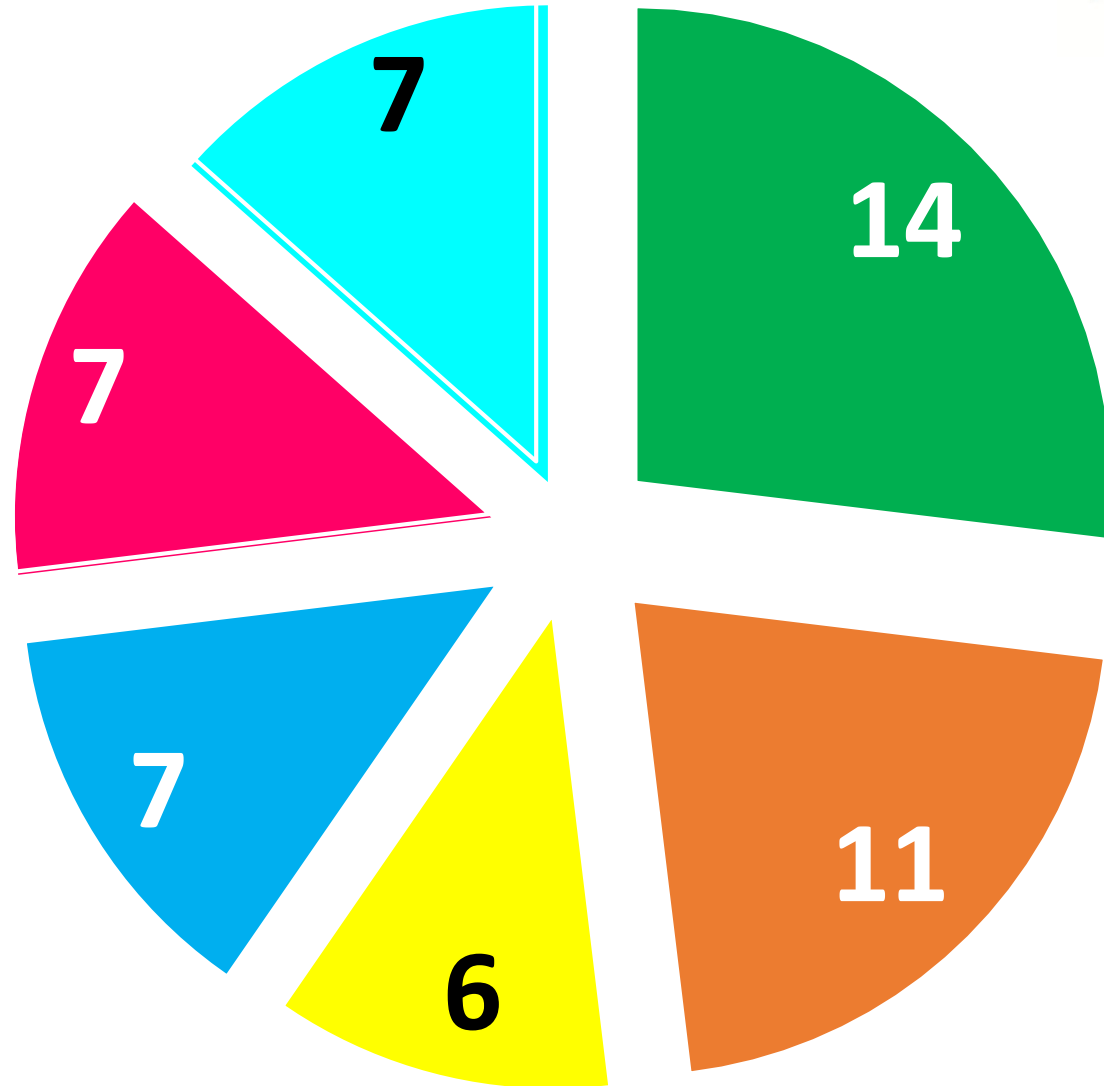
Objectives of the Association

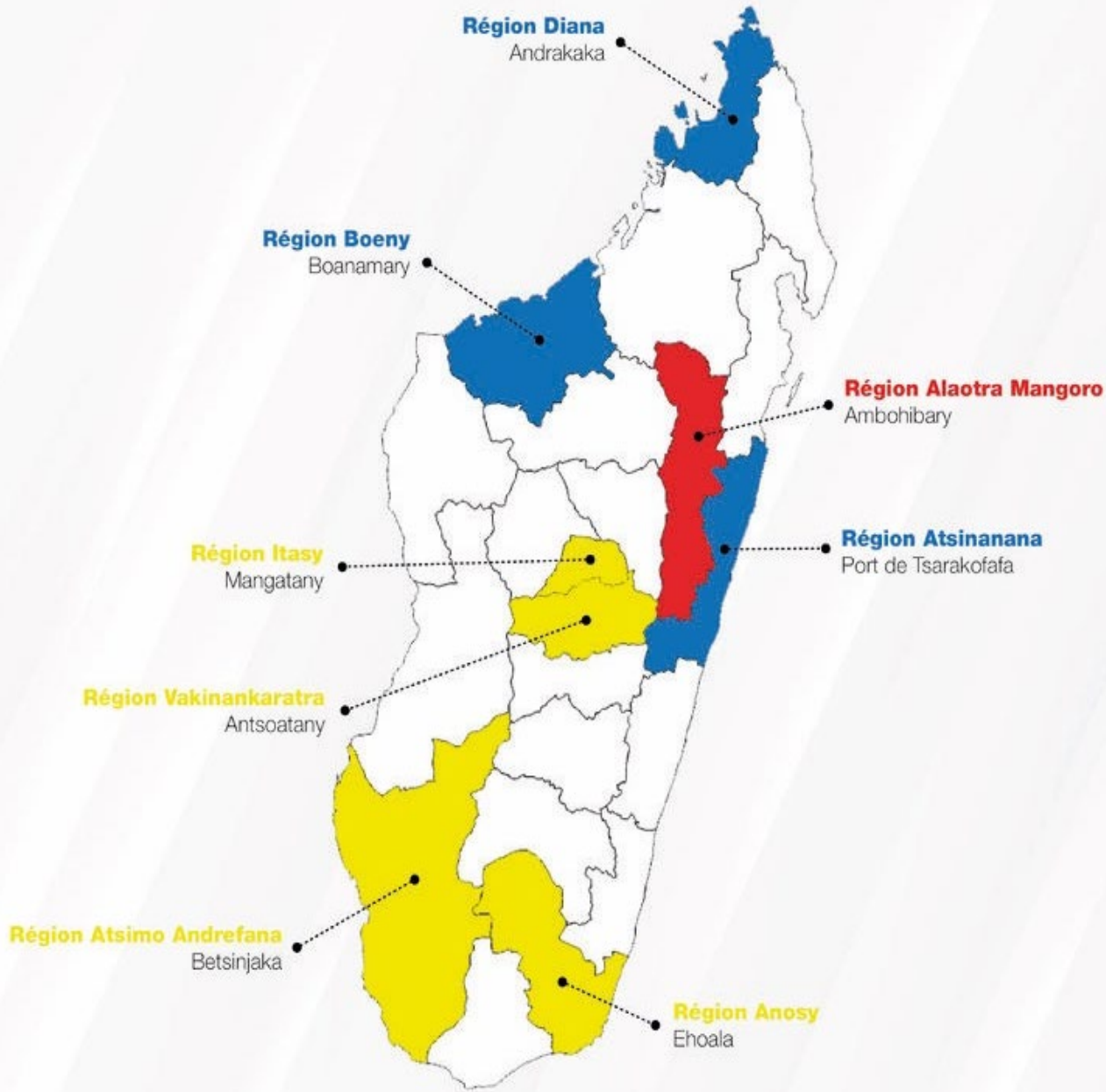
1. To make business environment between Madagascar and Japan easier
2. To reinforce economic relationship between two countries
3. To create economic exchange platform



Sectoral distribution of members

- AGRIBUSINESS
- INFRASTRUCTURE & ENERGY
- ITC
- SERVICE
- TEXTILE
- TOURISM





TOLAGNARO
TOAMASINA
ANTSIRABE



Agribusiness

OVERVIEW



Agriculture-Fishing-Livestock sector represents 40% of GDP and 80% of active population

Existing local market:
Madagascar imports 80% of its needs of rice, sugar and cooking oil

Madagascar, world leader in several products: Madagascar is the world's leading exporter of cloves and vanilla, and second for lychee and ylang ylang essential oil

Leverage the good images of products from Madagascar: Cocoa from Madagascar is considered a fine cocoa of very high end.

Madagascar produces the best shrimp on the market respecting international standards: Certified organic and Label Rouge ...

Agribusiness

POTENTIALITIES

Existing resources:

18 million ha of arable land
Pasture area of 35 million ha
Abundant labor
Climatic and soil conditions favorable for different types of crop
Madagascar has the highest rainfall and water resources in East Africa
115 million ha of EEZ and 300,000 ha of mangroves (ideal for aquaculture)

Attractive legal framework

Exemption from taxes and customs duties for agricultural materials and inputs (fertilizers, 1-day-old chicks, fry, etc.)
Agricultural enterprises and food processing companies targeting the export market are eligible for the free enterprise regime



Agribusiness

OPPORTUNITIES



1. Sugar
2. Essential oils
3. Cooking oil
4. Fruit processing
5. Slaughter units
6. Aquaculture

Infrastructures and Energy

OVERVIEW

Madagascar presents an interesting renewable energy potential yet remains underexploited.

The extremely lower access level to electricity of the population (15%) shows that the local market is still in high demand.



Infrastructures and Energy

POTENTIALITIES



Solar energy:

2 800 h of sunshine/year and 2 000 KWh/m²/year

Wind energy:

Wind speed: 6 to 8 m/s at 50 meters high in the North
6 to 6.5 m/s in the center and 8 to 12 m/s in the South

Biomass:

Residue and waste biomass potential energy range
between 5~10 000 kW.

Hydroelectric sites have already been identified with the
capacity of 7 800 MW however only 2% is currently
exploited.

Infrastructures and Energy

OPPORTUNITIES



Hydroelec power plant:
1.300 MW, 1.960 million USD

Rural Energy electrification program (Off-grid):
110 MW, 306 million USD

Development of Interconnected grid:
795 km, 243 million USD

Transmission line:
393 million USD

Development of Photovoltaics and Wind farms

Tourism

OVERVIEW

Madagascar has an exceptional biodiversity with a very high level of endemism:

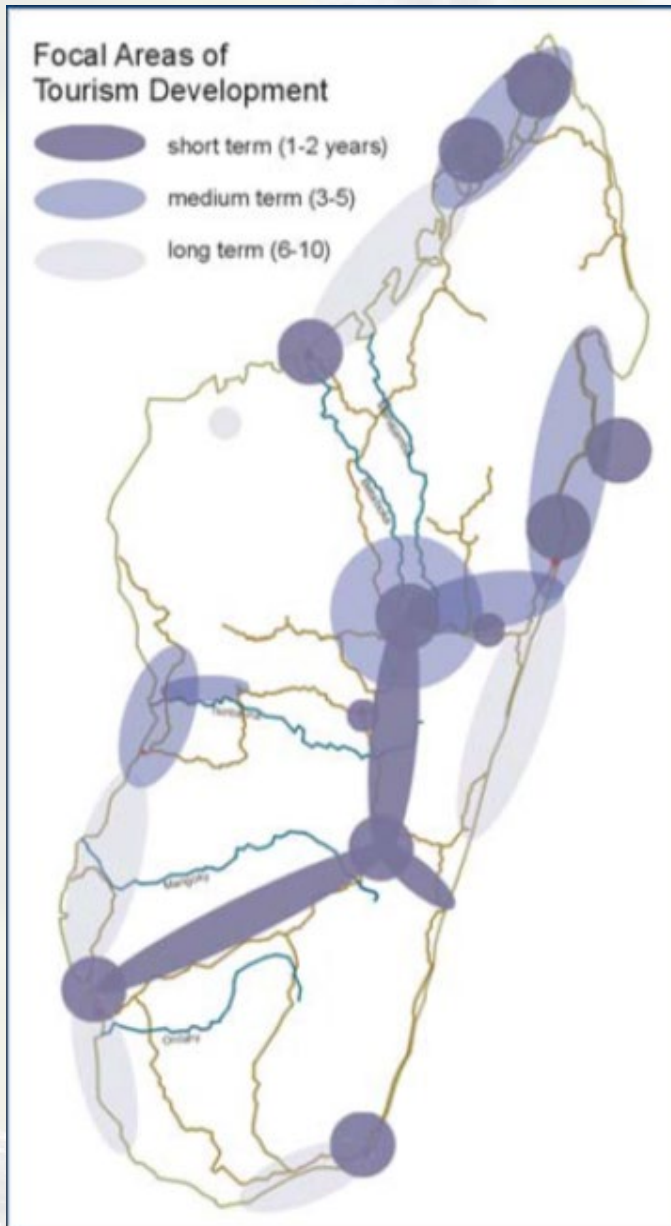
nearly 80% for the flora (black and white orchids, palms, Ravinala, baobabs, Nepenthes, medicinal plants, ...) and an even higher rate for wildlife.

Air Transport Incentive Policy: Renovation of key airports and ports, restructuring of Air Madagascar and launch of new air services

The country is at the trajectory of humpback whales on their annual migration
Unique Asian-African art and culture



Tourism



Different kinds of potential activities :

Ecotourism, Adventure and discovery, Sun and Beach, Sport, Cultural, Gastronomy, Leisure, Business tourism

>4800km of coastline, the 5th longest tropical coastline in the world, and the longest in Africa

High percentage of endemic species : 89% of plant and 92% mammal species are unique to Madagascar

Textile

OVERVIEW

More than 100,000 jobs in the 100 existing companies

Value exported in 2016 : US \$ 463 M

- 69% in EU
- 18% in US (Export to USA: x2 in 6 months)
- 11% in South Africa

Garments for many of the world's best known fashion brands and retailers are produced in Madagascar

A large number of global apparel firms have chosen to establish operations in Madagascar, across product segments : Knitwear, Intimates & Knits, Wovens, Speciality/Couture, Denim, ...



Textile

POTENTIALITIES



A highly skilled workforce with a reputation for manual dexterity and productivity

A talent base of more than 200,000 workers with experience in the apparel industry

Unrestricted duty-free access to US, EU and African markets, under the AGOA, EPA & SADC/COMESA trade agreements

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Textile

OPPORTUNITIES

Jerseys & similar of wool/fine animal hair, knit/crochet

Men's trousers & shorts of cotton

Jerseys & similar of cotton, knit/crochet

T-shirts & vests of cotton, knit/crochet

Men's shirts of cotton

Women's blouses & shirts of cotton

T-shirts & vests, knit/crochet, nes

Jerseys & similar of man-made fibres, knit/crochet

20mn

40mn

60mn

80mn

100mn

Export in US\$

Madagascar's products with potential

LEGEND

- Export Potential
- Actual Exports
- Potential To Actual Exports Gap
- Apparel

ITC Export Potential Map
<http://exportpotential.intracen.org>

SOURCE EDBM

SYNTHESIS

INFLUENCE OF COVID 19 ON INDUSTRIALIZATION POLICY AND STRATEGY

PROMOTION OF « VITA MALAGASY » MADE IN MADAGASCAR

PRIVATE SECTOR EXPECTATIONS

PARTNERSHIPS

JOINT VENTURE

BUSINESS
OPPORTUNITIES

EQUIPMENT FOR COMPANIES
AND INVESTMENTS





TICAD 7 RESOLUTIONS

- Accelerating economic transformation and improving the business environment through private sector development and innovation.
- Concrete proposals to develop trade and investment between Japan and Africa, as well as direct investment from Japan and high expectations for human resource development in Africa.



**THANK YOU FOR
YOUR KIND
ATTENTION !**

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