



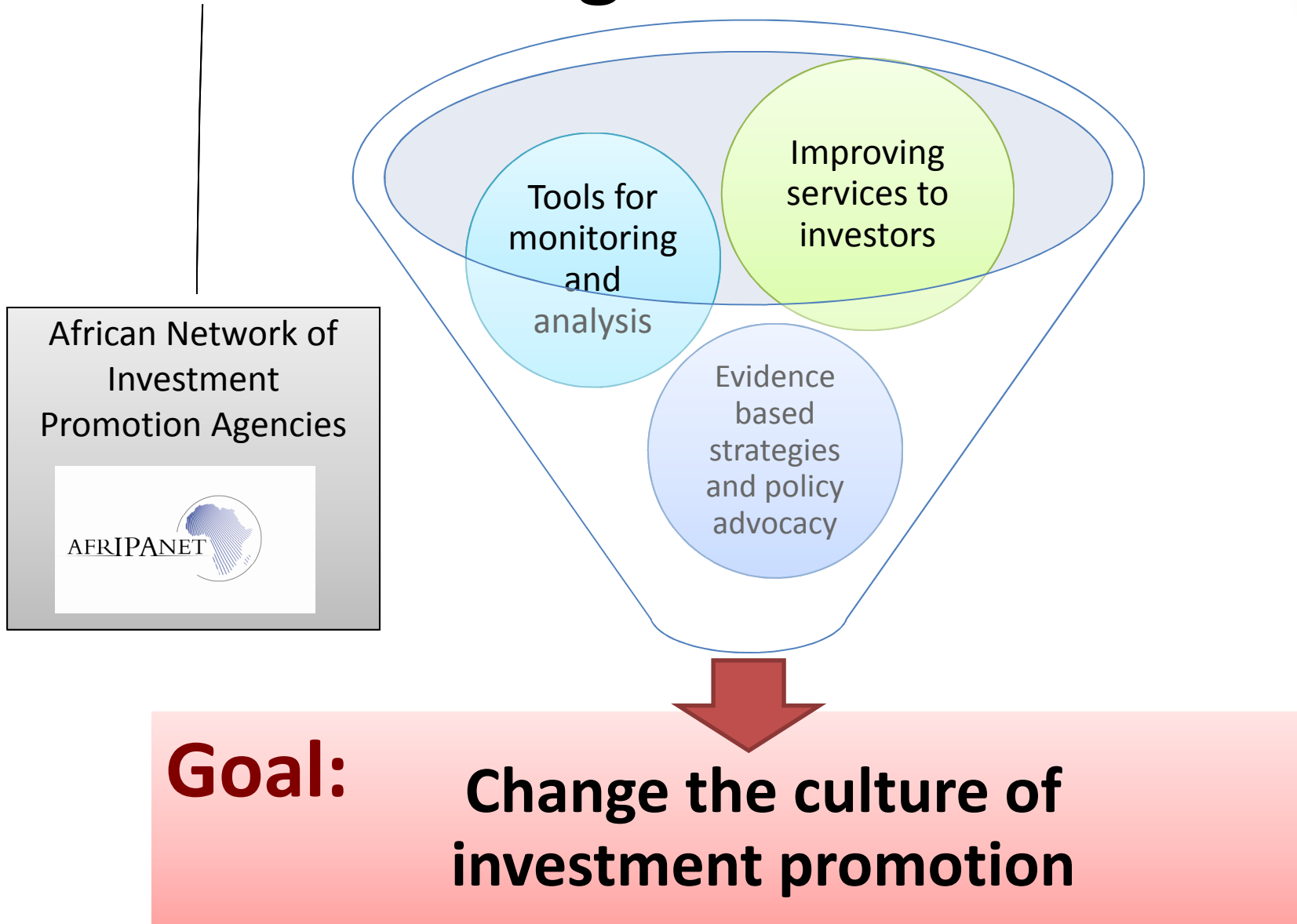
partner for prosperity

*“Japan – East African Community Investment  
Seminar”*

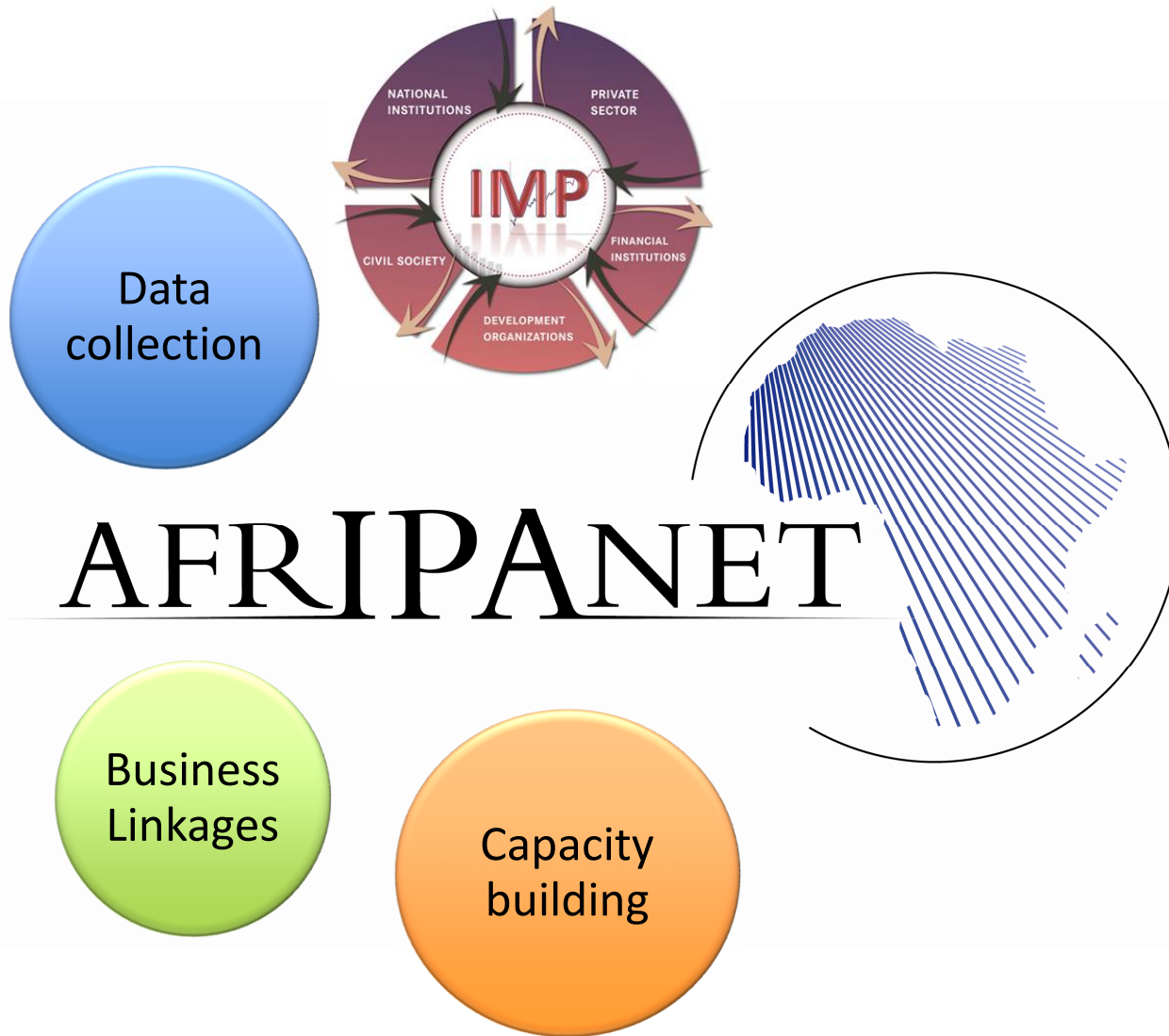
*Tokyo, Japan*

28 March 2014

# AfrIPANet Programme



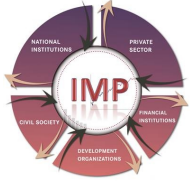
# Programme Components





# Types of data available

Investor Characteristics	Performance Measures	Impact Indicators
Size (employment, sales, assets)	Profit, Profit rate before taxes	Employment
Motivation to invest (raw materials, markets, low cost & export)	Growth (investment, employment, sales, exports)	Wages
Market orientation/intention (local, regional, global)	Capacity utilization	Local partners
Ownership (foreign, domestic, JV)	Past and future investment	Local content
Investor Origin (North vs. South, region, country)	Labor and capital productivity	Supplier development
Type of Organization: Transnational corporation (TNC), foreign entrepreneur (FE), Diaspora	Input costs	Training
Sector (main & disaggregated as ISIC)		R&D
		Technology transfer
		Taxes



# Trade and Investment Analysis of the EAC region

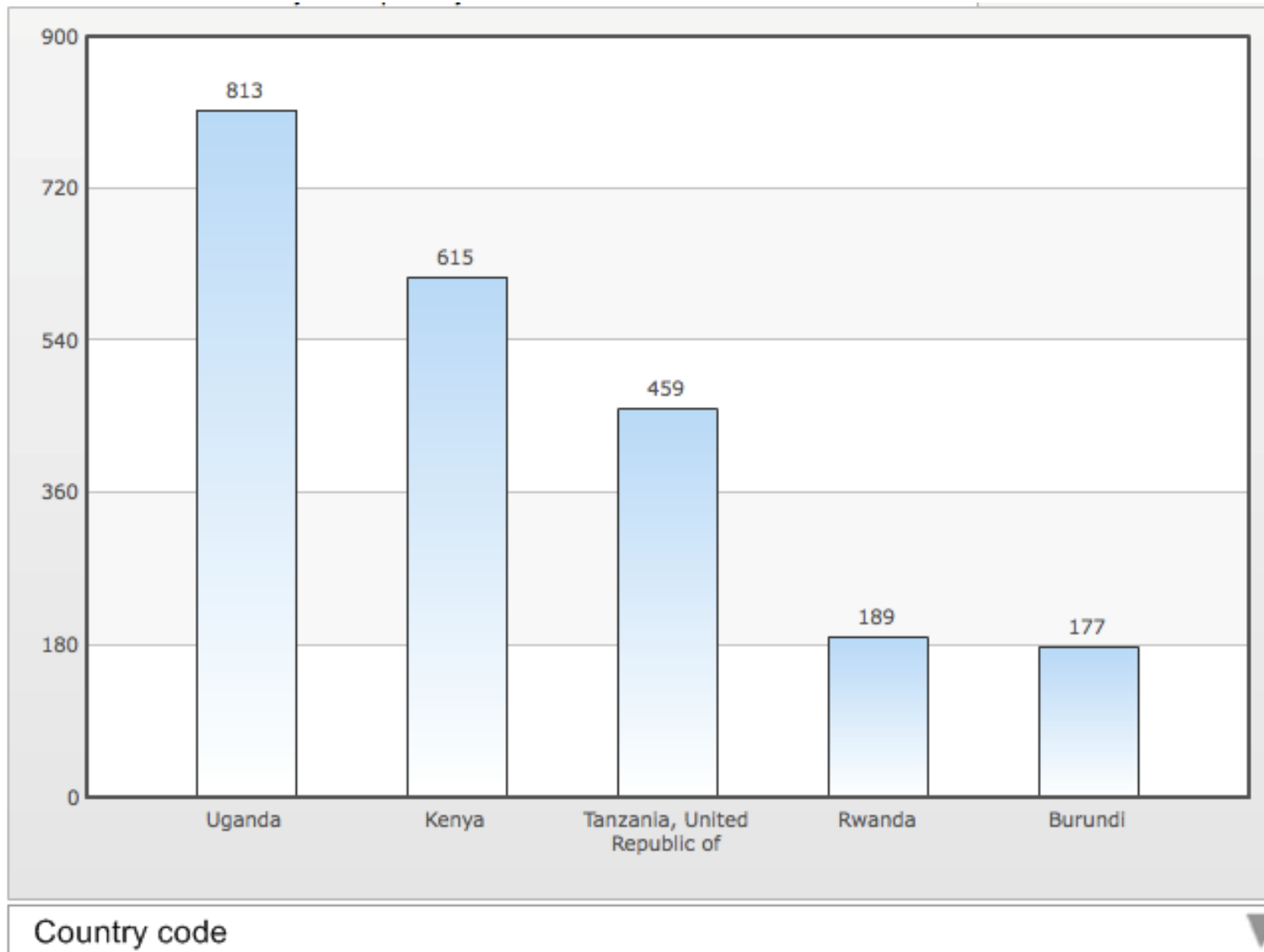
Data Source:

**Africa Investor Survey 2010**

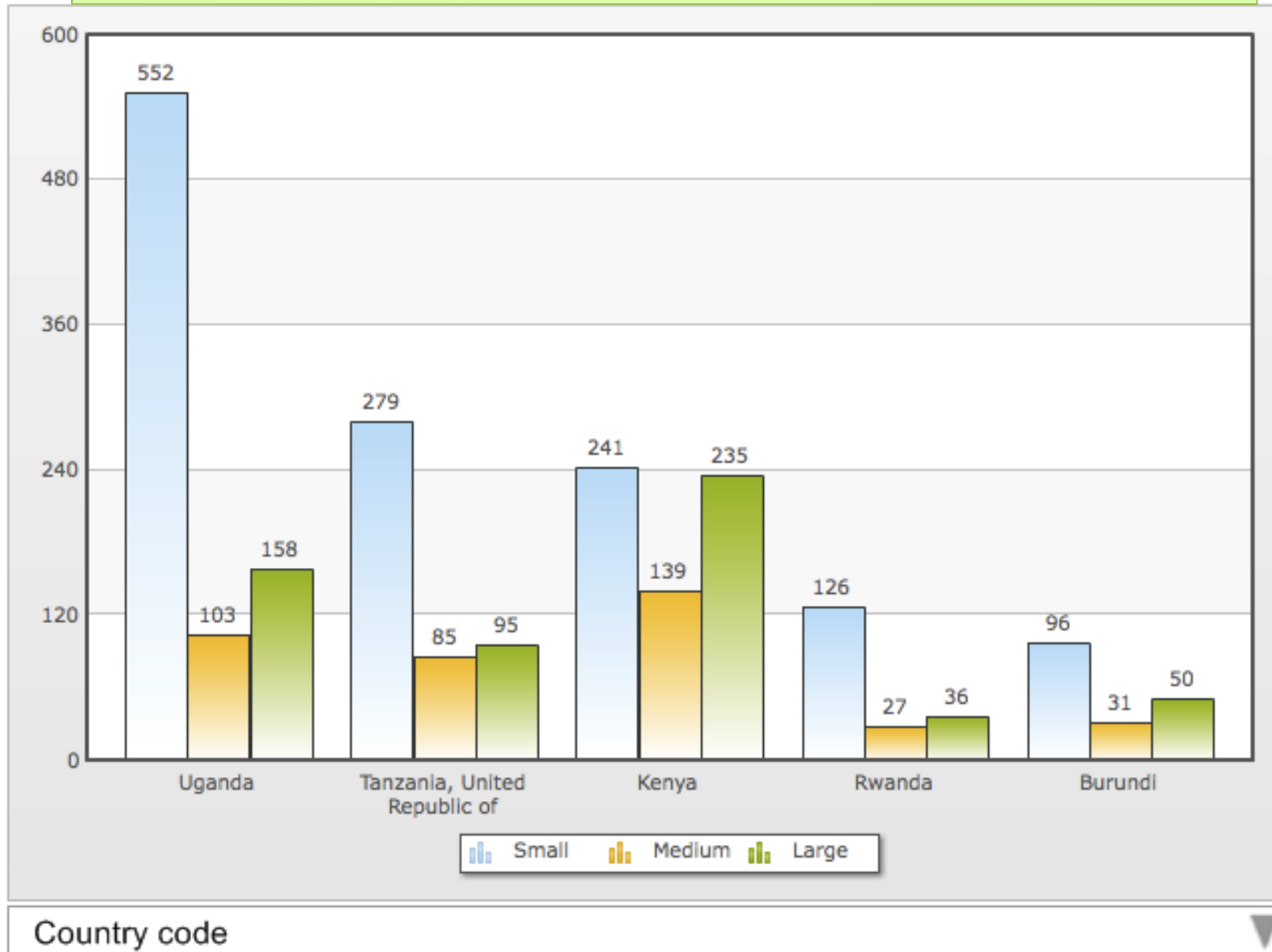
# INTRODUCTION

The Sample

## Number of surveyed companies in EAC Member States

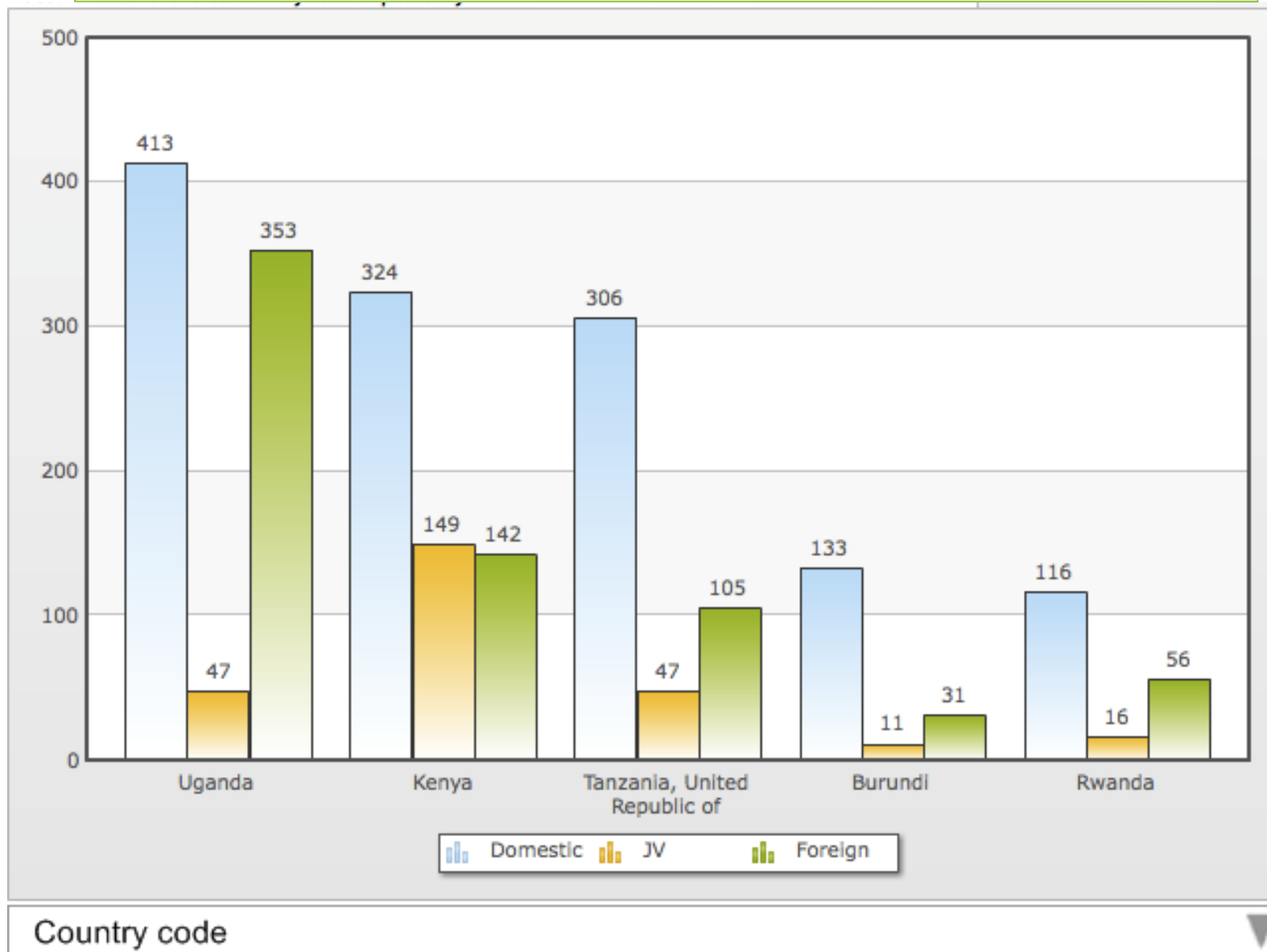


## Number of surveyed companies in EAC by Company Size (Employment)

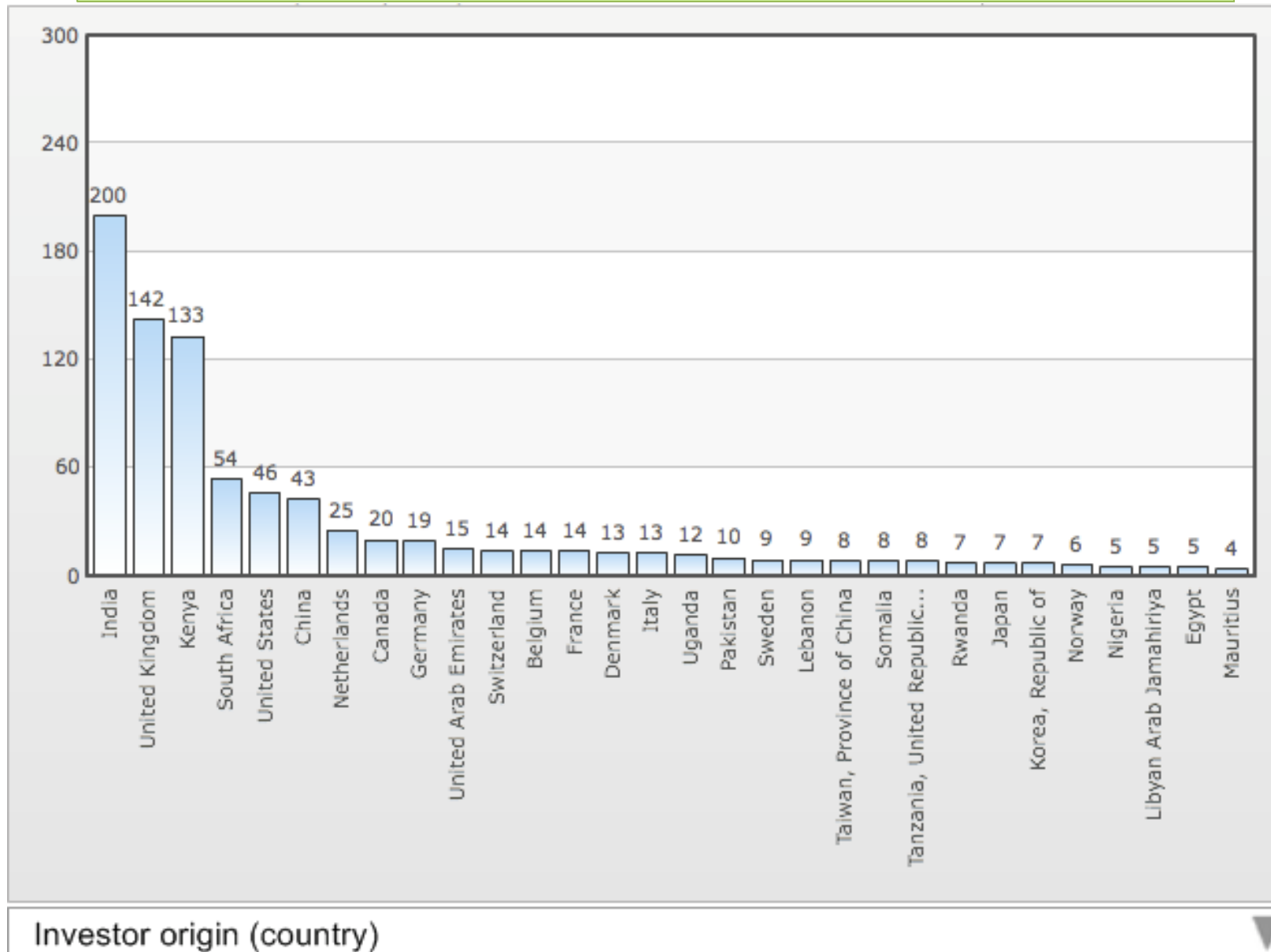




## Number of surveyed companies in EAC by Ownership (Domestic-JV-Foreign)



# Number of surveyed companies in EAC by Investor Origin



# INVESTMENT

## General Findings

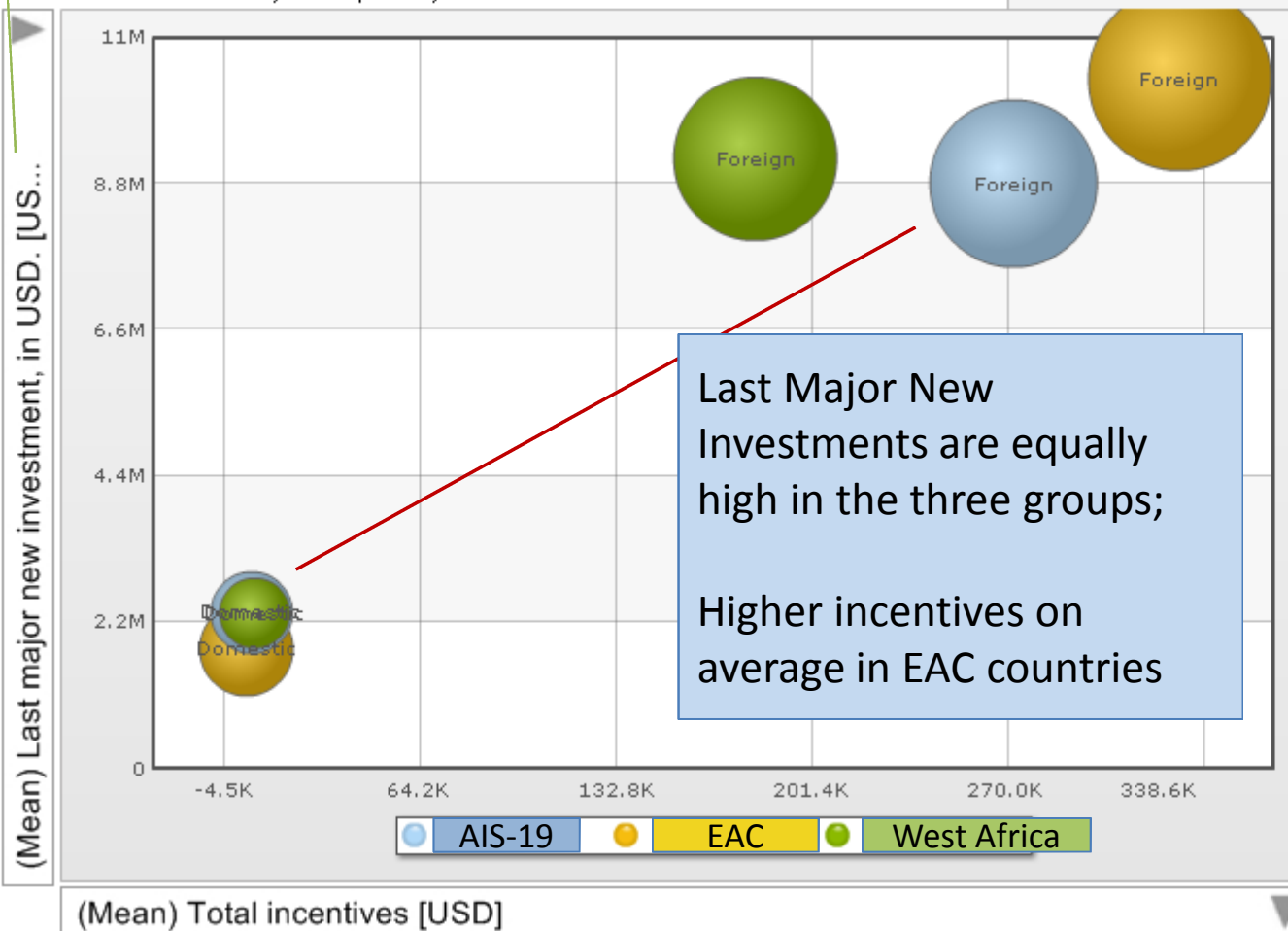
# Last Major New Investments and Incentives



Survey (

Select "Last Major investment"

Note.- Data refers to surveyed sample only



Do NOT use weights ⓘ

On drilldown, use value on:

X Axis  Y Axis  Size

Size

(Mean) Tax, total [USD]

Pivot

Ownership structure (dom)

Color (Reset)

Select a Variable

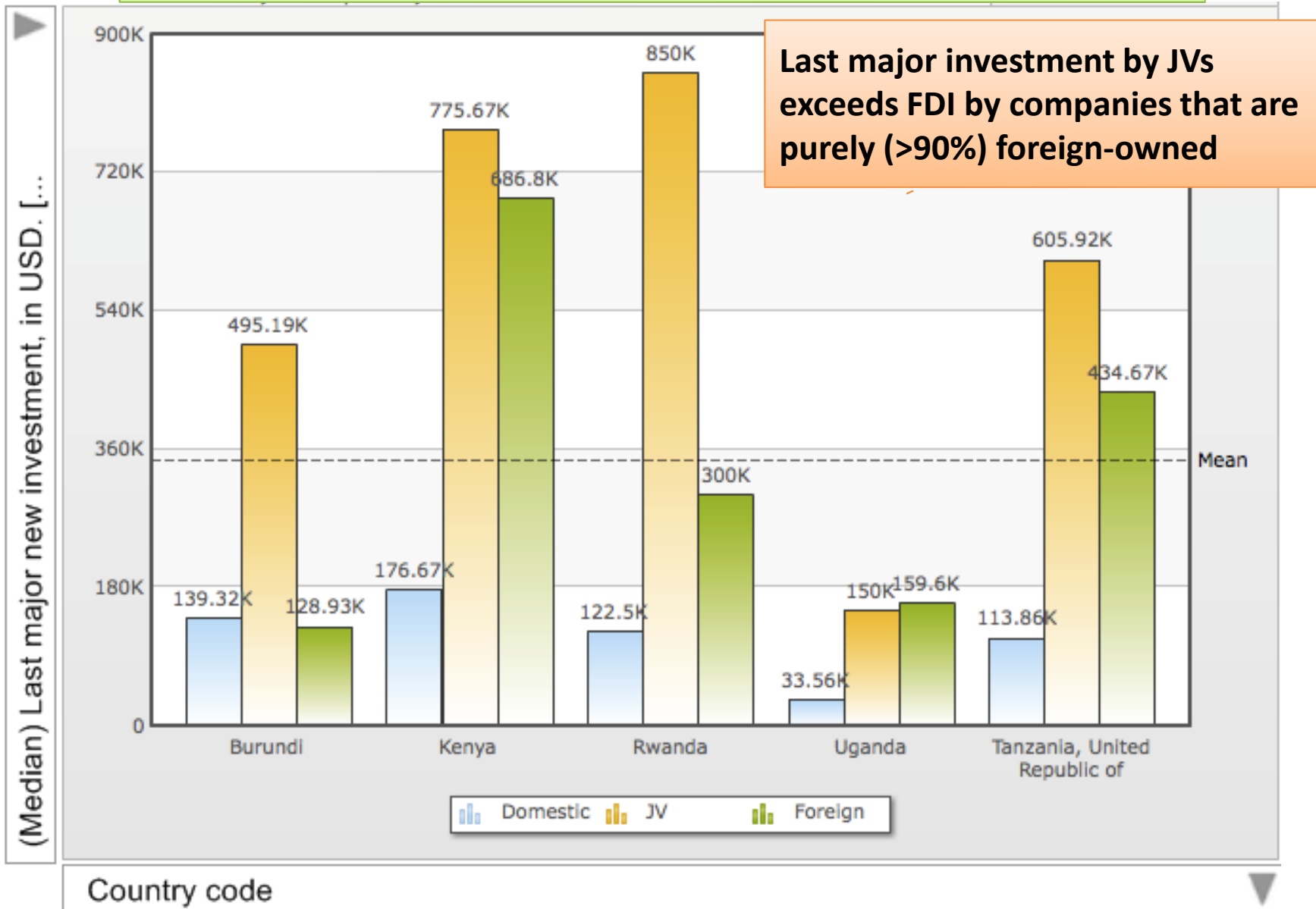
Add More Filters:

Select a Variable

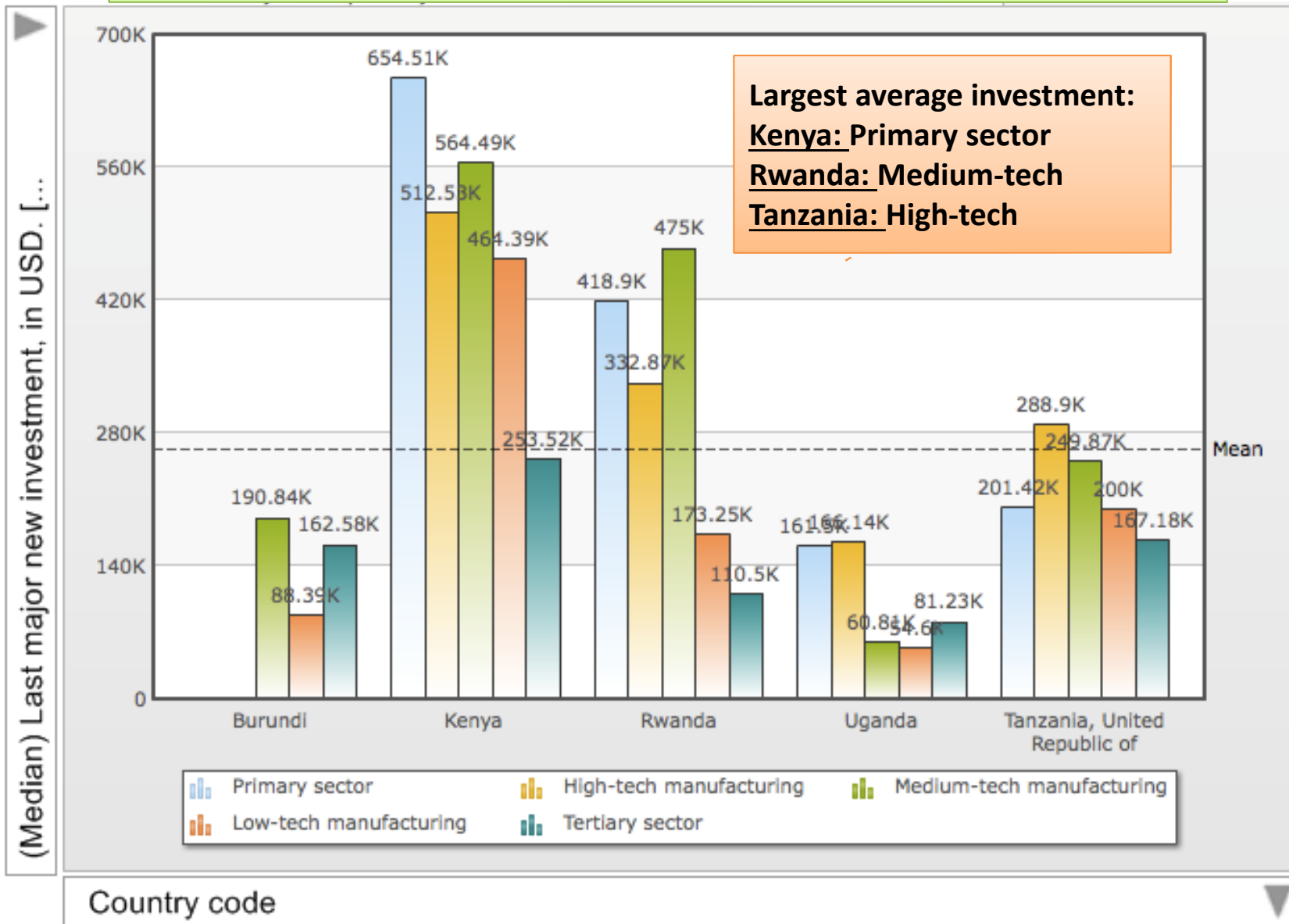
Group: Main (Reset)

No filters applied

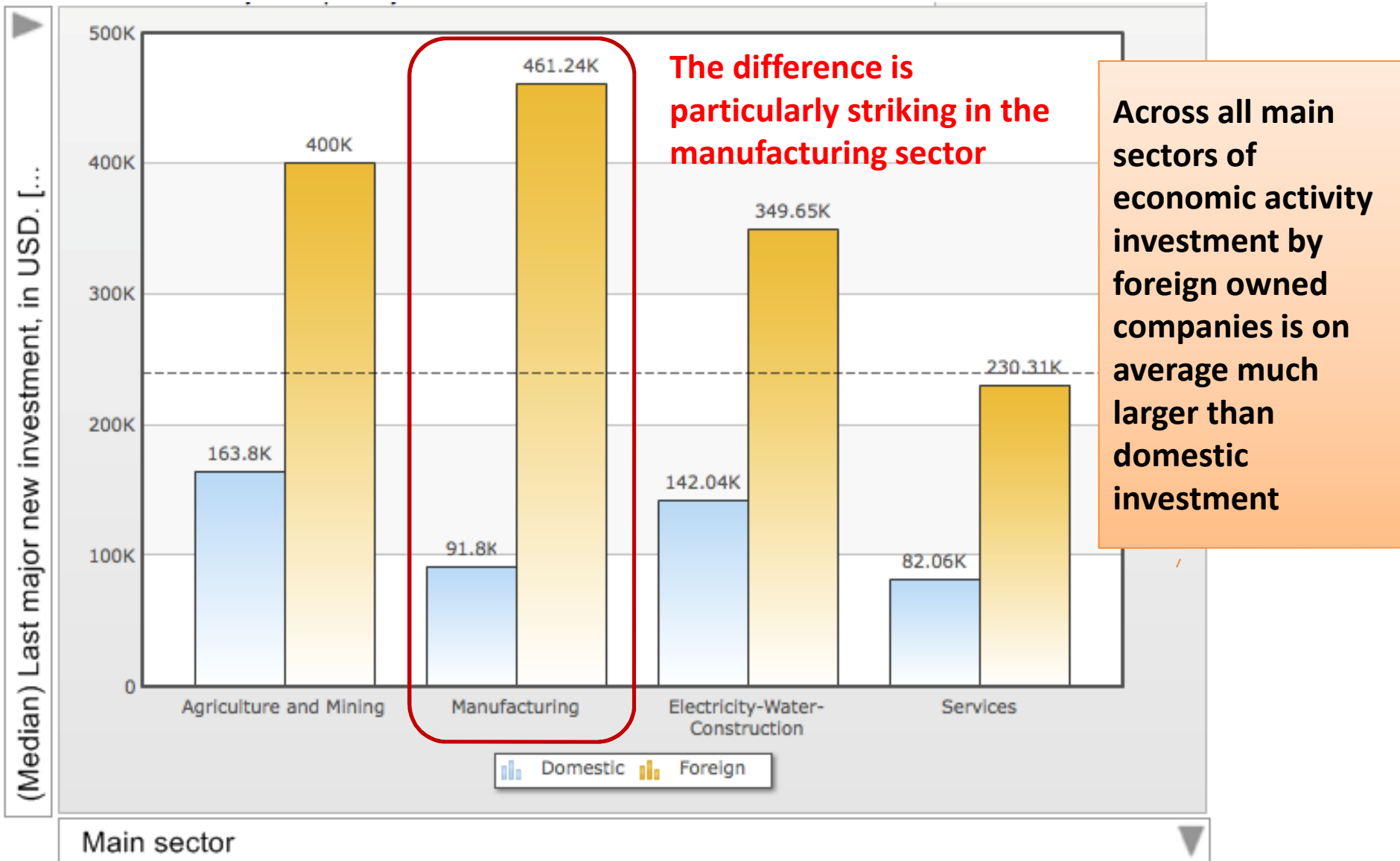
# Investment in EAC countries by Ownership Type

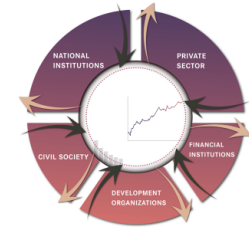


# Investment in EAC countries by Technology



# Investment in EAC by Main Sector AND Ownership



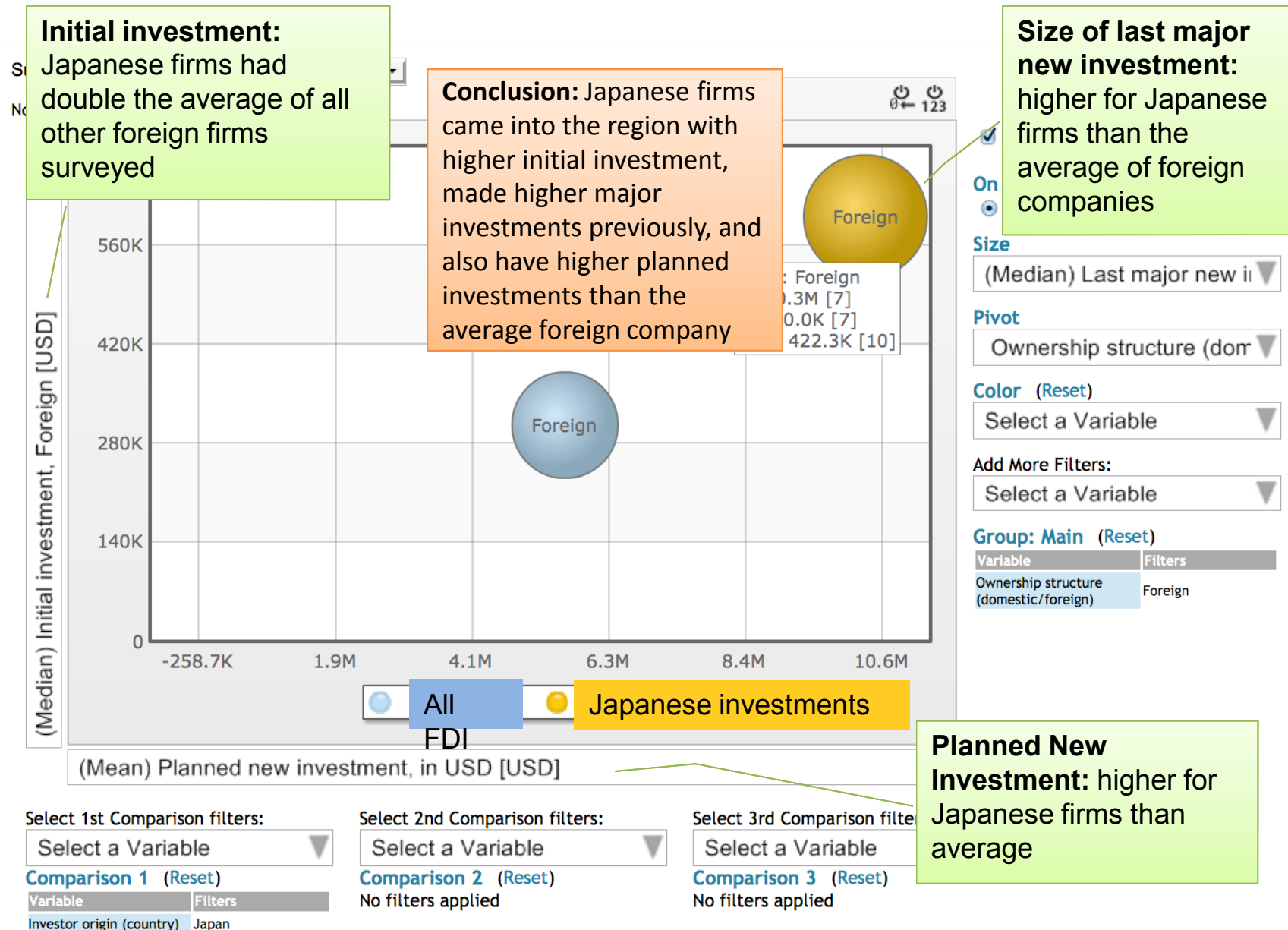


# Japanese Investors in Africa

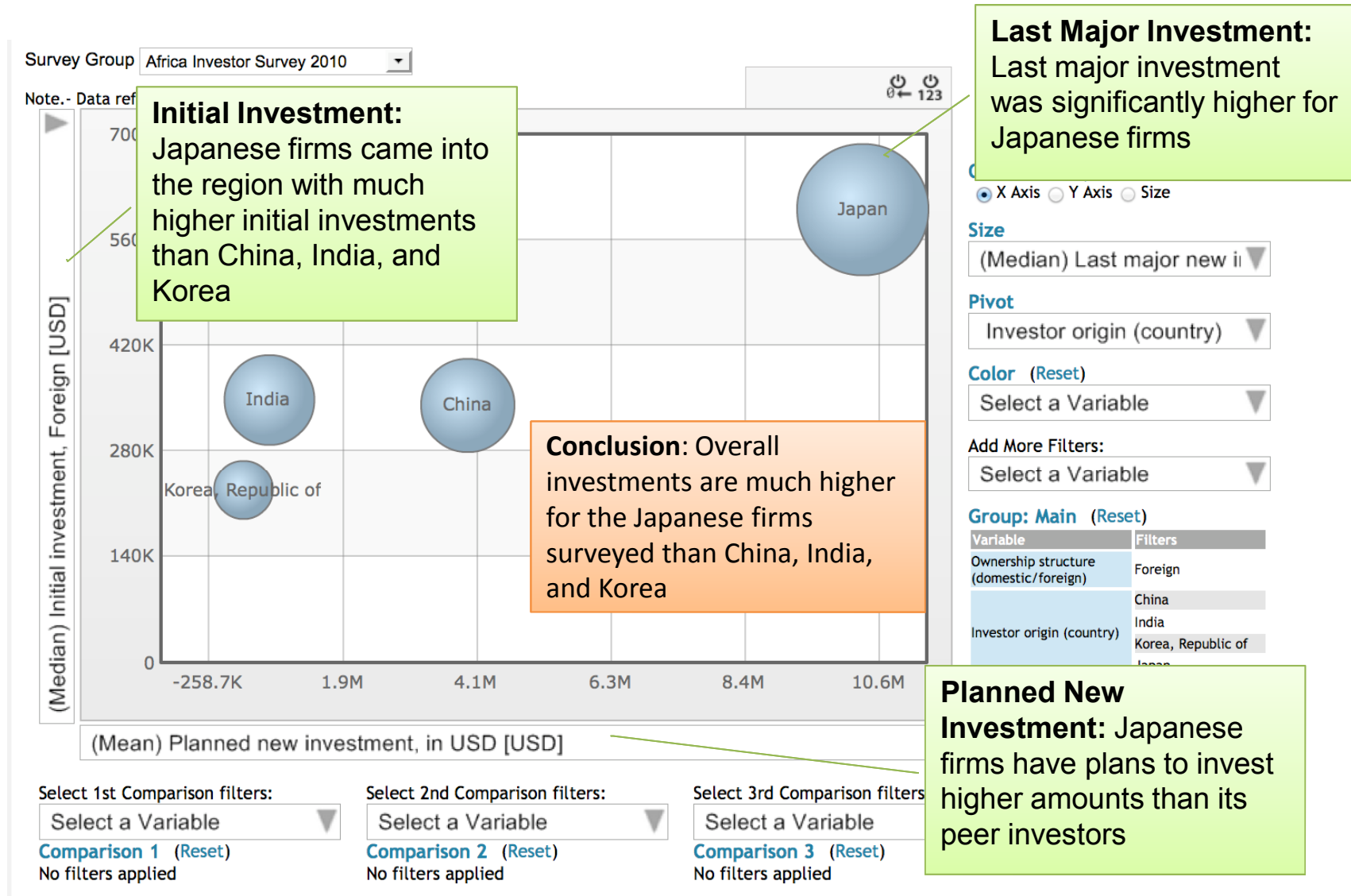
Discoveries from UNIDO's  
Africa Investor Survey



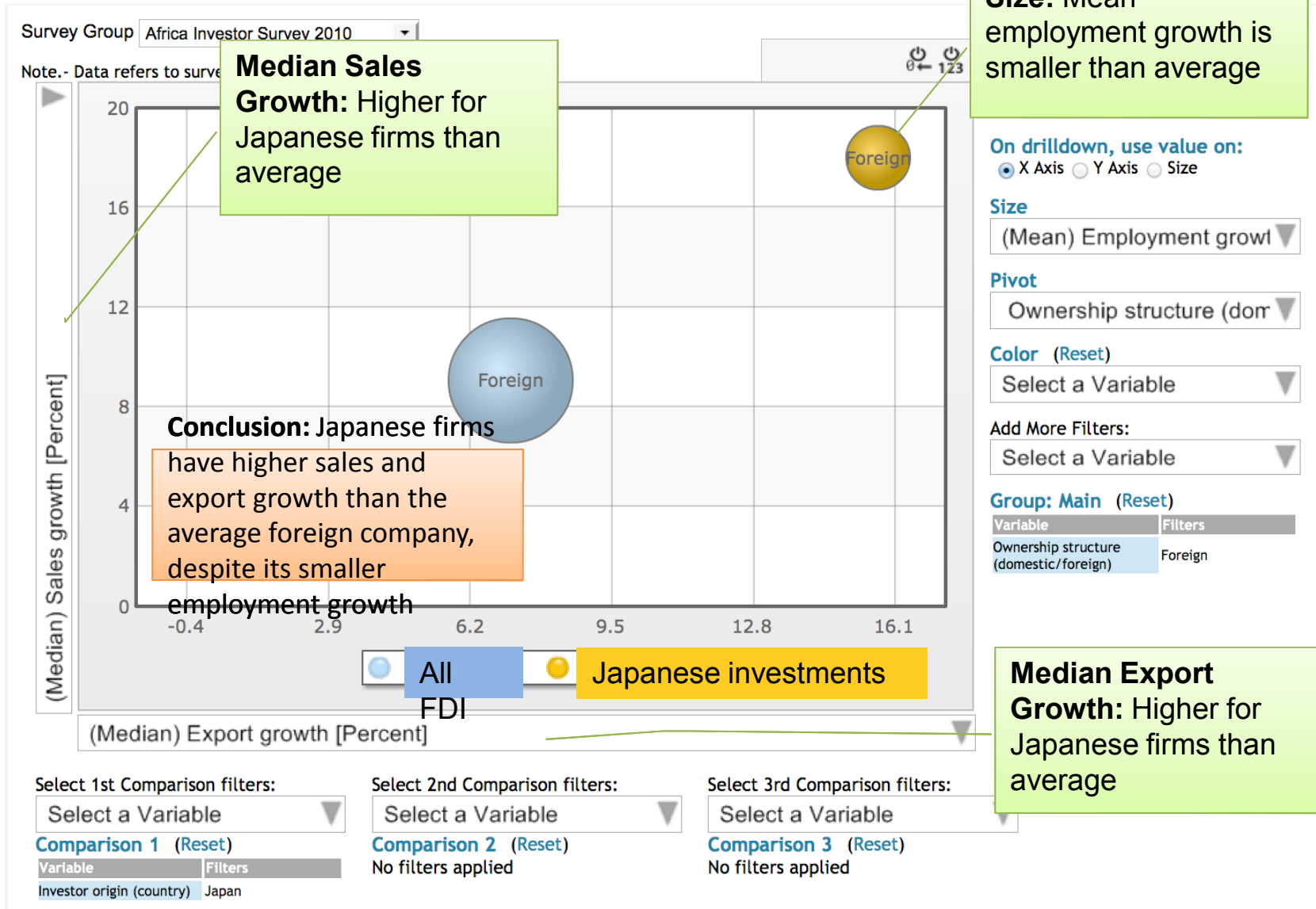
# Investment: Initial, Last Major, Planned



# Investment Comparisons



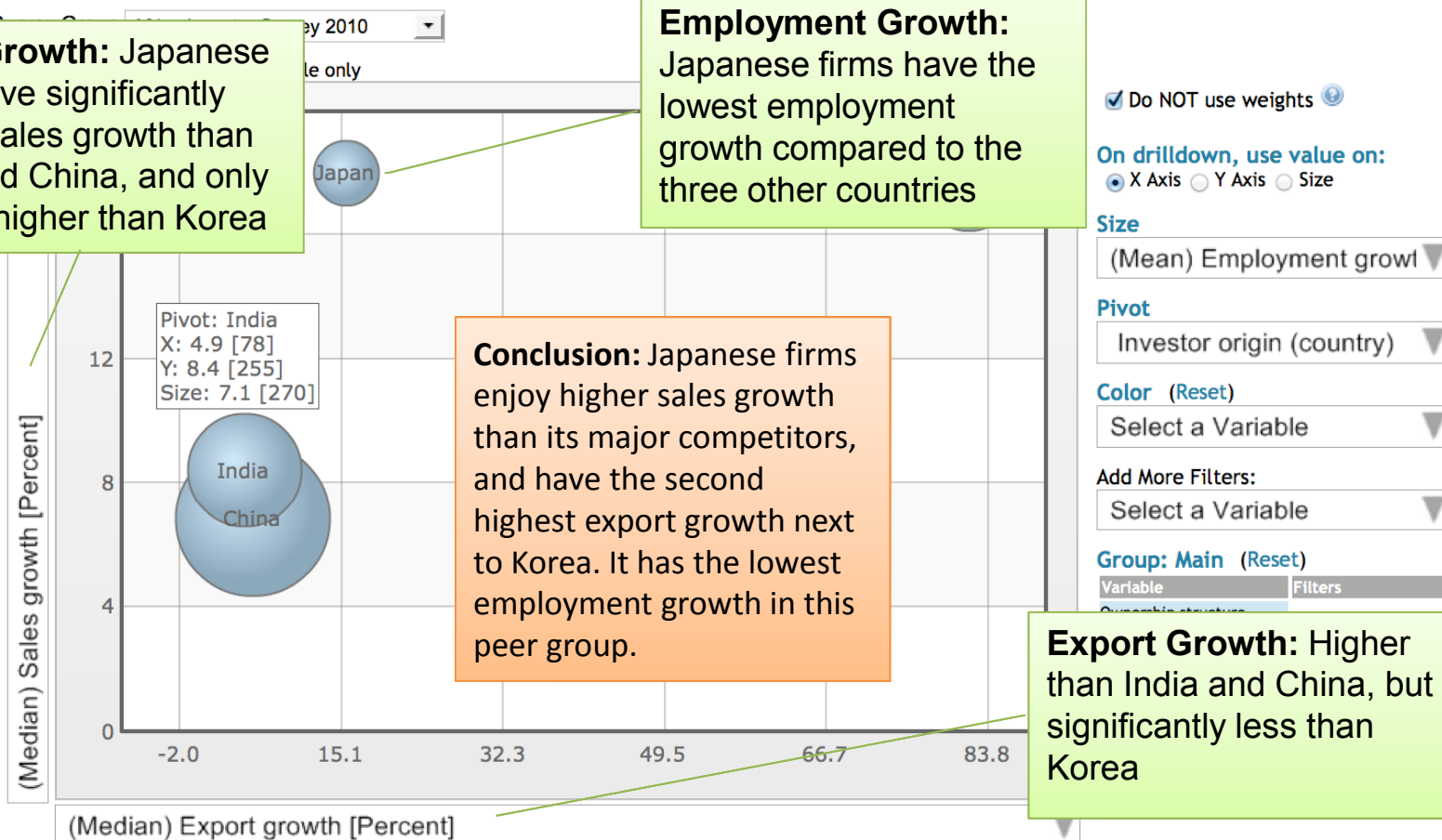
# Business Growth



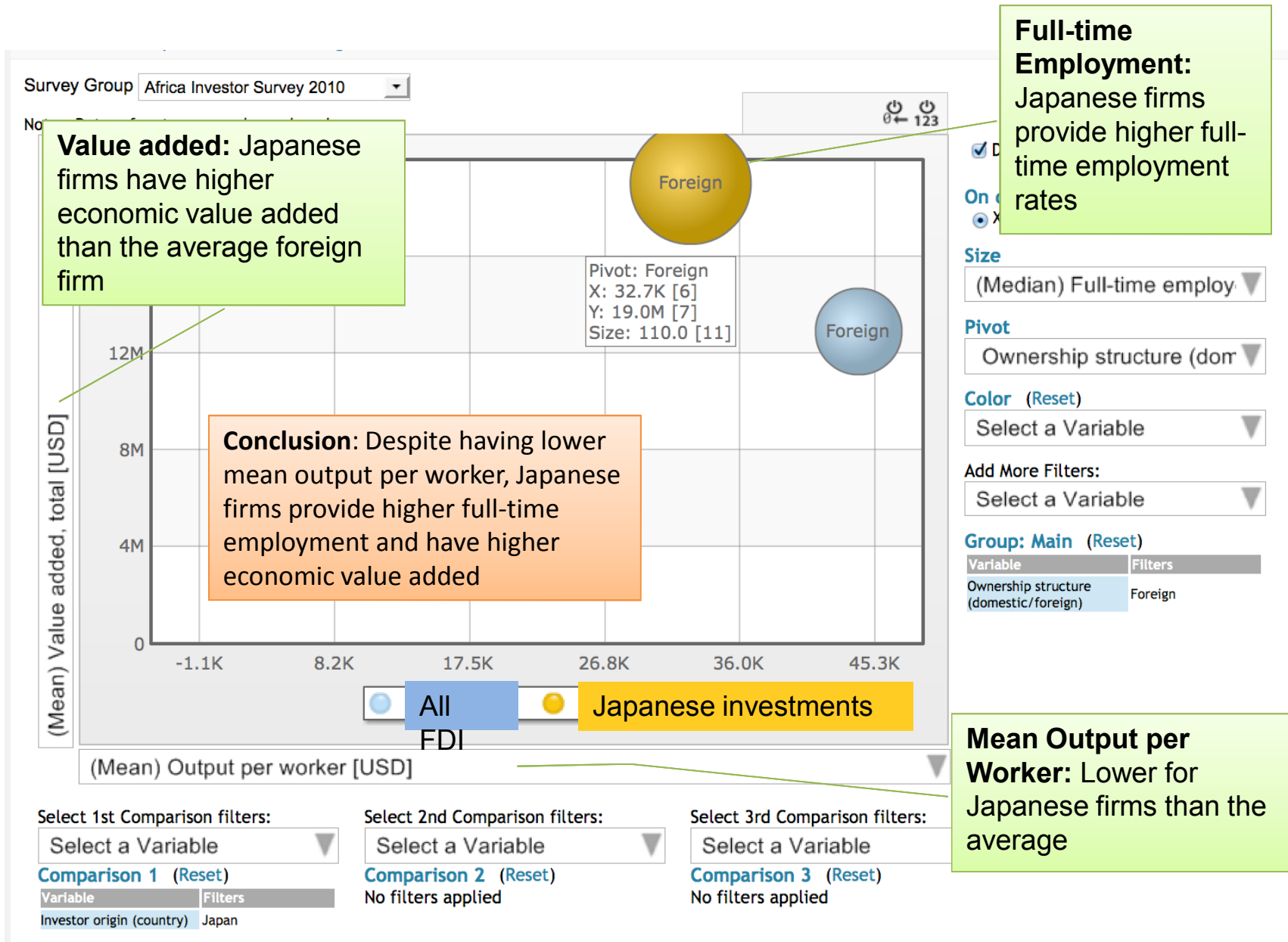
# Business Growth Comparisons

**Sales Growth:** Japanese firms have significantly higher sales growth than India and China, and only slightly higher than Korea

**Employment Growth:** Japanese firms have the lowest employment growth compared to the three other countries



# Value Added, Employment and Productivity

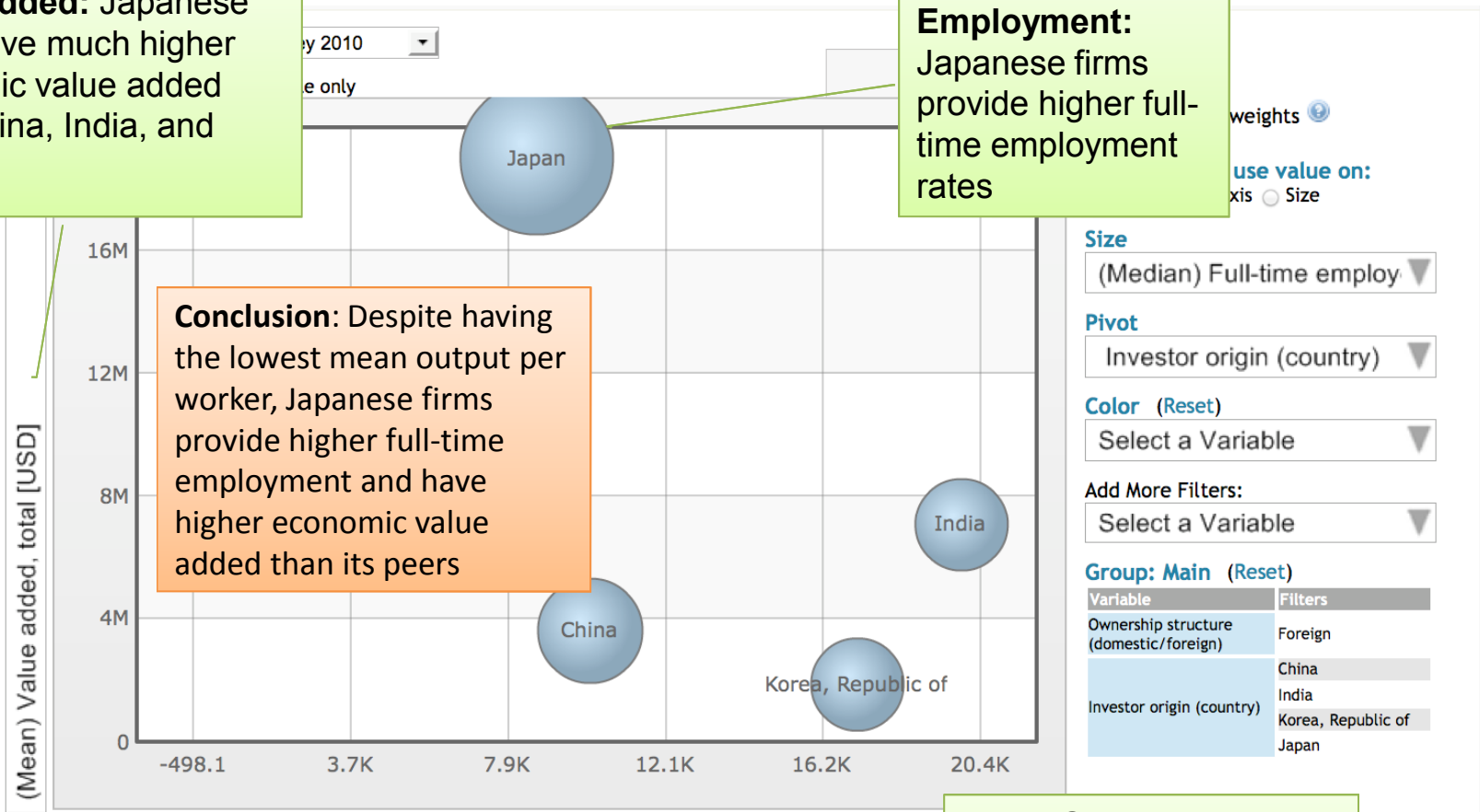


# Value Added, Employment and Productivity

**Value added:** Japanese firms have much higher economic value added than China, India, and Korea

**Full-time Employment:** Japanese firms provide higher full-time employment rates

**Conclusion:** Despite having the lowest mean output per worker, Japanese firms provide higher full-time employment and have higher economic value added than its peers



Size: (Median) Full-time employ

Pivot: Investor origin (country)

Color (Reset): Select a Variable

Add More Filters: Select a Variable

Group: Main (Reset)

Variable	Filters
Ownership structure (domestic/foreign)	Foreign
Investor origin (country)	China
	India
	Korea, Republic of
	Japan

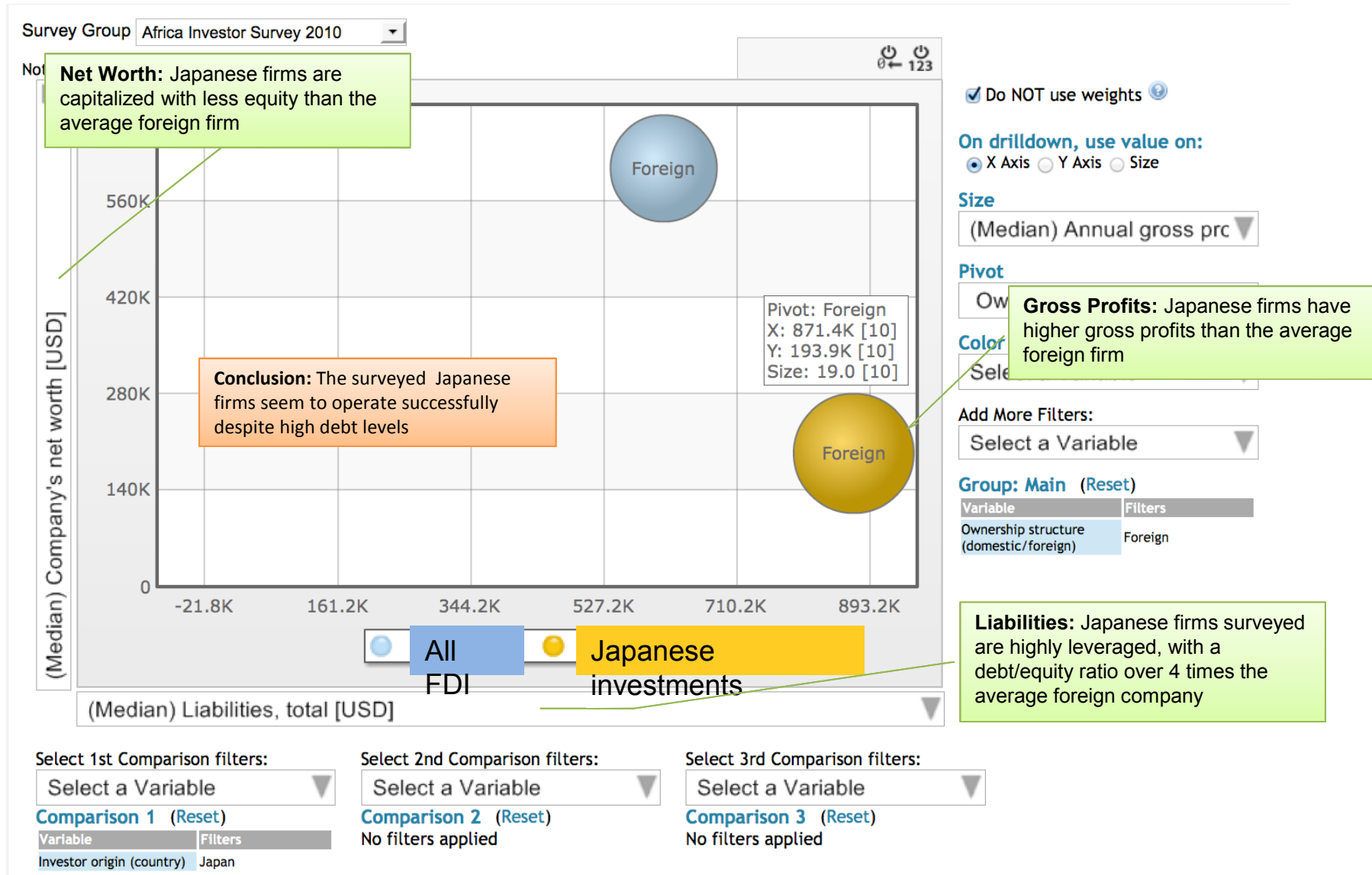
**Mean Output per Worker:** Lower for Japanese firms than its peers

Select 1st Comparison filters: Select a Variable  
Comparison 1 (Reset) No filters applied

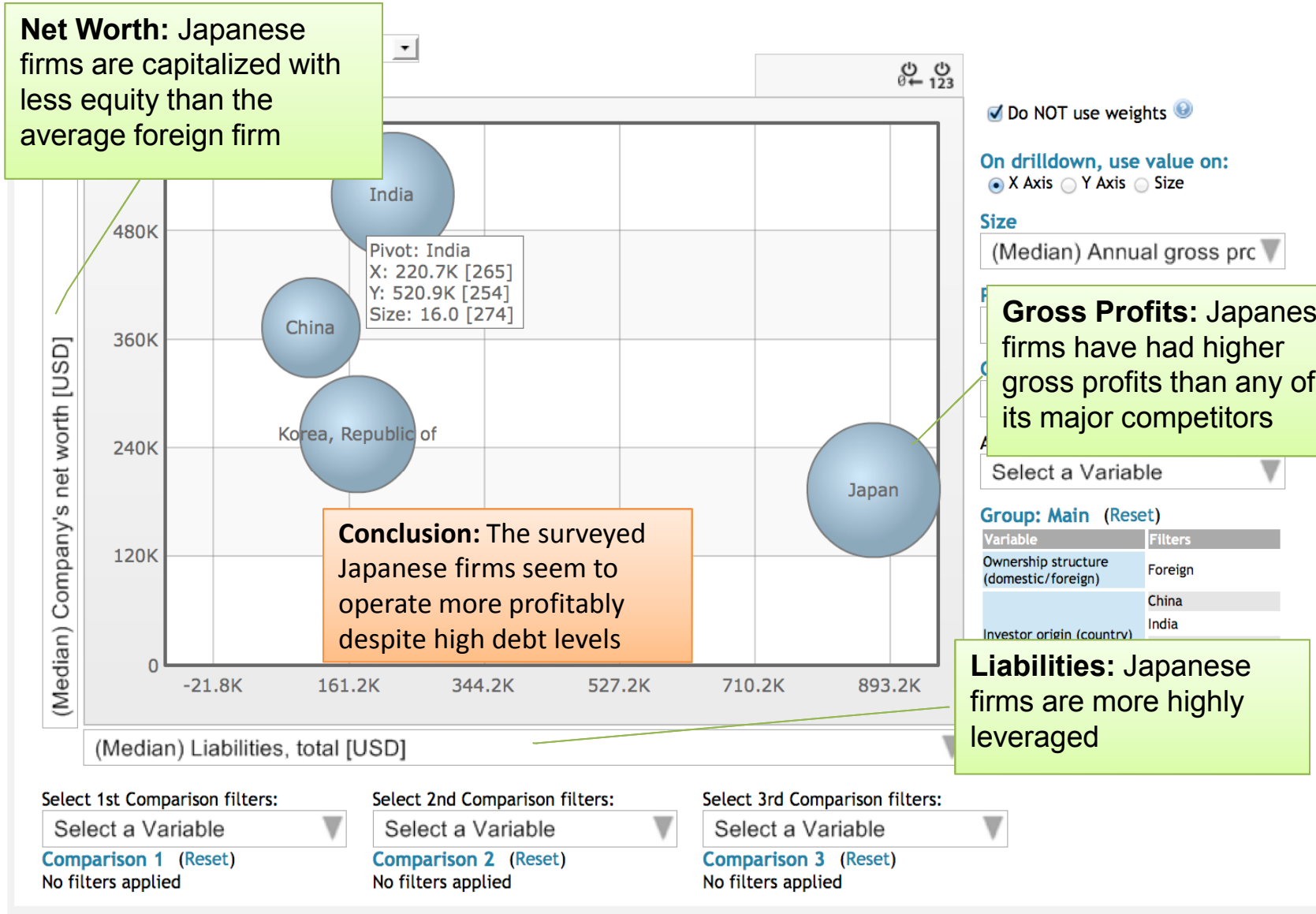
Select 2nd Comparison filters: Select a Variable  
Comparison 2 (Reset) No filters applied

Select 3rd Comparison filters: Select a Variable  
Comparison 3 (Reset) No filters applied

# Sustainability: Profits, Liabilities, and Net-Worth



# Sustainability: Profits, Liabilities, Net Worth

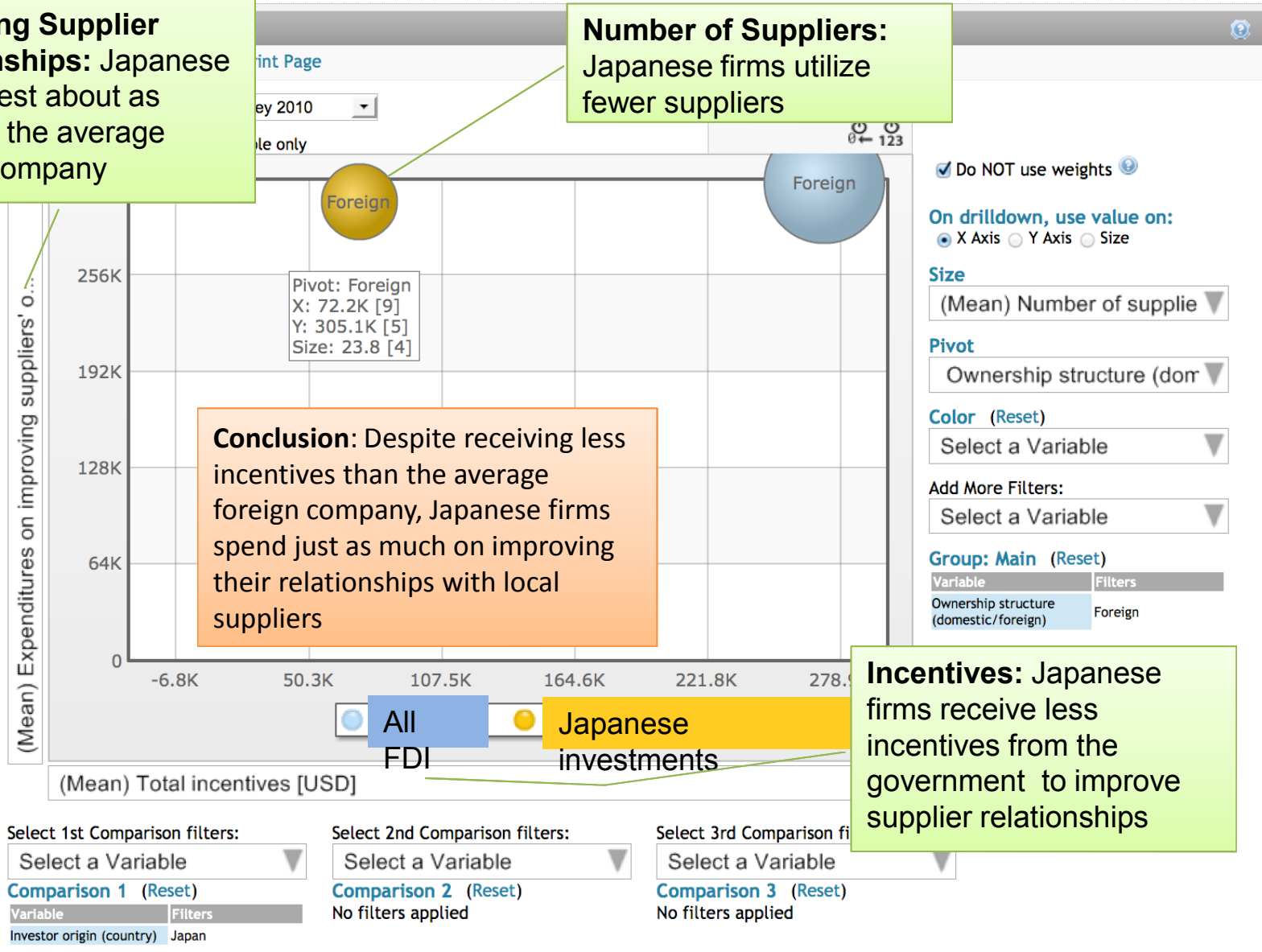




# Supplier Development

**Expenditures on Improving Supplier Relationships:** Japanese firms invest about as much as the average foreign company

**Number of Suppliers:** Japanese firms utilize fewer suppliers



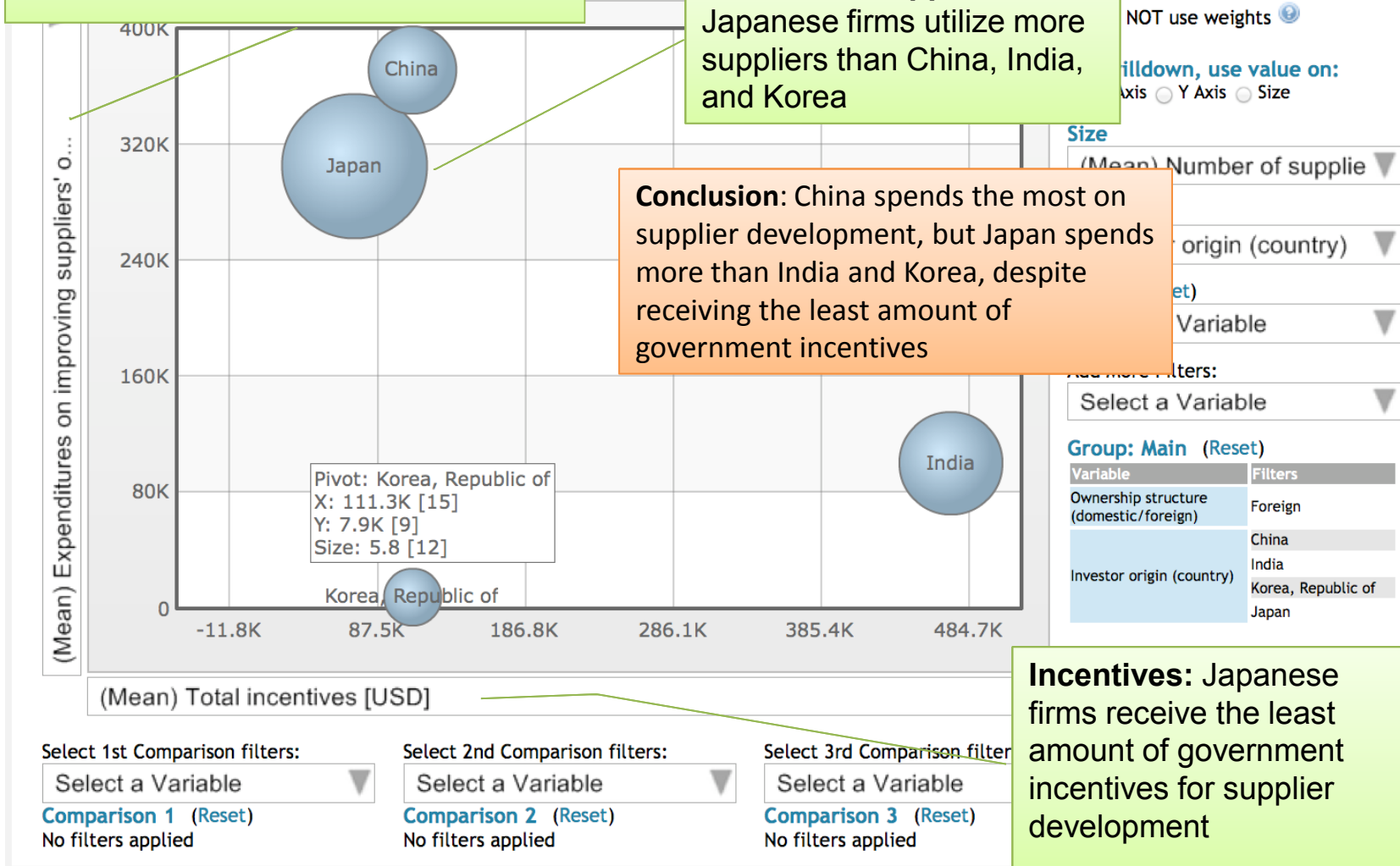
# Supplier Development

**Expenditures on Improving Supplier Relationships:** China outspends Japan in supplier development

**Number of Suppliers:** Japanese firms utilize more suppliers than China, India, and Korea

**Conclusion:** China spends the most on supplier development, but Japan spends more than India and Korea, despite receiving the least amount of government incentives

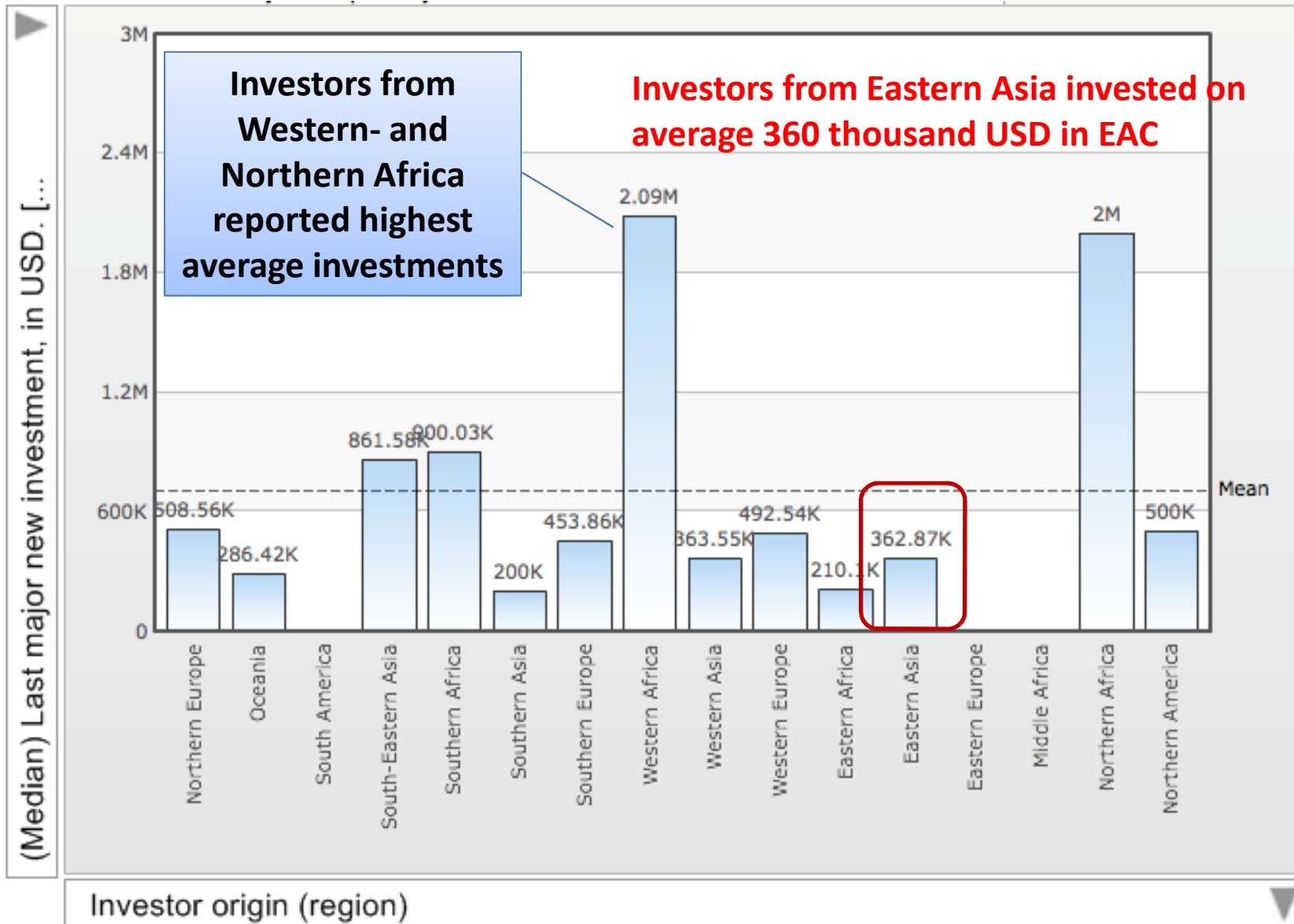
**Incentives:** Japanese firms receive the least amount of government incentives for supplier development



# INVESTMENT

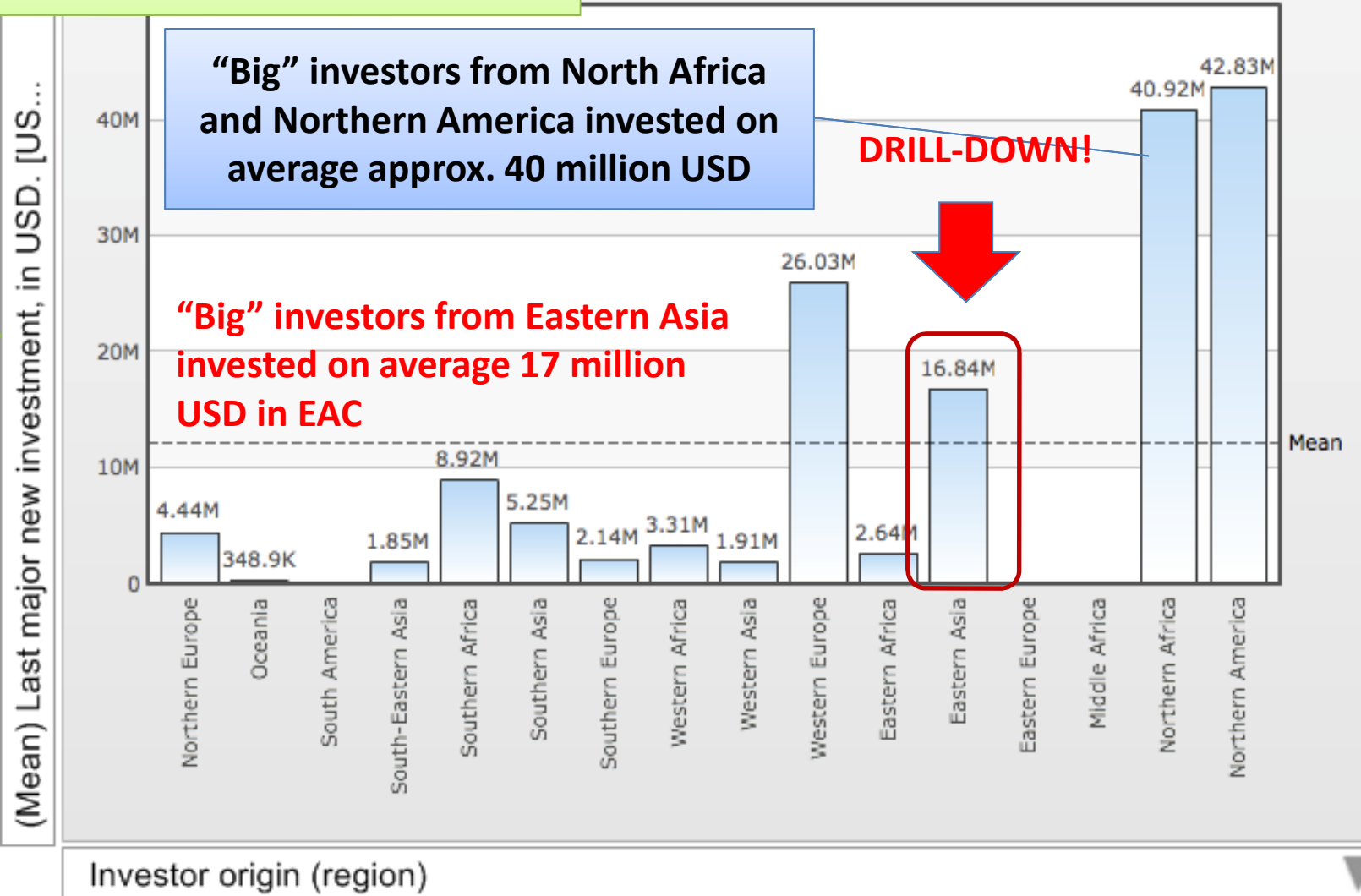
Eastern Asian  
Investors in EAC

# Average Investment into EAC by Region, **MEDIAN**



# Average Investment into EAC by Region, **MEAN**

Change average from MEDIAN to  
MEAN

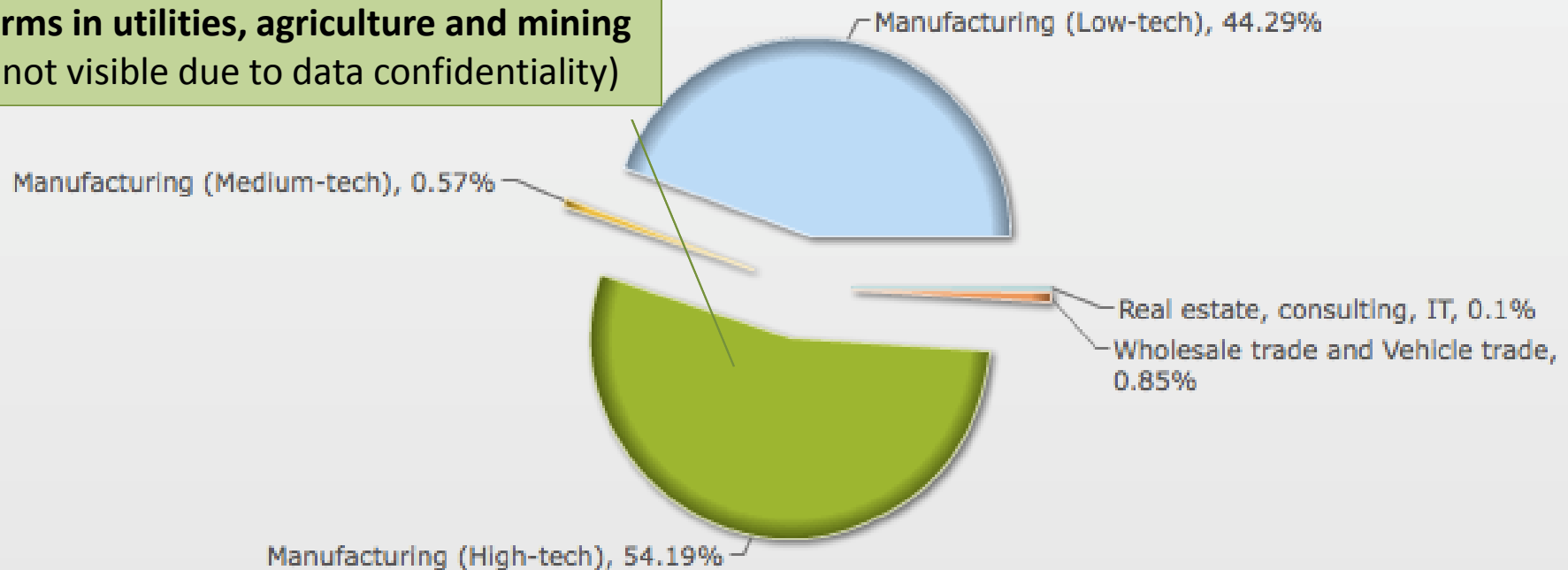


## Breakdown of Total Investment Volume by Sector for Eastern Asian Firms in EAC

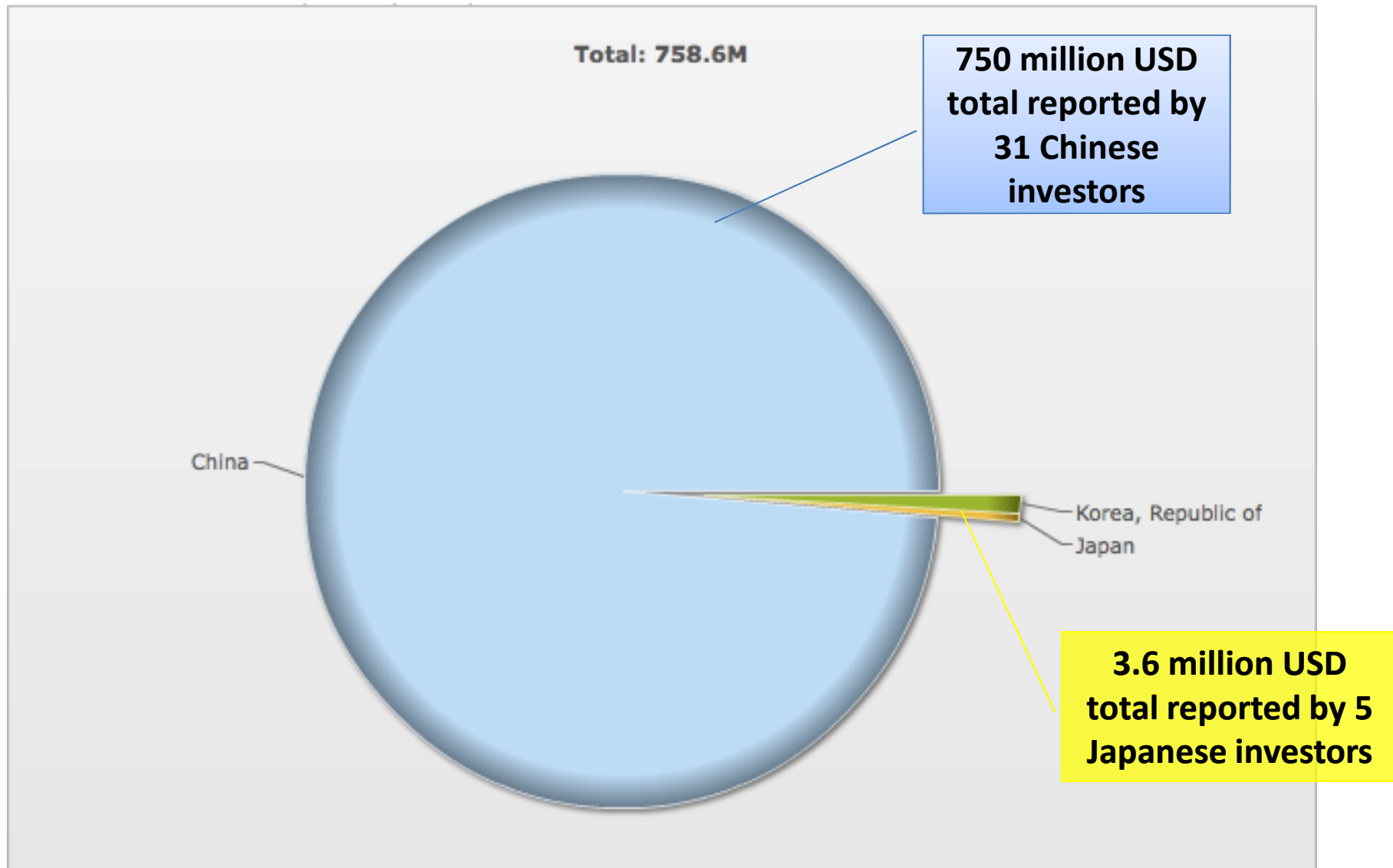
Total of 255 million USD investment in high-tech and 207 million USD in low-tech.

The rest of the investment (approx. 400 million USD) was reported by very few firms in utilities, agriculture and mining (not visible due to data confidentiality)

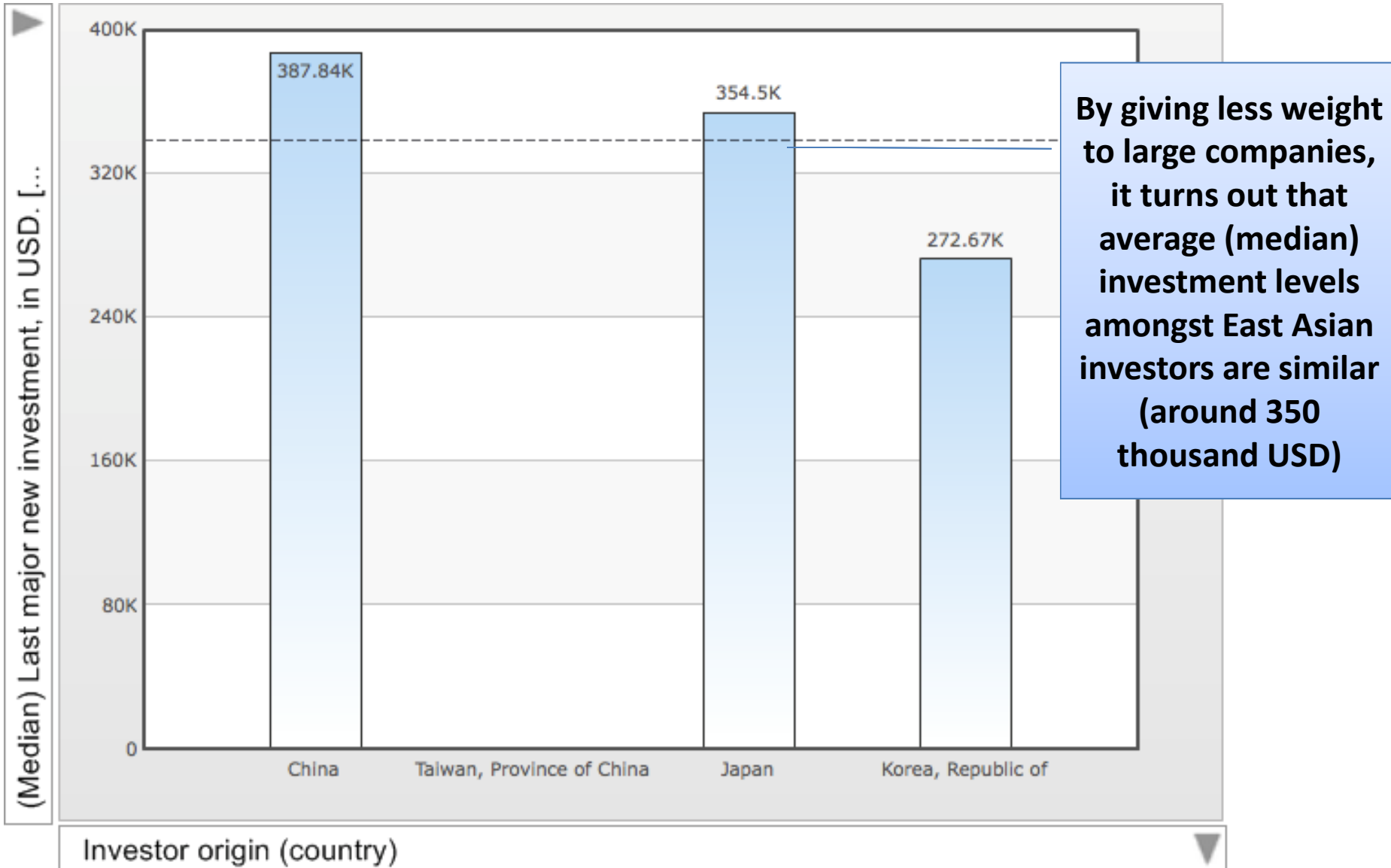
Total: 875.8M



# Breakdown of total Investment Volume in EAC by East Asian Country



## Investment into EAC by East Asian Countries (averages)



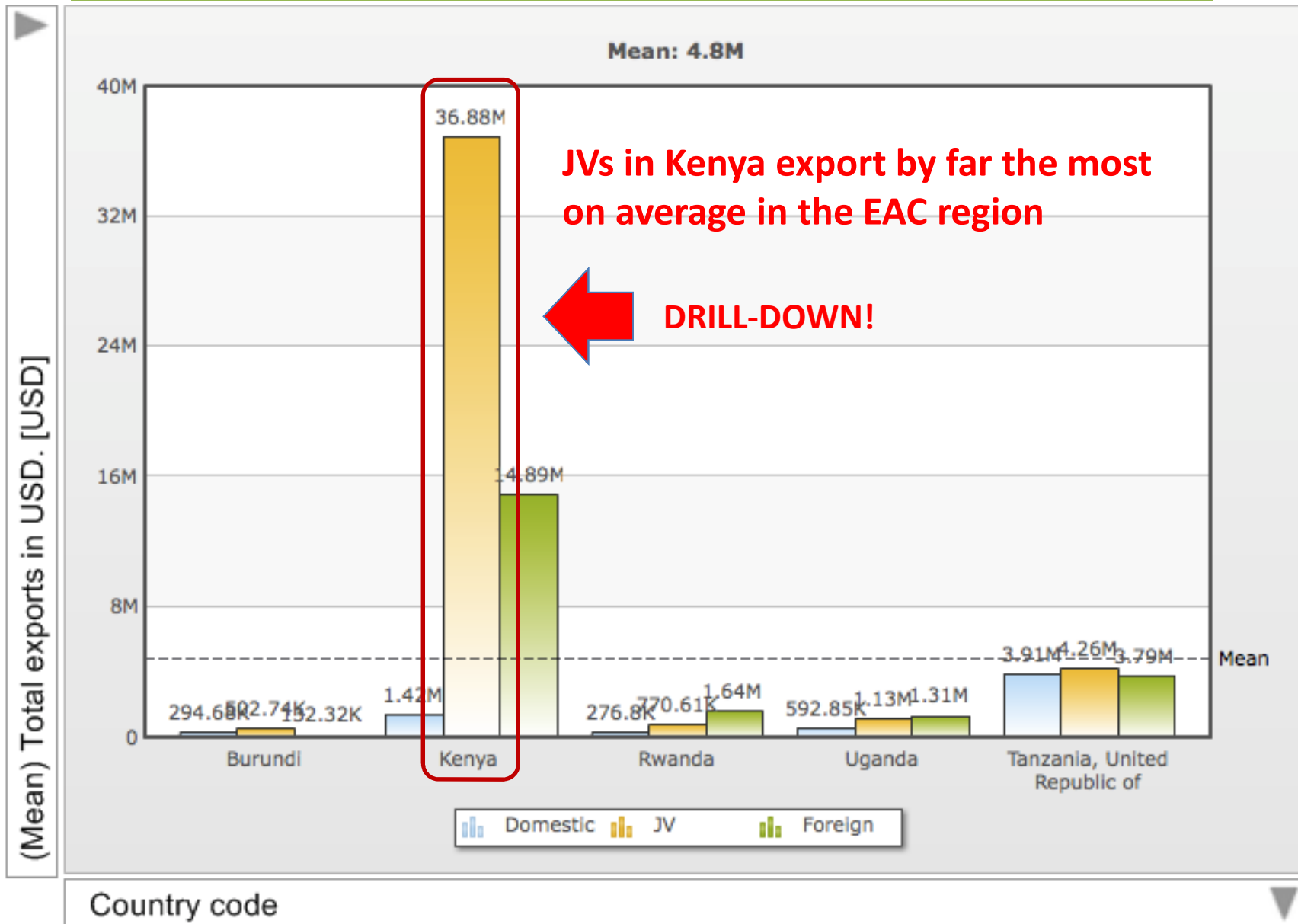


# TRADE

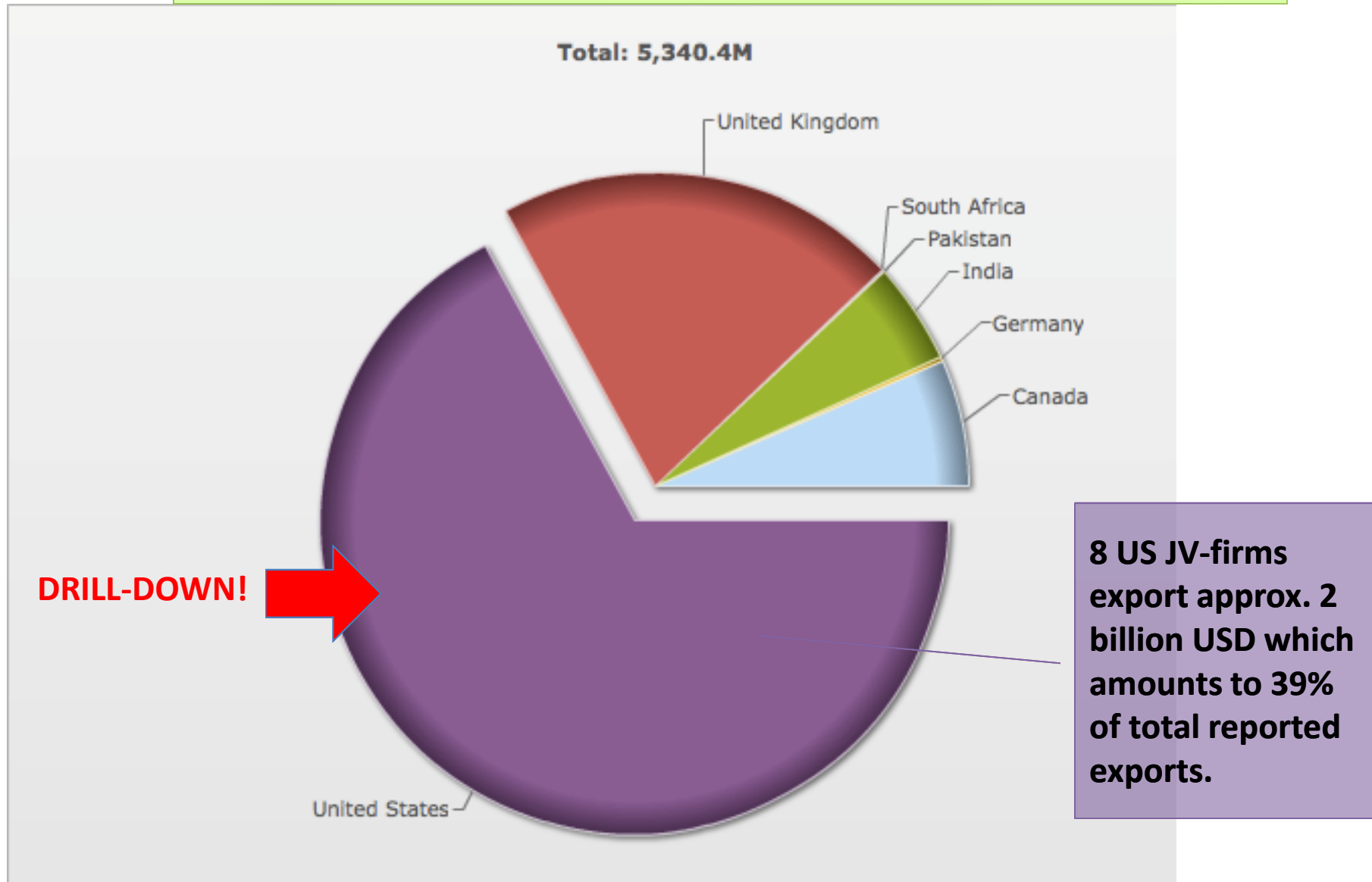
Drill-down example

KENYA

# Export Averages across EAC



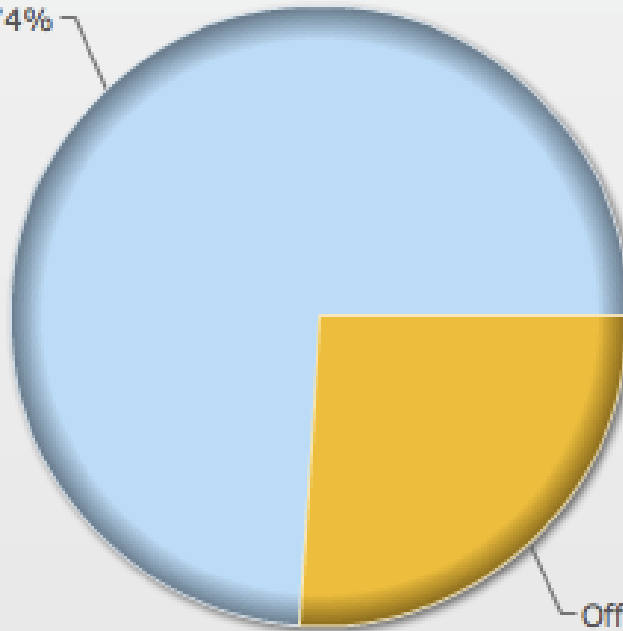
## Breakdown of total Export volume in Kenya by origin of JV-investor



## Characteristics of JV-US firms in Kenya that heavily export

Total: 2,074.0M

No formal training for employees, 74%



Offers formal training for employees, 26%

### CHARACTERISTICS:

- Foreign-dominated
- JV-TNC
- Manufacturing
- Global market-seeking
- Large companies
- Reported that its capacity was underutilized due to low demand
- Provides formal training for its employees (see chart)

# TRADE

Comparing Countries

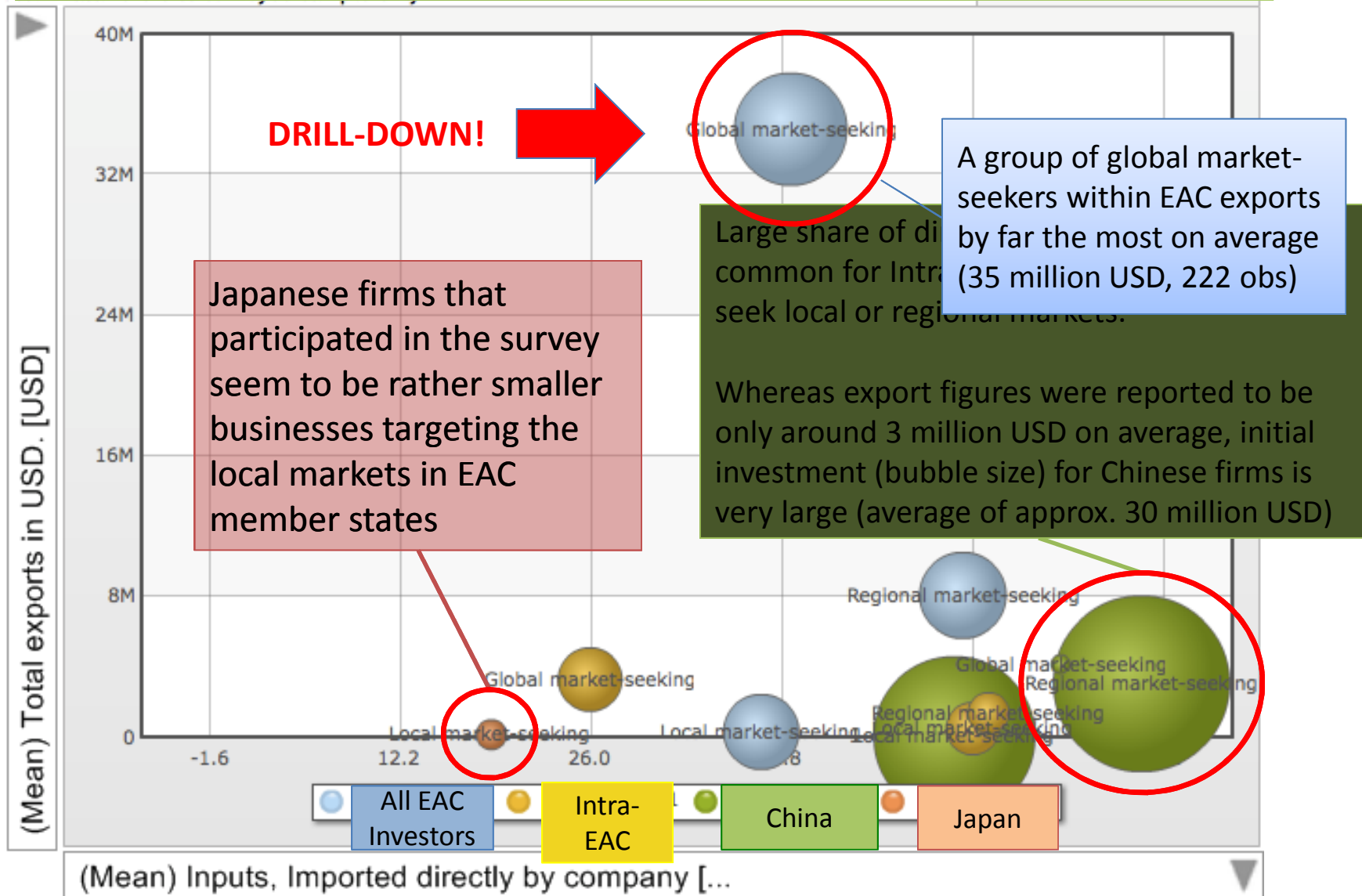
EXPORTS - IMPORTS

All, Intra-EAC, China,  
Japan

# Exports and directly Imported Inputs for EAC Investors

All EAC Investors, Intra-EAC, China, Japan

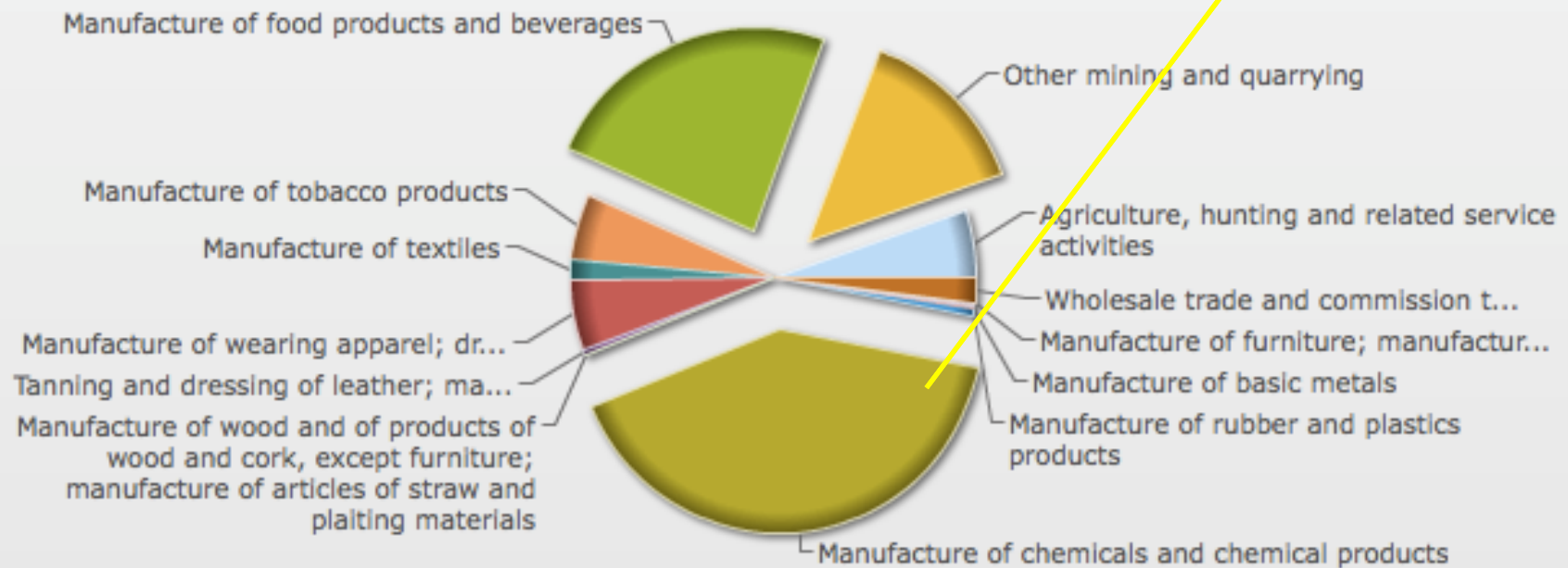
(bubble size: Initial Investment – Grouping: Market Orientation)



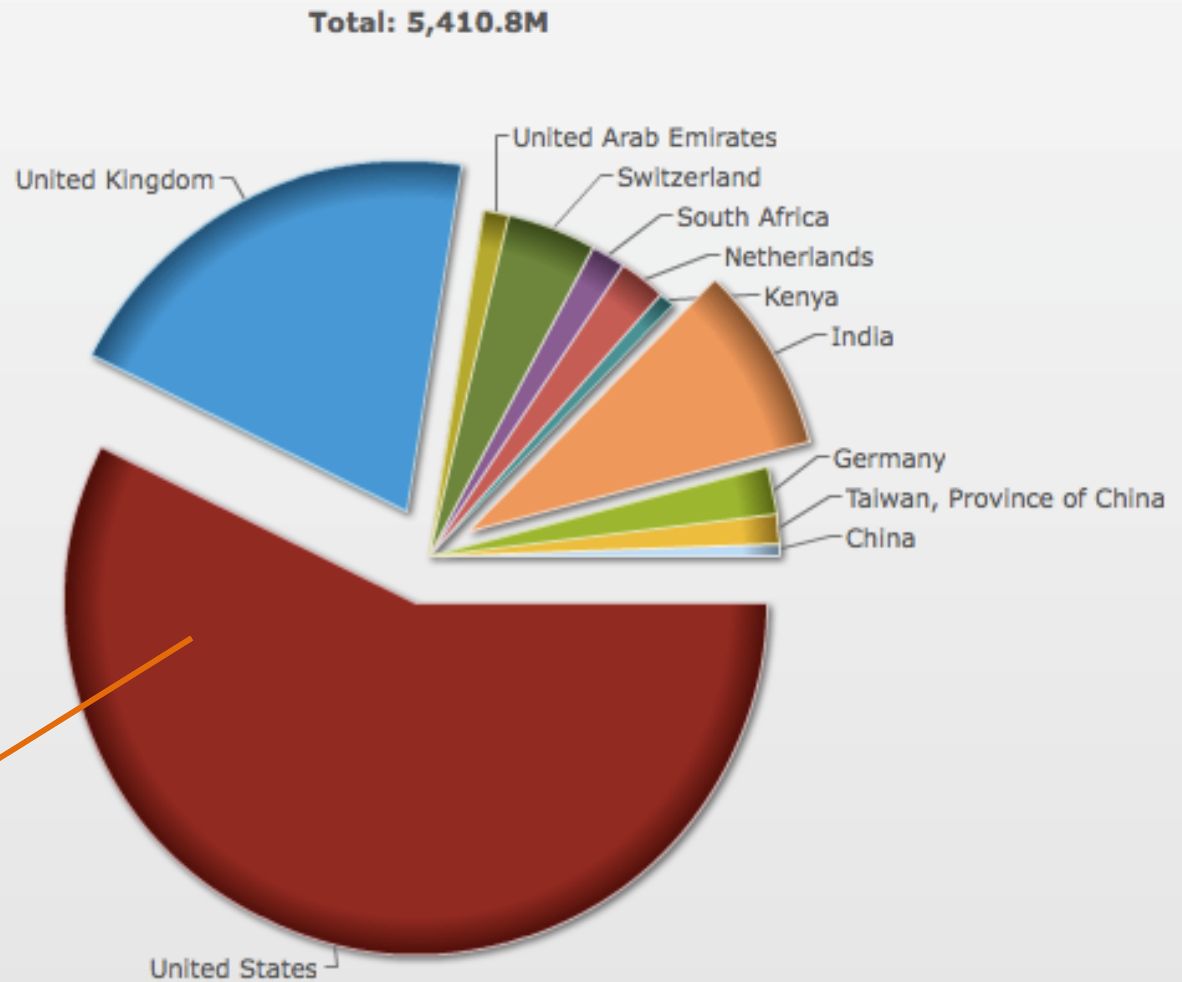
## Breakdown of Sum of Total Exports by Sector for Investors in EAC that seek Global Markets

Total: 5,671.5M

2 billion USD exports (33.8%) for chemicals (11 obs)



## Breakdown of Sum of Total Exports by Origin of Investors in EAC that seek Global Markets



**2.2 billion USD (41%)  
total exports were  
reported by US firms  
(14 obs)**



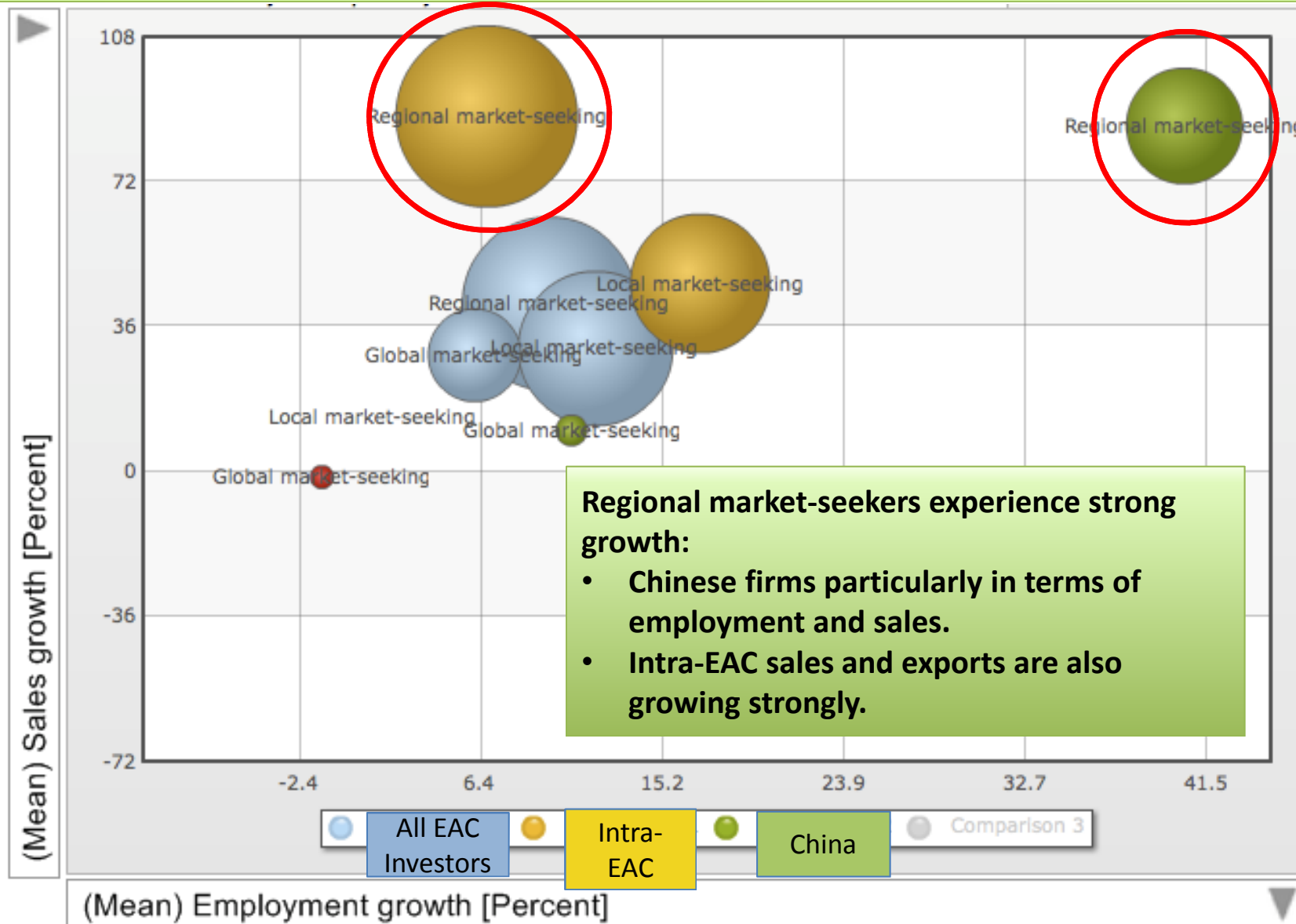
TRADE

Comparing Countries

GROWTH

All, Intra-EAC, China,  
Japan

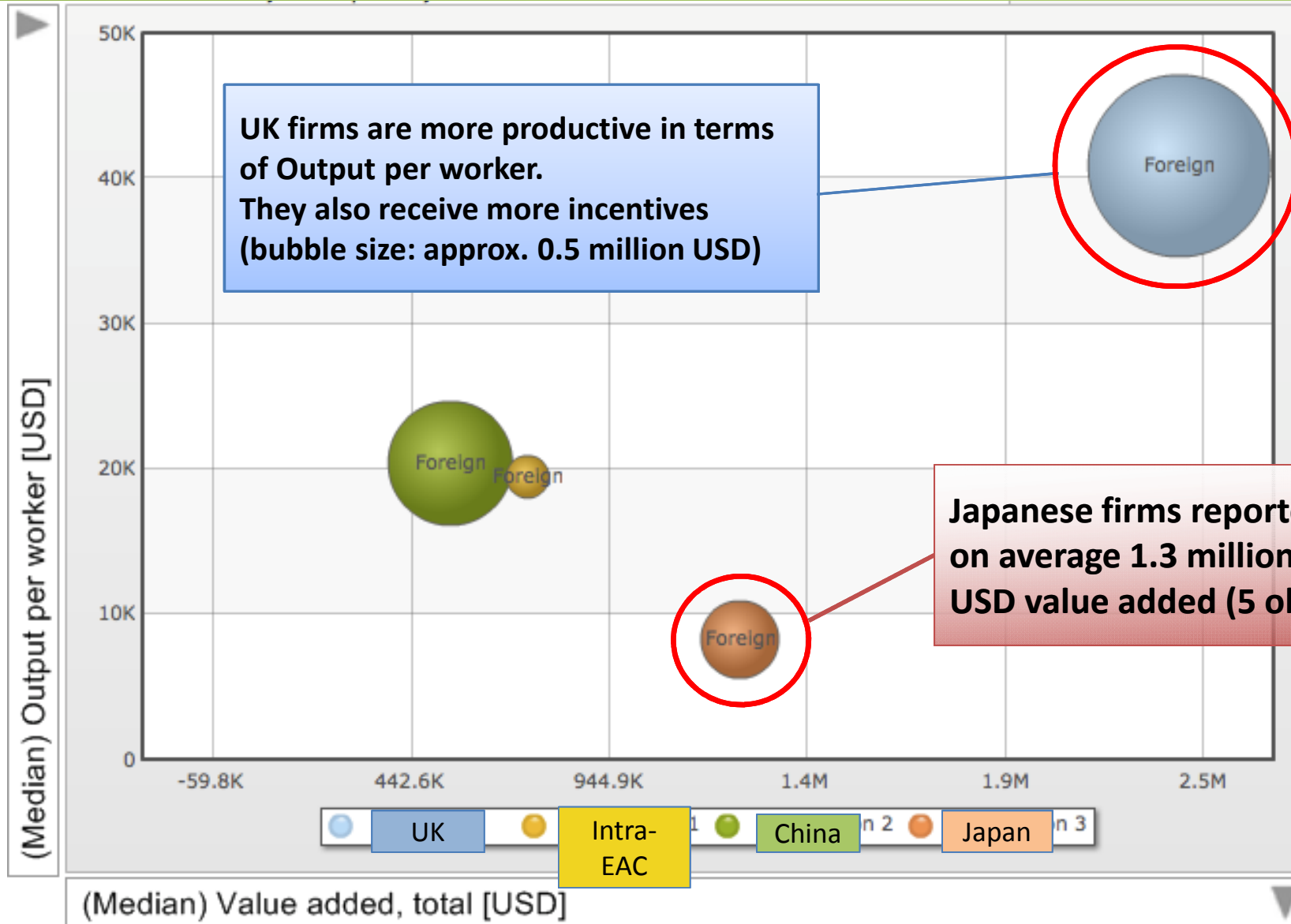
**Sales-, Employment- and Export Growth (bubble size) for:  
All EAC Investors, Intra-EAC, China  
Grouping by Market Orientation**



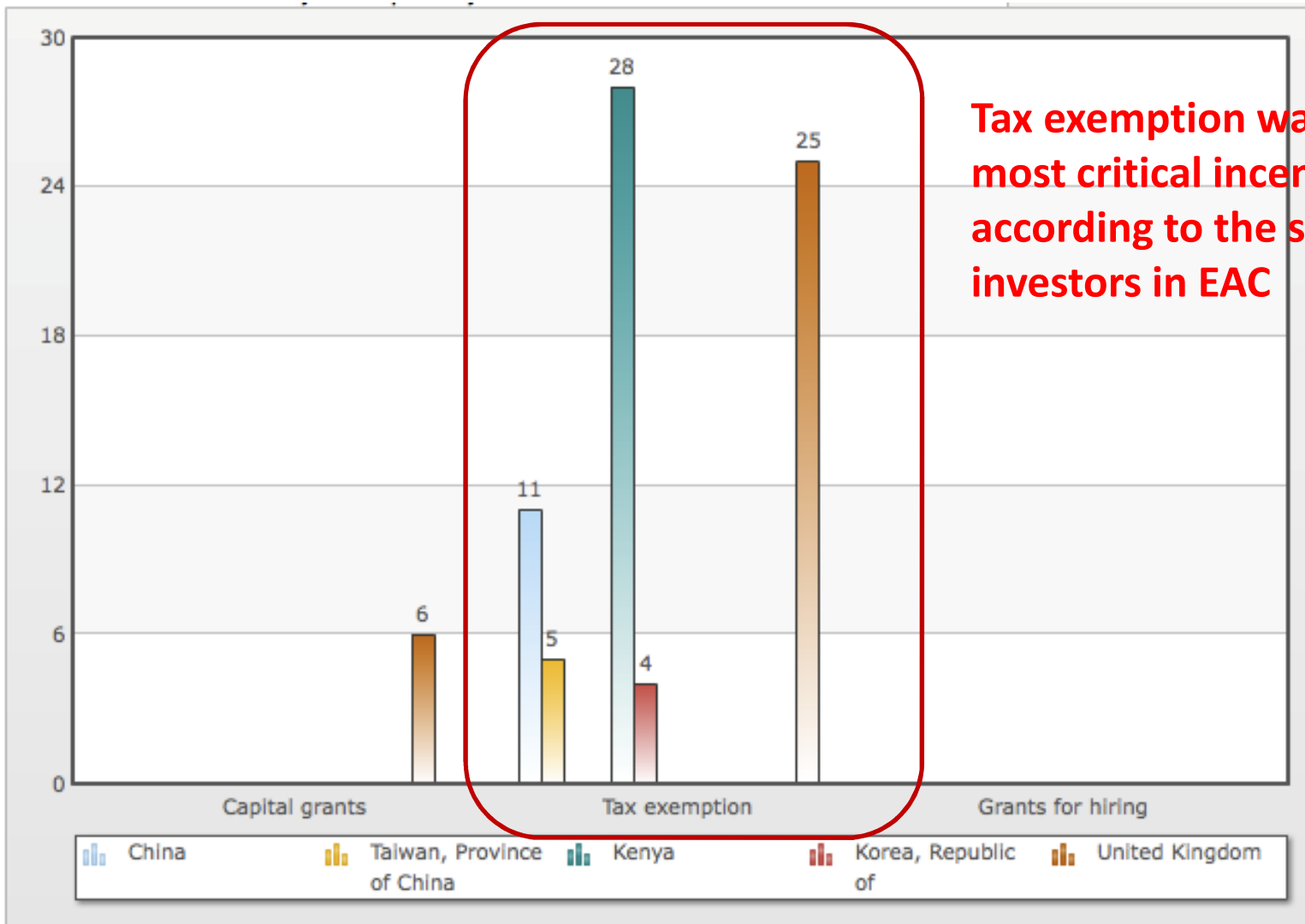
Value Added,  
Productivity, Incentives  
Comparing Countries

UK, Intra-EAC, China,  
Japan

# Value Added and Productivity for Investors from UK, Intra-EAC, China, Japan (Bubble size: Incentives)



## Critical Incentive for Investment Decision for EAC Investors from UK, Intra-EAC, Eastern Asia

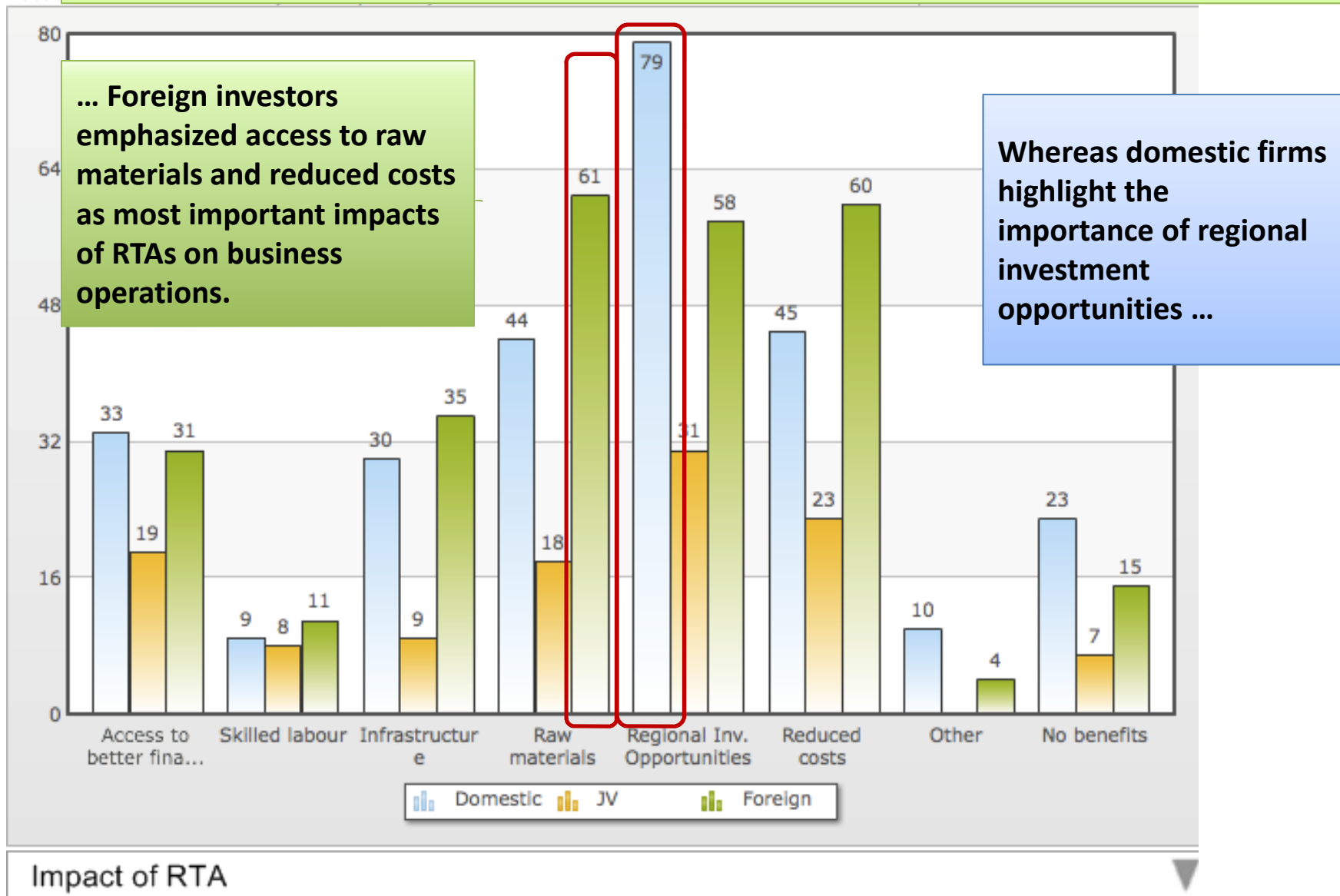


Critical incentive for investment decision

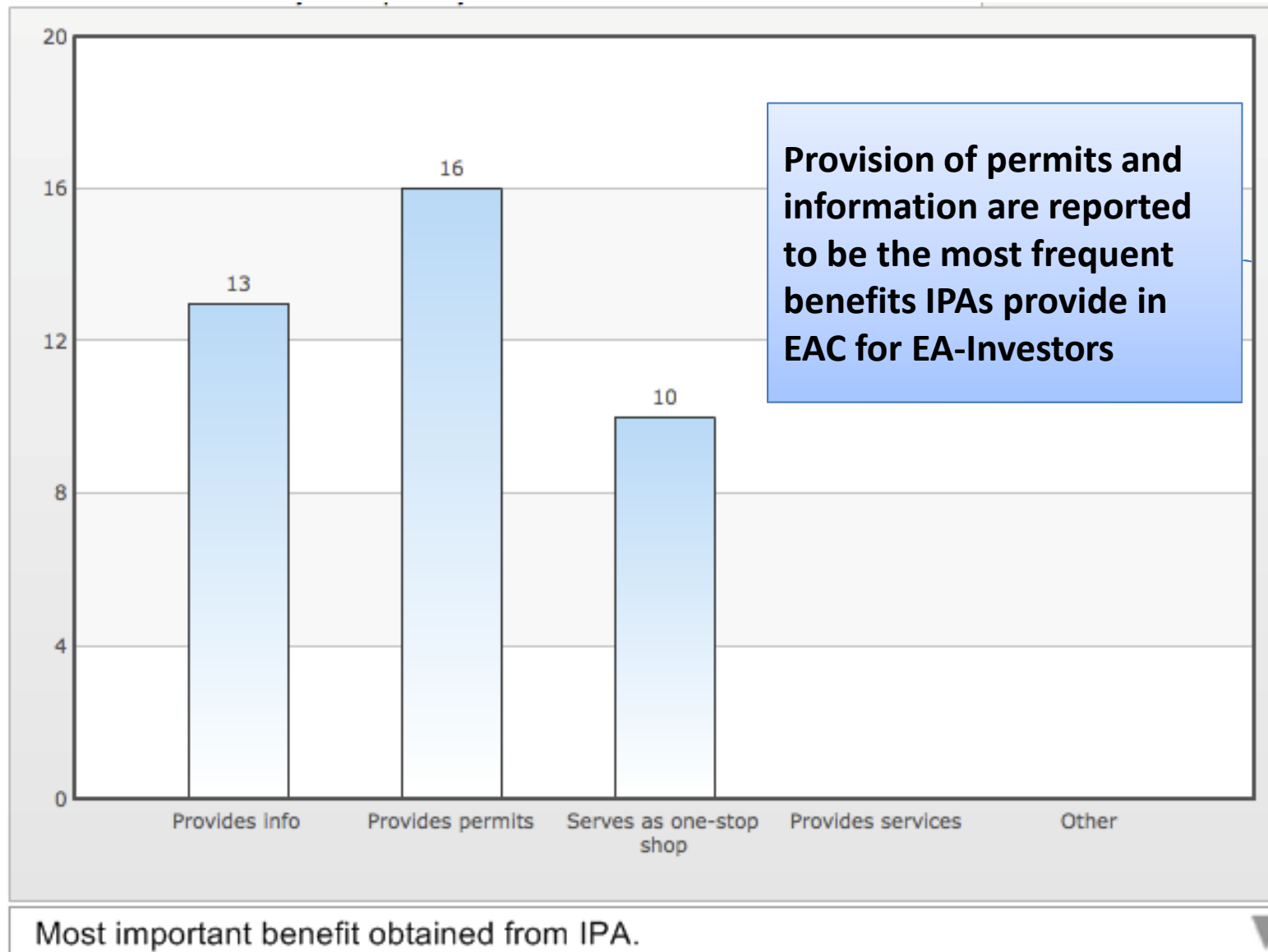
# Impact of RTAs & IPA Services

Perceptions

# Impact of Regional Trade Agreements on Business Operations in EAC

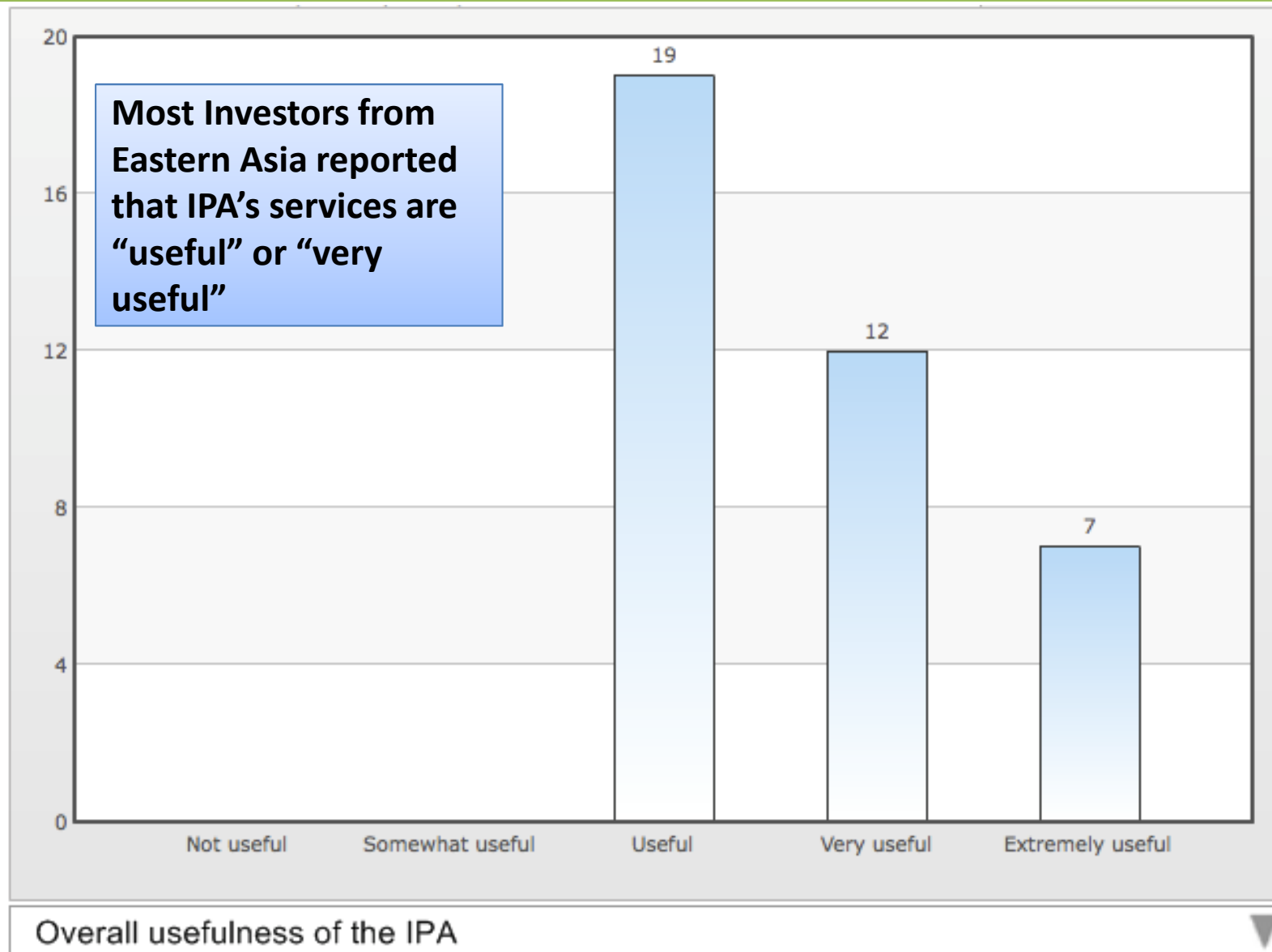


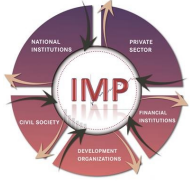
## Most Important Benefit for Investors from Eastern Asia obtained from IPAs in EAC





## Overall Usefulness of the IPA's Services for Investors from Eastern Asia in EAC





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<http://investment.unido.org>

**THANK YOU!**



**partner for prosperity**

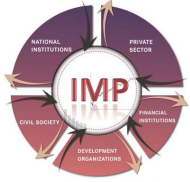
**Contact details:**

**Investment and Technology Unit  
UNIDO**

**Email: [T.Boye@unido.org](mailto:T.Boye@unido.org)**

**UNIDO ITPO TOKYO**

**Email [itpo.tokyo@unido.org](mailto:itpo.tokyo@unido.org)**



# Thank you for your attention!

For further information, please visit:

<http://investment.unido.org>