

Statement by H.E. Mr. Taro KONO,
Minister for Foreign Affairs of Japan,
at Plenary 1 of the TICAD Ministerial Meeting
on October 6, 2018 in Tokyo

Excellencies,

Ladies and Gentlemen,

Now, let us begin the first plenary session. It is my great honor to co-chair Plenary 1 together with Ms. Bience Gawanas, Under-Secretary-General and Special Adviser on Africa, the United Nations. Since TICAD VI, remarkable changes have occurred in terms of the economy, politics, and security, both in Africa and globally. Japan has always stood with Africa, taking a sincere approach to collaboration to address its challenges and promote its transformation. We continue to consider potential solutions hand in hand with Africa, while placing importance on African ownership and international partnership. I would like to express my sincere appreciation to all participants for their robust contributions to the TICAD process.

In the following plenary sessions, we will be hearing about a lot of success stories and precious lessons learnt through various efforts to date. Looking back in this way will

ultimately shape the way forward for discussion at TICAD 7. I am truly excited to receive your input to the TICAD process.

First I would like to explain the progress Japan has been making in the measures announced at the past TICAD meetings. At TICAD V, Japan announced an assistance package of approximately 32 billion dollars for a 5 year-period starting from 2013. As of the end of 2017, the preliminary track record was surpassing the goal. At TICAD VI, Japan announced the “investment for the future of Africa” initiative, comprising approximately USD 30 billion for a period of three years beginning in 2016. As of September this year, the preliminary track record stands at approximately USD 16 billion, at a different pace by each component. As for our ODA, I am delighted to say that good progress has been made and it remains on track. Here, I must note that further yen loans could have been provided if it had not been for debt sustainability problems in some recipient countries. Loans and guarantees provided by Other Official Flows and other financial institutions are on track as a whole, but have partly slowed, also due to issues with the debt sustainability of the recipient countries among other factors such as a fall in the prices of commodities. As

a positive development over the lack of progress in 2016, we saw a marked improvement in the amount of foreign direct investment (FDI) in 2017. I would also like to add that besides the FDI statistics that account for the abovementioned progress, there are abundant examples of investment to Africa by Japanese companies through third countries that are not captured as Japanese investment to Africa in the statistics.

In light of the progress we made so far, we are encouraging the Japanese private sector to invest more. But at the same time, to attract foreign investment, it is essential for African countries to improve their business environments. This can be done through means such as facilitating bilateral investment and tax agreements, providing efficient administrative systems coupled with anti-corruption measures, increasing access to information, and maintaining a stable macro economy with debt sustainability.

Ladies and gentlemen,

Now I would like to touch upon the current situation in Africa, from the economic, social, and political viewpoints. On the whole, the African economy is expected to grow

steadily over the next few years. Japan welcomes the region's own efforts to promote trade and investment, such as the signing of the Agreement Establishing African Continental Free Trade Area (AfCFTA) and initiatives led by Regional Economic Communities (RECs) and the launch of a single aviation market. Japan also promotes free trade, taking initiative for the signing of the TPP11. I hope that our mutual efforts to promote free trade will be linked in future and that the benefits of free trade and investment will be shared in Africa and around the world. We reiterate the importance of securing a level playing field in pursuing free and fair trade.

TPP11 stands for Trans Pacific Partnership, there's no geographical intension. Any African countries, who are interested in joining TPP, are welcome.

While we have seen such positive developments, increased risk to debt sustainability in some countries due to the rapid expansion of public spending and increased borrowing, particularly private loans with high interest rates is causing great concern. It is important that both lenders and borrower countries make sure debts are maintained as repayable and transparent, and fiscal soundness is not deteriorated,.

Otherwise, the recipient country will inevitably fall into a

state of debt distress, preventing it from receiving commercial and concessional loans from international financial institutions and donors, including Japan. Clearly this could hinder the process of sustainable development. So today, I'm hoping to see a vibrant discussion toward finding appropriate ways to deal with this serious issue.

I am also looking forward to discussion on the following items during this session.

First, in the area of business and economy, we should seize the current positive momentum for promoting business in Africa, by supporting Micro, Small and Medium Enterprises (MSMEs), improving agricultural productivity, and transforming the economy through promotion of Science, Technology and Innovation (STI).

Second, on the social aspects of trade and development, the rapidly changing society and natural environment in Africa bring new challenges such as recurrence of infectious diseases and other health challenges, urbanization, disaster risk, and issues related to climate change and energy. Japan continues to support Africa's efforts to increase its resilience and preparedness to promptly respond to these challenges.

Third, concerning issues of a political nature, Africa's situation in terms of security, rule of law, and human rights has improved. Several countries conducted their elections peacefully and democratic changes of administration have occurred during the past few years. Japan also commends the regional peace building effort such as those in South Sudan and between Ethiopia and Eritrea. Japan will continue to assist nation building in Africa, particularly in the area of institution building and human resource development, based on the lessons we have learnt and Africa's emerging needs.

Ladies and gentlemen,

Last but not least, I would like to introduce the TICAD Report 2018, which has already been distributed to each table. It showcases good practices implemented and progress made since TICAD VI. TICAD is an inclusive forum that works with the engagement of various stakeholders. I sincerely hope all participants will make good use of this Ministerial Meeting to share what your country or organization is doing for the development of Africa.

Thank you very much, looking forward to the discussion.