

**Closing Remarks by Representative of Japan,
Mr. Shoichi NAKAGAWA, Minister of Economy, Trade and Industry
at the TICAD Asia-Africa Trade and Investment Conference (TICAD-AATIC)
November 2, 2004, Tokyo**

Representatives from states and international organizations,
Distinguished guests,

It is my great honor to have this opportunity to deliver a remark on behalf of the Government of Japan at the closing session of the TICAD Asia-Africa Trade and Investment Conference.

First of all, I would like to express my sincere appreciation for all the participants from not only Africa and Asia but also from all over the world for joining this conference. I understand that some of you, especially delegations from Africa, had to travel quite a distance.

I myself participated at the opening ceremony and I am aware that in the past two days, you all had very active discussions. I would like to thank all the guests for your active participation. Thanks to you, we are here today at the closing session with a good feeling of having exhausted all the discussion points.

I would like to state a few words from the view point of the Government of Japan.

In the past, the international community, especially developed countries, discussed African development issues only in terms of providing foreign aids. This was the prevalent view shared by many including myself, and it was, in a way, inevitable. Of course, the foreign aid provided to Africa was effective in alleviating the difficulties faced by the African people.

On the other hand, it is also true that in recent years, there are some developments to shift this tendency. For example, there are now some emerging countries that seem to be able to achieve self-reliant development using their own rich natural resources. Some countries have industries that are likely to develop with preferential policies of developed countries as catalysis for development.

Japan will re-situate those African countries with potential for development as meaningful partners for economic relationship. In this regard, it is important to formulate strategy for creating new "business chances" where there can be win-win relationship.

Against this background, the opening of the TICAD Asia-Africa Trade and Investment Conference was quite timely.

In recent years, when Africa is discussed in the international community, there is more emphasis on the importance of the African ownership and the need to secure foundations for economic development, such as consolidation of peace and good governance. In an attempt to achieve the UN Millennium Development Goals (MDGs), there is also a tendency to focus more on the development of social sectors such as education and health. These are all very important. However, it is my view that in order for Africa to really achieve self-reliant development, there needs to be a shift of focus from the provision of assistance to promotion of trade and investment; in other words, the integration of Africa into the global economy.

The fact that development issue is one of the important agenda at the WTO Doha Round could be seen as an indication of the importance of trade and investment for development.

The Japanese government welcomes Africa's will to independently establish economic industrial foundation. It also appreciates Africa's commitment to the WTO and to integrate itself

into the global economy. Japan will initiate dialogue with Africa and support related capacity-building and various other assistance that would lead to economic development.

The ultimate goal of the promotion of trade and investment in Africa is the “poverty reduction through economic growth.” Trade and investment are primarily activities of private actors. I very much count on the initiatives of private players for the promotion of trade and investment; however, when the country’s economy is just about to take off, the role of the government in efficiently allocating the limited resources for the promotion of trade and investment that would prompt economic growth is important.

The role of government in meeting the needs for the expansion of private trade and investment is to demonstrate strong leadership and take step-by-step measures. By doing so, it can increase the competitiveness and secure the confidence of private players.

In the implementing process, it is important that Africa demonstrates ownership and independently implements each policy. It is not an easy path. However, Japan will support African countries by making the full use of the Asian experience. With such help, they will be able to draw their own road map for the role of government.

From this view point, Japan has established the working group composed of related ministries and organizations since TICAD last year. At the working group, we have been debating for a year on the ways in which to develop Africa through trade and investment. During the past two days, representatives from each country and organization also brought concrete measures to promote trade and investment. And thanks to that, we were able to have very active discussion on the measures to promote trade and investment for African development.

As Prime Minister Koizumi announced at the opening session, Japan will focus on the growing economic relationship between Asia and Africa. As a member of Asia and based on the experience of contributing to the unprecedented economic growth in Asia through the provision of assistance such as ODA, Japan will also cooperate with Africa. For achieving the self-reliant and sustainable African development through the trade and investment promotion, Japan’s cooperation will cover four areas. Those four areas are the “formulating of appropriate policy,” “product development,” “empowerment of small and medium-size local enterprises,” and “promotion of a social contribution by private enterprises.” If African countries are to implement policies consistent with those ideas and to demonstrate their ownership, Japan is ready to extend its support as best as it can as a partner.

Let me briefly explain the first concept of the “formulation of appropriate policy.” This idea is based on the belief that the economic growth begins with a correct recognition of its comparative advantage and needs of the private sector; and based on this correct recognition, stakeholders from public, private and academic sectors formulate industrial promotion policy. While implementing the policy, it is important to concentrate the domestic resource on the establishment of essential industrial foundation under the government leadership. There are many successful examples in Asia where economic growth was achieved through such approach. While sharing these Asian experiences with Africa, Japan will strengthen the development of human resources through various human resource development centers in Africa and Asia. Furthermore, in order to support efficient movement of good, people and information, the basis of economic activities, the establishment of infrastructure is indispensable. Japan has been focusing on the establishment of infrastructure in its ODA policy towards Africa and it will continue to do so.

The second point of “product development” refers to an idea that, in order for the potential comparative advantage to lead to the promotion of trade and investment, and to achieve economic growth, it is necessary to further develop that comparative advantage and acquire

international competitiveness. For that purpose, it is necessary to understand the market demand and to respond to that demand, products need to be increased in its sophistication and to meet the international standard. Japan will locate the needs of the market by providing opportunities to promote African products. Moreover, through training and dispatch of experts, Japan will support capacity building and provide technical assistance to the management of production and quality.

The third point, the “empowerment of small and medium-size local enterprises,” is a view that for the promotion of trade and investment to induce domestic economic growth and poverty reduction, it is essential for the domestic entrepreneurs and local small and medium-sized local enterprises to participate in the expanding trade and investment activities. In order to achieve this, Japan will support the empowerment of African small-medium sized local enterprises in financial aspect such as micro-credit, and also in technical aspect such as “one-village-one-product movement.” Japan will also assist in building network amongst small and medium-sized enterprises for exchange of technology and information.

The fourth and the final point, “promotion of a social contribution by private enterprises” is a concept that it is important to create an environment in which invigoration of private economic activities can lead to a balanced growth in all parts of the country. It is crucial to create an environment where government, enterprises and civil society can unite and make social contribution. In order to create such environment, it is necessary to build a framework in which social contribution is actually in benefits of the enterprise. Establishment of this framework is also essential for the public and private sector to share the same goal of development and form a truly cooperative relationship based on mutual benefits. For that purpose, Japan will gather and share examples of good practice in Asia and Africa.

In order to secure coherence in various policies being taken in the areas just mentioned, Japan has been expanding since April 2003 the range of products for the application of preferential tariff for Least Developed Countries (LDCs). At the moment, preferential tariff is applied to 93% of total export from LDCs, including agricultural products. I very much hope that these measures will improve access to our market and thus increase export and contribute to the development of LDCs.

Finally, I would like to state two more points that must not be forgotten. The first point is that Asia, that has accomplished unprecedented economic growth, made a tireless effort in order to attract trade opportunities and investment. Creation and maintenance of comparative advantage themselves mean the continuation of such efforts.

The second point is that unless you take care of the existing enterprises, new enterprises will not enter the market. If the existing business is faltering, why would new one come in? On one hand, there is the need to transform the industrial structure. On the other hand, in order to evaluate the credibility of a government that pledges to value new business one has no way but to look at how the government is treating the existing business.

I feel that the new endeavor towards Africa and Asia’s tomorrow has begun today at this place.

In concluding, I wish all participants a safe trip back to your country and that you will contribute to the strengthening of various measures for African development.

Thank you very much.