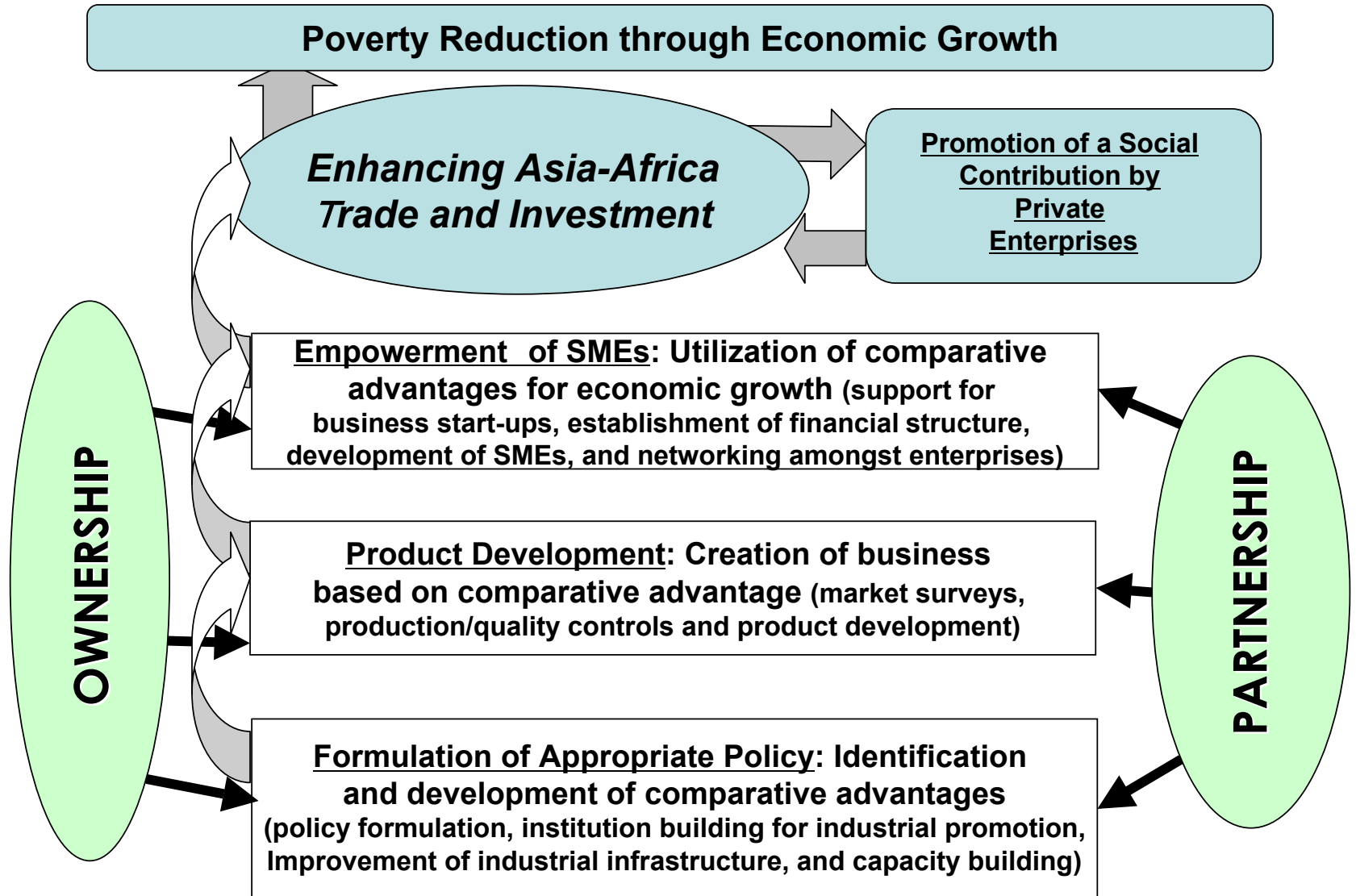


Japan's Proposal for Promoting Asia-Africa Trade and Investment



Japan's proposal to Africa: 4 concepts on trade and investment policy

Formulation of an appropriate policy for the promotion of industry

☆ **Asian experience:** Development through trade and investment cannot be achieved by relying solely on the expansion of trade and investment in a free market. It is imperative that **governments concentrate their limited domestic resources on appropriate sectors based on a policy for the long-term promotion of industry.** Such policy should aim at the creation of employment and transfer of technology within a country through the promotion of its industry.

<Example of African ownership for economic growth>

Each African country tries to create an environment conducive to the growth of trade and industry under the auspices of the government. For this purpose, the government provides both the material and nonmaterial infrastructure, for example, by doing:

- Establish trade and investment promotion institutions and a domestic economic legal system. Then, formulate a national industrial promotion policy with advice from consultative institutions, composed of industrial, public and academic sectors.

- When formulating policies it is crucial to have an understanding of actual economic conditions. It is also important to release economic statistics in an appropriate manner. For this purpose, it is important to compile statistics properly and promote information-communication technology (ICT).

- Provide both human and institutional capacity-building for implementation of policies.

- Establish infrastructure that will serve as the basis for industrial activity.

<Possible forms of Japanese assistance>

- Assistance in policy formulation

☆ As a part of its assistance in the establishment of nonmaterial infrastructure, provide institutional capacity building in administrative areas, for example, by establishing a legal system that creates an appropriate environment for investment, international intellectual property rights, export promotion plans and the keeping of statistics.

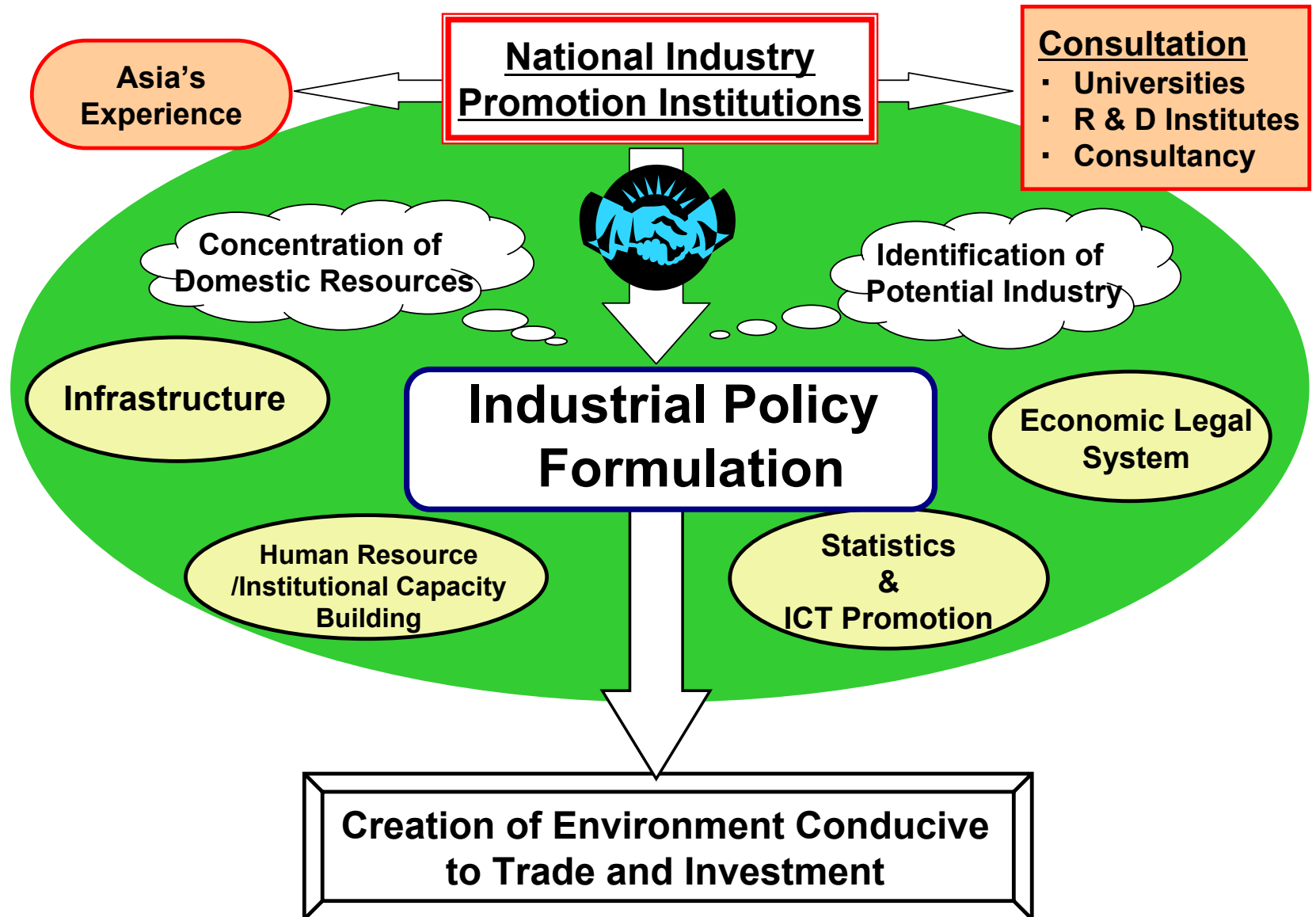
- Human resources development

☆ In order to share the Asian experience widely with Africa, strengthen capacity building using human resources development centers in Africa (eg., AICAD in Kenya), and Asia (eg., Trade Training Center in Indonesia).

☆ Establish a training course to enhance understanding of economic development in South-East Asia, create infrastructure for investment and formulate a national strategy for promotion of trade and investment.

- Establishment of infrastructure

☆ Economic activities involve the movement of goods, people and information. For economic activities to be efficient, therefore, infrastructure is essential. Japan will continue to promote regional distribution of goods and cross-border trade. It will also continue to assist in the establishment of economic infrastructure to promote overseas investment.



Promotion of product development based on comparative advantages

☆ **Asian experience:** At the initial stage, develop areas of comparative advantage through adding value to primary products. Gradually make more sophisticated products and raise quality to international standards.

<Example of African ownership for economic growth>

Each African country, with partnership between the public and private sectors, addresses the following issues:

- In order to develop a potential comparative advantage into actual business opportunities, identify market demand through participation in exhibitions and reception of missions.

- Based on demand, make more sophisticated products and raise quality to international standards. In order to do so, conduct product development by subsidizing R & D and cooperating with university institutions. Then establish standards and procure instructors to implement production quality control. Also, form associations to improve efficiency and management skills.

- Provide incentives to trade with and invest in a targeted industry. Initiate state-led efforts to promote business.

- Invigorate trade and investment by increasing added value and international competitiveness of primary products (agriculture and fishery), the key industries in Africa.

<Possible forms of Japanese assistance>

- Assistance in surveying market needs

☆ Assist in locating the market demand for African products presented at international exhibitions. Japan will assist in the African Food Show Case at FoodEx in March 2005.

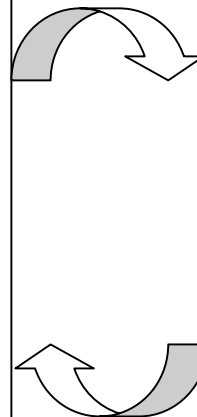
- Technical assistance for product development

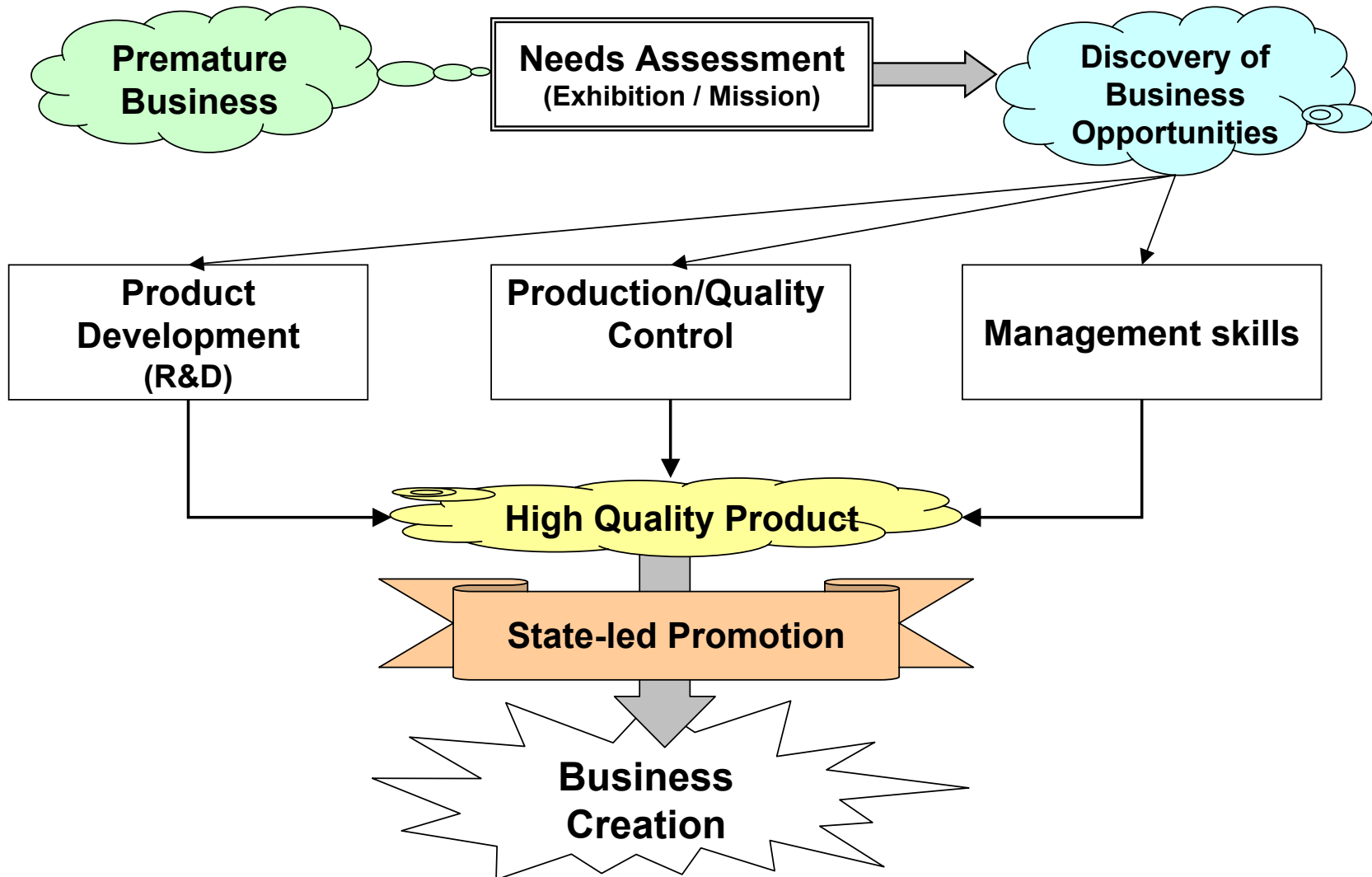
☆ Based on market surveys, dispatch experts and missions to develop promising products. Provide advice regarding product development based on market demand.

☆ Provide assistance for improvement of production technology, production/quality/processing control and product development. The goal is product development and technological innovation.

- Promotion of primary industries (agriculture and fisheries)

☆ Provide assistance in formulation of policy on irrigation programs and promotion of fisheries. Also assist in establishing infrastructure and improving skills of those involved in the primary industries.





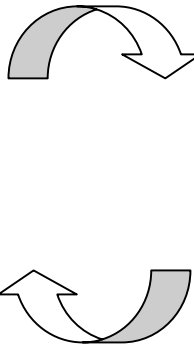
Empowerment of local SMEs (small-medium size enterprises)

☆ **Asian experience:** It is necessary that local SMEs participate in the process of expanding trade and investment so that it will lead to development. It is also important to empower and develop SMEs in order to create employment and generate income.

<Example of African ownership for economic growth>

There needs to be a policy for linking small-medium size local enterprises (SMEs) and young domestic entrepreneurs and integrating them into the global supply chain.

- Focus on the promotion of SMEs in government industrial policy
- Through associations of local SMEs, effectively and efficiently improve skills and capacity.
- Launch businesses and establish financial structure (simplification and unification of procedures, ensuring access to funds)



<Possible forms of Japanese assistance>

-Help securing access to funds

☆ Assist in establishing small-scale financial infrastructure and provide support through NGOs for the awarding of micro-credits.

-Empower local SMEs

☆ Bearing in mind the need to integrate local SMEs into the global supply chain, provide technical assistance to intermediate processing enterprises.

☆ To achieve equitable growth through the promotion of local SMEs, support one-village-one-product initiatives.

-Empower local SMEs

☆ Cooperate with the UNDP and conduct a survey in African countries to assess the need for promotion of SMEs. The results could then be used in Technonet-Africa.

☆ Assist in formulation of enterprise promotion plans that incorporate assistance in launching businesses and building institutions.

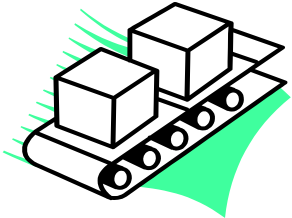
☆ Implement training to improve technical and managerial skills of SMEs.

☆ Strengthen the SMEs network utilizing initiatives taken under TICAD. Using the GDLN, establish a channel for dialogue between the public and private sectors under TICAD.

**SMEs
in Africa and Asia**



EPZ Enterprises



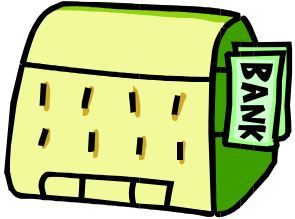
Global
Network

Local
Network



Local SMEs

Finance/
Credit



**Financial
Institutions**

Local Farmers



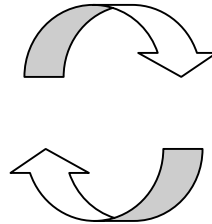
Promotion of social contributions by private enterprises

☆**Asian experience:** From a long-term point of view, the stability of the local community is in the best interest of business. It is therefore necessary to promote social contribution by private enterprises by providing them with incentive to do so rather than making it compulsory by taxation.

<Example of African ownership for economic growth>

Government, enterprises and NGOs unite and make social contributions.

- Offer incentives (preferential taxation, assistance in promotion activities) for social contributions by private enterprises



<Possible form of Japanese assistance>

- Collect examples of good practices (not only from Africa but also from Asia.)

