

## **TICAD Asia-Africa Trade and Investment Conference Chair's Summary**

### Introduction

- The TICAD Asia-Africa Trade and Investment Conference, a major follow-up to TICADIII, was held on 1-2 November 2004. Its significance is that ten years after it was created as a policy forum in 1993, the TICAD process has been institutionalized.
- This conference has spotlighted the idea of “Poverty Reduction through Economic Growth,” one of the three pillars of Japan’s Policy on Cooperation with Africa, as well as “Asia-Africa Cooperation,” which is the pivotal characteristic of the TICAD process.
- The Conference enjoyed about 700 participants from 102 countries and organizations, including 48 African countries and 13 Asian countries, as well as more than 90 private enterprises and organizations. H.E. Chief Olusegun Obasanjo, President of Nigeria, and H.E. Mr. Mwai Kibaki, President of Kenya, attended, and Prime Minister Junichiro Koizumi represented Japan, the host country, offered opening remarks.
- The Chair recognized that, during the two-day-long discussions, the participants generally acknowledged the importance of the following points:

### Overview

(Poverty Reduction through Economic Growth)

- The increase in ODA volume is not a panacea for Africa to achieve self-reliant and sustainable development. Africa needs to develop the private sector and realize economic growth through the expansion of trade and investment.
- At the same time, it is essential to implement an appropriate industrial policy encompassing profit redistribution in order to ensure that the expansion of trade and investment duly results in economic growth and poverty reduction.
- “Poverty reduction through economic growth” is a basic philosophy of the TICAD process, one largely shared by participants in the conference.

(Trade and Investment between Asia and Africa)

- Asia-Africa cooperation on economic relations including trade and

investment will continue to be mutually beneficial. This idea should be clearly recognized by both regions so that incentives for further cooperation will proliferate.

- The trade and investment trends between Asia and Africa indicate remarkable growth as compared to other regions. It is now important to further expand trade relations by sharing information and identifying successful patterns and promising sectors. In this context, some participants proposed the establishment of institutions and a financial system to promote trade and investment between the two regions.
- It is beneficial for Africa to promote trade and investment between Asia and Africa from the standpoint of learning from the experience of Asia, the most successful instance of economic growth achieved through trade and investment. Although not all the experiences of Asian countries can be applicable to Africa with different operating environment, Africa can still learn from Asia's ownership itself.
- In view of the Asia-Africa Summit commemorating the 50<sup>th</sup> anniversary of the Bandung Conference, the TICAD process will push forward the "New Strategic Partnership" between Asia and Africa, which is based on a wide range of political, economic, and cultural interactions and cooperation.

(Problems to be resolved)

- One major impediment to business in Africa is high costs and the unpredictability they create.
- Many of the problems associated with unpredictability can be traced back to the state of governance, e.g. reaction or guidance given tend to be significantly vary depending on each desk officer in different governmental bodies in one country. Even when resources for development are limited, such a problem can be overcome quickly if there is strong political will.
- On the other hand, the high costs associated with business in Africa, which are caused by inadequate infrastructure and human resources and complex legal systems impede operations. It is therefore important that Africa strive to overcome such problems based on its ownership and that its development partners respond by supporting such efforts.
- Each industry has its own problems in promoting business. Thus business promotion requires not only an appropriate macroeconomic policy but also measures at the micro level reflecting the views of the private enterprises

actually conducting business. Especially in Africa, where a majority of private enterprises is small and medium size ones, most governments cannot adequately reflect opinions of such companies into their policies.

(Roles of the government)

- Trade and investment are essentially private activities. Governments are expected to facilitate these activities by, for example, providing the external environment conducive to more efficient economic activities by the private sector. It is valuable for Africa to learn from Asian experience how to efficiently utilize limited resources in accordance with a policy roadmap formulated from a long-term perspective.
- In order for Africa to strategically *shape* its own comparative advantage, it is advisable to formulate appropriate policies and concentrate existing resources into the specific sector based on the policies. It is also effective to provide due incentives with the private sector so as to lead its economic activities to contribute to effective implementation of the policies. Asian experiences especially give us valuable instances in which Asian countries promote specific industry strategically based on the objective analysis of own economy and in close cooperation between the public and private sectors.
- Some participants at the conference introduced Asian efforts for equitable growth including development of the rural economy and small and medium-size enterprises. Some Asian countries introduced one-village one-product movement as effective rural development policy and express their wish to transfer necessary knowledge and experience to Africa.
- In order to gain credibility with the private sector, it is essential that Africa commit to irreversible reform and steady progress toward that end.
- Good governance and capacity-building are the keys to realizing expected outcomes from an appropriate policy. Efforts of Asian countries, with scarce natural resources, that have put special emphasis on human resource development are especially instructive.
- Success in attracting private enterprises can only be achieved in competition with markets in other countries or regions. To be competitive, Africa needs to take measures to reduce cost of business and provide the private sector economic incentives. One proposal advanced was to enhance public and private networks between Asia and Africa.

### Way forward

(Outcomes of the conference: measures taken in the TICAD process)

- At the conference, each participant presented ideas to promote trade and investment between Asia and Africa. Reflecting on the discussions during the conference, Japan, the host country, presented four key concepts: “formulation of an appropriate policy,” “product development,” “empowerment of small and medium-size local enterprises,” and “promotion of a social contribution by private enterprises” as a measures to promote trade and investment in Africa.
- It is announced that the TICAD process has embarked on the creation of a comprehensive network for business promotion by integrating the facilitation functions of existing mechanisms such as the Africa and Asia Business Forum (AABF). The conference was attended by H.E. Prof. Alpha Oumar Konare, Chairperson of the AU Commission through the television conference system called GDLN, which is a part of that future network.
- NEPAD and the TICAD process issued the policy document delineating guidelines for mutual cooperation for business promotion in Africa. Both sides confirmed their commitment to endeavoring to promote trade and investment between Asia and Africa.