Aid for Trade: Asia’s Experience and Dialogue with Africa
Keynote address

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It is a great honor to speak at this side-event organized jointly by the Government of Japan, the Royal Government of Cambodia and the Asian Development Bank. The African Development Bank enjoys long standing and fruitful relations with many Asian countries.

Indeed Japan, China, India and Republic of Korea, are shareholders in our Bank and have partnered with the Bank in various ways to help promote Africa’s development. The Bank manages the Japan Enhanced Private Sector Assistance for Africa initiative and various trust funds from the three countries. Support of the Japanese government and that of the country’s own private investors has been vital to the Bank’s resource mobilization efforts, most recently through investments in the Bank’s Uridashi Bond issues.

During the past decade, Africa has enjoyed high growth. The continent has been one of the fastest growing in the world. It has shown resilience during the global crisis and many of the economies have returned to pre-crisis levels. Africa has become an important global investment destination. Foreign direct investment (FDI) inflows from Asia to the continent are on the increase, including, but not limited to, natural resources and infrastructure.

In spite of this impressive growth, like Asia, we have to battle with the issues around the equality and sustainability of growth. Inequality is rising, even among the best performing economies and infrastructure is a limiting factor, almost everywhere. Therefore, translating the benefits of growth into real increases in living standards for the majority of the people, comparable to those observed in other rapidly growing developing regions of Asia, is taking some time.

Like Asia, Africa wants to make trade the engine of its own growth and development. That begins with trade inside Africa itself. The Asian experience shows that increased intra-regional trade and investments leads to a virtuous cycle of competition in domestic markets and integrated production networks, creating economies of scale and lowering production costs.

In many parts of Asia, these factors have created strong backward and forward linkages within the economy and boosted manufacturing and services. Good infrastructure played an important role in the early years of take-off in the Asian region. It reduced the cost of doing business and enabled markets to function. That is why infrastructure is the core business of the African Development Bank, both hard and soft.

Furthermore, lack of trade facilitation such as cumbersome border procedures and high levels of non-tariff barriers further reduce the competitiveness of African firms.
As a balkanized continent of 54 countries we face complex border procedures and red tape. The need to connect through seamless transport corridors, maritime ports, railways and airports that are efficient, and broadband connectivity, goes without saying.

I salute once again the collaboration that we have with Japan International Cooperation Agency on economic integration, more specifically the creation of “one stop border posts”, and various pieces of hard infrastructure such as the Nacala Corridor or the Kazungula Bridge, the Kenya-Tanzania highway and simple border posts and many others.

In June 2013, I had the privilege with other African leaders to attend the Fifth Tokyo International Conference on African Development (TICAD V), which adopted the Yokohama Declaration 2013 and the Action Plan 2013-2017. It was, in a way, a celebration of a 20-year effort, since the TICAD initiative was launched in the early 1990s. The commitments in the Yokohama Declaration and Action Plan all signify a desire to continue to deepen the dynamic which TICAD has created over the past two decades. The three pillars of "robust and sustainable economy", "inclusive and resilient society", and "peace and stability" are strategic approaches which the Bank shares with Africa for the coming five years. They resonate well with the Bank’s new Ten Year Strategy 2013-2022.

In concluding, I would like to state that it is encouraging that Asia-Africa economic links have strengthened significantly in the last decade. Asian investment flows to Africa grew from 6.7% of total African inward FDI in 1995-1999, to 15.2% in 2000-2008. Nevertheless, there remain tremendous opportunities for cooperation between the two regions, including opportunities for natural learning.

Thank you.