

## **REPORT ON STUDIES UNDERTAKEN IN PREPARATION FOR THE LAUNCH OF THE NEW ASIAN-AFRICAN STRATEGIC PARTNERSHIP**

During the Ministerial Working Group Meeting held in Durban, South Africa on 24 March 2004 it was decided that the AASROC process must focus on practical, achievable, concrete areas where the initiative can add value as a process in a pragmatic fashion.

With this aim in mind, the meeting identified various studies that needed to be conducted by various Asian and African countries and organisations.

The following is a list of studies that were identified during the Ministerial Working Group Meeting:

1. The role the media can play in informing the countries about each other's societies;
2. Examining practical steps to launch an Asian-African Business Forum. This included examining ways of synchronising existing business interactions; for example TICAD's Asian-African Business Forum;
3. Study on Commodities and their role in trade and subsequent development patterns;
4. Collating information for AASROC II regarding all existing initiatives;
5. Member countries were requested to identify institutions of excellence;
6. Identify the critical elements that allowed certain countries in Asia to develop rapidly; and
7. Prepare a study paper (s) regarding Asia and Africa's:
  - (a) Economic interaction, trade and investment
  - (b) Barriers to improved co-operation and interaction
  - (c) Opportunities and comparative advantages that exist

The following studies were presented and discussed at the AASROC II meeting held in Durban, South Africa on 24 August 2004. The ultimate aim being the identification of specific, concrete and practical steps that could become flagship agenda areas of co-operation in a Plan of Action for realising the New Asian-African Strategic Partnership:

1. A study by Ghana on the role of commodities in trade and development patterns;
2. A study by Morocco on Afro-Asian Co-operation in Trade and Investment;
3. A World Bank study on Patterns of Africa-Asia Trade and Investment. The study clearly illustrated the enormous untapped potential in trade and investment between the two regions, as well as the urgent need to address the issue of inter-African trade;
4. A report by Japan on TICAD;
5. A report by India on India-Africa co-operation;
6. A study by the ASEAN Secretariat on the Asian development experience;
7. A study by Mozambique on Africa and the European Union;
8. A number of countries submitted lists of media and cultural institutions. Egypt collated a list of institutions of excellence;
9. Tanzania provided copies of the ILO study on "A Fair Globalisation – Creating Opportunities for all".

Arising from the discussions on the studies at the AASROC II conference it was decided to mandate the following further studies:

1. Improving product quality and competitiveness: Ghana and the World Bank;
2. Facilitation of direct trade between Africa and Asia: The ASEAN Secretariat;
3. Facilitation of increased tourism between Africa and Asia: Tanzania and Zambia;
4. Ensuring that producers have greater influence on commodity pricing: Ghana and the World Bank;  
and
5. Attracting investors by putting regulatory frameworks in place: China.

The co-hosts wish to thank the countries that have submitted their reports and look forward to receiving the outstanding studies as soon as is reasonably possible prior to the next Senior Officials' Meeting on 19 April 2005.

The following are the main recommendations flowing from the studies.

The report on TICAD suggested the following (Japan):

- Development strategies of African countries should contain active utilisation of private resources while respecting the profit-earning activities of private enterprise;
- Demonstration of political commitment to good governance;
- Maintaining a stable and predictable business environment through sound macroeconomic management and enforcement of the rules of law;
- Reduction of transaction costs of private business activities through improving socio-economic conditions, eliminating bribery and corruption and streamlining administrative procedures;
- Stimulating interest of the private sector in business opportunities in Africa; and
- Bridging the information gap and remove negative perceptions associated with doing business in Africa.

The report on the role of commodities in trade and development patterns suggested the following (Ghana):

- Developed countries need to be engaged to do away with the use of protectionist devices such as anti-dumping legislation, countervailing duties and phyto-sanitary measures;
- Addressing the issues of low skills level of workers, lack of resources for investments and the related inability to take risks;
- Acquisition of marketing expertise and management skills by enterprises coupled with the diversification of production and export structures; and
- Rehabilitation of mined-out areas and the use thereof for other economic activities;

The report on India-Africa Co-operation suggested the following (India):

- Bilateral lines of credit for investment promotion need to be obtained;
- First world countries need to be encouraged to waive the debts of highly indebted countries;
- Better education and training in crucial sectors;
- Projects need to be undertaken that would benefit regions in relation to specific sectors; and
- Exchange of expertise in the fields of small-scale industries, agriculture and financial management.

The report on African-Asian Co-operation in Trade and Investment suggested the following (Morocco):

- Use of technology in trade and investment must be encouraged;
- Addressing the lack of access to world markets;
- Addressing the agricultural policies of industrialised countries;
- Addressing the low levels of foreign direct investment and capital flows in African countries;
- Addressing the trend that African producers' incomes decrease while enterprises and intermediate traders make substantial profits;
- Lack of the private sector in many developing countries being competitive on the work market need attention;
- Improving transportation networks and communication links;
- Maintaining political stability;
- Improving legal and institutional frameworks through the modernisation of business law, i.e. trade codes, laws on competition and price liberalisation, customs law, insurance law, intellectual and industrial property law;
- Encourage privatisation;
- Identify and strengthen the role of small and medium size enterprises and provide assistance in terms of loans, and the creation of industrial zones;
- Promote regional co-operation; and
- Organise fairs and exhibitions to create awareness about products from various countries.

The report on East Asian Economic Growth suggested the following (ASEAN Secretariat):

- The labour force needs to upgrade its skills to meet the demands put on it;
- Adopting export-orientated policies;
- Promotion of high savings and investment rates, solid investment in education and infrastructure, sound macroeconomic policies, generally flexible domestic labour markets and reasonably efficient regulatory institutions;

- Lowering of investment barriers to increase foreign direct investment;
- Adopting better quality regulations by government;
- Adopting sound macroeconomic policies; and
- Provision of sufficient quality transport, electricity and telecommunications infrastructure by government.

The report on Africa and the European Union suggested the following (Mozambique):

- Adopting reciprocal trade preference agreements with developed countries instead of increased access to their markets;
- Promotion of regional integration, improving transport networks, conflict prevention, creation of effective free trade areas, promoting cross border trade and investment, research and technology, defence, security, legal and judicial affairs, combating drought and achieving food security;
- Gradual and smooth integration of Africa's countries into the world economy;
- Adoption of the AU recommendations that the current HIPC initiative be adapted to include low-income countries under stress, focusing on eligible countries that have not yet reached the decision point due to extreme political instability, and that additional debt relief should be made available for reconciliation and infrastructure rehabilitation in post-conflict countries to reduce the likelihood of further conflicts;
- Attaching great importance to initiatives helping to raise awareness about the importance of water and sanitation services as key aspects of poverty reduction strategies; and
- Dealing effectively with issues such as HIV/AIDS, food security, natural resource management and infrastructure development in respect of tackling supply constraints on the production of goods and services in Africa.

The report on attracting investors by putting regulatory frameworks in place suggested the following (China):

- Maintain a domestic environment of stability and harmony;
- Build a regulatory framework that creates an environment of fair competition and create a complete legal system;
- Invest in infrastructure development;
- Implement preferential tax policies to lure investors into investing in your country;
- Diversify your investment sources; and
- Publish foreign investment guidance identifying projects that will receive preferential treatment.

In terms of regulatory frameworks, the following proposals are made:

- Holding regular workshops on investment and financing policies;
- Holding financing forums to share policies and experience in attracting foreign investment;
- Encouraging investment and financing training programs for Asian and African developing countries to train specialists in foreign capital management;
- Establishing online information databases of investment policies, regulations and information in Asian and African countries;
- Garnering more financial input by multilateral investment credit and guarantee institutions and multilateral development banks into Asian and African developing countries;
- Lobbying developed countries, international and regional organisations to increase input into the infrastructure development of developing countries;
- Establishing regional investment guarantee mechanisms and investment entities to promote foreign capital flows into Asian and African developing countries; and
- Strengthening co-ordination in international talks on multilateral investment frameworks and improving the overall status of Asian and African developing countries in international investment negotiations.