

Remarks
by
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on

Potential of Business between Africa and Asia

I. What is happening in Africa.

(a) Economic Reforms

- removal of exchange controls
- liberalization of interest rates
- trade liberalization
- civil service reforms
- privatizations
- opening up the countries

(b) Political Reforms

- multi-party democracy
- good governance
- peer review mechanism

(c) Social Reforms

- free primary education
- focus on health / HIV/AIDS

(d) Wars / Conflicts being resolved

II. Lessons for business from Asia.

(a) Role of Government

- strong pro-business leadership
- Government / private sector partnership essential
- financing major infrastructure
- economic planning boards important

(b) Organization of Business

- Diversified business:
Zaibastu, Kireitsu, Chaebols, Trading houses, etc.
- Provide venture capital
- Entrepreneurial drive
- Soft infrastructure

(c) Institutions for Engaging Governments

- Kaidanren
- Economic councils
- Think Tanks
- Chambers of commerce and Industry

(d) Disregard Liberalization and Globalization

(e) Finance is very important

III. Prospects for business between African and Asia

Different countries at different levels of development

(a) Reforming or Transforming Countries

- Privatizations of major utilities.
- model of privatization / commercialization
- emphasis by NEPAD.
- water, energy, telecoms, ports, roads, etc.

(b) Rejuvenating Economies

- Infrastructure up-grading
- Food production

(c) Reconstruction Economies

- War / conflict resolved
- Total reconstruction
 - Schools, hospitals, buildings, roads, bridges, airports, etc.
 - key countries: Angola, Somalia, Sudan, Rwanda, Congo, etc.

(d) Growing Economies / Take off Stage

- South Africa, Botswana, Mauritius, etc.
- Emerging middle class
- Consumer durables market
- Location to assembly plants

(e) Export Platforms

- To America - AGOA
- To Europe - ACP (problem of CAP of EU)
- To Japan /Asia ?
- To Africa / rest of the world

(f) Expanding Regional Domestic Markets

- SADC
- Ecowas
- Comesa
- East African community
- others

IV. Financing of Business

(a) From Domestic Markets

- Reform banks (extend maturities)
- Reform Pension Funds / Insurance industry

(b) The Bond Market (capital market)

- start with government bond market
- then corporate bond market

(c) Embrace Universal Banking

- as practiced in Asia

(d) FDI

V. Conclusion

- (a) Look to the East Policy
- (b) Establish an Africa - Asia import / Export Bank.
 - to promote trade and investment.
- (c) Create a legal basis for cooperation.
 - (AGOA type)
- (d) Debt cancellation essential to Africa.
 - Lead to market expansion.
 - Lower domestic interest rates.

Thank you.