

Remarks by H.E.Mr. Katsuhiko SHINOHARA

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On the occasion of Regional Meeting on Aid for Trade for Asia and the Pacific
in Siem Reap, Cambodia, Thursday 28th May 2009

Thank you, Mr. Chairmen.

I am honored to be here and have the opportunity to explain to the distinguished representatives of Asian countries and international organizations about Japan's commitment towards Aid for Trade (AfT).

1. Regional Review meeting in 2007

At the ministerial level AfT in Asia was last discussed in the AfT Regional Review meeting in Manila in September 2007. Since then, Japan has been engaged actively in the implementation and the improvement of its AfT, mainly through achieving our commitments under the Development Initiative for Trade, which was announced in 2005 on the occasion of the Hong Kong ministerial conference.

2. Rejecting Protectionism

Presently, as all the representatives to this meeting are well aware, we are confronted with the economic downturn caused by the global economic and financial crisis. Given the current turmoil, rising trade protectionism could further shrink the world economy and disturb export-driven development in Asian countries. Such economic turmoil could also result in the

deterioration of the effectiveness of trade-related assistance to developing countries.

【As other speakers have already mentioned,】 in order to overcome all these difficulties, early and successful conclusion of the Doha Round, and continuous assistance for developing countries are key measures as well as joint efforts to fight against protectionism.

In this regard, Japan participates actively in monitoring protectionist measures including through the TPRB, and in the ongoing negotiations in Geneva.

Another important measure in the joint efforts is, of course, assistance for developing countries. It should be noted that developing countries, particularly LDCs, are deeply affected by the present crisis. Therefore, under the current situation, strong development assistance including AfT towards these countries is even more important than before. Japan highly appreciates the respective measures taken by the WTO and the ADB in the area of AfT as well as trade finance which is also crucial for the sound development of trade.

3. Experience in the Asian countries

Mr. Chairmen,

The Second AfT Global Review meeting will be held in Geneva six weeks from now. It is now essential for us all to convey a strong message and provide a successful outcome from this meeting to the Global Review though the discussion on Asian experience.

My colleague from the Embassy of Japan in Manila, Mr. Uyama who co-chairs the AfT Regional Technical Group for Asia and the Pacific, will later report on the ongoing discussions that have been held in the Group.

Another colleague from the headquarters of the Japan International Cooperation Agency (JICA) will also present Japanese views on the Asian experience in detail, in the Technical Level Segment, from a technical point of view.

In this Segment, I would like to point out the following three lessons which were learned from our experiences in AfT in Asia, to the Global Review meeting.

Firstly, it should be noted that a multilayered approach is necessary to AfT. From the viewpoint of donors, both regional and national approaches are vital. All of the four pillars of AfT, namely, economic infrastructure, capacity building, policy and regulations and trade-related adjustment are essential, as all of these factors are indispensable conditions to economic development through trade. It should also be considered that non-ODA mechanisms such as trade finance become all the more important, especially in Asia in the current situation of economic downturn, regardless of the fact that assistance to developing countries in this field has not often been considered an element of AfT, until now.

For instance, it is said that the textile industry is most severely affected in Cambodia in the current economic turmoil. Many workers in this sector are young women who are working away from their hometowns. In this case, AfT should be helpful in assuring and increasing their salaries by implementing assistance in the promotion of the export of the textiles

produced by the workers. In order to meet this goal, capacity building for such young women, improvement of infrastructure for transportation of the products, trade system enabling the products to access foreign markets, and trade insurance are clearly necessary. Of course, it is also important to pay due attention to the aspect of gender.

Secondly, taking into account the diversity of developing countries, particularly in Asia, the respective needs of each developing country should be appropriately reflected in the course of assistance. It should be clearly noted that a one-size-fits-all approach is far from increasing aid effectiveness.

Thirdly, long-term commitment is essential, since AfT is a tool to foster trade-related capacity which takes a long time. Mutual understanding between development partners, donors, and recipients is indispensable. One good example is the Cambodia-Japan Cooperation Center, which has been playing a pivotal role in reinforcing mutual understanding between the two countries through professional training.

4. Japan's further contributions in AfT

Mr. Chairmen,

On the occasion of the last Regional Technical Group Meeting in Manila in March, Japan explained what we intend to take as next steps in AfT, that is, (1) proactive economic cooperation under the Development Initiative for Trade, (2) further efforts to mainstream AfT into national development policy, (3) improvement of monitoring, evaluation and coordination, and (4) reinforcing efforts in trade finance and related fields. Now, I would like to explain what measures we have taken since then

to follow up.

Firstly, Japan committed to expand ODA to Asia up to 2 trillion yen, the equivalent of 20 billion US Dollars, as soon as possible at the G20 London Summit in April. This includes AfT related assistance, such as the promotion of basic infrastructure improvement and facilitation of trade and investment. The key is for Asia to continue to contribute to the growth of the world economy as “the center of growth open to the world.” Japan will support Asian countries to promptly respond to the financial crisis, and to strengthen growth potential and expand domestic demand. For example, I would like to inform you briefly that Japan has launched a basic design study on the construction project of a bridge crossing the Mekong River in Cambodia. This project, if Japan decides to support it, will become a component of a region-wide distribution infrastructure program which improves the South Economic Corridor connecting Bangkok, Phnom Penh and Ho Chi Minh City and other cities in the GMS.

I'm also pleased to announce Japan has decided to extend a loan amounting to about 70 million US dollars for the Sihanoukville Port Multipurpose Terminal Development Project to improve Cambodia's most important port for trade. I am convinced that this project would develop the trade capacity of Cambodia and contribute to promoting trade and investment in Asia.

Secondly, concerning mainstreaming of AfT, Japan will continue to make efforts in mainstreaming trade into national development strategy through discussing this issue in relevant international conferences. Japan would like to continue such efforts especially during its presidency of APEC in 2010.

Last but not least, we will also continue our assistance through other official flows (OOF). At the G20 London Summit, Japan announced additional contributions up to 22 billion US dollars in trade finance, over the coming two years. We will also support infrastructure improvement of developing countries through trade insurance up to 20 billion US dollars. We hope these measures in a non-ODA field will also be considered as AfT in a broader sense. In fact, I have been informed that these measures have already been greatly appreciated by developing countries.

To conclude my remarks, I would like to underline again that all countries in the Asia and Pacific region should redouble our efforts to overcome the global financial and economic crisis, making full use of AfT.

Thank you, Mr. Chairmen.