

Talking points for  
Ambassador Yokota  
Regarding AFT Global Review  
(Bilateral Perspective)

1. Japan has participated in all three regional meetings on Aid for Trade. I myself participated in the Manila meeting. We found that these meetings were useful in enhancing awareness of AFT. Taking into account the various points made in the discussions, I would like to explain our policy from our own perspective focusing on two main points. The first point is that AFT should be comprehensive, meaning its starting point should be the production stage and end point, the consumption stage. The second is the importance of "ownership" and close donor-recipient consultation. Please let me explain.

- (1) First, AFT's goal is to assist developing countries in achieving economic growth by expanding trade, because we believe that poverty reduction can only be brought about through economic growth. In this regard, the scope of aid should not be limited to a narrowly defined trade sector. Thus, the scope of Japan's AFT within the framework of "Development Initiative for Trade"(DIT), announced in 2005, is comprehensive, including production, sale, and consumption stages. In many cases, production is an important factor. Indeed, without products that are competitive enough for export one cannot talk about trade. Assistance may be necessary for many countries in this aspect.
- (2) According to our experience in Asia, the competitiveness of developing countries and the increase of exports were made possible by shifting production bases from developed countries to developing countries in a continuous and successive manner, a phenomenon known as "flying geese". FDI was the driving force in this regard and, thus, improvement of the environment for receiving FDIs was critical. In order to achieve this, efforts in a wide range of areas including infrastructure development, such as development of electric power and port facilities, have been made. Human resources development as well as improvement in institutional areas such as legal framework were necessary, and this

also holds true today.

(3) "One

