

Requests to ASEAN Economic Ministers

Achieving Further Development in East Asia through Japan-ASEAN Partnership

ASEAN has been enjoying remarkable growth and is exerting a growing presence today as a driver of the world economy. Moreover, Japan and ASEAN have been steadily developing closer economic ties. Strengthening our partnership is critical for sustainable economic development not only of ASEAN and Japan, but also of East Asia as a whole.

It is indeed fortuitous that the “ASEAN Road Show” is being held in Japan at a time during which ASEAN is accelerating concrete steps toward the establishment of the ASEAN Community in 2015 and the commencement of the Regional Comprehensive Economic Partnership (RCEP) negotiations. The Japan Section of the ASEAN-Japan Business Council (AJBC) welcomes the holding of the road show and would like to express its appreciation to each ASEAN economic minister (AEM) and to the ASEAN secretary-general.

Taking the occasion of the ASEAN road show, the AJBC presents the following requests to the AEM with the objective of promoting partnership between Japan and ASEAN. These proposals are based on three perspectives—“economic partnership,” “improvement of connectivity,” and “enhancement of the quality of economic growth.”

1. Advancing RCEP

To date, ASEAN has concluded bilateral free trade agreements (FTAs) with Japan, China, the Republic of Korea, India, and Australia-New Zealand. ASEAN’s various efforts toward the establishment of the ASEAN Community in 2015 have accelerated the movement toward East Asian economic integration centered on ASEAN.

Against this backdrop, the ASEAN Leaders adopted the framework for RCEP last November, and they decided at the East Asia Summit (EAS) to launch three working groups on trade in goods, trade in services, and investment, respectively.

Moreover, at the ASEAN Summit, held at the beginning of April, it was agreed that efforts should be made to initiate the RCEP negotiations within this year. AJBC has high expectations for the realization of the RCEP.

(1) ASEAN-Japan Comprehensive Economic Partnership (AJCEP)

The ASEAN-Japan Comprehensive Economic Partnership (AJCEP), an EPA between Japan and all of the ASEAN countries, came into force among Japan, Singapore, Laos, Vietnam, and Myanmar on December 1, 2008. AJCEP gradually came into force and into use thereafter in other ASEAN member states as well.

To promote trade liberalization through AJCEP and to use the results of AJCEP as a springboard for promoting the RCEP, it is essential that all ASEAN member states put AJCEP into force. We request that the member states that have yet to put AJCEP into force do so as soon as possible.

Negotiations are now underway regarding chapters on trade in services and on investment for AJCEP. We look forward to the conclusion of negotiations on these two chapters to ensure that AJCEP is an adequate value-added agreement compared with other bilateral EPAs that have already been formed.

(2) Realization of the RCEP

In order to expand and strengthen production and sales networks in the East Asian region, we think that ASEAN centrality is important for promoting economic partnership in the East Asian region. AJBC hopes that the decision will be made at the EAS this November to launch negotiations on the RCEP. Moreover, we request that the three working groups on trade in goods, trade in services, and investment be set up as soon as possible.

2. Enhancing ASEAN Connectivity

ASEAN has formulated and is implementing the Master Plan on ASEAN Connectivity (MPAC), which features physical infrastructure development (physical connectivity), effective institutions, mechanisms and processes (institutional connectivity), and empowered people (people-to-people connectivity). By acting to promote trade, investment, infrastructure, tourism, people-to-people exchange, and cultural exchange, the MPAC aims to strengthen ASEAN connectivity as a means to continue economic growth, to reduce development gap in the region and to complement the establishment of the ASEAN Community by 2015.

The advancement of ASEAN connectivity is critical for enhancing the competitiveness of ASEAN. Moreover, strengthening connectivity not just within ASEAN but also within neighboring countries will promote sustainable growth throughout East Asia.

At the same time, Japanese companies operating in ASEAN countries face a number of hard and soft infrastructure problems. In the former area, problems include shortages and unreliability of electric power supply and the underdevelopment of roads and railways, while problems in the latter area include the delays in customs procedures and the frequent changes and lack of transparency in trade-related legal systems.

(1) Clearly Delineating Responsibilities regarding Public-Private Partnership (PPP)

From the perspective of promoting ASEAN connectivity, AJBC welcomes the decision made by the ASEAN Leaders at the beginning of April to establish the ASEAN Infrastructure Fund (AIF).

Given the enormous funding requirements of hard infrastructure development, we believe that the use of Public-Private Partnership (PPP), in addition to the AIF, is of critical importance. While Japanese companies would like to contribute to infrastructure development through the export of infrastructure packages, taking on excessive risks poses serious concerns.

In order to facilitate hard infrastructure development through PPP, the respective responsibilities of the public and private sectors should be clearly delineated and a framework should be built to reduce the excessive risks placed on private companies.

(2) Accession to the WTO Government Procurement Agreement

Fair and transparent government procurement procedures should be created for infrastructure development essential to achieving physical connectivity. For this purpose, we request ASEAN member states that are WTO signatories but have not yet joined the WTO Government Procurement Agreement to do so as soon as possible.

(3) Promotion of Trade Facilitation within ASEAN

From the perspective of improving the business environment, Japanese companies operating in ASEAN countries request that trade be facilitated through the harmonization, proper application of customs procedures, and standards and certification systems. Such measures are also mentioned in the requests from the Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA).

In particular, we request that the following matters be realized as soon as possible: (a) introduction of an advanced classification ruling system to define tariff codes before customs clearance, (b) introduction of a self-certification scheme under the ASEAN

Trade in Goods Agreement (ATIGA), (c) rationalization and harmonization of the energy-saving standards for home electric appliances, and (d) harmonization of unification and mutual recognition of standards for automotive equipment.

3. Improving the Quality of Economic Growth by Fostering SMEs

In the ASEAN member states, small and medium-sized enterprises (SMEs) account for more than 96 percent of all companies and provide 50 to 95 percent of domestic employment. In addition, the contribution of SMEs to GDP ranges from 30 to 53 percent. In view of these figures and recognizing that SMEs are the source of both jobs and innovation in ASEAN, we believe that it is important to develop and strengthen SMEs to achieve inclusive and sustainable economic growth throughout all ASEAN countries, and thereby to create an ASEAN Economic Community (AEC) that rectifies disparities.

In ASEAN Economic Community Blueprint, ASEAN has clearly indicated that SME development will be pursued to ensure equitable economic development. Furthermore, the following six priorities have been identified in the ASEAN Strategic Action Plan for SME Development: (a) enhancing internationalization of SMEs and SME marketing capabilities; (b) improving SME access to finance; (c) strengthening SME human resource development and capacity building; (d) incubator and local SME development; (e) establishing a SME Service Center / ASEAN SME Service Desk; and (f) setting up an ASEAN SME Regional Development Fund. ASEAN member states are pursuing these objectives in their SME promotion strategies.

(1) Strengthening Partnerships between Japanese and ASEAN SMEs

Interest in pursuing business opportunities in overseas markets is growing among Japanese SMEs. We believe that promoting the entry into ASEAN of Japanese SMEs, which possess advanced technology, will promote the advancement of ASEAN SMEs through technology transfer and in turn lead to economic growth in ASEAN.

In order to expand business opportunities in ASEAN for Japanese SMEs and to strengthen partnerships between Japanese SMEs and those in ASEAN countries, we request that the business environment be improved. This would include the development of industrial parks for Japanese SMEs that are equipped with basic infrastructure, such as electric power, roads, and information and communication systems, and the creation of a one-stop service that has a Japanese language desk.

(2) Building Capacity in Economic Organizations through Partnerships

In addition to the government, economic organizations have a major role to play in the development and strengthening of SMEs. In Japan, chambers of commerce and industry have contributed to SME development for many years by offering programs in areas such as management consultation, financial support, human resources development, and support for internationalization.

The Japan Chamber of Commerce and Industry (JCCI) looks forward to contributing to the development of the human resources of chambers of commerce and industry and other economic organizations in ASEAN member states by conducting staff training programs.

By strengthening cooperation and partnerships among economic organizations such as chambers of commerce and industry in Japan and ASEAN countries, we hope to contribute to the expansion of business opportunities involving the various economic organizations' member companies and the growth of the companies themselves.

4. Promoting in Dialogue with the Japanese Business Community

(1) Promoting Public-Private Dialogue between Japan and ASEAN

AJBC welcomes the ASEAN Road Show and the holding of public-private dialogues. From the perspective of promoting the development of East Asia by strengthening the partnership between Japan and ASEAN, we hope to see this kind of public-private dialogue continue in the future.

(2) Supporting the Activities of the FJCCIA

FJCCIA is a federation founded in 2008 by the Japanese chambers of commerce and industry in ASEAN countries.

AEM has shown understanding of FJCCIA activities, including holding dialogues with FJCCIA, and we request that continued support be extended to its activities. We also ask for AEM's further support to the activities of Japanese chamber of commerce and industry in each ASEAN country.