

# Japan's cooperation towards the AEC

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September, 2015  
Mission of Japan to ASEAN

# Outline

1. Japan / ASEAN relations
2. About us
3. AEC 2015
4. Japan's cooperation towards the AEC
  - Enhancing Connectivity
  - Narrowing the Development Gap
  - Economic Partnership from AJCEP to RCEP
  - JAIF
5. Japanese Business Community in ASEAN

# 1. Japan / ASEAN relations

## History since 1967

- 1967 **Establishment of ASEAN** by 5 founding members: Indonesia, the Philippines, Malaysia, Singapore and Thailand
- 1973 **Establishment of Japan-ASEAN Forum on Synthetic Rubber**  
→ Commencement of Japan-ASEAN relations
- 1976 **1st ASEAN Summit**
- 1977 **1st Japan-ASEAN Summit**
- 1984 Admission of **Brunei**
- 1995 **1st ASEAN Regional Forum (ARF)**  
Admission of **Viet Nam**
- 1997 Admission of the **Lao PDR** and **Myanmar**  
Asian financial crisis; **1st ASEAN+3 (Japan-China-Korea) Summit**
- 1999 Admission of **Cambodia**
- 2005 **1st East Asia Summit**
- 2008 **ASEAN Charter** entry into force
- 2013 **40<sup>th</sup> anniversary of Japan-ASEAN Friendship and Cooperation**
- 2015 Establishment of **ASEAN Community**

## Five Principles of Japan's ASEAN Diplomacy

✂ Address by Prime Minister Shinzo Abe following the Indonesia-Japan Summit on 18 January 2013

- (1) Protect and promote universal values, such as freedom, democracy and basic human rights, together with ASEAN member states;
- (2) Ensure in cooperation with ASEAN member states that the free and open seas, which are the most vital common asset, are governed by laws and rules and not by force, and welcome the United States' rebalancing to the Asia-Pacific region;
- (3) Promote trade and investment, including flows of goods, money, people and services, through various economic partnership networks for Japan's economic revitalization and the prosperity of both Japan and ASEAN member states;
- (4) Protect and nurture Asia's diverse cultural heritages and traditions;
- (5) Promote exchanges among the younger generations to further foster mutual understanding.

# The Japan-ASEAN Commemorative Summit

- The Japan-ASEAN Commemorative Summit was held in Tokyo in December 2013 to celebrate the 40<sup>th</sup> anniversary of Japan-ASEAN relations.
- A Vision Statement on ASEAN-Japan Friendship and Cooperation was adopted and a Joint Statement of the ASEAN-Japan Commemorative Summit was issued to express Japan and ASEAN's common recognition of regional and global issues in the context of Japan-ASEAN relations in the international community.

## VISION STATEMENT ON ASEAN-JAPAN FRIENDSHIP AND COOPERATION

① Partners for Peace and Stability

② Partners for Prosperity

③ Partners for Quality of Life

④ Heart-to-Heart Partners

## "Future direction of Japan and ASEAN"

**O D A**

About 2 trillion yen in five years

- Maritime security
- Rule of law

- Strengthening ASEAN connectivity
- Narrowing the development gap in the region

- Disaster management
- UHC
- Empowering women

**JAIF2.0**

(Japan ASEAN Integration Fund)

About USD 100 million

- Maritime

- Terrorism, Cyber

- Connectivity

- Disaster management

- Strengthen cooperation on maritime security

- Infrastructure projects for strengthening connectivity

- Substantial agreement on negotiations on the investment and services chapter of the AJCEP

- Cooperation package for disaster management

Approx. 300 billion yen in five years

- Cultural exchange (culture and art exchange & support for Japanese language learners)

- Youth exchange

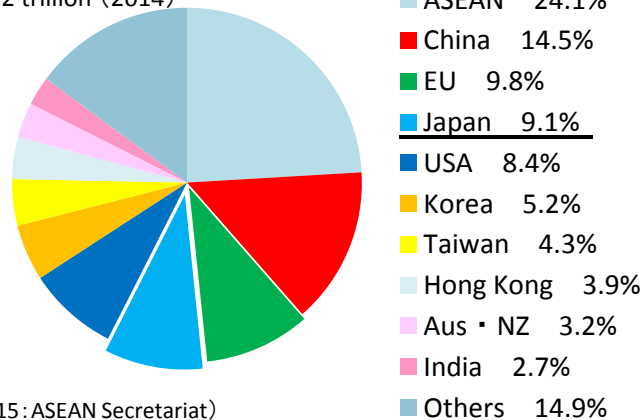
"WA Project - Toward Interactive Asia through Fusion and Harmony"

# Trade & Investment

- For ASEAN, Japan is the **third largest trading partner** after China and the EU.
- For Japan, ASEAN is the **second largest trading partner** after China.
- For ASEAN, Japan is the **second largest investor** after the EU.
- For Japan, ASEAN is the **third largest investment destination** after the US and the EU.

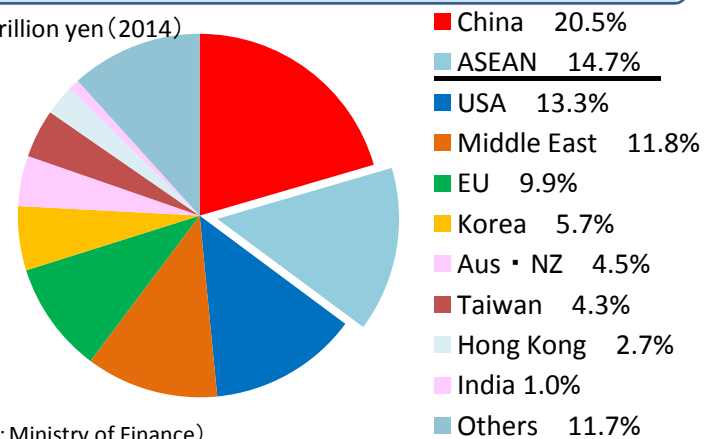
## ASEAN's Trading Partners

USD 2 trillion (2014)



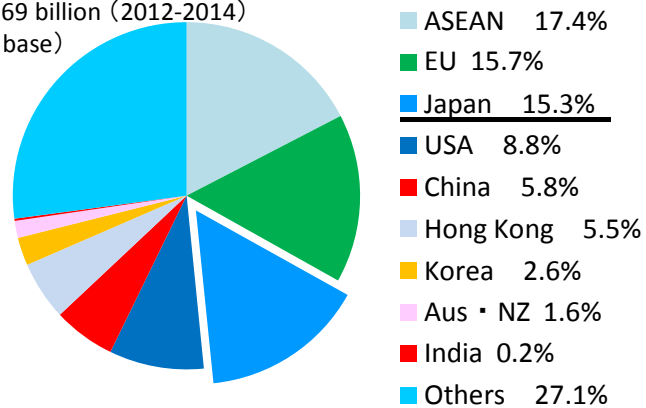
## Japan's Trading Partners

159 trillion yen (2014)



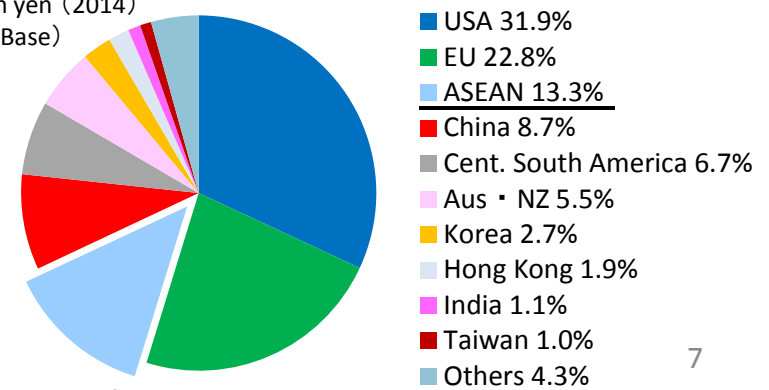
## Countries investing in ASEAN

USD 369 billion (2012-2014)  
(flow base)



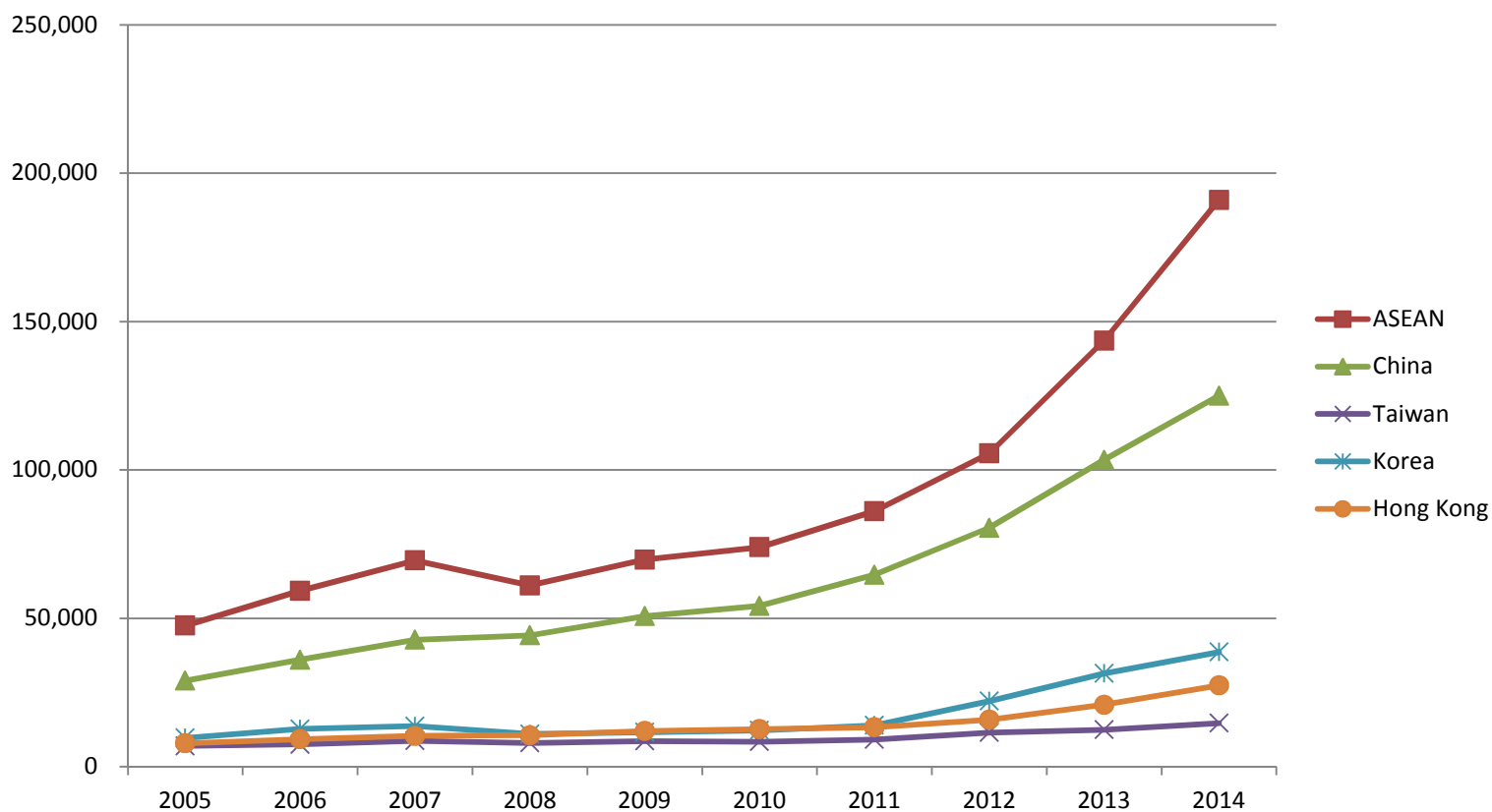
## Countries Japan invests in

144 trillion yen (2014)  
(Balance Base)



## Destination of Japan's FDI

**Japan's FDI : Trends in East Asia direct investment balance of major (JPY billion) countries and regions**



Source: Bank of Japan (stock basis)



## 2. About us

# Mission of Japan to ASEAN

## Background

- In line with the ASEAN Charter, ASEAN Committee of Permanent Representatives (CPR) was established in 2008 and ambassador level representatives were assigned in Jakarta.
- The US appointed an ambassador to ASEAN in 2008 and opened its diplomatic mission to ASEAN in 2010.
- Japan appointed its first ambassador to ASEAN who reside in Jakarta in 2010. The Mission of Japan to ASEAN, opened in May 2011, was the DP's second delegation to ASEAN in Jakarta.

## Staff of our mission

- Staff: Ambassador (Koichi Aiboshi since Mar 2014), 14 full time officials and 13 officials who concurrently hold the positions of the Embassy of Japan in Indonesia. (Ministry of Foreign Affairs; Ministry of Economy, Trade and Industry; Ministry of Land, Infrastructure, Transport and Tourism; Ministry of Finance; Ministry of Education, Culture, Sports, Science and Technology; Ministry of Agriculture, Forestry and Fisheries; Ministry of Internal Affairs and Communications; Ministry of Defense; National Police Agency; Fair Trade Commission)

## Main task of our mission

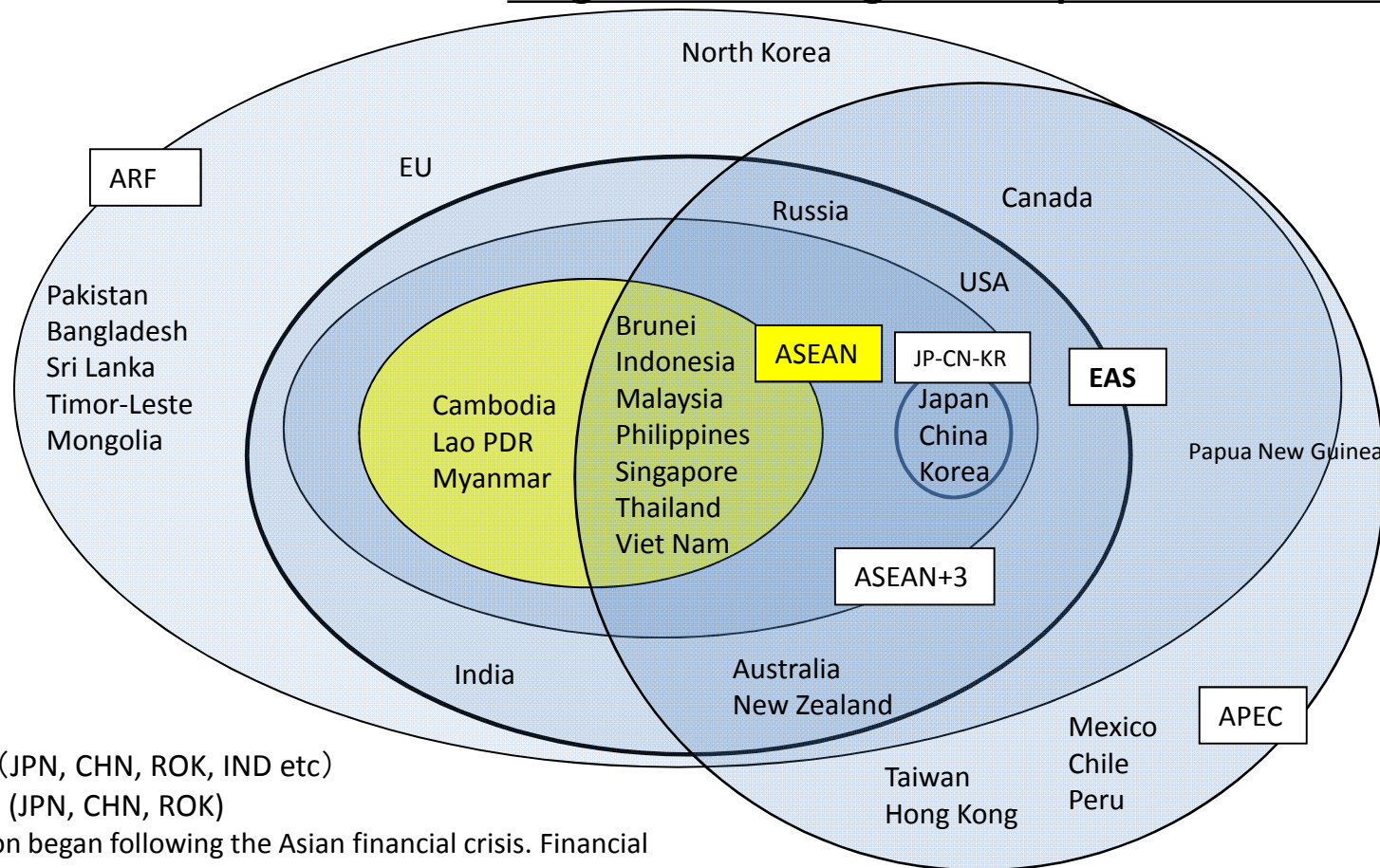
- **Following through on the agreements between Japan and ASEAN**
- **Supporting ASEAN integration process:** Japan ASEAN Integration Fund (JAIF), Support for the Master Plan on ASEAN Connectivity, Cooperation in disaster management (support for AHA Center)
- **Covering ASEAN-related meetings:** ASEAN-Japan, ASEAN+3, EAS, ARF meetings etc

## (footnote)

- As of July 2015, 83 ambassadors among non-AMS have presented letters of credential to SG Minh
- Japan, USA, China, Korea, AUS, India, NZ and EU have full time ambassadors to ASEAN. (Canada in the near future)

# Overview of the framework of Asia Pacific regional cooperation

## Progress toward regional cooperation centering on ASEAN



**ASEAN+1:** (JPN, CHN, ROK, IND etc)

**ASEAN+3 :** (JPN, CHN, ROK)

Cooperation began following the Asian financial crisis. Financial cooperation in progress. 64 cooperation mechanisms in 22 areas.

**EAS :** (ASEAN + 8)

Launched in 2005. Leaders-led cooperation framework. 6 priority areas: energy, avian influenza, education, disaster prevention, finance and connectivity

**APEC:**

Economic integration in Asia Pacific region. Launched in 1989. Promoting prosperity through liberalization & facilitation of trade & investment.

**ARF:**

Launched in 1994. 26 countries + EU. Trust-building, regional security framework for preventive diplomacy.

**Japan-China-South Korea:**

10 meetings when held together with the ASEAN Summit.  
4 independent "Japan-China-South Korea Trilateral Summit" meetings since December 2008.

## 3. AEC 2015

# Outline of AEC

## Outline of AEC Blueprint

### (1) First Pillar: Single Market and Production Base

- ✓ ① Free flow of goods (elimination of tariffs, elimination of non-tariff barriers, simplified and harmonized trade and customs procedures) ② Free flow of service ③ Free flow of investment ④ Free flow of capital ⑤ Free flow of skilled labour
- ✓ Promote the integration of Priority Sectors (agriculture products, air transport, automobiles, e-ASEAN, electrical and electronic equipment, fishery, healthcare, textiles, tourism, wood-based products, logistics service), as well as the integration of food, agriculture, and forestry sectors.

### (2) Second Pillar: Competitive Economic Region

- ✓ Aim to realize a stable, prosperous and competitive economic region by prioritizing:  
(1) Competition policy, (2) Customer protection, (3) Intellectual Property Rights (IPR), (4) Infrastructure Development, (5) Taxation, and (6) E-commerce.

### (3) Third Pillar: Equitable Economic Development

- ✓ Aim to ensure all ASEAN member countries benefit equally from economic integration and advance in an integrated manner by working on ① small and medium enterprises development, and the ② Initiative for ASEAN Integration (IAI).

### (4) Fourth Pillar: Integration into the Global Economy

- ✓ Play an active role in the development of the economic framework of the East Asia region while maintaining the "centrality of ASEAN".

## Progress of AEC

### (1) Overall progress of the AEC

The result of Phase 3 (2012-2013) of the “AEC Score card” on AEC progress has not been announced yet, but 463 out of 506 main priority measures of the AEC Blueprint (91.5%) have been implemented.

(Joint Media Statement of the 47<sup>th</sup> ASEAN ECONOMIC MINISTERS’ (AEM) MEETING 22 August 2015, Kuala Lumpur, Malaysia)

### (2) Progress of main items

- Elimination of tariffs: 99.2% for ASEAN + 6 countries; 93% planned for CLMV countries by 2015, and 100% by 2018
- Elimination of non-tariff barriers: One of the major issues towards the realization of the AEC
- Trade facilitation: Progress made in facilitation of certificate of origin and customs procedures
- Standardization: Progress made in domestic legislation of the single regulatory scheme for cosmetics, as well as for electrical and electronic equipment, manufacturing tests for pharmaceutical products, medical devices, etc., but effectiveness remains an issue.
- Service trade: Some progress made through repeated negotiations, but Mode 4 (service provision based on movement of natural persons) remains untouched in substance.
- Movement of skilled workers: The Mutual Recognition Agreement (MRA) has been signed for 8 sectors, and has taken effect in 2 sectors (engineers, architects). Smooth implementation and expansion of sectors is needed. Each country is developing domestic systems for implementing the agreement on movement of natural persons for trade and investment professionals.

## AEC Blueprint 2025

- The AEC Blueprint 2025 for the 10-year period from 2016 to 2025 is being drawn up, and the outline was endorsed at the ASEAN Economic Ministers Meeting held in August 2015. The Blueprint will be launched at the 27<sup>th</sup> ASEAN Summit in November 2015.
- According to the Joint Statement of the ASEAN Economic Ministers Meeting, the four pillars of the AEC Blueprint 2015 is expected to be changed as follows:

AEC 2025	AEC 2015
1 Highly integrated and cohesive	Single Market and Production Base
2 Competitive, innovative and dynamic	Competitive Economic Region
3 Enhanced economic connectivity as well as integration and cooperation across sectors	-
4 Foster a more resilient, inclusive, and people-oriented, people-centered community that is integrated into the global economy	Equitable Economic Development
-	Integration to the Global Economy

## 4. Japan's support for the AEC

- Enhancing Connectivity
- Narrowing the Development Gap
- Economic Partnership from AJCEP to RCEP
- JAIF



# Enhancing Connectivity; Master Plan on ASEAN Connectivity and Priority Projects

A total of **15 projects** were selected for the “Master Plan on ASEAN Connectivity” (established in October 2010).

## A. Physical Connectivity

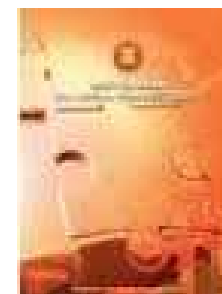
1. Completion of the ASEAN Highway Network (AHN) Missing Links and Upgrade of Transit Transport
2. Completion of the Singapore Kunming Rail Link (SKRL) Missing Links
3. Establish an ASEAN Broadband Corridor (ABC)
4. Melaka-Pekan Baru Interconnection (IMT-GT: Indonesia)
5. West Kalimantan-Sarawak Interconnection (BIMP-EAGA: Indonesia)
6. Study on the Roll-on/roll-off (RoRo) Network and Short-Sea Shipping

## B. Institutional connectivity

1. Developing and Operationalising Mutual Recognition Arrangements (MRAs) for Prioritised and Selected Industries
2. Establishing Common Rules for Standards and Conformity Assessment Procedures
3. Operationalise all National Single Windows (NSWs) by 2012
4. Options for a Framework Modality towards the Phased Reduction and Elimination of Scheduled Investment Restrictions/ Impediments
5. Operationalisation of the ASEAN Agreements on Transport Facilitation

## C. People-to-People Connectivity

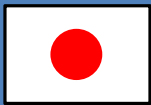
1. Easing Visa Requirements for ASEAN Nationals
2. Development of ASEAN Virtual Learning Resource Centres (AVLRC)
3. Develop ICT Skill Standards
4. ASEAN Community Building Programme



➔ The ASEAN Connectivity Coordinating Committee is to formulate a **Post-2015 ASEAN Connectivity Agenda** which would be bold, visionary and contain practical and implementable measures contributing to a well-integrated ASEAN region.

## Enhancing Connectivity; Japan's support for ASEAN Connectivity, History of cooperation

- Japan expressed its intention of support for strengthening ASEAN connectivity after the announcement of the "Master Plan on ASEAN Connectivity"
- Japan has focused on the development of "East-West and Southern Mekong Economic Corridor (land corridor)" "Maritime ASEAN Corridor (sea corridor)", and "Soft Infrastructure Projects of All ASEAN regions" as its three pillars.
- Japan presented the "Flagship Project" at the 14<sup>th</sup> ASEAN Summit (November 2011) as a list of projects that will contribute to strengthening connectivity.
- Japan presented a new project list (70 projects), in addition to the Flagship Project (33 projects), to support connectivity at the ASEAN Commemorative Summit in December 2013.
- Japan has convened regular consultative meetings for the ASEAN Connectivity Coordinating Committee (ACCC) and the Japan Task Force on ASEAN Connectivity



### Japan Task Force (TF) on ASEAN Connectivity

Chair: Ministry of Foreign Affairs

- ✓ Various Line Ministries
  - Communication (MIC)
  - Finance and Custom (MOF)
  - Trade and Industry (METI)
  - Infra, Transport, and Tourism (MLIT)
- ✓ JICA and JBIC
- ✓ Private Sector:
  - Keidanren (Japan Business Federation),
  - Japan Chamber of Commerce and Industry



**1<sup>st</sup> Joint Committee**

in July 2011



Already held  
**8 meetings**




### ASEAN Connectivity Coordination Committee (ACCC)

Chair and other ACCC members  
from each Member State  
(Permanent Representatives or  
similar high-level officials)

- National Coordinators appointed for each Member State
- ASEAN Sectoral Ministerial Bodies

# Enhancing Connectivity; Support for ASEAN Connectivity

-  **EWEC** Da Nang, Vietnam ~ Mawlamyaing, Myanmar
-  **SEC** Ho Chi Minh, Vietnam ~ Dawei, Myanmar

〈Support for enhancing connectivity in all ASEAN regions〉

## <Formation of the Vital Artery for East-West and Southern Economic Corridor>

Infrastructure development and connection between the South China Sea and the Indian Ocean in the Mekong region

Develop the “**South Corridor**” connecting Ho Chi Minh, Phnom Penh, Bangkok and Dawei as well as “**East-West Corridor**” expanding from Da Nang to Mawlamyaing. Develop both corridors to enable overland access across the Indochina Peninsula, which will significantly ease the transportation and distribution of goods.

### 【Example Projects】

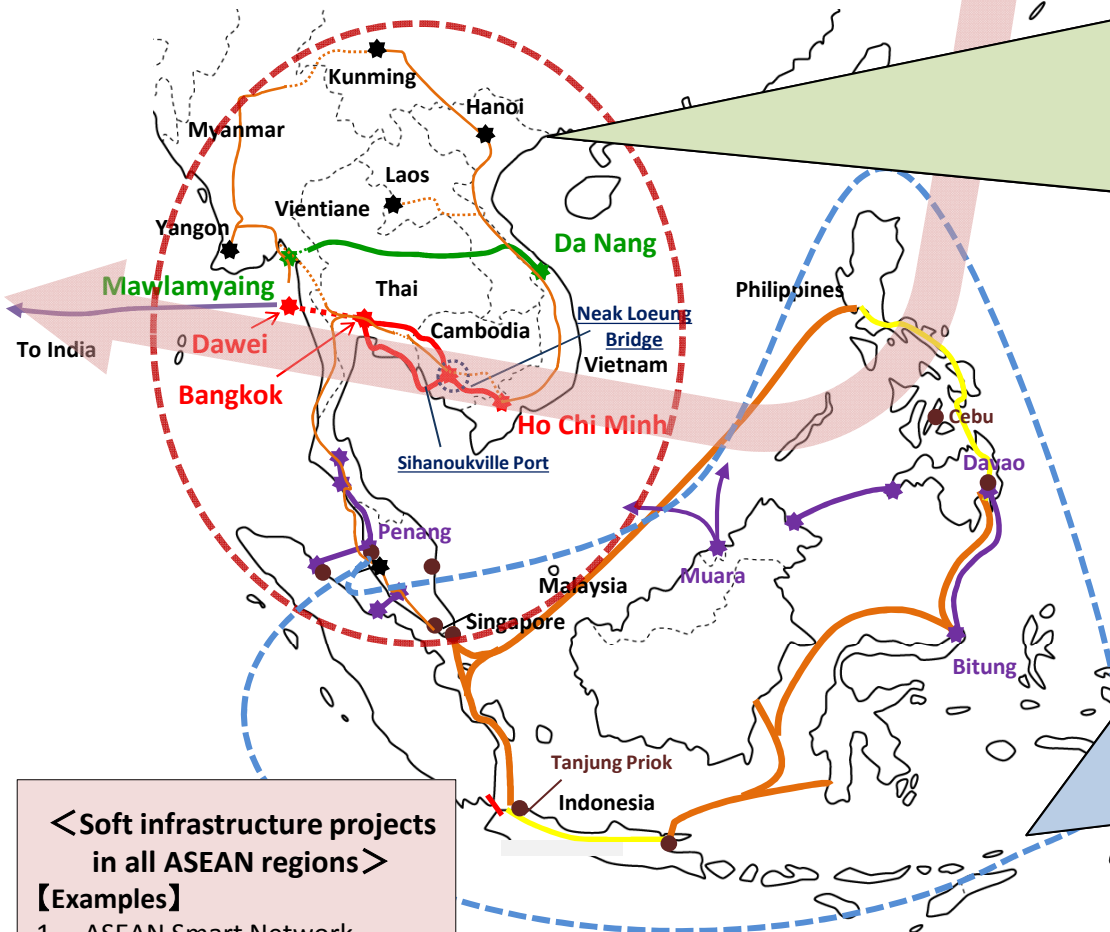
1. Missing Link Development (e.g. Neak Loeung Bridge in Cambodia, South-North Expressway in Vietnam)
2. Port Development (e.g. Cai Mep–Thi Vai International Port in Vietnam, Sihanoukville Port Multipurpose Terminal in Cambodia, etc.)

## <Maritime ASEAN Economic Corridor>

Consolidating connectivity through the development of ports, port-associated industries as well as energy and ICT network, targeting cities in Malaysia, Singapore, Indonesia, Brunei and the Philippines. Support the vision of the Indonesia Economic Development Corridor.

### 【Example Projects】

1. Development of the Roll-on/Roll-off (RoRo) Network and short-sea shipping (Philippines, Indonesia, etc.)
2. Development of the vessel traffic service system (Indonesia, etc.)



## <Soft infrastructure projects in all ASEAN regions>

### 【Examples】

1. ASEAN Smart Network
2. Support smooth border-crossing of people and goods
3. Establish common standards for automobiles

‘Ring Shipping Route’ to be improved described in M/P Chap.3

Potential International Route described as Key Action in M/P Chap.3

## Enhancing Connectivity; Japan's Flagship Projects for Enhancing ASEAN Connectivity (Examples)

### Soft Infrastructure Projects throughout the ASEAN region

- ✓ Assistance for Harmonization of Automotive Regulations and Mutual Recognition
- ✓ ASEAN Smart Network Initiative
- ✓ Assistance for ASEAN Single Aviation Market
- ✓ Logistics Enhancement Support Project, Sea-Land Intermodal Transportation through the use of Express RORO Vessel
- ✓ Supporting Program for ASEAN Common Skill Standard Initiative for ICT Professionals
- ✓ ASEAN University Network/ Southeast Asia Engineering Education Development Network
- ✓ Disaster Management Network for ASEAN Region
- ✓ Trade Facilitation in Asia, Promotion of Port Electronic Data Interchange (EDI)
- ✓ Project for Establishing Food Security Network
- ✓ Project for Strengthening Food Value Chain
- ✓ Establishment of Supply Chain Visibility Platform for ASEAN countries
- ✓ Project for Capacity Building and Implementation of International SPS Standards in ASEAN Countries, as well as Prevention and Control of Major Trans-boundary Animal Diseases in Asia



## Enhancing Connectivity; Japan's Flagship Projects for Enhancing ASEAN Connectivity (Examples)

### Vision 1: Formation of the Vital Artery for East-West and Southern Economic Corridor

#### *Mekong Region*

- ✓ Study to Realize New Economic Corridor (Land Bridge)

#### *Viet Nam*

- ✓ Lach Huyen Port Infrastructure Construction
- ✓ Terminal 2 Construction Project of Noi Bai International Airport
- ✓ Cai Mep–Thi Vai Int. Port Construction
- ✓ Project for Disaster and Climate Change Counter-measures Using Observation Satellite

#### *Cambodia*

- ✓ Cambodia National Road No.5 Rehabilitation
- ✓ Construction of Neak Loeung Bridge
- ✓ Sihanoukville Port Multipurpose Terminal Development



#### *Lao PDR*

- ✓ Southern Region Power System Development
- ✓ Improvement of National Road No.9 as East-West Economic Corridor of the Mekong Region

#### *Myanmar*

- ✓ Infrastructure Development in Thilawa Area Phase I
- ✓ Yangon-Mandalay Railway Improvement

### Vision 2: Maritime ASEAN Economic Corridor

#### *Indonesia*

- ✓ Cilamaya New Port Development
- ✓ Improvement and Expansion of Tanjung Priok Port
- ✓ Jawa-Sumatra Interconnection Transmission Line Project
- ✓ Connectivity Development Policy Loan



#### *Philippines*

- ✓ Maritime Safety Capacity Improvement for the Philippine Coast Guard

#### *Malaysia*

- ✓ Project on Enhancing Practical Capacity for Maritime Safety and Improving Education and Training Education Program

#### *Malaysia, Indonesia*

- ✓ Melaka-Pekan Baru Interconnection

#### *Indonesia, Philippines, etc.*

- ✓ F/S on the Roll-on/Roll-off (RORO) Network and Short-Sea Shipping

# Narrowing the Development Gap

## Various frameworks or initiatives

### ➤ Mekong River Commission

In 1957, the Mekong Committee was launched by four countries : Vietnam Cambodia, Laos, and Thailand. Although the committee paused its activities temporarily in 1975, it started again as Mekong Interim Committee in 1978. The Mekong River Commission was inaugurated in April 1995 as the inheritance of the former Mekong Interim Committee.

### ➤ Greater Mekong Sub-region (GMS) Regional Economic Cooperation

In 1992, the Asian Development Bank (ADB) hosted the 1st Ministerial Conference of the Greater Mekong Sub-region Regional Economic Cooperation.

### ➤ Initiative for ASEAN Integration (IAI)

The IAI was launched at the ASEAN Summit Meeting in 2000 to narrow the development gap and enhance ASEAN's competitiveness as a region. Under the IAI, two Work Plans have been implemented since 2002.

### ➤ Mekong-Japan Summit

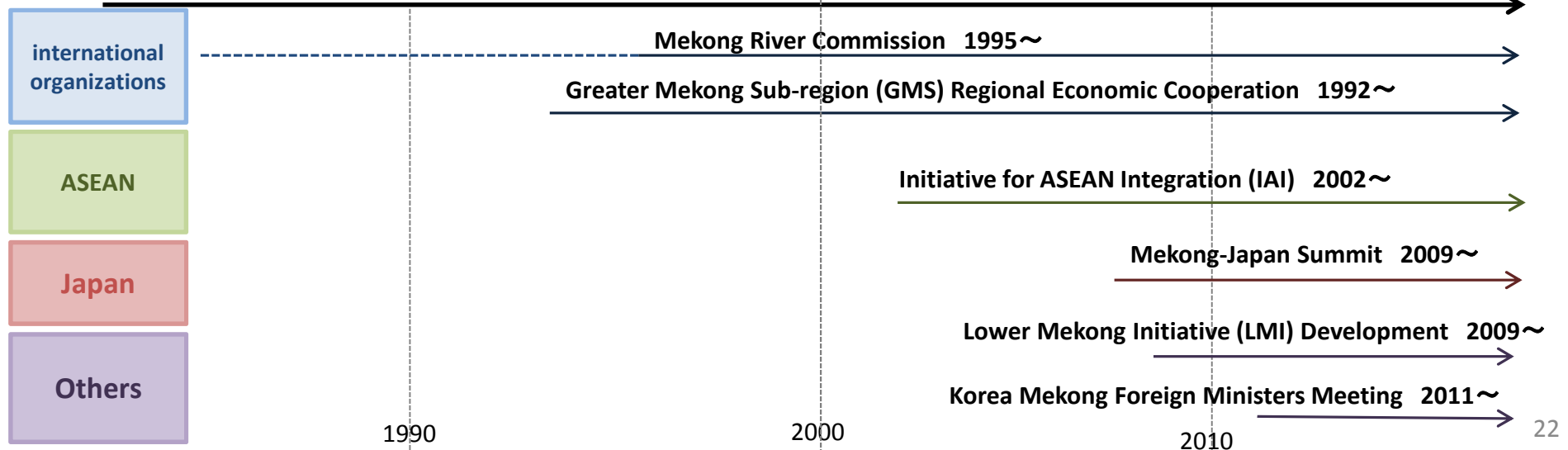
Both Mekong-Japan Summit- and Ministerial-levels are held annually since 2009. The “New Tokyo Strategy 2015 for Mekong-Japan Cooperation”, for the next three years, was adopted during the 7<sup>th</sup> Summit meeting in 2015.

### ➤ Lower Mekong Initiative (LMI) Development

In order to support the mutual cooperation between the US and Lower Mekong, ministerial meeting has been held annually since 2009.

### ➤ Korea Mekong Foreign Ministers Meeting

Korea-Mekong Foreign Ministers Meeting has been held since October 2011. Action plan of 2014-2017 years has been adopted 2014.





# Narrowing the Development Gap; Japan's Cooperation to Mekong Region



Japanese government has implemented many projects in the East-West Economic Corridor (EWEC) and the Southern Economic Corridor (SEC) which would contribute to enhancing connectivity, including the free flow of goods and services in the Mekong region, thereby building a greater sense of community.



Cambodia

ODA (Total): 296.604 billion yen

- (1) Project for construction of Neak Loeung Bridge (Grant aid of 11.94 billion yen in fiscal year 2010)  
→ Project completed in April this year as Tsubasa Bridge
- (2) National Road No.5 Improvement Project (Yen loan in in fiscal year 2013 and 2014, total of 29.759 billion yen)



Laos

ODA (Total) 243.576 billion yen

- (3) The Project for Improvement of National Road No.9 as East-West Economic Corridor of the Mekong region (Grant aid of 3.273 billion yen in fiscal year 2011)
- (4) Vientiane International Airport Terminal Expansion Project (Yen loan of 9.017 billion yen in fiscal year 2013)



National Road No. 9



Myanmar

ODA (Total) 947.823 billion yen (\*including debt relief in 2013)

- (5) Yangon-Mandalay Railway Improvement Project (Phase 1) (Yen loan of 20 billion yen in fiscal year 2014)
- (6) Infrastructure Development Project in Thilawa Area (I), (II), (III) (Yen loan of 39.4 billion yen in fiscal years 2013 and 2014)



Thailand

ODA (Total) 2,591.421 billion yen

Second Mekong Friendship Bridge



- (7) Mass Transit System Project in Bangkok (Red Line phase 2) (Yen loan of 38.203 billion yen in fiscal year 2015)
- (8) Outer Bangkok Ring Road Improvement Project (Grant aid of 5.48 billion yen in fiscal year 2012)



Viet Nam

ODA (Total) 2,547.865 billion yen

- (9) Terminal 2 Construction Project in Noi Bai International Airport (Yen loan of a total of 59.253 billion yen in fiscal years 2009, 2011, and 2013) → Completed in January this year
- (10) Nhat Tan Bridge (Yen loan of a total of 54.163 billion yen in fiscal years 2005, 2010, and 2012)  
→ Completed in January this year

“We expressed our thanks to the Government of Japan and other development partners for their support to CLMV countries under various Mekong cooperation frameworks.”  
(Joint Declaration of the CLMV Summit on June 22 (in Nay Pyi Taw))



A note of Cambodia in which Tsubasa Bridge is printed with Japanese flag

# Narrowing the Development Gap; Development of Mekong-Japan Cooperation



## 1. Cambodia, Laos, Vietnam (CLV) and Japan Summit (November 2004 to November 2007)

Held a total of three times. In the Second Summit (December 2005), Japan announced the details of new initiatives to support CLV of (1) measures to reduce poverty, such as support for the Development Triangle (total amount, approximately 2 billion yen), (2) measures against infectious diseases, and (3) support to promote investment and trade by the private sector.

## 2. CLV-Japan Foreign Ministers' Meeting (November 2004 to July 2008)

Held a total of five times. In the Third Meeting (January 2007), the Japan-Mekong Region Partnership Program was announced. The following three new initiatives were also announced. (1) In the three years from 2007 to 2009, Japan would increase its ODA to each of Cambodia, Laos, Vietnam and the Mekong region (2) officially start negotiations on an investment agreement with Cambodia and Laos, and (3) hold the Mekong-Japan Ministerial Meeting.

### The Mekong-Japan Foreign Ministers' Meeting

**The First Mekong-Japan Foreign Ministers' Meeting** (January 2008, venue: Tokyo)

**The Second Mekong-Japan Foreign Ministers' Meeting** (October 2009, venue: Cambodia)

**The Third Mekong-Japan Foreign Ministers' Meeting** (July 2010, venue: Vietnam)

**The Fourth Mekong-Japan Foreign Ministers' Meeting** (July 2011, venue: Indonesia)

**The Fifth Mekong-Japan Foreign Ministers' Meeting** (July 2012, venue: Cambodia)

Adopted the Mekong-Japan Action Plan for the Realization of Tokyo Strategy 2012

**The Sixth Mekong-Japan Foreign Ministers' Meeting** (June 2013, venue: Brunei)

**The Seventh Mekong-Japan Foreign Ministers' Meeting** (August 2014, venue: Myanmar)

**The Eighth Mekong-Japan Foreign Ministers' Meeting** (August 2015, venue: Malaysia)

Adopted "Chair's Statement" and "Mekong-Japan Action Plan for Realization of the New Tokyo Strategy 2015"

### People-to-People Exchanges

#### ● The Mekong-Japan Exchange Year 2009

Implemented exchange programs in a wide range of fields, including for political dialogue; economic, cultural and youth exchanges; and for tourism.

#### ● JENESYS

A youth exchange project implemented for five years from 2007 on the scale of about 54,000 people between Asia Pacific countries and the region.

#### ● JENESYS 2.0

A youth exchange project implemented for two years from 2013 on the scale of about 20,000 people between Asia Pacific countries and the region.

#### ● JENESYS2015

Scheduled to implement human exchanges bet. Japan and Asia Pacific countries for one year from 2015 on the scale of about 3,700 people.

### The Mekong-Japan Summit Meeting

**The First Mekong-Japan Summit Meeting** (attended by Prime Minister Hatoyama (at that time), November 6-7, 2009, venue: Tokyo) The first ever Mekong-Japan Summit Meeting was held in Tokyo. Adopted the Tokyo Declaration and the Mekong-Japan Action Plan 63

**The Second Mekong-Japan Summit Meeting** (attended by Prime Minister Kan (at that time), October 2010, venue: Vietnam) Adopted the Action Plan for the Decade Toward the Green Mekong Initiative and also the Mekong-Japan Economic and Industrial Cooperation Initiative(MJ-CI) Action Plan.

**The Third Mekong-Japan Summit Meeting** (attended by Prime Minister Noda (at that time), November 2011, venue: Indonesia)  
Resolved to hold the 2012 Summit Meeting in Japan.

**The Fourth Mekong-Japan Summit Meeting** (attended by Prime Minister Noda (at that time), April 2012, venue: Tokyo)

The Tokyo Strategy 2012 (established the new pillars for Mekong-Japan cooperation up to 2015)

Announced approximately 600 billion yen in support, presented major infrastructure projects (57 projects), and established the Millennium Development Goals for the Mekong region (the infant mortality rate).

**The Fifth Mekong-Japan Summit Meeting** (attended by Prime Minister Abe, December 2013, venue: Tokyo)  
Held in side line of the the ASEAN-Japan Commemorative Summit Meeting.

Adopted the Mid-Term Review of the Tokyo Strategy 2012

Revised the Action Plan for the Realization of the Tokyo Strategy 2012

**The Sixth Mekong-Japan Summit Meeting** (attended by Prime Minister Abe November 2014, venue Myanmar) Confirmed the direction of the cooperation toward the construction of the ASEAN Community in 2015 centered on the three main pillars of Mekong-Japan cooperation, and announced cooperation with various countries and organizations, including the United States and the OECD. Resolved to hold the 2015 Summit Meeting in Japan.

**The Seventh Mekong-Japan Summit Meeting** (attended by Prime Minister Abe, 2015 July, venue: Tokyo)

Adopted the "New Tokyo Strategy 2015"

Announced approximately 750 billion yen of support over the next three years.





## Narrowing the Development Gap; The Seventh Mekong-Japan Summit Meeting

[Date and Place] July 4, 2015 (Sat.) in Tokyo (State Guest House)

### [Participants]

Prime Minister Abe (Chairman), Prime Minister Hun Sen (Cambodia),  
Prime Minister Thongsing (Laos), President Thein Sein (Myanmar),  
Prime Minister Prayut (Thailand), Prime Minister Dung (Viet Nam)



### [Significance and Objectives]

- (1) To strengthen closer relationship with Mekong countries, promising growth partners
- (2) To implement “High-Quality Infrastructure Partnership”
- (3) Evaluation of past 70 years of contribution by Japan and “Proactive Contribution to Peace”
- (4) A good opportunity to exchange opinions on regional/global situations, including the South China Sea, with the Mekong countries
- (5) Message of support for building the ASEAN Community by the end of 2015
- (6) Adoption of the “New Tokyo Strategy 2015” for Mekong-Japan cooperation

For the realization of “quality growth” in the Mekong Region,

- ◆ Providing 750 billion yen of ODA support over the next three years
- ◆ Promoting further private-sector investment and enhancing public-private partnerships

# Narrowing the Development Gap; Four Pillars of “New Tokyo Strategy 2015”

## 1. “Hard Efforts”

Industrial infrastructure development in the Mekong region and to strengthen “hard connectivity” within the region and with the surrounding regions.

⇒ To respond to vast infrastructure development, Japan will promote quality infrastructure development.

- ◇ Industrial infrastructure development
- ◇ Strengthening “hard connectivity” (land, maritime and air connectivity)



## 2. “Soft Efforts”

Industrial human resource development and to strengthen “soft connectivity”

⇒ To realize “quality growth,” “soft efforts” as well as “hard efforts” are important

- ◇ To advance industrial structures and to develop human resources
- ◇ To strengthen “soft connectivity” (institutional connectivity, economic connectivity, people to people connectivity))



## 3. The Realization of a Green Mekong

⇒ To realize “quality growth,” efforts for sustainable development are important

- ◇ Disaster risk reduction (UN World Conference on Disaster Risk Reduction, “World Tsunami Day”)
- ◇ Climate change (including promotion of highly-efficient coal-fired power generation)
- ◇ Water resource management (Mekong River Commission (MRC))
- ◇ Conservation and sustainable use of aquatic fishery resources (including cetaceans)



## 4. Coordination with various stakeholders

⇒ To implement efficient and effective assistance for the realization of “quality growth,” it is important to coordinate with various stakeholders

- ◇ Coordination with efforts of the Mekong region countries
- ◇ Coordination with international organizations/NGOs (enhancing collaboration with ADB)
- ◇ Coordination with major concerned parties (Japan-US coordination, the Japan-China Policy Dialogue on the Mekong Region, etc.)



# Outline of ASEAN-Japan Comprehensive Economic Partnership (AJCEP) Agreement

## Significance & Outline

Japan's first multilateral Economic Partnership Agreement (EPA) strengthens strategic relationship between Japan and ASEAN, which already had a close relationship with Japan. In addition to the liberalization and facilitation of trade in goods, the agreement also regulates:

- (1) cooperation in the field of intellectual property, agriculture, forestry and fisheries (including measures in illegal logging),
- (2) future negotiations and other related matters on the liberalization and protection of trade in services as well as investment

In 2014, the use of preferential tariff of AJCEP by Japanese companies amounted to about 8,500 items.

## History of Negotiations

- Apr 2005 Start AJCEP negotiations. 11 formal negotiation meetings has been held since.
- Nov 2007 Conclude negotiations for trade in goods, etc. at the Japan-ASEAN Summit.
- Dec 2008 Take effect in more rapid succession. Hold Joint Committee Meetings more regularly since.
- Oct 2010 Start negotiations in the field of investment and services.
- Dec 2013 Reach substantial agreement in negotiations on investment and services chapters at the Japan-ASEAN Commemorative Summit

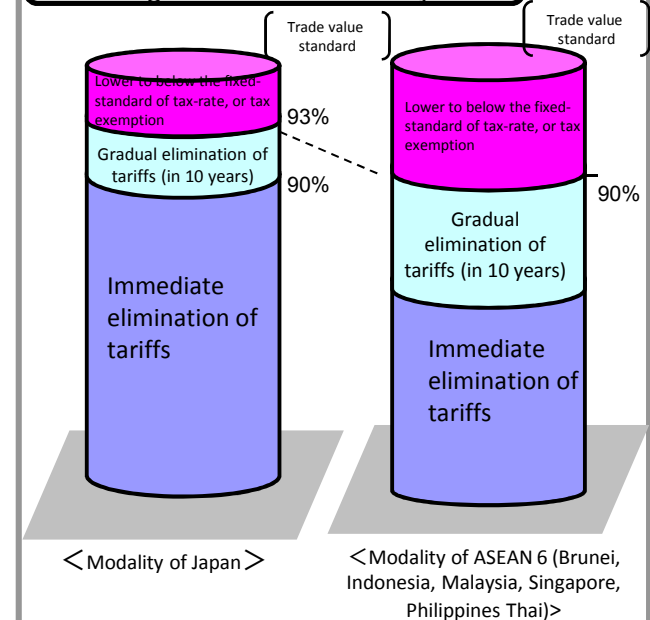
Japan's offer

- Ironworks products: Elimination of tariffs for almost all to be implemented within 10 years.
- Agriculture, forestry and fisheries products: Japan has tried its best through implementing elimination of tariffs for ASEAN's items of interest, while following what needs to be followed.

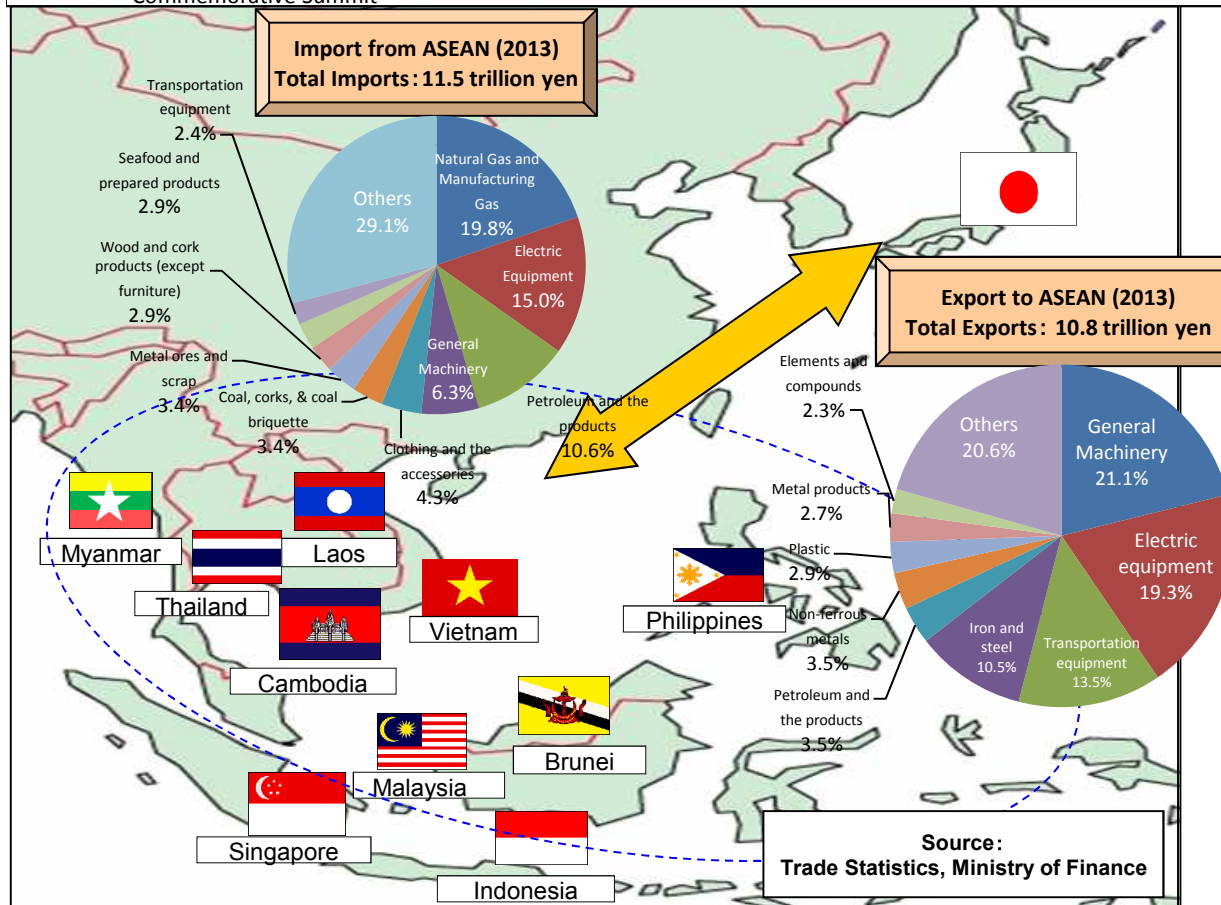
ASEAN's offer

- Realization of high-quality offer: Nearly all countries have committed to sufficiently eliminate and reduce tariffs, etc. for highly effective items that benefit from the accumulation of the Rule of Origin (e.g. thin-type television, thin-type television panel, automotive parts).

## Method of liberalization of trade in goods for each country



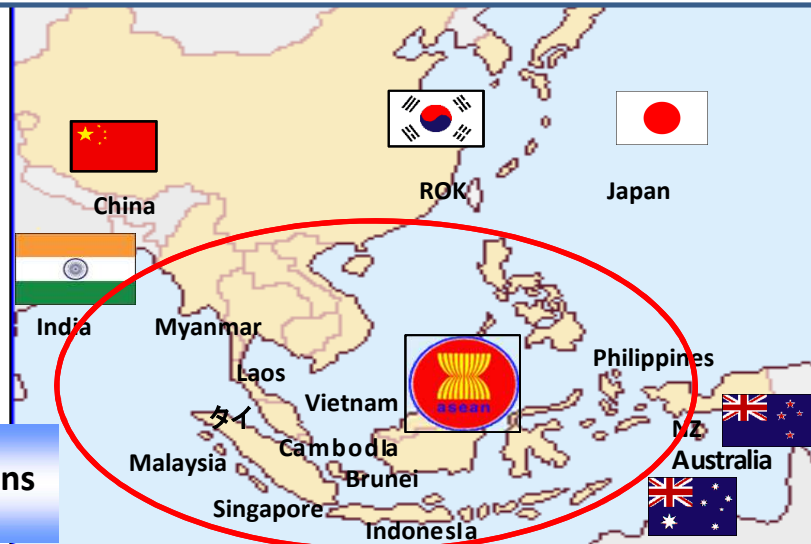
ASEAN new Member States (Cambodia, Laos, Myanmar, Vietnam): Establish margins suited to each country's stage of economic development compared to the ASEAN 6



## Regional Comprehensive Economic Partnership (RCEP) Negotiations

### What is RCEP?

- Abbreviation for 'Regional Comprehensive Economic Partnership'.
- A regional economic partnership in which 10 ASEAN countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thai, Vietnam) + 6 countries (Japan, China, ROK, Australia, New Zealand, India – herewith referred to as 'FTA partners') take part in the negotiations.



### Current situation around RCEP Negotiations

The Comprehensive Economic Partnership in East Asia (CEPEA: ASEAN+6) proposed by Japan and the East Asia Free Trade Area (EAFTA: ASEAN+3) proposed by China coexist. Private research and inter-governmental review of both partnership agreements have been conducted.

November 2012: Leaders of ASEAN countries and FTA partners announced the launch of RCEP negotiations during the ceremony for the Launch of Negotiations for the RCEP during the ASEAN Related Summit Meetings.

May 2013: First round of negotiation meetings was held in Brunei.

August 2015: Third ministerial meeting was held in Malaysia.

- Nine rounds of negotiation talks and four ministerial meetings (including one mid-term meeting) have been held so far.
- Future meetings are scheduled as follows:
  - October 2015: 10th round of negotiation talks to be held in South Korea.

### Significance and potential key benefits

- (if realized) the RCEP will create a regional economic zone that encompasses a population of about 3.4 billion people (approx. half the world's total population), GDP of about 20 trillion dollars (approx. 30% of world's total GDP), total trade of 10 trillion dollars (approx. 30% of world's total GDP). The inclusion of the Asia-Pacific region is essential for maintaining and promoting Japan's economic growth.
- Establishing an expanded FTA that covers a broader scope than the existing ASEAN+1 promotes further trade and investment between participating countries and contributes to the expansion of regional supply chains, etc.
- Contribute to regulating the region due to the inclusion of trade in services, investment, intellectual property, and others in addition to trade in goods (e.g. tariffs reduction).
- Contribute to the future establishment of the Free Trade Area of the Asia Pacific (FTAAP).



## Background

- JAIF was established in 2006 in the amount of approximately USD 70 million, based on the pledge made by then Prime Minister Junichiro Koizumi at the 9<sup>th</sup> ASEAN-Japan Summit in 2005. The main objectives of JAIF are to support the integration efforts of ASEAN Member States to establish the ASEAN Community while promoting cooperation between ASEAN and Japan.
- Since its establishment, several fundings have been added to JAIF (JENESYS, JENESYS2.0, AJCEP etc).
- At the ASEAN-Japan Commemorative Summit held in Tokyo in December 2013, Prime Minister Shinzo Abe announced to establish a new JAIF2.0 worth USD 100 million. JAIF2.0 is being utilized to realize the “Vision Statement on ASEAN-Japan Friendship and Cooperation” adopted by our leaders at the Commemorative Summit.

## Overview

- Total Contributions: Approx. USD 620 million
- Projects: Approx. 350 projects
- Cooperation Areas: Disaster Management, Combating Transnational Crime, Trade Facilitation, SMEs, ICT, Food and Agriculture, Social Welfare, and Cultural and Youth Exchange, etc
- Management of funds:
  - > The Secretary-General of ASEAN is responsible for the administrative of the fund.
  - > Eligible Entities, such as Ministries, Government-affiliated Organizations of AMS, and NPOs of both AMSs and Japan can propose projects.
  - > The JAIF Management Team (JMT) established in the ASEAN Secretariat in 2011 assists in forming and implementing projects.



## Examples of JAIF Projects



### 【Political and Security】

- Implementation of workshops on Japan- ASEAN Terrorism Dialogue/Cybercrime Dialogue and various workshops under the same framework.
- Research and policy recommendations to strengthen Japan-ASEAN Strategic Partnership by Japan-ASEAN think tank.
- Regional cooperation to address the removal of minefields and mine-related issues within the ASEAN region.
- Seminar on strengthening women's participation in peace-building processes.

### 【Economic】

- Comprehensive industrial human resources development project (human resource development for highly specialized professionals/ development and dissemination of small and medium-sized enterprises reliability index).
- Establishment of industry-university networks for entrepreneur education to strength the competitiveness of small and medium-sized enterprises from the ASEAN region.
- ASEAN Smart Network (demonstration/ research).
- Taxonomy capacity building to support market access for agricultural trade in the ASEAN region.
- Human resource development to strengthen the operation of preferential rules of origin.

### 【Society and Culture】

- AHA Center support
  - ✓ Integrated ICT system building support
  - ✓ Disaster Emergency Logistic System for ASEAN (DELSA)
  - ✓ ASEAN disaster management cadet training program (ACE program)
- People-to-people Exchange Programs (JENESYS, JENESYS2.0 (Approx. 27,500 people exchanges between ASEAN and Japan until March 2015), JENESYS 2015, etc)
- Japan-ASEAN Music Festival, Japan-ASEAN Television Festival
- Improving quality of life for people with disabilities project and capacity building assistance for disabled administrative officials

### 【ASEAN Integration Initiative】

- Dispatch and training support for the ASEAN Secretariat administrative officers of CLMV countries.

## 5. Japanese Business Community in ASEAN



# Japanese Companies in ASEAN

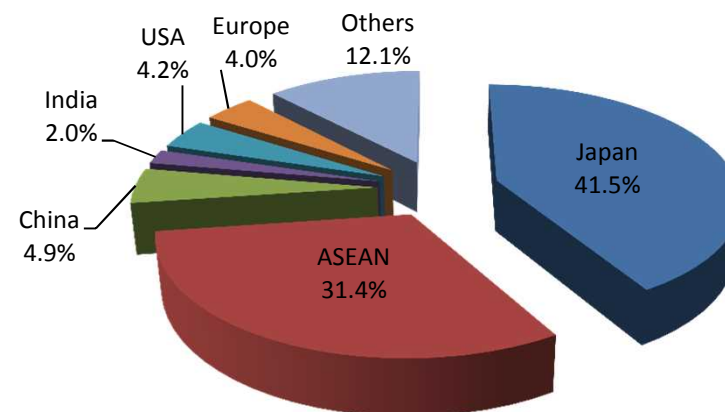
## Membership of Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA)

Country	June 2013	June 2014	June 2015
Brunei	3	3	3
Cambodia	144	168	192
Indonesia	631	703	743
Lao PDR	56	71	77
Malaysia	568	582	607
Myanmar	107	168	239
Philippines	674	721	745
Singapore	772	801	832
Thailand	1,479	1,552	1,624
Viet Nam	1,213	1,323	1,463
<b>Total</b>	<b>5,647</b>	<b>6,092</b>	<b>6,525</b>

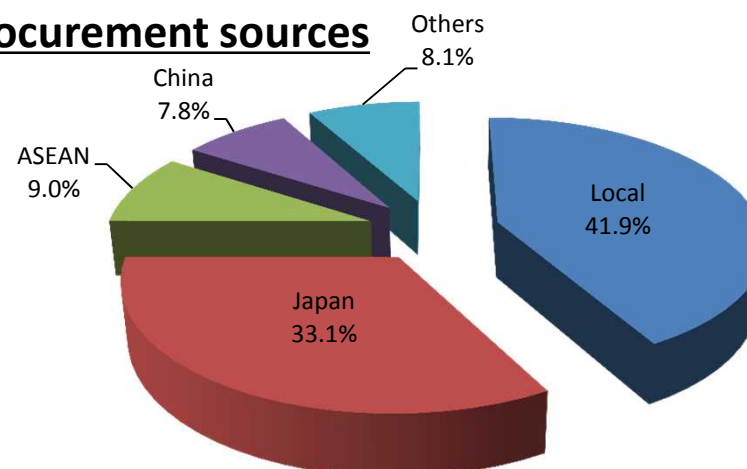
Source : FJCCIA

## Activities of Japanese Companies in ASEAN

### Export destinations



### Average ratio of raw materials and parts procurement sources



Source: Survey of Japanese-Affiliated Firms in Asia and Oceania (2014/JETRO)

## Countries/Areas Targeted by Japanese Manufacturing Companies Over a Medium-Term Period (Around 3 Years)

2011			2012			2013			2014		
Rank	Country	Rate(%)	Rank	Country	Rate (%)	Rank	Country	Rate (%)	Rank	Country	Rate(%)
1	China	72.8	1	China	62.1	1	Indonesia	44.9	1	India	45.9
2	India	58.6	2	India	56.4	2	India	43.6	2	Indonesia	45.7
3	Thailand	32.5	3	Indonesia	41.8	3	Thailand	38.5	3	China	43.7
4	Viet Nam	31.4	4	Thailand	32.1	4	China	37.5	4	Thailand	35.3
5	Brazil	28.6	5	Viet Nam	31.7	5	Viet Nam	30.3	5	Viet Nam	31.1
5	Indonesia	28.6	6	Brazil	25.7	6	Brazil	23.4	6	Mexico	20.2
7	Russia	12.4	7	Mexico	14.0	7	Mexico	17.2	7	Brazil	16.6
8	USA	9.9	8	Russia	12.5	8	Myanmar	13.1	8	USA	13.2
9	Malaysia	7.7	9	USA	10.3	9	Russia	12.3	9	Russia	12.0
10	Taiwan	6.9	10	Myanmar	9.9	10	USA	11.1	10	Myanmar	11.0
11	Korea	6.1	11	Malaysia	7.0	11	Philippines	8.0	11	Philippines	10.0
12	Mexico	5.7	12	Korea	4.5	12	Malaysia	7.6	12	Malaysia	9.2
13	Singapore	4.9	12	Turkey	4.5	12	Korea	5.7	13	Turkey	5.2
14	Philippines	3.0	14	Taiwan	4.3	14	Taiwan	4.7	14	Singapore	5.0
15	Turkey	2.4	15	Philippines	4.1	15	Turkey	4.7	15	Cambodia	4.0
16	Australia	1.6	16	Singapore	3.1	16	Singapore	3.9	15	Korea	4.0
16	Bangladesh	1.6	17	Cambodia	2.5	17	Cambodia	2.5	17	Taiwan	3.8
16	Cambodia	1.6	18	Australia	2.1	18	Germany	2.0	18	Germany	1.8
19	Myanmar	1.4	19	Bangladesh	1.9	19	South Africa	2.0	19	France	1.4
20	UK	1.2	20	Germany	1.2	20	Laos	1.8	19	Saudi Arabia	1.4
									19	South Africa	1.4



ASEAN member states



(Source) Bank of Japan for  
International Cooperation

## Japan-ASEAN Business Dialogue

- Since the establishment of FJCCIA in 2008, there has been an regular dialogue with the ASEAN Secretary-General towards the realization of AEC 2015.
- Practical and concrete dialogue is realized by bringing together on-site voices of various Japanese companies operating in the ASEAN region to ASEAN.
- Seven years of dialogue has produced outcomes in areas such as customs procedures, standardization of standards, Mekong regional development, and Information Technology Agreement (ITA) negotiations.
- The dialogue with FJCCIA was referred to in a joint statement from the ASEAN Economic Ministers Meeting in recognition of the contribution made towards the implementation of the AEC.

### 【MAIN FOCUS OF 2015 request】

#### **1. Need for more skilled workers**

Japanese companies operating in ASEAN are ready to contribute to the vocational training.

#### **2. Strengthening institutional connectivity**

Realization of the ASEAN Single Window. Development of systems which enable cross-border transportation.

#### **3. Enhancing function of ASEAN Secretariat**

Enhancing the function of the ASEAN Secretariat by improving budget and human resources.