

The 38th ASEAN-Japan Business Meeting Summary of Proceedings and Conclusions

1. Introduction

The 38th ASEAN-Japan Business Meeting (AJBM) on the theme “Global Challenges and the ASEAN-Japan Response” was held in Kuala Lumpur, Malaysia. The Pre-Conference Steering Committee Meeting was held on 22 October 2012 and the Post-Conference Steering Committee Meeting was held on 24 October 2012.

The 38th AJBM was attended by 37 delegates from Japan representing Keizai Doyukai and 87 delegates from ASEAN participated in the Conference.

Keizai Doyukai hosted a dinner on 22 October 2012 and the AJBM Malaysia National Committee hosted the dinner on 23 October 2012.

2. Opening Ceremony

2.1 Tan Sri Azman Hashim, the Co-Chair of the 38th AJBM, welcomed all delegates to Malaysia and expressed his hope that the AJBM platform be used to address the business concerns to improve the business environment for a greater flow of trade and investment between ASEAN and Japan.

2.2 Mr Yasuchika Hasegawa, the Chairman of Keizai Doyukai, expressed deep appreciation for the warm support and encouragement the Japanese people have received from ASEAN over the last year since the Great East Japan earthquake.

In the wake of global slowdown, he said, there was the need to address current and future issues affecting Japan-ASEAN relations. He also touched on Japan’s rapidly changing social demographics, such as the aging population and declining birth rate. He noted that the sense of urgency seen in the ASEAN member countries and ASEAN as a whole, the future prospects are looking good for renewed efforts on the relations between Japan and ASEAN. With Asia becoming the focus on the global economic scenario, the position of ASEAN and Japan within this context needs to be addressed.

2.3 The Japanese Ambassador to Malaysia, H.E. Shigeru Nakamura, delivered the Congratulatory Message from the Prime Minister of Japan.

The Prime Minister, in his message, referred to the setting-up of the Malaysia-Japan International Institute of Technology (MJIT), which represents the culmination of the Look East Policy. The MJIT is to become a centre of excellence in the ASEAN region for Japanese engineering education.

The Prime Minister also expressed that Japan’s experience in the handling of disasters and natural calamities will be shared internationally towards human security and sustainable growth. The common challenges facing Japan and ASEAN are to be taken up by a common and concerted effort invoking the spirit of Kizuna (bond of friendship) in the region.

2.4 The Conference was officiated by the Deputy Prime Minister of Malaysia, the

Honorable Tan Sri Muhyiddin Haji Mohd Yassin.

In his address, the Deputy Prime Minister alluded to the importance of the ASEAN-Japan relations and the signing of the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP). He recalled the fact that as the then Minister of International Trade & Industry, he signed the Agreement for Malaysia.

He emphasized on the understanding reached between ASEAN and Japan whereby a 10-year Strategic Economic Co-operation Roadmap to re-energize ASEAN-Japan economic relations had been agreed upon. The Roadmap needs to be implemented vigorously.

3. Session 1

- 3.1 The session comprised of two parts. In Part 1, H.E. Ong Keng Yong, the former ASEAN Secretary-General and currently the Singapore High Commissioner to Malaysia, spoke on the current developments in ASEAN including the ASEAN Economic Community targeted for 2015. He outlined the rationale and the steady integration initiatives taken up by ASEAN as a regional body despite the variations in economic growth and problems faced by member countries. The U.S. downturn and the Eurozone problems are the current challenges and their impact is already felt in Asia and among ASEAN countries.

H.E. Ong Keng Yong highlighted that there will be challenges posed to ASEAN by the three T's that is, Trade, Technology and Talent and as a result, it is essential that all parties in ASEAN have the "connectivity", both within ASEAN and between ASEAN and its dialogue partners, including Japan.

This session was chaired by Tan Sri Azman Hashim, Co-Chair of the 38th AJBM.

- 3.2 In Part 2 of this first Session, a special focus on the responses of ASEAN-Japan to the global crisis was envisaged. The Chairman of this Session was Datuk Seri Mohamed Iqbal, the Secretary-General of Malaysia-Japan Economic Association (MAJECA).
- a) Mr. Haruya Uehara, Senior Advisor, Mitsubishi UFJ Trust & Banking Corporation, spoke on the Japanese experiences since the Great Japan Earthquake and the Thai floods. He pointed out that the recent anti-Japanese demonstrations in China also have caused great concern to Japanese businesses and reminded many Japanese corporations of excessive dependence on China. As a result, Japan is looking at ASEAN with renewed interest and number of companies would pursue "China + One" strategy to diversify their assets and investment to countries and regions other than China. Mr. Uehara, who sees such trend as good opportunity to further strengthen the economic collaboration between ASEAN-Japan, expressed his expectation to ASEAN countries in the area of further enhancement of infrastructure, such as qualified labor, improved transportation and so forth.
- b) Mr Lee Yoong Yoong, Research Associate, Institute of Policy Studies, Lee Kuan Yew School of Public Policy, Singapore, traced the various trade groupings and agreements that are now in force in the region. While the bilateral free trade

agreements are specific between two countries, the regional and sub-regional agreements are broader and aim to promote trade and investments across the ASEAN region and beyond, including the Trans-Pacific Partnership (TPP). The overlapping of many of these initiatives and agreements pose challenges. It is important, he observed, to work on the ASEAN-Japan Comprehensive Economic Partnership Agreement as a platform to further ensure the relationship between ASEAN and Japan. The ASEAN-Japan 10-Year Strategic Plan is considered another milestone in this direction.

- c) Dr. Thanong Bidaya, Chairman, Thai Tap Water Supply PLC, in his presentation, outlined Japan's contributions to the development of the member countries of ASEAN, especially the founder nations and the first ASEAN six. Even in the CLMV countries, the role of Japan is significant, he observed. He also recalled the timely role played by Japan during the Asian financial crisis.

With changes in the global economy, and also in the context of Japan's own domestic challenges, he said that time is now ripe for an integrated ASEAN role vis-à-vis Japan.

He alluded to the fact that Thailand is a beneficiary and that Cambodia, Laos and Myanmar, bordering Thailand need greater attention from Japan. The opportunities are huge in these less developed economies of ASEAN. Therefore, he called on AJBM to influence initiatives by ASEAN companies in joint ventures with Japanese corporations.

- d) Mr Eusebio Valdez Tan, Chairman, Philippines-Japan Economic Cooperation Committee, Inc, presented his views on the future of ASEAN as an integrated economic community. The ASEAN vision 2020 and the Bali Concorde 2, he said, provided the basis for such integration. The realization of a single market and the development of production bases in ASEAN have become real possibilities with the global problems, the disasters in Japan, and the protests in China. Towards achieving these goals, the need for further harmonization of trade issues and lifting of barriers to commerce and trade are more imperative now than before.

4. Luncheon Address

The Hon. Dato' Mukhriz Tun Mahathir, Deputy Minister of International Trade and Industry Malaysia, delivered a luncheon address on the theme "Global Challenges: Japan-ASEAN Response".

The Deputy Minister was introduced by Datuk Seri Mohamed Iqbal, who said that the Deputy Minister studied in the Sophia University in Tokyo, and was one of the pioneers to study in Japan when the Look East Policy was first introduced.

Dato' Mukhriz said that the distinguishing feature of ASEAN-Japan relations continues to be the deep and extensive economic and commercial ties. He said that Japan was ASEAN's second largest investor, contributing 17% of total FDI inflows in 2010 and that this amount increased by 30% in 2011 to reach USD15.3 billion. On the trading front, he said, Japan is ASEAN's second largest trading partner after China and that Japan is also ASEAN's largest export destination.

He made four observations to strengthen further trade and investment relations between ASEAN and Japan.

First, ASEAN countries must step up efforts to implement the ASEAN Economic Community Blueprint to realize the AEC by 2015.

Second, as ASEAN moves fast to form AEC, a parallel and simultaneous effort must also be mounted to strengthen and deepen ASEAN-Japan economic ties.

Third, ASEAN and Japan should conclude the ASEAN-Japan Investment Agreement and the ASEAN-Japan Services Agreement as early as possible.

Fourth, strengthen economic integration within East Asia itself in line with the ASEAN Free Trade Agreements with China, Japan and Korea on the one hand, and with India, Australia and New Zealand on the other hand. This will pave the way for the Regional Comprehensive Economic Partnership (RCEP).

5. Session 2

5.1 This Session on ASEAN-Japan Business Collaboration was a new feature in this year's AJBM. The objective was to highlight successful ventures and business linkages between ASEAN and Japanese corporations. The Session was chaired by Mr Shazali Sulaiman, Partner, KPMG (Brunei).

5.2 There were five panelists and their presentations are summarized as follows:

- a) Mr Akihiko Kaji, President, KK Meguro Gajoen, described how wedding related businesses have been growing as an industry in Japan, and then expanding to Asian countries. With this example of his own business, Mr. Kaji indicated potentials the Japanese service sector would have in ASEAN markets.
- b) Dr Mary Wong, Chief Executive Officer, Malaysia Healthcare Travel Council (MHTC), gave a presentation on the growing healthcare tourism and how Malaysia is positioning itself within the region, as is Singapore and Thailand.
- c) Mr. Takeshi Hibiya, Audit & Supervisory Board Member, Fuji Xerox Co., Ltd, presented that Fuji Xerox has been conducting business locally in the ASEAN region, and putting great effort in human resources development under their philosophy. He also emphasized the importance for companies to take a "Balance" of being "Strong (economy)", "Kind (Society)" and "Interesting (Humanity)".
- d) Mr JJ Samuel Alday Soriano, Chairman, Soriano Projects & Ventures Group (SPV) of Philippines, traced his own involvement with Japan as a student, and his involvement in the youth training programme in a ship sponsored by Japan.

He outlined the success of Philippines in attracting FDIs, via special economic and trade zones.

- e) Mr. Motoaki Nishii, Executive Managing Director, Ajinomoto Co. (Thailand) Ltd. traced the origin of Ajinomoto in Japan and how the production base expanded to ASEAN and beyond to the rest of the world. Of particular importance was the location of a regional headquarters in Thailand, where production is done for global market including the EU and the Middle East, for which halal certification is essential.

6. Closing Ceremony

6.1 At the Closing Ceremony, Tan Sri Azman Hashim of Malaysia and Mr Eizo Kobayashi, Co-Chairman, AJBM Japan, made their respective closing remarks. Also, during this session, H.E. Mr. Kimihiro Ishikane, Ambassador of Japan to ASEAN, made some observations.

a) Tan Sri Azman Hashim

Tan Sri Azman Hashim said that the Malaysian Steering Committee tried its best to organize the 38th AJBM. The changes made to the format of the meeting had produced very good results as both topics and presentations as well as ensuing discussions were of a high standard and of value to delegates.

He also stated that the AJBM this year was officiated by the Deputy Prime Minister of Malaysia and this was truly a recognition of the importance of the role of AJBM. The presence of the Deputy Minister of International Trade & Industry also added value to the Conference.

He thanked Mr Hasegawa, Chairman of Keizai Doyukai and Mr Kobayashi, Co-Chair of AJBM, for their presence, guidance and support. He thanked all Steering Committee members from ASEAN countries.

b) H.E. Kimihiro Ishikane

Ambassador of Japan to ASEAN, H.E. Mr. Kimihiro Ishikane appreciated the growing resilience in ASEAN countries against exogenous shocks. He also pointed out key agenda for ASEAN for the future such as its role for stability and security in the region, improved connectivity within the region, and strengthened resilience and preparedness for potential risks their cross border effects. His Excellency expressed commitment of the Japanese government to developing stronger ties among people in ASEAN and Jaapn toward commemoration of the 40th anniversary of ASEAN-Japan relations in 2013.

c) Mr. Eizo Kobayashi

Mr Kobayashi said that he was very pleased to see that Malaysia had made very good arrangements for the 38th AJBM and that Keizai Doyukai had brought 37 delegates to the meeting.

He said that Keizai Doyukai works out to improve the contents of this meeting continuously, under the support from all the participants of AJBM in order to make the objective of AJBM more focused and beneficial for every participant. After reviewing the discussion at the sessions, Mr. Kobayashi thanked Tan Sri Azman Hashim and the Malaysian Steering Committee, members from ASEAN countries as well as honorable guests and speakers for their support and contribution.

Mr Kobayashi, on behalf of Keizai Doyukai, informed the meeting that the next AJBM will be held in Tokyo, Japan in 2013.

