

Section 2 ASEAN/Pacific region

< Future policy >

ASEAN is distinctive in that it is a production base with an advantage in terms of low labor cost and is a consumer market led by the rapidly growing middle and wealthy classes. In addition, recently, innovative start-ups have been created in ASEAN countries and have been leading innovations in the region. Japan aims to develop a mutually beneficial relationship as a partner for ASEAN by tapping into ASEAN's dynamism.

< Progress status >

In September 2017, the ASEAN Economic Minister (AEM)-METI Consultation was held in Manila, the Philippines. Japan proposed the "ASEAN-Japan Cooperation to realize inclusive and innovation-oriented growth" initiative, which is comprised of the following three pillars, as an effort toward future Japan-ASEAN cooperation in order to deepen further economic integration in ASEAN, which is celebrating the 50th anniversary of its foundation, and solve complex and diverse challenges faced by ASEAN Member States: (1) promote ASEAN-Japan collaboration toward innovation, (2) support inclusive growth for micro, small and medium-sized enterprises (MSMEs) in ASEAN economies, and (3) support introduction of RCEP rules that will promote trade. In addition, the Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA) presented a series of requests and proposals collected from approximately 7,000 Japanese companies' affiliates in the ASEAN region, to the ASEAN economies. Moreover, the ASEAN-Japan Business Council (AJBC) reported on the survey on EC utilization and the establishment of the Innovation Working Group to be co-chaired by the ASEAN Business Advisory Council (ASEAN-BAC) as an initiative under the ASEAN-Japan Innovation Network, which is a framework intended to advance Japan-ASEAN business collaboration regarding innovation.

In November 2017, the Informal AEM-METI Consultations was also held in Manila, the Philippines, and ministerial-level negotiations to finalize the Protocol to Amend the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) Agreement to incorporate the Chapters on Trade in Services and Investment were concluded. At this meeting, a collection of success stories on overseas expansion of micro, small and medium-sized enterprises (MSMEs) in ASEAN countries, compiled with cooperation from Japan, was distributed, and it was confirmed that Japan and ASEAN would continue to cooperate in the SME field.

The Ministry of Economy, Trade and Industry is supporting the economic integration of ASEAN and East Asia through its support to the Economic Research Institute for ASEAN and East Asia (ERIA). In 2017, upon the request of the ASEAN Economic Ministers Meeting, ERIA contributed to the ASEAN Seamless Trade Facilitation Indicators (ASTFI), which evaluates trade facilitation policies within the ASEAN region. In addition, ERIA, together with the OECD, revised indicators concerning ASEAN countries' SME policies. Moreover, in commemoration of the 50th anniversary of ASEAN's founding, ERIA, together with the government of the Philippines, the ASEAN Chair, published a memorial publication that looks back at ASEAN's 50-year history. Regarding the RCEP negotiations, ERIA is conducting various support activities, such as cooperating with the government of Australia in holding dialogue between members of chief negotiators' meetings and eminent economists in East Asia and

dispatching supporting staff to assist the chairmen of chief negotiators' meetings. Regarding individual FTAs, ERIA is also conducting various support activities, such as conducting a feasibility study jointly with the government of Canada on an ASEAN-Canada FTA as a representative organization on the ASEAN side upon ASEAN's request. ERIA is expected to continue to contribute to further deepening of the economic integration of ASEAN and East Asia through such activities as expanding the non-tariff measures database.

With respect to Thailand, in June 2017, Minister of Economy, Trade and Industry Seko and Minister of Industry Uttama Savanayana of Thailand signed a Memorandum of Intent on the Eastern Economic Corridor and Cooperation on Upgrading Industrial Structure, with Deputy Prime Minister Somkid Jatusripitak as a witness. This memorandum expresses an intent of cooperation between the Ministry of Economy, Trade and Industry and the Ministry of Industry of Thailand for the sophistication of Thai industry, mainly at the Eastern Economic Corridor (EEC).

In September 2017, Minister Seko visited Thailand with a mission of approximately 600 Japanese businesspersons and held meetings with Prime Minister Prayuth Chan Ocha, Deputy Prime Minister Somkid and Minister of Industry Uttama with respect to industrial sophistication in Thailand. When he attended a symposium on the subject of industrial sophistication in Thailand (co-organized by JETRO and the government of Thailand), Minister Seko made a speech concerning industrial sophistication under the Connected Industries concept.

With respect to the Philippines, in September 2017, Minister Seko delivered directly to Secretary of Trade and Industry Ramon Lopez Japan's Proposal for Formulating Industrial Vision in the Philippines, which summarized proposals concerning the future direction of the Philippines' industrial development for the purpose of creating jobs and reducing poverty. Industrial cooperation, including this proposal, was mentioned in a joint statement issued at the Japan-Philippines summit meeting that was held in October of the same year.

With respect to Viet Nam, the Second Meeting of the Japan-Viet Nam Joint Committee on Cooperation in Industry, Trade and Energy was held in June 2017. The two countries agreed to establish the Working Group on Automobile and Supporting Industries under the committee, formulate an action plan for the development of Viet Nam's auto and auto parts industries, and cooperate in human resource development in supporting industries. In September 2017, based on the committee's agreement, the two countries signed a Package of Joint Strategic Cooperation in order to further promote cooperation. Moreover, in November 2017, the two countries signed a Memorandum of Cooperation (MOC) on Energy fields, an outcome of the Package of Joint Strategic Cooperation, and agreed to establish a Japan-Viet Nam Energy Working Group under the committee as a forum for consultations concerning cooperation in the energy field.

With respect to Myanmar, the public and private sectors are working together in developing the Thilawa Special Economic Zone (SEZ), an industrial zone project which will contribute to the formation of an industrial cluster comprised mainly of foreign companies. Phase 1 of Zone B (next development area) is scheduled to open around the middle of 2018.

With respect to Australia, during Prime Minister Malcolm Turnbull's visit to Japan in January 2018, Japan and Australia agreed to establish the Japan-Australia Ministerial Economic Dialogue between the

Japanese Minister of Economy, Trade and Investment and the Australian Minister for Trade, Tourism and Investment in order to deepen dialogue concerning strategic bilateral issues on the economic front. The two countries also agreed to continue cooperation in the innovation field.

Figure III-2-2-1 ASEAN Economic Minister (AEM) - METI Consultation



AEM-METI Consultations (September)
Source: METI.



Informal AEM-METI Consultations (November)
Source: METI.