

**CHAIRMAN'S STATEMENT OF THE
SIXTH AEM-MITI JAPAN CONSULTATIONS
18 OCTOBER 1997**

1. The Sixth Consultations between the ASEAN Economic Ministers and Minister of International Trade and Industry, Japan (AEM-MITI) was held on 18 October 1997 in Subang Jaya, Malaysia. ASEAN was represented by:

- (a) H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam;
 - (b) On behalf of Indonesia, Mr. Bachrum Harahap, Assistant to the Coordinating Minister of Production and Distribution;
 - (c) H.E. Mr. Sompadith Vorasane, Minister of Commerce, Lao PDR;
 - (d) H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia;
 - (e) H.E. Brig. Gen. D.O. Abel, Minister of National Planning and Economic Development, Myanmar;
 - (f) H.E. Mr. Cesar B. Bautista, Secretary, Department of Trade and Industry, Philippines;
 - (g) H.E. Mr. Lee Yock Suan, Minister for Trade and Industry, Singapore;
 - (h) H.E. Dr. Narongchai Akrasanee, Minister of Commerce, Thailand;
 - (i) H.E. Mr. Truong Dinh Tuyen, Minister of Trade, Vietnam;
 - (j) H.E. Dato' Ajit Singh, Secretary-General of ASEAN;
- and their respective delegations.

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2. MITI Japan was represented by H.E. Mr. Mitsuo Horiuchi, Minister of International Trade and Industry, Japan.

3. H.E. Mr. Keat Chhon, Senior Minister in-charge of Rehabilitation and Development and Minister of Economy and Finance of Cambodia and his delegation attended the Consultations as Observer.

4. The Consultations was co-chaired by H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia and H.E. Mitsuo Horiuchi, Minister of International Trade and Industry, Japan.

5. The Ministers reviewed developments in ASEAN-Japan trade and investment relations since they last met in Jakarta in September 1996. In the area of trade, the Ministers noted that two way trade fell by 4% from US\$121.2 billion to US\$116.2 billion with ASEAN exports to Japan growing by 0.9% from US\$42.7 billion in 1995 to US\$43.1 billion in 1996 and ASEAN imports from Japan declining by 6.6% from US\$78.5 billion to US\$73.3 billion in 1996 accounting for a trade deficit of US\$30.2 billion to ASEAN. In this regard, the Ministers recognized the importance of addressing market access issues and structural change in the industrial sector to ensure balanced growth of ASEAN-Japan trade. In the area of investment, the Ministers noted that FDI outflows from Japan to ASEAN in fiscal year 1996 amounted to US\$6.6 billion or 13.3% of the total global Japan FDI value of US\$49.72 billion.

In this regard, the Ministers recognized the importance of facilitating greater investment flows.

6. The Ministers agreed that the transient economic difficulty, export slow down and exchange rate fluctuations experienced by some ASEAN countries recently would not harm the significant long-term potential of these economies. The Ministers also agreed that the economic fundamentals of ASEAN remain strong. What is needed is to build on these fundamentals by improving the competitive ability of the ASEAN economies through improvements in productivity and infrastructure facilities and to continue to ensure a conducive environment for foreign investors. In this context, the MITI Minister pledged to cooperate in ASEAN's efforts at adopting policy directions to strengthen economic linkages among ASEAN countries. These include enhancement of competitiveness through HRD and strengthening supporting industries, facilitating private sector driven infrastructure development such as through utilizing trade/investment insurance and institutional support.

7. The ASEAN Economic Ministers briefed the MITI Minister on the implementation of AFTA and ASEAN cooperation activities in industry including AICO, investment and services. The Ministers noted that the recent economic difficulties have made the implementation of AFTA and intra-ASEAN cooperation activities even more important. The implementation of these activities will strengthen economic linkages among the ASEAN countries and enhance ASEAN's

competitiveness and attractiveness as an investment and production base.

8. The MITI Minister introduced a new package of programmes for ASEAN that included some assistance for export companies and to human resources development. The ASEAN Economic Ministers while welcoming Japan's offers, reiterated that the programmes require further study by ASEAN. In addition the ASEAN Economic Ministers also emphasized that there should be prioritising of work programmes in order to make the MITI-ASEAN initiatives really be practical and effective.

9. The Ministers agreed that future cooperation should concentrate on greater integration on trade and investment, improvement of ASEAN's competitiveness and development cooperation assistance to the new member countries.

10. The Ministers welcomed the progress made in the implementation of the four programmes under AEM-MITI aimed at upgrading ASEAN industrial structure. The programmes are the ASIA Supporting Industry Programme, Intellectual Property Cooperation Programme, Total Quality Management Cooperation Programme and Industrial Generic Technology Research Cooperation Programme. The Ministers noted the contribution of these programmes towards upgrading the capabilities of ASEAN SMEs. The Ministers also noted the usefulness of cooperation activities that expanded business opportunities of SMEs such as the SME Showcase and Business Forum held in Malaysia this year. The MITI Minister expressed Japan's

continuous support in this area through various institutions including JETRO.

11. In order to enhance cooperation activities under AEM-MITI Japan, the Ministers considered ASEAN's proposals including a project for the modernisation of ASEAN SMEs, export promotion, rural industrialisation and assistance to the Regional Network of Statistical Offices.

12. The Ministers recognized the contribution of the CLM Working Group in preparing the CLM countries to join ASEAN. With Lao PDR and the Union of Myanmar having joined ASEAN in July, the Ministers agreed that there is a need to review the mechanisms of AEM-MITI Consultations to ensure effective implementation and monitoring of cooperation activities aimed at strengthening economic linkages in ASEAN. The Ministers agreed that the CLM Working Group be restructured and all activities be coordinated through SEOM. At the same time there is a need to ensure better focus of cooperation activities to enhance the capacities of the new members of ASEAN and to ensure complementation with ASEAN's own cooperation programme in the development of the Mekong Basin. The Ministers tasked SEOM-MITI to undertake the review.

13. The Ministers noted the offer of the Philippines to host a meeting of the HRD Experts which was approved by the CLM Working Group.

14. The Ministers reviewed the work undertaken by the WTO following from the

conclusion of the Singapore Ministerial Conference. The Ministers reaffirmed their commitment in carrying out the work as envisaged in the built-in agenda. The Ministers also noted the on-going work undertaken by the respective Working Groups on trade and investment. ASEAN and Japan will maintain close consultations in ensuring mutually beneficial results in the on-going work undertaken by WTO including financial services. The Ministers stressed the importance of the universality of WTO membership based on effective market access commitments.

15. The Ministers noted that the implementation and continuing voluntary improvement of the Manila Action Plan for APEC would contribute towards enhancing the business environment. The Ministers reiterated that the APEC initiative towards Early Voluntary Sectoral Liberalisation (EVSL) should result in a package that is balanced and mutually beneficial. The Ministers also stressed the importance of continuing improvement of facilitation measures to reduce business transaction costs and to enhance private sector investment, especially in infrastructure in the region. The Ministers recognized the importance for APEC to give priority attention to ECOTECH activities with a view to building capacities of developing member economies to benefit from liberalisation measures undertaken collectively. The Ministers agreed to maintain close consultations between ASEAN and Japan in preparing for the Vancouver Meeting.

16. The Ministers reaffirmed the view expressed at the ASEM Economic Ministers' Meeting (EMM), held in Makuhari, Japan on 27-28 September that the EMM would ensure stronger economic relationship between Asia and Europe, and that ASEM economic cooperation would reinforce the underlying sound economic structures and contribute to the robustness of Asian economies and that EMM, in the discussion on climate change issues, recognised the importance of efficient use of energy in pursuit of energy security, environmental protection and sustainable economic growth. ASEAN and Japan will maintain close consultations in the run-up to the second Asia-Europe Meeting in April in London, aiming at the further development of ASEM economic cooperation.

17. The MITI Minister briefed the session on the current international situation of electronic commerce. The Ministers agreed on the importance of close consultations between ASEAN and Japan on this issue.

18. The Ministers further reaffirmed their commitment to maintain closer economic cooperation between ASEAN and Japan. The Ministers agreed to hold the next AEM-MITI Japan Consultations in the Republic of the Philippines in October 1998.

ASEAN Economic Ministers-Minister of
International Trade and Industry, Japan
Consultations

Subang Jaya, Malaysia, 18 October 1997

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LIST OF DOCUMENTS

Agenda	Doc. No.	Title
1	1	Provisional Agenda
1	2	Provisional Annotated Agenda
3	2a	Review of ASEAN - Japan Trade and Investment Relations
4.1	3	Four Projects : Goals and Tasks
4.2	4	The ASEAN SMI Showcase 1997 and the ASEAN East - Asian Business Forum
4.3	5	Project Ideas for the Consideration of the AEM - MITI Japan Consultations
5.1	6	Speech Concerning CLM - WG Policy Recommendation for AEM - MITI Japan Consultations
5.1	7	Policy Recommendation and Implementation Report to AEM - MITI Japan Consultations
5.2	8	Update on ASEAN - Mekong Basin Development Cooperation
7.1	9	Preparations for ASEAN - Japan Summit
7.2	10	Recent Currency Situation and Policy Implications (Japan's Non - Paper)
7.2	11	Review of the Regional Currency Crisis (Malaysian Paper)