

RENEWED  
ASEAN-JAPAN 10-YEAR STRATEGIC ECONOMIC COOPERATION ROADMAP  
(2016 – 2025)

**ASEAN - Japan Economic Relations**

1. ASEAN and Japan have enjoyed long-standing economic relations, where each other is a major trading partner and investor. This relationship has prompted the development of the Framework for Comprehensive Economic Partnership between ASEAN and Japan, signed in October 2003 to increase trade and investment flows between ASEAN and Japan through the establishment of an FTA.
2. In this context, "ASEAN-Japan 10-Year Strategic Economic Cooperation Roadmap" (hereinafter "the Previous Roadmap") was formulated during the 18<sup>th</sup> AEM METI Meeting held in 2012, to strengthen and deepen trade and investment relation between ASEAN and Japan.
3. The goals and activities under the Previous Roadmap were consistent with ASEAN initiatives. The main objective of the Previous Roadmap is to promote comprehensive economic cooperation. The Previous Roadmap consists of three mutually reinforcing pillars: (i) integration of markets in ASEAN and the East Asian region in a mutually beneficial manner; (ii) strengthening industrial cooperation towards more advanced industrial structures; and (iii) improving economic growth and standard of living.
4. In order to achieve the stated goals in an effective and efficient manner, activities under the Previous Roadmap have focused on four priority areas: (i) trade and investment facilitation, promotion and liberalization; (ii) improvement of logistics and distribution networks; (iii) promoting advanced industrial development; and (iv) narrowing development gaps.
5. The Previous Roadmap exhibits steady results. (i) Amount of trade of goods and services and (ii) average annual amount of foreign direct investment (FDI) between ASEAN and Japan is on the right track to meet the objectives of the Previous Roadmap (double the amount in ten years). (i) Amount of trade of goods and services increased at an average annual growth rate of 9% (2011-13), and (ii) average annual amount of foreign direct investment (FDI) increased at an average annual growth rate of 11% (2011-14), while over 7.4% Compound Annual Growth

Rate (CAGR) is necessary in order to achieve the goal.

6. Meanwhile in ASEAN, the AEC Blueprint 2025 was adopted at the ASEAN Summit held in November, 2015. The AEC Blueprint 2025 will lead ASEAN economic integration from 2016 to 2025 based on the following five pillars: A) a highly integrated and cohesive economy; B) a competitive, innovative, and dynamic ASEAN; C) enhanced connectivity and sectoral cooperation; D) a resilient, inclusive, people-oriented, and people-centered ASEAN; and E) a global ASEAN.
7. The Previous Roadmap was reviewed at the end of 2015 to realign its activities with ASEAN's new visions (after 2015). In light of the recent adoption of the AEC Blueprint 2025, ASEAN Member States (AMSs) and Japan agreed to formulate a new version of ASEAN-Japan 10-Year Strategic Economic Cooperation Roadmap for the period between 2016 and 2025 (hereinafter "the Roadmap").

#### **Objectives of ASEAN-Japan Strategic Economic Cooperation**

8. The main objective of highly integrated and cohesive economy in ASEAN which stipulated in ASEAN BP 2025 is to facilitate the seamless movement of goods, services, investment, capital and skilled labour within ASEAN in order to enhance ASEAN's trade and production networks, as well as to establish a more unified market for its firms and consumers. Having said that all cooperation established with other dialogue partners should be in line with the aforesaid objective.
9. ASEAN is Japan's neighboring region which has growth potential. For ASEAN, Japan is the largest investor and the second biggest trading partner. Japan also has deeply contributed to ASEAN development and has been willing to provide ASEAN its maximum support and assistance, specifically to: (i) enhance the attractiveness of ASEAN as an investment destination; (ii) increase technology transfer from Japan to ASEAN; (iii) narrow development gaps, particularly in the less developed AMSs and improve economic growth and quality of life; and (iv) contribute to regional economic integration, including the realization of the AEC and RCEP.
10. Global economic architecture developing in the ASEAN region include the TPP, which was signed by the representatives of countries in February 2016, and the RCEP negotiations, which are currently underway. These wide-area Economic Partnership Agreements (EPAs) and negotiations are expected to accelerate the

movement of, goods, capital and people. Also, new technologies and industries like such as information and communications technology (ICT) digital and service industries are emerging around the world. New technologies and industries would create the opportunity for cooperation in which Japan could provide knowledge and abilities to enhance the industrial structure of ASEAN countries. These global trends would be new growth opportunities for ASEAN countries and Japan and expected to strengthen and deepen the economic cooperation between ASEAN and Japan.

11. Both ASEAN and Japan face challenges for the future growth. ASEAN needs to achieve further industrial advancement to avoid the risk of middle-income trap. In addition, with various members comprising of different economic levels, there is a need for narrowing development gap among and within ASEAN Members States. While the AEC Blueprint 2025 stipulates measures to tackle these challenges, additional support is essential to achieve the goal. On the other hand, Japan needs to deal with the challenge of domestic demographical changes of decreasing population and aging society.
12. While AMSs and Japan have to cope with such challenges, ASEAN and Japan can complement each other by combining the resources Japan accumulated and the dynamism in ASEAN, and accomplish mutually beneficial economic development. Through mutual economic support and cooperation and communication in economic fields, ASEAN and Japan shall strengthen their economic relations by means of sharing expertise, knowledge, best practices. The cooperation shall enable ASEAN to achieve its future visions raised in the AEC Blueprint 2025, including "ASEAN is continuing to make steady progress towards integrating the region into the global economy."
13. To achieve this objective, ASEAN and Japan would work towards enhancing: "(1) Bilateral Economic Cooperation ", "(2) Economic Integration of ASEAN" and "(3) Cooperation for Integrating the Region into the Global Economy.
14. "(1) Bilateral Economic Cooperation" aims to achieve economic cooperation between each AMS and Japan, including promoting the development of human resources, supporting industry, infrastructure, and other development measures. As ASEAN and Japan have engaged in various cooperative activities, the Roadmap is expected to strengthen and deepen such activities. To this end, Japan's previous

experience and knowledge to successfully achieve industrial advancement can be utilized.

15. "(2) Economic Integration of ASEAN" aims to strengthen ASEAN intra-regional integration, reinforce ASEAN centrality in the emerging regional economic architecture by maintaining ASEAN's role as the centre and facilitator of economic integration in the East Asian Region and to support the implementation of measures in line with classification of ASEAN Sectoral Bodies of AEC Blue Print 2025 with support from Japan. Based on a good example of monitoring "SAP SMED 2016-2025," ASEAN and Japan strengthen their collaboration through the Japan's technical and financial support to some ASEAN sectoral bodies such as SME, Intellectual Property, Standard and Energy.
16. "(3) Cooperation for Integrating the Region into the Global Economy" aims to achieve further economic integration in the context of global economy in which business and market integration beyond national borders are increasing and consumer market is becoming region-wide. Beyond the framework of ASEAN, ASEAN and Japan will cooperate to adapt to these changes in industrial structure, while maintaining ASEAN-centrality.

### **(1) Bilateral Economic Cooperation**

17. "(1) Bilateral Economic Cooperation" consists of five main pillars (Follow-up Matrix of Individual Measures as annexed)
  - a) *Human Resource Development*

Human resource development is "the challenge towards a more innovative ASEAN," as stated in AEC Blueprint 2025. Under the "Industrial Human Resource Development Cooperation Initiative," Japan is supporting human resources development in ASEAN countries by embodying concrete measures. Japanese companies currently employ 2 million people in the ASEAN region, they also facing a crucial challenge in an imbalance of supply and demand in industrial human resources.
  - b) *SME Development*

SMEs are "the backbone of the ASEAN economies" as stated in AEC Blueprint 2025. Japan will continue to support improvement of competitiveness for

ASEAN SMEs through knowhow-sharing and capacity building in opportunities in various business events.

c) *Mekong Industrial Development*

The Mekong sub-region has enjoyed sustained economic growth; the demographic dividend contributing to increases in labor supply and rise in domestic consumption. The industrial development of the Mekong sub-region contributes to realization of “a resilient, inclusive, people-oriented, and people-centred ASEAN”. In the “AEC Blueprint 2025”, “narrowing the development gap” is also an important element. ASEAN and Japan formulated the "Mekong Industrial Development Vision" at the Mekong-Japan Economic Ministers' Meeting held in August 2015. Based on the vision, individual cooperation projects will be implemented.

d) *Infrastructure Development*

Infrastructure development is the key for ASEAN’s further economic development. ASEAN seeks to “undertake concerted regional and national programmes to upgrade the technical capacity and physical infrastructure for effective and efficient conformity assessment regime in the region,” according to AEC Blueprint 2025. Based on the “Partnership for Quality Infrastructure” initiative, Japan expands its support for quality infrastructure, including through collaboration with the Asian Development Bank (ADB).

e) *Innovation and Transfer of Technology*

“Given the critical role of technology adaptation and diffusion, as well as innovation in ASEAN’s productivity growth and long-term competitiveness, AMSs need to take a concerted effort to improve their innovation and technological capability,” as stated in AEC Blueprint 2025. ASEAN and Japan would together adapt to the Fourth Industrial Revolution through human resource capacity building, technology transfer development, including environmentally friendly technology, and data utilization and protection.

**(2) Economic Integration of ASEAN with sectoral bodies**

18. "(2) Economic Integration of ASEAN" consists of seven main pillars. Japan shall strengthen its involvement in ASEAN sectoral bodies. "(Follow-up Matrix of Individual Measures as annexed)."

a) *SME Development*

As clearly stated on the Introduction of AEC BP 2025, ASEAN will also provide a new emphasis on the development and promotion of micro, small and medium enterprises (MSMEs) in its economic integration efforts. Japan supported ASEAN countries to assess ASEAN Strategic Action Plan for SME Development (2010-2015) and draft post-2015 (SAP SMED 2016-2025) through AMEICC SME WG. Based on SAP SMED 2016-2025, ASEAN and Japan collaborate to increase SME's competitiveness in regional production networks through tailored programmes for ASEAN Member States. Among several strategic goals of the in the SAP SMED 2016-2025, Japan especially focuses on the area of "Increase access to Finance" through possible cooperation in development of national credit guarantee/information systems, in accordance with the domestic laws and regulations.

b) *Intellectual Property*

Intellectual Property (IP) has an important role in contributing to the achievement of national and regional socio-economic development goals. In recent years, ASEAN and Japan have deepened their cooperation in the area of IP. Since 2012, ASEAN and Japan have organized the Meeting of ASEAN-Japan Heads of IP Offices. Last year, ASEAN and Japan held the Fifth Meeting of ASEAN-Japan Heads of IP Offices (May, 2015, in Nara) and approved "ASEAN IPOs-JPO IPR Action Plan 2015-2016" which includes the JPO's cooperation for speeding up patent examination, acceding to International treaties and handling of administrating applications based on International treaties.

c) *Standard*

Japan has supported standardization activities in various industrial sectors in cooperation with ASEAN countries. Japan will support implementation of the ACCSQ Strategic Plan 2016-2025 and provide human resource development programs based on the needs of ASEAN countries (e.g. Human resource development program, JICA project, Workshop on E&E products, Dialogue with ACCSQ). Japan seeks to further enhance collaboration with sub-WGs of ACCSQ and work towards facilitative standards and conformance. This involves accelerated implementation of harmonisation of standards to be aligned with international standards and technical regulations, improvement of

quality and capability of conformity assessment.

d) *Customs*

Japan provides Technical Cooperation programs for developing countries, responding to their expressed needs, particularly ASEAN. In addition, Japan sets “Capacity building for ensuring safe and secure society” and “Implementation of the WTO Agreement on Trade Facilitation” as the priority for its technical cooperation program. It was agreed in ASEAN BP 2025 that streamline and simplify administrative regulatory regimes, document requirements as well as import and export procedures, including customs procedure are key measures to ensure accelerate work on trade facilitation and ensure expeditious movement of goods within the region.

e) *Industry/Services*

The objective is to further broaden and deepen services integration within ASEAN, ASEAN'S integration into the global supply chains and enhance AMSs' competitiveness in services. In recent years, the ASEAN industrial structures have shifted to be more service-oriented. “Enhancing AMSs' competitiveness in services” is an important element to realize “A Highly Integrated and Cohesive Economy,” as stated in AEC Blueprint 2025. Following to the Third ASEAN-Japan Public-Private Dialogue on New Industries (on June 22, 2016, in Bangkok), Japan seeks to further collaborate to build networks in Japan and ASEAN countries in a new format in AEM-METI Economic and Industrial Cooperation Committee (AMEICC).

f) *Trade Facilitation*

“Enhancing engagement with the private sector as well as other stakeholders contributes to regulatory coherence, increased transparency and greater synergies of government policies and business actions across industries and sectors in the ASEAN region,” as written in AEC Blueprint 2025. Since Japan is the largest investor and the second biggest trading partner, Japanese businesses are a major utilizer of AFTA. Through the dialogue between ASEAN and Federation of the Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA), Japanese businesses commit further engagement with the contribution to the economic integration in ASEAN, through dialogue with the Secretary General of ASEAN and chairs from Coordinating Committee for the Implementation of the ATIGA (CCA), Coordinating Committee on Customs

(CCC), and ASEAN Consultative Committee for Standards and Quality (ACCSQ).

*g) Energy*

Energy demand in ASEAN is expected to grow by 80%<sup>1</sup> in 2040. ASEAN's economic growth heavily depends on sound energy policy with the perspective of 3E+S (Energy Security, Economic Efficiency, Environment and Safety). Through the discussion in ASEAN under the framework of the ASEAN+3 Ministers on Energy Meeting (AMEM+3) as well as the East Asia Summit Energy Ministers Meeting (EAS EMM), Japan will support ASEAN's efforts in achieving the ASEAN Plan of Action for Energy Cooperation (APAEC) 2016-2025, which shows a strategic theme as "Enhancing energy connectivity and market integration in ASEAN to achieve energy security, accessibility, affordability and sustainability for all", through capacity building, knowledge sharing, technology transfer and investment which will be implemented in two phases, namely, phase I: 2016-2020 and Phase II: 2021-2025.

### **(3) Cooperation for Integrating the Region into the Global Economy**

19. For "(3) Cooperation for Integrating the Region into the Global Economy", ASEAN and Japan cooperate in keeping strengthening supply-chain and connectivity, nurturing new industries like , digital Economy, service, SMEs and healthcare industries while taking account of the private sector's opinions, and cooperation for integrating the Region into the Global Economy. In order to embody the cooperation in new industry, ASEAN and Japan aim to establish ASEAN-Japan Innovation Network, which is business network between ASEAN and Japan to nurture new industry.

#### **Review**

20. ASEAN and Japan will review the Roadmap in response to the changing situation but once entirely at the end of 2020. At this timing, ASEAN and Japan will specify the priority areas and implementation mechanisms for the Phase Two (2021 to 2025).

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<sup>1</sup> Southeast Asia Energy Outlook 2015- World Energy Outlook Special Report by IEA and ERIA

### **Implementation Mechanism**

21. ASEAN and Japan enhance the existing economic partnership in the areas of trade and investment through several mechanisms, such as: (i) AEM – METI Economic and Industrial Cooperation Committee (AMEICC); (ii) the Agreement on ASEAN – Japan Comprehensive Economic Partnership (AJCEP) and seven bilateral Economic Partnership Agreements (EPAs) between ASEAN countries and Japan; (iii) dialogue between the Federation of Japanese Chamber of Commerce and Industry in ASEAN (FJCCIA) and ASEAN Secretariat; and (iv) Cooperation initiatives between ASEAN Sectoral Committees and Japan.
22. Those aforementioned existing frameworks will be fully utilized and close coordination at the working level of each framework will be promoted.
23. In addition, consultations with the private sector, including the ASEAN-Japan Business Council (AJBC) and the FJCCIA will be held, and efforts toward the resolution of issues raised in such consultations will be pursued as and when applicable.
24. Progress of each of the measures set forth in the Appendix "Follow-up Matrix of Individual Measures" will be examined during AEM-METI and SEOM-METI meetings.

### **Resources for implementation**

25. Implementation of the Roadmap will make use of capital mobilization mechanisms such as public private partnerships (PPP), existing global and regional fund sources, and other public and private resources to ensure funds are optimally allocated for the implementation of the projects stipulated in the Annex.