

Keynote Speech by
H.E. Le Luong Minh
Secretary-General of ASEAN
the 7th Dialogue between the Secretary-General of ASEAN and the
Federation of Japanese Chamber of Commerce and Industry in
ASEAN (FJCCIA)
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Excellency Dr. Lilia B De Lima, Under Secretary of the Department of
Trade and Industry of the Philippines

H.E. Koichi Aiboshi, Ambassador Extraordinary and Plenipotentiary of
Japan to ASEAN

Mr. Hiroyuki Ishige, Chairman & CEO of JETRO

Mr. Tetsuo Tomino, President of FJCCIA

Ladies and Gentlemen,

I thank the Permanent Mission of Japan to ASEAN, the Federation of Japanese Chamber of Commerce and Industry in ASEAN and the Japan External Trade Organisation and the Government of the Philippines for the excellent arrangements for this 7th Annual Dialogue between the Secretary-General of ASEAN and members of the Federation of Japanese Chamber of Commerce and Industry in ASEAN. I was impressed by the great interest you showed and the in-depth discussion we had last year at my first Dialogue reflecting the extensive knowledge of the Japanese business and industry about ASEAN, which can only be gained from our collective efforts and close collaboration.

Excellencies,

Ladies and Gentlemen,

One and half years from now, ASEAN will be launching the three-pillared ASEAN Community by 2015. Celebrating its 47th year this year,

ASEAN has had an extraordinary journey to become today an organization with ten Member States, a population of 609 million and a combined GDP of nearly USD \$3 trillion. Since the adoption of the Roadmap for an ASEAN Community, ASEAN has implemented approximately 80% of the measures necessary to build an ASEAN Community that is politically cohesive, economically integrated and socially responsible which narrowed development gaps within and amongst its Member States and fostered greater physical, institutional and people-to-people connectivity in the region.

ASEAN has achieved all these while maintaining its unity and centrality in the evolving regional architecture and deepening its engagement with its Dialogue Partners and the rest of the international community who have contributed valuable assistance and support to ASEAN's Community building efforts.

Japan and ASEAN celebrated 40 years of our Friendship and Cooperation last year. In those 40 years, through dialogue and cooperation,

Japan has made significant contributions to ASEAN's Community building efforts that further promote peace, stability and prosperity in the wider region. The strong economic cooperation between ASEAN and Japan has been demonstrated by the steady implementation of various cooperation activities, which are multidimensional in scope and far-reaching in their impacts.

The 2008 ASEAN-Japan Comprehensive Economic Partnership (AJCEP) is the primary channel to accelerate bilateral flows of trade and investment between Japan and ASEAN. The utilization of the AJCEP Agreement comes to fore especially within the context of enhancing the Agreement's utilisation by ASEAN Small and Medium Enterprises (SMEs).

Work is presently on-going to upgrade the AJCEP Agreement. Substantial progress has been made in finalizing provisions on Trade in Services, including the Annexes on Financial Services and Telecommunications, and on Investments. It is hoped that the Protocol to

incorporate Trade in Services, Movement of Natural Persons and Investment into the AJCEP Agreement can be signed this year.

The ASEAN-Japan 10-year Strategic Economic Cooperation Roadmap, endorsed by the Economic Ministers in August 2012, seeks to further promote comprehensive economic partnership for mutual prosperity and industrial advancement in the region. We have also reaffirmed our joint commitment to support the creation of new businesses, including healthcare, green and creative industries, to improve the quality of life and economic growth as well as address regional challenges.

ASEAN appreciates Japan's support for the Initiative for ASEAN Integration and the implementation of the Master Plan on ASEAN Connectivity through various technical assistance activities, capacity-building schemes and technology transfer.

Japanese investment in establishing the production and supply chain networks in the region have contributed significantly to the overall efforts

to create the ASEAN Economic Community. Indeed, ASEAN has much to gain from expanding its industries' participation in the global and regional supply chains, particularly in respect of job creation and acceleration of industrial modernization.

Thus, we encourage greater efforts by the Japanese industry to integrate ASEAN companies into these supply chain networks. Japanese industry can help widen the network of local business entities and suppliers, particular ASEAN SMEs, into these supply chains. Through ASEAN's continued efforts in partnership with the Japan External Trade Organisation (JETRO), the AEM-METI Economic and Industry Cooperation Committee (AMEICC) Secretariat, the Ministry of Economy, Trade and Industry or METI of Japan, and along with the Japan International Cooperation Agency (JICA), ASEAN companies should be able to enhance their capabilities to engage in the value chain network. ASEAN companies should be able to enter into strategic supplier partnerships with global companies, including Japanese companies, which have a strong presence in the region and experience in such value chains.

In this partnership for prosperity, it is not only the big Japanese companies that benefit from this win-win relationship, but also Japanese SMEs which are relocating to the region to take advantage of the AEC 2015. The competitiveness of SMEs in newer ASEAN Member States - Cambodia, Lao PDR, Myanmar and Viet Nam, for instance, has benefited and also stands to benefit more from initiatives bolstering the linkages of SMEs with the global supply chain.

One of ASEAN's success stories is its greater integration into the global economy. Through a number of ASEAN+1 free trade agreements, AJCEP included, ASEAN is well-positioned at the centre of global supply chains. ASEAN has developed strong trade links with the major regional economies which, in turn, have allowed for the creation of significant business opportunities for all.

Excellencies,

Ladies and Gentlemen

ASEAN and Japan has a long-term mutually beneficial relationship. ASEAN has always been encouraged by the positive response of Japanese businesses to these economic cooperation initiatives. Japanese investments in ASEAN continue to grow – responding to ASEAN’s dynamism and its growing consumer market.

From 2000 to 2012, total two-way trade volume between ASEAN and Japan registered an average annual growth of 7.0%. Preliminary annual data indicated that total trade between the two reached US\$233.4 billion in 2013. Japan remains the second largest investor in ASEAN, accounting for about 12.4% of the total FDI inflows into ASEAN from 2000 to 2012, which according to preliminary data amounted to US\$22.9 billion in 2013. A significant portion of commercial activities in the region is being driven by regional production networks, with Japanese multinational corporations at the forefront taking advantage of ASEAN’s market of more than 600 million consumers having a combined GDP of nearly US\$ 3 trillion.

To encourage greater trade and investments, ASEAN has likewise remained strongly committed to have the appropriate laws and policies as well as effective institutions and infrastructure in place.

In our annual dialogues, we have discussed a few of these operational issues, particularly where these relate to trade facilitation – mainly streamlining customs procedures, non-tariff barriers, promoting harmonization of standards - as well as services liberalization, including the movement of natural persons. The FJCCIA has also called attention to resolving issue resulting from the differences in the implementation of ATIGA and the ASEAN+1 FTAs, which should be addressed through the on-going negotiations for Regional Comprehensive Economic Partnership (RCEP). FJCCIA's inputs and engagement with the negotiating parties will be valuable in addressing these issues.

We have also discussed the need for streamlined procedures and rules pertaining to ASEAN's energy sector and to intensify efforts for

energy security to meet the demand of business in the future. ASEAN has its five-year energy plans, which also emphasize deployment of modern forms of renewable energy such as hydro, geothermal and biomass power, co-generation technologies and solar photovoltaic power. Since, they require substantial investment and advanced technologies, the Japanese industry may be in a position to assist in this area.

In line with our efforts to improve the business environment in the region, equally important is raising awareness and understanding of the benefits and advantages of the ASEAN Economic Community as it leads up to 2015. The role of ASEAN-Japan's business community cannot be underestimated as it would be able to demonstrate how economic integration has created an enabling environment to open up more opportunities for the peoples of ASEAN and Japan.

Excellencies

Ladies and Gentlemen,

ASEAN's strong partnership with Japan, together with other ASEAN external partners, has created an enabling environment for ASEAN to reach its goal of an ASEAN Economic Community by 2015 - to transform ASEAN into a highly competitive region with a single market and production base, promoting equitable economic development and enabling ASEAN's integration into the global economy.

All these advances and initiatives under the ASEAN-Japan economic cooperation framework complement and contribute to the overall progress made toward realizing ASEAN Community 2015. With ASEAN now setting its sights beyond 2015, ASEAN will continue to leverage from its strong partnership with Japan. As we continue the ASEAN post-2015 integration process, we welcome views from our partners in the Japanese business community on how they see ASEAN moving forward and how the region can continue to be an attractive destination for Japanese investment beyond 2015.

There will continue to be economic uncertainties and challenges, but emboldened by years of productive cooperation and dialogue, I am confident that ASEAN and Japan – with the support and continued dialogues with their respective industries and business communities - will remain strong partners in building a more prosperous, equitable and inclusive ASEAN Community.

Thank you.