

June 10th, 2021

The Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA)  
Japan External Trade Organization (JETRO)

## **The 13th Dialogue between the FJCCIA and ASEAN Secretary General**

### **“Requests & Proposals from the Japanese Business Community in ASEAN (2021)”**

*Toward implementation of the ASEAN Comprehensive Reconstruction Framework (ACRF)*

The spread of the COVID-19 continues in 2021, and Japanese companies in ASEAN, as well as ASEAN citizens and companies, are conducting business activities within a severe business environment. Japanese companies are trying to resume business and recover business performance while trying to maintain employment levels. They are also trying to tackle new challenges, such as supply chain resilience, digital transformation, sustainable growth, and green industries.

The situation faced by Japanese companies, and the direction of their efforts, is similar to the "ASEAN Comprehensive Reconstruction Framework (ACRF)" adopted by ASEAN at the ASEAN Summit in November 2020. The ACRF is an important integrated strategy across three ASEAN communities, the ASEAN Political and Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Social and Cultural Community (ASCC), and is understood to be ASEAN's short- to long-term three-stage action plan: Re-Opening, Recovery, and Resilience.

FJCCIA and JETRO agree with the ACRF's idea of "sustainable and broad recovery that benefits everyone in the region". As members and stakeholders in the ASEAN market and economy, Japanese companies fully support the framework and the ASEAN Secretariat's efforts to implement it. We are confident that Japanese companies can cooperate with ASEAN, which is moving toward the realization of ACRF, and contribute to ASEAN.

In the 2021 dialogue, FJCCIA and JETRO hope that the dialogue will be based on the "five broad strategies" that ASEAN aims to achieve in the ACRF. Specifically, we would like to focus on about 20 key priorities set forth in the ACRF that are relevant to Japanese companies. We would like to make a proposal for ASEAN to maintain its centrality in the Asia-Pacific region as a more attractive market and economic zone, and how Japanese companies can contribute to the ACRF.

There is a wide range of requests and proposals from FJCCIA and JETRO, but in summary, we would like to emphasize the following three areas:

## 1. Towards Maximizing the Potential of Intra-ASEAN Market and Broader Economic Integration

- FJCCIA and JETRO have high hopes for the Regional Comprehensive Economic Partnership (RCEP). ASEAN has played a central role in working with Japan and other countries to promote the conclusion of a mega-FTA, the largest in East Asia. The RCEP will contribute to deepening the supply chain of Japanese companies in Asia and when it comes into effect, we would like to receive information from the ASEAN Secretariat from the perspective of promoting implementation. Also, we would like to deepen our cooperation by providing regular feedback to ASEAN, which serves as the RCEP's Secretariat, if there are areas that we would like to request for review.
- FJCCIA and JETRO support the ASEAN initiative to increase market openness for trade and investment. Globally, some countries have been making the home country priority principle and protectionist movements. We hope that the Non-Tariff Measures (NTM) toolkit will work effectively to prevent the establishment of non-tariff barriers (NTBs) and trade-distorting measures, and that new NTBs will not be established in ASEAN Member States (AMS) and dialogue countries, and that unnecessary NTBs will be reduced. We would also like to continue to call for harmonizing the standards and criteria for industrial products, which have made progress in automotive products etc.
- FJCCIA and JETRO look forward to the liberalization of services through the ASEAN Trade in Services Agreement (ATISA), etc. We call for deregulation of remote services and cross-border services. We would like to call for the establishment of a system to facilitate the traffic of engineers and other specific technical experts within the ASEAN region and to and from Japan. As for the vaccine passports that are being examined in each country, we hope that the ASEAN Secretariat will discuss a common form, etc., to encourage the adoption and mutual recognition of such passports by each country, and a system to facilitate the movement of people, including non-ASEAN member states nationals, within the ASEAN region.
- In relation to the above, there have been moves in recent years to tighten expatriation requirements for foreigners in various countries. This may appear to be a measure to protect employment in the short-term, but in the long-term, it may not be beneficial, as it may increase the inconvenience for foreign companies to do business, which may lead to a decrease in investment, and in some cases, it has prevented the transfer of technology and know-how to the local community.
- FJCCIA and JETRO hope to further improve the convenience of existing FTAs and EPAs, such as the ASEAN-Japan Economic Partnership Agreement (AJCEP). The AJCEP is also expected to introduce an electronic exchange of certificates of origin (C/O) and a self-certification system and liberalization in the service sector. As for the Form AJ, we would like ASEAN to consider measures such as making the current acceptance in PDF format, which is an emergency measure, permanent. Furthermore, we would like to see the ASEAN Single Window expanded and upgraded to promote the exchange of trade-related documents.

- FJCCIA and JETRO request the resumption and acceleration of logistical connectivity efforts that have been suspended due to the pandemic. In particular, land transportation in the Greater Mekong Subregion (GMS) and Malay Peninsula is becoming increasingly important due to the recent rise in sea transportation prices. We would like to undertake the resumption of the stalled Cross-border Transportation Agreement (CBTA) initiative, early dissemination of the ASEAN Customs Transit System Agreement (ACTS), and facilitation of logistics through the establishment of new border gateways, etc. Logistics should be facilitated while maintaining epidemic prevention.

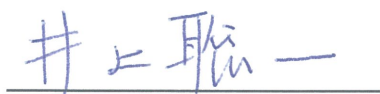
## **2. Towards Inclusive Digital Transformation**

- FJCCIA and JETRO look forward to the early implementation and benefits of the ASEAN E-Commerce Agreement. We would like you to build a data management framework that does not interfere with the business while realizing a safe and secure EC business environment. Japan is co-chairing the WTO e-commerce negotiations with Singapore and Australia, and we hope that the ASEAN members will also participate actively in these negotiations.
- Coinciding with the aforementioned request, we would like you to continue your efforts to realize a digital trade environment by digitizing not only government-to-government, but also all trade-related documents, certification documents, and trade finance. Also, we would like ASEC to ask the AMS to promote the digitization of administrative documents, and to review the requirement for signatures and submission of original documents.
- The Fourth Industrial Revolution continues to be a significant challenge. Japanese companies are major players in robotics and factory automation in the ASEAN region, and will contribute to the penetration by smart manufacturing in ASEAN. In addition, we would like AMS to hear the opinions of Japanese companies in the development of regulations related to the cross-border movement of industrial data associated with cross-country factory system linkages, IoT, etc.
- Japanese companies continue to develop their engineers, technicians, and digital human resources. We are continuously working on employee reskilling and upskilling. The culture of developing hired personnel from a long-term perspective is a characteristic of Japanese companies. We would like AMS to establish a system to encourage such human resource development efforts.

## **3. Toward a more sustainable and resilient future**

- FJCCIA and JETRO would like to contribute to ASEAN's goal of realizing a green economy and a circular economy. We would like to actively present solutions to resolve problems in ASEAN through the introduction of energy-saving and energy-efficient technologies owned by Japanese companies, and the promotion of collaboration and matching between Japanese companies and ASEAN companies.

- We appreciate the progress to date of the "Dialogue for Innovative and Sustainable Growth (DISG)", which establishment was endorsed by the ASEAN-Japan Economic Ministers Meeting (AEM-METI Consultation) last year. We look forward to further involvement and support by the ASEAN Secretariat and AMS in the further development of the DISG in the future.
- In May 2021, the ASEAN-Japan Business Week was jointly organized by the ASEAN Secretariat, ASEAN-BAC, METI, Keidanren (JBF), the Japan Chamber of Commerce and Industry, JETRO, RIETI, AJBC, ERIA, and the AMEICC Secretariat. As an opportunity to provide the audience with an overview of the current status of the changes in ASEAN, the session introduced advanced initiatives of the Japanese and ASEAN business communities, and wide-ranging discussions by experts from the perspective of "Innovation" and "Sustainability". These opportunities are extremely beneficial to Japanese companies involved in ASEAN, and we thank the ASEAN Secretariat and ASEAN-BAC for their support, and look forward to providing similar opportunities in the future.
- FJCCIA and JETRO would like to work together to create opportunities for new partnerships and programs related to electric vehicles (EVs), hydrogen, batteries, and other technologies that ASEAN is pursuing. With regard to the EV policies being considered in various countries, since they could have a significant impact on the existing industrial base and consumers, we would like to urge AMS to promote balanced and realistic policies after fully exchanging opinions with the industry.



INOUE Soichi (Mr.)

Chairman

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