



The Federation of Japanese Chambers of Commerce and Industry in ASEAN

June 12th, 2023

Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA)

(15th Dialogue Between the Secretary-General of ASEAN and the FJCCIA)

Requests and proposals from Japanese businesses within ASEAN (2023)

— Toward development of ASEAN-Japan Economic Co-Creation —

The economic output of the Southeast Asian countries has been showing steady recovery, 3.5% in 2021 and 5.6% in 2022 after contracting by 3.2% in 2020, thanks to the initiatives toward recovery by the ASEAN Secretariat and ASEAN governments, including the ASEAN Comprehensive Recovery Framework (ACRF). Compared to August 2022 when the previous dialogue was held, border controls have been relaxed in most of the countries and cross-border business and leisure travels have picked up. Japanese companies operating in ASEAN are showing a movement of business expansion such as increasing capital expenditure and setting up bases, while adapting themselves to the new normal utilizing digital technologies. Business activities have recovered, with some industries doing better than in pre-pandemic times.

Now, we celebrate the 50th anniversary of ASEAN-Japan friendship and cooperation, weathering the Covid-19 storm and experiencing remarkable economic recovery. We would like to extend our congratulations on behalf of all the Japanese businesses operating in ASEAN. The ASEAN Secretariat and the governments have worked relentlessly to establish a friendly environment for foreign businesses. In such favorable environment, Japanese companies have created and operated businesses together with people and partners in ASEAN for a long time. In this memorable year, we would like to express our gratitude to ASEAN member states and their people for the benefits we have received - the open trade and investment policies and favorable business environment. At the same time, we are proud of our predecessors' contribution to the ASEAN society in areas like employment creation and technology transfer.

This dialogue between the Secretary-General of ASEAN and the FJCCIA also reaches a milestone of the 15th dialogue in this round. The FJCCIA was formed in 2008 in response to a call from Dr. Surin, the Secretary-General at that time. We are grateful to all the former and




current Secretaries-General and parties involved in the ASEAN Secretariat who have always heeded the FJCCIA's recommendations. The Regional Comprehensive Economic Partnership (RCEP), which came into effect last year, and many other proposals and requests the Japanese companies made via this framework of dialogue have been realized. The business environment is steadily improving. The number of Japanese companies expanding their business into ASEAN has increased exponentially. The efforts of the ASEAN Secretariat and ASEAN member states to improve the investment environment have contributed significantly to this.

However, the global business environment sees rising uncertainty in recent years. Issues such as elevated prices of energy and resources triggered by the Ukraine crisis, unstable supply of food, essential goods, raw materials and parts, economic security, and supply chain disruptions are emerging. While we need to address global environmental issues and climate change, it is also urgent to balance sustainability promotion with business activities. As various challenges arise, whether global or within ASEAN, it is essential for ASEAN and Japan, the most trusted partners for each other, to deepen the economic partnership. Looking ahead to the next 50 years, we believe that we should deepen cooperation on all fronts to develop the Indo-Pacific region, with ASEAN in its center, into a more thriving region within the international community, and the private sector should also accelerate its efforts.

This year, the Japan Chamber of Commerce and Industry, the Ministry of Economy, Trade and Industry and JETRO have been jointly formulating the "ASEAN-Japan Economic Co-Creation Vision" to mark the 50th anniversary of ASEAN-Japan friendship and cooperation. This vision aims to build a safe, prosperous and free economic society through fair and mutually beneficial economic co-creation based on the trust that has been built over the past 50 years of friendship and cooperation between ASEAN and Japan. To support this vision, these are the three fundamental concepts: (1) sharing practices for economic growth and overcoming social challenges, (2) being grounded in diverse realities and geopolitical conditions of the region, and (3) promoting two-way exchange of human resources to bring mutually beneficial innovations together.

The proposals and requests that the FJCCIA has made since the emergence of the COVID-19 and the direction which the FJCCIA is aiming for align with the ASEAN-Japan Economic Co-Creation Vision. The FJCCIA supports this vision and continues its contribution to the ASEAN society through business activities in order to realize it. To this end, we would like to continue holding this dialogue with the ASEAN Secretary-General regularly.



The 2023 Proposals have been prepared based on the ASEAN-Japan Economic Co-Creation Vision while encouraging the ASEAN Comprehensive Recovery Framework (ACRF), an action plan being promoted by ASEAN, as in the last dialogue. The proposals and requests are based on four pillars and divided into three categories: (1) items that have been requested continuously since the previous dialogue, (2) items that we would like to ask the progress of after reviewing the requests that are showing progress, and (3) items related to new issues that have arisen since the previous dialogue. The four pillars and the key proposals, including new ones, are as follows:

Pillar of Proposals 1: More Comprehensive Economic Integration

- Keeping markets open for trade and investment
- Strengthening supply chain connectivity and resilience
 - Implementation of appropriate security export control (New request)
- Eliminating non-tariff barriers, cutting down market distorting policies
 - Sharing the view on the EU's Carbon Border Adjustment Mechanism (CBAM) (New request)
- Promoting utilization and improving usability of existing FTAs, such as ASEAN Trade in Goods Agreement (ATIGA), ASEAN-Japan Comprehensive Economic Partnership (AJCEP) Agreement, and Regional Comprehensive Economic Partnership (RCEP) Agreement
- Progressing ASEAN Single Window (electronic exchange of trade-related documents)
- Achieving trade facilitation under the new normal
 - Mutual recognition of Authorized Economic Operators (AEO) within ASEAN and between ASEAN and Japan (New request)
- Promoting tourism industry between ASEAN and Japan (New request)

Pillar of Proposals 2: Inclusive Digital Transformation

- Promotion of open innovation by ASEAN and Japan (New request)
- Promoting e-commerce and digital economy
 - Proactive implementation of countermeasures against counterfeit goods on EC sites (New request)

- Achieving trade facilitation under the Information Technology Agreement (ITA) in ASEAN (New request)
- Legal framework and system for digital data, data governance

Pillar of Proposals 3: Advancing towards a More Sustainable and Resilient Future

- Promoting sustainable development in all dimensions
 - Measures to promote transition towards green and circular economy
 - Facilitation of carbon credit trading in the region (Revised request)
 - Collaboratively addressing air pollution problems in the region (New request)
- Facilitating transition to sustainable energy
 - Promoting the Asia Zero Emission Community (AZEC) initiative (New request)

Pillar of Proposals 4: Promoting Human Capital Development

- Promoting human capital development
 - Reskilling and upskilling of workers
 - Ensuring stable employment opportunities for foreign professionals (New request)
- Further initiatives and collaboration in the fields of business and human rights

In addition to strengthening supply chain networks, especially in ASEAN, Japanese companies operating in ASEAN are tackling new challenges such as digital transformation and carbon neutrality. For example, the Japan Chamber of Commerce and Industry in each country has been accelerating their initiative to compile a catalogue of the technologies that the member companies have in respect to climate change and other environmentally friendly business practices. We would be happy to introduce these initiatives during the dialogue.

Lastly, we sincerely appreciate Secretary-General Kao Kim Hourn, who has been extremely busy with meetings with many related countries and organizations since his appointment this year, for planning his attendance to this dialogue with the FJCCIA. While the last dialogue was held when the pandemic had not yet subsided, this year's meeting is expected to see most of the participants attend face-to-face. We look forward to meeting Secretary-General Kao and officials from the ASEAN Secretariat in person. It is important for ASEAN and Japan

to deepen dialogue in order to understand each other's challenges and to promote regional development and economic integration. Using this Matrix of Proposals as a basis, we hope to have meaningful discussions for the economic development in the region.



UEDA Hiroyuki

Chairman

Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA)



< Attachment >

- Matrix of FJCCIA & JETRO Proposals (2023)