September 2026
Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA)

18th Dialogue between the Secretary-General of ASEAN and FJCCIA
Proposal from the Japanese Business Community in ASEAN
— Deepening the "ASEAN- Japan Co-creation Partnership" for the Future—

Chapter 1: Introduction: Commitment as "ASEAN Citizens"

In 2026, ASEAN is at a historic turning point, having completed the "ASEAN Economic Community (AEC) Blueprint 2025" with a high achievement rate of 87% and embarking on the "ASEAN Community Vision 2045: Our Shared Future (ACV 2045)," a long-term guideline looking ahead to the next 20 years. This vision is an ambitious roadmap to evolve ASEAN into a "resilient, innovative, dynamic, and people-centered" community, aiming to become the world's fourth-largest economy by 2045.

However, the global economy has entered an era of "Permanent Disruption". The decoupling of high-tech supply chains due to intensifying US-China competition and logistics disruptions from tensions in the Middle East risk shaking ASEAN’s status as the " Epicentrum of Growth". The rise of protectionism and opaque non-tariff measures (NTMs) is significantly reducing investment predictability for companies. Simultaneously, we face "three structural shifts": digital, green, and demographic. While the conclusion of the ASEAN Digital Economy Framework Agreement (DEFA) could increase the regional market to 2 trillion dollars by 2030, new risks like surging cyber threats and inconsistent Artificial Intelligence (AI) governance have emerged. In the green transition, responding to the emergence of environmental standards as potential trade barriers—including Europe's CBAM—is urgent; ASEAN's own carbon-neutral strategy and the construction of resilient energy infrastructure, such as the ASEAN Power Grid (APG), will be key to regional competitiveness. Overcoming these challenges is becoming essential for many ASEAN member states to escape the "middle-income trap" and achieve sustainable growth.

Chapter 2: Redefining ASEAN’s Importance through Multi-layered Contributions

Representing 7,420 member companies across 10 ASEAN countries, the Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA) is renewing its awareness as "ASEAN Citizens" deeply rooted in local communities, going beyond mere external investors. According to the recent FJCCIA Survey 2026, approximately half of Japanese companies (48%) recognize that the strategic importance of their ASEAN bases has further increased amid rising geopolitical risks, and 77% are driving AEC integration in practice through cross-border production, trade or hub linkages, and inter-base collaboration. We remain committed to developing and upskilling human resources in ASEAN through Japan's unique "Monozukuri" (manufacturing) expertise and "quality investment". This proposal is our commitment of "Co-creation" to build prosperity for 2045 alongside ASEAN, overcoming geopolitical turbulence.

FJCCIA has redefined its role as an "ASEAN Citizen". To support result-oriented governance through "Annual Milestone Deliverables (AMDs)" introduced by the ASEAN Secretariat in 2026, FJCCIA conducted the "FJCCIA Survey 2026" from July 2 to 24, 2026, receiving 1,041 valid responses from Japanese companies operating in the region. This survey aims to visualize how Japanese companies contribute to ASEAN's autonomous development, identify operational bottlenecks, and provide an empirical foundation for co-creating solutions. This proposal integrates survey results with the track record of over 300 co-creation projects across the "17 strategic fields" advocated by the Japanese government, presenting a strategic roadmap for ASEAN to remain the "Epicentrum of Growth".

2.1 Supply Chains: "Foundation of Resilience" Driving Regional Integration

According to the survey, Japanese companies are implementing the AEC ideal of a "single market and production base" at a highly advanced level. This multi-layered network enhances the ASEAN economy's resistance to external shocks. ASEAN is strongly urged to upgrade "institutional connectivity" (e.g., full implementation of ATIGA, anti-illegal trade measures) to make this network more efficient.

- **Density of Regional Networks:** Approximately 77% of respondents conduct continuous production division, trade, or inter-base collaboration with other ASEAN countries. This shows Japanese companies operate ASEAN as one integrated supply chain, forming the basis for the "seamless integration" aimed for in ACV 2045.

- **Increased Strategic Importance:** Amid rising geopolitical tensions, 48% of companies responded that the strategic importance of their ASEAN bases has further increased compared to five years ago. ASEAN is overwhelmingly positioned as a "strategic base for diversifying geopolitical risks" and a "core for supply chain resilience," establishing it as a "core safe haven" in global supply chains. Reflecting this strategic importance, more than half of the responding companies (52%) are implementing or currently considering expanding investments in ASEAN.

2.2 Co-creation: "Gemba Problem Solving" and "Investment in People"

Japanese involvement is shifting from "self-contained investment" to "Co-creation" with local partners to solve social issues. The survey shows approximately 63% of companies engage in joint development, technical guidance, joint ventures, or capital alliances with local firms, making Japan the largest technical partner supporting ASEAN's industrial advancement at the "Gemba" (on-the-ground operational) level.

A defining hallmark of Japanese companies is contributing to the region through human capital development based on decades of history rather than short-term profit. Regarding the appointment of local talent, 74% of responding companies have appointed local talent to either the "management level involved in decision-making such as business strategy and investment decisions" (29%) or the "responsible level in charge of department operations" (77%). As "ASEAN Citizens," Japanese companies are partners supporting "human capital advancement" so local workers are not left behind by technological evolution.

- **300+ Co-creation Projects:** Approximately 140 billion yen has been invested in "Global South Future-Oriented Co-creation Projects" led by METI and AMEICC, with over 300 private projects underway. Through JETRO's "Fast Track Pitch," Japanese large firms and local startups are creating new business models in Malaysia and Indonesia.

- **Commitment to 17 Strategic Sectors:** Japanese technology and local needs are merging in areas including AI, semiconductors, critical minerals/materials, healthcare, resources/energy security, and Green Transformation (GX).

- **Reskilling Support for 4IR:** In 2025, Japanese companies implemented GX/DX human resource development programs, training over 350 trainers primarily in Thailand and Indonesia to drive local capabilities in the 4th Industrial Revolution.

2.3 Sustainable Future: Execution Engine of the Green Economy (GX)

In ASEAN, which is highly vulnerable to climate change, Japanese companies are a powerful execution force supporting the "ASEAN Carbon Neutrality Strategy" from the private sector. The survey identifying "high costs of renewable energy" and "underdeveloped infrastructure" as major challenges provides a strong empirical basis for the ASEAN Secretariat to accelerate regional infrastructure like the ASEAN Power Grid (APG).

- **Decarbonization and Circular Economy:** Many Japanese companies have already actively implemented green practices. Specifically, the survey reveals that companies are undertaking measures such as "introducing energy-saving technologies" (49%), "expanding the use of renewable energy" (33%), "visualizing greenhouse gas emissions" (32%), and "promoting recycling businesses (recovery and reuse of used products)" (24%).

• **Promoting Transition Finance:** Through the "Asia Zero Emission Community (AZEC)," technical and financial cooperation for the "early retirement of coal-fired power" (utilizing the Amber process) aligned with the ASEAN Taxonomy is being actively accelerated.

Chapter 3: Four Pillars for Policy Proposal

Pillar 1: Sophistication of Supply Chains and Strengthening "Connectivity"

The global economy faces unprecedented uncertainty. Companies are forced to shift strategies from "efficiency-focused" to "resilience-focused," considering geopolitical risks. Tensions in the Middle East and attacks in the Red Sea have increased energy and logistics costs, directly impacting ASEAN supply chains.

In ACV 2045, it is essential to build "autonomous connectivity" resistant to external shocks. Notably, "Connectivity" has been upgraded from a cross-cutting issue to an independent "Fourth Pillar of the Community" in ACV 2045. Member states recognize that institutional and digital connectivity, not just physical infrastructure, are decisive factors for competitiveness. However, paper-based trade procedures and opaque NTMs remain "invisible costs" hindering rapid response to geopolitical changes. The risk of ASEAN being used as a hub for "Trade Circumvention" due to the US-China conflict also necessitates strengthened customs cooperation. Japanese industry seeks a revision of the Japan-ASEAN Comprehensive Economic Partnership (AJCEP) and improvements in digitalization of customs procedures.

To strengthen ASEAN's supply chain resilience through deepening the Japan-ASEAN partnership, the Japanese business community is calling for the revision of the AJCEP. In the survey, over 90% of companies requested improvements in the business environment through the revision of AJCEP. To resolve bottlenecks in expanding business in ASEAN, respondents highlighted trade-related barriers, calling for 'facilitating or digitalizing customs procedures' (59%), 'elimination/reduction of tariffs' (49%), and 'relaxation of rules of origin or simplification of procedures' (46%). In addition, they called for rulemaking to address modern challenges, including 'economic security (cooperation in the supply of critical goods, etc.)' (20%), 'environment (dissemination of renewable energy)' (19%), and 'rules related to the digital economy (cross-border data collaboration, etc.)' (17%). As ASEAN aims to become the world's fourth-largest economy by 2045, building a 'top-tier business environment' through upgrading institutional connectivity is the highest priority for both Japanese companies and ASEAN to prosper together.

Policy Area	Specific Recommendations & Actions
1.1 AJCEP Revision, Full Implementation of Revised ATIGA, and Elimination of NTMs	• AJCEP Upgrade: Consider introducing new disciplines for supply chain resilience, decarbonization, and digital/AI to reflect shifts in the global economy, industrial structures, and technological innovation since AJCEP's enforcement in 2008.

	• Trade Facilitation in Certificates of Origin (C/O): Achieve early, complete elimination of the FOB price declaration requirement in all frameworks, including AJCEP and RCEP, as agreed under the revised ATIGA. • Strict Monitoring of NTMs: Enhance the practical effectiveness of the 'NTM Toolkit' so that companies can easily report opaque NTMs, and prevent the introduction of new unfair non-tariff measures.
1.2 Full Digitalization of Trade Procedures and Expansion of ASEAN Single Window (ASW)	• Transition to Paperless Trade: While paper-based procedures still remain, immediately implement electronic exchange of phytosanitary (e-Phyto), animal health (e-AH), and food safety (e-FS) certificates among all member states via the ASEAN Single Window (ASW). • Japan-ASEAN System Connection: Operationalize the system connection (Proof of Concept) between Japanese platforms and ASW within 2026 to realize seamless electronic Certificate of Origin (e-CO) exchange.
1.3 Response to Unfair Trade, "Trade Circumvention", and IPR Protection	• JCC Result Sharing & Action Plan: Share the results of the '3rd Joint Customs Control (JCC)' (conducted at the end of 2025) with the private sector, and formulate a unified action plan running through 2030. • IPR Protection & Anti-Smuggling: Accelerate and strengthen public-private cooperation as a countermeasure against counterfeit and smuggled goods (such as automotive parts, lubricants, tobacco, and e-commerce) by establishing a structural partnership between governments and private companies to promote information sharing, technical capacity building, and evidence-based policy formulation. • Trade Remedies: Strengthen measures and studies to prevent circumvention trade, including anti-dumping (AD) duties, countervailing duties (CVD), and safeguards, while coordinating and adjusting opinions with the Japanese industry.

Pillar 2: Green Economy (GX) and Sustainable Industrial Foundations

Climate change is a current crisis threatening ASEAN's economic stability. Five of the world's 20 countries most vulnerable to climate risk are located in ASEAN. If climate measures are neglected, the region could lose over 35% of its GDP by 2050. ASEAN aims to create up to 5.3 trillion dollars in economic opportunities by 2050 through its Carbon Neutrality Strategy. Renewable energy, sustainable agriculture, and the circular economy could bring 1 trillion dollars annually to the region by 2030.

However, ASEAN relies on coal and fossil fuels for a large share of its energy, and power demand is expected to triple by 2050. The key to solving this "Energy Trilemma" (Security, Affordability, Sustainability) is the ASEAN Power Grid (APG). While the LTMS-PIP model (Laos-Thailand-Malaysia-Singapore) proved the possibility of multilateral power trade, infrastructure investment and regulatory harmony are lagging.

In the survey, companies expressed several demands for improvement regarding green and energy systems: 'insufficient tax incentives and related legislation by local governments' (41%), 'insufficient development of related infrastructure (power grids, charging networks, etc.)' (32%), 'unprepared power systems and Third-Party Access (TPA) systems' (17%), and 'lack of institutional coordination and mutual recognition within ASEAN' (16%).

In the automotive industry, a "Multi-pathway" approach suited to ASEAN's circumstances is vital. We must protect the existing supply chain and 12 million jobs while advancing decarbonization through hydrogen, biofuels, and e-fuels. On the financial front, there are favorable tailwinds, such as the Asian Development Bank (ADB) announcing the mobilization of 30 billion dollars in climate finance by 2030. Evolving ASEAN into a 'sustainable manufacturing hub' can be achieved by linking technology transfer with funding under the Asia Zero Emission Community (AZEC), using the 'ASEAN Taxonomy Version 4' (which completed standardization of all sectors in late 2025) as a common language.

Policy Area	Specific Recommendations & Actions
2.1 Regional Standardization of Circular Economy	• ASEAN Circular Economy Platform: Establish an 'ASEAN Circular Economy Platform' to harmonize standards for Extended Producer Responsibility (EPR) and the use of recycled materials, promoting the circulation of recycled products in the region. Accelerate regional harmonization of these standards by reflecting private sector expertise from FJCCIA and others in the 'Independent Advisory Panel (IAP)' being set up by the ASEAN Secretariat.
2.2 Expanded APG and Multilateral Power Trade	• Multilateral Power Market: Scale the LTMS-PIP model and create a multilateral, real-time power market where companies can directly procure renewable energy across borders. Formulate

	common ASEAN guidelines for Third-Party Access (TPA) and cross-border Power Purchase Agreements (PPA). • Strengthening Energy Storage and Transmission: Accelerate infrastructure investment to raise energy storage capacity to 60GW by 2030. To promote cross-border power transmission, strengthen collaboration under the Japan-ASEAN partnership while actively exchanging information between the APG Consultative Committee (APGCC) and FJCCIA regarding the installation, operation, and maintenance of subsea power transmission cables.
2.3 Supporting Next-Gen Auto & "Multi-pathway"	• Supply Chain Protection and Evolution: Based on ERIA's 'Next-Generation Automotive Industry Master Plan,' promote industry development and cultivation through a 'Multi-pathway' approach (including biofuels, hydrogen, and synthetic fuels/e-fuels) while protecting existing jobs and the extensive automotive parts supply chain under Japan-ASEAN co-creation.
2.4 Utilizing ASEAN Taxonomy and Facilitating Transition Finance	• Common Language: Use 'ASEAN Taxonomy Version 4' (first established in 2021 and updated in November 2025) as a common regional standard to promote capital inflows into agriculture, manufacturing, and ICT sectors. In future revisions, formulate standards for next-generation fuels (biofuels, SAF, hydrogen, etc.), critical minerals (rare earths, rare metals, etc.), and issues related to an aging society.

Pillar 3: Digital Economy, Innovation, and AI Governance

The digital economy in ASEAN is currently 300 billion dollars and projected to grow to 1 trillion dollars by 2030. The full implementation of DEFA will double this trajectory, expanding the digital economy to 2 trillion dollars. By 2030, digital will be a "prerequisite" for business as Gen Z and Millennials make up 75% of consumers. However, "techno-nationalism" and "data localization requirements" increase operating costs. DEFA is a tool to level these regulations. Furthermore, in 2026, the single biggest key variable is the social implementation of AI. AI has the potential to boost ASEAN's overall GDP by up to 18% (1 trillion dollars), but it also carries risks like cyberattacks and labor market changes. Inconsistent regional regulations hinder innovation.

In the survey, approximately 74% of responding companies are working on DX (including those currently considering it). There are also strong voices considering the utilization of AI; while raising 'securing and developing AI and digital talent' as a challenge (65%), many call for the development of legislation and guidelines regarding 'AI ethics and governance' (50%) and 'AI utilization' (48%).

Establishing a legal framework for Data Free Flow with Trust (DFFT) through DEFA is the only way to ensure digital resilience. Ahead of the planned signing of DEFA in 2026, it is required that Japan and ASEAN build a 'practical infrastructure of trust' that goes beyond mere rule compliance, such as sharing AI ethics, mutual recognition of digital signatures, and real-time sharing of cyber threat information, to realize a world-leading digital co-creation zone. Japanese companies already have 300+ co-creation projects in AI-assisted medical diagnosis and smart manufacturing.

Policy Area	Specific Recommendations & Actions
3.1 DEFA and DFFT	• Early Signing and Implementation Support: Establish harmonized digital governance rules through the early signing and implementation support of DEFA (scheduled for signing in November 2026). The ASEAN Secretariat should formulate a roadmap to achieve paperless trade and digital workflows, covering e-signatures, e-invoices, and trade-related documents (electronic Certificate of Origin (e-CO), bill of lading (B/L), etc.) to directly contribute to the industry. • Eliminate Unjust Regulations: Eliminate unjust 'server localization requirements' and promote mutual recognition with Japan as a country having an 'adequate level of data protection' to ensure Data Free Flow with Trust (DFFT).
3.2 AI Governance Harmony and Innovation Promotion	• Risk-based Common Framework: Introduce a common risk-based ASEAN AI guideline early to increase business predictability while avoiding excessive regulation, based on the 'ASEAN AI Governance and Ethics Guide'. • Joint Digital Sandboxes: Operate an 'ASEAN Common Digital Sandbox' with aligned levels of deregulation across member states to accelerate the social implementation of advanced technologies.
3.3 Strengthening Cyber Resilience	• Information Sharing Platform: Build a real-time cyber threat information sharing platform to support Micro, Small, and Medium Enterprises (MSMEs) in their cybersecurity adaptation.

Pillar 4: Inclusive Growth and Human Resource Connectivity

The principle of "Leave No One Behind" is an economic necessity for long-term stability. ASEAN faces the "demographic tectonic shift" of a rapidly aging society; by 2050, the population over 65 will double. This accelerates the "middle-income trap" due to increased social security costs and labor shortages. Reskilling and enhancing human connectivity to allow the free movement of highly skilled talent are lifelines for growth.

Japanese companies have long strived for local human resource development and delegation of authority. The survey showed that 81% (specifically 29% at executive level, 77% at department-head level of companies have appointed local talent to management levels, establishing deep roots in local communities as "ASEAN Citizens". Going forward, the elimination of physical and institutional barriers should be strongly promoted, such as introducing the 'ASEAN Highly Skilled Professional Visa' to facilitate the movement of highly skilled professionals and intra-corporate transferees, and opening automated gates (e-gates) at major airports for business travelers. Enhancing inclusiveness across finance, human capital, and social security will serve as the foundation to maximize the liquidity of finance and talent, pushing ASEAN to become the world's most vibrant and stable economic community, realizing an ASEAN where 'no one is left behind'.

Policy Area	Specific Recommendations & Actions
4.1 Facilitating Movement (Smart Immigration)	• ASEAN Skilled Talent / Intra-corporate Transferee Visa: To facilitate intra-regional movement of highly skilled professionals and intra-corporate transferees, formulate common ASEAN business traveler visa guidelines and introduce common visa preferential measures. • Opening Automated Gates (e-gates): Open the use of automated gates (e-gates) at major airports to business travelers to accelerate people-to-people exchanges. • Skill-based Mutual Recognition: Promote 'skill-based employment' that does not solely rely on academic background and facilitate the intra-regional movement of highly skilled talent using the ASEAN Qualifications Reference Framework (AQRF).
4.2 Support for Industrial Talent Development (Reskilling)	• Granting Concrete Incentives: In addition to expanding the 'ASEAN SME Academy,' governments should provide direct incentives such as corporate tax relief for in-house training or dispatching trainees/interns to Japan.

Chapter 4: A Pledge to Co-creation Toward 2045

These recommendations are a "guidepost" for Japanese companies to continue contributing to sustainable regional growth through investment and innovation. FJCCIA strongly commends the "ACV 2045" vision and declares it will remain a primary partner for its realization.

Japanese companies are prepared to walk together toward a future where ASEAN leads Industry 4.0 and becomes the world's most dynamic "Epicentrum of Growth". We expect these recommendations to bear fruit as specific Annual Milestone Deliverables (AMDs) under the strong leadership of the ASEAN Secretariat.

September 2026

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