

Japan-ASEAN Relations in the New Era

Toward the Realization of a Sustainable Society
through Cooperation and Co-creation

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KEIDANREN

1. Foreword

Association of Southeast Asian Nations (ASEAN)

- Consists of 10 member countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam
- Aims at regional economic growth and socio-cultural development since inception in 1967

○ Keywords defining ASEAN

ASEAN's diversity

Languages, racial mix, culture, climate, political systems, etc., vary by member states

ASEAN centrality

Securing ASEAN's presence and interests in relations with non-ASEAN countries

Economic growth in member states and ASEAN community

(Each Member state)

Steady growth in primary, secondary, and tertiary industries under national policies

Stepped-up moves to incorporate industrial digitization, nurturing of startups, and other policies in growth strategies in recent years

(ASEAN community)

Promotion of physical and institutional connectivity in the region, e.g. abolition of tariffs and infrastructure building

Conclusion of EPAs with non-ASEAN countries based on ASEAN centrality

⇒ **ASEAN has great potential as the world's growth center**

It is important for Japan to strengthen cooperation with ASEAN and strive for mutual development

2. History of Relation-Building between Japan and ASEAN States

Japan-ASEAN Relations:

- Geographical proximity
- Building multi-tiered relations: bilateral, regional, with ASEAN
- Building partnerships and cooperative relationships by government and private sector for development and prosperity through social infrastructure construction, conclusion of FTAs, etc.

Since mid-1980s

- Vigorous business expansion tapping ASEAN countries' rich labor force, diligent people, potential for market expansion, steady progress in infrastructure building, and other advantages
- Expansion of trade and investment



Present

- (Manufacturing industries)
 - Pivotal position as core of overseas production bases
 - Extensive global supply chains as source of international competitiveness
- (Non-manufacturing industries)
 - Support for manufacturing industries through logistics, financial, insurance, and other services
 - Addressing expanding consumption needs and domestic demand

Japanese companies in ASEAN grow with ASEAN countries while playing a major role in job creation and human resources development

⇒ Japan and ASEAN are **inseparable partners** bound by strong ties

3. Importance of Japan-ASEAN Relations in Changing Global Environment

Historical Turning Point:

- Global issues more pronounced under COVID pandemic, worsening climate change issues due to global warming, etc.
- Use of digital technology brings greater convenience, but reveals unexpected social risks
- Many countries take protectionist measures, seriously destabilizing international economic order



Generation and implementation of new ideas under multilateral cooperation are necessary for realizing sustainable society

With this in mind, Keidanren issued “.The NEW Growth Strategy” for building sustainable society in November 2020

⇒ **Japan and ASEAN must continue to drive world economy and resolve social issues as key players in Asian region**

⇒ **It is increasingly important for Japanese business sector to strengthen cooperation with ASEAN to co-create new values toward the realization of a sustainable society and work together to open up a new era**

4. Japan-ASEAN Cooperation and Co-creation in New Era

Japan-ASEAN realization of dynamic growth and resolution of social issues:

<Cooperation> Continue trade and investment in infrastructure and diverse industrial sectors, and undertake human resources development, technology transfer, etc. taking into consideration of diversity and needs of each country

<Co-creation> Respond to climate change and other issues common to Japan and ASEAN

<Opening up new growth areas> Startup cooperation through DX promotion to realize Society 5.0

Five **Actions** toward realizing sustainable ASEAN society

Dynamic Growth

(1) Building hard and soft social infrastructure for greater connectivity

- (a) Promote quality infrastructure building
Build roads, bridges, ports, airports, electric power facilities, and other quality infrastructure for greater connectivity
Build digitized trade platform
- (b) Improve institutional infrastructure
Improve institutional infrastructure through early RCEP effectuation and better business environment
- (c) Fortify global supply chains

Resolution of Social Issues

(2) Realization of sustainable growth

- (a) Respond to climate change issues
Disseminate decarbonization technologies such as energy conservation, renewable energy, and others in ASEAN
Provide support through sustainable finance
- (b) Build society with low ecological footprint
Share technology and knowhow for dealing with marine plastic waste and other issues
- (c) Work on disaster prevention and reduction
Share Japan's hard/soft knowledge and experience
- (d) Promote cooperation in medical and healthcare services

(3) Using digital technology (4) HR development (5) Personal exchanges

5. Conclusion—Deepening “Heart-to-Heart Relationship”

- The **heart-to-heart relationship**, or people-to-people ties between Japan and ASEAN countries, nurtured by our precursors over the years, will be asset that serves as basis for partnership and cooperative relations.
- Keidanren has engaged in policy dialogues with governments and economic organizations of ASEAN countries by sending missions, holding joint conferences, etc.
We setup and administer scholarships for talents of the next generation and will continue and strengthen such activities.
- Japan and ASEAN will cooperate and co-create to generate new values.
Keidanren will engage in policy dialogues with the governments and relevant organizations of ASEAN toward the implementation of this proposal.
We will advance vigorously toward the realization of a sustainable society.

Appendix

Keidanren will engage in dialogue with ASEAN countries and promote cooperation and co-creation, focusing on the following areas:

1. Building hard and soft social infrastructure for greater connectivity

(1) Building hard infrastructure

- ✓ Roll out quality infrastructure (build high-grade roads, bridges, railroads, ports, airports, electric power facilities etc.)
- ✓ Continue to develop and operate industrial parks to serve as core of regional industries
- ✓ Build infrastructure secured against cyber attacks
- ✓ Cooperate in building comfortable cities that tackle traffic congestion and other urban issues

(2) Building soft infrastructure

- ✓ Work for early effectuation of RCEP, positive application of the agreement, and India's membership
- ✓ Capacity building for greater administrative efficiency and streamlining
- ✓ Improve business environment, including streamlining central and local government administrative procedures
- ✓ Facilitate trade procedures with digital trade platforms
- ✓ Use technology to improve logistics efficiency

2. Realization of sustainable growth

(1) Realizing green growth

- ✓ Deploy Japanese companies' technology and knowhow in ASEAN countries
- ✓ Cooperate toward realization of carbon-free society, including during the transition period

(2) Building society with low ecological footprint

- ✓ Continue corporate activities contributing to tackling marine plastic waste issue, preventing soil and water pollution, forest conservation, etc.

(3) Working on disaster prevention and reduction

- ✓ Share knowledge and experience in disaster response in both hard and soft aspects
- ✓ Support personnel training of disaster prevention
- ✓ Set up and promote financing, insurance, and other financial systems to support speedy post-disaster reconstruction

(4) Cooperation in medical and healthcare services

- ✓ Enhance personnel development in medical and nursing care service
- ✓ Build IT-based healthcare and medical service infrastructure using life course data, AI, telemedicine, etc.

3. Using digital technology to open up new growth areas and realize Society 5.0

(1) Cooperation with startups

- ✓ Create opportunities for Japan-ASEAN startup collaboration
- ✓ Support building an innovation ecosystem linking Japan and ASEAN

(2) Realizing smart society

- ✓ Cooperate for early effective deployment of 5G and Beyond 5G as foundation of smart society and build key telecommunication networks including submarine cables, etc.
- ✓ Participate in realization of smart cities through deployment of ICT platforms
- ✓ Implement contactless solutions for “with-corona” and “post-corona” eras using biometric authentication and other technologies
- ✓ Japan-ASEAN collaboration in international standardization
- ✓ Support cybersecurity personnel training
- ✓ Support deployment of system infrastructure based on “security by design”

(3) Cooperation and participation in rulemaking

- ✓ Cooperate in making international rules based on principle of data free flow with trust
- ✓ Make rules in response to changes in society due to advances in digitization, e.g. in personal information protection

4. Human resources development

- ✓ Nurture human assets not limited to acquiring skills
- ✓ Expand cooperation and student exchange programs between Japanese and ASEAN universities

5. Promotion of personal exchanges

(1) Promotion of tourism, etc.

- ✓ Revitalize local communities through attraction of tourists
- ✓ Promote traditional culture, food and cuisine, pop culture, etc.

(2) Keidanren’s initiatives—holding policy dialogues

- ✓ Create and conduct activities under Subcommittee on ASEAN Economic Relations, in cooperation with Committee on Asia and Oceania
- ✓ Send missions to ASEAN states to hold policy dialogues
- ✓ Exchange views with ASEAN states’ embassies in Tokyo