

AJC AS A REGIONAL CENTRE FOR ENHANCING ASEAN-JAPAN ECONOMIC TIES



The ASEAN Promotion Centre on Trade, Investment and Tourism, or the ASEAN-Japan Centre (AJC) for short, was established in 1981 with an agreement between the governments of the ASEAN Member States and Japan in order to embody the “Fukuda Doctrine” (1977) into their relationship that emphasised, among others, the significance of “heart-to-heart understanding” and “equal partnership”. Towards this mission, the AJC has been working to strengthen economic and cultural partnerships between the ASEAN Member States and Japan in trade, investment and tourism, as well as promoting people-to-people exchanges between the two parties.

Since I assumed the post of the Secretary General of the AJC in September 2015, I have been making efforts to transform it for the better, by reforming and revitalising it both administratively and substantively so as to make it more relevant, efficient, effective, impactful and result-based.

Now, the AJC has mainstreamed into all its activities the concept of sustainable development, which has become the basis for the global development paradigm after adoption of the “2030 Agenda for Sustainable Development” by the United Nations in September 2015. It attaches more importance to capacity-building and policy-orientation when formulating projects and has introduced elements on research and policy analysis into its activities, providing policy recommendations for the ASEAN Member States. Also, making its activities ahead of the curve and demand driven, the AJC not only avoids the duplication of work but also is engaged in the new areas with due consideration to the ASEAN-Japan diplomatic initiatives, and challenges and opportunities faced by ASEAN and Japan. The major activities of the AJC include the following:

Trade promotion

The AJC has two major research and capacity-building programmes on services trade and new forms of trade. In the past, the AJC’s trade promotion



Masataka Fujita, Secretary General ASEAN-Japan Centre



Promoting services trade and new forms of trade: technical papers

activities focused on visible good products. However, services account for one quarter of the trade value and are becoming more and more important in global trade. Likewise, non-equity modes (NEM) of trade, such as subcontracting, offshoring, licencing and franchising transactions, are becoming a new trend in trade. Working together with the ASEAN governments, the AJC identifies opportunities and challenges and provides policy suggestions on how to maximise benefits from and minimise risks associated with further liberalisation of services trade and advancement of new forms of trade.

Investment promotion

In order to accelerate investment flows from Japan to the ASEAN Member States, the AJC focuses on bilateral policy

dialogues which provide opportunities for high-ranking officials from the ASEAN Member States, represented by either the heads of state or senior ministers, to convey the latest information on new investment policies directly to the Japanese business community. The dialogue also enables the Japanese business community to share the problems they face and propose policy suggestions to high-ranking officials from the ASEAN Member States. The dialogues are aimed at developing policy discussions to come up with strategic policy proposals to policies affecting investment in ASEAN Member States.

Tourism promotion

In the area of tourism, the AJC focuses on sustainable tourism. The AJC has been organising technical workshops for management-level tourism stakeholders in the ASEAN Member States to update their knowledge on the Japanese sustainable tourism market on different themes, such as community-based tourism, accessible tourism and agritourism. This year, the theme is gastronomy tourism. The AJC’s tourism programme also emphasises capacity-building, through providing knowledge on Japanese overseas travel trends and “interpretation” training, a communication tool to develop quality visitors services, in order to preserve unique culture and environment in the ASEAN Member States.



High-level policy dialogue between ASEAN high-ranking officials and Japanese investors in Tokyo



Workshop on agritourism in Aomori

Promotion of people-to-people exchanges

As for promotion of people-to-people exchanges, the AJC is particularly looking at ASEAN women entrepreneurs, as a part of the activities to empower women for sustainable development. The AJC launched the ASEAN-Japan Women Entrepreneurs’ Linkage Program (AJWELP) in 2016. This programme is designed to include various approaches to empower women entrepreneurs as well as provide them with a platform to meet-up with established companies that could become their supporting companies, successful women entrepreneurs as mentors and technical/academic partners, and help them support each other with their knowledge and resources. The third AJWELP will be organised in Brunei Darussalam in February 2020.



ASEAN-Japan Women Entrepreneurs’ Linkage Program (AJWELP) 2019 in Malaysia

“The AJC is expected to play a new role to further enhance ASEAN-Japan economic relations.

Responding to the new issues and expanding the scope

As relations between ASEAN Member States and Japan assume greater importance, I believe the AJC will be added further weight as a promotion hub of businesses as well as personal exchanges between the two parties. Also, against a backdrop of evolving ASEAN-Japan relations over the years, the AJC is expected to play a new role to further enhance ASEAN-Japan economic relations.

The AJC is now expanding its scope of activities to better cater to diplomatic initiatives such as “Japan-ASEAN Environment Cooperation Initiative”, “Asia Health and Human Well-Being Initiatives”

as well as “Free and Open Indo-Pacific Strategy” and new challenges faced by and opportunities presented by ASEAN and Japan, in order to respond to their needs on a timely basis. Also, the AJC should take into account the fact that the ASEAN Member States face emerging global and regional issues. Therefore, the AJC has started to deal with issues related to, but not limited to, low carbon economy, population ageing, innovation, the fourth industrial revolution, smart cities and the environment.

The AJC is determined to step up its efforts to become more useful in furthering partnerships between the ASEAN Member States and Japan.

AJC targets solutions for growing ageing population in ASEAN

ASEAN is facing rapid population ageing. It is estimated that within 20 years, all ASEAN countries will become ageing societies where more than 7% of the population is 65 years old or older. Singapore and Thailand have already reached the stage of ageing society and others, including Vietnam and Brunei Darussalam, are following suit. In 2030, more than 70 million people in ASEAN are projected to be at least 65 years old.

Population ageing poses a number of critical social issues in ASEAN such as ensuring social integration and economic security of the elderly as well as having a vibrant social security system. However, it also brings business opportunities with increasing demand for new services to support the elderly population in the region. Regional initiatives include the Japan-ASEAN Health Initiative that supports human resources development towards the promotion of healthy lifestyles, preventing diseases and raising healthcare standards in ASEAN. Plus the Japan-ASEAN Universal Health Coverage (UHC) Initiative focuses on population ageing and supports, among others, the conduct of Japan-ASEAN joint research. Moreover, it explores future collaborative forums or mechanisms towards sustainable UHC and addressing healthy and active ageing. Meanwhile, establishment of the ASEAN Centre on Active Ageing and Innovation in Thailand earlier this year shows ASEAN Member States’ determination to prepare for and address issues

relevant to ASEAN’s ageing society.

Against this background, the AJC, together with the ASEAN Committee in Tokyo (ACT) comprising ASEAN Ambassadors to Japan, and the ASEAN Secretariat, organised the ASEAN 52nd Anniversary Symposium in Tokyo on 26 August 2019. The symposium brought 180 Japanese businesspersons and policymakers as well as ASEAN Ambassadors to Japan to discuss the emerging challenges and opportunities around population ageing in ASEAN. It was not the first time for the AJC to feature the topic of population ageing in ASEAN. The AJC contributed in organising a session themed on active ageing as part of the Symposium on ASEAN-Japan Cooperation for Prosperity which took place in Hanoi, Vietnam in June 2019, on the occasion of ASEAN-Japan Day.

In organising the symposium, Mr. Masataka Fujita, Secretary General of AJC, stated that: “Integration of the elderly into society and economy is key to sustainable development. We cannot avoid population ageing but we can avoid detrimental impacts. AJC will continue to work together with ASEAN Member States and the ASEAN Secretariat to address emerging issues in ASEAN, including through organising policy dialogues with Japanese stakeholders”.

He added that: “Japanese companies should not miss the undoubted opportunities from rapidly growing ASEAN ageing population.”



The ASEAN 52nd Anniversary Symposium in Tokyo on 26 August 2019, inviting Aladdin D. Rillo, Deputy Secretary General of ASEAN for ASEAN Economic Community (AEC) as the keynote speaker, brought 180 Japanese businesspersons and policymakers as well as ASEAN Ambassadors to Japan together to discuss the emerging challenges and opportunities around the population ageing in ASEAN.

AJC’s work on ASEAN GVCs: Paper on Thailand is available online

The AJC started a research and policy analysis programme in 2016 to provide insights into the relevance, impact and patterns of value added trade and global value chains (GVCs) across ASEAN and its Member States, as well as in select industries. For this purpose, the GVC database was created and is continuously updated, which was built upon efforts made by other organisations such as Eora and the United Nations Conference on Trade and Development (UNCTAD). Based on the database, 16 technical reports are expected to be completed in a few years: one paper for each country; five industry papers (automobile, electronics, textiles and clothing, agribusiness and tourism) and one paper on the region as a whole.

In March 2019, the AJC issued the paper “Global Value Chains in ASEAN: Thailand”, which provides an in-depth analysis on GVCs in Thailand and practical advice for Thai government policymakers on how Thailand could benefit from GVCs, especially in promoting “Thailand 4.0” and achieving further value addition to escape from the middle-income trap in its economy. Six other papers (a regional perspective, Brunei Darussalam, Cambodia, the Philippines, Singapore and tourism) have also been produced as of November 2019.

To download the papers and the database, please visit the AJC website at <https://www.asean.or.jp/en>.



ESG investment in ASEAN is promising; however, challenges remain

Environment, social, and governance (ESG) investment has been implicitly and unsystematically undertaken among the ASEAN firms but it is promising, according to a study on the ESG Investment in the ASEAN region released by the AJC.

ESG investment has gained momentum around the world and the force is moving towards Asia, especially among the ASEAN Member States. Against this backdrop, AJC issued a study entitled “ESG Investment: Towards Sustainable Development in ASEAN and Japan” in March 2019 to urge investors to invest



Sixty participants, including 16 from ASEAN Member States, joined the ESG Investment Forum in Bangkok in March 2019.

responsibly by understanding ESG investment and contribute to a better and sustainable investment environment and society in Japan and the ASEAN Member States. The AJC has been implementing programmes on ESG investment aiming at providing information on success and failure cases on

ESG investment, particularly from an environmental aspect, raising awareness of environmental impacts of investment and providing possible solutions.

In March 2019, the AJC hosted discussions in Bangkok on ESG investment trends and prospects in ASEAN at its ESG Investment Forum, co-organised

with The Stock Exchange of Thailand (SET). The Forum aimed at promoting responsible investments with the key messages including what ESG investment is, why we should invest responsibly, and how to invest responsibly; and provided a platform to exchange best practices and policy options among Japan and ASEAN Member States.

In November 2019, the AJC will co-organise a seminar with Asian Development Bank Institute (ADBI) on ESG investment in Tokyo, exploring benefits and risks of ESG investment, and facilitating sustainable development in the ASEAN region.

To download the AJC’s ESG investment report, please visit the AJC website at <https://www.asean.or.jp/en>.



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Trade Investment Tourism Exchanges of Persons

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