

Keynote Speech
H.E. Le Luong Minh
Secretary General of ASEAN at the 6th Dialogue between SG of ASEAN and the
Federation of Japanese Chamber of Commerce and Industry in ASEAN
(FJCCIA)
12 July 2013, 9:25 - 9:45hrs
Sheraton Ha Noi Hotel, Ha Noi, Viet Nam

Your Excellency Tran Tuan Anh, Deputy Minister of Industry and Trade of Viet Nam,
Your Excellency Kimihiro Ishikane, Ambassador of Japan to ASEAN,
Mr. Hiroyuki Ishige, Chairman & CEO of JETRO,
Mr. Motonobu Sato, Chairman of the FJCCIA,
Ladies and Gentlemen

It gives me great pleasure to welcome you all to this business dialogue, organized by the Federation of Japanese Chamber of Commerce and Industry in ASEAN (FJCCIA) and the ASEAN Secretariat. I also wish to thank the Japan External Trade Organisation (JETRO) and the AEM-METI Economic and Industry Cooperation Committee (AMEICC) Secretariat, of the Ministry of Economy, Trade and Industry or METI of Japan, for their continued and concerted efforts in bringing together the Japanese business community based in ASEAN Member States to the sixth Dialogue, this time in Ha Noi, Viet Nam.

Background to FJCCIA

The Japanese Chambers of Commerce and Industry based in ASEAN Member States gathered for the first time in an inaugural meeting in 2008, Bangkok, Thailand for an exchange of views with the Secretary-General of ASEAN on business conditions, challenges and issues faced by the Federation members operating in ASEAN. Seeing merits in such an engagement, the dialogue has been held without fail since then and at each meeting the agenda has expanded and the exchange been more intensive. In fact the **FJCCIA Dialogue has become a successful role model** that has been since then, emulated by other foreign business communities in ASEAN in forming the ASEAN+1 business councils and acting as sounding boards in providing feedback on implementation issues related to the ASEAN integration process. ASEAN recognizes, values and welcome such inputs. I appreciate the efforts all of you here have undertaken in setting off this

mechanism of providing collective private sector feedback to ASEAN on how to improve trade facilitation in ASEAN at the same ensuring improvement in the quality of the requests as feedback to ASEAN. This particular Dialogue has contributed to greater ASEAN-Japan engagement. Let me cite two examples. As most of you may be aware, the ASEAN Economic Ministers or AEM and the METI Minister of Japan had agreed to develop a 10–Year Strategic Roadmap for ASEAN-Japan Economic Relations and conduct a roadshow to Japan by the AEM – the genesis of these initiatives were developed at the sidelines of the 4th SG-FJCCIA Dialogue in Kuala Lumpur in 2011, where all the ASEAN Economic Ministers were also invited to participate in the 4th Dialogue between Secretary-General of ASEAN and the Federation.

The AEM Roadshow to Japan was held in 2012 to promote ASEAN among the Japanese business sectors and attract Japanese investment into ASEAN. We have seen a resurgence of Japanese interest into ASEAN since then. The 10–Year Strategic Roadmap was endorsed by the AEM and METI Ministers in August 2012, aimed at promoting ASEAN-Japan to a strategic partnership covering improvement of business environment, trade and investment facilitation and liberalization, infrastructure development, connectivity, human resources development and enhancement and coordination in domestic policies and regulations, and small and medium enterprises (SMEs), among others for the period 2012-2022.

I am sure the Roadmap would be a key driver to further strengthen trade and economic ties between ASEAN and Japan for mutual benefits, especially at a time when ASEAN-Japan are celebrating, forty years of relations and coithoperation and the ASEAN-Japan Commemorative Summit, scheduled for 13-15 December 2013 in Tokyo, Japan.

Importance of Private Sector Engagement in Building Trust

The need for private sector consultations and interaction cannot be over-emphasized but in fact I believe needs to be over-emphasized. The AEC building process will not succeed without private sector consultations and their inputs as through such consultations and

interaction we are not only able to re-align our work but also help focus on what is crucially important for the private sector to function efficiently in a business friendly environment.

Recognising the importance of private sector interaction and facilitation, we need to bear in mind that until the government also has the primary responsibility in ensuring public interest and public good, it also has to respond to both the needs of the public and private sectors and find synergy between them. Both sides, continually tend to raise the common question “could the government not have done a better a job?” Thus in trying to meet the interests of both sides, the government has to build the trust of both of the public and private sectors – the public sector on the one hand would want their interests to be safeguarded when the government conducts its duties; and it has to provide them the assurance that the government is working to promote an impediment-free environment that is less bureaucratic. In other words, the government in discharging its obligations needs to find a fine balance between regulating legitimate business activities and the need for proper rules, procedures and mechanisms, and at the same time ensure a business friendly environment. Thus it is important to build trust among all quarters that we are all working for our common good. Trust is crucial, yet it is delicate and can only be built over time.

Meeting, discussing issues and looking into ways to improve the business environment – the interactions that we are having here today is trying to do exactly that the ASEAN Secretariat see the issues raised by the Federation not as an indictment on ASEAN on the impediments faced in conducting your business activities but rather see them as an opportunity to improve the business environment and further not only as an inducement for greater professionalism in dispensing our duties, but more importantly as contributions to paving the smooth pathway to achieving the goal of AEC 2015. As we in ASEAN try our best to accommodate the interests of the private sector by taking appropriate actions on the requests, we also need to bear in mind that this has to be followed up with dissemination of the rationale and importance of the change and at times with supporting training and capacity building activities so as to “buy in” those implementing the proposed changes. So in responding to requests and changes to take place and in order to meet the expectations of the demanders, we have to give it a little time for full implementation once

the “buy in” has taken place. I can safely say that ASEAN has indeed directly or indirectly benefitted from such private sector interactions and the inputs received.

Status/Developments in ASEAN

I am pleased to inform that through steps taken to improve ourselves, thanks to private sector inputs, trade costs in ASEAN have been reduced significantly over the years, by more than 15 per cent on average within ASEAN and by about 8 per cent with the rest of the world. Trade intensity and complementarity have also increased. Evidence suggests higher degree of trade openness of ASEAN countries as well as a rising trend in intra-ASEAN trade intensity. Modest and positive trade convergence has also become more promising. High trade complementarity in the region, is thus reinforcing the potential of increased trade integration in ASEAN.

Most recently, ASEAN has fully enforced the ASEAN Comprehensive Investment Agreement (ACIA), which aims to enhance the investment liberalization and bring ASEAN as a region to become an even more attractive investment destination. The landmark ASEAN Agreement on Movement of Natural Persons (MNP) has been signed and is expected to be ratified by this year to allow better movement of persons within ASEAN who want to conduct business activities related to trade, services and investment. The pilot implementation of the ASEAN Single Window is well underway; while a work program is being also developed to address non-tariff barriers (NTBs), including non-tariff measures (NTMs). In financial integration, capital markets have been deepened to support the AEC, with initiatives such as the ASEAN Linkages and renewed focus on ASEAN banking integration. Meanwhile, negotiations on the Regional Comprehensive Economic Partnership (RCEP) have already started in May this year.

To recap quickly on overall AEC implementation, as of end-May 2013, 77.8 per cent of the measures due under the AEC Blueprint have been implemented, with significant results across the four pillars. Notwithstanding the progress made efforts to deepen regional integration still need to be strengthened. Key priority is to complete the remaining measures. In general, most of the bottlenecks in implementing the AEC are due to: (i)

delays in the ratification of the signed ASEAN agreements/ protocols which affect their entry into force; (ii) failure to align regional initiatives to domestic laws and regulations; and (3) lack of political will to implement regional and country-specific commitments. Continued engagement with the private sector in responding to appropriate demands would in a way help remove the bottlenecks that I have mentioned. What we can re-assure you on your requests is that ASEAN will utilize the “Kaizen” principle that the Japanese have contributed to the world that is continuously striving for improvement and excellence – we in ASEAN will keep working on the issues raised and over time I am sure we will achieve our objectives of creating an ASEAN that is highly trade facilitative and business-friendly.

Excellencies, Ladies and Gentlemen

In the following session, my Director from the ASEAN Secretariat will report to you the progress that ASEAN has made thus far to the Federation’s requests in 2012. I encourage you to raise pragmatic and candid issues during the session so that it would generate fruitful comments and feedback to further pursue with the respective sectoral bodies to improve on the requests. We need to keep working on them. We need to work for our common prosperity and to forge ahead on the road to building a decent AEC by 2015, which will benefit all of us.

With that, I thank you all and look towards productive deliberations.