### japan times forum on ASEAN-Japan relations

# Deepening, revising ties with Southeast Asia

The Association of Southeast Asian Nations and Japan mark the 40th anniversary of their cooperative relations this year. ASEAN and Japan's partnership, which began with the establishment of the ASEAN-Japan forum on synthetic rubber, has evolved over the 40 years. The two parties have formed close cooperation toward peace, stability, development and prosperity in Asia. The business partnership has also expanded steadily, with total bilateral trade amounting to \$248 billion in 2011, according to the Foreign Ministry. ASEAN member states — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam — are major investment destinations for Japanese companies. In 2013, Japan and ASEAN member states are holding a number of exchange projects on topics ranging from political dialogue and economy, to culture, youth and tourism. With that in mind, The Japan Times held a forum to discuss relationship between Japan and some of the Southeast Asian countries. Participating in the event were Indonesian Ambassador Muhammad Lutfi, Malaysian Ambassador Datuk Md. Som Shaharuddin, Philippine Ambassador Manuel Lopez and Thai AmbassadorThanatip Upatising, joined by Yoshikuni Onishi, secretary general of the ASEAN-Japan Center, and Japan Times Executive Operating Officer and Managing Editor Takashi Kitazume, who served as the moderator. The forum was held in two parts. The first session discussed the broad economic relations between Japan and the Southeast Asian countries, and the second session dealt with person-to-person exchanges between the two parties.

Excerpts of their discussion follow:

Moderator: Let me briefly explain the purpose of the forum. 2013 marks the 40th year since Japan and ASEAN officially kicked off their cooperative relations in 1973. Japan and Southeast Asian countries have since gone through a long history of deepening economic relations

At one point, Japan was deemed a model of economic development for many of the Southeast Asian countries, and the so-called flying geese model of economic development for Southeast Asia was touted as Japan and the region deepened their trade and investment relations.

Times have since changed and in more recent years, China came into the focus of Asia's economic landscape, as Japan and Southeast Asia expanded their relations with this rapidly-growing economic powerhouse. And while Japan continued to be mired in a long-standing slump, many Southeast Asian economies

It is clear if you take a look at the GDP comparison. The ratio of GDP between ASEAN's 10 member states and Japan was approximately 2 to 8 in 1980, which became about 3 to 7 in 2012. It is estimated that the ratio would be 4 to 6 in 2030.

An equal partnership between ASEAN and Japan will become a reality. Put it differently, the era during which ASEAN has relied largely on Japan will take a different shape.

The relationship has increasingly matured, looking at each other with cool eyes and judging with cool heads what is cost and what is benefit.

I think it is good for ASEAN and Japan when economic and social activities are undertaken based upon the spirit of equal partnership. Obviously, Japan needs to go ahead with security issues, supply chain management and transfers of high technology in close cooperation with ASEAN. Although ASEAN may have other countries to choose as partners, it is Japan income countries. I want to highlight a few points from the viewpoint of Japanese business corporations.

The first point is ASEAN's single industrial and agriculture standards and, if possible, the acceptance of standardization by Japanese business corporations.

This is applied not only to industrial goods but also to agricultural products, medicines and cosmetics. If the industrial standards are not brought into a single line among ASEAN countries, Japanese business corporations will have to design and manufacture products based on countryspecific standards. This will reduce the degree of effectiveness of the supply chain management of Japanese firms.

The second point is protection of knowledge assets or intellectual property rights. A number of copied industrial and consumer goods are prevailing in the ASEAN market. It is necessary to make ASEAN a region free from the infringement of intellectual property rights.

motorcycle. And \$5,000 is important. That would mean third or fourth TVs and first automobile.

Center Secretary General Yoshikuni Onishi, at the newspaper's office in Tokyo on June 13. YOSHIAKI MIURA

What changed in the last 30 or 40 years is that suddenly Japan has become not just an aging society but a shrinking society. Indonesia and the Philippines are growing societies. More than 50 percent of our demography is younger than 30 years old. We will not see an aging society until at least 2050.

Then we will become a prima donna. Now looking at Japan, you are also a prima donna. Japan has high technology and is very wealthy. But there are no consumers. Consumers are in our region. The Japan Bank for International Cooperation study shows that out of seven ASEAN countries, four are in the top 10 destinations for Japanese investment. Indonesia is No. 3.

The ASEAN economy is about a half the size of the Japan's. But Citicorp said that by 2050, two ASEAN countries, the Philippines and Indonesia, will be in the top 10

companies has contributed to economic prosperity in the region. The past three decades have seen a number of Japanese companies using ASEAN as the destination to relocate their industries such as automotive, electrical and electronic industries. The positive effects of the ASEAN-Japan close economic partnership are also manifested vibrantly in the trade, investment and tourism sectors. In this regard, bilateral trade between Malaysia and Japan has recorded continued growth. In terms of investment, Japan continued to be the largest source of foreign investment in Malaysia.

In the tourism sector, despite the global economic slowdown, we had 470,000 Japanese tourists arrive last year alone, which is an increase of 21.5 percent compared to the previous year.

Malaysia hopes to become a developed high income nation by 2020 and we certainly hope Japan will actively participate in our Economic Transformation Program, which was launched in October 2011. The entry point projects outlined in the program will present equal opportunities for Japanese companies to participate in a number of areas, such as financial and business services, halal food industry, green technology health care and energy.

it. Sustainable growth is our aim. We are a secure and more predictable destination. Inflation is stable at 2.6 percent, the peso is stable. Above all, we enjoy investment-grade ratings from Fitch, S&P and the Japan Credit Rating Agency.

We are a country with a population of 100 million, with an average demographic mean age of 23, highly skilled and Englishspeaking workforce. We are a perfect complement to Japan, with its aging population, advanced technological capabilities, and sizable corporate capital.

Upatising: ASEAN has been the second home for Japanese investors for the past 40 years. But there are new challenges. During Prime Minister Shinzo Abe's visit to Thailand and Southeast Asia in January this year, he announced the "Five Principles of





Muhammad Lutfi, Malaysian Ambassador Datuk Md. Som Shaharuddin, Philippine Ambassador Manuel Lopez, Thai Ambassador Thanatip Upatising and ASEAN-Japan

posted rapid growth as the key players of Asia, which became the engine driving global economic growth.

And in the last few years, Japan and its businesses are once again looking more toward Southeast Asia as a key partner. Recent figures show trade with many of the ASEAN countries has been rising faster than the trade with China, and surveys indicate Japanese firms consider Southeast Asia as the top choice for their future investment destinations.

Various changes are also taking place on the part of the Southeast Asian countries. Their economic structure is no longer the same as the one that Japan had known in the 1970s, '80s and '90s. They are looking toward the establishment of the ASEAN community by 2015. Recent developments also include the political reforms and economic opening of Myanmar, which with the lifting of Western economic sanctions is rapidly attracting foreign investment.

On rising trade, investments and tourism, reports and official figures show that Japanese companies' re-emphasis on Southeast Asia began even before Japan's economic ties with China were hit from the spillover of their strained political ties in 2012. And the nature of Japanese investments is also changing - whereas Japanese firms in the past viewed Southeast Asia as a production base for exports outside of the region, now they are looking more toward the region as a consumer market.

Earlier this month, we had news that the Japanese government plans to ease visa requirements on visitors from several Southeast Asian countries specifically to try to invite more tourists to Japan from the region.

On the other hand, we have heard it said a lot in recent years how Japanese businesses are lagging behind their competitors in Southeast Asian markets, or how they do not understand the local consumers

Mr. Onishi, could you start by commenting on the status of Japan-**ASEAN economic relations?** 

Onishi: When we talk about he economic relations between ASEAN and Japan, it always reminds me of former Prime Minister Yasuo Fukuda when he gave a speech at the 30th anniversary of our center. It was two years ago. Mr. Fukuda referred to the changing relationship between ASEAN and Japan, emphasizing the shift from vertical to horizontal relations.

that extends cooperation and assistance with heart-to-heart understanding and with no strings attached.

Both parties should do everything they



Yoshikuni Onishi, ASEAN-Japan Center Secretary General: Graduated from Waseda with a B.A. in law; received M.S. in developing economies from the University of Bath, England. He entered the Secretariat of the Asian Productivity Organization (APO) in 1967 and served various positions there until 2006. The recipient of the Foreign Minister's Award in 2000, he served as the president at Japan International Business Advisory Corp. before taking the current position.

can to consolidate mutual trust and friendship. In this sense Prime Minster Shinzo Abe's strategic focus on ASEAN is very meaningful to reconfirm the solid partnership between ASEAN and Japan. Having said that, let me come to investment and tourism. On investment, the ASEAN Economic Community puts the focus on the realization of one single production base and one single market. Over the years ASEAN used to be an important production base for Japan while products made in ASEAN were mostly exported to Japan and other countries.

This scenario has been changing. With the rapid growth of ASEAN's economy and increasing middle-income earners, ASEAN has become an important marketplace. The concept of local production and local consumption has become a rising reality. Once this concept takes root in ASEAN, technology, capital and human resources will be accumulated in ASEAN, which will contribute to the further development of the bloc.

This is crucial for ASEAN's advanced countries to escape from the trap of middle-

The third point is that development and strengthening of connectivity should be stepped up for efficient and effective flow of distribution and logistics.

As Japanese business corporations will shift from production and marketing in one country to regional production and marketing in ASEAN, good distribution and logistics systems are indispensable to implement supply chain management at lower costs and at higher speed.

Meanwhile, I want to highlight three points from the viewpoint of ASEAN addressed to Japan.

The first point is that the pace and volume of investment should be accelerated by developing infrastructure such as ports, bridges, roads and equipment for quick customs clearance among other things. The second is that foreign investment

should be made focusing on CLMV (Cambodia, Laos, Myanmar and Vietnam) to narrow the development gaps among ASEAN members.

The third point is the transfer of Japan's high technology and know-how. This is Japan's competitive advantage. In addition to technology for infrastructure development, emphasis should be given to three areas: alternative energy and energy saving, environmental protection, and medical care and treatment such as distance operations.

### Moderator: Now we'd like to hear from each of the ambassadors on the region's economic relations with Japan from their countries' viewpoins.

Lutfi: Let me talk about one wire we got from our embassy in Canberra. Australia conducted a survey. What they asked was, "Who is the best friend for Indonesia in the world?" Hopefully the answer is Australia because they are neighbors. The result was six out of 10 Indonesians said Japan.

Then a further question was asked: "Out of all countries, who is Indonesia's best business partner?" Eight out of 10 said Japan. So Japan is a very important business partner for Indonesia.

In the past, cheap products were coming back to Japan as competitive goods. Now suddenly Indonesia has become a market. Out of all the countries in the world, 55 percent of the growth is in the Asia-Pacific. The number of people in the middle class grew from 140 million to 900 million in the last 18 years or so.

Middle class means people who make \$3,000 to \$5,000 (per year). Why are these figures important? Someone that makes \$3,000 buys a second TV and a first

economies in the world. The Philippines will be No. 9, Japan will be No. 8 and Indonesia will be No. 4. Our (ASEAN's) GDP combined will be \$16 trillion, almost the same as the United States by 2050.

Shaharuddin: Japan has not only been supportive of ASEAN but also a very important strategic partner.

Significant progress has been achieved in our relations and cooperation over the last four decades. the level of trust and confidnece between ASEAN and Japan has grown from strength to strength and this has contributed substantially to sustaining regional peace, stability, progress and prosperoty.

Since the establishment of the first informal dialogue relations between ASEAN and Japan in 1973, Japan has remained a valued partner and friend of ASEAN. The financial and technical assiatance extended by Japan has benefited ASEAN. For



Muhammad Lutfi, ambassador of Indonesia: Born in Jakarta in 1969, he graduated from Perdue University in Indiana and embarked on a business career. He became head of Indonesia's Investment Coordinating Board in 2005 and was the youngest person ever to take that post. He was the president director and CEO of Mahaka Group, a leading national company specializing in print, broadcasting and multimedia, prior to serving in his current position since August 2010.

example, Japanese ODA has contributed to infrastructure development in the region while technical assistance from the Japan International Cooperation Agency, Japan External Trade Organization and Institute of Developing Economies has nurtured our capabilities.

The Japanese economic cooperation strategy implemented by many Japanese

Lopez: The Japan-Philippines relationship is very vibrant. Japan is a close strategic partner of the Philippines. Japan is the Philippines' top trading partner, top source of official development assistance and one of the largest sources of foreign direct investment. The prospects for growth in our relations are positively strong.

When it comes to tourism, it's the thirdlargest country supporting our tourism efforts. For the first time we had more than 400,000 Japanese tourists in 2012. If Japan relaxes its air services restrictions on airlines from the Philippines, it could easily reach 500,000. We have appealed to the Japan Civil Aviation Board to allow more flights between the Philippines and Japan. We will see more and more Filipinos coming to this country.

Some people asked me here why the relationship between Japan and the Philippines is very strong considering you have been through the difficult years of World War II. We have moved on since then. We have decided to take our relations to a different level. Because of that Japanese investors have been coming to the Philippines for many years. Now more than ever, people are coming to the Philippine Embassy asking for more information about investment in the Philippines.

A recent JETRO survey, done in January this year, showed that among seven or eight countries in Asia where to do business, the Philippines came in at No. 1 in exportoriented countries. We feel very gratified that all the efforts are beginning to pay off today.

Now because of the good government, transparency and dynamic leadership of our president, we are moving in the right direction. We look forward to more and more activities between the Philippines and Japan.

The Philippines has decisively shaken off long-held misconceptions, under President Benigno Aquino's leadership and adherence to good governance. The Philippines' 7.8 percent GDP performance was the best by an emerging Asian country for the first quarter of 2013 — better than China's. We had had 57 consecutive quarters of positive GDP growth. Growth rates for the last three quarters were all above 7 percent. Hopefully we can sustain

Datuk Md. Som Shaharuddin, ambassador of Malaysia: Holding a bachelor's degree from the University of Malaya, Kuala Lumpur, and a master's degree from American University, Washington, D.C., he has taken up various diplomatic posts. He served various positions in the Public Service Department, Ministry of Foreign Affairs and Ministry of International Trade and Industry. Before taking his current post, he was the ambassador to Zimbabwe and Myanmar.

Japan's ASEAN Diplomacy," which is to promote universal values, such as democracy and human rights; to ensure that the free and open seas are governed by international laws, and not by force; to promote the trade, investment and economic partnership pact; to protect Asia's cultural heritage; and to promote mutual understanding and exchange between the young generations. Thailand supports these principles.

At the same time, ASEAN countries are working together very closely as we are heading for the ASEAN Economic Community. In ASEAN, we (member countries) talk about the economic growth and political development of founding members, development of new member countries, particularly Myanmar, which could lead to the division of labor for ASEAN in the future, as well as the role of new players in the region such as India and China, and the connectivity of infrastructure within ASEAN and in the region.

Our relationship with Japan in the future, therefore, will have to be modified according to the new environment. As we can see, Japan also faces many challenges within the country and overseas, such as economic stagnancy, competition economically from other countries and fragile relations with other countries in the region, which compels Japan to move investment abroad.

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and just fulfill it. All existing mechanisms between ASEAN and Japan have covered all the areas needed. Thus we should just materialize and sustain them.

Considering that in 2011, Japan became the No. 2 trading partner for ASEAN, second to China, this poses the first challenge, how to make Japan continue to be an important dialogue partner with ASEAN? We should work together to realize how ASEAN and Japan can maintain mutual interest and benefit from the Agreement on ASEAN Japan Comprehensive Economic Partnership, which came into effect since 2008, as well as try to find mutual benefit from concluding the Agreement on **Regional Comprehensive Economic** Partnership or the Trans-Pacific Partnership. The second challenge is how to implement the Joint Declaration for Enhancing ASEAN-Japan Strategic Partnership for Prospering together or the Bali Declaration of 2011, which covers all areas of cooperation, and how to materialize what we have concluded, such as a master plan on ASEAN connectivity, ASEAN+3 Partnership on Connectivity, Tokyo Strategy 2012 on Initiative of ASEAN Integration, and Disaster Management between the Asian Disaster Reduction Center and Asian Disaster Preparedness Center. Another challenge is how Japan can adapt its trade and investment strategies in Southeast Asia. It has to be consistent with the necessities of Japan overseas investment, taking into account investment relocation from China, the investment base in ASEAN, logistics connectivity and the production capability tendencies of each ASEAN country.



For Thailand, we attach great importance to the role of Japan in ASEAN such as regional connectivity, especially the Dawei project and the role of Japan to narrow the development gap among ASEAN economies. Thailand is ready to be a partner of Japan to increase trade volume, facilitate investment, and take other measures to promote mutual benefit in various areas in ASEAN and beyond.

### Moderator: Japan's relationship with ASEAN is often put in the context of broader East Asia, especially vis-a-vis China. Do you have any comments in this respect?

Lutfi: I am going to try to go straight to the point. Investment is motivation. At the end of the day, it's how much money each company will make. When China was growing in mid-'90s, Indonesia had gone down amid the Asian financial crisis.

When China is slowing down, we are looking at a bubble economy in China. There is the transparency issue in the banking sector. People are not as prosperous as in the past. So now the world is looking again at ASEAN countries because we are the next thing. At the end of the day, economy matters.

Shaharuddin: The rise and economic growth of any country in our region will certainly benefit the region as a whole. In the case of China, we have to look at it positively. When a country becomes prosperous, opportunities are created. Economic growth and prosperity are the best guarantee for stability, and in this regard we should work hard towards promoting strong bonds of friendship between countries in the region.

Onishi: Large Japanese firms are motivated by economic benefit. Those in China complain about political pressure in China and other things, but no one says they shut down factories.

Lutfi: You have to do business with China. It's inevitable. They are the second largest economy, but Japan, by far and by everything, contributed to China's success. Now what happens is that we are experiencing the same thing.

Moderator: I would like to go on to the issue of people-to-people exchanges between Japan and Southeast Asian countries is, of course, not something separated from the economic relations and actually something that provides a basis for deep economic relations. I'd like to get comments, this time first from the ambassadors, about the policies and efforts that have been taken by each of the countries in terms of people-topeople exchanges with Japan, including students, academic exchanges, as well as the movement of workers and recruitment of people on both sides from each other, as a very important component of the long-term economic relationship.

every year to get medical care outside, such as Malaysia, Singapore and Thailand. But we have very little in Japan.

Regarding movement of natural persons, I give up. We honor the EPA. Under the EPA, we are supposed to send 1,000 people. We sent college-graduate nurses and caregivers. This is the same with the Philippines. In another country, such as Middle East or Canada, it's almost automatic. In Canada, you have to pass some kind of English test, but it is very simple like the TOEFL test. If you can speak English, then you pass the test. In Japan, the rate of success is less than 5 percent. Out of 1,000, you have like 37 people. So I have to send them back. We call it a "flight of shame" going back because they failed the test. These people, who can go somewhere else, will make almost the same money and will be happier there. So now, the way we look at it: Japan is not society to accept the movement of natural person.

Back to the students, do you know that the Japanese semester is very different from other semesters in the world? The first time I came here, I wanted to bring more students to Japan. You know, it's cheaper to go to school in Tokyo, even with its expensive living standards, than to go to Australia, than to go to the U.S. I wanted to send more people here on Indonesian scholarships. The problem was, Japanese schools start in April while Indonesian students graduate in June and start the new



Manuel Lopez, ambassador of the Philippines: Born in Baguio City in 1942, he holds a degree from the University of the East, Manila and attended the Harvard Business School, Program for Management Development. A renowned businessman, he has received many awards, and holds various positions, including Chairman and CEO of Lopez Holdings Corp. and Vice Chairman of First Philippine Holdings Corp. He assumed his post as Ambassador to Japan in January 2011.

semester in summer. For 10 months, where can they go? When I came here, we had scholarships for 2,000 people. Only 28 prosper from a lot of people coming in, it is important to have this exchange. The bigger the country, the bigger the income. We are ready. We have 237 million people, so sending 15 million people and supporting them here in Japan is no problem. We are best friends. We are ready whenever Japan is ready. And we are willing to see that. Indonesians love this country. But again. We wait until such time.

looked to Japan for inspiration and we wanted to learn from Japan — among others the technological know-how, work ethics and good values and management system. The Look East Policy has in many ways contributed to accelerating Malaysia's development, particularly in industrial development. Malaysia's national car Proton was established through cooperation between the Japanese and Malaysian sides. In addition, Japanese institutions of high education have also assisted us through the Look East Policy in the training of human resources. Today we have more than 15,000 Malaysians who have obtained their tertiary education and benefitted from various advanced trainings under this policy.

The Look East Policy has been the foundation of our bilateral relations. These strong ties were further enhanced by highlevel exchanges of visits. Last year we had Their Majesties the King and Queen of Malaysia on a state visit to Japan. Prior to that, we had two previous visits of the current prime minister. The implementation of the Look East Policy reached another milestone with the establishment of the Malaysia-Japan International Institute of Technology. On June 1, 2012, the MJIIT was officially launched by the Hon. Prime Minister Najib and former Prime Minister Yukio Hatoyama. This is a fitting testament to the success achieved in training, high education, capacity building cooperation between Malaysia and Japan. We hope that the MJIIT will become a permanent monument and symbol of our close, strong bilateral relations.

Certainly, there are better prospects for and closer interactions between our two nations in our effforts to promote understanding between our different cultures. Depite the few challenges, I am confident that we can easily overcome with greater people-to-people exchanges.

Lopez: Japan is home to close to 220,000 Filipinos and many of them have called Japan as home now. They live here now. Let me point out that during the March 11 earthquake and tsunami, Japan welcomed many of them in temporary shelters, took care of them and gave these Filipinos blankets and food. We were so grateful that shortly after that we sent a team of nurses and doctors from my country to assist not only Filipinos living in the Fukushima area but also Japanese who needed some help around that time. So every time there is a disaster, not only in Japan but in the Philippines, one of the first to respond to assistance is Japan. Immediately, Japan sends financial aid through the Red Cross and a lot of medicine. And Japan even sent its Coast Guard — because some of our islands are isolated — to help with some medical missions in some of these areas. For that we are very indebted and grateful

because they all speak English. But after that, Japan is the place that I strongly recommend.

Let me point out that in the Philippines also, there are Japanese communities set up there for a long time already. There are even some Japanese-Filipinos who became mayors. They have integrated very well and they are most welcome. Now there are several retirement communities in the Philippines that cater to Japanese retirees. It's much cheaper to retire in the Philippines with the pension they get from their government. They are most welcome to our country.

Upatising: People-to-people exchange is one of the cores of cooperation since the establishment of ASEAN-Japan relations 40 years ago. Up until now, it is still our strategic cooperation between ASEAN and Japan

For Thailand, people-to-people exchange is the key to establish friendship internationally. We believe that people-topeople exchange would be the foundation of sustainable relations between ASEAN



Thanatip Upatising, ambassador of Thailand: Born in July 1960, Upatising acquired a B.A. in political science from Chulalongkorn University, Bangkok, in 1982 and an M.A. in history, philosophy and politics from Macquarie University, Australia, in 1985. He has worked for the Royal Thai government since then, serving various positions in the Ministry of FOreign Affiars. Before taking the current post, he was the ambassador to Indonesia.

and Japan, especially the exchange of youth between ASEAN and Japan, which is very important because the younger generation is the future of our region.

The first one is the Ship for Southeast Asian Youth Program, starting 40 years ago. Actually they have a lot of ambassadors, who joined this ship when they were young. We believe that this is one of the successful projects because it created better understanding and increased networking between the people of Japan and ASEAN, and it made Japan look better in the eyes of ASEAN. It is the symbol of ASEAN and Japan relationship. And the second one is JENESYS 2.0 (Japan-East Asia Network of Exchange for Students and Youths). This is one of principals of Japanese diplomacy to create better understanding among younger generation for Japan and for Asia to learn about each other.

exchange between ASEAN and Japan will be a bridge to lead to true connectivity between the two regions.

### Moderator: Mr. Onishi, people-to-people exchange was added recently as one of the missions of your institute. From that viewpoint, could you give us some remarks on this topic?

Onishi: Yes, it was added three or four years ago as an additional agenda: people-topeople exchange, focus on young students and persons. Prime Minister Abe stressed the importance of people-to-people exchange, which took shape in the form of JENESYS 2.0, and our center has already been involved in JENESYS programs.

I think the exchange program is more important for the Japanese young generation. Because I hear many of them are satisfied in our way of life and show less interest in visiting foreign countries and foreign study. Even young Japanese workers are reluctant to accept foreign assignments. So when national borders have no meaning, it is important to get a forward-looking attitude and aggressive manner by exposing themselves to foreign society, culture and people.

When I was watching a TV program the other day, there was a topic comparing Japanese and South Korean students' educational aspirations. More than 40 to 50 percent of Korean students want to go abroad for higher study, while there are less than 5 percent among Japanese students. So suggestions have been made that the Japanese government should pay all bills including expenses and everything to encourage them to go abroad for higher study. But according to the Japan Industrial Revitalization plan, announced earlier this month, the number of Japanese students studying abroad will be doubled from 120,000 by 2020. The need for foreign exposure of young Japanese students is emerging as a national agenda. In fact, our center has launched an orientation program for ASEAN for Meiji University's young students. So lectures are given by the staff of ASEAN embassies or our agencies' ASEAN staff with a view to help young students to acquire outward-looking mind sets, focusing on ASEAN affairs. These are opening programs for young Japanese students to get them to understand what ASEAN is all about.

Moderator: There is a growing interest in looking for foreign talent among the Japanese corporations as they are expanding into the overseas market, and Southeast Asia will be the market they are looking at or source of talent for their global operations. Here, lots of stories have been told about how Japanese companies are poor either in recruiting or in utilizing thos they are recruited from overseas, either in the Japanese operation or in the overseas markets they operate. I wonder if you have some insight - maybe in the same context of people-to-people exchange – from the viewpoint of Southeast Asian young people getting jobs in Japanese companies either in Japan or in a home country. Do you see some systematic problems in Japanese academic institutes? In getting a job in Japanese companies, what would be the obstacles?

ASEAN becomes the AEC, people-to-people Thailand is still open. But in the international market, especially for Japan, I don't know.

> Onishi: It is about the "shukatsu" job hunting campaign for those who will graduate soon. Our center has been conducting seminars for ASEAN students in Japan looking for employment opportunities in Japanese firms in Japan or in their subsidiaries in ASEAN countries. The center will also conduct seminars for Japanese firms looking for recruitment of ASEAN students. But in reality, matching is very difficult. There are several reasons.

First, Japan's employment system for university students is that Japanese firms only employ new graduates. They do not look for those who have already acquired experience in society. On the other hand, the ASEAN firms welcome those graduates who have experience in society.

Second, Japanese firms usually recruits in two categories: "sougou-shoku" and "ippanshoku." Most ASEAN students have no idea what kind of jobs will be assigned to them and what kind of career options are offered to them when they join these firms. I think this has also indirectly discourage ASEAN students' desire to work in Japan.

Third, Japanese students start their job hunting campaign from the third year of school, but ASEAN students think the third and fourth years are very important to acquire their academic knowledge. Of course, it is very difficult to make country comparisons, but I find it is also a good opportunity to review the Japanese-specific recruitment system.

Lutfi: One student was about to say yes to a well-known Japanese company's job offer, but at the very last minute he picked another company. When I let my staff member ask him the reason, he said, "Because they wanted to have me work in Jakarta with Japanese standard salary, and some other companies give me more." He has been in Japan and speaks Japanese.

What if Japanese companies acquire an Indonesian bank or firm, as the easiest way to grow by merging? The Indonesian bank's market capital is one-200th of a Japanese bank's, but the president makes five times as what his Japanese counterpart makes. I don't know how it works in Japan, but this is something that Japan will embark on in the future.



Lutfi: We enjoy around 500,000 to 600,000 Japanese tourists a year. We are very grateful and hopefully it's going to increase. Japan is the biggest trading partner and investor. Great.

Now, what happens when Indonesians come to Japan? There is the complexity of getting a Japanese visa. I see no correlation whatsoever between relaxations and implementations on the issue. Of course it's not as difficult as the U.S., but one of the most difficult visas to get. Do you know if you go to a Japanese hospital, you go for a blood test, there is no explanation whatsoever in English? I went to St. Luke's Hospital, one of the most international hospitals, they have no (explanation). Indonesians spend more than \$6 billion

Shaharuddin: Well, I must say that Japan's rich cultural traditions and natural attractions have made it a popular destination for tourists. I am indeed happy to note that there has been some positive announcement recently about the visa waiver accorded to certain ASEAN countries. I am optimistic that it will also extended to other ASEAN countries in the near future. In terms of connectivity, there is this ease of travel. There are a number of airlines serving between Tokyo and ASEAN capitals and this has certainly facilitated travels.

With regard to people-to-people exchanges between Malaysia and Japan, they started to pick up when former Prime Minister Mahathir introduced the Look East Policy 30 years ago. Let me give you a brief background of the policy. The formation of the Look East Policy was inspired by Japan's past struggle for success, especially its resilience and determination in rising from the ashes of World War II, to become one of the most powerful global economies. So we

But Ambassador Lutfi pointed out something very significant about nurses and caregivers. We have here about 600 nurses and caregivers and the passing rate is very low, especially for nurses. And these are college graduates, who have taken the licensing exam and passed it. We are hoping that there could be mutual recognition of those who passed the exams. I met with two of those who passed. Sometimes the exams have very little to do with the work they are doing, but during March 11, we had four caregivers in the nursing facility in Tohoku, who did not abandon their Japanese patients in an elderly home, stayed with them, despite the fact that all the caregivers were told to leave and others had already left. Those four were honored by then Prime Minister Kan giving them certificates of recognition. And my country also honored them for doing what was needful of remaining with the patients. Now we are hoping that the different leadership will relax the exams. It's all in Japanese, which is sometimes very difficult to understand. Many of them do not want to go to other countries. Some of them get frustrated. They just want to leave and go seek a job. But we tell our labor officials to keep them here, because here, they are well taken care of. They are correctly paid. They might go to countries where they sign for this kind of amount and they receive less. We don't want that to happen to them. So for me, Japan is the preferred place. Of course, everybody wants to go to America,

As for tourism, Prime Minister Abe has a policy to relax visas for Asian tourists to come Japan in the very near future.

That will increase movement of persons and people-to-people exchange.

What I mentioned was all about the past 40 years. For the future we need to do many more new things for the younger generations. We believe that the principle of the people-to-people exchange still remains relevant but needs to be modified in order to create mutual interest and benefit for all concerned, not just only better

understanding. I share with Ambassador Lutfi and Ambassador Lopez that actually for us in Asia, we are ready. It is your call. ASEAN has labor resources and willingness to cooperate with Japan. We have so many things to offer that could facilitate Japan's need and interest. Everything is up to Japan.

Also, I believe that Japan is having a shortage of people and also an aging society. The movement of people would be essential for Japan to create more opportunities for foreign labor in certain sectors in order to improve the domestic economy of Japan. In the future, once

Upatising: As Ambassador Lutfi and Ambassador Lopez mentioned, I also read about nurses from Indonesia who were sent here and failed because of the language test, not because of the technical knowledge. What are Japanese thinking about it? We are there. We are your second home in the region. I believe that ASEAN is the only second home for Japan for the past 40 years. If I were Japanese, I would ask myself, "What do I really need from them?" Then we can come up with the answer.

In Thailand, the Thai-Nichi Institute of Technology offers a Japanese curriculum in order to train the students to work with Japanese companies in Thailand. And right now we are extending these programs to other industries and other institutes as well. We have a surplus to be sent abroad. Actually, three months ago, I trained one of the students at this institute at the embassy for two months. For them, market in

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Moderator: Maybe I was too ambitious to discuss the broad economic relations between Japan and Southeast Asia in such a short time, and each of the issues that we have come up with may be interesting for a separate discussion some time in the future. Thank you very much for the time and discussion and the insights you have given to us.

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