

**"Central Asia plus Japan" Dialogue
The Fifth Tokyo Dialogue
Chairperson's Summary**

March 15, 2013

1. Overview of the Fifth Tokyo Dialogue

On March 15, 2013, the Ministry of Foreign Affairs of Japan hosted the Fifth Tokyo Dialogue under the theme: "The Role of Regional Cooperation in Trade and Investment Promotion in Central Asia." The dialogue started off with a keynote speech by Mr. Masaji Matsuyama, the parliamentary senior vice-minister for foreign affairs of Japan. This was followed by presentations given by experts and government officials from Japan and Central Asian countries in their fields of specialty. Then the speakers and other participants actively exchanged views on ways to promote regional cooperation that will encourage trade and investment in Central Asia in light of the experience of ASEAN, which has made remarkable progress in regional cooperation in recent years.

2. Main Points of Discussion

Three speakers from Japan made presentations on their own separate topics: (i) the formation and development of ASEAN; (ii) the current status of regional cooperation and challenges for ASEAN; and (iii) Japan's contributions to the development of regional cooperation in ASEAN.

The speaker on the first topic described how ASEAN has gradually increased its membership and deepened integration by starting with feasible areas of cooperation in the political, economic, and security spheres despite ASEAN countries facing many challenges as newly independent nations and finding themselves in a regional structure of mutual distrust and rivalry when the association was launched. He noted that ASEAN has pursued both connectivity in Southeast Asia as a whole and centrality in promoting cooperation with its peripheral areas towards establishing an ASEAN Community by 2015.

The speaker on the second topic stated that ASEAN has four major goals: (a) a single market and production base through free flows of human,

material and financial resources (FTA+); (b) a highly competitive economic region through infrastructure and institutional development; (c) a region of equitable economic development through reducing disparities; and (d) a region fully integrated into the global economy. He described in detail the steps ASEAN has been taking to establish an ASEAN Community by 2015. The speaker then explained that ASEAN is taking an integration approach different from that of the EU. In particular, he noted that ASEAN will continue to stick both to the principle of non-interference in the internal affairs of its member states and to consensus-based decision making. He also pointed out that the envisioned common market and non-tariff barrier removal will not be as complete as it is in the EU.

The speaker on the third topic said that JICA's long track record of assistance to ASEAN revolves around bilateral cooperation. He explained that in line with the Master Plan on ASEAN Connectivity, JICA assists ASEAN in three areas: (i) physical connectivity (physical infrastructure development, notably in the transport sector); (ii) institutional connectivity (non-physical infrastructure development exemplified by the liberalization and facilitation of trade); and (iii) people-to-people connectivity (greater intra-ASEAN people mobility in the education, culture, and tourism sectors). As some of the cases that would provide useful input for regional cooperation, the speaker touched on the East-West Economic Corridor and the Southern Economic Corridor in the Mekong region, envisioned maritime economic corridors, the Asia Cargo Highway Initiative, efforts to facilitate customs and trade procedures, networking for engineering education, and tourism promotion activities for Laos.

Commenting on the presentations by Japanese speakers, participants from Central Asia expressed their recognition that although ASEAN is quite different from Central Asia in its progress in regional cooperation and intraregional integration, the ASEAN experience provides an invaluable insight into how regional cooperation in Central Asia should develop over the mid to long term. Aspects that attracted their particular interest included ASEAN's gradual development process, non-binding decision-making, and emphasis on institutional and people-to-people connectivity as well as physical connectivity. Central Asian participants expressed their wish to continue to have the opportunity to exchange views so that they will be

able to learn more from the experiences of experts and practitioners from Japan as well as ASEAN.

Speakers from Central Asian countries shared the recognition that regional cooperation can play an important role in promoting trade and investment in the region. On the other hand, they noted that regional cooperation in Central Asia is seriously inadequate, especially in the field of intraregional trade and investment, given the vast potential of the region. Central Asian speakers pointed to the need for the region to redouble its self-help efforts to improve the situation as well as the need for the international community to support such efforts. Some of the Central Asian speakers explained the effects that the customs union and single economic zone involving Russia, Kazakhstan and Belarus could have on the region. They also described some of the activities by the existing regional cooperation organizations, including the Central Asia Regional Economic Cooperation (CAREC).

Speakers from Central Asia differed on what should be the priority areas for regional cooperation, reflecting the different characteristics and needs of each country in the region. They did agree, however, on the importance of developing a transport corridor network for the region as a whole, suggesting that infrastructure development is particularly important for regional cooperation in Central Asia. In this context, one speaker noted that although the development of transport corridors per se does matter for Central Asia, it will benefit the surrounding areas as well, given Central Asia's geographical characteristic of being situated at the center of the Eurasian Continent and surrounded by many different economic powers.

Speakers from the Central Asian side also stressed the importance of institutional improvements such as streamlined trade procedures, better logistic services, and free mobility of people. They reviewed progress in these areas. As an effective framework for encouraging regional cooperation that aims for greater trade and investment and encompasses these improvements, Central Asian speakers proposed that a business council be established within the framework of the "Central Asia plus Japan" Dialogue.

In the question and answer session, it was noted that the international

community should continue to support the region given that a stable Afghanistan calls for a stable Central Asia.

3. Recommendations

Based on all these discussions, the Fifth Tokyo Dialogue has made the following policy recommendations on regional cooperation for greater trade and investment in Central Asia.

- Given the agreement by participants that the ASEAN experience provides a useful insight into how to proceed with regional cooperation towards greater trade and investment in Central Asia, the countries in the region should take a phased approach of starting with feasible areas of cooperation and continue their unceasing dialogue aimed at ironing out differences.
- The Central Asian countries should proactively work to promote regional cooperation for greater trade and investment. They should aim for concrete achievements one by one in specific activities. To these ends, Japan should extend as much assistance as possible.
- Given the significance of increasing intraregional trade for the stable development of each country in the region, Central Asia should build appropriate infrastructure for cross-border transport. Transport infrastructure development in Central Asia is essential not only in enhancing intraregional connectivity but also in ensuring balanced, multi-faceted connectivity with countries outside the region. In this sector, attention should be paid to the important roles played by assistance from Japan, the ADB, and other bilateral and multilateral donors.
- Given the experience of ASEAN development, the Central Asian countries should work to enhance institutional and people-to-people connectivity in line with infrastructure development. Enhanced institutional connectivity may take the form of standardized customs procedures or a single window for import and export procedures. People-to-people connectivity can be enhanced by, for example, promoting exchanges among institutions of higher education and identifying opportunities for beneficial tourism projects.
- The Central Asian countries should make better use of the framework of the "Central Asia plus Japan" Dialogue in exploring ways to promote regional cooperation in trade and investment. To follow up on the

outcomes of this dialogue, the experts should continue to study the concrete steps to be taken by the Central Asian countries. The steps thus identified should be reported to the Senior Officials' Meeting and other inter-governmental meetings under the framework of the "Central Asia plus Japan" Dialogue. It is important that practical and concrete exchange among policy officials be deepened through experts' meetings and exchanges among foreign ministries as well as intellectual dialogues such as the Tokyo Dialogue.

- The idea of establishing a "Central Asia plus Japan" business council should be further discussed in inter-governmental meetings, especially the next Senior Officials' Meeting of the "Central Asia plus Japan" Dialogue.
- Participating countries should seek to provide opportunities for Central Asian countries to continue to learn from the ASEAN experience. Taking advantage of international invitation programs by the Government of Japan to that end may be a viable option. To facilitate such opportunities, contact should be established with policy officials of ASEAN Member States and the ASEAN Secretariat.

4. Conclusions

The Fifth Tokyo Dialogue was highly praised by participants for allowing them to better understand the regional cooperation ASEAN has been promoting and to candidly discuss desirable approaches to regional cooperation in Central Asia based on such understanding. I hope that the participating governments will study the outcomes of this dialogue and put them to practical use.

I hereby conclude my report on the outcomes of the Fifth Tokyo Dialogue.

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(President, Russia-Eurasia Research Institute)