

New Tokyo Strategy 2015 for Mekong-Japan Cooperation (MJC2015)

July 4, 2015

The Heads of the Governments of Japan and the Mekong region countries, namely the Kingdom of Cambodia, the Lao People's Democratic Republic, the Republic of the Union of Myanmar, the Kingdom of Thailand and the Socialist Republic of Viet Nam met in Tokyo on 4 July 2015 for the Seventh Mekong-Japan Summit, and hereby adopted the “New Tokyo Strategy 2015 for Mekong-Japan Cooperation” (MJC2015) as a new strategy for Mekong-Japan Cooperation in the next three years.

I. Overview

1. The Importance of the Mekong Region

1.1 The importance of the Mekong Region

The Mekong region countries (CLMTV) and Japan (hereinafter referred to as “both sides”) reaffirmed that the Mekong region, with a population of around 240 million and a GDP of approximately 664 billion US dollars, has geopolitical significance and economic weight for the following two reasons: (i) the region has been achieving dynamic economic development; and, (ii) the region is located at a juncture of the enormous emerging markets of Asia, such as China, India and other ASEAN countries, with a population of about 3.3 billion, nearly half of the population of the entire world. Both sides also shared the view that the Mekong region has the potential to be a “global growth center”.

1.2 Challenges facing the Mekong region

Acknowledging the challenges facing the Mekong region, both sides shared the recognition that the region needs to overcome these challenges in cooperation with Japan, in order to elevate the region as a whole to a higher development stage and to achieve “quality growth” through further narrowing the development gap within the region, maintaining a stable and sustainable macroeconomic environment, and ensuring inclusive and sustainable growth.

Firstly, both sides acknowledged that regional stability is essential for further development and prosperity of the region. From this perspective, both sides reaffirmed the importance of consolidation of democracy and the rule of law, respect for human rights, and realization of peace building in the region.

Secondly, in order to achieve “quality growth” and further economic development in the Mekong region, both sides shared the view that it is necessary to respond to vast infrastructure demand in the region, to strengthen connectivity within the region as well as

with surrounding regions, to improve the investment environment, to advance industrial structures, to cultivate industrial human resources, and to realize sustainable and environment-friendly development.

2. The Significance of Mekong-Japan Cooperation

The Mekong region countries highly appreciated the role which Japan has thus far played toward the development of the Mekong region, and expressed their expectations for Japan's further constructive role and contribution through Mekong-Japan Cooperation which will enable the Mekong region countries to overcome the above-mentioned challenges.

2.1 Efforts thus far

The Mekong region countries highly valued Japan's ongoing efforts as a peaceful state in the last 70 years, and expressed their expectations that Japan will further proactively contribute to reinforce the stability and development of the Mekong region, under the policy of "Proactive Contribution to Peace" based on the principle of international cooperation. The Mekong region countries praised Japan's ongoing efforts to enhance the Mekong-Japan relationship, including through active high-level visits.

In this context, the Mekong region countries highly appreciated that Japan has been playing a constructive role in the region in such areas as peacebuilding, national reconciliation, and democratization, including through the "High-Level Seminar on Peacebuilding, National Reconciliation and Democratization in Asia" held in Tokyo in June 2015.

Both sides affirmed that efforts to implement the "Tokyo Strategy 2012" are bringing about fine success. In particular, both sides affirmed that Japan has already implemented ODA on a scale exceeding 600 billion JPY committed in the "Tokyo Strategy 2012" during the last three years. The Mekong region countries praised and extended their gratitude for Japan's sincere and steady implementation of the above strategy.

Both sides welcomed the steady progress in the development of hard infrastructure and trade facilitation under the "Mekong Development Roadmap," which was adopted at the 4th Mekong-Japan Economic Ministers Meeting under the Mekong-Japan Economic and Industrial Cooperation Initiative (MJ-CI).

2.2 Future efforts

With a view to realizing the ASEAN Community by the end of 2015, both sides acknowledged that the development of the Mekong region countries is becoming more important in terms of narrowing the development gap within the region. The Mekong region countries expressed their expectations that Japan will continue to play a more proactive role to promote development, peace and prosperity of the Mekong region.

With the challenges mentioned above in mind, the Mekong countries and Japan announced that they will implement Mekong-Japan Cooperation based on the following four pillars over the next three years (2016–2018), with the aim of ensuring regional stability and achieving “quality growth” in the Mekong region.

For this purpose, Japan, in line with the Development Cooperation Charter approved by the Cabinet in February 2015, committed around 750 billion JPY in ODA to the Mekong region for the next three years.

Acknowledging that the private sector will play a more significant role in promoting Mekong-Japan Cooperation, both sides decided to make further efforts in increasing private investment and strengthening public-private cooperation.

II. Four Pillars of Mekong-Japan Cooperation

1. “Hard” Efforts : Industrial Infrastructure Development in the Mekong Region and Strengthening “Hard” Connectivity

In order to respond to vast infrastructure demand and to achieve “quality growth” in the region, both sides reaffirmed that it is vital to promote “quality infrastructure” in the Mekong region with a focus on people-centered investment. Both sides will engage in promoting quality infrastructure investment through promoting effective resource mobilization, ensuring alignment with economic and development strategies of the region, duly addressing potential social and environmental impacts, and ensuring the quality of infrastructure including life-cycle cost, safety and resilience to disasters. In this context, the Mekong region countries praised and supported Prime Minister Abe’s announcement of “Partnership for Quality Infrastructure: Investment for Asia's Future” in May 2015, which will promote “quality infrastructure investment” in pursuit of “quality as well as quantity”, in collaboration with other countries, international organizations including the Asian Development Bank (ADB) and other financial institutions. For promoting “quality infrastructure investment” in the Mekong region through the realization of this partnership, both sides expressed their determination to further strengthen the coordination between them.

In this light, both sides will engage in industrial infrastructure development in the Mekong region and strengthen “hard connectivity” within the region and with the surrounding regions in a manner to complement the existing assistance by Japan for the ASEAN connectivity. Both sides reiterate that active participation of the private sector in infrastructure development is essential, and they will cooperate in their efforts to attract the private investment in the Mekong region, including the improvement of investment environment, utilization of public finance as a catalyst for private capital flow and also the

promotion of Public-Private Partnership (PPP).

Recognizing the vast potential and geopolitical significance of the Dawei development project, both sides welcomed the recent trilateral efforts by Japan, Myanmar and Thailand to move forward this project, which contributes to further economic development of the Mekong region as a whole by strengthening regional connectivity with the Indian Ocean through the Southern Economic Corridor.

1.1 Industrial infrastructure development

For the sake of further development of the regional economy, both sides will make efforts to develop industrial infrastructure in various areas such as urban development, energy, supporting industries, transport, water supply and sewerage systems, agriculture and food related industries, telecommunication, information and communication, geospatial information utilizing satellite positioning technology, and other areas of mutual interest.

1.2 Strengthening “hard” Connectivity (land/maritime/air Connectivity)

Both sides will work on strengthening “hard connectivity” both inside the Mekong region and with the surrounding regions in the following areas: (i) “land connectivity” such as development of the East-West Economic Corridor and the Southern Economic Corridor, railway cooperation and connectivity with the Indian Subcontinent through road construction, (ii) “maritime connectivity” such as construction and upgrading of ports to support industrial development, connectivity with maritime ASEAN countries, connectivity with the Indian Subcontinent through the Dawei development project, and landside water transportation, and (iii) “air connectivity” such as assistance for construction of airports, and opening of direct and scheduled services between both sides.

2. “Soft” Efforts: Industrial Human Resource Development and Strengthening Soft Connectivity

Toward the realization of “quality growth” in the Mekong region, both sides reaffirmed the significance of not only “hard” efforts but also “soft” efforts. In particular, both sides will work on advancing industrial structures and human resource development, and strengthening “soft” connectivity.

2.1 Advancing industrial structures and human resource development

Both sides will work on advancing industrial structures in the Mekong region including through holding “The Meeting for Public-Private Cooperation in the Mekong Region” and “Mekong-Japan Industry Government Dialogue,” and supporting “Plus One Investment Strategy,” and encouraging Japanese companies to expand their production

networks in the Mekong region. Both sides welcomed such investments as they accelerate R&D (research and development) and the innovation basis of the Mekong region countries, and thereby contribute to regional development.

Toward the development of the Mekong region together with surrounding countries, both sides will, through the "Mekong Industrial Development Vision" and Special Economic Zones (SEZs), advance industries and enhance the value-chains in this region, by reflecting on the unique advantages and competitiveness of each country and mutual complementarity under the spirit of "Specialization & Collaboration."

Both sides also shared the importance of developing the whole Mekong region, not only by enhancing the value-chains with surrounding countries, but also by utilizing its geographical location to increase transactions with neighboring countries such as India and China, and be integrated as the core of the production network in Asia and the world as a whole.

In order to realize this goal, the vision established in cooperation with the AEM-METI Economic and Industrial Cooperation Committee West-East Corridor Working Group (AMEICC WEC-WG) will indicate policy directions to advance industrial structure, to develop supporting industries, including small and medium enterprises (SMEs), to enhance human resource development for the establishment and development of enterprises, and to nurture high value-added industries.

To achieve "quality growth" and consolidate the rule of law, both sides shared the recognition that it is essential to cultivate and secure human resources, particularly legal and industrial professionals, and skilled workers.

Both sides also reaffirmed the significance of human resource development in other areas, such as financial infrastructure, education, healthcare, agriculture and food related industries, and women's empowerment, and renewed their determination to coordinate with private companies and relevant NGOs in this regard. Particularly in the field of health care, both sides reiterated their determination to make efforts to improve the quality of healthcare, such as for infectious diseases, for maternal and child health, and health system strengthening, based on common understanding that it is vital to realize universal health coverage (UHC). Furthermore, both sides affirmed to enhance further cooperation on human resource development to address new challenges common to each country in the Mekong region such as non-communicable diseases including cancer.

2.2 Strengthening "soft" connectivity (institutional connectivity, economic connectivity, and people to people connectivity)

For strengthening "soft" connectivity within the Mekong region and with surrounding regions, both sides will work on strengthening (i) "institutional connectivity" including through support for the development of the legal system and the intellectual property

system, modernization of customs and postal systems, and streamlining of port procedures, and (ii) “economic connectivity” including through an early conclusion of the Regional Comprehensive Economic Partnership (RCEP), and improving the investment environment. In particular, the Mekong region countries highly valued the role Japan has played in the development of legal and judicial systems of the Mekong region, such as the development of positive laws including economic and business law and capacity development on legal professionals, and expressed that they will continue to work on reinforcing the rule of law in the Mekong region. Both sides reaffirmed that further efforts on trade facilitation including modernization of customs in the Mekong region are necessary for further promotion of trade and investment, and shared the view on making further efforts on capacity building of the Mekong region toward the realization of the "Asia Cargo Highway".

Both sides will also work on strengthening “people to people connectivity,” including through people-to-people exchanges, sports and cultural exchanges, exchanges between local authorities of both sides, tourism exchanges, cooperation in broadcasting programs, and coordination between universities, such as “ASEAN University Network: Southeast Asia Engineering Education Development Network” and the recent progress of the “Japan-Vietnam University Project.” In this context, the Mekong region countries extended their gratitude for the active engagement of Japan’s parliamentary friendship associations toward each Mekong countries, and welcomed the launch of the “Japan-Mekong Parliamentary Friendship Association” in April 2015.

The Mekong region countries expressed their expectation for “WA Project -Toward Interactive Asia through ‘Fusion and Harmony’-” to promote two-way arts and cultural exchange and Japanese language learning assistance, in which Japan has been implementing various projects in the fields of film, fine arts, performing arts, cultural heritage, people to people exchanges, intellectual exchanges, and sports exchanges, as well as dispatching "Japanese language partners" as part of Japanese language learning assistance. The Mekong region countries shared the recognition on the importance of cooperation in two-way student exchange, and will continue exchanges through projects such as the Japan-East Asia Network of Exchange for Students and Youths (JENESYS) 2015 people-to-people exchange program. In this connection, the Mekong region countries highly valued the initiative of the Japan Foundation Asia Center and Japan Football Association to co-host the “Japan-Mekong U-15 Football Exchange Programme” in commemoration of this summit meeting as an ideal example of “Sport for Tomorrow” initiative toward the 2020 Olympic and Paralympic Games in Tokyo.

3. Sustainable Development towards the Realization of a Green Mekong

The Mekong region countries highly valued Japan’s contribution for ensuring

sustainable development and human security in the Mekong region including through holding the Green Mekong Forum regularly in line with "A Decade toward the Green Mekong" Initiative. Towards the realization of a green Mekong, both sides will implement concrete efforts in the following areas.

3.1 Disaster risk reduction

The Mekong region countries renewed their appreciation for Japan's contribution, which made the Third UN World Conference on Disaster Risk Reduction a major success. Within the scope of the "Sendai Declaration" and "Sendai Framework for Disaster Risk Reduction 2015-2030" adopted at this conference, both sides will tackle the prevention and reduction of disaster risk, which could impede sustainable development in the Mekong region.

Aiming at raising awareness of the importance of tsunami disaster prevention and deepening common understanding of tsunamis, the Mekong region countries supported Japan's proposal to designate November 5 as "World Tsunami Day."

3.2 Climate change

Taking into account the current situation where climate change could pose a serious threat to the Mekong inhabitants, both sides renewed their determination to tackle the threat. In this context, both sides will advance the Joint Crediting Mechanism (JCM), while carrying on forestry preservation, which is a main sink of greenhouse gas. In light of the growing electricity demand and considering the fact that coal constitutes one of the main sources of energy in the Mekong region, both sides also affirmed the significance of promoting highly efficient coal-fired power generation as a pragmatic measure in addressing climate change. Both sides also recognized the importance of energy conservation, and renewable and alternative energy.

3.3 Water resource management

Both sides shared the vital importance of sustainable management and development of water and related resources of the Mekong River, which are essential to life in the region. In this regard, both sides reaffirmed their support for the Mekong River Commission (MRC) and their determination for further strengthening cooperation on water resource management.

3.4 Conservation and sustainable use of aquatic fishery resources including cetaceans

Both sides affirmed the importance of sustainable use of aquatic fishery resources, including cetaceans, based on scientific evidence.

4. Coordination with Various Stakeholders

The Mekong region countries welcomed the high interest shown to the region by a number of countries, international organizations, relevant NGOs, and the private sector, and their active engagement in assistance for the region. In order to implement efficient and effective assistance toward stability and “quality growth” of the Mekong region, both sides reaffirmed the significance of coordination among different cooperation frameworks.

4.1 Coordination with frameworks of the Mekong region countries

Appreciating the initiatives of the Mekong region countries for regional development, such as the Cambodia-Lao PDR-Viet Nam Development Triangle Area (CLV DTA), the Cambodia-Lao PDR-Myanmar-Viet Nam (CLMV) Cooperation, and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), both sides reaffirmed the importance of coordination between these frameworks and Mekong-Japan Cooperation. In this connection, both sides welcomed the progress of South-South Cooperation and Triangular Cooperation in the areas of removal of landmines and disposal of unexploded ordnance (UXO), disabilities aid, and disaster and emergency medical care in light of the cooperation Japan has offered to the Mekong region thus far.

4.2 Coordination with international organizations, relevant NGOs, and the private sector

Both sides determined to make the development of the Mekong region more effective by reinforcing coordination between Mekong-Japan Cooperation and other development partners, including relevant NGOs operating for the Mekong region; international organizations and development financial organizations, such as the UN; the OECD, which leads the Southeast Asia Regional Programme; ADB, which coordinates the Greater Mekong Subregion (GMS) Programme; the World Bank; and the Economic Research Institute for ASEAN and East Asia (ERIA).

In particular, both sides stressed the importance of coordination with ADB, which has accumulated long-term experience and knowledge in poverty reduction and infrastructure development in the Mekong region. From this perspective, both sides supported ADB’s initiative for expansion of its lending capacity, and welcomed ADB’s consideration of its future capital increase. The Mekong region countries praised and supported Japan’s announcement of “Partnership for Quality Infrastructure” in collaboration with ADB, including through the consideration of a new collaboration mechanism between JICA and ADB to facilitate the use of PPP for infrastructure investment.

Given that private flows currently far exceed official flows into the Mekong region, both sides have reconfirmed the fact that activities of the private sector now serve as a

powerful engine for economic growth of the region. Private investment to be promoted by the efforts of the Mekong region countries for the improvement of investment climate combined with the hard and soft basic infrastructure development with Japan's ODA will contribute more vigorously and effectively for the economic growth and poverty reduction of the Mekong region. Both sides will continue their own and cooperative efforts to attract private capital flows in the Mekong region, while utilizing technology and expertise of the private sector, including those of small and medium-sized enterprises, to achieve "quality growth" of the Mekong region.

4.3 Coordination with partners concerned

(i) Japan-US coordination

The Mekong region countries highly appreciated concrete cooperation projects in the Mekong region implemented under collaboration between Mekong-Japan Cooperation and the "Lower Mekong Initiative" and "Friends of the Lower Mekong," in different areas such as disaster prevention, disaster relief and women's empowerment including assistance for female entrepreneurs.

(ii) The Japan-China Policy Dialogue on the Mekong Region

The Mekong region countries welcomed that Japan and China maintain their communication, including through the 5th Japan-China Policy Dialogue on the Mekong Region, which was held in Beijing in December 2014, for the first time in three years. The Mekong region countries also expressed their hope that such dialogue will contribute to peace and prosperity in the Mekong region.

(iii) Other frameworks

In addition to the Japan-US coordination and the Japan-China Policy Dialogue mentioned above, the Mekong region countries expected to further strengthen coordination between Mekong-Japan Cooperation and other cooperation frameworks related to the Mekong region, such as the Mekong-ROK Cooperation and the Mekong-Ganga Cooperation and looked forward to cooperating with the Mekong Lancang Cooperation which is being conceived.

III. Regional and Global Issues

The Mekong region countries and Japan reaffirmed their strong determination to promote and deepen close cooperation on regional and global issues of common concern, including the existing Mekong-Japan cooperation, in order to ensure peace, stability and prosperity in the region and beyond.

Both sides reaffirmed their determination to continue close consultation toward the common goal of peace and stability on the Korean Peninsula. Both sides expressed their

deep concerns over the DPRK's continued development of its nuclear weapons and ballistic missile programs, and urged the DPRK to refrain from further provocation and to comply with the relevant UNSC Resolutions. Both sides reiterated their support for the efforts made to achieve denuclearization of the Korean Peninsula in a peaceful manner and the importance of the Six Party Talks process. Both sides urged the DPRK to take concrete actions to demonstrate its will to seriously implement its denuclearization and other commitments under the 2005 Six-Party Talks Joint Statement and others. Both sides reiterated their commitment to fully implementing the relevant UNSC Resolutions. Both sides emphasized the importance of addressing humanitarian concerns of the international community, including the abductions issue.

Both sides reaffirmed the importance of enhancing cooperation in the areas of disarmament and non-proliferation of weapons of mass destruction and their means of delivery, combating the illicit transfer and trafficking of WMD-related materials and small arms and light weapons. As part of their continuing effort to enhance cooperation, both sides emphasized the need for taking action-oriented measures including those within the framework of the Nuclear Non-Proliferation Treaty (NPT), ARF, UNSC Resolution 1540 (2004) and through relevant organizations such as the International Atomic Energy Agency (IAEA). Both sides reaffirmed their determination to further cooperate with respect to nuclear disarmament, nuclear non-proliferation, and peaceful uses of nuclear energy, which are three pillars of NPT. Both sides also shared the view that establishing effective export control contributes to preventing illicit transfer of weapons and related items and technology. In this context, both sides highlighted the need for technical cooperation on export control including assistance in developing and implementing relevant domestic laws and regulations. Both sides reaffirmed the importance of facilitating the peaceful uses of nuclear energy, through relevant international and regional frameworks including the Regional Cooperative Agreement for Research, Development and Training Related to Nuclear Science and Technology, and the IAEA.

Both sides reaffirmed their support for early reform of the Security Council, including the expansion of both permanent and non-permanent categories of membership, the improvement of working methods, and the enlargement of the role of developing countries, in order to make the Security Council more representative, legitimate, effective and better reflect the geopolitical realities of the 21st century. Both sides also shared the view to enhance cooperation to achieve concrete outcomes this year, which celebrates the 70th anniversary of the founding of the UN. Japan highly appreciated the Mekong region countries' continuous support for Japan's membership as a permanent member of the UN Security Council in a reformed Council.

Both sides recognized the importance of the ocean as international common goods. Both sides reaffirmed the importance of deepening their cooperation on maritime security

and maritime safety in the region. Both sides reaffirmed the importance of full and effective implementation of the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC) and the early conclusion of a Code of Conduct in the South China Sea (COC). Both sides reiterated their commitment to upholding freedom of navigation and overflight, safety of navigation, unimpeded commerce and peaceful settlement of disputes in accordance with universally-recognized principles of international law, including the United Nations Convention on the Law of the Sea (UNCLOS). Both sides noted concerns expressed over the recent development in the South China Sea, which will further complicate the situation and erode trust and confidence and may undermine regional peace, security and stability.

IV. Future Schedule

Both sides affirmed to compile the “Mekong-Japan Action Plan for Realization of the New Tokyo Strategy 2015” at the 8th Mekong-Japan Foreign Ministers’ Meeting to be held in August 2015, and the “Mekong Industrial Development Vision” at the Mekong-Japan Economic Ministers’ Meeting to be held in August.

Both sides reaffirmed that they will hold Mekong-Japan related meetings regularly in the future. To be specific, the Mekong-Japan Summit Meeting is to be held in Japan every three years, and on the occasion of international conferences, such as ASEAN-related meetings in other years. The Mekong-Japan Foreign Ministers’ Meeting and the Mekong-Japan Economic Ministers’ Meeting are also to be held regularly on the occasion of international conferences, such as ASEAN-related meetings, and the Mekong-Japan Senior Officials’ Meeting is to be held annually, aiming to be followed up at the working level.

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