

OECD Southeast Asia Regional Programme (SEARP) Ministerial Conference
Inclusiveness through Connectivity
Remarks by Foreign Minister Kono
March 8, 2018

Honorable Ministers, Heads of Delegations, Representatives of International Organizations, Excellencies and all Distinguished Guests,

Thank you for participating in the Tokyo Ministerial Conference of OECD Southeast Asia Regional Programme.

Four years ago, Prime Minister Shinzo Abe launched the programme, together with ministers from Southeast Asia, at the 2014 OECD Ministerial Council Meeting. The Launch of the programme came exactly fifty years after Japan joined the OECD in 1964 when the Organization first expanded from its original twenty members.

The OECD has been cooperating with Southeast Asia since the late 1990s, designating it as a region of “strategic priority interest” in 2007. It is in this context that SEARP was established, adding a new page to the history of the OECD’s global outreach. Through SEARP, the OECD has supported ASEAN countries’ priorities as well as regional integration efforts.

SEARP is now successfully completing its first phase under the co-chairmanship of Japan and Indonesia. I would like to express my cordial gratitude to all the stakeholders of ASEAN and OECD countries.

Ladies and gentlemen,

The theme of today’s Forum is “Inclusive ASEAN.” Why is this relevant for us?

Southeast Asia is one of the most dynamic regions in the world, with a population of more than 600 million and an average growth rate of over 5 % during the past fifteen years.

Despite the remarkable economic growth over the past years, ASEAN countries are facing challenges that could threaten that growth or prevent individuals from enjoying its benefits, such as socio-economic development gaps between and within countries of the region.

It is a priority for ASEAN to ensure that “No One is Left Behind” and that the benefits of growth spread throughout the region.

I would like to welcome Singapore's leadership as this year's ASEAN chair in prioritizing "resilience" and "innovation," which have great potential in contributing to inclusive growth in ASEAN.

The importance of inclusiveness is highlighted more than ever in Southeast Asia and OECD countries. It is therefore relevant and opportune for this forum to discuss a way forward to a more "Inclusive ASEAN." I hope that the discussions today will inform ASEAN process and create more synergies between SEARP and ASEAN.

Ladies and gentlemen,

Let me now turn to "connectivity," which is one of the most important pillars of ASEAN Community Vision 2025. I would like to draw your particular attention to two aspects of this concept, namely quality infrastructure and trade and investment.

The first point I would like to raise about connectivity is promotion of quality infrastructure.

In Asia, there is a huge demand-supply gap in infrastructure investment. According to an estimate by the Asia Development Bank, Southeast Asia requires 210 billion dollars of infrastructure investment each year from 2016 to 2030, which is equivalent to 5.7 per cent of the region's GDP. Nevertheless, only a quarter of this demand is being met at present. As the public sector currently dominates infrastructure financing, effective mobilization of private funds is obviously indispensable in order to fill this huge gap.

However, focusing solely on quantity is not adequate. Substandard infrastructure will not only inhibit inclusive and sustainable development, but it could even become bottlenecks to growth. Therefore, in seeking to achieve connectivity, it is important to develop quality infrastructure in accordance with international standards.

We have five "G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment".

First, efficiency: we must ensure economic efficiency in view of life-cycle cost and safety.

Second, local communities: we should contribute to local employment and transfer of technology.

Third, social and environmental impacts.

Fourth, alignment: development projects need to be aligned with the economic and development strategy of recipients including their financial viability.

Fifth, resources: we should promote effective resource mobilization including through Public Private Partnership.

In addition, we must not forget openness and transparency in infrastructure development and its operation. I believe that only quality infrastructure will truly contribute to inclusive and sustainable development.

Japan is now leading the global efforts for setting international standards of quality infrastructure. In addition to the “G7 Ise-Shima Principles” that I mentioned, the importance of quality infrastructure has been repeatedly emphasized in ASEAN-related fora as well as other international fora such as G20 and APEC.

It is in this context that last year the OECD Ministers mandated the elaboration of guidelines and best practices on quality infrastructure with open and fair access. Let me express my keen anticipation for the OECD’s work on this issue and its contributions to ASEAN’s connectivity.

My message here is simple. There is no reason not to take advantage of the OECD’s work on quality infrastructure.

The second point I want to make about connectivity is trade and investment. Free and fair rules-based trade and investment are key engines for economic growth and job creation.

Under the current anti-globalism and protectionism upsurge, the recent discussions in the OECD focus on a new narrative that “free trade contributes to inclusive growth.” The OECD delivers a clear message in this context: protectionism is not a solution.

For example, a recent OECD paper shows that in the world of highly-developed global value chains, protectionism hurts not only consumers but also producers and the very jobs that it is supposed to protect. More specifically, protectionist measures make producers unable to access the cheapest and best quality inputs. As a result, producers lose export competitiveness in global markets, making them less able to sustain jobs at home.

Another OECD paper shows that ASEAN has been benefiting from integration into global value chains, especially in terms of job creation. In Viet Nam, for example, over 5 million workers are engaged in producing exports of intermediate goods and services, which are equivalent to 10% of the working population. The number has increased by 330% since 1995.

Japan, as a standard-bearer of free trade, strongly promotes high-standard, free and fair rules for trade and investment throughout the world.

I am glad to mention that four ASEAN countries have joined the TPP 11, which will be signed today in Chile. The TPP 11 will establish the 21st century-rules for a wide range of areas including trade in goods and services, investment, e-commerce and state-owned enterprises. We will continue to make best efforts toward its early entry-into-force. We hope that the TPP 11 will be an important cornerstone for our collective efforts to expand a free, fair and rules-based economic order in the world.

At the same time, we will work towards swift conclusion of a high quality Regional Comprehensive Economic Partnership (RCEP), which includes all ASEAN countries.

I am confident that all these efforts will become solid steps to enhance connectivity in the region.

Before concluding my speech, let me draw your attention to the strategic importance of cooperation within Southeast Asia from a geopolitical perspective.

Japan is promoting the “Free and Open Indo-Pacific Strategy” with a strong belief that free and open seas are the sources of peace and prosperity.

Southeast Asia is located at a critical juncture of the Pacific and Indian Oceans.

Japan intends to consolidate peace and prosperity in the Asia-Pacific region as a whole by promoting this strategy with ASEAN at its core. Japan will especially expand infrastructure development, trade and investment and enhance the environment for business and human development, while respecting ASEAN priorities.

Against this backdrop, Japan is firmly committed to support ASEAN’s effort to enhance connectivity in line with the Master Plan on ASEAN Connectivity 2025.

Japan is also determined to enhance cooperation through the “Japan-Mekong Connectivity Initiative.”

Last but not least, this is the 45th Year of ASEAN-Japan Friendship and Cooperation. Building on the long history of our cooperation, I am pleased to assure you that Japan, as a “Partner for Prosperity”, will continue to contribute to ASEAN’s efforts to achieve inclusive and sustainable development.

Japan will also continue to promote OECD-Southeast Asia cooperation through SEARP, with a view to a possible future accession to the OECD from the region.

Thank you.