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1. In conclusion, the Joint Study Group noted that Japan and Singapore have developed close strategic and economic ties over many years of fruitful cooperation. These are reflected in the strong bilateral trade and investment linkages, and the common outlooks both countries share on many geopolitical issues. The Joint Study Group acknowledged that it has been a very rewarding partnership, with each tapping the resources and capabilities of the other for mutual benefit. For example, Japanese companies use Singapore extensively as a base to penetrate the Southeast Asian market and as headquarters to manage production in the region for global markets. In turn, Singapore benefited much from Japanese capital, technology and expertise.
2. The Joint Study Group highlighted that the global economy was changing rapidly with technological progress, especially in the area of ICT, and globalisation. The world was entering a new phase of economic development, which would be knowledge-based and emphasised the creation, as opposed to the mere addition, of value. The international trading environment was being reshaped with the growing trend towards regional economic integration. In addition, the emergence of more competitive Asian economies would reshape the economic environment in East Asia.
3. The assumptions and capabilities which had driven growth in the past would therefore no longer be sufficient for success in the future. Competitiveness would henceforth depend primarily on the creativity of the people, and could be enhanced through greater market integration between countries of comparable levels of economic development, and collaboration between centres of excellence. Japan and Singapore are two such countries. They could build on their past economic and strategic partnership to carry both countries successfully into the new millennium.
4. In this context, the Joint Study Group firmly believes that the JSEPA would be mutually advantageous to both countries. The larger market would provide greater opportunities and larger economies of scale for Japanese and Singapore businesses. It would also institutionalise regulatory and other policy reforms in both countries, enabling them to stay attractive to capital and talent. It would enhance Japan's economic engagement in Southeast Asia, and Singapore's engagement in Northeast Asia. The complementarity in strengths and capabilities of both countries could be harnessed to help develop each other's competitiveness and to exploit more successfully the many emerging opportunities in the region and the world. The pressure of an EIA would also help both governments reform the less competitive elements of their economies.

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5. The JSEPA would have a positive demonstrative impact on other economies and would help to catalyse further regional trade liberalisation. As a test-bed for innovative conceptual frameworks and model for promoting and facilitating trade, the JSEPA would also strongly complement the efforts of the multilateral trading system.

6. The Joint Study Group studied many new and innovative ideas on how both countries could work together to address the challenges and exploit the opportunities of the knowledge-based economy. At the core are proposals for significant trade and investment liberalisation and facilitation. These should be complemented and supplemented by forward-looking multi-sectoral initiatives for cooperation in the high-growth areas of the future, such as financial and telecommunication services, e-commerce, media and broadcasting, human capital management and development of SMEs. Overall, the Joint Study Group concluded that Japan and Singapore stood much to gain in implementing the proposals described in Section Two of this report. The broader benefits arising from these specific proposals are elaborated in Section Three.

7. The Joint Study Group therefore recommended that both countries work expeditiously to put in place a “New Age” EPA that encompasses the proposals described in this report and which would provide a framework for significant economic integration between the two countries. The Joint Study Group is convinced that such an EPA would bring significant benefits to both countries, in particular, in strengthening the capabilities that they would require for the New Economy. The Joint Study Group believes that the JSEPA could be achieved relatively painlessly because of the complementary nature of the two countries, and that the obstacles to its successful conclusion were minimal and could be overcome.

8. Specifically, the Joint Study Group strongly and respectfully recommends that:

- a. The Prime Ministers of Japan and Singapore make a joint announcement, at an appropriate location and timing in October or November 2000, that the two countries intend to enter into formal negotiations with a view to concluding an economic partnership agreement between them;
- b. The negotiations begin at an earliest possible timing, targeting January 2001, and be concluded within a reasonably short period of time so as not to lose momentum; and
- c. Given that the scope of negotiations will transcend the focus

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of a traditional FTA, the resulting Government-to-Government agreement should henceforth be referred to as the **JAPAN-SINGAPORE ECONOMIC AGREEMENT FOR A NEW AGE PARTNERSHIP**.
