Chapter V  Directions in Priority Support According to Individual Issues

1. Support for Building the Systems and Infrastructure that Enable the Free Movement of People, Goods, Money and Information

1-1 Trade and Investment

Progress with the economic integration of ASEAN will create a regional market on a larger scale, encourage companies to move into the region as a result of joint efforts to create an environment conducive to investment, reduce regional service linking costs by establishing a shared institutionalized structure within the region, including standardized customs procedure and product standards, and enable an effective regional network for corporate expansion, production and distribution.

It is therefore exceedingly important to cooperate on the standardization of rules and conditions relating to regional commerce to enable ASEAN to function as a single unified market. Specific areas for cooperation include the following:

(1) Industry statistics

Cooperation in the field of industry statistics, an area that is essential from the point of view of developing an infrastructure for economic growth in ASEAN countries in order to enable individual governments to formulate and implement industrial policies on a timely basis, is already underway in countries such as Thailand, the Philippines, Malaysia and Viet Nam. Whereas economic interdependence in the ASEAN region is deepening and becoming increasingly complex however, there is still a large degree of variation between individual ASEAN countries in terms of progress on the development of industry statistics. Cooperation to standardize development in each country is therefore essential, particularly in the sense of creating the necessary conditions to attract investment.

(2) Customs clearance

As mentioned previously, one of the issues in relation to the running of AFTA is that of institutional and procedural problems, one of the factors contributing to the problem of a low intra-regional trade ratio. Institutional and procedural problems in relation to the CEPT scheme stem in part from the fact that there is scope for arbitrary behavior on the part of the authorities running the system in each country. It is therefore vitally important that countries cooperate to strictly enforce the CEPT scheme and facilitate procedure, including drastic reviews of customs procedure (customs valuations, etc.). ASEAN is currently investigating the possibility of launching one stop services for smoother border-crossing. Based on an understanding of the precise details, this is another area that will require cooperation and proactive investigation in the future.

(3) Standard certification

To accelerate the restructuring of the regional specialization structure, it is important to ensure that differences in standards between individual countries do not impede trade or investment. It is also essential to develop a common system of standards and authentication within the region based on the adoption of
international standards or similar measures. From the point of view of ASEAN market integration, it is essential to step up promotion of technical cooperation based on the needs of individual industries in order to achieve a balance across the ASEAN region in terms of standard certification.

(4) Protection of intellectual property rights

Protecting intellectual property rights will contribute to each country’s economic development by enabling countries to secure opportunities to attract direct investment and reinvestment from overseas and by stimulating intellectual creativity and technological innovation throughout the region over the medium to long term. Although progress is being made on a range of initiatives with this in mind, based on the ASEAN Intellectual Property Right (IPR) Action Plan 2004-2010, Japan should also provide support and cooperation for such initiatives.

These areas all fall within the scope of cooperation under the Japan-ASEAN Comprehensive Economic Partnership and are intended to promote cooperation between Japan and the ASEAN region as a whole. Taking the field of standard certification as an example, ACCSQ (ASEAN Consultation Committee for Standards and Quality)-METI (Ministry of Economy, Trade and Industry), a forum for dialogue between Japan and ASEAN countries on standardized policies, is already working on the exchange of opinions and coordination in relation to cooperation between Japan and ASEAN. In terms of specific cooperation, technical cooperation is underway between Japan and ASEAN countries with the aim of strengthening ties in the fields of standardization, conformity assessments and quantification in line with the ASEAN Standards and Conformance Cooperation Program, which was formulated in May 2003 initiated by METI.

1-2 Finance

There has been a high level of awareness of the need for cooperation in the field of finance since the Asian economic crisis, with initiatives being stepped up in this field at both the ASEAN and ASEAN+3 levels.

The New Framework for Enhanced Asian Regional Cooperation (the Manila Framework), a new framework designed to reinforce regional cooperation in Asia in order to achieve financial stability, was approved at the Meeting of Asian Finance and Central Bank Deputies in Manila in November 1997, with regular exchanges of opinions since then, including with regard to regional surveillance. Macro economic research into support for and the effective implementation of surveillance was also initiated within the ASEAN+3 framework, centered around the ADB.

At an ASEAN+3 Finance Minister Meeting in May 2000, the Chiang Mai Initiative was approved, outlining mutual cooperation in the event of an economic crisis in the region through currency swap and repo arrangements based on the existing ASEAN Swap Arrangement. The number of bilateral swap arrangements based on the Chiang Mai Initiative is currently on the increase, with an elaborate network of financial cooperation being formed between East Asian countries.

Japan proposed the ABMI at an ASEAN+3 meeting in December 2002. Based on the initiative of Thai Prime Minister Thaksin Shinawatra, six Working Groups (WG) were then set up at an unofficial

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95 (I) New securitized debt instruments WG (presided over by Thailand), (II) credit guarantee and investment mechanisms WG (Republic of Korea), (III) foreign exchange transactions and settlement issues WG (Malaysia), (IV) Issuance of bonds denominated in local currencies by Multilateral Development Banks, foreign government agencies and Asian multinational corporations WG (China), (V) rating systems and information dissemination on ABM (Singapore and Japan) and (VI) technical assistance coordination (Indonesia, the Philippines and Malaysia).
ASEAN+3 meeting in February 2003, with investigation into specific aspects of the ABMI continuing to go ahead. The Executives’ Meeting of East Asia-Pacific Central Banks (EMEAP)\(^6\), a framework for cooperation between central banks in Asia, announced the establishment of an ABM in June 2003 to promote government bonds and bonds in government-affiliated companies in eight countries and regions (China, Hong Kong, Indonesia, Republic of Korea, Malaysia, the Philippines, Singapore and Thailand).

1-2-1 Coordinating exchange policies
Real exchange rates are terms of trade and are calculated by dividing nominal exchange rates multiplied by price levels for imported foreign goods and services by price levels for goods and services exported from the relevant country. As terms of trade, real exchange rates have a major effect on exchange rates as well as customs. As exchange rate levels alter terms of trade based on customs tariffs and have a considerable effect on imports and exports of goods and services to and from any one country, there is increasing debate over the need for stable exchange policies to be coordinated on an ASEAN+3 or similar level. There is also talk within ASEAN, particularly amongst developed ASEAN countries, of approaching an optimum currency area\(^7\), with claims that there is scope to consider the possibility of moving ahead with the introduction of fixed exchange rates based on an exchange basket, primarily for developed ASEAN countries. However, there are also those who claim that, in order to form an optimum currency area, it is necessary to have a more open regional economy and a greater degree of freedom in terms of labor mobility and that it is essential to push ahead with both the institutional development and, to some extent, the regional deregulation of financial systems.

1-2-2 Directions in support

(1) Cooperation to help coordinate exchange policies
In an effort to coordinate stable exchange rates, such as exchange rate systems pegged to the SDR in Indonesia, Malaysia, the Philippines, Singapore and Thailand for example, technical cooperation designed to develop money markets in these countries is considered a possibility. Support focusing on Indonesia and the Philippines in particular is being considered. If feasible, cooperation with the transfer of technology from Singapore and Malaysia is another possibility. It is hoped that this would promote the development of short-term financial markets propped up by a common legal system.

Deepening short-term financial markets is also important in terms of the development of ABM, one of the core initiatives in the ASEAN financial sector. There are few ASEAN countries with sufficiently mature open short-term markets. In particular, there are very few countries with repo markets capable of easily providing liquidity in short-term or long-term government bonds.

(2) Cooperation to help develop bond markets
Although indirect financing dominates finances in the majority of East Asian countries, this financial structure was hit hard by the Asian economic crisis. The underlying causes can be traced back to two mismatches in indirect financing in developing countries, namely exchange risks stemming from borrowing foreign capital and lending domestic capital and risks stemming from changing terms in the form of short

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\(^6\) The EMEAP is made up of central banks and monetary authorities from 11 countries and regions: Australia, China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand.

\(^7\) Ministry of Finance Policy Research Institute (2005)
term borrowing and medium and long-term lending for the likes of capital investment. There is a shared awareness that it is essential to promote direct financing on the likes of bond markets and establish a more balanced financial structure in order to rectify this situation.

In order to develop bond markets, it is first of all important to establish government bond markets and to provide relevant cooperation in developed ASEAN countries, particularly Indonesia and the Philippines. In CLMV countries on the other hand, the establishment of sound macro economic and fiscal management, which are prerequisites for the promotion of government bond markets, is considered to be vital as a priority condition.

Priority in relation to Indonesia and the Philippines is therefore placed on cooperation with the development of government bond markets and government debt management. Priority in CLMV countries is placed on cooperation to help improve understanding of sound fiscal management, which is a prerequisite for the development of bond markets, and bond markets themselves.

1-3 Transportation

1-3-1 Transportation issues in Southeast Asia

Throughout history, Southeast Asia has always depend on the maritime transport, with external trade developing based around the major ports in the region. In addition to the fact that there have always been obstacles impeding land transport, such as the Mekong River and mountains, the region was divided by the Cold War structure in the past, severing east-west transport links across the Mekong River. As a result of this situation, countries in the region developed economic ties with other distant countries via shipping, leaving economic cooperation with neighboring countries within the region relatively inactive until recently. From the point of view of the ASEAN framework, establishing a land transport network it is vitally important to the advancement of the ASEAN region. It is also essential for the development of the less-developed ASEAN countries, namely CLMV.

There are major disparities between the level of development in different ASEAN countries, a fact that is plainly evident in the level of infrastructure development for transport. Quantitative comparisons between the road length per square kilometer in each country put Singapore top (4.475km/km²), with Viet Nam (0.047km), Myanmar (0.043km) and Laos (0.013km) all registering exceptionally low totals. Qualitative comparisons showing the paved road ratio against the total road length also put Singapore top (100%), with Cambodia (4.4%) registering an extremely low percentage. Disparities between developed and less-developed countries (CLMV) are also huge in terms of transportation itself.

A great deal rests on the region’s transportation infrastructure and services, from attracting FDI and enhancing international competitive potential in the short term to narrowing disparities within the region and forming an economic community over the medium to long term.

1-3-2 ASEAN policy objectives and Japan-ASEAN cooperation in the field of transportation

ASEAN is aiming to form an AEC by the year 2020, turning the region into a dynamic, powerful segment of the global supply chain. In order to achieve this, efforts are being made to promote comprehensive regional policies based on the Vientiane Action Program 2004-2010 and to promote regional policies in the transportation sector based on the ASEAN Transport Action Plan 2005-2010.

The Transport Action Plan recognizes that “trade is absolutely vital to the economy of ASEAN.” This means that goods must be produced and delivered to the market (or customer) in the right quantity, required quality, at the right time and at a competitive price. In order to achieve this, it will be essential to have (i) an
excellent transport infrastructure, (ii) high quality transport and logistics services and (iii) efficiency in import and export formalities. The plan also underlines the importance of improving ports and access roads, developing port infrastructure and establishing an efficient marine transport network. The plan sets out three priority policies in the transportation sector that ASEAN should enhance coordination of policies and Programs for the (i) development of infrastructure and services, (ii) application of transport facilitation measures in e.g. alleviating bottlenecks, improving border crossings and gaining access to markets, and (iii) harmonization of the technical aspects of design and safety rules, procedures and standards.

In response to ASEAN initiatives, the Japanese government has signed up to the Framework for Comprehensive Economic Partnership between ASEAN and Japan and has announced cooperation in the field of transportation and logistics (October 2003). There are four fields that have been earmarked as priority areas for cooperation; (i) efficient cargo transport system, (ii) safe and sustainable shipping and (iii) safe and efficient air transport, (iv) using the latest technology to protect the environment and ensure security.

1-3-3 Directions of regional assistance in the Southeast Asian region
(1) Priority countries for cooperation
As levels of development differ greatly between the ten ASEAN countries, the less-developed countries are regarded as priority countries for cooperation, alongside Indonesia and the Philippines, which are lagging behind other developed countries. As cooperation with the ASEAN Secretariat is important to cooperation in the ASEAN region, it is considered essential to focus on improving the ASEAN Secretariat’s capabilities and other forms of cooperation with the secretariat.

(2) Priority fields for cooperation
The ASEAN countries have always been regarded as priority countries for development assistance from Japan, which has undertaken a range of bilateral cooperation projects in the field of transportation. Japan is also engaged in technical cooperation in relation to a diverse range of technical issues through the Ministry of Land, Infrastructure and Transport. When proposing priority fields for cooperation, the following points need to be taken into consideration.

- Regional cross-border transportation issues, rendering bilateral cooperation difficult.
- Transportation issues that would help priority countries to internationalize and attract FDI.
- Transportation issues that do not overlap with the Ministry of Land, Infrastructure and Transport’s Program of cooperation in the field of transportation and logistics.
- Actively coordinating with international organizations’ efforts to provide ASEAN with cooperation where possible.

Bearing the above points in mind, the following are proposed as priority fields for cooperation.
- Improving and harmonizing transport infrastructure and services: Placing a major emphasis on efforts to establish and develop an efficient, reliable ASEAN transport system, including as part of bilateral cooperation to improve ports, airports, roads, railways and other aspect of transport infrastructure and services in each country and cooperating with the cross-border adoption of technical standards for infrastructure, service quality standards and any other standards that would be beneficial (ASEAN countries in general).
- Making increased speed and efficiency in import and export formalities: Cooperating with the ratification and adoption of international standards such as the WTO, International Commercial
Terms (Incoterms) and Electronic Data Interchange and with efforts to make customs and quarantine procedure faster and more efficient through computerization (priority countries).

- Improving for smoother border-crossings: Integrating border posts between countries, enabling one-stop services by standardizing documentation and procedure and cooperating to make border crossings smoother and more efficient (ASEAN countries in general).

- Increasing security and safety of transport: Cooperating to improve public security at major nodes (airports, ports, railway stations, bus terminals, etc.) and transport links (air routes, sea lanes, railways, roads, etc.) within the ASEAN transportation system (ASEAN countries in general).

- Enhancing governance: Cooperating with international, regional and other organizations to improve governance, including any necessary legislation, institutional reform and human resources development as part of the aforementioned fields to (priority countries).

- ASEAN Secretariat Capacity Development: Cooperating with all aspects of ASEAN Secretariat Capacity Development, including the dispatch of experts and the provision of training Programs, to strengthen functions of ASEAN Secretariat in the future (ASEAN Secretariat).

1-3-4 Points of concern relating to regional cooperation in Southeast Asia

- As part of bilateral cooperation in the field of transportation infrastructure and services in specific countries, the positioning of cooperation projects within the ASEAN region and harmonization with neighboring countries need to be taken into consideration.

- In order to avoid overlap with cooperation projects in the ASEAN region and to enable effective collaboration and cooperation, information needs to be exchanged with international organizations and donor countries on a regular basis (especially the ADB).

1-4 Information and Communication Technology (ICT)

1-4-1 Basic directions in cooperation in the field of ICT

Cooperation in the field of ICT is carried out in accordance with issue-specific policy (ICT) in all regions. These guidelines are designed to (i) eliminate the digital divide and provide digital opportunities and (ii) to apply ICT to other areas of development and make efficient, effective use of ICT as part of international cooperation projects. The strategic development targets set out in the guidelines are as follows.

| Strategic development goal 1: Improving IT policymaking capabilities |
| Strategic development goal 2: IT human resources training |
| Strategic development goal 3: Developing communications infrastructure |
| Strategic development goal 4: Increasing efficiency and effectiveness by using IT in all fields |
| Strategic development goal 5: Increasing the efficiency and effectiveness of IT-based assistance |
1-4-2 Initiatives in the field of ICT in Southeast Asia

(1) ICT-related policy trends in ASEAN countries

The following is an overview of ICT-related policy trends in ASEAN countries, the majority of which, including Cambodia, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam, have formulated national ICT strategies and are working on ICT policies. Their ICT strategies have a number of points in common; (i) developing ICT infrastructure, (ii) promoting e-Commerce, (iii) establishing legal system to promote the use of ICT, (iv) developing ICT human resources, (v) promoting the use and application of ICT, (vi) establishing e-Government and (vii) enhancing contents.

In terms of IT infrastructure, whereas there are countries with a relatively high level infrastructure such as Singapore, there are unresolved issues in other countries, including the lack of infrastructure in CLMV countries and lack of access to the information in local areas in Indonesia. The majority of ASEAN countries are also actively promoting the establishment of e-government. In the field of software contents, the Philippines is following in the footsteps of India in the software industry, with English as its official language. Elsewhere, Singapore is developing multilingual contents unique to Asia and Indonesia, Malaysia and Thailand are focusing on contents development in their native languages in an effort to make ICT more widespread.

(2) e-ASEAN

The e-ASEAN initiative was approved at the third unofficial summit meeting in Manila in November 1999 and the decision made to set up an e-ASEAN Taskforce. After that, the e-ASEAN Framework Agreement was signed at the fourth unofficial summit meeting in Singapore in November 2000 in order to set out a framework for the e-ASEAN initiative.

The objectives of e-ASEAN are (i) to develop information infrastructure, (ii) to improve developed countries’ support for less-developed ASEAN countries in order to promote areas such as human resources development, (iii) to promote cooperation with the aim of strengthening and developing ASEAN’s competitiveness in the area of ICT, (iv) to promote cooperation with the aim of closing the digital divide both among and between ASEAN countries, (v) to promote Public-Private Partnership (PPP) in order to realize e-ASEAN initiative and (vi) to promote the deregulation of trade and investment in ICT products and services. The main issues to be addressed in order to achieve these objectives are (i) establishment of the ASEAN Information Infrastructure, (ii) promoting the growth of e-Commerce through legislation and policy implementation, (iii) facilitating the liberalization of trade in ICT products, ICT services and of investments, (iv) developing an e-Society in ASEAN and Capacity Building and (v) realization of e-Government.

In order to promote the e-ASEAN initiative, the ASEAN Telecommunications and IT Ministers Meeting (TELMIN) and the ASEAN Telecommunications and IT Senior Official Meeting (TELSOM) are regularly held.

Projects to be implemented under e-ASEAN are divided into three fields; (i) Universal Access (UA), the Digital Divide (DD) and e-Government, (ii) the e-Society (ES) and ICT Capacity Building (ICB) and (iii) the ASEAN Information Infrastructure (AII). Meetings, seminars, workshops, training programs and research studies in each of these fields are currently being proposed and reviewed in member states.
(3) Cooperation between ASEAN countries

Cooperation is also underway between ASEAN countries, particularly support for the less-developed countries from developed ASEAN countries. Malaysia has agreed to work on cooperation with Myanmar and Viet Nam in the field of ICT. Singapore has set up a training center offering training in areas such as intranet architecture in Viet Nam, as well as offering training in networking in Cambodia. Elsewhere, Thailand is working on a project to connect all 18 provinces in Laos to the internet and a project to provide a broadband satellite network in Myanmar. Progress is also being made with plans to develop an e-passport system between Malaysia and Thailand.

(4) ASEAN+3 Telecommunications and IT Ministers Meeting (TELSOM+3)

The first session of the TELMIN+3 and the second session of the TELSOM+3, both of which are versions of the aforementioned TELMIN and TELSOM meetings with Japan, China and Republic of Korea as an additional three countries, were held in Bangkok in August 2004 with the aim of developing telecommunications and IT in the ASEAN region, sharing information and other ICT resources and promoting project cooperation. Those in attendance agreed to (i) develop the ASEAN Information Infrastructure (AII), (ii) bridge the digital divide, (iii) human resources development, (iv) coordinate and cooperate on ICT policy and (v) cooperate on the facilitation of trade and investment in ICT.

At the aforementioned second session of TELSOM+3, Japan put forward the development of IT infrastructure, the establishment of a research and development network, application development and human resources development and training as priority areas for cooperation. China similarly put forward the development of an ASEAN IT infrastructure, consulting services provided by experts, human resources development and network security as priority areas. Republic of Korea proposed technical and policy advice, IT infrastructure development and the digitization of cultural property. ASEAN proposed cooperation with Japan, China and Republic of Korea as part of projects to be undertaken under the e-ASEAN initiative. Both the first session of TELMIN+3 and the second session of TELSOM+3 confirmed that further consideration would be needed ahead of the implementation of specific cooperation in the future.

(5) Trends in Japanese cooperation in Southeast Asia

In July 2000, the Japanese government announced Japan’s Comprehensive Cooperation Package to Address the International Digital Divide prior to Kyushu-Okinawa Summit. This package recognizes that IT is a private-sector-driven field and proposes that the role of the public sector should be to provide supplementary cooperation, particularly in terms of policies relating to active private sector initiatives and human resources development. Its four core elements are (i) Raising awareness of IT opportunities and contributing intellectually to policy and institution-building, (ii) Developing and training human resources (iii) Building IT infrastructure and providing assistance for network establishment and (iv) Promoting the use of IT through the private sector in development assistance. Based on this, Japan is preparing a comprehensive cooperation package intended to channel roughly US$ 15 billion of ODA and non-ODA funding into closing the international digital divide over the next five years.

The e-Japan Strategy II was also announced in July 2003. This aims to forge international relationships centered on IT and proposed the promotion of the Asia Broadband Plan and the Asia IT

Action plan announced in March 2003 designed to make the Asia an “information hub” of the world by developing the region’s broadband environment.
Based on these initiatives, the Japan-ASEAN Plan of Action adopted at the Japan-ASEAN Special Summit in 2003 advocates (i) take measure to further develop the network infrastructure for broadband, (ii) promote joint R&D and standardization activities on network infrastructure, (iii) take measures to further diffuse broadband with the efforts to ensure the security of networks as well as to share know-how on transition to the latest development of Internet Protocol version (iv) promote professional exchange, capacity building and human resources development Programs to upgrade the skills and knowledge of ASEAN ICT professionals and technicians and (v) promote standardisation of ICT applications such as e-Learning, and develop legal infrastructures related to e-Commerce.

(6) Other regional initiatives

The Asia-Pacific Telecommunity (APT) runs activities such as the development of information and communications, forums relating to regulations, policy, IT services and wireless communications, a range of training programs and the standardization of technology. The organization’s aim is to enhance IT services and infrastructure in the region, promote regional cooperation, conduct policy and technical research and improve technology transfer and human resources development. In recent years however, the APT has been promoting initiatives designed to develop broadband technology in the region, including staging the Asia-Pacific Broadband Summit.

1-4-3 Future issues and JICA’s assistance policy

In view of the ICT policies in place in ASEAN countries and initiatives under e-ASEAN, policy issues for Southeast Asia in the field of ICT are thought to include (i) developing IT infrastructure, (ii) human resources development, (iii) supporting ICT policy planning, (iv) establishing e-Government, (v) promoting e-Commerce, (vi) promoting the use of ICT and (vii) content development. Through the Asia Broadband Plan and the AITI, Japan is also providing cooperation in areas such as support for the development of IT infrastructure, experiments demonstrating uses of ICT, human resources development and the development of an infrastructure for e-Commerce and distribution of content. Based on policy issues in the ASEAN region, China, Republic of Korea and other major donor countries are also providing support for the development of IT infrastructure, human resources training, cooperation with the establishment of e-Government, ICT policy support and investment in ICT-related companies. Therefore, as part of cooperation in the field of ICT, it is important to maintain consistency between the needs of the ASEAN region and Japan’s development assistance policies for the region.

The private sector in Japan has a major role to play in terms of promoting the introduction of ICT. With increased private-sector involvement, including the privatization of telecommunications carriers in developing countries, ICT is now a field in which development is driven by private sector activity. The role of the public sector is to provide supplementary cooperation for active private sector initiatives, especially in areas such as policy and human resources development. In addition to this, there are also cases of Japanese telecommunications carriers forming capital and technical cooperation with carriers in developing countries in order to help improve and increase the coverage of telecommunications services in the relevant countries.

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99 Initiative designed to promote the development of network infrastructure, the establishment of an infrastructure for e-commerce and contents distribution, the increased mobility of human resources, the exchange of technology and the development of social systems, etc. based on cooperation between Asian countries.

100 Initiative Japan’s Comprehensive Cooperation Package to Address the International Digital Divide, announced by the Japanese government in July 2000.
As it stands, areas thought to be in need of cooperation from the Japanese government include (i) assistance in devising national and regional policies and institutions, particularly cooperation with the introduction of competition into the ICT market and the formulation of rules to encourage the use of ICT, (ii) human resources development, (iii) regional networking, especially in creating information and communications infrastructure that will help expand information and communications networks to rural areas, and (iv) the active use of ICT in the assistance programs. Elsewhere, Japanese ministries are currently implementing demonstration experiment and test bed projects based on the likes of the Asia Broadband Project.

Based on the situation outlined above, future issues and possible directions for JICA’s cooperation policy as part of regional cooperation in Southeast Asia are as follows.

(1) Achieving strategic development goals in the field of ICT

Bearing in mind the ICT needs in Southeast Asia and Asia Broadband Plan, strategic development goals under “JICA issue-specific policy - ICT” need to be promoted on a priority basis. Based on the Japanese government’s Priority Measures Relating to the IT International Policy Centered on Asia in fiscal 2005, part of the 2005 IT Policy Package (Towards the Realization of the World’s Most Advanced IT Nation) finalized on February 24, 2005 by the IT Strategic Headquarters, it is also essential to take into consideration the current situation in ASEAN countries and to investigate priority areas for cooperation in further detail.

As the use of ICT in developed ASEAN countries is at a relatively advanced stage, appropriate steps are thought to include (i) promoting projects designed to achieve national ICT strategies and plans already in place, policy advice for ICT development and demonstration experiment projects within the ASEAN region, the introduction of competition into the field of ICT and consumer protection, (ii) training human resources capable of acquiring skills in advanced ICT to meet international demand, (iii) developing broadband networks and IT infrastructure in rural areas, (iv) providing technical assistance in relation to the active use of ICT in areas such as education, healthcare and disaster prevention and (v) actively undertaking technical cooperation projects designed to establish e-Government, stimulate e-Commerce and promote international standardization in relation to all types of technology within the field of ICT. In CLMV countries, the less-developed ASEAN countries, on the other hand, it is considered preferable to prioritize areas such as technical cooperation in order to establish ICT network backbone by (i) providing advice to help formulate basic national ICT strategies and plans designed to promote understanding of the importance of ICT and national socioeconomic development and (ii) closing the digital divide with developed ASEAN countries. As Viet Nam is one of the CLMV countries where ICT development is at a more advanced stage, progress needs to be made with human resource development in the field of ICT. Also bearing in mind the fact that the Mekong Basin Development was also proposed at the Japan-ASEAN Special Summit in December 2003, it is important to continue to work on the development of IT infrastructure in CLMV.

(2) Implementing cooperation projects with initiatives such as the ASIA Broadband Plan and the AITI in mind

There are a number of projects that should be implemented on a priority basis under these initiatives. As part of the Asia Broadband Plan, possible projects in developed ASEAN countries include cooperation to help Malaysia achieve its national broadband plans, the introduction of broadband using wireless access systems in rural areas of Thailand and cooperation to develop IT infrastructure in rural areas of the
Philippines and Indonesia through measures such as the development of telecenters. In less-developed ASEAN countries on the other hand, it is thought that cooperation to develop IT infrastructure, through the use of technology such as wireless communication, satellite communication and IP networks, would be more effective. In addition to continuing to train human resources in the field of ICT, including in areas such as communications technology, electrical and electronic equipment, information systems and software, one approach that could prove effective under the AITI is organizing region-wide training Programs covering areas such as introducing competition into the field of information and communications, developing rules for e-Commerce, establishing technical standards and e-Government.

(3) Support for developed ASEAN countries’ cooperation with less-developed countries

The basic IT infrastructure in less-developed countries is under-developed compared to developed ASEAN countries. As the governments of less-developed countries are still developing policymaking capabilities and have insufficient human resources in the field of ICT, it is first and foremost essential to improve this situation. It will be important to provide priority support for less-developed ASEAN countries in the future, particularly in order to close the digital divide and to enable universal access in the ASEAN region.

When thinking about cooperation with less-developed ASEAN countries, it is important to make use of the results achieved through JICA’s cooperation with developed ASEAN countries. As there have been a large number of ICT human resources development projects implemented in Southeast Asia to date, the results of these projects could be used when providing CLMV countries, the least-developed ASEAN countries. As individual experts have been dispatched to developed ASEAN countries in the past to act as ICT policy advisors as part of cooperation with the formulation and implementation of national ICT strategies and plans, it is also important to make use of this experience in less-developed ASEAN countries as well. Although financial support is effective to some extent, support with the formulation of policies to promote the development of IT infrastructure is also significant, particularly in terms of responding to the issue of insufficient IT infrastructure in less-developed ASEAN countries. Developed ASEAN countries are also expected to act in the role of support partners as part of cooperation efforts.

(4) Measures to promote regional cooperation

As information and communications are utilized across borders, there is expected to be an increase in the need for wide-area cooperation, including the simultaneous implementation of similar cooperation projects in numerous different countries via information and communications networks. As organizations such as ASEAN and APT are highly likely to become hubs for cooperation in Southeast Asia in the field of ICT, it is also essential to be discussed the approach to cooperate with such organizations.

Based on the e-ASEAN initiative and the APT’s activities in particular, wide-area cooperation on common issues that affect the entire Southeast Asia region is likely to be effective in the future. Such cooperation would include (i) proposing measures to develop IT infrastructure in rural areas, which is a common issue affecting the entire ASEAN region, (ii) proposing measures to develop low-cost broadband networks, (iii) sharing experience and expertise in relation to the establishment of e-Government, (iv) establishing common rules for e-Commerce, (v) establishing institutions to introduce competition into the telecommunications market, (vi) investigating and formulating technical standards that will enable access to ICT service and equipment at low-cost in the ASEAN region and (vii) investigating models on the use of ICT in education, healthcare, disaster prevention and other fields.
(5) Cooperation with major donor agencies

As China and Republic of Korea are actively engaged in ASEAN cooperation initiatives, Japan needs to bear these initiatives in mind in order to avoid any overlap as part of its own cooperation initiatives in the ASEAN region and to enable waste-free support based on sharing information.

In addition to considering cooperation with activities carried out as part of trends in development assistance and support for Southeast Asia from other international organizations and major donors, Japan also needs to come up with new approaches such as providing cooperation in fields in which it can make the most of its strengths and advantages, including using wireless communications (wireless access systems, cell phones, satellite communication, etc.) to close the digital divide and introducing competition into the field of telecommunications.

(6) Cooperation to help develop IT infrastructure

The development of IT infrastructure is a priority issue for Southeast Asia. As stated in the Asia Broadband Plan, in order to increase the amount of information distribution within the region, it is vital to improve the IT infrastructure as part of the economic infrastructure, much in the same way as other parts of the infrastructure such as road networks. There is an absolute lack of basic IT infrastructure in less-developed ASEAN countries and, although infrastructure may have been developed in urban areas, it is still insufficient in rural areas in developed ASEAN countries.

Therefore, in addition to cooperation in areas such as the development of information and communication networks using grant aid and the formulation of relevant master plans, it is also effective to provide cooperation with the formulation of policies and plans to help develop IT infrastructure, including the introduction of competition into the telecommunications market and the establishment of universal access funds. Another possible approach is technical cooperation with the development of IT infrastructure in rural areas, including the development of telecenters. As the privatization of telecommunications carriers is active however, it is becoming increasingly difficult to provide ODA-based cooperation with the development of IT infrastructure in a large number of countries. It is therefore essential to explore new methods of assistance in order to enable JICA to continue to provide cooperation in this field in the future. When exploring such new assistance, it would be better to take the ASEAN region as a whole into consideration rather than concentrating on the development of IT infrastructure in individual countries.

(7) Support for cooperation projects in other fields

As there are some countries in Southeast Asia, such as Malaysia and Singapore, in which the level of IT infrastructure and technology is more advanced, it is hoped that the relevant technology could be used in other fields such as government, education, healthcare and disaster prevention. There are also signs of the use of ICT being promoted as part of needs within the region.

In the field of education, as projects relating to ICT human resources development and the use of ICT in education have been carried out in Southeast Asia in the past, it is thought that the results of such projects could be used to expand ICT-based education throughout the region. In the field of health and medicine, it is hoped that a cross-border system enabling less-developed countries to receive care medical treatment from ASEAN countries in which more progress has been made with medical treatment will be established through cooperation in areas such as ICT-based distance healthcare projects. The damage caused by last year’s earthquake off the coast of Sumatra and the Indian Ocean tsunami helped underline the importance of communicating disaster information over a wide area. Cooperation is therefore considered crucial in order to enable the establishment of a system capable of using ICT effectively to
communicate and share disaster information throughout the ASEAN region.

It is hoped that, by focusing the use of ICT on cooperation projects in other areas in addition to those relating to the transfer of ICT itself and human resources development, further progress will be made with the effective use of ICT in the ASEAN region.

(8) Other considerations

In order to make development assistance more efficient and effective, it is important to make full use of ICT, including JICA-Net and multimedia materials. JICA-Net has been introduced into JICA’s local offices in all ASEAN countries with the exception of Singapore and Brunei Darussalam. It should therefore be put to effective use in the future as part of cooperation in the ASEAN region, through regional meetings, training programs, workshops or seminars for example. Although there are certain costs involved in producing multimedia materials, they offer the mass distribution and enable individual study. It would therefore be effective to produce multimedia materials tailored to the issues faced throughout the ASEAN region and to use them as part of cooperation.

2. Eradicating Poverty and Disparities

2-1 CLMV Countries

2-1-1 Status and features of cooperation in CLMV countries to date

With the end of the Cold War and the stabilization of the region, global interest in the Mekong region increased from the 1990s onwards. There were major developments in the early 1990s in particular, including the implementation of the ADB’s GMS Program, Japan staging the Indonesian Comprehensive Development Forum and the establishment of the MRC. In line with the Japanese Ministry of Foreign Affairs’ policy of focusing on support for the Mekong region, JICA was also actively involved in areas such as reconstruction assistance and support with market-oriented economic reform from the start. Although interest in the Mekong region fell off slightly due to the Asian economic crisis of 1997, it started to pick up once again from the point of view of ASEAN integration and narrowing disparities within the region after the formation of ASEAN10 in 1999. Japan is the number one donor to each of the CLMV countries.

Examining records101 of JICA projects targeting CLMV countries and the ten countries in Southeast Asia according to field, it is apparent that, in the ten Southeast Asian countries, social development (public utilities, transportation, social infrastructure, communications and broadcasting) accounts for roughly 25%, followed by agriculture, forestry and fisheries at around 20% and planning and administration at around 17%.

In CLMV countries on the other hand, projects tend to vary according to the situation in each country. Social development is the largest field in Viet Nam and Cambodia, occupying a larger than average share compared to other Southeast Asian countries, and is something of a priority issue. Human resources development accounts for a uniquely large proportion of projects in Laos at roughly 20%, around the same proportion as social development and rural development. Projects in Myanmar are essentially focused around the field of BHN (Basic Human Needs)102. Given the importance of support for agriculture, Myanmar’s biggest industry, projects in the field of agriculture, forestry and fisheries account for one third of the

102 Health and medical care, education.
overall total at approximately 34%. In contrast, economic development projects account for less than 5%.

JICA initiated the Third-Country Training Program in 1975, followed by the Third-Country Expert Program in 1995, with these two schemes remaining central to South-South Cooperation based support in each country ever since. A partnership Program was also formed between Singapore and Thailand in 1994. This has formed the framework for ongoing cooperation and the improvement of South-South Cooperation in terms of both quality and quantity.

There were those involved in South-South Cooperation, particularly in recipient countries, who suggested that the intentions of benefactor countries were based on a strong awareness of donating support to developing countries and that support was failing to match recipient countries’ needs. The task of aligning needs with resources has therefore become a key issue. Based on the cooperation needs requested by recipient countries, JICA carries out surveys on current needs in cooperation with individual benefactor countries or JICA offices in individual countries in an effort to align countries’ resources with recipient countries’ needs. JICA has also introduced a chain of processes that entails adopting and implementing projects based on status reports, meetings to promote activities, surveys on needs and follow-up activities. This mechanism is called the JARCOM.

The first JARCOM meeting was held in Malaysia in July 2002, with subsequent meetings being held annually since then in Laos, Cambodia and Viet Nam. The main aim of JARCOM is to establish South-South Cooperation and regional cooperation projects designed to narrow disparities within the ASEAN region. It is however not necessarily limited to the likes of Third-country Training and experts. It is hoped that, as JARCOM becomes more widely recognized, it will lead to possible cooperation with other regional cooperation frameworks and closer collaboration with the IAI (an increase in IAI registered projects).

2-1-2 Initiatives according to fields related to support for CLMV countries and regional cooperation needs

The ADB proposed the GMS Program for the development of the Mekong region in 1992, since which time it has played an important role as the secretariat and coordinating body running GMS.

In light of the collapse of the socialist economic bloc and market-oriented economic reform, the aim of the GMS Program is to contribute to poverty reduction by stimulating the trade and flow of people, goods and capital, promoting economic integration, developing infrastructure and sustaining industrial competitive potential. Two of the key points worth noting here is that GMS is not just an ADB project but also involves securing funding from donors to implement sub-regional infrastructure projects and that the GMS framework does not operate based on the approach of poverty reduction via the social sector (education, health, etc.). In addition to tangible development such investment totaling over US$ 4 billion and the development of Highway 1 linking Phnom Penh and Ho Chi Minh City103, since 1992 GMS has also contributed to and achieved results in terms of intangible development, including human resources training and the establishment of organizations and institutions. Such results have included the Phnom Penh Plan (human resources training plan), the GMS Business Forum (GMSBF), agreements regarding power grid cooperation and basic agreements regarding the movement of people and goods.

At the 10th GMS Ministerial Conference in November 2001, the following 11 flagship initiatives were proposed as a strategic framework for the next decade.

(i) North-South Economic Corridor, (ii) East-West Economic Corridor, (iii) Southern Economic Corridor (2nd East-West Corridor), (iv) Telecommunications Backbone and Information and

103 2nd East-West Corridor: Japanese grant aid planned for the Phnom Penh side.

Japan has indicated an awareness of the need to take efficient, effective steps to promote cooperation and coordination as part of the establishment of numerous international organizations and frameworks in relation to the development of the Mekong region and of the fact that every effort should be made to capitalize on the proven framework provided by the ADB GMS in particular. Projects currently being carried out include the Haivan Pass Tunnel Construction Project (Viet Nam), the North South Railway Line Reinforcement Project (Viet Nam), the Mekong Bridge Construction Project (Cambodia), the International Communications Development Project (Laos) and the Vientiane International Airport Project (Laos).

At present however, there are a number of changes taking place, including (i) the development of the foundations for domestic infrastructure geared towards economic development in the CLMV countries, over a decade after the end of the Cold War, (ii) increasingly evident disparities within the ASEAN region, (iii) Japan’s diminishing presence in Southeast Asia countries and (iv) the growing influence of countries such as China and India within Southeast Asia.

It was against this backdrop that Japan outlined a new initiative for development in the Mekong region at the Japan-ASEAN Special Summit in December 2003, announcing the New Concept of Mekong Region Development. With anticipated cooperation totaling US$ 1.5 billion over three years, the aim of this initiative is to achieve three visions ((1) reinforcing regional integration, (2) attaining sustainable economic growth and (3) harmonizing with the environment) by means of three “pillars of concrete action” ((1) enhancing economic cooperation, (2) promoting trade and investment and (3) strengthening consultation and coordination with international organizations and ASEAN countries). In order to achieve sustainable economic growth in the Mekong region in particular, the initiative stresses the need for a framework for wide-area cross-border development covering the region as a whole, in addition to efforts to tackle issues affecting individual countries.

Narrowing regional disparities between themselves and developed ASEAN countries is becoming a key issue for the CLMV countries and something that is essential to ASEAN integration. A number of different frameworks are being developed in order to achieve this. Although the main frameworks are outlined below, there are other frameworks such as the ASEAN Integration System of Preferences (AISP) and the AMBDC program.

(1) Initiative for ASEAN Integration (IAI)

The IAI was established at the fourth unofficial ASEAN Summit in November 2000 with the aim of narrowing disparities within the ASEAN region. The IAI Workplan, a six-year plan running from 2002 to 2008, was then agreed in 2002. Four priority fields have been put forward; (i) infrastructure development [17 projects], (ii) human resources development [42], (iii) ICT [17] and (iv) regional economic integration [24]. As of the end of May 2005, budgets had been allocated for 80 out of 100 projects, 44 of which had already been completed. After Republic of Korea, Japan is the second largest donor country involved in the IAI program104.

104 JICA (2005)
(2) Ayeyawady-Chao Phraya Mekong Economic Cooperation Strategy (ACMECS)

ACMECS is an Economic Cooperation Strategy (ECS) proposed by Thai Prime Minister Thaksin Shinawatra in April 2003 with the aim of narrowing disparities within the region through economic cooperation with Thailand’s neighboring countries, namely Cambodia, Laos and Myanmar. As part of ACMECS, action plans have been formulated for five areas of cooperation; facilitating trade and investment, agricultural and industrial cooperation, transport linkages, tourism and human resources development. Viet Nam has since become a new member of ACMECS in May 2004.

(3) Mekong River Commission (MRC)

The MRC, a regional international organization, was officially founded in 1995. Its aim is to ensure sustainable development, regulate water usage and protect the Mekong River basin through environmental measures such as requesting and providing planning and implementation assistance in relation to river basin development, anti-flooding measures, navigation, hydropower and water resource development, agriculture and irrigation, fishing and tourism, devising water use plans and regulations in order to prevent disputes over water usage and protecting the ecosystem. In addition to a Council and Joint Committee consisting of representatives of the four member countries, Cambodia, Laos, Thailand and Viet Nam, the MRC also has offices employing approximately 130 members of staff at Secretariat. It has an annual budget of US$ 12 million (2004), which is funded by member countries, 13 non-member countries, including Japan, and the World Bank. Myanmar and China act as observer countries.

(4) ASEAN-METI Economic and Industrial Cooperation Committee (AMEICC)

One of the main movements involving Japan has been the AMEICC, which was established in 1998. The AMEICC’s work involves enhancing ASEAN's competitive potential, promoting industrial cooperation and providing support for new ASEAN countries. As part of the AMEICC, WG have been set up in eight sub-sectors, including human resources development, small and medium enterprises, supporting industries and regional industry and West-East Corridor development. The West-East Corridor WG put forward the West-East Corridor Comprehensive Industrial Development Program, with the aim of establishing an industrial and distribution network in the West-East Corridor region during the period from 2004 to 2006, and is currently conducting research into areas such as cross-border industrial cooperation and the establishment of efficient distribution routes in the Mekong region. Its activities include entrepreneur support training programs focusing on promising industries, programs to improve processing technology amongst local companies in rural communities and training to facilitate trade with CLMV countries, focusing on improving international business capabilities.

(5) JICA-ASEAN Regional Cooperation Meeting (JARCOM)

JICA is making full use of the aforementioned JARCOM mechanism in order to help rectify disparities in the level of development within the ASEAN region (sharing a principle with the IAI and continues to devise and implement South-South Cooperation projects using regional resources.

2-1-3 Regional issues to be tackled in the future based on the above and an overview of relevant directions in cooperation

As mentioned previously, the Japanese government is working to devise and implement projects in line with the New Concept of Mekong Region Development announced in December 2003. These efforts consist of continued cooperation to contribute to the social development of the Mekong region, focusing on
the issues of infrastructure development, promoting trade and investment and human resource development and institutional support, which are also priority areas for development assistance under JICA's aforementioned country-specific project implementation plans. Specifically, this includes the development of infrastructure such as transport, power and communications networks, distribution-related measures such as immigration control and customs development, tourism development, business forums and higher education. Elsewhere, although they may not come up in surveys into individual countries’ needs, there are additional issues that also require the region's special attention. Specific examples of such issues that need to be tackled include HIV/AIDS, infectious diseases such as Malaria, new infectious diseases such as SARS and avian flu, drugs, terrorism, fighting crime such as sea piracy, measures against earthquakes, tsunamis and other natural disasters and environmental protection such as steps to protect forests and international rivers and to prevent acid rain.

2-1-4 Areas of support implementation in need of improvement as part of regional cooperation in relevant areas and possible initiatives with other partners (partnerships with international organizations, developed ASEAN counties, etc.)

The percentage of support focusing on tangible development such as infrastructure and related facilities has always been relatively high. In addition to continuing cooperation in this field in order to achieve sustainable economic growth and heighten appeal to attract foreign investment, it is also important to increase the percentage of support for intangible development, including policy proposal capabilities, institutional development and human resources development, to enable facilities to be used as effectively and efficiently as possible. It is crucial to strike an ideal balance between tangible and intangible support. In order to achieve this, it is necessary to have a thorough understanding of initiatives within the ASEAN region, such as yen loans from the JBIC and initiatives run by the ADB and other international financial institutions, and trends in private capital and to be involved from the project planning stages onwards. Although local ODA Taskforces currently share information and cooperate with the likes of local organizations in individual countries on a grass-roots level, there are also cases in which local offices do not have sufficient information on matters such as environmental and social considerations being carried out by partner organizations and progress with project screening. Therefore, rather than local ODA taskforces acting alone, Japan needs to respond as a whole country, through exchanges with head offices.

As mentioned previously, if governments merely wait for requests from their counterparts regarding common issues affecting the entire region, requests do not tend to be forthcoming. Therefore, in addition to JICA's efforts to use planning expenses for specific countries and issues in order to carry out project formulation studies targeting CLMV countries and assign project formulation advisor to plan wide-area surveys into specific issues, new approaches are needed, such as special budgetary measures to assist with project implementation. It is also essential to contribute to human resources training for assistant resident representatives in each country, using the likes of regional training schemes and so-called Japan Centers set up in the CLMV countries as effective tools.

Rather than any one country acting alone, it is more effective and efficient if a number of countries act simultaneously in response to these issues. As simultaneously obtaining requests from individual countries is likely to take time from an administrative point of view however, new approaches are also needed with regard to methods of securing international agreement (obtaining application forms and Exchange of Note Verbals).
2-2 BIMP-EAGA and Other ASEAN Growth Areas

2-2-1 Introduction

Based on the successful model of the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT) promoted by the Singaporean government in the 1980s, the IMT-GT and the BIMP-EAGA were developed, chiefly by politicians, in the early 90s with the aim of creating cross-border regional economic blocs linking neighboring countries. Initially however, these schemes were not as successful as had been hoped.

The IMT-GT was led by Malaysia and the BIMP-EAGA by the Philippines, with the ADB playing a central role in areas such as the formulation of proposed regional development strategies. There have been new developments in recent years however, such as the ASEAN Free Trade Agreement and the IAI.

In addition to an outline of the IMS-GT, the IMT-GT and the BIMP-EAGA and an overview of the ADB’s local cooperation strategy, this section also features proposals regarding directions in JICA’s cooperation with local cooperation initiatives.

2-2-2 Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT)

(1) Background

The IMS-GT originated from the enforcement of the Indonesian Foreign Investment Law in 1967 for the purposes of an industrial complex on Batam Island to act as a base for oil refining, gas purification and transportation. Indonesian President Mohamed Suharto later went on to propose joint development on Batam Island to Singapore Prime Minister Lee Kuan Yew, based on a master plan for the industrial development of the island drawn up in 1972. The two countries then signed a joint development agreement in 1980. In 1989, Singaporean Prime Minister Goh Chok Tong announced the concept of a growth triangle based on investment in the area connecting Batam Island, Johor and Singapore. After that, agreement was reached on the development of a large-scale industrial complex by government-affiliated companies from Singapore and the joint development of a communications network by telephone companies from both countries. In 1990, an economic agreement for new development in Riau province and an investment promotion and protection agreement were signed. The IMT-GT was incorporated into the IAI at an ASEAN Summit in Vientiane in Laos in 2004.

(2) Reasons for the success of the IMS-GT and problem areas

From the latter half of the 1980s onwards, there was a surge in overseas investment, particularly active investment in other Asian countries, led by the Singaporean government. The Foreign Investment Promotion Law was enacted in 1989, bringing with it full-scale overseas investment and cross-border regional economic growth, which went on to serve as a model for other ASEAN countries. Reasons for the success of the IMS-GT include (i) a shift in the international political climate from opposition to harmony (the end of the Cold War), (ii) the possibility of cutting transportation costs thanks to geographical proximity and reduced production costs as a result of an increase in the scale of the economy (the development of effective complementary economic relationships) and (iii) the presence of regions achieving remarkable economic development. Another factor was that this was around the time that Japanese, Republic of Korean and Taiwanese companies were starting to look for investments and

105 Drawn up by Nissho Iwai Corporation and Pacific Bechtel.
106 Indonesian territory.
107 Malaysian territory.
relocation sites in East Asia as a result of the Plaza Accord. Problem areas in relation to regional cooperation that have come out of the experience of the IMS-GT include (i) the constant possibility of friction between nations (especially in relation to illegal employment and immigration), (ii) the lack of any guarantee that profits will be distributed evenly and (iii) damage to the environment as a result of the sudden population influx.

2-2-3 Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)

(1) Background

The regions participating in the IMT-GT are six provinces in Sumatra in central northern Indonesia, five provinces in northern Malaysia and five provinces in southern Thailand. The total population of this area is approximately 25 million.

After Malaysian Prime Minister Mahathir bin Mohamad adopted the IMT-GT concept to create a private-sector-driven economic bloc in 1990, it was officially established at a three-country summit meeting between Indonesia, Malaysia and Thailand in Langkawi in Malaysia in 1993. In 2000, the IMT-GT development strategy was reviewed and approved. At Thailand’s proposal, a new IMT-GT development strategy and a new implementation structure were then approved in 2001. In 2003 it was agreed to allow Myanmar to participate, creating the IMT-GT+1. The IMT-GT was incorporated into the Initiative for IAI at an ASEAN Summit in Vientiane in 2004.

(2) Factors impeding growth

Factors impeding the growth of the IMT-GT include the fact that the initial long term plan proposed by the ADB was scaled down considerably in the face of opposition from Indonesia and Thailand claiming that it would only benefit Malaysia and the fact that, even after the plan was approved, less progress was made with infrastructure development based on private sector investment than expected. One of the major factors impeding growth was sluggish infrastructure development between Thailand and Malaysia. This stemmed from political factors, namely that Thai Prime Minister Chuan Leekpai, who was from southern Thailand and had been pushing ahead with the IMT-GT, lost an election in 1995 to be replaced by Banharn Silpa-Archa, whose administration was not interested in development in the southern regions of the country. Other concerns such as border issues, smuggling, illegal immigration, issues regarding sovereignty at sea and separatist activity in Thailand and Malaysia also made it difficult to attract private sector investment. The economic crisis in 1998 also compounded matters. Despite a later attempt to reinforce and revitalize the IMT-GT in 2002, there are concerns over the impact of killings in Southern Thailand in 2004 involving the police and Muslim citizens and the massive earthquake off the coast of Sumatra in December 2004.

(3) IMT-GT implementation structure

- SOM (vice-ministerial level) and Ministerial Meeting
  In practice, the SOM is the highest decision-making body within the IMT-GT. Ministerial Meetings are held based on reports issued by the SOM.
- Growth Triangle Business Council (IMT-GTBC)

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108 Indonesia: Aceh, Riau, North Sumatra, West Sumatra, Bengkulu and Jambi
Malaysia: Perlis, Kedah, Penang, Perak and Selangor
Thailand: Satun, Pattani, Narathiwat, Yala and Songkhla

109 Attended by Indonesian President Mohamed Suharto, Malaysian Prime Minister Mahathir bin Mohamad and Thai Prime Minister Chuan Leekpai.
The IMT-GTBC was established in 1994 as an organization to represent the views of the public sector in each country. It involves private companies from the region meeting to facilitate private sector activity, with sessions held every year as a rule.

IMT-GT Study Center

The IMT-GT Study Center was established by Songkhla University to conduct policy, economic and institutional research in the six fields of tourism, trade and investment, agriculture and fisheries, services, infrastructure and human resources development. Non-research activities have included the dispatch of doctors to provide medical assistance for the earthquake off the coast of Sumatra in December 2004.

IMT-GT-UNINET

IMT-GT-UNINET is a research network formed in 1996 consisting of eight universities in the three IMT-GT countries. In addition to consultancy services, it also provides human resources training for people in the IMT-GT region in the fields of socioeconomics, management, tourism and IT and carries out joint research, human resources exchanges and cultural activities.

Implementation Technical Groups (ITG)

The following ITG were set up as a result of the 9th Ministerial Meeting in 2001 in order to promote cooperation within the region.

2-2-4 Brunei Darussalam-Indonesia-Malaysia-Philippine East ASEAN Growth Area (BIMP-EAGA)

(1) Background

The BIMP-EAGA originated from domestic issues in the Philippines, particularly conflict involving Muslim citizens in Mindanao. The BIMP-EAGA covers Brunei Darussalam, eastern Indonesia, eastern Malaysia, the southern part of Mindanao and Palawan in the Philippines. The total population of this area is approximately 60 million.

In 1986, the Autonomous Region of Muslim Mindanao in the southern region of Mindanao which is home to a large number of Muslims, was established, in attempt to stabilize the region. In 1992, the Philippine government switched from its previous hard-line policy towards Muslim regions to one of tolerating autonomy and started to promote the BIMP-EAGA a scheme to create an economic bloc based on a single, united culture and people. The BIMP-EAGA was officially established in Davao in the Philippines in 1994 based on strategies designed to (1) promote economic development (2) enhance the competitive potential of exports and (3) develop an attractive investment environment. The four countries agreed to relax landing licensing for transport vessels at ports in the region and to develop the region’s airport infrastructure. The Philippines and Indonesia signed an agreement on common customs tariffs in 1997 and agreed to introduce tax benefits in relation to areas such as travel. The importance of the BIMP-EAGA was reaffirmed at the 9th ASEAN Summit in 2003. As recovery from the economic crisis progressed, sporting and other exchange events (BIMP-EAGA Friendship Games) also started up again after being suspended since the crisis. 2003 also saw Australia’s Northern Territory approved as a BIMP-EAGA development.
partner on the back of a strong recommendation from the Philippine government.

(2) Factors impeding growth

Although the population of the region is approximately 50 million, it is sometimes considered to be a group of neglected regions, with insufficient transport and social infrastructure to enable movement within the region proving a major constraint in terms of economic development. Complementary economic relationships between countries in the region are also weak due to the lack of a central country or region capable of becoming a driving force for economic development, such as Singapore in the IMS-GT or Penang in the IMT-GT. Other factors impeding growth include delays with the development of the basic infrastructure needed for industrial development, a scarcity of private capital, a lack of administrative capabilities (law enforcement, coordination), a shortage of industrial human resources and problems with public order.

(3) Implementation structure

1) SOM (vice-ministerial level meeting) and Ministerial Meeting

These are the highest decision-making bodies within the BIMP-EAGA. Presidency is allocated on a rotation basis, with Indonesia acting as president as of August 2005. There are four subordinate clusters and a number of working groups, with each country responsible for different working groups. There are 11 working groups, each of which includes representatives from the public and private sectors. The table below outlines the division of roles between each country.

2) East ASEAN Business Committee (EABC)

The East ASEAN Business Committee (EABC) was set up in 1994 as an organization representing the views of the private sector in each country. A secretariat was set up in Brunei Darussalam in November 1996 and was approved as a BIMP-EAGA organization by the SOM and Ministerial Meeting the following year in 1997. The secretariat was moved to its present location in Kota Kinabalu in the Malaysian province of Sabah in May 2005.

3) BIMP Facilitation Center

The BIMP Facilitation Center was set up in Kota Kinabalu in the Malaysian province of Sabah in August 2003 to act as a coordinating body for public and private sector initiatives (with funding from the Malaysian federal government and the Sabah provincial government). In addition to coordinating matters with the relevant ministries and agencies in each country, individual working groups, clusters

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110 Granted by the government of Malaysia and Sabah.
and the EABC, the center also handles investment promotion, networking across a range of fields, the exchange of information, database capabilities, various events and coordination with individual governments. However, it is not a decision-making body.

2-2-5 ADB’s regional strategy

The objectives of the ADB’s regional strategy in Southeast Asia are (1) to enhance competitive potential in order to generate a sustainable growth rate and (2) to create a network linking isolated poverty-stricken regions through intra- and inter-regional trade, achieve a balance with other developing regions and to provide support for the creation of an economic climate to alleviate security problems. Specifically, the core areas of cooperation under this strategy are (i) regional transportation infrastructure development, (ii) regional energy infrastructure development, (iii) support to reinforce and harmonize financial systems and (iv) support for local initiatives. The ADB’s plans for growth areas however suffer from the following limitations.

(a) The formation of local economic blocs diminishes central governments’ control over provincial governments.
(b) Profits from the formation of local economic blocs are not necessarily distributed evenly.
(c) Domestic coordination costs for countries within the region increase as a result of differing political and economic systems.
(d) The impact of the formation of local economic blocs on society, culture and the environment is not given sufficient consideration.

In the past however, there have been accusations that the growth areas approach promoted by the ADB tends to place too much emphasis on the importance of developing political frameworks and that it oversimplifies the political and economic complexities of the relevant areas. The ADB is also aware of this and, as part of its pending regional strategy, is emphasizing private-sector-driven economic development.

2-2-6 Conclusion

Having looked at an overview of initiatives in each region, the successes of the IMS-GT can be broadly summarized as follows. The IMS-GT came about as a result of changes in the global economy due to the end of the Cold War and the Plaza Accord, a Singaporean government that was able to implement bold economic and trade policies in response to such changes (a government with strong leadership capabilities, a small scale economy and excellent public security) and a combination of unique conditions. Although there are a number of issues to be considered before the IMS-GT’s experiences can be applied to other regions, it should be more widely recognized as a successful example of local cooperation.

The IMT-GT on the other hand has faced issues such as the exodus of refugees from southern Thailand to Malaysia as a result of clashes between police and Muslim citizens in southern Thailand in 2004 and problems relating to the disarmament of the Free Aceh movement and military withdrawal after Aceh was granted autonomy in August 2005. The BIMP-EAGA has faced issues such as illegal Indonesian and Philippine immigrants, oil field development between Indonesia and Malaysia off the coast of Sabah, domestic conflict and terrorism in the Philippines at the hands of the Moro Islamic Liberation Front, religious conflict in the Indonesian province of Maluku and the independence movement in Papua. All of this underlines that fact that Southeast Asia can be an unstable region at times. There are also new developments in Mindanao, such as the dispatch of cease-fire monitors from Brunei Darussalam and Malaysia.
Both the IMT-GT and the BIMP-EAGA are part of the IAI and are positioned within the ASEAN integration framework, with new developments expected in the future, such as summit meetings on local cooperation in the relevant areas at ASEAN Summits in 2005. It will also be necessary to collect and organize information on the impact of efforts to sign FTAs between ASEAN and other countries such as Japan, China, India and Australia in the future.

Special attention may also need to be paid to the handling of local cooperation in the future at times such as during negotiations regarding the signing of the Japan-ASEAN Comprehensive Economic Partnership.

2-2-7 Directions in regional cooperation involving JICA

Based on the experiences of the IMS-GT, the objective of the ADB’s ASEAN regional strategy is to achieve economic development primarily through private sector activity, including steps to stimulate trade activity in Pro-Poor regions. This means that poverty and security issues inherent in any two regions remain hidden rather than being brought to the forefront.

JICA cooperation with initiatives in both regions leans towards focusing on areas such as peace-building support and cooperation in non-traditional security-related fields and furthering cooperation designed to contribute to regional stability, with an emphasis on human security. This is thought to form part of a two-pronged system of cooperation, alongside economic development based on trade promotion carried out by organizations such as the ADB.

Consequently, priority is given to the following points when implementing cooperation.

The first step is cooperation focusing on ownership in relation to regional cooperation, based on the following points.

i) Cooperation in each region is approved at summit level and confirmed to be important at the present time. Ownership is fixed, making it relatively easy to involve implementing organizations in the other country.

ii) Cooperation with regional initiatives is frequently cost effective, particularly in terms of the major diplomatic and political impact compared to bilateral cooperation.

iii) The institutional development required to promote trade can be handled by establishing a framework under the ASEAN Free Trade Agreement.

iv) Thailand and Malaysia have sufficient experience and proven results in the field of trade promotion, meaning that human resources development can be handled to some extent using regional resources. Priority is also placed on JICA’s past experience with cooperation and cooperation based on human security. This includes the following points.

i) It is possible to investigate cooperation from the point of human security, which is considered a priority by Japan, by positioning it as peace-building support or cooperation for non-traditional security.

ii) JICA’s stronger presence in the ASEAN region compared to other regions and the fact that JICA has access to a human network built up through cooperation in the past are both advantages.

iii) Due to the fact that it one of the ADB’s priority policies to focus on infrastructure development projects designed to stimulate regional trade and the fact that JICA focuses on human security and peace-building support, it is possible to work together with the ADB to provide complementary cooperation.
Based on the above, the following three points have been proposed as future directions for cooperation involving JICA.

- Prioritizing fields in which JICA has had proven results with cooperation in the past or in which there are complementary relationships with donors.
- Prioritizing regional support focused on South-South Cooperation based around organizations that have had proven results with cooperation in the past.
- Focusing on reinforcing information sharing relationships with the ASEAN Secretariat, cooperation organizations in both regions and the ADB, implementing JICA action in a quick, timely manner and providing information.

3. Transnational Challenges

3-1 Public Security and Development

3-1-1 Introduction — adapting to new needs

There have been significant changes in the international environment and domestic politics in Southeast Asia in recent years. These changes have been rapid and have resulted in the diversification of the region’s support needs. One particularly noteworthy development has been the growing regional consensus regarding security and how countries should be run in the post Cold War era. On one hand, as traditional threats from the Cold War era fade away, the number of security issues that need to be tackled jointly by ASEAN countries is on the increase. On the other hand, each country is currently exploring sustainable national stability based on the principle of democratic governance. Needless to say, approaches to security and democracy are not necessarily the same in each ASEAN country. Nevertheless, the desire to push ahead with regional cooperation in response to common security issues is essential to national stability in the long term, as are democratic politics based on citizen participation. Awareness of the fact that this will form the basis to enable stable, sustainable economic development is already growing into a consensus within ASEAN.

Developments such as these within the ASEAN region are also beneficial to Japan. Initiatives have been stepped up to combat transnational crime in particular as a common security issue. At the same time, the increasing stability of democratic institutions in individual countries is of decisive importance in terms of investment and development and is set to contribute greatly to economic cooperation between Japan and ASEAN in the future. As part of this process, JICA is expected to actively support the underlying needs propping up the development of the region. With ASEAN expected to play a more proactive role as a regional mechanism in the future, it is hoped that regional issues that have been difficult to cover in the past on a bilateral basis will be able to be effectively handled in cooperation with the ASEAN Secretariat in the future. Strengthening the capabilities of the ASEAN Secretariat is also important in the sense of supporting regional initiatives essential to the promotion of regional integration.

Based on the above points, the following section will examine what the envisioned ASC will need from Japan, as well as what areas should be given priority as part of JICA’s development assistance strategies and

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111 Please refer to any of the numerous studies into the development of ASEAN carried out in recent years, particularly Stubbs (2002) pp.440-445.
what support programs are expected to be developed\textsuperscript{112}. The following section will first of all provide an overview of Japan’s response to the ASC, followed by a look at directions in cooperation in relation to combating transnational crime, one of the ASC’s priority issues. Finally, this section will discuss possibilities in terms of support for peace-building and democratization, which are areas being explored within the ASC framework.

3-1-2 The ASC and Japan’s commitment

The establishment of the ASC will be a groundbreaking step forward for ASEAN. At the 9th ASEAN Summit in Bali in October 2003, the Declaration of ASEAN Concord II was adopted, the ASEAN Vision 2020 heralded as the way forward towards regional integration in the future and the decision made to establish the AEC, the ASCC and the ASC, the three core pillars of the ASEAN Community\textsuperscript{113}. The role of the ASC, as approved under the Declaration of ASEAN Concord II, is to “bring ASEAN’s political and security cooperation to a higher plane to ensure that countries in the region live at peace with one another and with the world at large in a just, democratic and harmonious environment\textsuperscript{114}.” Of the various common security issues facing the region, the Declaration of ASEAN Concord II particularly emphasizes cooperation to tackle terrorism, drug trafficking, trafficking in persons and other transnational crimes. In the political arena, it focuses on the issues of conflict prevention, conflict resolution and post-conflict peace building\textsuperscript{115}.

Whilst preserving the existing consensus on noninterference in internal affairs within the ASEAN region, the declaration reflects the process of trying to build a new consensus based on recognition of two key facts. These are, firstly, the fact that multilateral cooperation is essential as part of initiatives to tackle common security issues and, secondly, the fact that peace building approaches to domestic conflict are essential to long term political stability. Considering the political, economic and cultural diversity within Southeast Asia, fresh awareness and new initiatives such as these within the ASEAN region are of tremendous historical significance.

The ASC, which actually started out as a mere principle, is now becoming a fully-fledged regime as a result of subsequent institutional development and improved communication. This process is supported by cooperation on three levels, namely cooperation on a political level (track one), collaboration between regional research institutions (track two) and the converging of dialogue and opinions on a civilian level (track three). In addition to complementing one another, these three levels of cooperation incorporate

\textsuperscript{112} As part of the compilation of this report, interviews were carried out in March, July and August 2005 in the Philippines and Indonesia. Invaluable advice was provided by the following people in particular; Professor Carolina Hernandez (president advisor, office of the President of the Philippines), Lamberto Monsanto (Executive Director, Office of ASEAN Affairs, Philippines Department of Foreign Affairs), Keo Chhea (Senior Officer, Special Projects Unit ASEAN Secretariat), Tatik Hafidz(Special Projects Unit, ASEAN Secretariat), Fiona David (Special Projects Unit, ASEAN Secretariat), Major-General Sudrajat (Director General of Defense Strategy, Indonesia Department of Defense), Satish Mishra (United Nations Support Facility for Indonesian Recovery (UNSFIR)), Alit Santika (Bureau of ASEAN Political and Security Cooperation, Indonesia Department of Foreign Affairs), Suko Sudarso (personal advisor to the President of Indonesia), Lieutenant General Agus Widjojo (Indonesia Centre for Strategic and International Studies, retired), Edy Prastetyono, Joseph Kristiadi.

\textsuperscript{113} The ASC is not just an ordinary regional security agreement but represents a concerted effort to promote regional cooperation to achieve the ASEAN Vision 2020 and to create a system of cooperation between ASEAN countries to resolve common issues. In light of the imbalance between countries’ awareness of traditional threats in the ASEAN region, this would have been difficult to attempt during the Cold War era. For further details, please refer to Yamakage (1991). The Declaration of ASEAN Concord II follows on from the Declaration of ASEAN Concord adopted during the Cold War era in 1976.

\textsuperscript{114} Please refer to Paragraph 1, Section A (ASEAN Security Community), ASEAN Secretariat (2003a).

\textsuperscript{115} Please refer to Paragraphs 10 and 12, Section A (ASEAN Security Community) ASEAN Secretariat (2003a).
checking functions and joint initiatives, creating an in-built mechanism for the ASC regime. At the 38th AMM in Vientiane in July 2005 for example, there was agreement regarding further political and security cooperation, clearly underlining the ASC’s scope for self-expansion. The 38th AMM also produced agreement regarding the formulation of an ASEAN Charter, dubbed ASEAN’s most ambitious political project to date, and resulted in the establishment of a defense ministers meeting being finalized in order to promote security cooperation\textsuperscript{116}. Both of these are developments that will contribute to the self-reinforcement of the ASC regime.

Japan has continued to express its active support for the ASC. The Tokyo Declaration was adopted at the Japan-ASEAN Special Summit, held two months after the announcement of the aforementioned Declaration of ASEAN Concord II (October 2003). This set out an action plan indicating Japan’s intention to actively commit to political and security cooperation in the ASEAN region\textsuperscript{117}. The following month, in January 2004, the ASEAN Ministerial Meeting on Transnational Crime (AMMTC) and the ASEAN+3 equivalent (AMMTC+3) were convened for the first time (in Bangkok) to discuss steps to combat transnational crime, an area in which the Declaration of ASEAN Concord II stressed high hopes for the ASC. It was at these meetings that the Joint Communiqué, to which Japan has pledged its full cooperation, was adopted. At an ASEAN+3 meeting in Vientiane in November the same year, the ASEAN Declaration on Joint Action to Counter Terrorism was announced, with Japan once again showing cooperation in the fight against terrorism. The following month, the Seminar on the Promotion of Accession to the International Convention for the Suppression of the Financing of Terrorism was held in Tokyo, giving the 40 or so participants from Southeast Asian and Pacific countries and international organizations the opportunity to exchange opinions regarding initiatives in each country. The ASEAN Senior Officials Meeting on Transnational Crime (SOMTC) was convened for the second time in May 2005, ahead of the third session of the AMMTC+3. ASEAN then strongly requested cooperation from Japan at an additional SOMTC+Japan meeting\textsuperscript{118}. Thus, as part of the promotion of political and security cooperation in the ASEAN region, Japan has continued to demonstrate its diplomatic policy of supporting the development of the ASC. Japan has also adopted a significant number of statements actively supporting initiatives to combat transnational crime (including terrorism), one of the major issues facing the region, as well as holding numerous seminars and official discussions\textsuperscript{119}.

\textsuperscript{116} The ASEAN Eminent Persons Group (EPG), which was due to be officially established at the ASEAN Summit (ASEAN+3 Summit) in December 2005, will play a leading role in the formulation of the ASEAN Charter. There are also plans to include members of the media and other track three parties in this process. The defense ministers meeting will be established in line with track two policy proposals. From the initial stages of the Declaration of ASEAN Concord II, a major ASEAN think-tank (the Institute for Strategic and International Studies (ISIS)) has continually stressed the fact that a defense ministers meeting is crucial to the promotion of the ASC. ASEAN-Institute for Strategic and International Studies (ASEAN-ISIS) initially consisted of five organizations; the Center for Strategic and International Studies (CSIS) in Jakarta, the Institute of Strategic and International Studies (ISIS) in Kuala Lumpur, the Singapore Institute of International Affairs (SIIA), the Institute of Strategic and Development Studies (ISDS) in Manila and the Institute for Security and International Studies (ISIS) in Bangkok. The Vietnamese Institute of International Relations (IIR) later joined in 1995, followed by the Cambodian Institute for Co-operation and Peace (CICP) in 1997 and the Brunei Darussalam Institute of Policy and Strategic Studies (BDIPS) in 2000. The three latter organizations however are not private but are affiliated with the relevant countries’ foreign ministries.

\textsuperscript{117} At the same time as the Special Summit Meeting, anti-terrorism specialists from each of the ten ASEAN countries were also invited to Japan to discuss terrorist conditions and initiatives to combat terrorism.

\textsuperscript{118} The May SOMTC+Japan meeting was attended by Deputy Director-General of the Asian and Oceanian Affairs Bureau, Ministry of Foreign Affairs.

\textsuperscript{119} The importance of track two cooperation between Japan and ASEAN in the field of security has also continued to be reaffirmed. At a symposium in December 2004 jointly organized by the Japan Institute of International Affairs (JIIA) and the Singapore Institute for Defense and Disarmament Studies (IDSS) for example, Japan stressed the need for cooperation through the exchange of opinions between security experts from Japan and ASEAN countries. This did not however extend as far as specific proposals. Please refer to Japan-ASEAN Security Co-operation: Recommendations from a Team of Experts, 2nd Japan-ASEAN Symposium (organized by JIIA and IDSS), Singapore, October 27-27, 2004.
Bearing all of this in mind, what sort of specific support programs should Japan proceed with in the future? With the exception of international seminars, the majority of cooperation and support to date has been carried out on a bilateral basis\(^{120}\). However, it is now time to reassess this traditional approach in view of the rapid development of the ASEAN framework in the wake of the Declaration of ASEAN Concord II and the rise of the ASC regime. Visions of cooperation for the future should place an emphasis on regional support, focusing on effective support for the development of the ASC regime. In order to achieve this, it is becoming essential to take steps such as developing aspects of previous bilateral cooperation into more diverse schemes targeting the entire ASEAN region and developing cooperation programs that might not have been particularly effective on a bilateral basis but that can be expected to be effective in the form of regional support.

Accepting overseas students from maritime security related organizations (including students from Indonesia, Thailand, the Philippines, Viet Nam and Malaysia amongst others) for security staff training for instance clearly demonstrates how effective it is to develop more diverse cooperation through the ASEAN Secretariat in terms of committing to the ASC regime and strengthening cooperation between Japan and ASEAN. Similarly, pooling the experiences and knowledge of individual customs experts dispatched to Viet Nam, Malaysia, the Philippines and Indonesia will also contribute to ASEAN as a whole. What is more, diversifying initiatives to include the likes of Maritime Law Enforcement training, as provided by JICA in cooperation with the Coast Guard, can also be expected to improve cost effectiveness. The same is true when it comes to organizing seminars. Developing seminars, such as those held by JICA, through diverse cooperation will also help reinforce the ASC regime. Examples of such JICA seminars in the past have included seminars on International Terrorism Investigation, Maritime Law Enforcement, measure against Money Laundering in Indonesia, Prevention and Crisis Management on Chemical Terrorism (cosponsored by the Southeast Asia Regional Centre for Counter-Terrorism in Malaysia), Organized Crime Investigations (National Police Agency) and Immigration Control in Southeast Asia (Ministry of Justice).

The advantages of placing a greater emphasis on diverse cooperation are also evident from the point of view of the political nature of security. Despite the fact that transnational crime is a top priority security issue in the majority of Southeast Asia countries, one of the reasons why it is so difficult to eradicate is the fact that there are insufficient national monitoring capabilities in response to the involvement of minor government and law enforcement agencies in criminal activity. A significant number of reliable NGO reports have indicated that issues such as illegal harvesting, human trafficking and illegal trade in drugs and weapons are key problems, with cases of local leaders, influential lawmakers and key government figures being involved in criminal networks. As there is a sensitive political side to this issue, it would therefore be preferable in terms of policy to have the option to cushion any impact through diverse cooperation.

As efforts towards regional integration are stepped up in order to achieve the ASEAN Vision 2020, ASEAN Secretariat initiatives are also becoming crucial to the ASC. Secretariat capacity building will contribute greatly to the stability and development of the ASC regime. In that sense, there are weighty

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\(^{120}\) Support and cooperation initiatives have mainly consisted of support to improve capabilities to combat transnational crime, covering areas such as police and law enforcement agencies in each country, port security, immigration control, measures to prevent terrorism funding, CBRN anti-terrorism measures, customs and export control. Examples include providing fingerprinting equipment (grant aid) and carrying out maritime safety human resources projects (JICA, Coast Guard) in the Philippines, setting up an anti-terrorism training center, providing airport and port security equipment (grant aid), organizing coastal wireless installation projects, support for a coast guard establishment scheme (JICA, Coast Guard) and dispatching experts in maritime security (National Development and Planning Agency) in Indonesia and dispatching instructors to give maritime security seminars in Malaysia.
expectations for diverse cooperation with the ASEAN Secretariat, with even the Secretary General expressing a desire to implement cooperation programs with Japan as soon as possible\textsuperscript{121}. It is also important to build on the fact that strengthening the ASEAN Secretariat has long been a common agenda shared with ASEAN-ISIS with regard to security issues\textsuperscript{122}.

There is a pressing need for Japan to take strategic, positive action in response to the development of a regional security framework since the Declaration of ASEAN Concord II and newly emerging needs. Being the +3 country to take the initiative and create the biggest impact could well be the key to stepping up cooperation between Japan and ASEAN in the future. With China in particular actively outlining security cooperation with ASEAN, the role required of Japan is becoming increasingly important year by year. Although China is in the process of stepping up collaboration with ASEAN in areas such as military cooperation, anti-terrorism measures and the prevention of human trafficking, there are limits to what China can offer based on the nature of the Chinese government and the resources it has available. For instance, China is as yet unable to respond to areas such as hi-tech crime prevention and democratization support. It is in areas such as this that Japan needs to actively take the initiative.

Based on all this, the following section will consider specific aspects of cooperation policy in slightly greater depth. The basic approach outlined here is to focus on providing support via the three tracks behind the ASC regime, particularly the track one and three. One possibility in the track one is support to strengthen capacity building in cooperation with the ASEAN Secretariat in order to combat transnational crime. In the track three, support for the ASEAN People’s Assembly (APA) should be taken into consideration, focusing on the empowerment of civil society, an area regarded as essential to strengthening democratic integration under the ASC. The reasons for prioritizing these two areas are directly linked to human security itself\textsuperscript{123}.

### 3-1-3 Support for capacity building to combat transnational crime

The central interfaces for Japan-ASEAN cooperation on transnational crime are AMMTC (+3) and the SOMTC+Japan, which handles discussion regarding practical matters. The organizational operation of the SOMTC is overseen by the ASEAN Secretariat’s Special Projects Unit. The SOMTC promotes cooperation in the following eight fields with the aim of strengthening the ASC framework: terrorism, illegal drugs, human trafficking, money laundering, cyber crimes, sea piracy, arms exports and international economic crime. Of these eight fields, the SOMTC has set out a policy of focusing on the four fields of terrorism, illegal drugs, human trafficking and money laundering over the two year period from 2005 to 2007\textsuperscript{124}.

But how should needs such as these be handled? Although working based on the same order of priority as the SOMTC is one possible option, it would equally be possible for Japan to take a slightly more proactive approach, emphasizing cooperation on terrorism and sea piracy, which are considered key

\textsuperscript{121} Based on interviews with Keo Chhea, Senior Officer, Special Projects Unit (transnational crime), ASEAN Secretariat (March 16 and July 14, 2005).

\textsuperscript{122} ASEAN Institute of Strategic and International Studies, A Time for Initiative: Proposals for the Consideration of the Fourth ASEAN Summit (Kuala Lumpur: Institute of Strategic and International Studies (1991)). This is a memorandum issued at the time of the establishment of ASEAN-ISIS in 1991. Proposals have been drafted ahead of ASEAN summits each year since then. ASEAN-ISIS is highly regarded for its work and has had even greater input in terms of policy since the establishment of an official meeting with ASEAN foreign ministers in 1999.

\textsuperscript{123} Naturally, this doesn’t mean neglecting the track two. The influence of track two diplomatic channels over individual countries’ governments is considerable and is important in terms of sustaining the development of the ASC regime. For further details, please refer to Chapter 5 of Mely (2005).

\textsuperscript{124} ASEAN Secretariat Discussion Paper, 5th SOMTC, Siem Reap, 13-15 June, 2005.
security issues from Japan’s point of view, and measures to combat the likes of money laundering and cyber
crimes, areas in which Japan has a clearly advantage due to its +3 links, whilst still respecting the SOMTC’s
aforementioned four priority fields. For example, a vision promoting specific diverse cooperation programs
based on such a policy, focusing Japanese cooperation on the four areas of money laundering, cyber crimes,
sea piracy and terrorism for the time being, could well prove extremely effective. This is the sort of active
initiative that the SOMTC is expecting.

One issue however is what sort of diverse cooperation programs Japan should formulate in these four
priority areas. Capacity building in particular is of major importance, with support required in order to
strengthen capabilities in the three areas of institutional capabilities, human resources development and
accountability. The table below aligns these three areas against the aforementioned four priority areas.

As institutional capacity building is exceedingly important as part of efforts to combat problems such
as money laundering, cyber crimes, sea piracy and terrorism, the standardization of systems for regional
statutory enhancement is an issue that needs to be addressed as soon as possible. There are cases in which
the necessary legislation to tackle these problems is lacking and there are clear legal loopholes, meaning
that new laws need to be drafted. There are also ASEAN countries with insufficient basic knowledge
regarding what constitutes sophisticated crimes such as money laundering and cyber crimes in particular.
Although the development of e-government is a key issue as part of the process of increasing regional
economic activity, the region is still lacking a shared awareness of the relevant crisis management issues.

Human resources development is also a key area of support in which Japan is expected to play a
leading role. Building on JICA’s past experience with cooperation targeting law enforcement agencies and
specialists responsible for areas such as immigration control and maritime security, Japan should develop
programs in cooperation with the ASEAN Secretariat, focusing on its four priority areas. When it comes to
capacity building for law enforcement agencies, there are noticeable variations between different ASEAN
countries. In addition to a low level of awareness of terrorism being a crime, there are also cases of agencies
failing to recognize human rights during investigations and struggling to eradicate maritime criminal
networks due to insufficient awareness of corruption. On a more technical level, there are a considerable
number of countries that lack the necessary capabilities to combat activity such as money laundering and
cyber crimes in terms of monitoring the current situation and investigation techniques.

Accountability is another area in need of urgent attention. In order to make local villagers and
fishermen realize that terrorism is a crime not a religious act, it is essential that the authorities engage in
publicity activities. ASEAN officials are concerned that there is insufficient groundwork in place in this
area. Furthermore, although it is difficult to gather information about groups on the fringes of transnational
criminal networks without cooperation from local people, there is considerable room for improvement in
terms of efforts to secure such cooperation and relevant techniques. Other outstanding issues include how to
manage information collected in different areas of each country and how to share it within the ASEAN
region as a whole. The ASEAN Secretariat has expressed hopes that capacity building programs to tackle issues such as these will be implemented within the SOMTC+Japan framework as soon as possible. JICA initiatives will act as an important driving force to encourage this to happen.

It goes without saying that Japan's available resources need to be taken into consideration before implementing any such programs. It is important to ensure flexibility by starting with priority areas in which it will be easy to make inroads. It will be more effective to be selective, concentrating capacity building efforts rather than spreading them across all three areas at the same time. It would also be better to plan task forces on a stage by stage basis and set out programs in steps. For instance, accountability programs could specialize in public information and civic education in the first year, followed by citizen cooperation and information management in the second year and information disclosure and sharing in the third year. It is possible to approach ASEAN countries in a flexible manner too. Although the ultimate aim is to cover all ten ASEAN countries, it would also be possible to adopt a policy of targeting a number of countries as pilot schemes in the first year, increasing the number of countries year by year after that. In the case of sea piracy for example, plans could be limited to Indonesia, Malaysia and the Philippines to begin with, before moving on to incorporate more countries once programs are in full swing. Similarly, it would be effective to use a combination of local cooperation in the first year and training in Japan the following year as part of the implementation of programs. Either way, it is important to take into consideration the resources that Japan has available and the effects of programs for both sides and to run programs in a flexible, strategic manner. Rather than opposing Japanese initiatives such as this, the ASEAN Secretariat is likely to offer its full support in terms of program coordination. Before all this, it would be worthwhile installing Japanese staff or experts in the ASEAN Secretariat to develop a system capable of analyzing security situations and coordinating support programs on a daily basis and to explore future possibilities.

3-1-4 Support for capacity building to enable democratic integration and peace building

According to accurate indications resulting from a study compiled by Philippine-based ISDS, one of the members of ASEAN-ISIS, military intervention in conflict in Southeast Asia tends to aggravate situations rather than resolve conflicts. There is now an unshakeable consensus within ASEAN-ISIS that Civil Society Organizations (CSO) should play an active role in conflict resolution and peace building instead of the traditional military approach. In order for this to happen however there is expected to be active track three involvement in the ASC regime. Such track three involvement, particularly in terms of sharing information and discussion with problem groups, is supported by the APA, a key forum for advocacy. The APA was set up in conjunction with an ASEAN summit in Singapore in 2000, since which time it has held conferences every year. The 2005 APA conference took place in Manila over the course of three days in May. The event was attended by over 100 NGO and CSO representatives, members of the media and academic experts. The APA decides upon a key theme for the event every year, with individual themes dealt with in separate report and discussion sessions. On the last day, the ASEAN People’s Resolution is adopted for use in track one lobbying activities. The theme of year 2005 was "Towards a People-Centered Development," with a series on individual sessions featuring reports and open debate regarding sub-themes. Sessions included “Peace and Reconciliation: Community Building in Practice,” “Human Rights and Democracy Scorecards,” “Gender Scorecards and Human Development,” “Burma: A Multi-Track Agenda and Approach,” “The Voices of ASEAN’s Indigenous Peoples,” “Refugees, Displaced Persons and Human

125 Please refer to the section on Asia of Taft and Landnier (2005).
The APA’s efforts to strengthen track three cooperation will undoubtedly contribute to the ASC regime. The APA’s activities are limited to discussion and problem-sharing however, meaning that it could be relegated to nothing more than a series of social gatherings in luxury hotels unless it can announce some high quality research and analysis. In fact, it is the author’s personal opinion that the APA includes reports from participants who lack credibility as experts, creating doubt as to whether their contents really merit discussion. With this in mind, although international support organizations may also be required to provide funding for and attend the APA’s annual conferences, like the Canadian International Development Agency (CIDA), it is far more important to work on capacity building for the CSOs that compile the reports submitted for discussion at the event. Increasing the number of CSOs capable of providing high quality research and analysis on a steady basis will guarantee the development of the APA. Accordingly, providing the relevant support should be positioned as a priority for Japan.

One possible candidate for capacity building support in this vein is the Southeast Asian Conflict Studies Network (SEACSN). One of the groups belonging to the APA, SEACSN is a network linking universities and research institutes in all of the ASEAN countries apart from Myanmar and peace-related NGOs. Proactive leadership is provided by organizations such as the Gadjah Mada University Center for Security and Peace Studies in Indonesia and Forum Asia, a Bangkok based NGO. They undertake a range of conflict analysis in their respective home countries and engage in practical peace building activities in cooperation with local NGOs in an attempt to encourage the build-up of experience and expertise. Needless to say, it is essential that local communities play a leading role in peace building. In order to guarantee that this happens, there need to be improvements in local government and administrative democratic governance. The SEACSN’s local NGO network has the potential to carry out the necessary research and analysis to achieve this. From the point of view of the APA, which advocates “people-centered development,” there is going to be an increasing need for local governments to have an understanding of the current situation in the future, with the supporting role played by local NGOs also becoming increasingly significant. Support is needed in response to these needs. Supporting the SEACSN’s capacity building efforts will clear the way to enable it to expand its educational and training programs for local NGOs throughout the region. Capacity building for local NGOs will enable the SEACSN to improve the quality of its seminars on common regional issues and conflict resolution training programs in the future. With this in mind, JICA should consider the possibility of promoting cooperation in areas such as providing strategic for the SEACSN, holding workshops, dispatching lecturers and organizing personnel exchanges.

Whichever way you look at it, local level capacity building for NGOs and CSOs is the key to peace building and the SEACSN’s research and peace-related activities represent a central foundation on which to build on. Building up steadily from the bottom upwards will also give the APA a stronger voice. If the track two and the ASEAN Eminent Persons Group are pushed into action as a result of improved track three output, it will also have an effect on track one policy decisions. This bottom-up approach is essential to the further development of the ASC regime. It is therefore vital to Japan’s ASEAN policy that JICA makes a commitment based on this.

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126 For more information about the APA, please refer to (http://www.aseanpeoplesassembly.net).
127 Examples of SEACSN projects this year have included a seminar on the reconstruction of Aceh (in Jakarta) and a seminar on the relationship between resources and conflict (in Bangkok).
3-2 The Environment

3-2-1 Approaches to environmental issues in the ASEAN region

(1) Categories of environmental issues

There are a wide range of stakeholders involved in environmental issues in the ASEAN region, including citizens, firms and local and national governments, spread across different economic sectors, villages, cities, provinces, countries and cross-border regions.

This paper focuses on the scale and extent of environmental issues and the relevant causes and effects, as well as polluters, victims, the authorities and other stakeholders and their relationships to one another. For the purposes of this paper, environmental issues are classified into the following categories.

1) Local environmental issues

This refers to issues where the cause and effect of environmental pollution are confined to a single country or area and includes all related stakeholders. Such environmental issues have traditionally been handled on a national or local government level in an attempt to internalize environmental costs. This approach is frequently impeded by a number of obstacles (issues relating to areas such as administrative capabilities, firms, citizen’s behavioral patterns, information, technical capabilities or incentives). The majority of Japan’s experience in pollution controls belong to local environmental issues, which also account for the majority of environmental issues facing people in developing countries.

Such examples are air pollution in urban areas, water pollution in rivers, municipal waste, deforestation in mountain villages, etc.

2) Regional environmental issues

Cross-border environmental issues: this refers to environmental pollution generated in one country spreading to affect other countries. Although there are often victims of such problems in the source country, giving the relevant government motivation to take appropriate measures, such measures are frequently limited for a number of reasons and consequently insufficient. (If measures are taken in the source country, issues are unlikely to escalate into cross-border environmental issues.)

Examples: acid rain, haze, pollution of international rivers, etc.

Appropriate management of common natural resources: This refers to the depletion of natural resources by one country, restricting the availability of resources to another country. Although the wasteful use of resources can also affect the other country’s access to resources in the future, there is little in the way of motivation to use resources in a sustainable manner. (If resources are used in a sustainable manner in the relevant country, other countries’ access to such resources are unlikely to be affected.)

Examples are use of water in international rivers, fishery resources in international rivers or the sea, undersea resources in international waters, etc.

3) Global environmental issues

This refers to cases in which all countries become, both polluters and victims. There are inevitable disparities between countries’ involvement however due to differing levels of economic development, the state of environmental management, environmental response capabilities and the extent of pollution caused or damage suffered. These are issues that require global frameworks.

Such examples are global warming as a result of greenhouse gas emissions, the ozone hole as a result
of the emission of ozone depleting substances.

4) Environmental issues resulting from ASEAN economic integration

This refers to production and consumption at the hands of firms and citizens in one or more countries resulting in the depletion of natural resources and causing environmental problems in other countries. The polluters in such cases tend to be reluctant to recognize environmental pollution because the environmental issues are happening in different countries. Because such issues can be regarded as the one of the costs of economic integration, public intervention is essential to internalize the environmental costs as part of production and consumption in the relevant countries.

These examples are environmental pollution as a result of the production of export goods, deforestation as a result of timber exports, environmental pollution caused by multi-national companies’ operations, traffic pollution as a result of imported used cars, illegal exports of harmful waste, etc.

The above environmental issues are all present in the ASEAN region and are all interlinked. Firstly, although the four categories refer to different levels, there are links between each of them. Regional environmental issues for example affect whole regions that contain such environmental issues. Global environmental issues on the other hand extend to neighboring countries and the rest of the world. In order to respond to these varying levels of environmental issues, it is essential to have a precise understanding of whom the stakeholders are. It is then essential to develop frameworks to include the related stakeholders to respond to environmental issues on each level. In most cases, measures are implemented on a local level. This section will look at environmental issues according to three separate groups; Japan, developed ASEAN countries and CLMV countries.

**Figure 5-1 Approaches to environmental issues in the ASEAN region**

Source: the author.
3-2-2 Overview of the current state of environmental issues in the ASEAN region and possible responses

The following is an overview of the current situation in the ASEAN region and possible countermeasures in relation to individual categories of environmental issues.

(1) Local environmental issues

With a high rate of increase in the population, the growing population influx into urban areas and advancing industrial and infrastructure development, local environmental issues are of major importance in the ASEAN region. As such issues affect the health and safety of a great many people in developing countries either directly or indirectly, they are the issues that require action most urgently. As forests and coastal fishery resources support people’s livelihoods in rural communities, it is also important to manage such natural resources to secure a similar livelihood for future generations.

Although national government frameworks for environmental management, including environmental laws, standards, regulations and guidelines, are more or less fully in place in developed ASEAN countries, there is still scope for cooperation in terms of strengthening countries’ enforcement capabilities. In order to implement effective environmental policies, it is essential to stand on the perspective of strengthening the ability of society as a whole (i.e. major stakeholders) to cope with environmental issues. Japanese firms operating in ASEAN countries are important stakeholders in their respective host countries. Support will also be required in the future for the development of environmental management frameworks in CLMV countries. In addition to Japan’s own experience of combating pollution and the country’s environmental technology, it will also be possible to respond appropriately to issues in CLMV countries by promoting South-South Cooperation from developed ASEAN countries. Indeed, creating a climate of mutual support between ASEAN countries will be beneficial to the development of a sustainable environmental management framework for the whole region.

Environmental issues have major implications for Japanese firms operating in ASEAN countries. In developing countries, which typically face issues such as a shortage of hazardous industrial waste treatment and disposal facilities plants and inadequate institutional and legal framework, soft and hard infrastructure needed to internalize the environmental costs of production activities of the industry are frequently insufficient. As a result of situations such as this, companies either allow pollutants to be released or, in the case of high quality multi-national companies, decline to locate to the region due to the obligation to undertake appropriate environmental management themselves. Japanese companies’ need for environmental infrastructure development is more pressing in some countries than others. Developing environmental infrastructure, including institutional development, helps internalize the environmental costs resulting from Japanese companies’ production activities. Due to their superior technical and environmental management capabilities compared to local companies, Japanese firms can also be expected to help strengthen host countries’ ability to cope with environmental issues through technical dialogue with the host countries’ governments regarding environmental regulations which firms need to comply. It is also thought that such Japanese companies could potentially help raise the level of related local industries’ environmental management capabilities through their supply chains.

(2) Regional environmental issues

1) Cross-border environmental issues

The main cross-border environmental issues in the ASEAN region are acid deposition problem, haze (cross-border air pollution from smoke) and sand storm. Progress is currently being made with
specific measures on a regional level.

Japan is one of the stakeholders involved in the issues of acid deposition problem and sand storm, particularly the former, with an acid deposition monitoring network being set up in 1998 at the initiative of the Japanese Ministry of the Environment\textsuperscript{128}. The aim of carrying out monitoring such as this on a regional level is to promote local air quality management and anti-pollution measures in countries that cause pollution. Although JICA's involvement in the Acid Deposition Monitoring Network in East Asia to date has been considerable, efforts to position the activities strategically within JICA's operations and to systematically link it in with JICA's country-specific cooperation programs in the countries involved in the monitoring network have been insufficient.

There will continue to be a major need for JICA to provide support for the development and implementation of regional frameworks such as this in the future. Ideally, such support should take the form of cooperation schemes involving direct support for regional organizations. Support also needs to be positioned as part of country-specific cooperation programs. JICA's bilateral cooperation efforts could play a crucial role in terms of ensuring that specific action to combat cross-border environmental issues and government efforts to establish legislation and systems are implemented on a local level.

2) Appropriate management of shared natural resources

There are a number of natural resources in the ASEAN region that are used by numerous different countries, including international rivers such as the Mekong. As incentives to use and manage resources appropriately based on property rights are missing in situations such as this, cooperation and suitable intervention between the relevant countries is essential to ensure that natural resources are preserved and used in a sustainable manner.

Support for the development of such regional frameworks is highly significant and should ideally take the form of cooperation schemes designed to provide direct support for regional organizations, as mentioned previously. Support also needs to be positioned as part of country-specific cooperation programs. JICA's bilateral cooperation efforts could play a crucial role, in this subject, as similar to cross-border environmental issues, specific measures to establish legislation and systems in relation to the management of shared natural resources are implemented on a local level.

It is also important to respect environmental and social considerations in relation to regional infrastructure support. JICA has established environmental and social impact assessment framework in its operation on a bilateral level and strategic environmental impact assessments are also encouraged as part of such efforts. Depending on how well such efforts are put into practice, it should be possible to respond to issues to a considerable extent. In regions spanning numerous different countries however, mechanisms enabling coordination between the relevant countries are also essential.

(3) Global environmental issues

Bearing in mind that the population of the ASEAN region accounts for 8.5% of the world's population, it goes without saying that environmental issues on a global scale such as global warming are key issues. Greenhouse gas emissions are of particular relevance, with ASEAN and surrounding countries such as China and India accounting for a large proportion of emissions from developing countries and other ASEAN countries such as Indonesia expected to dramatically increase emissions in the future. Increased

\textsuperscript{128} The Acid Deposition Monitoring Network in East Asia includes 12 courtiers; China, Indonesia, Japan, Malaysia, Mongolia, the Philippines, Republic of Korea, Russia, Thailand, Viet Nam, Cambodia and Laos.
energy consumption as a result of the combination of rising populations and incomes in countries such as the Philippines is also a major cause of increased greenhouse gas emissions. Promoting action on global warming in the ASEAN region and surrounding countries would make a significant contribution to the world as a whole.

It is just a matter of time until greenhouse gas emissions from developing countries exceed those from developed countries, meaning that support to oblige ASEAN countries to reduce greenhouse gases and to help ensure compliance is a key long-term issue for the future. This is an area in which Japan should play a leading role in the ASEAN region.

Although JICA’s strengths in terms of CDM project support in developing countries cover a range of economic sectors in developing countries, JICA also has experience of and channels for cooperation in a wide range of other sectors.

One of the important global environmental issue in the ASEAN region is the protection of the ozone layer, an area in which initiatives are going ahead and yielding results even in developing countries, primarily through UN organizations, backed up by the Montreal Protocol on Substances that Deplete the Ozone Layer (destroying substances that deplete the ozone layer and switching to alternative substances). Finally, as the Stockholm Convention on Persistent Organic Pollutants (controlling Persistent Organic Pollutants (POPs)) shows, controlling POPs is becoming an increasingly important issue, with the Japanese Ministry of the Environment actively adopting a series of initiatives in this field within East Asia (cooperation to assess and monitor POPs in the East Asia region). Although JICA’s involvement to date has been minimal, it will need to respond to the issue of POPs in the future in the face of growing needs from ASEAN countries.

(4) Environmental issues resulting from ASEAN economic integration

As ASEAN economic integration progresses, there is increased activity in terms of trade, direct investment and people flowing between countries. Production and consumption in one country as a result of the exchange of goods and services has an impact on production and consumption in other countries, causing environmental problems in these trading partner countries.

Although such issues resemble the aforementioned cross-border regional environmental issues in that those responsible for and the victims of environmental destruction span numerous different countries, the key difference is that environmental problems in this instance are the results of the cross-border exchange of goods and services and production based on trade and foreign direct investment. As phenomena, these problems may be observed as environmental degradations mixed up with local environmental problems, such as air pollution, water pollution, waste-related issues, deforestation or any other deterioration of natural resources. The damage to the environment do not occur (or at least is not apparent) in the source country but in importing or exporting countries. Environmental issues resulting from economic integration follow a number of different patterns.

- Exporting used cars and engines to developing countries for reuse, thus contributing to air pollution.
- Consuming other countries’ natural resources through trade, either directly or indirectly (consuming water resources in the producing country through importing agricultural goods, deforestation as a result of exporting wood from developing countries).
- Foreign companies causing environmental pollution through production activities in ASEAN countries.
- Export companies causing environmental pollution in developing countries.

Other countries’ natural resources are currently being used up through production and consumption as
part of patterns such as these, creating an impact on the environment across the board.

There are also patterns whereby environmental issues could potentially spill over from Japan. For example, there are cases of problems involving the domestic management of industrial waste in Japan (increased treatment and disposal costs due to a shortage of landfill sites, and limitation in the government to prevent illegal activity, etc.) leading to the illegal export of industrial waste.

There are many cases in which polluters such as those outlined above seem unable to acknowledge that they are causing environmental destruction in other countries. The development of an international environmental management framework to be implemented by the relevant countries’ governments or some other form of official intervention is inevitable.

From the standpoint of regional economic integration, it will be essential to reassess JICA's approaches to support in the future. Government agency capacity development is currently being carried out and will continue to be important in the future. One possible new approach would be to secure cooperation from Japanese firms operating in the ASEAN countries to raise the level of environmental management capabilities in their respective host countries, by taking advantage of willingness and technical capabilities of such firms as a resource for capacity development at the host country. Another possibility would be to approach consumers in Japan through JICA's diverse range of activities which will be a subject for future consideration.

3-2-3 Directions in environmental support in the ASEAN region

(1) Primary objective

The primary objective is to provide support for the protection of the environment to achieve sustainable development in the ASEAN region. Based on the scale of its economy, Japan could be said to be the biggest user of the region’s natural resources and energy, through domestic and overseas production and consumption as well as trade and direct investment. Japan therefore has a major impact on the region's environment, both directly and indirectly, and has a responsibility to support environmental conservation in the region. In addition to being the most advanced country in the region in economic and technological terms, Japan is also an advanced country in terms of environmental initiatives. It is Japan’s responsibility as such to support the conservation of the environment in developing ASEAN countries, an area in which it can make a major contribution.

(2) Basic policy

1) The importance of local environmental issues

As mentioned previously, local environmental issues need to be given top priority. This will help create the basic conditions for human security, whilst also laying the foundations for the implementation of steps to deal with regional and global environmental issues. What is more, this is a field in which JICA has built up a great deal of experience in terms of cooperation. Accordingly, the following are regarded as important points as part of the provision of support in the future.

   □ Capacity development

   It is important for developing countries themselves to build up their abilities to cope with environmental issues and to handle issues in the best way possible given the varying constraints depending on each country’s level of development. Priority should therefore be placed on capacity development as part of JICA's support for developing countries in the future. With the major concerned parties in mind, strengthening countries’ ability to cope with local environmental issues entails
reinforcing the capabilities of government and other official counterpart organizations and stepping up cooperation with the government, local authorities, the private sector, citizens and experts in the relevant country as part of the process, so as to ensure that capacity development efforts result in improvements throughout society in the relevant country. Depending on the situation in the relevant country, the first step is the development of an environmental management framework by the national government, before moving on to promoting implementation by the likes of local authorities. In some countries, Japanese companies may have a key role to play as concerned parties. Possible ways of using Japanese companies as resources need to be taken into consideration.

 Contributing to people’s health and livelihood

The significance of handling local environmental issues lies in protecting people’s health and lives from threats such as environmental pollution and natural disasters and enabling natural resources, the basis of people’s livelihood, to be used in a sustainable manner. Formulating, implementing and evaluating cooperation projects involves developing a better understanding of aspects such as this and promoting self motivated and driven environmental management processes based on the willingness and participation of local people in developing countries themselves.

 Sharing knowledge within the region

Although issues such as air pollution and solid waste problems in urban areas are local phenomena, they can be handled more effectively by sharing knowledge within the region. In addition to channeling support from developed countries into developing countries, sharing knowledge within the region will also encourage the spread of South-South Cooperation among ASEAN and surrounding countries. If environmental support within the region is to be sustainable, South-South Cooperation would be indispensable in the long run, as there are limits to what is possible based on the pattern of developed countries supporting developing countries. As countries are at different stages of development, what is needed is a mechanism to enable them to help one another. With this in mind, it is important to share knowledge and promote South-South Cooperation within the region as part of approaches to handling local environmental issues.

 Integrating support for regional and global environmental issues

As mentioned previously, specific action to combat regional and global environmental issues tends to be implemented on a local level. There is a frequently a lack of motivation to institute measures however because the countries that should be doing so are not the ones affected by regional and global environmental issues. In such cases, action can be pushed along by linking them into solutions to local environmental issues. It is therefore crucial to explore action that relates to local environmental issues as well as regional and global issues. As JICA provides cooperation on a country-specific basis, it is difficult to incorporate perspectives such as this. Some sort of new approach to the implementation of cooperation projects will be required in the future.

2) Helping to establish a common environmental management system as an essential condition for ASEAN economic integration

Economic integration in the ASEAN region is expected to result in fair competition and continued economic growth. In order to ensure that this is sustainable, it is essential that the environmental costs resulting from economic activity are internalized. For this to happen, it is crucial to follow the polluter-
pays principle by developing both national and regional level environmental management institutions and a range of environmental infrastructure. It should be also recognized that both environmental infrastructure and institutional arrangements are part of the important infrastructure for economic integration. Depending on the country, cooperation is required between the public and private sectors in the relevant country and in Japan. As part of this process, it will be essential to explore which areas are particularly in the public’s interest and therefore suitable for JICA support. It would be ideal to establish a uniform environmental management framework within the region to enable trade and fair competition. However, the ASEAN region includes countries at different stages of development. Although the long term aim is to establish a common environmental management framework within the region, for the time being support will vary according to the level of development of each ASEAN country, paying close attention to compatibility of technical standards and information in environmental management in these countries. As mentioned previously, horizontal cooperation will play a major role in this process.

3) Cooperating with developing countries on regional and global environmental issues (in which Japan is a major stakeholder)

Japan could become both a victim of environmental pollution (the acid deposition problem in East Asia) and a potential polluter (overseas recycling of waste). Similarly, Japan could become both a polluter and a victim when it comes to the issue of global warming as a result of greenhouse gas emissions. As a stakeholder in such issues, Japan has to respond. JICA is one of the major ODA organizations in Japan and as such should provide cooperation with any initiatives that fall into the category of support for the sustainable development of developing countries in the ASEAN region.

4) Providing support for the appropriate use, preservation and management of shared natural resources and those belonging to ASEAN countries

Ensuring that renewable resources such as fresh water and timber and energy resources such as fossil fuels are used in a sustainable manner is important to the sustainable development of Japan itself. Similarly, preventing the depletion of such resources escalating into international disputes and causing situations that threaten regional security is also vital to the security of Japan. It is also essential to develop an international framework to enable regional cooperation on the appropriate use, preservation and management of shared natural resources such as international rivers flowing through numerous different countries and those belonging to ASEAN countries. This is an area in which Japan can make a very significant contribution.

3-3 Energy

In addition to being an essential ingredient for national economic development, energy also has a major impact on the local and global environments depending on how it is developed and used.

Energy can be divided into primary energy such as fossil fuels, natural energy or nuclear energy, which is obtained directly from the natural environment, and secondary energy such as electricity, gasoline or gas, which is obtained by processing and converting primary energy for ease of use. Although the energy that we use on a daily basis consists entirely of easy-to-use secondary energy, this section will provide an overview of current supply and demand and forecasts for primary energy, oil in particular, to develop a clear understanding of the current state of supply and demand for energy on the whole.
3-3-1 Growth in energy demand

(1) Worldwide

As a result of economic growth in the future, worldwide demand for energy is expected to increase by 66% during the period from 2000 to 2030, with demand set to soar in developing countries in particular.

(2) Asia

Asia’s share of worldwide demand for energy is expected to increase from 22% in 2000 to 27% by 2030. Demand is expected to increase in China in particular, due in part to a continual increase in net imports since the country became a net importer of oil in 1993 and recent soaring oil prices.

(3) Southeast Asia

Energy demand in Southeast Asia is expected to more than double during the period from 1999 to 2020, with half of that demand accounted for by Indonesia. Despite being an oil producing country itself, Indonesia became a net importer of oil for the first time in 2004, which could potentially cause instability within the region’s crude oil supply system.

3-3-2 The destabilization of energy supply systems

As the majority of the non-Asian countries supplying crude oil to countries in the region are Middle Eastern, Asia occupies a low down position in the oil market. There currently exists a so-called “Asian premium,” whereby oil sells for almost US$ 1 per barrel more than in Europe or the USA, which have a number of different supply sources.

In addition to this, the region has faced difficulties securing steady imports of crude oil in recent years due to oil producers’ falling production capacities and soaring prices on the crude oil market as a result of speculators.

3-3-3 Characteristics of the energy situation in Asia

Although Asia has experienced faster economic growth than any other region in the world in recent

### Table 5-4 Changes in specific energy consumption against GDP for each country in Asia

(Unit: Tons of oil equivalent / US$ 1 million in 1995)

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Source: Tanabe (2004) p.15
years, less progress has been made in terms of energy conservation. Consequently, energy consumption is increasing at a faster rate than economic growth, resulting in the region suffering from low energy efficiency compared to other parts of the world. This trend is set to get worse in the future (Table 5-4, Table 5-5).

Although the region includes oil producing countries such as Indonesia and Malaysia, there are no prospects of an increase in production, as mentioned previously. Dependence on outside sources for oil is therefore on the increase, with dependence on the Middle East in particular over 70%. The majority of tankers loaded with crude oil from the Middle East pass through the Straits of Malacca, an area in which security measures have been stepped up and are now more critical than ever.

The relationships based around the economy in East Asia (ASEAN+3, also including India and Russia in some cases) are already close, meaning that any problems relating to the energy environment in Asia as a whole are essentially also Japan’s problems. This trend is expected to become even more pronounced in the future as these relationships grow even stronger as a result of developments such as FTAs, EPA and the East Asian Community concept.

The deregulation of the electric power industry is moving ahead in the Philippines and the majority of Southeast Asian countries, ushering in changes in the roles played by the public and private sectors in the electric power industry. Whereas deregulation is making power interchange between regions relatively easy however, the pursuit of profitability is resulting in a growing number of regions being unable to secure the electricity they need.

### 3-3-4 Energy-related cooperation initiatives in Southeast Asia and regional cooperation needs

Energy security is a common issue affecting all Asian countries. Based on an awareness that one country’s vulnerability can spread to other countries, the following meetings and cooperation programs are currently in place.

**1) ASEAN+3 energy cooperation**

**1) ASEAN+3 Energy Ministers Meeting (September 2002)**

This was an unofficial meeting held by the then Japanese Minister of Economy, Trade and Industry.
Takeo HIRANUMA. During the meeting, he set out the Hiranuma Initiative as a comprehensive measure designed to secure energy stability in Asia. The Hiranuma Initiative entailed (i) creating an emergency network, (ii) promoting oil stockpiling, (iii) commencing research into the Asian oil market, (iv) promoting natural gas development and (v) promoting energy conservation and new energy.

2) 1st ASEAN+3 Energy Ministers Meeting (June 2004)

Following on from the aforementioned unofficial meeting, an official meeting was subsequently held in Manila. Five forums were set up (on energy security, oil stockpiling, the oil market, natural gas and renewable energy) based on the aforementioned Hiranuma Initiative.

(2) ASEAN initiatives

1) The ASEAN Center for Energy’s (ACE) activities

Headquartered in Jakarta, the ACE was established in January 1999, taking over the responsibilities of the ASEAN-EC Energy Management Training and Research Center, which had been in existence for 10 years up until then. It is run by senior energy officials from each ASEAN country and representatives of the ASEAN Secretariat.

The ACE plays a leading role in the implementation of a wide range of energy cooperation programs within the ASEAN region and is responsible for coordinating with related organizations to ensure that the ASEAN Energy Action Plan (1999-2004) is be properly enforced.

The ASEAN Energy Action Plan consists of six programs: 1) constructing an ASEAN power grid, 2) constructing a trans-ASEAN gas pipeline, 3) promoting coal and clean coal technology, 4) promoting energy conservation, 5) promoting new and renewable energy and 6) analyzing energy policy and the environment.

2) ASEAN Ministers on Energy Meeting (AMEM)

AMEM is held in one of the ASEAN countries every year on a rotational basis, with the 23rd meeting in July 2005 taking place in Siem Reap in Cambodia. The 2005 meeting confirmed progress to date with the ASEAN Plan of Action for Energy Cooperation (construction of a gas pipeline and power grid, implementation of joint programs with the EC and Australia, etc.). Previously, the 22nd meeting (July 2004) set out the objective of increasing the percentage of energy generated from renewable energy sources to at least 10% of total power consumption for the ASEAN region by 2010. The 23rd meeting then went on to confirm the status of initiatives in each country as part of efforts to achieve this objective.

(3) Other programs

At the 9th International Energy Forum (IEF) in Amsterdam in May 2004, matters such as energy cooperation in Asia and increased dialogue between Asia and the Middle East were discussed.

The 1st Round Table of Asian Ministers on Regional Cooperation in the Oil Economy, held in New Delhi in January 2005, included discussion regarding the importance of strengthening relationships between oil producers and consumers in Asia and efforts to expand investment.
3-3-5 Directions in cooperation in relation to issues that need to be tackled on a region-wide basis in the future

(1) Promoting energy conservation

Whereas Japan has been compelled to step up and promote energy conservation as a result of the two oil shocks in the past, the need for energy conservation is currently also on the increase in Southeast Asia as a result of increasing energy consumption stemming from the rapid economic growth of countries in the region and soaring oil prices in recent years. There is also significant room for improvement in terms of energy efficiency in Southeast Asian countries, particularly developed ASEAN countries, compared to other countries around the world (see Table 5-4). This is an area in which Japan should show its leadership through active cooperation (increasing the efficiency of energy use through cogeneration, clean coal\textsuperscript{129} and other technology, shifting to natural gas, promoting bioethanol as a form of fuel for vehicles, etc.).

As increased energy efficiency in Southeast Asia will help ensure energy security and ease environmental pollution throughout the region, including in Japan, cooperation with Green Aid Plan (GAP)\textsuperscript{130} should be stepped up and JICA should develop a system to enable it to actively make proposals. Another possible area for support is the standardization of technical standards in relation to energy use.

\textsuperscript{129} Whereas coal produces sulfur oxides and other poisonous gases when burnt in its natural state, clean coal technology converts coal to liquid or gas form to limit the volume of such gases produced.

\textsuperscript{130} GAP is an environmental energy program set up by the METI with the aim of promoting support for self-help efforts to tackle energy-related environmental issues in developing countries. It was adopted in August 1991 in Thailand. Work is underway on collaboration between GAP and JICA projects. The countries covered by GAP are 1) countries with a close economic relationship with Japan and 2) countries with a dedicated government ministry or agency responsible for energy and the environment, namely Thailand, China, Indonesia, the Philippines, Malaysia, India and Viet Nam.
(2) The diversification of energy supply sources

1) Alternative energy development

Although energy conservation initiatives are more important in urban areas where energy consumption is high, there are still a significant number of areas in Southeast Asia that cannot secure the energy they need. As part of the development of an energy supply system for such areas in the future, every effort should be made to limit the use of conventional fossil fuels and to focus on renewable energy (solar, wind, water, biomass, geothermal heat) in the interests of stable energy supplies and environmental protection. Fortunately, the ASEAN region has plenty of renewable energy sources, particularly geothermal, solar and wind energy.

It is important to position various different forms of renewable energy such as these as core energy sources to further promote the diversification of energy supply sources and to strike the ideal balance between energy sources depending on the situation in each region.

2) Exploring the possibility of introducing nuclear power

One practical solution to restricted energy supply and demand that has started to be considered is the introduction of nuclear power generation. Due to serious environmental issues however, not least the tremendous difficulty of disposing of nuclear waste produced by nuclear power plants, ODA-based support for the introduction of nuclear power is thought to be unlikely.

(3) Cooperation based on diversity and common characteristics within Southeast Asia

Although the socioeconomic climate in Southeast Asia is diverse, there are also a significant number of common characteristics across the region. Therefore, cooperation programs in the region should not be formulated and implemented based on the characteristics of each individual region but should be based on common characteristics shared throughout the region to increase the effectiveness and efficiency of cooperation.

The following section summarizes the regional characteristics of both developed and less-developed areas within the region and common characteristics that should be taken into consideration.

1) Cooperation in developed countries and urban areas

As mentioned previously, in the interests of energy security and environmental protection, priority needs to be placed on cooperation in relation to energy conservation measures designed to limit energy demand in developed countries and urban areas throughout the region, which are expected to continue to experience steady economic growth. Fuel conversion, including shifting to natural gas and introducing bioethanol-powered vehicles, is another highly significant area for cooperation.

2) Cooperation in CLMV countries and rural areas

When formulating master plans for the supply of energy to CLMV countries and rural areas, whose economies differ greatly to those in developed countries and urban areas, renewable energy and other forms of alternative energy should ideally be positioned as major supply sources from the initial stages onwards. In cases in which there are cheap electric power sources in neighboring areas of other countries, it is essential to consider the possibilities of constructing power lines to enable the purchase of such electric power.

The advancing deregulation of the electric power industry in countries throughout the region, especially in urban areas, is resulting in services to rural areas being cut off under the pretense of
increasing efficiency. It is becoming increasingly necessary to provide support to help establish and reinforce universal service funds to tackle issues such as these.

3) Strengthening complementary relationships within Southeast Asia

Although JICA has provided support for the formulation of master plans in the electric power sector on a country-specific basis to date, there needs to be consistency between each country’s master plan in the future, bearing in mind the common characteristics shared throughout Southeast Asia. In particular, the impact of the deregulation of the electric power industry, which is moving along at a considerable pace throughout the region, needs to be taken into consideration.

Cooperation such as this based on the region’s common characteristics will help strengthen complementary relationships in terms of the regional interchange of energy and develop a regional supply network (gas pipelines, power grid, etc.), as well as leading to the realization of a complementary regional system. It is also hoped that such cooperation will help reinforce regional energy security systems.

(4) Securing stable oil supplies (establishing oil stockpiling systems)

Although the likes of Japan and Republic of Korea have oil stockpiling systems equivalent to 90 days worth of net imports in place as a result of the oil crises in the 1970s and as one of their obligations as members of the IEA, other countries in Asia either have insufficient stockpiling systems or none at all, in spite of their growing dependence on imports for oil. As it will be difficult to reduce the region’s dependence on outside sources for energy in the short term, it is imperative that measures are drawn up to secure stable imports of energy (primarily oil), coupled with measures to limit imports.

China is currently working on a stockpiling system, with other ASEAN countries also starting to look into similar systems, either independently or jointly with other countries, based on a growing awareness of the need to have oil stockpiling systems. Support is needed for the development of joint stockpiling systems in particular.

3-3-6 Important points as part of the implementation of regional energy cooperation and possible collaboration with other partners (partnerships with international organizations or developed ASEAN countries, etc.)

(1) Promoting collaboration with non-public sector parties (private sector, citizens)

Energy conservation projects tend to be implemented on a commercial basis, with a large number of Energy Service Company (ESCO) projects in Europe and the USA in particular. In recent years however, such projects have started to become more widespread in Japan and certain developing countries. As ESCO projects are private-sector driven, they are expected to promote the introduction of the aforementioned advanced technology such as cogeneration and clean coal. The same is also true of renewable energy projects. Although they are not as commercially viable as ESCO projects, the fact remains that the necessary advanced technology, in terms of costs and efficiency, is in the hands of private companies. In developing countries on the other hand, it tends to be difficult to promote the spread of such projects purely through the private sector. Instead, public sector bodies such as national and local governments and development assistance organizations such as JICA need to act as catalysts. Specifically, this includes measures such as providing companies with output-based aid and carrying out the necessary planning and research for private sector introduction. Tie-ups such as this between the public and private sectors are referred to as Public-Private Partnerships (PPP). In order to incorporate PPP into development projects, it is
essential to develop a mechanism to enable cooperation that is based equally on the perspectives of each of the three concerned parties, namely the public sector bodies planning and supervising the relevant project, the private sector operators implementing the project and those who stand to benefit from the project.

If energy conservation and renewable energy projects develop into CDM projects that help reduce greenhouse gas emissions, they could help Japan to achieve the reduction targets set out in the Kyoto Protocol. The feasibility of projects as CDM projects should therefore be taken into consideration first and foremost at the planning stages. If projects are feasible as CDM projects, they will not only help Japan meet its emissions reduction targets but will also help promote the inflow of private funds and technical capabilities. If projects are not feasible as CDM projects, they can simply be implemented as regular projects on an ODA basis. Even in cases such as this however, it is essential to enable private sector operators and local citizens to get involved from the initial stages to ensure project sustainability.

(2) Conducting research into cross-border energy-related infrastructure construction

As outlined in section 3C, JICA currently formulates energy-related master plans for each individual country, much as in other fields, meaning that the majority of plans do not take into account common characteristics across the region. Using initiatives such as Mekong development and the GMS as a guideline, in the future it will be necessary to start thinking about complementary energy relationships between countries to ensure stable energy supplies and to work on consistency between plans being implemented in various different countries.

One specific example of this would be to carry out feasibility studies following on from the ACE’s current efforts to formulate a master plan for the construction of a regional electric power grid and a gas pipeline, which will help conserve energy throughout the region.

Another possibility would be to carry out follow-up feasibility studies based on the Agency for Natural Resources and Energy’s master plan for stockpiling oil in Thailand and the Philippines.

(3) Strengthening the ACE

Despite the existence of mechanisms to enable oil stockpiling and the joint release of oil and other measures in an emergency and a peer review system for each country’s energy policy, which function as an IEA exclusively for OECD member countries, there have been calls for the creation of an Asian IEA framework to perform a similar function in the ASEAN region.

Although the ACE does perform such a function, JICA initiatives such as the dispatch of experts would help improve its capabilities in terms of making a greater contribution to regional energy security.

4. Human Resource Development

4-1 Human Resource Development Objectives and Initiatives

Table 5-7 outlines details related to human resources training as part of key initiatives. Looking at the initiatives carried out to date, it is apparent that ASEAN’s main focus has been on human resources development in economic fields, higher education and science and technology.

Since the 2003 Declaration of ASEAN Concord II set out the concept of three communities, namely, ASC, AEC ASCC, the number one objective has been the development of human resources contributing to the development of these communities. In economic fields in particular, human resources training is becoming a key issue in conjunction with 11 priority sectors aimed at integration.
As human resources development is an issue that involves a number of different factors, no roadmap specifically tailored towards human resources development has been drawn up. Due to the increasing importance of human resources development within ASEAN in recent years however, ministers responsible for education in each ASEAN country met up in August 2005 and made a joint statement regarding priority future initiatives in education sector. The specific priority areas covered in this statement were:

- Ongoing efforts in education development to contribute to a solid ASCC and promote ASEANness among our citizens, particularly the youth.
- Strategies for strengthening ASEAN identity through education.
- Efforts to improve the quality of teachers and other educational staff and promoting the use of ICT to expand access and raise quality in education.
- Further strengthening the existing network of learning universities and institutions of higher learning under the framework of the AUN with a view to ultimately establishing the ASEAN University.
- Establishing an AMM on Education to meet back-to-back with the annual meeting of Southeast Asian Ministers of Education Organization (SEAMEO).

### 4-1-2 The current status of human resources development and related initiatives

Table 5-6 shows the rate of enrollment in secondary and higher education in ASEAN countries, Japan, China and Republic of Korea. Comparing figures for 2000 against those for 1990, the rate of enrollment at both secondary and higher education levels has increased in all ASEAN countries, indicating an increase in the quantity of human resources based on standards of general education.

Elsewhere, with increased economic interdependence within the region, cross-border labor mobility is also becoming increasingly common. As regional economic disparities grow wider, the roles of countries in terms of accepting or supplying labor in particular are becoming clear. The main countries accepting labor include Malaysia, Singapore, Japan, Republic of Korea and Taiwan. Those supplying labor on the other hand include Viet Nam and China, as well as developed ASEAN countries such as Indonesia, the

<table>
<thead>
<tr>
<th></th>
<th>Secondary Education (%)</th>
<th>Higher Education (%)</th>
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</thead>
<tbody>
<tr>
<td>Japan</td>
<td>20.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>China</td>
<td>25.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>30.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>40.0%</td>
<td>35.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>50.0%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Japan</td>
<td>20.0%</td>
<td>15.0%</td>
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<tr>
<td>China</td>
<td>25.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>30.0%</td>
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<tr>
<td>Malaysia</td>
<td>40.0%</td>
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<tr>
<td>Singapore</td>
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<tr>
<td>Japan</td>
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<tr>
<td>China</td>
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<td>Republic of Korea</td>
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<td>Malaysia</td>
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<td>Singapore</td>
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<tr>
<td>Japan</td>
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<td>China</td>
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<td>Republic of Korea</td>
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<td>Malaysia</td>
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<tr>
<td>Singapore</td>
<td>50.0%</td>
<td>45.0%</td>
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</tbody>
</table>

Source: WDI online database.
Philippines and Thailand. A high percentage of the workers moving within the region are unskilled laborers, with movement uncommon amongst highly skilled workers. Nevertheless, there has been a growing trend towards skilled workers heading off to Europe or the USA in recent years due to escalating competition amongst developed countries to secure such skilled human resources\(^{131}\).

Key initiatives in the field of education to date have included activities such as cooperation in the fields of education, science and culture from the SEAMEO and, within the ASEAN Secretariat, the ASEAN Committee on Education (ASCOE), the Committee on Science and Technology (COST) and the AUN.

(1) Southeast Asian Ministers of Education Organization (SEAMEO)

SEAMEO was established in 1965 to promote regional cooperation in the fields of education, science and culture and is made up of representatives from the education ministries in each of the ten ASEAN countries. SEAMEO covers a wide range of priority fields, including improving the quality and equity in education, preventive health education, culture and tradition, ICT, languages, poverty alleviation, agriculture and natural resources. Japan has provided financial assistance since 1972 through the likes of the SEAMEO Educational Development Fund and the Japan-SEAMEO SPAFA Trust Fund. Since the latter half of the 1990s, support has also been provided by JICA in the form of technical support, the dispatch of experts and Third-country Training.

(2) ASEAN Committee on Education (ASCOE)

Having previously operated as a sub-committee within the ASEAN Secretariat, ASCOE was made into a full committee in 2002. The first session was held in Cambodia in September 2009, with the focus directed towards the importance of primary and secondary education. Although ASCOE is an independent organization separate from the aforementioned SEAMEO, there is a growing trend towards the possibility of the roles played by ASCOE and SEAMEO being integrated in the future.

(3) ASEAN Committee on Science and Technology (COST)

COST was established as part of the ASEAN Secretariat in 1978 with the aim of improving expertise and human resources within the region in the field of science and technology. In recent years, COST has been focusing on regional activities based on cooperation in the field of science and technology for the CLMV countries. COST continues to be very active, with recent initiatives including the launch of the ASTNET (ASEAN Science and Technology Network) Website in 2003 in order to share information and the ASEAN Virtual Institute of Science and Technology (AVIST)\(^{132}\) pilot project in May 2004.

(4) ASEAN University Network (AUN)

The AUN was established in November 1995 in an effort to reinforce networks linking leading universities in the region. An ASEAN University is expected to be established in the future with the aim of improving expertise in the field of research through the likes of joint research and research programs and to development human resources.

The AUN is positioned as the most important ASEAN initiative in the field of human resources

\(^{131}\) This situation is pointed out as an issue of brain drain (METI ed. (2005)).

\(^{132}\) AVIST was established in 2004 based on a proposal by the former Thai Prime Minister Anand Panyarachun with the aim of human resources development in science and technology. It was initiated as a pilot project by the Thailand Graduate Institute of Science and Technology (TGIST) and the Asian Institute of Technology (AIT) in May 2004.
### Table 5-7 Details of initiatives related to human resources development

<table>
<thead>
<tr>
<th>Initiative Category</th>
<th>Initiative Details</th>
<th>Source</th>
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<tbody>
<tr>
<td><strong>Education</strong></td>
<td>To provide training and education opportunities for ASEAN diplomats and officials.</td>
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<tr>
<td><strong>Training</strong></td>
<td>Offered courses in various fields such as diplomacy, international law, and conflict resolution.</td>
<td></td>
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<tr>
<td><strong>Capacitation</strong></td>
<td>Organizing workshops and seminars to enhance skills and knowledge among ASEAN personnel.</td>
<td></td>
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<tr>
<td><strong>Consultation</strong></td>
<td>Providing expert advice and guidance to resolve complex issues in international relations.</td>
<td></td>
</tr>
<tr>
<td><strong>Mentorship</strong></td>
<td>Establishing mentorship programs to facilitate knowledge transfer between experienced and junior staff.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled based on the Ministry of Foreign Affairs and ASEAN Secretariat Websites.
development, with Japan also announcing its support for the scheme through the Japan-ASEAN Summit Meeting. A prime example of cooperation in this field is support for the AUN/SEED-Net, which will be outlined below.

4-1-3 Initiatives reaching beyond the ASEAN framework

Compared to other fields, there are few initiatives in the field of human resources development that go beyond the ASEAN framework. One such initiative within the ASEAN+3 framework however is a proposal put forward by the EASG in November 2002, details of which are as follows:

- Implement a comprehensive human resources development program in East Asia (one of 17 short-term measures), focusing on the improvement of basic education, skill-training, and capacity building.
- Establishment an East Asia Education Fund to finance basic education, literacy programs and skills-training.
- Possible measures: the establishment of a network among leading human resources development institutions in ASEAN countries and a regional human resources development Work Program to, the development of a regional labor market information system; and the integration of human resources development policy options and practices into the overall national development planning process, etc.

4-1-4 Sub-regional initiatives

Human resources development is also one of the priority areas under initiatives such as the MRC Basin Development Plan (BDP) and the ACMECS, an initiative led by the Thai government. The ADB’s GMS program also outlines cooperation needs in the field of human resources development, including training programs, the standardization of technical qualifications and the establishment of training institutions. Elsewhere, human resources development, particularly in the IT, is also one of the priority issues under the Mekong-Ganja Cooperation (MGC) program, an initiative based on regional cooperation between the CLMV countries, Thailand and India.

4-1-5 Staff training of ASEAN Secretariat

As initiatives geared towards regional integration are stepped up, the issue of enhancing the ASEAN Secretariat’s capabilities to enable it to promote integration and handle a range of common issues affecting the whole region is becoming an increasing priority. Nevertheless, staff training at the ASEAN Secretariat is limited to basic skills training in areas such as computer skills and English language and management, with workshops organized whenever specialist training is required. Examples of cooperation with ASEAN Secretariat staff training include the APRIS, which will be examined later.

4-2 Overview of Japanese Initiatives in Relation to Human Resource Development

Cooperation with human resources development is one of the core areas of Japan’s ASEAN cooperation and has been the focus of a large number of initiatives to date. One of the most noteworthy developments as part of recent initiatives was the proposal of the Japan-ASEAN Program for

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Refers to a report presented at an ASEAN+3 summit meeting in Phnom Penh by the EASG. It outlines 26 possible measures (17 short-term and 9 long-term measures) to be promoted in the future as part of cooperation within ASEAN+3.
Comprehensive Human Resources Development under the HASHIMOTO Initiative\textsuperscript{134} set out at an unofficial ASEAN summit meeting in December 1997. At ASEAN+3 and ASEAN+1 summit meetings in November 1998, the then Japanese Prime Minister Keizo OBUCHI outlined the Plan for Enhancing Human Resources Development and Exchanges in East Asia, which was welcomed by the ASEAN countries and hailed as the Obuchi Plan. A summary of initiatives from 2002 onwards can be seen below (Table 5-8). As this clearly shows, priority areas in recent years have included training to improve policymaking capabilities, human resources for industry, engineering education, ICT, the environment and infectious diseases and human resources development in CLMV countries.

Current initiatives between Japan and ASEAN consist mainly of funds such as the Japan-ASEAN Exchange Projects (JAEP) fund, the JAGEF and the JAFTA fund. JAEP was established in 1998 with the aim of conducting academic research within the ASEAN region and has since resulted in the implementation of a number of intellectual exchange projects\textsuperscript{135} between Japan and ASEAN. JAGEF was established in 2000 to promote activities such as trade, economic cooperation and the exchange of human resources between Japan and ASEAN. In addition to organizing training and seminars related to trade and investment, Japan has also dispatched experts and provided support for IAI projects through JAGEF\textsuperscript{136}.

4-3 Human Resource Development Issues in the ASEAN Region

In light of matters such as those outlined above, the common issues affecting the ASEAN region can be condensed into the following six main points.

- Human resources development for promoting integration
  The integration of the 11 priority sectors under the VAP (Vientiane Action Program) (Agro-Based Products, Automotive, Electronics, Fisheries, Rubber-Based Products, Textiles and Apparels, Wood-Based Products, Air Travel, e-ASEAN (ICT), Healthcare, Tourism) is an urgent issue that requires appropriate human resources to be developed.

- Standardization of technical standards and skill qualification
  In addition to promoting ASEAN economic integration, standardizing mutual recognition of skill, occupational classification and technical standards will also increase the mobility of human resources and help secure employment within the region, which is positioned as a priority area under ASEAN initiatives.

- Human resources development in transnational issues
  Human resources development is needed to tackle environment, infectious diseases and public security\textsuperscript{137} issues which require wide-are and regional action. (Please refer to the relevant sectors of

\textsuperscript{134} Refers to an initiative proposed at an unofficial ASEAN summit meeting in December 1997 by the then Prime Minister Ryutaro HASHIMOTO outlining support for higher education, focusing on fields propping up the ASEAN industrial structure such as science, technology and management.

\textsuperscript{135} Projects have included policy oriented intellectual dialogue (symposiums) between representatives from the ASEAN-ISIS and Japanese scholars covering a wide range of areas such as the economy and political and security issues and short term ASEAN high school exchange programs.

\textsuperscript{136} Other activities in recent years have included basic training and courses for law enforcement officers in ASEAN countries relating to anti drug money-laundering measures, expert team workshops in conjunction with Japan-ASEAN security symposiums and support projects in the field of security.

\textsuperscript{137} This includes issues such as terrorism, sea piracy and drugs.
<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Description</th>
</tr>
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</table>
| 1   | Plan summarizing the 100+ specific measures under the Tokyo Declaration adopted at the Japan-ASEAN Special Summit Meeting, which includes “Facilitating and Promoting Exchange of People and Human Resource Development” as one of its common strategies. | - Participates in the Southeast Asia Regional Human Resource Development Initiative (SEARHRI) and the ASEAN Education Initiative (ASEAN-EI).
- Supports education and training programs for ASEAN countries.
- Promotes the exchange of students, scholars, and teachers.
- Facilitates the development of human resource policies and strategies.
- Encourages the sharing of best practices in education and training.
- Supports the development of human resource management systems.
<p>|</p>
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<tr>
<th>(Continue)</th>
<th>(Continue)</th>
<th>Support for human resources training in order to promote priority areas under Japan's new initiatives, the country's policy for cooperation with ASEAN as set out at the Special Summit Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Source:</strong> Compiled based on the Ministry of Foreign Affairs Website and UFJ Institute (2005).</td>
</tr>
</tbody>
</table>
“Analytical data relating to specific issues report” for further details.)

- Development of professional engineers and researchers
  The Asian economic crisis revealed the shortage of professional engineers to be a serious problem. Japan set out the Hashimoto Initiative\(^\text{138}\) in December 1997, since which time it has provided continued cooperation through initiatives such as AUN/SEED-Net and has regarded this as a priority area for ASEAN support.

- Issues relating to the extent of development
  Issues affecting developed ASEAN countries include the need for a new type of human resources capable of handling rapid technological innovation and changing work environments and collaboration between public professional training organizations and the private sector\(^\text{138}\). Issues affecting less-developed ASEAN countries where industrial development is not as advanced include skills training to improve standards of living, establishing environments to attract investment and strengthening countries’ capacity to absorb new technology.

- ASEAN Secretariat capacity building
  Interview-based research conducted by this study group has highlighted the shortage of human resources and the inadequate skills at the ASEAN Secretariat, which will be needed for the promotion of ASEAN integration. Capacity building for secretariat staff is therefore also a key issue.

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\(^{138}\) The initiative proposed to support for higher education, focusing on fields proping up the ASEAN industrial structure such as science, technology and management.

\(^{139}\) Please refer to the JICA Institute for International Cooperation (2005).
4-4 Directions in Regional Cooperation

Based on issues such as those outlined above, the direction of support as part of this research and the direction of cooperation in terms of priority areas for support and human resources development can be summarized as shown in Fig. 5-3.

4-4-1 Increasing competitiveness

Human resources development in line with industrial demand in conjunction with the private sector

Human resources development to meet the industrial demand and requires cooperation between educational institutions and industry to resolve issues such as graduate employment mismatches. JICA also needs to continue to provide support for public education and training institutions in areas such as forming policy frameworks. From the standpoint of off-shore development from Japan, there is also considered to be a major need for support in areas such as Japanese language education and IT skills training. Although human resources development in industry is positioned as a major priority issue as part of both ASEAN initiatives and support from Japan, as a high priority support issue, it also requires specific cooperation in conjunction with other agencies such as the private sector and NGO providing similar cooperation.

Of the 11 priority sectors, the ones in which Japan is expected to provide support in particular include Automotive, Electronics. As the dispatch of private sector experts from Japan in these fields has already been finalized, it is essential to consider the possibility linking together with such cooperation efforts. It is thought that Japan could also put its comparative advantages to good use in other sectors such as ICT and healthcare. The shortage of human resources to promote integration is an urgent issue that the ASEAN Secretariat and ASEAN countries are particularly eager to resolve and should therefore be positioned as a high priority issue for cooperation.

Human resources development in engineering

JICA needs to continue to provide ongoing support through the AUN/SEED-Net project. Although it may still be too early to expect AUN/SEED-Net to develop as a project at the present stage as it was only initiated in 2003, it is important that it is positioned as part of human resources development Programs within the ASEAN region, taken as a whole, in order to ensure that it is as consistent as possible with other related projects (human resources related to industry development projects, etc.).

4-4-2 Promoting integration

Providing support for the standardization of technical and skill qualifications

This is a case of providing support for the standardization of technical and skill qualifications. Such support is geared towards capacity development for government agencies related to the standardization of qualification systems (e.g. Badan Nasional Sertifikasi Profesi in Indonesia140) through activities such as the joint development of skill qualifications, training and the dispatch of experts. As there limits to what Japan

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140 As there are individual agencies responsible for implementing professional certification exams in each profession and in each province in Indonesia at present, the country has established a badan Nasional Sertifikasi Profesi (BNSP) to coordinate them all and to promote the development of a national system of professional qualifications. In Malaysia, there is a national system of skilled qualifications called the NSC (National Skills Certification) system. Thailand has a national qualification system known as the TVQ (Thai Vocational Qualifications) system.
alone can do in terms of support for the standardization of qualifications however, it is essential to provide such support in cooperation with other donors.

### Providing training for ASEAN Secretariat staff

Interviews with the ASEAN Secretariat highlighted problems with the inadequacy of skills amongst secretariat staff, indicating a growing need for support for secretariat staff training. As there are currently training Programs for ASEAN employees and secretariat staff being carried out as part of the APRIS ASEAN support Program in conjunction with the EU, it is essential to base approaches on trends in support from the EU and to explore the possibility of collaboration. On the other hand, there has also been criticism claiming that capacity building at the ASEAN secretariat could contribute to the secretariat becoming a mere facade, meaning that it is also essential to proceed based on a consensus between ASEAN member countries.

### Human resources development in engineering (see above)

In addition to increasing each country’s competitiveness, it is thought that training researchers and educators in engineering will also promote the sharing of information regarding research and the development of research networks, generating a positive effect in terms of promoting regional integration.

### 4-4-3 Tackling regional issues

#### Human resources development to cope with regional issues

Due to the need for human resources equipped with the special expertise and skills necessary to handle transnational issues that require action to be taken on a region-wide basis, such as the environment, infectious diseases and public security (terrorism, sea piracy, etc.), as discussed in the other report of general issues, it is essential that JICA continues to provide support for human resources development. In addition to the need to approach issues such as these from a transnational perspective, it is also essential that support is provided based on collaboration between a large number of stakeholders, including the relevant government agencies and specialized organizations in Japan, in view of the fact that these are issues that affect everyone from domestic government agencies to international and specialized organizations.

### 4-4-4 Narrowing regional disparities

#### Improving investment environments and human resources development with basic professional skills

It is essential to start with the development of local industry, particularly in the CLMV countries and areas that are part of sub-regional initiatives such as the BIMP-EAGA, whilst also improving investment environments and providing training in basic professional skills. In view of the trend towards ASEAN integration, it is also necessary to take on board the notion of human resources development in industry that will be essential to regional markets in the future. Furthermore, it is also vital to proceed with human resources development whilst also ensuring an exact match with the market’s needs, such as the need for human resources with basic knowledge and skills (PC skills, etc.), as cited by Japanese companies for

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141 In terms of standardization support in the field of standards and authentication, including standardization, conformity assessment systems and quantification, a Japanese Industrial Standards Committee (METI) Working Group on standards and authentication in developing countries formulated the ASEAN Standards and Conformity Cooperation Program in May 2003. The contents of this program include the current status of standardization, conformity assessments and quantification in each country, approaches to cooperation and the use of the ACCSQ-METI.
example. Although these are basically issues that can be handled based on bilateral support, wide-area and regional support should also be provided if necessary from the point of view of the efficiency or effectiveness of development assistance.

4-5 Points of Concern Relating to Regional Cooperation

The following are regarded as important points in relation to the implementation of regional cooperation as outlined above.

- It is necessary to ensure a prompt, accurate understanding of industry needs, particularly in terms of human resources development, and to develop curriculums and training courses that reflect such needs. Although it will be essential to work together with private companies in order to reflect industry needs, it would be difficult for JICA to collaborate directly with private companies under its current schemes, meaning that it will be necessary to seek out collaboration with intermediary organizations such as industry organizations.

- As there have been a large number of cooperation projects implemented in the field of human resources development to date, it is important to work on initiatives based on Japan’s past results. It is also essential that cooperation is undertaken efficiently based on a nationwide approach, working in close cooperation with the METI and other relevant Japanese government agencies and ensuring that roles are clearly distributed.

- In addition to exchanging information with international organizations such as the ADB and United Nations Educational, Scientific and Cultural Organization (UNESCO), it is also vital to pay close attention to trends involving other donors, including the EU’s APRIS scheme and Australia’s AADCP Program.