

**Towards Vision 2020:
ASEAN - Japan Consultation Conference
On the Hanoi Plan of Action**

**THE FINAL REPORT
WITH
RECOMMENDATIONS**

October 2000

2. PREFACE

In December 1997, the Association of Southeast Asian Nations (ASEAN) declared its Vision 2020 aimed at building a concert of nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies. In December 1998, ASEAN adopted the Hanoi Plan of Action (HPA), which set out specific and concrete steps in the short- and mid-term to achieve the Vision 2020.

With a view to enhancing cooperation with ASEAN in achieving the Vision 2020 starting with the HPA, Prime Minister Keizo Obuchi, in December 1998, proposed to establish an Eminent Persons Group from all the ASEAN Member States and Japan. The Group consisted of 26 members, acting in their individual capacities, two each nominated by ASEAN Member States' governments and six by the government of Japan (the list of members can be found in the appendix). The Group was mandated to formulate a set of concrete recommendations to enhance ASEAN-Japan cooperation and to present it to the Heads of States and Governments of ASEAN Member States and Japan at the ASEAN-Japan Summit Meeting in Singapore in November 2000.

Three conferences were held in Hanoi (October 1999), Nara (March 2000) and Singapore (October 2000). As a result of the three conferences, the Group adopted a set of concrete recommendations. This set of recommendations is expected to facilitate the realization of the HPA and the Vision 2020, as well as Japan's contribution to this process, through more dynamic and deeper ASEAN-Japan cooperation. Such cooperation is in their mutual interest in meeting the challenges of globalization and in securing the future of ASEAN.

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4. INTRODUCTION AND OVERVIEW

INTRODUCTION

The ASEAN Member States and Japan have come a long way in forging cooperative and constructive relations since the 1970s. ASEAN made serious efforts in internal consolidation and enhanced cooperation with industrialized countries towards its Member States' economic development from the mid-1970s while trying to achieve peace, stability and security. Japan adopted its landmark policy towards ASEAN and Southeast Asia in 'the Fukuda Doctrine' as early as 1977. The philosophy of the Fukuda Doctrine was to make ASEAN and Japan equal partners, to cooperate in the promotion of ASEAN solidarity and resilience, and to contribute to the forging of peace and prosperity in Southeast Asia in cooperation with like-minded countries outside the region. Ahead of reconciliation between the ASEAN Member States and the Indochinese states, which came about later, Japan advocated peaceful coexistence throughout Southeast Asia.

The ASEAN-Japan relationship has evolved from donor-recipient towards an equal partnership as ASEAN Member States began to achieve substantial levels of economic growth. However, new challenges have emerged in the last years of the 20th century, catalyzed by the recent Asian financial crisis. **This requires a new partnership in which both sides should claim shared ownership.**

THE CHALLENGE OF GLOBALIZATION

Natural economic complementarities and geostrategic realities exist in the relations between ASEAN and Japan. Based on these factors, economic cooperation between them has been growing in trade, investment, and development assistance, leading to a higher degree of interdependence between them, especially since the late 1980s. Now, the process and dynamics of globalization, fueled by the Information and Communications Technology (IT) revolution, are creating new challenges and opportunities.

ASEAN and Japan are both affected by the transformation of traditional modes and institutions of governance at various levels and sectors brought about by globalization. Interdependence has led to more prosperity from rapid economic growth, but at the same time, it has made them more vulnerable in the context of globalization, as dramatized by the Asian financial crisis. The impact of globalization has revealed the importance of reforming the systems of governance within both ASEAN and Japan as well as in global institutions. At the same time, the process of globalization offers ASEAN and Japan an opportunity to create 'a common economic space' to profit from the advantages of the IT revolution. Globalization also demands the establishment of more integrated regulating mechanisms, both regionally and globally, in order to govern the regional and global flows of goods, services and capital.

Their common interest in meeting the challenges of globalization at various levels of governance requires the forging of a new partnership, including the reform of various international institutions of governance, so as to enable them to maximize the benefits and reduce the costs of globalization to their citizens.

THE CHALLENGE OF AN ENLARGED ASEAN

The end of the Cold War, ASEAN's successful management of intra-regional sources of conflict and its impressive economic growth created a conjunction of forces that established ASEAN standing in the Asia-Pacific region and the world as a credible and constructive actor. These factors led to the enlargement of ASEAN membership to include all of the 10 countries in Southeast Asia, and an expansion of its external relations with all the relevant economic, political and security actors in the Asia-Pacific region. The enlargement of ASEAN unfortunately coincided with the Asian financial crisis, thus aggravating the emergence of a two-tier ASEAN.

The crisis hindered the old ASEAN members from contributing to the economic goals sought by the new members – Cambodia, Laos, Myanmar, and Vietnam (CLMV) – in joining the grouping. While ASEAN members need to address the domestic problems

brought about by the crisis, they must also tackle the task of leveling the 'ASEAN divide'. Cooperation with external partners is an important component of this effort. Japan has demonstrated both its willingness and its capacity to cooperate in this process.

In fact, Japan has come forth with initiatives such as the 'New Miyazawa Initiative' and the 'Obuchi Plan' to assist Asian countries, including those in ASEAN affected by the crisis. Japan has also provided ASEAN with the Japan-ASEAN General Exchange Fund (JAGEF), in addition to bilateral programs to assist the CLMV, to redress the 'ASEAN divide'. Two new components of current Japanese efforts are in the form of assistance to the more developed ASEAN Member States for undertaking the programs for CLMV under the concept of South-South cooperation, and assistance to the private sector to undertake infrastructure projects and foster local industries in the region.

ASEAN enlargement has, however, made it more difficult to reach consensus due to the increased numbers of actors involved. This problem must be squarely tackled.

THE PRINCIPLES OF COOPERATION UNDER THE NEW ASEAN-JAPAN PARTNERSHIP

The new partnership between ASEAN and Japan should be implemented, based, *inter alia*, on the following principles:

- 1. Equal partnership, shared ownership, and mutual respect.**
- 2. Importance of domestic reform by ASEAN Member States to improve governance in furtherance of the goals of the ASEAN Vision 2020 and the HPA which will promote the new ASEAN-Japan partnership.**
- 3. Importance of the 'third opening of Japan', which will promote the new ASEAN-Japan partnership.**
- 4. Closing the 'ASEAN divide' as a common objective.**
- 5. A 'coalition of the willing', open to the participation of all.**

5. MACRO-ECONOMIC POLICY AND FINANCE

Globalization has made and is continuing to make the world's economies interdependent at an unprecedented pace and to an unprecedented degree. ASEAN Member States and Japan have become acutely aware of the inherent dangers in, as well as the opportunities provided by, the phenomenon of globalization. In the midst of the Asian financial crisis, triggered by the high volatility of short-term capital flows through international markets, domestic institutions, systems and business practices, that enabled high growth in these countries, have also exposed their weaknesses and vulnerabilities. Domestic reforms and the need for new global governance to meet these challenges are now widely recognized.

In East Asia, various measures have already been taken to counter the negative aspects of economic globalization. First, while struggling to address necessary structural reforms, Japan has also shown its determination to complement the efforts of international financial institutions (IFIs) to help the affected nations of East Asia. Japan implemented a variety of measures amounting to approximately \$80 billion within a short interval. Second, the ASEAN Member States took an unprecedented initiative of collective self-help by establishing a regional surveillance mechanism on macro-economic conditions and policies. Third, the Finance Ministers of ASEAN Member States and Japan, who had started meeting even before the crisis, intensified their mutual consultations in order to cope with the serious financial problems in the region. Fourth, the Chiang Mai Initiative proclaimed by the Finance Ministers of the ASEAN Member States and Japan, China, and the Republic of Korea (ASEAN+3) is a landmark accomplishment for regional cooperation to meet the challenges of globalization.

Domestic efforts to address the requirements for transparency, accountability and better governance in finance are crucially important. In this context, cooperation by ASEAN Member States and Japan at both global and regional levels on issues of macro-economic policy and finance will also contribute to avoiding future disruptions of the financial systems and capital markets.

In view of these imperatives, the Group recommends that:

1. ASEAN Member States and Japan build on the Chiang Mai Initiative for currency stability.

The Chiang Mai Initiative was an important step for further enhancing regional cooperation among ASEAN+3. Based upon this initiative, other appropriate mechanisms that could strengthen our ability to provide sufficient and timely financial support to ensure financial stability in East Asia should be pursued. In pursuit of this goal, assistance should be provided, as necessary, for the capacity building of some individual ASEAN Member States.

2. ASEAN and Japan intensify consultations on the mechanism of macro-economic policy dialogue and regional surveillance.

Given the deepened economic interdependence within East Asia, it is quite important to establish a coordinated economic and financial surveillance and monitoring system in the region. For this purpose, ASEAN-Japan cooperation is essential. As an initial step, it is desirable to establish a network of both highly respected official and private research institutions for policy dialogue and consultation through which an appropriate scheme for regional financial surveillance is designed.

3. Japan continue public financial support to ASEAN Member States in need, with special emphasis on new members.

The continued and steady flow of Japanese financial resources through the Japan Bank of International Cooperation (JBIC) and other relevant financial institutions to the ASEAN Member States is essential for their economic growth. In doing so, Japan should recognize the diversity of the stages of development among ASEAN Member States.

4. Japan and those ASEAN Member States that are able to do so serve as catalysts to help rebuild confidence in other ASEAN Member States through

co-investments with the private sector and relevant International Financial Institutions (IFIs) such as the International Financial Corporation (IFC).

Japan and some ASEAN Member States could help other ASEAN Member States by persuading IFIs such as the IFC to facilitate more private investments in industries that are key to sustainable development. The IFC is instrumental in lobbying the private sector to co-invest in the manufacturing sector and in long-term infrastructural and utilities concession projects. Such efforts would be instrumental for promoting investments into the ASEAN Growth Areas.

5. ASEAN and Japan work together for greater East Asian representation in IFIs such as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the Asia Development Bank (ADB), so as to reflect the new realities in global and regional economies.

The rapid growth of the East Asian economies is not fully reflected in the decision making structure of the IFIs, such as in their share of voting rights in relation to the size of their economies. Measures to reform the international financial architecture would need to include a review of the roles of IFIs, especially for the enhanced participation of the emerging East Asian economies.

6. ASEAN and Japan study the establishment of an Asian Monetary Fund (AMF) that is consistent with global governance.

As a follow-up to the Chiang Mai Initiative, the importance of establishing a supplementary regional mechanism to respond to future financial crises is now recognized. In this respect, an appropriate regional financial mechanism that would contribute to strengthening the international financial architecture could be explored through a joint research group consisting of representatives of research institutes in the region. Perhaps this can be followed up by consultations at the governmental level.

7. Japan assist ASEAN Member States to develop additional financial instruments such as long-term bonds, so as to encourage stable capital flows to the ASEAN

countries.

The region needs to develop a wider variety of channels for access to long-term financing. Nurturing viable long-term bond markets in ASEAN Member States is an urgent task as part of the efforts towards establishing a stable financial system in the region. Japan should further vitalize the Tokyo bond market through the promotion of yen-denominated bonds (Samurai Bonds) and upgrading the government bond markets and settlement systems.

8. Japan undertake measures to promote the internationalization of the Yen.

The internationalization of the Yen can help provide ASEAN Member States with greater currency stability, by offering them an alternative currency for international transactions and instruments for raising funds.

6. TRADE, INDUSTRY, TECHNOLOGY, AND CAPACITY BUILDING

Trade, industry, technology, and capacity building are crucially important factors for promoting economic development and sustaining prosperity. ASEAN and Japan have a long history of mutual cooperation in these fields. In an increasingly interdependent and globalized world, however, the decision-making roles in these fields are increasingly shifting from sovereign states to the international markets. The IT revolution and the emergence of the so-called 'new economy' are further accelerating this trend.

International economic institutions such as the World Trade Organization (WTO) have played important roles in promoting economic exchanges by providing internationally recognized norms and rules. Today, these institutions are challenged to adjust to the realities of the globalized economy. Appreciating the importance of rule-based international institutions for world economic prosperity and stability, ASEAN and Japan should cooperate together to meet these challenges and to strengthen these global institutions.

Japan has started to cope with the IT revolution and ASEAN has adopted its concept of 'e-ASEAN'. ASEAN should recognize that in pursuing its 'e-ASEAN', an accelerated program for CLMV is necessary in order to promote ASEAN prosperity, and to avoid a widening of existing gaps amongst its members.

It is in the interest of both ASEAN and Japan to deepen their cooperation in tackling these challenges, not only bilaterally but also through regional and global fora.

In view of these imperatives, the Group recommends that:

- 1. ASEAN and Japan vigorously pursue a comprehensive agenda for the new round of the WTO, in order to realize the objectives of the ASEAN Vision 2020.**

ASEAN and Japan share great interest in promoting further trade liberalization. They could intensify their cooperation to strongly urge other trading partners to move forward towards the early launching of the next round of WTO

negotiations. A comprehensive agenda for the new round of negotiations will be in the interest of ASEAN and Japan, although it will pose many new challenges. ASEAN and Japan should consult each other as much as possible on all the major issues in the WTO.

2. ASEAN and Japan support WTO membership for all ASEAN Member States, and offer training and other assistance in preparation for such membership.

WTO membership offers the fast lane to economic growth through trade. As WTO accession means conformity with WTO rules, structural changes in domestic systems often become necessary. Accession of Cambodia, Laos and Vietnam to the WTO will promote the economic integration of ASEAN. Efforts should not be spared to accelerate their WTO accession.

3. ASEAN Member States and Japan seriously consider initiatives to promote free trade that are WTO-consistent at the regional, sub-regional and bilateral levels, whilst at the same time recognizing the primary importance of the WTO negotiations, and the implications for ASEAN integration.

ASEAN Member States are pursuing the ASEAN Free Trade Area (AFTA), and Japan and Singapore have agreed to begin negotiations for a bilateral agreement seeking economic partnership for a new era. Other initiatives are possible, but they must be WTO-consistent.

4. ASEAN and Japan implement their commitments simultaneously for a more effective Individual Action Plan (IAP) and Economic and Technical Cooperation (ECOTECH) in Asia Pacific Economic Cooperation (APEC), in pursuit of the goals for free trade and investment in the Bogor Declaration.

ASEAN Member States and Japan should reconfirm their commitments in Bogor to achieve the goal of free and open trade and investment in the Asia-Pacific region no later than the year 2010 for the industrialized economies and 2020 for developing economies. In this regard, IAPs are the core tools for the flexible approach to trade liberalization. Peer review of the IAPs will be

useful in enhancing their effectiveness. Currently, the track-II institution the Pacific Economic Cooperation Council (PECC) carries out this function to a certain extent, but this must be taken up more by governments.

ASEAN and Japan should jointly pursue the six priority areas of ECOTECH: developing human capital; developing stable, safe and efficient capital markets; strengthening economic infrastructure; harnessing technologies for the future; safeguarding the quality of life through environmentally sound growth; and developing and strengthening the dynamism of small and medium-sized enterprises.

5. ASEAN and Japan give impetus to take APEC to the next stage, i.e., towards the creation of an 'Asia-Pacific OECD'.

The Organization for Economic Co-operation and Development (OECD) is a forum for socio-economic policy coordination as well as a socio-economic information/data gathering and processing think tank with a strong secretariat for its member governments. Today, this function is partly carried out by PECC in the Asia-Pacific region, albeit on the second track. Governments in the Asia-Pacific region could coordinate their socio-economic policies, and ASEAN and Japan can accelerate this process by beginning this exchange amongst themselves.

ASEAN and Japan should cooperate to realize the inclusion of Cambodia, Laos and Myanmar into APEC.

6. ASEAN improve their investment and business environment in order to promote foreign investment and revitalize economic activities, in particular through more vigorous pursuance of AFTA, the ASEAN Investment Area (AIA) and the ASEAN Industrial Cooperation Scheme (AICO).

A deeper economic integration of ASEAN will promote horizontal and vertical division of labor within ASEAN and result in market expansion, which will attract more foreign direct investments from Japan and other countries. Recognizing the importance of foreign direct investment (FDI) for promoting

economic growth, ASEAN Member States and Japan could consider pursuing bilateral investment agreements.

7. ASEAN pursue greater harmonization of standards such as legal and accounting standards and a common regime for intellectual property protection.

Harmonization of standards is crucially important in promoting economic integration and market expansion, as proven in the development of the European Union. Japan's contribution in the ASEAN harmonization process will enhance business between ASEAN and Japan. Japan should actively support the following items mentioned in the HPA:

- (1) Standardization:
 - A) Reorganization of standards, regulations, rules and certification systems
 - B) Mutual recognition agreements (MRAs)
- (2) Support in the reform of legal systems related to business and economies
- (3) Cooperation in intellectual property rights:
 - A) Establishment of an electronic database by 2004
 - B) Framework for a pan-ASEAN patent agency

8. ASEAN intensify its work to establish common cyber laws, secure-messaging infrastructure and payment gateways in its effort to realize an 'e-ASEAN'. In doing so, ASEAN should make good use of Japan's announced programs to bridge the 'e-divide'.

Prime Minister Mori of Japan has committed \$15 billion over 5 years in a comprehensive cooperation package, aimed at bridging the international 'digital divide'.

9. Recognizing the crucial role of Small and Medium-sized Enterprises (SMEs) for sustainable economic development, ASEAN establish regional export financing / credit guarantee schemes and systems of micro-credits for SMEs with Japan's assistance.

In addition to Japan's efforts to encourage Japanese SMEs to make direct

investments in ASEAN Member States, other measures for promoting SMEs could include the nurturing of SMEs in ASEAN through the establishment of an SME Corporation and an Institute for Small Business Management and Technology. The development of SMEs should be linked to rural economic development, industrialization and the creation of supporting industries. The development of dynamic SMEs will create new workplaces especially in the IT industries, form the core of the service industry, and become the driving force of innovation.

10. ASEAN Member States and Japan cooperate and play a leading role, together with other interested countries, in the development of the Greater Mekong Sub-region, recognizing its importance for the development of the CLMV.

In the CLMV, basic infrastructure for transportation, energy, and communications are urgently needed in order to achieve sustainable economic development. In this regard, pilot projects for infrastructure, human resource development and a framework for cross-border cooperation in the East-West corridor should be emphasized. Such cooperation should include efforts to facilitate the participation of the private sector and relevant institutions, such as the ADB, IFC, and JBIC.

11. Japan ensure the steady implementation and enlargement of the ‘Obuchi Plan’ for human resource development made at the ASEAN + 3 Summit in Nov 1999.

Of the ten points in the ‘Obuchi Plan’, special emphasis could be made on the facilitation of the education of ASEAN students and the training of ASEAN workers in Japan, as well as the dispatch of Overseas Senior Volunteers to ASEAN. Identification of the areas for dispatching Overseas Senior Volunteers should be coordinated.

12. Japan promote the expansion of domestic demand for ASEAN goods and services.

Japan must continue to bear in mind that domestic demand-led growth in Japan

will be a key factor for sustaining economic growth in ASEAN Member States. Japan should work more positively towards improving market access, especially for agricultural goods. Meanwhile ASEAN Member States should be mindful of the quality consciousness of Japanese consumers, and all efforts should be made to respond accordingly.

13. Japan open its labor markets with a coherent and comprehensive policy that can better meet the need for foreign workers in Japan and minimize illegal labor.

In line with the Report of the “Mission for Revitalization of Asian Economy: -Living in Harmony with Asia in the Twenty-first Century- (Okuda Mission Report)”, it is important that Japan revise its rules and regulations concerning foreign workers. Besides professionals, more technical workers could be welcomed from ASEAN.

7. POLITICAL AND SECURITY COOPERATION

Political and security cooperation in ASEAN-Japan relations has been focused in the creation of a stable and comprehensive political-security environment in the Asia-Pacific region. In the 1980s, ASEAN and Japan collaborated closely in the regional and global efforts to settle the Cambodian conflict, culminating in the holding of elections under the United Nations Transitional Authority in Cambodia (UNTAC) in 1993. Political and security cooperation has since moved into the ASEAN Regional Forum (ARF), whose establishment was supported by Japan from the start. Recognizing the threat of weapons of mass destruction (WMD), both are committed to securing regional support for non-proliferation at the regional and global levels.

Having forged constructive and cooperative relations in the past, there is now a need to deepen and broaden their political and security cooperation under a new ASEAN-Japan partnership. The challenges to global governance brought about by the end of the Cold War to nation-states and global institutions such as the United Nations (UN) require the collective wisdom and commitment of many actors, especially those with established habits of working together. The changes in the profile of power in the world, the goal of non-proliferation of WMD, increasing globalization, and the impact of the Asian financial crisis similarly require enhanced cooperation amongst them.

ASEAN should play a key role for the stability of East Asia, through assuming a leading role for a more relevant and effective ARF. The relevance and effectiveness of the ARF could be promoted by increasing the capabilities of ASEAN through the new ASEAN-Japan partnership. Enhanced ASEAN-Japan cooperation can strengthen ASEAN's solidarity by enabling the ASEAN Member States to overcome the challenges of enlargement and the danger of an 'ASEAN divide'.

Finally, the rise in prominence of non-traditional security issues, especially transnational crime in the region in recent years, can be more effectively addressed by closer collaboration between ASEAN Member States and Japan.

In view of these imperatives, the Group recommends that:

- 1. ASEAN Member States and Japan consult and coordinate more closely on the reform of the UN to reflect the new realities that have emerged in the past 50 years, including the reform of the UN Security Council, to serve as the central actor in global governance.**

To these ends, ASEAN Member States should support the permanent membership of Japan in the UN Security Council within the context of comprehensive reform of the UN. ASEAN Member States and Japan should start to formulate and coordinate their policies on this issue.

- 2. ASEAN Member States and Japan cooperate closely to make the ASEAN Regional Forum (ARF) a more effective institution for security in the region.**

ASEAN and Japan should exert all efforts to implement confidence-building measures proposed in the ARF, including the publication of defense white papers with an acceptable level of transparency. Further, the ARF should move more expeditiously to the next stage of preventive diplomacy.

As confidence-building progresses, ASEAN and Japan should cooperate to make the ARF leadership better reflect the wider community and regional footprint, including an increased role for non-ASEAN members. In future, the concept of a non-ASEAN ARF co-chair may be considered as a means of ensuring the ARF's continuing effectiveness, relevance, and success.

Continuity and institutional memory can enhance the ARF's capacity as a political-security dialogue mechanism. This can be achieved through the establishment of a permanent facility, with sufficient capacity, under the ASEAN Secretary-General, and open to the expertise and participation of all the ARF members.

- 3. ASEAN Member States and Japan collaborate in pursuing the objective of non-proliferation, including working jointly to further achieve the entry into force of CTBT, and to realize the unequivocal undertaking of the elimination of**

nuclear weapons as pledged at the NPT Review Conference.

ASEAN Member States and Japan share a concern on the continuing spread of nuclear weapons and other WMD. This is the one of the most serious destabilizing factors in the regional and the global environment. They therefore must collaborate to put a halt to the proliferation and the flow of those weapons.

4. ASEAN Member States and Japan work with other countries towards the adoption of a code of conduct for the Asia-Pacific region, including a mechanism for peaceful settlement of disputes.

Efforts for the adoption of a regional code of conduct are already underway. It is important to put some concrete mechanisms in place to make it an effective tool for regional peace and stability.

5. ASEAN Member States and Japan cooperate to establish a regional training center for peacekeeping operations that is open to the participation of all the countries in the Asia-Pacific region.

Apart from jointly contributing towards global efforts at peacekeeping under the auspices of the UN, the proposed center can also serve as a vehicle for confidence building among the personnel that will be involved and enhance capacity building of their organizations in promoting peace.

6. ASEAN Members and Japan work for the development of fora for enhanced cooperation on a region-wide basis in East Asia that are inclusive and open to all interested and relevant parties.

Progress has been made in starting a new form of regional dialogue among East Asian nations in the form of the ASEAN+3. This is a significant development and possesses the potential for becoming a meaningful vehicle for East Asian cooperation, especially if it becomes inclusive and open to other participants in the future. Growing interdependence in East Asia beyond ASEAN +3 is a reality well worth taking into account in this proposed regional form for

cooperation. Other efforts include the Korean Peninsula Energy Development Organization (KEDO) and Northeast Asia sub-regional cooperation.

7. ASEAN Member States and Japan cooperate more to combat transnational organized crime.

Transnational organized crimes such as illegal trafficking in drugs and small arms, piracy and money laundering require the strengthening of the capacity of existing policing mechanisms. Furthermore, the threat of cyberspace crimes will become increasingly menacing for our societies. In this regard, ASEAN Member States and Japan can enhance their cooperation in policing mechanisms such as the International Criminal Police Organization (INTERPOL), and cooperate in strengthening the capacity of regional policing mechanisms such as the ASEAN Criminal Police Organization (ASEANPOL).

8. ASEAN Member States and Japan take initiatives for the creation of a regional framework for cooperation in energy security.

Rapid economic growth has increased the demand for energy in East Asia and the Asia-Pacific region. At the same time, fossil fuel-based energy sources are located in politically unstable areas of the world, and the location of pipelines where they have to be built can be a politically volatile issue as well. The problem of nuclear safety remains a challenge to fuller exploitation of nuclear energy.

In this light, a forum for dialogue should be established, strategies for regional storage of oil reserves should be developed, and cooperation on nuclear safety, including technology, monitoring, and disposal issues, should be enhanced.

9. ASEAN Member States and Japan support and encourage greater track two activities that promote consultation and intellectual dialogues on relevant and timely regional and global issues.

The themes of these activities include geopolitical and security issues relevant to the region. It is useful and necessary to build habits of cooperation for

peaceful settlement, conflict prevention, and greater openness and tolerance among all countries in the region through and with the involvement of Track-II mechanisms.

8. HUMAN SECURITY AND SOCIAL DEVELOPMENT

The concept of human security should be one of the principal pillars in a new partnership between ASEAN and Japan. Human security is a relatively new and multifaceted concept that relates to (1) assistance to ASEAN Member States for human capacity development; (2) the creation of human and social capital in our respective countries; and (3) the basis for social justice and human rights in national and regional communities.

We are challenged to find a new model of development that puts the security of human beings in the center. We must seek to promote this human security in a context changed by the negative impacts of globalization and the IT revolution. Increasing poverty, economic disparity, the degradation of the environment, and the lack of social development are undermining the security of human beings.

This will have important consequences for the HPA and the ASEAN Vision 2020. The new ASEAN-Japan partnership should also focus on the promotion of human security and social development within ASEAN and further in the wider international community and, by doing so, become a microcosm of the world.

In view of these imperatives, the Group recommends that:

1. ASEAN Member States and Japan address the issues of basic social safety nets at the national level, and cooperate to share experiences across countries.

The philosophy, approach and practice of social security in East Asia have to be reviewed. Conditions are changing with demographic transitions and the digital divide, and there is a tendency for people to be marginalized in the new economy. Such efforts should include the planning for such policies, and linking them to concerns with education, health care and the challenges of aging societies.

The Asian economic crisis emphasized the need to provide adequate and appropriate safety nets for citizens. In most ASEAN Member States, these

safety nets cannot and should not be elaborate nor expensive. They should, however, protect individuals against sudden shocks to the economy, allowing them more room and time to recover their footing, and to re-emerge to participate in the economic recovery.

2. ASEAN Member States should further cooperate in their efforts to empower their peoples through measures for social development and human security, such as intra-ASEAN training and other programs, especially in ASEAN rural areas.

These efforts should involve Japan and other concerned countries as partners from the early stages of planning. Work should be focused through appropriate mechanisms and institutions such as joint ministerial meetings, including those of Labor, Health, Agricultural and Industrial Ministries; the ASEAN Foundation; and Non-Governmental Organizations (NGOs).

While cities are of increasing importance in ASEAN Member States, many people remain in rural areas where poverty is prevalent, and the social-economic disparity between the cities and the rural areas is becoming more serious. To strengthen efforts in rural development, greater emphasis needs to be placed on increasing human capacity in these areas. There must be emphasis, too, on the training of people, especially for newer ASEAN members.

ASEAN should seek to work with third countries with sizeable assistance programs, such as Japan, and to incorporate their inputs and efforts from an early stage. Additionally, ASEAN should seek to mobilize foundations, NGOs and other private organizations.

3. ASEAN establish an ASEAN University System that links the different centers of excellence in ASEAN and connects to appropriate institutions in Japan, so as to promote social development.

This proposed ASEAN University System should provide courses in the medium of the English language that meet both national and regional needs in human development as well as utilize the Internet and other tools of distance

learning. A part of East Asia's strength has been to invest in the education of its peoples, and this must be re-emphasized within the context of heightened competition that comes with globalization.

4. ASEAN and Japan should increase consultation and cooperation in combating illegal traffic in human beings, especially women and children, and the spread of HIV/AIDS.

Intra-ASEAN trade and other links are increasing, as are links between ASEAN and Japan. Such links are beneficial, but cross-border activities can also impact human security adversely. The norm of non-intervention should not prevent efforts to cooperate across borders to address such issues.

5. ASEAN Member States and Japan cooperate in the promotion and protection of human rights, especially flows of women and children, in particular through effective and early implementation of relevant international conventions.

Human rights are universal. ASEAN Member States and Japan have, in particular, been among the countries that have acceded to the human rights conventions on the rights of the child, and for the elimination of discrimination against women. Implementation by national governments can be supplemented by assistance and cooperation among ASEAN Member States and between ASEAN and Japan.

6. ASEAN Member States and Japan cooperate in consolidating the rule of law as the basis for judicial systems and for social and human development, through programs for training of judges, attorneys and the police.

Part of the reforms that are required for ASEAN Member States relates to the rule of law. This is not only for commercial activities. It is a vital element to anchor human security through the equal protection and fair treatment of individuals. Japan and some countries have more experience in legal reform and in developing judicial systems with a strong tradition of the rule of law. This experience should be shared with others, through cooperation programs.

7. ASEAN Member States and Japan expand cooperation on regional and global environmental issues of common concern, to address environmental degradation and work towards sustainable development.

Many environmental issues are transnational in nature. With increased trade and investment between ASEAN and Japan, and among ASEAN Member States, regional cooperation on environmental issues has become of great importance for sustainable development and human security. This is important for global issues such as climate change, and regional issues such as major floods and the haze problem caused by fires.

8. ASEAN and Japan expand their cooperation to lend assistance and share experiences with other developing regions, including Africa.

Some ASEAN states are among the least developed countries and require assistance. Nevertheless, ASEAN-Japan relations should be outward looking. As ASEAN Member States progress, they must share their experiences with other developing countries in Africa and elsewhere. An ASEAN-Japan partnership includes both very developed nations and others that are newly developing. As such, this partnership in human security and social development can offer rich experiences for South-South cooperation.

9. EDUCATION, CULTURE, AND ARTS

The exchanges in education, culture, and arts between ASEAN and Japan should be addressed in the new context of deepening interdependence and globalization. Promoting mutual understanding through enhanced educational and cultural exchanges and contacts is vital in responding to the challenges posed by globalization. In an interdependent and globalized society, we are challenged to harmonize and coordinate domestic policies, regulatory mechanisms and institutions, which were traditionally categorized as being within the sole jurisdiction of the sovereign state. In order to avoid misunderstandings and to promote cooperation, the enhanced appreciation of diverse cultures, histories, traditions and social values is vital.

ASEAN Member States have long realized the importance of cultural exchanges amongst themselves, considering them an important means of preserving their cultural heritage as well as their national and regional identity. However, ASEAN cooperation in this field has remained one of the weakest areas in intra-ASEAN cooperation because of a lack of financial and human resources. As a country with abundant cultural resources and valuable experiences in preserving its cultural heritage, Japan could provide ASEAN with assistance and share with it its technical expertise in this area. ASEAN-Japan cooperation in this field would meet the aspiration for creating an ASEAN community rich in diversity.

Moreover, enhancing people-to-people exchanges will promote mutual understanding between ASEAN and Japan, thus strengthening the basis for increased regional cooperation.

In view of these imperatives, the Group recommends that:

- 1. ASEAN and Japan encourage their television and radio networks, both local and satellite, to foster mutual understanding by better reflecting and disseminating the cultural heritages of ASEAN Member States and Japan to each other's publics.**

Even in the age of the IT revolution, TV and radio remain important media in forging commonality among the populace at national and regional levels. These media can contribute to the promotion of partnership amongst peoples, and the ASEAN Member States are accumulating such experiences through ASEAN cultural cooperation. Japan should cooperate not only through financial support for these efforts, but also through more substantive programs to enhance ASEAN-Japan partnership.

2. ASEAN and Japan cooperate to establish cyber libraries, cyber research institutes, cyber drama theaters and cyber music concert halls.

The Internet should be used in a more effective way to bring people in the region closer. ASEAN Member States need to provide IT hardware to libraries, schools and cultural facilities, and, in this regard, Japan should welcome ASEAN Member States' requests to utilize the announced package on bridging the international digital divide.

3. ASEAN and Japan promote more joint projects such as ASEAN-Japan arts and music competition programs, cultural tours and cultural activities, including those organized by civil society groups.

ASEAN and Japan have, over the past decades, not paid sufficient attention to each other's culture and their cultural relationship. In the new ASEAN-Japan partnership, special emphasis should be placed on promoting cultural exchanges. Private enterprises can be encouraged to support such cultural activities.

4. ASEAN Member States adopt a regional cultural policy for the preservation and transmission of cultural heritage.

Regional cultural policy on regulations and teaching of this heritage should emphasize both cultural vestiges and values. ASEAN acknowledges this in its Declaration on Cultural Heritage. ASEAN and Japan should implement the recommendations of the ASEAN-Japan Multinational Cultural Mission, especially these relating to heritage planning.

5. ASEAN and Japan strengthen the existing exchange programs for journalists and editors in both directions, and enhance the educational and youth exchange programs also in both directions.

Currently, the number of exchange programs for journalists and editors are decreasing. This trend must be reversed, with emphasis on increasing the flow from Japan to ASEAN Member States.

At the university level, ASEAN-Japan university networks should be strengthened through the expansion of mutual recognition of academic credits, more student and faculty exchanges, and more collaborative research. Scholarships should be expanded and be made available to those with real needs.

Youth exchange should be also enhanced both in quantity and in quality through better coordination between implementing organizations and associations. Japan Exchange and Teaching (JET) programs to invite English-speaking teachers to Japan have recently been partially extended to ASEAN, and these should be further expanded. Similar programs could be introduced in ASEAN to invite Japanese teachers to ASEAN Member States. Programs for youth student exchange should be further enhanced in both directions.

6. ASEAN Member States and Japan cooperate to strengthen or establish Japan Cultural Centers, and to expand the roles and functions of the Japan Foundation Asia Center in Japan, in order to promote mutual understanding.

The existing Japan Cultural Centers in ASEAN Member States and the Japan Foundation Asia Center in Japan serve as channels to promote contact and understanding between the peoples of ASEAN and Japan. These existing Centers should be strengthened, and ASEAN Member States that do not have Japan Cultural Centers should cooperate with Japan to build them in their capitals.

7. ASEAN Member States and Japan promote studies on ASEAN-Japan relations, the outcomes of which should be disseminated and shared by scholars, researchers, students and others through a strengthened network between ASEAN Member States and Japan.

Regional studies including ASEAN-Japan relations on political, economic, historical, and other aspects should be promoted in schools and universities as appropriate, for enhancing mutual understanding between the peoples of ASEAN and Japan. Joint academic studies among scholars and researchers on ASEAN-Japan relations should also be enhanced. Cyber research institutes, cyber libraries and university networks should be utilized extensively for this purpose.

10. Glossary of Abbreviations

ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
AICO	ASEAN Industrial Cooperation Scheme
AIA	ASEAN Investment Area
AMF	Asian Monetary Fund
APEC	Asia Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEAN-ISIS	ASEAN Institutes of Strategic and International Studies
ASEAN+3	ASEAN Member States, Japan, China, Republic of Korea
ASEANPOL	ASEAN Criminal Police Organization
CLMV	Cambodia, Laos, Myanmar, Vietnam
CTBT	Comprehensive Test Ban Treaty
ECOTECH	Economic and Technical Cooperation
FDI	Foreign Direct Investment
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
HPA	Hanoi Plan of Action
IAP	Individual Action Plan
IBRD	International Bank for Reconstruction and Development
IFC	International Financial Corporation
IFIs	International Financial Institutions
IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
IT	Information and Communications Technology
JAGEF	Japan-ASEAN General Exchange Fund
JBIC	Japan Bank of International Cooperation
JET	Japan Exchange and Teaching
JIIA	Japan Institute of International Affairs

KEDO	Korean Peninsula Energy Development Organization
MRAs	Mutual Recognition Agreements
NGOs	Non-Governmental Organizations
NPT	Non-Proliferation Treaty
OECD	Organization for Economic Co-operation and Development
PECC	Pacific Economic Cooperation Council
SMEs	Small and Medium-sized Enterprises
UN	United Nations
UNTAC	United Nations Transitional Authority in Cambodia
WMD	Weapons of Mass Destruction
WTO	World Trade Organization

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