

Singapore and Japan: Bilateral Ties Solid even when Opinions Diverge

By Tng Ying Hui
IPS Project Writer

The 10th Japan-Singapore Symposium (JSS) was held in Singapore on 20 and 21 November 2014. The JSS was launched in 1994 by then-Prime Minister of Japan, Mr Murayama Tomiichi and former Prime Minister of Singapore, Mr Goh Chok Tong. It began as a Track 1.5 Forum between Japanese and Singaporean government and business leaders and scholars, focusing on business and economic co-operation and bridge-building between the two countries. Held biennially since 1995, the JSS provides opportunities for representatives of different sectors from both countries to exchange views on issues of mutual interest, and foster closer ties between Japan and Singapore. The Institute of Policy Studies (IPS) and the Japan Forum on International Relations, Inc. (JFIR) co-organised a public forum on 21 November 2014 to present and discuss the highlights of the previous day's closed-door talks.

Over 100 members of the public and private sectors, students and academics attended a public forum on the second morning of the JSS. Four JSS delegates — two from Japan and two from Singapore — presented their insights on the opportunities and challenges in Asia's economic landscape. The co-chairmen of the 10th JSS, Professor Tommy Koh and Ambassador Yoshiji Nogami, chaired the dialogue between the presenters and members of the audience.

The first presenter, Mr Manu Bhaskaran, Partner and Member of the Board of Centennial Group Inc and Adjunct Senior Research Fellow at IPS, provided an overall outlook of the East Asian economy. There are huge opportunities in ASEAN due to closer economic integration, he said. Zooming in on Japan, he said while Japan's recent Gross Domestic Product (GDP) figures paint a picture of a contracting economy, this was misleading. Agreeing with Prof Koh's remarks that Prime Minister Shinzo Abe's economic revitalisation strategy will succeed, Mr Bhaskaran stressed that economies take time to respond to structural changes.

He noted that there are, however, two short-term risks for the country: financial imbalances and structural changes due to slower growth in its labour force. But in the middle to long term, most of these risks will be mitigated, he added.

The second presenter, Professor Mie Oba at Tokyo University of Science spoke about regional economic integration and the rise of China. She said China is indispensable to

Asia's economic progress and should not be excluded from the economic integration initiatives. However, East Asian countries are divided over how to accomplish regional integration. The Asian Infrastructure Investment Bank (AIIB) is an example of China's method of regional cooperation, she said. Although infrastructure development is of paramount importance to Asia, she added that there were concerns over the lack of transparency, the vagueness of the AIIB's governance structure, and the level of anti-corruption safeguards.

The third and fourth presenters focused on opportunities in trade in Asia. Mr Lee Yong Chye, Senior Vice President, Equities Department, at GIC Asset Management said Free Trade Agreements (FTAs) are important for Asia to become affluent. To improve trade competitiveness, Asia has to focus on initiatives such as infrastructure development and the streamlining of customs procedures. This implies that there are opportunities in the logistics sector for investors.

Mr Toru Moriyama, Executive Vice President and Regional CEO of Mitsubishi Corporation who is based in Singapore, said that Singapore as the regional hub for logistics and trade facilitated Mitsubishi Corporation's creation of an Asia-based marketing hub. This hub had been established to tap into the opportunities of ASEAN's growing internal market, he said. He voiced his support for regional trade liberalisation, in particular, for Japan and Singapore to lead trade initiatives.

During the 50-minute dialogue with the audience, questions were raised about Japan and Singapore's views on how regional economic integration should take place. A participant asked why Japan did not join the AIIB. In response, Prof Oba stressed that Japan is "eager to promote cooperation" but pointed to its doubt over the necessity of the bank, since the Asian Development Bank (ADB) already exists. Elaborating on Prof Oba's point, Ambassador Nogami noted that unlike the World Bank where shares are allocated according to a country's GDP and its level of contribution, China would hold 51% of the shares in the AIIB.

Singapore, however, had taken a different stand. Prof Koh noted that its membership of the AIIB gives Singapore an opportunity to help the new bank develop rules and paradigms that are benchmarked against the best practices of the World Bank. And the initiative, despite its share structure, is an opportunity for China to become a responsible global citizen, said Prof Koh. "The existing share structures of the World Bank, the International Monetary Fund and the ADB do not reflect new realities of our world," Prof Koh said. He also elaborated that the AIIB's vision of financing infrastructure is an immediate necessity identified by the World Bank. It diverges from the ADB's vision that is for all intents and purposes mandated to assist the economic development of Asia Pacific countries.

Moving away from the debate on AIIB, another participant asked about India and Myanmar's economic prospects, and whether the Asean Economic Community (AEC) would be achieved by 2015. The AEC envisages the free movement of goods, services, capital and talent across all 10 countries. Prof Oba noted the regulatory challenges and problems with liberalisation in some countries, but she was positive that regional integration would be achieved. She however cautioned against the political instability that liberalisation could

bring about, citing in particular Myanmar. Should there be instability during Myanmar's elections next year, its economic development could be affected, she said. On India, Prof Oba concurred with Mr Moriyama who pointed out that it was "challenging" for the Japanese to do business in India. Prof Oba however pointed out that India has had a "Look East" policy since the early 1990s and its participation in the Regional Comprehensive Economic Partnership (RCEP) exemplifies the country's close relationship with the rest of Asia. Mr Moriyama said he expected that Japan and India would cooperate more under Prime Minister Narendra Modi's relationship. "He is a game changer," said Mr Moriyama of the Indian Prime Minister.

On the AEC, a member of the audience highlighted that the economic integration of ASEAN is an ongoing process and even if the AEC was not achieved next year, it should not be considered a failure. Turning to bilateral ties, he asked the co-chairmen of the 10th JSS to evaluate the relationship between Singapore and Japan.

Ambassador Nogami replied that Singapore and Japan's relationship is substantive despite differences as illustrated in their opinions on AIB. He reiterated the point made earlier in his opening remarks that Singapore is the only country among the ASEAN countries with which Japan has regular track 1.5 consultations. He affirmed the close ties between the two countries, adding: "We can talk." Prof Tommy Koh complemented the Ambassador's comments by elaborating on the ways in which the two countries cooperate and stressed that Japan and Singapore share a fundamental world-view of maintaining peace in Asia.

Tng Ying Hui is a Project Writer at IPS.

If you have comments or feedback, please email ips.eneews@nus.edu.sg



© Copyright 2014 National University of Singapore. All Rights Reserved.

You are welcome to reproduce this material for non-commercial purposes and please ensure you cite the source when doing so.