

Address by Mr. Noboru Nakahira,
Ambassador of Japan to Malaysia
at the Signing Ceremony between ASEAN and Japan
on the ASEAN-Japan Development Fund

9 July, 1988

Yang Berbahagia
Tan Sri Datuk Zain Azraai

(Excellencies),

Distinguished Guests,

Ladies and Gentlemen,

It gives me a great pleasure to have this opportunity to say a few words at this Signing Ceremony between ASEAN and Japan on the "ASEAN-Japan Development Fund" or AJDF.

AJDF was announced by Prime Minister Noboru Takeshita of Japan at the ASEAN-Japan Summit Meeting in Manila last December. Thereupon, the government officials of ASEAN countries and Japan discussed and adopted the "Framework of AJDF and Guidelines for Implementation" last March here in Kuala Lumpur. With the letters exchanged just now, we, ASEAN and Japan, formalized the Framework and Guidelines. Malaysia and other ASEAN countries are now in position respectively to make a start for the actual operation of AJDF.

I would like to take this opportunity to pay a tribute to Tan Sri Zain Azraai and to all the officials concerned of ASEAN countries, in particular Mr. Mohd. Sheriff Mohd. Kassim of Ministry of Finance and Mr. V. Yoogalingam of Ministry of Foreign

Affairs who worked very hard including night sessions, thus making this signing ceremony possible today.

Ladies and Gentlemen,

ASEAN has traditionally been a priority region for Japanese economic cooperation, which demonstrates not only the degree of importance Japan attaches to its contributions to ASEAN's economic development but also ASEAN's ability to use our assistance in an effective manner for their nation-building and human resource development. The launching of AJDF also demonstrates the continuing support of our Government for the development efforts of this region.

Furthermore, this unique financial cooperation scheme has some significant features which usual financial cooperation of Japan is not equipped with.

Firstly, the main focus of AJDF is the development of the private economic sector of each ASEAN country, whereas usual economic cooperation of Japan mainly aims at assisting projects in the government sector of the developing countries.

Secondly, AJDF adds a new facet to the existing economic cooperation of Japan to ASEAN. In other words, under AJDF, no less than 2 billion US dollars is to be extended in addition to usual financial cooperation to ASEAN.

Thirdly, in response to the request of ASEAN, Japan decided to apply more concessional terms and conditions for AJDF than usually offered.

Lastly, this new scheme has been worked out through close consultation between ASEAN countries and Japan.

I firmly believe that the implementation of AJDF is quite an epoch-making event for both ASEAN and Japan.

Ladies and Gentlemen,

I am very pleased to learn that the private economic sector of each ASEAN country is very much interested in AJDF and looking forward to its early implementation. It is my sincere wish that ASEAN will make the best use of AJDF, which will, I am sure, contribute to further economic development of ASEAN countries.

I would like to conclude my remarks by expressing my sincere hope that mutual understanding and economic relations between ASEAN and Japan will be further enhanced through AJDF.

Thank you.

AJDF: A SIGNIFICANT NEW DIMENSION IN ASEAN-JAPAN RELATIONS

SPEECH BY Y.B. TAN SRI DATUK ZAIN AZRAAI,
SECRETARY GENERAL TO THE TREASURY, MINISTRY OF FINANCE,
MALAYSIA, AT THE LAUNCHING CEREMONY OF THE ASEAN-JAPAN
DEVELOPMENT FUND (AJDF) ON 9TH JULY 1988

Your Excellency Ambassador Nakahira,
Excellencies,
Distinguished Guests,
Ladies and Gentlemen,

Let me first of all extend a warm welcome and thank all of you for your presence here this morning, at this launching ceremony of the ASEAN-Japan Development Fund or the AJDF as it has now come to be more commonly known. I do so on behalf of the Governments of the ASEAN countries, if I may, because this is an ASEAN occasion. Malaysia and, I personally, feel deeply honoured to officiate at this ceremony in the name of ASEAN.

2. ASEAN-Japan cooperation in the economic arena is a long standing and a growing one. It is manifested both at the regional and bilateral level in many projects of cooperation and in the continuing and frequent exchanges of views on economic issues. ASEAN welcomes and appreciates the cooperation extended by Japan, the achievements of which are illustrated in the fields of trade, industry, finance, investment, culture, technical assistance and social development. The AJDF now adds a significant new dimension to this partnership between Japan and ASEAN.

3. This initiative by Japan to extend greater financial cooperation is a reflection of the deepening of a mutually beneficial economic partnership between ASEAN and Japan and, as we in ASEAN would like to think, it is an indicator of a further enhancement of the close and special character accorded by Japan to its long-standing relationship with ASEAN.

4. Although the elements of the AJDF are, I believe, well known, it may be worthwhile to mention them here, which would explain why the establishment of the Fund has been so warmly welcomed by the ASEAN Governments. These elements include:

- first, the Fund has been specially designed for ASEAN.
- second, it would make available a sum of not less than US\$2 billion over a period of three years which would initially be equally divided amongst the six ASEAN countries.
- third, the AJDF is designed to provide OECF and EXIM bank funds over and above the existing development assistance programmes extended by Japan to ASEAN Member Countries.

- fourth, the funds would be made available on terms and conditions that are more favourable and concessional.
- fifth, the procurement conditions are generally united.
- sixth, the spectrum of projects eligible for financing include both intra ASEAN regional ventures and national projects.

5. Financial cooperation accorded thus far by Japan to ASEAN, whether under the traditional bilateral ODA programmes or under the special regional Fukuda Package, has centered on the financing of infrastructural and industrial projects by the public sector. The AJDF now introduces a unique and distinctive element in ASEAN-Japan financial cooperation, which is that the underlying thrust and objective of the AJDF package, is the development of the ASEAN private sector. This new and special orientation gives added impetus to our joint efforts in economic cooperation.

6. Particularly in recent years there has been growing recognition of the vital role of the private sector in ensuring sustained long-term growth. This recognition has in recent years led ASEAN Member Countries to take concerted

and deliberate efforts at both the national and regional levels to promote this sector as a catalyst of economic growth. The launching of the AJDF accords well with these efforts and is indeed, a timely, significant and welcomed move.

7. In addition to the traditional flow of funds, the AJDF package has embodied a special element - namely the Japan-ASEAN Investment Fund - to finance direct overseas investments by Japan to ASEAN. The Investment Fund will be managed by the Japan-ASEAN Investment Company (JAIC) and would be used for equity participation in new and existing enterprises in ASEAN Member Countries. The objective of the operations of the Japan-ASEAN Investment Fund is to support the efforts of ASEAN Governments in promoting investments in their respective countries. When these enterprises achieve steady growth, it is intended that the equity held by the Japan- ASEAN Investment Fund will be traded in the ASEAN stock markets or through other means.

8. The detailed guidelines for implementation of the AJDF in the respective ASEAN Member Countries are being finalised in consultation with our Japanese counterparts. I am confident that in the spirit of goodwill and understanding which exists between us, these discussions would be fruitfully concluded soon.

Your Excellency,
Ladies and Gentlemen,

9. Much hard work has been expended by Japanese and ASEAN officials to make this launching of the AJDF today a reality. I would like to take this opportunity to commend the ASEAN-Japan Experts Group on the swift and commendable efforts made in completing this complex task within a span of six months after the announcement by the Prime Minister of Japan in Manila in December 1987. This success reflects the seriousness, commitment and the spirit of cooperation among all the parties concerned.

10. Finally, may I express, on behalf of my ASEAN colleagues, our deep appreciation to you, Your Excellency for your presence this morning. With the launching of the AJDF this morning, we in ASEAN look forward to an enhancement and intensification of the economic partnership between ASEAN and Japan.

Ministry of Finance,
Kuala Lumpur,
Malaysia.