

Welcome and Opening Remark Asia-Pacific Forum 2016

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Dr. Nguyen Dinh Cung, President of our co-host, Central Institute for Economic Management, to the experts gathered here from around the Asia Pacific region, to the distinguished guests, and ladies and gentlemen, I am deeply honored to be given the opportunity to greet you here today. My name is Kazumasa Kusaka, Chairman of Japan Economic Foundation.

The Japan Economic Foundation (JEF) has been hosting dialogues with the U.S., Europe, and Asia in order to achieve sustainable growth in the regions. We have identified the constraining factors that Japan, as well as these regions face for that matter, tried to identify its solutions and learned from each other on the policy successes and failures. These have been the core agenda of the dialogues.

In the Asian region, the first Asia Pacific Forum convened in Singapore in 2003 to promote FTAs in Asia Pacific to achieve sustainable economic growth. Discussions on how to proceed with FTAs in this region have since been ongoing, and this year's Forum will be its 15th annual meeting.

During this time, the discussions have expanded to include domestic systems and its practice of the so-called behind the border measures, and the discussions have also been focusing on further improvements to the regional business-and-investment environment with the aim to strengthen the growth potential of this region.

FTA ratifications have progressed very actively, and at the end of last year, the ASEAN Economic Community came to life. However, EU, which was thought to be the role-model of regional economic integration, saw the U.K. leaving after a referendum which voted in favor of exiting the EU. The U.S. ratification of TPP also looks uncertain at the moment.

These have reinforced and clearly tell of the fact that the most important and toughest task is not the negotiations with the partner country, but that it is winning domestic support. Domestic economic, social, and political challenges need to be overcome through dialogues with those stakeholders who are asymmetrically affected domestically. If this homework is not properly done,

globalization will be singled out as the bad guy being at the root of disparities, and there will be citizens' revolts, for example through voting activities.

To aim for deeper integration means the process will be more complex. In other words, deepening of integration will affect the domestic economy, society and politics in each of the nation or region. The big challenge for each country in pursuing integration will be the improvement of the political and social stability by raising people's understanding and awareness towards the benefits of liberalization of trade and investment, by using this as leverage to support structural reforms, and also by correcting the expansion or fixation of income and asset disparities.

In Japan, the growth strategy of Abenomics has placed acceleration of structural reform as its core via TPP and RCEP negotiations. These mega FTAs will further expand direct investments which have led the growth of not only Japan but also this region as a whole, and will ensure the sustainable growth of the East Asian region represented here today.

Whether each country likes it or not, globalization is progressing, and this has demanded creation of a new social contract with which the government and the public tackle with the most challenging job of reducing disparity. I think that mutual cooperation in moving the mega FTA forward is needed to guide this region's growth strategy to success.

I would like to end my remarks by expressing my hope that today's forum will further strengthen this region's bond, and that it will contribute to promoting economic integration and sustainable economic development. Thank you very much for your attention.