

# Growth Initiative towards Doubling the Size of Asia's Economy (Proposal by Japan)

《Concerted Actions by Asian Countries》

## 1. Responding to the Effects of the Global Financial and Economic Crisis

- (1) Ensure sufficient financial resources to address credit constraints
- (2) Support the sectors and people vulnerable to the effects of the current crisis

## 2. Strengthening Asia's Growth Potential and Expansion of Domestic Demand

- (1) Promote measures taken by individual countries

Improvement of basic infrastructure

Structural reforms to expand domestic demand

(Economic Research Institute for ASEAN and East Asia (ERIA) will contribute through sharing best practices of member countries.)

Human resources development, etc.

- (2) Promote regional cooperation

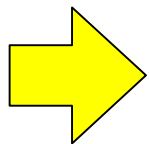
Promotion of ASEAN Integration

Facilitation of trade and investment

Promotion of sub-regional development

→ ERIA, ADB and ASEAN Secretariat, in cooperation with related countries, will work together to make a master plan. (→ See p. 3)

Development of financial and capital markets, etc.



**Asia will contribute to the world economy as a “center of growth open to the world.”**

## 《Japan's Concrete measures》

### **ODA=up to 2 trillion yen (USD 20 billion)**

#### **(1) Budget support to developing countries**

Timely provision of financial resources for expansion of domestic demand in cooperation with the World Bank and ADB, utilizing "Emergency Budget Support Japanese ODA Loan" (up to 300 billion yen (USD 3 billion)).

#### **(2) Assistance to the sectors and people vulnerable to the impacts of the current crisis**

Implementation of assistance in such areas as building of safety-nets, agriculture and farming villages, health care and medical services, primary and secondary education, food, etc.

#### **(3) Infrastructure improvement**

Implementation of assistance in such priority areas as roads, railways and port facilities, etc.

#### **(4) Assistance for capacity building in making and implementing fiscal and monetary policy**

Dispatch of experts such as monetary policy advisors.

#### **(5) Assistance to SMEs, facilitation of trade and investment**

Study for development of SMEs, assistance for development of social systems in such areas as trade and investment environment, assistance for business, dispatch of experts such as policy advisors.

#### **(6) Building a Low- Carbon Society**

Assistance in such areas as high-efficient power plants, forest management, promotion and development of related systems of energy conservation and renewable energy, and waste management toward the Low-Carbon Society, through the active utilization of Japan's advanced technology such as environmental technology. Promotion of Climate Change Program Loan for the comprehensive assistance to the climate change policy.

#### **(7) Human resource development, promotion of people-to people exchanges**

Development of industrial human resources to underpin the economic growth in Asia through assistance for development of core human resources in such areas as supporting industry, promotion of industry and investment, establishment of technology institutes, youth exchanges, etc., with the utilization of Japan's technological skills.

## **OOF**

#### **(1) Assistance for infrastructure improvement**

NEXI will establish a new line of trade insurance (invest and loan insurance) amounting to USD 20 billion.

#### **(2) Facilitation of trade finance in developing countries (Additional USD 22 billion for two years)**

JBIC has enhanced trade finance up to USD 6 billion in cooperation with ADB and others.

NEXI has made available trade insurance up to USD 16 billion. World-wide promotion of Trade Insurance Network (cooperation in re-insurance, capacity building, etc.).

#### **(3) Initiative "Leading Investment to Future Environment" (LIFE) (Approx. USD 5 billion for two years)**

Assistance for investment in developing countries (mainly in Asia) in the area of environment.

#### **(4) Establishment of the Bank Recapitalization Fund for developing countries by JBIC and IFC**

JBIC has signed an agreement for an investment of approx. USD 2 billion.

#### **(5) Assistance to Indonesia in issuing "Samurai Bonds"**

JBIC has decided to provide a guarantee for JPY equivalent to up to USD 1.5 billion for two years.

## **Contribution to multilateral efforts**

#### **(1) Conclusion of lending agreement with IMF of up to USD 100 billion**

Japan had signed an agreement to expand the IMF's financial foundation, which was followed by similar announcements by EU and Canada.

#### **(2) General capital increase of ADB**

To respond to the current crisis, this increase is an urgent business.

#### **(3) Promotion of multilateralization of Chiang Mai Initiative**

#### **(4) Promotion of infrastructure development with the participation of private finance**

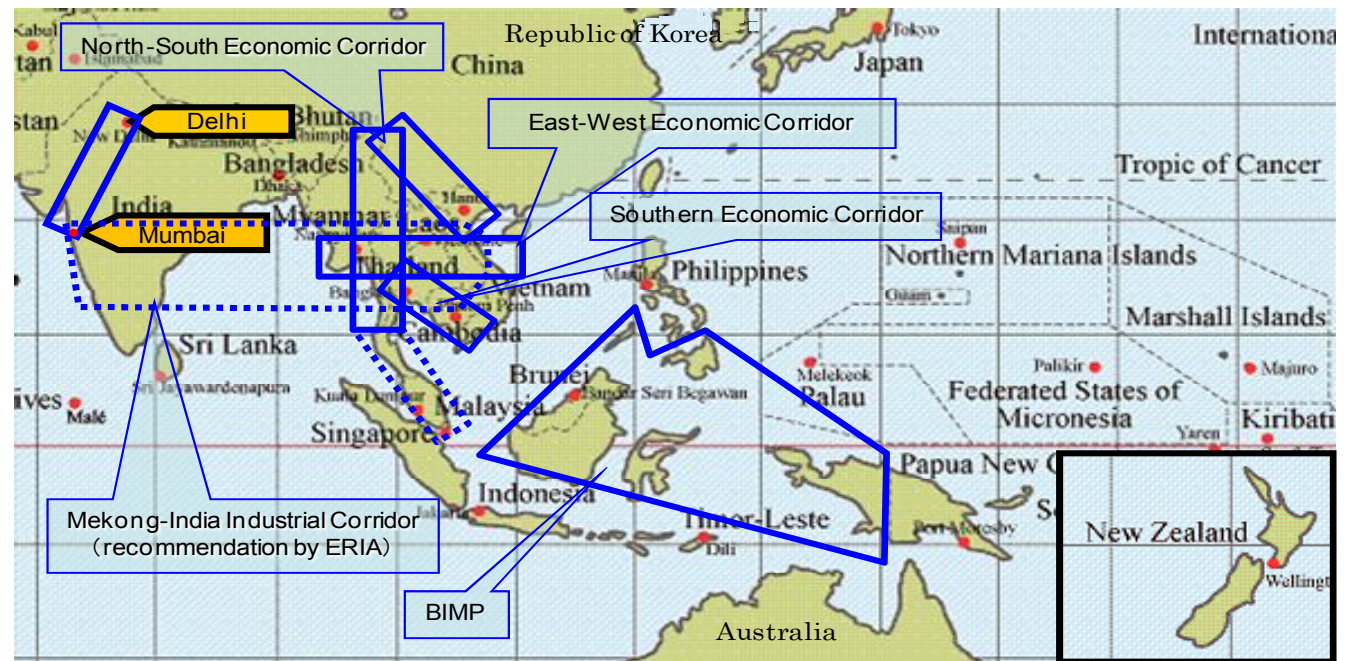
Pilot projects to promote infrastructure development with the private finance will be implemented through ERIA.

#### **(5) Promotion of development of local currency-denominated bond markets in Asia**

# Promotion of Comprehensive Sub-regional Development

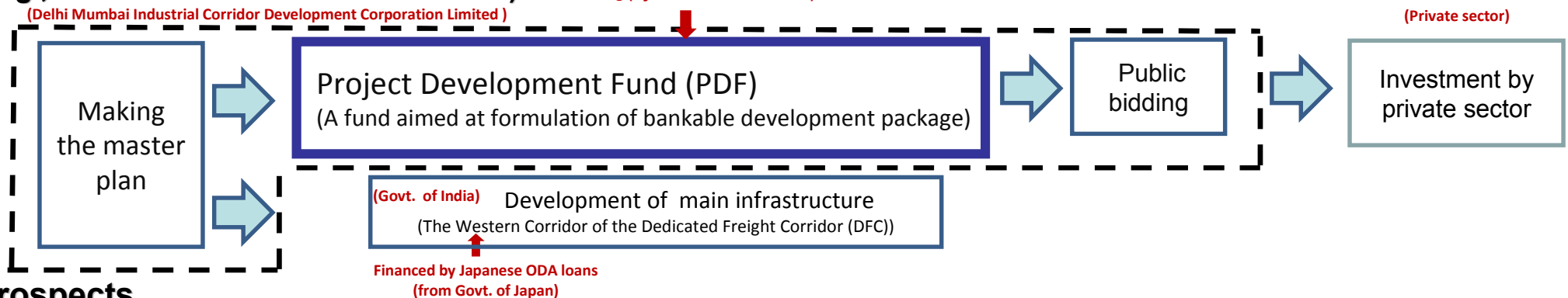
## Basic Concept

- Coherent strategies to link sub-regional infrastructure development with industrial development planning
- A new mechanism to facilitate the private sector's participation and System development for Public-Private Partnership (PPPs)
- Trade facilitation and institutional development
- Sub-regional seamless business environment to strengthen the growth potential in Asia



## Process

(e.g., Delhi-Mumbai Industrial Corridor)



## Prospects

- Development of arterial and nodal sub-regional infrastructure including existing projects will also be given priority and promoted in advance.
- ERIA, ADB and ASEAN Secretariat, in cooperation with related countries, will work together to make as soon as possible a coherent master plan to coordinate, expedite, upgrade and expand the existing sub-regional initiatives and to facilitate the participation of the private sector from the following view points, among others: (a) industrial promotion, (b) facilitation of private-sector investment, and (c) comprehensive development of hard and soft infrastructure.

# Japan's Cooperation Initiative in the areas of Food and Energy Security as well as Disaster Management

## Food and Energy Security

- (1) For food security, Japan will provide **financial assistance of approx. USD 1 billion** and will conduct **capacity building for 1200 trainees** in the next 5 years aimed at enhancing food productivity of EAS member countries.
- (2) For energy security, Japan will continue to steadily implement its cooperation initiative announced at the 2nd EAS (promotion of energy conservation and biomass energy, clean use of coal, and eradication of energy poverty). (Japan has received 1067 trainees, dispatched 189 experts, and provided ODA assistance totaling USD 1.71 billion.)

## Disaster Management

- (1) The following cooperation will be implemented with a view to supporting ASEAN's efforts at enhancing capacity for response to large-scale disasters.
  - ① **New contribution of approx. USD 13 million to Japan-ASEAN Integration Fund (JAIF)** aimed at assisting in building stockpile for mutual emergency relief assistance within ASEAN
  - ② **Capacity building for personnel of ASEAN member states** in the area of assessment and analysis of disasters
  - ③ **Assistance of approx. USD 6 million** utilizing JAIF aimed at development of disaster information and telecommunication system within ASEAN
- (2) Conduct **capacity building for approx. 300 trainees** in the area of disaster management in the next 5 years, including for the above-mentioned personnel of ASEAN member states.
- (3) **Offer an opportunity for young people visiting Japan** under the Japan-East Asia Network of Exchange for Students and Youths (JENESYS) Programme **to experience at first hand measures related to disaster management.**