

**DPS Pisan Manawapat’s Opening Remarks**  
**on**  
**“Evaluations of JTEPA Negotiations and EPA/FTA Strategies**  
**of Japan and Thailand”**

*At the 19<sup>th</sup> Japan-Thailand Joint Trade and Economic Committee Meeting*  
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*Quarante B, Academy Hills, 40<sup>th</sup> Floor, Mori Tower, Roppongi Hills, Tokyo*

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Mr. Shosaku Yasui, Chairman of Japan-Thailand Trade and Economic Committee,

Khun Praphad Phodhivorakhun, Chairman of the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) – Thailand,

H.E. Ambassador Suvidhya Simaskul,

My dear colleague, Vice Minister Fujisaki,

Distinguished Members of the Japan-Thailand Joint Trade and Economic Committee,

Ladies and Gentlemen,

It is a great honour to have been invited, once again, to speak before this Committee. Your proposed topic on “Evaluations of JTEPA Negotiations and EPA/FTA strategies of Japan and Thailand” is very timely indeed, given that we have just concluded our 4<sup>th</sup> Round of Formal Negotiations yesterday.

It is also a great honour and pleasure for me to have such an experienced diplomat like Vice Minister Fujisaki as my counterpart. Under his able leadership, it gives us all the more reason to do our very best to translate the political will of our two Prime Ministers into a high quality Economic Partnership Agreement (EPA). A high quality EPA should facilitate freer flow of goods, services and peoples between our two countries. Given the realities existing in two countries, especially in Japan, that is an enormous challenge indeed.

First, on promoting a free flow of goods, we know where the challenge lies and I am working closely with Vice Minister Fujisaki, MAFF, JA-Zenchu and key Diet Members to translate our Fukuoka understanding into a mutually beneficial outcome, namely a balance between liberalisation and cooperation in agriculture in order to improve the quality of life and incomes of our respective farmers. I remain optimistic that we could find ways to reach a win-win solution, based on PM Thaksin's guideline that we divide trade in goods into 3 broad categories, namely the fast track, normal track and goods of highly sensitive nature. It is also gratifying to learn that the Keidanren has already been talking to JA-Zenchu and various other stakeholders as part of the National Council on FTA, led by Professor Ito of Tokyo University.

EPA without true benefits on agriculture would not be acceptable to the Thai side. Liberalisation in trade in agricultural goods is meant to support and contribute to your Japan's current agricultural reform. Likewise, Thailand will look favourably to tariff reduction on trade in industrial goods which will help and support our current structural reform and enhance our efficiency.

Second, let me spend a bit more time on the issue of investment which seems to be almost *the* most important item of the EPA to many Japanese members of this Committee.

Despite the fact that Thailand has recently been voted as one of the four most attractive investment destinations for the Japanese, some Japanese businessmen are still of the view that Thailand has *not* done enough to look after Japan who has long been our number one investor. To some of them, Thailand seems reluctant to give the Japanese investors at least as much as what we have been giving to the Americans in terms of investment liberalisation and protection.

There are two comments that I would like to make with regard to such misunderstanding. Firstly, we *do* highly value your investment in our

economy and we have always tried our best to accommodate Japanese investors' requests. Second, with or without JTEP, Japan already finds Thailand one of the most profitable investment destinations.

Today, according to our Board of Investment's record, Japan's investment in Thailand alone, on average, accounts for roughly 40-50% of our Foreign Direct Investment each year, based on the number of application approved.

As you know, the largest overseas Japanese business circle is in Thailand. As of June last year, the Japanese Chamber of Commerce in Thailand had nearly 1,200 registered members – nearly twice as much as the number of members of the second largest Japanese Chamber of Commerce overseas which is now in Singapore. This figure alone, I hope, is one way of showing how Japanese businessmen have been happy working in Thailand.

Of course, Thailand benefits greatly from your investment. Indeed, for over the past 40 years or so, Japanese companies have already employed more than half a million Thai citizens. However, such benefits are not just one-sided. In the year 2003 alone, the net flow of income from Thailand back to Japan was as much as 5,511 million USD.

How the Thai Government looks after your investors is also second to none. For example, today, even without EPA, our office of the Board of Investment has already set up a Japan Desk, with 6 Japanese-speaking staff in particular, to respond to whatever requests Japanese investors may have in Thailand. Our head of the Japan Desk is at the level of Deputy Secretary General of our BOI Office, which clearly shows the importance we attach to our Japanese friends. This Japan Desk also serves as secretariat for the annual informal meeting between the Board of Investment and the Japanese Chamber of Commerce in Bangkok. Among many services on offer for at least the past 8 years, we are able to extend your visa and work permit within 3 hours! All this is not to mention numerous Japanese schools, supermarkets

and Japanese restaurants for you and the families to easily make themselves at home.

My second comment to such misunderstanding is to do with the claim that we favour the American investors over the Japanese. On this, I must point out to you that the Treaty of Amity which resulted in a number of privileges that we have had to give to the Americans was signed in the year 1966, at the time when colonialism and geopolitics were the issues of the day. As much as we respect the special relationship that Japan has with the United States, we must urge you to also understand that such special relationship does also exist between us and the United States.

Today, however, things have changed, both economically and politically. Now that we are much more familiar with the WTO and many other multilateral fora, we, including Thailand, are embarking on negotiating what we call ‘modern FTAs’ – FTAs which reflect today’s economic situations, our today’s needs, our today’s interests. Thailand’s FTAs, including the one that we are negotiating with the US, need to reflect the reality of today’s world.

Because our FTA negotiation with the US is still at such an early stage and ongoing, it is difficult, if not impossible, for us to be telling our Japanese friends what we will have to offer to ensure equal treatment to what we will give to the Americans. However, pending on the result of our EPA negotiations and provided that the Japanese side works with us to achieve a high-quality EPA, I intend to work towards offering several privileges to our Japanese investors in terms of investment protection at a level which could be higher than what we are giving to the American investors today. Since our offers regarding investment liberalisation is directly linked with the Treaty of Amity and, at this stage, I still cannot be certain on what, specifically, Thailand would be able to give to the Americans and, hence, the Japanese.

While I cannot yet share with you our exact offers on investment whether for the Japanese investors or for the Americans, let us not forget

many existing special treatments that we give to the Japanese investors, including the special privilege that many of you here have had, for example, in terms of having easy access to our Prime Minister and many of our senior political figures – something which our private sector cannot yet dream of, here in Japan.

What is more, I can also assure you that, provided that there is a good overall balance and high-level agreement in our EPA, Japanese investors will at least enjoy our new investment protection policy, at a level as high as the international standard. There can be free transfer of fund related to investment, and compensation on expropriation or losses which affect investors. These are examples of things which are not currently on offer to the American investors.

The bottom line is we understand why the investment chapter is important to Japan and is important to us. Please note, however, that this chapter is not just for Thailand to respond to your investors' demands but let us make sure that this chapter will be as mutually beneficial to both sides as possible.

My third point deals with freer flow of peoples. I believe that the Keidanren has every interest to support this as much as its enthusiastic support for the free flow of goods and services. Japanese people have virtually no difficulty to visit or work in Thailand but the reverse is, unfortunately, for the time being, not true.

In 1999, the ratio of foreign workers in Japan was only 0.2%, which is very much lower than the corresponding figures of 11.7% in the United States and 8.8% in Germany in the same year.

Thanks to the Keidanren, the debates on whether Japan should accept foreign workers are now widening. The Chairman of the Keidanren, Mr. Hiroshi Okuda is a strong advocate of “reinvigoration of the Japanese economy through accepting immigrants”. Quite rightly, he also stresses

further the important role of immigrants in sharing the cost of Japan's social welfare systems.

By agreeing on a better system which allows, for instance, young engineers from Thailand to work legally with suitable on-the-job training and payment, it is not difficult to see how Japanese companies in Japan and their subsidiaries in Thailand could stand to benefit from this both in the short and long term.

Similarly, allowing services like Thai health spas, elderly care and home helpers in Japan, for instance, is bound to help increase the quality of life for the Japanese citizens.

Unfortunately, much of the debates over whether Japan should accept foreign workers are, again, misled by some misunderstanding. Japan's white paper on international trade this year, for example, remains hesitant to accept foreign workers, particularly unskilled ones, for fear of the deterioration of Japan's law and order as a result of a rise in the number of illegal foreigners.

One official source in Japan indicated that the number of crimes committed by foreign workers. What is more striking is that the crime committed by foreign workers are merely to do with their residing in Japan illegally. Personally, I believe it is far more beneficial, for both Japan and Thailand, to legalise these workers and train them properly so that, in the long run, they will be able to come back to Thailand and work for the Japanese companies which would help to guarantee the qualifications of workers that your companies in Thailand require.

However, the freer flow of people being sought under our EPA is not only one-way, from Thailand to Japan alone. Of potential benefits to the Japanese public as a whole is to do with the removal of restriction on allowing Japanese patients to choose to come to Thailand for medical services and have their medical expenses fully reimbursed later on.

Last year, there were 162,909 Japanese patients who came to Thailand for healthcare, a 24 per cent increase from the previous year. Allowing

Japanese patients who choose to come to Thailand for healthcare services to be fully reimbursed for their healthcare expenditures will provide Japanese citizens with high quality of services of their choice at the average price of about one-sixth of what you have to pay in Japan. What is more, this would also help ease the increasing financial burden on Japan's social security system and the enormous workload of the medical personnel in Japan.

My last topic is to do with cooperation areas in our EPA. What I would like to bring to your attention today are the eight cooperation chapters in our EPA. These chapters are areas which have not received as much public attention as they actually deserve. But chapters such as those on SME, ICT, Human Resource Development, and MRA will promote and facilitate greater business interconnection, especially among small and medium-sized entrepreneurs.

We have benefited a lot from the participation of distinguished members in this Committee in our JTEP Working Group and JTEP Task force over the past two years. I wish to recognize, in particular, Chairman Yasui, Mr. Shimagami, khun Pornpinit and khun Sompong. Their valued inputs on, for example, long-stay, promotion on tourism, contribution of SMEs, training of Thai young engineers in Japan, and importance of mould and dies are very much appreciated by the Thai side.

As a result, ever since our EPA negotiations began, we have tried to include these important areas of cooperation in our negotiations. Yesterday, I even sought Vice Minister Fujisaki's leadership to urge some of the Japanese bureaucrats to work with their counterparts in order to make sure that our cooperation areas are truly responsive the business sector's interests.

Having a good vision is one thing. Translating such vision into reality requires good will and commitment. To me, our EPA is not just about liberalisation. It is also to do with facilitating the flows of trade, investment, and, of course, people.

Despite Prime Minister Koizumi's call on Japan to promote Japan as investment and tourist destination, today, it remains difficult for genuine Thai businessmen and genuine Thai tourists to acquire visa to come here. EPA Agreement must facilitate such travels.

By making it easier for them to come and visit Japan, this would help enrich the Japanese society and, certainly, generate much more incomes between our peoples. I must, therefore, urge the Keidanren to be more active on this. Your voice is powerful and without it, such obstruction to the flows of trade, investment, services and our peoples will remain – unnecessarily.

All in all, I hope you agree with me that EPA does offer so many real business opportunities and an excellent platform for us to elevate our bilateral relationship onto a much higher plane. It also gives Japan an excellent opportunity to form a partnership – in the truest sense of the word – with Thailand, and to take advantage of Thailand's existing relations and networks with other countries in Southeast Asia, South Asia and Southern part of China. There is enormous strategic intent for Japan to gain from our EPA.

These are what Prime Minister Thaksin has been calling for. As early as last week, for example, in addressing his speech with the Japanese businessmen in Thailand, he urged Japan's business community to help speed up the conclusion of our EPA. He would also like to see Japan open up its agricultural market so that our Japanese friends have a wider range of choice of high-quality products at much more affordable prices. He also wishes that there will be a lot more tourists coming into Japan.

Our EPA can be an answer to all these wishes. But, to turn all these potentials that our EPA has to offer requires our business sectors to join force in making your voices heard. You are such an important stakeholder which both governments have to listen to. You have an interest to make sure that bureaucrats of both sides think positively, think wider and deeper into the future. They must be more imaginative, responsive and, most importantly, never forget what our EPA is really for. You have to make sure that

bureaucrats of both sides rise above small, narrow vested interests and negotiate by taking the interests of all the stakeholders into account.

Two major groups of stakeholders which have always been under-represented are consumers and small, medium-sized farmers and entrepreneurs. I have every intention to seek out and address consequences and impact of this EPA on them as well.

In conclusion, I personally believe that our EPA offers a great chance for Japan to jump ahead. The choice is yours. The timing to conclude our EPA is also yours. If Japan needs time, Thailand can always wait. With or without our EPA, Japan and Thailand have already been doing very well. If, however, you want to conclude this EPA quickly, you will have my support. But, given the long friendship between our two countries, as Chief Negotiator for Thailand, I hope I will not be forced to settle for anything less than a high-quality agreement which is truly beneficial to our countries and peoples.

Thank you very much indeed for your kind attention.

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