

JAPAN-MALAYSIA ECONOMIC PARTNERSHIP

JOINT STUDY GROUP REPORT

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1. Background

- (1) During his visit to five ASEAN countries including Malaysia in January 2002, the Prime Minister of Japan, H.E. Mr. Junichiro Koizumi, proposed the “Initiative for Japan-ASEAN Comprehensive Economic Partnership”, to which the then Prime Minister of Malaysia, H.E. Tun Dr. Mahathir bin Mohamad gave his full support.
- (2) At the Japan-ASEAN Forum held in Yangon in April 2002, Vice Ministerial-level representatives of Japan and ASEAN countries discussed ways to follow up the Initiative for Japan-ASEAN Comprehensive Economic Partnership and decided to explore economic partnership in a bilateral framework, as well as to study possible areas and frameworks for the partnership between Japan and the whole of ASEAN.
- (3) At the Japan-ASEAN Summit held in Phnom Penh, Cambodia in November 2002, leaders of Japan and ASEAN countries “endorsed the approach that, while considering a framework for the realization of a Comprehensive Economic Partnership between Japan and ASEAN as a whole, any ASEAN member country and Japan could initiate works to build up a bilateral economic partnership.”
- (4) The proposed initiative to create the economic partnership between Japan and Malaysia by the then Prime Minister Tun Dr. Mahathir in his meeting with Prime Minister Koizumi on 12 December 2002 was warmly welcomed by the latter, who stressed the need to start consultations between the two governments. This was later followed by the meeting between the Minister of International Trade and Industry of Malaysia, H.E. Dato’ Seri Rafidah Aziz, and the then Minister of Economy, Trade and Industry of Japan, H.E. Mr. Takeo Hiranuma, in February 2003. Both ministers decided to hold official level consultations for the purpose of assessing the possibility of establishing the economic partnership between Japan and Malaysia, which may include elements of a free trade agreement.
- (5) Following the aforementioned series of high-level discussions, the representatives of the two governments decided to set up the Working Group (WG) on Japan-Malaysia Economic Partnership (JMEP). Based upon the Terms of Reference (TOR), which was decided upon by both sides at the first meeting, the WG held two meetings in May and July 2003.
- (6) At the 2nd WG meeting held in July 2003, appreciating the significant progress achieved in the WG, the two governments decided to proceed to the next stage of the process, by convening a “Joint Study Group (JSG)”

comprising government officials, private sector representatives and academicians, with the view to deepening discussions and thereby expediting the process of realizing the JMEP.

- (7) The JSG held two meetings from September 2003 to November 2003. At the first meeting of JSG held in September 2003, the TOR was adopted by both sides. Based on the outcomes of the WG on the JMEP, the JSG addressed a wide range of issues of the JMEP including the following:
 - (a) Issues on liberalization and facilitation of trade in goods and services and investment, business environment enhancement as well as issues on cooperation in various areas, with a view to examining ways to enhance mutually beneficial economic partnership between Japan and Malaysia, taking into account the necessity of flexibility for sensitivity; and
 - (b) Analysis on the economic impact of the JMEP.
- (8) The JSG also discussed an across-the-board range of issues to be included in the possible scope of negotiations. As a result of the discussions, both sides achieved greater understanding of each other's position on a variety of issues, including the sensitive sectors in each country.

2. Overview

- (1) Japan and Malaysia have already cultivated positive and amicable partnership as well as strong bilateral trade and investment linkages for a long time. The Look East Policy of Malaysia and direct investment of the Japanese firms in Malaysia contribute to the close relationship between the two countries. The accumulated investment and transfer of technology by the Japanese firms is an encouraging basis for further development of both countries in the future.
- (2) Malaysia is one of the most important economic partners for Japan, and vice versa. Bilateral relationship has been solid and stable with close personal ties between the two countries both at the official level and the private sector. Accordingly, mutual understanding and trust have also been greatly increasing.

Bilateral trade had expanded significantly during the past decades. In 2002, Japan was the 3rd largest export destination for Malaysia (10.4 billion US Dollar, accounting for 11.2% of total exports) and largest source of import (14.2 billion US Dollar, accounting for 17.8% of total imports). For Japan, Malaysia ranked the 10th largest trade partner for export (1.38 trillion Japanese Yen, 2.6%) and 10th largest trade partner for import (1.40 trillion Japanese Yen, 3.3%). In 2002, 86.6 percent of export from Malaysia to Japan consisted of industrial goods, while the remaining 13.4 percent being agriculture, forestry and fishery items. Almost all the exports from Japan to Malaysia are industrial goods.

For Malaysia, for the period from January to September 2003, Japan was the 2nd largest investor in terms of the number of investors as well as the amount of investment approved. During this period, according to the Ministry of International Trade and Industry, Malaysia, the number of investors (project approval basis) from Japan to Malaysia amounted to 92 accounting for 12 percent of total investors. The value of investment (project approval basis) from Japan to Malaysia amounted to 339 million US Dollar which accounted for 13 percent of the total value of projects approved.

The number of companies with Japanese capital participation is 1,337 (according to the statistics of JETRO), of which 554 companies are members of the Japanese Chamber of Trade and Industry, Malaysia (JACTIM) employing approximately 220,000 people occupying 10 percent of the total workforce in manufacturing sector in Malaysia, according to the statistics of JACTIM. The inflow of investment from Malaysia to Japan is

relatively small occupying only 0.2 percent of total foreign direct investment in Japan.

- (3) Bilateral and regional approaches for free trade agreements (FTA) are currently being pursued to further enhance competitiveness of countries in the region, as seen in the European Union and NAFTA for Europe and North America, respectively. To achieve similar benefits, the ASEAN Free Trade Area (AFTA), the Framework for Comprehensive Economic Partnership between ASEAN and Japan, as well as between ASEAN and China have been signed.
- (4) Along with these regional approaches, the bilateral approach for economic partnership is becoming important. While acknowledging the current depth of economic integration, further intensification is required to accelerate bilateral relationship in line with the move for greater economic integration in Asia. There is much room for further improvement of the bilateral relationship between Japan and Malaysia. The prospective bilateral economic partnership agreement (EPA) would be an effective instrument to strengthen the competitiveness of both countries.
- (5) A Japanese expert estimated the macroeconomic impact of bilateral EPA between Japan and Malaysia as follows:
 - (a) Japanese real GDP would increase by 0.08 per cent (3,404 million US Dollar). In contrast, Malaysian real GDP would increase by 5.07 per cent (5,379 million US Dollar). Macroeconomic gains in terms of rate of the increase are much more significant in Malaysia. As the volume of the real GDP of Japan is so large, the differences in those gains between the two countries may not be so large.
 - (b) The changes in trade volume would be 0.29 per cent for export and 0.60 per cent for import in Japan and 5.31 per cent for export and 5.24 per cent for import in Malaysia.
- (6) Malaysian academicians pointed out that:
 - (a) Estimates of the impact of trade liberalization calculated from the GTAP model must be considered with care because of limitations on assumptions, structural framework and data. These estimates of impact of EPA between Japan and Malaysia are only indication of possible effects of a closer economic partnership.

- (b) The structure of Malaysian exports to Japan has not changed significantly. The bilateral EPA between Japan and Malaysia should provide an opportunity to accelerate the upgrading of Malaysian exports.
 - (c) Even though Japan has a more liberal tariff regime, tariff levels are still high for agriculture products, textiles and clothing and leather, footwear and travel goods and the reduction of these tariff rates would help Malaysia to export higher value added goods. In addition, the prevalence of non-tariff measures adds costs to exporters. To overcome this, there is a need for higher technical assistance and capacity building efforts.
 - (d) Malaysia still has persistent services account deficits and thus services sector liberalization should be handled carefully.
- (7) In summary, academicians from Japan and Malaysia shared the view that both countries would gain economic benefits from trade liberalization between the two countries. They also acknowledged that to improve welfare, concrete and mutually beneficial cooperation and capacity building initiatives need to be given due attention.

3. Main Points of the Discussions

3-1. Liberalization and Facilitation of Trade and Investment

(1) Trade in Goods

The JSG shared the view that the JMEP must be fully consistent with Article XXIV of the General Agreement on Tariffs and Trade (GATT). In this regard, both sides reaffirmed that any sector as a whole must not be excluded from the liberalization of trade in goods under the JMEP while acknowledging the need for flexibility to deal with sensitive products.

It was observed that duty-free goods constituted 86% of Japan's imports from Malaysia (including duty-free treatment under the Generalized System of Preferences (GSP)) and 67% of Malaysia's imports from Japan. The JSG acknowledged that a comprehensive approach for market access, which includes liberalization and facilitation of trade in goods, would contribute towards strengthening economic partnership between the two countries.

The Japanese side expressed its request for tariff elimination of goods on which Malaysia maintained relatively high tariff rates, such as automobiles and their parts, electrical machinery, iron and steel, and textiles. It also stressed its keen interest in the elimination of customs duties by Malaysia under the framework of AFTA because the Japanese companies developed their businesses throughout the ASEAN region. In addition, the Japanese side requested the elimination of Malaysia's import approval measures such as Approval Permit and the elimination of non-tariff measures of Malaysia.

Malaysia explained that complete liberalization of the automotive and steel sector would pose difficulties. Malaysia stressed that besides tariff liberalization, a more balanced approach which includes investment and industrial collaboration would also be required, especially in the auto sector.

The Malaysian side expressed its interest in expansion of market access for textiles and chemical products.

The Malaysian side further expressed its interest in expansion of access for agricultural products to the Japanese market and cooperation as well as technical assistance from Japan to build capacity of Malaysian exporters of agricultural products including vegetables, fruits, value added animal products and fisheries to comply with Japanese standards, Sanitary and Phytosanitary (SPS), quarantine measures and consumers' demands. Towards this end, Malaysia proposed a joint consultation for technical assistance and cooperation in the above-mentioned areas to be initiated under the JMEP. Malaysia also welcomed Japanese partnership in various agriculture projects including production, processing and marketing of the products to the Japanese market as well as the international market. The Japanese side explained that the quarantine measure was operated in accordance with SPS agreements and other international standards. The Japanese side offered to hold bilateral meetings between both quarantine authorities outside the framework of the JMEP.

The Japanese side explained the sensitivities of agriculture products in general from the view point of food security and the multifunctionality of agriculture. Japan also explained the sensitivities of certain products such as starch, sugar and pineapples.

The Japanese side also explained that, due to the substantial decline in the share of domestic forest products, the sensitivities of forest products such as plywood should be taken into account by the Malaysian side. Moreover, the Japanese side, referring to their basic philosophy formulated through

national consensus process, stressed that tariffs on forest products were important from the perspective of environmental conservation and sustainable use of exhaustible and renewable natural resources as well as the protection of domestic industry and that it would be difficult to eliminate tariffs on forest products. The Japanese side also expressed its concern on Malaysia's export taxes on forest products and export restrictions implemented for the protection of domestic wood processing industry; and on environmental conservation including legal harvesting. The Japanese side would like to discuss these issues comprehensively.

The Malaysian side emphasized that Japan is an important market for Malaysia's timber and timber products and, primary processed products such as logs still form the bulk of its current exports to Japan.

Malaysia currently exports around 1.5 million m³ of logs to Japan. Sarawak, which supplies the bulk of logs export to Japan, allocates about 40% of its log production to be processed locally. This is to encourage local processing in order to benefit from the multiplying effects on its economy in terms of employment and development for its citizens. Malaysia has always ensured that its forest is sustainably managed. In ensuring that its forest is not over-harvested, an annual coupe based on sustainability is enforced.

Malaysia also requested cooperation from the Japan Plywood Inspection Corporation through the Ministry of Agriculture, Forestry and Fisheries, Japan to agree to the appointment of the Forest Research Institute of Malaysia as one of the accreditation bodies to carry out inspection and evaluation according to the JAS requirement for plywood exported from Malaysia.

Malaysia expressed that the issue on environmental conservation including legal harvesting could be discussed separately in another forum.

The sensitivities of fishery products were also explained by the Japanese side. It stressed the need to realize the sustainable utilization of fishery resources under the current condition of over exploitation with particular emphasis that several initiatives have been taken by international bodies for resource management and conservation like in tuna fishery and therefore the JMEP should have due regard to such initiatives so as not to negate the international efforts particularly for eliminating I.U.U. (illegal, unregulated and unreported) fishing and capacity regulation. Noting that Japanese fishing industry is dominated by the coastal small-scale sector, it also underlined the need to maintain multifunctionality of fisheries and

fishing communities with reference to the sector's difficulty in trade liberalization.

Malaysia reiterated that it subscribes to the principle of sustainable fishing and aquaculture.

Additionally, the Japanese side mentioned that leather, leather products and footwear are highly sensitive items for Japan.

The Malaysian side expressed that its automobile and auto parts industries faced difficulties due to the abolition of local content requirements and impending liberalization under the framework of AFTA.

The JSG acknowledged that further discussions would be required on how the sensitivities of both countries should be addressed.

(2) Rules of Origin

The JSG had a common view that the rules of origin should be included in the JMEP so as to allow goods of Japanese and Malaysian origin to benefit from the liberalization of trade in goods under the JMEP. Both sides also recognized that the rules of origin under the JMEP should pay due attention to cumulative rules of origin among ASEAN countries and Japan, which will be discussed in the future under the ASEAN-Japan Comprehensive Economic Partnership (CEP).

The JSG exchanged views on two major rules which could be applied mainly for industrial products: "CTC rules" based on changes in tariff classification and "value-added rules" based on the value-added to goods in their manufacturing or processing undergone in the country. The Japanese side considered that the CTC rules should be a basic approach under the JMEP. The Malaysian side suggested that although they are familiar with the value-added rules, the CTC rules would not be ruled out as an approach under the JMEP. Both sides recognized that further discussions would be required.

The JSG confirmed important guidelines in deciding the rules of origin for the JMEP as follows:

- not creating unnecessary hindrances to trade;
- developed and applied in an impartial, neutral and consistent manner, and with due transparency, clarity and predictability; and
- simple for customs to implement and easy for traders to understand.

The Japanese side expressed the view that the wholly obtained rule could be more appropriately used mainly on agricultural products including livestock and fisheries, and forestry products. However, the JSG shared the view that product specific rules of origin for these products should also be considered and determined in the future.

(3) Trade in Services

It was confirmed that the liberalization of trade in services would be a key component of the JMEP and must be fully consistent with Article V of the General Agreement on Trade in Services (GATS).

The JSG observed that services sector accounted for about 53.4% of Malaysia's GDP and 48.7% of its employment (in 2000) and 70.1% of Japan's GDP and 68.6% of its employment (in 2000) and that the sector played a major role in both countries' economies.

The Malaysian side, referring to the importance of progressive liberalization described under the GATS, explained that liberalization in the services sector had been made beyond its commitments under the GATS.

The Japanese side, appreciating Malaysia's efforts of liberalization including the recent deregulation of foreign investment in the services sector, stressed that liberalization in the services sector closely related to the manufacturing, such as after-sales service and distribution service, would be important in terms of maintaining the good supply chain. The Japanese side also requested the Malaysian side to eliminate or liberalize the restriction on foreign equity participation in services sector.

Malaysia noted that significant liberalization is undertaken in the WTO but there is a lack of facilitation and cooperation initiatives. In order to stimulate development of services trade, the JMEP should consist of liberalization, facilitation and cooperation in the service sector.

(4) Investment

The JSG shared the view that investment would be one of the key components of the JMEP.

The Japanese side pointed out that the increase in investment to Malaysia would contribute to the job creation and economic growth in Malaysia.

The Japanese side emphasized that both sides should seek to implement high-level investment rules to be a model for other countries in the ASEAN region, and showed its interested elements to be included in investment rules such as national treatment (NT), most-favoured-nation treatment (MFN) and extensive prohibitions on performance requirements in both pre-establishment and post-establishment phases; the negative list for exceptions on NT, MFN and prohibition of performance requirements; transparency; expropriation and compensation; free transfer of payments; and dispute settlement between a state and an investor.

The Japanese side appreciated Malaysia's measures to liberalize foreign direct investment in the manufacturing sector and services sector. However, there still exist restrictions in existing foreign direct investment and non-manufacturing sector, and the Japanese side requested further liberalization and the permanency of the measures.

The Malaysian side explained that investment rules should address concerns of not only foreign investors but also domestic investors, and host country's development objectives. The JSG recognized that further discussions would be required.

The Malaysian side pointed out that the promotion of technology transfer from the Japanese private sector should be enhanced. The Japanese business sector introduced their efforts on the promotion of technology transfer in the electronics R&D field and activities for the development of medium and small enterprises' ability conducted in collaboration between JACTIM and SMIDEC (Small and Medium Industries Development Corporation) of Malaysia.

(5) Movement of Natural Persons

The JSG acknowledged that enhancing the movement of natural persons, especially the business-persons in the JMPEP was of great importance for the globalization of economic activities, technology development and the promotion of the services provided by highly-skilled professionals and would contribute to strengthening economic ties between the two countries. Besides facilitating the business community, the JMPEP should also ease movement of tourists and academicians from Malaysia and Japan as well as encourage students under traineeship or apprenticeship programmes.

With a view to further promoting the movement of business-persons, the Japanese business sector specifically requested the Malaysian side to liberalize the restriction on the number of foreign specialists and to improve

and facilitate the procedures relating to work permits for short stay foreign workers.

(6) Government Procurement

While the Japanese side reiterated the importance of discussing transparency and market access aspects of government procurement in the framework of the JMEP, the Malaysian side indicated that it has difficulty with the inclusion of government procurement into the JMEP. Both sides shared the view on continuing the discussion.

(7) Customs Procedures

The JSG was of the view that the provisions of customs procedures should be included in the JMEP. The JSG recognized that cooperation between the two customs authorities under the JMEP especially in the areas of simplification and harmonization of customs procedures would facilitate trade in goods between the two countries.

The JSG took note of the request of the business sector to realize more swift customs procedures through further development of electronic customs clearance system in Malaysia. The JSG found that continuous information exchange of the latest development in customs procedures in the two countries would help to address concerns of the business sector, such as transparent and consistent interpretation and application of customs rules and regulations.

(8) Paperless Trading

The JSG shared the view that electronic transfer of trade documents would contribute to increasing speed and efficiency of trade transactions between the two countries and that paperless trading should be pursued in the framework of the JMEP.

(9) Standards and Conformance

The JSG was of the view that cooperation in the field of standards and conformance should be included in the JMEP without prejudging the need to create mutual recognition arrangements. Both sides decided to identify specifically the areas of interest for further consideration by experts.

(10) Intellectual Property

The JSG had a good discussion on various issues and confirmed that:

- Malaysia would accede to the Patent Cooperation Treaty (PCT);
- Amendments to Malaysian Patent Act to make information of application available for public inspection after 18 months from the priority date or filing date were approved and further step for technical preparation of publication would be taken;
- Japan had been included as one of the prescribed countries under the Modified Substantive Examination (MSE) system in Malaysia;
- Malaysia would further study the practice of other countries that adopt a multi-class system for trademark applications;
- Patent, Industrial Design and Trademarks Administrative and Examination Manuals in Malaysia were going to be made available to the public; and
- Both sides would continue the discussion on introduction of simplified processes.

The JSG realized, from the viewpoint of increasing the level of protection of intellectual property (IP), the significance of acceding to the various existing international agreements on the protection of IP, especially Patent Cooperation Treaty (PCT), Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, Trademark Law Treaty (TLT), Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, WIPO Copyright Treaty (WCT), WIPO Performance and Phonogram Treaty (WPPT), and the 1991 Act of the UPOV* Convention.

The JSG recognized the importance of addressing the needs from IP users within the context of the JMEP. In this light, the Malaysian side provided its initial views on the request list submitted by the Japanese side.

The Japanese side stressed the importance of IP protection, especially the countermeasures against counterfeiting and copyright piracy, and noted with appreciation Malaysia's continuing serious efforts and progress. The Japanese side also expressed its hope for further progress in this field.

The JSG shared the view that both sides would seek for the possibility of cooperation on the IPR in the framework of the JMEP.

* UPOV = International Union for the Protection of New Varieties of Plants

The Japanese side also explained the importance of Plant Variety Protection for mutual plant breeding activities and asked the Malaysian side to establish the scheme in conformity with the UPOV and consider accession to the UPOV convention. Malaysia informed that it is in the process of enacting the New Plant Variety Protection Act and expressed that Malaysia will be a UPOV member soon.

(11) Competition Policy

The JSG reaffirmed the importance of competition policy in regulating anti-competitive activities which would help to ensure trade and investment facilitation under the JMEP. Further constructive discussions on details of cooperation between experts on competition policy would be continued.

The Japanese side expressed that information exchange, policy dialogue and technical cooperation would be major elements of the JMEP.

Both sides expressed their appreciation of the current cooperation between the competition authorities of the two countries.

(12) Business Environment Enhancement

The Japanese side expressed its intention to incorporate business environment enhancement in the JMEP for the purpose of establishing a new mechanism for the private sector of both countries to discuss or consult on problems of business environment with the government of the other country.

To facilitate and expand business activities in both Japan and Malaysia, it is necessary that the JMEP provide an avenue to surface problems encountered by the business sectors which are outside the scope of the JMEP.

The Japanese business sector pointed out some of the items to be considered, for creating a better business environment in Malaysia. Those items include the following: infrastructure services (improvement of electricity, water and communication services), environment related issues (lack of waste treatment facility and vendor, etc.), employment related matters (improvement of duration of collective labor agreement, etc.), human resource development, fosterage of supporting industry and government administrative services procedures (request for the pre-notice

or hearing procedure on the change of measures and improvement of advance tax payment system).

In order to tackle those issues, the Japanese side proposed to insert the element of business environment enhancement in the JMEP. It would prescribe the establishment of a certain mechanism that would function as a kind of “first aid window” and discuss solutions for various problems confronting business sectors of both sides.

The Malaysian side stressed that it has always been the Malaysian government’s policy to improve business environment in Malaysia and that existing efforts made through various channels should also be considered to resolve those problems in a practical and effective manner. The Japanese side reiterated that the proposed mechanism, particularly the one established in Japan, would help Malaysian businessmen to overcome difficulties they face in doing business in Japan.

The Malaysian side noted that the establishment of a consultative group is to allow the private sector’s involvement in the implementation of the JMEP. However, the Terms of Reference of the consultative group need to be discussed further. The consultative group should not be a forum only to address shortcomings but also a forward-looking body to initiate collaborative programmes/projects and cooperation initiatives.

Both sides shared the view on the need to continue the discussion on this issue.

3-2. Cooperation

The JSG, with its appreciation of the current successful cooperation between Japan and Malaysia in various areas, shared the view that meaningful and mutually beneficial cooperation under the JMEP should contribute to further strengthening of economic partnership between the two countries.

The Malaysian side raised areas of its interest to be incorporated in the JMEP as follows:

Human Resource Development

As a developing country, human resource development is an important area of focus for Malaysia. In this regard, Malaysia is keen to develop its human capital through various avenues including practical training,

trainee development programmes, capacity and capability building programmes, placement of specialists and programmes for sharing knowledge and experiences.

The sectors requiring human resource development include automobile, financial services sector (banking and insurance), small and medium scale enterprises, handicrafts, entrepreneur development, broadcasting and animation, forestry and mining, and agriculture.

Science and Technology

Malaysia expressed interest to work together with Japanese researchers in new and emerging technologies. To enhance science and technology development in Malaysia, the Malaysian side urged Japanese companies to carry out their R&D activities in Malaysia. Malaysia sought Japanese assistance in building up the Malaysian science and technology human capital and in drafting legislation pertaining to development of science and technology through information exchange.

Malaysia expressed interest to collaborate in R&D in areas such as primary commodities (rubber, palm oil, cocoa, timber and pepper), forestry and mining and agriculture.

Education

Malaysia proposed that cooperation and collaboration between Malaysian and Japanese public and private universities be considered in the following areas of interest, such as establishment of networks and attachment programmes in R&D, credit transfers, mutual recognition of degrees, provision of assistance from Japanese experts, placement and provision of post-graduate scholarships for Malaysians in top Japanese universities and setting and maintenance of research laboratories.

Malaysia also proposed that co-operation between both countries be enhanced in the following areas of interest, including exchange of English and Japanese master trainers, continuation of student exchange between Japan and Malaysia, setting up of a center for educational policy studies for the ASEAN region, provision of consultancy expertise in technical vocational education and exchange and sharing of information.

The Japanese side responded that cooperation in the area of education is quite important in strengthening of economic partnership and therefore that Japan had been encouraging exchange of students and scholars between the two countries. In 2002, Japan accepted approximately 1,900 students from Malaysia, which was the largest source among ASEAN countries.

Cooperation in ICT (Information and Communications Technology)

The adoption and development of ICT-based industries in Malaysia need to be carried out systematically with much concerted efforts. Through the JMEP, Malaysia proposed to work together with the Japanese counterparts in furthering the development of ICT.

Co-operation could include programmes for information exchange, technology sharing, mutual recognition arrangements and technical assistance in areas such as network infrastructure, broadband deployment, rural connectivity technologies, telemedicine, broadcasting and mass media.

The JSG acknowledged the need for further discussion and clarification on areas of cooperation that could be pursued in the framework of the JMEP.