CHAPTER – 1
Evolution of ASEAN – Japan Relations

I. Introduction:
ASEAN-Japan relations are a shining example of world-politics, where the changing dynamics of the national interests determined the way to which it grew. The manifestation of this bonhomie can be gauged from the broader macro-cosmic levels of political diplomacy and macro-economic policies and development models, to the micro-cosmic levels in which individuals working overseas, interact with their host cultures. In this era of globalization, to understand trans-national or trans-regional co-operation, a broader knowledge of the changing dynamics of economic incentives, strategic dimensions, political implications and socio-cultural identities are required. The investigation of these dynamics helps in better understanding the relations between the two actors in the international arena.

With these objectives, the present study focuses upon wide ranging issues, in order to understand things in its correct perspective. In these lights, focus has been put on the constructivist model of international relations in order to show how states acted as the social actors; and shaped their identities and interests in relationship to each other. As identities and interests in international relations are not constant, it is important to look at how they are constructed through specific international interactions on their temporal-spatial dimensions.

The formation of ASEAN in 1967 by five countries, Indonesia, Malaysia, Philippines, Singapore, and Thailand; broadened to include Brunei in 1984 and gradually including Cambodia, Laos, Vietnam and Myanmar by 1999, fulfilled ASEAN’s dream of uniting all Southeast Asian countries under one banner. The inception of the organization is said to have created some sort of solidarity in a difficult to unite region, having great divergences in their political, social and economic status; and that had long been affected by power-politics dominating Asia.
The volatile situation in Indo-China had a significant influence over the foreign policies of the whole region. Therefore, ASEAN organization represents the endeavour of Southeast Asian countries to define their national interests, threats to those interests and creation of a collective identity of relatively stable, role-specific understanding and expectation from each other. It emphasized the need for each member state to be domestically resilient by concentrating on their respective task of nation-building, addressing their domestic problems, and building their economies. To this end, ASEAN's regional ideology can be inferred, was 'to build regional resilience through national resilience in order to protect states and weather the vicissitudes of major power competitions' and channelising it to meet their goals. (Smith 1981: 199)

On the other hand Japan's Asian policy has emerged from the ashes to become something new during the last half a century, where it needs to balance internationalism and globalism upon which it depends economically, and the need for regionalism upon which it depends politically. (Inoguchi 2002: 5-31) The launching of ASEAN was reacted favourably by the Japanese government, considering its formation as an affirmation of growing Southeast Asian regionalism, and thereby giving tacit support to Tokyo's regional development strategy. The ASEAN connection became the cornerstone of Japan's international position and the only official commitment promulgated by the Japanese government other than its most important relations with the United States. (Sudo 2005: 61)

In the cold-war dynamics of world-politics, Japan's foreign-policy was hand maiden to the United States foreign policy strategy, particularly on matters relating to the Asia-pacific region; which limited its bargaining power vis-à-vis other countries, as it tried to put all the eggs in one basket i.e. United States. This dependency went far in weakening Japan's resolve in formulating its own definition of national interest. (Sheah 2002: 84) To remove this anomaly, in the post-cold war era, ASEAN-Japan relations, with Japanese government's promulgation of the policy of 'ASEAN first' is representative of the pan-Asian regionalism designed to guard Asian interests; and outstanding achievements of post-war Japanese diplomacy. (Sudo 2005: 62)
The complementary nature of the two economies; Japan with potential capital and sophisticated technology; and ASEAN having enormous resources with sizable market, lying at a strategic location, further gave incentives to the boosting of the ties. Japan sought to strengthen ASEAN politically and economically using economic aid and assistance in tune with its foreign policy of “comprehensive security”, which has been particularly focused on economic co-operation and development assistance as a means of creating sustainable security, stability, and prosperity in and for Japan. (Timmermann, Sterwe, and Sharma 2006: 7)

Within these paradigms, this study is an attempt to explore ASEAN-Japan relations from varied angles; to generate a comprehensive picture of the interactions between the two at bilateral, regional and global level. But, before delving into the deep, it needs to be clarified at the present juncture that the relations between the two were not static and were subject to change, according to the international circumstances. Moreover, there are great divergences among ASEAN member countries economies, political system, and socio-cultural identities; as a resultant any study involving all member countries would be simplified and generalized. Keeping these limitations in mind, it is prudent to ponder upon ASEAN-Japan Relations in a comprehensive way and see how far this marriage of convenience between the two would carry them in the fast changing world.

ASEAN is a body of ten small countries that by virtue of their economic progress in the last few decades have put themselves upon the world stage in a big way. Now, countries are vying with each other to woo the region to their proximity. The strategic location of these countries on the vital sea-lanes of communication, lying at the transitional zone of the world trade through which approximately, fifty percent of the world trade is carried out, further enhances their leverage.

The gradual erosion of the world’s sole hegemon power influence from the region and the spread of other emerging powers’ tentacles in the region have provided a new momentum to the dynamics of the region. To cope with the changing needs, ASEAN is striving to build stability in the region, by drawing Japan, China, United States, India, Australia,
New Zealand and Russia into its realm. The growth of different regional fora such as ASEAN+3, ASEAN+1, ARF, APEC etc. are representative of such attempts. These regional fora provide platform for member nations to interact and address each other’s concerns amicably.

Japan has acted as the engine of growth for the region by shaping the defacto regionalism of East Asia through “flying geese” model (According to this model, the development of the countries takes place in identical stages passed by the role model) based on market mechanism, rather than institutional development of integration led by political will. In this context, the policy initiated by Japanese Prime Minister Koizumi Jun‘ichiro called ‘An initiative for the comprehensive economic partnership’, with ASEAN, where Japan aspires to create a community that acts together and advances together, can be seen. This community will also include apart from ASEAN and Japan, other countries such as China, South Korea, India, Australia, and New Zealand, which are other important players in the region.

It has been suggested that this forum might be a Japanese endeavour to counter-balance growing Chinese influence in the region, by drawing other powerful players such as India, Australia and New Zealand in the realm. But, this initiative of Japan is in tune with ASEAN objectives, which can be gauged from ASEAN Declaration or Bali Concord II Declaration of October 2003, which set forth the goal of promoting solidarity and co-operation among the member nations, around the three pillars of security community, economic community, and socio-cultural community. This framework of interaction is also later hoped to be extended to the creation of an East Asian Community. Thus, the internal cohesion of ASEAN is being promoted along with cohesion at external level.

In the post-cold war era, globalization has become a buzzword, which has heralded a new environment propelled by economic interdependence. Access to the global economy maximizes the wealth and power of nations, which is an overall form of structuration by which the world becomes integrated. In this globalizing era, the boundary between domestic and foreign policies, and between national and international politics, has
become blurred and there is a growing need for mechanism to sort out mutual relations.

In these frameworks ASEAN's foreign policy has been developed, to surge on the path of economic development, to achieve the goal of a prosperous region, democratic and civilized society, searching for its rightful place in the comity of nations. To achieve these objectives, it needs security for its economic development and sound economic development to maintain its security. (Cheow 2003: 32) This interdependence of economic development and security-cum stability is critical for the survival of the nation and the region.

States' operate within the context of their unique social structures, which help define their behaviour and interactions with other States'. In these, the role of ideas becomes important, as these ideational forces are then translated into social forces which are socially causative. These social forces can be seen as the causative factor in Japan's cooperation with ASEAN, which laid a foundation for the region's modus operandi, based upon the three elements of North-South regionalism, multiple regionalism, and open regionalism. (Sudo 2005: 62)

The extension of a helping hand to ASEAN by Japan over the past several decades to modernise its economy was an attempt to make up for the injury caused by Japanese war time aggressions. As Japanese society became more pacifists, there was a call to mitigate the negative sentiments of Japan's war time aggressions. This resulted into flow of substantial capital and sophisticated technology from Japan to ASEAN countries. Researches have suggested that exports of industrial goods by ASEAN countries remain to a considerable extent dependent on imports of capital and know-how from Japan. Thus, Japan set its policy to earn goodwill and friendship by offering support and help; and by countering the negative resentments which had cropped up in these societies against Japan as a result of war time aggressions. (Makoto 2003: 120) As a result of these initiatives, ASEAN-Japan relations, in course of time were gradually built on the bedrock of trust and support, which are going from strength to strength.
The efforts of ASEAN and Japan to foster beneficial relations among each other can be explained on the basis of constructivism theory of international relations; where ASEAN member states and Japan acted as the social actors, and defined their interests and preferences, in such a way, to form a collective identity of role specific understanding and expectations from each other. The complementary nature of the two economies and the strategic calculations acted as the catalyst in bringing them closer.

To delve into a bit deep, let us first try to understand how the relations between the two have evolved in course of time. To this end, first ASEAN-Japan relations will be dealt prior to 1991 and then it will be seen in a global perspective. After that relations between the two in the post cold war era will be dealt leading to the present times.

II. Japan's foreign policy prior to the Second World War:
Prior to the second world war Japan's Asian policy can be traced back to the 1930's and 1940's, when Japanese military government formulated a policy for a Greater East Asian co-prosperity sphere, which had a very long shadow over the post war foreign policy line. (Inoguchi 2002: 1) Co-prosperity could mean that in times of adversity the two sides would still hope the best for each other. (Sheah 2002: 98) The co-prosperity sphere was to become an area of economic self-sufficiency under Japanese political hegemony. (Grant 1997: 75) The desire to accord a different treatment to those in the "southern area" was apparently motivated by a desire to promote a wider range of responsibilities for those indigenous peoples living there. In this background, Premier Konoe Fumimaro’s radio address on the same subject in 1940 can be seen, when he said that, "We will liberate them from their colonial status and the power of nationalities and have them contribute to the building of the southern area. We shall have them assume charge of the defence. In fostering or leading them, we will discipline ourselves and be kind, not uncontrolled."(Sheah 2002: 85)

Though, the above speech manifests the superiority complex of Japanese vis-à-vis the region, but, it is even evident that Japanese wanted to promote themselves as the "liberator" of the indigenous peoples in Southeast Asia from their colonial masters. In the
words of Soderberg and Reader, Japanese showed to their Asian neighbours that it was possible to stand up to Western powers and to defeat them; thereby stripping the British of that seemingly invincible aura of authority to which all those living in Asia had grown unquestioningly accustomed. (Soderberg and Reader 2000: 31)

Japanese foreign policy was built in those historical currents of change in which Japanese wanted to win power through diplomatic rather than military means. They manipulated anti-colonial sentiments against western powers, which were politically and economically predominant in the region and used that sentiment as a vehicle to promote independence movements which fostered Japanese power in the region. If treated in such a context, Japan’s military actions in the war, at least in Southeast Asia, could be reinterpreted, taking the decolonization mission as a factor. (Sheah 2002: 86)

However, in the public domain, Japanese militarism and colonialism of the early twentieth century, constructed a vision of an Asian order which placed Japan in a dominant, not to say condescending, brutal and hierarchical ascendancy over its Asian hinterland. This legacy continued to colour the ways in which other Asian nations perceived Japan, and acted as a barrier to an extension of Japan's influence beyond the economic realm. (Soderberg and Reader 2000: 2-3) Japan, by passively acquiescing to the magnification of the atrocities committed during the period and out of tendency to indulge in self-negating images, deprived itself of a much more positive role in the region. (Sheah 2002: 90)

III. Changed global scenario:
A nation’s foreign policy assumes several dimensions. Japan’s foreign policy emanates from its geography, natural resources, history, culture, language, domestic policies, the economic base and the international environment. All of these determine the scope and speed of Japan’s relations with the outside world. (Fukui 1977: 16)

In the changed international and domestic environment, Japan signed the San-Francisco treaty of 1950, complying with the American strategy of containing communism by
developing official and financial relations with non-communist countries, while neglecting China, North Korea and North Vietnam. (Shiraishi 1990: 25) Japan's economic relations with the mainland China were restricted by the United States containment policy, and Japan could not persuade South Korea to normalize diplomatic relations. America's heavy involvement in the Vietnam War and its eventual loss, and other international factors had wide ranging ramifications for the region's development.

In late 1960's the British withdrew their armed forces from Singapore and Malaysia in 1967, and United States decided to diminish its military presence in Southeast Asia in 1969. The three “Nixon-shocks” of 1971-The dollar devaluation in 1971 and float in 1973, the 1972 restoration of relations with China, and the 1973 threat to embargo the export of soyabeans- overturned the decades' long framework of Japanese policy towards Asia. With the United States-China reconciliation, and the conclusion of the Paris peace accords, the decades' long strategic framework that the United States had sustained with Japanese co-operation ceased to exist.

On the other hand, non-communist countries in Southeast Asia, seeking a new balance, wanted to readjust their relations with communist countries and in this endeavour, first made overtures to the USSR. Shortly after that, China began approaching neighbouring countries in Asia in order to recover from the serious diplomatic setbacks suffered during the Cultural Revolution. (Shiraishi 1990: 72)

While these changes were taking place on the template of international foreign policies, on the economic front, till the promulgation of the Fukuda doctrine in 1977, Japan policy towards Southeast Asia were mainly governed by 'economic diplomacy', which was officially promulgated in 1957, as part of its reparations settlement.

By the mid-1960s, Japan was facing increasing pressures from western and developing countries alike who called on Japan to share greater burden as a 'developed' country in the international arena. It was at this time that US policy towards Southeast Asia entered a new stage, playing the predominant role in protecting South Vietnam against
Accordingly, the Japanese Government, endorsing President Lyndon Johnson’s plan for Southeast Asian development in 1965, came to share its ‘economic’ burdens as a member of the western alliance, thereby pouring huge capital into and initiating development plans and projects for the region. By the late 1960s, therefore, Japan had moved into a commanding trade position. It was this ‘induced’ activism that made Japan involve itself more extensively in the region although the substance of its foreign policy remained intact. (Sudo 1992: 3) Japanese economic penetration continued without adequate counter-measures to deal with its repercussions.

Japan's economic role in the region was intensified after the Guam doctrine of President Nixon in 1969. The consequences of the oil shock, and subsequent changes in the international environment compelled Japan to establish a balanced economic system in the East and Southeast Asian region. The post-war economic order led Japan to adopt a multilateral approach beyond the protection of the bilateral security structure with respect to the United States.

The decline in Japan’s economic growth in 1975 and the rise in inflation rate which, for the first time since World War II had reached double figures, prompted the Japanese foreign policy decision makers to chart out an independent new policy in Asia and paved the way for strengthening economic nationalism in Japan. In these changing circumstances Japan’s foreign policy towards Southeast Asia also underwent a major transformation.

IV. Japan’s ‘go-alone’ policy:
An early indication of Japan's independent foreign policy can be traced back to an event in 1973, when Japan, heavily dependent on middle-eastern oil, broke ranks with the United States and declared its support for the right to Palestinian self-determination. (Maswood 2001: 101) Japan even normalized relations with Vietnam in 1973, as they considered a commitment to the reconstruction of Vietnam and to its
integration into Southeast Asia would help prevent the expansion of soviet influence southward. (Morley and Nishihara 1997: 178) Therefore, the United States and Japan would better approach the countries in the peninsula and make it a buffer zone. (Shiraishi 1990: 72)

At the same time, sensing the adverse effects caused by Japan's over-presence in Southeast Asia, prime Minister Kakuei Tanaka adopted his basic policy towards the region: (i) promotion of good neighbourly relations with the Southeast Asian States to share peace and prosperity with them; (ii) respect for the independence of those countries; (iii) promotion of mutual understanding; (iv) contribution to the economic development of Southeast Asian countries without disturbing their economic independence; and (v) respect for voluntary regional cooperation among them. (Sudo 1992: 71)

However, when Prime Minister Tanaka visited the region in 1974, it was marred by traumatic demonstrations against the prime-minister by the students. This episode made Japan to understand Southeast Asian perception of its hegemonic position in the region and the obsoleteness of the post war 'economic diplomacy'. This can be gauged from Deputy P.M. Takeo Miki's comment: 'The time has come for the government to conduct a serious review of the hitherto–taken foreign policy and the way for economic cooperation'. (Sudo 1992: 72) The end of the Vietnam War and the outbreak of the first oil crisis of 1973-74, further prompted Japan to formulate a new policy for Southeast Asia.

To counter the negative sentiments in the region Japan under the leadership of then Prime Minister Takeo Fukuda promulgated Fukuda doctrine in 1977 in Manila. This doctrine consisted of three basic principles of Japanese diplomatic policy towards Southeast Asia: (i) Japan is committed to peace, and rejects the role of a military power; (ii) Japan will do its best to consolidate the relationship of mutual confidence and trust based on heart to heart understanding with the countries of Southeast Asia; (iii) Japan will cooperate positively with ASEAN while aiming at fostering a relationship based on mutual
understanding with the countries of Indochina and will thus contribute to the building of peace and prosperity throughout Southeast Asia.

Thus, the three pillars of Japan's Southeast Asian policy may be characterized as having a non-military, cultural and political orientation. (Sudo 1992: 4) This doctrine became the turning point in ASEAN-Japan relations by overturning the economically oriented strategy of the last two decades, towards the politically oriented Japan's proactive diplomatic collaboration with ASEAN. In this way the Fukuda doctrine established a systematic framework for Japan's political conduct in the region. In tandem with Fukuda's principle of peaceful regional co-existence, Japan sought to strengthen ASEAN politically and economically, and in turn strengthening itself as well.

V. The US policy in Southeast Asia and Japan:
The détente in the United States and China relations after Nixon's visit led Japan even to normalize its relations with China. On August 12, 1978, the Sino-Japanese treaty of Peace and friendship was concluded. China's relations with the United States also made rapid progress after Brzezinski's visit to China in May. The two governments reached an agreement on December 16, to normalize diplomatic relations, starting from Jan. 1, 1979. (Shiraishi 1990: 77)

However, when the above-mentioned efforts were being made to normalize relations among different countries, a strain in United States-Japan relations occurred in Nov. 1979, when the Iran hostage crisis broke out. In retaliation against the taking of more than fifty American hostages by Iranian militants in Teheran, the United States asked its allies for support with economic sanctions against Iran. Defying the United States calls for economic sanctions, Japanese firms covertly bought large amount of Iranian oil at escalated prices in November 1979.

Moreover, the development of Soviet naval bases at Cam Ranh Bay and Da Nang was particularly troubling to ASEAN, Japan, the United States and China. All of them viewed Soviet military build up in Vietnam as a security threat. The Cam Ranh base provided
potential control over the vital waterways of the Pacific Ocean, the South China Sea, and the Indian Ocean, which were indispensable for United States trade, Japan's access to oil, and the security of ASEAN. (Neher 2002: 230) The Vietnamese alliance with the USSR, figured Vietnam as a hawk in the region. Japan perceived that, Vietnam was doing the same thing in Cambodia, as the Soviets in Afghanistan. The Vietnam-Thailand border war further boosted this perception.

Thus, after burning their boats with the United States in the Iranian hostage crisis, and the subsequent developments in the Indo-china after Vietnam's attack on Cambodia, made the Japanese government realise that it needed to realign its foreign policy in tune with United States policy in Southeast Asia. Otherwise, they not only risked losing the United States market for Japanese products, but also needed to regain confidence from the Carter administration to deal with the new developments in the Southeast Asian region. (Shiraishi 1990: 105) To iron out these, Vietnam attack on Cambodia was retaliated by Japan, by suspending aid to the country.

VI. Regional orientation of Japan's economic policy:
After the declaration of the Fukuda doctrine, the Japanese government actively developed its contacts with ASEAN as a viable regional organization, as evidenced in Japan's support for regional projects, the establishment of a fund for cultural exchange, and regular conferences between Japan and ASEAN's foreign ministers. (Sudo1992: 5)

The regionalist orientation in Japanese foreign policy further got strengthened during the 1980's, especially after the plaza agreement and the subsequent appreciation of the yen. After the appreciation of the yen, costs of production in Japan increased; making foreign assets and foreign costs of production cheaper for Japanese companies. As a result, Japanese companies had to look for new areas for investments; and Southeast Asia was an attractive alternative. To, offset the steep rise in the value of the yen, Japan started investing heavily in the Southeast Asian region to take advantage of the lower costs of production, and to establish an early presence in markets that might be threatened by protectionism. (Sridharan 1994: 2424)
In course of time Japan’s investment in Southeast Asia became so much substantial that by the latter half of the 1980’s, Japan took over the role of the United States as the major market for the products of the region. Moreover, the investments in the region were also boosted by the growing environmental consciousness in Japan, which forced many industries to look for other alternatives, where environmental laws posed less difficulty. (Ryokichi 2003: 128) This international and domestic situation combined to make Japan’s increasing engagement with the region.

At the third Summit of the ASEAN on 15 December 1987, Prime Minister Noboru Takeshita delivered a speech entitled ‘Japan and ASEAN: A new Partnership Towards Peace and prosperity’, in which he stressed three policy goals: (i) to strengthen the economic resilience of ASEAN; (ii) to promote political coordination between Japan and ASEAN; and (iii) to promote cultural exchanges. (Sudo 1992: 1) The third ASEAN Summit heralded the advent of a special relationship between Japan and ASEAN countries by the fact that Japan was the only guest country among the dialogue partners of ASEAN to be invited.

In recognition of the important role that the private sector could play in the enhancement of the ASEAN - Japan Dialogue, ASEAN - Japan Development Fund (AJDF) was also proposed by the Japanese Prime Minister at the Meeting between the ASEAN Heads of Government and the Prime Minister of Japan, following the Third ASEAN Summit in Manila in December 1987. The Fund with no less than US$ 2 billion dollars covering a period of three years was to promote and expand the private industrial sector in ASEAN member countries. The fund provided more concessional terms and conditions than those offered under the existing bilateral financial cooperation.


For Southeast Asia, the flood of Japanese investment led to export-oriented growth, catering to the regional markets. This had wide ramifications for the growth of the entire region. The general growth of incomes and intra-regional division of labour created by not only Japanese investment but also by investment from the Asian Newly Industrialized
countries (NIEs) in ASEAN, an increasingly significant flow as the former became capital exporters and began relocating labour-intensive production as they upgraded into higher technology industries due to wage rises. All this led to rapid growth of regional integration, reflected in the growth of intra-regional trade. (Sridharan 1994: 2422)

This way, economic co-operation between the two actors has been built on a foundation of closer co-ordination between the central government and major industrial, commercial, and financial interests, keeping the sentiments of people in mind. ASEAN countries with enormous natural resources and Japan with developed technology and industry had a good opportunity to co-operate with each other. Japan's ODA and other official financial flows could help pave the way for ASEAN's economic development and in return enhance Japan's own competitiveness and stature in the international community.

As a non-militarist state Japan has used its economic power as a foreign policy tool to enhance its power and prestige in the global arena. Its self-negating pessimism and reluctance to expand in other areas of influence were curiously beneficial in "integrating" into the Southeast Asian economic framework.

VII. Repercussions of the end of the Cold War:
Vietnam's military withdrawal from Cambodia in 1989 was a major change in international affairs. It not only helped in bridging ties between Indo-China and ASEAN countries, but, facilitated integration into ASEAN and relationship with other states. Moreover, with the end of the cold-war, Washington's interest in Cambodian conflict declined as the issue had little meaning to Washington in the post-cold war era. With the demise of the Soviet Union, the cause for United States worry about the expansion of communism in Southeast Asia was gone. (Maswood 2001: 107)

Under these conditions, Japan's increasing integration into ASEAN's affair was enhanced at both economic and political level. In those times, United States pressured Japan to take a more active role internationally, especially in Southeast Asia. On the other hand, ASEAN countries in their zeal for development pressured Japan to be part of Asia and
push for Asian priorities. ASEAN's perceptions of Japan's involvement in the political, security sphere of Southeast Asia were softened in those transitional years.

Although ASEAN countries remained wary of Japan's militaristic past, gradually, they showed increasing signs of receptivity of Japan's participation in Southeast Asian political and security affairs. The strengthening of United States-Japan security alliance was seen as the positive sign by Southeast Asian countries. It not only signalled continued United States engagement in the region, but also served as an assurance of the possible resurgence of Japanese militarism. Moreover, the uncertainty posed by China's growing power, let Southeast Asia welcome Japan's increasing involvement in regional political and security affairs. (Singh 2002: 78)

In 1993 at an annual meeting of ASEAN's foreign ministers in Singapore, organized as a regional forum to discuss security matters, Japan was being allowed to become involved in the discussions. (Grant 1997: 96) In August 1993, Prime Minister Hosokokawa, promised to initiate a new era in Japan's relations with its neighbours by making a full apology for Japan's war record in his first policy speech. In late August 1994, Prime Minister Murayama emphasized Japan's responsibility and response for its actions in the Second World War, and its desire for reconciliation. (Yamazaki 2005: 423)

That history has diminished as a determining factor in ASEAN's perception of Japan, is being evident from different incidents which took place in the region. When law and order broke down in Phnom Penh in 1997, and in Jakarta, the following year, Tokyo sent military transport planes to Bangkok and Singapore the next year. The allowing of military planes in their territorial domains, suggests Japan's increasingly positive receptivity in the region, and a movement forward from its historical legacies. (Inoguchi and Jain 2000: 258)

**VIII. Effects of 1997 Asian Financial Crisis:**
In these changing paradigms, the 1997 economic crisis took place. The crisis had a devastating effect on Southeast Asian countries and drew them closer to Japan. At that
time. though, Japanese economy itself was passing through a recession, whether based on optimism or sheer desperation, the strong belief prevailed in ASEAN, that Japan despite its own crisis, would be able to respond to their plight. (Sheah 2002: 83)

It is to be noted here that, for ASEAN, Japan is the largest trading partner along with the United States. For Japan, ASEAN is the second largest trading partner following United States. In terms of external sources of finance, for ASEAN, Japan is the largest source of foreign direct investment in the region and is also the largest donor of ODA among DAC member countries. Though, until 2001 China used to be the largest recipient of Japan’s Official Development Assistance, but since 2002, Japan has cut the amount of ODA allocated to China.

The closer relations between the two regions can be inferred from the responses given by Japan during the crisis. Japan came to the rescue of its long-term partners and gave about eighty billion U.S. dollars. There was the thinking that improvement in the ASEAN economies would boost Japan's anti-recessionary drive.

The economic crisis, not only threatened the economic security and stability of governments of the region; but, as a spill-over effect also caused riots and increasing crimes in some cases. The crisis had more serious impact on the socially vulnerable - the poor, the elderly, women and children.

To counter these negative developments in the region’s economy, Japan with help from China and South Korea embarked upon various initiatives not only to bail out the affected countries, but also tried to prevent, manage, and resolve future crises. They took various measures to secure the region financially and socially. Manila Framework, New Miyazawa Initiative, Chiang Mai Initiative and Asian Bond Market Initiative were steps in that direction. On Japan’s behest, the Chiang Mai Initiative was undertaken at a finance ministers’ meeting in 2000, under which various countries of ASEAN+3 concluded a series of “swap” agreements with one another so that they could lend foreign exchange reserves to one another, to protect their currencies in cases of crisis.
IX. ASEAN-Japan FTA and sub-regional Groupings:

Building upon these efforts, Japan and ASEAN also signed a Comprehensive Economic Engagement partnership in 2007 which is supposed to be implemented as early as 2008. ASEAN countries liked that Japan should improve market access for ASEAN products, so as to reduce large deficits in ASEAN’s trade with Japan. Therefore, for ASEAN members, an FTA with Japan can bring about quick and tangible benefits. As the production structure of ASEAN countries are complementary to Japan, sectors with comparative advantage can see an increase in exports to Japan, as an FTA will open the huge Japanese market.

Apart from this, Japan has also fostered or negotiating a series of bilateral Free Trade Agreements with Singapore, Thailand, Brunei, Indonesia, Malaysia, Vietnam and the Philippines. These measures would help ASEAN in enhancing its position and role in the region and the world.

The most important motive for Japanese companies to invest in ASEAN is undoubtedly the much lower costs of production in comparison with Japan. Though, China offers much better incentives compared to ASEAN, but, to concentrate all the resources in one country is not without its limitations. Moreover, Japanese companies have been investing in ASEAN for a longer time, which has led to a regional division of labour through production networks on an extensive scale, where the export industries of the ASEAN states are mainly in the hands of transnational i.e., Japanese groups. This provides another incentive for Japanese companies to keep their engagement with the region.

The expansion of ASEAN has provided more incentives for Japan to increase their engagement with the region in terms of choices, resources and market. Thus, while on the one hand, Japan has these benefits; it is also helping ASEAN countries in better integrating its own units and also in integrating with the rest of the world.

Taking this into account, co-operation is being extended at various sub-regional levels like- Initiative for ASEAN Integration (IAI), Mekong-Region Development, Brunei,
Indonesia, Malaysia, Philippines-East ASEAN Growth Area (BIMP-EAGA) etc. Japan is also extending a helping hand to the new member states like Cambodia, Laos, Vietnam and Myanmar to develop their economic infrastructures and narrow the development gap between them and the relatively well-off ASEAN-6.

At the ASEAN-Japan summit in Tokyo, in December 2003, "Tokyo Declaration for the Dynamic and Enduring ASEAN - Japan Partnership in the New Millennium" was signed and "ASEAN-Japan Plan of Action" was adopted. The motive behind this seems to be, that 'the stability and growth of the region would help in contributing to the security, peace, stability' of the Asia-Pacific region as a whole. However, there are still challenges ahead for both of them to surmount together.

X. Emerging New Challenges:
A. Economic:
(a.) Growing Chinese and Indian economies:
In the changing global scenario, Japan's view of ASEAN, and its own role in it, is being challenged by new economic realities. The rises of Chinese and Indian economies have presented both opportunities and challenges for the Japanese and ASEAN economies. ASEAN countries are facing fierce competition with China in terms of markets, as well as in terms of inviting FDI. Japanese companies are also facing fierce competition with Chinese companies in China's domestic market and the world market.

(b.) Growing digital-divide between the member countries:
The rapid pace of information and communications technology developments all over the world has changed the whole paradigm of the world’s growth scenario. The technological boom has empowered even small actors in society to define and pursue their interests on a global scale. Moreover, the nations which would be left behind in this rush for technological advancement would have to pay a heavy price. To tackle such a situation from arising, ASEAN-Japan co-operation needs to be invigorated in the Information and Communications technology, to narrow the 'digital-divide' between ASEAN old and new members; as well as upgrade in technology in even some old members.
(c.) Wide divergences in ASEAN-6 and CLMV countries:
The wide divergences in ASEAN-6 and CLMV countries economic status are also a cause of concern. While on the one side are countries like Singapore, Malaysia, and Brunei, having their per capita income matching with developed countries; on the other side are countries like, Cambodia, Laos, and Myanmar, fighting for their place among developing countries even.

B. Security:
Apart from the challenges of economic nature, there are even new challenges in the strategic sectors.

(a.) Growing Arms build up:
Today, Asia-Pacific region is remarkable for its two outstanding features- its exceptional economic growth and the acquisition of advanced weapons by the countries of the region. The very economic success of the region is helping it in sustaining high defence expenditure and in acquiring more lethal weapons in the world market. Because of that, East Asia has become the region where the heaviest arms trade in the world has been taking place. This assumes significance, in the context that, the three hotspots of the world- the Korean Peninsula, Taiwan, and South China Sea, fall in this region only.

The Chinese arms build up and the insecurity caused by the declining United States military engagements with the region, may be some of the dominant factors for the increase in defence expenditure on the part of the ASEAN countries.

(b.) Ethnic conflicts, Terrorism, and Sea-Piracy:
Southeast Asian region is home to a large number of ethnic groups. The perceived discrepancies in the nature of their interests, be it economic, socio-cultural, or, political, instigates them to take the cudgels against the dominant groups; threatening the integration of the state from within.

The rise of terrorism is the other dark side of globalisation. Terrorism is engulfing
Southeast Asia in a cycle of violence, as the region is forcibly plugged into the international terror network. The Bali bomb blast of 12th Oct. 2002 was indeed the September 11 of Southeast Asia. It made the countries realise that individual terrorists, rather than states can also threaten the security of a nation.

Handling terrorists, whose beliefs and actions are difficult to predict; is now a primary security concern. The most important task for nations today is to prevent threats to the safety of the people by keeping deadly destructive weapons, whether chemical, biological or nuclear, from falling into the hands of states that support terrorism or the terrorists themselves. For this, there is a need to create a seamless international network that allows terrorists no safe havens. In these areas even ASEAN and Japan are deepening their relations.

To end terrorism the chain of violence should be cut and conditions be created for people everywhere to live their lives in safety. With this goal, the ASEAN summit of November 2001, adopted the ASEAN Declaration on Joint Action to Counter Terrorism, to fight international terrorism.

The terrorism inspired or supported by Islamic extremists is a teething problem for the ASEAN countries, as some of them have very large Muslim populations. In countries like Indonesia and Malaysia, Islam is tangled with politics; terrorism control and polices towards extremist Muslim factions' influences the Islamic factor in domestic politics. As a consequence, the reality of terrorism has tested the ASEAN's ability to maintain peace and order in the region.

The sensitivity attached with terrorism, led ASEAN to avoid singling out terrorism by Muslim extremists in its anti-terrorism policies. Japan was not far behind in endorsing ASEAN's view. Japan attended the first ASEAN+3 ministerial meeting on Transnational Crime held on 10 January 2004, in Bangkok and endorsed in principle the concept plan to implement co-operation in eight areas, namely, terrorism, illicit drug-trafficking, human-trafficking, sea-piracy, arms-smuggling, money laundering, international crime and
cyber crime.

As most of the ASEAN countries are littoral, with long coast lines, piracy is another major problem of the region. The security of the sea-lanes of Southeast Asia is even much concern for Japan, as it is vital from Japan's trade and commerce, as well as security perspectives.

As part of its efforts to combat increasing piracy in Southeast Asian maritime areas, Japan advocated the creation of a regional patrol for the region. Although, constitutionally unable to provide members of its navy for this task, Japan proposed the involvement of coastguard, a non military organization, in a regional force. In May 2000, Japan hosted a conference of coast guard officials from fifteen states. at which the problems of piracy, and possible solutions were discussed. (Yamazaki 2005: 429)

The greatest threat to state can arise from ethnic conflicts joining hands with terrorist groups to avenge their marginalisation; or, pirates and terrorists joining hands for their own cause.

(c.) Human Security:
Poverty, environmental degradation, drug-trafficking, and infectious diseases are some of the issues affecting individual humans, therefore, the concept of "human security" has been emphasized, as it has been gaining ground internationally.

In the new political climate human rights and democracy has become the centre of universal attention. To tackle with these problems, the first priority is to make humans aware and literate, so that, their capabilities to handle the problems themselves are enhanced.

Obuchi plan of 1999 was based on this motive, to boost human-resources development in East Asia and promote exchange between Japan and other countries in the region. (Singh 2002: 289)
XI. Ties between ASEAN-Japan Civil Societies:
Japanese society and local governments can play more positive and respected role in ASEAN by including leadership in non-traditional but important area of environmental protection, as well as in the fields of intellectual, educational, and cultural exchange rather than traditional areas of guns and butter. (Inoguchi and Jain 2000: 253)

In this spirit Hashimoto doctrine of 1997 was promulgated. It advocated that besides strengthening economic co-operation, and dialogues between leaders, greater cultural exchanges, and increased joint efforts between people at ground level to be increased. For this, it provided for institutionalized exchanges, such as sabbaticals for academics, and intellectuals from both the countries.

Japanese business community also seems to have recognized the importance of cultural exchange with ASEAN countries. In light of this awareness, the year 2003 was designated as Japan-ASEAN Exchange year, in keeping with a proposal by Prime Minister Koizumi Jun’ichiro. Modalities were drawn for cultural exchanges at different levels between officials, academics, students etc.

The rising cultural contacts between the two is represented by the fact that, features of contemporary culture- Karaoke, Pop Music, Manga (Comics) and televised cartoons have become accepted features of domestic popular entertainment in the region. (Sheah 2002: 93)

The rising acceptance of Japanese in the Southeast Asian countries can be inferred from a survey conducted by Asia Barometer in 2007, asked respondents about whether Japan has a good or a bad influence on their country. The percentage of people who replied good, rather good, or, neither good nor bad for Japan were:

<table>
<thead>
<tr>
<th>Table1: Japan’s image in ASEAN countries:</th>
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<tbody>
<tr>
<td>Thailand</td>
</tr>
<tr>
<td>Philippines</td>
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</table>

- 22 -
<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>85.7%</td>
</tr>
<tr>
<td>Laos</td>
<td>85.2%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>82.7%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>94.2%</td>
</tr>
</tbody>
</table>

**Graph 1: Japan’s image in ASEAN countries:**

![Graph showing the percentage of people's image of Japan in ASEAN countries](image)

(Source: Based on Asia Barometer Survey Data 2007)

Rest percentage of people replied bad, rather bad or don’t know. The result represents the good image of Japan in Southeast Asian countries in general; with very little people opting for the negative answers. As most of the people have a very fair image of Japan, there is huge potential for bridging relations between the civil societies of the two regions on a wider scale.

In this context, President Arroyo of Philippines suggestion to Japanese Prime Minister in 2000 is worth mentioning, when she suggested that as the Japanese population is aging, people of Philippines can serve as caretakers for them.

Taking this into account, the relation between the two can be invigorated in the services
sector also, providing a platform for widening ties at the civil society level. That will be a win-win situation for both. As people from ASEAN region will get experiences at the international level which would enhance their capacities and Japan’s shortage of labour problem due to aging problem and declining birth rate would be fulfilled.

XII. Problems inherent in the relationship:

In the changing paradigms of globalization, where market economy is the driving force, fundamental disjunctures have emerged in global economy, culture and politics. To better comprehend these problems; we need to understand the relationship between the dimensions or 'scapes' of global cultural flows involving: People (ethnoscapes), ideologies and concatentious of images (ideoscpes), technology (technoscapes), capital (finanscapes). (Soderberg and Reader 2000: 28-29)

(A.) From ASEAN side:

(i) A major problem in ASEAN’s relationship with Japan can come from ASEAN member states’ suspicion of each other. As a result, ASEAN countries are not able to have a collective voice, and which limits its bargaining power vis-à-vis strong powers.

(ii) Due to divergent nature and gap of member states’ political, security, and economic interests, though; ASEAN tries to present a unified front, the agreements on the surface are not materialised into works at ground level.

(iii) In the course of global financial crisis, human rights violations are susceptible to increase; as it remains a major problem for some of the ASEAN countries, and is being justified in the name of development, or, ‘ASEAN Way’ of doing things. This needs to be addressed.

(B.) From Japan Side:

(i) An impediment to Japan's relations with ASEAN is that of Tokyo's almost exclusively state centred approach to the region. Though, interactions between the civil societies at ground level have started, but, these interactions are in very infant stage.
Engagement with the region at individual, institutional, local levels can provide a way to build co-operation among economically complementary countries, with matters of daunting issues should only be left for the level of state to state relations.

(ii.) In the wake of rapid globalization, Japanese traditional approach to foreign aid has been questioned; as the focus on foreign investments has shifted from government led to private foreign direct investment. In this the role of the state is diminished to that of a negotiator of international standards, a provider of finance for public projects and an enforcer of contract between private parties.

(iii.) Some scholars like Yoichi Funabashi, Marie Soderberg and Ian Reader, have questioned Japan's assumed superiority in the region. There is some apprehension in some quarters that, media hype about Asia in Japan may not be actually about Asia at all, but more about Japan's perceived superiority over Asian peoples and the construction of its own identity. (Soderberg and Reader 2000: 40) Because of this fact they want to promulgate Japan and Asia; as like England and Europe.

(iv.) Some scholars regard that Japan has demolished to an example of confusion and paralysis from being a model of Asian development. There are other Asian countries which are becoming major players in the region and Japan is no longer supposed to be unique. (Funabashi 2000-01: 77)

XIII. Some emerging trends:
Whatsoever may be the criticisms, but, there are some emerging trends which are heartening. Japan's power of influence is by no means one-dimensional; with its rapid economic expansion into the Asian region, its own cultural insularity has broken down. Japanese themselves are the active transmitters of Japanese cultural influences abroad, and they learn new experiences in their assignments and travel overseas. How they relate to such experiences and to their anomalous positions - their need to relate on the one hand to a head office in Japan that controls their career destinies, and on the other hand, to a host culture which frames their day to day experiences, is a matter of immense
There is a difference between taking in foreign elements and tagging them on to a 'native tradition' whose structure remains essentially unaltered, and taking them in and using them to transform that native traditional structure into a totally new and different cultural form. (Soderberg and Reader 2000: 46) This aspect needs to be looked into.

The cultural heterogeneity provides for cultural confrontation or assimilation. It is difficult to judge which aspects will be assimilated or confronted. But, there can be disagreement on individual traits, in general, immigrants adapt and assimilate many of the host culture's traits being rooted in their native traditions. This promotes internalization of thoughts or culture, which is more tolerant, liberal and assimilative.

For ASEAN, Japan is the largest source of tourists from outside the region. (ASEAN Statistical Yearbook, 2006, ASEAN Secretariat) The presence of foreigners and tourists in the countries though may seem fleeting and transient, the accumulated presence and impact of large number of foreigners and tourists may be enormous, not just at the economic level in terms of the money they brought with them and the tourist industries that develop around them. The impact goes beyond mere financial balance sheets, because foreigners and tourists can have pronounced and often unplanned multi-faceted repercussions on various dimensions of society, culture, environment, etc. of their host cultures.

**Table 2: Rate of growth of Japanese Visitors to ASEAN During 1996-2005:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of growth</th>
</tr>
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<tbody>
<tr>
<td>1996</td>
<td>11.2 percent</td>
</tr>
<tr>
<td>1997</td>
<td>-0.3 percent</td>
</tr>
<tr>
<td>1998</td>
<td>-15.9 percent</td>
</tr>
<tr>
<td>1999</td>
<td>9 percent</td>
</tr>
<tr>
<td>2000</td>
<td>15.2 percent</td>
</tr>
<tr>
<td>Year</td>
<td>Growth Rate</td>
</tr>
<tr>
<td>------</td>
<td>--------------</td>
</tr>
<tr>
<td>2001</td>
<td>-8.2 percent</td>
</tr>
<tr>
<td>2002</td>
<td>3.5 percent</td>
</tr>
<tr>
<td>2003</td>
<td>-23.6 percent</td>
</tr>
<tr>
<td>2004</td>
<td>20.1 percent</td>
</tr>
<tr>
<td>2005</td>
<td>8.6 percent</td>
</tr>
</tbody>
</table>

(Source: ASEAN Statistical Yearbook, 2006, ASEAN Secretariat)

**Graph 2: Rate of growth of Japanese Visitors to ASEAN During 1996-2005:**

Therefore, Japanese presence and influence in the Southeast Asian countries goes beyond the economic paradigm and has long lasting effects on the Asian countries in which they are involved at different levels in different capacities. (Soderberg and Reader 2000: 3-4) These dimensions are worth examining as in this globalizing world, more and more people are emigrating and immigrating from one culture to the other.
XIV. Conclusion:

Looking at all these aspects, it can be said that, whatever critics might argue, but as ASEAN becomes stable and strong and perseveres in efforts as a united community, Japan will continue to have a prominent role in the region.

This is reflective in the ASEAN Regional Forum meeting of 2nd July 2004, when it signed the Treaty of Amity and Co-operation, which it had been earlier reluctant to sign in consideration of its fallout on the alliance with the United States. This is an indication of the growing warmth between the two regions.

Japan's Asian policy since then seems to demonstrate that Japan while enhancing its ties with the United States, has been strengthening its ties with Asian neighbours as well. However, an impediment to ASEAN-Japan relations can occur due to Japan's almost exclusively state centred approach to the region.

This needs to be changed, since now, besides the nations, international institutions, civil societies etc. have also started playing a significant role in bridging relations between different countries. Therefore, their role should also be taken into account.

Politically, the diplomatic leverage of ten countries would not be a bad bargain for Japan, which is aspiring for a permanent seat in the United Nations Security Council. However, when the resolution to make Japan a permanent Security Council member took place, not even a single member of ASEAN supported the resolution. (Inoguchi 2008: 43) This was an anathema to Japan's expectations.

For this, Japan needs to positively influence the perceptions of the people in the region. Since it is not only necessary to grow together, people of ASEAN should also realise that they are growing together with Japan.

Here, even the market economics can play an invaluable role—i.e., the marketization of one's image, if one may put it, where the positive image of Japan can act as the catalyst. Since this is an era of post-modernism where images can be created or destroyed via
rapidly advancing media, the vision of Japan and ASEAN as mutual friends, ‘acting and advancing together’ needs to be projected more vigorously.

For ASEAN, the success of the integration process depends to a large extent on, how the countries solve multiple issues, such as the diverse expectations of the economic integration among the members, the drifting course of the United State’s policy towards East Asia, and an emerging contest for regional leadership between Japan and China. Given such circumstances and Asia’s volatile political and economic climate, the relations between the two regions are projected to be the harbinger of growth and stability in the region.