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Japan and ASEAN: Changing Partnership and Its Prospects

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Introduction

Relations between modern Japan and Southeast Asia can be traced back to the migration of ordinary Japanese to Southeast Asia in the 19th century. Following two civilian-led “southbound” booms in the prewar era and the Japanese imperialism of the Second World War, postwar Japan established diplomatic relations with Southeast Asian countries that had won their independence and built new relationships through reparation, sub-reparation, and economic cooperation. Since then, Japan’s Southeast Asia policy has been driven by expectations of the region as a source of raw materials needed for Japan’s recovery and economic growth and as a market. Japan established a significant economic presence in Southeast Asia through the “trinity” of trade, investment, and aid, which enabled political influence in the region.

This vertical relationship between Japan and Southeast Asian countries gradually shifted. Southeast Asian countries established the Association of Southeast Asian Nations (ASEAN) and pursued their hedging diplomacy with key countries beyond their region while expanding the ASEAN grouping. For them, ASEAN functioned to stabilize relations among its members, secure benefits from Japan and other countries outside the region, and serve as a framework for influencing the broader regional order. In this context, as well as pursuing bilateral diplomacy with individual Southeast

Asian countries, Japan pursued ASEAN diplomacy to build partnerships with the countries in the region from around the mid-1970s.

This article focuses primarily on Japan’s ASEAN diplomacy, explaining how relations and approaches to cooperation between Japan and both ASEAN and Southeast Asian countries have changed over time, and the factors that contributed to these changes. On this basis, the paper also considers the key issues in current and future Japan-ASEAN partnerships.

Developments thus far

(1) The beginning of Japan-ASEAN relations

When five Southeast Asian countries established ASEAN in August 1967, the Japanese government did not display especially strong interest. However, as a backlash from Southeast Asian countries against Japan’s economic presence surfaced, forcing Japan to reconsider its diplomacy with Southeast Asian countries, Japan began to give greater weight both to bilateral relations with countries in the region and to diplomatic engagement with ASEAN. The most direct trigger for this change was trade friction over synthetic rubber exports. Japan’s synthetic rubber exports hit Malaysia and Indonesia, which were natural rubber-producing countries, hard. These countries banded together

as ASEAN to press Japan for talks, rather than individually negotiate. As a result of their efforts to push Japan to come to the negotiating table, the Japan-ASEAN Synthetic Rubber Forum was held in 1973. While this Forum was not a comfortable start to relations between the two parties, it was later hailed as the starting point for “Japan-ASEAN friendship and cooperation.” In 1974, the Japanese government was shocked by large-scale anti-Japan demonstrations held in Bangkok, Jakarta, and other major cities to protest a state visit by the Japanese Prime Minister Kakuei Tanaka (the “Malari incident”). Japan was also prompted to re-think its Southeast Asia policies following the change in the regional environment occasioned by the turn to communism in Indochina following the Fall of Saigon in 1975.

As Japan explored new regional approaches as an economic super-power against the backdrop of such events, it began to focus on strengthening relations with ASEAN. In March 1977, the Japan-ASEAN forum was launched with the aim of consultation on a full range of economic problems. Japan also obtained the status of an ASEAN dialogue partner, together with the United States, Australia, and other Western states in the Asia Pacific and the European Community (EC).

Japan’s Prime Minister Takeo Fukuda was invited to the second ASEAN leaders’ summit in Kuala Lumpur as a special guest alongside the Prime Ministers of

Australia and New Zealand in August 1977. In a policy speech delivered in Manila immediately after the summit, Fukuda outlined three principles, which later became known as the “Fukuda Doctrine”: (1) Japan would never become a military power; (2) Japan would pursue heart-to-heart relations with ASEAN; (3) Japan would build an equal partnership with ASEAN and serve as a bridge between ASEAN and Indochina. The issuance of this Fukuda Doctrine later became known as a key event contributing to stabilizing Japan-ASEAN relations.

(2) Deepening Japan-ASEAN relations after the Cold War

With the end of US-Soviet and China-Soviet rivalries, Asia’s complex Cold War structure dissolved. The civil war in Cambodia, which had been a symbolic conflict of the Cold War in Asia, ended with a peace agreement in 1992, and a new Cambodia was established in 1993. Japan played a major role in the Cambodian peace process.

In response to the changes in the international environment occasioned by the end of the Cold War, ASEAN countries, both in their individual diplomatic efforts and through a combined approach as ASEAN, proactively advanced a hedging strategy that involved forming relationships with all major powers and achieving a balance that ensured that no single country could exercise influence

over their region. ASEAN worked to strengthen ties with countries such as South Korea, China, India, and Russia by using mechanisms such as the dialogue partner system. Moreover, ASEAN sought to bolster its own voice and influence on the Asia-Pacific regional order through the formation of regional institutions with itself as the center (ASEAN Architecture).

As ASEAN expanded its partnership with external powers in these ways, Japan's importance to ASEAN declined in relative terms. On the other hand, Japan increasingly emphasized cooperation with ASEAN more than before, in response to Southeast Asian countries' proactive diplomacy by utilizing the ASEAN framework. Japan was heavily involved in the process of establishing the ASEAN architecture mentioned above. Additionally, with the expansion of ASEAN membership to include Cambodia, Laos, Myanmar, and Vietnam, Japan's Ministry of International Trade and Industry played a central role in industrial cooperation designed to mitigate disparities between ASEAN's original members and these new member countries (known collectively as "CLMV"). The Obuchi administration of Japan established the ASEAN-Japan Solidarity Fund for the purpose of human resource development and poverty reduction, and provided financial assistance under this framework to the ASEAN Fund, which was established by ASEAN in July 1998 to strengthen cooperation within the region.

In the wake of the Asian financial crisis that began in the summer of 1997, Japan mobilized its economic strength to support countries that had suffered from the crisis. The Asian Monetary Fund (AMF) initiative that Japan's Ministry of Finance formulated was derailed by strong opposition from the United States and disinterest from China. However, the Japanese government proposed the New Miyazawa Initiative in 1998 and a second stage of the same initiative the following year, under which financial assistance was provided to Thailand, Indonesia, South Korea, Malaysia, and the Philippines. The Miyazawa Initiative subsequently developed into the Chiang Mai Initiative under ASEAN+3.

The early 2000s saw a shift in the power balance between Japan and China, as China expanded its economic and political presence expanded after joining the World Trade Organization (WTO) in 2001. Japan-China competition for leadership in shaping the regional order became more visible, and the two countries vied for stronger links with ASEAN. Japan and China both rushed to sign Free Trade Agreements (FTAs) with ASEAN and the Treaty of Amity and Cooperation in Southeast Asia (TAC). Japan joined the TAC in July 2004 and entered an FTA with ASEAN in 2008. Japan also hosted a special Japan-ASEAN leaders' summit in Tokyo in December 2003, showcasing the depth of linkages between Japan and ASEAN. As moves toward the establishment of the East Asia Summit began in earnest, Japan and China disagreed over

the scope and modality of the Summit's membership. Moreover, in 2006 Japan responded to efforts by China and South Korea to advance economic integration among the ASEAN+3 members by proposing the Comprehensive Economic Partnership for East Asia (CEPEA), which would pursue economic integration in the ASEAN+6 grouping. These two initiatives later coalesced in establishing the Regional Comprehensive Economic Partnership (RCEP).

Moreover, Japan announced that it would commit funds totaling 70.1 million US dollars to support cooperation and integration as ASEAN moved toward forming a regional community, and these funds formed the basis of the Japan-ASEAN Integration Fund (JAIF) established in 2006. The Japan-ASEAN General Exchange Fund (JAGEF) and Japan-ASEAN Exchange Projects (JAEP) fund, both of which had been operating as part of Japan's cultural cooperation and assistance program since the Fukuda Doctrine era, were incorporated into this new JAIF in 2008.

(3) Southeast Asia's emergence as a strategic arena and Japan's ASEAN diplomacy

The rise of China became even more pronounced in the 2010s. In this period, China moved toward forming a new international and regional order through expanded investment and infrastructure development projects, such as Xi

Jinping's 2013 announcement of the Belt and Road Initiative (BRI) and the Asian Infrastructure Investment Bank (AIIB). With the release of the Made in China 2025 plan in 2015, China also made clear its intention to become a technology power. China's approach drew the attention of the United States, and US-China strategic competition became even more evident. Southeast Asia became a strategic arena in which the US and China would compete for influence as this competition escalated.

Meanwhile, from the start of the 2010s, Japan began situating ASEAN member countries as partners in establishing a rules-based order, strengthening cooperation in the fields of politics and security while seeking to limit China's power. Japan's National Security Strategy, approved by Cabinet in 2013 during Shinzo Abe's second term as Prime Minister, identified the ASEAN countries alongside South Korea, Australia, and India as countries with which Japan would strengthen its cooperative relations, describing them as "countries with which it shares universal values and strategic interests," and committing to "further deepen and develop cooperative relations with the ASEAN countries in all sectors, including politics and security." Another special Japan-ASEAN summit meeting held in Tokyo to celebrate the 40th anniversary of Japan-ASEAN relations in 2013 adopted a Vision Statement affirming a strengthening of cooperation with ASEAN and Japan positioned as

“partners for peace and stability.” Prime Minister Abe also announced an additional contribution totaling 100 million US dollars to “JAIF 2.0,” identifying four priority areas: (a) maritime cooperation; (b) disaster management; (c) counter-terrorism and transnational crime including cybercrime; and (d) ASEAN connectivity.

Attempts to build a rules-based order in the economic realm were also pursued in the form of negotiations toward the Trans-Pacific Partnership (TPP) and RCEP. Even after the United States’ withdrawal from TPP negotiations as part of the “America First” policy of the Trump administration inaugurated in January 2017, both the TPP and RCEP grew in importance as frameworks for the maintenance of a rules-based free trade system, regardless of their differences in membership, level of freedom, and scope. The TPP was ratified by all 11 negotiating countries other than the United States, with the CPTPP concluded in February 2018 and coming into effect in December of the same year. India withdrew from RCEP negotiations in 2019, but the partnership agreement was nonetheless signed by the remaining 15 countries at the height of the COVID-19 pandemic in November 2020, and became effective in January 2022.

The Abe administration also embarked in earnest on defense cooperation with ASEAN countries, associating this cooperation with the goal of forming and maintaining a rules-based order. After

the establishment of the Three Principles on Transfer of Defense Equipment and Technology in April 2014, Japan entered into defense equipment and technology transfer agreements with the Philippines (2016) and Malaysia (2018). Similar agreements have since been signed with Vietnam (2021), Indonesia (2021), and Thailand (2022). Japan has also supplied new and used patrol vessels to the Philippines, Vietnam, and Malaysia under its ODA program. Alongside these bilateral defense cooperation initiatives with specific ASEAN countries, in November 2016 the Japanese Defense Minister Tomomi Inada announced the Vientiane Vision, a comprehensive framework for defense cooperation with ASEAN, including both multilateral and bilateral initiatives. An update of this framework, the Vientiane Vision 2.0, was announced three years later, in November 2019.

The Abe administration also included strengthening of defense cooperation and infrastructure development support for ASEAN as part of its Free and Open Indo-Pacific (FOIP) vision. The countries of ASEAN, however, took the skeptical view that FOIP was a framework for curbing China’s influence. From around spring 2017, prompted by an improvement in Japan-China relations, the Japanese government made efforts to demonstrate that FOIP was not a China containment mechanism, including by proposing the possibility of cooperation between FOIP and China’s BRI. These efforts, however, did not completely

quell the doubts of ASEAN countries. ASEAN itself announced the ASEAN Outlook on the Indo-Pacific (AOIP) in June 2019, proposing an inclusive approach to Indo-Pacific cooperation including not only countries like Japan and the United States, but also China, India, and others.

China's economic presence and political influence, and its actions to disrupt the existing maritime order such as land reclamation and construction of military facilities in the South China Sea, is causing concern for ASEAN countries. At the same time, however, the existence of the Chinese market and investment and assistance from China are essential to economic growth in ASEAN. For these reasons, the countries of ASEAN are working both individually and collectively to maintain a hedge strategy, regardless of individual differences in the closeness of their relations with the United States and China. Meanwhile, they are also strengthening ASEAN itself and attempting to overcome adverse conditions. In a move that can be interpreted as evidence of this approach, at the end of 2015 ASEAN announced, as anticipated, the intention to establish an ASEAN Community.

Current status and issues

The COVID-19 pandemic brought the pre-existing strategic competition between the United States and China into even sharper relief. Huge public spending on COVID-19 countermeasures placed immense strain on many

countries' finances. The governments of ASEAN established economic recovery and activation as their highest priority, and no longer have the option of severing relations with China, having developed even deeper economic ties through the pandemic. China is strengthening its approach to ASEAN countries too, as part of its advocacy of a new order based on "win-win" relationships.

Meanwhile, the Biden administration in the United States has expressed the intention to counter the China-led "win-win" order with the formation of a "rules-based" order in the Indo-Pacific. The Biden administration has adopted policies to counter China by strengthening collaboration with its alliance and partner countries, and on this basis is engaging proactively with ASEAN. At this point, the United States remains the preeminent power in the region, but the Biden administration is yet to fully regain the trust lost in the course of the Trump administration's "capricious" policy approach.

Under growing pressure from the United States and China, ASEAN's diplomatic freedom is narrowing. Ironically, however, hedging strategies are of growing importance for ASEAN precisely because of this predicament. As a US ally, Japan is also finding its policy options reduced. The Suga administration followed almost identical policies toward ASEAN as were established by the Abe administration that came before them. Prime Minister Fumio Kishida proposed

the “FOIP 2.0” in his speech which title was “The Future of the Indo-Pacific” in New Delhi in March 2023. This speech mentioned the new pillars of cooperation one of which was “Extending Efforts for Security and Safe Use of the ‘Sea’ to the ‘Air.’” It implies Japan’s serious concerns about the activities of China to pursue the maritime hegemon in East and South China Sea. In other words, Japan’s FOIP is becoming increasingly difficult to distinguish from the US version of FOIP that has a stronger focus on China containment.

In order to attract ASEAN to the FOIP vision, the Japanese government is seeking to connect FOIP more closely with AOIP and pursuing a discourse of advancement in Japan-ASEAN AOIP cooperation. The Japan-ASEAN leaders’ summit in November 2021 identified a number of initiatives for Japan-ASEAN AOIP cooperation, including technical cooperation in relation to illegal, unreported, and unregulated (IUU) fishing, cooperation on plastic waste, high-quality infrastructure cooperation through the Japan-ASEAN Connectivity Initiative, and support for the establishment of the ASEAN Centre for Public Health Emergencies and Emerging Diseases. ASEAN is accepting of Japan’s trajectory, on the basis that stronger partnership and support from a third-party country rather than the US and China is something to be welcomed, but it is also carefully maintaining a degree of distance from FOIP itself.

In this context, seven ASEAN members—all except Cambodia, Laos, and Myanmar—have joined the Indo-Pacific Economic Framework (IPEF) established under US leadership at the end of May 2022. Some see the decision of seven of the ASEAN countries to join IPEF as a product of Japan’s active persuasion. A more important factor, however, was that these seven countries expressed a degree of interest in rulemaking and stronger cooperation in the areas identified by IPEF for negotiation, including the digital economy, supply chain resilience, climate change, and green energy. The move could also be interpreted as one of the aforementioned hedging strategies to counterbalance the influence of China. Nonetheless, there is considerable cynicism among Southeast Asian countries regarding the substance of the United States’ commitment to their region and the permanency thereof. The Biden administration’s hosting of two successive Summits for Democracy also proved unpopular, on the basis that it may exacerbate divisions unnecessarily.

Conclusion

As the climate in East Asia grows more tense as a result of escalating competition between the United States and China, the positions of Japan and ASEAN have much in common. This article has made repeated reference to ASEAN’s hedging strategies, but Japan too is faced with the dual imperatives of responding to security threats and contingencies as its alliance relationship with the United

States deepens, and at the same time building a stable and reasonably broad relationship with China, a country with which it is geographically proximate and deeply entwined economically.

Moreover, the world cannot be seen in black-and-white terms. Since Russia's invasion of Ukraine, there has been a tendency, especially in Europe and North America, to discuss the world in terms of a binary conflict between authoritarian and liberal systems, highlighting collaboration between China and Russia. However, as evidenced by its decision to abstain from the UN resolution condemning Russia in March 2022, China is keeping a subtle distance from Russia. Likewise, ASEAN is seeking to take an inclusive approach rather than simply isolating Russia. Indonesia as host of the 2022 G20 summit, Thailand as the Chair of APEC, and Cambodia as the Chair of ASEAN have all adopted a policy of not excluding Russia from major gatherings.

The world is better seen as gray rather than black and white, and this complex international order is supported by the actions of emerging and developing economies such as the ASEAN member countries. The reality is that these countries are more numerous than developed countries in numerical terms, and their influence on the international order is growing.

One thing that is clear is that the era in which the Japan-ASEAN relationship

could be discussed in terms of Japan providing some form of assistance to ASEAN countries is now at an end. Considering the major structural changes in the international order outlined in this paper, Japan must endeavor to strengthen its partnership with ASEAN, and work collaboratively on the formation of a new regional order. There are three parts to this task. One is the development of a peaceful, inclusive, and rules-based regional order founded on cooperation and respect for each country's sovereignty. The second is the realization of an order designed for "co-existence," one that transcends business ties and achieves a balance across the three issues of economic growth, sustainability, and fairness. What is even more important than these is to cultivate the mutual understanding and mutual trust that will enable further deepening and strengthening of the partnership between Japan and ASEAN. Advancing the Japan-ASEAN partnership will surely become even more important in the future to achieve a regional order that is desirable for partners on both sides.

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