

CHAPTER 6

Pursuing a Multi-dimensional Relationship: Rising China and Japan's Southeast Asia Policy

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Introduction

Japan has always put Southeast Asia as one of its diplomatic priorities, since it has constantly been critical for Japan to keep cooperative ties with the region in economic and political terms. Since the post-war period in the 1950s, Japan had long sought to establish and maintain bilateral partnerships with Southeast Asian nations as well as multilateral relations with ASEAN. At the rudimentary phase of the partnerships, the relations were exclusively centered on economic cooperation, following war reparations negotiations. Thereafter, as economic relations deepened, the relationship was expanded to include political cooperation.¹ Today, Japan's partnership with ASEAN has come to organize joint efforts in security, particularly non-traditional issues.

At the same time, however, Japan's Southeast Asia policy has never been straightforward. Japanese diplomacy had been generally confined to the framework of US-Japan relations, which had drawn a boundary around Japan's diplomatic sphere in Southeast Asia. Historical memory of the war had also imposed constraints on Japan's endeavors to create close relationships in Southeast Asia, and sometimes provoked suspicion among the nations in the region regarding Japan's intentions. Moreover, rising powers like China and India have recently been extending their influence into Southeast Asia, relatively reducing Japan's role in the region. These factors have caused difficulties for Japan in taking the initiative to address regional problems.

China as an influential power in Southeast Asia has been always critical, and bilateral and multilateral relationships with China have constantly been predominant over the international and domestic politics of Southeast Asia. However, since the end

¹ Jusuf Wanandi, "ASEAN-Japan Relations: The Underpinning of East Asian Peace and Stability," in *ASEAN-Japan Cooperation: A Foundation for East Asian Community* (Tokyo: Japan Center for International Exchange, 2003), p. 3.

of the Cold War, the significance of China in the region has dramatically changed in character, while its salience in regional politics itself remains unchangeable; China shifted from an exporter of revolution, assisting communist insurgencies in the region, to an important economic and political partner for Southeast Asia. In this regard, since the conclusion of the Cold War, especially the new millennium, the “emerging” China has greatly affected Japan’s economic and security policy towards Southeast Asia.

In consideration of this “rising China,” scholarly arguments on Japan’s role in Southeast Asia seem to be categorized into two perspectives that evaluate Japan’s role either negatively or positively. One position sees that Japan’s position as a junior partner of the United States, combined with the reactivity of Japanese diplomacy stemming from that position, hinders Japan from creating an image of truly trustable partner for Southeast Asia. This notion concludes, therefore, that Japan cannot take the initiative in addressing regional affairs, whereas China will become a regional leader instead.² Nowadays, it is even a plausible, well-grounded argument that for Southeast Asia, the balance of influence has shifted from Japan to China.³ The other perspective insists that despite constraints imposed on Japanese foreign policy and its historical legacy, Japan’s role in Southeast Asia is still relevant because it has succeeded in presenting a development model to Southeast Asia and constructing good relationships with ASEAN countries through economic cooperation.⁴ However, even the latter discourse does not necessarily deny China’s continuing transformation into a formidable competitor for Japan over regional leadership due to of China’s growing economic and political power and Japan’s relative economic decline.⁵

On the basis of these two perspectives, inclining more to the second standpoint to

² See, for example, Yeo Lay Hwee, “Japan, ASEAN, and the Construction of an East Asian Community,” *Contemporary Southeast Asia*, vol. 38, no. 2 (August 2006), pp. 259-275.

³ Byung-Joon Ahn, “The Rise of China and the Future of East Asian Integration,” *Asia-Pacific Review*, vol. 11, no. 2 (November 2004), pp. 18-34; and Marvin C. Ott, “Southeast Asian Security Challenges: America’s Response?” Strategic Forum no. 222, Institute for National Strategic Studies, October 2006, p. 2, <http://www.ndu.edu/ins/srforum/SF222/SF222.pdf> (accessed April 18, 2008).

⁴ See, for example, N. Ganesan, “ASEAN’s Relations with Major External Powers,” *Contemporary Southeast Asia*, vol. 22, no. 2 (August 2000), pp. 258-278; and Julie Gilson, “Complex Regional Multilateralism: ‘Strategising’ Japan’s Response to Southeast Asia,” *The Pacific Review*, vol. 17, no. 1 (March 2004), pp. 71-94.

⁵ Jian Yang, “Sino-Japanese Relations: Implications for Southeast Asia,” *Contemporary Southeast Asia*, vol. 25, no. 2 (August 2003), pp. 306-327.

examine positive aspects of Japan's Southeast Asia policy, this paper attempts to detect trends and shifts in Japan-Southeast Asia relations, in comparison with recent developments in ASEAN relations with China. To fulfill this purpose, the paper begins with, in the first section, an overview of Japan-Southeast Asia relations after the Second World War, demonstrating that the partnership has expanded from economic cooperation to become more multi-dimensional and comprehensive. The argument will proceed, in the second section, to examining China's rise as a credible partner for ASEAN and Japan's relative decline in its position in Southeast Asia, referring to an aspect of the rivalry between Japan and China. Third, the paper will look at recent developments in Japan's Southeast Asia policy in terms of competition with China, centered on Japan's growing contribution to addressing nontraditional security issues in Southeast Asia. An emerging aspect of coordination between Japan and China in Southeast Asia policy will be mentioned as well. Finally, this paper concludes that through competition with China, Japan has strived to enlarge and diversify its role in Southeast Asia, mainly focusing on nontraditional security.

Overview of Japan-Southeast Asia Relations: Beyond Economic Cooperation

Japan attentively reconstructed its ties with Southeast Asia in the 1950s, emphasizing "economic diplomacy."⁶ Southeast Asia, as a supplier of natural resources for Japanese industries as well as an export market for Japanese products, contributed significantly to Japan's economic recovery. Behind Japanese rapprochement with Southeast Asia, there existed US Cold War-policy, which expected Southeast Asia's assistance to Japan due to the necessity of constructing an economic recovery in Japan that would act as a strong barrier against Communist infiltration into Asia. After Japanese independence materialized in 1952, the initial phase of relations between Japan and individual Southeast Asian nations was centered on reparations negotiations. The settlement on the reparations issues promoted investment in the region by Japanese companies, particularly industries for developing power resources and social infrastructure, as the reparations payment was largely composed of commodity and service grants.⁷

⁶ Sueo Sudo, *The International Relations of Japan and Southeast Asia: Forging a New Regionalism* (London and New York: Routledge, 2002) p. 2.

⁷ Igusa Kunio, "Nihon no tai-Tonanajia Keizaishinshutsu no Kozu [Overview on Japan's economic policy toward Southeast Asia]" in Toru Yano ed., *Tonanajia to Nihon* [Southeast Asia and Japan] (Tokyo: Kobundo, 1991), p. 209; Sudo, loc. cit.

Subsequently, Japanese economic assistance had poured into Southeast Asia since the 1960s. Prime Minister Hayato Ikeda (1960-1964) reinforced official development assistance (ODA) policy, aiming at stabilizing national economies in the region. This policy complemented US policy towards East Asia economically, in terms of preventing Communist China from extending its influence to Southeast Asia, particularly Burma and Indonesia.⁸ Japan's drive to provide assistance was also strengthened by its motive of economic growth, symbolized by Ikeda's "doubling Japanese income" plan.⁹ Thereafter, under the Sato administration, a Ministerial Conference on Development of Southeast Asia held in April 1966 witnessed the Japanese government pledging Southeast Asian states to appropriate 1% of GNP for economic assistance.¹⁰ Moreover, in August of the same year, Japan became the main donor for establishing the Asian Development Bank (ADB).

From the 1960s to the 1970s, since the latter half of the 1960s in particular, Japan's ODA had expanded dramatically, centered on assistance for Southeast Asia. Japanese ODA of 200-400 million US dollars in the first half of the 1960s tripled to up to 1.3 billion US dollars by the end of the decade. The increase further accelerated in the 1970s. At the same time, providing funds as war reparations had been replaced by direct credit combined with technological assistance. Furthermore, Japanese companies had been proactive in investment in the region since the end of the 1960s. In particular, the year 1972 was marked as the "first year of investment," when Japanese companies, chiefly manufacturing industrials, began foreign direct investment on a massive scale, aiming at Southeast Asia.¹¹

Japanese ODA and investment contributed to economic development in Southeast Asia, as states in the region, whose economies had relied heavily on primary products, sought to grow out of colonization. Southeast Asian states adopted a strategy for their economies to become independent, which required the central governments to develop economic and social infrastructures, attract foreign investment and generate national capital for manufacturing industrial goods on their own.¹² Moreover, in the 1960s,

⁸ Sumio Hatano and Susumu Sato, *Gendainihon no Tonanajia Seisaku 1950-2005* [Contemporary Japan's Policy toward Southeast Asia 1950-2005] (Tokyo: Waseda University Press, 2007), p. 83.

⁹ Sudo, *The International Relations of Japan and Southeast Asia*, pp. 2-3.

¹⁰ Hatano and Sato, *Gendainihon no Tonanajia Seisaku*, p. 155.

¹¹ Igusa, "Nihon no tai-Tonanajia Keizaisinshutu no Kozu," pp. 212-213.

¹² *Ibid.*

national economies in Southeast Asia were in a transition from import substitution to export-oriented industrialization. Due to this pull factor, state governments in the region instituted foreign investment laws to encourage more investments from overseas.¹³ This impetus from the Southeast Asian side was completely engaged by Japanese companies' investment drive from the 1970s.

Following Singapore, which had enjoyed non-stop double-digit economic growth since the latter half of the 1960s, countries like Indonesia, Malaysia, the Philippines and Thailand had economically taken off since the 1970s, entering the orbit of steady economic development. The metaphor of a group of flying wild geese, a model of development led by Japan, was regarded as relevant for Southeast Asia. Malaysia's Prime Minister Mahathir proposed a "Look East" policy, which highlighted commitment, diligence and discipline as a work ethic, finding a model for economic growth in Japan (and South Korea).¹⁴

Along with strengthened economic ties, political relations between Japan and Southeast Asia entered a new phase in the 1970s. This shift was brought by some newly emerging politico-economic phenomena. First, states in Southeast Asia founded ASEAN in 1967, which gave Southeast Asian politics a new dimension in terms of multilateralism. Second, the abrupt increase in the Japanese economic presence in Southeast Asia provoked people's antipathy towards Japan. This aversion was exemplified in anti-Japanese demonstrations and violent riots which occurred in Bangkok and Jakarta during Prime Minister Tanaka Kakuei's Southeast Asia visit in January 1974. Finally, the dissatisfaction expressed by the Southeast Asian side pressed Japan to reconsider its Southeast Asia policy, setting ASEAN as a new negotiation channel. From Southeast Asia's perspective, ASEAN's capability of collective diplomacy was demonstrated in negotiations with Japan over production and export of synthetic rubber.

Furthermore, the end of the Vietnam War in the mid-1970s created a new strategic environment in Southeast Asia, characterized by decreased US commitment to the region and a power vacuum caused by the US withdrawal. Against this backdrop,

¹³ Ibid., pp. 216-217.

¹⁴ Harold Crouch, *Government and Society in Malaysia* (Ithaca and London: Cornell University Press, 1996), p. 227.

the Japanese government, the Asia department of the Foreign Ministry in particular, started to lay down a new policy line toward Southeast Asia.¹⁵ In order to redefine Japan-Southeast Asian relations under new circumstances, the Japanese government announced the Fukuda Doctrine during Prime Minister Takeo Fukuda's visit to Southeast Asia in August 1977.

The doctrine clarified three basic principles of Japan's Southeast Asia policy: (1) Japan would never become a military great power; (2) Japan would establish a partnership of mutual trust with Southeast Asia; and (3) as an equal partner, Japan would proactively cooperate with ASEAN in strengthening its unity and resilience, and building a relationship with Indochina based on mutual understanding. The Fukuda Doctrine pursued three aims: (1) adopting a political approach instead of aggressive economic diplomacy; (2) reaffirming Japan's support for ASEAN as a regional institution; and (3) constructing a relationship of peaceful co-existence between ASEAN and Indochina.¹⁶ It should be noted that since this doctrine was issued, Japan's Southeast Asia policy entered a new phase, developing ties to cover political cooperation. This development was on the basis of relations with ASEAN as a multilateral framework of cooperation. The Fukuda Doctrine has since formed a keynote of Japan-Southeast Asia relations, although some basic conditions which existed in the 1970s, regarding the strategic environment in Southeast Asia, have changed.

ASEAN has considered Japan as one of its important dialogue partners. ASEAN acknowledged Japan as its first dialogue partner in 1978. ASEAN-Japan political relations have been cultivated upon diverse regular meetings. The first attempt was the March 1977 establishment of the Japan-ASEAN Forum, which has since, expanding cooperation areas, managed political, security, economic and cultural issues, including the Cambodian conflict.¹⁷ Annual regular meetings like the Japan-ASEAN Foreign Ministers' Meeting since 1978, Economic Ministers' Meeting since 1991, and the Japan-ASEAN Summit since 1997 have also reinforced relations between the two parties, functioning as pivotal communication channels. In addition, Japan and ASEAN have convened not only ministerial talks but also various working-

¹⁵ Hatano and Sato, *Gendainihon no Tonanajia Seisaku*, p. 167.

¹⁶ *Ibid.*, pp. 172-173.

¹⁷ Sudo, *The International Relations of Japan and Southeast Asia*, pp. 43-44.

level meetings.¹⁸

Through the 1970s into the 1980s, economic cooperation between Japan and ASEAN was further strengthened. The Japanese government increased ODA to ASEAN and became the top donor in 1989. Japan's ODA policy in this period was based on the "comprehensive security" concept, which aimed at constructing a peaceful world order to promote balanced development of the world economy in general, and maintaining cooperative ties with recipient countries, based on the perception that Japan was vulnerable due to its resource scarcity.¹⁹ In Japan's ODA strategy, ASEAN has had a special priority. In August 1977, Prime Minister Fukuda pledged 1 billion US dollars in aid to assist ASEAN regional industrial projects. Following the Fukuda Initiative, the Suzuki Administration identified development of rural areas, energy, human resources and small businesses as prioritized areas of economic cooperation with ASEAN. Moreover, in December 1987, Prime Minister Noboru Takeshita announced the foundation of an ASEAN-Japan Development Fund (AJDF).²⁰

Thereafter, during the 1990s, Japan's cooperation with ASEAN became so comprehensive as to cover addressing security issues. This process was linked to Japan's growing desire to contribute substantially to international security, certainly aroused by Japan's incapacity for security cooperation which was revealed in the 1991 Gulf War. As the International Peace Cooperation Law was passed in 1992, Japan's security role expanded in UN peacekeeping operations (PKO). In September 1992, as its first PKO mission, the Japanese government dispatched Self-Defense Forces troops to Cambodia. ASEAN countries' general support for Japanese participation in UN Transnational Authority in Cambodia (UNTAC) demonstrated the evolution of political cooperation between ASEAN and Japan. ASEAN had come to accept a certain political role that Japan should play in Southeast Asia.²¹ In terms of not only the security dimension but also the diplomatic sphere, Japan's activeness in security cooperation was displayed in its effort to help the ASEAN Regional Forum (ARF)

¹⁸ Ministry of Foreign Affairs of Japan, "Tonanajia-shokokurengo no Kisoichishiki [Basic Knowledge on ASEAN]," pp. 30-34, <http://www.mofa.go.jp/mofaj/area/asean/gaiyo.html> (accessed October 7, 2008).

¹⁹ Sadao Higuchi, "Keizai-kyoryoku [Economic Cooperation]" in Toru Yano ed., *Tonanajia to Nihon* [Southeast Asia and Japan] (Tokyo: Kobundo, 1991), p. 262.

²⁰ Sudo, *The International Relations of Japan and Southeast Asia*, pp. 67-68.

²¹ Glenn D. Hook, Julie Gilson, Christopher W. Hughes, and Hugo Dobson eds., *Japan's International Relations: Politics, Economics and Security* (London and New York: Routledge, 2001), p. 223.

launch in 1994. The ARF has since been given a privileged position in Japanese security policy, which attaches great importance to the confidence-building dialogue in the Asia-Pacific.²²

The Rise of China and Implications for Japan-Southeast Asia Relations: An Emerging Dimension of Rivalry

During the Cold War-era, China's policy to assist communist insurgencies in Southeast Asia led to the deterioration of its relations with states in the region, particularly the five original ASEAN member countries.²³ Thereafter, China changed its policy to promote the building of cooperative relations with ASEAN countries, since China's enmity against Vietnam in the 1980s. As internal motivation, the Chinese incentive for economic development also affected its relationship with ASEAN in a positive direction. The end of the Cold War considerably changed the overall strategic landscape of Southeast Asia (or East Asia in a larger perspective) in terms of power configuration and the changing roles played by external great powers. The United States had continuously reduced its commitment to the region since its withdrawal from Vietnam, and the Soviet Union collapsed in 1991. Meanwhile, China transformed from a politically influential ideology exporter into a rising power involved economically in Southeast Asia. The termination of the Cold War provided, at least indirectly, a favorable environment for ASEAN and China to evolve their relations in a drastic way. This rise of China inevitably affected Japan's Southeast Asia policy, which had been centered primarily on economics since China launched its diplomatic offensive toward ASEAN by forging economic ties. China's activeness in Southeast Asia led to competition between Japan and China to garner ASEAN's support.

Overview of China-Southeast Asia Relations: Prelude to a Closer Relationship

China's Southeast Asia policy in the 1960s created distrust among states in the region. ASEAN member countries regarded each nation's ethnic diversity as the primary cause for potential political and social instabilities, in the sense that the division might provoke outside powers' intervention, threatening their national unity. Each

²² Takeshi Yuzawa, *Japan's Security Policy and the ASEAN Regional Forum: The Search for Multilateral Security in the Asia-Pacific* (London and New York: Routledge, 2007), pp. 1-2.

²³ Indonesia, Malaysia, the Philippines, Singapore and Thailand.

of ASEAN's original members faced the problem of insurgencies conducted by local communist groups, some of which consisted of ethnic Chinese. In this period, China was certainly interested in influencing these communist factions, although its support was generally minimal.²⁴

After the Cultural Revolution terminated, the Chinese leadership pursued a more pragmatic approach rather than an ideology-oriented foreign policy. Chinese diplomacy, beyond the Cold War dichotomy, experienced some fundamental changes, one of which was undoubtedly the Sino-US rapprochement which materialized in the form of President Nixon's visit to China in 1972. This re-disposition of great power relations directly forced ASEAN countries to reconsider their attitude towards China: Malaysia normalized relations with China as early as 1974, following which Thailand and the Philippines established diplomatic ties in 1975.

Another new dimension surrounding China was a restructuring of confrontation within the communist camp, in which China faced threats from the Soviet-Vietnam alliance. These new conditions shifted Chinese attitudes toward ASEAN members. In particular, China's relations with Thailand, which had directly confronted the threat of Vietnam invading Cambodia, improved greatly to the extent that military cooperation between the two nations was implemented to fight against Vietnamese troops.

Nevertheless, a new, aggressive aspect of Chinese foreign and security policy emerged through the 1980s and 1990s, in which China demonstrated its firm attitude toward maintaining its territorial integrity, especially regarding the South China Sea. As a result, conflicts and frictions with Southeast Asian claimants on sovereignty and jurisdiction over disputed territories in the sea intensified, and China even threatened the use of force in the case of disputes over the Spratly Islands. Finally, in 1988, a military clash between China and Vietnam occurred. Chinese aggressiveness to secure its territory in the South China Sea rekindled the so-called "China threat" theory.²⁵

Thereafter, however, China softened its attitude. It actively sought to settle territorial

²⁴ Alice D. Ba, "China and ASEAN: Renavigating Relations for a 21st-Century Asia," *Asian Survey*, vol. 43, no. 4 (July-August 2003), pp. 623-624.

²⁵ Ang Cheng Guan, "The South China Sea Dispute Re-visited," Institute of Defence and Strategic Studies Working Paper no. 4 (August 1999), p. 9, <http://www.idss.edu.sg/publications/WorkingPapers/WP04.pdf> (accessed October 10, 2008).

disputes and to expand economic relations with ASEAN member states. At the first ARF meeting held in 1994, the Chinese representative expressed China's will to improve foreign relations and China regularly attended senior officials' meetings with ASEAN, which started in April 1995, discussing political and security issues. Eventually, in 1996, China joined the ASEAN Post Ministerial Conference (PMC) as one of ASEAN's dialogue partners. Subsequently, ASEAN and China set up one meeting after another on various areas including economy and trade, science and technology, and overseas Chinese.²⁶

In the 1990s, economic ties between China and ASEAN also deepened. This period witnessed a dramatic increase in Sino-ASEAN trade. The improvements in politico-economic relations between the two parties changed ASEAN's view on China to generally a positive one.²⁷ Behind the change in the Chinese attitude was the realization that good relations with ASEAN—the expansion of trade and development of energy resources—were effective in keeping its economy moving forward. However, ASEAN's experience with regard to China's support for communist insurgencies in the 1960s and its expansionist policy toward the South China Sea in the 1990s has remained a legacy to spur ASEAN's cautiousness toward China.

The 1997 Asian Financial Crisis and After

The Asian Financial Crisis that arose in July 1997 was a symbolic event for Japan-ASEAN-China triangular relations, in that China emerged as one of the important politico-economic partners for ASEAN. In Southeast Asia, a sudden and disastrous fall in the value of local currencies heavily damaged national economies in the region, especially of Indonesia and Thailand. The sharp decline in exchange rates caused import inflation and the ensuing increase of commodity prices. In order to keep the value of local currencies, governments were forced to maintain higher interest rates and to implement drastic spending cuts in their national budgets, which exercised an adverse effect on domestic consumption. Moreover, bankruptcies and the suspension of development projects produced a large number of unemployed workers, leading to social instabilities.²⁸

²⁶ Lee Lai To, *China and the South China Sea Dialogues* (Westport, CT and London: Praeger, 1999), pp. 32, 35 and 45-47.

²⁷ Ba, "China and ASEAN," p. 634.

²⁸ National Institute for Defense Studies, *East Asian Strategic Review 1998-1999*, pp. 30-31.

China, relatively untouched by the crisis, adopted a series of proactive policies to rescue ASEAN. The Chinese government provided Thailand and other affected countries with over four billion US dollars by means of IMF aid programs and other bilateral channels. It also offered Indonesia and other countries export credit and emergency medical aid. Furthermore, as the highest-profile gesture, China refrained from devaluing its renminbi so as to stabilize the regional economy and instead carried out a policy of stimulating domestic demand in order to continue stable economic growth.²⁹ Consequently, the promptness and effectiveness of policies taken by the Chinese government, with its adroit demonstrations, were highly appreciated as contributing to the recovery of the East Asian economy.

China succeeded in enhancing its reputation, paving a way to take initiative as a partner ASEAN could trust.³⁰ For instance, ASEAN treated China as a cooperative partner in inviting China to their annual meeting held in April 1998, where ASEAN Secretary-General Rodolfo Severino acknowledged the importance in deepening ties with China in the difficult times.³¹ Also, during his visit to China in August 1999, Malaysian Prime Minister Mahathir Mohamad praised China's policy of keeping its currency stable during the crisis and expressed his hope that China could play a more active role in the international financial order.³²

In fact, China's substantial expenditures for dealing with the crisis might not be huge (of course, it is not easy to evaluate the burden imposed on China brought by not devaluing its currency), but the prompt and high-profile gestures taken by China were highly impressive to ASEAN. China also took advantage of ASEAN's disappointment with the international response, especially the IMF backed by the United States. ASEAN found the conditionality enforced by the IMF inappropriate for the region's economic recovery, ignoring some characteristics of the regional economy.³³

²⁹ Ministry of Foreign Affairs of the People's Republic of China, "Pro-active Policies by China in Response to Asian Financial Crisis," November 17, 2000, <http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18037.htm> (accessed May 21, 2008).

³⁰ Paul Dibb, David D. Hale and Peter Prince, "The Strategic Implications of Asia's Economic Crisis," *Survival*, vol. 40, no. 2 (Summer 1998), p. 19.

³¹ *International Herald Tribune*, April 17, 1998.

³² *Xinhua News Agency*, August 19, 1999.

³³ Ba, "China and ASEAN," p. 635.

On the other hand, Japan apparently failed to meet ASEAN's expectations of taking initiatives to tackle the crisis because measures taken by Japan appeared low-profile, sluggish and ambivalent. It is true, however, that Japan's first response to the abrupt fall of Thai baht in July 1997 was not slow. On July 11 of that year, the finance ministry and the central bank of Japan began to take into consideration a policy of financial assistance to Thailand, and on July 19, the finance ministers of Japan and Thailand agreed to take coordinated intervention for stabilizing the Thai currency.³⁴ Also in August, a G-10 conference held in Tokyo decided to build up a fund of 16 billion US dollars to assist Thailand, of which Japan provided four billion US dollars.³⁵

It is primarily due to the failed Asian Monetary Fund (AMF) project that led to ASEAN's disillusionment with Japan. In September 1997, ASEAN and Japan initiated talks on a plan to establish the AMF at the annual World Bank-IMF meeting in Hong Kong. The project was to create an "Asian IMF," for the purpose of complementing the IMF. The Japanese government was, with other East Asian states, expected to contribute 50 billion US dollars as emergency funding for affected states in the region. The AMF project was considered a sign of Japan's willingness to take initiative in regional affairs. However, the project failed because of strong opposition by other major powers, particularly the United States and China. The United States sought to maintain the IMF-centered financial order, while China suspected that Japan would bolster its leadership role. Facing strong opposition, finally, in November 1997, Japan back-pedaled on the plan at a meeting in Manila, attended by APEC finance and central bank deputies. Concerned states agreed to adopt the Manila Framework, led by the IMF and the United States.³⁶ In addition, Japan could not expand its domestic market enough to absorb exports from ASEAN, due to its own economic recession. This led to ASEAN's perception that Japan did not fully meet ASEAN's expectations in managing the crisis as a regional leader.

Subsequently, in order to regain its position as a main contributor to the regional economy, Japan proposed the New Miyazawa Initiative promising 30 billion US dollars worth of aid to Southeast Asia in 1998, as well as the Obuchi-ASEAN Initiative led

³⁴ *Asahi Shimbun*, July 12 and 19, 2007.

³⁵ Christopher W. Hughes, "Japanese Policy and the East Asian Currency Crisis: Abject Defeat or Quiet Victory?," CSGR Working Paper no. 24/99, February 1999, p. 22.

³⁶ Saori N. Katada, "Japan and Asian Monetary Regionalisation: Cultivating a New Regional Leadership after the Asian Financial Crisis," *Geopolitics*, vol. 7, no. 1 (Summer 2002), pp. 94-96.

by Prime Minister Keizo Obuchi. Obuchi announced at the December 1998 ASEAN Plus Three Summit that Japan would establish a fund of five billion US dollars for the purpose of stimulating regional economies, promoting employment and encouraging reform of the economic structure.³⁷ Furthermore, Japan also initiated an agreement on expansion of the currency swap agreements among the ASEAN Plus Three states in 2000, known as the “Chiang Mai Initiative.” The AMF was rejected in facing the strong opposition of the United States and China, but the idea itself was resurrected in the New Miyazawa Initiative and the Chiang Mai Initiative. The Japanese government has obviously exercised a decisive influence on materializing the agenda. Despite the harsh criticism aimed at the way Japan carried out its diplomacy in 1997, Japan succeeded in accomplishing its policy agenda.³⁸

Substantially, Japan’s expense for the financial aid was huge and some scholars argue that despite the 1997 setback, thereafter, Japan succeeded in achieving similar policy objectives by founding the Chiang Mai Initiative.³⁹ However, whether the aid was effective or not, particularly in terms of ASEAN’s perception and the rivalry with China, is disputable. On the contrary, Chinese actions were tremendously effective to project a favorable image to ASEAN, sharply contrasted by US inaction. This event was a turning point for China, shifting its image from a threat to a contributor. Meanwhile, Japan did not successfully display an image as a fully trustable leader in the region, particularly in the initial phase of tackling the crisis. Its long-lasting economic slowdown and huge Japanese national budget deficit had also been casting a shadow on Japan’s influence over the region. In FY 1998, the ODA budget was reduced by 10%, which led Japan to slip away from the number one position of ODA donors around the world.

Sino-Japanese Competition over a Free Trade Agreement

The competition between Japan and China over the regional initiative had become more apparent in the new millennium. China’s “smile diplomacy” toward ASEAN

³⁷ Ministry of Foreign Affairs of Japan, “Wagakuni no Asia-shien [Japan’s Cooperation with Asia],” October 2000, http://www.mofa.go.jp/MOFAJ/area/asiakeizai/a_k/zu_3_2.html (accessed October 15, 2008).

³⁸ Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, “Japan and the East Asian Financial Crisis: Patterns, Motivations and Instrumentalisation of Japanese Regional Economic Diplomacy,” *European Journal of East Asian Studies*, vol. 1, no. 2 (2002), p. 187.

³⁹ Hook, Hughes and Dobson, “Japan and the East Asian Financial Crisis,” p. 184.

was tremendously active, producing many proposals to forge economic and political ties. Since the Cold War-era, Japan-Southeast Asian relations had been centered on enhancing economic development by extending ODA and foreign direct investment. Japan had enjoyed a privileged position as the main contributor to the economic development of Southeast Asia. However, China's economic growth since the 1990s has changed the positions external powers had occupied in Southeast Asia. Also, during this period, the deterioration of Sino-Japanese bilateral relations might have, at least indirectly, influenced the sharpening competition of the two states' ASEAN policy. Against this backdrop, Sino-Japanese competition over a free trade agreement (FTA) with ASEAN occurred.

The idea of an FTA between China and ASEAN first emerged at the 1999 ASEAN Plus China Summit held in Manila. At the ensuing Singapore Summit, China took the initiative to create an expert group for studying the feasibility of the FTA. Finally, in November 2001, China and ASEAN announced their intention to conclude a FTA within ten years.⁴⁰ China's primary purpose for concluding a FTA with ASEAN would be to secure a steady supply of food and energy for sustaining economic growth. Another objective to strengthen economic ties with ASEAN seemed to ease ASEAN's concerns regarding China as a threat. It should be noted in relation to the China threat theory that for steady economic development, China shifted its stubborn attitude towards its neighbors into a softer one, refraining from making strong claims to its sovereignty over the islands in the South China Sea. One of the most impressive events for this policy change was that China and ASEAN signed a declaration on the conduct of parties in the South China Sea in 2002. The declaration reaffirmed that parties concerned in territory and jurisdiction in the South China Sea should pursue a peaceful settlement of the issues.⁴¹ Moreover, China aimed at challenging Japanese economic initiative in the region. Inferior to Japan in financial assistance to ASEAN such as the Chiang Mai Initiative, China sought to bolster its position in Southeast Asia by establishing a free trade area, a regionalism progressively created all over the world in the 1990s like EU and NAFTA.⁴²

⁴⁰ Kevin G. Cai, "The ASEAN-China Free Trade Agreement and East Asian Regional Grouping," *Contemporary Southeast Asia*, vol. 25, no. 3 (2003), p. 396.

⁴¹ "Declaration on the Conduct of Parties in the South China Sea," <http://www.aseansec.org/13163.htm> (accessed October 21, 2008).

⁴² The National Institute for Defense Studies, *East Asian Strategic Review 2003* (Tokyo: The Japan Times, 2003), pp. 208-209.

For ASEAN's part, a fear existed that a free trade agreement with China would allow Chinese products to flow into their markets which might sweep away local industries. However, the FTA would also benefit ASEAN by boosting exports to a giant market in China, and could spur foreign direct investment by corporations aiming at expanding exports to the Chinese market. For these reasons, ASEAN finally decided to accept China's proposal. At the November 2002 ASEAN summit in Cambodia, a framework agreement on comprehensive economic cooperation was signed between ASEAN and China, containing specific measures such as tariff cuts to promote an FTA.⁴³

The November 2001 announcement by China and ASEAN to conclude an FTA certainly came as a major shock to Japan, since the country had considered the idea as implausible. Before the announcement, Japan was reluctant to promote an FTA with ASEAN. Japan, identifying itself as a global economic power, had a desire to incorporate ASEAN-Japan economic relations into a broader regional framework of cooperation like APEC.⁴⁴ It was also a challenge for Japan to commence negotiations on opening its agricultural market for FTA. However, facing the Chinese initiative on the FTA, Japan feared that China was greatly expanding its influence over Southeast Asia, replacing Japan as a major actor in the region. This fear encouraged Japan to adopt a bolder policy. During his Southeast Asia visit in January 2002, Prime Minister Junichiro Koizumi proposed a comprehensive economic partnership with ASEAN, aiming at economic cooperation in various areas including not only trade and investment, but also science and technology, human resource development, and tourism.⁴⁵

The same formula was applied in Japan's signing of the Treaty of Amity and Cooperation (TAC) in Southeast Asia. The TAC, signed in 1976, was symbolically important to ASEAN in that the signatories outside Southeast Asia showed their will to forge friendly ties with ASEAN. Japanese attitudes vis-à-vis ASEAN tended to be reactive in comparison with China's strategic behavior for political cooperation. Along with the FTA talks, China was proactive in forming a strategic partnership with

⁴³ Ibid.

⁴⁴ Cai, "The ASEAN-China FTA," p. 399.

⁴⁵ Ministry of Foreign Affairs of Japan, "Koizumi-sori no ASEAN-homon niokeru Seisakuenzetsu [Prime Minister Koizumi's Policy Speech in His Visit to ASEAN Countries]," January 14, 2002, http://www.mofa.go.jp/mofaj/press/enzetsu/14/ekoi_0114.html (accessed October 21, 2008).

ASEAN. The ASEAN Plus China Summit held in Bali in October 2003 issued a joint declaration on a strategic partnership for peace and prosperity, which encouraged dialogues and consultations at various levels, cooperation in nontraditional security issues, and the development of the ASEAN Plus Three mechanism. At the same summit, China also signed the TAC.⁴⁶ These overtures suggested that China had taken a stance favoring stronger political cooperation with ASEAN, including security.

Before China's signing of the TAC, Japan was reluctant to sign the treaty, because it feared that the TAC's noninterference principle would restrict Japan's diplomacy in terms of human rights and democracy, with concern that the treaty might influence the alliance with the United States. At the Bali Summit, Japan's remarks on whether or not to accept the TAC were noncommittal. Nevertheless, knowing that China signed, Japan was pushed again to reconsider the TAC signing issue. In December 2003, Japan "hastily" organized the ASEAN-Japan Commemorative Summit in Tokyo for the purpose of demonstrating a special relationship between ASEAN and Japan. At the summit, Japan announced its intention to sign the TAC.⁴⁷ It was in July 2004 that Japan eventually accepted the TAC.

Dichotomy on Regional Community Building

In response to the Asian Financial Crisis, concerned nations decided to establish a new framework of cooperation, ASEAN Plus Three (APT), which included ASEAN, China, Japan and South Korea. Certainly, this cooperative mechanism emerged partly from ASEAN's expectations for Japan's commitment to the region. This significant progress in regional cooperation, in retrospect, has given two different dimensions to Japan's Southeast Asia policy. The first aspect pertains to increasing opportunities for policy coordination with China. On the other hand, however, in the sense that the APT possibly enables China to take initiative in East Asian politics, excluding US influence, this cooperation mechanism might build up momentum to expand China's impact over the region and relatively shrink Japan's role in Southeast Asia.

Discussions on the East Asian Summit (EAS) are another chess board for Sino-

⁴⁶ "Joint Declaration of the heads of State/Government of the Association of Southeast Asian Nations and the People's Republic of China on Strategic Partnership for Peace and Prosperity," <http://www.aseansec.org/15265.htm> (accessed October 21, 2008).

⁴⁷ Takashi Terada, "Forming an East Asian Community: A site for Japan-China Power Struggles," *Japanese Studies*, vol. 26, no. 1 (May 2006), pp. 12-13.

Japanese rivalry. At the APT Singapore Summit in November 2000, participant countries agreed to study the feasibility of convening the EAS, and the 2003 Bali Summit declared the possibility to transform the APT mechanism into the EAS. Japan needed the involvement of Australia, New Zealand and India in the new summit to balance Chinese influence, while China sought to confine the membership to the summit to APT participants. ASEAN's view was divided. Malaysia tended to be on the Chinese side, because an aborted plan for a regional grouping proposed by Prime Minister Mahathir (the East Asian Economic Caucus, or EAEC) would only be composed of APT countries. On the other hand, Indonesia was cautious of a too powerful and dominant China and accordingly, Japan's idea was supported by the country.

Lagging behind China in a series of economic and political cooperative policies with ASEAN, for building an East Asian Community, Japan attempted to recover an advantageous position in the race. In January 2002, during his visit to Southeast Asia, Prime Minister Koizumi issued a statement entitled "Japan and ASEAN in East Asia: a Sincere and Open Partnership." The speech, based on the spirit of the Fukuda Doctrine, underlined that Japan-ASEAN cooperation was between "sincere and open partners." In this speech, Koizumi declared Japan's idea to evolve the APT framework into a community for the entire East Asian region. This "East Asian community" would include not only APT participant countries but also Australia and New Zealand. Moreover, the community should be a non-exclusive entity, aiming at cooperation with extra-regional powers like the United States and India.⁴⁸

However, China was obviously reluctant to admit Australia and New Zealand into the proposed community. Some of the ASEAN member countries also seemed opposed to the idea, because it was not clear how this grouping would differ from the Asian Pacific Economic Cooperation (APEC), in which they had lost confidence following the Asian Financial Crisis. As a counterpoint to Japan's proposal, at a series of ASEAN meetings in July and August 2002, China announced its willingness to cooperate with ASEAN in addressing security issues within the APT framework. China appeared to be sticking to the APT in terms of its East Asia policy.⁴⁹

⁴⁸ Ministry of Foreign Affairs of Japan, "Speech by Prime Minister of Japan Junichiro Koizumi, Japan and ASEAN in East Asia: A Sincere and Open Partnership," Singapore, January 14, 2002, <http://www.mofa.go.jp/region/asia-paci/pmv0201/speech.html> (accessed October 23, 2008).

⁴⁹ National Institute for Defense Studies, *East Asian Strategic Review 2003*, pp. 212-213.

Japan's commitment to forming the East Asian Community at the prime minister-level was also exemplified in the December 2003 Japan-ASEAN summit. The "Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium" which was adopted at the summit confirmed their cooperation towards the creation of the East Asian Community.⁵⁰ Eventually, the ASEAN Plus Three Ministerial Meeting held in July 2005 announced that the first EAS would include Australia, New Zealand and India as participants. The meeting reaffirmed that the EAS was an inclusive, outward-looking forum, with ASEAN continuing to sit in the driver's seat. Japan's position vis-à-vis the EAS membership was adopted, partly because of India's strong claim, with a view to taking advantage of this summit as an engine for community building in East Asia. Indonesia also agreed with Japan, probably for the purpose of balancing China with other powers.⁵²

The EAS-APT role sharing was anticipated as follows: the EAS would deal with wide-ranging issues, whereas the APT would promote more practical cooperation to implement policies proposed in the EAS. Both Japan and China approved of ASEAN's leadership in the EAS. At the same time, however, Japan proposed that the participant countries should consider the possibility of establishing a co-chairmanship system. Japan also insisted on holding the summit meetings at venues outside Southeast Asia. On the other hand, China reportedly suggested that the EAS should be held once every two or three years or at longer intervals. This remark might imply that China was losing interest in the EAS, because of China's perception that its leadership in the summit would not be as strong as expected.⁵³

The first EAS was held in Kuala Lumpur on December 14, 2005, and the member states adopted the Kuala Lumpur Declaration. It was reported that Malaysia and China objected to the inclusion of the phrase "the creation of an East Asian Community" in the declaration and asserted instead that the phrase should be inserted only into the APT Kuala Lumpur declaration. In the end, however, the phrase "community

⁵⁰ "Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium," http://www.mofa.go.jp/region/asia-paci/asean/year2003/summit/tokyo_dec.pdf (accessed October 22, 2008).

⁵¹ "Joint Communiqué of the 38th ASEAN Ministerial Meeting," Vientiane, July 26, 2005, <http://www.aseansec.org/17592.htm> (accessed October 23, 2008).

⁵² Terada, "Forming an East Asian Community," p. 8.

⁵³ National Institute for Defense Studies, *East Asian Strategic Review 2006* (Tokyo: The Japan Times, 2006), pp. 151-152.

building in this region (East Asia)’’ was inserted into the EAS declaration.⁵⁴

In the declaration, the EAS was characterized as a forum for dialogue on broad strategic, political and economic issues based on common interests, and concerned with the aim of promoting peace, stability and economic prosperity in East Asia. The EAS declaration also defined that the summit would be an open, inclusive, transparent and outward-looking forum, striving to reinforce global norms and universally-recognized values. More importantly, the summit would promote cooperation and dialogue in wide-ranging fields including the political/security, economic and social/cultural dimensions. Regarding the EAS’s role in building the East Asian Community, the declaration gave no specific references except saying that the EAS “could play a significant role in community building in this region.”⁵⁵

The Japanese government seemed satisfied with the results of the first EAS, since the Kuala Lumpur declaration adopted some Japanese proposals like openness, transparency and conclusiveness of the EAS, and the reinforcement of universal values, as well as proposals regarding the membership of the summit. The Japanese Ministry of Foreign Affairs admired that the declaration almost reflected Japan’s position.⁵⁶ The competition over building the East Asian Community, at least from the Japanese perspective, gave the advantage to Japan.

Japan’s New Approach to Southeast Asia: Diversifying its Regional Role in the Japan-ASEAN-China Triangle

Currently, China continues to adopt a very positive stance toward expanding cooperative ties with ASEAN, both bilaterally and multilaterally. China has shown interest not only in boosting economic cooperation with ASEAN but also in strengthening political and security ties. At a commemorative summit marking the 15th anniversary of ASEAN-China dialogue in October 2006, Chinese Premier Wen Jiabao insisted that China and ASEAN should strengthen a strategic partnership on

⁵⁴ Ibid., p. 153.

⁵⁵ “Chairman’s Statement of the First East Asia Summit,” Kuala Lumpur, December 14, 2005, <http://www.aseansec.org/18104.htm> (accessed October 23, 2008).

⁵⁶ Ministry of Foreign Affairs of Japan, “Koizumi-sori no Higashijia-shuno-kaigi heno Shusseki [Prime Minister Koizumi’s Participation in the East Asian Summit],” December 2005, http://www.mofa.go.jp/mofaj/kaidan/s_koi/asean05/gh.html (accessed October 22, 2008).

security. At the November 2007 ASEAN-China Summit, Wen Jiabao issued more concrete proposals, including conducting a joint training program between China and the littoral states of the Malacca Strait, and developing the 2002 Declaration on the Conduct of Parties in the South China Sea into a substantial code of conduct.⁵⁷ On the issue of the Spratly Islands, in April 2006, defense officials from China, Vietnam and the Philippines agreed to jointly deal with piracy and smuggling in waters around the islands.⁵⁸

Amidst the deepening of ties between China and ASEAN, Japan also showed a positive attitude toward building relations with ASEAN. According to some economic statistics, Japan's economic engagement in Southeast Asia is still significant. For example, in 2006, as the number one donor, Japan's ODA accounted for 23% of the total assistance to Southeast Asia, and the country held the first place in foreign direct investment to ASEAN. With regard to trade with ASEAN, China occupied 12% as one of ASEAN's major trading partners in 2007, while Japan's share was 11%.⁵⁹ However, this fact can be interpreted as much of Sino-ASEAN trade coming from the intra-industrial trade within and between multinational companies in China and Southeast Asia. In this case, double-counting can often be seen in many products, consequently augmenting the trade figure between China and Southeast Asia.⁶⁰ These matters could lead to an argument that Japan's economic influence over Southeast Asia has been maintained, despite the seemingly relative decline of its impact caused by the rapidly rising China.

In addition to economic relations, Japan has deepened its commitment to addressing nontraditional security issues in Southeast Asia. In a larger context of Japanese security policy, proactive pacifism, a desire to play a bigger role in the international community, has been a motivation for Japan to incline toward nontraditional security,

⁵⁷ "Chairman's Statement of the 11th ASEAN-China Summit," Singapore, November 20, 2008, <http://www.aseansec.org/21106.htm> (accessed October 28, 2008); "China calls for stronger military ties with ASEAN;" http://www.channelnewsasia.com/stories/afp_asiapacific/view/312787/1.html (accessed October 28, 2008).

⁵⁸ *Asian Defence Journal*, June 2006.

⁵⁹ Japan-ASEAN Center, "Relationship between Japan and ASEAN," <http://www.asean.or.jp/general/statistics/statistics08/chapter1/1-3.pdf> (accessed October 27, 2008).

⁶⁰ Sheng Lijun, "China's Influence in Southeast Asia," Trends in Southeast Asia Series 4 (Singapore: ISEAS, 2006), p. 3.

including human security.⁶¹ Prime Minister Obuchi, at the December 1998 APT Summit, emphasized regional cooperation on managing problems related to human security like environmental degradation, narcotics and international organized crime in the medium and long terms.⁶²

From the standpoint of the rivalry with China, these efforts can be regarded as Japan's desire to remain relevant and influential in the region. Japan's involvement in nontraditional security may be adequate in that this activity would not arouse regional antipathy towards Japan. Due to wartime memories combined with domestic political and constitutional constraints, the Japanese government should avoid behavior that might act as reminders of Japan's military might. Instead, nontraditional security would allow Japan to play a more active role in Southeast Asia.⁶³

Moreover, from the ASEAN perspective, there is apparently a tendency to diffuse major powers' influence over the region in order to preserve regional autonomy and resilience. In fact, some regional states express their preferred prospects on extra- and intra-regional cooperation that ASEAN should construct relationships with many external powers in possibly equal distances. ASEAN would not wish that the sole overwhelming power be dominant in the region. Particularly with regard to China, ASEAN's view is complicated by a mixture of optimism and cautiousness. In this sense, ASEAN would hope that Japan should be more active in the region to balance the emerging but uncertain China.⁶⁴

Against this backdrop, in these years, Japan has been taking a human security approach to contribute to security in Southeast Asia. In the January 2002 speech, Prime Minister Koizumi mentioned specific areas, such as Mindanao and Aceh, and showed his willingness to cooperate in alleviating poverty and preventing conflicts. He also emphasized the need to strengthen mutual cooperation in dealing with

⁶¹ Yoshihide Soeya, "Japanese Security Policy in Transition: The Rise of International and Human Security," *Asia-Pacific Review*, vol. 12, no. 1 (2005), p. 108.

⁶² "Ajia no Akarumirai no Sozo nimukete [Toward the Creation of a Bright Future for Asia]," Policy speech delivered by Prime Minister Keizo Obuchi at a lecture meeting hosted by the Institute for International Studies of Vietnam, Hanoi, December 16, 1998, http://www.mofa.go.jp/mofaj/press/enzetsu/10/eos_1216.html (accessed October 25, 2008).

⁶³ Lam Peng Er, "Japan's Human Security Role in Southeast Asia," *Contemporary Southeast Asia*, vol. 28, no. 1 (2006), pp. 142-143.

⁶⁴ Jian, "Sino-Japanese Relations," p. 323.

transnational issues such as terrorism, piracy, and human trafficking.⁶⁵ A scholar argues that the combination of peacekeeping and peace-building may be highly pertinent to the direction of Japan's international contributions.⁶⁶

Clearly, Japan's commitment to nontraditional security in Southeast Asia has increased, including peace-making and peace-building in conflict areas. Vis-à-vis the peace-making process in Timor-Leste since its independence of 2002, Japan has actively provided assistance for reconstruction and development, as well as humanitarian assistance. Currently, bilateral assistance has been focused on human resource development, infrastructure, rural development and peace consolidation. It should also be noted that the Japanese government dispatched 2,300 troops of the Self-Defense Forces for UN-PKO missions and 4 civilian police to the UN Integrated Mission in Timor Leste (UNMIT).⁶⁷

As for the SARS epidemic, which spread rapidly over the East Asian region in 2003, Japan provided two billion yen in financial assistance to affected countries including China, Cambodia, Indonesia, Laos, Myanmar, the Philippines and Vietnam as well as medical aid.⁶⁸ Japan is taking various measures to prevent avian flu from spreading in the region. Moreover, the Japanese government has been active in disaster relief operations. Japan dispatched a large Self-Defense Forces contingent for humanitarian assistance in the areas affected by the Asian tsunami in 2004, in addition to financial aid to the tsunami-affected areas.

The Japanese government is seeking a path for contributions to maritime security in the Malacca Strait as well. First, the view on economic, political and security importance of the strait is shared by not only Southeast Asian states but also states all over the Asia-Pacific region, including the United States and China. Second, Japan itself finds great interest in securing the strait, for as much as 90% of Japan's imported crude oil passes through the strait. In terms of energy security, the safe navigation in the straits

⁶⁵ "Speech by Prime Minister Koizumi, Japan and ASEAN in East Asia."

⁶⁶ Julie Gilson, "Building Peace or Following the Leader?: Japan's Peace Consolidation Diplomacy," *Pacific Affairs*, vol. 80, no. 1 (Spring 2007), p. 28.

⁶⁷ Ministry of Foreign Affairs of Japan, "Saikin no Higashi-Timor josei to Nihon-Higashi-Timor kankei [Current Situation in Timor-Leste and Relations with Japan]," February 2008, <http://www.mofa.go.jp/mofaj/area/easttimor/kankei.html> (accessed October 27, 2008).

⁶⁸ Lam Peng Er, "Japan's Human Security Role in Southeast Asia," pp. 153-154.

is essential for Japan's economy. Finally, the littoral states, especially Indonesia, need technological cooperation from external states. There is room for Japan's further assistance in offering technology, other resources and capacity-building. In fact, Prime Minister Shinzo Abe expressed willingness to promote contributions to the security of the strait in his meeting with the Indonesian and Malaysian leaders in August 2007.

Japanese contributions to the maritime security have been exemplified in concluding the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships (ReCAAP) in November 2004 and establishing the ReCAAP Information Sharing Centre in November 2006. Japan successfully took the initiative, in collaboration with other East Asian states, in establishing an information sharing system for maritime security.⁶⁹ Japan's policy towards Southeast Asia by pursuing cooperation in nontraditional security matters is compatible with the general trend of security cooperation in the Asia-Pacific region, which strives for functional collaboration differing from US traditional-style "hub and spoke" arrangements and multilateral frameworks like APEC and ARF.

Two recent prime ministers "formulated" Japan's Southeast Asia policy, by making speeches in order to clarify Japan's stance towards Southeast Asia based on the region's importance to Japan. This kind of discourse has been made in response to criticisms to Japan, because of its lack of coherent strategy on Southeast Asia. For example, during his visit to Indonesia in August 2007, Prime Minister Abe gave a speech indicating the fundamental policy of Japan towards ASEAN, entitled, "Japan and One ASEAN that Care and Share at the Heart of Dynamic Asia." In the speech, Abe positively viewed the initiatives of ASEAN to advance the formation of a community based on the fundamental values of respect for the rule of law and human rights. In terms of Japanese policy towards ASEAN, Abe referred to problem-solving and peace-building in conflict-torn regions such as Aceh, Mindanao, and Timor-Leste, in addition to discussing Japan's engagement in the area of economy such as implementation of economic partnership agreements and providing focused

⁶⁹ Ministry of Foreign Affairs of Japan, "Kaizoku-mondai to Wagakuni no Toroikumi [Piracy Issue and Japan's policy against the Issue]," May 2007, <http://www.mofa.go.jp/mofaj/gaiko/pirate/index.html> (accessed October 27, 2008).

assistance to the Mekong region.⁷⁰

After becoming Japanese Prime Minister on September 26, 2007, Yasuo Fukuda visited Singapore from November 19 to 22, where he participated in the ASEAN-Japan Summit, the ASEAN Plus Three Summit, and the East Asia Summit. At the ASEAN-Japan Summit, Fukuda referred to the spirit of the 1977 Fukuda Doctrine. At the same time, he fundamentally adhered to the ASEAN policy of the previous administration, clearly referring to economic policies such as economic partnership agreements and the development of the Mekong region, as well as nontraditional security issues such as avian flu, terrorism, the environment and maritime security.⁷¹

Referring to the Fukuda Doctrine issued thirty years ago, the “second” Fukuda administration declared its proactive involvement in Southeast Asia. In a summit meeting held on November 21, 2007 in Singapore, Fukuda announced Japan’s determination to cooperate with ASEAN in addressing nontraditional security issues, including the avian flu, terrorism, environment and maritime security, as well as engaging in economic cooperation like the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) and the Mekong Region Development. ASEAN’s response was apparently, according to an interpretation of the Japanese government, favorable to the Japanese proposal.⁷²

Prime Minister Fukuda issued a “new Fukuda Doctrine,” following his father’s historical Fukuda Doctrine in 1977, which once again underscored the importance of Southeast Asia for Japan. On May 22, 2008, at the international conference “Asia’s Future” hosted by *Nihon Keizai Shimbun*, Fukuda made a speech entitled “From the Pacific Ocean to an ‘Inner Sea’,” which insisted on reinforcing economic cooperation and forming inter-state networks based on the concept that people and goods would move freely in an “inner sea” of the Pacific Ocean. In addition, Fukuda made a policy speech entitled “Japan’s Five Pledges,” which declared Japan’s intention to strongly

⁷⁰ Ministry of Foreign Affairs of Japan, “Japan and One ASEAN that Care and Share at the Heart of Dynamic Asia, Policy Speech by Shinzo Abe, Prime Minister of Japan on the Occasion of His Official Visit to Indonesia,” August 20, 2008, <http://www.mofa.go.jp/region/asia-paci/pmv0708/speech.html> (accessed October 27, 2008).

⁷¹ Ministry of Foreign Affairs of Japan, “Nichi-ASEAN Shunokaigi (Gaiyo) [Overview on Japan-ASEAN Summit],” November 21, 2007, http://www.mofa.go.jp/mofaj/area/asean/j_asean/shuno_11th.html (accessed October 27, 2008).

⁷² *Ibid.*

support ASEAN by establishing a Japanese mission in ASEAN and appointing an ambassador to ASEAN, cooperating in addressing climate change, and forming a network between Japan and ASEAN for disaster prevention and disease control.⁷³

From Competition to Cooperation?: Some Symptoms

The Sino-Japanese rivalry over influence in Southeast Asia is continuing. In this context, Japan is still following China's forwardness; China, ahead of Japan and following the United States, declared the appointment of a permanent representative to ASEAN. Japan appointed its permanent representative to ASEAN in October 2008.⁷⁴ At ASEAN meetings both Japan and China participated in, a "proposal battle" often takes place. It was reported that Prime Minister Fukuda, during his first visit as prime minister to the November 2007 ASEAN Summit meetings, always carefully noted China's behavior at the meetings.⁷⁵ Japan seems to pursue areas of cooperation with ASEAN, which does not overlap with Chinese cooperation domains, or areas in which China can undoubtedly cooperate with Japan.

However, a slight change in the triangle is possible. Since the latter half of 2006, Japan-China relations have significantly ameliorated. This improvement may promote Japan's cooperation with China in terms of Southeast Asia policy. The Japan-ASEAN-China triangle has been colored by both coordination and competition.

One example is the Greater Mekong Sub-regional (GMS) development. Competition between Japan and China over leadership of the GMS is ongoing. Japan hosted the first Mekong-Japan foreign ministers' meeting on January 16, 2008, to which foreign ministers from Thailand, Laos, Cambodia and Vietnam were invited. The meeting issued a chairman's statement, which reconfirmed Japan's commitment to the GMS and promised to increase Japan's ODA based on a partnership program between Japan and the Mekong region.⁷⁶ China's initiative in the GMS development is also remarkable. On March 30-31, 2008, the third summit of the GMS was held in the

⁷³ *Asahi Shimbun*, May 23, 2008.

⁷⁴ ASEAN Secretariat Press Release "Japan Appoints its Ambassador to ASEAN," October 22, 2008, <http://www.aseansec.org/22026.htm> (accessed October 27, 2008).

⁷⁵ *Nihon Keizai Shimbun*, November 22, 2007.

⁷⁶ "Chair's Statement, Mekong-Japan Foreign Ministers' Meeting," Tokyo, January 16, 2008, <http://www.mofa.go.jp/region/asia-paci/mekong/meet0801.html> (accessed October 3, 2008).

Laotian capital of Vientiane, where Chinese Premier Wen Jiabao issued a package of proposals for the purpose of fostering cooperation among GMS members, including infrastructure and rural development, healthcare and environmental protection.⁷⁷

At the same time, however, a symptom of policy coordination between the two states has been observed, in the means by which an optimal point for both states' interests is reached. On April 25, 2008, the vice directorates of the Japanese and Chinese foreign ministries met in Beijing to engage in a policy dialogue on the GMS development. In the meeting, they reconfirmed the need to establish a mutually beneficial relationship among the three parties (Japan, China and Mekong regional states) and agreed to continue this policy dialogue.⁷⁸ Based on improved bilateral ties, Japan and China currently seem to share a perception that the two states should collaborate in areas that may be complicated by their national interests.

The endeavors to build the East Asia Community, with slightly less enthusiasm, are also lasting. Seemingly, the focus is now on areas where participants are able to easily cooperate without strong objections, avoiding any confrontation among national interests, particularly nontraditional security, even covering energy and food security. The third EAS issued the Singapore declaration, which announced the region's cooperative efforts to tackle problems like climate change, energy and the environment.⁷⁹

Conclusion

Since the post-war period, Japan had eagerly pursued cooperation with Southeast Asian nations and Japan-ASEAN relations had achieved many significant accomplishments in political and economic cooperation. Since the new millennium, an economically rising China has been increasingly pivotal to ASEAN, and competition between Japan and China over influence in ASEAN has occurred. Overall, the Sino-Japanese competition in Southeast Asia has been so far conducted in a way that China launches

⁷⁷ *Xinhua News Agency*, March 31, 2008.

⁷⁸ Ministry of Foreign Affairs of Japan, "Daiikkai Nicchu Mekong Seisakutaiwa no Kaisai nitsuite [On the First Sino-Japanese Policy Dialogue on the GMS Development]," April 25, 2008, http://www.mofa.go.jp/mofaj/area/j_mekong_k/taiwa01.html (accessed October 3, 2008).

⁷⁹ "Singapore Declaration on Climate Change, Energy and the Environment," <http://www.mofa.go.jp/region/asia-paci/eas/dec0711.pdf> (accessed October 27, 2008).

diplomatic offensives ahead of Japan and Japan follows Chinese initiatives.

In the race to gain support from ASEAN and to remain relevant in Southeast Asia, Japan has been striving to enlarge and diversify its role, mainly cultivating nontraditional security fields. Also, Japan has been urged to clarify its stance toward Southeast Asia to avoid lagging behind China's active diplomacy towards ASEAN. These efforts have been crystallized in some basic documents issued in the name of Japanese prime ministers.

Indeed, although Japan's relationship with ASEAN in the Cold War-era was much stronger than relations between China and ASEAN, China has been catching up very quickly.⁸⁰ An opinion poll conducted by the Japanese Foreign Ministry in February and March 2008 clearly shows that China has been rapidly expanding its influence in a positive direction in Southeast Asian nations, nearly replacing Japan. This poll was conducted in six ASEAN countries (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam). As for one of the questions in the poll asking which country was an important partner for ASEAN, the results, in order, were: China (30%), Japan (28%) and the United States (23%). With regard to this question, Japan was ranked in the first place in Indonesia, the Philippines and Vietnam, whereas China was at the top in Malaysia, Singapore and Thailand.⁸¹ This survey implies that Japan's efforts to gain popularity among ASEAN nations certainly continues in terms of rivalry with China.

Facing an influential China, currently, there seems to exist a complex view on Japan entertained by ASEAN states. While welcoming China's softening attitude, ASEAN member states have not entirely cast aside their sense of the China threat. In fact, they are still wary about the growing clout of China. Therefore, ASEAN wants the United States to get more actively involved in the region. Also, some countries in the region may expect Japan to counterbalance China and play a more active role in security issues. Ironically, with its relatively declining position in East Asia, expectations of Japan's resurgence and initiative in regional politics are voiced regularly. Behind the

⁸⁰ Jian, "Sino-Japanese Relations," p. 323.

⁸¹ Ministry of Foreign Affairs of Japan, "Opinion Poll on Japan in Six ASEAN Countries (Summary of Results)," May 1, 2008, http://www.mofa.go.jp/announce/announce/2008/5/1179528_1010.html (accessed January 21, 2009).

voice is a fear that exists among ASEAN nations that China might emerge as the sole dominant power in the region. In order to meet ASEAN's expectations, Japan should continue its economic support to the region through ODA, and seek more domains of collaboration, one of which is certainly nontraditional security.

In terms of interests of both Japan and ASEAN, neither being confrontational against China nor excluding China from East Asian cooperative frameworks would be an optimal point. Therefore, cooperation with China, although sometimes including dimensions of competition and rivalry, is what Japan should pursue, exactly for its own interests found in forming regional frameworks. In this sense, it is a favorable sign to Japan that there recently seems to be more room for Sino-Japanese policy coordination vis-à-vis ASEAN.

(The views expressed herein are entirely the author's own and do not represent the official position of the National Institute for Defense Studies or the Ministry of Defense of Japan.)