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**Japan-ASEAN Relations During and
After the 1997-98 Crisis**

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Introduction

While numerous regional organizations were established from one after another in various parts of the world after World War II, Asia was left far behind. While most countries joined regional economic integration in some way or another, such Asian powers as Japan and China remained alone. The Association of South-East Asian Nations (ASEAN), which was established in 1967 by five countries in Southeast Asia, was an exception. Another notable organization is the South Asian Association for Regional Cooperation (SAARC), but it is characterized more by conflict than by cooperation.

A new regionalization has been taking place in eastern Asia since the end of the cold war.¹ The result is yet to be seen. There seem several alternatives, which are not necessarily mutually exclusive. The Asia Pacific is probably the most promising region, which is more or less substantiated by Asia Pacific Economic Cooperation (APEC). If its existence is recognized, its extension or the boundary is still ambiguous partly because there is a long waiting list of the membership. In near future, East Asia may emerge as a region, rather than a geographical area. It may presumably consist of China, Japan, Korea and Southeast Asia. It might conceivably include Australia and New Zealand. In the early twenty-first century, the Asia Pacific, East Asia, Southeast Asia, and possibly a few other regions may exist competitively or harmoniously, or mixed. One or more regions may disappear or may be aborted. In any case, at least for the time being, regionalization is inevitably irregular in Asia because it is not easy to include two divided states of China and Korea Korea in the same region in a way which both governments can tolerate.²

Impacts of a series of crises in 1997 and 1998 upon countries in East Asia, and their responses, individual as well as collective, to the crises will definitely influence the regionalization in Asia.³ While many countries and international institutions have been involved in the crisis management, and will affect the regionalization in some way or another, this paper will focus two agents: ASEAN and Japan.

Whatever the regional configuration in Asia might be in the coming century, ASEAN may play important roles in either strengthening or demolishing particular regions or sub-regions. Empirically speaking, ASEAN has been engaged in most of Asian regionalization in the last decade. Such major regional groupings as APEC, an East Asian Economic Caucus (EAEC), and the Asia Europe Meeting (ASEM) are all connected with ASEAN in some way or

another. Not to mention the ASEAN Regional Forum (ARF). Logically speaking, it is difficult to conceive an Asian or Asia Pacific regional institution excluding ASEAN. No matter whether security or economy is concerned, Southeast Asia is pivotal, and it is impossible to deal with any Southeast Asian countries overlooking ASEAN. A series of crises, both economic and political, in 1997-98 affected some ASEAN countries severely, but ASEAN is challenging to overcome difficulties toward the formation of an ASEAN community. The regional configuration of Asia and of Asia Pacific depends heavily on the future of ASEAN.

Japan is another crucial factor of Asian regionalization, especially in economic terms. Since the late 1950s, Japan has attempted and/or proposed regional institution on various occasions.⁴ Except for the Asian Development Bank (ADB), however, all the institutions were short-lived or aborted largely because Japan's dominance was not welcomed. Japan was inclined to support non-governmental cooperation in Asia or in Asia Pacific. In the late 1980s, the Ministry of International Trade and Industry (MITI) took a lead-off toward more official institutionalization, despite an initial resistance of the Ministry of Foreign Affairs (MOFA), so as to create APEC with Australia. Since then, Japan has become more assertive in regional grouping. Soon after a financial crisis occurred in Thailand in July 1997, and especially when it transformed into economic as well as political crisis all over in East Asia, Japan did not hesitate to employ various measures to deal with crises, and expressed its concern with regional grouping so as to cope with them comprehensively. Japan's concern was with Asia Pacific in general, but it was primarily with ASEAN.

Japan's increasing involvement in ASEAN affairs is quite evident especially since the crises in 1997-98. It will certainly influence ASEAN's future as well as Asia Pacific's. This paper aims at shedding light on recent developments in Japan-ASEAN relations so as to analyze Japan's regional strategy toward Southeast Asia if there is as such. This paper also discusses the implication of Japan-ASEAN relations on wider regional groupings such as East Asia and Asia Pacific.

Self-transformation of ASEAN in the midst of the Crisis

While Southeast Asia experienced vast changes during the 1960s, the 1970s, and the 1980s, ASEAN, as opposed to its member countries, has changed surprisingly little. Established in 1967, its first quarter century of history can be described as a success in the pursuit of such a political goal as survival and stability of member countries through the reduction of mutual distrust among themselves.⁵ At the unprecedented ASEAN summit in 1976, the leaders of five nations emphasized the organization as a forum for political cooperation in the Declaration of ASEAN Concord, but in fact this is a manifestation of the hidden but real objective of the organization since its inception. Far more importantly, they signed the Southeast Asian Treaty of Amity and Cooperation (SEATAC), and committed themselves to mutual respect of sovereignty and to a peaceful

settlement of the mutual dispute, which became a foundational principle of ASEAN. Truly the leaders also emphasized furtherance of economic cooperation, but ASEAN failed to pursue economic goal. Although the Manila Declaration, issued at the third summit in 1987, was focused on strengthening economic cooperation, few substantial results followed. Only Brunei joined the organization of five original members (Indonesia, Malaysia, the Philippines, Singapore and Thailand) when it became independent in 1984.

Deepening and widening of ASEAN started in 1992 in accordance with the Singapore Declaration at the fourth summit in January that year. With regards to deepening, the ASEAN leaders agreed on (1)the creation of the ASEAN Free Trade Area (AFTA) in fifteen years, (2)the set-up of the AFTA Council at ministerial level in order to monitor the formation of AFTA, (3)the triennial formal meeting of the ASEAN summit, and (4)the establishment of a forum for security dialogue with powers outside ASEAN, among others. With regards to widening, the leaders welcomed the accession of SEATAC by other Southeast Asian nations, but did not spell out the enlargement of the organization. Since then, both deepening and widening took place more rapidly than most people had expected. Furthermore, the process did not stall even during the recent crises.

In terms of deepening in economic integration, ASEAN agreed on the acceleration of implementing AFTA from fifteen to ten years in 1994. At the fifth summit in December 1995, ASEAN decided to convene informal summit meeting in the year when the formal summit meeting is not scheduled, which, in consequence, made the ASEAN leaders meet every year either formally or informally. The crises started in July 1997. In December that year, the second informal summit meeting was held in Malaysia, which was concurrently the commemorative meeting of ASEAN's thirtieth anniversary. The leaders issued the document titled ASEAN Vision 2020, which emphasized (1)a concert of Southeast Asian nations, (2)a partnership in dynamic development, (3)a community of caring societies, and (4)an outward-looking ASEAN. Admittedly, the document consists of long-term objectives and abstract concepts, and it did not refer to ASEAN's measures to cope with the crises probably because it had been drafted and authorized before the crises became serious. A year later, the ASEAN leaders met again at the six formal summit meeting in Vietnam. ASEAN was so eager to pursue for that vision that it adopted the Hanoi Plan of Action, which spelled out various programs of six-year long plan between 1999-2004.⁶ Obviously, ASEAN was concerned with remedy measures against the crises. More specifically, the ASEAN leaders issued the Statement of Bold Measure in Hanoi, which was primarily concerned with the furtherance of the acceleration of economic integration that ASEAN Economic Ministers (AEM) had agreed on in October 1998. Consequently, AFTA was to be established by 2002. The ASEAN Investment Area (AIA) was to be established so as to liberalize the ASEAN region to all investors by 2020, and to ASEAN investors by 2003 instead of 2010 as had been

agreed on.

Having explained ASEAN's long-term, mid-term and short-term measures toward economic integration and cooperation, it should be emphasized that all such measures are ASEAN's political commitments, rather than legally binding contracts. Whether or not ASEAN can achieve some, if not all, of those goals totally depend on the implementation by the member countries. Few responsible observers or government officials are optimistic about a successful establishment of either AFTA or AIA before the due. ASEAN's past records are not encouraging either. Many agreements have remained unimplemented.

The question is not whether ASEAN can pursue for such bold measures successfully, but why ASEAN has posted commitment that many think unrealistic. When ASEAN agreed on the establishment of AFTA in 1992, the government leaders and officials did not seem to expect that trade liberalization enhances regional trade. Instead, they regarded the AFTA program as an advertisement to impress the economic attractiveness and promising potentials of a large ASEAN market to investors and enterprises in advanced economies. Fundamental situations seem unchanged. Because ASEAN economies have been seriously hurt by recent economic and political crises, and because the reputation of ASEAN has been severely damaged, ASEAN has to emphasize attractiveness and potential more than ever.

The widening of ASEAN took place very rapidly, but not without problems.⁷ In the early 1990s, the ASEAN governments did not share the position on when and how they would have non-ASEAN countries in Southeast Asia join the organization. As stated in the 1992 Singapore Declaration, they welcomed prospective member countries join SEATAC. ASEAN was to provide non-ASEAN SEATAC signatories with the status of ASEAN observer, but the accession to ASEAN proper was considered to be a long-term project. Vietnam and Laos joined SEATAC in 1992, and they became ASEAN observers accordingly.⁸ Contrary to prior anticipations, Vietnam joined ASEAN as a full-fledged member as soon as three years after, or in July 1995. In July 1995, coincidentally both Cambodia and Myanmar joined SEATAC, and the former became an ASEAN observer immediately, and the latter in the following year. By the end of 1995, ASEAN had agreed that all the remaining non-member countries in Southeast Asia should be allowed to join ASEAN by the end of the century. In fact, ASEAN was split between those who were eager and those who were cautious in a rapid enlargement.

Intra-ASEAN differences concerning the widening was primarily caused by the treatment of Myanmar. In the arena of ASEAN's external dialogue for a such as the Post-Ministerial Conferences (PMC) and the ASEAN-EC dialogue at both ministerial and senior official levels, the human rights question in Myanmar was always an issue in the 1990s. The ASEAN side advocated a constructive engagement in Myanmar while European and American side argued for more explicit sanctions. Partly because those western opinions were taken into consideration, and partly because situations in Myanmar were

considered to be genuinely problematical, some ASEAN governments were reluctant. A tentative compromise was reached in November 1996, at the first informal summit in Indonesia in the way that the remaining three countries should join ASEAN simultaneously, but the timing was unsettled. Finally in May 1997 foreign ministers met informally and they agreed on that the three countries were to be accepted in July. ASEAN was to cover entire Southeast Asia so as to become ASEAN-10 in such a memorable year as the thirtieth anniversary of the association.

It turned out that the impediment of ASEAN-10 was not Myanmar but Cambodia. Before the realization of ASEAN-10, which was scheduled in late July, the crisis started in early July. Then in mid July, political struggles within the Cambodian coalition government became so intensified that one faction ousted the other militarily, which made ASEAN postpone the accession of Cambodia indefinitely. When the financial crisis began in the region, Laos and Myanmar joined ASEAN in July 1997. On the other hand, ASEAN tried to improve the Cambodia situation through a constructive engagement named the troika initiative because three members of ASEAN, i.e., Indonesia, the Philippines and Thailand, were engaged in the Cambodia question. In short, ASEAN's efforts were not successful. A general election was held by and large peacefully in July 1998, and political affairs began to return to normalcy. However, ASEAN governments failed to reach the consensus to have Cambodia join the organization during 1998. At the sixth formal summit in December 1998, an ambiguous compromise was agreed on that the accession ceremony was to be held in Hanoi as soon as Cambodian situations proved to be normal. It was April 1999 when Cambodia was allowed to join ASEAN. ASEAN-10 came into existence two years behind schedule.

The deepening and widening of ASEAN was thus rapid, and both processes were far from smooth. As the process was problematical, the result is problematical too.⁹ A supposedly integrating ASEAN-10 is structurally bipolar. Bipolarity exists between so-called Old-6 and New-4. No matter whether old ASEAN-6 or ASEAN-10 is considered, the ASEAN region is diversified enormously in terms of political regime, economic level, language, religion or historical background. Being diversified on various aspects, the original five ASEAN members shared common endeavor to survive in turbulent Southeast Asian arena, and they accumulated various communication channels for more than a quarter century, and more importantly they succeeded in containing mutual distrust and mutual conflict at controllable level. Since 1984 Brunei has been with the original five, and those Old-6 shared the ASEAN way of the mutual relationship and external dialogues. There are hundreds of ASEAN-related meetings each year; meetings are hosted based on equal burden sharing between members; ASEAN's lingua franca is English, and even ministers communicate with one another without interpreters. While Old-6 is based on the more or less shared ASEAN way, New-4 is not. Vietnam joined the organization in 1995; Laos and Myanmar in 1997; and Cambodia in 1999. With

assistance of the United Nations Development Program, ASEAN provided New-4 with training programs for government officials in order for them to improve English proficiency and to get familiarized with the ASEAN way in general. It will take some time for New-4 to learn the ASEAN way.

A second obvious difference between Old-6 and New-4 is about economic level. In the mid 1960s, Southeast Asian countries were at more or less comparable levels of underdevelopment. The ASEAN countries were incorporated with world economy, and succeeded in a rapid economic growth. On the other hand non-ASEAN countries experienced armed conflicts or took isolation policy so that their economies stagnated to be left far behind the ASEAN countries. Consequently, ASEAN has to cope with regional North-South problems. Various types of assistance are needed for New-4 to catch up Old-6. On the other hand, New-4 has to implement AFTA at the same pace as Old-6. Namely, although the starting year differs, New-4 was supposed to liberalize trade within ten years. According to the Hanoi statement of bold measures, not only Old-6 but also New-4 (except Cambodia because it was not a member yet) were committed to accelerate trade liberalization.

Furthermore, ASEAN became a cooperative organization consisting of a variety of political regimes ranging from liberal democracy to socialist. This characteristic of ASEAN reflects Asia's unique position in the post-cold war era. In the Soviet Union and eastern Europe, democratization in the late 1980s resulted in the rejection of communist regime. Such a process has never taken place to date in Asia. All the Asian socialist countries remain intact. Regional institutions like ASEAN and APEC presuppose cooperation between democracies and socialist regimes. While ASEAN has aimed at establishing an ASEAN community, Old-6 and New-4 share little in terms of political values. The organization may have to find an alternative foundational concept and symbol for an ASEAN community which both Old-6 and New-4 can accept. More specifically, as long as the democratization process remains stagnant in Myanmar, ASEAN has to deal with the human rights question of Myanmar. With respect to external relations, Myanmar's participation in ASEM has been a serious issue between ASEAN and the European side, and consequently new ASEAN members after 1996 are yet to join. For similar reasons, the ASEAN-EU Ministerial Meeting was cancelled. The Myanmar question is an internal problem as well. As long as Myanmar was not a member, ASEAN was able to exercise constructive engagement. Once a member, Myanmar may refuse it on the ground of ASEAN's established principle of non-interference of internal affairs. Some ASEAN members, notably the Philippines and Thailand, were so frustrated with Myanmar situations to propose a new principle of flexible engagement in internal affairs of ASEAN colleagues. ASEAN has not decided to replace the principle of non-interference with flexible engagement.

With or without the crises in 1997-98, ASEAN-10 was destined to face those internal, structural problems. Old-6 was indeed aware of them. The question why Old-6 decided to include New-4 in ASEAN despite the anticipated

problems is to be fully dealt with elsewhere; suffice to say here that there seemed both strategic and economic reasons for Old-6.¹⁰

Obviously, the recent crises imposed additional problems to ASEAN-10. ASEAN mechanism was not constructed to deal with those financial-economic-political crises in terms of finance cooperation, policy coordination, or political intervention. Consequently, ASEAN countries had to cope with the crises individually. It was widely believed that the crises had centrifugal forces to ASEAN solidarity. One the other hand, the financial and economic crises in the region impressed vulnerability of ASEAN economies and necessity of financial cooperation. The ASEAN Finance Ministers Meetings (AFMM), which had the inaugural conference a few months before the crisis started, became an integral part of the ASEAN regime. The organization introduced a monitoring mechanism of macroeconomic conditions and policies of the ASEAN members, which is named the ASEAN Surveillance Process, with the assistance of ADB. Although the effectiveness of this mechanism is to be verified, ASEAN transformed itself so as to pursue for closer regional integration.

ASEAN Power from Japanese Perspectives

Southeast Asia has been increasingly linked with Japan for several decades. Multifaceted engagement can be summarized chronologically as follows: Japan's southerly advance/expansion in the 1930s; occupation and military government between 1941-45; war reparations and related compensation between the 1950s and the 1970s; government-guided direct investment in resource exploitation since the late 1950s and in manufacturing industries since the 1960s; official development assistance since the 1960s; emphasis on cultural exchange since the early 1970s in response to anti-Japanese sentiment; assertive foreign policy since the late 1970s; massive private investment since the mid 1980s; initiatives in the Cambodian peace process in the early 1990s; etc. Diplomatic relations between Japan and Southeast Asian countries have been increasingly close, and economic relations have been increasingly integrated.

Importance of Southeast Asia for Japan being taken into consideration, ASEAN must have been important and useful for Japan, but in fact, Japan-ASEAN relations were not that simple. During the formative years of ASEAN, Japan overlooked, if not neglected, the organization. Instead, it attempted to promote regional cooperation through (1)the Ministerial Conference for Economic Development in Southeast Asia (MCEDSEA) which was proposed and sponsored by Japan, and (2)the Asian and Pacific Council (ASPAC) proposed by South Korea, and consisting of western allies in Asia and the Pacific including Japan.¹¹ ASEAN became visible to the Japanese in 1973 when the organization criticized Japan for destructive impacts of Japanese synthetic rubber industry upon natural rubber industry in Southeast Asia. Japan started reluctantly a regular dialogue with ASEAN. After 1975, truly a strong viability of ASEAN was in accordance with Japan's regional interests, peaceful coexistence between the ASEAN region and communist-controlled Indochina

became an ideal Southeast Asia for Japan. As for Japan, ASEAN was formidable when it exercised collective bargaining strategy against Japan for more economic cooperation, and it was frustrating when member governments failed to reach consensus and kept discussing about Japan's proposal for promoting regional cooperation. By the early 1990s, Japan had seen ASEAN influential on international affairs, and had actively participated in PMC.

Now ASEAN covers the entire Southeast Asia, and Japan takes the organization for granted in both governmental and private sectors. Uniting all the Southeast Asian countries, ASEAN is very important for Japan to deal with them diplomatically as well as economically. The recent crises impressed the Japanese with close interdependence between Japan and Southeast Asia or the ASEAN-10 region. Strengthening ASEAN has become Japan's policy orientation.

In addition to ASEAN's importance in Japan-Southeast Asian relationship, Japan found another important aspect of ASEAN with respect to its power in the regionalization of the Asia Pacific. Specifically, the two representative institutions embodying Asia Pacific regionalism, i.e., APEC and ARF, have been under a strong influence of ASEAN since their inception. As for APEC, Japan's MITI officials and Australian counterparts were collaborating to substantiate a governmental Asia Pacific cooperation before and after Australian Prime Minister Bob Hawke proposed the idea in January 1989.¹² ASEAN was regarded as integral part in the idea. While some of the ASEAN members were enthusiastic of the idea, all agreed on the point that a new institution should not affect a vulnerable ASEAN solidarity. ASEAN was tactful enough to make APEC very similar to ASEAN with respect to the modus operandi. APEC's general principles include free dialogue and commitment to consensus, informal and consultative exchange of opinions, complementary to existing organizations like ASEAN, and accession of new members based on consensus.¹³ Moreover, the venue of annual ministerial meeting of APEC was decided to alternate between ASEAN and non-ASEAN area. ASEAN Secretary General was allowed to participate in APEC Senior Officials Meeting (SOM) not as an observer but as a full-fledged member. When the United States tried to change APEC more formal, efficient and binding organization, ASEAN succeeded in resisting such a move. Although ASEAN refused to change APEC's organizational nature, it became eager to promote trade liberalization and facilitation as well as economic cooperation under APEC in the mid 1990s. Like ASEAN itself, APEC was not facilitated to cope with the financial crisis, but ASEAN has demonstrated its power in APEC so as to focus on the remedy of financial and economic crises at various APEC meetings. The transformation of APEC is yet to be seen.

As its naming indicates, ARF is part of a complex ASEAN regime although it serves as a forum for security dialogue in the entire Asia Pacific region.¹⁴ By the early 1990s, the desirability and feasibility of security dialogue, if not cooperation, in Asia and/or the Pacific had been increasingly realized.

Although the establishment of a new forum was proposed, ASEAN-PMC became regarded as a convenient framework. Japan was one of the advocates for PMC. As for ASEAN, the possibility of utilizing PMC for security dialogue was officially recognized at the fourth summit in January 1992. There was a fatal difference under a superficial agreement on the use of PMC. ASEAN-PMC was a set of conferences of foreign ministers or equivalents from the ASEAN countries and the partners of ASEAN external dialogue. The latter consisted of ASEAN's major trading partners, which were advanced industrial economies, meaning the United States and its allies: Japan, Australia, New Zealand, Canada, EC, and Korea since 1991. The ASEAN countries and dialogue partners were said to be like-minded. Japan and others argued for the lead-off for security dialogue between like-minded countries. On the other hand, ASEAN wanted to expand PMC membership to include China, the Soviet Union/Russia and Vietnam. As for ASEAN, confidence-building with those three countries was most important because security of the ASEAN region heavily depended on them. ASEAN invited to the 25th AMM in July 1992 China and Russia as ASEAN's guests and Vietnam as an ASEAN observer. PMC failed to agree either on the start of security dialogue between existing members or on the membership enlargement. In 1993, ASEAN proposed a new forum for security dialogue consisting of not only like-minded but also not-so-like-minded countries. PMC was to remain intact, and external partners found difficult to oppose a new forum. On the occasion of AMM in July 1994, ARF was held, and it was agreed on that the forum would be convened annually along with AMM and PMC. If a security dialogue had been proposed by other than ASEAN, such an extensive institution as ARF would not come into existence. As ARF became institutionalized, non-ASEAN participants attempted to revise its nature. For instance, the chairmanship might be alternate between ASEAN and non-ASEAN; ARF's A might stand for Asia-Pacific instead of ASEAN; the ARF Process should be either faster or slower; etc. So far, ASEAN has been determined to retain leadership in ARF.¹⁵

Furthermore, ASEAN's power in regionalization was found in ASEM. The idea of ASEM was initially proposed by Singapore, and it was soon endorsed, and promoted by ASEAN. To be sure, ASEM is an inter-regional forum, and ASEAN's successful initiative in ASEM may not be regarded as regionalization. However, within ASEM, ASEAN succeeded in formulating a caucus of the Asian side. Prospective Asian participants in ASEM were the seven ASEAN countries, or Old-6 plus Vietnam, Japan, China and Korea. Prior to the inaugural ASEM summit in Bangkok in March 1996, ASEAN convened a preparatory ministerial meeting as well as SOM with non-ASEAN three countries. This intra-Asian caucus, which is named ASEAN+3, was embedded in the ASEM regime consisting not only of biennial summit meeting but also various ministerial meetings. It did not take long time until the framework ASEAN+3 became independent of ASEM.¹⁶ At the second informal ASEAN summit in December 1997, an unprecedented summit meeting of ASEAN+3

was held. At the sixth formal summit in December 1998, the ASEAN+3 summit was held again, and it was agreed on that it would be an annual event. Informal ministerial meetings of ASEAN+3 have been convened occasionally. The membership of ASEAN-10 plus 3 is identical with that of the controversial concept of EAEC.¹⁷ No matter if ASEAN+3 is an EAEC or not, ASEAN obviously promoted the regionalization of East Asia at least to date.

During the past decade, ASEAN has revealed its influence on regional cooperation not only in Southeast Asia but also in Asia Pacific and East Asia. ASEAN has always occupied a central position (of course not in geographical sense) in institutionalizing regional groupings. Though the recent crises damaged the leadership of ASEAN to a certain extent, and ASEAN excessively emphasized the counter-measure against crises at various meetings of those institutions, ASEAN still exercises institutional power in regional cooperation. Because Japan has been deeply and actively involved in those institutions, Japan has to take ASEAN's power into consideration.

There is another, though related to the above, aspect of the importance of ASEAN from Japanese perspective. As mentioned at the outset, Japan was not totally reluctant with regional cooperation. In addition to short-lived MCEDSEA and ASPAC, there were several aborted ideas for regional grouping since the late 1950s. In 1979, Japanese foreign minister proposed a ministerial forum consisting of ASEAN plus Japan, the United States, Australia and New Zealand, and the ASEAN side chose to institutionalize PMC. In 1980 Prime Minister Ohira Masayoshi proposed an identical idea during his visit to Australia, but the ASEAN side was declined to join. Ohira's idea was followed by the joint initiative of Japanese and Australian economists, and at last a seminar of non-governmental nature was held in Canberra. The ASEAN side was so suspicious of the creation of a governmental forum that it took nearly two years until the second meeting of the seminar was held to become the Pacific Economic Cooperation Conference (PECC). In 1989 Japan collaborated with Australia in creating APEC, and in the course of inception Japan learned ASEAN's bargaining power on various occasions. In 1991 Japanese foreign minister proposed a PMC-based security dialogue, but the ASEAN side turned down the idea despite that the consensus on the use of PMC for security dialogue was being built among ASEAN countries. In January 1997 during the visit to Southeast Asia, Prime Minister Hashimoto Ryutaro proposed a Japan-ASEAN summit meeting on each occasion of the ASEAN summit. ASEAN leaders did not respond affirmatively. It turned out the ASEAN side preferred ASEAN +3 to ASEAN-Japan, and the summit meeting was held in December that year in accordance with ASEAN's counter-proposal. The Japanese side expressed displeasure by not responding affirmatively to ASEAN's offer of an annual meeting. By the sixth ASEAN summit in December 1998, however, Japan had agreed on the regular summit meeting of ASEAN+3.

Japan has learned the importance, and the difficulty too, of getting support of Japan's initiatives or proposal from ASEAN. Japan has been increasingly

active in regionalism. It used to regard regionalism to be protectionistic, discriminatory and incompatible with multilateral institution. When promoting APEC, it emphasized open regionalism. It now regards regionalism to be compatible with, and complementary to, globalism as will be discussed in the following section. The recent crises have made Japan further realize the desirability of regional institution. Whatever the Japanese idea is, it seems necessary, if not sufficient, for Japan to obtain the support from ASEAN in order to realize the idea. Aside the promotion of Asia Pacific regionalism, Japan is seeking for stronger ties with ASEAN. Closer Japan-ASEAN relations may crystallize a subsystem of Japan and Southeast Asia in Asia Pacific. Alternatively, closer relations may catalyze further regionalization of East Asia or Asia Pacific or both. Japan's blue print for regionalism is unclear. It is even unclear whether the blue print exists as such. Nonetheless, it is worth examining how Japan has been attempting to strengthen its relations with ASEAN during and after the crises.

Japan-ASEAN Linkage: Channels and Interests

Facing the financial crises occurred in Thailand, Malaysia, Indonesia, Korea, etc., Japan responded quickly. The Ministry of Finance (MOF) began to take initiative in establishing an Asian Monetary Fund as early as in August 1997. Although the idea was aborted mainly because of the U.S. objection, Japan has financially supported affected countries in Asia in coordination with IMF and with other countries and institutions. Within a year since the crisis took place in Thailand, Japan made contact with ASEAN or ASEAN members at summit or ministerial level on such various occasions as follows: ASEAN-PMC and ARF in July 1997; ASEM Finance Ministers Meeting in September 1997; IMF-World Bank annual meeting in September 1997; Japan-ASEAN Finance Ministers Meeting in September and December 1997, April and May 1998; the meeting with ASEAN Economic Ministers and Japanese Minister for International Trade and Industry (AEM-MITI) in October 1997; Asia Pacific Finance and Central Bank Deputies meetings in November 1997, March and June 1998; APEC ministerial and economic leaders meetings in November 1997; the meeting of ASEAN, Japan, and other Finance with IMF in December 1997; ASEM summit in March/April 1998; APEC Finance Ministers Meeting in May 1998; APEC Trade Ministers Meeting in June 1998; etc. Ministerial and summit meetings of a similar kind were held during the second year of the crises as frequently as before. In the course of a series of various meetings of overlapping members, rescue measures were consecutively adopted, among which was an accord at Asia Pacific Finance and Central Bank Deputies meetings in Manila, November 1997, or the so-called Manila Framework. To be sure, those regional meetings or institutions did not prescribe a strong medicine to cure Asian countries suffering from the financial crisis.¹⁸ Presumably, bilateral arrangements were most effective in helping the affected countries recover from the crisis. Nonetheless, Japan's engagement in regional meetings/institutions at

unprecedented frequency and intensity made the government realize the necessity and, probably more importantly, feasibility of Japan's active involvement in formulating a more formal and integrative regional order.

As far as Japan-ASEAN relations on economic crises are concerned, there were interactions between (1)ASEAN's collective self-help to overcome the crises and Japan's material and moral support of ASEAN's efforts, (2)ASEAN's request of Japan's assistance and latter's response, and (3)Japan's initiative/proposal and ASEAN's response. The interactive process was too complicated to distinguish cooperation programs which were concretized by ASEAN's own ideas from those proposed or inspired by the Japanese. The result was obvious: Japan's policy toward ASEAN became more multi-dimensional than ever and the two partners were to become more integrated with each other than ever. Apart from emergency measures to ameliorate economic difficulties, Japan conceived four issues to cope with: (1)revitalization of ASEAN economies; (2)structural reform and human resource development; (3)support of the disadvantaged; and (4)stable foreign exchange rate of ASEAN currencies. Although ASEAN had been preoccupied with economic problems since economic conditions worsened, a swift economic recovery in recent months made ASEAN shift its interest in cooperation from economic to security issues. For instance, a week-long series of meetings of foreign ministers, i.e., AMM-ARF-PMC, in July/August 1999 turned out to cover not only economic but also security issues such as SEANWFZ and territorial disputes in the South China Sea. Consequently, Japan had to be concerned not only with measures to help ASEAN countries overcome economic difficulties, and with various types of assistance to help them implement structural reforms, but also with security cooperation with ASEAN so that Japan's ASEAN policy has become even more multi-dimensional.

In the course of Japan's response to, as well as its initiatives in, cooperation with ASEAN during and after the crises, Japan-ASEAN relations became more integrated and institutionalized. Those changes within a couple of years have seemed to construct the framework of Japan-ASEAN relations for the coming century. A closer look at Japan's policy toward ASEAN is needed, however. For, as the field of Japan-ASEAN cooperation has widened, Japan's three powerful ministries have become deeply involved. Namely, MOFA, MITI and MOF established or strengthened their own channels of consultation/cooperation with ASEAN. Each ministry is pursuing its own version of closer relationship with the organization.

As for Japan, the cornerstone of Japan-ASEAN relations is MOFA, or the Regional Policy Department in the Asian Affairs Bureau to be exact. Until recently, the department had monopolized Japan's ASEAN policy primarily because it has been responsible for the management of the Japan-ASEAN Forum (an external dialogue at senior official level) and of PMC.¹⁹ The National Security Policy Department in the Foreign Policy Bureau has been involved since 1994 because the department became in charge of ARF matters. In any

case, MOFA has had a long experience in dealing with ASEAN since the mid 1970s. The ASEAN countries were always eager to deal with Japan collectively as ASEAN with a single voice, and MOFA had to respond half-heartedly. Although MOFA still places the priority more on bilateral diplomatic relations with key ASEAN countries than on ASEAN as an organization, it has increasingly recognized ASEAN's importance for regional stability. MOFA's traditional leverage toward ASEAN has been bilateral official development assistance (ODA), grant-in-aid in particular, and cultural exchange. The emphasis has been inclined to the latter in recent years. Japan has been the largest ODA donor for a decade, but tightened government expenditures have affected ODA policy so seriously as to reduce the total budget and to place the priority in Asia. This new ODA policy was adopted in August 1999. On the other hand, cultural exchange is still being emphasized. MOFA tends to advocate cultural exchange as Prime Minister's project rather than MOFA's own. MOFA is also concerned with cooperation with ASEAN with respect to Asia Pacific security especially in ARF and in its second track institution, the Council for Security Cooperation in Asia Pacific (CSCAP). MOFA has difficulties in redefining Japan's engagement in PMC because it changed its nature as a result of the set-up of ARF and of the new membership of PMC. ASEAN and its external dialogue partners including Japan agreed on the differentiation between PMC and ARF, but, as far as Japan is concerned, PMC has lost its significance. Consequently, MOFA is increasingly engaged in security dialogue through ARF and cultural exchange between Japan and ASEAN.

MITI established cooperation with ASEAN in 1992 when the annual ministerial meeting between MITI and AEM (AEM-MITI) institutionalized. ASEAN has occupied the central part of MITI's Asia policy understandably because Japanese manufacturing industries have increasingly invested in the ASEAN region. Even before MITI established a formal linkage with ASEAN, the ministry had long paid special attention to the ASEAN region. As a relatively recent example, MITI organized the New Asian Industrialization and Development Plan in the late 1980s. Southeast Asia became most important to Japanese industries among the so-called emerging markets in the global economy. MITI attempted to use AEM-MITI in promoting industrialization in individual ASEAN countries and regional integration as a whole.²⁰ On the other hand, AEM was enthusiastic about the accelerated creation of AFTA, but it was reluctant to have ASEAN's industrialization policy/cooperation intervened by MITI. In 1995, AEM-MITI started joint cooperation on industrialization not in ASEAN proper, but in the three prospective ASEAN members, i.e., Cambodia, Laos and Myanmar. The economic crises in 1997-98 and the enlargement of ASEAN helped MITI expand industrialization cooperation in the periphery of ASEAN so as to launch an ASEAN-wide industrialization cooperation scheme. MITI pursued the re-vitalization of ASEAN economies through (1)higher competitiveness of ASEAN industries,

(2)regional industrial cooperation, and (3)development cooperation especially in new-coming ASEAN members. In November 1998 the inaugural meeting of the AEM-MITI Economic and Industrialization Cooperation Committee (AMEICC) was held in Bangkok. Japanese Minister for International Trade and Industry attended the meeting, indicating that MITI regarded the committee to be very important for it's ASEAN policy.²¹

MOF started the joint ministerial meeting with ASEAN in 1995, but finance ministers of Japan and the ASEAN countries have met irregularly on such occasions as IMF-World Bank annual meetings. In fact, ASEAN Finance Ministers had not established their own meeting (AFMM) until February 1997. Since then, they have met regularly as well as extraordinarily on special occasions in order mainly to cope with the financial crisis since 1997. In some cases, Japanese Finance Minister attended AFMM. Neither MOF nor the ASEAN counterpart has publicized the joint meeting, and it is not disclosed what were discussed of or decided. This does not mean that MOF is not interested in Japan-ASEAN relations. Especially, since the crisis took place in Thailand, MOF has been assuming the leadership in Japan's massive financial assistance.²² While MOF had spent nearly twenty billion dollars through IMF, it became so critical of the IMF conditionality as Asian financial crises worsened in 1998 that it offered a new scheme totaling thirty billion in October 1998. The new scheme, called the Miyazawa Plan under the name of Japanese Finance Minister, was originally directed toward Korea and four ASEAN members of Indonesia, Malaysia, the Philippines and Thailand, and a few months later toward Vietnam too. By the end of March 1999 (the 1998 fiscal year), MOF's commitment and other ministries made Japan's assistance the total of approximately eighty billion U.S. dollars to cope with the financial crises in Asia.²³ As of July 1999, a two third of the Miyazawa Plan was already used or specified mainly in the form of soft loans in the Japanese Yen. Because the worst phase had been over by early 1999, mid- or long-term loans exceeded short-term emergency loans.²⁴ In addition to financial assistance, MOF aims at the establishment of once-aborted Asian Monetary Fund, and at the so-called internationalization of the Yen, or a wider use of the Yen in Asia. Besides, MOF has extensively utilized ADB, and its took a strong initiative in setting up a research institute for ADB, which came into being as the ADB Institute (ADBI) in Tokyo in November 1997. Under the Manila Framework as well as through ADB, MOF has taken initiative in strengthening the ASEAN Surveillance Process and in implementing reforms of the financial sector in ASEAN countries. Thus, while MOF may not deal with ASEAN as an organization in particular, it has been not only deeply involved in financial cooperation with individual ASEAN countries, but also it has incorporated ASEAN in a broader regional system covering Asia. Truly MOF has been engaged in Southeast Asia since the 1960s, but the issue was mostly the debt problem. MOF has been increasingly interested in Asian affairs, and is now very keen to formulate a Asian financial regime in which Japan takes leadership.²⁵

Japan has linkage at the summit level, too. In fact, Japanese prime minister attended at the second ASEAN summit in 1977 with Australian and New Zealand premiers, and at the third summit in 1987 alone, and each time Japan pledged economic assistance to ASEAN projects in addition to individual countries. However, such a linkage was ad hoc because the ASEAN summit was informal and ad hoc those days, and the participation of prime ministers outside the region was ad hoc, too. A current Japan-ASEAN summit relationship dates back only a couple of years ago, January 1997, when Prime Minister Hashimoto visited Southeast Asia. In his policy speech in Singapore, Hashimoto proposed the summit meeting between the two partners and the dispatch of the Japan-ASEAN Multinational Cultural Mission. The latter proposal, reflecting MOFA's emphasis on cultural exchange as opposed to traditional ODA, was accepted, and the mission completed the task in 1998. As for Hashimoto's former proposal, ASEAN invited not only Japan but also China and Korea to the second informal ASEAN summit in December 1997. In the midst of financial crises, Hashimoto explained Japan's on-going financial assistance and technical cooperation in the reform of the financial sector. Thus, Prime Minister's initiative in strengthening Japan-ASEAN relations was overshadowed by MOF-guided financial issues. Also MOF had Hashimoto propose the regular meeting of AFMM-MOF.²⁶ When Prime Minister Obuchi Keizo, who succeeded Hashimoto in June 1998, attended the sixth formal ASEAN summit in December 1998, he emphasized MOF's Miyazawa Plan in his speech. As stated above, ASEAN was not solely preoccupied with the financial crises. Instead, the ASEAN leaders were enthusiastic about a future ASEAN after the crises. Namely, ASEAN Vision 2020 was adopted at the summit in December 1997, and a lengthy document entitled the Hanoi Plan of Action (HPA) was adopted in December 1998 as a mid-term plan (1999-2004). The ASEAN Eminent Persons Group (EPG) on Vision 2020 was set up in order to provide ASEAN leaders with insights and ideas.²⁷ In his speech in Hanoi, Obuchi offered to set up the Japan-ASEAN Consultative Conference on the Hanoi Plan of Action so as to integrate Japan's various cooperation toward ASEAN with ASEAN's own plan. This prime minister's project has to cover a wide range of issues as the Hanoi Action Plan is very extensive. Because the conference is to start activities in October 1999, and the recommendation is to be submitted to Japan-ASEAN summit in 2000, the substance of Japan-ASEAN cooperation is yet to be seen. Furthermore, Prime Minister Obuchi decided to dispatch a mission headed by the chairman of the Toyota Co. in the capacity of the head of the Japan Federation of Employers Associations (Nikkeiren).²⁸ Being named The Mission for Revitalization of Asian Economy, the mission aimed at identifying Japan's leverage to re-vitalize Asian economies, and visited Korea, Thailand, Malaysia, Indonesia, the Philippines and Vietnam during August/September 1999. Note that those countries are the recipients of the Miyazawa Plan. While the mission is one of the prime minister's projects, and while MOFA is in charge of coordination, the task of the mission is defined

under a strong influence of MOF for self-evident reasons. In short, Japanese prime minister is expected to bring in Japan-ASEAN relations something new and more than the ministerial linkage does, but prime minister's projects tend to be the aggregate of projects pushed forward by individual ministries.

Though the institutional links of Japan with ASEAN are not fully integrated with one another, Japan, as a whole, has more sophisticated linkage than other dialogue partners. Both China and Korea attend the summit meeting and PMC/ARF as Japan, but neither country has link with AEM. Both Australia and New Zealand participate in PMC/ARF and have link with AEM, neither country attends the summit. While ASEAN may not admit a special relationship with Japan, Japan has established the closest institutional linkage with ASEAN. The crises helped the Japan-ASEAN linkage become closer, and as the crises are now relaxed, if not over, closer linkage may acquire new meanings to Japan's ASEAN policy.

ASEAN and Japan's New Concept of Asia

In July 1999, Prime Minister's Economic Council (Keizai Shingikai) urged Japan's leading role in Asian economic integration in a report submitted to the prime minister. The council recognized that the formation of regional economic community has complementary functions in support of multilateral trade regime, and assigned Japan active roles in promoting economic linkage in Asia. More specifically, the recommendation issued by the council includes (1)enhancement of trade and investment liberalization in Asia as a whole; (2)strengthening of the so-called Manila Framework agreed on in November 1997; (3)initiative toward the establishment of an Asian Monetary Fund; and (4)promotion of the use of Japanese Yen in commodity and capital transaction in Asia. The recommendation does not limit itself to immediate policy goals. It spells out the formation of a common market as a long-term plan with a special reference to furtherance of economic ties with Korea as an initial step.

Frequent and emphatic references to Asia in the report by the Economic Council are very conspicuous especially taken into consideration the in the past decade Japanese government has regarded the Asia Pacific as the basis of Japan's regional cooperation. Though the report in itself is not a manifesto of Japan's grand strategy but a recommendation to the prime minister and the cabinet, the council is so prestigious that major ministries are seriously involved in agenda-setting and drafting of the report, and that they utilize the report to justify their policy and budget. It is reasonable to believe that there is a general consensus in Japanese bureaucracy and influential economists with respect to the promotion of regional economic integration in Asia. The report may indicate a new departure of Japan's foreign economic policy: a positive attitude toward regional integration, and inclination toward Asia.

Japan has been an enthusiastic advocate of global, multilateral economic regime. Until it took part in APEC, Japanese government had been unequivocally against regional integration.²⁹ The support of APEC meant a

change in Japan's position, and it was legitimized for the reason that APEC was pursuing open regionalism, or regional trade liberalization based on the most favored nation (MFN) treatment. Now, Japan is increasingly interested in regional agreement on economic integration. There are at least three backgrounds that have helped the government change its perception and evaluation of regional integration.³⁰ First, even after the World Trade organization (WTO) was established, regional agreements have been increasing in number so that there are some ninety free trade areas. Regional integration may be compatible and complementary with multilateralism. Second, regional economic groups tend to acquire leverage in multilateral economic regime as well as against countries outside the region. Regional integration may provide participants with more bargaining power in trade and other negotiations. Third, the free trade area tends to be not simply a tariff-free region, but more importantly a region with harmonized rules, standards, and institutions. Regional integration may serve as regional economic regime which brings various economic effects, other than trade, in those fields on which multilateral agreement is difficult.

Japan has been regarding Asia Pacific as a viable and important region for Japan in terms of both its security and economic prosperity to which ARF and APEC are regarded to contribute significantly. Traditional emphasis on the Asia Pacific taken into account, the inclination toward Asia is particularly noteworthy even though it can be observed only in economic terms to date. There are two aspects that have made Japan consider Asia as a substantive region as opposed to ideological or cultural. First, the financial crises in 1997-98 that swept over East Asia made Japan realize deep and complex interdependence between and among Asian economies and need for regional scheme as opposed to global market and IMF. Second, swift economic recovery from severe crises will make Asia remain emerging market, and sustainable growth depends much on Japan's assistance and Japanese industries.

Furthermore, and perhaps more importantly, there were two developments which at last removed the obstacle for Japan to regionalize Asia. First, in the midst of the crises, Asian countries welcomed Japan's active initiatives to ameliorate economic conditions of individual countries as well as of Asia as a whole. Second, Korea, most resentful of Japan's initiative or leadership, made a historical change in its relationship with Japan. Shortly after taking office in February 1998, Korean President Kim Daejung took a dramatic initiative in improving the relationship with Japan, and his government proposed to institutionalize closer economic relations including the conclusion of free trade agreement.³¹ Both sides recognized FTA was premature, and they are currently studying an investment agreement. As East Asian countries used not to welcome Japan's leadership, and correspondingly Japan used to hesitate to assume leadership in or responsibility for regional affairs. Japan's proposals of regional institution were usually associated with its self-righteous advocacy of the Great East Asia Co-prosperity Sphere, even among the Japanese.³² When

such a historical trauma is overcome on both sides, Japan can assume more active and positive responsibility for Asia. The crises in 1997-98 may have induced the catharsis.

Asian regional economic integration or the creation of an Asian common market has been proposed and/or advocated in Japan on various occasions, but as far as official positions are concerned, the idea has never been referred to so positively and concretely as today. Moreover, Japan has never expressed its intention to institutionalize the regional grouping under its initiative so clearly as today. Japan may have begun the regionalization of Asia at least at a conceptual level.

The position that ASEAN would occupy in a Japan-conceived Asian integration is not clearly shown, but it must be obvious in a logical sense. As described above, Japan has provided ASEAN with various measures of assistance not only in coping with the emergent financial/economic crises, but also in pursuing long-term goals of the organization. The crises are at least temporarily relaxed, and ASEAN countries are expected to continue fundamental reforms of financial, economic and/or political structure individually as well as collectively. Japan has various reasons to tighten economic relations with ASEAN. If closer economic relations between Japan and Korea are successfully institutionalized, Japan might seek for a similar possibility with some of ASEAN countries. Alternatively, it might prefer to establish a general framework agreement with ASEAN as a whole. In any case, ASEAN is regarded as integral part of Asian regional integration. If China is eventually incorporated in such an integration scheme, ASEAN+3 will be substantiated not only as a caucus but also as a huge free trade area.

However promising, the progress of Asian regional integration heavily depends on East Asian security. Even if the situation is well under control, the Korean Peninsula and the Taiwan Strait will probably remain explosive, unstable at best. Note that the problem is structural in the sense that those two regional tensions/conflicts were caused and prolonged by the cold war, and remain unsolved in the post-cold war era. Unless the confrontation of divided States is solved, regional order cannot be restored in Asia. Because of the intensifying situation, confidence-building is called for, and exactly because of that, it is very difficult to bring such measures into those areas. Compared with instability in Northeast Asia, the era of regional conflict and instability was over in Southeast Asia, and roles taken by ASEAN are difficult to exaggerate. Nevertheless, ASEAN+3 cannot expand the zone of peace and prosperity so as to cover not only Southeast Asia but also Northeast Asia by themselves.

On the other hand, ASEAN+1(meaning Japan) have much in common as shown above. It is logical for Japan to further strengthen its relations with ASEAN. ASEAN may still prefer ASEAN+3 to Japan-ASEAN, but both institutions could be strengthened, and each could be employed in most appropriate ways, respectively. Japan-ASEAN can be promoted in the direction of closer economic relations in particular. Stronger Japan-ASEAN ties will have

promoting factors in wider regional groupings not only in economic terms but also in security cooperation. In order to obtain the answer to the empirical question of whether Japan actually attempts to strengthen Japan-ASEAN relations, and if doing so whether Japan succeeds in it, it will take only a year or two. For, AMEICC and the Japan-ASEAN Consultative Conference on HPA will, or will not produce some fruit within that time horizon.

Conclusion

A series of interrelated crises in 1997-98 strengthened the linkage between Japan and ASEAN in terms of Japan's assertive and committed engagement in regional affairs and of further institutionalization between them in order to cope with the crises. The crises may not completely be over, but the situation is undoubtedly improved partly because of successful management of Japan-ASEAN relations. No matter what it might be, Asian regionalism will be influenced by Japan-ASEAN partnership that were significantly strengthened in the midst of the crises. Asian regionalism after the crises of 1997-98 toward the twenty-first century may depend on at least following developments and problems.

First, as for ASEAN, after successfully overcoming the crises, the member countries are expected to cope with problems that have arisen through the widening and deepening of ASEAN, and eventually to create a community of ASEAN-10 although the substance is not totally clear to date. The civil society is a concept in fashion even among peoples and governments in Southeast Asia, but it is unclear what is meant by it, or how it is to be realized in an ASEAN community. While the democratization of individual nations must be promoted, the principle of non-interference, the most fundamental basis of ASEAN cooperation since its inception, must be modified so as to limit its applicability. ASEAN must find its culture, value and identity to symbolize and establish a community that is to include not only Old-6 but also New-4. Japan has endorsed in principle the idea of an ASEAN community, but it has failed to show what kind of community is acceptable to Japan. Similarly, Japan has also failed to propose a clear image of a region, if not a regional community, in which Japan and ASEAN co-exist interdependently.

Second, as for Japan, the pursuit for Asian regional economic integration seems to become a long-term national goal. Numerous problems and obstacles lie between the present situation and a future goal, however. Japan has to open its agricultural commodity market, and to take responsibility for the Japanese yen as an international currency. Japan has to choose partners, in addition to Korea, and to agree with them on what and how to integrate. Needless to say, ASEAN is a prospective partner, but coordination is slow if begun at all. The liberalization and facilitation of trade and investment in APEC is another issue that Japan has to make a new concept consistent. Japan's eagerness and efforts toward regionalism, either in Asia or APEC, will be affected by the progress in the new round of multilateral trade negotiations under WTO regime.

Third and related to the above two points, the prospect of Japan-ASEAN relations in itself is relative to other regional groupings for both Japan and ASEAN. Japan is already committed to its support of ASEAN's Vision 2020 and its HPA, and there are few reasons to doubt the erosion or collapse of the linkage between them. However close, their respective interest in each other are not identical. ASEAN appreciates Japan's support by all means, but it tries to balance Japan's power and influence against other major partners, especially China and the United States. As for ASEAN, no matter how important its relationship with Japan is, it is only part of ASEAN-guided institutions such as ASEAN+3, PMC/ARF, APEC and ASEM. On the other hand, Japan tends to consider Japan-ASEAN relations special. Most of regional institutions Japan takes part in are related to ASEAN in some way or another. Based on massive assistance to the ASEAN countries, Japan expects them to support its plans in international arena as Japan regards itself as a global power, but as ODA is not effective leverage, Japan is not always satisfied. The relationship between Japan and ASEAN is not so asymmetrical as the difference in the economic size indicates. In short, Japan cannot take ASEAN's support or cooperation for granted.

To be sure, ASEAN's influences on Asian regionalization are based less on its military or economic power than on its maneuverability of the relationship with major partners, which in turn depends on the solidarity among member countries. Regardless impacts of the crises in 1997-98, ASEAN's internal solidarity has eroded to some extent because of ambitious widening and deepening. Nevertheless, this weak organization serves as a symbol of regional peace and prosperity. No matter how fragile it is, and no matter how diverse its member countries are, ASEAN is nurturing a regional community. While being a self-appointed global power, Japan has failed to establish a community with neighboring nations. In the age of regionalism and regionalization, Japan is perhaps more desperate than ASEAN.

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¹ Regionalization is not either a definition, specification, or discovery of a certain domain of geographical area in terms of objective economic interdependence, strategic needs or the like. By regionalization I mean the process in which peoples living in a particular area acquire a shared, intersubjective recognition that they are (or should be) interconnected with each other relatively closer and more distinct than interactions between them and those outside. Regionalization can be based on conflictual interactions. In this paper, however, regionalization based on cooperative interactions is to be considered. Regionalization may, or may not, be followed by, or associated with institutionalization. It may, or may not, be promoted by regionalism. As regionalization takes place, the area concerned may be called a region. Regions need not be mutually exclusive. Nested regions and overlapping regions may coexist.

² It is widely agreed that the two major source of threat to security in Asia are the Taiwan Straits and the Korean peninsula in the post-cold war era. In fact, they are left, so-to-speak, in the cold war era. Tension and conflict remain there because the unification question is not settled yet.

³ Higgott, 1999, provides a broader picture of region building in the Asia Pacific and the impact of the crises. Yamakage, 1999a, discusses about the role of ASEAN. APEC and major power relations in the Asia Pacific.

⁴ For English readers, a good survey of Japan s attempts can be obtained from

Korhonen, 1994, 1998.

⁵ ASEAN's real objective are examined in Yamakage, 1991 extensively and comprehensively. For English readers, see Yamakage 1987, 88.

⁶ The Hanoi Plan of Action consists of ten pillars: (1)strengthening macroeconomic and financial cooperation, (2)enhancing greater economic integration, (3)promoting science and technology development and developing information technology infrastructure, (4)promoting social development and addressing the social impact of the financial and economic crisis, (5)promoting human resource development, (6)protecting the environment and promoting sustainable development, (7)strengthening regional peace and security, (8)enhancing ASEAN's role as an effective force for peace, justice and moderation in the Asia Pacific and in the world, (9)promoting ASEAN awareness and its standing in the international community, and (10)improving ASEAN's structure and mechanisms.

⁷ ASEAN's strategy of widening is extensively discussed in Yamakage, 1997b, chap. 5.

⁸ Papua New Guinea was the first non-ASEAN signatory of SEATAC, and became an ASEAN observer. It has not become a full member because PNG is not considered as a Southeast Asian country.

⁹ The structural problem of ASEAN-10 is presented more extensively in Yamakage 1999b. For English reader, see Henderson, 1999.

¹⁰ See, for instance, Henderson, 1999, chap. 2

¹¹ Both institutions were established in 1966, and they stopped functioning by the early 1970s.

¹² With the conception and inception of APEC, the initiative of Australia is wellknown, but it seems exaggerated partly because of publicity by Australian leaders and officials and partly because of silence of the Japanese counterpart. The role of MITI is disclosed extensively in Funabashi, 1995, and Yamakage, 1997, chap. 7.

¹³ APEC's general principles were initially spelled out in the Chairman's summary statement at the inaugural meeting in November 1989, and they are re-stated more formally in the Seoul APEC Declaration in November 1991.

¹⁴ The formation process of ARF is much more complicated than what many writings have provided. See my discussion in Yamakage, 1997b, chap. 9. For English readers, see Leifer, 1996, and Yamakage, 1997a.

¹⁵ Critical review of ARF can be found in Lim, 1998, and Garofano, 1999.

¹⁶ As mentioned in the text above, new ASEAN members have not been allowed to participate in ASEM primarily due to the Myanmar question. Since 1997, it has not been accurate to say that Asian participants in ASEM are ASEAN+3.

¹⁷ On the occasion of AMM-ARF-PMC in July-August 1999, an informal dinner meeting was held among ASEAN+3. Some called that "10 plus 3" meeting, but another participant reportedly said that "10 plus 3" sounded that Asians could not account more than 10. EAEC was half-jokingly suggested too.

¹⁸ As for the assessment of Asian regional institutions in coping with the financial crisis, see Wesley, 1999.

¹⁹ The Southeast Asia Department II was in charge during a year or two in the mid 1990s when the Regional Policy Department was too busy on other tasks related to war compensation issues.

²⁰ The Department of Southeast Asia and Oceania, the Trade Policy Bureau, has been in charge of AEM-MITI in addition to bilateral commercial relations.

²¹ The White Paper on Trade 1999 (Tsuushou hakusho), pp. 197-198.

²² Asian financial crises were so serious and complicated that several departments of MOF were involved. The office of Asian currencies, the International Bureau, has been particularly in charge.

²³ MOF, MITI and MOFA were the major agents. The total amount (eighty billion dollars) are the sum of various programs, and the classification and the ministry in charge is very complicated. To date, as far as the author has found, Table 3-1-6 of the White Paper on Trade 1999 (Tsuushou hakusho) is most comprehensive and informative.

²⁴ As of the 6th of July 1999, out of the total pledge of thirty billion, 7.5 billion were allocated to the short-term loan while twelve billion were for mid- or long-term loans. Nihon Keizai Shimbun, 5th September 1999.

²⁵ MOF's research institute (Zaisei Kinyuu Kenkyuujo) conducted a series of research on Asia from a wide perspective in the mid 1990s.

²⁶ The author of this paper has not learned whether AFMM-MOF was regularized as AEM-MITI.

²⁷ The set-up of ASEAN-EPG was proposed by Singaporean prime minister, and the first meeting was held in Singapore in July 1999.

²⁸ Obuchi officially announced the decision in his dinner speech for an international conference titled the Future of Asia (June 1999, organized by the Nihon Keizai Shimbunsha), in which Asian leaders, including Malaysian prime minister and Philippine President, participated.

²⁹ MITI's internal decision to move towards regionalism was expressed in its interim report titled In search for a new Asia Pacific cooperation, in June 1988.

Open regionalism was advocated. A little later, MOFA conducted a internal research project, and made a report titled Regional economic integration in the Asia Pacific and Japan's options, in April 1994. Criticizing the traditional concept of regional integration such as Ballasa model, the report proposed open economic association as a more relevant concept. MOFA's favorite concept did not gain wider popularity.

³⁰ The White Paper on Trade 1999 (Tsuushou hakusho), pp. 287-294.

³¹ President Kim made a state visit to Japan in October 1988, and the Japan-Korea Ministerial conference was held in Japan in the following month. Prime Minister Obuchi visited Korea in March 1999. In this course, Japan-Korean relations improved rapidly and significantly. The second ministerial conference is scheduled in October 1999.

³² Various MITI officials admit that Japan let Australia take initiative in creating APEC because counterproductive reaction from Asia was anticipated otherwise.