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Preface

In December 2013, the heads of state and government of the ASEAN member states and Japan gathered in Tokyo at the ASEAN-Japan Commemorative Summit to mark the 40th anniversary of ASEAN-Japan relations. This was the second summit, following the historic meeting held in Tokyo in December 2003 at which the Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium and the Japan-ASEAN Plan of Action were adopted. Specifically, the 2003 summit emphasized Japanese support for reinforcing ASEAN integration, enhancing the economic competitiveness of ASEAN member countries, and addressing transnational issues.

Building on the achievements of the previous decade, the 2013 commemorative summit broadened the scope of ASEAN-Japan partnership by calling for bilateral cooperation for peace and stability, prosperity, quality of life, and “heart-to-heart” understanding, in the Vision Statement on ASEAN-Japan Friendship and Cooperation: Shared Vision, Shared Identity, Shared Future. The 2013 summit also produced a joint statement titled Hand in Hand, Facing Regional and Global Challenges.

In the midst of these significant government-level developments, a multinational study group comprising a group of scholars from ASEAN member states and Japan was established in September 2012 with the support of the Japan-ASEAN Integration Fund (JAIF). This group has engaged in two phases of extensive and comprehensive research. The first phase of study, which lasted from September 2012 to November 2013, focused on how ASEAN-Japan strategic partnership could strengthen the process of building the ASEAN Community. The outcome, including policy recommendations, was reported in Beyond 2015: ASEAN-Japan Strategic Partnership for Democracy, Peace, and Prosperity in Southeast Asia, which was presented to the respective governments of ASEAN and Japan in time for the 2013 ASEAN-Japan Commemorative Summit.

Aptly enough, the second phase of our study, which started in June 2013, has dealt with ASEAN-Japan strategic partnership in East Asia and in global governance, the importance of which the 2013 ASEAN-Japan
Commemorative Summit highlighted explicitly. This volume looks into these themes both conceptually and in practical terms, with a view to contributing to the advancement of ASEAN-Japan cooperation beyond Southeast Asia.

The importance of these Track 2 efforts was initially raised during informal consultations held in Jakarta and Tokyo in 2010 among Tadashi Yamamoto (the late president of the Japan Center for International Exchange [JCIE]), Hitoshi Tanaka (chairman of the Institute for International Strategy, Japan Research Institute, and senior fellow, JCIE), Surin Pitsuwan (then secretary-general of ASEAN), Jusuf Wanandi (co-founder and vice chairman of the Centre for Strategic and International Studies [CSIS], Indonesia), Takio Yamada (then Japan’s ambassador to ASEAN), and ourselves. As a result, in mid-2012, with support from the Indonesian government and the JAIF, CSIS and JCIE launched this two-phase study project.

The second phase of the study examined the ways in which ASEAN-Japan cooperation can contribute to the creation of an East Asian order that is peaceful, prosperous, and governed by the rule of law, and to addressing global issues for better global governance. A preparatory meeting was held in Bali, Indonesia, in June 2013; a research meeting to discuss 17 research papers was organized in Jakarta in February 2014; and, in June 2014, the final meeting of the co-chairs was held in Tokyo, along with a roundtable with the Japanese policy community. A short report making policy recommendations was released in time for the 2014 ASEAN-Japan Summit, and this volume compiles the more detailed papers that were developed to complete this second and final phase.

We would like to take this opportunity to express our sincere gratitude to the project supervisors, Jusuf Wanandi and Hitoshi Tanaka, for their insight and guidance in this process; to the co-chairs, Mely Caballero-Anthony (head of the Centre for Non-Traditional Security Studies at Nanyang Technological University’s S. Rajaratnam School of International Studies), Chikako Kawakatsu Ueki (professor, Waseda University), Djisman Simandjuntak (professor, Prasetiya Mulya Business School), and Toshiya Hoshino (professor, Osaka University), for their dedication to and leadership of the study groups; to the project managers, Clara Joewono (vice chair, CSIS, Indonesia) and Hideko Katsumata (executive director and COO, JCIE), for their thoughtful input and for shepherding this project to completion so effectively; and to the invaluable contributions of the study group members. Thanks also to the members of CSIS and JCIE who have worked tirelessly to bring this project to fruition, including Lina Alexandra, Iis Gindarsah, Tomoko Suzuki, Kana Yoshioka, Kim Gould Ashizawa, Susan Hubbard, Patrick Ishiyama, Kaede Kawauchi,
Serina Bellamy. We are also deeply grateful to the JAIF for its support of this project.

On behalf of all those involved in this project, we sincerely hope that these findings will serve as an impetus for deeper ASEAN-Japan cooperation in creating a more peaceful and prosperous East Asia and for contributing together in combatting some of the most pressing global challenges before us. We also hope it can help facilitate dialogue among relevant stakeholders—including policymakers, academics, opinion leaders, the media, and civil society—so that ASEAN-Japan cooperation will become stronger, more effective, and more productive in the decades to come.

Rizal Sukma
CSIS, Jakarta

Yoshihide Soeya
Keio University, Tokyo
# Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AADMER</td>
<td>ASEAN Agreement on Disaster Management and Emergency Response</td>
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<td>ACCT</td>
<td>ASEAN Convention on Counter-Terrorism</td>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<td>ADBI</td>
<td>Asian Development Bank Institute</td>
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<tr>
<td>ADMM</td>
<td>ASEAN Defence Ministers Meeting</td>
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<tr>
<td>ADMM-Plus</td>
<td>ASEAN Defence Ministers Meeting Plus</td>
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<tr>
<td>ADRC</td>
<td>Asian Disaster Reduction Center</td>
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<tr>
<td>AEC</td>
<td>ASEAN Economic Community</td>
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<tr>
<td>AEM-METI</td>
<td>ASEAN Economic Ministers–Minister for Economy, Trade and Industry</td>
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<tr>
<td>AFTA</td>
<td>ASEAN Free Trade Area</td>
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<tr>
<td>AHA Centre</td>
<td>ASEAN Coordinating Centre for Humanitarian Assistance on disaster management</td>
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<tr>
<td>AJCEP</td>
<td>ASEAN-Japan Comprehensive Economic Partnership</td>
</tr>
<tr>
<td>AMRO</td>
<td>ASEAN+3 Macroeconomic Research Office</td>
</tr>
<tr>
<td>APEC</td>
<td>Asia Pacific Economic Cooperation</td>
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<tr>
<td>APSO</td>
<td>ASEAN Political-Security Community</td>
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<td>APT</td>
<td>ASEAN Plus Three</td>
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<tr>
<td>ARF</td>
<td>ASEAN Regional Forum</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>ASEAN+3</td>
<td>ASEAN members plus China, Japan, Korea</td>
</tr>
<tr>
<td>ASEAN-6</td>
<td>original six ASEAN members</td>
</tr>
<tr>
<td>ASEAN+6</td>
<td>ASEAN+3 members plus Australia, New Zealand, India</td>
</tr>
<tr>
<td>Bali Concord II</td>
<td>Declaration of ASEAN Concord II</td>
</tr>
<tr>
<td>Bali Declaration</td>
<td>Joint Declaration for Enhancing ASEAN-Japan Strategic Partnership for Prospering Together</td>
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<tr>
<td>BIMP-EAGA</td>
<td>Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area</td>
</tr>
<tr>
<td>CLMV</td>
<td>Cambodia, Laos, Myanmar, Vietnam</td>
</tr>
<tr>
<td>CMIM</td>
<td>Chiang Mai Initiative Multilateralization</td>
</tr>
<tr>
<td>CSCAP</td>
<td>Council for Security Cooperation in the Asia Pacific</td>
</tr>
<tr>
<td>CSO</td>
<td>civil society organization</td>
</tr>
<tr>
<td>EAMF</td>
<td>Expanded ASEAN Maritime Forum</td>
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<tr>
<td>EAS</td>
<td>East Asia Summit</td>
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<tr>
<td>ERIA</td>
<td>Economic Research Institute for ASEAN and East Asia</td>
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<tr>
<td>FDI</td>
<td>foreign direct investment</td>
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</tbody>
</table>
FTA  free trade agreement
GDP  gross domestic product
GMS  Greater Mekong Subregion
HA/DR  humanitarian assistance and disaster relief
HDI  Human Development Index
ICJ  International Court of Justice
ICT  information and communications technology
IMT-GT  Indonesia-Malaysia-Thailand Growth Triangle
JAIF  Japan-ASEAN Integration Fund
JETRO  Japan External Trade Organization
JICA  Japan International Cooperation Agency
MDG  Millennium Development Goal
METI  Ministry of Economy, Trade and Industry
MOFA  Ministry of Foreign Affairs
MPAC  Master Plan on ASEAN Connectivity
MRA  mutual recognition agreement
NGO  nongovernmental organization
NSW  national single window
OCHA  United Nations Office for the Coordination of Humanitarian Affairs
OCHA ROAP  OCHA Regional Office for Asia and the Pacific
ODA  official development assistance
OECD  Organisation of Economic Co-operation and Development
PPP  public-private partnership
RCEP  Regional Comprehensive Economic Partnership
ReCAAP  Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia
SDF  Self-Defense Force
SEANWFZ  Southeast Asia Nuclear-Weapon-Free Zone
SLOC  sea lines of communication
SME  small and medium enterprise
UN  United Nations
UNESCAP  United Nations Economic and Social Commission for Asia and the Pacific
UNHRD  United Nations Humanitarian Response Depot
UNISDR  United Nations International Strategy for Disaster Reduction
WMD  weapons of mass destruction
WTO  World Trade Organization
INTRODUCTION AND
POLICY RECOMMENDATIONS
Navigating Change: ASEAN-Japan Strategic Partnership in East Asia and in Global Governance

Rizal Sukma and Yoshihide Soeya

In the policy recommendations for the first phase of this study project, published under the title Beyond 2015: ASEAN-Japan Strategic Partnership for Democracy, Peace, and Prosperity in Southeast Asia, we emphasized bottom-up thinking and approaches, highlighting the critical and central roles of people and civil society in enhancing ASEAN-Japan cooperation in ASEAN’s community-building efforts in three domains: politics and security, economics, and society and culture. Needless to say, this basic people-centered philosophy remains the same in this report focusing on ASEAN-Japan cooperation in East Asia and in global governance.

Indeed, given what ASEAN-Japan partnership has accomplished over the last four decades in enhancing regional integration, not only in Southeast Asia but also in a wider regional context, it is high time for us to begin to expand our thinking on ASEAN-Japan partnership beyond Southeast Asia into the domains of East Asian peace and prosperity and into a set of global issues in order to enhance global governance. In 2015, ASEAN itself reached the completion of the first phase of its community-building project. In this regard, the important task for ASEAN member states and Japan now is to elevate the cooperative relationship to a new level, one that is able to meet the challenges of the emerging regional order in East Asia and beyond. At a time when national and regional issues are closely connected with trends at the global level, ASEAN member states and Japan need to respond to the greater convergence of interests, take entrepreneurial leadership in forming
and advancing critical agendas of cooperation, and find greater synergy in implementing them.

ASEAN and Japan have used their partnership over the last four decades to achieve economic growth and increase stability in Southeast and East Asia. All of the countries in Southeast Asia have become more open, some of them notably becoming mature democracies. Civil society has grown exponentially in the region, providing a base in Japan and the ASEAN countries for shared norms and values to deal with governance, human rights, and democracy. Very importantly, this success story of the ASEAN-Japan partnership has prompted the rest of East Asia to follow a similar path toward becoming more open societies. As shown in the experiences of the ASEAN Regional Forum (ARF) and ASEAN+3, ASEAN has remained at the center of region-building efforts.

Recently, however, some of the underlying conditions that allowed East Asia to enjoy its peaceful and people-centered development have been undergoing substantial changes, the most significant of which are the changes occurring in the geostrategic landscape of East Asia. We cannot ignore the challenges that these changes may pose to the future of East Asian peace and prosperity. Deeper ASEAN-Japan cooperation is needed to help mitigate the potential negative impact of these strategic changes on efforts to create an East Asian order built on common interests and shared visions.

How can ASEAN and Japan build on existing institutions, norms, and rules in the region to accomplish this task? This report attempts to answer that question and makes policy recommendations regarding such issues as maritime security, cyber security, humanitarian disasters, development gaps, and poor connectivity.

As to global governance, this volume argues that, as the world becomes more globalized, ASEAN and Japan should play a bigger role in shaping the structures that will guide global governance into the future. ASEAN and Japan have important ideas and best practices that need to be shared with institutions for regional and global governance, but they should also serve as a conduit for ideas and best practices from East Asia to the rest of the world. Through this two-way interchange, ASEAN-Japan cooperation can primarily serve as a facilitator of knowledge spillover and a conveyer of good policy practices.

At the same time, ASEAN and Japan should be somewhat adventurous in extending entrepreneurial leadership in dealing with critical global issues. Recommendations discussed in this volume include the creation of an ASEAN-Japan Financial Stability Forum, an ASEAN-Japan Dialogue on Sustainable Development that would address water conservation and food security, an Energy Community, an ASEAN-Japan Partnership...
for Inclusive Development, an ASEAN-Japan Diversity Program, and ASEAN-Japan cooperation in promoting the rule of law and comprehensive security.

In sum, the aim of this volume is, first, to propose ways for ASEAN member states and Japan to jointly achieve an East Asia that is peaceful, prosperous, and governed by the rule of law, which after all should benefit all people in East Asia. Obviously, the well-being of ASEAN and Japan is inseparable from that of East Asia as a whole. Secondly, we strongly believe that the scope of ASEAN-Japan cooperation should extend to a host of pressing global issues that have become inseparable from peace and prosperity in East Asia, as well as to the welfare of all the people in today’s interdependent and globalized world. The volume thus examines various global issues as well and suggests how ASEAN countries and Japan can and should cooperate as equal partners.

**Why Broaden the Scope of ASEAN-Japan Partnership?**

**East Asia**

Over the last four decades, the ASEAN-Japan partnership has contributed to regional economic growth, greater domestic and regional stability, and the growth of democratization and civil society. Needless to say, the well-being that ASEAN and Japan have thus achieved for their populations is inseparable from that of East Asia as a whole, including China and South Korea. Recently, however, several of the underlying conditions that had allowed East Asia to enjoy its peace and prosperity have been changing dramatically.

One of the most significant geopolitical changes underway is the narrowing power gap between China and the United States, which has aggravated the strategic distrust between the two. Although the prospect of China surpassing the United States in total national strength, including military capability, is not in sight, it is obvious that the shifting power balance between the two has been encouraging Chinese assertiveness in East Asia even at the cost of stable relations with some of its neighbors.

With the relative decline of US power, its ability to continue providing international public goods as it has could also decrease. The freedom of the sea, air travel, space, and cyber space may be contested. At the same time, conflicts over territories and maritime space in the South China and East China Seas have increased. This trend could continue and worsen. ASEAN member states, Japan, South Korea, and Australia may find it increasingly
difficult to find the right balance in their relations with the two great powers, China and the United States. This could divide the region. To mitigate these negative consequences of US-China competition, it is important to establish a rules-based regional security architecture, one in which ASEAN and Japan remain relevant.

The US-China relationship has ramifications for the economic architecture as well. ASEAN centrality in regional institution building has helped mitigate rivalry among the major powers, but geopolitics still has the potential to undermine ASEAN’s centrality and the regional integration process. As the political and security environment changes quickly, the gradual ASEAN-led process of regional integration may in the end bring the community-building process in East Asia to a halt. Without an effective multilateral regional security institution, East Asia may find itself in a vulnerable position.

Other complex security concerns and threats continue to plague the region as well. Nontraditional security threats abound, with cyber security concerns stemming from advances in information and communications technology; threats to water, food, and energy caused in part by climate change; and declines in human security resulting from population displacement, migration, and extreme economic underdevelopment.

The focus of ASEAN-Japan partnership should be on solving problems, but doing so in a way that is based on consultations and a set of rules, not by the use or threat of force. ASEAN and Japan should undertake a joint assessment, at the minimum, of the nature of changing strategic relations between China and the United States, as well as their respective thinking and policies. No state can deal with the complex web of challenges in today’s world on its own, which argues for a strengthening of cooperative security in the region, led by ASEAN and Japan working in partnership with each other.

Global Governance

Close to half of the world’s population lives in East Asia, which has become one of the primary drivers of growth in world output and wealth. ASEAN and Japan are thus in a good position to play a significant role in global governance, the structures of which are currently experiencing growing pains. The limits to the sustainability of growth are particularly evident in China, which has already been faced with both potential and real obstacles to continued growth.

ASEAN-Japan partnership should be able to come up with creative regional solutions to complement those being formulated at the national
and global levels. Some areas that are ripe for creative regional solutions include protecting air space, sea lanes of communication, air quality, and biodiversity. Despite the territorial disputes and vitriolic rhetoric, the welfare of all countries in East Asia is dependent on that of all others. Supply chains depend on every link functioning properly, and the information and communication technology (ICT) and automotive industries are particularly vulnerable to disruption. At the same time, these are two of the very sectors that are leading growth in the region.

The ASEAN countries are emblematic of the democratic progress happening across most of the region, and few leaders can hang onto power without instituting economic, political, and social reforms. Still, several countries in the region are ramping up their external provocations as a way of distracting their publics from domestic challenges.

East Asian regionalism is most likely to follow an evolutionary path, driven by the responses of governments, businesses, and civil society to changes in technology and their impacts on societies. As a result, it is natural that ASEAN-Japan cooperation play a larger role in the context of wider East Asian regionalism, but this should not preclude ASEAN and Japan from also driving the agendas of more global institutions like the G20 and UN institutions.

ASEAN-Japan cooperation can contribute to global governance in several ways: (1) as a pillar for governance reform in East Asian region-building efforts; (2) as a conduit to relay ideas and lessons from ASEAN and Japan to the rest of the world and vice versa; (3) as a force to attract science and technology cooperation; and (4) as a model of partnership in the face of diversity and inequality.

A Common Agenda for ASEAN-Japan Regional and Global Partnership

ASEAN-Japan Partnership in East Asia

ASEAN and Japan have both focused in the past on trust and confidence building as a basis for comprehensive and cooperative security in East Asia, even in the face of vast political and economic differences. They both place value on processes and building patterns of cooperation. But it is time for them to think about the best modalities for cooperation going forward, including not only high-level government meetings but also people-to-people and civil society exchanges.
1. Multilateral Frameworks

(a) Japan and ASEAN should jointly ensure that Asian multilateral platforms remain vibrant and useful for fostering peaceful and responsible behavior by all stakeholders. To date, ASEAN and Japan have significantly contributed to the establishment of a number of regional political-security and economic frameworks in East Asia, including the ARF in 1994, the ASEAN+3 in 1999, the East Asia Summit (EAS) in 2005, and the ASEAN Defence Ministers Meeting Plus (ADMM-Plus) in 2008. Given Japan’s shifting stances and its quest for “normalization” under the current administration, the need cannot be overemphasized for Japan to strike a delicate balance in maintaining its effective military ties with the United States and to maintain its association with soft power and quiet diplomacy.

(b) Given that the EAS holds a great deal of potential to become the premier multilateral security forum in the region, ASEAN and Japan should work closely to promote its institutionalization. The EAS is a forum led by heads of state and government, and its ability to influence the principles, norms, and practices of security cooperation in East Asia cannot be overstated. ASEAN and Japan should work together to examine ways to establish a dedicated secretariat for the EAS to advance its agenda and in turn help member states to develop a sense of ownership over the multiple processes of maintaining peace and stability in the wider East Asian region.

(c) The level of ASEAN-Japan political cooperation should be raised to a higher plane. While Japan is one of ASEAN’s oldest and most reliable dialogue partners, given the strategic shifts in East Asia, ASEAN-Japan relations have reached a point that necessitates a higher level of mutual trust and confidence building as well as political and security engagement. An important step in this direction would be to include defense and security officials from Japan in the annual ASEAN-Japan Post Ministerial Meeting (PMC+1). The PMC+1 could certainly be an important platform for ASEAN and Japan to discuss shared security concerns covering both traditional and nontraditional security issues.

(d) Japan’s multifaceted assistance in pushing for a successful realization of the ASEAN Economic Community (AEC) must be carefully calibrated to align with ASEAN’s regional integration programs. ASEAN’s success in its goal of establishing the AEC is important, not only to Japan but also to ASEAN’s other dialogue partners (China, Korea, the United States, and
Navigating Change

others) given the potential that the ASEAN single market and production base offers to states within and outside of East Asia. Concrete measure should include the following:

- Japan should align its official development assistance (ODA) with ASEAN’s regional integration program. One of the key elements in the AEC that would benefit greatly from Japan’s ODA is the Master Plan on ASEAN Connectivity (MPAC), particularly in terms of improving physical connectivity through certain infrastructure projects. Strong Japanese support for ASEAN’s connectivity projects should not be limited only to the East-West and Southern corridors of Indochina but should also extend farther to the wider Southeast Asian region.

- ASEAN and Japan should establish an “ASEAN-Japan Integration Forum” that brings together government officials, business communities, experts, and civil society from the two sides.

- ASEAN and Japan should strengthen the currency swap agreement within the ASEAN+3 framework to help states in the region mitigate the impact of a possible financial crisis, as well as to provide a regional safety net through the provision of short-term liquidity support. In this regard, greater efforts should also be made to promote the yen in ASEAN and its members’ markets.

- Japan should promote the benefits of ASEAN’s Free Trade Area (FTA) and other FTAs—such as the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) and the Regional Comprehensive Economic Partnership (RCEP)—among its business and industry associations. Japan should help raise awareness and provide information on how the Japanese private sector can utilize the FTAs and highlight the synergy of ASEAN and Japanese markets in the supply chain networks.

- ASEAN and Japan should enhance people-to-people cooperation beyond the official and business corridors to include civil society networks, media, youth and women’s groups, and other communities. Given the close ties that have been built through the years of ASEAN-Japan partnership, it is important that these relations also find their roots in deeper people-to-people exchange. Importantly, it is the nature of cooperation among the peoples in the region, the social interactions, and the civil society networks that may provide a panacea in managing interstate conflicts. A number of initiatives to enhance people-to-people exchanges should be considered, including the following:

  - Establish a fund to promote exchange programs among women’s groups engaged in peacebuilding and cross-border issues, women in parliament, and women in the military.
• Support the establishment of a network of foreign language and cultural centers in East Asia.
• Develop a civil society organization (CSO) wiki knowledge center that serves as a repository of knowledge on CSO activities, including a catalog of experts from CSOs and NGOs from ASEAN and Japan that work in the socioeconomic and political fields.
• Promote the development of a regional civil society by encouraging exchanges among CSOs and NGOs. These regular exchanges, in turn, would help to raise awareness and promote better understanding of the range of issues affecting the future of East Asia and encourage closer cooperation among nonstate actors in addressing regional concerns.
• Support media exchanges and cooperation through the establishment of a journalist fellowship program and promote the exchange of opinion articles and access to news items, including the rights to publish reports from other news agencies.
• Promote further student exchange programs among universities in East Asia through increased fellowship funding.

2. Functional Cooperation

(a) ASEAN and Japan should intensify cooperation over two sets of maritime issues in East Asia: disputes over the sovereignty of islands and jurisdiction over maritime spaces. Most importantly, Japan must maintain its support for ASEAN in its efforts to manage maritime tensions in the region, particularly in its engagement with China on the Code of Conduct (COC). The COC underscores the importance of a rules-based approach to managing maritime conflicts, anchored on the respect for the UN Convention on the Law of the Sea (UNCLOS) and other relevant international laws, self-restraint, and peaceful settlement of disputes. Moving forward, ASEAN and Japan should deepen their cooperation by undertaking the following steps:
• Advance implementation of prioritized confidence-building measures such as the establishment of hotlines; strengthen the work of the ADMM-Plus in advance notification of military exercises, search and rescue, and humanitarian assistance and disaster relief (HA/DR); and promote the Incident at Sea Agreement (INCSEA).
• Assist countries in the region to effectively meet their commitments under UNCLOS and proactively support the adoption of regional norms in inter-state conduct and the peaceful settlement of disputes.
• Encourage countries to clarify their claims consistent with UNCLOS through official channels and discussions in Track 2 meetings.
• Elevate discussions of functional cooperation on maritime issues, such as the protection of the environment and the sustainable exploitation of maritime resources.

• Promote and strengthen the Expanded ASEAN Maritime Forum (EAMF) by raising participation to the ministerial level, deepening dialogue and cooperation—including developing pragmatic strategies in managing maritime disputes—and engaging all East Asian players with the objective of making the EAMF a regional institution.

• Assist countries in the region in abiding by and implementing the UN Agenda 21, particularly chapter 17 of the Programme of Action for Sustainable Development, which deals with the protection of oceans and all kinds of seas.

(b) ASEAN and Japan must deepen cooperation in order to adopt a strategic approach to address multiple challenges to critical national and international cyber security infrastructures. This includes having an active voice in shaping the international norms and rules that govern cyber space. So far, many ASEAN countries have suffered from a lack of human and technical capacity and differing priorities given to cyber security policy. In this regard, it is imperative that ASEAN develop a coordinated and strategic approach to cyber security as it moves closer to regional integration and advances toward its goal of creating an ASEAN Political-Security Community. This further underscores the need for ASEAN to urgently close the digital divide that is hampering a coordinated regional approach. ASEAN and Japan should put greater effort into bolstering strategic cyber security through such measures as the following:

• Raise and cultivate awareness of strategic cyber security by extending collaboration beyond technical expertise to include various skill sets in diplomacy, politics, and law. Japan and ASEAN can also help in promoting more discussions and exchanges at both the governmental (Track 1) and nongovernmental (Track 2) levels, particularly among legal experts and senior policymakers.

• Outline rules of engagement for cyber operations. ASEAN and Japan can work together in determining whether their respective national cyber security strategies provide an adequate foundation from which a regional approach can be drawn to address cyber security concerns.

• Organize tabletop exercises and simulations to improve responses to cyber attacks, promote transparency, and build trust and confidence among countries. These exercises can be held on the sidelines of ASEAN-Japan Summit, ARF, or ADMM-Plus meetings.
• Develop a multilevel approach to addressing the multifaceted challenges of cyber security by involving the private sector, Track 2 institutions, and other relevant stakeholders. This includes jointly organized security conferences and policy roundtables, which help promote greater interaction and understanding of cyber issues between the public and private sectors.
• Promote Track 2 leadership in strategic cyber security to support Track 1 initiatives. In this regard, ASEAN and Japanese think tanks could initiate a series of policy roundtables aimed at producing policy recommendations for national governments in the region.

(c) ASEAN and Japan should enhance mutual cooperation in HA/DR, which can provide a solid foundation for developing a credible regional capacity and expertise to address complex challenges resulting from natural disasters. Over the last 30 years, 40 percent of all natural disasters occurred in Asia, accounting for 90 percent of fatalities and victims and causing 50 percent of economic losses. ASEAN and Japan should therefore spearhead many of these regional efforts to strengthen HA/DR by building on the current modalities and mechanisms within ASEAN and the wider regional frameworks like the ARF and the ADMM-Plus. Specifically, ASEAN-Japan cooperation in HA/DR can be enhanced in the following areas:
• Strengthen the functions and capacity of the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management to coordinate rapid disaster relief and assistance among governmental and nongovernmental actors.
• Improve civil-military cooperation in disaster relief by increasing military training on disaster management together with CSOs, NGOs, and other international organizations. Effective use of military assets in disaster operations should also be maximized by reviewing logistics in transportation, search and rescue, and medical operations.
• Enhance the sharing of experience and lessons learned in disaster management.
• Ensure a smoother transition from disaster recovery to rebuilding and development since many affected areas are less developed. Japan’s assistance in establishing a regional fund for reconstruction in collaboration with the Asian Development Bank and the World Bank is very important.
• Promote the use of technology, particularly satellite information, for disaster management and relief operations.

(d) Japan should assist ASEAN in advancing the goal of greater regional integration through improved connectivity. Closer regional integration in East Asia can be bolstered by enhanced connectivity in all three dimensions: physical, institutional, and people-to-people connectivity. A highly
integrated ASEAN community opens more opportunities for extending trade and investment in the wider East Asian region and increases linkages among institutions and communities. The successful implementation of the MPAC and issues related to ASEAN connectivity should be harmonized with efforts to promote East Asian connectivity, including China and South Korea. Given the massive agenda ahead, ASEAN and Japan should work closely to enhance regional connectivity in a number of areas, including the following:

- Establish an ASEAN-Japan Dialogue on Connectivity, including the formation of a special joint working group to identify priority areas, mobilize resources, and establish implementing mechanisms to advance regional connectivity, especially those that support the improvement and operations of various supply chains.

- Japan, in coordination with ASEAN, should deepen its support for capacity building programs for Cambodia, Laos, Myanmar, and Vietnam to narrow the development gap in ASEAN and improve institutional connectivity. These include technical assistance for simplifying cross-border procedures related to the movement of goods and people.

- Explore opportunities for further liberalization in the areas of services and investment while facilitating the freer flows of trade in goods through the effective utilization of the AJCEP schemes.

- Promote frank dialogue to address behind-the-border barriers to movements of people.

- Support the physical connectivity components of the MPAC, with Japan contributing to the development of national primary transportation networks and related facilities, including the East-West corridors, ICT, energy, and sea and air transport.

- Mobilize resources for connectivity and develop institutions for implementation. Greater efforts should also be made to improve the existing schemes, such as the Asian Bond Markets Initiative, the ASEAN Baseline Report, the ASEAN Stock Market Link, and the ASEAN Infrastructure Fund, as well as to strengthen private sector engagement with the aim of utilizing different resources effectively. This should also be done in coordination with other regional partners such as China and Korea.

ASEAN-Japan Partnership in Global Governance

The spectrum of global governance issues is immense, but some can be selected for their immediate relevance to ASEAN-Japan cooperation. These
are grouped in four clusters. Cluster one centers on macroeconomic stability. Cluster two pivots around sustainable development. Cluster three deals with inclusive development relating to more equitable access to resources, participation in development, and sharing of income and wealth. The last cluster deals with the contribution of ASEAN-Japan cooperation to comprehensive international and regional security.

1. Macroeconomic Stability

(a) ASEAN and Japan should consider establishing a dedicated window for financial stability cooperation, which can be named the “ASEAN-Japan Financial Stability Forum.” High officials from institutions related to macroeconomic policymaking can participate in the forum with the goal of ameliorating vulnerability to erratic financial crises.

(b) The forum would serve in the first place as a mechanism for knowledge spillover. Its agenda would include what is referred to as domestic protection in the sense of good domestic macroeconomic policy such as inflation targeting. One of the greatest benefits that a country can reap from membership in such international organizations that include developed countries is the positive externality of learning.

(c) Beyond learning, evidence-based advocacy could also be an important element of the proposed “ASEAN-Japan Financial Stability Forum.” This applies in particular to macroeconomic policy cooperation in East Asia. Specifically, ASEAN and Japan should consolidate the Chiang Mai Initiative Multilateralized and the ASEAN+3 Macroeconomic Research Office. These institutions could eventually be elevated to full-fledged macroeconomic cooperation mechanisms in East Asia, with responsibility to work out financial stability indicators, develop an early warning system, conduct surveillance, and trigger remedial actions.

2. Sustainable Development

(a) In terms of water and food security, ASEAN and Japan should consider the creation of a dedicated window to deal with the very complex nature of water resources, along the lines of an “ASEAN-Japan Dialogue on Water Conservation.” Efforts are urgently needed to strengthen regional cooperation in water resource management, such as the management of shared river, lake, and underground water resources. Other fundamental issues include deforestation, reforestation, water and air pollution abatement, and global warming. While the core element of food security is water security, there are also other elements, such as access to continuously improved seeds, fertilizer, pest control mechanisms, and other inputs. These
inputs are increasingly science intensive. Scientific collaboration between ASEAN and Japan can bring knowledge and skills on a more equitable basis, recognizing that ASEAN countries have also built research and development competencies in this field. Furthermore, while dealing with cyclical fluctuations that are likely to come and go with oscillations in water supply and fluctuations in other inputs, ASEAN and Japan can resort to buffer stocks or strategic reserves, which are already in place on a limited scale through East Asian cooperation.

(b) Given the obvious need for ASEAN-Japan cooperation on energy security, a separate window for an “Emerging Energy Community in East Asia” is very much needed. ASEAN and Japan are faced with complex energy security issues. First of all, they differ starkly in energy intensity. However, the differences point to a big opportunity for cooperation. Second, the thirst in ASEAN for energy is going to rise with income growth. Third, the long-term energy outlook suggests that East Asia in general and ASEAN countries in particular are likely to rely more on coal to meet their rising energy demands. Even Japan is likely to return to a similar trend after the frightening experience with the Fukushima meltdown. Given the structural dependence on coal, advances in clean coal technologies should constitute an important element in ASEAN-Japan cooperation. Fourth, realistically speaking, over the very long term, fossil reserves will run dry, and alternative energy in the form of nuclear energy is likely to be needed to support our lifestyles of abundance. Cooperation in nuclear science and technology should be kept alive in ASEAN and Japan even if their deployment is reduced currently. Fifth, in order to deal with the lasting dilemma between energy security and environmental considerations, ASEAN and Japan should learn from and work with European countries in the domain of renewable energy.

(c) In order to contribute to the global governance of trade, ASEAN and Japan should launch an “ASEAN-Japan Partnership 21.” This platform would address several agenda items: (1) a strong ASEAN-Japan coalition for progress in the RCEP negotiations; (2) initiatives for creating convergence between the RCEP and the Trans-Pacific Partnership; (3) a credible commitment to outcome-based capacity building in all partnership initiatives; and (4) creative ways of transmitting East Asian pragmatism to the global governance of trade. ASEAN-Japan cooperation should help urge the world to pay greater heed to East Asian pragmatism as a complement to the existing occidental governance architecture and structure. It should also help consolidate ASEAN centrality in community building in East Asia. The imperfect cohesion of ASEAN, as reflected in the tendency of its members to treat as taboo some important issues such as a common external
trade and investment policy, is public knowledge. Through ASEAN-Japan cooperation, Japan can be instrumental in crafting a stronger cohesion even as regards these sensitive issues for ASEAN.

3. Inclusive Development

(a) An approach to ASEAN-Japan cooperation toward better global governance that relates to inclusive development should be a cautious one, focusing more on amplifying certain elements that have proved to be effective than on inventing new measures. Some inclusive development can result from social protection. A lot more can stem from cooperation in such areas as health, education, training, technology transfer, and better treatment of migrant workers as productive members of society.

(b) One element that can promote inclusive development is policy advocacy. This can also be called policy transfer. The experiences of successful East Asian countries demonstrate that inclusive development depends predominantly on good domestic policies. It is only when combined with such good domestic policies that external assistance can have a meaningful impact. The contribution of good policies to inclusive development in low-income economies can never be overemphasized, given that a policy change is often the only alternative available to a government while it seeks to guide its economy to a higher rung on the development ladder.

(c) ASEAN-Japan partnership must extend existing policy advocacy to areas that are more directly concerned with inclusive development, and must work to make such advocacy an important element in East Asian regionalism mechanisms such as the RCEP. Policy advocacy or transfer is an integral part of the work of the Japan International Cooperation Agency. It is also promoted through diverse channels in bilateral relations. Sooner or later, East Asia is likely to have an OECD type of cooperation. ASEAN-Japan cooperation can serve as an attractive force for such regionwide advocacy or policy transfer.

(d) Human capital accumulation has been a perennial element in ASEAN-Japan cooperation—bilaterally and regionally—and it constitutes another distinctive feature of the East Asian development model. It is also likely to remain part of the core of future cooperation between ASEAN and Japan. In most cases, future cooperation is likely to be an amplification of programs that have been going on for years. However, reinvention is constantly needed in a changing environment.

(e) A new “ASEAN-Japan Diversity Program” should be added to the expansive ongoing cooperation. East Asian people-to-people connectivity
is severely hampered by language barriers. Citizens of ASEAN nations and Japan should be encouraged to be universally bilingual, mastering English as a global language and as a common East Asian language in addition to their own native language. By doing so, East Asians would simultaneously be doing a much-needed service to preserving the diversity of human culture, including their respective mother tongues.

4. Comprehensive Security

(a) In terms of counterterrorism, given the particularly weak maritime border control and maritime security in the region, ASEAN and Japan should consider establishing a regional academy for maritime law enforcement agencies (such as coast guards and water police), which would train and educate civilian officers. Another important task in contextualizing the global governance of counterterrorism in Southeast Asia and of regionalizing security cooperation within ASEAN and between ASEAN and Japan is to find an effective way to harmonize and synchronize peacebuilding efforts and counterterrorism activities in post-conflict regions and countries.

(b) It is the shared interest of ASEAN and Japan to sustain and enhance the legitimacy and credibility of the existing nuclear nonproliferation mechanisms, including the Nuclear Non-proliferation Treaty, the International Atomic Energy Agency, the Comprehensive Test Ban Treaty, and the Proliferation Security Initiative. Capacity building for export control of nuclear material and nuclear-related technologies on the part of the ASEAN counties should be promoted. Furthermore, combining nuclear security with counterterrorism measures is an urgent task for ASEAN and Japan as these horrific devices are no longer monopolized by state actors.

(c) An “ASEAN-Japan Commission of Eminent Experts for International Law Principles and Practices” should be organized to survey and report on the conformity of emerging and ongoing controversies in the region. This should contribute to a better understanding of how international law principles might be applied to resolve, manage, and frame these controversies. The spirit of adhering to the rule of law will prove to be highly relevant when Japan and ASEAN are faced with many intricate troubles with China, for example, ranging from intellectual property-related disputes to territory-related conflicts. Indeed, the explicit nature of agreed principles and common practices of international law offer clear mechanisms for the formation and implementation of global governance mechanisms. Here both ASEAN and Japan should be the key actors, not simply the followers, in forming and properly applying international norms.
Conclusion

ASEAN-Japan partnership in East Asia and in global governance faces the challenge of implementation. As amply demonstrated by the chapters that follow, as well as by the study group co-chairs’ overviews, which start off each section, the common difficulties and challenges caused by major shifts in the power balance and emerging issues both in East Asia and around the world require immediate and serious attention by both ASEAN and Japan. It is imperative that ASEAN and Japan adopt the principle of the responsibility to implement.

Throughout this two-phase joint study on ASEAN-Japan strategic partnership, which started in September 2012, the basic principles and objectives of ASEAN-Japan cooperation have remained the same: (1) bottom-up, people-centered approaches to issues and challenges in the promotion of peace and prosperity as well as of democracy and human security; (2) the promotion of a rules-based order, sustained by the principle of non-use of force as a means of settling disputes; (3) adherence to principles of internationalism and open regionalism in promoting cooperation in Southeast Asia, East Asia, and the world; and (4) a recognition of the increasing importance of enhanced partnerships between the governments on the one hand and nongovernmental actors and civil society on the other, based upon people-centered, rules-based, and internationalist principles.

Theoretically, there are three possible ways to strengthen institutions to implement new ideas: create new institutions, upgrade existing institutional arrangements, or scrap and rebuild some of the existing institutions. Needless to say, it is a bit premature to begin to take up the third option seriously at this stage, and many of this project’s specific proposals concern the second approach to institutional innovation. This could and should be done without much difficulty if there is the will on the part of the decision-makers and policy practitioners. We urge them to do so, and in this spirit, we also strongly hope that the current recommendations, as well as the recommendations from the first phase of our study, be seriously considered.

In closing, we would like to call the attention of all of the governments of ASEAN member states and Japan, once again, to one critical recommendation made in the first phase of our joint study: Create a new policy research institute for ASEAN-Japan strategic partnership. This institute, along with ERIA [the Economic Research Institute for ASEAN and East Asia], should aim to promote the implementation of these recommendations regarding ASEAN-Japan cooperation beyond 2015 by further investigating concrete action plans and facilitating intellectual exchange. The proposed institute should also regularly monitor and evaluate the progress of ASEAN-Japan
cooperation (or the lack thereof) in various issue areas, including those recommended in the two phases of this joint study. Constant examinations of changing issues and challenges, as well as ideas and policy options for ASEAN-Japan strategic partnership, are fundamental in order for ASEAN and Japan to continue to nurture effective cooperation seamlessly over the decades to come.
ASEAN-JAPAN COOPERATION IN EAST ASIA
ASEAN-Japan Cooperation in East Asia: An Overview

Mely Caballero-Anthony and Chikako Kawakatsu Ueki

The following eight chapters that comprise this section were produced by a study group that was tasked with exploring how ASEAN-Japan cooperation can contribute to community building in East Asia. The aim was to seek ways to achieve an East Asia that is peaceful, prosperous, and governed by the rule of law rather than by power. We believe that ASEAN and Japan together can contribute to creating such a region and that the well-being of ASEAN and Japan is inseparable from that of East Asia as a whole.

Over the last four decades, ASEAN and Japan have enjoyed shared economic growth and increasing stability in their bilateral relationship. This in turn has contributed to increased domestic stability within these nations. Some countries have matured as democracies, while others have moved from authoritarian rule toward a more open political system. The growth of civil society has meant more opportunities for people to live to their full potential and has contributed to further societal and economic growth. Today, ASEAN and Japan share a basic value system and norms with regard to governance, human rights, and democracy.

East Asia as a whole has followed a similar path, and the region is now hailed as the growth engine of the global economy. Several factors have contributed to this accomplishment. First, great power relations were unchallenged. The bipolarity that existed during the Cold War and the US predominance thereafter provided the region with stability. Second, ASEAN maintained its unity and centrality, providing a base upon which regional institutions developed, and the absence of severe competition among the major powers contributed to maintaining ASEAN centrality. Recently,
however, several of the underlying conditions that allowed East Asia to enjoy its stable development have been undergoing significant changes.

This chapter begins with a review of the current developments that are having an impact on the regional security landscape in East Asia. It lays out the changes occurring in the geostrategic landscape of East Asia and examines the challenges that the changes may pose to the future of East Asia in maintaining regional peace, security, and prosperity. Following the review, the chapter proposes several recommendations for ASEAN and Japan to deepen their cooperation in order to mitigate the negative consequences of the geostrategic changes and maximize the chances of creating an East Asian Community grounded on common interests and shared visions.

Based on the eight papers prepared by scholars from ASEAN and Japan for this study group, this chapter offers a summary of recommendations for enhancing ASEAN-Japan cooperation in East Asia. These recommendations focus on how ASEAN and Japan can work together to promote the foundations of cooperative security by establishing and strengthening institutions, norms, and rules to address a range of security challenges facing the region. These include such issues as maritime security, cyber security, humanitarian disasters, development gaps, and poor connectivity.

The Changing Strategic Landscape and the Resulting Challenges

One of the most significant changes shaping the region’s strategic landscape is the change in the relative position of the major powers: China and the United States. A corollary to this is the increased level of strategic distrust. This has led to growing competition between the United States and China in East Asia.

The United States has been the world’s biggest economy since the end of the 19th century. The US economy is still number one in the world, but it is in relative decline. The United States in 2001 accounted for 33 percent of the global economy, but that figure was down to 22 percent in 2013. China, on the other hand, has grown from 4 percent to 12 percent in the same period. Japan’s share of global gross domestic product (GDP) dropped from 13 percent in 2001 to 6 percent in 2013. On a purchasing power parity (PPP) basis, the International Monetary Fund estimated that China’s GDP surpassed that of the United States in 2014. Looking ahead to 2015–2030, most economic forecasts predict that China’s economy will grow to be bigger than that of the United States even in nominal GDP by 2030.
Militarily, the United States still overwhelms the rest of the world. In 2014, its defense spending was about 34 percent of the world total, and this is comparable to the sum of the next seven countries’ defense budgets put together.\(^3\) US military preponderance will continue for some time as the stockpile and accumulation of technological superiority are harder to achieve than economic growth. Nevertheless, there is a growing perception of US decline. This results in a public perception, domestic and regional, of a declining US commitment to international affairs. The US government sought to counter such perceptions by announcing its priority on and commitment to Asia through its “pivot” strategy.

China, on the other hand, has steadily developed its economy and deepened integration with other economies in the region. The Chinese government places great importance on economic development, which it sees as the source of political and social stability. However, its behavior in recent times—particularly in its trade practices and policies on maritime space—has raised concerns among other countries in the region. In other words, China has increased its assertiveness at the cost of stable relations with others in East Asia. Its number one priority seems to be changing from rapid economic development to the establishment of its strategic claims. The cause of China’s recent assertiveness is unknown. China may become increasingly assertive as its power grows, although it is also possible that it will become a satiated power in the current international system and not act as a revisionist state.

The changing relative power distribution between the United States and China has led to strategic distrust between the two countries. Japan and China also suffer from a strategic distrust, which is exacerbated by US-China competition. Present-day competition between Japan and China is complicated by both countries’ inability and unwillingness to reconcile questions about history. Much of each country’s policies and behavior are interpreted with skepticism and viewed as harboring malign intentions by the other. This is making East Asia more volatile and precarious.

Against the backdrop of this major power competition, however, there are also complex security threats that are compounding the challenges faced by states in the region. Many of the regional security challenges are nontraditional in nature, caused by a range of factors that include, but are not limited to, threats such as cyber security that stem from advances in information technology; climate-induced threats to water, food, and energy security, which are exacerbated by the frequency of devastating natural disasters in the region (floods, cyclones, and even earthquakes); and the attendant challenges to human security (e.g., population displacement, migration, and severe economic underdevelopment).
Responding to the full range of challenges is therefore no mean feat. It requires states to work together and pool resources in order to address problems that are often beyond the means of a single state to resolve. The complexity of the issues and the need to work collectively in responding to multifaceted threats highlight once again the importance of advancing cooperative security in East Asia.

**Implications for ASEAN-Japan Relations and East Asia**

The changing power dynamics described above point to a number of possible consequences, highlighted below, that affect the security environment in East Asia.

**Conflicts may increase as a result of decreasing international public goods.**

With the United States’ relative decline, it may not be able to provide the same level of international public goods. This is perhaps most significant in terms of the security of the international public space: the global commons. Some states and nonstate actors in the region may begin to contest the freedom of sea and air travel, space, and cyber space. Other powers, such as China, India, and Japan, may not be willing or able to compensate for this loss of international security. This could result in a greater risk of crimes by terrorists and pirates. It could also result in more conflicts among states. Recently, conflicts in the South China and East China Seas over territory and maritime space have grown. This trend could continue and could deteriorate further.

**Changing power dynamics may worsen security dilemmas.**

The opacity of China’s intentions and the uncertainty about the US capability and commitment to dealing with regional security problems could push countries in the region to take independent defensive measures. If the measures are taken without coordination and consultation, they could result in a more volatile region and a heightened security dilemma, even among the ASEAN member states.

Looking ahead to the coming years leading up to 2030, the region may experience a change in regional leadership from the United States to China.
There could be an attempt by the United States to prevent this, but China may feel increasingly dissatisfied with the status quo. If this happens, it may become harder for other countries such as the ASEAN member states, Japan, South Korea, and Australia to find the right distance between the two great powers. This could divide the region.

ASEAN and Japan need to remain relevant if they are going to retain their seats at the table. To mitigate the negative consequences of US-China competition, it is important to establish a rules-based regional security architecture and for ASEAN and Japan to increase their collaborative efforts to build a multilateral security regime in order for their partnership to remain relevant in the region.

Competition may emerge over the preferred regional economic architecture.

US-China competition has ramifications for the economic architecture in East Asia. The centrality of ASEAN in regional institution building has contributed to mitigating the rivalry among the major powers, but increased competition could undermine ASEAN centrality and the regional integration process. The United States has pursued the establishment of the Trans-Pacific Partnership (TPP), which requires a high degree of openness with few exceptions. The creation of the TPP has long-term strategic implications, as the United States is seeking to integrate China under this rubric. China, on the other hand, is seeking to protect its industry where necessary and prefers an ASEAN Plus architecture for East Asia. Japan is the only country that is seeking to participate in all of the different economic groupings under discussion. Only four ASEAN countries took part in the negotiations to create the TPP.

It is the economic linkages that have facilitated regional integration so far. The movement of people and goods, it was hoped, would lead to integration in other fields, such as politics and security. As political and security relations undergo a rapid change, however, the gradual process of ASEAN-led regional integration may prove to be too slow. East Asia may be divided into more developed and less developed blocs, which could derail the community-building process.
Multilateral frameworks may become ineffective in preventing conflicts.

The absence of an effective multilateral regional security institution makes East Asia vulnerable. If the centrality of ASEAN declines, the buffer that has prevented regional competition will be weakened. At the same time, if the ASEAN-led institutions cannot provide an adequate enforcement mechanism in the face of increased volatility, countries may choose to devote their energy to strengthening military alliances. Different institutions may exist with overlapping agendas, thus weakening efforts at promoting peace and stability in the region. Without careful deliberation and a well-thought-out long-term strategy, ASEAN and Japan could lose their seats at the table where the future of East Asia is being decided. ASEAN needs to find the right balance between maintaining unity and being more effective in implementing the salient areas of political and security cooperation that it has initiated and that are geared toward maintaining regional peace and building a community.

Promoting Common Interests and Forging a Common Vision for East Asia: Summary of Recommendations

ASEAN and Japan celebrated their 40-year friendship in 2013. In a vision statement adopted in December of that year, the governments of ASEAN and Japan reaffirmed their shared goal of strengthening cooperation in four areas: (a) maintaining peace, security, and stability; (b) enhancing economic prosperity; (c) promoting quality of life; and (d) strengthening mutual trust and understanding.

Given the strategic changes outlined above, this chapter pays special attention to the promotion of peace, security, and stability. ASEAN and Japan share a value system and basic norms with regard to governance, human rights, and democracy. We stand on the side of freedom of speech and seek to promote an environment that facilitates the protection of this right for all peoples in East Asia. Cooperation between ASEAN and Japan seeks to create an East Asia where problems are solved based on a set of rules and consultation and not by the use or threat of force. This is particularly important because power transitions have, in the past, often led to conflict caused by aggressive temptations on the part of the rising powers and fear and preventive motivations on the part of the status quo powers.
The heightened rivalry between the United States and China presents not just a risk but also an opportunity for enhancing the ASEAN-Japan partnership. ASEAN provides a stabilizing role because it is not a direct player in the power competition. ASEAN’s influence in East Asia will help boost confidence within Japan that regional relations will be based on multilateralism and will not be dominated by China. That should in turn dampen Sino-Japanese competition and help mitigate the security dilemma with China. For ASEAN to play a significant role, however, it needs to maintain its influence in the region, as seen in its ability to continue to play a central role in regional processes and to succeed in its goal of creating an ASEAN Economic Community (AEC). This is where cooperation with Japan will help ASEAN achieve its community-building goals.

As critical actors in the East Asia security arena, ASEAN and Japan therefore need to rethink how they can best contribute to maintaining peace and security in the region. Both ASEAN and Japan have championed the ideas of comprehensive and cooperative security, underscoring the need for building trust and confidence among the states of East Asia, regardless of differences in political orientation. ASEAN and Japan have also actively promoted a process-driven approach to advancing cooperative security through dialogue and promoting habits of cooperation.

Going forward, ASEAN and Japan need to assess the nature of their bilateral engagement and, if need be, examine the current modalities of their bilateral cooperation. The latter would include a review of the areas of cooperation, the frequency of high-level meetings among officials (starting with the summits and ministerial and senior officials meetings), as well as the depth of people-to-people contacts between ASEAN and Japanese communities, including civil society organizations (CSOs).

The reflections and recommendations that emerged from this project revolved around two major themes. The first theme is the future prospects of multilateral frameworks in East Asia—from political-security frameworks to the economic institutions—as regional states respond to the strategic power shifts in East Asia. The second theme looks at the importance of deepening functional cooperation in addressing critical security concerns and shared vulnerabilities. The recommendations below explore what ASEAN and Japan can collaboratively do to support existing multilateral frameworks and further promote functional cooperation in East Asia.
1. Strengthen multilateral political-security and economic frameworks in East Asia.

- **Japan and ASEAN should jointly ensure that Asian multilateral platforms remain vibrant and useful for fostering peaceful and responsible behavior from all stakeholders.**

ASEAN and Japan have contributed significantly to the establishment of a number of regional political-security and economic frameworks in East Asia. To date, these include the ASEAN Regional Forum (ARF) in 1994, ASEAN+3 in 1999, the East Asia Summit (EAS) in 2005, and the ASEAN Defence Ministers Meeting Plus (ADMM-Plus) in 2007. Although these are often depicted as ASEAN-led frameworks, Japan has nonetheless played an active role in shaping the substance of these multilateral institutions. Some experts have even observed that Japan’s track record in Asian multilateralism challenges the impression of Japan as a passive regional actor. An assessment of Japan’s role in Asian multilateralism over the last three decades or so reveals that Tokyo has not only been a strong supporter of ASEAN-led frameworks but has also been one of the biggest contributors to ASEAN economic development and regional integration. More importantly, Japan has also been an active participant in promoting the “building blocks” of an East Asian Community through its critical role in supporting ASEAN+3 and the EAS.

New developments under the current Japanese administration have, however, cast doubts on whether Japan will continue to support the regional institutions that it helped establish with ASEAN. Prime Minister Abe’s goal of “normalizing” Japan is perceived by many states within and outside of East Asia as Tokyo’s way of asserting itself and adopting a more aggressive stance in shaping its relations with major powers, driven mainly by its need to stand up against growing Chinese power and influence. In this regard, efforts must be made by Japan and ASEAN to continue to invest in Asian multilateralism and to underscore to both parties that these regional frameworks have become critical platforms for managing interstate tensions in a changing regional environment.

Similarly, given Japan’s shifting stances and its quest for military normalization, the need cannot be overemphasized for Japan to strike a delicate balance in maintaining its close military ties with the United States without antagonizing China and to maintain its association with soft power and quiet diplomacy.

- **Among the existing multilateral frameworks, the EAS holds a great deal of potential to become the premier multilateral security forum in the region.**
ASEAN and Japan should therefore work closely to promote the institutionalization of the EAS.

The EAS is the only forum that brings together all of the major powers (the United States, China, Japan, India, and Russia) in the region. More importantly, the EAS is a leaders-led forum, and its ability to influence the principles, norms, and practices of security cooperation in East Asia cannot be overstated. The success of the EAS therefore necessitates the mobilization of full institutional support at all levels.

Some have observed, however, that the current institutional support for the EAS is limited. It does not have its own secretariat, hence the coordination and continuity of its work is dependent on and hampered by the limitations of the ASEAN Secretariat’s capacity to manage the burgeoning ASEAN agenda, as well as coordinate the activities of the other ASEAN-led institutions. In light of these challenges, ASEAN and Japan should work together to examine ways to establish a dedicated secretariat for the EAS that would advance its agenda and in turn help member states to develop a sense of ownership over the multiple processes of maintaining peace and stability in the wider East Asian region.

• A close and strong ASEAN-Japan relationship is one of the pillars of East Asian cooperation. As this relationship matures, the level of political cooperation should be raised to a higher plane.

Japan is one of the oldest and most reliable of ASEAN’s dialogue partners. Given the strategic shifts in East Asia, ASEAN-Japan relations have reached a point that necessitates a higher level of mutual trust and confidence building. The time has come for ASEAN and Japan to deepen the level of their political and security engagement. One way to do this is to increase the level of official consultations between ASEAN and Japan at all levels and to expand their engagement beyond economic and sociocultural relations to also include political and security matters.

Compared with China, which has 50 working groups with ASEAN, Japan only has 40, and most of its working groups are focused mainly on economic issues, trade and investment, customs, transport, information and communications technology (ICT), foreign affairs, the environment, social welfare, and connectivity. While China and the United States have ministerial-level meetings on defense issues with their ASEAN counterparts under the aegis of the ADMM-Plus consultative meetings, Japan has yet to form its own with ASEAN. Japan and ASEAN should address this imbalance. An important step in this direction would be to include defense and security officials from Japan in the annual ASEAN Post Ministerial
Conference (PMC). The PMC+1 could certainly be an important platform for ASEAN and Japan to discuss shared security concerns covering both traditional and nontraditional security issues. On the latter set of concerns, it is useful to note that increasing bilateral dialogue and exchange on issues such as humanitarian relief operations during times of natural disaster helps to build trust and confidence among defense and military officials in ASEAN and Japan.

- **ASEAN's economic integration is a key pillar in building the East Asian Community. Japan’s multifaceted assistance in pushing for a successful realization of the AEC must be carefully calibrated to align with ASEAN’s regional integration programs.**

Successful establishment of the AEC is important, not only to Japan but also to ASEAN’s other dialogue partners (China, Korea, the United States, and others) given the potential that the ASEAN single market and production base offers to states within and outside of East Asia. An analysis of the ASEAN-Japan partnership in regional economic integration shows how Japan sees ASEAN as “a growth center of the world.” As Takashi Terada explains in his chapter, Japan’s interest is clearly reflected in the recent five-fold increase in the share of its foreign direct investment (FDI) that goes to ASEAN—from 3 percent in 2012 to 17 percent in 2013. And in the first nine months of 2013 alone, the value of its FDI had reached US$13 billion, exceeding the US$10.6 billion invested during the whole of 2012.

As Japan continues to invest in the AEC, it is important for the country to align its official development assistance (ODA) with ASEAN’s regional integration program. One of the key elements in the AEC that would benefit greatly from Japan’s ODA is the Master Plan on ASEAN Connectivity (MPAC), particularly physical connectivity through certain infrastructure projects. Strong Japanese support for ASEAN’s connectivity projects should not be limited to the East-West and Southern corridors of Indochina but should also extend to the wider Southeast Asian region.

Second, Japan and ASEAN should establish an ASEAN-Japan Integration Forum that brings together government officials, business communities, and experts from the two sides. The forum would be extremely useful in facilitating the exchange of ideas and generating valuable advice on how best to advance development cooperation in order to enhance regional integration.

Another key area for advancing the AEC and the wider East Asian Community is strengthening the currency swap agreement within the ASEAN+3 framework to help the states in the region mitigate the impact of
a possible financial crisis, as well as to provide a regional safety net through the provision of short-term liquidity support. In this regard, greater effort should be made to promote the yen in ASEAN and its members’ markets, in the same way that the Chinese yuan has been promoted to be used in regional trade and investment settlements.

Japan can also help advance the AEC by promoting the benefits of ASEAN’s Free Trade Area (FTA) and other FTAs, such as the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) and the Regional Comprehensive Economic Partnership among its business and industry associations. Tokyo can help raise awareness and provide information on how the Japanese private sector can utilize the FTAs and highlight the synergy that can be achieved between ASEAN and Japanese markets in the supply chain networks.

Enhanced people-to-people cooperation provides a strong foundation for building the East Asian Community and fostering a sense of regional identity. ASEAN and Japan should build on their existing linkages and extend these beyond the official and business corridors to include civil society networks, media, youth and women’s groups, and other communities.

The Vision Statement on ASEAN-Japan Friendship and Cooperation, issued during the ASEAN-Japan Commemorative Summit in December 2013 to mark 40 years of dialogue relations, described ASEAN and Japan as “heart-to-heart partners.” Given the close ties that have been built through years of ASEAN-Japan partnership, it is important that these relations also find their roots in deeper people-to-people exchanges. It should be noted that economic interdependence and trade cooperation are not enough to mitigate interstate tensions. More importantly, it is the nature of cooperation among the peoples in the region, the social interactions, and the civil society networks that may provide a panacea in managing interstate conflicts. It is therefore imperative that the governments of the ASEAN countries and Japan provide an enabling environment to deepen these ties.

The following initiatives should be considered to enhance people-to-people exchange:

- Establish a fund to promote exchange programs among women’s groups engaged in peace building and cross-border issues, women in parliament, and women in the military.
- Support the establishment of a network of foreign language and cultural centers in East Asia.
- Develop a CSO wiki knowledge center that serves as a repository of knowledge on CSO activities and contains a catalog of experts from
CSOs and nongovernmental organizations (NGOs) from ASEAN and Japan that work in the socioeconomic and political fields.

- Promote the development of a regional civil society by encouraging exchanges among CSOs and NGOs. These regular exchanges, in turn, should help to raise awareness and promote better understanding of the range of issues affecting the future of East Asia and encourage closer cooperation among nonstate actors in addressing regional concerns.
- Support media exchanges and cooperation through the establishment of a journalist fellowship program and promote the exchange of opinion articles and access to news items, including the rights to publish reports from other news agencies.
- Promote further student exchange programs among universities in East Asia through increased fellowship funding.

2. Promote closer functional cooperation to address common security challenges and promote shared values.

- East Asia is faced with two sets of maritime disputes: sovereignty over islands and jurisdiction over maritime spaces. These potentially destabilizing disputes compel stronger efforts among littoral states to manage maritime issues and present opportunities to intensify cooperation between ASEAN and Japan.

There are a number of official, multilateral frameworks that deal with maritime issues in East Asia, including ASEAN-led processes such as the ASEAN Ministerial Meetings, the ARF, the ADMM-Plus, and the EAS. Within ASEAN, the ASEAN-China Declaration on the Conduct of Parties in the South China Sea (DOC) serves as a comprehensive framework for dealing with maritime issues that goes beyond managing disputes to also address questions of governance, order at sea, confidence-building measures (CBMs), preventive diplomacy, and other areas of cooperative activity. More significantly, the DOC serves as a precursor to the Code of Conduct (COC), which aims to provide a normative approach to managing maritime disputes among the littoral states.

The frameworks, however, are mostly focused on policy dialogue, exchange of views, and country briefings, and they have yet to present concrete program-based activities or projects. Moreover, participation is voluntary. This raises concerns about the lack of coordination, the duplication of scope of discussions and activities, and the drain on resources among states. Notwithstanding these concerns, Japan must maintain its support for ASEAN in its efforts to manage maritime tensions in the region, particularly in its engagement with China on the COC. The successful conclusion of the
COC provides a powerful incentive for Northeast Asia in that it underscores the importance of a rules-based approach to managing maritime conflicts, anchored on the respect for the United Nations Convention on the Law of the Sea (UNCLOS) and other relevant international laws, self-restraint, and peaceful settlement of disputes.

Moving forward, ASEAN and Japan should deepen their cooperation by undertaking the following steps:

- Advance implementation of prioritized CBMs, such as the establishment of hotlines; strengthen the work of the ADMM-Plus process in advance notification of military exercises, search and rescue, and humanitarian assistance and disaster relief (HA/DR); and promote the Incidents at Sea Agreement.
- Assist countries in the region in effectively meeting their commitments under UNCLOS, and proactively support the adoption of regional norms in interstate conduct and the peaceful settlement of disputes.
- Encourage countries to clarify their claims consistent with UNCLOS through official channels and discussions in Track 2 meetings.
- Elevate discussions of functional cooperation on maritime issues, such as the protection of the environment and the sustainable exploitation of maritime resources.
- Promote and strengthen the Expanded ASEAN Maritime Forum (EAMF) for cooperation by raising participation to the ministerial level, deepening dialogue and cooperation—including developing pragmatic strategies in managing maritime disputes—and engaging all East Asia players with the objective of making the EAMF a regional institution.
- Assist countries in the region in abiding by and implementing Agenda 21, particularly chapter 17 of the Programme of Action for Sustainable Development, which deals with the protection of oceans and all kinds of seas.

Against the vast landscape of regional maritime matters, ASEAN and Japan should therefore work together closely by acting as “Sherpas” in connecting, promoting awareness among, coordinating with, and soliciting the support of officials and other stakeholders for the peaceful and sustainable management of East Asian seas.

Given the increasing complexity of threats to cyber security, ASEAN and Japan must deepen cooperation in order to adopt a strategic approach to addressing multiple challenges to critical national and international infrastructure. This includes having an active voice in shaping international norms and rules that govern cyber space.
Responses to cyber threats in East Asia are uneven. While countries in Northeast Asia have surged ahead in addressing cyber security challenges by crafting proactive cyber security programs and strategies, as well as establishing organizations dedicated to protecting and defending critical infrastructure, many ASEAN countries have lagged behind due to a lack of human and technical capacity and differing priorities given to cyber security policy. In this regard, it is imperative that ASEAN develop a coordinated and strategic approach to cyber security as it moves closer to regional integration and advances in its goal to create an ASEAN Political-Security Community. This further underscores the need for ASEAN to urgently close the digital divide that hampers a coordinated regional approach.

As East Asia continues to be one of the most dynamic economic centers in the world, ASEAN-Japan cooperation is critical in ensuring a peaceful and stable East Asia, as well as maintaining a secure business environment. Thus, ASEAN and Japan should put greater effort into bolstering strategic cyber security through such measures as the following:

- Raise and cultivate awareness of strategic cyber security by extending collaboration beyond technical expertise to include various skill sets in diplomacy, politics, and law. Japan and ASEAN can also help by promoting more discussion and exchange at both the governmental (Track 1) and nongovernmental (Track 2) levels, particularly among legal experts and senior policymakers.
- Outline rules of engagement for cyber operations. ASEAN and Japan can work together in determining whether their respective national cyber security strategies provide an adequate foundation from which a regional approach can be drawn to address cyber security concerns.
- Organize tabletop exercises and simulations to improve responses to cyber attacks, promote transparency, and build trust and confidence among countries. These exercises can be held on the sidelines of ASEAN-Japan, ARF, or ADMM-Plus meetings.
- Develop a multilevel approach to addressing the multifaceted challenges of cyber security by involving the private sector, Track 2 institutions, and other relevant stakeholders. This includes jointly organizing security conferences or policy roundtables, which help promote greater interaction and understanding of cyber issues between the public and private sectors.
- Promote Track 2 leadership in strategic cyber security to support Track 1 initiatives. In this regard, ASEAN and Japanese think tanks could initiate a series of policy roundtables aimed at producing policy recommendations for national governments in the region.
• Given the vulnerability of East Asia to natural disasters, enhanced ASEAN-Japan cooperation in HA/DR can provide a solid foundation for developing a credible regional capacity and expertise to address complex challenges resulting from natural disasters.

Natural disasters are increasing in frequency and severity in East Asia. In his chapter, Ryo Sahashi cites statistics showing that in the last 30 years, 40 percent of natural disasters occurred in Asia, accounting for 90 percent of fatalities and victims worldwide as well as 50 percent of global economic losses. The vulnerabilities are compounded by the weakness in state capacity and governance to mitigate the impact of these disasters on affected communities. While ASEAN has established a number of fledging mechanisms to manage the impact of natural disasters, such as the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre), Japan has also been one of the strongest supporters of regional efforts to build capacity for disaster management and relief.

As climate change progresses, the region’s vulnerability to natural disasters is expected to increase. The growing frequency of natural disasters and the magnitude of the devastation caused to lives and property have heightened the urgency for the states in the region to adopt disaster risk reduction strategies through risk identification and monitoring and to establish regional standby arrangements and closer regional cooperation in joint disaster and emergency responses.

ASEAN and Japan should therefore spearhead many of these regional efforts to strengthen HA/DR by building on the current modalities and mechanisms within ASEAN and within wider regional frameworks, such as the ARF and the ADMM-Plus. Specifically, ASEAN-Japan cooperation on HA/DR can be enhanced in the following areas:

• Strengthen the functions and capacity of the AHA Centre in coordinating rapid disaster relief and assistance among governmental and nongovernmental actors.
• Improve civil-military cooperation in disaster relief by increasing military training on disaster management together with CSOs, NGOs, and other international organizations. Effective use of military assets in disaster operations should also be maximized by reviewing logistics in transportation, search and rescue, and medical operations.
• Enhance the sharing of experience and lessons learned in disaster management.
• Ensure a smoother transition from disaster recovery to rebuilding and development, particularly in less-developed areas. Japan’s assistance in
establishing a regional fund for reconstruction in collaboration with the Asian Development Bank and the World Bank is very important.

- Promote the use of technology, particularly satellite information, for disaster management and relief operations.

- *Closer regional integration in East Asia can be bolstered by enhanced connectivity in all three dimensions: physical, institutional, and people-to-people connectivity. The huge challenges facing the region present a significant opportunity for Japan to assist ASEAN and advance the goal of greater regional integration through improved connectivity.*

Better connectivity within ASEAN is essential in realizing the ASEAN Community by 2015 and maintaining it beyond that date. The ASEAN Community, in turn, serves as an essential building block of an East Asian Community. For all intents and purposes, a highly integrated ASEAN community opens more opportunities for extending trade and investment in the wider East Asian region and increases linkages among institutions and communities.

In order to enhance regional connectivity, ASEAN and Japan should work closely with other partners, such as China and South Korea, to ensure a broader and consistent framework for East Asian integration and cooperation schemes. In this regard, the successful implementation of the MPAC and issues related to ASEAN connectivity should be harmonized with efforts to promote East Asian connectivity.

Given the massive agenda ahead, ASEAN and Japan should work closely to enhance regional connectivity in the following areas:

- Establish ASEAN-Japan dialogues on connectivity, including the formation of a special joint working group to identify priority areas, mobilize resources, and establish implementing mechanisms to advance regional connectivity, especially those that support the improvement and operations of various supply chains.
- Japan, in coordination with ASEAN, should deepen support for capacity-building programs for Cambodia, Laos, Myanmar, and Vietnam to narrow the development gap in ASEAN and improve institutional connectivity. These include technical assistance to simplify cross-border procedures related to the movement of goods and people.
- Further liberalization in the areas of services and investment should also be explored by ASEAN and Japan while they facilitate the freer flow of trade in goods through the effective utilization of the AJCEP schemes.
• Promote frank dialogue to address behind-the-border barriers to movements of people.
• Support the portion of the MPAC dealing with physical connectivity with contributions from Japan to the development of national primary transportation networks and related facilities, including the East-West corridors, ICT, energy, and sea and air transport.
• Mobilize resources for connectivity and develop institutions for implementation. More efforts should also be made to improve existing schemes, such as the Asian Bond Markets Initiative, the ASEAN Baseline Report, the ASEAN Trading Link for regional stock markets, and the ASEAN Infrastructure Fund, as well as to strengthen private sector engagement with a view toward utilizing different resources effectively. This should also be done in coordination with other regional partners, such as China and Korea.

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The recommendations outlined above indicate the extent to which the ASEAN-Japan partnership can go in advancing East Asia cooperation. Amidst the renewed era of uncertainty created by an evolving major power competition, the opportunities for both parties to mitigate the challenges are clearly present and must be seized. These opportunities are the result of years of enduring friendship and cooperation between ASEAN and Japan and should provide a solid foundation on which to build toward the realization of an East Asia Community.

Notes
1. The same figures for ASEAN are 1.8 percent in 2001 and 3.2 percent in 2013. Computation by the author based on GDP in current US dollars (United Nations Statistics).
Responding to Future Strategic Shifts in East Asia

Kavi Chongkittavorn

At the end of the first quarter of the 21st century, the strategic environment in East Asia will be fluid and unpredictable with new power shifts and changing alignments. It is quite clear that this outcome will come about due to the continued rivalries among key economic powers in East Asia, which have continued unabated in recent years. At the same time, the United States—with its rebalancing policy toward Asia—has not yet created a strategic environment that guarantees the same stability as what was found in the period following World War II. Further complicating the security environment has been the ongoing territorial dispute between China and Japan, which has already become the most destabilizing factor in East Asia.

Throughout the past two decades, these three Asian economic powers—China, Japan, and the United States—were the main driving forces of economic growth and pillars of stability and cooperation in the region. However, China and Japan’s overlapping claims to small islands and islets have already caused concern among countries in the region, especially the ASEAN countries, that the decade-old effort to create an East Asian community will remain a work in progress.

With the rise of China and its growing defense capacity, both Japan and South Korea have adjusted their strategies accordingly in response to their giant neighbor. Both remain US allies, but they no longer rely solely on the United States for their security coverage or treat the United States as the main power in East Asia, as had been the case for the past six decades. In the future, it is no longer a given that the US presence in this part of the world will be sustainable or will remain as powerful as it is today. As global power shifts and changes, middle powers such as India, Australia, and ASEAN are
prepared to meet any strategic challenges that might emerge with the rise of China and the US decline.

India’s involvement with East Asia is new and remains untested. The country’s “Look East” policy introduced in the 1990s was primarily aimed at connecting India’s economic interests with the rest of Asia and in particular with ASEAN. But throughout the past two decades of engagement with East Asia, India has yet to design a comprehensive strategy toward the region. Economic openness and continued growth have placed India at the forefront of possible key regional game changers, although India has yet to rise to the challenge.

Unlike India, Australia has acted in line with the grand US strategies in East Asia, thereby increasing the sustainability of the US presence in the region. Burden sharing between the United States and its allies is a new feature that is still evolving. Apart from Japan and South Korea, Australia has been the most active in responding to the US rebalancing. But coordination among Japan, South Korea, and Australia is still lacking, making comprehensive strategic cooperation among US allies in East Asia impossible.

As ASEAN reaches its 50th anniversary in 2017, the countries in the grouping have to increase their commonalities and pool their sovereignty at least to some extent. The failure to forge common positions, despite successfully developing similar programs and policies, has demonstrated the recalcitrance of member countries to support ASEAN policy objectives for fear of interfering with one another’s sovereignty. As such, it is critical to preserve the unity of ASEAN at all costs. A divided and weaker ASEAN would enable a bigger power to dominate and exploit the region’s differences.

The Rise of China

China’s surprising declaration on November 23, 2013, of its Air Defense Identification Zone (ADIZ) over the East China Sea sent shock waves throughout the international community, especially the countries in East Asia. ASEAN was also caught off guard. China, to show its seriousness, sent an air patrol as an expression of its intent. This marked the most assertive posture by China to date under the administration of President Xi Jinping, who came to power in March 2013. The United States, Japan, and South Korea immediately rejected China’s move and subsequently dispatched their own aircraft to defy the declared zone, without precipitating any incident. Criticism so far has been focused on China’s enforcement regime, which requires that any aircraft entering the zone submit flight plans and be contactable by radio communication. The zone also overlaps with areas
claimed by Japan, South Korea, and Taiwan, including the disputed Diaoyu/Senkaku Islands. Beijing’s harsh response to outside criticism also rattled ASEAN more than ever before. ASEAN expressed concern that China could repeat the same action in the South China Sea, where China is currently locked in a longstanding dispute over overlapping claims with Vietnam, the Philippines, Malaysia, and Brunei.

To send a quick message to Beijing over the air security zone, ASEAN promptly allied itself with Japan, expressing support for Japan’s proposal for “freedom of overflight” when their leaders met in Tokyo to commemorate the 40th anniversary of ASEAN-Japan relations in mid-December 2013. ASEAN and Japan expressed concern that any abuse of power in international civil aviation could pose a security threat to the region. It was an unprecedented move by both sides to come out with such a joint statement. Initially, ASEAN had not responded to China’s declaration of the air security zone, let alone formulated a common position on the sensitive issue. Only Vietnam and the Philippines lodged a protest. However, two weeks after Beijing’s announcement, ASEAN agreed to Japan’s proposed position after several rounds of consultations. At first, Prime Minister Shinzo Abe tried to garner backing from ASEAN to condemn China’s action. But the ASEAN countries preferred a general statement that would be understood as referring to the latest controversy. In Tokyo, ASEAN toned down the rhetoric to avoid jeopardizing its ties with the world’s second-largest economic power.

From this vantage point, the joint ASEAN-Japan statement was a precursor to new ASEAN-Japan relations in response to strategic shifts in East Asia. China’s growing influence and greater assertiveness, coupled with the diminishing US power in the region despite the rebalancing policy of 2011, will shape ASEAN-Japan relations in the decades to come. The joint statement was clearly prompted by the growing anxieties and uncertainties among the leaders of ASEAN and Japan pertaining to China’s defense intentions. A common ASEAN security position is extremely rare, especially when aimed at a third country, even if the name was not specified. The Cambodian conflict (1979–1992) represents one exception to that rule, as ASEAN was fighting against foreign occupation. And in March 1995, ASEAN’s foreign ministers issued a joint statement “deploring” China’s action in response to the territorial dispute over Mischief Reef in the South China Sea—the only statement that was specifically aimed at China.1 The 2013 statement was thus particularly remarkable.

For the past few years, ASEAN has been trying unsuccessfully to formulate common positions on global issues related to traditional and nontraditional security, such as climate change, peacekeeping operations,
the proliferation of weapons of mass destruction, and migration. Under normal circumstances, ASEAN is a risk-averse grouping that takes its time to consult and form a consensus over a period of time to ensure that there is no dissension within the ranks. However, the recent rapid shifting of the strategic environment has prompted ASEAN to respond faster, without the luxury of time that it had in the past, especially when the region is confronted with a perceived common threat. In this instance, the willingness of ASEAN and Japan to respond jointly on strategic matters that pose regional and global challenges was unprecedented and could serve as a building block for strengthened security cooperation in the coming decades, especially in maritime security cooperation. Although ASEAN and Japan began their relations in 1973, they were for a long time focused on economic cooperation and human resource development. The effort to promote economic development and bridge the gap between the non-communist parts of ASEAN and former Indochina has been another of Japan’s main objectives since the 1970s and has helped ease the integration of the two sides.

ASEAN’s alertness to security and strategic matters was partly derived from the rebalancing by the United States of its policies toward Asia, which was announced in November 2011. Before Washington’s new security orientation, ASEAN often treated the US security commitment in the region as a given due to its longstanding presence. But China’s rise and its fast-growing political clout have pushed American policymakers to outline future strategic engagement with the region in concrete ways. Given the current pressures on the US economy, Washington is seeking to share its security burden with allies and friends in East Asia as never before. Both ASEAN and the US allies in East Asia have to various degrees and with varying speeds made policy adjustments in response to Washington’s new posture, reflecting their new perceived security interests and priorities.

The major powers’ competition in the sky at the end of 2013 added complexity to the growing tension in East Asia, which until recently had been focused on the rebalancing of forces and maritime security. Given the new security environment, ASEAN has quickly found itself in a dilemma as to what would be the most appropriate response in these circumstances. In past decades, as noted above, ASEAN had the luxury of time in determining when and how to react to a given event, especially on issues impacting the grouping’s solidarity and centrality. ASEAN has been used to the time-consuming process of consultation and consensus making, particularly on sensitive security issues. This practice has gradually taken a new turn as the tension intensifies among ASEAN’s “Plus Three” partners—China, Japan, and South Korea.
China’s rise now comes with more outward-looking policies, which also coincide with its growing assertiveness toward the region. The proposals made by China to ASEAN during the visits by President Xi Jinping and Prime Minister Li Keqiang in October 2013, were cases in point. They showed that China was carefully positioning itself for a long-term engagement with ASEAN. Beijing’s comprehensive assistance packages were akin to Japan’s practices in the 1970s and 1980s vis-à-vis ASEAN, comprising major funding for various infrastructural and development projects as well as promoting people-to-people contact.

Under Prime Minister Shinzo Abe, Japan has also taken on a new policy orientation, adding security and strategic elements to its overall external schemes with ASEAN. Meanwhile, on the home front, Abe has been working to remove the ban on exercising the right to collective self-defense. In the past two years, ASEAN has had to react to myriad overtures from major powers competing for influence and contesting policies in the region. Therefore, the ASEAN decision to support Japan’s position on the ADIZ and freedom of navigation, as well as the proposal on a “Proactive Contribution to Peace,” was indicative of the grouping’s willingness to cooperate with Japan’s future strategic planning amid growing anxieties over China’s role in the region.

**Japan’s Hedging Strategy with ASEAN**

It sounds preposterous that Japan and ASEAN would adopt a common hedging strategy to face the new strategic environment dominated by China’s rise and the US rebalancing policy. The mutual trust and confidence that have expanded throughout their four decades of relations is unlike that of any other dialogue partners. But given the current regional and global environment, both sides need to take innovative steps to strengthen their relationship, making their interactions more holistic and strategic beyond the current economic-dominated activities.

When Japan suffered the effects of the earthquake, tsunami, and nuclear crisis in 2011, ASEAN was the only regional organization that convened a special foreign ministerial meeting, gathering its officials in Jakarta in April 2011 to underscore the grouping’s sympathy and desire to see Japan recover from the effects of the disaster. There was also an extraordinary amount of amount of nongovernmental assistance in the form of in-kind and cash donations from ASEAN countries to Japan and its people. The kind of bond that outpouring represents is useful as a foundation for additional multi-faceted ties. As the region’s biggest investor, Japan’s economic well-being is
crucial to ASEAN’s regional peace and stability, as well as to its economic growth and integration.

ASEAN, for the past half a century, has benefited from the US presence and its provision of a security umbrella for East Asia. With the United States as the predominant power, it has been relatively easy for ASEAN to continue to support US strategy, as there are no other challengers. Japan also sees eye-to-eye with ASEAN on the US role. However, after the global financial crisis in 2008, the center of gravity for the global economy began to shift from the United States and Europe to East Asia, driven in large part by China’s economic performance. After becoming a member of the World Trade Organization in 2001, China’s growing interdependence with the international trading system has enabled its economy to grow even faster. ASEAN-China trade is expected to reach US$1 trillion in 2020.

Throughout the first decade of the 21st century, China’s rapid economic progress dominated global news headlines. East Asia has benefited from this phenomenon. It was toward the end of the tenure of President Hu Jintao in 2012 that China became more assertive in its defense and diplomatic policies. The new Chinese president, Xi Jinping, has continued the same policy with additional emphasis on neighboring countries. In this respect, China has placed special emphasis on ASEAN members, knowing full well that the grouping holds the key to China’s foothold in East Asia.

When China began its “four modernizations” in the late 1970s, ASEAN-China relations went through a trial and error phase under the so-called Five Principles of Peaceful Coexistence. Long before Japan’s move toward fusing security and strategic elements in its bilateral relations with ASEAN, China had moved steadily to include security and defense cooperation with ASEAN in the late 1990s in its bilateral relations with individual ASEAN members. But these relations were slow moving and restricted to exchange visits and ad hoc defense cooperation. For example, China initiated a series of special training programs with Thai and Indonesian security personnel. It was only at the end of 2012 that China succeeded in establishing its first multilateral security forces along the Mekong River with Thailand, Myanmar, and Laos. Over time, the proliferation of China-led multilateral security forces in other maritime areas cannot be ruled out.

When ASEAN responded to Japan’s request for its support for the freedom of air flight and navigation, ASEAN was aware of China’s growing presence in both the continental and maritime zones where its members are situated. In more ways than one, ASEAN is cooperating with Japan in order to hedge against China, with the knowledge that Japan’s new security policy was not aimed at returning to its militaristic past but rather at
restoring military balance in the region. ASEAN-Japan mutual confidence on defense matters rests on postwar Japan’s pacifism and its adherence to such international norms and values as democracy, human rights, and the rule of law. At this juncture, however, Japan has not featured prominently in promoting these norms.

For the time being, Japan’s views and policies are closely associated with the US global strategy. Efforts must now be made to create “uniqueness” in Japan’s approach to regional initiatives—especially in terms of non-economic affairs, which were not the focus of Japanese diplomacy until recently—in order to spread international norms and strengthen security and strategic relations. In 1988, Thailand and Japan proposed a joint maritime surveillance exercise to counter the widespread piracy in the Gulf of Thailand, but the proposal was aborted following criticism from ASEAN members. However, in recent years, Japan has been able to begin working with Vietnam, the Philippines, and Indonesia on maritime security cooperation. Japan has already provided patrol boats to the Philippines, and the Philippine President Benigno Aquino III has talked about Japan as his country’s “closest Asian ally” due to growing cooperation in maritime security. In the future, it is imperative that Japan cultivate similar relations with other ASEAN members as part of its efforts to link them to the network of maritime security cooperation.

**The US Alliance and Rebalancing Efforts in Asia**

Two of the five Asian allies of the United States are among the original ASEAN members—namely, the Philippines and Thailand. During the Cold War, these two countries served as regional hubs for stationing American forces and their fighter planes. After the Second Indochina (Vietnam) War, during a time of growing frustration with the US military and its overall presence, the United States abandoned its posts in both countries. After decades of neglect due to a lack of any perception of common security interests, US relations with its Asian allies—with the exception of Japan and South Korea—plummeted like never before. The weakening of these US alliances has enabled ASEAN countries to develop new relations with other powers, especially China and India. From 1995 to 2005, China adopted a proactive approach and policies toward ASEAN and developed its bilateral ties with the grouping’s members such that they became each country’s most important bilateral relations. For Japan’s part, while it remains responsive to ASEAN’s economic and investment needs, overall relations have been
oriented toward the creation and strengthening of an integrated production network in the region.

The terrorist attacks in September 2001 in New York and Washington stirred the United States out of its inertia, and shortly thereafter its leaders and decision makers identified Southeast Asia as the second front for terrorism. The response from Manila was quick, but Bangkok was recalcitrant. Even though it is a non-ally, Singapore assisted with logistics and provided troops as part of the so-called “coalition of the willing” during the second Gulf War. The responses from Thailand, the Philippines, and Singapore were not coordinated and lacked any strategic outlook. They were simply unilateral responses to the US anti-terrorism campaign. However, as US allies, both Thailand and the Philippines did respond by dispatching troops to Iraq as part of the coalition of the willing, subsequently pulling them out during the 2003–2004 campaign. Since then, both allies have been criticized for failing to meet their obligations as treaty signatories.

It was a flare-up in the South China Sea—specifically the dispute over the Scarborough Shoal in 2011—that helped revive the US-Philippine alliance. As a member of a treaty alliance, the United States is obliged to protect the security and national sovereignty of the Philippines. But advocacy by the Philippines for stronger US support has raised eyebrows within ASEAN. It came at a time when ASEAN was trying to improve bilateral ties with China as the grouping wanted to conclude the Code of Conduct in the South China Sea as soon as possible. After the South China Sea dispute was internationalized in July 2010, the US voice on the issue became stronger. In July of the previous year, the United States had signed the 1976 Treaty of Amity and Cooperation in Southeast Asia (TAC), and that in turn allowed Washington to feel at ease chiming in on regional issues that had previously been taboo.

In fact, although Japan acceded to the treaty in 2004, to date it has failed to utilize the regional code of conduct enshrined in the treaty. The treaty can provide a platform for Japan to engage with ASEAN in establishing a regionwide code of conduct, which is now in progress. But Japan has relied too heavily on the US-Japan alliance. Other signatories, like the United States, China, and Russia have all benefited from the treaty. Last year, China, Russia, and Indonesia put forward their visions for an emerging regional security architecture, and all of their proposals contain key elements from the TAC. Indeed, these fit very well with the Abe administration’s advocacy of liberal norms and values.
ASEAN-Japan friendship has reached a juncture at which all parties require high-level mutual political trust. Both sides share the same norms and value systems on governance, human rights, and democracy. These commonalities need to be strengthened as they could serve as a solid foundation for further cooperation in East Asia. These values could be broadened over time with the full integration of the ASEAN community.

First, there must be increased consultations between ASEAN and Japan at all levels. At the moment, there are a total of 40 working groups and committees covering the whole gamut of ASEAN-Japan relations, and this is far from sufficient. In contrast, ASEAN and China have established a more comprehensive engagement with nearly 50 working groups and committees.

A total of 28 working groups and committees are focused on economic, trade and investment, customs, transport, and information and communication technology issues. The rest focus on cooperation in foreign affairs, the environment, social welfare, and connectivity. In all the areas of ASEAN-Japan cooperation, there are only 19 bodies above the working-group level. Apart from the annual leaders’ meeting, ASEAN and Japan have only the ASEAN Post Ministerial Conference (ASEAN PMC+1) as a venue to discuss political and regional security issues. At the senior official level, the ASEAN-Japan Forum is the key platform, along with the ASEAN-Japan Joint Cooperation Committee, that is attended by the Committee of Permanent Representatives from ASEAN. It is thus highly recommended that the ASEAN PMC be expanded to include political and security matters.

At the ASEAN Summit in Brunei in October 2013, ASEAN leaders agreed to organize an ASEAN Defence Ministers Meeting (ADMM) working group with Japan. This forum must be upgraded to the ministerial level, similar to the level enjoyed by the United States and China.

The PMC+1 is a good forum for discussing political and regional issues, which may include traditional and nontraditional security issues. Most of the dialogue partners have not paid much attention to the PMC process due to the existence of the summit-level meeting and the proliferation of bilateral meetings. Given the additional non-economic dimension of ASEAN-Japan relations, however, the PMC process would be the preferred platform for taking up these matters and other “emergencies” that may arise.

Under the PMC framework, ASEAN can invite defense and security officials to attend and exchange views. In fact, ASEAN and Japan collaborated excellently during the Cambodian conflict in restoring peace and order in the war-torn country during the peace process from 1991 to 1993—Japan’s
first major undertaking in the regional security arena. The cooperation was a complex coordinating process involving policing and peacekeeping operations. That kind of close collaboration must be restored and be further developed. If the comfort level increases, both sides can decide to either upgrade the ADMM working group meeting or invite a senior defense official to attend the PMC+1.

If time permits, ASEAN and Japan could also use the PMC process to prepare common positions on issues that will be raised in the East Asia Summit (EAS). At the moment, discussions on EAS preparations are limited. Enhanced consultations between ASEAN and Japan would allow both sides to get acquainted with the other’s views and positions. This could then allow ASEAN and Japan to garner further support from other EAS members on their common views and positions ahead of time.

Second, as a maritime state, Japan is well positioned to assist ASEAN in capacity-building programs related to maritime security, such as search and rescue operations, humanitarian relief operations, and surveillance. There is also an emerging need for Japan to assist ASEAN in anti-submarine technology as submarine fleets in the region keep growing. Japan, which excels in sensor technology and has excellent sonar equipment, can provide training in this sophisticated area.

In addition, Japan needs to extend its polar tradition to ASEAN members, facilitating the grouping’s engagement in Arctic-related cooperation. Since Singapore was admitted to the Arctic Council in 2013 as a permanent observer, along with China, Japan, and South Korea, it is imperative that other ASEAN members also turn their attention to the Arctic as well. ASEAN and Japan share a common concern for global climate change as well as energy, shipping, and resource management, and these are all interests that converge in the Arctic. In addition, ASEAN and Japan can play a role in promoting global security and strengthening global governance in the North Pole.

Third, ASEAN and Japan must strengthen the role of civil society groups in promoting security and stability in the region. Nontraditional security, especially disaster relief and climate change, should be top priorities. The responses to natural and man-made disasters in ASEAN countries and Japan have demonstrated the growing capacity of their civil society sectors to handle the changing nature of security threats in the age of globalization. Their cross-border networks and community support structures can reach those whom government agencies cannot. Among the “Plus Three” countries, Japan has carved out a niche for assisting nongovernmental organizations (NGOs) in ASEAN and more broadly throughout the region, even though Japanese NGOs are not as well entrenched in the region as
many of their Western counterparts. The Japanese government needs to provide strong support to its country’s NGOs so that they can be more active in select areas, such as the ongoing humanitarian efforts along the Thailand-Myanmar border.

ASEAN-based NGOs and civil society groups depend too much on financial assistance from the West. More generous grants from Japan to local and ASEAN-based groups working on disaster relief and healthcare should be encouraged. This would require a new mindset, as Japan has placed a majority of its funding in official hands, especially support for activities perceived as dealing with security affairs. However, in the past several years, Japan’s official aid has been channeled toward peacebuilding and conflict prevention efforts in various parts of Southeast Asia, such as initiatives in Mindanao in the Philippines and Aceh in Indonesia, and most recently toward assisting the peace process and national reconciliation in Myanmar.

And finally, ASEAN-Japan media cooperation must be intensified and elevated. When anti-Japanese sentiment reached its peak in 1970–1977, Japan paid full attention to media relations and public perceptions around the region. Currently, due to growing interconnectivity among different geographical locations and issues, it is important for the Japanese and ASEAN media to form closer links and establish more cooperation among their colleagues. Apart from the three-decade-old institutional links between the Nihon Shinbun Kyokai (Japan Newspaper Publishers and Editors Association) and media organizations in individual ASEAN countries, there are no other outlets. This one-way transaction, involving ASEAN journalists visiting Japan, is no longer sufficient given the more comprehensive nature of ASEAN-Japan relations and globalized media networks and news intercourse. Two-way engagement between ASEAN and Japanese media is preferable and must be treated with urgency. Special arrangements between Japanese and ASEAN newspapers should be encouraged both in terms of creating organizational linkages and providing professional experience. Japan at present enjoys a high level of popularity and a positive image within ASEAN due to the economic progress and prosperity generated by Japan’s foreign investment and carefully crafted development assistance programs. However, as Japan’s domestic and foreign policy dynamic has been changing, media understanding in ASEAN of the Shinzo Abe administration’s new orientation and posture, especially in the security and strategic areas, is still very narrow and shallow.

At this juncture, better public awareness and understanding of Japan’s international role must be discerned. Japan has often been portrayed by the regional press as an auxiliary of the broader US strategic blueprint since the end of World War II. Japan’s primary function is perceived only as assisting
the United States in its security role in Asia. Additional efforts are required to increase understanding of Japan’s regional and international commitments to promote peace and stability in this part of the world. The first ASEAN-Japan journalist conference was held in January 2014 to promote awareness and exchange views on pertinent issues affecting ASEAN-Japan relations. Such a forum allows leading opinion makers in the region to get to know their Japanese counterparts and should thus be continued.

Again, this is a new area, and the two sides should initiate a forum to discuss global and regional security issues on a regular basis. Consultations should be held separately and back-to-back with ASEAN meetings, whether in April or November, when ASEAN summits are scheduled. Engaging the media in such high-level consultations would promote broader understanding of new security issues such as the ADIZ or Japan’s collective security concept.

**Notes**


Far from being a passive regional actor as imagined by some, Japan has been a proactive player whose motives and actions have helped shape Asia’s regional architecture in ways deeper and more intimate than much of the existing scholarship on Asian multilateralism has hitherto acknowledged. Arguably, Japan’s contributions to multilateralism in Asia have differed according to the leaders (or leader types) who run Japanese foreign policy. Japan’s leader types have differed in terms of their aims for and approaches to Asian multilateralism. For example, Japanese leaders wanting to engage China have sought to build regional institutions through which they can engage their Chinese counterparts in cooperative ways and to minimize or mitigate the negative consequences of strategic competition between their two countries. On the other hand, those seeking to balance China have treated regional institutions as arenas for building coalitions to counter (or, in extreme instances, conscribe) Chinese power and influence. Japan’s broader foreign policy has also differed among leader types. Backed by the Yoshida Doctrine, for decades Japan focused principally on economic development and regional integration while leaving its military security in the hands of its ally, the United States. Under this “Japan-as-peace-state” period, Japan relied largely on a foreign policy strategy of quiet diplomacy, soft power, and implicit regional leadership. No less proactive, this form of diplomacy has also been termed “directional leadership,” “leadership by stealth,” and “leadership from behind.” However, with the growing influence of nationalist-minded leaders who see nothing inherently wrong with Japan aspiring to be a normal military power and pursuing a more assertive diplomacy, the era of strict adherence to an implicit approach to regional leadership might soon be a thing of the past.

Against this backdrop, this chapter provides a comparative review of Japan’s contributions to the shape and substance of Asian multilateralism.
 Granted, given the pervasiveness of strategic hedging in the region, engagement and balancing behaviors by countries in the region clearly coexist within Asia’s multilateral institutions. While the growing shift from quiet diplomacy to a more assertive diplomacy does not fit snugly with policies of engagement and containment respectively—i.e., engagers preferring quiet diplomacy to the assertive approach of containers—there is reason to assume, with nationalist-minded leaders at the helm at a time of rising tensions with China, that Japan’s foreign policy style will inevitably change, particularly when its leaders perceive, rightly or otherwise, that Japan’s options for engagement with China have been exhausted. It certainly does not mean that Japan will henceforth abandon quiet diplomacy, not least when dealing with other East Asian countries, but it will use both quiet and assertive approaches as Tokyo sees fit. Under such conditions, what implications might the shift to a “normal” Japan hold for its future commitment to and involvement in Asian multilateralism?

**Japan’s Contributions to Asian Multilateralism**

The history of Japan’s postwar participation in Asia Pacific security can be described as a mix of entrenched bilateralism (the Japan-US security alliance) and incipient multilateralism (Japan’s active membership in and contributions to Asia’s regional institutions). Given the closeness of the Japan-US relationship, much of Japan’s involvement in Asian multilateralism has also been defined partly by the terms of its partnership with the United States. In that regard, Japan’s efforts to construct multilateral structures useful for its own interests have in a key sense been shaped by America’s attitude toward multilateralism. Whatever Japan’s contributions, past or potential, to multilateral institution building in post–Cold War Asia have been or could have been, America’s approval or sanction was often viewed as critical. This is best seen in America’s active participation in regional multilateral institutions that Japan had a hand in fostering, such as the Asia-Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum (ARF). In the same vein, Japan’s proposal for an “Asian Monetary Fund” at the height of the 1997 financial crisis that rocked East Asia was dropped—despite strong support for the idea from hard-hit East Asian economies—following strident rebukes from the US Treasury and the International Monetary Fund. These illustrations underscore the constraining effect of Japan’s partnership with the United States on the former’s foreign policy. While this subaltern status suited the pragmatists of the Yoshida mold—some might have chafed at it
but accepted it as the price for living under the extended military deterrence furnished by the Americans—“revisionists” from Prime Minister Junichiro Koizumi on (and perhaps even earlier), including “normal nationalists” who believe the alliance with the United States is good for Japan and ought to be continued and even strengthened, have not only urged that the terms of the alliance be revised to make Japan an equal rather than junior partner to the United States, but have even sought at times to limit US influence and involvement in Asian multilateralism.

Japan's track record in multilateralism in Asia is a strong indictment of any crass caricature of Japan as a passive regional actor and serial “buckpasser.” It has rendered significant contributions to Asian multilateralism through the sort of implicit leadership style described above. There is no question about the importance of the Fukuda Doctrine—wherein Prime Minister Takeo Fukuda famously pledged that Japan would never become a military power—to Japan's policy toward Southeast Asia since that doctrine's enunciation in 1977. While it is debatable whether the doctrine played any role in guiding Japan's approach to Asian multilateralism—as Yukio Satoh recently recounted, more than three decades having passed since its pronouncement, the Fukuda Doctrine is rarely mentioned these days—it is perhaps noteworthy that ASEAN member states positively remember the doctrine as a watershed that transformed ASEAN-Japan relations. On the other hand, the successful reception by Southeast Asian audiences of the Fukuda Doctrine might not have been possible without the existence of the Yoshida Doctrine (never formally declared), which prioritized economic development while leaving Japan's military defense to the United States. If both the Yoshida and Fukuda Doctrines have facilitated Japan's directional leadership, they have been able to do so because of the military guarantee provided to Japan concerning its national security by the United States, and the broader US strategic assurance provided to East Asia concerning its regional security, in part through the curbing effect its alliance with Japan has (or is supposed to have) on unwelcome expansionist designs the latter may harbor.

Aimed at engaging China in the immediate post–Cold War environment, Japan's most important early contributions to Asian multilateralism have resulted arguably because of Tokyo's directional leadership and Washington's willing involvement (if only selectively so) in multilateralism. The formation of the APEC forum in the late 1980s is a well-traced story, particularly from the Australian angle, given the enormously important roles played by Prime Minister Bob Hawke and the Department of Foreign Affairs and Trade of Australia. (Indeed, Japanese-Australian collaboration has been critical to the formation of not only APEC but also its three nonofficial
regional predecessors, the Pacific Basin Economic Council, the Pacific Trade and Development Conference [PAFTAD], and the Pacific Economic Cooperation Council [PECC]. However, as Takashi Terada has pointed out, the lesser-known contributions by Japan’s Ministry of International Trade and Industry—and, for that matter, the regional vision of Japan’s former foreign minister and prime minister, Takeo Miki—were no less significant. According to Terada,

[APEC] was the common goal of Australian Prime Minister Bob Hawke, his Office, the Department of Foreign Affairs and Trade (DFAT) and the Japanese Ministry of International Trade and Industry (MITI) in the late 1980s. Bob Hawke publicly announced the idea in Seoul in January 1989, but his initiative was backed by a solid foundation of cooperation with Japan. In mid-1988, MITI has floated a proposal for regional meetings of economic ministers and DFAT’s strong interest in the idea urged coordination between the two countries. In March 1989 a MITI delegation visited the region to sound out reactions to its proposal and the Hawke initiative, and this laid the groundwork for the Hawke proposal’s relatively easy acceptance on the Australian delegation’s later visit in April and May. Both countries continued to coordinate their approaches toward the organization of the first Asia-Pacific Economic Cooperation (APEC) meeting in Canberra in November 1989.

If both countries played equally significant parts in APEC’s formation, why is it that most accounts seem to credit Australia more so than Japan, if at all? Terada explains, “MITI’s proposal was eventually subsumed into the Hawke initiative, but MITI believed the successful establishment of APEC amounted to the success of its own proposal.” The willingness to fold its ideas within another country’s initiative, and to do so with as little fanfare and self-promotion as possible, seems to be at the core of Japan’s implicit leadership style. The focus here is on ensuring the success of the mission rather than getting the credit for it.

Fair or otherwise, one of the factors blamed for APEC’s inability to deepen trade liberalization and economic integration has been the apparent distraction of security-related concerns that have been added to the trade forum’s institutional agenda. US President George Bush’s use of the Shanghai summit in 2001, which took place weeks following the 9/11 attacks, to draw attention to the scourge of international terrorism was not the first time security matters had been raised in APEC. In this regard, APEC has also proved to be an equally useful multilateral platform for Japan through which to deliberate security issues. Indeed, given its experience with APEC as a useful forum for discussing issues such as the turmoil in East Timor at the end of the 1990s and North Korea’s missile program—the latter issue,
as Christopher W. Hughes has noted, was added to the APEC Statement at the Auckland summit in 1999—APEC has served as a framework through which the US commitment to the region could be sustained and strengthened. By the same token, APEC and other regional institutions have also proved useful to Japan as platforms to engage China; for instance, although Japan rejected Malaysia’s idea for an East Asian Economic Caucus because realization of the Malaysian proposal would have kept the United States out of East Asia, it subsequently helped form ASEAN+3. Certainly, the idea of APEC as an instrument of post–Cold War multilateral diplomacy to ensure the regular presence and responsible participation of the relevant big powers—particularly China and the United States—in regional security resonated with Australia, Japan’s co-sponsor of APEC. “Some people didn’t want China, and some people didn’t want the United States,” recalled Hawke as he reminisced about the political haggling over the proposed membership of the inaugural APEC meeting in 1989. “To my mind, this was absurdity. You couldn’t with any sense of intelligent purpose talk about the Asia-Pacific region without either of them not being part of it. And we had to do quite a bit of, not arm-twisting, you know, but a lot of discussion and negotiation to bring about a point where the organization that did emerge encompassed both.”

It would also have resonated well with ASEAN leaders, for whom the regional institutional architecture of Asia that they would help to define downstream would be about the furnishing of “meeting places,” wherein the great powers and regional countries can interact according to ASEAN’s terms.

While the United States famously harbored reservations about the utility of multilateralism, it soon became clear that the Clinton administration found APEC sufficiently useful as an institutional platform through which America could engage Asia Pacific at the highest levels. Canberra and Tokyo might have gotten APEC off to a start, but it was President Bill Clinton who invited heads of government to the APEC meeting in Seattle, which eventuated in the upgrading of the trade forum from a gathering of economic ministers to a leaders’ summit. “We have to develop new institutional arrangements that support our national economic and security interests internationally,” Clinton noted in 1993. “We’re working to build a prosperous and peaceful Asia-Pacific region through our work here in APEC.”

Indeed, by the time the Asian financial crisis struck in 1997, the region’s countries, stung by the painful economic restructuring imposed on them by international financial institutions and frustrated by US opposition to alternative proposals from the region (specifically from Japan), had come to view APEC (fairly or otherwise) as “a tool for US regional domination.”

A contemporary parallel to APEC as a multilateral instrument
appropriated—“hijacked,” some might say—by the United States for its own purposes might be the Trans-Pacific Partnership, a trade pact originally started by Brunei, Chile, New Zealand, and Singapore in 2005 as the Trans-Pacific Strategic Economic Partnership, but now very much viewed with suspicion by countries such as China as being part of the US pivot or rebalancing strategy to contain China.

If APEC’s formation hints of a Japanese contribution to Asian multilateralism that would attract America’s “buy-in,” then nowhere is this logic more apparent than in the lead-up to the formation of the ARF in 1994. The ARF has been credited (whether accurately or not) with helping to integrate and socialize a China that was initially suspicious of multilateralism as a tool of containment in a way that has allowed it to become a sophisticated user of multilateral diplomacy for its own ends. Yet the ARF might not even have been formed if not for Japanese intervention. At the July 1991 ASEAN Post Ministerial Conference (PMC), Japan’s Foreign Minister Taro Nakayama proposed that the PMC process should in the future become a forum for political dialogue aimed at discussing mutual security concerns facing Asia Pacific countries. As Nakayama explained,

If there is any anything to add to the mechanisms and frameworks for cooperation in the three fields of economic cooperation, diplomacy and security, the first would be a forum for political dialogue where friendly countries in this region could engage in frank exchanges of opinion on matters of mutual interest . . . I believe it would be meaningful and timely to use the ASEAN Post Ministerial Conference as a process of political discussions designed to improve the sense of security among us. In order for these discussions to be effective, it might be advisable to organize a senior officials’ meeting, which would then report its deliberations to the ASEAN Post Ministerial Conference for future discussion.

While the ASEAN countries reacted coolly to Nakayama’s proposal, the United States reacted positively to it and officially accepted the principle of multilateral dialogue, thereby paving the way for the July 1993 agreement to establish the ARF. (But as the old saying goes, success has many fathers and others have sought to lay claim to having spawned or at least midwifed the ARF into existence.) Since then, Japan has actively participated in the ARF. Ministry of Foreign Affairs (MOFA) and Japan Defense Agency officials have regularly participated in senior officials’ meetings, defense officials’ dialogues, and inter-sessional meetings on things ranging from confidence building and preventive diplomacy to peacekeeping. As Japan’s then Minister for Foreign Affairs Masahiko Komura noted in 1999, “Japan has thought highly of ARF activities, and has proactively participated in
them. Japan will continue to maintain its proactive stance toward ARF activities in order to ensure that the Asian economic crisis, which began in the middle of 1997, will not slow down the efforts to promote such confidence-building.”

The Japanese contribution stands in sharp contrast to what the Australians sought to achieve with Prime Minister Kevin Rudd’s proposal in June 2008 for an “Asia-Pacific Community.” Ironically, the Rudd vision for an overhaul of the ASEAN-led regional security architecture was rendered out of concern that the ARF had become moribund and irrelevant to the region’s needs and hence a new security institution—“a new piece of architecture,” as Rudd’s foreign minister, Stephen Smith, put it—was deemed necessary. Rudd’s proposal—or at least succeeding iterations of it that argued for a concert of powers for co-managing regional order and architecture, presumably at ASEAN’s expense—proved way more controversial, and even more divisive, than Nakayama’s 1991 proposal. While both similarly elicited cool reactions from ASEAN, the crucial distinction seems to have been the nature of the American response. As we have seen, the ASEAN-PMC evolved into the ARF in no small part due to strong US support for Nakayama’s proposal, which created a fait accompli of sorts for ASEAN. On the other hand, Rudd’s idea for a revamped regional architecture failed to materialize not only because the ASEAN states rejected the proposal—strenuously, in Singapore’s case—but because both China and the United States also rejected it. In a not dissimilar fashion, the region’s hand was forced, in a sense, when US President Barack Obama committed the United States to membership in the East Asia Summit (EAS), leading advocates of Rudd’s vision, fair or otherwise, to lay claim to the enlarged EAS—crucially, with the Americans onboard—as the realization of that vision’s argument for a “leaders-level coordinating body.”

Another key but little-acknowledged contribution by Japan to the shape and substance of Asia’s regional architecture involves the vision and efforts behind the so-called “East Asian Community” (EAC), and the regional vehicles formed as the building blocks of the EAC, the ASEAN+3 and the EAS. It bears reminding that China, whose perceived dominance of ASEAN+3 and of East Asia more broadly has caused considerable alarm for Japan and other countries in the region, initially welcomed the proposal by Japan and others to form a summit-level gathering, believing its membership would comprise essentially the original “10+3” of ASEAN+3. But what Koizumi had in mind was a bigger grouping (which he referred to using the EAC nomenclature)—he sought the inclusion of Australia and New Zealand in particular—out of concern that China’s power and influence needed a counterbalance. Hitoshi Tanaka, a former vice minister in MOFA, once
commented regarding Japan’s pursuit of Australian involvement in the proposed EAS, “In my heart I truly hope Australia will participate in the East Asia summit. We have worked very hard to make it possible. We are doing this not for Australia’s sake, but for Japan’s sake … I have a very strong feeling about our cooperation with Australia and I have been advocating it for a very long time.”

Beyond the EAS, Japan also sought to balance China with its proposal for a Comprehensive Economic Partnership for East Asia (CEPEA) covering 16 countries—the ASEAN+3 states along with Australia, India, and New Zealand—that rivaled the East Asia Free Trade Area (EAFTA) championed by China. Unlike Prime Minister Yukio Hatoyama’s subsequent and considerably hazier version of the EAC (discussed below), however, Koizumi’s version avoided any pretension of being a comprehensive overarching framework in the European Union mold and focused instead on building intraregional collaboration over a number of functional fronts such as energy, the economy, and the environment.

In other words, the “variable geometric” approach that has come to characterize Asia’s regional architecture—usually diagramed as a dizzying complex or patchwork of overlapping circles and ovals—is as much the contribution of Japan as anyone else. Japan actively supported the ad hoc formation of multiple regional institutions in East Asia out of worry that ASEAN+3 might end up as the only framework for Japan to deal with China. Thus understood, the oversupply of institutions for which ASEAN, as the self-professed occupant of the “driver’s seat” in Asian multilateralism, is often criticized, is in fact equally attributable to efforts by Japan to create strategic space for managing China. According to this view, Japan has actively sought to build regional institutions because they have become, in Tokyo’s view, the preferred grounds on which Japan’s political competition with China should take place. If Yoshida-type pragmatists worried over the potential exclusion of the United States from Asian multilateralism, Koizumi-type revisionists cum nationalists who chafed at Japan’s junior partner status in its alliance with the United States did not seem overly perturbed at the prospect of America’s exclusion from at least one regional institution, the EAS (before its enlargement in 2011, when the United States eventually joined). If anything, the Japanese leadership appeared to work toward that end, according to one eminent analyst of Japanese foreign policy. Richard Samuels has noted, “Japan responded to the threat of Chinese regional dominance with characteristic ambiguity and a studied ambivalence about its continued dependence on the United States.”

Yet another example of a policy idea contributed by a Japanese official that was met initially with reservations in ASEAN circles, but subsequently proved revolutionary, is that of a regional forum for defense ministers. In
March 2002, Gen Nakatani, the director of the Japan Defense Agency—the precursor to the Japan Ministry of Defense—suggested that the ARF, predominantly a forum driven by the region’s foreign policy establishments, could perhaps be complemented by a parallel defense forum. Nakatani had in mind the newly formed Shangri-La Dialogue, an annual nonofficial defense meeting convened by the London-based think tank, the International Institute for Strategic Studies (IISS), as a basis for what could evolve into an Asian defense ministerial meeting. Again, as in the case of the Nakayama proposal in 1991, the proposal for a defense forum was met with a cool reaction from the ASEAN states. It would take another eight years before the ASEAN Defence Ministers Meeting Plus (ADMM-Plus), comprising the 10 ASEAN states that had formed the ADMM in 2006 and 8 ASEAN dialogue partners—Australia, China, India, Japan, New Zealand, Russia, South Korea, and the United States—would be established in 2010.

Finally, Japan has been a diligent participant in nonofficial multilateral diplomacy in regional security affairs. At the Track 2 level, Japan, through the Japan Institute of International Affairs (JIIA), a think tank long affiliated with Japan’s MOFA until recently, has actively been involved in the Council for Security Cooperation in the Asia-Pacific (CSCAP). For that matter, Japan has provided arguably the most substantial funding for CSCAP activities, including financing the involvement of North Korean officials (acting in their private capacity, as the Track 2 mantra goes) at CSCAP meetings. Japan has also had strong representation at other semi- and nonofficial epistemic networks such as the Northeast Asia Cooperation Dialogue and the Trilateral Forum on North Pacific Security.

What the foregoing illustrations highlight is a long Japanese tradition of furnishing viable and actionable policy recommendations and, should the political conditions prove felicitous, a concomitant willingness to facilitate their fulfillment with apparent little interest in self-promotion or self-aggrandizement. Furthermore, the illustrations also underscore a key ingredient for multilateralism in Asia, namely, America’s buy-in, although as our discussion on Koizumi’s efforts to implement his EAC vision has shown, Japan has at times proved ambivalent in its attitude toward its principal ally and has even sought to exclude it from particular regional arrangements—despite, crucially, Tokyo’s perceived need to balance against Beijing in a specific multilateral institutional context. Granted, US membership in all of Asia’s regional institutions is not absolutely vital; ASEAN+3 is a good example. Even then, ASEAN+3 could be considered a sui generis case in that it was as much an East Asian reaction to perceived US unfairness toward the region in the wake of the 1997–1998 financial crisis as it was an attempt to formulate a regional mechanism for responding to crisis. Moreover, that
the EAS emerged partly out of the region’s concern that ASEAN+3 was at risk of being dominated by China only underscores the importance of US involvement in Asian multilateralism, whether to lend it greater legitimacy or to act as a counterbalance against China or other powers wishing to control the multilateral agenda. In contrast to the APEC and ARF illustrations, Hatoyama’s 2009 proposal to establish a European Union–like institution in East Asia faced a similar fate as the Australian proposal because, unlike the MITI and Nakayama proposals, it earned highly ambivalent reactions from the United States, China, and ASEAN. Moreover, to the extent that Hatoyama’s proposal could have been motivated at all by concern over Asia’s underperforming regional architecture—the reasons behind the proposal, along with the proposal itself, remained unclear—it poses a potentially conundrum for Japanese foreign policy since in sum, where Japan’s contributions to Asia’s post–Cold War multilateralism have proved most effective and relevant, they have been achieved through a mix of strong US interest and support and a readiness by Japan to play second fiddle even if its actual role has been considerable. In other words, while Tokyo’s involvement in multilateralism goes only as far as Washington is prepared to allow it, Tokyo, partly by resisting Washington’s call for it to assume more responsibilities and play a more explicit role in regional leadership, has succeeded in its efforts to define the shape and substance of multilateralism in Asia.

NORMALIZING JAPAN UNDER ABE: IMPLICATIONS FOR MULTILATERALISM

Among analysts of Japan’s defense and foreign policy, there is strong agreement that Japan is seeking to become a normal military power, but has no intention of exiting its longstanding security alliance with the United States. For example, Michael Green has written about Japan as a “reluctant” realist state that, with the end of the Cold War, has been compelled by circumstances to alter its foreign policy approach. No longer able to rely solely on economic power to insure its regional dominance, Green argues that Japan has begun to assert its power—reluctantly in his view—commensurate with its growing concerns over China’s growing military power, its increased anxiety about external security threats, and its apparent readiness to disagree with US policy, especially over East Asia. Green concludes, however, that these changes ought to foster rather than hinder closer coordination between Japanese and US policy. In a not dissimilar vein, Christopher W. Hughes has argued that Japan is seeking to become a more assertive military power, and that this trend has been accelerated in
the post-9/11 period. However, he believes that rather than striking out on its own and pursuing options for greater autonomy or multilateralism, Japan will opt to integrate its growing military capabilities into its alliance with the United States. Japan's strengthened role will allow it to be the “defensive shield” to America’s “offensive sword,” thereby bolstering US military hegemony in East Asia and globally. For his part, Tang Siew Mun, tracing the transition in Japanese grand strategy from the Yoshida premiership to the Koizumi premiership, detects in the latter a concern with achieving structural power, preserving national tranquility, and maintaining Japan's economic competitiveness. The shift “from the Yoshida Doctrine to the Koizumi Doctrine,” as Tang sees it, has arisen out of “Japan's aspirations and perception of vulnerabilities in the context of domestic and international developments.” Finally, Bhubhindar Singh, using national identity as a handle, argues that Japan's image of itself has evolved from a “peace state” to an “international state.”

There is no denying Japan's normalizing “imperative” is a long-term development. But while a “normal” Japan is more likely than not to pursue closer political-military ties with the United States, there is evidence to suggest that the diplomatic assertiveness expected of Tokyo—the “new normal” of a normal Japan, if you will—might not be fully appreciated by Washington, particularly if rising tensions with China over the Senkaku/Diaoyu Islands pose an entrapment problem for America. The current Japanese prime minister, Shinzo Abe, reportedly a nationalist, has pledged to turn his nation’s economy around and strengthen its armed forces. To that end, Japan has established a US-style national security council and will increase defense spending to record levels, ostensibly to counter China.

Shinzo Abe's past year as prime minister has concentrated chiefly on reviving Japan's long-ailing economy. Yet in Mr. Abe's mind, the country’s newfound economic prowess is a means to an end: to build a more powerful, assertive Japan, complete with a full-fledged military, as well as pride in its World War II-era past.

In the same way US unilateralism during the first term of George W. Bush's presidency, heavily criticized for its neoconservative orientation, in fact built on the Clinton presidency’s equally unilateral foreign policy, Abe's aspiration for a militarily strong Japan is not an ex nihilo development but one that builds on what one analyst has referred to as Japan's enduring “quest for normalcy” — one that began well before Abe's emergence. Crucially, this quest for normalcy does not necessarily imply an assertion of greater Japanese autonomy from US power and influence, even as it changes the
terms of their bilateral relationship. In a key sense, Abe’s aim to balance against China is clearly shared by the United States—the pivot/rebalancing to Asia strategy of the Obama administration being the latest manifestation of US intent—and closer Japan-US military cooperation toward that end is a logical consequence. As one analyst has noted,

The result of Japan’s perceived exhaustion of its options for engagement, despite its strenuous and innovative regional and global activity, and thus to assert an active hold on China’s rise, could be to force it on the defensive and to shift precipitously to a default policy of containment. Japan has already shown signs of this containment founded inevitably on the further enhancement of its own military power, tighter US-Japan security cooperation, and active, if quiet, balancing against China.56

While efforts to revive Japan’s economy are welcomed, not everyone in Japan has necessarily agreed with Abe and his fellow revisionists’ logic regarding normalization, not least when it leads to problems with China and South Korea.57 In December 2013, Abe’s visit to Yasukuni Shrine aroused both Beijing and Seoul’s ire. In response, the US Department of State also released a statement on the website of its embassy in Tokyo, noting Washington’s disappointment with the Japanese leadership for having “taken an action that will exacerbate tensions with Japan’s neighbors.”58 Reportedly, the US rejoinder came after Tokyo had evidently ignored Washington’s attempt to prevent the visit. Yet it is experiences such as this that highlight the limits of US military support for Japan should tensions escalate in the East China Sea, making conflict with China a real possibility. And if Washington’s irritation with Tokyo stems from the former’s worry over entrapment, then it is certainly not inconceivable that the latter be worried about possible abandonment by Washington should a shooting war break out between China and Japan over their islands dispute or for some other reason. Despite Secretary of State Hillary Clinton’s assurance in 2012 that the Senkakus are covered by the US-Japan mutual defense treaty, the fact that a number of US policy experts have voiced concerns that such a commitment goes too far and risks a conflict between China and the United States over a useless “pile of rocks” has raised Japanese fears of US abandonment.59 As a New York Times editorial has tersely noted, “Japan’s military adventures are only possible with American support; the United States needs to make it clear that Mr. Abe’s agenda is not in the region’s interest.”60 Nor is it in the interest of America, as the “hub” of its alliance system, to see that system rocked by strife between the “spokes,” Japan and South Korea.

Prime Minister Abe’s “five principles” of Japanese diplomacy, fairly or otherwise, have been touted by some as Japan’s first major diplomatic
Among the principles identified in the so-called Abe Doctrine were protecting the freedom of thought, expression, and speech in Southeast Asia and ensuring that the seas (“the most vital commons to us all”) are governed by international law. Abe noted that with regard to these two principles in particular, Japan shared a common cause with the US rebalancing policy. But as a recent Asahi Shimbun editorial has pointed out, at the Japan-ASEAN Summit that took place in mid-December 2013 in Tokyo, Abe advocated the importance of the rule of law in the seas and skies but evidently failed to mention the promotion of human rights and democratization. Abe’s selective emphasis raises the prospect that his doctrine is principally about balancing, if not containing, China. A recent study by the Tokyo Foundation suggests that ASEAN states “are reluctant to define the US role as an external balancer against China in the light of deep, ASEAN-China economic interdependence.” As a consequence, ASEAN, from Japan’s perspective, requires external assistance to build its “own strength and resilience against China’s growing maritime pressure [as] an important vanguard for denying China’s creeping expansion to the contested territorial waters [in the South China Sea].” If so, Abe’s policy toward Southeast Asia and ASEAN could be at risk of being overly focused on China—an emphasis the ASEAN countries, despite their own strategic worries, might not fully appreciate.

A normal and decidedly more assertive Japan—“the return of the Samurai,” as a Time article dubbed it—would clearly pose challenges for Japan’s future participation in Asian multilateralism. On the one hand, it deepens an already entrenched Japan-US security bilateralism at the possible expense of multilateralism. On the other hand, should Japan persist on its current trajectory under Abe’s leadership and further aggravate Japan’s ties with China, South Korea, and others, there is an outside chance that it could alienate the United States and the ASEAN states. Given, as shown earlier, the importance of the United States to getting most of Asia’s multilateral mechanisms off the ground, and given ASEAN’s place in the “driver’s seat” of Asia’s regional architecture, an increasingly isolated Japan might opt out of Asian multilateralism altogether, particularly if the Japanese leadership adopts a neo-autonomist orientation. In this regard, the judicious appropriation of diplomatic strategies by the Abe government—cue Abe’s somewhat dubious explanation for his recent shrine visit: he felt Japan’s ties with China and South Korea could not get any worse than they already were—would be of utmost importance to improving Japan’s relations with its neighbors and winning the region’s trust. As Terada has argued, what proved crucial in winning friends and supporters throughout the region, and especially among the ASEAN states, to Japan’s approach to regional diplomacy in the
past was Tokyo’s robust emphasis on multilateralism and its consultative approach to regional economic and security cooperation. This implies, on the one hand, that directional leadership—which was once Japan’s hallmark and was so crucial to Japan’s contributions to multilateralism in Asia, but is now increasingly replaced by assertive diplomacy—still has a key part to play. On the other hand, despite its many flaws and the perceived obstacles it may place in the way of Japan’s realization of its interests, Asian multilateralism still has something to offer.

Conclusion

This chapter has made three related arguments. First, Japan has played an instrumental role in helping to define the shape and substance of multilateralism in Asia, the perceived utility of which for Japan has included engaging and balancing against China. Second, Japan has been able to achieve this thanks in no small part to two things: US support for Asian multilateralism and Japan’s security interests, and Japan’s quiet diplomacy and “directional leadership.” At the same time, however, Japan’s role in Asian multilateralism has also reflected its ambivalence over its dependence on the United States. Third, Japan’s ongoing quest to become a normal military power and its adoption of a more assertive policy toward China are likely to deepen Japan-US security ties with negative consequences for Asian multilateralism.

Japanese leaders are all too aware that multilateralism in Asia is ultimately limited in what it can achieve. As has been frequently noted, the limited contribution of regional institutions to the region’s security is due to their institutional design and aim as cooperative dialogue forums—talk shops, as the criticism goes—rather than collective defense arrangements. For instance, the constraining behavior of the idealists, as opposed to that of the conservatives, in the ARF has arguably held that security institution back from advancing beyond confidence building to preventive diplomacy. China’s strident objections to the “internationalization” of issues that it regards as core concerns—its relations with Taiwan, its Tibet challenge, and most recently its territorial disputes in the East China and South China Seas—has also meant the limited relevance of the ARF as a security institution. On the other hand, Japan’s continued commitment to the Japan-US security alliance has meant that any inherent design for deepening multilateralism that Japan might have harbored has had to contend with American pressures to prioritize their security bilateralism. Efforts in 1994 by Prime Minister Morihiro Hosokawa’s Advisory Committee on Defense Issues (Boei Mondai Kondankai) to prioritize Japanese participation in
multilateral security arrangements over the alliance with the United States were effectively quashed by US objections.\textsuperscript{70}

Despite the fundamental importance of the Japan-US security alliance to Japan’s postwar security as well as its international legitimacy, hewing too close to the United States might not be helpful to the cause of multilateralism. This happened during the period of US unilateralism under President George W. Bush (although US unilateralism in the post–Cold War era arguably began with the Clinton administration\textsuperscript{71}). The refusal by the Bush administration to accept the Kyoto Protocol on climate change and its struggle with the United Nations Security Council over the question of Iraq clearly rendered international support for the United States difficult, even—or perhaps especially—for an ally such as Japan, known for its strong advocacy of multilateralism. Nor, for that matter, is sole reliance on the United States the optimal solution for the management if not resolution of the Korean Peninsula’s security problems, not least where Japan’s relations with China, Russia, and South Korea are concerned. Despite the difficulties of a multilateral approach to the North Korean nuclear question—the frustrations of the Six-Party Talks are well known—it arguably still constitutes the best way forward for Japan, if only to ensure that the lingering strategic distrust Japan’s neighbors have for it is not exacerbated further by misperceptions of Japanese intentions regarding regional security.\textsuperscript{72} “If Japan gives precedence to US relations, international organizations will grow weaker, further eroding international cooperation,” as Kiichi Fujiwara has argued. “This is not a wise choice for Japan, which attaches equal importance to the United Nations as it does to US relations as the basis of its foreign policy.”\textsuperscript{73}

Will Japan continue to contribute to multilateralism in Asia as it has done? As Japan matures into its new identity as a normal military power that is no longer shy about its newfound diplomatic assertiveness, do the things that made Japan such an important contributor to multilateralism in Asia, such as its directional leadership, still have a place? The answer lies with whether Japan still regards multilateralism as useful to its relations with Asian countries, not least of which is China. Ultimately, how Japan balances its normalization with a continued engagement with multilateralism could be the key to a stable and secure Asia.

With this in mind, Japan and ASEAN should jointly ensure that Asia’s multilateral mechanisms remain vibrant and useful for fostering peaceful and responsible behavior from all stakeholders. Japan has played an instrumental role in helping to define the shape and substance of multilateralism in Asia in ways largely welcomed and supported by ASEAN. Not unlike the ASEAN states, a key driving force behind Japan’s contributions has been the perceived utility of multilateralism in facilitating Japan’s engagement
of and balancing against China. However, whether Japan will continue to support the regional institutions that it and ASEAN have mutually worked to establish will likely depend on whether Tokyo still believes Asian multilateralism serves its interests vis-à-vis China’s growing power and influence. Be that as it may, it still behooves Japan and all countries in the region to continue investing in Asian multilateralism given that the potential utility of such supplementary platforms for managing interstate tensions cannot be discounted.

Furthermore, Japan, the United States, and ASEAN need to rediscover their shared stakes and common bonds or, failing that, find new ones on which Asian multilateralism can more assuredly rest. Japan has been able to render significant contributions to Asian multilateralism because of the United States’ growing acceptance of multilateral diplomacy and its support for Japanese security interests. In the immediate post–Cold War period, Japan facilitated US participation in regional arrangements such as APEC and the ARF. But Japanese ambivalence over its dependence on the United States was also apparent in Tokyo’s attempts to exclude Washington from the newly formed EAS in late 2005, despite Japan’s perceived need to balance China. The future of Asian multilateralism could well depend on whether there is sufficient congruence in interests and policy between Japan, the United States, and ASEAN. In this regard, the enlarged EAS, with Russian and American participation, has arguably emerged as the framework du jour on which the Japanese, Americans, and Southeast Asians (and other regional stakeholders) could build relevant and sustained regional cooperation. This point was underscored in the US-Japan Joint Statement released on April 25, 2014:

The United States and Japan renew our commitment to deepening diplomatic, economic, and security cooperation with the Association of Southeast Asian Nations (ASEAN), recognizing the importance of ASEAN unity and centrality to regional security and prosperity. We are coordinating closely to support ASEAN and its affiliated fora as its members seek to build a regional economic community and address trans-border challenges, including cyber security and cybercrime. In this context, the two countries view the East Asia Summit as the premier political and security forum in the region.74

For his part, Prime Minister Abe, in his speech at the 2014 Shangri-La Dialogue, also proposed the role the EAS could play in facilitating military transparency as a confidence- and trust-building measure:

There is no stage that outshines the East Asia Summit as a venue for heads of state and government to come together and discuss the order that is desirable.
Keeping military expansion in check and making military budgets transparent, as well as enlarging the number of countries that conclude the Arms Trade Treaty and improving mutual understanding between authorities in charge of national defense—there is no lack of issues those of us national leaders ought to take up, applying peer pressure on each other. I urge the further enhancement of the East Asia Summit, as the premier forum taking up regional politics and security. I propose that we first create a permanent committee comprised of permanent representatives to ASEAN from the member countries and then prepare a road map to bring renewed vitality to the Summit itself, while also making the Summit along with the ARF and the ADMM-Plus function in a multilayered fashion.75

Notwithstanding these affirmations of the EAS’s putative relevance, a nagging concern for ASEAN and its member states is what such inordinate focus on the EAS might mean for their part and place in Asian multilateralism. Both the US-Japan Joint Statement and Abe’s remarks were careful to emphasize the import of ASEAN’s centrality. At the same time, however, ASEAN’s weakness and disunity are seen by many, fairly or otherwise, as a root cause of the relative ineffectiveness of Asian multilateralism. It has been proposed that the EAS should be empowered with the capacity to steer the various regional modalities available (a point that Abe also noted). Mindful of the problems Kevin Rudd’s Asia-Pacific Community proposal had with regional anxieties over the prospect of the region being co-managed by a concert of powers, Rizal Sukma, one of Indonesia’s preeminent policy intellectuals, has argued,

The EAS should function as a sort of steering committee for the Asia-Pacific region in two inter-related ways. First, it should be allowed to function as a steering committee for coordinating various regional institutions in the region such as the ASEAN Plus Three (APT), the ASEAN Regional Forum (ARF), the ASEAN Defence Ministers Meeting Plus (ADMM Plus), and the Asia-Pacific Economic Cooperation (APEC). Second, there is also the need for the EAS members of the G20 to form an informal caucus to coordinate their policies and interests at the global level.76

It is debatable whether other ASEAN states—with the exception of Indonesia, the only Southeast Asian member of the G20—would accept the preceding idea. The challenge for Japan, the United States, and other powers will be to ensure, in the collective quest to enhance the EAS, that the concerns and interests of the smaller players are not ignored.

Finally, Japan’s quest for military normalization should not come at the expense of its long association with soft power and quiet diplomacy. In light
of Japan's longstanding aim to become a normal military power and adopt a more assertive policy toward China, Japan-US security ties are likely to deepen with negative consequences for Asian multilateralism. However, if Japan's relations with China and South Korea worsen over their island disputes in the East China Sea, Japan risks undermining its relations with the United States. Japan's ability to balance its normalization with a continued engagement with multilateralism will be crucial to a stable and secure Asia. Japan's reliance on quiet diplomacy and an implicit regional leadership has equally been instrumental to its achievements in regional integration. Whether and how Japanese leaders are able to combine military normalization with Tokyo's tried-and-true style of regional engagement in a way that contributes to the peace and stability of the region will be a fundamental test of Japan's regional leadership.

**Notes**


9. Lind, “Pacifism or Passing the Buck?”


12. As Paul Midford has explained, it is difficult to date the start of the Yoshida Doctrine since Prime Minister Yoshida never formally announced his strategy much less suggested it was his own. Midford further provides a useful distinction between the Yoshida and Fukuda doctrines: the first (Yoshida Doctrine) is an implicit grand strategy, whereas the second (Fukuda Doctrine) is an explicit diplomatic doctrine. Paul Midford, *Rethinking Japanese Public Opinion and Security: From Pacifism to Realism?* (Stanford: Stanford University Press, 2011), 193.


17. Ibid.


22. The term is used in Evelyn Goh and Amitav Acharya, “The ASEAN Regional Forum and US-China Relations: Comparing Chinese and American Positions,” in *Fifth China-ASEAN Research Institutes Roundtable on Regionalism and Community Building in East Asia* (Hong Kong: University of Hong Kong, 2002).


27. Quoted in Kuniko Ashizawa, Japan, the US, and Regional Institution-Building in the New Asia: When Identity Matters (Houndmills: Palgrave MacMillan, 2013), 125.


33. Notably, Koizumi first proposed the EAC idea in 2002, but Malaysia rejected it due to Koizumi’s inclusion of Australia at a time when there were brewing political tensions between Kuala Lumpur and Canberra, not least those caused by travel warnings covering certain Southeast Asian countries issued by Canberra following the Bali bombings in October 2002.

34. Quoted in Takashi Terada, “Security Partnership: Toward a Softer Triangle Alliance with the United States?” in The U.S.-Japan Security Alliance: Regional Multilateralism, ed. G. John Ikenberry, Takashi Inoguchi, Yoichiro Sato (Houndmills: Palgrave Macmillan, 2011), 222. The bilateral goodwill was reciprocated as recently as October 2013, when Australian Foreign Minister Julie Bishop noted that her government welcomes “the direction that the Abe government has taken in terms of having a more normal defense posture and being able to take a constructive role in regional and global security.” Quoted in Kirk Spitzer, “Why Japan Wants to Break Free of Its Pacifist Past,” Time, October 22, 2013.

35. Japan-sponsored organizations such as the Asian Development Bank (ADB) produced comparative studies on the anticipated economic benefits of the CEPEA and the EFTA. One such study by two eminent economists from the Tokyo-based ADB Institute concluded, unsurprisingly, that ‘consolidation into a Comprehensive Economic Partnership in East Asia at the ASEAN+6 level would yield the largest gains
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38. Samuels, Securing Japan, 165.

39. Ibid., 165–6.

40. Ibid., 166.


46. Green, Japan’s Reluctant Realism.

47. Christopher W. Hughes, “Japan’s Security Policy and the War on Terror: Steady Incrementalism or a Radical Leap?” CSGR (Warwick University) Working Paper no. 104/02 (August 2002).

48. Hughes, Japan’s Re-emergence as a ‘Normal’ Military Power.


50. Singh, Japan’s Security Identity.


56. Hughes, “Japan’s Response to China’s Rise.”

57. Memorably, Abe’s first stint in office in 2006–2007 was cut short because of this larger agenda. Tabuchi, “With Shrine Visit, Leader Asserts Japan’s Track From Pacifism.”


59. Bosco, “Entrapment and Abandonment in Asia.”


61. Prime Minister Takeo Fukuda famously pledged that Japan would never become a military power.


65. Ibid.


68. Terada, “Directional Leadership in Institution-Building.”


70. Hook et al., *Japan’s International Relations*, 219.


73. Ibid.


Japan’s recent emphasis on ASEAN as a key foreign policy partner has been reinforced since Shinzo Abe returned to the post of prime minister in December 2012. This is evidenced by the fact that during the first year of his second term he became the first Japanese prime minister to visit all 10 ASEAN member states. It can also be seen in Abe’s commitment to hosting the second ASEAN-Japan Commemorative Summit in Tokyo in December 2013 to celebrate 40 years of the Japan-ASEAN relationship. The summit was organized in the wake of China’s announcement of its Air Defense Identification Zone (ADIZ) in the East China Sea, and thus Japan saw the summit as an opportunity to work with ASEAN to check Beijing’s regional influence. Abe managed to reach a basic agreement with his ASEAN counterparts despite reservations expressed by a few ASEAN leaders who hoped to avoid overtly provoking China. The result was a joint statement affirming that Japan and ASEAN would “enhance cooperation in ensuring the freedom of overflight and civil aviation safety in accordance with the universally recognized principles of international law” as well as the standards and practices of the International Civil Aviation Organization.

Abe’s strong interest in ASEAN also stems from an economic dimension, a point that is relevant to Abe’s high degree of public support, which has been attributed mainly to the implementation of Abenomics. Abe’s decision to promote monetary easing schemes as a tool to help Japan overcome deflation, which has stalled the Japanese economy for more than a decade, had contributed to doubling Japanese stock prices in value, and the yen has dropped by approximately one-third against the dollar—from roughly ¥80 to ¥120, a two-pronged improvement that was expected to revitalize export
industries since Abe came to power in 2012. An important question that remains regarding Abenomics is whether Japan can make use of regional integration as an effective vehicle to push for domestic reform agendas, including agricultural liberalization, with a view to attaining further economic growth. In fact, with ASEAN aiming to establish its own ASEAN Economic Community (AEC) in 2015, negotiations have begun on four different regional integration frameworks in Asia since 2010: a free trade agreement (FTA) among China, Japan, and South Korea (hereafter, CJK FTA); the Regional Comprehensive Economic Partnership (RCEP) comprising the 16 countries of ASEAN+6; and a US-led Trans-Pacific Partnership (TPP). Japan has entered the negotiations on all of these, presenting a golden opportunity for the expansion of Japan’s trade and investment.

What are the policy implications of this complex profusion of regional integration initiatives for ASEAN, for Japan, and for their partnership? What policies should ASEAN and Japan adopt in the midst of these rapidly changing regional economic and political circumstances? One of the key factors that makes it desirable for ASEAN and Japan to adjust their partnership in response to this changing regional trade environment is that the contents, rules, and membership of each framework are different. It is therefore urgent that both sides implement reforms that allow them to capture the benefits of this trend for their future growth, particularly as China continues to emerge as a more active player in the region’s political and economic games for its own benefits.

The Era of Multiple Regional Integration Frameworks

The principal factor behind the emergence of multiple regional integration initiatives in Asia and the Pacific is that the United States and China have been promoting competing regional integration concepts, reflecting their respective preferences over the issues to be covered. Although the United States long remained on the sidelines of Asian integration initiatives, it is now seeking high-quality “World Trade Organization (WTO)-Plus” (such as the protection of intellectual property and the facilitation of human movement for business purposes) and regional integration through the TPP, while China’s commitment to regional integration frameworks such as the RCEP is strongly oriented toward developing countries and favors more exemptions in the form of tariff elimination duties, with few deregulation requirements and consequently few reforms required of domestic economic systems. Given that the RCEP is based on the ASEAN+1 FTAs,
and that the speed and level of liberalization is accordingly going to be based on the standard that ASEAN members generally prefer, the dissimilarities in these various Asian integration models make any future merger of the TPP and RCEP difficult. This also means that the United States and China will likely continue to compete with each other over trade and investment rulemaking in the region.

Figure 1. Entanglement of regional integration in Asia and the Pacific (as of January 2015)

As depicted in the diagram above, before the US-China power struggle for influence over the regional trade and investment rules emerged, separate regional institutions were founded that were characterized by ASEAN’s central position and by each having its own summit meeting. In the case of ASEAN+6, for example, it is the East Asia Summit (EAS). These concentric integration frameworks geographically centered on ASEAN grew by expanding the membership from ASEAN to ASEAN+3 and then to ASEAN+6.

However, the phrase “centered on ASEAN” can be easily misunderstood. This does not signify that ASEAN has acted as a driving force behind the development of regional integration in East Asia. The main function of ASEAN’s centrality has been to provide venues for meetings by, for instance, conveniently hosting summit and ministerial meetings. The problem with the concentric circles of this regional integration concept is that if ASEAN integration does not move forward, the integration of a wider framework
such as ASEAN+6, which includes major extraregional countries, will also not advance. Former Singaporean Prime Minister Goh Chok Tong once stated that if liberalization is sought through the WTO, APEC, or the like, it devolves to the lowest common denominator, and so the actions of liberalization-oriented countries are fettered by countries that do not desire liberalization. The least enthusiastic country ends up holding back trade liberalization, acting as a critical obstacle to regional integration. If liberalization is conducted unilaterally, the “free rider” problem arises in which a country keeps barriers to the entry of imported goods high while freely exporting its own goods to the markets of other countries that have lowered those barriers. Especially in the case of competing products, there is the underlying possibility that this will emerge as a domestic political problem in the more liberalized country, where it may pose a threat to jobs.

A major reason why negotiations on East Asian integration through the convergence of the five ASEAN+1 FTAs had not been pursued for many years was that ASEAN became reluctant to see its role as a hub be reduced. ASEAN, as a loose group of relatively small economies, inevitably depends upon external economies for its growth through foreign direct investment (FDI) and exports, but its institutional significance would be diminished if a larger arrangement such as the proposed regional integration frameworks by larger states such as Japan and China developed rapidly. ASEAN’s reluctance to move forward on trade liberalization by itself, or perhaps its inability to take the political initiative as a unified player on a wider form of regional integration, can be seen in the fact that it has never proposed any ASEAN+1 FTA to its external partners. Yet, Japan and China, which had previously been competing over whether ASEAN+3 or ASEAN+6 should be the framework for East Asian integration, set their spears aside in August 2011 and jointly proposed the founding of a working group to promote the liberalization of trade and investment. This joint initiative stemmed from concerns on the part of both large economies that while TPP negotiations were progressing, East Asian–based integration frameworks would not move forward if it were left up to ASEAN alone. This led to the Indonesian proposal for the RCEP in November 2011.

The development of the TPP, which caused a structural change in the ASEAN-centered East Asian integration process, also splits ASEAN by skewering the concentric circles graphically centered on ASEAN, as indicated in the diagram. Since the Philippines has now studied all the pros and cons of the TPP, the likelihood of there being five participating countries from ASEAN has increased. This scenario would also cast doubt on ASEAN’s capability to continue to prioritize ASEAN centrality, resulting in a stronger impression of an ASEAN rift. Former Indonesian Trade Minister
Gita Wirjawan stated in 2013, “The TPP is not a threat to ASEAN, and the selection of integration framework differs according to the conditions in each member of ASEAN, but since the TPP allows virtually no exceptions to tariff elimination, Indonesia would have many problems and so there are no plans to participate.” This statement indicates that as a result of the advent of the TPP, those countries within ASEAN that share a vision for regional integration are likely to participate and to proceed with the necessary domestic reforms to prepare for a high degree of liberalization. It also indicates that the “lowest common denominator” approach to liberalization, which has delayed the regional integration process within ASEAN and East Asia to date, will no longer be applied. This situation can be expected to weaken and eventually negate the ASEAN centrality thesis in regional integration. In this case, the launch of the RCEP negotiations in 2013 would appear to have been premature for ASEAN, meaning that it should have followed the establishment of the AEC in 2015, an approach that would have assisted in developing ASEAN as a more monolithic player.

**Deeper Regional Integration and ASEAN’s Challenges**

Before the TPP’s influence began to expand in East Asia, ASEAN—despite the small economic size of most of its members—was considered to be functioning as a hub through its five ASEAN+1 FTAs with China, Japan, Korea, Australia/New Zealand, and India. Therefore, ASEAN leaders have taken advantage of various occasions and platforms to consistently highlight the central role that ASEAN has played in leading and shaping the development of the regional architecture of East Asia. ASEAN is not, however, a well-unified single player; it remains a group of fragmented, relatively small states that do not enjoy material predominance. In fact, East Asia’s business community recognizes ASEAN as a loose collection of 10 countries with 10 different sets of economic rules.

ASEAN’s source of power may be its nonthreatening posture, which holds value while Japan and China are engaged in power struggles in East Asia and so judge it appropriate to maintain good relations with ASEAN, both as a third party and as a group of 10 countries. China and Japan have become strongly suspicious of each other’s initiatives, but they lack any strong incentives to drive ASEAN to side with one over the other. In order to attract ASEAN to their side, they have both tried to support ASEAN as a prerequisite for East Asian integration rather than engaging in full-scale competition for regional hegemony.
The “ASEAN Way,” a guiding principle that includes the absolute respect for state sovereignty, noninterference in the domestic affairs of other members, and avoidance of a legally binding approach to decisions, has often been cited as an impediment to high-level regional integration. This is because it tends to avert transnational cooperation that imposes regulations and obligations on each state. The ASEAN Way is primarily applied to the political and security fields, but the basic idea can also be employed in the economic field. Regional integration through FTAs, for instance, involves legally binding provisions for the reciprocal exchange of preferences that discriminate against non-partner countries and thus presents itself as an approach that is inharmonious with the ASEAN Way. ASEAN has no centralized mechanisms through which it can either enforce agreements struck among members or monitor domestic affairs within member states. Accordingly, in regional decisions such as the elimination of tariffs, no penalties have actually been applied for nonfulfillment, encouraging the members to determine exceptional measures individually. It seems that a mismatch between the ASEAN Way and deeper economic integration practices like those negotiated in the TPP has hindered the further institutionalization of ASEAN economic cooperation, not to mention wider East Asian integration. As a result, voices appealing for the abandonment of the ASEAN Way are beginning to be heard. For example, former ASEAN Secretary-General Surin Pitsuwan has stated, “If there is no strong centralized power mechanism, it is very difficult to survey and coordinate all problems that could become serious matters,” and he has called for a strengthening of the authority of the secretariat in a manner similar to the European Union (EU) and for tighter regulation of participating members.

Another issue is the so-called “ASEAN divide” problem of intraregional disparities. Since the latter half of the 1990s, when the Indochinese countries joined ASEAN, there has been a constant presence of different rules for the advanced members and for the other members, which creates an ongoing challenge to furthering integration at a unified pace. If ASEAN, with these characteristics and problems, actually proceeds with broader Asian regional integration negotiations, it will no longer be able to easily play the role of a promoter. For example, with regards to the contents of the RCEP, Singapore and Malaysia have called for wide-ranging liberalization, including not only goods but also services and investment, whereas Indonesia, which is on the receiving end of a flow of cheap Chinese goods and is concerned about a ballooning trade deficit with China, is opposed to FTAs with high liberalization rates. Thus, ASEAN members are not even in agreement on the broad framework for the RCEP.
In order for ASEAN to be viewed as a unified economic actor that ranks alongside the powerful extra-regional countries such as Japan and China in negotiations, it will be necessary to clear a variety of hurdles. For example, it will need to commit itself to addressing not only tariffs but also many nontariff barriers. The import quotas and the requirements for domestic product sales that have been instituted by Indonesia have been left untouched in ASEAN, and so there is a lack of unified mechanisms for the regulatory easing of trade and investment in each country. Moreover, in recent years, political and security problems have been arising. Examples of this include China’s territorial problems in the South China Sea and the souring of political relations with Vietnam and the Philippines. Just as the CJK FTA has encountered problems as political animosity has come in the way of those countries’ shared economic interest in integration, there is an undeniable possibility that the existence of these political and security problems including ASEAN members and its FTA partners will have a negative impact on the progress of regional integration negotiations.

One positive element, however, is that as exports to Western markets are not expected to rise significantly in the foreseeable future due to the ongoing economic downturn affecting European and other countries around the world, the allure of the ASEAN market has become greater than ever. In the first half of 2012, US$1.4 billion in capital flowed to ASEAN offshore funds, while net outflows to Chinese and Indian offshore funds were recorded at US$1.6 billion and US$185 million respectively, and so the interest of global investors is clearly being attracted. There are even optimistic reports that the AEC would form a US$2 trillion market by realizing the free flow of goods, services, investment, labor, and the like. In order not to disappoint these global expectations, it is vital that ASEAN act as a more powerful single actor, but to achieve this will require fundamental reforms such as the early implementation of the AEC, the expansion and reinforcement of the secretariat, and the easing of the “ASEAN Way.”

Japan’s Strength and Weakness

Japan has established FTAs with ASEAN and with seven ASEAN member nations, but given its dominant trade and economic position, it has an overwhelming advantage over partner countries in terms of bargaining power. As a result, in the majority of cases, Japan has been able to shelve consideration of the elimination of its agricultural tariffs and the FTAs have ultimately reflected Japan’s preeminence. This may represent “liberalization without political pain,” but to persuade its potential FTA partners, Japan
has in return utilized its economic power to offer benefits in the form of economic cooperation. Although the use of this pattern has enabled Japan to conclude a number of bilateral FTAs while avoiding agricultural liberalization, for that very reason, it is questionable whether Japan will be able to play an active role in a wider regional integration framework such as the TPP. Within such multilateral FTAs, blocs are likely to be formed during negotiations between the numerous exporting nations that share a common objective of gaining access to Japan’s agricultural markets.

Among the products that Japan has left untouched in the FTAs that it has signed so far, most are agricultural products. The Central Union of Agricultural Co-operatives (known as JA-Zenchu), which has worked against FTAs in the past, has been particularly vehement in its stance against the TPP as, in principle, it would eliminate all tariffs. Prime Minister Abe, who decided to pursue Japan’s participation in the wake of his talks with US President Barack Obama in March 2013, has encountered strong resistance from his Liberal Democratic Party, which has been adamant in calling for the complete protection of products categorized as “sanctuaries,” including rice, sugar, and dairy products. The market access negotiations in the TPP have been established as bilateral rather than multilateral tracks among 12 countries, and Japan has been pressured to concede on agricultural protection—including on “sanctuary” products—given that the liberalization rates of the FTAs signed by some TPP members such as the United States, Australia, and New Zealand range from 95 to 100 percent. Agricultural liberalization in Japan, if realized within the TPP, would surely be attractive to many ASEAN members including non-TPP member states such as Thailand, one of the world’s largest rice exporters, and would thus serve to foster closer economic ties between Japan and ASEAN as well.

As multiple regional integration frameworks emerge, Japan’s advantage can be said to lie in its role as a balancer, influencing the directionality of the intertwined initiatives. In other words, while the global economic powerhouses of the United States and China are competing in terms of their own national interests and are promoting the type of regional integration that each desires—a key factor in the proliferation of regional integration frameworks in Asia—Japan’s decision on which regional integration frameworks it joins has had a strong impact on the trend. China’s concerns about the negative impact the TPP might have on its regional integration policy were so strong that when Japan initially expressed an interest in joining the TPP, China quickly became more flexible in its own talks with Japan. For example, China accepted a proposal from Tokyo to conclude a trilateral investment agreement first among China, Japan, and South Korea (a framework that Beijing had previously resisted due partly to the
required protections for Japanese and South Korean investors). China has also been moving away from its exclusive pursuit of an ASEAN+3 regional framework toward greater interest in the ASEAN+6 framework, which is Japan’s preferred arrangement. These two Chinese concessions led to the start of official negotiations on the CJK FTA and the RCEP in 2013.

While the various regional integration initiatives are becoming increasingly intermingled, only Japan thus far has shown an interest in participating in the TPP, RCEP, and CJK FTA. Japan also began FTA negotiations with the EU in 2013, which would serve to harmonize trade and investment policy norms based on those of developed countries and serve as a trend-setter on international trade policy. (For its part, the EU has also commenced negotiations with the United States on an FTA, known as the Transatlantic Trade and Investment Partnership, or TTIP.) Importantly, the TPP, RCEP, and CJK FTA will each offer different potential benefits to Japan, given Japan’s relatively unique economic structure in East Asia. Japan’s markets and exports differ substantially from those of China and many members of ASEAN. Japan continues to specialize in high-value-added commodity exports, its internationally oriented business sectors have expressed a great deal of interest in the liberalization of services and investment in the region, its machinery and automobile companies have extended their production networks broadly across Asia Pacific, and the strong competitiveness of Japan’s manufacturing products—as demonstrated by an average tariff rate of less than 3 percent at home—illustrates the openness of its domestic markets. Given the trade and market features that Japan enjoys, the cost of nonparticipation in the TPP would be high, prohibiting Japan from securing maximum trade and investment benefits as more countries sign on to form a “critical mass.” In fact, liberalization of the service and investment sectors, for example, is quite unlikely to make significant progress under the RCEP or the CJK FTA, partly because China would strongly resist this type of liberalization given that it would require transparency with regard to the business activities of its state-owned companies.

On the other hand, Japan does a significant volume of trade with major Asian countries such as China, South Korea, India, and Indonesia, and as mentioned above, many Japanese companies have set up a wide range of production networks involving these countries, none of which currently participate in the TPP. In addition, these non-TPP members in Asia tend to protect some of their key industries (e.g., China imposes a 25 percent tariff on automobiles), so progress in the RCEP or the CJK FTA remains an important tool to open those key markets to Japanese exports. Accordingly, this complex profusion of regional integration initiatives presents a golden opportunity for the Japanese economy.
Recommendations for Enhancing ASEAN-Japan Engagement in Regional Integration

As noted above, a major obstacle to ASEAN’s commitment to and leadership on higher-level regional integration schemes is the variation in stages of economic development among members. This so-called ASEAN divide involves not only divergences in economic performance, but also in such indices as industrial structure, infrastructure, human resources, and the level of privatization. For instance, in Cambodia, Laos, Myanmar, and Vietnam, the main business activity still consists of primary manufacturing and the construction of roads, bridges, and other forms of infrastructure, and most industrial sectors continue to be dominated by state-owned firms. The private sector is still extremely immature. Regional integration is generally considered to be beneficial for promoting structural reform and improving the competitiveness of industry, but if implemented in a premature stage of development, as would be the case with these nations, regional integration with large and advanced economies would surely result in insufficient privatization and a failure to create an efficient private sector.

But while ASEAN clearly has some hurdles to surmount if it is to achieve fuller engagement in regional integration frameworks like the TPP, it is also true that ASEAN is potentially one of the most promising markets in the world. In 2014–2018, for example, the OECD projects that ASEAN will grow between 5.4 percent. FDI into the region has also increased, reaching US$100.6 billion in 2013, while intra-ASEAN FDI has increased constantly, reaching US$21.3 billion in the same year, indicating that ASEAN can be more attractive as a contributor to regional economic growth and employment if it can commit itself to deeper regional integration. To do so, it is imperative that ASEAN be more strongly unified in its efforts to narrow the development gap among ASEAN member states with a view to sustaining ASEAN’s economic growth as a basis for its confident engagement in regional integration initiatives with external states.

Japan has acknowledged its strong interest in ASEAN’s economy as Prime Minister Abe has described ASEAN as a “growth center of the world” and has stressed that the two major goals of Japan’s official development assistance (ODA) to the region are ASEAN’s own economic development and Japan’s renewed economic growth. This interest has also been demonstrated by its private sector. According to a survey by JETRO, 17 percent (by value) of overseas deals made by Japanese multinational corporations in 2013 involved ASEAN member economies, compared with 3 percent in 2012. Private sector FDI in ASEAN has also been rapidly growing, reaching US$13 billion in the first nine months of 2013, which was more
than the US$10.6 billion total for the whole period of 2012. Infrastructure development through Japan’s ODA has been fostering an influx of private funding, making its development impact more significant. It has also been supporting the advancement of private companies into Southeast Asia, making the region one of the main investment destinations and the site of important business partners for Japanese private companies. Japan’s assistance in ASEAN’s integration projects is thus relevant to its own interests, underscoring the continued importance of a public-private partnership (PPP) approach. In February 2014, Sommath Pholsena, Minister of Public Works and Transport of Lao PDR, for instance, highlighted “urban transport, logistics, water supply, in the form of PPP,” as areas in which more investments from Japanese companies were needed.

How, then, can ASEAN-Japan cooperation on regional integration be improved? The first recommendation would be for development cooperation, through such mechanisms as ODA, to be squarely linked to ASEAN’s regional integration initiatives. In order to promote Japan-ASEAN trade and investment and produce gains from regional integration, the development of infrastructure has been acknowledged as essential, but it is not clear how regional integration moves within ASEAN and through the ASEAN+ frameworks can be sustained and facilitated by certain infrastructure projects. For instance, “connectivity” projects, such as the construction of cross-border highways, aim to advance the East-West Economic Corridor and Southern Economic Corridor on the Indochina Peninsula, but they do not seem to be evolving out of any regional integration schemes. These corridors have made a significant contribution to the physical connection of the Mekong Delta states as well as the expansion of the regional supply chain networks of Japanese automobile and electronics manufacturers. They should, however, be clearly established as a means of promoting regional integration. In other words, it is imperative to identify the logical linkage between this connectivity and the regional integration objective of creating a single market without any trade or investment barriers in Southeast Asia.

To do so, a Japan-ASEAN Integration Forum should be created that gathers government, business, and academic experts as a means of directly conveying the pressing needs and priorities of those sectors as part of the integration process from the business and industrial sectors to relevant government officials. Academic and policy-oriented specialists should serve to provide more macro-level analysis and advice to foster development cooperation specifically designed to promote regional integration. This approach, using intensive multilateral and bilateral dialogues, would assist in the involvement of a concrete and practical policy platform concerning the
linkage of development cooperation and regional integration. This platform should also be incorporated into the ASEAN Secretariat processes with the support of the Economic Research Institute for ASEAN and East Asia (ERIA) and the ASEAN+3 Macroeconomic Research Office (AMRO), and with the strong engagement of the private sector.

Another important method of assisting ASEAN integration would be to promote currency swap agreements. At the end of 2014, Japan reached an agreement with some ASEAN member states to increase the volume of their bilateral currency swap accords; it committed the signatories to provide dollars to one another during a currency crisis, and the upper limit on Japan’s emergency supplies of dollars to Indonesia and the Philippines was doubled. Given expectations that the US Federal Reserve would scale down the quantitative easing program, ASEAN member states are faced with the risk that massive amounts of foreign funds will soon leave their financial markets. The currency swap agreements on both the bilateral and multilateral tracks should be expanded not only to sustain the regional safety net to cope with a possible financial crisis through the provision of short-term liquidity, but also to promote the use of the yen in ASEAN and its member markets in the same way that China, through its financial cooperation, has been promoting the use of the yuan in trade and investment settlements. This will be instrumental in stabilizing ASEAN’s financial markets—a key condition for deeper regional integration—and will serve as a catalyst for establishing closer economic ties between Japan and ASEAN.

Many ASEAN companies do not regard FTAs or regional integration as useful in facilitating the growth of their businesses, and as a result, the ASEAN governments find “no pressure from ASEAN businesses to move faster on regional economic integration,” as Rodolfo Severino Jr., former ASEAN secretary-general has pointed out. One of the primary reasons for this is simply a lack of awareness. As many as 55 percent of the ASEAN firms that responded to an Asian Development Bank survey published in December 2013 were not aware that the AEC would be established in 2015. In fact, 77 percent of Indonesian companies, 80 percent of Filipino companies, 86 percent of Singaporean companies, and 76 percent of Vietnamese companies responding were not aware of it. This is therefore an area where Japanese business and industry associations, which have thus far urged the Japanese government to promote more FTAs, can help their ASEAN counterparts by providing information on the usefulness of FTAs and regional integration, including how companies can effectively utilize FTAs. ASEAN companies’ growing awareness of regional integration will bring benefits to Japanese companies, especially when they are buyers and sellers in the same supply chain networks.
One helpful approach to enhancing ASEAN companies’ awareness of the benefits of regional integration would be to encourage their participation in the annual dialogue between the secretary-general of ASEAN and the Federation of Japanese Chambers of Commerce and Industry in ASEAN (FJCCIA). This was established in 2008 for the purpose of sharing with the ASEAN Secretariat the issues faced by Japanese companies operating in ASEAN. For instance, the list of requests made during the 2014 dialogue covered “customs facilitation, reduction of non-tariff barriers, establishment and introduction of unified standard and conformity assessment systems, avoidance of double taxation, liberalization of services, free flow of business persons, and protection of intellectual property rights.” These are all pertinent to the interests and concerns of Southeast Asian companies as well, and Japanese and ASEAN business leaders’ joint participation in economic and business dialogues with the ASEAN secretary-general and, hopefully, with trade and economic ministers from member states, would help to identify common problems encountered by both Japanese and Southeast Asian companies and would serve as an effective mechanism for conveying their views and opinions on ASEAN economic cooperation directly to the appropriate government figures. This approach would also be instrumental in creating more opportunities for ASEAN and Japanese companies to forge business partnerships or joint investments outside of Southeast Asia, for example in India, which is an RCEP participant.

Finally, to take advantage of the opportunities afforded to it through participation in multiple regional integration negotiations, Japan should consider measures to enhance the quality of the RCEP. An effective approach to adopt is to not regard these three integration frameworks (RCEP, TPP, and CJK FTA) separately, but rather bind them together to link their contents as much as possible. Japan should outline a single comprehensive integration strategy that takes ASEAN’s perspective into account to identify more agendas that can be pursued by both RCEP and TPP. To be able to ascertain the content and progress of negotiations on the RCEP in view of TPP negotiations on trade and investment liberalization, for instance, it is imperative that Japan take the initiative by carefully examining those “WTO-plus” items being pursued in the TPP—state-owned enterprises, intellectual property, government procurement, competition policy, the environment, and labor standards—to determine what kind of WTO-plus issues are negotiable under the RCEP framework, and to ensure that the RCEP involves and implements high-quality integration agendas by building a coalition with like-minded countries from ASEAN, such as Singapore (Japan’s first FTA partner). Accordingly, close and frequent contact among the negotiators working on the two integration frameworks is undoubtedly
essential. The establishment of a dialogue among senior negotiators and ministers from nations participating in both the TPP and the RCEP talks—i.e., Japan, Singapore, Brunei, Malaysia, Vietnam, Australia, and New Zealand—is recommended as a useful and important platform.

**Conclusion**

This chapter is premised on the observation that the emergence of multiple regional integration frameworks is a golden opportunity for Japan’s economic future, and that it could be so for ASEAN as well if some of the “innate” problems within ASEAN, such as its lowest common denominator approach to liberalization, can be modified. In short, Japan does not see ASEAN as a regional integration initiative similar to the EU or the North American Free Trade Agreement, and thus it is not interested in developing the RCEP, which is based on ASEAN’s flexible approach to regional integration, into a rulemaking framework like the TPP. Yet, Japan is well aware that the RCEP cannot be an attractive regional integration framework without ASEAN’s sound development. This is the rationale behind Japan’s commitment to assisting ASEAN in its effort to promote regional integration or the formation of a single market to attain higher economic growth.

It is true that the different agendas involved in the TPP, the RCEP, and the CJK FTA make predictions about the possible merger of these regional integration frameworks inherently difficult, although the existing “spaghetti bowl” of bilateral FTAs in East Asia has been referred to as complicating their trade from multinational companies in Japan and other states in the region. As a result, a broader regional integration framework appears desirable to ensure consistent rules and opportunities for these businesses. Nevertheless, as this chapter has emphasized, the TPP and the RCEP are too different to be merged into one order. Among other differences, the two frameworks include notable variations regarding competition policy related to state-owned enterprises. The TPP is also more open to newcomers, whereas inclusion in the RCEP requires first concluding a bilateral FTA with ASEAN. The TPP’s openness provides it with greater political influence than the other agreements, as seen in Japan’s entry into the TPP talks in September 2013 and South Korea’s announcement about its possible participation in December 2013, which has in turn put pressure on China to respond. Depending on developments related to the Shanghai Free Trade Zone, the ongoing US-China Bilateral Investment Treaty talks, and the outcome of the TPP negotiations, China could become more positively inclined to join the TPP in the future. In short, China is the key actor in
this regional integration game, and it is this factor that suggests the need for Japan, and especially Prime Minister Abe, to promote ASEAN cooperation in the efforts toward regional integration in Asia.

Notes

1. Abe previously served as prime minister of Japan from September 2006 until September 2007, when he resigned due to illness.

2. Particularly since 2011, the American president now visits Southeast Asia at least once a year to participate in the EAS, and so ASEAN is maintaining the function of providing an opportunity for the leaders of the United States and China to participate in a multilateral forum and promote their dialogues.


4. Evaluations of ASEAN’s role in regional cooperation, including regional integration in the wider East Asia, are starkly divided among international relations specialists. Stressing the contribution ASEAN made by bringing three Northeast Asian countries to participate in ASEAN+3, Mahbubani asserts that ASEAN should be viewed as a “diplomatic superpower” and “peacemaker” in East Asia, and Zhang views ASEAN as a “pathfinder in developing regional convergence in East Asia.” On the other hand, some, like Jones and Smith, cast doubts on ASEAN’s commitment on institutionalizing the ASEAN+3 framework, as they argue that ASEAN norms such as nonintervention and the principal of nonbinding consensus prevent deeper integration within ASEAN, not to mention the wider East Asian region. See Kishore Mahbubani, The New Asian Hemisphere: The Irresistible Shift of Global Power to the East (New York: PublicAffairs, 2008); Zhang Yunling, China and Asian Regionalism (Singapore: World Scientific Publishing, 2010); and David Martin Jones and Michael L.R. Smith, “Making Process, Not Progress: ASEAN and the Evolving East Asian Regional Order,” International Security 32, no. 1 (2007): 148–84.


6. Cited in Reuters.co.jp, August 1, 2012.

7. Ibid.


12. Japan announced it would provide ¥200 billion in total aid to areas along the Mekong River through financial support for about 70 projects.

The economic integration process in East Asia, centering on ASEAN, is underway. The ASEAN member countries have progressively phased out tariff barriers to intra-ASEAN trade in goods, while working intensively to develop various packages of service liberalization. In December 1997, ASEAN also started developing a vision for the whole bloc for the year 2020, and the plan for achieving this vision became more concrete with the consensus among members to establish an ASEAN Community, resting on the three pillars: the political-security community, the economic community, and the socio-cultural community. In August 2006, ASEAN members agreed in principle to accelerate progress toward the creation of the ASEAN Economic Community (AEC) by 2015, and since then they have continued to make efforts along those lines. At the same time, ASEAN is assuming a central role in various regional forums, arrangements, and mechanisms, such as the East Asia Summit, the ASEAN Regional Forum, free trade agreements with ASEAN partner countries (ASEAN+ FTAs), and others.

ASEAN member states have long been engaged in deepening regional economic integration. This deepened economic integration process also saw ASEAN switching its focus from traditional issues such as trade and investment liberalization to nontraditional ones such as trade facilitation, competition, standards, and conformance. Among these new areas of focus is a commitment to enhanced connectivity, not only within ASEAN but also between the block and its key partners. Connectivity enhancement also constitutes an important topic of interest for ASEAN’s major partners in Northeast Asia, including Japan.

The discussion of ASEAN connectivity fits well in the new context of trade liberalization and the various regional integration tracks that are being
pursued. Integration attempts within ASEAN are increasingly focused on facilitation of trade and investment activities, reduction of service-link costs, and “behind-the-border” regulatory reforms. Asia Pacific integration has evolved more profoundly, with drastic improvements in the formation and management of production networks and efforts to negotiate and implement ASEAN+ FTAs, the Regional Comprehensive Economic Partnership (RCEP), and the Trans-Pacific Partnership (TPP). To add to these already dynamic and complicated movements, subregional cooperation has emerged rapidly, while the East Asian development paradigm is experiencing a gradual shift toward a more balanced growth process.

The need for improved connectivity is thus apparent, but it should not be restricted to ensuring smoother flows of goods, services, and people. Instead, connectivity also refers to more fundamental issues underlying cooperation efforts between countries in East Asia, where ASEAN plays an increasingly central role.

To date, the key official framework for enhancing connectivity involving ASEAN and Japan, alongside other partners, has been the Master Plan on ASEAN Connectivity (MPAC), which was adopted in 2010. Aimed at facilitating the creation of an ASEAN Community, MPAC serves to improve connectivity within ASEAN under three major pillars: (1) physical connectivity, (2) institutional connectivity, and (3) people-to-people connectivity. The implementation of MPAC, nonetheless, is no easy task. In fact, ASEAN encounters enormous difficulties related to the significant heterogeneity within and among member states, uneven efforts being applied to each of the three pillars, lack of resources and experience, and the complicated interactions that its members have with outside partners. Meanwhile, a broader framework for enhancing connectivity throughout East Asia—not to mention Asia Pacific—to facilitate development of regional production networks and to leverage the outcomes of regional trade and investment liberalization remains absent. There is thus room for cooperation between Japan—the driver of regional production networks—and the ASEAN member states on connectivity issues.

This chapter attempts to review the implementation of MPAC as the first cornerstone for East Asian connectivity, and examines possible avenues of cooperation between ASEAN and Japan to extend its scope and benefits. After elaborating on the concept of MPAC and its possible impact, and analyzing some of the major issues in implementing MPAC, recommendations will be offered on how ASEAN and Japan can jointly contribute to regional connectivity enhancement.
The Concept of MPAC

As noted above, MPAC was approved in order to align the enhancement of regional connectivity with the vision for development that was set out for the region as a whole. Its three-pronged approach—focusing on institutional, physical, and people-to-people aspects of connectivity—addresses the factors that impede flows of goods, services, capital, and people in ASEAN. Conceptually, the framework is more comprehensive than the traditional way of thinking, which has tended to target physical infrastructure development. MPAC was developed on the basis of achievements and major impediments to connectivity that have been identified within and between ASEAN member countries. This has driven the formulation of key strategies and essential actions that comprise roadmaps and clear targets for addressing the impediments, further enhancing ASEAN connectivity, and helping to realize the ASEAN Community by 2015.

Table 1. Distribution of strategies and key actions of MPAC

<table>
<thead>
<tr>
<th></th>
<th>Physical connectivity</th>
<th>Institutional connectivity</th>
<th>People-to-people connectivity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key strategies</td>
<td>7</td>
<td>10</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Key actions</td>
<td>32</td>
<td>32</td>
<td>20</td>
<td>84</td>
</tr>
<tr>
<td>Prioritized projects</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Compiled by authors based on ASEAN, Master Plan on ASEAN Connectivity (June 2011); and Sanchita Basu Das, Pham Thi Phuong Thao, and Catherine Rose James, “APEC and ASEAN Connectivity: Areas of Mutual Interest and Prospects of Cooperation,” ISEAS Perspective, no. 28 (May 8, 2013).

As for physical connectivity, the key challenges lie in the poor quality of roads and incomplete road networks; missing railway links; inadequate maritime and port infrastructure (including dry ports), inland waterways, and aviation facilities; a widening digital divide; and a growing demand for power. Many of these challenges have undermined various supply chains as well as cross-border trade among ASEAN countries. Accordingly, MPAC has adopted seven strategies to establish integrated and seamless regional connectivity through a multimodal transport system, enhanced information and communications technology (ICT) infrastructure, and a regional energy security framework.

The following six major projects fall under physical connectivity: (1) completion of the missing links in the ASEAN Highway Network and an upgrade of the transit and transport routes, (2) completion of the missing links in the Singapore-Kunming Rail Link, (3) establishment of an ASEAN broadband corridor, (4) construction of the Melaka–Pekan Baru interconnection,
construction of the West Kalimatan–Sarawak Interconnection, and (6) a study of the roll-on/roll-off network and short-sea shipping.

MPAC has also identified the needs and directions for addressing the key institutional impediments to movements of vehicles, goods, services, and skilled labor across borders. Even for goods, the reduction or elimination of tariff barriers is by no means sufficient for trade expansion. Instead, ASEAN must further phase out nontariff barriers to facilitate intra-ASEAN trade and investment, harmonize standards and conformity assessment procedures, and enforce key transport facilitation agreements. Member countries need to fully implement national single windows (NSWs), which lay the foundation for a more robust ASEAN Single Window. In this respect, 10 strategies have been adopted to ease the flow of goods, services, and investment in the region.

The following five major projects fall under institutional connectivity: (1) developing and operationalizing mutual recognition arrangements (MRAs) for prioritized and selected industries, (2) establishing common rules for standards and conformity assessment procedures, (3) operationalizing all NSWs by 2012, (4) providing options for a framework or modality aimed at the phased reduction and elimination of scheduled investment restrictions and impediments, and (5) operationalizing ASEAN agreements on transport facilitation.

Under the theme of people-to-people connectivity, MPAC incorporates two strategies: to “promote deeper intra-ASEAN social and cultural understanding” through community-building efforts and to “encourage greater intra-ASEAN people mobility” through progressive relaxation of visa requirements and the development of MRAs. As noted in table 1, the strategies, key actions, and prioritized projects under this theme are all outnumbered by those aimed at enhancing physical and institutional connectivity. Still, they provide an important commitment to building a socially harmonious community in ASEAN.

The following four major projects fall under people-to-people connectivity: (1) easing visa requirements for ASEAN nationals, (2) developing ASEAN virtual learning resource centers, (3) developing ICT skills standards, and (4) pushing the ASEAN community-building program.

In summary, the concept of MPAC is both broad in scope and comprehensive, reflecting a fundamentally innovative shift from the traditional sole focus on improving physical linkages to enhancing connectivity more broadly defined. Still, physical connectivity projects seem to constitute most of the substance of the work, although the projects that fall under institutional connectivity and people-to-people connectivity also require significant efforts. While aiming to simultaneously overcome the
geographical fragmentation and heterogeneity in institutions and social backgrounds that may undermine the flows of goods, services, investment, and people within ASEAN, MPAC also incorporates efforts related to ASEAN’s connectivity with non-ASEAN partners. At the same time, MPAC adopts a project-based approach, resting heavily on the implementation of various major projects under each pillar of connectivity. In this process, MPAC is open to the participation of relevant stakeholders, including East Asian partners.

Impacts of MPAC

One can understandably expect the impacts of MPAC, upon full implementation, to be largely positive. Better connectivity can help facilitate flows of goods, services, and persons across the ASEAN subregions and states, which in turn drives up trade and production specialization on the basis of (both static and dynamic) comparative advantages that each enjoys. In this regard, improved connectivity deters a wide range of at-the-border or behind-the-border restrictive measures and factors, which will help achieve a favorable net impact on the ongoing process of regional trade liberalization in East Asia.

The above projection is based on an analysis of the net impact on subregions and states in ASEAN using the Economic Research Institute for ASEAN and East Asia (ERIA) Geographical Simulation Model. Table 2 shows the economic impact of the improved connectivity that is expected to be accrued through the development of the various economic corridors—the East-West Economic Corridor, North-South Economic Corridor, Mekong-India Economic Corridor, the IMT+ (a subregion that extends beyond the Indonesia-Malaysia-Thailand Growth Triangle), and the BIMP+ (a subregion that extends beyond the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area). Specifically, MPAC appears to help promote ASEAN economic growth and narrow the development gap. While the findings are restricted to economic impacts, they still incorporate important implications for enhancing the confidence of member states and stakeholders in MPAC implementation. A critical observation finds that most member economies of ASEAN will enjoy more additional benefits than will their external counterparts such as China, Hong Kong, and Bangladesh.
Nonetheless, improving connectivity within ASEAN does not always produce positive impacts. In fact, ASEAN member economies may suffer from some adverse impacts, the extent of which depends essentially upon the capacity and socioeconomic characteristics of such economies to enable or absorb the changes. First, some nontraditional security issues could become more serious in the absence of closer institutionalized collaboration between countries in the region. Examples of such issues may include, but are not limited to, drug trafficking, human trafficking, and smuggling. Second, improved connectivity may lead to inequalities, where some member economies and subnational regions reap smaller benefits than others. In particular, benefits can be small if all or part of the transport corridors differs from the economic corridors with positive externalities. The issue would be further magnified if an outsider were to step in and work with some ASEAN member states without coordinating their efforts with existing ones under MPAC. In the presence of more than one outsider, the sequence of their participation may matter if it is not properly coordinated by ASEAN. Third, despite the more balanced approach, the efforts under MPAC remain heavily weighted toward the physical connectivity, while those in the areas of institutional and people-to-people connectivity are uneven at best. Accordingly, the desired economic and community-building benefits from MPAC may not be realized in full. Finally, the issue of

<table>
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<th>Region</th>
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<th>Economic effects</th>
<th>Country</th>
<th>Economic effects</th>
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<td>Philippines</td>
<td>73.4%</td>
</tr>
<tr>
<td>Kota Kediri</td>
<td>Indonesia</td>
<td>410.3%</td>
<td>Malaysia</td>
<td>64.4%</td>
</tr>
<tr>
<td>Kota Tanjungbalai</td>
<td>Indonesia</td>
<td>408.1%</td>
<td>India</td>
<td>45.6%</td>
</tr>
<tr>
<td>Soc Trang</td>
<td>Vietnam</td>
<td>404.4%</td>
<td>Singapore</td>
<td>29.2%</td>
</tr>
</tbody>
</table>

**Number of regions with**

- 100% or more: 254
- 50% to 100%: 239
- 0% to 50%: 446

sustainability (in terms of the environment and culture) has not received sufficiently serious attention.

**Major Issues and Challenges**

As discussed above, MPAC constitutes the first official framework for the comprehensive enhancement of connectivity in East Asia. Notwithstanding its focus on ASEAN instead of the whole East Asian region, MPAC still has rather ambitious targets and attracts attention from all of the countries in the region. It is thus important to monitor the progress of MPAC so as to identify issues that arise during implementation and then to formulate appropriate adjustments or policy actions. However, this is not an easy task for several reasons, including (1) its wide scope and the complicated interactions among various pillars and key strategies and actions; and (2) the heterogeneity in the development levels and perspectives of participating economies, which may undermine information-sharing activities. Even the recently developed AEC Scorecard\(^3\) could only offer the initial groundwork for such monitoring purposes, but it still seems unable to capture the real progress of MPAC implementation. Besides, due to the complicated interactions between MPAC’s key strategies and prioritized projects and other existing policy frameworks, separating out the socioeconomic impacts of MPAC appears to be a formidable challenge.

The ERIA Mid-term Review in 2012 was an attempt to document progress as well as challenges in implementing the ASEAN Economic Community Blueprint. To date, ASEAN has recorded substantial achievements in AEC measures. Key examples of such achievements included tariff reductions; the opening of NSWs in five member states and of advanced NSWs in two member states; the ASEAN Comprehensive Investment Agreement’s minimum yardstick of 70 percent allowable foreign equity; ASEAN-X for integration of the air travel sector; the Chiang Mai Initiative; and a number of cooperative initiatives on agriculture, competition policy, and intellectual property rights.

Few of these areas where achievements have been made were identified as priorities in MPAC. Meanwhile, a big gap persists between what has been implemented and the targets set out at the beginning. For instance, material gaps remain in terms of trade facilitation, standards and conformance, services liberalization, MRAs on professional services and labor mobility, connectivity and transport facilitation, ICT, and energy. Regarding NSWs for trade facilitation, an ERIA survey at the end of 2012\(^4\) showed that Brunei and Vietnam remained in the advanced stage of development for
live implementation by 2015. Meanwhile, Cambodia, Laos, and Myanmar still need to make significant efforts to pilot implementation of their NSWs by 2015, which effectively means a delay in implementation of the ASEAN Single Window. In the same survey, inadequacies of laboratories and skilled personnel also emerge as critical constraints to effective implementation of standards and conformance agreements in some ASEAN member states. Even by 2013, ASEAN could only complete a small number of MRAs relative to the need for improving regional standards and conformance. In other words, little progress has been documented with respect to the MPAC areas and priorities.

It bears repeating that assessments of the impacts of MPAC are still not comprehensive enough. Even ERIA’s Comprehensive Asia Development Plan only focused on the economic impact of some (but not all) corridors on the countries in the region. By 2013, more than 80 percent of the projects had reached at least the feasibility study stage. Still, we can expect a long wait before any actual material project-based progress in improving connectivity can be realized, unless ASEAN—perhaps with support from its partners—can properly expedite the implementation of those projects.

Again, the concept and implementation of MPAC seem to focus more on the development of infrastructure (i.e., physical connectivity). As noted in table 1, there are quite a few more elements under physical connectivity than under institutional connectivity and people-to-people connectivity in terms of strategies, key actions, and prioritized projects. Given the list of prioritized projects under physical connectivity, the demand for capital resources can be large and returns on such resources may not prove to be equally substantial. Meanwhile, modest resources can be used more efficiently—with the goal of promoting flows of goods, services, capital, and labor—under the themes of institutional and people-to-people connectivity. The challenge for ASEAN therefore is to coordinate the use of resources rather than to passively permit the concentration of such resources in the physical connectivity pillar, which at times is driven by outside partners.

Another challenge in implementing MPAC lies in the financing of infrastructure projects. Given the huge deficiencies in quality and quantity of infrastructure projects in Asia in general and in ASEAN in particular, the capital needs remain significant. The projected capital needed to finance Asia’s infrastructure projects in 2010–2020 is US$8.2 trillion, of which 68 percent is for new capacity investment and 32 percent is for maintenance and replacement. If one looks at it by sector, energy accounts for 49 percent, transport for 35 percent, ICT for 13 percent, and water and sanitation
for 3 percent. For ASEAN, the projected capital needed is US$596 billion, of which 66 percent is for new capacity investment and 34 percent is for replacement and maintenance. The respective shares of energy, transport, ICT, and water and sanitation are 36 percent, 26 percent, 11 percent, and 27 percent.

MPAC projects may be financed by several sources, including government budgets, multilateral development banks, commercial banks, capital market initiatives, the ASEAN Infrastructure Fund (AIF), the new Asian Infrastructure Investment Bank, and sovereign wealth funds. As a major initiative, the AIF has a total initial equity contribution of US$485 million, provided jointly by nine ASEAN members and the Asian Development Bank, with targeted debt issuance to leverage 1.5 times the equity, aiming to support projects in renewable energy, adaptation, and infrastructure, among others. Central banks and other institutions (including private institutions) are expected to purchase the debt after the AIF has developed a sufficient track record and lending volume.

Major partners of ASEAN, such as Japan, China, and Korea, may also extend further support to MPAC projects. In recent years, China and ASEAN deepened cooperation through the “One Axis, Two Wings” strategy, which covers the Nanning-Singapore Economic Corridor, the Greater Mekong Subregion (GMS), and the Pan-Beibu Gulf Economic Cooperation. In an announcement in December 2013, GMS countries agreed to pool US$50 billion from various sources (including the private sector) for potential projects under the Regional Investment Framework by 2022. Korea has also formulated and enforced a new official development assistance (ODA) strategy, with increasing support for ASEAN to address connectivity-related issues. In addition, a number of funds are also available for technical assistance related to infrastructure development, such as the Japan-ASEAN Integration Fund, the ASEAN-China Cooperation Fund, and the ASEAN-ROK Special Cooperation Fund.

Nonetheless, the use of the above financial sources for infrastructure development may encounter several problems. First, government coordination may expose some inadequacies during the allocation and disbursement of funds, not to mention the modest capacity to absorb fund disbursements in certain economies. Second, project development and documentation may not be sufficiently aligned with the requirements of these financial sources. Third, there is also a concern about the capacity of the ASEAN Secretariat and the ASEAN Connectivity Coordinating Committee to approach and coordinate this wide range of financial sources. Fourth, the engagement of the private sector is ideal, but enforceable mechanisms for public-private partnership (PPP) and
for determining permissible levels of government exposure to future risks have not been institutionalized. Fifth, disbursement of such financial resources may follow the designated procedures and standards in a way that resembles differences in local governments’ regulations, thereby increasing compliance costs for relevant stakeholders. Finally, working with dialogue partners and multilateral development banks presents another challenge, given the differences in motivation and bargaining power among the relevant parties.

What Can ASEAN and Japan Do?

Japan is among the few East Asian countries that simultaneously hold membership in the Comprehensive Economic Partnership with ASEAN, the RCEP, and the Asia Pacific Economic Cooperation (APEC) forum. These arrangements all emphasize the need for improvements in connectivity, of which infrastructure development is a key priority. Japan has also been an important partner of ASEAN countries through its involvement in a complex web of economic interactions, regional cooperation, and stakeholder engagement with a number of funds, as well as ODA and other cooperation schemes. Given its vast experience, its active role as a development partner, and its coordinated participation in the above arrangements, Japan can and should play an important role in improving ASEAN connectivity.

A couple of important factors justify a larger role for Japan in the future improvement of ASEAN connectivity. On the one hand, Japan has huge savings and international reserves. It had nearly US$1.1 trillion in domestic savings in 2013 and almost US$1.3 trillion in international reserves in 2014. In this respect, Japan is only outperformed by China, for which the respective figures were US$4.7 trillion and US$3.9 trillion. Japan’s substantial savings and international reserves may allow for increasing investment in regional connectivity improvement. In doing so, the benefits for Japan can be amplified—both directly from returns on projects specifically aimed at improving connectivity and indirectly from production and business activities of Japanese enterprises in the region. On the other hand, Japan remains committed to supporting ASEAN integration and connectivity. This commitment has been formalized in the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) via the provision for development cooperation, as well as in a number of regional and bilateral talks and declarations.
Table 3. Gross domestic savings and international reserves of Asian countries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>4,732.7</td>
<td>3,900.0</td>
</tr>
<tr>
<td>India</td>
<td>592.3</td>
<td>325.1</td>
</tr>
<tr>
<td>Japan</td>
<td>1,070.4</td>
<td>1,260.7</td>
</tr>
<tr>
<td>Korea</td>
<td>450.1</td>
<td>362.8</td>
</tr>
<tr>
<td>ASEAN-10</td>
<td>809.3&lt;sup&gt;11&lt;/sup&gt;</td>
<td>778.7&lt;sup&gt;11&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Source: World Bank data.

Still, there remain some problems even with the current engagement and support of Japan and other partners for ASEAN’s connectivity improvement. First, despite consideration and elaboration, overlaps remain in cooperation programs and they have so far failed to make sufficient progress. As described above, the programs are too spatially and sectorally widespread, which may lead to the dispersion of efforts and resources. Even the participation of Japan so far has failed to alleviate the challenge, which in turn undermines the outcomes of cooperation. Second, not all proposals or programs for Japan-ASEAN cooperation have been incorporated into the framework of MPAC. One implication is that either some ideas or programs have not been aligned closely with the top priorities of ASEAN in improving connectivity or strategic confidence between Japan and ASEAN has been insufficient to make way for more fruitful dialogue related to ASEAN connectivity. Finally, coordination between Japan and other partners, including those in the region such as China and Korea, and among Japan, other stakeholders, and ASEAN remains weaker than expected, while lacking any effective mechanisms to ensure harmonization of their development efforts. Coordination by ASEAN with improved centrality in the region thus becomes unavoidable, yet such coordination requires affirmed support from partners, including Japan.

Aiming to further enhance regional connectivity, ASEAN and Japan should consider the following recommendations.

First, Japan should work together with other East Asian partners such as China and Korea, preferably under ASEAN’s coordination, to ensure that there is a broader and more consistent framework for enhancing East Asian integration. This framework should also take into account the various features and the demanding standards contained in the TPP agreement, to which some ASEAN member countries and Japan have agreed. That is, ASEAN and Japan should dedicate their efforts to ensuring that the TPP and the RCEP are complementary, with deeper economic integration in Asia Pacific, rather than competing with each other. While relying on the
strengthened centrality of ASEAN, the framework is important to reduce the costs and uncertainty that come from unharmonized integration tracks. ASEAN-Japan dialogue should take place frequently at both the bilateral and East Asian regional levels—even on the margins of RCEP negotiations—to improve mutual confidence and promote gradual harmonization of regional integration.

Second, ASEAN and Japan should establish a special joint working group to identify priorities, advance resolution mechanisms, and mobilize resources to develop regional connectivity, especially those supporting the improvement and operations of various supply chains that can produce mutual benefits. On the one hand, the group can help harmonize implementation of MPAC and issues related to ASEAN connectivity with efforts and projects to enhance connectivity in East Asia and, more broadly, in Asia Pacific. This approach will help prevent duplication of efforts by relevant ASEAN member countries and Japan under both MPAC and the APEC Framework on Connectivity. Mechanisms to expedite the MPAC projects should be developed and enforced in a timely manner. On the other hand, the group can help balance efforts across the three main pillars of connectivity—physical connectivity, institutional connectivity, and people-to-people connectivity—as well as progress across ASEAN members.

Third, in coordination with ASEAN, Japan should deepen its support for the process of building the AEC and implementing ASEAN connectivity efforts, especially by developing capacity-building programs for Cambodia, Laos, Myanmar, and Vietnam so that they catch up with the more advanced ASEAN members. Japan could extend technical assistance for simplifying cross-border procedures related to the movement of goods and people, especially via the ASEAN Single Window and NSWs, as a foundation for magnifying the benefits to be had from enhancing physical connectivity. These efforts will also help leverage the benefits for Japan and those ASEAN member countries that are also currently parties to the TPP. To facilitate regional community building, Japan should explicitly express its support for strengthening the centrality of ASEAN in regional processes.

Fourth, ASEAN and Japan should also promote further progress toward liberalization in the areas of services and investment, while facilitating freer flows of trade in goods with improved utilization of preferential tariff treatment under the AJCEP. This promotion should be guided by the outcomes of the TPP agreement as well as the ongoing progress in the RCEP negotiations to ensure minimized adjustment costs for stakeholders. Bilateral negotiations are also essential to make way for connectivity-enhancing mutual recognition of standards and regulations.
Fifth, ASEAN should acknowledge the importance of its own strides toward the creation of the AEC and improved ASEAN centrality in the region, reflected in wide-ranging measures and material progress in facilitating flows of goods, investment, and people; in maintaining a stable, competitive, and harmonious region; and in coordinating the resolution of various issues related to regional development. This should enhance the image and reliability of ASEAN as a major regional partner.

Sixth, Japan could join in and lead the process of improving the regional master plan on connectivity. This process should take into full account the connection between ASEAN and Japan, national strategies for developing infrastructure, and the APEC Framework on Connectivity. Given its capacity, Japan may contribute to the development of national primary transportation networks and related facilities, including the East-West corridors, ICT, energy, and sea and airlines transport. In this respect, Japan should engage in dialogue with other partners, especially China and Korea, to ensure coordination of related transportation network and corridor development. Again, this coordination may require involvement in the form of diplomatic and intellectual efforts from ASEAN.

Seventh, depending on interest and capacity, Japan could extend support or assistance to the preparation of feasibility studies for relevant projects under MPAC or the APEC Multi-Year Plan on Infrastructure Development and Investment, which must incorporate comprehensive assessments of the socioeconomic and environmental impacts. For monitoring purposes, Japan could support ASEAN in improving (sectoral) statistics and databases and in strengthening information-sharing mechanisms related to the progress of regional integration and connectivity and the reduction of intra-ASEAN development gaps.

Eighth, Japan needs to dedicate further efforts with ASEAN to mobilizing resources and formulating and enforcing institutions for implementation. Such efforts should start with existing schemes such as the Asian Bond Markets Initiative, the Asian Bond Fund, ASEAN stock market links, the AIF, and other relevant arrangements. Another line of efforts is to strengthen private sector engagement (in particular from ASEAN and Japan) in ASEAN connectivity, using PPP mechanisms based on a combination of different sources of financing and internationally acceptable standards. Deepened technical assistance from Japan to the ASEAN Connectivity Coordinating Committee for implementing MPAC and the broader regional master plan of connectivity is also essential.

Ninth, ASEAN needs to assume a more active and effective role in coordinating efforts by various partners, including Japan, for physical infrastructure development. This role also requires ASEAN members
to consult and work together, taking a regional perspective, with bold common decisions to select or disapprove certain projects. No new projects should be approved so as to avoid further dispersion of resources. ASEAN should also be prepared to facilitate dialogue among development partners, such as between Japan, China, and Korea on physical connectivity issues and projects.

Finally, Japan and ASEAN should promote further frank dialogue to address behind-the-border barriers to movements of people, with a particular focus on the recognition of educational qualifications, simplification of visa conditions and procedures, and overseas recruitment of low-skilled labor. In this regard, Japan’s openness in attitude as an advanced country should play a pivotal role.

Connectivity enhancement, formalized under MPAC, is emerging as an integral part of ASEAN integration and the process of building the AEC, and it can bring substantial benefits to all member countries. The overarching objective of MPAC is well elaborated, with support and feasibility embodied in a number of strategies and key action plans. Still, MPAC implementation may be subject to several challenges, an imbalance in its focus, lack of coordination among projects, and limited sources of finance and monitoring mechanisms. Despite these challenges, ASEAN can successfully implement MPAC in cooperation with Japan, which has tremendous potential and financial resources and stronger motivation to achieve connectivity than would be the case with mere partners. The key in this process, however, is “strategic trust” between countries in East Asia. As such, the framework is not restricted to ASEAN and Japan but instead incorporates an openness to support by other partners, including China and Korea. MPAC is thus more than a goal; instead, the implementation of MPAC may also provide a good opportunity for key players to make their best simultaneous efforts at enhancing regional connectivity and providing a favorable foundation for regional community-building processes. From Japan’s perspective, enhancing ASEAN connectivity will undoubtedly be beneficial given the range of its trade and investment linkages in the region.
NOTES

1. According to Sven Arndt and Henryk Kierzkowski’s edited work, *Fragmentation: New Production Patterns in the World Economy* (Oxford, UK: Oxford University Press, 2001), a “service link” is defined as “a composite of activities such as transportation, insurance, telecommunications, quality control, and management coordination to ensure that the production blocks interact in the proper manner.”


5. As of September 2015, five ASEAN member states had joined the ASEAN Single Window System, including Singapore, Malaysia, Indonesia, Thailand, and Vietnam.

6. Examples include engineering services, nursing services, surveying qualifications, architectural services, medical practitioners, accountancy services, and dental practitioners.


8. These include the Chiang Mai Initiative, Asian Bond Market Initiative, and the Asian Bond Fund.


11. Brunei data is from 2012; no data is available for Myanmar.

12. Myanmar data is from 2012.

13. This framework was adopted by APEC Leaders in 2013.
Strengthening Maritime Cooperation in East Asia

PDP Osman Patra

The importance of the maritime domain to the future development of East Asia requires no further emphasis in view of the widely heralded shift to the so-called “Asian Century.” The East Asian seas over the past centuries have underwritten the existence and prosperity of the littoral countries and beyond. However, the unresolved territorial and maritime disputes, together with the intermittent escalation of tensions, represent an ongoing and potentially destabilizing factor for the future of the region.

In addition, there are a number of ongoing maritime problems that demand greater attention from the littoral states, including issues such as crime and other illegal activities that complicate the challenge of ensuring good order at sea and impact the safety and security of the region. Furthermore, the ineffective management of resources and transnational pollution, which have deep-seated and long-term consequences, pose a further silent threat.

In light of rapid regional integration and the acclaimed strategic ascendancy of East Asia, should ASEAN and Japan allow the status quo to continue, maintaining a less-than-holistic approach to cooperation in their seas and remaining constrained by the political construct of a separate Northeast and Southeast Asia? This chapter explores the reasons why a stronger approach is needed in handling maritime issues in East Asia. Next, it identifies the main trends associated with the topic in order to provide an overview of what countries perceive as issues of special concern. The efficacy of existing mechanisms and processes in addressing maritime problems and promoting cooperation are evaluated, offering insight into potential avenues for ASEAN-Japan cooperation on this matter.
Strategic Rationale

To begin, let us first delineate the area of focus in this chapter. The relevant waters of East Asia are categorized as “semi-enclosed seas.” This implies that the policies and actions of a state with respect to its offshore area will have direct consequences for other littoral states. These marine ecosystems—especially the quality of their biodiversity, habitats, and resources, both living and non-living—constitute part of the overall considerations that factor into national and regional policy. As one recent report notes, “They are strategic, globally significant, and geologically unique international water systems.”

Due to the contentions surrounding them, there are two main seas that are of special interest to the region. The first is the East China Sea (Yellow Sea), which covers 770,000 km$^2$ and connects to open oceans and other semi-enclosed seas in the area. The littoral states and entities bordering this sea are China, Japan, the Democratic People's Republic of Korea, South Korea, and Taiwan. Ongoing disputes over the sovereignty of islands located in this sea and over maritime boundaries continue to affect relations between China, Japan, and South Korea.

The second key body of water is the South China Sea, covering an area of 3.5 million km$^2$ and encompassing many important straits that connect to open oceans as well as to other semi-enclosed seas. The littoral states and entities that border the South China Sea are Brunei, Cambodia, China, Indonesia, Malaysia, the Philippines, Singapore, Vietnam, and Taiwan. Two groups of islands, the Paracel Islands and the Spratly Islands, as well as their adjacent waters, are the subject of overlapping claims from China, Brunei, Malaysia, the Philippines, Vietnam, and Taiwan.

The East China Sea and the South China Sea connect Northeast and Southeast Asia as a region. With globalization and growing interdependence, the state of the seas is inextricably linked to continued peace and prosperity in East Asia. Developments in the last two decades demonstrate that the mutual interests and concerns of countries in the region are becoming increasingly broad and intertwined.

The statistics and predictions about the size of the East Asian economies, the volume of shipping, and the potential of the region's oil reserves and the fishing industry are significant trends indeed. With national economic policies in a number of countries geared toward future growth to cope with demographic change, especially in China, it is instructive that the regional seas will be regarded not only as a vital mode of connectivity and a reservoir of resources for exploitation, but also as a lifeline for well-being and prosperity. The South China Sea in particular serves as the main artery for
heavy maritime traffic between East Asia and Europe, Africa, the Middle East, and South Asia. The region is rapidly becoming the center of gravity in the global economy. The geopolitical significance of and concerns about the East Asian seas also extend worldwide.

Ensuring successful maritime cooperation in East Asia is thus critical, but it requires surmounting a number of difficulties. First, it must overcome the political environment that continues to be tainted by rising nationalism, ongoing territorial disputes, and relatively young institutions to deal with traditional or transnational issues.

Second, this is also a period of changing relations in the region, which has engendered strategic competition among many countries, as highlighted by the enmity between the United States and China, most conspicuously in the competition for supremacy in the East Asian seas. Geopolitical stability in East Asia will be closely linked to the positive interactions and relationships among the great and middle powers: the United States, China, Japan, India, Australia, South Korea, and the ASEAN nations. In this regard, a constructive relationship between China and Japan and between China and ASEAN member countries must be maintained in order to improve the strategic terrain in the region in general, and to improve the process for resolving maritime issues in particular. These two objectives are mutually reinforcing.

Third, the process of regional integration in East Asia, amplified by many multilateral frameworks, is being spearheaded by ASEAN and supported by its Northeast Asian neighbors and other dialogue partners. These concentric circles of institutions and processes can certainly assist in fostering maritime cooperation.

Recurring Themes in Maritime Issues

The situation in the East Asian seas is complex and entails many differing dimensions. For the purposes of this chapter, a few of the most salient recurring policy themes pursued by countries in their maritime affairs are examined.

Sovereignty and Jurisdictional Disputes

The central issue affecting peace and stability in the region is of course disputes related to sovereignty and territorial claims. Countries bordering the East and South China Seas are pursuing their claims predominantly on the basis of the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and have enacted national laws in this regard, although
a number of them have also alluded to historical rights. However, there appear to be regular inaccuracies in applying some of the provisions, for example in the definition of what constitutes an island or the method employed in plotting their maritime entitlement. Many of these assertions of sovereignty require clarification in scope and exact coordinates. This is a key factor driving the disputes.8

In the East China Sea, the contest is a fairly straightforward bilateral matter with at least one other country potentially involved in some cases. In contrast, the situation in the South China Sea is apparently more complex. The “nine-dashed line” adopted by China turns the row into a five-nation dispute with Brunei, Malaysia, the Philippines, and Vietnam, and at times Taiwan as well. At the same time, the South China Sea area is subject to multilateral disagreements among a number of Southeast Asian states, and a large number of the nationally established zones have not been clearly delimited.

China plays a prominent role and is involved in most of the issues both in the East China Sea and the South China Sea. At the 18th Party Congress in 2012, Hu Jintao proposed that China develop “into a maritime power,”9 and indeed the policies and strong measures it has introduced to advance its interests have made it the main contender in the region. While they have maintained the approach that was originally based on Deng Xiaoping’s policy to “shelve disputes and pursue joint development,” in recent years China has also asserted that these territories represent its “core interest.”10

The sheer political and economic weight of China, the vast expanse of coastlines and sea areas it shares in East Asia, and its current attitude toward the issue inevitably pose a great challenge in regional maritime affairs that has an important bearing on the national security planning of and neighborly relations with other nations in the region. This has a number of implications.

First, there has been heightened activity by China’s maritime agencies in the South and East China Seas. They have been involved in recurring naval incidents with Japan since 2010 in the vicinity of the Diaoyu/Senkaku Islands—particularly following the Japanese government’s purchase of three of the islands in 2012. They have also been disrupting Filipino oil exploration vessels near Reed Bank, at the northeast end of the Spratly Islands. There was also a standoff between Chinese and Vietnamese vessels over a Chinese drilling rig reportedly 120 nautical miles off Vietnam’s coast. In addition, China has established an air defense identification zone over the East China Sea that overlaps with the air zones of South Korea and Japan.11 It has also regularly imposed a fishing ban in the South China Sea. These actions in both seas—especially those in the East China Sea against
Japan—seem to be sending a strong signal to the claimants in Southeast Asia. This leads one to conclude that such measures represent a creeping, subtle, and consistent assertion of claims by China, which has led to further distrust of its intentions.

Second, China’s impressive economic achievement underpins its influential and emerging superpower status in Asia Pacific. This has affected security perceptions, prompting increases in defense spending among other countries in the region.  

A number of claimants have sought to change the status quo by upgrading the administrative status of occupied but contested islands or features. China upgraded Sansha, a small community on one of the Paracel Islands, to the level of prefecture to oversee features and waters in the surrounding area; the Philippines assigned its Spratly claims to the island province of Palawan; and Vietnam placed its Spratly and Paracel claims under Khanh Hoa and Da Nanh provinces respectively.

On the Diaoyu/Senkakus, Japan maintains that there is no territorial issue with China. The South Korean government has adopted a similar line toward Japan on the Takeshima/Dokdo issue, while in the South China Sea, China maintains exactly the same stance toward Vietnam in regard to the Paracels. Despite the long-standing maintenance of the “status quo” of these disputes, two external events appear to have caused a renewed escalation of tensions. First, the entry into force of UNCLOS in 1994 set many of the region’s countries onto a collision course as they began to reassert their 200 nautical mile maritime entitlement through various legislative measures. That was followed by the requirement that countries submit claims of sovereign rights to their extended continental shelf by 2009.

The issue of anti-access and area denial could also potentially generate a bigger international debate over the freedom of sea lines of communication (SLOC) in the coming years, as highlighted by the way countries such as the United States, Japan, and India uphold the importance of freedom of navigation. Unless a compromise or understanding is struck, this will constitute an inherent disagreement for the foreseeable future.

Transnational Issues in Maritime Affairs

On the other hand, countries in East Asia have not satisfactorily addressed the adverse impact of current trends in the region’s marine environment. While the assessments vary, they suggest problems of damaged ecosystems, declining fish production due to overcapacity, and, with the increase in seaborne trade, the cumulative risk of oil spills from vessels. This could pose
an even more critical security problem to the coastal states as it directly and dramatically undermines their economic and social fabric.\textsuperscript{16}

Overall, regional policies and cooperative mechanisms adopted so far to ameliorate the risks imposed on the sea area have been reactive or ad hoc in nature. Thus, they result in ineffective or at best palliative remedies.

The task of addressing transnational maritime issues is ironically left to the initiative and devices of individual countries, wherein there appears to be a disproportionate correlation between what those countries’ entitlements entail and their corresponding efforts and capabilities in implementing obligations in the context of international rules and responsibilities.

The incidents of piracy in the region, especially in Southeast Asia, are being addressed through such efforts as the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), and the Malacca Straits Patrols (MSP) by Malaysia, Singapore, Indonesia, and later joined by Thailand, in the Malacca Straits. Other problems such as people smuggling, drug trafficking, and illegal fishing also continue to pose a threat, and all require close coordination at the national and regional levels.

The themes above demonstrate the connectedness of the East Asian seas. Transnational interests and concerns demand a unity of purpose among the region’s countries. On the other hand, while territorial disputes are mostly bilateral, events in the South China Sea will have implications for the East China Sea as well. These issues underscore the risk to stable relations between countries due to the uncertainty, mistrust, and occasional tensions that various actions and reactions have created. This has been the main pattern among claimants for the last two decades. And as indicated, the issues revolve around the use and management of the seas and their resources.

Many analysts have concluded that due to the politically sensitive and irreconcilable nature of the disputes, they will not be solved any time soon, although they also believe that there is no serious threat of a major conflict occurring.\textsuperscript{17} Ironically, the last two decades have also witnessed a growing amity and cooperation in East Asia with the consolidation of the ASEAN+3 processes and the East Asia Summit. Generally speaking, trade and investment within the region have intensified, and there have been no disruptions to seaborne trade.

The ongoing discourse also demonstrates that the initiatives of governments, experts, and the academic community in response to maritime issues are tilted heavily toward resolving or managing territorial disputes and tensions in the region, specifically with reference to pursuing diplomatic channels and dialogues. The approach taken so far could draw attention away from the fact that the usage and management of the East Asian seas
are inseparable and should be dealt with in their entirety. It follows that the management of resources, protection of the environment, and maintenance of law and order at sea will facilitate the usage of the sea and the exploitation of resources in a sustainable manner, which is the justification for instituting a claim to sovereignty in the first place.18

**An Assessment of Regional Initiatives**

The primary focus here is the multilateral frameworks or processes being pursued in the ASEAN or extra-ASEAN (including in Northeast Asia) contexts in dealing with regional maritime issues. These are mostly centered on ASEAN-led processes, including the ASEAN Foreign Ministers’ Meeting (AMM), the ASEAN Regional Forum (ARF), the ASEAN Defence Ministers Meeting Plus (ADMM-Plus), the ASEAN+1 and ASEAN+3 Dialogues, and the East Asia Summit. The South China Sea issue has been inscribed in the ASEAN agenda and recently formed an integral part of the Roadmap for an ASEAN Community (2009–2015); it is also addressed in ASEAN’s work plans with dialogue partners.

Since the early 1990s, the AMM mechanism has represented the association’s interests in relation to China. Following the Mischief Reef incident between the Philippines and China, the AMM first agreed on the ASEAN Statement on the South China Sea in 1992. This unified position compelled China to engage ASEAN diplomatically on the issue in the mid-1990s. That was followed by the Declaration on the Conduct of Parties in the South China Sea (DOC), signed in 2002. That document, though nonbinding, contains comprehensive elements for dealing not just with issues pertaining to disputes but also on the broader question of governance and order at sea, confidence-building measures (CBMs), preventative diplomacy, and areas of cooperative activities.19 The assessment of its efficacy is ongoing, but it serves as a precursor to the proposed Code of Conduct (COC) and a major foundation for the evolution of a normative approach and a prescription for the holistic management of maritime issues among littoral states. It is supported by the ASEAN-China Senior Officials Meeting on the Implementation of the Declaration on the Conduct of Parties and by a working group. To date, a number of joint projects, mainly seminars, have been carried out that are in line with the 2011 agreed Guidelines of the Document and have been financed generously by the ASEAN-China Cooperation Fund.

The other ministerial and leaders-level mechanisms are vehicles for broader security and cooperation dialogues, in which the South China Sea
problems have frequently been raised. The tone of these dialogues is a more diplomatic expression of concern over disputes and the need to lower the tensions and ensure safety of navigation. This is due to China’s aversion to discussing territorial issues in an international setting. These mechanisms have led the relevant parties to recognize that the South China Sea issue must be handled appropriately, especially through the rule of law and the regional normative documents. In the ASEAN+3 framework and in ASEAN-China dialogues, the foreign ministers and leaders rarely raise maritime issues or cooperation. However, “enhancing maritime cooperation” is inscribed as part of the revised ASEAN+3 Cooperation Work Plan 2013–2017 that was adopted by the ASEAN+3 leaders.

In addition to the above, three other officials-level frameworks provide a venue for policy dialogue and consultation on this matter. As part of the ARF Working Group, an ARF Inter-Sessional Meeting on Maritime Security (ARF ISM-MS) was set up by the ARF ministers in 2008 and met for the first time the following year with the aim of developing concrete and effective regional responses to maritime security challenges. The ASEAN Maritime Forum (AMF) is another mechanism that was established in 2010, and it reaffirmed that “maritime issues and concerns are trans-boundary in nature, and therefore shall be addressed regionally in a holistic, integrated and comprehensive manner. Maritime cooperation between and among ASEAN member countries shall contribute to the evolution of the ASEAN Security Community.” The 3rd AMF, which was hosted by the Philippines in October 2012, also saw the inauguration of the 1st Expanded ASEAN Maritime Forum (EAMF), designed to encourage a dialogue on maritime issues that would involve the East Asia Summit participants and build upon the existing AMF. The initial meetings seem to have gotten off to a good start and they discussed a number of issues relevant to existing maritime concerns. The core work, method, and activities of both forums mirror that of the ARF ISM-MS. They also maintain, though, that their orientation should be non-security-centric, addressing issues such as the promotion of business through maritime cooperation and the establishment of linkages to support ASEAN connectivity. However, the agenda prescribed for several meetings of the forums seems to be quite broad and includes cross-cutting issues of security concern, in keeping with the Bali Concord II’s stated objective “to develop a set of socio-political values and principles and promote the resolution of disputes through peaceful means.”

As may be gleaned from the discussions above, these inchoate arrangements confront a number of challenges. Although their focus purports to be comprehensive, addressing cross-cutting issues, it seems that at this stage much attention is devoted to security-related issues. The format of
the work is very much directed at nurturing policy dialogues, exchanges of views, and country briefings. Accordingly, it is process oriented and based on organizational practices familiar to ASEAN. There are no program-based activities or projects being planned in a systematic manner. Participants usually offer to carry these out voluntarily.

Given this situation, it raises the possibility that there will be a lack of coordination and an overlap of efforts as the scope of discussions and activities expands, thereby putting the effectiveness of those frameworks at risk and creating a drain on resources.

On a more positive note, however, the proliferation of initiatives indicates that important integrative steps are being advanced in and beyond ASEAN. They are precursors that need to be nurtured as the prospect for regionwide East Asia cooperation is beginning to take shape. They reinforce each other in scope and substance. The frameworks elaborated above are at an early stage of development. The scope of the agenda, phase of work, and even its long-term direction are still very much works in progress. But they all point to the commitment of countries in East Asia to engage each other in institutionalized settings to address common concerns.

But in Northeast Asia, a dichotomous situation prevails in which robust economic relations among countries there coexist with historical, political, and strategic divides. Therefore, regional cooperation is occurring at a slower pace and remains at an early stage. But maritime concerns will certainly figure predominantly in the international affairs of the region.

There have been a number of joint fisheries agreements, including a China-Japan agreement in November 1997, a Japan-Korea agreement in January 2000, and a China-Korea agreement in June 2001. In addition, the China-Japan “principled consensus” on cooperation in the East China Sea has been in place since 2008, and though subject to fluctuations in bilateral relations, it also represents good progress. At the regional level, the trilateral China-Japan-ROK summit, which used to convene on the sidelines of the annual ASEAN Summit, was held on its own for the first time in Japan in 2008 to discuss trilateral cooperation and matters of regional concern. The trilateral meeting has been held on an ad hoc basis and a Trilateral Cooperation Secretariat was set up in Seoul in 2011. Meetings were not held in 2013 or 2014 due to political tensions among the three nations, but they resumed in 2015. In the meantime, due to the busy sea lanes in the East China Sea, the three countries have established an impressive record of search and rescue cooperation. Overall, these developments are a positive sign.

Looking at East Asia as a geographic entity, there appears to be no specifically dedicated forum or mechanism—let alone an overarching regional structure—being considered to deal comprehensively with maritime
matters. This signals the need for a regionwide institution that can string together the objectives and substance of those processes described above. Moreover, this should be done in a context that is linked to the building of an East Asian Community in which countries in the region have shared strategic interests.

On specific maritime issues, the regional experience in Northeast and Southeast Asia is on an advanced learning curve. ASEAN and China have embarked on a number of potential processes, and China, Japan, and South Korea have engaged each other from time to time on a bilateral or trilateral basis as well. The developments cited above are contributing factors consistent with, as well as supportive of, the creation of a regionwide platform. It begins with the increasing layers of cooperative institutions that in recent decades have galvanized countries in responding to many serious regional problems collectively.

**ASEAN-Japan Partnership in East Asian Maritime Affairs**

Japan was one of ASEAN’s earliest dialogue partners, having established that relationship in 1973. They consolidated their dialogue relationship first through the introduction of the Fukuda Doctrine, which contributed greatly to the economic progress and development of countries in Southeast Asia. Second, in the last two decades, countries in Southeast Asia have adopted a more comfortable and pragmatic attitude toward Japan’s efforts to assume greater political and security responsibility and contribute to cooperation on this issue in the region and beyond.

Since Japan is not a claimant, it does not take a position on the South China Sea (unlike in the East China Sea). But it is a stakeholder in ensuring the freedom of navigation and safety of regional sea lanes for its trade and energy needs in that sea in particular and the stability of the East Asian seas in general. Like many other interested countries, it tends to view the matter in the South China Sea as a regional concern rather than simply a bilateral one. In recent years, the tense situation in the area has presented an eminent challenge to its maritime interests. As one scholar notes, “Japanese concerns over the South China Sea have grown in tandem with rising tensions in the East China Sea because Tokyo views the two disputes as inextricably linked.”

At the ASEAN-Japan Commemorative Summit in December 2013, as in the previous summits, the leaders of ASEAN and Japan “underscored the importance of maintaining peace, stability and prosperity in the region and
promoting maritime security and safety, freedom of navigation, unimpeded commerce, exercise of self restraint, and resolution of disputes by peaceful means in accordance with universally recognized principles of international law, including 1982 UNCLOS.”

In the past Japan has been at the forefront of supporting many maritime projects aimed at strengthening dialogue and cooperation, including the ARF ISM-MS, the EAMF, and ReCAAP, as well as the operation and maintenance of the ReCAAP Information Sharing Centre to support this agreement. The Coast Guard’s regional training initiative is another project sponsored by Japan that should be continued. There are also many more specific sectoral areas in which Japan and ASEAN work closely together.

Going forward, their collaboration should be premised on the urgent appeal to bring countries in the disputes together, not as adversaries but as partners in addressing all maritime issues and related concerns in which cooperative approaches and effective rules and norms serve as guiding principles. Above all, it calls for closer dialogue and consultation in a robust institutionalized setting, and in maintaining an open channel for communications. In this light, ASEAN and Japan could play a number of crucial roles.

1. On the more intractable issue of disputes, Japan could maintain its carefully held posture and reaffirm its support for ASEAN in making further progress with China in their negotiations on the COC. The success here could serve as a powerful motivation to Northeast Asia, since the document would inherently reinforce the significance of a “rules-based” approach, centered principally on respect for UNCLOS, self-restraint, and the resolution of disputes in accordance with UNCLOS and relevant international laws.

2. In the meantime, ASEAN-Japan partnership could also help advance the implementation of prioritized CBMs with regionwide participation, such as the establishment of hotlines; the strengthening of the work of the ADMM-Plus, especially with regard to advanced notification of military exercises; the enhancement of cooperative search and rescue, as well as humanitarian assistance and disaster relief operations, moving beyond deployment exercises; and the promotion of the Incidents at Sea Agreement. These CBMs will enable countries, and especially their military, paramilitary, and civilian agencies, to work together and inculcate pragmatic maritime domain awareness.

3. Another urgent priority would be for ASEAN and Japan to assist countries in the region in effectively meeting their commitments under UNCLOS, ensuring that it serve as a reference point in governing every aspect of the uses and resources of the seas.
4. ASEAN and Japan should encourage all countries involved to clarify their claims consistent with UNCLOS, either through official or academic tracks. Such an undertaking by China, given its massive claims, will help clarify its position and intentions as a “peaceful rising power,” especially in the South China Sea. In the East China Sea, despite the tensions, at least the claims are much more transparent. Other relevant players in the South China Sea should also be expected to do the same, including listing features and identifying their maritime status. “This instills a mutual recognition and reassurance of a respect for international law that would be inherently stabilizing.”

5. Elevating discussions of functional cooperation, such as protection of the environment or sustainable exploitation of sea resources, to the level of ministerial meetings will bring a renewed appreciation of how countries should view maritime affairs. This is not to imply that ASEAN and Japan should pull attention away from the territorial disputes in the region, but rather that they also actively raise the profile of the other concerns. This could build upon the efforts launched by UN Secretary-General Ban Ki-moon through the Oceans Compact of August 2012, which called for, among other objectives, the strengthening of our knowledge and management of the oceans.

6. ASEAN-Japan cooperation should promote a vision of an “East Asia Maritime Forum for Cooperation” in the medium term—hardly a new idea as the process toward this has already started. Such an institution should be established at least at the ministerial level. Ideally, it would incorporate norms or rules of conduct to promote a high level of trust, which would bring about transparency, predictability, and eventually a sense of community. In terms of institutional development, this could be a work in progress, but ASEAN and Japan should formulate pragmatic strategies to develop a more effective and action-oriented institution that can act as a focal point to deal with and respond to the 21st-century maritime issues identified in this chapter.

It should be open to all relevant countries with a strong geographic footprint and relations with the region. The ARF ISM-MS appears to be too unwieldy. Rather, the AMF/EAMF should be the starting base for the development of such an institution as it includes the littoral states and countries with direct interest in the region. This would serve as a pragmatic way to engage all East Asian players—in particular China, Japan, and ASEAN—in managing disputes in which they are involved and in handling other transnational concerns with those directly affected. Eventually, the EAMF should mature or transform into a regionwide institution.
Inevitably, this demands an institutional set-up with a dedicated administrative unit or secretariat that has adequate human and financial resources and can support coordination, implementation, and follow-up actions. At the moment, ASEAN’s credentials in initiating and setting up regional institutions and frameworks, together with its centrality in most of them, make the association best suited to this task. However, a secretariat support unit for the ARF with a sideline responsibility on ARF ISM-MS and AMF/EAMF can hardly rise to the challenge of the responsibilities described here. In this regard, the experience and interest of Japan in dealing with maritime cooperation will provide a natural complement to ASEAN.

7. Both ASEAN and Japan should proactively support the adoption of regional norms and codes and should promote further understanding of and commitment to those norms. In addition to UNCLOS and the COC, the Council for Security Cooperation in the Asia Pacific (CSCAP) recommendation specifically on “Guidelines for Maritime Cooperation in Enclosed and Semi-Enclosed Seas and Similar Sea Areas of the Asia Pacific” provides an excellent basis for the facilitation of maritime cooperation in the region with due regard to Article 123 of UNCLOS. This article calls on states bordering an enclosed or semi-enclosed sea to “cooperate with each other in the exercise of their rights and in the performance of their duties under this Convention.” The CSCAP guidelines are also intended to “serve as a basis for preventive diplomacy” by incorporating critical regional CBMs and seeking to enhance the governance of oceans in the region and the concept of “integrated management of oceans issues.” Over time, adherence to a set of common values would provide growing predictability of behavior and an evolving regional order.

8. Furthermore, there are a number of mechanisms and programs at the UN and international levels dealing with rules and prescriptions for ocean and sea governance. These require countries to not simply associate themselves with that mechanism or program, but to provide assistance and cooperation in its implementation. In this regard, ASEAN-Japan partnership could help refocus regional attention on Agenda 21, the program of action for sustainable development first announced at the Rio Earth Summit in 1992, and more specifically on Chapter 17 and its related initiatives that deal specifically with the protection of the oceans and seas. With this, their work in intensifying regional cooperation could bridge the gap between the UN mechanisms and programs in these areas and their distinct national roles.

9. ASEAN-Japan efforts must create the means to integrate or connect the varied landscapes of regional maritime matters, as they are necessarily
fragmented, sectoral, and multidisciplinary, which reflects the position of maritime agencies in most countries. ASEAN and Japan could act as “Sherpa” in coordinating, promoting awareness, ensuring continuity, and soliciting support from politicians and stakeholders, including the public at large.

10. The ASEAN-Japan efforts will also be dependent on the continued support of the academic community and other experts, including stakeholders linked to the maritime industry, in providing useful expert advice on legal, technical, and scientific matters. Their contributions are critical in determining policy choices for policymakers to make a sound decision. In this regard, ASEAN and Japan must promote greater tripartite interaction among the academic communities, relevant stakeholders of the maritime industry, and government officials of Southeast Asia and Northeast Asia, with a view to soliciting their support in addressing maritime concerns in the context of East Asia.

In evaluating the above recommendations, while all efforts should be exerted to calm disputes, countries bordering the seas of East Asia must start weaving the net of cooperation in all areas of maritime concerns. In this regard, the last 40 years has demonstrated a very important development in the consolidation of ASEAN-Japan relations. But the success of their work together for the East Asian seas in the next 20 years will be even more critical for the peace, stability, and prosperity of the region.

Notes


2. Ibid. See also Lewis M. Alexander, “Regionalism and the Law of the Sea: The Case of Semi-Enclosed Seas,” Ocean Development & International Law 2, no. 2 (1974): 151–86. In East Asia, the main seas are the Celebes Sea, the East China Sea (Yellow Sea), the Sea of Japan, the South China Sea, the Sulu Sea, the Gulf of Thailand, the Andaman Sea, the Timor Sea, the Arafura Sea, and the Gulf of Tonkin. Each of these seas qualifies as a Large Maritime Ecosystem based on their size, and they are semi-enclosed and interconnected.


5. Asia Pacific Energy Research Centre, *APEC Energy Demand and Supply Outlook*, 5th Edition (Singapore: Asia Pacific Economic Cooperation, 2013), http://publications.apec.org/publication-detail.php?pub_id=1389. For example, in Asia Pacific, average GDP per capita is expected to rise from US$13,543 in 2005 to US$33,233 in 2035. The expected total GDP in US$ billion in 2035 for some economies is as follows: China 45,117; Japan 4,672; South Korea 2,727; USA 24,362; and Indonesia 3,341. See the US Energy Information Administration website for recent estimates of oil reserve estimates in the East China Sea (http://www.eia.gov/beta/international/regions-topics.cfm?RegionTopicID=ECS) and South China Sea (http://www.eia.gov/beta/international/regions-topics.cfm?RegionTopicID=SCS).


16. PEMSEA, *Sustainable Development for the Seas of East Asia*.


20. These measures include, among others, a call to “forge close cooperation toward enhancing the safety and security of navigation”; “promote regional maritime security capacity-building through concrete activities such as information-sharing, exchanges of officials, and holding maritime security-related tabletop and joint training exercises as and when appropriate”; “promote networking among the ARF, the ASEAN Maritime Forum (AMF), International Maritime Organization, IOR-ARC, ReCAAP, as well as other maritime-related fora, as part of a comprehensive and mutually beneficial approach to maritime cooperation”; and combat “maritime terrorism and transnational maritime crimes such as piracy, armed robbery against ships, hijacking, smuggling, and trafficking in persons” (http://aseanregionalforum.asean.org/files/library/Plan%20of%20Action%20and%20Work%20Plans/Hanoi%20Plan%20of%20Action%20to%20Implement%20ARF%20Vision%20Statement%20(2010).pdf).


34. Stjepan Keckes, Global Maritime Programmes and Organisations: An Overview (Kuala Lumpur: Maritime Institute Of Malaysia, 1997), 96. Agenda 21, the Programme of Action for Sustainable Development, was adopted by the United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in June 1992. Chapter 17 of the Agenda is devoted to protection of the oceans, all kind of seas, including enclosed and semi-enclosed seas, and coastal areas and the protection, rational use, and development of their living resources.
Asia Pacific is highly vulnerable to natural disasters. According to one report that examined disasters worldwide over a three-decade period (1979–2008), “Approximately 40% occurred in Asia, accounting for more than 90% of the people killed and affected and as much as 50% of the economic damage.” As a region connected by an ocean, located on the edge of several tectonic plates, and having a substantial population residing in low-lying coastal areas, Asia Pacific’s geological conditions contribute to the large number of disasters it experiences and the severity of the damage they inflict on humanity—a situation likely to be aggravated by environmental disruption and climate change. To make matters worse, many countries in the region are undergoing a process of urbanization. When congested cities and towns are struck by disasters, huge impacts on human security result. Hence, disasters pose what has been described as “a major obstacle to sustainable development in Asia’s poorer countries as tremendous efforts to spur economic growth come to naught in the end.”

Another vulnerability in Asia Pacific comes from the weakness of governance and community structures. In many cases, local governments do not have enough capacity or governance ability to cope with catastrophes, while even central governments often cannot easily make expeditious decisions. The 2010 earthquake in Haiti reminded us that the loss of government functions makes relief difficult, and Typhoon Haiyan (Yolanda), which hit the Philippines in 2013, highlighted the importance of local government capacity. Meanwhile, the 2011 Great East Japan Earthquake demonstrated that social resiliency at the community level is key to effective response and recovery from disasters. As one expert notes, “In many cases, the magnitude...
and frequency of disasters overwhelm governments’ capabilities,” and therefore many actors, including foreign governments and militaries, international organizations, nongovernmental organizations (NGOs) working on humanitarian assistance, and various donors, must join the efforts of the affected country in response and recovery. Ironically, however, the coordination cost for affected governments to manage numerous external actors is very high.

Nobody can escape the threats posed by natural disasters. But it is possible to prepare for and manage responses effectively. This chapter explores the areas where Japan and ASEAN can prepare jointly for disaster relief and risk reduction and asks if this experience could be expanded to include other parts of Asia. Next, it looks at the challenges to ASEAN-Japan cooperation in carrying out disaster relief and risk reduction. Finally, it explores the role of international and local NGOs and military assets and explores how NGOs and militaries can effectively work together. Although undeniably important themes, this chapter does not address in detail donor coordination among governments, international organizations, and NGOs, nor does it consider responses to man-made disasters.
Humanitarian Assistance and Disaster Relief (HA/DR) in Asia Pacific

Principles

Humanitarian assistance is requested when affected governments and their people do not have sufficient resources to respond to the damage wrought by a natural disaster. Humanitarian assistance should follow international humanitarian and human rights law, and three principles should be obeyed: humanity, neutrality, and impartiality.

According to a guide by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) Regional Office for Asia and the Pacific (ROAP), humanity is defined as a duty “to protect life and health and ensure respect for human beings”; neutrality as a commitment to “not take sides in hostilities or engage in controversies of a political, racial, religious or ideological nature”; and impartiality as acting “on the basis of need alone, making no distinctions on the basis of nationality, race, gender, religious belief, class or political opinions.”

Independence is another important principle for humanitarian action. For example, the International Committee of the Red Cross (ICRC) states its mission as being “an impartial, neutral and independent organization whose exclusively humanitarian mission is to protect the lives and dignity of victims of armed conflict and other situations of violence and to provide them with assistance.” The ROAP guide also defines independence as being “autonomous from the political, economic, military or other objectives that any actor may hold in relation to areas where humanitarian action is being implemented.” For humanitarian activists, independence is an important principle in order to avoid hostility from affected people; they must keep their distance from any politically motivated state behaviors. On the other hand, since the major powers’ militaries have recently begun participating in disaster relief, critics at times use this principle as grounds for criticizing such “politicized” actions.

Actors

In disaster response, UN agencies work closely with member states and NGOs, the latter having now acquired the reputation as being “operational implementing partners.” OCHA is the coordinating body for UN humanitarian assistance. In 1991, the General Assembly adopted resolution 46/182, which called for the establishment of an Emergency Relief Coordinator post,
the Department of Humanitarian Affairs, and the Inter-Agency Standing Committee. In 1998, in the process of UN reform led by Secretary-General Kofi Annan, the functions of the Department of Humanitarian Affairs were enhanced and it was renamed as “OCHA.” Today, when serious disasters occur, OCHA’s UN Disaster Assessment and Coordination (UNDAC) teams will be dispatched anywhere in the world within 12 to 48 hours for assessment, coordination, and information management. When earthquakes occur, UNDAC sets up an On-Site Operations Coordination Centre (OSOCC) to help coordinate international urban search and rescue teams that converge from all over the world.

Foreign governments are important actors in providing relief assistance at the time of a disaster. The huge presence of the United States should be noted not only with its military forces but also with the presence of its assistance agency, USAID. Japan, as one of the countries most vulnerable to natural disasters, has also tried to contribute to disaster relief and risk reduction efforts through various initiatives. Japan Disaster Relief (JDR) teams, along with financial and material assistance, have been dispatched to affected areas around the world since 1987 under the Law Concerning Dispatch of the Japan Disaster Relief Team. By a revision of the act in 1992, Japan’s Self-Defense Forces (SDF) can now join a JDR team upon request. After the Great Hanshin-Awaji Earthquake (1995), Japan’s disaster management and risk reduction initiative was accelerated, leading to the establishment of the Asian Disaster Reduction Center (ADRC) in Kobe in 1998. The ADRC’s functions include disaster education, risk management, and capacity building.

In Southeast Asia, in addition to individual governments’ efforts, ASEAN has assumed an important responsibility for disaster response. The ASEAN Committee on Disaster Management was established in 2003, involving the national disaster management organizations (NDMOs) of all 10 member states. Then, the ASEAN Agreement on Disaster Management and Emergency Response (AADMER) was drafted in 2005, entering into force in December 2009.

International and local NGOs are active in disaster relief in Asia. Seven major NGOs and ASEAN formed the AADMER Partnership Group and a group of 34 NGOs have formed a consortium known as the Asian Disaster Reduction and Response Network. In 2010, the Asia Pacific Alliance for Disaster Management (A-PAD) was founded at the initiative of a Japanese NGO, Civic Force, in order to link government, the private sector, and NGOs in Asia Pacific. A-PAD aims to ensure effective disaster response and relief by establishing cross-sectoral pre-arrangements of aid and assistance.
While all of these developments represent positive steps, Yukie Osa, president of the Association for Aid and Relief, Japan, is concerned that many Asian NGOs have not committed to the Code of Conduct (COC) for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief. Among the 587 NGOs in the world that have signed this COC to date, a mere 50 are from East Asia (27 from Japan). Osa explains, “In most Asian countries, it can be said that disaster relief and humanitarian NGOs are not highly aware of the principles of humanitarian assistance and therefore are not particularly sensitive to the relationship between their aid and its political impact.” To be sure, the commitment to the COC alone should not be the criteria for evaluating the capacity of Asian NGOs, but at the very least, this fact implies that they might behave differently from NGOs that have committed to the code.

As figure 2 shows, there is a large number of guidelines in effect in the region, most of which are nonbinding or voluntary. Relevant agencies and NGOs are making efforts to publicize them and educate organizations about their implementation, but they have encountered a steady increase of new actors in disaster relief activities, making it a daunting task. Still, the compliance with the guidelines is essential for rules-based and efficient reactions to disasters.

Military Assets and Civil-Military Relations

In response to the 2004 earthquake and tsunami in the Indian Ocean, the US Pacific Command became the core mechanism for disaster relief operations. Humanitarian assistance for the areas hit by the tsunami was jointly undertaken by many international organizations, the military forces of over 30 countries, and about 400 NGOs. While it is clear that US government bodies such as USAID and the Office of US Foreign Disaster Assistance at the Department of State were among the quickest entities to respond to this disaster, an ad hoc and needs-based multilateral regional core group was quickly formed among Australia, India, Japan, and the United States to coordinate overall operations. US Pacific Command designated the core group’s activities “Operation Unified Assistance,” and this grouping took the lead to organize what became known as Combined Support Force 536. This force, together with its civilian counterpart, the Combined Coordination Center, was stationed in U-Tapao, Thailand. The two components worked together to coordinate a broad range of assistance activities and civil-military cooperation.

A report by the Tsunami Evaluation Coalition evaluates this historical civil-military cooperation fairly, pointing out the weakness of vision and
approaches on the civilian side in terms of the usage of military assets. It states, “Most civil-military interaction concerned ad hoc tasking on logistics or security briefings but there was a need for greater strategic exchange to refine military planning and response and achieve a degree of synergy with humanitarian priorities and reflect its concerns.” The unpreparedness of OCHA’s civil-military coordination officers and inadequacies of different communication systems among militaries were also mentioned in this report.

The Stockholm International Peace Research Institute (SIPRI) also evaluated the effectiveness of military assets in disaster relief and response

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Figure 2. Key agreements and guidelines for disaster relief in Asia Pacific

**Binding Regulatory Agreements between States**
1. ASEAN Agreement on Disaster Management and Emergency Response (AADMER)
2. South Asian Association for Regional Cooperation (SAARC) Agreement on Rapid Response to Natural Disasters (ARRND)

**Non-binding Regulatory Agreements between States**
1. United Nations General Assembly Resolution 46/1824
2. International Federation of the Red Cross Red Crescent Societies (IFRC) Guidelines for the Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance
3. World Customs Organization Resolution of the Customs Co-operation Council on the Role of Customs in Natural Disaster Relief
4. FRANZ (France, Australia, and New Zealand) Agreement for the South Pacific Region

**Voluntary Guidelines Governing Humanitarian Action**
1. Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief
2. Sphere Handbook—Humanitarian Accountability Partnership Standard in Humanitarian Accountability
3. Inter-agency Standing Committee (IASC) Operational Guidelines on the Protection of Persons in Situations of Natural Disasters
4. Guiding Principles on Internal Displacement
5. Oslo Guidelines on the Use of Foreign Military and Civil-Defence Assets in Disaster Relief
6. Asia-Pacific Regional Guidelines for the Use of Foreign Military Assets in Natural Disaster Response Operations
7. Management of Dead Bodies after Disasters Field Manual
8. Guidelines for Environmental Emergencies
9. IASC Guidelines for Gender-Based Violence Interventions in Humanitarian Settings
10. IASC Gender Handbook in Humanitarian Action

and found that “in none of the four case studies did government of the affected country state a preference for civilian over military assets.” Since the scale of natural disaster relief and response in Asia Pacific tends to be massive, the necessity of military assets is widely perceived in the region, and many militaries regard disaster response as one pillar of their mission.

The SIPRI report further notes, “Air assets were in fact critical to the overall success of the operations. Airlift is also the one functional area where there has been considerable civil-military coordination… Airlift is one of the less controversial functions carried out by foreign military assets, because it falls within the category of indirect assistance.” Kensuke Onishi, the CEO of Peace Winds Japan and founder of Civic Force, concurs with that assessment, admitting that NGO helicopters tend to be small and heavily oriented toward the task of transporting doctors. He insists, “When natural disasters happen, a thousand companies and NGOs are mobilized for operations, but putting to use the goods and financial support they provide requires transportation.”

Compared with humanitarian assistance during wartime, disaster relief tends not to confront any serious problems in terms of civil-military cooperation since it is relatively easy to stick to the basic principles of humanity, impartiality, and neutrality, and military support is often indirect assistance. However, it should be noted, “Awareness of the guidelines and understanding about the conditions under which they apply are evidently still far short of what they should be … While the Oslo guidelines seem to be well known to policymakers, they are relatively unfamiliar to military commanders and others taking part in disaster relief operations.” Without appropriate understanding of the guidelines on the use of military assets, it could possibly raise suspicions with regard to the motives of (particular) foreign militaries and lessen the effectiveness of their assistance. When military assets are employed, they should be mobilized on the basis of timeliness, appropriateness, coordination, and cost effectiveness, avoiding overlap with civilian humanitarian organizations.

Other Challenges

The aftermath of Typhoon Haiyan, which struck in November 2013, served as a reminder of the importance of security issues for disaster relief teams. With the loss or deterioration of government functions, security-related information tends to be confused. According to a presentation by an official from Japan’s Ministry of Foreign Affairs Humanitarian Assistance and Emergency Relief Division, the first batch of medical personnel they
dispatched was confused by “fluctuating security information” in the earliest stage, when “collecting valid information, making appropriate assessment and rapid sound judgment were required.” While it is crucial that there be information sharing among the various actors from abroad, the responsibility of the affected governments in this regard must be realized.

Stacey White, a specialist on the intersection between natural disaster risk management and governance, lists five dilemmas in disaster management in Asia:

1. While disaster risk in Asia has facilitated cooperation and trust across a number of action areas, the politicization of the humanitarian agenda risks diverting its primary objective of making communities safer.
2. Asian states are torn between committing themselves to more integral multilateral regional arrangements on the one hand and investing in their own disaster self-management tools on the other.
3. An uncoordinated donor environment has inadvertently encouraged the bankrolling of different, duplicative regional initiatives.
4. Given the central role of national military forces in responding to disasters, multilateral regional arrangements will need to enhance military capacity while tempering potential concerns about rising militarism.
5. Asia is called upon to synchronize its regional efforts with those of existing international mechanisms while ensuring that it moves beyond these instruments, some of which are proving less effective in addressing the challenges of the twenty-first century.

The first and fourth point on politicization raise a general concern with regard to humanitarian assistance, especially in terms of the use of military assets. Even though Asian nations tend to accept the reality and necessity of such assets, bilateral and multilateral security cooperation on disaster management should be designed inclusively, avoiding the political and diplomatic risks of great power politics. On the third point, the division of labor among coordinating bodies such as OCHA, ASEAN (both the Secretariat and the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management), and the affected governments should be guided by experience and developed through preparatory exercises.

Disaster relief, as noted above, requires the principles of impartiality and neutrality. Humanitarian assistance, then, tends not to emphasize the importance of knowing the local community, culture, or traditions, and aims to rebuild what has been lost by the disasters. However, Rika Yamamoto, an experienced humanitarian assistance professional and chief of emergency operations at Peace Winds Japan, claims that regional studies
are indeed very important. She points to a case study from Aceh, where foreign assistance was used to build many houses in the affected areas, but a large portion of them were not used due to the mobility of people, who chose to move to other areas. She lamented that a knowledge of the local culture, community, and situation would have helped lessen such a loss of resources and would have resulted in more efficient support for the affected people.  

Finally, since many Asia Pacific states are newly developing economies, the transition from disaster response and relief to development is also crucial for the success of recovery from disaster.

ASEAN-Japan Disaster Management Network

General Context

The Great East Japan Earthquake (2011) reminds us of the fact that disaster relief and response is a difficult task, even for an advanced economy with a long track record of planning various risk reduction projects. Japan, however, has strengthened its efforts on international cooperation since the March 11 disaster, viewing this as one of the most important contributions it can make to the world given its aid, technology, and know-how.

In 2011, Japan offered to host the 3rd World Conference on Disaster Risk Reduction, which was scheduled for (and subsequently held in) 2015—and that offer was accepted by the UN General Assembly. Japan’s objective was to “spearhead . . . efforts to mainstream disaster risk reduction within the international community, including incorporating disaster risk reduction within discussions to draw up a post-HFA [Hyogo Framework for Action], and within the international development goals (post-MDGs) from 2015 onwards.”

In July 2012, at the World Ministerial Conference on Disaster Reduction in Tohoku, Prime Minister Yoshihiko Noda declared that Japan would commit US$3 billion from FY2013 to FY2015 in the area of disaster risk reduction. In the chair’s summary, it was noted that human security is a crucial foundation for disaster risk reduction efforts, and in fact in FY2012, the Japanese government paid out around US$1.114 billion for such work, including relief and reconstruction in earthquake-hit Haiti and flood-hit Thailand. Japan’s aid to ASEAN on disaster management has been increased in this context.
ASEAN-Japan Cooperation on Disaster Relief and Risk Reduction

In November 2011, Japan and ASEAN agreed on a Joint Declaration for Enhancing ASEAN-Japan Strategic Partnership for Prospering Together, the so-called “Bali Declaration.” That agreement committed the two sides to disaster management cooperation, stating that they would enhance regional cooperation in the fields of emergency preparedness, humanitarian assistance and disaster relief, through the implementation of the ASEAN Agreement on Disaster Management and Emergency Response (AADMER), through inter alia, strengthening of the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre), sharing experiences and lessons learned, conducting training and capacity building and establishing a comprehensive information-sharing system, particularly through Japan’s initiative on Disaster Management Network for the ASEAN Region.30

Even before that declaration, Japan supplied US$300,000 from FY2010 for conferences and consultations to launch the AHA Centre. It also provided US$1.6 million for information and communication technology (ICT) systems (phase one), and US$12 million toward the establishment of a crisis-response logistics system.31

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**Figure 3. Concept of Sentinel Asia Step 3**

![Diagram of Sentinel Asia Step 3](http://www.aprsaf.org/initiatives/sentinel_asia/pdf/APRSAF_leaflet_sa.pdf)
Then Prime Minister Noda and his foreign minister, Koichiro Gemba, introduced a slogan describing the Japanese contribution to ASEAN disaster management as being “from outer space to rural communities.” As figure 3 shows, this concept demonstrates the scope of Japanese assistance to ASEAN.

Leaders from ASEAN and Japan convened two summits in 2013. At the second gathering, the ASEAN-Japan Commemorative Summit Meeting held in December in Tokyo, the two sides agreed to adopt the Implementation Plan of the Vision Statement on ASEAN-Japan Friendship and Cooperation. Disaster management and relief are covered by the partnership for the purpose of ensuring peace and stability as well as for quality of life. It promises cooperation on AADMER “through activities such as risk identification and monitoring, regional standby arrangements, joint disaster relief and emergency response, to support enhanced interconnectivity and interoperability between AHA Centre’s ICT system with those of the National Disaster Management Offices (NDMOs) in the ASEAN Member States, as well as support for the Disaster Emergency Logistics System for ASEAN (DELSA).”

This project to connect the AHA Centre and each NDMO is supported by Japanese official development assistance (ODA). The implementation plan also calls on the two sides to “contribute to the successful outcome of the Third World Conference on Disaster Risk Reduction in 2015.” These commitments were reconfirmed at the November 2014 ASEAN-Japan Summit, where Prime Minister Shinzo Abe noted that approximately ¥60 billion of the amount committed for “ASEAN-Japan Disaster Management Cooperation” the previous year had already been disbursed, while about 250 individuals had been trained.

Sentinel Asia, a disaster-mitigation initiative of the Japan Aerospace Exploration Agency in cooperation with the Asia-Pacific Regional Space Agency Forum and ADRC, was the first project to share satellite information. It was initially advocated in 2005, and today 20 member countries (51 organizations) and 8 international organizations participate. The objective of Sentinel Asia is to promote cooperation to collect and share disaster information from earth observation satellites, covering typhoons, floods, earthquakes, tsunamis, volcanic eruptions, and wildfires. In phase three of the initiative, which began in 2013, Sentinel Asia aims to “establish a comprehensive, operational and enduring disaster management support system in the Asia-Pacific region,” especially through “utilizing many and varied satellites, such as earth observation, communication and navigation satellites,” and “better covering the entire disaster management cycle: the mitigation/preparedness phase and recovery phase as well as response phase.”
In addition, Japan’s new meteorological satellites, Himawari Eight (launched in October 2014) and Himawari Nine (scheduled to be launched in 2016) are equipped with enhanced capacity to monitor the environment, such as ocean surface temperature, sea ice distribution, and yellow sand, and to observe disaster-related surface weather, such as typhoons and concentrated downpours.\(^3\) And complementing that, JICA has started a training program on capacity development for immediate access and effective utilization of satellite information for disaster management, including utilization of satellite data for flood analysis, for representatives from each ASEAN NDMO.\(^4\) Furthermore, in the Implementation Plan of the Vision Statement on ASEAN-Japan Friendship Cooperation, further discussion on the Quasi-Zenith Satellite System was also promised.

Other networking technology has also been sought to enhance disaster management connectivity. In Indonesia, a one-segment broadcasting system with a solar power generation system has been utilized to transfer disaster-related information to rural communities where no electricity is available. In addition, a new project using digital terrestrial broadcasting is being explored to establish an early warning system on natural disasters.

For the AHA Centre, Japan has also provided an initial US$12 million to assist with the ASEAN emergency disaster and crisis response logistic system.\(^5\) First of all, the AHA Centre, aiming at being a first responder for ASEAN, has prepared an emergency stockpile located at the UN’s Humanitarian Response Depot (UNHRD) in Subang, Malaysia. Stockpiles and additional resources from the private sector will be delivered to affected areas through a prearranged transportation system. It is significant for ASEAN to have its own response stockpile. Aid from Japan supports this system both through stockpile supplies and human capacity building. Second, starting in 2014, two government officials from each ASEAN member are being trained for six months at the AHA Centre and in Japan for disaster management under its new AHA Centre Executive Programme.

Japan’s bilateral ODA has been increased for disaster management. The projects cover everything from flood management to bridge and road construction, to capacity building for disaster risk reduction planning and observation. Cambodia, Indonesia, the Philippines, and Vietnam are the major recipients of this assistance.

The Self-Defense Forces and Disaster Relief

In addition to the provision of bilateral and multilateral ODA, including the transfer of technology and information, Japan has contributed to Asian
nations on disaster management through the dispatch of Japan disaster relief teams (JDR teams), composed of civilians and, when necessary, units from the SDF. The joint statement issued at the 2013 ASEAN-Japan Commemorative Summit confirmed Japan’s interest in defense cooperation on disaster management, stating, “ASEAN welcomed Japan’s interest in this area of cooperation and noted its offer to host an informal meeting between ASEAN and Japan involving ministers in charge of defense matters to discuss this issue and other non-traditional security challenges.”

In 2014, Japan assumed the responsibility of co-chair of the ADMM-Plus Expert Working Group on HA/DR together with Laos.

Since the end of the Cold War, international cooperation by the SDF with other militaries on disaster relief has gradually gained momentum since it is unlikely to be criticized. The series of massive disasters that have occurred in the region in recent decades has given such efforts a sense of urgency. In addition, it is also noteworthy that disaster relief cooperation is easily established regardless of the general political atmosphere, and contributes to promoting positive sentiments on both sides.

The SDF has a substantial amount of its own assets for disaster management, with experience in HA/DR, military medicine, and peacekeeping operations. Its helicopter destroyers (DDH Hyuga Class and Izumo Class destroyers) are designed for multiple functions, including disaster relief. In addition to their function of carrying cargo and medicine, the ships feature large rooms for civil-military coordination.

Based on its experience with Typhoon Haiyan, at which time it dispatched a JDR team and about 1,200 SDF officers, MOFA pointed out that regular peacetime dialogues among JDR civilian teams, the SDF, other foreign civil and military teams, and the UN serve to facilitate closer contact and coordination during an emergency. The same document further emphasized the usefulness of the OCHA International Search and Rescue Advisory Group’s field training exercises and table-top exercises, as well as the ARF Disaster Relief Exercises.

The SDF has been endeavoring to develop capacity through its own bilateral and multilateral frameworks. The Multinational Cooperation Program in the Asia-Pacific (MCAP), for example, an annual event held by the Ground Self-Defense Forces (GSDF) that stresses the importance of civil-military coordination efforts even during peacetime, drew participants from 25 countries and about 10 NGOs to its 2013 meeting.

The GSDF’s Tohoku headquarters also held Michinoku Alert 2014, which was convened with participation from local governments, the private sector, and media and took the form of a disaster relief command post and field training exercise. On August 2015, the GSDF held another
exercise called Northern Rescue, with participation from the US Armed Forces and the Australian Defence Force. One unique aspect of these exercises was the participation of people from many sectors, and the lessons they provided, coupled with those from the Great East Japan Earthquake, are expected to also be useful for international capacity development. Observers were initially to be invited, but for the Northern Rescue exercise, there were no foreign military observers other than those from the participating nations.

Similar capacity-building efforts have been provided for East Timor. In 2012, the SDF started training automobile mechanics in that nation for the purpose of developing their HA/DR capacity. And as part of the Australian-led Exercise Long Reach 2013, a GSDF colonel delivered a lecture on the lessons from the Great East Japan Earthquake.

The Japanese SDF is thus taking on a more prominent role in disaster relief in Asia Pacific through bilateral and multilateral cooperation. No one disaster experience or single multilateral platform, however, can fit all. In this vast area of Asia Pacific, there are many variations of potential disasters, which will require different combinations of amphibious, naval, air, and surveillance forces. Moreover, even though Asia Pacific nations, compared with those in other regions, tend to accept the necessity of the massive use of military assets for disaster relief, sensitivities to such operations still exist. Hence, it is essential to avoid a politicized image of civil-military activities for disaster relief. Inclusive and functional mechanisms would soften such an image, and further study is required to ensure a smooth process from the usage of military assets to the reconstruction phase.

**Recommendations**

Based on the above discussion, the following recommendations offer areas where ASEAN-Japan cooperation could usefully be initiated or strengthened.42

**AHA Centre**

1. Japan and ASEAN should review the functions of the AHA Centre in light of the experience with Typhoon Haiyan in terms of the provision of emergency stocks and coordination among governmental and non-governmental actors.
2. Japan and ASEAN should smoothly manage the second phase of the AHA Centre’s ICT project and provide ICT support for disaster management agencies in Cambodia, Laos, and Myanmar. They should also discuss the
necessity of a continuity plan for the AHA Centre in case the center itself is struck by a disaster.

3. The AHA Centre should receive more support for its communications with member states and foreign militaries.

Civil-Military Cooperation

4. In general, Japan and ASEAN should seek ways to make optimal use of their military assets because the natural disasters in Asia Pacific tend to involve quite a large number of people suffering from a loss of shelter, food, and clothing, and a loss of effective governance.

5. During their informal defense ministers meetings, Japan and ASEAN should discuss further efforts on military training for disaster management that involves civilian-sector representatives from international organizations and NGOs. They should also review the disaster relief mechanisms for transportation, search and rescue, and medical cooperation.

6. As noted above, the GSDF has been conducting a series of disaster relief exercises in Tohoku known as Michinoku Alert in cooperation with local governments, corporations, the media, and hospitals, and a similar exercise was held in Hokkaido in 2015. These types of exercises present an excellent opportunity to invite observers from the ADMM-Plus countries, and their participation should be actively encouraged in the future. The GSDF has also held the MCAP since 2002 and has added participants from international organizations and domestic and international NGOs. MCAP should play a role in developing guidelines and plans for civil-military collaboration.

7. The finalizing of the Asia-Pacific Regional Guidelines for the Use of Foreign Military Assets in Natural Disaster Response Operations (APC-MADRO), led by the efforts of OCHA, is a welcome step. It is crucial to encourage a broad understanding of these guidelines throughout the region, and Japan and ASEAN must share the responsibility in this effort.

8. The SDF experience in Japan's disasters, including the multiple disasters entailed in the Great East Japan Earthquake, should be widely shared. The know-how gained in terms of protecting citizens and providing crucial early-stage support to sustain people’s lives offer good examples. Educational exchanges among officials from the SDF and ASEAN militaries should be enhanced to achieve a basis for the standardization of operations and better communication in a crisis.

9. Japan and ASEAN, along with other ADMM-Plus members, should consider the necessity of discussing a rapid disaster response agreement that would provide a better legal foundation for the operations of foreign militaries when providing disaster relief. Also, it would be desirable for Japan
and ASEAN to seek better ways to ensure the protection of forces engaged in disaster relief, including through the provision of necessary intelligence.

Development

10. Japan and ASEAN should explore ways to smooth the transition from disaster recovery to development, since many of the most heavily affected areas are apt to be those that are less developed. For this, Japan and ASEAN should promote regional academic studies that can inform that process. It is also necessary that when foreign militaries withdraw from an affected area, they maintain contact with development agencies and organizations during the transition phase.

Food Reserve

11. Japan should establish a medical and food (rice) supply network with ASEAN. When Typhoon Haiyan struck, the ASEAN Plus Three Emergency Rice Reserve was activated, and this experience should be reviewed with an eye to future arrangements.

Finance

12. Japan should consider establishing a fund aimed at providing loans for speedy reconstruction financing. This fund should coordinate its functions with the equivalent programs of the Asian Development Bank and the World Bank.

Infrastructure

13. The Japanese government should assist ASEAN countries in developing more resilient infrastructure against disasters including typhoons, storm surges, earthquakes, tsunami, volcanic eruptions, and landslides.

14. Japan should assist in disaster risk reduction through the provision of ICT, support for early warning and surveillance systems, and human resource development in central and local governments.

Nongovernmental Organizations

15. Japan and ASEAN should facilitate the networking of HA/DR-related civil society organizations. The 3rd World Conference on Disaster Risk Reduction, held in 2015 in Japan, provided one such opportunity to develop the network among Asian NGOs, and similar opportunities should be explored in the future.

16. The Asia Pacific Alliance and other efforts should help in the capacity development of NGOs through the sharing of experiences and education on the commitment to international guidelines.
Space and Broadcasting Technology

17. Japan and ASEAN should help promote the phase three activities of Sentinel Asia to complete the comprehensive mechanism for utilizing satellite information for disaster management and relief activities.

18. Japan and ASEAN should also seek ways to utilize the data from Japanese meteorological satellites Himawari Eight and Himawari Nine, which have enhanced capacity to monitor the earth’s environment and disaster-related surface weather, to improve the Japan-ASEAN disaster management network.

Notes

1. In writing this article, the author conducted separate interviews with Japanese government officials and NGO representatives on humanitarian assistance schemes, civil-military relations, Japan’s contributions to ASEAN, and defense diplomacy and drills, all in the context of disaster management and risk reduction. The author also served as the co-principal investigator for the Japan-US Alliance and Disaster Relief project with the National Bureau of Asian Research. See Thomas Fargo, Noboru Yamaguchi, Ryo Sahashi, Kei Koga, and Alison Szalwinski, Special Report 52: Preparing for Future Disasters: Strategic Assistance and the U.S.-Japan Alliance (Seattle, WA: National Bureau of Asian Research, 2015).


7. OCHA ROAP, Disaster Response in Asia and the Pacific, 8.


10. The Asian Disaster Preparedness Center in Bangkok was founded in 1986 and also aims to promote disaster awareness and management capacity with wide participation from regional governments.

11. Asian Disaster Reduction and Response Network member NGOs include organizations in Afghanistan, Bangladesh, India, Maldives, Nepal, Pakistan, and Sri Lanka in addition to Asia Pacific nations.

13. As of May 2015. The list of signatories to the Code of Conduct is available on the International Federation of Red Cross and Red Crescent Societies website, http://www.ifrc.org/en/publications-and-reports/code-of-conduct/signatories-of-the-code-of-conduct/. The breakdown in this report was calculated by the author based upon this list as of November 1, 2015.

14. Osa, “The Growing Role of NGOs,” 73. All NGOs are required to sign the Code of Conduct when they become members of Japan Platform.


18. Wiharta, et. al., The Effectiveness of Foreign Military Assets, 48–50. This SIPRI report raises the question of the military asset as the last resort. It argues that there needs to be clarity on the question of “whether the emphasis should be on the assets’ unique availability (i.e., the ability to deploy before an equivalent civilian asset) or on unique capability.”


20. Wiharta, et. al., The Effectiveness of Foreign Military Assets, 49. The report notes the problem of the Register of Military, Civil Defence and Civil Protection Assets (MCDA Register) maintained by OCHA, stating, “The contributing countries prefer to channel military assets to the affected country bilaterally or, to a lesser extent, through standby agreements with some of the UN agencies rather than OCHA’s MCDA Register . . . OCHA needs to review its operations and consider how it can better fulfill its coordination mandate.”


22. Interview by author with an anonymous director-level official, Ministry of Foreign Affairs of Japan (MOFA), January 2014.


28. Ibid.

29. Ibid.


38. Mission of Japan to ASEAN, “Ambassador Aiboshi’s Visit to AHA Centre.”


40. From 2012 to 2013, Japan was the co-chair of the Military Medicine EWG.

41. MOFA, “Typhoon Haiyan Japan’s Disaster Response Lessons Learned.”

42. It should be noted that since this paper was submitted, Japan has undertaken a number of initiatives as part of its “disaster relief diplomacy,” including the hosting in 2015 of the 3rd World Conference on Disaster Risk Reduction.
Strategic Governance of Cyber Security: Implications for East Asia

Elina Noor

This chapter assesses the strategic challenges of security in cyber space in East Asia and outlines avenues for cooperation between ASEAN and Japan in this domain. For the purpose of defining the scope of the discussion, a number of parameters are offered at the outset. First, East Asia refers to the 10 countries in Southeast Asia reflected in the ASEAN grouping as well as its northern neighbors of Japan, China, and the two states on the Korean Peninsula. Second, cyber space is loosely defined as the interconnected network of information technology infrastructures—including hardware such as fiber optic cables, computers, and mobile devices, as well as the Internet—that all allow for a flow of information and interactions between people. Third, in referring to cyber security, this chapter is not concerned with cyber crime (for example, phishing, spamming, or data misuse) or its technical solutions; instead, it focuses on a state’s ability to protect and defend its critical national information infrastructure (CNII) at the strategic policy level against an attack. Relatedly, it explores the conduct of international relations between states in the virtual realm and questions whether the existing framework of international law can be transposed or extended to cyber space, particularly if breaches in this domain threaten actual damage and destruction in the physical realm. In short, this is referred to as “strategic cyber security.”

This chapter is divided into four parts. The first outlines the strategic imperatives of cyber security for nations in general and for ASEAN in particular. The second documents how, despite the fact that awareness of cyber security and related civilian technical initiatives are increasingly gaining ground among governments in Southeast Asia, a strategic approach...
toward protecting and defending CNII continues to lag, both nationally and regionally. The third contends that this lack of proactive direction by governments in the region disadvantages them in shaping international norms and rules as they evolve, contributes to cyber insecurity nationally and regionally, and promotes two tiers of influence in the cyber domain, which in turn perpetuates distrust and invites power plays in the region at large. And the fourth and final part proposes ways in which ASEAN and Japan can work together to address these gaps and challenges, particularly as ASEAN moves toward consolidating its broadband corridor and regional integration.

**The Strategic Imperatives of Cyber Security**

Cyber space is a network of interconnected digital systems and infrastructure with an expansive reach under seas, over land, and in the cloud(s). It is a parallel, virtual, and undifferentiated realm in which dynamic, intangible packets of data are continuously routed from one node to another. Reflective of the code that underwrites it, its binary nature is apparent in the civilian/military and public/private divides across which it cuts. For cost efficiency, much of the software that is readily available in the commercial market is simply tweaked rather than written especially for military use, while much of a nation’s critical infrastructure—from electricity grids to financial systems—that supports both civilian and military realms is now digitally operated. At the strategic level, cyber space is emerging as a significant military domain in addition to the domains of air, land, sea, and, for some, space. With its potential as a disruptive—and potentially destructive—method and means of warfare, cyber space is being touted as an asymmetric leveler and force multiplier to conventional warfare.

As governments and populations increasingly rely on cyber space for their daily activities, traditional divides will grow even more fluid so that what takes place virtually will have physical consequences, and the rules that govern cyber space will have to evolve on par and at pace with technology. The speed at which technology has evolved and continues to do so, however, can be overwhelming. This, coupled with confounding jargon, ensures that discussions of cyber security are frequently confined to the technical level with little discussion at the strategic level, notably within Southeast Asia.

To be sure, priorities differ among countries in the region because of divergences in technological, human, and financial capabilities. Additionally, whereas technical bureaucrats have little problem sharing threat and other information with each other and actually work seamlessly together across
the region, strategic sensitivities prevent the same level of cooperation among security and military agencies, and cyber commands are usually parked within nations.

Issues such as what recourse to action would be available if a country’s emergency services, military installation, or power plant were disabled by malicious code delivered from across the border, or how attribution would even be determined so that an appropriate response could be taken make for awkward discussions. ASEAN member states, in particular, traditionally tend to avoid direct consideration of conflicts and their aftereffects. However, if connectivity and community are key to ASEAN’s integration, then it must begin to contemplate the implications of connectivity on community in all its forms, extending beyond the physical to the virtual. This also necessitates debate on the governing framework that will underpin the increasingly prominent virtual domain and that will offer clarity of action in the event of crises. Importantly, ASEAN member states working together with their Northeast Asian neighbors will have to build the necessary trust to collaborate at the strategic level in cyber security before norms and rules from beyond the region overtake them or are foisted upon them.

A Strategic Approach toward Cyber Security?

Over the last decade, ASEAN awareness of cyber space and the need to secure it has matured from transient recognition to broader and more sustained rhetoric, action plans, and initiatives. In part, this has stemmed from the fact that Internet penetration in the region has been rising steadily, with dramatic growth forecasted over the next five years in the region’s emerging markets of Vietnam and Myanmar. However, much of ASEAN’s focus on security in cyber space has been directed toward combatting transnational crime and, increasingly, securing regional economic integration. Cyber crime and cyber terrorism, for example, featured prominently in various ASEAN declarations and communiqués on transnational crime in the aftermath of the 2001 terrorist attacks in the United States. Since then, a drive to integrate the ASEAN community by 2015 has reshaped ASEAN’s focus on security in cyber space.

Given that achieving economic prosperity as the basis for political stability has been an ASEAN priority since its inception, it is perhaps no surprise that ASEAN was the first region in the developing world to adopt a harmonized legal framework for e-commerce. Spurred by accelerated plans for regional integration through, among others, the ASEAN ICT Master Plan 2015 and the Master Plan on ASEAN Connectivity, Southeast Asia
remains the most advanced developing region in implementing harmonized e-commerce laws. Nine of the 10 ASEAN countries have laws related to electronic transactions, while 8 have laws concerned with cyber crime.

Publicly available information shows that from 2011 to 2012, the number of countries operating national cyber security programs jumped by nearly 70 percent among the 193 UN member states. Whereas in 2011 only 68 countries had such programs, by August 2012 there were 114 countries that had developed a domestic cyber security agenda with 47 of those having a military component. The number of Asian countries (39) with their own cyber security programs came in first—ahead even of European countries (38)—with all 4 Northeast Asian countries and every ASEAN country except for Laos possessing a cyber security program.

Like the binary codes that underwrite the Internet, duality pervades cyber space. The transferability of skills and software, as well as the kinetic effects that cyber attacks can have challenge traditional divides between civilian and military, state and nonstate, private and public, physical and virtual, and national and regional/international. Advanced persistent threats, for example, which may be deployed either by a state entity or a group of hired individuals acting under state authority—thus blurring the divide between state and nonstate actor and even between civilian and military—pose a danger to economic and national security interests, which themselves overlap on occasion. In particular, this may occur where Internet-enabled espionage tools are remotely installed in commercial organizations that maintain or service sensitive sectors such as defense or utilities.

Although attacks in cyber space usually incur some form of economic loss as opposed to actual kinetic damage or injury, hybrid attacks that affect the virtual and physical realms are a real and potentially destructive possibility. An attack that shuts down the communications systems for emergency services in the event of a terrorist bombing, for example, may compound the number of injuries if victims are unable to receive urgent medical attention in the immediate aftermath of the event.

Operational controls of CNII are usually kept separate from administrative controls, but technological advances and superior hacking skills may make inroads that enable the circumvention of this security measure. Additionally, most CNII accommodates links between administrative and operational control systems and is connected to the public Internet. Even air-gapped controls—physically isolated from unsecured networks—are vulnerable to the weakest link, the end user, and may be compromised by the physical insertion of an infected USB drive into the system, as demonstrated by the Stuxnet computer worm. (Disconcertingly, in tests conducted prior
to its release, Stuxnet showed that a computer worm is in fact capable of reducing to rubble a replica of a nuclear centrifuge by wreaking havoc on its operational speed.\textsuperscript{12} Software, as revealed by the recent US National Security Agency leaks, is not the only source of malware. Hardware, it seems, may be manipulated to include “back doors” at the design or production stage that would allow the computer to access data undetected by its security software.\textsuperscript{13} In some cases, this secret entrance(s) cannot even be sealed by switching off the hard disk or reinstalling the computer’s operating system.

While countries in Northeast Asia have surged ahead in responding to these evolving challenges by crafting proactive cyber security programs and strategies as well as dedicated organizations to protect and defend their critical infrastructure, ASEAN member states remain hampered by the digital divide, limited human and financial capacity, and differing priorities accorded to cyber security policy. Nevertheless, governments in even less technologically advanced countries have begun to establish national computer emergency response teams (CERTs) or computer incident response teams (CIRTs) to respond to cyber attacks.\textsuperscript{14}

While essential as a structured line of defense, CERTs and CIRTs are essentially reactive, although they do also perform a monitoring function. As pointed out above, within ASEAN, their establishment has primarily been driven by the imperative of offering a secure and stable environment for e-commerce to grow, as well as of combatting cyber crime. To be sure, security in cyber space is premised at the practical level upon tactical and technical responses to attacks. However, as ASEAN countries become increasingly dependent on the Internet and each other as a community through a shared broadband infrastructure, a coordinated, strategic, long-term approach to cyber security needs to be jointly developed beyond the narrow confines of trade and economics or transnational crime. Even the ASEAN Political-Security Community Blueprint places cyber security within these two contexts rather than anticipating how evolving threats may impact upon elemental precepts like state sovereignty and international law.

404 Not Found Error: Where is East Asia’s Strategic Cyber Security Agenda?

One of the most contentious issues concerning cyber security relates specifically to the treatment of cyber attacks by international law. A state that suffers an armed attack from another is conditionally afforded recourse to self-defense measures under international law.\textsuperscript{15} It is as yet unclear whether a state that suffers by way of a cyber attack, however, is given the same latitude.
A distributed denial of service (DDOS) attack that paralyzes a state’s power grid, thereby causing widespread traffic accidents and utility meltdowns, arguably differs in gravity from a DDOS attack on a state’s financial and banking systems that results in massive economic losses. While website defacements and disruptions are fairly common occurrences as an expression of political displeasure, no DDOS attacks aimed at critical infrastructure have been carried out or even threatened in Southeast Asia to date. There have, however, been threats of economic disruption by the activist hacker (“hacktivist”) group known as “Anonymous,” which warned of financial losses for Singapore through “aggressive cyber intrusion.” Larger-scale cyber attacks have occurred in Northeast Asia, resulting in substantial financial damage and national security risks but no actual kinetic destruction.

These threats and attacks give rise to several questions with international legal connotations. First, where foreign state entities are implicated or accused of involvement in cyber attacks against another sovereign state, as North Korea has been, the applicability of international laws governing the threat or use of force is called into question. Would cyber attacks even meet the “threat or use of force” threshold delineated—but undefined—in Article 2(4) of the United Nations Charter? If so, what criteria would they need to fulfill? Would physical injury or damage need to have been caused as a direct result of cyber attacks, or would a certain substantial quantum of economic loss suffice?

Second, Article 2(4) of the UN Charter lays the groundwork for the applicability of Article 51, which allows self-defense measures to be taken by members of the UN against an “armed attack.” The term “armed attack” remains undefined and opens up the possibility of a broad-based interpretation within which cyber attacks could fall. If the perpetrator’s intent is to specifically cause harm and the magnitude and effect of the attacks are significant enough (the level of which would also need to be qualified), then it may be possible for a cyber attack to be liberally interpreted as constituting an armed attack within the ambit of Article 51.

Third, because the charter was drafted at a time when wars meant states being at conflict with each other—i.e., attacks could reasonably be anticipated and aggressors could easily be identified—it assumes a set of propositions that fit awkwardly in the context of cyber space. Even the concept of warfare in or through cyber space is academically controversial. In cyber space, nonstate actors may sometimes act under state authority to conduct attacks or they may be motivated by nationalist sentiments to act on their own. Articles 2(4) and 51 of the charter refer specifically to states and UN members respectively, which would seem to exclude nonstate actors from the charter’s ambit. Further, what sort of self-defense measures are available
to state victims if cyber attacks are instantaneous and unpredictable? Would these measures be limited to cyber tools or could states avail themselves of other kinetic options, as the United States has declared for itself? Even if states were to take self-defense measures, what would their target(s) be, since attribution in cyber space is vastly problematic?

These multiple scenarios underlie the larger question of whether the existing framework of international law adequately applies to conflict—and the treatment of espionage—in or through the use of cyber space. Articles 2(4) and 51 of the charter form part of the jus ad bellum (law governing the resort to force) corpus. However, jus in bello, or the body of laws governing the actual conduct of war, are more comprehensive and detailed. These are not discussed in this chapter due to space constraints. Suffice it to say, though, that for all the reasons described above, East Asia will need to seriously deliberate and contribute to the evolving discussion on the applicability of both these bodies of law to cyber space.

Despite the enormity of the matter and its implications for the international community, the conversation is being promulgated by only a few countries—predominantly the United States and, to a lesser extent, the United Kingdom, Australia, and a few countries in continental Europe. The future may be in Asia, but in cyber space, the present is being shaped elsewhere.

The Tallinn Manual is the culmination of a three-year North Atlantic Treaty Organization (NATO) Cooperative Cyber Defence Centre of Excellence initiative to draft a manual on the international law of cyber warfare. Because it was a NATO effort, none of the independent experts involved in drafting it were from Asia. Yet, absent other comprehensive efforts, the manual will likely increasingly be used as a reference in clarifying the state of play and rules of engagement in cyber space.

The silence of rising East Asian countries on this matter is deafening. It reflects poorly on changing international power dynamics and generates a dichotomy between the strategic environments in the real world and the virtual one. It also entrenches existing imbalances in power structures in the world and promotes a hierarchy of influence in the cyber domain, which in turn perpetuates trust deficits among major players. Worse, it is a damning indictment of the lag in thought leadership in East Asia on an increasingly significant issue. That the region’s cyber space has been tested by mounting waves of attacks of varying severity points to the likelihood that these will escalate in magnitude and frequency in the future. How much longer will East Asia linger on the sidelines, prioritizing cyber space only within the confines of transnational crime and economic integration, before it decides to proactively shape evolving norms and rules? This is not to suggest the
militarization of cyber space within or by East Asia. However, every country with critical infrastructure wired to cyber space has a stake in this unfolding conversation, and it is in the interest of each of them to ensure that cyber operations are conducted following a clear, just, and equitable set of rules accepted by most, if not all, states.

One encouraging development was the recent report of the UN Group of Government Experts (GGE) on Developments in the Field of Information and Telecommunications in the Context of International Security. Comprising experts from Argentina, Australia, Belarus, Canada, China, Egypt, Estonia, France, Germany, India, Indonesia, Japan, Russia, the United Kingdom, and the United States, the GGE noted the applicability of international law, particularly the UN Charter and its importance “to maintaining peace and stability and promoting an open, secure, peaceful and accessible ICT environment.”25 It recommended confidence-building and capacity-building measures between and among states, but also with the cooperation of the private sector and civil society organizations, to build upon work being done by regional organizations and the United Nations.

**ASEAN-Japan Cooperation in Strategic Cyber Security: The Way Forward**

An important proviso underlies ASEAN-Japan cooperation in contributing to a more strategically secure, predictable, and stable environment in cyber space. Because cyber space cuts across geographical borders, whether virtually through data packets bouncing between servers in different countries or physically through undersea fiber optic cables, any strategic partnership in this area should be inclusive of the whole region. Cooperation between ASEAN and Japan should aim to temper the accusatory tenor that pervades present discussions on cyber security in the region. The idea should be to promote trust and build confidence rather than to utilize cyber space as another domain to chart strategic maneuvers for power and influence.

Mirroring much of ASEAN’s approach to cyber security, ASEAN-Japan collaboration in this field has been similarly driven by the priority of securing the business environment.26 Even the recent statement of the ASEAN-Japan ministerial policy meeting on cyber security cooperation explicitly puts a premium on this priority.27 Five specific recommendations follow for ASEAN-Japan cooperation to bolster strategic cyber security going forward.

First, awareness of the matter, particularly within ASEAN, needs to be raised and cultivated. If security and defense mechanisms within ASEAN—including the ASEAN Regional Forum (ARF) and the ASEAN Defence
Ministers Meeting Plus (ADMM-Plus)—are to be taken seriously in a changing security environment, ASEAN and its partners must start considering cyber security beyond its currently narrow lens. Strategic cyber security draws on a collaboration of various other skill sets beyond just technical expertise, including diplomacy, politics, and the law. After all, cyber attacks against a state’s CNII have geopolitical and legal implications and the technical solutions should be guided by an informed policy umbrella. This will require increased discussions and exchanges at the governmental (Track 1) and nongovernmental (Track 2) levels, both within ASEAN and between Japan and ASEAN, particularly among legal experts and senior policymakers. Awareness raising in this way will not necessarily divert resources away from ongoing cyber security initiatives, especially if discussions are conducted virtually on a sufficiently regular basis. ASEAN and Japan can lead and coordinate these efforts, but where relevant, other states in the region should also be included in these conversations to encourage transparency and goodwill.

Second, national cyber security strategies provide a good starting point in terms of putting policy into practice. Several ASEAN countries have their own strategies, and Japan recently drew up a new strategy to replace its older “Information Security Strategy for Protecting the Nation.” The details of these strategies are publicly available and can be easily shared among nations, so the added value in any further discussion related to these should be in giving special consideration to the role of the state in crafting rules of engagement for cyber operations, since the state is the primary arbiter of peace, security, and conflict, whether in the physical or virtual domain. Specifically, in considering each of these national cyber security strategies, ASEAN and Japan can determine whether they provide an adequate and relevant base from which to draw a regional approach regarding the applicability of international law to cyber space.

Third, policy and paper should be supplemented by preparation. At the Track 1 level, regional security cooperation could be expanded to include tabletop exercises and simulations in cyber space to improve responses to cyber attacks; advance clarity of action; and promote transparency, confidence, and trust among countries. These exercises could be held on the sidelines of ASEAN-Japan, ARF, or ADMM-Plus meetings, with other states invited to be observers if no objection is made to their full participation. The concept of interoperability in military affairs could be observed in the virtual realm so that decisions and actions are synchronized as best as possible in the event of a major cyber attack. With the infrastructure of cyber space stretching across borders, thereby raising the possibility of consequences spilling over to neighboring countries, and with ASEAN’s
impending integration, coordinated cooperation through exercises and simulations should increasingly be the norm.

Fourth, because of the multifaceted challenges that cyber space generates, a multipronged approach involving the private sector, Track 2 participants, and other relevant stakeholders must be taken to manage these risks. Although the private sector occupies the main part of contemporary discussions on cyber security because of the technical expertise residing within it, it is often not included in an integrated fashion in public policy efforts. The private sector’s technical skills can be best leveraged when there is an understanding of policy directions. The two sectors, however, often speak past each other—that is when they are not speaking in entirely different languages altogether. This public/private dichotomy is especially ensconced in Southeast Asia, but it is less stark in Northeast Asia because of the closer defense and security relationship between the public and private sectors there. Accordingly, there are perhaps methods for including the private sector more comprehensively into policy discussions that ASEAN countries could learn from their Northeast Asian counterparts. For developing ASEAN countries with a nascent cyber security landscape, incorporating private-sector perspectives into government decisions would streamline and fast-track harmonization of public/private efforts from an early stage.

Drawing from the preceding recommendation, governments and the private sector could jointly organize simulations at information technology security conferences or policy roundtables around the region to create awareness of (1) the technical challenges of cyber security (which would benefit the public sector) and, conversely, (2) the overarching policies that guide cyber operations (which would benefit the private sector). These exercises would promote greater interaction and understanding between the public and private sectors.

Fifth, given the political sensitivities of cyber security in East Asia, there is a role for Track 2 institutions in East Asia—particularly ASEAN and Japanese think tanks—to take the lead in promoting strategic cyber security where Track 1 government-to-government forums are unable or unwilling to do so. Track 2 meetings offer three specific, related advantages. They are able (1) to draw representation from among diverse expert stakeholders, including the government, international lawyers, and regional and international organizations such as the ASEAN Secretariat, the International Committee of the Red Cross (ICRC), and relevant UN agencies and, by enabling these participants to exchange views in their personal capacities, facilitate discussions of even delicate matters; (2) to allow participants to speak in a frank and candid manner behind closed doors, if necessary, without concerns about attribution; and (3) to submit policy recommendations
cognizant of, but unbound by, the political constraints that cloud government discussions. ASEAN and Japanese think tanks, in collaboration with thought leaders like the ICRC (which has already been considering strategic cyber security and its international legal implications) could initiate a series of policy roundtables specific to this purpose with the aim of proposing recommendations to national governments in the region.

Conclusion

ASEAN’s drive toward economic integration and differences in its members’ developmental and technological infrastructure presently supersede what is often viewed as a first world consideration. Strategic cyber security—as well as its manifestations of defensive and offensive capabilities, organizational structures, and policies—has been the preserve of the “haves” rather than the “have-nots.” However, as less developed countries in East Asia are discovering, cyber space has the potential to be a great equalizer in the asymmetry of regional and international power. Each and every country that is dependent on technology and the Internet—and this will only become more of a truism—is vulnerable to the security risks that cyber space presents, if not now, then certainly later. The rules for state behavior in cyber space and that of entities under their authority are an extension of the international legal framework governing relations between countries in the real world. The specifics of how the former differ from the latter, however, are still being debated.

A clear national position on these issues would clarify interactions and negotiations at the regional and global level. But a robust East Asian approach would ensure that the region’s perspectives are well reflected and represented as international norms and laws crystallize. This is an opportunity for ASEAN and Japan to lead rather than defer or detract.

Notes

1. There are differing ways of spelling and defining cyber space—each with its own implications—observed by a number of countries and the International Telecommunications Union. For an overview of this, see Damir Rajnovic, “Cyberspace—What Is It?,” Cisco Blog–Security, July 26, 2012, https://blogs.cisco.com/security/cyberspace-what-is-it/. The definition offered in this paper draws on the commonalities of these various definitions.

2. The ASEAN Broadband Corridor “aims to promote greater broadband penetration, affordability and universal access in ASEAN in order to enhance economic growth. It
aims to create an environment where e-business, e-commerce, venture capital, talents and ideas flow easily so that the region is better positioned to tap into the benefits of ICT and keep pace with the rapid development in other parts of the world.” “Institutional Connectivity: ASEAN Broadband Corridor,” Project Information Sheet MPAC PP/ A3/01, in ASEAN Connectivity: Project Information Sheets (Jakarta: ASEAN Secretariat, 2012), 11.

3. In the early 2000s, “cyber” references in ASEAN communiqués and statements were driven by an agenda to counter transnational crime and terrorist use of the Internet. This was sparked in large part by the exposures in 2000 of the Jemaah Islamiyah network in Southeast Asia and the 2001 terrorist attacks in the United States. See, for example, the Work Programme to Implement the ASEAN Plan of Action to Combat Transnational Crime, adopted by the 2nd Senior Officials Meeting on Transnational Crime, Kuala Lumpur, May 17, 2002, and the ARF Statement on Cooperation in Fighting Cyber Attack and Terrorist Misuse of Cyber Space, Kuala Lumpur, July 28, 2006.


5. See, for example, the Work Programme to Implement the ASEAN Plan of Action to Combat Transnational Crime; the ASEAN Convention on Counter Terrorism, January 13, 2007; and Security Cooperation Division, ASEAN Political-Security Department, ASEAN Documents on Combating Transnational Crime and Terrorism: A Compilation of ASEAN Declarations, Joint Declarations and Statements of Combating Transnational Crime and Terrorism (Jakarta: ASEAN, 2012).


7. Ibid., 5.


9. Ibid., 2.


14. Until 2012, Laos was the only ASEAN country without a national CERT or CIRT. LaoCERT has since been set up and is now an independent center under the purview

15. Article 51 of the UN Charter states: “Nothing in the present Charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security. Measures taken by Members in the exercise of this right of self-defence shall be immediately reported to the Security Council and shall not in any way affect the authority and responsibility of the Security Council under the present Charter to take at any time such action as it deems necessary in order to maintain or restore international peace and security.”


20. Article 2(4) of the UN Charter states, “All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.”

21. The International Court of Justice has noted that no definition of an “armed attack” is available in the UN Charter or in treaty law. Case Concerning the Military and Paramilitary


27. “Joint Ministerial Statement of the ASEAN-Japan Ministerial Policy Meeting on Cybersecurity Cooperation,” Tokyo, September 13, 2013. The statement pledges to promote ASEAN-Japan efforts to create a secure business environment, build a secure information and communication network through technical cooperation, and enhance capacity for cyber security including critical infrastructure protection and business continuity plans for ICT.

Participatory Regionalism: Strengthening People-to-People Cooperation for an East Asia Community

Meidyatama Suryodiningrat

Up until the last three decades, intra-ASEAN cooperation and inter-regional partnership between East and Southeast Asia had been token in nature. The historical fault lines between individual countries were modern trenches in the geopolitical struggles of the day. But the advent of ASEAN Summits—beginning with Bali in 1976, Japanese Prime Minister Takeo Fukuda’s presence at the second ASEAN Summit in Kuala Lumpur in 1977, and the beginning of Deng Xiaoping’s economic reform in 1978—provided an impetus that would eventually change the regional cooperative framework forever.

Since then, cooperation has progressed to today’s dizzying pace, with multilateral arrangements in almost all conceivable fields. The birth of the 21st century seemed to provide new impetus, as the attitudes of those involved in interregional partnership shifted from a focus on “cooperation” and agreements between nations toward a sense of regional “community.”

One of the key efforts with the foresight to detail this vision of community in a more thorough and more academic manner was the East Asia Vision Group (EAVG). In its 2001 report, Towards an East Asian Community: Region of Peace, Prosperity and Progress, the group outlined a vision of an integrated region “ultimately leading to an East Asia Economic Community” through the establishment of an East Asia free trade and investment area. It was clear that the formula was one of trade, investment, and finance as catalysts for the community-building process, similar to the
People-to-People Cooperation

recipe that guided ASEAN’s own slow intensification toward community and region building.

Ten years later, a follow-up report by a second EAVG further advanced the founding vision of the first EAVG. In its report, it also underlined the significance of addressing a wider swath of crosscutting challenges that go beyond the economic dimensions to sociocultural and security challenges, including aging populations, the regional development gap, and environmental challenges. The executive summary of the 2012 report explicitly stated, “We need to enhance efforts of cooperation in political-security, as well as social-cultural areas. EAVG II also recognizes the importance of cross-sectoral cooperation.”

The shift in emphasis away from solely economic and trade aspects has been an emerging and consistent trend both within ASEAN and among its dialogue partners. Japan, for example, is currently ASEAN’s second-largest trade partner, with bilateral trade amounting to over US$229 billion in total, as well as a major source of foreign direct investment (FDI), with the total stock of Japanese FDI into ASEAN standing at US$136 billion. Also, Japan has served as a “bridge” in reducing the development gap between the ASEAN-6 and ASEAN’s newer “CLMV” members—Cambodia, Laos, Myanmar, and Vietnam. Yet the relationship has blossomed beyond the elementary interests of economics.

In November 2011, during the 14th ASEAN-Japan Summit meeting in Bali, the participating leaders issued a Joint Declaration for Enhancing ASEAN-Japan Strategic Partnership for Prospering Together. The declaration endorsed strategies for “strengthening political-security cooperation,” “intensifying cooperation toward community building,” “creating a more disaster-resilient society,” and “addressing common regional and global challenges.”

At a commemorative summit held on December 14, 2013, which marked the 40th anniversary of ASEAN-Japan dialogue relations, a Vision Statement on ASEAN-Japan Friendship and Cooperation: Shared Vision, Shared Identity, Shared Future was adopted. One of the highlights of this vision statement was the stress on ASEAN and Japan as “heart-to-heart partners,” recognizing their intent to strengthen mutual trust and understanding and to nurture friendship by, among others, promoting cultural and people-to-people exchanges.

It is clear that the recognition of a “people-to-people” element is in ascendance, at least in terms of awareness if not in practice. This ascendency reflects both the global recognition of the importance of nonstate actors and ASEAN’s own mindset, as reflected in its proclaimed aspiration to be a “people-centered community.” In fact, the ASEAN Charter explicitly
recognizes the importance of civil society participation in the ASEAN community. Not surprisingly, then, the 40th anniversary celebrations of ASEAN-Japan dialogue relations embraced the more emotive motto of “tsubagaru omoi, tsubagaru mirai” (thoughts connected, future connected). There is also a compelling historical context to the greater focus on the non-economic aspects of community building. When Prime Minister Fukuda became the first non-ASEAN leader to attend the ASEAN Summit in 1977, Japan’s emphasis during those meetings with ASEAN was on noneconomic aspects of the relationship, which actually ran counter to ASEAN’s own priority at that time of seeking economic assistance from Japan.  

Even China, which seems to be in a predominantly realist mode recently, flexing its hard power, is likely to increasingly employ its soft power in the coming years to reinforce its sphere of influence. In 2007, at the National Congress of the Communist Party of China, President Hu Jintao underlined the need to boost China’s soft power assets. “Culture has become a more and more important source of national cohesion and creativity and a factor of growing significance in the competition in overall national strength,” Hu said, while stressing the necessity to “enhance culture as part of the soft power of our country to better guarantee the people’s basic cultural rights and interests.” Academics such as Gungwu Wang also note, “It could be assumed that China’s rise to regional power for the fourth time will have cultural implications for the region.”

Despite this growing narrative, the role of people-to-people networks and civil society organizations within the ASEAN framework and its dialogue partners has historically remained under tight scrutiny or been sidelined altogether. The predominant role of nonstate actors within the grouping has been played by think tanks and academic institutions engaged in Track 2 frameworks while other civil society groups have had limited interaction. The asymmetric state of liberalization and democratization in Southeast and East Asia creates an unequal space for Track 3 civil society initiatives within the context of state-sponsored community building, as most governments continue to perceive Track 3 activities with suspicion. Given this context, it is questionable whether efforts to forge people-to-people cooperation that advances community building can truly be realized beyond the preordained projects endorsed by the ASEAN member states.

One particular exception has been the business sector. Given their nature, business enterprises will always find a way to connect and interact—with or without state facilitation—if it might increase their fortunes. ASEAN businesspeople have councils and forums with almost every major economic partner and region (e.g., the US-ASEAN Business Council, ASEAN-Japan...
Business Meeting, China-ASEAN Business and Investment Summit, EU-ASEAN Business Council, ASEAN New Zealand Business Council, etc.). These business links are driven by the quest for profit, not any higher common value.

If we accept the notion that an emancipated and informed civil society is crucial to a vibrant democracy and community, then greater consideration should be given to promoting civil society as a partner within the so-called community-building project.

Despite the work of the EAVG and other initiatives, however, there is still no exact or concrete impression as to what shape the community should take by the mid-21st century. It will remain an evolving concept, molded and reformatted according to the changing sway of geopolitics and national leadership. But one thing is certain: the monopoly of state-centric regionalism is fading. Amitav Acharya describes this shift toward “participatory regionalism” as follows:

The term “participatory regionalism” as used here is distinguished by two key features. The first, at the level of official regionalism, is the acceptance by governments of a more relaxed view of state sovereignty and the attendant norm of non-interference in the internal affairs of states. This allows for more open discussion of, and action on, problems facing a region and creates more space for non-governmental actors in the decision-making process. A second feature of participatory regionalism is the development of a close nexus between governments and civil society in managing regional and transnational issues. This means not just greater cooperation among the social movements leading to the emergence of a regional civil society, but also closer and positive interaction between the latter and the official regionalism of states.7

This concept of “participatory regionalism” is on the rise, and will increasingly become an important footing for community building.

Finding Common Ground

The Merriam-Webster dictionary defines “community” as a group of people with common characteristics or interests living together within a larger society. Community—whether it be 50 people or 500 million—does not arise out of sheer tangible economic objectives alone. It is molded from a sense of the shared values that drive a community together. However, due to their varying political circumstances, the peoples of Southeast Asia do not yet share common values. There is no identifiable rallying point that morally unites this community.
Taking the European experience for the sake of comparison, it can be said that the foundation for the success of the EU's integration into a community has not been just its treaties or its comparable levels of economic development, but the commonality of the political values that the European states had already embraced. Given the dissimilar state of liberalization and democratization within East and Southeast Asia, it is unlikely that a truly defined set of values can be adopted. Thus, identity needs to become a key characteristic of this community.

As alluded to by former Asahi Shimbun chief editor Yoichi Funabashi, among others, a regional consciousness has surfaced over the last few decades—an identity that was nurtured in the initial phases by regional economic interdependence. But trade and economic interdependence alone will not mitigate political tensions, as the Senkaku/Diaoyu Islands dispute has shown. Nor will they prevent cross-border hostilities, as proven by the way in which the Thai-Cambodian temple dispute has claimed dozens of lives. These emotional, historical issues present the biggest hurdles to the interactions needed for the evolution of a regional identity.

People-to-people cooperation, social interaction, and civil society networks can provide a way to help overcome these hurdles. The proposals for people-to-people cooperation should go beyond the declared intent of business, disaster relief, and other professionally oriented cooperative frameworks. Money and tragedy are always common denominators that arouse the primary human nature of greed or compassion. The appeal of profits does not require that people divided by the oceans come together as a community, nor is a charter or declaration needed for people from around the world to donate and help those in need.

To give one example, Japan has invested heavily in China, yet this has not stopped relations between Tokyo and Beijing from reaching a dangerous low in recent years. The lack of convincing people-to-people interactions may be one factor that has resulted in public perceptions of the other that are so negative.

Thus, over the next few years, East and Southeast Asia should endeavor to form a community based not simply on solving common problems, but on a commitment to advancing common interests. In other words, it should be a community conceived not in terms of threats, but rather in terms of finding ways to alleviate suffering and broaden understanding. This engagement should create epistemic communities, in the sense described by political scientist Peter M. Haas:

As demands for such information arise, networks or communities of specialists capable of producing and providing the information emerge and
proliferate. The members of a prevailing community become strong actors at the national and transnational level as decision makers solicit their information and delegate responsibility to them.

Members of transnational epistemic communities can influence state interests either by directly identifying them for decision makers or by illuminating the salient dimensions of an issue from which the decision makers may then deduce their interests. The decision makers in one state may, in turn, influence the interests and behavior of other states, thereby increasing the likelihood of convergent state behavior and international policy coordination, informed by the causal beliefs and policy preferences of the epistemic community.9

By allowing transnational activism, the creation of such epistemic communities within the regional context helps stimulate the kind of emancipatory form of politics that strengthens communal bonding and a sense of common purpose, building on the plethora of government-sponsored initiatives already underway. But in order for this to happen, it is imperative that governments provide an enabling environment for nongovernmental organizations (NGOs) and the rest of civil society to develop, engage, and even challenge set policy decisions. Without ceding greater space for civil society to engage in all public life, an East Asia Community will likely remain legalistic and formal in nature.

The rationale for proposing the next step toward greater people-to-people cooperation should be based on efforts that further promote the ideals already stated in the purposes and principles of the ASEAN Charter. Of particular importance is the seventh point of Article 1 on the purposes of the charter:

To strengthen democracy, enhance good governance and the rule of law, and to promote and protect human rights and fundamental freedoms, with due regard to the rights and responsibilities of the Member States of ASEAN.10

This is further reinforced in Article 2 on principles:

(2h) Adherence to the rule of law, good governance, the principles of democracy and constitutional government.

(2i) Respect for fundamental freedoms, the promotion and protection of human rights, and the promotion of social justice.11

These goals and principles offer a clear foundation on which the ASEAN-Japan partnership can help develop and enhance people-to-people connectivity as a means of building the East Asia Community. The following section offers a number of concrete steps that should be taken.
Recommendations

1. Enhance the role of women in regional interaction

Politics in Asia is very much a male-dominated arena. The perceptions and analyses that drive policy decisions are male-centered in nature yet, as the Parliamentary Assembly of the Council of Europe asserted in a 2004 resolution, “conflict is a gendered activity.”\(^{12}\) The perspectives of women and mothers can dramatically change the dynamics of regionalism and nurture stronger community bonds. Consequently, as early as 1988, the ASEAN foreign ministers recognized the important role of women in a declaration pledging to promote the participation of community groups and NGOs focusing on women as a means of strengthening national and regional resilience.

In 2000, the UN Security Council passed Resolution 1325 on Women, Peace and Security. It was the first ever Security Council resolution that specifically addressed women’s contributions to conflict resolution and sustainable peace. In it, they urged countries “to ensure increased representation of women at all decision-making levels in national, regional, and international institutions and mechanisms for the prevention, management, and resolution of conflict.”\(^{13}\) The Council of Europe, in its 2004 resolution, also said, “Women can play a particularly important role in the prevention and resolution of conflicts,” and it noted, “Women also bring alternative perspectives to conflict prevention which is more focused on the grass-roots and community levels.”\(^{14}\)

The East Asia Community building process should take particular heed of these resolutions and build on the goals of ASEAN’s 1988 Declaration on the Advancement of Women in the ASEAN Region by prioritizing national gender empowerment programs to ensure women are active agents in peace and development. To advance this objective, a fund can be established that supports women’s groups specifically dealing with cross-border and peace issues. An exchange program focused on women should also be started, with an emphasis on building ties among women in parliament, those working in conflict areas, and female military officers.

2. Facilitate foreign language centers

English is the lingua franca of academia, business, and ASEAN diplomacy. So much emphasis has been placed on English proficiency in recent years,
with individual nations investing heavily in elevating the proficiency of their officials in order to better interact, negotiate, and debate in the glut of regional meetings. Arguably, more money and resources have been invested in a tongue that is not indigenous to Asia (i.e., English) than in Asia’s own rich languages.

More than a modicum of English-language competence is necessary, but every nation also needs a critical mass within its ranks that are proficient in other foreign languages, especially Chinese, Japanese, and Korean. “Language,” the late anthropologist Edward Sapir said, “is the key to the heart of a people.” Language provides an understanding of differing worldviews. There is no better method to truly understand the way that a nation thinks of itself and of others than to understand its language. More importantly, language connects people at their most earnest.

A network of language and cultural promotion centers, very much like the British Council or the Goethe-Institut, should be established throughout all of East and Southeast Asia. They can work either alongside or independently of local educational institutions by providing classes, instructors, and teaching materials.

China has been one of the most active in this area by establishing Confucius institutes around the world to promote the Chinese language. It is a good template to emulate, minus the institute’s connection to the Chinese government. These language centers must work independently, free from state intervention or association, so they are beyond reproach as instruments of propaganda.

3. Develop a CSO Wiki Knowledge Center

A “CSO (civil society organization) Wiki Knowledge Center” that is a repository of knowledge and activities should be developed, and it should include a catalog of experts and activities from NGOs and other CSOs working in the sociopolitical field, including in international relations, in both ASEAN countries and Japan. In many ways it would be similar to a national industry and trade database available to businesses seeking to export or invest abroad.

This accessible online resource would connect groups and individuals working on transnational issues, enabling them to link up and share perspectives, including best practices. Organizations should also be encouraged to make organizational reports available through this platform, since by submitting themselves to the principle of transparency, they will invite public trust. Such an online resource will also be valuable to academics
and journalists searching for resource people when conducting studies on developments in the region.

The creation of such an online resource could be contracted to a Track 2 entity, with the aim of developing it into a wiki type of content management system. It is critical that the wiki should adopt an open philosophy, free of censorship and qualitative political screening. Any entity assigned responsibility for its upkeep should merely serve as an aggregator and host of the website itself.

4. Create a bridge program for community-based CSOs and NGOs

Workshops, discussions, and seminars that involve CSOs and NGOs in the sociopolitical sphere are important instruments for interaction and need sustained support. However, these programs are expensive and their reach is usually limited to senior figures and to organizations that have either strong representation in major metropolitan areas or an established international network. The countless groups working in local communities, which tend to receive little publicity but carry out no less worthy work, are often not afforded the same opportunities.

Developing a bridge program that connects local groups with their counterparts can be an alternative tool for encouraging new interactions. The program would involve online engagement that connects activists and groups to increase mutual awareness and understanding. Issues of local governance that are of concern to a group in a Sulawesi province, for example, are probably more relatable to a local Japanese group working at the prefectural level rather than to a major Jakarta-based CSO.

Technology is advanced enough that these groups can be connected through the Internet for face-to-face dialogue. The most crucial issue will be identifying and connecting comparable organizations. Therefore, the development of a CSO wiki, as mentioned above, would provide a key resource for extending this activity.

5. Connecting the media

Social media may have taken the world by storm, with Asians among the more intensive users. However, as much as these new tools for transferring information have evolved, opinion making in Asia remains largely dependent upon the traditional media outlets. In fact, much of the news and opinion that goes viral on social media is sourced from these traditional media outlets.
The irony is that, despite the onset of the information age, the perspectives that nations have of each other remain very skewed due to the lack of exposure to and knowledge of one another. Garnering alternative perspectives is crucial if we are to create a broad public understanding that is neither shortsightedly nationalistic nor adopted from “Western-driven” preconceptions. For example, most editors who have overseen reporting about Yasukuni Shrine for their media outlets do so from the comfort of their desks and have never visited the religious site. Likewise, editors who handle reports about Islamic radicalism in Indonesian politics have limited knowledge of the dynamics of the Indonesian archipelago.

To this end, three programs can be proposed in the area of media exchange and cooperation:

i. Establishment of a journalism fellowship program

A competitive scholarship program can be created whereby each year a certain number of journalists from across the region are given a fellowship, running between two weeks to a month, that places them in counterpart news organizations in other countries. Similar programs exist in the academic field and for think tanks, but this program would focus specifically on journalists. There are already fellowship programs run by individual news organizations, but they are intermittent and smaller in scale. Apart from having their journalists gain a broader perspective, budding media organizations would also benefit from the professional experience gained by their journalists when they work with a large, established media company.

ii. Extension of lifting rights

Foreign news coverage comes primarily from three sources: most commonly, from a subscription with a Western-dominated wire agency (Reuters, AFP, Associated Press, etc.); via foreign correspondents and bureaus maintained at great expense by a very few large media outlets; or from dispatching journalists to individual countries for a very limited time for ad hoc assignments that are usually event driven.

Given the time demands of a breaking news event, more often than not media outlets simply rely on a single wire agency, while adding perspectives from local government officials. There is usually scant opportunity to balance a breaking story with the “foreign” view of the news. Very rarely do local newspapers subscribe to the national news agencies of another country. One of the main reasons is that those subscriptions become a financial burden, and the national agencies are perceived to lack independence.
Given that national news agencies are state-funded institutions, governments can subsidize reputable foreign news organizations by giving them “lifting rights” (the ability to immediately publish articles from another news organization) to access and publish reports produced by those agencies. For example, the Chinese government can provide access and extend lifting rights for the Xinhua news agency articles to major newspapers in Indonesia. This would provide an opportunity to balance any report involving China by giving a “Chinese perspective” on breaking news.

iii. Promotion of exchanges of opinion articles

Opinion articles hold a unique status that differs from regular news items as they are usually written and read by decision-makers and policy influencers. Disseminating high-quality opinion articles would do much to encourage the spread of analysis across borders in very much the same way as think tanks can, but in a more open public sphere. The open debate sparked by opinion pieces would be a priceless tool for cataloging the various perspectives that they reflect.

Individual embassies should be encouraged to distribute opinion articles to local news outlets on either a regular or ad hoc basis. It is imperative, however, that these articles be written by reputable scholars or experts who work independently from their governments. Any perception of these pieces being government propaganda will reduce their credibility and render them undeserving of publication.

6. Foster the development of regional civil society

CSOs throughout the region remain largely inward-looking in their agendas and activities. Apart from a few internationally funded organizations, most CSOs lack incentives to develop a regional outlook.

As the community-building process advances, an East Asia Community secretariat will need to be established. Those developing this secretariat should draw on the lessons of the ASEAN Secretariat, which has largely shunned civil society engagement. From the outset, there should be a commitment to granting a future East Asia Community secretariat a greater mandate and more independence to engage CSOs as participatory partners in the community-building endeavor. Rather than operating as a conventional secretariat, the initiative could be taken at the formative stages to enable this new secretariat to be more of a Track 2 “Regional Civil Society Center.”
Finally, another means to develop regional civil society would be to promote regular cooperation among national human rights commissions. This would be a highly strategic enterprise, as these exchanges will help promote social growth by building community norms regarding a minimum standard of human and civil rights.

Notes

11. Ibid.
ASEAN-JAPAN CONTRIBUTIONS TO
GLOBAL GOVERNANCE
I**ssues of global governance** are extremely diverse and complex. As we look to the year 2025 and beyond, ASEAN and Japan should expand the scope of cooperation beyond their bilateral relations and play a more proactive role in shaping and improving the infrastructure of the ever-globalizing world. On the one hand, ASEAN-Japan cooperation should serve as a transmission mechanism, facilitating the flow of ideas and practices from ASEAN and Japan to regional and global governance institutions, as well as the flow of ideas and practices for good global governance from the rest of the world to ASEAN and Japan. At the same time, ASEAN-Japan cooperation can serve as a facilitator of knowledge spillovers, particularly in respect to the spreading of good policy practices, which will continue to be the defining feature of “winners” in the game of “catch up.”

Finding something new under the sun is not easy. ASEAN-Japan cooperation has risen in intensity and widened immensely in terms of the issues that are covered. Nevertheless, a number of initiatives are recommended in this overview chapter, capitalizing largely on individual papers that are presented in the section that follows. Recommendations include the creation of an ASEAN-Japan Financial Stability Forum; an ASEAN-Japan Dialogue on Sustainable Development, which would include an ASEAN-Japan Dialogue on Water Conservation and an Emerging Energy Community in East Asia; an ASEAN-Japan Comprehensive Partnership 21 that would promote both sustainable development and inclusive development; an ASEAN-Japan Diversity Program; as well as an ASEAN-Japan Commission of Eminent Experts for International Law Principles and Practices. None of these topics are new. Yet, if they are addressed properly,
we can look into the future and expect such initiatives to foster better and more effective governance for community building in East Asia or even perhaps to enrich global governance.

**Time for East Asia’s Proactive Participation**

Understood as an exercise of power to steer things in a transparent, accountable, and fair manner alongside the human progression toward higher income and wealth, a higher human development index (HDI), greater well-being, greater happiness, or simply a better life, good governance has been pursued for millennia by human beings ever since they began living in villages, cities, and now metropolises. The amalgamation of cities into nations is a clear indication that city-based governance can deal only with local issues. For issues of wider relevance, parallel mechanisms are needed, be they bilateral, regional, or multilateral mechanisms, or even supranational mechanisms, a term that already applies to certain processes in European regionalism. In the debates on global governance, the establishment of a world government is in fact considered by some globalists as a necessary condition for perpetual peace. While that argument entails certain truths, or ideals, what we are witnessing in reality is the emergence of a global governance architecture and structure “without” world government, though it tends to be partial and still rather incomplete.

The partial nature of the current governance architecture and structure derives from its unmistakably occidental origin. It grew layer by layer along with the transformation from agricultural to industrial and to post-industrial civilizations in the West. East Asian footprints are hardly visible. East Asia was mostly under occidental colonial rule or on the wrong side of history when the current system of global governance was laid down. Even today, occidental-dominant leadership in global governance is largely uncontestable. Leading positions in global governance institutions are almost all virtually reserved for the citizens of Western Europe and North America. Seventy years after the end of World War II, only one of the five permanent members of the UN Security Council is of non-occidental origin. The dominant position of the West in general, and of the United States in particular, is deeply ingrained in the system, making reform improbable. Major East Asian governance initiatives, such as the initiative on the Asian monetary system, often stumble as they face vehement opposition from the two sides of the Atlantic.

The fault lies partly with East Asians, who until recently accepted the role of followers in global governance, comfortably seeking to sustain
the progressive acceleration of their economic development while hardly bothering to take any shared regional position on important governance issues. East Asians are scattered throughout the entire development ladder. Cambodia, with a 2014 per capita income of US$3,100 (based on purchasing power parity), undoubtedly looks at global governance differently from Singapore or Japan, which enjoyed incomes in 2014 of US$82,763 and US$36,426 respectively. China, the only Asian permanent member of the UN Security Council, is reluctant to accept reform initiatives that would undermine its privileged and comfortable position in the current global governance system. Fault lines in East Asia include unfinished issues of race, ethnicity, religion, history, and ideology. The wounds afflicted during World War II have been healed in the West, but by and large continue to handicap relations in East Asia, particularly in Northeast Asia. Even in the largest countries in East Asia, a regional position on global governance ranks conspicuously low on the foreign policy agenda. A series of changes in recent years has raised the need for a greater contribution from Asia to global governance. Not only is Asia home to over 48 percent of the world’s people, it has also become the most buoyant source of growth of world output and wealth. Whatever happens to growth in the region is bound to reverberate throughout the world. With the rise of China, India, and Indonesia, three of the world’s most populous countries, global governance will have to open greater windows for Asian voices, however nebulous those voices may sound at the current juncture of shifting power. And the role of Japan, with its recent economic recovery after more than two decades of stagnation and slow growth, needs to be properly identified by working closely with its Asian partners, and particularly with like-minded members of ASEAN. What is more, limits to the current architecture for global governance are coming to light to differing degrees across sectors. Its economic pillar, the Bretton Woods system, is prone to crisis, eating up a sizeable portion of the world’s wealth anytime a crisis strikes. The underlying model of limitless growth is increasingly in doubt in terms of its sustainability and the degree to which its fruits are equitably shared. Asia may be able to bring creative elements to the current architecture. Even if it cannot contribute immediately, the ongoing quest for a new architecture can benefit from the elements of diversity that Asia can bring to the table. Development has progressed beyond practical imitation in Asia. The increased devotion of resources to research and development has allowed some countries in the region to narrow the gap with the West in terms of the origins of knowledge and the ability to convert that knowledge into noble and useful products and services. In short, Asia is in a much better position today than it was 40 years ago in terms of the contributions that
it can make to global governance. In this context, it is the responsibility of ASEAN and Japan to jointly take the lead in placing global governance architecture on the proper track.

The argument for Asia’s collective engagement in global governance is much harder to put forward. In terms of physical geography, China is a region in its own right and is already seen as a “partial power” with a presence on all continents. India qualifies as a region and, like China, is widely accorded a respectable status as a global power in the making. Archipelagic Indonesia also looks like a unique geographical unit. Under the current government, Japan is more interested in strengthening its alliance with the United States than in leaning closer to its neighbors, particularly China. However, there are issues that require a regional solution to complement national and global solutions. These include, for instance, the protection of regional commons such as air space and sea lanes of communication, air pollution, and biodiversity. On a more mundane matter, the rice bowls of East Asian countries are much more dependent on one another than the noise of territorial disputes suggests. Supply chains in the region are knitted in such a way that a disruption in one hub or spoke is likely to disturb the entire chain, particularly in information and communication technologies (ICT) and automotive industries, which serve as two of East Asia’s leading growth sectors.

East Asia has also turned into a vibrant theater of regional economic cooperation and integration—a significant change from its position as a mere bystander before the establishment of the ASEAN Free Trade Area (AFTA) in 1992. East Asia woke up with the financial crisis of 1997–1998. Free trade has branched out from ASEAN to six other countries in East Asia. Negotiations on the Regional Comprehensive Economic Partnership (RCEP) were scheduled to be completed in 2015. The seeds of a macroeconomic stability pact have also been sown in the form of the Chiang Mai Initiative Multilateralization (CMIM) and the establishment of the ASEAN+3 Macroeconomic Research Office (AMRO). Critics do have a point when they state that East Asian regionalism remains shallow, but the region’s accomplishments in economic integration and cooperation have been enormous, considering that East Asia is a novice to regionalism compared with Europe or even the Americas.5

On the political and security front, the challenges remain substantial in East Asia, as demonstrated by the direct expressions of national sovereignty with regard to territorial claims and the deficits in trust in other countries’ military doctrines and capabilities, among others, in spite of their dense economic interdependence and active day-to-day communications and transactions. The progress in democratic governance in many countries in
East Asia, as represented by ASEAN members, is also quite impressive, save for some countries with more deep-rooted authoritarian traditions, such as China and North Korea. The outcry for change, both from outside and from within, will make it hard even for a stringent regime to resist necessary reforms that are economic, political, and social in nature. The peaceful settlement of domestic troubles is equally needed, as contestations among states are frequently stimulated by efforts to distract from domestic troubles by focusing on outside threats.

While embroiled in disputes, no government in East Asia has indicated any intent to dismantle regionalism. The more likely scenario for East Asian regionalism is an evolutionary progression necessitated partly by the forces of integration that are inherent in technological changes and the responses of governments, businesses, and societies to such forces worldwide. In short, finding a solid theoretical argument for East Asian integration may be difficult. But doing and learning can run in parallel in nature and culture, which can create a strong glue over the course of time. The fact that circumstances appear as dire as they currently do with regard to certain elements of relations in East Asia does not justify a disengagement from regionalism. On the contrary, regional integration serves as a much-needed glue in times of dispute.

ASEAN-Japan cooperation is an outgrowth of ASEAN. Therefore, it is best put in the context of wider East Asian regionalism, though a direct link can also be created between ASEAN-Japan cooperation and institutions like the G20 or even UN agencies. On matters of global governance, ASEAN-Japan cooperation can contribute in a number of different ways. First, it can serve as one pillar for governance reform in East Asian regionalism and, by extension, in the world, given that East Asia accounts for a very large and growing part of the world population and economy. A well-governed East Asian regionalism indirectly but meaningfully contributes to global governance. Second, ASEAN-Japan cooperation can serve as a transmission mechanism for East Asian ideas and aspirations on good governance to global institutions on the one hand and for global ideas to East Asia on the other hand. Enormous positive knowledge spillovers can be created through such a two-way transmission. The diffusion of best policymaking practices is perhaps one of the most valuable benefits that can be gained from regional integration and cooperation arrangements among countries at different stages of development (such as the emerging RCEP) or even among those at similar stages of development (such as the OECD), although it is difficult to capture such knowledge spillovers through quantitative analysis. Third, ASEAN-Japan cooperation can help attract good governance with regard to science and technology cooperation. So far, most cooperation
programs involving ASEAN and its partners have been patterned as transfer mechanisms in the context of traditional North-South cooperation. Little has been done to enable ASEAN countries to access science and technology capabilities through diversity-based collaboration. This type of cooperation may look illusory at first glance. But ASEAN countries do have capacity of their own that can be combined synergistically with the capacity of its partners, and particularly that of Japan. In the event that collaboration attracts other countries from East Asia, such cooperation would serve as a glue of a stronger kind. Finally, ASEAN-Japan cooperation can serve as a model for successful pooling of resources in spite of diversity and asymmetries.

Of the immensely wide spectrum of global governance issues, some can be singled out for their immediate relevance to ASEAN-Japan cooperation. They are grouped in four clusters in the remainder of this chapter. Cluster one centers on macroeconomic stability. Cluster two pivots around sustainable development. Cluster three deals with a more equitable access to resources, participation in development, and sharing of income and wealth, or inclusive development in short. The last cluster deals with the contribution of ASEAN-Japan cooperation to comprehensive international and regional security.

**ASEAN-Japan Financial Stability Forum**

Macroeconomic stability is essential to the human quest for a better life. Its global governance institutions have evolved into a high level of sophistication with the International Monetary Fund, the G20, the Bank for International Settlements (BIS), and some regional institutions like the European Monetary System (EMS) and the principles and rules underlying each of these institutions. Yet, macroeconomic performance as reflected in unemployment, output growth, inflation and exchange rates, balance of payments positions, and distribution of income continues to fluctuate. At intervals, the amplitude of the fluctuation rises beyond expectation and forces governments to deploy anti-cyclical measures. In doing so, governments occasionally act selfishly, hoping to heal their respective problems of instability through beggar-thy-neighbor policies, like competitive devaluation, without due regard to the damages that are thereby inflicted on other countries. In times of crisis, huge financial wealth and even real estate wealth are destroyed. While governments are quick to re-regulate in the wake of such crises, new regulations such as the Dodd-Frank Act remain incomplete and are vulnerable to abusive practices. History often repeats itself in the financial world.
With a view to ameliorating vulnerability to erratic financial crises, ASEAN-Japan cooperation should open a dedicated window for financial stability cooperation, which can be named the “ASEAN-Japan Financial Stability Forum,” where high-level officials from institutions related to macroeconomic policymaking are involved on a tripartite basis. The forum would serve in the first place as a mechanism for knowledge spillovers. Its agenda would include what is called “domestic protection” in support of good domestic macroeconomic policy, such as inflation targeting, which is gaining a following in East Asia. The adoption of fiscal policy anchors—in the form of restraints on new government borrowing and stocks of debt—constitutes another important element, and so does the internalization of macroeconomic policymaking best practices in prudential financial services, such as the flexible adaptation of the Basel III accord to local conditions. As indicated above, one of the greatest benefits that a country can reap from membership in international organizations that include developed countries is the positive externality of learning. Beyond learning, evidence-based advocacy can also be an important element of the proposed ASEAN-Japan Financial Stability Forum. This applies in particular to macroeconomic policy cooperation in East Asia. Consolidation of the CMIM and AMRO and their subsequent elevation to full-fledged macroeconomic cooperation in East Asia would entail the responsibility to work out financial stability indicators, develop an early warning system, conduct surveillance, and trigger remedial actions when indicators threaten to move out of the agreed corridor. This proposal smells of the EMS. It may look ambitious for the time being. However, in the world of finance, where flows are continuously gaining in speed as a result of digitization, regional oases of stability are likely to prove increasingly useful.

Along with financial stability, financial inclusion ranks very high in priority in financial governance worldwide and in ASEAN. Huge, diversified financial institutions and their respective huge debtors are mostly opaque, often becoming so big as to force governments to incur tremendous costs when they fall into crisis, as many did in the Asian financial crisis of 1997–1998 and the global financial crisis of 2007–2008. Therefore, financial inclusion that allows small and medium-sized enterprises to flourish is not only virtuous from a distributional perspective, but it also lessens the probability that a financial crisis will erupt. The strengthening of financial inclusion therefore merits a place in the core agenda of the proposed “ASEAN-Japan Financial Stability Forum.”
ASEAN-Japan Dialogue on Sustainable Development

Sustainable development has risen tremendously in importance in national, regional, and global development agendas. Its complexity is mind-boggling. It deals with the endlessly rising demand for resources that accompanies the progression of human society but that is subject to the limited carrying capacity of the earth. Whether one uses income as a yardstick or the Human Development Index (HDI), any accurate measurement of well-being, happiness, or just a good life is elusive, but the implied demand for material resources is boundless. In the case of ASEAN, for example, economic growth ranks very high among its members’ development priorities. Even those countries with some of the highest per capita incomes in the world, including Singapore, Brunei, and Japan, still consider growth a necessity, notwithstanding the unclear relationship between rising incomes and people’s happiness, as described by the “Easterlin Paradox,” or the failure of happiness to rise with increases in income. Poor and rich countries and people living therein are somehow stuck to the dominant lifestyle of abundance in spite of its disharmony with nature’s laws. The so-called “homeostatic lifestyle”—where human consumption and other activities seek to mimic nature’s laws of consuming the least energy necessary and of diversification—hardly appeals to living humans of the 21st century, despite its promise of sustainability and the examples we have seen of life succumbing to such laws when natural resources have been depleted in a way that creates natural disasters, revealing the binding nature of the scarcity laws with clarity before people’s eyes.

Water and Food Security

Armed with better knowledge, people now realize that fresh water resources are scarce compared with human consumption. For the time being, the burning issue is the shortage of water that people can control, like the stock captured in rivers, lakes, underground water tables, dams, and reservoirs, rather than total water resources. The scarcity is exacerbated by the disappearance of forests, the choking of rivers under human settlement, damming in favor of power generation, industrial and commercial consumption, and contamination of ground water. While Southeast Asia is endowed with higher rainfall than many other parts of the world, some areas have occasionally suffered from water crises in times of prolonged drought, which is inherent in the weather pattern of the Pacific Ocean. Southeast Asians do
not have to wait for severe crises to hit before acting to reduce their vulnerability to water shortages.

Strengthening regional cooperation in water-resource management, such as the management of shared rivers, lakes, and underground water resources, as well as in other more fundamental issues such as the halting of deforestation, reforestation, water and air pollution abatements, and the mitigation of global warming is urgently needed. A dedicated window should be created within the context of ASEAN-Japan cooperation to deal with the very complex nature of water resources, such as an “ASEAN-Japan Dialogue on Water Conservation.” Water molecules are of critical importance to life. They are even considered “living” molecules with memories of their own. As discrepancies between supply and demand worsen in Southeast Asia, solutions will increasingly depend on advances in science and technology. An ASEAN-Japan Dialogue on Sustainable Development would elevate water into its core agenda, aiming in particular at protecting water resources through sustainable use; fair sharing of rivers, lakes, and underground resources among neighboring communities; fair pricing of use; and protection against contamination from industrial pollution. The pooling of competencies from ASEAN and Japan can result in innovative solutions to both the supply of and demand for water resources.

Closely related to water security is food security. On this score, ASEAN still has a long way to go. While a great deal of progress has been made in fighting hunger and malnutrition, many Southeast Asians still suffer from malnutrition or even occasional hunger. Food insecurity is still a problem in ASEAN. East Asians happen to depend critically on rice as a staple, the cultivation and preparation of which requires a lot of water. Whichever way it is defined, food security is inconceivable in the context of East Asia without water security, the core element of food security. However, there are also other elements, such as access to continuously improved seeds, fertilizer, pest control, and other inputs. These inputs are increasingly science intensive. As the science intensity increases, food agricultural inputs may be associated with greater intellectual protection, making access increasingly difficult for farmers. Scientific collaboration in seed improvement is an area where scientists from ASEAN and Japan can bring knowledge and skills on a more equitable basis, recognizing that ASEAN countries have also built research and development competencies in this field. Furthermore, while dealing with cyclical fluctuations that are likely to come and go with oscillations in water supply and fluctuations in other inputs, ASEAN and Japan can resort to buffer stocks or strategic reserves, which are already in place on a limited scale through cooperation in East Asia. Under the proposed ASEAN-Japan Dialogue on Sustainable Development, water and food security should be placed high in the hierarchy of priorities.
Energy Security

In the current civilization of motorized global mobility and digital connectivity, energy security is existential in nature. Today’s humans travel a longer distance than their ancestors and communicate with more distant places to sustain a given standard of living. Hence, energy is a major issue for global governance. It also constitutes a critical ingredient of sustainable development in East Asia, including ASEAN and Japan.

ASEAN and Japan are faced with complex energy security issues. First of all, they differ starkly in energy intensity, or the amount of energy needed to produce a unit of income. Japan’s very low energy intensity is a source of envy for most ASEAN countries, though a lot of that has to do with the “soft” structure of the Japanese economy in contrast to the “hard” structure that one finds in most ASEAN countries. However, the differences point to a significant opportunity for cooperation. The widespread diffusion and adaptation to local conditions in ASEAN of Japan’s low-energy-intensive production and consumption technologies would imply a huge saving. ASEAN-Japan cooperation should seek to lower the barriers to or even offer incentives for such diffusion and adaptation, given that technology often suffers from the problems of lock-in. For most users, parting from existing technology is hard.

Second, the thirst in ASEAN for energy is going to rise as the number of cars, ships, trains, aircraft, computers, and other mechanical devices rises progressively with income growth.

Third, the long-term energy outlook suggests that East Asia in general and ASEAN in particular are likely to rely more on coal in meeting their rising energy demands. Even Japan is likely to return to a similar trend after the frightening experience with the Fukushima nuclear plant meltdown. Given the structural dependence on coal, advances in clean coal technologies should constitute an important element in the proposed ASEAN-Japan Dialogue on Sustainable Development. Coal is widely considered dirty. Yet, dirt should also be seen as an untapped opportunity for technology advancements in the entire supply chain from coal prospecting to mining, hauling, mine closure, shipping, burning, and the disposal of residuals.

Fourth, renewable energy technologies, which come in small quantities, may never reach a mass that is big enough to provide a solution to economic development, which is based on massive energy consumption, or may only do so in the very remote future. However, areas such as geothermal energy, wind farming, solar energy, and biofuel can provide distributed solutions to meet the energy needs of small niches, such as villages, or even support the electricity grid to a limited extent during peak hours. Their contribution to
the energy balance can be increased through performance-based incentives, which seem indispensable in an energy market where the choice of fuels is limited and prices fluctuate erratically.

Fifth, it is hard to argue for nuclear energy after the Chernobyl and the Fukushima meltdowns. The memory of these accidents is embedded deeply worldwide. Yet, in the very long term, when the fossil reserves run dry, alternative energy in the form of nuclear energy is likely to be needed to support the lifestyle of abundance that is very unlikely to be abandoned. Therefore, cooperation in nuclear science and technology should be kept alive in ASEAN and Japan, even if their deployment is reduced currently. Even under the most pessimistic scenario, nuclear science and technology progress is a real possibility. Given enough time, nuclear technology can perhaps spare the earth of the Chernobyl and Fukushima types of accidents. When it comes to energy security, an ASEAN-Japan Dialogue on Sustainable Development can serve as a pooling of research resources, an instrument for knowledge spillover, or even a magnet for collaborative science and technology research and development through which human capital is shared with less-developed countries. There appears to be a significant need for a separate window for an “Emerging Energy Community in East Asia” under the ASEAN-Japan Dialogue on Sustainable Development.

Energy use necessarily creates small or severe stresses on the environment. The stresses can be short-term in nature, such as those one is exposed to in many major cities in the developing parts of East Asia, or very long-term in nature as they accumulate in the atmosphere. The temptation is very great to free ride in matters of cross-border environmental strains. On the other hand, global mechanisms still leave a great deal to be desired in terms of effectiveness. It is therefore imperative that ASEAN and Japan pursue the internalization of environmental issues within the framework of the proposed “Emerging Energy Community in East Asia.”

East Asian Comprehensive Partnership 21

Trade can be clustered together with sustainable development for various reasons. One can assume that the least imperfect competition and trade cooperation will stretch the production frontier of participating economies at the lowest possible cost. Growth in all developed and emerging economies of East Asia has so far been led by trade. Small economies like Hong Kong, Macau, and Singapore; medium-sized economies like South Korea, Malaysia, and Thailand; and large economies such as Japan and China share this strategy of trade-led development. Countries on the lower
end of the development ladder can still count on this strategy—with some modifications—while they seek to catch up. There is no compelling reason to consider trade-led development an outmoded strategy, notwithstanding the current euphoria about growth led by domestic demand. It is through trade and investment that more-developed countries in East Asia can provide a meaningful impetus to growth in the less-developed countries. Trade is a better aid.

East Asia, including ASEAN and Japan, is a huge, diverse region of complementary physical geographies, natural resource endowments, population dynamics, and cultures. Such diversity is often considered a challenge to economic transformation. However, it should also be seen as an ideal condition for mutually beneficial competition and cooperation. Needless to say, there are elements of these dynamics that a fruitful “ASEAN-Japan Comprehensive Partnership 21” will have to adapt to. A lot has been accomplished to reduce trade and investment barriers on intra-Asian trade through unilateral, regional, and multilateral initiatives. Measured in terms of trade and investment barriers, ASEAN today is almost unrecognizable compared with what it was in the early 1980s. Unlike the earlier developers in East Asia, such as South Korea, Malaysia, Singapore, and Thailand, which started off their respective trade-led growth with a thick margin of tariff preferences in the developed countries, today’s late-comers can no longer count on such privileges, except for in the cases of a very few products. Myanmar, Cambodia, Laos, Vietnam, and even Indonesia will have to accelerate development to be on a more competitive footing. The new opportunities are found in the global production network, particularly its East Asian leg. Those who seek to catch up will have to find niches in the global supply chain, starting with the low skill-intensive quadrants and moving gradually toward the quadrants where higher skills and knowledge are required. Continuous technology changes and progressively rising living standards in the more developed economies will force the relocation of production even under the most optimistic scenario of mechanization of production.

To allow regional production networks to continue and improve in sophistication, progress in human resource development is needed. Admittedly, ASEAN countries have accomplished a great deal in recent years in education, health, and entrepreneurship—the three core blocks of human capital. However, they are faced with huge gaps in vocational schooling, university education in science and engineering, and cross-border flows of students. While a lot has been done under the auspices of ASEAN-Japan cooperation, the partnership should focus on strengthening the catalytic role of future cooperation in order to unleash the potential in individual
ASEAN countries, which should be done by encouraging a greater proportion of ASEAN-wide programs in contrast to bilateral programs.

Effective entry to the global production network is crucial to the shift to higher-growth paths in lower-income ASEAN countries. Entry depends in the first place on the trade policy position of the respective economies. Pragmatic openness is more likely to be rewarded than nationalistic policy. Yet, pragmatic openness is far from sufficient. Attractiveness to global production networks is critically dependent on the reliable functioning of logistics services, their costs, and the trustworthiness of the myriad institutions or institutional connections that are involved in them. In countries like Indonesia, bringing connectivity closer and closer to regional best practices through investment in infrastructure is sine qua non for a successful, trade-led catch-up process. Considering the budgetary constraints facing the public sector, dependable public-private partnerships (PPP) are needed to push infrastructure development forward. Experiences in Indonesia demonstrate that the crafting of a PPP’s reputation is a painstaking process. At its leaders meeting in Bali in 2013, APEC announced the establishment of a PPP center in Jakarta, hoping that such a center would help strengthen acceptance of PPPs among politicians and officials as well as among investors.

ASEAN and Japan are faced with a complex trade and investment policy agenda. Governments always remember to say positive words about multilateralism. However, ASEAN and Japan are unlikely to create a great deal of impetus for its progress despite the successful agreement at the WTO Bali Ministerial on the Bali Package of trade facilitation measures. Instead, ASEAN and Japan are likely to concentrate on regional initiatives, particularly the RCEP and the TPP. These two initiatives will coevolve at different levels of ambition. The TPP may lead to a situation where non-TPP countries suffer from discrimination in a TPP signatory country compared with another TPP country. It also is likely to result in discrimination among fellow ASEAN countries toward non-ASEAN countries like Japan, Australia, and New Zealand. Therefore, “ASEAN-Japan Partnership 21” can contribute to the global governance of trade by embarking on an agenda that includes the following: (1) a strong ASEAN-Japan coalition for progress in RCEP negotiations; (2) initiatives for creating convergence between the RCEP and the TPP; (3) a credible commitment to outcome-based capacity building in all partnership initiatives, bearing in mind that such initiatives are indispensable for the active participation of developing countries in ambitious partnerships; and (4) creative ways of transmitting East Asian pragmatism to the global governance of trade. ASEAN-Japan cooperation should help urge the world to become more attentive to East
Asian pragmatism as a complement to the existing occidental governance architecture and structure. It should also help consolidate ASEAN’s centrality in community building in East Asia. The imperfect cohesion of ASEAN is public knowledge, as reflected in the tendency of its members to treat as taboo some important issues such as a common external trade and investment policy. Through ASEAN-Japan cooperation, Japan can be instrumental to the crafting of a stronger cohesion even with regard to issues that are currently considered an exclusively internal affair.

Ideas on sustainable development are far from matured. The issues it entails go far beyond the few items discussed above. They include issues related to anthropogenic aspects of climate change and its reduction in an environment in which free riding is almost impossible to resist, declines in biodiversity, and the probable “Sixth Extinction,” or man-made extinction. Indeed, sustainability is inversely related to abundance. As long as the lifestyle of abundance, which goes against nature’s parsimony, is the dominant design of civilization, sustainable development sounds like an oxymoron. Debates on the “homeostatic lifestyle,” as conceived for example by Mahatma Gandhi in the early days of decolonization, need to be refueled, however utopian such debates may sound for the time being. Many of these issues are transnational in nature with a large window for free riding, making policymaking processes nightmarish. Disagreements persist among politicians on how to interpret scientific evidence of climate change and the depletion of biodiversity. In the meantime, some of the phenomena of degradation have become constraints to development and are expected to increasingly be so. Given that there is a great deal yet to be understood in the field of sustainable development, ASEAN-Japan cooperation in this field could produce substantial dividends.

ASEAN-Japan Pact for Inclusive Development

Despite the tremendous progress made in economic development in the last 40 years or so, East Asia still struggles with large-scale poverty. The number of people suffering from diverse symptoms of poverty, such as malnutrition or vulnerability to hunger, is huge. Inequality in East Asia has risen rapidly with growth, as one can see from the increases in Gini coefficients, which in the case of China was as high as 0.47 in the most recent year for which data are available. The reputation of the East Asian model of development as one of inclusive strong growth has weakened. East Asia is also home to a huge number of people who struggle to make their livelihoods because of the vulnerability of employment. Poverty and inequality can be explained
in part by the region’s early development. The rest may stem from other sources, such as the tendency toward asymmetric factor price equalization under globalization in the sense that low wages in one part of the world pull down the low wages elsewhere, while high salaries in one place push high salaries upward elsewhere. This phenomenon is associated with the so-called “talent premium,” which is considered outrageous in financial services and some segments of the ICT industry due in large part to the high market imperfections in these two and other knowledge-intensive industries.

Factors behind poverty and inequality are so complex that they appear almost intractable. Lack of access to clean water and clean air make people susceptible to diseases, which may afflict some people with durable disabilities and low-paying jobs for life. It also harms food production, amplifying the negative effects on people’s health. A mother’s lack of access to basic food and health increases the probability of her giving birth to an unhealthy baby with lifelong implications. Poor health hinders a child from reaping the full benefits of education. Inferior educational attainment leads people to low-paying employment. Low-paying employment disallows people from pursuing knowledge and skill advancement on a continuous basis. Poor macroeconomic performance hurts poor people more than it does rich people. Increases in inflation rates hurt low-income people more than high-income people. They also provoke workers and their unions to ask for even higher increases in wages at the cost of unemployed citizens. Assessing the small probability of finding jobs domestically, large numbers of laborers migrate overseas, taking whatever job is on offer and risking exposure to the dangers of abusive practices as the suffering of some Indonesian migrant workers has demonstrated. Unrealistically high exchange rates divert spending from local production to imports, obstructing employment creation and delaying the transition to higher-wage economies. Poverty and inequality appear to exist in a vicious cycle. Yet, some countries in East Asia have clearly escaped such a cycle, as South Korea has most recently.

Inclusive development has risen very prominently on the agenda of scholars, governments, corporate organizations, NGOs, and international organizations in recent decades, partly because of the worrying trend of worsening inequality brought about by the recent waves of globalization. The Millennium Development Goals (MDGs) reflected a worldwide commitment to more equitable development, as do the post-2015 Sustainable Development Goals (SDGs). Inclusive development has also been accepted as a standard element in regional integration and cooperation. The European Community, for example complemented free factor movement with social programs for poor regions and large-scale resource transfers in favor of farmers under the Common Agricultural Policy (CAP). East
Asians prefer to call their regional initiatives “comprehensive partnerships,” in which cooperation such as capacity building in favor of lower-income members is given the same importance as trade and investment liberalization, at least in a normative sense. However, turning around from exclusive development to inclusive development has proven to be very hard to accomplish.

Notwithstanding years of warning against worsening inequality, the divide between the high- and low-income classes is reported to have continued to widen. The capturing of regulators by high-income groups, which led among other things to a lowered tax on high incomes and a weakened labor union in many places, has become deeply rooted over the 40 years since conservatives seized power in Europe, North America, and many parts of the developing world in the 1980s.

Recognizing the complexity of unequal development, there is no quick panacea for turning it around. Inclusiveness is also going to rely on a myriad of measures that are scattered throughout the entire policy spectrum. It will require the addition of small contributions from countless small initiatives. Finding a meaningful contribution of ASEAN-Japan cooperation to better global governance that relates to inclusive development is like finding a needle in a haystack. Needless to say, it is also going to be very diverse. Some of it can result from social protection. A lot more can stem from cooperation in the areas of health, education, training, technology transfer, and better treatment of migrant workers as productive members of our societies, among others. Given the diversity in the region, ASEAN-Japan cooperation should not be primarily directed at inventing new measures. The more sensible thing to do is to amplify certain elements that have proved to be more effective than others.

One such element is policy advocacy, also referred to as “policy transfer.” Experiences of successful East Asian countries demonstrate that inclusive development depends predominantly on good domestic policies. It is only through such good domestic policies that external assistance can produce meaningful impacts. Contributions of good policies to inclusive development in low-income economies can never be overemphasized, given that a policy change is often the only alternative available to a government seeking to guide a nation to a higher position on the development ladder. From Japan, ASEAN countries can learn the smart way to combine market mechanisms with targeted government interventions. The very high proportion of government and household spending allotted to human capital formation in the form of health, education, and enterprise formation and development is something that most ASEAN countries have yet to internalize in their development policies.
Policy advocacy or transfer is an integral part of the work of the Japan International Cooperation Agency (JICA). It is also promoted through diverse channels in bilateral relations. What an “ASEAN-Japan Partnership” needs to do is to extend existing policy advocacy to areas that are more directly concerned with inclusive development and to encourage Japan and the countries of ASEAN to make such advocacy an important element in East Asian regional efforts such as the RCEP. Sooner or later, East Asia is likely to have an OECD-type of cooperation. ASEAN-Japan cooperation can serve as an attractive force for such regionwide advocacy or policy transfer. If ASEAN-Japan cooperation can facilitate the adoption or diffusion of good policy practices in ASEAN, it would mean making tremendous contributions of an indirect nature to inclusive development in East Asia in general and ASEAN in particular. Policy advocacy or policy transfer may not be as glittery as some other elements of cooperation. However, it has helped create success stories in Japan, South Korea, and other places, including China, despite the pessimistic prophecies that some European scholars once made about East Asia. Good policy will distinguish the next winners within the development race in East Asia.

Human capital accumulation constitutes another distinctive feature of the East Asian development model. Its imperativeness has already been mentioned in connection with the regional production network. It is amazing that the East Asian countries or economies that have been emancipated in recent times are all thinly endowed with natural resources and that their rapid development is largely attributed to a smart strategy of human capital accumulation in environments that are generally more secular than one finds in some other countries of East Asia, like Indonesia. A number of indicators suggest that Japan and other more developed countries in East Asia have invested more intelligently in health relative to European and North American countries in similar income groups, deriving more health out of a unit of effort. The more developed countries in East Asia beat the world in terms of government expenditures on education as a fraction of GDP as well as in parents’ determination to educate their children. With strong commitments to education, Singapore, Hong Kong, South Korea, and Japan (and perhaps also soon China) have successfully enabled people to advance in social status in a single generation. These East Asian winners may still have to depend on Western science as far as the origination of big ideas is concerned. However, they have performed very well in using and modifying original ideas to the extent that East Asia, with Northeast Asia as its core, has turned into the world’s most vibrant manufacturing base. On matters related to entrepreneurship as the predominant way of turning knowledge into useful things, East Asians have nurtured dynamics of their
own. The ancestral worship that is said to be rooted more deeply in East Asia has not prevented East Asians from winning the global innovative race in a growing number of technologies, particularly consumer electronics, automotive industries, and robotics.

Human capital accumulation has been a perennial element in ASEAN-Japan cooperation, bilaterally and regionally. It is also likely to remain part of the core of future cooperation. In most cases, future cooperation is likely to be an amplification of programs that have been going on for years. Adding something original to them is not easy. However, reinvention is a constant need in a changing environment. Populations are changing asymmetrically in ASEAN and Japan, ASEAN being generally young and Japan aging most rapidly. The advancement of mechanization may help alleviate Japan's need for migrant workers, but is still likely to leave a growing hole in which human services remain indispensable. With big data, 3D printing, and synthetic biology in the frontier of science and technology and future products and services that may stream out of them, humankind is at the threshold of becoming a terra incognita. What is more, East Asian diversity is only sparsely observable even in the region's biggest metropolises. East Asia is still lagging far behind Europe in respect to intraregional heterozigos-ity, which is considered critical to progress, as explored recently by some growth economists.8 East Asian people-to-people connectivity is severely hampered by language barriers. A new “ASEAN-Japan Diversity Program” should be added to the expansive ongoing cooperation. Citizens of ASEAN nations and Japan should be encouraged to be universally multilingual, mastering English as a global language and one of the East Asian languages as a language of diversity. By doing so, East Asians would simultaneously be doing a much-needed service to preserve the diversity of human culture.

Even in the best governance environment, development is always probabilistic rather than deterministic. An illiterate mother may have great difficulties caring for herself during pregnancy and rearing a baby in a largely literate society. A child may drop out of school and land in a state of vulnerable employment. In short, a citizen or group of citizens in an industry or a particular space are constantly faced with countless social risks that may strike unexpectedly at a time when the extended family system is losing ground, as depicted frequently in stories about aging in East Asia, particularly Japan and South Korea. To mitigate the costs that may be incurred from the diverse risks, social protection is increasingly necessary. On this score, ASEAN countries and Japan differ starkly. Social protection has evolved toward comprehensive coverage and great sophistication in some countries, but remains in a prolonged gestation in others, lagging far behind Western Europe.
There are some compelling reasons for East Asia to step up national and regional endeavors to institutionalize social protection. First, the worsening trend of inequality in the region can be moderated somewhat through a stronger social security system. Second, employment in East Asia is increasingly formal, paving the way for a financially sustainable social security system, though one has to caution against unrealistic speed toward universal coverage as it is being sought in Indonesia. Third, social security helps mobilize long-term savings, which is needed for infrastructure financing. Lastly, human life in East Asia is getting increasingly interdependent. People-to-people connectivity is rising with transnational employment and tourism of all kinds. Sooner or later, East Asia is going to have to confront social protection issues like cross-border portability of protection.

Security Cooperation

Enhancing the global governance architecture through security cooperation can provide an important basis, or type of infrastructure, on which to build greater progress in the socioeconomic sectors. In this connection, we should be confident that we are in a better world than before. Indeed, humans today have the historical privilege of living more peaceful and secure lives than their ancestors. The frequency of war has diminished greatly, and the probability of war has also lessened for reasons that are yet to be investigated thoroughly. Part of the reason seems to have something to do with the probable enormity of the cost of war. People have also gotten smarter in choosing nonviolent paths to solving disputes, including efforts to defuse them. Scientific findings about the oneness of human origins and the oneness in long-term fate may also have taught people about the need to care for one another. Furthermore, politicians are increasingly forced to listen to people’s voices, respecting people’s power as part of a democratic repertoire of governance.

The beast within the human animal, however, is never extinct. It is being pushed to the background of human behavior and may burst out again if provoked. Indicative of this is the plethora of nontraditional security issues that have emerged. Terrorists can incapacitate an entire city or even a state if they get ahold of hazardous materials of mass destruction such as nuclear technologies or biological weapons. With increasing connectivity, the damage that a terrorist act can cause can be enormous.
Counterterrorism

Given that the 9/11 terrorist attacks in the United States were followed by a series of terror bombings in ASEAN carried out by violent and extremist nonstate actors, ASEAN-Japan cooperation against terrorism should be given a high priority. It is encouraging to note that a set of measures have been pursued through the mechanism of the ASEAN-Japan Counter-Terrorism Dialogue. The measures already taken, including those on money laundering and border controls, must be further enhanced. Terrorist groups can be deprived of material resources if governments can cooperate closely to tighten their grip and fight money laundering. In view of the particularly weak maritime border control mechanisms in the region, there is a growing need to maintain order more effectively in the waters of Southeast Asia. ASEAN and Japan should consider establishing a regional academy for maritime law enforcement agencies (such as coast guards and water police/harbor patrols) that would train and educate civilian officers. Since the Japan Coast Guard is the oldest and largest coast guard in Asia, its leadership role would be highly welcome. Controlling the trade in hazardous materials and nuclear technologies should also be highlighted in this effort.

One additional important perspective in contextualizing global governance of counterterrorism in Southeast Asia and of regionalizing security cooperation within ASEAN and between ASEAN and Japan is to harmonize and synchronize peacebuilding efforts and counterterrorism activities in post-conflict regions and countries in an effective way. Peacebuilding is a package of efforts to consolidate the social structure for sustainable peace in regions or nations that emerged from conflict to avoid relapse into violence. Pursuing the ASEAN-Japan policy “best mix” of peacebuilding and counterterrorism would significantly reduce the risk of radical nonstate terrorist groups manipulating often complex and confusing post-conflict situations.

Nuclear Nonproliferation and Nuclear Security

While we recognize the enduring utility of the peaceful use of nuclear energy, the nonproliferation of and the enhancement of security from military use of nuclear materials and devices must be strictly governed globally. As the only country in the world that has experienced the horror of an atomic bombing, Japan has a special responsibility to advance nonproliferation, nuclear security, and eventually nuclear disarmament. Multiple norms and practices attempt to curtail nuclear ambition, like the Nuclear Non-proliferation Treaty, International Atomic Energy Agency,
the Comprehensive Nuclear Test Ban Treaty, and the Proliferation Security Initiative, among others. Thus, it is in the shared interests of ASEAN and Japan to sustain and enhance the legitimacy and credibility of these mechanisms. Additional efforts involving capacity building on export controls for nuclear material and nuclear-related technologies on the part of ASEAN countries should be promoted. Furthermore, combining nuclear security with counterterrorism measures is an urgent task for ASEAN and Japan as these horrific devices are no longer monopolized by state actors.

**International Law and Global Governance**

Having discussed the innovative ways to address a set of nontraditional threats to regional and global security governance, we cannot lose sight of the security challenges in East Asia that might be triggered by failures to manage the more traditional types of rivalries over national sovereignty and territorial integrity. The stakes are high, as East Asia is getting more assertive in dealing with territorial disputes, particularly—but not exclusively—in the South China Sea and the East China Sea. It is regrettable that wealth has apparently emboldened East Asians to uncouple from the avoidance strategy that has served the region very well for decades. In the face of disputes and differences that arise between Japan and ASEAN, or any ASEAN member, it is important to go back to the basics and explore ways to resolve the issues in a rules-based and timely manner, respecting the value of the norms of international law and, where appropriate, with reference to the relevant international institutions including the International Court of Justice. This spirit of adhering to the rule of law would also prove to be highly relevant when ASEAN and Japan are faced with many intricate troubles with China, for example, dealing with matters ranging from intellectual property to territorial disputes. Indeed, agreed principles and common practices of international law are considered the most explicit in the formation and performance of global governance mechanisms. Here, both ASEAN and Japan should be the key actors, not simply the followers, to form and properly apply international norms. For this purpose, it would be a useful step to organize an “ASEAN-Japan Commission of Eminent Experts for International Law Principles and Practices” to survey and report on the conformity of emerging and ongoing controversies in the region, with a view to a better understanding of and agreement on how international law principles might be applied to resolve, manage, and frame these controversies.
Support for Local Democratic Governance

In view of the fact that domestic turmoil even in a far corner of this globalized world, exacerbated by the rise of failed or vulnerable states, can affect the everyday lives of the people in East Asia, it would prove to be quite useful for ASEAN and Japan to coordinate their efforts to more proactively promote the local democratic governance of those failed or vulnerable members in the international community to lay the foundation for a broader global governance system. In this regard, one useful and concrete step might be to sign an acquisition and cross-servicing agreement between ASEAN and Japan, later possibly joined by other like-minded members in East Asia (namely, South Korea and Australia), to further facilitate joint participation in UN-mandated peacekeeping and peacebuilding missions as well as in humanitarian assistance and disaster relief efforts. Since East Asia is prone to natural disasters, it would also be useful, for example, to establish an ASEAN-Japan Disaster Relief Center in Okinawa, Japan, because of its proximity to Southeast Asia, to better prepare the region through capacity building, joint training, and collaborative relief operations.

Conclusion

The essence of global governance is our ambitious and collective attempt to build a more peaceful world order by preventing the so-called “tragedy of the commons” on the one hand and by exploring agreed-upon measures among a broad range of stakeholders on the other hand to address issues of global significance in a more innovative way. Today, ASEAN and Japan share an interest in and responsibility to play a key role in advancing and maintaining good global governance structures. The legitimacy of their roles comes from the unique experiences that both ASEAN members and Japan have shared over the years in transforming their own internal governance structures in mostly peaceful and constructive ways.

Bearing in mind their growing responsibility toward the rest of the world, ASEAN and Japan should be confident of their best collaborative practices—from macroeconomic stability to inclusive and sustainable development, as well as to the broadly defined policy areas of comprehensive security—as they give impetus to the evolution of a better and more effective global governance toward the year 2025 and beyond.
Notes

4. All figures are GNI per capita based on purchasing power parity (current international $), from the World Bank’s World Development Indicators.
Recent shifts in power are of concern to the world and especially to Asia Pacific. Inescapably, there are concerns about the rise of China, the sustainability of American power into the future, and the pecking order among other states. But beyond that, the discourse concerns the very character of international society. Some respond to shifts in power by seeking to gain or sustain their own power, but another response is to rely on other ways to discipline and limit power, which include approaches based on rules and international law.

Calculations of power will no doubt still be relevant and, probably, primary. But international law can influence, discipline, and indeed civilize international society. Institutions and norms can have a role in shaping how states behave and what other states may reasonably expect. This is the present situation across a wide range of state practices. Looking forward, international law and rules-based approaches have the potential to be relevant and even essential to even the most sensitive issues concerning sovereignty and the use of force.

For this to happen, much depends on the great powers and whether they will accept or even actively develop the role of international law. This is not impossible. The United States played this role in the post–World War II period as it encouraged the creation of the United Nations and international financial institutions. Strong states may find it in their best interests to be engaged in the making and effective functioning of international law and institutions.1
There are also efforts that the smaller states and medium-sized powers can undertake. There have been a number of efforts that demonstrate their role, such as the creation of the International Criminal Court. Japan and ASEAN in particular can play roles—both separately and together—in the development of international law in the region and in global governance. Such efforts would be in their own interests as well as in the interest of the community of nations.

This brief chapter begins with a discussion of the role of international law, especially in Asia. It next reviews the past and ongoing experiences of Japan and ASEAN in international law. And finally, specific recommendations are outlined on how Japan and ASEAN can move forward—separately and together—to enhance the roles of international law and its influence on interstate relations.

The Role of International Law in Asia

The role of international law and institutions in governing the interaction between states is at once both long accepted and often ignored. Since the end of World War II, efforts led by the United States have created international institutions that influence what states do across almost all fields of activity in the lives of states: from the most sensitive issues of military strategy and economic development, to the everyday mundane conduct of air flights, telecommunications, and exchange of weather information.  

International law has seen progress in a number of areas, and an increasing number of states today say they respect international law and subscribe to and regularly utilize legal norms, instruments, and institutions in the conduct and management of their relations and the settlement of their disputes. Yet power—political, military, and economic—remains the prevalent coin, especially as regards sovereignty and the use of force. International law is therefore often ignored in practice, or left on the sidelines on such issues, despite the rhetoric that laws and rules should matter more.

The emphasis on power is likely to continue and indeed grow in the coming years. Optimism about the constitutionalization of the international order—particularly through the World Trade Organization dispute settlement system and international criminal tribunals—surged and then ebbed as limits and problems in various institutions grew more apparent. The international policy focus of the United States under former President George W. Bush changed from promoting international law and institutions to one of exceptionalism that led, in Philippe Sand’s estimate, to a “lawless world.” The European Union has positioned itself as a normative
power supporting international law and is often discussed as the model of global governance in the future. But given the difficulties that a common Asian security and foreign policy entails, the European imprint on the development of regional governance structures has never been strong, and it appears to be even less influential in the wake of the global financial crisis and Eurozone problems.

Attention has shifted instead to questions of power, especially to hard power in the security and political realms. A mega shift in global power is anticipated and indeed is already partially visible in the rise of Asia and especially the rise of China. Given the dominant role of the United States globally and in Asia Pacific, much attention has been given to the US-China relationship and the potential impact that the changing balance between them will have on their bilateral relationship as well as on others in the region and the world.

Connected to this, issues of power—especially military power—have resurfaced about the current and future roles of other Asian powers such as Japan and India, and of the alliances that the United States has with other countries in the region—Korea, the Philippines, Thailand, and Australia. The US-China issue has particularly been emphasized because of the so-called US pivot, as it rebalances its global assets toward Asia. Concerns have also arisen about conflicting claims to islets and seas in the South China Sea and the East China Sea—raising questions about sovereignty that could potentially invoke a military response among Asian neighbors.

This attention given to power will likely persist and grow in the coming years. China’s economic growth is likely to continue, albeit at a slower pace, with the prediction being that its economy will surpass that of the United States in terms of total GDP within the next decade. While it is considerably behind the United States in military prowess and current spending, Beijing has also embarked on ambitious plans to develop its capabilities, and especially those of its navy.

The emphasis across Asia Pacific is shifting toward a focus on power, especially economic and security-political power. The temptation is for the medium-sized states in Asia to try to match their neighbors power for power. Consequently, as China’s military develops, there are parallel efforts in Japan, India, and elsewhere.

While this has a certain logic, medium-sized and especially smaller states, like those within ASEAN, should have a vested interest in the creation of a more rules-based system in the region and wider world that relies more on norms and principles than on raw equations of power.

The need for international law and rules-based governance is particularly important given the shifts in globalization and its far-reaching consequences.
for economics, society, politics, and the environment. The international system has still not transformed into a post-Westphalian system—the state remains the essential unit. However, the past formality and clarity of state sovereignty have become softened and blurred so that what a state does within its own borders can be delegitimized in some still-not-fully-defined situations. As Andrew Hurrell notes, “The density of international and world society has undoubtedly increased along both solidarist and transnational dimensions, reflecting the increasing complexity of world society, the involvement of a wider range of actors and processes and far-ranging changes …” In this context, the significant role of international law rises in parallel and also in tension with questions of power.

To appreciate the ongoing and potential role of international law, we have to look beyond the formal treaty-making and judicial application of such law. When we look at international law through the lenses of institutions—global and regional—and of norms and principles, we may understand the much broader application and relevance of international law in the life of states and in their dealings inter se.

The Relevance of International Law to Japan and ASEAN

Take, for example, Asian attitudes toward sovereignty and noninterference. These attitudes are sometimes seen as an essential characteristic of the ASEAN way, in juxtaposition to the prescription from Western states that advocate a liberal, post-Westphalian order. The ASEAN and Asian emphasis on sovereignty has sometimes been derided by scholars who have dubbed it “Eastphalia,” a latter-day ossification of the Westphalian system.

Yet the reality is that the practices of noninterference are giving way to norms and practices of cooperation and to institutions that regulate the same. In this way, norms and institutions—international law—are in a sense moving on a separate plane from the old, strict concept of state sovereignty and are redefining that concept in the process.

Whether in human rights and humanitarian intervention, in addressing environmental issues such as climate change, or even in efforts to foster closer economic cooperation across the region, Asians have been actively participating in and thinking about the purposes of and limits to sovereignty. They have neither blindly adopted Western models nor simply been passive and defensive. After all, given the roots of modern international law, what is claimed to be a “universal norm” may instead be a particularity of Western culture and history that has been disguised over time.
ASEAN has instead sought to increase interstate cooperation by fostering new institutions (or new emphases in existing institutions) and to apply norms and principles in ways that are more predictable and rules based. ASEAN continues to use a more flexible and often quieter diplomacy (as opposed to stricter, legal measures), as well as the continuing relevance of the norms of sovereignty as a shield against unwarranted external interference. This can be seen in the economic sphere with the free trade agreements that the group has signed with major trade partners—especially China and Japan—and among its members inter se in the context of the ASEAN Economic Community (AEC). While nationalistic sentiments and sovereignty concerns countervail, the trend has been to enhance and deepen economic cooperation and integration. The AEC is especially notable for its clearly defined deadlines and targets, and for the creation of systems to resolve economic and commercial disputes based on agreed rules.

The shifting discourse in ASEAN about sovereignty can also be seen in the political-security realm. A notable example is the group’s evolving stance on Myanmar, following that country’s past record of political and human rights controversies. This began with the norm of nonintervention, whereby one ASEAN member refrains from criticism of another, but shifted to the compromise of “constructive engagement,” whereby Myanmar, as a new member of the group, was to be engaged on certain conditions so that its economic opening could foster internal social change. (While it may not be clear that the policy worked, it is clear that the concept of “constructive engagement” was a step away from noninterference.) But in 2007, when the military junta in charge at the time put down the “Saffron Revolution”—a series of protests led by Buddhist monks—ASEAN issued a clear and strong condemnation of the use of excessive force and the consequent fatalities.

ASEAN has also emphasized international law and rules-based approaches to managing and resolving the conflicts in the South China Sea. This is notwithstanding the prevalent view, held by many in the region, that power and the use of force—rather than international law—may be used to settle the issues. As a group, ASEAN has negotiated a Declaration on the Conduct of Parties in the South China Sea, and has agreed to further this initial effort with a more specific code of conduct. While details are yet to be discussed, the overall attempt is clearly to apply the principles of international law—often encapsulated in the Treaty of Amity and Cooperation in Southeast Asia—to the situation. The ASEAN foreign ministers re-emphasized their reliance on international law principles during their first 2014 meeting under the chairmanship of ASEAN. Their statement with respect to the South China Sea reaffirmed ASEAN’s Six-Point Principles on the South China Sea—particularly the importance of maintaining peace and
stability, maritime security, and the freedom of navigation in and overflight of the South China Sea—and called on all parties concerned to resolve their disputes by peaceful means in accordance with universally recognized principles of international law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS).  

One of the four ASEAN claimants in the South China Sea dispute, the Philippines, has also taken the step of bringing aspects of its conflicting claims with China before the International Tribunal for the Law of the Sea, the dispute settlement body established under UNCLOS. While some view this move as political provocation of China, it again demonstrates the resort to international law even where there are sensitive issues of sovereignty and territory at stake.

ASEAN member states have also resorted to the International Court of Justice (ICJ) to address sovereignty and territorial disputes amongst themselves. Indonesia and Malaysia brought their dispute over islands in the Sulawesi (Celebes) Sea—Pulau Ligitan and Pulau Sipadan—to the ICJ, resulting in a 2002 decision in favor of Malaysia. Malaysia and Singapore then brought their dispute over Pedra Branca/Pulau Batu Puteh in the Straits of Singapore to the ICJ, with the 2008 decision giving the largest of three islets in dispute to Singapore.

Cambodia and Thailand have also had a long-running dispute over the Preah Vihear Temple and some adjoining lands along their border. Despite an early judgment in 1962 that granted sovereignty over the temple itself to Cambodia, disputes about the adjoining land continued and led to violent conflict and fatalities in 2008. A subsequent 2013 decision gave much of the disputed land on the border to Cambodia, and led both governments to seek a negotiated solution.

What of Japan and international law? From the middle of the 19th century, even as almost all of ASEAN and many others in the region were under colonial rule, Japan modernized and joined the international community of “civilized nations.” Japan emerged as one of the victorious “Principal Allied and Associated Powers” in World War I, and started asserting its place in the international order. The Japanese initially called international law “bankoku koho,” or literally “the public law of all the nations.”

However, in the aftermath of the Great Depression, Japan failed to reach agreement with the international community on Japan’s place in the international order, invaded the Asian continent, and then met with military defeat in World War II. In 1933, early in this sequence of events, Japan left the League of Nations—a precursor to the United Nations—when the group sought to criticize its activities in Manchuria. This decision may be seen as an indication that calculations of power prevailed in Japan at the
time. However, Japan’s choice to leave the League of Nations rather than to stay and face admonition for its actions was considered by others to be a violation of international law.

In the years following the war, Japan toiled to rebuild its economy and to rejoin the world community, but despite its strong economic recovery and expansion, Japan’s postwar pacifist constitution continued to restrain its role in international security. Nevertheless, the country has sought to emphasize its adherence to international law and its contributions to the joint efforts of the international community. This is evidenced, for example, by Japan’s participation and leadership role in the UN Transitional Authority in Cambodia. This massive, multinational effort was headed by a Japanese UN official and was in large part funded by Japan.

Japan has also been actively engaged with the ICJ. Japan has had the privilege and responsibility of having a number of its nationals serve as judges of the ICJ, most notably former Vice-Minister for Foreign Affairs Hisashi Owada, who served as president of the ICJ. In an interview with the Japanese media, Owada expressed his views about Japan’s attitude toward the changing norms of international law:

The ICJ has come to be tasked with not only classic political disputes between nations such as territorial issues, but also problems involving human rights and the environment… Environmental issues such as Minamata disease and Yokkaichi asthma in Japan’s past have been principally addressed as problems for domestic law. However, the situation today increasingly requires us to regard them as matters that also affect neighboring countries.12

Yet despite these progressive views on international law, Japan has not been anxious to apply international law to issues that it regards as being sensitive to its interests or particular practices. Take, for example, the recent and ongoing controversy surrounding Japan’s continued practice of whaling (alleged to be for scientific purposes), a challenge to which has been brought to the ICJ by Australia.

Another example is the Senkaku/Diaoyu Islands, which are subject to overlapping claims from Japan and China. Notwithstanding Chinese claims, Japan has treated the islands—which are within its physical control at present—as being under its undisputed sovereignty. Consequently, when there was an incident between Japanese patrol boats and a Chinese fishing trawler, the matter was “handled strictly in accordance” with Japanese domestic law and not international law, despite Japan’s awareness that the incident would clearly have repercussions for Sino-Japanese relations.13 Given such policies, most experts remain pessimistic that the dispute between China and Japan can be resolved with reference to international law and the ICJ.
Prospects for ASEAN-Japan Cooperation

What then are the prospects for ASEAN-Japan cooperation on international law? In what ways might the two work to increase the relevance and weight of international principles in the practice of states—both separately and, even more importantly, together? How might institutions evolve to better utilize international law and appropriately bind the behavior of states through the reliance on rules?

To begin, we must question whether the perspectives held by the two sides are compatible when one looks at international law in the context of power. ASEAN is, to a considerable degree, quite consistent in seeking to uphold principles of international law in key areas. Thus, whether in discussions over the South China Sea or more generally in the ASEAN Regional Forum, ASEAN has invoked the peaceful settlement of disputes, and enshrined this and other international law principles in the Treaty of Amity and Cooperation.

While ASEAN ministerial statements are political declarations, they increasingly refer to international law as a basis for the conduct of states. We see this explicitly in the recent ministerial statement on the South China Sea noted above, and it can be implied from the ASEAN statements of recent past that criticized the former ruling junta in Myanmar. While legal treaties per se remain relatively rare among ASEAN member states, there is a move toward rules-based systems in the AEC. The ASEAN Charter also anchors the legal personality of ASEAN and sets out its key institutions and processes in a treaty, whereas in the past these were based on practice.

While on balance the ASEAN way still retains informality as a key precept, the trend in the group is toward “legalization.” Such “legalization” describes efforts to allow and encourage interactions to be based on rules and principles, and to institutionalize the interactions between member states accordingly. International law principles are also of emerging importance in the exchanges between ASEAN states and non-ASEAN states. In sum, ASEAN seems to be responding to the changing balance of power in the world and the region by increasing its reliance on international law and rules.

Japan, however, may hold quite a different perspective with respect to the balance between international law and power. While Japan was one of the earliest entrants from Asia into the international community and therefore absorbed modern international law early in its development, its contributions and participation may be adjudged as stable rather than increasing in dynamism.
On the other hand, in relations with China as a potential rival, and with the United States as its ally, Japanese foreign policy is refocusing on power. There are, moreover, signs that the current Abe administration is trying to rebuild Japan’s standing and status in the world community not only by restarting its long stagnant economy but also by amending its pacifist constitution, increasing military expenditures, and revisiting World War II issues. These are largely attempts to seek and express status via power.

Another factor to consider is that over the last 20 years, there have been areas in which the relationship between Japan and ASEAN has become more of a partnership between equals. Whereas Japan stood far ahead of other Asians from the early postwar period into the 1990s, its recent stagnation has combined with the rise of many ASEAN countries to narrow the gap. A more horizontal and equal relationship in terms of influence and power must now be expected between ASEAN and Japan, compared with the more top-down hierarchy of past decades.

Yet there are still clear and considerable rationales for Japan and ASEAN to seek to work together on questions of international law as a balancer and civilizer in this period when global shifts in power are evident.

There is also an opportunity for them both—collectively and separately—to take their place in the rise of Asia and the concomitant increasing participation of Asian voices in shaping global governance. This can be in existing institutions, such as the international financial institutions, or in emerging ones such as the G20 and the climate change regime. Such institutions may not be formally centered on international law, but bringing normative, international law and rules-based approaches to these institutions can be a critical contribution that will prevent them from solely focusing on power.

By emphasizing principles of international law, Japan and ASEAN can act as shock absorbers in the US-China relationship. Conversely, if power alliances with one or the other giant are the key emphasis, ASEAN and Japan could instead create further divisions in the region. This is an important question to be considered, whether by allies of the United States, or by those countries that stand closer to China.

These principles should underpin the approach of ASEAN and Japan not only in terms of more routine diplomatic exchanges and practices, but also on the most sensitive of issues regarding sovereignty and security. Even if international law principles and rules-based approaches cannot be the main elements in such situations, incorporating them in the overall framework will be an important counterweight to pure power calculations.

In this context, the following measures are recommended for ASEAN and Japan to promote greater cooperation on international law and rules-based approaches:
• Employ international law more often in structuring, governing, and managing ASEAN-Japan relations, going beyond political statements and plans of action to promote monitoring, transparency, and the rules-based settlement of disputes and differences. Where disputes and differences arise between Japan and ASEAN, or between Japan and an ASEAN member, both sides should look for ways to resolve the issue in a rules-based and timely manner, relying on the norms of international law and, where appropriate, with reference to the relevant international institutions, including the ICJ.

• Gradually consider acceding to relevant international treaties and their institutions—in particular, the treaties on universally agreed human rights and the International Criminal Court. Consider accession to institutions that utilize and apply international law, including the ICJ.

• Commission a group of eminent jurists and experts to survey and report on whether the handling of emerging and ongoing controversies in the region conforms with international law, with a view to promoting better understanding of and agreement upon how international law principles might be applied to resolve, manage, and frame these controversies. Further incorporate norms of international law into agreements and relevant statements and documents in East Asia and ASEAN.

• Consider establishing a mutual fund to assist less developed countries in ASEAN to refer and take up cases before relevant international institutions including the World Trade Organization and its Dispute Settlement Understanding.

• Develop a network of experts and institutions that specialize in international law, including government officials, academics, and practicing lawyers, and support the development of the Asian Society of International Law or other similar bodies.

• Establish a group of experts from ASEAN, Japan, and elsewhere to evaluate the decision-making processes in global institutions and recommend ways in which these can be reformed, especially in terms of ensuring respect for the sovereign equality of states—regardless of size or degree of power—and the principles of equity and inclusion. Review the evaluation and recommendations and, if thought suitable, align foreign policies to promote the principles of equality, equity, and participatory decision making. The global institutions to be reviewed would include, for example, the G20 and the emerging climate change regime.
Notes

ASEAN-Japan Economic Relations in Global Trade Governance

Yose Rizal Damuri

Current global trade governance is shaped by two parallel trends: the ongoing development of the multilateral trading system and the proliferation of agreements set by two or more countries at the regional level. The multilateral trading system is based on the 1995 Uruguay Round of negotiations under the World Trade Organization (WTO), while regional arrangements are defined in regional trade agreements (RTAs) with little or no control by any powerful supranational implementing agencies. Although the two have coexisted since the beginning of the postwar trading system, recent developments have put greater importance on the link between them.

Over the 20 years since the last Uruguay Round was completed, global trade has evolved dramatically, not only in terms of its value but also in terms of its participants and even of the characteristics of products traded. Trade’s interdependence with investment, production, and services is a crucial development that has not been managed well in the current trade governance system, especially at the multilateral level. ASEAN and Japan have made important contributions to global trade governance through their economic relations, but there are opportunities for them to take on more of a role in trade governance reform.

The Changing Nature of the Global Trade Environment

To understand the needs that would shape the future of global trade governance, it is important to examine the changing nature of the global trade environment that has taken place in the last 20 years since the General
Agreement on Tariffs and Trade’s (GATT) Uruguay Round was completed. These changes have shifted bargaining power between members of the WTO, caused strategic distrust, and altered members’ perspectives on the costs and benefits of global trade negotiations.

Increasing Importance of Developing Countries

The most obvious and dramatic change in global trade has been the increasing participation of developing and less-developed countries. The majority of developing countries, including even the poorest, are increasingly more important in shaping global trade. In the late 2000s, these countries’ contribution was around 28 percent, almost double what it was in the early 1990s (see fig. 1). Trade has risen not only between the developed countries of the Global North and the developing economies of the Global South but also between countries in the South. Indeed, South-South trade now accounts for almost 10 percent of total global trade, three times higher than what it was in the early 1990s. The figure also shows that most of the trade escalation has taken place in East Asia, which currently accounts for more than 12 percent of total global trade. However, other regions have also grown substantially, albeit at rates much lower than those of East Asian countries. Even Sub-Saharan Africa more than doubled its share of global trade over the same period, increasing its total trade volume almost seven times.

Successful developing countries have normally pursued more aggressive trade promotion by diversifying from primary commodities to

Figure 1. Developing countries and global trade

Source: UN Comtrade.
manufactured goods. Following this pattern, developing countries have increased their presence in manufactured goods exports significantly in recent years. Figure 2 compares the composition of developing countries’ exports in 1990 and 2012. Diversification of exports is quite obvious. Exports of manufactured goods have increased from 48 percent of exports from the South to 58 percent. More striking is the decline of resource-intensive manufacturing and the rise of medium- and high-skill-intensive manufactured goods in the composition of developing countries’ exports.

ASEAN countries have also played a more important role in the world market, accounting for around 7 percent of world merchandise exports in 2014. Even the least developed countries in Southeast Asia have seen dramatic increases in their shares, mostly by diversifying to manufacturing.

The Emergence of Global Production Networks

There are several reasons behind the greater involvement of developing countries in global trade. One factor is the increasing demand and world price of commodities. As many developing countries have an abundance of raw materials, commodities exporters have experienced increases in their shares of global trade. But as figure 2 shows, developing countries have also become producers of manufactured goods.

This development is heavily related to the emergence of new production practices that create international production networks, or global value

Figure 2. Composition of exports from developing countries
chains. With this new business model, firms use their comparative advantages by slicing up production at different stages and placing those stages in different locations according to their intensity and the abundance of factors of production. This new practice of internationalization of production is composed of two major elements: (1) doing business and production abroad and (2) connecting international production facilities. Placing production bases in different countries requires firms to conduct international business activities normally performed through foreign direct investment (FDI). This production normally takes place in the South, where labor is abundant and relatively cheaper than in the North.

The dispersed production bases would remain disconnected, however, without activities to bring them together. Organizational management and coordination, as well as the cross-border movement of goods, people, and ideas, have become the ties that link those separate production activities and form the global production network. The availability of excellent services industry, including logistics, telecommunications, and finance, is necessary to ensure that such interconnections can take place in an efficient and timely manner.

The interconnections among trade, investment, and services have become the backbone of the current global trading arrangement and international production networks, which now account for some 80 percent of the global movement of goods. The majority of developing countries, including even the poorest, are increasingly participating in these production networks, with the developing-country share of value-added trade increasing from 20 percent in 1990 to more than 40 percent a decade later.

This development is easily observed in economic relations between Japan and ASEAN countries, and many scholars have pointed out the development and the importance of such networks of production in East Asia as a whole. Richard Baldwin goes even further, calling the networks “Factory Asia,” where “conveyor belts” of production connect thousands of firms operating in various countries, many specializing in certain stages of the production process.

The Global Financial Crisis and the Threat of Protectionism

The global financial crisis that started in 2008 has brought about a new perspective on global trade governance. A sharp contraction in global growth following the crisis has caused even sharper contractions in trade and FDI. During the first year of the global crisis, nominal trade fell by 30 percent on average, and the declines have been widespread across countries
and products.\textsuperscript{7} The current practice of relying on global value chains has caused demand shocks in developed countries, which were reflected in an even higher drop in the industrial production of developing countries as well as their trade value.

But even more worrying about the picture in the wake of the global financial crisis was the increasing tendency toward protectionism. Government interventions in terms of bailouts and fiscal stimulus were often followed by the application of various restrictive trade measures. More protectionist measures are expected to increase the effectiveness of government interventions by keeping fiscal stimulus in a closed economy environment. In order to obey WTO rules regarding trade policy instruments, most countries resort to more subtle types of discriminatory measures, such as the application of nontariff measures, trade defense measures, or more restrictive government procurement.\textsuperscript{8} Moreover, the global economic crisis has constrained WTO members’ ability to keep the multilateral trading system going and to make further concessions in completing the Doha Round.

The Emergence of Regional Trade Agreements

One important feature of the more globalized and integrated world today is the proliferation of RTAs. The number of RTAs in force has rapidly increased, quadrupling in the last two decades. RTAs have become very important in shaping global trade governance, both in terms of trade coverage and in terms of issues discussed in the agreements.

One of the reasons for the rapid propagation of RTAs is the current state of multilateral trade negotiations. While the WTO is functioning well in implementing multilateral trade rules, which are generally respected because of their strong supporting institutions, the multilateral liberalization process has been stalled for a while. The current negotiations of the Doha Round—also sometimes referred to as the Doha Development Agenda—have just recently shown some improvement with the acceptance of the Bali Package, an agreement on lowering import tariffs and agricultural subsidies and the first agreement approved by all WTO members. Moreover, the Doha Round itself has been criticized for not including a number of trade-related issues that need to be addressed for 21st-century trade, which is dominated by strong linkages between trade, services, and investment, as discussed above.

In order to deal with increasingly complex trade-related problems, countries have resorted to regional or bilateral agreements involving a limited number of participants. ASEAN countries and Japan, as some of the biggest participants in global value chains, are no exception. In 1992, ASEAN
members started a process of regionalism that became more complex and adopted the objective of having an ASEAN Economic Community by 2015. Those countries are also actively involved in seeking trade agreements with their main trading partners, including Japan. Currently, ASEAN is also pursuing an East Asia–wide trade agreement, the Regional Comprehensive Economic Partnership (RCEP), which would become a mega-regional arrangement if approved.

**Challenges to Better Global Trade Governance**

In the face of these developments that have been emerging since the conclusion of the last round of multilateral trade negotiations in 1995, there is an increasing need to redefine the functions and coverage of global trade governance. Various challenges need to be addressed in order to make it more relevant and more effective in providing rules for global trade activities.

The first challenge is related to the greater involvement of developing countries in global trade and also in multilateral trade negotiations. Compared with the Uruguay Round, in the Doha Round negotiations, developing countries have voiced their interests more strongly, and their stances are often different from those of developed countries. This North-South tension has led to difficulties in concluding the Doha Round. From the South’s perspective, the current negotiation round is heavily biased toward the principal interests of developed rather than developing countries. On the other hand, developed countries see the situation as a result of the reluctance of developing countries to share responsibility in formulating global trade rules. The future global trade governance system should explore the differences and should find some possibility for compromise to accommodate various interests.

The second challenge, still related to developing countries’ participation, is the growing tensions among them. Since many developing countries have been aggressively using outward-oriented strategies to promote their stake in global trade, often producing similar products, competition among them is also increasing and is even more intense than North-South competition. Disputes between developing countries are not something uncommon these days, often taking a large portion of their resources to settle. Mechanisms solely devoted to South-South economic relations would complement the multilateral system and help it to run more effectively.

The third challenge is finding ways to make sure that the benefits from global trade expansion are not enjoyed only by a handful of nations or
people. While trade and investment are recognized as the main engines of growth in many developing nations and have lifted hundreds of millions across the globe out of poverty, “there is also evidence that many countries and people remain marginalized and have failed to benefit from the resulting growth.”

Some of the least developed countries remain disconnected from global trade due to either lack of capacity or poor connectivity. At national levels, the gains from trade have often not been distributed appropriately, benefiting only some who manage to develop access to trade and leaving behind others who are less fortunate. This happens in many developing countries, where mechanisms for distributional policy, such as fiscal transfers to vulnerable groups or adjustment assistance, are not present. Development issues need to be addressed more seriously in the global trade system to allow greater participation and more inclusive trade.

The fourth challenge is related to the rise of the global value chain. This trade-investment-service nexus has brought the complexity of production, flows of knowledge, and flows of goods—which previously took place within close proximity—to the global stage and on a much bigger scale. This situation has introduced many new problems that were previously unknown in the traditional model of production. One of the most difficult problems is related to issues about protection of business activities, referring to both physical and intellectual assets. There are also problems related to market failures, such as information asymmetry and anticompetitive behaviors. In addition, more intensive cross-border activities require greater facilitation and frictionless trade—for both goods and services—as well as freer movement of capital, people, and ideas. It is imperative that global trade governance provide rules that encompass all of those issues and provide answers to problems related to global value chains.

The fifth challenge is related to the fact that trade has affected the global environment significantly. We know that trade correlates positively with economic growth, which in turn affects the environment, following the Environmental Kuznets Curve. At early stages, growth brings about a deterioration in the environment, but at more advanced levels, further growth improves the environment. But the rapid increase in global trade from developing countries has led to greater negative impacts on the environment. Faced with increasing global competition, while at the same time having limited capacity and technology, developing countries often find themselves with limited options other than using environmentally damaging processes and technologies. Commodities exporters rarely apply sustainable practices or environmentally friendly resource management. Evidence suggests that some indices of environmental degradation, such as air pollution, are positively correlated with growth in trade, especially for countries with lower
incomes. But as countries get richer, the detrimental effects of trade are no longer as obvious. Global trade arrangements need to find ways to tackle environmental problems without being used as measures to restrict trade.

The sixth challenge is finding a way to position the rapid proliferation of RTAs in the framework of global trade governance together with existing multilateral trade rules. There is a long-standing debate on whether regionalism can serve as a building block for global governance or if it will become a stumbling block. Supporters of the building-block theory point out that although countries normally set preferential concessions discriminatorily in RTAs, they generally lead to more open most-favored-nation (MFN) regimes. Moreover, parties to RTAs often find themselves in situations leading to the enlargement of existing RTAs or the creation of bigger ones, which eventually sets the foundation for global free trade agreements (FTAs). However, empirical studies on the subject of East Asia RTAs, for example, reveal that trade diversion cannot be neglected. In addition, overlapping bilateral and regional trade agreements have been the source of many difficulties in realizing the potential benefits of trade liberalization. This phenomenon is often referred to as the “spaghetti-bowl” effect.

The last issue that needs to be addressed in the future global trade arrangement is the ability of this system to prevent “murky” protectionism from increasing during bad economic times. The last economic crisis taught us that the current trade rules are powerless to deal with this trend. It is therefore important to think about mechanisms for dealing with the issue more effectively.

Global Trade Governance: Some Future Directions

In discussing global trade governance, three aspects need to be considered. The first aspect is related to the processes of negotiation and decision making that shape the trading system and rules. With the involvement of emerging countries changing the balance of power, the process needs to accommodate more diverse interests. The second aspect is the discourse on the scope of global trade rules. The more complex arrangement of global trade has given rise to debates on the extent to which new trade issues can be incorporated in the multilateral trading system or can be dealt with through other related international forums. The third aspect to consider is the mechanisms and institutions through which accepted trade rules can be implemented effectively and in an efficient manner.
Negotiation and Decision-Making Processes

There is an enormous need to find better mechanisms in the trade negotiation process. The progress of the current negotiation round does not only serve a more open global trade regime, but it also maintains the credibility of multilateral arrangements as the main driver of global trade governance. One possible way to improve the rule-making process of the multilateral trading system is to relax the principles that have been used successfully in the previous negotiation rounds, such as single undertaking (whereby a package of agreements are signed rather than allowing parties to pick and choose individual agreements), consensus rule, and MFN status. With 159 countries currently engaged in the Doha Round negotiations, those principles have been slowing down the pace of negotiations and are likely to result in the lowest common denominator imposed by the least ambitious of the participants.

A plurilateral approach, or selective multilateralism, is an alternative that may reduce the complexities of the negotiation process for the contemporary multilateral trade rules. Through this approach, only interested countries discuss a common set of rights and obligations related to a particular issue or sector. The results then bind those groups of countries, while other members of the WTO outside of the groups may enjoy the benefits of the concluded concessions. In order to make the agreement more substantial and bring about significant effect, the number of participating members should be quite large.

The Scope of Trade Governance

The original objectives of trade governance under the multilateral trading system are simple: obtain greater market access for all members and ensure that international trade is conducted according to multilaterally agreed rules. However, many other new issues are now also considered part of trade governance due to the complexity of the trade environment discussed above.

There are three categories of issues currently deemed to be closely related to trading rules. The first category is commercial-related issues, a set of rules and disciplines that determine the regulatory framework in which trade and investment activities take place, including investment rights and protection, intellectual property rights, and competition policy, as well as liberalization of trade in services. These measures are closely related to the rise of the global supply chain discussed above. The second category is other issues that may not be closely related to commercial activities but
instead are affected by such activities, such as environmental protection, labor standards, and sustainable development. The last category is economic cooperation issues, more specifically the aid-for-trade discussion, which includes development and trade capacity-building measures to enable the less developed nations to implement other trade rules.

The new issues are currently not being discussed in the WTO’s multilateral system, with the exception of several of the GATT’s inherited measures, such as the Trade-Related Investment Measures. However, since the need for new forms of discipline is increasing, many commercial-regulatory provisions have been addressed at the regional and bilateral levels, especially among countries that are participating intensively in the global supply chain, including ASEAN countries and Japan. Other new issues can also be observed in many RTAs.

Some questions should be considered when one looks at the scope and coverage of the future global trade governance system: Do those measures really need to be addressed at the multilateral level? Which measures would have the highest impact as part of the global trade governance system? And what mechanism can effectively incorporate those issues into the multilateral trading system?

These questions are relevant since many of them can be addressed efficiently at the regional level, especially those that fall into the first category. Nevertheless, placing them in the context of global governance has some merit. Doing so will reduce fragmentation of trade-related discipline and support better regulatory coherence, a favorable condition for the business climate. This would also create a better environment for successful implementation of those rules. The plurilateral approach discussed above can provide a way to multilateralize those issues. Richard Baldwin goes even further by suggesting a new multilateral system side-by-side with the old one, taking care of this newly emerging commercial regulatory measure.14

Other issues, such as the environment, really need global action to provide discipline since the externalities might be global in nature. There is an argument to be made for addressing them outside the framework of trade rules. Many have raised concerns that those environmental issues have only been used as instruments for protectionism, especially to limit market access of products from developing countries.15 As has been discussed above, increasing trade has been partly responsible for environmental degradation in many countries. It is inevitable that environment-related measures will be included as part of any trade governance system. However, the implementation of rules and sanctions needs to be based on facts decided by independent experts rather than pressure from interest groups. It also needs to be targeted specifically
to the products and companies violating the rules, rather than to whole industries in a particular country.

Although the current round of WTO negotiations has “development” in its semi-official name, cooperation on development has not been an important part of the discussions. With an ever-growing scope of trade-related agreements, technical assistance on the implementation of commitments is becoming crucial, especially for resource-strapped developing countries, which often find that they have no capacity to carry out the obligations. Furthermore, cooperation can also enhance the capacity of developing countries’ economies to produce more marketable products for markets in advanced economies. Such cooperation can encompass at least three areas: (1) training and human capacity improvement, (2) advisory assistance, and (3) assistance to support institutional reform.

Institutions and Implementation Mechanisms

The WTO is considered to be doing quite well at protecting global trade rules. However, the recent developments in the global trade environment demand some new functions along with the introduction of new approaches. Two functions can be enhanced by the multilateral system in order to support more effective global governance.

The first function is dispute settlement. While the WTO’s dispute-settlement mechanism remains a trusted instrument for finding solutions to conflicts over trade, investment, and industrial-related issues, some issues are open to improvement. In the wake of increasing South-South economic relations, along with rising tensions, the future dispute-settlement mechanism should be more efficient and affordable for developing countries. The current sanctions mechanism is less effective for many smaller countries, especially when they have to deal with big and powerful nations. Even if they win a dispute in the WTO, they have no capacity to carry out the sanctions. Making the right to sanction open to other countries, or enabling the right to be auctioned to others, might increase the credibility of the WTO as the guardian of global trade governance.

The second function is related to monitoring and surveillance. Today’s economic crisis tells us that it is relatively easy for countries to resort to protectionism. Better monitoring and transparency among members of the WTO will ensure that the threat of protectionism can be handled quickly and in an effective manner. Another monitoring function is related to the position of RTAs in the global trade environment. At the moment, there is an obligation for countries that sign preferential agreements to notify and
report on them to the WTO. But despite this obligation, the WTO has no influence on the contents of trade agreements. In order for global governance to operate well, such monitoring activities need to be improved.

ASEAN-Japan Contributions to Global Trade Governance

ASEAN and Japan can contribute significantly to any attempts to revive multilateral trade processes. Their economies have been contributing greatly to the process of integration in East Asia and the Pacific as well as at the global level. Market-driven integration in the region was initiated, to a large extent, by economic relations among business groups from Japan together with their ASEAN counterparts. Those relations have created networks of trade, production, investment, and services spanning the developing countries of ASEAN.

The economic relationship seems likely to improve in the future. ASEAN-Japan economic relations have been overshadowed by China-Japan relations for several decades, mostly because China’s economy has been quite assertive in fulfilling the needs of the Japanese economy and its multinational corporations. But with China entering the upper-middle income group, its position in the regional supply chain has started to change. Developing countries in ASEAN are also now ready to embrace greater roles in Japan’s international production networks, making it more likely that those countries will assume a strategic position in influencing global economic governance.

Lessons Learned from the Integration Process in the Region

The gap between the most developed and least developed countries in ASEAN is enormous: developed countries enjoy a per capita GDP that is more than 50 times that of their less developed counterparts. Even taking out the poorest and richest countries, ASEAN countries still find a substantial gap, an eightfold difference in GDP. The region is a replica of the global economy. The success story of the regional integration process between Japan and ASEAN offers many lessons that may be beneficial for integration at the global level.

First, it is important to take into account variations among member countries. Special treatment enables less developed members to be engaged in various commitments. However, longer transition and implementation periods for those countries need to be determined in a strict manner.
Together with more advanced commitments from the most developed countries, this will allow sensitive issues to be discussed in negotiations. Such a practice may also be employed in the multilateral trading system.

Second, integration in ASEAN has taught us that some issues can be addressed only by several interested participants, much like the plurilateral approach of the multilateral trading system. The use of consensus in the ASEAN integration process is overwhelming, just like in the WTO, but in a few cases some members were willing to move ahead on selective issues while waiting for others to join.

Third, single undertaking may be beneficial to keeping coherence in the negotiation and bargaining process. But integration in East Asia shows that separate discussions on various issues can also lead to coherence as long as a larger framework can be established in the first place.

**ASEAN and East Asia Regionalism in Defining Trading Rules**

ASEAN and Japan can also play more active roles in defining trading rules by supporting efforts to reform the WTO and the multilateral trading system, as mentioned above. More specifically, there are five ways ASEAN and Japan can contribute to enhancing global governance in trade and investment.

**The first important issue is to find and actively support breakthroughs in completing the current negotiation round.** The completion of the Doha Round is necessary to keep the multilateral trading system going. With the momentum of the successful Bali Package negotiations, ASEAN and Japan can provide the case for the importance of completing the whole round of negotiations. One way to do that is to have more of a common voice in the issues discussed in this round of negotiations. While ASEAN countries, as well as Japan, have formed many preferential trade agreements among themselves, they never really deliver a coherent voice in WTO negotiations. This is quite important in the case of ASEAN members in order to increase their strategic position in global trade governance, as well as to make sure that the objectives of the ASEAN Economic Community—one of which is to create a more competitive region—are in line with initiatives at the multilateral level.

With a background of extensive efforts at preferential liberalization, ASEAN members and Japan are in fact quite ready to extend greater market access to other countries. On the one hand, completing the Doha Round will not affect trade policy in ASEAN countries significantly, while on the other hand it provides greater access for ASEAN products in the global market. In addition, countries in the region have been prepared for other
areas discussed in the Doha Round, such as trade facilitation and the liberalization of services.

It all depends on the political willingness to proceed with multilateral liberalization. The countries can use their existing regional forums to come up with real commitments to move forward in completing the WTO’s Doha Round, such as committing to reduce bound tariff rates below or at least at the same level of current MFN rates, as well as commitments to bring down domestic support. Japan, through various economic forums with ASEAN, can also push for greater support from the countries in Southeast Asia. It is time for Japan to become a champion for multilateral initiatives after being successful with regional efforts over the last 15 years.

The second way that ASEAN and Japan can contribute is to refocus the multilateral trading system and the WTO to address new global trade issues. ASEAN and Japan are not unfamiliar with the new trade issues, such as investment rights and competition policy. As previously mentioned, countries in the region have benefited from the emergence of international production networks, which flourish even more with the acceptance of behind-border arrangements and regulatory coherence. In fact, RTAs between the two, as well as bilateral trade agreements between Japan and individual ASEAN members, have covered commitments in those areas.\(^{16}\) Greater cooperation in behind-border issues would extend the importance of international production networks in many production sectors outside of machinery and electronics, which is currently still low.\(^{17}\) This would in turn enhance the development objectives of the trade agreement as it would allow participation of more developing countries in the global value chain.

Some plurilateral efforts in Geneva have attempted to push forward the agenda at the global level, such as in services and competition policy. Japan has been part of those initiatives, but the involvement of ASEAN members is still limited. Engaging big ASEAN countries such as Indonesia would offer leverage to make those initiatives more appealing. While the idea of including new trade issues in global trade governance comes mostly from developed countries, it is also in the interests of countries that have been involved actively in international production networks, like ASEAN members, to incorporate new trade issues into global governance systems. Japan more specifically can provide some assistance for ASEAN countries to understand the mechanism and procedures of joining the plurilateral agenda. More intensive and rigorous studies on its possible impacts for ASEAN member economies would provide better support for this proposal.

The third issue is to reposition ASEAN-Japan and East Asian regionalism to support the multilateral trading system. With the recent
proliferation of preferential trading agreements, it is important to ensure that RTAs serve as building blocks rather than stumbling blocks. One thing that countries in the region can do is to simplify the regional agreements among them, focusing on the divergence of commitments in the bilateral and regionwide agreements between ASEAN members and Japan. This might include simplification of the tariff schedule or more harmonized rules of origin. Such moves would help make these regional arrangements more business friendly and ease trade facilitation between them. The next stage is to make regional arrangements less trade diverting. One area where this can be done is in reducing local or regional content requirements. This could be achieved by applying less stringent rules of origin to enable goods from outside the region to also enjoy lower trade barriers.

Countries should actively support the initiative to harmonize East Asian RTAs under the RCEP among ASEAN’s trading partners. The proposed regional partnership needs to set as its objective the creation of a high-quality RTA. It should aim for higher-level harmonization of rules rather than focusing on just the lowest common denominator among all existing ASEAN+1 FTAs. The partnership should also embrace the concept of “open regionalism,” which allows greater participation of nonmembers and less trade diversion. For example, ASEAN and Japan can consider extending lower trade barriers to outsiders as far as possible. Empirical studies have found that preferential liberalization is often followed by a reduction in applied MFN tariffs. Making that more explicit in the regional agreements signals to other countries that the region maintains an open trade environment, a significant move for effective global trade governance.

At the global level, ASEAN and Japan can further push the agenda to “multilateralize” regionalism. As influential WTO members, the countries can initiate an effort to strengthen the position of the WTO in influencing RTAs. While such efforts to harmonize and monitor RTAs need to be discussed first among WTO member countries, ASEAN and Japan can propose that the organization formulate “guidelines” for more open regionalism. It is in the interest of ASEAN and Japan to support proposals for reducing the complexity of FTAs from the newly formed preferential agreements.

The fourth issue is related to the multilateral trading system’s institutional development. As discussed above, one of the reasons behind the difficulties in reaching an agreement in the current multilateral trading system’s negotiation round is that the decision-making process has not been developed to accommodate more diverse interests and the growing importance of developing countries. Three factors need to be reconsidered in the institutional background of the WTO and the multilateral trading system to allow better representation of all member countries:
single undertaking, special and differential treatment, and cooperation and capacity building.

ASEAN and Japan should share and promote their experience with the negotiation and implementation process. The region’s success in dealing with a diverse and sometimes conflicting interests, which are a result of the large development gaps between countries, needs to be used as a model at the multilateral level. While capacity building and cooperation might seem, at first glance, to be a burden on developed economies, they are necessary in order to ensure that global trade governance and rules can be implemented successfully. Even less sensitive trade facilitation measures need improved capacity and competency. More capacity building and cooperation would increase the likelihood of less developed countries also enjoying the benefits of trade as intended by the development agenda. This will in turn benefit the global economy.

The fifth issue where ASEAN and Japan can play an important role is in strengthening the monitoring system of the multilateral trading system. As we learned from the financial crisis, there is still a threat of protectionism, including among East Asian countries. According to the Global Trade Alert database, East Asian countries have implemented almost 8 percent of discriminatory measures recorded globally since the start of the financial crisis in 2008, and half of those measures came from ASEAN countries. Most of the protectionist measures take the form of nontraditional barriers to trade like tariffs and quotas, but they are disguised as policy, which is currently not being governed by the multilateral trading system.

ASEAN and other East Asian countries need to show their commitment to addressing protectionist measures that are currently in place. ASEAN countries can use current trade relations with their partners to make sure that countries in the region do not exacerbate the situation by launching an initiative to reduce the number of measures within a certain time period. In addition, ASEAN and Japan can urge more systematic efforts at the global level to remove the current protectionist measures and also to prevent similar incidents in the future.

One concrete proposal is to eliminate the gap between the applied MFN tariff rates and WTO bound tariff rates. As a result of unilateral liberalization, the gap between applied and bound tariff rates in the developing ASEAN countries has been growing. Many ASEAN countries maintain bound tariffs of more than 25 percent, while their average applied tariff was already as low as 7 percent in 2010. This big gap, while having no effect on trade activities in normal times, increases the risk of having a higher protectionist regime, especially during times of crisis. ASEAN countries can set an example for
other developing members of the WTO by closing this gap and adjusting their bound rate accordingly.

ASEAN and Japan can also support proposals to strengthen surveillance mechanisms in the WTO and the multilateral trading system. One possible instrument is an increase in transparency of trade policy among member countries. Requiring WTO members to take greater responsibility for providing reliable and timely information on any changes in trade policy would discourage members from initiating protectionist and discriminatory measures, as they can be easily challenged by others.

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The current global trade environment presents many opportunities for ASEAN-Japan cooperation. Japan and the countries in ASEAN are already important players in global trade, and a more open multilateral trading system will benefit them and their trading partners. Trade arrangements among ASEAN countries and between them and Japan are well developed, despite many challenges and strong diversity in the region. That success can offer valuable lessons to the rest of the multilateral trading system as it seeks to enact a more effective and beneficial governance system.

Notes


9. Other mega-regional arrangements include Trans-Pacific Partnership among countries bordering the Pacific Ocean and the Transatlantic Trade and Investment Partnership between the European Union and the United States.


12. See, for example, East Asian cases from Shujiro Urata and Misa Okabe, “Trade Creation and Diversion Effects of Regional Trade Agreements on Commodity Trade,” RIETI Discussion Paper Series 10-E-007 (January 2010).


As outwardly oriented entities, Japan and ASEAN member states have a deep and enduring stake in maintaining a stable, efficient, and equitable global financial system. As an international financial capital, Japan has an interest in ensuring that the networks of intermediation are secure from disruptions that adversely impact the real economy. Most ASEAN countries are capital importers and also have a great deal riding on the existence of a healthy and resilient global financial system. Both entities have suffered firsthand from financial volatility and upheavals.

A number of factors, however, continue to make the primary objective of a sound, functioning global financial architecture an elusive one. At the macro level, the system cannot operate independently of the world’s largest sources of capital. The dominance of the US dollar as a global reserve currency makes all countries, not just Japan and ASEAN, highly sensitive to the actions of the US government and of the Federal Reserve system in managing its fiscal deficits, interest rates, and more recently, its bond buying and quantitative easing policies. Countries are, in effect, held hostage to US domestic interests—a point that has been repeatedly brought home in emerging economies.

The sustained increase in the supply of US dollars over the past decade has driven down the nominal cost of capital at the expense, of course, of creating ever-larger liabilities in the future. While this has no doubt helped sustain aggregate demand, the primary beneficiaries have been financial institutions and investors, who have used the liquidity to acquire investment assets, driving up their prices in the process. Banks and non-bank financial institutions (NBFIs) have been at the forefront of these efforts,
and concerns have been raised as to whether further large-scale financial instability and failures will occur when asset prices retrace downward, as they eventually must.

In the wake of the 2008 global financial crisis, countries—notably those in the G20 and others joining the voluntary Basel III framework—appeared to have the resolve to push through regulatory reforms that would stave off further crises and create much-needed confidence. Depending on where one stands, the resultant achievements—particularly those of the G20 countries—can be regarded either as patchy and below expectations or as in being line with the realities of international cooperation. It would be erroneous to say that nothing tangible has been accomplished, but there appears to be a degree of complacency and loss of momentum now that the immediate danger of another financial crisis is easing.

Approach to Cooperation

This chapter cannot address all or even most of the areas of global financial architecture cooperation. In any case, concerns about the macroeconomic management of global reserve currency countries lies outside the ability of any country or group of countries (with the possible exception of the People’s Republic of China) to meaningfully address. It also does not appear to be highly productive to engage in a dialogue on issues of institutional reform given the entrenched interests of large stakeholders in preserving the present system of international monetary (dis)order. Any changes on this score are likely to continue to be superficial, ad hoc, or incremental.

The potential scope for ASEAN-Japan cooperation is more encouraging, although even here one should be wary of being overly ambitious and requiring wholesale changes in the way that countries operate. There is a tendency to devise grandiose-sounding themes and schemes to denote the importance and uniqueness of financial cooperation efforts, including use of the term “integration,” even though the actual details work out to be much less impressive. The so-called ASEAN Banking Integration Framework that was agreed to by the region’s central banks, for example, appears highly impressive until one discovers that only a small number of qualified banks are involved. Even then, they will face market restrictions at the discretion of host countries and different regulatory environments.

Unless ASEAN and Japan wish to proceed down this road of hyperbole, efforts should be aimed at four fundamental practical areas that can contribute to overall financial stability and resilience. The first is cooperation to meet the requirements of the Basel III bank regulatory framework. This
is arguably one of the most important initiatives to emerge from the 2008 financial fiasco and promises to provide a solid foundation for greater stability. The second is cooperation to enhance the quality of bank supervision and prudential management in the region. With deeper regional economic and financial integration, national capabilities aimed at ensuring the health and resilience of the banking system are critical, especially for less-developed countries. The third area is closer monitoring of large global hedge funds and private equity funds. These non-bank financial intermediaries operate largely outside the scope of regulatory authorities and are active in emerging markets, including those of ASEAN. And finally, the fourth area is the management of capital flows—an area that is greatly pertinent, yet still problematic, since the 1997 Asian financial crisis. While countries will want to retain the ability to control inflows and outflows, the exact nature of the measures taken and when they are to be used are critical questions.

**Meeting Basel III Bank Regulatory Standards**

One of the chief responses to the 2008 global financial crisis was a renewed commitment to stemming any crises of confidence that might precipitate runs on banks and their eventual collapse—events that might, in turn, lead to financial contagion worldwide. Members of the Basel Committee on Banking Supervision agreed that the foundations of the banking system needed to be shored up, and in 2010 the committee introduced the Basel III Accord, even though many parties had yet to fully implement the Basel 2.5 standards. Basel III adopted stricter requirements, which G20 countries accepted and agreed to implement in order to send a message to the rest of the world. Many non-G20 countries have since announced their intentions to implement the Basel III standards as well.

Basel III has many complex requirements, but there are three main components: (1) capital requirements, (2) liquidity coverage ratios (LCRs), and (3) leverage ratios. Capital requirements encompass a number of aspects, including minimum capital requirement ratios, capital conservation buffers, and minimum Tier 1 capital requirements. The Basel Committee set 4.5 percent as the minimum Tier 1 capital requirement (of risk-weighted assets) in 2013, which increased to 5.5 percent in 2014, and from 2015 onward rose to 6.0 percent. The years 2013–2018, however, will be considered a transition period, with 2019 being the year for full implementation of the minimum Tier 1 capital regulations.
The capital conservation buffer, which can be considered a reserve for banks, will start at 0.625 percent and increase gradually to 1.25 percent, 1.875 percent, and finally 2.5 percent. The implementation of the buffer, however, will only start in 2016, and the period up to 2019 will be considered a transitional period. Thus, the total capital requirement for banks, including the buffers, is 8 percent from 2013 to 2016. The requirement thereafter will be 8.625 percent in 2016, 9.25 percent in 2017, 9.875 percent in 2018, and 10.5 percent, the final requirement, in 2019.

The LCR is defined as the requirement for banks to hold sufficient high-quality liquid assets to cover their total net cash outflows over 30 days. The requirement starts at 60 percent in 2015 and will increase every year by 10 percent until it reaches 100 percent in 2019. It should be noted that at the time it was imposed, the LCR was more pertinent to US and EU banks than to those in Asia, many of which had excess liquidity.

Basel III also has a leverage ratio requirement to avoid excessive leveraging by banks and the destabilizing deleveraging effects that inevitably follow. To comply with this requirement, banks must maintain a leverage ratio—defined as the capital measure (essentially Tier 1 capital) divided by an exposure measure—above a 3 percent minimum. The exposure measure includes both on- and off-balance sheet liabilities, derivatives exposure, and securities financing exposure, as defined by the Basel Committee. The 3 percent minimum will apply until 2017, after which time it will be reassessed with a view toward incorporation into the final measures by 2018.

The Basel III requirements attempt to combat problems commonly faced by banks and ensure greater banking stability. Depositors and borrowers should therefore have greater assurance in their dealings with banks.

By all accounts, Japan has made very good progress in the implementation of the Basel III Accord. An evaluation carried out by the Bank for International Settlements in 2012 indicated that, notwithstanding some non-material exceptions, Japanese banks were largely in compliance.

Unfortunately, while banks in advanced countries are in a good position to comply with the higher standards, those in developing countries typically face two sets of problems. One set has to do simply with the ability to raise the necessary Tier 1 capital required. Even banks in ASEAN countries that are well capitalized may have difficulty raising the required capital. A second set involves the ability of regulators and banks to implement the complex requirements and to bear the additional costs of compliance. ASEAN countries that do not have effective bank consolidation policies are unlikely to be able to meet Basel III standards.
Enhancing Bank Supervision and Prudential Regulation

Given the recurring nature of financial crises, banks today accept that comprehensive, efficient, and systematic regulatory frameworks are needed in order to ensure that they operate soundly and profitably. The question is not whether but how much regulation is needed given the impact on compliance and operating costs. The higher numerical requirements of Basel III (which are nonmandatory) and enhanced bank supervision and prudential requirements to reduce systemic risks obviously pose problems for smaller banks and those in developing countries. As with many areas, ASEAN’s financial system is only as strong as its weakest link.

In all cases, bank supervision and prudential regulation are governed by national authorities, usually central banks or monetary authorities that are aided by additional specialized agencies as appropriate. Institutional arrangements and legal provisions tend to vary among countries, as does the quality of supervision and regulations, dictated by the human capital available. In no known cases are non-nationals allowed to participate in any active capacity in financial regulation. Increasing cross-border activities by banks (and borrowers), however, make the predominantly national approach risky, especially in light of greater regional integration.

The severe problems faced by EU banks highlight, in no uncertain terms, the lack of interconnectedness among banking regulatory regimes. This has led to the adoption by the 17 Eurozone members of the regionwide Single Resolution Mechanism and Single Supervisory Mechanism, which are the first steps in the creation of a banking union. Also in the offing are a single rulebook for banks and a common deposit insurance system. Additional measures have been proposed by the European Commission to ban proprietary trading and to require the transfer of high-risk trading activities to separate corporate entities of so-called “systematically important financial institutions” (SIFIs), otherwise known as “too-big-to-fail” banks. (The latter measure effectively mirrors similar developments in the aftermath of the 2010 Dodd-Frank Act in the United States.)

Despite efforts at creating an ASEAN Economic Community (AEC), member states are not likely to head in the EU’s direction of regulatory integration. National approaches to financial supervision, prudential regulation, and crisis resolution are likely to remain within the ambit and capacities of national governments. Even if there were the political will—and this has never been stated to be the case—the vast differences in regulatory practices across the region render a common set of rules and procedures unfeasible and impractical. Banks, their clients, and investors in general are therefore
likely to continue facing individual country risks even as their operations grow in size and geographic location.

It should be noted that ASEAN does not have many large homegrown banks that can undertake the cross-border and complex nature of transactions that rival those of foreign banks. Instead, there are a limited number of mid-sized ones and a host of smaller ones catering mainly to domestic markets. Serious contagion effects may therefore be more likely to emanate from outside the region, and from large foreign banks in particular, as the global financial crisis demonstrates. The fact that there are not many local SIFIs and that the opportunities to exploit regulatory loopholes are limited does not detract from the argument that more coordinated regulatory approaches are desirable. While a single bank failure may have limited impact, the cumulative contagion effect, especially where many industry players are not well capitalized, can nevertheless still be substantial enough to cause a serious setback (as was the case during the 1997 Asian financial crisis).

This is all the more so when movement toward regional financial integration is taking place, leaving the region in a quandary. The AEC 2015 has quite ambitious goals in this regard and is being worked on by the ASEAN Working Committee on Capital Market Development. Banking liberalization has occurred to a limited degree, with new licenses being issued, particularly in less-developed member states. The ASEAN Trading Link, a common trading platform established by Bursa Malaysia, the Singapore Exchange, and the Stock Exchange of Thailand, has also begun operations. Over time, other ASEAN bourses may join. There is also building pressure for a more ambitious deepening of integration, as evidenced by the Asian Development Bank’s study entitled “The Road to ASEAN Financial Integration” and the ASEAN Capital Markets Forum’s “Capital Markets—Lifting the Barriers.”

The backbone of ASEAN financial resilience—indeed, the component without which it cannot proceed—is its banks. Given that regulatory environments are unlikely to be harmonized any time soon, improvement in the quality of bank supervision would seem to be of paramount importance in allaying and detecting cases of financial distress. This is particularly true of countries with weaker institutional regimes.

**Monitoring Activities of Global Private Funds**

Discussion has thus far centered mainly on the banking system. For most ASEAN countries, this represents the major source of financial claims. Due
in no small part to efforts by governments to rein in the riskier aspects of banking activity through regulation, large global private funds have now emerged as significant industry players. NBFIs are financial institutions that do not have full banking licenses or are not necessarily supervised by national or supranational authorities. They may range from the simple neighborhood pawnshop, credit cooperative, or savings and loan society to pension and insurance companies and to some of the world’s largest hedge funds and private equity funds. The primary concern here is not with domestic service-oriented NBFIs per se but the larger, more sophisticated ones that undertake complex global investment activities, often in concert with investment banks.

The general view about global NBFIs is that they are benign. They are regarded as offering supplementary channels of savings intermediation in the event of mass bank failures. Their role is considered supportive and productive in that they also offer competition to established banks, notably in corporate advising and wealth management. They can also undertake a wider range of services, from traditional mergers and acquisitions and underwriting activities to direct participation in proprietary positions and innovation of complex over-the-counter financial products. Most of these funds are structured as limited liability companies, which are not companies at all but partnerships with limited liability.

The paradox is that while the United States has no intention of regulating large private global funds, these very same activities being conducted within its banking system are considered too risky and have now been prohibited. One of the reasons behind the 1999 repeal of the 1933 Glass-Steagall Act in the United States, which separated banking from the securities industry, was that securities brokerage firms had “invaded” the markets of banks with money market mutual funds, cash management accounts, and so forth, which banks could not compete with. The provisions in the 2010 Dodd-Frank Act and the subsequent passage of the “Volcker Rule” now prohibit banks from engaging in proprietary trading and go some way toward reinstating important aspects of the Glass-Steagall Act. (This has had some consequences that are briefly alluded to below.)

A segment of NBFIs have evolved greatly in complexity, sophistication, and perhaps most of all, size. The last of these has often been through aggressive assumption of risks that banks are either limited in or prohibited from taking. The fact that they account for a significant and growing proportion of wealth, often with bank financing, and are supervised and regulated either lightly or not at all poses a source of systemic risk. The 1998 collapse of Long-Term Capital Management (LTCM), a hedge fund manager, and its subsequent bailout due to fears of contagion, was a case in point. It should
be noted that LTCM’s capital loss at that time was less than US$4 billion, which is a tiny fraction of the bigger hedge funds that operate today. It is the sheer dimension of the scale of operations of the top NBFIs, along with the fact that they are largely unregulated, that concerns authorities in many countries, especially—but not confined to—emerging ones.

Hedge funds like LTCM not only cause contagion effects when they fail but also are believed to contribute greatly to volatility, precipitating financial crises, and exploiting these crises for enormous profit. The United States, which has an interest in promoting global NBFIs, has for a long time maintained that regulating such institutions does more harm than good, that markets should be allowed to work, and that governments ought to practice good macroeconomic governance so as not to present opportunities for any exploitation in the first place. In any case, it is argued that there is little hard evidence that global NBFIs have been responsible for creating economic and financial turmoil.

Despite the fact that it is difficult to conclusively prove or disprove the role of global NBFIs in financial crises, regulatory authorities have been inclined to more closely monitor their activities, especially since the 2008 global financial crisis. Under the Dodd-Frank Act, hedge fund and private equity fund managers are also required for the first time to register legally as investment advisers. This requirement, tighter regulation, and in particular the Volcker Rule mentioned above, have reportedly led to an exit of bank proprietary traders to establish their own hedge funds and private equity funds, as these are outside the ambit of regulatory authorities.

Generally speaking, ASEAN economies fall into two categories. The first are those with capital account surpluses that have aspirations of being regional, if not international, financial centers. Others are emerging economies that are dependent on foreign capital inflows. Both categories have interests in open capital accounts and free movement of capital (although the second group may approach capital liberalization in a more deliberate and progressive fashion). Given the competition for capital, it would not be in the interests of countries to pose barriers to NBFIs, particularly those targeting emerging economies. NBFi activities, however, need to be more closely monitored given that their actions are responsible in no small way for currency and capital market volatility in ASEAN countries.

Management of Capital Flows

Capital account liberalization is widely considered a necessary component of reforms leading to rapid economic growth, but it is one of the most
controversial policies of the day. In a nutshell, while unobstructed capital flows theoretically enable more efficient resource allocation and higher welfare effects, the presence of other intended or unintended market distortions or asymmetric information can mean that freely mobile capital does not always end up benefitting countries. Critics would argue that increased volatility occurs because of capital liberalization, while defenders would claim that destabilizing volatility arises because of incomplete liberalization.

Whatever the precise merits or demerits, the trend has been toward capital account liberalization, albeit with reservations on the part of some countries. As a result, ASEAN countries have had to regularly deal with the macroeconomic effects of capital surges and with the accompanying currency strengthening, money and credit expansion, and asset and consumer inflation, as well as the debilitating effects of sudden withdrawal. The International Monetary Fund has now accepted the need for emerging economies “under certain circumstances” to impose capital flow management measures (CFMs). These, however, should be a last resort and undertaken only after macroeconomic stabilization policies and targeted and nondiscriminatory CFMs have been applied. While the interests of the country concerned have to be taken into account, so must those of investors who expect, and should be given, the protection of a predictable and stable policy environment.

The emphasis on careful and judicious use of CFMs is particularly important where there is deepening economic integration. Most ASEAN countries continue to have CFMs, especially those targeted at controlling outflows (as opposed to inflows). The effect has therefore been to restrict capital movements among the region’s members, while encouraging capital flows from abroad. The presence of these controls on the books is obviously inconsistent with the grand aims of greater economic financial integration in the region. Accordingly, countries should move toward developing a harmonized, nondiscriminatory, market-based regime to be activated during times of financial emergency.

**Directions for ASEAN-Japan Cooperation**

As stated at the outset, ASEAN-Japan cooperation should focus on the practical and substantial. Rather than requiring radical changes that countries will take a long time to make (or will not make at all), efforts should be aimed at a series of achievable targets that are designed to promote financial stability and resilience and that are consistent with those being made at the global level. It is important to emphasize the latter so
that the region does not create a sui generis system that deviates from international norms and standards. This would not be in the interests of the entities concerned.

On Basel III, it is clear that while some ASEAN countries are well positioned to meet the higher standards, others are not. Of those that have made commitments to doing so, Singapore and Indonesia are obviously on board by virtue of their membership in the G20. Singapore is likely to adopt the standards even before the end of the transition period in 2019, but Indonesia appears to have a long way to go, as it has not even complied with the publication of final rules under the Basel 2.5 requirements. Other ASEAN countries that have agreed to adopt Basel III standards are Malaysia, the Philippines, Thailand (these three are members of the Basel Consultative Group), and Vietnam.

As members assessed to be compliant with Basel III, Japan and Singapore should take the lead to (1) establish a regular consultative forum for the exchange of information, mutual learning, peer review, and feedback; (2) provide technical assistance to members requesting it; and (3) encourage other members to comply with some or all of the standards by 2019. The goal should be for ASEAN countries (or at least a significant majority of them) to be compliant with Basel III standards by 2019. This would go a long way toward ensuring that the ASEAN financial sector is not regarded as a weak and vulnerable link.

One issue for discussion in the region that arises from the adoption of Basel III standards is the higher weights that must now be used to calculate risk-weighted capital as a result of the capping of credit risk at the maximum for a country’s sovereign ratings. Previous practice had been to rely just on the corporate ratings given by rating agencies. Banks in ASEAN countries with lower sovereign ratings will have to provide more capital, and potentially at higher costs, than those with higher sovereign ratings. This could be a relevant issue for banks operating across ASEAN, and it would be worthwhile for the consultative forum to seek to provide feedback to the Basel Committee on Banking Supervision.

Enhancing the quality of bank supervision and prudential regulation is an important and related task. The objectives here are essentially twofold: (1) adoption of best regulatory practices and (2) capacity building. One best regulatory practice that would be worthwhile to seriously consider implementing is periodic systemic risk surveillance through financial institution stress testing. The aim is to detect any systemic problems in transmission channels under various top-down financial, economic, and geopolitical scenarios both within countries and across the region. This information would be very useful to regulators if not to the financial institutions themselves.
Bottom-up approaches could also be utilized to yield information as to how financial institution failures can be transmitted. Japanese assistance in helping to organize and conduct stress tests—perhaps initially as a pilot project with a limited number of countries, such as Japan, Singapore, Indonesia, and Malaysia—may be invaluable in this regard.

Another measure that would be worthwhile to consider is the establishment of a regional financial crisis protocol. Without such a protocol, governments would still communicate with each other, but responses would undoubtedly be more ad hoc and possibly less effective than might otherwise be the case. Although ASEAN+3 finance ministers have been meeting regularly and exchanging information since the 1997 Asian financial crisis, measures taken in the wake of the 2008 global financial crisis were nonetheless uncalibrated and uneven. As Goeltom and Harun (2010) point out, for example, ASEAN countries announced a commitment to deposit insurance, but coverage levels differed from full to only partial guarantee. Ones that had lower protection levels were still exposed to the risks of capital flight. The development of such a protocol is greatly facilitated by the fact that the crisis measures following the 1997 Asian financial crisis and 2008 global financial crisis are already known, so what needs to be done is to work on designing a set of procedures.

Given the strategy of the AEC to increase the openness of the region to the global market, in addition to improving financial strength, resilience, and regulatory quality, the governments and financial authorities of ASEAN nations have to pay careful attention to risk exposures stemming from cross-border financial transactions. Meetings among the ministers of finance, governors of central banks, and their senior officials can help to some extent by ensuring that information exchange and consultation occur, but these meetings are too infrequent and formal to be of use in risk surveillance. In order to build trust and facilitate working relations, there would seem to be a need to have more frequent working-level interactions among banking and securities supervisors.

Supporting efforts by institutions such as the ASEAN+3 Macroeconomic Research Office (AMRO) are to be greatly commended. Nevertheless, a stronger role by Japan and ASEAN seems to be warranted given the fact that these institutions have yet to reach their full potential. AMRO should be elevated to a more capable frontline institution in helping members to prevent not just macroeconomic but financial instability. After all, if and when the Chiang Mai Initiative Multilateralization swap agreement is activated, a full-blown crisis would already be in progress, and preemptive efforts would be too late. Given that AMRO is not a regulatory agency, its role would be one that is advisory and coordinative.
First, AMRO should take a more proactive approach by issuing timely alerts to policymakers to prompt action. This would increase its relevance to central banks and finance ministries in the region. Second, another action that would help is the regular dissemination by central banks of one another’s bank directives, circulars, and guidance. This information can be a useful basis for calibrating supervisory measures even if not arriving at a uniform response. Third, the region would benefit from instituting a single, centralized real-time monitoring system for currencies, interest rates and bond yields, equity prices, and other critical market information. Currently available online dashboard software makes this a relatively simple and cost-effective tool to develop and disseminate.

On the issue of global private funds, Japan and ASEAN should not prejudge but should launch an in-depth multicountry investigation into the involvement of such funds in the region and, in particular, the degree to which they have or have not contributed to financial volatility. There have been a host of critics of global private funds (including no less than the Deutsche Bundesbank), but there are no assurances that direct regulation is highly desirable or would even prove effective. Greater transparency and understanding of their activities would give authorities a better idea of how they work, what their effects are, and how better to monitor them. As it stands presently, it is very difficult to ascertain how highly these funds are leveraged or the positions they hold in various asset classes (either long or short).

Finally, Japan and ASEAN would do well to continue to consider putting in place procedures to control capital flows into, as well as out of, countries in the region. Measures to restrict capital movements are of course not conducive to greater financial integration. Oftentimes, these measures may play a part in resource misallocation and create problems. Sound macroeconomic policies, accompanied by effective bank supervision and prudential actions, must be regarded as the primary weapons against capital flight, financial distress, and contagion. CFMs, however, may still be needed, and a common understanding as to when and how they will be used will go a long way in helping to ensure the financial stability desired.

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Global Governance and the Reduction of Poverty and Inequality in the Post-MDG Era: How Can the ASEAN-Japan Partnership Contribute?

Fernando T. Aldaba and Rafaelita M. Aldaba

In 2000, the ASEAN member countries signed the UN Millennium Declaration to eradicate extreme poverty in the world by 2015 through the achievement of the Millennium Development Goals (MDGs). The MDGs represented the global vision of reducing poverty in its various dimensions, and they were mainstreamed in the process of building the ASEAN Socio-Cultural Community, which had a similar target date of 2015. The new Sustainable Development Goals (SDGs) framework approved in 2015 goes beyond the MDG agenda, which focused solely on poverty, to also include inequality. In recent years, inequality has been worsening amidst rapid economic growth and falling poverty rates. Inequality can reduce the impact of economic growth on poverty reduction. Conversely, reduced inequality will increase the efficiency of poverty reduction. Unequal societies and countries can achieve a high level of growth but cannot sustain it. Thus, addressing inequalities will help in attaining and maintaining growth, which in turn is a necessary condition for reducing poverty. Furthermore, reducing inequality will help in easing social tensions, deepening social capital, and improving peace and order, which are all crucial to poverty reduction, thus also making growth more inclusive.

At the heart of the post-2015 framework to address poverty and inequality is the adoption of an inclusive and sustainable growth model. Inclusive growth is growth that is broad based and benefits the majority of the
population. One of the primary goals of the ASEAN-Japan Comprehensive Economic Partnership signed in 2008 is the establishment of a “framework for the enhancement of economic cooperation among the Parties with a view to supporting ASEAN economic integration, bridging the development gap among ASEAN Member States, and enhancing trade and investment among the Parties.” This was reiterated in the Bali Declaration of 2011, which “reaffirm(ed) the commitment of ASEAN and Japan to work closely in supporting ASEAN integration and narrowing the development gap in the region, and reaffirm(ed) the support of the Government of Japan in the implementation of the Master Plan on ASEAN Connectivity, with a view to intensifying the flow of trade, investment, tourism and people-to-people interaction.”

Within this context, the main objective of this chapter is to propose measures for how the ASEAN-Japan partnership can contribute to the global governance of reducing poverty and inequality in the post-MDG era. It attempts to address the following questions: How can the ASEAN-Japan partnership tackle global poverty and inequality to ensure that economic growth is inclusive and benefits the greatest number of people? And how can the ASEAN-Japan partnership contribute to harnessing economic growth for a more equitable distribution of opportunity and income?

**Global Governance Institutions and Issues Related to Poverty and Inequality**

The number of people in the developing world living on less than US$1.25 a day fell from 52 percent in 1981 to 43 percent in 1990 and to 21 percent in 2010 (at 2005 prices), but as of 2015, as the MDGs concluded, some 836 million people were still living in extreme poverty.

In 1990, the proportion of the population living in poverty in East Asia and the Pacific, sub-Saharan Africa, and South Asia ranged from 54 percent to 56 percent. Poverty has decreased rapidly in East Asia and the Pacific, falling from 56 percent to 14 percent of the population by 2010. In South Asia poverty fell by 18 percentage points in 2008, while in sub-Saharan Africa it declined from 56 percent to 47 percent of the population by 2010. In South Asia poverty fell by 18 percentage points in 2008, while in sub-Saharan Africa it declined from 56 percent to 47 percent of the population. For the least developed countries (LDCs) overall, the decline from 1990 to 2008 was from 65 percent to 47 percent. Among ASEAN countries in 2008 and 2009, the poverty incidence of US$1.25 per day on a purchasing price parity (PPP) basis is varied, ranging from a low of almost nil in Thailand and Malaysia to a high of 20.42 percent for Indonesia. If the threshold is set at US$2.00 a day (PPP), around half of the population in Laos, Cambodia, and Indonesia is still below the poverty line.
The global financial crisis of 2008 and the various recent natural and man-made disasters hitting specific countries may be slowing down poverty reduction in some regions of the world. Furthermore, inequality has been increasing, especially within countries. Thus poverty and inequality remain important problems that national and global governance institutions continue to confront year after year.

Domestically, poverty and inequality are affected by the set of programs and policies formulated and implemented by national governments, usually in collaboration with other stakeholders. In terms of external actors, global institutions—various multilateral and bilateral agencies—play different roles in tackling poverty and inequality at both the global and country levels. Their impact can be seen in the financial and trade policies that govern the conduct of countries internationally (especially the Bretton Woods Institutions and the World Trade Organization, or WTO) and the amount of financial flows going into a certain country through development assistance (from bilateral and multilateral institutions like the United Nations), direct investments (from foreign and multinational corporations), and even remittances (from overseas workers). Global institutions contribute to poverty reduction and the amelioration of inequality through the following mechanisms:

1. Provision of knowledge and information: These institutions generate various data and statistics and provide comparative analyses of such data. Studies and reports are developed for possible use in the poverty and inequality planning of various governments.

2. Provision of technical assistance, loans, and grants: These institutions provide resources in various forms to assist governments in implementing poverty and inequality reduction programs and projects.

3. Advocacy: Through these institutions, particular advocacy themes are pushed forward in the form of recommended polices and programs. Global institutions allocate resources to mount such advocacy activities.

4. Promotion of trade, financial, and other development-related policies that may affect poverty and inequality across and within nations.

However, critics and analysts have argued that global governance in reducing poverty and inequality has fallen short of its goals despite the MDGs. Clapp and Wilkinson, in the introduction to their book in which various experts contribute to an examination of global governance in relation to poverty and inequality, conclude that “global governance has been far from successful; moreover, we find that the various actors that combine
to constitute contemporary global governance have actually perpetuated, entrenched, and extended a socio-economic model that privileges the market and facilitates the accumulation of wealth and resources among a small elite . . . in the face of mounting evidence that more needs to be done.” Others contend that some of these institutions have actually been successful in specific country contexts or, more precisely, in terms of particular programs that worked in moving people out of poverty. Prominent economists like Jeffrey Sachs also contend that these institutions have failed because the resources they use are too little to create impact. Many donor countries do not even reach the goal of providing 0.7 percent of gross national income (GNI) in development assistance. For example, only a few European countries achieved the commitments they made in Monterrey (in 2002) and Barcelona (in 2005) to provide 0.7 percent of their GNI as overseas development assistance (ODA) by 2015, and no donors from other parts of the world have achieved that goal yet either.


**Altered Power Dynamics**

The balance of geopolitical power is changing. For many decades this has revolved around Western Europe and the United States. Over the next 50 years, China and India are likely to increase their share of power in the global system, with the United States and Europe claiming less. This trend is likely to continue, barring any monumental events such as a world war or an environmental catastrophe. As noted in the *European Report on Development 2013*, “Other countries, such as Indonesia, Mexico, Nigeria, Saudi Arabia, South Africa and Turkey are also building up significant international influence, especially in their own regions, where their size and economic importance have enhanced their role as ‘anchors’ in relation to their neighbors, as well as their central role in international partnerships.”

**Increasing Role of Nonstate Actors**

In recent decades, nonstate actors on the global stage, such as multinational corporations, have gained influence over governments in many countries.
They dominate in a number of areas, including energy, finance, mining, pharmaceuticals, chemicals, shipping, and mechanized agriculture. Ever since the World Social Forum was held in 2001 in Porto Alegre, Brazil, as a counterpoint to the regularly held World Economic Forum in Davos, the global civil society movement has increased its profile and has been a prominent critic of large international business. In the development field, big business—through its corporate social responsibility arms—and international civil society are both active and trying to assert their influence in the resolution of global issues like poverty and climate change, among others. Faith-based fundamentalist movements have also increased their profile in recent years and have been major actors in terrorist activities all over the world.

Rise of Regional Institutions

The last two decades have seen a growing role played by regional bodies such as Asia Pacific Economic Cooperation (APEC), ASEAN, the Mercado Común del Sur, and the African Union. Most recently, an agreement among a select group of countries was reached on the Trans-Pacific Partnership (TPP). Some of these institutions have tried to forge agreements on issues that were not being resolved at a global level, such as free trade arrangements. These formations are also sometimes useful in terms of collective lobbying and negotiations of international agreements and in geopolitical concerns.

Call for Reforms in Key Institutions

According to one study, there have also been calls to improve the credibility and effectiveness of existing institutional global mechanisms. The legitimacy of the UN Security Council (UNSC) has been called into question, and emerging powers including Brazil, India, and South Africa are advocating for reforms to that body. Experts from various sectors have also been clamoring for reforms to the Bretton Woods Institutions—the International Monetary Fund and the World Bank.8

New Development Paradigms

Post–World War II development policy has evolved from “rich” countries providing aid contributions to “poor” countries, to the promotion of
market-oriented global economic regimes, and to inducements for governance reform within developing countries. There has also been a change from purely “economic growth is development” thinking to discussions of “human and sustainable development.” At the same time, there has been an increasing interest shown in “South-South” cooperation, as large developing economies search for alternative sources of inputs and new markets, while poorer nations try to diversify their sources of development assistance. Brazil, China, India, and South Africa represent some of the biggest contributors overall in terms of emerging donors in South-South cooperation. More recently, we have seen how the development of a nation can be severely derailed by man-made disasters (conflicts and wars) and natural disasters (earthquakes, tsunamis, and super typhoons). Thus, a new global development framework must consider states that are vulnerable to these kinds of events.

Difficulties in Forging Consensus in Global Agreements

Recent experiences with international agreements based on consensus decision making, like the negotiations at the 2013 climate change conference in Warsaw or the trade conference in Bali that year, show how difficult it is to forge a consensus. Also, the altered power dynamics may result in new alignments and coalitions in international agreement negotiations. The post-2015 development framework is definitely complex, as it seeks to build on both the MDGs and the goals set out at the Rio+20 conference, expanding the agenda from the 10 MDGs to a total of 17 interconnected SDGs. Some countries achieved the MDGs even without multilateral cooperation and assistance and, thus, may not support or need new global arrangements, and others achieved theirs through trade expansion and bilateral support, leading to different perspectives on how the post-2015 agenda should be pursued. Another problem is figuring out how to include different actors’ varying priorities in agreements and how to get agreements that are sufficiently detailed to produce concrete and measurable results.

However, there were strong constituencies that pushed for the new SDG agreement—the UN and its High-level Panel on the Post-2015 Development Agenda, bilateral development agencies, “Northern” nongovernmental organizations (NGOs), and the LDCs themselves, which wanted a credible successor to the MDGs because they saw the international attention brought about by the targets as well as the increased ODA resources that went along with them.
**Incorporating Poor People’s Experiences**

Understanding poor people’s experiences of poverty and marginalization can help in prioritizing responses to poverty and inequality by clarifying dimensions to be addressed and highlighting essential aspects, such as the importance of relationships and of the dignity and rights of poor people. Participatory mechanisms that can take the actual pulse and elicit the thinking of the poor will be important for the acceptability and credibility of the post-2015 agreement as it is implemented in the coming years. They will ultimately decide the impact of development policies and whether such policies are inclusive. Related to this, it may be important to examine the characteristics of people who have successfully moved out of poverty, as well as the various pathways that people have taken out of poverty, such as education and access to capital, among others.

**The Elements and Characteristics of an Evolving New Framework**

**Relevance to Diverse Nationalities**

As noted in the *European Development Report 2013*, “The challenges and needs of developing countries vary considerably according to their economic structure, human capacity, political situation, geography and inherent vulnerabilities.” As such, the post-2015 framework will need to reflect these unique contexts. If a major objective of the post-2015 SDGs is to catalyze reforms at the global and national levels, then it must be implemented in such a way that it becomes relevant even in the context of diverse national realities. The framework should have flexibility in the choice of indicators and specific targets, which will facilitate greater ownership and accountability.

**Structural Transformation**

The *European Report on Development 2013* is correct in noting that a greater emphasis on the promotion of structural transformation, and particularly on job creation, will be essential for sustainable economic and social development around the world. Structural transformation is a process of product diversification; upgrading toward the production of higher quality, more complex, and high-value-added products; and deepening
linkages within the economy by developing local parts manufacturing and ancillary services. This may involve fundamental changes that will be different from the current development paradigm. A transformational agenda will require a greater emphasis on state-market dynamics, including a strategic role for governments, especially if new types of industrial policies will be pursued to promote the manufacturing sectors of the developing economies. As many economists observe, good quality jobs for less educated workers can be provided by the manufacturing sector. Industrial policies must also be aligned with international trade strategies, which in turn will require cooperation with other countries around the world.

**Promotion of Inclusive Growth and Sustainable Development**

As already discussed above, the new post-MDG framework covers a range of global issues that affect development outcomes, such as risks and vulnerabilities, climate change, technological change, and consumption patterns. The eradication of poverty is still a major goal, but achieving it necessitates the adoption of development strategies that are both inclusive and sustainable. The framework must also build on the multidimensionality of poverty and tackle the challenge of relative poverty, in part by advancing social inclusion as a way to address the problem of inequality. The exclusion of various societal groups and the growing inequality among them threatens to jeopardize sustained economic growth, even while the poor and marginalized are also impacted greatly by environmental degradation and the advance of climate change.

**Policy Coherence and Alignment**

The European Report on Development 2013 also notes the need for the policy space of governments to be respected and this is particularly important from the perspective of Asia. National governments need to be given sufficient leeway in determining their own development priorities, as well as in formulating approaches to development finance, trade and investment, and migration. The policies that shape these areas have important implications for development, so it is also crucial that they be designed in a coherent manner. Various interventions by national and local governments, development partners, and other stakeholders must be coordinated and aligned with a country’s development strategy. At the same time, these need
to be linked up with the numerous international processes put in place to support inclusive and sustainable development and deal with a range of global challenges. The efficacy of these efforts depends on the ability to create complementarities and synergies among all these processes. Therefore, the SDGs may best be understood as a framework that converges in a series of mutually supporting agendas.

**Diversified Sources of Development Finance**

Domestic resources should be the foremost source of finance for development because they provide the greatest policy leverage. Private domestic investment and foreign direct investment (FDI) are also important, especially if structural transformation is desired, and thus should be supported. Providers of South-South cooperation should be encouraged to strengthen their contribution as it offers additional choices and opportunities to partner countries. Levels of ODA should be maintained and ideally increased, and ODA should be allocated in ways that optimize its impact. Finally, to improve the effectiveness and complementarity of different types of development finance, it is important to encourage transparency regarding financial flows.\(^{11}\)

**More Extensive International Multistakeholder and Collective Action**

Achieving the original vision of the Millennium Declaration will require ongoing and considerably greater international collective action through global public policies. Such collective action is essential to establishing an international environment that is conducive to sustainable and inclusive development and to tackling global issues that affect the ability of individual countries to achieve development outcomes (e.g., in the areas of development finance, trade and investment, and migration). Developed countries, such as the United States, Japan, and countries of the EU, should enhance their support for the new framework by actively participating in collective action in other development fields, such as trade, migration, international finance, and climate change. Also, nonstate actors must be given roles to play in the new framework.
Given the various issues and considerations, as well as the suggested elements and characteristics of the new development framework in the post-2015 era, figure 1 presents a depiction of the main components and strategies needed to attain inclusive growth and sustainable development. As has been discussed in many fora, countries all over the world need to include a vast majority of their population in creating higher economic growth, and the benefits emanating from such growth must also accrue to those who made this happen. This is explicitly reflected in the SDGs announced this year.

To achieve inclusive growth and sustainable development, three major thrusts must be given priority at the national level—reduction of multidimensional poverty and inequality, environmental management, and jobs generation from high and sustained economic growth. As seen in figure 1, each thrust has specific strategies to be undertaken to be able to contribute to inclusive growth and sustainable development. It must also be emphasized that at the country level, action must also be collective and it must involve multiple stakeholders. At the global level, countries can also participate in pushing for a milieu that will facilitate and contribute to the attainment of these twin goals. Various stakeholders can collectively

Figure 1. Framework for inclusive growth and sustainable development in the post-2015 era
advocate for key global activities like increased FDI, greater labor mobility, international trade and environmental agreements, higher levels of ODA, and South-South cooperation.

Recommendations for ASEAN-Japan Partnership in a Post-2015 Development Framework

The ASEAN-Japan Partnership and Its Current Contributions to Poverty and Inequality Reduction

The Bali Declaration

On November 18, 2011, during the 14th ASEAN-Japan Summit in Bali, Indonesia, the heads of state of ASEAN countries and Japan adopted the Plan of Action to Implement the Joint Declaration for Enhancing ASEAN-Japan Strategic Partnership for Prospering Together and endorsed five strategies: strengthening political-security cooperation in the region; intensifying cooperation toward ASEAN community building; enhancing ASEAN-Japan connectivity for consolidating ties between ASEAN and Japan; creating a more disaster-resilient society; and addressing common regional and global challenges. This joint statement was dubbed the “Bali Declaration” and it set into motion the strategies that the partnership will implement in supporting ASEAN integration and narrowing the development gap in the region, which includes the Master Plan on ASEAN Connectivity to intensify the flow of trade, investment, tourism, and people-to-people interaction. Various types of action taken from this recent declaration define and specify the possible roles of ASEAN-Japan partnership in contributing to poverty and inequality reduction in a post-2015 era.

Japan’s ODA

ODA is still the primary means that Japan has to use in partnership with ASEAN to contribute to both global and regional governance in poverty reduction. Japan has been by far the largest bilateral donor to Southeast Asia. According to Hugh Patrick, “Between 1969 and 2004, 65 percent [of Japan’s ODA to countries in the region] was in concessionary yen loans, 20 percent in technical assistance and 15 percent in untied grants; the amount and type of aid has depended upon each recipient’s size and level of development.”¹² This assistance has always been a complementary and integrated component of Japan’s strategy to increase trade and FDI in Southeast Asia.
Despite fiscal difficulties on the home front, the large amount of Japanese ODA and its synergies with trade and FDI have been instrumental to Japan's economic and political partnership with ASEAN. According to the Japan International Cooperation Agency (JICA), Japan’s total ODA disbursements in 2012 amounted to US$18.6 billion (¥1.5 trillion). Of this total, grant aid accounted for US$3.6 billion (¥283.8 billion), technical cooperation US$3.7 billion (¥294.5 billion), and loan aid US$7.7 billion (¥617.8 billion).13

The government of Japan also established the Japan Fund for Poverty Reduction (JFPR) in May 2000 in support of the Asian Development Bank’s (ADB) poverty reduction strategy that was approved in 1999. JFPR grants are not meant to be used for technical assistance but are given to finance investment grants related to ADB loans for pilot testing innovative poverty reduction approaches that may be scaled up under loan conditions or mainstreamed in ADB operations. The grants also offer opportunities for the ADB to partner with civil society by working with NGOs and community-based organizations and directly with communities themselves.14

Current Programs and Projects on the Reduction of Poverty and Inequality

ASEAN and Japan are already cooperating on efforts to reduce poverty and inequality in the region through a number of initiatives, including the following:

- Japan has assisted in strengthening connectivity in ASEAN through support for the creation of the Vital Artery for the East-West and the Southern Economic Corridors and the Maritime Economic Corridor. It has also provided support for soft infrastructure projects in ASEAN and has funded more than 30 flagship projects related to the three ASEAN corridors.15

- Japan provides support for several of ASEAN’s subregional cooperation arrangements, including the Greater Mekong Subregion (GMS), the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), and the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA). These subgroupings are able to attract investment and technology, and serve as “building blocks for ASEAN regionalism,” and they can thereby help alleviate inequality in the region.16

- Japan’s long experience with small and medium-sized enterprise (SME) development is providing lessons for ASEAN, including through the
following mechanisms: (1) internal learning and entrepreneurial activities; (2) policy and program development for SMEs, including financing, preferential taxation, technology development, human resource development, and start-up support services; (3) promotion of the participation of ASEAN SMEs in production networks in the region; and (4) strengthening of the SME Working Group in the ASEAN Economic Ministers–Minister for Economy, Trade, and Industry (AEM-METI) Economic and Industrial Cooperation Committee.17

- Japan has contributed to ASEAN community building and to strengthening the regional body through the Japan-ASEAN Solidarity Fund in 1999, the Japan-ASEAN General Exchange Fund in 2000, and the Japan-ASEAN Integration Fund in 2006.18

- Human resource development is promoted through the annual ASEAN & Japan High Level Officials Meeting on Caring Societies and the implementation of the ASEAN-Japan Collaboration Programme for Strengthening the Basis of Human Resources Development in CLMV Countries (Cambodia, Laos, Malaysia, and Vietnam).19

- Japan is funding several programs to support migrant workers in Southeast Asia through the International Labour Organization, including a grant of US$2 million to support an initiative aimed at protecting migrant workers in Cambodia, Indonesia, Laos, and Thailand, which includes “developing a ‘knowledge base’ on migration issues for policy makers and building up the capacity of governments to manage orderly labor migration.” Other projects are addressing human trafficking in the region.20

- Japan has been strengthening its cooperation with ASEAN on disaster management by convening seminars, dispatching personnel from the ASEAN Coordinating Centre for Humanitarian Assistance (AHA Centre), training and building the capacity of rescue teams, providing support to improve the AHA Centre’s communication facilities and stockpile systems, and developing a regional network for disaster preparedness and disaster relief—the Disaster Management Network for the ASEAN Region—with the AHA Centre as the hub.21

- Japan has been supporting MDG-related issues through programs on maternal health, basic education, and water provision. For example, JICA implemented a technical cooperation project in Indonesia called Ensuring Maternal and Child Health Service with the Maternal and Child Health Handbook, and in Cambodia it worked on improvements to the water
supply and sewerage systems in urban areas. Support also takes the form of cooperation schemes such as the Third Country Training Program, where “JICA has financially and technically supported its development partners to transfer their expertise or to re-transfer Japanese expertise to a third country,” and the JICA-ASEAN Regional Cooperation Meeting (JARCOM), which features an annual cycle for selecting, implementing, and monitoring projects. Well over 100 projects were conducted from 2004 to 2009 through JARCOM, many of which were related to the MDGs.

How the ASEAN-Japan Partnership Can Contribute to the Governance of Poverty and Inequality Reduction in the Post-2015 Era

As the plans for implementing the SDGs continue to be fleshed out, ASEAN and Japan should advocate for a post-2015 global development framework that builds upon the MDGs in a way that is integrated into a vision of inclusive and sustainable development, as visualized in figure 1. This post-2015 framework should focus on a multidimensional poverty agenda that seeks to include the sustainable development concerns delineated at the Rio+20 conference. The partnership should also advocate for mutually supportive international agreements in various areas where they are necessary to achieve the overall vision (e.g., climate change, migration, and trade).

Second, the partnership can provide input into the post-2015 framework by sharing collective and individual experiences in the governance of poverty and inequality reduction, including specific policies, programs, and projects. The most valuable contributions of the ASEAN-Japan partnership to the new global framework for development will be made through a range of policies and programs that go beyond development cooperation in the strict sense of the term to address areas such as trade, migration, disaster management, SME development, and South-South cooperation through subregional development.

The partnership should highlight the following points in order to contribute to the post-2015 global governance of poverty and inequality reduction:

Structural Transformation

- Emphasize the need for industrial structural transformation in developing economies and the importance of integration into global and regional production networks.
Structural transformation is needed to upgrade manufacturing and industries in the developing economies. Regional and global value chains are important mechanisms for upgrading manufacturing, and it is important for developing countries to be fully integrated into regional and global production networks. Within the region, ASEAN can benefit and learn from Japan’s postwar transformation as well as its successful experience in linking SMEs with production networks. Globally, ASEAN-Japan partnership can promote the role of regional production networks in enhancing trade as well as in deepening SME participation in these networks.

**Trade and Investment**

- *Adopt an inclusive growth and sustainable development strategy as an indirect approach to reducing poverty and diminishing inequality, highlighting the employment and environmental impacts of such a strategy.*

The success of Asia has shown that trade and investment play central roles in raising incomes and living standards in low-income countries and LDCs. Much of Asia’s dynamism is due to increasing regional economic integration and strong trade and investment links. There are three important challenges that must be addressed. First, methods are needed to connect trade and investment policies to structural transformation. Second, in order for the WTO to move beyond the Doha Development Agenda and include other issues such as the linkages between trade and finance or climate change, it should consider moving its agenda beyond a narrow focus on trade liberalization to include a broader range of trade policies that can be helpful in dealing with these global challenges. This might also include addressing the many barriers impeding the smooth functioning of production networks. Third, even though deeper trade integration is more likely to proceed at the bilateral and regional levels in the current global environment, it is important to ensure that the WTO remains the guardian of trade rules, norms, and knowledge that are supportive of development. In light of the above, the ASEAN-Japan partnership could promote deeper regional integration with the WTO at the helm.

**Importance of Labor Mobility**

- *Highlight the need for international and regional frameworks to manage the temporary migration of workers.*

Huge amounts of remittances from migrants working abroad already play a significant role in financing development. Official remittances to developing countries in 2012 were nearly three times the amount of ODA to those countries and exceeded private debt and portfolio equity flows. Informal
remittance flows may even be larger. Freer labor mobility could catalyze global economic growth and reduce poverty in migrant-sending countries. Yet, we lack an international regulatory regime and framework for such labor mobility. The post-2015 framework should acknowledge migrants’ rights and the potential benefits of greater global labor mobility in relation to reducing poverty and addressing demographic change. The framework should highlight the need for migrant-receiving governments to agree to establish international rules and institutions that govern the temporary migration of low-skilled workers. At the same time, the framework must also emphasize the need to harness the benefits from labor mobility toward structural transformation in the sending countries. ASEAN can contribute to this important arena because it already signed a regional framework in 2007, the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, which outlines the general principles, obligations, and commitments of member countries, whether they are sending or receiving countries for migrant workers. Both the sending nations—the Philippines, Indonesia, Vietnam, and Cambodia—and the receiving countries—Thailand, Singapore, and Malaysia—have accumulated experience in terms of policies and programs to promote and protect the rights of migrant workers.

Management of Risks and Vulnerabilities

• *Stress the need to manage risks and vulnerabilities through social protection systems and measures appropriate for developing economies.*

Financial Stability

Without macroeconomic and financial stability, it is difficult for countries to move forward. The 2008 global financial crisis overturned some of the development gains made under the rubric of the MDGs. Therefore, the post-2015 development framework should include inputs for reforming the international financial and monetary system to lessen instability. Poor countries can have their policy responses and development strategies undermined by volatility and unpredictability in the public and private international financial flows. ASEAN-Japan partnership can contribute in this area, as ASEAN has deep experience gained from the 1997 financial crisis and post-crisis activities, especially in the establishment of surveillance mechanisms.

Disaster Risk Management

The post-2015 framework calls on nations to address vulnerabilities due to natural disasters. Japan can share its expertise in disaster preparedness and management, as can the Philippines and Indonesia, which have experience with various disasters that tested their capabilities in relief, rehabilitation, and recovery (e.g., the 2004 tsunami
in the Indian Ocean and super typhoon Haiyan, which devastated part of the Philippines). All three countries are in the “ring of fire” and have been plagued by frequent earthquakes and volcanic eruptions.

**Social Protection Systems and Policies** The post-2015 framework needs to integrate various options for social protection from which developing countries may be able to select and adopt or adapt, as their needs and resources may differ from those of Western and other developed countries. Indonesia and the Philippines can share their recent experience providing conditional cash transfers to poor citizens. ASEAN nations can also share their experience with microfinance and microinsurance, which countries like the Philippines, Indonesia, Thailand, and Cambodia have already implemented through several projects with their marginalized citizens. Such social protection programs are important for reducing the vulnerability of the poor in many countries.

**Food Security** Another area where ASEAN and Japan can contribute is by sharing their experience in establishing a food security framework and information system—the ASEAN+3 Emergency Rice Reserve Agreement and the ASEAN Food Security Information System—that may be useful during food crises. At the country level, the CLMV countries have already made advances on food security while prioritizing the need to strengthen social safety nets in order to deal better with contagion from international financial crises, food price shocks, and natural disasters.29

**Alternative Resource Mobilization**

- Advocate for widening resource mobilization that includes South-South cooperation, similar to what the ASEAN countries are attempting through subregional frameworks and collaboration.

**South-South Cooperation** Because the new development framework will require additional resources, alternative ways of mobilizing resources should be proposed. South-South cooperation provides new options and opportunities for developing countries. It can also allow governments to retain flexibility and freedom from outside constraints in their policymaking. As noted above, ASEAN has embarked on subregional cooperation, which is one form of South-South cooperation. The experience of ASEAN in the formation of the GMS, BIMP-EAGA, and IMT-GT can be a source of knowledge and information in formulating strategies for South-South cooperation all over the world.

**Global Poverty and Inequality Reduction Fund** Japan and ASEAN can share their experience handling Japanese ODA for this purpose.
For example, the Japan Poverty Reduction Fund (JPRF) gives grants to innovative projects in ASEAN in partnership with the governments of Cambodia, Indonesia, Laos, the Philippines, Timor Leste, and Vietnam. This type of ODA program is considered to have been “relevant, efficient, effective, and sustainable.” ASEAN and Japan can propose a global fund patterned after the JPRF where major development partners can contribute resources to fund innovative projects in partnership with civil society groups and poor communities.

**Notes**

9. Ibid.
10. Ibid.
11. Ibid


16. Ibid.


18. Vannarith Chheang, “Migrant Workers in a People-Centered ASEAN Community and ASEAN-Japan Cooperation,” in Beyond 2015.

19. Ibid.

20. Ibid.


22. Ishii, “ASEAN-Japan Cooperation.”

23. Ibid.


25. Ibid., 211.


27. Ibid., 211.


30. ADB, “Japan Fund.”
Among the many factors necessary to sustain human life, food and water are the two most important. In today’s world, when an extensive globalization process is underway and the demand for development in many countries keeps getting stronger and growing faster, the need to ensure food and water security for individuals and states is urgent, necessary, and justifiable.

During the past several decades, the world has observed many important trends that have a serious impact and implications for the future of the human race. First, although the pace of growth has slowed in recent decades, the global population has continued to increase, passing the 7 billion people mark in 2011, and this has led to an ever-growing demand for food and water across the world. Second, increases in human activity have contributed to substantial global warming and climate change, the effects of which have been seen around the globe. These changes have many implications for agriculture and production patterns, which all countries around the world must now take into account when dealing with food and water security. Third, the world is entering a new period of development, in which the scarcity of natural resources is the most prominent feature. All of these trends, along with others, are putting strong pressure on states and international organizations to design new programs, policies, and measures that will guarantee food production, a stable supply of and access to food, as well as the sustainable use and management of water.

In this context, in recent years the United Nations, together with a number of international institutions and countries around the world, has made great efforts to promote awareness of the importance of food and water security, creating many programs and plans of action and providing the necessary resources to carry them out. The aim is to ensure food and water security.
at three levels: individuals, states, and the international system. However, there are still many challenges ahead; more needs to be done, especially in developing regions.

Southeast Asia has long been among the world’s leading rice producers, but in recent years, Southeast Asian countries have become more and more vulnerable to global warming and climate change. This situation is threatening the region’s rice productivity. If these challenges are not dealt with properly, food and water security for Southeast Asian countries may not be sustained.

Japan is facing the same situation. Even though Japan is the third largest economy in the world, it is constantly affected by severe natural disasters. Japan is facing an unpredictable future in which those natural disasters are likely to become even more severe and frequent, and therefore food and water security is becoming an issue of great concern for its future. Given their common interests within this new global context, ASEAN and Japan have the potential and willingness to cooperate with each other to contribute, in many different forms, to food and water security at the regional and global levels.

This chapter examines the nature of food and water security from a global perspective and the current state of global governance and institutions in this area. Based on projections by some key international organizations in the field, it synthesizes and puts forward some of the key trends and shifts related to food and water security that are expected over the next 15 years, from 2015 to 2030, and beyond. Finally, the chapter proposes some policy recommendations as food for thought on how ASEAN and Japan can cooperate with each other, as well as with other partners, in order to jointly ensure food and water security at home and at the global level.

The Nature of Food and Water Security: A Global Perspective

Food security and water security are two different, but closely related, issues. The nature of food security comprises many elements such as supply of and access to food, sustainable agriculture, food price management mechanisms, application of technology, and government intervention.

The 1996 World Food Summit defined food security as existing “when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life.”12 The World Health Organization notes that often the concept of food security covers “both physical and economic access to food that meets people’s dietary needs as well as their food preferences,” and it points to three pillars on which food security is based:
• Food availability: sufficient quantities of food available on a consistent basis
• Food access: having sufficient resources to obtain appropriate foods for a nutritious diet
• Food use: appropriate use based on knowledge of basic nutrition and care, as well as adequate water and sanitation

Stability underpins these three factors, making stable food security as important as the other aspects. This is particularly true given the close connections between food security and sustainable development, health, the environment, and trade. Agriculture remains the largest employment sector in most developing countries, and international agriculture agreements are crucial to a country’s food security.

Water security, meanwhile, is a familiar concept. According to UN-Water, the UN’s interagency coordination mechanism for water-related issues, water security entails “the capacity of a population to safeguard sustainable access to adequate quantities of and acceptable quality water for sustaining livelihoods, human well-being, and socio-economic development, for ensuring protection against water-borne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability.” Several elements are necessary to ensure that communities can maintain water security:

(T)he core elements needed to achieve and maintain water security include: Access to safe and sufficient drinking water at an affordable cost in order to meet basic needs, including sanitation and hygiene, and safeguard health and levels of well-being; protection of livelihoods, human rights, and cultural and recreational values; preservation and protection of ecosystems in water allocation and management systems in order to maintain their ability to deliver and sustain functioning of essential ecosystem services; water supplies for socio-economic development and activities (such as energy, transport, industry, tourism); collection and treatment of used water to protect human life and the environment from pollution; collaborative approaches to trans-boundary water resources management within and between countries to promote freshwater sustainability and cooperation; the ability to cope with uncertainties and risks of water-related hazards, such as floods, droughts and pollution; and good governance and accountability, and the due consideration of the interests of all stakeholders through appropriate and effective legal regimes; transparent, participatory and accountable institutions; properly planned, operated and maintained infrastructure; and capacity development.
The level of food and water security, and especially availability and access to safe and sufficient food and water, varies greatly for each country in Asia. But all agree that pressures and challenges are mounting and efforts must be made to promote cooperation and coordination among all stakeholders in order to ensure food and water security for all in the future.

Current State of Global Governance and Institutions

At the global level, there are a number of institutions that govern and promote food and water security. The UN plays a central role at the global level, and it has two arms that focus on food security. The first and most important is the Food and Agriculture Organization (FAO), which has a mandate to improve nutrition, raise agricultural productivity, increase standards of living in rural areas, and contribute to economic growth worldwide. The FAO describes its core mission as “achieving food security for all” by ensuring “that people have regular access to enough high-quality food to lead active and healthy lives.” Accordingly, its strategic objectives include helping to eliminate hunger, food insecurity, and malnutrition; making agriculture, forestry, and fisheries more productive and sustainable; reducing rural poverty; promoting inclusive and efficient agricultural and food systems; and increasing the resilience of these systems from disasters.

Since its establishment in 1943, the FAO has been lauded for its many achievements. It has launched a large number of successful campaigns and spearheaded the establishment of initiatives and agreements that mobilize support from various governments and nongovernmental organizations (NGOs). It also set up AGROSTAT (now FAOSTAT), which is widely recognized as the world’s most comprehensive source of agricultural statistics and data, and it publishes the annual FAO Food Price Index as well as many other useful publications on food-related issues. It has become known for championing a dual-track approach that combines a commitment to sustainable development and the provision of short-term hunger relief. It does this by investing in rural infrastructure and efforts to make rural markets sustainable; providing vouchers for seeds, fertilizer, and other materials and services; and using subsidies that increase the purchasing power of vulnerable households and food and cash transfers, such as school feeding programs and emergency food distribution.

The second arm of the UN that is active in this area is the World Food Programme (WFP). The WFP focuses on the provision of targeted food aid to help improve the lives of the world’s poorest, and it describes the
ultimate objective of its assistance as the eventual “elimination of the need for food aid.”9 In keeping with this mandate, the WFP uses food aid to “support economic and social development, meet refugee and other emergency food needs and the associated logistics support and promote world food security in accordance with the recommendations of the United Nations and FAO.”10 It therefore focuses primarily on responding to humanitarian emergencies, improving nutrition and quality of life in the world’s most impoverished and vulnerable communities, and promoting programs that mobilize economically disadvantaged communities to help build up their assets and become more self-reliant. For instance, it runs a Food for Assets Program through which participants from vulnerable communities receive food vouchers in exchange for their work on local infrastructure projects or their participation in training programs on new skills that will increase food security and enhance community resilience to shocks.11

The UN has also played a pioneering role in promoting water security at the global level, although the focus on this issue came much later than its focus on food security. A key milestone came in 2000 with the issuance of a ministerial declaration at the 2nd World Water Forum in The Hague, which stressed the importance of tackling water security challenges. In recent years, national governments have been increasingly aware of the importance of water security, although this has a degree of sensitivity since many of the challenges entail issues related to national sovereignty and transboundary conflicts. Furthermore, the international community has run into difficulties in agreeing to a working definition and description of water security that reconciles the promotion of water security for individuals and communities with the transboundary concerns that naturally are involved with efforts to manage water supplies.12

At the global level, great efforts have been made by international organizations like the World Bank, the International Monetary Fund, and others, which have also set up various programs and frameworks to help their clients deal with climate change and global warming, water resource management, food security, water supply and sanitation, and integrated urban water management. The World Bank identifies water as the center of economic and social development, and it has been the largest external source of financing for water projects in developing countries. From FY2011 to FY2013, the World Bank has committed a total of US$17 billion for water projects, 56 percent of which went to initiatives dealing with water supply and sanitation, 16 percent to hydropower projects, 15 percent to irrigation and drainage projects, and 13 percent to flood protection. Many of these activities helped governments ensure basic access to water and sanitation services for their most vulnerable populations, and the World Bank increasingly has worked to take into
account poverty alleviation in its water projects. Recognizing that public sector financing and development funding is not sufficient to fully deal with the challenge of water security, the World Bank has also used its clout to leverage financing from other sources, including the private sector in developing countries as well as public-private partnerships.\textsuperscript{13}

At the regional level, the Asian Development Bank has long played an important role in promoting food security and, in recent years, it has broadened its strategic focus from agriculture to promoting more comprehensive multisectoral approaches that advance food security among poor and vulnerable communities. Its 2009 Operational Plan for Sustainable Food Security in Asia and the Pacific stresses the importance of integrating efforts to raise agricultural productivity, increase market connectivity, and build resilience to climate change and other shocks. This operational plan identified three constraints on sustainable food security: (1) stagnating agricultural productivity and production; (2) a lack of access in rural areas to financing, infrastructure, technology, markets, and nonfarm income opportunities; and (3) the threat of climate change and food price volatility.\textsuperscript{14}

All of these global and regional initiatives to ensure food and water security are multilateral in nature, using funds mainly from G8 countries, G20 countries, and international financial institutions. Therefore, they depend very much on the will and support of sponsors and their sustainability is often questioned. Apart from these efforts, we have to mention and highly appreciate the efforts made by individual countries and the role of NGOs in the field of food and water security. Even though much more needs to be done, without their efforts, food and water security could not be maintained for poor populations in developing regions around the world.

\textbf{Expected Global Trends and Shifts during the 2015–2030 Period}

Looking toward the future, especially the period from 2015 to 2030, the following global trends or shifts can be expected to affect the overall food and water security of the world.

(1) The world population will continue to grow until at least 2050. According to the UN’s World Population Prospect report, the world population is currently growing by approximately 74 million people a year. It is projected to continue expanding through 2030 at an average of 1.1 percent per year, and in the absence of any major unanticipated wars, diseases, or
dramatic demographical changes, it should reach 8.321 billion people by 2030. Over the next 15 years, less developed countries are expected to experience the most growth, while more developed regions are expected to maintain current levels, with a projected 2030 population of 1.2 billion. Many of the world’s most populous countries are in Asia, including India, China, Indonesia, Pakistan, Bangladesh, the Philippines, Vietnam, and Japan.15

(2) There is likely to be a decline in the number of hungry people in developing countries. This number is projected to fall from an estimated 777 million in the early 2000s to about 440 million in 2030. According to the FAO, average caloric intake worldwide is likely to reach 3050 kilocalories (kcal) per person by 2030, compared with 2283 kcal per person per day in the early 1960s.16

(3) The expansion of farmland for food production appears likely to slow. This comes at a time when land loss due to the expansion of infrastructure and climate change is increasing. Roughly 11 percent of the natural areas remaining in 2000—approximately 7.5 million square kilometers—could be lost by 2050. Accordingly, the world’s biodiversity potential is in danger of declining by 5 percentage points, from 70 percent in 2010 to around 65 percent in 2030.17

Developing countries, particularly in sub-Saharan Africa and Latin America, are projected to need an additional 120 million hectares over the next 30 years for crops. Much of this extra land is likely to come from forest clearance. Meanwhile, other developing regions are likely to face challenges related to land scarcity since almost all suitable land is already in use and some arable land is being converted to other purposes.18

According to FAOSTAT, roughly 12 percent of the world’s land surface was used for crop production in the 2005–2007 period. Arable land comprises roughly 28 percent of land considered prime and good, leaving approximately 1.4 billion hectares of land with crop production potential. Therefore, there is still the capacity to bring significantly more agricultural land into use.19

(4) Most of the growth in food production in the coming decades is likely to result from increased productivity. Almost 70 percent of growth in crop production in developing countries is projected to come from higher yields, just around 20 percent from the expansion of arable land, and under 10 percent from decreased fallow periods and planting of multiple crops.20

According to the FAO, by 2030 global production will need to rise by 40 percent to keep pace with global demand, necessitating a level of investment in the agricultural sector that has been lacking for many decades.21
Due to globalization, patterns of food consumption are converging around the world. For instance, in developing countries, annual per capita meat consumption more than doubled to 26 kg by the late 1990s from what it was three decades earlier, and it is projected to rise further to 37 kg per person per year by 2030. There has also been rapid growth in the consumption of milk and dairy products, from 28 kg per person per year to 45 kg, with further increases to 66 kg per person expected by 2030.22

Modern biotechnology is increasingly considered to be an important means for improving food security. To ensure that this potential is realized, the FAO has been calling for improved testing and safety protocols for genetically modified organisms. Other promising technologies have emerged such as conservation agriculture and integrated pest and nutrient management. Meanwhile, at the local level, the spread of organic agriculture could allow it to become a realistic alternative to traditional agriculture.23

(5) Climate change continues and has become more severe. According to some forecasts, over the next 15 years, global CO₂ emissions will increase by 16 percent, while per capita emissions should stay relatively stable at 4.2 metric tons. Developed countries’ CO₂ emissions are expected to decline by 14 percent, and will account for 32 percent of the world’s emissions. Meanwhile, developing countries’ share of CO₂ emissions is expected to increase by 38 percent to comprise 68 percent of global emissions, although per capita emissions will remain below those of developed countries.24 There is a risk that climate change will make some developing countries more dependent on food imports, but the overall effect of climate change on global food production by 2030 is likely to be limited. This is partly because production is likely to continue rising in developed countries. But small farmers in some areas are likely to be hard hit by drought, flooding, salt water intrusion, and sea surges, making some countries, mainly in Africa, more vulnerable to food insecurity.25

The average global temperature is expected to rise further, increasing by 0.5°C to 1.5°C. Developing countries have fewer resources to adapt socially, technologically, and financially, and they are more heavily dependent economically on agriculture. This leaves them at greater risk from temperature increases.26

Natural disasters are set to continue to grow dramatically in number and magnitude. Since the 1970s, the duration and intensity of major tropical storms in both the Atlantic and the Pacific regions have already increased by about 50 percent. Climate change has caused sea surface temperatures to rise by 0.5°C, which has contributed to the increase in the number of major storms. Between 1970 and 2011, more than 74 percent of fatalities worldwide
from disasters took place in Asia Pacific. In 2011, for example, 80 percent of world economic losses due to disasters occurred in this region.\(^6\)

There are sufficient water supplies globally, but there will be severe shortages in some parts of Asia as well as in other regions. By 2030, water consumption for irrigation is projected to increase 14 percent from 2003 levels in developing countries, and one in five developing countries is likely to suffer water scarcity. Ground-water levels are falling by 1 to 3 meters per year in parts of India and China, so efforts to use water more efficiently are particularly important in these areas. Since agriculture is responsible for roughly 70 percent of fresh water use, conserving water in agriculture is key. In particular, developing countries are expected to expand their area of irrigated land from 202 million hectares in 2003 to 242 million hectares by 2030, so it is particularly pressing that measures to utilize water more effectively in irrigation be instituted.\(^8\) It should also be noted that in East Asia, a number of rivers are dying due to hydroelectric projects and industrialization, so disputes over water are likely to continue to arise.

**Contributions from ASEAN and Japan**

Given the context discussed above, ASEAN and Japan should further strengthen cooperation with each other as well as with other partners around the world in order to achieve two strategic goals: (1) to ensure food and water security for Asia Pacific, and (2) to contribute to the extent possible to helping international institutions attain their targets in food and water security globally. However, ASEAN and Japan should focus their efforts mainly on the regional rather than the global level, and resources should be allocated for these two goals accordingly. The following policy recommendations are meant to help ASEAN and Japan achieve these goals.

First, at the global level, ASEAN and Japan should strengthen cooperation in raising people's awareness, further promoting mutual communication and connectivity with the FAO, WFP, UN-Water, and other relevant institutions, in order to better share information, resources, and technology and ensure food and water security in the coming decades.

Second, at the regional level, ASEAN and Japan should further their agricultural cooperation aimed at increasing agricultural productivity by transferring high technology, expanding the use of biotechnology, and diversifying agricultural products in the entire value chain in both Japan and ASEAN countries.
Third, ASEAN and Japan should jointly host a forum on family planning for East Asia to further promote cooperation on population growth control throughout the region.

Fourth, ASEAN and Japan should think beyond the framework of Japan-Mekong cooperation by setting up another mechanism, for example, a regionwide conference on water and climate change. At the very least, they should expand this kind of cooperation to include all ASEAN countries.

Fifth, the ASEAN Secretariat should be strengthened so that it can be a more efficient and effective coordinating mechanism in mitigating the consequences of natural disasters, providing humanitarian assistance in emergency situations in the region, and playing a more active role in food and water security in the region.

Finally, ASEAN and Japan should set up a food and water security fund, a joint food warehouse, or a logistics coordinating agency with the aim of promoting national resilience on food and water security.

Notes

7. Ibid.
8. Ibid.
10. Ibid.


19. Ibid.


22. Ibid.

23. Ibid.


25. Ibid.

26. Ibid.


Japan-ASEAN Challenges for Nuclear Nonproliferation and Nuclear Security

Mie Oba

Nuclear energy provides many challenges to peace and stability both regionally and internationally, exerting a double-edged effect on peace and prosperity worldwide. It is widely known that nuclear power technology was first developed for military use and has the potential to directly threaten global security. Nuclear weapons are considered weapons of mass destruction (WMD) and are regarded as a critical threat to peace and human life. In his famous address in Prague in April 2009, US President Barack Obama proposed taking concrete steps toward “a world without nuclear weapons” through nuclear arms reduction, support for ratification of the Comprehensive Nuclear Test Ban Treaty (CTBT), and the enhancement of the Nuclear Non-Proliferation Treaty (NPT) regime.¹ In reality, however, nuclear disarmament has not advanced since that speech was given, and the risk of nuclear proliferation continues to threaten international peace and stability.

In the decades following the famous speech by President Dwight D. Eisenhower to the UN General Assembly in 1953, in which he proposed “Atoms for Peace,” many countries have used nuclear energy for peaceful purposes,² contributing to prosperity and improving standards of living. However, nuclear and radiological materials require careful handling—not only because they are inherently dangerous substances, but also because of the risk for abuse. Nuclear facilities, including research reactors as well as commercial nuclear power plants (NPPs), contain plutonium and other nuclear materials that may be vulnerable to nuclear theft and terrorist attacks. Nuclear-related and other dual-use technologies and items used for peaceful purposes may be converted for military use. Moreover, the advancement of globalization facilitates the marketing of nuclear materials.
as well as nuclear-related and dual-use items and technologies. In short, even if one country limits the use of nuclear energy to peaceful purposes, nuclear energy inevitably raises the risk of proliferation and damages nuclear safety and nuclear security.3

Many countries in East Asia possess nuclear power generation capabilities. Japan has been promoting nuclear power generation as well as other peaceful uses of nuclear power, like the use of radiation. China is a nuclear weapon state with many research reactors and commercial NPPs. South Korea also has many research reactors and commercial NPPs and has taken a positive stance on the expansion of nuclear power generation. South Korea is believed to be eager to have enrichment technology. North Korea’s possession of nuclear weapons is a critical concern for the regional and global peace. India and Pakistan also possess nuclear weapons for their own security purposes. Some of the ASEAN countries have nuclear facilities and are eager to introduce commercial NPPs.

This push by Asian countries to increase the number of NPPs and advance nuclear power generation has continued despite the concerns raised by the accident at the Fukushima Daiichi Nuclear Power Plant in March 2011. It has also continued despite revelations that the expansion of trade and development in this region has enabled the trafficking of nuclear-related items, most notably by the A. Q. Khan network, which covered a vast area that included some Southeast Asian countries.

The East Asian region—including the ASEAN countries and Japan—is thus threatened by a number of risks surrounding nuclear power. Against this backdrop, it is both natural and imperative that Japan and ASEAN collaborate to counter these threats. The Vision Statement on ASEAN-Japan Friendship and Cooperation: Shared Vision, Shared Identity, Shared Future, adopted at the ASEAN-Japan Commemorate Summit held in December 2013, lists strengthening cooperation on disaster management, UN peacekeeping operations, nonproliferation and disarmament, counterterrorism, and transnational crime and maritime security, among others, as topics to be addressed in advancing the “partnership for peace and stability.” Stronger collaborative efforts by Japan and ASEAN on nonproliferation and nuclear security could contribute to the enhancement of peace and stability not only in the region, but around the world.
Nonproliferation Regime

Nuclear proliferation is the spread of nuclear weapons, fissionable materials, and weapons-applicable nuclear technology and information to countries that are not recognized as “nuclear weapon states” by the NPT. Adopted in 1968, the NPT aims to prevent such proliferation and allows just five states (the United States, Russia, the United Kingdom, France, and China) to possess nuclear weapons while prohibiting other countries from possessing or developing nuclear weapons. The NPT also stipulates that non–nuclear weapon states should “undertake to accept safeguards as set forth in an agreement to be negotiated and concluded with” the International Atomic Energy Agency (IAEA).  

The NPT and the IAEA are the foundations of the nonproliferation regime. Following the end of the Cold War, the NPT became the legitimate regime for universal nonproliferation. South Africa renounced its nuclear weapons program and signed the NPT in 1991. China and France joined in 1992, and although it was doubtful that it had developed nuclear weapons, Argentina joined in 1995. Following the collapse of the USSR, Ukraine, Belarus, and Kazakhstan also signed on as non–nuclear weapon states. The NPT currently embraces 190 member countries. At the first NPT Review Conference, members decided to extend the validity of the NPT indefinitely and to hold a review conference every five years. The fifth review conference was held in the spring of 2015.

Safeguards are the primary measure to ensure nonproliferation. The IAEA provides the guidelines for safeguards and supervises the implementation by each non–nuclear weapon state. Most non–nuclear weapon states are party to the Comprehensive Safeguards Agreement (CEA) (INFCITC/153 [Corr.]), through which the state accepts the IAEA’s safeguards on all source or special fissionable material in peaceful nuclear activities within the territory of the state. In 1997, the IAEA’s efforts to strengthen the safeguards led to the model Additional Protocol (INFCIRC/540). The Additional Protocol ensures the commitment to nonproliferation and safeguards by the non–nuclear weapon states and equips the IAEA with important new tools to verify the correctness and completeness of each state’s declaration under the Comprehensive Safeguards Agreement.

In addition to these safeguards, export controls are another critical measure for nonproliferation. Following the entry into force of the NPT in 1970, India shocked the world by conducting a successful nuclear test in
1974, using plutonium obtained through the reprocessing of spent nuclear fuel in a Canadian-supplied research reactor. After that incident, nuclear export control came to be regarded as an important task for nonproliferation, and the Nuclear Suppliers Group (NSG) was established in 1974. The NSG describes itself as “a group of nuclear supplier countries that seeks to contribute to the nonproliferation of nuclear weapons through the implementation of two sets of Guidelines for nuclear exports and nuclear-related exports.” The Zangger Committee, formed in 1971, established guidelines for implementing the export control provisions of the NPT (Article III[2]), which prohibit NPT member states from providing “(a) source or special fissionable material, or (b) equipment or material especially designed or prepared for the processing, use or production of special fissionable material, to any non-nuclear-weapon State for peaceful purposes, unless the source or special fissionable material shall be subject to the safeguards required by this Article.”

The Possession of Nuclear Weapons, Materials, and Technology by Rogue States and Nonstate Actors

The nonproliferation regime has served to regulate the nuclear activities of most countries. However, the possibility of nuclear proliferation has not completely disappeared. India, Pakistan, and Israel continue to refuse to sign the NPT. India and Pakistan succeeded in carrying out nuclear tests and announced their possession of nuclear weapons in 1998. Israel has not publicly conducted a nuclear test and continues to deny that it possesses nuclear weapons, although it is widely suspected that they do. India is estimated to have up to 100 nuclear warheads, Pakistan is estimated to have between 90 and 110, and Israel is believed to have between 75 and 200.

The possession and development of nuclear weapons by the “rogue states” of North Korea, Iran, and Syria are important issues in international security. One of the most critical threats to peace and stability in East Asia is the nuclear armament of North Korea. That country initially joined the NPT, but announced its withdrawal in 1993 and again in 2003. It pushed ahead with underground nuclear tests in 2006, 2009, and 2013, while also performing missile tests.

Iran is strongly suspected of having nuclear weapons, but even if it does not yet have nuclear weapons or sufficient fissile material stockpiles to build weapons, the country is pursuing a uranium enrichment program and other projects that could provide it with the capability to produce bomb-grade fissile materials and develop nuclear weapons within the next few years. The
IAEA concluded in 2003 that Iran had undertaken covert nuclear activities to establish the capacity to produce fissile materials. Syria is also suspected of having attempted to produce fissile materials for nuclear armament. While the extent of Syrian–North Korean nuclear cooperation is still unclear, it is believed to have begun around 1997. In September 2007, Israel conducted an airstrike on the construction site of a nuclear research reactor in the Syrian Desert, which US officials alleged was similar to North Korea’s Yongbyon reactor.

The effectiveness of safeguards to prevent rogue states from possessing nuclear weapons is limited, mainly for two reasons. First, safeguards require sufficient support by the recipient countries, but in many cases rogue states do not provide such support. Second, the decision by a country to develop nuclear weapons depends on its political will. Although there is a strict, institutionalized nonproliferation regime, it is often not enough to stop ambitious countries from embarking on the path toward military use of nuclear energy.

In addition to the activities of these rogue states, the possibility of nonstate actors taking possession of or developing nuclear weapons threatens international security. Following the September 11 attacks on the United States, the risk of terrorists with nuclear weapons was recognized as a serious potential threat. Furthermore, the discovery in 2004 that the A. Q. Khan network was transferring nuclear-related technologies to Libya, Iran, and North Korea led to growing concern over the risk of proliferation of WMDs.

The Advancement of Nonproliferation Efforts and Nuclear Security

Since the start of the 21st century, export control efforts have been strengthened to prevent nuclear materials and nuclear-related technology from spreading to dangerous states and nonstate groups. The Proliferation Security Initiative (PSI) was created in response to the anxiety caused by the potential possession of nuclear weapons by rogue states and terrorist groups. The PSI was initially proposed by US President George W. Bush in May 2003 and is a multilateral framework to end shipments of biological, chemical, and nuclear weapons; their delivery systems; and other related materials that could be used to produce such weapons to terrorist groups or countries suspected of attempting to acquire WMDs. It is designed to strengthen the nonproliferation frameworks within international law and the domestic laws of each member country. The PSI is an attempt to block the spread of WMDs within peaceful countries and beyond through the promotion of multilateral collaboration. The primary activities of the PSI
involve conducting interdiction training exercises for members and outreach to nonmembers.

The disclosure of Dr. Khan’s black market operations for the sale of nuclear-related technologies and other items resulted in the passage of UN Security Council Resolution 1540 in April 2004, which affirmed that the “proliferation of nuclear, chemical and biological weapons, as well as their means of delivery, constitutes a threat to international peace and security”\textsuperscript{11} and obliged UN member countries “to refrain from providing any form of support to non-State actors that attempt to develop, acquire, manufacture, possess, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery”; “adopt and enforce appropriate effective laws”; and “take and enforce effective measures to establish domestic controls” for these purposes.\textsuperscript{12} It also mandated that member countries submit reports to describe ways in which they were implementing security trade control mechanisms domestically. In turn, these reports have contributed to the enhanced transparency of domestic mechanisms for the restriction of WMD materials transactions to nonstate actors.

In April 2009, President Obama proposed the goal of ridding the world of nuclear weapons, pointing out the risk the world faces if rogue countries or terrorists gain access to nuclear materials and weapons. He proposed a new “Global Summit on Nuclear Security,” an idea that eventually came to fruition as the 1st Nuclear Security Summit, held in April 2010. Representatives from 47 countries (including India, Pakistan, and Israel) and three international organizations attended. In addition, the summit adopted a communiqué reaffirming that “maintaining effective nuclear security will require continuous national efforts facilitated by international cooperation and undertaken on a voluntary basis by states.” Participant countries pledged that they “will promote the strengthening of global nuclear security through dialogue and cooperation with all states.”\textsuperscript{13} The 2nd Nuclear Security Summit was held in Seoul in March 2012, while the third took place in The Hague in March 2014.

**The Stance of Japan and the ASEAN Countries on Nuclear Energy**

**A Shared Stance against Nuclear Weapons**

Japan and the ASEAN countries are non–nuclear weapon states and have collectively demonstrated their anti–nuclear weapon stance. Japan is the only country that has been attacked with an atomic bomb and, as a result,
the antinuclear movement has had a strong influence on Japanese diplomacy as well as on public opinion. While promoting the peaceful use of nuclear energy, the Japanese government has been very involved in international nonproliferation efforts through the NPT, the IAEA, the NSG, the Zangger Committee, and the PSI. However, because Japan’s defense and security policies depend on its alliance with the United States, which possesses a large amount of nuclear weapons, Japan’s antinuclear stance contains a fundamental contradiction.

The ASEAN countries have also taken an anti–nuclear weapon stance. The Southeast Asia Nuclear-Weapon-Free Zone (SEANWFZ) was already contained in the Zone of Peace, Freedom and Neutrality Declaration in November 1971, which reflected the members’ opposition to the domination of any great power in Southeast Asia as well as their anxiety over the risk posed by nuclear weapons. In 1995, following the Cold War, they signed the SEANWFZ Treaty (Bangkok Treaty), which obliges parties “not to develop, manufacture or otherwise acquire, possess or have control over nuclear weapons; station nuclear weapons; or test or use nuclear weapons anywhere inside or outside the treaty zone.” The Bangkok Treaty came into force in 1997, and all ASEAN member countries have now signed the treaty.14

ASEAN countries have demonstrated their determination to preserve the SEANWFZ.15 The ASEAN Political-Security Community Blueprint of 2009 states that ASEAN members should ensure the implementation of the SEANWFZ and should encourage the nuclear weapon states to sign the Bangkok Treaty protocol, which would prohibit the use of nuclear weapons against any SEANWFZ members. By signing the protocol, the nuclear weapon states would contribute to global nonproliferation and disarmament efforts, but none have done so yet.16

Diverse Views on the Peaceful Use of Nuclear Power

Although Japan and the countries of ASEAN share similar positions with regard to nuclear weapons, their stances on nuclear power generation are more diverse. Japan began to introduce and develop technologies for nuclear power generation in the 1950s. In the beginning, governmental agencies such as the Japan Atomic Energy Commission and the Japan Science and Technology Agency took the lead. The first commercial power plant in Japan was commissioned in 1966. Following the oil shock in 1973, the world began looking for alternative sources of energy, so the necessity for nuclear power rose. Against this backdrop, the Japanese government positioned nuclear
power as the key source of energy to meet domestic demand. While the 1974 radiation leak aboard the nuclear-powered ship the Mutsu, the serious NPP accidents at Three Mile Island in 1979 and Chernobyl in 1986, and the fire in the Monju fast breeder reactor in 1995 were devastating, nuclear energy maintained a key position in Japan’s energy policy portfolio. But the March 2011 incident at the Fukushima NPP has had a severe impact on Japan’s energy policy. All commercial NPPs were gradually taken offline following the disaster. However, Prime Minister Shinzo Abe’s administration has attempted to resume the operations of NPPs and to position nuclear power once again as a basic energy source, despite criticism from many antinuclear groups and their followers. The NPP in Sendai has been restarted, and as of this writing, two reactors at the plant are in operation. Regardless of the direction that Japan’s domestic energy policy takes in the future, it is clear that Japan has an abundant supply of nuclear-related facilities, technologies, and experience, which ASEAN countries can use if they want to promote peaceful use of nuclear energy.

Energy policies across the 10 ASEAN member countries vary, reflecting differences in political direction, economic development, and natural resource endowments. However, they all face common themes: the need to enhance energy security, reduce economic costs, and improve the sustainability of their energy supply. To achieve these objectives, ASEAN countries have adopted or announced policies to diversify their energy supplies. From this point of view, nuclear energy is considered to be one of the most important energy components for ASEAN countries. Currently, the only existing commercial NPP in any of the ASEAN countries is the Bataan Nuclear Power Plant in the Philippines, and that has been in the decommissioning process since 2005. There are also six research reactors currently operating in Southeast Asia—in Indonesia, Malaysia, Thailand, and Vietnam—and a number of ASEAN countries are studying the possibility of introducing commercial power plants. Most of these plans, however, either were shelved or have not been promoted following the accident in Fukushima in March 2011 in light of the concerns about nuclear power safety. Despite the shock of the accident, however, Vietnam has continued to move forward with plans for constructing an NPP and has already signed an agreement with Russia to build its first facility. Construction was expected to begin in late 2014, but that has now been postponed until 2019. Thailand has also included nuclear power in its Power Development Plan beginning in 2026, and Indonesia has expressed interest in the introduction of nuclear power as well. But both Thailand and Indonesia are facing strong public objections, so the prospects for nuclear power in those countries are uncertain. However, the International Energy Agency’s “Southeast Asia
Energy Outlook 2013” projects that Thailand will start producing electricity from NPPs before 2030.23

**Japan and ASEAN in the Global Nonproliferation Regime**

Given that Japan and some ASEAN countries have nuclear facilities, nuclear-related technologies, and fissionable materials, they have a responsibility to guarantee nonproliferation, nuclear security, and nuclear safety. They have promoted these efforts individually, following international safeguards and guidelines under the supervision of the IAEA. Japan is one of the founding member states of the IAEA, which was established in 1957, and it signed the NPT in 1970 (ratifying it in 1976). To avoid arousing the suspicion that it plans to become a nuclear weapon superpower, Japan has consistently demonstrated its intention of following the guidelines of the IAEA to ensure nonproliferation. In addition to signing a Comprehensive Safeguards Agreement with the IAEA in 1977, Japan also signed the Additional Protocol, which enforces the authority of the IAEA to inspect nuclear facilities in member countries. The protocol came into force in December 1999.

Similarly, all ASEAN countries are members of the IAEA with the status of non–nuclear weapon states and have completed the ratification of or accession to the NPT. The Bangkok Treaty required all participating nations to conclude a Comprehensive Safeguards Agreement (CSA) with the IAEA. Furthermore, Indonesia (1999), the Philippines (2010), Singapore (2008), Vietnam (2012), and Cambodia (2015) have all signed and ratified the Additional Protocol.24 Malaysia and Thailand signed the Additional Protocol in November 2005, Myanmar signed it in 2013, and Laos signed it in 2014, although it is not yet in force in those countries.25

In terms of export controls, Japan is a supplier of nuclear technology and has constructed the appropriate domestic legislative framework. Security trade control—including the trade in nuclear-related technologies and other items—is provided for under Japan’s Foreign Exchange and Foreign Trade Act (Foreign Exchange Act). Regarding the export of goods, Article 48, Section 1, of the Foreign Exchange Act stipulates, “Any person who intends to conduct the export of specific kinds of goods to specified regions, which are specified by Cabinet Order as being considered to obstruct the maintenance of international peace and security, shall obtain, pursuant to the provisions of Cabinet Order, permission from the Minister of Economy, Trade and Industry.”26 And with regard to the transfer of technology, Article 25, Section 1, of that act stipulates, “When a resident intends to conduct transactions listed in the following items with a non-resident, he/she shall
obtain, pursuant to the provisions of Cabinet Order, permission from the Minister of Economy, Trade and Industry in regard to the transactions. (i) Transactions designed to provide technology pertaining to the design, manufacture or use of specific kinds of goods specified by Cabinet Order as those considered to undermine the maintenance of international peace and security… in the specified region.”

By contrast, most ASEAN countries have been slow to assemble domestic systems to implement strategic trade controls, with only Malaysia and Singapore making significant strides in improving their systems to date. The Philippines has also been making efforts to build a comprehensive legal framework for export control. Thus the construction of domestic legislative systems as well as capacity building for strategic trade control are critical issues for ASEAN countries.

Internationally, Japan has assumed a leading role in the NSG and the Zangger Committee and is involved in various activities under the PSI. It has hosted several maritime, port, and air exercises, such as Team Samurai (2004), Exercise Pacific Shield (2007), and Pacific Shield (2012), while also participating in a number of exercises hosted by other countries.

The ASEAN countries have taken diverse positions on the PSI. Currently, only five ASEAN countries—Brunei, Cambodia, the Philippines, Singapore, and Thailand—have participated in some capacity in activities related to the PSI, with Singapore being the most active and hosting the first PSI exercise in Southeast Asia in 2005. Thailand has been the most concerned with issues such as domestic levels of skills and equipment, lack of sufficient resources, the need for clarity concerning compensation for inspected vessels, and delegation of responsibility to law enforcement agencies. Indonesia was strongly opposed to the PSI in 2003 and continues to have reservations because it is concerned about the contradiction between measures under the PSI and issues of sovereignty and the legality of interdiction.

ASEAN-Japan Regional Cooperation on Nuclear Issues

ASEAN’s Potential and Activities to Enhance Nonproliferation and Nuclear Security

The efforts of both Japan and the ASEAN countries in the areas of nonproliferation and nuclear security have contributed to the enhancement of peace and stability, not only in the region, but also internationally. Initially,
Japan and each ASEAN country should enhance their efforts to ensure non-proliferation and nuclear security; however, they face difficulties because their experiences and perspectives are different. As noted above, Japan has a long history of using nuclear power peacefully and has rich experience with and knowledge of nonproliferation efforts, including safeguards as well as export controls. On the other hand, each ASEAN country regards nuclear energy issues differently, depending upon its past policies on peaceful use. Those countries that do not have NPPs tend to regard nonproliferation and nuclear security as issues for other countries to worry about. However, all countries—including ASEAN countries—are affected by these issues and they can and should implement efforts to ensure nonproliferation and nuclear security.

In terms of safeguards, ASEAN countries have followed the guidelines and procedures of the IAEA, but they are lagging on export controls. Countries attempting to promote nuclear power generation and non-energy-related usage of nuclear technologies have shown a particularly reluctant attitude to enhance such controls. Against a backdrop of economic development and increased trade, ASEAN and the entire Asian region have begun to face more difficult challenges in terms of export controls. These include “procurement below the threshold of the control lists of international export control regimes, more demand for high-tech items and materials, countries’ expanded capabilities to produce dual-use items as well as more diversified proliferation routes and other sophisticated procurement techniques by proliferators.”

The enhancement of export control efforts should be a critical topic for ASEAN countries as they seek to contribute to nonproliferation. The fact that A. Q. Khan extended his covert nuclear capability development network to a Malaysian company demonstrates the risk of proliferation in the absence of an effective regime for export control. However, some ASEAN members are concerned about the possibility that strict export controls may have a negative impact on the growth of their trade. Furthermore, ASEAN countries do not have sufficient human resources to handle counterproliferation efforts and ensure nuclear security.

The ASEAN Single Window (ASW), part of the “ASEAN Economic Community Blueprint,” might provide an effective mechanism for export control. The ASW is a trade facilitation mechanism for creating a regional portal where the national single windows of ASEAN member states can operate in order to help streamline intra-ASEAN trade and minimize the cost of doing business in the region. The ASW will provide a mechanism for integrated trade management and information sharing among ASEAN countries, potentially functioning as an export control for strategic items,
including radioactive and fissionable materials and dual-use commodities related to nuclear development. In addition, the process of creating the mechanism of the ASW will require ASEAN countries to reinforce their domestic expertise, legislation, and legal mechanisms for trade and customs management.\(^{33}\)

The ASEAN countries have reaffirmed their intention to implement counterterrorism measures in various meetings and reports, such as the APSC Blueprint of 2009, and have developed mechanisms for cooperation on counterterrorism and transnational crime, including the ASEAN Ministerial Meeting on Transnational Crime and the ASEAN Convention on Counter-Terrorism. These mechanisms serve as appropriate models for cooperation on the enhancement of nonproliferation and nuclear security in the future. Furthermore, the ASEAN Network of Regulatory Bodies on Atomic Energy, an initiative first proposed by Thailand, is a network of the individual regulatory bodies in ASEAN countries that aims to strengthen nuclear safety, security, and safeguards within the ASEAN community by enhancing cooperation and complementing the work of existing mechanisms.\(^{34}\) It represents a voluntary movement among the ASEAN countries to promote regional cooperation on nuclear issues.

In short, ASEAN countries’ concern about and awareness of nuclear issues have arisen from the viewpoint of regional security in Southeast Asia. It is important to spread awareness that their commitment to nuclear issues can contribute to not only regional but also global governance.

**Nonproliferation and Nuclear Security Cooperation in the ASEAN-Centered Architecture**

The two main regional frameworks on security in Asia are the ASEAN Regional Forum (ARF) and the ASEAN Defence Ministers Meeting Plus (ADMM-Plus), which were constructed as ASEAN-centered structures to affect the tone of discussions. The ARF has already taken up nonproliferation and nuclear security issues. In July 2004, after the UN Security Council passed Resolution 1540, the ARF adopted its own ARF Statement on Non-Proliferation, which declared that “the proliferation of weapons of mass destruction (WMD) in all its aspects and their means of delivery constitute a threat to international peace and security and a growing danger to all states.”\(^{35}\) The ARF first held an Inter-sessional Meeting on Non-Proliferation and Disarmament (ISM on NPD) in July 2009. The 4th ISM on NPD in 2012 focused on strengthening global and regional nuclear nonproliferation measures, including making a strong contribution to
international frameworks like the NPT, CTBT, and IAEA; enhancing safeguards; and strengthening export control mechanisms and abilities by member countries.\textsuperscript{36}

The ADMM-Plus is another framework in Asia Pacific to discuss security and defense issues. It brings together the defense ministers from the 10 ASEAN countries along with those from Australia, China, India, Japan, New Zealand, South Korea, Russia, and the United States. In the Chairman’s Statement from the first ADMM-Plus, held in 2010, participants expressed concern about nonproliferation as one of the new and complex challenges threatening regional and global peace and stability.\textsuperscript{37} However, the subsequent discussions under this framework have not emphasized nonproliferation or nuclear security per se, but instead have focused on the necessity for broader counterterrorism efforts.

\textbf{Japan’s Efforts to Encourage ASEAN Countries to Commit to Nonproliferation and Nuclear Security}

Japan has already been working to offer cooperation and assistance on nonproliferation and nuclear security to ASEAN countries. Many of Japan’s efforts have focused on sharing its domestic expertise and contributing to the establishment of networks of nuclear-related personnel in Asia, and they have been assisting ASEAN members with the building of regional frameworks. The Forum for Nuclear Cooperation in Asia (FNCA) is a Japan Atomic Energy Commission–supported framework for the peaceful use of nuclear technology in Asia. The various activities of the FNCA focus on radiation utilization development for industrial, environmental, and healthcare use, and they deal with nuclear safety management, nuclear security, and safeguards. Furthermore, the FNCA has promoted a project on human resource development for nuclear-related personnel.\textsuperscript{38} The Asian Nuclear Safety Network has promoted efforts to improve nuclear safety in the development of nuclear programs in Asia by means of information exchange and the construction of human networks among nuclear experts in the region.\textsuperscript{39}

The Asian Senior-Level Talks on Non-Proliferation (ASTOP), which began in November 2003, have focused on nonproliferation and nuclear security. It is a Japan-led multilateral regional framework to provide a forum to discuss various issues in nonproliferation and nuclear security among Asia Pacific countries. Senior government officials in the department in charge of nonproliferation and security in each member country attend the meeting and exchange ideas to deal with issues regarding
nuclear nonproliferation and security. The Chairman’s Statement adopted at ASTOP X in November 2013 stated that one of the dialogue’s accomplishments is “building enhanced awareness of the importance of strengthening export control systems in the region”. Participants at this meeting also affirmed “the importance of export control measures being implemented more effectively.”

The Integrated Support Center for Nuclear Nonproliferation and Nuclear Security (ISCN) is another institution intended to promote cooperation and assistance on nonproliferation and nuclear security. The Japanese government first proposed the establishment of such a center under the Japan Atomic Energy Agency at the 1st Nuclear Security Summit, held in Washington DC in April 2010. This proposal was accepted and the ISCN was established in December 2010. The ISCN aims to support nuclear security on a permanent basis and contribute to strengthened nuclear security in Asia. Many of its activities concentrate on capacity building and human resource development by means of providing training programs on nuclear security, nonproliferation, and safeguards. The targets of the human resource development are nuclear-related government officials, as well as other personnel, researchers, and plant operators in Japan and other Asian countries.

Furthermore, the ISCN provides bilateral assistance for capacity building to Asian countries, including Vietnam, Indonesia, Malaysia, and Thailand, as well as to the Energy Department of the ASEAN Secretariat. In addition, it provides technical assistance through such programs as the “Technology Development Programs of Measurement and Detection of Nuclear Material.”

Japan also provides assistance focused on export controls. The Center for Information on Security Trade Control (CISTEC) is a private-sector organization that provides support for the implementation of security trade control for domestic companies and businesspeople. Since 1993, CISTEC has been convening Asian Export Control Seminars, cosponsored by the Ministry of Foreign Affairs and the Ministry of Economy, Trade and Industry (METI). CISTEC has also provided Joint Industry Outreach Seminars, which are bilateral outreach activities with Asian countries. Since 2010, METI is the main convening body for the seminar. In 2014, the Joint Industry Outreach Seminar will be held in Malaysia and the Philippines.

Japan is a member of the Asia-Pacific Safeguards Network (APSN) and the Regional Radiological Security Partnership (RRSP), both of which are Australian-sponsored frameworks. Among the ASEAN nations, Indonesia, the Philippines, Singapore, Thailand, and Vietnam are also
participating in the APSN, while the RRSP includes all ASEAN members. These two frameworks provide opportunities to enhance Japan’s assistance to and cooperation with ASEAN countries on nonproliferation and nuclear security.

Conclusion and Recommendations

Nuclear nonproliferation and nuclear security are critical issues for global governance. Although a country may use nuclear power only for “peaceful” purposes, the technology used in nuclear power generation can be diverted for “military” purposes, thereby putting that country and others at risk. Thus the absence of NPPs does not allow a country to escape from the risks associated with nuclear power. All ASEAN countries, regardless of whether they possess a nuclear power facility or not, must therefore tackle the issues raised by nuclear power.

Additionally, Asia contains various threats and risks related to nuclear energy. North Korea’s aggressive nuclear development makes the regional environment unstable. The possession of nuclear weapons by India and Pakistan shakes the effectiveness and legitimacy of the NPT regime. The expansion of trade in East Asia, led by economic development, has raised the risk of proliferation of fissionable and radioactive materials as well as nuclear-related technologies and items to rogue states and malicious nonstate actors and terrorist groups. While the NPT grants all parties to the treaty “the right . . . to develop research, production and use of nuclear energy for peaceful purposes without discrimination,” the pursuit of this right by Asian countries, including some ASEAN members, also heightens the potential for proliferation unless effective and strict countermeasures are put in place. The risk of proliferation raises the possibility of terrorist attacks with nuclear materials. For example, the Abu Sayyaf attacks in Malaysia, the Molo Islamic Liberation Front in the Philippines, the al-Qaeda presence in Indonesia, and so on, mean that the risk of terrorist access to unsecured nuclear materials is quite real.

Japan and ASEAN should continue to commit themselves to nonproliferation and nuclear security in the context of global schemes like the NPT, IAEA, and CTBT. For the foreseeable future, Japan-ASEAN cooperation on this issue should primarily be focused on capacity-building measures by means of various regional schemes as well as bilateral assistance to enhance the ability of each country in the areas of safeguards, export controls, nuclear safety, and nuclear security. These efforts will contribute to enhancing not only regional security but also global peace.
In order to solve and mitigate the risks and threats caused by nuclear energy, the first step for ASEAN-Japan cooperation is to spread and deepen the common awareness in the region of the importance of commitments to safeguard measures among ASEAN countries, including those that do not have NPPs. In addition, ASEAN-Japan cooperation on nonproliferation and nuclear security should enter a new stage. The Implementation Plan of the Vision Statement on ASEAN-Japan Friendship and Cooperation: Shared Vision, Shared Identity, Shared Future, adopted at the ASEAN-Japan Commemorative Summit in December 2013, outlined the future direction by calling on ASEAN and Japan to

intensify efforts to implement relevant measures for non-proliferation and disarmament, and for the safe and peaceful uses of nuclear energy, including cooperation for strengthening export control capacity of ASEAN Member States as well as capacity building and confidence building for nuclear security, in accordance with and through further promoting regional and international instruments...44

This statement reflects the fact that ASEAN and Japan already share a common interest in advancing cooperation on nonproliferation and nuclear security and can therefore move ahead on specific measures. This is their obligation as members of the international community.

Based on the arguments presented in this chapter, there are four primary recommendations that can be made for cooperation among ASEAN countries and Japan within international, regional, and bilateral frameworks:

1. Japan and the ASEAN countries should continue to promote nonproliferation and nuclear security efforts by following the rules and procedures of global mechanisms like the NPT, IAEA, CTBT, and PSI in order to sustain and enhance the legitimacy and credibility of these mechanisms.

2. Japan and the ASEAN countries should work to promote capacity building in the area of export control. Japan's assistance for the drafting of legislation and the development of human resources in each ASEAN country is a key element at the current stage.

3. Japan and ASEAN should collaborate to construct regional networking systems for strategic export controls beyond the current efforts between Japan and some of the ASEAN countries.

4. Japan and the ASEAN countries should make greater efforts to enhance ongoing regional activities for nonproliferation and nuclear security. These include Japan's support to enhance ASEAN's regional cooperation on these agendas, including the ASW and various antiterrorism activities,
and to promote discussion and activities under existing regional mechanisms that include both Japan and the ASEAN countries, like the ARF, ADMM-Plus, FNCA, and ASTOP.

Notes

1. Remarks by President Barack Obama, Hradčany Square, Prague, Czech Republic, April 5, 2009.
2. Peaceful use of nuclear power refers to electric power generation and utilization of radiation.
4. According to the definition of the IAEA, “safeguards system comprises an extensive set of technical measures by which the IAEA secretariat independently verifies the correctness and the completeness of the declaration made by States about their nuclear material and activities.”
5. Treaty of the Nonproliferation of Nuclear Weapons, Article III.
7. Communication Received from Members Regarding the Export of Nuclear Material and of Certain Categories of Equipment and Other Material, INFCIRC/209, September 3, 1974, Letter I.
9. Ibid.
12. Ibid., paragraphs 1, 2, and 3.
14. In 1995, ASEAN member states at that time (Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam) signed the treaty. Cambodia, Laos, and Myanmar signed it after their entry into ASEAN.
15. ASEAN Charter, article 1.3.
16. Five nuclear weapon states expressed their intention to sign the protocol in 2011 and were scheduled to do so in July 2012. However, they suddenly stated reservations about the protocol just before the scheduled date of signing.
18. The Bataan NPP is the only commercial NPP in Southeast Asia but was never put into operation because of safety concerns arising from the Three Mile Island accident in
1979 and the Chernobyl disaster in 1986. Furthermore, the location of the site was too close to major earthquake fault lines and the Mount Pinatubo volcano. James Martin Center for Nonproliferation Studies, the Center for Energy and Security Studies, and the Vienna Center for Disarmament and Nonproliferation (VCDNP), “Prospects for Nuclear Security Partnership in Southeast Asia” (Monterey/Moscow/Vienna, May 2012), 4.

19. Ibid.

20. Indonesia, Malaysia, the Philippines, Singapore, and Vietnam are observers of the International Framework for Nuclear Energy Cooperation (IFNEC). The IFNEC is the forum for cooperation to promote use of nuclear energy for peaceful purposes, especially nuclear power generation, in a manner that is efficient, safe, and secure and that supports nonproliferation and safeguards. IFNEC, “About,” http://www.ifnec.org/About/Membership.aspx.


22. Ibid., 44.

23. Ibid., 55.


25. Ibid.


27. Ibid. As for the details of Japan’s export control framework, see Tatsujiro Suzuki and Heigo Sato eds., “Security Trade Control in Asia: Searching for a Regional Framework,” Science & Technology and International Relations (STIR) Project, University of Tokyo (March 2008), 8–15.


32. Chairman’s Statement of ASTOP X, paragraph 2.


36. This meeting adopted export control as one of the main topics to discuss. The co-chairs’ summary report of the 4th ARF Intersessional Meeting on Nonproliferation and Disarmament, Sydney, March 8–9, 2012.

38. FNCA, http://www.fnca.mext.go.jp/english/index.html. Participant countries are Japan, Korea, China, the United States, Australia, Canada, New Zealand, and ASEAN countries.


40. Chairman’s Statement of ASTOP X.

41. Author interviews of ISCN staff, November 13, 2013; and “Capacity Building,” ISCN homepage, https://www.jaea.go.jp/04/iscn/iscn_old/04_activities_en.html#Capacity. There are three training programs covering nuclear security, safeguards and SSAC; and international nonproliferation framework.

42. For detail of these seminars, see Export Control Seminar for Asian Region, http://www.simul-conf.com/outreach/2013/ecseminar/index.html; and interviews of the staff of CISTEC, November 6, 2013.

43. NPT, Article IV (1).

Contextualizing Global Governance of Counterterrorism: ASEAN-Japan Cooperation in Southeast Asia

Jun Honna

One of the most serious security challenges in the post–Cold War world order is undoubtedly terrorism, which represents a transnational form of violent extremism led by nonstate actors. We have witnessed how the 9/11 terrorist attacks in the United States in 2001 became a watershed event in shaping the global security agenda, as the US-orchestrated “global war on terror” actively sought counterterrorism cooperation in different parts of the world. In tandem with this, the United Nations has endeavored to establish a global norm that sees counterterrorism as an initiative for peace in the 21st century. In 2001, the UN Security Council (UNSC) adopted Resolution 1373, which aims to hinder terrorism in various ways. It also established the UNSC Counter-Terrorism Committee to monitor state compliance with provisions in the resolution. Since then, counterterrorism has become a major component of global governance, and regional responses have been sought throughout the world.¹

Southeast Asia is no exception. Soon after the Bali bombing in 2002, the region was alarmed by the terrorist threat posed by Jemaah Islamiyah, which had developed an underground network of violent extremism throughout the region.² Against this backdrop, Southeast Asia was identified as the “second front” in the global war on terror, following Afghanistan as the “first front.” Since government efforts to combat terrorism require both national and regional countermeasures, reflecting the transnational nature of terrorist networks, ASEAN has addressed the issue in the context of building the ASEAN Political-Security Community (APSC) and has endeavored to develop regional mechanisms to deal with the problem of terrorism in the region.
Japan has also shown its commitment to strengthening international cooperation on counterterrorism since 9/11 and has identified an active role for itself in this new global security agenda as a reflection of the post–Cold War environment. This has opened the way for Japan to contribute more substantially to peacemaking and peacebuilding missions around the globe. Moreover, as a dialogue partner of ASEAN, Japan has promoted regional cooperation in various fields, including nontraditional security issues. Against this background, ASEAN-Japan joint counterterrorism efforts should be seen as an extension of the existing framework for regional cooperation aimed at consolidating peace and stability in Southeast Asia rather than as a new attempt at bolstering Japan’s presence in Asia’s defense-security landscape.

ASEAN-Japan counterterrorism cooperation has been discussed, agreed upon, and implemented based on this understanding over the past decade. Cooperation is aimed at building regional institutions in response to the rise of terrorism in Southeast Asia, and such an effort resonates with the agenda of global governance to fight against transnational violent extremism. Global governance cannot be promoted effectively without being synchronized with regional governance, and it is this mechanism of regional governance that helps to operationalize the global agenda. Thus, ASEAN-Japan cooperation, which aims to strengthen regional governance, contributes to the operationalization of global governance, and it is in this context that our discussion on counterterrorism cooperation should be understood.

ASEAN’s Securitization of Terrorism and the Development of Regional Counterterrorism Cooperation

How has ASEAN, as a regional organization, dealt with the challenge of terrorism? History shows that ASEAN has successfully addressed terrorism as a common regional security threat, nurtured high-level political commitments to promote intra-ASEAN cooperation to deal with terrorism, and moved to implement shared counterterrorism measures, aiming both to improve various types of government capacities and to standardize their regional responses.

The earliest initiative can be found in 1997, when ASEAN promulgated its Declaration on Transnational Crime at the first ASEAN Conference on Transnational Crime in Manila, held amid the Asian financial crisis. Together with other cross-border crimes such as illicit drug trafficking, sea piracy, and human trafficking, terrorism was addressed as a major
transnational crime threat in this declaration. It was also at this conference that member states decided to establish the biennial ASEAN Ministerial Meeting on Transnational Crime, and its second meeting in 1999 produced a Plan of Action to Combat Transnational Crime. Thus, the ASEAN initiative started with the growing concern over transnational crime in general, but 9/11 provided further impetus for highlighting the problem of terrorism, as seen in November 2001 when the ASEAN Summit adopted the Declaration on Joint Action to Counter Terrorism. The following year, the Special ASEAN Ministerial Meeting on Terrorism was held, resulting in the launch of the ASEAN Work Programme on Terrorism to Implement the ASEAN Plan of Action to Combat Transnational Crime. Then in 2003, the Bali Concord II was declared with the vision of establishing the APSC. Regional counterterrorism cooperation was included in the APSC Blueprint (cf. section B.4.2) as one of the priority areas for community building.

Following the Bali Concord II, Malaysia established the Southeast Asia Regional Centre for Counter-Terrorism (SEARCCT) to provide training programs for participants from ASEAN countries. Various training programs have been offered since then, some of which are sponsored by ASEAN’s dialogue partners. Also, importantly, the APSC Blueprint insisted on the adoption of a legally binding ASEAN Convention on Counter-Terrorism (ACCT) by 2009. To this end, ASEAN leaders signed the ACCT in 2007. The ACCT would enter into force after six ASEAN countries ratified it, and it was in 2011 that Brunei became the sixth country. With its ratification by Malaysia in 2013, the ACCT has now become an instrument shared by all 10 countries in ASEAN.

The ACCT is a significant achievement in regional counterterrorism efforts as it serves as ASEAN’s united framework for multilateral cooperation to counter, prevent, and suppress violent extremism. Reflecting the consensus surrounding the ACCT, the ASEAN Defence Ministers Meeting-Plus, which was established in 2010, also took the initiative to launch a joint military exercise for counterterrorism in Jakarta in 2013, bringing together more than 500 soldiers from the 10 ASEAN countries as well as the 8 dialogue partners, including Japan. The five-day exercise was based on a scenario of multiple bomb attacks by terrorists on an oil tanker and at a crowded event. The exercise focused on technical and tactical capabilities and the management of information and technology in counterterrorism. Commander-in-Chief of Indonesia’s Armed Forces General Moeldoko, who hosted the five-day exercise, commented, “This exercise is a good way to gain common understanding, share experiences, and improve capabilities and cooperation among militaries in the region to combat terrorism.”
In this way, the past decade has shown ASEAN’s deepening securitization of terrorism and its efforts to develop a regional mechanism to promote counterterrorism cooperation. Clearly, ASEAN has attempted to synchronize its regional initiative with the global governance goal of countering violent extremism, as seen in its cooperation with its dialogue partners. Moreover, ASEAN’s commitment to “open regionalism” has contributed to the harmonization of its counterterrorism framework with those of wider groupings such as the ASEAN Regional Forum and the Asia-Europe Meeting. It is in this global context that ASEAN-Japan cooperation should be understood.

ASEAN-Japan Counterterrorism Cooperation

It was immediately after the 2002 Bali bombing that Japan started to promote cooperation with ASEAN on counterterrorism. In December 2003, the Tokyo Declaration for the Dynamic and Enduring ASEAN-Japan Partnership in the New Millennium was signed, specifically calling for future cooperation in the fight against terrorism. Following this, the ASEAN-Japan Joint Declaration for Cooperation in the Fight against International Terrorism was announced in 2004, which identified areas of cooperation, including the exchange of information, law enforcement cooperation, prevention of terrorist financing, immigration controls, national transport security, capacity building through training and education, cooperative projects with the SEARCCT, and development projects aimed at reducing poverty and socioeconomic disparities and injustices.

This early initiative was followed by a series of annual dialogues, starting with the ASEAN-Japan Counter-Terrorism Dialogue (AJCTD) in 2006. The AJCTD’s first phase (2006–2011) was successful in developing an ASEAN-Japan forum to exchange views on current affairs related to terrorism as well as to identify areas for further counterterrorism cooperation. Importantly, various regional projects were formulated and implemented through the funding provided by the Japan-ASEAN Integration Fund (JAIF).

Also, with the start of the AJCTD, the Japanese government established a new grant aid scheme, the Grant Aid for Cooperation on Counter-Terrorism and Security Enhancement, in 2006 with an annual budget of ¥7.2 billion. In this way, both the JAIF and the new grant aid scheme became Japan’s instruments for promoting capacity-building cooperation in the field of counterterrorism. The JAIF has been used for regional projects while the counterterrorism grant aid has been used for bilateral cooperation, including the provision of patrol vessels to Indonesia, the
enhancement of communications systems for maritime security in the Philippines, the improvement of security facilities at the Phnom Penh Autonomous Port in Cambodia, and the improvement of maritime security equipment in Malaysia.

The AJCTD entered its second phase in 2012. Based on the assessment that the first phase was successful in building the basis for cooperative projects in various fields of counterterrorism policies, the new phase (2012–2015) was designed to highlight the priority areas on which ASEAN and Japan have agreed to focus. These areas are chemical, biological, radiological, nuclear, and explosives (CBRNE), and cyberterrorism. The intent is not to exclude other areas that were already discussed in the first phase, including transport security, border control and immigration, law enforcement, and maritime security. But the priority for the second phase is to address those areas that are expected to advance through cooperation with Japan and to avoid possible overlap with initiatives of other dialogue partners.

In this way, Japan has actively promoted counterterrorism cooperation with ASEAN for more than a decade, especially since 2003. It is, on the one hand, a reflection of Japan’s strong commitment to international peace cooperation since the end of the Cold War. On the other hand, it is a strategic projection of Japan’s political will to play a more active role in the maintenance of regional security in Asia through cooperation on nontraditional security issues, which are politically less sensitive than defense-related issues.\(^\text{14}\)

**CHALLENGES AND RECOMMENDATIONS**

Deepening ASEAN counterterrorism cooperation has contributed to the building of the APSC and its capacity to deal with terrorism. No doubt, the role of dialogue partners, including Japan, has been important to the improvement of regional capacity. It was Japan that took the initiative to mobilize schemes such as the JAIF and the counterterrorism grant aid scheme and to utilize them to respond actively and flexibly to various needs for capacity building in the region. As a result, we have seen a decline in the number of high-profile terrorist attacks led by groups linked to transnational violent extremism, namely al-Qaeda, as reported by a series of analyses prepared by the International Crisis Group.\(^\text{15}\) This is, however, not to say that the threat of terrorism is fading away. In Southeast Asia, we still see a significant number of terrorist attacks conducted by local militant groups with local motives. The widely cited Global Terrorism
Index in its 2012 edition shows that countries in Southeast Asia are still very vulnerable to the threat of violent extremism. Thailand, for example, is ranked 8th in its list of the most terrorism-prone countries in the world, while the Philippines is ranked 10th, Indonesia 29th, and Myanmar 33rd, with a total of 321 terrorist incidents recorded in these four countries during 2011. In comparison with other regions, these rankings show that Southeast Asia is still viewed by the international community as a major site of terrorist threats.

If that is the case, what are the challenges and how can ASEAN-Japan cooperation deal with them? At least three challenges, among others, should be identified here. First, it should be noted that the militant groups have been using ASEAN countries’ “backyards” to instill radical ideologies and produce local jihadists. The deep south in Thailand, Mindanao in the Philippines, and Poso in Indonesia are all conflict-prone areas and targets of recruitment and training for local terrorists. In these areas, the agenda of peacebuilding has not been fully accomplished and the vicious cycle of violence persists. Thus, the obvious challenge is harmonizing and synchronizing peacebuilding efforts and counterterrorism activities in an effective way. The policy “best mix” should be explored carefully in order to avoid possible mutually undermining effects. International peacebuilding cooperation has been one of Japan’s major diplomatic pillars for decades, and lessons from that experience should be mobilized to address the best mix and share its policy vision with ASEAN countries through the framework of the AJCTD.

Second, the enduring threat of terrorism partly comes from the reality of weak border control in many parts of the region, especially in maritime Southeast Asia. There are huge unpatrolled border areas in Southeast Asian waters, which has enabled many types of cross-border illegal movements to operate freely. Clearly, this gap has helped undocumented migrants and illegal arms to travel across borders and has sustained the capacity of violent extremism in Southeast Asia. Thus, an obvious challenge is strengthening control over border areas, and this relies heavily on each individual country’s efforts to build up border patrol capacity. Weak border control is definitely not a new problem; rather, it is embedded in the region’s history of nation building. But it is now being revisited in the age of transnational security threats, and the region is expected to deal with the agenda more progressively in cooperation with the international community, especially with extra-regional stakeholders in the maritime security-safety of Southeast Asia.

Japan is one of these stakeholders, and it has launched various initiatives to promote maritime cooperation with ASEAN countries. As listed in the
AJCTD’s areas of cooperation, border control and maritime security have been shared concerns. To strengthen ASEAN-Japan cooperation in these two areas, Japan can more actively initiate a vision for establishing a regional academy for maritime law enforcement agencies (such as coast guards and water police). Such an academy would train and educate young prospective civilian officers with the support of the Japan Coast Guard, the oldest and largest coast guard in Asia. The idea of maritime security cooperation as a “public good” in the region can be shared more easily among civilian law enforcers at sea, rather than among navy officers whose professionalism lies in the doctrine of defending sovereignty.¹⁹

Finally, the problem of terrorist financing has also sustained the threat of violent extremism in Southeast Asia and should be firmly addressed in the AJCTD framework, perhaps coupled with cyberterrorism, which is a priority in the second phase. It has long been suggested that Southeast Asia’s weak capacity to counter money laundering is a key factor in the flourishing of criminal enterprises, including the drug trade and terrorism. Essentially, any campaign for fighting against terrorism is accepted in different ways by different countries, as they have different levels of threat perception domestically, and this logic has created a gap in commitment among ASEAN countries in their counterterrorism cooperation. But the problem of money laundering is a more common threat for all ASEAN countries, as it causes huge losses to their national economies.²⁰ Although it is not directly related to counterterrorism cooperation, building a regional countermeasure against money laundering would also represent a significant effort toward weakening the financial basis of terrorist activities in the region. Since it is arguably not extremely difficult to link cyberterrorism and cybercrime, the very understanding that money laundering is at the core of cybercrime and that cyberterrorism is part of cybercrime can be easily shared. It is in this context that the counter–money laundering agenda should be underlined in the AJCTD as a necessary measure to combat terrorist financing. It is essentially financial sector capacity building—an area of cooperation where Japan has long been regarded as highly skilled.

In this way, there are still many frontiers for ASEAN-Japan cooperation on counterterrorism even after a decade of the global war on terror. What we are seeing today is the twin process of contextualizing global governance of counterterrorism in Southeast Asia and of regionalizing security cooperation within ASEAN and between ASEAN and Japan. This process may take time, but it is a necessary process in building a viable regional institution that could work in unison with agendas of global governance.
Notes


2. On Jemaah Islamiyah, see various reports published by the International Crisis Group. For example, “Indonesia Backgrounder: How the Jemaah Islamiyah Terrorist Network Operates,” Asia Report no. 43 (December 11, 2002); “Jemaah Islamiyah in South East Asia: Damaged but Still Dangerous,” Asia Report no. 63 (August 26, 2003); and “Indonesia: Jemaah Islamiyah’s Current Status,” Asia Briefing no. 63 (May 3, 2007).

3. On Japan’s post–Cold War international peace cooperation, see Peng Er Lam, Japan’s Peace-Building Diplomacy in Asia: Seeking a More Active Political Role (Oxford: Routledge, 2009).


7. Regarding counterterrorism, the work program targets information exchange, legal harmonization, intelligence sharing, law enforcement coordination, and training programs.

8. The Southeast Asia Regional Center for Counter-Terrorism (SEARCCT) is located in Kuala Lumpur, Malaysia.

9. SEARCCT’s programs in 2013 included, for example, enhancing port security, rehabilitation of terrorism offenders, a cyber terrorism workshop, CBRNE [chemical, biological, radiological, nuclear, and explosives] first responder training, an aviation security seminar, dynamics of youth and terrorism, terrorist financing, and countering violent extremism. From its inception in 2003 until December 2012, SEARCCT conducted 112 capacity-building programs for participations from ASEAN countries. For details, see SEARCCT, “Prospectus 2013” (Kuala Lumpur: SEARCCT, 2013).


14. In fact, an ASEAN+3 forum on nontraditional security threat has been held since 2009. The forum is for military officers from the 13 countries, and they discuss issues such as disaster relief.


18. For an insightful account on this, see Eric Tagliacozzo, Secret Traders, Porous Borders: Smuggling and States Along a Southeast Asian Frontier, 1865-1915 (Connecticut: Yale University Press, 2009).


About the Contributors

Fernando T. Aldaba, Dean, School of Social Sciences, Ateneo de Manila University, Philippines
Rafaelita M. Aldaba, Assistant Secretary, Department of Trade and Industry, Philippines
Mely Caballero-Anthony, Head, Centre for Non-Traditional Security Studies, S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore
Kavi Chongkittavorn, Senior Fellow, Institute of Strategic and International Studies (ISIS), Chulalongkorn University, Thailand
Yose Rizal Damuri, Head, Department of Economics, Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia
Jun Honna, Professor, Department of International Relations, Ritsumeikan University, Japan
Toshiya Hoshino, Vice-President and Professor, Osaka School of International Public Policy, Osaka University, Japan
Kamal Zharif Jauhari, Analyst, Shell Business Centre; former Researcher, ISIS, Malaysia
Duong Anh Nguyen, Deputy Director, Research Department of Macroeconomic Policies, Central Institute for Economic Management (CIEM), Vietnam
Elina Noor, Director, Foreign Policy and Security Studies, Institute of Strategic and International Studies (ISIS), Malaysia
Mie Oba, Professor, Faculty of Engineering, Tokyo University of Science, Japan
Pengiran Dato Paduka Osman Patra, Former Permanent Secretary, Ministry of Foreign Affairs and Trade, Brunei Darussalam
Ryo Sahashi, Associate Professor of International Politics, Kanagawa University; Research Fellow, Japan Center for International Exchange, Japan
Djisman Simanjuntak, Professor and Chairman of the Board of Executives, Prastiya Mulya Foundation, Indonesia
Yoshihide Soeya, Professor of Political Science, Keio University, Japan
Rizal Sukma, Executive Director, CSIS, Indonesia
Meidyatama Suryodiningrat, Editor-in-Chief, Jakarta Post, Indonesia
See Seng Tan, Head, Centre for Multilateralism Studies, S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore
Simon S.C. Tay, Chairman, Singapore Institute of International Affairs, Singapore
TAKASHI TERADA, Professor, Graduate School of Political Science, Doshisha University, Japan
TRAN VIET THAI, Deputy Director General, Institute of Strategic Studies, Diplomatic Academy of Vietnam
CHIKAKO KAWAKATSU UEKI, Professor, Graduate School of Asia-Pacific Studies, Waseda University, Japan
THANH TRI VO, Vice President, CIEM, Vietnam
STEVEN C. M. WONG, Deputy Chief Executive, ISIS, Malaysia
About the Project Team

Supervisors
Jusuf Wanandi, Co-founder and Vice Chairman of the Board of Trustees, Centre for Strategic and International Studies (CSIS) Foundation, Indonesia
Hitoshi Tanaka, Chairman, Institute for International Strategy, Japan Research Institute; Senior Fellow, Japan Center for International Exchange (JCIE)

Project Coordinators
Rizal Sukma, Executive Director, CSIS, Indonesia
Yoshihide Soeya, Professor of Political Science, Keio University, Japan

Project Managers
Clara Joewono, Vice Chair, Board of Directors, CSIS Foundation, Indonesia
Hideko Katsumata, Executive Director and COO, JCIE, Japan

Study Group on ASEAN-Japan Cooperation in East Asia

Co-chairs:
Mely Caballero-Anthony
Chikako Kawakatsu Ueki

Members:
Kavi Chongkittavorn
Elina Noor
Duong Anh Nguyen
PDP Osman Patra
Ryo Sahashi
Meidyatama Suryodiningrat
See Seng Tan
Takashi Terada

Study Group on ASEAN-Japan Cooperation in Global Governance

Co-chairs:
Djisman Simandjuntak
Toshiya Hoshino

Members:
Rafaelita M. Aldaba
Yose Rizal Damuri
Jun Honna
U Kyee Myint
Mie Oba
Simon S.C. Tay
Tran Viet Thai
Steven C. M. Wong
About the Organizers

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