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Caution has resulted in Japan losing out to China

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HAS the fear of a rising and a more confident China driven Japan to push for a stronger relationship with the Association of Southeast Asia (Asean)?

China's quick moves on various fronts, emergence as an increasingly important trader and its Free Trade Agreement (FTA) with Asean may have given Japan a "wake up call".

China stole the march with its FTA with Asean, thereby creating the world's largest free trade area with a market of US\$100 billion (RM380 billion) covering 1.7 billion people in 2001. The timeline for negotiations and the early harvest agreed shows that both Asean and China are serious about co-operation.

Beijing also acceded to the Treaty of Amity and Co-operation, a regional non-aggression pact ratified by the regional grouping in 1976. China acceded to it before Tokyo.

Japan on the other hand, the world's second largest economy and a major trading partner for Asean members, is now trying to play "catch up". Despite Japan's 30 years of co-operation with Asean, it has been slow off the starting block and seen as a reluctant partner.

Tokyo only acceded to the Treaty of Amity and Co-operation last week. It has only now agreed to begin talks on bilateral FTAs with Malaysia, Thailand and the Philippines. These three members account for 57 per cent of Japan's trade with the grouping.

Tokyo has already signed a bilateral FTA with Singapore - its first FTA. But this has been an easy agreement as the sensitive issue of agriculture was not a factor in the pact. Singapore does not produce any agricultural products and is therefore not a threat to politically influential Japanese farmers.

Japan, a major investor and trading partner for Asean members, has been held back by its "baggage" and reluctance in the past to take up its rightful role as an Asian leader. It continues to align itself closely with the US.

Japan was, for instance, reluctant to co-operate through the East Asia Economic Group (EAEG) when it was first proposed by former Prime Minister Tun Dr Mahathir Mohamad because the Americans opposed it.

More recently, in 1997, during the financial crisis, it was again prevented from assuming a role in establishing the Asian Monetary Fund. Washington had vehemently opposed it.

The hang-ups and pressures have constrained Japan's role and prevented it from assuming a more prominent and a leadership role in the East Asian region. It has also been prevented from determining its own policy in the region. Thus, its extreme caution has resulted in it losing out to China.

Beijing with its newfound confidence and market-oriented and outward-looking policies has no such hang-ups and is determined to move forward aggressively.

Beijing wasted no time in setting out its policies for engagement with Asean. That probably woke Japan up.

Thus, Japan, not wanting to be left behind, set out to identify new common regional goals and ideas. The Japan-Asean 30-year Commemorative Summit saw them committing themselves to a mutual "action plan" that Japanese Prime Minister Junichiro Koizumi said would involve "one hundred concrete co-operation measures" in economic, political, security and social areas.

The action plan aims at "reinforcing integration within Asean", narrowing economic gaps among the 10 Asean members, enhancing the competitiveness of Asean countries and strengthening co-operation between

Japan and Asean on issues ranging from combating terrorism to strengthening "institutional and human capacity".

The basic document that emerged from the summit defined the direction of future co-operation between Japan and Asean. It commits Japan and Asean to financial and monetary co-operation, including intensified efforts to conclude bilateral currency swap arrangements, and support for the development of an Asian bond market.

Japan also sought to co-operate in the reduction of the enormous gap between rich and poor nations with assistance for the poorer members - Cambodia, Vietnam and Laos. And by doing so Japan is trying to carve out a greater regional role for itself, a role that is based on partnership and ties that are based on "Acting together, advancing together".

Japan pledged US\$3 billion for projects in Southeast Asia over the next three years. This includes US\$1.5 billion to promote human resource development programmes and another US\$1.5 billion for development projects in the Mekong River Basin.

The assistance in this area is not just stepping up financial assistance to the poorer members. Tokyo wants to move away from the "donor recipient" relationship to one of an equal partnership with greater emphasis on trade and investment. And Japan will take part in development projects, such as the Mekong Region Development, as an investor rather than a donor.

While this is not the first time Japan has extended financial assistance to Asean, according to Tan Sri Ajit Singh, Asean's former secretary-general, Tokyo is sending out very strong signals that it is "serious about its relationship with Asean, that it is an old friend and is supportive of Asean's activities".

As Ichiro Fujisaki, Japanese Deputy Minister for Foreign Affairs, pointed out, Asean has been a source of stability and prosperity for more than three decades. It has successfully been adjusting to challenges such as its own expansion and the Asian financial crisis. And it is emerging as an important partner in various fields.

It is not surprising that Koizumi wants to fortify ties and develop a new partnership with the increasingly more confident Asean. The region is moving to closer integration and with Asean Plus Three it is making stronger inroads in a wide range of activities - finance, trade, trans-boundary issues and economics.

Koizumi has seen the grouping develop from inside the Japanese quarters. He was a young LDP lawyer in the "Fukuda Faction" in 1977 when the then Japanese Prime Minister Takeo Fukuda laid out five pillars of Japan's policies towards Southeast Asia.

Today, together with his chief Cabinet secretary, Yasuo Fukuda, the son of Takeo Fukuda, Koizumi seeks to strengthen and fortify these pillars and avoid being marginalised by China.