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**ASEAN-JAPAN  
INDUSTRIAL CO-OPERATION  
An Overview**

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# Foreword

One of the central objectives of the Association of Southeast Asian Nations (ASEAN), as embodied in the Bangkok Declaration under which ASEAN was founded, is the promotion of Southeast Asian studies. In this context, ASEAN warmly welcomed the offer of Mr Zenko Suzuki, then Prime Minister of Japan, in early 1981 to support the launching of an ASEAN Regional Studies Promotion Programme.

After extensive consultations among ASEAN member countries and between ASEAN and Japan, it was agreed that this ASEAN Regional Studies Promotion Programme, initially to extend over a period of five years, should focus on policy-oriented socio-economic research. Given the overriding importance that ASEAN attaches to economic development and the vital role of ASEAN-Japan economic relations in this regard, ASEAN-Japan Industrial Co-operation was adopted as the first topic of research under the Programme. The present volume is the fruit of the first phase of research conducted under this topic.

The recent history of ASEAN-Japan relations has been marked by a degree of ambivalence. As the first Asian nation to industrialize successfully and to have risen as a phoenix from the ashes of war-time destruction to the leading heights of industrial and technological power, Japan has always been held with a degree of awe and admiration by its southern ASEAN neighbours. Such awe and admiration have, however, been tinged with a certain amount of suspicion derived from war-time memories, especially as the impact of Japan's post-war economic expansion becomes increasingly felt in the ASEAN region.

From the Japanese side, historical circumstances and the need for economic reconstruction in the early post-war years made it unavoidable that, initially, its external relations were largely oriented towards the West, especially the United States. However, as Japan rose to global economic prominence, and its economic presence in Southeast Asia grew, it has increasingly come to attach greater importance to its relationship with the ASEAN countries.

ASEAN first approached Japan collectively in the early 1970s on the question of Japan's production of synthetic rubber and its adverse impact on the ASEAN economies. From such narrow beginnings, the dialogue has quickly expanded into the present broad-based consultative framework of the ASEAN-Japan Forum. Given the historical background, there is a general recognition that while economics must remain the central pillar of ASEAN-Japan relations, the socio-political context under which such economic relations evolve is also of prime importance. Thus, a

central objective of the ASEAN-Japan dialogue is the development of greater mutual awareness, understanding, friendship, and trust between the peoples of ASEAN and Japan, especially among the younger generation. In this regard, it is particularly heartening that the present Programme has begun to bring together many young researchers from both ASEAN and Japan in collaborative research on various important and pressing issues of mutual concern. The interactive thought process involved in such research, and the development of common perceptions on a wide range of issues, cannot but help improve the effectiveness of the dialogue and establish ASEAN-Japan relations on a firm basis. The ASEAN Secretariat and the Japan Institute of International Affairs, as the ASEAN and Japanese coordinating units for the Programme respectively, are happy and honoured to be playing a part in this process.

**Chan Kai Yau**  
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31 March 1984

# Introduction

This volume represents the first tangible result of transnational co-operative research between and among ASEAN and Japanese scholars. The topic of ASEAN-Japan industrial co-operation is one of great and growing importance to both ASEAN and Japan. The Overview Papers in this volume arose from the recognition by both ASEAN and Japanese researchers that before meaningful policy-oriented studies on the multifarious facets of ASEAN-Japan industrial co-operation can be conducted, they must undertake a broad overview of the subject in order to develop a harmonized, if not common, conceptual framework and approach without which fruitful joint or co-operative research cannot proceed.

The programming of the project reflects its dual function as a co-operative venture not only between ASEAN and Japanese researchers but, as importantly, among ASEAN researchers themselves. Meetings were held between the two groups to define the broad parameters of the project, and among the ASEAN researchers to synchronize their work effort. Five ASEAN-country papers were produced by the respective ASEAN-country research teams. In addition, they produced three thematic papers: "Trade Implications of Changing Industrial Structure in ASEAN and Japan", "Japan's Direct Investment in the ASEAN Countries", and "Technology Transfer from Japan to ASEAN". These eight papers formed the raw material from which the ASEAN Overview Paper was distilled, and finalized after discussions between ASEAN officials and researchers in May 1983 in Singapore.

The ASEAN-country papers reflected the great diversity in industrial structures, historical experience, and national perspectives and pre-occupations of the ASEAN member countries as well as their growing communality of economic interest and views, especially as regards third-country relations. The ASEAN Overview Paper, however, concentrates only on those issues that are of common concern to all the ASEAN countries. It is divided into four chapters. Chapter 1 discusses industrial and related trends in Japan. Chapter 2 contains a similar discussion on ASEAN. Chapter 3 analyses ASEAN-Japan economic relations, focusing on issues which are relevant for industrial co-operation, such as trade, direct investment, technology transfer, and technical assistance. Chapter 4 draws certain policy implications of ASEAN-Japan relations on industrialization in ASEAN and Japan, on the basis of which policy recommendations are made and further areas of research studies proposed.

The Japan Overview Paper deals with the same broad range of issues but from a



Japanese perspective. However, while the ASEAN Overview Paper discusses the present situation and paints scenarios for ASEAN and Japan up to the 1990s as a backdrop for a free-ranging exploration of ideas and possibilities, the Japan Overview Paper is restricted to a structured survey and review of the Japanese literature in the field.

From another angle, however, the scope of the Japan Overview Paper is far wider. While the ASEAN Overview Paper concentrates on the purely economic aspects of ASEAN-Japan industrial co-operation, the Japan Overview Paper devotes one of the two chapters to an explicit discussion of the non-economic context and such issues as, *inter alia*, Japanese public perceptions of ASEAN, ASEAN's political perceptions of Japan, the politics of ASEAN's economic co-operation, and the socio-political implications of ASEAN-Japan economic co-operation on the international scene, including their relations with the East Asian newly industrialized countries, China, and the evolving idea of a Pacific community.

The greater emphasis of the Japan Overview Paper on non-economic factors and the international context, compared to the ASEAN Overview Paper, reflects the position of Japan *vis-à-vis* ASEAN. Japan is a global economic power. As the ASEAN Overview Paper recognizes, ASEAN is relatively less important to Japan than vice versa; or, to state the obverse, relations with the rest of the world are relatively more important to Japan than its relations with ASEAN while the reverse is true for ASEAN. Furthermore, having largely achieved its economic goals and attained a high level of economic development compared to ASEAN, it is understandable that Japan should show a greater interest in non-economic than economic issues compared to ASEAN.

There also tends to be a difference in emphasis between the Japan and ASEAN Overview Papers on various specific issues. On the question of ASEAN's manufactured exports to the Japanese market, the Japan Overview Paper emphasizes that this "amounted to US\$1,202.6 million in 1980, nearly tenfold from US\$125.8 million in 1971, with the annual average rate of growth reaching as high as 28.5 per cent (1971-80). This was higher than the annual average growth rate of Japan's total imports" (p. 80). On the same issue, the ASEAN Overview Paper, on the other hand, chooses to emphasize that while "ASEAN increased the share of manufactures in its total exports from 23.1 per cent in 1972/73 to 26.3 per cent in 1979/80 . . . the share of manufactures in its exports to Japan dropped from 9.4 per cent in 1972/73 to 6.6 per cent in 1979/80" (p. 38). Similarly, on the issue of trade barriers protecting declining industries, the stress of the Japan Overview Paper is more on the difficulty of removing such barriers "without some political cost" because "private interests are complexly intertwined, through various types of interest groups; with Japan's political decision-making process" (p. 115). The ASEAN Overview Paper, while recognizing that "the elimination of barriers [may not be] politically feasible in the short term", nevertheless stresses that "this should be explained, with perhaps indications when and how such may be effected" (p. 56).

The Overview Papers were discussed at an ASEAN-Japan Joint Workshop on Industrial Co-operation in Singapore in August 1983. While noting the various

differences in emphasis and presentational orientation between the two papers, the Workshop noted that there were in fact far larger areas of agreement between them. Furthermore, in many subject areas the two papers serve to complement one another. In particular, on the subject of further research, especially in economic areas, there was a remarkable confluence of views. After some discussion and readjustment of the proposed topics, the Workshop was able to recommend two topics for follow-up research under Phase II of the ASEAN-Japan Industrial Cooperation Project: namely, “Effective Mechanisms for the Enhancement of Technology and Skills in ASEAN” and “Industrial Restructuring and Adjustment for Japan-ASEAN Investment and Trade Expansion”.

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and  
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