

Transcending the Fukuda Doctrine

Japan, ASEAN, and the Future of the Regional Order

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1. Introduction

The year 2017 marks the 40th anniversary of the so-called Fukuda Doctrine. This doctrine has become a symbol of amity and cooperation between Japan and Southeast Asia. Over time, it has gone a long way toward alleviating historic animosities in the region, which were dramatically illustrated by the massive demonstrations that accompanied Prime Minister Kakuei Tanaka's visits to Southeast Asian countries in 1974. At the end of his own Southeast Asia trip, Prime Minister Takeo Fukuda made a speech about Japan's relations with Southeast Asia on August 18, 1977. The speech promised that:

(1) Japan is committed to peace, and rejects the role of a military power; (2) Japan will do its best to consolidate the relationship of mutual confidence and trust based on "heart-to-heart" understanding with the nations of Southeast Asia; and (3) Japan will cooperate positively with ASEAN [the Association of Southeast Asian Nations] while aiming to foster a relationship based on mutual understanding with the countries of Indochina and will thus contribute to the building of peace and prosperity throughout Southeast Asia.²

The Fukuda Doctrine emphasized the importance of people-to-people ties and a deep Japanese appreciation of Southeast Asia, particularly ASEAN. Fukuda regretted that in the past Japan had only viewed Southeast Asia through the prism of its own material interests. During the imperial period, Japan had sought to exploit the region's natural resources, including its oil and geostrategic location at the nexus of the Indian Ocean and the Western Pacific.³ Given the legacy of World War II, the region was reassured by the promulgation of the Fukuda Doctrine that Japan would steer clear of any belligerence and instead seek to enhance mutual socio-cultural and economic cooperation. Policymakers and scholars have long noted the significance of this doctrine and continue underscore its diplomatic value, even in the post-Cold War era.⁴

However, Japan-Southeast Asia relations have never been static. Prime Minister Fukuda originally tailored the three principles of his doctrine in an attempt to nurture positive "heart-to-heart" relations. Now, Japan's relations with Southeast Asia have gone beyond socio-cultural and

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² "Chapter Three: Diplomatic Efforts Made by Japan," in Ministry of Foreign Affairs of Japan, *Diplomatic Bluebook for 1977: Review of Recent Developments in Japan's Foreign Relations* (Tokyo: MOFA, 1977), i.1.

³ "福田総理大臣におけるスピーチ (わが国の東南アジア政策) (福田ドクトリン演説)" [Prime Minister Fukuda's Speech (Japan's Southeast Asia Policy) (The "Fukuda Doctrine" Speech)], *Diplomatic Bluebook*, no. 22 (1977): 326–330.

⁴ See Lam Peng Er, ed., *Japan's Relations with Southeast Asia: The Fukuda Doctrine and Beyond* (New York: Routledge, 2013).

economic dimensions to entail political and security dimensions as well. Indeed, Japan has unceasingly and proactively supported the evolution of the Southeast Asian regional architecture through its official development assistance (ODA), political support for institution building in East Asia centered on ASEAN, and capacity building for Southeast Asian states.

This progress is important particularly in the current strategic transition period, when East Asia faces a power shift mainly caused by the rise of China. History shows that a weak or divided Southeast Asia tends to invite intensive great power competition, such as the rivalry between Japan and Western powers leading up to World War II, the U.S.-Soviet-China triangle in the Cold War era, and the growing U.S.-China and Japan-China rivalries in the post-Cold War era. Given the strategic uncertainty brought by China's rise, Southeast Asia could once again become a theater for great power politics. Also, uncertainty over U.S. policy toward Southeast Asia under President Donald Trump would exacerbate this trend. In this context, Japan, which has sought to empower Southeast Asia, is gaining unprecedented importance in shaping international order in East Asia as well as Southeast Asia.

2. Japan, Southeast Asia, and the Context of the Fukuda Doctrine

Japan-Southeast Asia relations have been always complex, involving both material interests and historical antagonism. On the one hand, Southeast Asia has been strategically important for Japan for its natural resources and its sea lines of communications (SLOCs). One of the reasons that the Imperial Japanese Navy advanced southward during the 1930s was to secure natural resources and ensure Japan's self-sufficiency, even at the risk of military overstretch, due to Japan's lack of indigenous oil and natural gas. Even after its defeat in World War II, Japan still considered Southeast Asia to be an important strategic fulcrum for the wider region.

Japan has been dependent on imported oil from the Middle East; approximately 80 percent of its oil imports come from the Persian Gulf and pass through the South China Sea. Any disruption of these SLOCs would create a severe economic crisis for Japan. To alleviate this risk, in 1981 Prime Minister Zenko Suzuki proposed a plan to defend Japanese SLOCs out to 1,000 nautical miles. This defense strategy was later enhanced by Prime Minister Yasuhiro Nakasone. Despite Tokyo's extremely cautious defense posture in the postwar era, such plans became more attractive by the 1970s when imported oil began making up half of the country's energy supply. The government also grew to understand the significance of possible socio-economic shocks when Japan experienced the oil crises of 1973 and 1979. Although a distance of 1,000 nautical miles extends only up to the Bashi Channel (north of the Philippines) and Japan had no intention to project power into Southeast Asia, the region remained important for Japanese security.

On the other hand, Southeast Asian countries have collective national memories of Japan's colonialization. Due to Chinese and South Korean assertiveness, international attention on Asian "history issues" too often focuses only on Northeast Asia; however, Southeast Asia had its own experience with Japanese and European imperialism. One reason the historical legacy of World War II in Southeast Asia does not draw much attention is because there has been a certain degree of reconciliation between Japan and Southeast Asian states. Indeed, while Southeast Asians naturally have a negative view on Japanese colonization, they generally have a positive attitude toward Japan's rapid political and economic development in the Meiji period and its victory in the

1904-1905 Russo-Japanese war.⁵ Although the degree of historical antagonism varies for those who experienced war with Japan (*e.g.*, Philippines, Malaysia, and Singapore) versus those who experienced only indirect occupation (Thailand and Vietnam) and those who gained independence with the help of Japan (Indonesia), they all share some appreciation for how Japanese imperial expansion triggered their “liberation from the West.”⁶ However, despite strong economic and political ties between Japan and Southeast Asia, their collective memory of the war is still reflected in history textbooks, which contain negative images of Japan’s direct and indirect occupation – such as how the local people suffered from war destruction, food shortages, and other policies of Japanese imperialism, including so-called Japanization policies⁷

In this context, after its defeat Japan attempted to amend its ties with Southeast Asian countries through economic and political means. First, Japan provided economic assistance to Southeast Asian states after the 1951 San Francisco Peace Treaty. Victims of the war who participated in the treaty process enjoyed the right to request war compensation, including reparations. The Philippines and South Vietnam did so. Myanmar was not eligible because it refused to participate in the peace treaty process, but Japan still extended a bilateral treaty to cover war reparation and economic assistance. Japan also provided compensation to Indonesia even though Indonesia did not ratify the peace treaty. Moreover, Japan quickly offered assistance to Laos and Cambodia despite their relinquishment of the right to reparations. Japan also assisted overseas Chinese in Singapore and Malaysia; at the time these territories were still part of Great Britain, which also relinquished the right to reparations. While varying across different Southeast Asian countries, Japan used these “quasi-reparations” (*jun baisho*) to repair its economic and political relations with the region.

At the same time, Japan’s ODA formally began when it became a member of the Colombo Plan in 1954. This was an international organization to assist the socioeconomic development of the Asia-Pacific through technical cooperation. The number of Southeast Asian states was limited at first, but the membership expanded to Laos in 1951, Myanmar in 1952, Indonesia in 1953, the Philippines in 1953, Thailand in 1954, Malaysia in 1957, Singapore in 1966, and Vietnam in 2001. When Japan achieved rapid economic development in the 1960s, its volume of ODA became larger, and the geographical scope became wider and deeper. Yet, Japan’s ODA has remained concentrated in Asia. Between 1960 and 2015, Indonesia received ¥38.84 billion, the Philippines ¥22.23 billion, Vietnam ¥19.20 billion, and Thailand ¥18.03 billion.⁸

Second, Japan built its relations with Southeast Asia not only bilaterally, but also multilaterally through ASEAN. Initially, Japan’s approach was based on bilateral interaction due to the different political and economic circumstances of Southeast Asian states. Yet, after ASEAN was established in 1967 and took a more unified approach to international politics, Japan began to negotiate directly with the multilateral institution. In the 1970s, Japan’s increasing economic clout in Southeast Asia and beyond created a fear that Japan would seek to revive some new kind of the

⁵ Takeshi Kubota, “東南アジア諸国が抱いた日本像—日本占領期を中心に” [The Image of Japan and the Japanese by the People of Southeast Asia During the Japanese Military Occupation from 1941 to 1945], *Comprehensive Research on Education*, no. 6 (March 2013).

⁶ *Ibid.*, 17–18.

⁷ *Ibid.*, 2–17.

⁸ Ministry of Foreign Affairs of Japan (hereafter Japanese MOFA), “我が国 ODA の軌跡と成果” [History and Achievement of Japan’s ODA], <http://www.mofa.go.jp/mofaj/gaiko/oda/files/000092735.pdf>.

“Greater East Asia Co-Prosperty Sphere.”⁹ Japan’s negative reputation in the region was on display when anti-Japanese demonstrations erupted on the occasion of Prime Minister Tanaka’s visit to the Southeast Asia. Other demonstrations also sought to hinder business activities by Japanese companies.¹⁰ Although this fear was clearly exaggerated given Japan’s low overall capabilities at the time, Japan’s rapidly increasing economic power still managed to nurture such concerns.

Southeast Asia’s anxiety regarding Japanese economic practices increased during the 1970s, when Japan expanded exports of synthetic rubber. Regional states, particularly Malaysia, depended on their own natural rubber for their national income. Increasing criticism was expressed in the 1973 ASEAN joint communique. ASEAN then called for a Japan-ASEAN summit meeting to discuss the issue directly.¹¹ ASEAN’s collective political pressure convinced Tokyo to accommodate these demands and limit its production of synthetic rubber. This positive experience from the perspective of Southeast Asian states led to the development of the ASEAN Post Ministerial Meeting (PMC) with Japan, and Japan agreed to become a dialogue partner of ASEAN in March 1977. This annual dialogue served as a forum for the two sides to frankly discuss bilateral and multilateral issues. It served as an important communication channel for further confidence building.

That said, Japan’s reassurance efforts were not the only factor that enhanced its relations with Southeast Asia in the post-war era. The changing strategic landscape in East Asia during the 1970s also helped create strategic opportunities. Following the Sino-American rapprochement embodied in the Shanghai Communique of 1972, the Cold War competitive structure shifted from the United States versus both the Soviet Union and China to the Soviet Union versus both China and the United States. Furthermore, under the Nixon administration the United States decided to disengage from Vietnam, resulting in U.S. retrenchment from Southeast Asia. In this situation, the ASEAN member states faced “twin fears” about the potential emergence of a power vacuum and about Japan’s future role in Southeast Asia.

U.S. disengagement and Sino-U.S. rapprochement triggered an intensification of Sino-Soviet rivalry in Indochina. North Vietnam became the focal point of this rivalry. The power vacuum provided an opportunity for North Vietnam to advance even further against the South. Despite the 1973 peace agreement, by 1975 South Vietnam had perished. Maritime Southeast Asia also saw retrenchment by the United Kingdom as well as the weakening of regional institutions, such as the collapse of the Southeast Asia Treaty Organization and the Asia-Pacific Council. ASEAN, on the other hand, managed to survive the turmoil. The member states sought consolidation to prevent further intrusions by external powers into the region. In 1976, ASEAN leaders signed the Treaty of Amity and Cooperation in Southeast Asia (TAC) as well as the Bali Concord I.¹²

⁹ Nobuhiro Ihara, “1970年代東南アジアにおける日本の『経済支配』イメージの再検討” [Revisiting the Image of Japan’s “Economic Domination” in Southeast Asia during the 1970s], *Media and Society* 8 (2016): 1.

¹⁰ Ibid.

¹¹ ASEAN Secretariat, “Joint Communique of the Sixth ASEAN Ministerial Meeting” (press release, Pattaya, Thailand, April 18, 1973).

¹² Kei Koga, “Institutional Transformation of ASEAN: ZOPFAN, TAC, and the Bali Concord I in 1968-1976,” *The Pacific Review* 27, no. 5 (2014): 729–753.

Japan's influence in Southeast Asia was also rising at this time. While the country's rapid economic development revived its material power, Japan also began recovering some of its old geostrategic resources. In 1971, Tokyo concluded the Okinawa Reversion Agreement with the United States, extending its potential strategic reach farther into Southeast Asia than at any time since the end of the war. Even though Japan had yet to achieve anything like economic domination of the region, the combination of these two developments in the 1970s created the perception of strategic uncertainty among Southeast Asian nations, which looked warily at any major power seeking to increase its political or military influence in the region.¹³

The Fukuda Doctrine was issued in this context. Although in many ways it simply reiterated basic principles of Japanese diplomacy, the timing of the doctrine helped convey Japan's benign intentions. The Fukuda Doctrine reassured Southeast Asian countries that despite the power vacuum Japan would not try to become a military power or dominate the region. Unlike the 1930s and 1940s, Japan would not seek to exploit strategic opportunities to turn its economic power into greater influence and control, but instead act as an "equal partner" with Southeast Asia. In a time of strategic uncertainty, the Fukuda Doctrine alleviated ASEAN's so-called twin fears, guided the future direction of Japan's diplomacy, and became a symbol of renewed friendship between Japan and the region. Japan's consistent adherence to this doctrine has contributed to its longevity.

Japan has become one of Southeast Asia's favorite and most trusted partners. For example, according to opinion polls in seven ASEAN countries in 2014, the majority of the public (over 85 percent) in Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam believed that their state-to-state relationship with Japan was friendly and dependable.¹⁴ This general trend continued in 2016, when polls indicated that 10 ASEAN member states believed Japan to be more trustworthy even than the United States and China. Nevertheless, Japan's reputation lagged in some countries, including Singapore (74 percent), Myanmar (66 percent), Laos (56 percent), Cambodia (48 percent), and Brunei (45 percent).¹⁵

3. Emergence of a New East Asian Regional Order: The Roles of Japan and ASEAN

The Fukuda Doctrine has received considerable attention over the years in both Japan and Southeast Asia. Government officials and scholars believe it still carries great weight in the post-Cold War period and that Japan-Southeast Asia relations should be directed and developed on the basis of its principles.¹⁶ Indeed, Japan has participated in peacebuilding missions in Southeast Asia since the 1990s, including the peace processes in Cambodia, Aceh, and Mindanao. Emphasizing the importance of "human security" during the 1997 Asian Financial Crisis, Japan has supported social stability in Southeast Asia through economic assistance. Furthermore, Japan has encouraged ASEAN's community-building efforts since the early 2000s. Southeast Asian states finally established the so-called ASEAN Community in 2015, which includes three sub-communities

¹³ Ihara, [Revisiting the Image of Japan's "Economic Domination" in Southeast Asia during the 1970s], 10.

¹⁴ Japanese MOFA, "ASEAN Study" (slides, March 31, 2014).

¹⁵ Japanese MOFA, "日 ASEAN 関係 : ASEAN における対日世論調査" [Japan-ASEAN Relations: Opinion Poll on Japan in ASEAN Countries] (press release, November 2016).

¹⁶ Yasuo Fukuda, "When the Pacific Ocean Becomes an 'Inland Sea': Five Pledges to a Future Asia That 'Acts Together,'" (speech, 14th International Conference on the Future of Asia, Tokyo, May 22, 2008); Lam Peng Er, "The Fukuda Doctrine: Origins, Ideas, and Praxis," in Lam, *Japan's Relations with Southeast Asia*, 10–23.

(Political-Security, Economic, and Socio-Cultural). The member states hope to further consolidate these communities by 2025. The Fukuda Doctrine has been instrumental in defining Japan's approach toward ASEAN's efforts to integrate politically.

The principles of the Fukuda Doctrine, however, are not necessarily comprehensive enough to articulate the full breadth of Japan-Southeast Asia relations today nor to be instrumental in widening and deepening the relationship in the future. Essentially, the Fukuda Doctrine is confined to bilateral and multilateral ties between Japan and the region, but Japan and ASEAN have begun to play a more active role in the wider region, which was inconceivable in 1977. In the post-Cold War era, ASEAN has expanded its institutional functions to include a robust security agenda for regional peace and stability. One embodiment of initial efforts in this direction was the creation of the ASEAN Regional Forum (ARF) in 1994, which regional states used to discuss security issues in the Asia-Pacific and to build mutual trust. At that time, many Southeast Asian states believed the end of the Cold War would trigger U.S. political and military disengagement from East Asia. ASEAN thus attempted to neutralize any potential regional power vacuum with an alternative to balance of power politics – the establishment of a cooperative security mechanism.

Japan supported this new regional role for ASEAN. The idea of creating a new regional security mechanism was not itself new; such initiatives had been proposed in the 1980s by the Soviet Union, Canada, and Australia. Nevertheless, those proposals had evolved on the basis of European experiences, such as the Conference on Security and Cooperation in Europe (CSCE), which focused on human rights and democratization. ASEAN was concerned that once established, such institutions might impose foreign values on Asian states and also marginalize ASEAN's own leadership in multilateralism. Japan took Southeast Asian concerns into account when it argued that any new regional security mechanism should be built on an existing ASEAN framework like the PMC. Tokyo believed that the creation of an East Asian security dialogue based on ASEAN and its dialogue partners would not be provocative to any major powers in the region. Eventually, this ASEAN-centered framework would grow to include non-dialogue partners, such as China, Russia, and North Korea, because they played an important role in shaping the regional strategic landscape. By upholding ASEAN's "centrality," Japan showed it could be trusted to provide political support to Southeast Asia.

At the same time, neither Japan nor ASEAN proposed that a new regional security mechanism replace the United States' "hub-and-spokes" network of bilateral alliances. Unresolved flashpoints on the Korean Peninsula and over the Taiwan Strait continued to pose the risk of a major military conflict. As an institution, ASEAN's role is not focused on defense or deterrence. These traditional military functions still needed to be filled by the presence of U.S. alliances in East Asia. Instead, the ARF aimed at reducing the possibility of misperceptions and misunderstandings as well as maintaining channels of communication between regional states in times of crisis. It also sought regional participation in robust confidence-building measures (CBMs), which would prevent regional diplomacy from careening toward power politics. Japan and ASEAN therefore saw the ARF and U.S. alliances not as mutually exclusive, but as complementary.

Japan continued to support ASEAN's institution-building efforts going into the 1990s and 2000s. In 1997, Southeast Asian leaders facilitated the establishment of ASEAN+3, at first to mitigate the negative impact of the Asian financial crisis through economic policy coordination among ASEAN member states, China, Japan, and South Korea. ASEAN+3 later evolved into a

more comprehensive organization and included political and security issues in its discussions in 1999.¹⁷ In the early 1990s, Malaysian prime minister Mahathir Mohammed proposed the creation of an East Asian Economic Group. Japan was hesitant to support the initial idea because of the possible connotations of a regional bloc intended to exclude the United States. Nevertheless, after the Asian Financial Crisis, Japan came to endorse the idea of establishing a mechanism to mitigate severe economic pressures. In 2005, ASEAN established the East Asia Summit (EAS) to facilitate community-building in East Asia, inviting Australia, India, and New Zealand as new members in addition to ASEAN+3.¹⁸ Although Japan and China contested its future membership and agenda, Tokyo did not oppose the basic notion of creating the EAS. Strongly supported by Japan, its membership was expanded to include the United States and Russia in 2011. EAS thus became the region's first formal summit. In 2010, Southeast Asian defense ministers formulated the ASEAN Defense Ministers' Meeting Plus (ADMM-Plus) to facilitate military cooperation among the member states and other partners.

By supporting various multilateral frameworks, Japan helped facilitate ASEAN's central and active role in the region. If any of the major powers in the Asia-Pacific – United States, China, or Japan – sought to play a dominant leadership role in Southeast Asia, regional politics would likely become more contentious due to geopolitical rivalry and political differences. ASEAN has thus been a driving force for regional multilateralism in East Asia “not by design, but by default.”¹⁹ Japan's continuous support for ASEAN's central role in regional multilateralism has consolidated ASEAN's dominant position. In addition, various ASEAN-led institutions have created spinoff multi-regional frameworks, ranging from Southeast Asia to East Asia to the Asia-Pacific. It has become quite difficult for non-ASEAN regional powers to establish any new multilateral framework in these regions without ASEAN centrality at their core. The East Asian regional order remains led by the United States' bilateral alliances and relationships with other partners. Yet with Japan's consistent political support, ASEAN has also managed to profoundly shape the order over time. Japan-Southeast Asia relations have now reached a point where together they can help shape and direct the region. Japan and ASEAN member states have gradually nurtured this vision since the 2000s.

On the one hand, ASEAN has traditionally been reluctant to discuss human rights, the rule of law, and other democratic principles due to member states' different political systems. Yet when the Asian Financial Crisis triggered social unrest and caused a loss of political legitimacy for several ASEAN member states, particularly Indonesia, the association began to emphasize the importance of good governance. Following Indonesia's initiative in 2003, the region agreed to launch the idea of a “just, democratic and harmonious” ASEAN Community. The 2007 ASEAN Charter then pledged member countries to adhere to “the principles of democracy, the rule of law and good governance, respect for and protection of human rights and fundamental freedoms.”²⁰ The 2009 ASEAN Political-Security Blueprint and the 2016 ASEAN-2025 paper continued to

¹⁷ ASEAN Secretariat, “Joint Statement on East Asia Cooperation,” (press release, November 28, 1999).

¹⁸ ASEAN Secretariat, “Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur” (press release, December 14, 2005).

¹⁹ Rizal Sukma, “The Accidental Driver: ASEAN in the ASEAN Regional Forum,” in *Cooperative Security in the Asia Pacific: The ASEAN Regional Forum*, ed. Jurgen Haacke and Noel Morada (New York: Routledge, 2010), 113.

²⁰ ASEAN Secretariat, “Declaration of ASEAN Concord II (Bali Concord II)” (press release, October 7, 2003); ASEAN Secretariat, *The ASEAN Charter* (Jakarta: ASEAN Secretariat, 2008).

emphasize the importance of these principles (including international law) and aimed to consolidate ASEAN into a “Rules-based Community.”²¹

On the other hand, Japan has continuously emphasized the importance of democratic values, human rights, freedom, and the rule of law. The most prominent example of this was the concept of “Value-Oriented Diplomacy” and the “Arc of Freedom and Prosperity” launched by Foreign Minister Taro Aso in 2007.²² Emphasizing “universal values,” Japan then sought to support a belt of democratic states from East Asia to Europe, offering advice from its own successes and failures in democratization. In Southeast Asia, Aso focused on Cambodia, Laos, and Vietnam. Although it was unclear why Aso did not include other countries, such as Myanmar, or how the democratization process would be facilitated in concrete terms, his initiative nevertheless illustrated the importance of these rules and values for Japan’s diplomacy in Southeast Asia and beyond.

Therefore, Japan and Southeast Asian states share common objectives and visions for community-building efforts in East Asia. Although these efforts are still at an early stage of development, ASEAN has already taken a strong political stance on the regional order that it aspires to create. Since ASEAN’s dream runs parallel to Japan’s, there is an opportunity for Japan and ASEAN to enhance their political cooperation in a way that transcends the Fukuda Doctrine, which was only focused on intra-Japan-ASEAN relations.

The critical question is whether ASEAN’s institutional capacity is sufficient to shape East Asia’s regional order as it undergoes deep power shifts. ASEAN has created various multilateral frameworks premised on ASEAN centrality, which have welcomed all major powers to have a stake in the region and created the political foundation to define legitimate behavior. However, given an institutional design that respects consensus decision-making and eschews the establishment of rigid conflict resolution mechanisms, the degree to which ASEAN is capable of leading the future regional order is still unclear.

ASEAN faces three main obstacles. The first is ASEAN’s institutional norms. In theory, ASEAN could nurture regional rules, norms, and legitimacy after garnering consensus from regional states. However, the “ASEAN Way” – which relies on principles such as consensus decision-making, non-interference in other countries’ sovereign affairs, and non-ASEAN-based military pacts – was designed to protect the sovereignty of weak states. Unless these states can consolidate their domestic political bases, it will be extremely difficult, if not impossible, for them to focus on regional order making. ASEAN’s original members benefitted from these principles and now are ready to move beyond them, but new ASEAN members, namely Cambodia, Laos, Myanmar, and Vietnam, are likely to hold on to such normative protections.

The second obstacle is non-ASEAN member states’ veto power in ASEAN-led institutions. Because of the principle of ASEAN centrality in the ARF, EAS, and ADMM-Plus, ASEAN plays the pivotal role in agenda-setting. However, this does not mean that ASEAN controls regional decision-making. Since the ASEAN Way is embedded in each ASEAN-led institution, strong

²¹ ASEAN Secretariat, *ASEAN Political-Security Community Blueprint* (Jakarta: ASEAN Secretariat, 2009), 2–6; ASEAN Secretariat, *ASEAN 2025: Forging Ahead Together* (Jakarta: ASEAN Secretariat, 2016), 20.

²² Japanese MOFA, “Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institute of International Affairs Seminar ‘Arch of Freedom and Prosperity: Japan’s Expanding Diplomatic Horizons,’” (press release, November 30, 2006).

adherence to consensus decision-making, particularly on sensitive issues, is also reflected within them. This essentially gives each non-ASEAN country veto power over the decisions of ASEAN. Even though outside powers do not have direct control over agenda-setting, they can therefore kill any initiative they do not want to discuss. To avoid such agenda neutralization by external states, ASEAN needs to carefully consult with them, but avoid offering outside states veto power.

The third obstacle is ASEAN's "Southeast Asia first" principle. By design, ASEAN aims to ensure regional autonomy and the national interests of each Southeast Asian state. This objective is still the strongest motivation for Southeast Asian states to maintain the institution. Accordingly, when creating new political objectives ASEAN has to wait until every member state feels its own interests will be protected. In this process, there are two traditional rules within ASEAN. One is that if there is any disagreement, Southeast Asian states will not use ASEAN to seek common foreign policy objectives. This is particularly true in the field of security, which was well-illustrated in the 1976 Bali Concord I. This document encouraged security cooperation on a non-ASEAN basis, and this is the one of reason why the Philippines and Thailand maintain their own bilateral security agreements with the United States.²³ The other traditional rule is that non-ASEAN based arrangements should not target other member states. When tensions erupt between the member states, ASEAN does not encourage the creation of political or military coalitions against individual member states. As such, ASEAN's basic institutional function is policy coordination, not policy execution. This is partly why Japan has a two-pronged strategy toward Southeast Asia. While Japan seeks a wider consensus at the ASEAN level on the basis of the "lowest common denominator" principle, Tokyo also tailors policies toward individual Southeast Asian states when seeking deeper political, economic, and security cooperation.²⁴

These three obstacles create a significant challenge in shaping a regional order for ASEAN, because its member states remain vulnerable to great power politics. Constantly confronting external pressure, ASEAN has devised dual strategic and normative functions for ASEAN-led institutions. Normatively, ASEAN shapes regional rules together with regional powers during peacetime. Yet putting aside the normative function, ASEAN also utilizes these rules to hedge against the risk of great power politics in uncertain times. Facing a high degree of strategic volatility due to regional power shifts, ASEAN's utility in shaping a regional order becomes contingent on the processes of great power politics. This is a natural state behavior in international politics, but given the limited material capabilities of ASEAN member states, their own adherence to the rules and norms they champion is relatively weak.

This has significant implications for the future of the regional security order in East Asia. If ASEAN's long-term normative aspirations and short-term strategic interests can diverge under pressure and uncertainty, such as during a power shift, a loosely formulated rules-based order will become counterproductive. Not only can ASEAN not consolidate or facilitate the rules-based order its members envision, but it also might invite confusion over the expected pattern of behavior due to political attitudes toward such rules and norms. States may take advantage of such confusion to pursue their own interests without being bound by the rules they publicly endorse.

²³ ASEAN Secretariat, "The Declaration of ASEAN Concord, Bali, Indonesia" (press release, February 24, 1976).

²⁴ Kei Koga, "Japan's 'Strategic Coordination' in 2015: ASEAN, Southeast Asia, and Abe's Diplomatic Agenda," *Southeast Asian Affairs* (2016), 67–79.

The case in point is regional politics over the South China Sea. In July 2016, the Permanent Court of Arbitration issued an award regarding the South China Sea arbitral tribunal. Japan was an observer to the tribunal. It constantly supported this process after the Philippines made its decision to bring the case to international arbitration. China chose not to join the process and rejected it as illegal, taking cover under China's political declaration on Article 293 of the 1982 UN Convention on the Law of the Sea (UNCLOS). ASEAN largely remained silent regarding the process, even though it repeatedly recognized the importance of international law, including UNCLOS. In this context, China began to pressure ASEAN member states to respect its own political and legal position in the South China Sea. For example, in April 2016 Foreign Minister Wang Yi suddenly announced that China had reached a four-point consensus with Brunei, Cambodia, and Laos. This unilateral statement caught the three countries off guard.²⁵ Additionally, China then proposed a "10-point consensus" in an ASEAN-China foreign ministers meeting in June 2016. The proposal prolonged the meeting and ended up dismantling a China-ASEAN joint press conference. Furthermore, a planned ASEAN joint statement regarding the South China Sea, which was to be issued at the end of the ASEAN-China meeting, proved to be another distraction.²⁶ China's behavior illustrated a potential fault line between Southeast Asian states and major powers in the region.

Only two states within ASEAN (the Philippines and Vietnam) joined regional states, (including the United States, Japan, and Australia) in publicly welcoming the ruling after it was announced. Without a consensus, ASEAN and other institutions such as the EAS could not issue a joint statement regarding the award. Afterwards, China continued to drive a wedge between ASEAN member states. The consequences of weak states showing support for the ruling was clearly illustrated in Singapore's case. On the occasion of his state visit to the United States in August, Singapore's Prime Minister Lee Hsien Loong made a statement reiterating the importance of international law and his hope that major powers would adhere to it. This appeared to trigger a strong Chinese response. After the Chinese ministry of foreign affairs formally raised concerns about Lee's remarks, the *Global Times*, an English-language Chinese newspaper under the *People's Daily*, castigated Singapore's behavior. The South China Sea issue was then raised in the Non-Aligned Movement (NAM) meeting in September and in November, Terrex armored personnel vehicles en route to Singapore from Taiwan were detained in Hong Kong.²⁷ Although this did not cause a significant diplomatic or economic setback between the two countries, China displayed its willingness to wield strong diplomatic pressure.

In the meantime, the Philippines altered its approach toward China. Manila decided not to push the ruling within ASEAN-led frameworks by itself, leaving it as "a matter between China and the Philippines."²⁸ Instead of pushing Beijing by seeking greater international support for the ruling, President Rodrigo Duterte made a state visit to China in October, which led to a \$24 billion

²⁵ "China Reaches Consensus with Brunei, Cambodia, Laos, on South China Sea Issue," Xinhua, April 23, 2016.

²⁶ Prashanth Parameswaran, "Exclusive: China's South China Sea Statement that Divided ASEAN," *The Diplomat*, June 23, 2016.

²⁷ Ministry of Foreign Affairs of the People's Republic of China, "Foreign Ministry Spokesperson Hua Chunying's Remarks on Singaporean Prime Minister Lee Hsien Loong's Comment," (press release, August 5, 2016); "Global Times: Singapore Raises South China Sea Arbitration at NAM Summit of Heads of State Despite Opposition," *Straits Times*, September 27, 2016; "Terrex Vehicles Seized by Hong Kong Moved Indoors," *Straits Times*, January 3, 2017.

²⁸ "Philippines Says ASEAN Omission of Arbitration Case Not a Chinese victory," *Reuters*, July 27, 2016.

investment and financing deal.²⁹ On the 25th anniversary of ASEAN-China Dialogue Relations in September 2016, ASEAN and China reached agreements to finish “the consultation on the [Code of Conduct] outline in the first half of 2017, establish the hotline communications among senior officials of the Ministries of Foreign Affairs in ASEAN and China, and adopt the joint statement of the Code for Unplanned Encounters at Sea (CUES).”³⁰ These political agreements are positive in terms of facilitating stability in the South China Sea; however, their timing presents a clear political risk. The neutralization of the arbitration ruling by prolonged silence would demonstrate the strategic benefits of a *fait accompli* strategy. Such an outcome could result in more uncertainty in the region.

4. Policy Recommendations

ASEAN has shown its limitations in maintaining and facilitating the rules-based regional order. External support is therefore imperative to realize the “Rules-based Community” among Southeast Asian states and to build a deeper regional rules-based order in East Asia centered on ASEAN. Because it has nurtured its strategic relations with Southeast Asian states, Japan is well situated to play a greater stabilizing role in the region. In pursuing this objective, Japan and Southeast Asian states should consider the following policy recommendations.

4.1. Create a “Japan-ASEAN Strategic Vision” Statement

Southeast Asia has been a pivotal geopolitical subregion in East Asia, influencing the future direction of strategic relations among regional states. As the fulcrum of East Asia’s multilateralism, ASEAN has attempted to facilitate regional rules and norms since the end of the Cold War. Its importance is increasing, particularly due to the strategic uncertainty occasioned by the ongoing power shift toward China. In this context, Japan and ASEAN should go beyond the Fukuda Doctrine. It has served to establish strong political, economic, and security ties between Japan and Southeast Asian states, yet the doctrine’s focus is still intra-Japan-Southeast Asia relations. Given growing interconnectedness and interdependence in East Asia, Japan and ASEAN should create a new vision statement that recalibrates their relationship to shape a future regional order based on common rules, norms, and principles such as respect for democracy, human rights, and the rule of law. In so doing, Japan and Southeast Asian states would lay a firm foundation for regional resilience in Southeast Asia, enabling the region to resist both domestic instability and politico-military intrusions by external actors. This year will witness the 50th anniversary of ASEAN and the 40th anniversary of the Fukuda Doctrine. This makes 2017 a great opportunity for undertaking such a new initiative.

²⁹ Janes Perlez, “Rodrigo Duterte Gets Closer to China, and the Neighbors Notice,” *New York Times*, October 24, 2016.

³⁰ ASEAN Secretariat, “Chairman’s Statement of the 19th ASEAN-China Summit to Commemorate the 25th Anniversary of ASEAN-China Dialogue Relations” (press release, September 7, 2016); ASEAN Secretariat, “Joint Statement of the 19th ASEAN-China Summit to Commemorate the 25th Anniversary of ASEAN-China Dialogue Relations: Toward a Closer ASEAN-China Strategic Partnership” (press release, September 7, 2016).

4.2 Support ASEAN’s “Rules-Based Community” through a Coalition of the Willing

ASEAN’s current political vision is the establishment of “Rules-based Community” in Southeast Asia. It is to be based on democratic, transparent, just, and inclusive principles with “the values of tolerance and moderation” at its core. Nevertheless, given the diverse political systems and the wide development gap among Southeast Asian states, the evolution of such a community is necessarily slow. Moreover, ASEAN still abides by a consensus decision-making process to maintain member states’ unity. It therefore has difficulty maintaining the requisite political momentum for political development. In this context, Japan should support those ASEAN countries that are willing to consolidate their political and economic bases to actively pursue the establishment of a “Rules-based Community.” Admittedly, this might further widen the political and economic gaps within ASEAN; however, the countries that step up can become new models for political development in Southeast Asia. Since Japan has already concluded strategic partnerships with most of the ASEAN member states, it should launch enhanced exchange programs for political leaders, bureaucrats, academics, and journalists.

4.3 Establish a Coordinated Monitoring Mechanism in East Asia

Maintaining the rules-based order demands that compliance to international laws and norms be closely monitored. Even with advanced technologies such as satellite imagery provided by the United States, it is difficult for any one institution or party to fully appreciate the ongoing situation, particularly in the maritime domain. To overcome this challenge, Japan and ASEAN should facilitate the establishment of a regional monitoring center, where they can store and access information about disputes like those in the South China Sea, and perhaps release information to the public. Violations of the (non-binding) 2002 Declaration on the Conduct of Parties in the South China Sea in particular would be monitored. This would check any aggressive or provocative behavior by regional parties. Currently, robust efforts have only been made by nongovernmental organizations like the Asia Maritime Transparency Initiative, but they should be expanded into concerted regional action at the Track 1 level. As a first step, the monitoring center should be located under the aegis of ASEAN-led institutions, such as the ASEAN Coordinating Center for Humanitarian Assistance.

4.4 Enhance Coast Guard and Military Capacity Building Programs in Southeast Asia

The rules-based order also requires a management mechanism. Currently, ASEAN hosts various multilateral dialogue frameworks to facilitate, maintain, and modify such rules and norms. Nevertheless, in order to make them effective, material capabilities are necessary because only they can actually deter other states from attempting *faits accomplis* or otherwise defying international law. Of course, it is difficult to set up enforcement mechanisms in any international institutions and ASEAN lacks this function by design. Therefore, instead of creating such a mechanism within ASEAN, Japan should enhance its existing capacity building program to strengthen maritime domain awareness and enforcement capabilities in Southeast Asian states. This could include providing more educational and training programs, including the enhancement of the Maritime Safety and Security Policy Program at the National Graduate Institute for Policy

Studies; offering more coast guard assets, such as patrol vessels; and negotiating military acquisition and procurement between Japan and Southeast Asian states. Capacity building programs should be coordinated within Japan (*e.g.*, between JBIC and JICA for dual-use investment, including infrastructure) and between Japan and other partner states, such as Australia, Canada, New Zealand, and South Korea. Considering their controversial nature, such programs can be also pursued through a “coalition of the willing” model of collaboration.

4.5 Bridging the Perception Gap on U.S. Commitment to Asia

The United States has been the pivotal player in shaping the East Asian order, so it is important to lock in its commitment to the region in order to prevent any abrupt shifts in the strategic balance. With Japan’s strong support, to date ASEAN-led institutions like ARF, ADMM-Plus, and EAS have successfully expanded to include the United States as a member or observer state. However, while the United States’ long-term commitment to East Asia is strong, its frequent shifts in short-term strategic focus to other regions tend to create uncertainty within Southeast Asia. In particular, it is not clear whether the Trump administration will devote political resources to Southeast Asia, which increases Southeast Asian states’ sense of uncertainty. To alleviate such uncertainties, Japan – as the core of the U.S. alliance network in the region – should bridge the perception gap through regular information sharing between the United States and ASEAN. This reassurance mechanism should also aim to better inform the United States about the geopolitical importance of Southeast Asia while preventing ASEAN member states from undertaking any rapid policy shifts. To this end, Japan should enhance and expand channels of communication with the United States and Southeast Asia, including the ASEAN Secretariat, at the Track 1 and Track 2 levels.

4.6 Keep China Engaged

The direction of China’s rise is the single most important factor in determining the future of the regional order. Despite existing disagreements between China and regional states, the best scenario is China’s continued engagement in the region without any coercive or *fait accompli* behavior. The key to leading China in this direction is to maintain fairness within the rule-based framework that Japan and ASEAN have championed in East Asia. Responding to China’s *fait accompli* behavior by tit-for-tat actions would not only increase mutual suspicion but also exacerbate the strategic situation. As a result, Japan and ASEAN should lead by example by demonstrating self-restraint. They should emphasize that changes in the status quo are only permissible through peaceful negotiations, not coercion or the use of force.

5. Conclusion

The ongoing power shift entailed in China’s rise poses tremendous geopolitical challenges to peace and stability in Asia. If mismanaged, major power rivalry between the United States, China, and Japan would divide the region and accelerate tensions. Conversely, the principled coexistence of

major powers would facilitate, or at least maintain, regional stability. In this context, Southeast Asian states play a pivotal role in shaping Asia's strategic landscape.

A weak and divided Southeast Asia could invite geopolitical competition by the major regional powers. The historical record shows the consequences of such power vacuums. This is exactly why Southeast Asian states have established and maintained ASEAN: to deter excessive external interference. A strong and unified Southeast Asia can help ASEAN members become the vital players in influencing the direction of major power competition. The ASEAN-led institutions, which include outside powers consistent the principle of ASEAN centrality, are useful tools for Southeast Asia to pursue this objective.

Individual Southeast Asian states thus need to further strengthen their political stability, economic strength, and military capabilities through capacity building. Meanwhile, ASEAN needs to be the fabric that binds Southeast Asia together and maintains its political unity. To this end, there are many areas in which Japan can help strengthen both Southeast Asia's material capabilities and ASEAN's diplomatic role in the region.

Japan and Southeast Asian states have come a long way toward facilitating peace, stability, and prosperity on the basis of the Fukuda Doctrine since the 1970s. Overcoming crises and periods of tension or uncertainty, they have managed to lay a strong domestic foundation of economic and political infrastructure. Japan and ASEAN now have the political space to look beyond intra-Japan-Southeast Asia relations toward a wider region role. It is the time to transcend the Fukuda Doctrine; Japan and Southeast Asia must work collectively to nurture the political and security infrastructure needed to build the regional rules-based order they both seek.