

Why Do Southeast Asians See Japan As a Declining Power?

By Rodolfo SEVERINO

Despite Deep Ties with ASEAN

According to the *ASEAN Statistical Yearbook*, Japan's trade with the member countries of the Association of Southeast Asian Nations (ASEAN) amounted to almost \$212 billion in 2008. This is more than China's trade with the ASEAN countries, at about \$193 billion, and South Korea's, at slightly less than \$76 billion, in the same year.

Japanese companies' foreign direct investment (FDI) in ASEAN countries totaled \$7.65 billion in 2008, much more than those from China and South Korea combined. Chinese FDI into the members of ASEAN was a little more than \$1.5 billion in 2008 and South Korean FDI into ASEAN slightly less than \$1.3 billion for an aggregate of only \$2.8 billion from the two neighbors of Japan.

Japanese firms, mostly those in the automotive and electronics sectors, overwhelmingly dominate the list of companies taking part in the ASEAN Industrial Cooperation (AICO) scheme, in which companies operating in two or more ASEAN countries can trade their products at the end-rate, as opposed to the current rate, prescribed in the ASEAN Free Trade Area (AFTA) agreement for tariffs on intra-ASEAN trade. The end-rate is zero for ASEAN's first six members.

Japanese goods, particularly motor vehicles, electronic items, watches, cameras and other popular products, are generally characterized as reliable and of high quality. Many Japanese brands are bywords in their respective sectors.

Japan has been a source of official development assistance (ODA), as well as investment, for Southeast Asian countries, and continues to be perceived as such, almost since the end of the Pacific War. In most cases, this was extended initially in the form of war reparations, then in generous grants and loans as ODA.

Internationally, Japan has for many years been an active participant in United Nations activities, particularly in terms of financial contributions. Some of these activities involve the military forces of member states, including UN peacekeeping operations.

However, despite all these realities, capacities and activities, Japan is generally looked upon, including in Southeast Asia, as a stagnant and even declining power.

Why is this so? Perhaps, a meaningful survey to find out the answer to this conundrum should be conducted among policymakers, other influential persons and the general public in Southeast Asia, if one has not been done yet.

In the meantime, I will hazard some guesses on the basis of long years of observation of and experience in Japan-Southeast Asia relations.

Frequent Changes in Leadership

First, there are the frequent changes in political leadership. In the

four years from September 2006 to the present, Japan has had no less than five prime ministers and cabinets. Before the relatively and unusually lengthy tenure at Japan's political helm of Prime Minister Junichiro Koizumi, nine prime ministers took turns as the leader of Japan in the 12 years from June 1989 to April 2001. While the Japanese bureaucracy is solid and Japanese political institutions are firmly in place and working, the impression that goes out is one of political instability and lack of continuity because of the dizzying alternations in power among leading politicians and, sometimes, political parties.

Then, there is rivalry, at worst, or apparently deficient communication, at best, among Japanese ministries and other agencies dealing with other countries. While the shortfall in coordination in the Japanese government may not be any worse than in any other democratic government, this often comes across as incoherence in policymaking. This may be attributed to a degree of compartmentalization among Japan's policymaking bodies. Internal debates and rivalries are publicly known. This should be a tribute to the democratic character of Japan's government, a tribute for which Japan is seldom given credit. At best, it is taken for granted.

Aging Society & Foreign Labor

There are also structural problems that may debilitate Japan in the long term and affect perceptions of Japan even now. An outstanding one is the view of Japan as an aging society whose population is diminishing in size. Citing figures recently issued by the Ministry of Internal Affairs and Communications, *Japan Today*, in its July 31 web posting of a Kyodo News story, noted that the Japanese population had declined from March 2009 to March 2010, with the number of deaths exceeding the number of births. *Japan Today* quoted a ministry official as saying that Japan "may have become a society facing full-scale population declines as the number of deaths is on a rising trend amid the aging population."

Even as its population and, consequently, its work force are shrinking, the impression overseas is that the Japanese continue to insist on their cultural purity and ethnic homogeneity, although this has long been slowly changing and Japanese society is increasingly open to foreign workers. Nevertheless, there continues to be resistance to and resentment of the notion of the acceptance of foreign workers as a solution to the shortage of labor.

The treatment of foreign, particularly Southeast Asian, women divorced or widowed by Japanese husbands is often cited. So are clashes resulting from the differences in the sense of value and culture between foreign workers and Japanese managers at factories in Japan, as well as from the usual tension between labor and management.

Protectionism & “Stagnant” Economy

In economic terms, the Japanese economy is still considered as protectionist, particularly in the agricultural sector. This stands in sharp contrast to the “early harvest” element in the ASEAN-China Free Trade Area (ACFTA) agreement, an element that is focused on free trade in agricultural products. This perception persists despite the reality of the increasing liberalization of the rest of the Japanese economy.

The recent announcement that China had overtaken Japan as the world’s second largest economy has reinforced the notion of a surging China and a declining Japan. One, of course, has to be careful about drawing conclusions from aggregate figures like those on gross domestic product, especially in economic matters. One has to look at disaggregated details and analyze the subject from its many angles and in its many components. Nevertheless, this rather dramatic milestone has strong resonance among many people who watch China or Japan or both.

It is important to keep in mind in this context that the Japanese economy floundered during what has come to be known as the “lost decade.” In the 1990s, Japan’s economic growth screeched to a halt after cheap and easy credit led to massive speculation, then a sharp rise in interest rates resulting in enormous debt. Now, even with interest rates at or close to zero, few companies and individuals are willing to borrow, fomenting unemployment, personal insecurity, high rates of personal savings and deflation or the threat thereof. This has become another source of Japan’s perceived decline as an economic power.

Japanese tourists have also become less visible in Southeast Asia relative to those from China and South Korea. According to the *ASEAN Statistical Yearbook*, Japanese tourism in the ASEAN countries has been more or less stagnant since 2001. In 2007 and 2008, Japanese tourists in Southeast Asia were outnumbered by those from China and, from 2006 to 2008, were almost equaled in number by those from South Korea.

A Less-Than-Full Nation?

Finally, Japan’s dependence on the United States for its security has made it seem, in many eyes, to be less than a fully sovereign state. Indeed, Japanese commentators themselves have proposed that Japan become once again a “normal country,” with less restricted military forces and an independent foreign policy. In January 2007, the Japanese Defense Agency, up to then a part of the Prime Minister’s Office, was upgraded to the Ministry of Defense, a full ministerial body.

Still, Article 9 of Japan’s 1947 “Peace Constitution” remains in force, stating, “The Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of



With the domestic economy slumping, Tokyo’s high-end shopping street Ginza welcomes Chinese tourists.

settling international disputes.” Although Japan has one of the world’s most potent and best endowed military forces, it is, admirably in the eyes of many people, constrained by political opinion, as well as the Constitution, from engaging in offensive military activities broadly defined, including the acquisition of nuclear weapons.

Southeast Asians, as do many Japanese, view the beginning of perceived political legitimization of Japan’s military with mixed feelings – wary of a resurgence of Japanese militarism and hope for a more robust Japanese role in the security and stability of the Asia-Pacific region. Southeast Asian perceptions of Japan’s security ties with the United States bear their own ambivalence.

On the one hand, those ties are looked upon as a brake on any Japanese tendency to revert to militarism and aggression against Southeast Asia, or even possibly to acquire nuclear weapons. On the other hand, many Southeast Asians wish to see a Japan that is an East Asian, if not global, power in its own right. At the same time, the continuing controversy with respect to the US military presence on Japanese soil reflects, at least, a degree of ambivalence on the part of the Japanese themselves over the US-Japan security relationship.

While Japanese officials can, and often do, point to specific instances of Tokyo’s international policies that diverge from those of Washington, Japan remains perceived as a state that does not fully have a foreign policy of its own. Indeed, the Japanese Constitution, with its Article 9, was written and adopted under the watchful eyes of the US-led occupation forces, albeit continuing to be supported by a majority of the Japanese people.

I have described these Southeast Asian perceptions of Japan on the basis of personal observations or, in the words of academics, on the basis of “anecdotal evidence.” I would be interested in knowing the results of more scientific surveys. **JS**

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