Japan’s Vision of an East Asian Community:  
A Perspective from Thailand

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East Asian regionalism has become a topic of worldwide interest in recent years, following a series of ASEAN+3 (China, Japan, and Korea) meetings and the proliferation of free trade agreements (FTAs) among countries in the region. Moreover, the first East Asian Summit was launched in Kuala Lumpur in December 2005, presumably towards the goal of establishing an East Asian Community. Yet, the form and characteristics of the community remain vague and contested. Japan, as a largest economy in the region, is the key actor that can shape the direction of an East Asian Community. Yet, Japan has to work with or gain support from ASEAN, the sole viable organization in the region, to advance its views on the issue. Accordingly, it is important to know how Japan’s vision of an East Asian Community to date has been received by ASEAN countries.

To answer this question, this paper uses Thailand as a case study and analyzes how this key ASEAN member perceives and responds to the Japanese vision. Why Thailand responds as it does will also be elaborated. The first section portrays Japan’s Vision of an East Asian Community, particularly as seen from a Thai perspective. The second part discusses the responses from Thailand to the Japanese initiatives towards regionalism. The third section deals with the debate over the East Asian Summit, specifically discussing the stances of Japan and of Thailand on the participant issue. Over all, I argue that Japan has so far earned positive responses from Thailand on the three initiatives—FTAs, capacity building, and financial cooperation. However, such responses are being pursued from Thailand’s own perspective of national interest.

Japan’s Vision of an East Asian Community

While Japan continues to define its vision of an East Asian Community, at least three initiatives are outstanding. The first one is Japan-ASEAN Comprehensive Economic Partnership (JACEP), in which FTAs represent the core, with the addition of various trade facilitation measures and broad cooperation, including paperless trade, the improvement of investment conditions and technical cooperation. Tokyo prefers the words “Economic Partnership Agreement” (EPA) which, for domestic protectionist groups, sounds more acceptable to the term “FTA” which connotes upright

JACEP

JACEP is an economic cooperation scheme aimed at deepening economic integration between Japan and ASEAN. During his visit to Singapore in February 2002, Prime Minister Jun’ishiro Koizumi announced JACEP, of which FTAs represent the core, with the addition of various trade facilitation measures and broad cooperation, including paperless trade, the improvement of investment conditions and technical cooperation. Tokyo prefers the words “Economic Partnership Agreement” (EPA) which, for domestic protectionist groups, sounds more acceptable to the term “FTA” which connotes upright

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1 The term “East Asia” came to refer to both Northeast and Southeast Asia since the 1990s, owing to the East Asian economic miracle and the Asian Financial Crisis.
2 See the Council on East Asian Community (CEAC), ‘The State of the Concept of East Asian Community and Japan’s Strategic Response thereto,’ 7-12.
market opening. Moreover, it is more likely for EPAs to avoid the subjection to GATT/WTO Article 24, which stipulates that any FTA involving a developed nation needs to cover “substantially all trade.” In any case, we should understand that EPAs are, by and large, synonymous with FTAs.

Tokyo made it clear that EPAs are an important step towards establishing an East Asian Community. According to Japan’s Foreign Ministry, “These EPAs contribute to the creation of international environment further beneficial to our country from the politically and diplomatically strategic points through, among others, fostering the establishment of an East Asian community.” Japan, in fact, had earlier concluded the first-ever EPA with Singapore before the JACEP promulgation. As a free-port city-state without major agricultural and labour exports, Singapore was an easy starter with minimal contentious issues.

Notwithstanding, JACEP is generally perceived as a reactive move to China. In an ASEAN-China Summit in November 2001, then Chinese Premier Zhu Rongji proposed the creation of a free trade area between China and ASEAN by 2010. The proposal represents an important milestone for closer economic and regional cooperation between China and ASEAN. Japan therefore could not remain on the sidelines. Yet, it can be argued that Japan might not have come forward for FTAs with Southeast Asia so soon if China was not to propose the China-ASEAN FTA. ASEAN’s comparative advantages on agriculture and labour remain the source of concern, stirring anxiety for domestic sensitive sectors. Beijing first came up with an FTA proposal with ASEAN as a whole, starting with the reciprocal market opening for fruit and vegetable from the year 2004. China thus initially scored high points among ASEAN nations.

While China prefers regional approach, Japan opts for bilateralism, claiming that it is more reasonable to start with countries that are ready first. Many ASEAN countries, in fact, remained reluctant to embrace FTAs for fear that their industries would have no chance to compete. While least developed country like Cambodia, Laos, Myanmar and Vietnam (CLMV) are particularly wary, Indonesia has been preoccupied with domestic affairs amid the backdrop of democratization, unstable political conditions and frequent change of leadership. More developed and stable countries, such as Thailand, the Philippines, and Malaysia, thus emerged as the first runners to negotiate EPAs with Japan. However, Japan has started its EPA negotiations with ASEAN as a whole (mostly CLMV) and with Indonesia in May and July 2005 respectively. The one with ASEAN shows very little progress, demonstrating that Japan prefers bilateral approach on EPAs.

What does Tokyo expect in concrete terms from the EPAs? And how is JACEP related to the East Asian Community? To answer these questions, we need to understand the so-called “production networks.” Following the yen appreciation as a consequence of the 1985 Plaza Accord, Japan had to massively move their production bases overseas to cut costs and avoid trade conflicts with the United States that suffered huge trade deficit with Japan. In this regard, Southeast Asia emerged as an important destination for Japanese foreign direct investment (FDI). Accordingly, Japan in effect has created the “production networks” in ASEAN.

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3 Personal communication with Prof. Takashi Terada, National University of Singapore, October 2004.
4 Conversation with Prof. Vinod Aggarwal, University of California, Berkeley, December 2005.
6 See Tachiki, ‘Between Foreign Direct Investment and Regionalism.’
In a division-of-labor fashion, Japanese firms, spearheaded by the automobile and the electronic industries, divide their production of components in several countries along specialization lines and then assemble them in a certain country. For instance, Toyota, having its largest plant located in Thailand, produces gasoline engine blocks in Indonesia, power steering gears in Malaysia, transmission parts in the Philippines, and diesel engine parts and auto-body stampings in Thailand. Using parts from various production bases in the region and in Japan, Thailand has become an assembly center for pick-up trucks while Indonesia for multi-purpose vans (MPVs). Such networks need smoother links among various chains and layers of production in the region. However, trade and transactions among these production networks are faced with problems such as regulations, customs procedures, and product standards, which vary across countries.

Furthermore, most ASEAN countries relatively maintain high tariffs, particularly against countries outside the ASEAN Free Trade Area (AFTA). For instance, the average tariff rate is as high as 29 percent in Thailand and 27 percent in the Philippines (see Table 1). Since the manufacturing bases in Southeast Asia also rely on imported parts from Japan, high tariffs for Japanese goods represent another barrier for the production networks. Having low tariffs already, on average, Japan has less to lose over tariff reductions. In short, EPAs between Japan and ASEAN countries should help dismantle various trade barriers and thus smooth the operation of Japanese production networks, which should benefit both Japan and ASEAN.8

Table 1  Average Tariff Rates in Japan and EPA Counterpart Countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Average Tariff Rates (%)</th>
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<tbody>
<tr>
<td>Thailand</td>
<td>29</td>
</tr>
<tr>
<td>Philippines</td>
<td>27</td>
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<tr>
<td>Malaysia</td>
<td>16</td>
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<td>Japan</td>
<td>5</td>
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Moreover, Japanese businesses are very keen to improve investment rules in ASEAN countries. As a remnant of import substitute industrialization (ISI), most ASEAN countries practice investment protectionism. There tends to be some restrictions for foreign firms in some certain businesses. For example, according to the New Economic Policy (NEP) in Malaysia, certain amount of shares in most companies must be owned by native Malays (Bhumibutra). Thailand has the 1999 Alien Business Law, which restricts a foreign firm from holding the majority of shares in a broker company, among others. As a result, many Japanese firms have to adopt the formula of 51: 49; Thai partners own 51, while the Japanese counterpart holds 49 percent of shares. However, in effect, it is the Japanese side that actually runs the company. Accordingly, in all EPAs Japan calls for liberalized rules and regulations on three issues: 1) investment rules, 2) business operation rules, and 3) transparency in regulation implementation.

7 Altbach, ‘Weathering the Storm?: Japan Production Networks in Asia and the Regional Crisis,’ 7.
8 See Kimura, ‘Construction of FTA Networks in East Asia.’
For Southeast Asia, there would be both minus and plus sides for the EPAs. On the one hand, through EPAs, Japan would be able to keep the core components with high added values in Japan, so as to avoid the hollowing out of domestic industries. Once the EPAs are in effect, there would be fewer needs for advanced manufacturers to move their production bases overseas. On the other hand, improved investment conditions should invite more FDI from Japan, particularly small and medium enterprises (SME), which otherwise would suffer finding native investment partners in restricted businesses. Such development should help speed up structural reform in Japan. Over all, EPAs should contribute to the division of labour led by Japan in the region.9

As Peter Katzenstein states, unlike the European Union, Asian regionalism takes place in market rather than in institutions through network-type integration.10 In other words, East Asian integration can be categorized as “informal regionalism” based on networks in the private sector. What Japan is doing is trying to institutionalize de facto regionalism through JACEP. In Japan’s view, an East Asian community can be created through a smoother regional production networks.

**Capacity Building**

The second initiative is Japan’s proposal for capacity building, particularly in the aim to narrow the region’s development gap. After expanding to ASEAN-10, ASEAN has been plagued by an economic divide between more developed and less developed countries, making it harder to reach a consensus on economic liberalization and integration. While Singapore, Malaysia, and Thailand enjoy relatively high income per capita, the CLMV countries remain very poor.11 Capacity building for narrowing the development gap can take various forms, including infrastructure and technological upgrading, education, and human resource development. The Japanese support for capacity building would benefit not only CLMV but also other ASEAN countries as well.

In this regard Japan’s major instrument would be foreign aid, known as Official Development Assistance (ODA). With a long experience as a donor country, Tokyo knows that it has an upper hand on foreign aid, compared to China, which has been so far a recipient country, receiving much ODA from Japan. Importantly, Japan has reoriented its ODA policy in 2003 in many aspects, which arguably should contribute to the creation of an East Asian community. Not only did Tokyo put an emphasis on poverty, but also made its ODA more strategically focused. Importantly, Tokyo made it clear in giving priority to Asia in general and ASEAN in particular. As “The Revision of Japan's Official Development Assistance Charter” states:

In particular, the East Asian region which includes ASEAN is expanding and deepening economic interdependency and has been making efforts to enhance its regional competitiveness by maintaining economic growth and strengthening integration in recent years. ODA will be utilized to forge stronger relations with

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9 This pattern of international division of labour is also well known as the “flying geese” model, in which Japan is always the leader. However, the model has been undermined by the rise of China, which is able to develop both lo- and hi-tech industries at the same time.
10 See Katzenstein, ‘Introduction: Asian Regionalism in Comparative Perspective,’ 1-44.
11 While GDP per capita in Singapore is as high as US$24,000 and 9,300 in Malaysia, Cambodia and Myanmar have a mere 1,500 (2002 CIA Fact Book, cited in Weatherbee, *International Relations in Southeast Asia*, 14.)
this region and to rectify disparities in the region, fully considering such factors as the strengthening of economic partnership with East Asian countries.\textsuperscript{12}

Japan accordingly plans to step up its ODA to lesser-developed countries like Vietnam.\textsuperscript{13} The country became the fourth largest recipient of Japan’s ODA in 2001, receiving approximately US$460 million, equal to 6.2 percent of total Japan’s ODA.\textsuperscript{14} Laos and Cambodia, meanwhile, are not ranked among the top recipients partly due to their low populations, 5.4 and 12.3 million respectively.\textsuperscript{15}

Furthermore, Japan made a pledge specifically to give aid to ASEAN. “The Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium,” announced after the 30\textsuperscript{th} Commemorative Japan-ASEAN Summit in late 2003, a call for deepening ties and enhancing cooperation. As a concrete measure for these ambitions, Japan would provide US$1.5 billion over the next three years to promote human resources development for more than 40,000 people, and another US$1.5 billion over three years for sub-regional development projects such as the Mekong River Basin and the East ASEAN Growth Area (Brunei, Indonesia, Malaysia and the Philippines). This new ODA policy is arguably consistent with Japan’s broader vision for an East Asian community, because bridging the development gap in Southeast Asia is the precondition for deeper regional integration.

However, the prolonged economic recession has compelled Japan to slash its ODA budget in recent years, allowing the United States to surpass Japan as the top donor in 2001; Japan’s ODA fell from its peak of US$14.5 billion in 1995 to 9.3 billion in 2002.\textsuperscript{16} The decline in the ODA budget also stems from the critical view of ODA held by the Japanese public, doubting that the disbursement might be non-transparent and wasteful. Hence, it would be beneficial for Japan to maintain the number of projects but at lower costs. If so, Japan will be able to remain its reputation. In this sense, it would be reasonable to commission some jobs to a partner country that can deliver them inexpensively.

\textit{Financial Cooperation}

Japan has played a more proactive and leadership role regarding financial cooperation in the region. After the financial crisis hit East Asia in 1997, Tokyo soon proposed an Asian Monetary Fund (AMF).\textsuperscript{17} The rationale for an AMF was the fact that the rescue fund provided by the International Monetary Fund (IMF) for Thailand was far from sufficient. The amount of aid an IMF member country could obtain was determined by that country’s quota. Moreover, the recipient countries were subject to strict conditionality imposed by the IMF, including a monetary and fiscal crunch not conducive to recovery. One of the major criticisms of the IMF was its lack of country expertise and

\textsuperscript{13}http://www.mofa.go.jp/policy/oda/longlist/vietnam.html.
\textsuperscript{14}Indonesia, however, has remained the top recipient country with the amount of US$880 million, or 11.5 percent share in 2001. See http://www.mofa.go.jp/policy/oda/white/2002/summary.html#t_3.
\textsuperscript{15}U.S. Central Intelligence Agency, World Fact Book 2005.
\textsuperscript{17}The idea for an AMF was floated earlier within Japan’s Ministry of Finance after the Mexico peso crisis erupted in 1995. See Amyx, ‘Japan and the Evolution of Regional Financial Arrangements in East Asia,’ 202.
its common template for all countries.\textsuperscript{18} The AMF proposal came out as a rational solution amid the crisis.

However, the proposal was shot down by the United States, claiming that it was unnecessary and the IMF was already doing the job. China also did not welcome the idea, being uncomfortable with Japan’s leadership. Consequently, Japan instead had to come up with a moderate “Miyazawa Initiative,” which provided up to US$30 in loans and loan guarantees to help revive the five countries hit by the crisis.\textsuperscript{19} The fund was well received in cash-strapped countries like Thailand.

The financial crisis led the East Asian countries to step up their cooperation to tackle common problems, as demonstrated in the ASEAN+3 meetings since 1997. One of the most significant results of the ASEAN+3 process was consummated in the 2000 Chiang Mai Initiative (CMI), the financial facility of bilateral currency swap arrangements between central banks. The financial arrangements would be particularly helpful in protecting against speculative currency attack. In this regard, Japan played a key role in working out the general conditions and principles for currency swap network.

Moreover, with Japan’s leadership, the Asia Bond Markets Initiative (ABMI) is already being promoted under ASEAN+3. The Asia bond is aimed to tap into the region’s own high domestic savings for reinvestment back in the region, rather than investing in Western countries or buying the U.S. treasury bills. Such moves are welcomed by most countries in the region, which are short of capital. In brief, Japan has played a pivotal role in regional financial cooperation and perhaps also toward financial integration in an East Asian community.

**Responses from Thailand**

By and large, Thailand has positively responded to the three initiatives pushed forward by Japan. Yet, Thailand has done so in an alignment with its own national interest.

**FTA Activism**

First, Bangkok actively pursues EPA negotiations with Japan. Aiming the first mover’s benefits, Thailand was the first ASEAN country after Singapore to embark into EPA talks with Japan. Bangkok, in fact, has been a fast mover on FTAs in recent years, having been engaged in FTA negotiations with many countries, including the United States, Australia, India, and smaller economies such as Bahrain and Peru. With an FTA opportunity with a major economic power like Japan, Bangkok did not hesitate to move.

Thai Prime Minister Thaksin Shinawatra thus swiftly proposed to launch the FTA process with Japan in April 2002, only two months after Prime Minister Koizumi announced JACEP early that year. The Philippines soon followed suit a month later. Malaysia, meanwhile, was still pessimistic about bilateral FTAs, as reflected in then Prime Minister Mahathir’s criticism of Singapore’s various FTA efforts as undermining ASEAN integration. However, after Thailand and the Philippines have moved, Kuala Lumpur came to embrace the EPA process with Japan in December of that year.

Despite the quick start, the formal EPA negotiation between Japan and the ASEAN countries were not launched until almost two years later. The informal talk

\textsuperscript{18} Ibid, 202-203.

\textsuperscript{19} Ibid, 208.
process took very long, proceeding from study groups and then task forces. In fact, it was not necessary to have both levels of informal talks, but the gulf between both sides was too wide. The formal EPA negotiations eventually were launched almost simultaneously for the three ASEAN countries in early 2004, following the Japan-ASEAN 30th Commemorative Summit in Tokyo in late 2003.

Such delay reflects the lack of readiness on both sides. Japan was not ready to deal with the opening of sensitive sectors, namely agriculture and labour. Thailand lacks negotiation capacity with too many FTAs at the same time, due to the FTA activism by the Prime Minister Thaksin. Malaysia and the Philippines seemed more prepared, since they were not involved with many FTA negotiations. In this regard, the lack of readiness might be more on the part of Japan.

While Thailand kicked off first, it was the Philippines and Malaysia that managed to conclude the framework EPAs with Japan earlier in November 2004 and May 2005 respectively. Hampered by disagreements over steel and automobiles on the part of Thailand and agriculture and labour on the part of Japan, Bangkok and Tokyo could hammer out a framework agreement only in September 2005. It was Malaysia that got the complete EPA first during the East Asian Summit in December 2005, even faster than the Philippines which has signed the framework agreement earlier but still continues to wrangle on the number of nurses exported to Japan.

Why is Thailand active on the EPA with Japan? There are two reasons, one economic and another political. We should be reminded that Thailand is not only active in the EPA process with Japan but also in FTAs with other countries as well. Economically, Thailand aims to gain from the increase of trade volume through FTAs. Despite without solid back-up data, Thailand perceives itself as strong in exports and more likely to gain from having as many FTAs as possible. Thailand also expects that FTAs would invite more incoming foreign investment in the face of losing FDI to China.

The political reason has to do with an ambition of Prime Minister Thaksin to become a new leader of Southeast Asia. After the charismatic President Suharto of Indonesia fell from power and the outspoken Prime Minister Mahathir was about to leave the scene, Thaksin emerged as a likely candidate for the regional leader. Having many FTAs can help boost up his self-proclaimed leadership image which, in turn, should also help increase popularity at home. Over all, Thailand enthusiastically responds to Japan’s EPAs for both economic and political interest of its own.

**Partnership for Development**

On Japan’s second initiative, Thailand and Japan’s interests are converging. Thailand much appreciates the Japanese efforts in narrowing the regional development gap through capacity building. The development in neighboring countries would help alleviate illegal migration into the Thai territory.

In this regard, Bangkok initiated in 2003 “The Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy” (ACMECS), which is a cooperation framework between Cambodia, Laos, Myanmar, Thailand and Vietnam. This new cooperation scheme aims to utilize member countries’ diverse strengths and to promote balanced development in the sub-region. ACMECS framework and Plan of Action

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20 As it turned out, in the first ten months of 2005 alone, Thailand ran into trade deficit of 71.3 billion Baht to China and 7.5 million Baht to Australia (http://www.ftadigest.com/newsUpdate142.html).
covering five sectors of cooperation, namely trade and investment facilitation, agricultural and industrial cooperation, transport linkages, tourism cooperation and human resource development.\(^\text{21}\) It was the transport linkages and human resource development that Thailand has a very keen interest and aims to tap into Japan’s ODA.

Accordingly, Thailand is trying to establish a partnership role with Japan in bridging the development gap in CLMV. While Japanese ODA would continue to be a major source of fund for capacity building in the region, the domestic economic difficulty compels Japan to cut its ODA budget. Here Thailand can help deliver some ODA-funded projects with lower costs. Thailand, in fact, has involved in the Japanese FTA in the field of human resource development. For example, a number of Laotian teachers were trained in Northeastern Thailand by Thai instructors under the grant from Japan’s ODA.\(^\text{22}\) In this regard, ACMECS provides plenty of chances for development cooperation between Thailand and Japan. In the words of an official at the Thai Ministry of Foreign Affairs, “Japan is very interested to work with Thailand in ACMECS.”\(^\text{23}\) Therefore, the Thai strategy arguably complements well that of Japan towards an East Asian community from the grounds of sub-regional development.

**The Quest for Asia Bond**

Undoubtedly, Thailand has more than welcomed the Japanese proposals on financial cooperation, namely the AMF, the Miyazawa Initiative, and the CMI. As the country that triggered the financial crisis, Bangkok is very keen to develop financial mechanisms that would help prevent the crisis.

Yet, things get a little complicated when the Asia Bond is involved. Though advocating Asia Bond enthusiastically in the ASEAN+3, Thailand tends to have its own way. PM Thaksin is pushing for Asian Bond in another cooperation framework, “the Asia Cooperation Dialogue” (ACD), initiated by Thailand in 2002. Including East Asia, South Asia and the Middle East, ACD also aims to tap into financial resources owned by oil-rich countries. Accordingly, there are currently as many as 5 different frameworks that deal with the issue of Asian Bond, namely APEC and ASEAN+3 (securitization and credit guarantee), Executives’ Meeting of East Asia-Pacific Central Banks or EMEAP (Asian Bond Fund), ASEM (research on the potential of an Asian Bond market and a Eurobond market) and ACD (Asian Bond Market Development).\(^\text{24}\) Although more bond markets may be beneficial to Asia as a whole, Thailand’s role might complicate the Japanese leadership role over Asia Bond. Former Japanese Prime Minister Ryotaro Hashimoto used to joke with PM Thaksin that Japan should collect some royalty from Thailand on the idea of Asia Bond.\(^\text{25}\)

It is important to note that Thailand under the Thaksin administration has adopted a proactive foreign policy. After taking office in 2001, the Thaksin government initiated various schemes, including ACMECS and ACD. Bangkok also plays a key role in the creation of another cooperation scheme that links South Asia, that is, “Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation” (BIMSTEC) which

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\(^{22}\) Interview with Dr. Maitree Inprasit, Khon Kaen University, May 2005.

\(^{23}\) Interview, June 2005.


\(^{25}\) Conversation with Thai officials, Tokyo, January 2003.
included Bangladesh, India, Myanmar, Sri Lanka, Nepal, Bhutan, and Thailand.\textsuperscript{26} The leadership in Southeast Asia for regional and domestic popularity is always on his card. As a result, Thaksin’s role on Asia Bond may not be helpful to Japan’s vision of an East Asian Community in terms of financial cooperation.

The Debate over the East Asian Summit

The most important debate over the East Asian Summit (EAS) is on the issue of participants: which countries should be included? Specifically, ASEAN+3 countries were debating whether non-East Asian countries, namely Australia, New Zealand, and India, should be admitted to the summit or not. The debate is divided into two camps—the exclusivist camp and the expansionist camp. China and Malaysia wanted the membership of the EAS confined to only ASEAN countries plus China, Japan and Korea. Meanwhile, Japan, Singapore and Indonesia are the proponents of including Australia, New Zealand, and India.

Tokyo wanted the inclusion of countries that could dilute China’s influence. Japan does not only remain attached to the United States both in terms of security and market, but also came to be more wary of China’s increasing political and economic clout in the region and the regionalism process. For Singapore, as an open trading state, it would not be beneficial to form an exclusive framework. Not only does Singapore have FTAs with Australia and New Zealand, but also aims to cultivate more economic ties with fast-growing India. It is important to note the converging interest between Indonesia and Japan on this issue. Seeing an East Asian Community as a rather long-term goal, both countries do not want the process to speed up so quickly. Indonesia does not desire the East Asian Community to happen too soon, as that might undermine the importance of ASEAN, which has been a major pillar for Jakarta’s foreign policy.

Where does Thailand stand on the membership debate? Bangkok is neutral on this issue since it has good ties to all relevant parties. On one hand, Thailand has an FTA with both Australia and India respectively. Thailand is very keen in developing economic relations with India, as demonstrated in the BIMST-EC initiative. On the other hand, Thailand has cultivated close ties with China, as culminated in “the Sino-Thai Plan of Action for the 21st Century.”

Accordingly, it would be unwise for Thailand to take sides in this debate. Over all, Thailand has traditionally been praised (and criticized) for its flexible and pragmatic foreign policy, dubbed as “bamboo diplomacy,” which refers to its willingness to bend with the wind. Thailand will not stand against the powers, an act that would be detrimental to the national interest.\textsuperscript{27} Moreover, Bangkok, due to Thaksin’s proactive foreign policy, has its own version of regionalism focusing more on ACD, and also spends so much energy on FTA negotiations with many countries. In his policy statement before the parliament, Thaksin did not mention a single word about an East Asian Community. Instead, he emphasized ACMICS, ASEAN, ACD, and also FTAs. In short, Thailand focuses its interest elsewhere, neither an East Asian community nor the East Asian Summit. Having said that, it is plausible to say that Thailand leans more towards

\textsuperscript{26} This cooperation framework used to be called as “Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Cooperation (BIMST-EC). The name was changed after the inclusion of Nepal and Bhutan in 2004.

\textsuperscript{27} See, for example, Reynolds, \textit{Thailand and Japan’s Southern Advance}. 
the expansionist camp. The inclusion of Australia and India, with which Bangkok has a
good relationship, would by no means harm Thailand.

To solve the inclusion dilemma, ASEAN foreign ministers agreed to set three
qualifications for admission to EAS. States must be: 1) dialogue partners with ASEAN,
2) engaged economically in the region, and 3) signatories to the ASEAN Treaty of Amity
and Cooperation (TAC). Although being uncomfortable with the TAC, which includes
the principle of non-interference into other domestic affairs, Australia came to sign the
treaty. Eventually, the expansionist camp won the debate, as Australia, New Zealand, and
India were admitted to EAS.

However, the exclusivist camp apparently has an upper hand on how to proceed
after the first summit. Specifically, the latter group was able to put ASEAN+3 at the
center of the process towards an East Asian Community. With the slogan, “One Vision,
One Identity, One Community,” the first EAS revealed the exclusivist preference on East
Asia first, as demonstrated in the words “One Identity.” Malaysian PM Abdullah made it
clear that an East Asian Community could not accept Australia, New Zealand and India,
partly due to geographical reasons. Yet, East Asian countries welcome the cooperation
and dialogue with the three nations on the issues of common interest. Importantly, EAS
will neither replace nor become an alternative to the Asean+3 process. Abdullah said the
EAS would be held annually and back-to-back with the ASEAN Summit.28 For China,
“The East Asia Summit should respect the desires of East Asian countries and should be
led by East Asian countries,” said Prime Minister Wen Jiabao.29

The summit ended up without a significant conclusion. It made no mention of
establishing an East Asian Community, or working towards a free trade area.30 The
summit could come up with only functional cooperation on avian influenza, promulgated
in the “East Asia Summit Declaration on Avian Influenza Prevention, Control and
Response.”31 In short, EAS works more like a confidence building measure, rather than a
committed substance. The summit seems to be an end in itself. As PM Koizumi put it,
“The fact that this meeting was held, I believe, would play a very important role in the
future community building in this region.”32

In any case, the issue on an East Asian Community will live on. We should not
confuse the insignificant result of the EAS with an East Asian community. With or
without the EAS, the process towards an East Asian community will continue in the form
of ASEAN+3, in which ASEAN remains in the driver’s seat. Although co-existing side
by side with ASEAN and ASEAN+3, EAS would play only a supplementary role. This
result works more as a status quo, which is more in line with the Japanese preference.

Conclusion

Japan has displayed three major initiatives supposedly aimed towards an East
Asian Community, namely the Japan-ASEAN Comprehensive Economic Partnership
(JACEP), capacity building, and financial cooperation. Thailand has, by in large,
supported the Japanese efforts but always in line with its own national interest. Firstly,

Japan hopes to create an East Asian community through the web of EPAs in JACEP. Thailand actively embraces an EPA, as a part of the aim for economic and political gains through having many FTAs. Secondly, Bangkok actively responds to the Japanese initiative for capacity building through ODA. By establishing itself as a development partner, Thailand eyes to tap into the Japanese ODA. This works to Japan’s benefit as well, because Tokyo wants to save costs. In other words, there is a convergence of interests between Japan and Thailand.

Thirdly, Japan’s financial initiatives have also been highly appreciated by Thailand. However, there is a mixed record on Thailand’s response to the issue of Asia Bond. The fact that Bangkok came to push for Asia Bond in ACD may somewhat compromise Japan’s leadership role and its vision for an East Asian Community. Thailand’s priority for national interest was also revealed in the issue of EAS participation. Having good ties with all the countries involved, Thailand lent support to neither Japan nor China on whether to include Australia and India or not. While Japan and China continue to contest their visions on an East Asian Community, Thailand is not likely to take any side. Bangkok will support either Japan or China, if deemed beneficial to its national interest.
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