

BEYOND 2015

ASEAN-Japan Strategic Partnership for
Democracy, Peace, and Prosperity in
Southeast Asia

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P R E F A C E

IN 2013, ASEAN and Japan celebrate a significant milestone, the 40th anniversary of the first bilateral forum on synthetic rubber in 1973, which marked the start of informal dialogue relations between the two sides. It is also the 10th anniversary of the Tokyo Declaration for the Dynamic and Enduring ASEAN-Japan Partnership in the New Millennium, signed by the heads of the 10 ASEAN member countries and Japan on December 12, 2003. While there is certainly reason to commend this strong and enduring relationship, a series of developments in the region over the past decade, including the rise of China and India, the “return” of the United States to the region, the establishment of the East Asia Summit in 2005, and the evolution of regional institutions such as the Asia Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum (ARF), have made it necessary to reexamine and redefine the strategic value of ASEAN-Japan cooperation.

With the adoption of the 2011 Joint Declaration for Enhancing ASEAN-Japan Strategic Partnership and the ASEAN-Japan Plan of Action (2011–2015), ASEAN and Japan are in the position to build a strategic partnership that can benefit not only ASEAN and Japan but also the wider international community in the longer term. One of the key challenges facing ASEAN-Japan partnership, however, is finding ways to ensure the effective implementation of these cooperation agendas. In order to fully realize the potential of their partnership in the decades to come, all stakeholders of ASEAN-Japan relations need to work together to ensure that the Plan of Action can be implemented speedily and effectively. In this context, there is a need for greater input and contribution from Track 2 processes to facilitate, and become part of, the implementation of the cooperative agenda in the ASEAN-Japan strategic partnership.

These ideas were raised during informal consultations held in Jakarta and Tokyo in 2010 among the late Tadashi Yamamoto (then president of the Japan Center for International Exchange, or JCIE), Hitoshi Tanaka (chairman, Institute for International Strategy, Japan Research Institute; JCIE senior fellow), Surin Pitsuwan (then secretary-general of ASEAN), Jusuf Wanandi (co-founder and vice chairman, Centre for Strategic and International Studies [CSIS], Indonesia), Takio Yamada (then Japan’s ambassador to ASEAN), and ourselves. As a result, in mid-2012, with support from the Indonesian government and the Japan-ASEAN Integration Fund

(JAIF), CSIS and JCIE launched a project to study the role and contributions of ASEAN-Japan Partnership in promoting regional community building in Southeast Asia (ASEAN Community) and East Asia as a whole (East Asia community), as well as in contributing to global governance. This project aims to encourage further efforts to achieve greater ASEAN integration as well as to identify a vision for the ASEAN-Japan relationship as we move toward 2030.

This collaborative two-phase project, funded by the JAIF, is being carried out by three study groups in the first phase and two in the second phase, consisting of nearly three dozen experts from Japan and ASEAN countries. The first phase of the study explored Japan's roles in promoting the integration of ASEAN and the framework of ASEAN-Japan partnership in ASEAN, while the second phase will examine the ways in which ASEAN-Japan cooperation can contribute to the creation of an East Asian community and to addressing global issues. An initial preparatory meeting of the first phase of study was held in Bali, Indonesia, in September 2012, and a project workshop was organized in Tokyo in February 2013. In June 2013, the final first-phase meeting of the co-chairs was held in Jakarta along with a public forum to celebrate the 40th anniversary of ASEAN-Japan relations. Another public forum will be held in Tokyo in November 2013. The overview and background papers for each study group will be published as a separate report.

We would like to take this opportunity to express our sincere gratitude to the project supervisors, Jusuf Wanandi and Hitoshi Tanaka, for their insight and guidance in this process; to the co-chairs, Tham Siew Yean (professor of economics, Universiti Kebangsaan Malaysia), Fukunari Kimura (professor of economics, Keio University), Carolina Hernandez (emeritus professor of political science, University of the Philippines), and Motoko Shuto (professor of international relations, University of Tsukuba), for their dedication to and leadership of the study groups; to the project managers, Clara Joewono (vice chair, CSIS, Indonesia) and Hideko Katsumata (executive director and COO, JCIE), for their very helpful input and for shepherding this project through its first phase so effectively; and to the invaluable contributions of the study group members. Thanks also to the members of CSIS and JCIE who have worked tirelessly to bring this project to fruition, including Lina Alexandra, Iis Gindarsah, Tomoko Suzuki, Ryo Sahashi, Kim Gould Ashizawa, Susan Hubbard, Kana Yoshioka, and Maya Wedemeyer. We are also deeply grateful to the JAIF for its support of this project. And finally, we would be remiss if we did not acknowledge the key role played in the formative stages of this project by Tadashi Yamamoto, a man whose behind-the-scenes efforts over the

past decades were instrumental in solidifying the bond that exists today between ASEAN and Japan, and whose spirit guided us throughout this process. At the recommendation of Dr. Surin, it has been agreed that this project will be called the “ASEAN-Japan Yamamoto Study Project” in honor of his contributions.

On behalf of all those involved in this project, we sincerely hope that these findings will serve to inform the Japan-ASEAN Ministerial Meetings and ASEAN-Japan Commemorative Summit and help facilitate dialogue among relevant stakeholders—including policymakers, academics, opinion leaders, the media, and civil society—so that ASEAN-Japan cooperation will become stronger, more effective, and more productive in the decades to come.

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ABBREVIATIONS

ACCT	ASEAN Convention on Counter-Terrorism
ADIC	ASEAN Defence Industry Collaboration
AED	ASEAN Economic Community
AHA Centre	ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management
AMRO	ASEAN+3 Macroeconomic Research Office
APSC	ASEAN Political-Security Community
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
CLMV	Cambodia, Laos, Myanmar, and Vietnam
CMIM	Chiang Mai Initiative Multilateralization
CSO	civil society organization
CSR	corporate social responsibility
EEZ	exclusive economic zone
ERIA	Economic Research Institute for ASEAN and East Asia
FDI	foreign direct investment
IAI	Initiative for ASEAN Integration
JAIF	Japan-ASEAN Integration Fund
MDGs	Millennium Development Goals
ODA	official development assistance
POA	Plan of Action
PPP	public-private partnership
R2I	responsibility to implement
RCEP	Regional Comprehensive Economic Partnership
SEANFWZ	Southeast Asia Nuclear-Weapon-Free Zone
SME	small and medium-sized enterprise
UNCLOS	United Nations Convention on the Law of the Sea

Report of the Study Group on ASEAN-Japan Strategic Partnership in ASEAN Community Building

THE RELATIONSHIP BETWEEN the Association of Southeast Asian Nations (ASEAN) and Japan has stood the test of time. The institutionalization of ASEAN-Japan relations started in 1973, through the establishment of informal dialogue relations. In 1977, that relationship was formalized with the establishment of the ASEAN-Japan Forum. Since then, ASEAN has benefited significantly from its cooperation with Japan. Japan has been the most important contributor to ASEAN's economic development and prosperity over the past four decades, which in turn has contributed to the creation of a stable Southeast Asia. For its part, Japan has also benefited from closer cooperation with ASEAN. ASEAN, through its collective efforts, has contributed to the creation of prosperity and stability in the region, benefiting ASEAN, Japan, and indeed the world. A stable and prosperous Southeast Asia has provided a conducive environment for Japan to fulfill its national objectives and play a positive international role.

At the beginning of the 21st century, that relationship had begun to consolidate even further. The ASEAN-Japan Commemorative Summit, which took place in December 2003 in Tokyo, was an important milestone in that regard. The summit adopted the Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium, providing the basis for future cooperation encompassing economic, political, and security areas. Leaders of ASEAN and Japan have also repeatedly emphasized their optimism that ASEAN-Japan cooperation would continue to thrive and expand and that the relationship would continue to be strong. Indeed, it is not an exaggeration to say that ASEAN's relationship with Japan has been the closest and deepest of ASEAN's external relations with any regional or global partner.

This project was made possible thanks to the generous support of the Japan-ASEAN Integration Fund (JAIF).

The region, however, is changing rapidly, bringing about new challenges and opportunities that require both ASEAN and Japan to continually nurture their relationship and adapt to new circumstances. Particularly in the past decade, there have been dramatic changes that have ushered in a new geoeconomic and geopolitical context for ASEAN-Japan relations. ASEAN itself is rapidly approaching the completion of the first phase of its community-building project at the end of 2015. In this regard, the important task facing Japan and the ASEAN member states now is how to bring the cooperative relationship to a new level, where it is able to meet the challenges of the new emerging regional order in East Asia and beyond. More importantly, changes in both the needs and priorities of ASEAN member states and Japan, as a result of the changing economic and political-security environment in East Asia, necessitate that both sides forge a greater convergence of interests, institutionalize a more comprehensive agenda for cooperation, and find greater synergy in implementing that agenda. In the post-2015 period, ASEAN and Japan will need to forge a strategic partnership for democracy, peace, and prosperity in the region.

In order to generate fresh ideas on how ASEAN-Japan strategic partnership could be expanded and deepened into the coming decades, a group of scholars from ASEAN member states and Japan undertook a comprehensive study on ASEAN-Japan Strategic Partnership in ASEAN Community Building. This study, which lasted from September 2012 to July 2013, is part of a larger study supported by the Japan-ASEAN Integration Fund (JAIF) that looks into the central theme of how ASEAN-Japan strategic partnership can strengthen the ASEAN Community-building process, contribute to the efforts of forging peace and prosperity in East Asia, and participate in the improvement of global governance. This current report, *Beyond 2015: ASEAN-Japan Strategic Partnership for Democracy, Peace, and Prosperity in Southeast Asia*, constitutes the first of two reports that the study group intends to produce.

In this first report, the study group focuses on how ASEAN-Japan strategic partnership can strengthen the ASEAN Community-building process in the post-2015 period. It covers ASEAN-Japan cooperation on the three pillars of the ASEAN Community: the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC). This study recognizes that ASEAN and Japan need new ways to enhance their partnership in order to facilitate the process of community building in ASEAN. ASEAN member states also strongly recognize that Japan's positive and active engagement is necessary and crucial in order to ensure the emergence of a rules-based regional order in East Asia, of which ASEAN and Japan are integral parts.

That recognition is based on what ASEAN-Japan partnership has already accomplished over the last four decades.

WHAT HAS BEEN ACCOMPLISHED SO FAR?

In the postwar era, Japan's relationship with Southeast Asian countries began to improve rapidly with the adoption of the Fukuda Doctrine in 1977, pledging that Japan (a) would never become a military power and on that basis would contribute to the peace and prosperity of Southeast Asia, (b) would build a "heart-to-heart" relationship of mutual confidence and trust with Southeast Asian countries, and (c) would endeavor to build a bridge between ASEAN countries and Indochinese states and, by doing so, contribute to the integration of the entire Southeast Asian region. Essentially, the Fukuda Doctrine not only reflected Japan's commitment to play a positive role in fostering stability and prosperity in Southeast Asia but also marked the beginning of a more comprehensive approach in Japan's policy toward the region. Indeed, since the enunciation of the Fukuda Doctrine, ASEAN-Japan relations have stood the challenge of time.

ASEAN-Japan cooperation in the first four decades of the relationship primarily focused on the paramount importance of economic development for countries in the region and on building a deep sense of trust and friendship between Japan and Southeast Asian countries. Japan has consistently served as one of the largest sources of foreign direct investment (FDI) in Southeast Asia. As the largest provider of official development assistance (ODA), Japan has also contributed to human resources and technological development in almost all ASEAN countries, leading to the acceleration of national development and economic growth in these countries. Peace and reconciliation between the founding members of ASEAN and the Indochinese states have now become a reality with all 10 Southeast Asian countries becoming members of ASEAN, while Japan continues to play an important role in bridging the development gap between the original and newer members.

Japan's ODA helped ASEAN countries expand and improve their economic infrastructures, creating the conditions that attracted investments from Japan and elsewhere. Japanese investment, especially in the manufacturing sector, helped ASEAN countries embark on industrialization and start developing their own manufacturing sectors. Japanese investment, especially from Japanese multinational corporations, has also facilitated technology transfers to ASEAN member states. As a result of rapid economic development in Southeast Asian countries, trade relations between

Japan and ASEAN countries grew rapidly. By 2002, ASEAN-Japan trade volume had reached US\$106.9 billion, up from only US\$15.7 billion in 1977.

The economic ties between ASEAN and Japan extend far beyond the private sector–led initiatives that are commercially driven. ASEAN-Japan economic cooperation found a greater impetus and became more comprehensive with the signing of the Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium and the adoption of the Japan-ASEAN Plan of Action (POA) in December 2003. Under this agreement, more than 20 sectoral bodies have been established, overseeing a broad range of areas of cooperation and support. Japan’s ODA has also contributed toward community building in ASEAN through its assistance programs for the newer ASEAN member states (Cambodia, Laos, Myanmar, and Vietnam, known collectively as CLMV). The subsequent POA for 2011–2015 provided the basis for ASEAN-Japan cooperation in enhancing ASEAN-Japan connectivity to consolidate ties between the two sides. It initiated 21 wide-ranging economic cooperation programs, demonstrating the multipronged approach used to enhance the depth of economic cooperation between ASEAN and Japan. By 2012, the volume of trade between ASEAN and Japan had reached US\$255.9 billion.

Decades of productive economic cooperation between ASEAN and Japan have contributed to the creation of trust between the two sides. ASEAN and Japan have managed to put the problem of history behind them and move toward the future. For Japan, its role in the economic transformations in Southeast Asian countries helped facilitate the construction of regional perceptions of Japan as a positive force in the region. Japan has also played an important political-security role in building peace and stability in the region in five basic ways. First, Japan has consistently pursued a policy that imposed constraints on the use of force and worked within the US-Japan security alliance as the foundation of regional stability. Second, Japan has been a strong supporter of ASEAN integration and ASEAN as an institution. Third, Japan’s political and security role has been manifested positively in its role in peacemaking and in post-conflict peacebuilding efforts in the region, particularly in Cambodia, Timor Leste, and Mindanao. Fourth, Japan’s political-security role has also been expressed in its commitment and efforts to address nontraditional security threats through a human security approach. Fifth, Japan has been favorable to, and an instrumental participant in, the expansion of ASEAN-driven multilateralism in East Asia, which also includes China and South Korea.

As ASEAN-Japan cooperation has moved into the 21st century, the relationship is no longer confined to economic cooperation alone but now

includes long-overdue political and security cooperation as well. ASEAN and Japan have worked closely in ensuring maritime security and safety in such areas as the Malacca Straits, in stepping up their efforts to combat transnational crime, in addressing threats to health such as the growing threat of infectious diseases, in coordinating their efforts to strengthen capacity in disaster response and management, and in addressing global issues such as energy security, climate change, and food crises. Defense exchanges and cooperation between ASEAN and Japan have also begun to intensify, creating an atmosphere of trust and confidence among the armed forces of both sides.

The centrality of economic cooperation and the gradual emphasis on political-security cooperation does not mean the absence of socio-cultural elements in the ASEAN-Japan relationship. In fact, social and cultural cooperation between the two sides has increased mutual understanding and formed a strong foundation of mutual respect and appreciation. Cultural and people-to-people exchanges—covering youth, civil society activists, media, academics, and artists—have been a regular feature in ASEAN-Japan relations since the 1970s. In addition to fostering greater understanding of each other, close and regular interactions among people have also cemented amicable feelings toward each other, creating a sense of togetherness and friendship between the peoples of ASEAN and Japan.

Indeed, much has been accomplished by ASEAN and Japan over the last four decades. However, despite the fact that Japan has been a consistent partner of ASEAN for decades, complacency is not an option. ASEAN-Japan partnership must never be taken for granted. Both ASEAN and Japan are responsible for ensuring that their partnership remains sustainable, deep rooted, enduring, and everlasting. The future of ASEAN-Japan cooperation and their strategic partnership need to be nurtured, especially within the rapidly changing environment in East Asia. If ASEAN and Japan want to manage geoeconomic and geopolitical changes in the region, the strategic significance of their partnership needs to be reinvigorated and consolidated well into the coming decade and beyond.

THE IMPERATIVE OF A POST-2015 PARTNERSHIP: A COMMON AGENDA FOR THE FUTURE

The foundation for ASEAN-Japan strategic partnership in the 21st century was strongly anchored first in the Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium (2003) and later in the Joint Declaration for Enhancing ASEAN-Japan Strategic

Partnership for Prospering Together, commonly referred to as the Bali Declaration (2011). The fulfillment of those commitments has been translated into a set of cooperative programs contained in the POA 2005–2010 and the POA 2011–2015. The implementation of the two action plans has undoubtedly brought ASEAN and Japan closer. Facilitating the attainment of the ASEAN Community by 2015 has been the central element of ASEAN-Japan strategic partnership in the first decade of the 21st century.

Now, as the 2015 deadline is fast approaching, it is imperative that ASEAN and Japan start preparing the platform for the next phase in their strategic partnership. In this regard, the ASEAN-Japan strategic partnership should continue to be guided by the ASEAN Community’s ultimate goal of becoming a people-centered organization that ensures “durable peace, stability, and shared prosperity in the region.”¹ The relationship between ASEAN and Japan is solid enough that they can capitalize on their converging interests and past achievements in deepening cooperation. Yet, the complexity of the challenges they will face over the next 15 years requires both sides to reinvigorate their cooperation by giving it more focus, strengthening their resolve, and sharpening the ultimate goal of their strategic partnership without losing sight of the imperative for comprehensiveness. ASEAN and Japan should gear their cooperation toward transforming their relationship into a partnership for democracy, peace, and prosperity. For that purpose, the study group proposes the following agenda for future cooperation between ASEAN and Japan.

Economic Partnership

The economic relationship between ASEAN and Japan, which involves linkages through various channels, is already tight and robust. Jointly, they have established an innovative development model in which a new type of international division of labor is applied through the use of international production networks and what is known in economic circles as the second unbundling—an international division of labor in terms of production processes and tasks. This has contributed to sustained economic growth and a rapid reduction in poverty. Today, ASEAN and Japan are coming into a new era of *de facto* and *de jure* economic integration, and their economic cooperation should evolve accordingly. For the next 15 years, ASEAN-Japan economic cooperation should focus on eight priority areas:

1. Declaration of ASEAN Concord II (Bali Concord II), Bali, Indonesia, October 7, 2003, <http://www.asean.org/news/item/declaration-of-asean-concord-ii-bali-concord-ii>.

1. Economic Integration

- (a) Economic integration in ASEAN is approaching a critical juncture. The AEC is to be realized by the end of 2015. Pursuant to Pillar 4 of the AEC Blueprint, ASEAN has taken the initiative to accelerate economic integration in East Asia. To date, five ASEAN+1 free trade agreements have been concluded, and negotiations over the Regional Comprehensive Economic Partnership (RCEP) have just started. Thus, ASEAN and Japan should work together to achieve the timely conclusion of the RCEP negotiations with a respectable level of liberalization and ample facilitation and cooperation to suit the novel development model.
- (b) ASEAN-Japan cooperation that promotes linkages and coordination between existing and new regional and subregional initiatives should optimize the use of scarce resources by streamlining approaches taken at the regional and subregional levels, and by harnessing synergies between regional and subregional initiatives.
- (c) Advanced institutional aspects of deeper economic integration such as intellectual property rights protection, competition policy, consumer protection, and standards will become crucial issues leading up to 2015 and beyond. Technical assistance in the dissemination of information on international standards as well as the establishment of a testing center for standards compliance through public-private partnerships (PPPs) should be adopted as immediate measures for ASEAN-Japan cooperation.

2. ASEAN Connectivity

- (a) Enhancing connectivity within and beyond ASEAN is a key to further stimulating industrial activities with the second unbundling, as well as achieving geographic inclusiveness of economic growth by pushing out the frontier of production networks. CLMV countries still need to develop primary infrastructure networks, while countries already at the middle-income level need to upgrade their infrastructure to make industrial agglomeration efficient and innovative. ASEAN-Japan cooperation should continue to enhance connectivity through various channels, including ODA, other official flows, and PPPs.
- (b) In particular, the introduction of more effective PPP schemes is crucial in ASEAN in the medium term. Based on a thorough assessment of the impact of existing initiatives on infrastructure development, there is room for ASEAN-Japan cooperation to help extend this PPP scheme in ASEAN through both financial and technical/managerial channels.

- (c) To supplement ASEAN's efforts to narrow development gaps, ASEAN-Japan cooperation should work with the Initiative for ASEAN Integration (IAI) to further improve growth inclusiveness.

3. Human Resource Development

- (a) Human resource development is the ultimate source of economic development. Particularly in the development process from middle-income to fully developed economies, human resource enhancement in ASEAN has to catch up with the rapid pace of industrialization and economic growth. The mismatch between the demand for and the supply of human capital causes various difficulties in economic, social, and political contexts and thus is to be avoided. Science and engineering are among the important focuses of ASEAN-Japan cooperation in supporting ASEAN's efforts to enhance research and development capabilities.
- (b) ASEAN-Japan cooperation should focus in the short term on assisting ASEAN to fulfill basic infrastructure needs that are especially important to the ability of member countries, and particularly the CLMV countries, to upgrade their human resource and innovation capabilities. These include, among others, information and communications technology development, training, and improvements in their respective educational systems. Longer-term measures need to address educational reforms and knowledge management as well as labor market reforms that would facilitate greater mobility of workers in the region.

4. SMEs and Innovation

- (a) The development of small and medium-sized enterprises (SMEs) in ASEAN is critical for enhancing ASEAN's inclusiveness and competitiveness. In this regard, capability building and upgrading are greatly needed to facilitate the development of SMEs in the region. ASEAN-Japan cooperation needs to draw on Japan's wealth of experience in developing its SMEs and also to tap Japanese SMEs' need to expand their overseas operations and networks to help build the SME sector in ASEAN.
- (b) A key area of focus for ASEAN-Japan cooperation is the use of Japan's competencies in industrial technology and technological education to foster human resource development in technology and management in the ASEAN member states. In particular, ASEAN can learn from the Japanese certification system for SME support officers, as certifying them will enhance their professionalism and improve the management of

these SMEs. Similarly, Japan's credit facilitating systems can be adopted to improve access to financing for ASEAN SMEs.

- (c) ASEAN-Japan cooperation to create a credibility index for SMEs will help to ease the entry of SMEs into international production networks. This composite index of firm-level capabilities can help to reduce information and search costs in business matching. ASEAN-Japan cooperation to create spaces for business matching in actual and virtual exhibitions can help to promote SMEs' participation in regional production networks and exports. Cooperation measures in both physical and soft infrastructure conducive to SME development are needed in the medium and long run.
- (d) Given that Japan has the most comprehensive country statistics on SMEs in Asia, ASEAN should tap into Japan's know-how to construct an ASEAN SME databank that can be used to facilitate research for policy purposes.
- (e) Upgrading innovation particularly by local firms is crucial in order for ASEAN to swerve around the so-called middle-income trap. Promoting FDI is an important measure for technology transfer and learning in order to spur innovation in ASEAN.
- (f) Japan's assistance in the form of technical and financial support for the development of economic zones can help to create local employment opportunities for these countries with the participation of Japanese enterprises in these zones.

5. Economic Security

- (a) Diverse approaches to nontraditional security challenges that affect ASEAN's economic security, such as food and energy security, need to be developed. There is ample room for ASEAN-Japan cooperation on these issues, while continued cooperation in the area of disaster management will be crucial as well.
- (b) Japan could provide other forms of assistance, including research expertise to examine food insecurity, malnutrition, and vulnerability among certain social groups; joint mechanisms to address macroeconomic instability; the development of a community-based food security monitoring system at the regional level; and the continued support of Japanese investment in the region.
- (c) Further efforts to close the development gap include a special focus on social safety nets and food security programs for the CLMV countries.

Japan could also provide expertise based on its success in managing funds for the elderly and could help formulate mechanisms and build capacity for developing contingency support in the CLMV countries, particularly during times of crisis. Enhancing institutional capacity for the development of a consistent overall framework toward poverty reduction that incorporates food safety and social security programs in these countries with technical expertise from Japan could also be effective.

6. Macroeconomic and Financial Cooperation

- (a) ASEAN-Japan cooperation should focus on enhancing the effectiveness of the Chiang Mai Initiative Multilateralization (CMIM) and the ASEAN+3 Macroeconomic Research Office (AMRO). In the short term, Japan needs to ensure that the CMIM has sufficient funds for crisis prevention and resolution while AMRO has to focus on providing transparent assessments of the economic and financial health of members' economies.
- (b) Medium-term measures for fostering greater financial integration require Japanese assistance to focus on building the soft infrastructure needed for financial integration. Japan can also encourage its financial institutions to increase their purchase of ASEAN's local currency bonds. Finally, ASEAN-Japan cooperation needs to promote and strengthen financial literacy to reduce asymmetries in access to information and to increase knowledge of capital markets in the region, as this will encourage greater investment in these markets.

7. Energy and the Environment

- (a) Rapid economic growth in ASEAN, together with industrialization and urbanization, will inevitably increase energy use in the short and medium term. In order for ASEAN to come back to a sustainable path, substantial energy conservation as well as drastic advancements in energy-related technologies are needed. ASEAN-Japan cooperation should nurture various channels, both governmental and private, to address long-term sustainability.
- (b) People's awareness of environmental issues in ASEAN will surely be enhanced in the coming years. ASEAN-Japan cooperation is essential to making sure that ASEAN member countries gain access to advanced technologies and establish effective governance of know-how related to environmental conservation.

8. Policy Research

- (a) Enhancing indigenous capability to conduct policy research in order to improve policy formulation and move up in status in international forums is crucial for ASEAN. Through the five-year experience of the Economic Research Institute for ASEAN and East Asia (ERIA), which was established with seed money from Japan, both policymakers and academics have recognized the importance of high-quality policy studies in international cooperation. ASEAN and Japan must continuously work to strengthen efforts to establish an ASEAN or East Asia version of the Organisation for Economic Co-operation and Development (OECD).

Political-Security Partnership

Southeast Asia has been a region of relative peace for more than four decades. The end of the Cold War in the late 1980s paved the way for the realization of the shared dream of bringing all Southeast Asian countries to live and work together in peace. At the turn of the 21st century, all Southeast Asian countries had become members of ASEAN, making the dream of “One Southeast Asia” a reality. Now that all Southeast Asian nations, with the exception of Timor Leste, have become members of ASEAN, they share equal political responsibility to make ASEAN strong, resilient, peaceful, and most important of all, united. This is the primary reason why ASEAN pledged in 2003 to transform itself into a security community by 2015 “to ensure that countries in the region live at peace with one another and with the world at large in a just, democratic and harmonious environment.”²

ASEAN’s aspiration to create a political-security community that is democratic and peaceful fits well with the long-term evolution of an international order premised on the values of peace, democracy, and people-centered development. Within the changing strategic context of East Asia and its corresponding challenges, the pursuit of such an aspiration clearly requires greater resolve and consistency among ASEAN member states to sustain ASEAN’s unity and centrality. Indeed, in order to respond to the new challenges, ASEAN has begun to strengthen its cohesion by intensifying institution-building efforts and implementing its work plan in the political-security field. ASEAN, however, cannot fulfill this ideal without the support of others. Here, the role of Japan will be critical in the years to come. For the next 15 years, ASEAN-Japan cooperation in the political-security field should focus on five priority areas:

² Ibid.

1. Democracy and Human Rights

- (a) Given the limitations of civil society in many countries in the region, Japan-ASEAN cooperation should focus on the task of overcoming fragmentation. One effective measure for Japan and ASEAN to implement together would be to foster linkages among civic organizations that bridge divides among ethnicities, between urban and rural populations, and among religious groups, allowing local constituencies to be mobilized.
- (b) To help civil society in the region overcome its weaknesses, Japan and ASEAN should actively support the growth of networks of civil society organizations (CSOs) in Southeast Asia. For instance, Japan and ASEAN could set up a special fund to provide financial assistance to those CSOs that contribute to the building of regionwide CSO networks and the empowerment of local CSOs at the forefront of efforts to build democracy and protect human rights. Furthermore, the possibility of establishing CSO networks that include both Japan and ASEAN should be considered.
- (c) Japan and ASEAN should work together to consolidate the rule of law among democratic ASEAN members. Considering the differences in levels of political development among ASEAN member states, the successful implementation of the APSC project will depend on efforts made by democratic ASEAN members, in particular Indonesia and the Philippines. Although these two countries have already established special government bodies to fight corruption, such as an anticorruption commission and the Asian Ombudsman Association, these institutions have often been plagued by dysfunctional judicial systems, in which corruption still prevails.
- (d) Japan is one of a small number of countries possessing the necessary expertise to contribute to judicial reform in the member states of ASEAN in general and in Indonesia and the Philippines in particular. Japan could help both Indonesia and the Philippines improve their educational and training programs for law students, judges, prosecutors, and other legal practitioners in order to increase the professional skills of law practitioners while strengthening the ethical performance of their judicial systems. Such collaboration would contribute to the dissemination of democratic ideals in both countries, thus helping to strengthen their ability to lead the APSC project.

2. Maritime Security

- (a) ASEAN and Japan both need to recognize that the maritime security environment in Asia Pacific is holistic, interconnected, and continuous from the Indian Ocean through the Malacca Straits, from the South China Sea to the East China Sea, affecting the security and prosperity of the whole region. It is therefore in ASEAN and Japan's interests to promote regionwide cooperation to help ensure the security and stability of the Indo-Pacific maritime belt.
- (b) On the basis of this recognition, ASEAN and Japan need to cooperate to strengthen the principles of and respect for international law, especially the 1982 United Nations Convention on the Law of the Sea (UNCLOS) as the basic framework for regional maritime order. ASEAN and Japan should work together to encourage the region to identify areas and issues particular to East Asia that UNCLOS has not been able to address or that it has addressed inadequately.
- (c) In order to strengthen rules-based order at sea, Japan should fully support ASEAN's Six-Point Principles on the South China Sea, particularly ASEAN's efforts to conclude a code of conduct on the South China Sea. Japan and ASEAN should jointly conduct confidence-building activities in accordance with international law, especially UNCLOS.
- (d) Japan should further extend assistance to ASEAN to help enhance the latter's capacity to maintain maritime order in waters under its jurisdiction, as this will contribute to the overall security and stability of the region. The assistance should continue to be in the form of hardware (such as patrol boats, surveillance equipment, telecommunications equipment, etc.) and software (awareness promotion and training, joint exercises, etc.). To do this, Japan might consider extending the use of its ODA to the region more for strategic uses, as discussed above.
- (e) Japan and ASEAN should conduct more joint maritime operations involving coast guards or defense forces, which could include port visits, joint patrols, search and rescue, disaster relief, scientific research, joint military exercises, and training.

3. Nontraditional Security

- (a) In the area of humanitarian assistance and disaster relief, ASEAN and Japan should sustain the operations of the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre). Japan has contributed to the establishment of the AHA Centre, especially

in providing technical support. While the AHA Centre is focused on addressing Southeast Asian needs, the framework of cooperation could potentially be extended to facilitate ASEAN-Japan mutual support in the event of contingencies. Also, ASEAN and Japan should build closer cooperation between the AHA Centre and Japan's initiative to create a Disaster Management Network as a part of the comprehensive disaster management cooperation plan developed by Japan. Special attention should be given to the proposal to use satellites for disaster management to develop early warning systems for remote, poor areas across the region. An institutionalized framework for integrating elements of Japan's Self-Defense Forces and emergency response agencies within the AHA structure would solidify Japan's continuing support for humanitarian assistance and disaster relief in the region.

- (b) In combating transnational crime, ASEAN should consider establishing an ASEAN Coordinating Center on Combating Transnational Crime as a monitoring office for compliance by the ASEAN states with specific ASEAN-related commitments on transnational crime issues. To combat drug trafficking, this center would work with the Japanese government to assess the results of the mid-term review of the ASEAN Work Plan on Combating Illicit Drug Production, Trafficking, and Use (2009–2015) and identify gaps that need to be addressed. Similarly, this center must monitor efforts toward the implementation of an ASEAN common course of action against trafficking in persons. The APSC commits ASEAN to the establishment and implementation of an ASEAN Convention on Trafficking in Persons, and Japan should encourage ASEAN leaders to move toward a more institutionalized commitment to this convention.
- (c) Cooperation on counter-terrorism was given a great boost with the entry into force of the ASEAN Convention on Counter-Terrorism (ACCT). More importantly, Malaysia's ratification ensures the participation and commitment of all ASEAN member states in the ACCT. Consequent to this, ASEAN and Japan should consider the following recommendations, which go beyond what is addressed in the Bali Declaration:
 - i. The weakness of ASEAN's current counter-terrorism efforts has to do with the inadequacy of regional institutional mechanisms that are meant to enforce implementation and compliance. Consequently, counter-terrorism remains largely based on national-level responses. It is in this context that Japanese assistance to enhance national-level capabilities, especially on information processing and real-time response to tactical intelligence, becomes important.

- ii. Japan should encourage and assist ASEAN in its efforts to strengthen institutional cooperation. Increasingly, however, institutional cooperation should emphasize counter-ideological operations even as law enforcement and effective police work remain the mainstays of counter-terrorism efforts in the region. Japan and ASEAN should jointly create, within the context of the ACCT, programs that will be directed at countering extremist teachings and weaning young people from the influence of extremist ideologies.
- (d) The issue of cybersecurity did not receive much attention in the Bali Declaration. Recognizing that the proposed Master Plan on ASEAN Connectivity is still a very sensitive issue, there is nonetheless a need to put together a document that outlines ASEAN concerns, goals, and strategies on cybersecurity. This would provide the basis for collective action and cooperation with Japan on this issue.
- (e) The absence of such a master plan or strategy paper notwithstanding, Japan should assist ASEAN in the implementation of capacity-building and technical-assistance measures. Also, it is important to harmonize laws among countries in the region aimed at combating cybercrime. Japanese laws and experience could be important in helping shape laws and the legal standards that would serve as the basis of those laws.

4. Peacekeeping and Preventive Diplomacy

- (a) Both ASEAN and Japan have participated actively in peacekeeping, peacebuilding, and preventive diplomacy. Therefore, there is considerable potential for ASEAN and Japan together to become more involved in peacebuilding, providing assistance in post-conflict situations in humanitarian and technical areas, as well as in the practice of preventive diplomacy.
- (b) ASEAN and Japan should cooperate to build the peacekeeping capacity of ASEAN member states through such efforts as ASEAN's move to create an ASEAN Peacekeeping Centres Network. By anchoring these efforts within a framework set by ASEAN collectively and within principles of peace and cooperation, ASEAN can assist Japan by ensuring that growing efforts in this area are directed toward peace.
- (c) Both ASEAN and Japan should invest more in peacebuilding initiatives, not only providing troops or police officers but also sharing technology and training to help create the conditions for long-term stability. Given their wealth of experience, ASEAN and Japan are well placed to help

countries or territories in the region create civic institutions, construct key physical infrastructure, and build their human resources.

- (d) ASEAN and Japan should consider building greater capacity for preventive diplomacy, be it at the bilateral, multilateral, or regional level. In addition to hosting forums like the ASEAN Regional Forum and potentially providing a platform for such diplomacy, there is also a need for the foreign ministries of ASEAN countries and Japan to train and equip diplomats to play the role of envoys and mediators.

5. Defense Cooperation

- (a) To optimize resources and foster intra-regional cooperation, the ASEAN Defence Ministers Meeting established the ASEAN Defence Industry Collaboration (ADIC) in May 2011. In light of the Japanese cabinet decision in December 2011 to relax the ban on arms exports and joint development, Japan and ASEAN should explore a strategic partnership for collaboration within the ADIC framework.
- (b) The waterways between the Indian and Pacific Oceans are some of the world's busiest and most vital. The possibility of a collision or an incident at sea cannot be discounted and merits consideration and planning for regional cooperation. The armed forces—particularly the navies—are often the first responders to such contingencies. Indeed the navy is positioned to play an instrumental role in search and rescue operations. Submarine search and rescue operations are highly technical and sophisticated, and not many countries that operate submarines have such capabilities. Japan, which operates the largest submarine fleet in East Asia and has the most experience in sub-surface operations, should take the lead in establishing an ASEAN-Japan framework for sub-surface search and rescue operations.
- (c) Japan has made immense contributions to addressing the problem of piracy in the Straits of Malacca. While threats there are now contained and well managed under the framework of the three littoral states—Indonesia, Malaysia, and Singapore—Japan and ASEAN shipping interests still face a long-standing and sustained threat in the Gulf of Aden and the Indian Ocean. At present, Japan, Malaysia, and Singapore deploy naval assets in support of anti-piracy efforts off the coast of Somalia. While Singapore is a party to the multinational Combined Task Force 151, Japan and Malaysia have opted for independent modes of operations. Combining the Japanese and Malaysian resources would optimize their limited resources while providing the additional benefit of enhancing

interoperability and familiarization between the two navies. If it comes to fruition, the cooperation would be the first “live” out-of-area defense cooperation between Japan and an ASEAN country. Japan should then explore opportunities to partner with contributing ASEAN member states to patrol the waters in the Gulf of Aden and the Indian Ocean.

- (d) The protection of exclusive economic zones (EEZs) is a top priority for littoral states, and the coast guard is a frontline agency to safeguard and enforce rights within the EEZs. Japan has taken the lead in engaging regional coast guards with the establishment of the Heads of Asian Coast Guard Agencies Meeting in 2004. In addition, it has contributed material and capacity-building resources to ASEAN member states. Japan played an important role in the establishment of the Malaysian Maritime Enforcement Agency and most recently extended soft loans to the Philippine government to purchase 10 patrol boats. Japan’s continuing support for efforts to boost the capacity and strength of the ASEAN coast guards is a positive contribution toward regional peace and security.
- (e) Japan has long been at the vanguard of nonproliferation efforts and could contribute to the implementation and consolidation of the Southeast Asia Nuclear-Weapon-Free Zone (SEANWFZ). Signed in 1995 but only coming into effect in 2001, when the last ASEAN member state—the Philippines—ratified the treaty, the SEANWFZ sought to establish a region that would disavow nuclear weapons. The ASEAN states pledge not to possess, develop, or “have control over” nuclear weapons, which is akin to Japan’s “three non-nuclear principles.” Japan could also assist and collaborate with ASEAN to set up mechanisms to manage and provide oversight capabilities to guard against possible proliferation.

Socio-Cultural Partnership

The participation and inclusion of the peoples of ASEAN is essential to the building of the ASEAN Community. Therefore, it must be emphasized that if the type of enhanced security cooperation sought by the APSC and the economic growth and prosperity sought by the AEC are not goals that are felt and shared among the region’s peoples—especially the most vulnerable among them—the prospects for building the ASEAN Community, and by extension the strategic partnership between ASEAN and Japan envisioned in the POA, cannot be rosy. The protection of vulnerable populations in ASEAN—including women and children, the elderly, the poor and marginalized, migrant workers, the socially excluded (such as ethnic minorities),

and people with disabilities—is another concern of the ASCC and is key to a people-centered ASEAN Community. Similarly, because building an ASEAN identity is fundamental to community building, the focus of the recommendations for the ASCC must address these twin concerns of building ASEAN identity while simultaneously protecting those who are most vulnerable. The ASEAN-Japan partnership should be leveraged to achieve goals that meet these concerns, using a bottom-up approach and the principle of inclusiveness, whereby civil society is involved at all stages, from planning to implementation and assessment of programs and projects. These priorities presume a narrowing of the development gap that transcends the economic dimension, as they also require an effective ASEAN-Japan partnership.

1. Building the ASEAN Identity

- (a) Given that building an ASEAN identity requires determined identity-formation measures that acknowledge ASEAN’s rich cultural diversity and heritage, ASEAN and Japan should design, adopt, and support an ASEAN Identity Project that celebrates ASEAN’s rich cultural diversity.
- (b) Japan and ASEAN should support programs in the POA that raise ASEAN awareness, such as media (mainstream and new media) partnerships, exchanges (community and sister-city networks, food and craft enterprises, etc.), and people-to-people interactions (such as academic and youth exchanges). This might include capacity building for new media technologies and content development or collaboration between Japan’s public broadcasting network, NHK, and other ASEAN broadcast networks at bilateral and multilateral levels.
- (c) Existing programs such as the ASEAN University Network should be strengthened with Japanese support and made more effective to raise awareness about ASEAN and foster identity formation beyond the region’s elite groups found in government, business, and academia.
- (d) The two partners should adopt a regionwide program to build effective multitrack engagements among ASEAN governments, professionals, and grassroots organizations for an inclusive and participatory community-building process that Japan can support through financial, programmatic, and other means.
- (e) Japan should help establish a low-interest rate loan program for small and medium-sized cultural enterprises that promote cultural creativity and industry with the goal of building ASEAN’s cultural heritage, and Japan should support this through various means.

2. Cooperation in Regard to the MDGs and Post-MDG Issues

- (a) ASEAN and Japan should attend to the gaps in progress toward achieving the Millennium Development Goals (MDGs) among and within all ASEAN countries, with special attention paid to the CLMV countries.
- (b) Efforts should be made to align bilateral and regional programs related to the achievement of the MDGs that are funded by Japanese ODA (such as those based on the Japan International Cooperation Agency [JICA]–ASEAN cooperation agreement and the JAIF) to the regional priorities of the ASCC.
- (c) ASEAN member countries and Japan need to identify the potential social and human development issues that may be common problems in the region to be tackled in the post-MDGs era (e.g., social welfare in aging societies and falling birth rates). Japan's experience may be relevant and should be shared in this regard.
- (d) ASEAN member countries and Japan should promote knowledge and information sharing on regional best practices as well as on regional experts in each policy area through the creation of a database, as proposed in the ASEAN MDGs Roadmap. These efforts may be supported through the JAIF or through a regionwide project based on the JICA-ASEAN cooperation agreement. Japanese experiences and expertise could also be included in the database. More importantly, information from less developed member countries should be considered for inclusion.
- (e) Japan should consider a multilateral cooperation scheme that would no longer be limited to the Third Country Training Program. Joint projects with donors to ASEAN's South-South cooperation activities should also be encouraged by enhancing the flexibility of Japan's ODA schemes.

3. The Promotion and Protection of Human Rights and Welfare (Especially of Vulnerable Peoples)

- (a) ASEAN member countries and Japan should support activities to prevent the negative impacts of development on vulnerable peoples, including women, children and youth, the elderly, people with disabilities, indigenous peoples, and migrant workers. In this regard, an ASEAN Code of Conduct for Corporate Social Responsibility (CSR) should be adopted, and Japan can support this through its businesses operating in ASEAN countries and through its ODA schemes.

- (b) ASEAN member countries and Japan should support the CSR and business and human rights activities of both Japanese and ASEAN multinational firms, for example by establishing an award scheme to honor multinational firms with best practices in CSR and business and human rights programs.
- (c) ASEAN member countries and Japan should support social safety net programs to provide humanitarian assistance and human rights protection schemes for these vulnerable groups. In this respect, the Japanese government should be encouraged to give due attention to ASEAN in the implementation of Japan's Strategy on Global Health Diplomacy, which was launched in May 2013 and is premised on the assumption that Japanese contributions to the health and welfare of the people should strengthen the societal base of regional integration.
- (d) ASEAN member countries and Japan should strengthen the functioning of the recently established ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC).
- (e) ASEAN member countries and Japan should support and complement national commitments to common objectives under the MDGs and Rio+20 goals through existing bilateral, subregional, and regional frameworks and through the identification of priorities where capacity building and other technical and financial support can complement and assist ASEAN members' national commitments to common global undertakings for sustainable development.

4. Improving Disaster Management Networks and Humanitarian Action

- (a) ASEAN and Japan should support relevant priorities of the IAI such as rural infrastructure development, particularly in the CLMV, focusing on disaster-resilient structures in the rural coastal communities exposed to natural disasters and hazards. ASEAN and Japan should strengthen disaster awareness education in the communities most exposed and vulnerable to natural hazards.
- (b) Existing capacities in ASEAN members and Japan should be strengthened for evaluating disaster risks and vulnerabilities, disaster preparedness, and resilience, especially in responding to complex disasters (such as Fukushima) requiring massive humanitarian operations.
- (c) ASEAN and Japan should undertake inclusive public dialogue on disaster awareness and preparedness using lessons learned and best practices

on natural disaster management and humanitarian responses, including from Japan's experience with the disaster in Fukushima.

5. People-to-People Connectivity through Education, the Youth, and Media

- (a) ASEAN member nations and Japan should promote awareness and knowledge about each other beyond the modalities of traditional education and media.
- (b) Existing programs involving the youth of ASEAN and Japan should be strengthened.
- (c) The existing connectivity among the youth of ASEAN member countries and Japan should be strengthened.

6. Beyond 2015

- (a) The ASEAN-Japan partnership should continue to identify the development gaps within the ASCC while jointly considering other gaps within ASEAN that are critical to a people-centered ASEAN Community.
- (b) The two partners should continue to cooperate in working toward the post-MDG targets for which Japanese resources and experience may be relevant if targets such as those dealing with aging societies and low birth rates are included.
- (c) ASEAN and Japan should focus on improving mechanisms for bilateral cooperation, which may take the form of more flexible Japanese ODA schemes, a change in the JAIF to allow applicants other than governments, or a more effective and decisive decision-making process within ASEAN.

THE RESPONSIBILITY TO IMPLEMENT

Implementation constitutes one of the most difficult challenges in translating ideas and plans into reality. ASEAN-Japan cooperation, albeit framed within a strategic partnership, faces the same challenge. It is imperative that ASEAN and Japan adopt a principle of what could be called the “responsibility to implement” (R2I). In the context of promoting the ASEAN-Japan Strategic Partnership for Democracy, Peace, and Prosperity beyond the political will of leaders in ASEAN and Japan, the successful application of the R2I principle requires a focus on capacity building, institutions, and

strategies. Without concerted efforts to develop the capacity to implement, ASEAN-Japan cooperation will only evolve slowly. ASEAN-Japan cooperation will not grow unless both sides agree to strengthen institutions needed not only to implement a cooperative agenda but also to sustain and nurture that cooperation. Such institutions are needed at both the Track 1 and Track 2 levels. Finally, ASEAN-Japan strategic partnership in the post-2015 era also requires a strategy to guide the implementation process.

The Imperative of Capacity Building

The successful implementation of cooperative agendas within the ASEAN-Japan strategic partnership will depend on the capacity of all parties to translate plans into action. In this regard, ASEAN and Japan should work together in the following areas:

1. Strengthen the capacity of the ASEAN Secretariat to monitor and assess progress in the implementation of the ASEAN-Japan strategic partnership's POAs. This capacity-building program should be part of broader ASEAN-Japan cooperation to strengthen the capacity of the ASEAN Secretariat as a whole.
2. Provide adequate resources to support the work of the JAIF Management Team at the ASEAN Secretariat in order to enhance its capacity to manage programs and activities that facilitate ASEAN integration.
3. Provide training to various line-ministries in ASEAN member states responsible for implementing ASEAN-Japan agreements in various areas, especially in priority areas proposed by the Study Group on ASEAN-Japan Strategic Partnership contained in this report.
4. Enhance the capacity of universities and think tanks in the region, and especially in ASEAN member states, to conduct policy-oriented research and studies so that ASEAN and Japan can draw more independent, evidence-based lessons on how to promote and strengthen ASEAN-Japan strategic partnership.

Institutional Arrangements

The ASEAN-Japan strategic partnership will not live up to its potential unless solid institutional arrangements are put in place. In this regard, ASEAN and Japan should consider the following measures:

1. Create a new policy research institute for ASEAN-Japan strategic partnership. The institute, along with ERIA, should aim to promote implementation of these recommendations regarding ASEAN-Japan cooperation beyond 2015 by further investigating concrete action plans and facilitating intellectual exchange.
2. Upgrade the existing institutional frameworks of cooperation. For example, ASEAN-Japan vice-minister of defense meetings should be upgraded to a full minister of defense meeting. It is also time for ASEAN and Japan to convene a “2+2” meeting, facilitating closer coordination between ministers of foreign affairs and ministers of defense.
3. The ASEAN-Japan Forum should be revitalized so that it can better serve as a venue for exchanging views, generating new ideas, and providing assessments on the progress of cooperation between ASEAN and Japan.
4. ASEAN and Japan should facilitate greater interaction, cooperation, and dialogue among Track 2 and Track 3 stakeholders of the partnership on a regular basis.

A Strategy for Cooperation in the 21st Century

The implementation of ASEAN-Japan strategic partnership requires a common strategy that serves the shared objectives of both sides.

1. ASEAN-Japan strategic partnership is no longer a one-way relationship but one that is characterized by a truly equal partnership. This means that the two sides should share not only a common agenda but more importantly common principles of a regional order today and in the future. These principles should include the following:
 - (a) bottom-up, people-centered approaches to issues and challenges in the promotion of democracy, peace, and prosperity
 - (b) a rules-based regional order, particularly in the domain of maritime security, sustained by the principle of non-use of force as a means of settling disputes
 - (c) principles of internationalism and open regionalism in promoting cooperation among the governments, not only in the areas of economic and socio-cultural integration but also in political and security cooperation
 - (d) recognition of the increasing importance of a new type of PPP, based upon people-centered, rules-based, and internationalist principles

2. ASEAN-Japan strategic partnership is no longer confined to government-to-government cooperation but also involves broader stakeholders. In this regard, specific attention should be given to enhancing the following:
 - (a) interaction between parliaments of ASEAN member states and Japan
 - (b) participation of CSOs and NGOs in promoting ASEAN-Japan cooperation
 - (c) an active role for the media in building awareness and mutual understanding between ASEAN and Japan
 - (d) dialogue and cooperation between academia and think tanks



The ASEAN-Japan relationship has made great strides toward nurturing a truly equal partnership since the establishment of the ASEAN-Japan forum on synthetic rubber in 1973. During the last four decades, Japan has contributed to the regional integration of Southeast Asia primarily through economic means, which in turn has facilitated social and political stability in many ASEAN countries. During much of this time, if not recently, Japan has shied away somewhat from playing explicit political and security roles, although Tokyo has been claiming, quite rightly, that political democratization in Asia **should ensue from economic development and social stability.**

Today, the regional and global parameters affecting democracy, peace, and prosperity are undergoing historic and fundamental changes. ASEAN and Japan have the joint responsibility to steer this uncertain process of transformation in order to realize a more democratic, more peaceful, and more prosperous region. This should require bold, new thinking and action, such as the ideas suggested in this report. At this critical juncture of the 40th anniversary of ASEAN-Japan cooperation, the responsibility to implement is greater than ever.

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