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**The Implications of Japanese Engagement Policy
towards Myanmar: 1988-Present**

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Abstract

This paper investigates the roots of Japan's Myanmar policy, namely, internal influences which include national interests, Japanese traditional political cultures and domestic politics and external influences which are Japan-US relations, burgeoning China influence in Southeast Asia and universal values of democracy and human rights Japan has followed since the end of World War II.

The study argued that the engagement pattern of Japanese involvement in Myanmar over the past decades went around the mentioned internal and external implications searching for ultimate national interests and its challenge to changing politico-economic circumstances in East Asian and Southeast Asian region.

ODA volumes are the essential tools of Japan in checking and balancing these relating factors. Japanese government curbed or temporarily stopped its ODA volumes to secure its longstanding economic and security ties with the US as well as its image as established democratic countries and ODA Charter protector. Its ODA means also a tool to maintain its relationship with Myanmar in the midst of China influence, if not to curb Chinese presence in the country for the time-being.

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1. Introduction

Japan has bonded a long relationship with Burma/Myanmar² since World War II. It had asserted both constructive and distrustful feelings to the Burmese society. After World War II following by the independence of Burma in 1948 up to the present, Japan has been the major aid supporter to the Burmese/Myanmar government. Since the Myanmar military junta ignored the result of the general election held in 1990 following the military failure to transfer power to the elected party along with the suppression of the political oppositions, Japan seemed to be in the diplomatic crossroad with Myanmar. Japan's conventional policy of non-intervention was by far impractical as it was unacceptable by international community. Japan was drawn into the stream of democracy and human rights dogma in its relations with the Myanmar military government. With various factors involved, it seems that Japan was occasionally reluctant on when and how to properly employ the stick or carrot principle to the military government.

In the world stage, the international community has been divided into two factions, i.e. pro-sanction vs. pro-engagement. The Western governments led by the United States tempt to suspend aid provisions and impose economic embargos, while Myanmar neighbouring countries including China, India and ASEAN advocated increasing political and economic cooperation with the regime in Yangon. Also South Korea, a potential economic rival of Japan is another country that is eager to promote its economic ties with Myanmar.

Ironically, international economic relations with Myanmar have not come from only the pro-engagement countries, but also from some pro-embargo pioneering states, even if in limited volumes. Myanmar's international economic transaction has been increasing every year. Foreign investment into the country surged to a record high US\$6 billion in the fiscal 2005-2006 year that ended in March, up from \$158.3 million recorded the previous year, according to recently released Myanmar official statistics. Myanmar's total trade also hit a record high of \$5.5 billion over the same period, surging 27% year on year and handing the junta a rare trade surplus of \$1.6 billion. Bilateral trade was on pace to expand even faster in 2006 to more than \$7 billion as the junta cashes in on high global energy prices.³

Considering Japan's relations with Myanmar, which is often seen as pro-engagement, surprisingly, Japanese trade (other than its import into Myanmar under the assistance) and investment there is minuscule. Under the Official Development Assistance (ODA) program, Japan is the largest aid donor, on the other hand, it falls short in having normal economic relations with Myanmar. To understand the rationale of Japan's policy and policy implementation towards Myanmar, one may have to investigate the courses of relating factors including the projection of Japan's international political and diplomatic position. Otherwise, Japanese policy towards Myanmar often appears to be criticized simply as ambiguous as well as inconsistent.

This paper examines concept and implementation of Japan's policy towards Myanmar since 1988. It scrutinizes the contexts of Japan's Myanmar policy and the

² The name "Myanmar" was adopted by the SLORC in 1989. The government of Myanmar now uses the word exclusively for all of the history of the country and the adjective form for "Burmese". The opposition does not recognize its use, and continues to employ "Burma". Following the United Nations, Myanmar is used here to refer to the SLORC and SPDC period, and Burma, in other situations. "Burmese" refers to all citizens of the state.

³ Asia Times, 28 November, 2006 in http://www.atimes.com/atimes/Southeast_Asia.html. Accessed on November 28, 2006.

relevant conditions as well as verifies Japan's position in Myanmar's international relations and Myanmar's position in Japan's international strategy. It would particularly investigate Japan's challenge to balance roots of Japan's controversial Myanmar policy, namely, internal influences which include national interests and domestic politics and external influences which are Japan-US relations, burgeoning China influence in Southeast Asia and universal values, which Japan has followed since the end of World War II.

Another point bears discussing is to what extent Japan is required to balance its pro-engagement policy with the pro-embargo camp led by the US or to make its policy independent from the US, which has been politically and economically the most important country for Japan and finally how important Myanmar is in Japanese international strategy are among the questions to be investigated.

1. Past and present of Japan-Myanmar relations with the analysis of Japan's policy implementation

Japan has been the only country which has bonded a deep and long time relations with Burma/Myanmar through the provision of war reparations and the Official Development Assistance since 1955 and 1968. The beginning of Japan's role in forcing Burma to economic reform was in late 1987, a year before the present military regime was in power. By late 1987 Burma was bankrupt of foreign exchange, with the collapse of its official economy. In March 1988 Japan, who had provided some cumulative of \$2.2 billion in economic aid package since the 1954 peace treaty and reparations agreement, was upset by Burma's economic mismanagement. It quietly but officially protested the Burmese government that unless significant economic policy reforms were made, Japan would have to reconsider its economic relations with Burma.⁴ Based on statistics as of 1987, Japan's ODA made up 71.5% of total foreign aid received by Burma and constituted 20% of Burma's national budget.⁵ Additionally, in this period Japan was the only aid donor country that maintained diplomatic relations with the Burmese socialist government.

Soon after the Burmese military regime seized into power by suppressing the pro-democratic movement and established the State Law and Order Restoration Council (SLORC) on September 18, 1988, followed by the abolishment of all 'Organs of State Power' that were formed under the 1974 Burmese Constitution, conditions for Japanese policy towards the country since then were more complicated and affected particularly by the pressure of international community.

Political unrest in Burma/Myanmar and Japanese policy approach

Japanese relations with Myanmar since 1988 could roughly be divided into four periods coherent with political situations and detention or release of political oppositional figures in Myanmar, particularly Aung San Suu Kyi. The first period is between 1988-1995, which includes the seize of power by Burmese Army in 1988, the detention of Aung San Suu Kyi under house arrest between 1989-1995 under a 1975 law to protect the state from "subversion" and the turn-over of May 27, 1990 general election vote results, which the major opposition party, the National League

⁴ David I. Steinberg, "Japanese Economic Assistance to Burma: Aid in the Tarenagashi (to flow through without control) manner?," in Wolf Mendl, ed. *Japan and South East Asia*. London: Routledge, 2001. 348-9.

⁵ Mikio Oishi and Fumitaka Furuoka, "Can Japanese Aid Be an Effective Tool of Influence: Case Studies of Cambodia and Burma," *Asian Survey*, Vol. 14, No. 6, November/December 2003, p.898.

for Democracy (NLD), won a landslide victory with a majority of 392 out of the 492 seats. The second period is the release of Aung San Suu Kyi between 1995 to 2000. The third period is her second detention which lies between 2000-2002 and release between 2002-2003. And the fourth period is her third house arrest from May 30, 2003 to the present.

1) The military power control and the arrest of Aung San Suu Kyi: 1988-1995

After the massacre incident in September 1988 and the state power seized by the military junta, Japan followed the West in suspending aid. However, it was criticized as not relating the military acts of violence as a reason for sanction to the ruthless behavior of the Burmese military.⁶ In February 1989, some months after the people's uprising incident, Japan disentangled itself from the West when it recognized the military regime as the legitimate government of Myanmar and invited SLORC leaders to attend the State Funeral Ceremony of the late Emperor Hirohito. Such sequence of diplomatic maneuvers was strongly confirmed the course of Japan's policy on Myanmar. While Tokyo announced maintaining the freeze on new aid programs, between 1989 and 1994 the Japanese government resumed its economic aid for infrastructure development such as gas and hydropower projects, dam construction and airport renovation and expansion under a claim that the projects had been initiated before the 1988 coup.⁷ Such action could be explained that Japan attempted to legitimate its engagement with the junta to a very high extent. From 1990 to 1993, Japan's share in the total amount of foreign aid given to Myanmar by members of the OECD Development Assistance Committee (DAC) was about 70%, making Japan the biggest donor of foreign aid to the country. On the contrary, the second biggest donor in OECD members gave less than 10% in the same period. And by 1994, Japan's share constituted more than 90% of DAC members' aid to Myanmar.⁸

Japan was also seen as the mediator and even facilitator of the military junta in several occasions. For instance, it helped delay the 1990 UN General Assembly's Third Committee's adoption of a Swedish-sponsored UN committee resolution calling on SLORC to hold new elections and release political prisoners. Japan even helped defer voting on the resolution for a year to see the results of upcoming elections and asked Sadako Ogata, Japanese United Nations High Commissioner for Refugees, to head a study mission to appraise conditions in Myanmar but refused to release Ogata's final report.⁹ In October 1992, Japanese ambassador to Myanmar, Tomoya Kawamura, informed the SLORC member Tin Tun that Japan was "satisfied" with improvements in the political situation despite the SLORC's continuing refusal to release Aung San Suu Kyi and honor the results of the 1990 elections while Aung San Suu Kyi was awarded the Nobel Peace Prize for her struggle against repression in Myanmar and the abuses of the regime a year earlier.¹⁰

Japanese interests in Myanmar are never ambiguous that Minister of International Trade and Industry (MITI) established a working group on cooperation

⁶ David Arase, "Japanese Policy toward Democracy and Human Rights in Asia", Asian Survey, Vol. 33, No.10, 1993, p.946.

⁷ See Yuki Akimoto, "A Yen to Help the Junta," October 2004 in <http://www.irrawaddy.org/aviewer.asp?a=4128&z=104>. Accessed on February 11, 2007.

⁸ Mikio Oishi and Fumitaka Furuoka, "Can Japanese Aid Be an Effective Tool of Influence: Case Studies of Cambodia and Burma," p. 899.

⁹ See more details in David Arase, "Japanese Policy toward Democracy and Human Rights in Asia," p.946.

¹⁰ Ibid.

for industrialization at the third ASEAN-MITI Economic Ministers' Meeting in 1994. The main objective of the working group was to formulate appropriate work programs to assist the development of Myanmar and to enhance economic linkages between Japan and ASEAN countries.¹¹ It is noted here that the acceleration on cooperation and partnership in economic development with ASEAN during this period is one of the Japanese diplomatic maneuvers to employ ASEAN as a platform for protecting Japanese interests and giving its legitimate involvement with the Myanmar military regime. In the other words, Japanese strategy is that its engagement policy towards Myanmar would be driven by consensus of ASEAN countries and underpinned by Japan. The multilateral cooperation between Japan and ASEAN could be seen as the attempt for mutual interest gains through engagement policy, the counterbalance against the pressure of the Western countries and Chinese influence in Myanmar (details are discussed below).

2) *The first release of Aung San Suu Kyi: 1995-2000*

Aung San Suu Kyi, the NLD leader, the 1993 Nobel Peace Prize winner and daughter of independence hero Aung San, was released for the first time from six years of house arrest on July 10, 1995. The release was seen as the pressure by international aid countries and agencies such as Japan, World Bank and IMF. As reported by BBC World Service on the following day after her release, Japan intended to renew lending to Myanmar while the two international economic agencies also announced their renewal loans.¹² The other reason for the release is the prerequisite for obtaining ASEAN membership and her release would help increase diplomatic support from ASEAN members.¹³

Undoubtedly, the release of Aung San Suu Kyi prompted Japan to positively respond by providing grants. However, after the following military crackdown against the NLD in 1995, most of Japanese agencies involved in ODA postponed the project leaving some business-oriented agencies reconsider the plan on hold or make a deal with Myanmar themselves.¹⁴ But finally, it came up with the continuing Japan-Myanmar direct flight project approved by Ministry of Transportation and the large-scale loan project strongly advocated by the Japanese giant business association, Keidanren. Keidanren was interested in Myanmar that it converted its informal study group on the country into the more official one called "Japan-Myanmar Economic Committee".¹⁵

However, in its bilateral relationship, Japanese ODA to Myanmar was gauged carefully and did not flow smoothly as it expected because of the US sanctions policy

¹¹ See Sueo Sudo, *The International Relations of Japan and South East Asia: Forging a New Regionalism*, London: Routledge, 2002, pp.74-77.

¹² BBC World Service, 00.hrs July 11, 1995; *The New York Times* July 11, 1995 in <http://www.burmalibrary.org/reg.burma/archives/199507/msg00121.html>. Accessed on April 20, 2007.

¹³ Thailand, the Philippines and some Western countries particularly the US were against Myanmar's entry into ASEAN in response to the call for delay of Myanmar's ASEAN membership by Aung San Suu Kyi, who feared the SLORC government gaining more diplomatic standing and legitimacy. See more details of Myanmar's membership in ASEAN in Maung Aung Myoe, "Regionalism in Myanmar's Foreign Policy: Past, Present and Future," *Asia Research Institute Series Working Paper No.73*, National University of Singapore, September 2006.

¹⁴ Donald M. Seekins, *The North Wind and the Sun: Japan's Response to the Political Crisis in Burma, 1988-1996*, *Journal of Burma Studies*, Vol.4, (1999) : p.18.

¹⁵ *Ibid.*; <http://www.keidanren.org.jp/english/profile/pro0004.html#02>. Accessed on April 15, 2007.

and its opposition over Japanese ODA projects. The US also blocked Myanmar's entering its membership in ASEAN while Japanese government supported it. However, due to the unity of ASEAN and Prime Minister Ryutaro Hashimoto's Administration's (1996-1998) determined policy on Myanmar, the US attempt was unfruitful. To this connection, Japanese MOFA officially announced that it released loan funds to repair Yangon airport runway and labeled the "new" loan aid as "humanitarian" arguing that it would contribute to airport safety.¹⁶ It was followed by gradual release of aid projects on a "case-by-case" basis.

Another case of Tokyo's attempt for a diplomatic initiative towards Myanmar for more engagement is that former Prime Minister Ryutaro Hashimoto, the then Prime Minister Keizo Obuchi's (1998-2000) senior foreign policy advisor, paid a visit to Yangon, which was officially called a "private" visit. He held talks with the SPDC top leaders to discuss Obuchi's offer to help if Myanmar embarked on serious economic reform and suggested Myanmar leaders in maintaining order by police not military, reopening universities which were closed for three years after student protests, moving to a market economy, and keeping a working relationship with Aung San Suu Kyi.¹⁷ The SPDC feedback by reopening universities, to a limited extent, kept Japan's diplomatic initiative alive.

Japan continued its surprising visit to Myanmar by its high-ranking official again when Takashi Fukaya of MITI attended a regional conference in Myanmar in May 2000.¹⁸ This visit is recorded as the first Japanese cabinet minister to visit Myanmar since the 1988 uprising. This time Japan announced \$US 500 million assistance package to the regime to develop its human resources and nurture small and medium-size firms as it made the transition to a market economy.¹⁹ It was criticized that MITI chief made this visit in order to help approximately 90 Japanese business companies operating in Myanmar but had faced difficulties in government's regulations, corruptions, foreign sanctions and consumer boycotts in the West.²⁰

With the mentioned dynamic of Japan's Myanmar policy, it is without doubt that Japan and Myanmar was getting closer in diplomatic and economic affairs during and after the Obuchi Administration. Also as suggested earlier about the close ties with the military regime, Japanese government invited prime minister and military intelligence chief of Myanmar regime, Lt. General Khin Nyunt to attend State Funeral Ceremony of the late Prime Minister Obuchi, who passed away in May 2000.

3) The rearrest and release of Aung San Suu Kyi: 2000-2002, 2002-2003

Japanese ties with the military regime were still intact although Aung San Suu Kyi was again under house arrest for the second time in September 2000 when she was stopped from trying to travel to the city of Mandalay in defiance of travel

¹⁶ MOFA Vice Minister Masahiko Komura emphasized that since political conditions were not suitable for the reopening of regular aid, the loan was made conditional on the initiation of dialogue between the junta and Aung San Suu Kyi. But in practice, without any progress from the regime or clear ODA conditionality, Japan continued to pursue its pro-engagement policy.

¹⁷ Roger Mitton, *Sending Out Feelers: Behind the Fresh Initiatives to Woo Yangon*, Asia Week, January 14, 2000, Vol.26, No.1.

¹⁸ Mike Jendrzeczyk, Will Burma's military rulers mark the new millennium, *International Herald Tribune*, June 1, 2000; *Burma Debate*, Vol. 6, No. 1 Spring/Summer 2000.

¹⁹ http://home.kyodo.co.jp/cgi-bin/m_conciseStory#19991215833. Accessed on May 1, 2007.

²⁰ *Burma Debate*, Vol. 6, No. 1 Spring/Summer 2000. Some companies such as Toyota Motor and Ajinomoto Corporations which have large operations overseas decided to pull off their business in Myanmar mainly because of the military inconsistent policy after being operated in the country for only 3-4 years.

restrictions. Japanese ODA was reduced but never ceased to flow to Myanmar government. Its ODA share in 2000 to 2002 accounted for \$US 51.78, 69.86 and 49.32 million and had per cent share of total aid flow to Myanmar for 76.0%, 78.4% and 62.4% respectively.²¹

To confirm Japanese protection of its interests in Myanmar, in its press conference on January 30 2001, Japanese MOFA did not announce any opinion or its standpoint on Aung San Suu Kyi's second detention. However, it did not hesitate to acclaim the release of NLD members who had been detained after they had accompanied Aung San Suu Kyi in an attempt to travel outside Yangon. Japanese MOFA mentioned as a positive step which promotes confidence-building in the dialogue between the Government of Myanmar and the NLD and that the Government of Japan hopes for further progress in the dialogue between the Government of Myanmar and the NLD, including Aung San Suu Kyi.²²

From the above mentioned details, it could be seen that Japanese engagement policy towards Myanmar to assure its interests was never changed. The unconditional release of Aung San Suu Kyi in May 2002 was no exception. Just four days after the release, Japan announced that it would resume its ODA to Myanmar and would contribute more aid to improve Myanmar's information technology sector. This aid, however, was interpreted as a reward to the SPDC's decision on releasing Aung San Suu Kyi for the second time and to its effort on ongoing dialogue.²³ Japan-contributed aid projects such as the construction of power plant were again classified as "humanitarian aid". It was argued by a Japanese official that the power plant provided electricity to 20 percent of the nation, including many hospitals, therefore, in that way it might be classified as a humanitarian project.²⁴ As previously noted, this is another explicit example of Japanese tactic in seizing opportunities to engage Myanmar through economic cooperation and aid program. Japan secures its friendship with the military government while avoiding the Western pressures. An ethnic Karenni army senior officer's comment on Japanese engagement indicated its interests as he said that they [the Karenni] got nothing and the benefits were only for Japanese business and for Yangon own people.²⁵

4) The third detention of Aung San Suu Kyi: 2003- present

Following the May 2003 Depayin Massacre or "Black Friday" incident in which numbers of the main opposition NLD members were hit to dead by a government-orchestrated mob, the incident once again aroused international

²¹ <http://web-japan.org/stat/stats/23ODA34.html>. Accessed on February 26, 2007.

²² Press Conference January 30, 2001 Announcement on the Release of Members of the National League for Democracy (NLD) of Myanmar in <http://www.mofa.go.jp/announce/press/2001/1/130.html#3>. Accessed on May 1, 2007.

²³ Stephen McCarthy, Prospects for Justice and stability in Burma, Asian Survey, Vol.46 No.3, 2006, pp.420-421.

²⁴ Thomas Crampton, "Japan Rewards Burma For Political Opening Aid Linked to Junta's Talks With Opposition," International Herald Tribune, April 26, 2001.

²⁵ Salween Watch, 23 April 2001 <http://www.ibiblio.org/obl/docs/SW11.htm>. Accessed on May 2, 2007; Thomas Crampton, "Japan Rewards Burma For Political Opening Aid Linked to Junta's Talks With Opposition". On the other hand, as could be expected, Myanmar government appreciated Japanese assistance that had given numerous "grass roots assistance" grants. See The Myanmar Times, April 30 - May 6 2001, Volume 3, No.61.

indignation. In response to the incident, the US issued the Burmese Freedom and Democracy Act of 2003 to ban imports from Myanmar for three years, to place Myanmar's top leaders' financial transaction restrictions, asset freezing and visa grant control.²⁶ As could be expected from the US serious reaction against the military suppression, this time Japan also claimed to have suspended ODA to Myanmar, in response to the incident and the under house arrest of Aung San Suu Kyi in September. Again Japan took the wait-and-see policy and bought time for moderate international sentiments to continue its aid to Myanmar.

This time, Tokyo took the opportunity when the military regime itself announced the release of 91 political prisoners a half month after the incident as a reason for lifting its ODA frozen in October 2003. In this period Japanese government changed its ODA strategy from "infrastructure" development to "grassroots grant assistance": grants to NGOs and grants for human resources development directly to the regime. Most notably, in June 2004 Japan gave the regime human resource development scholarships to the value of about US\$4.86 million and in July a grant of about \$3.15 million for an afforestation project in Myanmar's central dry zone. In addition, Tokyo has provided nearly 30 small ODA grants to non-governmental organizations for various operations in Myanmar.²⁷

Japanese aid resumption with Myanmar was unexpected by Western countries. After learning of ongoing aid and assistance to Myanmar's regime by Japan, the US Senator John McCain strongly criticized Japanese government in a Senate speech and his criticism was widely appeared on the US mass media.²⁸ The Japanese government responded to the criticism by suspending only its "new" aid projects released in June 2003.²⁹ However, on June 24 2003, Prime Minister Junichiro Koizumi mentioned on Japanese aid to Myanmar that Japan's policy on Myanmar was necessary different from the policy taken by the US and EU.³⁰ It implies that Japan would not change its policy to bring it closer to the Western countries, or sanction-oriented approach. In the other words, it would mean that Japan had its own course of policy formulation which matched or harmonized with its national interests. The Japanese MOFA also showed its discomfort about the suspension of "new" ODA and urged Myanmar to lessen international criticism by hurriedly resolving the situation in order to be able to resume normal bilateral relations. To launch a diplomatic dialogue with the military regime, Senior Vice Foreign Minister was sent for the task to Myanmar. However, Japan could put no pressures or set timeline to the military regime. But Japan's willingness to offer aid to Myanmar was overwhelmed that a MOFA senior official even said that "the May 30 incident was a shock to people both in [Myanmar] and around the world, so Japan could not simply continue its aid. So we decided to put a halt on all new aid projects. However, we decided to quietly continue implementation

²⁶ It is a much stronger set of economic sanctions than the non-retroactive ban on American investment passed by President Bill Clinton in 1997. See Donald M. Seekins, *Burma and U.S. Sanctions: Punishing an Authoritarian Regime*, Asian Survey, Vol.45, No.3, 2005, p.439.

²⁷ Yuki Akimoto, "A Yen to Help the Junta".

²⁸ Michael J. Green, "Japan Fails the Test on Democracy and Burma," Washington Post, June 8, 2006.

²⁹ See Japanese resumption of aid to Myanmar after "Black Friday" May 30, 2003 in http://www.mekongwatch.org/_archive/catfish/10/19.html accessed 13 March 2007.

³⁰ Burma Information Network (Japan), *Is Japan Really Getting Tough on Burma? (Not likely)*, June 28, 2003 in http://www.ibiblio.org/obl/docs/bi_on_oda.htm. Accessed on April 13, 2007.

of aid for emergencies, humanitarian problems, democratization and economic restructuring.”³¹

From the above illustrated periods of Japanese relationship with Myanmar, ODA remained the most essential tool employed by Japanese government in its association with the military regime even though Japan issued a policy to freeze a key component of its ODA or “new yen loans” to the country since 1989. The ODA program has been mainly in form of grants and technical assistance and loans that were identified as not parts of any “new” deals, including debt relief.³² By Japanese government’s interpretation, Japan’s suspension of “new” grants and technical assistance could be by and large similar to the ban on “new” investment in Myanmar that the US imposed on American registered companies in 1997. As same as Japanese ongoing aid, the US ongoing investment schemes were not affected by this ban, including Unocal’s participation in the joint venture on the Yadana gas pipeline. However, there are some differences in case of the US economic relations with Myanmar. In general, the majority of US citizens have opposed and put enormous pressures to US companies doing business in Myanmar. Other than that, the majority of US local governments also serve as *modus operandi* to bar US companies operating there.

Japan’s aid continuation though in reducing volumes also shows that it deliberately pursued positive engagement with Myanmar. On the other hand, the freeze of “new” yen loans does not mean only that Japan was under international pressure, but ‘new’ loans cannot be reimbursed to Myanmar on conditions that Myanmar government still defaults on its debt repayment to Japan and Japanese MOF can not forward if recipient is in arrears.³³ Japanese government argued for its provision of positive aid that it would encourage the Burmese military government to realize and solve the internal conflicts and be more flexible with the NLD. In line with the government, some Japanese scholars such as Isami Takeda, Mikio Oishi and Fumitaka Furuoka also argued that such aid helped improve the political situation in Myanmar.³⁴ They gave the specific case of the release of Aung San Suu Kyi in 1995 and mentioned that Myanmar military government informed Tokyo of her release before the public announcement. They viewed that the success led to the continuing reconsideration of Japanese restoration of its ODA to Myanmar construed by means of quiet diplomacy (*shizukana gaikou*). In the other words, these Japanese scholars confirmed the continuation of Japan’s engagement policy on Myanmar. Furthermore, Mikio Oishi and Fumitaka Furuoka pointed out that the reconsideration of Japanese

³¹ Mr. Yamanouchi, Director of the Southeast Asia First Division responded to questions raised by Mekong Watch on March 30, 2004. See http://www.mekongwatch.org/_archive/catfish/10/19.html. Accessed 13 March 2007.

³² However, in actual fact Tokyo released some “new” loan to Myanmar before 2000 for Yangon International Airport upgrading and fertilizer and agro-chemicals projects. Interview with a MOFA official, August 2, 2007.

³³ By 1989, Myanmar was about \$US 100 million in arrears to the Japanese so the ‘new’ yen loans were frozen since that year. See discussions about Myanmar’s debt in Patrick Strefford, “Foreign Debt: Distorting Japan’s ODA Diplomacy towards Myanmar,” in <http://www.ritsumei.ac.jp/acd/cg/ir/college/bulletin/vol19-2/Strefford.pdf>. Accessed on June 22, 2007.

³⁴ Isami Takeda, “Japan’s Myanmar Policy: Four Principles,” *Gaiko Forum*, No.154, (May 2001); Mikio Oishi and Fumitaka Furuoka Oishi, “Can Japanese Aid Be an Effective Tool of Influence: Case Studies of Cambodia and Burma.”

aid in this period was the attempt of Japan to balance Yangon's strengthening its ties with China.³⁵

2. Settings and analysis of Japanese foreign policy towards Myanmar

In the above section, the paper covered historical events and consequences of Japanese policy implementation towards Myanmar. Japanese government, as evidenced, consistently pursued its policy ground of positive engagement with Myanmar military regime. To understand such policy driving forces of Japan, this section would examine the internal and external factors behind which influence the policy and at the same time could cause the misinterpretation of Japanese policy towards Myanmar as inconsistent and tend to go behind the US sphere of influence.

1) Combination of Japanese national interests and domestic politics

In general, national interests are primary sources for foreign policy determination of any country. Hans J. Morgenthau, a well-known international politics scholar, stated that national interests were the subsistence of a nation, the economic profit and the belief and prestige as a nation.³⁶ Or in some general definition of national interests is often referred to a country's goals and ambitions whether in economy, military or culture principally for state's survival, security and power.

The goal of Japanese foreign policy or Japanese national interests is described broadly by MOFA as "to secure the safety and prosperity of the nation and people."³⁷ However, it could be seen that the actual interpretation covers the general definition of state's survival, security and power but in different contents from the West as Japan has been trapped by its historical experience during World War II. Thus the national powers supporting Japanese diplomacy since the world war, as clarified by Yoshida Akiji, a senior member of Research Committee, Defense Research Center, has not been the military power, but the "general power", namely "technical power", the ODA and "concept planning power"³⁸ became very important for Japanese diplomatic objectives.³⁹ The Japanese government related such 'soft' power with its stability and prosperity of the international community particularly in the current of

³⁵ Mikio Oishi and Fumitaka Furuoka Oishi, "Can Japanese Aid Be an Effective Tool of Influence: Case Studies of Cambodia and Burma."

³⁶ See Hans J. Morgenthau, *In Defense of the National Interest: A Critical Examination of American Foreign Policy*, Washington, D.C. : University Press of America , 1982.

³⁷ "Challenge 2001 - Japan's Foreign Policy toward the 21st Century," Ministry of Foreign Affairs, January 4, 1999. See also Akiji Yoshida, "The Basic Consideration for Japanese Security Strategy," in <http://www.drc-jpn.org/AR-5E/yoshida-e.htm>. Accessed on May 21, 2007.

³⁸ It is for example the concept of "war reparation" employed after World War II to help generate War-torn economic development in Japan, or the concept of "human security" which Japanese government introduced and positioned as a key perspective in Japanese foreign policy in 1998. See Suelo Sudo, *Evolution of ASEAN-Japan Relations*, Singapore: ISEAS, 2005; Corinna Konrad, *The Japanese Approach: Tracks of Human Security Implementation*, Human Security Perspectives, Vol. 1, No.1, 2006; Hiroshi Minami, "Human Security and Japan's Foreign Policy," *Gaiko Forum*, Vol.5, No.4, Winter, 2006.

³⁹ Akiji Yoshida, "The Basic Consideration for Japanese Security Strategy".

globalization and interdependence across national borders in the 21st century.⁴⁰

In order to accomplish its national interests, Japanese government has long shown a tendency to allow home-grown trans-national companies to conduct business with authoritarian regimes.⁴¹ Japan has more often avoided establishing a direct link between political ideology and economic exchange. Behind the practice is known as the policy of “*seikei bunri*” or the separation of politics and economics which would lead to a convergence of political and economic interests.⁴² In the other words, it could also be identified as the “no enemy” or “no confrontation” policy as after World War II Japan has been continually aware of having any political conflicts with international community with the highest aim to smoothen and maintain its economic development. However, following signs of the end of the Cold War in late 1980s, Japanese obvious “*seikei bunri*” policy was put to an important test.

The growing power of the US along with its symbolic protector of universal values of democracy and human rights (details will be discussed below) deters Japan to continue its economic relations with the authoritarian regimes. However, at the onset of the 21st century, the emergent roles of the expanding EU, China, India and Russia in particular have challenged the new world order for multi-polar system. And Japan- Myanmar relations could be illustrated how Japan adjusted its policy under the change of global politics.

Following Southeast Asian history, Japan has had its geo-politic and economic interests in Burma/Myanmar since World War II. During the Second World War period Japan saw Burma as a strategic land bridge to China for Japanese military.⁴³ Abundant natural resources in Burma provided another interests to Japan to sustain its army as well as its military ambitions in Asia. During the Cold War, Japan along with the US was the biggest investor in ASEAN countries. Both employed economic development as a means to contain communism in the region. Since the rapid change in the international society and the transformation of Asia ever since the end of the Cold War, Japan’s interests towards Myanmar have been not only as a supply base of natural resources, cheap and qualified labor forces and a future economic potential market but also an increasingly important avenue to counterbalance the Chinese expanding power into the region (see discussion below) and the future economic integration of Southeast Asia and South Asia through Asian highway projects.⁴⁴ Because of the strategic location of Myanmar, and its membership in ASEAN, Myanmar became one of the most important frontier of Japan’s diplomatic strategy to serve its national interests.

One may view that Japan has had dilemma in achieving its economic interests in Myanmar. But as the largest trading partners and security alliance with the US, it is with no surprise for Japan to strictly impose its self-restriction on normal trade and

⁴⁰ “Challenge 2001 - Japan's Foreign Policy toward the 21st Century,” Ministry of Foreign Affairs, January 4, 1999.

⁴¹ Japan’s economic relations with North Vietnam before 1975 and after and with China are some clear cases. See for instance Masaya Shiraishi, Japanese relations with Vietnam, 1951-1987, Ithaca, N.Y. : Southeast Asia Program, Cornell University , 1990 and Glen D. Hook, Christopher W. Hughes, Hugo Dobson, Japan’s International Relations: Politics, Economics and Security, London and New York: Routledge, 2001.

⁴² See for more details in Glen D. Hook, et.al., Japan’s International Relations, 2001, pp.77, 184 and chapter 2.

⁴³ Japanese occupation of Burma in 1942 had cut off the last land route by which the Allies could deliver aid to the Chinese Government of Chiang Kai-shek

⁴⁴ Interview with a MOFA official, August 2, 2007.

investment relations there to protect its ultimate national interests while piping its unending connection with the country through ODA scheme. Thus Japan's trade and investment volumes were minimal comparing to ASEAN countries, some European countries and even the US (See Table 1, 2 below). The Government of Japan neither encourages nor discourages Japanese business activities in the country, but the government briefs business organizations from time to time on the political and economic situation in Myanmar and international opinion regarding the country.⁴⁵ It should be noted that the Japanese government places no constraints on investment in or trade with Myanmar and there is no pressure from corporate shareholders and lawsuits like American companies. In fact, Japanese business companies in Myanmar has been decreasing partly due to the US threat of boycotts and embargo towards the Myanmar military regime, which presents some unique challenges for their Myanmar opportunity and partly because of Myanmar government's inconsistent investment policy.⁴⁶ In November 2004 there were only 23 Japanese companies operating its business in the country with only \$US 0.2 million in 2003.⁴⁷ Even with small

⁴⁵ The Ministry of Foreign Affairs of Japan, Japan's Position Regarding the Situation in Myanmar, March 1997, in <http://www.mofa.go.jp/region/asia-paci/myanmar/myanmar.html> accessed on 27/10/2006.

⁴⁶ See David McHardy Reid, John Walsh and Ma Yamona, Quasi-legal Commerce in Southeast Asia: Evidence from Myanmar, *Thunderbird International Business Review*, Vol.43, Issue 2, New York: Mar/Apr 2001. Many Japanese giant companies are interested in doing business in Myanmar. They pursue 'wait and see' political situations in the country because they have to pay attention to their business with the US. For instance, following the release of Aung San Suu Kyi in 1995, the president of Mitsubishi Corporation, the chairman of Marubeni (one of Japan's biggest trading companies), Mitsui, Sumitomo and Itochu Corporation rush to meet Myanmar's military leaders to discuss investment prospects and sign memorandum of understanding with the junta. Business ranges from crop cultivation, trade, construction, oil and gas development, industrial estate development and ship building. In 1994 Daiwa Research Institute, an affiliate of Daiwa Bank went to help set up Myanmar's first stock exchange, The Myanmar Securities Exchange Center Co., Ltd. a joint venture of the Myanmar Economic Bank of the Ministry of Finance and Revenue and the Daiwa Securities Co., Ltd.

On the other hand, Ajinomoto and Toyota Motor were the two cases that set up their business with the approval of Myanmar's incentives to attract foreign capital but both ceased the operations due to the government's block of their operations without reasonable explanation. See *The Nation*, May 17, 1996; *The Myanmar Times*, February 26-March 4, 2007; *Asahi Shimbun* editorial, Myanmar must reform before Japan resumes aid, May 31, 2000.

⁴⁷ *Seifu kaihatsu enjou kokubetsu databukku* (Official development assistance country data book), Ministry of Foreign Affairs, Department of Economic Cooperation 2005, p. 99. However, approximate numbers of Japanese companies there in 2000 were 90. Japan's investment began to drop from \$US 72.15 million in fiscal year 1996-7 to \$US 26.85 million in 1997-8, then to \$US 4.69 million in 1998-9 and had a little increase to \$US 5.09 million in March 1999-2000. Several Japanese companies withdraw their operations from Myanmar because Myanmar's government sudden policy changes, slow progress on deregulation, corruption and foreign sanctions and consumer boycotts in the West. See *Burma Debate*, Vol.6, No.1 Spring/Summer 2000; "Myanmar-Japan Business Committee Meeting Held in Yangon in <http://www.burmalibrary.org/reg.burma/archives/200011/msg00022.html>. Accessed on May 2, 2007.

In some way, numbers of foreign companies in Myanmar are still in controversial. Another source of information, the international Confederation of Free Trade Unions reported that in April 2005, 436 companies were "linked with" Myanmar, in the sense of having some commercial relationship with the country. The five leading sources were the US. (45). Japan (43),

numbers of Japanese company active in the country but together with ODA it appears to be an important tool for Japan to promote its long-standing relationship with Myanmar as

Table 1. Myanmar: Primary trade partners in order of importance in 2001

(Million US\$)

Imports from	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
World	243.9	194.3	667.7	1067.9	1045.8	1280.1	1538.2	2341.6	2677.8	2861.5	2375.3	2549.7	3053.5	2683.1
China	7.7	6.1	137.7	314.8	284.9	357.2	406.0	679.6	573.2	626.7	586.2	447.2	546.1	547.1
Singapore	14.2	11.3	119.2	295.8	288.6	368.0	430.3	701.2	794.1	777.3	501.3	460.2	479.7	465.6
Thailand	1.3	1.1	19.8	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	435.3	554.7	390.5
Korea	0.2	0.1	23.3	31.7	34.3	46.2	62.0	95.0	143.9	150.5	163.7	205.9	318.2	255.3
Malaysia	6.3	5.0	31.6	73.7	98.6	114.3	243.5	252.3	242.8	407.5	322.6	257.7	254.1	216.7
Japan	95.2	75.8	110.8	90.8	106.1	110.0	74.6	173.4	279.4	232.2	205.5	203.5	215.6	205.3
European Union	57.3	45.6	103.7	108.8	78.3	119.4	130.6	173.0	212.0	196.9	137.0	134.2	114.5	80.9
Exports to	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
World	147.4	214.5	408.7	527.0	683.6	864.4	939.8	1197.9	1183.1	1132.1	1184.2	1464.1	2094.0	2753.4
Thailand	1.2	1.7	48.9	0.0	0.0	0.0	28.8	36.5	0.0	0.0	0.0	102.6	233.0	735.4
United States	1.1	1.6	9.4	26.6	37.8	45.5	66.0	79.0	105.6	112.2	158.9	222.2	442.7	456.2
European Union	13.2	19.2	28.1	37.2	42.0	63.0	67.6	71.7	101.8	141.8	159.2	209.2	325.9	400.3
India	3.4	4.9	44.2	46.6	94.6	106.5	109.5	145.9	134.9	168.6	215.0	227.3	261.3	288.5
China	1.8	2.6	33.3	96.3	119.3	149.7	129.8	136.0	125.0	66.7	56.0	92.3	113.5	122.0
Singapore	14.3	20.8	46.2	81.0	98.4	101.3	127.5	192.0	190.7	157.2	109.1	90.3	99.8	102.1
Japan	12.3	18.0	28.4	44.9	43.0	65.0	68.8	85.5	93.9	90.0	81.3	92.2	108.4	92.8

Source: IMF, *Direction of Trade Statistics*, CD-ROM, April 2003.

Table 2: Investment to Myanmar
(Million US\$)

Country/region	Cumulative total 1988-2006
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Singapore (33), and Thailand and the UK. (31 each). See Ian Holliday, "Rethinking the United States' Myanmar Policy," *Asian Survey*, Vol.45 No.4, July/August 2005, p.609.

	Number of case	Value
Thailand	57	7,375.6
UK	43	1,591.0
Singapore	70	1,434.2
Malaysia	33	660.7
Hong Kong	31	504.2
France	3	470.4
USA	15	243.6
Indonesia	12	241.5
Netherlands	5	238.8
Japan	23	215.3
China	26	194.2
South Korea	34	191.3
Philippines	2	146.7
Australia	14	82.1
Austria	2	72.5
Canada	14	39.8
India	3	35.1
Panama	1	29.1
Germany	1	15.0
Denmark	1	13.4
Cyprus	1	5.3
Macao	2	4.4
Switzerland	1	3.4
Bangladesh	2	3.0
Israel	1	2.4
Brunei Darussalam	1	2.0
Sri Lanka	1	1.0
Total	399	13,815.9

Source: Myanmar Investment Commission in ASEAN-Japan Center
<http://www.asean.or.jp/general/statistics/statistics06/pdf/4-6-6.pdf> . Accessed on May 29, 2007.

Tokyo has attempted to keep open as many channels of contact as possible into the country.⁴⁸ Its ODA, therefore, has been constantly leading in numbers (See Table 3).

Even though Japan has had to slow down for its business opportunities in Myanmar, Japanese public and business entities have been dynamically joined its government towards the making of Japan's Myanmar policy of engagement. The country's oldest Burma/Myanmar lobby organization is the Japan-Burma/Myanmar Association (JMA- *Nihon-Biruma/Mianmaa Kyoukai*) which was formed in 1933

Table 3 Burma: Net official development assistance
(Million US\$)

Other	Total
US Japan Germany bilateral	bilateral EU Multilateral Total

⁴⁸ Ian Holliday, "Japan and the Myanmar Stalemate: Regional Power and Resolution of a Regional Problem," Japanese Journal of Political Science Vol.6 No.3, 2005, p.404.

1985	11.0	154.0	65.0	23.2	255.0	2.1	100.4	355.7
1986	10.0	122.1	22.4	153.2	322.0	14.6	93.4	415.7
1987	2.0	172.0	25.7	41.0	241.0	0.1	126.9	367.7
1988	1.0	259.6	37.1	35.0	333.0	0.3	104.4	437.4
1989	0.0	71.4	4.6	13.9	91.0	1.2	85.2	176.3
1990	0.0	61.3	2.4	19.4	83.0	0.1	80.8	164.0
1991	0.0	84.5	4.0	17.4	109.0	2.7	70.8	179.4
1992	0.0	72.1	3.2	7.4	83.0	0.1	32.3	115.1
1993	1.0	68.6	1.6	6.1	77.3	0.0	24.2	101.5
1994	0.0	133.8	1.4	7.6	142.8	0.1	18.7	161.6
1995	0.0	114.2	1.3	10.7	126.2	2.3	23.3	151.8
1996	0.0	35.2	1.5	8.6	45.3	0.9	10.0	56.2
1997	0.0	14.8	1.4	7.4	23.6	2.7	10.0	50.0
1998	0.3	16.1	1.2	9.8	27.4	2.5	31.3	72.1
1999	-0.4	34.2	1.6	9.3	44.7	1.2	28.6	81.1
2000	3.4	51.8	1.5	11.4	68.1	1.6	37.8	106.8
2001	2.9	69.9	1.8	14.6	89.2	3.8	37.5	127.2
2002	4.8	49.4	1.7	23.2	79.1	8.7	34.0	120.5
2003	5.6	43.1	2.4	32.3	83.4	10.6	35.7	125.8
2004	5.7	26.8	4.7	44.2	81.4	11.1	36.9	121.1

Source: OECD, Geographical Distribution of Financial Flows to Aid Recipients, various editions.

when Burma was a British colony. In late 1988 the association membership included presidents and chairmen of board of 14 Japanese largest companies, including general trading and construction companies who served as the association's trustees and 36 corporate members but as of July 2007, its members decreased to around 20. The association is openly business-oriented, active and offensive particularly in late 1980s and 1990s, when business activities in Myanmar were peak. The association headed by politicians or former bureaucrats such as Diet upper house members, LDP members and ex-ambassadors to Myanmar. On January 25 1989, the association as a pressure group had submitted a petition to the prime minister, requesting normalization and a resumption of aid flows.⁴⁹ The petition emphasized that Japanese companies were liable to sustain huge losses on procurement of goods and services if ODA remained frozen and they were afraid that other countries particularly China

⁴⁹ The firms joined the January 25 petition were Kashima Construction Company, Kanematsu Goushou, Mitsui Bussan, Mitsubishi Shouji, Nisshou Iwai, Sumitomo Shouji, Toumen (major general trading companies), Daimaru, Mitsubishi Petroleum, Mitsubishi Heavy Industries, Nippon Kouei (an engineering consultant firm), and Kinshou Mataichi (a relatively small trading company very active in Myanmar). See David I. Steinberg, *International Rivalries in Burma: The Rise of Economic competition*, Asian Survey, Vol.30, No.6, June, 1990, p.587; Donald Seekins, "Japan's Aid Relations with Military Regimes in Burma, 1962-1991: The Kokunaika Process," Asian Survey, Vol. 32, No.3, March 1992, p.259; Donald Seekins, "Japan's "Burma Lovers" and the Military Regime," JPRI (Japan Policy Research Institute) Working Paper No. 60, September, 1999, p.4.

would step into the economic void created by the Japanese absence. The petition also pointed out that non-recognition of SLORC would make it impossible for Myanmar to send an official representative to the funeral of the Showa Emperor Hirohito on February 24, 1989.⁵⁰ Finally, Japanese government decided to invite a cabinet member of SLORC to the funeral ceremony and resumed partial ODA to Myanmar. The association, funded by MOFA, has also functioned as a research think-tank on Myanmar to Japanese public and private sectors.

The country's second oldest and largest Burma/Myanmar related organization is the Japan-Burma/Myanmar Cultural Association. It was originally formed in 1970 by around 2,000 veterans of the Japanese Imperial Army (as an emotional factor that more Japanese soldiers died in Burma than in any other Southeast Asian Countries and a significance in the Japanese commitment to Burma) and registered with MOFA as a social association (*shadan houjin*) in 1974. The association members later included veteran descendants, businessmen, intellectuals and general public. During late 1990s the association had been highly influenced by a business-oriented interest group led by "Wacoal" owner and soldier veteran, Koichi Tsukamoto. He played an important role in Japan-Myanmar bilateral relations and proposed association name change to Japan-Myanmar Friendship Association (*JMFA-Nihon-Mianmaa Yuukou Kyoukai*) in 1997 to extend the association's objectives not only for cultural promotion but also for economic and social relationship with governments and people of both countries,⁵¹ including lobbying for policy engagement towards Myanmar and in some way voicing against any hard-line policy through regular activities such as holding parties, seminars on economic affairs, launching missions to Myanmar to meet with Myanmar's high ranking officials and Japanese MOFA officials through small-scale, humanitarian aid programs.⁵²

Four other main public Japanese-Myanmar associations are Myanmar Economic and Management Institute (*MEMI- Mianmaa Sougou kenkyuujo*) which is

⁵⁰ Donald Seekins, "The North Wind and the Sun: Japan's Response to the Political Crisis in Burma, 1988-1996," p.5; Donald Seekins, "Japan's "Burma Lovers" and the Military Regime," p.4; Teruko Saito, Japan's Inconsistent Approach to Burma, in Wolf Mendl, ed., Japan and Southeast Asia, London and New York: Routledge, 2001, p.375. The President of the association in this period (1989) was Yoshiko Otaka, a member of the Upper House of the Diet and wife of the Japanese ambassador to Myanmar at the time. The association's board of directors was made up mainly of representatives of companies involved in economic aid projects in Myanmar such as Kajima Corp., Kanematsu Corp., Mitsui and Co., Ltd., Mitsubishi Corp., Nippon Koei Co., Ltd., and Kinsho-Mataichi Corp.

⁵¹ For example, it made a delegation to Yangon for some donation to its Myanmar counterpart. The ceremony was presided by Lt. Gen. Khin Nyunt of the then Myanmar's ruling junta, see "Myanmar hopes for enhancement of Japan-Myanmar cooperation" Kyodo, December 18, 2000; Japan-Myanmar Friendship Association in <http://www.jmfa.or.jp/jmfa/enkaku.html>.

⁵² At the present the association has 3 branch offices in Kanto, Kansai and Tokai districts with total 600 members including 80 business companies. Its main activity is to promote Japan-Myanmar cultural relations. Some associate members include Japan's large trading and manufacturing companies such as Mitsubishi Shouji, Mitsui Bussan, Nisshou Iwai, Mitsubishi Petroleum, Mitsubishi Heavy Industries and Kashima Construction. However, these companies do not play any roles in the association. See the association's history and activities in <http://www.jmfa.or.jp/jmfa/enkaku.html>. Accessed on May 22, 2007.; interview with association leaders, June 1, July 5, July 15, 2007. On the other hand, in Myanmar, the Myanmar-Japan Friendship Association was formed by Myanmar high ranking officials and the association chairman was Myanmar Minister for Home Affairs.

an economic research based established in late 1999 under the support of METI, Asian Maternal Children Welfare Association (AMCWA- *Ajia Fukushi Houfuku Kyoukai*) established in 2000 as a non-profit organization, the Consultant's for Myanmar (TCM) another non-profit organization established in 2003 and the Japan-Myanmar Tourism Promotion Committee established in late 2006 with membership of around 30 tourist companies. These 4 organizations together with the above two associations sought to strengthen its information about Myanmar by gathering together for the first time in 2006 to promote information exchange in the name of Meeting of Myanmar Related Group (*Mianmaa Kanren Dantai Rensoukai*) and some of their members join up across the associations.

Among all business-oriented entities, the Japanese most powerful business association which has very high potential in entering Japanese decision-making process is the Federation of Economic Organizations (Keidanren).⁵³ In encouraging Japanese relations with Myanmar, the Keidanren took a pioneer visit to Myanmar in 1994 in form of the economic study mission or is generally known as the "Haruna Mission".⁵⁴ The mission led to the establishment of the Japan-Myanmar Joint Business Conference in 1997, which would be held yearly and participated by Myanmar high ranking officials and Japanese giant business enterprises such as Mitsui and Company, Mitsui Heavy Industries, Kinsho Corporation, Tokyo Tatemono Company, Sumitomo Corporation and Marubeni Corporation.⁵⁵ Since 1997 the Keidanren delegations represented by Japanese leading companies have made several trips to Myanmar to study investment and business opportunities and invited high-level officials of Myanmar military regime to visit Japan.⁵⁶ It also emphasised cultural exchange program such as providing scholarship and teacher exchanges to promote relationship with Myanmar (and other Southeast Asian countries) together with the Japanese government through its Committee on Promotion of Inter-Cultural Understanding. This could be comprehended as an informal manner in which the

⁵³ Keidanren is an abbreviation of Keizai Dantai Rengookai, or Federation of Economic Organizations, Japanese association of business organizations that was established in 1946 for the purpose of mediating differences between member industries and advising the government on economic policy and related matters. It is considered one of the most powerful organizations in Japan. In May 2002 Keidanren was changed to Japan Business Federation (Nihon Keizai Dantai Rengookai), known in Japanese as the Nihon Keidanren, by amalgamation of Keidanren and Nikkeiren (Japan Federation of Employers' Associations). As of June 21, 2005, its 1,647 members consist of 1,329 companies including 93 foreign ownership, 130 industrial associations and 47 regional employer's associations.

⁵⁴ The fifty-man mission was led by Marubeni Corporation Chairman Kazou Haruna.

⁵⁵ <http://www.myanmar.gov.mm/Perspective/persp1999/11-99/jap.htm>. Accessed on May 1, 2007. Marubeni Corporation President Toriumi Iwao chaired the first Japan-Myanmar Joint Business Conference in 1997. He promised the military junta to urge the Japanese government to resume its ODA program. See Masako Fukuda, "Resumption of Myanmar Aid Puts New Strategy to Test Companies Eager as Japan Tries Carrot Instead of Stick," *The Nikkei Weekly*, April 27, 1998.

Another similar business engagement with Myanmar is the business cooperation committee of the Myanmar-Japan federations of Chambers of Commerce and Industries (CCI) established in February 1998. The cooperation was aimed at enhancing bilateral economic cooperation between the two countries. In their meetings, they discussed issues on trade and investment, nurturing of small-and-medium-sized businesses, human resources development, previous agreements reached between them, and also the future plans for their cooperation.

⁵⁶ "Japanese Business Interest in Burma," *The BBC World Service*, Tuesday, December 1999; Hisane Masaki, "Top Myanmar Official to Visit Japan amid Mixed Reactions over SPDC," *The Japan Times*, January 7, 1999.

Japanese establish closer relationships without making them a formal part of foreign policy.

Other than as a grouping, Japanese business sector as individual is also seen to support its government's pro-engagement policy with Myanmar. Once, Toyota Motor Corporation was alleged to supply the SLORC with trucks for military use. However, it denied and argued that it sold only 15 light trucks and 21 passenger cars to Myanmar in 1991 and all were for non-military use.⁵⁷ No matter what the fact is, the case revealed how the Japanese business enterprises collaborated with its government and kept an eye on future business opportunities in Myanmar, even though they gained very small benefits or even none in such an initial stage. Besides, Japanese state-business collaboration, which has existed since Japanese modern history, is also advocated in its Myanmar relations.

The business role provided evidence that Japan could not be free from the influence of its own commercial interests in carrying out cooperation activities and in shaping government's foreign policy. The business sector had a strong voice in supporting and pressuring for engagement policy towards Myanmar. It is because for them, economic interests in Myanmar exist and are much larger than some countries in the region such as Cambodia.⁵⁸ Consequently, Japan's aid policy to Myanmar was likely to be inevitably influenced by the powerful business sector and it could lead in some way to how much its commercial interests were.⁵⁹

To accomplish Japanese goals of its national interests and business opportunities in foreign countries, Japanese government-business alliance has played strong roles in Japan-Myanmar relations. In Japanese contemporary history, such refined structural relationship has been formed to promote Japan's economic relations since the end of World War II. Japanese MITI, the then Ministry of Economy, Trade and Industry (METI) and an eminent and powerful economic-oriented agency responsible for pivoting the Japanese economy and economic activities, works closely with the Keidanren, politicians along with having social connections. They criticized Washington's human rights policy as "excessive."⁶⁰ The ministry itself has handled some policy planning on Myanmar such as launching a program on the development of new electric power stations and encouraging the military leaders for policy change. It also took action officially and unofficially (such as paying a quiet visit) in normalizing relations with Myanmar when MOFA was in a hard position to do so.

Along with MITI, Japanese MOFA plays an intermediate role between protecting Japanese national interests and future business opportunities in Myanmar, a

⁵⁷ Burma Alert, No.5, Vol.3. May 1992.

⁵⁸ See the study of Mikio Oishi and Fumitaka Furuoka, op.cit. See also Japan External Trade Organization (JETRO) statistics at http://www.jetro.go.jp/en/stats/statistics/rnfdi_01_e.xls. Accessed on May 1, 2007.

⁵⁹ Ibid., 2003; Steven W. Hook and Guang Zhang, 1998.

⁶⁰ The criticism was submitted as a report to the Prime Minister signed by former MITI Vice-Ministers, a leader of the Japan Center for Economic Research, an LDP Diet man among others as they disagreed with the government's vague position in UN-sponsored Asia Regional Preparatory Meeting for the World Conference on Human Rights held in Bangkok in March 1993. See David Arase, "Japanese Policy toward Democracy and Human Rights in Asia", p. 940. As for the role of LDP, in June 1998, veteran LDP leader and former foreign minister Kabun Muto established the "Parliamentarian Group to Support the Myanmar Government," consisting of twenty LDP Diet members. See Donald Seekins, "The North Wind and the Sun: Japan's Response to the Political Crisis in Burma, 1988-1996," p.20.

compromise with the US policy, the universal values Japan has to commit as MOFA must keep very high concern on international community and the country's global role.⁶¹ In the other words, it would be difficult or even impossible for Japan, as the second largest economy in the world, to create its own Myanmar policy without acknowledging the visions and principles long shared with the US and the EU. In addition, the threat of North Korean nuke and missile launched across the Sea of Japan would only foster Japan-US relationship much stronger not less.

2) *Japan-US relations and consequences to Japan's Myanmar policy*

National interests and interest groups' roles have been factors for Japanese policy towards Burma/Myanmar as mentioned in the above section. One could advocate Japanese free action to protect its national interests up to the late Cold War period. Following 1988, Japan has had to weigh its national interests and its relationship with the US in order to gain the best for its national interests as the US emerged as the sole global superpower after the collapse of the Communist system. Chinese economic development, its influence in the Asian region and in Myanmar and the global change of political economy after the 9/11 incident are other factors affecting Japan's Myanmar policy.

During the Cold War, based on mutual US and Japanese agreement, Japan could be able to focus on its own economic development and trade while having security guaranteed by the US. Japanese government succeeded in quite deliberately forging a foreign policy based on neo-mercantilism that enabled it to resist American demands that it play a greater role in regional security, especially on a collective basis.⁶² Thus Japan was able to conduct trade with the PRC, despite the American embargo, and to establish relations with the Soviet Union.⁶³ At the same time, Japan was able to take advantage of American initiatives on their behalf to re-establish economic ties with Southeast Asia including Burma without any US interference. Consequently, by the end of 1970s Japan not only emerged as a major economic power second in size only to the US, but also began to exercise significant independent influence within the Asia-Pacific region.⁶⁴

Following the shift of American policy in the Asian region in mid 1970s, the gradual decline of American influence in the region and the US open relations with China posed a notable shock to Japan because it had not even been notified. Japanese government attempted for a number of foreign relations initiatives that suggested a more active and independent foreign policy, despite sheltering under the American security umbrella and despite the central role that was still accorded to relations with

⁶¹ Donald M. Seekins, "The North Wind and the Sun: Japan's Response to the Political Crisis in Burma, 1988-1996," p. 20. MOFA's position towards Myanmar is, therefore, often criticized as equivocal as it tries to maintain an intermediate position. See also David Arase, "Japanese Policy toward Democracy and Human Rights in Asia", 1993, p.940.

⁶² Michael Yahuda, *The International Politics of the Asia-Pacific*, London: RoutledgeCurzon, 2004, p.193.

⁶³ See *Japan-China Relations in the 21st Century*, <http://www.keidanren.or.jp/english/policy/2001/006.html>. Accessed on June 25, 2007.

⁶⁴ The only setback in the relationship during 1950s and 1960s occurred when Prime Minister Nobusuke Kishi sought to renew the security treaty with the US on a more equitable basis in 1960. And by President Nixon renouncement further commitment of American ground forces to major combat on the Asian mainland and the Sino-American alignment of 1971-1972, the configurations of power had begun to change significantly, especially in Asia, and that was to bring a significant adjustment of Japanese policies towards the region. See Michael Yahuda, "The International Politics of the Asia-Pacific," 2004.

the US as a response to a relative decline in American hegemonic power as expressed in the Nixon Doctrine.⁶⁵ Another reason of Japan's awareness of setting some flexibility in its foreign policy change is the response to the two oil crises of the 1970s, which made Japan quick respond to the threat of the Arab oil embargo by abandoning the American pro-Israeli stance in favor of a pro-Arab position.

After the end of the Cold War, the emergence of the US as the sole superpower contributed to the shifting framework of Japanese alliance with the US. In one aspect, Japan became closer alliance of the US particularly following the Persian Gulf War when the Japanese diet passed the International Peace Cooperation Law or the United Nations Peace-Keeping Operations Law (PKO Law) in June 1992. The law enabled the Japanese government to dispatch its Self-Defense Force (SDF) to the peace-keeping operations under the United Nations Transitional Authorities in Cambodia (UNTAC) in the same year, following by a series of Japanese SDF involvement in the international peace keeping activities. Thus it kept the cooperative bilateral relationship between Japan and the US closer and much closer when Japan faced security threats posed by a series of North Korean provocations, such as intrusion by spy ships, the abduction of Japanese citizens and the launch of the Teapodon missile. Besides, Japan signaled its intention in 1992/1993 to seek a permanent seat on the UN Security Council is another important matter Japan desperately needs support from the US so much that it could not distance itself faraway.

In contrast, being afraid of its overwhelming dependence to the US and the US pressure in foreign policy-making (*beiatsu*), Japan has steadily concerned about its own national security. Also it began to create new approaches and initiatives in international affairs though slowly and cautiously.⁶⁶ Also it continually showed that the Japanese increasingly sensed that their interests did not always coincide with the US.

In Japan's relations with Myanmar, there are different views to what extent Japanese foreign policy is independent and is required to balance its pro-engagement policy with the pro-embargo camp led by the US and to some certain extent, the European Union or makes its policy independent from the US.⁶⁷ From the above

⁶⁵ Ibid.

⁶⁶ One of the main American problems with Japan continued after the Cold War. That is the American trade deficit with Japan continued to grow, from US\$64 billion in 1985 to US\$49.1 billion in 1989 and then to US\$64 billion in 1993. The American government became dissatisfied with the previous approaches that had demanded the removal of trade barriers and negotiating voluntary quotas on Japanese exports. Congress in particular reacted to public opinion surveys showing in 1989 that more Americans felt that Japanese economic power was a greater threat to the US than the Soviet military power. The US government under President Bush opted to call Japan for opening its markets. However, ironically, while the American feared of the alleged dangers of Japanese investment in their country, the British investment volumes exceeded much of the Japanese and no such feelings happened to the latter. Another crucial issue of the US-Japan relations is the perceptions of the American on the security partnership. They criticized that Japan was a free-rider, unwilling to share the human and political risks while Japan continually made large sum of financial contributions for the US and international military activities. See Michael Yahuda, p.252; Takayuki Kimura, "Japan-US Relations in the Asia-Pacific Region," in Richard L. Grant, ed., *The Process of Japanese Foreign Policy Focus on Asia*, London: The Royal Institute of International Affairs, 1997, p.62; Linus Hagstrom, *Japan's China Policy: A Relational Power Analysis*, London and New York: Routledge, 2005, pp.4, 8.

⁶⁷ However, the EU was criticized as imposing only limited and symbolic sanctions on Yangon while Australia has refrained from doing so. See Leon T. Hadar, "U.S. Sanctions Against Burma A Failure on All Fronts," Center for Trade Policy Studies, Trade Policy Analysis No. 1 March 26,

evidences in Section I, it is clearly seen that Japan had steadily pursued and protected its national interests as priority, with some set of joining course of Washington. Officials in Tokyo looked for way to continue economic support for Yangon without breaking openly from the US since 1988 when the US was in an emergence period of legitimating itself for the supreme power after the communist system was about to collapse. Japan resumed aid and investment with Myanmar soon after it found the legitimate opportunity. Usually it gave such explanations for continuing relationship with the military government as to encourage further political liberalization by giving “limited” aid, or to reopen financing for certain humanitarian projects on a “case-by-case” basis, focusing on “ongoing projects suspended since 1988. To a certain extent, Japan had to mobilize its relationship with Myanmar with its mind for the US, its most important and traditional strategic and economic alliance. This observation is partly in line with Isami Takeda’s observation in that Japanese foreign policy had been influenced by the bilateral that had grown out of the alliance with the US.⁶⁸ But as already mentioned, Japan has still had some rooms in manoeuvring diplomatic matters with Myanmar regardless the US discontent. Clear examples are the Hashimoto’s support for Myanmar’s membership in ASEAN, and aid continuation programs.

A factor that probably tipped the scales in Japan’s Myanmar policy around 1990s leading to its partial resumption of aid to the country in 1994 (Japanese grant aid in 1994 jumped to US\$ 107.3 million from US\$ 41.7 million in 1993.) and its formal support for Myanmar’s membership in ASEAN in 1997 was neither the US-Japan alliance nor business interests in Myanmar, but the growing importance of Southeast Asia as a strategic element in Japan’s foreign policy.⁶⁹ As Japan has been increasingly sensitive to Chinese influence in Myanmar and Japan’s large gestures towards the SLORC/SPDC have always followed closely behind Chinese diplomatic inroads, it established close diplomatic coordination with ASEAN. Tokyo had come to view Myanmar as another important front-line in diplomatic manoeuvre with China and in Japan’s search for a more independent identity from the US sphere in Asia. It viewed that the US has not much interests in Myanmar comparing to the Middle Eastern region but only one important concern of the US there is the world democratic symbol, Aung San Suu Kyi.⁷⁰

The second explanation why Japan viewed that it needed to weigh its interests with the US influence is the US inconsistent and sceptic foreign policy. Experienced by the sudden shift of the American policy towards China during Nixon’s Administration, Japan has naturally always been sensitive to the conduct of relations between the US and China. The US announced its continuation of most-favoured-nation treatment to China without any requirement for a substantial improvement in

1998. And from the US general viewpoint on Japan’s Myanmar policy, it saw Japan as a pro-engagement, indifferent from other Asian countries. See “Promoting Human Rights, Peace and Stability in Burma,” Report of a Congressional Staff Study Mission to Japan, China, Bangladesh, Thailand, Indonesia, Malaysia and Singapore, April 20-May 1, 1992, to the Committee on Foreign Affairs US House of Representatives, Washington: US Government Printing Office, 1993.

⁶⁸ Isami Takeda, “Japan’s Myanmar Policy: Four Principles”.

⁶⁹ Japan’s perception of China is in accordance with ASEAN members as they agreed that having Burmese membership in ASEAN and treated Myanmar “constructively” was an essential policy in order to counter China’s growing influence and resist Western interference in Southeast Asian Affairs as The US and EU entreated ASEAN not to accept the junta government. See Michael J. Green, *Japan’s Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power*, New York: Palgrave, 2003.

⁷⁰ Interview with a MOFA official, August 2, 2007.

human rights, which means it decoupled human rights from trade because it realized sizable economic interests in China.⁷¹ On the other hand, in early 1993 the US threatened Indonesia with trade sanctions for alleged maltreatment of its workers. The Japanese were also accused of exploiting “cheap labour” and of “social dumping” after the US Congress passed a bill making observance of workers’ rights a condition for lending by the World Bank and other multilateral financial institutions. The bill made Japan to acknowledge the importance of raising minimum wages and protecting the rights of workers. But the US motive is widely suspected to be trade protectionism in the guise of human rights promotion.⁷² Another case Japan faced is the US introduction of ‘Super 301’ trade act back in 1988 with prime target to Japan while it pushed less aggressive attitude towards European countries.⁷³ Japan as well as other Asian countries viewed similarly that US foreign policy seems to be pursued in terms of various functions, such as economic and commercial matters, human rights, environment, drug and nuclear proliferation and policies are handled differently based on the US interests.

In a nutshell, the multi-standard policy of the US foreign policy made Japan reluctant to follow its line. The case also happened in the late 2000 when the US secretary of state Madeleine Albright made a visit to North Korea. The Clinton administration's enthusiasm to engage with North Korea while at the same time asking Japan and other allies to avoid engaging Myanmar was puzzling to Japan and discomfited Japanese political leaders.⁷⁴ The recent case is in late 2006, even though the US is morally and legally bound not to support a military government that seized power by overthrowing the democratically elected government, it, however, seems to have circumvented the legal provisions and continued to support the Thai military regime as it is a part of its strategy in its global war on terrorism and the counterbalance of the increasing influence of China.

The third rationale linking to the Japanese caution of the US Asian policy arose when the Clinton doctrine on Asian security was mentioned in a speech by the US president to the South Korean National Assembly proposing a US-led multilateral security system, which could supersede the US-Japan alliance. The US shifting policy towards Asian region to boost high economic relations with China could curtail Japan’s ambitions to become “mediator” in the region. Besides, the granting to China of most-favoured-nation trading status despite a lack of reassurance over human rights violation showed the increasing importance of China to the region.⁷⁵ It is an important

⁷¹ Mainichi Daily News, December 9, 1995. See also Takayuki Kimura, “Japan-US Relations in the Asia-Pacific Region,” p.47; Michael Yahuda, p.322.

⁷² Takayuki Kimura, “Japan-US Relations in the Asia-Pacific Region,” p. 48.

⁷³ Both Japan and the US benefited from bilateral economic relations. For the US, Japan is its second largest trading partner and its second largest foreign investor. For Japan, the US is its largest trading partner and largest foreign investor. However, since the bilateral trade balance reversed to a Japanese surplus in the mid-1960s, the US turned to press Japan for changes in its economic measures.

⁷⁴ Hisane Makaki, “Japan-Myanmar panel set to hold final meeting,” *The Japan Times*, June 28, 2002; Kazuyo Kato, “Why Japanese are uneasy with US Democrats,” February 2, 2007 in <http://www.atimes.com/atimes/Japan/IB02Dh03.html>. Accessed on July 30, 2007. The Clinton administration objected to the Japan-Myanmar economic panel but Japan went ahead with the panel’s work.

⁷⁵ Ruth Taplin, *Japan’s Foreign Policy towards Southeast Asia*, in Richard L. Grant (ed.) *The Process of Japanese Foreign Policy Focus on Asia*, London: The Royal Institute of International Affairs, 1997, p.73. See also Hijiri Inose, “Asia Experts Warn of Danger of Isolating China,” *The Nikkei Weekly*, June 24, 1996.

reason why Japan moved towards closer relationship with ASEAN and the building of an East Asian Community.⁷⁶

The Clinton strategy in Asia was followed by the Bush administration conceptualizing China as a “strategic co-existence” particularly after the 9/11 incident, for the fight against terrorism and the resolution of the North Korean problem.⁷⁷ Such soft-line stance towards China, which supported US anti-terrorism policy was criticized by Akira Kojima, the editor-in-chief and senior managing director of the Nihon Keizai Shimbunsha, that the US put aside human rights issues for the time being.⁷⁸

Realizing the above changing conditions, Japan’s strategy in Asian region policy was adjusted. The Ryutaro Hashimoto’s policy towards Myanmar (1996-1998) is an apparent case of Japanese offensive policy to balance between Japan’s alliance with the US and the understanding of ASEAN’s position with Myanmar military government.⁷⁹ Such policy stance of Hashimoto also reflected Japan’s desire to support ASEAN in countering China’s growing excessive influence in Myanmar. Even Japan was forced to choose sides at a time when the US and ASEAN had controversial opinion on the inclusion of Myanmar into ASEAN in 1997, Prime Minister Ryutaro Hashimoto chose ASEAN by supporting ASEAN’s decision. He made his first foreign visit to Southeast Asia rather than the US as Japan’s traditional practice (except in the period of Prime Minister Zenko Suzuki who also made ASEAN countries his first destination after being in office). Prime Minister Hashimoto argued that the stability and development of Japan and ASEAN were inseparable.⁸⁰ He conveyed Japan’s position to the leaders of ASEAN member states that

“Japan does not feel international isolation. [It] is the optimal way for the improvement of domestic situation in Myanmar. Rather, Japan thinks it [is] important to give Myanmar incentives to behave in line with international norms by drawing it out as a member of the international community.”⁸¹

On the diplomatic front, Japan claimed its side with ASEAN that Myanmar’s membership in ASEAN was critical to working constructively to moderate the

⁷⁶ See Yoshihide Soeya, “Japan in East Asia: Changes in the 1990s and New Regional Strategy,” Research Institute of Economy, Trade and Industry (RIETI) Discussion Paper Series 04-E-013, February 2004.

⁷⁷ Ibid, p.13.

⁷⁸ Akira Kojima, “Redefining the National Interest for a New Era: A New Paradigm for Diplomacy,” *Gaiko Forum*, Vol. 3, No.1 Spring 2003, p. 4.

⁷⁹ After Hashimoto visited ASEAN in January 1997 and pursued positive engagement with Myanmar by supporting its membership of ASEAN, The US went up against Myanmar’s inclusion in ASEAN and Japanese support by declaring Myanmar a pariah state and barred government credits and guarantees for US trade and investment in Myanmar in April 1997 (while US local governments were putting even stricter on companies doing business with Myanmar) three months before Myanmar became a full member of ASEAN and in the following month, Washington imposed economic sanctions on the country, banning all new U.S. investment as a public condemnation of the military regime’s human rights abuses.

⁸⁰ In June 1997 Prime Minister Hashimoto announced formally that Tokyo would support ASEAN’s inclusion of Burma. See “Tokyo Supports ASEAN Decision to Admit Burma While US Opposed It,” *Japan Digest*, June 2, 1997.

⁸¹ “Japan’s Position Regarding the Situation in Myanmar,” in <http://www.mofa.go.jp/region/asia-paci/myanmar/myanmar.html>. Accessed on April 12, 2007.

military government repressive policies, bringing Myanmar into ASEAN to counter China's growing influence, and resisting Western interference in Southeast Asian affairs. Thus, in dealings with Myanmar, Japan displayed a familiar pattern: seek a bridging role, offer foreign aid incentives, pursue a softer line towards authoritarian regimes than Washington, and show willingness to work with them in consideration of the China factor.⁸²

However, to reduce conflicts against the will of the US and international community and make harmony or conceal its real intentions as one might interpret, which is a Japanese basic manner, Japanese policy-making agents did not opt for a clear-cut division between bilateral and multilateral engagement, but adopted a much more nuanced multilevel approach. Japanese engagement towards Myanmar was also suspected to make a shortcut indirectly through some Asian nations as it is mentioned in a report of a US congressional staff study mission that:

“The delegation received a report that the Japanese, while having suspended new Burmese aid programs themselves, have asked another government in the region to consider a program or programs of assistance to Burma which the Japanese would help to finance. If this report is true, the Japanese should refrain from such efforts, which seem inconsistent with stated Japanese policy.”⁸³

Another attempt for Japan to avoid direct conflict with the US is that Tokyo would also consult or inform the US and the United Nations about the aid if possible such as in the supply aid to repair a Japanese-built hydropower dam in 2001.⁸⁴ However, as it could be observed that despite the US disagreement to Japan's aid, Japan still went ahead with its decision as a Japanese foreign ministry official said on Japan's shun assistance that “We do not think Japan has to do exactly the same as the US does”.⁸⁵ This indicated that Japan is not always the US runner up.

In the other words, Japan might follow the US policy in general but its engagement with Myanmar was going on as the Nikkei editorial stated over the grounds of Japan-US relations in the Koizumi-Bush era that the characteristic of Japan was on the basis of strengthened ties but many problems came to be handled such as the foreign policies of the two countries that did not coincide on everything. There were differences in their approaches to India and Myanmar. The US took a pragmatic approach to India and a theoretical approach to Myanmar while Japan took a reverse position.⁸⁶

Besides, Japan has some room to continue its engagement policy with Myanmar as long as the US sanctions strategy does not bear any fruits. A study of the impact of the US sanctions on Myanmar garment industry, which exported nearly half of its products to the US, stated that the import ban damaged the garment industry in a serious manner and the most affected were small and medium-sized domestic private

⁸² Sueo Sudo, *Evolution of ASEAN-Japan Relations*, p.30.

⁸³ “Promoting Human Rights, Peace and Stability in Burma,” Report of a Congressional Staff Study Mission to Japan, China, Bangladesh, Thailand, Indonesia, Malaysia and Singapore, April 20-May 1, 1992, to the Committee on Foreign Affairs US House of Representatives, Washington: US Government Printing Office, 1993, p.13.

⁸⁴ William Barnes, “Bush urged to maintain sanctions,” *South China Morning Post*, April 27, 2001.

⁸⁵ “Japan Defends Dam-aid Offer To Rangoon,” *The Nation*, May 18, 2001. The US Secretary of State Colin Powell criticized that it was not appropriate to deal with the country's military rulers and that it reeled under international economic sanctions.

⁸⁶ *Nihon Keizai Shimbun*, July 1, 2006.

firms and their workers, which were not the main target of the sanctions.⁸⁷ Also in the same year of the US strict measure, Myanmar gained replacement support from China and became closer ties with it. China gave Yangon a US\$200 million loan package, and sold it a range of new military hardware at discounted prices, all of which softened the impact of the US sanctions. Another case of ineffective measure is the UK government's "exceptional request" for British American Tobacco to pull out in 2003. The firm sold its 60% stake to a Singaporean investor, thus the Myanmar operation could continue undisturbed.⁸⁸ Furthermore, black market trade is what prevents the total collapse of the Burmese economy.⁸⁹ Other than that, the US hard-line policy towards Myanmar military junta proved no progressive in any political development there either. Instead, the political change from within the Burmese society has only been in the military circle, to more hard-line stance.

The US think tanks particularly those related with economic policies have often come up with their views that the US sanctions against Myanmar have proven to be a failure on all fronts such as having harm American strategic and economic interests, having hit the Burmese people the hardest, having alienated the regional allies and having proved to be a strategic boon to China, and sometimes turning inwards on itself to promote a new form of the isolationist or self-reliance policy Myanmar used to perform in the Ne Win period.⁹⁰ In its recent effort in January 2007, the US also failed to get a draft resolution on Myanmar to be considered by the UN Security Council. The resolution was vetoed both by China and Russia as has already mentioned earlier.

To say in short, Japan-US relationship regarding Japan's Myanmar policy is diplomatically fit in MOFA policy statement that 'our first priority is to develop relations with Asia-Pacific countries and to promote regional cooperation, while maintaining cooperative relations with the US – our most important partner with

⁸⁷ Toshihiro Kudo, "The Impact of United States Sanctions on the Myanmar Garment Industry," Institute of Developing Economies Discussion Paper No.42, December 2005. See also Khin Zaw Win, *ibid*.

⁸⁸ Ian Holliday, "Rethinking the United States' Myanmar Policy," p.616.

⁸⁹ For example, in 1993 Myanmar total trade was nearly \$2 billion but the value of black market trade with India and China (not yet including with Thailand) was about \$1 billion, see Leon T. Hadar, "U.S. Sanctions Against Burma A Failure on All Fronts," Center for Trade Policy Studies, Trade Policy Analysis No. 1 March 26, 1998.

⁹⁰ See for instance Statement of Frank D. Kittredge, President of National Foreign Trade Council in "Sanctions Revisited" Hearing before the Subcommittee on International Economic Policy and Trade of the Committee on International Relations House of Representatives, 105th Congress Second Session September 10, 1998, Washington: US Government Printing Office, pp.5-7; Leon T. Hadar, "U.S. Sanctions Against Burma A Failure on All Fronts," Center for Trade Policy Studies, Trade Policy Analysis No. 1 March 26, 1998; Michael Jonathan Green, Senior Advisor and Japan Chair Center for Strategic and International Studies, "The Strategic Implications of the Burma Problem," Testimony before the Senate Foreign Relations Committee Subcommittee on Asia Pacific Affairs, in <http://www.senate.gov/~foreign/testimony/2006/GreenTestimony060329.pdf>. Accessed on May 21 2007. However, the regime might have a hard time to pursue inwards on itself to promote an isolationist or self-reliance policy it used to perform in the Ne Win period because of time difference. The Burmese society somehow has been opened through international news, tourists, international publications (though censored), the change of demographics and globalization and advancement of all of Myanmar's neighbors. But the movement of government ministries to Pyinmana might be an indication that the military is turning more inward, relying on its own resources and outside assistance particularly from China.

common values – as the cornerstone of our foreign policy.’⁹¹ Accordingly, Japanese actual policy implementations were based on various determinants, including the US policy values and international circumstances.

3) China factor and sentiment in Japan’s Southeast Asia policy

This section attempts to elaborate more about China and its relations with the region and Burma/Myanmar in particular in order to delineate Chinese influence in the region and why and how Japan had to take high concerns over Chinese policy.

China has had good relations with Burma ever since the early 1950s when it put a relative priority to Burma by establishing diplomatic relationship after it came to power in 1949 and joined Bandung Conference together. Geopolitical strategies of Burmese location are considered one of the most important for China in ensuring long-term stability on its Southern region. However, relationship between China and Burma turned soar in the period when Chinese Communist Party (CCP) supported the Communist Party of Burma (CPB). But relations eased in the 1970s, particularly after the reduction in support for the CPB and followed by the considerably warm relations from 1988 after China under Deng Xiaoping promoted economic development policy. Both agreed to legalize border trade in 1988. In late 1988 after the Burmese military regime came to power by popular oppression, the regime boosted its ties with China in terms of economic and arms relations in order to secure its military rule as well as to ease the suspension of international aid and development assistance to Myanmar.⁹²

Since 1989, China has been an important Myanmar’s supporter during storms of trade embargo from the Western countries. The two have built deep relationship both politically and economically.⁹³ The continuance of the international sanctions has served to strengthen military ties through arms sales, military assistance and training and financial assistance between the two countries as well.⁹⁴ Both countries held several historical top leader visits. For instance Premier Li Peng visit to Yangon in December 1994 was reciprocated by Senior General Than Shwe, the SLORC chairman in January 1996 to sign with President Jiang Zemin economic, technical, and cultural agreements. President Jiang visited Myanmar in return in December 2001, which is the first visit by the president of China since the events of 1988. Furthermore, the believed to be second in rank in the SPDC, Maung Aye, a military leader and a pro-Indian, traveled to China in August 2003 to discuss about the US newly imposed sanctions following the re-arrest of Aung San Suu Kyi in May. These diplomatic visits and interactions show how much China is interested in this Southern neighbor and how much China is important to the military government. Chinese influence in Myanmar is so overwhelming that it made particular protection of Myanmar together with Russia to veto the US-drafted UN resolution calling on Myanmar to end its

⁹¹ “Challenge 2001 - Japan's Foreign Policy toward the 21st Century,” Ministry of Foreign Affairs, January 4, 1999.

⁹² In this period, Myanmar was almost bankruptcy that the military government had to sell off part of its Tokyo’s embassy to save from its immediate financial problems. Beside that in the history of Burma/Myanmar-China relations, large-scale production of opium and heroin in Burma/Myanmar is related to China’s support together with the ethnic Chinese in Burma/Myanmar (and also to the American CIA during the Cold War).

⁹³ See details in Wayne Bert, “Burma, China and the U.S.A.,” *Pacific Affairs*, Vol.77, No.2, 2004.

⁹⁴ From 1990 to 1998 alone, It is reported that Beijing made available to Yangon nearly \$2 billion worth of arms, including fighter aircraft, radar equipment, naval patrol boats, heavy artillery, main battle tanks, anti-aircraft missiles, guns and ammunition. See Ian Holliday, “Japan and the Myanmar Stalemate: Regional Power and Resolution of a Regional Problem,” p. 398.

authoritarian power and move towards democracy. Besides, China has also expanded its leverage throughout Southeast Asian region by road, railway, waterway and port infrastructures. At the present, Chinese business presence and Chinese community could be observed everywhere along the Chinese borders and in upper Myanmar, such as in Mandalay.⁹⁵ Such strategic development of China threatens India, Southeast Asian countries, and the external power, the US and of course, Japanese interests. The countries affected by the growing influence of China in the region take very high concern of their policy towards Myanmar and Southeast Asia in general. For instance, India changed its policy towards positive engagement with Myanmar. The US, to some extent, has lost its influence in the region to China but recently it made an approach towards Vietnam to counterbalance China.⁹⁶ Naturally, such a deep relationship led to Southeast Asian countries including Myanmar itself aware of Chinese influence. Myanmar is always aware of its strategic importance in the region and pursues its neutral and balance diplomacy.⁹⁷ It feels sensitive to be relied too much with China. Its join with ASEAN in 1997, fostering relationship with India, Russia and North Korea, maintaining relationship with Japan as well as entering BIMST-EC (Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation)⁹⁸ could be seen as a part it intended to distance itself from falling further into the Chinese sphere of influence, other than countering the US sanctions policy. On the other hand, ASEAN along with these close neighbors have the same perceptions towards China's increasing power in the region.

China excessive presence in the region is represented as a fearful threat not only to Southeast Asian countries but also to Japan and the US interests. As discussed earlier, Southeast Asia is important to Japan in various dimensions. That is access to Southeast Asia's resources for its resource security and the benefits that flow from the Southeast Asian market and investment networks that have evolved over three decades between Japan and the region remains at the heart of Japan's interests. Japan is the largest trading partner and the largest source of foreign investment for many Southeast Asian countries. In addition, strategically Southeast Asia takes a sea-lane security role for Japan's economy. Almost 80% of Japan's oil and about 70% of its shipping transits Southeast Asia.

Moreover, China factor contributed uncertainties to the viability of the alliance with the US as seen from Japan. The root of the problem was the warming of American's relations with China rather than the effect of Chinese criticism of the enhanced security role that Japan had assumed with the concurrence of the US.⁹⁹ Also some analysis mentioned that since late 20th century, China has been attempting to

⁹⁵ See "Myanmar and China: But Will the Flag Follow Trade?," *The Economist*, Vol.333, Issue 7884, October 8, 1994. It is also reported that China has been doubling its defense budget since 1988, with a shift towards the navy and air force, which could signal a desire to project its power beyond its land borders.

⁹⁶ J Peter Pham, "US primed for Vietnam visit," *Asia Times Online*, June 15, 2007, in http://www.atimes.com/atimes/Southeast_Asia/IF15Ae01.html. Accessed on June 15, 2007.

⁹⁷ Historically, Burma/Myanmar's conception of national security is driven by considerations of strong nationalism, notions of self-reliance and distrust of foreigners. Myanmar, therefore, tries its best attempting the balance of power in its international affairs, China, Russia, India, ASEAN and Japan. It even renewed its ties with North Korea, including defense related visits and arms purchases.

⁹⁸ It was formed in June 1997 and Myanmar jointed in December of that year. Bhutan and Nepal also joined the organization in 2003, which made change to the name to Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC).

⁹⁹ Michael Yahuda, *The International Politics of the Asia-Pacific*, p.321.

surge its role over Japan as the most influential Asian state in Southeast Asia through its steadfast economic growth and its hand-over assistance to Southeast Asian countries during the financial crisis while Japan have failed to come to Southeast Asian rescue before China during the crisis besides its becoming more interested in playing on the world stage than in consolidating a role in Asia.¹⁰⁰ According to June 2005 IMF Direction of Trade statistics, Southeast Asian trade with China, Japan and the US was about equal, with about 18% of each country trade with Southeast Asia. But comparing to the cumulative flow of foreign investment in the region, up to 2004 Japanese investment was about \$85 billion, similar that of the US and about 20 times that of China. Japan is also the largest source of ODA in the region, providing 50.6% of all ODA to ASEAN in 2003.¹⁰¹

However, regarding Japanese aid to Southeast Asian countries, though it has long been institutionalized in the region and comprises much higher volumes than China's, it has been perceived as primarily for benefits of Japan.¹⁰² On the other hand, China's small sum of aids could gain more recognition and admire as it was viewed more sincerity and coming on the right time.¹⁰³ China was also quick to propose an ASEAN-China free trade area in 2000, and court Southeast Asia with its promise of participation in China's economic boom.¹⁰⁴ Moreover, Beijing moved forward by signing ASEAN's Treaty of Amity and Cooperation (TAC) preparing to sign the protocol of ASEAN's Southeast Asia Nuclear Weapons Free Zone treaty, and signing a 'strategic partnership' with ASEAN at the October 2003 Bali Summit. Bilaterally, China has signed it with Thailand in May 2007. Having adept diplomacy towards Southeast Asian region makes China greater roles while Japan seems to be in a challenging position and has to catch up with China. An evidence showed in 2005, when Japan turned to Southeast Asia to drum up support for its permanent seat in the UN Security Council (UNSC), only Singapore appeared to support Japan's bid for a permanent UNSC seat, while Jakarta acted ambivalently.

In Myanmar, Japan was seen to make several approaches to counter the Chinese challenges in economic progression and military security. To give some instances, Japan announced its first partial resumption of aid shortly after Chinese Premier Lee Peng visited Yangon in December 1994. Following by Beijing

¹⁰⁰ Bronson Percival, "Japan-Southeast Asia Relations: Playing Catch-up with China," Comparative Connections (A Quarterly E-Journal on East Asian Bilateral Relations), in http://www.ciaonet.org/olj/cpc/cpc_oct06/cpc_oct06n.pdf. Accessed on April 5, 2007. By early 1993, over 70% of the Chinese economy had shifted into non-state hands and Chinese economy has been going in a fast track along with its military spending while in the same year Japanese economy has gone into recession.

¹⁰¹ Ibid. However, since 1995 Japan's overall ODA has declined by a third because of its financial constraint at home. In 2006 Japan slipped to third place among the world's 22 major foreign-aid donors, following the US and the UK.

¹⁰² Suelo Sudo, *The International Relations of Japan and South East Asia: Forging a New Regionalism*, p.57 and Chapter 4 for details of Japanese ODA; Suelo Sudo, *Evolution of ASEAN-Japan Relations*, pp.28-9; Donald Seekins, "Japan's "Burma Lovers and the Military Regime," p.6. Kakazu Hiroshi called ODA as a "boomerang economy," which implies that since most financial assistance is tied to the country which provides the assistance, benefits of the assistance are returned to the donor country through imports from the donors. Thus the boomerang phenomenon for Japan is that aid is tied to Japanese firms and their circles. His criticism is in Donald M. Seekins, "Japan's Aid Relations with Military Regimes in Burma, 1962-1991," *Asian Survey*, Vol.32, No.3, 1992, p. 252.

¹⁰³ Bronson Percival, "Japan-Southeast Asia Relations: Playing Catch-up with China," pp.162-5.

¹⁰⁴ Ibid.

announced a 70 million yen loan to Yangon and a new economic cooperation agreement in March 1997, Japanese officials grew alarmed that China's "aid offensive" in Myanmar was aimed at gaining naval access to the Indian Ocean.¹⁰⁵ Subsequently, in the same year the Japanese government announced its formal support for Myanmar's membership in ASEAN. It is also said that MOFA's Asian Affairs Bureau officials often describe their policy objectives in Myanmar in terms of shoring up ASEAN against Chinese influence.¹⁰⁶ Even Hisayoshi Ina, vice-chief of the editorial board of the *Nihon Keizai Shimbun* concluded that the efforts of Japan spearheaded by MOFA to gain a permanent seat on the UN Security Council were rooted not in a high regard for international bodies but rather to expand Japan's influence within the organization in response to China's growing presence.¹⁰⁷

Also Tokyo attempted to counter the fluctuations and changes triggered by the end of the Cold War by approaching ASEAN in several ways particularly since mid 1990s such as concluding free trade agreements, actively participating (leading only on financial matters) in ASEAN Regional Forum (ARF) and ASEAN Plus Three (A+3), attempting to create a new group called East Asian Community (EAC) and finding a new framework of ASEAN Plus Three and India, Australia and New Zealand by established the Council on East Asian Community (CEAC).¹⁰⁸ Suetō Sudo also raised the strategic importance of ASEAN to Japan in the late 1990s and Japan attempted to mobilize a new regional movement in the region. He noted that Japan proposed to play a greater role in Southeast Asia beyond the principle of the 1977 Fukuda Doctrine although it was in the mounting aftermath of the bubble economy and faced its paralysis on all fronts: domestic, regional, and international.¹⁰⁹ Correspondingly, Japan's role in the region is in line with ASEAN interests. Malaysia together with Singapore, the Philippines, Indonesia and Thailand urged Japan to play a more active role as regional leader. Some observers interpreted that these countries wished Japan to counter-balance the emerging China.¹¹⁰ Simultaneously, Japan also needs ASEAN as its back door to develop its own Asian vision in order to overcome its fear of China and its dependence on the US. Also in its reverse strategy, Japan chose to get closer and cooperate with China, its regional rival since historical time while putting effort to keep on its ODA support to Myanmar military regime.¹¹¹

¹⁰⁵ Cited in Michael J. Green, *Japan's Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power*, New York: Palgrave, 2003, p.183.

¹⁰⁶ *Ibid.*

¹⁰⁷ Hisayoshi Ina, "Koizumi Diplomacy and Japan's Foreign-Policy Challenges," *Gaiko Forum*, Vol.6, No.3, Fall 2006, p. 20.

¹⁰⁸ Before 1996 Japan did not show any intention to join ASEAN or East Asian grouping, which was proposed by ASEAN members in early 1990s. CEAC was established in Japan on May 18, 1994 with the participation of 9 governmental ministries, 11 think tanks, 13 business corporations and 40 individuals of different expertise as the Japanese network of think-tanks, intellectuals, and business leaders to study prospects of EAC. See further details in <http://www.ceac.jp/e/index.html>; Ian Holliday, "Japan and the Myanmar Stalemate: Regional Power and Resolution of a Regional Problem,"; Takashi Terada, "Building East Asian Regionalism: ASEAN + 3 and the Role of Japan," *Gaiko Forum*, Winter 2002, Vol.2 No.1.

¹⁰⁹ See Suetō Sudo, *The International Relations of Japan and South East Asia: Forging a New Regionalism*.

¹¹⁰ See for example, Linus Hagstrom, *Japan's China Policy: A Relational Power Analysis*, London and New York: Routledge, 2005, p.5.

¹¹¹ Interview with JBIC official, July 5, 2007. Tokyo's policy matches with Japanese business sector's interests as it is keen to see a continuation of aid to Myanmar because it fears that it will lose out competition to Chinese and other East Asian companies.

4) Japanese ideology of universal values of human rights, democracy and freedom

Needless to say, Japan's Myanmar policy has associated with universal values of human rights, democracy and freedom. The ideology is important for Japan to take particular concern after it has emerged as a full-fledged economic superpower and joined international political and economic arena as one of the world leaders. The section will examine the path of Japanese development of universal values and to what extent Japan legitimated and realized the substance of the ideology, its sense of donor's 'responsibility' or 'duty' to the inferior and took leadership to help promote the application of the ideology in the international level.

In international arena, concepts and practices of universal values of human rights, democracy and freedom have been advocated by the US and other Western countries as an outgrowth of their history of war, struggle and independence. Universal values became substantial topics in their dealings with foreign countries not long after the end of the Cold War. The victory over communism aroused US idealism and a desire to expand democracy and human rights around the world.¹¹² James Baker, then US Secretary of State, said in March 1990, only a few months after the collapse of communism in East Europe, that the new mission for the US would be the promotion and consolidation of democracy.¹¹³ The US President Bill Clinton also emphasized during his 1992 presidential campaign as the second imperative for presidential leadership the promotion of democracy, human rights and market economies.¹¹⁴ Democratization and human rights thus have been central policy objectives of the American administrations. Since these values are accepted as values of modern society particularly in promoting fairness among people, and since the US has been the leading advocate of these ideals, spreading democratic values around the world is a plausible US policy goal. In general, the US has extensively used economic sanctions as a means to promote universal values. An obvious policy of the US based on its national interests and its domestic politics was when the Clinton Administration attempted to link renewal of China's most-favored nation trading status to an improvement in its human rights record but after facing strong resistance in the American community, President Clinton's 1994 decision reversed course and moved away from linkage.¹¹⁵

On the other hand, there have been a number of difficulties in its application, especially in Asia. Singapore's statesman Lee Kwan Yew and Malaysia's Mahathir Mohammad were particularly outspoken critics of the universal values as merely the Western values to undermine the political and economic institutions that supported

¹¹² John Ikenberry viewed that the American preoccupation with promoting democracy abroad fits into a larger liberal view about the sources of a stable, legitimate, secure, and prosperous international order. See further discussion in G. John Ikenberry, "Why Export Democracy? The 'Hidden Grand Strategy' of American Foreign Policy" *The Wilson Quarterly*, Vol. 23, no.2, 1999.

¹¹³ 'Democracy and American Diplomacy', Speech by James A. Baker, III, at the World Affairs Council, Dallas, Texas, March 30 1990, Department of State Press Release in Takayuki Kimura, "Japan-US Relations in the Asia-Pacific Region," p.47.

¹¹⁴ Bill Clinton, Address to the World Affairs Council in Los Angeles, August 13, 1992 text from the United States Information Agency (USIA).

¹¹⁵ David Arase, "Japanese Policy toward Democracy and Human Rights in Asia," p.939-40.

country's economic growth and domestic peace and order.¹¹⁶ And unsurprisingly, Myanmar military leaders protest against the application of the values to its country arguing that it is selectivity and double standards for political purposes and intervention to its internal affairs.¹¹⁷

Japan has learned to change its society from authoritarian-oriented to universal values of human rights, democracy and freedom since the end of World War II by the US's policy of the two Ds, democratization and demilitarization along with its peace constitution (*heiwa kenpou*). Imposing its ideals and values at home on universal values and establishing political and economic close ties with the US made Japan fully concentrated on restoring its war-torn economy and successfully developed its economy to the world level second only to the US within a very few decades. Also at home Japan has been doing well with political advancement. In Japanese society, human rights community has been increasing. It includes progressive journalists, intellectuals, lawyers, certain members of the Diet, domestic non-governmental organizations such as Amnesty International-Japan, the People's Forum on Burma, the Japan Civil Liberties Union. However, as Seekins put it, this group has relatively limited resources and popular support but it maintains a critical position resembling that of the governments of the US and other Western countries.¹¹⁸

As it is known, Japanese perception and implementation of universal values began after the end of Second World War. However, in Japan's foreign relations through its aid policy since mid 1950s, universal values were not a part of its aid philosophy. When we went back to Japanese past perceptions of Asian countries particularly Southeast Asia and Northeast Asia, the explanation for it is that from 1958 until the early 1970s the primary concern of MOFA and MITI was trade promotion and resources acquisition for Japan. Greater understanding of the least developed country (LDC) position by both ministries was not expressed until the mid 1960s and humanitarian issues and third world development did not feature until the declaration of the UN Conference on Trade and Development (UNCTAD) in 1968. Then for the period of 1970-1982, surprisingly enough, MITI is mentioned to raise a far more sophisticated approach to aid rationales than MOFA in that MITI held firmly three main arguments supporting "economic cooperation", which were securing essential raw materials, LDC development as a means of assisting world economic stability; and humanitarian concerns while MOFA had only one key theme during the whole period, which is Japan's international role and its support for Japanese economic development.¹¹⁹ However, both predominant ministries had similar foreign aid policy ground that they did not expose any universal values promotion in their aid

¹¹⁶ Takashi Inoguchi and Edward Newman, "Introduction: "Asian values" and Democracy in Asia," Proceedings of a Conference on "Asian Values" and Democracy in Asia" March 28, 1997, Hamamatsu, Shizuoka, Japan.

¹¹⁷ See Press Release by Ministry of Foreign Affairs, The Union of Myanmar at <http://www.myanmar-embassy-tokyo.net/>. Accessed on June 26, 2007.

¹¹⁸ Donald M. Seekins, "The North Wind and the Sun: Japan's Response to the Political Crisis in Burma, 1988-1996," p.1-33. In relations with Myanmar, this group includes Burmese expatriate organizations in Japan such as the Burma Youth Volunteer Association-Japan. See also Kei Nemoto, "Between Democracy and Economic Development: Japan's Policy towards Burma/Myanmar Then and Now," in N. Ganesan and Kyaw Yin Hlaing, Myanmar: State, Society and Ethnicity, pp.105-107; Catharin Dalpino, "The Role of Human Rights: The Case of Burma," in Thomas U. Berger, et.al. eds. Japan in International Politics, Bolder and London: Lynne Rienner Publishers, 2007, pp. 224-226.

¹¹⁹ Alan Rix, Japan's Foreign Aid Challenge, London : Routledge, 1993, p.19-20, Chapter 1, 5.

rationale while having the same interests of economic security of Japan. MITI seems to have always been far more leading in rationalising the development aspects of Japan's ODA as in 1989 it initiated an approach for economic cooperation with Asia based on 'soft resources', which included technique, management and policy know-how for development.¹²⁰ In MITI 1989 economic cooperation white paper, it put up a strong defence of the need to maintain strong flows of aid to Asia despite the emergence of assistance to Eastern Europe as a factor in Japanese ODA giving reason of Asian roles as the 'engine' (*keninryoku*) of the world economy.¹²¹

Not after the end of the Cold War that universal values of democracy, human rights, freedom and market-economy espoused by the US became global concerns more than merely universal philosophy of humanitarian considerations. Japan, to take a position in the changing international settings, needs to demonstrate its concern and advocate universal values in order to conform with its US ally power and also to secure its economic leadership, the aim that made Japan see its need to develop its international leadership by putting efforts and contributing to resolve international conflicts particularly through its "soft power" ODA and as a political mediator.¹²² In Japanese relations with the US over universal values, President George Bush and Prime Minister Keichi Miyazawa issued a declaration in January 1992 concerning US-Japan cooperation on global issues and announcing a "global partnership" between the two countries and towards the third countries. Japan was the first to support and became an active promoter of the US initiative of "Partnership for Democracy and Development" for Latin America. In Asia Japan supported democratic transition in the Philippines, coordination of the peace process in Cambodia, support for Mongolian transformation to democracy and a market economy and the handling of the North Korean nuclear problem.¹²³ Officially, Japan continually vows itself as a promoter of universal values of freedom, democracy, respect for human rights, the rule of law and the market economy and signed a new US-Japan Alliance of Global Cooperation for the 21st Century based on universal values and common interests on June 29, 2006 during Prime Minister Junichiro Koizumi of Japan for an Official Visit to the White House.¹²⁴ However, in the past evidence, as Takayuki Kimura pointed, it does not mean that every Japanese stance

¹²⁰ Ibid, pp.145-6.

¹²¹ Ibid, p.146.

¹²² Because of constitutional limitations on the use of military force since World War II, ODA has become Japanese government's principle means and diplomatic tools of ensuring its national interests and of exerting its influence abroad and Japan surpassed the US as the world's top ODA donor in the early 1990s. But regarding the successful story of its involvement in meaningful commitment to democratic values and human rights, Japan has been proven not being able to demonstrate any. Instead there were criticisms of Japan's aid as being overly commercial, not geared to LDC economic needs, based on large projects, wasteful of resources and with little development effects. This led to the adjustment of Japan's aid policy towards universal values since Prime Minister Toshiki Kaifu Administration (August 1989-February 1991). And Myanmar is a case that Japan adopted its aid suspension on the grounds of authoritarian rule and human rights violation. See analysis on national interests and Japan's ODA in Kazuo Sunaga, *The Reshaping of Japan's Official Development Assistance (ODA) Charter*, Discussion Paper on Development Assistance No.3, FACID, November 2004, pp.8-12; Alan Rix, *Japan's Foreign Aid Challenge*, pp.33-36.

¹²³ Takayuki Kimura, "Japan-US Relations in the Asia-Pacific Region," p.52.

¹²⁴ See for example The Ministry of Foreign Affairs of Japan, Speech by H.E. Mr. Junichiro Koizumi, Prime Minister of Japan, April 22, 2005, in http://www.kantei.go.jp/foreign/koizumispeech/2005/04/22speech_e.html. Accessed on May 29, 2007.

regarding universal values is in line with US policy objectives. Policy towards China is a case that Japan insisted throughout the G-7 summit process on not isolating China after the 1989 Tiananmen incident.¹²⁵ Japanese government stated that it had different approach as it pledged to use the country's aid leverage to promote the values. In 1988 Japan provided 61.5% of East and Southeast Asia's bilateral ODA, while the US's aid accounted for only 3.1%. Japanese ODA claimed to give recipients faster industrialization, more export and tax revenue, more factory employment, and closer association with Japan's corporate networks.¹²⁶ Japan also applied this argument in the case of its relations with Myanmar. As Japanese MOFA described Japan's position regarding the situation in Myanmar in March 1997 that

“Japan has traditional ties with Myanmar and is engaged in various forms of dialogue with both SLORC and the pro-democracy forces led by Aung San Suu Kyi. Japan's policy is to promote democratization and human rights not by isolating Myanmar but by working patiently and persistently for improvements through ongoing dialogue with the present regime.”¹²⁷

Although Japan believed in different approach from the US policy of embargo, diplomatically it has to meet halfway with this powerful alliance by showing some negative engagement when necessary and as its positive engagement has not yet born any fruits. Also Japanese government must have realized that its engagement policy is not in line with other OECD donors and even against its ODA Charter, Japan's first formal policy on development aid adopted in 1992. That is the four new principles or preconditions for recipients include environmental conservation, the promotion of democracy and human rights, restraints on military expenditures, the development of weapons of mass destruction and arms transfers and the introduction of a market-oriented economy, which Myanmar military government failed to qualify.

Thus in Japanese aid resumption to Myanmar, for fear of the above mentioned reasons and international sentiments particularly from human rights supporters, the Japanese government publicly announced that it approved no “new” aid projects apart from debt-relief grants and small-scale humanitarian aid. However, the meaning of

¹²⁵ Takayuki Kimura, *Ibid*, p.453. Japan was the first Group of Seven nation to send cabinet ministers to China, *The Nikkei Weekly*, August 1, 1992. See also David Arase, “Japanese Policy toward Democracy and Human Rights in Asia,” pp.943-5; Suelo Sudo, *The International Relations of Japan and South East Asia*, p. 98. Japanese foreign affairs in this period could be seen as the result of the end of the Cold War after the US and the former Soviet Union held the Malta Summit in December 1989 leading to a post-hegemonic era and the emergence of regionalism.

¹²⁶ David Arase, “Japanese Policy toward Democracy and Human Rights in Asia,” p. 938.

¹²⁷ “Japan's Position Regarding the Situation in Myanmar,” <http://www.mofa.go.jp/region/asia-paci/myanmar/myanmar.html>. Accessed on April 12, 2007. Japanese government opted to employ ODA and NGO activities as a major instrument of its diplomacy to Myanmar. MOFA has the Non-Government Organizations Assistance Division to organize its partnership with Japanese NGOs under ODA and in 2002 it established an ambassador directly in charge of NGOs. However, comparing to their European and American counterparts, the Japanese NGOs are generally small and have a weak financial base. The scale of the activities of the Japanese NGO in the field of international aid assistance also lags behind that of the non-Japanese NGO. For example, the corresponding aid figure of the US government to the US NGO is 40%, in Canada 25% and in Japan 0.5%. See Japan Federation of Economic Organizations (Keidanren), *The 21st Century Public Policy Institute*, “Japanese NGO and Government ODA: Achieving a Breakthrough,” March 6, 2000.

“new” aid is very controversial and unclear to international community as often the Japanese government traced its “old” aid project back before the 1988 massacre when it wanted to resume this kind of relations with the Myanmar regime as details have been mentioned earlier. Comparing to the other industrialized countries, which had frozen almost all ODA disbursements to Myanmar, Japan resumed highest ODA amounts to this country since 1950s. Of the US\$ 760 million in ODA disbursements to Myanmar from 1991-2001, US\$ 570 million was for debt relief or it accounts for 75% of total Japanese ODA to Myanmar in the post-Cold War era and the rest was in the area of humanitarian assistance and infrastructure development.¹²⁸ Such ODA proportion and debt problem evidently indicated the negative outcome of quality and achievement of Japanese ODA in promoting constructive change in Myanmar. This inevitably related to legitimacy of Japanese promotion of new and full scheme ODA to Myanmar and it is also a cause for Japan to take careful steps of its engagement with the country.

In an attempt to legitimate and to raise credibility to its ODA policy in accordance with the change of international events and, to some extent, the corresponding domestic climate, Japanese government made some adjustment of its ODA in 1998 and revised ODA Charter for the first time in 2003.¹²⁹ In 1998 it introduced the concept of ‘human security’ proclaiming to cope with ethnic conflicts as well as providing assistance to individuals, communities and countries to protect, enable and empower vulnerable populations.¹³⁰ Its ‘human security’ concept of aid in Myanmar made Japanese government for the first time agree to fund NGOs to assist Burmese refugees on the Thai border by giving US\$75,000 in early July 1998.¹³¹ However, comparing to its overall ODA amounts, such ‘human security’ aid to refugees and Burmese minorities was very little comparing to large infrastructure projects Japan implicitly concentrated. Furthermore, according to a JICA official, implementations of Japanese aid projects and activities have been highly kept in check and mobilized by the military junta. Therefore, only a few aid projects reached peripheral areas and particularly democratization-oriented projects could be limitedly

¹²⁸ Patrick Strefford, “Japanese ODA to Myanmar: Resulting from the Mutual Dependence It Created.” *Journal of International Cooperation Studies*, Vol.13, No.2, 2005, p.123. Overall Japanese ODA accounts around 0.7% of its gross national income.

¹²⁹ Government of Japan, Ministry of Foreign Affairs, Economic Co-operation Bureau, Japan’s Official Development Assistance Charter, August 29, 2003. The 2003 ODA Charter revision is a result of the 9/11 incident and the subsequent war in Iraq and the mounting Japanese awareness of national interests perceived by the threat from North Korea. The four principles or preconditions for recipients was put exactly the same as the 1992 ODA Charter. The idea of revision was explained by Kazuo Sunaga, Minister, Permanent Mission of Japan to the United States of MOFA, that it aims at the reshaping of Japan’s ODA mandate, incorporating new ideas and approaches to international development and addressing some challenges that have emerged with the recent changes in global politics and economy since the end of the Cold War and to respond to increased demands from the Japanese public for a solid policy framework that would make Japan’s ODA more efficient and transparent. See Kazuo Sunaga, *The Reshaping of Japan’s Official Development Assistance (ODA) Charter*, Discussion Paper on Development Assistance No.3, FACID, November 2004, p.1.

¹³⁰ See details in Akiko Fukushima, “Popular Perceptions of Japan’s New Security Role,” in *Asian Perspectives Seminar on The Future of The US-Japan Security Relationship*, The Asia Foundation, Washington, D.C. November 20, 2003.

¹³¹ Human Rights Watch, *World Report 1999*, in <http://www.hrw.org/worldreport99/asia/burma3.html>. Accessed on June 4, 2007.

and had to be indirectly provided in forms of human resource development and community participation in development area.¹³²

Finally, the revision of the 2003 ODA Charter turned to be criticized as the attempt of Japanese nationalists to mount Japanese awareness of national interests. As mentioned by Kazuo Sunaga, prior to the charter revision, the Prime Minister's Cabinet issued a report on ODA strategy in mid 2002 defining ODA not simply as a means of helping the poor, but as the political key to ensuring a stable international environment for Japan.¹³³ It classified ODA into two categories: ODA directly related to national interests, and ODA which Japan should bear as a member of the international community.¹³⁴ The report was similar or matched the LDP opinions in its report on ODA reform in December 2002. In this report, the LDP recommended that national interests (*kokueki*) should be discussed from various angles, with a view towards both redefining the basic purposes of ODA and achieving a balance between national interests and universal values.¹³⁵ However, the charter finally intentionally avoided the term "national interests" and instead it substitutes the phrase, "to ensure Japan's security and prosperity" to compromise with international concerns and domestic public views from particularly most NGOs and many academics that Japanese ODA should focus mainly of international development targets without paying much attention to domestic interests or concerns.¹³⁶ This evidence and criticism could clearly reflect Japanese universal values promotion policy in international level and its double layer ODA policy in general and towards Myanmar in particular.

3. Conclusion

Japan's engagement policy towards Myanmar seems for many observers as controversial. It is viewed as inconsistent, more often criticized as reluctant, vague and highly in the sphere of the US influence. However, this study has proved that such engagement pattern of Japanese involvement in Myanmar over the past decades was determined and derived from Japanese overwhelming national interests, which has been carefully built up over 60 years and its challenge to changing politico-economic circumstances in East Asian and Southeast Asian region. Neither Japanese Myanmar's policy follows the line of the US nor does it always keep the US informed. It is clear that Japan has practiced more autonomy than it is commonly recognized. By and large, Japan tried carefully to craft the policy to avoid unnecessary conflicts with its Western allies. It did follow the lead of the US and other Western countries only when it felt under heavy international pressure. It was ready to take aid resumption

¹³² Interview with a JICA official, July 5, 2007. Basically, JICA's assistance focuses on five areas 1) humanitarian assistance 2) addressing the problems of minority ethnic groups and refugees 3) combating drugs 4) assistance for democratization 5) assistance for economic structural reform 6) Mekong regional development. And for the area unreachable by JICA, Japanese government attempted to assist such areas by cooperating with the UNHCR.

¹³³ Kazuo Sunaga, "The Reshaping of Japan's Official Development Assistance (ODA) Charter," p. 5.

¹³⁴ Ibid.

¹³⁵ Ibid., p.4.

¹³⁶ Ibid., p.12.

opportunities once it felt the pressure was somewhat declined or once it could find what it thought reasonable and explainable.

The philosophy and basic principles surrounding the strategic position of Japanese policy towards Myanmar to gain its utmost national interests lie on its conventional 'no enemy' policy around the four principles, namely, its national interests, the relationship with the US, China influence and the universal values of democracy and human rights. The ODA is the integral diplomatic tool of Japan in checking and balancing these relating factors, and tantamount to defending its national interests. Japanese government curbed or temporarily stopped its ODA volumes to secure its longstanding economic and security ties with the US as well as its image as established democratic countries and ODA Charter protector. Japanese ODA means also a tool to maintain its relationship with Myanmar in the midst of China influence, if not to curb Chinese presence in the country for the time-being. The mixture of these implications may symbolically resemble tree roots Japan has to trim or dig around to prepare it for a transplant. In the other words, it is a process quietly laying the foundation for Japan's continual and stable relations with Myanmar including Japan's status quo and its roles in Southeast Asian region in the changing world. While ODA functions as a tool for monitoring the process, increasing and decreasing ODA volumes or maintaining them in the minimum level, which depends on the situations and keeps checking and balancing the relating determinants, to nurture its relationship with Myanmar and its optimum and long-term interests.

Whereas national interests and China threat became the focal motivations in Japanese decision-making process in dealing with Myanmar, universal values tend to be principles that Japan hesitated to grasp as an opportunity to lead Asia towards democracy. It is mainly because Japanese policy-making process are highly influenced by politico-economic circles while Japanese society that actively supports a democracy and human rights orientation in the nation's foreign policy is still in the nascent stage. As David Arase wrote in 1993, Japanese business-oriented policy is the result of bureaucratic-business oriented coalition and universal values are viewed as a periphery in commercially oriented foreign policy.¹³⁷ In addition, the discourse on "Asian values" versus "universal values" among many Asian countries is another factor Japan seems to be careful for. In engaging with Myanmar, ASEAN countries has long perceived similarly that political problems of Myanmar is domestic affairs and to help Myanmar improve the situations could be carried out through economic development. It is in fact in accordance with Japanese state development experience and it is the most commonly heard explanation of Japanese policy that more development is needed before greater democracy and individual rights are possible.¹³⁸

Furthermore, focusing mainly on its ultimate interests, Japan's relations with Myanmar since 1988 has been constructed under a broader framework of merely reactive foreign policy. Up to the present, Japan could neither persuade the military regime for any change nor could it gain any leverage over the regime's decision-making even in its ODA program management inside Myanmar territory. Indeed, as the biggest and continual aid donor to Myanmar, Japan is expected to contribute its ODA as leverage to persuade for changes in the country particularly in human development. Until this time, Japan has provided such assistance as aid for agriculture, forestry, education, health and poverty alleviation measures but the aid volumes so far were less than its overall provision to infrastructure development. In order to reduce

¹³⁷ David Arase, "Japanese Policy toward Democracy and Human Rights in Asia," p. 951.

¹³⁸ *Ibid.*, p. 949.

criticism of its intention, Japan should increasingly demonstrate its encouragement and expansion on humanitarian assistance projects. Concurrently, it should carry on dialogues with the military junta in distributing the activities countrywide to cope with urgent problems and help strengthen civil society in Myanmar in the long run.

Additionally, cooperation with the UN in dialogue with the military government will consolidate Japanese activities as human development approach is in line with the UN gradual approach to tackle Burmese humanitarian issues, such as the plight of women and children, and public health and disease prevention issues. Pursuing “proactive flexible engagement” would help look in process not product of democratization and human rights promotion.

Practically, Japan could put efforts to assist changing process in Myanmar for the prosperity of Burmese people through the increasing numbers of NGO activities under the supervision and coordination of JICA.¹³⁹ Empowering grassroots and its community through humanitarian assistance and education will gradually and eventually help expand strength and livelihood of the Burmese people as well as political development. As Akira Kojima noted, Japan should employ persuasive and responsive basic principles of its ‘soft power’ to promote its diplomatic strength for the sake of its long-term national interests, which is simultaneously to other countries’ national interests through international interaction by individuals, and the functions of the new genre of non-governmental and non-profit organizational actors.¹⁴⁰

Secondly, efforts should be made to enhance the international and regional cooperation. Japan has a potential to play a decisive role in determining the regional balance of power in Myanmar affairs. Japan’s cooperation particularly with ASEAN would be essential tasks to bring Myanmar into the international and regional economic interdependent networks. The open-up of the country’s economic system would directly be beneficial to Burmese people and would gradually help ease political development in the country. Increasing economic stability in Myanmar is in line with ASEAN (as well as China) interests not only in ensuring regional stability but also regional economic activities and prosperity. This would also leave the door open for Japan to develop its ties with Myanmar as Japanese mediating role would help reduce the scale of China’s increasing influence in the region and also the US would need strategic cooperation with Japan to balance Chinese economic and political strength in the near future.¹⁴¹

Last but not least, if Japan could be able to comply with human development in Myanmar, it would be more likely to better reach the objective of its “proactive flexible engagement” approach, that is, the ability to have changes to be carried out with the consent of all sides.

Appendix

¹³⁹ Up to the present, numbers of grant activities through NGOs are relatively small. See <http://www.jica.go.jp/myanmar/anzen/pdf/ngo.pdf>. Accessed on July 13, 2007.

¹⁴⁰ Akira Kojima, “Redefining the National Interest for a New Era: A New Paradigm for Diplomacy,” *Gaiko Forum*, Vol. 3, No.1 Spring 2003, p. 6-7.

¹⁴¹ According to the Japan Center for Economic Research (JCER), based on the purchasing-power parity measurement, the size of the Chinese economy will be four times as large as Japan’s in 2020, five times that of Japan in 2030, six times in 2040 and almost seven times in 2050. See Takashi Shiraishi, “What the Economic Rise of China, India Means for Japan,” *CEAC Commentary*, June 19, 2007.

Japanese economic assistance to Burma: grants and loans, including reparations
(current US\$ millions, disbursements)

Year	Grants	Loans	Total
1950-57	45.7	-	45.7
1958	26.0	-	26.0
1959	18.7	-	18.7
1960	21.4	-	21.4
1961	13.6	-	13.6
1962	24.4	-	24.4
1963	27.0	-	27.0
1964	16.6	-	16.6
1965	11.6	-	11.6
1966	10.2	-	10.2
1967	6.4	-	6.4
1968	10.2	-	10.2
1969	-	30.0	30.0
1970	11.9	-	11.9
1971	16.7	7.1	26.7
1972	18.1	11.6	29.6
1973	14.8	41.9	56.3
1974	12.1	34.2	46.4
1975	17.1	7.1	21.6
1976	17.7	21.5	27.3
1977	8.0	12.2	20.6
1978	10.6	96.7	107.3
1979	30.0	153.3	178.1
1980	37.2	122.3	152.5
1981	33.2	100.1	125.4
1982	21.3	76.5	97.8
1983	48.4	65.1	113.4
1984	47.1	47.1	95.4
1985	49.4	104.9	154.1
1986	68.9	175.2	244.1
1987	67.3	104.7	172.0
1988	91.3	168.3	259.6
1989	43.9	27.5	71.4 (% share 78)
1990	33.3	28.0	61.3 (% share 61.3)
1991	41.7	42.8	84.5 (% share 84.5)
1992	36.6	35.5	72.1 (% share 72.1)
1993	41.7	26.9	68.6 (% share 88.7)
1994	107.3	26.5	133.8 (% share 93.7)
1995	151.4	37.2	114.2 (% share 90.5)

1996	111.8	-76.6	35.2 (% share 77.6)
1997	64.4	-49.6	14.8 (% share 63.0)
1998	58.0	-41.9	16.1 (% share 58.7)
1999	24.6	9.6	34.2 (% share 76.5)
2000	40.4	11.4	51.8 (% share 76.0)
2001	60.7	9.1	69.8 (% share 78.4)
2002	65.2	-15.8	49.4 (% share 62.4)
2003	43.1	-	43.1 (% share 51.6)
2004	26.8	-	26.8 (% share 32.9)
2005	25.5	-0.2	25.3

Note: Totals do not add because of rounding and discrepancies. All figures are in current dollars. Some figures are in question, because sources do not sometimes discriminate between commitments and disbursements. Figures do not include repayments. Grants include reparations, semi-reparations, cultural grants, debt relief, and food production programs. Loans include project assistance and commodity loans. Grant assistance between FY 1975-86 included Y.329 million for culture and cash grants for debt relief of Y. 3,003 million.

Reparations grant commitment 1954 \$200.0 million

Semi-reparations grant commitment 1963 \$131.4 million

Source: Ministry of Foreign Affairs, Japan's Official Development Assistance White Paper (various issues); <http://web-japan.org/stat/stats/23ODA34.html> accessed 26/02/2007 ; <http://www.mofa.go.jp/policy/oda/white/index.html> accessed 26/02/2007

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