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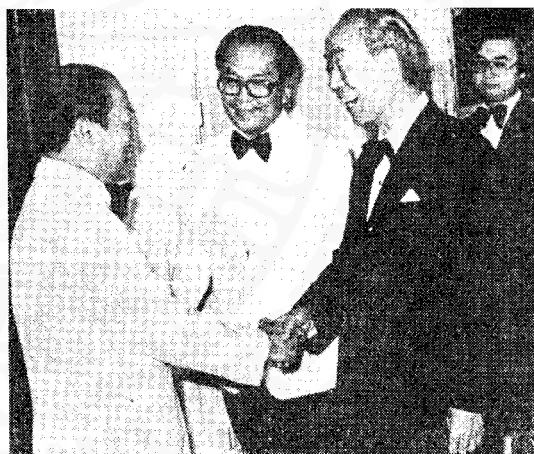
# Japan as a Factor in Thai-American Relations\*\*

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## I. Introduction

Japan's political role in the Asian region may not be as discernable as its economic role, at least for the moment.<sup>1</sup> However, given its enormous economic power and its potential in asserting itself in regional politics, Japan is a factor which a keen observer of regional politics cannot overlook. Indeed of late, Japan has become more active in voicing its political opinion regarding the political issues of the region most notably the Kampuchean problem.<sup>2</sup> Japan is also seen at times as a country with the potential to act as a counter-balancer against the influence



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<sup>1</sup> Discussions with Chawat Arthayuti, Ambassador attached to the Ministry of Foreign Affairs of Thailand, January 17, 1985.

<sup>2</sup> Discussions with H.E. Saburo Okita, former Minister of Foreign Affairs of Japan, January 17, 1985. See also "Japan Prepared to Play International Roles, Government Says" *Daily Yomiuri*, April 24, 1981; and Japan's Political Role in Asia Stressed by Suzuki", *Asahi Evening News*, 4 September, 1981. On September 10, 1983, Yasuhiro Nakasone, the Japanese Prime Minister told parliament that "Japan must play a global role politically and culturally as well as economically." *Bangkok Post*, September 11, 1983.

of the Soviet Union. However, this latter case is still controversial and in fact it is a dilemma for many Asian countries. On the one hand, a militarily strong Japan may serve to put a check on the Soviet Union but it could also pose a threat to the region.<sup>3</sup> The memory of a militarized Japanese polity and its aggressive policy during World War II is still fresh in the minds of many Asian countries.<sup>4</sup> As a result, it is interesting to note that Japan is a country which is viewed by its neighbors with a mixed feeling. On the one hand, Japan stands as an Asian country which has proven beyond any doubt that it has become a successful economic power. Many countries will need Japan for their industrial development program. Many countries including the newly industrializing countries will continue to depend on Japan for technological know-how.<sup>5</sup> In fact, a few countries would want to emulate Japan. Malaysia's "Look East Policy" and the desire of Singapore to fuji-xerox Japan's work ethic and management are cases in point.<sup>6</sup> On the other hand, Japan is viewed at times as a country of Asia which behaves like an outsider. Because of its economic success and

its wide-range commercial interest of a global scale, Japan behaves like a Western country rather than as an Asian neighbor.<sup>7</sup> This may well be the case but it would be tempting to argue that Japan is just behaving like an industrial country i.e., a country which will seek to market its products for greater revenue. Resentment against Japan tinted with a feeling of envy is to be expected. Whatever the situation, one thing is clear. Japan is here to stay and whether the countries of Asia like it or not, they have to continue dealing with Japan. The main issue which the Asian countries will have to address themselves is : How they can deal with Japan best, rather than to deal or not to deal with their economically powerful neighbor.

Thai-Japanese relations also reflect the general scenario we have discussed above. While Thailand and Japan have a long history of cordial relationship, there are still areas where differences remain unsolved.<sup>8</sup> These differences have at times flared up into unpleasant verbal exchanges and in early 1970's led to anti Japanese demonstrations when Prime Minister Tanaka came to visit

<sup>3</sup> Discussions with a number of ASEAN scholars and government bureaucrats. However, Yusuf Wanandi, Director of Center for Strategic and International Studies, Indonesia, said "We should not be too panicky about Japan's increasing military spending." This view was expressed at the Conference on ASEAN in the Regional and International Context, Chiangmai, 7-11, January, 1985.

<sup>4</sup> Likhit Dhiravegin, *ASEAN and the Major Powers : Today and Tomorrow* Faculty of Political Science, Thammasat University, Monograph Series, No. 7, 1984, pp. 30-31.

<sup>5</sup> Narongchai Akrasanee and Likhit Dhiravegin, "Trade and Development in Thai-Japanese Relations," in Narongchai Akrasanee, ed., *ASEAN-Japan Relations Trade and Development* Singapore : Institute of Southeast Asian Studies, 1983.

<sup>6</sup> Dhiravegin, *op. cit.*, p. 29.

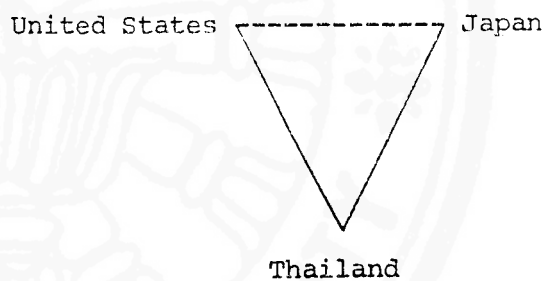
<sup>7</sup> *Ibid.*

<sup>8</sup> Likhit Dhiravegin, "Thai-Japanese Postwar Relations," *Thai-Japanese Studies Journal* Special Issue, March 1984.

Bangkok as part of his ASEAN tour.<sup>9</sup> Recently there have been an outcry against Japan's economic dominance and its unwillingness to help ameliorate the trade deficit issue which has been plaguing Thailand for over two decades.<sup>10</sup> Complaints in other areas such as the reluctance for and the slow process of technological transfer to Thailand on the part of Japan, non-tariff barriers in trade, were voiced. Most recently there has been the complaint of the differential tariff for boneless chickens. While Thai exporters have to shoulder an 18% import tax, the U.S. only has to pay 10.3%, a big discrepancy which will make it impossible for Thai exporters to compete in Japanese market.<sup>11</sup> Although this last issue is a complex one for it is concerned with both the technical aspect of Japan's tariff policy and the quality of the product which Japan claims that the American chicken is of a better quality, one thing is clear, the ill feeling against Japan's discriminatory treatment, justifiable or not is probably irrelevant here, on the boneless chicken will continue to loom large which in turn will affect Thai-Japanese relations negatively. The brief discussion above is aimed at providing a background of Thai-Japanese relations against which we can put Thai-American relations and see how the Japan factor can affect it. This is the main focus of this paper to which we now may turn.

## II. Japan and Thai-American Relations

If one is to analyze the Japan factor on Thai-American relations, one has to take into account how the three countries interact. It is advisable perhaps to use Thailand as the base from where it extends relations to the other two powers. Indeed when one probes deeper into the triangular relationship, one will find that the most salient features are bilateral. That is : Thai-Japanese bilateral relations and Thai-American bilateral relations rather than an entangling of the three although this may become the case sometime in the future. As a result, the best way to illustrate our case is as shown in the chart below.



While Thai-Japanese relations have been characterized mostly by economic relations and to a certain extent political relations in the sense of Japan giving support to ASEAN of which Thailand is a member, on the Kampuchean issue, Thai-American relations have been noted most for political and to a lesser extent military and economic relations.

<sup>9</sup> Akrasanee and Likhit, *op. cit.*, pp. 154-159.

<sup>10</sup> When the Foreign Affairs Committee of the Liberal Democratic Party came to visit Thailand in late 1984, an anti-Japanese Campaign was launched by the students organization of Thammasat University. Chairman of the Committee raised his concern with the present writer at a reception held in his honor at The Rector's Office, Thammasat University.

<sup>11</sup> This discontent was raised by a number of Thai authorities including a Minister attached to the Office of the Prime Minister with the present writer in January 1985 prior to the visit of Keidanren.

Thai-Japanese relations are most discernable in the areas of trade, investment, technological transfer and aid. Indeed Japanese influence in the economic sphere is so pervasive that it is even said something to the effect that as soon as one gets up, everything one touches or finds is made in Japan except one's wife. Thai-Japanese relations date back for centuries, as already mentioned. But for the modern period, relationship between the two countries started in the late fifties when Japan and Thailand signed a trade agreement on December 28, 1957. Ever since, Thai-Japanese relations have continued to grow. At the present time, Japan, Japanese goods, Japanese investment, etc., are part of life in the Thai society. The Sogo Department Store which was opened recently only adds to the already pervasive Japanese influence. This physical appearance of Japanese department stores such as the Daimaru, Sogo and etc., will only help buttress the fact that Japanese products have become part of Thai economic life. In fact, the development of the Thai economy especially the industrial development plan which requires Japanese capital and technology will further plunge Thailand into Japan's influence. One can in fact visualize the future scenario very vividly.

Against the above situation, how does Thai-American relations fit in? As already mentioned, Thai-American relations have been a mixture of political, military (mutual defence or security concern against the Communists) and economic relations. One could recall the U.S. intervention after World War II on behalf of Thailand to ward off the British desire to deal with Thailand as a war loser. One can also recall the friendly relations

between the two countries in a later period starting from the Korean War and later the Vietnam War. Indeed Thailand became member of SEATO in 1954 and, its security was assured in a separate agreement which came in the form of the Rusk-Thanat Memorandum of 1962 which bilaterally served as an assurance that in the event of a Communist attack, the United States would come to Thailand's assistance.<sup>12</sup> At the present, despite the closing down of the SEATO Headquarters, the Manila Pact, theoretically and legally speaking is still binding. In essence, relations between Thailand and the United States can still be counted as very close, probably an ally if one is to interpret the letter of the law literally especially the Rusk-Thanat Memorandum. Politically, the United States has continued to give Thailand moral support for its fight against the unfriendly neighbor. Military aid, although minimal, has also been given, signifying a concern for, Thailand's security. Being a power of a global scale, the United States will continue to play an important role in the Asian region. The presence of its Seventh Fleet in the area still has significant military and political implications. Thailand will hope to continue to have the benefit of a friend who is expected to come to its aid in the event of a real crisis.

Viewed from the discussion above, it will be obvious that Thailand's relations with Japan and the United States are bilateral. Thus, in the diagram we have presented, the United States and Japan are connected with dotted lines signifying that the linkage between the two countries *vis-a-vis* Thailand is still minimal. However, as a general impression, one will see that in most areas, Thai-

<sup>12</sup> See Likhit Dhiravegin, "Thailand's Foreign Policy Determination," *Journal of the Historical Society*, 1970/71, December 1971, Appendix D., pp. 75-76.



land has benefitted from the fact that the United States's policy toward Thailand and Japan's policy towards Thailand have somehow to a large extent concurred.<sup>13</sup> This may be due to the fact that except in the areas of economic relations, Japan and the United States have a similar policy. In fact, in regard to defence and foreign policy, Japan has been following the American path.<sup>14</sup> In defence policy, the two countries have a security agreement, Japan has been under the umbrella of the United States nuclear protection since the end of the occupation. In foreign policy, with the major exception of Japan hastily normalizing relations with the People's Republic of China after President Nixon's visit to China as a "protest" against the American Administration for its failure to make consultations with its close Asian ally,<sup>15</sup> Japan has been following a foreign policy which does not substantially differ from that of the United States.

The areas where Japan's role may affect Thai-American relations can be broadly identified in terms of Japan's political, security and economic roles.

### III. Japan's Political, Security and Economic Roles

#### Japan's Political Role

Japan, because of its economic stake and because of its wartime history has chosen to

focus its role on economic matters, finding markets for the outlet of its industrial products, a guarantee for raw materials and locations for investment so that is technological skills can be translated into economic assets. By necessity, Japan shies away from any serious political dispute and conflict of the region. In fact, what Japan has been trying to do is to play safe by not getting too much involved in regional political conflicts. Indeed one cannot help wondering if Japan's political stand on the Kampuchean issue to which Japan gives its support for ASEAN and has withdrawn aid for Vietnam has stemmed from a pragmatic consideration because of the necessity to woo ASEAN and to support the United States policy in addition to maintaining its new relationship with the People's Republic of China. As a result, what one sees is a Japan with a low profile. Only at the urging of the ASEAN leaders did Japan start to show some commitment toward the cause of ASEAN. Henceforth, pledges were made by Japanese leaders to come up with more responsibility for regional affairs especially in regard to peace and stability.<sup>16</sup> Japan in the Fukuda Doctrine also offered to become a mediator between ASEAN and the Indochinese states.<sup>17</sup>

In the areas of foreign policy, one would see, as already mentioned, that Japan has been pursuing a foreign policy which is more

<sup>13</sup> Discussions with Masatada Tachibana, Japanese Ambassador to Thailand, Saburo Okita, former Minister of Foreign Affairs of Japan, Kinya Niiseki, diplomat and Chairman, the Japan Institute of International Affairs, Bangkok, January 17, 1985.

<sup>14</sup> This is the impression of many observers of Japan especially the ASEAN countries.

<sup>15</sup> Discussions with Robert Scalapino, Institute of East Asian Studies, University of California at Berkeley, Chiangmai, January 9, 1985.

<sup>16</sup> See footnote 2 of this paper.

<sup>17</sup> This part of the Fukuda Doctrine is something to the effect that Japan would endeavor to help create a Southeast Asia in which ASEAN and the Indochinese countries co-exist peacefully. See Dhiravegin, *ASEAN and the Major Powers*, *op.cit.*, p. 25

or less in line with that of the United States. Japan has overtly voiced its support for ASEAN on the Kampuchean issue. This is clearly substantiated by its withholding of economic aid to Vietnam. In this sense, there is "no conflict of interest between Japan and the United States and thus it does not negatively affect Thai-American relations."<sup>18</sup> On the whole, "Japan's policy toward Thailand and the region is in line with that of the United States and in this sense it does not hinder Thai-American relations."<sup>19</sup> The relationships among Japan, the United States and Thailand are indeed "triangular, complementary and positive."<sup>20</sup>

### Japan's Security Role

The most controversial issue would be Japan's security role in the region. As already mentioned, for many Asian countries they are faced with a dilemma. A strong Japan, militarily, may serve the positive function of counter-balancing against the Soviet Union but then there is the apprehension of a rearmed Japan which will pose a threat to the security and stability of the region. This apprehension is especially pronounced among those countries which have been adversely affected by the aggressive policy and military operations of Japan during the Second World War notably the Philippines, Indonesia, Malaysia and Singapore. In the case of Thailand, the leaders are more or less aloof.<sup>21</sup>

This is because of the absence of the wartime experience and because the possibility of such a policy may still be considered far off. However, if the United States for some reason urged Japan to increase its military spending beyond the 0.9% of its G.N.P., ASEAN and "Thailand may not like it."<sup>22</sup>

However, if hypothetically the United States for some reason decided to disengage itself from the Asian continent, leaving Japan, ASEAN and the People's Republic of China to manage their own affairs, Japan may be welcomed to be the substitute. "This line of reasoning is the most logical although one cannot utter it loud and clear. The People's Republic of China is certainly not the choice given its political system and ideology which are antithetical to the existing systems in ASEAN and that of Thailand."<sup>23</sup> But then this hypothetical scenario is at best a mental exercise.<sup>24</sup> Chances are that the United States will feel compelled to continue to be present in Asia albeit not physically. The role of a power will make its presence a necessity even if against its own will.

### Japan's Economic Role

If there is an area of conflict with a potential to bring about negative consequences to bear on Thai-American relations, it will be the areas of trade, and investment and to a certain degree economic aid. It is admitted that trade competition is the area where Japan

<sup>18</sup> Okita, *op. cit.*

<sup>19</sup> Niiseki, *op. cit.*

<sup>20</sup> Tachibana, *op. cit.*

<sup>21</sup> Arthayuti, *op. cit.*

<sup>22</sup> Discussions with H.E. Leonard Unger, former career diplomat, presently at the Fletcher School of Law and Diplomacy, Tufts University, January 12, 1985.

<sup>23</sup> Arthayuti, *op. cit.*

<sup>24</sup> Unger, *op. cit.*, Kiiseki, *op. cit.*, and Scalapino, *op. cit.*

and the United States have come into some conflict although the degree is still small.<sup>25</sup>

The areas most discernable are that Japan allegedly refused to open its markets for American and Thai products. The American businessmen also resent the way Japan treated the Asian countries.<sup>26</sup> And as Japan has become more dominant economically, it is naturally against the United States economic interest. At the same time, many ASEAN countries including Thailand have shared the United State's feeling about Japan. It is thus conceivable that to counter-balance against Japan's increasing economic influence, Thailand may request the United States to increase its economic role as a means to reduce the Japanese influence. This is hypothetical but at least it is an idea which is conceivable.<sup>27</sup>

More specifically, Japan has started to use Thailand, which it has already done in Singapore, as a place to process its products, then export them to the United States as a means to avoid the quota imposed on Japanese goods.<sup>28</sup> If this trend continues, it may affect Thai-American trade relations. To be sure, it will take away a portion of the quota allotted to Thailand which supposedly should be used to export goods manufactured in Thailand instead of Japanese goods with "a finishing touch" to be done in Thailand in order to enjoy the benefits of export quota.

In the area of trade and investment, Japan's position has become dominant. It is

thus difficult for the United States to penetrate or compete in an effective way. This has turned Japan's economic role in Thailand into a monopoly or semi-monopoly. In fact, many American businessmen resent Japanese investment in Asia because it leaves very little room for them to maneuver because of Japan's efficiency.<sup>29</sup>

In regard to aid, Japan has been pouring substantial aid into Thailand to help Thailand's economy. However, the substantial amount of aid from Japan will automatically reduce aid given by the United States who will turn down Thailand's request for aid in order to give it elsewhere where Japan's aid is not available. This process will increase Japan's dominance as aid donor which will allow Japan to pull more strings, leaving the United States a minor role while turning Thailand to become more dependent upon only one major donor.<sup>30</sup> There is thus an absence of balance.

All in all, logically one can see that Japan's economic role and its economic activities may have a far-reaching impact upon Thai-American relations. At the present moment, the impact is still not keenly felt. As time progresses, it may turn out to be a political issue which may entangle the three countries in a web of conflict having Thailand and the United States against Japan's economic dominance in Thailand and the Asian region.

<sup>25</sup> Tachibana, *op. cit.*, and Okita, *op. cit.*,

<sup>26</sup> Scalapino, *op. cit.*, and discussions with Sarasin Viraphol, Counsellor, Royal Thai Embassy, Tokyo, January 17, 1985.

<sup>27</sup> Unger, *op. cit.*

<sup>28</sup> Discussions with Narongchai Akrasanee, Thai Industrial Management Company, Bangkok, January 9, 1985.

<sup>29</sup> Scalapino, *op. cit.*

<sup>30</sup> Akrasanee, *op. cit.*

## IV. Conclusion

It would seem from what we have discussed above that the areas where Japan's roles might affect Thai-American relations are trade, investment and aid. These are the areas where some conflict has been discernable. On the other side of the coin, however, competition for trade, investment and aid between Japan and the United States should benefit Thailand because Thailand will be in a position to make choices.<sup>31</sup> This is of course dependent upon how the Thai leaders and the authorities concerned manage Thailand's relationship with Japan and the United States. In fact, Thailand can even manipulate the Japan-United States conflict and rivalry in the region.<sup>32</sup> Thailand can induce more American investment, open more channels for trade and request for more aid from its old friend and ally in order that Japan's increasingly dominant role and the multiplying activities can be somewhat checked.

But one pressing question which comes to mind is that granted that competition between Japan and the United States is real for the moment and granted that resentment against Japanese businessmen's dominant role in the region is real, how long will this situation continue? There is a great possibility that in due course the two countries, through negotiations and by necessity will come to some kind of agreement. Chances are that Japan and the United States will come to some kind of an arrangement which

will lead to a relationship based upon a combination of cooperation and competition<sup>33</sup> in a framework in which both countries will share whatever they have to offer in the region including Thailand.

Futurologists talk about what lies ahead. Many selfproclaimed, unintentionally, futurologist-economists talk about the age of Asia and the Pacific. The argument is that the 21st century will be the century of Asia and the Pacific following the dictum that the Mediterranean is the past, the Atlantic is the present while the Pacific is the future. In fact, one scholar even said that the age of Asia and the Pacific has already dawned.<sup>34</sup> In the new century, it is very likely that the countries of the areas will be divided into three categories, broadly speaking. The first group of countries will consist of high-tech industries countries. This group will include the United States, Japan and probably Canada, and Australia but the most notable are the first two. The second category will consist of industrialized countries with dominant features in heavy industries and capital goods production. This group of countries will include the present NICs and probably some new members such as Malaysia and probably Thailand at some point in time. The third category will consist of countries which are mainly producers of agricultural produce and consumer goods such as garment, textile industries, food stuff, canned foods, handicraft.<sup>35</sup> This groups of countries may include

<sup>31</sup> Okita, *op. cit.*, and Viraphol, *op. cit.*

<sup>32</sup> Viraphol, *op. cit.*

<sup>33</sup> Scalapino, *op. cit.*

<sup>34</sup> This point was made by Wiwat Mungkandi, Director, American Studies Program, Chulalongkorn University, 1984.

<sup>35</sup> This point was made by scholars at the Conference on Security, Stability and Development in Asia and the Pacific held at University of California at Berkeley, March 15-21, 1984.



Burma and some countries in South Asia and the Indochinese states most notably Laos and Cambodia.

If the preceding analysis is correct, it will follow that co-operation between Japan and the United States will affect Thai-American relations. Of course, one can always argue that such a development may turn out to be healthy for Thailand because it will then have two important friends who are on good terms. This may well be the case but it may also work the other way around. Inevitably and there is no exception including the case of Thailand that, countries, like human beings, of the same status will

talk the same kind of language. As Japan and the United States have become more and more like each other, there is a possibility that their policies toward the countries of a poor economic status of the region will gradually turn out to become similar in which case, Thailand, as a member of the poorer country will only lose its bargaining power even further. There is only one alternative left : rapid industrialization, something which is easier said than done, to be undertaken with a strong political will. This is to turn Thailand's position from one which is forever dependent and whose fate is at the mercy of the stronger powers, into one which can bargain more or less on its own terms.

