ASEAN Economic Regionalism: From Japan’s Embrace to China’s Embrace?

Economic regionalism among the ASEAN member countries during the 1970s-1980s has given way to the emergence of a unique phenomenon called "regionalization of ASEAN in Japan’s embrace." This happened because ASEAN countries were bonded in production networks of Japanese Multinational Companies as production base and market. Since the 1990s, Japanese economy started to decline, while China emerged as the new economic power targeting ASEAN for its economic expansion through trade and investment. China, using similar strategies like Japan, has successfully made ASEAN as a market while Chinese MNCs develop China-ASEAN production networks. This raises a question whether ASEAN has moved away from Japan’s embrace to be in China’s embrace in its effort to establish economic regionalism. This paper attempts to review the development of ASEAN economic regionalism by looking at its linkages with two Asia’s economic power—Japan and China—in order to determine the impact of such forces towards regional integration process.