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(I) INTRODUCTION

Datsu-a nyu-o was a rallying cry for Meiji reformers such as Fukuzawa Yukichi: shedding Asia, entering the West. Recently, this slogan has been reversed by those in Japan seeking more distance from the West and closer ties with the countries of East Asia. More than just a political epiphenomenon, it has a basis in reality: academic analysis, media reporting, government and public debate increasingly focus on Asia. Over 120,000 Japanese citizens now live in East Asia (more than in any other region outside Japan except North America), and 5000 Japanese firms employ over a million people there.

This thrust into Asia has become a fundamental question in Japanese foreign policy and as such has many aspects, including recent events in USA/Japan trade and economic relations, re-evaluation of Japan's position in the post Cold War Asian security scene, and shifts in the political equation between Japan and its neighbours in the half century since World War II ended. This paper focuses specifically on one aspect of the question, that of recent developments in the economic relations between Japan and the countries of East Asia. As such, it discusses only a part of the broader puzzle, but one that has been the focus of increasing public attention and considerable misinterpretation.