

Japan in the Indo-Pacific: Investing in Partnerships in South and Southeast Asia

Edited by
Stephen R Nagy

SPECIAL PAPER
August 2022



Institute for Security &
Development Policy

Japan in the Indo-Pacific

**Investing in Partnerships
in South and Southeast Asia**

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V. Finnbodavägen 2, Stockholm-Nacka, Sweden
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Printed in Lithuania

ISBN: 978-91-88551-34-4

Distributed in Europe by:

Institute for Security and Development Policy

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Abbreviations

AEP	Act East Policy
ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative
CPEC	China-Pakistan Economic Corridor
EPQI	Expanded Partnership for Quality Infrastructure
FDI	Foreign Direct Investment
FOIP	Free and Open Indo-Pacific
HA/DR	Humanitarian Assistance and Disaster Relief
IUU	Illegal, unreported, and unregulated
MPAC	Master Plan on ASEAN Connectivity
ODA	Official Development Assistance
PCA	Permanent Court of Arbitration
SCRI	Supply Chain Resilience Initiative
SCS	South China Sea
SDF	Self-Defense Force
SLOC	Sea lane of communication

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Executive Summary

- China's engagement in the Southeast Asian region has been a fulcrum for change.
- Tokyo perceives Chinese behavior to be a threat to the rules-based order that has been the foundation of stability and development in the Indo-Pacific region.
- Tokyo sees Beijing's diplomacy in ASEAN as one characterized by a pattern of fracturing ASEAN's unity on issues that Beijing considers critical to its core interests.
- Tokyo views the BRI as a geo-economic project aimed at reconfiguring Asia's regionalism away from one centered on ASEAN-centrality to one that creates a hierarchical and interdependent economic order extending from China throughout the Eurasian continent.
- Japan's Free and Open Indo-Pacific Vision (FOIP) is meant to provide a rules-based alternative to China's efforts to reshape Asia's regionalism into a modern-day Sino-centric regional order with Beijing at its apex.
- Japan has prioritized economic integration, infrastructure, and development along the littoral states of Indo-Pacific as well as ASEAN centrality in order to inculcate stability, sustainability and a shared vision of the region.
- Japanese investment in Southeast Asia by Japan is meant to strengthen each country's capability to provide for their own security but also to enhance their intra-regional economic integration so they have more strategic autonomy when making a choice about the South China Sea or other diplomatic decisions involving China.
- Japan approaches each Southeast Asian state to continuously understand their diplomatic posture, socio-economic needs, and domestic political constraints. This is particularly useful in determining what economic and military assistance should be allocated in each state and what diplomatic agendas Japan should emphasize.

- The Japanese version of the FOIP concept was shaped by incorporating ASEAN's concerns; there has since been a natural synthesis in principles between the FOIP and AOIP.
- FOIP and AOIP are functionally synchronized, and this trend is likely to remain as most of the existing regional cooperation and projects are based on their strategic objectives.
- Vietnam has gradually diversified its foreign relations beyond the communist bloc and formed partnerships with multiple states regardless of their political system and ideology.
- While Hanoi's careful balance between Washington and Beijing often attracts attention from Vietnam observers, Hanoi has also cultivated a special partnership with another regional power, Japan. Tokyo recently emerged as a new security partner to Vietnam, supporting Hanoi's struggle against Beijing in the South China Sea through maritime capacity-building assistance.
- Vietnam and Japan should consider investing more resources in collaboration projects that are in line with Vietnam's 10-year socio-economic development strategy to bolster the strategic partnership.
- Japan's further investment in Vietnam's digital connectivity will help Hanoi address its domestic shortcomings and make it a more versatile partner. Tokyo and Hanoi should also increase finance for infrastructure and accelerate cooperation in human resources development. The two countries should coordinate their efforts at regional organizations such as ASEAN.
- The South China Sea has become a critical hotspot for brewing conflict between China and the United States.
- Southeast Asia states recognize they require extra-regional assistance to address their comprehensive maritime challenges.
- Japan is Southeast Asia's vanguard partner in dealing with maritime challenges in the South China Sea.
- The Southeast Asia China waters are home to traditional and non-traditional security threats including sea robbery; smuggling; human trafficking; illegal, unreported, and unregulated (IUU) fishing, etc.
- Japan is the most trusted extra-regional power in Southeast Asia.

- Southeast Asians see Japan as an attractive “third option,” an extra-regional power that is neither the United States nor China. Partnering with Japan reduces the ramifications of being drawn into security dilemmas and other traps associated with being perceived to pick sides in a great power competition.
- India and Japan are deeply concerned about China’s growing influence and military presence and the threat this poses to their security.
- Both states’ focus on connectivity and development in the region is directly aimed at countering Xi Jinping’s flagship Belt and Road Initiative (BRI) and coordinating a response to its regional ambitions.
- India-Japan cooperation is fundamentally driven by both states’ ambitions and plans for outreach to the broader region—including Southeast Asia and the Bay of Bengal countries.
- India-Japan partnership should look at economic development through infrastructure and connectivity projects, energy security, science and technology, maritime security, disaster management, risk management, tourism, and more.
- Japan and India have vested interest in contributing to the regional maritime security and stability of the Bay of Bengal, particularly considering the important Sea Lines of Communication (SLOC) the region houses.

1. Introduction

Japan's interest in Southeast Asia and Southeast Asia have evolved over time. When Japan opened up to international trade in the Meiji period (1868), its interests revolved around resource acquisition, including natural resources and energy resources. This evolved towards securing sea lanes of communication (SLOCs) to ensure that Japan could get access to the critical natural and energy resources needed to fuel its modernization, growth during its imperial period and post-WW 2 reconstruction.

Today, Japan looks at the Indo-Pacific region through the lens of Southeast Asia and South Asia rather than focusing on only securing natural and energy resources. Japan's priorities have shifted with Tokyo viewing South and Southeast Asia as critical partners in building an Indo-Pacific region with sustainable institutions that are transparent and rules-based.

The focus on transparent, rules-based institutions is important not only in the maritime domain but also in trade, the digital economy, commerce and international relations in the region. This policy paper series is based on the discussion that took place in the Yokosuka Council of Asia-Pacific Studies (YCAPS)'s Indo-Pacific Policy Dialogue series entitled *Japan-Southeast Asia cooperation towards a Free and Open Indo-Pacific (FOIP)* on March 24, 2022.

The first paper by Stephen Nagy focuses on Japan's interests primarily in Southeast Asia, the conceptualization of Japan's engagement through the Free and Open Indo-Pacific (FOIP) vision and understanding how strengthening Southeast Asia, with particular focus on its strategic autonomy, creates a synergy not only in terms of economic interests but also in terms of security priorities in the South China Sea, ensuring that sea lanes of communication remain governed by an arbitrator by international law, which is generally characterized by a rules based transparent

approach to rules in which small and large nations follow rules laid out by international law.

The second paper by Kei Koga further explores how Japan has shifted its views in Southeast Asia by drilling down into how the FOIP vision has transformed according to the needs of the region.

Hang Nyugen examines the Japan-Vietnamese partnership and how Vietnam seeks extra-regional partners such as Japan to self-strengthen its capabilities, to improve its position within ASEAN and to both hedge and balance its relationship vis-à-vis China and its challenging positions in the South China Sea (SCS). It concludes that Vietnam remains wed to strong China-Vietnam relations while at the same time pursuing a nuanced approach to bolstering its strategic autonomy.

The fourth paper in this series by John Bradford examines Japan's longstanding partnership with Southeast Asia and how this partnership has deepened in the maritime environment focusing on non-traditional security cooperation. Bradford highlights that Japan has been and continues to be a critical partner for Southeast Asian countries in terms of dealing with regional challenges such as environmental change, piracy, illegal fishing as well as challenges associated with territorial disputes with China.

The last policy paper in this series by Jagannath Panda and Mrittika Guha Sarkar. They pivot their analysis to South Asia and Japan's deepening relationship with India. According to the authors, this partnership continues to comprehensively develop in the maritime and terrestrial environment to help India deal with the challenges on its northern border with China while at the same time deepen its partnership in the broader region such that India has become a critical partner in multilateral organizations such as the Quadrilateral Security Dialogue (Quad).

While these five policy papers provide insights to Japan-Southeast Asia and Japan-South Asia relations, they are certainly not comprehensive or exhaustive in terms of the complexity, scope and trajectory of Japan, Southeast Asia and South Asia relations.

What can be gleaned from these papers is that Japan's relationship within the Indo-Pacific region as understood through Southeast Asia and South Asia continues to deepen as well as broaden both in terms of traditional and non-traditional security cooperation.

Furthermore, we can also understand Japan's engagement within the region through a plethora of minilateral relationships such as the Quad, Partners in the Blue Pacific, the Indo-Pacific Economic Framework (IPEF) as well as other emerging minilateral relationships that aim to contribute to the institutionalization of the Indo-Pacific region, the strengthening of a rules-based order and transparent, sustainable development throughout the region.

It goes without saying that China's behavior within the Indo-Pacific region is a core driver of Japan's engagement with both Southeast Asia and South Asia. At the same time, it is the driver of Southeast Asia and South Asia's efforts to reach out to extra-regional partners such as Japan to help strengthen their strategic autonomy so that they can make geopolitical decisions within their backyard with less consideration or deference to how Beijing would like neighbors to behave as it continues to pursue a policy of regional hegemony.

The trajectory of Southeast Asia, South Asia and Japan relations going forward will be informed by China's behavior in the region and the growing number of non-traditional security challenges that are emerging with climate change and the unpredictable results or effects of black swan events like COVID-19.

While the focus of this policy series is not the United States, the United States remains an important part of any consideration of the region's deepening cooperation between Japan and Southeast Asia and South Asia. Political divisions in the United States raise questions about the sustainability of US policy in the Indo-Pacific region and while China is the primary driver of a convergence of interests, it should be clear that American potential disunity and potential instability in its engagement in the Indo-Pacific will continue to drive cooperation amongst Japan, Southeast Asia and South Asia.

New actors may bring stability to the region working synergistically with Japan, Southeast Asia and South Asia, Australia, New Zealand, South Korea and the political entity of Taiwan potentially have the capacity and capabilities to further strengthen and build strong relations between Japan Southeast Asia and South Asia.

2.1 Japan-Southeast Asia relations: Investing in security and strategic autonomy

Stephen Nagy

Introduction

Limited by Article 9 of the Japanese Constitution and a trust deficit in East Asia following its Imperial period, Japan's post-WW 2 engagement in the Southeast Asian region was primarily through overseas development aid (ODA) and foreign direct investment (FDI). ODA represented the first pillar of post-WW 2 diplomacy in the region through the provision of various kinds of loans and assistance to build infrastructure in the region.

This infrastructure was dual purpose. It was meant to contribute to development of the region through creating the foundational infrastructure and connectivity necessary to build a modern economy in the region. At the same time, the infrastructure was also used as a platform for the insertion of Japanese businesses in the region for manufacturing when possible and resource exploitation.

The second pillar of Japanese foreign policy within the region in the post-WW 2 period focused on imports of natural and energy resources to feed Japan's rapidly growing economy at least until the early 1990s.

This post-WW 2 behavior by the Japanese was initially seen by the Southeast Asian states as rapacious yet needed exploitation to rapidly develop their economies. Eventually though, criticisms of Japanese practices in the region waned as ODA and FDI deployed in the region became known for their commitment to comprehensive development, investment in communities and relationships, and for their transparency.

Subsequently, Japan's reputation became one of being an essential partner to the region and Tokyo began to see itself as having the responsibility to contribute to the region's development as part of its national interests but also its unique brand of development diplomacy as highlighted in consecutive editions of *The State of Southeast Asia, 2022 Survey Report* by the ISEAS-Yusof Ishak Institute.¹

Within this context, this paper aims to examine Japan-Southeast Asia relations through the lens of investing in security and strategic autonomy built on a shared Free and Open Indo-Pacific (FOIP) vision as China increases its economic, diplomatic and security influence in the region. This was recently articulated by Prime Minister Kishida Fumio at the June 2022 Shangri-la Dialogue.² In short, Japan and Southeast Asia's security concerns in the South China Sea (SCS) can no longer be seen in isolation and required a more proactive and realistic approach to cooperation in the region.

ASEAN centrality and competing regionalism

China's engagement in the Southeast Asian region has been a fulcrum for change. Seen from Tokyo, Chinese behavior in the South China Sea (SCS) and its investments, including the Belt and Road Initiative (BRI) in ASEAN countries and South Asia are troubling.

First, Tokyo views Chinese artificial islands in the SCS and the rejection of the July 2016 decision by the Permanent Court of Arbitration (PCA)³ in the South China Sea Arbitration (*The Republic of the Philippines v. the People's Republic of China*) as a threat to the stability and rules-based management of sea lanes of communication (SLOCs).

Considered in tandem with the illegal and regular intrusions within Japan's contiguous zone and territorial sea in the Senkaku islands region,⁴ Tokyo perceives Chinese behavior to be a threat to the rules-based order that has been the foundation of stability and development in the Indo-Pacific region.

Whereas security considerations in SLOCs are related to a potential disruption of critical trade routes that link Japan's economy to the world, China's growing diplomatic and economic footprint in ASEAN countries and South Asian countries is equally concerning.

Japanese proactive diplomacy

At the first level, Tokyo sees Beijing's diplomacy in ASEAN as one characterized by a pattern of fracturing ASEAN's unity on issues that Beijing considers critical to its core interests.⁵ The most salient example of this is ASEAN agreeing to a shared statement on China's assertive behavior in the SCS as well as a code of conduct influenced through Beijing's active behind-the-doors lobbying of ASEAN member-states that are close to Beijing.

At the second level, Tokyo views the BRI as a geo-economic project aimed at reconfiguring Asian's regionalism away from one centered on ASEAN-centrality to one that creates a hierarchical and interdependent economic order extending from China throughout the Eurasian continent.

These concerns have led to Japan intensifying its economic and diplomatic investments in the region. For example, former PM Abe's first trip abroad after assuming the premiership in December 2012 was to Southeast Asia in which he promulgated the "The Bounty of the Open Seas: Five New Principles for Japanese Diplomacy". On this voyage, he stressed five principles including: 1) the promotion of so-called international norms of human rights; 2) democracy and freedom of press; 3) rule-based freedom of navigation; 4) free and open economics; and 5) fruitful cultural exchanges and the promotion of cultural exchanges among youth.⁶

If seen in isolation, the five principles seem to be more rhetoric more than substance. However, seen alongside PM Abe visiting all ASEAN countries,⁷ attending India's national day,⁸ hosting PM Modi in Kyoto,⁹ and all while simultaneously strengthening security cooperation with Vietnam, the Philippines, Australia, India and the US,¹⁰ Japan's investment

into Southeast Asia and South Asia is substantial and part of a long track record of diplomatic and economic investments in the region.

During his short tenure, PM Suga Yoshihide visited Vietnam and Indonesia and the current PM Kishida Fumio has also prioritized visiting Southeast Asia, including Cambodia, Vietnam and Thailand. He hosted the Vietnamese PM Pham Minh Chinh in Tokyo as well in November 2021.

As China's economy has continued to grow eventually surpassing Japan in 2010, so has its diplomatic, economic and security footprint in Southeast Asia and the Indo-Pacific. This influence comes in the form of increased FDI into the region, BRI projects, and predatory behavior such as the building and subsequently militarization of artificial islands in the South China Sea.

Countering China's BRI influence

Japan's Free and Open Indo-Pacific Vision (FOIP) is meant to provide a rules-based alternative to China's efforts to reshape Asia's regionalism into a modern-day Sino-centric regional order with Beijing at its apex. Focusing on building a rules-based order in the Indo-Pacific region, Japan has prioritized economic integration, infrastructure, and development along the littoral states of Indo-Pacific as well as ASEAN centrality in order to inculcate stability, sustainability and a shared vision of the region.

Prioritizing ASEAN centrality is critical if Japan is going to get buy-in from the Southeast Asian countries and other stakeholders throughout the Indo-Pacific region such as India. This is why there is overlap between the ASEAN Indo-Pacific Outlook¹¹ and Japan's FOIP vision. De-securitizing the FOIP Vision is equally pivotal if Japan is going to seek support for its vision of the region. Simply, ASEAN states will not support any initiative in the region that requires them to choose a diplomatic posture that overtly securitizes their relationship with China, their biggest trading partner.¹² In this sense, Japan's interest in Southeast Asia is premised on balancing China's re-emergence is the biggest economy in the region.¹³

At the same time, Japan is strengthening Southeast Asia's intra-regional integration through infrastructure projects such as the East-West Economic Corridor, the North-South Economic Corridor, and the Southern Economic Corridor. The logic is that if ASEAN countries can deepen intra-regional trade, they will have more economic space to resist the practice of fracturing ASEAN unity on issues related to China's interests.

In other words, investment in Southeast Asia by Japan is meant to strengthen each country's capability to provide for their own security but also to enhance their intra-regional economic integration so they have more strategic autonomy when making a choice about the SCS or other diplomatic decisions involving China.

For Tokyo, a more strategically autonomous Southeast Asia that is more deeply integrated with each other and with Japan will more often than not make geopolitical decisions that are in line with Japan's geopolitical priorities for the region.

Post COVID-19, another pillar of cooperation has been added to FOIP as Japan and stakeholders in Southeast Asia and the Indo-Pacific start the recovery process. Here, we are likely to find that Southeast Asian countries will need more assistance in both the formal and informal economies, and increased investment in the healthcare, education, and digital sectors. The FOIP will likely need to find partners that they can work with synergistically to provide these desperately needed public goods.

China also understands the COVID-19 pandemic has significantly damaged the economic prospects and social infrastructure in Southeast Asia and in participating BRI countries. Beijing too will see this as an opportunity to curry favor with its neighbors through the provision of assistance, digital infrastructure, and health care equipment, among others.

Conclusion

With these trends in mind, Southeast Asia is likely to benefit from the intensification in Sino-Japanese competition for influence in the region. China will continue to expand its influence through the BRI and using its most powerful of diplomatic tools, its economy. In contrast, as part of Japan's enduring national interests to balance China, we should expect Japan to use a re-shaped FOIP, its partnerships with the US, Australia, the EU, India, etc., and its positive reputation in the region to continue to contribute to building a rules-based order, to foster development and economic integration along the littoral states of the Indo-Pacific with a prioritization of Southeast Asia and India.

Endnotes

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2.2 Southeast Asia in Japan's FOIP Vision 2022

Kei Koga

Introduction

The Association of Southeast Asian Nations (ASEAN) is one of the most important regional institutions in Japan's Asia diplomacy. Given its historical burden of WW II, Japan provided socio-economic assistance through its ODA as part of war reparations in the immediate post-war period. To further mitigate Southeast Asian states' deep-seated suspicions toward Japan's strategic intentions, the 1977 Fukuda Doctrine was issued. This doctrine promised an equal partnership with Southeast Asian states and reassured that a strong Japan would not become a military power.¹ Since then, Japan's image has turned positive. In fact, according to the survey conducted by ISEAS-Yusuf Ishak Institute from 2019 to 2022, Japan is been the "most trusted" country among regional major powers, including the United States and EU.²

Notwithstanding, Japan's strategic posture in Asia has changed since the end of the Cold War. Its Self-Defense Force (SDF) has expanded its role and mission. It is now capable of overseas operations, albeit mainly peacekeeping operations and humanitarian assistance and disaster relief (HA/DR). The US-Japan alliance has been enhanced, coordinating their diplomatic, economic, and defense policies at national, regional, and global arenas. Japan also expanded its bilateral security ties beyond the United States, with states like Australia and India. Moreover, Japan has expanded its strategic horizon by launching its broad strategic vision, "Free and Open Indo-Pacific" (FOIP), since 2016. This foreign policy doctrine aims at maintaining and enhancing the existing international order, which the

United States has played the pivotal role in constructing and Japan has benefitted from economically, militarily, and diplomatically.³

With these increasing strategic options, Japan now tries to strike a fine balance between pursuing its new FOIP vision and emphasizing the institutional importance of ASEAN. But how does Japan locate Southeast Asia in its FOIP vision in 2022? More specifically, what is the current status of Japan-ASEAN relations? What is new in its relationship? What challenges does Japan face in managing its relations with ASEAN while pursuing the FOIP? This paper addresses the above questions by arguing that although Japan-ASEAN relations are likely to remain strong in the near future, their relations face several important challenges, particularly on the issues of Myanmar's military coup in 2021 and Russian invasion of Ukraine in 2022.

Japan-ASEAN Relations and the FOIP

Japan has maintained stable relations with Southeast Asian states and ASEAN since the end of the Cold War through its bilateral and multilateral diplomacy. Bilaterally, Japan approaches each Southeast Asian state to continuously understand their diplomatic posture, socio-economic needs, and domestic political constraints. This is particularly useful in determining what economic and military assistance should be allocated in each state and what diplomatic agendas Japan should emphasize. Multilaterally, Japan monitors the development of shared interests and common policies that Southeast Asian states nurture through regional institutions, particularly ASEAN. This is important because ASEAN's overall diplomatic direction is constantly fine-tuned, although its fundamental diplomatic principle—regional autonomy in Southeast Asia—remains the same.⁴

This Japanese diplomatic approach toward Southeast Asia is still relevant even in the era of the Indo-Pacific. For example, after the FOIP was announced in 2016, Japan conducted bilateral diplomacy to facilitate Southeast Asian states' understanding of its concept and vision more

clearly. Since ASEAN operates under the consensus decision-making process, it is imperative that no ASEAN member-state raises concerns or rejects the FOIP vision. To this end, a bilateral approach has helped Japan provide information to each member-state and address its concerns about Japan's strategic intention.⁵ Incorporating their concerns and opinions, Japan incrementally modified the FOIP concept. This is well illustrated, for instance, by the fact that Japan started with a low-key approach to human rights and democratization at the initial stage, highlighted the importance of ASEAN unity and centrality, and dropped the term "strategy" from the initial name, the "Free and Open Indo-Pacific Strategy."⁶

Japan's FOIP concept drew US strategic attention, leading the United States to formulate its own FOIP strategy in 2017.⁷ This US maneuver provided diplomatic traction for the term, Indo-Pacific, to gain currency in the region and beyond. However, regional reactions were mixed. As the United States under the Trump administration explicitly emphasized the counter-China factor, some who felt the China threat acutely welcomed it while others who did not became worried.⁸ ASEAN member-states were the latter since great power rivalry in Southeast Asia would likely disrupt regional stability. Although there was discordance among the member-states with regard to their perspectives on the Indo-Pacific, ASEAN was able to produce the "ASEAN Outlook on the Indo-Pacific" (AOIP) in June 2019.⁹ The fundamental objective was to diplomatically neutralize great power rivalry and prevent ASEAN's marginalization by emphasizing the importance of "inclusivity" in the region as well as ASEAN centrality.¹⁰

As the Japanese version of the FOIP concept was shaped by incorporating ASEAN's concerns, there has been a natural synthesis in principles between the FOIP and AOIP. Admittedly, most of the ASEAN member-states, including Cambodia, had explicitly expressed their support for Japan's FOIP previously.¹¹ However, multilaterally, ASEAN was hesitant to do so because there was still a diplomatic concern among several ASEAN members about China's possible reaction. Given China's interpretation of the FOIP as a containment strategy toward China, ASEAN attempted to

avoid a situation where China would regard ASEAN taking sides with Japan and the United States.¹² AOIP thus becomes a useful diplomatic tool as ASEAN could support a set of principles that the FOIP advocates for without using the term *per se*.

Japan's bilateral and multilateral approaches toward ASEAN and its member-states remain the same because this has been the optimal means to coordinate Japan's Southeast Asian foreign policy. Therefore, this traditional approach is likely to persist in the future.

Current Status: What's New?

Japan's general strategic direction continuously moves toward the realization of the FOIP even in the context of the changes in the administrations from Shinzo Abe (2012-2020) to Yoshihide Suga (2020-2021) to Fumio Kishida (2021-current). Now that Japan and ASEAN have created their respective regional visions, the FOIP and the AOIP, the next step was to implement their shared objectives through concrete actions. In fact, Japan and ASEAN began to conceptually weave their existing regional projects together and highlight how those projects could contribute to realize their visions.

Most notably, there are two important developments that Japan and ASEAN achieved. One is the "Joint Statement of the 23rd ASEAN-Japan Summit on Cooperation on ASEAN Outlook on the Indo-Pacific" in 2021.¹³ In this statement, Japan has reassured ASEAN that it would support ASEAN unity and centrality as well as the other principles that the AOIP stipulated, including "inclusivity" and "transparency" in the Indo-Pacific region. At the same time, the statement also highlighted the principles of Japan's FOIP, such as "a rules-based Indo-Pacific region that is free and open."¹⁴ Although this is a short, two-page statement, it has become an important reference point in terms of the identification of shared principles and the specific areas of cooperation that where both Japan and ASEAN engage.

The other initiative is to map out Japan's contribution to AOIP's four priority areas—maritime cooperation, connectivity, Sustainable Development Goals (SDGs), and economic and other possible areas of cooperation. Admittedly, this is a relatively low-key effort, and the most of these projects have the continuation of the existing ones that started before the 2019 AOIP. For example, the Sihanoukville Port New Container Terminal Development Project in Cambodia, the Enhancement of Customs Operation in Philippines, the exchange program JENESYS are such examples.¹⁵ However, the continuous visualization of these projects in both the AOIP and the FOIP concepts helps Japan and ASEAN explore new areas of cooperation between them. While this mapping was done only in 2020 and 2021 and it is not entirely clear whether the Ministry of Foreign Affairs of Japan would continue to do so in the future, such an effort can contribute to an in-depth understanding of the actual cooperation between the FOIP and the AOIP.¹⁶

It is also noted that there was a significant disruption caused by the COVID-19 pandemic from 2020. Diplomatic interaction between Japan and ASEAN was forced to be online, which made it difficult to conduct subtle diplomatic discussions from senior official level to ministerial and summit levels. Nevertheless, Japan continuously engaged in in-person meetings and cooperation with ASEAN as well as ASEAN member-states where possible. One of the most notable examples is Japan's defense engagement. Despite difficulties, Japanese Ministry of Defense continued to conduct capacity building programs with Southeast Asian states and ASEAN from 2020 to 2022.

While it was inevitable to hold some programs online, such as HA/DR programs with ASEAN in 2020 and underwater UXO (unexploded ordnance) clearance with Vietnam in 2022, several programs were conducted face-to-face, including the third Japan-ASEAN Invitation program on HA/DR in 2020, the Air Rescue seminar with Vietnam in 2020, and Japan-Philippines HA/DR Cooperation Project in 2021. Furthermore, Maritime SDF (MSDF) conducted Indo-Pacific Deployment (IPD) in three

consecutive years, and, through the IPD in 2021 (IPD-21), MSDF held joint trainings and exercises, such as Japan-Vietnam friendly exercise, Japan-Philippines joint exercise, and Japan-US-UK-Netherlands-Canada-Singapore joint exercise.¹⁷ These were all parts of Japan's FOIP activities that contributed to the realization of the AOIP.

Consequently, the FOIP and the AOIP are functionally synchronized, and this trend is likely to remain as most of the existing regional cooperation and projects are based on their strategic objectives.

Challenges in 2022

What are the immediate challenges in 2022 that Japan would face with ASEAN in pursuing its FOIP vision? There are still long-term challenges that Japan and ASEAN need to address, such as the ambiguity of ASEAN centrality in the Indo-Pacific, ASEAN's unclear strategic role in the region, Japan's institutional dilemma between the Quad and ASEAN, and the future of their emphasis on democratic values in the region.¹⁸ However, the foremost challenges in the second half of 2022 are two-fold: Russia and Myanmar.

First, there are divergences between Japan and ASEAN member-states' positions in the Russo-Ukraine War. Japan has critically condemned the Russian invasion in Ukraine, imposing severe economic sanctions, and supporting Ukraine's position diplomatically (and to some extent militarily by sending bulletproof vests and helmets). On the other hand, while most ASEAN member-states openly condemned Russian aggression except for Laos, Vietnam, and the Myanmar junta, it is only Singapore that imposed economic sanction on Russia. Japan considers the war to have significant implication for the Indo-Pacific region. If Russia does not face severe consequences, it may encourage China to take an aggressive *fait accompli* strategy in disputed areas, including the East and South China Seas and Taiwan. However, this strategic thinking does not resonate with all ASEAN member-states' thinking because ASEAN's institutional position is to stop conflicts through peaceful means and dialogue.¹⁹ Cambodia,

ASEAN's 2022 chair, has not shown any political will to disinvite Russia to the East Asia Summit or ASEAN Defense Ministers' Meeting-Plus, which might make some "Plus" countries, such as the United States and Australia, boycott the meetings. If this becomes the case, Japan would face a diplomatic dilemma to determine who to align with. As the Russo-Ukraine war is likely to be prolonged, this diplomatic schism would likely persist and affect the future of collaboration between the FOIP and the AOIP.

Second, the prolonged political instability in Myanmar is likely to exacerbate ASEAN's disunity, which would inevitably face great powers' wedge strategy. Although ASEAN created the "five-point consensus," the implementation process has been extremely slow. The Myanmar junta has stated that it would hold "multiparty general election" in August 2023, yet it "[depends] on state stability and peace," meaning that the junta control would likely remain in the future.²⁰ Since ASEAN has been hesitant to invite the Myanmar junta to its meetings, ASEAN unity becomes hard to maintain. Worse, if the disunity persist, China might take advantage of the situation to support Myanmar while Japan would enhance its diplomatic support for those who advocate for quickly restoring democratic process in Myanmar, such as Indonesia and Singapore. This further creates ASEAN disunity and an institutional deadlock in maintaining ASEAN centrality as well as pursuing the AOIP.

These internal and external diplomatic schisms have become factors that are weakening ASEAN unity and centrality in the Indo-Pacific. In the Myanmar issue, Japan took a relatively softer approach and could play a role in mitigating external schisms by bridging political differences between the US/EU and some ASEAN member-states.²¹ But in the long-run, it would become more difficult for Japan to sustain such a political position as the intensification of conflicts and human rights violation become visible. This is also closely related to the Ukraine issue. The violation of Ukraine's territorial sovereignty and explicit human rights violations by Russia has compelled Japan take a firm position against

Russia. These external events have led Japan to emphasize democratization and human rights in the FOIP more than ever, moving to closely align with its Western partners and allies. This is one of the foremost limitations that Japan faces in its Southeast Asian policy in pursuing the FOIP.

For their part, Southeast Asian states and ASEAN are now facing a critical juncture in the Indo-Pacific. There are several strategic choices/consequences—ASEAN will reformulate its unity and centrality in maintaining regional autonomy and preventing diplomatic marginalization; ASEAN member-states will remain divided, lose regional autonomy, and become involved in a game of great power rivalry; or ASEAN will lower its institutional expectation by limiting its geographical focus to Southeast Asia and maintain regional autonomy at the expense of diplomatic importance in the region. What Japan can do under this circumstance is to identify the potential strategic consequences that Japan, ASEAN, and Southeast Asian states face in the future, closely consult bilaterally and multilaterally, and attempt to coordinate their policies in realizing the FOIP and the AOIP. The task is difficult, but without such an effort, Southeast Asia would risk being further divided and fall into being the strategic theater of great-power rivalry.

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2.3 The way forward for Japan-Vietnam cooperation

Hanh Nguyen

Introduction

Vietnam's foreign policy has undergone a significant transformation since the late 1980s.¹ Within several decades, Hanoi gradually diversified its foreign relations beyond the communist bloc and formed partnerships with multiple states regardless of their political system and ideology. While Hanoi's careful balance between Washington and Beijing often attracts attention from Vietnam observers, Hanoi has also cultivated a special partnership with another regional power, Japan.

Vietnam and Japan formally established diplomatic relations in 1973. Since then, Tokyo has become a steadfast investor and aid donor for Hanoi (except for a temporary suspension in 1979 over Vietnam's involvement in Cambodia). Both countries set up a strategic partnership in 2014 and later enhanced it in 2017 and 2021. Bilateral cooperation is no longer restricted to trade and investment but spread to previously underexplored areas. Tokyo recently emerged as a new security partner to Vietnam, supporting Hanoi's struggle against Beijing in the South China Sea through maritime capacity-building assistance.

Rationale for cooperation

At the domestic level, both countries see economic cooperation as mutually beneficial. Tokyo has acquired a reputation of being a reliable partner for Hanoi, providing investment and official development assistance (ODA) to support Vietnam's rapid growth and development in the last

several decades. Japan ranks among Vietnam's top 5 investors, investing more than \$60 billion in 4,600 projects as of December 2020.² It is also a leading provider of ODA, sending Vietnam \$650 million in grants, loans, and equity investment in 2019.³ In contrast with Western states, Japan rarely comments on Vietnam's human rights record, a sensitive issue for Hanoi's political elites. To Japan, Vietnam also offers plenty of economic opportunities. Vietnam's burgeoning middle class represents a growing market whose consumers hold high regard for Japanese products. Its relatively cheap and abundant labor attracts attention from Japanese businesses struggling with a shrinking labor force at home.

At the regional level, both countries share an interest in maintaining the safe transit of goods along critical sea lines of communication (SLOC) in the East China Sea and the South China Sea.⁴ This concern is heightened further as Japan and Vietnam are embroiled in maritime boundary and territorial disputes with China. Both have been at the receiving end of Beijing's more muscular posture in the last decade. Japan understands that if China gets its way in the South China Sea, it will have more time and resources to dial up pressures against Tokyo in the Senkaku Islands dispute. Therefore, Hanoi and Tokyo are inclined to see each other as good partners to manage their challenged relationship with China.

At the international level, China's rise poses challenges for Japan and Vietnam. As Beijing grows more powerful, Hanoi is getting more concerned over China's possible domination of the region, making it more difficult for Hanoi to maintain its delicate balancing act between major powers. To counter China's clout, Vietnam chooses to double down on its hedging strategy, seeking diversity for its foreign relations. Vietnam's 2019 Defense White Paper emphasized the importance of strengthening partnerships with neighboring countries and major powers in the region.⁵ Therefore, Japan – an economic powerhouse with an uneasy relationship with China – is a natural partner. The power shift in Beijing's favor also put the rules-based order, which has underpinned Japan's prosperity and security for decades, under growing duress. In its response, Tokyo aims

to strengthen the rules-based order, thus generating more predictability and resilience in the regional security environment.⁶ This strategy is evident in Japan's Free and Open Indo-Pacific (FOIP) vision, which aims to embed Tokyo in regional institutions and the institutional-building process through cooperation to ensure rule of law, economic prosperity, and security.⁷

Prominent areas of cooperation

Given the extensiveness of Vietnam-Japan cooperation, this essay only touches on the most prominent areas. Tokyo is a leading provider of infrastructure finance for Vietnam, giving over \$10 billion so far (as of October 2021), mostly through ODA.⁸ Japan's assistance in Vietnam's infrastructure development is comprehensive, including projects to facilitate economic development (thermal/ hydropower plants, power transmission networks, highways, expressways, ports, bridges, and airports) and projects to improve Vietnam's capacity against natural disasters and climate change (support for disaster management and risk assessment).⁹ Japan-funded infrastructure projects are perceived as having high quality among Vietnamese, especially compared to China-led projects. However, that perception does not always correlate with reality since projects funded by Japan also face multiple delays and cost overruns, such as the Line 1 Metro project in Ho Chi Minh City.¹⁰

Another prominent area of cooperation is technical training. Vietnam provides the most labor under Japan's Technical Intern Training Program (TITP) (218,727 in 2019), concentrated in three areas: construction, food-related manufacturing, machinery, and metal.¹¹ Cooperation in this area is mutually beneficial: Japanese corporations and businesses gain from having access to a relatively cheap labor source while young Vietnamese have the opportunities to learn skills, technologies, and knowledge that they couldn't receive in Vietnam. However, concerns have recently emerged over growing cases of labor abuse affecting Vietnamese in Japan, such as poor working and living conditions for trainees or abuses from employers.¹² In response to this issue, Japan enacted two new bills in 2016

to improve TITP's quality and protect foreign trainees.¹³

Given both countries' shared concerns over the safe transit of goods on maritime routes, it is not surprising to see Hanoi and Tokyo strengthen cooperation in this area. Vietnam has benefited from Japan's maritime capacity-building assistance, including seminars and workshops, port calls and training exercises among navies and coast guard forces, and equipment transfers.¹⁴ A 2011 memorandum of understanding on defense cooperation established the foundation for this assistance, in which Japan promised to support Vietnam in search and rescue, humanitarian assistance/ disaster relief, IT training, and peacekeeping.¹⁵ Emphasis on maritime security cooperation, particularly freedom of navigation and overflight, was first mentioned in the 2014 Joint Statement on Japan-Vietnam strategic partnership and later enhanced in subsequent joint statements in 2017 and 2021, signaling that maritime security has become a critical shared concern.

Way forward

To bolster the strategic partnership, Vietnam and Japan can consider investing more resources in collaboration projects that are in line with Vietnam's 10-year socio-economic development strategy to bolster the strategic partnership. Issued in early 2021, the strategy aims to transform Vietnam into a high-income and developed nation by 2045 through a combination of digital transformation, reforming economic institutions and developing national manufacturing capacity.¹⁶ The document can serve to guide future cooperation concentrated in areas where Vietnam needs the most outside assistance.

The first area is Vietnam's digital transformation and digital economy. The value of Vietnam's digital economy is likely to reach USD57 billion by 2025, making it one of the fastest-growing digital economies in Southeast Asia.¹⁷ The COVID-19 pandemic also accelerated digital transformation as more Vietnamese embrace e-commerce, digital finance, and other related services. Nevertheless, Vietnam is still lagging in terms

of digital connectivity infrastructure. Its fixed broadband subscription is 13.6 per 1,000 inhabitants compared to Singapore's rate of 27.97.¹⁸ Median values of Internet speed in Vietnam are also in the average-to-low scale, reaching 33.90 Mbps for downloading on mobile networks and 67.96 on fixed broadband, which is much slower than Singapore's rate of 67.99 and 197.97, respectively.¹⁹ This middling performance will lead to further issues in adopting more advanced technologies and applications such as Internet-of-Things or artificial intelligence. Therefore, Japan's further investment in Vietnam's digital connectivity will help Hanoi address these shortcomings.

The second area is building resilient supply chains. Supply chain diversification became a top priority for Japan to avoid dependence on China, and Tokyo already offered financial incentives for Japanese businesses to move their production back home or to Southeast Asia.²⁰ Japanese companies generally want to expand operations in Vietnam, given the established presence of Japanese investment there and Vietnam's proximity to China.²¹ Furthermore, Vietnam strives to become a regional manufacturing hub and actively welcomes investment in high-value technology and manufacturing to innovate the economy. However, infrastructure bottlenecks and a lack of skilled labor in high-tech manufacturing can hamper its efforts.²² Therefore, Tokyo and Hanoi should increase finance for infrastructure and accelerate cooperation in human resources development.

Beyond the bilateral approach, Tokyo and Hanoi should coordinate their efforts at regional organizations. ASEAN has been a focal point of Japan's engagement with Southeast Asia since the emergence of the Fukuda Doctrine in 1975.²³ However, both countries should consider branching out to different institutions or initiatives. The Quadrilateral Security Dialogue (or Quad) could be an ideal platform, but Vietnam has been reticent to any involvement with the Quad, primarily out of concern that this move would antagonize China. Nevertheless, Vietnam is an excellent candidate to join an expanded Supply Chain Resilience Initiative (SCRI) –

a joint project between Japan, Australia and India to address supply chain vulnerabilities – since its goal is compatible with Vietnam’s aspiration to become a regional manufacturing hub. Vietnam has the geographical advantage of being close to China, and its supply chains are also integrated into China’s manufacturing network, making it an appealing option for businesses that still have China-based supply chains in their production.

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2.4 Japan steams ahead as Southeast Asia's vanguard maritime partner

John Bradford

Introduction

Southeast Asia is an intensely maritime region. To illustrate, the Philippines and Indonesia are two of the world's three largest archipelagic nations. Malaysia's land territory is split by the South China Sea with its eastern portion sharing the northern coast of the world's third-largest island with tiny Brunei. Peninsular Malaysia's east coast faces the South China Sea and its west coast defines the Strait of Malacca. Thailand and Indonesia similarly sit between seas associated with both the Pacific and Indian Oceans. Myanmar and Vietnam both have long coastlines. Filipinos and the Indonesians are the largest nationalities to serve as mariners.

The region's export-oriented nations are dependent on the sea not only for trade, but also as a source of resources (fish, petroleum, etc.) and, in many cases, cultural identity. From a geo-economic perspective, these waters provide some of the world's busiest important and sea lanes. This makes the Southeast Asian region as a global maritime fulcrum.

For these same reasons, these seas have become a critical hotspot for brewing conflict between China and the United States. The nations of Southeast Asia recognize they require extra-regional assistance to address their comprehensive maritime challenges. Those states, recognizing the importance of safety and security of Southeast Asian sea lanes to their own prosperity are generally keen to pitch in. In this area, Japan, another archipelagic nation, steams ahead as Southeast Asia's vanguard partner.

Southeast Asia's maritime challenges

While competition between the United States and China has drawn global attention to the fate of maritime Southeast Asia, these waters are also home to plenty of other threats, many of which may seem more ordinary to those far from the region: sea robbery; smuggling; human trafficking; illegal, unreported, and unregulated (IUU) fishing, etc. However, to the societies of Southeast Asia, these threats are in no way mundane, they are immediate, immense, and consequential.

Briefly examining the IUU fishing challenge shows the dire significance of a seemingly mundane threat. Due to its clandestine nature, it is difficult to exactly quantify the cost of IUU fishing in the region, but it is certainly in tens of billions of dollars each year. The scale of the problem and the industry's use of slaves and other illicit labor has also put Thailand and Vietnam under economic pressure from the European Union. Proactive government responses throughout Southeast Asia are important, but also place tremendous strain on state resources without completely resolving the issue.

The security aspects of the IUU fishing challenge stretch beyond the immediate victims and consumption of government resources. It is not known when the fish stocks are going to collapse in the South China Sea, but we know that preventing the collapse would require tremendous cooperation among all stakeholders, including the states that maintain contesting territorial claims. Since this is highly unlikely, the fish stocks will collapse, unemployment will soar, coastal communities will lose their incomes, and the primary local source of protein will disappear. Similar conditions triggered the rapid rise of piracy in the Gulf of Aden and the profusion of 'ghost ships' crewed by North Korean corpses washing up on the coasts of Russia and Japan. Neither of those scenarios will be exactly duplicated in Southeast Asia, but we can certainly expect the collapse of these fisheries to create dire problems with terrible impacts on coastal communities and enhance regional food security challenges.

IUU fishing is just one of the maritime security challenges facing a region that generally features poor maritime governance. Piracy and sea robbery continue to plague shipping; Singapore's Information Fusion Center recorded 44 incidents in its area of responsibility in the first four months of 2022.¹ Maritime-savvy terrorist groups also remain capable. Thanks to aggressive law enforcement operations, the most famous of these, the Abu Sayyaf Group, has not conducted one of its deadly raids for nearly two years, but the organization remains active and retains capability.² The trafficking of humans, drugs, weapons, and other illicit cargos also undermines good order at sea while perpetuating violence and poverty ashore. While great power competition brings the possibility of war at sea and is, therefore, a grave concern, such a war remains hypothetical whereas these other maritime security threats that fall under the umbrella of non-traditional security threats already extract a heavy toll on the health and well-being of coastal communities, drain national resources, and interfere with the tackling of other issues.

Southeast Asia looks abroad for help

Southeast Asian states recognize that, given the international criticality of their sea lanes, local maritime insecurities also register global concerns. Relatively wealthy extra-regional powers provide assistance that regional governments are happy to receive, so long as it does not undermine their sovereignty.³ Chief among those offering such assistance are the United States and Japan, two of the world's three largest economies, both featuring robust maritime sectors. Australia, India, and European states are also increasingly involved in regional maritime capacity-building projects. China provides support, especially in terms of infrastructure development and arms sales, but is also a direct source of insecurity for the South China Sea littoral states. Among these extra-regional supporters, Japan stands out as the preferred partner.

Japan is maritime partner of choice

The preponderance of polling data points that Japan is the most trusted extra-regional power in Southeast Asia. For example, this has been a

consistent finding of the annual State of Southeast Asia survey conducted by ISEAS-Yusof Ishak Institute.⁴ In the maritime space specifically, Japan has been working very closely with the Southeast Asian coastal states for decades. Since the 1960s, Japan has also stood out as the leading proponent of regional safety of navigation. For many years, the buoyage, lighthouses, and other aids to navigation in the Strait of Malacca were funded by or maintained by Japan. As late as the 1980s, already relatively wealthy Singapore continued to receive support from Japan for dredging in the Singapore Strait. In the late 1990s, the Japan Coast Guard expanded its regional role to become the leading provider of maritime law enforcement capacity development.

In more recent years, the Japan Maritime Self-Defense Force, a *de facto* navy, has become increasingly present conducting defense diplomacy missions, exercising with regional navies, and maintaining a presence in the South China Sea.⁵ Throughout these decades Japan has been the biggest investor in Southeast Asian maritime infrastructure, with China having only recently emerged as a rival for that title.

The decades of support, coupled with a posture that downplays political and human rights concerns, have earned Japan the trust that it enjoys today. It also has a track record of providing the leadership and funding to start projects that it then quietly turns over to regional leadership. For example, the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia was formed as a result of Japanese initiatives, but it has become a truly regional international organization with an Executive Director who was formerly Director General of the Indian Coast Guard.⁶ A Bangladeshi chairs the Governing Council of its Information Sharing Center in Singapore.⁷ Because of these behaviors, Southeast Asian analyst Richard Heydarian thus refers to Japan as a “Stealth Superpower” whereas other experts have called it a “Courteous Power” or remarked on its “Ninja Diplomacy.”⁸

At the geopolitical level, it is also important to recognize that Southeast Asians see Japan as an attractive “third option,” an extra-regional power that is neither the United States nor China. As a third option, partnering with Japan reduces the ramifications of being drawn into security dilemmas and other traps associated with being perceived to pick sides in a great power competition. Of course, Southeast Asian policymakers are aware of the incredibly close nature of the US-Japan alliance, particularly in terms of its naval aspects, and thereby recognize partnering with Japan is not a baggage-free option, but such arrangements still enjoy advantages over direct engagement with the US or China. Partnering with Japan can also serve a normalizing function that lowers the political and diplomatic costs incurred with later cooperative interactions with the US and China. For example, Vietnam often conducts precedent-setting security engagements by following a stepping-stone process where similar activities are first done with an ASEAN partner, then with Japan, and finally with the United States. Similarly, the large JMSDF flatdeck helicopter carrier *Izumo* visited Vietnam in 2017 and preceded the first-post war US Navy aircraft carrier visit to Vietnam in 2018. The experience with *Izumo* provided stage-setting experience regarding the diplomatic and logistics requirements associated with hosting such a large naval ship from a foreign power.

Future prospects

Japan can expect to retain its position as Southeast Asia’s favored maritime partner into the foreseeable future through continued proactive engagement. Despite its relative economic stagnation, Japan continues to make large, sensible businesslike investments in Southeast Asian maritime infrastructure while expanding its training programs for government officials, law enforcement officers and military leaders. The Japanese political leadership seems to value this position and has placed relationships with Southeast Asia partners at the very top of its foreign policy priorities. Two of the three most recent prime ministers made Southeast Asia the destination of their first overseas trip in office. Kishida’s first overseas travel was to attend the UN Climate Change Conference (COP26), but during his first month in office he hosted Vietnam’s Prime Minister, the

first summit-level meeting organized by his government. As competition between the US and China continued to intensify, Japan's attractiveness as a third option will also grow.

Domestic reforms are also opening new paths for Japanese cooperation. The relaxation of Japan's policy restrictions on the export of defense systems enabled it to transfer maritime patrol aircraft and to sell sophisticated radars to the Philippines. These cases help established Japan as a real player in competitions for other regional procurement projects involving advanced technology military assets such as frigates and aircraft.

Less predictable will be how Japan's relationship with maritime Southeast Asia evolves as more extra-regional partners expand their roles in the region. Australia, the UK, France, and Germany have all committed themselves to larger security profiles in the region. At the moment, these nations are ably leveraging Japan's regional leadership and partnership opportunities presented by the US-Japan alliance structure to make their initiatives more efficient and effective,⁹ but as their regional roles expand, the dynamics will change. Recent history suggests that Japan will adapt as necessary and most likely strengthen its role as the region's leading "third option" and a convening authority for extra-regional partnerships. However, past performance does not guarantee future results. As the number of players grows and the stakes rise, the game will become more complex.

The COVID-19 pandemic has further complicated these dynamics making two-way diplomatic visits, the free flow of business leaders and tourists much less frequent creating challenges for Japan to maintain its high-level and comprehensive engagement in the region. The most recent annual State of Southeast Asia survey conducted by ISEAS-Yusof Ishak Institute has shown that while Japan is still the most trusted in the region, China has made headways highlighting that retaining credibility, sustainability and trust in the region will continue to require intense and frequent diplomacy.

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2.5 Japan and Northeast India: Connectivity Cooperation amid the China Complex

Jagannath Panda & Mrityika Guha Sarkar

Introduction

Acting as a point of convergence between India's Act East Policy (AEP) and Japan's vision for a Free and Open Indo-Pacific, the Northeast region of India has emerged as a primary area of cooperation between the two Asian powers. The region binds India and Japan together historically, culturally and geographically, functioning as India's gateway to the East. For Japan, India's Northeast has certainly come to act as an entry point to expand its collaborations within the country. This is not necessarily a new development; Japan's connections with Northeast India go back to World War II when Japanese soldiers intruded Indian borders of this region in March 1944 in an assault against the British Empire at the Battles of Imphal and Kohima. Although the event took place over seven decades ago, it nevertheless indicates how Japan has always viewed India's Northeast region as its pathway to greater connectivity with India, South Asia as well as several Southeast Asian countries.

In many ways, Tokyo is attempting to rewrite its history and connect in the region; for instance, it is contributing to projects for connecting all state capitals of the region via railways, with plans to take forward the connectivity project to Bangladesh, Myanmar, and the rest of Southeast Asia. This multi-dimensional convergence was fashioned as the mutually beneficial factor

between India and Japan under the Abe administration, mainly as Prime Minister Modi's visit to Tokyo was dedicated to accentuating connectivity and infrastructure advancement in the region.¹ However, what future does the India-Japan 'Strategic and Global Partnership' hold vis-à-vis their Northeast India cooperation ambitions under the leadership of Fumio Kishida? How much of the India-Japan partnership in Northeast India is China-bound?

The Beijing Dilemma

Apart from the historical context that underlies Japan's Northeast engagement, a key factor for Japan's interest in the region has been its geographically strategic position amid the shared China challenge. India's Northeast shares over 5,000 kilometers of international borders with several other states—China, Nepal, Bangladesh, Bhutan, and Myanmar. The region has seen China's aggressive efforts to grab territory; for example, Beijing has effectively denounced the McMahon Line to assert claims on the Indian state of Arunachal Pradesh, amounting to nearly 90,000 square kilometers. China has argued that this region was historically a part of Tibet and therefore should be Chinese territory. To realize these claims, China has begun aggressively building infrastructure alongside contested borders, reportedly including a village in Arunachal Pradesh in early 2021.² In 2017, the situation came to a head during the Doklam standoff, wherein China attempted to take control of the Doklam plateau—a strategically critical tri-junction between India, Bhutan, and China—that brings China closer to India's Siliguri Corridor linking the Northeast to the rest of the country (making it an exceedingly vulnerable point for India). Over time, China has built a network of roads for greater access to the region, which are notably wide enough to allow for transportation of military equipment (such as tanks and artillery guns).³

While India's primary dispute with the rising revisionist Chinese power is on land geography, Japan's dispute is maritime, over the Senkaku/Diaoyu islands of the East China Sea. They are both thus deeply concerned about China's growing influence and military presence and the threat this

poses to their security. In this context, both states' focus on connectivity and development in the region is directly aimed at countering Xi Jinping's flagship Belt and Road Initiative (BRI) and coordinating a response to its regional ambitions. Although it is portrayed as a benign initiative establishing China as a gracious lender providing massive loans in the absence of Western help, the BRI has come to be viewed as an effort to strategically strengthen China's great power position in the regional and global order by several Asian and global states, particularly by utilizing infrastructural projects as charm offensives.⁴ Thus, the two countries have enhanced cooperation in India's Northeast, intending to then expand it to Southeast Asia. Such collaboration is drawn via convergence under India's AEP and Japan's Expanded Partnership for Quality Infrastructure (EPQI).⁵

However, India and Japan's cooperation in the region also has been juxtaposing China's expanding footprints in and around Northeast India, particularly through initiatives such as the Bangladesh-China-India-Myanmar (BCIM) Corridor. Though India is participating in the BCIM as a proposed route connecting India and China through Myanmar and Bangladesh, it has exhibited a lukewarm and hesitant approach in recent years under the Modi government, underpinned by national security concerns. This was reiterated during the second Belt and Road Forum, which didn't see participation by India.⁶ However, New Delhi's approach to BCIM has been calculative, which was particularly reverberated when India sent a delegation to the 13th BCIM Forum in Yuxi, asserting that the BCIM corridor predates the BRI. Yet, India has time and again affirmed its decision to not join the BRI by underscoring the threat posed to its sovereignty and territorial integrity by the China-Pakistan Economic Corridor (CPEC)—a major arm of the BRI.

Further, under Xi Jinping, Arunachal Pradesh has been acquiring a greater tactical advantage. Xi Jinping, following a similar path as Mao Zedong, has been focusing on the other "five fingers"⁷ of the Tibetan plateau—Ladakh, Nepal, Sikkim, Bhutan and the Northeast Frontier Agency (NEFA), and the state of Arunachal Pradesh in India's Northeast, where China's claims on

the region have been based on the sixth Dalai Lama being born in Tawang. Thus, Tawang has been holding a significant position in China's strategic calculus, while Beijing incrementally expands its claim all over Arunachal Pradesh and gradually shifts to a more hardline and a more unilateral stance.⁸ Such an assertive approach has been witnessed towards the India-Japan partnership in Northeast India, where Beijing, in 2017, warned third parties (Japan) against meddling in its boundary dispute with India in 2017. In particular, China's foreign ministry spokesperson Hua Chunying, in response to the India-Japan joint statement released in 2017, stated that "boundary of the India-China border area has not been totally delimited and we have disputes in the eastern section of the boundary... Under such circumstances...any third party should not be involved in our efforts to solve disputes". If anything, such a response to the India-Japan connectivity cooperation in the Northeast India signified towards China emboldening its claims in other parts of the border, particularly as Xi enhances its focus on Tibet as a core interest. It further reveals that China would continue to view Japan and India's joint activities in the region through cautious lenses, especially considering Beijing's complex relations with both Tokyo and New Delhi, as well as the growing significance of Arunachal Pradesh in China's grander Himalayan approach.⁹

In fact, China's cautious approach combined with an increasingly firm military posturing is already being witnessed as China ramps up the scale and duration of military drills in Arunachal Pradesh border area.¹⁰ It has also undertaken massive infrastructure development and troop build-up in the Rest of Arunachal Pradesh (RALP) area, which has become a matter of concern for India.¹¹ These actions signify that China under Xi is increasingly looking towards cementing its position in the area and the larger Himalayan region, as control over Tibet acquires greater criticality to ensure regime survival of the Communist Party of China, and stability of Xi's leadership. Further, on December 29, 2021, China upped the ante and announced¹² its decision to "standardize" the names of 15 places in Arunachal—which Chinese maps depict as "Zangnan," or South Tibet.¹³ India was quick to respond to the name changes, with the Ministry of

External Affairs spokesperson Arindam Bagchi calling the “invented” names for Indian territories a “ridiculous exercise” to support “untenable claims”.¹⁴ However, the name change act by China, coupled with its Land Border Law passed on October 23, 2021¹⁵ – which became effective on January 1, 2022¹⁶ – is undoubtedly enhancing New Delhi’s perception of China as a threat.¹⁷ Apart from reflecting to China’s growing belligerence and expansionist approach, these incidents only point to the region’s strategic importance.

Additionally, these have also been a compelling rationale for India to establish its Japan partnership vis-à-vis its Northeast region not just in its foreign policy, but also its domestic policies. As such, India would welcome Japanese presence in its Northeast region, not just for economic development but also to counter China’s infrastructure, trade, culture, and military influence.

India-Japan: Aligning with ASEAN Connectivity Plan

India-Japan cooperation is fundamentally driven by both states’ ambitions and plans for outreach to the broader region—including Southeast Asia and the Bay of Bengal countries. For India, the region’s proximity to Southeast Asia makes it a natural entry point to the region and has accordingly featured as a pivot in India’s Act East engagement efforts. These imperatives indicate the significant potential offered by ASEAN-Northeast India connectivity for trade and economic relations between the two actors.¹⁸ The Master Plan on ASEAN Connectivity (MPAC) 2025, launched in 2016, names five strategic areas of focus—sustainable infrastructure, digital innovation, people mobility, seamless logistics, and regulatory excellence.¹⁹ Here, better connectivity with a resource-rich region like India’s Northeast that provides access to the rest of India (as well as China and by extension East Asia) can be a major pathway. India’s northeast is already being linked to the Southeast Asian states, particularly with nations like Myanmar. It has started to upgrade the Aizwal-Tuipang national highway with financial support by Japan’s JICA, which connects to the Kaladan Multi-Modal Transit Transport Project between India and

Myanmar.²⁰ Further, India has been upgrading and widening a section of a roadway between Imphal, Manipur and Moreh, located at the borders of Myanmar. This development holds greater importance as a section of the road is part of the India-Myanmar-Thailand trilateral highway, which is yet to be completed. For Japan, too, Southeast Asia has long been a key recipient region for its ODA. Tokyo is looking to contribute majorly to ASEAN's sustainable development plans to improve connectivity with the economically significant bloc and limit China's growing influence in the strategic region by providing ASEAN powers with a more reliable alternative for financing.

In this regard, Japan is involved in the East-West Economic Corridor Improvement Project, where JICA is replacing four bridges to ensure smooth flow of traffic from Myanmar to the neighboring countries, particularly between the two sections of Mawlamyine and the Thai border, New Bago and Kyaikto.²¹ Further, for phase 2 of the project, it is assisting in construction of the Sittaung Bridge, together with the ADB.²² Also, Japan is contributing to the Southern Economic Corridor project, where it is aiming to enhance the energy distribution, roads, railways, ports, as well as airports in Thailand, Vietnam, and Cambodia.²³ Moreover, as a G7 nation, Japan can be a pivotal investor and technology partner as ASEAN states look to advance their sustainable urbanization and development agenda.²⁴ Increased activity in India's Northeast and cooperation and dialogue with ASEAN in a trilateral format can be crucial in this regard.²⁵

Since the Northeast region also acts as a unique connector between South Asia and Southeast Asia, it can be a perfect point to launch connectivity outreach to both. To this effect, BIMSTEC, established in 1997,²⁶ can be a crucial forum for better outreach. In particular, an extension of the India-Japan partnership could look at economic development through infrastructure and connectivity projects, energy security, science and technology, maritime security, disaster management, risk management, tourism, and more. More importantly, such cooperation could also bring in the potential for a Free Trade Agreement between the BIMSTEC countries

and Japan,²⁷ where India could play a key role while establishing the development as a mutually beneficial area for all the entities. This could capitalize on Japan's good and historically amicable relations with the BIMSTEC countries, including India, while further defining Japan's role as a significant trading partner, investor, and donor, as well as its economic and technological advanced stature.

Furthermore, Japan could utilize the demographic complementarities it shares with the BIMSTEC countries; notably, the vast and young labor force in the countries of the Bay of Bengal region could benefit Japan's shrinking population and increasing labor deficit.²⁸ Japan could also partner with BIMSTEC on energy cooperation, particularly considering the region is characterized by fast-growing demand and low per-capita consumption, limited supply of non-renewable energy, and the heavy reliance of the population on traditional energy.²⁹ Japan, in this context, could partner with the BIMSTEC countries with its know-how in the field of renewable energy to ameliorate the energy-deficient BIMSTEC region, particularly countries like Myanmar and Bhutan. In fact, Japan is already investing in a considerable amount of energy projects in BIMSTEC countries.³⁰ These areas of possible cooperation were discussed during the international conferences on "Building a New BIMSTEC: Towards BIMSTEC - Japan Cooperation, organized by the Centre for Studies in International Relations and Development, Kolkata, Asian Forum Japan, Tokyo, and supported by Sasakawa Peace Foundation (SPF), Tokyo. Here, Northeast India could play an essential role in bolstering Japan and India's energy cooperation by extending the benefits and experiences of energy projects in the Northeast and tailoring it to the rest of the Bay of Bengal region.³¹

Business with the BIMSTEC countries could also benefit Japan, considering the former's economic growth and poverty reduction goals. For Japan, too, business with BIMSTEC countries could mean diversifying its economic partners, particularly vis-à-vis the recent global demand of diversifying away from China, as well as secure access in the vast markets of South and Southeast Asia. Japan already has supply chains

across the Bay, under its 'Bay of Bengal Industrial Growth Belt',³² and is therefore particularly interested in strengthening its connectivity and integration with the region. Thus, such an initiative could also witness a partnership with India, considering Tokyo's and New Delhi's past ties having a business partnership through the "India Japan Business Cooperation in Asia and Africa Region" platform.³³ This saw renewed vigor at the 44th India-Japan Business Cooperation Committee (IJBCC) Meeting, which took place through a virtual platform in March 2021.³⁴ Importantly, greater business cooperation between India and Japan vis-à-vis the BIMSTEC countries could utilize the strategically conducive Northeast India. Japanese companies have already been keen in investing in North-eastern states, such as Assam.³⁵ The companies, led by Japan External Trade Organization, could invest approximately INR 3000-4000 crore with a focus on local youth recruitment.³⁶

Moreover, the Bay of Bengal is emerging as a strategically critical domain.³⁷ Both Japan and India have vested interest in contributing to the regional maritime security and stability of the Bay of Bengal, particularly considering the important Sea Lines of Communication (SLOC) the region houses. Apart from connectivity projects to ensure stability and security, Tokyo and New Delhi could also help build the maritime capacity of littoral states in the region by enhancing maritime law enforcement training and donating law enforcement vessels.³⁸ Such was expressed through Japan's Ambassador to India, Suzuki Satoshi's comments on March 3, 2022, as he addressed the second India-Japan virtual dialogue on the theme "Development of India's North Eastern Region and Neighbourhood: India-Japan Collaboration for Fostering Entrepreneurship and People Connectivity", organized by Indian think tank 'Asian Confluence' in collaboration with the Japanese Embassy. He opined that the collaboration between India and Japan would provide the landlocked northeast region with the access to the Bay of Bengal as well as the Southeast Asian countries, leading to socio-economic growth in the region.³⁹

Kishida taking forward Abe's Northeast India Legacy?

With the above-mentioned developments taken into consideration, it is important to deliberate how the India-Japan partnership will evolve under Kishida. Often recognized as a 'consensus builder' based on his long diplomatic career,⁴⁰ Kishida has already shown support for continuing with the legacy of Shinzo Abe and stated that the "realization of a free and open Indo-Pacific" (FOIP) is a key priority and challenge.⁴¹ Most importantly, Kishida served as the Abe administration's Foreign Minister and therefore played a crucial role in shaping Japan's renewed focus on Northeast India. This indicates that Kishida will build upon Abe's work amidst a continued focus on the region.

In this context, Satoshi visited Northeast India in February 2021, wherein he attended a symposium with External Affairs Minister S. Jaishankar.⁴² Here, while highlighting the importance of the strategic India-Japan partnership, immense focus was given to the key role of India's Northeast—and especially the state of Assam in shaping the future of Asian connectivity by linking the landmass across the Arabian Sea to the South China Sea. Assam was identified as the 'meeting point' and 'fulcrum' of such connectivity ambitions;⁴³ the state has linked India to South Korea and Japan in the past and has historically proven its worth in building linkages with East Asian economies. Additionally, Satoshi clearly stated that "North East is situated where India's Act East Policy and Japan's vision for a free and open Indo-Pacific converge. To be "free and open" is critical here in Assam."⁴⁴

In this vein, India has been attempting to connect Assam—and the broader Northeast—to Myanmar, Bangladesh, and Bhutan as well as Vietnam and Japan via land, air and sea. Projects to achieve this goal have included a new 20-kilometre Dhubri-Phulbhari Bridge across the Brahmaputra being built with Japanese ODA,⁴⁵ an inland waterway project connecting Assam with Bhutan and Bangladesh,⁴⁶ a power grid that transports power to and from India's neighbors to Bihar through Assam;⁴⁷ and the trilateral India-Myanmar-Thailand highway that could be stretched

to Laos and Vietnam.⁴⁸ Japan has already invested in multiple projects in India's Northeast, such as the water supply project in Guwahati, the North-East Road Network Connectivity Improvement Project, Nagaland Forest Resource Management Project, Sikkim Biodiversity Conservation and Forest Management Project, among others hence projecting itself as a natural partner in the region.⁴⁹

Moreover, during Kishida's visit to India in March 2022,⁵⁰ Japan and India announced the "India-Japan Initiative for Sustainable Development of the North Eastern Region of India," which included an "Initiative for Strengthening the Bamboo Value Chain in the North East" and cooperation in the areas of agriculture, tourism, health care, forest resources management, connectivity, Skill India, renewable energy, and disaster relief, only to reinvigorate their partnership further in the Northeast region.⁵¹

However, as Kishida looks to shape Japan's economic and political future, he will be faced with an incredible challenge in the country's external geopolitical sphere. To effectively contend with such flux, Kishida will need to shore up Japanese partnerships; bolstering India-Japan collaborations in India's Northeast can be a key (and continued) strategy. Both states must now look at how they can keep up the momentum and inject further synergy by expanding their partnership in the Northeast and beyond while being cautious of an increasingly expansionist and belligerent China in their neighborhood, keeping a tab on the heightening synergy between India and Japan.⁵²

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3. Word of thanks

In any project, a team is responsible for the output. I would like to express my gratitude to the Yokosuka Council of Asia-Pacific Studies (YCAPS) team for all their hard work in hosting the initial Indo-Pacific Policy Dialogue series entitled *Japan-Southeast Asia cooperation towards a Free and Open Indo-Pacific (FOIP)* on March 24, 2022. This includes all the online participants who asked meaningful questions to stimulate dialogue.

My thanks extend to Ms Hanh Nguyen, Dr Kei Koga, John Bradford, Dr Jagannath Panda and Ms. Mrittika Guha Sarkar for their preparation and timely efforts to deliver succinct and timely analysis on Japan's relationships with South Asia and Southeast Asia. With voices from Vietnam, Japan, the US, India and Canada based throughout the region, I feel that they brought both nuance and rigor in their writing.

I would like to also thank the Institute for Security & Development Policy and their team for agreeing to publish this policy series in such a timely and professional manner.

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