Japan and Southeast Asia faced a new regional dynamic in 2017 following the inauguration of President Donald Trump in the United States and Philippine President Rodrigo Duterte’s accommodative foreign policy toward China. US withdrawal from the Trans-Pacific Partnership and the Philippines’ unwillingness to discuss the 2016 South China Sea arbitration award forced Japan and some Southeast Asian states to redirect their strategic focus. Most Southeast Asian states increasingly welcome Japan’s regional initiatives in trade, security, and development to fill the vacuum created by these policy shifts. Japan has actively emphasized the “Free and Open Indo-Pacific Strategy,” the geographic scope of which goes well beyond East Asia and covers the entire Pacific Ocean to East Africa. This new strategic focus has revitalized Japan’s cooperation with Southeast Asia. Nevertheless, there are serious challenges that Japan needs to overcome, particularly in clarifying ASEAN’s roles in the strategy.
Three renewed agendas: trade, security, and development

The policy adjustments that Japan and Southeast Asian states have made derive from the power shift caused by China’s increasing influence in East Asia and the world, but this trend accelerated with the emergence of Trump and Duterte. In East Asia, the adjustments are well illustrated by the August 2017 release of the Revised Implementation Plan of the Vision Statement on ASEAN–Japan Friendship and Cooperation: Shared Vision, Shared Identity, Shared Future. The document is the revision of the implementation plan of the 2013 ASEAN–Japan Vision Statement, which emphasized the importance of enhancing social, economic, political, and security ties between Japan and ASEAN, as well as between Japan and each Southeast Asian state. Furthering their comprehensive ties, three agendas became the center for their strategic focus in 2017/2018: trade, security, and development.

Trade

The US withdrawal from the Trans-Pacific Partnership (TPP) in 2017 had a negative impact on prospects for the treaty. Politically, the withdrawal illustrated the fluctuation in the US commitment to Asia and raised doubts about the US leadership role in East Asia under the Trump administration. Trump’s willingness to meet Southeast Asian leaders did create a positive impression. Trump invited several leaders to Washington, including Vietnam Prime Minister Nguyen Xuan Phuc in May 2017, Malaysia Prime Minister Najib Razak in September 2017, and Thailand Prime Minister Prayut Chan–ocha in October 2017, while meeting Singapore Prime Minister Lee Hsien Loong and Indonesia President Joko Widodo at the G20 Summit in Germany. In November 2017, Trump also attended Asean-related meetings in the Philippines, although did manage to skip the East Asia Summit plenary when it was delayed for a few hours. However, withdrawal from the TPP had a broader strategic impact because it aimed at setting the highest standards for international trade that could influence economic relations in the Asia–Pacific region and beyond. Economically, US accounted for over 60 percent of total GDP of the TPP member states. Its withdrawal significantly reduces the impact of the TPP on world trade. Southeast Asian states, namely Singapore, Malaysia, and Vietnam, will realize fewer economic benefits following US withdrawal.

The Regional Comprehensive Economic Partnership (RCEP) has often been considered a worthy alternative to the TPP. The membership of the RCEP includes the original East Asia Summit members: the 10 ASEAN states, China, Japan, South Korea, India, Australia, and New Zealand. The total GDP accounts for approximately 30 percent of world GDP, giving RCEP the potential to become a mega-regional free trade agreement (FTA). Yet, given different economic growth levels and wide economic gaps among member states, it has been very difficult to conclude the agreement. Even if the RCEP is completed, it would likely produce an FTA focused on tariff removal rather than high-quality trade standards.

In this context, Japan, which now accounts for approximately 50 percent of the total GDP of the TPP–11, took the lead to renegotiate TPP provisions throughout 2017, resulting in the conclusion of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in March 2018. TPP members in Southeast Asia welcomed this leadership, which reinvigorated political momentum to pursue a new economic agreement in Asia, as shown by Thailand’s expressed willingness to join the CPTPP by the end of 2018.

Security

Japan and the Southeast Asian states continuously and incrementally strengthened security cooperation despite changes in the regional strategic environment. This became possible partly because Japan institutionalized its security commitment by issuing the 2016 Vientiane Vision. Its objectives include (1)
“consolidate the order based on the principles of international law”; (2) “promote maritime security”; and (3) “cope with increasingly diversifying and complex security issues.” The primary focus of Japan–ASEAN security cooperation is nontraditional security, particularly humanitarian assistant/disaster relief (HADR) given Asia’s vulnerability to natural disasters. Military engagement in maritime security cooperation also has implications for traditional security issues, including management of territorial issues.

Japan and ASEAN conducted joint military exercises throughout 2017/2018. These included the Japan–ASEAN Ship Rider Cooperation Program in June 2017, where Japan provided seminars on international laws and communication training through CUES (Code for Unplanned Encounters at Sea); the Japan–ASEAN Joint Exercise for Rescue (JXR) Observation Program in June 2017; and the Japan–ASEAN Disaster Relief Study Tour in August/September 2017. In February 2018, the Cope North joint military exercise involving Australia, Japan, and the United States invited ASEAN states to observe the HA/DR exercise. These exercises were part of Japan’s capacity-building efforts to strengthen ASEAN’s security capabilities.

For its part, ASEAN is the core element of multilateral security institutions in the Asia-Pacific region, including the East Asia Summit, ASEAN Regional Forum (ARF), and the ASEAN Defense Ministers Meeting–Plus (ADMM–Plus). Japan has been a strong supporter of these institutions and an active participant in subgroup activities, such as the Inter-sessional meetings in ARF and the Expert Working Groups (EWGs) in ADMM–Plus although Japan is not a chair of any EWG in 2017–2018.

Bilaterally, Japan and each Southeast Asian state have strengthened security cooperation at a pace that is comfortable to both sides. HA/DR is the area of bilateral cooperation that most ASEAN states are eager to engage in, but defense and law enforcement capacity-building programs also have become an important component in political and security cooperation. This could lead to political cooperation over traditional security issues. For example, in conjunction with the enhancement of their comprehensive security cooperation, Japan and Vietnam expressed “deep concern” about the situation in the South China Sea in the 2017 Joint Statement on Deepening the Japan–Viet Nam Extensive Strategic Partnership. They strengthened maritime law enforcement cooperation to manage “gray zone” situations, as illustrated by the joint training that Japan’s Coast Guard ship Echigo conducted at DaNang with Vietnam’s Coast Guard in June 2017. In November, Foreign Minister Kono Taro and Foreign Minister Pham Binh Minh also discussed Japan’s provision of a newly-built patrol ship to Vietnam.

Malaysia, while maintaining some reservation in openly expressing concerns on the South China Sea, steadily worked with Japan in enhancing Malaysia’s maritime law enforcement mechanisms by receiving patrol ships and education from Japan. This cooperation also extended to defense. In April 2018, Japan and Malaysia signed an agreement regarding the transfer of defense equipment and technology in April 2018.

The Philippines has been quietly but continuously accepting Japan’s maritime capacity-building programs through the “Maritime Safety Capability Improvement Project for the Philippine Coast Guard” and received two patrol ships and four high-speed boats in March 2018.

Indonesia and Japan signed the basic framework for JICA/Japan Coast Guard–BAKAMLA (Indonesian Maritime Security Agency) cooperation in October 2017 and agreed strengthen maritime security cooperation in addition to the Japan–Indonesia maritime forum, which was established in December 2016.

Southeast Asian states have their own measures to maintain political and security distance from regional great powers, including Japan, China, and the United States, to avoid being entrapped by great power politics. Maritime cooperation is generally welcomed because it enables Southeast Asian states to not only manage nontraditional security issues more effectively, but also provides a hedge against China’s maritime encroachment – gray zone coercion – in the South China Sea.

Development

One of Southeast Asia’s most important strategic agendas since the 2000s is ASEAN connectivity. It aims to build “hard” (e.g., road, railways, telecommunication) and “soft” (e.g., human development, standards for
environmental protection, transparency) infrastructure that facilitates connectivity and integration of the region, which is stipulated in the 2016 Master Plan on ASEAN Connectivity 2025 (MPAC). China has actively engaged in this Southeast Asian initiative through its initiative to revitalize its land and maritime connectivity, the Belt and Road Initiative (BRI), which originated in Chinese President Xi Jinping’s 2013 speeches in Kazakhstan and Indonesia regarding establishment of a Silk Road Economic Belt and the Maritime Silk Road of the 21st Century, respectively. Given the large infrastructure needs in Asia -- an estimated investment of $1.7 trillion per year until 2030 -- demand goes beyond the capacity of major development banks, such as the World Bank or the Asian Development Bank (ADB). The BRI matches ASEAN’s needs, and Southeast Asian countries generally welcome China’s initiative.

It was in this context that Japan took the initiative through collaboration with the ADB to establish the Partnership for Quality Infrastructure in 2015, providing a 30 percent increase in infrastructure investment, accounting for approximately $110 billion, until 2020. The initiative aims to achieve a high standard of infrastructure development, such as long-life cycle, safety, human development, and disaster resilience, by facilitating cooperation with domestic private sectors, such as Keidanren. In 2016, Japan enhanced the initiative by adopting the Expanded Partnership for Quality Infrastructure, which now contains approximately $200 billion to cover not only Asian infrastructure needs but also those of the world. This initiative is also welcomed by Southeast Asian states and has become an additional program that they can rely on for infrastructure development and connectivity.

Japan and ASEAN revised the implementation plan for the Vision Statement on ASEAN–Japan Friendship and Cooperation in August 2017, incorporating the objective to establish high quality infrastructure that relates to developmental schemes, such as the Initiative for ASEAN Integration (IAI) Work Plan III, the Mekong–Japan Action Plan, and the Mekong Industrial Development Vision (MIDV). Japan also emphasized the importance of openness, transparency, economic efficiency, and financial soundness in infrastructure development. ASEAN suggested that Japan examine subregional cooperative frameworks, including the Brunei–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP–EAGA) and the Indonesia–Malaysia–Thailand Growth Triangle (IMT–GT) as potential areas of development. By coordinating institutional arrangements with ASEAN on infrastructure development, Japan has consistently sought to offer an alternative to China’s BRI.

Bilateral cooperation on infrastructure development also progressed through development projects and institutionalization of development committees between Japan and some Southeast Asian states. The latter includes the Japan–Thailand High Level Joint Commission (HLJC), which discusses potential connectivity between Cambodia, Laos, Myanmar, Vietnam, and Thailand, and the Japan–Philippines Joint Committee on Infrastructure Development and Economic Cooperation, which manages approximately $9 billion in economic and infrastructure assistance that Japan provides the Philippines. The committee also facilitates mutual understanding of current and expected demand and supply for Philippine infrastructure needs. The third meeting of the HLJC was held in June 2017; the Japan–Philippines Joint Committee met in July and September 2017 and February 2018.

Japan has promoted infrastructure development in Indonesia through the Japan–Indonesia strategic partnership with the Patimban Port project, the Jakarta Mass Rapid Transit (MRT) project, and the Trans–Sumatran Highway. Cooperation with Singapore and Malaysia includes Japan’s bid for construction of the Malaysia–Singapore high-speed railway, the winner of which should be announced by the end of 2018. Cambodia has a long history of receiving Japanese ODA, which focuses on logistics, human resources, and urban development. A recent project is the second phase of the Phnom Penh City Transmission and Distribution System Expansion Project. Assistance to Brunei aims at economic diversification to facilitate the shift from an energy-dependent economy. Myanmar and Japan have discussed the general direction of infrastructure development, which prioritizes urban development in Yangon, logistics, and electricity. Laos and Japan continued to implement the 2016 Joint Development Cooperation Plan for the Sustainable Development of Lao PDR, particularly logistical connectivity and human exchange with neighboring states and urban.
development, including waterworks and electric power systems.

These bilateral and multilateral efforts to facilitate high-quality infrastructure aim to uphold the international standard for development that major international organizations, such as the United Nations, the World Bank, and the ADB, have long nurtured. For Japan, these projects serve to check China’s growing development influence through the BRI, which is still unclear about transparency and financial feasibility.

The “Free and Open Indo-Pacific Strategy” and Southeast Asia

Seeking to enhance Japan–Southeast Asia relations at a time of growing strategic uncertainty in Asia, Japan has reinvigorated its broad vision, the “Free and Open Indo-Pacific Strategy” (FOIPS). The idea of the FOIPS is not new. Prime Minister Abe Shinzo has focused on the idea of the Indo-Pacific since he made a speech on the “Confluence of the Two Seas” before Indian Parliament in 2007. Abe made subsequent attempts to institutionalize a quadrilateral coalition with the United States, Australia, and India, the so-called “Quadrilateral Strategic Dialogue.” His 2012 publication, Asia’s Democratic Security Diamond, emphasized the importance of US-Japan-Australia-India relations in containing China’s increasing influence in the Indo-Pacific. Revitalization of the Indo-Pacific strategy began in the 2016 opening speech by Abe at the Sixth Tokyo International Conference on African Development (TICAD VI), in which he promised Japan’s strong commitment to ensure free and open trade and sea lines of communication (SLOCs) between the Indian Ocean and the Pacific Ocean.

This strategy gained diplomatic traction when the United States began to focus on the “Indo-Pacific” region. During his Asia trip in November 2017, President Trump’s use of the term “Indo-Pacific” instead of “Asia-Pacific” indicated a shift in US geopolitical focus. Most importantly, his discussion with Prime Minister Abe in Tokyo clarified three principles of the strategy: (1) promotion and establishment of fundamental values; (2) pursuit of economic prosperity; (3) and a commitment to peace and stability. The first principle includes ensuring freedom of navigation and rule of law, the second includes promoting connectivity in the Indo-Pacific region, and the third includes capacity-building programs for maritime law enforcement. Trump and Abe agreed that the strategy would include countries that agree with these principles.

The FOIPS has geostrategic implications for Southeast Asia. Not only is it the geographic center where the Indian Ocean and the Pacific Ocean meet, it is also home to the vital SLOCs that connect the oceans to each other and the South China Sea. Given Japan’s diplomatic emphasis on “quality infrastructure” development in the region and the rule of law at sea, including the freedom of navigation in the South China Sea, the FOIPS is a fundamental component for Japan–Southeast Asia relations. Accordingly, Japan has engaged with Southeast Asian states to explain the conceptual framework of the strategy.

In June 2017, Prime Minister Abe explained the strategy to Southeast Asian leaders. This includes Vietnam’s Prime Minister Phuc during the Japan–Vietnam Summit, Laos’ Prime Minister Thongloun Sisoulith during the Japan–Laos Summit in June 2017, Cambodia’s Prime Minister Hun Sen in August 2017, Thailand’s Foreign Minister Don Pramudwinai in September 2017, Vietnam’s Prime Minister Phuc again in November 2017, and Myanmar’s President Htin Kyaw in December 2017. Foreign Minister Kono explained the strategy to Brunei’s Foreign Minister Erywan and Singapore’s Prime Minister Lee Hsien Loong in February 2018. As a result, Cambodia and Thailand expressed their support for the strategy in August and September 2017, respectively, while Vietnam indicated its support in June and November 2017. Reactions from ASEAN member states to the FOIPS have been generally positive, thanks to Japan’s long-standing confidence-building efforts toward the region since the 1977 Fukuda Doctrine.

Looking ahead: challenges for FOIPS

Despite some success, the FOIPS needs to be carefully developed because Southeast Asian states remain uncertain about the intent behind the strategy. There are several challenges that Japan and Southeast Asian states face.

First, the conceptual vagueness of the FOIPS has raised some doubts in Southeast Asia. While some have expressed support, Southeast Asian states are wary that the strategy could cause
great power rivalry in the region. The FOIPS has the potential to intensify great power politics, especially between the United States and China. That potential is seen in Japan’s emphasis on strategic cooperation with the US in the Indo-Pacific region. The concern arises when Japan’s call for cooperation with the US is combined with emphasis in the US security and defense strategies on the resurgence of competition with China and Russia; the re-emergence of quadrilateral frameworks among the United States, Japan, Australia, and India; and concerns over the intent behind China’s BRI. If the FOIPS generates criticism of China’s behavior and openly provokes China, it will become difficult for the Southeast Asian states to fully support the strategy without taking a political position in great power competition between the US and China.

Indeed, there seems to be some reservation or strategic silence among ASEAN member states. From May 2017 to April 2018, there were three summits and two foreign minister meetings, including a telephone talk, between Japan and the Philippines, yet the Ministry of Foreign Affairs of Japan did not indicate that they discussed the Indo-Pacific strategy. Likewise, the summits with Indonesian President Joko Widodo and Malaysian Prime Minister Najib Razak in November 2017 did not have any discussion of the strategy. These facts suggest that some Southeast Asian states are still cautious about the FOIPS.

Second, ASEAN centrality and unity would become a political issue in the FOIPS. ASEAN’s role in FOIPS is not clear. Japan has repeatedly reaffirmed its support for ASEAN centrality and unity – Japan and ASEAN stated that FOIPS “reinforces the ASEAN-centered regional architecture” in the 2017 Chairman’s statement of the ASEAN-Japan Summit. In March 2018, Kentaro Sonoura, special advisor to Prime Minister Abe, ensured that ASEAN unity and centrality would not be threatened by the FOIPS. The Japanese argument has been that strategy is evolutionary, but it has failed to explain what roles ASEAN could play in its development and has yet to indicate how ASEAN centrality and unity would be ensured. The evolutionary process to formulate the FOIPS gives greater flexibility to adjust to the prevailing strategic situation in the Indo-Pacific region, yet unless clarified, it would be difficult for ASEAN as an institution to fully support the strategy.

This issue becomes important because the quadrilateral framework, the so-called “Quad,” has been back on track after the working-level meeting on the Indo-Pacific in November 2017. Given their status in the region, Japan, the United States, Australia, and India can play a pivotal role in directing regional cooperation, which would become a political concern for ASEAN because such a framework may marginalize ASEAN role in regional cooperation.

Third, gaps between the FOIPS’ principles and Japan’s actions exist, and narrowing them is important to maintain Japan’s political credibility. One of the important points of reference is the South China Sea. Japan has made it clear that the rule of law in the South China Sea should be ensured, a reference to the 2016 South China Sea Arbitration Tribunal award. Since this award was issued in accordance with the UNCLOS and was final and binding, Japan needs to help ensure China’s compliance, which China has refused. Nevertheless, Japan faces political and military limits, and it has been difficult for Japan to change China’s behavior.

Discussion on the creation of a code of conduct in the South China Sea is underway between China and ASEAN, which is an encouraging sign. However, this arrangement could end up ensuring peace and stability in the maritime domain through political means because the rule of law will be undermined if compliance with the tribunal’s award is ignored. The FOIPS emphasizes the rule of law, and without actions to ensure the tribunal’s award is followed, it becomes increasingly unclear the degree to which such principles are important in pursuing the strategy.

Myanmar’s Rohingya crisis and Cambodia’s general election process in 2018 create a similar
problem. Despite media reports on Myanmar’s human rights violations against the Rohingya in Rakhine State and Cambodia’s murky election process, such as the dissolution for the main opposition party by the decision of the Supreme Court, Japan’s response has been lukewarm, stating that these are internal affairs and other states should not intervene. However, such behavior can be seen as inconsistent with the principles of the FOIPS, including democracy, the rule of law, and human rights.

Over the past year, Japan-Southeast Asia relations remained stable. Both sides have adjusted policies as the regional strategic environment has shifted. These adjustments hedge against uncertainty and Japan’s evolutionary concept of the FOIPS serves such a purpose. Yet, because the strategy is vague, it could become counterproductive, inviting misperception and misunderstanding from other regional states. The fundamental challenge in the next one to two years is getting Japan and Southeast Asian states to clearly define the roles of ASEAN and Southeast Asian states in the FOIPS to enhance long-term strategic cooperation.
CHRONOLOGY OF JAPAN-SOUTHEAST ASIA RELATIONS

MAY 2017 – APRIL 2018

June 6, 2017: Prime Minister Abe Shinzo visits Vietnam and a Japan-Vietnam summit is held in DaNang. Vietnam Prime Minister Nguyen Xuan Phuc expresses support for the initiative Japan took under the Free and Open Indo-Pacific Strategy.


June 16, 2017: Coast guards of Japan and Vietnam conduct joint training near DaNang.

July 8, 2017: Japan–Singapore summit held in Hamburg, Germany on sidelines of the G20 meeting.


Aug. 7, 2017: Seventh East Asia Summit (EAS) Foreign Ministers Meeting is held in Manila. Japan supports making maritime cooperation and counter terrorism priority areas for EAS. Japan and several states address the importance of the 2016 South China Sea arbitration award.

Sept. 13, 2017: Japanese Maritime Self-Defense Force (MSDF) conducts joint training with the Philippine Navy, including a search and rescue exercise involving a MSDF P-3C aircraft in the South China Sea.

Sept. 26, 2017: Thailand’s Foreign Minister Don Pramudwinai meets Prime Minister Abe and expresses support for the Free and Open Indo-Pacific Strategy.

Oct. 30, 2017: Philippine President Rodrigo Duterte visits Japan and a Japan–Philippines summit is held in Tokyo. A joint statement on bilateral cooperation is issued, which reassures delivery of Japan’s ¥1 trillion aid package in the next 5 years, including contributions to the Mindanao peace process and the Anti–Illegal Drug Measures campaign.

Nov. 6, 2017: President Trump visits Tokyo and discusses the “Free and Open Indo-Pacific Strategy” with Prime Minister Abe.

Nov. 10, 2017: A Japan–Vietnam summit is held in Tokyo.

Nov. 12, 2017: The Japan–Malaysia summit is held in Manila.

Nov. 13, 2017: Japan–Philippines summit and a Japan–Brunei summit are held in Manila.

Nov. 13, 2017: Japan–ASEAN summit is held in Manila. Japan expresses support for positive development of the South China Sea, including the code of conduct negotiation.

Nov. 13, 2017: Ninth Mekong–Japan summit is held; Japan emphasizes high-quality infrastructure development based on international standards.

Nov. 14, 2017: Japan–Myanmar summit is held in Manila. Japan pledges yen–loan–financed projects (approximately ¥117 billion), including the Agricultural Income Improvement Project.

Nov. 14, 2017: The 12th East Asia Summit is held in Manila. Prime Minister Abe emphasizes the political, economic, and security contributions that the Free and Open Indo-Pacific Strategy could make in the region.

Dec. 9, 2017: Sri Lanka government hands over Hambantota port on a 99–year lease agreement to the China Merchant Ports Holdings.


Jan. 29, 2018: Coast guards from Japan and Malaysia conduct an antipiracy exercise near Kuantan.


April 16, 2018: First Japan-Singapore Joint Committee Meeting on Cooperation in Science and Technology is held.

April 18, 2018: Agreement between Japan and Malaysia on the transfer of defense equipment and technology is signed.

May 1, 2018: Thailand’s Deputy Prime Minister Somkid Jatusripitak expresses Thailand’s interest in joining the CPTPP.

May 2, 2018: China’s installation of the missile defense systems – anti-ship cruise missiles and surface-to-air missiles – in the Spratly Islands, namely Fiery Cross Reef, Subi Reef, and Mischief Reef, is reported by media.