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The Emerging Power Play in the Mekong Subregion: A Japanese Perspective

Kei Koga

As one of the most active development donors in Southeast Asia, Japan has committed to socioeconomic development in the Mekong subregion since the end of the Cold War. However, as the Sino-U.S. rivalry intensifies, socioeconomic development in Asia, including the Mekong subregion, has become a theater for strategic competition. In 2013, China initiated the Belt and Road Initiative (BRI), raising its economic and political influence in the region through massive development assistance. For its part, Japan launched the Partnership for Quality Infrastructure (PQI) in 2015 to boost its assistance to Asia, and Tokyo strengthened its development cooperation with like-minded partners, particularly the United States, by establishing joint frameworks such as the OPIC-JBIC-Australia agreement on development finance in 2018 and the Blue Dot Network in 2019.¹

Is the Mekong subregion destined to be subsumed into a power play of China versus Japan and the United States? This essay argues that Japan does not always aim to counterbalance China's growing influence in the Mekong subregion and could even play a role to ease geopolitical tensions in the region. Although the intensified U.S.-China strategic competition narrows Japan's diplomatic space to engage China, the Mekong subregion is still a potential area for Japan-China cooperation, mitigating the negative impact of great-power rivalry. Under the condition that China meets "quality infrastructure" standards, Japan and China could explore cooperation on development policy through a working-level bilateral dialogue, the ASEAN +3 (the Association of Southeast Asian Nations members plus China, Japan, and South Korea), and the East Asia Summit.

The Development of Japan-Mekong Relations

Japan's development commitment to the Mekong subregion began near the end of the Cold War, when Vietnam and Laos moved to become market

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¹ The OPIC-JBIC-Australia agreement is between the U.S. Overseas Private Investment Corporation, the Japan Bank for International Cooperation, and Australia's Department of Foreign Affairs and Trade. The Blue Dot Network is a multilateral initiative launched by the United States, Japan, and Australia.

economies in the late 1980s and the Paris Peace Accords for Cambodia were signed in 1991. To facilitate the subregion's socioeconomic development, Japan created the Forum for Comprehensive Development of Indochina in 1993 to promote connectivity, such as the Greater Mekong Subregion's East-West Economic Corridor that aimed to improve transportation and economic integration between the states. Japan's Ministry of International Trade and Industry (MITI) and the ASEAN Economic Mechanism (AEM) also established the AEM-MITI Working Group of Economic Cooperation for Indochina and Myanmar in 1994 to facilitate market economy and infrastructure development.² After ASEAN incorporated all five Mekong subregional states as members, Japan aimed to help address the "ASEAN divide"—the large economic and development gap between the original ASEAN members and the new members, Cambodia, Laos, Myanmar, and Vietnam (CLMV). Accordingly, when Cambodia, Laos, and Vietnam (CLV) proposed the concept of a "development triangle," they successfully solicited Japan for political and financial support.³ The countries then created the Japan-CLV framework, through which they held summits and foreign ministers' meetings annually from 2006 to 2008 to discuss subregional development schemes.

From 2007 onward Japan's socioeconomic focus began to shift when it launched the Japan-Mekong Region Partnership Program. The program has three pillars: (1) economic integration, (2) trade and investment expansion, and (3) "universal values" and common goals, particularly the Millennium Development Goals.⁴ Japan then expanded its official development assistance (ODA) to the region and conducted negotiations for bilateral investment agreements with Cambodia and Laos, respectively. This Japan-Mekong framework was rapidly institutionalized through regular foreign ministers' meetings from 2008 and summits from 2009. The framework also gradually incorporated discussions over regional strategic

² Takayuki Ogasawara, "Mekong chiiki ni okeru kaihatsu kyoryoku to kokusaikankei" [Development Cooperation and International Relations in the Mekong Region], in *Mekong chiiki kaihatsu* [Mekong Regional Development], ed. Masami Ishida (Chiba: Institute of Developing Economies, 2005), 47; Masaya Shiraishi, "Historical Survey of Japanese Regional Policy toward Indochina/Mekong," *Asia Taiheiyo tokyu* 17 (2011): 13; and Takaki Shimabayashi, "Japan's Regional Policy toward Indochina/Mekong in the Post-Cold War Period: An Analysis of FCDI" (PhD diss., Waseda University, 2014), 6.

³ Shiraishi, "Historical Survey," 21.

⁴ This also resonated with Foreign Minister Taro Aso's 2007 "Arc of Freedom and Prosperity." See Ministry of Foreign Affairs of Japan (MOFA), "On the 'Arc of Freedom and Prosperity,'" March 12, 2007 ≈ <https://www.mofa.go.jp/policy/pillar/address0703.html>; and MOFA, "Japan-Mekong Region Partnership Program," January 12, 2007 ≈ <https://www.mofa.go.jp/region/asia-paci/mekong/goal.pdf>.

issues, such as the management of China's rapidly growing influence in the Mekong subregion.⁵

In 2010, Japan's intention to shape the subregional order based on existing international rules and norms grew clearer. It used the Japan-Mekong cooperation framework as a steppingstone for this agenda, corresponding with the U.S. "rebalancing" strategy and the Lower Mekong Initiative (LMI). To be sure, Japan still emphasized socioeconomic development as a top priority. The Tokyo Strategy 2012, which was issued during the 4th Mekong-Japan Summit and encapsulated three-year cooperative guidelines, aimed to build connectivity through infrastructure development, improve the investment environment in CLMV, and ensure human security.⁶ The subsequent New Tokyo Strategy 2015 was issued at the 7th Mekong-Japan Summit and provided four focal points of development: the establishment of hard connectivity (such as roads, railways, and energy supply), soft connectivity (such as human development), a green Mekong, and cooperation with partners.⁷ Japan also highlighted public-private cooperation to attract more investment on regional infrastructure.

However, Japan also began to incorporate strategic agendas more actively in the Japan-Mekong cooperative framework, motivated in large part by China's increasing maritime assertiveness in the East and South China Seas, which has raised regional security concerns. The Japan-Mekong summits and foreign ministers' meetings repeatedly emphasized the importance of international law in the maritime domain, including the United Nations Convention on the Law of the Sea (UNCLOS), even though it was not directly related to the Mekong development issues. Furthermore, Japan launched a series of new regional strategic visions, such as the PQI in 2015, the Japan-Mekong Connectivity Initiative in 2016, and its "free and open Indo-Pacific" strategy in 2016.⁸ The principles of these new visions were included in Japan-Mekong joint statements and resulted in the latest joint declaration, the Tokyo Strategy 2018, which emphasized "a free and

⁵ "Nihon-Mekong chiiki shokoku shuno kaigi kyodo kishakaiken" [Joint Press Conference of the Japan-Mekong Summit], Prime Minister of Japan and His Cabinet, November 7, 2009 ~ <http://www.kantei.go.jp/jp/hatoyama/statement/200911/07mekong.html>.

⁶ MOFA, "Tokyo Strategy 2012 for Mekong-Japan Cooperation," April 21, 2012 ~ https://www.mofa.go.jp/region/asia-paci/mekong/summit04/joint_statement_en.html.

⁷ MOFA, "New Tokyo Strategy 2015 for Mekong-Japan Cooperation (MJC2015)," July 4, 2015 ~ https://www.mofa.go.jp/s_sa/sea1/page1e_000044.html.

⁸ MOFA, "Partnership for Quality Infrastructure: Investment for Asia's Future," May 21, 2015 ~ <https://www.mofa.go.jp/files/000081298.pdf>; and MOFA, "Japan-Mekong Connectivity Initiative," July 25, 2016 ~ <https://www.mofa.go.jp/files/000176167.pdf>.

open order based on the rule of law to ensure peace, stability and prosperity” in the Indo-Pacific region, including the Mekong subregion.⁹

The main trigger for Japan’s strategic shift was the challenge China poses toward the existing international order that Japan has long benefited from strategically and economically.¹⁰ As China increased economic and political influence in the Mekong subregion through BRI, its development assistance did not necessarily comply with international standards. China has also attempted to consolidate its influence by creating a new Mekong subregional framework, the Lancang-Mekong Cooperation group, in 2016.

The Emergence of Sino-U.S. Rivalry in the Mekong

Amid the recent intensification of the Sino-U.S. strategic rivalry, Japan has aligned closely with the United States and will continue to do so given its staunch support for U.S. presence in the Indo-Pacific region to maintain the strategic balance. Admittedly, the Mekong subregion was not previously a core area of joint cooperation between Japan and the United States. Before 2018, their cooperation was limited despite their participation in the Friends of the Lower Mekong Ministerial Meetings from 2011 to 2015 and their pledge to coordinate Japan-Mekong cooperation with the LMI.¹¹ However, with shared interests in the Indo-Pacific, Japan and the United States began to prioritize the Mekong subregion. They thus have begun to develop more concrete joint development projects to empower the subregional states, such as the Japan-U.S.-Mekong Power Partnership (JUMPP) in 2019. This project aims to create dependable energy infrastructure with “free, open, stable, rules-based electricity markets” that are critical for meeting the subregion’s increasing energy demands and sustainable development needs.¹²

That said, the enhancement of Japan-U.S. cooperation does not necessarily mean that Japan will universally counter China in the Mekong subregion. This is because Japan’s approach toward developing the regional

⁹ MOFA, “Tokyo Strategy 2018 for Mekong-Japan Cooperation,” October 9, 2018 \approx <https://www.mofa.go.jp/files/000406731.pdf>.

¹⁰ Kei Koga, “Japan’s ‘Free and Open Indo-Pacific’ Strategy: Tokyo’s Tactical Hedging and the Implications for ASEAN,” *Contemporary Southeast Asia* 41, no. 2 (2019): 286–313; and Kei Koga, “Japan’s ‘Indo-Pacific’ Question: Countering China or Shaping a New Regional Order?” *International Affairs* 96, no. 1 (2020): 49–73.

¹¹ MOFA, “Extraordinary Friends of the Lower Mekong Conference on Mekong Sustainability: Draft Summary of Joint Discussion,” February 3, 2015 \approx <https://www.mofa.go.jp/mofaj/files/000067261.pdf>.

¹² “Japan-U.S.-Mekong Power Partnership (JUMPP),” Mekong-U.S. Partnership \approx <https://mekonguspartnership.org/projects/japan-us-mekong-power-partnership>.

order is relatively more flexible than issues around protecting its sovereignty, such as in the Senkaku Islands.¹³ For example, in 2017, then prime minister Shinzo Abe stated that Japan was ready to cooperate with China for infrastructure development under the conditions of openness, transparency, economic viability, and financial soundness.¹⁴ These conditions have become critical for Japan's endorsement of infrastructure development projects and its vision for a rules-based order. Although Japan recognized that China had not always met these conditions, in 2018 Tokyo began to explore potential cooperation with Beijing in overseas infrastructure development based on the assumption that China would eventually comply with these international standards.¹⁵ In fact, at the G-20 Osaka Summit in 2019, China agreed to adopt the "G-20 Principles for Quality Infrastructure Investment" that stipulated those standards, thus providing positive prospects for bilateral development cooperation.¹⁶ Although the momentum of such cooperation has been stalled by the Covid-19 pandemic, Japan has not yet completely relinquished the possibility to cooperate with China as long as quality developmental principles are ensured.

The Future of Japan's Role in the Mekong Subregion

The key question is whether Japan can continue to explore potential cooperation with China in a third country, including in the Mekong subregion. The simple answer: not indefinitely. It has become more and more difficult for Tokyo to hold high expectations for Beijing in light of China's continuously assertive behavior, such as its "wolf warrior diplomacy" and expanded presence in the East and South China Seas.

This negative trend was exacerbated after the Covid-19 pandemic led to the cancellation of a bilateral summit during Abe's second term, starting a period of decreased engagement between the two countries. Although Abe's successor, Yoshihide Suga, took office in September 2020 with an express intent to engage China, by the time he stepped down in October 2021, he had not had substantial interactions with Beijing. More recently, Japan's

¹³ Kei Koga, "The Concept of 'Hedging' Revisited: The Case of Japan's Foreign Policy Strategy in East Asia's Power Shift," *International Studies Review* 20, no. 4 (2018): 633–60.

¹⁴ "Asia's Dream: Linking the Pacific and Eurasia," Prime Minister of Japan and His Cabinet, June 5, 2017 ~ https://japan.kantei.go.jp/97_abe/statement/201706/1222768_11579.html.

¹⁵ MOFA, "Prime Minister Abe Visits China," October 26, 2018 ~ https://www.mofa.go.jp/a_o/c_m1/cn/page3e_000958.html.

¹⁶ Ministry of Finance (Japan), "G20 Principles for Quality Infrastructure Investment," June 8–9, 2019 ~ https://www.mof.go.jp/english/policy/international_policy/convention/g20/annex6_1.pdf.

new prime minister, Fumio Kishida, has both emphasized the critical importance of bilateral relations with China and reiterated Japan's firm position vis-à-vis China that universal values such as human rights should be ensured and advanced with like-minded states.¹⁷

Indeed, Japan's traditional soft approach toward universal values—preferring diplomatic negotiations over coercive means such as economic sanctions—may shift in the near future. This change is illustrated by Japan's reaction to the February 2021 coup in Myanmar when it imposed diplomatic sanctions on Myanmar and decided not only to stop providing new ODA projects but also to postpone the 2021 Japan-Mekong Summit.¹⁸ Prime Minister Kishida also created a new post for a special adviser on human rights, appointing former defense minister Gen Nakatani. Accordingly, Japan's approach toward those fundamental values could become firmer.

What can Japan then do to defuse the increasingly tense geopolitical situation in the Mekong subregion? First, it can revitalize the Japan-China Policy Dialogue on the Mekong Region, through which both parties can share information about current development projects. The bilateral dialogue, which began in 2008, was susceptible to the tense political climate between the two states and has not been held since 2019. If this dialogue is annualized again at the working level, it could become a useful diplomatic tool to build a potential cooperative program in the Mekong subregion. Furthermore, now that China has agreed to the principles of quality infrastructure, the dialogue can be based on those shared aims. Although the decisions will ultimately be made from the top, the dialogue would help provide information on potential areas of cooperation when the time is ripe.

Second, Japan can support the multilateralization of Mekong development cooperation through ASEAN-led institutions. ASEAN has begun to prioritize Mekong issues on its own agenda, while other regional powers, including South Korea and India, also have development arrangements with the Mekong subregional states. Building on these existing frameworks, the ASEAN +3 and the East Asia Summit can be institutional catalysts for information sharing, development policy coordination, and a potential division of labor among those arrangements. While the ASEAN +3 can facilitate Japan–China–South Korea coordination,

¹⁷ “Policy Speech by Prime Minister Kishida Fumio to the 205th Session of the Diet,” Prime Minister of Japan and His Cabinet, October 8, 2021 ~ https://japan.kantei.go.jp/100_kishida/statement/202110/_00005.html.

¹⁸ “Nichi-Mekon kaigi miokuri: Seifu Myanma-gun shochi 'kon-nan'” [Japan-Mekong Meeting Postponed: Japanese Government Faced “Difficulty” in Inviting Myanmar Military], *Yomiuri shimbun*, October 22, 2021 ~ <https://www.yomiuri.co.jp/politics/20211021-OYT1T50547>.

the East Asia Summit can bring in other important regional powers, such as Australia, India, and the United States.

Crafting the Mekong's development policy through multilateral means such as Japan-China bilateral platforms, the ASEAN +3, and the East Asia Summit could avoid the excessive geopoliticization of Mekong development cooperation. The Mekong states could also pursue risk-diversification and hedging strategies while dampening the regional great powers' diplomatic incentives to pursue a wedge strategy via power politics in the area.¹⁹ Furthermore, such an initiative could contribute to the realization of the ideals and objectives of the "ASEAN Outlook on the Indo-Pacific," which aims to pursue "dialogue and cooperation instead of rivalry."²⁰ This is particularly so if ASEAN enhances cooperation with emerging minilateral frameworks, such as the Quad (Australia, India, Japan, and the United States), which has begun to focus on infrastructure development.

These proposals are only the first step and cannot guarantee the mitigation of emerging power play in the Mekong subregion. To avoid casting the Mekong subregion as the next battleground for regional great powers, however, these initiatives are well worth considering. ◆

¹⁹ Kei Koga, "How Strategic Is 'Asymmetric' Strategic Partnership? Japan's Partnership Diplomacy toward Cambodia and Laos," *Asian Security* (2021) ≈ <https://doi.org/10.1080/14799855.2021.1982898>.

²⁰ ASEAN Secretariat, "ASEAN Outlook on the Indo-Pacific," June 2019 ≈ https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf.