

Japan's Indispensable Role in Southeast Asia

by Phillip Orchard - November 21, 2021

One of the funnier moments of the past few years in geopolitics took place in 2017 in Philippine President Rodrigo Duterte's bedroom. Duterte had been in power for only about six months at this point, but he'd famously announced a divorce from the United States, Manila's longtime treaty ally, and aggressively courted China. Given the **Philippines' outsize strategic importance** in the region, it was easy to see Duterte as hellbent on upending the balance of power in the Western Pacific. And yet, here he was, in the most intimate of diplomatic settings, eagerly showing the leader of China's foremost historical rival – Japanese Prime Minister Shinzo Abe – the **virtues of bed nets**.

The Davao City visit underscored an oft-overlooked factor in the burgeoning competition for influence in Southeast Asia: This isn't just a two-power game. And in a region leery of both China's rise and **getting hung out to dry by the U.S.**, Japan is seen as perhaps the best-equipped country to preserve the status quo. A slew of recent moves by Tokyo, including last week's announcement of a **new "2+2" security dialogue** with Manila, illustrates just how much Japan has been quietly but assiduously stepping into the role.

Japan Can't Stop

Japan is a natural fit as a counterweight to China's expansion in Southeast Asia for several reasons. The most important is that Japan's strategic focus on the region can't and won't wane. (Not so for the U.S.) It can't get bogged down by matters elsewhere in the globe, and it can't simply conclude that the costs and risks of competing for influence against China aren't worth it – in other words, that things would turn out just fine if it decided to cede supremacy over the South and East China seas to Beijing. Japan has a robust, energy intensive domestic economy and manufacturing base but scant natural resources of its own. Therefore, it is almost wholly dependent on imported commodities, and the bulk of these pass through contested regional waters. It's all-too-familiar with the risk of allowing one or more foreign powers to be in position to cut off these maritime flows. It can't let it happen again.

As a result, Japan has to play a savvy, proactive game to prevent Southeast Asian states, particularly the all-important archipelagic countries that flank the region's most vital waterways and maritime chokepoints, from getting pulled firmly into China's orbit. If they become too economically dependent on China, and if they believe that China's rise as the dominant military power in the Indo-

Pacific is inevitable, they might well conclude that their best option for long-term peace and prosperity is to enter into a tributary relationship with China. In this scenario, China overcomes its major geographic disadvantage – having numerous rivals in position to close down maritime chokepoints and thus threaten the flow of its own vital commodity imports. Japan would be forced to try to match China's power and reach directly. Given China's mass and Japan's demographic and budgetary constraints, the odds would be stacked against Tokyo.

So Southeast Asian states have full faith that Japan's engagement won't be intermittent or half-hearted. They also know that Japan's engagement will be comprehensive, aimed at meeting the region's economic, political and security needs in ways that the U.S. has often struggled with. This view is born from experience as much as strategic logic. Japan has been the foremost foreign investor, infrastructure builder and employer in Southeast Asia for decades. Japanese companies were the original pioneers of offshoring in the 1980s and 1990s, setting down deep roots throughout the region and building out the vast networks of accompanying infrastructure needed to unlock the breakneck modernization of many Southeast Asian economies.

This has made it so that despite the surge of outbound Chinese investment in recent years and ambitious projects like the Belt and Road Initiative, Japan is still the top investor in most Southeast Asian states. Contrary to widely held assumptions, it's not even particularly close. In 2019, inbound foreign direct investment from Japan to Association of Southeast Asian Nations states was nearly three times as high as China. (Europe and the U.S. also consistently rank higher than China.) Japanese infrastructure investment in 2019 in the six most strategically important countries in Southeast Asia – Vietnam, Indonesia, Malaysia, Singapore, Thailand and the Philippines – outpaced China's by more than \$100 billion.

And there's little reason to think Japanese economic involvement in the region won't continue to grow. It was Japan that revived the moribund Trans-Pacific Partnership after the U.S. left the pact for dead in 2017, giving Southeast Asian members Vietnam, Malaysia, Brunei and Singapore (and possibly eventually Thailand) reason to believe the rules-based trading system wasn't on the verge of collapse. Negotiations on the massive, Southeast Asia-centric **Regional Comprehensive Economic Partnership** also likely wouldn't have survived without Japan's involvement. Partly in response to Beijing's advantage of being able to rely on state-owned enterprises to tailor foreign investments around strategic objectives, Japan has become much more active in trying to pair public official development assistance with private investment when deemed strategically important. In 2015, for example, it launched its Partnership for Quality Infrastructure program backed with more than \$100 billion. Last year, it launched a program to subsidize Japanese companies leaving China

for Southeast Asia.

Japan's Advantage

For most Southeast Asian countries, foreign policy is dominated by trade and investment policy. But given how Chinese encroachment in waters like the South China Sea is directly impacting the economic prospects of many Southeast Asia states – with China, for example, effectively **capable of telling the Philippines** where it can and cannot fish or drill for much-needed natural gas – security can't be ignored. So Japan has been diligently deepening engagement on this front as well. Over the past five years, it has signed key security cooperation agreements with Vietnam, Malaysia, Indonesia and the Philippines. Interestingly, its main focus has been on coast guard cooperation, regularly donating vessels and surveillance equipment and conducting trainings with Southeast Asian states. This makes sense because Japan's own coast guard is the only thing comparable in size, sophistication and uses to **China's**. And given that Southeast Asian states have little hope of or interest in trying to deter Chinese encroachment with naval force, support in the maritime surveillance and policing realm is where there's most potential for tangible cooperation.

The security assistance, combined with Japan's deep economic footprint in the region and leering of Chinese coercion, has fostered no small amount of public goodwill in the region. This should not be taken as a given. Despite Japan spending much of the past century apologizing for its World War II abuses, there's still a broad understanding of what a fully remilitarized Japan is capable of doing. Still, basically anywhere outside South Korea and, to a much lesser extent, Malaysia, Japan performs remarkably well in **public opinion polls**, especially compared to China. **Surveys** show public support for deepened security cooperation with Japan in the Philippines, Indonesia, Vietnam and Thailand typically well above 50 percent. This matters because it means doing business with Japan or deepening security cooperation simply doesn't carry anywhere near the same political risks as with China.

But how much does a steady, savvy and popular Japan matter to the Indo-Pacific balance of power if, whether because of a lack of will or capability, it can't shed the constraints on its conventional military power? If we're talking about a scenario in which Japan is, for whatever reason, expected to effectively **replace the U.S. as guarantor of regional stability**, its prospects would be rather bleak.

As it stands, the Japan Self-Defense Forces are a superb complementary force tailored to operate close to home in tight coordination with the United States. To replicate the roles that the United States presently plays, Japan would need to dramatically reorient its force structure and procurement priorities, shed steep legal constraints and increase spending indefinitely (and go

nuclear, for that matter). It won't happen fast. In a conflict in the East China Sea in the next decade, Japan would be unable to rely on partners like India and Australia to fill the void. Even if the countries were fully committed to Japan's defense, their forces would be too far away to help. Their ability to disrupt Chinese maritime shipping in their respective areas could deter Chinese aggression elsewhere. But if Beijing was willing to accept the cost and focus simply on blowing a hole in the containment line through the East China Sea, Japan may be overmatched.

On the other hand, a big reason Japan has fallen so far behind China in terms of conventional power is it simply doesn't believe it will ever find itself in such a situation. If it truly felt there were a realistic possibility of being forced to stand alone against China, it would almost certainly be moving much more aggressively to tap into its **immense latent military potential**. If it didn't see things that way when the U.S. was bogged down in the Middle East during the first two decades of the millennium – or when the U.S. was loudly threatening to withdraw from its alliance structure in Northeast Asia a few years ago – it's even less likely to do so now that political, economic and military stakeholders in the U.S. are **champing at the bit for a more aggressive confrontation with China**.

Japan could, of course, be wrong in this regard. And if it is, the consequences could be devastating. But as it stands, it makes more sense for Tokyo to focus on bolstering the alliance structure – on making itself and multilateralism in general indispensable to U.S. grand strategy – particularly by filling gaps that tend to be left open by the United States. In other words, Japan's ideal role is running point on regional trade and investment integration, courting peripheral regional powers like India and Australia into closer alignment, and remaining uniquely equipped and willing to meet Southeast Asia's material needs directly. At the end of the day, most regional governments would **rather not have things change that much**, while China needs to fundamentally overturn the status quo to fulfill its strategic imperatives. Japan is thus operating from a tremendous advantage, so long as the broader alliance structure holds.

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