

the japan times

THE INDEPENDENT VOICE IN ASIA

COMMENTARY / JAPAN

Japan takes a soft diplomatic approach to ASEAN ties

Southeast Asia's changing dynamics force Tokyo to balance its role amid U.S.-China competition



Japan, once a secondary player in Southeast Asian regional integration, now needs to balance strengthening ties with ASEAN while navigating its position between the U.S. and China. | POOL / VIA REUTERS

BY STEPHEN R. NAGY
CONTRIBUTING WRITER

Aug 8, 2024

The Association of Southeast Asian Nations was said to be the driver of Asia-Pacific's regional economic integration in the wake of the 1997 Asian Financial Crisis.

There was an informal agreement between the 10 ASEAN members and Japan, South Korea and China that the region's integration project would proceed based on the ASEAN way — a consensus-based decision-making process — as the foundational approach to promoting deeper and broader regional economic, as well as other forms of integration. Japan, South Korea and China were seen as the engine of regional economic integration whereas the ASEAN grouping was seen as the driver.

ASEAN's role as the driver of regional integration has changed due to several factors: the intensifying U.S.-China strategic competition, the release of Indo-Pacific strategies by many countries and the rise of various minilateral relationships. These relationships include the Quadrilateral Security Dialogue, the AUKUS agreement between Australia, the U.S. and the U.K., and recent agreements among Manila, Tokyo and Washington, as well as Seoul, Tokyo and Washington, aimed at addressing regional challenges through a coordinated approach.

For ASEAN, these trends have raised questions: How are they relevant in the region's integration process? How can they maintain their strategic autonomy? Will the U.S. China strategic competition dilute or extinguish ASEAN's role in regional integration and cooperation?

In a recent article in the East Asian Forum, Amitav Acharya, a distinguished professor at American University in Washington, argued that ASEAN is no longer the driver of regional integration, but merely a passenger. His essay intimates that geopolitics and competition between the U.S. and China have weakened its influence, making it difficult to be the cohesive platform for regional integration.

This argument doesn't recognize that ASEAN still has influence, just not as a driver of regional integration or a passenger in the integration process.

In many ways, ASEAN has become a backseat driver in the integration process. Due to its consensus-based decision-making structure, the bloc often struggles to offer constructive, binding and substantive initiatives. Instead, it can only object and create complications for extraregional states like Japan, the U.S. and South Korea. This lack of consensus can obstruct diplomacy, economic agreements, and security initiatives.

To navigate ASEAN's obstructive diplomatic tendencies, Tokyo has adopted a soft diplomatic approach when working with the group. Japan also engages the Southeast Asian countries at both the bilateral and minilateral levels.

This approach allows Japan to support ASEAN's intraregional economic integration and enhance its strategic autonomy vis-a-vis the great powers. A good example of this minilateral cooperation is the May 2024 agreement between Manila, Washington and Tokyo. This agreement focuses on infrastructure, emerging technologies, and maritime-related issues, demonstrating a regionally and functionally focused effort to create sustained momentum in addressing region-wide challenges.

It could be said that Vietnam is the poster child for Tokyo's Southeast Asian bilateral engagement. Japan continues to pour overseas development aid and foreign direct investment into the country as it hopes to build an alternative production network that sits outside of China.

To be clear, this does not mean Japan is decoupling from China. Instead, as the cost of doing business there rises due to increasing

labor costs, policy decisions by the Xi Jinping government that undermine investment and confidence, as well as geopolitical factors, Japan is selectively diversifying its investments away from China.

In our article Asymmetric Interdependence and the Selective Diversification of Supply Chains, Nguyen Hanh, a Ph.D. student at the Australian National University and Research Fellow at the Yokosuka Council on Asia-Pacific Studies, and I analyzed how asymmetric vulnerabilities to economic coercion by China have led to selective diversification. Rather than a complete decoupling, we observe a sector-based shift away from China to Southeast Asia, with countries like Vietnam benefiting from this trend.

Japan's soft approach to ASEAN ensures that its back seat position in the regional integration process does not become obstructive. Tokyo accomplishes this by engaging in broad diplomacy, forming numerous strategic partnerships that help build capacity to address local security challenges, and contributing to development through infrastructure and connectivity projects that enhance intra-ASEAN regional integration.

All these initiatives strengthen the country's relationships within the region. Additionally, Tokyo benefits from decades of cultural influence, where Japanese culture has fostered positive sentiments toward Japan.

The State of Southeast Asia 2024 Survey, conducted by the ASEAN Studies Centre at the ISEAS — Yusof Ishak Institute, shows that Japan is the most trusted partner in the region. However, it also highlights that Japan is not the only major economic player. ASEAN countries view China and its economy as crucial to their future, despite concerns about how Chinese economic dominance might affect their strategic autonomy. This is significant because

China continues to invest heavily in Southeast Asia, bringing economic benefits and development to ASEAN countries.

For Japan to continue to maintain its strong relations in the region, it will need to continue to differentiate itself not only from China's engagement in Southeast Asia, but also from Tokyo's closest partner, Washington. This means focusing diplomacy on development, infrastructure and connectivity, as well as engaging in consultative diplomacy, education, cultural exchanges and investment.

Southeast Asian countries value Japan's balanced approach in dealing with China, the region's main source of instability. Japan avoids pressuring ASEAN or Southeast Asian countries to choose between China and other partners, such as Japan or the U.S. This approach helps Tokyo maintain strong economic and trade connections with the region while respecting ASEAN centrality and the strategic autonomy of its member states.

To maintain and strengthen its relations with Southeast Asia, Japan must show that its engagement with ASEAN is not solely aimed at countering China. Tokyo needs to demonstrate that it values ASEAN and Southeast Asia for their shared interests, respect for their institutions and focus on issues that matter most to the region. These include strategic autonomy, economic and social development, climate change and nontraditional security challenges such as transnational crime, diseases, human trafficking, piracy and illegal fishing.

Japan's soft approach to ASEAN is not perfect, guaranteed or adequately resourced. Japan needs to invest more in cultivating specialists who understand the diversity and significance of Southeast Asia. At the same time, increasing the number of Southeast Asian students and professionals studying and working

in Japan can help build a network of Southeast Asian individuals with strong ties to Japan. These individuals could serve as bridges for diplomacy, business and mutual understanding of the importance of an international order based on the rule of law rather than power.

Stephen Nagy is a professor of politics and international studies at the International Christian University in Tokyo, a senior fellow at the MacDonald Laurier Institute, a senior fellow at the Asia Pacific Foundation of Canada and a visiting fellow with the Japan Institute for International Affairs.

KEYWORDS

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