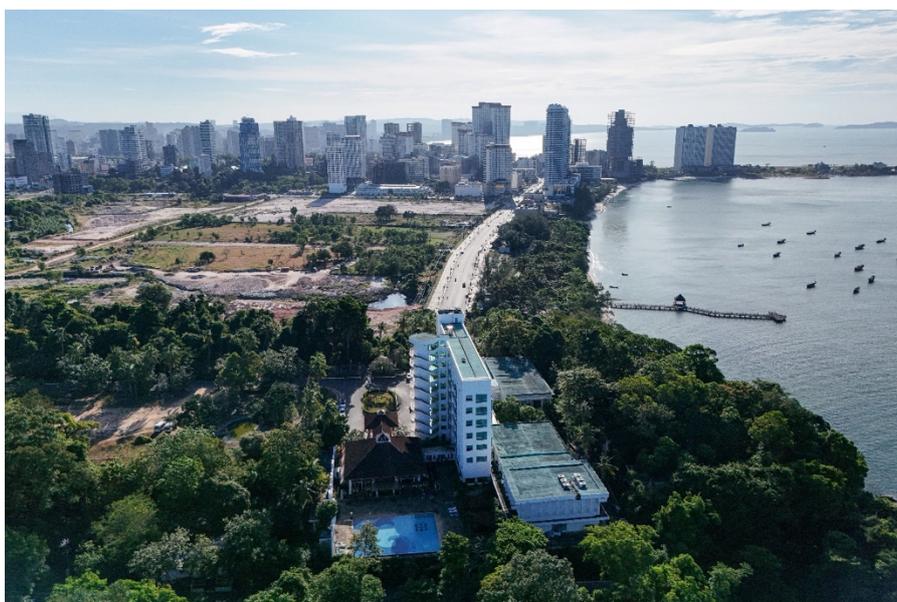


Can Japan Become a Country “Chosen” by ASEAN? The Rising Importance of Economic Security

-The Shared Future of Asia and Japan-

On September 12, 2024, as heavy rain fell in Sihanoukville, a city in southern Cambodia, a ceremony was held to commemorate the completion of the expansion of the Sihanoukville Autonomous Port (PAS), a project that utilized yen loans from Japan. PAS is Cambodia’s only deep-water port and is used for 70% of the country’s marine container transportation. In 2023, around 800,000 TEU (Twenty-Foot Equivalent Units) were processed, reaching the port’s operational limit. The new expansion will increase the operating capacity to 1 million TEU per year. Prime Minister Hun Manet attended the ceremony and stressed, “Building logistics infrastructure will tie into national stability and future potential.”



This aerial picture taken on December 19, 2024 in Sihanoukville shows a view on the shoreline with the skyline in the background. (c) AFP = 時事

Cambodia has a thriving textile industry and is aiming to achieve economic growth driven by exports. Many products are also currently exported via Thailand and Vietnam. Increasing direct exports from PAS will strengthen the supply chain and provide substantial benefits to economic security. Japan's AEON Mall and an Oji Holdings Corp. production base are operating in the Special Economic Zone adjacent to the port. Japanese Ambassador to Cambodia Atsushi Ueno spoke of the port's significance during the ceremony, saying, "This port is at the center of the partnership between Japan and Cambodia."

As conflicts continue to arise around the world, the importance of economic security is rising, which includes securing supply chains and developing and preserving crucial technologies. In light of this, the Japanese government and Japanese businesses are working to contribute to the economic security of various Southeast Asian countries.

In July 2024, the Asian Business Summit was organized by Keidanren (Japan Business Federation) in Tokyo, where then-Prime Minister Fumio Kishida announced that Japan would support the development of large language models (LLMs) to form foundations for conversational AI. Japanese AI companies will work together on LLM infrastructures that specialize in various Southeast Asian languages to allow users from those countries to better utilize ChatGPT, which relies heavily on English data. From an economic security outlook, improving the research environment in a country's local language is necessary. Elyza, Inc., a startup company under KDDI Corp. worked on developing an LLM specializing in Japanese and will now develop a Thai-based LLM. In his summit speech, Kishida said, "Young people in Japan and Asia will work together in friendly competition to hone their skills, further advance AI technologies, and carve out the future of Asia. Let us work together to create such an era."

The Japanese government led the establishment of the Asia Zero Emission Community (AZEC) and is promoting decarbonization across Asia. Businesses are also actively cooperating with one another to this end. In June 2024, the Electricity Generating Authority of Thailand (EGAT) and Mitsubishi Heavy Industries, Ltd. signed a memorandum of understanding to study the introduction of technologies that use hydrogen as part of fuel for power generation. EGAT also signed a memorandum of understanding with IHI Corp. to study biomass

production and fuel utilization.

Collaborations in the communications field are also progressing. NTT Docomo Inc. announced that it would test deploy the Open Radio Access Network (Open RAN), a communications network that allows equipment from various vendors to interconnect, in the Philippines and Singapore. Open RAN lowers maintenance costs for communications networks and reduces the risk of information leaks caused by relying on companies from specific countries.

Additionally, the Association of Southeast Asian Nations (ASEAN) and Japan are working on many other initiatives; for example, enabling QR code payments across borders and the international recycling of electronic waste, such as used household appliances, computers and smartphones.

Friendly cooperative relations between Japan and ASEAN were prompted by the establishment of the ASEAN Synthetic Rubber Forum in 1973. For many years since, Japan has aided ASEAN's economic development through Official Development Assistance (ODA). However, the era of Japan being a "provider" from a position of superiority is coming to an end. The population within the ASEAN region is around 680 million people, which is over five times larger than that of Japan. The average age in Japan, with its aging society and low birthrate, is 49 years old (as of 2023), whereas in Indonesia and the Philippines, it is still in the 20s. The gross domestic product (GDP) in the ASEAN region, which boasts rich natural resources and young workers and is now a growth engine in the world's economy, is predicted to overtake Japan's by around 2030.

Nobuhiro Aizawa, a professor at Kyushu University who studies political situations in various ASEAN countries, said in a newspaper interview with The Yomiuri Shimbun, "ASEAN, which has grown into a giant market, is now in a position to choose partners that offer value, not only from Japan but also from the United States, China, South Korea, Australia and the European Union (EU). We are at a turning point where the dynamics of Japanese-ASEAN relations are changing from 'Japan choosing who to aid' to 'Japan being chosen as a partner.'" He said it is crucial for Japan to be seen as a desired partner and emphasized, "ASEAN itself is essential to Japan's survival."

Where does Japan currently stand from an ASEAN point of view? The Singapore-based Yusof Ishak Institute (ISEAS) has been conducting an awareness survey with experts from 10 ASEAN countries since 2019. In it, China was chosen as “the most influential economic power in Southeast Asia” for the 6th consecutive year, with 59.5% of respondents. ASEAN ranked No. 2 (16.8%) and the United States No. 3 (14.3%). For the category of “the most influential political and strategic power in Southeast Asia,” China ranked No. 1 (43.9%), the United States No. 2 (25.8%) and ASEAN No. 3 (20.0%). The percentage of respondents who chose Japan was only 3.7% for both categories. On the other hand, regarding how confident respondents are that each country “will ‘do the right thing’ to contribute to global peace, security, prosperity, and governance,” Japan ranked No.1 with 58.9% while the United States received 42.4% and China 24.8%. When respondents were asked to select a “preferred country to live or work in,” excluding ASEAN countries (22.4%), Japan was at the top of the list with 17.1%. This shows that Japan maintains its status as a country that can be trusted, with people in ASEAN appreciating its reliability in keeping economic commitments and a shared sense of cultural affinity.

For many years, ASEAN has sided with neither the United States nor China, maintaining a neutral position and close economic ties with both countries. However, a deepening of economic relations with China is also leading to growing concerns. The ISEAS awareness survey revealed that 67.4% of respondents were “worried about China’s growing regional economic influence,” which was more than double the 32.6% who welcomed it. The growing power of China as a single nation brings economic security risks.

Relations with the United States are also likely to grow more strained as Donald Trump returns to the presidency in January 2025, bringing his “America First” policy back to the forefront.. During his last term, he was repeatedly absent from conferences with ASEAN heads of state. He showed little interest in the South China Sea territorial disputes until tensions escalated between the United States and China, giving a strong impression of belittling Southeast Asia. On the other hand, the first Trump administration placed heavy tariffs on imports from China, which led many production sites to relocate out of the country, allowing Southeast Asia to gain from the conflict between the two powers. However, Trump has voiced his intention to place tariffs ranging from 10% to 20% on imports from

countries worldwide in his second term. Countries like Vietnam with a growing trade surplus with the United States may become targets.

As both the United States and China continue to aggressively pursue policies focused on advancing their own national interests, strengthening partnerships between Japan and ASEAN will be mutually beneficial. It will spark growth for Japan, with its aging society, low birthrate and sluggish growth, and allow ASEAN to maintain high-speed growth and independence. It is time for Japan and ASEAN to further cultivate their years-long relationship of trust, now as equal partners.

By Akio Yaita

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This aerial picture taken on December 19, 2024 in Sihanoukville shows a view on the shoreline with the skyline in the background. (c) AFP = 時事

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Then Japanese Prime Minister Fumio Kishida delivers guest speech at 13th Asia Business Summit on July 5, 2024. (c) AFP = 時事

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The port city of Sihanoukville on December 16, 2024. (c) AFP = 時事