

Japan's new Development Cooperation and Strategic Partnership with ASEAN: Quo Vadis?¹

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Abstract

Japan has elevated its relationship with ASEAN and some of its member-countries into strategic partnerships of late. As a core instrument of Japanese foreign policy, foreign aid is expected to play a critical role in the efficacy and durability of these partnerships particularly with those countries that still receive Japanese aid. This paper examines the impacts of Japan's utilization of strategic partnerships and adoption of new development cooperation charter on its relations with ASEAN. It argues that they could lead to an expanded security and defense cooperation and thus, plausibly toward securitization of Japanese aid. Nonetheless, empirical evidence on aid securitization shows that the close linkage between security interests and foreign aid policy has been limited so far. This is explained by two interrelated factors. Although, institutional changes have enabled Prime Minister Abe and his Cabinet to align foreign aid policy with Japan's national/regional security interests through proactive contribution to peace strategy, as Japan's main aid agency from 2008 the reorganized and more autonomous Japan International Cooperation Agency (JICA) must perform the delicate function of reconciling various expectations regarding humanitarian, developmental, and traditional security roles of Japanese aid.

Keywords: Japanese ODA, development cooperation, ASEAN, strategic partnership, Philippines

Introduction

Japan's relationship with individual countries in the Southeast Asian region and with Association of Southeast Asian Nations (ASEAN) as a regional organization has progressed by leaps and bounds since the enunciation of Fukuda Doctrine in 1977. Today, there is no doubt that both sides mutually acknowledge each other's strategic importance in maintaining regional stability and achieving economic prosperity. The economies of Japan and ASEAN member-countries have increasingly become interdependent as a result of growing trade, investment, development cooperation, and people-to-people exchanges over the years. Japanese investments are one of the

¹ Paper presented at the 2017 International Studies Association (ISA) International Conference in University of Hong Kong, 15-17 June 2017. Please do not cite without permission from the author. Southeast Asia and ASEAN were used interchangeably throughout the paper. Strictly, ASEAN pertains to the inter-governmental association of 10 Southeast Asian states while Southeast Asia pertains to the region composed of such 10 states plus East Timor.

largest in the region while few would doubt the positive contribution of Japanese aid to the region’s infrastructure development. Moreover, Japan has consistently provided strong support to the goals of ASEAN from membership expansion in the 1990s, addressing development gaps between members to economic integration and establishment of ASEAN community. In return, the latter has accorded special status to Japan as a partner. Together, ASEAN and Japan have cooperated in the establishment of various regional institutions including the annually held ASEAN-Japan Summit, ASEAN Regional Forum, and Economic Partnership Agreements.

Since his reelection as prime minister in December 2012, Shinzo Abe has strengthened Japan’s strategic partnerships with these Southeast Asian countries. Table 1 below shows Southeast Asian countries with strategic partnership with Japan and the leaders at the year of the partnership’s establishment. In the case of the Philippines, strategic partnership with Japan was formalized in 2011 under then Prime Minister Noda. In 2015, PM Abe and former President Benigno ‘Noynoy’ Aquino III signed a joint declaration on strengthened strategic partnership between their two nations. This was further affirmed during President Rodrigo Duterte’s state visit to Japan in October 2016 and again on the occasion of PM Abe’s official visit to the Philippines in January 2017. This enhanced strategic partnership between Japan and the Philippines can be regarded as a critical historical juncture in their bilateral relations since diplomatic relations were restored. Attesting to this new era in Philippines-Japan relations was President Duterte himself who uttered during his official Tokyo visit in 2016 that “by all counts and by any measure, Philippine-Japan ties today are excellent” (Lacorte, 2016).

Table 1: Strategic Partnerships between Japan and ASEAN member-countries

ASEAN members	Strategic Partnership Agreement	Date of Formalization	Leaders/ Signatories
Indonesia	Japan-Indonesia Joint Statement on Strategic Partnership for Peace and Prosperous Future	28 November 2006	Shinzo Abe Susilo Bambang Yudhoyono

Malaysia	Japan-Malaysia Joint Statement on Strategic Partnership	25 May 2015	Shinzo Abe Dato' Sri Najib Tun Abdul Razak
Philippines	Japan-Philippines Joint Statement on the Comprehensive Promotion of the "Strategic Partnership" between Neighboring Countries Connected by Special Bonds of Friendship	27 September 2011	Yoshihiko Noda Benigno S. Aquino III
Thailand	Japan-Thailand Joint Statement on the Strategic Partnership based on the Enduring Bonds of Friendship: Fostering Confidence beyond the Disasters	6 March 2012	Yoshihiko Noda Yingluck Shinawatra
Vietnam	Japan-Vietnam Joint Statement Toward a Strategic Partnership for Peace and Prosperity in Asia	19 October 2006	Shinzo Abe Nguyen Tan Dung

Source: Gathered from Ministry of Foreign Affairs of Japan website

Moreover, the enhanced Philippines-Japan strategic partnership contains for the first time concrete proposals for cooperation in new areas like security and defense and serves as a framework for implementation of earlier pledge for patrol boats and future negotiations for transfer of defense equipment and technology from Japan to the Philippines. Prior to this, it should be noted that bilateral cooperation between the two nations had been restricted mainly to socioeconomic and commercial fields, particularly in trade, investment, and development cooperation. Under Abe's proactive contribution to peace, however, Japan commits itself to strengthening maritime capability of the Philippines through joint exercises, trainings, and provision of patrol boats and other equipment amidst growing assertiveness of China over its claim of nearly the entire South China Sea.

A critical component that could shape the efficacy and durability of this enhanced strategic partnership is foreign aid. The use of official development assistance (ODA) as a toolkit of Japanese diplomacy has been preferred because it dovetails neatly with Japan's pacifist image (Brown and Gavinholt 2016). Starting from 1954 Japan agreed to pay war reparations, the

precursor of Japanese foreign aid, with the intent to restore diplomatic relations with Southeast Asian countries while at the same time promoting Japanese exports to the region as part of its ‘catch-up’ strategy (Arase 1995). Aid diplomacy was also utilized in the 1970s to maintain stable access to petroleum and petroleum products from Middle Eastern and Northern African countries (Arase 1995). By the time comprehensive security policy was adopted in early-1980s, foreign aid was indisputably at the core of Japanese foreign policy and diplomacy.

In the two decades that followed since the First Gulf War, Japan sought new ways to enhance its international contribution beyond checkbook diplomacy and made concrete efforts to articulate the principles of Japanese aid-giving. The first ODA charter was launched in 1992 and was revised in 2003. During this period, official discourse on Japanese aid increasingly focused on peacebuilding and human security (Brown and Gravingholt 2016). Japan’s aid system had also undergone profound changes. A law was adopted which reorganized JICA in 2008 as Japan’s main aid agency in-charge of implementing technical assistance, grant, and loan programs. This law has effectively strengthened JICA’s autonomy as an institution. More recently in February 2015, the Abe cabinet approved the new development cooperation charter. The use of ‘development cooperation’ instead of the usual ‘development assistance’ is in itself a significant change in the Japanese aid discourse.

The short narrative above clearly shows that the Japanese government has consistently recalibrated its foreign aid – in terms of discourse, flow, and institutional structure – to suit its relevance with the changing times and to serve current national goals. The Abe government’s adoption of a new development cooperation charter in 2015 was a clear attempt to make foreign aid policy align with national security strategy based on proactive contribution to peace and to respond proactively to challenges posed by the new regional security environment. This leads us

to question the fundamental basis and trajectory of Japanese aid-giving in the 21st century. With the formation of strategic partnerships with select ASEAN member-countries as concrete steps to implement Abe's proactive contribution to peace and adoption of a new development cooperation charter recently, the paper inquires if Japanese aid to the world in general and to the Southeast Asian region in particular is moving closer toward western norms of aid-giving. Arguably until the late-1990s, Japanese aid is substantially different from its western counterparts due its clear emphasis historically on infrastructure development, its reluctance to impose conditionality on recipients, predominance of loans over grant assistance, orientation towards Asia or more specifically Southeast Asia, and strong preference for government agencies over civil society organizations as a mode/channel of aid delivery. If aid allotments and priorities would be closely aligned with Abe's proactive contribution to peace, do we expect a significant shift from 'earning' to 'spending' strategy in the 21st century? The 'spending' strategy is represented by increased ratio of grant to total aid disbursements and financing of new aid projects that promote national security goals and normative values like democratization and peace-building rather than seek material or commercial gains.

This paper argues that the formation of strategic partnerships with aid recipient countries in Southeast Asia could significantly alter the nature and quality of Japan's aid priorities there. In particular, the study argues that as a consequence of Japan's new security and defense policies and elevation of bilateral relations into strategic partnership, securitization of aid is expected to take place. To examine the extent of securitization of Japan's foreign aid to strategic partners in Southeast Asia, the paper employs a modified framework used in Brown and Gravingholt (2016). Securitization of aid occurs (1) "when donors increasingly justify aid in terms of national or international security, when they provide the highest levels of assistance to specific countries

and sectors based on security imperatives, (2) when security actors (such as military forces) deliver significant amounts of aid, and (3) when donor governments create new institutional units within their aid agencies or new interdepartmental coordination mechanisms based on security-related motives” (Brown and Gravingholt 2016, p. 3). Accordingly, these three represent measurements for: (1) changes in discourse, (2) changes in aid flows, and (3) changes in institutional structures (Ibid). The author adds a fourth dimension which is (4) changes in the goals of aid-giving. The goals of aid-giving can vary and may include one or combination of humanitarian, commercial, and diplomatic aims. When increasingly linked to national security goals, the aid donor utilizes or disburses foreign aid with the aim to enhance its power position vis-à-vis a rival donor-country. In this regard, foreign aid is provided to recipients to limit the rising influence of a rival donor country and/or to win the recipient to its side. This study hence analyzes the extent of securitization of Japanese aid to Southeast Asia using those four dimensions and focuses initially on the case of the Philippines. While aid securitization is getting visible of late, as Japan’s main implementing aid agency, JICA has evolved into a gatekeeper, promoted aid’s development function, and consistently upheld Japan’s pacifist orientation over time. As such, it is argued that JICA and Japan’s Ministry of Foreign Affairs play a critical role of striking a delicate balance between aid’s development and humanitarian goals and national security purpose.

Strategic Partnership: Implications on Foreign Aid Priorities and Aid Effectiveness

Strategic partnership has become fashionable and a buzzword of late in the conduct of bilateral relations among countries globally but more specifically in the Asia Pacific. Citing Wilkins’ (2012) work, Envall and Hall (2016, p. 91) define strategic partnership as a “relationship

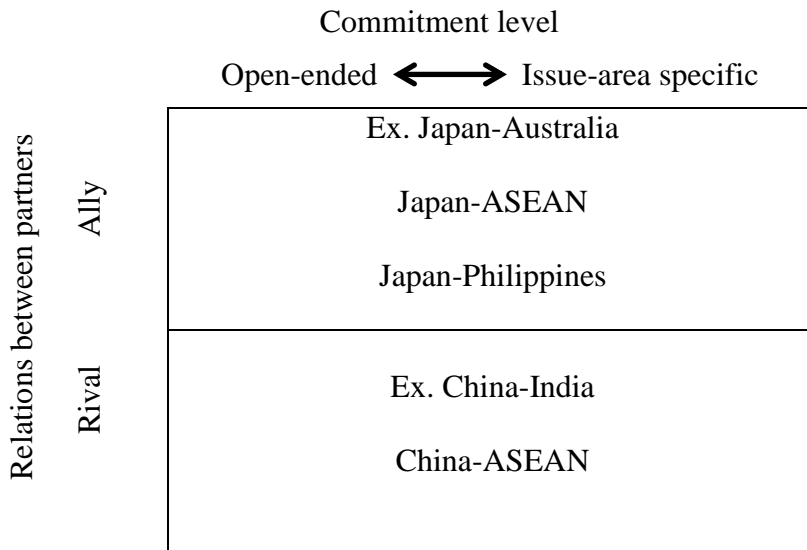
between two or more states that involve mutual expectations of some kind of policy coordination on security issues under certain conditions into the future.” Envall and Hall (2016) note that strategic partnerships had existed in the Asia Pacific region in as early as mid-1990s and since then have become a ‘new security practice’ adopted by states as a strategy in managing national and regional security. Strategic partnerships are appealing to many Asia Pacific countries because they are perceived as ‘new form of alignment’ (Parasweran 2014) but unlike formal alliances, they do not bind states to cooperate militarily or use force in the defense of an ally (Envall and Hall 2016). Envall and Hall (2016) also add that strategic partnerships are neither security communities nor informal coalitions. Vidya (2010, p. 47) traces its origins to China’s effort in promoting a post-Cold War new security concept as the world moves toward multipolarity.

Reiter (2013) notes that there are external and internal conditions that must be met to qualify a partnership as ‘strategic.’ First, the elevation of relationship into strategic partnership is preceded by some years of trust and confidence building between or among partners. Two, the partnership should rest on ‘reciprocal interests, either normative or substantive, as well as on rights and duties to realize mutually defined goals.’ Envall and Hall (2016) observe that most strategic partnerships recently cannot be purely categorized either as ‘issue-area specific model’ or ‘open-ended and evolving model’ but rather exhibit characteristics from both.² In Reiter’s (2013) view strategic partnerships must be multidimensional in substance, covering various aspects of bilateral relations including politics, security, economics, finance, trade, and people-to-people mobility. Moreover, the geographic scope of partnership should be global or at least with a ‘strong regional impact’. Envall and Hall (2016b) stress that strategic partnerships are formed not only ‘for mutual benefit, based on shared values and interests’ of partners but are also

² The former impose strategic commitment on certain issue areas on partners while the latter does not.

formalized by rival nations ‘for mutual management, driven by a desire to put in place arrangements to help manage rivalry over values or interests or both.’ An example of the former is the strategic partnership between Australia and Japan while the latter’s best model would be India-China strategic partnership. Table 2 below shows a simplified typology of strategic partnerships of late.

Table 2 Typology of Strategic Partnership



Source: As summarized by the Author

As of June 2016, Japan has around twelve strategic partnerships (Envall and Hall 2016b) and nearly half of these are with Southeast Asian countries including the Philippines. Japan also formalized strategic partnership with ASEAN as a group. There are two plausible reasons why Japan has elevated its relationship with several countries into strategic partnership. One, it conforms neatly with Abe’s proactive contribution to peace strategy without necessarily creating formal alliances. Two, strategic partnership has increasingly become a major platform for Japan’s hedging strategy in the Asia Pacific (Wilkins 2010; Sukma and Soehya 2015; De Castro 2016) that is at the same time less threatening to China.

The strategic partnership, formalized in 2011 and strengthened thereafter, between Japan and the Philippines is based on more than six decades of post-war bilateral history and confidence building beginning from restoration of diplomatic relations in 1956. Unlike other Asian states that were victims of Japanese war atrocities, Filipinos chose to move their relationship with Japan forward; nurtured over time by frequent cultural exchanges and mutual support for each other's national goals. The Philippines is one of the major recipients of Japanese aid and investments. The total value of JICA program in the Philippines in fiscal 2015 was 36.485 million yen (JICA Annual Report 2016) while trade, investment and people to people mobility have continued to grow since the comprehensive economic partnership was signed. While defense and security cooperation are obviously key features of their 21st century partnership, the Philippines-Japan strategic partnership is multidimensional in scope which covers cooperation in various areas including commerce, development, infrastructure, finance, disaster prevention and management, and even peace-building.³ In spite of the security and defense cooperation features, the partnership does not explicitly bind each country to use force in defense of a partner nor commits each to pursuit of certain goals. Instead, the two share 'common goals of ensuring peace and stability in the Asia-Pacific region, promoting economic growth of the region, and addressing international challenges including achieving human security.'

In the two decades that followed the Mischief Reef incident, the Philippine government has become wary of China's creeping expansionism in the South China Sea and aggressively sought for international support. Nonetheless, the Philippine government's strategies in handling the maritime dispute lack consistency. This is due to institutional rules which vest authority to

³ Copy of Joint Declarations signed between Tokyo and Manila in 2011 and 2015 is available in http://www.mofa.go.jp/announce/pm/noda/joint_statement110927.html and http://www.mofa.go.jp/s_sa/sea2/ph/page4e_000280.html

the President on matters related to foreign and security policies. Thus, personal policy preferences of the Philippine president strongly shape actual foreign policy choices and outcomes. President Ramos (1992-98) and President Estrada (1998-2001) utilized diplomacy to strengthen the country's claim over the disputed area and appealed for international support. President Aquino (2010-16) meanwhile employed a more confrontational approach by combining hedging strategy, including strategic partnerships, and legal/arbitral proceedings. On the other hand, President Macapagal-Arroyo (2001-2010) and the incumbent President Duterte focused more on cooperation and enhancing bilateral relations with China. The latter set aside the arbitral ruling that favored the Philippines and also chose to continue and enhance the strategic partnership with Japan which was formalized during his predecessor's tenure.

As explained elsewhere, the Philippine government's decision to enter into strategic partnership with Japan is due to a confluence of external and internal factors (Trinidad 2017, forthcoming). Externally, the United States commitment to aiding the Philippines in the event of a military conflict in the South China Sea has been ambiguous at best. Both former President Barack Obama and then Secretary of State Hillary Clinton on separate occasions expressed that the US would not take sides in the conflict (Mendez, 2012; Butuyan, 2016). The presidency of Donald Trump does not significantly alter such previous position. Some observers even doubt if the US is willing to endanger its relationship with China over these islands (Talev & Mattingly, 2014; Malig, 2012). Internally, the government does not have adequate resources to fund its military modernization program which began in the 1990s. Moreover, strategic partnership with Japan in particular dovetails neatly with President Aquino's hedging strategy and securing foreign funds to enhance maritime capability. With strong personal hatred against the United States, Aquino's successor, President Duterte affirmed the country's strategic partnership with

Japan and reached out to China and recently to Russia as part of his security management strategy.

As an important resource toolkit of Japanese diplomacy, foreign aid is expected to play a crucial role in the durability and efficiency of its strategic partnerships. Liberals and realists have differing views on foreign aid which can be summarized in three interrelated key areas: outcomes, function, and focus. Liberals are generally more optimistic regarding the development outcomes of aid than their realist counterparts. Realists on the other hand view aid as a tool of diplomacy and that aid allotments have been influenced more by political and strategic considerations (Alesina and Dollar 2000) while liberals see aid as a resource transfer to complement or supplement the recipient's scarce resources. Finally, realists tend to focus on donor's motivation in their study of aid while liberals are more interested to study aid's economic/developmental outcomes. As a foreign policy instrument aid relations create absolute or relative commitment for aid providers and asset or source dependency for recipients (McKinlay and Little 1977: 62-4). Commitment represents the importance or relative importance that aid providers attach to recipients which is measured usually in terms of aid volume and size while dependency pertains to the recipients' level of dependence on the aid provider. This paper assumes that foreign aid relations have diplomatic and developmental effects even though in some cases one of these is unintended.

Strategic partnerships elevate the aid relations that exist between two partners on a higher level. If the formation of strategic partnership is preceded by some years of trust and confidence building between or among partners as Reiter (2013) suggests then foreign aid has been utilized to a great extent to build that confidence and trust. As explained earlier, although these partnerships are generally multidimensional in scope, managing regional and national security is

a key aim why they are formalized. As a consequence aid allotments can be redirected to new uses and new priorities especially to areas linked to national security and defense. In other words, strategic partnerships particularly those that were forged for mutual benefit of partners with similar values can lead to aid's securitization.

The concept of a securitized aid is not new. The US Marshall Plan can be considered an early example because it was carried out primarily for political and security purposes, that is, to ultimately win Western European countries to the side of the United States in the era of Cold War bipolarity. Cold war foreign aid was criticized by many for having been disbursed mainly to recipient-countries that were strategically and militarily important in donor's cold war strategy. But why would securitization of aid be a concern to policymakers? The answer lies in the assumed trade-off between strategic orientation and development effectiveness of aid. A number of scholars observe that aid's development outcomes are undermined when foreign aid is highly securitized, that is, when disbursement is largely shape by security imperatives. Bearce and Tirone (2010) find that foreign aid promotes economic growth only when strategic benefit of donor governments is small. This is especially true during the cold war period wherein foreign aid disbursements had been driven mainly by strategic considerations of donor governments. Studying aid of four donor countries in Africa, Schraeder, Hook and Taylor (1998) affirm that some donors give more primacy to strategic considerations like security interests, geopolitics and ideological stance over development outcomes of aid recipients.

As explained in the previous section of this paper, the study utilizes the criteria set in Brown and Gravingholt (2016) with minor modification in measuring and analysing the extent through which Japanese aid to the Philippines has been securitized following the elevation of Philippines-Japan relations into strategic partnership more specifically from 2010 to the present.

Foreign Aid Policy and Japan's National Security: Restrictions and Challenges

Adhering to the war-renouncing, American-sponsored 1947 constitution, the Yoshida Doctrine which focused on economic development and reliance on American security guarantees became the main foundation of Japan's cold war foreign policy. Moreover, article 9 of the constitution prohibits Japan from using force as instrument of national policy. As a result, Japan's international engagements and contributions have been restricted mainly to so-called low politics and the use of foreign aid, trade, and investment as diplomatic tools. These became the contexts behind the adoption of *seikei bunri* or policy of separating politics and economics in its conduct of foreign relations during the post-war period.

Many observers agree that Japan's foreign aid disbursements between the 1960s and the 1980s had been driven primarily by commercial motives and bureaucratic interests (Potter n.d.). There are four plausible explanations why commercial interest is prominent in Japan's aid programs during this period. One is that policy decisions are path-dependent. This means the commercial aim of economic cooperation or *keizai kyoryoku* developed in the 1960s have continued to influence succeeding aid policies over the years. Two, Japan's domestic political economy, particularly the close ties between the state and business under the '1955 system' was responsible for linking aid, trade, and investment. Three, inter-bureaucratic rivalry was often dominated by ministries which promoted commercial interests in Japan's ODA policy, namely the finance ministry and the Ministry of International Trade and Industry (MITI now METI). Four, the aid-for-development norm in Japan was weak. Unlike in Europe and the U.S., Japanese civil society did not exert influence on development purpose of Japan's ODA until recently.

Although this had been the case, an attempt to link aid policy to national security was made in the early-1980s with the adoption of comprehensive security or *sogo anzen hoshō*. This

policy is based on three levels of national security measures for Japan, namely: (1) self-help or self-defense; (2) efforts to render the whole international system conducive to Japan's security; and (3) intermediate-level efforts to build a favorable security environment in the region (Akaha 1991). Comprehensive security consisted of military and non-military dimensions. The former focuses on enhancing security relations with the United States such as cooperation in weapons development and increasing Japan's contribution in maintaining American forces in the country while the latter was built on three pillars which include: (1) strengthening of Japan's contribution to international peace; (2) expansion of foreign aid and (3) promotion of international cultural exchange (Akaha 1991).

In the two decades that followed after the first Persian Gulf War (1990-91), the Japanese government sought new ways to improve its international contribution beyond developmental aid and checkbook diplomacy while at the same time maintaining its adherence to Article 9. The result was expansion of foreign aid activities into areas of international peace-building, human security, and reconstruction of post-conflict societies (Carvalho and Potter 2016). Since the dispatch of Self-Defense Force (SDF) Minesweepers to the Persian Gulf in 1991 the SDF has played a significant role in Japan's international peace-building efforts. In 1998 then Prime Minister Obuchi promoted human security as a core of Japanese foreign policy and was incorporated in the ODA charter of 2003 as a key principle of Japanese aid-giving. The pursuit of human security as one of the goals of Japanese aid-giving has allowed Japan to contribute to the maintenance of traditional and non-traditional international security without increasing military spending or participating in UN-led combat operations (Carvalho and Potter 2016). After the 9/11 terrorist attacks in the U.S., Prime Minister Koizumi had extended further Japan's non-combat contributions to international security through global partnership with the U.S. on

War on Terror. This included sending of Maritime SDF to Indian Ocean to provide logistics support to US-led military operations in Afghanistan and reconstruction efforts in Iraq and Afghanistan.

The reelection of Shinzo Abe as prime minister in 2012 would again bring substantial change to foreign aid and security policy. The Abe cabinet adopted the principle of “proactive contribution to peace” which promises to increase (again) Japan’s international contribution other than financial assistance (Yuki, 2015). Under Abe’s proactive pacifism Japan intends to contribute in maintaining and developing an open, stable maritime order; support the expansion of open, rule-based international economic system; cooperate with the U.S. and other like-minded states; and maintain an exclusively non-nuclear power, defense-oriented national security strategy (JapanGov - The Government of Japan, 2014). In July 2014 the Abe cabinet also approved a resolution which allows Japan to exercise the right to collective self-defense or the defense of an ally even though Japan is not directly under attack. At least in theory, this allows SDF members in UN-led international peace-keeping activities to defend themselves or their allies in case of an attack.

The Abe cabinet initiated and approved several other security-related policies/laws between 2013 and 2015 including: (1) the creation of a National Security Council, (2) adoption of the three principles on transfer of defense equipment and technology, which effectively lifted the self-imposed ban on arms export, (3) passage of Secrecy Law, which designates specified documents and information as state secret and penalty for violation, (4) Peace and Security legislation which allows Japan’s SDF to use force under certain conditions, (5) adoption of a new Defense Guidelines which aims to build a Dynamic Joint Defense Force, and (6) adoption of a new development cooperation charter. Some of these policies/laws are implicitly incorporated in

the enhanced strategic partnership agreements of Japan with the Philippines, Indonesia, and Vietnam. For instance, the three principles on transfer of defense equipment and technology have become the main framework of cooperation to improve maritime capability through donation of patrol boats and communications equipment.

Changes in Japan’s Aid Discourse

Japan’s official aid discourse is contained in the ODA charter. The cabinet adopted the first ODA charter in June 1992 as a response to both external and domestic criticisms regarding lack of clear philosophy in Japanese aid-giving. The charter highlighted six key areas of Japanese aid practices: (1) philosophy, (2) principles, (3) priority, (4) effectiveness, (5) promotion, and (6) implementation system. The 1992 charter would become the main template for future revisions. Table 3 shows the discourses highlighted in each key area. Japan’s definition of international security adheres to the liberal peace thesis where economic interdependence, democracy, and development are regarded as guarantors of global peace. Foreign aid should therefore be set aside to pursue these goals.

Table 3 Japan’s Aid Discourses as Reflected in the ODA charter of 1992

Key elements	Main discourse
Philosophy	Interdependence, stability and development as indispensable to global peace and prosperity
Principles	Aid-giving linked to UN charter; non-military use of aid; promotion of democracy and sustainable development
Priority	Regional focus was Asia, particularly Southeast Asia Priority areas: Sustainable development Addressing basic human needs Human resource development Infrastructure development Structural adjustment
Effectiveness	Coordination of all forms of assistance Promotion of Japan’s own development experience Coordination of aid, investment and trade Addressing inequality

	Cooperation and coordination with regional and international organizations
Promotion	Improve public awareness through education and public relations
Implementation	Coordination of relevant ministries and agencies (JICA and OECF) Ensuring pool of competent aid personnel

Source: ODA charter (1992)

The 1992 ODA charter was eventually revised. Sunaga (2004) identifies four rationales for its revision in 2003 which include (1) changes in the international environment since the cold war had come to a close, (2) adoption of collective development goals and strategies embodied in the United Nations Millennium Development Goals (MDGs) adopted in 2000 which emphasized poverty reduction, (3) implications of Japan's serious fiscal situation and addressing the dwindling public support for ODA, and (4) the need to align ODA closely to Japan's national interest by making aid disbursements more 'strategic'. Of these four, the latter proved to be the most challenging and controversial. Identifying how exactly Japan's foreign aid could serve effectively its national interest, that is, how to make its foreign aid more strategic had dominated public debate. Sunaga (2004) notes that the Japanese public's conflicting views on this can be summarized into three main groups. One is for Japan to focus its aid giving only on international development targets because this would eventually improve Japan's overall international image and standing and thus would help ensure Japan's national interest. Two, a significant portion of aid-giving should be utilized to ensure Japan's security and prosperity. This view also called for Japan's active use of ODA for reconstruction in post-conflict societies, peace-building, and human security. Finally, aid-giving should be oriented more straightforwardly toward pursuit of national interests, measured in terms of commercial and economic interests. The revised ODA charter of 2003 was a compromise of the first and second views (Sunaga 2004). Indeed, by 2000s Japanese aid-giving was at the crossroads (Trinidad 2007). It was a choice between pursuing a

spending strategy which reduces the commercial gains of Japan's aid but one that enhances its international standing by showing a deeper sense of international responsibility in alleviating poverty and promoting peace on one hand and continuing its earning strategy by utilizing a huge portion of its aid on the usual infrastructural projects and other less risky undertakings on the other.

In a cabinet decision made in February 2015, a new aid charter was adopted to take into account the impacts of changing regional and international security environment on Japanese aid-giving. One of the major changes in the discourse is the use of 'development cooperation' instead of 'development assistance'. This shift is not just symbolic but profound. In part, by using the term 'development cooperation' Japan has embraced the underlying and implied connotations of that term. In a study, Mawdsley (2012) used the gift theory of Mauss (1990) to explain the social bond created by foreign aid as a 'gift'. Viewed in this manner, foreign aid as development assistance connotes gift-giving which consequently obligates the recipient to be 'grateful' to the 'generous giver.' On the contrary, 'development cooperation' connotes partnership, collaboration, and mutual benefits between cooperators. Recently, development cooperation has also been used increasingly to describe South-South cooperation or cooperation between developing countries.

Another significant change in Japan's development cooperation discourse is the reference to proactive contribution to peace, stability, and prosperity of the international community as an objective of Japanese aid-giving in the 21st century. The non-military use of aid however was retained as a basic policy and so was promotion of human security which was also emphasized in the previous 2003 charter. In terms of development cooperation priorities, the 2015 charter adds 'quality growth' and 'sharing of universal values'. The usage of these two concepts implicitly

take into account China's growing role as aid provider in the region and thus as competitor to Japan. Quality growth and emphasis on projects that promote universal values like human rights and democracy are what make Japanese aid projects distinguishable (and hence, more value for money) from Chinese-funded aid projects. Finally, while the principle of non-military use of aid has remained, the new development cooperation charter allows on case-by-case basis the involvement of armed forces or members of armed forces in recipient countries in the aid delivery.

Aside from development cooperation charter of 2015, other official documents that contain aid discourse include JICA's Annual Report and Japan's Country Assistance Program. In the 2015 JICA Annual Report, the section on Region-specific Activities and Initiatives for Southeast Asia explicitly includes 'Quality Growth', 'Mitigating Regional Disparities' within ASEAN, 'Promoting Peace-building' and 'Sharing Universal Values' dominate Japan's aid discourse and priorities in the region. The Report also includes a country overview and priority for each recipient-country in Southeast Asia. JICA's cooperation in the Philippines focuses on three priority issues: (1) sustainable economic growth by promoting investment; (2) overcoming the country's vulnerabilities; and (3) establishing peace in the conflict-affected areas in Mindanao (JICA Annual Report 2015, p. 25). These priorities also conform with an official document called Country Assistance Policy to the Philippines launched in 2012 (Embassy of Japan in Manila, 2012). What is noticeable between these documents is that Proactive Contribution to Peace was not mentioned in JICA Report of 2015 or reference to Strategic Partnership with the Philippines. However, The Country Assistance Policy highlights the geostrategic importance of the Philippines to Japan measured in terms of its location as part of Japan's vital sea lanes and Japanese investment and trade.

Changes in Aid Flows

Southeast Asia has traditionally been the largest recipient of Japanese aid. Have there been significant observable changes in terms of Japanese aid flows to the region since strategic partnerships were formed? Tables 4 and 5 below show Japan's foreign aid to the region from 2009 to 2014. The period covers the DPJ (2009-2012) and LDP (2013-14) administrations. The most striking change was the large amount of assistance provided to Myanmar during the fiscal year 2013. At least during the period shown and except for Myanmar, loans had been provided mainly to middle-income countries. Vietnam received the largest amount of loan assistance followed by Indonesia and the Philippines. Vietnam and Indonesia have formalized strategic partnership with Japan since 2006 while the Philippines agreed to a strategic partnership with Japan in 2011.

If there is a common denominator in the content of Japan's strategic partnerships with Indonesia, the Philippines and Vietnam it would be the agreement concerning the enhancement of maritime capability. Japan has committed itself to providing patrol vessels to these nations. In 2006 the Japanese government provided the grant aid worth 1.92 billion yen to Indonesia for the project, 'Construction of Patrol Vessels for the Prevention of Piracy, Maritime Terrorism and Proliferation of Weapons'. In December 2013, the foreign ministers of Japan and the Philippines signed the exchange of notes on the provision of ten patrol vessels and maritime communication systems worth 18.7 billion yen loans to the Philippine Coast Guard. In August 2014, Japan's Foreign Minister Kishida and his counterpart signed an exchange of notes in which Japan would provide Vietnam with six used vessels and equipment worth 500 million yen to enhance Vietnam's maritime patrol capabilities.

Table 4 Japan's Grant Assistance (including technical assistance) to Southeast Asia, 2009-14 in million US dollars

	2009	2010	2011	2012	2013	2014	Total
Brunei	0.19	0.11	0.09	0.25	0.02	0.01	0.67
Cambodia	107.54	133.93	112.37	139.09	120.5	103.8	717.23
Indonesia	115.41	169.63	134.12	150.47	97.16	111.42	778.21
Laos	71.81	103.74	45.23	93.16	78.44	94.6	486.98
Malaysia	30.03	33.16	28.91	23.93	10.89	17.27	144.19
Myanmar	48.28	46.83	42.5	92.78	3287.1	202.78	3720.27
Philippines	89.53	128.05	96.62	140.97	122.91	82.21	660.29
Singapore	1.61	1.17	1.09	1.84	0.26	0.13	6.1
Thailand	52.01	71.25	53.14	85.34	71.98	49.4	383.12
Vietnam	109.07	158.68	151.81	168.65	129.28	128.43	845.92
Timor Leste	11.88	27.67	26.71	18.82	20.46	18.36	123.9

Source: Compiled by the Author from Japan's ODA White Paper 2010-2015

Table 5 Japan's Gross Loan Assistance to Southeast Asia, 2009-14 in million US dollars

	2009	2010	2011	2012	2013	2014	Total
Brunei	0	0	0	0	0	0	0
Cambodia	20.94	15.64	20.88	45.67	22.89	23.16	149.18
Indonesia	1300.49	1424.05	879.74	672.01	870.99	458.52	5605.8
Laos	22.59	19.88	6.85	0.01	1.4	12.31	63.04
Malaysia	210.48	110.69	163.82	184.49	133.66	75.2	878.34
Myanmar	0	0	0	0	2044.67	11.14	2055.81
Philippines	595.13	558.93	311.79	295.63	133.81	391.07	2286.36
Singapore	0	0	0	0	0	0	0
Thailand	63.31	154.76	240.89	203.69	535.23	366.32	1564.2
Vietnam	1305.05	953.38	1198.72	1866.99	1551.12	1755.54	8630.8
Timor Leste	0	0	0	0.01	1.71	0.81	2.53

Source: Compiled by the Author from Japan's ODA White Paper 2010-2015

Changes in Institutional Structures

In 2008, the Overseas Economic Cooperation Operations (OEEO) of Japan Bank for International Cooperation (JBIC) was merged with Japan International Cooperation Agency (JICA), transforming the latter into an independent administrative body in-charge of implementing Japan's loan programs and technical assistance. At the same time, the well-known

Japanese diplomat, Mrs. Sadako Ogata, who co-chaired the United Nations' Commission on Human Security, was appointed its president. Meanwhile, export credit and other trade and investment promotion activities were transferred to the Ministry of Economy, Trade and Industry (METI), Japan External Trade Relations Organization (JETRO) and JBIC. Grant aid was placed under the supervision of the Ministry of Foreign Affairs (MOFA) for the purpose of pursuing diplomatic goals (Minato 2012). This is significant because as shown in the previous section, grant assistance were used for donations of patrol boats to countries like Vietnam and Indonesia. By retaining substantial control of grant programs, MOFA can carry out foreign and security policy goals that are aligned with Prime Minister Abe's proactive contribution to peace. The organizational change and separation of other official flows (OOF) from ODA have arguably pushed Japanese ODA closer than ever to OECD standard and definition of developmental aid.

Under the new JICA, priorities for ODA funding have become more program-oriented. New aid programs were launched following the charter's revision in 2003. An example of this was the loan called 'assistance for democratization' provided to Myanmar to support its political and economic reforms. JICA launched a new program called 'rule of law assistance' in countries like Vietnam, Laos, Cambodia, Indonesia, East Timor, Myanmar, China, Uzbekistan, Nepal and Mongolia as well as assistance to support the revision of constitution in Vietnam. The Japanese government has also begun providing assistance to address political instability in some recipient countries. A good example of this is the J-BIRD project in Mindanao, Philippines which began in 2006. J-BIRD stands for Japan-Bangsamoro Initiatives for Cooperation and Development. The objective of J-BIRD is to "enable the people and the communities in the target areas to enjoy the 'dividends of peace' through the Japanese ODA on the basis of 'human security' principles"

([Embassy of Japan in the Philippines, 2012](#)). The total amount of assistance already disbursed for this project as of March 2012 is approximately 12 billion yen.

Changes in goals of Japanese aid-giving

For many decades Japan had been the dominant aid provider in Asia. But the rise of new Asian donors at the onset of new millennium would challenge that position. In particular, China's foreign aid has grown in volume and scope. The Chinese government claimed in an official document that it spent a total of 14.41 billion US dollars to its global aid programs between 2010 and 2012 alone. Many developing countries are attracted to the eight principles of Chinese aid which emphasize mutual benefit, equality, 'win-win' and no-conditionality. Unlike Japan and other donors from DAC/OECD China offers a more inexpensive type of financial assistance in the form of interest-free loans, which are used for construction of public facilities and other infrastructure projects. Interest-free loan has a term of twenty years, including five years of use, five years of grace and ten years of repayment (Information Office of the State Council, 2011, p. 6).

China's growing aid activities in Southeast Asia have widened Chinese footprints and diplomatic influence particularly in Cambodia, Laos, and Myanmar. Meanwhile, Japanese contractors for infrastructure projects have been losing to their Chinese counterparts recently in Indonesia, the Philippines and Malaysia to a name a few. Chinese and Indonesian government signed in 2015 a loan agreement worth 4.5 billion US dollars for the construction of a high-speed railway that will connect Bandung and Jakarta ([Reuters](#) 2017). In 2016 Malaysia and China signed a 13.1 billion US dollar project to build Malaysia's East Coast Rail Line project ([Chanel NewsAsia](#) 2017). During the official visit of President Duterte to China, the Chinese government pledged to provide the Philippines with a total of 9 billion US dollars in assistance for

infrastructure development in the countryside (ABS-CBN News 2016). The political impact of China's growing influence in the Southeast Asian region was demonstrated in 2012 when for the first time in its long history the ASEAN foreign ministers failed to issue a Joint Communiqué at the conclusion of its meeting because of varying stand of members regarding the South China Sea issue which involves China and a number of ASEAN members. The episode was regarded by some observers as a diplomatic victory for China (Bower 2012).

In response to the growing competition with China over influence and billions of dollars' worth of infrastructural loan projects in Southeast Asia, the basic policy of Japanese aid-giving have highlighted 'quality growth', sustainable development, and promotion of universal values, areas in which China has obviously difficulty realizing. Japan's strategy is to make its aid projects different from China. In doing so, Japan is utilizing its foreign aid to enhance its influence and position relative to China in the Southeast Asian region. Japan's 'quality growth' aid policy is aimed at differentiating it from Chinese aid-funded projects which have been criticized for their 'poor quality' and for tying them to Chinese contractors. Some civil society organizations brought to the fore China's disregard for environment in many of its projects in the Mekong countries. In the Philippines, China's foreign aid during the administration of former President Gloria Macapagal-Arroyo had been mired in various legal and political controversies. The Northrail project was declared unconstitutional leading to its eventual suspension while the proposed National Broadband Network project was cancelled.

Conclusion

This paper broadly examined the implications of strategic partnerships and new development cooperation charter on the trajectory of Japan's relationship with ASEAN. It argues that one

plausible outcome of these is increased security cooperation and thus securitization of Japanese aid to ASEAN. Since 2000s Japan has elevated its bilateral relationships with ASEAN and with five of its member-countries individually. The formation of strategic partnerships in the Asia Pacific has been regarded by some observers as a ‘new security practice’ intended to manage and maintain regional and national security. Strategic partnership was ideal for Japan because it dovetails neatly with Abe’s proactive contribution to peace strategy without establishing new formal security alliances with partners or initiating a very tedious and divisive task of revising its constitution. Japan has also used it as part of its hedging strategy against China.

The 2015 development cooperation charter has changed profoundly and strategically the discourse on Japanese aid. The most prominent is the usage of the term ‘development cooperation’ instead of the traditional ‘development assistance’. This change is not just nomenclature. Development cooperation connotes ‘partnership’, ‘collaboration’, ‘mutual benefit’, ‘equality’ and ‘win-win’, the same principles that China has emphasized in its own aid programs. The direct reference to security interest is represented by the words ‘proactive contribution to peace’, ‘stability and prosperity of the international community’ as an objective of Japanese aid-giving in the 21st century.

In terms of actual aid flows, strategic partners with territorial dispute with China (Philippines and Vietnam) and/or located in Japan’s sea lanes (Indonesia and the Philippines) have been the largest recipients of Japanese assistance. It is important to note that Japan increased its grant assistance to Cambodia, Laos and Myanmar which are traditionally bastion of Chinese influence in Southeast Asia. Since 2003, new types of assistance have been introduced such as rule of law assistance, aid for reconstruction of post-conflict societies, and assistance for peacebuilding.

In terms of institutional structure, the role of JICA in the administration of Japan's ODA has remained unchallenged since it was reorganized in 2008. JICA assistance in Southeast Asia have become more program-oriented since then and addressing human security and disparity between and within ASEAN member-countries were recurring themes. Although it participates in peacebuilding activities through dispatch of SDF, the Ministry of Defense is not an aid implementing agency. The Ministry of Foreign Affairs has retained its control of grant assistance though. This has provided a window of opportunity to utilize grant funds to implement transfer of defense equipment and patrol boat donations to Vietnam and Indonesia with less legal complication.

JICA and the Japanese government will probably not admit it but Japan is now competing with China over infrastructure projects and thus over influence in Southeast Asia. Many changes in the discourse of Japanese aid-giving are implicit responses to this competition. The emphasis on 'quality growth', 'quality infrastructure', 'sharing of universal values', 'sustainable development' and the other seeks to distinguish Japan's foreign aid with that of China's. At least in this regard, by promoting principles mentioned above foreign aid contributes directly to improving Japan's power position in the region relative to China's. As power asymmetry between China and the United States closes Japan will seek to continue to strengthen its strategic partnership with ASEAN. The eventual winner in this strategic competition if managed properly is Southeast Asia.