

Southeast Asia & Japan – The Good, the Bad & the Ugly

RIETI Brown Bag Lunch Seminar

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Introduction

Why this title? – Life is often not neat & straightforward

- From a low base, Japan has done much with ASEAN & Southeast Asia in the last 6 decades
- But conditions today & going forward are different and will require different approaches

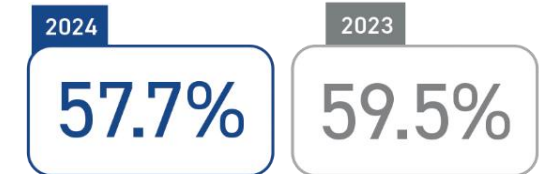


Southeast Asia in 2024

What are the top three challenges facing Southeast Asia?

Top Challenges in 2024

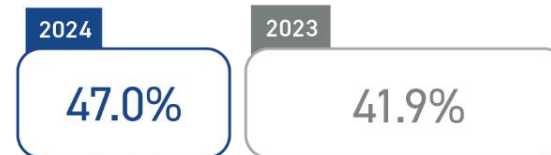
1. Unemployment and economic recession (57.7%)
2. Climate change and more extreme weather events (53.4%)
3. Intensifying economic tensions between major powers (47.0%)



Unemployment and economic recession



Climate change and more extreme weather events



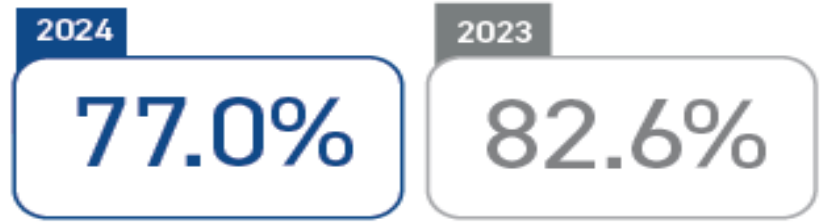
Intensifying economic tensions between major powers

Widening socio-economic gaps and rising income disparity

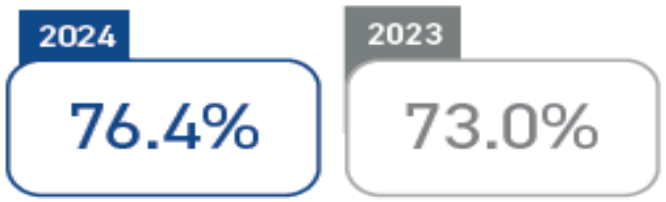
Increased military tensions arising from potential flashpoints



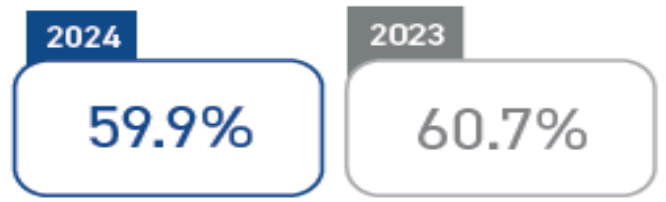
What are your top three concerns about ASEAN?



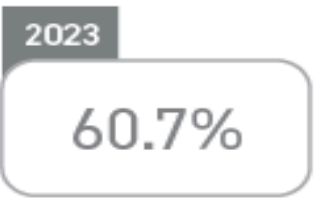
ASEAN is slow and ineffective, and thus cannot cope with fluid political and economic developments, becoming irrelevant in the new world order



ASEAN is becoming an arena of major power competition and its member states may become major power proxies



ASEAN is unable to return to pre-pandemic economic growth



ASEAN is becoming increasingly disunited



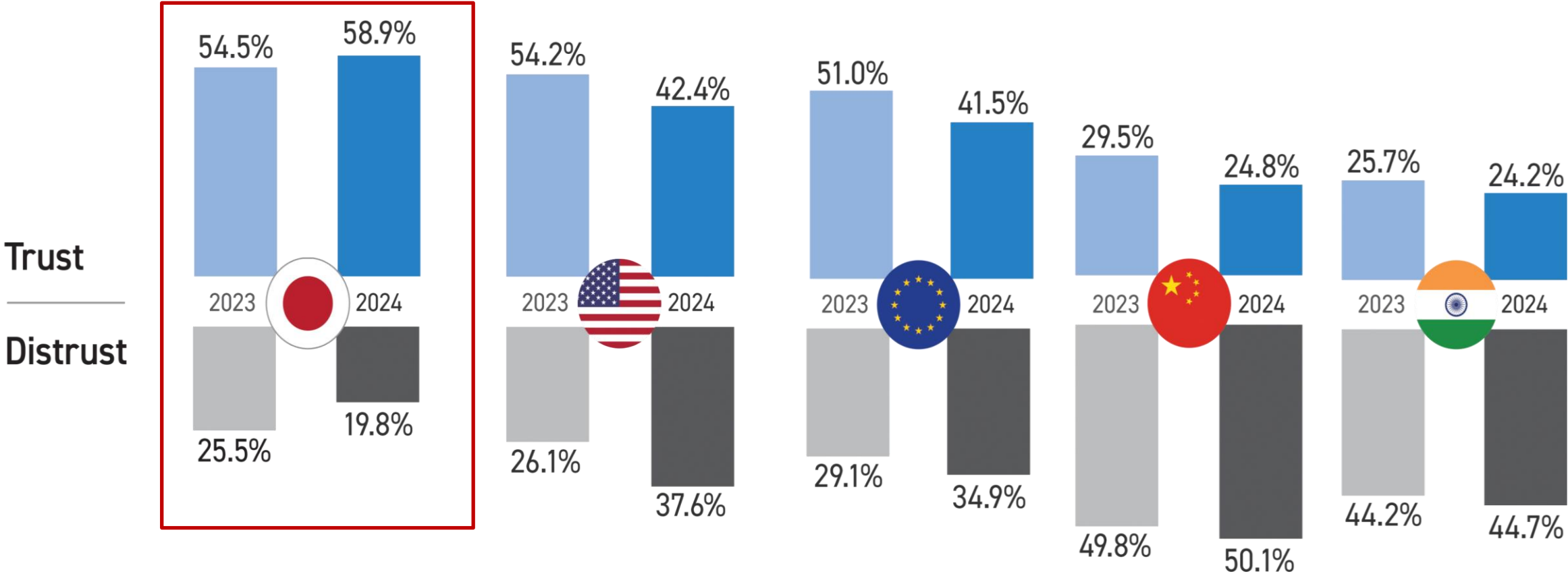
ASEAN's Economic Challenges Today

- **Overcoming Both Internal & External Factors**
 - Internal – Scarring from pandemic period, structural problems & inadequate infrastructure
 - External – Disruptions to regional GVCs; China-related issues
- **Dealing with Climate Change Transition Issues**
 - JETP Programmes for Vietnam & Indonesia are running into implementation problems and funding shortfalls
 - Other countries are similarly held back by financing

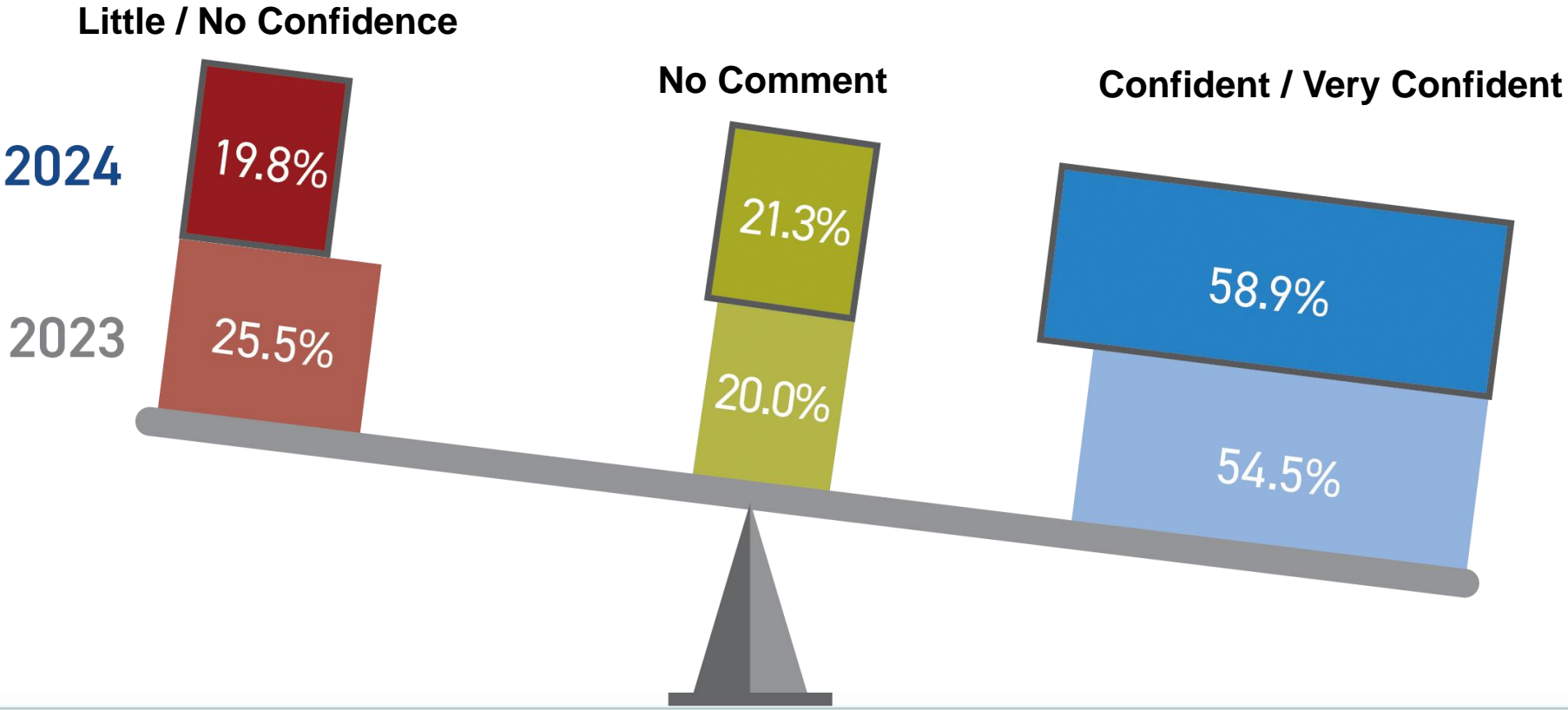
How is Japan positioned in Southeast Asian eyes?

The Good

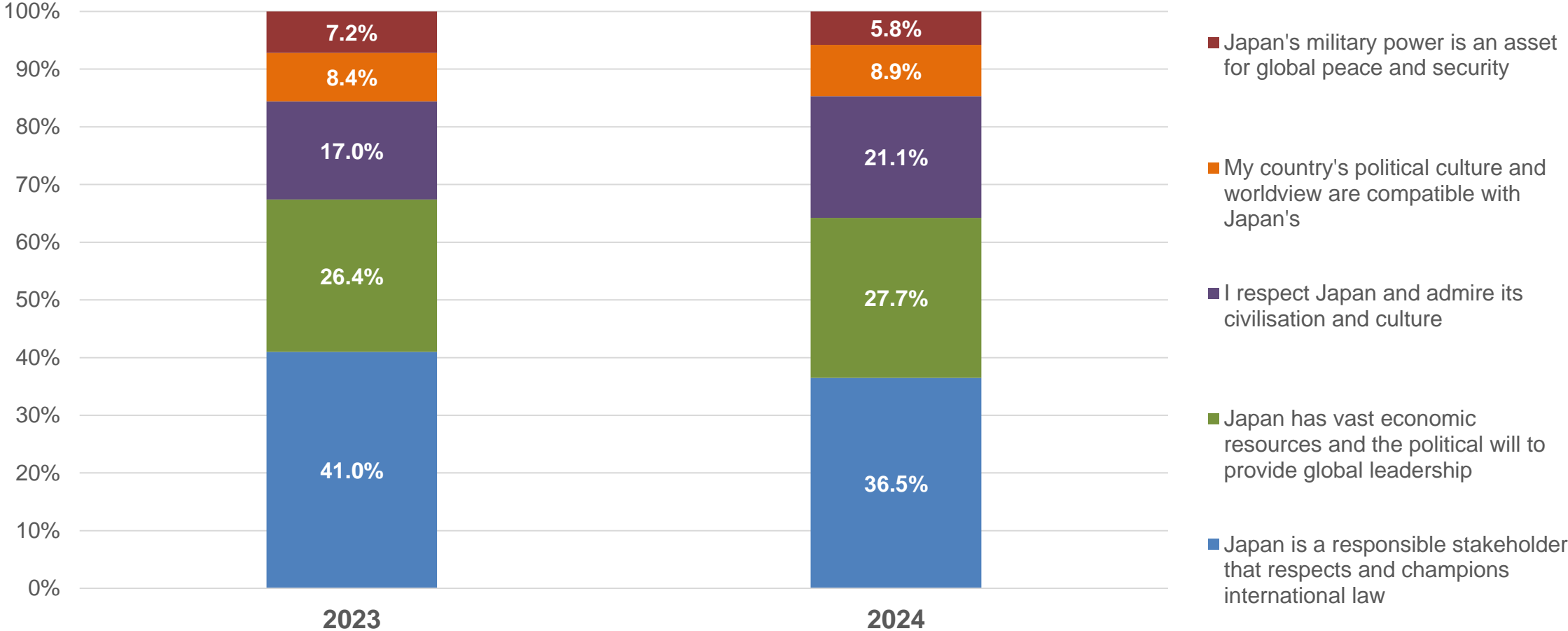
Trust and Distrust Rankings of Major Powers in the Region



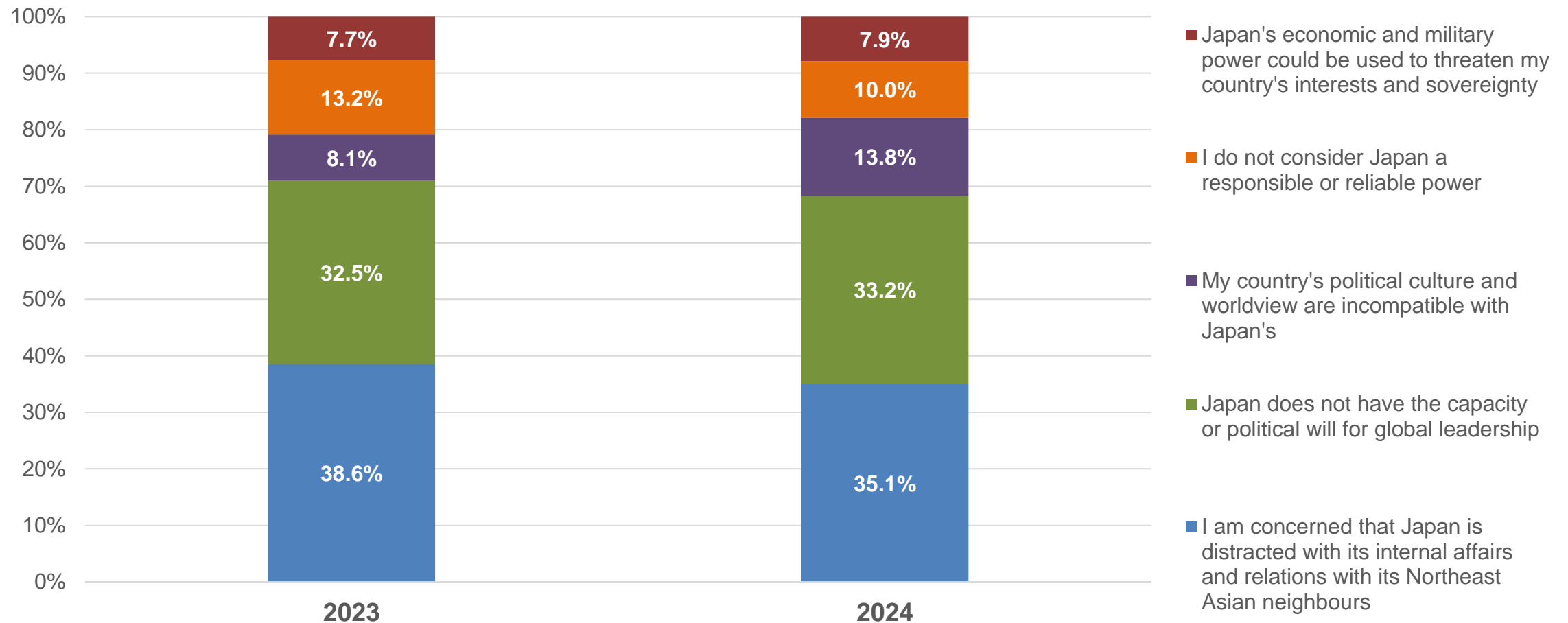
How confident are you that Japan will “do the right thing” to contribute to global peace, security, prosperity, and governance?



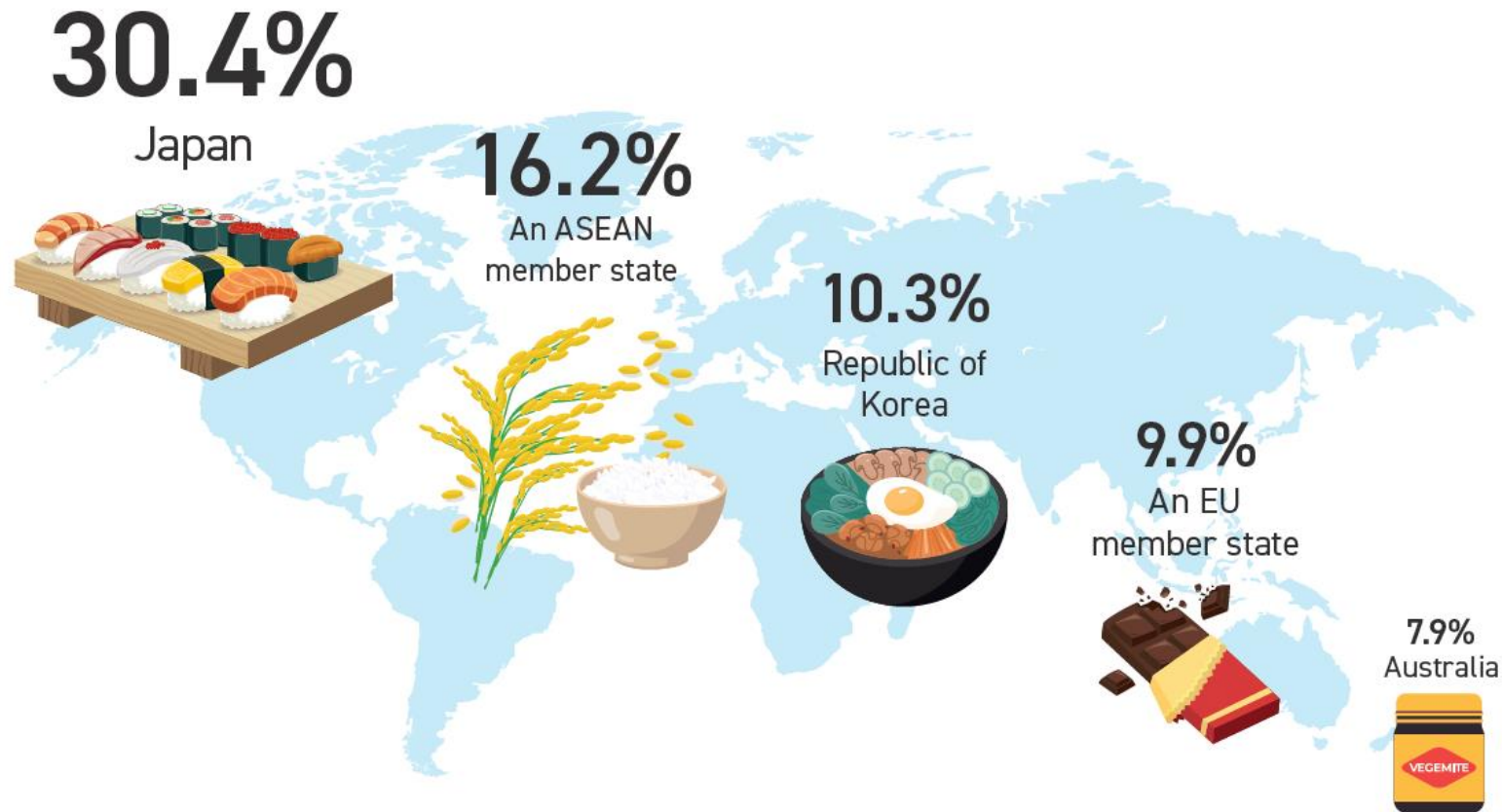
Why do you trust Japan?



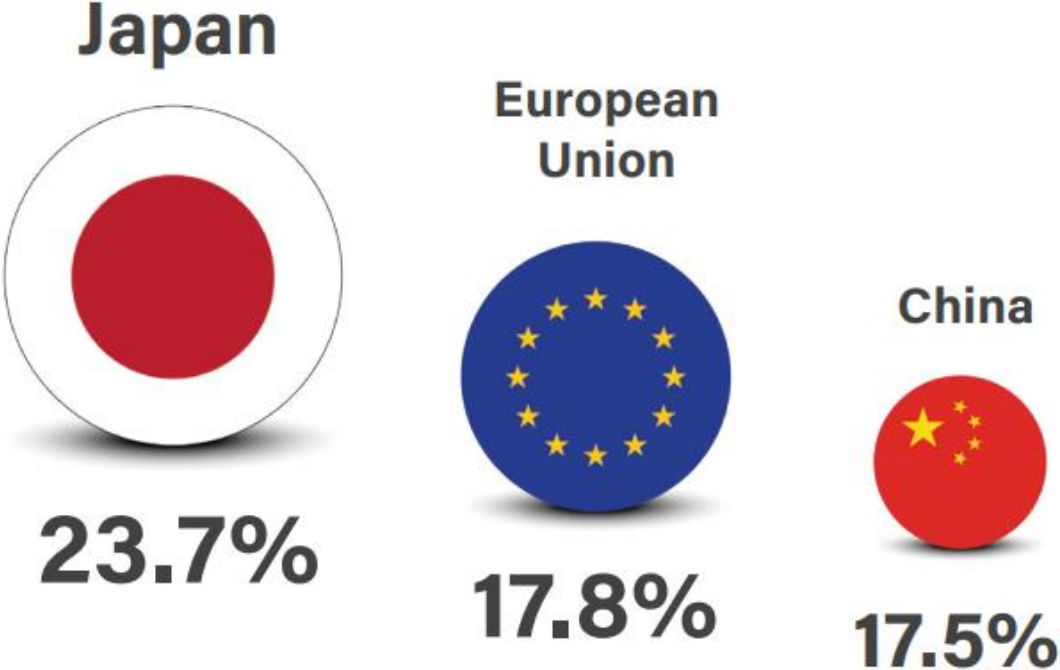
Why do you distrust Japan?



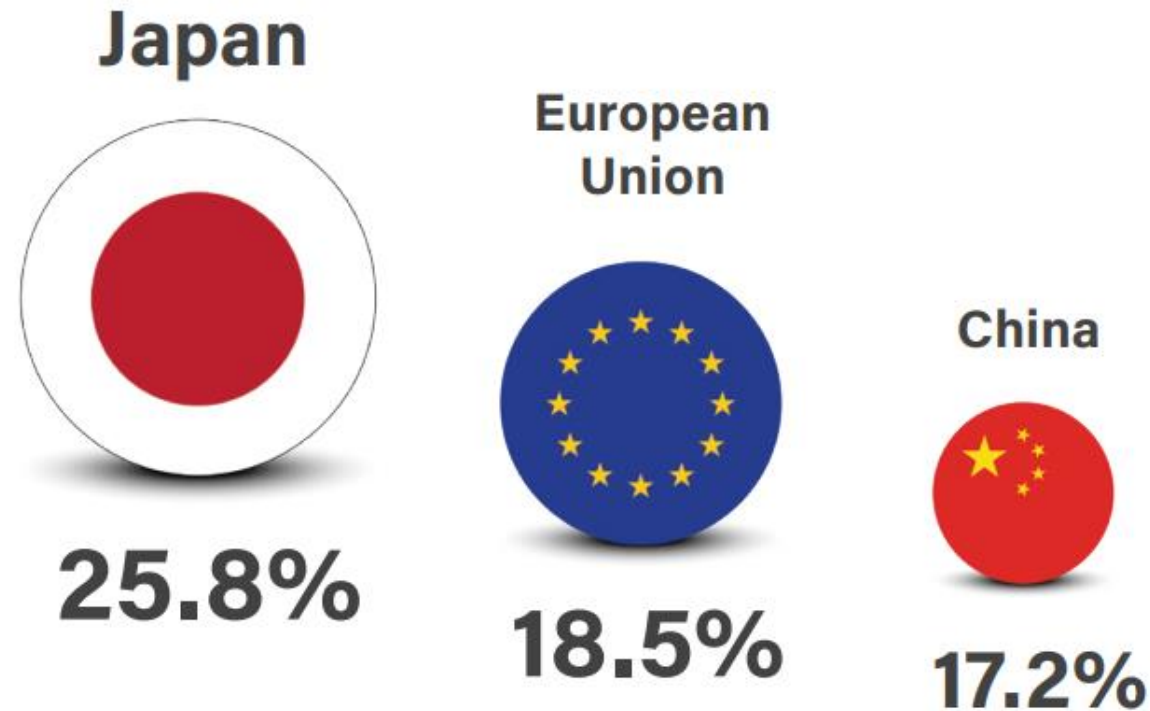
Which country is your favourite holiday destination?



Which country is leading in global climate innovation?



Who could play a more proactive role in sharing their climate expertise, practical ability, and technical know-how in your country?



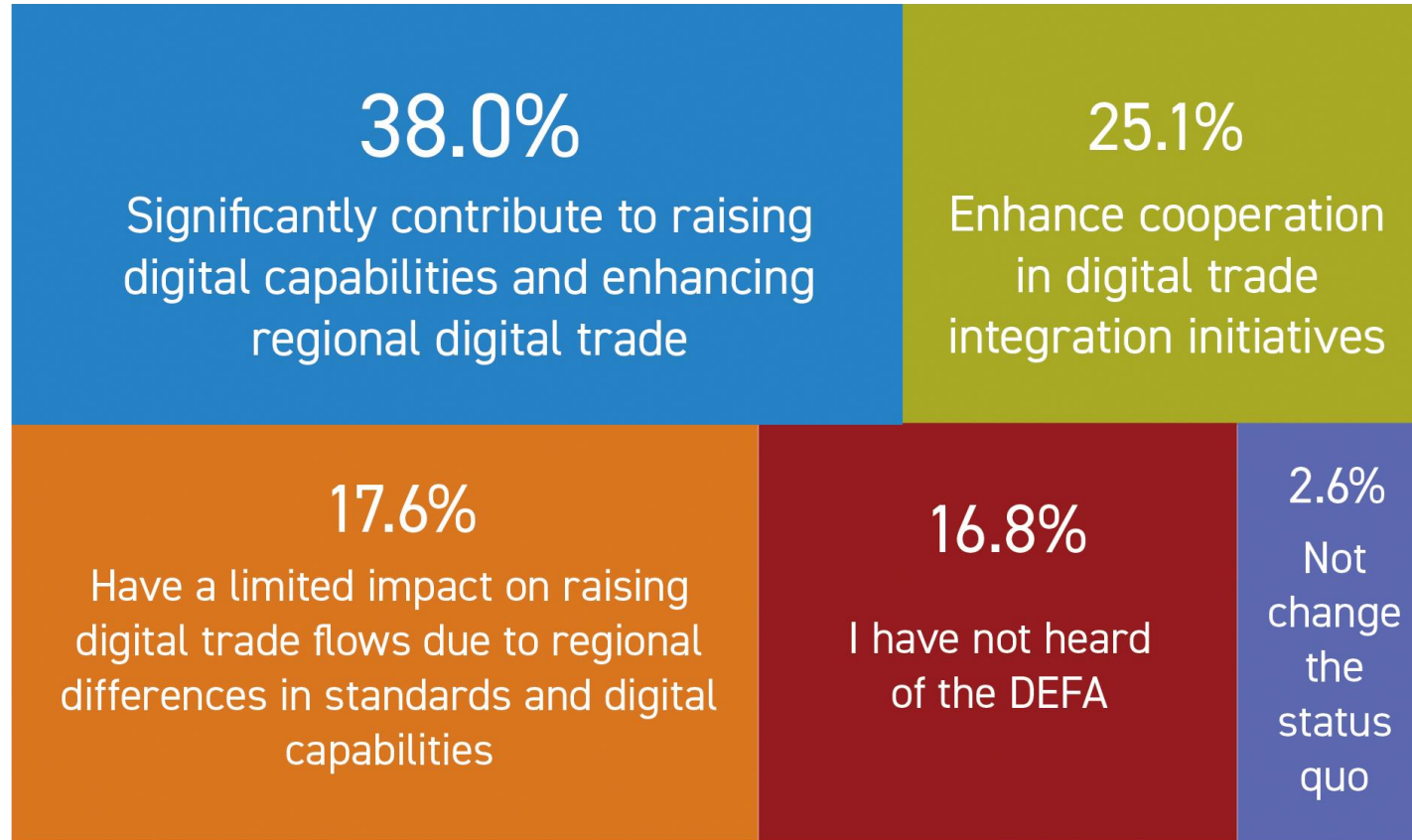
Positives

Japan is a Trusted Economic & Environmental Partner

1. Japan is familiar, trusted & liked
2. Japan has ample financial & industrial capacity, even though its costs may be higher, and its government & private sector cooperate
3. Japan works comfortably with western-led G7 and can be a bridge & advocate (e.g. in IPEF, JETP, PGI, etc)
4. Japan has a nuanced but realistic approach to relating with China
5. Japan can play a catalytic role for Southeast Asia in energy transition

The Bad

The ASEAN Digital Economy Framework Agreement (DEFA) will...





46.5% Israel-Hamas conflict

South China Sea

39.9% Aggressive behaviour in the South China Sea



39.4% Russia-Ukraine War



39.4% Global scam operations



37.2% International drug smuggling



33.9% Change of political leadership in the region



26.6% Myanmar crisis



18.8% 2024 US presidential elections



10.6% DPRK continued ballistic missile testing



7.6% Implications arising from 2024 Taiwan elections

What are the top three geopolitical concerns for the government in your country?

Top Concerns in 2024

1. Israel-Hamas conflict (46.5%)
2. Aggressive behaviour in the South China Sea (39.9%)
3. Tie between Russia-Ukraine War and Global Scam Operations (both at 39.4%)












Negatives

Japan is a Laggard in Digital & Security Contribution

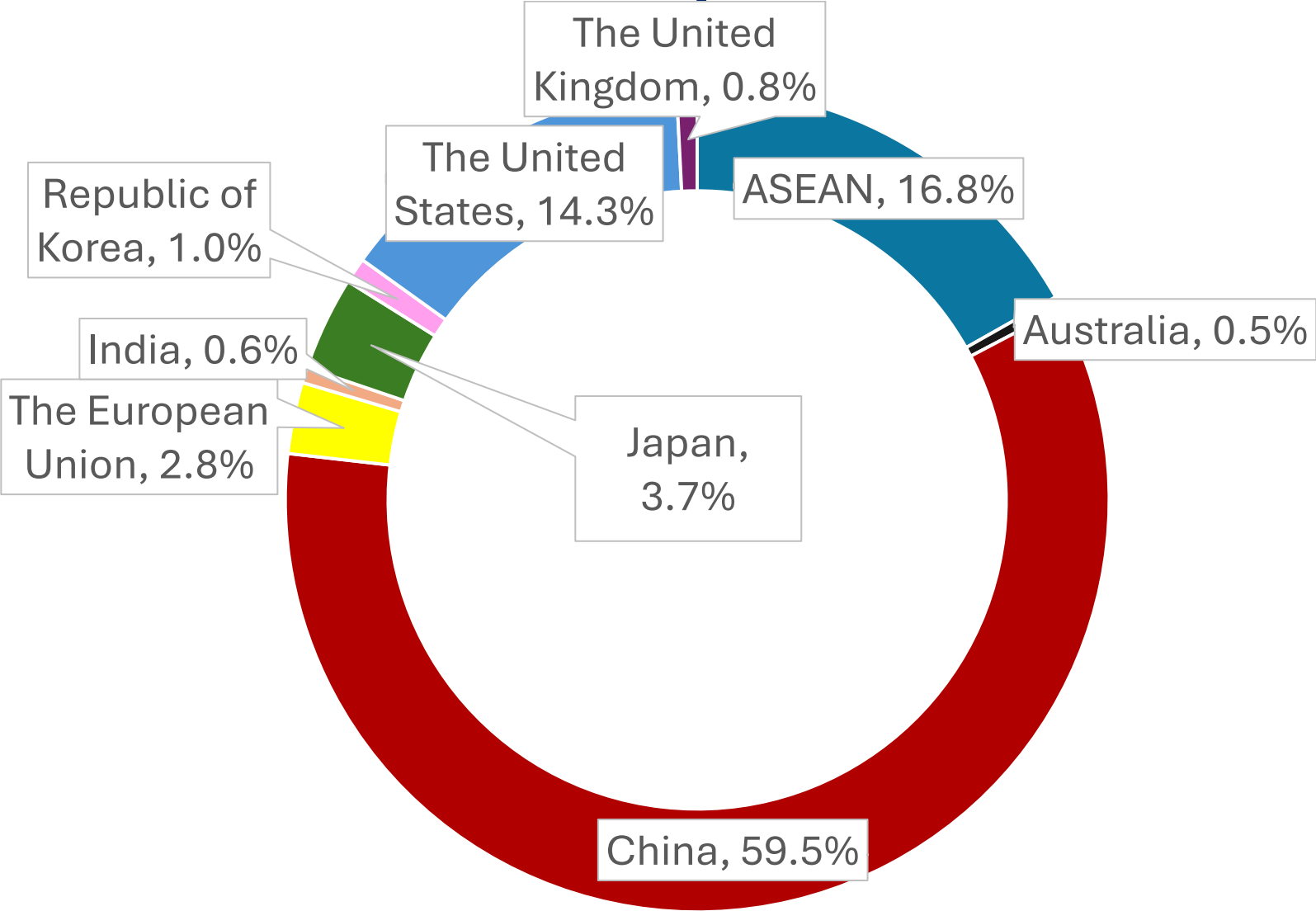
- DEFA is high priority for ASEAN & expected to contribute significantly to future growth but Japan is not well-positioned to benefit from this
- While Israel-Hamas war is higher security concern, the SCS is not far behind, but Japan lacks heft in the security arena to play a bigger role in deterrence

The Ugly

Rank the following Dialogue Partners in order of strategic relevance to ASEAN:

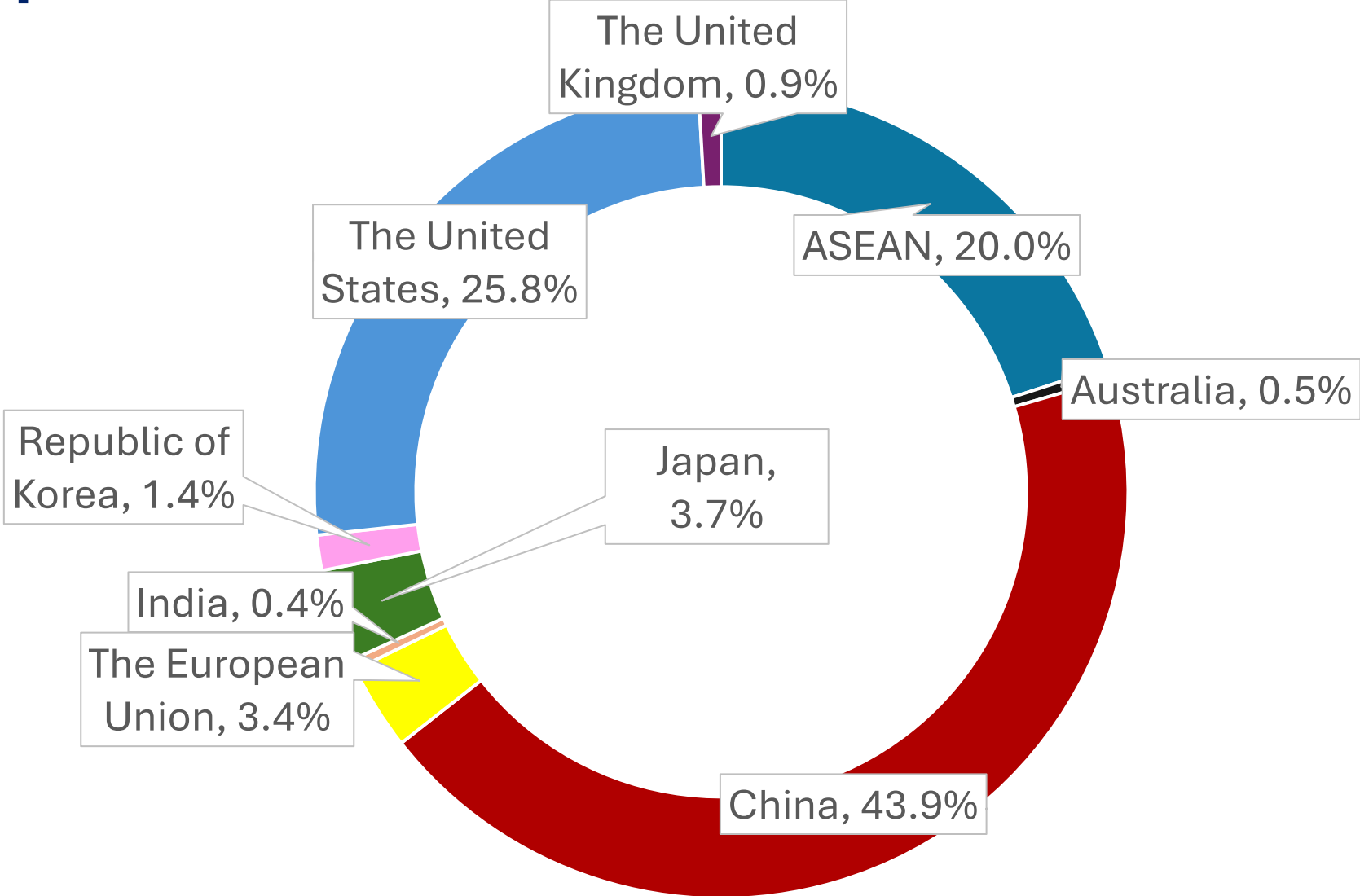
ASEAN Average			Ranking Order by ASEAN Member States										
Rank	Dialogue Partner	Mean Score (Out of 11)	BN	KH	ID	LA	MY	MM	PH	SG	TH'	VN	
1	 China	8.98	1	1	1	1	1	2	4	1	1	2	
2	 The United States	8.79	3	2	2	2	2	1	1	2	2	1	
3	 Japan	7.48	2	3	3	4	3	3	2	3	3	3	
4	 The European Union	6.38	8	4	5	5	4	4	3	5	4	4	
5	 Republic of Korea	5.71	5	6	4	6	6	6	8	7	7	6	
6	 The United Kingdom	5.52	6	5	9	7	8	7	5	8	5	7	
7	 Australia	5.51	4	7	7	8	5	8	6	4	9	8	
8	 Russian Federation	5.08	9	8	6	3	9	9	11	11	6	5	
9	 India	5.04	7	9	8	9	7	5	9	6	8	9	
10	 Canada	3.81	11	10	11	11	10	10	7	10	11	10	
11	 New Zealand	3.70	10	11	10	10	11	11	10	9	10	11	

In your view, which country/regional organisation is the most influential economic power in Southeast Asia?



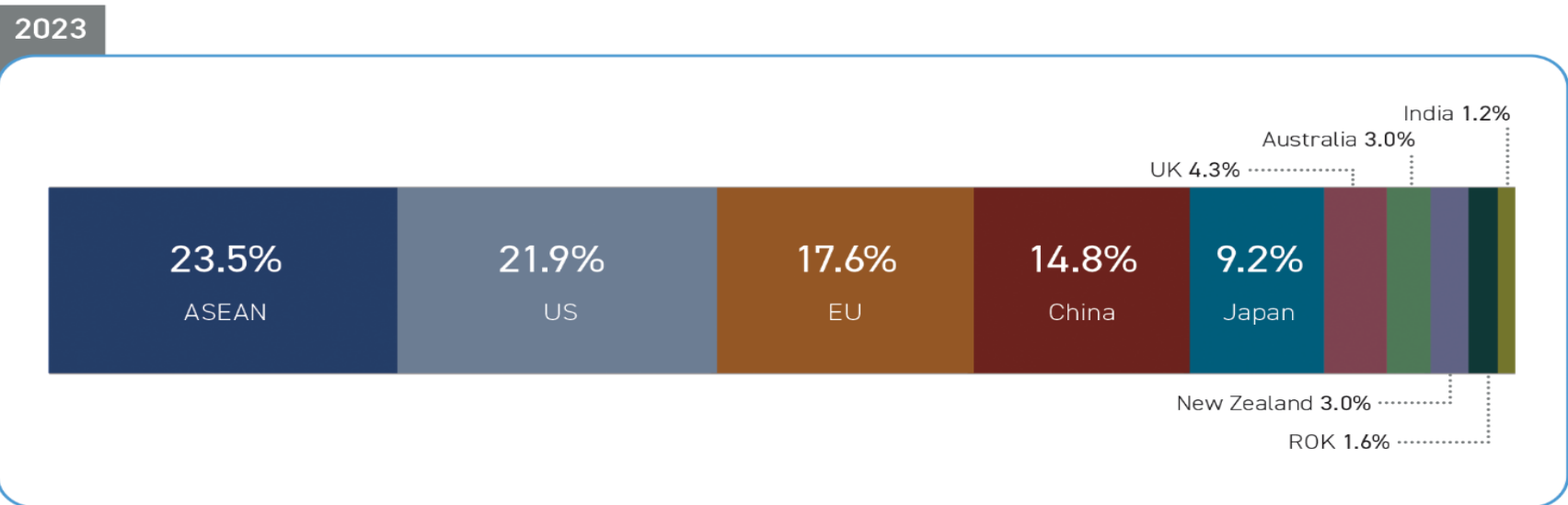
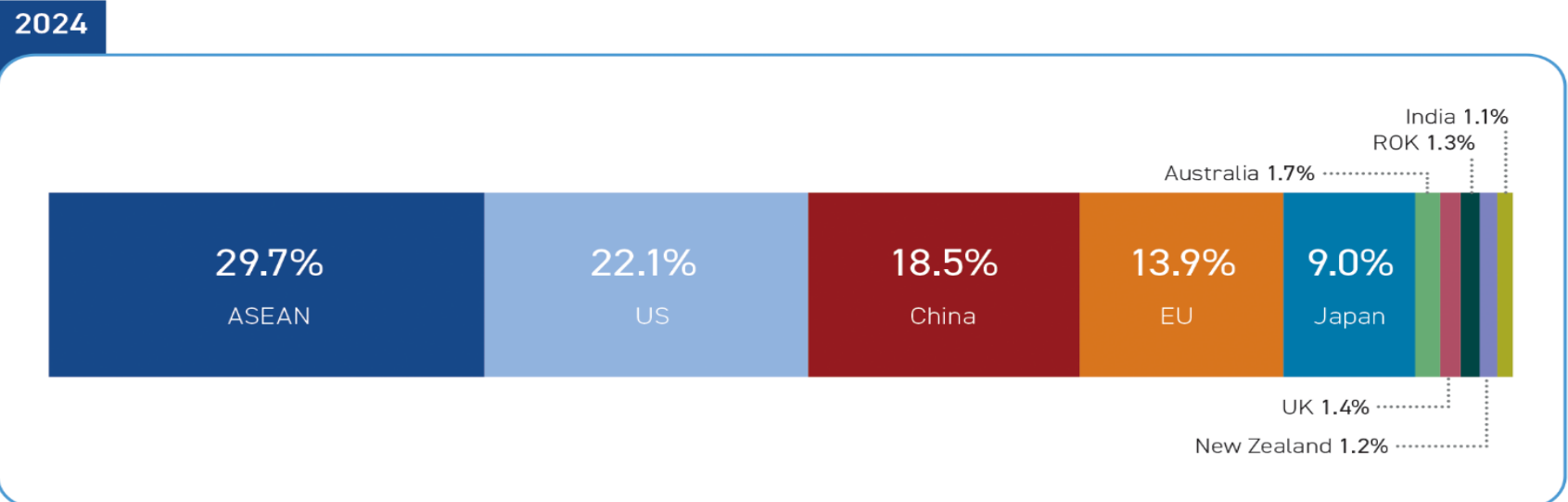
Source: The State of Southeast Asia 2024 Survey

In your view, which country/regional organisation has the most political and strategic influence in Southeast Asia?



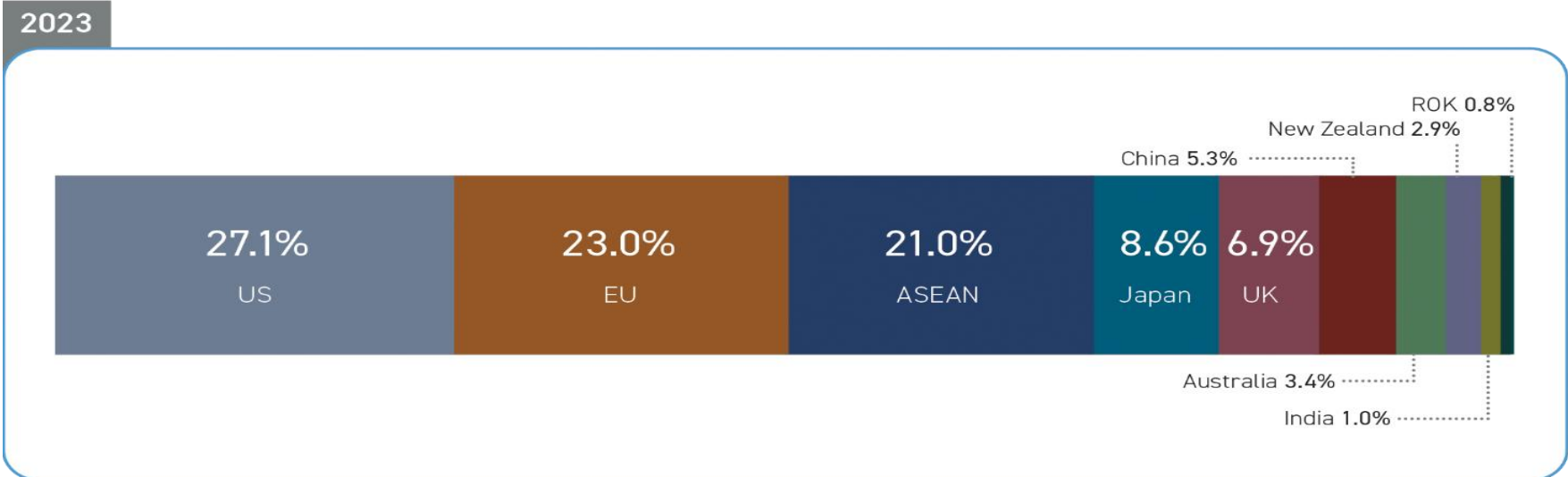
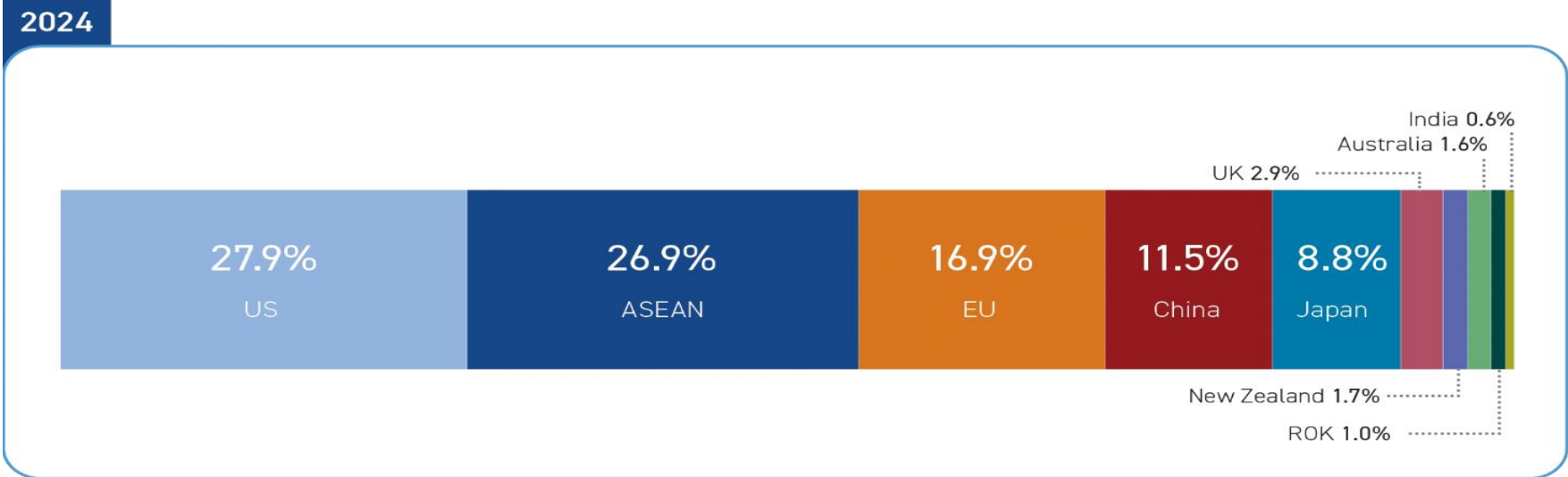
Source: The State of Southeast Asia 2024 Survey

Who do you have the most confidence in to champion the global free trade agenda?



Source: The State of Southeast Asia 2023 – 2024 Surveys

Who do you have the most confidence in to provide leadership to maintain the rules-based order and uphold international law?



Source: The State of Southeast Asia 2023 – 2024 Surveys

Conflicts/Dilemmas

Underperformer in Regional Influence & Leadership

- Japan is 3rd most relevant DP for ASEAN but underperforms in influence & leadership
- Japan plays only a low-key diplomatic role
- Japan's current climate initiatives are mainly self-serving

Conclusion

Conclusion

- Japan has done a spectacular job as Dialogue Partner to ASEAN and build a solid reputation as a trusted power in Southeast Asia
- As geopolitical conditions become more complex and regional growth more challenging, Japan has a strong foundation on which it can further strengthen its position
- To do so, it will have to play a stronger diplomatic and security role in the region, and work with Southeast Asia to address regional climate issues more altruistically