

Japan launches fresh cash and diplomacy push to woo Mekong states

Michael Peel in Bangkok and Robin Harding in Tokyo

Japan is poised to launch a fresh push to bond tighter with a quintet of southeast Asian countries it sees as crucial to both domestic economic growth and regional strategic balance.

Shinzo Abe, prime minister, will play host at a summit in Tokyo this weekend to leaders of the "Mekong five" states, named for the river that flows through them from Japan's arch-rival China.

The premier's courting of Cambodia, Thailand, Vietnam, Myanmar and Laos is part of a more active brand of diplomacy he is promoting in search of new export markets and an Asia governed by international laws.

Kuni Miyake, president of the Foreign Policy Institute think-tank in Tokyo, said Japan was aiming to counter Chinese diplomacy in the region by uniting the Mekong countries behind universal values such as freedom of the seas, at a time when Japan and other countries are in maritime territorial disputes with China. "By doing so we can counterbalance the Chinese push," Mr Miyake said.

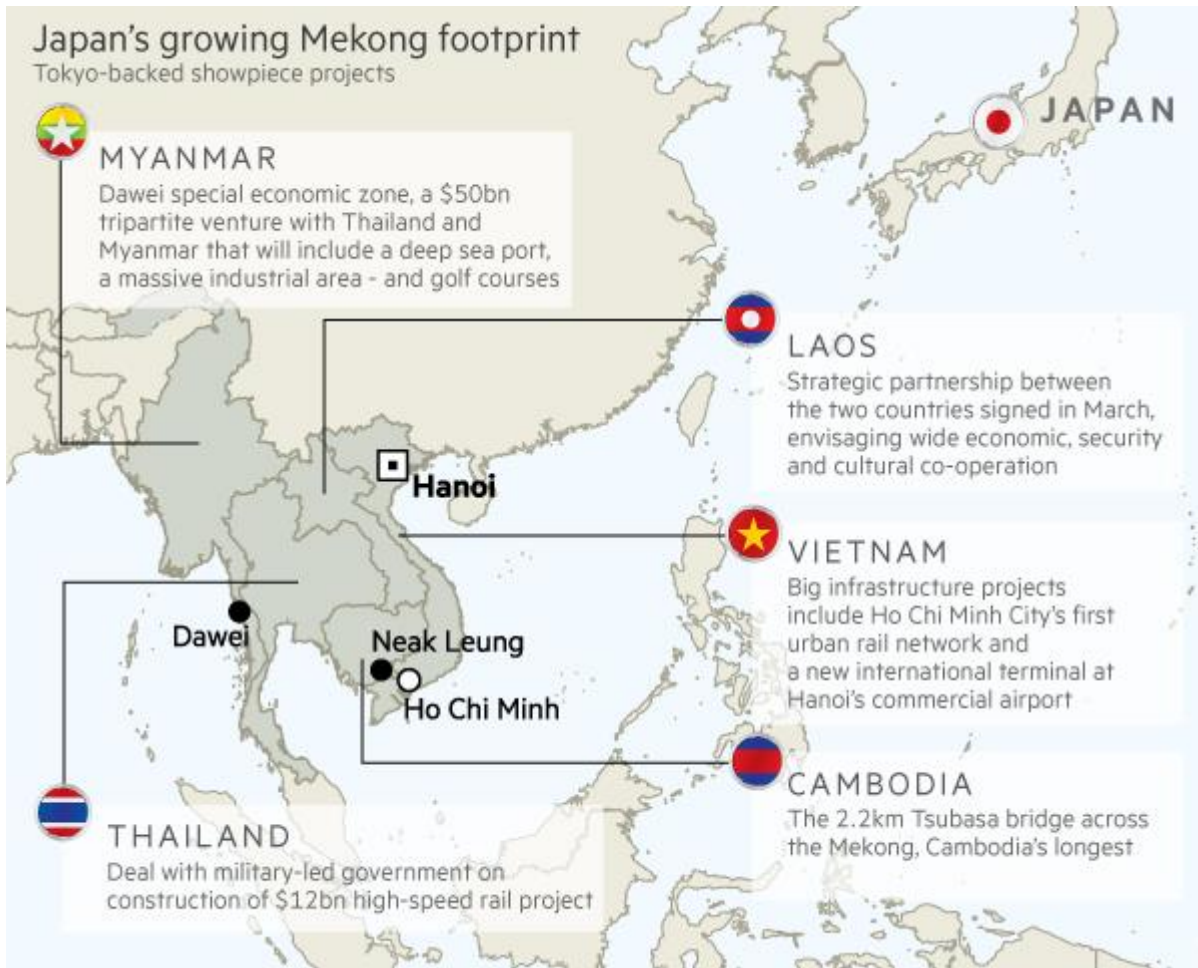
The Tokyo pow-wow follows a high-profile trip this year by a senior Japanese foreign ministry official to Cambodia and Laos, two countries central to China's plans to boost trade ahead of the launch of a single market by the 10-country Association of Southeast Asian Nations later this year.

Beijing has invested heavily in infrastructure in the Mekong region and has cast its growing relationship with Asean's market of more than half a billion people as the start of a "diamond decade", with the aim of boosting trade both ways from \$444bn in 2013 to \$1tn in 2020.

Mr Abe is expected to use the summit to push for a three-year development strategy for the Mekong region, in which Japanese manufacturers have long invested heftily and profitably. Fresh aid is likely from a \$110bn Asian infrastructure programme the premier floated in May.

Tokyo has already agreed to help revive Myanmar's much delayed Dawei special economic zone, a joint project with Thailand that would offer users a route to the Indian Ocean and the markets of South Asia, the Middle East, Africa and beyond.

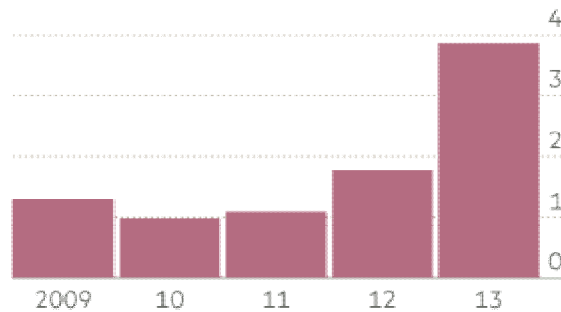
Moe Thuzar, a fellow at the Institute of Southeast Asian Studies in Singapore, said the Japan deals would help the Mekong countries meet infrastructure needs and also widen their alliances in Asia. "At the strategic level - certainly in countries like Myanmar - there is an interest to diversify the external partnerships," she said.



The Mekong region is central to the broader diplomacy Japan has pursued since Mr Abe came to power in 2012. This year the prime minister pushed through a change in overseas development rules to tie them more directly to Tokyo's strategic interests. Japanese net overseas development assistance to the Mekong five countries jumped from less than \$2bn in 2012 to almost \$4bn in 2013, powered by investment in Myanmar.

Japan piles aid into Mekong countries

Net overseas development assistance (\$bn)



Source: Ministry of Foreign Affairs

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While Tokyo is careful not to frame its Mekong activities as an east-west strategy in opposition to north-south routes leading to China, many of its investments are aimed at creating such links within the region. Mr Abe has himself described Laos and Cambodia, the two smallest members of the Mekong five, as key junctions connecting the eastern and western halves of Asean.

The Dawei project fits neatly into that strategy, forming the western terminus of an east-west corridor linking Myanmar, Thailand, Cambodia and Vietnam. That would not only open new markets and manufacturing centres for Japanese companies but also have strategic benefits, such as a partial alternative to shipping through the Strait of Malacca.

Looming beyond the economics are Japanese attempts to build diplomatic support amid rising security tensions between Beijing and other Asian capitals, including Tokyo, over China's artificial island-building and other territorial claims in the East and South China Seas. The Mekong five countries have many cultural links with China but also wildly varying relations with it, ranging from qualified hostility in Hanoi to strong support in Phnom Penh.