

Keeping Strategic Anxieties at Bay: Growing Japan-Vietnam Bonhomie

Japan has made crucial moves in recent years, particularly in its relations with Vietnam, but without much hype.

By Rahul Mishra

Over the last decade, Japan has arguably emerged as Asia's most reliable partner. Japan has made crucial moves in recent years, but without much hype: including on strategic choices to plug the commitment shortfall of the United States or competing with China's Belt and Road infrastructure initiatives; salvaging mega-trade deals such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (known as the Trans Pacific Partnership before the Trump administration walked out); or diplomatic outreach to important Indo-Pacific powers such as Vietnam and India that are not a part of the United States' military alliance treaties.

In the increasingly volatile Indo-Pacific region, Japan's stepped up diplomatic footwork is enormously important, especially to those countries that have been looking to diversify their diplomatic, economic, and security partnerships for greater stability in the region. Japan's recent attempts to reach out to key Southeast Asian countries, such as Indonesia, the Philippines, and particularly Vietnam, is important in that regard.

As one of the fastest emerging regional economies, Vietnam holds a key position in the emerging Indo-Pacific dynamic. A robust and long-term trade and investment partnership with Japan is significant in that context. Both countries are according greater importance to each other, which is manifested in recent initiatives taken by Japan's Prime Minister Suga Yoshihide. For one, his first foreign visit as Japan's prime minister was to Vietnam (and then Indonesia) in October 2020, which is a testimony to Japan's commitment to Vietnam (and the wider ASEAN region). Diplomatic exchanges between the two countries had become regular and more institutionalized under former Japanese Prime Minister Abe Shinzo.

When Vietnam's newly appointed foreign minister, Bui Thanh Son, assumed office, he had a phone conversation on April 27 with his Japanese counterpart, Motegi Toshimitsu, to discuss areas of further cooperation. On the call, Japan acknowledged Vietnam's role and position in the region, while Vietnam termed Japan a long-term strategic partner, and expressed a desire to strengthen the partnership further to implement the 2014 extensive strategic partnership agreement.

Clearly, there is a mutual interest in elevating bilateral ties to a higher level, which if sustained, might have a long-term impact on regional dynamics. The consensus to implement the CPTPP, reached during phone calls between Japanese Economic Revitalization Minister Nishimura Yasutoshi and Minister of Industry and Trade Nguyen Hong Dien, is another signal of the strong Japan-Vietnam ties.

Japan is one of the most active players in the Indo-Pacific and a proponent of a rules-based order. Bonhomie with Vietnam might also encourage the latter to embrace the construct more

tightly. So far, Vietnam's focus has been to follow the ASEAN-led path in implementing a collective Indo-Pacific vision. ASEAN issued an outlook on the Indo-Pacific in 2019, which emphasizes ASEAN centrality, a notion strongly endorsed by Japan.

Like his predecessor, Abe, Suga is invested in regional partners and tirelessly working in shaping a rules-based Indo-Pacific order. Unlike the U.S., Japan has no history of policy flip-flops vis-à-vis the region. It also does not believe in meddling in the internal affairs of others. In addition to being a part of the four-member Quadrilateral Security Dialogue, known as the Quad, Japan is also looking at bolstering bilateral as well as trilateral partnerships in the Indo-Pacific region. Vietnam can be an important partner in such an endeavor.

As one of Vietnam's long-standing and time-tested friends and strategic partners, India could also play a role and enhance its partnership with both Japan and Vietnam. Like Vietnam, India is also not a security treaty partner of the U.S. but has a robust partnership with Japan. India and Japan are already developing a more feasible and transparent infrastructure plan for Asia.

Joint infrastructure investment in Sri Lanka and the Asia-Africa Growth Corridor are classic examples of India-Japan joint efforts to bridge regional infrastructure capacity shortfalls. India's development assistance and capacity building in Vietnam has been impressive. India and Japan should jointly initiate an infrastructure and connectivity projects in Vietnam as this trilateral collaboration mechanism might work for the benefit of all.

Defense and strategic cooperation is one of the fastest emerging dimensions of Japan-Vietnam ties. During Suga's visit, the two countries signed an agreement to supply military gear and technology to Vietnam. During the foreign ministers' call, which was followed by Suga's visit, the issue of the South China Sea was also discussed. China's growing assertive posture is a matter of mutual concern as both Japan and Vietnam have active maritime disputes with China in the East and South China Seas, respectively. That said, it would be unfair to term China as the only factor shaping Japan-Vietnam ties even though some of the steps in the relations are closely linked to China's aggressive postures.

On the trade and investment front, Japan is the second largest cumulative investor in Vietnam with \$60 billion in investments. It has more than 4,500 investment projects in Vietnam. With **Japan incentivizing its companies to pull out investments from China**, Vietnam stands to benefit, which might further cement the bilateral trade ties.

Another important indicator is Japan's Overseas Development Assistance (ODA) — one of the most important soft power projection tools for Japan. With \$23 billion, it has been the largest ODA donor to Vietnam. Japan's Enhanced Partnership for Quality Infrastructure (PQI) is also gaining ground to challenge China's Belt and Road Initiative (BRI) in the region. One major Japanese project in Vietnam is the construction of the Nhat Tan bridge in Hanoi, famously known as the Vietnam-Japan friendship bridge. Japan is also a member in the Regional Comprehensive Economic Partnership (RCEP). With India pulling out of the economic agreement in 2019, Japan's presence in the RCEP still keeps it a secure arrangement.

Under Suga, Japan-Vietnam relations are on an upward trajectory — a trend premised on reliability, mutual interests, and shared concerns. Japan's policy and approach align with Vietnam's perceptions and policies. Japan emphasizes ASEAN centrality, and like India and the U.S., it has also placed ASEAN at the core of its Indo-Pacific policy. And yet, Japan, like India,

is not putting pressure on Vietnam to join the so-called “Quad plus” mechanism. Japan is mindful of the fact Vietnam is not yet ready for such a strategic adventure. This flexible and accommodative engagement makes it convenient for Vietnam to welcome Japan’s greater presence in the region, which is vital to ensure peace, stability, and a rules-based order in the Indo-Pacific.

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