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## **JAPAN'S NEW STRATEGY TOWARD THE MEKONG REGION**

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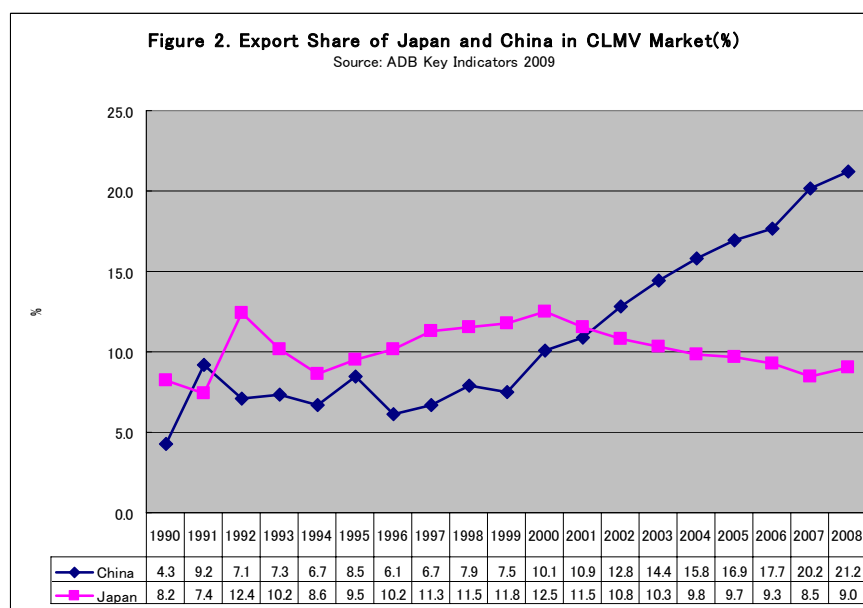
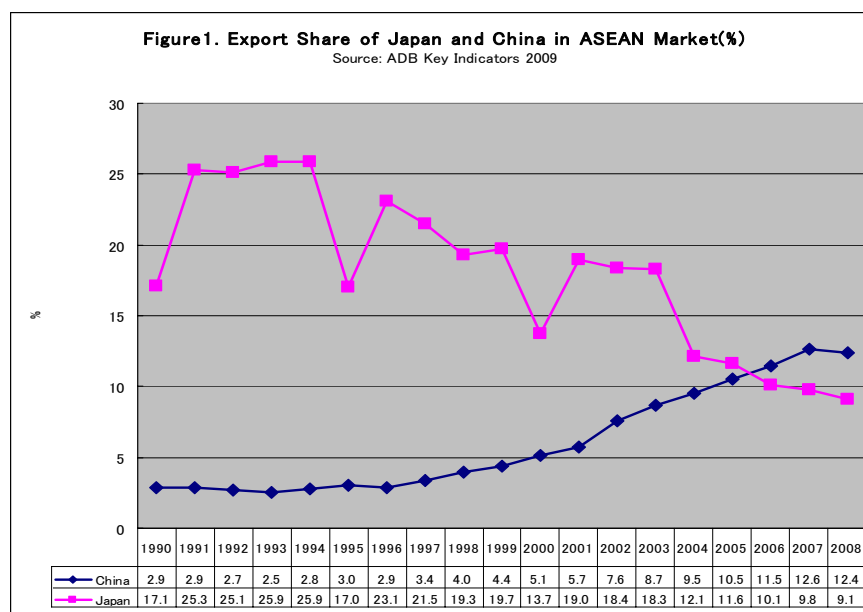
In November, Japanese Prime Minister Yukio Hatoyama and his counterparts from five Mekong region countries (Cambodia, Laos, Myanmar, Vietnam and Thailand) held their first summit in Tokyo. Hatoyama then pledged to provide financial and technical assistance in a wide range of areas, including the environment and climate change, infrastructure, health care and basic education, in order to assist the region's development. He committed more than 500 billion yen in official development assistance (ODA) over the next three years.

*The views expressed in this piece are the author's own and should not be attributed to The Association of Japanese Institutes of Strategic Studies.*

It was in the early 1990s that Japan made development assistance to the CLMV countries (Cambodia, Laos, Myanmar, and Vietnam, the least developed countries on the Indochinese Peninsula) one of the key policies of its Southeast Asian diplomacy. Behind this lay the end of the Cold War and the subsequent signing of the peace agreement in Cambodia that ended decades of hostilities in the region. The CLMV countries had abandoned their socialist economies and started opening their markets and establishing market economies. When Japan convened a Forum for the Comprehensive Development of Indochina in Tokyo in 1993, it believed that the development of the Mekong region was vital to promoting the integration of ASEAN. At the time, China was not a factor in Japan's strategy for the Mekong region, for China's presence was not yet significant in the region, even in economic terms, except in Myanmar.

Since 1999, however, China has been pursuing active diplomacy in Southeast Asia in the wake of the Asian financial crisis and strengthening economic ties with the CLMV countries in particular. Figure 1 and Figure 2 show that the export share of Japanese products in both the ASEAN and CLMV markets dropped in around 2000 at the same time that of Chinese products began to increase, as if to indicate a shift in the balance of influence between the two countries in the region. Behind the increase in China's export share is the underdeveloped and uncompetitive manufacturing industry of the Mekong countries and the high demand for low-priced Chinese products in the region.


The major objectives of China's Southeast Asia strategy are thought to be: 1) to secure an access route to the Indian Ocean that does not pass through the Strait of Malacca, 2) to secure resources, including mineral resources, such as oil, natural gas, copper, and bauxite, water resources, and agricultural and fishery products, 3) to secure markets for Chinese products, and 4) to promote China's inland development through border trade. To this end, China has already established a free trade area with ASEAN. It is also proceeding with large-scale logistic projects designed to link China with Southeast Asia by land, such as the construction of oil and natural gas pipelines linking Sittwe, one of Myanmar's port cities, with Kunming, the capital of China's Yunnan Province, the development of an oil transport channel linking Thailand's northern province of



Chiang Rai to Yunnan Province via the Mekong River, and the construction of a “north-south corridor” expressway linking Kunming and Bangkok.

Naturally, China’s rapidly expanding influence in the CLMV countries is forcing Japan to rethink its strategy toward the Mekong region. Added to the traditional cause of promoting ASEAN integration by reducing regional gaps is the new, more difficult task of preventing the Mekong regional countries from becoming satellite states of China and the eventual establishment of a

Sinocentric order in Asia. Meanwhile the Mekong countries, especially those having borders with China such as Vietnam, Laos and Myanmar, have had historically mixed feelings about a powerful China and wish to maintain a balance of power with China, despite their relatively small size, by strengthening economic ties with Japan. How Japan responds to these demands will be an important issue.

However, we must avoid making the region an arena for a struggle for influence in which Japan counters China's advance southward through the north-south corridor with an "east-west corridor" strategy. In this respect, it was significant that Japan and China established a framework for policy dialogue on the Mekong region that convened its first meeting last year. Given the differences in strategy between Japan and China, there are no bright prospects for the two countries actually cooperating in the region. However, I strongly hope that the two countries develop a relationship of complementary cooperation in such areas as the construction of infrastructure and human resources development in order to foster the sustainable development of Asia's poorest region. 

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