

# LOCATING VIETNAM-JAPAN'S STRATEGIC PARTNERSHIP IN THE CHANGING EAST ASIAN POLITICAL LANDSCAPE

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## Abstract:

Unlike the other complicated bilateral relationships in East Asia, Vietnam and Japan are the two generally 'problem-free' neighbours. Despite having been 'strategic partners' since 2006, due to domestic and external constraints, until recently this strategic partnership was mainly confined to the economic domain. However, with the changing regional political landscape stemming from China's growing unilateralism and assertiveness in territorial disputes, the ambiguity of U.S. commitment to Asia, and the lack of effective multilateral frameworks for conflict management in the region, there is posing a need for Vietnam and Japan to strengthen their strategic partnership as a hedge against a number of economic, security, and strategic challenges of mutual concerns. Cooperation in security and strategic realms has been witnessed since 2011 and in March 2014, Hanoi and Tokyo decided to elevate their ties to a new level of 'Extensive Strategic Partnership for Peace and Prosperity in Asia.' This paper analyzes how Vietnam and Japan locate their strategic partnership in the overall foreign policy of each country and the possibilities for furthering the relationship in the time to come. It argues that there are chances for Vietnam-Japan's Strategic Partnership to tap into its full potential given the good political and people-to-people trust they have forged, the extent to which their economies can mutually complement, and the many strategic concerns and interests they share. The paper also suggests that an enhanced strategic partnership between Vietnam and Japan will not only serve the two countries' interests but also contribute to promoting regional peace and prosperity, particularly in the context of evolving US-China geopolitics and ASEAN-driven regionalism.

**Keywords:** *Vietnam-Japan partnership, Japan-ASEAN relations, US-China geopolitics, East Asian IR, East Asian Security*

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The author would like to thank Dr. Tomotaka Shoji (The National Institute for Defense Studies), Dr. Yasuyuki Ishida and Ms. Yuko Hirabayashi (JIIA) for their kind assistance throughout the research fellowship. She is also grateful to Prof. Motoo Furuta and Prof. Akio Takahara (University of Tokyo), Prof. Yoshihide Soeya (Keio University), Prof. Tran Van Tho (Waseda University), Prof. Koichi Sato (Oberlin University) and Dr. Seiichiro Takagi (JIIA) for helpful discussions on the research topic.

## 1. Introduction

Last year Vietnam and Japan marked the 40<sup>th</sup> anniversary of the establishment of their diplomatic relations. Despite many international, regional, and national upheavals affecting both countries in the past four decades, the economic, political, and cultural relations between Vietnam and Japan have been continuously extended; and mutual understanding and trust between the two countries' leadership and peoples have significantly deepened. Since the bilateral relationship was resumed in 1992, there have been regular exchange visits by high-ranking leaders that serve as a springboard for lifting the bilateral relations into a new height. In 2002, Vietnam and Japan agreed to promote their relations in accordance with a guideline of 'ensuring partnership, long stable'. During the visit to Vietnam of the Japanese Minister of Foreign Affairs in July 2004, Hanoi and Tokyo signed the Joint Statement 'Toward a Higher Sphere of Enduring Partnership'. In October 2006, during an official visit to Japan by Vietnam's Prime Minister Nguyen Tan Dung, the two countries decided to open a new phrase of cooperation 'Toward a Strategic Partnership for Peace and Prosperity in Asia'. The five areas of this 'strategic partnership' as stated in the Joint Statement are: promotion of dialogue; Japan's economic assistance to Vietnam; economic relations; cooperation in science and technology; Mutual Understanding between the Peoples of the Two Countries; and Cooperation in the International Arena. The Strategic Partnership was formally concluded in 2009 during the visit to Japan of Vietnam's Communist Party General Secretary Nong Duc Manh, and since then annual dialogues have been held to further map out the substance of this framework.<sup>1</sup> As the backbone of the strategic partnership, economic cooperation has been developed very successfully, particularly since the Vietnam-Japan Economic Partnership Agreement (VJEPA) came into force in 2009. In the security realm, a Memorandum of Understanding (MOU) on the enhancement of defense cooperation was concluded in October 2011, and the first maritime security talk was held in Hanoi in May 2013. In the formal talks to conclude the Vietnam-Japan Friendship Year in December 2013, the two Prime Ministers reaffirmed their commitment to the comprehensive development of the strategic partnership between Vietnam and Japan.<sup>2</sup>

To date, the strategic partnership framework has been established in a comprehensive and substantial manner. This research, however, argues that there remains more room for the relations to be brought into full play, particularly in realizing the aims of the two countries' leaders upon coining this 'strategic partnership' framework, which not only to serves the two countries' national interests but more importantly, promotes 'peace and prosperity in Asia'. It is the researcher's strong belief that the Vietnam-Japan strategic partnership has great potential to be further enhanced, particularly when compared to other 'strategic partnerships' they have with other states. On the Vietnamese side, relationship with other important partners like China and the United States often entail domestic divisions, given the lingering historical skepticism and unresolved maritime disputes with China, or ideological differences and 'barriers' over human rights issues and relics of the Vietnam War with the United States. Meanwhile, strengthening bilateral relations with Japan almost forms a general consensus among the Vietnamese elite and public circles. The heart-felt support of Vietnamese people toward the victims of the tsunami and earthquake that hit Japan in 2011 and their admiration of how the Japanese people handled the hardship is one of the many examples to illustrate the solid ground of the empathy among the

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<sup>1</sup> Government Portal of the Socialist Republic of Vietnam on November 12, 2013, accessed January 12, 2014.

<sup>2</sup> *Vietnam News Daily*, December 16 2013, "Viet Nam and Japan pledge to strengthen strategic partnership"

people. On the Japanese side, enhanced interactions with Vietnam (and ASEAN more broadly) are crucial to hedge against the ups-and-downs with Northeast Asian neighbors due to the history issue and territorial disputes, as well as the rather ambivalent US commitment in defending Japan's core interests. Prime Minister Abe's first foreign visits to Vietnam, Indonesia, and Thailand following his return to power in the late 2012 and his visiting all ten ASEAN members within the year 2013, culminating in the high-profile Japan-ASEAN Summit at the end of the year clearly manifests an 'ASEAN-pivot' trajectory of Japan's current administration. More importantly, both Japan and Vietnam, as one may witness, are facing numerous challenges stemming from the global financial crisis, domestic economic slowdown, and a changing political landscape in the region. East Asian security and stability are being challenged by evolving dynamics in China and the Korean peninsula, as well as by multiple power transitions among regional powers. These developments may entail potential threats, such as the escalation of territorial disputes in East and South China Seas,<sup>3</sup> nuclear proliferation, or even military confrontation among regional states. Furthermore, while parts of this region enjoy unparalleled growth in economic and political power, the recent global economic recession has imposed financial constraints on some countries and their security strategies. In this context, Prime Minister Abe has recently called for Vietnam and Japan to 'play a more active role' in maintaining regional peace and security, particularly in the face of their growing maritime tensions with China.<sup>4</sup>

Against this background, this research aims to explore the possibility of a further enhanced strategic partnership between Vietnam and Japan, particularly in the political and security arena, given recent developments in East Asian political landscape. It will also analyze how a stronger Vietnam-Japan strategic partnership would impact the regional architecture on a wider scale. I will assess the Vietnam-Japan strategic partnership and its implications in the regional arena at three levels: the Vietnam-Japan bilateral relationship; Vietnam's and Japan's bilateral relations with other powers (e.g. China, the United States, and ASEAN); and the possible contribution of the Vietnam-Japan enhanced strategic partnership to the regional architecture in-the-making (e.g. ARF, ADMM+, TPP etc.). Some policy recommendations will also be suggested throughout the paper.

## **2. Locating the Strategic Partnership in Vietnam and Japan's Foreign Relations**

### ***Japan in Vietnam's national development strategy and multi-directional diplomacy***

Vietnam's foreign policy over time has been shaped by many factors, to name but a few, its ideology and values, national interests, domestic politics, regional and international contexts, leadership's identities, and the other country's policy toward itself. During the Cold War, Vietnam adopted an ideology-driven foreign policy as Hanoi chose to ally with the socialist bloc to materialize its utmost goal of national independence and unification. However, toward the end of the Vietnam War following the conclusion of the Paris Agreement in early 1973, Hanoi started approaching capitalist countries in search for foreign capital to reconstruct its war-

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<sup>3</sup> The South China Sea is called the 'East Sea' in Vietnam. For the purpose of convenience (to distinguish with the East China Sea), I will use the term 'South China Sea' throughout this paper.

<sup>4</sup> [http://vccinews.com/news\\_detail.asp?news\\_id=27977](http://vccinews.com/news_detail.asp?news_id=27977), February 25, 2013; accessed December 14, 2013.

ravaged economy. Japan was then seen as an economic and technological powerhouse that could potentially contribute to Hanoi's efforts for national reconstruction. This policy shift was met with significant changes in Japan's Southeast Asia policy, which strived toward a more 'autonomous diplomacy' (*jishu gaiko*), culminating in the enunciation of the Fukuda doctrine in August 1977. Bilateral diplomatic relations were established on September 21, 1973 and Japan started to provide official development assistance (ODA) to Hanoi soon after Vietnam was unified in April 1975.<sup>5</sup>

The subsequent upheavals, however, suspended Vietnam's foreign relations (including that with Japan) for more than a decade (1979-1991). China decided to launch a border attack to 'teach Vietnam a lesson' following Hanoi's earlier decision to formally ally with the Soviet Union in 1978 and its intervention in Cambodia in early 1979. Although Vietnam managed to stall the attacks from both ends (China in the North and pro-China alliance against Vietnamese occupation in Cambodia in the South), it came at the 'price' of a decade-long economic embargo and international isolation by the US, China, and ASEAN countries, not to mention another military attack by China in 1988 to take over a number of islets controlled by Vietnam in the South China Sea. These conflicts, if anything, have taught Vietnam a bitter yet precious lesson about alliance politics - that it should not be over-reliant on a big power's willingness to defend Vietnam's interests and that it should not go with one power against the other. That '*Distant water won't help put out a fire close at hand*' ('nước xa không cứu được lửa gần') is something Vietnam has drawn on from its own experience dealing with its two former allies - China and the Soviet Union - during this period of Sino-Soviet split. Signs of an emerging global détente among the big powers starting from the latter half of the 1980s, and Hanoi's own awareness of serious domestic problems following decades of wars and international isolation were the underlying factors that facilitated Vietnam's reform process, beginning with the 'Doi Moi' (Renovation) policy in 1986. In this light, Vietnam made radical changes in its strategic thinking, known in Vietnamese as 'Đổi mới tư duy đối ngoại' ('new thinking in diplomacy'). Hanoi gradually settled the thorny Cambodia issue; normalized its relations with 'former enemies' and 'hostile forces' like China and the US; re-established ties with other capitalist powers (including Japan) and financial institutions; as well as initiated negotiations with ASEAN counterparts for a membership. The end of the Cold War in 1991 with the collapse of the Soviet Union and socialist bloc, which once served as 'the cornerstone of Vietnam's Foreign Policy' officially put an end to this ideology-driven and alliance-based thinking, and re-oriented Vietnam's Foreign Policy toward a 'multifaceted' and 'omni-directional' one.

In the '*Doimoi*' era, Vietnam pursues a self-declared foreign policy of independence, sovereignty, openness, multilateralization, diversification of external relations and proactive integration into the world. With the guiding motto evolving from 'more friends, less enemies' to 'Viet Nam is willing to become a friend and reliable partner of all countries in the world community, striving for peace, independence and development,'<sup>6</sup> Hanoi aims to maintain and secure a peaceful

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<sup>5</sup> Japan provided 8.5 billion yen in October 1975, 5 billion yen in 1976, 4 billion yen in April 1978, and 10 billion yen in July 1978. See more: Yoshihide Soeya, "Japan's policy towards Southeast Asia: Anatomy of Autonomous Diplomacy and the American factor" in Chandran Jeshurun, ed., *China, India, Japan and the Security of Southeast Asia*, (Institute of Southeast Asian Studies, Singapore, 1993), p. 99.

<sup>6</sup> At the Xth Party Congress in 2006, Hanoi added that Vietnam should strive toward being "an active and constructive member in the international community, striving for peace, cooperation and sustainable development,

environment and creating a more favorable international environment conducive to national construction and defense, thus enhancing the position and prestige of Vietnam in the international arena. Although security issues such as the regime's stability and territorial disputes with China still loom large in Vietnam's strategic thinking, Hanoi saw the threat of further lag behind other regional states in economic development as more urgent.<sup>7</sup> As a result, the Communist Party (CPV) decided to launch a comprehensive economic reform within the country (shifting from a centralized to a market-oriented, multi-component economy) and began to open up its economy for foreign trade and investment. Japanese companies were among the first foreign investors to pour capital in Vietnam despite all the barriers and obstacles in terms of infrastructure, legal framework, and investment environment in the early 1990s. As for official exchanges, the Japanese government renewed aid to Vietnam in 1992 and actually played a key role in calling for the international community and international financial organizations, such as the International Monetary Fund (IMF) and World Bank (WB) and OECD countries, to restore ties with Vietnam and assist its economic development. The two countries exchanged MFN status in 1999 and their bilateral economic relations have been steadily developed ever since.

As the economy has been growing fast over a decade (7-8% annual GDP growth during the 1992-2006 period), the CPV increasingly bases its legitimacy on its socio-economic performance. This, however, also 'presents the Party and the government with a new challenge: to maintain uninterrupted economic development.'<sup>8</sup> As Hanoi increasingly depends on external exchanges for its economic wellbeing, economic tasks have increasingly manifested themselves in Vietnam's diplomatic activities, culminating in the introduction of the so-called 'Economic Diplomacy' or 'Diplomacy for the purpose of Economic Development'. Accordingly, political diplomacy should be closely combined with external economic activities with the aim to mobilize more external resources, expand export markets and establish ties with more partners to serve the socio-economic development, so as to turn Vietnam into an industrialized and modernized country by 2020. As Vietnam is determined to 'achieve the major targets of industrialization and modernization of the country, one of high priorities in Vietnam's multifaceted and multi-directional diplomacy has been given to the strengthening of substantial relations with advanced economies to mobilize external resources for the country's development. Being the region's top trading partner and ODA provider, and a source of capital and technologies, Japan is of great significance to Vietnam's development.'<sup>9</sup> In recent years, Vietnamese leaders have repeatedly referred to Japan as their 'first ranking economic partner' or 'most important development partner', given the fact that the latter has become their top ODA

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actively participating in regional and international cooperation." See more: The Government Portal of the Socialist Republic of Vietnam, "Viet Nam's Present Foreign Policy", accessed December 16, 2013.

<sup>7</sup> Vietnam's Defence White Paper 2009 identifies four major security challenges: (1) impact of the global financial crisis on Vietnam's economy and the danger of "further lagging behind" other regional states; (2) the threat by "hostile forces... to incite violence and separatism" in order to undermine domestic stability; (3) disputes over sovereignty, sovereign rights and jurisdiction over the territories in the East Sea [South China Sea]; and (4) non-traditional security issues (specifically illegal trafficking of weapons and drugs, piracy, organized transnational crimes, terrorism, illegal migration and immigration, environmental degradation, climate change, and epidemics).

<sup>8</sup> Tran Truong Thuy and Nguyen Minh Ngoc, "Vietnam's Security Challenges: Priorities, Policy Implications and Prospects for Regional Cooperation" in *Security Outlook of the Asia Pacific Countries and Its Implications for the Defense Sector*, (NIDS Joint Research Series No. 5, 2010), The National Institute for Defense Studies, Japan, p. 103.

<sup>9</sup> Dinh Thi Hien Luong, "Vietnam-Japan Relations in the Context of Building an East Asian Community", *Asia-Pacific Review*, (Vol. 16, No. 1, 2009, pp. 100-130), p. 108.

donor since 2006 (accounting for 30% of the total foreign assistance for Vietnam), their biggest foreign investor both in terms of registered and disbursed capital, and their third largest trading partner (as of 2013).<sup>10</sup> Japan also supported Vietnam's bid to join the WTO in 2006 and was the first G7 country to recognize Vietnam's full market economy status in 2011. So far, Japan is the only foreign country selected by Hanoi to support its long-term industrialization process as manifested through the 'Vietnam's Industrialization Strategy in the framework of Vietnam - Japan cooperation toward 2020, vision to 2030'. In the talks with Prime Minister Abe during his first overseas visit to Vietnam in the second term, Vietnamese Prime Minister Nguyen Tan Dung reportedly said that 'intensifying and consolidating the friendly and cooperative relationship with Japan is not only the consistent guideline and top priority of the foreign policy but also the strategic choice of the Party and Government of Vietnam.'<sup>11</sup>

This 'top priority' and 'strategic choice', apart from the economic dimension, should have something to do with Hanoi's assessment of Japan's role in its heightened tensions with China in the South China Sea. In its independent, self-dependent, and multi-directional foreign policy which aims to effectively combine strengthening internal capabilities and cultivating mutual beneficial relationships with various partners and institutions in the region and the world arena, Hanoi does place its relations with regional neighbors (particularly those with whom it shares the borders) and big powers at the core of its foreign policy. Japan fits into this category both as a regional neighbor and a big power, as viewed by Hanoi. As learnt from the past, cultivating viable and long-term relationships with neighboring countries is a must to ensure a stable surrounding environment for preserving Vietnam's security and territorial integrity. Although managing relations with China (which shares not only land but also maritime borders with Vietnam) remains a top priority in this regard, Hanoi also attaches great importance to its relations with Japan, South Korea and other ASEAN countries as a 'hedge' against its traditional suspicion of Beijing's intentions. In its regional policy, Hanoi increasingly identifies itself as an ASEAN member and has been proactively promoting regional integration with the hope that 'institutional membership will constrain potential Chinese aggression by tying China down, and by binding regional states together.'<sup>12</sup> This is also in line with Japan's and other ASEAN countries' desire to 'socialize' China and hedge against great power rivalry by means of multilateral cooperative mechanisms. Boosting relations with Japan, in this light, is seen as increasing Hanoi's leverage power whilst reducing its over-reliance on China in security and economic terms respectively.

Hanoi's strategy toward Japan along with other big powers, however, is delicate balancing which aims to forge as many equidistant and mutually dependent relations with all major powers without leaning too much on any one side. As a small country 'having been strongly influenced historically by major powers such as China, France, Russia and America, Vietnam has developed an astute sense of balance in maneuvering its way through the world', as a Japanese scholar has

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<sup>10</sup> Foreign Minister Pham Binh Minh's interview with the Voice of Vietnam, <http://english.vov.vn/Politics/VietnamJapan-relations-will-continue-to-grow-steadily/265153.vov>, accessed December 20<sup>th</sup> 2013.

<sup>11</sup> *Voice of Vietnam*, "Việt Nam – Nhật Bản: Đối tác chiến lược tin cậy và bền vững" (Vietnam-Japan: A reliable and sustainable strategic partnership), assessed January 16, 2014.

<sup>12</sup> Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia", *International Security*, (Vol. 32, No. 3, Winter 2007/2008, pp. 113-157), p. 129.

precisely noted.<sup>13</sup> Hanoi's skillfulness in the art of balancing diplomacy is manifested in its maneuvers to forge multiple interdependent relationships with major powers both in bilateral and multilateral arrangements so that '... anybody wanting to violate Vietnam's sovereignty would be violating the interests of other countries as well.'<sup>14</sup> The logic, as a Vietnamese high-ranking leader, Former Deputy Prime Minister and Trade Minister Vu Khoan, succinctly puts it, is that 'the more interdependent ties we can cultivate, the easier we can maintain our independence and self-reliance, like an ivory bamboo that will easily fall by standing alone but grow firmly in clumps.'<sup>15</sup> This 'clumping bamboo' philosophy looms large in Vietnam's arrangement of its strategic partnerships.<sup>16</sup> Post-Cold War Vietnam has no formal allies but has so far secured 13 strategic partnerships, with Russia (2001), Japan (2006), India (2007), China (2008), South Korea, Spain (2009), United Kingdom (2010), Germany (2011), Italy, France, Indonesia, Singapore and Thailand (2013) and two 'comprehensive partnerships', with Australia (2009) and America (2013).<sup>17</sup> This makes it one of the few countries in the world, and the only ASEAN country, that is either a 'strategic' or 'comprehensive' partner to all five UN permanent members. In 2013 alone, Hanoi built five new strategic partnerships and exchanged successful high-ranking visits with all of its strategic partners — most noticeably with China, Japan, India, Russia and the United States.

As can be seen, building strategic or comprehensive partnerships with important partners has become a trend in Vietnam's balanced and multi-directional foreign policy. It is important to note that whilst these countries are leading economic partners of Vietnam (accounting for about 80% of Vietnam's total trade turnover), not all meet the 'strategic' criteria in security terms.<sup>18</sup> Among Vietnam's strategic partnerships, those with Russia and China – Vietnam's two former allies – are classified by Hanoi as 'comprehensive strategic partnership'. This is the highest level of 'strategic partnership' framework that Vietnam has with foreign countries, which implies cooperation in all fields and at all levels.<sup>19</sup> Other potential partners of Vietnam in strategic terms may be the United States, India, and arguably Japan, given their mutual concerns with China's

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<sup>13</sup> Professor Yasushi Watanabe of Keio University, "Rethinking Japan-U.S. Relations through a Visit to Vietnam", <http://www.wochikochi.jp/english/foreign/2013/04/vietnam-japan-us.php>

<sup>14</sup> Nguyen Hong Thach, quoted in Carlyle A. Thayer, "Sino-Vietnamese Relations: The Interplay of Ideology and National Interest", *Asian Survey*, (Vol. 34, No. 6, June 1994), p. 528. See also Goh 2008, op. cit.

<sup>15</sup> Vu Khoan, Interview with Vietnamnet, December 20, 2013. For more information on Vietnam's 'clumping bamboo' diplomacy, see my commentary on the *East Asian Forum* (April 3, 2014) titled "Is Vietnam's bamboo diplomacy threatened by pandas?", available at <http://www.eastasiaforum.org/2014/04/03/is-vietnams-bamboo-diplomacy-threatened-by-pandas/>

<sup>16</sup> Apart from the two special relationships with Laos and Cambodia, Hanoi started using the term 'strategic partnership' in 2001 to identify those countries with which it has developed comprehensive bilateral relations and those viewed as particularly significant to its national interests. Carlyle A. Thayer, <http://tuanvietnam.vietnamnet.vn/2013-07-31-viet-my-vi-sao-chua-la-doi-tac-chien-luoc->, accessed December 26, 2013.

<sup>17</sup> Unlike the strategic partnership framework, a comprehensive partnership does not necessarily include a joint mechanism to monitor the implementation of concluded agreements and a long-term Plan of Action to promote cooperation in key areas.

<sup>18</sup> The trade turnover between Vietnam and 13 strategic partners in 2013 reaches \$148 billion, accounting for almost 80% of Vietnam's import-export turnover. Japan alone accounts for 30% of ODA provision for Vietnam with \$1.4 billion commitments in 2013.

<sup>19</sup> Russia has always been the largest supplier of defense equipment for Vietnam whilst China has a strategic importance to the country's security and stability given its geographical proximity and ideological similarities.

increased military presence in the region and its assertiveness in maritime disputes in the East and South China Seas. Most recently, the strategic partnership with Japan has been elevated to a new level of ‘Extensive Partnership for Peace and Prosperity in Asia’, reflecting Vietnam’s recognition of the growing importance of its relationship with Japan in its overall foreign relations.

### List of Vietnam’s important partners

<b>Level of relationship</b>	<b>Country</b>	<b>Year of cooperative framework establishment</b>	<b>Region</b>
<i>Special relationship</i>	Laos	1977	Southeast Asia
	Cambodia	2005	
<i>Comprehensive strategic partnership</i>	Russia	2001: Vietnam’s first strategic partner 2012: upgraded to comprehensive strategic partnership	Eurasia
	China	2008	East Asia
<i>Strategic partnership</i>	Japan	2006: Joint statement towards Strategic Partnership 2009: Strategic Partnership concluded 2014: Elevated to Extensive Strategic Partnership	East Asia
	India	2007	
	South Korea	2010	
	Indonesia	2013	Southeast Asia
	Singapore	2013	
	Thailand	2013	
	Spain	2009	Europe
	United Kingdom	2010	
	Germany	2011	
	France	2013	
	Italia	2013	
<i>Issue-based strategic partnership</i>	Netherlands	2010 (Strategic partnership on Climate Change Adaptation and Water Management)	Europe
	Denmark	2011 (Strategic partnership in the areas of Climate change, Environment, Energy and Green growth)	
<i>Comprehensive partnership</i>	Australia	2009	Asia-Pacific
	United States	2013	

### *Vietnam in Japan's 'Look South' strategy and its emerging 'pivot to ASEAN'*

For decades, pursuing postwar pacifism and strengthening the security alliance with the United States have served as the cornerstone of Japan's foreign policy. However, since the end of the Vietnam War, Japan has sought to expand its influence in Asia. The 1977 Fukuda doctrine marks its first re-engagement with Southeast Asia. Japan's involvement in the settlement of the Cambodia conflict by offering venue for meetings and sending peace-keeping troops to Cambodia under the UN auspice was another big step in setting Japan's foothold in the region. During the 1990s, Japan started to support and actively participate in multilateral arrangements in East Asia, and at the same time strengthen bilateral relations with ASEAN countries. Southeast Asia ranks high in Japan's Foreign Policy under Abe which is based on the three pillars of strengthening the Japan-U.S. Alliance, deepening cooperative relations with neighboring countries, and strengthening economic diplomacy as a means to promote the revitalization of the Japanese economy.<sup>20</sup>

Japan's regional policy, however, is facing challenges stemming from its institutional constraints and the dynamics of evolving power transition in East Asia. At the domestic level, Japan's two "lost decades," as the result of a lagging economy and frequent changes in leadership, have placed a restraint on its commitment to Asia. At the regional level, Asia for the first time witnessed both Japan and China's resurgence as big powers, and the ambivalence of the U.S.' long-term commitments to Asia due to its own domestic budget restraints. As a further matter, this power transition process is taking place in a region that lacks effective multilateral frameworks to prevent the vicious circles of security dilemma and potential conflicts. Given Japan's diminishing geopolitical space in Northeast Asia, Tokyo is increasingly 'looking South' by concluding strategic partnerships with Australia (2006), India (2007), and ASEAN (five bilateral strategic partnerships with ASEAN members and one with ASEAN itself). This is seen as a 'dual hedge' against difficult relationships with its Northeast Asian neighbors as well as Tokyo's own concerns about the US' long-term commitment to defend Japan and its presence in East Asia (e.g. over Senkaku islands).<sup>21</sup> This 'Look South' strategy and the emerging 'pivot to ASEAN' are also substantial in realizing the key objectives of Abe's foreign policy, which are: economic revitalization; maritime security; and expansion of the sphere of influence. In all of these areas, Japan sees Vietnam as 'a strategic partner that shares common interests.'<sup>22</sup>

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<sup>20</sup> Foreign Policy Speech by Minister for Foreign Affairs Fumio Kishida to the 186<sup>th</sup> Session of the Diet, [http://www.mofa.go.jp/fp/pp/page18e\\_000037.html](http://www.mofa.go.jp/fp/pp/page18e_000037.html), accessed January 7<sup>th</sup> 2014.

<sup>21</sup> Corey J. Wallace, "Japan's strategic pivot south: diversifying the dual hedge", *International Relations of the Asia-Pacific*, (Vol. 13, No. 3, 2013), p. 479-517.

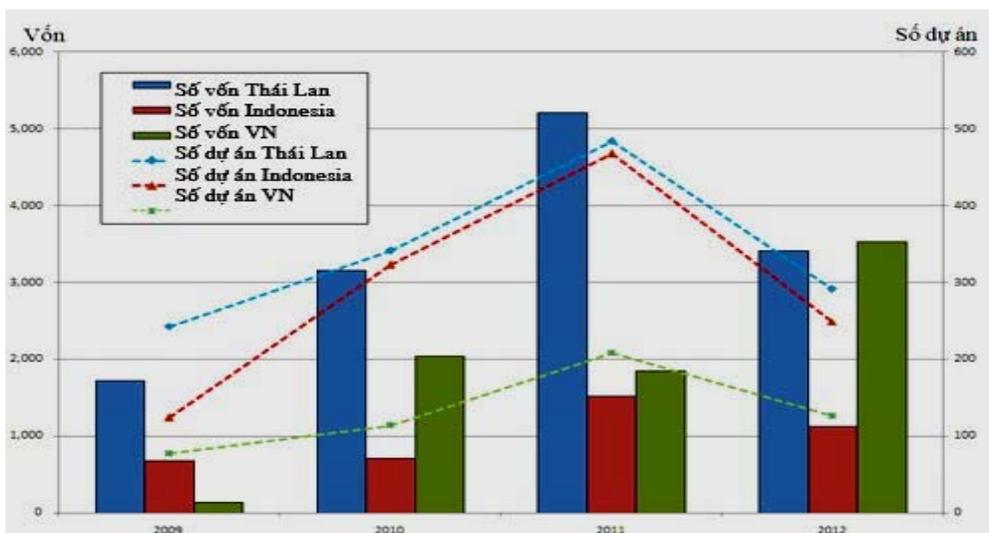
<sup>22</sup> *Japan Times* April 15, 2013, "Japan, Vietnam to hold maritime security talks in May".

### List of Japan's Key Partners

<b>Level of relationship</b>	<b>Country</b>	<b>Year of cooperative framework establishment</b>	<b>Region</b>
<i>Alliance</i>	United States	1960	Asia-Pacific
<i>Strategic partnership</i>	Indonesia	2006	ASEAN
	Vietnam	2006: Joint statement towards Strategic Partnership 2009: Strategic Partnership concluded 2014: elevated to Extensive Strategic Partnership	
	The Philippines	2011	
	ASEAN	2011	
	Thailand	2012	
	Cambodia	2013	
	India	2006	Asia – Pacific
	Australia	2007	
	The United Kingdom	2012	Europe
<i>Other important partners</i>	China	2008 Mutually Beneficial Relationship Based on Common Strategic Interests	East Asia
	South Korea	1998 A New Japan-Republic of Korea Partnership towards the Twenty-first Century	
	Russia	1998 Creative Partnership 2+2 dialogue started in Dec. 2013	Eurasia
	The European Union	Just completed the third round of negotiations for a strategic partnership agreement	Europe

First, as economic diplomacy is a key component of the Japanese Foreign Policy under Abe, Tokyo has many incentives to engage Southeast Asia and Vietnam. Prime Minister Abe himself has straightforwardly stated that ASEAN's integration plan to unite into a single market with the total value of \$2,000 billion and a population of 600 million by 2015 is a big attraction to

revitalize Japan’s lagging economy which has been stranded in a decade-long deflation with an increasingly ‘greying’ population.<sup>23</sup> At present, Japanese companies increasingly look at Southeast Asia as an additional destination for investment (the so-called ‘China plus One’ Investment Strategy). Vietnam, Thailand, and Indonesia are on Japanese investors’ top list as they are, in the words of Japanese Chief Cabinet Yoshihide Suga, ‘the leaders of economic growth in the region which puts them right in the center of interests of Japan.’<sup>24</sup> Among the three countries, Vietnam has increasingly attracted the largest investment from Japan. According to Japanese investors, Vietnam has many advantages in attracting FDI, such as its ‘large’ and ‘robust’ population, skilled workforce, experienced technicians, security and stability. For Japanese economists and especially Japanese businesspeople, the first condition for doing business is a stable environment, and Vietnam is currently considered to have the most stable environment.<sup>25</sup> In addition, Vietnam has ‘effectively used Japan’s ODA in accelerating economic restructuring, improving infrastructure, and in combating environmental pollution, infectious diseases, and in poverty reduction and hunger elimination, etc.’, and its ‘impressive achievements in socio-economic development and modernization thanks to Japan’s ODA in recent years have encouraged Japan to consider increasing ODA for Vietnam.’<sup>26</sup> In fact, since 2011, Vietnam has been Japan’s largest ODA recipient country, making it ‘the most important ODA partner of Japan’.<sup>27</sup>



*Japan’s investment in Thailand (blue), Indonesia (red), and Vietnam (green) during the 2009-2012 period (Dashed line: projects; box: total capital)*

(Source: Retro, cited from Vietnamnet<sup>28</sup>)

<sup>23</sup> *Tuoi Tre News* January 16, 2013, “Japan PM on why he chose Vietnam for 1<sup>st</sup> visit”.

<sup>24</sup> *Ibid.*

<sup>25</sup> *Vnexpress* October 5, 2012, “Nhật Bản khẳng định vị trí nhà đầu tư số một tại Việt Nam” (Japan reaffirmed as No. 1 investor in Vietnam)

<sup>26</sup> Dinh Thi Hien Luong, *op. cit.*, p. 111.

<sup>27</sup> *Vnexpress* January 31, 2013, “Việt Nam là đối tác ODA quan trọng nhất của Nhật” (Vietnam is the most ODA partner of Japan)

<sup>28</sup> *Vnexpress* October 5, 2012, *op. cit.*

Second, Indonesia, Vietnam, Thailand and the Philippines, all of whom Japan has concluded Strategic Partnership and Economic Partnership Agreements with, are also important members of ASEAN, which has a favourable public opinion of Japan. When asked by the Vietnamese newspaper *Tuoitre* on why he chose Vietnam and other ASEAN countries for his first foreign visit in the second term, Prime Minister Abe said:

I have decided to visit three countries: Vietnam, Thailand and Indonesia, countries that play an important role as ‘the center of development’ of the 21st century. Increasing cooperation with those three nations is very important to contribute to development and stability of the region... Vietnam is the first country I visit since taking the Prime Ministerial office. Japan and Vietnam have common concerns in Asia Pacific, with both assisting each other in economic matters.<sup>29</sup>

These common concerns of Hanoi and Tokyo not only target Beijing’s military modernization and its territorial ambition in the East and South China Seas but also ‘the strategic implications of economic overreliance on China’s future economic growth and the potential for intersecting economic and military coercion.’<sup>30</sup> It is important to note that China is the biggest trading partner of both Japan and Vietnam while being the country that causes them the largest trade deficits. Vietnam in particular has a trade deficit of \$23.7 billion (out of the total \$50.21 billion two-way trade turnover) with China in 2013, a 44.5% increase when compared to 2012.<sup>31</sup> Some Japanese scholars like Takayuki Ogasawara, therefore, have straightforwardly argued that ‘developing Vietnam's export industries will help keep it from being overwhelmed by China in competitiveness. Japan and Vietnam should avoid a heavy dependence on China that would narrow both countries' freedom of action.’<sup>32</sup> For example, in an effort to overcome China’s near-monopoly of the supply of rare-earth elements, the two countries have opened a joint research centre in Hanoi to improve extraction and processing of the materials from Vietnam’s large untapped rare earth reserves.<sup>33</sup>

Japan also considers Southeast Asia an important sphere of influence for its big power diplomacy, particularly in winning the sub-region’s support for its bid for a permanent seat at the United Nations Security Council (UNSC). In this respect, Vietnam’s enhanced status in ASEAN has increasingly attracted Japan’s attention as an important potential player in East Asian politics. It should be noted that Vietnam was one of the few ASEAN countries that gave its consistent support from the very beginning for Japan’s UNSC bid despite China’s diplomatic pressure.<sup>34</sup> Japan also recognizes the role that Vietnam, with its diplomatic ties with North Korea, could play in the Korean issue. Prime Minister Abe has asked Vietnam to keep pressing North Korea to

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<sup>29</sup> *Tuoitre News*, January 16, 2013, “Japan PM on why he chose Vietnam for 1st visit”, op. cit.

<sup>30</sup> Wallace, op. cit.

<sup>31</sup> *China Daily*, January 29, 2014, “China remains Vietnam's biggest trade partner in 2013”.

<sup>32</sup> Takayuki Ogasawara, “The Prospects for a Strategic Partnership between Japan and Vietnam, *AJISS-Commentary*, (No.124, June 16, 2011), The Association of Japanese Institutes of Strategic Studies.

<sup>33</sup> Vietnam is reckoned to be in the top ten in the world in terms of rare earth reserves. *BBC News* June 20, 2012, “Asian countries challenge China on rare earth minerals”

<sup>34</sup> When Japan first bid for a permanent seat on the United Nations Security Council in 2005, only Singapore and Vietnam showed support for Japan due to diplomatic pressure applied to other nations in the region by China. See Wallace, op. cit.

resolve the issue of its abducting Japanese citizens, which prevents Tokyo and Pyongyang from normalizing relations.<sup>35</sup> Hanoi and Tokyo have also effectively coordinated on international forums as well as other regional mechanisms such as the East Asia Summit (EAS), ASEAN and the China, Japan, and South Korea (ROK) Summit (ASEAN+3). Moreover, considering the list of Vietnam and Japan's important partners, it is conspicuous that they have many common partners in the Asia-Pacific region, suggesting that there are chances for Hanoi and Tokyo to cooperate beyond their bilateral framework.

Third, Japan's Southeast Asia policy under the Abe's administration for the first time includes explicit security and defense dimensions. Although Japan has always been 'an important economic player that enjoys positive public sentiment in most Southeast Asian countries', its policy toward Southeast Asia never went beyond the 1977 Fukuda doctrine, in which Japan stressed the building of mutual trust with Southeast Asia and pledged to forever renounce military power.<sup>36</sup> Now, Prime Minister Abe confirms that he wants to go further in economic relations as well as broaden cooperation in the security area. Japan has also committed to further strengthening interconnectivity in terms of trade and investment, people, and culture between Japan and ASEAN. In security terms, Tokyo pledges to 'actively promote joint training, exercises and capacity building assistance in addition to its cooperation in the field of disaster management' as declared in its latest National Defense Program Guidelines.<sup>37</sup> Abe's regional policy, in addition to bolstering military alliance with the US, will place emphasis on maritime security and Japan's identity as 'a sea-faring nation' in maritime Asia which includes Australia and India. This is evident in his vision of a 'security diamond strategy' whereby 'Australia, India, Japan and the U.S. state of Hawaii form a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the western Pacific', seen as a counter to China's 'String of Pearls' Strategy.<sup>38</sup> #

In this context, Japan sees Vietnam, together with the Philippines and Indonesia, as potential actors that will play an important role in driving ASEAN regionalism as well as in maintaining the regional balance amid China's rising assertiveness in territorial disputes. During his visit to Vietnam in September 2013, Japanese Defense Minister Itsunori Onodera stated that Vietnam is one of the most important partners of Japan; for that reason, Japan wants to continue deepening its relations with Vietnam, including in the security and defense realm. In talks with his Vietnamese counterpart, Minister Onodera suggests that Vietnam should play a more active role in preserving peace and stability in Asia, an aspect of special interests for Japan.<sup>39</sup> Increased interactions and exchanges in the security and defense areas have been strengthened since 2011. If this trend is to continue, it will open a new page in Vietnam-Japan relations that will move beyond their traditional economic cooperation.

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<sup>35</sup> *Kyodo News*, October 7, 2013, "Japan, Vietnam to tighten maritime relations amid China threat".

<sup>36</sup> Phuong Nguyen, "Japan's Pivot Should Be Sustained: View from Southeast Asia", *Center for Strategic and International Studies*, accessed January 18, 2014.

<sup>37</sup> Japan's National Defense Program Guideline for FY 2014, available at [http://www.kantei.go.jp/foreign/96\\_abe/documents/2013/\\_icsFiles/afieldfile/2013/12/17/NDPG\(Summary\).pdf](http://www.kantei.go.jp/foreign/96_abe/documents/2013/_icsFiles/afieldfile/2013/12/17/NDPG(Summary).pdf), accessed January 25, 2014.

<sup>38</sup> Yuka Hayashi, Abe's Diamond Defense Diplomacy, *The Wall Street Journal* (January 17<sup>th</sup>, 2013).

<sup>39</sup> *Thanhniên News*, <http://www.thanhniên.com.vn/pages/20130916/viet-nam-la-mot-trong-nhung-doi-tac-quan-trong-nhat-cua-nhat-ban.aspx>, accessed December 7, 2014.

### 3. Toward a comprehensive strategic partnership

Given that both countries attach such great significance to their strategic partnership and that for the first time in the history of their bilateral relations, security and defense cooperation is considered as a sphere of enhanced interaction, my hypothesis is that, subject to the two countries' political will and further cultivating efforts, the relationship can be largely extended and developed into a comprehensive strategic partnership – the highest level of strategic partnership framework that Vietnam has so far only had with Russia and China. In the Friendship Year of 2013, the two countries' leaders agreed to chance a breakthrough and to open a new phase in the development of their bilateral relationship. During a state visit to Japan of Vietnam's President Truong Tan Sang in March 2014, the two sides decided to elevate their ties to a new level of 'Extensive Strategic Partnership for Peace and Prosperity in Asia'. Without a doubt, bilateral relations are currently at its best in history. Three pillars – people exchanges, economic cooperation, and security ties – hold special meaning in promoting this strategic partnership in a more intensive and extensive manner.

#### *Deepening political trust and people-to-people exchanges*

One of the solid foundations for the Vietnam – Japan relations is the regard both nations hold for mutual trust and all-round cooperation as valuable assets. Regular high-ranking visit exchanges and senior leadership meetings have helped enhance political trust and the effectiveness of bilateral cooperation, especially via the Vietnam-Japan Cooperation Committee. Alongside official cooperation channels, people-to-people diplomacy has strengthened the long-term sustainability of the Vietnam-Japan strategic partnership, guaranteeing its vigorous growth into the future. Although its official relationship only began 40 years ago, Vietnam and Japan have a long history of people-to-people relations which can date back to the the eighth century, when a Vietnamese Buddhist monk named Phat Triet carried out missionary work in Japan. Later on in the sixteenth century Japanese merchants came to start their business and set up 'Japanese towns' in Hoi An and Pho Hien in the central and northern Vietnam. As the first country in Asia to successfully modernize itself to become a powerful country and avoid Western domination, Japan served as an inspirational model and a hub for Vietnamese patriots to come study the way of liberating their country from French colonization and revive their nation. Such was the *Dong Du Movement* (*Toyu Undo* or *Donzu Undo* in Japanese, *Phong trào Đông Du* in Vietnamese), led by the great patriot Phan Boi Chau. At the peak of this Movement, there were about 200 Vietnamese students being sent to Japan in 1907. Although this Movement were short-lived, due to the complicated historical context at the time, Phan Boi Chau's famous quote that 'Vietnamese and Japanese people have common cultural and racial traits and that they locate in the same region' (*đồng văn, đồng chủng, đồng châu*) still lives on to describe the similarities and closeness between the two peoples and societies to date.<sup>40</sup>

However, there was a dark period in the history of bilateral relations due to the Japanese military occupation in Indochina during World War Two. The dual colonial oppression of the French and Japanese militaries was largely responsible for the Great Famine in 1945 (Nạn đói Ất Dậu) throughout Vietnam that claimed lives of approximately two million Vietnamese. Japan was also indirectly involved in the Vietnam War, as a supporter of the US policy to combat the 'threat' of

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<sup>40</sup> The international conference commemorating the Vietnam-Japan Friendship Year, titled "Vietnam-Japan's relations: 10 years revisited and future orientations", Hanoi, September 2013.

communism from North Vietnam.<sup>41</sup> However, unlike the case of China and South Korea, the ‘historical issue’ has not been a destructing factor in Vietnam-Japan relations. National reconciliation between Vietnam and Japan has been a successful case given three factors: Japan, as the aggressor, accepted its responsibilities and expressed good will to ‘heal the wound’; Vietnam, as the victim, was willing to let go and build new relations; and the international environment was conducive for reconciliation.

From the Japanese side, after the war Tokyo signed with former South Vietnamese government Ngo Dinh Diem a reparations agreement in May 1959, for an amount of 39 million dollars with 5 years of deferred payment. This was done in the form of purchases by the Japanese government of goods and services supplied by Japanese companies, which played an important role in strengthening the economic ties between Japan and Southeast Asian countries, particularly by promoting Japanese exports.<sup>42</sup> ‘Reparations’ continued in the form of Japan’s ODA to Vietnam after the establishment of diplomatic ties in 1973 and since 1992 when bilateral ties was restored. A joint comprehensive research project titled ‘The 1945 Famine in Vietnam: the Historic Remnants’ (*Nạn đói năm 1945: Những chứng tích lịch sử*) co-edited by Professors Le Van Tao and Motoo Furuta attracted the contribution of many Vietnamese and Japanese intellectuals. It investigated the roots and consequences of the great famine in Vietnam in an intensive and extensive manner. When the research outcome was published in 1995 and later translated into Japanese and English, it provided the Japanese and Vietnamese public with evidence of the scale and severity of the starvation.<sup>43</sup> Since its publication, the Japanese Government has been voluntarily paying reparations by means of non-returned aids and ODA loans for Vietnam. With its meaning and academic values, this project was awarded the National Prize for Science and Technology by the Vietnamese Government in 2010. Professor Motoo Furuta has emphasized during his presentation of the research findings at Vietnamese University of Social Sciences and Humanities in Hanoi that: ‘A full understanding of historical truths is a solid basis for the friendship between the Vietnamese and Japanese peoples. And this project has contributed to further strengthening the foundation of the strategic partnership between the two countries.’<sup>44</sup>

From the Vietnamese side, Hanoi did not raise the historical issue during negotiations for the establishment of diplomatic ties in 1973, as it accepted the war-related settlement between Japan and the former South Vietnamese Government and was eager to launch a new relation with Japan to reconstruct its war-ravaged country. In fact, although having suffered so much from wars against foreign aggression throughout its history, Vietnam tends to adopt a ‘future-oriented’ outlook vis-à-vis with its former enemies (note that all the former foes of Vietnam have now become its strategic or comprehensive partners). In its long history of national defense, the Japanese military occupation was quite short and perhaps not as brutal as the Chinese, French, or

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<sup>41</sup> According to Kazuhiko Togo, whilst the Japanese government supported the US in the Vietnam War, Japanese public opinion saw this war more in the context of a fight for independence by the Vietnamese people against French and American ‘imperialist powers’. Political tension permeated Japan throughout the 60’s. Kazuhiko Togo, *Japan's Foreign Policy 1945-2003: The Quest for a Proactive Policy* (Kazuhiko Date: 2005), p.199.

<sup>42</sup> Kazuhiko Togo, *Japan's Foreign Policy 1945-2003: The Quest for a Proactive Policy* (Kazuhiko Date: 2005), p. 197.

<sup>43</sup> See Le Van Tao and Motoo Furuta (eds), *Nạn đói năm 1945 ở Việt Nam: những chứng tích lịch sử* (The 1945 Famine in Vietnam: the Historic Remnants) (Tri Thuc Publishing House: Hanoi, 2011).

<sup>44</sup> <http://ussh.vnu.edu.vn/gs-nhat-ban-thuyet-trinh-ve-nan-do-i-nam-1945-o-viet-nam/5896>, accessed February 12, 2014.

American historical records in Vietnam. Japan's post-War pacifist orientation and its active contribution to the socio-economic development in Vietnam after the reestablishment of ties in 1992 is another factor taken into account by the Vietnamese Government and people. As Mr. Nghiem Vu Khai – Chairman of the Vietnam-Japan's Friendship Association has noted, 'entering the life of the Vietnamese with the charm of sakura blossoms, practicality of numerous products like household utensils, motorbikes or at a more macro level, vital transport works, Japan has been closely associated to Vietnam in a very natural and close manner'.<sup>45</sup> Last but not least, the post-Cold War environment whereby most countries focus on economic cooperation and regional integration and the emergence of common interests have created favourable conditions for Vietnam and Japan to 'let the bygones be bygones.'

As the result of this reconciliation process, the Vietnamese public to date has held a quite favorable image of Japan. According to a survey in 2004 by Asia Barometer, Japan ranks second in Vietnamese people's best images of foreign countries (only after Russia).<sup>46</sup> In another survey on public opinion on Japan in Six ASEAN countries conducted by Japan's Ministry of Foreign Affairs in 2008, Vietnamese people gave the most positive answers to all the questionnaires about Japan. In particular, 98% of the interviewees believe that Japan is a trustworthy friend to Vietnam and 100% welcome Japanese companies coming to establish factories and facilities in their localities. Vietnamese people also chose Japan as the most important partner for Vietnam both in the present and immediate future.<sup>47</sup> In the same survey, 87% of the Vietnamese people consider Japanese acts during the Second World War to no longer be a problem now (the highest rate among ASEAN people). Even with controversial issues like the Yasukuni visits by Japanese Prime Ministers, the Vietnamese people tend to be more sympathetic to the Japanese interpretation as they believe that China has somehow 'politicized' the issue and is 'double standard' themselves, given their own historical records in Vietnam.<sup>48</sup> The empathy between the Vietnamese and the Japanese peoples despite their bitter past could well serve as a model for national reconciliation in East Asia by 'closing the past behind to look toward the future'.

As for Japanese people, Vietnam is the country in Southeast Asia they feel the most close to. Speaking in Vietnam to open the Japan-Vietnam Friendship year, Prime Minister Abe commented that '[he himself has]many times visited Vietnam and [feels] very close to the country. [He thinks they] need to increase people exchanges further and to make the atmosphere of this friendship year more exciting on many levels... As Prime Minister, [he] will do [his] best to further boost ties between the two countries.'<sup>49</sup> According to Prof. Motoo Furuta – President of the Japan-Vietnam Friendship Association, this strategic partnership should take the people-to-people exchanges as the foundation to further consolidate the political trust and good

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<sup>45</sup> *Thoi Dai*, "Japan – Vietnam Relationship: Ever Beautiful as the Sakura", February 6, 2012

<sup>46</sup> Kazuya Yamamoto "Vietnam from the Perspective of the Asia Barometer Survey: Identity, Images of Foreign Nations, and Global Concerns", *Memoirs of the Institute of Oriental Culture*, 150 (March 2007), p. 320.

<sup>47</sup> Ministry of Foreign Affairs of Japan, <http://www.mofa.go.jp/region/asia-paci/asean/survey/qa0803.pdf>, accessed January 12<sup>th</sup>, 2014.

<sup>48</sup> As an example, see a commentary on Prime Minister Abe's recent visit to the Yasukuni Shrine that has received many supporting comments from Vietnamese netizens, "Đừng lợi dụng đền Yasukuni để kích động thù hận dân tộc" (Do not make use of the Yasukuni Shrine to provoke hatred among peoples), <http://www.baodatviet.vn/the-gioi/quan-he-quoc-te/dung-loi-dung-den-yasukuni-de-kich-dong-thu-han-dan-toc-2363502/>, accessed January 18<sup>th</sup> 2014.

<sup>49</sup> *Tuotire News*, January 16, 2013, "Japan PM on why he chose Vietnam for 1st visit", op. cit.

sentiments among the peoples. Promoting ties with Vietnam received ‘complete consensus’ from the Japanese public.<sup>50</sup> The friendship between the two peoples was most clearly demonstrated by Vietnam’s heart-felt support for the Japanese victims of the March 2011 earthquake and tsunami. Japanese people, having suffered enough from nuclear-related disasters, have in return sincerely warned both the Japanese and Vietnamese governments about possible negative effects of Japan’s plan to export nuclear power plant technology to Vietnam – a controversial issue within Vietnam.<sup>51</sup> In terms of tourism, Vietnam has become an increasingly popular destination for Japanese tourists. There has been a surge in the number of Japanese tourists since Hanoi unilaterally exempted short-term visa for Japanese citizens in 2004. Last year Vietnam received almost 600,000 Japanese tourists (accounting for about 10% of the total foreign visitors to the country in the year), and according to the Vietnamese embassy in Japan there were about 80,000 Vietnamese tourists to Japan in 2013 (a double increase from 2012). This number is expected to increase if the Japanese government loosens visa requirements for Vietnamese citizens in the time to come.

With regard to human resources development, it should be reminded that it was the training of Vietnamese students in Japan that opened the relationship between the two peoples in the pre-modern history. Education and training, therefore, has been and should be a prioritized field of cooperation. In recent years, Japan is among the most generous non-returned aid providers for Vietnam in this field. As a result, the number of Vietnamese students in Japan has been growing steadily. When the two countries reestablished ties in 1992, there were only 92 Vietnamese students in Japan but this number has increased to 4,373 in 2012 (an 8.4% annual increase), ranking Vietnam as the fourth nation with the largest number of students in Japan (after China, South Korea, and Taiwan).<sup>52</sup> This number however remains modest when compared to the number of Vietnamese students going to other world-class education hubs like United States, United Kingdom, and Australia. According to Prof. Motoo Furuta, the Japanese government has a plan to receive about 300,000 foreign students in the future, of which it desires to have 10% made up of Vietnamese students (approximately 30,000 students).<sup>53</sup> A remarkable step toward this goal is the Japanese government’s pledge to help train 1,000 Vietnamese doctoral students in a 13-year-long project worth JPY 20 billion, funded through ODA starting from fiscal 2008. Among the fields of study, Vietnam is placing priority on advanced technologies, such as information technology, mechanical engineering, materials and nanotechnology, as well as agriculture, shipbuilding and medicine.<sup>54</sup> At the same time, the Japanese government should also encourage Japanese students to go to Vietnam for language, area studies, as well as other cultural exchanges. It is hoped that once the Vietnam-Japan University Project, which was agreed by the

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<sup>50</sup> Personal interview with Prof. Motoo Furuta at the University of Tokyo, January 9, 2014.

<sup>51</sup> The Japan-Vietnam Friendship Association, headed by Prof. Motoo Furuta, has sent letters of objection of the plan to both governments. Interview with Professor Motoo Furuta, op. cit.

<sup>52</sup> Japan Student Services Organization, “International Students in Japan 2012”, February 2013 [http://www.jasso.go.jp/statistics/intl\\_student/data12\\_e.html](http://www.jasso.go.jp/statistics/intl_student/data12_e.html), accessed February 5, 2014.

<sup>53</sup> Motoo Furuta, “Luu học sinh Việt Nam sang Nhật Bản: Lịch sử và Triển vọng” (Vietnamese students in Japan: history and prospect), Paper presented at the International conference commemorating the Vietnam-Japan Friendship Year, titled “Vietnam-Japan’s relations: 10 years revisited and future orientations”, Hanoi September 2013.

<sup>54</sup> *Hanoi Times*, “Japan to help train 1000 Vietnamese doctoral students”, March 4, 2008

two governments in 2013, is put into operation, it will attract not only Vietnamese students interested in Japan studies but also Japanese students interested in Vietnam studies.<sup>55</sup>

Labor export from Vietnam to Japan is a potential field for further cooperation. As the Japanese population is ‘greying’, Japan will increasingly rely on foreign workers to keep its economy in function. Therefore, the Japanese government has recently decided to open its labour market and create job opportunities to increase the number of Vietnamese workers in Japan, especially in the health service. Since 1992, Vietnam has sent about 31,000 workers and interns to Japan. In recent years, this number has continued to increase (2009: 5,500; 2010: 5,000; 2011: 7,000; 2012: 8,500 people).<sup>56</sup> At present, there are about 20,000 Vietnamese workers and interns in Japan, with that accounting for one third of the total number of Vietnamese people in Japan. Japan has also started to receive and train nurses and care-workers from Vietnam within the framework of the 2011 Economic Partnership Agreement. These Japan-trained human resources (including students, workers, and interns) will serve as a bridge for technology and experience transfer from Japan to Vietnam, that can create a ‘new Dong Du Movement’ to facilitate the socio-economic transformations in Vietnam if utilized to its fullest.

As Prime Minister Nguyen Tan Dung once said, the growing relationship between Viet Nam and Japan is based on strong political trust, and as Japan’s former Ambassador to Vietnam, Yasuaki Tanizaki emphasized, the Vietnam-Japan relationship has its origin in the mutual understanding between the two people for joint cooperation and development.<sup>57</sup> Therefore, in the coming time the two governments and peoples should continue to nurture their mutual confidence and further promote exchanges between the peoples, particularly among the younger generation.

### ***Boosting economic relations***

Economic cooperation has served as the backbone of the Vietnam-Japan strategic partnership, as Hanoi and Tokyo recognize their ability to complement each other’s strengths for common development. As a Vietnamese senior diplomat observes, ‘Japan has advantages in capital, technology, management skill but needs more cooperation in international economic cooperation, especially in Asia; Vietnam is rich in workforce, improving investment environment and potential market with the population reaching 100 million in the coming years. In order to attain the objective of a fundamentally industrialized country in 2020, Vietnam must attract resources from outside, including Japan, in capital and technology.’<sup>58</sup> The conclusion of the Agreement for the Liberalization, Encouragement, and Protection of Investment in December 2004 and the Vietnam-Japan Economic Partnership Agreement in October 2009 have opened legal pathways for the development of bilateral economic and commercial ties. So far, Japan is the first ranking economic partner of Vietnam. As Vietnam’s biggest ODA donor, Japan has closely coordinated with Vietnam in most immediate tasks regarding the development of the socio-economic

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<sup>55</sup> Personal interview with Prof. Furuta Motoo, President of the Japan-Vietnam Friendship Association.

<sup>56</sup> Vietnam’s Government Portal, “Làm sâu sắc hơn quan hệ đối tác chiến lược VN-Nhật Bản” (Further deepening the Vietnam-Japan Strategic Partnership), December 9, 2013.

<sup>57</sup> *Vietnam Plus*, “Quan hệ Việt-Nhật 40 năm và định hướng tương lai” (Vietnam-Japan relationship: 40 years in retrospect and future orientations), September 3, 2013.

<sup>58</sup> Dang Minh Khoi (Director General, North East Asia Department, Ministry of Foreign Affairs of Vietnam), “Vietnam-Japan: Broad and Profound Friendship”, [http://vccinews.com/news\\_detail.asp?news\\_id=29063](http://vccinews.com/news_detail.asp?news_id=29063), accessed February 15<sup>th</sup>, 2014.

infrastructure, assisted Vietnam in human resources development, modernization of financial institutions, development of supporting industries, in compliance with Vietnam-Japan Economic Partnership Agreement in force since 2009. Since 2006, Japan has been the biggest ODA supplier to Vietnam, accounting for about 30% in the total ODA commitment from the international community. Tokyo committed nearly US\$20 billion for Vietnam between 1992 and 2011, supplying the highest ODA of approximately US\$2.8 billion in the 2011 fiscal year, even after suffering its own internal economic problems and recovering from the aftermath of the 2011 tsunami. Japan supplied around US\$2.6 billion of ODA to Vietnam in the 2012 fiscal year.<sup>59</sup> According to Motonori Tsuno, Chief Representative of Japan International Cooperation Agency (JICA) in Vietnam, ‘Japan always sees Vietnam as the most important ODA partner in the world’. Mr. Tsuno gives three reasons as to why Japan continues to be the most generous donor to Vietnam over the past twenty years: first, ODA for Vietnam has been utilized in an effective manner and with great outcomes; second, Japanese ODA not only contributes to Vietnam’s development but is also mutually beneficial for joint development by using ODA to build infrastructure in Vietnam which in turn facilitates Japanese investment in Vietnam; and last but not least, ODA has contributed greatly to further consolidate and deepen the friendship between the two governments and peoples.<sup>60</sup>

Japan is also Vietnam’s biggest investor, both in terms of registered and disbursed capital with 1990 valid projects capitalized at US\$32.667 billion, primarily focused on the processing and manufacturing industries. This number is expected to continue to rise as Japanese investors are looking for new destinations to replace China for fear that political tensions between Japan and China will affect their businesses in the time to come. Japan is committed to continue its support of Vietnam effectively by deploying large-scale infrastructure projects such as Lang Hoa Lac High Tech Zone, Nghi Son Oil Refinery Plan, Ninh Thuan Nuclear Power Plan, North-South Expressway, Lach Huyen Port, Vietnam Space Center etc. The Japanese Government is also taking a Vietnamese proposal for a Vietnam-Japan Friendship Hospital into serious consideration. In July 2013 the two countries approved ‘Vietnam’s industrialization strategy within the framework of Vietnam-Japan cooperation by 2020 and vision toward 2030’ and is currently preparing the Plan of Action for its implementation. Under this framework, Japan has pledged to invest in six key industrial sectors in Vietnam, including consumer electronics/electronics, food processing, shipbuilding, agricultural machinery, environment and energy conservation and automobile/spare part manufacturing.<sup>61</sup> The program, focusing on industries of strategic significance to Vietnam’s future economic development, is tailored to enhance the competitiveness of Vietnamese enterprises when the tariff barrier in the ASEAN Free Trade Area (AFTA), and other free trade agreements, is lifted by 2018 and 2020, respectively. Plans for the establishment of two specialized industrial zones in the northern and the southern regions for Japanese investors are also in the making.<sup>62</sup> They have also completed the fourth phase of the Vietnam-Japan Joint Initiative on improving Vietnam’s investment environment and are now implementing the fifth phase.

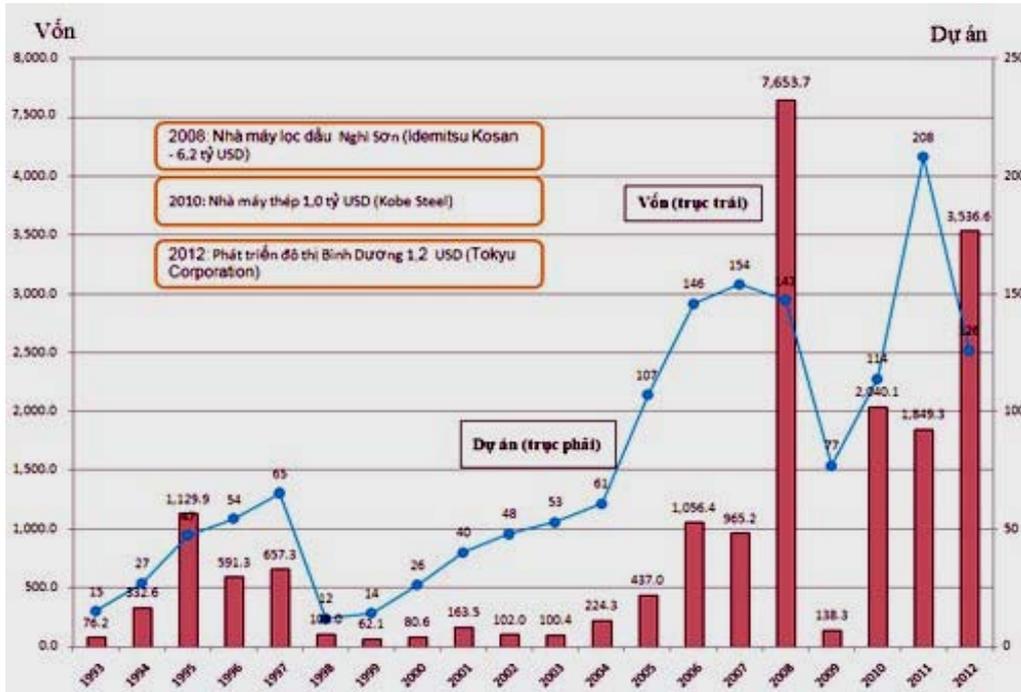
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<sup>59</sup> *Nhan Dan*, Editorial, “Promoting and deepening the Vietnam – Japan strategic partnership”, accessed December 7, 2013.

<sup>60</sup> *VnExpress*, “Việt Nam là đối tác ODA quan trọng nhất của Nhật” (Vietnam is the most important ODA partner of Japan), January 31, 2013.

<sup>61</sup> *Tuoi Tre News*, “Japanese gov’n’t to back 6 key industries in VN”, December 5, 2013.

<sup>62</sup> *Ibid.*



**Japan’s FDI in Vietnam during the 1993 – 2012 period**

Unit: million USD. Source: *Jetro*<sup>63</sup>

(Left axis: total capital, right axis: number of projects)

Japan is also Vietnam’s third biggest trading partner (after China and the United States) and one of its most important exporting markets. The goal of raising bilateral trade turnover to US\$15 billion by 2010 was realized two years ahead of schedule. In 2012, trade turnover reached \$25 billion. Import-export turnover hit US\$24.7 billion in 2012, with US\$13.1 billion from Vietnamese exports like crude oil, garments and textiles, transport vehicles, and spare parts, and US\$11.6 billion from imports such as machinery, equipment, computers, electronic products and components, and iron and steel.<sup>64</sup> They are also well on their way to doubling the two-way trade turnover from the US\$21.181 billion in 2011, a target set in their 2011 joint declaration. The Japanese Government will also consider Vietnam’s suggestion that the former creates favorable conditions for its agricultural products to enter the Japanese market. Hirohoko Sekiya, chief consultant of the Japan Economics Research Institute, told a Vietnamese newspaper that Japanese businesses have paid a great deal of attention to four sub-units including seafood, rice, coffee and vegetable processing.<sup>65</sup> If Vietnam could improve these products, then it would increase its exports sharply. Cooperation in the field of agriculture will, therefore, rank high on the agenda of bilateral cooperation in the time to come.

<sup>63</sup> *Vnexpress*, October 5, 2012, “Nhật Bản khẳng định vị trí nhà đầu tư số một tại Việt Nam” (Japan reaffirmed as No. 1 investor in Vietnam)

<sup>64</sup> Pham Binh Minh, op. cit.

<sup>65</sup> *Tuoi Tre News*, “Japanese gov’n’t to back 6 key industries in VN”, December 5, 2013.

It can be seen that Japan has played an important role in the national construction of Vietnam. Over the past 20 years, Japan has unceasingly provided Vietnam with ODA, FDI, trade opportunities as well as transferred its development experience to Vietnam with hope that Vietnam can become a strong and viable economy for the purpose of promoting its people's well-being. However, due to the inherent limits in its internal capabilities, including the low starting point of the economy as well as the loss of resources through corruption and waste, Vietnam has been unable to make full use of these sources to accelerate its course toward becoming an industrialized and modernized country. Given that Vietnam is on the threshold of becoming a middle-income country and that there have been signs of economic slow-down since 2007, economic Professor Tran Van Tho of Waseda University suggests that Vietnam should consider using Japanese capital in a more efficient manner in the coming time. Specifically, Hanoi should have a plan to reduce ODA within the next 10 years, striving toward 'graduating from ODA' (stop receiving) within the next 15-20 years, and at the same time learn from other Asian countries' experience in utilizing Japanese funding for the purpose of their nation building (such as the case of South Korea in infrastructure construction and Thailand's success in building their own automobile manufacturing industry).<sup>66</sup> To continue attracting Japanese FDI, Hanoi also needs to accelerate its reform performance and make improvements in the investment climate, including the infrastructure and the quality of human resources. During a recent survey, about 70% of Japanese companies working in Vietnam said they plan to expand their business in the country if Hanoi creates a more favorable environment for their investment.<sup>67</sup> In return, Vietnamese President Truong Tan Sang has recently confirmed that Vietnam is committed to creating every favorable condition for Japanese investors and that the country has 'engaged in building a state governed by law, expanding democracy, enhancing administrative and judicial reform, and restructuring the economy and growth model'.<sup>68</sup> Only by providing conditions to avoid the 'middle income trap' and to advance itself into the higher level of development can Vietnam accelerate its industrialization process and increase its competitiveness.

### ***Strengthening security and defense cooperation***

Security and defense cooperation is the 'new kid on the block' in Vietnam-Japan Strategic Partnership. For years, it had been considered a 'sensitive issue' in the bilateral relations, given the low-profile disposition of Japan in the regional security due to constitutional restraints as well as Hanoi's consideration of Beijing's reactions. Things started to change since 2009 when China made a series of assertive moves in its territorial disputes with its neighboring countries. Most recent examples include the unilateral establishment of an Air Defense Identification Zone (ADIZ) in the East China Sea and the imposition of fishing rules in the South China Sea in 2013. Tokyo and Hanoi share common interests in maintaining the status quo in their territorial disputes with China, and the freedom of navigation and aviation in the East and South China Seas. For Japan, in addition to defending its sovereignty over the Senkaku Island and its territorial waters against China's incitement, the safety of its SLOCs is a vital security interest, as

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<sup>66</sup> Tran Van Tho, "Quan hệ Việt-Nhật trong quá trình phát triển kinh tế Việt Nam: Vài gợi ý cho giai đoạn tới (Vietnam – Japan Relations in the Development Process of Vietnam's Economy: Some implications for the next stage). Paper presented at the International Conference commemorating the 40<sup>th</sup> Year of Vietnam-Japan Diplomatic Establishment titled "Vietnam-Japan relations: 40 years revisited and future orientations" Hanoi, September 3, 2013.

<sup>67</sup> *Voice of Vietnam*, "Enhancing Vietnamese-Japanese comprehensive strategic cooperation", March 21, 2013.

<sup>68</sup> *Ibid.*

over 80 per cent of its oil imports from the Middle East pass through the South China Sea. South China Sea routes are even more critical to Japan's energy security since the shutdown of its nuclear power plants in the wake of the 2011 tsunami. Maintaining maritime security hence is one of Tokyo's main interests in engaging with ASEAN countries. The 'strategic use of ODA' and loosened arms export restrictions highlighted in Japan's 2010 National Defense Program Guidelines (NDPG) provided legal pathways for Tokyo's maneuvers. According to the 2010 defense guidelines, 'in non-traditional security fields, Japan will promote practical cooperation by utilizing SDF capabilities, including disposal of landmines and unexploded shells. Japan will also strive to establish and strengthen regional cooperation practice and support the capacity building of countries in the region.'<sup>69</sup> In 2012, Japan launched a brand-new program of military assistance, under the objective of setting in its NDPG to 'actively contribute to regional stability'. Tokyo subsequently announced its plan to support Southeast Asian countries to cope with non-traditional security issues such as pirates, terrorists, smugglers and other criminal elements at sea as well as to protect their waters from the intrusions of foreign boats by means of capacity enhancement and provision of patrol vessels modeled after its Coast Guard cutters, funded through official development assistance (ODA). As an 'issue of great interest' to the Abe's Government, Japan offered Indonesia three patrol vessels in 2007, and the Philippines ten in 2013, and will provide Vietnam with coast guard cutters in the time to come.<sup>70</sup>

For Vietnam, territorial dispute with China in the East Sea (South China Sea) remains the biggest external security concern, particularly since China's is increasing exerting its ownership in disputed waters. In December 2012, two Chinese fishing vessels cut cables of Vietnamese vessel Binh Minh II when it was doing seismic oil exploration work in the water within Vietnam EEZ in the South China Sea, provoking strong opposition from Hanoi. Vietnamese fishermen have also been repeatedly harassed by Chinese fishing and law enforcement boats around the Paracel Islands. In March 2013, a Chinese vessel opened fire on a Vietnamese fishing boat. Vietnam, however, has few vessels capable of monitoring and chasing intruders. Hanoi has therefore attempted to enhance its maritime capabilities to safeguard its fishing grounds and fishermen operating in those waters. In January 2013, the General Department of Fishery within Vietnam's Ministry of Agriculture and Rural Development formed a fishery surveillance force with an eye on protecting Vietnamese fishing boats operating in the South China Sea. In October 2013, Hanoi added three domestic built patrol vessels to its fleet and at the same time renamed its Maritime Police force to Vietnam Coast Guard to be consistent with international practices and boost international cooperation. With increased training, funding and operation of a fleet of patrol ships and three Casa-212-400 aircrafts, the Coast Guard is responsible of enhancing law enforcement, rescue operations and environmental protection in the territorial waters along the country's coastal line of more than 3,200 kilometers and sovereign sea areas. Vietnam is also prioritizing its military modernization with an 82% increase in its military spending since 2003. The Vietnamese navy is the main beneficiary with a commission from Russia of two 2000 ton Gepard-class frigates in 2006 and six Kilo-class submarines in 2009.<sup>71</sup>

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<sup>69</sup> National Defense Program Guidelines, December 17, 2010, Ministry of Defense, [http://www.mod.go.jp/j/approach/agenda/guideline/2011/daijin\\_e.pdf](http://www.mod.go.jp/j/approach/agenda/guideline/2011/daijin_e.pdf), accessed January 20<sup>th</sup>, 2014.

<sup>70</sup> *The Asahi Shimbun*, "Japan Coast Guard vessels and equipment in high demand in S.E. Asia, Africa", September 30, 2013,

<sup>71</sup> *The Wall Street Journal*, "Vietnam Strengthens Coast Guard Amid South China Sea Tensions", September 1, 2013,

Against this background, Hanoi and Tokyo started enhancing their security and defense ties. In July 2010, they agreed to implement a subcabinet-level ‘two-plus-two’ dialog (meeting involving the Ministry of Foreign Affairs and Ministry of Defense), a close security arrangement that Japan only has with the United States, Australia, India (and Russia since the late 2013). In 2011, the two defense ministers signed the Memorandum of Understanding on Japan–Vietnam Defense Cooperation and Exchange, which sets forth, among other items, the regular holding of vice-ministerial level talks, the regular basis mutual visits by working-level, service and cooperation on humanitarian assistance and disaster relief.<sup>72</sup> In September 2011, the Viet Nam Air Defence and Air Force and Japan Air Self-Defence Force pledged to promote cooperation in training and exchanges of delegations, especially in military aviation. In 2013, the Japanese Defense Minister visited Vietnam, marking a more intensive and extensive level of bilateral cooperation between the two defense ministries. During the talks, the two Ministries of Defense agreed to cooperate in human resource training, bomb and mine clearance, modernization of Vietnamese marine police forces, and military technical areas.<sup>73</sup> In terms of multilateral cooperation, Vietnamese Chief of the General Staff Do Ba Ty proposed a stronger sense of cooperation between the two sides on multilateral forums, especially those in the region, including ASEAN Regional Forum (ARF), ASEAN Defence Ministerial Plus Meeting (ADMM+) and that on disaster relief, humanitarian aid and military medicine, during his visit to Japan in 2013. He believed that ‘boosting cooperation would contribute to bring the defence ties between the two countries and the two armies to a new stage of development, suitable with interests of Vietnam and Japan.’<sup>74</sup>

In the bilateral defense cooperation with Japan, Vietnam is particularly showing keen interest in learning from Japan’s naval and maritime security expertise as ‘Japan is the only country in Asia that understands naval tactics’.<sup>75</sup> Each year several Vietnamese students are sent to study at the National Defense Academy of Japan in Yokosuka, Kanagawa Prefecture.<sup>76</sup> Hanoi also dispatched a fact-finding team to Japan in July 2013 to learn how to enhance its patrol activities. Vietnamese Maritime Police officials also called for closer cooperation with their Japanese counterparts when the Japan Coast Guard Academy’s training vessel Kojima made a port call at Da Nang in central Vietnam in late July 2013. During their first-ever talks on maritime security with the participation of senior officials from the two countries’ foreign and defense ministries in Hanoi in May 2013, the two sides exchanged views on Japan’s possible provision of patrol vessels above 1,000 tons in an effort to help Vietnam strengthen its capacity to protect its rights.<sup>77</sup> Discussions on enhanced maritime security cooperation and Japan’s provision of patrol vessels to Vietnam, which was delayed in 2013 due to technical issues and Vietnam’s consideration of China’s reaction, have been sped up in the wake of China’s sudden deployment of Haiyang 981 oil rig into Vietnam’s EEZ in early May 2014.<sup>78</sup> Negotiations will likely be

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<sup>72</sup> <http://www.mod.go.jp/e/jdf/no24/leaders.html>, accessed January 15<sup>th</sup>, 2014.

<sup>73</sup> *TuoiTre News*, “Vietnam, Japan vow to strengthen military ties”, September 13, 2013.

<sup>74</sup> *Vietnamese People’s Army Newspaper*, “Vietnam and Japan boost defence cooperation”, April 16, 2013.

<sup>75</sup> *The Japan Times*, “Vietnam seen as a potential role model for Japan”, June 14, 2014.

<sup>76</sup> *Ibid.*

<sup>77</sup> *The Japan Times*, “Vietnam to hold maritime security talks in May”, April 15, 2013.

<sup>78</sup> The technical issue regarding Japan’s provision of coast guard vessel to Vietnam is that Japan’s ODA can only be used for non-military purposes whilst the Vietnam Coast Guard, despite its recent name change, remains under the Defense Ministry control. The Japanese Government has urged Vietnam to consider separating its Coast Guard from

wrapped up during the upcoming visit to Hanoi by Japan's foreign minister Fumio Kishida and it is expected for Vietnam to receive these vessels in 2015. Vietnam and Japan Coast Guards have also promoted cooperation in rescue, environment protection, and other capacity-building activities. Capacity building in combating pirates and terrorism, meanwhile, is of lesser interest to Vietnam compared to other maritime countries in the Malacca Straits. Japan can also assist Vietnam Coast Guard (and its Navy more broadly) in an indirect way and in the long run by helping strengthen its shipbuilding industry – one of the six key industries in Vietnam, as noted earlier, to receive more investment from Japan in the time to come. An unofficial source also stated that the Japan's self-defense force is currently helping Vietnam train submarine crews.<sup>79</sup> In December 2011, the commander of the Vietnamese Navy visited Japan to be briefed about the archipelago's submarine fleet and at the time, some training activities had already taken place.<sup>80</sup> This is quite understandable given that Vietnam is preparing for the operation of the six kilo-class submarines recently purchased from Russia, as two have already been transferred to Vietnam in early 2014. In late 2012, with the relaxing of Japan's arms export restrictions, former defense minister Kitazawa indicated that Japan is considering selling submarines to Vietnam.<sup>81</sup> If that is the case albeit not in the near-term future, it would diversify the sources of Vietnam's defense equipment which are mainly restricted to Russia and some European countries.

Another potentiality may be cooperation in the joint development of South China Sea resources. As Hanoi considers the threat of a Chinese attack on the Vietnamese controlled islands and rocks as unlikely in the immediate future, 'the issue of defending sovereign rights and jurisdiction on exclusive economic zones and the continental shelf has become more prominent than the issues of sovereignty claim over 'land features' of the Paracels and the Spratlys.'<sup>82</sup> This is clearly manifested in the ongoing confrontation between Vietnam and China over the placement of China's oil rig Haiyang 981 into Vietnam's EEZ since early May 2014. Oil exploration, in this light, is of great significance to Vietnam, not only in economic but also in security terms. Hanoi is the leading oil producer in the region, with 26% of its national production coming from South China Sea fields. The profit from oil and gas exploration of PetroVietnam (a state joint-venture in the oil and gas industry) in 2012, for example, was VND13,000 billion (approximately US\$650 million), a substantial source for the country's modest budget.<sup>83</sup> Although economic benefits cannot be taken for granted, what seems to be more strategically important is the sovereignty issue. Hanoi, therefore, wishes to 'rob in' more international partners in oil development ventures to 'internationalize' the stakeholders in its maritime disputes with China. So far, the country has been successful in enlisting Russian (Rosneft and Gazprom), Indian (OLV), British (BP), American (Exxon Mobil and Murphy), and other ASEAN oil companies in

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the military to make it eligible to acquire new patrol vessels and other equipment from Japan within the framework of Japanese aid programs.

<sup>79</sup> Ibid.

<sup>80</sup> Céline Pajon, "Japan and the South China Sea Forging Strategic Partnerships in a Divided Region", *Asie.Visions* 60, (Center for Asian Studies, The Institut français des relations internationales (Ifri), January 2013).

<sup>81</sup> Wallace, op. cit., p. 490.

<sup>82</sup> Tran Truong Thuy & Nguyen Minh Ngoc, op. cit.

<sup>83</sup> *Vnexpress*, <http://kinhdoanh.vnexpress.net/tin-tuc/doanh-nghiep/ngan-sach-co-them-7-200-ty-tu-lai-dau-khi-2894255.html>, accessed January 23<sup>rd</sup>, 2014.

these joint-development projects.<sup>84</sup> These are all foreign companies that may sustain diplomatic pressures from China. My guess is that Vietnam would also welcome Japanese oil companies should they desire to join these ventures, particularly as Japan has already cooperated with Vietnam in the Nghi Son Oil Refinery Plant Project.

Vietnam-Japan cooperation in the security and defense arena might not be restricted to maritime security but may also span across a wide range of other traditional and non-traditional security issues. The two countries agreed to commence the Vietnam-Japan deputy ministerial level security dialogue in 2014 to discuss crime information and regional and global security issues of mutual interest during a visit to Vietnam by Kenji Furuya, Chairman of Japan's National Public Safety Commission and State Minister for Abduction Issues in July 2013. Vietnam also requests Japan's assistance in providing equipment and technology to deal with post-war consequences, particularly delayed explosive ordinances and toxic chemicals as well as capacity building for Vietnam's peacekeeping forces within the UN frameworks.<sup>85</sup> Japan also strongly sympathizes with Vietnam's struggle against the impact of climate change, as the latter stands to be among the nations to be most seriously impacted by rising sea levels and other effects of climate change. In 2010, the two countries signed an ODA Loan of 10 billion yen for the Support Program to Respond to Climate Change. This program is expected to contribute to sustainable economic development and the alleviation of climate change through implementation of measures that may ease the effects of global warming such as greenhouse gas emission controls, and form specific responses to the disaster risks that accompany climate change.<sup>86</sup> Japanese partners also shared useful experience of Japan's reconstruction efforts in the aftermath of the devastating March 2011 earthquake and tsunami and lessons for disaster prevention in Vietnam. Furthermore, the Japanese Ministry of Land, Infrastructure, Transport, and Tourism has signed another MOU that will last until 2016 on natural disaster management with Vietnamese Ministry of Agriculture and Rural Development to support to Vietnam's climate change amelioration and natural disaster prevention efforts.<sup>87</sup>

It can be said that the 'close-kit' strategic partnership between Vietnam and Japan has become clearly evident in all fields. A well-managed comprehensive relationship between Vietnam and Japan in the time to come will not only contribute to realizing the national development goals of both countries but will also give Hanoi and Tokyo more leverage and strategic confidence in managing their foreign relations, particularly in shaping the evolving security architecture in East Asia.

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<sup>84</sup> <http://www.baodatviet.vn/chinh-tri-xa-hoi/tin-tuc-thoi-su/dan-doi-tac-dau-khi-hung-manh-cua-vn-tren-bien-dong-2360869/>, accessed January 23<sup>rd</sup>, 2014.

<sup>85</sup> *ThanhNien News*, "Việt Nam là một trong những đối tác quan trọng nhất của Nhật Bản" (Vietnam is one of the most important partners of Japan), September 16<sup>th</sup> 2013.

<sup>86</sup> Japan International Cooperation Agency, Press Release June 18, 2010, "Signing of Japanese ODA Loan with the Socialist Republic of Vietnam: Promoting Policy Actions to Respond to Climate Change"

<sup>87</sup> <http://english.vov.vn/Society/Environment/Japan-provides-expertise-on-climate-change-mitigation/264881.vov>, accessed February 15<sup>th</sup> 2014.

#### 4. Regional implications

##### *Vietnam-Japan Strategic Partnership in US-China Regional Geopolitics*

East Asia has recently become a central place for power competition between China and the US, and now between China and Japan. China's rapid economic growth, its double-digit annual increase in military expenditure, and growing assertiveness in the East and South China Sea disputes have raised common concerns in Washington, Tokyo, and Hanoi about the strategic implications of China's rise. The most comprehensive strategic response thus far is the US pivot or rebalancing to Asia to consolidate its 'hubs-and-spokes' alliances and reassure allies and partners of US commitment amid China's expanding military power. Japan is also making moves toward becoming a 'normal country' to hedge against not only a more hostile China, but also the strategic ambivalence of US willingness to defend Japan in a potential conflict with China over Senkaku/Diaoyu Islands. In this context, Tokyo openly supports the US rebalance to Asia whilst pursuing its own 'look South' strategy. Accordingly, Japan will take greater responsibility in sharing the burden with the US in its 'rebalancing' efforts by means of 'strategic use of ODA' for the purpose of providing maritime security capacity building skills to ASEAN countries, among which Vietnam is a beneficiary. As stated in the 2012 U.S.-Japan Joint Statement of the Security Consultative Committee, '...the U.S. Government plans to continue helping allies and partners in the region to build their capacity with training and exercises. The Government of Japan, for its part, plans to take on various measures to promote safety in the region, including the strategic use of official development assistance, for example through providing coastal states with patrol boats.'<sup>88</sup> Tokyo and Washington are also developing a security cooperation outreach network based on a 'Japan-U.S. Plus' approach that would involve a third country like Vietnam, Australia, or India.<sup>89</sup>

In this context, the US has started to identify Vietnam as a potential partner in its Asian pivot. To date, factors generating the U.S. (and Japanese) interests in furthering its partnership with Vietnam in strategic terms include the perception that Vietnam is becoming a 'middle power' with commensurate influence in Southeast Asia, and arguably a powerful strategic actor to check China's assertiveness.<sup>90</sup> As stated by U.S. Secretary of State Hillary Clinton at the ARF Meeting in Hanoi in July 2010 when Hanoi was then ASEAN Chair, the Obama Administration is prepared to 'take the U.S.-Vietnam relationship to the next level' and the US sees its relationship with Vietnam 'not only as important on its own merits, but as part of a strategy aimed at enhancing American engagement in the Asia-Pacific and in particular Southeast Asia.'<sup>91</sup> Washington has then courted Vietnam in a number of ways: boosting economic ties to help it be less reliant on the Chinese import market; including Vietnam (the only poor and non-capitalist country) in the Trans-Pacific Partnership negotiations; offering equipment including patrol vessels, know-how, and capacity building to strengthen its coast guard and military; and calling for Hanoi to play a more active and constructive role in maintaining peace and stability in the

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<sup>88</sup> <http://www.mod.go.jp/j/approach/anpo/js20120427.html>, accessed February 7, 2014.

<sup>89</sup> Mori Satoru and Nishihara Masashi, *Building a Framework for Japan-US-Vietnam Trilateral Cooperation: Analyses from Japanese perspectives*, (RIPS Policy Perspectives, November 2011), p. 3.

<sup>90</sup> Mark E. Manyin, *U.S.-Vietnam Relations in 2013: Current Issues and Implications for U.S. Policy*, (Congressional Research Service's Report for Congress, July 26, 2013), p. 2.

<sup>91</sup> IIP Digital US Embassy, July 22<sup>th</sup> 2010. "Clinton Says U.S. Seeks Expanded Relationship with Vietnam"

region. Since 2010, Hanoi and Washington have been negotiating for a ‘strategic partnership’ framework. More recently, President Obama has just approved a new agreement on civilian nuclear cooperation and increased US non-proliferation cooperation with Vietnam. During a trip to Vietnam in late 2013, Secretary of State John Kerry announced that the United States would give more than half of its assistance for maritime capacity building in Southeast Asia to Vietnam, including the provision of five fast patrol boats for its Coast Guard. U.S. forces are also involved in training Vietnamese personnel in maritime domain awareness, search and rescue, and disaster response. Moreover, Washington is committed to support Vietnam in developing the Mekong Delta Region, particularly in combating severe impacts of climate change.

In this context, it can be argued that the ‘China factor’ looms large in recent enhanced interactions between the US, Japan and Vietnam. The enhanced partnership between Vietnam and Tokyo be it in political, economic, or strategic terms, therefore, would be welcomed by Washington and vice versa. Hanoi and Tokyo share common interests with Washington in checking China’s assertiveness as well as in supporting US pivot to Asia, particularly in ensuring the freedom of navigation and aviation in international waters and enhancing maritime security, rule of law, and peaceful settlement of territorial disputes. Trilateral security cooperation can be expanded to include other partners such as India and Australia, with whom Japan and Vietnam have close relations. For example, Japan together with the United States and Australia are providing capacity building assistance for Vietnam’s preparation to join UN peace keeping forces. Another mechanism for trilateral cooperation is through US-led TPP negotiations which Vietnam and Japan joined in 2010 and 2013 respectively. Vietnam is considered to be one of the largest beneficiaries on the TPP. According to a study in 2011, admission to TPP will help Vietnam add \$46 billion to its GDP, a 13.6% increase. When TPP is concluded and takes effect, it is expected for its GDP to have an additional \$26.2 billion increase and this number will amount to \$37.5 billion if Japan also joins in.<sup>92</sup> Apart from its huge economic benefits, TPP entails great challenges for Vietnam to commit to a comprehensive structural reform and increase its transparency at home.

But unlike the Vietnam-Japan relationship which is generally ‘problem free’, relations between the US and Vietnam, the two former enemies, still face significant obstacles beyond the war-related relics e.g. POW/MIA and orange agent issues. Given their ideological differences, there remains lingering skepticism in Hanoi that the United States’ long-term goal is to erode the CPV power monopoly by means of ‘peaceful evolution’ (điển biến hòa bình). So far, the human rights issue remains the biggest obstacle for Hanoi and Washington to take a dramatic step forward in their relationship. The US continues to link Vietnam’s human rights records with a ban on lethal weapon exports to Vietnam and a failure to recognize Vietnam’s market economy status. At the press conference with his US counterpart Leon Panetta in Hanoi in June 2012, Vietnamese Defense minister Phung Quang Thanh mentioned that if the two countries are to fully normalize relations, the US must lift its arms embargo on Vietnam. He also lamented earlier that the US did not appropriately recognize the country’s market economy.<sup>93</sup> Hanoi, in return, rejected US

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<sup>92</sup> Website of Ministry of Justice of Vietnam, “Tham gia Hiệp định đối tác kinh tế chiến lược xuyên Thái Bình Dương (TPP) – Cơ hội và thách thức đối với Việt Nam” (Participating in the Trans-Pacific Partnership – Opportunities and Challenges for Vietnam). See also Peter A. Petri, Michael G. Plummer, Fan Zhai, “The Trans-Pacific Partnership and Asia-Pacific Integration: A Quantitative Assessment”, *East West Center Working Paper Series*, (No. 119 October 24, 2011).

<sup>93</sup> *Asia Times Online*, “US, Vietnam inch closer together”, June 12, 2012

proposal to host rotations of US troops and warships in Cam Ranh Bay. Thus far, Hanoi has not changed its 'Three Nos' policy (no foreign military base in Vietnam's territory, no military alliance with foreign country, and no bilateral relations against a third party) in its defense policy.<sup>94</sup> These remaining differences explain why, despite high expectations, the two countries came up with only a 'comprehensive partnership' framework in 2013, one step lower than the 'strategic partnership' framework Vietnam has established with its other important partners like Japan.

Moreover, whilst the 'balancing' dimension in Washington's and Tokyo's China policy is obvious, Hanoi's interactions with Beijing are more complicated and its response to China's increased assertiveness in the South China Sea is also more sophisticated. Japan, as a traditional power in East Asian history and peer competitor with China in economic and military terms, has the will and capability to counter-balance China in the context of China's assertiveness in territorial issues in the East China Sea. Vietnam, meanwhile, is a small country that shares both land and maritime borders with China, relies on Chinese imports, and has a significant power gap with China in the South China Sea disputes. While being skeptical of China's rise for historical reasons, Vietnam has few strategic options vis-à-vis China. In the past Hanoi has both allied and opposed Beijing, but neither strategy seems to work nowadays. A bandwagoning strategy is undesirable given Vietnam's strong determination to preserve its independence and territorial sovereignty, as well as the anti-China sentiment among the public. But a counter-balancing strategy is also unwise, as it would worsen relations with China and bring Hanoi great economic hardship and insecurity - possibly disrupting overall foreign relations like during the decade following their 1979 border war. Therefore, since the normalization of ties in 1991, Vietnam has adopted a dual strategic position towards China: on the one hand, it sees China as an indispensable economic and security partner; on the other hand, it seeks to hedge against possible territorial encroachment by building up its naval forces and cautiously forging strategic ties with other powers.

In this light, it can be argued that the extent to which Hanoi may further enhance its security and defense cooperation with Washington and Tokyo largely depends on two factors: the dynamics in the US-China-Japan triangular and the degree of assertiveness China would exercise in the South China Sea. Until early 2014, Hanoi has been walking the tight rope carefully in its strategic collaborations with the US and Japan 'so that it can be seen as acting independently while keeping options open with China.'<sup>95</sup> Renewed clashes with China over the deployment of Chinese oil rig into Vietnam's EEZ since May 2014, however, have made it difficult for Hanoi to sustain this strategic ambivalence. For the first time since 1991, Hanoi is now ruling out the 'bandwagoning' option in its China policy. Prime Minister Nguyen Tan Dung, after what he sees as a blatant violation of Vietnam's sovereignty and legitimate interests, clearly stated that 'Vietnam never barter sovereignty for an unrealizable or conditional peace and friendship.'<sup>96</sup> Several of Vietnam's strategic partners and like-minded friends such as the US, Japan, the Philippines, India, and Australia have joined Hanoi's 'coalition of the willing' in denouncing China's growing unilateralism and aggressiveness. Hanoi has engaged in regular consultations

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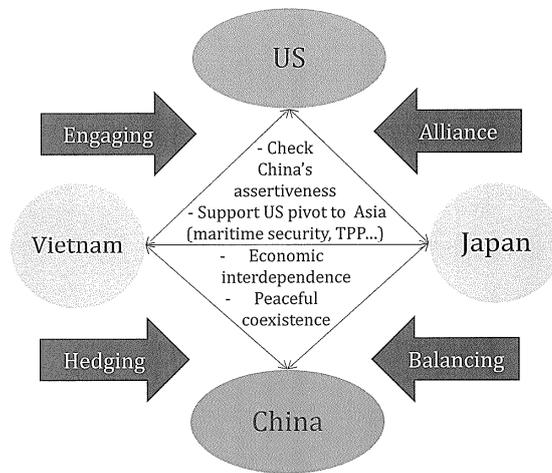
<sup>94</sup> This policy is outlined in Vietnam's National Defense Whitepaper 2009.

<sup>95</sup> *Asia Times Online*, May 12, 2012 "Vietnam floats between China and US"

<sup>96</sup> *Voice of Vietnam*, May 23, 2014, "PM: Vietnam never barter sovereignty for an unrealizable friendship", accessed June 1, 2014.

with Washington on how to react to the crisis and is now openly expressing its support for Japan's 'proactive pacifism' in Asia. Clearly, while Hanoi will not change its non-alignment policy to enter a military bloc any time soon, the 'balancing' dimension in Hanoi's China policy will become more evident if Beijing persists to push Hanoi into a corner.<sup>97</sup>

In short, Vietnam and Japan's common strategic concerns – both being proximate to China, fearful of its rise, involved in territorial disputes, and maintaining good relations with the US – have been and will be the underlying factor to boost their security and defense ties at the bilateral and multilateral levels. However, their different views and positions vis-à-vis China and the US may put a ceiling on the extent of strategic cooperation. With the U.S. and Japan's support, Vietnam can now gain a more favourable strategic position to deal with its giant neighbour. Hanoi however, will not go as far as to ally with Washington and Tokyo to openly counter balance Beijing in the near future. As China's neighbours, Vietnam and Japan also share a common interest in economic interdependence and peaceful co-existence with China. From the Vietnamese perspective, 'to have peace, stability and security in the region, it is very important for [them] to have good relations with China so that [they] can enjoy mutual benefit.'<sup>98</sup> That, however, should not be a 'conditional peace and friendship' through coercion and use of force. From the Japanese perspective, 'both Japan and Vietnam hope that the rise of China will be peaceful. More precisely, Japan and Vietnam have no wish to live under a 'Pax Sinica.' Dealing with the rise of China should not be limited to one approach. Engagement has been, and will be, the basic policy to ensure peace and prosperity in the region. It must be noted, however, that balancing is a key to successful engagement. Japan and Vietnam should cooperate in this regard as well.<sup>99</sup>



**Diagram: Vietnam and Japan's common concerns and strategic options vis-à-vis US and China**

(Source: author's own)

<sup>97</sup> For more information on how the oil rig incident changed Vietnam's strategic thinking, see my commentary on the *East Asia Forum* (June 4, 2014) titled "Vietnam's strategic outlook after Haiyang 981", available at <http://www.eastasiaforum.org/2014/06/04/vietnams-strategic-outlook-after-haiyang-981/>

<sup>98</sup> *South China Morning Post*, "Hanoi plays up Beijing ties ahead of Panetta visit", 03 June, 2012.

<sup>99</sup> Takayuki Ogasawara, "The Prospects for a Strategic Partnership between Japan and Vietnam, AJISS-Commentary, (No.124, June 16, 2011), The Association of Japanese Institutes of Strategic Studies.

## ***Vietnam-Japan Strategic Partnership in ASEAN driven regionalism***

### *Abe's New Diplomacy toward ASEAN*

Japan's relations with Southeast Asia have continuously developed ever since Tokyo re-engaged the region in the late 1970s. Its regional policy over the years, however, has not gone far beyond the 1977 Fukuda Doctrine in which Japan pledged that it would never become a military power, would build up a relationship of mutual confidence and trust with Southeast Asian countries in wide-ranging fields, and would cooperate positively with ASEAN and its member countries in their own efforts as an equal partner. Although many subsequent Japanese governments have issued 'a doctrine' on Japan-ASEAN relations, these policies often emphasize the significance of economic cooperation and the three principles of the Fukuda Doctrine.<sup>100</sup> Memories of Japan's military past, its constitutional restraints and frequent change in leadership also contribute to Japan's low-profile disposition beyond the sphere of economic cooperation in Southeast Asia. However, in recent years, there have been some remarkable changes in Japan's Southeast Asia policy. Since the Koizumi years, Japan has focused on cooperation with ASEAN in non-traditional security issues. In the face of competition with China, Japan's promotion of human security and non-traditional security is seen as 'Japan's desire to remain relevant and influential' in the region.<sup>101</sup> There have been calls for Japan to play a more active role from within the region. Rizal Sukma, Executive Director of the Center for Strategic and International Studies in Jakarta, for example, has recently urged Japan to go beyond the traditional areas of economic cooperation 'to play a more strategic, political and security role, especially in soft security issues such as disaster management, peacekeeping and peace-building.'<sup>102</sup>

Particularly during the second term of Prime Minister Shinzo Abe, Japan has promoted a 'value-based diplomacy' and 'proactive pacifism' approach which is often hailed as 'Abe's New Diplomacy' if not an 'Abe Doctrine' toward ASEAN. Abe's New Diplomacy asserts that relations with ASEAN form 'a supremely vital linchpin' for Japan's diplomatic strategy.<sup>103</sup> His message is simple and straightforward: Japan, while maintaining the Japan-US alliance as the cornerstone of its foreign policy, will also place importance on ASEAN as the hub for regional cooperation; supporting the association's unity and working together with its member countries in building a twenty-first-century order for East Asia and the Asia-Pacific.<sup>104</sup> 'Abe's New Diplomacy' highlights, among other things, the common concerns and interests of Japan and ASEAN in the rule of law and freedom of navigation on the seas, enhanced economic networks and exchanges, and expansion of democracy and human rights. Abe himself clarifies, 'we hope to deepen and enhance cooperation, as ASEAN countries are Japan's partners that share basic values and strategic interests'.<sup>105</sup> Abe's New Diplomacy is actually promoting something called

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<sup>100</sup> Tomotaka Shoji, "China's Rise and Japan's Changing Approach toward Southeast Asia: Constraints and Possibilities" in Lam Peng Er and Victor Teo (eds), *Southeast Asia between China and Japan*, (Cambridge Scholars Publishing, 2012) p. 64.

<sup>101</sup> *Ibid*, p. 74.

<sup>102</sup> *Japan Times*, "ASEAN jittery over major power rivalry in Asia", December 12, 2012.

<sup>103</sup> PM Abe affirmed this point at the joint press conference after a meeting with Indonesia's President Susilo Bambang in Jakarta during his first trip to Southeast Asia in January 2013.

<sup>104</sup> Shiraishi Takashi, "Abe's Visit to Southeast Asia and Japan's Five New Diplomatic Principles", available <http://www.nippon.com/en/editor/f00016/>, accessed April 8, 2014.

<sup>105</sup> *Kyodo*, "Japan, ASEAN discuss Japanese exports to combat disasters, terrorism", February 18<sup>th</sup>, 2014.

the 'Arc of Freedom and Prosperity,' based on common values. This concept has been advocated by Taro Aso from the time he served as the Minister of Foreign Affairs in the first Abe cabinet (2006-2007) and later under the his Premiership (2008–2009). However during these periods, the initiative was labeled as a blatant move to encircle China, and it never really got off the ground.<sup>106</sup> Abe is currently reviving the idea with aims to promote ties with ASEAN to revitalize the Japanese lagging economy and turn Japan from a passive to proactive political player to contribute to shaping a favourable security environment in the region amid the China challenge. Against this background, it is important to ask: How do ASEAN countries see this new role of Japan? And how does the Japan-Vietnam Strategic Partnership fit into this new level of cooperation between Japan and ASEAN?

*Japan-Vietnam strategic partnership as an integral part of Japan-ASEAN relations*

Arguably, Japan's new diplomacy toward Southeast Asia under Abe has been welcome in ASEAN for several political, economical, and security reasons which will be analyzed hereunder. In this context, Vietnam, as an active ASEAN member that has good relations with Japan, is the most welcoming, facilitating, and benefiting country from an enhanced role of Japan in ASEAN-driven regionalism. The Vietnam-Japan strategic partnership, therefore, should also be seen as an integral part of Japan-ASEAN relations.

Politically, ASEAN is employing a diplomatic strategy of 'omni-enmeshment' and 'complex balancing' toward big powers as argued by Evelyn Goh. ASEAN, a group of small and medium-sized nations, does not want a single power to dominate the region, particularly its important waterways. Of its relations with big powers, ASEAN has a dual fear. On the one hand, it does not want relations among big powers to be too bad (e.g. a US-China or Japan-China naval conflict) because 'when the elephants fight, it is the grass that suffers'. On the other hand, it does not want their relations to be too good (e.g. a G2 between the US and China) as they may collude against ASEAN countries' interests. The current complicated competition and rivalry among the big powers have resulted in numerous 'charm offensives' toward ASEAN by the US, China, Japan, Korea, India etc. In this context, ASEAN members have chosen a hedging strategy by not 'picking sides or excluding certain great powers, but rather by trying to include all the various major powers in the region's strategic affairs... so as to deepen interdependence and to deepen their sense of having a stake in the region's security, so that they would be more interested in helping to maintain regional stability, mainly through political and diplomatic means.'<sup>107</sup> Toward that end, ASEAN seeks to involve as many big powers as possible through bilateral arrangements and ASEAN-led security cooperation mechanisms such as EAS, APT, ARF, ADMM+ and other numerous multilateral and bilateral free trade agreements. The aim of this 'omni-enmeshment' and 'balance of influence' strategy is to create overlapping spheres of influence in the region which are 'competitive but positive-sum'.<sup>108</sup>

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<sup>106</sup> "Behind the New Abe Diplomacy: An Interview with Cabinet Advisor Yachi Shotaro (Part One)", <http://www.nippon.com/en/currents/d00089/>, accessed February 5<sup>th</sup>, 2014.

<sup>107</sup> Evelyn Goh, *Great Powers and Southeast Asian Regional Security Strategies: Omni-enmeshment, balancing, and hierarchical order*, (Singapore: Institute of Defense and Strategic Studies, July 2007), p. 5. See also Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia", op. cit., p. 121.

<sup>108</sup> Ibid.

In this context, Evelyn Goh argues that Japan matters in the evolving regional order in at least three dimensions: continuing US alliance and preponderance, socializing China, and developing regionalism.<sup>109</sup> While the notion of Japan's role in strengthening US commitment in the region and in developing ASEAN regionalism is clear, the 'socializing China' dimension is less so. Instead, since 2010 when Sino-Japanese relations quickly deteriorated over the Senkaku/Diaoyu issue and China increases its assertiveness in South China Sea disputes, many Southeast Asian countries increasingly saw Japan as a potential counterweight in the face of a rising China. Besides, ASEAN countries have been appreciative of Japan's support of the structuring of the ASEAN community and re-affirming ASEAN centrality in the regional architecture. Japan joined the Treaty of Amity and Co-operation in Southeast Asia (TAC) in 2004 and was one of the first two countries that established a strategic partnership with ASEAN as a bloc. Thus far Japan has actively participated in ASEAN's regional cooperation mechanisms and made important contributions. ASEAN's welcoming of Japan as a political player in the region has been manifested throughout the year 2013, particularly as the Summit commemorated ASEAN-Japan's 40 years of relationship in Tokyo in December. One noticeable outcome of the summit was that leaders of Japan and ASEAN agreed to adopt a Vision Statement on ASEAN-Japan Friendship and Co-operation and a Plan of Action to implement the Vision Statement in order to encourage the ASEAN-Japan strategic partnership to continue developing in the coming decades. At the Summit, Vietnamese Prime Minister Nguyen Tan Dung affirmed Vietnam's consistent policy of attaching great importance to the ASEAN-Japan strategic partnership, and suggested that Japan and ASEAN continue to strengthen and deepen their relations while co-operating to solve common issues in the region and around the world.<sup>110</sup>

Economically, ASEAN countries are now benefiting from a new wave of Japanese investment. Japanese investors, given their concerns over the rising cost of production in China as well as the deteriorated ties between Tokyo and Beijing, increasingly see ASEAN as a strategic area for investment. A December 2012 poll published in the *Nikkei Shimbun* found that 85 percent of Japanese companies named Southeast Asia a priority destination for investment, while only 40 percent said the same of China. Meanwhile, Japanese investment in Southeast Asia has grown nearly twice as fast as in China. Southeast Asia also represents 'an emerging production corridor and a major potential market where Japan enjoys great popularity.'<sup>111</sup> Economic cooperation between ASEAN and Japan has witnessed robust developments in the recent years and Japan is now one of ASEAN's first ranking economic partners. At the 2013 Summit, ASEAN and Japan completed negotiations on two charters on trade, services and investment under the ASEAN-Japan Economic Partnership Agreement, and agreed to co-ordinate closely to enhance negotiations on the Regional Comprehensive Economic Partnership (RCEP) in East Asia. Japan is also one of the leading ODA suppliers to ASEAN. Tokyo has pledged to continue supporting ASEAN to build the ASEAN Community by 2015 and to improve regional connectivity through the Mekong-Japan mechanism. At the 2013 Japan-ASEAN Summit, Prime Minister Shinzo Abe announced the five-year funding of JPY2 trillion (US\$20 billion) to ASEAN connectivity projects and efforts to narrow the development gap between the ten ASEAN member states.

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<sup>109</sup> Evelyn Goh, "How Japan matters in the evolving East Asian security order", *International Affairs*, (Vol. 87, Issue 4, July 2011), pp. 887-902.

<sup>110</sup> *Nhan Dan*, "Contributing to deepening the sound strategic partnership with Japan", December 16, 2013.

<sup>111</sup> Center for Strategic and International Studies (CSIS), "Abe Steps into Southeast Asia's Spotlight: Japan Reengages ASEAN", January 18, 2013.

Japan will also provide an additional US\$100 million to the ASEAN – Japan Integration Fund, and US\$3 billion for ASEAN to improve its managerial capacity and natural disaster response.<sup>112</sup>

In its assistance and investment policy in ASEAN, Japan places strategic importance on the development of the Greater Mekong Sub-region (GMS) through the East West Economic Corridor and the Southern Corridor. Much of the money from Tokyo's 2012 pledge of ¥660 billion financial assistance, in the form of grants and loans, to ASEAN members' infrastructure projects will go toward investment projects under the GMS regional cooperation to improve distribution networks between India and Japan with the construction of roads and ports. The idea is to link Ho Chi Minh City in southern Vietnam with Phnom Penh in Cambodia and Bangkok in Thailand, and end up at the Dawei Seaport in Myanmar, which faces the Indian Ocean. If these maritime routes can be established, it would lessen Japan's reliance on the Malacca Straits, a major maritime transport base that is rife with piracy. New routes would heighten safety as well as decrease the time and cost of shipping.<sup>113</sup> As a country located at the heart of the Mekong Delta Region and a link between continental and maritime Southeast Asia, Vietnam plays an important role in the construction of this route in particular and in the development of the Mekong Sub-region in general. Therefore, among the 57 ODA projects that Japan has pledged to invest in the Mekong region, 26 are located in Vietnam, including very important infrastructure projects such as Lach Huyen Port, Terminal 2 Noi Bai International Airport, Long Thanh International Airport, Cai Mep – Thi Vai Port, Hoa Lac High Tech Zone, and metropolitan railways in Hanoi and Hochiminh city etc.<sup>114</sup> Japan is now looking to expand the supporting model for Vietnam to the rest of the Mekong region with intensive investments in infrastructure projects in Myanmar, Laos, and Cambodia. For its part, Vietnam proposed at the 2013 Mekong-Japan Summit Meeting that Mekong countries and Japan continue to uphold their commitments and the implementation of agreements on environmental protection, sustainable management and use of the Mekong river, regional connectivity, socio-economic development co-operation, health care, climate change, natural disaster response, food and energy security and more.<sup>115</sup> The Vietnam-Japan Strategic Partnership, therefore, plays a significant role in the development of the Mekong-sub region, thus contributing to enhancing regional connectivity and narrowing the intra-regional development gaps toward building the ASEAN Community in 2015.

Strategically, ASEAN and Japan share many common concerns over maritime security, freedom of navigation and aviation, peaceful settlement of territorial disputes etc. In the recent years, maritime security and non-traditional security issues are high on Japan-ASEAN's agenda of security and defense cooperation. Japan has pledged to work actively and responsibly within the framework of cooperation mechanisms, particularly the ASEAN Regional Forum (ARF) and the ASEAN Defence Ministers' Meeting-Plus (ADMM+). From 2008 to 2011, Tokyo has co-chaired the ARF 32 Intercessional Meeting on Maritime Security (ISM-MS). The focus of the ISM-MS is rather low key - information sharing, capacity building, and training - and still largely concentrates on piracy.<sup>116</sup> Among these frameworks, Japan has high expectations for the

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<sup>112</sup> *Nhan Dan*, "Contributing to deepening the sound strategic partnership with Japan", December 16, 2013.

<sup>113</sup> *The Asahi Shimbun*, "Japan pushing 'southern corridor' linking Vietnam and Myanmar", November 19, 2011.

<sup>114</sup> *Voice of Vietnam*, "Việt Nam-Nhật Bản: Đối tác chiến lược tin cậy, bền vững", December 12, 2013

<sup>115</sup> *Nhan Dan*, "Contributing to deepening the sound strategic partnership with Japan", December 16, 2013.

<sup>116</sup> Céline Pajon, op. cit., p. 16

ADMM+ forum which Vietnam initiated during its 2010 ASEAN Chairmanship.<sup>117</sup> This mechanism was hoped to serve as an effective platform for consultation, building confidence, and finding areas of practical cooperation in the defense sector. At the Inaugural ADMM+ in Hanoi, the Defence Ministers agreed on five areas of practical cooperation to pursue under this new mechanism: namely maritime security; counter-terrorism; disaster management; peacekeeping operations; and military medicine. The ADMM+ has one Experts Working Group devoted to maritime security which meets twice a year since July 2011. It has focused so far on capacity building and information sharing regarding anti-piracy and the protection of sea-lanes of communication (SLOCs), among other themes.<sup>118</sup> Vietnam and Japan have also closely coordinated within the framework of ASEAN-Japan security cooperation. At the fourth deputy-ministerial level ASEAN-Japan defence cooperation conference in Tokyo on March 13th 2013, Vietnamese Deputy Defence Minister Nguyen Chi Vinh expressed his hope that ASEAN members and Japan will enhance links to ensure maritime security and compliance with international law. Vinh said countries should adopt a proper awareness of regional security, especially through the interpretation and application of the 1982 United Nations Convention on the Law of the Sea (UNCLOS), and standardised behaviour to international law in an open and transparent manner, to ensure maritime security and safety as well as peace in the region.<sup>119</sup> Most recently, Vietnamese President Truong Tan Sang has hailed Prime Minister Shinzo Abe's initiative on consultations with ASEAN countries to hold informal meetings between Japan and ASEAN involving ministers in charge of defense matters to discuss non-traditional security issues including disaster prevention. Prime Minister Shinzo Abe in return welcomed the fact that Vietnam is positively considering the possibility of convening the third Expanded ASEAN Maritime Forum this year, and stated that the two sides should cooperate toward the success of the Forum.<sup>120</sup>

In the face of increased regional tensions due to territorial disputes, ASEAN and Japanese leaders affirmed during their 2013 Summit Meeting that maritime peace, stability and prosperity are in the common interest of the region and the world, and stressed the importance of ensuring maritime security, safety and freedom, as well as achieving the resolution of disputes by peaceful means in accordance with international laws. They also welcomed official consultations between ASEAN and China on the Code of Conduct (CoC) in the South China Sea. Given the importance of the South China Sea as a transport route for 80% of Japanese oil and other transported goods and pending such a legally binding framework between ASEAN and China, Japan is currently seeking to support ASEAN countries in strengthening their Coast Guards and their capacity building skills. This includes the provision of patrol boats to the Philippines, Indonesia, and Vietnam. Japan also assists ASEAN countries in building national defense and military capability to handle non-traditional security issues due to climate change and other emerging issues, such as hi-tech crime and cyber security. Japanese government is also seeking to promote direct arms exports to support the defense infrastructure of ASEAN countries. In December 2011, Tokyo decided to ease the restrictions imposed under its Three Principles on Arms Exports. While maintaining the basic philosophy of restraining exports, overseas transfers of defense

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<sup>117</sup> The first ADMM+ meeting in Hanoi in 2010 was ADMM+8, namely Australia, China, India, Japan, Republic of Korea, New Zealand, Russia, and the US.

<sup>118</sup> ASEAN website, accessed March 10<sup>th</sup> 2014.

<sup>119</sup> *Vietnam Plus*, "Vietnam wants stronger ASEAN-Japan defence tie", March 13, 2013.

<sup>120</sup> *Vietnam Plus*, "Vietnam, Japan lift bilateral relations to new height", March 18, 2014.

equipment are now allowed in cases that contribute to peace and advancement of international cooperation.<sup>121</sup> In this context, Japan invited senior defense officials from ASEAN countries to a meeting in Okinawa on February 18<sup>th</sup> 2014 to discuss the joint development of equipment to combat natural disasters and terror. On this occasion, Japan showcased its post-disaster technical support in infrastructure-building and the introduced Japanese defense equipment, such as infrared radars and unmanned robots to clear explosives.<sup>122</sup> As the Chinese approach to ASEAN in the South China Sea dispute is ‘the soft are seized, the hard are released’ (欺软怕硬), given the power asymmetry between China and ASEAN, enhancing ASEAN’s defense capacity by the ‘strategic use of ODA’ and relaxation of arms export restrictions by Japan has a strategic importance to ASEAN maritime security. From the Japanese perspective, ‘ASEAN’s own strength and resilience against China’s growing maritime pressure is an important vanguard for denying China’s creeping expansion to the contested territorial waters. Such resilience would also sustain the status-quo that creates better conditions for ASEAN’s diplomatic negotiations vis-à-vis Beijing.’<sup>123</sup>

ASEAN is clearly becoming more and more receptive to Japan’s security initiatives. Japan-ASEAN cooperation in strategic terms, however, is also facing a number of restraining factors such as ASEAN disunity in South China Sea disputes, different views vis-à-vis China and Japan among its members, and a lingering fear of Japan’s re-militarization. Despite many diplomatic efforts, ASEAN has so far failed to adopt a common approach in dealing with China in the South China Sea, as can clearly be seen during Cambodia’s 2012 ASEAN Chairmanship. The prospect of a Code of Conduct between ASEAN and China remains distant despite ASEAN’s efforts to hold a round of consultations with Beijing last September. Amid heightened tensions between Japan and China over the Senkaku/Diaoyu Islands and historical issues, ASEAN countries are also trying to forge balanced relations between the two powers. As ASEAN is striving toward establishing the ASEAN Economic Community in 2015, it needs to build up its relations with China - the bloc’s largest trading partner. ASEAN will therefore need to calibrate its ties with Japan carefully to avoid overtly provoking China. Moreover, Prime Minister Abe’s New Diplomacy vision of embedding human rights and liberal values in Japan’s ASEAN policy could present challenges for Japanese engagement in Southeast Asia. Only half of the ASEAN countries are democracies and all struggle with human rights to some extent. If Japan upholds these values very strongly, it could ‘alienate potential economic partners.’<sup>124</sup> ASEAN also expresses different reactions about Japan’s attempts to become a ‘normal country’. For example, the Philippines is the most vocal in supporting the rearming of Japan and its revision of its pacifist constitution as a way for Japan to become a potential ‘significant balancing factor’ to China.<sup>125</sup> Vietnam, as aforementioned, also wishes for Japan’s enhanced strategic role in the region and stronger ASEAN-Japan defence ties. Cambodia, Thailand, Laos, and Malaysia, however, are hesitant to antagonize Beijing due to their growing economic and political ties. Meanwhile, the positions of other important ASEAN members like Indonesia and Singapore are

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<sup>121</sup> Ken Jimbo, “Japan Should Build ASEAN’s Security Capacity”, (AJISS-Comentary, No. 150, May 30, 2012).

<sup>122</sup> *The Japan Times*, “Japan, ASEAN reach disaster, terror deal”, February 19, 2014.

<sup>123</sup> Ken Jimbo, op. cit.

<sup>124</sup> Center for Strategic and International Studies (CSIS), “Abe Steps into Southeast Asia’s Spotlight: Japan Reengages ASEAN”, January 18, 2013.

<sup>125</sup> *Financial Times*, “Philippines backs rearming of Japan”, December 9, 2012. See also Céline Pajon, op. cit., p. 34.

more prudent. Indonesian President Susilo Bambang Yudhoyono welcomed Japan's efforts to fortify regional security but urged transparency in Tokyo's efforts to raise its military profile.<sup>126</sup> Similarly, Singapore's Foreign Minister said weeks after Prime Minister Shinzo Abe's visit to Yasukuni Shrine that he understands the need for Japan to strengthen the military given mounting concerns over its own security but urges that Japan must 'do more' to assure neighbors of its intentions as it builds a stronger military.<sup>127</sup> Understandably, much of Southeast Asia suffered under Japanese occupation in World War II and its leaders have been wary of potential Japanese militarism resurgence.

In order to allay all these skepticism and win over the 'hearts and minds' of ASEAN people, Japan in the coming time should continue promoting its public diplomacy and soft power, as it has successfully employed in the case of Vietnam. After all, post-war Japan has followed its pacifist trajectory and has played a significant role in facilitating the economic take-off of many 'dragon' and 'tiger' economies in the region, including China itself. ASEAN countries and its people also value Japan's contribution in helping build the ASEAN community, fostering regional integration, narrowing development gaps, backing sustainable development in the Mekong sub-region and responding to regional challenges e.g. natural disasters. Particularly the fact that Japan acts as a 'China contrast' has improved the country's image and prestige in Southeast Asia recently. One of the big diplomatic wins for Japan against China was Japan's quick reaction and generous support to Typhoon Haiyan, which ravaged the Philippines in early November of 2013. While Beijing 'looked miserly and disingenuous' in its response, Tokyo 'reacted with vigour and purpose', pledging more \$50 million in assistance and deploying 1000 members.<sup>128</sup> PM Abe also scored points with the region by highlighting in his recent Shangri-La keynote speech, Japan's commitment to valuing the rule of law and preventing the change of status quo by force and coercion in the context of a series of China's recent unilateral and aggressive actions against Japan, Vietnam, and the Philippines recently.<sup>129</sup> Hanoi, stuck in its current stand-off with China over the oil rig incident, has expressed its appreciation for Japan's pledge to give its utmost support for Vietnam in its territorial dispute with China, and is now openly advocating Japan's proactive pacifism in Asia. Meanwhile, Singapore Prime Minister Lee Hsien Long also welcomes Japan's desire to contribute to peace and security in the region, within the framework of its security pact with the United States.<sup>130</sup> Undoubtedly, Japan's consistent support to ASEAN in addressing emerging security issues and preserving regional order will help consolidate Japan's foothold and soft power in the region.

## Conclusion

The Vietnam-Japan relationship is that of two mutually complementing economies and strategic partners of many common interests. It serves as the solid foundation for any further enhancement of their ties. In March 18, 2014, a new page has been turned in their bilateral relations - during

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<sup>126</sup> *AP*, "Japan pledges \$19 billion in aid to ASEAN region", December 14, 2013.

<sup>127</sup> *Japan Times*, "Do more to assure region, Singapore tells Japan", January 13, 2014.

<sup>128</sup> *The Diplomat*, "Japan Doubles Down on ASEAN", December 23, 2013.

<sup>129</sup> The 13th IISS Asian Security Summit -The Shangri-La Dialogue-Keynote Address by Shinzo ABE, Prime Minister, Japan; available at [http://www.mofa.go.jp/fp/nsp/page4e\\_000086.html](http://www.mofa.go.jp/fp/nsp/page4e_000086.html), accessed June 5, 2014.

<sup>130</sup> *The Strait Times*, "Japan's desire to boost peace welcomed by Singapore", June 1, 2014.

the state visit of Vietnamese President Truong Tan Sang to Japan, the two countries agreed to elevate their ties to a new height – an Extensive Strategic Partnership for Peace and Prosperity in Asia. President Sang and PM Abe state that this new level of cooperation reflects political trust as well as deep and extensive development of the bilateral relations in all areas, which is in the fundamental and long-term interests of the two countries’ peoples, meeting their expectation to contribute to the peace, stability, cooperation, and development of the region and the world. Speaking at the event, President Sang said: ‘We agree to elevate the two countries’ relations. The new cooperative framework has reflected the strong and extensive growth in the Vietnamese-Japanese strategic partnership and set out major orientations for our relations in the future.’<sup>131</sup> During the informal talks, they promised to be ‘all-weather friends’ – a manifestation of profound trust and confidence among the two peoples.

Given their shared common interests and the solid foundation of high political trust and the deep empathy among the two peoples they have cultivated, it can be said that now is the best time in the history of Vietnam-Japan bilateral relations with no major hindrances for furthering the ties at the bilateral level. The fruit of this enhanced strategic partnership between Vietnam and Japan is not only limited to the two countries’ benefits but will also have significant impact on the promotion of regional cooperation, particularly through ASEAN-driven regionalism. The strategic partnership also bears significance in strategic terms with Japan’s (and U.S.) support to strengthen Vietnam’s and ASEAN’s resilience amid the uncertainty of China’s intentions in territorial disputes. The ‘China factor’ in this light has been and will be exerting a push-and-pull effect on the bilateral and multilateral cooperation between Vietnam/ASEAN and Japan/United States. Given Vietnam’s (and ASEAN’s) complex interactions with China and their unwillingness to choose sides, as well as Japan’s domestic restraints, it is best for Japan (and US) to exercise ‘indirect balancing’ by giving a number of potential middle powers in ASEAN, especially Vietnam, the chance to strengthen their own capabilities. As the former US Secretary of Defense Leon Panetta said during his visit to Vietnam in 2012: ‘It is in the interest of stability to have a strong Vietnam, a strong Indonesia, a strong Philippines, a strong Singapore and strong nations throughout the Asia-Pacific region. Frankly, the most destabilizing situation would be if we had a group of weak nations and only the United States and China were major powers in this region. So the key to future stability, to future prosperity, to the future in which all of our people can enjoy a better life - the key to that is ensuring that all nations develop their capability, develop their economy, develop their trade and develop the kind of relationship that will bring these nations together, not apart...’<sup>132</sup> Hence, the security and geostrategic dimension overlaps with economic and political dimensions in Japan’s strategic partnerships with Vietnam and ASEAN. In this context, Vietnam has strongly expressed its hopes that Japan would continue making active and constructive contributions to peace, stability and prosperity in the region and the world. Other countries in ASEAN are likely to welcome Japan as a political player and a strategic actor, as long as Japan itself does not force them to take sides or arouse fear with its re-militarism.

During his visit to the United States in 2012, China’s then Vice President Xi Jinping was quoted saying, ‘The vast Pacific Ocean has enough room to accommodate both the United States and

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<sup>131</sup> *Voice of Vietnam*, “Enhancing Vietnamese-Japanese comprehensive strategic cooperation”, March 21, 2014.

<sup>132</sup> U.S. Department of Defense, Joint Press Briefing with Secretary Panetta and Vietnamese Minister of Defense Gen. Phung Quang Thanh from Hanoi, Vietnam, June 04, 2012.

China.’<sup>133</sup> In response, then US Secretary of State Hillary Clinton was quoted saying ‘I think, after all, the Pacific is big enough for all of us’.<sup>134</sup> Without a doubt, the US-China geopolitics is the most important strategic relationship in East Asia. This does not deny, however, the necessity and possibility for other regional players like Japan, ASEAN, and Vietnam to contribute to shaping a favourable environment for their own security and economic interests. In this context, Japan and Vietnam/ASEAN share a common interest in ensuring that the changing strategic balance in East Asia will not become detrimental to the stability, security, and prosperity of the region, and that any unilateral attempts to change the status quo with coercion and force should be discouraged. In this light, enhanced strategic partnerships between Japan and Vietnam/ASEAN - the legitimate stakeholders in maintaining regional peace and security - will help shape a balanced multipolar regional order that is not solely dependent on the ambivalent dynamics of US-China geopolitics.

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<sup>133</sup> *The Washington Post*, “Views from China’s Vice President”, February 13, 2012

<sup>134</sup> *NBC News*, “‘Big enough for all of us’: Clinton says US can work with China in Pacific”, September 1, 2012.