

# Japan's strategic counter to China's Belt and Road Initiative



by Qi Lin, December 28, 2017

As Xi Jinping directs the explosive growth of China's economic and political footprint across Asia, Eurasia and Africa through the Belt and Road Initiative (BRI), other Asian countries are deploying international development initiatives of their own. Japan, in particular, is making significant plays to counter China's expanding influence by proposing a cooperation with India and the United States on new ports and high-speed road networks stretching from Asia to Africa.

### **Indo-Japanese Collaborations**

As Chinese infrastructure and development projects stand up and stretch outward across Asia under China's Belt and Road initiative (BRI), Japan is making plans of its own. Tokyo has deepened its economic partnership with India in a bid to enhance their own influence through funding and development in neighboring countries throughout the region and beyond.

Multiple infrastructure projects across Africa, Iran, Sri Lanka, and Southeast Asia as part of Japan and India's growing collaborative effort. In East Africa, Delhi and Tokyo plan to fund infrastructure and capacity building projects, and Japan is expected to join India in the expansion of Iran's Chabahar port and the adjoining special economic zone. The two countries are expected to seek joint expansion of the strategically located Trincomalee port in Sri Lanka, as well as the Dawei port along the Thai-Myanmar border.

Prime Ministers Shinzo Abe and Narendra Modi have come together to create an "India-Japan Act East Forum", marrying India's "Act-East Policy" with Japan's "Free and Open Asia Pacific Strategy". The forum

aims to enhance connectivity and promote developmental projects in India's Northeastern Region (NER) in an effort to build links spreading throughout Southeast Asia. Tokyo has arranged a loan for the "North East Road Network Connectivity Improvement Project" to improve critical roads and infrastructure in India, including National Highway-40 and 54. Japan will devote substantial resources to the construction of India's first high-speed rail corridor between Ahmedabad and Mumbai.

The Indian and Japanese vision of Africa as the next frontier of development has given rise to the Asia-Africa Growth Corridor (AAGC). The main objective of the AAGC is to achieve better economic integration between South, Southeast, East Asia, and Africa. India is looking to connect Mekong-India Economic Corridor (MIEC) with Kenya-Tanzania-Mozambique (KTM) growth zone through Jawaharlal Nehru and Kochi ports, for example, which would open up new vistas of Africa-Asia connectivity.

China has already established a strong presence in this region, with <u>trade</u> growing at roughly 20% per year since 2000, amounting to \$188 billion in 2015. Both India and Japan have thus far refrained from any participation in China's BRI, owing to strategic and security concerns; in fact, India and Japan see the AAGC as their opportunity to counter Chinese influence. By expanding their bilateral relationship to include joint infrastructure development across Asia and Africa, Abe and Modi are looking to leverage Japan's economic and India's strategic outreach beyond South Asia to the broader Indian-Pacific Ocean region. As China's project runs through <u>Kashmir</u>, New Delhi would hope to weaken Chinese influence by building cross-border infrastructure projects.

## The U.S.-Japan Joint Initiatives

The United States sees China's BRI as an attempt to secure a greater regional leadership role in Asia. In an October congressional hearing, Secretary of Defense <u>James Mattis</u> said "in a globalized world, there are many belts and many roads, and no one nation should put itself into a position of dictating 'one belt, one road." Secretary of State <u>Rex Tillerson</u>also indicated that the United States would seek to expand transparent regional lending mechanisms to help Indo-Pacific nations, as they have limited choices when it comes to infrastructure investment programs.

In November, the United States takes its next step in joining Japan's efforts to provide an alternative to Chinese infrastructure development. According to the White House, the United States and Japan launched several initiatives during President Trump's visit to Japan. First, Overseas Private Investment Corporation (OPIC) and Japanese partners have signed two agreements "to offer high-quality United States-Japan

infrastructure investment alternatives in the Indo-Pacific region." OPIC said it will work with the Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI) to share a "commitment to tackling development challenges and bolstering investment in infrastructure, energy and other critical sectors throughout Asia and the Indo Pacific, the Middle East, and Africa."

In addition, Washington and Tokyo signed other agreements on energy infrastructure. The United States and Japan launched "the Japan-United States Strategic Energy Partnership to promote universal access to affordable and reliable energy in Southeast Asia, South Asia, and Sub-Saharan Africa." On November 6, the U.S. Trade and Development Agency (USTDA) and Japan's Ministry of Economy, Trade and Industry (METI) signed an <u>agreement</u> "to help bring high-quality energy infrastructure solutions to the Indo-Pacific region."

All these agreements highlight quality and affordability in infrastructure projects—two areas in which the U.S. and Japan may have a strong competitive advantage over China. USTDA said its Memorandum of Cooperation with METI will help "demonstrate the high-quality value proposition that U.S. and Japanese companies excel at providing ininfrastructure development."

## The Next Step

Japan has worked with the United States and India to promote their countries as an alternative for those Asian and African countries seeking to build up their infrastructure capacity. In the near term, Beijing will need to watch more closely for any indication of further cooperation between the three powers and to se if any other key regional neighbors, such as Australia, may be brought into the fold. China may find itself losing BRI partners to a Japanese, American, or Indian alternative.

# **ABOUT AUTHOR**

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