

Seminar on “Japan in Southeast Asia”

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Yuki Tatsumi: Good afternoon. I think we’re going to get started. I think some people may be trickling in and – greeting for whoever is also – this is also being livestreamed, so greetings to those who are watching us through the website. Thank you again for gathering here today for the seminar on Japan in Southeast Asia. I take the size of this crowd as the Duterte effect. This is really – this response was overwhelmingly greater than we had anticipated, but then we are very pleased obviously to see all of you. I’m Yuki Tatsumi, Senior Associate here at Stimson. This seminar is part of the larger project that the Stimson Center is running on the theme of Japan and peacebuilding and Southeast Asia, based on Japan’s long engagement primarily through the economic assistance and the social development realm is one of the important area we are looking at as Japan expands this notion of peacebuilding. And we have here two of the – probably the best scholars from Japan on the topic of Japan’s engagement with Southeast Asia that we can hope for. One actually lives in Singapore and actually has to fly out after the seminar so that he can be back in Singapore for his Friday morning lecture. So, immediately to my right is Dr. Nobuhiro Aizawa from Kyushu University. He also spends a fair amount of time in Southeast Asia. He actually told me that he spent an entire three months in Thailand during the summer while school was out – and also his dissertation was on the Chinese merchants’ connection in Southeast Asia, so his experience is deeply ingrained in that region. And next to him is Dr. Kei Koga. Again, as I said, he is Assistant Professor at the Nanyang Technological University. He has a PhD from the Fletcher School of Law and Diplomacy here in the United States, and he – I would call him a typical example of brain-drain from Japan for Japanese academia. I’m delighted that our distinguished fellow Richard Cronin, who was a director of Stimson’s Southeast Asia program until not too long ago, until he was elevated to a Distinguished Fellow status – he will participate as a discussant for this panel discussion. So what I would like to do here is turn first to Dr. Koga, who would kind of set the parameter and give us an overview of Japan’s engagement in Southeast Asia, and then turn to Dr. Aizawa, who can probably give – tell you some interesting narratives about how Duterte is viewed in Japan, as well as the recent passing of the Thai king; the succession ceremony is coming on December 2. I know I’m setting you up. This entire time he was here, this is all we’ve been talking about when we’re not in a meeting. And with that, I’ll follow

by turning to Rich for a few words, and then we'll open up the floor for question and answer and comments. So without further ado, Koga-san.

Kei Koga: Thank you very much. Thank you very much for your kind introduction, Tatsumi-san. I hope it's actually brain-drain, but maybe – Japan might be happy with the nonexistence of me. There is – today, what I'd like to talk about is Japan's diplomacy towards Southeast Asia. And then – currently, I think the many scholars or policy-makers, practitioners, frame Japan's involvement in Southeast Asia affairs as its balance of power strategy in the current – in the context of the rise of China. And indeed, such aspect is important, given China's assertiveness in Southeast Asia, and also we need to be concerned to consider the implication for East Asia stability. What I'd like to emphasize here is the – we need to kind of remind ourselves of the fact that Japan's involvement in Southeast Asia was back well before the current rise of China, and their political and economic engagement was actually enhanced in the 1977 Fukuda Doctrine, by which the Prime Minister Fukuda – then Prime Minister Fukuda – emphasized never becoming – Japan never becoming the military power, creating comprehensive relations, including the people-to-people relations between Japan and Southeast Asia and also facilitating the existence of the ASEAN and also the Indochina countries. So, Fukuda Doctrine was said to be some – the declaration that redefined the Japan-Southeast Asia relationship between Japan and Southeast Asia from the bitter World War II experiences.

So then here the question becomes, "What are the changes and the continuities in the Japan's policy towards Southeast Asia?" And here I will say the change has occurred actually in Japan's bilateral relationship with each Southeast Asia country. And also the continuity is Japan's ASEAN diplomacy, including the assistance for institution-building. So first of all, I'd like to focus on the change – how actually Japan's bilateral diplomacy changed over – recently. Japan began to engage each Southeast Asian state in terms of the security cooperation, and then particularly since 2013 when the Abe – when Abe actually became Prime Minister. Obviously as you may have already known in 2013, Prime Minister Abe visited all the ASEAN – Southeast Asian countries, and also Abe – Japan concluded the strategic partnership with Cambodia in 2013 and also Malaysia and Laos in 2015. Also he upgraded ties with Vietnam. It had the strategic partnership, but it actually enhanced the strategic partnership to the extensive strategic partnership in 2014. So, together with the kind of pre-2013 strategic partnership between Japan and Indonesia, and also the Philippines and Thailand, now seven out of the ten ASEAN countries have the strategic partnership with Japan. And Japan also strengthened the ties with those who have been concerned about the maritime security issues, particularly the Philippines and Vietnam, and to some extent Malaysia. Japan conducted the capacity building program, and then the example again is the – including Japan helps setting up Malaysia's maritime enforcement agency, and promised with the Philippines to provide ten coast guard ships and already provided six battleships to Vietnam, and then considering more to provide. So in that sense, Japan's kind of bilateral engagement to some extent is considering the rise of China.

And these bilateral engagement actually again – as I said, they aim to the rise of China, but specifically there are two things, two factors we need to actually consider. The one is Japan explains the Southeast Asian states that the Japan's changes in the – its diplomacy and also security policy recently including the reinterpretation of the Constitution for the collective self-defense, increasing the defense budget, and also what it means by the proactive contribution to peace and policy – actually they wanted to assure these kind of changes non-threatening to the Southeast Asian countries. And I think to some extent this is actually really successful. If you take a look at the Chairman's statement in September

2016 this year, at the ASEAN-Japan dialogue, it actually says these kind of changes contributes to some extent the peace and stability in East Asia and they welcome it. So in that sense, the ASEAN countries are not considering Japan's post-security policy change as threatening. And also it enables Japan's diplomacy towards – engagement to the Southeast Asia states to enable these states to strengthen its coast guards, the capabilities. This might not be the kind of full-fledged capacity-building – it is not actually like – it falls short of the alliance system so that it doesn't actually provide the full kind of deterrence effect, but to some extent it could actually provide some kind of capabilities to deter, or like to check the Chinese maritime maneuver in the South China Sea in the short period of time. So these activities and frameworks – cooperative frameworks – have been considered in the context of the rise of China again, and then the most – specifically the rise of the authoritative China. And so this can be identified – this, Japan's bilateral relationship with Southeast Asia can be identified as change.

And how about the continuity? The continuity is Japan's ASEAN diplomacy. It has been supporting – Japan has been supporting ASEAN institution consolidation and also institution building. The Fukuda Doctrine in 1977, which I explained a bit, but Japan agreed to actually in 1973, Japan agreed to create the ASEAN-Japan Dialogue to discuss the negative economic impact of the – of Japan's synthetic rubber exports to ASEAN member states. And then they actually came to a certain agreement that Japan is not going to threaten economically to Southeast Asia. And this is actually done because in order to reduce ASEAN's kind of threat perception of Japan right after World War II, and also because if you think of a more kind of recent example, the establishment of process over the ASEAN Regional Forum in 1994, Japan contributed to actually promoting the ASEAN centrality. At that time Japan proposed that ARF – that some kind of security dialogue in East Asia should be based on the extension of the ASEAN PMC, which is the ASEAN+1 framework. So in that sense, ASEAN – Japan actually promoted ASEAN's kind of – the main – ASEAN actually supported – sorry, Japan supported ASEAN's central role. And ASEAN Plus Three, if you take a look at the other frameworks like ASEAN+3 or the East Asia Summit of the ADMM-Plus frameworks, which were also supported by Japan strongly and then Japan emphasized the ASEAN centrality in these – the frameworks. So, to be sure, Japan does push its own agendas as well in the ASEAN framework. For example, in the consolidating process of ASEAN+3 from 1997 to 2005 and then establishment process of the East Asia Summit, Japan repeated emphasized the democratization or good governance, rule of law, human rights, these kind of so-called universal value in the ASEAN framework. But the thing is, it's never actually reached to the point when the negotiation collapsed, so if the ASEAN member states actually pushed that these kind of initiative that Japan took, then Japan actually to some extent backed down and let the ASEAN actually decide. So in this sense the same framework functions is kind of working as reassurance system, that Japan respects Southeast Asia and that also continues through commits to the region in ensuring its presence. And strategically speaking this is particularly important in the context of the rise and the uncertainty of the U.S. commitment, at least if the Southeast Asian perceives that uncertainty. And obviously Japan would not be able to be replaced with the United States, but Japan could give some political leverage to strengthen the ties with the U.S. – ties between the U.S. and also ASEAN. How long do I have left?

Tatsumi: About five more minutes.

Koga: Five more minutes. Okay. So, actually, yeah, the – in some – just what I said is the bilateral relation actually represents the change and also the ASEAN relation with Japan represents the continuity. And lastly what the challenge – challenge is the ASEAN – the one question we need to ask is, so if this is the case, ASEAN actually has the upper hand with the regional great powers, because Japan

actually approaching the ASEAN, China approaching the ASEAN, and also the U.S. approaching the ASEAN, so that the ASEAN is going to kind of exploit their great power presence. And I think maybe – but then the cost and risk of the kind of – of the U.S. or, like, the major powers' commitment is very low, so I think the major power – pretty happy to be kind of – to some extent exploited by the Southeast Asian countries. And also relating to that, the ASEAN hedging – ASEAN, if you take a look at the middle – small and middle power diplomacy toward the major powers, we could actually conclude our – it's kind of safe to say that the ASEAN countries to some extent engage in hedging the diplomacy.

But then there is some kind of question on the – to what extent it is sustainable. There are two conditions. I think the first one is, unless the great power clashes, then this hedging strategy works. But the other condition is unless a great power disengages, then this hedging diplomacy actually works. But currently the problem is – there is again uncertainty about the U.S. commitment to East Asia, because of the, maybe, Middle East issue becomes more kind of prominent, and there's going to be the rebalance's rebalance. If that's the case, then probably the ASEAN countries cannot actually do the hedging strategy as it expects. So in that sense, I think, again, Japan's – Japan – if Japan stays in Southeast Asia and then show its presence in Southeast Asia, maybe it could help the ASEAN to kind of be more not so kind of concerned about the U.S. disengagement at least in the short period of time. So putting these things in the context, the ASEAN countries still are faced with huge strategic risks, and then even though we have a little bit touched on – Tatsumi-san touched on Duterte – but the Philippine president Duterte is under the same kind of situation. For me, I don't think there's going to be – I mean, there's a risk, but I think the Philippines is not actually exploiting too much about the great power presence right now. And then also the Japan's continuous engagement in Southeast Asia in this context is very much appreciated, and then the – not only historically, but also strategically, so for, I think, as long – as far as I know, Japan's kind of diplomacy in the Southeast Asia is good to stay, and also they actually keep engaging in Southeast Asia bilaterally and also multilaterally. So, thank you very much.

Tatsumi: Thank you, Koga-san. Aizawa-san.

Nobuhiro Aizawa: Thank you very much, Tatsumi-san. I guess I was also very pleased to know I come from Japan, I stayed in Southeast Asia – everybody's eyes are on to the presidential election right now, not in Bulgaria, but in the United States. So, so it was weird for me to come to here and expecting such a huge attention, as you said, thank you to Duterte. So, you know, it's our kind of structured destiny we live on this kind of very dramatic “demonized” media coverage. So we thank Duterte. But also I thank you for the title of this talk; I was very impressed you put the title “Japan *in* Southeast Asia.” There's always the debate – “Japan *and* Southeast Asia,” “Japan *and* Asia,” or “Japan *in* Asia” – and it went smoothly, without being asked, you mentioned Japan *in* Southeast Asia. And you know, I'm staying in Bangkok, especially, for three months, I did realize that very strongly. There's like – I was so shocked to know that you can live very much by Japanese language itself in Bangkok. You get all these – not just the foods, I mean, you know – like, everything, haircuts, and whatever services that you can get the same quality as you do in Japan. And also the variations of top-notch – the ramen, the top-notch ramen, and then low-level ramen, everything.

Tatsumi: You have a choice. That's nice.

Aizawa: And people who migrated to Bangkok, you know, you always create the second life. For example, there's many football players that move from Japan to Thai league and then after their retirement, they open up a café, or bakery, using their networks in Japan, you know. It's amazing thing.

And I look at the statistics, and yes, it's not the – I mean, we all know the 1985 after the Plaza Accord, Japanese investment went to Thailand, or in Southeast Asia a lot, created a new wave of Japanization so to speak. But now it's not just the companies that we are talking about, it's the people, and if you look at the statistics, there's more Japanese living in Southeast Asia, more than in China. Of course, United States, it's the biggest country for Japanese living outside of Japan. But the kind of increasing level of Japanese is more into social, not just political and economic. So I think that is a very strong undercurrent that will shape the Japanese policy towards Southeast Asia. It's not just anymore a very macro-level, you know, macroeconomic policy, or security.

So I think that it's something that I have been convinced with recent years, and I think that will kind of give a new challenges that we have to think about. I mean, historically speaking, Japan has been enjoying a huge asset of a long-term relationship with all these kind of networks that have created, especially of course the United States together. But that kind of regime that the U.S.-Japan was the hegemon in Asia is now over. So it is the time that we have to reconstruct our network if we need to – if we want to strengthen the ties, it's not the model we use in the 70s and 80s. People are different, institutions are different, important agencies are different, and naturally we have to recreate the network. So how do you think about this will be the challenge that we have to think about. And let me try to lay out some changes.

First is the, you know, regional order: the regional order absolutely is changing. So there's no more consensus that, you know, Asia accepts the United States as the hegemon, that the United States keeps the security of Asia. I mean, that doesn't hold anymore. China wants to be the hegemon. Southeast Asian country will not think this U.S.-Japan alliance is the, kind of, foundation of peace. So everybody have to think to survive. Every country, every society have to think in this time of transition. So naturally what happens is that Southeast Asian countries especially will become pragmatists. They will not stay on to ideological promises if they have made anything. So that, from the Washington, D.C. point of view, you might get disappointed because even though you claim it's an alliance, it's not the alliance that you expect from them, right? So this kind of expectation and reality gap will exist more and more because the nature of the regional order is creating Southeast Asian countries choices as much more pragmatists. That's one thing.

And it becomes more and more pragmatist because – not just because of this power relations – it also becomes with a lot of this loss of confidence toward, like, global orders. When I talk with a lot of leaders in Southeast Asia, they do refer to the cases in Syria, so what Syria tells Southeast Asian leaders that the kind of global order that is sustained by, like, the United Nations, you know, all these kind of setting is not strong in front of big power geopolitical competitions. So if you look at Middle East, I mean – if you look at the situation in Syria, I mean, there is no point that geopolitical power gain prioritizes than becoming a kind of consensus building to kind of save the situation, but it doesn't happen. So big powers has more interest in fighting their geopolitical interests in the regions. And Southeast Asia country will not see that as somewhere far away. You know, looking back at the history in the 70s, that's what's happening in Southeast Asia, and after 40 years, this is a huge worrying situation. So – so you don't have confidence in the global order, you don't have the confidence in U.S.-Japan alliances. So naturally creates more of a pragmatist political choice. So you sometime talk with China, talk with Japan, talk with United States, and every time in a sweet way, but whether they will fulfill their – whatever promise they made, it remains to be seen, right? That's the pattern, naturally, because of this kind of world order. But if you're a pragmatist, then what will define their political choices is that what kind of

challenges they are facing, because, you know, you will prioritize the major challenges and you are pragmatist to solve that challenges.

So what will define is the respective challenges that each leaders in their countries is facing. And overall you will see a huge social change in Southeast Asia. And I think that will be a very key, defining factor, not just in the domestic politics, but overall regional reconfiguration as well. So what are the key social issues that we see in Southeast Asia? Of course, it's the economic development, economic growth, with the thanks to Japan and the United States, I think the rule of political game in Southeast Asia has been into development – this is what the George Kennan – the classic designs of double containment. Since then, development is the purpose of politics. You know the leaders are – the leaders are evaluated by how many GDP growth, or what are the economic growth they have made – it's not this carnal era – revolution, or independence, you know – the purpose of power in the 40s, 50s, 60s was very much into this independence, recolonization, but now since the 70s and 80s, it's very much development, and that still remains the same. It's the development. But of course this development is creating a lot of disparities, so this – disparity or this gap in development, the social gap, is going to be the biggest challenge that every country in Southeast Asia faces. So as a politician, you have to make a priority – are you going to invest your asset into more development like, you know, tackling the middle income trap, or you know future development – is that your political priority? Or is it the redistribution? If you claim your role as a government is to redistribute, is that going to be your priority? You need to make consensus. But it's not easy right now in Southeast Asia. I think that is the kind of confusions in every country that has happened. There's still is both camps are fighting a lot with kind of development camp and redistribution camp and some countries the development camp is the bureaucrats and redistribution camp is the party politicians. You will see, you know, if you look at the cabinet members, it's very interesting. You know how much bureaucrats you appoint as a cabinet member and how much political parties you appoint. Look at the Indonesian cabinet, and even the Thai cabinet. If you look at the key energy ministers, are they political party members or are they bureaucrats? It's a very interesting place to look at. So I mean this will lay out the kind of balances that each leaders are playing their politics on. So this economic growth or distribution, this is a classic gap you have to do.

But why the consensus building is difficult right now – I think it comes with the social changes. There's so many social changes that's going on. Let's just lay out several, some of them. But – it's like, for example, urbanization. Now in Asian history is the first time that more people living in the urban area in not just Southeast Asia, in the whole Asia as well, but that addresses, you know, a very different political system, even in Japan as well. LDP, you know, was based on the rural votes, but now trying to reconstruct their party on urban-based politics – political party. That's the same thing in Southeast Asia as well. You have different networks trying to gain power. So urbanization absolutely is changing this kind of political system.

And one more thing is the digitalization. The digitalization is creating a kind of – not the disparity but more of a relative parity between the political knowledge, between the center and the rural. So the kind of political understandings in every country who were playing in the disparity of the political knowledge is not going to be working anymore. That's another thing.

And also the mobility. More and more people, you know, is born and go to school, work, raise children, and die in different places. And that creates a different set of a lot of political choices. And one of the thing is that, if you look at the debate in political rallies or presidential elections or prime minister party

discussions, if you ask what will be your first priority on diplomacy, many candidates will tell, my priority is to secure the safety of my national abroad, right? It's not the kind of economic or the security design, but it's – to secure your own national abroad – so that's how the leaders are thinking about. So these are the kind of political interests that is exceeding to the traditional diplomatic interests. So this is due to the social changes and even like after – not even the election, after the coup, like Prayut, what he did in the – after he became to power is first he kicked out the Cambodians in Myanmar to their own country, and then everybody – the people around him says oh you shouldn't do that, and they came back, bring them back and it's a huge confusion right here. so people in the military camp did not understand the social changes and so these voices that who is more responsive to the social changes muscled in to even, you know, to convince a post-coup most powerful situation.

So that's how the big the political voices is because of all these changes. The organization, the digitalization, and the mobility. And this change is creating this gap between the economic representation and the social representation vis-à-vis the political representation. And countries who can realign their political system into the social changes will be doing – will be better off, especially in terms of political stability, but if not it's going to be a huge problem. And I'll give an example. Like Duterte – the Thai king's – I think that's what – not this kind of abstract things. Well, Duterte's absolutely responding to this kind of social tension. While he is using United States as a target, but actually what he is doing is that he is trying to portray himself as a different kind of leadership. He's not the blue-blood the Aquinos or the blue-blood Manila elites. I mean, he actually is a very well-educated, second generation politician, but actually he is portraying himself that he is an unusual configuration of political consideration. And you have to address the frustration that they have, the frustration is exactly this inequality. Inequality not in terms of economic sense but also into justice system, for example, you know, if you know the Philippines, the rich people can get away with anything, you can just pay anything. Everybody knows, I mean, especially the Philippines peoples knows, and if you're not that well off, you have to comply to this very arbitrary political system or the justice system, and you cannot stand that anymore. And you have that frustration, and you know this with all these digital medias. You have all these Twitters, whatever, and you know it, all right? Maybe before you didn't know it, so you could have kind of understand it, but you know it, yet the system is very unequal and then that's the frustration, and you have to – if you want to voice out that you're representing that, maybe you will start attacking those top 20 families in the Philippines, but it's a bit difficult right now because he needs to kind of stabilize his power – power, you know, base. So instead of doing that, maybe he's attacking on the United States. The last part is my assumption. But the United States is still in Philippines, you know, it's big enough to demonize. So, so I think he will use that card and I think – in terms of political science I think there is a rational reason to that.

In Thai case, I think this is going to be a big challenge to the new prince, or the new king. I think whether he can bring in a network of new political representation, I think that will be the very key of his reconstructing the monarch. Thai monarchy, every king has to reconstruct. You cannot inherit the network to claim this is your monarchy. So the current – I mean, the former, the great king has created his network, and the militaries and the establishments with that, but with the new king, I mean, it's a big decision whether he will stay with that network or is he going to bring that out. And especially the regional ones – not the Bangkok elites only – because the centralization of Bangkok, there is too much on it, if you look at the budgets and everything, there's too much of it. And if you want to claim you're

the king of Thailand, I mean, that will be a very key thing. There's too many rumors, I cannot talk on camera, but –

Richard Cronin: You want to go back?

Aizawa: So, I mean, that's the issue that's remain to be seen. I think this is how you reconstruct a political kind of regimes. So I'm running out of time, so I will – I will just address one final thing. The most – one of the very important thing is decentralization. So I would – if you're interested in Southeast Asia, I would encourage you to look at mayors and governors. With the urbanization and the decentralization with all these, you know, mayors, like from Davao, from Solo becoming presidents, I mean, this is another new wave of political ladders. It's not the blue-blood area anymore. Of course there's Aung San Suu Kyi, Najib, you know – these people still exist, but with the urbanization, with the decentralization, I think this is a huge trend that we are looking at and whether the leader can be good in terms of governance in addressing urban issues, be it the waste management, be it the disparity within the urban zones, I think that will give a huge credit that will spillover to a more national and even regional. And I think the role of United States or Japan I think is to very much well acknowledge these kind of efforts and these kind of talents. I think this is very key for the whole, not just for the national stability but for the regional stability of Southeast Asia. Thank you very much.

Tatsumi: Thank you, Aizawa-san. So if you have anymore further questions on the Thai king, you should – I recommend that you would do it off-camera after the event. And – but you definitely are welcome to pose any questions on any domestic politics in any of the countries in the region it sounds like. So now with that, let me move onto Rich. Rich, I wonder, as a discussant, you also have a prerogative of asking a first question also. So if you can share a little bit and pose your question if you have for each of these wonderful speakers.

Cronin: Thank you, Yuki. Well, both Aizawa-san and Koga-san have put an awful lot of issues on the table. They've all spoken in a very erudite fashion; that is, they're both very well-informed and knowledgeable about these issues. Yuki actually asked me to talk about two main things briefly. One is the U.S. perceptions of developments in Southeast Asia, and Southeast Asian reaction to U.S. policy and more general developments. And then the other question is about how can Japan play an important complementary, shall we say, or compatible role with the U.S. in terms of cooperation in the SEA region. Well, these are both complex questions. If you talk about U.S. perspectives in the region right now on development in the region, and the Southeast Asian reaction or even the Japanese reaction, the Chinese reaction, it's a very, very complex and messy situation right now. So the U.S. has major challenges. President Obama's TPP is – which was the main non-military aspect of the rebalance is in deep question because of Congress and the – just the general political trends in the U.S. that are personified by how well – surprisingly well to me – that Trump is doing in terms of shock that so many are not put off by all the adverse aspects of his personality and his programs – proposals.

But, and now we have Duterte and the Philippines going to China almost spreading concessions to the Chinese before he gets there in terms of putting the tribunal decision on the South China Sea on the backburner, and of course saying very derogative things about the U.S., including the U.S. president. And I agree with the – with Aizawa-san's statements he just said about the – how Duterte is – does resemble a lot of new leaders, not just in Asia, but look at Latin America, look at Venezuela, look at Brazil, etc., where the elites, the older elites are being challenged by new leaders, and often they're not really very sophisticated, except perhaps in the domestic political sense. So to me it means that Duterte is not

crazy, really – yes, he represents a broader kind of shift in evolution of leadership, but a guy that speaks to god and god tells him to stop cursing but doesn't say anything about non-judicial executions and human rights of piling thousands of alleged drug dealers, etc., in jails that are too small to hold them – it's a very chaotic kind of thing. We see Malaysia and China entering into some kind of quasi-defense regulation shift; I don't think that a lot will come of that in terms of real action on the ground or on the sea, but in general the U.S. rebalance – Obama's rebalance is under severe challenge.

But I like the idea of talking about ASEAN and its pragmatic or pragmatism in ASEAN right now, in this situation. And frankly I don't think this by itself doesn't challenge the U.S. I think the U.S. actually is the most balanced power in the region, economically, politically, militarily certainly, diplomatically, so the U.S. can live with pragmatism. And we can live with China, Philippines relations as it seemed to be evolving is not a zero sum thing. There are obviously concerns about bases in the Philippines, or – not really bases, but access – but we'll have to see how this plays out and how things go. The lead is still there, and Duterte is going against a grain – a strong history.

About Japan and how Japan can play an important role or a complementary role with the U.S. – certainly we've had a long-standing relationship and think of something like the Asian Development Bank, where Japan plays a very important role. I mean, the U.S. really sponsored Japan to set up – in setting up this bank to help Japan reintegrate Southeast Asia. There's nothing going on in Japan – between Japan and the U.S. that's very confrontational or adversarial. We do have different business models, though, of investment, trade, etc., policies, how our governments are structured – we are very asymmetrical in that way, but on the other hand, Japan plays – needs to play an important role. And I have a question for our Japanese participants after this in terms of how Southeast Asian countries are perceiving this competition, which is real, between China and Japan, and particularly in the economic investment, trade investment sphere – Japan, for instance, is playing a strong role in the so-called Greater Mekong sub region project of the Asian Development Bank in terms of developing the southern sub-corridor within the region, whereas China's influence is much more in the north. China also, by the way, has now come up with what on the surface looks like a counter to the U.S. lower Mekong initiative, something I've been working on very much for a long time in the Lancang Mekong Cooperation Mechanism.

But again, there's a difference here that it is – again, it's not really zero-sum; the U.S. just operates differently. So, for instance, we're very focused on capacity building and certainly we're focused on trying to keep all the Mekong countries together, so they all belong to the Lower Mekong Initiative. And a lot of soft power of the U.S. is involved in this region. And I can tell you personally that even in countries that are often perceived as not being very hospitable to the U.S. – Laos, Cambodia, etc. – there's a great appreciation at the personal level – that is, at the leaders, and not just the leaders, but the bureaucracies and the policy maker level for what the positive things that the U.S. is trying to do. Now, we're not involved in major infrastructure projects like China is, but if you look at something like this Lancang Mekong Cooperation Mechanism, the Chinese have – they pay lip service to water issues, but essentially – and this can be documented – the Chinese are saying to the Southeast Asian countries, "You know, let's not talk about the water – not about the water. Instead you need to focus on industrialization and integration of your economy, the U.S., and here we are prepared to help you with ten billion dollars," and now I guess Duterte's got offers of 13 billion dollars, etc. And this can only go so far, and one reason it can only go so far is the other issue that's been brought up about the middle-income trap, if you will, and that is that all the region – all the Southeast Asian countries, Thailand's a classic example – are stuck in having been very successful as a platform, for instance, for Japanese

investment and offshore manufacturing, or as exporters of tropical products and commodities to China, for instance, which is now creating a problem because that's not a very good way to develop. And so they actually need a rebalancing and the question is, can Japan help them with that? Because Japan hasn't achieved the kind of rebalancing it needs itself, nor has China. So there's a huge issue out there about how these countries are going to continue to grow, and particularly in a narrow [inaudible] trade opportunities, export-led growth is not working so well.

So, I'll stop there, but I do have two questions I want to put on the table. And one is for Koga-san. How does Japan frame its concept of cooperation with the United States in Asia? And in particular, is there any way past the fact that that has, at a national level, we and the United States – I'm sorry, we and Japan have these very different business models, and even militarily, Japan still is looking at things that are very narrow, bilateral perspective – there's no really overall concept and really not facing Japan, I think, to carry out much more than filling a niche – an important niche, for instance, the ability to support maritime surveillance capabilities through grants, through sales of ships, etc. Then for Aizawa-san, this issue of the sort of quality and scope of Japanese engagement with Southeast Asia and there's a still kind of – we talk about Japan Inc., and really Japan Inc. was MITI, now METI, very little coordination of policy – it was about promoting – MITI and JETRO promoting standards – accepted standards for local supply of parts, components for Japanese offshore manufacturing, etc. – that still goes on, but then you have the kind of bifurcation still between Japanese ODA and Japanese commercial interests and the military side of things. So, whatever you say about the U.S., we have a pretty good system for forging broad strategies that are supported by all the parts of the system. And so – and then the other thing is the question about, you know, what is the – how are Southeast Asian countries reacting to Japanese aid offers? So in the area of commercial competition, for instance, say, railroads, high speed trains, etc., the competition is more about price and – over quality, for instance, so China seems to have an advantage there. But more broadly, do you have any sense of how the different Southeast Asian governments – I mean, you can't lump them all together, but how they perceive this implicit competition between China and Japan for business and influence in Southeast Asia?

Tatsumi: Thank you, Rich. Let's, I guess, first turn to both of you, Koga-san and Aizawa-san, to respond to Rich's question, and then I'll open it up to everybody else. So, who do you like to start?

Koga: Thank you very much. Thank you very much for your question. The question is hard as Japan, actually the frame the concept of cooperation with the United States in Asia – I'd say, so – okay, there are the convergence and then the divergence in terms of the cooperation between U.S. and then Japan in Asia. The convergence side is obviously based on the U.S.-Japan alliance. The U.S.-Japan alliance is the, actually, to protect – to defense of Japan, and also to maintain the strategic stability in East Asia. So in that sense, Japan, also the United States, see the same thing, and then they bilaterally and then also if possible multilaterally, they cooperate with each other. But I think the important thing is the – that there is also the divergent side. And then because the – as you said, there is a different business model in the Japan and the United States in terms of cooperation with Southeast Asia. But this does not necessarily lead to the conflict of interest between Japan and the United States. Sometimes it actually works pretty well in terms of the division of labor. I think the HADR and also the peacebuilding issues – these things often actually division of labor is producing the more kind of exchange rate to achieve the stability. So for example, I think the HADR, Japan actually provides the logistics to the United States and also to some extent Japan could provide its military asset to conduct the repeat relief in the Southeast Asia, even though Japan does not have the – such – military treaty or the kind of defense pact with the

Southeast Asian countries, because the Southeast Asian countries consider Japan's contribution is not kind of intrusive or the military kind of – again, the military intrusive. So in that sense, the Southeast Asian countries are more willing to actually accept the Japan's kind of assistance, and then the – in terms of decisive operation, maybe the United States would actually be the best, but then the Japan could actually play a kind of buffer role in facilitating cooperation with the Southeast Asia. So in that sense, I think the concept of cooperation between Japan and the United States might actually defer to some extent, but divergence does not necessarily lead to the conflict of interest.

Tatsumi: Aizawa-san.

Aizawa: Yes. Thank you very much for the question. That's a very important part, and that's one of the focuses that Japan, especially the policy makers, have a headache about, the ODAs, the competition to China and Japan on it. If you talk about like big projects, like for example high speed train, the lesson is – so the big gap that Southeast Asia viewed toward Japan and China – quality-wise, they like the Japanese, you know, financial package the Japanese are really good, however, it's slow. I think that is the biggest disadvantage. China is very fast. Decision making is very fast.

Cronin: I believe – if I could – I believe that the Thais came back to the Chinese on this issue of high speed train or, well, train, not necessarily high speed, that, you know, the Japanese had a better package, financial package, their interest rate is lower than what China was offering. And I don't know how that finally played out, but it was – China doesn't give stuff away. I mean, they want – they drive a hard bargain.

Aizawa: But the key is, if you look at the political incentive to this – you know, if you're like Jokowi, you have to get reelected, as a president the first and foremost political priority is to get reelected, more than anything else. So whether the deal is pro-reelection is the very defining factor, more than the national interest or whatever. Sorry I'm talking like a political scientist. And so if your project is finishing in like eight years, it doesn't particularly meet the demand, even though it meets the economic demand, but it doesn't meet the political demand and that's precisely where Chinese offer has an edge on it. Of course the Japanese also understands it and trying to make sure that, you know, you want to speed up, but especially like big projects and – currently the administration is putting on quality as the comparative advantage. It's very difficult to put that quality away, because the Prime Minister already puts that on the table. And if you want to maintain the quality, you have to have all these environmental impact assessments, you have to have all these safety measures, and it takes one year, two years, even to start the construction, right? So it's very difficult in that sense. So that's very much of the – it depends on the political regime as well – democracies, reelections, you know, that's what you need. But maybe for example, you know, military junta or even a one term presidential system like Philippines – I mean, he cannot be reelected.

Cronin: Might not even get to the next election.

Aizawa: Well! So, that kind of political environment will make a very defining decision-making. And I think right now Japan is also thinking about it. Yes, the 70 percent of Japanese MOUs are realizing, only 7 percent of Chinese are realizing – you can get these statistics. But the final political decision, I think, is the big factor. And that's why Najib or Jokowi will favor, because those who are elected leaders do need this while he is in power.

Tatsumi: Great, thank you.

Aizawa: Oversimplifying, but.

Tatsumi: I'll open it up. Gill?

Gilbert Rozman: Hi, I'm Gill Rozman, the Asan Forum. I wonder if there's a sense in Japan as there is in among some in the United States that Southeast Asian relations are not going well. And whether that was reflected in the coverage of the Duterte visit, and now the Najib visit to China, and also since Abe has put so much emphasis on Southeast Asia, as well as Russia, and we'll see next month how well the Russia relationship is turning out, but he's made it seem as if, you know, much more than the rebalance, I think, this is Abe's area – Southeast Asia. So is he being hit with the notion that – how could all of this happen all of a sudden? TPP may fail, and now you've got the leaders of some of the countries that were counted on as very important for Japan, especially the Philippines, now turning against, and how can this be seen as pragmatic leaders in the Philippines, when the coverage of Duterte and Najib has been so much non-pragmatic reasons why they've done what they've done? You know, whether it's anger with the United States or something else, it doesn't sound so much like pragmatism. So how do you explain the impact in Japan of what's going on right now?

Tatsumi: Who would like to go first?

Aizawa: Okay. Yeah, it's yes and no. I mean, there's people who's disappointed, but also, I will argue that it's pretty strong in Japan – the favorability of Southeast Asia, despite of what Najib or Duterte has been portrayed. And from the Japanese point of view, Duterte's not that bad. I mean, in the Japanese especially not just us the scholars, but in terms of media coverage as well. I mean, the way his visit to Tokyo was covered was much more favorable – both sides in Philippines and in Japan – so it's not either Japan or China at that point. Yes, there is a lot of coverage to portray everything in Southeast Asia is all about Japan or China, but also there are very strong coverage about how Japan and Southeast Asia is close, per se. You know, including not just the economic policies, but also with the, you know, very thing, tourisms, every types of consumptions, I think that's much more a strong current, and if you look at their reactions of, for example, you lose the tenders of big projects, but the way the Japanese public responds to it, it's not that, you know, hostile. It's more of the, you know, the Prime Minister's office, for example, Chief Cabinet Minister Suga will kind of come with the voice that "we regret this and that," but actually with the help of the Japanese living in Southeast Asia, I mean, our interest is in more than just the project, and there are more and more different networks that has covered and portraying the closeness of Southeast Asia and Japan. So I think, to be pragmatic, you know, Japan's pragmatic policy will be, you know, with Southeast Asia, you have to live with it. Be it sometimes they don't act in what you will, but, you know, you can't move. So I think that's a strong consensus, especially if it is about Southeast Asia. And that's the, you know, even – I can give you a lot of example, but one example is about Myanmar, you know, the amount of money that you build off or reschedule when the democratization happened – that's a huge money. And you could be criticized so many, because there's so much welfare issues domestically in Japan – you could have used that money domestically, but there was no voice to, you know, kind of object, "Why are you giving up so much money to Myanmar?" When it comes to Southeast Asia, there's a funny consensus of a very accommodating public support for Japan. So I think that is a very strong backbone that supports it.

Tatsumi: Koga-san.

Koga: Thank you. In addition to that, I actually agree with Aizawa-san about Japan's perception, even though I am not actually located in Japan, so I don't know the kind of atmosphere of the Japanese public, but what I see from the Japanese media is that the – I think, the Japanese diplomacy toward Southeast Asia sees relative success. I mean, in terms of the relation with the Philippines, even the relation with the Philippines, at first, of course, there was a kind of shock when Duterte visit China and not talking about the South China Sea issues or Scarborough Shoal. But when the Duterte actually visited Japan and when the Japan and Philippines created the joint statement it actually explicitly said with regard to the arbitration, the awards, then Japan and the Philippines came to the agreement, the issue should be solved peacefully, and then the – according to the international law. So in that sense, the Philippines to some extent reassured the international community that it's not actually giving up the tribunal award. So the – I think that concern is not that high. And Malaysia – there was the – some news, I think yesterday or today, about the joint military development on the – what was it – the ship, the littoral mission ship. I think that does not necessarily mean that the Malaysia is actually accommodating, or bandwagoning with China, because the – right now, Southeast Asian country needs to modernize, needs military equipment, and if you actually have a choice, you would actually – it's kind of reasonable to say that you choose the cheaper one. And the reasonable priced one. So then, during joint development could actually give you some right to actually sell it to the other countries. So in that sense, that's the, I mean, pragmatically the economic reasons could actually explain what Malaysia is doing.

Also if you take a look at the perspective of specific countries like Singapore, there was also like tensions between China and the – some of the Southeast Asian country, I mean like Singapore. It isn't really after the arbitration award, Singapore's blamed by China that the Singapore is not doing enough to China. China actually said, "Why didn't you actually – why didn't you – Singapore didn't support China? Not actually supporting the arbitration award? Why didn't Singapore express that opinion clearly?" And then the Chinese expectation toward Singapore is that Singapore needs to deny the arbitration award. And then the Singaporean government actually pushed back a lot, saying that the international law is the necessary components that the Singapore needs to respect for its diplomacy. So in that sense, still, even though maybe the TPP may kind of be failing, even though it's still kind of up in the air, and since – the tide seems to be more kind of geared toward the accommodating the China, but then in reality, like if you take a look at the specific kind of relationship with China and Southeast Asian countries, there's still tension. So what I think Southeast Asian countries are doing, they are hedging. They are not denying the kind of Chinese – kind of Chinese deal with Southeast Asia, but at the same time they are pretty cautious. And then like to some extent it actually needs to deal with the other great powers, the United States and Japan, to kind of balance out its diplomacy and maintain the equidistant kind of diplomacy with the major powers.

Cronin: Could I just tag on quickly to this? And that is that one example, one reason why we don't need to be quite so upset about what's going on in the Philippines is that, okay, on one hand Duterte going to Beijing and saying, "Let's put the maritime territory dispute on the backburner," but on the other hand he's toying with the expectation then that China is going to come forward with what it's always been saying – "Let's work this out politically, let's work this out bilaterally, we don't have to be, you know, totally at odds on this" – but that means the onus now is on Beijing to deliver something, for instance, the Scarborough Shoals, you know, the Philippines fishermen still can't get in there. So it's again – it's

more of a messy, you know – not so polarized situation if you look at what – if you get down to the actual what's happening on the ground or the sea.

Tatsumi: Thank you. Sir, if you could wait until – the microphone is coming behind you. Thank you.

Peter Lyon: Good afternoon. Thank you for your insight. Pete Lyon, State Department, Bureau of Political and Military Affairs. I'm speaking in a personal capacity, not representing the Department. So, on your questions and the things that have been discussed, we've seen increased willingness to participate by Japan recently in the arms exports, for example, the establishment of the Acquisition, Technology, and Logistics Agency, we see Japan's participation in the F-35 program for example, and we also see Japan being the recent submarine bid which Japan lost to France regarding Australia. So on these kind of questions and this is kind of related to your point about Japanese views of economic development in Southeast Asia, what is the perception of the Japanese public of these initiatives given the country's history and secondly where do you see Japan's participation in regional arms exports going in that light? Thank you.

Tatsumi: Okay, so, there are some movements on the coast guard ships and all that, so I wonder if either of you can talk a little bit about it. So he's going to go first and then Aizawa-san is backup.

Koga: So, your question regarding the Japanese arms exports to the other countries – but yes, I mean, Japan is willing to do this and then the Japan trying to kind of nurture its defense industry in the future. And then that's why the Japan engages a lot about the – in the outside, including Australia also. But I think the difference too – even though it has the technological edge, I think it still lags behind the other countries because Japan needs these military equipment is not actually practiced in the actual situation yet. So in that sense the Japan needs to kind of demonstrate its equipment is still reliable in the actual on the ground. And then also I think in that sense it's still kind of at the beginning, so that the – it's kind of like hard to say which way it's going, but still – I think the willingness is still there.

Aizawa: I wouldn't go into the technicalities of the arms procurement, but yes, absolutely there was a big disappointment with the Australian tender, that's absolutely there and there's a lot of lessons to be learned. But I think that generally there is already a kind of an understanding that especially in the security kind of regime – of course, the Japanese consensus is with the United States, the Japan-United States alliance is the core, but that's not enough. And if that's not enough, what do we need to add? And what do we need to add first, I think, is the network between the allies, especially, like, for example, with the Australians, or maybe with the Philippines, Thai, Singapore. That will be the first easier choice to do. The second maybe with like Vietnam. Because Japan of course has a maritime issue with China, so there's a lot of commonalities. So politically speaking, that's much more easier to build up. But how will that be realized or not, it remains to be seen, and how is that perceived by Southeast Asia? For Southeast Asia, it's a very good thing. I mean, for Southeast Asia, the more choices you have, the better. As I emphasize, the word pragmatist – I mean, Southeast Asia wants carrots but does not like the sticks. So a lot of carrots come with sticks, especially from big powers like United States and China. But Japan has very limited sticks. So it's a very welcome choice. And also like other countries, like, especially like Europe or Russia or South Korea, I mean, these countries are also offering a lot of military procurements and that's a welcoming thing, especially – I don't know how that harmonization work in terms of operation, however in talking about all this hedging and balancing in theory it's a welcoming trend, and the offer from Japan is also one of them. So there's no reason to be negative about that.

Tatsumi: And let me add quickly because your question was about Japan's arms export. I think that in the context of Southeast Asia, most of the countries with the exception of Singapore will be priced out. I mean, most of the countries simply cannot afford the types of the high-end platform that Japan – Japanese government, particularly Ministry of Defense, hopes to export. However, there's the lower end of the game, where Self-Defense Forces, because of the high interoperability with the U.S. military, continue to use the U.S. – what originally was the U.S. equipment that many of these countries still uses, and they still – because they use it, they still produce parts, they still do maintenance, the knowledge is still there, so there can be a framework where those assistance with the provision of the, you know, parts of those things and training of maintenance and repair can come in as a package, as a part of the cooperation scheme. So I think Southeast Asia will be a more attractive places for Japan on those sense. But I wouldn't look at it with the except of Singapore again because Singapore is the only country who can afford, for example, the 35 or something Japan can do the MRU with Australia, so that's probably how I would frame Southeast Asia in the Japan's own game of arms exports.

Muthiah Alagappa: I'm retired from Carnegie as well as with AU. My question is, where does Southeast Asia fit into Japan's strategy, if there is one? And what is actually the strategy, Japanese strategy towards Southeast Asia? Has there been any movement forward in the last twenty-seven years? Still you talk about sensitivities toward host countries and so forth. Are you going beyond that or is it still that the limiting factor? Thank you.

Tatsumi: All right, who would like to tackle that from a great master?

Koga: Probably I should actually because the professor – Dr. Muthiah is one of my dissertation committee members. So I have to – yeah.

Tatsumi: So he has to respond.

Koga: Even though, like, I don't know if I could actually give the answer properly. But how the Southeast Asia actually fit the overall Japan's strategy – there is one. I think still Japan's – I think Japan's strategy is more recently changing toward more kind of diversification of the – kind of – strong relationship not only with the United States but with Southeast Asia and Southeast Asia is the one where Japan might have the kind of improved, might be able to improve its relations. So in that sense, since 1990s, the Japan actually tried to kind of reach out with Southeast Asia and that's why to some extent Japan was really kind of sensitive of what the ASEAN countries and Southeast Asia countries consider their national interests. So – I don't know to what extent Japan could be more intrusive toward the Southeast Asia – I would say, I think like it remains the same pretty much in the near future. I think Japan is not going to be too intrusive, but they tried to actually strengthen the relations with the Southeast Asian countries, so each Southeast Asian countries if they want to actually strengthen the relationship with Japan. So the Philippines and then the Vietnam are the big two examples, and then also the Malaysia. I think they actually [inaudible] and then the partnership. I don't know if this is going to be the full-fledged alliance kind of relationship, maybe not, but probably these kind of relationship building creates the positive perception in Southeast Asia towards Japan, and then when it comes to the certain kind of even kind of strategic crisis or the nontraditional security crisis, then there are more kind of acceptable to the Japan's bigger role, like in the Southeast Asia. So I think this is like what Japan tried to actually achieve. That's my – yeah.

Tatsumi: Want to add anything, Aizawa-san?

Aizawa: Yes. So, I think that the strategy of Japan or the core interests will be to maintain the liberal order in the region. I think that is the very core. And in order to do so, there's I think two reasons why Southeast Asia's important. One is that if you want to maintain the kind of liberal trade order, you already have seen all the risks with China, so Japan of course the economy, the trade and investment with China has been a very huge part of Japanese economy as well, but since learning there's a lot of risks to it, not just to government decisions but the corporate decisions also see the risk. And then they have to always look for the alternatives, and it's not just the China plus one but now it's more into the ASEAN, and if you look at all the private investment statistics, the biggest place that Japanese companies invest is in Southeast Asia. So if you look at that reality of the economy, and then if you want to maintain regional liberal order, it has to be Southeast Asia. So it's a natural and rational choice why Abe went to ten countries in the first year. I mean, there is a reason to it, so that's very, very crucial for Japanese economy. That's number one. Number two is if you look at more globally, as I said about the change in the global order – yes, of course the relationship with the United States and China is always primary to diplomatic core, but as we know the Japan-United States alliance is not enough, and you also are afraid of Japan-U.S.-China condominium type of things, and you – Japan, even though it's still a big country, but you feel the kind of decline in power, relative power, and you also feel the rising power of Southeast Asia, and if it is not United States or China, where you align with, it's also a natural choice to align with Southeast Asia, especially in terms of speaking towards the United States or to China. I think the alliance between these middle to small countries will make the strategic importance in alliance building. So not just the U.S.-Japan alliance but you have to kind of broaden the alliances and it's a natural choice. So in those two reasons, I think there's a very strong strategic importance in Southeast Asia.

Tatsumi: Last question goes to you.

Prashanth Parameswaran: I'm Prashanth with The Diplomat magazine. Two quick questions for you both. I know that the complexity of Japan's engagement with Southeast Asia – you spend a lot of time on that and there's a lot of good things, successes, opportunities in the region as well, but I'm wondering if you could expound a little bit on some of the key challenges for Japan engaging Southeast Asia. You talked about a few – price was one, time horizons, and regime legitimacy and regime change was another. But are there others that you know you both have spent significant time in Southeast Asia – are there others that are sort of below the radar that were missed? And secondly, following on from that, any proposals or solution you have for Japan thinking about how to kind of maybe reinvigorate or improve the way it does business with SEA, whether it's economic engagement or things on the security side? Thanks.

Tatsumi: Okay, so this is I think a very fitting as the last question. I'll – whoever wants to go first, please do. You asked a very good question. They're kicking – they're punting it amongst each other.

Koga: Okay, so, shall I? All right, thank you very much. It's a really important question and it's also like the hard, hard question to answer. Key challenges – I think – I've tried to kind of come up with some other alternative for Japan to actually engage with the Southeast Asia, but it seems to me when I was kind of doing the research on the ASEAN or the Southeast Asia history – from kind of history perspective – seems to me it's actually, if you become too assertive or too intrusive to the Southeast Asia countries, diplomatically or otherwise, then Southeast Asian countries are willing to refuse, and then you also have the kind of like negative perceptions on that, unless you have like tremendous power to support or so.

Japan, unfortunately, I don't think it has like that kind of like strong power, maybe like the United States could do this because when, even though like the U.S. actually also has the negative image in the Southeast Asia when after the 9/11 because of the kind of perception in Southeast Asia toward the United States was pretty bad because of its kind of counterterrorism policy, but it could actually have the capability and then the Southeast Asia, some of the Southeast Asian country want to actually U.S. support and in that sense it could actually override the negative interest – negative image. But for Japan I don't think it has that kind of things. So in that sense, what Japan is doing now is kind of the – I'm not sure it's the best, but it's actually the approach is the appropriate. I think to the Southeast Asia, they're going to push – Japan could push its own margin to the extent that the ASEAN – I mean, it could be persuaded, but like unless ASEAN it could be persuaded, Japan is not going to push too much. And then I think like this is diplomacy Japan is conducting now, so that's the kind of appropriate one.

Tatsumi: Aizawa-san, you have the last word.

Aizawa: There are many challenges, actually.

Tatsumi: Don't get him started on that – he'll be talking for a couple of hours.

Aizawa: Yes. I need to choose, but one thing might be the – okay, at least I will put two things. One is the relationship between the government and the private sector in Japan. So the relationship with the Prime Minister's office and also the corporate – the companies. Their interest is not always aligned. And you're facing a rivalry with the company that has the full backing of the government in terms of finance, in terms of rules and everything – it's a big difference. And in a way it's a big disadvantage here. In two ways, right? So for example, if Indonesia is saying we don't have government guarantee, business – you can't do, in such a big investment without a government guarantee, you cannot do it. But, like, for example, business is business, but the government, Prime Minister office, has a more geopolitical logic, why we need to push hard to do it. But the hands are tied because of the mess of rules and everything, right, while your competitor is much more flexible. So that's one thing. And a more broader governance environment like in Japan, for example, you know the kind of government, the bureaucratic network is not as flexible as the top-down in China sense, for example, like again if you're talking about the big procurement cases, you know, you can do bartered trade, you know you can do a lot of financing talk while you're talking about technologies, right, so for example, literally, everybody thought this is the game of football, but it turns out to be a rugby game, you could use the hands, meaning that I thought it was about high speed technologies and everything talking about engineering, but actually the game was actually about finance, right, but the negotiator of Japan represents much more about land and transportation, who doesn't have a capacity to talk about financing because he's not from the MOF, right, so he cannot package a counter-deal in his capacity, right, because the demarcation is there in Japanese political environment, government environment, while the other side has much more top-down. So that kind of governance situation and also the relationship with the corporate and you know the business interests and the government's geopolitical interests, you know, the government cannot force the corporates like the other countries can do. So I think that's maybe a challenge so to speak.

Tatsumi: Great. Thank you very much. Literally he can talk about challenges for the next couple of hours. He's used to talking nonstop 90 minutes. We were just talking about this before the seminar. But as you can see, these two do represent a deep knowledge, regional knowledge in the Southeast Asia, which is a very important region for Japan. So with that, along with Rich Cronin, who also anchors his research in

that part of the world, so, if you can join me with a round of applause for thanking them for their remarks and their openness to share their thoughts, I'd very much appreciate it. Thank you.

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