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The new Japanese Development Cooperation Charter and the South China Sea disputes

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Index

List of Abbreviations	p. 2
<i>Abstract</i>	p. 4
Introduction	p. 6
1. Disputes in the South China Sea:	p. 12
1.1. Territory	p. 12
1.2. Historical approach	p. 18
1.3. East China Sea	p. 27
1.4. Current situation	p. 33
2. Japanese ODA:	p. 41
2.1. An historical perspective: from war reparations to top donor	p.41
2.2. Major characteristics of Japan's ODA	p. 50
2.3. Implications of aid in Japan	p. 58
2.4. Previous Charter revision	p. 65
3. The New Charter:	p. 72
3.1. Between 2003 and 2015	p. 72
3.2. What is new	p. 78
3.3. Security	p. 88
Conclusions	p. 95
Bibliography	p. 100

List of Abbreviations

ADIZ: Air Defence Identification Zone

ARF: ASEAN Regional Forum

ASEAN: Association of Southeast Asian Nations

CLCS: UN Commission on limits of the Continental Shelf

CNOOC: Chinese National Offshore Oil Company

DAC: Development Assistance Committee

EEZ: Exclusive Economic Zone

EIA: Energy Information Administration

EU: European Union

FDI: Foreign Direct Investment

GHQ: General Headquarters

GNI: Gross National Income

ITLOS: International Tribunal for the Law of the Sea

JBIC: Japan Bank for International Cooperation

JICA: Japan International Cooperation Agency

LDC: Least Developed country

LNG: Liquefied Natural Gas

MDG: Millennium Development Goal

MITI: Ministry of International Trade and Industry

MOF: Ministry of Finance Japan

MOFA: Ministry of Foreign Affairs of Japan

ODA: Official Development Assistance

OECD: Organisation for Economic Co-operation and Development

OECF: Overseas Economic Cooperation Fund

OTCA: Overseas Technical Cooperation Agency

PKO: Peacekeeping Operations

PM: Prime Minister

PRC: People's Republic of China

ROC: Republic of China

SCAP: Supreme Commander for Allied Powers

UK: United Kingdom

UN ESCAP: United Nations Economic and Social Commission for Asia
and the Pacific

UN: United Nations

UNCLOS: UN Convention on the Law of the Sea

UNDP: United Nations Development Program

USA: United States of America

Abstract

Nel secolo scorso il Sud-est asiatico ha avuto un ruolo particolarmente rilevante nella crescita economica giapponese. Negli anni precedenti alla seconda guerra mondiale, vista la scarsità di risorse naturali nel territorio nazionale e la necessità di disporre di basi geostrategiche, Tokyo ha iniziato un processo di espansione che ha portato all'inclusione di parte dell'Asia sudorientale.

Al termine del secondo conflitto mondiale, culminato nella sconfitta dell'impero nipponico, il Giappone si ritrovò costretto a risarcire i Paesi precedentemente invasi, pagando le indennità tramite la riparazione di infrastrutture e la distribuzione di beni e servizi. La crescente e continua domanda di prodotti giapponesi da parte del Sud-est asiatico innescò un processo di ripresa economica in Giappone. Tokyo, sebbene avesse colmato il debito post-bellico, continuò a fornire i propri prodotti alla regione sotto forma di aiuti pubblici allo sviluppo (ODA, dall'inglese Official Development Assistance) con il fine di alimentare la domanda nel mercato del Sud-est asiatico. In breve tempo, il Giappone divenne la seconda economia mondiale e il più grande investitore e donatore nell'Asia sudorientale. Tuttavia, l'importanza delle relazioni tra i Paesi del Sud-est asiatico e il Giappone si estende ben oltre l'aspetto economico. La regione, infatti, iniziò ad assumere un ruolo significativo nella politica estera di Tokyo, rilegata fino ad allora alla sola alleanza con gli Stati Uniti. A partire dalla Dottrina Fukuda del 1977, la quale postulava la promozione di una cooperazione basata sul reciproco rispetto con le nazioni dell'ASEAN, il Giappone non abbandonò mai il suo interesse nei confronti del Sud-est asiatico. Tutt'oggi le relazioni commerciali e

politiche tra i Paesi ASEAN e Tokyo sono fiorenti, sebbene con caratteristiche diverse da quelle che le contrassegnavano in precedenza. La tesi approfondirà il nuovo assetto regionale, rappresentato in particolare dalle crescenti tensioni nel Mar Cinese Meridionale e dall'aggressività della Cina, che ha apportato una modifica nella cooperazione tra ASEAN e Giappone, ora focalizzata sulla sicurezza internazionale.

La controversia che si crea tra l'assenza di un esercito giapponese e la necessità di fornire sicurezza a livello internazionale viene oggi risolta con l'aumento di ODA destinati ai paesi ASEAN coinvolti in dispute territoriali con la Cina. A livello amministrativo, nel 2015, è stata redatta la nuova Carta della Cooperazione allo Sviluppo, la quale demarca un radicale cambiamento rispetto a quella che la precedeva. Le modalità con le quali è entrata in vigore la carta, i contenuti di essa e la sua incisività sulle dispute territoriali nel Mar Cinese Meridionale, saranno dunque principale oggetto di discussione della tesi.

Introduction

For most of the past century, South East Asia has been playing a significant part in Japan's economic growth. In its quest for natural resources and geostrategic sites, pre-war Japan found in South East Asia a key region to tie with. After World War II, war reparations paid through infrastructure restoration as well as through the supply of goods and services developed a market for Japanese production, which allowed economic rejuvenation. In few decades, Japan became the world second largest economy as well as major investor and donor in South East Asia. Such significance is also reflected in Japan's foreign policy, as it was in South East Asia that Tokyo first attempted the establishment of an international stance alternative to the alliance with the United States.¹ Naturally, the relationship was beneficial to both parties: Official Development Assistance (ODA) and Foreign Direct Investment (FDI) from Japan helped to build economic dynamism in the region, and the interdependence of the two areas came to exceed the one between South East Asian countries and their respective former colonisers.² Economic ties also enhanced political relations; while struggling to eradicate the memory of its WWII hegemonic aspirations, Japan made many attempts to establish a strategic partnership, especially with members of the Association of Southeast Asian Nations (ASEAN). Among these attempts, the most decisive was the approach proposed by Prime Minister Takeo Fukuda in 1977. The Fukuda Doctrine postulated the absence of any

¹ GREEN, Michael Jonathan J. *Japan's Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power*. 1st ed. New York: Palgrave Macmillan, 2003. p. 167

² *Ibid.* p. 170

military intent in Japan's foreign policy and the promotion of a mutual "heart-to-heart" understanding with South East Asian nations.³

The Association was born in 1967 and gradually developed a diplomatic and security culture (the "ASEAN way"), which comprises the following six points:

- Sovereign equality
- The non-recourse to the use of force and the peaceful settlement of conflict
- Non-interference and non-intervention
- The non-involvement of ASEAN to address unresolved bilateral conflict between members
- Quiet diplomacy
- Mutual respect and tolerance⁴

However, in the last years, centuries-long territorial disputes in the South China Sea have re-emerged, challenging the "ASEAN way". Concerns over the potential use of force by China against some of the members induced ASEAN to reconsider its foreign policy. Hardened China's attitude emphasised the importance of ASEAN-Japan cooperation in terms of security; South East Asian countries called for a more active Japan, which replied with its best foreign policy tool: ODA. As a matter of fact, in the 2010s Tokyo has been boosting its ODA to the region, both in terms of yen loans and technical cooperation. What is more the Japanese government issued a revision of the old ODA Charter in February 2015,

³ Ministry of Foreign Affairs of Japan. "Factsheet on Japan-ASEAN Relations." February 2013. Accessed November 11, 2015. <http://www.mofa.go.jp/region/asia-paci/asean/factsheet.html>.

⁴ HAACKE, Jürgen. *ASEAN's Diplomatic and Security Culture: Origins, Development and Prospects*. 1st ed. London: Routledge, 2005. p. 7

which allows the provision of military equipment for non-military purposes.

The new Development Cooperation Charter and its relevance to the South China Sea disputes will be the subject of this dissertation. Data, facts and experts' works will substantiate personal thoughts. Sources will include manuals from the relevant literature, news article, international organisations' reports, as well as countries' official documents and will be updated until 25th January 2016. This paper will be subdivided in three explanatory chapters and a final one made up of examples and conclusions.

Chapter one will present the South China Sea disputes. Six different countries hold overlapping claims on the maritime territory, which include two islands chains, the Paracels and the Spratlys. First a geographical and an historical approach will be used in order to discern the legitimacy to each part's claim. China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei respectively have claims on a maritime portion of the South China Sea, which for China includes almost 90% of it. China, Taiwan, Vietnam and the Philippines also wrangle over two groups of uninhabited islets, very functional in strategic terms for three main reasons:

- Fishery resources
- Trade sea-lanes
- Potential oilfields

Presumably, economics seems the primary concern of these disputes, but an analysis of their history brings about also geopolitical issues. Since

1947, China (and Taiwan) has been representing their territories in the South China Sea with an U-shaped line, which enclose most of it. After the Second World War and the process of decolonisation, gradually other contenders have submitted their claims. During the rest of the 20th century, skirmishes and incidents have occasionally occurred, but nowadays tension is at its peak. In 2010, China has become world major consumer as well as second largest economy, and the country's assertiveness in the region increased along with its economic growth. The PRC is also involved in disputes with Japan in the East China Sea over the Diaoyu/Senkaku islands. It can be said that the East China Sea is predominantly based on geo-strategic issues, while, as mentioned, the one in the South China Sea is based to a greater extent on economic matters. Naturally, not only the claimants are involved in the disputes, as they touch other international actors, for instance ASEAN as a whole and the United States, which value greatly freedom of navigation.

The second Chapter will introduce the subject of Official Development Assistance. Japan has a long history as an aid donor, especially to South East Asian countries. A definition of ODA as a means to provide international support to developing countries will be given in order to proceed with the account of Japanese foreign assistance's history, which, as mentioned previously, developed from WWII war reparations. Aware that compensations in the form of economic cooperation grant were creating the basis for the demand of Japanese goods, Tokyo continued to disburse aid long after full repayment of indemnities. Therefore, Japan's aid major recipients have always been South East Asian countries, even though the 1973 oil crisis gave rise to the need to cooperate with more oil

suppliers and Tokyo directed a bigger portion of ODA to the Middle East. By 1989, when Japan became world top donor, ODA had proved its value as the country's most significant foreign policy tool, given the absence of any military power. Considering the peculiarity and the meaning of assistance in Japan, its main characteristics and consequences will be explained, providing support to the consecutive analysis of the old ODA Charter.

Finally, Chapter 3 will comment on the 2015 Development Cooperation Charter. Firstly, the historical circumstances will be delineated, with a focus on the national political environment of Japan between the first and the second revision of the ODA Charter. Secondly, a deep examination of the novel elements of the new document will follow. Finally, the paper will put emphasis on security concerns linked to the new Charter. The decade preceding the new document's drafting is marked by political instability and discontinuity, as six different prime ministers ruled the country in six years. This is to some extent due to the Liberal Democratic Party's internal strains, and partially because of leaders' inability to deal with Japan's recent years critical issues, that is to say the economic stagnation, the relocation of the Futenma US Marine base in Okinawa and the 2011 Tohoku earthquake. The global financial crisis worsened Japan's economy, which had been performing poorly since the first half of the 1990s. In the past years economic and political competition with China arose, as the PRC surpassed Japan in 2010 as world's second largest economy. These and other key factors that will be explained hereinafter contributed to the election of the current prime minister Shinzo Abe. His cabinet main concerns were economic rejuvenation and international

partnership with South East Asian countries, in relation to worries over territorial disputes in the China Sea. Both the economic and the foreign politics concerns were instrumental to the amendment to the ODA Charter, which was then called Development Cooperation Charter. It can be said that the novelty that is most relevant to the purpose of this paper is the authorisation to aid disbursement as well as to development cooperation to be directed to a recipient country's troops, although strictly for non-military purposes. This is the point that raised most concerns among experts as well as public opinion, which fear that Japan might eventually finance foreign military operations. Finally, the account of international actor's reactions over the revision of the charter, and the analysis of the security policy in Japan following the approval of the new charter will validate the concerns over strategic use of Japanese ODA.

1. Disputes in the South China Sea

1.1 Territory



Image 1.1: The South China Sea. Source: Encyclopædia Britannica, <http://www.britannica.com/place/South-China-Sea>

Although coastal states have been wrangling over territorial claims in the South China Sea for centuries, settlement does not seem to be a realistic possibility, especially now that tensions have sensibly increased. In order to develop a deep comprehension of the on-going disputes, herein both a geographical and an historical approach will be used first.

The South China Sea is part of the Pacific Ocean and almost entirely enclosed by land. It is bounded by Taiwan, the Philippines, Malaysia and Brunei, Indonesia, Singapore, and by the Asian mainland, namely Thailand, Cambodia, Vietnam and China. It covers an area of 3.7 million km² from the Strait of Malacca to the Strait of Taiwan and over 500 million people live in its coastline.⁵ Hundreds of small islands, rocks and reefs are encompassed by the South China Sea area, and are mainly gathered in the Paracel and Spratly archipelagos. Comprising hardly any inhabitable islands, clarification over territorial ownership is problematic: for instance, Spratly Islands' total area covers less than 5 km².⁶

The Sea is an important fishing resource for the whole region, as its maritime life provides the main nourishment to the majority of the local population. Therefore, heavy fishing is one of the most valuable economic assets that the sea provides to coastal states, supplying about 6% of the world's annual catch; in addition, fishing boats from the coastal nations are often involved in skirmishes, sometimes linked to territorial disputes. However, it can be said that the economic driver of the South China Sea is the presence of numerous shipping routes. As a strategic link between the

⁵ *Encyclopædia Britannica*. Encyclopædia Britannica, 2015. "South China Sea" <http://www.britannica.com/place/South-China-Sea>.

⁶ U.S. Energy Information Administration (EIA). "South China Sea - International - Analysis - U.S. Energy Information Administration (EIA)." February 7, 2013. <https://www.eia.gov/beta/international/regions-topics.cfm?RegionTopicID=SCS>.

Pacific and the Indian Ocean, it has some of the world's busiest sea-lanes, with approximately 25% of global seaborne traffic sailing through them, as showed by images 1.2 and 1.3.



Image 1.2: Major crude-oil and LNG trade routes. Source: The Wall Street Journal, <http://www.wsj.com/articles/SB10001424052702303627504579559814234776616>

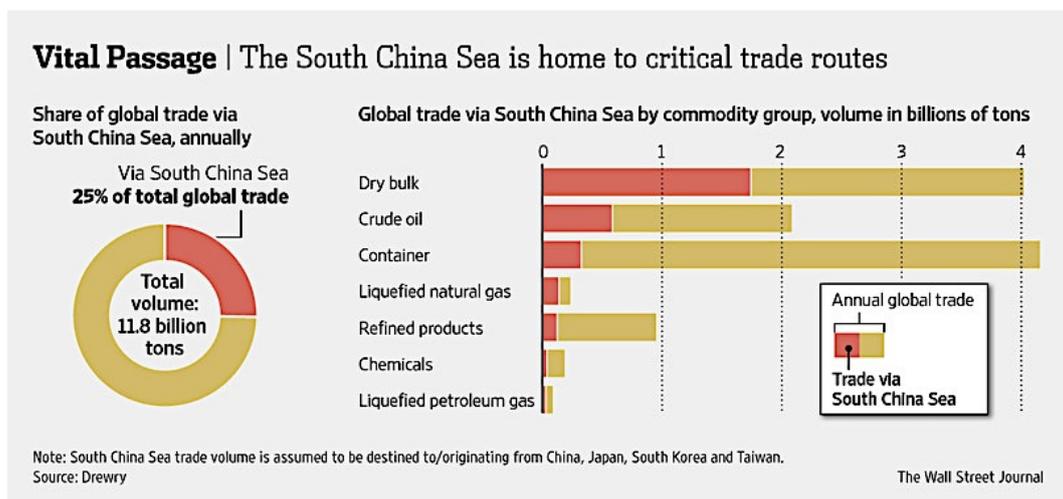


Image 1.3: South China Sea Trade. Source: The Wall Street Journal, <http://www.wsj.com/articles/SB10001424052702303627504579559814234776616>

The Strait of Malacca is, according to the World Economic Forum, the most important trade route of the world: some 3 million barrels of crude

oil passes through it and to Japan every day, accounting for 90% of Japan's total import of oil. China is in the same condition, counting for the 80% of the total imported oil on that passing through the strait.⁷

The majority of crude oil that arrives in the strait is directed to Singapore and Malaysia for refining into petroleum products. China, Japan and South Korea are usually the final destination of the rest of the flow.⁸ The same route is also followed by regionally produced oil, even though part of it is generally distributed to Australia and the Pacific through the strait of Lombok.

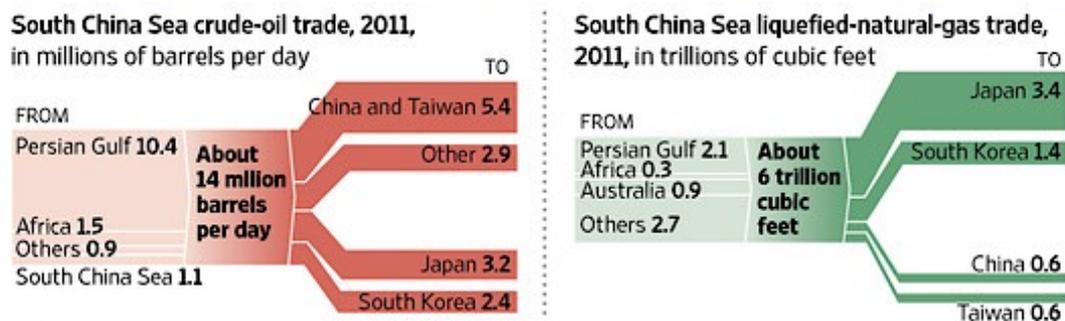


Image 1.4: South China Sea oil and gas trade in 2011. Source: The Wall Street Journal, <http://www.wsj.com/articles/SB10001424052702303627504579559814234776616>

It is also worth mentioning with regard to liquefied natural gas (LNG), that trade passing through the South China Sea increased up until 58% of world's total amount as a result of Fukushima crisis, which boosted Japan's import in the first semester of 2012.⁹ In 2015, after the reopening of several nuclear plants in August, Tokyo's import of LNG decreased of

⁷ U.S. Energy Information Administration (EIA). "South China Sea - International - Analysis - U.S. Energy Information Administration (EIA)." February 7, 2013. <https://www.eia.gov/beta/international/regions-topics.cfm?RegionTopicID=SCS>.

⁸ *Ibid.*

⁹ *Ibid.*

3.9% compared to 2014.¹⁰ Moreover, rich oil and natural gas resources are thought to lie under the seabed, even though centuries-long territorial disputes have been a hindrance to exploration. The South China Sea is home to many of the world's most dynamic economies, a feature that, according to the US Energy Information Administration (EIA), increases regional energy demand. EIA also forecasts a rise in non-OECD Asian countries' total liquid fuels consumption at a 2.6% annual growth rate, which may reach 30% of global consumption by 2035.¹¹ Natural gas consumption accounts for similar percentages. Therefore, both South East Asian countries and China are looking for new domestic oil production sources.

As noted before, tensions over territorial claims have inhibited explorations, and thus the determination of the amount of oil and natural gas in the seabed. Round off estimates consider 11 billion barrels of oil and 190 trillion cubic feet of natural gas reserves in the South China Sea.¹² Different institutes appraise differently the potential of the South Chinese seabed, despite not dissociating excessively from the mentioned figures. On the contrary, it is worthy of notice that nearly 125 billion barrels of oil and 500 trillion cubic feet of natural gas are reckoned by the Chinese National Offshore Oil Company (CNOOC).¹³

Uncontested waters have been thoroughly explored, but they mainly consist of basins of little depth with limited reserves. Companies from

¹⁰ Japan 2015 LNG Imports Fall, First Drop since Fukushima | Agricultural Commodities." January 25, 2016.
<http://af.reuters.com/article/commoditiesNews/idAFT9N12U03G>.

¹¹ U.S. Energy Information Administration (EIA). "South China Sea - International - Analysis - U.S. Energy Information Administration (EIA)." February 7, 2013.
<https://www.eia.gov/beta/international/regions-topics.cfm?RegionTopicID=SCS>.

¹² *Ibid.*

¹³ *Ibid.*

coastline countries have begun to invest in offshore technology, which is generally considerably expensive due to geological reasons. In addition to typhoons and tropical storms, submarine valleys and strong currents also make it impracticable for cheaper pipeline networks as well as drilling and production rigs. Therefore, national oil corporations often affiliate to international companies.

As seen, economy has been the primary concern in this part of the world, but, today, geopolitical issues are re-emerging, accompanied by competition and nationalism and by raise in national defence budgets.

2.2 Historical approach

In discussing South China Sea disputes, historian Stein Tønnesson calls attention to the fact that continental shelf and maritime delimitation, along with wrangles to unpopulated islands belong to modernity.¹⁴ As noted in the previous section, maritime disputes in the region have amplified in the last decade, but neither bilateral nor multilateral agreements have followed the ratification by all of the coastal states of the 1982 UN Convention on the Law of the Sea (UNCLOS). Why is this the case? This section will explore the historical development of disputes in order to answer this question.

Before colonisation

Much the same as the Mediterranean Sea, the South China Sea has always been primarily a means of communication. In earlier times it was controlled alternately by China and by other South East Asian powers, which used to impose tolls on ships passing through. European merchants' arrival in the 16th century progressively introduced in the region the concept of boundaries on above-waters territories, and eventually the notion of sovereignty, concomitantly to colonisation. Therefore, although contending countries often use archaeological findings on disputed islands as an argument for their claims, borders as a distinction between jurisdictions did not exist in the classic and pre-modern eras. In addition, even when historical literature (mainly from China) and other sources endorse the existence of monopolies on the

¹⁴ TØNNESSON, Stein. "Why Are the Disputes in the South China Sea so Intractable? A Historical Approach." *Asian Journal of Social Science* 30, no. 3 (September 1, 2002): 570–601. doi:10.1163/156853102320945402. p. 571

Paracel and Spratly Islands by regional kingdoms, they also testify how such power shifted between them. These claims are thus worthless to today's assertions, as contemporary international law requires a constant exertion of sovereignty.¹⁵

19th century

Britain, France, the Netherlands, Japan and the United States came to be in control of the South China Sea by the end of the 19th century. Colonial powers, especially the European ones, also introduced in the region the notion of *freedom of navigation* offshore, proclaimed in the 1609 piece by the Dutch Hugo Grotius, *Mare Liberum*. In particular, the work defined territorial waters as the area that extended as far as the range of a canon shot (i.e. 3 miles) from the coastline, and it advocated free access to navigation and trade over that area to all nations.¹⁶ In 1877, while local powers were still trying to adjust to the European customs in terms of mapping, borders and territorial waters delineation as well as sovereignty declaration, Britain claimed two of the Spratly Islands, which formally appeared in the British Colonial Office list from 1891 on.¹⁷ Subsequently, few years before the Revolution of 1911, China dispatched a mission to the Paracel Islands. Nonetheless, it is worthy of mention that neither Britain nor China demonstrated effective occupation of the islands. On the contrary, it was Japan that began to exploit both Paracel and Spratly Islands for guano, which Japanese companies based in Taiwan

¹⁵ TØNNESSON, Stein. "Why Are the Disputes in the South China Sea so Intractable? A Historical Approach." *Asian Journal of Social Science* 30, no. 3 (September 1, 2002): 570–601. doi:10.1163/156853102320945402. p. 574

¹⁶ *Encyclopædia Britannica*. 2016. s.v "Hugo Grotius | Dutch statesman and scholar." <http://www.britannica.com/biography/Hugo-Grotius#ref43936>.

¹⁷TØNNESSON, *op. cit.* p. 576

traded as a fertiliser, in spite of the absence of an official claim by the government.¹⁸ Rather than commercial opportunities, it was the possibility of a navigation base in the middle of the South China Sea that aroused other colonial powers' hostility and fear of a Japanese expansion. Hence, in the 1930s France occupied and claimed the Spratlys in its own name, while claiming the Paracels in the interests of its protectorate, Vietnam.

The Second World War and its aftermath

In 1939, in order to counterbalance France's initiative, Japan militarily occupied the Spratlys, the Paracels and China's Hainan islands, which were then used as a submarine base in the Asia-Pacific War.¹⁹ Thus, it can be said that, in the first place, disputes over Paracel and Spratly Islands occurred between colonial powers, without involvement of local governments beyond the nominal level. Therefore, when the post-war system substituted the colonial order, new powers engaged in wrangles in the South China Sea. During World War II, the whole South China Sea coastline was attached to the Japanese empire. By the 1960s, following the process of decolonisation, most of the South East Asian countries had gained independence; five of them (namely Indonesia, Malaysia, the Philippines, Singapore, and Thailand) associated in the non-communist Association of Southeast Asian Nations (ASEAN) in 1967, contrasting the former Indochinese communist countries.

¹⁸ TØNNESSON, Stein. "Why Are the Disputes in the South China Sea so Intractable? A Historical Approach." *Asian Journal of Social Science* 30, no. 3 (September 1, 2002): 570–601. doi:10.1163/156853102320945402. p. 577

¹⁹ ER, Lam Peng. "Japan and the Spratlys Dispute: Aspirations and Limitations." *Asian Survey* 36, no. 10 (October 1996): 995–1010. Accessed November 11, 2015. <http://www.jstor.org/stable/2645630>.

In the second half of the 1940s, while other countries were starting to cope with decolonisation process, Chiang Kai-shek's Republic of China was advancing claims on the Paracels.²⁰ It is on this occasion that the government first introduced on maps an U-shaped eleven-dash line that conferred on the country the South China Sea as a whole, including the Paracel and Spratly Islands, which China won back from Japan after the Second World War.²¹ Currently, China's claim is represented in maps by a nine-dash line, as in 1953 the Chinese government retired its pretences on the Gulf of Tonkin.²² In the 1950s other coastal states began to claim their rights on the archipelagos: Southern Vietnam declared both Paracels and Spratlys as Vietnamese; and the Philippines did the same in respect of Spratly Islands. During the Vietnam War, tensions over territorial disputes were low, mainly as the claimants were otherwise engaged and by reason of lack of interest by the United States.²³ Nevertheless, when the Soviet Union tried to gain control of former American base in Cam Ranh Bay at the end of Vietnam War, the South China Sea became one of the arenas that Soviet and American powers contended. Under these circumstances, China backed the United States and took advantage of the proximity of the Americans to launch a scheme of naval development.

If the 1960s' highlight was the growth of China as a maritime hegemony, the 1970s began with a turning point: the new geological survey published

²⁰ TØNNESSON, Stein. "Why Are the Disputes in the South China Sea so Intractable? A Historical Approach." *Asian Journal of Social Science* 30, no. 3 (September 1, 2002): 570–601. doi:10.1163/156853102320945402. p. 580

²¹ COLIN, Sébastien. "The Chinese Reclamation Works in the Spratly Islands." Accessed December 1, 2014. <http://www.reseau-asie.com/article-en/months-articles-archive/reseau-asie-s-editorial/chinese-reclamation-works-spratly-islands-sebastien-colin/>.

²² Council on Foreign Relations (CFR). "China's Maritime Disputes | A CFR Guide Presentation." <http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#!/>.

²³ TØNNESSON, *op. cit.* p. 583

by the American Department of the Interior in 1969 spurred hopes of finding oilfields in the China Sea, hence boosting sovereignty claims by coastal states.²⁴ In addition, the project of a comprehensive law of the sea promoted by the United Nations brought up the subject of seafaring jurisdiction at a multilateral diplomacy level; eventually, all East Asian countries ratified the 1982 LOS Convention, each bearing in mind the possibility to enforce their own claims. These two new factors became highly significant after the 1973 oil crisis. One after the other, nations around the South China Sea started to submit their claims on either one or the other archipelago, and in some cases on both. The Philippines, South Vietnam, Brunei and Malaysia continued to move their continental shelves further from their shores, towards the disputed islands.²⁵ After the ratification of UNCLOS, Beijing realised that its claims in the middle of the South China Sea would only be attainable with the control on the Spratlys. Hence, in 1988 Chinese and Vietnamese naval forces came to be engaged in a battle for the islets, but eventually Vietnamese forces were not expelled from the islands they controlled. A report by the Council on Foreign Relations states:

The incident unfolds amid Deng Xiaoping's economic reforms of the 1980s, when Chinese economic activity begins shifting to the coastal provinces, and maritime resources become increasingly prized as hydrocarbons are needed to sustain growth.²⁶

After this episode, worries emerged among South East Asian countries over Pekinese assertiveness, and culminated in the finding of a Chinese

²⁴ Council on Foreign Relations (CFR). "China's Maritime Disputes | A CFR Guide Presentation." <http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#!/>.

²⁵ *Ibid.*

²⁶ *Ibid.*

artificial land in the Mischief Reef in the Spratly chain in 1995.²⁷ China and the Philippines clashed in military confrontation. This was the first time skirmishes occurred between China and an ASEAN country otherwise than Vietnam, and, according to Tønnesson “[t]hroughout the 1990s, the main dividing line, as far as the territorial disputes were concerned, was between ASEAN and China.”²⁸ As a matter of fact, ASEAN countries had signed a joint declaration in 1992 concerning South China Sea, but the 1995 Mischief Reef Incident, along with the 1997 Asian Crisis, put to test the Association’s unity, in particular considering that several members had conflicting claims. It is worth noting, however, that between the end of the 1990s and the first years of the 21st century, China made three important steps in attempting to appeal powers involved in the region:

- Firstly, it signed in 1998 a Military Maritime Consultative Agreement with the United States, which restored manifest interest in the area after the vacuum created by the withdrawal from Vietnam
- Secondly, in 2002 ASEAN and China agreed on a Code of Conduct in the South China Sea, aimed at limiting the risk of regional conflict
- Thirdly, a Sino-Japanese accord on Joint Energy Development was signed in order to promote collaboration and exploration on contested waters²⁹

²⁷ Council on Foreign Relations (CFR). "China's Maritime Disputes | A CFR Guide Presentation." <http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#!/>.

²⁸ TØNNESSON, Stein. "Why Are the Disputes in the South China Sea so Intractable? A Historical Approach." *Asian Journal of Social Science* 30, no. 3 (September 1, 2002): 570–601. doi:10.1163/156853102320945402. p. 589

²⁹ Council on Foreign Relations (CFR). *op. cit.*

However, thus far none of these measures has been really effective in hindering China's assertiveness.

The first years of the 21st century have been marked by amplification of aggressiveness from China, which in 2010 became the world's second largest economy and bigger energy consumer; American renewed interest in Asia and in the South China Sea; increase in tensions between Japan and its neighbours in the East China Sea, which will be explored hereinafter; ASEAN impasse over the territorial issue; and an overall rise in all involved countries' defence budgets. The current situation will be analysed more in depth further below in the paper.

Date	Countries	Military Action
1974	China, S. Vietnam	Chinese seize Paracel Islands from S. Vietnamese forces
1988	China, Vietnam	Chinese and Vietnamese navies clash in the central Spratly Islands. Several Vietnamese boats are sunk and over 70 sailors killed.
1992	China, Vietnam	Vietnam accuses China of drilling for oil in Vietnamese waters in the Gulf of Tonkin, and accuses China of landing troops on Da Luc Reef. China seizes almost 20 Vietnamese cargo ships transporting goods from Hong Kong from June – September.
1994	China, Vietnam	China and Vietnam have naval confrontations within territorial waters claimed by Vietnam over oil exploration blocks 133, 134, and 135. Chinese claim area as part of their Wan' Bei-21 (WAB-21) block.
1995	China, Philippines	China occupies Vietnamese and Philippine-claimed Mischief Reef. Philippine military attempts to evict the Chinese and destroy Chinese markers. Chinese workers soon return to construct piers and barracks.
1995	Taiwan, Vietnam	Taiwanese artillery fire on Vietnamese supply ship.
1996	China, Philippines	In January, three alleged Chinese vessels engage in a 90-minute gun battle with a Philippine navy gunboat near Campones Island.
1997	China, Philippines	The Philippine navy orders a Chinese speedboat and two fishing boats to leave Scarborough Shoal in April; Philippine fishermen remove Chinese markers and raise their flag. China sends three warships to survey Philippine-occupied Panata and Kota Islands
1998	China, Philippines	In January, the Philippine navy arrests Chinese fishermen off Scarborough Shoal.
1998	Philippines, Vietnam	In January, Vietnamese soldiers fire on a Philippine fishing boat near Tennent (Pigeon) Reef.

Table 1.1: Military Clashes from 1974 to 1998 in the South China Sea. Source: www.southchinasea.org

1.3 East China Sea

To achieve the objectives of this paper, that is to say demonstrating the link between the South China Sea disputes and Japanese ODA, a digression on the on-going disputes in the East China Sea is essential. Once again, the objects of the quarrel are two chains of small uninhabited islands: the first group is called Diaoyu in Chinese and Senkaku in Japanese and it is claimed by China, Taiwan and Japan; as for the second group, Japan contends for Takeshima islands with South Korea, which calls them Dokdo. Sovereignty over them has been disputed respectively since the first Sino-Japanese war and the 1905 Japan-Korea Treaty, which turned Korea into a Japanese protectorate.³⁰ Before the two events, the islands' jurisdiction was ambiguous, as their history is similar to the mentioned one of the South China Sea archipelagos: centuries-long alternations of regional powers' sphere of influence, which made sovereignty unclear.

Dokdo/Takeshima

Concerning the Japan-Korean disputed islands, in the opinion of South Korea, Tokyo renounced to them at the end of World War II, therefore "no territorial disputes exists regarding Dokdo, and Dokdo is not a matter to be dealt with through diplomatic negotiations and judicial settlement."³¹

³⁰ FERN, Sean. *Tokdo or Takeshima? The International Law of Territorial Acquisition in the Japan-Korea Island Dispute*. Vol. 5. Stanford Journal of East Asian Affairs, 2005. <http://web.stanford.edu/group/sjeaa/journal51/japan2.pdf> p. 84

³¹ Ministry of Foreign Affairs of the Republic of Korea. "Basic Position of the Government of the Republic of Korea on Dokdo." 2013. http://www.mofat.go.kr/ENG/policy/focus/dokdo/basic/index.jsp?menu=m_20_10_10.

Japan's position differs from Seoul's one, though it never fulfilled its ruling role since 1946.³² Despite the possibility of seabed exploitation, Japan's real intentions ought to be read in the light of its other current disputes; that is to say that ceding the islands might set a precedent that would encourage other contending states to defend their claims with more strength.

Worthy of attention is American attitude: since the disputing countries are two of Washington's strongest allies in the region, the United States have thus far avoided to make their position explicit and will most likely maintain their neutrality until either Japan or South Korea will take an aggressive stance on the issue.³³



Image 1.6: Location of Dokdo/Takeshima islands. Source: MOFA Republic of Korea, <http://dokdo.mofa.go.kr/eng/introduce/location.jsp>

Diaoyu/Senkaku

The Diaoyu/Senkaku archipelago includes five islands and three rocks, covering an overall area of 6.3 km²; it is located in the East China Sea,

³² FERN, Sean. *Tokdo or Takeshima? The International Law of Territorial Acquisition in the Japan-Korea Island Dispute*. Vol. 5. Stanford Journal of East Asian Affairs, 2005. <http://web.stanford.edu/group/sjeaa/journal51/japan2.pdf> p. 86

³³ SONG, Sang-ho. "Will U.S. Back Korea over Dokdo?" May 1, 2014. Accessed January 19, 2016. <http://www.koreaherald.com/view.php?ud=20140501000762>.

approximately 90 miles from Japan's Yaeyama Islands, 100 miles from Taiwan and 200 miles from China.³⁴

According to Tokyo, the Senkakus have never been part of China's territory, and in particular they were not among the islands ceded by China after the first Sino-Japanese conflict in 1895. Although Japan occupied the islets' chains the same year, it was allegedly done under the international law principle of *terra nullius*.³⁵ China's position is quite the opposite, as it maintains its domains on the islands prior to the Sino-Japanese war and that Japan acquired them in 1895 by virtue of the Treaty of Shimonoseki, which ended the conflict.³⁶ Accordingly, Japan should have ceded the Diaoyu/Senkaku islands at the end of the Second World War, together with other territories seized by means of military action. In actuality, in accordance with the 1951 San Francisco Peace Treaty, Japan accepted the American administration of the Senkakus, along with the Ryukyu Islands and the Daito Islands,³⁷ which returned to Japan after the 1971 Okinawa Reversion Agreement. Thus, the agreement allows recognition of Japanese sovereignty on the Senkakus, as the former American administration encompassed them.³⁸ Taiwan also claims the islands because the Republic of China (ROC) had succeeded the Qing dynasty in 1912 and ruled mainland China until 1949, after the People's

³⁴ *Oxford Public International Law*. 2013. s.v "Senkaku/Diaoyu islands."
<http://opil.ouplaw.com/view/10.1093/law:epil/9780199231690/law-9780199231690-e2015?rskey=SZ3dvP&result=1&prd=OPIL>.

³⁵ *Ibid.*

³⁶ *Ibid.*

³⁷ Treaty of peace with Japan (with two declarations). Signed at San Francisco, on 8 September 1951. Article 3.
<https://treaties.un.org/doc/Publication/UNTS/Volume%20136/volume-136-I-1832-English.pdf>.

³⁸ Council on Foreign Relations (CFR). "China's Maritime Disputes | A CFR Guide Presentation." <http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#!/>.

Republic of China (PRC) came into power. However, it can be said that the side of the dispute that only involve Japan and Taiwan is mainly based on fishery resources in waters surrounding the Diaoyu/Senkaku islands, which Japan regards as its own exclusive economic zone (EEZ). The two countries have reached an agreement in 2013 that regulates fishing zones in the contested areas, making progress towards settlement of the issue.³⁹



Image 1.7: Japanese and Chinese claims' map. Source: BBC News, <http://www.bbc.com/news/world-asia-pacific-11341139>

In order to understand Japan's role in other regional disputes, it is worth asking what is the real issue at stake in the East China Sea. In 1968, the United Nations Economic and Social Commission for Asia and Pacific (UN ESCAP) issued a geological survey that assumed the existence of a

³⁹ "Japan, Taiwan Agree to Modify Landmark Fishing Pact off Senkakus | the Japan Times." March 7, 2015. <http://www.japantimes.co.jp/news/2015/03/07/national/politics-diplomacy/japan-taiwan-agree-to-modify-landmark-fishing-pact-off-senkakus/#.Vp-VrVMrKHq>.

significant oilfield in the East China Sea continental shelf.⁴⁰ Thus, the dispute over islands and rocks became a dispute over EEZ's borders. In conformity with the United Nations Convention on the Law of the Sea, China is in the full right of setting its continental shelf in an area that overlaps with Japan's legitimate EEZ. Such area encloses the Diaoyu/Senkaku islands, as showed by Image 1.7.

In addition to economic importance, a security issue is what might affect regional stability. As has been noted at the beginning of this chapter, China is expanding its maritime sphere of influence and the government is boosting defence budget, which since 2003 increased by 175%.⁴¹ Expectedly, Beijing's assertiveness is worrying Japanese leaders as well as population: according to a 2015 survey, 68.1% of Japanese respondent had a negative image of China, with almost half of them choosing the Diaoyu/Senkaku dispute as the reason for their unfavourable impression.⁴² Fear is also arising in the United States, which reckon the Japanese administration of the islands chain. In fact, the 2014 US-Japan joint statement asserts American opposition to "any unilateral action that seeks to undermine Japan's administration of the Senkaku Islands."⁴³ The statement followed China's creation in 2013 of an Air Defence

⁴⁰ *Oxford Public International Law*. 2013. s.v "Senkaku/Diaoyu islands." <http://opil.ouplaw.com/view/10.1093/law:epil/9780199231690/law-9780199231690-e2015?rskey=SZ3dvP&result=1&prd=OPIL>.

⁴¹ Council on Foreign Relations (CFR). "China's Maritime Disputes | A CFR Guide Presentation." <http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#!/>.

⁴² The Genron NPO. "11th Japan-China Joint Opinion Poll Analysis Report on the Comparative Data (2015)." 2015. <http://www.genron-npo.net/en/pp/archives/5217.html>.

⁴³ The White House. "U.S.-Japan Joint Statement: The United States and Japan: Shaping the Future of the Asia-Pacific and Beyond." April 25, 2014. <https://www.whitehouse.gov/the-press-office/2014/04/25/us-japan-joint-statement-united-states-and-japan-shaping-future-asia-pac>.

Identification Zone (ADIZ) that encloses most of the East China Sea, including the disputed islands. The ADIZ demands non-commercial aircrafts to communicate their flight plans when they intend to enter the area, thus making the territorial dispute also aerial. Should the dispute burst into an armed conflict, the consequences would be felt at a global level and not only by the mentioned powers, as the area is highly significant to international trade. However, experts find this option unlikely in the short term, due to economic interdependence.⁴⁴

⁴⁴ MOSS, Trefor. "7 Reasons China and Japan Won't Go to War." February 10, 2013. <http://thediplomat.com/2013/02/7-reasons-china-and-japan-wont-go-to-war/?allpages=yes>.

1.4 Current situation



Image 1.8: South China Sea claims. Source: The Economist, <http://www.economist.com/blogs/analects/2012/08/south-china-sea>

Historical background and regional framework are worthy of clarification to the purpose of this paper in order to understand the state of affairs in a multidimensional and multilateral perspective.

The development in historic dispute resulted in China's overlapping claims with six other countries in the China Sea: today, in addition to the mentioned wrangles in the East China Sea with Japan and Taiwan, the PRC asserts sovereignty on approximately 90% of the total area of the South China Sea, as showed by the above map. The zone includes the Paracels an Spratly islands chains, which both Vietnam and the Philippines lay claim to; the Scarborough Shoal, also claimed by the Philippines; and a portion of maritime territory disputed with Malaysia and Brunei.

China's strategic ambiguity

The facts exposed hereinbefore convey the idea that, despite having similarities in terms of objects and contenders, the disputes in the East and South China Sea are indeed different in their nature. The Japan-China-Taiwan dispute is more political and juridical, since it has its origins in their historically antagonistic relationship, disagreements over peace treaties and dissatisfaction with post-war compensations. On the other hand, economics, fishery and seabed resources are the prevailing factors in the South China Sea. Both developing and developed countries in the region rely on Chinese economics for their own stability. For instance, Japan-China trade was worth \$340 billion in 2014 and, in the past decade, it has been involving third countries, especially in South East Asia, with a

deeply integrated supply chain.⁴⁵ Therefore, many among the economically vulnerable countries wish to avoid escalation in tensions. However, intense popular sensitivities on the sovereignty disputes might conceal distrust for China's pursuit of a new place in the world, which is driven by its momentous economic rise. Territorial disputes are representative of frictions stimulated by China's advancement, but maritime expansion also demonstrates that the PRC perceives that its economic weight confers it a more powerful stance and a greater ability to assert its interests as well as, in some cases, to subvert norms in order to make them more suitable to its concerns.

Defence experts believe that, rather than ambiguously, China is acting according to a *salami-slicing* tactic, which "puts the burden of disruptive action on his adversary"⁴⁶, while stealthily expanding into disputed waters. For instance, in May 2014, the PRC moved a huge oilrig to drill for two months in waters claimed by Vietnam, near the Paracels; in 2012 it evicted the Philippines from Scarborough Shoal; again, in 2014 it tried to stop the Philippines from re-supplying a small garrison it maintains on the Second Thomas Shoal. Since then, it has appeared to be building an airstrip on the Johnson South Reef.⁴⁷ By establishing these *faits accomplis*, it prevents other countries from preparing a commensurate response.

The relevant literature is considering various options to solve the dispute. Many would value joint development and resource sharing, so that every

⁴⁵ ARMSTRONG, Shiro. "Sino-Japanese Economic Embrace Is Warm Enough to Thaw the Politics." September 27, 2015. <http://www.eastasiaforum.org/2015/09/27/sino-japanese-economic-embrace-is-warm-enough-to-thaw-the-politics/>.

⁴⁶ HADDICK, Robert. "Salami Slicing in the South China Sea." August 3, 2012. <http://foreignpolicy.com/2012/08/03/salami-slicing-in-the-south-china-sea/>.

⁴⁷ Council on Foreign Relations (CFR). "China's Maritime Disputes | A CFR Guide Presentation." Accessed January 19, 2016. <http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#!/>.

claimant could potentially exploit the maritime resources.⁴⁸ In addition, scholars suggest joint military exercises to establish mechanisms for communication between the militaries from all of the parties.⁴⁹ Crises often arise from misinterpreted naval manoeuvres or skirmishes between fishermen, thus it is important for leaders and commanders to manage emergencies through communication.

It has been noted before to what extent a potential conflict would affect international powers out of the region, due to the current level of economic intertwinement created by globalisation. This is the reason why specialists also recommend a multilateral diplomacy framework (such as the International Tribunal for the Law of the Sea, ITLOS) to increase international cooperation on the issue.⁵⁰

Accordingly, the last part of the Chapter will focus on the motives for specific countries involvement, in order to be capable of evaluating Japan's position and proceeding with the aim of the paper.

United States

The beginning to the current round of frictions in the South China Sea is usually identified with Beijing's reaction to submissions to the UN Commission on the limits of the Continental Shelf (CLCS) in 2009 by Vietnam, Malaysia and the Philippines.⁵¹ However, China maintains that

⁴⁸ KEMP, John. "Joint Petroleum Development in the South China Sea." August 28, 2014. <http://uk.reuters.com/article/southchinasea-oil-kemp-idUKL5N0QX4C220140828>.

⁴⁹ HIEP, Le Hong. "The Vietnam-US-China Triangle: New Dynamics And Implications – Analysis." *Eurasia Review* August 29, 2015. p.3

⁵⁰ BOWER, Ernest Z., Murray HIEBERT, Phuong NGUYEN, and Gregory B. POLING. "Southeast Asia's Geopolitical Centrality and the US-Japan Alliance." *Center of Strategic & International Studies*. Lanham, MD: Rowman & Littlefield, n.d. http://csis.org/files/publication/150609_Bower_SoutheastAsiaCentrality_Web.pdf. p. 7

⁵¹ The United Nations. "SUBMISSIONS TO THE CLCS." http://www.un.org/depts/los/clcs_new/commission_submissions.htm.

the latest tensions' starting point was the support by the then-American Secretary of State Clinton for Southeast Asian claimants' rights at the 2010 ASEAN regional Forum (ARF) in Hanoi.⁵² Chinese situation has already been discussed in the preceding section, but worthy of note is how China blames the United States, thus summoning their involvement. The US was indeed eager to re-engage with a region that was so economically dynamic. American *pivot to Asia* was also a response to others in the Asia-Pacific region that called for Washington to reassert its presence, concerning about China's rise: the United States are in fact linked to the Philippines through a 1951 Mutual Defense Treaty.⁵³ Freedom of navigation and peace in maritime trade lanes are extremely significant to both American economy and international power. Nonetheless, one may argue that potential barriers in the South China Sea would not bring about irreversible damages to the country's economy, while the loss of regional naval supremacy would undermine American foundations of its liberal world order. US leaders find it difficult to convey this message to the population and to obtain consensus for their commitment in the region, whose lack might lead to more assertive actions by China. In addition, when Americans refer to freedom of navigation, they include both commercial and military seafaring, thus refusing any legislation that impedes free passage. US talks imply freedom of navigation in other countries EEZs, where no use beyond economic exploitation is permitted. Curiously, the United States often make this remarks in their foreign policy discourse, without being part of the LOS Convention, which settles

⁵² TØNNESSON, Stein. *China's Changing Role in the South China Sea*. Harvard Asia Quarterly, 2011.

http://www.cliostein.com/documents/2010/101200_HAQ_China_SCS.pdf. p. 21

⁵³ GLASER, Bonnie S. "Armed Clash in the South China Sea." April 2012.

<http://www.cfr.org/world/armed-clash-south-china-sea/p27883>.

maritime rules.⁵⁴ In multiple occasions China emphasised such paradox, but this did not prevent many South East Asian countries to take a stance closer to the US in the last years in terms of maritime security.⁵⁵

ASEAN

ASEAN position with regard to the South China Sea disputes is an extremely complex one. The Association was born with the purpose of unifying countries that are geographically close but very different in terms of political system, religion, language, ethnicity and much more. Today, ASEAN managed to overcome many obstacles to its unity, but several issues still have to be tackled. South China Sea disputes are among them: they divide the Association, as some of the countries have overlapping claims on its waters, and the others diverge on their stance on China. Nonetheless, according to Oba Mie, associate professor at Tokyo University of Science, the US is not always perceived as a trustworthy ally, considering its major involvement in other regions that attracts more popular consensus, as mentioned hereinbefore.⁵⁶ Therefore, since the 2013 ASEAN-Japan Commemorative Summit Meeting, the Association has been strengthening its partnership with Japan. "ASEAN views security through an economic lens"⁵⁷, and economy, along with development aid,

⁵⁴ TØNNESSON, Stein. *China's Changing Role in the South China Sea*. Harvard Asia Quarterly, 2011.

http://www.cliostein.com/documents/2010/101200_HAQ_China_SCS.pdf. p. 22

⁵⁵ *Ibid.*

⁵⁶ OBA, Mie. "Challenges to the New ASEAN-Japan Partnership in the Changing Regional Circumstances." March 26, 2014. Accessed September 24, 2015.

<http://www.japanpolicyforum.jp/archives/diplomacy/pt20140326014352.html>. p.6

⁵⁷ BOWER, Ernest Z., Murray HIEBERT, Phuong NGUYEN, and Gregory B. POLING.

"Southeast Asia's Geopolitical Centrality and the US-Japan Alliance." *Center of Strategic & International Studies*. Lanham, MD: Rowman & Littlefield, n.d.

http://csis.org/files/publication/150609_Bower_SoutheastAsiaCentrality_Web.pdf. p.8

have always been an important diplomatic tools for Japan, as will be explained more in depth in the following chapters. The *Vision Statement* issued at the end of the summit reflected the need for a more significant political-security cooperation.

Abe's Year of Asian Diplomacy



Image 1.9: Defence spending for 2012 vs. 2008 in East Asia and Abe's visits in 2013. Source: Bloomberg, <http://www.bloomberg.com/bw/articles/2013-11-21/japans-abe-seeks-asia-alliances-to-counter-china>

Japan

Because of South East Asia's natural resources and its strategic location, Japan has always looked to the region for its expansion intents, especially since the beginning of the last century. Today, Tokyo is attracted by the area's economic dynamism. However, it can be said that with specific regard to the South China Sea, Japanese interest is driven by its dependence to sea lines of communication. The majority of the country's

energy supply passes through that area, as discussed at the beginning of the chapter. Japan's concerns include the possibility of a regional order guided by China, which would undermine its energy imports. In order to balance Chinese regional power and influence, Japan and ASEAN countries are forging new economic agreements, which will liberalise trade and ensure economic cooperation among allies. Japanese interests are seriously mined by China's stance and expansion in the South China Sea. In addition to trade agreements, Tokyo is involved in ASEAN Regional Forum (ARF) and in assistance to ASEAN countries in terms of maritime security.⁵⁸ As a matter of fact, Japan is promoting joint military training and exercises, while providing some of the disputing countries with military equipment after having relaxed its 40 years-long ban on arm export, as will be explained hereinafter. These manoeuvres are part of what Japan's Prime Minister, Shinzo Abe, calls a "proactive contribution to peace", that is to say a security policy conform to the country's peace-oriented constitution. Such approach will be presented further below, on top of the explanation of the activities Japan engaged in to uphold its regional foreign policy.

⁵⁸ DE CASTRO, Renato Cruz. "China and Japan in Maritime Southeast Asia: Extending Their Geo-Strategic Rivalry by Competing for Friends." *Philippine Political Science Journal* 34, no. 2 (December 2013): 150–169.

2. Japanese ODA

2.1 An historical perspective: from war reparations to top donor

On the 10th of February 2015, Japan's Cabinet approved a revised Charter for official development assistance (ODA), now Development Cooperation Charter. The document is the foundation of the country's development aid policy. Although Japanese foreign aid dates back to the post-war years, the first ODA Charter was adopted only in 1992 and revised for the first time in 2003. Since then, the international environment has changed consistently; different and, possibly, more challenging issues have emerged both at a global and regional level. The new Charter follows Japan's first ever National Security Strategy, decided by the Cabinet in December 2013, which demanded a reconsideration of Japanese aid policy. Indeed, the revision is compatible with the new "proactive role"⁵⁹ that Prime Minister Shinzo Abe is seeking for his country and it is actually one of the most powerful instruments he has to achieve his goals. Since Japan has no military role, ODA is necessary to Tokyo in order to promote its international role. Before considering in depth the major amendments applied to the Charter and their meaning, a history of Japanese foreign aid will be briefly tracked so as to understand the broader circumstances and which are the countries that will be most likely affected by the change.

Firstly, it is important to understand what ODA is. There is a variety of ways that strong economies can follow in order to provide international

⁵⁹ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 1

support to developing countries, and ODA is one of the internationally recognised ones. The Development Assistance Committee (DAC) identified 3 requirements for flows of funds to be defined as ODA: a government or government agency led administration; the promotion of economic development and welfare of the poorer areas as their objective; and, advantageous financial terms from a developing country's perspective.⁶⁰ DAC also divides ODA into two main categories: grants and loans. Grants are a type of aid that does not involve repayment or interest payments. These include grant aid, technical cooperation, as well as capital subscriptions and contributions to international institutions. On the contrary, loans (namely, government loans) involve the repayment of the principal and the payment of interest. Both of the mentioned groups can be classified as either bilateral (if the recipient is a developing country) or multilateral (if the recipient is an international institution) ODA.⁶¹

Keeping in mind the above definitions, it is now possible to examine the peculiar history of Japanese foreign aid, and see how the country went from a post-war aid recipient to become a top donor in 1990s. In 2001, Sueo Sudo (professor of international relations at Nanzan University in Nagoya) distinguished four phases in the evolution of Japan's aid policy: the preparatory phase (1954-64); the initial phase (1965-76); the expansion phase (1977-88); and the top donor phase, from 1989.⁶² In seeing the effects of the new Charter, the paper is also going to ask whether the new document will take Japan into a new phase.

⁶⁰ NISHIGAKI, Akira, and Yasutami SHIMOMURA. *The Economics of Development Assistance: Japans ODA in a Symbiotic World (LTCB International Library Selection)*. 1st ed. Tokyo: LTCB International Library Foundation, 1999. p. 86

⁶¹ *Ibid.*

⁶² SUDO, Sueo. *The International Relations of Japan and South East Asia: Forging a New Regionalism (Politics in Asia Series)*. New York: Taylor & Francis, 2001. p 57

The literature on Japan's ODA has identified the beginning of its foreign aid with the payment to Asian countries of war reparations imposed by the 1951 San Francisco Peace Treaty and the country's participation in the Colombo Plan in 1954.⁶³ In the aftermath of World War II, Japan's reparations to South East Asian countries were paid through the supply of goods and services; what is more, economic cooperation grants were provided to those countries that did not request compensations, and labelled "quasi-reparations". It was the American John Foster Dulles who decided that Tokyo would not pay in cash, bearing in mind the severe repayments imposed to Germany after the First World War and their impact on the country's economy.⁶⁴ Thus, as a result, both sides were able to benefit from the flows, since Japan gradually created the basis for the demand of its goods and, hence, an increase in national industrial production as well as a reliable market for its exports. Moreover, Tokyo found a resource-rich area, which was systematically beginning to count on Japan's assistance for its development. Until then, the Japanese government had relied primarily on its relations with Washington, both in economic and diplomatic terms. However, at this point Tokyo began to understand the significance of South East Asia as a potential ally and embraced the opportunity to cooperate with South East Asian countries in order to achieve security and avoid economic stagnation. As a matter of fact, the result of this first stage of the foreign aid system was, economic recovery and growth, which allowed both the public and the private sector to take advantage of the promising situation. Several institutions

⁶³ NISHIGAKI, Akira, and Yasutami SHIMOMURA. *The Economics of Development Assistance: Japans ODA in a Symbiotic World (LTCB International Library Selection)*. 1st ed. Tokyo: LTCB International Library Foundation, 1999. p. 142

⁶⁴ IOKIBE, Makoto. "ODA as a Foreign Policy Tool." *Japan Review of International Affairs* 17.2003, 2 (2003): p. 112

were involved in the process, first of all the Ministry of Foreign Affairs. Among the others, the Economic Planning Agency, the Ministry of Finance, and, the Ministry of International Trade and Industry, which in 1958 published the White Paper on Economic Cooperation, stating the objectives of Japanese ODA: the promotion of a stable market for Japanese goods, and the securing of reliable sources of raw materials.⁶⁵ In the following years, the Overseas Economic Cooperation Fund (OECF) and the Overseas Technical Cooperation Agency (OTCA), which afterwards merged as the Japan International Cooperation Agency (JICA), were created. It is widely common among scholars to identify the bulky aid-related bureaucracy as one of the barriers to ODA effectiveness. Even after the full repayment of indemnities to the victims of wartime aggressions, the agencies and institutions involved continued to exist and developed their foreign aid jobs. As Japan's economy kept on growing and the American Cold war strategy became more definite, the country emerged as an important element of the Western block and became the second largest economy in 1968.

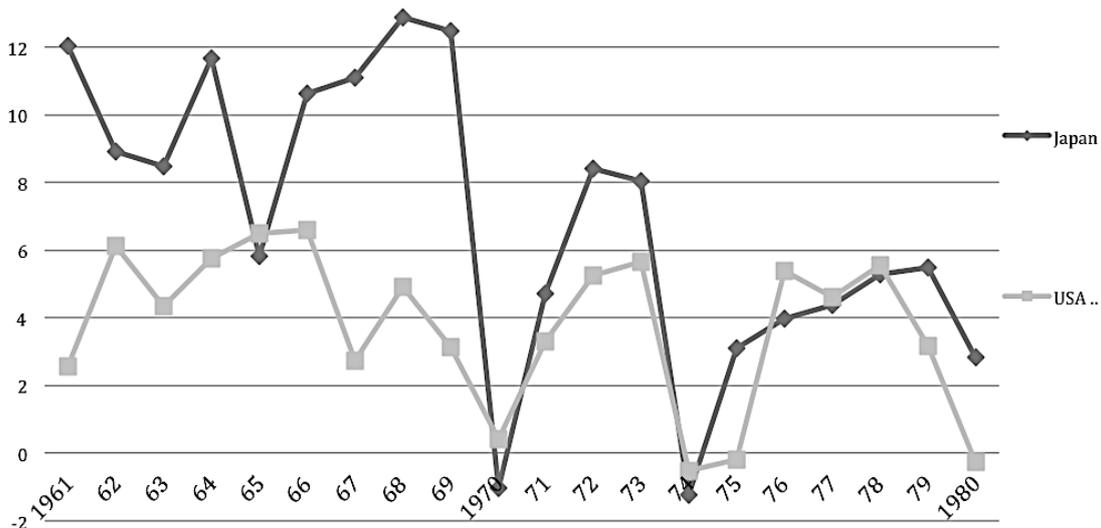


Table 2.2: USA and Japan GDP growth (annual %)Data from database: World Development Indicators. Source: The World Bank

⁶⁵ SUDO, Sueo. *The International Relations of Japan and South East Asia: Forging a New Regionalism (Politics in Asia eries)*. New York: Taylor & Francis, 2001. p. 58

As has been previously noted, Sueo Sudo identifies the beginning of the expansion phase in 1977. The end of reparations payment that year, along with the power-vacuum left by American withdrawal from Vietnam, are among the facts that should be taken into account with the purpose of understanding why Japan entered a new stage in its ODA history at that point. 1977 is also the year of the Fukuda Doctrine, hence, of the “heart-to-heart” understanding between Japan and South East Asian countries and of \$1 billion aid for ASEAN industrial projects.⁶⁶ Besides, Prime Minister Fukuda’s Cabinet introduced in 1978 the first Japanese “Medium-Term target”, a three years aid-doubling plan.

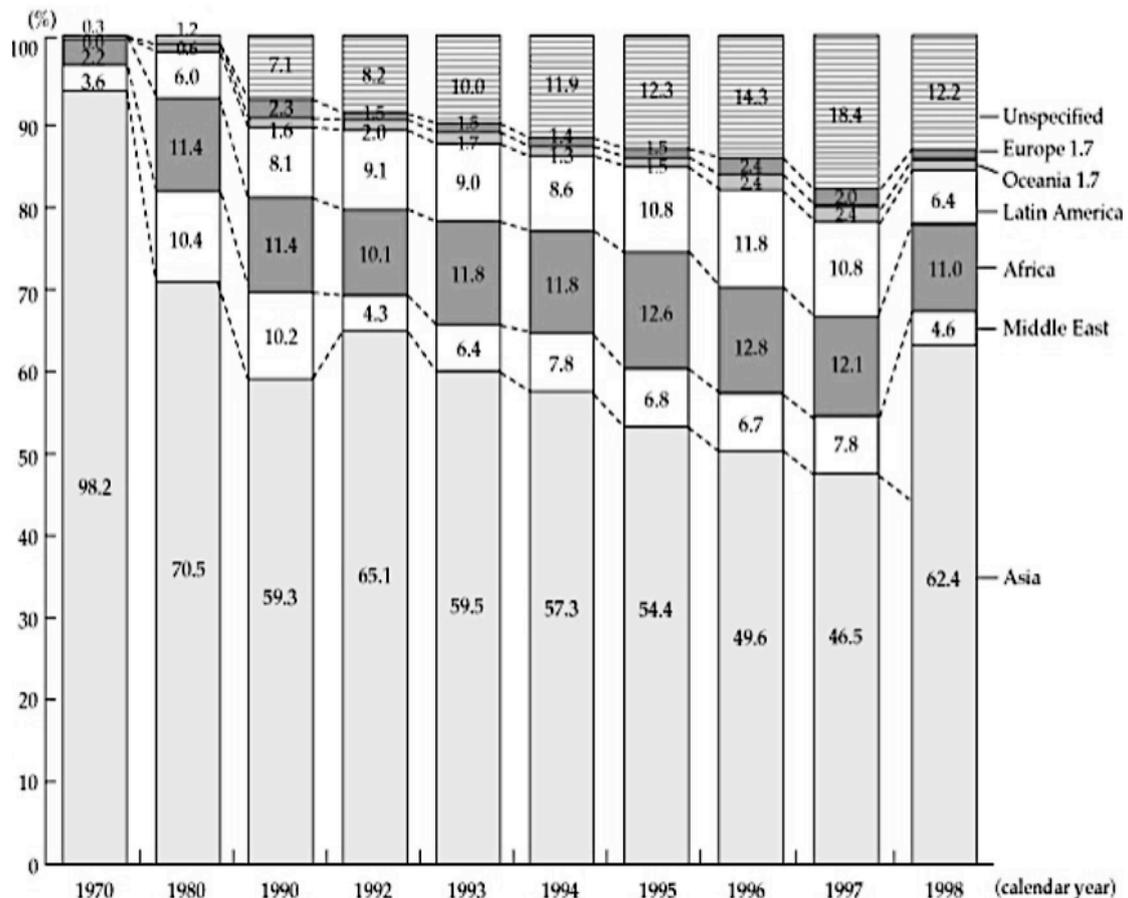


Table 2.2: Trend in Japan's Bilateral ODA (by region). Source: Ministry of Foreign Affairs, http://www.mofa.go.jp/policy/oda/summary/1999/d_g2_01.html

⁶⁶ SUDO, Sueo. *The International Relations of Japan and South East Asia: Forging a New Regionalism (Politics in Asia Series)*. New York: Taylor & Francis, 2001. p. 126

As shown by Table 2.2, South East Asian countries were not the only targets of the plan, but other strategically relevant areas were added; some Middle East countries for instance received more aid, given the oil crisis' big impact in Japan and the necessity to cooperate with more oil suppliers. Despite the importance of the Japan-ASEAN relations and Tokyo's newly taken interest in the global scale, the cornerstone of Japanese foreign policy was still its relationship with the United States. By the 1980s, Japan had recovered from the oil crisis and its industrial production was fast-paced. As the balance of trade was becoming more and more favourable to Japan, trade frictions between the two countries aroused along with it. Washington demanded Tokyo to direct elsewhere its exports and, accordingly, the Japanese budget for foreign assistance to South East Asian countries (especially Thailand) was increased. However, Japanese involvement in Asia was not simply a consequence of the American pressure: it was indeed the manifestation of its autonomy in regional foreign policy. In spite of still having some security concerns in South East Asia, American interest in the region was significantly less prominent since the end of the Vietnam War. Under these circumstances, ODA showed its importance as a valuable diplomacy tool that Japan could use in order to play a larger role in terms of international affairs. The *détente* between the United States and China also allowed Japan to engage in more friendly relations with Beijing. The People's Republic of China (PRC), despite having renounced its war indemnities, joined the Japanese aid recipient countries in 1979. Eventually, Japan became top donor in 1989 as a result of broader geographical distribution of ODA combined with the aid-doubling plan.

According to Makoto Iokibe (Professor of Political and Diplomatic History at the Graduate School of Law of Kobe University), the opportunity for

Japan to become the world's largest donor was also given by the shrinking commitment to foreign aid from some countries, such as the United States and the United Kingdom, derived from an upsurge in Neoliberal ideologies.⁶⁷ In the 1980s, Prime Minister Margaret Thatcher and President Ronald Reagan gave priority to privatisation and reduction in government intervention, thus minimising development aid, a flow that does not follow the market's parameters. Therefore, while the rest of the capital-rich countries let the private sector provide for capital flows to developing countries, Tokyo continued its ODA disbursement, as shown by Table 2.3 below.

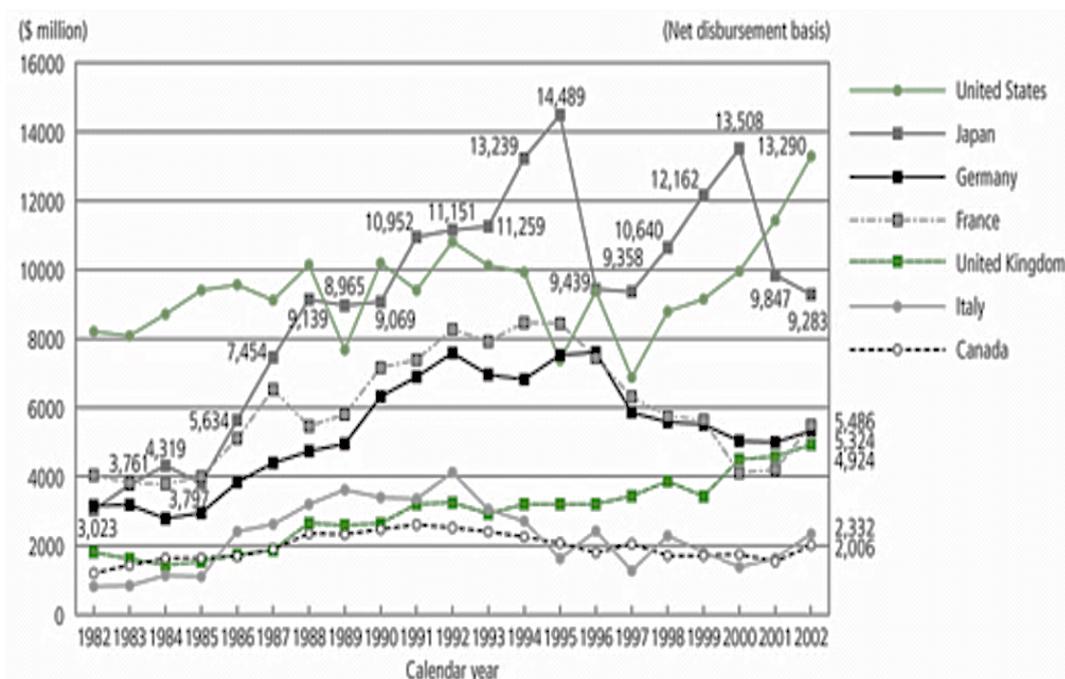


Table 2.3: Trends in ODA disbursement of major DAC countries.
Source: MOFA, http://www.mofa.go.jp/policy/oda/white/2003/part1_1.html

Even if the Washington overtook Tokyo the following year, Japan was able to regain its top donor position in 1991. Today, the country is the

⁶⁷ IOKIBE, Makoto. "ODA as a Foreign Policy Tool." *Japan Review of International Affairs* 17.2003, 2 (2003): p. 122

fourth largest donor, following the United States, the United Kingdom and Germany.⁶⁸ However, the most interesting fact of the top donor phase is Japan's impressive growth rate: from 1985 to 1995 it increased of 3.82 times.⁶⁹

As mentioned before, Tokyo adopted the first ODA Charter in the light of these impressive results. Until then, Japan lacked of a comprehensive statement of its aid policy. The 1992 Charter was composed by six categories of elements usually involved in the disbursement of aid: Tokyo finally had a one single document that contained the basic philosophy, principles, and priorities that should have guided its ODA, as well as recommendation in terms of measures for the effective use of Official Development Assistance, to promote understanding and support at home and abroad, and for a better ODA implementation system.⁷⁰ While the document's basic philosophy states Japan's own basic position,⁷¹ the 'principles' section is linked with the ethic of the UN Charter, thus granting importance to balance between environment and development; avoiding contributes for military purposes; verifying the military expenditures of the recipients countries; and making efforts in order to spread democratisation and market economy to the beneficiaries.

⁶⁸ Organisation for Economic Co-Operation and Development. "Net Official Development Assistance from DAC and Other Donor Countries", April 8, 2014. <http://www.oecd.org/dac/stats/documentupload/ODA%202013%20Tables%20and%20Charts%20En.pdf>

⁶⁹ NISHIGAKI, Akira, and Yasutami Shimomura. *The Economics of Development Assistance: Japans ODA in a Symbiotic World (LTCB International Library Selection)*. 1st ed. Tokyo: LTCB International Library Foundation, 1999. p. 200

⁷⁰ Ministry of Foreign Affairs of Japan. "Japan's Official Development Assistance Charter", 1992. <http://www.mofa.go.jp/policy/oda/summary/1999/ref1.html>.

⁷¹ The 1992 Charter emphasises the significance of the four following points:

- Humanitarian concerns
- The recognition of the interdependence of the international community
- Environmental conservation
- Self-help efforts as a way to ensure the effectiveness of aid

Moreover, it is worth noticing that the document states that East Asia, ASEAN in particular, is the priority region for foreign aid. Geographical, political and economical proximity are among the reasons given by the Charter, but it also reveals the area's importance for Japan itself to promote economic dynamism and development in the region.

So far, the historical succession of events that brought to the first Japanese ODA Charter has been examined. The purpose of doing so is that while some of the elements highlighted remained unchanged, others are the foundations for the main changes in the international environment that led to the revision of the Charter in 2015.

2.2 Major characteristics of Japan's ODA

In 1989 Japan became the largest donor nation but, following a significant drop in 2001, the country is now fourth among the DAC countries, after the United States, the United Kingdom, and Germany. However, it can still be said that Japan has the most solid experience in foreign aid. Thanks to the new Development Cooperation Charter, the country could find an efficient way to guide other international bodies through the foreign aid disbursement. Even before the promulgation of the first Official Development Assistance Charter in 1992, Japan had a rather defined aid philosophy, in line with its constitutional principles. In the next paragraphs, some of the most notable characteristics of Japanese ODA are going to be considered.

Self-help efforts

The Official Development Assistance Charter of Japan lays great stress on the importance of self-reliant development, which is the first aspect that is going to be explored. In the early 1990s, several Japanese scholars agreed that 'self-help efforts' were the cornerstone of Japan's ODA and a necessity for its successful outcome.⁷² It is indeed true that aid is most effective when both the government and the people of a developing country actively participate in the growth process. Even when positive results occur, it is mostly the recipient's duty to give rise to a stable success. With the purpose of improving the LDCs' own capacity for development, many Japanese experts support the idea that the recipient

⁷² NISHIGAKI, Akira, and Yasutami Shimomura. *The Economics of Development Assistance: Japans ODA in a Symbiotic World (LTCB International Library Selection)*. 1st ed. Tokyo: LTCB International Library Foundation, 1999. p. 146

countries should not be forced to follow the donors' plan. Of course putting these concepts into practice is not easy. The ODA Charter identifies the main elements to be enhanced, namely human resources, socioeconomic infrastructure, basic human needs and adaptive capabilities. The revisions follow the direction of the 1992 Charter, simply adding a focus on the legal system and the regulations regarding the aid implementation system. In practice, it can be said that self-help efforts depend on the level of participation of the recipient country: the higher it is, the more effective aid will be. The developing country could participate in the planning operations, in setting the tasks or in proposing project itself. The last point, which is actually another significant peculiarity of Japanese aid, is going to be considered separately in the following paragraph. Besides, participation is shown by the recipient government's stance on education: improvements in the system positively affect the country's human resources and society, as required by the ODA document. On top of that, considered the importance given to regulations in the revisions of the Charter, one may assume that additional signals of self-reliance in the recipient country are the fiscal measures aimed at proper budget allocation, rise in revenues, and reducing foreign borrows as well as inflation. With regards to this, Akira Nishigaki, former president and chairman of the Overseas Economic Cooperation Fund (OECF), notes that "self-help efforts are also reflected in a developing country's macroeconomic indicators and its management of macroeconomic policies".⁷³

⁷³ NISHIGAKI, Akira, and Yasutami Shimomura. *The Economics of Development Assistance: Japans ODA in a Symbiotic World (LTCB International Library Selection)*. 1st ed. Tokyo: LTCB International Library Foundation, 1999. p. 148

Yōseishugi

As mentioned above, a project proposal from a recipient nation is part of what the country can do in order to build a self-resilient development. Japan does more than simply welcoming this action: until the February 2015 revision of the ODA charter, the recipient was in fact required to initiate all the projects in order to be given aid, according to the practice known as *yōseishugi* (on a request base). Why, until very recently, was it convenient for Japan to maintain a request base procedure? In addition to being in line with the self-help policy, it contributes to convey in the LDCs the idea that Tokyo does not intend to impose itself. What is more, the Japanese government does not need a complex bureaucracy, as it is not its duty to formulate the initiatives. Nevertheless, *yōseishugi* does not entail complete disengagement from development's scheme planning for any Japanese body: considering that the majority of the less developed countries does not have the means to involve experts in the management of initiatives, it is common for the Japanese private sector to participate in the operations and to suggest projects to the country that pursues foreign aid. Despite leaving to the recipients less room for manoeuvre, one may observe that involving the private sector contributes to raising awareness on the development issue as well as providing new ideas on how to tackle it. This was a very distinctive property of Japanese foreign aid policy until the new Development Cooperation Charter, but the paper will examine later on why *yōseishugi* was changed in the revised document.

Japan's ODA implementation system

Although there are specific agencies involved in ODA's organisation, the majority of government ministries and globally focused agencies is, to

some extent, associated with ODA. However, in October 2008, the Japan International Cooperation Agency (JICA), which until then was only appointed to technical cooperation, undertook the management of yen loans and grant aid too.

In the previous section of the paper it has been noted how grants and loans are the two main categories of ODA; therefore JICA is now the only agency responsible for foreign aid implementation. In order to understand which are the duties JICA took over, further clarification is required on what type of agency was concerned with the management of assistance before the reorganisation.

As shown by Table 2.4, it was primarily the Ministry of Foreign Affairs (MOFA) to supervise grant assistance; its typical task was to allocate capital for aid. Nonetheless, even before 2008, it was JICA's job to administer the implementation stage of grant aids, as it was in charge of technical cooperation.

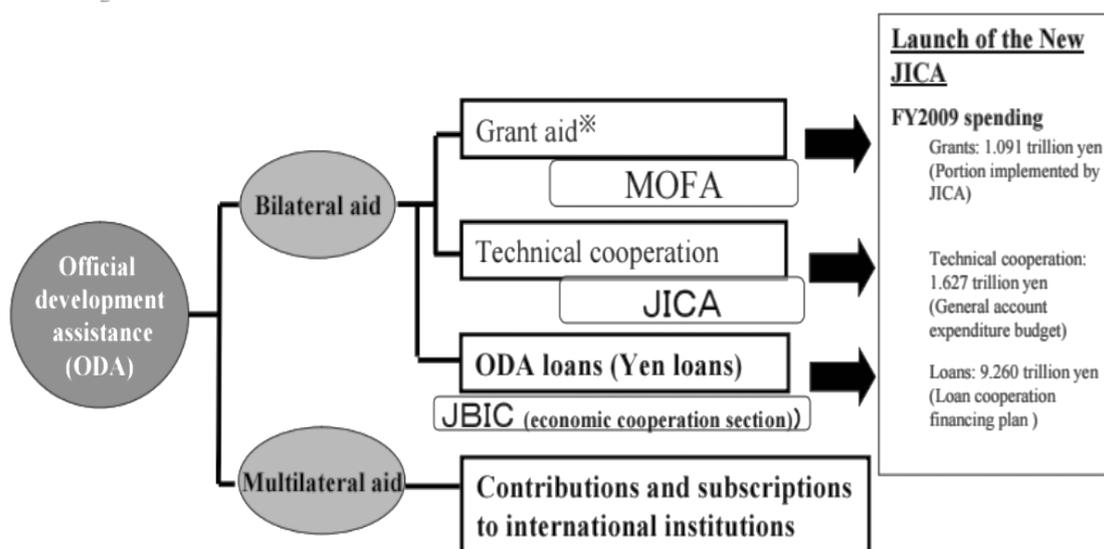


Table 2.4: Launch of the new JICA and Japan's ODA structure.
Source: JICA, <https://www.iist.or.jp/wf/magazine/0734/pdf/100222-jica-oda-e.pdf>

JICA was, and still is, engaged in several additional activities including dispatching volunteers overseas, assistance in case of disasters, promotion of grant aids and development cooperation.⁷⁴

With regards to yen loans, the supervising agency was the Overseas Economic Cooperation Fund (OECF), which in 1999 merged with the Japan Export-Import Bank to create the Japan Bank for International Cooperation (JBIC). OECF managed the support of all loans that satisfied the conditions for ODA, but also of development projects in LDCs conducted by the Japanese private sector.

Even though the implementing system went through various reforms and incorporations, these are nearly all the functions JICA has and today it is the channel through which the whole of Japan's ODA passes.

Regional allocation

As previously noted, at the time Japan's donation began, Asia was by far the major recipient, as a consequence of the war reparations system. Even if through the 1980s and the 1990s, regional share of Japanese aid decreased, in 2013 it still represented more than 60% of the total Japan's ODA net bilateral disbursements.⁷⁵ The region is in the process of economic transformation and includes several developing countries with significant domestic disparities, but especially most of the ASEAN countries aim at growth and competitiveness in the global economy. As a result, up until the most recent years, assistance to ASEAN accounted for

⁷⁴ NISHIGAKI, Akira, and Yasutami Shimomura. *The Economics of Development Assistance: Japans ODA in a Symbiotic World (LTCB International Library Selection)*. 1st ed. Tokyo: LTCB International Library Foundation, 1999. p. 180

⁷⁵ Organisation for Economic Co-operation and Development. "Development Aid at a Glance | Statistics by Region: Asia", 2015. <http://www.oecd.org/dac/stats/documentupload/4%20Asia%20-%20Development%20Aid%20at%20a%20Glance%202015.pdf>.

approximately 50% of the total amount of foreign aid distributed from Japan to Asia.⁷⁶ Japan’s interest in South East Asia as a strategic region developed naturally in history for geographical, economical and political reasons and it became even stronger since Fukuda Doctrine in 1977, when the government led by Prime Minister Takeo Fukuda promoted an Asia-focused policy based on a mutual “heart-to-heart” understanding.⁷⁷ In particular, the new ODA Charter reiterates the relevance of the relationship with the ASEAN countries, emphasising Japan’s support to the establishment of an ASEAN community, in line with the 2013 National Defence Program Guidelines (NDPG).

ODA as a per cent of GNI

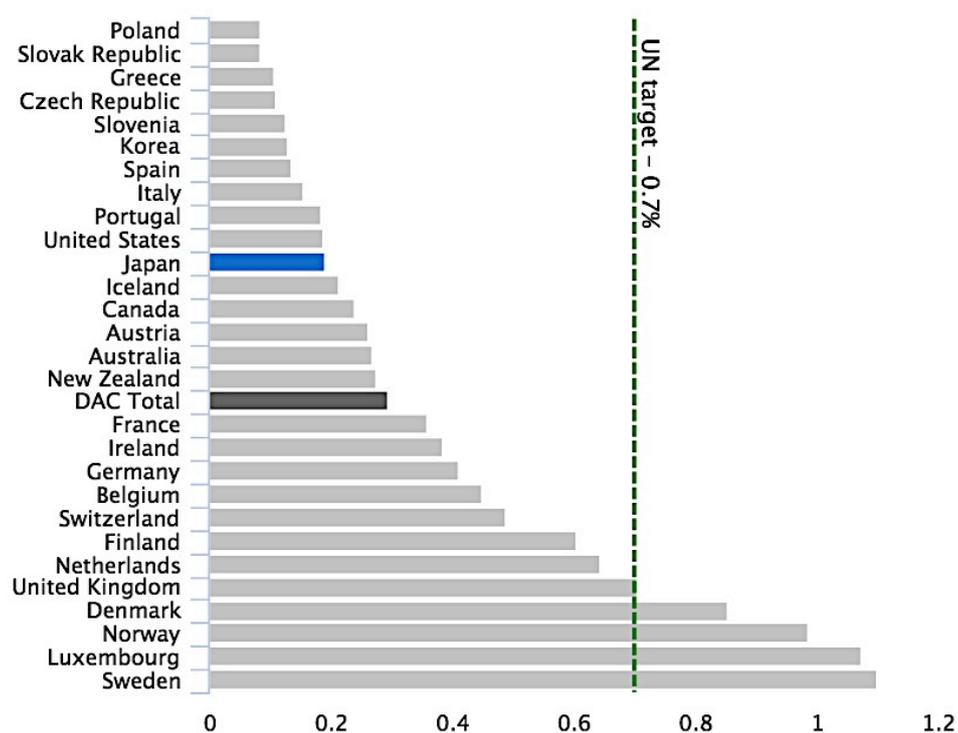


Table 2.5: ODA as per cent of GNI in 2014. Source: OECD, <http://www.compareyourcountry.org/oda>

⁷⁶ SATO, Hitoshi. “How Can ASEAN and Japan Mutually Benefit from ASEAN Economic Integration” *International Labour Organization*. ILO Asia-Pacific Working Paper Series, October 2014. p.2 http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_314225.pdf.

⁷⁷ Ministry of Foreign Affairs of Japan. “Factsheet on Japan-ASEAN Relations”, February 2013. <http://www.mofa.go.jp/region/asia-paci/asean/factsheet.html>.

One of the features of Japan's Official Development Assistance that has been pointed out by the literature on the subject is the low ODA to GNI ratio. Even during the top donor years, Japan's ODA rate was inferior to other donor countries' one. In 2014, Japanese aid accounted for 0.19% of the country's gross national income;⁷⁸ Tokyo performs poorly not only compared to other donor countries,⁷⁹ but it is also very far from the 0.7% target set by the United Nations.

Sectorial distribution

The last element the paper is going to focus on is ODA distribution by sector, which is highly relevant to the purpose of this dissertation. Data from sectors as classified by DAC will be observed: social infrastructure (education, health, water and sewerage, etc.); economic infrastructure (transport, communications, electricity, etc.); agricultural infrastructure (agriculture, forestry, fishery, etc.); industry and other production sectors (mining, environmental, etc.); emergency aid (humanitarian aid, etc.), food aid; program assistance (debt relief, administrative expenses, etc.)

Japanese ODA sectorial distribution has remained rather consistent throughout the years. As an example, data from 1993 and 2011 will be compared.⁸⁰ In 1993, Tokyo allocated the higher amount of aid to

⁷⁸ Organisation for Economic Co-operation and Development. "Compare Your Country by OECD", 2014. <http://www.compareyourcountry.org/oda>.

⁷⁹ For instance: Germany has a 0.41% ODA to GNI ratio, while France's one is 0.36%

⁸⁰ Data from 1993 are available at: NISHIGAKI, Akira, and Yasutami Shimomura. *The Economics of Development Assistance: Japans ODA in a Symbiotic World (LTCB International Library Selection)*. 1st ed. Tokyo: LTCB International Library Foundation, 1999. p. 217.

Data from 2011 are available at: PAN, Nam. "Japanese ODA to Asian Countries: An Empirical Study of Myanmar Compared with Cambodia, Laos, and Vietnam." *Ministry of Finance Japan*, 2014. https://www.mof.go.jp/pri/international_exchange/visiting_scholar_program/ws2014_d.pdf. p. 8

“economic infrastructure” (36.7%); the same happened in 2011, with a 40.6% of the total. The rate remained fairly stable for “social infrastructure” too (22.6% in 1993 and 24.0% in 2011). However, it is worth noting a significant change in “program assistance”: in 1993 it amounted to 27.2%, while in 2011 it represented only 9% of the total, on account of the fact that more funds have been distributed to “industry” and “food aid”.

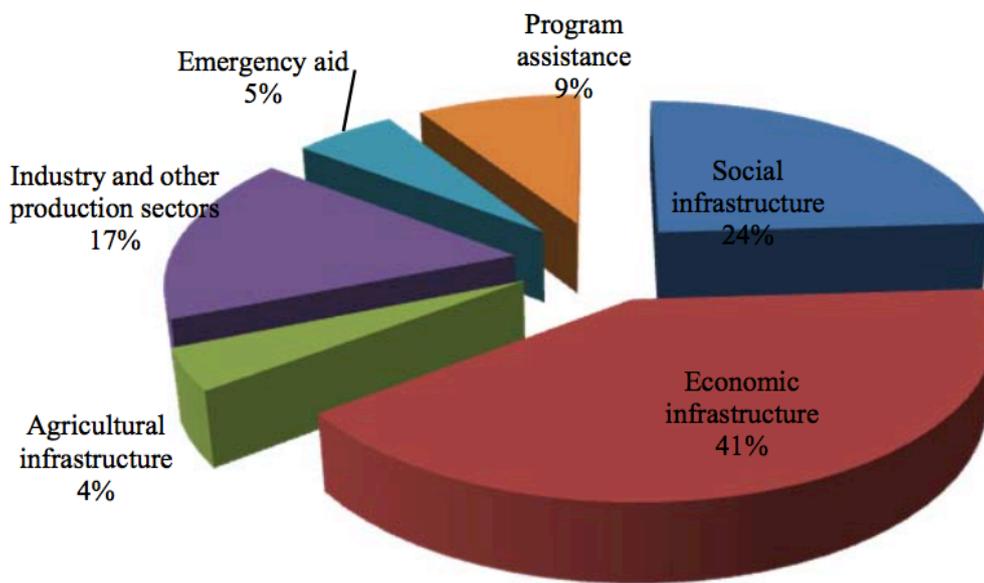


Table 2.6: The ratio of Japanese ODA disbursement by sector (2011). Source: MOF, https://www.mof.go.jp/pri/international_exchange/visiting_scholar_program/ws2014_d.pdf.

Compared to other DAC countries, Japan allocates a remarkably higher amount of aid to “economic infrastructure”, as the DAC average in 2011 was 15.0%. On the other hand, other donors tend to distribute more funds to “social infrastructure”, with a 40.3% average in 2011. Again, “program assistance” make an interesting case: DAC average amounts to 18.2%, while, as noted above, Tokyo allocates only 9% of the total to this sector.

2.3 Implications of aid in Japan

At this point, bearing in mind the aim of comprehensive understanding of Japanese Official Development Assistance, the paper will discuss the consequences of foreign aid in Japan and in what way it benefited the donor country. In order to do so, priority will be given to the analysis of geopolitics and foreign affairs and economic interests. What previously emerged from the history of ODA along with the description of its main attributes is that aid can be helpful not only to the recipient country, but also to the donor. In particular, it is clear that ODA is an essential diplomatic tool to Tokyo, as well as a means to bring about national prosperity. These two aspects will be discussed separately in the following paragraphs.

ODA as a diplomacy tool

Post-war Japan was rebuilt by the American occupation forces led by the Supreme Commander for the Allied Powers (SCAP), General Douglas MacArthur, who identified as aims of the occupation the democratisation and demilitarisation of the Japanese territory. It is in the name of these two principles that as early as in 1945, the US suggested the withdrawal of the old Meiji Constitution and the elaboration of a new one.⁸¹ After different commissions, created both by SCAP and the Japanese government, failed in compiling a new constitution that would meet the American imperatives, the Government Section at GHQ intervened and drafted the present-day constitution that would come into effect on the 3rd of May 1947. The document includes the well-known Article 9, the

⁸¹ DOWER John, *Embracing Defeat. Japan in the Aftermath of World War II*, London, Penguin Books, 1999 p. 346

primary formal restraint on Japanese involvement in international conflicts. According to the official English translation of the constitution, it states as follows:

Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes. To accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.⁸²

By all accounts, it was Douglas MacArthur that proposed the war-renunciation clause; still, it was very welcomed by the Japanese Diet and population.⁸³ This peace-oriented constitution, along with the 1951 San Francisco Peace Treaty, produced meaningful changes in the country's foreign policy and allowed the formation of the Yoshida Doctrine, named after the then Prime Minister Shigeru Yoshida. Sueo Sudo defines the doctrine in conformity with these three pillars:

- Continued reliance on the alliance with the United States to ensure Japan's security
- Emphasis on economic relations overseas to assist in the reconstruction of the domestic economy
- Maintenance of low profile international politics⁸⁴

Many scholars claim that the Doctrine guided Tokyo's foreign policy years after the end of the mandate of its initiator, shaping the reactive nature of

⁸² SAMUELS, Richard J. *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*. 1st ed. United States: Cornell University Press, 2008. p. 45

⁸³ IOKIBE, Makoto. "ODA as a Foreign Policy Tool." *Japan Review of International Affairs* 17.2003, 2 (2003): p. 111

⁸⁴ SUDO, Sueo. *Japan's ASEAN Policy: In Search of Proactive Multilateralism*. Singapore: Institute of Southeast Asian Studies, 2015. p.12

Japan's international conduct.⁸⁵ On the other hand, others do not support the conceptualisation of Japan as a reactive state, arguing that Tokyo does take independent foreign policy initiatives, and that the most indisputable thereof is foreign development assistance.⁸⁶ ODA in Japan became indeed highly institutionalised in the post-occupation decades, particularly in consideration of Tokyo's absence of a military role, and became an important instrument to establish Japanese identity overseas.

This can be observed with reference to recipient countries positioned in any region; nevertheless, the paper will take into account the impact in Japan of ODA distributed to South East Asia, which has always secured the weightiest quantity of aid. The turning point in Japan-South East Asia relations was in 1977, when the transition from war reparations to Official Development Assistance occasioned a deep interdependence between Japan and the region. PM Takeo Fukuda proclaimed the new doctrine that would have guided Japan's relations with South East Asia. The Fukuda Doctrine is based on:

- Japan's rejection of the role of a military power
- Consolidation of the relationship of mutual confidence and trust based on "heart-to-heart" understanding
- Japan as an equal partner of ASEAN, attempting to foster mutual understanding with the nations of Indochina⁸⁷

Therefore, the main focus of the Doctrine was regional cooperation, peace and prosperity. It is worth mentioning that the relevant literature considers the Fukuda Doctrine as the inauguration of Japan's multilateral

⁸⁵ SUDO, Sueo. *Japan's ASEAN Policy: In Search of Proactive Multilateralism*. Singapore: Institute of Southeast Asian Studies, 2015. p.12

⁸⁶ *Ibid.* p.14

⁸⁷ *Ibid.* p.18

diplomacy, on account of the aspiration to cooperation with ASEAN.⁸⁸ In the same year, the first aid-doubling plan was made public: the interconnection between diplomacy and foreign assistance was by then thoroughly consolidated.

Accordingly to Japan's renewed influence in international affairs, the Fukuda Doctrine profited from the power vacuum created in those years by Washington's troops withdrawals from Vietnam. Therefore, Japan arranged a scheme linking peace-building efforts with development assistance. Having detached itself from the World War II aggressor image (although not always effortlessly nor without reservation), in the early 1990s Japan managed to be regarded by Indochinese countries as a partner in reconstruction. However, the situation was different in other regions: Tokyo struggled to fulfil its international duties after criticism was raised by the international community during the 1991 Gulf War, when the country failed to dispatch troops. Therefore, the government enacted the UN Peacekeeping Operations (PKO) Law and applied it for the first time in Cambodia, where Japan also had the opportunity to act as a negotiator. The 1992 ODA Charter was also influenced by the criticism of the war in the Persian Gulf, as Japan needed to emphasise its contribution to peace by spelling out its aid philosophy. Hence, it does not surprise that Japan became the largest donor to post-war Cambodia.

ODA also assumed a critical role in defining Tokyo's position during the 1997 Asian economic crisis. Over the 1990s, the regional intertwinement deepened: South East Asian countries had become an essential source of raw materials; Japanese companies had extensively penetrated the local market; aid had been politicised as part of a comprehensive security

⁸⁸ SUDO, Sueo. *Japan's ASEAN Policy: In Search of Proactive Multilateralism*. Singapore: Institute of Southeast Asian Studies, 2015. p.19

policy; and, of course, most of the South East Asian countries still relied on Japan for their development. These are most of the reasons why the government chose in 1998 to disburse an emergency aid package, in spite of Japan being hit by the crisis too, in order to make the effects of the crisis less felt throughout the East Asian region.⁸⁹

It is worth reminding that those were the top donor years, when Japan also disclosed its ODA policy and philosophy in the first 1992 Charter. The country lost its first position in 2001, and is today fourth. Although Tokyo still disburses a significant amount of development aid every year, one may ask whether foreign assistance is still so prominent in Japan's international status. For the sake of clarity, it is important to bear in mind the major reason why the country lost its top donor position. In the wake of 11 September 2001, most of the industrialised countries increased their foreign aid to LDCs, thus trying to fight underdevelopment and poverty, which they saw as one of the main causes for radical ideologies, as well as fundamentalism and religious terrorism.⁹⁰ Therefore, while Japan's commitment to ODA remained rather steady, other DAC countries expanded their engagement in development assistance, hence leaving Japan behind at a comparative level. However, this does not cancel out all the previous experience accumulated by Japan in the past decades; aid can still play a significant role in Tokyo's foreign policy. In particular, the country has gained specific know-how in ODA that it can share with other DAC nations and combine with its diplomatic strategy.

⁸⁹ IOKIBE, Makoto. "ODA as a Foreign Policy Tool." *Japan Review of International Affairs* 17.2003, 2 (2003): p. 106

⁹⁰ MASAKI, Hisane. "Japan's ODA at a Crossroads." *The Japan Forum on International Relations*, December 9, 2004. <http://www.jfir.or.jp/e/commentary/041209-1.pdf>. p.1

ODA and national economic interests

To further substantiate the discourse on official development aid's advantages in Japan, economic interests will now be discussed. Sueo Sudo claims that Japan-South East Asia interdependence is based on an aid-trade-investment trilogy.⁹¹ However, it can be said that investment from Japan and trade with South East Asian countries has been generated by Tokyo's assistance policy. From the very beginning, war reparations payments in goods and services developed a virtuous circle encouraging industrial production, exports and, thus, economic revitalisation. On top of the compensation system, what allowed Japanese corporations to penetrate the local market was also the ODA loans on tied basis; which is to say that the subcontractor could only be a Japanese firm. Eventually, the underlying link between the Ministry of Foreign Affairs' focus on assistance in South East Asia and the activity in terms of trade and direct investment of the Ministry of International Trade and Industry (MITI) was legitimised by government policies promoting comprehensive cooperation from the end of the 1970s. In particular, MITI's objective grew to specifically include importing resources; regional development along with stable regional market; exporting manufacture products in order to obtain foreign currency; and, finally, finding new industrial locations.⁹²

Implications

To conclude, ODA influenced and strengthened the foreign and economic policy of Japan in the past 70 years. Today, the establishment of a new regional order might involve an alternative variable: security. As foreign

⁹¹ SUDO, Sueo. *The International Relations of Japan and South East Asia: Forging a New Regionalism (Politics in Asia Series)*. New York: Taylor & Francis, 2001. p. 66

⁹² *Ibid.*

aid has been the most significant tool for Japan in the past years, it could affect Tokyo's security policy. The following chapters will discuss more in depth this element and how ODA and security mutually influence.

2.4 Previous Charter revision

Before proceeding with a focus on the 2015 Development Cooperation Charter, which is the main subject of this paper, the 2003 revision process will be explored. The first Official Development Assistance Charter redraft was released approximately ten years after the first Charter and ten years before the new one. With a better comprehension of how the revision came into being the first time, the last editing might become clearer too. The 2003 Charter's preamble legitimises as follows the necessity of a renewed document:

The world has changed dramatically since the Charter was first approved, and today there is an urgent need for the international community, including Japan, to address new development challenges such as peace-building. Faced with these new challenges, many developed countries are strengthening their ODA policy, to deal with the serious problems that developing countries face.⁹³

As noted before, 11 September induced many western countries to change their ODA policy to a more meaningful one. They began to believe that eradication of poverty could prevent the spread of fundamentalism and, thus, the ground for terrorism. Hence, the emergence of Japan's need to conform and to reassess its aid programme. Furthermore, while reading through the text, the influence of another element stands out: compared to the 1992 Charter, the notion of human security significantly affected the second document. Therefore, after an elucidation of human security, this section will centre on the new features linked to it and on the aid-trade-investment trilogy, as well as those determined as a consequence of 9/11.

⁹³ Ministry of Foreign Affairs of Japan. "Revision of Japan's Official Development Assistance Charter", 2003.

<http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf>. p. i

Human Security

The *Human Development Report* of the United Nations Development Program (UNDP) of 1994 introduced the notion of human security, recognising the multiple causes that make people feel insecure. Until recent years, the concept of security has been related to a state of war and conflict. However, since the issuing of the report, other threats such as natural disasters, diseases and climate changes as well as poverty, economic and financial crisis, human trafficking and terrorism were included. Because of the interconnectivity of the global world, human security policies try to face all of these menaces together, believing that they cannot be seen in isolation. On an initiative of the Government of Japan, the UN Secretary-General established in 2001 the Commission on Human Security, co-chaired by Sadako Ogata, who subsequently became President of the Japan International Cooperation Agency.



Image 2.1: Mrs. Sadako Ogata becomes the new president of JICA in 2003. Source: MOFA, http://www.mofa.go.jp/policy/oda/white/2003/part1_1.html.

The final report of the Commission, *Human Security Now*, was presented in May 2003.⁹⁴ Even though the majority of the world population still thinks security is something that only concerns developing countries, the report highlights the transnationality of these menaces. This key factor could be the reason why in the 2003 Charter benefits for Japan were clearly stated among the *objectives* of ODA:

[...] Such efforts will in turn benefit Japan itself in a number of ways, including by promoting friendly relations and people-to-people exchanges with other countries, and by strengthening Japan's standing in the international arena. [...] Japan, which enjoys the benefits of international trade and is heavily dependent on the outside world for resources, energy and food, will proactively contribute to the stability and development of developing countries through its ODA. This correlates closely with assuring Japan's security and prosperity and promoting the welfare of its people.⁹⁵

Since the very first decades of Japan's engagement in foreign aid, the country has been often accused of acting out of self-interest both by developing and donor countries as well as by international organisations;⁹⁶ hence, the surprise in reading the above words among the ODA *objectives*. This might lead to think that from 2003 the impact of the concept of human security in Japanese policy of assistance became rather considerable, also bearing in mind the role of Sadako Ogata. In particular, the second *basic policy* listed in the document is entirely focused on *Perspective of "Human Security"*. The Charter recalls the attention on

⁹⁴ OGATA, Sadako and Amartya SEN. *Human Security Now*. New York, 2003.
http://www.un.org/humansecurity/sites/www.un.org.humansecurity/files/chs_final_report_-_english.pdf

⁹⁵ Ministry of Foreign Affairs of Japan. "Revision of Japan's Official Development Assistance Charter", 2003.
<http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf>. p. 1

⁹⁶ IOKIBE, Makoto. "ODA as a Foreign Policy Tool." *Japan Review of International Affairs* 17.2003, 2 (2003): p. 117

individuals expressed in *Human Security Now* and associates it with the self-help effort policy, explained earlier in this chapter:

[...] it is important [...] to consider the perspective of human security, which focuses on individuals. Accordingly, Japan will implement ODA to strengthen the capacity of local communities through human resource development.

In the same way, the people-centred human security aims at “developing the capabilities of individuals and communities to make informed choices and to act on behalf of causes and interests in many spheres of life.”⁹⁷

The following *basic policy* concerns equal distribution of aid among any kind of individuals within the recipient country. Specific attention is paid to gender equality and to the improvement of the status of women, which was not mentioned to any extent in the 1992 Charter. It can be claimed that this policy arose from the UN Millennium Development Goals (MDGs), which were the first systematic way of implementing human security. The gender equality issue will occupy an even more notable position in the new Development Cooperation Charter.

The concern for environment and sustainability underwent a similar path: in 1992 there was only a brief reference to the issue, but after environmental sustainability was included in the MDGs in 2000, it carried more weight in Japanese ODA’s philosophy.

It is worth noting one final evidence of the presence of human security in the revision. The 1992 Charter opened with a reflection on famine and poverty, disclosing that the eradication of these issues would be Tokyo’s priority. The 2003 document’s outset refers to ODA’s “contribution to

⁹⁷ OGATA, Sadako and Amartya SEN. *Human Security Now*. New York, 2003.
http://www.un.org/humansecurity/sites/www.un.org.humansecurity/files/chs_final_report_-_english.pdf p. 4

peace and development of the international community.”⁹⁸ The influence is manifest and as a consequence Japan began to focus on development issues on a broader level, involving different aspects that would make growth more stable.

Post-9/11 aid

With regards to the aftermath of 11 September, the paper already discussed western countries’ efforts to expand their foreign aid. How did this affect Japan’s 2003 Official Development Assistance Charter? The new elements of the preamble highlighted before are reinforced in the document with the use of the word *terrorism*, for instance:

Poverty reduction is a key development goal shared by the international community, and is also essential for eliminating terrorism and other causes of instability in the world.⁹⁹

Although both the old and the 2003 Charter preserve the principles of Japan’s peace-oriented constitution, the revised document includes several statements about terrorism. In particular, from the 1992 document to the new one, the *Principle of ODA Implementation* section remains unchanged, except for the following underlined word:

Full attention should be paid to trends in recipient countries’ military expenditures, their development and production of weapons of mass destruction and missiles, their export and import of arms, etc., so as to maintain and strengthen international peace and stability, including the prevention of terrorism and the proliferation of weapons of mass destruction, and from the viewpoint that developing countries should

⁹⁸ Ministry of Foreign Affairs of Japan. “Revision of Japan’s Official Development Assistance Charter”, 2003.

<http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf>. p. 1

⁹⁹ *Ibid.* p. 3

place appropriate priorities in the allocation of their resources on their own economic and social development.¹⁰⁰

Moreover, the post-9/11 international context, urged Japan to reassess its ODA geographical distribution. This paper claimed a definite preference for South East Asia, and especially ASEAN, as a recipient area. Accordingly, the 1992 Charter dedicates only few funds to other possible destinations. On the contrary, the 2003 revision, despite still giving prominence to assistance to ASEAN, allows more space to other areas and particularly to the expansion of such choice. The table below shows how aid disbursement to Middle East and North Africa as well as to Sub-Saharan Africa increased in quantity in two distinct moments: after the 1973 oil crisis and after 2001.

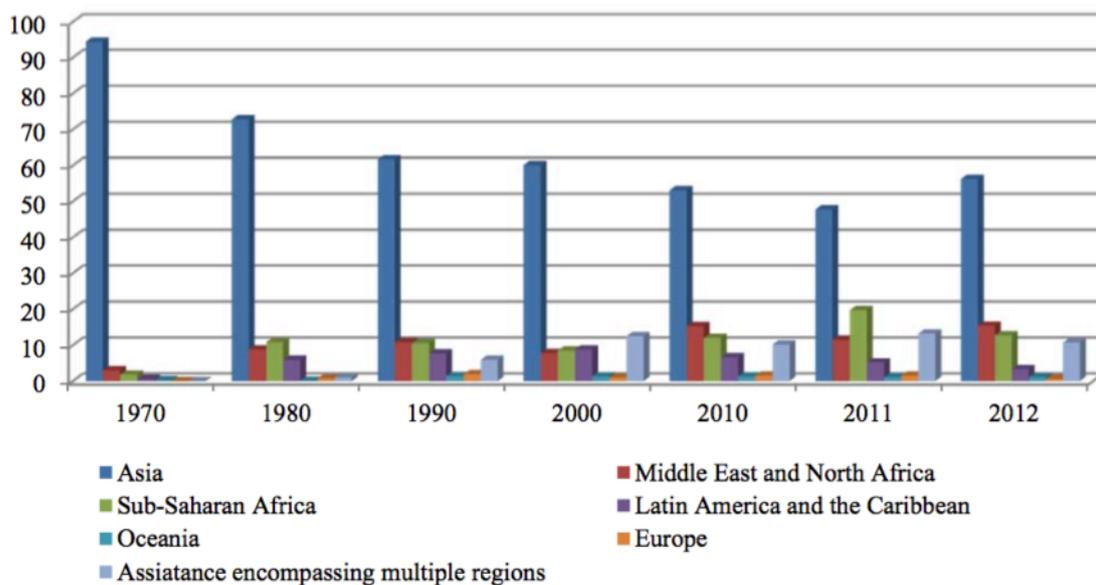


Table 2.7: Share Percentage of Japanese Bilateral ODA by Region. Source: MOFA, https://www.mof.go.jp/pri/international_exchange/visiting_scholar_program/ws2014_d.pdf.

However, these rearrangements should not persuade to consider the 2003 Charter as an utterly new document: indeed, it is an evolution of the first

¹⁰⁰ Ministry of Foreign Affairs of Japan. "Revision of Japan's Official Development Assistance Charter", 2003.

<http://www.mofa.go.jp/policy/oda/reform/revision0308.pdf>. p. 5

one, which adapts to the new features of the international arena, while the basics remain unchanged. In particular, this last section will focus on the trilogy aid-trade-investment and on the Official Development Assistance implementation system.

Aid-trade-investment

The trilogy has already been examined in the paper: trade and investment first increased as an outcome of foreign aid and, subsequently, became essential to the accomplishment of Japanese ODA objectives. On account of that, both the 1992 and the 2003 Charters include a remark in the relationship between Foreign Direct Investment (FDI), trade, and development aid. At the same time, the documents advocate the promotion of private-sector cooperation as well as the involvement of other official channels, e.g. assistance-related agencies.

With regards to Japan's approach to the effectiveness of foreign assistance, both documents address to the issue of training for development experts in Japan and to ensuring their safety while abroad. The revised Charter also spotlights the significance of constant performance evaluation, in order to avoid inappropriate procedures and episodes of corruption. It is worth noting that, at that time, the implementation agencies had not merged yet into the "new" JICA, as the incorporation occurred in 2008. Even though JICA became an institution independent from the government in 2003, it did not deal with all aspects of aid (i.e. grants, loans and technical cooperation), which were still managed by different institutions.

3. The New Charter

3.1 Between 2003 and 2015



Image 3.6: Last ten years of Japan seen through The Economist's covers. Source: The Economist

The drafting processes of the Official Development Assistance Charter and its revisions have been marked by significant events both in the economic and in the foreign affairs' spheres. In 1992, when the government of Japan led by the leader of the Liberal Democratic Party (LDP) Kiichi Miyazawa issued the first Official Development Assistance Charter and approved the International Peace Cooperation Law that allowed the dispatch of Self-Defence forces overseas to UN peacekeeping operations, the Japanese economy was entering a period of recession. The first revision of the Charter was enacted in 2003 by Jun'ichiro Koizumi's government. During his tenure as Prime Minister, so far one of the longest of the country's history, Japan experienced positive GDP growth rate (with a 2,4% peak in 2004)¹⁰¹ and, for the first time since the end of the Second World War, Japanese troops were deployed overseas without a UN mandate. As noted apropos of the 2003 ODA Charter, changes in the international scenario entail a different diplomatic stance. Nonetheless, reforms in foreign policy certainly cannot be dissociated from one country's domestic circumstances. The following section is going to outline the national concerns that conducted to the new Development Cooperation Charter.

Political environment

The years between the Koizumi administration and the present Shinzo Abe's cabinet bear the striking characteristic of discontinuity: from 2006 to 2012 six different prime ministers (three of whom from the Democratic Party of Japan) led the country. This is partly due to the occurrence of divided governments, but also as a consequence of LDP's internal regulations on term limits: every three years the party chairman is

¹⁰¹ The World Bank. "GDP Growth (annual %)." 2014.
<http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>.

compelled to either run for re-election as LDP leader or resign both to the presidency of the party and the premiership, even if the latter is not concluded yet.

The Liberal Democratic Party is the most influential and near-continuous majority party of Japan, as since 1955 it held the minority of seats only for a brief period in 1993, and from 2009 to 2012. Therefore, the LDP has been representing the opposition for the lengthiest period in its history precisely in the years taken into consideration in this section. The Democratic Party of Japan (DPJ) came into power after the 2009 elections, gaining for the first time the majority of the seats in the parliament. However, several demanding issues made administration difficult: Yukio Hatoyama (PM from 2009 to 2010) resigned as a result of criticisms over his handling of the relocation of the Futenma US Marine base; his successor, Naoto Kan, submitted his resignation few months after the 2011 Tohoku earthquake, lacking the ability of dealing with the repercussions of the disaster.¹⁰²

By the 2012 general elections, it was unlikely for DPJ to secure the majority of seats and LDP's Shinzo Abe was appointed prime minister for the second time. As a matter of fact, he was also the first of the six premiers that ruled for roughly one year each from 2006 to 2012: Abe resigned in September 2007 due to medical reasons, but most likely as a consequence of the scandals and accusation of nepotism that marked his office.¹⁰³ Amid

¹⁰² SIDDIQUI, Samee. *The Rise and Fall of the Democratic Party of Japan (DPJ): Prospects of a Two-Party System in Japan*. n.p.: Al Jazeera Center for Studies, 2013. <http://studies.aljazeera.net/ResourceGallery/media/Documents/2013/2/25/2013225115850517734The%20Rise%20and%20Fall%20of%20the%20Democratic%20Party%20of%20Japan.pdf>, p.4

¹⁰³ McCURRY, Justin. "Japanese Election Victory Hands Shinzo Abe a Chance for Redemption." *The Guardian*, December 16, 2012. <http://www.theguardian.com/world/2012/dec/16/japanese-election-shinzo-aide-redemption>.

these circumstances, Abe formed in 2012 the government that would have to face Japan's struggling economy, manage the post-Fukushima debate on nuclear power as well as deal with worsened tensions over the Senkaku islands.

Economy

At the time of the first ODA Charter revision, Koizumi led Cabinet managed to put a (temporary) end to the so-called Japan's 'lost decade', which began roughly in 1992 after the burst of the economic bubble. Hence, the country's annual GDP growth averaged 2% from 2002 to 2007.¹⁰⁴ One might expect that other indicators would benefit too; on the contrary, fiscal deficit was not resolved regardless of the expansion and deflation persisted, as shown by table 3.1.

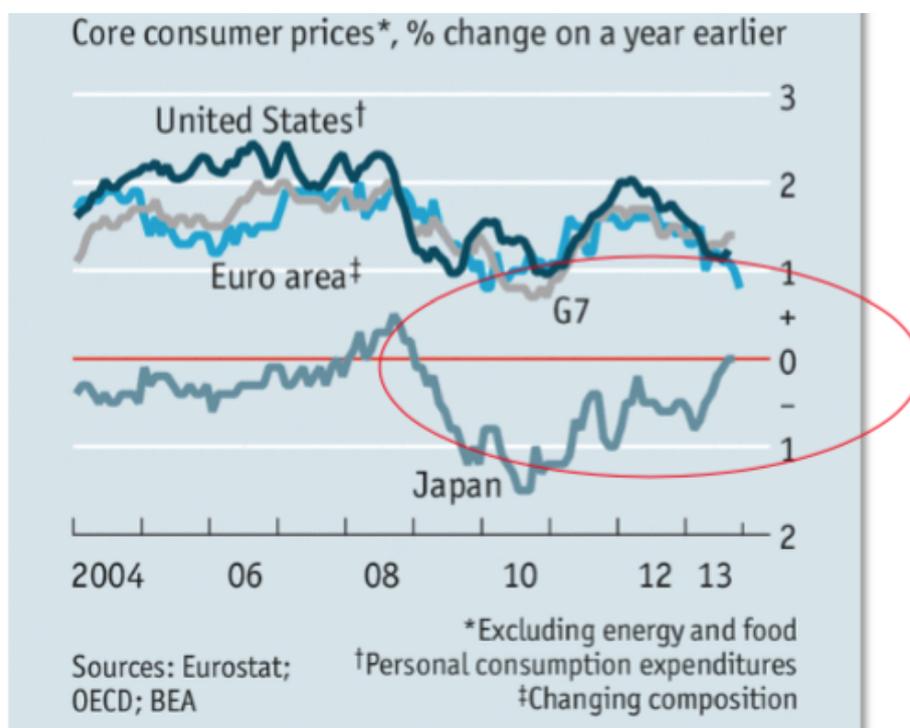


Table 3.1: Japan, Euro area and US comparative consumer prices.
 Source: The Economist, <http://www.economist.com/news/finance-and-economics/21644196-low-or-negative-inflation-spreading-around-world-more-worry>

¹⁰⁴ PATRICK, Hugh. "The Japanese Economy's Recovery." November 20, 2010. <http://www.eastasiaforum.org/2010/11/20/the-japanese-economys-recovery/>.

While consumer prices were continuously falling, thus paralysing domestic consumption, and government debt as percentage of GDP kept on growing, Japan was hit by the global financial crisis. The crisis struck particularly hard on the country by reason of its dependence on trade, which declined as a result of global demand contraction. In 2009, Economics Minister Kaoru Yosano disclosed that Japan was witnessing its worst recession since the Second World War. In addition, recovery was made particularly difficult by a remarkably aging population and an increase in part-time workers.¹⁰⁵ In 2011 China overtook Japan as the world second largest economy; on the same year, the triple disaster (i.e. earthquake, tsunami and nuclear plant) negatively affected the country's balance of trade and increased national debt. All of these factors contributed to the proposal by DPJ's Yoshihiko Noda's cabinet to double sales tax. The public discontent that followed the manoeuvre led to the dissolution of the Parliament and to the 2012 general elections.

Abe administration and 'Abenomics'

When the current Japanese Prime Minister Shinzo Abe took office in 2012, his voters valued his firm position concerning the Senkaku Islands disputes, his plan to partially revise the war-renouncing constitution, and his project to pull Japan out of deflation, which was his cabinet's alleged top priority. The scheme Abe proposed, commonly known as *Abenomics*, includes three 'arrows' to be shot simultaneously: fiscal expansion (infrastructure projects to stimulate private investments); quantitative easing (injection of liquidity into the economy); and, structural reforms

¹⁰⁵ OBE, Mitsuru. "Japan Has Plenty of Jobs, but Workers Still Struggle." *The Wall Street Journal*, March 12, 2015. <http://www.wsj.com/articles/japan-has-plenty-of-jobs-but-workers-still-struggle-1426197511>.

(corporate tax, agriculture, energy, environment, health-care, labour).¹⁰⁶ In the short term, the aim is to revitalise domestic demand and GDP growth; in the long run, the policy's goal is to increase industry and labour market global competitiveness as well as building solid trade partnerships.

Even though *Abenomics* proposes a clear method, up until today the results can hardly be seen and, surprisingly, Prime Minister Abe announced in November 2015 an *Abenomics 2.0* setting three new 'arrows', namely strong economy, support for families with children and social security.

Despite economic rejuvenation being Abe's declared prime concern, some scholars suggest that other matters have been dominating Japan's political agenda and that a greater attention was drawn to the country's foreign policy, especially in East and South East Asia.¹⁰⁷ On the other hand, others argue that diplomatic tools such as ODA are being used as a means for revitalisation of the private sector and for approaching developing markets in order to profit from the growing middle class and urbanisation, which will boost Japan's infrastructure projects in the region. Abe's interest in South East Asia has taken the shape of his frequent official visits to ASEAN countries, a new considerable wave of foreign direct investments to the region, accompanied by ODA and, as claimed by this paper, the new Charter. However, the pivotal context of rivalry with China should not be left aside: it is both cause and consequence of these drivers to South East Asia, as discussed earlier in the paper.

¹⁰⁶ McBRIDE, James. "Abenomics and the Japanese Economy." March 10, 2015. <http://www.cfr.org/japan/abenomics-japanese-economy/p30383>.

¹⁰⁷ SPOSATO, William. "Remember Abenomics? Neither Does Abe." November 13, 2015. http://foreignpolicy.com/2015/11/13/japan_abenomics_failure/.

3.2 What is new

This section will analyse the new elements, as well as the consistent characteristics of the 2015 Development Cooperation Charter. For purposes of juxtaposition, the 2003 Official Development Assistance Charter will be considered.

Compared with the first revision's process, the basic structure of the document does not seem to have undergone any major changes. Nonetheless, it is worth noting that the sections have been subdivided more clearly: in doing so, the aim is to foster public participation and awareness on development aid. As a matter of fact, the Charter itself states:

Development cooperation is financed by tax revenues from the public. The public's understanding and support are therefore essential to secure necessary funds for the sustained implementation of development cooperation.¹⁰⁸

Although, the 2003 document valued public opinion too, it focused to a greater extent on the encouragement of engagement and contribution in terms of human resources, rather than on funds. The reference to the endowment of ODA might allude to Prime Minister Shinzo Abe's fiscal arrow, as mentioned in the previous section. Mindful of the public discontent that arose from the former government's sales tax doubling plan, the present Cabinet decided to partially justify its fiscal policy within the Charter.

Besides the structure, similarities with the other document are modest and mainly based on the promotion of Human Security and self-reliant development; indeed, changes are so significant that the Charter has been

¹⁰⁸ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 14

assigned a new name. As explained in the document's preamble, the warrant for the name change is not only the diversification and complexity of new development challenges, but also the expanded role of alternative activities for development, both public and private, as well as the growing interdependence under the influence of globalisation. *Development cooperation* is therefore defined in the Charter as "international cooperation activities that are conducted by the government and its affiliated agencies for the main purpose of development in developing regions."¹⁰⁹ Here, the term *development* does not merely involve economic growth: bearing in mind the notion of Human Security, which also emerged in the 2003 document, the Charter embraces a broader definition. Under these premises, the 2015 Development Cooperation Charter aims at widening the sphere of cooperation concerning equality, sustainability, governance and other related issues; increasing Japan's ODA implementation bodies' collaboration with the private sector, non-governmental organizations (NGOs), United Nations Peacekeeping Operations (PKO) as well as Other Official Flows (OOF); and, finally, focusing on the securement of peace and prosperity.¹¹⁰

This section will be subdivided in three different parts, in order to analyse the new ingredients of the Development Cooperation Charter's objectives, priorities and implementation.

¹⁰⁹ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 1

¹¹⁰ Ministry of Foreign Affairs of Japan. "Outline of the Decision on the Development Cooperation Charter", February 2015. <http://www.mofa.go.jp/files/000067702.pdf>.

Objectives

In discussing what the Japanese government identifies as its aid objectives, the paper is going to focus on the economic aspect. As noted before, in the past decades Japan's economy has been confronting hard times: the document evokes the contemporary challenges faced by the country (such as an increasingly aging population and the post-earthquake reconstruction) and, accordingly, proposes development cooperation as the means to address them. In the globalised and intertwined contemporary world, economic growth and stability go along with security and peace. Hence:

Japan will promote development cooperation in order to contribute more proactively to the peace, stability and prosperity of the international community. Such cooperation will also lead to ensuring Japan's national interests such as maintaining its peace and security, achieving further prosperity, realizing an international environment that provides stability, transparency and predictability, and maintaining and protecting an international order based on universal values.¹¹¹

These declared benefits for Japan might appear similar to those expressed by the 2003 Charter and introduced in the previous chapter. Nevertheless, the interpretation changes in the light of the preceding lines' remark about the current economic issues: economic stagnation brings about the necessity of new markets, which Japanese aid and foreign direct investment can help develop, especially in South East Asia. This is also highlighted within the document. At the same point in the text, the Charter comments on Japanese ODA's history, mentioning its sixty years' duration and the country's participation in the 1954 Colombo Plan. This

¹¹¹ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 3

presumably aims at building more confidence in ODA among the Japanese population as well.

Finally, it is worth considering the hint at the Flying Geese Paradigm (FGP). The paradigm became highly popular in Japan in the 1960s, when it was aggressively promoted by Japanese policy makers and businesses. It is a model of internationalised production premised on dynamic comparative advantage that “assumes the transference of full-set industrial structures from lead to the following economy”.¹¹² The FG Paradigm regards Japan as a leading economic power and as an example for other East Asian economy, in accordance with the diagram below.

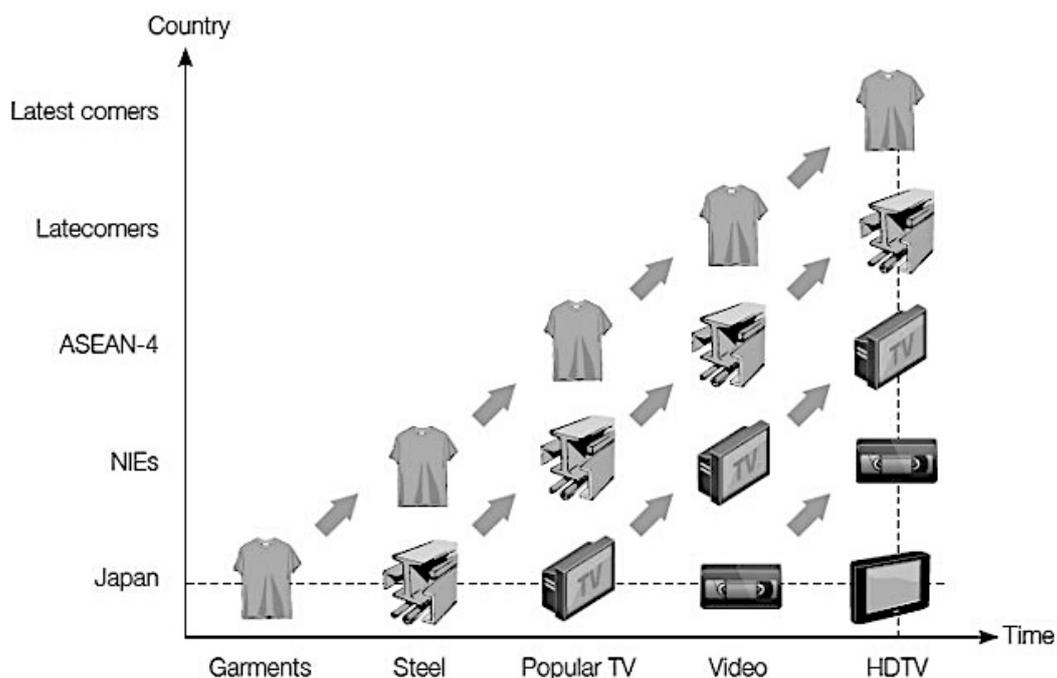


Image 3.2: Structural Transformation of Asian economies.
Source: Saburo Okita "The Flying Geese Pattern of Development" 1985

¹¹² STAPLES, Andrew. "Responses to Regionalism: Corporate Strategy in East Asia." In *The evolution of regionalism in Asia: Economic and security issues (Routledge/Warwick studies in Globalisation)*, edited by Heribert Dieter, 99–122. New York: Taylor & Francis, 2007. p.109

Throughout the text, Japan is proposed as a leader in addressing development and humanitarian challenges multiple times. To give an instance, the following extract is ascribable to the FGP:

Japan's human resources, expertise, advanced technology and systems today were developed in the process of overcoming various challenges as it underwent high economic growth and rapid demographic changes. These assets can be beneficial for developing countries in addressing similar challenges, both present and future; in fact, expectations for Japan are high in this regard.¹¹³

Priority policies

We need to tell them how to catch fish and maybe eventually help them create income generating fishery industry. Development cooperation should be something more than charity.¹¹⁴

With these words Kimihiro Ishikane, Director General of the International Cooperation Bureau of Japan's Ministry of Foreign Affairs and Japan's Ambassador to ASEAN, commented on the implications of the ODA Charter's during a discussion at the Brookings Institution in February 2015. Tokyo's aid policy has always promoted self-help efforts, but the Charter revision introduced the notion of *quality growth*, which is a step forward in the realm of self-reliant development. According to the document, poverty eradication should be achieved through human resources and infrastructure development, functional regulation and institutions, as well as growth of the private sector. Nonetheless, influenced by the guidelines of Human Security, it continues stating that growth should not be purely a quantitative matter, based on measures as

¹¹³ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 10

¹¹⁴ SOLIS, Mireya, Kimihiro ISHIKANE, Hiroshi KATO, and Taizo YAKUSHIJI. "Revising Japan's ODA Charter: Aiding National Security?" The Brookings Institution, February 13, 2015. <http://www.brookings.edu/events/2015/02/13-revising-japans-oda-charter>.

GDP. In order to tackle growing issues such as socioeconomic disparities, environmental sustainability, social and political instability, the Charter establishes three attributes that define quality growth:

- *Inclusiveness*: “the fruits of growth are shared within society as a whole, leaving no one behind”
- *Sustainability*: “over generations in terms of consideration to, among other aspects, harmony with the environment, sustained socioeconomic growth, and addressing global warming”
- *Resilience*: “able to withstand and recover from economic crises, natural disasters and other shocks”¹¹⁵

Quality growth is thus a noteworthy novel element, especially compared to the old Charter’s priorities. The 2003 document gave great prominence to the question of terrorism, and poverty eradication as a priority was the instrument to eliminate it. On the contrary, the revision barely names it among the transnational security issues:

In view of the fact that threats to stability and security can hamper socio-economic development, Japan will also provide assistance to enhance capacities in developing countries such as: the capacity of law enforcement authorities including capabilities to ensure maritime safety; the capacity of security authorities including capabilities to combat terrorism and transnational organized crime including drug trafficking and trafficking in persons; and the capacity of developing countries in relation to global commons such as seas, outer space, and cyberspace.¹¹⁶

On the subject of security, maritime safety is one of the most significant new topics of the Charter. Such a new stress is a consequence of the international challenges faced by Japan and directly refers to the National

¹¹⁵ Ministry of Foreign Affairs of Japan. “Cabinet Decision on the Development Cooperation Charter”, February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 5

¹¹⁶ *Ibid.* p. 6

Defense Program Guidelines (NDPG) decided by the Cabinet on the 17th of December 2013. Given their significance to the purpose of this paper, security concerns will be discussed as a separate issue in the next section. However, at this point it is worthy of mention that in the last years Japan's contribution to peace has acquired a completely different meaning, which is conscientiously reflected in the new ODA Charter.

The final novel aspect of the Charter's priority is the approach to regional distribution. Although the focal point remains ASEAN, the new document adds extra details. In particular, specific emphasis is given to efforts toward regional integration and region-wide development, not only as far as East Asia and ASEAN are concerned, but also with regard to any other region:

[...] attention will be paid to the increasing relevance of recent developments such as: moves toward regional integration such as establishment of regional communities; efforts to address trans-boundary issues at the regional level; efforts toward greater-area development; efforts to strengthen inter-regional connectivity; and increasing connectivity among regions.¹¹⁷

What is more, the Charter reckons that even though there are areas that have attained economic growth, these may still be facing other challenges such as the "middle-income trap"¹¹⁸, natural disasters and other special vulnerabilities. As maintained by the document, such regions (ignored by the old ODA Charter) will be conferred special assistance.

¹¹⁷ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 7

¹¹⁸ According to the OECD, the middle-income trap occurs when, at middle levels of income, economic growth and structural upgrading become more arduous.

Implementation

Variations in ODA implementation principles and system are probably what matters the most to the scope herein. The first novelty is once again related to the subject of security and safety. The Charter departs distinctively from the old document and allows aid disbursement as well as development cooperation to be directed to a recipient country's troops.

In case the armed forces or members of the armed forces in recipient countries are involved in development cooperation for non-military purposes such as public welfare or disaster-relief purposes, such cases will be considered on a case-by-case basis in light of their substantive relevance.¹¹⁹

Although the cooperation remains strictly for non-military purposes (in accordance with Japan's peace-loving constitution) and the government ensured transparency and monitoring of each project, this is what above all else has raised the majority of concerns among experts, who fear that Japan might eventually finance foreign military operations.¹²⁰

The second weighty change in the ODA implementation principles is the abolishment of *yōseishugi*, the request base practice essential to the initiation of all aid projects. Henceforth, Tokyo will be able to actively formulate development cooperation initiatives, in fulfilment of what stated by the new Charter:

It [Japan] will also go beyond waiting for requests from partner countries by focusing on dialogue and collaboration with diverse actors not limited to governments and regional agencies of these countries, including proactively presenting proposals while giving

¹¹⁹ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. pp. 10-11

¹²⁰ DUGAY, Christine. "What Does Japan's New Charter Mean for Development?" *Devex*, February 27, 2015. <https://www.devex.com/news/what-does-japan-s-new-charter-mean-for-development-85595>.

full consideration to policies, programs and institutions related to development in the country concerned.¹²¹

According to Hiroshi Kato, Vice President of the Japan International Cooperation Agency (JICA), *yōseishugi* was indicative of a passive attitude and the decision of changing the procedure and conferring a more proactive role to Japan was commensurate with the mutations in the world of international development, which many among NGOs, private firms and universities wish to join.¹²² Therefore, the resolution is also in line with the Charter's emphasis on the potential catalyst role of ODA; as a matter of fact, the document conveys the desire to build mutually effective partnerships with various actors as a result of the resources' mobilisation fostered by ODA activities.

Such collaboration is also the foundation for rearrangements within the Japanese aid implementation system. As noted hereinbefore, JICA's role changed in 2008, when it became the sole agency responsible for foreign aid's implementation in Japan and was appointed to technical cooperation, grant assistance and yen loans. More than \$10 million was allocated to the operation budget of JICA, which is currently the largest bilateral aid agency in the world.¹²³ On grounds of the 2015 Development Cooperation Charter, JICA became the "node for various actors, including companies, NGOs, local governments, universities and research

¹²¹ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 5

¹²² SOLIS, Mireya, Kimihiro ISHIKANE, Hiroshi KATO, and Taizo YAKUSHIJI. "Revising Japan's ODA Charter: Aiding National Security?" The Brookings Institution, February 13, 2015. <http://www.brookings.edu/events/2015/02/13-revising-japans-oda-charter>

¹²³ *Ibid.*

institutions, and the public at large”¹²⁴, thus being the embodiment of the catalyst role recently assigned to Japanese ODA.

Finally, the special attention paid on gender equality is deserving of mention. The necessity of female participation in the execution of development cooperation is remarked multiple times in the Charter, and is one of the principles for securing the appropriateness of development cooperation:

In the context of gender equality and greater role of women in development, Japan will encourage the participation of women at every phase of development cooperation and be more proactive in ensuring that women share equitably in the fruits of development, while giving consideration to the possible vulnerabilities of women and their special needs.¹²⁵

Abe’s government planned a \$3 billion increase in ODA implementation’s budget aimed at promoting women’s involvement.¹²⁶ The process of improvement of the status of women began in the 2003 Charter, following the guidelines of human security. However, it gained such a reinvigorated substance in the revised document that is worthy of mention among the novel elements.

¹²⁴ Ministry of Foreign Affairs of Japan. “Cabinet Decision on the Development Cooperation Charter”, February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 12

¹²⁵ *Ibid.* p. 11

¹²⁶ OKANIWA, Ken. “Changes to ODA Charter Reflect New Realities.” *The Japan Times*. May 29, 2015. <http://www.japantimes.co.jp/opinion/2015/05/29/commentary/japan-commentary/changes-oda-charter-reflect-new-realities/#.VgVgbl-qkqk>.

3.3 Security

The paper has already discussed the importance of official development assistance as a diplomatic tool, but the tactical use of aid to such a large extent (without concealment of the national security objective) is the outcome of a process that began with the first ODA Charter revision in 2003. As indicated beforehand, 11 September changed many western countries' approach to aid, as they endeavoured to put an end to terrorism through the fight to underdevelopment. Japan's 2003 Charter followed this trend, thus declaring that development is the key for the elimination of terrorism. Economic cooperation is still a major pillar to ensure a peaceful and stable diplomatic environment in the 2015 Charter, although presumably not in the same way.

2013 National Defense Program Guidelines

[...] the Government of Japan revises the ODA Charter and hereby establishes the Development Cooperation Charter, also bearing in mind the National Security Strategy decided by the Cabinet on December 17, 2013.¹²⁷

As has been mentioned in the preceding section, according to the Japanese Development Cooperation Charter's preamble itself, the new document is based on the ideas outlined by the December 2013 National Defense Program Guidelines (NDPG). In order to properly estimate the weight of the security issue within the new ODA Charter, firstly it is worth understanding the main features of the 2013 NDPG. The programme is subdivided in four main parts:

¹²⁷ Ministry of Foreign Affairs of Japan. "Cabinet Decision on the Development Cooperation Charter", February 10, 2015. <http://www.mofa.go.jp/files/000067701.pdf>. p. 1

- Security Environment Surrounding Japan
- Japan's Basic Defence Policy
- Future Defence Forces
- Basic Foundations for SDF

The main points of the first section are the identification of a rise in “grey-zones” situations; concerns over unilateral acts by coastal states that undermine maritime safety; recognition of the key factors in the Asia-Pacific region (namely North Korea's assertiveness; Chinese and Russian advancement in military capability; and United States' renewed emphasis on the region); and the acknowledgement of Japan's reliance on maritime security and of its vulnerability to natural disasters.

As for the second part, the document focuses on Japan's proactive contribution to peace; building a comprehensive defence architecture under the Constitution; the necessity of a revision in its defence forces; the significance of the US-Japan alliance, as well as the dialogue with South East Asia; and, the need to prevent the rise of unexpected situations with China. And finally,

As capacity building assistance is effective in stabilizing the security environment and strengthening bilateral defense cooperation, Japan will promote it in full coordination with diplomatic policy initiatives, including the Official Development Assistance, and aligning it with joint training and exercises and international peacekeeping activities.¹²⁸

The third part treats the importance for Japan's defence forces to be able to cope with various threats, especially with respect to sea, air and cyber space's security. With regard to the organisation of SDF, the document

¹²⁸ Japan Ministry of Defense. “National Defense Program Guidelines”, December 17, 2013.
http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217_e2.pdf. p. 11

sets as priorities maritime and air superiority, in order to respond to a potential attack on remote islands and as essentials joint exercises and trainings in waters out of Japan's territory. Finally, the last part of the programme specifies which aspects underpinning the SDF should be strengthened. It is significant herein to mention the intention to arrange new principles on arm exports "which fit the new security environment."¹²⁹

Three reforms

Thus far Japan has been observing the 1967 Three Principles on Arms Exports, which proscribes the export of weapons to communist countries, countries subject to UN embargoes and to those involved in international conflicts.¹³⁰ The principles have eventually turned into a complete ban.

Before the early 2000s, there have been only few cases of defence technology exports/donations from Japan. In 2006, under the first Abe's government, Tokyo decided to collaborate with the United States on the development of components of missile defence, following North Korean nuclear tests. Japan provided Indonesia and the Philippine with three fast patrol craft each the same year, using for the first time ODA to transfer weapons. These two events laid the cornerstone for the change on the ban and for the first time "ODA was openly identified with national security"¹³¹, as claimed by Richard Samuels, Ford International Professor

¹²⁹ Japan Ministry of Defense. "National Defense Program Guidelines", December 17, 2013.
http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217_e2.pdf. p. 27

¹³⁰ *BBC Asia*. "Japan to Relax Arms Export Ban." (BBC News), April 1, 2014.
<http://www.bbc.com/news/world-asia-26830504>.

¹³¹ SAMUELS, Richard J. *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*. 1st ed. United States: Cornell University Press, 2008. p. 107

of Political Science and director of the Center for International Studies at the Massachusetts Institute of Technology. The self-imposed ban, after a relaxation in December 2011, was finally abolished in April 2014 and replaced with the proscription to exports that would violate UN resolutions and those to countries in conflict. Since then, Japan has regularly donated patrol vessels to South East Asian countries, especially those involved in the South China Sea disputes such as the Philippines and Vietnam. In addition, several Japanese companies and conglomerates are beginning to develop military hardware. However, since the production is still small-scale, Japanese weapons are significantly expensive and unaffordable for developing countries: so far Japanese SDF have been the major purchaser. This is why Tokyo is seeking to make its military technology's cost less oppressive through financial aid and lower interest rates, with the purpose of building a market for military export.



Image 3.3: Japan lifts the arms export ban. Source: The Japan Times, <http://www.japantimes.co.jp/news/2014/06/28/national/politics-diplomacy/tooling-war-can-japan-benefit-lifting-arms-export-ban/#.Vrh3pMrKHo>

Accordingly, ODA does fit in this framework, which is one of the possible strategic uses of foreign assistance advocated by the lines cited hereinbefore. The new Development Cooperation Charter is indeed one of the three military reforms introduced by Abe's Cabinet, beside the abolishment of the ban on military weapons' exports and the reinterpretation of the Article 9 of the Constitution. The new interpretation, approved on the 1st of July 2014, allows Japanese SDF to exercise collective self-defence outside the range of the minimum necessary for the national territory safety, including the defence of an attacked ally. These three reforms are the key features of the proactive pacifism promoted by PM Abe.

Strategic use of ODA

It has already been noted in the previous section that the new ODA Charter allows development cooperation for non-military purposes, and that the fear among experts is that Tokyo would in due course contribute to actual military occurrences. It is indeed true that the Charter lacks of a precise definition of *non-military* operations and thus the "grey-zone" situations mentioned in the NDPG could be entitled of ODA. What is more, development cooperation for noncombat purposes includes training and assistance to foreign troops; that is to say that the new document authorises Japan to provide know-how and equipment to foreign armed forces, which would then be able to use the transferred knowledge for military operations too. This point is particularly significant with regard to ASEAN countries, which are the main recipients of Japanese ODA. In particular, Japanese SDF have been active in joint exercises and research with military forces from South East Asian coastal states in the South

China Sea, on top of humanitarian assistance, disaster relief and evacuation training, hence supplying both *hardware* and *software* military technology.¹³² Considering what has been said, experts note an emerging issue within the implementation system: the coordination between the Japanese Ministry of Defense and the Ministry of Foreign Affairs, as ODA might oust traditional defence projects.¹³³ The Charter does not mention it, thus it is to be seen how the Japanese government and agencies will cope with this.

International community's reaction

As pointed out by the relevant literature, several criticisms from the OECD have already emerged and directed towards Japan for concentrating aid disbursement to countries with trade and market potential.¹³⁴ Therefore, the new strategic use of foreign assistance might arouse additional remonstrance among the international community. However, discontent did not affect the whole of the international actors. Tokyo's traditional ally, the United States, embraced Japanese ODA strategic use as a means to ensure regional stability. In line with last years' American pivot to Asia, such a positive feedback is ascribable to

¹³² NGUYEN, Hung Son. "ASEAN-Japan Strategic Partnership in Southeast Asia: Maritime Security and Cooperation." In *Beyond 2015: ASEAN-Japan Strategic Partnership for Democracy, Peace, and Prosperity in Southeast Asia*, edited by Rizal Sukma and Yoshihide Soeya, 214–27. Japan Center for International Exchange, 2013. http://www.jcie.org/japan/j/pdf/pub/publst/1451/12_nguyen.pdf. p. 224

¹³³ PAJON, Céline. "Japan's "Smart" Strategic Engagement in Southeast Asia". *The Asan Forum*, December 6, 2013. <http://www.theasanforum.org/japans-smart-strategic-engagement-in-southeast-asia/>.

¹³⁴ FATTON, Lionel Pierre. "Japan's New Defense Posture." July 10, 2014. <http://thediplomat.com/2014/07/japans-new-defense-posture/>.

Japan-US shared vision of joint commitment, where Japan's non-belligerent engagement can complement American military efforts.¹³⁵

If on the one hand the Development Cooperation Charter inspired further collaboration between Japan and the US, on the other hand it motivated further competition with China. The PRC is an emerging donor with a marked presence in South East Asia. Although ASEAN should have a single stance in foreign policy, there are countries that, for historical reasons, are more likely to have a standpoint closer to China (e.g. Cambodia) and that therefore are more likely to be China's aid recipients. However, according to Keio University Professor Taizo Yakushiji, China does not have enough experience in ODA and its policy is neither effective nor efficient.¹³⁶ Hence, Japan might take advantage of the principles of the new Charter and replace China in those countries, while tightening its cooperation with ASEAN as a whole. Indeed, several ASEAN countries welcomed Japan's the new foreign assistance Charter; for instance, during an official visit of the General Secretary Nguyen Phu Trong in Japan, the two countries signed a joint vision statement where Vietnam showed its interest in enhancing cooperation for an effective use of aid, in particular with regard to the infrastructure field.¹³⁷

¹³⁵ The White House. "U.S.-Japan Joint Statement: The United States and Japan: Shaping the Future of the Asia-Pacific and Beyond", April 25, 2014. <https://www.whitehouse.gov/the-press-office/2014/04/25/us-japan-joint-statement-united-states-and-japan-shaping-future-asia-pac>.

¹³⁶ SOLIS, Mireya, Kimihiro ISHIKANE, Hiroshi KATO, and Taizo YAKUSHIJI. "Revising Japan's ODA Charter: Aiding National Security?" The Brookings Institution, February 13, 2015. <http://www.brookings.edu/events/2015/02/13-revising-japans-oda-charter>.

¹³⁷ Ministry of Foreign Affairs of Japan. *Joint Vision Statement on Japan- Vietnam Relations*, September 15, 2015. <http://www.mofa.go.jp/files/000099707.pdf>.

Conclusions

This dissertation has discussed the new Development Cooperation Charter of Japan, approved on the 11th of February 2015, in the light of territorial disputes in the South China Sea. After having downsized on foreign aid for 16 years due to tight state finances, the government approved the first revision of ODA Charter in 12 years, which calls for a strategic use of aid.¹³⁸ Accordingly, policy makers seemed prepared to disburse aid to countries that would allow Japan to benefit in terms of peace and security. The following examples from Japan-Vietnam partnership will support final conclusions.

The bilateral relationship of Japan and Vietnam is based both on economic cooperation and security ties. In 2013 Japan was Vietnam's fourth major trade partner, with China on top of the list; while in 2015 it was Vietnam's second largest investor.¹³⁹ Nonetheless, Japan outdoes any other country in terms of ODA disbursement to Vietnam, which in 2014 had a cumulative fund of roughly \$24 billion.¹⁴⁰ What is more, beside loan aid, Tokyo has been pledging technical equipment to enhance Hanoi's maritime security apparatus. It is at this point that defence cooperation

¹³⁸ PAN, Nam. "Japanese ODA to Asian Countries: An Empirical Study of Myanmar Compared with Cambodia, Laos, and Vietnam." 2014.
https://www.mof.go.jp/pri/international_exchange/visiting_scholar_program/ws2014_d.pdf p.7

¹³⁹ TRUNG, Nguyen Thanh and Truong-Minh VU. "The Real Significance of the Japan-Vietnam Strategic Partnership." *The Diplomat*, September 16, 2015.
<http://thediplomat.com/2015/09/the-real-significance-of-the-japan-vietnam-strategic-partnership/>.

¹⁴⁰ Ministry of Foreign Affairs of Japan. *Japan's ODA Disbursements to Viet Nam.*, 2015.
<http://www.mofa.go.jp/policy/oda/data/pdfs/vietnam.pdf>.

steps in: the strategic partnership includes infrastructure building, human resources development and joint military training. Indeed, after the reinterpretation of Article 9 and the relaxation on the self-imposed ban on arm exports, Japan's engagement in global security is significantly less constrained. This also allowed Vietnamese cadets to undertake long-term training in Japan thanks to Japanese government scholarships.¹⁴¹ As a matter of fact, both countries fear Chinese assertiveness in the South China Sea and their strategic partnership is a natural consequence. Japan's donations to Hanoi should be sufficient to ensure Vietnam's political support to Japan's position in the region, especially in the ASEAN framework. However, it is well known that Japanese diplomacy's cornerstone is its alliance with the United States; thus, a stance closer to Japan would mean to Vietnam a stance closer to the US. The growing convergence of interests is bringing the two old enemies closer, especially due to Hanoi's peculiar relationship with Beijing: alternatively its friend and enemy, Vietnam is the only country in South East Asia with a long experience in resisting to China. The two communist states' interests coincided until 1975, although Chinese support of Vietnam's fight for independence was not always consistent. Relations became strained after the invasion of Cambodia, throughout the 1988 Spratly skirmishes, and normalised only in 1991. Since then, China has become Vietnam's largest trading partner, but current territorial disputes are threatening cooperation. In all likelihood, as other ASEAN countries, Vietnam find it difficult to align with either the United States or China: the US often pretends from developing countries in South East Asia human right

¹⁴¹ THAYER, Carl. "Vietnam's Extensive Strategic Partnership with Japan." *The Diplomat*, October 14, 2014. <http://thediplomat.com/2014/10/vietnams-extensive-strategic-partnership-with-japan/>.

standards that they do not intend to follow, mainly as they want to keep wages low; on the other hand China's newfound assertive power arises even more concerns. However, as the PRC is ASEAN's largest trading partner, and part of its members shares ideological interests with it, the Association often fails to take a decision on this matter. This is why, what emerged from the paper is Japan's suitability as a partner for ASEAN countries. Despite having mentioned the essentiality of Japan-US alliance, the paper also proved that South East Asia has always been the ground where Japan could test its own foreign policy, alternatively to its bond to the United States. Thus, Japan is presumably ASEAN most significant partner, as a great economic power whose aid disbursement can improve maritime capacity of claimant members of the Association.

All things considered, Japan's new Development Cooperation Charter substantially extended the country's intervention in South China Sea maritime disputes. Such intervention remains though indirect: due to the "ASEAN way" mentioned at the beginning of this paper, and Vietnam's "three no" policy, which hinders participation in any military alliance, a proper coalition against China is unlikely. Despite the lack of formal alliances (except for the US-Japan and US-Philippines ones) some may argue that involved countries are indeed displaying their military muscles, as in an early 20th century European arm race. According to this sort of great-power politics, economic growth leads to the need of geographic expansion and military power, thus provoking international instability.¹⁴² East Asia is an extremely economically dynamic region and

¹⁴² DRYSDALE, Peter. "The New Geo-Politics in Asia...and Farewell." January 25, 2016. Accessed January 25, 2016. <http://www.eastasiaforum.org/2016/01/25/the-new-geo-politics-in-asiaand-farewell/>.

is precisely acting in accordance with this pattern. This paper demonstrated that Japan is also joining the arm race with the means that it is allowed to employ, that is to say ODA. Should an actual escalation occur, it would be ruinous to Asian economic interdependence and to global trade. The cost of a potential conflict has become simply too high, but as long as the leaders are conscious of this, they would try their best to avoid open conflict. The militarisation of South East Asian countries, of the United States and Japan's cooperation are probably aimed at alarming China and at its containment, as these powers would most likely prefer a multilateral forum where to resolve the controversy. Such outcome is nonetheless hard to consider as long as China is not interested in collaborating. During the 45th ASEAN Foreign Ministers' Meeting in 2011, Vietnam and the Philippines proposed the drafting of a legally binding code of conduct in the South China Sea, but China did not show an accommodative attitude.¹⁴³ In addition, several issues regarding UN Convention on the Law of the Sea inhibit diplomatic settlement. All claimants have sought to endorse their submissions through UN LOS Convention, which does not define clearly key terms such as Exclusive Economic Zone and Continental Shelf.¹⁴⁴ Thus, the Convention fails at designating sovereignty.

However, most of the sources used in this paper agreed that despite the regional rearmament, none of the disputing part wishes for an open conflict as the economic intertwinement in East Asia is too high. At the

¹⁴³ DE CASTRO, Renato Cruz. "China and Japan in Maritime Southeast Asia: Extending Their Geo-Strategic Rivalry by Competing for Friends." *Philippine Political Science Journal* 34, no. 2 (December 2013): p. 158

¹⁴⁴ JINMING, Li. *The Current Situation in the South China Sea Dispute and Suggested Responses.*, 2012.
<http://niiseng.cssn.cn/articles/essays/201404/P020140418793721523766.pdf>.

same time, South East Asia, the United States and Japan are displaying their preparation to a potential worsening in Chinese aggressiveness.

According to these considerations, Japan's three reforms in the sphere of security, which include the approval of the Development Cooperation Charter, are signals of the country's desire to play a meaningful role in international strategic affairs.

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