



**CHINA-JAPAN POWER PLAY
PRESENTS OPPORTUNITY FOR
SOUTHEAST ASIA**

BY TITLI BASU

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Strategic choices for Southeast Asia are becoming difficult amid structural transitions in the international system. With the US-China strategic contest at the global level and China-Japan competition at the regional level, balancing relations with competing powers will not be easy for Southeast Asia. However, it also presents an opportunity to leverage great power competition and maximize economic advantages and security guarantees.

As the US and China engage in their order-building project, continental and maritime Southeast Asia is the central theater of their great power rivalry. Not just comprising a core strategic plank in China's Belt and Road Initiative and the 21st-Century Maritime Silk Road, ASEAN Centrality constitutes the key anchor in the Free and Open Indo-Pacific (FOIP) strategy, as articulated by Washington, Tokyo, and Delhi. This region hosts the contested South China Sea, plus vital shipping lanes and choke points linking the Pacific and Indian oceans, and also anchors major nodes in global value chains.

Debates on decoupling have been even more pronounced during the pandemic. De-risking China and re-shoring has reinforced attention on Southeast Asia. While Japan's China+1 model pre-dates the pandemic, Covid-19 has further accentuated Southeast Asia in its [government subsidy program](#), given Japan's deeply embedded investments.

Southeast Asia will be critical for the Japan-India-Australia Supply Chain Resilience Initiative aimed at mapping vulnerabilities and knowledge gaps, while firming up global coordination on supply chain functioning.

[Beijing has its own +1](#) strategy, as the trade and tech wars are estimated to [increase](#) Chinese investments into Southeast Asia. The international circulation component of the [dual circulation](#) strategy will leverage China's deep economic inroads in Southeast Asia.

The region is sometimes framed within the narrative of [dual hierarchies](#) between Washington and Beijing. However, other regional stakeholders, like Japan, are important variables in the power game shaping the strategic equilibrium.

Japan has pragmatically attuned its FOIP "strategy" into a "vision" to avoid projecting it as [divisive](#) and to gain support from Southeast Asia. Also, talk of shared democratic values has been understated to [encompass the political diversity](#) of Southeast Asia and attention is pivoted around respect for the rule of law at the global, rather than domestic, level.

Japan's historical baggage has constrained its role as a strategic player in Southeast Asia, but today, as one [survey](#) indicates, Tokyo is perceived favorably. Tokyo has remained focused on rebuilding its relations with Southeast Asia, underpinned by the [Fukuda Doctrine](#). By contrast, the same survey shows that a majority in the Philippines, Vietnam, Singapore, Cambodia, Thailand, and Indonesia feel that "China will become a revisionist power with intent to turn Southeast Asia into its sphere of influence."

Beijing's [international positioning](#) following the Global Financial Crisis of 2007-08, as well as its subsequent surpassing of Japan as the world's second-largest economy, positioned a confident China to renegotiate the asymmetry in the distribution of power in the order while offering Chinese solutions. Chinese elites seek a [Sinicized value system](#) aimed at re-establishing its place as a preeminent power in the system under CCP rule.

With a \$14 trillion economy, Beijing uses geo-economic tools, like trade, investment, aid, and infrastructure financing to pursue strategic objectives. It has emerged as the largest trading partner for ASEAN (beyond intra-ASEAN trade) since 2009, in the aftermath of the financial crisis. Trade in goods increased from \$35.3 billion in 2000 to [\\$483 billion in 2018](#). Meanwhile, Japan, the European Union (EU), and the US remained the leading sources of FDI, but the pandemic will adversely affect inflows. Looking at [FDI into ASEAN](#) from 2000-2016, two-thirds of Japanese FDI was concentrated in manufacturing, while 60% of US FDI was focused on financial services.

The region is a hotbed of competing infrastructure financing projects, be it high-speed rail or strategic port-building. While Chinese projects are pursued by SOEs with opaque contracting and financing arrangements, the Japanese pitch is “quality.” Tokyo’s and Beijing’s contrasting approaches to connectivity corridors reflect the former’s focus on horizontal projects, like the East-West Economic Corridor and Southern Economic Corridor, while the latter stresses the North-South network.

Mekong is at the heart of the contest for influence. Advancing the Lower Mekong Initiative, Washington forged the [Mekong-US Partnership](#). While China operates within its [Lancang-Mekong Cooperation](#) framework, Japan has anchored the [Tokyo Strategy 2018](#) for its Mekong outreach.

Comparing aid strategies reflects that, while Japan underscores compliance with OECD-DAC principles, China’s policy is underpinned on South-South cooperation and the Eight Principles for Economic Aid and Technical Assistance outlined by Chou Enlai. Asia still received [59.7% of Japanese ODA in 2017](#), out of which 22.2% went to Southeast Asia. In CLMV countries—Cambodia, Laos, Myanmar, and Vietnam—Japan focuses on economic and [social infrastructure](#), while China concentrates on [infrastructure](#) and energy sector.

The politics of exclusion has dominated mega free-trade agreements. Japan led the TPP-11, along with some Southeast Asian economies following the US’ exit. However, RCEP, though embedded in ASEAN+

FTA format, is dominated by China. With India keeping away and the US shut out, Japan, along with ASEAN, must ensure favorable economic dividends.

The fault lines are not just geo-economic. The contested waters of the South China Sea are a major flashpoint, as Beijing is invested in advancing a maritime order founded on their assertion of Chinese historical representation of the sea. As the Chinese maritime militia’s gray zone tactics challenge sovereignty, there is a shared responsibility in upholding UNCLOS. The urgent need to secure the global maritime commons is shaping the Quad and Quad Plus framework.

Japan’s National Security Strategy prioritizes ASEAN and multilateral security cooperation through ASEAN-led frameworks. Tokyo’s Vientiane Vision focuses on strengthening rule of law, maritime security, and capacity building. Under the “[Proactive Contribution to Peace](#)” initiative, Tokyo has intensified defense diplomacy and naval exercises in the South China Sea, while also facilitating the supply of defense equipment to [Vietnam, the Philippines, and Malaysia](#).

After assuming office, Prime Minister Suga Yoshihide’s maiden visit to the region—including Vietnam, the ASEAN chair—has delivered Japan’s message to keep ASEAN at the center of Tokyo’s Indo-Pacific designs. Chinese Foreign Minister Wang Yi’s visit to the region the week before, just after Tokyo hosted the Quad ministerial meeting, also signaled the unfolding power play in Southeast Asia. As US-China fault lines deepen, ASEAN consensus and strategic autonomy will be tested. However, for Southeast Asia, it’s not a zero-sum game. ASEAN First is the guiding principle.

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