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Japan warms to China's belt and road plan with talks on business tie-ups, sources say



Chinese President Xi Jinping speaks during a briefing at the Belt and Road Forum in Beijing in May 2017. Japan may soon become more involved in China's multibillion-dollar belt and road plan, with the two countries expected to begin exploring business cooperation deals in third countries. Photo: Reuters

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TOKYO — Japan may soon become more involved in China's multibillion-dollar belt and road plan, with the two countries expected to begin exploring business cooperation deals in third countries, according to diplomatic and trade sources.

Faced with uncertainty over the global leadership role of traditional ally United States under Donald Trump, Japan has gone from wariness towards the "Belt and Road Initiative" — China's strategy to boost infrastructure and trade links with nations from Asia to Africa — to slowly warming to the idea of taking part in it.

One of the first signs Tokyo was starting to embrace President Xi Jinping's trademark initiative came at a summit hosted by Beijing in May to promote it, with Japanese Prime Minister Shinzo Abe sending a top leader from his ruling Liberal Democratic Party, Mr Toshihiro Nikai, to attend the event.

As Beijing and Tokyo move towards a rapprochement after years of deadlock over territorial and historical disputes, the initiative will likely be on the agenda if a possible Japan visit by Premier Li Keqiang goes ahead this year, a diplomat with knowledge of the discussions said.

Tokyo plans to invite Mr Li for a bilateral visit to coincide with a delayed trilateral summit between China, Japan and South Korea that is expected to be held in spring, the diplomat said.

“But nothing is fixed yet — we’re still discussing the possibility of such a meeting,” he said.

“Prime Minister Abe’s expression of interest in the (belt and road plan) seems to be one of the major factors that has led to the improvement of bilateral relations,” the diplomat said. “The Chinese side also expressed a strong desire for Japan to get involved in (the initiative) during Foreign Minister (Taro) Kono’s visit in January.”

One possibility for Japan’s involvement in the belt and road plan was business tie-ups with China in third countries under Tokyo’s Free and Open Indo-Pacific strategy, the diplomat said, adding that Japanese officials had indicated they would approach discussion of these projects on a case-by-case basis.

The Yomiuri newspaper reported in late December that Tokyo was considering inviting China to join “Japanese-funded projects in Africa” including the Growth Ring project — 4,200km of road links that will bring development to Burkina Faso, Ivory Coast, Ghana, Benin and western Nigeria — and the “international corridor” linking cities in Cameroon with the Republic of Congo.

Mr Takeo Donoue, director general of the Japan External Trade Organisation’s Beijing office, said Japanese firms were exploring the possibility of taking part in the initiative, particularly energy, environment and industrial park projects in Southeast Asia.

“Since last year, the Japanese government started studying the Belt and Road Initiative and the senior leadership began paying attention (to potential belt and road projects),” said Mr Donoue, whose organisation is affiliated with the Japanese government.

Mr Donoue, a former trade minister at the Japanese embassy in Beijing, said the recent thawing in relations between the two countries had boosted companies’ confidence about investing more in China, but there were still concerns over the Chinese trade initiative.

“But the Japanese companies are still concerned about the protection of intellectual property as well as the financing and distribution of profits of the projects. There is also a lack of an overall framework for what kinds of projects the two countries should cooperate on,” he said, adding that he expected more in-depth discussion between the two governments on these issues.

For many industrialised governments, the diplomat said, a big concern was that there is no centralised agency coordinating the belt and road projects.

“There is the NDRC (National Development and Reform Commission), the commerce ministry, the foreign ministry and the AIIB (Asian Infrastructure Investment Bank). We don’t know who is taking the lead,” the diplomat said.

He added that an even bigger concern, which is often raised by Western countries, was Beijing’s geopolitical intentions behind the sprawling trade and investment strategy that spans 60-plus countries across four continents — particularly China’s control over a strategic port in Sri Lanka.

Sri Lanka last year handed over its Hambantota port to China in a US\$1.12 billion (S\$1.47 billion) deal on a 99-year lease as part of the initiative.

“Hambantota will be converted to a major port in the Indian Ocean,” Sri Lankan Prime Minister Ranil Wickremesinghe said at the time.

Japan was one of the staunchest supporters of America’s “pivot to Asia” strategy under Barack Obama to counter China’s rise.

Tokyo also followed Washington’s lead on steering clear of the Beijing-led AIIB, which is seen as a vehicle to support China’s trade initiative and a rival to the Asian Development Bank dominated by Japan and the US.

But Japan has been forced to rethink its options after Mr Trump took office with his isolationist agenda. Apart from showing more interest in the Chinese initiative, Tokyo has also been exploring other possibilities for international partnerships and investments outside Beijing’s sphere of influence.

Japan has a growing strategic partnership with India, another regional rival of China, through the Asia-Africa Growth Corridor — an economic cooperation agreement between India, Japan and all of the African governments.

It is also reportedly exploring the possibility of setting up a regional infrastructure plan with Australia, the US and India as an alternative to the belt and road plan.

Chinese analysts believe that Japan has been forced to reconsider its strategy after the US withdrew from the Trans-Pacific Partnership, a trade pact and key part of the Asia pivot.

The escalating trade tensions under the Trump administration could also hurt Japan’s export-reliant economy.

“Japan had to adjust its strategy on China after Trump took office because the isolationist agenda of the United States could hurt its economy,” said Mr Lian Degui, an expert on Japanese and Korean affairs at Shanghai International Studies University.

“Only China has the ability to push for such a large-scale infrastructure plan. Without the engagement from the US under Trump’s ‘America first’ agenda, neither Japan or India alone has the ability to pull off such a feat,” he said.

Chinese Foreign Minister Wang Yi was upbeat about bilateral ties when asked during a recent press briefing about relations with Japan and the possibility of high-level visits.

“In recent times, Japan has taken a clearer and more positive policy towards China, resulting in a rare opportunity for improvement in relations,” Mr Wang said on the sidelines of the annual legislative session.

“If Japan does not prevaricate, flip-flop or back-pedal, and instead comes to terms with China’s development and welcomes it, China would be willing to act in the same spirit and work with Japan to put our relationship back on the track of healthy and steady growth,” he said. [SOUTH CHINA MORNING POST](#)

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