

RCAS Bulletin

Vol.1, No.3, 2022

Nian Peng: Blue Pacific Alignment is Blue Sky

Narut Charoensri: Kishida's Visit to Thailand: Geopolitical Significances

8 July, 2022

Address: No.99, Long Kun Nan Road, Qiongsan District, Haikou, China

Ph: +86-898-65883218|ZIP Code: 571100|Email: pengnian@hainnu.edu.cn|Web: www.rcas.top

About RCAS

RCAS is a non-profit research organization focusing on the maritime issues and regional integration in the Indo-Pacific region. It is a newly-established institution founded in February 2022 by Dr. Nian Peng, in Haikou, China. We, at the moment, have an international research team with resident/non-resident researchers from China and other Asian states.

RCAS seizes the opportunity that China is building Hainan Free-Trade Port in which the Hainan Island will become an important window for China's opening up to the Pacific Ocean and the Indian Ocean to become a leading research institute and think tank on maritime affairs in the Indo-Pacific region. So far, RCAS focuses on the maritime disputes and maritime cooperation in the Pacific Ocean and the Indian Ocean, and various regional cooperation mechanisms such as BRI, LMC, RCEP and so on. It is committed to promoting the maritime cooperation, regional integration and academic exchanges in the Indo-Pacific region at large.

RCAS has received a number of research funding from universities and foundations, and conducted research programs of the South China Sea(SCS) dispute, China-South/Southeast Asian relations, BRI in South/Southeast Asia, terrorism/anti-terrorism in Afghanistan, and so on. RCAS researchers have won various awards from the Chinese Ministry of Commerce and the Hainan government.

RCAS has published nearly 10 books in Chinese and English, and more than 20 papers on SSCI/SCOPUS/CSSCI-indexed journals. Recent English publications include *Populism, Nationalism and South China Sea Dispute: Chinese and Southeast Asian Perspectives*(Singapore: Springer Nature, 2022); *Crossing the Himalayas: Buddhist Ties, Regional Integration and Great-Power Rivalry*(Singapore: Springer Nature, 2021); *The Reshaping of China-Southeast Asia Relations in Light of the COVID-19 Pandemic*(Singapore: Springer Nature, 2021); *International Pressures, Strategic Preference and Myanmar's China Policy since 1988*(Singapore: Springer Nature, 2020); *Managing the South China Sea Dispute: Multilateral and Bilateral Approaches*(2022); *Hedging Against the Dragon: Myanmar's Tangled Relations with China since 1988*(2021); *The Budding Indo-Myanmar Relations: Rising But Limited Challenges for China*(2019).

RCAS has also published hundreds of articles and been interviewed in various local and international media outlets such as Asia Centre in France, *The Diplomat* in the United States, *East Asian Forum(EAF)* in Australia, *Bangkok Post* in Thailand, *Lian He Zao Bao* and *Think China* in Singapore, *South China Morning Post(SCMP)* and *China-US Focus* in Hong Kong, *CGTN* and *Global Times* in China. RCAS researchers have actively participated in international conferences or study visits in the US, India, Pakistan, Sri Lanka, Nepal, Myanmar, Cambodia, and other places. Welcome to visit our website: <http://www.rcas.top>.

Content

About RCAS	2
RCAS Commentary	4
RCAS Report	8

RCAS Commentary

Blue Pacific Alignment is Blue Sky

Nian Peng

The United States, Australia, Japan, New Zealand and the United Kingdom recently aligned as Partners in the Blue Pacific, or PBP, an informal multilateral organization focusing on the South Pacific. According to a joint statement from the five nations, the PBP will provide financial assistance to Pacific Island countries such as Fiji and Samoa, and consolidate their economic ties with the world to promote economic and diplomatic relations.

Although the rhetoric is high-flown, observers believed the main target of the PBP is China. In other words, this is a direct response from the United States and its allies to the recent warming relationship between China and Pacific Island countries. The aim of the PBP is to curb China's fast-growing influence in the South Pacific.

Actually, the United States has continuously hyped normal cooperation between China and the island countries in recent years, accusing China of pursuing military purposes. In addition, to monitor and deter China's military actions in the Pacific, the U.S. organized the Five Eyes Alliance with United Kingdom, Canada, Australia and New Zealand for intelligence sharing, along with the AUKUS alignment of the U.S., United Kingdom and Australia for closer defense cooperation.

But how far can the PBP go? Satyendra Prasad, ambassador and permanent representative of the mission of Fiji to the United Nations, said the relationship between the Pacific Islands and Washington must be "highly predictable" and not "stop and go." In fact, before any relationships between China and Pacific Island countries warmed up, the United States had decreased its engagement. The U.S. lacked a strong motivation to develop close relations in the Pacific.

On one hand, Pacific Islands occupy a weak position in America's global strategy. In the U.S. Strategic Framework for The Indo-Pacific, which was declassified by the U.S. State Department of in January last year, the Pacific Islands get only brief mention. To the U.S., they are not as important as Southeast Asia and South Asia, which have clear objectives and detailed actions in the framework.

On the other hand, the economic ties between the United States and Pacific Island countries are loose, and the foundation is weak. Far away from the main economic centers of the world, the underdeveloped islands have seen a rapid decrease in trade and investment connections with the United States.

According to the office of the U.S. Trade Representative, total trade in goods between the United States and Pacific Island economies was \$968 million in 2020. That same year, China's trade was \$9.04 billion, nearly 10 times greater. According to the U.S. State Department, total U.S. investment in the Pacific Islands was \$558 million in 2020, while China invested \$884 billion in the same period.

In addition, the Pacific Islands rely heavily on foreign aid. Since the implementation of the Belt and Road Initiative, China has become the second-biggest foreign donor after Australia. Meanwhile, the United States has sharply decreased its economic assistance over the past decade.

Given the low strategic position and little economic benefit, the United States has pretty much ignored the Pacific Islands for a long time. That's why Prasad complained about the stop-and-go relationship with the United States. But now the United States wants to curb China's rising influence in the South Pacific by creating the PBP — which may not be sustainable. First of all, the United States has initiated a number of multilateral mechanisms such as the recently released Indo-Pacific Economic Framework, which consumes financial resources to the point that little

will be left for the PBP. Second, the PBP is so far just a concept, not a concrete plan with clear and operable road map. Third, the actual effect of PBP depends on whether the project can meet the needs of Pacific Island countries.

As most of those countries are high risk, debt distress states, their top priority is to pursue debt relief or foreign aid. Given the slow economic recovery from the COVID-19 pandemic, the United States is unlikely to provide significant assistance to the Pacific Islands. Once it cannot satisfy their needs, it will be difficult for the PBP to succeed. Additionally, because of the big gaps in trade, investment and aid, the United States will have difficulty catching up with China and attempting to drive a wedge.

Finally, since Pacific Island countries stand to get benefits from both China and the United States, the best choice for them is to maintain normal cooperation with both, rather than taking sides.

The PBP will intensify competition between China and the United States in the South Pacific in the coming years. But it will not disturb the friendly relations between China and the islands.

About Author



Nian Peng is the Director of Research Centre for Asian Studies, Haikou, China. He holds a Ph.D. in Government and International Studies at Hong Kong Baptist University. His main research interests are in the areas of China- Southeast/South Asia relations, Belt and Road Initiative (BRI) and maritime security of the Indo-Pacific. He authored five books-*Populism, Nationalism and South China Sea Dispute: Chinese and Southeast Asian Perspectives*(Springer Nature, 2022), *Crossing the Himalayas: Buddhist Ties, Regional Integration and Great-Power Rivalry*(Springer Nature, 2021), *The Reshaping of China-Southeast Asia Relations in Light of the Covid-19 Pandemic*(Springer Nature, 2021), *International Pressures, Strategic Preference, and Myanmar's China Policy since 1988* (Springer Nature, 2020) and *Leng Zhan Hou Yin Mian Guan Xi Yan Jiu [A Study on Indo- Myanmar Relations after the Cold-War]*(Shi Shi Chu Ban She [Current Affairs Press], 2017). His refereed articles have been notably published in *Ocean Development and International Law*, *Pacific Focus*, *Asian Affairs*, *Dong Nan Ya Yan Jiu [Southeast Asian Studies]*, *Nan Ya Yan Jiu [South Asian Studies]* and *Nan Ya Yan Jiu Ji Kan [South Asian Studies Quarterly]*. He also contributes his perspectives to many think tanks and various local and international media outlets such as Asia Centre in France, *East Asian Forum* in Australia, *The Diplomat* in the USA, *Bangkok Post* in Thailand, *Lian He Zao Bao* in Singapore, *South China Morning Post* and *China-US Focus* in Hong Kong, *Global Times* and *CGTN* in China.

RCAS Report

Kishida's Visit to Thailand: Geopolitical Significances

Narut Charoensri

Japanese PM Kishida visited Southeast Asia between April and May in 2022. His travel includes Indonesia, Vietnam, and Thailand. There are some analyses which argue that the visit was not only to emphasise and strengthen the bilateral relations but also to balance the power of China in the region. This article analyses the significance of Kishida's visit to Thailand. What were the economic and political interests of Japan in Southeast Asia, in particular reference to Thailand? Thailand established its diplomatic relation with Japan in 1887. Japan's MOFA estimated that there are 81,187 Japanese residing in Thailand (as of October 2020), whilst there are 51,409 Thai people in Japan (as of December 2021). The relation between the two countries have developed considerably, particularly the economic relation. The visit to the three countries, accordingly, reaffirms the close relation whilst expanding the new area of cooperation.



▲ Japanese PM Kishida and Thai PM Prayuth Chan-ocha

This article argues that Kishida's visit to Southeast Asia is to challenge the presence of China in Southeast Asia. The visit enunciates the close tie between Japan and Thailand, meanwhile, it also emphasises normative values that Japan has been promoting in the last decade. These values include the idea of 'free' and 'open' which are somehow present in the 'Free and Open Indo-Pacific Strategy,' Japan's recent initiated strategy to integrate and collaborate Japan's economic, political and security strategy in the 'Indo-Pacific.' The concept of 'Indo-Pacific' itself is problematic. There has been a wide debate among scholars about the definition of 'Indo-Pacific,' and to what extent does the concept refers.

A Visit to Southeast Asia

Kishida's visit to Southeast Asia in 2022 enunciates Japan's presence and how Japan sees the geopolitical importance of Thailand, Vietnam and Indonesia. Kishida commenced his trip to Southeast Asia starting from Indonesia, followed by Vietnam and Thailand respectively. The visit to Indonesia stresses the two prominent roles of Indonesia. First, Indonesia is hosting the G20 meeting in 2022, and second, Indonesia is also one of the investment destinations of Japanese manufacturers. Indonesia is, thereby, could be a platform for ASEAN to promulgate the international, and regional concerns and issues to the world. On the other hand, Indonesia is also a promising country for Japanese investors who are seeking a cheap labor-intensive country. Japanese investors have shown their interests of relocating to Indonesia due to the comparatively lower wage and salary which would lower production cost.

Vietnam is important to Japan in terms of economy and security. Apart from Indonesia where Japanese investors are keen to relocate their manufacturing-based to, Vietnam is also another expected destination for Japan. On top to economic interests, the South China Sea(SCS) is another critical point of Southeast Asian security configuration. Although Japan does not directly involve in the SCS dispute, the Southeast Asian security environment, somehow, plays role in Japan's a trade and investment in the region; it also affects Japan's political engagement in the region.

The rivalry between the United States, China and Japan is also one of the most significant factors and conditions that shape Southeast Asian geopolitical dynamics. In the past decades, the idea of the rise of China has been dominating the narrative on geopolitical rivalry in the region. With the recent economic and political engagement in mainland Southeast Asia, in particular reference to panda diplomacy, the high-speed railway diplomacy, vaccine diplomacy, and the financial assistance to casino construction and urbanisation in Cambodia, these are how the narratives are shared to depict regional economic and political transformation. Additionally, once the Chinese government started to engage in Southeast Asia, the United States commenced strengthening the existing economic, political and security ties with Southeast Asia. Scholars contend that the United States “come back” Southeast Asia to balance China. This essay contends that the existing geopolitics in the region is not the situation where the United State and Japan in balancing China, and it is not the other way around. It was not China that came to Southeast Asia before the United States and Japan, in fact, if we look at the cold war history, the active economic engagement between the United States and Japan in Southeast Asia was strongly built in the first ten years of the cold war through the lower Mekong development scheme which was initiated by the United States. China came to Southeast Asia after that. With this, can we say that China was actually the one who tried to balance the power of the United States and Japan?

Thailand: A Land for Investment

Compared to other countries in Southeast Asia, World Bank’s Doing Business 2020 states that Thailand is ranked No.21 in the ‘ease of doing business.’ Singapore was rank No.2 in the world, which makes Singapore the top of Southeast Asia. Amongst significant investors in Thailand, Japan is the biggest investor. Thailand’s Ministry of Commerce states that the investment of Japanese investors accounted to 28.6% in overall investor counts, followed by the United States (15.4%), Singapore (15.1%), Hong Kong (7.2%), China PRC (5.1%), the Netherlands (3.2%), Germany (2.8%), France (2.3%), South Korea (2.5%), and the United Kingdom (1.5%).

The main narrative that explains the huge number of Japanese investors in Thailand is based on the impact of the Plaza Accord which Japan signed in 1985. It devalued Japan's yen which triggered the relocation of Japan to Southeast Asia where labour-intensive industry could lower its production cost. It could be argued that Thailand is important to Japan in two aspects. First, the Japanese FDI is the highest FDI in Thailand. Thailand's Board of Investment (BOI) states that the biggest proportion of Japanese investment is in the automobile industry, followed by electrical appliances and electronics, chemical products, machinery and equipment, and instant food.

However, the study by Japan External Trade Organisation (JETRO) reveals that Japanese investors in Thailand see that an insufficient number of engineers in Thailand is one of the most critical issues for industrialisation and economic development. Accordingly, Japan has supported engineering schools in Thailand to help develop human resources through education development. The most outstanding engineering schools supported by Japan are Thammasat University's Sirindhorn International Institute of Technology which was supported by Nippon Keidanren, and the Federation of Thai Industries, and the KOSEN-KMITL which is at the King Mongkut's Institute of Technology Ladkrabang. During Kishida's trip to Thailand, he visited KOSEN-KMITL to see the progress and strengthen the relations.

Apart from the economic relations between Japan and Thailand, another important milestone of Kishida's visit was a military agreement between Japan and Thailand. Japan agreed to transfer technology for military and defence to Thailand. This triggered a wide range of opinions among scholars and practitioners in Thailand and Southeast Asia. Japan has signed military agreements with other countries in Southeast Asia, including Vietnam, Malaysia, Indonesia, and the Philippines. But the agreement with Thailand is a 'late comer.' The main narrative of this agreement is developed on the balance of power concept. Many analysts see this engagement as showing Japan's leading role in Thailand and mainland Southeast Asia in particular; because when we look at the map, we will see that China has established comparatively strong relations with Laos and Cambodia through financial assistance and high-speed railway diplomacy. Not to mention that China also does have a good relation with Myanmar. Thailand and Vietnam are the

last stronghold for Japan to balance the power of China. For Vietnam, the SCS is an important factor in China-Vietnam relations; but for Thailand, where cultural connectedness has always played important role in helping develop China-Thailand relations, the balance of power is comparatively hard.

JETRO in Bangkok is now supporting Thailand 's Eastern Economic Corridor (EEC), an industrial development area in the Eastern part of Thailand, covering Chonburi, Rayong, and Chachoengsao. JETRO anticipate helping support robotics and automation in EEC to support industrialisation and human resource development. Nonetheless, although the Thai government is strongly put a lot of incentive to attract international investor, particularly Japanese and Chinese investors, to invest more in the EEC, there is a small number of Japanese investors who have concrete plans to invest in the area.

Geopolitical Significances

The visit shows how Japan see Thailand as an economic and political partner with Japan. In the past two years, Thailand suffered from the COVID-19 outbreak. The tourism industry in Thailand, which is one of the biggest proportions of the Thai economy, suffered from a decrease in the number of international visitors. On top of that, the slowdown of economic activities has impacted Thailand very much. The Thai government which took control in 2014 has also confronted a lot of serious domestic and international challenges. This caused a condition that shapes Thai foreign policy toward Japan, China and the United State.

The Japanese style of approaching Southeast Asia is also different. Unlike the United States and China that exercise their power comparative more obvious through economic and political means and tools, Japanese style are opaquer. The visit is a diplomatic, official and has a good gesture. Nonetheless, when we look at the objectives behind the visit, the ultimate goals of this visit are

similar to that of the United States and China, which is to balance the power and present leading role in the region.

The need for economic improvement is key. The Thai government launched the provocative and problematic National Strategy (2018-2037) which plan Thailand's economy, society, politics and security for the next twenty years. The anti-government group argued that the government is illegitimate to plan national development as the government took control by coup d'état and structurally shaped the constitution, regulations and laws to win the election. The government also revive a plan to develop the eastern part of Thailand. This project is the EEC, which was actually the reincarnation of the Eastern Seaboard, a development scheme in the mid-80s. The government endeavours to create and introduce a wide range of incentives to appeal to international investors. Japanese and Chinese are the main targets.

The geopolitical transformation is, somehow, challenging the region. Though the government tried to balance the power by implementing 'bamboo diplomacy' which 'bend with the wind,' this does not help Thailand to escape the dilemma and one of the most provocative questions of Thai foreign policy: which side should Thailand choose? Apart from the 'side choosing question,' the emerging 'Free and Open Indo-Pacific' is also another challenge. Shinzo Abe, former Prime Minister of Japan, coined this idea in 2016 which later led to a lot of different interpretations and translations from other countries in the world. The concepts of 'free' and 'open' are problematic. This 'Indo-Pacific' is the only 'region' in the world that has adjectives in front of it. The interpretation of 'free' and 'open' itself is political. Accordingly, many countries that started to interpret the significance of 'Indo-Pacific' do not put 'free and open' in front of the region to avoid the political implication and connotation in it. For Southeast Asia, Kishida's visit also touched upon the Russia-Ukraine war. This has an important political agenda for the visit. It implies the normative value of Japan which Japan has long been attached to, which is democratic, and rule-based order. Kishida's talks with Prime Ministers and other counterparts during the visit show Japan's ideas and normative issues that Japan wants to promote.

Southeast Asia, thereby, is in the middle of the clash between normative values, and economic and political interests. For normative values, the international norms and values that are promoted by the liberal order created by the United States and Japan have shaped the liberal international order, whilst the Chinese world order has different value. On the other hand, Southeast Asia shares borders with China. The proximity and shared border, as well as shared international river-the Mekong River, make China a critical factor for geopolitical dynamic in the region. Economic engagement and financial assistance from China to almost every country in this region shaped how Southeast Asia, and ASEAN as an international organisation, developed diplomatic ties with China.

Kishida's visit reminds us to rethink many economic and political issues in the region. The clashes between economic interests, values and norms, and the question of how the region should shape its direction. There are some answers to the question; but the answers never satisfy everyone.

About Author



Dr. Narut Charoensri is Non-resident Fellow of RCAS, as well as Assistant Professor at Chiang Mai University, Thailand. He holds a Ph.D. in Japanese and Southeast Asian Studies at University of Leeds, UK. His main research interests are in the areas of International Politics of International Transport in East Asia, Economic Cooperation in the Greater Mekong Sub-Region, Japanese Foreign Policy towards Southeast Asia, International Political Economy of East Asia, and Comparative Regionalism. He published dozens of monographs, book chapters, research articles and conference papers in English and Thai, and got various research funds from the Chiang Mai University and Chulalongkorn University.