

## Hand in hand

*Shinzo Abe has compelling diplomatic as well as economic reasons to push into South-East Asia*



*Abe, Thein Sein and a golden future*

IT WAS all toasts and effusions of mutual esteem when President Thein Sein welcomed Shinzo Abe to Myanmar's capital, Naypyidaw, on May 26th. Mr Abe was the first Japanese prime minister to visit the country since 1977. Both leaders looked determined to cement diplomatic and economic ties that had long been relatively good, even during the decades when the West shunned a brutal military regime. Mr Abe, who also met Myanmar's opposition leader, Aung San Suu Kyi, promised "all possible assistance" to support the country's new commitment to reform, which Mr Thein Sein initiated in 2011.

Japanese deeds matched the fine words. Mr Abe cancelled Myanmar's \$1.8 billion of debt and promised another \$500m in aid loans. This comes on top of Japanese commitments already

agreed on over the past 18 months, including for a special economic zone at Thilawa, just south of Yangon, the commercial capital. Japan is spending an initial \$200m on Thilawa, which will include a new port to replace Yangon's old one, now largely silted up. Dozens of Japanese executives also came with Mr Abe to Myanmar, where he urged them to hunt for opportunities.

Myanmar is the region's most fashionable destination for investment, but other countries in South-East Asia have benefited more from Japanese largesse of late. Since Mr Abe came to office in December, his ministers have tripped over each other in South-East Asian capitals, offering new investment, aid and more. Japan wants to perk up its own economy by dramatically increasing its presence in ASEAN, the ten-country Association of South-East Asian Nations, a rare economic bright spot.

But the ministers' talk is not only about trade. Diplomatic alliances, naval training and even sales of defence equipment are also on the agenda. For hanging over the new South-East Asian push is Japan's troubled relationship with China. Chinese confrontation over Japan's control of the Senkaku or Diaoyu islands in the East China Sea has exacerbated differences between the two countries. Anti-Japanese sentiment in China has added to the concerns of Japanese businessmen about the long-term future of their investments there. Last year a Reuters survey of Japanese manufacturers found that almost a quarter of those questioned were considering delaying or reversing investment plans in China. For Japan, South-East Asia has fast become a diplomatic and economic hedge against China.

As part of a new financial pact with the region, Japan is investing in the government bonds of ASEAN members. Its finance ministry will also help Japanese companies borrow in local currencies. Some corporate giants are drawing together entire supply-chain clusters in South-East Asia, usually centred on Thailand—Honda, for example, expects to build 424,000 cars a year there by 2015. For this, Japanese companies increasingly need local funds. Thailand's appalling floods in 2011, which closed car plants and many other Japanese manufacturers, have not fundamentally changed business plans; after all, insurance payouts minimised companies' losses.

In Indonesia, another country with long-standing economic links to Japan, Japanese companies recently won a \$370m contract to start building a new underground transit system in Jakarta. (The flood-prone capital is built atop a marsh, and is just the sort of challenge that Japanese engineers relish.) But it is in other South-East Asian countries with which it has traditionally had fewer ties that Japan is unusually active. In particular, it is forging new partnerships with Vietnam and the Philippines, both of which have their own maritime quarrels with China, over islands and reefs in the South China Sea.

In Vietnam the Japanese have been helping to bail out the country's stricken state banking sector. In December Tokyo-Mitsubishi UFJ announced that it was buying a 20% stake in VietinBank, for \$743m. Mizuho took a 15% stake in Vietcombank, for \$567m, in September 2011. Japanese commitments to Vietnam rose to \$5.1 billion in 2012, double the figure for the previous year. Japan has also started to improve Vietnam's naval capabilities, training Vietnamese sailors in maritime surveillance, for instance.

As in Vietnam and Myanmar, memories in the Philippines still linger over Japan's brutal wartime occupation (Thailand was spared, allying itself with Japan). Yet history has not spilled over into politics as relations with Japan have warmed. More pressing for the Philippines is the stand-off with China over the disputed Scarborough shoal. Japan has boosted aid to the Philippines. It has also given it naval assistance, promising ten patrol vessels, costing \$11m each, to help with maritime surveillance. Just as in Myanmar, once in the China camp but now closer to the West and its Asian allies, Japanese business and diplomacy march hand in hand.



Fonte: The Economist, London, v. 407, n. 8838, p. 44, 1 a 7 Jun. 2013.

A utilização deste artigo é exclusiva para fins educacionais.