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## **JAPAN'S INVOLVEMENT IN MYANMAR**

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After the civilian-democratic transition in Myanmar, the western sanctions on trade and investment in the country were lifted. This led to a huge inflow of foreign direct investment in key infrastructural sectors and energy sector because of the nascent stage of economic progress in the conflict-torn country. Regional giants like China and Japan as well as ASEAN countries have been increasing their economic aid, assistance and cooperation with the country notwithstanding the humanitarian concerns raised by international community. The Chinese involvement in the region, especially its investment in big infrastructure and energy projects in Rakhine province have been a subject of international deliberation and criticism. However, Japan too has been competing with China to check its hegemonic ambitions under the One Belt One Road initiative. Consequently, it has been increasing its existing economic cooperation and financial investment in Myanmar since 2012. Japans overall investment pale in comparison to that of China (which over the past 30 years has invested, while it did peak to 1.48 Billion USD in 2017. As of July 2018, Japan was number 10 in terms of investment, while China was number 1.

Japanese involvement in Myanmar has various layers; investments in infrastructure projects ( a strong example being rail system in Yangon), Thilawa SEZ Project, (Japans Industrial Decisions firm as well as Marubeni are involved in two coal projects, as well as assistance in capacity building. Significantly, a survey last year revealed that Myanmar population prefers Japanese because investments have resulted in job creation, and assistance to small and medium enterprises. This is also because of the generous loan agreements and economic grants that Japan has made while having a balanced relationship with the erstwhile Junta and the resurgent democratic polity. Resentment against China is not restricted to Myanmar, but has been evident in Africa, South East Asia and even South Asia. The phenomena of Debt Trap Diplomacy has accentuated it as China takes back every last penny and that too at prohibitively high rates.

### **Japans involvement in Rakhine State**

While Myanmar has been showcasing the Thilawa SEZ (49% is owned by JICA and three Japanese banks) as one of its successes. Japan has been pro-actively involved in development of the Rakhine State (while the state is rich in natural resources, a significant percentage of population is below the poverty line). Foreign Minister visited Japan twice last year and in January 2019, Ms. Toshiko Abe, State Minister for Foreign Affairs visited Republic of the Union of Myanmar and issues pertaining to the Rakhine State were discussed. During her visit to Japan in October 2018, Aung San Suu Kyi had praised Japan for being understanding towards Myanmars stand on the Rohingya issue. While Aung San Suu Kyi has been facing widespread criticism for her lacklustre and

indifferent approach towards the grave human rights violations against rohingya population, she has been seeking support of the investors like Japan to emphasize the fact that Myanmar being a young democracy can not take decisive action against these violations and acting against military establishment would imperil the stability of democratic government. Nevertheless, Tokyo has been providing noteworthy assistance in state capacity building and economic revival of the Rakhine state. Only recently, the Japan International Cooperation Agency [JICA], and the Japan External Trade Organization [JETRO] organized the Rakhine State Forum (February 21-23, 2019). State Chancellor, Aung San Suu Kyi, made it a point to mention both these organisations during her address.

While China has invested in Rakhine State. A pipeline which commences from Kyaupkyu in Rakhine and extends till Yunnan Province in China, was inaugurated in April 2018 and China has also tried to play a role in resolving Rohingya Crisis. Tokyos approach towards Rakhine has been far more holistic. Japanese Envoy in an interview to the media, stated that the only way out was all round development □ which included economics and politics. The Envoy also said that they would try to draw more investment

In 2018, Japan had announced assistance of over 20 Million USD for the conflict torn region. The Government of Japan and eight United Nations Agencies also signed a US\$ 37 million value agreement to implement humanitarian and development projects in Shan, Kachin and Rakhine States.

While Japan is playing an important role in ensuring that Myanmar looks beyond China, it will also need to play a role in convincing Suu Kyi to adopt a different role towards Human Rights Issues and avoid curbs on the press (last year two Reuters journalists were arrested). While Suu Kyi has been trying to obfuscate, this will not be possible in the long run. The widespread concerns about the ongoing in Myanmar have a huge negative associative value for foreign investors who otherwise view an exceptional economic advantage in this highly under-developed and naturally endowed region with cheap labour. The fact, that some European companies have begun to exit from Myanmar, as a result of the Human Rights violations and EU is has threatened to withdraw the GSP is a strong reiteration of this point. Since investment inflows have a positive network effect that goes beyond geopolitical rivalries, it is important for the existing investors like Japan to urge the Myanmar government to take robust action to hold human rights violators accountable. This would go a long way in ensuring the sustainability of economic leverage that Myanmar possesses and lead to a paradigm of socio-economic stability in the region. Given the fact, that Japan, a democracy, is one of the key players in promoting the idea of a Free and Open India Pacific (to check Chinas rise) it is in a good position to do so. Myanmar will need to decide which path it needs to take □ that of other authoritarian states in the region □ or of a robust democracy, Japan can play an important role in the same

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