

# PERSPECTIVE

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## **The Strategic Significance of Vietnam-Japan Ties**

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### **EXECUTIVE SUMMARY**

- Vietnam-Japan relations have long been driven by economic interests, but strategic cooperation has recently emerged as yet another important pillar of the relationship.
- Japanese assistance for Vietnam's maritime capacity building has become a priority for the two countries, reflecting their shared concerns about disturbing shifts in the region's maritime landscape.
- Vietnam's wish to strengthen its defence engagement with Japan is primarily aimed at counterbalancing China's expansion in the South China Sea. This dovetails with the Abe administration's plan to "normalize" Japan's defence posture and reduce Tokyo's security dependence on the US by intensifying its defence ties with regional countries.
- Bilateral strategic cooperation can contribute to the creation of a "principled security network" to compensate for the possible wind-down of US military commitments to the region.
- Challenges to bilateral strategic cooperation include Vietnam's non-alignment policy and Japan's constitutional constraints, but gradual changes in Vietnam's strategic mindset due to China's pressures and the prospect of Prime Minister Shinzo Abe staying in power until 2021 mean that the current bilateral strategic trajectory will likely be maintained in the coming years.

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## INTRODUCTION

The visit to Vietnam by Japanese Emperor Akihito and Empress Michiko from 28 February to 5 March 2017 is a historical landmark in bilateral relations as it was the first visit by a Japanese monarch to the country. More notably, the visit took place just six weeks after Japanese Prime Minister Shinzo Abe's trip to Hanoi in January 2017. While Mr Abe's visit focused on boosting bilateral economic, political and strategic ties, Emperor Akihito's visit helped promote Japan's "soft power" in Vietnam and contributed to the strengthening of social and cultural connections between the two peoples. The two sides have extolled the positive outcomes of the visits, with Vietnamese officials praising the relationship as being "stronger than ever before".

This Perspective seeks to assess recent developments in the Vietnam-Japan relationship, focusing on its strategic significance. It will first provide an overview of the relationship, followed by an analysis of the two countries' increasing focus on strategic cooperation in recent years. Finally, the essay will examine the underlying drivers of this trend and its regional implications.

## ROBUST TIES BASED ON STRONG FOUNDATIONS

Interactions between Vietnam and Japan date back to the 8<sup>th</sup> century, when Phat Triet (known in Japanese as Buttetsu), a Cham Buddhist monk from what is now Central Vietnam travelled to Japan in 736. Phat Triet helped to popularize Cham music and dance, known as *Rinyugaku* in Japanese, which ultimately became part of Japanese imperial court music and dances (*gagaku*). Bilateral trade also flourished between the two countries in the 16<sup>th</sup> and 17<sup>th</sup> centuries, when Japanese merchants set up their "Japanese town" in Hoi An to facilitate further exchanges. For example, during the early 17<sup>th</sup> century, Japan was the most important export market for Dang Trong (South Vietnam), and it was not until the Tokugawa Shogunate imposed restrictions on foreign exchanges in the 1630s that China began to replace Japan as Dang Trong's top trading partner ([Hai, 2008, p. 3](#); [Lieberman, 2003, p. 415](#); [Woodside, 1995, pp. 162-163](#)).

By the early 20<sup>th</sup> century, Vietnam had been colonized by France, while Japan had successfully transformed itself into a major non-Western power through the Meiji Restoration. Japan therefore became a source of inspiration for Vietnamese patriots, many of whom went there to learn about modernizing the country and regaining national independence.<sup>1</sup> During World War II, however, Japan briefly occupied Vietnam, and 2 million Vietnamese starved as a result of Japan's reorganization of Vietnamese agricultural production to support its war efforts. This tragic episode appeared not to have burdened subsequent bilateral ties, which were formally established in 1973.<sup>2</sup>

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<sup>1</sup> For example, during the Dong Du [Journey to the East] Movement led by Phan Boi Chau in the early 20<sup>th</sup> century, hundreds of young Vietnamese went to Japan to pursue their study.

<sup>2</sup> In 1959, Japan agreed to pay South Vietnam US\$39 million in war reparations. After establishing diplomatic ties with North Vietnam in 1973, Japan also agreed to pay Hanoi another US\$45 million in war reparations in the form of "economic cooperation" grants (Shiraishi, 1990, pp. 15, 43-46).

Between the late 1970s and 1992, relations were constrained by Japan's opposition to Vietnam's military involvement in the Cambodian conflict. After the 1991 Paris Peace Accords on Cambodia were concluded, however, bilateral ties have flourished, especially over the past decade. In 2006, the two countries announced that they were working towards "a Strategic Partnership for Peace and Prosperity in Asia". In April 2009, during Communist Party of Vietnam (CPV) General Secretary Nong Duc Manh's visit to Japan, the two countries officially established a bilateral "strategic partnership", which was supplemented by a Vietnam-Japan Economic Partnership Agreement that came into force six months later. In 2014, the two sides upgraded their relationship to the level of an "Extended Strategic Partnership".

The strengthening of bilateral ties has not been limited to joint statements and the various titles that they assign to the relationship. Bilateral ties have particularly flourished in three key economic areas: Japanese provision of Official Development Assistance (ODA) to Vietnam; investment; and trade.

Specifically, by September 2016, Japan had provided approximately 2.8 trillion yen in ODA to Vietnam ([VnExpress, 2016a](#)).<sup>3</sup> Such funding has played a significant role in the improvement of Vietnam's infrastructure, human resources, as well as in the implementation of various socio-economic reforms. In return, major Vietnamese projects funded by Japanese ODA boosted Japanese exports to Vietnam and brought business opportunities to Japanese contractors. By the end of 2016, Japanese companies had invested in 3,320 projects in Vietnam with a total registered capital of USD42.5 billion, accounting for 14.6 per cent of the accumulative stock of registered FDI in Vietnam ([Foreign Investment Agency, 2017](#)). This made Japan the second largest foreign investor in Vietnam, after South Korea. In terms of trade, in 2016, Vietnam's exports to and imports from Japan amounted to US\$14.68 billion and US\$15.04 billion, respectively ([General Department of Customs, 2017](#)). As such, Japan is now Vietnam's fourth largest trading partner, after China, the United States and South Korea. Bilateral investment and trade ties will further expand should the Trans-Pacific Partnership overcome current obstacles to enter into force in the future.

Economic ties being a key pillar of their relationship naturally reflects the long-standing interests of both countries. While Vietnam has regarded the Japanese market, capital and technology as important resources for its national development since the launch of *Doi Moi*, Japan in turn views Vietnam as a great opportunity, given the latter's large and young population, its growing consumerism, and its dynamic and fast-growing economy. As such, economic cooperation has long dominated the bilateral agenda.

In recent years, however, strategic cooperation has emerged as yet another important pillar for bilateral ties. Despite its current modest scope due to certain constraints on both sides, the broader pattern of Vietnam-Japan strategic cooperation shows an upward trend that reflects the increasingly converging strategic interests of both parties in responding to ominous shifts in the regional geo-strategic landscape.

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<sup>3</sup> This includes both grants and soft loans.

## NEW EMPHASIS ON STRATEGIC COOPERATION

Before Vietnam and Japan established their strategic partnership in 2009, defence cooperation between the two countries was limited to exchanges of military delegations and visits by Japanese naval ships to Vietnamese ports. Since 2009, however, defence and security ties have been rapidly strengthened and diversified.

In 2011, the two countries adopted an Action Plan to implement their strategic partnership, which resulted in the opening of Defence Attaché offices in both, and the inauguration of a formal Defence Policy Dialogue. The two sides also signed a Memorandum of Understanding (MOU) that provided for wide-ranging defence cooperation activities, including exchanges at ministerial, chief-of-staff and service chief levels; naval port calls; annual defence policy dialogue at the deputy defence minister level; cooperation in military aviation and air defence; personnel training; counterterrorism; maritime salvage; IT training; military medicine; and peacekeeping. The MOU also laid the legal framework for cooperation between the two countries' coast guards, especially in such areas as search-and-rescue, disaster relief, and humanitarian assistance ([Thayer, 2014](#)).

After Mr Shinzo Abe returned to the Prime Minister position in December 2012, strategic cooperation between the two countries accelerated further. In January 2013, Mr Abe chose Vietnam as his first overseas destination, during which he endorsed Vietnam's view on the management of the South China Sea disputes by emphasizing the importance of international law. In May 2013, Japan's Ministry of Defence held a seminar on underwater medicine in Vietnam, and provided training on underwater medicine for personnel from the Vietnamese Navy at a Japanese naval facility four months later. This cooperation was probably conducted at the request of Vietnam, given Hanoi's plan to commission its first *Kilo*-class submarine in early 2014.

Also in September 2013, Japanese Minister of Defence Itsunori Onodera made a trip to Vietnam, during which he visited the Fourth Navy Zone headquarters in Cam Ranh Bay and observed Vietnam's defence setup for the Spratlys ([Shoji, 2016, p. 51](#)). This event was a testimony to the high level of mutual trust, and reflected Vietnam's wish to strengthen naval engagement with Japan as well as Japan's interest in the South China Sea dispute. On the same visit, Mr Onodera also held consultations with his Vietnamese counterpart, General Phung Quang Thanh, during which the two sides agreed to expand cooperation in human resource training, unexploded ordnance clearance, modernization of maritime enforcement agencies and military technology ([Thayer, 2014](#)).

Indeed, Japanese assistance for the modernization and capacity building of Vietnam's maritime enforcement agencies has since become a priority in bilateral defence cooperation. Specifically, in early August 2014, Japan announced that it would provide Vietnam with six patrol boats to support the country's maritime defence activities in the South China Sea. The announcement came just days after the end of a major maritime crisis between Vietnam and China due to China's placement of a giant oil rig in Vietnam's Exclusive Economic Zone (EEZ) for more than two months. During his visit to Vietnam in January 2017, Prime Minister Abe announced that Japan would provide Vietnam with six more patrol boats worth US\$338 million. Japan's assistance is a valuable addition to Hanoi's efforts to improve the capacity of its maritime enforcement agencies, especially the Vietnam Coast

Guard and the newly established Vietnam Fisheries Resources Surveillance. As China focuses on the use of white-hulled vessels to control South China Sea waters, the stronger capacity of Vietnam's maritime enforcement agencies will enable it to respond more effectively.

Japan was also reported to be planning to sell two advanced radar-based earth observation satellites to Vietnam. The order, expected to be delivered by 2018 and funded by Japanese ODA, will enhance Vietnam's maritime intelligence in the South China Sea ([Mainichi, 2016](#)). At the same time, Hanoi is also said to be considering the purchase of second-hand P-3C surveillance anti-submarine aircraft from Tokyo ([VnExpress, 2016b](#)). If purchased, such aircraft will likely be assigned to surveillance missions in the South China Sea.

Vietnam and Japan also coordinate their positions at multilateral forums and international organizations. While Japan supports Vietnam's active diplomacy and growing role in regional affairs, Vietnam endorses Japan's role as a major international actor. For example, Vietnam supports Japan's strong engagement in ASEAN and the Mekong sub-region, as well as Tokyo's bid to become a permanent member of the United Nations Security Council.

Vietnam-Japan defence and security cooperation is very much part of the broader regional strategic picture and, as it expands and deepens, is bound to affect the region's geo-political landscape substantially.

## **REGIONAL SIGNIFICANCE OF VIETNAM-JAPAN STRATEGIC COOPERATION**

Bilateral maritime defence cooperation is a natural outcome of the two countries' shared security interest. China's increasingly dominant naval power and its assertive moves in maritime disputes with both countries, such as China's establishment of an Air Defence Identification Zone in the East China Sea and its construction of seven artificial islands in the Spratlys, have threatened to alter the regional *status quo*, which both countries oppose.<sup>4</sup> Strategic cooperation to deal with Beijing has therefore become a necessity for both sides. This imperative is well reflected in Mr Abe's comments during his visit to Hanoi in January 2017. Referring to the water of the Red River in northern Vietnam flowing into the South China Sea and the East China Sea which connects with the Tokyo Bay, Mr Abe stated that "Nothing can obstruct the free passage along this route. Japan and Vietnam are two neighbours connected by the free ocean" ([Vietnam Breaking News, 2017](#)).

Vietnam wishes to strengthen its defence engagement with Japan to enhance its overall national defence and to counterbalance China's expansion in the South China Sea. This partly explains why the firming-up of bilateral defence ties began around 2011 when the trend of China's maritime assertiveness became visible. This intention is also reflected in

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<sup>4</sup> For example, in an interview with the Wall Street Journal during the Vietnam-China oil rig crisis in May 2014, Prime Minister Abe stated that "Japan's position is that we will never tolerate the change of status quo by force or coercion. We are seeking a peaceful resolution based on international law" ([Wall Street Journal, 2014](#)).

Vietnam's request for Japan's provision of patrol boats as well as other assistance to strengthen its maritime capacity.<sup>5</sup>

From Hanoi's perspective, Japan is perhaps Vietnam's most important strategic partner for the immediate future. The bilateral relationship is generally problem-free, based as it is on solid economic foundations, strong mutual trust, and highly convergent strategic interests, especially vis-à-vis China. Japan is more important to Vietnam than any other major power because Tokyo is not only economically and militarily capable, but it is also willing to help strengthen Vietnam and other Southeast Asian states to maintain the regional balance of power. More importantly, Japan is a resident East Asian power, and has a longstanding problematic relationship with China. These factors turn Japan into a natural security partner for Vietnam, and make Japan's security commitments more credible. Vietnam's wish dovetails with Japan's intentions under the defence and security policy of the Abe administration which seeks to "normalize" Japan's defence posture and reduce Tokyo's vulnerability arising from its security dependence on the US. This momentum is likely to become even stronger in the coming years due to uncertainties about US policy towards the region.

The risk that the Trump administration may scale down US military engagement in Asia threatens to unravel the tenets of the region's post-WWII order and destabilize regional security. Strategic cooperation among regional countries therefore becomes an essential hedge against this risk. Such cooperation, whether in bilateral or mini-lateral formats, can contribute to the creation of a "principled security network", which was once proposed by the Obama administration. Japan's enhanced security ties with Vietnam, and with other like-minded regional countries such as Australia, the Philippines, Singapore and India, may accelerate the emergence of such a network. As [Slaughter and Rapp-Hooper \(2017\)](#) argue, "mesh networks are highly resilient, because no individual node is critical to the structure's survival – even if one link breaks, the structure survives", Vietnam and Japan may be among the first nodes of such a network if bilateral defence ties continue to be strengthened and institutionalized.

## CONCLUSION

Strategic cooperation between Vietnam and Japan has strengthened in recent years as the two combine efforts in responding to common security challenges, especially in the maritime domain. Promising as it might be, their cooperation still faces certain constraints. While Vietnam wishes to maintain a non-alignment policy and walk cautiously the line between China and other major powers, Japan faces constitutional constraints that make it difficult for it to fully commit itself to meaningful military ties with foreign countries, including Vietnam.

In the short run, however, bilateral strategic ties still have a positive prospect. On the part of Vietnam, China's assertive moves in the South China Sea, especially the 2014 oil rig crisis and its construction of artificial islands in the Spratlys, have emboldened Vietnamese

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<sup>5</sup> Vietnam made the request in early 2012 (*Wall Street Journal*, 2014).

leaders and changed their security mindset in favour of deepening military ties with Japan and other major powers.

Meanwhile, the Abe administration is also working to revise Japan's constitution to give its armed forces greater flexibility in dealing with urgent security challenges. The Liberal Democratic Party's (LDP) decision to allow Mr Abe to run for a third consecutive term as the Party's chairman has paved the way for him to retain the Prime Minister position until 2021, which will facilitate the realization of his strategic visions. If the LDP and Mr Abe remain in power, the current trajectory of strategic cooperation between Japan and Vietnam will likely persist. The question then is how the two countries will proceed from there. Apart from adopting more substantive defence cooperation initiatives, the enmeshment of the bilateral strategic relationship into mini-lateral frameworks, such as those between Japan, US and Australia, or Japan, India and Australia, may be an option for the two sides to consider.

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