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Japan's Infrastructure Investment in the Indian Ocean

Checking China, Securing the Sea Lanes

Center for Asian
Studies

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Abstract

In the 2010s, Japan gradually increased economic connections with the Indian Ocean region (IOR) through trade, foreign direct investment, and official development assistance (ODA). In particular, Japan began to consider the IOR a major destination of investment in maritime infrastructure represented by port facilities. Japan's increasing engagements in connectivity development are seen in quite a few areas in the IOR such as the ports of Trincomalee and Colombo in Sri Lanka, Mombasa Port in Kenya, Matarbari Port in Bangladesh, and infrastructure facilities on the Andaman and Nicobar Islands in India.

Japan's engagements in infrastructure and connectivity development in the IOR had much to do with China's infrastructural push under the Belt and Road Initiative (BRI). Chinese state-owned enterprises have committed to the development of ports and terminals in the region, and the management of port facilities contributed to the increasing presence of the Chinese navy. The IOR offers crucial sea lines of communication (SLOCs) for Japan as Japanese tankers from the Middle East and Europe pass through the waters of the Indian Ocean. China's increasing maritime presence in the region is likely to be a potential threat to Japan's sea-line security. Moreover, China's growing maritime presence leads to undermining Japan's efforts to maintain a rules-based maritime order.

Japan encounters various challenges in pursuing these strategic objectives of countering China's growing maritime presence and enhancing the securitization of SLOCs. The first challenge is the formulation of effective initiatives and policies to compete with China's presence in infrastructure investment in the IOR. Japan needs to strengthen 'soft infrastructure', which consists of institutions and procedures that prop up physical infrastructure, such as human capital development and intangible management knowhow, as well as normative standards and principles in infrastructure investment. In this respect, Japan's commitments to the APEC and G20 produced formal policy documents regarding quality principles for infrastructure investment to which the Chinese government has paid due attention.

Moreover, Japan needs to deepen its strategic partnership with India, a country that shares similar concerns about China's maritime advance in the IOR. India is a crucial partner for Japan as a member of the Quad involving the US and Australia, which has developed

since 2017 under the strategic vision of the Free and Open Indo-Pacific (FOIP). The Quad holds a strategic objective to ward off China's growing geopolitical presence, and maritime security and infrastructure investment have been regarded as key policy agendas for the grouping. A substantial challenge for Japan is how to integrate India in the US-led coalition of democracies, which pursues shared interests in maritime security and infrastructure investment. Japan needs to understand India's subtle diplomatic position and assist its gradual integration into the US-centered strategic coalition.

Lastly, Japan has to pursue the possibility of collaboration with China in infrastructure and connectivity development. Given that Japan and China have different comparative advantages in infrastructure investment, the effective use of aid funds offered by the two countries under policy coordination will bring about synergetic effects in the economic growth and social upgrading of recipient countries and the comprehensive development of extensive adjacent areas. On this point, Japan must meet the challenge of coordinating a collaborative orientation with confrontational strategies in intensive Sino-US confrontation by forging a common front in domestic politics.

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Introduction

For a long time, Japan's economic cooperation, including infrastructure investment, was directed towards East Asia and Southeast Asia where Japanese firms made significant inroads. In the 2010s, Japan gradually increased economic connections with the Indian Ocean region (IOR) through trade, foreign direct investment, and official development assistance (ODA). In particular, Japan began to consider the IOR a major destination of investment in maritime infrastructure represented by port facilities. The maritime infrastructure is crucial for economic development, providing key fundamentals for commercial activities and for security purposes, as the base for naval operations.

Japan's infrastructure investment in the IOR has been influenced by the shadow of China. China has intensified infrastructural push in Asia, Europe and Africa since Chinese President Xi Jinping launched, in 2013, the Belt and Road Initiative (BRI), which is comprised of the sea-based Maritime Silk Road (MSR) in combination with the land-based Silk Road Economic Belt (SREB). While infrastructure projects under the BRI surely contribute to the social and economic upgrading of countries along the route, China embeds strategic interests in infrastructure support in order to expand the 'sphere of influence' and facilitate its naval operations.¹

Given China's position as the major strategic rival, its policy intentions and practical moves in the IOR have much to do with Japan's commitments to maritime infrastructure in the region. The IOR offers crucial sea lines of communication (SLOCs) for Japan as Japanese tankers from the Middle East and Europe pass through the waters of the Indian Ocean. China's increasing maritime presence in the IOR is likely to be a potential threat to Japan's sea-line security. Japan's infrastructure investment in the IOR is also understood in terms of a broader external partnership than the narrowly defined sea-line security. The quadrilateral strategic dialogue, or the Quad, between the US, Japan, Australia and India has developed since 2017 under the strategic vision of the Free and Open Indo-Pacific (FOIP).² The Quad holds a strategic objective to ward off China's growing

1. A. Insaia and G. Pugliese, "The Free and Open Indo-Pacific versus the Belt and Road: Spheres of Influence and Sino-Japanese Relations", *The Pacific Review*, 2020, DOI: 10.1080/09512748.2020.1862899.

2. Y. Hosoya, "FOIP 2.0: The Evolution of Japan's Free and Open Indo-Pacific Strategy", *Asia-Pacific Review*, Vol. 26, No. 1, 2019, pp. 18-28.

geopolitical presence, and maritime security and infrastructure investment have been regarded as key policy agendas for the dialogue.

This paper seeks to elucidate motivations, concrete engagements, and challenges in Japan's infrastructure investment in the IOR. The main arguments that this paper makes are threefold. First, Japan's infrastructure investment in the IOR derives from strategic motivations to counter China's growing maritime presence and thereby enhance the securitization of SLOCs. Second, support through soft infrastructure and a partnership with India have become key means to ward off China's maritime infrastructure presence in the IOR. Third, Japan is confronted with the challenge of coordinating a collaborative orientation with confrontational strategies in relation to China.

Japan's motivations for engaging in infrastructure investment in the IOR

Japan's engagement in infrastructure investment in the IOR has intensified in the past decade. The key factor behind this new policy trend was China's looming shadow as it undertook crucial infrastructure projects in the IOR. China's infrastructure engagement is closely linked to its offensive maritime actions, seen in several seas from the East and South China Seas and the Indian Ocean. China's economic security statecraft to employ infrastructure investment for naval interests impels Japan to shape and execute policies and initiatives to secure its sea-line security.

China's enlarged maritime presence in the IOR

Japan's commitments on infrastructure investment in the IOR derive from a general policy objective to expand the exports of infrastructure systems, which contribute to reinvigorating the Japanese economy.³ A distinctiveness in investments in maritime facilities in the IOR is that they have much to do with China's enlarged maritime presence, particularly through the MSR. China has committed to developing and managing port facilities in various countries in the IOR. This is the case in Djibouti, the eastern African country that is strategically located at the southern entrance to the Red Sea on the route to the Suez Canal. In February 2013, China Merchants Port Holdings (CMPH) acquired 23.5% of Port de Djibouti S.A. (PDSA), which owns the Port of Djibouti, the Doraleh Container Terminal, off-dock depot, and Doraleh Multi-Purpose Port.⁴ The CMPH also engaged in developing Bagamoyo Port in Tanzania, which includes an industrial zone and rail and road links to a region hoping to exploit new oil and gas finds.⁵

In South Asia, China has committed to the development of Gwadar Port in Pakistan, which was positioned as the final

3. H. Sasada, "Resurgence of the 'Japan Model'? Japan's Aid Policy Reform and Infrastructure Development Assistance", *Asian Survey*, Vol. 59, No. 6, 2019, pp. 1058-1060.

4. China Merchants Port Holdings, "Port De Djibouti S.A"., available at: www.cmport.com.hk.

5. E. Onyango, "Tanzania Gives Chinese Firm Conditions for Bagamoyo Port", *The East African*, October 20, 2019, available at: www.theeastafrican.co.ke.

destination of the China-Pakistan Economic Corridor (CPEC), a flagship project under the BRI. The port has been developed by the China Overseas Port Holding Company (COPHC), to which it was leased by the Pakistani government for 40 years in April 2017.⁶ China has maintained a high profile in port development and management in Sri Lanka as well. The CMPH holds an 85% stake in the Colombo International Container Terminals (CICT), while the SLPA holds the remaining 15%.⁷ The CICT is a major container terminal of Colombo Port, a gateway connecting the Asia and Europe trade routes, and an important transit hub in South Asia. Furthermore, Hambantota Port in Sri Lanka was developed by Chinese state-owned enterprises, and in late 2016, the Sri Lankan government approved a deal to lease 80% of the port to CMPH for 99 years, and the lease of 15,000 acres of land around the port for building an industrial park.⁸

The development of port facilities in the IOR contributes to China's maritime security interests in various ways. First, China's investments in developing ports such as Gwadar in Pakistan and Kyaukphyu in Myanmar in the IOR have been linked to a specific maritime security goal. China has been worried about the so-called 'Malacca Dilemma'; China has the potential to be greatly and adversely affected by blockages of the Malacca Straits in Southeast Asia.⁹ The port developments in the IOR enable China to possess alternative routes such as a Middle East–Pakistan–Xinjiang Uyghur route and a Middle East–Myanmar–China route. Second, China's investments in developing ports such as Gwadar in Pakistan, Hambantota in Sri Lanka, Chittagong in Bangladesh, and Kyaukphyu in Myanmar in the IOR contribute to undermining India's regional influence. Beijing is extending its strategic footprint to the Indian Ocean littorals with the development of ports in Pakistan, Sri Lanka, Bangladesh and Myanmar as the 'String of Pearls' to contain India's maritime presence.¹⁰ Third, China's engagements in major ports in the IOR have served to sustain its naval operations. Sunil Lanba, Chief of Staff of the Indian Navy from 2016 to 2019, contends that the Chinese navy has maintained a permanent presence in the Indian Ocean since 2008, and that there are six to eight Chinese navy ships

6. G. Kanwal, "Pakistan's Gwadar Port: A New Naval Base in China's String of Pearls in the Indo-Pacific", *CSIS Briefs*, March 2018, p. 3.

7. China Merchants Port Holdings, "Colombo International Container Terminals Limited (CICT)", available at: www.cmport.com.hk.

8. C. P. Chung, "What Are the Strategic and Economic Implications for South Asia of China's Maritime Silk Road Initiative?" *The Pacific Review*, Vol. 31, No. 3, 2018, p. 321.

9. M. Lanteigne, "China's Maritime Security and the 'Malacca Dilemma'", *Asian Security*, Vol. 4, No. 2, 2008, pp. 143-161.

10. D. Brewster, "Silk Roads and Strings of Pearls: The Strategic Geography of China's New Pathways in the Indian Ocean", *Geopolitics*, Vol 22, No. 2, 2017, pp. 269-291.

dispatched to the northern part of the ocean at any time.¹¹ A People's Liberation Army Navy (PLAN) Song-class conventional submarine and a submarine support ship made a stopover at the CICT in September and November 2014.¹² China can enhance its naval presence through expanding export of submarines to countries in the IOR. China agreed to sell eight submarines to Pakistan in 2016, and Bangladesh gained two Chinese submarines in March 2017. The exports tend to press the countries to develop dedicated repair and replenishment equipment for submarines and promote collaboration on data collection for submarine operations.¹³

Japan's growing concerns about China's activities in the IOR

Japan has voiced concerns about China's maritime presence through port development in the IOR. The major concern is related to sea-line security. The third Basic Plan on Ocean Policy, which was adopted by the Headquarters for Ocean Policy in the Cabinet and approved as a cabinet decision in May 2018, raises the securing of the stable use of Japan's important SLOCs as one of three pillars of Japan's maritime security policy. The plan then stipulates concrete measures for this policy aim such as capacity-building support for coastal states along the SLOCs, anti-piracy operations, and capacity-development for gathering information about marine observation in coastal states along the SLOCs.¹⁴ Japan's most important SLOCs pass from the Indian Ocean to the East China Sea through the South China Sea, with the Malacca Straits as a crucial chokepoint. This Indian Ocean route is vital to Japan's energy supply and commercial operations. In 2019, Japan relied on external sources for 88% of its energy resources, and the Middle East provided 90% of Japan's oil imports.¹⁵ Japan's container transport with Europe passes through the Indian Ocean as well.

The growing number of port facilities under Chinese influence in the IOR raises Japan's economic security concerns as its SLOCs in the IOR become more vulnerable to a possible attack from Chinese

11. "Chinese Navy Is a Force that Is Here to Stay," Says Navy Chief", NDTV.com, January 10, 2019, available at: www.ndtv.com.

12. V. Sakhuja, "Chinese Submarines in Sri Lanka Unnerve India: Next Stop Pakistan?" *China Brief*, Vol. 15, No. 11, May 29, 2015, available at: www.jamestown.org.

13. E. Takeishi, "Chugoku, Indoyo engan koku ni sensuikan yushutsu [China exports submarines to coastal countries in the Indian Ocean]", *Asahi Shimbun*, January 14, 2018.

14. Cabinet Office, "The Basic Plan on Ocean Policy, Cabinet Decision", May 15, 2018, available at: www8.cao.go.jp.

15. Agency for Natural Resources and Energy, *Enerugi Hakusho 2021 [Energy White Paper 2021]*, pp. 88, 100.

submarines that could be located in countries in the region.¹⁶ This concern is reasonable, as the PLAN has maintained a large number of submarines (between 65 and 70) through the 2020s, replacing older units with more capable ones on a nearly one-to-one basis.¹⁷

Japan's sea-line security needs to be understood in the broader context as China's maritime push extends across the East China Sea to the Ryukyu chain—the so-called First Island chain—and more widely to securing the South China Sea and operating in strength in the Indian Ocean.¹⁸ Japan has already responded to China's drive by strengthening military forces in the south-western [Nansei] islands.¹⁹ Japan also needs to ensure greater naval presence, either by itself or through partnerships with allies, and commit to maritime infrastructure and connectivity projects around the South China Sea and the Indian Ocean.

Japan's infrastructure engagement in the IOR needs to be contextualized within the broader strategic threat that China poses to Japan's sea-line security. China's increasing presence in the Indo-Pacific is becoming a growing threat to Japan's sea-line security geopolitically, through China's mediate push across the East China Sea to the Ryukyu chain—the so-called 'First Island chain'—and more widely into securing the South China Sea and operating in strength in the Indian Ocean. Japan has already responded to China's push through the Ryukyu chain by moving forces from north-facing Russia to southwest-facing China.²⁰

The importance of the IOR for Japan in terms of sea-line security has been shown in policy papers and policy discourses. A policy paper on the FOIP issued by the MOFA in November 2019 designates Matarbari in Bangladesh, Colombo and Trincomalee in Sri Lanka, and Mombasa in Kenya as key ports for Japan's sea-line security.²¹ Sumio Kusaka, the Japanese Ambassador to Australia, contended, in a seminar in Australia in March 2017, that 'we would certainly not like to see what has happened in the South China Sea happen in the Indian Ocean, because this is a vital sea lane for both Australia and

16. S. Nagao, "What Is Japan's Indian Ocean Strategy?", *RIPS' Eye*, February 28, 2019, available at: www.rips.or.jp.

17. Office of the Secretary of Defense, "Military and Security Developments Involving the People's Republic of China 2020", p. 45, available at: www.media.defense.gov.

18. D. Scott, "The Geoeconomic and Geopolitics of Japan's Indo-Pacific Strategy", *Journal of Asian Security and International Affairs*, Vol. 6, No. 2, 2019, p. 137.

19. L.-E. Easley, "How Proactive? How Pacifist? Charting Japan's Evolving Defence Posture", *Australian Journal of International Affairs*, Vol. 71, No. 1, 2017, p. 76.

20. D. Scott, "The Geoeconomics and Geopolitics of Japan's Indo-Pacific Strategy", *Journal of Asian Security and International Affairs*, Vol. 6, No. 2, 2019, p. 137.

21. MOFA, "Jiyu de hirakareta indotaiheiyo ni mukete [Towards the Free and Open Indo-Pacific]", available at: www.mofa.go.jp.

Japan'.²² In January 2018, Foreign Minister Taro Kono made a formal visit to Sri Lanka—the first such visit by a Japanese foreign minister in 16 years. During this visit, Kono stated that 'the sea-lanes are important from commercial and security perspectives. Japan does not want Sri Lankan ports to be used exclusively by China'.²³

An additional concern about China's intensive partnerships with littoral states in the IOR relates to likely unfavorable influences on Japan's strategy to maintain a rules-based maritime order. Japan has played a key role in diffusing the rule of law at sea and maintaining freedom of navigation. For instance, Prime Minister Abe presented the Three Principles of the Rule of Law at Sea at the 13th Shangri-La Dialogue in May 2014, and the Japanese government has disseminated the principles to the international community through multilateral forums such as the Japan-Caribbean Community (CARICOM) summit and the Pacific Islands Leaders Meeting (PALM).²⁴ The third Basic Plan on Ocean Policy affirms the importance of maintaining the international rules-based maritime order, using the term 'rule of law' 19 times. China challenged the rule-based maritime order by ignoring the decision by the Permanent Court of Arbitration in The Hague that overwhelmingly favored the Philippine assertion rejecting most of China's claims, in July 2016. The stronger partnership with China through maritime infrastructure investment is likely to encourage littoral states in the IOR to maintain stable political relationships with China, and thereby make them less concerned with the issue of maintaining the rules-based maritime order.

22. S. Kusaka, "The Strengthening of Japan–Australia Relations at a Time of Uncertainty", March 27, 2017, available at: www.au.emb-japan.go.jp.

23. "Indoyo shokoku ni renkei unagasu [Encourage cooperation with Indian Ocean countries]", *Yomiuri Shimbun*, 7 January 2018.

24. The three principles are: states shall make and clarify their claims based on international law; states shall not use force or coercion in trying to drive their claims; and states shall seek to settle disputes by peaceful means.

Japan's infrastructure investment in the IOR

In the 2010s, the countries in the IOR raised their presence as key destinations of Japan's infrastructure investment and connectivity development. While India, the dominant country in South Asia, remained the major target of such infrastructure support, other countries in the IOR have also emerged as crucial recipients, particularly in the development of port facilities and surrounding economic zones. Japan's increasing engagement in connectivity development in the IOR is seen in broad areas, from Sri Lanka, the country centrally located in the Indian Ocean, to other countries in the region such as Kenya and Bangladesh.

Sri Lanka

Sri Lanka is geographically located at the center of the Indian Ocean route and is a key point of east-west logistics connecting Asia with the Middle East and Africa. Moreover, the country holds one of the largest ports in the Indian Ocean, Colombo Port, which forms a major source of the country's economy by creating great logistics-related business opportunities.

Japan has intensified its support for the development of two ports in Sri Lanka. The first is Trincomalee Port. During Sri Lankan Prime Minister Ranil Wickremesinghe's visit to Tokyo in April 2017, the Japanese government agreed to offer grant aid of one billion yen in order to provide equipment relating to port facilities manufactured in Japan to the Sri Lanka Ports Authority (SLPA). This aid aimed at realizing the safer and more efficient management of the port, which is located in the Eastern Province, and thereby contribute to the restoration of conflict-affected areas.²⁵ The second is Colombo Port. In May 2019, Japan, India and Sri Lanka agreed a memorandum of cooperation to develop the East Container Terminal of Colombo Port. The agreement includes joint development of three container berths, with a total quay length of 1,200 meters, a draft of 18 meters, and a capacity of 2.4 million teu (twenty-foot equivalent units) annually.²⁶ Japan agreed to offer a

25. MOFA, "Signing and Exchange of Notes Concerning Yen Loans and Grant Aid to Sri Lanka", April 12, 2017, available at: www.mofa.go.jp.

26. "East Container Terminal in the Offing", *Maritime Gateway*, August 5, 2019, available at: www.maritimegateway.com.

40-year concessionary loan with an annual interest rate of 0.1%, with the SLPA holding full ownership of the terminal and a 51% stake of the joint venture operating it. Work on this trilateral project was projected to begin by March 2020, aiming to increase the port's container volume and enhance marine transportation in and around South Asia.²⁷

Japan's infrastructure support for Sri Lanka was offered amid growing diplomatic and military connections with the country. In January 2018, in Colombo, Foreign Minister Kono stressed cooperation on infrastructure development designed to strengthen connectivity of ports.²⁸ In August 2018, Itsunori Onodera visited Sri Lanka in the first-ever visit by a Japanese defense minister. He made a stop in the port of Hambantota in addition to the ports of Colombo and Trincomalee. After Onodera's visit, Japan provided the Sri Lanka Coast Guard with two patrol vessels worth 1.8 billion yen (US\$16.5 million) and sent a team to train authorities there in the use of the vessels. The diplomatic commitments were sustained by military connections. In October 2018, the Japanese Maritime Self-Defense Forces (JMSDF) sent JS Kaga, a helicopter carrier and Japan's largest warship, and the destroyer JS Inazuma to Sri Lanka. This visit was intended to reassure Sri Lanka of Japan's willingness and capability to dispatch its most powerful military assets to the Indian Ocean.²⁹ Japan's assistance in developing maritime infrastructure was embedded in a gradual shift from high dependence on partnership with the US to independent operation in the Indian Ocean.

Japan has made strategic commitments to Sri Lanka, taking into account the country's geographical location and the fact that Japanese oil imports from the Middle East pass through the main route of the Indian Ocean just 10 nautical miles south of the country. Given Sri Lanka's geopolitical importance in terms of sea-line security, China's growing presence in the country was a great concern for Japan. When Sri Lankan Prime Minister Ranil Wickremesinghe visited Tokyo in April 2017, he and Prime Minister Abe reaffirmed the importance of open, transparent and commercial use of port facilities under full Sri Lankan government control in developing ports for the stable development of Sri Lanka.³⁰ This reference was added out of concern over the possibility of China's

27. M. Chansoria, "Development of Sri Lanka's East Container Terminal Port: Japan & India's Regional Cooperation in South Asia Shaping up", *Policy Brief*, The Japan Institute of International Affairs, 28 June 2019.

28. Ministry of Foreign Affairs, "Japan-Sri Lanka Foreign Ministers' Meeting, January 5, 2018", available at: www.mofa.go.jp.

29. T. Kelly, "As Chinese Influence Grows, Japanese Warship Visits Sri Lanka", *Reuters*, October 1, 2018, available at: www.reuters.com.

30. MOFA, "Japan-Sri Lanka Summit Meeting", April 12, 2017, available at: www.mofa.go.jp.

use of Hambantota Port for military purposes. Japan's engagement in the East Container Terminal in Sri Lanka derived from a policy purpose to reduce China's presence in port development in the country. China has already established a solid base in the ports of Colombo and Hambantota. The Sri Lankan government under President Sirisena hoped to diversify external support for port development; Japan's involvement in the development of the East Container Terminal in the port arose from such strategic considerations.

India

In the new millennium, India has emerged as a major destination of Japan's infrastructure investment, which covers the development of industrial corridors and transport development in the north-eastern region.

In terms of maritime infrastructure in India, Japan's engagement in developing infrastructure facilities on the Andaman and Nicobar Islands has particular importance. The islands are located on crucial sea-lines, serving as India's strategic asset to assert its dominance over the major East-West maritime trade route that passes through the Straits of Malacca.³¹ The Indian government has engaged in modernizing infrastructure in the islands to deploy large warships, patrol planes and transport planes, and Japan has joined parts of this modernization. NEC Corporation, a leading Japanese information technology multinational, engaged in the building of an optical submarine cable connection between mainland India and the islands: a 2,300km cable system that can carry 100Gbps optical waves. The project to lay the cable system between Chennai and Port Blair commenced in December 2019 and ended in March 2020. Moreover, Japan decided to extend a grant-aid project to improve power supply in the Andaman and Nicobar Islands in March 2021.³² This grant aid of 4.016 billion yen was crucial as the first-ever foreign assistance project in the strategic islands, illustrating the two countries' deeper partnership in enhancing maritime security in the IOR. From the standpoint of maritime security, Japan has sought to mitigate China's sphere of maritime influence in the IOR. Given the Andaman and Nicobar Islands' ideal location for tracking China's submarine activities,

31. A. Agnihotri, "India Connects Andaman, Nicobar with OFC to Develop Global Trade Hub", *Defence Capital*, August 10, 2020, available at: www.defence.capital.com.

32. Ministry of Foreign Affairs, "Indo ni taisuru enshakkan oyobi musho shikin kyoryoku ni kansuru shokan no kokan [Exchange of letters on yen loans and grant aid to India], March 26, 2021", available at: www.mofa.go.jp.

Japan has supported India's efforts to develop infrastructure facilities on the islands.

An additional factor in infrastructure investment regarding India is a partnership for third countries in Asia and Africa. The partnership was embedded in the Asia Africa Growth Corridor (AAGC), which developed from the leaders' agreement at the November 2016 summit to promote collaboration in Africa, and in particular the development of industrial corridors and networks. Concrete projects under the AAGC scheme have not developed but practical business-oriented collaboration has begun to emerge. In December 2019, the Japan External Trade Organization (JETRO) and the Confederation of Indian Industry (CII) established the Platform for Japan-India Business Cooperation in the Asia-Africa Region. The platform aimed at promoting business development in key sectors, including greater value-chain integration between Indian and Japanese companies in Asia and Africa.³³ A particularly important field is digital development, as the two countries have complementary assets: Japan's hard strength and India's soft strength. As a concrete move, the JETRO has promoted, in partnership with Indian Think-tank iSPIRT, diffusion of the India Stack, a set of application programming interfaces, to third-party countries in Africa and Asia.³⁴ Given that Keidanren refers to the India Stack in its latest 2021 position paper for the strategic promotion of infrastructure export,³⁵ digital cooperation with India might be a catalyst for changing Japanese companies' cautious posture on investing in the distant African continent.

Kenya

Japan's pivotal infrastructure investment in Eastern Africa is the development of Mombasa Port in Kenya. The port is East Africa's major facility, serving Kenya and neighboring countries—mainly landlocked Uganda, South Sudan, DR Congo, Rwanda, and Burundi.³⁶ Japan has engaged in the development of Mombasa Port and surrounding areas through six ODA projects since 2007. The project was first directed at the construction of a new container terminal and the procurement of ship-to-shore gantry cranes, rubber-tired gantry cranes, and other cargo-handling equipment for

33. JETRO and CII, "Analysis Paper on: Platform for Japan-India Business Cooperation in Asia-Africa Region, December 2019", available at: www.jetro.go.jp.

34. METI, "Promotion of Japan-India Business Cooperation in the Field of Digital Infrastructure Welcomed, December 12, 2019", available at: www.meti.go.jp.

35. Keidanren, "Senryaku-teki na infura shisutemu no kaigai tenkai ni mukete [Toward overseas expansion of strategic infrastructure systems], March 16, 2021", available at: www.keidanren.or.jp.

36. U. Gidado, "Consequences of Port Congestion on Logistics and Supply Chain in African Ports", *Developing Country Studies*, Vol. 5, No. 6, 2015, pp. 160-167.

the new terminal. The project then extended to the construction of the road that would connect Mombasa Port to the Northern Economic Corridor that passes through Kenya's capital Nairobi, Uganda's capital Kampala, and then Burundi, as well as the Mombasa Southern Bypass to the southern part of the city. The project also covered development of the Mombasa Special Economic Zone to enhance transportation capacity and to stabilize the power supply by constructing a berth, main road, and electric facilities.

Kenya has been ranked as the top “future investment destination” country since 2015 in the Survey on Business Conditions of Japanese Affiliated Companies in Africa.³⁷ This is largely because the country has advanced infrastructure facilities and human resources with English-language capabilities, which underpin smooth business operations. China's presence in Africa was an additional factor. A Japanese government official stated that one of the factors behind Japan's agreement with Kenya for assistance in developing Mombasa Port is to prevent China from gaining influence over the port.³⁸ Japan's support for infrastructure development in Africa derived from geopolitical rivalry with China, which intensified with Abe's desire to engage in diplomatic activism.³⁹ In October 2019, the Japanese government offered 17 patrol vessels to Kenya, and conducted, in partnership with the United Kingdom, capacity-building training for the Kenya Coast Guard Service Officers in January 2020.⁴⁰

Support for Mombasa Port is also part of competition against China in the multilateral context. For a long time, China has offered bilateral assistance to the African region in order to strengthen political relations and secure natural resources. China's support for Africa gained multilateral elements as it established the Forum on China–Africa Cooperation (FOCAC) in 2000. FOCAC became a venue where China launched development support for African countries: China offered US\$20 billion in credit at the fifth forum in July 2012, and development assistance worth US\$60 billion at the sixth forum in December 2015.⁴¹ Japan has engaged in multilateral cooperation with African countries through the Tokyo International

37. JETRO, “2020 Survey on Business Conditions of Japanese Affiliated Companies in Africa, December 21, 2020”.

38. “Nitchu shuno orai, mezasu Afurika shien [Japan–China leaders aiming to support Africa]”, *Yomiuri Shimbun*, December 31, 2017.

39. C. Pajon, “Japan's Economic Diplomacy in Africa: Between Strategic Priorities and Local Realities”, *Notes de l'Ifri*, Ifri, December 2020.

40. Embassy of Japan in Kenya, “Japan and the UK Collaborated to Provide Capacity Building Training for the Kenya Coast Guard Service, January 31, 2020”, available at: www.ke.emb-japan.go.jp.

41. M. Hirono, “Asymmetrical Rivalry between China and Japan in Africa: To What Extent Has Sino-Japan Rivalry Become a Global Phenomenon?”, *The Pacific Review*, Vol. 32, No.5, 2019, pp. 845-846.

Conference on African Development (TICAD), whose first meeting took place in 1993. TICAD and FOCAC became rival institutions for development support for Africa. The Japanese government promised to formulate several broad development plans in Africa at TICAD V in March 2013, and the Master Plan on Logistics in the Northern Economic Corridor was a part of this promise.⁴² The government promised to implement quality infrastructure investment worth one trillion yen (US\$10 billion) at TICAD VI in Kenya in August 2016. Part of this initiative was the Mombasa Port Area Road Development Project (II), with 12.47 billion yen approved in July 2017.

Bangladesh

Bangladesh is a key country that received Japan's infrastructure support in the IOR. In June 2018, the Japanese and Bangladeshi governments signed the Exchange of Notes on the 39th ODA loan package for six projects, the largest ever loan package since its inception in 1974.⁴³ One of them was the Matarbari Port Development Project (E/S), with 2.66 billion yen (US\$25.4 million). The support for the port of Matarbari became more substantive with Japan's offer of ODA support during Bangladeshi Prime Minister Sheikh Hasina's visit to Tokyo in May 2019. The two governments agreed on additional four yen-loan projects up to 132.67 billion yen, one of which is the Matarbari Port Development Project (I), with 38.87 billion yen. The project involves constructing a multipurpose deep-sea port in the Matarbari area in the Chittagong Division and thereby contributing to the acceleration of logistics with neighboring countries. Matarbari Port is expected to enhance Bangladesh's regional position to serve as a shipping hub for its surrounding areas such as Nepal, Bhutan and India's north-eastern region.

The development of Matarbari Port is commercial-oriented. The construction of a deep-sea port was considered from the mid-2000s in order to ease congestion at Chittagong Port, which dealt with 98% of container cargo in Bangladesh. The port was unable to accept large vessels due to shallow-water depth of 7.5–9.5 meters, forcing these vessels to transfer their cargo to smaller vessels at hubs in Singapore and Sri Lanka. At the same time, Japan's commitments to Matarbari Port influenced China's infrastructure strategy in Bangladesh. In accepting Japan's support for the port project, the

42. JICA, "Afurika no jizoku-teki seicho wo sasaeru masuta puran: Higashi-afurika no 'hokubu kairo' kaiatsu [Master Plan to Support Sustainable Growth in Africa: The Development of the 'Northern Corridor' in East Africa]", January 17, 2017, available at: www.jica.go.jp.

43. Embassy of Japan in Bangladesh, "Press Release: Japan's 39th ODA Loan Signed Today – The Largest Ever Package to Help Bangladesh Become a Middle-income Country", June 14, 2018, available at: www.bd.emb-japan.go.jp.

Bangladeshi government officially terminated a plan to develop a deep-sea port on Sonadia Island, some 25 kilometers from the Matarbari site. The idea of a deep-sea port at Sonadia was first conceived in 2006, when China proposed constructing the port and offered loans to finance the construction. However, the Bangladeshi and Chinese governments never formalized the agreement, and dropped the plan following a study that found that the port would harm biodiversity.⁴⁴

44. D. R. Chaudhury, "Bangladesh Drops Plan to Develop a Deep-Sea Port at Sonadia Island", *The Economic Times*, October 15, 2020, available at: www.economictimes.indiatimes.com.

Challenges for Japan's infrastructure investment in the IOR

Japan's engagement in infrastructure investment in the IOR has been spurred by China's growing infrastructure presence associated with naval interests. Japan should manage three challenges in pursuing its strategic objectives. The challenges are related to enhancing the attractiveness and value of its own infrastructure investment and to skillful management of strategic connections with India and of subtle bilateral relations with China.

Strengthening soft infrastructure as Japan's key advantage

The first challenge is the formulation of effective policies and initiatives to compete with China's presence in infrastructure investment in the IOR. While China's BRI has faced growing criticisms of debt-trap problems, its presence in infrastructure investment in the IOR remains prominent. In April 2021, the Chinese government hosted a video conference of the foreign ministers of China, Afghanistan, Bangladesh, Nepal, Pakistan, and Sri Lanka. Beijing intended to institutionalize this framework by holding consultations at ministerial, vice-ministerial and director-general levels, seeking to expand policy areas for cooperation.⁴⁵ Furthermore, China has continuously maintained a significant presence in infrastructure investment in Africa, announcing development assistance of US\$60 billion at the 7th FOCAC in September 2018. As Pajon correctly points out, there is a significant disparity between the political rhetoric and local realities regarding Japan's infrastructure engagement in Africa.⁴⁶

China's attractive support for infrastructure development encouraged political leaders in individual countries to maintain close political connections with Beijing, which led to the unstable handling of infrastructure projects involving Japan. This is the case in Sri Lanka. The policy of strengthening infrastructure partnerships with Japan and India was pursued through diversifying diplomacy by

45. The Ministry of Foreign Affairs of China, "Joint Statement of the Foreign Ministers of the People's Republic of China, the Islamic Republic of Afghanistan, the People's Republic of Bangladesh, Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka on Joint Response to COVID-19, April 28, 2021", available at: www.fmprc.gov.cn.

46. C. Pajon, *op. cit.*

President Maithripala Sirisena, who gained power in January 2015. Gotabaya Rajapaksa, who won the presidential election in November 2019, appointed Mahinda Rajapaksa, his brother and former president, as prime minister. In February 2021, the new administration announced a policy change from collaboration with Japan and India in the development of the Eastern Container Terminal of the Colombo Port to its sole development. This policy change is deemed to have been taken under pressure from China.⁴⁷ The pro-China Rajapaksa administration had suspended a Japan-funded light-rail project for the capital Colombo in September 2020. Instead, Sri Lanka asked Japan and India to develop the West Container Terminal. The development of the terminal will be undertaken by a consortium comprising India's Adani Group, Sri Lankan conglomerate John Keells Holdings, and the Sri Lanka Ports Authority.⁴⁸ The Colombo terminal development changed from a trilateral project involving Japan to a bilateral one between Sri Lanka and India.

To counter China's solid diplomatic presence in infrastructure investment, Japan needs to strengthen 'soft infrastructure', which consists of institutions and procedures that prop up physical infrastructure, such as human capital development and intangible management knowhow as well as normative standards and principles in infrastructure investment. A key asset of Japanese investment is the combination of soft resources and hard facilities. Japan has highlighted soft power in infrastructure investment by paying attention not only to the construction of hard facilities such as ports and roads but also soft facilities such as one-stop customs clearance and human resource development.⁴⁹ For instance, the Japanese government assisted the introduction of the port electronic data interchange (EDI) system in Myanmar and Cambodia, which changed port-related procedures into computer-based systems, and reduced procedural time, human error risk, and the likelihood of data loss. Japan can enhance the attractiveness of its infrastructure investment in the IOR by extending such soft resource support to the region. Moreover, the Japanese government can take advantage of strength in business management and operations. For example, Japanese firms are adept in efficient management of narrow port terminals,

47. "A Sea Change: Chinese Hand Behind Sri Lanka Breaking Off ECT Pact at Colombo Port with India and Japan?", *News 18*, February 4, 2021, available at: www.news18.com.

48. P. Chandra, "India-Sri Lanka Ties Are Fraying and Colombo's WCT Offer Doesn't Help", *The Quint*, August 13, 2021, available at: www.thequint.com.

49. F. Libing, "India-Japan Infrastructure Cooperation: Progress and Challenges", *China International Studies*, Vol. 78, 2019, HeinOnline, p. 140.

which reduces the number of cranes and the spread of container yards, and reduces the initial capital required.⁵⁰

Japan has striven to develop and diffuse quality principles for infrastructure investment, which include openness, transparency, economic efficiency and financial sustainability.⁵¹ The Japanese government disseminated these principles as international standards by embedding them in the Asia-Pacific Economic Cooperation (APEC) Guidebook on Quality of Infrastructure Development and Investment in November 2018.⁵² The government successfully developed the quality principles into normative standards with a governance nature by producing the G20 Principles for Quality Infrastructure Investment at its hosted G20 Osaka summit in June 2019.⁵³ The diffusion of quality principles enhances the values of Japanese infrastructure investment, which has paid due attention to quality. Moreover, the Chinese government began to take note of quality principles in its infrastructure investment; this was typically shown in Chinese President Xi Jinping's keynote speech at the opening ceremony of the second Belt and Road Forum for International Cooperation in April 2019. Xi highlighted building infrastructure of high quality, sustainability, risk resilience, reasonable pricing, inclusiveness and accessibility under the BRI.⁵⁴

Japan's quality infrastructure has paid due attention to environmental sustainability, resilience against natural disasters, and long-term welfare/economy improvement through human capital development. This quality assurance can be linked to successful economic development and the delivery of quality industrial solutions, including economic efficiency in export-oriented manufacturing, experiences with technology transfer, and support for human capital development.⁵⁵ The integration in physical facilities of soft experience and resources appeals strongly to developing countries as it serves their sustainable, self-help development.

50. Ministry of Land, Infrastructure, Transport and Tourism, "Seifu no torikumi hoshin [Government policy]", December 10, 2020.

51. H. Yoshimatsu, "Japan's Strategic Response to China's Geo-economic Presence: Quality Infrastructure as a Diplomatic Tool", *The Pacific Review*, 2021, DOI: 10.1080/09512748.2021.1947356.

52. "APEC Guidebook on Quality of Infrastructure Development and Investment (Revision)", 2018, available at: mddb.apec.org.

53. "G20 Principles for Quality Infrastructure Investment", 2019, available at: www.mofa.go.jp.

54. "Xi Stresses High-Quality, Sustainable Infrastructure under BRI", *Xinhua*, April 26, 2019, available at: www.xinhuanet.com.

55. W. Pascha, "The Quest for Infrastructure Development from a 'Market Creation' Perspective: China's 'Belt and Road', Japan's 'Quality Infrastructure' and the EU's 'Connecting Europe and Asia'", *International Economics and Economic Policy*, No. 17, 2020, p. 697.

Deepening a strategic partnership with India

The second challenge is the deepening of a strategic partnership with India. Japan's interest in forging a closer partnership with India has grown with China's increasing shadow in the IOR. As already mentioned, the securitization of the SLOCs in the IOR is a vital policy issue. However, Japan is unable to allocate large naval resources to the IOR because they need to be used for the East and South China Seas. Accordingly, Japan relies on India for maintaining a maritime presence in the IOR to counter China's naval operations. Japan's support for infrastructure development in the Andaman and Nicobar Islands has strategic implications as Japan, India and the US cooperated to install sound surveillance sensors (SOSUS) in the vicinity of the islands. This contributes to monitoring the PLAN's submarine activities in the South China Sea and the Indian Ocean Rim.⁵⁶ As for commercial links, Japan would like to employ India's historical business links and practical presence in developing connections to countries in the IOR and thereby check China's infrastructural push. The practical business-oriented collaboration between Japan and India and the trilateral program of the Supply Chain Resilience Initiative (SCRI) among Japan, India and Australia arose from such considerations.⁵⁷

A substantial challenge in deepening a partnership with India is how to embed New Delhi into a solid strategic coalition to pursue shared interests in maritime security and infrastructure investment. An effective way to consolidate the Indo-Japanese partnership is to embed New Delhi in the US-centered security alliance. This is a major reason why Japan took the lead in developing the quadrilateral security dialogue among the US, Japan, India, and Australia under the banner of the FOIP. Since late 2019, the US, Japan and Australia have promoted a critical joint program for infrastructure development called the Blue Dot Network (BDN), which is designed to certify infrastructure projects that demonstrate and uphold global infrastructure principles, and thereby promote the high-quality, trusted standards of global infrastructure development. The Organization for Economic Co-operation and Development (OECD) and the three governments commenced consultations on the development of the BDN certification process in June 2021, and the

56. P. K. Balachandran, "Strategic Calculations behind PM's Plan to Develop India's Islands", August 21, 2020, available at: www.thecitizen.in.

57. In April 2021, trade ministers of Japan, India, and Australia agreed to promote the SCRI through sharing best practices and holding investment promotion events and buyer-seller matching events (METI, "Minister Kajiyama Attends the Australia-India-Japan Economic Ministers' Meeting, April 27, 2021", available at: www.meti.go.jp).

BDN was envisioned as a part of the Build Back Better World (B3W) Partnership, the G7's initiative to sustain infrastructure development in the developing world.⁵⁸ Although infrastructure investment, in parallel with maritime security, is positioned as a key agenda for the quadrilateral security dialogue, India has been cautious about joining the BDN.⁵⁹ This is largely because New Delhi has been hesitant to join the US-led tight alliance to counter China. India has maintained a diplomatic policy of 'strategic autonomy' and thereby favored the multipolar international system rather than a US-centered unipolar system. From such a strategic standpoint, India has participated in China-initiated multilateral institutions such as the Asian Infrastructure Investment Bank (AIIB) and the Shanghai Cooperation Organization (SCO) and has engaged in the China–India–Russia trilateral framework that holds foreign ministers' and summitry meetings.

Despite India's long-term commitment to strategic autonomy and distancing itself from the US-centered tight alliance, China's aggressive diplomatic and military offensives are likely to function as a catalyst in changing India's diplomatic postures. The Indian and Chinese forces entered into military clashes in the Galwan Valley in the disputed Ladakh region in June 2020, which led to the deaths of at least 20 Indian soldiers. Five months after this border skirmish, the 24th Malabar Naval Exercise was organized among the US, India, Japan and Australia under New Delhi's endorsement of Canberra's participation. As mentioned before, China organized the first ministerial meeting with five South Asian countries in April 2021, aiming to develop it into a multilayered institutional partnership. This new move is regarded as a challenge to India's dominant presence and 'sphere of influence' in South Asia.

Japan needs to understand India's subtle diplomatic position and assist its gradual integration into the US-led alliance. Both Japan and India have developed close trade and investment links with their neighbor China despite continuous territorial disputes. Accordingly, their diplomatic policies towards China have been formulated prudently; they are aimed at countering China's growing regional presence through balancing-oriented maneuverings on the one hand, while, on the other, including China in cooperative institutions that guarantee continuous communications to assist the development of trust-building. Through their 2015 joint statement, Japan and India made clear that connectivity infrastructures must be developed in an

58. OECD, "OECD and the Blue Dot Network", available at: www.oecd.org ; and "Keep an Eye on the 'B3W' G7 Plan Extending the 'Blue Dot' Initiative", Newdirectry3, June 14, 2021, available at: www.newsdirectory3.com.

59. J. P. Panda, "India, the Blue Dot Network, and the 'Quad Plus' Calculus", *Journal of Indo-Pacific Affairs*, Vol. 3, 2020, pp. 4-22.

open, transparent, and non-exclusive manner. They also confirmed that the FOIP is not an exclusive club of limited members and that they are open to China joining it.⁶⁰ Japan's subtle policy of combining balancing and inclusive strategies is a shrewd way of integrating New Delhi in the US-led 'coalition of democracies' in a gradual manner.

Pursuing the possibility of collaboration with China

The third challenge relates to the pursuit of possible collaboration with China in infrastructure investment in the IOR. Japan and China have made similar engagements in infrastructure investment in a particular country, and some of them have mutually complementary effects. This is the case with port development in Myanmar. While China has committed to the development of Kyaukphyu Port, the starting point of the China-Myanmar Economic Corridor to Mandalay, Japan has engaged in the development of Thilawa Port, a port linked to the Yangon-Mandalay transport line.⁶¹ The development of the two different economic corridors contributed to the overall development of Myanmar.⁶² The synergetic effects of Japanese and Chinese infrastructure investment are also expected in Kenya. As already explained, Japan has offered a series of yen loans for the development of Mombasa Port, which enabled Kenya to make the port a key linchpin in advancing economic and social development. In May 2017, China completed the construction of the 472-km Madaraka express railway that links the port of Mombasa to the capital, Nairobi. No bilateral talks were held to realize the synergetic effects of the port and railway projects.⁶³ However, a country analytical paper for Kenya by the JICA explicitly admits that promoting development of the northern East African corridor inevitably means considering connections with the Mombasa-Nairobi railway.⁶⁴

Japan and China have different comparative advantages in infrastructure investment. Japanese infrastructure is efficient through low life-cycle costs and due attention to social and environmental impacts as well as safety and resilience against natural disasters. Chinese infrastructure is sustained by the massive amount of public

60. S. Nanwani, "Belt and Road Initiative: Responses from Japan and India—Bilateralism, Multilateralism and Collaborations", *Global Policy*, Vol. 10, No. 2, 2019, p. 288.

61. Japan has also engaged in the development of a port in Dawei in southern Myanmar under the partnership with Thailand.

62. Y. Nitta, "China and Japan Set to Reshape Shipping in Myanmar", *Nikkei Asia*, November 9, 2018, available at: www.asia.nikkei.com.

63. "Nitchu, enjo 'kyoso' yori 'kyocho' wo [Japan and China, 'competition and cooperation' rather than 'competition' in foreign aid]", *Nihon Keizai Shimbun*, December 21, 2017.

64. JICA, "Country Analytical Paper: The Republic of Kenya", 2018, p. 12.

finance and the flexible use of financial resources, which enable speedy construction of facilities. The effective use of aid funds offered by Japan and China under policy coordination for constructing infrastructural facilities surely benefits recipient countries and the comprehensive development of broad areas. Furthermore, different strengths in Japanese and Chinese infrastructure are likely to produce complementary and synergetic effects. Indonesian Finance Minister Sri Mulyani Indrawati underlined this point, asserting that ‘this [Japan-China competition in infrastructure] is a good competition’ as pressure from China creates competition that reduces the cost for Japan while the high standards set by Japan regarding impacts on the environment and society will spur China to aim similarly high.⁶⁵ Yamamoto also argues that ‘the combination of China’s capacity and expertise in construction and Japan’s know-how in evaluating project proposals and logistic arrangements could increase the efficiency of infrastructure projects, generating benefits for all involved’.⁶⁶

While Japan and China formally agreed to promote infrastructure collaboration in third-country markets in autumn 2018, the real process of collaboration has been complex – as in the development of the Eastern Economic Corridor (EEC) in Thailand. The EEC was expected to be a major area for Sino-Japanese collaboration, and a flagship project of the EEC was the construction of a high-speed rail link by the conglomerate Charoen Pokphand Group assisted by China Railway Construction. Japanese companies, which were expected to participate in the project, retreated from the bid due to concerns about profitability.⁶⁷ On the other hand, a Chinese construction company joined the smart-city development project in the EEC undertaken by Yokohama Urban Solution Alliance (YUSA) and a Thai developer, AMATA Corporation Public Company.⁶⁸

A significant hurdle for pursuing collaboration with China lies in domestic politics. The Ministry of Economy, Trade, and Industry, with the backing of business groups and pro-China politicians such as the Liberal Democratic Party Secretary-General Toshihiro Nikai, has been eager to promote collaboration with China. In contrast, the Ministries of Foreign Affairs and Defense, which pay due attention to

65. S. Tani, “The Japan-China Infrastructure Battle Is a Welcome Rivalry”, *Nikkei Asia*, May 11, 2017, available at: www.asia.nikkei.com.

66. R. Yamamoto, “China’s Development Assistance in Southeast Asia: A Threat to Japanese Interests?”, *Asian Survey*, Vol. 60, No. 2, 2020, p. 338.

67. E. Carminati, “China and Japan’s Connectivity Strategies in Southeast Asia: Thailand’s Case”, *E-International Relations*, March 25, 2020, p. 3, available at: www.e-ir.info; K. Sako, *Nihon kigyō wa Chugoku to no daisangoku shijō renkei o dono yo ni susumete ikubekinanō-ka* [How should Japanese companies develop third countries cooperating with China], *Ajia Keiei Kenkyū*, Vol. 25, 2019, p. 205.

68. S. Shigeta, “Thai ‘Smart City’ to Be First of 50 Japan-China Joint Projects”, *Nikkei Asia*, October 25, 2018, available at: www.asia.nikkei.com.

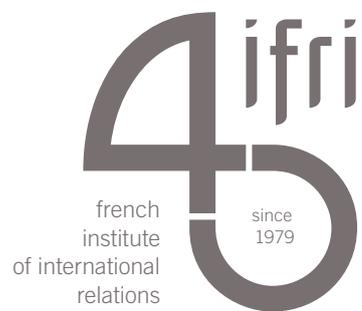
strength in an alliance with the US and continuous tensions with China in the East China Sea, are cautious about pursuing collaboration with China. A big challenge for Japan is how to find and pursue smart diplomatic policies in the growing Sino-US confrontation by forging a common front in domestic politics.

Conclusion

Japan has offered financial support for the construction of ports and terminals and the development of economic zones surrounding ports in the IOR. Its engagement in infrastructure and connectivity development in the region had much to do with China's growing maritime presence there. Chinese state-owned enterprises represented by the CMPH have committed to the development of ports and terminals in the region, and the management of port facilities contributed to the increasing presence of the Chinese navy in the Indian Ocean. Not only does China's growing maritime presence in the IOR imply a growing risk for Japan's SLOCs; it also leads to undermining Japan's efforts to maintain a rules-based maritime order.

In response to China's material presence in infrastructure investment, Japan needs to enhance soft infrastructure through the diffusion of quality infrastructure and the integration of soft resources and physical facilities. In external dimensions, Japan needs to deepen a strategic partnership with India, a country that shares similar concerns about China's maritime advance in the IOR, and to integrate New Delhi into the US-led coalition of democracies. Japan also needs to pursue the possibility of collaboration with China in infrastructure development, which will bring about synergetic effects in the economic growth of recipient countries and the comprehensive development of extensive adjacent areas.

Amid continuous geo-political competition in infrastructure and connectivity development, the US Biden administration has launched infrastructure investment strategies at home and abroad, and Japan is regarded as a crucial partner for fleshing out the strategies, particularly through the Quadrilateral Security Dialogue. Moreover, European nations have raised their interests in infrastructure investment in Asia; the European Union formulated the policy document 'Connecting Europe and Asia' in September 2018. In these evolving landscapes of infrastructure investment, Japan must meet the challenge of co-ordinating the confrontational approach of checking and constraining China's infrastructural push and the inclusive approach of inducing China to abide by international standards, by embedding it in international normative frameworks.



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