

The Way forward for the AOIP

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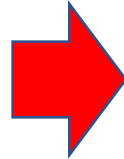
National Graduate Institute for Policy Studies
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Japan-ASEAN Partnership to Promote Inclusive AOIP

Principles and Norms

Common principles and norms of AOIP and FOIP

- ASEAN centrality and unity
- Rule of law, freedom, and openness
- Stability and prosperity
- Inclusiveness



Strategic direction for the realization of AOIP

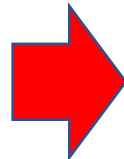
- Cooperation to strengthen the synergy between AOIP and FOIP
- International collaboration through rule formation and compliance
- Solving economic and social problems through technological innovation
- Cooperation with middle power that respects freedom and democracy



Cooperation

Structural changes in terms of politics and economy

- Intensifying geopolitical competition
- Global issues such as climate change
- Economic and social disparities
- Digital transformation



Prioritizing and materializing the Indo-Pacific cooperation

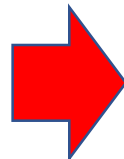
- Maritime cooperation (maritime cooperation)
- Connectivity (strengthening connectivity, supply chain resilience)
- SDGs (pandemic response, climate change and energy)
- Economic cooperation (regional economic integration, digital economy and society, macroeconomics and finance)



Implementation Mechanism

Delay in materializing cooperation to realize the AOIP

- History of AOIP (not legally binding, absence of action plan)
- Delay in materializing cooperation due to pandemic expansion



Establishment of mechanisms to promote cooperation

- Establishment of a multilayered cooperation framework and implementation mechanism (action plan, financial support, etc.)
- Establishment of track two forum involving industry, universities and research institutes

1. Strategic Direction for the Realization of the AOIP (1)

(1) Expanding Indo-Pacific initiatives and sharing its norms

- Prime Minister Abe launched the "Free and Open Indo-Pacific (FOIP)" initiative at the 6th TICAD meeting in Kenya in August 2016
- ASEAN published the "ASEAN Outlook on the Indo-Pacific (AOIP)" in 2019
- the U.S., Australia, India, and some European countries, have come up with their own Indo-Pacific initiatives

1. Strategic Direction for the Realization of the AOIP (2)

(a) Free and Open Indo-Pacific (FOIP) Initiative

- Three pillars for the realization of FOIP
 - Promotion and establishment of the rule of law, freedom of navigation, free trade, etc.,
 - Pursuit of economic prosperity,
 - Commitment for peace and stability
- Bridge building through international rules
 - Strict compliance with the UN Convention on the Law of the Sea
 - Dissemination of principles of high-quality infrastructure investment,
 - Setting of trade rules such as the CPTPP and the RCEP
- Concrete cooperation initiatives
 - Hard and soft infrastructure development for stronger connectivity
 - Capacity building related to maritime security and human security.

(b) ASEAN Outlook on the Indo-Pacific (AOIP)

- ASEAN adopted the AOIP as its own initiative on the Indo-Pacific at the 2019 ASEAN Summit
- Principles
 - ASEAN centrality
 - Openness
 - Transparency
 - Inclusivity
 - Respect for international law, etc.
- Four areas of cooperation
 - Maritime cooperation
 - Connectivity
 - SDGs
 - Economic and other possible areas cooperation

1. Strategic Direction for the Realization of the AOIP (4)

(2) Strategic direction for the realization of AOIP

(a) ASEAN centrality and unity

- ASEAN
 - Maintains neutrality amid the strategic competition between the U.S. and China avoids choosing between FOIP and BRI
 - Emphasizes the unity of ASEAN
 - Play a central role in promoting Indo-Pacific cooperation
- ASEAN dialogue partners and other countries interested in this concept
 - Support ASEAN's initiative to realize AOIP

(b) Rule of law, freedom, and openness

- Ensure the rule of law, freedom, and openness to formulate common international rules and encourage countries to comply with them
- Politics and security
 - Strictly comply with the UN Convention on the Law of the Sea
 - Strengthen enforcement capability for the stability of the maritime order
- Economy
 - Trade (WTO reform, mega FTAs)
 - Technology (investment/technology control)
 - Digital (data free flow with trust)
 - Infrastructure (quality infrastructure principle)

1. Strategic Direction for the Realization of the AOIP (5)

(c) Stability and prosperity

- The spread of the COVID-19 pandemic has brought to light new issues
 - Infectious diseases
 - Threats to human security such as economic disparity and social fragmentation, macroeconomic and financial risks. etc.
 - Traditional SDG issues of aging and population decline, urbanization, and energy and the environment
- Indo-Pacific countries should work together to
 - Take appropriate fiscal and financial policies
 - Introduce solutions utilizing advanced technology such as digital, biotech, and energy

(d) Inclusiveness

- An inclusive initiative that includes all countries in the region and does not exclude any particular country
- The door is open to countries that share the principles and norms of the initiative, such as freedom and democracy
- Some countries that are cautious about the Indo-Pacific initiative can work with the U.S. and middle powers to materialize cooperation

2. Prioritizing and Materializing the Indo-Pacific Cooperation(1)

(1) Structural changes in the Indo-Pacific region in terms of politics and economy

(a) Intensifying geopolitical competition

- Destabilization of the military balance in the Indo-Pacific
- Trade disputes and technological hegemony between the U.S. and China
 - Expansion of protectionism in the region and the disruption of partial supply chains.
- The COVID-19 crisis has also undermined the international response to global risks
 - WTO dysfunctional and the WHO's inadequate response to the pandemic

(b) Global issues such as climate change

- Global-scale issues such as pandemics and climate change caused by the expansion of economic activities
- Need for coordination and cooperation among the international community to address these global issues.

2. Prioritizing and Materializing the Indo-Pacific Cooperation(2)

(c) Economic and social disparities

- The economies of Indo-Pacific countries stagnated due to shock factors in terms of demand, income, and employment,
 - A sharp decline in demand for face-to-face services and durable goods
 - A sharp drop in income and employment
 - Supply shocks such as restrictions on emergency exports of medical supplies and other goods and border blockades
- The socially vulnerable have been greatly affected by the widening disparities in income and distribution

(d) Digital transformation

- So-called corona-tech non-contact technology has become widespread
- Business models have emerged to meet the new needs created by the COVID-19 crisis
 - Applications for tracking and managing infected people
 - Medical care, education, and telework through remote communication
- Emerging economies can break out of the "middle-income trap" and achieve leapfrog economic development
 - Expansion and deepening of the digital economy and society (digital transformation)

2. Prioritizing and Materializing the Indo-Pacific Cooperation(3)

(2) Prioritizing and materializing the Indo-Pacific cooperation

- Prioritize and materialize the Indo-Pacific cooperation in line with the four cooperation areas of AOIP
- Respond to the structural changes in the Indo-Pacific region amplified and accelerated by the COVID-19 crisis
- Prioritize implementation of cooperation in consideration of the urgency and importance of each issue
 - Pandemic response by strengthening medical systems
 - Building resilient supply chains
 - Digital economies and societies
 - Economic recovery through macroeconomic and financial policies

(a) Maritime cooperation

- Strengthen the Japan-U.S. alliance and Japan's own defense capabilities
- Utilize the Japan-U.S.-Australia-India framework and promote multilayered cooperation with ASEAN and other countries.
- Provide assistance to countries in and around the South China Sea
 - Build their capacity in international law, including the UNCLOS
 - Improve their maritime law enforcement capacity, including measures against IUU fishing
- Develop multilateral agreements and communication mechanisms for crisis management at sea and implement joint training

2. Prioritizing and Materializing the Indo-Pacific Cooperation(4)

(b) Connectivity

1) Strengthening connectivity

- Japan is already supporting the enhancement of ASEAN connectivity
 - Developing hard and soft infrastructure, mainly through land, sea, and air corridor connectivity projects
 - Promoting the development of human resources contributing to the enhancement of connectivity
- Strengthen connectivity between ASEAN and India and develop infrastructure in East Africa and Pacific island countries
- Japan, the U.S., and the EU need to work together to create rules for ensuring debt sustainability and promoting high-quality infrastructure investment in APEC and G20

2) Strengthening the resilience of the supply chain

- "ASEAN-Japan Economic Resilience Action Plan" (July 2020) by Japan and ASEAN
 - Reducing non-tariff barriers for pharmaceuticals and food products
 - Promoting trade facilitation and e-commerce
- "Supply Chain Resilience Initiative (SCRI)" (April 2021) by Japan, Australia, and India
 - Sharing of best practices among companies on supply chain resilience
 - Supply chain visualization
 - Business matching
 - Digital cooperation

2. Prioritizing and Materializing the Indo-Pacific Cooperation(5)

(c) SDGs

1) Pandemic preparedness and response

- Japan pledging its full support for the establishment of the ASEAN Centre for Public Health Emergencies and Emerging Diseases (contributing 5.5 billion yen to the JAIF)
- Strengthening the medical system against COVID-19 infections
 - Promoting the supply of vaccines through the COVAX Facility
 - Development of a cold chain for the supply of vaccines in emerging countries
 - Expansion of diagnosis and treatment through contributions to the Global Fund

2) Climate change and energy

- “Asia Energy Transition Initiative (AETI)” (May 2021)
 - Support for a gradual and realistic energy transition for the fast-growing Asian region, utilizing all technologies and energy sources
 - ✓ Support for the development of energy transition roadmaps
 - ✓ Financial support for renewable energy, energy conservation, LNG and other projects
 - ✓ Technology development and support for offshore wind, fuel ammonia, hydrogen, and other technologies
 - ✓ Human resource development for decarbonization technologies

2. Prioritizing and Materializing the Indo-Pacific Cooperation(6)

(d) Other economic cooperation

1) Regional economic integration

- Promote the early entry into force of the RCEP and the return of India
- Promote the early conclusion of a CJK FTA
- Promote the CPTPP membership of the UK and other countries that are ready to meet the high standards of the CPTPP
- Urge the U.S. to return to the CPTPP
 - If not, promote cooperation among the U.S., the EU, and like-minded countries in sectoral agreements such as digital and green

2) Digital economy and society

- "Asia Digital Transformation (Asia DX)"
 - create new businesses through co-creation between Japanese companies and companies in emerging countries
 - lead to contributions to the SDGs in the Indo-Pacific region and economic and social reforms in Japan
- "Data Free Flow with Trust (DFFT)"
 - To ensure the safe and secure distribution of data and the use of digital technologies, the appropriate protection of data and trust in transactions are important in making decisions

2. Prioritizing and Materializing the Indo-Pacific Cooperation(7)

3) Macroeconomics and finance

- Seek to further deepen the Chiang Mai Initiative and the Asian Bond Markets Initiative within the ASEAN+3 framework
- Flexibly provide "COVID-19 Crisis Response Emergency Support Loan" to emerging economies that have been forced to make large-scale fiscal expenditures to cope with the COVID-19 crisis
- Continue to provide financial support flexibly in cooperation with multilateral development banks and relevant countries

(1) Delay in materializing cooperation to realize the AOIP

- AOIP continues to remain a slogan since it was formulated in 2019
 - Not so much progress in the materialization of Indo-Pacific cooperation toward the realization of the AOIP at the ASEAN Summit, the AMM and the SOM/SEOM meetings
- History of the AOIP at the time of its formulation (first reason)
 - AOIP is not a legally binding document or treaty but a guideline for ASEAN's engagement in the Indo-Pacific
 - In addition, its contents explain principles, objectives, and areas of cooperation, but do not refer to specific measures or action plans
- Expansion of the pandemic (second reason)
 - ASEAN has prioritized short-term policies such as infection prevention and economic recovery against outbreak of the COVID-19 pandemic
 - There has been a delay in the implementation of medium- to long-term policies aimed at stabilizing the international order in the Indo-Pacific region

3. Establishment of Mechanisms to Promote Indo-Pacific Cooperation (2)

(2) Establishment of mechanisms to promote Indo-Pacific cooperation

(a) Establishment of a multilayered cooperation framework and implementation mechanism

- A SOM/SEOM-level HLTF under the ASEAN Summit and EAS to accelerate the formulation and implementation of action plans for the realization of AOIP
- Various types of financial support (e.g. ODA, public-private partnerships, and ESG investments)
- AOIP support fund within multilateral development banks such as the WB and the ADB

(b) Establishment of a track two forum involving industry, universities and research institutes

- Hold international forums and establish mechanisms to improve business environment, promote public-private cooperation projects and disseminate the results of these projects
- Universities and research institutes of the EAS participating countries and international organizations collaborating to establish a track two forum
 - Make policy recommendations
 - for the materialization of cooperation in the Indo-Pacific region
 - in the areas of AOIP-related maritime cooperation, SDGs, connectivity, and other economic and social fields.