



Chapter 1 Dynamism Created by combining “Two Continents” and “Two Oceans”

Under the “Free and Open Indo-Pacific Strategy” announced by Prime Minister Abe at the Sixth Tokyo International Conference on African Development (TICAD VI), held in Kenya in 2016, Japan strategically utilizes ODA to contribute actively to the peace, stability and prosperity of the international community.

Section 1 Free and Open Indo-Pacific Strategy

A free and open maritime order based on the rule of law is the foundation for stability and prosperity of the international community. In particular, the Indo-Pacific region, which stretches from the Asia-Pacific through the Indian Ocean to the Middle East and Africa, is the core of the world’s vitality, supporting more than half the world’s population. It holds great potential to become an engine to drive the growth of the global economy.

It is of Japan’s view that the dynamism created by combining “two continents”—Asia, which is recording remarkable growth, and Africa, which is full of potential—and the “two oceans” of the Pacific and Indian Oceans hold the key to the stability and prosperity of the international community. Based on this idea, Japan has been promoting the “Free and Open Indo-Pacific

Strategy,” which aims to maintain and strengthen a free and open maritime order based on the rule of law across the Indo-Pacific region, in order to make the region “international public goods” that equally brings stability and prosperity to all countries in the region.

More specifically, Japan is moving forward on the actualization of this strategy by advancing its efforts on three pillars: (i) the promotion and establishment of the rule of law, freedom of navigation, and free trade; (ii) the pursuit of economic prosperity through enhancing connectivity, including through “quality infrastructure” development in accordance with international standards; and (iii) initiatives for ensuring peace and stability that include assistance for capacity building on maritime law enforcement, anti-piracy and disaster risk reduction.

Free and Open Indo-Pacific Strategy

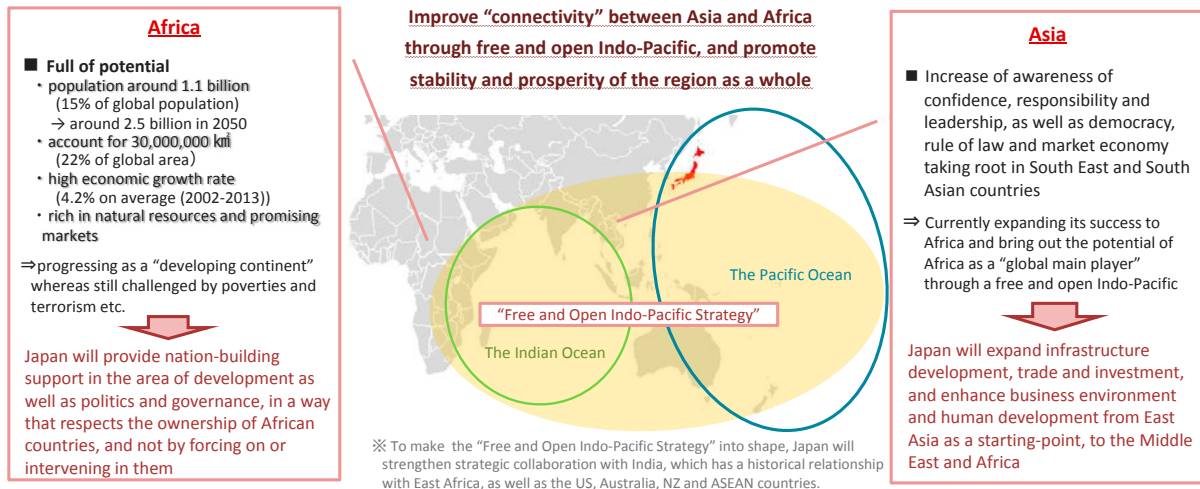
“Diplomacy that takes a panoramic perspective of the world map”

“Proactive Contribution to Peace”
based on the principle of international cooperation

Based on the accomplishments of the Abe Administration, Japan intends to further improve and expand these diplomatic concepts

“Free and Open Indo-Pacific Strategy”

A key for stability and prosperity of the international community is dynamism that is created by combining
“Two Continents”: Asia that is rapidly growing and Africa that possess huge potential of growth; and
“Two Oceans”: Free and open Pacific Ocean and Indian Ocean
 ⇒ broaden the horizon of Japanese foreign policy by envisioning the above as an overarching, comprehensive concept



Section 2 Enhancing Connectivity via the Indo-Pacific Region

Japan has long been active in its efforts to enhance connectivity through the development of quality infrastructure such as ports, airports, railways and roads, particularly in Asia, with the goal of connecting recipient countries with other countries and regions, expanding economic zones by further activating the flow of goods and people, and thus contributing to the economic development of the whole region including Japan. In advancing infrastructure development to enhance such connectivity, it has: (i) not only enhanced “physical connectivity” through infrastructure development, but also enhanced (ii) “institutional connectivity” such as facilitating customs clearance as well as (iii) “people-to-people connectivity” such as human resource development and human resource exchanges. Through such efforts, it has further activated the flow of goods and people, while realizing “quality growth” through the transfer of technology and creation of employment. These are the characteristics of Japan’s quality infrastructure development.

The development of the Southern and East-West Economic Corridors are at the core of Japan’s efforts to enhance connectivity in Southeast Asia. The development of these corridors encompasses not only transport infrastructure such as roads and bridges, but also encompasses technical cooperation for introducing customs systems and strengthening road maintenance capabilities through the utilization of Japanese technology. The development

of the two corridors stimulates overseas exports from this region by connecting the respective areas along the corridor to the South China Sea and Indian Ocean, and at the same time, motivates foreign direct investment from overseas including Japan, thereby contributes to reducing disparities in the Mekong region. In addition, the development of ports is also an important aspect in view of strengthening logistics function for marine transport. In 2017, Japan decided to offer its support for the construction of the new Patimban Port in Indonesia, as well as the development of a new container terminal at Sihanoukville Port, the only deep-sea port in Cambodia.



The Tenth Mekong-Japan Foreign Ministers’ Meeting was held in Manila, Philippines, in August 2017, with Foreign Minister Taro Kono presiding over the meeting.

In India, Japan is promoting wide-area economic development such as the Delhi Mumbai Industrial Corridor (DMIC) and the Chennai Bengaluru Industrial Corridor (CBIC). When Prime Minister Abe visited India in September 2017, Japan provided an ODA loan for the development of the Mumbai-Ahmedabad High Speed Railway, which uses Japan's Shinkansen system, and the improvement of the northeast road network. These projects contribute to improving connectivity in the region. In Sri Lanka, Japan has provided continuous support for the development of the Port of Colombo since the 1980s. When Prime Minister Wickremesinghe visited Japan in April 2017, Japan decided to provide grant aid to procure relevant equipment for the development of Port of Trincomalee, which is better suited as an anchorage. In Bangladesh, based on the Bay of Bengal Industrial Growth Belt (BIG-B) initiative, Japan has advanced cooperation for developing economic infrastructure, improving the investment environment and enhancing connectivity.

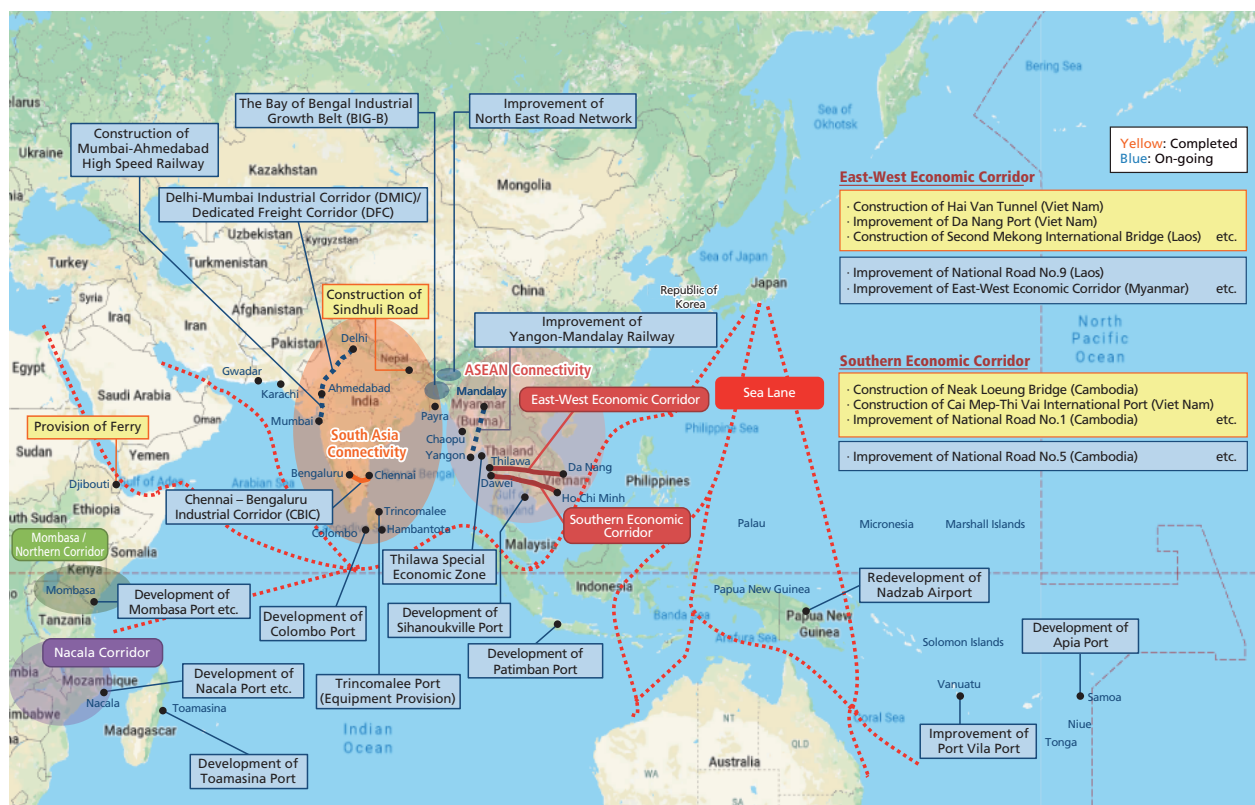
In Africa, Japan is engaged in ongoing initiatives to develop the ports of Nacala in Mozambique and



Prime Minister Shinzo Abe and Prime Minister Modi of India visiting the rolling stock manufacturing plant in Kobe City to see Shinkansen vehicles, in November 2016 (Photo: Cabinet Public Relations Office)

Mombasa in Kenya, which are excellent major ports facing the Indian Ocean, and to develop roads and bridges for the surrounding corridors. The respective ports play an important role in connecting landlocked countries such as Uganda, Rwanda, Malawi, and Zambia to the Indian Ocean. In July 2017, Japan decided to provide an ODA loan for the second phase of the construction of the surrounding roads of the port of Mombasa.

Japan's Connectivity Initiatives



Section 3 Promoting “Quality Infrastructure” Development

When developing infrastructure, the objective should be not to create the infrastructure itself, but rather, through its development, to contribute to improving the lives of people in the region, including the socially vulnerable, and stimulate economic activity in the country and region, and support “quality growth” in each country. With this understanding, Japan is promoting the development of “quality infrastructure” and is working to contribute to its international standardization. The following five elements for “quality infrastructure” were set out at the 2016 G7 Ise-Shima Summit: (i) economic efficiency and safety in view of lifecycle cost; (ii) local employment and transfer of technology; (iii) social and environmental consideration; (iv) alignment with economic and development strategies, including the financial soundness of recipient countries; and (v) ensuring effective resource mobilization, including the private sector. In addition, it is also vital to carry out development and management infrastructure through transparent and fair procurement procedures so that infrastructure is open for everyone to use.

There is great demand for infrastructure development around the world, including in the Indo-Pacific region, and it is important to secure not only quality, but also an adequate amount of funds. To fill this funding gap, Prime Minister Abe announced the “Partnership for Quality Infrastructure” in May 2015, under which Japan would cooperate with the Asian Development Bank (ADB) to provide “quality infrastructure investments” worth approximately \$110 billion to Asia over five years. At the same time, Japan decided to improve the ODA loan system to provide even more attractive financing towards infrastructure demand in Asia. Furthermore, in May 2016, Prime Minister Abe announced the “Expanded



Foreign Minister Taro Kono on an inspection tour of the Thilawa Special Economic Zone in Yangon, Myanmar, in January 2018

Partnership for Quality Infrastructure,” a program that aims to supply approximately \$200 billion in funds from both the public and private sectors, towards fulfilling infrastructure demand not only in Asia but around the world. Alongside further institutional improvements, he also announced initiatives to promote institutional reinforcements of governmental organizations that support the above-mentioned initiatives, such as JICA. As part of its efforts to expand the concept of “quality infrastructure” across the world, Japan co-hosted the First International Economic Forum on Asia with OECD in April 2017, and co-hosted the UN General Assembly High-Level Side Event: “Promoting Quality Infrastructure Investment” with the United Nations and the European Union. Going forward, Japan aims to work together with international organizations such as the OECD and relevant countries to continue promoting quality growth through the development of “quality infrastructure.”



Foreign Minister Taro Kono delivering an address at the “UN General Assembly High-Level Side Event: Promoting Quality Infrastructure Investment” co-hosted by Japan, EU, and UN, at the UN Headquarters in New York in September 2017