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## Indonesia and Japan: **Navigating Geopolitical Shifts in the 21st Century**

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# Indonesia and Japan: Navigating Geopolitical Shifts in the 21st Century

Scholarly discourse examining the Indonesia-Japan relationship has predominantly centered on the robust cultural exchanges and deep economic ties that have characterized the bilateral partnership for decades. While these dimensions are undeniably significant, a holistic understanding of contemporary Indonesia-Japan relations requires scholars to put on the geopolitical lens of analysis that shapes their interactions. Post cold war and into the 2000s saw the geopolitical landscape transform Japan's foreign policy outlook. Initially, Japan strategically prioritized economic development as the cornerstone of its national strength and international influence. However, as regional and global security challenges became increasingly salient, Japan's foreign policy agenda began to evolve, expanding to address a broader spectrum of security concerns. Beyond traditional security concerns, non-traditional securities entered the pages. Entering the 2020s, rising regional tensions amidst the growing global contestation push Japan to strengthen its hard security measures in its foreign policy. These measures can be seen through policies such as the securitization of the Official Development Assistance (ODA), the centralization of the Japan International Cooperation Agency (JICA), the introduction of Official Security Assistance (OSA), the reinterpretation of pacifist constitutions, and playing more active roles in bilateral and regional fora. These approaches exemplify hard security measures by enhancing military readiness and strategic partnerships while simultaneously addressing non-traditional security angles such as economic stability and aid programs (Liff & Hornung, 2023).

Japan's involvement in Asia can be traced back to the 1960s when Japan became one of the pioneer states that initiated foreign aid in developing countries. Under the OECD's Development Assistance Committee (DAC), the ODA initiated Japan to give aid to developing countries, especially Southeast Asian countries

(Makita, 2024; Abe, 2013). ODA later expanded as the issue of human security gained international attention. Since the 1990s, the sudden increase in disasters has been international attention since there was a sudden increase in the number of disasters. ODA then became one of Japan's main instruments to enforce its influence on human security through loans and aid projects to developing countries, primarily to the Caribbean and Pacific countries (Japan International Cooperation Agency, 2017; Abe, 2013). Besides the increased number of disasters, Japan and its allies, mainly the United States, have faced new geopolitics developments since China-US strategic competition in early 2010. Moreover, China's aggressive posture toward its national interest has driven many disputes and conflicts, for example, in Senkaku Island and the South China Sea (Koga, 2021). The new development led Japan, under Prime Minister Shinzo Abe, to take a leading role in global security by accumulating power to balance China's presence in its partner countries, primarily in the Indo-Pacific Area.

In February 2007, the Abe administration pushed forward the establishment of the Quadrilateral Security Dialogue (Quad 1.0) by developing bilateral and trilateral cooperation with the United States, Australia, and India. To counter China's aggressive posture in the economic and military sector, Abe also announced his new vision, "Free and Open Indo-Pacific (FOIP) Strategy", at the opening session of the Sixth Tokyo International Conference on African Development (TICAD VI) on August 27, 2016 (Koga, 2021). These two Abe administration programs established Japan's new role in global security, which Japan had not been directly engaged in for decades. Furthermore, Japan continued its new prominent security role through Official Security Assistance (OSA), which is the new diplomatic tool to strengthen the security and deterrence capabilities of like-minded countries through the provision of financial assistance, military equipment, and supplies to partner countries' armed forces and "relevant organizations". The new instrument has been enforced in Bangladesh, Fiji, Malaysia, and the Philippines, providing approximately 2 billion yen (US\$15 million) to strengthen their military capabilities to counterbalance China's influence in the Indo-Pacific area (Ishimaru, 2024).



## From Development to Securitization

As an international development funding regime, ODA is an instrument that is never absent from the influence of domestic political views in interpreting international issues, especially security issues. ODA, which was initially used as an instrument for Japan to expand its economic influence, has gradually transformed into a security instrument. The use of ODA as an extension of Japan in ensuring its impact on international security can be seen since the 1990s. In its early development, ODA could be seen as a Japanese instrument to maintain stability in East and Southeast Asia, especially ensuring security stability. In 1995, development funding assistance in the ODA scheme was used, directed by the Policy Affairs Research Council (PARC), to stop nuclear development activities in China when China conducted a series of atomic tests (Yamamoto, 2016). Funding assistance to China has been drastically reduced, from 8 billion yen in 1994 to 500 million yen in 1995 (Katada, 2001). PARC is a subcommittee under the LDP party that plays a role in coordinating the direction of ODA development, while the Japanese LDP party dominates it. The use of ODA as a “sanction” and the involvement of Japanese political parties in its practice demonstrate the relationship between international development cooperation instruments and state security interests.

The enforcement of ODA as a quasi-military instrument has accelerated since Junichiro Koizumi’s term as Prime Minister in 2001, which the Liberal Democratic Party (LDP) supported. Koizumi won the prime ministerial election and ousted Rutaro Hashimoto, the LDP party’s leader. During Koizumi’s administration, many changes in Japanese institutions strengthened the ruling party’s role in parliament in forming ODA foreign policy. First, the centralization of the Cabinet Office and the involvement of the Japanese Humanitarian and Reconstruction Assistance Council in Iraq in the Cabinet Office showed a tendency to expand the function of ODA as an instrument of influence on human security issues (Yamamoto, 2016). In the human security sector, Japan also hosted the Second World Conference on Disaster Reduction held in Hyogo in 2005, which produced the Hyogo Framework for Disaster Risk Reduction (DDR), the predecessor of the Sendai Framework (Japan International Cooperation Agency, 2017). Second, the reform of the JICA in 2003 gave JICA autonomy and restructured the election of the president of the

JICA, who was then chosen by the prime minister rather than by the Ministry of Foreign Affairs (MOFA) (Sunaga, 2004). The change in the JICA mechanism marked the centralization of influence in the authority of the Japanese prime minister to shape JICA according to his views.

LDP became increasingly dominant in Japan along with the development of the context of China, which is increasingly showing an aggressive international posture. Several international dispute cases related to Japanese interests, such as the case of the South China Sea, East China Sea, and Senkaku Island, have made Japan's domestic political contestation dominated by security issues. Many other parties besides the LDP, such as the Democratic Party of Japan (DJP), have changed their political direction from wanting to reconcile relations with China to hostility towards China, which is in line with the LDP's views, especially in the *Seiwa Seisaku Kenkyūkai* (*seiwakai*) faction. Japan's relations with China became more severe in 2005 when the Japanese government announced the termination of lending funds to China by 2008 (Pilling & McGregor, 2005). This decision resulted in the influence of the LDP, especially in the *Seiwakai* faction, becoming increasingly dominant in determining the direction of the Japanese government's foreign policy.

The growing hostility against Chinese influence and the prime minister's centralization of Japanese government decision-making efforts have given Shinzo Abe and its successor the freedom to shape ODA as a quasi-military instrument and reorient Japan's foreign policy approach. During the Abe administration, ODA was introduced into Japan's regional security scheme by strengthening maritime border areas in ODA target countries. Indonesia became the first target in this new ODA scheme in 2006 with 1.92 billion yen (Japan Ministry of Foreign Affairs, 2006; Yamamoto, 2016). The instrumentalization of ODA as a security tool continued beyond the Abe administration. In 2011, the Philippines agreed to receive assistance from Japan to strengthen its coast guard and navy through a series of capacity-building programs and the provision of military equipment (Kantei, 2011). Strengthening maritime security institutions in the Indo-Pacific area become more and more prominent in Japan's foreign policy, especially in the ODA scheme. In his second term, Abe eased the arms export ban in 2014, which paved the way for arms and military aid schemes (BBC News, 2014). In addition,

ODA also established the National Security Council (NSC) in 2013, which actively formed the objectives of the National Security Strategy. Although the NSC is not a program under the ODA scheme, it shows Japan's orientation in utilizing all its resources and instruments to strengthen its influence on security issues, especially in the Indo-Pacific region (Yamamoto, 2016).

### **Indonesia-Japan Cooperation: Ongoing Momentums**

Indonesia-Japan cooperation solidified upon their strategic partnership, motivated by shared interests in regional stability, economic advancement, and a common vision for the Indo-Pacific. Against the backdrop of rising regional tensions, both nations recognize the importance of maintaining a free and open Indo-Pacific. Japan recognizes Indonesia's pivotal role, seen as an essential partner in realizing a "Free and Open Indo-Pacific (FOIP)", which finds common ground with ASEAN's Outlook on the Indo-Pacific (AOIP). Recent high-level discussions underlined the commitment to strengthen bilateral ties, particularly in trade, investment, maritime security, and defense (Suhenda, 2025; Japan Ministry of Defense, 2025). This strategic alignment is instrumental for promoting regional inclusivity and sustainable growth, with both states' roles as middle powers (Irsadanar, 2023).

Efforts to strengthen security institutions continue to grow, even producing many international cooperation instruments on security issues. After the Abe administration, under the leadership of Fumio Kishida, in April 2023, Japan introduced the Official Security Assistance, which aims to ensure the peace and stability of the Indo-Pacific region in particular and create a security environment desirable for Japan (Japan Ministry of Foreign Affairs, 2025). Japan's OSA framework and the JICA enable further maritime security cooperation, as Japan has agreed to provide Indonesia with high-speed patrol boats and funded a Mitsubishi-constructed offshore patrol vessel (OPV) for Indonesian Coast Guard (Bakamla) (The Gulf Observer, 2025; Suhenda, 2025). Additionally, both states have initiated a forum for defense practitioners to discuss maritime security, defense equipment, and technology transfer. Talks have also begun on potential joint development of Japan's Mogami-class frigate (Isaac, 2025).

In terms of trade and economic development, the Indonesia-Japan relationship has always been substantial. The period of 2017-2022 saw Indonesia's exports to Japan increase at an annualized rate of 7.08%, from \$18.9 billion in 2017 to \$26.6 billion in 2022 and Japan's exports to Indonesia increased at an annualized rate of 2.16% from \$13.4 billion in 2017 to \$14.9 billion in 2022 (OEC, 2025). Indonesia's primary exports to Japan include coal briquettes (\$7.57 billion), copper ore (\$2.19 billion), and petroleum gas (\$2.02 billion). Japan's main exports to Indonesia are motor vehicles, parts and accessories (\$1.81 billion), hot-rolled iron (\$693 million), and flat-rolled steel (\$636 million) (OEC, 2025). Japan also sits in Indonesia's top three trading partners in the renewable energy (RE) and electronic vehicle (EV) sectors, alongside China and South Korea. Japan's investments in Indonesia's RE sector are facilitated through platforms like "Japan RE Invest Indonesia," a multi-stakeholder platform to bring together renewable energy (RE) stakeholders, investors, and financiers from Japan and RE project owners from Indonesia to increase investment into Indonesia's RE sector (RE Invest, 2024).

### **Navigating Geopolitical Alignments and Maintaining ASEAN Centrality**

Beyond the bilateral partnerships, Indonesia and Japan's positionality within the broader regional dynamics presents a compelling opportunity for fostering stability and cooperation in the Indo-Pacific. Both countries, recognizing their roles as "assembler" middle powers, are uniquely positioned to advance a shared vision of an inclusive, secure, and prosperous Indo-Pacific (Irsadanar, 2023). This vision involves synchronizing Japan's Free and Open Indo-Pacific (FOIP) with the ASEAN Outlook on the Indo-Pacific (AOIP).

Furthermore, Indonesia's commitment to ASEAN centrality is crucial in navigating rising geopolitical tensions, particularly amidst the growing strategic competition between the U.S. and China. Indonesia has been leveraging its ASEAN centrality and "free and active" foreign policy to promote regional cooperation, address shared challenges, and maintain a neutral stance in the face of major power rivalries (Budiman et al., 2025). Japan, allied with the U.S. and engaged in the Quad, balances its relationships to foster trust in the Indo-Pacific. It promotes multilateralism and respects the sovereignty of Southeast Asian nations.

The Japan-Indonesia “2+2” dialogue highlights deepening security ties, focusing on defense equipment and technology transfer, which underscores shared concerns over China’s maritime assertiveness (Panda, 2021; Suoneto, 2022)

While Indonesia’s membership in BRICS may introduce a new dimension, Japan has expressed its intention to continue economic cooperation with Jakarta (Mai, 2025), signaling the enduring importance it places on the bilateral relationship. Japan’s commitment to providing military equipment to Indonesia further highlights this dedication to regional collaboration despite shifting geopolitical alignments (Rabiah, 2025; Sajid, 2025; NHK WORLD-JAPAN, 2025). Some might see BRICS expansion as a potential power shift, but Japan’s proactive engagement with Indonesia suggests a strategy to maintain influence and strengthen ties in Southeast Asia. This strategy reflects Indonesia’s approach of “tiptoeing,” balancing relations with various global powers to enhance its economic and strategic interests (Mai, 2025; Shankar, 2025). Furthermore, Jakarta and Tokyo’s strengthened security ties highlight a strong signal of partnership in shaping the future of the South and East China Sea disputes. By continuing to foster cooperation through established frameworks and exploring new avenues for collaboration, Indonesia and Japan can sustain their positive trajectory and contribute to a more stable and prosperous Indo-Pacific region.

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