

## COMPLETION REPORT

### **Competing Asian Powers and Local Politics: A Comparative Study of Japanese and Chinese ODA in the Philippines and Indonesia (Special Focus on Transportation Sector)**

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This research explored the new era of Japan-China competition in the Philippines and Indonesia in terms of funding infrastructure projects. This big power rivalry emerged when China became the world's second largest economy and started to provide developing countries with cheaper infrastructure projects at low-interest loans, and consequently, became a threat to Japan for being both the Philippines and Indonesia's long-time top donor. Interestingly, this competition also heightened at a time the Presidents in both recipient countries were seeking outside aid to fund their own strategic infrastructure programs at home: Philippine President Rodrigo Duterte with his ambitious Build-Build-Build program and Indonesian President Joko Widodo's large-scale nation-building program of linking the islands of Indonesia.

The objectives of the study were: (i) to understand the place of Japan and China in infrastructure development in the Philippines and Indonesia (ii) to understand the role of the Philippines and Indonesia in China and Japan's economic development; and (iii) to contextualize it under the current administrations of Duterte and Jokowi. The researcher used both primary and secondary sources, specifically interviews with key informants in the Philippines and Indonesia conducted from May to October 2017 and computer-aided technique in analyzing the Japan-China rivalry rhetoric of Duterte was also used.

At the regional level, Southeast Asia has become a battleground for Japan, which represents a "trusted" provider, and China as a "new yet promising" provider of transportation infrastructure. In the past, the stark difference between the two countries' projects was in terms of quality. However, as China's initiatives and ability to export high level technology comes into fruition, it looks like Japan has to counter this in a firmer and more aggressive manner. At the local level, this study explored how important infrastructure projects are in Duterte and Jokowi's programs which can both legitimize and concretize their promises of connectivity and solving the poor traffic situation in their respective countries. In terms of infrastructure funding, both presidents mastered the art of accommodating everyone who can provide them with cheaper roads, railways, and seaports. However, outside of the infrastructure narrative of this relationship, it is obvious that Jokowi is following the neutral traditional style of Indonesian foreign policy while Duterte is gearing towards China over US as a long-time ally country.

As this study has found out, such infrastructure projects should be analyzed threefold. First, it should not be understood only in terms of how it will benefit the Philippines and Indonesia but also how it could boost the economy of funder countries. For instance, Japan's ageing population has negative impacts on the economy and as such the government is searching for new markets overseas. Likewise, funding infrastructure projects in developing countries also serves as steady income for China through interest accruing from these loans. It comes with strings attached since recipient countries are giving China a foothold in their natural resources or serve as markets abroad. Second, it is also important to look at how the recipient countries can benefit from the rivalry such as more improved arrangements for concessional infrastructure projects with longer grace periods, which they cannot afford by themselves. Lastly, given the circumstances in the two receiving countries, it is also important to understand how local contexts complicate the whole process.

In the end, it is important to note that most projects funded by Japan and China are ongoing projects. Therefore, a complete analysis is still impossible at present and perhaps an assessment can only be possible a few years from now. A more heated rivalry is also expected to happen in the future. A diversification of competitors to include South Korea is also likely to happen. This diversification may benefit both Duterte and Jokowi in the end since public criticisms about their close relations with China are beginning to take place. Still, both presidents are expected to become more aggressive in getting funds from outside countries especially with the upcoming Indonesian general elections in 2019 and the rehabilitation of Marawi, along with the other ambitious projects to support the so-called Golden Age of Infrastructure in the Philippines.

**Publication of the Results of Research Project:**

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)  
“The politics of rhetoric, the rhetoric of politics: An analysis of Rodrigo Duterte’s “Japan-China rivalry” and “independent foreign policy” rhetoric using presidential speeches”  
Asian Political and International Studies Association (APISA) Congress  
20-21 October 2017, Phitsanulok, Thailand  
Theme: ASEAN at 50 amidst Contemporary Challenges: Human Security, Conflict Resolution, Connectivity and Democratization

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)  
The final draft of this study will be submitted to the Journal of Current Southeast Asian Affairs.

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)  
It is possible that the Philippine component of this study will be part of a book on Duterte presidency.