

**MYANMAR: JAPAN’S “LAST FRONTIER”  
IN ASIA?**

LAM Peng Er

*EAI Background Brief No. 875*

Date of Publication: 12 December 2013

## **Executive Summary**

1. Japan has repositioned itself in Myanmar to play a key political and economic role. It has shown enthusiasm in committing huge sums of aid and investment, and considerable political capital in Myanmar.
2. Myanmar's reformist President Thein Sein's sweeping political and economic reforms since 2011 have led the United States and the European Union to ease sanctions on the state. In response, Tokyo shifted quickly from "cautious engagement" to "enthusiastic engagement" with Myanmar.
3. According to Japanese ambassador to Myanmar Numata Miki, Shwee Mann, former Speaker of the Lower House and current Acting Chairman of the ruling Union Solidarity and Development Party and Aung San Suu Kyi, Chairperson of the National League for Democracy had jointly requested for Japanese assistance at a meeting.
4. Such a coordinated bi-partisan meeting with a foreign ambassador by top leaders of the ruling and opposition parties is quite unprecedented and reflects Myanmar's high regard and expectations of Japan.
5. Myanmar has been hyped by Japanese media as Asia's "last frontier", with its new market of 60 million consumers, a promising production base and a cheap workforce for Japanese industries.
6. In May 2013, Prime Minister Abe Shinzo led a large business delegation of representatives from some 40 top Japanese companies to Myanmar. He unveiled a comprehensive package including debt forgiveness of almost US\$5 billion and the resumption of yen loans suspended since 1987.
7. Abe also visited Thilawa, a Japan-led industrial park that showcases Japan's commitment to promoting industrialization, employment and economic development in Myanmar.

8. Yachi Shotaro, Prime Minister Abe's foreign policy adviser, candidly said:  
"We are very interested in Myanmar because Japan does not want to see Myanmar becoming over-dependent on China".
9. Though the Chinese market is still crucial to Japanese business, rising labor costs and greater political risks in the Mainland have prompted Japanese business to look at other Asian emerging markets including Myanmar.