

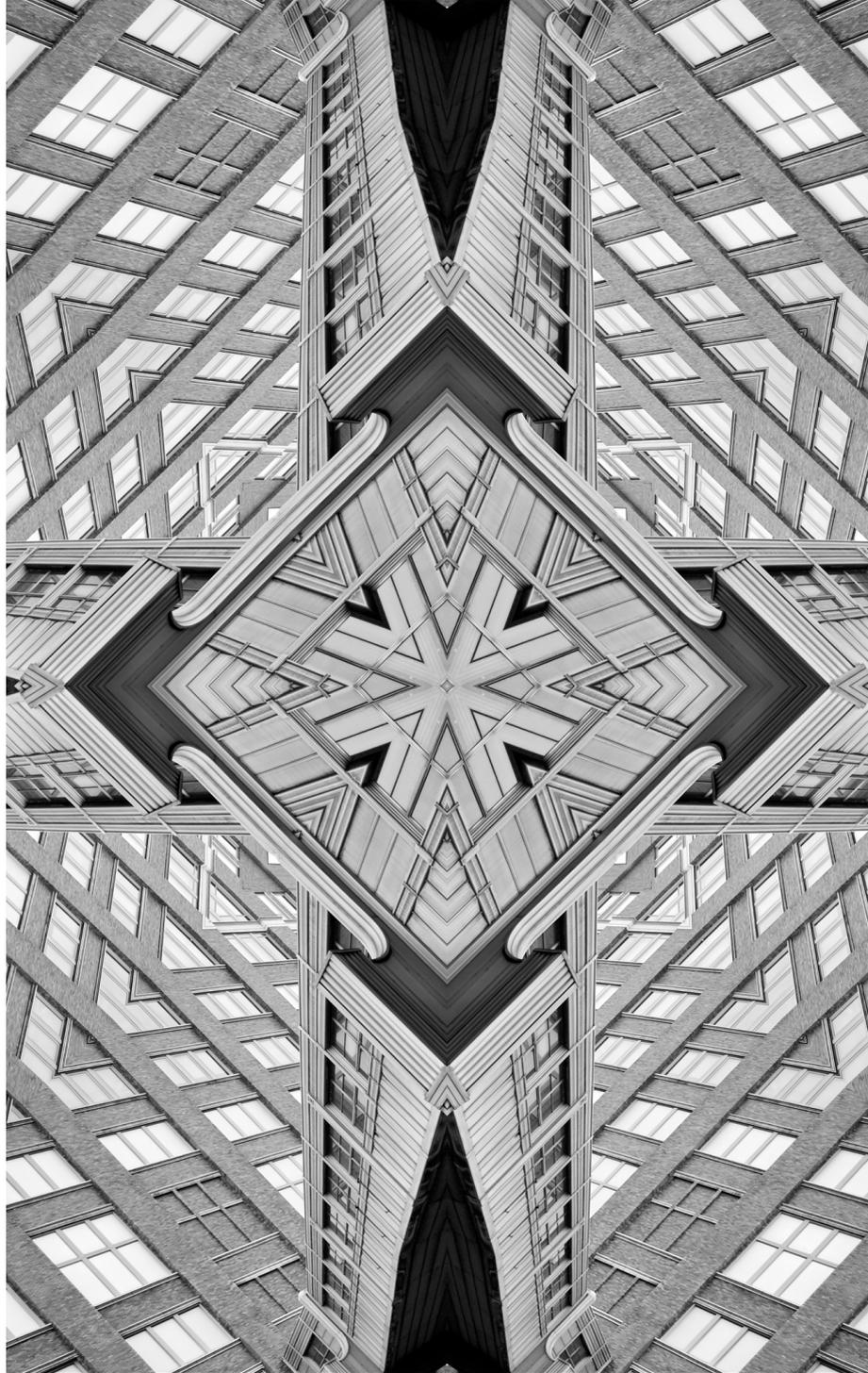
# Issue

---

# Brief

---

**ISSUE NO. 815**  
**JUNE 2025**



# Between Engagement and Disengagement: Japan's Myanmar Recalibration

**Pratnashree Basu and  
Sreeparna Banerjee**

## **Abstract**

Japan's foreign aid policy towards Myanmar has been an important component of both its broader approach to Southeast Asia and its Indo-Pacific vision. As one of Myanmar's largest development partners, Japan has consistently supported the country's infrastructure development and democratic transition efforts, while also providing humanitarian aid. However, Myanmar's protracted political instability, particularly following the 2021 military coup, has forced Japan to recalibrate its aid strategy. This brief evaluates Tokyo's engagement with Naypyitaw, examining the strategic adjustments it has made in response to pressing internal issues in Myanmar, shifting regional dynamics, and international pressure.

Within Tokyo's broader Southeast Asian strategy, Myanmar holds an important and complex position. Historically, Japan has viewed Myanmar as a partner for economic engagement and regional connectivity in Southeast Asia. Japanese companies were strongly encouraged to enter Myanmar—often regarded as Asia's last 'frontier economy'—through incentives from the Japanese government and the persistent lobbying of the influential Japan-Myanmar Association. Indeed, the latter<sup>a</sup> played a key role in the close cooperation that developed between Japanese firms and Myanmar's 'pseudo-civilian' government.<sup>b</sup> Before the February 2021 coup, Myanmar was a recipient of Japanese Official Development Assistance (ODA) and Other Official Flows (OOF).<sup>c</sup> Japan invested in infrastructure projects such as the Thilawa Special Economic Zone, as well as nationwide power and transport networks. It also played a role in Myanmar's democratic transition, supporting peace negotiations with the country's various ethnic armed organisations (EAOs)<sup>d</sup> and encouraging economic reforms.

- 
- a Among Japan-Myanmar Association's advisors were Hideo Watanabe, Chairman of Mitsubishi Corporation; Mitsubishi's Chairman Emeritus Mikio Sasaki, and Marubeni Corporation's Honorary Corporate Advisor Nobuo Katsumat. Many leading politicians within both the Liberal Democratic Party of Japan (LDP) and other smaller parties also joined it, including former Prime Minister Yasuhiro Nakasone, who served as its honorary chairman; former Prime Minister Taro Aso, who served as supreme advisor; and former Chief Cabinet Secretary and Justice Minister Yoshito Sengoku, who served as vice chairman and a member of the institution's newly-formed board of directors. Such heavyweights gave the group extraordinary influence over Japan's foreign and economic policies towards Myanmar. See <https://spaces-cdn.owlstown.com/blobs/yf43xpplbumq6xut8x1sn5k1m7ck>
- b Myanmar, which became independent in 1948, experienced unstable democratic rule for some years before an army coup in 1962. The army ruled uninterruptedly till 2010-11, despite a massive uprising in 1988 which was brutally crushed. From 2011, a gradual relaxation began, especially after elections in November 2010 and a semi-military government took charge. Elections were held again in 2015, following which Aung San Suu Kyi became the State Counsellor, a position created as she was barred from holding the positions of president or prime minister due to a constitutional provision that disqualifies anyone with foreign family ties. Since her late husband and children were foreign nationals, she was deemed ineligible, even though her party, the National League for Democracy (NLD), secured a clear electoral victory. However, real power remained with the army, till it once again overthrew the civilian government in a second coup in 2021. The government in the phase 2011-2021 is thus called a 'pseudo-civilian' one.
- c Agencies like the government-owned Japan International Cooperation Agency (JICA) provide ODA, while investments in Myanmar's infrastructure or Special Economic Zones (SEZs), made by Japanese corporations, Japan Bank for International Cooperation (JBIC), or the Japan External Trade Organization (JETRO) are separate from ODAs, and are termed OOFs. However, Japan sometimes uses ODA to finance infrastructure projects that later attract Japanese private sector investment, creating a linkage between the two.
- d Myanmar has for many decades had ethnic armed groups operating in different parts of the country, most of them seeking cessation of that particular region from Myanmar—e.g., the Arakan Army, the Chin National Army, the Karen Benevolent Army, and the Kachin Defense Army.

However, the coup has made matters more complicated. While Tokyo continues to engage with the efforts of the Association of South East Asian Nations (ASEAN) to address the crisis, it has scaled back direct cooperation with the military regime. In September 2024, it downgraded its diplomatic ties by opting not to appoint a new ambassador following the end of Ichiro Maruyama's term.<sup>1</sup> Instead, Shogo Yoshitake was made interim chargé d'affaires, a lower rank. However, it continues to face regular criticism for its economic involvement: in May 2024, for instance, it was reported that Yokogawa Bridge Corporation, a Japanese construction firm, had made payments to the military-owned Myanmar Economic Corporation (MEC) for the Bago River Bridge Construction Project, which raised concerns about Japanese aid inadvertently supporting the junta.<sup>2</sup>

Japan remains cautious about disengaging fully, fearing that doing so could push Myanmar further into China's sphere of influence. Instead, it has adopted a policy of limited engagement, maintaining humanitarian assistance<sup>3</sup> while suspending the financing of development projects.

Myanmar's future role in Japan's Southeast Asia policy will depend on political developments within the country and the stabilising of its domestic affairs. If a path to democratic transition emerges, Japan is likely to re-engage more actively. However, as long as the military remains in power and conflict persists, Myanmar will remain a difficult balancing act in Japan's broader regional strategy.

# The Trajectory of Japan's ODA and OOF to Myanmar

Japan's ODA and OOF to Myanmar have evolved over the decades, reflecting Tokyo's strategic priorities, economic interests, and normative concerns about democracy and human rights. As one of Myanmar's largest aid donors, Japan has often pursued a dual-track policy—engaging with the military regime for Myanmar's economic development while supporting democratic transitions when possible. The trajectory of Japan's aid to Myanmar can be broadly divided into three phases: the early engagement and post-Cold War diplomacy (1950s–2011); the period of democratic transition and peak assistance (2011–2021); and the post-coup recalibration (2021–present).

## Early Engagement and Post-Cold War Diplomacy (1950s–2011)

Japan's development assistance to Myanmar began in the 1950s as part of post-war reparations. Under the 1954 Japan-Burma Peace Treaty, Japan agreed to provide US\$200 million in compensation for having occupied Myanmar during the Second World War, and an additional US\$50 million in grants as economic cooperation. This early assistance was primarily directed towards infrastructure development, agriculture, and human resource capacity building, reflecting Japan's broader engagement with Southeast Asia as part of its post-war reintegration into the region.

However, Myanmar's socialist economic policies under General Ne Win, who took charge following the army coup of 1962 and ruled up to 1988, limited the access and impact of foreign aid as the country remained largely isolated. Between 1973 and 1988, Japan provided approximately US\$1.87 billion in grants and loans, accounting for more than two-thirds of all bilateral aid received by Myanmar during that period.<sup>4</sup>

After a nationwide protest against General Ne Win's rule in August 1988 was violently suppressed,<sup>e</sup> Japan recalibrated its aid policy. As Western nations imposed strict sanctions on Myanmar's junta, Japan too, in alignment with the Organisation for Economic Cooperation and Development's (OECD) decision, suspended its ODA programme for Myanmar. However, ODA was partially resumed in 1989.<sup>5</sup> Japan thus adopted a more pragmatic approach, reducing large-scale economic assistance while continuing humanitarian aid and select infrastructure projects. Notably, it refrained from imposing blanket sanctions, a policy that set it apart from the United States (US) and Western

---

<sup>e</sup> Though General Ne Win resigned, a second army coup ensured that army rule continued in Myanmar.

# The Trajectory of Japan's ODA and OOF to Myanmar

Europe. This period also saw Japan using ODA as a diplomatic instrument, encouraging Myanmar's military leadership to engage with the international community and consider political reforms.

## **Democratic Transition and Peak Assistance (2011–2021)**

A notable shift in Japan's aid policy occurred after Myanmar's quasi-civilian government, led by then President Thein Sein, initiated political and economic reforms in 2011. These reforms, including the release of political prisoners, economic liberalisation, and improved diplomatic ties with the West, prompted Japan to resume large-scale aid and investment. In 2012,<sup>6</sup> then Japanese Prime Minister Yoshihiko Noda announced a debt forgiveness package for Myanmar worth approximately US\$3.7 billion, paving the way for new concessional loans through the Japan International Cooperation Agency (JICA). This marked the beginning of an unprecedented phase of Japanese engagement in Myanmar's economic development.

Between 2017 and 2020, Japan increased its investments in Myanmar, focusing on infrastructure and economic development. In January 2020, the two nations signed loan agreements totalling approximately US\$1.1 billion to fund projects aimed at improving living standards and fostering economic growth.<sup>7</sup> The projects included the development of Yangon's sewerage system, urban development initiatives to alleviate traffic congestion and flooding, enhancements of power distribution networks in Yangon and Mandalay, and infrastructure improvements in regions such as Chin, Rakhine, Mon, and Kayin states, as well as the Tanintharyi region.<sup>8</sup>

In November 2020, Japan committed an additional US\$414 million in low-interest loans to Myanmar. This was allocated to construct a bridge on the East-West Economic Corridor, a route traversing Myanmar, Thailand, Laos, and Vietnam, and to support small and medium-sized enterprises (SMEs) in Myanmar.<sup>9</sup> The bridge project linking Bago and Kyaikhto was intended to enhance logistical efficiency by improving connectivity along the Corridor<sup>10</sup> and thereby facilitate trade flows between Myanmar and its neighbouring countries. Meanwhile, SME financing aimed to stabilise and expand business operations, particularly in the wake of the COVID-19 pandemic, by providing essential financial support to small businesses struggling with economic disruptions. The bridge project has since been completed and was handed over to Myanmar in May 2024.<sup>11</sup>

# The Trajectory of Japan's ODA and OOF to Myanmar

During this period, Japan prioritised infrastructure development, urban planning, and capacity-building initiatives. It also invested in energy, transportation, and telecommunications, seeking to integrate Myanmar into regional supply chains. By 2017, Japan had become Myanmar's largest bilateral aid donor, reflecting Tokyo's view that economic engagement could support democratic consolidation. By 2019, Japan's ODA contributions to Myanmar totalled 189.3 billion yen (around US\$1.3 billion), encompassing loans, grants, and technical cooperation, positioning Japan as the largest contributor of ODA to Myanmar.<sup>12</sup> This period saw Japan investing in infrastructure projects, such as the Thilawa Special Economic Zone, and actively supporting Myanmar's peace processes and economic reforms.

Support for the peace process included offering economic incentives to EAOs to halt their activities, and facilitating negotiations between the government and opposition parties. However, the balancing act faced challenges, especially after the Rohingya crisis began in 2017. While Japan condemned human rights violations on Rohingyas, it refrained from imposing sanctions or severing ties with Myanmar's military, maintaining its preference for quiet diplomacy.

## Post-coup Recalibration (2021–Present)

The February 2021 military coup, which ousted the elected government of Aung San Suu Kyi, marked a turning point in Japan's ODA trajectory. The coup triggered widespread protests leading to a brutal crackdown by Myanmar's military (Tatmadaw), which sparked international condemnation. Initially, Japan called for a peaceful resolution and restoration of democracy, but stopped short of imposing sanctions, unlike the US or the European Union. Despite the political turmoil, Myanmar's military regime reported having approved US\$3.8 billion in foreign investments since the coup, with China as the top investor. Japan has maintained limited economic engagement during this period.<sup>13</sup>

Immediately after the coup, Japan suspended new aid projects, but did not completely sever economic ties. JICA did pause its infrastructure projects, while the Japanese government indicated that it would review its assistance based on the evolving situation. Overall, Japan's response remained more restrained than that of Western nations, reflecting its long-standing approach of maintaining dialogue with the military. As international pressure against supporting the military regime mounted, however, Japan took further steps

# The Trajectory of Japan's ODA and OOF to Myanmar

to distance itself from the junta. In 2022, it announced that it would halt new non-humanitarian aid, signalling a shift towards a more restrictive policy.

Japanese companies with links to military-controlled enterprises, such as beverage giant Kirin, have ended their joint ventures, citing ethical concerns. Kirin withdrew from Myanmar in 2022, selling its stake in a joint venture it had with Myanmar Economic Holdings Public Company Limited (MEHL), a company with military links.<sup>14</sup> Similarly, Sumitomo Corporation and Mitsubishi Corporation have scaled back certain projects to ensure compliance with their ethical business standards. Mitsubishi Corporation, along with Malaysia's state-run company Petronas, divested its stake in Myanmar's Yetagun gas field, citing technical and economic difficulties. Japanese energy conglomerate ENEOS Holdings Inc. pulled out of the Yetagun project as well in April 2023, citing "social problems".<sup>15</sup> Y-Complex, an urban development project backed by the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN), has also withdrawn from Myanmar, losing 41.7 billion yen (US\$290 million) in the process.<sup>16</sup>

Japan-financed railway projects in Myanmar, funded through JICA loans signed before the 2021 coup, remain a contentious issue. Companies such as Mitsubishi, CAF, Sumitomo, and Fujita,<sup>f</sup> in collaboration with military-linked businesses, are involved in upgrading rail infrastructure that could potentially support military logistics. While JICA insists that these projects are not intended for military use, leaked documents suggest that revenue from them would benefit the junta.<sup>17</sup> Critics argue that by continuing these initiatives, Japan and the involved corporations risk legitimising the regime and becoming complicit in its war crimes. These corporations have largely defended their involvement by emphasising adherence to due diligence and humanitarian standards. While Mitsubishi and CAF declined to share specific details, citing confidentiality, Fujita stated its projects aim to benefit local communities and denied any support to the military.<sup>g</sup>

---

f Both CAF and Mitsubishi Corporation declined to provide Justice for Myanmar with detailed information regarding their human rights due diligence, the status of train deliveries, operational plans in Myanmar, or potential military usage of the rail infrastructure. CAF cited its obligations as a publicly listed company and the sensitive nature of the data, stating that internal procedures had not identified any human rights or international sanctions violations related to its activities in Myanmar. Mitsubishi, invoking business confidentiality, emphasised its commitment to human rights and environmental due diligence, noting that it aims to identify, avoid, or mitigate negative impacts as part of its corporate responsibility. See: <https://www.business-humanrights.org/en/latest-news/myanmar-japan-financed-railway-projects-in-myanmar-allegedly-continue-despite-military-control-over-myanmar-railways/>

g Fujita Corporation stated that its involvement in the Yangon-Mandalay Railway Improvement Project, a Japanese ODA initiative, aims to benefit local communities and does not support the military. It also confirmed that the Y-Complex project has been suspended since 1 February 2021, with no land rent paid since. The corporation pledged to uphold human rights and safety in all ongoing activities. See: <https://www.business-humanrights.org/en/latest-news/fujita-corporations-response/>

# The Trajectory of Japan's ODA and OOF to Myanmar

Public and international pressure has led to reduced Japanese engagement in the Yangon-Mandalay Railway Improvement Project, which was scheduled for completion in March 2023 but remains incomplete at the time of writing. Apart from Japan suspending financing, delays have also taken place due to security concerns and the lingering effects of the COVID-19 pandemic.<sup>18</sup>

The project's uncertain future highlights Japan's struggle to balance its strategic and economic interests with ethical considerations in Myanmar. Japan also faces the challenge of maintaining its broader geopolitical influence in Southeast Asia, particularly as China expands its own infrastructure initiatives in Myanmar.

Tokyo also quietly scaled down diplomatic engagement with the military leadership, reducing high-level contacts while supporting ASEAN's efforts to mediate a resolution. Domestic and international pressure has made it difficult for Japan to continue business as usual. Japanese lawmakers, civil society groups, and international partners have urged the government to take a firmer stance. Tokyo seeks to maintain some degree of leverage by keeping diplomatic channels open while applying indirect pressure on the junta. In June 2021,<sup>19</sup> Japan's lower house adopted a resolution condemning the coup and urging Myanmar to return to democracy. In April 2023,<sup>20</sup> Tom Andrews, the United Nations Special Rapporteur on the human rights situation in Myanmar, urged Japan to assume a greater leadership role in addressing Myanmar's crisis by stepping up pressure on the junta.

Although it has avoided alienating key actors and retained access to Myanmar's political landscape, Tokyo's restrained posture<sup>21</sup> risks diminishing its normative influence. While its approach has served immediate stability and enabled economic continuity, its effectiveness in advancing Myanmar's broader democratic and governance objectives remains uncertain. The country's long-term interests in inclusive development and political reform may ultimately require more assertive external engagement.

Japan has taken other incremental steps too, such as ceasing new infrastructure investments and supporting ASEAN's Five-Point Consensus,<sup>22</sup> which calls for an end to violence and inclusive political dialogue. At the same time, it has refrained from recognising the opposition National Unity Government (NUG), maintaining its official stance of non-interference in Myanmar's internal affairs. It has continued to provide humanitarian assistance, particularly in healthcare and education, emphasising its commitment to

# The Trajectory of Japan's ODA and OOF to Myanmar

the well-being of the Myanmar people. Tokyo has also extended support to displaced communities and refugees, working through international organisations rather than engaging directly with the military government.

The dubious role of some Japanese nationals in Myanmar has also come to light. In January 2025, for instance, Takeshi Ebisawa, the leader of a Japanese crime syndicate, pleaded guilty in a US federal court to charges of conspiring to traffic nuclear materials and narcotics from Myanmar.<sup>23</sup> Many centres engaged in online scam operations, in which Japanese individuals are involved, have also sprung up on the Myanmar-Thailand border. Some Japanese nationals with suspected links to these centres have been detained in Thailand and deported to Tokyo;<sup>24</sup> in early March 2025, Japanese Prime Minister Shigeru Ishiba proposed organising an international conference to discuss measures against such scammers.<sup>25</sup>

Overall, notwithstanding the pressure, Japan has continued to engage with both military and civilian actors in Myanmar. Some Japanese policymakers argue that maintaining limited engagement allows for future diplomatic leverage and humanitarian support. Japan's response to the Myanmar crisis has been shaped by its broader foreign policy principles—prioritising dialogue, avoiding direct confrontation, and maintaining strategic flexibility. While condemning human rights violations, Japan has resisted calls for stronger punitive measures, emphasising diplomatic engagement over sanctions. This cautious approach reflects its long-standing belief that isolating Myanmar's military could push it further into China's orbit, reducing Japan's leverage in the country.

Japan and Myanmar's trade relationship dates back to Myanmar's pre-independence era when the two countries traded in rice. Over the years, trade ties have strengthened, particularly after Myanmar's economic liberalisation in the early 2010s, which saw an influx of Japanese businesses investing in the country. Japan's involvement in Myanmar's garments industry and industrial zones solidified its role as a key trading partner.

Despite the political and economic uncertainties, Japan has maintained trade ties while ensuring compliance with international regulations and ethical business practices. Its economic engagement is structured through regional trade agreements like the ASEAN-Japan Comprehensive Economic Partnership (AJCEP), and the Bilateral Investment Treaty (BIT) with Myanmar signed in 2013. These frameworks facilitate trade in goods and services, and enable investments, allowing Japan to sustain economic exchanges while mitigating risks. Japan has also shifted its focus towards humanitarian aid and diplomatic engagement, ensuring that essential goods continue to reach Myanmar without directly benefiting the military regime. It has provided emergency assistance and maintained trade links with civilian economic sectors, emphasising a cautious and measured approach.

**Table 1: Myanmar-Japan Trade (in US\$ Million)**

Years	Exports from Myanmar to Japan	Exports from Japan to Myanmar
2015	429.55	1,531.76
2016	663.43	1,254.70
2017	903.03	1,055.10
2018	1,390.96	696.08
2019	1,428.60	501.51
2020	1,240.81	551.77
2021	907.80	300.27
2022	1,211.86	276.84
2023		198.61

Source: ASEAN Stats<sup>26</sup>

From 2015 onwards, Japan and Myanmar's trade has been considerable though trade volumes varied across fiscal years (See Table 1). Myanmar exported garments, seafood, rice, black sesame, green grams, and rubber to Japan, while benefiting from Japanese investments in its textile sector, as well as from Japanese supplies of machinery, electronic devices, fertilisers, chemical products, pharmaceuticals, and automobiles, reinforcing Japan's role as a key trade partner and supplier of industrial and consumer goods.

Notably, trade trends in the table reflect a widening gap over time, with Myanmar's exports to Japan increasing while Japan's exports to Myanmar declined steadily. This divergence can be explained by Myanmar's growing garment and agro-export sectors benefiting from trade preferences through AJCEP and the Regional Comprehensive Economic Partnership (RCEP),<sup>h</sup> even as Japanese companies reduced new investments and limited imports amid rising political and operational risks after the 2021 military coup. By 2023, Japan had taken a more nuanced approach, adhering to global regulations while still maintaining trade links.

Myanmar's garments industry has historically relied on Japan as a key export destination. However, following the coup, several Japanese companies have withdrawn from Myanmar.<sup>27</sup> The withdrawals reflect broader challenges in Myanmar's garments sector, which employed about 700,000 people before the COVID-19 pandemic and has since seen a decline in manufacturing exports.<sup>28</sup> At the same time, a few Japanese companies have chosen to continue their operations in Myanmar, attracted by the country's low labour costs and existing industrial base, despite an uncertain political and economic climate.<sup>i</sup>

In the coming years, Japan's trade relationship with Myanmar is expected to remain restrained. Given Myanmar's strategic location and Japan's historical presence in its industrial sector, complete disengagement is unlikely. However, Japanese companies are likely to reduce their further exposure to political risks, opting for indirect engagement through ASEAN mechanisms rather than direct investments.

---

h The European Union suspended Myanmar's access to the "Everything but Arms" (EBA) scheme, which had previously allowed duty-free, quota-free access for almost all products. The US had already suspended its Generalized System of Preferences (GSP) for Myanmar much earlier, but the post-coup environment further limited US trade engagement.

i In 2022, Japanese apparel company Honeys Holdings began construction of its third factory within the Mingaladon Industrial Park, located on the outskirts of Yangon, Myanmar. Despite the post-coup environment, the company cited the country's low labour costs in the garment sector as a key factor in its decision to expand operations. The company has claimed independence from military-linked entities. See: <https://asia.nikkei.com/Business/Retail/Myanmar-garment-industry-draws-fresh-investment-from-Japan-s-Honeys>

# Japan's Role in Conflict Resolution in Myanmar

Japan has played a unique role in Myanmar's peace process, leveraging its economic influence and diplomatic ties to mediate between the government, EAOs, and international stakeholders. Unlike Western nations, which have primarily focused on democracy promotion and human rights advocacy, Japan has pursued a more pragmatic approach, prioritising stability and development as key drivers of conflict resolution. This strategy has shaped Tokyo's involvement in Myanmar's long-running ethnic conflicts and its broader peace negotiations.

One of Japan's most important contributions has been its support for Myanmar's Nationwide Ceasefire Agreement (NCA), an initiative launched in 2015 under the Thein Sein government, when it provided financial aid and technical assistance to facilitate negotiations with EAOs. JICA supported economic development in conflict-affected areas, arguing that economic incentives could encourage armed groups to participate in peace talks. Tokyo announced plans to contribute 800 billion yen (US\$5.48 billion) over five years to support Myanmar's efforts for peace, national reconciliation, and economic development.<sup>29</sup> This distinguished Japan's engagement from that of Western actors, who focused more on political reforms and governance structures.

Japan's involvement has also been institutionalised through the Nippon Foundation, a non-government organisation with close ties to Japan's foreign policy establishment. The foundation, led by Yohei Sasakawa, has directly mediated between the Myanmar government and EAOs, particularly in the Rakhine and Karen states, facilitating EAOs' dialogue with the military, using Japan's neutral stance to build trust among conflicting parties. His efforts have included negotiations with the Arakan Army (AA), a powerful insurgent group in Rakhine state, to broker temporary ceasefires and enable humanitarian access before the coup in February 2021.<sup>30</sup>

Japan has also funded peace-related initiatives, including programmes focused on the demobilisation, disarmament, and reintegration (DDR) of former combatants. It has supported training programmes to improve governance structures in ethnic minority regions, often working with local organisations to implement capacity-building initiatives. Tokyo's belief in economic development as a pathway to peace has led to targeted investments

# Japan's Role in Conflict Resolution in Myanmar

in conflict-prone regions, such as infrastructure projects in the Shan and Kachin states, aimed at providing alternative economic opportunities to populations vulnerable to recruitment by EAOs.

However, after the 2021 coup, Japan's peace efforts have faced challenges. The collapse of the civilian government and the military's aggressive crackdown on resistance movements have undermined many of the peace initiatives Japan supported. With several EAOs now aligning against the junta, the post-coup conflict scenario has become more complex, making Japan's approach of using economic incentives less effective. In response, Tokyo has recalibrated its engagement and reduced high-profile mediation efforts while continuing humanitarian assistance. Japan's envoy, Sasakawa, has maintained dialogue with military leaders and EAOs, but with limited success, as EAOs has little trust in the junta.<sup>j</sup>

Despite these setbacks, Japan remains one of the few international actors still engaged in Myanmar's peace process. Unlike Western countries that have largely cut off diplomatic ties with the military regime, Japan has maintained open channels. However, Tokyo faces increasing pressure, both domestically and internationally, to take a firmer stance against the military.

Japan's long-term role in Myanmar's peace process will depend on how the conflict evolves and whether any viable political settlement emerges. While Japan's past efforts have contributed to localised ceasefires and economic development in conflict areas, the current trajectory of Myanmar's civil war presents new challenges that require a reassessment of its engagement strategy.

---

<sup>j</sup> The ceasefire brokered before 2021 between AA and military forces collapsed in 2022 when the military launched attacks on AA-held areas. Although another truce was negotiated in November 2022 with the mediation of Sasakawa, the AA maintained its strategic positions, warning that the ceasefire was temporary and could be revoked if the junta resumed hostilities. As military offensives continued, the AA, as part of the Three Brotherhood Alliance, joined Operation 1027 and, on November 13, 2023, launched attacks on Border Guard police stations, effectively breaking the ceasefire. By early 2025, the AA had seized control of almost all of Rakhine State, with the notable exceptions of the capital, Sittwe, and the port city of Kyaukphyu, though their capture by the AA remains a strong possibility.

Tokyo's humanitarian aid to Myanmar continues, the most recent instance being the extension of emergency assistance to support relief efforts following the devastating earthquake<sup>31</sup> in central Myanmar in March 2025. But its official involvement with Myanmar has been declining, more so since 2023. Japan's ODA and OOF trajectories in Myanmar reflect its approach of strategic pragmatism. Before the coup, Japan was a leading advocate of economic engagement; post-coup, it has scaled down aid, suspended new investments, and distanced itself from the military regime, but unlike the Western countries has not imposed sanctions. According to the International Debt Report 2024, Japan is still the largest creditor to the country, having lent 36 percent of Myanmar's total debt through its ODA and concessional loans, primarily targeting infrastructure development, transportation, and energy sectors.<sup>32</sup> It underscores Japan's strategic interest in maintaining influence and stability in Myanmar, even as security concerns and the post-coup political climate have complicated the implementation and oversight of ongoing projects. (China accounts for only 6 percent of Myanmar's total official debt, but it remains a dominant player in the country's infrastructure and energy sectors through direct investments, Belt and Road Initiative projects, and state-backed commercial ventures—highlighting that financial leverage and strategic presence do not always align directly.)

The junta have announced that there will be elections in end-2025 and early-2026. Though Japan, like other western and neighbouring nations, is hoping for a democratic transition, it is unlikely that elections held under the authority of the junta, which has already barred most of the opposition leaders from contesting, will pave a path to peace and conflict resolution. Coming years will show whether Japan's cautious engagement strategy influences Myanmar's political trajectory, or whether Myanmar's ongoing crisis forces a more decisive shift in Japan's policy.

No doubt Japan has gradually aligned more closely with Western democracies in its response to the junta's takeover. While this enhances Japan's credibility as a proponent of democratic values, it also risks diminishing its unique role as a mediator in Myanmar's internal politics. Nonetheless, its nuanced position does allow Japan to exert some influence, particularly in humanitarian assistance and support for civil society, but the effectiveness of such a strategy in promoting a more accommodative political system in Myanmar remains to be seen. The junta's increasing reliance on China and Russia for economic and military support further complicates Japan's ability to effect change.

# Conclusion

The indications are that Japan's engagement with Myanmar will remain in its current state of cautious recalibration. While Tokyo is unlikely to disengage completely, it will limit non-humanitarian aid while monitoring political developments. The extent of Japan's future involvement will depend on Myanmar's internal situation, ASEAN's mediation efforts, and the broader geopolitical dynamics in the Indo-Pacific. 

**Pratnashree Basu** is Associate Fellow, ORF.

**Sreeparna Banerjee** is Associate Fellow, ORF.

- 1 “Japan Downgrades Diplomatic Ties with Myanmar Junta,” *The Irrawaddy*, September 24, 2024, <https://www.irrawaddy.com/news/myanmars-crisis-the-world/japan-downgrades-diplomatic-ties-with-myanmar-junta.html>
- 2 “Myanmar Military Receives Japan Aid for Bridge Construction,” *Nikkei Asia*, January 25, 2023, <https://asia.nikkei.com/Politics/International-relations/Myanmar-military-receives-japan-aid-for-bridge-construction>
- 3 Ministry of Foreign Affairs, Government of Japan, [https://www.mofa.go.jp/press/release/press1e\\_000494.html](https://www.mofa.go.jp/press/release/press1e_000494.html)
- 4 Teresa Mili, “Japan's Aid Assistance to Myanmar,” *International Journal of Innovative Research & Development* 5, no. 7 (June 30, 2016), [https://www.internationaljournalcorner.com/index.php/ijird\\_ojs/article/view/136565](https://www.internationaljournalcorner.com/index.php/ijird_ojs/article/view/136565)
- 5 Patrick Strefford, “Japanese ODA Diplomacy Towards Myanmar: A Test for the ODA Charter,” *Ritsumeikan Annual Review of International Studies* (2007), [https://www.ritsumei.ac.jp/ir/isaru/assets/file/raris/raris-06-04Patrick\\_Strefford.pdf](https://www.ritsumei.ac.jp/ir/isaru/assets/file/raris/raris-06-04Patrick_Strefford.pdf)
- 6 “Japan to Forgive Myanmar Debts, Restart Loans,” *Reuters*, April 21, 2012, <https://www.reuters.com/article/world/japan-to-forgive-myanmar-debts-restart-loans-idUSBRE83K06W/>
- 7 “Signing of Japanese ODA Loan Agreements with Myanmar: Comprehensive Support for Economic and Social Development,” JICA, January 21, 2020, [https://www.jica.go.jp/Resource/english/news/press/2019/20200121\\_10\\_en.html#:~:text=The%20objective%20of%20the%20Project%20is%20to,living%20environment%20of%20residents%20in%20Yangon%20city.](https://www.jica.go.jp/Resource/english/news/press/2019/20200121_10_en.html#:~:text=The%20objective%20of%20the%20Project%20is%20to,living%20environment%20of%20residents%20in%20Yangon%20city.)
- 8 “Signing of Japanese ODA Loan Agreements with Myanmar: Comprehensive Support for Economic and Social Development”
- 9 “Japan and Myanmar Have Signed a Total of USD 414 Million in Low-Interest Loans,” *Mizzima*, November 9, 2020, <https://www.mizzima.com/article/japan-and-myanmar-have-signed-total-usd-414-million-low-interest-loans>
- 10 “New Bago River Crossing Thanlyin Bridge 3 Now Open,” *The Global New Light of Myanmar*, June 9, 2024, <https://www.gnlm.com.mm/new-bago-river-crossing-thanlyin-bridge-3-now-open/>
- 11 “New Bago River Crossing Thanlyin Bridge 3 Now Open”
- 12 “Japanese Society and Myanmar: Past Engagements, Present Responses,” International Institute for Asian Studies, 2021, <https://www.iias.asia/the-newsletter/article/japanese-society-and-myanmar-past-engagements-present-responses>
- 13 “Myanmar Junta Reports USD 3.8 bln FDI Since Coup, Says Stability Restored,” *Reuters*, January 27, 2022, <https://www.reuters.com/article/business/energy/myanmar-junta-reports->

- 38-bln-fdi-since-coup-says-stability-restored-idUSL4N2U721T/
- 14 “Japan's Kirin Exits Myanmar Business with Military-linked Partner,” *Reuters*, June 30, 2022, <https://www.reuters.com/markets/deals/japans-kirin-exits-myanmar-business-with-military-linked-partner-2022-06-30/>
  - 15 “Serious Questions Over the Withdrawal of ENEOS Holdings and Other Entities from the Yetagun Gas Project,” Justice for Myanmar, April 17, 2023, <https://www.justiceformyanmar.org/press-releases/serious-questions-over-the-withdrawal-of-eneos-holdings-and-other-entities-from-the-yetagun-gas-project#:~:text=April%2017%2C%202023&text=On%20April%2013%2C%20ENEOS%20Holdings,to%20the%20illegitimate%20military%20junta.>
  - 16 Hirobumi Ohinata, “Losses Pile Up at State-linked Fund for Investment in Overseas Projects,” *The Asahi Shimbun*, June 26, 2024, <https://www.asahi.com/ajw/articles/15320854#:~:text=In%20Myanmar%2C%20an%20urban%20redevelopment,41.7%20billion%20yen%20for%20JOIN>
  - 17 “Japan Railway Projects Risk Aiding and Abetting Myanmar Junta Atrocities,” Justice for Myanmar, May 30, 2023, <https://www.justiceformyanmar.org/stories/japan-railway-projects-risk-aiding-and-abetting-myanmar-junta-atrocities>
  - 18 Aung Naing, “Japan Halts Plans to Finance Yangon-Mandalay Railway Project,” *Myanmar Now*, June 2, 2023, <https://myanmar-now.org/en/news/japan-halts-plans-to-finance-yangon-mandalay-railway-project/#:~:text=The%20Japanese%20government%20had%20initially,Shimbun%20reported%2C%20citing%20diplomatic%20communications.>
  - 19 “Japan's Lower House Slams Myanmar Coup, Calls for Return to Democracy,” *Kyodo News*, June 8, 2021, <https://english.kyodonews.net/news/2021/06/4a8134a17a6e-japans-lower-house-slams-myanmar-coup-calls-for-return-to-democracy.html>
  - 20 “UN Expert Urges Japan to Step Up Pressure on Myanmar Junta,” Office of the United Nations High Commissioner for Human Rights, April 28, 2023, <https://www.ohchr.org/en/press-releases/2023/04/un-expert-urges-japan-step-pressure-myanmar-junta>
  - 21 Donald M. Seekins, “Japan's Development Ambitions for Myanmar: The Problem of Economics before Politics,” *Journal of Current Southeast Asian Affairs* 34, no. 2 (August 1, 2025), <https://doi.org/10.1177/186810341503400205>
  - 22 Ministry of Foreign Affairs, Government of India, [https://www.mofa.go.jp/press/danwa/press6e\\_000285.html?](https://www.mofa.go.jp/press/danwa/press6e_000285.html?)
  - 23 Kanishka Singh, “Japanese Crime Leader Pleads Guilty in US to Trafficking Nuclear Materials from Myanmar,” *Reuters*, January 9, 2025, <https://www.reuters.com/legal/japanese-crime-leader-pleads-guilty-us-trafficking-nuclear-materials-myanmar-2025-01-08/>
  - 24 “Suspect Accused of Trafficking Teenager to Scam Ring in Myanmar,” *The Asahi Shimbun*, May 7, 2025, <https://www.asahi.com/ajw/articles/15751161>

# Endnotes

- 25 “Japan Ready to Lead Int'l Talks on Myanmar Scam Operations: Ishiba,” *The Mainichi*, March 5, 2025, <https://mainichi.jp/english/articles/20250305/p2g/00m/0na/038000c>
- 26 ASEAN, December 2024, <https://data.aseanstats.org/>
- 27 “Uniqlo Owner Joins Clothiers Exiting Myanmar,” *Nikkei Asia*, March 30, 2023, <https://asia.nikkei.com/Spotlight/Myanmar-Crisis/Uniqlo-owner-joins-clothiers-exiting-Myanmar>
- 28 Tan Hui Yee, “Myanmar Garment Workers Struggle to Survive – and Keep Up with Global Orders,” *The Straits Times*, November 15, 2024, <https://www.straitstimes.com/asia/se-asia/myanmar-garment-workers-struggle-to-survive-and-keep-up-with-global-orders>
- 29 “Japan Will Support the Peacebuilding Efforts in Myanmar to the Best of its Abilities: Mr. Toro Kono,” Ministry of Foreign Affairs, Government of Japan, January 13, 2018, <https://www.mofa.go.jp/files/000324784.pdf>
- 30 “Nippon Foundation Chairman Sasakawa Met with Some Political and Social Activists During His Visit to Rakhine,” *BNI Online*, February 7, 2023, <https://www.bnionline.net/en/news/nippon-foundation-chairman-sasakawa-met-some-political-and-social-activists-during-his-visit>
- 31 Ministry of Foreign Affairs, Government of Japan, [https://www.mofa.go.jp/press/release/pressite\\_000001\\_01136.html](https://www.mofa.go.jp/press/release/pressite_000001_01136.html)
- 32 World Bank, *International Debt Report 2024*, Washington DC, World Bank Group, 2024, <https://www.worldbank.org/en/programs/debt-statistics/idr/products>



Ideas . Forums . Leadership . Impact

20, Rouse Avenue Institutional Area,  
New Delhi - 110 002, INDIA

Ph. : +91-11-35332000. Fax : +91-11-35332005

E-mail: [contactus@orfonline.org](mailto:contactus@orfonline.org)

Website: [www.orfonline.org](http://www.orfonline.org)