

Unlocking Opportunities for Japanese-European Cooperation in the Global South

Asuka Tatebayashi

Growing Disconnect between the West and Global South

The wars in Ukraine and Gaza have exposed a visible disconnect between the West and developing countries, collectively called the “Global South, which have been critical of “inconsistent” western approaches to the two wars. While the Trump Administration’s tariff policy has spurred anxiety for businesses around the globe, the closure of the U.S. Agency for International Development (USAID) and Europe’s focus of its resources on Ukraine’s war and their own defense spending have created a further vacuum in outreach by western countries in the Global South.

For Japan, which has long considered enhancing collaboration with ASEAN countries a priority for its diplomacy, Indonesia’s quick ascension to BRICS as the first member of ASEAN in January 2025 came as a wakeup call. Indonesia and Malaysia are strategically located along the Strait of Malacca, which more than 80% of Japan’s oil imports pass through, and they both play pivotal roles in ensuring the freedom of the seas in Japan’s Free and Open Indo-Pacific (FOIP) vision. It is no coincidence that the first foreign visit of the former Prime Minister Ishiba was to these two ASEAN countries in January 2025 as well as the new Prime Minister Takaichi, who visited Malaysia just days after taking office in October 2025, where she reaffirmed the importance of protecting FOIP with ASEAN countries.

Japan’s Approach to the Global South

August 2025 saw a flurry of Japan’s diplomatic engagement with the Global South as it hosted the 9th Tokyo International Conference on African Development (TICAD9) summit, as well as welcoming Indian Prime Minister Modi on his eighth visit to Japan.

While at the heart of Japan’s engagement with the Global South always lies the economic pillar of tapping the growth engine of the Global South, the geostrategic pillar of protecting the existing order has never been more significant. Japan used both the occasions of TICAD 9 and the India-Japan Summit to emphasize the importance of the international order based on the rule of law with the Global south countries.

Over the last few decades, Japan’s engagement with the Global South has evolved

from Official Development Assistance (ODA) to private-sector investments, an approach which matches Japan's current economic power. For example, the focus of TICAD has shifted from ODA to private investments and "co-creation" with Africa, and another initiative which represents Japan's new approach to Global South is "Asia Zero Emission Community (AZEC)". AZEC promotes realistic pathways to net-zero carbon emissions based on an individual Asian country's needs and circumstances, while expanding business opportunities for Japanese companies.

By leveraging the trust earned through decades of consistent engagement, Japan has promoted active engagement by the private sector in the Global South such as building industrial bases, job creation and skills transfer. In light of the growing importance of the Global South, the Japanese government launched subsidies for "Global South Future-Oriented Projects Co-Creation" in 2023, which many Japanese companies have utilized for their innovative projects ranging from drone logistics in the Middle East to the production of key raw materials of semiconductors in Vietnam. Behind these initiatives is the belief that engagement with the Global South must be able to offer "mutually beneficial" opportunities for both Japan and the Global South partners. The envisioned projects under this initiative are therefore expected to strengthen supply chain resilience and contribute to technological innovations for Japanese companies, while helping develop the industries of partner countries.

"Win-Win" Cooperation with Europe in the Global South

In order to effectively promote cooperation with the highly diverse Global South countries, a multilateral approach with allies and partners is essential, and Europe is an excellent partner for Japan. Japan and Europe are reliable partners who share values such as democracy, rule of law and multilateralism, and they are both accelerating their engagement with the Global South respectively. Facing the Trump Administration's "America First policies", there is an even stronger consensus between Japan and Europe on the need to work together to mitigate increasingly common challenges and find new promising markets when the global business environment looks uncertain.

It is often emphasized that Europe and Japan are geographically complimentary in their cooperation in the Global South, where Japan has high levels of government and industry involvement in regions such as Southeast Asia and South Asia, while EU has more historical ties and free trade agreements with Africa and South America. Some initiatives have been already launched to foster this cooperation in the Global South such as the "EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure" and the "EU-JOGMEC Administrative Arrangement", which is a coordinated Japan-EU approach on critical minerals.

Economic Security: Key to Business Cooperation in the Global South?

Private businesses have already taken advantage of this complementary relationship such as Toyota Tsusho choosing a French company CFAO as a partner to expand their business in Africa. The latest survey conducted by JETRO (Japan External Trade

Organization) on Japanese companies based in Africa¹ shows that 21% of the companies answered that companies from European countries such as France, UK and Germany are the best partners to collaborate with in Africa. However, there is still vast potential for further business cooperation in the Global South, which is yet to be fully explored.

What Indian Prime Minister Modi made clear to the Japanese businesses on his visit to Tokyo in August 2025 was indicative of how Japan and Europe could collaborate in the Global South as their “trusted partners”. India, which has had a complex relationship with China over the border disputes, intends to work with Japan particularly in sensitive fields related to economic security, such as semiconductors, critical minerals, AI and clean energy. EU and India are also deepening their economic security partnership through “EU-India Trade and Technology Council” which strengthens cooperation in similar fields.

Even ASEAN countries, who are deepening economic and trade ties with China, express concerns over the potential “*tsunami*” of Chinese goods flooding their markets due to the US tariffs, which could deepen their import reliance on China and hinder the development of competitive manufacturing sectors of their own. It is worth noting that at the ASEAN Summit in October 2025, the ASEAN economic and foreign ministers agreed to focus on economic security and economic resilience and emphasized the need to diversify markets and forge stronger ties with “trusted partners”. As both Japanese and European firms confront supply chain vulnerabilities due to the war in Ukraine and their overdependence on China, they would benefit from reciprocating and accelerating partnerships with these countries to build resilient supply chains and strengthen their economic resilience.

How to Connect Japanese and European Businesses Together

Japan has been a leader in economic security in the multilateral platforms such as G7 and the QUAD, a diplomatic partnership between the United States, Japan, India and Australia, and as one of the top foreign investors in India and the ASEAN region, Japanese companies could optimize their investments in the Global South more effectively with European partners. A list of selected projects for the Japanese government subsidies for “Global South Future-Oriented Projects Co-Creation” would give European firms some indication of active Japanese players in the Global South and potential projects where European firms could collaborate with Japanese partners. Many of the projects are not only in strategic areas related to building resilient supply chains of critical materials and key components but also in the fields where European firms have greater strength such as decarbonization, circular economy, solutions for food loss and compliance on international regulations, to note a few examples.

Among the exhibitors who participated in the business exhibition of “TICAD9” this year, over 130 out of 194 were new players, and interestingly many of them were either

¹ The survey was conducted between September 4th to 24th in 2024 and 223 Japanese companies based in 20 African countries provided responses

SMEs or startups who are interested in exploring new business opportunities in Africa. It is testimony to the fact that SMEs and startups in Japan tend to be more agile and flexible in their decision makings to break into new markets while large Japanese firms are generally risk averse particularly during the economic and geopolitical uncertainty. It would be beneficial therefore to build platforms for connecting small-sized Japanese companies and European firms at an operational level to identify opportunities for cooperation in the Global South, in addition to the existing Japan-EU Business Round Table whose members are mostly large companies.

Global South countries are increasingly looking for higher value-added investments to enhance their industrial competitiveness and economic resilience, and this is where both small and large Japanese and European players can position themselves as trusted economic partners together.

***Asuka Tatebayashi** is a Senior Analyst at Mizuho Bank' Global Strategic Advisory Department where she leads geopolitical risk analysis in the EMEA and Indo-Pacific region. She holds a master's degree in Development Sociology and Southeast Asian studies from Cornell University and is a member of European Union Studies Association Japan.*