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# Japan's Technology Diplomacy: A critical link for Free and Open Indo-Pacific



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*Cover: Japan Radio Tower in Tokyo [mrsiraphol]*

# **JAPAN'S TECHNOLOGY DIPLOMACY: A CRITICAL LINK FOR FREE AND OPEN INDO-PACIFIC**

## **1. Introduction**

The world is undergoing a significant transition. A simmering rivalry between the US and China for global dominance is reshaping the geopolitical landscape. The production hub has shifted from the Atlantic region to the Indo-Pacific region, now home to over 60 percent of the world's population. China, Japan, and India, the world's first, fourth, and fifth largest economies, respectively, contribute to over 70 percent of the world trade through this vast ocean space. This transition is further accelerated by a momentous technological change known as disruptive technology. Disruptive technology, by definition, is an innovation that fundamentally alters how consumers, industries, or businesses operate. It reshapes systems, necessitates behavioural changes, establishes new patterns, and replaces the old due to its superior attributes.

Technology has always played a crucial role in diplomacy, enabling nations with superior technology to influence others. This aligns with Joseph Nye's concept of [soft power](#), which he defines as the ability of a nation to shape the preferences of another nation through diplomacy and attraction. In this context, technology is a potent tool that can significantly enhance a nation's soft power. Today, it is testing new frontiers as the world gears up for an aging society, climate change, and reaching outer space.

Japan, despite being restricted by a pacifist constitution, strategically used aid and investment, including technology, to foster relationships with its neighbouring nations and the Southeast Asia region. This approach aimed to position Japan as a peace-loving nation and erase the memories of the Second World War. In 1964, Japan gained a place in the OECD and became a representative of Asia. Over time, it emerged as the second-largest economy, renowned for its technology, management, and discipline. Japan's adept use of technology as a tool to penetrate Asian nations, fostering their economic growth and ensuring rapid growth for itself, stands as a remarkable example of Joseph Nye's soft power concept.

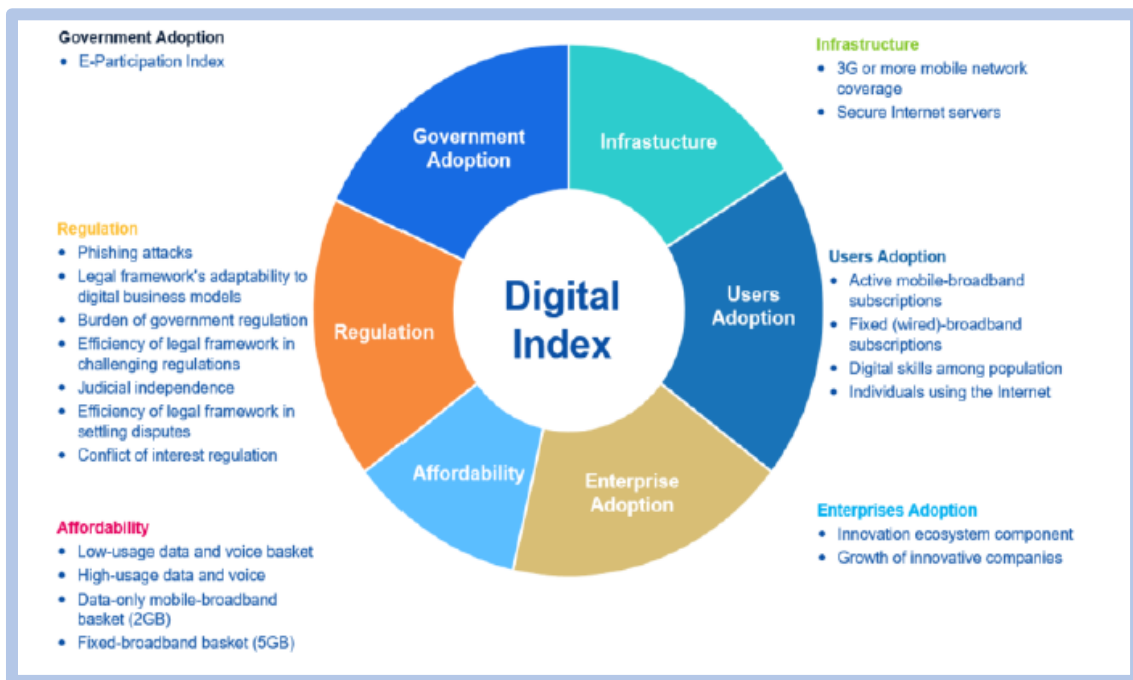
Until the turn of the century, technology was part of public diplomacy. Concerns during technology transfer rested on the developing world seeking technology as close to the first-generation technology, capability concern, institutional differences, and structural barriers. However, the origin of smart technologies, which fall in the grey area and can be used for a nation's security, transcended technology to move beyond the definition of soft power. Falling back on Nye, technology today stands as a tool of [smart power](#). By his classification, smart power components are those that a nation has a choice of using as a tool for persuasion or coercion as it deems necessary. Therefore, technology

diplomacy is an umbrella term that includes the transfer of technology applications, fundamental research collaboration, process, product, and service improvement. Most often, the three terms referred to under technology diplomacy are science, technology, and innovation.

The digital economy embeds disruptive technology. It has three broad pillars: digital technology and its agenda, infrastructure that enables connectivity, and governance. Yet another essential aspect of digital development is cooperation among nations in these three broad pillars.

Using the statistics by [BBVA research group](#) which compositely distinguished the countries in terms of the six criteria- Infrastructure, user adoption, enterprise adoption, affordability, government adoption, and regulation. A detail of the structure adopted to rank the countries is given in Fig 1. This [study](#) has examined the reach of digitalization, regulation, and government adoption concerning the citizenry.

Fig: 1 The Digital Index 2022

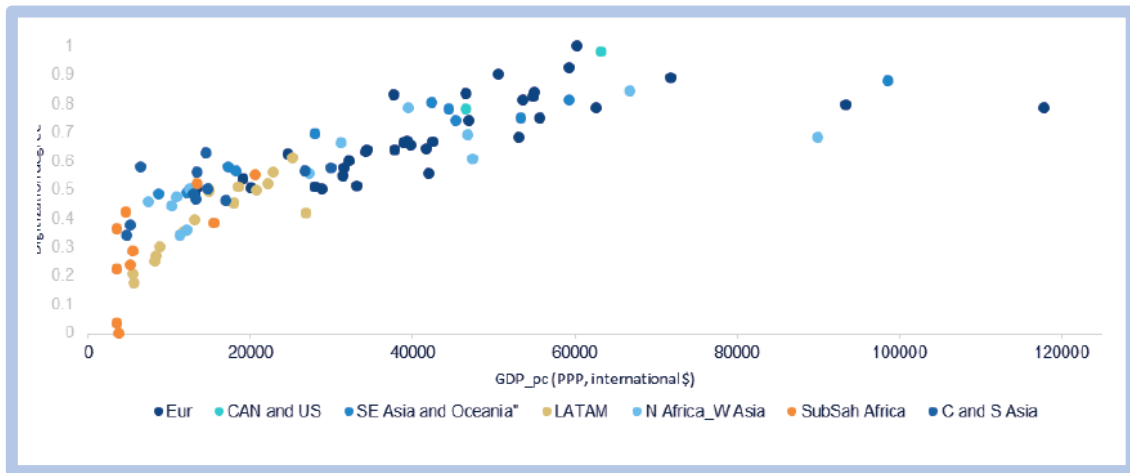


Source

[https://www.bbvarsearch.com/wpcontent/uploads/2022/06/DiGiX\\_2022\\_Update\\_A\\_Multidimensional\\_Index\\_of\\_Digitization.pdf](https://www.bbvarsearch.com/wpcontent/uploads/2022/06/DiGiX_2022_Update_A_Multidimensional_Index_of_Digitization.pdf)

While it is a little dated, given that it covers the three pillars in depth, its ranking best represents the digital divide between nations. The 'Digital Divide' refers to the gap between countries or regions that have access to modern digital technologies and those that don't. Fig 2 gives a pictorial representation.

Fig 2: The Digital Divide 2022



Source

[https://www.bbvaresearch.com/wpcontent/uploads/2022/06/DiGiX\\_2022\\_Update\\_A\\_Multidimensional\\_Index\\_of\\_Digitization.pdf](https://www.bbvaresearch.com/wpcontent/uploads/2022/06/DiGiX_2022_Update_A_Multidimensional_Index_of_Digitization.pdf)

From the above, it is clear that Southeast Asia and South Asia largely fall into the middling nations, and the African nations from low to middle. These nations make up over 80 percent of Indo-Pacific. It is important that the digital divide is bridged in all three areas mentioned above. Bringing parity among societies is critical in this globalized world, as digital development embedded in disruptive technology impacts trade, business transactions, and logistics. The expanding clout of the Digital Silk Road, a term coined to describe China's digital infrastructure initiatives in the region, furthered by the US-China tech conflict, only necessitates engagements among nations that want this region as free, open, and driven by liberal values and norms. More importantly, to establish the 'rule of law' in this complex world of the digital economy, which is so different that it demands new approaches, methodologies, and systems.

Japan has pioneered attention on the Indo-Pacific region by initiating its vision and drawing nations of the region to address concerns of this region. Today, the Indo-Pacific is the new theatre, and almost all nations have its policy towards the Indo-Pacific. The security of this region, especially the free flow of goods and services, consumes significant attention. As technology transcends to digital platforms, Japan has invested itself to regain its position as a lead nation on disruptive technology and work on building the digital capacity of nations in the Indo-Pacific region. A nation that builds itself on soft war has become a smart power with bilateral and multilateral engagement on digital technology platforms and addressing digital infrastructure and connectivity issues, capacity building, and governance. This article looks at two essential documents laying out Japan's domestic approach and diplomacy track to understand Japan's digitalization roadmap. They are the [6<sup>th</sup> Basic Science Technology and Innovation Plan 2021-2025](#) and [New Free and Open Indo Pacific 2023](#) (NFOIP). The rationale for the ST&I document is that it gives direction to the focus areas in science, technology, and innovation by addressing societal needs, the international environment, and business requirements. The

NFOIP is considered here to develop the idea of how Japan has put forth its digital development cooperation to reshape societies and countries at risk of being left behind and, in turn, becoming a soft target for power rivalry. Since digitalization has the power to address environmental issues and developmental challenges, by helping nations build their digital capacity, Japan uses its smart power to balance the region. The article explores the connection between Japan's domestic digital agenda and the use of digitalization through its Indo-Pacific vision to address the digital divide.

## 2. Japan's Digitalization Agenda

Japan's economic miracle, which was pegged on science and technology, was focused on learning from the West and indigenization of it in Japanese society. However, as Japan lost its position, it formulated a Basic Science and Technology Policy for the first time in 1996, and ever since, it has been a guide for society and its diplomatic overtures. The current document considers the emerging new world order, the risk of pandemics, and the degradation of the environment. In the introduction of the policy paper, it is stated as, *“With the [power of science, technology, and innovation](#), we must realize an all-inclusive society in a new world order, together with countries that respect regional, gender, language, and cultural diversity and share the principles of freedom and trust. Japan should play a central role in this.”*

[Society 5.0](#), formulated in the 5<sup>th</sup> Basic Science Technology and Innovation Plan, is at the core of this document. In a nutshell, Society 5.0 is defined by Japanese policymakers as a "human-centered society that achieves both economic development and solutions to social issues through a system that highly integrates cyberspace and physical space,”. Touted as a move through new industrial revolution to Super Smart Society, thus, upgrading its smart power, Japan would address its domestic challenges and also fulfil international commitment. Embedding the SDGs to go beyond the negative legacy of the 20th century, this document reiterates Society 5.0 as a concept that represents Japan's core values of "trust" and "sharing." In so doing, Japan positions itself to lead in areas of environmental concerns and address it through technology. In the 6<sup>th</sup> ST&I, concrete policies concerning Society 5.0 were described under the following three pillars to realize this concept:

- Transforming our country into a highly sustainable and resilient society through the fusion of cyberspace and physical space.
- Advancing knowledge creation, which designs a new society, becomes the source of value and creation.
- Accelerating innovative human resources to support the new society.

While the above essentially addresses digitalization, the use of artificial intelligence, and building citizen capability to use these, the document often mentions international commitment that Japan would address as digitalization cannot happen in isolation. In the introduction, it is stated that

*“...by proposing this concept, Japan aims to strengthen cooperation with countries, regions, and international organizations that can share this sense of value, and to become a cornerstone of trust in the international community”..... “we will put Society 5.0 to the forefront as a universal and global image of our future society in order to achieve what the Constitution of Japan declares, “we desire to occupy an honored place in an international society.” This is the central message of [the Sixth Basic Plan](#)”.*

Nurturing digitalization has gained momentum, as the pandemic forced Japanese society to a great extent to accept paperless activity in documentation and financial transactions. The digitalization process for Japan needs to be augmented at speed to counter the challenges of an aging society, which it wishes to address via the integration of digitalization and artificial. Japan’s National Data Strategy (2021) and Priority Policy Programme for Realising Digital Society (2021), which is directly correlated to the 6<sup>th</sup> ST&I and augments the goals of Society 5.0, have worked in favour of traversing Japan to a digital economy.

The 6<sup>th</sup> ST&I policy places the need for digitalization outreach, development, and integration to achieve Society 5.0. It [directs research at universities and research organizations](#) by earmarking 30 trillion yen in government R&D investment from FY 2021 to 2025 and 120 trillion yen in combined public and private R&D investment and calls for international collaboration and cooperation; it does not point to any governmental role in an international forum.

Prime Minister Kishida unveiled the NFOIP in March 2023 after concluding a summit-level meeting with Prime Minister Narendra Modi in Delhi, India. The NFOIP vision is a continuation of the FOIP policy formulated during Abe’s regime. Drawing from the past, the NFOIP states the vision of “fostering the region into a place that values freedom, the rule of law, free from force or coercion, and making it prosperous.” NFOIP a strategic vision for the region has strong emphasis on the importance of [digital connectivity](#) and cooperation continues, and the agenda becomes significant as it is important to steer the international community in the “direction of [cooperation](#) rather than division and [confrontation](#).” However, this policy goes beyond the formulated four pillars and goes at length to discuss what would be embedded with it.

- Pillar 1 Principles for Peace and Rules for Prosperity: Delineated from the vision, the free and fair economic order that adapts to the needs of the time is critically relevant to the digital world. Further, we must continue to strive for rule-making to ensure transparency.
- Pillar 2 Addressing challenges in an Indo-Pacific way: This is a new addition. By “Indo-Pacific way,” Japan acknowledges that needs and priorities differ among the dispersed economies of Asia and spells out environment, energy security, food security, health security, disaster management, and cyber security. Digitalization has a strong relevance to this pillar, and under cyber security, Japan attempts to educate, develop skills, and build capacity in the region through bilateral and multilateral engagement.

- Pillar 3 Multi-layered Connectivity: While connectivity has been Japan's agenda through Expanded Partnership in Quality Investment (EPQI), which calls for Public-Private Partnership and is often considered an alternative to China's Belt and Road Initiative (BRI), by placing it as a pillar and naming it multi-layered Japan has incorporated digital connectivity as a stratum with focus on RAN and undersea cables. Broadening the connectivity concept, Japan has included knowledge connectivity, in which digitalization is incorporated, as universities and laboratories have been made conduits for implementation. It also categorically mentions the Southeast region, Northeast India, Bangladesh, and the Pacific islands.
- Pillar 4 Extending Efforts for Security and Safe Use of the “Sea” to the “Air:” This addresses the security aspect, namely principles of rule of law of seas, maritime security, security of open space, and capacity building to address security concerns. Artificial intelligence, drones, and other digital technologies that impact security would be addressed under capacity building in the form of infrastructure.

Thus, looking at the 6<sup>th</sup> ST&I and NFOIP in conjunction, it can be derived that Japan has given due consideration to digitalization and disruptive technology as the future of its society and also of the international community, in which it has emphasized the need to build partnerships to bring parity among nations in digital platforms. Japan shines as a smart power by devising domestic and foreign policy frameworks which would work in tandem to enable its vision for peaceful and prosperous Indo-Pacific region.

### **3. Japan's Actions in Digital Transformation**

#### **3.1. Japan's Domestic Transformation**

With one of the world's leading broadband networks (connecting 98.8% of households with FTTH internet lines) and mobile phone service covering 99.99% of the population, Japan offers nationwide access to fast data transmissions. Meanwhile, in the industrial sector, there is a growing utilization of digital technology, such as ICT solutions, that reduce workloads and raise productivity at manufacturing sites. In the services sector, especially finance, tourism, and logistics, ICT and AI solutions are being promoted to cut cost and bring down the rural-urban divide

The wake-up call came during the pandemic when benefits payments took a long while to reach the beneficiary. It became apparent that while smartphones enabled citizens to move to the digital world, the slow pace of administrative services, with archaic procedures, necessarily slowed down the system. Then Prime Minister Suga, on a rare occasion, gave a powerful speech in favour of human-centric digitalization, reaching the lowest common denominator and developing policies for bold deregulation. As a result, a digital agency was set up in 2021 to oversee domestic and international digital engagement. The purpose was to create a robust administrative service and encourage



quasi-public-private sector arrangements that impact common citizens in areas like medical care, disaster prevention, and education, to name a few. Further, to effectively reduce the time taken for decision-making when many ministries and agencies are considered ( vaccine distribution was an example of how ministries failed to coordinate).

The promotion of digitalization is evident. A total of 188.9 million people have cellular mobile connectivity, which means 153.6% of the population. Since the population decreased by (-)0.5%, 15.1% remained offline statistically. Of the [188.9 million Japanese, only 96.00 million](#) were active on social media: Facebook, Instagram, and YouTube. Japan's app market is significantly different because it is insular, as many games and apps are designed for only Japanese users. Japan's app market growth compared to many nations has been nominal as the country moved out of the pandemic, and there is reduced internet use. However, Rakuten Line and Paypal have a strong market share, followed by Piccoma, a comic book, and games like Monster Strike. The time spent has also increased from 38.7 billion hours in 2019 to [57 billion hours in 2023](#).

Digital Garden City nation is in progress as outlined in Society 5.0. Through this policy, Japan is addressing the urban-rural divide. By compelling Japanese companies to set up satellite offices in rural areas, thus shifting the working population to the rural sector and addressing the need to care for elderly family members, which led to especially women giving up their jobs, human-centric digitalization is visible. [Digitalization of rural areas](#) has upgraded medical care, rendered help during disasters, and provided guidance to the agricultural sector. While challenges continue in getting the aged to accept the change, bureaucracy to embrace coordinated work through digital platforms, and small and medium enterprises to manufacture and trade by accepting digitalization, Japan is prodding towards a digital world that is human-centric and all-inclusive.

While societal and business challenges pertain to usage and skill development, a more considerable challenge is digital governance, wherein lies the test for governments. Digital transformation through disruptive technology has raised major concerns over control over information/ disinformation, blurring physical territories, and, thus, securitization of cyberspace. Digital governance has two strong aspects. One is the rules of data sharing and the question of cyber security (beyond the scope of this article). Regarding governance, the narrative that has emerged is based on the existing political system prevalent in the nations. Thus, China is advocating state-centric governance, and one is aware of the Chinese government's restrictions on its citizens. The US, on the other hand, looks at law and governance on the basis of the market, and thus, it is market-driven; Europe strongly advocates individual rights and privacy and is right-driven. What is emerging from Japan is following its erstwhile modus operandi, the [consensus model](#). It attempts to balance private concerns and commercial and public interests in data usage. In governance, too, Japan is on the learning curve; it is keenly looking at other advanced nations as they evolve their policies. European Union and the states it encompasses have become its source points. Japan has, therefore, been progressively engaging with the international community to cooperate, collaborate, and aid international rule-making, which would impact its national rules and regulations.

### 3.2 Japan's International Footprint in Digital Transformation

The constraints embedded in the nation's political economy have challenged Japan's domestic digital transformation. However, this has not inhibited Japan from forging digital diplomacy with nations be it in technology spectrum, regulatory concerns or governance. The major reasons behind this have been the regional geo-political situations, which have prompted Japan to look at multipolarity and digital economy platforms, which are nascent, complex, and require new alternatives, which is an opportunity to break the old system and allow for the emergence of a new order.

This approach particularly resonates with all OECD nations, including India, Brazil, and Indonesia, which are gaining economic ascendancy and thus want to play a role in addressing the concerns of an integrated digital economy. Thus, for Japan, digital diplomacy is a strong vector through which it can emerge as an upholder of the liberal world order and contribute to international rule-making. Table 1 shows Japan's engagement through bilateral and multilateral platforms. A close look at the multilateral and bilateral engagements can identify some common threads that help draw convergence between nations and help Japan focus on drawing its domestic policies. The following are the emerging areas of collaboration that are directing the digital world to enable an inclusive, sustainable digital economy. The four strands are- Technology, Governance, Community, and Sustainability.

Table 1: International Digital Engagement of Japan

S.No	Year	Engagement	Classification
1	2019	Japan-G 20 Ministerial Statement on Trade and Digital Economy	Multilateral
2	2020	Saudi Arabia-G20 Digital Economy Ministers Meeting	Multilateral
3	2021	Italy-Declaration of G20 Digital Ministers Meeting	Multilateral
4	2021	United Kingdom-G7 Digital and Technology Ministers' Meeting	Multilateral
5	2021	Denmark Memorandum of Cooperation (MOC)	Bilateral
6	2022	Germany-G7 Digital Minister's Meeting	Multilateral
7	2022	Indonesia-G20 Digital Economy Minister's Meeting	Multilateral
8	2022	Japan-United Kingdom Digital Partnership	Bilateral

9	2022	Japan-EU Digital Partnership	Bilateral
10	2022	Belgium Memorandum of Cooperation (MOC)	Bilateral
11	2022	United Kingdom Memorandum of Cooperation (MOC)	Bilateral
12	2022	Singapore Memorandum of Cooperation (MOC)	Bilateral
13	2022	Estonia Memorandum of Cooperation (MOC)	Bilateral
14	2023	India-G20 Digital Economy Ministers Meeting	Multilateral
15	2023	First Meeting Japan-EU Digital Partnership Council	Bilateral
16	2023	Saudi Arabia Memorandum of Cooperation (MOC)	Bilateral
17	2023	Tunisia Memorandum of Cooperation (MOC)	Bilateral
18	2023	Jordan Memorandum of Cooperation (MOC)	Bilateral
19	2023	Ukraine Memorandum of Cooperation (MOC)	Bilateral
20	2024	Italy-G7 Industry, Technology, and Digital Ministerial Meeting	Multilateral
20	2024	Second Meeting of the Japan-EU Digital Partnership Council Held	Bilateral
21	2024	The Second Ministerial Japan-UK Digital Partnership Council held	Bilateral
22	2024	European Union Memorandum of Cooperation (MOC)	Bilateral

*Note: EU though a multilateral platform, it's agreement with other nations is considered a bilateral agreement.*

*Compiled by author from <https://www.digital.go.jp/en/international-relations-en>*

The debate on technology centres around interoperability, modularity, and scalability. While Japan and the European Union are forging a strong alliance on interoperability as it allows for the smooth operation of e-commerce, countries like India and nations within ASEAN have concerns over data sharing. Modularity is the ability of a digital platform to divide into independent modules or components that can be exchanged or reused. This allows businesses to make changes without having to change the digital platform. Modularity is critical for developing countries as it cuts down costs. Scalability is all

about handling changing demands without compromising on quality and performance. In the world of digitalization, it is this that creates a digital divide, and to overcome this, there is a need for advanced nations to help both technologically and financially.

Digital economies require - Data Free Flow with Trust (DFFT) to enable digital globalization. This is a grey area, as it is feared that sensitive data can be misused as it moves beyond physical boundaries . Thus date free flow to many nations, including India is a contested issue. However, Japan has progressed significantly with the European Union (EU) by creating a council in 2022 and holding a meeting in 2023 and 2024. In April 2024, the council adopted a protocol to include provisions on cross-border data flows and legal certainty. Unjustified data location measures will not hamper the EU and Japan agreement and will adhere to rules of data protection.

As AI moves digitalization into a new trajectory, governance is the area of concern and requires an understanding of today's technology and its future directions. Strategic considerations also impact governance, and the Indo-Pacific region becomes Japan's major apprehensions. By drawing close to advanced European nations, Japan is working to mitigate this. Japan, aware of the critical need, its first MOU, was inked with the number one digital nation, Denmark, in 2019. Since then, it has had an EU partnership, a UK partnership, and an MOU with Belgium. Through this activity, Japan is able to synchronize domestic governance and globalization and move towards a free, open, and transparent digital economy. The agreements followed by regular council meetings have ensured steady progress in data sharing by addressing the concerns of the business.

The ultimate goal of the international community is to not leave behind any nations or individuals in the race towards digitalization. This has strong resonance in Japan's ST&I policy and NFOIP. Thus, the community is the centre of gravity, whether it is multilateral platforms or bilateral negotiations. By terms like “inclusive” and “humancentric” in G20, G7, and Japan European Partnership agreement, it is evident that addressing gender, human rights, accessibility, and capacity building is the focus, and ministerial statements of G20 call upon nations to address these concerns individually and collectively. This urgency is reflected in the Japan-EU partnership agreement when collaboration to build capacity in the Indo-Pacific region has been explicitly written.

Sustainability in digital platforms means continuous technology upgrading. The attempt is to ensure sustainability through adequate financing, technological support, and enhancements to facilitate uninterrupted operations and seamless user-focused service delivery. In this respect, Japan has included digital infrastructure as one of the strong pillars under NFOIP. This allows Japan to aid both the Asian region and the Pacific islands in developing digital infrastructure, skill individuals to build capability, and ensure smooth digital transformation.

While Japan works at multilateral and bilateral level, the ground level work is carried out by its Overseas Development Assistance (ODA) programme and is named “[Digital Development Cooperation](#)”. It is well known, bound by a pacifist constitution, Japan major tool for its international outing has been its aid programme. Historically, Japan's aid programme has been instrumental in development of Southeast Asia. Criticised for using the aid programme to advance its economic purpose, Japan has reoriented its aid programme by establishing Japan International Cooperation Agency (JICA) in 1972, and subsequently directed Overseas Development Assistance (ODA) to incorporate human

security, environmental concern, sustainable development, green transformation etc critical global challenge. The first ODA charter (1993) gave new orientation to ODA and stated that among other things Japan's basic philosophy

*“The world is now striving to build a society where freedom, human rights, democracy and other values are ensured in peace and prosperity. [We\(Japan\)](#) must recognize the fact of interdependence among nations of the international community and that stability and the further development of the developing world is indispensable to the peace and prosperity of the entire world.”*

This having been the fulcrum, subsequent ODA charters ( 2003, 2015 ) and the new ODA charter 2023 have all incorporated the foreign policy directives. As Japan unfolded its Free and Open Indo-Pacific vision, the ODA disbursement also saw shifts. Under the infrastructure connectivity agenda Japan put forth in 2001 ODA projects to address digital divide. It all began as part of Japan's commitment to Kyushu-Okinawa Summit meet's (July 2000), “Okinawa Charter on the Global Information Society”. Japan addressed this by aiding telecommunication development ( Laos, Cambodia), GIS system (Macedonia, Cambodia, El Salvador, and Guatemala) Southeast Asia Engineering Education Development Network (ASEAN), Assistance to third country for IT (Nepal, Srilanka), IT infrastructure and Network (Angola, Tanzania) and then China too. Infrastructure connectivity and smart city ( India).

What started as telecommunication network, IT education has become more coherent involving many strategic sectors like defence and the infrastructure connectivity has been explicitly stated as two segment physical connectivity and digital connectivity. The basic approach of [ODA charter 2023](#) furthers these in light of growing complexities in this world.

*“In order to overcome the crises ( Ukraine, China's aggressiveness, China Russia North Korea nexus) , the international community must work together by transcending differences in values. Japan is positioned to lead such cooperation with increased emphasis on the role of development cooperation.”*

In this role Japan has brought in variation by incorporating security aid and under the “[Co-creation Initiative](#)” Japan proposes to identify projects in developing countries, and with cooperation of the recipient nation disburse aid. This is a marked departure from the established system by which aid was provided at the request of recipient countries. Focus has been on three strategically critical areas. They are digitalization, economic resilience and green transformation technologies. [Data centre](#) is the first step towards digitalization. In December 2023, the Data centre initiative was implemented for the first time to build a national data centre in Cambodia. The project aims to build Cambodia's digital infrastructure and cyber security capabilities amid the increasing risk of cyberattacks by Beijing. The United Nations Development Programme (UNDP) in Ukraine has handed over cryptographic, network and switching equipment to Ukraine's Ministry of Digital Transformation of Ukraine, which strengthened the operation of Diia's infrastructure and protected the uninterrupted provision of social services to citizens. It was purchased with the aid of funding from the Government of Japan as part of the “[DIA Support Project](#),” which is implemented by the UNDP in Ukraine.

Japan's international commitment has shown its dedicated attempt to bridge the digital gap. Both bilateral and multilateral agreements point to shaping the digital economy, finding a common norm, rule or practice to enable smooth transition to digital world. It looks at collaboration and partnership to harness the best practices for use in the international arena. Through its Digital Cooperation programme in its aid policy, Japan has commitment both finance and man power to further digitalization in Indo-Pacific region.

#### **4. Conclusion**

In the digitalization era, technology diplomacy has transcended from a public diplomacy tool to a strategic diplomacy tool. As with many advanced nations, Japan has taken advantage of this momentum shift to regain its position as a technology powerhouse. As is seen, through the conjunction of the 6th ST&I policy and NFOIP, Japan has used smart power persuasion tactics to counterbalance China's attempt to draw nations, particularly ASEAN, the centre stage of the Indo-Pacific region. Japan has built a reputation through its aid programme as a peace-loving nation. Thus, when digitalization advancement to bridge the digital divide became critical to address the Indo-Pacific's developmental and security agenda, Japan took the lead by incorporating digital infrastructure, capacity building, and digital governance in its diplomatic agenda. Addressing digital and physical connectivity, Japan has upgraded its smart power in the region. Japan's tireless engagement through summit level, ministerial level, and working group committees at multilateral platforms has enabled the promotion of digitalization in developing nations. Commitment of Japan has gone beyond financing as it also made efforts for human skill building to enable embedding digitalization in developing nations independent to outside intervention.

Japan has been prudent in choosing its partners. Japan is working closely with the European Union and India to seek partners that can strengthen its digitalization agenda. European Union is a front-runner in digitalization. Its [Data Governance Act](#) and the [European Declaration on Digital Rights and Principles](#) (2024) are gold standards. Further, its Digital Decade policy programme is expected to guide the transformation with tangible targets and goals. Japan has inked a [Digital Partnership with the European Union](#) (2022) to learn and incorporate governance and other issues in its domestic and international outing. India, too, has reached out to the European Union and negotiated the [EU-India Free Trade Agreement](#), [Investment Protection Agreement](#), and [Geographical Indications Agreement](#). If one were to compare these two agreements, there would be a convergence of interest in how these nations wish to shape the digital economy. Ground-level work aimed at removing trade barriers, especially for smaller firms, and opening up services and public procurement markets, thus ensuring predictability and legal certainty for businesses engaging in digital transactions, finds resonance in both documents. Linking digital solutions to fighting climate change and achieving the green transition is an area both agreements address as a global commons' agenda. While there are divergences mainly in the area of dispute settlement, there is a strong scope for Japan, India, and the European Union to come forward with a trilateral grouping on a digital agenda for the larger goal of keeping the Indo-Pacific region free and open.

Digitalization is a transformative force, offering nations the opportunity to accelerate development through this platform. The Indo-Pacific region, as the new theatre of activity, has drawn this region into power contestation. A vibrant digital world calls for a humancentric approach that ensures privacy, is secured, fortifies intellectual property rights, and protects data. Digitalization, which is creating a digital divide in this region, can be potentially detrimental as it encourages power play. Japan's strategic approach of financing and ensuring capacity building through diplomatic channels has led to digital partnerships that effectively address the challenges and obstacles faced by developing nations. In this context, the Indo-Pacific region's potential as a hub for technological innovation and cooperation becomes evident. Japan's futuristic moves to create a rule-based digital world by partnering with world-leading nations is on track, enhancing its smart power.