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Issue Brief

Japan's Strategic Calculations: Constraints and Responses

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S*ummary*

Japan's grand strategy has successively evolved from the Rich Nation, Strong Army (Fukoku Kyohei) model of the Meiji era to Prince Konoye's New Order in Greater East Asia (Dai Tōa shin chitsujo) between the two world wars, and then to the pragmatic Yoshida Doctrine of security pacifism and mercantile realism during the Cold War. In the post-Cold War era, when the international system is moving away from the unipolar moment of US hegemony, how is Prime Minister Shinzo Abe managing Tokyo's strategic calculations within the US-Japan-China relations? While managing Japan's strategic puzzles amidst US-China competition, Japan will continue to invest in strengthening its alliance with the United States, buttress national strength, and further knit universal value based strategic partnerships in the Indo-Pacific, on the one hand, and engage with China in the hope of shaping it as a responsible power that respects international norms, on the other. Recent developments in Japan's China policy are shaped by tactical calculations and do not suggest dilution of Abe's primary objective of supporting the US-led regional order that has served Japan's national interests well since the post-war era.

The fluidity in the East Asian regional order caused by the relative dilution of US primacy and the emergence of China as a great power is compelling Japan to revisit its grand strategy. Japan's strategic calculations in this changing regional dynamics have been considerably influenced by policy debates on whether President Donald Trump's Asia policy, hinged on his apparent lack of a nuanced understanding of alliance politics, risks US retrenchment from the region. Japan is consequently worried about the possible emergence of a Sino-centric regional order. The primary objective of Japan's strategy, having been a "beneficiary" of the US-led international order, is to reinforce that order, even as the balance of power shifts in Asia.¹

Following World War II, the US designed the rules-based liberal international order by establishing institutions and norms that structured international politics and impacted regional dynamics across the world, including in Asia. But it now faces its most formidable competitor in a "revisionist" China. The regional dynamics in East Asia is further complicated by the emergence of a "dual hierarchy"² with the security sphere being led by the US and the economic domain by China.³

Managing Tokyo's interests within the US-Japan-China triangle is a critical component of Prime Minister Shinzo Abe's strategy. That strategy is shaped by the complex interplay of geostrategic and geo-economic variables in the triangle⁴— a tight ropewalk between alliance management with the US and contested sovereignty and historical baggage with China. Japan has been operating in a difficult geopolitical environment for some years now. During the Obama presidency, the US and China toyed with the idea of a G2 or 'New Type of Major Power Relations', that is, a tacit understanding on their respective spheres of influence. This would have implied Japan operating in a Sino-centric regional order. Japan's predicament has not fundamentally altered even though the Trump presidency has declared the emergence a new era of "great power competition", wherein China's pursuit of its strategic ambitions is seen as shaping "a world antithetical to US values and interests".⁵

Besides great power competition, East Asia hosts three of the top ten nations in terms of military expenditure, nuclear powers including China, Russia and North Korea,

¹ Ryo Sahashi, 'The depths of Tokyo's strategic dilemma', East Asia Forum, December 21, 2018 at <http://www.eastasiaforum.org/2018/12/21/the-depths-of-tokyos-strategic-dilemma/> accessed December 27, 2018; Toshihiro Nakayama, 'Japan's Not Hedging... Yet', The Diplomat, December 21, 2018 at <https://thediplomat.com/2018/12/japans-not-hedging-yet/>, accessed December 28, 2018.

² G. John Ikenberry (2016), 'Between the Eagle and the Dragon: America, China, and Middle State Strategies in East Asia', *Political Science Quarterly*, Vol. 131, No. 1, pp. 9-43.

³ Rosemary Foot (2017), 'Power transitions and great power management: three decades of China-Japan-US relations', *The Pacific Review*, Vol. 30, No. 6, pp 829-842.

⁴ Tsuneo Watanabe, 'Japan's Security Strategy toward the Rise of China: From a Friendship Paradigm to a Mix of Engagement and Hedging', The Tokyo Foundation for Policy Research, April 6, 2015 at <http://www.tokyofoundation.org/en/articles/2015/security-strategy-toward-rise-of-china> accessed on December 21, 2018

⁵ National Security Strategy of the United States of America, The White House, December 2017 at <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>, accessed December 24, 2018.

geo-political hotspots, and differing political systems. The region is far from reconciliation given its emotive history and intensifying anti-Japanese nationalism. Japan's political elites have consistently argued that Tokyo is navigating the most severe security environment in its post-War history⁶ given the advances in North Korea's nuclear and missile programmes and Chinese maritime assertiveness in the East China Sea. This geopolitical environment amidst the unfolding structural changes in the relative balance of power between Washington and Beijing in the economic, technological and military spheres has influenced Tokyo's threat perception. Accordingly, Prime Minister Abe, in his New Year message, articulated the need for Japan to "resolutely advance a total reassessment" of national strategy.

Japan's grand strategy has successively evolved from the Rich Nation, Strong Army (*Fukoku Kyohei*) model of the Meiji era to Prince Konoye's New Order in Greater East Asia (*Dai Tōa shin chitsujo*) between the two world wars, and then to the pragmatic Yoshida Doctrine of security pacifism and mercantile realism during the Cold War. In the new era ushered in by China's rise and the waning of unipolar American hegemony, how is Japan managing its strategic calculations as the regional order becomes more fragmented and global governance more contested?

Japan and the US-China competition

Alliance with the US lies at the heart of post-war Japan's foreign and security policy. Japan has served as a critical anchor in the US hub-and-spokes San Francisco system of alliances in the post-World War II era, which secured and maintained the regional order through forward deployed US forces. Prime Minister Abe will certainly continue to invest in the security alliance with the US as the top priority, with the intention of shaping a regional order favourable to Japan's national interests. Accordingly, Japan has devoted energy in co-ordinating with the US, for instance aligning their respective Indo-Pacific strategies and creating more synergy in the Quad consultations with focus on safeguarding navigational rights and freedoms in the Seas and advancing regional connectivity and high-quality infrastructure development.

But alliance management and hedging against US abandonment under President Trump's insular 'America First' approach while managing the geopolitical and geo-economic challenges, is testing Tokyo's policy choices. However, this is not to argue that alliance management was devoid of any stress before the Trump Presidency. Throughout the Cold War and afterwards, Japan has had to face fierce US criticisms of being a "free rider", with the discourse in Washington ranging from "Japan bashing" to "Japan passing" to "Japan nothing".

⁶ 'Policy Speech by Prime Minister Shinzo Abe to the 195th Session of the Diet', Prime Minister of Japan and His Cabinet, November 17, 2017, at https://japan.kantei.go.jp/98_abe/statement/201711/_00006.html, accessed October 15, 2018.

To be fair, Tokyo's dilemmas in the US-Japan-China triangle predated the Trump administration. For instance, Japan woke up to the Nixon Doctrine when the administration revised US national strategy. Further, Japanese policy debates on structural shifts in the regional balance of power, power transition and gradual dilution of US primacy had actually germinated much before Trump was elected. Following the 2008 global financial crisis, Japan's strategic elites debated the impact of the dilution of US primacy and the resultant benefits accruing to China.⁷

Abe's concerns regarding Trump's strategy in Asia also reflect similar concerns about the depth of the US commitment to Japan's security. Of particular importance for Japanese policymakers is weighing the functionality of the US alliance in responding to China's enhanced anti-access and area denial (A2/AD) capacities. Despite Abe's efforts to keep the US-Japan partnership on an even keel, there are considerable concerns on whether Trump's policy choices adversely affect Japan's national security interests. One example is Trump's denuclearisation negotiations with North Korea. Arguments in favour of Japan becoming "more self-reliant in terms of security"⁸ have therefore gained further traction after Trump assumed office.

While Japan is opposed to the idea of China imposing a regional order, unpredictability in Trump's Asia policy has compelled Abe to reorient Japan's China policy. Since 2017, Abe's China policy has been reflecting a "tactical detente",⁹ culminating in the Summit of October 2018 after a gap of seven years as part of the renormalisation efforts.¹⁰ But these efforts are shaped by the tactical calculations of Tokyo and Beijing rather than major shifts in their respective attitudes, as contested sovereignty and contentious history issues persist.

Japan's China policy over the decades has evolved from the friendship diplomacy paradigm between 1972 and 1989 to an eclectic approach involving positive engagement and realistic balancing to hedge against any impending threats.¹¹ Abe's latest visit to Beijing was largely driven by geo-economic variables and the need to protect the global economic order and uphold free trade amidst the intensifying trade war between the US and China. China-Japan memorandums on third country cooperation are driven primarily by the economic agenda.

Geopolitically, given the unpredictability of the Trump presidency and ensuing fears of abandonment, it was also prudent for Japan to ease bilateral tensions with China

⁷ Masanori Nish (2018), Reflections of a practitioner: strategic adaptation in Japan since the 1970s, *International Affairs* Vol. 94, No. 4, pp. 905-909.

⁸ 'The Trump Administration and Japan: Challenges and Visions for Japan's Foreign and Security Policy in the New Era', Japan-US Alliance Study Group Report Institute for International Policy Studies (IIPS), January 2017.

⁹ Hiroyuki Akita, 'Can Japan and China move beyond a tactical detente?', *East Asia Forum Quarterly*, Vol.10 No.3 July-September 2018

¹⁰ Shin Kawashima, 'A new norm in China-Japan relations?' *East Asia Forum*, November 1, 2018, at <http://www.eastasiaforum.org/2018/11/01/a-new-norm-in-china-japan-relations/> accessed December 24, 2018.

¹¹ Mike M. Mochizuki (2007), Japan's shifting strategy toward the rise of China, *Journal of Strategic Studies*, Vol. 30, Issue 4-5, pp. 739-776.

and the 40th anniversary of the signing of the Japan–China Treaty of Peace and Friendship presented Abe the chance to infuse new momentum in Japan's China policy. One school of thought argues that Japan has pursued a 'dual hedge' strategy, safeguarding security interests through its alliance with the US and economic interests through trade with China.¹² In the long term, US behaviour will continue to constitute a decisive factor in Japan's strategic equation with China.

Under the Trump presidency, Japan faces difficult challenges regarding differences on the best way to manage a rising China. The "China gap" in Washington and Tokyo's approach is growing further under the Trump presidency.¹³ While geopolitically, the US and Japan have aligned their Free and Open Indo-Pacific Vision, geo-economically, there are deep fault lines. For instance, Japan was perplexed by Trump's lack of appreciation for the Trans-Pacific Partnership (TPP) as a strategic tool designed to advance US leadership in the Asia Pacific by offsetting China's growing influence through the bolstering of alliances and strategic partnerships.

Trump's economic nationalism, preference for protectionism over globalisation, and bilateralism over multilateral trade frameworks have created space for China to emerge as a champion of free trade. Moreover, Trump's withdrawal from TPP has had adverse effects on Abe's trade policy. Abenomics relied on TPP to revitalise the Japanese economy by securing access to new markets. As the US-China trade war intensifies over deficits and stealing of cutting edge technologies, Japan is likely to be impacted since Tokyo's economic growth is contingent on the intricate supply chains that structure US-China trade interdependence.

Trump's 'America First' approach marks a departure from the seven-decade long US leadership of the multilateral order. The US President's protectionist tendencies have compelled Japan to assume leadership in defining the global economic order with the conclusion of Asia Pacific's first mega-regional trade agreement, the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP)*. Trump's criticism of Japan for unfair trade practices has forced Abe to not only enter into bilateral trade *talks* with the US but also move forward on concluding the Japan-EU Economic Partnership Agreement (EPA), as well as intensifying cooperation with China in the negotiations for the Regional Comprehensive Economic Partnership (RCEP). At the bilateral level, America's narrow transactional approach with its allies has not given Abe much latitude, whether with respect to tariffs on steel and aluminium or initiation of investigation by the US Department of Commerce under Section 232 of the Trade Expansion Act of 1962 with the objective of determining if auto imports threaten to impair national security.

¹² Eric Heginbotham and Richard J. Samuels (2002), Japan's Dual Hedge, *Foreign Affairs*, Vol. 81, No. 5, pp. 110-121.

¹³ Richard J. Samuels and Corey Wallace (2018), Japan's pivot in Asia, *International Affairs*, Vol. 94, No. 4, pp. 703-710.

Japan's Internal and External Balancing

Japan's strategy is manifesting elements of both 'internal balancing' and 'external balancing' by reorienting the security posture, on the one hand, and stepping up as a more proactive ally of the US and weaving a universal values based network of allies in the Indo-Pacific, on the other. In the post war era, Japan had employed deterrence by denial based on the 'exclusively defence-oriented policy' (*senshu boei*) and contributed to the alliance framework as the 'shield' to match the US 'sword'. Subsequently in the post-Cold War period, Japan focussed on 'internal balancing' despite fierce domestic debate exposing the fault lines between the pragmatists and the conservative revisionist schools of thought.

Since Abe returned to power in December 2012, Japan drafted its maiden National Security Strategy and instituted the National Security Council in 2013. The Abe Cabinet reinterpreted the scope of Article 9 and enacted the Legislation for Peace and Security enabling the conditional "use of force" as a measure of self-defence. Accordingly, the US-Japan Defence Cooperation Guidelines were revised, adding qualitative depth with the institution of the Alliance Coordination Mechanism.

The National Defence Program Guideline (NDPG) was revised in December 2018, five years ahead of schedule, urging that cross-domain defence capabilities be enhanced. Moreover, Abe has eased the conventional defence spending cap of one per cent of Gross Domestic Product (GDP) and intensified the political debate on acquiring strike capabilities (*teki kichi kōgeki*). Japan is remodelling its helicopter destroyers to carry US-designed stealth fighters and "drastically improving ballistic missile defence capabilities"¹⁴ with the introduction of two Aegis Ashore batteries. It is also introducing the Joint Strike Missile (JSM) for its F-35A stealth fighters and reequipping existing F-15 fighters with Long-Range Anti-Ship Missiles (LRASM) and extended-range Joint Air-to-Surface Standoff Missiles (JASSM-ER).

Even though amending the post-War constitution is not necessary for enabling incremental security changes, a proper revision of Article 9 would ease the responsiveness of Tokyo's internal and external balancing efforts. Just as the possession of basic counter-strike capabilities is not constitutionally barred as such, the possession of nuclear weapons is also not unconstitutional going by government interpretations in the 1950s.¹⁵ A nuclear Japan is not unconstitutional but problematic. Back in 2002, when Abe was Deputy Chief Cabinet Secretary, he argued that small-scale nuclear weapons are not unconstitutional. The official position argues that "as a purely doctrinal problem about the relationship between Article 9

¹⁴ 'Defence of Japan 2018 (Digest)', Ministry of Defence August, 2018, at http://www.mod.go.jp/e/publ/w_paper/pdf/2018/DOJ2018_Digest_0827.pdf accessed on September 20, 2018

¹⁵ In 1965, the Cabinet Legislation Bureau "determined that Article [9] would not prohibit possession of nuclear weapons by Japan, so long as such weapons met the 'minimum necessary' requirement." Also, Nakasone Yasuhiro, then director of the Japanese Defence Agency, "opined in a 1970 White Paper that small-yield, tactical, purely defensive nuclear weapons would be permissible under Article".

of the Constitution (the no-war clause) and nuclear weapons, our country has the inherent right of self-defence. The use of the minimum level of ability for self-defence doesn't mean nuclear weapons are banned under Article 9, section 2.”¹⁶

Japan features a unique display of “nuclear allergy” coexisting conveniently with the US nuclear umbrella for decades, as well as the Three Non-Nuclear Principles of the 1960s co-existing with the now declassified Cold War era secret agreements with the US to introduce nuclear arms to Okinawa during emergencies and the transit through Japanese ports of US naval ships carrying nuclear weapons.¹⁷

Prime Minister Sato, who won the Noble Peace Prize, instituted the ‘Study Group on Democracy’ in 1967-70 to conduct research on the costs and benefits of Japan’s nuclearisation following China’s first nuclear test in 1964. It was concluded that while US extended deterrence would contain a military attack on Japan, nuclearisation would make Japan more vulnerable and lead to diplomatic isolation. In the 1990s, then Japan Defence Agency internal study groups argued against going nuclear, concluding that such a step would cause the US nuclear umbrella to weaken, even lead to the abrogation of the US-Japan alliance, and promote nuclear proliferation.

Three variables, including Japan’s national identity as a pacifist non-nuclear weapon state, pledge to nuclear non-proliferation and disarmament, and realist security calculations, have influenced Japan’s choices on going nuclear.¹⁸ Japan’s capability in terms of technology and a stockpile of 47 metric tons of plutonium has never been in doubt. However, its choice in this regard will have far reaching consequences in terms of potentially provoking South Korea to go nuclear. Even though the debates on nuclear weapons have gained traction in subsequent policy discourse, Japan’s defence planners continue to rely on US extended nuclear deterrence.

Japan has also invested in ‘external balancing’ by cultivating security cooperation not only with the US but also with other US allies in East Asia and strategic partners in the Indo-Pacific. The Abe administration has aligned its geopolitical interests with important regional powers under the banner of the Free and Open Indo-Pacific Vision. This strategy is underpinned by a universal values-based policy framework as Japan steered its course towards value-oriented foreign policy, conceptualised by thinkers like Nobukatsu Kanehara¹⁹ and Shotaro Yachi, since Abe’s first term.

¹⁶ Eric Johnston, Statements by lawmakers cloud Japan's position on nuclear arms, *The Japan Times*, April 9, 2016 at <https://www.japantimes.co.jp/news/2016/04/09/national/politics-diplomacy/statements-by-lawmakers-cloud-japans-position-on-nuclear-arms/#.XDwfpVwzbIV>, accessed January 14, 2018.

¹⁷ For more, see: Masakatsu Ota (2018) Conceptual Twist of Japanese Nuclear Policy: Its Ambivalence and Coherence Under the US Umbrella, *Journal for Peace and Nuclear Disarmament*, Vol. 1, No. 1, 193-208.

¹⁸ Mike M. Mochizuki (2007), Japan Tests The Nuclear Taboo, *Nonproliferation Review*, Vol 14, No. 2, pp. 303-328.

¹⁹ Nobukatsu Kanehara, ‘Japan’s Grand Strategy —State, National Interests and Values, Japan’s Diplomacy Series, Japan Digital Library’, Japan Institute for International Affairs, 2016

There is a school of thought which argued that Japan lacks strategic thinking.²⁰ Japan has long been perceived as an “economic giant and political pigmy”. But upon assuming the prime ministership, Abe envisioned Japan’s role as a leading promoter of rules and a guardian of the global commons in the Indo-Pacific underpinned by alliances with democracies.²¹ The architect of Abe’s value-based strategy, Nobutasu Kanehara, embedded the primacy of universal values in the foreign policy pursued by both Abe administrations.

While in the 19th and first half of the 20th century, Japan was silent on values, in the post-war Japanese discourse, pacifism was the only value that featured prominently. Japanese reticence can be traced back to its experience of imperialism in the nineteenth century and erosion of trust in national morality following Japan’s militarism before and during the war. Japan lost its path as it failed to understand the evolving paradigm of global liberalism led by the US that substituted European imperialism.²² Therefore, Kanehara concluded, 21st century Japan should not pursue power alone but justice based on universal values.

As the rationale of value-oriented foreign policy gained traction in Japan, India has been accorded space in Japan’s strategic thinking, as can be seen in Taro Aso’s ‘Arc of Freedom and Prosperity’, Abe’s conceptualisation of ‘Confluence of the Two Seas’, ‘Quadrilateral Initiative’, Asia’s ‘Democratic Security Diamond’ and the latest Free and Open Indo-Pacific Strategy. Japan’s first National Security Strategy pushed for “cooperation with countries with which it shares universal values and strategic interests, such as the ROK, Australia, the countries of ASEAN, and India”.²³ Its Free and Open Indo-Pacific Vision is aligned with the US’s Indo-Pacific Strategy. It has further nurtured defence and security cooperation with Australia as both Tokyo and Canberra work together in strategic alliance with the US. Japan is also advancing defence cooperation with ASEAN states more comprehensively through the ‘Vientiane Vision’ focused on promoting the rule of law and reinforcing maritime security.

As a maritime power, Japan has stepped up maritime security cooperation with a focus on enhancing interoperability with other navies through joint training and exercises. The Japan-India Maritime Exercise (JIMEX) and the Malabar exercises to which the Japanese Navy has become a permanent invitee are focussed on Aircraft Carrier operations, Air Defence, Anti-Submarine Warfare (ASW), Surface Warfare and Visit Board Search and Seizure (VBSS) activities. Japan pursues defence logistics cooperation through the Acquisition and Cross-Servicing Agreement

²⁰ Sadako Ogata (1988), *Normalization With China: A Comparative Study of the U.S. and Japanese Processes*, Berkeley: University of California Institute of East Asian Studies, p. 99; Hisahiko Okazaki (1986), *A Grand Strategy for Japanese Defence*, Lanham, Md.: University Press of America, p. 75–76.

²¹ Shinzo Abe, *Japan is Back*, CSIS, February 22, 2013.

²² Nobukatsu Kanehara, *Japan’s Grand Strategy and Universal Values*, lecture at Columbia University, April 11, 2017.

²³ National Security Strategy, Prime Minister of Japan and His Cabinet, December 17, 2013.

(ACSA) with the US and Australia, and is negotiating the same with India to facilitate reciprocal support concerning Logistics, Supplies and Services between their armed services. This will enhance operational capacities during joint exercises, joint training, as well as for humanitarian assistance and disaster relief initiatives.

In addition, Tokyo is focused on building Southeast Asian capabilities in the fields of Intelligence, Surveillance and Reconnaissance (ISR) and Search and Rescue (SAR) at sea and air space, and cooperation in a range of fields such as HA/DR, Peacekeeping Operations (*PKO*), landmine and *unexploded ordnance* clearance. With the emerging geopolitical risks, Abe is rapidly positioning Japan as the regional leader in maritime security cooperation. Within the framework of Abe's Free and Open Indo-Pacific Vision, Japan has invested in bolstering maritime capabilities of strategic partners, and is cultivating robust defence relationships aimed at preserving "international order" and ensuring "rule of law" at sea.

The Road Ahead

While managing Japan's strategic puzzles amidst US-China competition, Abe's aim is to optimise security insurances and economic gains. In the midst of geopolitical churning, Japan's strategic elites continue to consider the alliance with the US as the top priority in the short to medium term. In addition to investing political capital in managing the US alliance, Japan has employed a fuller gamut of tools by cultivating new strategic partnerships encompassing politico-economic, security and diplomatic components in order to leverage strategic flexibility.

Meanwhile, volatility in Trump's Asia policy has forced Abe to reorient Japan's China policy. Recent developments in China-Japan relations are moulded by tactical calculations and do not suggest the dilution of Abe's primary objective of supporting the US-led regional order that has served Japan's national interests well since the post-war era. Moving forward as a *Proactive Contributor to Peace*, Japan will invest in strengthening its alliance with the United States, buttress its own national strength and further knit value based strategic partnerships in the Indo-Pacific, on the one hand, and engage with China in the hope of shaping it as a responsible power that respects international norms, on the other.

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