



**Summary:** The “carrot and stick” approach between Japan and China may work for now, but Japan’s strategists must not delay in formulating a longer-term vision for Japan’s relationship with China.

## Japan’s China Policy – Engagement, but for How Long?

by Victoria Tuke

The relationship between Japan and China has always been politically, economically, and diplomatically complex. Yet its importance for the stability of the region and wider global security structure necessitates cooperation. As Asia’s military spending is set to soon exceed that of Europe,<sup>1</sup> avoiding tensions and confrontation is essential.

At present, Japan is employing both soft and strong techniques to ensure the relationship remains stable and prosperous. However, looking into the future, even just a decade or two ahead, Japan’s long-term strategy frays. It is here policymakers’ attention must focus.

### A Tilt Towards China?

Historically, Japan has taken the strategic decision to align itself with the leading power of the day. After Japan opened to external influences following the Meiji Restoration of 1868, alliances were made first with Britain, then Germany, and finally the United States. Japan has proven itself adept at adjusting to changing power

dynamics. The question is, as China’s economy continues to grow and U.S. influence declines, will Japan join with the next global hegemon?

A half-century from now, this might well be the path Tokyo’s policymakers decide to take but this is unlikely in the near-term. As pointed out by Dan Twining in his article, “Chrysanthemum or Samurai,” Japan’s strategic lunges have always served to further domestic objectives and have never been merely a passive acceptance of Tokyo’s own limitations.<sup>2</sup> Japan is not sitting back idly. However, in a region where dynamics are rapidly evolving, the need for Tokyo to show forward-thinking resolve is even more important.

### Strings to Japan’s China Policy

Japan and China’s economies are closely interlinked. No matter which strategy is pursued in the foreign policy realm, economic interests wield significant influence. According to the latest Ministry of Foreign Affairs (MOFA) declaration between Beijing and Tokyo, the two governments

<sup>1</sup> This prediction was made in March 2012 by the London-based International Institute for Strategic Studies (IISS) in their annual “Military Balance 2012” report. <http://www.iiss.org/publications/military-balance/#>

<sup>2</sup> Daniel Twining, “Chrysanthemum or Samurai?” *Shadow Government, Foreign Policy*, March 9, 2010. [http://shadow.foreignpolicy.com/posts/2010/03/09/chrysanthemum\\_or\\_samurai](http://shadow.foreignpolicy.com/posts/2010/03/09/chrysanthemum_or_samurai)

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are seeking a “mutually beneficial relationship based on common strategic interests.”<sup>3</sup> That said, to ensure China’s growth remains in check if not controlled, Japan has followed both engagement and containment policies.

First, Tokyo has sought to engage with Beijing and promote Chinese membership in regional bodies that could perhaps dilute Beijing’s influence. Frameworks such as the Japan-China-U.S. trilateral are one example, as is support for forums such as the East Asia Summit, which bring together a large number of players to discuss regional issues.

Japan has also made concerted efforts, particularly since 2005 when Sino-Japanese relations reached a nadir, to diversify partners in the region. Japan now has fast-developing relationships with Australia, India, and ASEAN whilst also pursuing links with Central Asian and Middle Eastern states.

## Japan has made concerted efforts to diversify partners in the region.

Japan’s handling of China’s rise has been influenced by international concern over Beijing’s power projection. During the early years of the 21<sup>st</sup> century as China promoted “smile diplomacy” with Southeast Asian countries, made significant investments in poor African states, and maintained impressive rates of growth and poverty alleviation at home, Japan’s concerns with belligerency accompanying China’s rise found less traction.

In the past two years, however, several states in the region have shared Japan’s unease. And the concern has spread further, for example to African states who are becoming increasingly uneasy with the conditions attached to Chinese investments. Vietnam and the Philippines have been among the most vocal in challenging China’s claims to vast swathes of the South China Sea. The Indian Navy is also concerned with Chinese maritime ambitions.

At the moment, Japan’s policies are working relatively well. China has resisted flexing its muscles disproportionately, appearing instead to desire the maintenance of the status quo, particularly whilst China’s leadership goes through transition. However, as this fifth generation of Chinese leadership rises to power, what steps, if any, is Japan taking to prepare for new challenges?

### Lack of Political Will and Vision

Politicians in all countries are notoriously poor at long-term planning, instead justifying (at least privately) the retention of office over goals they are unlikely to see through. Japan’s current politicians show little strategic foresight regarding how their country should, could, and would respond to a region in which China’s dominance is unquestioned or at least one where U.S. primacy is significantly reduced.

Japan’s politicians are hesitant to clarify which route they would take once China’s hegemony in the region is secured or when U.S. power has declined to the extent that Japan’s own security cannot be assured. Would Japan conclude that its interests are better served by working closely with China? Or would it perhaps continue to work with middle powers such as Australia and South Korea to balance Chinese influence? Alternatively, are regional institutions the answer for stability?

The bilateral relationship between China and Japan has always been more than purely economic and shaped in part by the respective domestic political climate. Initially there were mixed feelings in Beijing over the Democratic Party of Japan (DPJ) victory. Observers foresaw a tilt toward China when the DPJ became the ruling party in 2009 and promised to renegotiate the terms of the 60-year U.S.-Japan alliance. DPJ heavyweight Ichiro Ozawa took 143 parliamentarians and hundreds of businessmen to Beijing in an almost “tributary” mission, signalling his diplomatic preference. However, whilst he remains in the shadows, he struggles to clear his name from corruption charges, and his political attention has been focused on the consumption tax increase rather than foreign policy. In the near-term, he is unlikely to play much of a role in promoting pro-China factions within the DPJ. Unfortunately, no other Japanese politician has been so explicit in how Japan should approach China.

<sup>3</sup> “Japan-China Relations,” *Ministry of Foreign Affairs of Japan*, February 2012, <http://www.mofa.go.jp/region/asia-paci/china/index.html>

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For many years, Japan has suffered from not just a fiscal, but leadership deficit. The swift succession of prime ministers, particularly following the end of Koizumi's term in 2006, has diluted Japan's ability to maintain continuity and formulate a bold and lasting China policy. Each year, Japan ushers in a new prime minister keen to differentiate himself from his predecessor, which creates an impossible domestic political environment for sustaining long-term policies. Bickering between the two dominant parties (LDP and DPJ), as well as infighting within political parties prevents policies from passing through the legislature. Until the Diet becomes an effective decision-making body, which will require further reforms, strategic direction will be minimal.

Whilst bureaucrats are relied upon to manage the day-to-day operations of China policy, politicians — particularly the prime minister — are expected to concentrate on potentially controversial issues and new initiatives. When the DPJ entered government, they took a populist position towards the bureaucracy, sidelining its role. This created friction, and impaired the ability of the political and bureaucratic wings of Japan's system to work smoothly together. In order to effectively use the decades-old expertise of both the "China school" within MOFA and other factions, greater cooperation is now being sought.

## Greater Confidence in the Ministry of Defense

While politicians may lack a long-term strategy, military planners are expected to prepare for the unexpected. Diplomats and military officials often identify the handling of China's rise as their foreign policy priority, and indeed Japan's Ministry of Defense (MOD) appears the most aware of the pressing need to form a coherent plan to respond to potential aggression.

Gradual steps have been taken in the past decade to augment the mandate of Japan's Self Defense Forces (SDF). The watershed moment came in July 2003 when Prime Minister Koizumi decided to allow Japanese military personnel into Iraq. In 2007, Japan's Defense Agency was upgraded to ministry status, and by 2010 identified its mission as one of "dynamic defense" in Japan's National Defense Program Guidelines.

The 2010 Guidelines were also explicit in the reallocation of resources from the north, where they were spent countering Russian influence, to the south, where Chinese maritime presence is growing. So although Japan's military budget remains capped at 1 percent of GDP, through this careful redirection of manpower and equipment, Japan has made clear its concerns with the increasingly confident People's Liberation Army and Navy. In December 2011, Japan also announced a partial relaxation in its self-imposed ban on arms exports, which was unthinkable even half a decade ago.

In the early 1990s when Japan first announced peacekeeping operations (PKO) plans, domestic and foreign media voiced concern that Japan was rekindling its militaristic past. But recent rumors that the MOD seeks to further amend the PKO law to allow the SDF to jointly defend encampments shared with foreign forces have failed to trigger a similar response.<sup>4</sup> Japan's military has astutely recognized the opportunity that China's opaque military modernization provides — a chance to augment Japan's own forces. And as a result, Japan's MOD is little concerned with reactionary media responses to adjustments in its role.

The Japanese people, whilst still anti-war, appear to have greater acceptance of the need for an independent defense strategy. The SDF's profile amongst the Japanese public has grown due to its rapid response following the earthquake and tsunami of March 2011. As provocations from North Korea continue, most recently with the failed rocket launch to mark the centenary of Kim Il Sung's birth, the need to improve Japan's capability to defend itself is gaining support.

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<sup>4</sup> "SDF right to jointly defend military camps eyed for PKO legal revision", *Japan Times*, March 26, 2012, <http://www.japantimes.co.jp/text/nn20120326a1.html>

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## Looking Ahead

Engagement remains the official policy of the Japanese government. On major issues such as history, trade, and security, Japan has made no grand adjustments in its China policy under the DPJ. Should the LDP or a coalition of parties assume power in the next election, no dramatic change is expected. However, should a two-party system become entrenched, it is possible that greater debate over China will occur between parties. Politicians will need to engage in deeper policy debates to secure votes and decide on a solid policy line. If neither the LDP nor DPJ secure sufficient electoral support when an election is next called (by 2013), various splinter parties, separate from the mainstream, might also gain political influence over China policy.

Japan needs to begin to debate its role in the Asia of 2025 onwards. Japan faces significant domestic challenges: massive public debt, gridlocked internal politics, post-tsunami reconstruction, and a worrying demographic future. These hurdles, whilst troublesome, are shared by several governments in the developed world. Japan, however, continues to boast one of the most egalitarian and wealthy populations in the world, and faces little, if any internal disruption (which is more than can be said for its Asian neighbours).

But Japan cannot be complacent. The difficult strategic decisions facing Tokyo cannot forever be postponed. China's economic growth and military modernisation continue at full speed, with little sign of a dramatic slowdown. Japan needs to pursue a careful balance, through which stable and mutually beneficial relationships are maintained with both Beijing and Washington. Focus today is on avoiding disputes, but as the collision incident with a Chinese fishing vessel in September 2010 demonstrated, these will nevertheless periodically occur. What Tokyo needs is an extended idea of how the evident shifts in power dynamics can best be accommodated. Legal and economic barriers will continue to restrain the options open to Japan in its quest to support China's "harmonious" rise. Yet until a debate over the long-term future of Japan's role in Asia is given space for discussion, Japan cannot be sure it is truly securing its future interests.

## About the Author

Dr. Victoria Tuke earned her Ph.D. in international relations in early 2012 from the University of Warwick, and is currently a Daiwa Scholar studying Japanese in Tokyo before being placed with a Diet member.

## About the Young Strategists Forum

The Young Strategists Forum, which involves seminars, simulations, and study tours, is motivated by the belief that in an age of constrained resources and mounting international challenges, the United States, Europe, and other like-minded nations must develop a new generation of strategic thinkers. The project is led by transatlantic fellow Daniel M. Kliman and non-resident senior fellow Aaron Friedberg. The first Young Strategists Forum was convened in Japan with the support of the Sasakawa Peace Foundation. This initiative is part of GMF's Asia Program, which addresses the implications of Asia's rise for the West through a combination of convening, writing, strategic grants, study tours, fellowships, and partnerships with other institutions. For more information, see <http://www.gmfus.org/asia>.

## About GMF

The German Marshall Fund of the United States (GMF) is a non-partisan American public policy and grantmaking institution dedicated to promoting better understanding and cooperation between North America and Europe on transatlantic and global issues. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition, GMF supports a number of initiatives to strengthen democracies. Founded in 1972 through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has seven offices in Europe: Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, and Warsaw. GMF also has smaller representations in Bratislava, Turin, and Stockholm.

## About The Sasakawa Peace Foundation

The Sasakawa Peace Foundation (SPF) is a private non-profit organization established in September 1986. It seeks to contribute to the welfare of humanity and the sound development of international community, and thus to world peace, through activities that foster international interaction and cooperation.