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DEFENDING A FRAYING ORDER

The Imperative of Closer U.S.-Europe-Japan Cooperation

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Edited by Daniel Twining

1 Defending a Fraying Rules-Based Global Order

Daniel Twining

Japan, Europe, and the United States are the leading stakeholders in the liberal international order constructed after 1945 and consolidated after 1989. Starting in 1945, the U.S.-led liberal order incorporated former adversaries like Germany and Japan into alliance structures that deterred Soviet ambitions to coopt the economic engines of Western Europe and Northeast Asia. Nearly half a century later, allied strength, unity, and perseverance led to the peaceful collapse of the Soviet empire and allowed the order constructed by the United States, Europe, and Japan to go global — even as it also enabled the peaceful reunification of both Germany and a divided European continent, and helped spur a global wave of democratic transitions. The dynamism of the trade and investment ties fostered by the rules-based order, as well as the competitive security dynamics that U.S. leadership suppressed in regions like East Asia, also made possible the economic miracle that has transformed China into the world's second-largest economy. In short, the success of the order built by the United States, Europe, and Japan has produced unprecedented degrees of prosperity and security not only for themselves, but for the wider world.

That order is now fraying, partly at the hands of actors that have benefited most from the long period of peace. China's leaders appear determined to threaten, and even use, military force to redraw the strategic map of Asia, complicating the United States' ability to remain the region's security guarantor and seeking to subjugate Japan rather than sharing leadership. Instead of celebrating the liberation of its people from tyranny and its reintegration with the world economy, Russia's leader sees the collapse of the Soviet system as a tragedy and is working to build a new shadow empire in Eurasia. Meanwhile, the global economy is threatened by China's growth slowdown and its strategy to build parallel institutions to project state power at the expense of the West. At the same time, democracies around the world, including in Europe and the United States, are under pressure from forces of populism, globalization, technological transformation, and the diffusion of power.

This piece assesses dynamics that are eroding the liberal international order and proposes ways in which the United States, Europe, and Japan can cooperate more closely to bolster a system that best protects their common interests and values. It proposes an agenda to counter great-power revanchism in Europe and Asia; champion the indivisibility of the global security order; enhance solidarity between Atlantic and Pacific allies; deepen democratic partnerships; stand up for universal values rather than bowing to the new authoritarianism; and renew economic growth and resiliency as the foundation of effective grand strategy. Subsequent chapters in this collection examine in more detail how the United States, Europe, and Japan can collaborate more closely on security, international economic governance, cooperation within international institutions, and building strategic trust.

The alternative to an international system in which the United States and its core allies in Europe and Japan do not jointly lead is one in which international order becomes further fractured and contested, with forces that do not share the allies' interests and values shaping global politics at their expense. The need for trilateral cooperation among the world's principal market democracies is urgent, both to strengthen the rules-based order and to create a more accommodative international context in which to renew the foundations of governance and growth at home.

Countering Great-Power Revanchism in Asia and Europe

Japanese Prime Minister Shinzo Abe has appealed powerfully for a global order based on adherence to the rule of law, democracy, and the peaceful

The success of the order built by the United States, Europe, and Japan has produced unprecedented degrees of prosperity and security not only for themselves, but for the wider world.

resolution of conflict.[1] China and Russia are the primary great powers that spurn such a vision and seek instead to advance revisionist territorial objectives through the threat and actual use of military force.

U.S. allies in Europe and Japan are the enablers of the United States' military presence there, but Washington also looks to them to lead beyond its alliance relationships.

China is actively challenging Japan's administration of the Senkaku Islands and has declared an Air Defense Identification Zone over the East China Sea, covering both Japanese and international airspace. China also claims almost the entirety of the South China Sea, including islands well over 1,000 kilometers from its mainland, in contravention of the United Nations Convention on the Law of the Sea as well as the territorial rights and claims of a range of other Southeast Asian nations. China has deployed military aircraft and both naval and coast guard vessels to reinforce its revisionist claims; it has also undertaken major construction works to create artificial islands in the South China Sea, and militarized these distant spits of land by deploying fighter aircraft and missile systems .

In 2014, Russia invaded Ukraine, seizing Crimea and deploying irregular forces to the Donbas region, where they continue to occupy Ukrainian territory. In 2015, Russian forces intervened unilaterally in Syria to support the regime of Bashar al-Assad, whose war against his own people has caused the death of nearly half a million Syrians and the creation of the greatest refugee crisis since World War II. Senior Russian officials have threatened nuclear strikes against European members of NATO, and Russian military aircraft regularly violate the airspace of Russia's neighbors, as well as more distant countries like the United Kingdom.

The United States is determined to remain both Asia's and Europe's security provider of choice in light of these threats, but it cannot do so alone. It needs the active help, support, and co-leadership of its allies, including European NATO partners whom U.S. President Barack Obama has accused of "free-riding."[2] U.S. allies in Europe and Japan are the enablers of the United States' military presence there, but Washington also looks to them to lead beyond its alliance relationships — as both the European Union have done in imposing tough sanctions against Russia for its invasion of Ukraine, and as Japan has done by forging closer defense partnerships with Australia, India, and Southeast Asian nations, and a military-intelligence sharing arrangement with South Korea.

Indeed, both the United States and Europe should more expressly support Japan's ambition to serve as a regional security provider in Asia and beyond. Under Abe, Japan has revised its domestic laws to enable its Self-Defense Forces to cooperate more closely with allies in crisis situations. Japan is emerging as an arms exporter and military partner to friendly countries like Australia and India, in ways that will boost allied capabilities to maintain balance in Asia. Japan is helping to train and equip maritime forces in Southeast Asia to better police their waters. Japan is also increasing its defense budget and realigning its forces to enable it to better project power in Asia to uphold regional peace.

From a U.S. perspective, more allies should follow Japan's example — rather than outsourcing security to Washington, they should actively work to expand their capabilities and willingness to provide regional and global public goods of security and stability. Instead of lecturing Japanese about historical matters dating back more than 70 years, European critics could in particular learn from

[1] Shinzo Abe, "Keynote Address," Shangri-La Dialogue 2014, Singapore, May 30, 2014, http://www.iiss.org/en/events/shangri%20la%20dialogue/archive/2014-c20c/opening-remarks-and-keynote-address-b0b2/keynote-address-shinzo-abe-a787.

[2] Jeffrey Goldberg, "The Obama Doctrine," The Atlantic, April 2016, http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/. The actual Obama quote is: "Free riders aggravate me."

Japan how to renew national power and increase the quality of their alliance with the United States by assuming greater responsibilities within it.

Championing the Indivisibility of the Global Security Order

Nearly as critical as collaborating on defense within their respective regional theaters is Japanese support for the integrity of the European security order, and European support for the integrity of the Asian security order. To its credit, Abe's government has implemented sanctions against Russia alongside U.S. and European allies, even as Tokyo seeks to build a strategic partnership with Moscow in Northeast Asia.[3] Europeans (and Americans) view Japan's solidarity on Russia sanctions as a key test of Tokyo's wider commitment to an international security order governed by rules rather than the unilateral use of force to resolve conflict, whether in the Donbas or the East China Sea. As German Marshall Fund Fellows Andrew Small and Sarah Raine argue:

> Japan's solidarity in imposing economic sanctions in reaction to Russia's annexation of Crimea has… provided an important reminder to European nations of the importance and utility of cultivating as broad as possible a consensus on international legal norms and standards. If such acts are to be seen for the violations of international (as opposed to Western) legal norms that they are, then some solidarity across the hemispheres — beginning with unity at G7 level — is vital. And here, with its parallel imposition of sanctions on Russia, Japan has taken a clear stand — taking the opportunity to remind its European partners of the common threat they face when major powers seek to change the status quo by force or coercion, with clear reference to its own parallel security concerns regarding Chinese ambitions in the East China Sea.[4]

The renewal of sanctions against Russia in 2016, given the continuing presence of Russian forces in Ukraine and Moscow's refusal to honor the Minsk cease-fire agreement, will be a test of all the allies' commitment to uphold the sanctity of the rules-based global order. As G7 chair, Japan will earn more robust support from European nations for its defense of rules-based order in Asia if it remains committed to the same principles in Europe in the face of continuing Russian aggression.

Similarly, European leaders cannot claim that they are "neutral" in the face of China's territorial revisionism in Asia in violation of long-standing principles of international law, or that they cannot take a stronger position because Europe does not have the same security commitments or capabilities in the region as the United States. The European Union originally adopted a policy of "principled neutrality" in the face of China's revanchist claims in the East and South China Seas.[5] As German Marshall Fund Senior Fellow Hans Kundnani argues:

> This idea of European "neutrality" is flawed. First, because of their sheer size as an economic power, Europeans cannot escape the reality that their decisions and actions have political and security and other implications…. Second, if Europeans stand for anything, it is the international rule of law. This means territorial and maritime disputes in Asia should be

To its credit, Abe's government has implemented sanctions against Russia alongside U.S. and European allies, even as Tokyo seeks to build a strategic partnership with Moscow in Northeast Asia.

[3] Thomas Graham, "How Russia Could Help U.S. and Japan in Asia," Nikkei Asian Review, Mar. 23, 2016, http://asia.nikkei.com/Viewpoints/Viewpoints/Thomas-Graham-How-Russia-could-help-US-and-Japan-in-Asia.

[4] Sarah Raine and Andrew Small, Waking Up to Geopolitics: A New Trajectory to Japan-Europe Relations (Washington, DC: German Marshall Fund of the United States, May 2015, p. 9, http://www.gmfus.org/publications/waking-geopolitics-new-trajectory-japan-europe-relations.

[5] Guidelines on the EU's Foreign and Security Policy in East Asia, http://eeas.E.U.ropa.E.U./asia/docs/guidelines_E.U._foreign_sec_pol_east_asia_en.pdf; Mathieu Duchatel and Fleur Huijskens, "The European Union's Principled Neutrality On The East China Sea," SIPRI Policy Brief, February 2015, http://books.sipri.org/files/misc/SIPRIPB1502d.pdf.

In late 2015 and early 2016, the European Union repeatedly condemned China's militarization of artificial islands in the South China Sea and called for Beijing to resolve maritime disputes with neighbors according to international law rather than the threat or use of military force.

> resolved through international law.… Third, even if Europeans were prepared to abandon their values and reconcile themselves to a new Sinocentric order in Asia and focus on avoiding a conflict that would threaten their economic interests, "neutrality" is not necessarily the best way to do so.… Fourth, whether they like it or not, Europeans cannot remain indifferent to what is taking place in Asia because of the increasing interconnectivity between European and Asian security.… Finally, Europeans will simply not be able to remain "neutral." Europeans still depend on the United States for security.… Thus "neutrality" is an unsustainable and ultimately self-defeating position for Europeans to take.[6]

Fortunately, the European Union's position has evolved, in part thanks to diplomatic lobbying by the United States and Japan. In late 2015 and early 2016, the European Union repeatedly condemned China's militarization of artificial islands in the South China Sea and called for Beijing to resolve maritime disputes with neighbors according to international law rather than the threat or use of military force.[7] The European Union "strongly supports the American guarantee of international law in Asia," according to one EU official.[8] At the Asia-Europe Summit Meeting in November 2015, in a clear reference to Chinese territorial revisionism in the East and South China Seas, European leaders joined Japanese and other counterparts in underlining the importance of "refraining from the use or threat of force, of abstaining from unilateral actions and of resolving maritime disputes through peaceful means in accordance with universally recognized principles of international law."[9]

At the German Marshall Fund's 2016 Brussels Forum, a senior German official made a subtle but important argument for European activism in Asia despite problems closer to home. He maintains that Europe has a vital stake in U.S.-Asia relations, in part because, as the channel between Washington and Beijing becomes the world's most important bilateral relationship, European allies do not want to be cut out. And as a liberal trading superpower, Europe has an enormous stake in Asia's peaceful development and the role of China within it. For these reasons, European leaders cannot simply write off Asia as being too far away, or outsource European interests in freedom, security, and the rule of law to the United States and its allies there. Instead, the EU and individual European powers must heighten comprehensive (not just commercial) engagement on Asia, including through closer cooperation with the United States.[10]

Deepening Solidarity between Atlantic and Pacific Partners

During the Cold War, the U.S.-led Atlantic and Pacific alliance systems developed independently of each other. In Europe, the NATO alliance took shape to commit the United States to the security of a continent that had generated two world wars, deter Soviet adventurism, and bind German power in a multilateral framework of cooperation. In

[6] Hans Kundnani, "The Impact of TPP on the EU," in Daniel Twining, Hans Kundnani, and Peter Sparding, unpublished draft manuscript on the transatlantic implications of the Trans-Pacific Partnership.

[7] Caleb Velasquez, "European Union Calls Halt on Militarization, Threat of Force in South China Sea," Update, Mar. 28, 2016, http://www.update.ph/2016/03/european-union-calls-halt-on-militarization-threat-of-force-in-south-china-sea/3614 ; "European Union Sides with United States on South China Sea Incident," Reuters, Oct. 30, 2015, http://www.reuters.com/article/us-southchinasea-usa-eu-idUSKCN0SO22G20151031.

[8] David Brunnstrom, "U.S. and EU Warn China of Need to Respect South China Sea Ruling," Reuters, Feb. 18, 2016, http://www.reuters.com/article/us-usa-eu-southchinasea-idUSKCN0VR01V.

[9] Jiji Kyodo, "In Veiled Reference to South China Sea, Asia-EU Foreign Ministers' Summit Urges Peaceful Resolution of Disputes," Japan Times, Nov. 7, 2015, http://www.japantimes.co.jp/news/2015/11/07/national/veiled-reference-south-china-sea-asia-eu-foreign-ministers-summit-urges-peaceful-resolution-disputes/#.VvkjTHrsF2A.

[10] Thomas Bagger speaking at the German Marshall Fund's Brussels Forum, Mar. 18, 2016, http://brussels.gmfus.org/.

Asia, by contrast, the United States developed a set of bilateral alliances anchored in the U.S.-Japan Security Treaty. In this hub-and-spokes system, the primary ties between Asian nations often ran through Washington. The region and the world today could not be more different, and the alliance systems in both Europe and Asia should adapt accordingly to new threats and opportunities.

For a start, given global stakes in issues like freedom of navigation and peaceful resolution of territorial conflicts, it makes sense to institutionalize connectivity between the democratic alliance networks in Europe and Asia. One way to do this is through more robust NATO engagement with what the alliance calls "global partners" like Japan, South Korea, and Australia. Deepening these relationships does not require European allies to run freedom-of-navigation operations in the South China Sea (though that would be welcome): these and other Asian allies offered strong support for NATO operations in Afghanistan, outside both the European and East Asian theaters. Closer cooperation could involve joint patrols of the global commons in the Indian Ocean that link the Atlantic and Pacific domains; collaboration on missile and cyber threats that cut across regional dividing lines; military training and education programs that transcend regional boundaries; and joint planning for contingencies in the "in-between" spaces of Africa and the Middle East. Abe has addressed the North Atlantic Council to call for invigorated Japan-NATO cooperation, which could also include additional Japanese contributions to European security, for instance by joining NATO naval exercises in the Mediterranean or collaboration on Arctic security.[11]

Japan has also led in tightening defense relations bilaterally with the United Kingdom and France, demonstrating how the United States' core Atlantic and Pacific partners view the mutual benefits of closer security ties in an era when threats are no longer purely regional in scope. Although it does not possess the same expeditionary capabilities, Germany would be wise to enlarge bilateral ties with Japan, given the growth of a Germany-China "special relationship" that is founded on close trade and investment ties but that has implications for international security dynamics. A balanced German approach to Asia would include equally strong, if not stronger, ties to democratic governments in Tokyo and other Asian capitals like New Delhi. Japan may define an interest in investing more diplomatic energy in deepening ties to Central and Eastern Europe, through which passed the "Arc of Freedom and Prosperity" envisioned by Foreign Minister Taro Aso during Abe's first term (2006-07).[12] This could be a useful counterpoint to China's "One Belt, One Road" initiative to construct infrastructure superhighways between China and Europe through this region, as well as the "16+1" meetings of Central and Eastern European leaders with Chinese counterparts.[13]

Deepening democratic solidarity is not simply a question of greater U.S.-Japan-Europe cooperation to manage regional contingencies. A new trilateral alliance spanning the Atlantic and Pacific realms could help offset pressures on the global system, including those created by the projection of Chinese power and influence well beyond East Asia. As Nobukatsu Kanehara, assistant deputy chief cabinet secretary in the Japanese Prime Minister's Office, argues:

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[11] "NATO's Relations with Japan," North Atlantic Treaty Organization, Brussels, Oct. 26, 2015, http://www.nato.int/cps/en/natohq/topics_50336.htm.

[12] Taro Aso, "Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons," Nov. 30, 2006, http://www.mofa.go.jp/announce/fm/aso/speech0611.html.

[13] Daniel Twining, "China's Transatlantic Wedge," Foreign Policy, Mar. 23, 2015, http://foreignpolicy.com/2015/03/23/chinas-transatlantic-wedge/.

Despite the rise of China and the revanchism of Russia, the global balance of power will continue to tilt in favor of the democracies if Japan, Europe, and the United States act together systematically and rigorously to preserve its material and ideational underpinnings.

> For the first time since the Meiji period, China instead of Russia is emerging as the largest and strongest continental power. Also, yet again for the first time since the Meiji period, the comprehensive national power of China is beginning to surpass the comprehensive national power of Japan. The importance of alliance policy is more and more being called into account. Today, Japan and China, with their size, can make a difference in the global balance of power. An alliance policy for 21st century Japan must put its focus to the balance of power not only on a regional scale but also on a global one.[14]

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Remaining True to Universal Values in Dealings with China

The United States, Europe, and Japan can also use their combined moral voice as democracies representing nearly 1 billion citizens to jointly challenge the Chinese government to be attentive to its peoples' natural rights. In doing so, they ally themselves with Chinese citizens who seek greater rights, rather than with leaders who come and go. This is particularly urgent in light of the crackdown on free expression and association under President Xi Jinping, who has centralized political control to a degree unseen since Mao Zedong, and whose administration has persecuted real and imagined political opponents to a degree unseen since the Cultural Revolution.

Fortunately, Western and Japanese democracies are speaking out, at least quietly. In January 2016, the ambassadors to China of the United States, Japan, Germany, the European Union, and Canada signed a joint letter expressing unease about China's new counter-terrorism law and punitive draft laws on cyber-security and non-governmental organizations, warning that the combined effect of the laws would be to "impede commerce, stifle innovation, and infringe on China's obligation to protect human rights in accordance with international law."[15]

In February, this same group of North American, European, and Japanese ambassadors was joined by additional colleagues in sending a letter to China's Minister of Public Security expressing "growing concerns over the Chinese government's commitment to the rule of law and basic human rights," including a crackdown on civil society leaders, human rights activists, lawyers, and labor leaders.[16]

In March, the United States, Japan, Britain, Denmark, Finland, Germany, Norway, Sweden, Iceland, Ireland, the Netherlands, and Australia condemned China's "problematic" and "deteriorating" human rights record at the United Nations Human Rights Council.[17] China's government is bound to take such combined protests from the world's leading powers more seriously than when they are done in isolation, and to treat Western and Asian democracies with more respect for standing up for their values than for abandoning them.

[14] Nobukatsu Kanehara, "Japan's Grand Strategy: State, National Interest and Values," Japan's Diplomacy Series, Japan Institute for International Affairs, http://www2.jiia.or.jp/en/digital_library/japan_s_diplomacy.php.

[15] Jason Subler, "Major Powers Team Up to Tell China of Concerns Over New Laws," Reuters, Mar. 1, 2016, http://www.reuters.com/article/us-china-lawmaking-idUSKCN0W225P.

[16] Simon Denyer, "Is China Heading in the Wrong Direction? For Once, the West Calls Beijing Out," The Washington Post, Mar. 23, 2016, https://www.washingtonpost.com/world/asia_pacific/is-china-heading-in-the-wrong-direction-for-once-the-west-calls-beijing-out/2016/03/22/c4cad76e-eacb-11e5-a9ce-681055c7a05f_story.html.

[17] Ibid.

Part of any strategy to encourage transparency and accountability inside China is to shape its neighborhood in ways that promote high regional and global standards for political reform and democratic development. In that light, the United States, Europe, and Japan could coordinate more closely to promote free institutions, human rights, and the rule of law in strategic countries like Myanmar as they move towards democratic accountability, and to engage more systematically with pivotal democracies like Indonesia to support the economic growth that reinforces political freedom.

Southeast Asian powers look to the EU as a model for building their own regional community; they look to Japan, the original "Asian Tiger" economy, as a country to emulate in their quest for development, and as a leading provider of foreign assistance; and they look to the United States as a regional security guarantor and source of trade and investment. Southeast Asian nations seek to balance intimate economic ties with China with closer diplomatic, defense, and economic links with other great powers, including India. Regional states that have the closest ties to Beijing, including Cambodia and Laos, are among the least democratic. There is ample scope for U.S.-European-Japanese-Indian coordination to build institutional and economic capacity among Southeast Asian nations, whose combined population is the size of the European Union and Japan, to anchor the region's democratic development.

Renewing Economic Growth and Resiliency as Foundations for Trilateral Cooperation

Perhaps more than any military or diplomatic initiative, spurring growth and innovation is central to the ability of Europe, Japan, and the United States to collaborate in order to shape and defend the liberal international order. All three parties are engaged in major trade initiatives that, if enacted, would provide positive and long-term growth shocks to their economies. These include the Trans-Pacific Partnership, which is at its heart a free trade agreement between the United States and Japan; the Transatlantic Trade and Investment Partnership between the United States and the European Union, which would be an even more economically consequential agreement if finalized and enacted; and the Japan-EU Free Trade Agreement currently under negotiation.

It is also possible to imagine linking these initiatives in time as building blocks of a new global round of multilateral trade liberalization at the World Trade Organization. Given barriers to trade and investment in China's state-directed economy, the pursuit of "competitive liberalization" by enacting high-standard trade agreements among the United States, European Union, and Japan could offer leaders in Beijing the incentive to pursue liberalizing reforms to enhance their country's economic competitiveness and prospects of joining TPP while agreeing on a trade and investment treaty with the EU and spurring additional growth through a new round of global trade opening at the WTO.

The United States, Europe, and Japan all have mutual stakes in each other's domestic reforms as well. The U.S.-Japan alliance has been revitalized by "Abenomics," as the current Japanese government pursues radical measures, including monetary easing, trade opening, and greater opportunity for women in the workforce to catalyze growth at home. As the U.S. economy continues to recover following the shocks of the global financial crisis in 2007-09, its European and Japanese partners will look to the United States as an engine of global growth as emerging markets from Brazil to China sputter. The European Union's economy is more exposed to international trade than are those of the United States and Japan, making it a bellwether for the health of the global trade order more broadly.

As the U.S. economy continues to recover following the shocks of the global financial crisis in 2007-09, its European and Japanese partners will look to the United States as an engine of global growth as emerging markets from Brazil to China sputter.

U.S. and European leaders could trust Abe to explore the prospects to improve Japan's economic and security ties with Russia in East Asia.

Japan, Europe, and the United States can also support each other's resiliency in order to enhance the trilateral grouping's collective geopolitical and geoeconomic competitiveness. This could mean taking the strategic initiative to actively improve the security outlook in the Middle East, Northeast Asia, and Europe.

All three polities could both do more to help resolve the civil wars in the greater Middle East that are producing both home-grown terrorism in Europe (including through the potent propaganda of groups like the self-proclaimed Islamic State group) and a refugee crisis that threatens to overwhelm and fracture EU institutions. Japan could continue to work with its U.S. ally to normalize its relationship with South Korea after a difficult period of disputes over historical issues. This would enhance cooperation between Washington, Tokyo, and Seoul over dangers posed by North Korea's nuclear and missile programs and the Chinese threat to the balance of power in East Asia. U.S. and European leaders could trust Abe to explore the prospects to improve Japan's economic and security ties with Russia in East Asia, even as Japanese leaders understand that the integrity of the European security order requires the renewal of international sanctions on Russia and its exclusion from the G7 club of leading democracies, since it is not one.

Conclusion

After 1945, the United States and its European and Japanese allies built an international economic and political order based not only on power but on rules, ultimately overwhelming the revolutionary challenge from the Soviet Union. That order went global after 1989, making possible gains in security and prosperity previously unimaginable to those who had lived through a 20th century marked by bloody world wars, the development of apocalyptic weapons of mass destruction, and the rise of totalitarian ideologies that enslaved hundreds of millions of people.

Although the relative weight of the United States, Europe, and Japan has diminished as power diffuses and non-Western states produce a greater share of global growth, these three market democracies still generate around half of global GDP. Together they enjoy a preponderance of military power and dominate international institutions. They should not underestimate their combined ability to steer the coming era in a direction that continues to privilege their interests and values, while integrating friendly rising powers like India, in ways that channel China's own choice to ultimately join the global liberal order rather than subverting it.

Daniel Twining is the director and senior fellow for Asia at The German Marshall Fund of the United States.

2 An EU-Led Convention on East Asian Maritime Conduct

John Lee

At a workshop hosted by the German Marshall Fund on regional security issues after the 2013 Shangri La Dialogue in Singapore, several Southeast Asian participants privately expressed their bemusement over European delegates being in the room. As one participant put it, mirroring the skepticism of others, Europe has a limited strategic role and influence in East Asia even if it has considerable economic interest in the future shape of the region. In an era when China's rise presents challenges to key aspects of the pre-existing liberal order, hard power matters and actions speak louder than words.

To be sure, Europe seems the odd man out when one considers how the United States, Japan, and Europe can work together to secure common interests in East Asia. Geography means Japan has a permanent interest in the region's future, and, with China, exists as one of only two Asian great powers. Since the end of World War II, the United States has become the security guarantor in East Asia through its extensive system of alliances and partnerships, and remains indispensable to the preservation of peace, stability, and order in that region.

By way of contrast, Europe's relative influence and importance in Asia has diminished since 1945 and in the aftermath of the post-War decades of decolonization. Comments such as those by the European External Action Service's then-chief operating officer, David O'Sullivan, that the European Union's lack of military capabilities and absence of any geopolitical agenda in Asia are an "asset"[1] are more likely to convince Asian and U.S. players of Europe's irrelevance than anything else.

Nonetheless, significant coordination between Japan, the United States, and key European countries is eminently desirable and feasible. Far from simply viewing any constructive role for Europe as a bonus, there is at least one concrete key part that Europe can play. Europe should spearhead the drafting of a declaratory statement of policy regarding maritime disputes in East Asia — along the lines of the 2002 Declaration on the Conduct of Parties in the South China Sea (DoC), but with a larger geographic scope and stronger references to existing international law — to which the United States and Japan would be early signatories. In this way Europe could lead joint efforts to assist in defending, preserving, and strengthening key aspects of the liberal regional order in the fraught area of maritime disputes and contested claims.

The Limits for Europe in Asia

Any honest and constructive conversation about Japan-U.S.-EU cooperation in Asia has to begin with the very real and continuing limitations that will restrict a more extensive role for Europe in this part of the world. It is obvious that any sound foreign policy is one where ambition and commitment do not outweigh the resources available to that government or institution.

In a region where much of the discussion is increasingly about the re-emergence of power politics and changing power balances, the most obvious limitation for Europe is its lack of military heft and presence in East Asia. Of the European countries, only France and the United Kingdom possess long-range power projection capabilities, with the majority of European forces postured primarily to take part in continental conflicts closer to home. Except for several small British naval facilities in Southeast Asia and small French bases in the South Pacific and the Indian Ocean, there is no other permanent or significant European military presence in the region.

Moreover, there is little prospect that Europe will shift significant hard power resources to East Asia in the foreseeable future with the

Any honest and constructive conversation about Japan-U.S.-EU cooperation in Asia has to begin with the very real and continuing limitations that will restrict a more extensive role for Europe in this part of the world.

[1] David O'Sullivan, "Priorities for diplomacy in East Asia," GRIPS Forum, Tokyo, February 12, 2013.

resurgence of Russian adventurism and bullying in Eastern Europe, especially Ukraine. Indeed, U.S. President Barack Obama's so-called "pivot" to Asia immediately sparked concerns in Europe that Washington's focus on Asia would compromise the security interests of European states.

As security challenges deepen throughout the Middle East, Eurasia, and in the maritime domains of East Asia and the Indo-Pacific, it is difficult to see any meaningful European hard power "pivot" to Asia.

The point is that the public good of security underpinned by hard (U.S.) power is itself a highly valued and limited resource, and becoming relatively scarcer over time. As security challenges deepen throughout the Middle East, Eurasia, and in the maritime domains of East Asia and the Indo-Pacific, it is difficult to see any meaningful European hard power "pivot" to Asia.

One should also be mindful of the institutional barriers to effective European action in East Asia. One is the paralysis that often occurs within an organization such as the European Union, which seeks to act as a homogenous entity in external affairs but is a body made up of sovereign nation-states with their own diverse interests.

For example, the EU has an external affairs secretariat in the form of the European External Action Service (EEAS) which serves as its foreign ministry. The EEAS even issued its *Guidelines on the EU's Foreign and Security Policy in East Asia* in 2012 to serve as a framework document for EU interaction with the region.[2] The guidelines mention the preservation of a rules-based order as one of the EU's core interests in the region. But the reality is that the 28 EU states pursue their own bilateral interests in Asia despite paying lip-service to EU unity and purpose. European countries rarely behave in unison or defer to EU prescriptions and interests.

The result is that the EU generally eschews controversial or difficult regional issues, and keeps silent on issues that might complicate interests of key European states. Typical is a 2013 statement to the annual Shangri La Dialogue meeting of defense ministers by then-High Representative of the European Union for Foreign Affairs and Security Policy Catherine Ashton that the EU's interest is "not in projecting power, but empowering."[3]

For some Asian and U.S. policymakers, the refusal to participate in regional power politics confirms the EU is an irrelevant strategic player at a time when China is exercising growing hard power in disconcerting ways. For others who focus more squarely on China's increasingly coercive behavior, including self-regarding Chinese attempts to undermine key elements of the regional order, the EU's take-no-sides approach actually plays into Chinese hands —Beijing wants as little coordinated action against it as possible.

Working Within Limitations: Defending the Liberal Order

From the perspective of the United States and its Asian allies, the objective is to find ways Europe can join Japan and the United States in defending and strengthening a regional liberal order characterized by rule-of-law rather than rule-by-the-strongest, and featuring regimes and institutions open to any member state prepared to abide by the rules. This is a related but distinct question from Europe's capacity to meaningfully shape or alter the balance of power in East Asia, which is much more limited.[4]

This distinction is not just an academic one but has far reaching policy implications. It is true that as things stand, a favorable balance of power is

[2] http://eeas.EUropa.EU/asia/docs/guidelines_EU_foreign_sec_pol_east_asia_en.pdf

[3] Catherine Ashton, "Defending national interests, preventing conflict," Shangri La Dialogue, June 1, 2013, http://www.iiss.org/en/events/shangri%20la%20dialogue/archive/shangri-la-dialogue-2013-c890/second-plenary-session-8bc4/ashton-ba27

[4] Having said that, the EU tightening the existing arms embargo on the export of military and dual-use technology to China and using military export policy to enhance the indigenous capabilities of like-minded Southeast Asian states would be welcome and constructive moves.

required in order to restrict the capacity of China to use coercion or force to challenge and revise key aspects of the existing liberal order. But objectives in Asia have changed since the Cold War, when the highest priority was to contain Soviet power and retain the capacity to deter if not defeat the Soviet Union.

China is deeply reliant on the region economically, and deeply integrated diplomatically, even as strategic and security objectives differ. In such an environment, the goal is to come up with effective carrots and sticks — both military and non-military — to encourage or compel China to rise within the existing liberal order, even if Beijing under Communist Party rule is less likely to emerge as a genuine contributor and defender of that order.

Since the permanent subjugation of China and Chinese power —as it was with the Soviet Union during the Cold War — is *not* the ultimate objective, contributing to the hard power balance is not the only way for Europe, in league with the United States and Japan, to be useful. Instead, coordinated action can be more subtle and multi-dimensional because China still needs the cooperation and goodwill of the United States, EU, and Japan to continue its rise. It cannot afford to entirely ignore the collective wishes of like-minded liberal states to the extent that entities such as the Soviet Union could, and did. This means pressure can come in many forms, even if material power (especially military power) remains the fail-safe guarantee against Chinese assertiveness and aggression.

Taking Advantage of European "Principled Neutrality" Vis-À-Vis Maritime Disputes

The official European position on maritime disputes in the East and South China Seas is essentially identical to that of the United States and Japan: a) it takes no position on sovereignty of disputed islands or land features; b) it advocates crisis management and conflict de-escalation approaches; and c) it urges adjudication of claims and settlement of disputes according to international law, especially the United Nations Convention of the Law of the Sea (UNCLOS).[5]

To some, this so-called "principled neutrality" approach might seem platitudinous.[6] But "principled neutrality" is not necessarily the same as passivity or indifference. Doing nothing, or having one's proverbial head in the sand, are diplomatic choices that the EU has hitherto taken (judging from its silence when China unilaterally declared an Air Defense Identification Zone in disputed areas of the East China Sea). In reality, there are ways to use the "principled neutrality" approach to common advantage, employing it to apply greater pressure on claimant states to resort to international law rather than military coercion to resolve disputes.

To promote the peaceful settlement of disputes, the Association of Southeast Asian Nations (ASEAN) has been trying to do something similar through negotiation of a Code of Conduct (CoC) with Beijing over the South China Sea. However, there are several possibly fatal defects with the ASEAN-backed CoC approach, and negotiations have stalled for a number of reasons.

One is that conclusion of the CoC requires all parties to agree, meaning that it is an easy matter for China to continually delay progress for any number of reasons as it continues to "change facts on the ground" through its land-reclamation and island-creation processes.[7] Another is that it is relatively easy for Beijing to exploit ASEAN's

[China] cannot afford to entirely ignore the collective wishes of like-minded liberal states to the extent that entities such as the Soviet Union could, and did.

[5] See Guidelines on the EU's Foreign and Security Policy in East Asia.

[6] See Mathieu Duchatel and Fleur Huijskens, "The European Union's Principled Neutrality On The East China Sea," SIPRI Policy Brief, February 2015, http://books.sipri.org/files/misc/SIPRIPB1502d.pdf

[7] See CSIS's Asia Maritime Transparency Initiative, http://amti.csis.org/category/land-reclamation/

The EU is superbly placed to lead efforts (with the United States and Japan following closely behind) to establish a declaratory statement of policy.

insistence on unanimity in decision-making by seducing or otherwise compelling one or more ASEAN members to take China's side, or just remain uncommitted to any ASEAN move that might harm China's interest. Getting Cambodia to do exactly that at a 2012 ASEAN-backed summit of foreign ministers is a prominent illustration of the Chinese approach.[8] And even if a CoC were struck, the problem remains that it would be a diplomatic agreement between a Chinese great power and ten smaller regional states with little heft or leverage.

This is where EU leadership and initiative — supported by the United States and Japan — could come into play. A large part of Beijing's diplomatic strategy has been to prevent the "internationalization" of localized disputes, and to prevent involvement by great powers in particular. Although UNCLOS principles are largely impotent in dealing with non-cooperative states such as China, it is important to create and emphasize regional norms that raise the non-military costs of coercive and intimidating behavior, and to make it easier for non-claimant great powers to comment or intervene diplomatically — or if necessary, justify military responses on behalf of smaller allies.

In short, the challenge is to enhance the role of norms in dissuading and constraining disruptive and provocative behavior. To do so, one must overcome the restrictions of the ASEAN consensus-based decision-making process without getting major ASEAN member states offside. Indeed, major ASEAN members have to be eventually supportive of any alternative initiative.

One must also use norms to enhance the voice, relevance, and influence of non-claimant powers in condemning the behavior of disruptive states, thereby raising the non-military costs for those states, regardless of whether or not the norms are enshrined in binding codes or conventions.

In this context, the EU is superbly placed to lead efforts (with the United States and Japan following closely behind) to establish a declaratory statement of policy — let's call it the *Brussels Convention* — which could have the following characteristics.

A declaratory statement of policy, the Convention should mirror much of the language of the 2002 DoC, but expand its geographic scope and reference to existing international law.

The Convention would prohibit and condemn the use of intimidation and coercion in the settlement of territorial disputes throughout the Asia-Pacific, and support the "no first use of force" principle. All Convention signatories would agree that all claims, including claims based on "historic" title or right, and revision to the territorial status quo for any reason must be settled in accordance with international law and arbitration, including UNCLOS.

It is critical that declaratory policy condemning coercive behavior applies to the whole maritime region of East Asia and not just the South China Sea. This will allow a larger number of countries to appeal to the CoC in condemning such behavior, whether such behavior occurs in the East or South China Sea.

It is important that signatories to the Convention insist that claims based on "historic title" or "historic waters" be settled according to international law, and that all historic title claims not capable of being recognized by international law be rejected. All claims not submitted for arbitration under UNCLOS will also not be recognized by Convention signatories. To be sure, these terms will be unacceptable to China since it has consistently ruled out international arbitration to resolve its disputes. But the point is

[8] See Patrick Barta, "Sea Dispute Upends Asia Summit," Wall Street Journal, July 23, 2012, http://www.wsj.com/articles/SB10001424052702303919504577524133983292716

to establish a multilateral declaratory policy regime that will eventually leave China isolated, putting pressure on Beijing to either sign on or explain its intransigence.

Significant early efforts should be made to gain the initial support of non-claimant countries in the United States, Australia, Singapore, and perhaps India. Once key non-claimant countries have signed on, claimant countries and U.S. allies in Japan and the Philippines should be high priorities. These countries should then persuade other key ASEAN countries such as Malaysia, Vietnam, and Indonesia to sign on to the Convention.

It is important that great powers such as the United States and Japan join the EU as early signatories of any declaratory policy, which is not the case with the 2002 Declaration on the Conduct of Parties in the South China Sea or the proposed Convention.

Countries such as the United States, Japan, the Philippines, and Vietnam have consistently declared that they oppose the use of force in resolving disputes or changing the status quo in the region,[9] consistent with the ASEAN-backed 2002 DoC. Indeed, a joint statement from the Japanese-U.S.-Australia Defense Ministers Meeting on the sidelines of the Shangri La Dialogue in May 2014 affirmed that the countries opposed the use of "coercion or force to unilaterally alter the status quo in the East China and South China Seas" while also calling on all claimants to clarify and pursue their claims in accordance with international law.[10]

The Convention would advance the formalization of the above and similar joint statements. Bear in mind that Vietnam recently called for a "no first use of force principle" to manage disputes.[11]

The Convention becomes the declaratory policy of any particular country once it agrees to sign on. Unlike the ASEAN process, it need not require the agreement of all intended signatories for it to become the declaratory policy of any one country.

Objections are likely to be voiced by some ASEAN member states not wanting any instrument or regime to dilute the relevance or standing of ASEAN. Even so, the Convention is primarily designed to offer non-claimant great powers and claimant states who are signatories a diplomatic instrument to frame and coordinate criticism of coercive behavior while a binding CoC is being negotiated. Moreover, an increasing number of ASEAN states such as Singapore, the Philippines, and Vietnam are expressing concern that China can exploit the ASEAN consensus process to delay the CoC indefinitely, preventing its use in condemning coercive behavior.

The Convention should serve as formal declaratory policy for relevant signatories until a binding ASEAN CoC is achieved — cognizant of the likelihood that this may not be for some time if it ever occurs. But it should be made clear that the Convention borrows heavily from the principles behind the CoC, and ASEAN norms more

Countries such as the United States, Japan, the Philippines, and Vietnam have consistently declared that they oppose the use of force in resolving disputes or changing the status quo in the region.

[9] For example, see Sam LaGrone, "U.S. Pacific Commander Opposes Force in South China Sea Disputes," United States Naval Institute, June 5, 2013, http://news.usni.org/2013/06/05/u-s-pacific-commander-opposes-force-in-south-china-sea-disputes; "PH, Japan oppose use of force," Manila Bulletin, September 6, 2013, https://ph.news.yahoo.com/ph-japan-oppose-force-163023722.html; Shangri La Dialogue 2014 Keynote Address: Shinzo Abe, May 31, 2014, https://www.iiss.org/en/events/shangri%20la%20dialogue/archive/2014-c20c/opening-remarks-and-keynote-address-b0b2/keynote-address-shinzo-abe-a787

[10] Joint Statement from the Japan-U.S.-Australia Defense Ministers Meeting, May 30, 2014, http://www.defense.gov/releases/release.aspx?releaseid=16726

[11] See Termsak Chalermpalanupap, "'No First Use of Force in the South China Sea': Why Reinvent the Wheel?," ISEAS Perspective #35, June 10, 2013, http://www.iseas.edu.sg/documents/publication/iseas_perspective_2013_35_no_first_use_of_force_in_the_south_china_sea_why_reinvent_the_wheel.pdf

generally, and is not designed to negate or supplant the CoC.

This is designed to preserve the relevance and standing of ASEAN in order to eventually gain the support of major ASEAN member states: Indonesia, Malaysia, Singapore, Vietnam, and the Philippines. Once these states become signatories, it becomes difficult for other member states not to become so.

The EU and its member states remain sensitive to any perception of serving as the "junior" U.S. partner, or the United States' "deputy" in foreign policy initiatives beyond Europe.

The reality is that there is widespread regional concern with respect to Chinese ambitions and behavior in East Asia. Countries are already pushing back in military and diplomatic terms, and will increasingly do so. The purpose of the Convention is to introduce a declaratory policy regime that encompasses the great powers, and can help give shape, consistency, clarity, and justification for why countries are pushing back against Chinese actions beyond narrow and parochial national interest. Such a Convention may help win the diplomatic and public relations contest, and justify why countries are "ganging up" against China. It can help advance the argument that it is China creating instability and "rocking the boat," rather than any robust regional response to Chinese policies and behavior that is to blame.

Moreover, by putting forward a Convention that covers both the East and South China Seas, one is allowing signatories to the Convention to make the point that the prohibition on coercion and intimidation to advance national claims applies in all circumstances, despite the differences between the various claims in the South and East China Seas. The Convention could be used to condemn any country that uses coercion or intimidation in contested waters, not just China.

In putting the onus on China to publicly explain its "historic water" or "historic title" justification, explain why it is putting forward precepts sitting outside the current UNCLOS regime, or justify why it might refuse to explain its actions, the broader regional public will have a better idea of what is at stake in these disputes. When it comes to the East China Sea, the onus should be on Beijing to justify why sovereign title over the Senkaku/Diaoyu Islands should return to a moment in history of China's choosing. Such a conversation will demonstrate why selective history in justifying national claims will almost invariably be destabilizing by undermining existing territorial boundaries in Asia.

Finally, we need further argument as to why the EU should take the lead with any such Convention. One reason is that Europe cannot be accused of being anything other than an independent broker, with a primary interest only in a rules-based approach. Unlike the United States, neither the EU nor European member states have security alliances with any claimant states.

Critics might point out that European states and the United States are allies in the North Atlantic Treaty Organisation (NATO). But the obvious response would be that NATO applies only to common strategic aims and interests in Europe and has no application or relevance to East Asia. Moreover, any accusation that the United States, Japan, and the EU have common political values, and are *de facto* allies in Asia, would meet the affirmative response that all three share a common interest in the preservation of a liberal order and liberal institutions open to authoritarian regimes as long as they abide by the rules.

Additionally, the EU and its member states remain sensitive to any perception of serving as the "junior" U.S. partner, or the United States' "deputy" in foreign policy initiatives beyond Europe. But in this case, it would be taking the lead, while supporting U.S. and Japanese interests and reinforcing the liberal order. It would also offer a constructive outlet for the EU's desire to exercise

"normative" rather than the projection of material power in Asia, whilst enhancing the EU's relevance and prestige at the same time.

The proposed Convention would also be difficult for European nations to argue against since they reflect official EU policy, just as it would be difficult for East Asian powers to fight without advancing the awkward argument that they disagreed with the principles propounded. For those countries fearful of displeasing China, of which there are several, there is also safety in numbers. Leading the establishment of the Convention would be a collective EU initiative rather than a proposal by any one country. If the signatures of the United States and key Asian states are quickly obtained, as is conceivable, then it becomes even more difficult for China to blame any single European country. Meanwhile, "blame" for any perceived targeting of China can be comfortably diffused.

In any event, the definitive response would be that the Convention is non-discriminatory; it would be open for China to sign onto, and Beijing could be warmly encouraged to do so.

Identifying the Feasible and Meaningful

Any proposals that outmatch capacity — material, strategic, or political — of any one entity, particularly European countries, invariably lead to disappointment and cynicism about the prospect of cooperation. On the other hand, feasible proposals that are too insignificant lead to similar disappointment and cynicism. The key, therefore, is to identify essential and realistic possibilities for cooperation and collaboration. The above idea is one suggestion of doing just that.

In terms of suggestions for other areas for cooperation, Europe, Japan, and the United States are also supremely placed to advocate for liberal economic principles in Asia. Such principles include a clearer separation between a state's political and strategic interests on the one hand, and economic activity of commercial entities on the other. This is particularly salient with respect to China's state-dominated economy, within which the links between state-owned enterprises (SOEs) and the Communist Party, and the use of SOEs to achieve regime and national objectives, exist as a challenge to the proper operation and evolution of the liberal economic order.[12]

Together, the EU, United States, and Japan are dominant sources of foreign direct investment (FDI) into East Asia — including into China — with Chinese firms playing a surprisingly minor role in the region. The same applies to technology and knowledge transfer into East Asia, which is overwhelmingly reliant on the advanced economies.[13] This gives them significant influence.

When it comes to cooperation for common interest, the difficulty lies in coordinated action between the EU, United States, and Japan to promote liberal economic reform, especially in China and with respect to the external behavior of Chinese SOEs. The great temptation is for countries to pursue their individual, short-term interest in seizing perceived opportunities in China with little regard for the contemporary and future shape of economic

For those countries fearful of displeasing China, of which there are several, there is also safety in numbers.

[12] See John Lee, "China's Corporate Leninism," The American Interest, May/June 2012, http://www.the-american-interest.com/2012/04/10/chinas-corporate-leninism/

[13] For the dominant role of European, American and Japanese capital into Southeast Asia, see John Lee, "China's Economic Leverage in Southeast Asia," Journal of East Asian Affairs 29:1 2015, http://www.hudson.org/content/researchattachments/attachment/1481/2015_08_28_lee.pdf; Trends in Southeast Asia: China's Economic Engagement with Southeast Asia — Singapore (Singapore: ISEAS Publishing 2014); Trends in Southeast Asia: China's Economic Engagement with Southeast Asia — Vietnam (Singapore: ISEAS Publishing 2014); Trends in Southeast Asia: China's Economic Engagement with Southeast Asia — Malaysia (Singapore: ISEAS Publishing 2014), http://www.hudson.org/content/researchattachments/attachment/1401/trends_in_se_asia_malaysia_2014.pdf; Trends in Southeast Asia: China's Economic Engagement with Southeast Asia — Indonesia (Singapore: ISEAS Publishing 2013); Trends in Southeast Asia: China's Economic Engagement with Southeast Asia — Thailand (Singapore: ISEAS Publishing 2013), http://www.hudson.org/content/researchattachments/attachment/1172/chinese_economic_activity_in_thailand.pdf

order and practice. Consequently, trade and other economic agreements with China tend to focus on removing *ad hoc* barriers for firms of that particular country entering into the Chinese market, rather than on a set of common rules applicable to all.

A further problem with any coordinated EU approach is that trade policy is governed by the European Commission and not the EEAS; the two entities often have inconsistent approaches vis-à-vis an economic partner such as China.[14] Moreover, individual countries have decisive voices in national trade and economic policy, and those benefitting from China's economic rise in the short-term, such as Germany, tend to be more accommodating when it comes to Chinese economic policies than are others.[15]

It may be that coordinating economic approaches in East Asia is a bridge too far at this time. But without principled coordination, the still dominant economic position of the EU, the United States, and Japan in Asia is wasted, and the region is the poorer for it.

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[14] See Rem Korteweg, "A presence farther east: Can Europe play a strategic role in the Asia-Pacific region?," Centre for European Reform report, July 2014, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2014/cer_a_presence_farther_east-9351.pdf

[15] Ibid, p. 10.

3 The Liberal International Economic Order: Toward a New Architecture

Patrick Chovanec

In the summer of 1944, delegates from 44 Allied nations gathered at a remote mountain resort in Bretton Woods, New Hampshire. Even while World War II raged in Europe and the Pacific, they met to sketch the framework of a new and more liberal post-war economic order. Their goal: to avoid the mistakes that led to the Great Depression, the rise of militarism, and conflict among nations. Instead, they would ensure a shared and equitable prosperity by encouraging trade, supporting financial stability, and financing development. While the Soviet Union eventually opted out of the Bretton Woods framework, and certain aspects (such as the dollar-gold peg) did not stand the test of time, much of it — including the three pillar organizations: the World Trade Organization (WTO, successor to the initial 1947 trade and tariff agreement), International Monetary Fund (IMF), and World Bank — not only survived and shaped the post-war world, but continue to stand at the center of the global economy more than 70 years later.

In the wake of the 2008 global financial crisis, calls were heard for a "New Bretton Woods." What this meant, exactly, was often unclear, and one suspects it was invoked more as a talking point, or an excuse for more high-level summitry, than as a concrete agenda. Nevertheless, the calls reflected a growing sense that the old answers had grown stale, and required a rethink. Dissatisfaction with the so-called "Washington Consensus" has given rise to a new fascination with China. In recent years, China's growing influence, and its desire to play a larger role in existing institutions — as well as establish new ones — has given new direction and urgency to the conversation about what the future economic order will look like, and what values and priorities will shape it. If Europe, Japan, and the United States do not provide an updated blueprint for the global economy, perhaps China will. Recent developments suggest that Western and Japanese leaders would be discomfited by such an outcome.

What would such a U.S.-European-Japanese blueprint for a 21st-century liberal economic order rooted in and supportive of political and economic freedom look like? How can Europe, Japan, and the United States cooperate to turn it into reality? What place should China and other emerging economic powers have in that vision? To answer these questions, it helps to begin by looking at the original Bretton Wood framework: what did it aim to achieve, how did it evolve, and where has it fallen short? It is clear that leading countries need to work together to unlock demand from chronic surplus economies and increase global economic balance, and, when it comes to China, Japan, the European Union, and the United States need to be active and find ways to be inclusive without being lax.

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Shaping the Global Economy

When the Bretton Woods conference took place, the Great Depression was a fresh memory. The framework that emerged was a direct response to that experience, aimed at fixing the flaws and mistakes that, the delegates firmly believed, had deepened the Depression and helped sow the seeds of world war. Their solutions centered on three main themes: free trade, financial stability, and economic development.

Free Trade

Many countries responded to Great Depression by trying to protect their domestic markets by raising tariffs and other barriers to international trade. These moves — including the infamous Smoot-Hawley Tariff enacted by the United States in 1930 — proved self-defeating, causing the global economy to shrink even further. The delegates at Bretton Woods were determined to go in the opposite direction. While the International Trade Organization (ITO) they proposed did not immediately come into being, it did inspire the General Agreement on Trade and Tariffs (GATT), starting in 1948. Over the next 50 years, in a series of seven negotiating rounds, GATT grew from 23

The WTO now has 162 member states accounting for 97 percent of global GDP.

to 123 nations and substantially reduced tariffs and preferences for trade in most goods on a uniform, multilateral basis. The formation of the World Trade Organization (WTO) in 1995, not only as a forum for further trade negotiation but as a tribunal for judging disputes, along with China joining WTO in 2001, represented important new landmarks in this process. The WTO now has 162 member states accounting for 97 percent of global GDP.

Nevertheless, the achievement is in many ways incomplete. Significant barriers to trade in agriculture and services remain, even as services have grown to a dominant share of developed economies. Protection of cross-border investment and intellectual property are imperfect and not necessarily binding. The Doha Round, which has the goal of addressing many of these issues, has been essentially stalled since 2008. In its place, the world has seen a proliferation of bilateral and regional agreements, like the North American Free Trade Agreement (NAFTA) or the Association of Southeast Asian Nations (ASEAN), which may signify progress, but many worry could distort as much as encourage trade, and could even give rise to rival trading blocs. In the meantime, many complain that the WTO dispute resolution process moves so slowly that violators can capitalize on blatantly protectionist policies for years, with lasting effects, before being brought to account.

Financial Stability

The Great Depression saw a breakdown in the system of international settlements as one country after another abandoned the gold standard and devalued its currency in a destabilizing race to gain competitive advantage at each others' expense. By the end of World War II, nearly all of the world's gold reserves had flowed into U.S. hands, making a return to the gold standard — even if desirable — simply impractical. Instead, Bretton Woods created a replacement in which each country's currency was pegged at a fixed exchange rate to the U.S. dollar, which in turn was pegged to gold. Nations used their accumulated reserves of U.S. dollars to settle accounts, with the newly created International Monetary Fund (IMF) stepping in to lend more dollars and coordinate restructuring if the imbalance could be rectified, or overseeing an orderly currency devaluation if it could not. In order to stabilize the rate of exchange, most countries initially imposed controls on capital inflows and outflows.

Over time, countries gradually lifted these controls to facilitate efficient allocation of capital in an increasingly global economy. At the same time, rising U.S. fiscal deficits (to pay for the Great Society and Vietnam War) and a shift in the U.S. trade balance from surplus to deficit put downward pressure on the dollar, forcing the U.S. off the gold peg in 1971. The world shifted from a system based on fixed exchange rates and strict capital controls to one of floating exchange rates and unrestricted, often volatile, flows of cross-border capital. To many people's surprise, the U.S. dollar remained dominant, although it now had to compete with other major currencies as a means of exchange and store of value. Ironically, even as U.S. fiscal and trade deficits continued rising to unimagined heights, the sheer size and liquidity of U.S. debt markets actually reinforced the dollar's dominance, and the world's willingness to finance those deficits.

The ability and willingness of the United States to consume more than it produced, on a seemingly endless basis, was a boon to emerging economies that turbo-charged growth by ramping up export capacity. But the volatile flows of global capital that funded this expansion could be a double-edged sword, creating a boom one year and a bust the next. Far from being hailed for cushioning the resulting adjustments, the IMF was blamed for imposing restructuring on the suffering victims. After the subprime and Euro crises, many wondered aloud whether the United States and Europe — which

played the lead role in directing the IMF — were in any position to be dispensing either money or advice. They asked — with growing boldness or trepidation, depending on who was asking — whether another system, or another currency, like China's, could serve as a more stable foundation for a very different kind of economic order.

Economic Development

In the wake of World War II, there was a widespread conviction — particularly in the United States — that many pre-war problems could be traced to the selfish and short-sighted competition among the Great Powers for exclusive control of colonial markets. U.S. policymakers were resolved that the post-war world would be a post-colonial world, characterized by more even and equitable economic development. To assist in financing this development, the delegates to Bretton Woods proposed what eventually became the World Bank.

To be sure, many of the projects funded by the World Bank contributed positively toward this goal. But other projects were misconceived or poorly executed. All too often, while Western contractors got paid, and local elites thrived, the broader populace benefited little and was left with large "development" debts to pay back. When the World Bank and similar institutions like the Asian Development Bank (ADB) learned from their experiences and raised their lending standards, they were accused of getting bogged down in red tape and failing to address critical needs.

In recent years, a new funding source has appeared: China. Starting in 2007, China Development Bank (CDB) and China Export-Import Bank have together provided more development financing on an annual basis than the World Bank. Last year, China played the lead role in founding the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB) as all-but-declared rivals to the existing institutions seen as dominated by the United States, Europe, and Japan. China also announced an ambitious "One Belt, One Road" (OBOR) program to finance and construct new trade routes worldwide. Many countries — including several of the founding nations at Bretton Woods — find China's new initiatives intriguing, at the very least, and have signed up to participate.

Toward a New Architecture

The Bretton Woods accord was a repudiation of mercantilism, whether in the form of trade barriers, currency manipulation, or colonial subordination. At the same time, it took place in an era when confidence in the "visible hand" of governments to manage the economy was at its height. In later years, the framework evolved to reflect a renewed appreciation of the "invisible hand" of markets, and the costs of excessive regulation. That experience — of a more deeply interdependent global economy, driven by deregulated, self-directed markets — gave rise to an entirely new set of challenges and concerns. Each of the objectives of the Bretton Woods framework — free trade, financial stability, and economic development — has taken on a new meaning. A "new Bretton Woods" for the 21st century must do more than fix what was flawed in the old framework, it must respond to these new realities.

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Free Trade

The global economy is no longer about making a product in one country, and shipping and selling it somewhere else. It is about complex supply chains that weave together activities all over the globe, supported by investment, technology, and skills that know no borders. Creating an even playing field is no longer just about reducing external tariffs and quotas, but about coordinating and sometimes revising what have traditionally been seen as domestic policies to "stabilize" agriculture, promote national culture and identity, encourage innovation, protect health and safety, and ensure citizens a certain minimum quality of life. Critics of the

Ratifying TPP and getting TTIP off the drawing board should be top priorities.

Trans-Pacific Partnership (TPP) argue it is no mere "trade" deal, and they are right: more accurately, it is a package of integrated economic policies that will increasingly fuse several national economies into a single marketplace.

Developing the consensus to support this level of fusion is not easy, which is one reason the WTO process is stuck. Understandably, countries that don't share the same experiences or perspectives won't necessarily agree on the way forward, leaving the process at the mercy of the most recalcitrant partner. Signing bilateral agreements, or putting together broader coalitions like TPP or the Transatlantic Trade and Investment Partnership (TTIP) between the United States and Europe, should not be seen as abandoning a more multilateral approach, but instead as laying the foundation for its eventual success. Far from excluding potential partners like China, India, and Brazil, TPP and TTIP are about a self-selected group that can agree, demonstrating the advantages of closer cooperation and higher standards — as well as the costs of standing to the side and missing out.

Ratifying TPP and getting TTIP off the drawing board should be top priorities. Undoubtedly, both will fall well short of the ideal. With any agreement as large as these, among so many parties, a determined critic is certain to find something to dislike. However, as with each round of GATT before them, the point is not to achieve perfection but to make incremental progress in the right direction, and lay the foundation for further progress. TPP and TTIP should be seen not as one-off deals, but as ongoing works-in-progress, stepping stones rather than a final destination.

Cyber security is one topic that should be added to this agenda. When governments use the internet to steal billions of dollars in intellectual property, hijack sensitive data, or disrupt business operations in order to gain "competitive advantage," their actions have real and damaging consequences for their trading partners. Engaging serial offenders like China and Russia is vital, but unlikely to produce much helpful agreement in the short run. In the meantime, Europe, Japan, and the United States must not wait on their cooperation, but should take the initiative in defining international standards of behavior, and establishing mechanisms to identify and punish cyber perpetrators. That includes highlighting, clearly and repeatedly, the long-standing distinction between (unwelcome but expected) intelligence activities for reasons of state security and (unacceptable) spying and sabotage for illicit commercial advantage.

The WTO will remain an essential forum for refereeing trade disputes, but it can be improved. The settlement process should be strengthened to expedite the review of new (as opposed to long-standing) policies that may put trading partners at a disadvantage, and allow the board to issue injunctions to halt actions that may do long-lasting damage in the time it takes for a ruling to be made. Europe, Japan, and the United States should also press China to join the Agreement on Government Procurement (GPA), as it promised to do when it joined WTO over a decade ago.

Financial Stability

When, at the height of the 2008 global financial crisis, French President Nicolas Sarkozy called for a "New Bretton Woods" to contain the cross-border contagion ripping through banks and capital markets, he was reacting to a subtle but profound change in the international financial landscape. At the time of the original Bretton Woods agreement, that landscape was like a chain of separate islands (national financial markets) linked by ferries (the international payments system). Eventually, those ferries had been replaced by superhighways, creating a single, interconnected global market for capital, in which "hot money" could pick up and move at any time, and national currencies were

just another commodity to be traded. The first disturbances triggered by these liberated flows of capital were attributed to the instability intrinsic in emerging markets, but the 2008 meltdown revealed that the fragility was, in fact, global.

Reimposing capital controls would be impractical and undesirable. It would only, as in China, distort domestic savings and investment decisions. A more plausible solution is to require a higher ratio of committed long-term capital, especially for financial institutions, to reduce sensitivity to both losses and more fickle forms of financing. The torchbearer on this front has been the Bank of International Settlements (BIS), established in 1930, which actually predates (and to some degree rivaled) the Bretton Woods framework. However, the so-called Basel rules rely heavily on somewhat arbitrary categorizations of risk that can be gamed or give rise to distorted outcomes, and on models that may not adequately measure the kind of tail risks most likely to prompt a crisis.

Sarkozy's call — as vague as it was — for a more comprehensive supra-national financial regulatory regime fell largely on deaf ears. To begin with, it was hardly clear, from their performance in the subprime and Euro crises, that bureaucrats were any better equipped than markets to foresee and prevent financial catastrophe. Moreover, each country's banking system, even in the developed world, continues to be based on different traditions and philosophies. Countries might be willing to make their own efforts to bolster stability (Dodd-Frank in the U.S., the Banking Union in Europe), but they often rested on different assumptions and pointed in different directions. If anything, most are inclined to see regulatory reforms in a competitive rather than cooperative light, hoping that the imposition of onerous requirements elsewhere might give their own financial sector a competitive advantage.

One proposal that merits discussion is the idea of establishing a "bankruptcy" process for restructuring unpayable sovereign (national) debts, which does not currently exist. While informal coordinating groups such as the Paris Club and the London Club, and the introduction of innovative instruments such as Brady Bonds, have provided ad hoc solutions in many specific situations where external debt has grown out of control, the recent examples of Argentina and Greece illustrate how, without more formal coordination and a clearer blueprint, negotiations can break down and unresolved debt burdens can hang like a dark cloud over an economy's recovery prospects for years. The advantages of a framework where the risks and resolution options, short of outright default, are more clearly known at the outset are clear, but the risks of encouraging moral hazard and imposing one-size-fits-all rules must be carefully weighed as well.

Perhaps only two things are clear: that the discussion about how to restore international financial stability has barely begun, and that it is essential to the credibility of any liberal economic order — based on free trade, supported by free capital flows — in the 21st century.

Economic Development

The founding of the World Bank was a response to entrenched imbalances in the global economy. Today, the imbalances that threaten a shared and sustainable prosperity are very different than they were in 1944. That may sound like a simple, and perhaps obvious, observation, but it carries profound implications.

For much of the 20th century, the United States served as a supplier of both goods and capital to the rest of the world economy. Like Britain in the 19th century, it ran trade surpluses and invested the proceeds abroad. Now China appears intent on stepping into the same role. That is the core

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What the world needs from China is not more goods and money, but consumer demand.

idea, spoken or not, behind initiatives like AIIB, NDB, and OBOR. But the world has changed, significantly. Imperial Britain and 1916-1970 United States both faced global economies that were fundamentally supply-constrained — Britain because the rest of the world had not yet industrialized, the United States because the world was rebuilding from two devastating wars. Today, the global economy is fundamentally demand-constrained. The world is so awash in excess savings that one-third of all government bonds are returning negative interest rates. What the world needs from China is not more goods and money, but consumer demand.

The shift of the United States from surplus to deficit, from creditor to debtor, first enabled global prosperity, and now imperils it. For a time, it turbo-charged growth in emerging markets, while allowing (most) Americans to enjoy an elevated standard of living. But relying on the United States to go deeper and deeper into debt to serve as the world's consumer of last resort is not sustainable. Unfortunately, persistent trade imbalances are usually discussed in terms of what is "fair," not what is sustainable, giving the impression there are "winners" and "losers." Contrary to popular belief, though, such imbalances are not, at their heart, about competitiveness, but about savings. For relatively poorer countries like China to be lending inordinate sums to the United States, in order to drive external demand for their own output — rather than spending it on their own well-being — is perverse, to say the least. It is also damaging to the long-term prospects for global growth.

John Maynard Keynes, one of the key architects of Bretton Woods, bemoaned that the agreement placed the whole burden of adjustment on debtor/deficit countries (like his native Britain) and had no means to encourage complementary rebalancing by chronic surplus/creditor nations (like the United States at that time). The problem grows even greater when, as now, the dominant role of the U.S. dollar provides U.S. borrowers with a nearly limitless well of credit. In 1985, the top five industrialized nations (United States, Japan, West Germany, Britain, and France) tried to rectify this, and reduce the U.S. trade deficit, by signing the Plaza Accord, in which they intervened in currency markets to push the dollar down against the Yen and the Deutsche Mark. The experiment was only partly successful, reducing the U.S. trade gap with Europe, but not with Japan, where imbalances were more deeply entrenched. Today the G20 should study the lessons of the Plaza Accord, both positive and negative, with an eye toward opening a serious discussion on how countries can work together to unlock much-needed demand from chronic surplus economies that can most afford it, and put the global economy on a more balanced path.

Role of China: Incentive, not Exclusion

A few concluding words need to be said about China in particular. China is the 800-pound gorilla in the room: now the world's second-largest economy, some of its recent initiatives, and rhetoric, suggest it might wish to replace the liberal economic order led by the United States, Europe, and Japan with its own agenda. Certainly, many of China's domestic policies are overtly mercantilist in intent and — despite frequent paeans to market openness and reform — it would not be unreasonable to conclude that China has actually grown less open, politically and economically, under Xi Jinping. That said, the fact remains that in recent years, no nation has benefited more from being welcomed into the existing liberal economic order than China, and it has much to gain from cooperative efforts to tackle the issues discussed above.

The United States, Europe, and Japan should not be shy about holding China to account for the commitments, such as to WTO rules, that it has already made. When there is disagreement, as on cyber security or the requirements for joining TPP,

U.S., European, and Japanese officials should keep the lines of communication open, while forging a path that encourages China's leaders to rethink the costs and benefits of continuing in a different direction. When the Chinese government makes its own proposals, the democracies must not object merely for the sake of objecting — as the United States was perceived as doing in response to AIIB — but by presenting an attractive and viable alternative. The goal should not be to exclude China, but to present it with real and serious choices. The only way to do that — and this is the crucial point — is to not wait on China in moving ahead.

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4 Liberal Disorder and Decay: Deepening Strategic Trust

Julia M. Macdonald

Just as the rise of new threats has created new opportunities for fruitful collaboration among democratic states, however, it has also created scope for misunderstanding and disappointment.

Introduction

Over the past decade, the liberal international order has come under increasing strain from a number of sources. The emergence of new terrorist threats, rogue state and non-state actors, nuclear proliferation, and great power revanchism have all combined to create a complex security environment that threatens core tenets of the liberal rules-based order. Recognizing the growing threat to their core values, democracies in the West and Asia have made efforts to work more closely to protect and promote democratic governance, human rights, and the rule of law. The United States, Japan, and their European allies have expressed continued support for initiatives to strengthen democratic partnerships and develop an agenda for future cooperation.

Just as the rise of new threats has created new opportunities for fruitful collaboration among democratic states, however, it has also created scope for misunderstanding and disappointment. For while many democracies in Europe and Asia wish to preserve the liberal international order in principle, each country has a vision for how best to achieve that outcome in accordance its own strategic priorities and national interests. These individual, often uncoordinated responses can generate tensions among allies and undermine broader efforts to bolster the fraying liberal international order.

This piece takes stock of the threats to Japanese, U.S., and European interests, highlighting areas of mutual concern. It then outlines how different responses to these threats, now and in the future, could potentially create dangerous tensions between these three polities, threatening the broader objective of strengthening a liberal rules-based order. Finally, the piece argues that to avoid the emergence of fractures within the liberal alliance, the United States, Japan, and the U.K., in particular, can put new initiatives in place that increase cooperation in areas of mutual interest, improve communication, and most importantly create a common and shared understanding of national and regional priorities. This mutual understanding will serve to deepen strategic trust between the countries and lay a foundation for enduring cooperation in the future.

Common Threats to the Liberal International Order

The United States, Japan, and Europe face a series of overlapping mutual security concerns. The North Korean missile threat, Iran's nuclear ambitions, Chinese and Russian territorial claims, and the rise of terrorism and religious fundamentalism all challenge the rules-based liberal international regime. These varied and growing pressures have resulted in a concerted effort to bolster political, military, and economic cooperation to protect core interests and values.

The threat of nuclear proliferation has continued to plague the international community and has elicited a unified response from defenders of the liberal order. North Korea's latest provocations — its fourth nuclear test in January 2016 followed by a suspected ballistic missile test in February[1] — provoked a swift response not only from neighboring Japan, but also from the international community writ large, with the United States leading a campaign for new, tougher UN sanctions.[2] Iran's nuclear ambitions have had a similarly unifying effect, with Japan and Western Europe supporting the U.S.-led Iran nuclear deal

[1] Ralph Ellis, K.J. Kwon, and Tiffany Ap, "U.S., Other Nations Condemn North Korean Launch of Long-Range Rocket," CNN, February 7, 2016, http://edition.cnn.com/2016/02/06/asia/north-korea-rocketlaunch-window/.

[2] Justin McCurry, "Japan Puts Military on Alert to Shoot Down North Korean Rocket," The Guardian, February 3, 2016, www.theguardian.com/world/2016/feb/03/japan-puts-military-on-alert-to-shoot-down-north-korean-rocket. See also, BBC News, "World Reacts to North Korea's Satellite Launch," February 7, 2016, http://www.bbc.com/news/world-asia-35515335.

and its efforts to prevent Tehran from developing a bomb.[3]

The rise of international terrorism and religious fundamentalism also poses a common security threat to liberal democracies in Asia and Europe alike, necessitating greater cooperation between countries and demanding more rigorous security measures. The beheading of two Japanese hostages by the self-proclaimed Islamic State group last year,[4] combined with the larger-scale terrorist attacks in Paris in November 2015, Turkey in 2016, and Brussels in March 2016, prompted an outpouring of support from the U.K., the United States, France, Germany, and other like-minded states concerned with this growing security threat. Prime Minister Shinzo Abe and French President François Hollande called for international solidarity against terrorism in the wake of the deadly Paris attacks,[5] which spurred the U.K. and France to launch a series of airstrikes against ISIS in Syria.[6]

Finally, great power revanchism in Europe and Asia poses a common security threat to Japan, the United States, and Western European democracies, creating incentives for increased collaboration. Russia's annexation of Crimea and its intervention in eastern Ukraine has had global ramifications and presents a serious security threat, especially to countries in Europe. The EU has responded by placing a series of economic sanctions on Russia that target state-owned banks, military, and energy firms.[7] The United States has acted in support of its European allies by placing sanctions on Russia, but also by upgrading its military presence in Europe and pledging to quadruple its defense budget for the region in 2017.[8] Russia's more assertive foreign policy also has implications for Japan, given the two countries' unresolved historical issues and the protracted bilateral dispute over the Kuril Islands. In light of this mutual security concern, Tokyo has joined its democratic partners in condemning Putin's behavior and implementing sanctions against designated Russian individuals and companies.[9] As will be discussed later, this was a difficult and consequential decision for Tokyo given its own bilateral equities with Moscow.

The emergence of China as a great power also poses a common challenge to all supporters of a liberal democratic order. While China's rapid economic growth presents opportunities for its many trading partners, Beijing's military rise, accompanied by its increasingly belligerent behavior in the East and South China Seas, is of growing concern to countries in Asia and Europe that depend on a stable rules-based order for continued economic

The rise of international terrorism and religious fundamentalism also poses a common security threat to liberal democracies in Asia and Europe alike.

[3] Dan Cooney, "British Prime Minister David Cameron: Iran Deal 'Better Than the Alternative,'" NBC News, June 19, 2015, http://www.nbcnews.com/storyline/iran-nuclear-talks/prime-minister-cameron-iran-deal-better-alternative-n394661; Nick Robins-Early, "How World Leaders Reacted To the Iran Nuclear Deal," The Huffington Post, July 7, 2015, http://www.huffingtonpost.com/2015/07/14/iran-nuclear-deal-reactions_n_7793728.html.

[4] Julia Glum, "Japan ISIS Beheadings: Obama, David Cameron Condemn New 'Terrorist' Video," International Business Times, January 24, 2015, http://www.ibtimes.com/japan-isis-beheadings-obama-david-cameron-condemn-new-terrorist-video-1793892.

[5] The Japan Times, "Abe, Hollande call for International Solidarity against Terrorism," December 1, 2015, http://www.japantimes.co.jp/news/2015/12/01/national/politics-diplomacy/japan-france-call-international-solidarity-terrorism/#.Vs_NjJMrKRt.

[6] Ben Doherty, "France Launches 'Massive' Airstrike on ISIS Stronghold of Raqqa," The Guardian, November 16, 2016, http://www.theguardian.com/world/2015/nov/16/france-launches-massive-airstrike-on-isis-stronghold-in-syria-after-paris-attack; Steven Erlanger and Stephen Castle, "British Jets Hit ISIS in Syria After Parliament Authorizes Airstrikes," The New York Times, December 2, 2015, http://www.nytimes.com/2015/12/03/world/europe/britain-parliament-syria-airstrikes-vote.html.

[7] BBC News, "Ukraine Crisis: EU Extends Russia Sanctions to 2016," June 22, 2015, http://www.bbc.com/news/world-europe-33221888.

[8] BBC News, "U.S. 'to Quadruple Defence Budget for Europe,' February 2, 2016, http://www.bbc.com/news/world-us-canada-35476180.

[9] John Drennan, "Russia-Japan Relations after Ukraine," IISS, July 10, 2015, https://www.iiss.org/en/iiss%20voices/blogsections/iiss-voices-2015-dda3/july-2632/russia-japan-relations-after-ukraine-f799.

The U.S. "pivot" or rebalance toward Asia is part of a multi-faceted campaign to protect the liberal international order and manage the concerns of key U.S. allies in the region.

prosperity.[10] China's frequent incursions into the waters and airspace around the Senkaku/Diaoyu islands,[11] as well as its assertive behavior in the South China Sea, poses a particularly acute security threat for Tokyo — one that has served to elevate the importance of the Japan-U.S. alliance over the past decade.[12] Indeed, the U.S. "pivot" or rebalance toward Asia is part of a multi-faceted campaign to protect the liberal international order and manage the concerns of key U.S. allies in the region.[13] Finally, in addition to consolidating its alliance with the United States, Japan has also forged closer strategic relationships with European counterparts, such as the U.K. and France, to build support in the face of mounting security threats.[14]

Potential Barriers to Future Cooperation

Yet despite the growing number of mutual security concerns that threaten members of the liberal international order in Europe and Asia alike, there are also potential barriers to increased cooperation in the future. These challenges arise from the fact that Japan, the United States, and their allies in Europe — whilst wishing to uphold the values and objectives of a rules-based order — all have different perspectives on the best way to achieve those ends within the constraints of their own political, economic, and security environments.

These individual outlooks and perspectives can result in quite different policy responses to the security challenges listed above — responses that can be perceived by allies as signs of irresolution or lack of support for the preservation of the liberal international agenda. To the extent that these misperceptions and doubts are left unaddressed, they may serve to undermine efforts to expand cooperation in the future.

Take for example Russia's recent behavior in Eastern Europe. The reassertion of Russian power and the intervention in Ukraine has sparked a crisis in Europe as the continent scrambles to address a growing security threat on its border. Europe has appealed directly to the international community, and the United States especially, to help it curtail and constrain Russia's ambitious foreign policy agenda. Since preventing the rise of another assertive great power is also in U.S. interests, Washington has supported its NATO allies through sanctions and an increased military presence on the continent.[15]

As a Eurasian great power, Russia's attempts to revise the status quo in Eastern Europe are also of concern to Japan. Yet the question of how to address Moscow's assertive behavior presents difficulties for Tokyo given the two countries' ongoing territorial dispute and peace treaty negotiations. Indeed, just prior to the annexation of Crimea, the Russo-Japanese relationship had reached new heights of cooperation, with Abe actively cultivating positive relations with President Vladimir Putin in order to resolve the long-standing Kuril Islands and Northern Territory dispute, as well as to secure access to Russian hydrocarbons and a potential balancing partner to hedge against China's rise. The geo-political

[10] See for example, Jonathan Eyal, "Introduction: Japan and the U.K. — An Agenda for a Strategic Partnership," in Partners for Global Security: New Directions for the U.K.-Japan Defence and Security Relationship, ed. by Jonathan Eyal, Michito Tsuruoka, and Edward Schwarck (London, U.K.: RUSI, 2015), 2-3.

[11] Jeffrey W. Hornung, "Get Ready: China-Japan Tensions Set to Flare over East China Sea," The National Interest, August 12, 2015, http://nationalinterest.org/feature/get-ready-china-japan-tensions-set-flare-over-east-china-sea-13557.

[12] Michael Green et al., Asia-Pacific Rebalance 2015: Capabilities, Presence, and Partnerships (Washington D.C.: CSIS, 2016), 51-52.

[13] Ibid.

[14] See for example Anna di Mattia and Julia Macdonald, "An Anglo-French "Pivot"? The Future Drivers of Europe-Asia Cooperation," GMF Policy Brief, August 2014, http://www.gmfus.org/publications/anglo-french-pivot-future-drivers-europe-asia-cooperation.

[15] BBC News, "U.S. 'to Quadruple Defence Budget for Europe." There remain disagreements about how best to address the Russian threat and whether military force, economic sanctions, or some combination thereof is the best policy response.

ramifications of Russia's actions in Eastern Europe have complicated Tokyo's relationship with Russia, forcing Japan to balance its own national interests against its obligations as a member of the liberal international community and treaty ally of the United States. This has resulted in Japan joining its Western partners in implementing sanctions against Russia, but more reluctantly than other G7 members and with an eye to normalizing relations with Moscow. This pragmatic balancing act and less vigorous response has incited criticism from Japan's European allies.[16]

The rise of China also illustrates how differences in threat environments can shape policy responses in ways that cause tension for liberal alliances. China's military growth and behavior in the South and East China Seas present an immediate security threat to Japan, made more acute by China's claims on the Japanese-administered Senkaku islands. To help manage China's rise, Japan has invested heavily in its security alliance with the United States while also increasing defense cooperation with fellow democracies in the region.[17]

The United States also perceives China's military rise as a strategic threat to its interests in the Asia-Pacific and thus has devoted substantial resources not only to bolstering its military presence in the region (and countering China's anti-access/area-denial capabilities in particular),[18] but also to consolidating the liberal regional order through Asia's institutional architecture and economic partnerships like the Trans-Pacific Partnership (TPP).[19] Yet China is also a key economic partner for the United States and Japan alike.[20] As a result, Washington is pursuing a hedging strategy that involves bilateral economic engagement with China, alongside a broader regional policy of containment. The success of this strategy depends not only upon curbing China's own assertive behavior, but also on ensuring that Japanese nationalist rhetoric does not spark a destabilizing arms race in North Asia.[21]

To the extent that liberal democracies in Europe share a common interest in maintaining a stable, rules-based order, these countries also support efforts to contain China's ambitions and to address its territorial interests under the auspices of international law.[22] However, China's geographic distance from Europe has led European democracies to treat the country's ascendancy more as an economic opportunity than a strategic challenge to manage. With a limited security presence in the Asia-Pacific available to address allied security threats, most European countries have focused instead on expanding trade relations and promoting inter-regionalism through institutional arrangements like the Asia-Europe Meeting and ASEAN Regional Forum.[23]

Indeed, this focus on economic opportunities over traditional security concerns is the case not only for larger groupings like the European Union, but

China's geographic distance from Europe has led European democracies to treat the country's ascendancy more as an economic opportunity than a strategic challenge to manage.

[16] Drennan, "Russia-Japan Relations after Ukraine."

[17] Gregory B. Poling, "A Tumultuous 2016 in the South China Sea," CSIS Commentary, Feb 18, 2016, http://csis.org/publication/tumultuous-2016-south-china-sea; Fred Lamberd, "U.S., Japan Display Warships Amid Rising Tensions with China," UPI, October 18, 2015, http://www.upi.com/Top_News/World-News/2015/10/18/US-Japan-display-warships-amid-rising-tensions-with-China/5381445190474/.

[18] Green et al., Asia-Pacific Rebalance 2015: Capabilities, Presence, and Partnerships.

[19] Mina Pollmann, "What the TPP Means for Japan," The Diplomat, October 8, 2015, http://thediplomat.com/2015/10/what-the-tpp-means-for-japan/ .

[20] China is the largest two-way trading partner of both the United States and Japan.

[21] Thomas U. Berger, Abe's Perilous Patriotism: Why Japan's New Nationalism Still Creates Problems for the Region and the U.S.-Japanese Alliance (Washington, DC: Center for Strategic & International Studies, 2014), 1-2.

[22] Elena Atanassova-Cornelis, "Constraining or Encouraging: U.S. and EU responses to China's Rise in East Asia," CEJISS, 4 (2015), http://static.cejiss.org/data/uploaded/1452606449673380/Article%2001.pdf.

[23] China is the European Union's second largest two-way trading partner after the United States.

Japan's European allies are struggling to address pressing regional economic and political crises that hinder their efforts to look further afield.

also for more traditional allies like the U.K. — Japan's closest European partner.[24] The U.K.'s focus on strengthening its economic links to Beijing — its third-largest bilateral trading partner after Germany and the United States — has generated criticism from both Washington and Tokyo, which fear that London is privileging short-term economic gains over broader geopolitical interests. These fault lines became especially apparent when the U.K. decided to join the Chinese-led Asian Infrastructure and Investment Bank in 2015. In a rare breach of the U.S.-U.K. "special relationship," a U.S. official spoke out publicly against a trend in U.K. policies toward accommodating China.[25] These diverging interests and priorities have led observers to fear a growing "perception gap" between Europe, the United States, and Japan over the rise of China and their respective policy responses. [26]

Finally, looking beyond the international environment, there are some worrying domestic political trends when considering the potential for future liberal alliances and cooperation. A series of economic crises have crippled economies in Asia and Europe alike, leading to significant budget cuts, especially in the field of defense. The U.K. — one of the few European countries with permanent bases in Asia — has announced significant budget cuts, and the United States has also submitted its defense budget to the blunt instrument of mandated cuts through sequestration.[27] In addition to requiring austerity measures, these economic crises — and especially those in Europe — have also resulted in a surge of support for nationalist and populist parties that wish to focus on domestic political issues and draw back from the international stage. This ideological streak is particularly pronounced in European countries in the midst of an ongoing refugee crisis, but is also evident in U.S. 2016 presidential campaign.[28]

As a result of these domestic political pressures, allies will need not only to bring their expectations in line with the realities of external threat environments, but also domestic political constraints. This is particularly the case for the Japan-Europe relationship. For while Tokyo's interest in international engagement to address the threat of China is becoming more urgent, Japan's European allies are struggling to address pressing regional economic and political crises that hinder their efforts to look further afield. Insofar as these pressures are not appreciated by Tokyo, these differing priorities create the potential for future misunderstandings and frustration.

Promoting Cooperation and Strategic Trust

A chief way of avoiding alliance misunderstandings and "perception gaps" is to improve communication between partners. As a result, and

[24] Edward Schwarck, "Understanding the U.K.'s Security Policy in the Asia-Pacific," in Partners for Global Security: New Directions for the U.K.-Japan Defence and Security Relationship, ed. by Jonathan Eyal, Michito Tsuruoka, and Edward Schwarck (London, U.K.: RUSI, 2015), 18-19.

[25] Nicholas Watt, Paul Lewis, and Tania Branigan, "U.S. Anger at Britain Joining Chinese-led Investment Bank AIIB," March 13, 2015, http://www.theguardian.com/us-news/2015/mar/13/white-house-pointedly-asks-uk-to-use-its-voice-as-part-of-chinese-led-bank.

[26] Michito Tsuruoka, "Conclusion: Challenges and the Way Ahead," in Partners for Global Security: New Directions for the U.K.-Japan Defence and Security Relationship, ed. by Jonathan Eyal, Michito Tsuruoka, and Edward Schwarck (London, U.K.: RUSI, 2015).

[27] Andrew Chuter, "U.K. Cuts Defense by 1.5 Percent for 2015," Defense News, June 4, 2015, http://www.defensenews.com/story/defense/policy-budget/budget/2015/06/04/uk-defense-spending-cuts-2015-budget-equipment-exchequer-debt-retreat-world-affairs/28479473/.

[28] Nick Robins-Early, "How the Refugee Crisis Is Fueling the Rise of Europe's Right," The Huffington Post, November 2, 2015, http://www.huffingtonpost.com/entry/europe-right-wing-refugees_us_562e9e64e4b06317990f1922; Tim Ross, "David Cameron to Force EU Crunch Meeting as Migration Crisis Deepens," The Telegraph, January 30, 2016, http://www.telegraph.co.uk/news/newstopics/eurefer-endum/12132039/Migration-crisis-deepens.html; Ian Bremmer, "These 5 Facts Explain the Worrying Rise of Europe's Far-Right," October 15, 2015, http://time.com/4075396/far-right-politics-rise-europe/; Matthew Yglesias, "If You Want to Understand Donald Trump, Look to the Success of the European Far Right," Vox.com, August 25, 2015, http://www.vox.com/2015/8/25/9203405/trump-european-far-right.

to the extent that it is possible, democratic allies in Asia and Europe need to make their international priorities clear so that their policy responses do not take one another by surprise and can be understood within prevailing frames of reference and world views. As Robert Kennedy noted, one of the most important — and difficult — lessons in international affairs is "the importance of placing ourselves in the other country's shoes."[29] This injunction applies as much to our friends as it does our enemies. Indeed, given the complexity of the contemporary security environment and the multiple demands on state leaders, establishing clear mechanisms for transparent and regular communication is a necessary prerequisite for avoiding misunderstandings and deepening strategic trust between leaders.

Fortunately, Japan, the United States, and Europe already have a number of mechanisms through which to exchange information and coordinate foreign policy interests. The United States and Japan enjoy a formalized defense alliance, regular bilateral meetings, and a large number of cultural exchanges that serve to increase mutual understanding between the two countries. The U.S.-Europe relationship is also highly institutionalized through the NATO alliance, intensive diplomatic interaction, and deep U.S. economic ties to the continent. Within this grouping, the U.S.-U.K. relationship is particularly strong given the two countries' shared history and close cooperation on economic and security issues.

While the Japan-Europe relationship is also institutionalized through participation in the Asia-Europe Meeting and the ASEAN Regional Forum (ARF), it is the weakest of the three partnerships, and the one that presents the most scope for misunderstanding given the geographic distance between the countries and their divergent threat environments. Yet among European countries, there are stronger bilateral relationships that can be leveraged to lay a foundation for broader Europe-Japan cooperation in the future.

The U.K.-Japan relationship is perhaps the strongest of the Asia-Europe partnerships, and one that holds the most potential for deeper collaboration in the future. The two countries have already acknowledged that they are "each other's most important partners in Asia and Europe, respectively"; their senior government officials hold regular bilateral meetings and they concluded a Defense Cooperation Agreement in 2013.[30] Despite these gains, however, there remains scope to further expand cooperation, as well as to capitalize upon this unique relationship to build greater trust between Japan and other like-minded European countries.

First, given the special relationship between Japan and the United States, the U.K. and the United States, and the growing partnership between Japan and the U.K., the time is ripe to establish regular U.K.-U.S.-Japan trilateral meetings devoted explicitly to exchanges of information, communicating priorities, and committing to activities in mutual interest areas. While the three countries meet regularly under the auspices of the United Nations, as well as in smaller groupings like the G7, institutionalizing regular trilateral exchanges would solidify the liberal alliance and send a strong signal of unity in the face of growing security threats. Furthermore, this arrangement would ensure that cooperation endures irrespective of leaders' personal relationships and changeovers in government.

Second, the U.K. could act as a bridge between Japan and Europe, helping to communicate regional priorities to its North Asian ally while also creating new avenues for cooperation. Part of this

One of the most important — and difficult — lessons in international affairs is "the importance of placing ourselves in the other country's shoes."

[29] Quoted in Evan Thomas, Robert Kennedy: His Life (New York: Simon and Schuster, 2000), 245.

[30] di Mattia and Macdonald, "An Anglo-French "Pivot"?," 2.

China knows it cannot win a war with the United States, so it wants to avoid any conflict that might escalate into a military confrontation.

role entails managing Japanese expectations as to Europe's ability to contribute to traditional defense and security roles in Asia. If the U.K. is unlikely to increase its maritime presence in East Asia, it is even less likely that other European allies will assume that role. As a result, the U.K. should work with Japan to explore new channels of cooperation, which might include finalizing the EU-Japan Economic Partnership Agreement, engaging in joint training in counterterrorism, promoting good practice in intelligence collection and analysis, and encouraging greater participation in peacekeeping operations abroad.[31] Japan's recent change in defense policy and decision to expand the role of its military abroad opens up greater possibilities for cooperation not only with the U.K., but with NATO forces deployed around the world.

[31] Jonathan Eyal, "Introduction: Japan and the U.K. — An Agenda for a Strategic Partnership," in Partners for Global Security: New Directions for the U.K.-Japan Defence and Security Relationship, ed. by Jonathan Eyal, Michito Tsuruoka, and Edward Schwarck (London, U.K.: RUSI, 2015), 4-5.

Finally, the election of Japan to the United Nations Security Council as a non-permanent member in 2016 creates opportunities not only for greater collaboration with the United States, the U.K., and France on mutual security concerns, but also provides Tokyo with a platform from which to continue lobbying for broader reform of the United Nations. The U.K. and France have been vocal in their support for Japan's bid to become a permanent member, which has also involved close cooperation with Germany. To the extent that these countries can work together to bolster the political power of liberal democracies, such reforms may serve not only to deepen trust between leaders, but also to better promote the values of the liberal international order in the future.

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5 Reinforce the International Liberal Institutional Order

Volker Stanzel

An Old Relationship that Lost its Luster

Our world is less "orderly" than it seemed to be in the second half of the 20th century. As a consequence, nations are striving to establish new structures of order by creating ever newer international institutions — such as the Association of Southeast Asian Nations Regional Forum (ARF), the Trans-Pacific Partnership (TPP), or the G20 group of leading developed and emerging economies. There are basically four kinds of such institutions. Some are institutions in name only that do not achieve much in the real world: the East Asia Summit (EAS) for example. There are institutions that are necessary and thrive without causing much friction, such as the World Health Organization (WHO). Other institutions are needed but hard work is involved in achieving some of their objectives, such as the United Nations Climate Change Conference. Lastly there are institutions of like-minded partners who have so much in common that they cooperate routinely and as a matter of course, like the G7 group of advanced democracies.

The trilateral relationship between the United States, Japan, and Europe used to be such a natural like-minded relationship, close but never formalized as an institution. Today, it is not what it was during the Cold War. The United States' broader relationship with Japan, beyond the security alliance, is an outgrowth of its traditional role as guarantor of security in the Far East. Washington therefore matter-of-factly assumes closeness in a relationship with Japan that in reality occasionally gives rise to consternation — on both sides — whether over the U.S. position on Okinawa or over Japan's "history problem." Similarly, the United States takes its relationship with Europe for granted — even if here reality confirms the assumption of agreement even less than in the case of Japan, as the Iraq war or the ongoing Transatlantic Trade and Investment Partnership (TTIP) negotiations show.

The European relationship to Japan is almost paradoxical. Recent findings show that both Europe's political, economic, and cultural elites and the wider European public have a broad awareness of the outstanding role Japan plays in the world economy.[1] Europeans broadly view Japan as a country that wields considerable soft power. At the same time, Japan's role as a contributor to problem-solving globally seems almost irrelevant to Europeans. Similarly, Tokyo's political relationship with the EU never plays a major role in the public debates in Japan.

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In this old trilateral relationship, the third side of the triangle is the weak one: the United States is more important to both Japan and Europe than they are to each other. But a close trilateral relationship might be even more important today than it was during the Cold War. The problems all three countries face show why cooperation is key.

Those problems caused by Russia under Vladimir Putin, for example, reveal differences between the strategic concepts among European countries, and between the European Union (EU) and the United States, on issues such as whether to supply arms to Ukraine. These disagreements make the development of joint positions difficult if not impossible. At the same time, Europeans and Americans know well enough that without standing together, they will not be able to deal with the challenge posed by Russian President Vladimir Putin efficiently. Likewise, conceiving of a strategy that the neighbors of Japan and other East Asian countries might employ to deal with the enormous — positive and negative — changes wrought by the increasing might of China may also create divisions across both the Pacific and the Atlantic, while a sensible China strategy would be more efficient if pursued in unity.

[1] See http://www.ecfr.eu/article/commentary_the_new_japan_paradox5044.

Besides all being mature democracies, the most central value that these three agree on is the maintenance of the liberal international order.

It is the same story in many areas, be it free trade, international finance, climate change, resources and energy, the global refugee crisis, or terrorism: As long as efficient solutions have not been found, national pressures to act may pit one government against another over the question of the right strategies. But all states threatened by terrorism know that it can only be combatted through joint action. In the emerging global commons that is cyberspace we see similar conflicts. In the different cyberspace issues — including military use of information technology (IT) in space, commercial applications, and cyber criminality use — there is also potential for conflicts over potential and how to prevent or prosecute its misuse. All who stand to benefit from cyberspace's possibilities should want to coordinate their activities. Yet, individual interests of states, industry, and civil society make this difficult.

The problem of more emerging crises that rip apart the fabric of international order and yet demand stronger cooperation is compounded by the increasing number of international actors, both state and non-state. This makes finding solutions more complicated and potentially conflictual. Solutions can be more successfully implemented if a higher number of states support them. In the case of Afghanistan after 2001 even the United States became aware of this new reality, when it had initially tried to shoulder the military aspects of rebuilding Afghanistan with the United Kingdom alone but soon turned to NATO and others for additional support in the newly created International Security Assistance Force (ISAF) framework. It need not be nation-building of the scale of the effort in Afghanistan; it becomes ever more true generally that states need to cooperate to find solutions — or to impede policies devised by others. The more like-minded countries with similar values cooperate, the more successful will they be.

Mainstays of the Liberal International Order

The United States, the EU, and Japan are cases in point. Besides all being mature democracies, the most central value that these three agree on is the maintenance of the liberal international order. This "order" is at its heart a system of rules derived from principles of governance laid down in the Charter of the United Nations and relevant UN documents and resolutions, subscribed to over the decades by UN member states — in effect all countries in the world.

While these principles constitute values that should be shared by all UN member countries, this is of course not always the case, whether in the realm of human rights, peaceful conflict resolution, or respect for the global commons. For example, freedom of navigation and overflight is increasingly restricted.[2] Throughout the decades since the UN was founded, it was the United States more than other nations that invested in the upkeep of that liberal international order. However, it always needed the cooperation of others. That is even truer today, with the international liberal order under threat from multiple pressures. The conclusion is that states bound by the universal values of the United Nations Charter should cooperate not only in principle or case-by-case. This is especially true for the mainstays of the liberal international order — the United States, Europe, and Japan.

Obviously, there are reasons that stand in the way of cooperation and might explain the weakened image of Japan as a political actor in Europe, and of Europe in Japan. Europe may be facing what Osaka

[2] We should note that such restrictions in fact are at least partly the consequence of the newly established Law of the Sea Treaty (UNCLOS), in effect since 1994 (with today 166 signatory nations). While in the past every country was entitled to a three-mile territorial zone — increased to 12 miles by many countries after World War II — with the Law of the Sea, countries that had demanded wider maritime spaces for exploitation (200 mile zones, or a whole continental shelf) were accommodated, leading to more complicated rules on the difference between territorial waters and "Exclusive Economic Zones" that as a result tend to lead to confusion, and conflicts.

University Professor Kazuya Sakamoto calls an "existential crisis," fighting centrifugal forces that are the outgrowth of a confluence of challenges: Russia's new assertiveness, the Euro countries' different views on economic governance, and the refugee influx. It may therefore be in doubt whether Europe is capable of shouldering additional responsibilities elsewhere in the world.[3]

The rise of China has captured everyone's attention, leaving Japan with a much diminished role in the broader Asia picture in the perception of elites and the public in European and the United States. And the attention it does get is often focused on its economic troubles. Both Americans and Europeans thus tend to overlook the fact that Japan is the richest, most democratic, and most peaceful country in Asia. Meanwhile, Japanese and Americans often forget that Europeans are important co-providers of global public goods. At the same time, while it remains the sole remaining superpower and the major guarantor of security in Europe and East Asia, the United States has gradually withdrawn from the role of the "indispensable nation,"[4] let alone the "world's policeman."[5]

This might be less of a problem if it had resulted in more cooperative efforts by other powers to fill the space left by the United States, the EU, and Japan. This not being the case, the relative weakness of the three is an argument for them to strengthen the bonds that exist — after all, their dependency on the liberal international order is not irrelevant fantasy but something their existence as freely trading nations on the front lines of globalization and technological progress depends on. The question is how to go about strengthening their cooperation in practice. Consultation forums are in place, as are regular summits and consultations of government agencies, parliaments, academic institutions, industry, and civil society. It is a question of the will to make more out of what exists but has lost its luster.

International Institutions: Platforms of Cooperation

G7

It might be useful to look at the institutions that already have well-developed routines of cooperation. The G7, where the EU is at the table too, could be the place to start. Here, discussions among senior civil servants take place on the most urgent problems the group faces, before ministers and the leaders themselves meet. These discussions sometimes go to the deep core of trilateral cooperation.

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For example, when Beijing proposed establishing the Asian Infrastructure Investment Bank (AIIB), this was discussed within the G7 at Sherpa level to arrive at a joint position. In the end, differences of opinion between the United States and Japan on one side and Europeans on the other turned out to be unbridgeable, but the effort was still worthwhile. The G7 foreign ministers' declaration on maritime security,[6] later endorsed by the group's heads of state and government, was the result of a discussion of an imminent and serious problem, with freedom of navigation in East and Southeast Asia increasingly appearing to be threatened by China. For some years, while Russia was a member of the group (which had changed its name to the G8), the G7 hoped that leaders in Moscow would subscribe to the values of the liberal international order. In the process, the group lost some of its global luster as Russia worked to make decisions

[3] See how China most of all is viewed today internationally: http://www.pewglobal.org/2014/07/14/chapter-2-chinas-image/.

[4] See http://fas.org/news/iraq/1998/02/19/98021907_tpo.html.

[5] A widely used and both positively and negatively connoted description of the United States' global role; see for example http://www.npr.org/2008/02/20/19180589/should-america-be-the-worlds-policeman.

[6] See http://www.auswaertiges-amt.de/DE/Infoservice/Presse/Meldungen/2015/150415_G7_Maritime_Security.html

NATO as a defense alliance has, since the end of the Cold War, evolved into an organization that looks beyond its original regional confines of the North Atlantic.

difficult or nearly impossible. Now returned to its like-minded G7 form, the group could not only regain some of its lost influence that once saw it described as an "institutionalized hegemon,"[7] but might also turn out to be the main arena for cooperation between Japan, the United States, and Europe. It might be worthwhile to invest in the G7's cohesiveness by setting up regular channels for trilateral communication, building on the sherpas' networks.

United Nations Security Council

The United Nations Security Council is "structurally restrained"[8] and faces diminishing authority because of its frequent inability to bridge gaps between some permanent members. Yet it remains the forum that the world looks to when seemingly unmanageable conflicts break out. Two EU countries, the U.K. and France, are permanent members, but Japan is not. Together with Germany, India, and Brazil, Japan has tried since the mid-1990s to become a permanent member, but all four cases face obstacles. Therefore true trilateral cooperation in the UN will be difficult to achieve in regular diplomatic practice. Efforts can be made, for example on peacekeeping operations. Other United Nations fora such as the Human Rights Council (HRC), the UN Conference on Trade and Development (UNCTAD), the UN High Commissioner for Refugees (UNHCR), or the UN Educational, Social, and Cultural Organization (UNESCO) lend themselves also to the objectives of new trilateral cooperation.

Other Multilaterals

There are four more organizations that would become more efficient if trilateral cooperation increased within their respective frameworks. The G20 deals with international economic governance; the World Trade Organization (WTO) works on developing rules for international trade to fight protectionism and to establish freer trade; the Organization for Economic Cooperation and Development (OECD) of 34 democratic and industrialized countries works to promote global economic growth, prosperity, and development. Lastly, NATO as a defense alliance has, since the end of the Cold War, evolved into an organization that looks beyond its original regional confines of the North Atlantic. Thus it has led ISAF in Afghanistan and is engaged in the international anti-piracy effort in the Indian Ocean. It has already started dialogues with major partners globally — including Japan[9] — but to turn Japan into a privileged partner would be a constructive change. This possibility has not yet been explored in depth as Japan did not fulfill the legal requirements, but since new security legislation was enacted in 2015,[10] Japan should be able to take a more active role in conceiving strategies to deal with global security problems in partnership with the alliance.

A Strategic Trilateral?

The key phrase may be strategic cooperation. "Strategic partnerships" as they abound in today's world are not much more than simply diplomatic relations.[11] China has about 50 so-called "strategic partnerships" with other nations. In point of fact, true strategic cooperation between Japan, Europe, and the United States would mean that each partner provides what the others do not have, offering

[7] See Alison Bailin, 2005, From Traditional To Group Hegemony: The G7, The Liberal Economic Order And The Core-Periphery Gap (G8 and Global Governance), Farnham: Ashgate Pub Ltd.

[8] See Jochen Prantl, "Informal Groups of States and the UN Security Council," in International Organization, Volume 59 / Issue 03, July 2005, pp 559-592.

[9] See http://www.nato.int/cps/en/natohq/topics_50336.htm.

[10] See http://www.mofa.go.jp/fp/nsp/page1we_000084.html.

[11] "An indication of the true weight given to such relationships is the fact that it seems not possible to even find out how many of them the United States has concluded. A question to the State Department resulted in the reply "We encourage you to visit our website at www.state.gov for Secretary Kerry's speeches and Department publications."

all three sides a wider array of opportunities. It would mean that the United States, the EU, and Japan would devise strategies together. These could include, for example, how to implement the July 2012 U.S.-EU joint statement on cooperation in Asia; Japan — and perhaps also other democratic countries in the region — should be included in discussions and in decision-making. China's assertive foreign policy, Russia' aggressiveness in Europe and the Middle East, the challenge from the self-proclaimed Islamic State group, the refugee problem — these are topics on which not only positions should be compared, resulting in joint declarations, but on which joint action should also be undertaken.

The trilateral relationship does not suffer from a lack of institutions or of urgent tasks. The job will be to employ the existing institutions in a more meaningful way. A forum that seeks to find ways for this to happen already exists. It is the "Trilateral Commission,"[12] created in 1973. As its founding declaration notes:

> "Japan, Western Europe, and North America, in view of their great weight in the world economy and their massive relations with one another, bear a special responsibility for developing effective cooperation, both in their own interests and in those of the rest of the world.... To be effective in meeting common problems, Japan, Western Europe, and North America will have to consult and cooperate more closely."

The Trilateral Commission still exists, and has been enlarged on the Japanese side to include representatives of most Asian-Pacific countries, but is a mere shadow of its former influential self. A revitalized commission would be an obvious venue to discuss in concrete terms, and with representatives of government and parliaments involved, how the three allies should frame their work of conceiving global strategies to reinforce and uphold the liberal international order.

The three sides, when devising their policies, need to read from the same page as much as is possible and speak as a single voice. During his trip to the United States in 2013, Japanese Prime Minister Shinzo Abe declared, "Japan is back." That is good. The ambition now should be to bring Europe as well as the United States back into their joint work as a strategically oriented "New Trilateral."

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During his trip to the United States in 2013, Japanese Prime Minister Shinzo Abe declared, "Japan is back." ... The ambition now should be to bring Europe and the United States back as well.

[12] https://en.wikipedia.org/wiki/Trilateral_Commission. From the founding declaration: "Japan, Western Europe, and North America, in view of their great weight in the world economy and their massive relations with one another, bear a special responsibility for developing effective cooperation, both in their own interests and in those of the rest of the world." The quote in the above text is also from this declaration.

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