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# Japan's Responds to China's Rise: Regional Engagement, Global Containment, Dangers of Collision

Christopher W. Hughes

## **Introduction: Japan struggles to maintain engagement options**

Japan is presented with multidimensional challenges—political, economic, security and environmental—by China's rise. Japan's ability as an individual state actor or in cooperation with other collective state actors to respond to these challenges, or as some Japanese policy-makers might daresay 'threats', and to influence the course of China's rise in East Asia is perhaps second only to that of the US. Japanese engagement with China in the past, at the government and private business levels, has been crucial in assisting the latter's reinsertion into the East Asian regional political economy. Similarly, Japan's future choices about pursuing cooperation and competition with China will continue to impact on the latter's regional rise. Indeed, Japan and China's ability to manage their relations is often seen as a crucial test of China's future position in the region, with scenarios for Sino-Japanese relations ranging from peaceful coexistence to downward spirals of confrontation and even military conflict.<sup>1</sup> Finally, Japan's response to the rise of China is set to impact not

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<sup>1</sup> Bill Emmott, *Rivals: how the power struggle between China, India and Japan will shape our next decade* (London: Allen Lane, 2008); Denny Roy, 'The sources and limits of Sino-Japanese tensions', *Survival* 42: 2, Summer 2005, pp. 191-214.

just regionally but also now on a global scale. For just as China's rise has inevitably involved an expansion of its global reach, so Japan's responses to the challenges posed by China have increasingly taken global form, seeking to incorporate new partners and frameworks outside East Asia, and thus helping to shape the prospects for China's engagement with other regions.

The argument of this article is that Japan in today responding to China's rise is certainly attempting to maintain the default engagement strategy that has predominated for the post-war period. Japan remains intent on promoting China's external engagement with the East Asia region and its internal domestic reform. Japan has demonstrated continuities in its engagement strategy by employing or upgrading extant bilateral and Japan-China-US trilateral frameworks for dialogue and cooperation, and by persisting in emphasising the importance of economic power as the most effective means to influence China. Japan's domestic policy-making constituencies remain relatively disposed towards engagement, thereby reinforcing this overall state strategy.

However, at the same time as this article evaluates the continuities and degree of impact of Japan's long-term engagement strategy upon China's rise, it seeks to consider those newer means by which Japan has sought to respond to China, their effectiveness in promoting engagement, but also how these have the potential to produce deviation, and even radical divergence, from Japan's standard engagement policy. Hence, the article incorporates within its scope not only Japan's response to China's rise within East Asia through utilising traditional forms of power and partnerships, but just as importantly to analyse Japan's responses through activating

new forms of power and through forging new partnerships within and beyond East Asia. Specifically, the article investigates Japan's response to China by augmenting its military capabilities and so-called 'soft' power, and by reasserting its influence in Russia, Australia, India, Africa, the Middle East, Central Asia, Europe, and the United Nations (UN). It considers how Japan's experimentation with the expansion of its capabilities and mechanisms to respond to China is designed to foster Sino-Japanese engagement, either by creating opportunities for direct bilateral cooperation on shared agendas in these regions, or by checking and channelling Chinese influence and thus persuading its leadership to reach an accommodation with Japan over strategic interests in these regions and within East Asia.

The article demonstrates, though, that Japanese responses to China as well as creating possibilities for cooperation carry the risk of over-stimulating Sino-Japanese competition and creating the very downward spiral of confrontation they are designed to obviate. Japan and China may find their strategic interests at fundamental loggerheads in East Asia and other regions, either as Japan frustrates China's regional and global ambitions, or, as is more likely at present, Japan finds itself coming up short in resources to effectively counter China's rise. Moreover, the article argues that the domestic political bases for Japan's relations with China although still predisposed to engagement remain highly precarious, and that any frustration of Japan's attempts to prevent the relative erosion of its power position in East Asia and globally vis-à-vis China may further tip its towards revisionist and nationalist resentment.

The result of Japan's perceived exhaustion of its options for engagement, despite strenuous and innovative regional and global activity, and to thus assert an effective

hold on China's rise, could be to force it on the defensive and to shift precipitously to a default policy of containment. Japan has already shown signs of this containment policy founded inevitably on the further enhancement of its own military power, tighter US-Japan security cooperation, and active, if quiet, balancing against China. However, inherent in this strategy are obvious risks of exacerbating regional tensions with China, and less apparent but even greater risks of stimulating Japanese tensions with both China and the US. Japan and China's failure to reconcile their interests would also carry negative externalities for the future of the wider East Asia region and for other regions where they have played out proxy power competition.

### **Japan's default engagement strategy**

Japanese policy-makers responsible for reconstructing Sino-Japanese relations in the post-war period, and even in the wake of the fallout from Japanese colonialism and China's externally and internally-imposed isolation during the Cold War and Cultural Revolution, have perceived that China is too important a long term political, economic and even security partner to be cut adrift from relations with Japan and the rest of East Asia.<sup>2</sup> Consequently, Japanese policy for most of the Cold War period was focussed on strengthening reform-minded leaders in China, assisting internal stabilisation, and the reestablishment of China as a key bilateral trading partner. Japanese security concerns relating to China were highly limited, given China's restricted military capabilities, and Japan's backstop reliance on the US-Japan Security Treaty.

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<sup>2</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's international relations: politics, economics and security* (London: Routledge, 2005), pp. 191-192.

In turn, Japan's engagement of China was undergirded by strong domestic constituencies. Japan's policy towards China under the so-called '1955 political system' of Liberal Democratic Party (LDP) governance was generally controlled by the 'Pragmatist', technocratic, mainstream of the party, represented by Prime Ministers Yoshida Shigeru and Ikeda Hayato. Yoshida summed up the Pragmatists' pro-engagement position with his remark in 1951 that: 'Red or white, China remains our next-door neighbour. Geography and economic laws will, I believe, prevail in the long run over any ideological differences and artificial trade barriers'.<sup>3</sup> The 'Revisionist', more economically liberal, and politically nationalistic, wing of the party represented by Prime Ministers Kishi Nobusuke and Satō Eisaku, in line with their position as Cold War warriors and staunch US allies, tended to favour capitalist Taiwan.<sup>4</sup> However, the Pragmatists, in cooperation with other pro-engagement policy-making agents, including the opposition parties of the Kōmeitō (Clean Government Party), Japan Socialist Party (JSP), and the Ministry of Foreign Affairs (MOFA), and much of big business, succeeded in nudging Japan onto a consistent engagement track.

Japan accelerated engagement with China following Sino-US rapprochement in 1972, which removed the principal international structural barrier for Japan to improved ties. Japan normalised ties with China in the same year and concluded the Treaty of Peace and Friendship in 1978. Japan and China in this process of initiating direct political and economic ties deliberately shelved issues of the colonial past and territorial

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<sup>3</sup> Shigeru Yoshida, 'Japan and the crisis in Asia', *Foreign Affairs*, 29: 2, January 1951, p. 179.

<sup>4</sup> Richard J. Samuels, *Securing Japan: Tokyo's grand strategy and the future of East Asia* (Ithaca, New York: Cornell University Press, 2007).

disputes in the East China Sea over the Senkaku/Diaoyutai islets. Japan was then able to bring its full economic power to bear on bilateral ties. Japan by the early 1980s was the largest donor of Official Development Assistance (ODA) to China, and between 1979 and 2005 disbursed a total of ¥3,133 billion in loans, ¥145.7 billion in grant aid, and ¥144.6 billion in technical cooperation.<sup>5</sup> Japan by the late 1980s had emerged as a major investor and trader with China, and the Ministry of Economy Trade and Industry (METI) had begun to conceptualise China's place within a Japanese-led regional production order.

Japan-China relations were not entirely free of tensions, and were hit periodically by Japan's reporting of its colonial past in history textbooks in 1982 and 1986, Prime Minister Nakasone Yasuhiro's visit to Yasukuni Shrine in 1985, and Chinese perceptions of Japan's remilitarisation in response to US-Japan alliance strategy to counter rising Soviet power. However, Japan's domestic political '1955 system' and the '1972 system' of diplomatic relations with China worked in tandem to maintain engagement, with even the 1989 Tiananmen Square incident failing to derail bilateral relations.<sup>6</sup>

### **Japan's post-Cold War engagement strategy: emerging discontinuities**

Japan in the post-Cold War period has been presented with a range of new challenges by the rise of China. Japan's 1955 domestic political system and the 1972 system of

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<sup>5</sup> Reinhard Drifte, 'The end of Japan's ODA yen loan programme to China in 2008 and its repercussions', *Japan aktuell*, January 2008, p. 3.

<sup>6</sup> Ming Wan, *Sino-Japanese relations: interaction, logic and transformation* (Stanford, California: Stanford University Press, 2006), pp. 83-108.

bilateral interaction governing Sino-Japanese relations are thus now giving way to new structures for cooperation and enhanced competition.

### *China's new political, economic, and security challenges*

Japan in the political dimension now has to contend with a rising and rapidly transforming China which is perceived as less stable domestically, increasingly nationalistic, and thus more willing to confront Japan over issues of the colonial past. China's rise has presented Japan with concerns that it is being edged out of its position as the dominant East Asian state and leader of regional integration efforts. Japan's previous 'special relationship' with the Association of Southeast Asian Nations (ASEAN) has been jeopardised by China's southward engagement with this subregion; and Japan has been disturbed by South Korea's flirtation with closer ties with China.<sup>7</sup> Japanese concerns about East Asia turning towards a new form of Chinese World Order have been compounded by the perception that China is exercising new forms of 'soft power' through the dissemination of culture and the so-called 'Beijing Consensus'.<sup>8</sup>

Japanese policy-makers are even more alarmed by the impact of China's rise on their state's previously unassailable position as the economic powerhouse of East Asia. Japan's deepening bilateral economic integration with China has been an important force for cooperation at the non-state and intergovernmental levels, but it has raised

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<sup>7</sup> David Shambaugh, 'China engages Asia: reshaping the regional order', *International Security*, 29: 3, Winter 2004/2005, pp. 75-78, 79-80.

<sup>8</sup> Joshua Cooper Ramo, *The Beijing consensus* (London: Foreign Policy Centre, 2004).



Japanese anxieties that it may result in a relationship of asymmetric interdependence weighted towards China.<sup>9</sup>

Japan's economic pre-eminence is further challenged by China's supercharged growth since the mid-1990s, meaning that it has failed to conform to Japanese concepts for an orderly regional production and investment hierarchy in East Asia, with Japan at its head, followed by the Newly Industrialised Economies (NIES), ASEAN, and then China. Instead, China has threatened to leapfrog to the second tier, if not top tier, of the hierarchy in various sectors.<sup>10</sup> Japan has also felt challenged by China's intrusion into its traditional economic space of ASEAN through the rapid conclusion of bilateral free trade agreements (FTA), and through the propagation of an alternative Chinese developmental model predicated on the 'Beijing Consensus'. Finally, Japan's ability to influence the development of China's political economy is seen to have declined in line with the decline in its provision of ODA. Japan's feeling that China's economic development has meant that it has outgrown the need for ODA, combined with concerns that China may have diverted ODA to non-developmental purposes, has forced it to cease yen loans to China since 2008, and Japan now only provides grant aid principally for environmental cooperation.

Japan's economic security concerns vis-à-vis China are increasingly outstripped by new military concerns. Japan's indifference to China's military threat during the Cold

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<sup>9</sup> David C. Kang, *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press, 2007, pp. 176-177.

<sup>10</sup> Andrew Macintyre and Barry Naughton, 'The decline of a Japan-led model of the East Asian economy', in T. J. Pempel (ed.) *Remapping East Asia: the construction of a region* (Ithaca, New York: Cornell University Press, 2005), pp. 77-100.

War has been replaced by a new sense that, if North Korea poses the major short-term threat, then China is the greatest long-term threat to national security.<sup>11</sup> Japanese policy-makers are anxious about China's modernisation of its conventional and nuclear capabilities, its continuing double digit increases in defence expenditure, the general lack of transparency in its military planning, and signs that its neighbour is now willing to project power beyond its immediate borders. Japanese policy-makers interpreted the 1995-1996 Taiwan Straits crises as an indication of China's growing appetite to assert its power and to potentially challenge the US presence in the region. Japan is aware that China could disrupt its Sea Lanes of Communication (SLOC) with only a small blue-water naval capacity. China's constant despatch of 'research ships' and warships into Japan's Exclusive Economic Zone (EEZ) around the disputed Senkaku/Diaoyutai islets are taken as evidence of aggressive intent. Japan-China bilateral frictions have also been triggered since early 2005 due to China's exploration activities in natural gas fields in the East China Sea abutting onto Japan's EEZ claim—Japan fearing that China could draw off gas resources on its side of the seabed, and adding competition for energy resources to the bilateral security mix.

### *Japan's slipping domestic foundations for engagement*

Japan can thus now be seen to face a series of Chinese challenges which exceed the confines of the previous 1972 system for engagement, necessitating a shift from a simple focus on economic cooperation and aversion to political conflict, and now making for inherent tensions over colonial history, territorial claims, trade and production, developmental paradigms, energy security, and military security. Japan-

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<sup>11</sup> Christopher W. Hughes, "“Super-sizing” the DPRK threat: Japan's evolving military posture and North Korea', *Asian Survey*, 49, 2, March/April 2009, forthcoming.

China engagement has been further potentially weakened by the unravelling of the 1955 political system. Japan's economic malaise since the early 1990s has raised fundamental questions about the competency and legitimacy of the LDP. The LDP Pragmatists after exhausting the financial and political possibilities to maintain their party's grip on power through practising the politics of redistribution have been forced to cede ground to the resurgent Revisionists. As personified by Prime Minister Koizumi Junichirō's tenure in office (2001-2006), the Revisionists have brought with them neo-liberal prescriptions of Japan's economic revival but also a more nationalist agenda. The Revisionists have consequently shown a reluctance to submit to China over issues of colonial history; a degree of ideological opposition to China as an authoritarian state and concomitant sympathy towards democratic Taiwan; and a desire to pursue a larger military role for Japan individually and in cooperation with the US.<sup>12</sup>

Koizumi's revisionist stance in part explains his persistence in paying annual visits to Yasukuni Shrine from 2001 to 2006, near total neglect of Sino-Japanese relations, and preference for strengthening US-Japan ties. Koizumi's period in office produced the worst Sino-Japanese relations since normalisation, marked by the failure to realise a bilateral summit for close to five years between 2001 and 2006, renewed disputes over the revisionist content of textbooks, and anti-Japanese riots in China in April 2005.

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<sup>12</sup> Christopher W. Hughes, 'Japan's policy towards China: domestic structural change, globalization, history and nationalism', in Christopher M. Dent, ed., *China, Japan and regional leadership in East Asia* (Cheltenham: Edward Elgar, 2008), pp. 37-51.

Koizumi's successors have varied in their degree of Revisionist zeal. Abe Shinzō (2005-2006), the grandson of Kishi Nobusuke, displayed an attachment to revisionism far more articulate and consequently an even stronger latent distrust of China.<sup>13</sup> Fukuda Yasuo (2006-2007), although drawn from the same Revisionist LDP faction was far more pro-China, and sought to fully rehabilitate bilateral ties, following in the footsteps of his father, Fukuda Takeo, who had concluded the 1978 Treaty of Peace and Friendship. Asō Tarō (2007-), despite being the grandson of Yoshida Shigeru, holds highly revisionist views and has in the past described China as a 'threat' to Japan.<sup>14</sup> Japanese elite suspicions of China are echoed to some extent by popular sentiment, with government polls showing that between 1988 and 2005 the proportion of Japanese feeling a sense of amity towards China declined from around 70 to 30 per cent, whilst those feeling that bilateral ties were in a good condition declined from around 55 to 35 per cent.<sup>15</sup>

However, it is still the case that there remain powerful Japanese domestic forces for engagement. The LDP's Pragmatists, despite their recent marginalisation at the hands of the Revisionists, remain committed to engagement with China. The main opposition Democratic Party of Japan (DPJ), although containing its own Revisionist-

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<sup>13</sup> Abe Shinzō, *Utsukushii Nippon e* (Tokyo: Bunshun Shinsho, 2006).

<sup>14</sup> Asō as the then Minister of Foreign Affairs remarked in a press conference in regard to China: 'A neighbour with one billion people, possessed of nuclear bombs and its military budget growing by double digits for seventeen consecutive years. And if its content is unclear, as a consequence my feeling is that it is on the course to constitute a considerable threat'. Japan Ministry of Foreign Affairs, Press Conference by Foreign Minister Taro Aso', 22 December 2005, [http://www.mofa.go.jp/announce/fm\\_press/2005/12/1222.html](http://www.mofa.go.jp/announce/fm_press/2005/12/1222.html).

<sup>15</sup> Mōri Kazuko, *Nicchū kankei: sengo kara shinjidai e* (Tokyo: Iwanami Shinsho, 2006), pp. 193-196.

type politicians, has sought to portray itself as the party of engagement with China, and to embarrass past LDP prime ministers over their inability to secure dialogue with China. The New Kōmeitō as the LDP's current coalition partner has pushed Koizumi's successors towards re-strengthening ties with China. MOFA and METI remain predisposed to engagement, and are increasingly joined and supported in the international arena by the Ministry of Finance (MOF) as a key bureaucratic actor responsible for financial cooperation with China. Japan's mass media and big business have likewise been opposed to any moves by the Koizumi and the LDP to antagonise China.

The outcome is that despite China's multifarious challenges to Japan, and the precarious nature of the Japanese domestic policy-making system, Japan's essential response to China's regional rise has remained a strategy of engagement. Indeed, Japan's Revisionist leaders, even against their very political instincts, have found themselves resorting to default policies of engagement.

*'A mutually beneficial relationship founded on common strategic interests'?*

Hence, following the departure of Koizumi, Abe made his first overseas trip as prime minister to Beijing in October 2006 to re-establish bilateral dialogue, with a reciprocal visit by Premier Wen Jiabao to Japan in April 2007. Fukuda further pushed this agenda with a visit to China in December 2007, followed by President Hu Jintao's visit to Japan in May 2008, and Asō has persisted with the policy by visiting China in October 2008. Japanese policy-makers have sought to revitalise bilateral ties through the establishment of a 'Mutually Beneficial Relationship Based on Common Strategic Interests'. Abe initiated this approach during his October 2006 visit, and started by

tackling the issue of history. Japan and China agreed to establish a Joint History Research Committee, and to thereby depoliticise the issue of the colonial past and demote it on the bilateral agenda.<sup>16</sup> Abe's visit yielded the assent of both sides to future cooperation on a range of issues including finance, energy, environmental protection, defence exchanges, the East China Sea, and North Korea's denuclearisation. Abe and then Fukuda proceeded to inject substance into these agreements during subsequent bilateral summits. Japan and China launched their High Level Economic Dialogue in April 2007, and at the same time concluded a Joint Statement on the Further Enhancement of Cooperation for Environmental Protection. Japan and China followed these steps with the first exchanges of warship port visits in December 2006 and June 2007, and Japan even came close to the despatch of Air Self Defence Force (ASDF) aircraft to provide humanitarian aid to the victims of the Sichuan earthquake in 2008. This would have been the first despatch of the Japanese military to the Chinese interior since 1945, but although acceptable to China's leadership, this move was halted by Chinese public opposition expressed via the internet.

Japan and China's 'mutually beneficial relationship' has had as its centrepiece, however, attempts to resolve the East China Sea dispute. Japan and China agreed in June 2008 that Japanese enterprises would be allowed to 'participate' in the ongoing development of the *Shirakaba (Chunxiao)* field, that the *Asunaru (Longjing)* be designated as a 'joint development area', and that they would continue consultations on next steps in the other two fields *Kashi (Tianwaitian)* and *Kusonoki (Duanqiao)*.

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<sup>16</sup> Kitaoka Shinichi, 'Japan-China joint history research gets under way', *Gaiko Forum*, 7: 2, fall 2007, pp. 3-13.

Japanese analysts have questioned the exact meaning of ‘participation’ and how far China will allow joint exploitation of the gas fields. However, Japanese policy-makers have expressed relative satisfaction with the deal because Japan came late to the exploitation of the East China Sea and the geographical position of the fields makes them difficult to exploit solely by Japan. More importantly, Japan feels it can claim that China has in effect recognised the *status quo* in acknowledging Japan’s right to share in the gas fields and has thus yielded on its assertion to exclusive sovereignty.

*US-Japan alliance ties and China: trilateralism from US-Japan bilateralism?*

Japan’s persistence in engaging China bilaterally appears to have delivered important outcomes in moderating the impact of its regional rise. Japanese policy-makers, though, have not just continued to rely on bilateral mechanisms but also to buttress their efforts through existing, if transforming, Japan-US-China trilateral frameworks. For Japan, even though the relationship with the US no longer sets the overall international parameters for relations with China, the maintenance of the US presence in East Asia remains crucial to respond to China’s growing economic and political power, and most essentially to provide US-Japan alliance security guarantees. Japanese policy-makers clearly prefer relatively symmetrical trilateral relations, with Japan maintaining close alliance ties with the US, but also sufficient closeness of Sino-Japanese relations to maintain bilateral cooperation, and sufficient closeness of

Sino-US relations to foster cooperation and to afford Japan an important mediating role.<sup>17</sup>

Japan, in order to maintain the US presence and the US-Japan side of the trilateral framework, has devoted considerable policy energy since the mid-1990s to the incremental strengthening of US-Japan alliance cooperation. Japan and the US in reaction to the reaction to the North Korean nuclear crisis of 1994-1995 and the Taiwan Straits of 1995-1996 have gradually shifted the focus of the bilateral security treaty from the defence of Japan to wider questions of responding to regional contingencies in the Far East, demonstrated by the 1996-1997 revision of the US-Japan Guidelines for Defence Cooperation which for the first time specified Japan's rear area logistical cooperation for US regional power projection. Japanese and US ambitions for expanding the scope of alliance cooperation were further demonstrated by the 2004-2006 Defence Policy Review Initiative (DPRI). The DPRI identified US-Japan common regional strategic objectives, including a peaceful resolution to the Taiwan issue, and now also global strategic objectives; and additionally put in place a process for the strengthening US regional and global power projection from its bases in Japan, and for closer operational integration of the US military and the Japan Self Defence Forces (JSDF). Japan and US military integration has been promoted in particular by the joint development of Ballistic Missile Defence (BMD), designed to counter China's ability to threaten US bases and power projection from Japan in the event of a Taiwan Straits contingency.

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<sup>17</sup> Michael Jonathan Green, 'Managing Chinese power: the view from Japan', in Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: the management of an emerging power* (London: Routledge, 1999), pp. 161-162



Moreover, at the same time as Japan and the US have expanded the functional and geographical scope of alliance cooperation, Japan has quietly transformed its own national military capabilities and thus the capabilities designed to support US-Japan alliance objectives. Japan has sought to convert the JSDF from a Cold War-style military designed for the defence of national territory into a more flexible force with new power projection. Much of Japan's national defence planning and procurement has involved shadowing the build-up of China's military capabilities and to provide increasingly mobile defensive 'shield' functions to protect the US 'sword' of offensive power.<sup>18</sup> Japan has looked to respond to China's acquisition of new submarine and blue-water naval capabilities by procuring for the Maritime Self Defence Force (MSDF) six highly advanced *Aegis* destroyers with BMD interceptors; two DDH *Hyūga* class vessels, which are designated as destroyers, but are in essence light helicopter carriers, displacing 13,500 tons and with a possible complement of eleven helicopters; and a new P-X replacement for its P-3C patrol and anti-submarine warfare aircraft with an 8,000 kilometre range suited to penetrating the further reaches of the South China Sea. The ASDF is seeking to counter China's growing air defence capabilities by procuring a new F-X interceptor, with candidates including the US F-22 and F-35 or *Eurofighter*.<sup>19</sup> The JSDF in general has increasingly shifted its assets to focus on the defence of Japan's southern islands from China. For instance, the ASDF for the first time in 2009 deployed twenty of its most capable F-15J fighters to Okinawa with the veiled intent of providing enhanced air defence against China.

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<sup>18</sup> Christopher W. Hughes and Ellis S. Krauss, 'Japan's new security agenda', *Survival: The IISS Quarterly*, 49:2, 2007, 157-176.

<sup>19</sup> Christopher W. Hughes, *Japan's remilitarisation* (London, Routledge/IISS, 2009 forthcoming).

Japan's strengthening of security ties with the US since the mid-1990s, whilst continuing to provide the essential security backstop to cope with China's rise and to keep the US in the trilateral mechanism, raises clear alliance dilemmas. First off, Japan runs the risk of entrapment in US military strategy vis-à-vis China and becoming dragged into an unwanted Sino-US conflict, especially over Taiwan. Second, the US might consider that its interests are best served by emphasising ties with a rising China rather than stagnating Japan. In this instance, Japan, having pinned much of its security on dependence on the US, may find itself diplomatically and militarily abandoned. Japan received a taste of this 'Japan passing' in the latter stage of the Bill Clinton administration, when the US seemed intent on improving ties with China over the heads of its ally Japan.

Japan has thus far mitigated the risks of entrapment and abandonment through calculated hedging tactics. In order to avoid entrapment, Japan has continued to obfuscate the full extent of its military commitment to the US, as shown by the process of the revision of the US-Japan Defence Guidelines in the mid-1990s, whereby Japan stressed its support for the US in regional contingencies was predicated on 'situational' rather than geographical need and thus left vague whether the Revised Guidelines actually covered a Taiwan Straits contingency. Similarly, Japan has avoided abandonment by its moves to shore up the US-Japan alliance since the mid-1990s. Nonetheless, Japanese policy-makers are aware that the US-Japan alliance, and its impact upon Japan-China-US relations, needs very careful calibration.

## **Japan's new options for East Asian engagement: diluting Chinese power**

Japan's redoubling of its efforts to manage China's rise through adjusted bilateral and trilateral frameworks has been complemented by the emergence of new multilateral regional frameworks for engagement in the post-Cold War period. Japan during the Cold War and immediate post-Cold War periods had demonstrated limited interest in East Asia-centred regional frameworks as a means to engage China due to concerns that these frameworks might also shut out US interests from the region, as evidenced by Japan's rejection in 1991 of the East Asia Economic Caucus (EAEC) concept. However, following successful experiences of interaction with China in the Asia-Pacific Economic Cooperation (APEC) and the Asia-Europe Meeting (ASEM), and with the decline of overt US opposition to certain forms of East Asian regionalism during the Clinton administration, Japanese policy-makers have increasingly recognised the advantages of engaging China through a variety of East Asian frameworks.

Japan, although an inadvertent originator of the ASEAN Plus Three (APT) through its proposals in January 1997 for an ASEAN-Japan Summit which then became converted by ASEAN preferences into the wider forum first held in December of that year, has seen value in the forum for engaging China on functional issues such as regional finance. Japan's earlier proposals for an Asian Monetary Fund (AMF) were rejected by the US and China at the time of the 1997 financial crisis. However, Japan's MOF has found that in the Chiang Mai Initiative introduced under the APT in 2000 it has been able to establish close working relations with its Chinese counterpart,

and even that China is prepared to cede some leadership to Japan in matters of regional financial cooperation.<sup>20</sup>

Japan, though, has been wary not to engage China solely through the APT framework. Japan was first disturbed that China in 2000 used the APT as a framework to prepare the groundwork for a thirteen-country FTA proposal, and it appeared that China might become the agenda and rule-setter for a more exclusive regional grouping. Japan has thus sought with other states, such as Singapore and Indonesia concerned about the potentially over-mighty influence of China, to promote additional forms of regionalism.<sup>21</sup>

Koizumi first proposed an East Asian Community in Singapore in 2002 to counter China's increasing influence in the APT, and Japan then succeeded in instigating by 2005 the East Asian Summit (EAS) framework as a complementary grouping to the APT. Japan through this framework has been able to introduce Australia, New Zealand and India as partners to dilute China's influence, and has even left open the possibility of the US joining the grouping. Japan has experimented with its own form of 'soft power' in the EAS by stressing its vision of an 'open' region, focussed on functional issues, and founded on the values of human rights and democracy and

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<sup>20</sup> Helen E. S. Nesadurai, 'Southeast Asia's new institutional architecture for cooperation in trade and finance', in Vinod K. Aggarwal and Min Gyo Ko, eds., *Asia's new institutional architecture: evolving structures for managing trade, financial, and security relations* (Berlin: Springer, 2008), pp. 171-173; William W. Grimes, *Currency and contest in East Asia: the great power politics of financial regionalism* (Ithaca: New York, Cornell University Press, 2009), pp. 105-109.

<sup>21</sup> Takashi Terada, 'The birth and growth of ASEAN+3', in Bertrand Fort and Douglas Webber, eds., *Regional integration in East Asia and Europe: convergence or divergence?* (London: Routledge, 2006), pp. 229-233.

conformity with global regimes.<sup>22</sup> Japan's intent is to juxtapose its more expansive vision of regionalism with a supposedly more Sino-centric and closed vision of a future regional order.

In turn, Japan has sought to curb Chinese influence by proposing in 2007 its own sixteen-country Comprehensive Economic Partnership Agreement in East Asia (CEPEA). Japan has responded to China's growing influence in Southeast Asia by signing bilateral Economic Partnership Agreements (EPA) with individual ASEAN states, and by pushing for the conclusion in April 2008 of a Japan-ASEAN Comprehensive Economic Partnership Agreement (CEPA), incorporating measures on free trade, investment, services, and economic cooperation. Japan has sold these agreements as qualitatively superior to China-ASEAN FTA agreements as they contain a full package of long-term and legally binding developmental benefits. Japan has further sought to engage China in Northeast Asia through the Japan-ROK-China Trilateral Summit, held for the first time in Japan in December 2008, and including calls for cooperation in trade, finance and the environment, and dialogue on Africa, the Korean Peninsula, non-proliferation, and UN reform.

Japan's approach to engaging China is thus to create a near surfeit of regional frameworks in order to dilute the latter's rising power and to deny it clear or overall leadership in East Asia. Japan at the same time, though, in trying to place the question of regional leadership off limits to China, appears to be trying to induce it to focus instead on more functional issues such as financial cooperation. Japan's engagement strategy, or what might be seen as verging on a 'blocking' strategy, has been

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<sup>22</sup> Japan Ministry of Foreign Affairs, 'General Information on East Asia Summit', December 2005, <http://www.mofa.go.jp/region/asia-paci/eas/outline.html>.

successful in preventing China from fully exerting its rising power.<sup>23</sup> However, Japan's strategy is not without risks. Japan's ability to exercise influence over ASEAN is doubtful given the fact that the EPAs and CEPA lack significant content in relation to Japanese concessions on agricultural trade and migrant labour. Moreover, Japan's desire to block wider efforts to forge a more coherent East Asia-centred region, seen for instance in its foot-dragging on concluding an FTA with China which is a key step in completing a genuine region-wide FTA, may rebound upon it, as it finds itself potentially isolated from regional integration efforts.

### **Japan's extra-regional responses to China's rise: a new containment?**

China's expansion of its global power and the way in which this consequently boosted its regional power has necessitated from Japan a new global response, employing some new forms of power, and with varying levels of success, and demonstrating at times a tilt towards containment rather than engagement.

### *Russia and Central Asia: playing the Great Game?*

Japan has first sought to engage with states that find themselves more on the immediate margins of East Asia, and to use these relationships to pry open the region to external influences and to curb Chinese power.<sup>24</sup> Japan has attempted to articulate

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<sup>23</sup> David P. Rapkin, 'The US, Japan and the power to block: the APEC and AMF cases', *The Pacific Review*, 14:3, 2001, 373-410.

<sup>24</sup> Joseph P. Ferguson, 'Japanese strategic thinking toward Russia', in Gilbert Rozman, Kazuhiko Togo and Joseph P. Ferguson, eds., *Japanese Strategic Thought Toward Asia* (New York: Palgrave Macmillan, 2007), pp. 209, 215-218.

a new strategic relationship with Russia. Japanese policy-makers, although not shelving the issue of the sovereignty of the Northern Territories, have resolved to pursue a more comprehensive set of relations in order to create the future basis for a resolution to the issue and in the meantime to bring Russia more on side with Japan's wider strategic interests. Consequently, Koizumi in visiting Russia in May 2003 initiated a Japan-Russia Action Plan, and his visit was followed up by Fukuda in April 2008. The Action Plan outlines a range of areas for cooperation in economics, defence exchanges, and particularly energy development. Japan has offered up to US\$8 billion of funding to ensure that the Taishet-Perevoznaya oil pipeline runs from Siberia to a final terminus in Sakhalin capable of transferring resources to Japan, rather than running through Chinese territory, and has also offered investment in Russia's nuclear industry and manufacturing base.<sup>25</sup> Russia has thus far wavered in its preferences of the final route for the pipeline and its trunk routes, but Japan in trying to cement its preferences has agreed that its Japan Oil, Gas and Metals National Corporation (JOGMEG) and the private Russian Irkutsk Oil Company will jointly explore oil fields in the Irkutsk region; an announcement timed to coincide with Fukuda's 2008 visit. Japan in seeking closer ties with Russia, and especially in the energy sector, is offering the latter a means to lessen its growing economic dependence on the Chinese market, to detach it from its 'axis of convenience' with China, and to reengage this other resurgent power in quietly balancing against China.<sup>26</sup>

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<sup>25</sup> Natasha Kuhrt, *Russian policy towards China and Japan: the El'tsin and Putin periods* (London: Routledge, 2007), pp. 149-151.

<sup>26</sup> Bobo Lo, *Axis of Convenience: Moscow, Beijing and the new geopolitics* (London: Brookings Institution Press and Chatham House, 2008), pp. 143-146.

Japan has simultaneously tried to engage in the 'Great Game' in Central Asia to arrest China's growing influence. Japanese efforts to build relations with the Central Asian republics date back to Prime Minister Hashimoto Ryūtarō's 1988 Silk Road Action Plan, which quickly led to Japan becoming the largest ODA donor to the region. Foreign Minister Kawaguchi Yuriko made the first visit by a high-ranking minister to Central Asia in 2004, and then Koizumi visited the region in 2006, and then METI Minister Amari Akira in April 2007. Japan has pledged support for state-building and democracy consolidation, and concluded agreements with Kazakhstan and Uzbekistan for the development of uranium, gas and oil resources. Japan's intentions in pursuing this 'Central Asia-Plus Japan Process' are clear in that it is looking to maintain the influence of the US and the West in Central Asia, especially after the expulsion of the US from its bases in Uzbekistan in 2005, and to counter China's growing energy interests and influence in the region.

However, Japan's Russian and Central Asian demarches, whilst they may intimate to China the need to watch its back in these regions, face serious obstacles. Japan-Russia relations are jeopardised by Russia's own reassertion of its military presence in East Asia, manifested in Japanese concerns over incursions by Russian bombers into its airspace in February 2008; Russian rhetoric against US Missile Defence (of which Japan's BMD is a potentially a component); and Russia's use of military force against Georgia in August 2008. Moreover, bilateral relations remain potentially hamstrung by the issue of the Northern Territories. Likewise, Japan's engagement with the Central Asian Republics remains low-key and sporadic, and cannot rival China's engagement with the region through the Shanghai Cooperation Organisation (SCO).



### *Japan, Australia and India: a concert of democracies?*

Japan to counter China's rise has looked to the southern and western margins of the East Asia region for strengthened or new partnerships. Japanese policy-makers have entertained high hopes that Australia may be a viable partner to help cushion the impact of China's rise. Japan and Australia have maintained good working relations in East Asia ever since the establishment of APEC, and Japan has of course looked to incorporate Australia as a 'core member' of its more expansive visions of East Asia regionalism and in the EAS process. Japan in recent years has looked, though, to complement this macro-regional engagement of Australia with deeper bilateral economic and security cooperation. Japan, in reaction to the initiation of negotiations for a China-Australia FTA in 2005 and new large-scale LNG deals, started its own negotiations for a Japan-Australia EPA in 2007 with a clear emphasis on securing access to Australia's gas and uranium resources. Japan has held a Strategic Security Dialogue with Australia since 2005, and this led to the Japan-Australia Joint Declaration on Security Cooperation (JADSC) in March 2007. The JADSC stressed broad cooperation on issues such as non-proliferation and UN reform, and more 'sharp end' military cooperation, including UNPKO, defence exchanges, search and rescue, and participation in the Proliferation Security Initiative (PSI).

Japan has similarly sought to engage India more fully to harness its rising power to curb that of China. Japan-India relations had been damaged by Japanese protests at its nuclear tests in 1998, including the suspension of loan aid. However, Japan, recognising the reality of India's rise and its increasing strategic importance to the US, has moved to repair ties. Prime Minister Mori Yoshirō's visit to India in 2000, the first visit for a decade by Japanese premier, produced an agreement for a bilateral 'Global Partnership in Twenty-First Century'. Koizumi visited in April 2005,

concluding a 'Japan-India Partnership in a New Asian Era'; and then exchanges of visits between Prime Minister Manmohan Singh and Abe in November 2006 and August 2007 respectively produced an agreement on a 'Japan-India Global and Strategic Partnership'. Japan in line with this partnership has now positioned India as its largest recipient of ODA and pledged assistance for the development of a Delhi-Mumbai Industrial Corridor, and negotiations started for a Japan-India EPA in January 2007. Japan sees India as an important security partner, recognising in particular its growing maritime power projection capabilities to maintain the security of SLOCs from the Middle East to the Indian Ocean, and its ability to counter China's influence via Myanmar in the Indian Ocean.<sup>27</sup> Japan, moreover, has sought keenly to engage India in the EAS to match China's rising influence, and to work in conjunction with India on UNSC reform.

Japan's further hope, especially under Abe and Asō, has been to engage Australia and India, alongside the US, in a quadrilateral mechanism to rebuff Chinese power. Abe and Asō, encouraged by the growing strength of US-Japan and US-Australia alliance ties in the wake of the 'war on terror', and by India's seeming flirtation with US alignment, envisaged that these four powers could form a 'concert of democracies' to counter or even contain Chinese power. Abe made some significant progress on establishing a framework for quadrilateral dialogue, and in September 2007 the four states, with the addition of Singapore, conducted joint naval exercises in the Bay of Bengal.

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<sup>27</sup> Satu Limaye, 'Japan and India after the Cold War', in Yoichiro Sato and Satu Limaye, *Japan in a dynamic Asia: coping with new security challenges* (Lanham, Maryland: Lexington Books, 2006), pp. 234-239.

Japanese horizons have extended even further than Australia and India to construct a concert of democracies. Japan has been attempting to activate its close ties with individual European states and the EU, and also to promote stronger ties with NATO, with one eye on buttressing its position vis-à-vis China. Hence, Abe during his visit to Europe in January 2007, including the first ever address of Japanese prime minister to the North Atlantic Council, stressed the importance of maintaining the embargo on arms exports to China.

Japan's attempts to bring Australia and India on side to respond to China's rise again, though, face serious limitations. Japan's EPA negotiations with Australia are hampered by its reluctance to open its markets for agricultural products; and Japan can only cooperate so far with Australia in security affairs due to its constitutional restrictions.<sup>28</sup> Japan, moreover, can only court Australian to a limited extent in counter-balancing China. Prime Minister John Howard's government, despite its strengthening of the US-Australia alliance and interest in security ties with Japan, remained reluctant to allow security cooperation to trump growing economic ties with China. Prime Minister Kevin Rudd, although before becoming prime minister reportedly criticised the JADSC as threatening to 'shut out China' from the region, has maintained the agreement and put some flesh on it in his summit with Fukuda in Tokyo in April 2008. But Rudd was seen to snub Japan by failing to visit during his initial diplomatic tour of key partners earlier in 2008, and was clearly far more comfortable in stressing with Fukuda bilateral cooperation to engage rather than contain China.

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<sup>28</sup> Nick Bisley, 'The Japan-Australia Security Declaration and the changing regional security setting: wheels, webs and beyond?', *Australian Journal of International Affairs*, 61:1, March 2008, pp. 38-52.

In the same fashion, Japan-India ties may have limited mileage. Japan has been a relative latecomer to economic ties with India, constituting only the fifth largest export market for India and eighth largest source of imports. Japan and India, despite Japan's pledging of support for the US-India Nuclear Agreement through the Nuclear Suppliers' Group in 2008, still remain somewhat at loggerheads over the latter's nuclear status. India for its part is also unlikely to allow itself to be tugged away from its position of non-alignment by Japan in order to balance China.

Japan-EU relations are hampered by the fact that EU states have shown few signs of identifying as a China threat, despite some disaffection resulting from events in Tibet in 2008; and Japan-NATO relations are hobbled by Japan's ban on the exercise of collective self-defence meaning that it is reluctant to despatch the JSDF on support missions to Afghanistan, the issue on which NATO is currently most desirous of Japanese assistance.

### *Japan vs. China in the Middle East*

Japan's pro-activism in trying to enlist extra-regional partners has also extended to as far as the Middle East. Japan's policy in the Middle East has traditionally been split between its energy interests and its alliance relationship with the US.<sup>29</sup> Japan has increasingly shifted towards its US alliance interests in recent years with its support for the US-led war in Iraq through the despatch of the GSDF and ASDF to Iraq and Kuwait between 2003 and 2008 to engage in reconstruction missions; and by its support for US, European Union (EU) and UN attempts to prevent Iran's development of nuclear weapons. However, Japan has tried to maintain good relations with Middle

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<sup>29</sup> Yukiko Miyagi, *Japan's Middle East policy: theory and cases* (London: Routledge, 2008), pp. 34-58.

Eastern states through its continuing provision of ODA, financial support for the Palestinian Authority, and its sponsoring since March 2007 of a ‘Corridor for Peace and Prosperity’ involving economic Israeli, Jordanian and Palestinian Cooperation.

Japan, however, has had an additional motivation to boost its engagement with the Middle East due to China’s presence in the region’s energy markets. Japan has sought to head this off with Abe’s visits to Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Qatar and Egypt in April 2007; the first by a Japanese premier to Saudi Arabia for four years, the first to the UAE and Qatar for twenty nine years, and the first ever to Kuwait. Abe sought to gain promises from these states for the continuation of stable oil and gas supplies. In addition, Japan since 2006 has launched EPA negotiations with the Gulf Cooperation Council (GCC). Japan has also been driven to source additional energy supplies through a more aggressive strategy of acquiring stakes in specific energy developments. Japan’s Arabian Oil Company lost its concession rights in Saudi Arabia’s Khafji oilfields in 2003, and was thus forced to compensate through the partly state-owned Inpex Holding Incorporated’s taking of a stake in Iran’s Azadegan oilfields.

Japan thus seems to have been obliged by rising competition from China and other emerging energy consumers, including India, to resort to the sort of old-style energy diplomacy that it originally practiced during the first Oil Shock of the early 1970s—moving away from reliance on the working of free energy markets and instead looking to more mercantile national control of specific resources in the Middle East. Indeed, Japanese policy-makers have mooted whether Japan should establish its own sovereign wealth fund to help invest in and lockup key energy resources in the Middle East and Africa, and the LDP has been studying the concept since April 2008.

But Japan's anxieties about its energy position in the Middle East vis-à-vis China are likely to remain despite recent diplomatic activity. Japan again looks like a reactive latecomer in its renewed energy diplomacy, Abe's visit coming after President Hu's visit to Saudi Arabia in April 2006. Japan has furthermore been obliged since 2006 to scale back Inpex's stake in the Azadegan oil field from seventy five to ten per cent to comply with international efforts to pressure Iran to halt its nuclear programme.

### *Japan and China in the 'new scramble for Africa'*

Japan has demonstrated renewed interest in Africa, driven in large part by China's increasing moves to acquire greater access to its raw resources. Japan, despite having engaged Africa since the 1970s through the provision of large scale ODA and through the convening since 1993 of the Tokyo International Conference on African Development (TICAD), had allocated a relatively low policy emphasis to this region until the start of the new century.<sup>30</sup> Japanese policy-makers and businessmen have returned to focus on Africa for a variety of reasons. Japan requires African diplomatic support for its UNSC permanent seat bid, seeks to play a constructive role in African economic development bilaterally and through the G-8 process, and is increasingly aware of the importance of African natural resources in the midst of rising resource prices and China's growing presence on the continent. Japan has thus sought to engage more deeply with Africa through reinvigorating the TICAD process. The Japanese government during the TICAD-IV conference in Tokyo in May 2008 depicted the forum as something of an alternative to the China-Africa summit of 2006, and Japan attempted to purvey a model of economic growth inspired by its own

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<sup>30</sup> Hook, Gilson, Hughes and Dobson, *Japan's international relations*, pp. 380-381.

and Asia's developmental experience that contrasted from both the 'Washington Consensus' and 'Beijing Consensus' in emphasising African 'ownership' of the process and a mix of state and private sector led development.<sup>31</sup> Japan furthermore pledged at the TICAD-IV that it would double its ODA to Africa by 2012. Japan has also tried to engage Africa more in security terms. Japan to counter China's influence in Somalia has explored the possibility of despatching the JSDF on the UN-African mission PKO in Darfur; and since March 2009 has despatched two MSDF destroyers on anti-piracy missions in the Gulfs of Somalia and Aden.

Japan's attempts to counter China's influence in Africa, as in other regions, though, have been subject to mixed fortunes. Japan's TICAD-IV did not yield the results hoped for, with African leaders showing some disappointment at the size of Japan's ODA pledges and still preferring the conditionality-free economic gains to be made from dealing with China.<sup>32</sup> Japan will certainly face difficulties in doubling its ODA given its tight aid budget and its lack of actual human resources on the ground to deliver the aid. African leaders have in general become increasingly lukewarm as well to Japan's proposals for UNSC reform. Japan thus may need to settle for not exerting any form of overall leadership in Africa, but simply trying to persuade China to cut Japan back into affairs with Africa by working together through their Bilateral Consultations on Africa, and the Trilateral Dialogue involving South Korea. Japan's security engagement in Africa also remains limited. Japan, due to its fear of becoming involved in combat missions, has been able to only despatch two GSDF liaison officers to the UN Mission in Sudan (UNMIS) headquarters in Khartoum, in contrast

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<sup>31</sup> 'Afurika to kanmin kōryū wakugumi: seifu jukyūnichi hatsukaigō', *Nihon Keizai Shimbun*, 10 December 2008, p. 2.

<sup>32</sup> 'Nihon, Afurika jūshi zenmen ni', *Nihon Keizai Shimbun*, 8 July 2008, p. 2.

to China's three hundred troops despatched to Darfur itself. Japanese policy-makers, moreover, have been frustrated that China has been able to despatch two destroyers to the Gulf of Somalia since December 2008, whereas Japan was not able to do so until March 2009 and is still engaged in efforts to work through cumbersome domestic political and legal frameworks to enable the passing of a new anti-piracy law to strengthen the mandate of the MSDF mission.

*'An Arc of Freedom and Prosperity', and UN Reform: failing soft power*

Japan has attempted to further leverage the influence of these extra-regional relationships in its strategy to counter China's rise by articulating the concept of their forming an 'Arc of Freedom and Prosperity'. The concept originated in Abe's determination for Japan to posit a more assertive and values-oriented foreign policy based on the so-called 'universal' values of freedom, democracy, human rights, the rule of law, and market economy. Asō, during his tenure as Foreign Minister, subsequently unveiled in November 2006 Japan's promotion of such an arc stretching from Northeast Asia through Southeast Asia, Central Asia, the Caucuses, Central Europe, Eastern Europe and the Baltic States. Japan's clear intent was, in a similar way to its proposals for the EAS, to differentiate its attempts at regional and global leadership from those of China, and to create a new rationale for expanding its extra-regional strategic partnerships beyond the US.<sup>33</sup>

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<sup>33</sup> For a full elaboration of Japan's values-oriented diplomacy, see 'Tokushū Nihon gaikō no shinkijiku', *Gaikō Fōramu*, no. 225, April 2007, pp. 8-33.



Japan's dabbling with values-based diplomacy and the Arc of Freedom and Prosperity has proved short-lived in the end.<sup>34</sup> The Japanese concept was read immediately as an attempt to encircle and contain Chinese influence. Japan's use of the language of freedom and prosperity was seen reminiscent of the Greater East Asia Co-Prosperity Sphere of the wartime period, and the promotion of freedom and democracy did not seem a convincing platform given its support in the past for authoritarian regimes in East Asia. Hence, Fukuda after taking power quietly jettisoned Abe and Asō's concept, to rely instead on more traditional pragmatic diplomacy.

Japan's coming up short in trying to construct a values-based coalition to counter China has been reflected in a similar failure to gain any international traction on UNSC reform plans. Japanese policy-makers are desirous of a permanent seat as recognition of their state's great power ranking and funding of up to twenty per cent of the organisation's budget; because they feel that the current constituency of P5 members is too representative of the immediate post-war settlement and ill-equipped to deal with new forms of regional problems; and because they are aware that as their state's relative power position slips they may eventually fail to deploy the necessary financial resources to vault into a position that will guarantee them parity with China's existing P5 status. Japan's proposals for expanding permanent seats to include the G-4 of itself, Germany, India and Brazil, and two African states failed to make headway in 2005. Japan's membership bid was undermined by eventual African disunity over the G-4 proposals; lack of Japanese clarity over its actual plans for the valued-added of a permanent seat for itself; US passivity in pushing Japan's candidature; and most crucially in Japanese eyes by China's behind-the-scenes

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<sup>34</sup> Weston S. Konishi, 'Will Japan be out of tune with a concert of democracies?', *Asia-Pacific Bulletin*, East-West Center, no. 19, 27 June, 2008, p. 2.

orchestration of opposition. Japan will persist with plans for UNSC reform, as to admit failure would be to acknowledge its relegation to the ranks of the lesser powers. But Japan's failure to instrumentalise UNSC reform, and China's hand in this, only adds to Japanese consideration of the need to switch to containment strategies vis-à-vis China.

### **Conclusion: Japan on the defensive and towards default containment?**

Japanese policy-makers remain determined to marshal their national resources to secure vital interests in the face of China's rise, and to not readily cede regional leadership to their Chinese counterparts. To this end, Japan's default strategy towards China remains one of engagement. Japan has attempted to maintain the relationship with China through activating bilateral frameworks for engagement, and by trying to embed the Japan-China relationship within a relatively symmetrical framework involving the reassuring presence of the US. Japan has continued to rely on economic power as its principal means to engage China, but in maintaining the US presence has increasingly expanded US-Japan military alliance cooperation and its own national military capabilities. Japan's bilateral and trilateral engagement of China has arguably paid considerable dividends as both sides have striven to enhance cooperation in politics, economics, and increasingly security.

Japan's engagement strategy of China has taken broader form through the new opportunities for interaction offered by the rise of regionalism in the post-Cold War period, and both sides have made significant progress in areas for functional cooperation such as finance. However, for Japan, regional frameworks have increasingly assumed the character of arenas for channelling, and if necessary

curbing, Chinese rising power. Japan has promoted its preferred format of the EAS to counter China's preference for the APT, to dilute its rising power, and to check its perceived pretensions for regional leadership. Japan has similarly used regional EPAs and CEPs to deflect China's influence, and seems bent on deliberately 'over-supplying' regionalism so as to diffuse China's ability to concentrate its power in any one forum.

Japan meanwhile has been working proactively on a series of extra-regional and global so-called 'strategic partnerships' in order to further encumber China's free projection of its power outside East Asia. Japan has hoped for closer ties with Russia, Central Asia, Australia, India, the Middle East, Europe and Africa to curb Chinese influence in these regions and thereby curb also Chinese influence in East Asia itself. Japan has again used economic power to activate these relationships, but also shown a new willingness to assert military power and to experiment with 'soft' ideological power, as in the concept of the 'Arc of Freedom and Prosperity'. Japan's global strategy is new not only in geographical scope and the utilisation of different power resources, but also in that at times it has demonstrated a propensity to actively contain China's influence.

Japanese policy-makers clearly hope this double strategy of engaging China in East Asia and soft containment globally will oblige Chinese policy-makers to come to an accommodation with Japan's legitimate economic and security concerns and with its continuing leadership aspirations in East Asia. In this way, China's rise and Japan's relative decline can be carefully managed, and hopefully for the benefit of region-building in East Asia.

Japan's strategy is, though, risk-laden. Japan's attempt to engage China in East Asia through containment elsewhere clearly runs the risk of a hostile Chinese counter-reaction if it succeeds or is not sufficiently carefully calibrated to assuage Chinese concerns at being contained. Japan's strategy is placed in greater peril, however, if it simply is shown to be ineffective in exerting some influence on China's rise, thereby provoking a far stronger counter-reaction from Japan itself.

Japan's bilateral and trilateral engagement frameworks for engaging China in East Asia are built on precarious foundations. Japan's domestic constituency for engaging China has held for the moment, but as the LDP's grip on power slips, then the Revisionists are increasingly likely to search for legitimacy and to fulfil their political doctrine by pressing a nationalist agenda often directed against China. Japanese policy-makers' hesitation to engage China may be compounded by the failure to achieve progress on key bilateral projects. For instance, Japan's government has already lodged protests with China since January 2009 over its continuing exploration of gas fields in the East China Sea in contravention of the centrepiece agreement of the mutually beneficial partnership.

Japan's failure of bilateral engagement with China is matched by a similar risk of the failure of trilateral engagement with China. Japan must hope that as it increasingly throws in its security lot with the US there is no serious increase in Sino-US security tensions, or it risks becoming entrapped in an active US containment policy of China and even military conflict. Japan's other fear must be that it does not again experience a policy of US 'passing' of Japan for China, something particularly provoked by the advent of a new Democratic administration in the US. In this instance, Japan may feel that it has lost the reassurance of the US security backstop to fend off China's regional rise. Japan may be reassured thus far by the new Barak

Obama administration, with Secretary of State Hillary Clinton choosing Japan as the destination for her first overseas visit in February 2009, and Asō being the first foreign leader to visit the new President in the White House the following month. However, Clinton's apparent cozying up to Beijing on the latter part of her Asia tour has not inspired confidence that the US is willing to back exclusively Japan's cause in the region.

Japan in the event of the undermining of its engagement policy may then need to contemplate shifting to emphasising a default containment strategy of China. Japan inevitably would seek to do this through stronger US-Japan alliance ties, but in the event that the US relationship is not seen to function for its interests, then by activating its own military power. Japan might thus then be returned to its long-feared scenario of having to fend for its own security and full remilitarisation, which would then only lead it into a destructive downward security dilemma with China. The destructive impact for East Asia region-building attempts, with the region denied opportunities for cooperation between its two leading powers, are obvious. Similarly, open Japan and Chinese rivalry may spill over into full competition for influence in other regions. Japan may probably lose this competition, but only after considerable disruption is inflicted upon these other regions' development and integration efforts.