

The Transition of the Asia-Pacific Order and Japan's Strategy^{*}

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A NEW REALITY FOR THE BALANCE OF POWER IN THE ASIA-PACIFIC

PEOPLE IN almost every era have the tendency to claim they are living in the midst of a period of dramatic change. However, the transition that the Asia-Pacific is experiencing today is truly profound. Rather than as a single event, this region is beginning to experience a power transition process whose fundamental impact may be in line with the U.S.-China rapprochement, end of the Cold War, and the 9/11 attacks.

Globalization creates new economic opportunities and more social interactions, while also bringing major shifts in the balance of power. The world is becoming intertwined at a pace and depth that mankind has never experienced in recorded history and people are growing increasingly unconscious of their national borders. The nations that are emerging as rising powers with their cheap labor force, epitomized by China, India, and Southeast Asian nations, are located in Asia. In the modern era, the international order was based largely on the presence and values of Western European countries, and the post-World War II era was founded on the liberal order that was assured by the leadership and public goods provided

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by the United States. However, the fundamental principles of the international order are being undermined as the concentration of power is gradually shifting from the west of the Eurasian Continent to the east, and the newly emerging nations that embrace diverse political systems and values continue to rise.¹ Also, the expenditures for military budget in the Asia Pacific are rapidly increasing, surpassing those of European nations.

The Obama administration's claim that the United States is a Pacific Nation can be seen as a move to refocus U.S. interests on this power transition. For the United States to strongly express its strategic interests in the Asia-Pacific despite the expected decline in budgetary resources as well as the continued instability in the Middle East is an indicator of its strong desire not to be excluded from Asia's economic development and social integration.² At the same time, the United States understands that challenges in the U.S.-China relations will not only arise from humanitarian issues and cross-Straits relations but are also likely to emerge in the context of the ongoing power transition. The United States has become increasingly concerned with China's aspirations to become a regional hegemon since 2010, when China—motivated by the anticipated shift in U.S.-China power balance—began to strengthen its assertiveness with its neighboring countries, threaten the international order and U.S. leadership in the Asia Pacific, and even opposed the core principles of the United States, such as freedom of navigation.³

Although U.S. superiority in the economic and military spheres remains strong and the shift in the balance of power is gradual, the changing order and issue of leadership in Asia is becoming a prominent topic. The Obama administration has therefore advocated for the U.S. to be a Pacific Nation and clarified its objectives to exercise continued leadership in shaping the regional and global order, promote regional stability as well as democratic and humanitarian values, and most importantly advance free-trade, if necessary through its military presence. This is a leap from the post-9/11 behavior of the United States: it had given top priority to bilateral and multilateral relations, even APEC, focusing on counterterrorism and the prevention of proliferation of weapons of mass destruction.

However, the rebalancing of the U.S. strategic posture is one aspect of the bigger picture. As globalization drives overwhelming interdependence, Japan, China, South Korea, Southeast Asian nations, and even the United States and Europe are growing closer and have acknowledged one another as necessary in both economic and social dimensions. Therefore, from the perspective of individual national interests, neither the forming of alliances to maintain the balance of power in Europe before World War I, nor the competitive order comprised of two politically and economically exclusive camps during the Cold War is a preferred outcome, or likely to happen.⁴ Even if some countries deepen their

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confrontation due to territorial disputes, other countries will avoid becoming involved or otherwise try to run away with the bone while two dogs fight. China and Russia are authoritarian and state capitalist nations but have emerging market economies and depend on the market. It is unlikely that ideological confrontations or disagreements will constrain the actions of countries, divide the world into two, or discourage further economic and social integrations.

Therefore, the strategic environment in Asia Pacific is changing in unprecedented ways that holds historical comparison. The Obama administration's claim as a Pacific Nation and any regional state's strategies are constrained by the conditions inherent to the present situation. Even as the world's third largest economy with a strong presence in the political arena, Japan's foreign policy cannot escape from the reality of the ongoing power transition and Japan's heavy economic dependence on China.

This paper will present the strategy that Japan is currently seeking amid the absence of strong political leadership. Japan's strategy is not strategic appeasement toward China such as the

“East Asian Community” concept proposed by former Prime Minister Yukio Hatoyama, but rather one in which the Japan-U.S. alliance is deeply embedded as a key component. At the same time, however, China is essential for Japan to achieve its goals of security and prosperity, meaning the true integration of Asia must be pursued beyond the stages of simple talk shops. The U.S. pivot to the Asia-Pacific should be welcomed but Japan and other countries in the region must bear the responsibility to combine the U.S. pivot with the practical reality of the new balance of power to establish their preferable order. The following sections of this paper will first clarify Japan's view of China and Japan's grand strategy, and then discuss the Japan-U.S. alliance, Japan's Asia strategy and Japan-China relations.

JAPAN'S VIEWS ON TWO CHINA'S

WHAT KIND of roles does the rise of China play for Japan? Allow us to consider this question by using two maps as possible clues. Both maps were created fairly recently in Japan: the former was published in a government report and the latter in a newspaper with the largest number of readers. However, the images of China implicit in these maps clearly point out divergent views. This is not to say that one is correct and the other is incorrect but rather indicates China may be associated with completely different images from the eyes of the Japanese people depending on the context. In both cases, the map of Northeast Asia that we typically see is rotated by 90 degrees counter-clockwise so east is upward, meaning that the East China Sea and Japan are positioned above the Chinese mainland.

In the first map, two concentric circles are drawn from Fukuoka: Seoul is located near the 500 kilometer range with Osaka, while Shanghai, Qingdao and Dalian are located near the 1,000 kilometer range with Tokyo, and it is entitled “Kyushu: Close Distance to Asia.” The article explains how Kyushu's government and industries have worked hand in hand to capture the vitality of Asia so that it could break away from its economic reliance on Tokyo. By looking at this map, one would even feel encouraged by its

proximity to South Korea, since the South has sustained steady growth and is increasingly important to China as it becomes the engine of global economic growth.⁵

The year 2010 was one of the major turning points for the Japan-China relationship since its normalization in 1972. In 2010, China—which has continued to develop after the Lehman Shock—surpassed Japan in nominal GDP and even replaced Japan as the world's second largest economy. Even if China were to experience a certain degree of slower growth, it will most likely surpass the United States in the late 2020s. Japan currently depends on China for 20 percent of its trade but this will likely exceed 40 percent by 2030.⁶

There is also a growing sense of unease in Japan of being swallowed up by the growing Chinese economy. For instance, the fear that one's company may be sold to a Chinese company was very recently realized when a major Japanese electronics company sold its consumer electronics sector that had once flourished to a Chinese company. However, there is also a general expectation that the growth of China's economy will benefit Japan. There is also a growing discussion and sense of impatience that Japan may be left behind unless it fully captures the vitality of Asia not only as a leading manufacturer but also as a market and through tourism and international students.

The second map should be familiar to Japan's national security experts. By drawing a "First Island Chain" from the Japanese archipelago to Okinawa and the Philippines, and adding a balloon, it indicates that China's fleet passes by the strait located between Okinawa's mainland and Miyako to conduct exercises in the high seas near the Okinotori. By looking at this map, one would certainly realize that the Japanese archipelago, including the southwestern Nansei islands, exists in the direction of the Chinese mainland's open ocean.⁷ Simply estimating the growth of military spending, China is likely to catch up with the United States by the early 2030s, by which China's military spending would have exceeded 10 times that of Japan.⁸ Taking into account such advancement of military power, Japan seems rather vulnerable in this map.

In September 2010, the Japanese Coast Guard seized a Chinese fishing boat that was conducting operations near the Senkaku Islands (Diaoyudao) and clashed with the Japanese patrol boat. While this paper will not discuss the territorial claims of the two countries, it is a fact that the Chinese government's response was perceived by most Japanese as an excessively firm attitude. This conflict over the Senkaku Islands (Diaoyudao) came as China's actions in the South China Sea were also starting to be viewed as increasingly assertive. These incidents were interpreted as China—based on its growing economic and military power—breaking away from its previous low-profile policy of *tao guan yang hui* and becoming more assertive towards neighboring countries. In the Japanese government's public opinion poll conducted in the fall of that year, the sense of affinity toward China had declined rapidly.⁹

JAPAN'S GRAND STRATEGY

FROM JAPAN'S PERSPECTIVE, China is primarily an economic opportunity but is viewed with certain wariness in terms of military and political presence. The gradual slowing of the Chinese economy is largely unavoidable but many Japanese agree that the rapid collapse of China's economy is no longer desirable or likely to happen. There is another school of thought that externalizes China and perceives it as a threat based on its different political system. Now, what kind of grand strategy does Japan envision?

Japan has three strategic objectives. First, Japan seeks to preserve its sovereignty and sovereign rights while protecting its homeland and vital interests in the areas surrounding Japan and sea lines of communication. Second, Japan seeks to achieve economic growth amid the growing pressures of an aged society and population decline that the world has never experienced. Third, Japan seeks to maintain the liberal international order based on a set of rules and principles that has supported global development since World War II. The socio-economic integration of Asia that has become the engine of global economic growth is particularly important for this reason—and China policy is at its core—but these three objectives

need to be accomplished simultaneously. They cannot be achieved with only the management of Japan-China relations. In addition, it is evident that Japan, whose power is comparatively inferior to that of the United States and China, would not be able to meet these goals with only its own efforts.

Therefore, Japan's strategy will likely combine three measures to achieve these three strategic objectives. The three measures are, namely, the Japan-U.S. alliance as a mechanism of deterrence and countermeasure, a new Asia policy based on soft balancing, and the promotion of Japan-China relations and regional institution building to achieve integration with the inclusion of China.¹⁰ Japan's foreign policy today can be interpreted as generally heading in this direction, despite its less visible and insufficient effort due to the current vacuum of political leadership.

ALLIANCE AS THE CORNERSTONE OF JAPAN'S STRATEGY

OUT OF THESE three measures, the most traditional one is the Japan-U.S. alliance as a mechanism of deterrence and response. As Jeffery Bader, who served as the Senior Director of Asian affairs for three years in the White House under the Obama administration, expressed in his recently published memoir, the "centrality" of the Japan-U.S. alliance has been accepted as a common idea within the policy circles of Japan and the United States.¹¹

For post-war Japan, the alliance with the U.S. was formed to limit defense spending in order to prioritize economic growth and to establish democratic political leadership that would ensure its path as a peace-loving nation. The Japan-U.S. alliance has continued to be the most effective measure to prevent the reoccurrence of Japan's greatest strategic mistake that led to its war with the United States, and to restore its status in the international community. These major motivations were not lost even after the end of the Cold War. Japan had the motivation to position its alliance with the United States—who was in sense its security community and also shared a common destiny—as its largest strategic asset. The North Korean nuclear crisis in 1994 also reinforced its perception that the Japan-U.S. alliance was the key to deal with regional security concerns.

Therefore, the Japan-U.S. alliance is neither a relic of the Cold War nor the product of path dependency but should be understood as an outcome of rational calculations and choices by Japan.

As the first North Korean nuclear crisis and the 9/11 attacks in 2001 led to government-level review of the Japan-U.S. alliance, both the Japanese and U.S. governments are beginning their third review process after the end of the Cold War. This current

review incorporates China's rise and the changes in their political situations. As the leaders of Japan and the United States announced in April 2012, responses to China's military modernization and the challenges to the global commons that include the high seas, outer space and cyberspace are emerging as pillars of the alliance. In addition, Japan's contributions in the networking effort for U.S. partnership in the Asia-Pacific have been accredited with greater importance.¹² As the stabilization of the Asia-Pacific region and sea lines of communication from the Indian Ocean are directly linked to Japan's national security, Obama's rebalancing efforts in the Indo-Pacific area have been a blessing for Japan as it faces increasing military concerns.

The U.S. alliance network in the Asia-Pacific is experiencing a significant change. The United States and Australia incorporated their cooperation in cyber security and opposition to the use of force in the South China Sea in the foreign and defense ministerial talks of 2011, and President Obama and Prime Minister Gillard announced in their joint press conference of that November that the U.S. Marine Corps rotation will arrive in Australia. The U.S.-ROK relationship has also gained momentum since 2010 due to the alarming situation on the Korean Peninsula. In these procedures—as if to overcome the traditional relationship of “hub-and-spokes”—trilateral relations such as Japan-U.S.-Australia and Japan-U.S.-ROK have been pursued along with the strengthening of the Japan-Australia and Japan-ROK

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relations. The past five years of reinforcement in the Japan-Australia relationship is particularly noteworthy. The underlying logic of the relationship is the intention of Japan and Australia to coordinate their responsibility in dealing with diversified international security challenges and to underpin the U.S. commitment to the Asia-Pacific. With regard to Japan-India relations, they agreed to further develop cooperation in such fields as maritime security in their foreign ministers' meeting of April 2012, and Japan and India confirmed to not only begin bilateral maritime drills this year, but to also establish vice-ministerial level dialogues in foreign affairs and national defense at the earliest possible time. Also, the Japan-U.S.-India director-general level strategic consultations have been held twice since December 2011—and bearing in mind that the West Pacific and the Indian Ocean are deeply connected—their deep interests in maritime issues are what brings these countries together.

After the Great Eastern Japan Earthquake that occurred on March 11, 2011, the Japanese government made the decision to take advantage of its military assets to deal with the critical situation caused by the massive scale of the natural disasters. Prime Minister Naoto Kan's mobilization of 100,000 Self-Defense Force personnel will be remembered as an appropriate political judgment in dealing with the situation. In addition, Japan and the United States deployed the U.S. military in Operation Tomodachi to perform rescue missions. Operation Tomodachi not only improved the public image of their alliance but also served strategic communication purposes as the strong bonds of the Japan-U.S. alliance became widely known to its neighboring countries during which the Self-Defense Force was completely occupied by their responses to the earthquake. It is also true that the deployment capability and high morale of the U.S. military, which has a lot of expeditionary experience, became useful reference to the Self-Defense Force. The Great Eastern Japan Earthquake broke the tacit understanding that military deployment in natural disaster relief responses is only limited to underdeveloped countries. As Asia is a region where the world's natural disasters are the most concentrated, the role of the military will continue to be evaluated and the multilateral exercises for such purposes will become normalized.¹³

Now, Japan has aimed to adopt a dynamic defense force and effectively manage its limited resources in the new defense outline that was formulated in 2010.¹⁴ It is necessary to continue the maintenance of deterrence and response through cooperation and sharing of responsibilities with its only ally, the United States, through confirming the common security objectives, roles and missions in the new security environment. However, Japan must hereafter simultaneously determine which situations to manage on its own and thereby enhance its own defense capabilities.

PARTNERSHIPS AND REGIONAL INSTITUTIONS IN ASIA

JAPAN'S ASIA STRATEGY is evolving to reinforce the Japan-U.S. alliance. In order to preserve the Asia-Pacific order based on the current set of rules and principles in this era of power shifts, Japan aims to create an environment in which the newly emerging nations will not overwhelm the small and medium-sized countries in the region, and this action may be categorized as soft balancing in theoretical terms.

In this era of interdependency, countries must ensure benefits through peaceful relations with all major powers. To maintain their autonomy, they also try to preserve an order based on sets of rules that value international laws as well as bilateral and multilateral diplomatic negotiations. Under such circumstances, there will be a growing number of situations in which the small and medium-sized countries will try to prevent the major powers from exercising influence by soft balancing, rejecting their dominance through the formation of inclusive institutions and economic diplomacy, as well as non-military measures such as neutrality.¹⁵ Japan is beginning to engage in soft balancing against a rising China through cooperation with small and medium-sized countries in the region, and Japan also intends to take advantage of U.S. influence to this end.

A typical example of this would be the U.S.-Russia participation in the ASEAN Defense Ministers' Meeting (ADMM) Plus and the East Asia Summit. These regional institutions are based on ASEAN member countries and are the major consultative bodies for regional integration. Although the United States and Russia were previously regarded as outsiders and denied participation, their

recent entry reflects the broader intention of ASEAN. ASEAN's inclusion of the United States and Russia was not only an attempt to regain the initiative of regional integration after ASEAN became impatient with Australia's proposal for an Asia-Pacific community, but also an attempt to effectively incorporate the United States into a multilateral framework as soft balancing against China. This desire for soft balancing is due to the escalation of tensions in the territorial dispute over the South China Sea and China's growing influence amid Japan's declined presence due to internal political confusion. Such moves were also welcomed by Japan and supported by the Obama administration. It is unusual for the United States to recognize and practice multilateralism in the Asia-Pacific to such an extent, but what lies beneath is the motivation to maintain the balance of power and the principles of the order not only amongst ASEAN countries but also Asia as a whole.¹⁶

The Asia-Pacific has seen progress in security cooperation that is not based on alliances, and this could also be regarded as part of soft balancing against China's influence. For instance, the small and medium-sized countries have reinforced their relations with such major powers and middle powers as the United States, Japan and Australia to strengthen their maritime defense and air defense capability, as well as non-traditional security measures such as terrorism, anti-piracy and disaster relief. The United States has enlarged its exchanges of government officials and staff and is issuing more joint statements, conducting more fleet visits and participating in more troop reviews. The United States has also increased humanitarian missions and its technical as well as technological assistance for facilities and equipment with Indonesia, Vietnam and other ASEAN countries. Japan has previously made efforts to reinforce the capabilities of ASEAN countries' coast guard through bilateral and multilateral frameworks and is also likely to take advantage of official developmental assistance. Japan softened its Three Principles on Arms Exports in the end of 2011 and allowed defense equipment to be transferred overseas for peaceful means and international cooperation, leading Japan to provide ten used patrol vessels to the Philippines. Such strategies to utilize ODA for fulfilling the security demands of ASEAN

countries is mutually supported by both the Japanese and U.S. governments.¹⁷ In terms of cooperation in the field of non-traditional security, it has gradually become possible to capture it in the context of competition for political influence. Japan and some ASEAN countries are expected to increase issue-based, loose coalitions even in the multilateral talks on the formation of norms.

There is also an emerging trend to balance against China in the creation of rules involving free trade. Although China is promoting its economic cooperation with ASEAN, some fear that economic cooperation with the significantly large presence of China may rather prevent the opening of this region's market, while the United States and other participants have tried to take advantage of the Trans-Pacific Partnership (TPP). Such rhetoric that this is a containment of China is wholly a relic of Cold War-oriented thinking. There are absolutely no discussions that it would discourage openness, which is the prerequisite of free trade, and it is rather a tug of war over the formation of rules and standards. Japan is currently in the process of seeking entry into the TPP negotiations so that it would not be left out from the growth of the Asia-Pacific and to promote its domestic reforms, but there is no intention by TPP countries to exclude China from economic cooperation.¹⁸ Nevertheless, in response China has begun early negotiations of a broader economic cooperation with Japan-China-ROK and the ASEAN at its core.¹⁹

THE ROLE OF COOPERATIVE JAPAN-CHINA RELATIONS

ZBIGNIEW BRZEZINSKI, who served as the U.S. National Security Advisor during the Carter administration, has emphasized that in order for Asia to achieve stability the region will require three key developments: the U.S.-China relationship must overcome its obstacles, the Japan-U.S.-China relationship must be managed in a way that will provide reassurances for Japan in this period of transitioning order, and lastly Japan-China relations must move towards coordination.²⁰

In recent global debates, Japan's relevance to the Asia-Pacific order has been said to be relatively low. First, the Japanese

economy has suffered from an economic downturn dubbed the “Lost Two Decades” after the collapse of the bubble, and its future prospects were dull due to it having world’s largest aged society. Second, the Japanese government has lost its political gravity due to the leadership vacuum and declining diplomatic presence in international affairs. However, as Brzezinski indicated, the realization of coordination in Japan-China relations—together with U.S.-China relations—would have a significant impact on the future possibilities of this region’s stable integration.²¹

What type of Japan-China relationship is Japan trying to construct? As we have discussed so far, the mechanism of deterrence and response provided by the Japan-U.S. alliance is the cornerstone of Japan’s strategy against China’s uncertain military growth, and soft balancing that takes advantage of regional institutions and partnership is used against China’s growing influence. In light of this, Japan aims to construct Japan-China relations based on a win-win relationship and integrate China into the international community as well as the Asia-Pacific region.

The “East Asian Community” proposal and China policy of Yukio Hatoyama’s administration, established after the historic regime change in September 2009, was strongly criticized by domestic actors as well as the United States, and the loss of support for his foreign policy eventually cost the Prime Minister. Hatoyama’s self-awareness of Japan as a country located in the narrow space between the United States and China was not necessarily inaccurate, but it is undeniable that such discussion downplayed the strategic significance of its relationship with the United States and the U.S. sensitivity towards its interests in the Asia-Pacific. Japan’s previous administrations have repeatedly argued that the openness of Asia-Pacific regionalism implies its inclusiveness of the United States. It is impossible that Prime Minister Hatoyama’s community concept, which attempts to achieve strategic appeasement with China without utilizing U.S. power as leverage, will be revived in the current political climate in Japan.

The succeeding Prime Ministers Naoto Kan and Yoshihiko Noda have made efforts to restore Japan-U.S. relations and to gradually build the Japan-China relationship, which is to be based

on China's rise. Their strategy is built upon using Japan-U.S. relations as leverage and reinforcing its Asia strategy as a counter-balance vis-à-vis China, but with the end goal of developing Japan's relationship with China. The regular consultations at the senior official level for maritime authorities that was agreed upon in the Japan-China Summit Meeting of December 2011 has been held since May 2012. This is important progress as many of the conflict scenarios between Japan and China arise over maritime issues. Also, Japan and China should ensure their responses to the currency crisis serve their large common interests and sustain close consultations rather than to compete over the IMF's funding base or expansion of the Chiang-Mai Initiative's credit facilities. Additionally, Japan is currently proposing a China-Japan-U.S. official dialogue and it is expected to play an important role to bridge the strategic visions among these three countries.²²

Another factor that will be the touchstone to determine whether the Japan-China relations could construct a trustworthy and mutually beneficial relationship is the issue of North Korea. The change in leadership appeared to provide an opportunity for negotiations but the missile launch in April 2012 strengthened the awareness of the political uncertainty in North Korea. China should cooperate with South Korea, Japan and the United States to continue their international efforts toward nuclear disarmament and counter-proliferation. If we are to anticipate a future warming of relations, Japan and China must discuss their medium and long-term visions over the future of the Korean Peninsula and also the required assistance from each country to establish a peace regime on the Korean Peninsula.

Public sentiments in Japan and China have become important for the management of their bilateral relationship. It is an obvious fact that the diversified media is stimulating nationalism and narrowing the space for each country's foreign policy in which politicians and lawmakers can navigate. Constructing healthy bilateral relations will require further

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exchanges amongst politicians, bureaucrats, media and opinion leaders. For Japan, it is necessary to develop human resources and form a network based on the recognition that facing a China that is both a superpower and a neighboring country is a strategic and inescapable reality. In this world where globalization marches on, the sturdy ties between individuals, corporate activities, and societies will have a stronger ripple effect than ever before. When we reflect upon the history of Japan-U.S. postwar linkages, as they went from fighting the Pacific War as enemies to now being united by a previously unimaginable degree of bonds owing to integrated public-private exchanges, non-state actors will play a vital role in creating a bright future for Japan-China relations.²³

JAPAN AS A “CATALYST” IN GREAT POWER POLITICS

JAPAN HAS ANOTHER unique role in the Japan-U.S.-China trilateral relationship that is different in a sense from Brzezinski's statement, namely that Japan serves to alleviate the competition in U.S.-China relations. The United States holds a hawkish view of China that is different from Japan's view of China. Although the United States also relies heavily on its economic relationship with China, the U.S.'s perception of China is also shaped by its discomfort with the political system, ethnic minority problems and humanitarian issues that make up the “U.S. filter.” Thus far, save for during the election period, the United States has aimed to resolve its issues with China while setting aside the problems rooted in their differences. However, the image of a rising China that challenges the U.S. value system and threatens U.S. global leadership amid the collapse of U.S. power superiority may compel the U.S. to engage in a contest for supremacy with China.²⁴

For this reason, Japan must draw a path to China's integration as an alternative strategy. International consensus is increasingly meaningless without the active participation of the newly emerging nations such as China and India and this will be increasingly true in the future. To persuade China to act responsibly as a member of the international community will not only require China to shoulder its fair share of responsibilities as an economic giant,

but also the willingness of international institutions and global governance to acknowledge and give proper consideration to China's influence. That is exactly what Japan experienced since the 1970s and 1980s. If China comes to understand that its continued growth benefited from the production activities and investments afforded by globalization, as well as the international order that supports its development, Japan and the international community should give welcome to China as long as China accepts a larger role in the international order based on a set of rules and international cooperation. That is what would seemingly lead to supporting China's upright intellectuals with global minds.

The scenarios in which the United States shifts towards a hardline stance against China out of fear leading to confrontation must be avoided.²⁵ In this respect, the roles of middle powers such as Japan, Australia and India as "catalysts" will be significant. In other words, these countries behave as important U.S. security partners and are the key to building confidence with both the United States and China as a supplementary role, and engage in the formation of institutions that enable closer communication, and also propose visions that allow for the soft landing of the enlarged international order that has incorporated China. It is because those countries that are in close proximity with the United States in terms of values and interests become the "catalysts," that the United States would feel assured that its leadership is maintained even in the face of deeper regional integration. Therefore, China must understand the presence of third countries is a strategic opportunity and an opportunity for adjustment amid growing pressures from the United States that the U.S.-China relations alone cannot sustain.²⁶

JAPAN'S EMERGING STRATEGIC THINKING IN THE ERA OF TRANSITIONING ORDER

JAPAN NEEDS a balanced China strategy. It is no longer possible to sustain discussions that simply view China as a potential threat to Japanese security or to externalize it based on a different political system. By contrast, those debates that only regard China as a driving force of growth are also insufficient. Japan's

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foreign policy should refrain from falling into the dualism of either cooperating or confronting China. Instead, Japan should reinforce its alliance networks and expand security cooperation that is not based on alliances to underpin U.S. involvement and the principles of the regional order in the Asia-Pacific. At the same time, Japan should also strive to promote bilateral and multilateral

frameworks inclusive of China. In addition to its role as an U.S. ally, Japan must realize its position as a possible bridge between the two superpowers and the small and medium-sized countries, and deploy the aforementioned multiplexed strategies so that Japan can be involved in the regional order to preserve the autonomy and prosperity of non-superpower countries. The reinforcement of the Japan-U.S.-China relationship should also be viewed in this context and will have great potential for changing the dynamics underlying the competitive nature of the relationship into drivers for the formation of a peaceful community.

Prime Minister Noda is said to have a strong will to hammer out Asia-Pacific policy as his major foreign policy initiative. The integral reform of tax and social security has led to huge debates on the domestic front that may determine the fate of the regime, but Japan is particularly concerned with the need for high levels of free trade, the construction of an order that includes China and Russia, as well the principle of peaceful resolution to conflicts.²⁷ It is unknown whether the strategies we have discussed in this paper can be wholly achieved despite the instable political foundation. However, the necessary direction is now undeniable.

Last but not least, this paper will conclude by touching upon the factors that may cause strategic shocks and require a modification of Japan's strategy. The biggest shock would be a rapid deepening in the U.S. defense spending cuts beyond the level that is currently expected. Secondly, if the situation in Afghanistan were to rapidly

deteriorate, or if large-scale terrorism were to occur, U.S. interests would once again be shifted back to a “War on Terror” mindset that would dramatically affect strategic trends. Thirdly, if Russia were to rapidly advance from its enclosure from Eastern Europe to Central Asia and deepen its confrontation with NATO, it would also reverse the previous trends and similarly have great implications for Japan, the United States and China. Finally, there is also a concern that China-India relations might experience a sudden heightening of tensions that could even lead to a conflict. Such unpredictable strategic shocks are troublesome elements for our strategic thinking. This paper has discussed Japan's strategy in the midst of globalization and power shifts at the world stage on the assumption that these shocks are non-existent.

¹ G. John Ikenberry, *Liberal Leviathan: the Origins, Crisis, and Transformation of the American World Order*, Princeton: Princeton University Press, 2011.

² Evan Feigenbaum, “Why America No Longer Gets Asia,” *Washington Quarterly*, Spring 2011, pp. 25-43.

³ Jeffrey A. Bader, *Obama and China's Rise: an Insider's Account of America's Asia Strategy*, Washington DC: Brookings Institution Press, 2012.

⁴ Henry A. Kissinger, “The Future of U.S.-Chinese Relations,” *Foreign Affairs*, Mar/Apr 2012, pp. 44-55.

⁵ *Yomiuri Shimbun*, February 20th, 2012.

⁶ Satoru Mori, Ryo Sahashi, Shoichi Ito, Tetsuo Kotani, Yoshihito Yasaki, *Ru-ru suishin kokka, nihon no kokka anzen hoshō senryaku (Japan as a Rule-Promoting Power: Recommendations for Japan's National Security Strategy)* (Tokyo: Sasakawa Peace Foundation, 2011).

⁷ National Institute for Defense Studies ed, *China Security Report 2011*, 2012.

⁸ Ken Jimbo, Ryo Sahashi, Sugio Takashi, Yasuyo Sakata, Takeshi Yuzawa, Masayuki Masuda, *Japan's Security Strategy Toward China* (Tokyo: The Tokyo Foundation, 2011). “The Dragon's New

Teeth: a Rare Look inside the World's Biggest Military Expansion," *The Economist*, April 7th, 2012.

⁹ Major improvements can be observed in the poll conducted in October 2011. Cabinet Office, "Gaiko ni kansuru yoron chosa" (Public Opinion Poll on Foreign Policy), January 2012.

¹⁰ Jimbo, Sahashi, Takahashi, Sakata, Yuzawa Masuda, aforementioned book.

¹¹ Jeffrey A. Bader, *op. cit.*, pp.40-47.

¹² The Japanese and U.S. governments expanded their common strategic objectives in June 2011, which contain many provisions that can be interpreted as targeting China. Also, one of the major practical functions of the Japan-U.S. alliance is ISR (Intelligence, Surveillance and Reconnaissance) and this was also indicated in the joint announcement of the Japan-U.S. Security Consultative Committee in April 2012. Ryo Sahashi, "New Common Strategic Objectives for the U.S.-Japan Alliance: Continuing Quiet Transformation," *Asia Pacific Bulletin* (Honolulu and Washington DC: East West Center), No. 125, July 25, 2011. "Nichi-bei anzen hosho kyoudo iinkai kyodo happyo" (Joint Announcement by the Japan-U.S. Security Consultative Committee), April 27, 2012. The joint statement accompanying Prime Minister Noda's visit to the United States in April 2012 is as follows. "Japan-U.S. Joint Statement: A Shared Vision for the Future," "Fact Sheet: Japan-U.S. Cooperative Initiatives," April 30, 2012.

¹³ The Japanese and U.S. governments had a period of mutual distrust in the initial phase of response to the Fukushima Daiichi Nuclear Power Plant accident due to confusion of communication channels and lack of coordination in measures to nuclear accident, but restored their relations at an early stage. Rebuild Japan Initiative Foundation, *Fukushima genpatsu jiko dokuritu kensho iinkai: chousa kensho houkoku sho* (Investigation Committee on the Accident at the Fukushima Nuclear Power Stations: Investigative Report), March 11, 2012.

¹⁴ "Heisei 23 nendo iko ni kakawaru bouei keikaku no taiko ni tsuite" (National Defense Program Guidelines for FY2011 and Beyond), December 17, 2010.

¹⁵ Robert A. Pape, "Soft Balancing against the United States," *International Security*, Vol. 30, No.1 (Summer 2005), pp. 7-45. Kai He, "Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia," *European Journal of International Relations*, Vol.14. No.3. (September 2008), pp.489-518.

¹⁶ Jeffrey A. Bader, *op. cit.*, p.8. The United States has been alarmed that a framework that excludes the United States will be formed in Asia, causing a dilution of its political influence and loss of economic opportunities. This can also be seen in the U.S. opposition to the Asian Monetary Fund proposal in the Asian financial crisis and initial strong criticism of the Yukio Hatoyama administration's "East Asian Community" concept. Therefore, a broader regional arrangement would not only facilitate the reinforcement of bilateral relations but also motivate active participation. However, the United States has regularized its strategic and economic dialogues with China and multilateral institutions are only one of the measures. The criticisms that such dialogues are dysfunctional also run very deep, and it is unpredictable if the multilateral talks that it has recently joined will be successful. Will the institutions that encompass the United States and China only serve the functions to hide the differences between the two countries, or will they contribute to the stabilization of the regional and international order? That will depend largely on future developments, but the credibility of regionalism will be lost and regional countries will be forced into a new alignment if regional institutions fail to yield the desired outcomes in issue management.

¹⁷ *Nihon Keizai Shimbun (Nikkei)*, March 22nd, 2012. "Nichi-bei anzen hosho kyoudo iinkai kyodo happyo" (Joint Announcement by the Japan-U.S. Security Consultative Committee), April 27, 2012.

¹⁸ Hitoshi Tanaka, "Keizai kyoshitsu: TPP sanko to Nihon no mirai, Higashi ajia no ante ni hukaketsu" (TPP Participation and Japan's Future, Essential for Stability in East Asia), *Nihon Keizai Shimbun (Nikkei)*, December 14th, 2011.

¹⁹ "Dai 180 kai kokkai ni okeru Noda naikaku soubi daijin shisei enzetsu" (Policy Speech by

Prime Minister Yoshihiko Noda to the 180th Session of the Diet), January 24, 2012.

²⁰ Zbigniew Brzezinski, "Balancing the East, Upgrading the West," *Foreign Affairs*, Jan/Feb 2012, pp. 97-104.

²¹ See also Richard Bush, *The Perils of Proximity: China-Japan Security Relations*, Washington DC: Brookings Institution Press, 2010.

²² "Dai 180 kai kokkai ni okeru Gemba gaimu daijin no gaiko enzetsu" (Foreign Policy Address by Foreign Minister Gemba to the 180th Session of the Diet), January 24, 2012.

²³ Refer to Akira Iriye's discussion on the roles of the Japan-U.S. relations and non-state actors. Akira Iriye, "Gendai sekaishi no shite no nichu-bei kankei" (Japan-U.S. Relations in Modern History), *Chuo koron*, October 2011.

²⁴ Aaron L. Friedberg, *A Contest for Primacy: China, America, and the Struggle for Mastery in Asia*, New York: W.W. Norton & Company, 2011.

²⁵ On the assumption that the U.S. military superiority will not immediately collapse, Akihiko Tanaka indicates that "China's domestic overvaluation of its own power, and rigid U.S. response as the dominant superpower" are the major concerns. Akihiko Tanaka, "Pawa toranjishon to kokusai seiji no henyō: Chugoku taito no eikyō" (Power Transition and International Politics in Transition: Impact of China's Rise), *Kokusai Mondai*, issue 604 (September 2011), pp.5-14.

²⁶ Refer to the following for discussions on Australia. Hugh White, "Power Shift: Australia's Future between Washington and Beijing," *Quarterly Essay*, issue 39, 2010, pp.1-74.

²⁷ Now, in order to examine the Asia-Pacific policy of the current administration, Policy Speech by Foreign Minister Seiji Maehara to the Center for Strategic and International Studies in Washington in January 2011 during the Kan administration provides the basic guideline for post-Hatoyama administration. "Ajia taiheiyo ni atarashii chiheisen wo hiraku" (Opening New Horizons in the Asia-Pacific), January 6, 2011.