

# POLICY BRIEF

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## Japan at a Political and Strategic Crossroads: Complex Strategic Choices and a Balancing Act?

*Valérie Niquet*

### *Introduction*

On August 28, Shinzo Abe, the longest-serving prime minister in Japan (2,822 days) stepped down and was replaced by Yoshihide Suga, Abe's former Chief Cabinet Secretary. Having long focused on internal politics and the intricacies of Japanese bureaucracy, Prime Minister Suga is now facing the task of navigating an increasingly tense and uncertain strategic situation, with stakes going far beyond Japan's borders and immediate environment in the context of the unresolved COVID-19 pandemic.<sup>1</sup>

The challenges that Prime Minister Suga is facing are manifold and diverse; some can be considered long-term or permanent. Others are relatively new or continued trends with new effects on the strategic balance of power and threats to the region and beyond.

### *Permanencies*

#### *North Korean missile threat*

In terms of threats, though mentioned with less frequency in recent months, North Korea remains the most immediate and vital threat for Japan. Contrary to expectations after the Trump-Kim meeting in Singapore in 2018, North Korea has never put a stop to its nuclear and ballistic missile programs. Since ending a one-year moratorium in May 2019, North Korea has carried out 35 tests as of April 2020, all successful but one. All the missiles, including nine in the March 29 test, were new. The latest ones were solid-fuel short-range missiles. At the parade organized in October 2020 to celebrate the 75<sup>th</sup> anniversary of the Workers' Party of Korea, the regime put

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<sup>1</sup> The COVID-19 pandemic that left more than one million dead world-wide as of October 2020 emerged in Wuhan, People's Republic of China (PRC), at the end of 2019, the result of poor regulation and a lack of transparency.

on show an apparently very large ICBM missile not yet tested.<sup>2</sup> For Japan, though, the threat of shorter-range tested and operational North Korean missiles, as well as that of a potentially massive and overwhelming missile attack coming from North Korea, is very credible.<sup>3</sup> These growing capacities and constant effort, as well as the uncertainties concerning the stability and decision-making of the political power structure in North Korea, are major factors taken into account in defining defense priorities and calculating budgets.

#### *Complexity of the US-Japan relationship*

At the same time, relations between Tokyo and Washington are marked by a complexity that is also a constant factor which increasingly shapes Japan's external strategy. This complexity results from the conjunction of two components. On the one hand, the US-Japan security alliance, dating back 70 years, remains at the core of Japan's and the region's security and stability, irrespective of the US president's personality, and is a priority for any Japanese government. At the same time, the question of reassurance has not been fully solved and has been present and debated since the end of the Cold War and the disappearance – with the end of the Soviet Union - of a clear common enemy. This common enemy has been replaced by the emergence of an ambiguous People's Republic of China (PRC), masking its ideological characteristics behind economic reforms and opening-up strategies as well as “grey zone” threats, particularly focusing on the Senkaku Islands and other remote islands in Japan's maritime domain. Actually, the first

major shock for Japan after the “Nixon shock” of 1971 happened in 1998, when President Clinton visited China, bypassing Japan, the closest US ally in Asia.

Since then, multiple assurances have been given, first by President Obama and then by President Trump in a meeting with Prime Minister Abe in 2017. More recently, in July 2020, Kevin Schneider, Commander of US Forces in Japan, declared that “the United States is 100% steadfast in its commitment to help the government of Japan with the situation in the Senkakus”.<sup>4</sup> Other issues, however, underscore these uncertainties between Japan and the United States; among them, the relocation of US bases in Okinawa fed by local political agendas has been pending for more than 20 years, following an ineffective Cabinet decision in 1999.

#### *The allure of China's economy*

China's position as a major economic partner for Japan is also a constant that weighs on Japan's decision making. Today China is Japan's top trading partner and its second-largest export partner after the United States.<sup>5</sup> Trade between Japan and China increased from US\$1 billion/year at the end of the 1970s to US\$317 billion in 2019. Japanese companies would be directly affected by decoupling between the US and China, and the US-China trade war has already taken a toll. Chipmakers and other firms are directly concerned by the ban on the exports of US technology to China's Huawei Technologies and possibly other telecom companies.<sup>6</sup> For major bureaucracies like the Ministry of

<sup>2</sup> <https://www.bbc.com/news/world-asia-54500550>

<sup>3</sup> <https://www.defensenews.com/opinion/commentary/2020/04/10/expect-a-surge-in-north-korean-missile-tests-and-of-greater-range/>

<sup>4</sup> [https://www.washingtonpost.com/gdpr-consent/?next\\_url=https%3a%2f%2fwww.washingtonpost.com%2fworld%2fthe\\_americas%2fus-commander-affirms-us-support-for-japan-on-china-dispute%2f2020%2f07%2f29%2f3026c666-d187-11ea-826b-cc394d824e35\\_story.html](https://www.washingtonpost.com/gdpr-consent/?next_url=https%3a%2f%2fwww.washingtonpost.com%2fworld%2fthe_americas%2fus-commander-affirms-us-support-for-japan-on-china-dispute%2f2020%2f07%2f29%2f3026c666-d187-11ea-826b-cc394d824e35_story.html)

<sup>5</sup> The US represents 19.9% of total Japanese exports, while China (PRC) represents 19.1%. <http://www.worldstopexports.com/Japans-top-import-partners/>

<sup>6</sup> <https://asia.nikkei.com/Spotlight/Huawei-crackdown/Japanese-chipmakers-scramble-to-replace-Huawei-sales-after-US-ban>

Economy, Trade and Industry (METI) and business organizations, business interests do remain a major factor and China an opportunity that cannot be forsaken. The allure of China's economic growth and market potential is particularly strong in major sectors such as machinery, automobiles or steel.

Navigating these three permanent factors has constituted the fundamental focus of Japan's foreign strategy for 30 years, as the emergence of a more aggressive and militarily-capable China has coincided with renewed questions regarding the US-Japan defense partnership and the emergence of a more credible threat from the North Korean regime.

### ***Recent changes***

On September 16, 2020, Yoshihide Suga became prime minister. The first question following his nomination was about the potential longevity of his government. Even if no snap election is called, the LDP must choose a new leader in September 2021 and a legislative election for the House of Representatives should take place before October 2021. Prime Minister Suga, in spite of his objective to stay longer in power in order to achieve significant results, might have to step down if the LDP – or the electorate – are not convinced by his political choices. Prime Minister Abe, who visited 80 countries in his tenure, did put Japan on the global map as a significant strategic actor. However, he did give the world a false image of permanency. Before he came to power, with the exception of Junichiro Koizumi (2001-2006), Japanese politics had been characterized as a “revolving door” system, where most prime ministers rarely lasted more than two years in office. Consequently this gave much power to bureaucrats and party factions.<sup>7</sup>

Another question mark regarding the new prime minister that may bring modifications to Japan's foreign strategy, is his apparently limited personal involvement in and focus on foreign policy and strategic affairs until he was chosen. The role of Toshihiro Nikai, Secretary-General of the LDP, might be even more significant. Toshihiro Nikai has been known for a more accommodating approach towards China. Secretary-General Nikai, a former economy minister, may choose to reflect the position of those who consider China much more of a vital economic partner for Japan than a potential threat.

On the other hand, the new defense minister Nobuo Kishi, the younger brother of former Prime Minister Abe, has a reputation for being close to Taiwan and eager to pursue the strategic choice of his brother regarding China, even though he mentioned the 1972 communique between Prime Minister Tanaka and Zhou Enlai in his first declarations.<sup>8</sup> The balancing act between these influential players surrounding Prime Minister Suga will have significant consequences on Japan's future China policy. This policy is also caught up in the tensions between Washington, Japan's closest ally, and China, however, and may also be influenced by the result of the November 2020 presidential election in the United States. The bipartisan consensus on China that does exist in the United States will not bring major changes, whatever the result of the elections. However, both the election of Joe Biden and the reelection of Donald Trump might put new pressures on Japan regarding China or its relations with the United States, for different reasons. If Joe Biden seems to be more eager to revive multilateral engagement, including the TPP supported by Japan, some in his entourage might be tempted to also return to a more accommodating policy regarding China that worries strategists in

<sup>7</sup> The Liberal Democratic Party (LDP) has been in power in Japan, with two interruptions, since 1955.

<sup>8</sup> <https://english.kyodonews.net/news/2020/09/71e56394f329-focus-china-wary-of-japans-pro-taiwan-new-defense-ministers-moves.html>

Japan. On the other hand, Donald Trump's reelection is no guarantee that the US will not look for a "deal" either with China or even North Korea, or that more pressure will not be put on the Japanese government to increase its financial support of US military bases in Japan.<sup>9</sup>

Soon after becoming prime minister, Suga did give each of his 20 ministers two priority tasks. To Foreign Minister Toshimitsu Motegi he gave the missions of strengthening US-Japan relations and implementing the "Free and Open Indo-Pacific" concept coined by Prime Minister Abe. Whatever the result of the United States elections, uncertainties regarding the Japan-US relations and the need for reassurance will not be completely resolved.

All these changes will take place in the context of the major destabilizing factor in the region and elsewhere, that of the conjunction of two related issues: China's growing aggressiveness and COVID-19.

#### *A more aggressive China in the context of the COVID-19 pandemic*

The COVID-19 pandemic will have dramatic and long-term consequences for Japan and the world, imposing a new focus on health issues but also on the economic consequences of the pandemic.

In terms of health, Japan, maybe at the price of a full closure of the country, an exception among the G7 members, suffered less than most of its partners. The number of cases, albeit difficult to evaluate due to a relatively low level of testing, is no more than 90,000 as of October 2020 and – more significantly – as in other countries in Asia, the number of deaths is

extremely low, under 2,000.

Concerning the economy, however, the consequences are dire. Japan's economy has seen its biggest contraction since 1945 with a drop of 28.7% for the period April-June 2020.<sup>10</sup> Another significant figure is the fall of exports by more than 15% in August 2020. Even while exports to the United States were down 20% in August, those to China were up 5%.<sup>11</sup> These figures can only strengthen the arguments of those who believe that the importance of China as a vital economic partner for Japan in times of great difficulties must prevail.

At the same time, China's posture regarding Japan and territorial issues remains non-accommodative. China's assertiveness in the East and South China Sea and the Senkaku Islands is not new, nor is the constant development of China's military capabilities. Moreover, contrary to what might have been expected, these did not abate during the COVID-19 pandemic crisis. On the contrary, for Xi Jinping and the Chinese leadership, in spite of the counterproductive effects of this provocative strategy, ideology and domestic concerns took precedence over pragmatism and nationalist tensions over accommodation.

For Japan this posture translated into increased encroachment in contiguous waters surrounding the Senkaku Islands. Published in July 2020, the "Defense of Japan" White Paper mentions the "relentless attempt to unilaterally try to change the status quo around the Senkaku Islands and in the South China Sea by using coercion and pressure".

From April 2019 to August 2020, Chinese

<sup>9</sup> Japan's contribution is approximately US\$1.9 billion, representing more than 85% of the cost of the bases in Japan. In 2019, Donald Trump considered asking Japan to increase its contribution to US\$8 billion. <https://foreignpolicy.com/2019/11/15/trump-asks-tokyo-quadruple-payments-us-troops-japan/>

<sup>10</sup> <https://www.japantimes.co.jp/news/2020/09/02/business/economy-business/Japan-gdp-drop-record/>

<sup>11</sup> <https://apnews.com/article/global-trade-china-japan-virus-outbreak-archive-4ec602b9d385ba95b6d1af9622ce4cde>

ships were present in contiguous waters on a quasi-permanent basis (456 out of 519 days). There were four Chinese coast guard incursions in territorial waters in 2019 and seven in 2020, including one in July when Chinese ships stayed in these waters for 39 hours.<sup>12</sup> On October 11, 2020, Chinese vessels beat that record, staying 59 hours in Japanese territorial waters. This pressure puts great stress on Japan's Maritime Self-Defense Force and Coast Guard units that must remain on constant alert.

This strategy of pressure that did not abate during the COVID-19 pandemic goes against the efforts of those who support closer relations with China, and who were at the origin of the planned but postponed state visit by President Xi Jinping to Japan.

### ***Complex choices***

Only a few days after his nomination, the prime minister had a phone call with President Xi Jinping of China, the first telephone call between the leaders of Japan and the PRC since 2018. At the same time, the nationalist journal *Global Times*, whose editorial stance is close to that of the Chinese leadership, warned the incoming prime minister not to have a phone call with President Tsai of Taiwan and to refrain from visiting Yasukuni Shrine in an attempt to impose strict limitations on the margin of manoeuvre of the new Suga cabinet, playing on the reticence of some to see tensions between Japan and China increase.<sup>13</sup> China's official press also stressed the necessity for Japan and its new government to maintain good relations with China by focusing on "win-win" and mutual interests.<sup>14</sup>

The global context, a few weeks before the

presidential election in the United States and the second Quad meeting in Tokyo with the participation of Secretary of State Michael Pompeo, also played a role in China's tentative "charm offensive" towards Japan.

However, if Prime Minister Suga might prefer a more balanced policy towards China, in line with the latest evolutions by the Abe Cabinet, public sentiment against China is deteriorating and might weigh on his decision. After the report that President Xi Jinping's state visit had been postponed due to the COVID-19 pandemic, pressure to cancel the visit altogether has been mounting.

According to a public opinion poll published in July, 62% of the people polled were in favor of cancelling the visit. In terms of perception, 90% expressed a negative perception of China.<sup>15</sup> At the press conference following the phone call with President Xi Jinping, Prime Minister Suga specifically mentioned that the state visit was not discussed. Moreover, Prime Minister Suga's first exchanges were with his closest allies, the other members of the Quad (United States, Australia and India). During his phone call with President Donald Trump, it was again repeated that the Japan-US alliance remains the cornerstone of peace and stability in the region.

### ***The legitimacy of the Japanese debate on defense***

Most preoccupying for China is the growing debate on defense in Japan. If the general public puts COVID-19 and the economy before the China threat, with the support of some in economic circles eager to pursue business as usual with China under the protection of the American umbrella, the perception of China

12 <https://english.kyodonews.net/news/2020/07/e4254412da9f-chinas-longest-dispatch-of-ships-near-senkaku-serious-japan.html>

13 <https://www.globaltimes.cn/content/1201482.shtml>

14 <http://en.people.cn/n3/2020/0926/c90000-9764569.html>

15 <https://asia.nikkei.com/Politics/International-relations/Cancel-Xi-Jinping-s-visit-to-Japan-say-62-in-Nikkei-poll>



as a threat and a factor of instability in the region is nonetheless growing, and is one of the fundamental elements driving debates on defense capacity and deterrence in Japan.

Minister of Defense Taro Kono has been replaced by Nobuo Kishi, known to share the strategic vision of his brother, former Prime Minister Abe, on China's growing assertiveness, particularly in the maritime domain. Nobuo Kishi may follow the path of his elder brother, who launched Japan into a necessary rethink of its defense policy following the adoption of a national security strategy in 2013, the new national security legislation in 2015 and the new defense guidelines of 2019.

The defense budget remains close to 1% of the GDP, at 1.1% for the 2020-2021 fiscal year. However, the budget increase from 2012 (an all-time low) to 2019 has been 13%, reaching US\$48.6 billion, a clear sign of the realization that defense does matter in an increasingly uncertain environment.<sup>16</sup>

In terms of capabilities for Japan, the stress is on building a "multidomain defense force" able to defend its territory, including remote islands, but also to give the JSDF the capacity to implement more proactive contributions to peace, including far away from its shores, as well as to undertake collective self-defense following the adoption of the new security legislation in 2015, one of the major achievements of Prime Minister Abe's administration.<sup>17</sup>

The new government seems intent on keeping the right balance between maintaining a functioning relationship with China but also demonstrating Japan's engagement at its own level of capabilities – both military and diplomatic – to counter the PRC's increasing

aggressiveness and destabilization efforts. In September 2020, the JSDF participated once more in joint exercises in the South China Sea and in the Indian Ocean, mobilizing JS *Kaga*, Japan's largest naval vessel, as well as a submarine and other destroyers. There was a port call in Vietnam, and the new prime minister's first visit abroad was to Japan's closest Southeast Asian partners in Vietnam and Indonesia.<sup>18</sup>

Japan's role might be one of strategic balance, adapted to its capacities, between its closest and indispensable ally the United States, an increasingly engaged European Union and member states to which the foreign minister was dispatched on a tour a few days after the nomination of the new cabinet, as well as Quad and regional allies. If this is confirmed, it will do much to further increase Japan's significance in its region and beyond.

16 The US' budget is US\$738 billion and the PRC's US\$177 billion.

17 <https://www.csis.org/analysis/new-Japan-self-defense-force-missions-under-%E2%80%9Cproactive-contribution-peace%E2%80%9D-policy>

18 [https://www3.nhk.or.jp/nhkworld/en/news/20201010\\_18/](https://www3.nhk.or.jp/nhkworld/en/news/20201010_18/)