Japan’s Strategic Balancing Act in Southeast Asia

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EXECUTIVE SUMMARY

- China's growing naval power, BRI economic diplomacy, and revisionist regional governance ambitions converge in Southeast Asia to threaten Japan's vital interests.

- Under his "Free and Open Indo-Pacific" strategic vision announced in 2016, Prime Minister Shinzo Abe has moved to counter this threat while maintaining both robust trade relations with China and regional stability.

- However, Japan cannot act independently to counter China's revisionist ambitions due to domestic and international constraints.

- Japanese policy in Southeast Asia skirts these dilemmas through collective action with the US, Southeast Asia states, and external stakeholders to uphold the rules-based order (RBO) in minimally provocative ways and defend its vital interests in Southeast Asia.

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INTRODUCTION

In his keynote speech at the 2014 Shangri-La Dialogue, Prime Minister Shinzo Abe cited Japan’s commitment to the international rule of law; his desire to make greater “proactive contributions to peace;” and a pledge: “Japan will offer its utmost support for efforts by ASEAN member countries to ensure the security of the seas and skies and rigorously maintain freedom of navigation and overflight.”

The Free and Open Indo-Pacific (FOIP) strategic vision that Abe unveiled in 2016 vows to maintain the rules-based order (RBO) against rising challenges. Japan’s FOIP has three policy foci: 1) the rule of law with emphasis on freedom of navigation and free trade; 2) prosperity through regional connectivity via quality infrastructure, educational and cultural exchange, and trade agreements; and 3) regional peace and security through contributions to maritime security, humanitarian and disaster assistance, non-proliferation activity, and peacekeeping.

The RBO is today nowhere challenged more than in Southeast Asia. China’s nine-dash line claim to exclusive sovereignty not only brings it into conflict with the EEZ and territorial claims of other coastal states, but also repudiates freedom of navigation under international law. China’s assertive use of growing maritime paramilitary and naval power to enforce its claimed governance rights threatens the maritime security of other states, as well as regional stability. Finally, spearheaded by its Belt and Road Initiative (BRI), China penetrates partner economies and cultivates excessive economic control and dependence.

These Chinese political, military and economic policy vectors converge in Southeast Asia to strongarm governments into obeying China’s dictates rather than standing up for their nations’ lawful rights and interests. How Japan is meeting this challenge to the RBO—even as Japan seeks to maintain profitable bilateral relations with China and regional stability—is discussed below.

THE DIMENSIONS OF JAPANESE POLICY IN SOUTHEAST ASIA

To survive and prosper, the labour-scarce, land-poor, resource-poor and aging archipelagic nation of Japan needs open and secure connectivity as well as open and rules-based trade and investment relations. The free-trading RBO has given Japan all these conditions, but to meet new doubts and uncertainties, Abe seeks to partner with like-minded nations to reinforce the RBO. But to gain new partnerships and strengthen existing ones, however, Japan must bring something new to the table.

In the economic dimension, Japan seeks enhanced attractiveness as a trade and investment partner. In the political dimension, Japan desires more carrots and sticks to ensure that its interests are taken into account when other governments make policy decisions that affect Japan’s interests.

In the security dimension, Japan cannot deter or defeat critical threats to sea lanes by itself due to legal, political and capacity constraints. Therefore, Japan seeks new security capabilities and work with other RBO stakeholders to advance shared strategic aims.
Finally, in the soft power dimension, Japan wants to strengthen cultural relations which identify Japan as a peace-loving and trustworthy nation. According to a 2018 survey of ASEAN elite opinion, Japan’s 65.9 percent “trust” rating ranked it first while China’s 19.6 percent rating put it last. In terms of “distrust,” China scored the highest at 51.5 percent while Japan scored lowest at 17 percent. This area is therefore not problematic for Japan so we will focus on the political, economic, and security policy dimensions where China’s advantages lie. The new capabilities and partnerships that Japan is developing are indicated below.

POLITICAL PARTNERSHIP

One of Abe’s first actions upon taking office in December 2012 was to invite ASEAN leaders to Tokyo for a special Commemorative Summit in December 2013. He was anxious to blunt China’s use of history issues to ostracize Japan, and to introduce Japan’s new “proactive contribution to peace” strategic agenda to Japan’s longstanding Southeast Asian partners. In a preview of Japan’s subsequent policy vectors, the summit statement emphasized maritime security, freedom of navigation, free trade, and Japan’s proactive contribution to peace agenda. A two-year, two trillion-yen ODA package included money for new forms of assistance: “quality infrastructure,” maritime patrol vessels, and support for the rule of law that among other things has come to include more varied and numerous Japanese coast guard and naval cooperation missions in Southeast Asia. ASEAN-Japan Summits during the annual cycle of ASEAN-related leadership meetings have been very useful in easing meetings between Abe and ASEAN leaders collectively and individually to move this agenda forward.

SECURITY PARTNERSHIPS TO SUPPORT MARITIME SECURITY

Japan’s security and defense policy focus in Southeast Asia is both non-traditional and traditional maritime security. Sea lane security under the RBO is the strategic priority. Increased JCG and JMSDF capabilities to expand partnership roles and missions with like-minded nations within Constitutional constraints is the method adopted to address the issue.

The key aim with Southeast Asian coastal states is to build their capacity to monitor and protect their own maritime jurisdictions and rights.

The aim with external stakeholders is to use a strengthened US-Japan alliance as the foundation; consolidate strategic partnerships and establish joint operational routines with quad and other interested powers; and assist all like-minded stakeholders to network and collectively defend maritime security and the rule of law.

Japan’s 2016 Defense White Paper cited China’s attempts to change governance in the maritime domain:

“…changing the status quo by coercion based on its own assertions incompatible with the existing order of international law. These actions include dangerous acts that could cause unintended consequences. China is poised to fulfill its unilateral demands without compromise, which has
included making steady efforts to turn these coercive changes to the status quo into a fait accompli.”

But striking new security partnerships and roles in Southeast Asia had to wait until Abe pushed through legislation that revised the government’s interpretation of the Constitution in 2015.7

In 2016 Abe extended security cooperation in new directions. He invited Indonesian president Joko Widodo to Japan where Widodo agreed to set up the Japan-Indonesia Maritime Forum to provide Indonesia with enhanced port and infrastructure development, maritime patrol capabilities, and bilateral naval cooperation to strengthen Indonesia’s maritime sovereignty.8 Philippine president Rodrigo Duterte met with Abe in Tokyo in October 2016 after visiting Beijing to receive 10 small patrol boats and a Japanese ODA pledge to supply two 90-meter coast guard patrol vessels. In return, Duterte pledged resolution of South China Sea disputes in accordance with international law.9 Abe soon met Duterte again and pledged ¥1 trillion (USD 9.18 billion10) over five years for infrastructure, investment, and rehabilitation of the victimized city of Marawi, and Duterte agreed to enhanced maritime and security cooperation.11 Abe then visited Vietnam to pledge ODA financing for six new patrol vessels on top of a previous pledge to grant six older patrol vessels, and both sides agreed to enhanced coast guard and naval cooperation.12

Regional military partnership

Until 2015, Japan’s postwar “Peace Constitution” was understood to categorically forbid “collective defense” i.e., a pledge to threaten and use of force to defend other states. Only the use of force to defend the territory and sovereignty of Japan against direct armed attack was thought permissible. Japan’s Self Defense Forces (SDF) were created in 1954 exclusively for this limited purpose. The US has since complained that under their so-called alliance, the US will defend Japan against attack while Japan will not defend the US if it comes under attack even when acting to defend vital Japanese interests such as sea lane security and regional stability.13

One element of landmark legislation pushed by Abe and passed by the Japanese Diet in September 2015 reinterpreted the Constitution to permit the SDF to use military force as a final resort and then only to a minimally necessary degree to defend other states and their forces if they come under attack while defending Japan’s core or vital interests beyond Japan’s territorial limits.14 This tortured reinterpretation allows “limited collective self-defense” and permits Japan to develop overseas defense partnerships and regional security roles within these new parameters.

The implications are important. If free transit under international law throughout the Indo-Pacific is a vital Japanese interest, then the SDF can under certain circumstances forcefully defend allies that come under attack defending Indo-Pacific sea lanes. In view of the mounting threat to the security of these sea lanes in Southeast Asia,15 Japan is focusing on defense partnerships with countries inside and outside of Southeast Asia whose self-interest align with Japan’s vital interests in the South China Sea. Japan will be using enhanced military capabilities such as helicopter carriers converted to stealth jet aircraft carriers (see below) to support new partnership roles and missions in a collective defense of Southeast Asian sea lanes under the RBO.
For example, Japan joined the US and India in the annual Malabar naval war game as a permanent participant in 2015. The 2019 edition was hosted by Japan and brought together surface combatants, patrol aircraft, and submarines from the three parties to practice joint anti-submarine warfare. It was conducted in the East China Sea to coincide with China’s 1 October National Day 70th anniversary military parade. In 2018, Ground SDF troops joined the annual KAMANDAG Philippine-US amphibious beach landing exercise in the Philippines and joined again this year in what may be a continuing arrangement. The JSDF forces also joined the biennial Talisman Sabre amphibious landing exercises in Australia from this year.

Japan initiated the annual Japan Maritime Self Defense Force (JMSDF) Indo-Southeast Asia Deployment (ISEAD) last year. This is a two-month deployment by a helicopter carrier accompanied by destroyers and a submarine to develop joint operations and interoperability with partner naval forces. ISEAD 2018 made friendly port calls in India, Sri Lanka, Indonesia, Singapore and the Philippines to enhance mutual understanding and trust.

ISEAD 2019 began in May and saw the Japanese helicopter carrier Izumo (which is being reconfigured to launch stealth F35B fighters) and one destroyer exercise bilaterally with the US in the Malacca Strait and then with India in the Indian Ocean; it exercised multilaterally once in the Indian Ocean with French, Australian and US warships; and twice with naval combatants from Australia, France, the US, India and the Philippines in Southeast Asian waters. In June, the Izumo group exercised with the USS Reagan carrier battle group in the South China Sea and then conducted exercises and training with the Philippine and Brunei navies. The ISEAD 2019 task force made friendly port calls in Brunei, Malaysia, the Philippines, Singapore and Vietnam.

“Coast guard diplomacy”

Prior to China’s coordinated use of paramilitary fishing fleets and coast guard vessels to unilaterally occupy, administer, and develop disputed South China Sea land features and maritime zones, the Japan Coast Guard (JCG) focused on traditional navigational safety, environmental protection, and law enforcement (anti-piracy) protection in Southeast Asia and the Indian Ocean region under ReCAAP auspices since 2006.

After Abe took office and implemented his “proactive pacifism” regional diplomacy, Japan’s coast guard diplomacy gathered attention because it began to address China’s paramilitary “gray zone” threats to sovereignty and security in the maritime domain. Japan developed ways to help Southeast Asian coast guards improve their capacity to monitor and enforce EEZ rights in accordance with international law. Japan altered its ODA programme to grant modern patrol vessels and dual use domain awareness equipment as development assistance, as well as provide technical training by the JCG and the MSDF to Southeast Asian coast guards and navies. The JCG also expanded its bilateral and minilateral joint exercises and joint patrol activity with regional partners to strengthen the RBO in Southeast Asia.
ECONOMIC PARTNERSHIP

Japan’s current infrastructure projects in Southeast Asia are valued at $321.8 billion, more than current Chinese projects worth $255.3 billion—notwithstanding China’s highly touted BRI. This is partly explained by the “quality infrastructure initiative” (QII) that Abe announced in 2015, a five-year $110 billion package to provide comprehensively feasible and sustainable Japanese projects in partnership with the Asian Development Bank and Japan’s private sector.

In 2018, Southeast Asia accounted for about 15 percent of Japan’s two-way trade, ranking it a close third behind China and NAFTA. Southeast Asia hosted some 12,500 Japanese firms and 190,000 Japanese expatriates, and received 5 million Japanese tourists in 2018. This compares with 13,685 Japanese firms (249 less than in 2015) and 124,000 Japanese expatriates in China in 2018, and only about 2.5 million Japanese tourists visiting China in 2016.

Japanese direct investment in Southeast Asia reached $29.8 billion in 2018, bringing the cumulative investment to $228.9 billion, while Japanese investment in China was only $10.8 billion in 2018 with the cumulative investment reaching $123.8 billion—only 54 percent of Southeast Asia’s figure.

Even before the Sino-US trade war loomed large, Japanese firms began thinking that Southeast Asia might be a better long-term bet than China, and today the IMF projects China’s GDP growth to fall to 5.8 percent in 2020. This is a high figure compared to the global average but the fall nevertheless raises risks of financial and political instability in China.

Meanwhile, Southeast Asian economic initiatives draw Japanese investor interest. These include the ASEAN Economic Community Blueprint 2025 that promises to make ASEAN the world’s fourth largest economy by 2050; the TPP 11, the world’s third largest trade bloc that includes Japan, Brunei, Singapore, Malaysia and Vietnam; and an RCEP agreement that promises to form the world’s largest trade block if signed today.

Subregional Japan initiatives also enhance the investment environment in Southeast Asia. Abe used longstanding Mekong-Japan Cooperation to pledge ¥750 billion ($6.89 billion) for QII connectivity projects and to elevate Japan’s relations with Cambodia, Myanmar, Laos, Vietnam and Thailand at a 2015 summit. A repeat Mekong-Japan summit in 2018 committed Japan to support the Indochina countries’ ACMECS initiative consistent with QII connectivity, people-centred society, and environmental sustainability. Japan’s Indochina partners pledged to support Japan’s FOIP vision of integration into the Indo-Pacific under the rule of law.

BALANCING CHINA WHILE MAINTAINING STABLE RELATIONS WITH CHINA

Japan’s FOIP efforts to resist China’s ambitions in Southeast Asia and elsewhere might seem to contradict Japan’s interest in maintaining robust bilateral trade relations and regional stability. Japan squares the circle in several ways.
Japan has taken to heart Deng Xiaoping’s dictum to “never take the lead” in foreign affairs. Regional stability is maintained by a robust US strategic presence that deters adventurism. Japan’s role is to support and augment this US presence in non-provocative ways.

Japan may evince concern and anxiety over Chinese threats to the RBO, but it hardly reciprocates the animosity that China shows Japan. Japan has been willing to explore the potential for cooperation with BRI, especially after Chinese premier Li Keqiang visited Japan in May 2018 to explore Sino-Japanese economic cooperation opportunities after the Sino-US trade war became a reality in spring 2018. During his visit, Li invited Abe to visit China in October 2018. Discussions during both visits featured pledges of Abe cooperation.

Meanwhile, Japan has reassured others that Japan’s Free and Open Indo-Pacific initiative would not force them to limit cooperation with China’s BRI. To show sincerity, Japan has with Thailand’s blessing tried to coordinate its East-West railway connectivity projects in Thailand with China’s North-South railway connectivity projects. Despite the political will among the three governments to achieve joint planning and implementation of conjoined agendas, the mismatch of profit needs, risk tolerance, and project execution protocols between Chinese SOEs and Japanese private corporations has been and will continue to be difficult to overcome.

As things stand today, China’s leverage over Japan is limited. Abe’s active partnership diplomacy has frustrated China’s campaign to ostracize, isolate and subordinate Japan that began in the Koizumi years. Current Chinese military and paramilitary pressures on Japan cannot escalate further without inviting both a US response under the US-Japan security treaty and a critical change in domestic Japanese opinion regarding the need for constitutional revision and military rearmament. And China cannot easily find ways to punish Japan economically because, even leaving aside the Sino-US trade war, it is too dependent on Japanese economic cooperation.

Since the start of the trade war, the Sino-Japanese bilateral mood has steadily improved and by spring 2019, the Chinese expressed a desire for president Xi Jinping to meet the Emperor during the June G-20 meeting hosted by Japan. Xi, who had a hastily arranged meeting with the Emperor in 2009 while visiting as China’s vice-president, was told that the Emperor’s schedule was too busy but if he visited in spring 2020 a meeting could be arranged, and a visit has been agreed.

CONCLUSION

This discussion has shown that Japan has managed its complicated domestic and international situation that features conflicted economic and strategic priorities in such a way as to advance its strategic agenda in Southeast Asia in partnership with a variety of Southeast Asian and extra-regional stakeholders.

It may be worth adding that Japan’s Free and Open Indo-Pacific “lesser power” strategic vision makes it difficult to anticipate strategic dynamics for great powers. In the short term, with the new US FOIP infrastructure assistance agenda beginning in 2018, Japan is partnering with the US, Australia, India and Europe to expand the scope of QII. In the
longer term, as others explore this new Indo-Pacific strategic game, India for example is looking to counter Chinese encirclement and defend its interest in South China Sea oil field development by building strategic cooperation with a Russia that today is aligned with China but is willing to help India construct a land route to Europe, is willing to sell weapons in the Indo-Pacific, and is eager to partner with India in Indo-Pacific development. Complicated new possibilities are also emerging as Japan cooperates with Russia in a big way to develop its arctic Yamal gas resources.

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2 The State of Southeast Asia 2019, ISEAS Yusof Ishak Institute, 2019. p. 31.


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