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Japan’s Foreign Policy Direction under Kishida

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Japan’s Prime Minister Kishida Fumio speaks during a press conference at the Prime Minister’s Office in Tokyo on November 10, 2021. Photo: Stanislav Kogiku/POOL/AFP.

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EXECUTIVE SUMMARY

- Japan’s new prime minister, Fumio Kishida, was elected amid rising Sino-Japanese tensions and hardening Japanese threat perceptions vis-à-vis China.

- Kishida has a reputation for having a moderate and relatively dovish approach to foreign policy, but he won the election in part by campaigning on a more assertive foreign policy platform, especially with regard to China.

- Kishida’s shift reflects a changing external environment and the ascent of hawkish views within the ruling Liberal Democratic Party (LDP), which will constrain him in office.

- His early foreign policy pronouncements and manoeuvres suggest that he will maintain the basic trajectory of Japan’s foreign policy while introducing some important new foci, such as added emphasis on economic security.

- Southeast Asian audiences generally favour pragmatism and incrementalism in Japanese foreign policy and a flexible Japanese approach to the concept of a free and open Indo-Pacific (FOIP).

- Southeast Asian governments will look to the Kishida administration to continue providing a quiet but robust presence in the region economically, diplomatically, and to a lesser extent, in the security domain.
INTRODUCTION

On 4 October 2021, the Japanese parliament elected Fumio Kishida as the new prime minister. Kishida took over at a difficult time for the ruling Liberal Democratic Party (LDP). His predecessor, Yoshihide Suga, stepped aside only after a year in office, after having faced steep public disapproval for post-Olympic waves of Covid-19, a slow vaccine rollout, economic stagnation, and mounting security threats.

Kishida, however, managed to shore up his position in parliamentary elections on October 31, when the LDP exceeded expectations and retained a majority of seats in the Diet’s lower chamber. This provides him with some political breathing space and a mandate, if not a particularly strong one, to begin implementing his policy agenda.

Kishida must now lead Japan through a range of challenges at home and abroad, many of which pertain to foreign policy. On the security front, he will need to address rising tensions around Taiwan, waxing Chinese pressure and capabilities in the East and South China Seas, and a new round of North Korean provocations. Economically, Kishida has pledged to enhance Japan’s “economic security,” particularly by stabilising supply chains and stemming Chinese intellectual property theft and other predatory trade practices. To recover the LDP’s appeal, he also needs to deliver his promise of a “new form of capitalism” that will help Japan recover from the pandemic and spread the benefits of growth more equitably.¹

Meeting these challenges will require Kishida to solidify the U.S.-Japan alliance, and enhance security cooperation with other key Indo-Pacific actors, such as India, Australia, Vietnam, and the Philippines. It will also require renewed economic and diplomatic investment, particularly in South and Southeast Asia, as part of Kishida’s espoused vision for a Free and Open Indo-Pacific (FOIP). At the same time, Kishida will need to navigate Japan’s deteriorating relationship with China deftly, preserving trade and investment to support economic recovery and open lines of communication to manage potential crises. More generally, Kishida will have to protect Japan’s relatively central position in the evolving economic, diplomatic and security networks that define the Indo-Pacific order. Japan’s engagement with Southeast Asia will be crucial to achieving these objectives.

This Perspective assesses Japan’s recent foreign policy trajectory, whether Kishida may chart a new course, and the implications of this for Southeast Asia.

JAPAN’S RECENT TRAJECTORY

Kishida has taken the helm at a time when perceived threats from China occupy centre stage in Japanese foreign policy. In recent years, Beijing’s military modernisation and assertive behaviour around Taiwan and in the disputed Senkaku/Diaoyu and Spratly Islands have magnified Japanese security concerns. Chinese trade and investment barriers, cyberattacks, supply chain disruptions, and feuds over intellectual property and technology transfers have also fuelled growing fears about Japan’s economic security. Nevertheless, Japan must continue to engage constructively with Beijing to avoid unwanted conflict and recover from
the adverse economic effects of the pandemic. China remains Japan’s top trading partner by a large and growing margin, accounting for more than US$300 billion in external trade in 2020 – nearly a quarter of Japan’s total and much more than Japan’s US$190 billion with the United States.²

The dilemmas Kishida faces in dealing with China are not new for Japan. Suga’s predecessor, Shinzo Abe, steered between hawkish and pragmatic impulses during his second stint as prime minister from 2012 to 2020. Abe initially advanced a bold, assertive foreign policy and a more confrontational stance toward China. His “Abe Doctrine” emphasised a more “proactive contribution to peace,” an expanded Japanese role in development finance to counter China’s Belt and Road Initiative (BRI), and formation of a “democratic security diamond” by enhancing the Quadrilateral Security Dialogue (the “Quad”) between Japan, India, Australia and the United States.³ Abe’s enunciation of the FOIP concept in 2016 reinforced these themes, though it did not yield a concrete strategy.⁴

Kishida served as Abe’s foreign minister throughout that period. In contrast to Abe, he earned the reputation as a moderate who urged restraint and caution in Japan’s foreign relations, particularly with China. Kishida notably described Abe as “conservative, dare I say hawkish” while calling himself “liberal, dovish.”⁵ The views of Kishida and other moderates gradually prevailed, and in its latter years, the Abe administration mended fences with China and settled into a lower-key, less assertive approach. Japan engaged with China economically and diplomatically while seeking to strengthen its self-help defence capabilities and its alignment with fellow Quad states. Japan also quietly competed with China for influence in Southeast Asia and elsewhere through multilateral diplomacy, maritime capacity building, trade, aid, and infrastructure finance.⁶

That more moderate approach has come under challenge over the past two years as China tightened the screws on Taiwan, intensified repression in Hong Kong and Xinjiang, advanced its maritime claims more assertively, and demonstrated new defense capabilities such as a hypersonic missile. Legislators in Tokyo have clamoured for stronger responses. A new round of North Korean nuclear tests and heightened friction with South Korea have also spurred conservative lawmakers to demand a more assertive, nationalistic foreign policy.

The Suga administration obliged. It flayed South Korean court orders awarding reparations to comfort women,⁷ publicly sparred with Beijing after voicing “serious concerns” about Hong Kong and Xinjiang,⁸ and adopted Japan’s largest-ever defence budget to support development of cyber and space technologies, advanced anti-ship missiles, and stealth fighters to address threats from China and North Korea.⁹ After an April summit in Washington, Suga and US President Joe Biden issued a joint statement featuring stern messages for Beijing and Pyongyang and pointedly mentioning the Taiwan Strait – a topic avoided for decades in joint U.S.-Japan communiques.¹⁰ Other high-profile Japanese statements on Taiwan reinforced the possibility, if not the occurrence, of a shift in Japan’s longstanding policy of strategic ambiguity on Cross-Strait relations.¹¹ Moreover, Suga issued a 2022 defence budget request that could break the country’s longstanding cap of one percent of GDP.¹²
Suga’s approach to Southeast Asia also reflected Japan’s rising concerns about China. He reaffirmed the FOIP concept and took his first overseas trip to Hanoi and Jakarta, signing an equipment transfer agreement with Vietnam and emphasising maritime security in cooperation with Indonesia. In response to the coup in Myanmar, Japan issued a condemnation and eventually suspended aid but refrained from joining Western-led sanctions, in part to avoid driving the junta into Chinese arms.

Japan also continued to compete with China’s BRI and the China-led Asian Infrastructure Investment Bank (AIIB) by maintaining its Quality Infrastructure Investment initiative and investing in the ASEAN region, including through the Partnership for Quality Infrastructure, a 2015 initiative devised with the Asian Development Bank and widely understood as a counter to the BRI and the AIIB.

Despite problems in managing Covid-19 domestically, Japan engaged actively in vaccine diplomacy, emerging as the top bilateral provider of emergency financial relief and sending millions of vaccine doses to Vietnam, Thailand, Malaysia, Indonesia and the Philippines in summer 2021. Overall, the Suga administration edged back toward the more assertive foreign policy of Abe’s early years.

**WILL KISHIDA CHART A NEW COURSE?**

Despite his dovish reputation, Kishida will likely continue along the path Abe and Suga set. In the LDP process leading to his election, Kishida campaigned as a status quo candidate. He faced stiff competition on the right from Sanae Takaichi, an Abe protégé who favours revising Article 9 – the pacifist provision in Japan’s constitution – and advocated doubling Japan’s defence spending. Kishida nevertheless attracted considerable support from party hawks, in part by taking a tougher line on China. He expressed “deep alarm” at aggressive Chinese economic and diplomatic behaviour; endorsed bolstering Japan’s defence and long-strike deterrent capabilities; and pledged to work with “like-minded democracies” to address abuses in Hong Kong and Xinjiang. These positions helped him secure eventual support from Takaichi and outmanoeuvre the moderate Taro Kono to become prime minister.

Whether Kishida’s campaign rhetoric amounted to political posturing or reflected a genuine change of heart, the prevalence of China sceptics in the LDP will constrain him. The recent parliamentary election leaves the LDP with 261 of the 465 seats in the Lower House of the Diet – down from 276 seats – and the LDP remains internally divided as it prepares for the Upper House election in summer 2022. As analyst Sheila Smith notes, one of Kishida’s key challenges will be to “straddle the cleavages displayed in the LDP leadership race.” A dovish turn in foreign policy would widen the cleavage between party conservatives and moderates. Trends in Japanese public opinion and the growing vote share of the nationalist Japan Innovation Party, Nippon Ishin no Kai, adds to the LDP’s incentives to guard its flank to the right. Internationally, a more dovish China policy would put Kishida at odds with the United States, undermine prospects for a more muscular Quad, and encourage Southeast Asian partners to adopt more accommodative stances toward Beijing. All of this makes a significant dovish shift unlikely.
A markedly more hawkish turn is possible, though not likely in the months ahead. As part of the LDP’s moderate Kochikai faction, Kishida has long emphasised stability in Sino-Japanese relations and multilateral approaches to regional challenges. He hails from Hiroshima, and one of his signature priorities is nuclear abolition, making him an unlikely champion of a dramatic surge in military spending. In the past, Kishida has been sceptical of revising Article 9 to ease constraints on Japan’s military, and although support for revision has grown in the Diet, the issue remains deeply divisive in Japan. Discord exists even within the ruling coalition, which includes LDP moderates and the LDP’s junior coalition partner, the pacifist-leaning Komeito. Revising Article 9 would require two-thirds support in parliament and a national referendum, making this potentially seismic change improbable, at least before the next Upper House election. Moreover, a serious push to revise Article 9 would elevate tensions with Beijing and Pyongyang substantially and elicit concerns from many other Indo-Pacific capitals, including Seoul.

Kishida’s foreign policy agenda will also have to serve important policy priorities at home. Covid-19 continues to present major challenges. A slow vaccine rollout and the fifth wave of the virus prompted a state of emergency lifted just days before Kishida took office. Although Japan’s population now has one of the world’s highest vaccination rates, lockdowns and supply chain disruptions have exacted serious economic costs, especially for small and medium enterprises. Kishida has promised a “new Japanese form of capitalism” to promote more equitable growth and redistribution. It is difficult to imagine delivering on that promise without a pragmatic approach to China and the region – one that promotes stability and trade.

Kishida’s early steps in office generally signal strong foreign policy continuity. Although he replaced many cabinet members, his retention of Foreign Minister Toshimitsu Motegi and Defence Minister Nobuo Kishi evinced an effort to stay the course. When the LDP appointed Motegi to its second-highest post of party secretary-general, Kishida appointed Yoshimasa Hayashi, a political ally who has served as minister of defence, education and agriculture. Hayashi favours engagement with China, has close ties to the United States, and is expected to take a nuanced approach to Beijing. This aligns with Kishida’s own apparent preferences and suggests that he is confident enough in his position to resist pressure for a prompt diplomatic escalation with Beijing.

On October 8, Kishida gave his first major policy address as prime minister, leading with an emphasis on Covid-19 and the economy before articulating a three-pronged foreign policy. In each area, his policy pronouncements and subsequent behaviour are broadly in line with the Abe-Suga approach, though with some notable elements of change.

First, Kishida expressed his “determination to fully defend the universal values of freedom, democracy, human rights, and the rule of law” and to “vigorously promote a free and open Indo-Pacific,” making use of the Quad and cooperating with “allies and like-minded countries, including notably the United States as well as Australia, India, and the countries of ASEAN, and Europe.” In a transparent reference to China, he flagged “worsening human rights issues” abroad, suggesting that Japanese criticism of developments in Hong Kong and Xinjiang will continue. He has also appointed Sanae Takaichi to his former job as head
of the LDP Policy Research Council, showing that Kishida is mindful of representing the party’s conservative wing in his administration. His appointment of conservative former Defence Minister Gen Nakatani as human rights adviser sends a similar message and has elicited anger in Beijing. These moves make apparent that Kishida does not intend to be seen as too soft on China.

The second priority Kishida outlined in his policy address is to safeguard Japan in an “increasingly severe” security environment and to “boldly engage in a reinforcement of [Japan’s] defence capabilities.” He emphasised the need to manage points of stress in the U.S.-Japan alliance, especially in Okinawa, and to address North Korea’s “totally unacceptable” nuclear and missile development and the abduction issue. He did offer, however, to meet with North Korean leader Kim Jong-un “without any conditions,” a shift in Japanese policy that carried forward a campaign pledge and earned praise from South Korean President Moon Jae-in. Navigating Japan-Korea relations will be one of Kishida’s most challenging diplomatic endeavours, and his opening to Kim suggests a more moderate approach than his predecessors.

Kishida’s speech also noted Japan’s new emphasis on “economic security,” and he has created a new cabinet post to address issues from cybersecurity to supply chains for rare earths and computer chips. This enjoys cross-party support within Japan and aligns well with priorities in Washington. Still, Japan’s handling of issues related to Chinese intellectual property theft and technology transfer will need to be managed with nuance to avoid further disruption in trade, investment, and multinational supply chains vital to Japan’s economic rebound.

The third of Kishida’s enumerated foreign policy priorities is to address global issues, including nuclear disarmament, non-proliferation, climate change, and trade. This focus suggests that elements of his liberal inclinations survive, though his administration has been criticised for failing to commit to phase out coal power at the COP-26 climate talks in Glasgow. At least in the short term, Japan’s focus on domestic economic recovery appears paramount. In line with that objective, Kishida promised to be “a flagbearer for free trade,” which will not be easy. U.S. domestic barriers make it unlikely that the Biden administration will rejoin the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Meanwhile, China’s bid to join the CPTPP before Taiwan puts Kishida in an awkward diplomatic position as China campaigns across the region to support its accession.

Kishida further emphasised the importance to Japan and the region of “building stable relations” with China – working with like-minded countries to “strongly urge China to act responsibly, while at the same time continuing dialogues with China and cooperating on matters of common interest.” In this respect, his speech struck a familiar balance in Japanese foreign policy. Whether Kishida can maintain that balance as China ratchets up pressure remains to be seen. Kishida’s Taiwan policy will be a key indicator, as Taipei seeks a stronger Japanese commitment.
IMPLICATIONS FOR SOUTHEAST ASIA

From most Southeast Asian perspectives, relative continuity in Japanese foreign policy would be welcome. In particular, Kishida’s likely continuation of quiet economic, diplomatic and security investment in the region aligns well with Southeast Asian preferences. Officials in most ASEAN states identify with Japan’s central foreign policy dilemma of maintaining constructive engagement with China while taking steps to constrain Beijing and shape its ambitions. Most ASEAN members thus welcome Japan’s efforts to provide a robust regional counterweight to China, but few if any wish to see Japan swing toward an expressly anti-China policy that would force them to take sides. Japan enables Southeast Asian governments to diversify in important respects, reducing reliance on China or the United States and ideally helping to mitigate the waxing “new Cold War” dynamics playing out in the region.34

Japan’s effort to offer an alternative to China-funded BRI projects is widely welcomed and is certain to continue, often in partnership with other Quad states and with the Asian Development Bank. Many Southeast Asian governments will also look to the Kishida administration to maintain leadership in vaccine diplomacy and general foreign aid provision as they seek to recover from the pandemic. Even in an era of domestic belt-tightening, Japan’s strategic interest in Southeast Asia ensures its continued role as a major donor. On the trade front, Kishida will likely renew Japan’s effort to recruit Southeast Asian participation in the CPTPP beyond the four current participants: Singapore, Malaysia, Brunei, and Vietnam. The Philippines, Indonesia and Thailand all have expressed interest, though substantial domestic opposition remains in all three states.35 Kishida may thus face an uphill climb to expand its leadership in trade.

In the security domain, the Kishida administration is likely to continue to offer enhanced capacity-building assistance, particularly for naval and coast guard operations germane to the South China Sea. The Philippines, Vietnam and Indonesia are apt to be among the most receptive, but given the varied Southeast Asian views on an expanding Japanese security role and Article 9 constraints, Japan almost certainly will continue to proceed incrementally in this area.

Diplomatically, there is little reason to expect that Kishida will take a much bolder tack. He observed as foreign minister that Abe’s initial vision for the Indo-Pacific received a cool response from Southeast Asian governments which were wary of democracy promotion, loath to antagonise China, and averse to ceding ASEAN’s central position in the regional order.36 Kishida is thus likely to maintain the more flexible approach to the FOIP that Japan has adopted since 2018 – one that does not directly challenge the principle of ASEAN centrality.

Overall, Southeast Asian audiences favour pragmatism and incrementalism in Japanese foreign policy. Japan’s low-key and relatively accommodating approach to Southeast Asia over the past several decades has won it a uniquely favourable reputation as a stable, trustworthy and unthreatening major power. That approach is not without important drawbacks, as it often entails soft-pedalling governance issues and may not suffice to arrest
rising Chinese influence. Nevertheless, it has enabled Japan to play a significant role in shaping the Southeast Asian regional order, and it remains the preferred path in ASEAN capitals. For both of these reasons, Japan’s Southeast Asia policy under Kishida can be expected to reflect much more continuity than change.

4 See Kei Koga, “Japan’s ‘Free and Open Indo-Pacific,’” Contemporary Southeast Asia 41:2 (2019).
7 See, e.g., “Japan’s foreign minister raps South Korea ‘comfort women’ ruling as ‘abnormal’” Japan Times, 18 January 2021.
8 See Rintaro Tobita, “Japan trades words with China over Uyghurs and Hong Kong,” Nikkei Asia, 6 April 2021.
12 Junnosuke Kobara, “Japan’s defense spending on brink of breaking 1% GDP cap,” Nikkei Asia, 18 August 2021.


“Japan PM contender Kishida vows to work with other democracies to counter China,” Mainichi, 13 September 2021, https://mainichi.jp/english/articles/20210913/p2g/00m/0na/035000c.


See “Foreign Minister reluctant to revise war-renouncing Article 9 of Constitution, for now,” Mainichi, 12 May 2017, https://mainichi.jp/english/articles/20170512/p2a/00m/0na/002000c.


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