

JAPAN ECONOMIC CURRENTS

A COMMENTARY ON ECONOMIC AND BUSINESS TRENDS

Japan's Foreign Policy Agenda after the Upper House Election: Where Shinzo Abe Will Try to Take Japanese Diplomacy

BY KEN JIMBO, KEIO UNIVERSITY

Golden Opportunity for the Abe Administration

The Liberal Democratic Party and its coalition partner, New Komeito, followed up their landslide victory in December's Lower House election by also securing a working majority in the Upper House election in July. As a result, the government led by Prime Minister Shinzo Abe is entitled to bring Japanese politics some long-awaited stability, given the absence of nation-wide election until July 2016. The more recent electoral victory marked the first time in six years for the ruling parties to hold majorities in both the Upper House and Lower House. Japanese politics had been suffering from a so-called "twisted Diet," in which the Upper House was ruled by the opposition. This divide effectively undermined crucial decision-making. And the frequent changes of leaderships—Japan has had six prime ministers, nine foreign ministers and nine defense ministers in the past six years—conspicuously

degraded Japan's political presence in the international arena.

The results of the two national elections, which have consolidated the Abe administration's political capital more firmly than at any other time in the past six years, bring Japan a golden opportunity to advance its foreign policy goals. In general, domestic stability creates favorable conditions for making a grand bargain in diplomacy. This is not only because internal stability generates strong external bargaining power, but because it also creates better conditions for making concessions at home. If skillfully managed, Abe's long-term leadership, with a high public support rate, can become the prime minister's most crucial foreign policy asset as he plays a two-level international/domestic game.

However, the Abe administration is facing an ever more challenging geopolitical environment, especially that close by. China has heightened its wariness regarding the Abe administration's so-called rightward

tendency. At this moment, no leads or gambits are at hand to bring about a Japan-China summit. South Korea is seemingly rapidly tilting toward China, as demonstrated by President Park Geun-hye's visit to China in June. As it does, it appears to be drawing away from Japan. Abe's strong commitment to resolving the abduction issue with North Korea during the present administration is not readily achievable. Negotiations with Russia on the Northern Territories allow for little optimism despite prospects for advancing bilateral economic and security partnerships. It can also be anticipated that participation in the Trans-Pacific Partnership (TPP) can involve domestic economic reforms that would have considerable repercussions.

It will be tough for Abe to achieve everything or any on his foreign policy agenda during his three golden years. Pushing through his priorities will require not only assertive diplomacy, but also continuous negotiations. Along the

Japan's Foreign Policy Agenda after the Upper House Election

way, compromises and concessions within Japan will become necessary. The question is whether Japan will be able to develop the kind of pragmatic political environment that makes these offensives and compromises possible.

'Favorable Balance of Power'

Is it possible, then, for this kind of pragmatism to be brought to bear under the Abe government? At the outset of the new administration, Prime Minister Abe himself announced, on an overseas website, the concept of a "security diamond" in Asia that is formed by Japan, the United States, Australia, and India. He also expressed the intention to engage in a brand of diplomacy that emphasizes such values as freedom, democracy, respect for human rights and the rule of law. This conveyed the impression in Japan and elsewhere that the diplomatic ideology of values symbolized by the first Abe government's "arc of freedom and prosperity" was making its appearance here with a greater determination to place checks on China.

As diplomatic policy has actually played out, however, it has increasingly made course corrections

in more realistic directions. In January, Prime Minister Abe, Foreign Minister Fumio Kishida and Finance Minister Taro Aso visited members of the Association of Southeast Asian Nations (ASEAN). During the trip, they unveiled the Five Principles of Japan's ASEAN Diplomacy, with a focus on economic and security cooperation. During his visit to the United States in February, in addition to confirming the solidarity of the Japan-U.S. alliance, Prime Minister Abe joined in issuing a statement that TPP negotiations would not be predicated on the elimination of tariffs on all items. On that basis, he announced in March his government's intention to officially participate in TPP negotiations. In April, the prime minister announced a joint political declaration with NATO that deepens Japan's security partnership with the western alliance. During a visit to Russia, also in April, Abe tightened consultative ties on both economic and security matters, and confirmed the acceleration of negotiations toward a peace treaty. Then, during his visit to Europe for the G-8 Summit in June, the prime minister again sought to strengthen relations, this time with Eastern European countries, while also exerting himself to obtain international

understanding and acceptance of his pro-growth economic policies — Abenomics. These diplomatic efforts have been guided by a multifaceted pragmatism of the Abe government, and they represent areas of great potential promise.

The Abe administration's foreign policy doctrine has now been frequently stated as "diplomacy that takes a panoramic perspective of the world map." In other words, it takes a bird's-eye view of global affairs. In responding to the changing balance of power in the Asia-Pacific region, Tokyo recognizes the need to pursue multifaceted and strategic diplomatic relations that cover and go beyond the region. Under this concept, Prime Minister Abe, in the eight months since he entered office, has tirelessly visited 20 countries. He has made the Japan-U.S. alliance the main axis of his approach while also strengthening relations with emerging economies and developing countries. Prime Minister Abe's direction in this is discernible. Japan is pursuing its own version of 'favorable strategic balance' and 'favorable balance of relations' to optimize its strategic position in the Asia-Pacific region.

Difficulties with China, South Korea

An evaluation of the Abe government's first eight months cannot omit certain issues where results have not necessarily been achieved—relations with China and South Korea. Prime Minister Abe places Japan-China relations as “one of Japan’s most important bilateral relationships” and expressed that “the door to dialogue is always open.” However, the sides have not fomented a political environment conducive to bringing about high-level Japan-China talks.

Prospects for normalizing diplomatic relations between Tokyo and Beijing remain dark. China frequently engages in intrusive behavior, violating territorial waters around the Senkaku Islands with patrol boats and other vessels, and there are no signs of it scaling down these activities. If China demands that Japan first recognize the existence of a territorial issue over the Senkaku Islands before it agrees to hold a summit, the opportunities for dialogue will narrow. Not even shelving the territorial issue would be acceptable since Tokyo insists there is no territorial issue to be shelved. The situation demands

Prime Minister Abe places Japan-China relations as “one of Japan’s most important bilateral relationships” and expressed that “the door to dialogue is always open.” However, the sides have not fomented a political environment conducive to bringing about high-level Japan-China talks.

skillful diplomacy. Both sides must tacitly agree to maintain the status-quo and not provoke an escalation.

Another issue is the conservative ideology in Japan in terms of its perspective on history. While campaigning before the December election, Prime Minister Abe expressed “great regret at being unable to pay respects at Yasukuni Shrine while serving as prime minister” during his previous term in office, from September 2006 to September 2007. Regarding the Yasukuni Shrine visits by Cabinet members in April, Prime Minister Abe stated that “my Cabinet members will not yield to any intimidation.” Looking ahead to the 2015 70th anniversary of the end of World War II in Japan, Prime Minister Abe has suggested that he intends to reconsider former Prime Minister Tomiichi Murayama’s 50th anniversary statement, which

expressed remorse and apologized for Japan’s past aggression and colonial rule, and instead release his own, future-oriented Abe Statement. Given this context, two of his remarks have led to backlashes in China and South Korea: “The Cabinet does not necessarily inherit the Murayama Statement just as it is.” And, “The definition of invasion is unspecified.”

At present, Prime Minister Abe has not specified whether he intends to visit Yasukuni Shrine to pay his respects during his term. He has also said historical problems should be left to historians. From the perspectives of China and South Korea, if they make too much of Japan’s history problem as part of their Japan policies, they risk losing a path to improved relations. Japan, China, and South Korea will need to avoid politicizing the history problem. Their key government officials and politicians will need

Japan's Foreign Policy Agenda after the Upper House Election

to avoid causing friction by the gratuitous venting of emotions. A political environment that enables the stable diplomatic pursuit of Japan-China and Japan-South Korea relations will have to be formed.

The Possibilities of Japanese Diplomacy

One wonders, then, what diplomatic objectives the Abe government will set for the coming three-year period, and what it will try to achieve? The following discusses the principal objectives to be set and the possibilities of their realization.

The first of these is to deepen the alliance between Japan and the U.S. and, as a part of that, to change the political interpretation of collective self-defense. Japan and the U.S. are groping toward the formulation of new defense cooperation guidelines in view of the rise of China and the uncertainties about North Korea. In order to deepen Japan-U.S. defense cooperation, therefore, the Abe government is seeking the acceptance of the right of collective self-defense to include security for U.S. naval vessels on the high seas and missile defense of the United States mainland and islands. The coalition partner New Komeito,

In order to deepen Japan-U.S. defense cooperation, therefore, the Abe government is seeking the acceptance of the right of collective self-defense to include security for U.S. naval vessels on the high seas and missile defense of the United States mainland and islands.

though, has strong reservations about changing the interpretation of Japan's war-renouncing Constitution and is very likely to seek a compromise that would limit the scope of any "collective self-defense" operations.

Expanding Japan's duties and defense roles is also important for the formulation of new National Defense Planning Guidelines (NDPG). As tensions rise to the southwest of Japan's main archipelago, particularly in the seas around the Senkaku Islands, the part Japan should play in a low-intensity conflict at sea is increasing. Seamless coordination by the Japan Coast Guard and the Maritime Self Defense Forces should be established by means of the NDPG, slated to be drafted at the end of this year. On that basis, the system for crisis escalation management, including the role of U.S. forces, needs to be strengthened.

The second objective is to strengthen relations with India, Australia, and ASEAN. These economies are keys in a multifaceted diplomatic strategy, and efforts are being made to find ways of strengthening collaboration with them, especially on matters of maritime security. Attention is particularly focused on implementing joint military exercises, supporting their building up maritime security capabilities (supplying equipment for that purpose, and making use of strategic ODA), and collaborating to strengthen the rule of law.

The third diplomatic objective has to do with Russia. The Abe-Putin summit in April yielded an agreement on deepening Japan-Russia economic and security cooperation and accelerating peace treaty negotiations to include the Northern Territories issue. Japan-Russia relations appear to have started moving, all of a sudden, but it still will not do to

be optimistic about peace treaty negotiations or resolution of the Northern Territories issue. However, Russia is actively pursuing a Japan policy to help promote such matters as Far Eastern and Eastern Siberian development and energy exports. Meanwhile, Russia is also putting more into its shift toward the rest of Asia, including Japan, as a hedge of its China policy. These moves present important opportunities for dramatic improvement in Japan-Russia relations.

Finally, the fourth and most important issue here is Japan's relations with China. Prime Minister Abe has long advocated improvement of "mutually beneficial strategic relations" with China. Even though eight months have passed since he took office, the prime minister has neither held a Japan-China summit nor a Japan-China-South Korea summit or foreign ministers' conference. The Senkaku Islands problem and the history problem lie between Japan and China. The two countries are now struggling over the preconditions for holding a summit. It is of the greatest importance for the security of the region that both Japan and China set conditions that are mutually acceptable and that they restore summit-level

It is of the greatest importance for the security of the region that both Japan and China set conditions that are mutually acceptable and that they restore summit-level diplomatic activity.

diplomatic activity. In a context of accelerating movement in U.S.-China summits and U.S.-China Strategic and Economic Dialogue meetings, the fact that political channels between Japan and China are not well established is cause for concern.

The biggest questions for the next three years will be whether the escalation of Japan-China tensions can be held in check, whether a crisis management mechanism

can be constructed and whether mutually beneficial relations can be built that reflect the reality of the two countries' mutual economic interdependence.

Ken Jimbo is an Associate Professor, Faculty of Policy Management, Keio University in Tokyo. He is concurrently a Senior Research Fellow, the Canon Institute for Global Studies and the Tokyo Foundation.

Publisher & Editor: Hiroshi Nakayama,
Keizai Koho Center
<http://www.kkc.or.jp/english/index.html>

KEIDANREN KAIKAN Floor 19
3-2 Otemachi 1-chome
Chiyoda-ku, Tokyo 100-0004 Japan
Phone: +81-3-6741-0031 Fax: +81-3-6741-0032 webmaster@kkc.or.jp

Keizai Koho Center (KKC) is an independent, non-profit organization designed to promote the understanding of Japan's economy and society at home and abroad. Its financial resources are derived entirely from the private sector.

KKC fosters a deeper understanding of Japan's basic social structure. Furthermore, it conducts public affairs activities to improve the Japanese people's recognition of Japan's global role.

The views expressed in this newsletter are of the contributors and do not necessarily represent those of the Keizai Koho Center.