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Japan's strategic choices

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From the Editors' desk

Japan 'crossed the Rubicon' after Russia's invasion of Ukraine. Unlike eight years ago when Russia annexed Crimea, the Kishida government quickly joined economic and financial sanctions against Russia with other Western countries. Japan also provided financial, humanitarian and even material support to Ukraine despite Russia's threat of blackmail through cutting off its energy supplies.

Japanese policy leaders have repeatedly stressed that Russia's invasion of Ukraine was a clear violation of international law, and that Japan should stand up for upholding a 'rules-based' international order. For the first time, the term 'international order' appeared so many times in Japanese foreign policy statements. Japanese people have generally stood behind the Kishida government's foreign and security policy activism, including with support for a hike of the defence budget.

Yet there are problems and uncertainties about Japan's future course. Can Japan confront 'a three-front war' against China, North Korea and Russia? How can Japan manage its relations with both the United States and China in an era of great power competition and a growing risk of military conflict, such as that over the Taiwan Strait, when Japan's economic security is so heavily tied to China within East Asia? How can it best cope with the emerging and existential global issues of inflation, energy shortage, global warming and the crisis of nuclear non-proliferation regime?

Domestically, Japan has yet to escape from seemingly endless waves of COVID-19 and the restrictions on social and economic activities, including its tight international border control. Japan's digitalisation lags compared with other developed and even developing countries. Maintaining international competitiveness in an era of ageing and shrinking population remains a top priority for Japan's economic future.

The assassination of former prime minister Shinzo Abe in July 2022 shook the world and many wonder whether Abe's legacy will be lasting. Can Japan continue its pursuit of a 'Free and Open Indo-Pacific' with the passing of its main ideologue?

In this issue of *East Asia Forum Quarterly* we examine these issues and explore Japan's future in an era of growing uncertainty.

In Asian Review the test of Indonesia's global leadership during its G20 presidency and India's geopolitical choices are put under scrutiny.

Tomohiko Satake

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COVER: Protestors oppose a Japanese bill allowing the military to engage in foreign conflicts (Tokyo, 2015). PICTURE: THOMAS PETER / TPX / REUTERS.



Japanese protestors march in central Tokyo to demand the end of Russia's war in Ukraine (Tokyo, 2022).

Japan responds to Ukraine conflict amid Taiwan tensions

SHEILA A. SMITH

JAPAN has gone all-in with the Western response to Russia's invasion of Ukraine. The strategic consequences for Tokyo are considerable. Japan's long-running efforts to conclude a formal peace agreement with its northern neighbour have come to an end.

Putin's aggression has also accelerated debate in Japan about its own strategy and future military preparedness. Most important of all,

the Japanese people have also defined this crisis as a challenge to the norms of the post-war order that they have relied upon for their own security.

When Russia invaded Ukraine on 22 February 2022, Japanese Prime Minister Fumio Kishida was quick to take a stand. The Kishida cabinet announced that, along with G7 nations, it would impose sanctions on Russia and began to mobilise financial support for the Ukrainian government.

In the weeks following, Japan provided humanitarian assistance for evacuees and even material support for Ukrainian defence forces.

This represents a significant strategic shift. Former prime minister Shinzo Abe was unable to negotiate a post-war peace treaty with Putin, and Japan's efforts to improve bilateral ties failed. Japan's diplomatic efforts targeting Russia focused on the possibility of a compromise on the

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territorial dispute over the Kuril Islands and improved bilateral ties. But the aim was broader. Abe wanted to try to coax Russia away from strategic partnership with China.

Diplomacy with Russia intensified after Japan and China clashed in the East China Sea over the Senkaku (Diaoyu) Islands, resulting in increased Chinese Coast Guard and People's Liberation Army (PLA) activities in and around Japanese territorial waters. Abe hoped that in engaging with Putin, he could offer an alternative to Russian cooperation with China.

By 2018, Putin publicly questioned the idea that the Kuril Islands were up for negotiation at all. Russia then went so far as to enhance its defences on the island chain. Japanese foreign direct investment in Russia declined from US\$757 million in 2012—when Abe came into power—to US\$429 million in 2020 after it became clear that Putin had no intention of concluding a peace treaty.

Tokyo has had little reason to worry about the direct threat posed by Moscow but deepening Russian–Chinese military cooperation makes it harder for Japan to discount the possibility of the two states working together in a future conflict. Japan's Air Self-Defense Force has also scrambled its fighter jets to intercept Russian aircraft more than 200 times per year since 2008 as it contended with an even greater number of intrusions by Chinese aircraft in the southwest.

Then, Chinese and Russian forces began to exercise together. Russian ships transited the waters around the disputed Senkaku (Diaoyu) Islands in 2016. In 2019, Russian aircraft peeled off from a joint Chinese–Russian exercise to enter the airspace of the Takeshima Islands—territory that is disputed between South Korea and

Japan—in a deliberate attempt to exacerbate tensions between the two US allies. Russia and China also began annual joint nuclear bomber exercises over the Sea of Japan. These exercises were most recently carried out during the Quad Summit in Tokyo during US President Joe Biden's visit.

THE Japanese people have supported Kishida's emphasis on defending the post-war status quo. Media editorials and public opinion polls overwhelmingly supported this normative framing of Japanese interests. In March 2022, 85 per cent of Japanese people polled liked Kishida's response to the invasion of Ukraine.

Tokyo's position on the Russian invasion also reflects the growing strategic ties between Japan and Europe. Japan has deepened its engagement with the European Union and developed its partnership with NATO. European nations now also see the connections between the challenge posed in the Indo-Pacific and their own security and economic goals. Diplomatically, European nations have a stake in nuclear non-proliferation efforts vis-a-vis North Korea, as well as in ensuring freedom of navigation across international waters.

Tokyo is investing in diplomacy to secure European support in the case of a similar act of aggression in the Indo-Pacific. Speaking at the NATO Summit meeting in Madrid on 29 June, Kishida stated that 'Russian aggression against Ukraine is not a problem for Europe alone, but instead an outrageous act that undermines the very foundation of the international order'. As the war in Ukraine has unfolded, the focus on the collective defence provisions enshrined in Article 5 of the North Atlantic Treaty has opened new avenues for consultation between

Japan and other Indo-Pacific allies.

The Kishida administration will complete a comprehensive strategic review by the end of 2022 and a new National Security Strategy will be announced. Russia's invasion of Ukraine will feature prominently in Japan's assessment of the geopolitics it must be prepared to navigate. But so will China. For Japan, accepting aggression akin to the kind Russia has perpetrated would raise the risk that China might also see an opportunity to use force. Putin's claim of an alternative Russian history to justify his invasion also draws parallels to President Xi Jinping's narrative of

China's expansive regional claims.

The Russian invasion has also affected the new 10-year defence plan that will set the course for Japan's own military planning. Japan must now worry more than ever that Moscow and Beijing will join forces against it. The growing PLA provocations against the United States and other countries will deepen concern over stability in the Taiwan Strait in the months and years ahead. The live-fire exercises conducted by the People's Republic of China after US Speaker of the House Nancy Pelosi's visit to Taiwan demonstrate a jump in the PLA's capabilities to act jointly and across

domains to control the waters and airspace in and around Taiwan.

Japan will invest much more in its military capabilities and will examine how to retaliate against an increasingly hostile set of neighbours. This was a risk Kishida was willing to reckon with as he doubled down on Japan's strategy of defending the post-war 'rules-based order', and it is a risk that Japan cannot avoid as tensions across the Taiwan Strait continue to rise. [EAFQ](#)

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PICTURE: REUTERS / ISSEI KATO



A Japanese Coast Guard vessel patrols the waters between Japan's easternmost point, Cape Nosappu, and the disputed islands of the Northern Territories and Southern Kurils. (Nemuro Peninsula, Hokkaido, 2017).



Japanese Prime Minister Fumio Kishida takes a ride in a tank during a visit to the Ground Self-Defense Force's Asaka base (2021).

In search of a new security strategy

KEN JIMBO AND BRYAN TAN

IN THE 1970s, Japanese prime minister Masayoshi Ohira developed a concept of 'comprehensive security' that emphasised the need to broaden the scope of security to non-military domains. The concept built upon the ideas outlined in the 1969 Nixon Doctrine, where the United States encouraged its allies to take 'primary responsibility' for their own defence.

This prompted Japan to take on a larger role in the US–Japan alliance

and in safeguarding its own security. Ohira's taskforce reinforced Japan's commitment to the comprehensive security agenda by emphasising Japan's proactive approach to non-military domains such as economic, food and energy security.

In 2022, Japan's security strategy is once again groping towards a comprehensive approach but with greater emphasis on robust military capability, economic statecraft and technological innovation.

As the security environment surrounding Japan becomes more severe, maintaining a favourable balance of power has become an increasingly difficult task. Tokyo is currently facing challenges on three major strategic fronts. China—the biggest strategic challenge—boasts military capabilities which far outstrip those of Japan. The 2018 National Defense Program Guideline highlighted that, as maintaining Japan's maritime and air superiority becomes

untenable, the Japan Self-Defense Forces (JSDF) will require major reform in terms of defence doctrine, capability and operations. This will necessitate significant increases in the defence budget as well as the adoption of innovative defence concepts.

The challenge for Japan's defence reform derives from the need to prepare against two additional fronts: North Korea and Russia. North Korea's continued development of nuclear and missile technologies signifies the growing risk of conflict escalation. Achieving the denuclearisation of North Korea while preparing for a possible crisis remain the top priorities of Japan's strategy.

Russia's invasion of Ukraine also presents new risks for Japan. The Japan–Russia peace treaty negotiations—which have remained unresolved since the end of the Second World War—were suspended indefinitely by Russia in April 2022. Russia will no longer hesitate to pressure Japan's military and try to pursue deeper strategic alignment with China to challenge US military engagement in Asia.

Japan's three strategic fronts—China, North Korea and Russia—all require different defence capability and posture requirements. If Tokyo invests in defence for each risk scenario separately, the cost will be enormous and the JSDF will eventually lose the opportunity to implement long-awaited China-focused reform. A comprehensive approach that places a greater emphasis on enhancing Japan's economic security and the exploration of new domains such as cyber, space and emerging technologies is essential.

A robust increase in Japan's defence budget must be the starting point for reform. Domestic public support for an increased defence budget was at a historic high during the Upper House

election in July 2022. This came on the heels of the Japan–US Security Consultative Committee meetings between the ministers and secretaries for defence and foreign affairs, where Japan 'reiterated its resolve to fundamentally reinforce its defence capabilities.' This commitment will see Japan look to upgrade its military capabilities to react to higher-end conflicts by ensuring interoperability with its allied forces.

MORE controversially, there has also been a push within the Japanese government to obtain counterstrike capabilities. With the introduction of hypersonic missiles, a technology possessed by both China and North Korea, Japan's current missile defence capability is no longer sufficient. Tokyo has been exploring the possibility of acquiring counterstrike capabilities for the purpose of destroying enemy missile bases in foreign territories, but the scope of this is yet to be finalised.

On economic statecraft, Japan enacted its Economic Security Promotion Bill (ESPB) in May 2022, focusing on three major areas. The first area prioritises the need to protect sensitive technologies by placing more control on investments from and exports to specific foreign entities, and by ensuring that supply chains that are critical to sensitive high-tech sectors remain secure.

Additionally, the ESPB aims to ensure that Japan continues to work towards strategic indispensability. By increasing the funding for companies and institutions that conduct research and development (R&D) into key existing and new technologies, Tokyo can reinvigorate an area in which it has long lagged behind other countries. This will allow Japan to have a bigger security presence in the region

and cease relying solely on military capability. And that should open up more opportunities for Japan to export defence equipment to friendly states, which will elevate Japan's interoperability with other parts of the world.

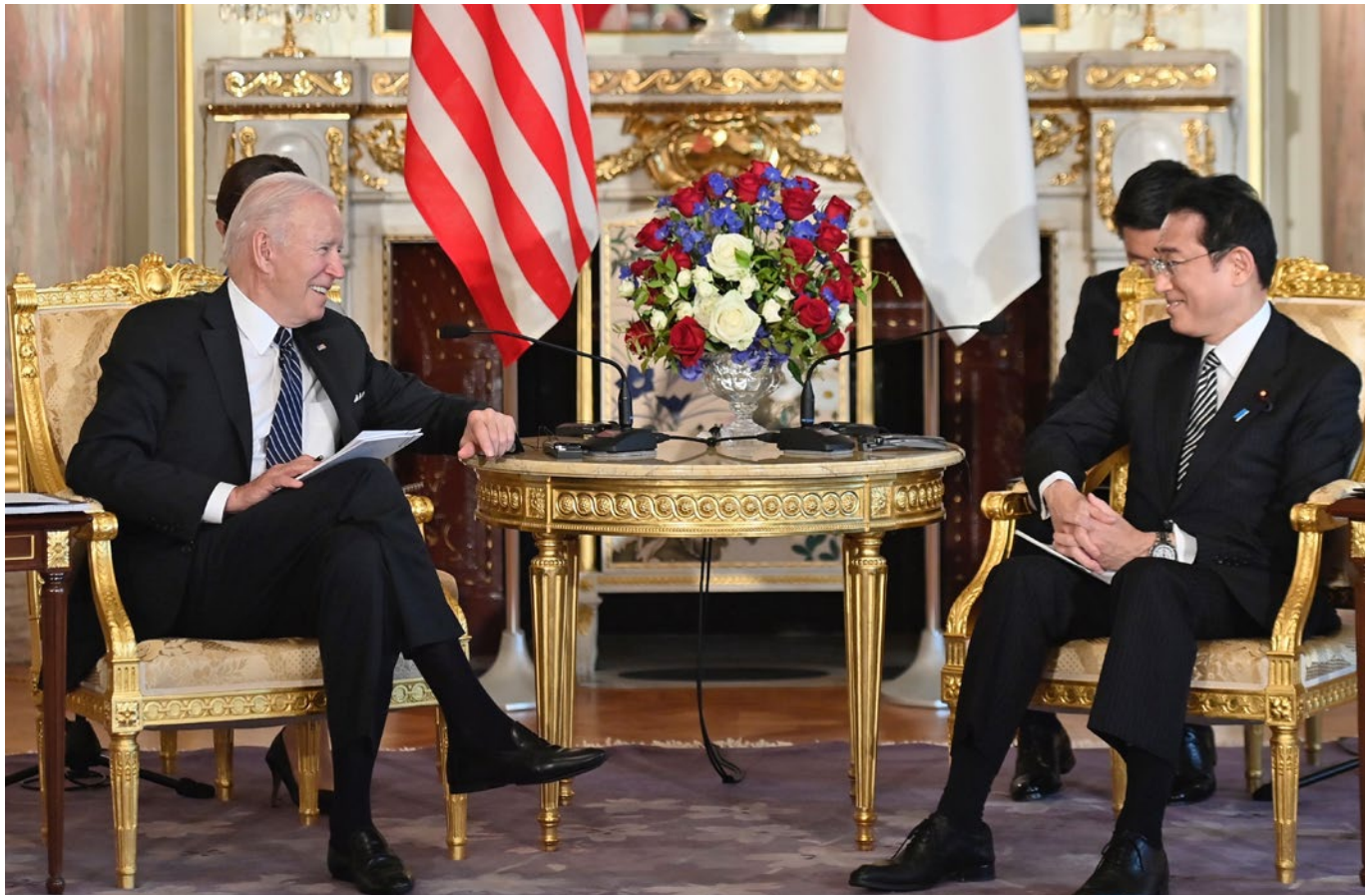
Investing in technological development will also improve Japan's economic security. Cutting-edge core technologies—such as robotics, artificial intelligence and quantum computing—will raise industrial competition within the private sector. At the same time, these dual use technologies can also be used in the development of military applications.

Japan's R&D in defence technologies has not been terribly active compared with other countries. In the 2021–22 financial year, the Japanese Ministry of Defense requested a budget of 325.7 billion yen (US\$2.5 billion) for R&D costs to strengthen defence technologies and their practical implementation. Increasing the defence budget will encourage long-term innovation, but there is still a long way to go to overcome public hesitation towards investing in military R&D.

The concerns faced by prime minister Ohira in the 1970s remain relevant today. Japan must double down on its efforts to achieve strategic autonomy and indispensability. Strengthening Japan's military capabilities and investing in defence technology is a step in the right direction, but the pace leaves much to be desired. [EAFQ](#)

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US President Joe Biden and Japan's Prime Minister Fumio Kishida sit together during the Japan–US Summit Meeting at the Alaska Palace (Tokyo, 2022).

Japan–US relations after Russia's war in Ukraine

FUMIAKI KUBO

WHILE Russia's invasion of Ukraine shocked Japan, its seriousness was multiplied by China's support for Russia. Facing this new reality, Japan's national security policy is now undergoing a historic change at an unprecedentedly fast pace.

Many countries expand their military strength as they acquire

wealth. However, there are at least two important exceptions, the most important of which was the United States in the 19th and early 20th centuries. It was only after the start of the Cold War that the United States became a standing military superpower.

The second case is post-war

Japan. As it rose as an economic powerhouse, Japan's defence policy was characterised by self-restraint. It's surprising that Japan, despite being surrounded by states like China, Russia and North Korea, has kept its defence spending below one per cent of its GDP for many years. The Liberal Democratic Party (LDP)

responded quickly to the Ukraine crisis. On 27 April 2022, the LDP's Research Commission on National Security presented Prime Minister Fumio Kishida with recommendations to strengthen Japan's defence capabilities. These included obtaining 'counterstrike capabilities' and aiming for a defence budget equivalent to two per cent of GDP in five years. In the July 2022 Upper House election, the governing coalition was handed a solid victory, which suggests that Kishida will enjoy a three-year-long 'golden period of legislation,' uninterrupted by a national election. A substantial part of the defence capability recommendations are now being adopted by the government. It is evident that their smooth acceptance was influenced by the Russia–Ukraine war.

While the one per cent defence spending practice garnered widespread domestic support, it has been criticised internationally. Liberal and leftist intellectuals in Japan, the United States, China and South Korea have consistently criticised Japan's 'remilitarisation' and 'hyper-nationalism' since 2012, when Shinzo Abe returned to the prime ministership and tried to shore up Japan's defence capabilities. On the other hand, many national security specialists in the United States have complained that Japan's defence policy has been too cautious.

While the Barack Obama administration complained that Japan was not tough enough with Russia when they seized Crimea, the Abe administration felt that the US approach to China was also weak.

During the Donald Trump–Shinzo Abe period, bilateral relations looked cordial on the surface because of the good personal chemistry between both leaders. Japan welcomed the Trump

administration's confrontational policy towards China, though some were concerned about Trump's understanding of the Japan–US alliance. Trump was reported to have said that the United States should terminate the 'unfair' alliance with Japan because Japan was not obligated to defend the United States although the United States was obligated to defend Japan. The Trump administration withdrew from the Trans-Pacific Partnership despite pleas from Japan. And although the Trump administration supported the vision of a Free and Open Indo-Pacific (FOIP), Trump rarely mentioned it.

AFTER President Joe Biden's election, Japan and the United States cemented positions on many major international issues, with relations based on mutual trust. Despite Japan's fears, Biden maintained most of Trump's tough policies on China. Biden's approach to China is more methodical and predictable and less unilateral than Trump's. Both countries are pursuing a values-based multi-country approach as they promote the FOIP vision, strengthen the Quad and cooperate at the G7 Summit Meeting.

For the United States, Japan's intention to increase defence expenditure and examine counterstrike capabilities are encouraging measures that strengthen alliance capability. Japan's tough attitude towards Russia and assistance to Ukraine is also appreciated.

The 2015 Peace and Security Legislation was a ground-breaking upgrade to the Japan–US alliance. Under this legislation, Japan was allowed to fight alongside the United States under certain conditions. Although this law was controversial in Japan and internationally, it would

For the United States, Japan's intention to increase defence expenditure and examine counterstrike capabilities are encouraging measures that strengthen alliance capability

have been impossible for Japan and the United States to jointly and effectively prepare for a contingency in the Korean Peninsula or the East China Sea without it. FOIP and the Quad also originated under Abe's leadership in 2006–07 and 2012–2020. On 20 July 2022, the US Senate adopted a resolution honouring the late Abe for laying a 'lasting foundation' for the US–Japan partnership.

Kishida has been in office for less than a year. The personal chemistry he has with Biden is still developing. But Kishida has already made a few meaningful decisions that deepen the alliance. Abe was underestimated and underrated. Many commentators got him wrong. Many of them probably got Japan wrong. This is why it is so important to watch Kishida's performance in the domain of national security without any preconditioned bias. [EAFQ](#)

Fumiaki Kubo is President of the National Defense Academy of Japan and Emeritus Professor at the University of Tokyo.

Indo-Pacific vision that promises peace and prosperity

KEI KOGA

JAPAN'S vision for a Free and Open Indo-Pacific (FOIP) is nearing an inflection point. The government is faced with a choice on whether to shift its traditional strategic posture to take a firmer stance against China. Japan must decide how far it will go to defend the existing international order that the United States and its partners have largely constructed and which has diplomatically, economically and militarily benefited Japan.

Japan is pursuing a two-pronged strategy. On one hand, it has pushed back against China's threats to territorial sovereignty. On the other

hand, Japan has continuously engaged with China diplomatically and economically to shape its behaviour by using international rules and norms. The FOIP is the core of this diplomatic strategy. Its fundamental objective is to defend and enhance the existing rules-based international order.

To date, Japan's FOIP vision has been remarkably successful. Japan conducted 'tactical hedging,' using ambiguous diplomacy to incorporate reactions from regional states and shape the FOIP concept over time. As current international legitimacy rests on multilateralism, this diplomatic strategy has enabled Japan to nurture international coalitions that can push back against rising challengers, particularly China.

Introduced in 2016 by Japan, the FOIP concept drew the attention of the United States and contributed to the evolution of the US Indo-Pacific strategy. Simultaneously, Japan enhanced strategic ties with the United States, Australia and India, forging the institutionalisation of the Quad. Emphasising the importance of ASEAN unity and centrality, Japan attempted to alleviate ASEAN's concerns over its potential diplomatic marginalisation by major regional powers.

Japan has also engaged and helped to shape China's behaviour. One of the core components of Japan's FOIP is to promote quality infrastructure in the Indo-Pacific. It originates from Japan's 2015 Partnership for Quality Infrastructure and emphasises openness, transparency, economic efficiency and debt sustainability. Despite initial reluctance, China accepted these principles by agreeing to the G20 Principles for Quality Infrastructure Investment established at the 2019 Osaka summit. Cooperation with China also benefited from bilateral summits in 2018 and 2019.

This positive strategic trend has been disrupted since 2020. The COVID-19 pandemic imposed a diplomatic hiatus that indefinitely postponed the Japan–China summit scheduled for April 2020. Meanwhile, China's assertiveness in the East and South China Seas continued to worry Japan, and its political and social suppression—including human rights violations in Xinjiang, restrictions on political freedom in Hong Kong and diplomatic and military coercion towards Taiwan—drew international attention. China's less than critical diplomatic stance towards Russia's invasion of Ukraine has shown

Fundamental values, such as human rights, the rule of law and democracy are increasingly important in shaping the Indo-Pacific order

Japan that China's perspective on international rules and norms is incompatible with its FOIP principles.

Japan increasingly sees China as the most serious challenge to the existing international order. But tactical hedging is struggling to shape China's behaviour in a sufficiently agile manner. Japan's perception of China is also being influenced by the shifting strategic posture of like-minded states. The United States, the United Kingdom, France, Germany, Italy and other EU member states have raised serious concerns about China and are seeking security and economic cooperation with regional states to push back against China's assertiveness.

This trend points towards a closer alignment of Japan with the United States and its partners, such

as Australia and India, to further strengthen diplomatic pressure and military deterrence against China. These relationships risk the formation of divisions throughout the Indo-Pacific region. Yet, if Japan is not proactive, the existing international order will be eroded, as will the ability to realise Japan's FOIP vision.

STRIKING a policy balance is a significant challenge, but with limited strategic options, Japan needs to make a choice soon. Japan must understand the degree of strategic commitment that like-minded states have towards the Indo-Pacific region. Many states and international organisations continue to express strong interest in increasing their diplomatic, economic and military engagement in the region. This is

welcomed as their presence would enhance the region's situational awareness, particularly in maritime security. However, as the Russia–Ukraine war indicates, regional contingencies reduce the strategic attention and commitment of external actors.

Fundamental values, such as human rights, the rule of law and democracy are increasingly important in shaping the Indo-Pacific order. Japan has been reluctant to criticise violation of these because it strictly adheres to a non-interference principle. This passive diplomatic posture makes it easy for Japan to promote its FOIP vision to non-democratic states. But there are visible, grave violations of those values—in Hong Kong, Xinjiang and Myanmar—that cannot be dismissed. If Japan stays reticent, its diplomatic

PICTURE: THE YOMIURI SHIMBUN



Australian Prime Minister Anthony Albanese, Japanese Prime Minister Fumio Kishida, US President Joe Biden and Indian Prime Minister Narendra Modi attend the Quad leaders meeting in Tokyo (2022).

posture would contradict its FOIP principles.

The roles of emerging minilateral and multilateral frameworks in the Indo-Pacific must be identified. While ASEAN has been the centre of East Asian regional multilateralism, the emergence of the Quad, the Australia–United Kingdom–United States partnership and the Indo-Pacific Economic Framework complicates the future of regional institutional arrangements. Although the members of these new frameworks express respect for ASEAN centrality, this is seen as diplomatic rhetoric. Without

identifying their specific roles, new institutions will lose ASEAN's confidence and could face diplomatic opposition from some ASEAN member states.

There is no silver bullet to resolve these challenges. China may exploit them as a part of its 'divide and conquer' strategy. Japan must engage with like-minded states and ASEAN to clarify the strategic and institutional division of labour and to proactively protect fundamental values in non-democratic states.

Nearing the inflection point of the FOIP, Prime Minister Fumio Kishida's

administration has promised a 'FOIP plan for peace' by Spring 2023. This continues the legacy of the founding father of the FOIP, former prime minister Shinzo Abe. But the strategic environment is changing rapidly and is very different from 2016. It is Kishida's responsibility to address emerging challenges so that Japan remains a pivotal player and contributor to peace and prosperity in the Indo-Pacific.

EAFQ

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LIBERALISM UNDER THREAT

Japan's dependability in Asia

RYO SAHASHI

THE globalised world is suffering and the liberal international order is at risk. The pandemic and US–China technology rivalry are eroding transnational production and labour mobility networks. Democracies are in retreat in a growing number of countries where authoritarian leaders are undermining political institutions. The Russian invasion of Ukraine has dashed confidence in the liberal international order put in place after World War II. Distrust has come to dominate relations among major powers and the foundations of international cooperation are weakened.

A protracted Russia–Ukraine war now seems inevitable. There is a call for more dialogue in US–China relations, but it is unlikely that the United States will loosen its hard-line stance towards China any time soon. China's military power, scientific and technological capabilities, and the influence it exerts on the back of these capabilities have rung alarm bells. Concern about human rights abuses has also intensified.

A return to inclusive international cooperation seems unlikely. The current emphasis is on classic collective defence. This includes strengthening alliances, with moves

to increase NATO's response force and to admit new countries seeking membership. Japan, South Korea, Australia and New Zealand all participated in the NATO Asia-Pacific Partners Leaders' Meeting held in conjunction with the NATO summit in Madrid. At that meeting, these countries projected their presence as partners in the Indo-Pacific region, another act of solidarity among nations united in their view of international order.

As seen in its actions through AUKUS and the Quad, Washington is emphasising minilateralism. In May 2022, negotiations for the Indo-Pacific



Japan's former prime minister Shinzo Abe addresses members of ASEAN at the 22nd ASEAN–Japan Summit in Bangkok (2019).

Economic Framework were launched. These efforts attempt to shape a favourable international environment with the United States at its centre. But they are not frameworks that can be used to collaborate with ASEAN or other non-US ally countries in Asia.

In the short-term, these moves, especially those involving security minilateralism, are effective in checking countries that challenge the status quo and enhancing leadership in an increasingly centrifugal international environment. In the long run they are not an effective way to restore order in all issues because the number of participating countries is critically narrow. US President Joe Biden's vision of order is the source of these limitations.

Japan must assert that the current international order can be maintained. It should work to ensure that civil

liberties are protected and that forces that respect freedom, democracy and the rule of law can collectively resist the forces that seek to move towards an illiberal world. This awareness needs to be at the core of Japan's diplomatic vision.

At the 2022 Shangri-La Dialogue, Japanese Prime Minister Fumio Kishida emphasised the importance of rulemaking. As host of the G7 Summit in 2023, Japan has a responsibility to maintain momentum among major states to protect liberal values and to unite the world. Crucial areas of focus include food and energy security—both severely strained by the Russia–Ukraine conflict and global supply chain issues. Japan also should take on a leadership role in maintaining human rights, in keeping with the global agenda of the G7.

The foreign policy that the ruling

Liberal Democratic Party has followed since 2012—implemented by former prime minister Shinzo Abe and his successors—stands out in terms of the breadth of its global vision. The concept of a Free and Open Indo-Pacific was introduced by Abe and then used by other countries including the United States.

Kishida should establish his own doctrine to build the regional political and economic order

Importantly, Japan has not overemphasised military policy tools. Japan's defence budget did begin to increase, but this was done incrementally with emphasis on restructuring its legal and institutional basis. Abe led the restoration of relations with Xi Jinping and stabilised Japan–China relations during the Trump administration. Above all, the strong commitment to, and success in, rulemaking—as seen in economic diplomacy, such as Japan's prosecution of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership—Quality Infrastructure and Data Free Flow with Trust, illustrate the path Japanese diplomacy should take.

The Kishida administration should expand its grand vision to manage the United States' Asia policy and deploy its own diplomatic power of rulemaking while maintaining dialogue with many countries. The Indo-Pacific Economic Framework is an example of where Biden's Asian diplomacy has not been liberal and tactful enough. As a US ally, Japan is responsible for co-leading US–Asia diplomacy. Without it, Beijing's influence could take over

international rulemaking.

Partners are indispensable, and Japan and the United States have many to work with, such as Australia, India, the United Kingdom and NATO members. Such partnerships should be security-oriented with a focus on collaboration on cyber and maritime security, and advanced technology.

Regionally, Japan seeks to become a more dependable and visionary country. Next year marks the 50th anniversary of Japan–ASEAN Friendship and Cooperation. Kishida should establish his own doctrine to build the regional political and economic order, while raising awareness of how ASEAN and Japan are indispensable partners.

Kishida will publish his detailed plan for the Free and Open Indo-Pacific in early 2023 and it could promise an increase in Japan's efforts to support maritime security, digital economy, health care and democratic governance in Southeast Asia, South Asia and the Pacific. The focus should be on the support, not pressure, that Japan will provide to these nations to achieve their goals.

South Korea and Japan are natural

partners in respecting democracy and freedom and seek to cooperate in creating order beyond the Korean Peninsula. South Korean President Yoon Suk-yeol has shown his commitment to economic security and Indo-Pacific order-building, a good sign for the future collaboration. It is high time for both governments to promote their multi-faceted bilateral and trilateral cooperation.

This year is the 50th anniversary of the China–Japan Joint Communiqué of 1972. There is no need to be tolerant of China's repressive political system and Japan should insist that the peace and stability of the Taiwan Strait is crucial. But diplomacy should be utilised to bring China into the inclusive international order. Japan's greatest weapon will be not to disengage from China, but to make rules and norms to shape its behaviour and align with partners and focus on long-term objectives. **EAFQ**

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Pro-Beijing supporters gather to mark the 100th anniversary of the founding of the Chinese Communist Party and the 24th anniversary of Hong Kong's handover to China (Tokyo, 2021).

Japan's stance on the Taiwan Strait

MASAYA INOUE

TENSIONS are rising in the Taiwan Strait. In recent years, many developed nations have become concerned over China's military expansion. The Russian invasion of Ukraine in February 2022 has increased anxiety that China, with its military dominance, will unilaterally attempt to change the status quo in Taiwan.

In June 2022, the Leaders' Communique issued at the G7 Summit included a statement to 'underscore the importance of peace and stability across the Taiwan Strait and encourage

a peaceful resolution of cross-Strait issues.' This is the second consecutive year that Taiwan has been mentioned.

Among G7 members, Japan and the United States stand out as having strong stances towards defending Taiwan. At the April 2021 Japan-US Leaders' Summit, the joint statement reiterated 'the importance of peace and stability across the Taiwan Strait' and encouraged 'the peaceful resolution of cross-Strait issues.' It was the first time that Taiwan was mentioned in a Japan-US joint leaders' statement since 1969.

Japan's stance on Taiwan has been ambiguous for many years. This is the result of complex internal politics rather than strategic ambiguity. Taiwan is a sensitive issue in Japan's relations with both the United States and China. Within the ruling Liberal Democratic Party, pro-Taiwan and pro-China factions are fiercely opposed. Because Japan's participation in a potential conflict over Taiwan is affected by the Japanese constitution—which has strictly constrained the use of military force overseas—Japan's involvement has become a point of contention among conservative and reformist forces.

The 'Taiwan Clause' included in the 1969 Japan-US Joint Statement meant that if a conflict occurred over Taiwan, the Japanese government would guarantee the deployment of US military personnel stationed in Japan.

In exchange for the United States promise to return Okinawa, Japan expressed its position that a conflict over Taiwan was not disconnected from its domestic security. The inclusion of the phrase that 'the maintenance of peace and security in the Taiwan area was also a most important factor for the security of Japan' was a last-minute expression thought up by the Japanese government, seeking to avoid excessively provoking China.

While upholding the legal force of the 'Taiwan Clause,' Japan has tried to deal with the Taiwan problem politically with China. In the Joint Communique of the Government of Japan and the Republic of China in 1972, China stated that 'Taiwan is an inalienable part of Chinese territory.' Japan displayed 'understanding' and 'respect' and showed China political compromise by stating that it 'firmly maintains its stand under Article 8 of the Potsdam Proclamation,' which

referenced the return of Taiwan to China. At the time the Japanese government accepted the Potsdam Declaration, 'China' meant the Republic of China. However, the Japanese government has used the term to refer to the People's Republic of China since 1949.

The Japanese government's position was that it respected the 'One China' policy and aimed for a peaceful resolution of any future separation of China and Taiwan, but reserved the option to apply the US–Japan Security Treaty if conflict erupted. The thinking of the Japanese government at that time has formed the basis of government opinions up until today.

JAPAN has continued to adopt a politically ambiguous position on whether a conflict over Taiwan is included in the application of the US–Japan Security Treaty. In September 1997, the guidelines underpinning Japan–US security cooperation were reconsidered and legal preparations were made to enable the Japan Self-Defense Force to support the US military in the event of 'situations in areas surrounding Japan that have important influence on Japanese security'. But the government at the time avoided clarifying whether the Taiwan Strait was included in the 'areas surrounding Japan'.

In the 2010s, as Chinese military dominance gained momentum, former prime minister Shinzo Abe responded strategically to this situation. But when Abe passed a range of peace and security laws in 2015, he was cautious in his comments concerning a possible conflict over Taiwan.

The purpose of Abe's peace and security laws was to enable the partial exercise of collective self-defence, which had been difficult to engage in under previous interpretations of the

Japanese constitution. Even debates in the National Diet had avoided commenting on situations where it would be possible to exercise collective self-defence. The government at the time repeatedly said that it would determine such circumstances concretely and on a case-by-case basis when a military attack occurred.

Against the backdrop of US–China tensions, and with growing Chinese military intimidation, the Japanese government shifted its position of ambiguity and started to make clear that it would participate in the defence of Taiwan. As the Japanese public became increasingly concerned about the threat posed by China, the Japanese government came to believe that a positive stance on the Taiwan issue would be supported by public opinion. Abe joined an online symposium held in Taiwan in December 2021, where he stated that 'a Taiwan crisis is a Japan crisis; it is also a crisis for the Japan–US alliance'. As the Japan–China relationship has continued to cool, pro-China groups within Japan have lost their influence, while calls for Japan to send a clear message regarding the defence of Taiwan have become stronger.

The tone of the debate in Japan continues to evolve. Yet, unlike Abe's remark, a Taiwan crisis will not necessarily lead to a crisis for Japan directly. Joint strategic plans to prepare for conflict over Taiwan are being advanced at the operational level, but what is more important are the decisions at the government level.

If a conflict occurs in the Taiwan Strait, it is the Japanese government which will decide whether to commit to supporting the US military or to engage in joint strategies with the US military by exercising collective self-defence. The authorisation of the Diet is also necessary to facilitate these

Joint strategic plans to prepare for conflict over Taiwan are being advanced at the operational level, but what is more important are the decisions at the government level

decisions. As to whether Japan should bear the risk of getting tangled up in a war with China to defend Taiwan, the government does not yet have the support of the Japanese people.

It is highly likely that any conflict over Taiwan would be a hybrid war that combines tactics like guerrilla espionage and cyber-attacks. Unless the Chinese military directly attacks the US military bases in Okinawa or the Sakishima Islands, the grey area of the present circumstances has so far staved off war. Japanese politicians will eventually be pressured to make the difficult decision of determining at what stage the situation should be considered an 'emergency'.

The Japanese government should not soften its position in favour of a peaceful resolution to the Taiwan problem through diplomacy. But at the same time, as a conflict over Taiwan—the worst possible scenario—becomes more realistic, public debate about the extent of a military response will be necessary. [EAFQ](#)

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Nuclear peace a priority ahead of Hiroshima G7 Summit

PICTURE: JONATHAN ERNST / REUTERS



Children raise flags to mark a visit by G7 foreign ministers to the Hiroshima Peace Memorial Park and Museum (2016).

YOKO IWAMA

THIS year will be a watershed year in the 21st century. Russia's integration into the liberal international order has ended in disaster. China has stood by Russia since the invasion of Ukraine and their strategic and diplomatic coordination has increased. Russia and China performed joint patrols during US President Joe Biden's Asia tour to signal their partnership. The

Russia-Ukraine war has renewed calls for the G7 to help ensure peace and security amid an increasingly unstable environment.

At the G7 Summit in June 2022, German Chancellor Olaf Scholz emphasised the economic and social impact of the Ukraine crisis. Germany reacted strongly to Russia's invasion of Ukraine, pivoting its security policy. Germany pledged to commit 2 per

cent of its GDP annually to defence and to spend €100 billion (US\$101 billion) in 2022 to upgrade German armed forces. This upgrade includes 35 Lockheed Martin F-35A fighter jets to replace the ageing Panavia Tornado jets. Germany renewed its commitment to the NATO nuclear-sharing arrangements.

The G7 Summit renewed the West's commitment to supporting Ukraine,

but concerns about energy and food prices were high on the agenda. For the German government, the biggest challenge they faced post-election was tackling climate change. The war in Ukraine has complicated the focus on climate change, but at the G7 Summit it was back on the top of the agenda.

After the Russia–Ukraine war begun, Russia has turned to direct energy blackmail against Germany. The German government has fallen back on coal and is under pressure to extend the exit from nuclear power which was planned for the end of 2022. The German government insists that the energy crisis reveals an urgent need for climate change action. It is increasingly important to push forward technological innovations that would lift countries out of fossil fuel dependency and in turn, Russia dependency.

THE transition to clean energy involves decision-making about what place, if any, nuclear energy should have. There is now an urgent need for this debate because of the huge concerns over the Russian threat to Ukraine’s nuclear power plants. The peaceful use of nuclear power should never be weaponised, but the safety of nuclear power plants needs to be improved to prevent disaster should conflict arise.

The next G7 Summit is being held in Hiroshima for the first time. Japanese Prime Minister Fumio Kishida has chosen Hiroshima to show his commitment to nuclear disarmament and attended the opening of the 2022 Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons to reaffirm his dedication.

But the road towards nuclear disarmament has not been as distant as it is now since the end of the

As the G7 arrives in Hiroshima ... it needs to convey a message of peace not just in terms of ‘never again’ but also in terms of a better future ...

Cold War. Russia’s sabre-rattling of tactical nuclear weapons is an attack on the fundamental values that once sustained the global nuclear order. China is also challenging this order by committing itself to the ranks of the nuclear superpowers.

The Treaty on the Non-Proliferation of Nuclear Weapons was struck between nuclear-weapon states who wanted to limit access to the military use of atomic power and non-nuclear-weapon states who wanted access to atomic energy technology for peaceful purposes.

But the threat to Ukraine’s nuclear power plants—evidenced by the battles for Chernobyl and Zaporizhzhia—has renewed safety concerns. Nuclear power plants and spent fuels now need to be safeguarded during conflict. International institutions like the International Atomic Energy Agency need to be strengthened to be able to work under conditions of war.

Although Germany refuses to accept nuclear power as their domestic energy source, it is not condemning its use elsewhere. Nuclear energy should have a place in the energy mix of the future and it should form part of the technology offers made to the developing world through the G7’s

new Climate Club. But it needs to be safer. We live in a post-Fukushima and post-Ukraine world. Civilian nuclear technology must safe-guard against proliferation, accidents and conflicts.

Powers with nuclear weapons must be reminded of their obligations and responsibilities to reduce reliance on nuclear options. China is increasing its warhead inventory and constructing new nuclear missile silos, but that does not mean the rest of the world should follow. The Western defence front needs to reconstruct nuclear deterrence to involve a combination of conventional, nuclear and missile defence capabilities.

The G7 Hiroshima Summit is a chance to start new dialogues. The West needs to strengthen its security efforts. But this should be combined with an offer for nuclear disarmament and arms control. This could be achieved through a Global Second Track Proposal, where NATO and its four Indo-Pacific partners pledge to strengthen intermediate-range missile launchers, coupled with arms control talks with Russia and China. China is unlikely to respond to this for the foreseeable future, but it is worth remembering that the Intermediate-Range Nuclear Forces Treaty became possible because of the second-track design of the initial NATO decision.

As the G7 arrives in Hiroshima in May 2023, it needs to convey a message of peace not just in terms of ‘never again’ but also in terms of a better future made possible through the combined efforts of the G7 and its partner democracies. **EAFO**

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Indonesian President Joko Widodo listens as US Vice President Kamala Harris addresses the US–ASEAN Special Summit (Washington, 2022).

Domestic constraints on Indonesia's global leadership aspirations

SHAFIAH F. MUHIBAT

WHEN Indonesian President Joko Widodo visited Ukraine and Russia in June 2022, he made headlines. Some applauded him as the first Asian leader to make the trip to both countries since Russia's invasion of Ukraine. Others questioned Indonesia's ability to have any impact on the conflict.

What could a leader from a country like Indonesia contribute

to ameliorating the impact of the conflict? Does Indonesia have any global influence? Indonesia's de facto leadership in Southeast Asia and the Association of Southeast Asian Nations (ASEAN) is widely acknowledged, but what about its influence around the rest of the world?

Having a significant role on the global stage commonly carries prestige in world politics. The features of its

external relations are the basis on which a country's specific role is assigned.

Indonesia has changed significantly since 1998. Reform has boded well for the country, though the pace has been at times painfully slow. A number of factors have contributed to Indonesia's growing prominence in regional and global affairs, including its democratisation and economic growth.

On the regional stage, Indonesia has been the driving force behind political and security community building in ASEAN. It has strengthened bilateral partnerships with major powers. It has rallied ASEAN and East Asian support for the Regional Comprehensive Economic Partnership (RCEP). Indonesia has also engaged on global issues, particularly since its inclusion in the G20. It is an economic and political powerhouse in Southeast Asia—in 2022 it is steering the G20 presidency and in 2023 it will take the ASEAN chair.

Indonesia's global profile is thus rising. Yet, critics note, the current administration is focused heavily on domestic issues.

Indonesia aspires to be a global player. During the Suharto era, students of all ages had drummed into them the importance of Indonesia's strategic position at the crossroad between two oceans and powerful nations. Its population and expansive territory reinforced its claim to global status. The preamble to the 1945 Constitution mandated that Indonesia participate in a global

community based on independence, peace and social justice. These ideas were embedded in the minds of young people at the time.

Although a 2018 survey showed a decline in nationalism, there is still a sense of public expectation that the Indonesian government should carry influence in world events. This is more apparent when issues are blown up by the media and gain public attention, like incidents in the South China Sea, relations with major powers and the war in Ukraine.

YET Indonesia's national limitations are clear. It is generally moving in the right direction on issues such as democracy, human rights and the fight against corruption. A 2022 Moody's report puts the country in a favourable position among emerging markets. But Indonesia's own development challenges are a shaky foundation on which international ambitions still rest. They include fragile institutions, high levels of economic inequality and uneven democratic and economic progress.

Indonesia is active in several international forums and takes part in significant international cooperation initiatives. But has it the capacity to act across a range of foreign policy issues?

In Indonesian politics, the domestic audience and interests still trump the global audience and global common interests. This is fair, considering that foreign policy involves actions and activities conducted by governments that aim at defending and promoting national interests. But it is problematic when countries are charged with exercising internationally assigned roles and responsibilities.

National interest and pleasing the domestic audience thus still shape

PICTURE: SONNY TUMBELAKA / POOL VIA REUTERS



An Indonesian police officer stands guard near a venue for the G20 Finance Ministers Meeting in Nusa Dua (Bali, 2022).

Indonesia's foreign policy around calls and aspirations to be a global player that contributes to global interests. Sometimes contradictions occur. President Widodo's Global Maritime Fulcrum vision is an example of such a contradiction. The narrative through which the policy was introduced portrayed it as a strategic document that projects Indonesia's interest and strategy in the region and globally. But despite its global setting, subsequent policy documents heavily prioritised domestic-oriented programs.

Widodo's visits to Ukraine and Russia are another case. Indonesia might ideally take part in a major peace-making role and contribute to global interest in creating peace in Ukraine. But the apparent objectives of the visit lie closer to home. The official statements leading up to the visits reveal that contributing to world peace was not their main objective. In his press statement before he departed, Widodo explained that finding a solution to the global food and energy crises was a priority alongside calling for a start of dialogue among the conflicting parties.

Food and energy crises are impacts of the war that are felt acutely in Indonesia. Indonesia's food security has long been a concern as it relies heavily on imports of staple foodstuffs to meet domestic demands. The COVID-19 pandemic exacerbated this problem and the impact of the Russia-Ukraine war made things even worse. As one of the largest importers of Ukrainian wheat, Indonesia needs a stable supply of grain to maintain the production of wheat-based food.

Another domestic interest is ensuring the success of Indonesia's G20 presidency. The chances of the November G20 being a business-as-usual finance summit are non-existent. In early 2022, Western leaders

Indonesia's global profile is thus rising. Yet, critics note, the current administration is focused heavily on domestic issues

threatened to boycott the summit if Russian President Vladimir Putin attended.

This stance has since shifted, as mass Western absence would provide Russia with a free platform to engage with the rest of the G20 leaders. Widodo has invited both Putin and Ukrainian President Volodymyr Zelenskyy to attend the summit, as he seeks to accommodate the concerns of the West and persuade them to join, while maintaining relations and communication with Russia. A 'failed' G20 summit would be seen as a significant national embarrassment.

POST-1998, as Indonesia struggled with domestic issues, its leaders initially appeared relatively unconcerned about looming regional issues. This included the rise of China, increasing regional economic integration and growing tensions between Beijing and Washington.

Indonesia played a reduced role at ASEAN meetings and in regional policymaking during the early days of its democracy, while other Southeast Asian states upped their regional game. By the mid to late 2000s, Indonesia had begun to flex its muscles again, and took the lead in some of ASEAN's most progressive initiatives. In 2003, Indonesia played

a leading role in ASEAN community building, and in 2007 Indonesia was behind much of the wording of the ASEAN Charter. It also framed and executed the conclusion of RCEP over the past decade.

For Indonesia, regional security and stability are preconditions for national development and prosperity. Its regional role translates into its role in ASEAN. The non-conflictual interests at the regional and national levels were evident in the 1980s to 1990s. With the end of the Cold War and regional and global dynamics that followed, Southeast Asia began to face new challenges. ASEAN itself went through changes as it welcomed four new members.

The rise of China and the start of major power competition for influence in Southeast Asia are putting the regional security architecture and ASEAN-led frameworks to the test. With Southeast Asian countries taking different stances on major power competition and new security challenges, regional interests are less closely aligned with Indonesia's national interests.

ASEAN unity started to diminish and member states began to fight for their own national interests. Even Indonesia's successful initiatives during 2003 and 2007 showed a gap between Indonesia's regional rhetoric and realities at the domestic level. The limitations of Indonesian leadership hindered the implementation of some of the regional policies that it had championed. Indonesia's effort to reform ASEAN through the Charter, for example, fell short in its implementation.

Conflicting interests at the regional and national levels have become even more apparent. Indonesia's official foreign policy line still views ASEAN and ASEAN-led frameworks as the

centre of regional security cooperation and the main vehicle for maintaining security and stability. But realistically, Indonesia's regional role no longer translates solely to its leadership role in ASEAN.

Widodo has been accused of giving foreign policy lower priority, especially during the first years of his administration. But his ASEAN policy is similar in its ambivalence to that of his predecessors. Indonesia's de facto leadership has traditionally been accepted as conventional wisdom. But the extent to which Jakarta has exercised leadership in ASEAN successfully and how its leadership has been perceived by other Southeast Asian states remain a question. Indonesia's leadership in ASEAN has been incomplete. This is partly due to the resistance of some members against Indonesia's preference for an autonomous regional order.

ASEAN remains crucially important for Indonesia and vice-versa. Indonesia is the largest member of ASEAN and the third-largest democracy in the world. From a pragmatic point of view, it is increasingly more complex having

Besides substandard infrastructure, Indonesia's business climate is uncondusive to foreign investment and corruption still plagues its bureaucracy and legal system

ASEAN as the vehicle of Indonesian foreign policy. It is difficult to convince the leadership, as well as the public, who want to see real results from foreign policy 'investment' in ASEAN. Indonesia is the biggest stakeholder in leading ASEAN to change for the better.

INDONESIA'S 2022 G20 presidency is focused on three main issues: global health architecture, the digital transformation of the global economy and energy transition. These priorities make up the flagship agenda of the Sherpa Track working groups and engagement groups. Indonesia has been lauded as representing the voices of developing nations and emerging economies outside of the G20, but its presidency has met major challenges—mainly because of the geopolitical implications from the Russia–Ukraine war.

While the G20 has performed important functions for member states and the world at large, it struggles with balancing the pursuit of its members' national interests with a genuine commitment to the global common good. As the world grapples with economic and health recovery from COVID-19 and the impact of the Russia–Ukraine war on food and energy supplies, the global common good has become a vital interest.

Approaching the G20 presidency, the Indonesian government carried out many activities to promote its role domestically. This included raising awareness of the G20's 'benefits', such as the domestic economic benefits of hosting the summit. In a November 2021 speech, Widodo pressed the country to make the most of its strategic position in the G20 presidency and 'prioritise national interests.' Translating how the G20 presidency will benefit the country has

been a main part of the government's effort to ensure domestic support and success. An introductory statement on the Ministry of Foreign Affairs' website lists the strategic benefits of the G20 presidency for the economy, foreign policy and social development. Benefits include the direct impact on Indonesia's economy by increasing foreign exchange earnings. In the political field, the presidency provides momentum for Indonesia to earn credibility and trust in leading global recovery efforts. It will also show that Indonesia is open for business and create a multiplier effect for the region's economy.

Indonesia is not a major global economic player, although the impact of the world on its economic fortunes is important. Besides substandard infrastructure, Indonesia's business climate is uncondusive to foreign investment and corruption still plagues its bureaucracy and legal system. These limitations at home also have a bearing on aspirations to lead global initiatives.

Indonesia's approach to the G20 is limited to translating its domestic interest, rather than aimed at playing a key role in promoting a global common good. Yet hosting the November G20 Leaders' Summit and all the meetings that lead up to it expose Indonesia's global leadership aspirations to a new level of international scrutiny. While the Widodo administration still needs to please its domestic audience, it now confronts severe testing of its global capacities in a complicated geopolitical and crisis-plagued world. **EAFO**

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India strikes its own path in global geopolitics

DEEPA M. OLLAPALLY

RUSSIA'S invasion of Ukraine coincided with the debate over whether to call heightened US–China tensions 'a new cold war' and the announcement of a 'no limits' friendship between Russia and China. As the United States raced to place unprecedented sanctions on Russia, it found increasing support among

European countries fearful of Russia's ambitions under President Vladimir Putin. India and many countries of the Global South found themselves caught in the crosshairs of a global realignment against Russia and refused to take sides. Among the non-committed states, India is the largest democracy to strike its own path.

The most important drivers of New Delhi's posture are twofold. Russia has been one of India's most steadfast diplomatic and defence partners and a weakened Russia would negate India's preference for a multipolar global order. India means business when it comes to protecting its strategic autonomy. Its posture may

PICTURE: SPUTNIK / MIKHAIL KLIMENTYEV / KREMLIN VIA REUTERS



Russia's President Vladimir Putin, India's Prime Minister Narendra Modi and China's President Xi Jinping pose for a picture during a meeting on the sidelines of the G20 Summit in Osaka (2019).



Soldiers from India's Border Security Force stand guard at a highway checkpoint leading to Ladakh on the same day that Chinese and Indian forces clashed in the Galwan Valley (Kashmir, 2020).

assist in the creation of its desired multipolar world where India is an independent and influential pole. But the geopolitical climate creates new risks and limitations for India,

Beyond its UN commitments, India could not be persuaded to join the US-led economic sanctions against Russia

including what type of multipolarity may be feasible.

Since 2014, an increasingly assertive China gave reasons for India and the United States to become increasingly aligned. There were new challenges at the India–China border and China was making rapid gains in the Indian Ocean. The 2020 Galwan clash represented a shocking departure from past face-offs and was a watershed moment, with India moving much more openly into the US orbit. Key defence agreements that had been in the works for years were signed and renewed American attention to the Indo-Pacific arena via the Quad all pointed to historic convergence.

The US–India convergence on

China has never extended to Russia. Washington's tendency to group China and Russia as an 'authoritarian axis' that threatens the global order was not something to which India subscribed. Despite India's diversification of arms imports, Russia still accounts for nearly 60 per cent of them. This includes sensitive and important platforms like nuclear submarines, aircraft carriers and fighter jets. Russia is still deeply involved in civil nuclear and space cooperation, backed by its record of providing reactors and fuel in the decades when India was under US sanctions.

Trade between India and Russia was only US\$13 billion in 2021 but Russian exports happen to be in

strategic sectors, including oil, coal and fertilisers. India sees Russia as a close friend and China as an adversary, while the United States is hostile to both countries. Since the Russian invasion of Ukraine, this contradiction between India and the United States is playing out openly. India and China have been more aligned on UN votes and their attitudes to sanctions against Russia than India and the United States. India has abstained on 11 UN votes to condemn Russia, withstanding intense pressure from its closest Western partners as well as unflattering international media and public opinion.

Beyond its UN commitments, India could not be persuaded to join the US-led economic sanctions against Russia. India is generally against unilateral sanctions levied outside the United Nations. The spike in energy costs should India sanction Russia would threaten India's COVID-19 pandemic recovery. The decision to accept Russia's offer of deeply discounted oil is perhaps diplomatically embarrassing but not entirely surprising. Western officials and commentators have accused India of taking advantage of 'sweet deals' from an otherwise diplomatically isolated Russia and indirectly funding Putin's war machine.

Indian Foreign Minister Subrahmanyam Jaishankar reacted to the US push for India to cut energy imports from Russia by pointing out that a focus on oil rather than gas was misleading and reiterated that India's 'total purchases for the month would be less than what Europe does in an afternoon'. At the June 2022 Bratislava Forum, he asked critics to be 'a little more even-handed' and stop the 'unfair narrative'.

The West's pressure on India went from pure money to values by characterising the conflict as

one between authoritarianism and democracy. In a much-watched interaction in India between visiting British Foreign Minister Liz Truss and Jaishankar, Truss took a swipe at India's stand, stating 'It's vitally important for freedom and democracy in Europe, that we challenge Putin, and we ensure that he loses in Ukraine'. Truss then exhorted other countries to follow the G7 alliance, including Japan, and not let Russia get away with aggression against a sovereign nation.

India's strategic ties with the United States and its embrace of the Quad once suggested an increasing acceptance of the US-dominated liberal order and a weakening commitment to a multipolar world. India and China's growing adversarial relations also pointed to the limits of their cooperation on global governance and reform.

BUT the competing pulls over Ukraine shows that India's desire for multipolarity remains. India continues to be a dissatisfied member of the liberal global order despite having made gains through that order. Enormous economic rebalancing in recent decades has led to the replacement of the centrality of the G7 with that of the G20. At the Bratislava Forum, Jaishankar argued that 'Europe has to grow out of the mindset that its problems are the world's problems, but the world's problems aren't Europe's problems'.

India attended the Brazil, Russia, India, China and South Africa (BRICS) Leaders' Summit hosted by China in June 2022. No organisation is more emblematic of a multipolar mentality than BRICS. At the meeting, Indian Prime Minister Narendra Modi noted that BRICS countries have had a 'very similar view of the governance of the global economy', a clear reference to

the long-standing calls for greater democratisation of the Bretton Woods system. BRICS declared support for talks between Russia and Ukraine, something which is not welcomed by the United States and key European states at this stage.

India is the only major power to have membership in organisations that are generally seen by the West as competitive, if not adversarial. Along with BRICS, it is part of the East Asia Summit, the ASEAN Regional Forum, the Quad and the Shanghai Cooperation Organisation.

This wide-ranging membership exemplifies India's decision to represent and protect its foreign policymaking autonomy and pursue greater global power-sharing. The Russia–China statement—issued after the 2022 Beijing Winter Olympics—recognises Indian autonomy and prioritises the relations between the three big powers within BRICS. In a telling final paragraph, it stated that both Russia and China 'intend to develop cooperation within the "Russia–India–China" format'.

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Indian policymakers are betting Russia will not want to put all its eggs in one basket and that Russia will continue to respect India's independence

The balancing act between Russia and the West seems to be paying off. There was a flurry of high-level visitors to New Delhi in March and April 2022, including the prime ministers of Japan and the United Kingdom, foreign ministers of China and Russia and a virtual summit with Australia's prime minister. But India's foreign policy decisions are a test of these partnerships and expectations. The posture India has chosen is not without risks.

The Russian invasion of Ukraine occurred as the Quad was strengthening in scope and commitment. The Biden administration exceeded expectations and wasted no time consolidating the Quad. With face-offs against a much more powerful China on its continental

border, the Quad strategically benefits India by putting indirect pressure on Beijing in the Indo-Pacific maritime arena. A tighter Quad with a more strategically engaged India is a worry for China even if there are no signs that New Delhi would—as China asserts—countenance an 'Asian NATO'.

The Russia–Ukraine war has affected the political dynamics of the Quad. At the May 2022 Quad Leaders' Summit, the joint declaration left out any mention of Russia by name. The word 'invasion' was replaced with 'conflict'. The day before the summit, Japanese Prime Minister Fumio Kishida and US President Joe Biden attacked Russia head on in a joint press conference. Biden's statement: 'This is more than just a European issue. It is a global issue.' was interpreted by some as a veiled jab at states, including India, that do not buy this argument. The toned-down language of Australia, Japan and the United States which followed during the summit was a concession to India.

THERE are political minefields ahead for India and its partners. NATO–Russia tensions will surely rise when Sweden and Finland's requests for membership are taken up. An intensification of the Russia–Ukraine war might force India to choose between its Quad partners and Russia. At the same time, India's earlier intention to achieve multipolarity through the BRICS will be even less tenable if Russia–China relations become ironclad. The notion of a more distributed power system will collide against the reality that closer ties with the United States may appear a better option for India.

At the beginning of the Russia–Ukraine war, India worried that China would gain an enfeebled and dependent Russia as a junior partner.

In turn, India stood to lose Russia as a strong and reliable geopolitical partner. Economically, the sanctions on Russia are setting off a process of de-dollarisation that benefits China. The Ukraine conflict could be delivering advantages to China that it could not have otherwise secured.

Indian policymakers are betting Russia will not want to put all its eggs in one basket and that Russia will continue to respect India's independence. A weakened Russia will still have veto power at the UN Security Council where India has historically been a beneficiary. India is betting that the level of convergence with the Quad members on China's aggression in the Indo-Pacific is strong enough to tolerate dissonance. It is also counting on its friends to realise that pressure to take sides is unlikely to produce results and may backfire.

India has consolidated its strategic autonomy without economic or strategic costs. Its Quad partners appear willing to tolerate differences. After all, there is no 'Indo-Pacific' without India. India has also long been a status seeker and likely believes its stance on Ukraine has increased its international status.

New Delhi has been able to set the terms of global engagement in the current geopolitical constellation. Depending on the outcome of the Ukraine war however, India's conception of the type of global order that guards its strategic autonomy may have to be reluctantly refined. **EAFO**

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Balancing geopolitics and energy security with decarbonisation

JUN ARIMA

THE Russia–Ukraine War is a reminder of the vital importance of a low-cost, stable supply of energy and the impact of geopolitics on securing it.

Europe, especially Germany, is feeling this keenly. Germany, which is committed to a nuclear and coal phase out, had been promoting the introduction of renewable energy

sources like wind power while using Russian natural gas to adjust for the fluctuations in the output of renewable energy sources. The conflict in Ukraine has derailed plans for a new German–Russian gas pipeline, Nord Stream 2, and Germany is now facing the threat of energy supply disruptions.

Energy policy in developed countries has been dominated by the

policy goal of decarbonisation since the 2015 Paris Agreement. Despite the continued significance of fossil fuels, emphasis has been on arguments that fossil fuels must be eliminated and fossil fuel investments will become stranded assets. This is why investment has been slow despite rising energy prices. These arguments jeopardise the stable supply of fossil fuels. Energy



PICTURE: KIM KYUNG-HOON / REUTERS

School students march with signs during the global students strike for action on climate change (Tokyo, 2019).

transition will not happen overnight. It is necessary to recalibrate policies with energy security in mind. That must include fossil fuels.

Rising energy, raw materials and food prices due to the Russia–Ukraine war and the risk of a global economic downturn could weaken momentum for action on climate change. Of course, global warming prevention is a powerful political slogan, as witnessed in the Leaders’ Communique at the 2022 G7 Summit, which reaffirmed strong commitment to the COP26 Glasgow Climate Pact. The question is whether real action will accompany it.

Despite the ambitious language of the Glasgow agreement, countries have been forced to ease soaring energy prices. The Biden administration—which has been calling for decarbonisation and renewable energy—is releasing oil reserves, asking the oil and gas industry to increase production, resuming oil imports from previously sanctioned Venezuela and freezing the federal gasoline tax to curb soaring gasoline prices. Europe, a leader in decarbonisation, is expanding coal imports on the back of high gas prices. In China and India, coal production and coal-fired power generation have increased significantly. In Japan, gasoline subsidies have been introduced.

These actions run counter to global warming prevention but they are political realities. If soaring energy costs have a negative impact on livelihoods and industry, the priority must be ensuring low-cost energy supply.

According to the United Nation’s Sustainable Development Goals awareness survey, climate action priority is ranked first in Sweden and third in Japan, but only fifteenth in China and ninth in Russia and

Indonesia. It is unsurprising that poverty, education, health and employment are prioritised over climate protection in developing countries. Now that the world’s economic situation is deteriorating and energy prices are skyrocketing, climate action in developing countries is even less of a priority.

THE key to future global energy demand and greenhouse gas emission trends will be held by developing countries, especially in Asia. Across Asia, dependence on coal is 48 per cent, as opposed to 12 per cent in Europe and 9 per cent in North America. If the Asian region lags in gas conversion due to soaring natural gas prices, it will be difficult to reduce greenhouse gas emissions.

Global warming prevention has been the focus of attention since the end of the Cold War when international cooperation was gaining momentum. But now a new Cold War-like confrontation is emerging. This will have a negative impact on climate change action which above all requires international cooperation. As military spending by developed countries expands, the funds available to support developing countries in global warming mitigation and adaptation could decline. Developing countries will have no choice but to slow their climate change response.

The Ukraine crisis poses various challenges to Japan’s energy security. Rising oil and natural gas prices and a weakening exchange rate are raising Japan’s energy costs, which are already the highest of any developed country. This is a major burden on the Japanese economy.

Japan is challenged by a lack of domestic fossil fuel resources and interconnection lines with neighbouring countries. Its terrain

limits space for solar panels and ocean depths make offshore wind power costly. Compared to the resource-rich countries like the United States and Europe, where regions are connected by power grids and pipelines, Japan’s energy security suffers an overwhelming disadvantage.

The argument that ‘now is the time to get rid of fossil fuels and nuclear power’ ignores the desperate situation Japan is in. All available options should be used. A one-leg approach to renewable energy could lead to a repeat of the situation in Germany.

Accelerating the resumption of nuclear power plant operations is a pressing issue. One unit of nuclear power saves 1 million tonnes of liquefied natural gas (LNG). This would be beneficial for Japan’s energy security and contribute to easing the global LNG supply–demand crunch. The pressure on power-supply–demand in summer and winter could be largely alleviated by accelerating a nuclear power restart. Both the restart of nuclear power plants and the construction of new plants is necessary to decarbonise.

The Ukraine crisis has reminded Japan of its energy security risks due to its proximity to China, Russia and North Korea. Re-examination of the national and economic security system is an urgent task. Energy policy heavily focused on decarbonisation also need to be rebalanced with an eye towards energy security, the most fundamental demand of all. **EAFO**

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Members of the Japanese delegation arrive ahead of WTO dispute consultations between South Korea and Japan (Geneva, 2019).

Re-invigorating the international trade system

SHUJIRO URATA

THE world faces unprecedented and difficult challenges, including US–China rivalry, the Russian invasion of Ukraine, the COVID-19 pandemic, climate change and supply chain disruptions. One consequence of these challenges is the possible division of the world economy into two or more political blocs not unlike the situation that prevailed before the Second World War. To avoid this,

the rules-based international trading system needs re-invigoration to deal with the problems faced by the World Trade Organization (WTO).

The United States and China are relentlessly competing in areas including military strength, scientific and technological advancement and global leadership. One strategy adopted by the United States was the imposition of high tariffs on imports

from China, ostensibly aimed at correcting trade practices believed to give China an unfair advantage. This triggered a tariff war, as China retaliated by increasing import tariffs on imports from the United States.

These types of unilateral actions would not be allowed under a more functional international trade system. Country-first unilateral policies such as ‘America First’ and ‘China First’

violate international trade rules. They are unfair and detrimental to other countries, and are self-destructive as they lead to a dramatic decline in bilateral trade, as well as affecting the trade of other parties.

Japan, a middle power that benefits substantially from free trade, has an important role to play in achieving the objective of a well-functioning rules-based international trade system. This should be done in collaboration with like-minded countries such as Australia, Canada, New Zealand and Singapore.

The WTO was established in 1995 to promote international trade and deal with the problems faced by its predecessor, the General Agreement on Tariffs and Trade (GATT). It has two main functions. One is to set and enforce rules on international trade and promote free trade by convening multinational trade negotiations. As international economic activities expanded from goods to services and investment, so did the WTO rules. The other function is to settle disputes between WTO members. The WTO improved the dispute settlement mechanism by introducing a two-tier system—the panel and Appellate Body.

This dispute settlement mechanism worked relatively well until the United States vetoed the appointment of the judges to the Appellate Body, as it was being exercised more frequently than the GATT dispute settlement mechanism. While the number of disputes brought to the GATT from 1948 to 1994 totalled 314, there were 598 cases under the WTO between 1995 and 2019. The United States claimed that the Appellate Body made decisions that exceeded its authority, and it ceased functioning in December 2019. Any panel decisions that have been sent to the suspended Appellate Body have been effectively shelved.

WTO members must agree on how to deal with the suspended Appellate Body. In March 2020, a group of 16 WTO members led by the European Union and Canada set up a separate appeal system, the Multi-Party Interim Appeal Arbitration Arrangement (MPIA). For disputes among the members that are party to it, the MPIA serves as a temporary solution to the non-functioning of the WTO Appellate Body. Japan should join the MPIA and lead discussions to overcome the problem by presenting its own recommendations.

The WTO has not been effective in establishing new rules for rapidly expanding international economic activities such as investment and digital trade—important issues in US–China rivalry. Conducting multilateral trade negotiations has become more difficult, as they require consensus among the now expanded WTO membership.

The WTO has pursued two approaches to strengthen a rules-based international trade order through

Japan, a middle power that benefits substantially from free trade, has an important role to play in achieving the objective of a well-functioning rules-based international trade system

overcoming the problem of ineffective rulemaking. One is through regional trade agreements (RTAs) that promote trade between members by eliminating trade barriers preferentially. The trade expansion effect is generally larger for RTAs with more members. In recent years, RTAs have covered issues including services trade, investment, digital trade, and intellectual property rights. They have helped work towards liberalisation and set rules to deal with unfair trade practices.

Mega-RTAs in the form of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) are expected to increase in membership and expand the international reach of the rules-based system. Japan is a member of both of these RTAs, while China is an RCEP member and has applied to join the CPTPP. Japan and other members of the CPTPP must ensure that China satisfies all membership conditions, including those against special and preferential treatment towards state-owned enterprises, before its accession. Doing so would present an opportunity for China to correct any unfair trade practices.

The other approach is to promote plurilateral agreements, where like-minded countries agree to rules around a specific issue and don't pursue whole-of-WTO consensus decision-making. At the WTO, these actions begin with joint statement initiatives. Several plurilateral agreement negotiations—on e-commerce, investment facilitation, the environment and the domestic regulation of services—are already underway or have been concluded.

Japan has been actively participating in these discussions and is one of the conveners of the joint

statement initiative on e-commerce. Plurilateral agreements can facilitate the conclusion of agreements because only those who are interested have to make commitments and accept free riding by non-members. Non-members do not object because they receive benefits of the agreements on a most favoured nation basis.

Countries and economies participating in these discussions need to remember that the eventual objective of adopting the two approaches is to establish a global rules-based trade system that covers a comprehensive set of issues. To achieve this objective, countries and economies participating in RTAs and

plurilateral agreements should be open to expanding their membership and issue coverage.

To facilitate the process of establishing hard laws such as WTO rules, a 'soft law' approach is also useful. One example is the Asia-Pacific Economic Cooperation (APEC), of which Japan is a member. Ambitious and high-level rules can be discussed at APEC because of non-binding and voluntary participation. Discussions at APEC have contributed to the establishment of WTO rules, such as the Information Technology Agreement.

For the Japanese economy—which is facing a shrinking domestic market

because of its declining population—successful economic performance by Japanese firms in foreign markets is of utmost importance. The re-invigoration of a rules-based international trading system would enable Japan and other countries to sustain their economic growth. [EAFQ](#)

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DIGITAL DISFUNCTION

Supply and demand issues hinder Japanese digital transformation

HIROSHI ONO

A CITY clerk in the western prefecture of Yamaguchi carries a floppy disk containing account information for 463 residents to a local bank. He has every intention of transferring payments to the residents. But somewhere between the clerk's instructions and the bank's processing of the transaction, there is a miscommunication.

Instead of 463 residents receiving their payments, one resident alone

receives a lump sum payment for 463 residents. Such a mishap may be understandable had it occurred in the 1980s, when personal computers and memory devices were just popping up. But this took place in Japan in 2022.

Incidents like that are reminders of the state of digital disfunction in Japan. Once known as a technological powerhouse, Japan has lagged in the global wave of digital transformation.

Japan still maintains technological

competitiveness in certain areas such as robotics, batteries and some high value-added intermediate inputs and machinery. Japan also has a rich human capital base with high literacy rates. But among wealthy countries it ranks below average in digital competitiveness, e-government and e-learning. The delay in digital transformation has been felt acutely during COVID-19 because much of Japan's public health administration



Files are strewn on the floor of the Hirono town office after a strong earthquake in Fukushima Prefecture (Japan, 2021).

still relies on outdated record keeping methods that could not keep up with cases.

There are supply and demand-side explainers of why digital transformation has not taken off in Japan.

A survey of Japanese companies conducted for a 2021 white paper by the Ministry of Internal Affairs and Communication (MIC) highlighted personnel shortages in the information and communication technology (ICT) sector as a key factor behind the lag in digital transformation advancement. This is a supply-side problem. In 2018, the shortage of ICT personnel in Japan totalled approximately 220,000. The Ministry of Economy, Trade and Industry (METI) estimates that the shortage will worsen and increase to 450,000 workers by 2030.

One reason why Japan doesn't have

enough ICT professionals is because supply has been outpaced by the demand for digital transformation. But ICT jobs may also be unattractive.

In 2016, METI conducted a comparative study of ICT personnel in Japan and the United States. The study found that the average salary of ICT personnel in Japan was roughly half that of their US counterparts. For Japanese workers in their twenties, average annual salaries were 4.1 million yen (US\$31,300), while US workers earned 10.2 million yen annually (US\$77,900). The highest paid ICT personnel in Japan were in their fifties, while US salaries peaked when employees were in their thirties. The variance in salary was considerably smaller in Japan.

These figures underscore the differences in the human resources systems between each country. In

Japan, compensation is based on age and seniority because it assumes long-term commitment. Young people must work until they reach their fifties to achieve a high salary. Pay is also distributed evenly across age groups as it is considered more egalitarian. But this may weaken incentives to work hard, because high-performers are rewarded at rates similar to low-performers.

The companies that succeed in recruiting ICT professionals are foreign firms, such as Google Japan, which offer more competitive merit-based salaries. It is unsurprising that there is an exodus of ICT professionals from Japanese tech firms to foreign firms.

On the demand (or user) side, a resistance to change among employees reported in the MIC white paper is another driver for digital disfunction.

THE reasons behind resistance to digital transformation are embedded in Japanese organisations and work culture. As reported in *Nikkei Asia* in 2021, many Japanese public administration offices still use floppy disks. Even during the COVID-19 pandemic, health centres were using fax machines to send handwritten reports. This is an extreme case of organisational inertia. For Japan, the benefits of the existing technology, whether perceived or real, have been overridden by the inconvenience of switching to new technology.

Digital transformation in the workplace can be problematic because the prevailing norm is that formal transactions must take place in person, on paper and with a stamp of approval (*hanko*). These conventions prioritise formality over function. In a high-context culture like Japan, where telework use remains low,

online meetings cannot replace the authenticity of in-person meetings.

Resistance to change in Japan is also rooted in risk aversion. After the asset price bubble burst in the 1990s, businesses took a more cautious approach that hampered innovation. Investments in digital technology have been sluggish since the 1990s as many companies fear potential downsides, such as data and security breaches. Floppy disks and fax machines may be outdated, but they don't use online networks and they can't be hacked.

There are some signs of progress, albeit slow. The Japanese government launched the Digital Agency in 2021 in the hope of accelerating digitalisation. Remote work is gaining momentum. Hitachi, Panasonic and other technological giants have announced that they will eliminate the *hanko* and reduce their use of paper documents.

But these moves are still rare and mostly limited to big companies. For

the majority of businesses, especially small- to medium-sized enterprises, digital transformation is still not in their purview. Conducting business as usual in Japan is inefficient and incurs significant transaction costs—it is dependent on the physical availability of people and the duplication, transportation and storage of records. Handwritten paperwork is more prone to human error and *hanko* approval for documents can be stalled when the required signatory is unavailable.

Resistance to change and an attachment to outdated conventions are untenable because they lower productivity. Japan must understand that the opportunity costs of not going digital are already too expensive. **EAFO**

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SURVIVAL CHOICES

Tourism and foreign labour a ray of hope for Japan's economy

MASAHIKO TAKEDA

IN THINKING about Japan's strategic economic policy choices, it is useful to take a dispassionate look at where the Japanese economy stands right now. Japan's international competitiveness has declined over the past few decades and its economic growth has stagnated. Japan is

also facing a shrinking and ageing population, which will further sap its economic vitality.

Income inequality is relatively high in Japan and is likely to worsen as the number of 'aged poor' increases. Japanese firms are lagging in so-called digital transformation and

start-ups are distinctively fewer and less successful in Japan than in other developed countries.

Japan's policymakers have attempted to respond to lacklustre growth and other economic problems. 'Growth strategies' have been formulated one after another by past

As soon as the situation permits, the government needs to normalise the entry of foreign tourists into Japan by relaxing remaining restrictions

administrations. But if these strategies had been successful, Japan's present economic situation would look very different.

Monetary and fiscal policies have also been used extensively. The result has been an enormous expansion of the Bank of Japan's balance sheet with limited impact on inflation and the world's highest public debt-to-GDP ratio—257 per cent in 2021. It is now clear that these demand-based stimulus policies are incapable of creating sustainable economic growth.

The lessons we should learn from this experience are twofold. Macromonetary and fiscal policies are stop-gap measures at best and should not be relied upon for an extended period of time. Japan also needs consensus on the efforts required to strengthen its supply-side, as this will be the ultimate source of sustainable growth.

These two lessons seem obvious, but unfortunately still elude policymakers. In the 2022 Upper House election, all opposition parties called for fiscal sedatives—such as consumption tax cuts and government intervention into gasoline prices—to curb inflation. The ruling coalition did not join this chorus, but also did not make a clear statement that voters

should stop relying on temporary fiscal relief and prepare for supply-side reforms that may be painful for some.

What is needed is for political leaders—including those from the opposition—to squarely face economic reality and pursue policies that are consistent with these two lessons. From now on, the main focus should be on how to strengthen the supply-side of the economy, while demand-side policies should play only a supplementary role.

BEFORE discussing specific supply-side issues, it is useful to distinguish aggregate growth from per capita growth. As Japan's population shrinks, its aggregate GDP is likely to stagnate or even decline. This is not necessarily a problem because Japan's GDP per capita could grow at the same time. In this case, Japan would become a smaller but individually richer country. Achieving per capita growth would be easier than increasing aggregate GDP.

Should Japan set this goal, which is more modest and realistic? Unfortunately, the answer is no, because past indulgence in demand-side policies makes it unviable. Aggregate GDP, which is the denominator of the debt-to-GDP ratio, is a key indicator of debt sustainability. It represents the country's tax base from which resources for future debt repayment are obtained. Since population ageing increases fiscal demand for aged-care services and pensions, the numerator of the debt-to-GDP ratio will be difficult to reduce. This means that Japan cannot afford to become a smaller but individually richer country and should strive to increase aggregate GDP growth. Doing so will affect both the nature and scale of the required reforms.

What kinds of reforms are

required? The list of necessary supply-side improvements is well known. And while most are actions to be undertaken by the private sector, the government can encourage the private sector to take action. It is already doing so through deregulation to create business opportunities and by providing fiscal support for education, child-bearing and childcare, research and development, digital transformation and start-ups. However, the efficacy of these measures in changing the behaviour of firms and households is often unclear and may take a long time to bring tangible benefits to the economy.

Does this mean that Japan must endure continued stagnation for decades to come? There are certain segments of manufacturing and services in which Japan's international competitiveness is still high, such as digital cameras, online games, and animation. However, they are individually not large enough to be the main drivers of economic growth. For now, it seems there are only two rays of hope. One is inbound tourism and the other is increased acceptance of foreign workers.

Inbound tourism creates demand for Japan's services sector, a demand not constrained by the shrinking

As for foreign workers, demand for them is already high and it will continue to rise, including in aged-care services

domestic population. Policies are being explored by the government to support private sector efforts to better accommodate foreign tourists. This is a form of supply-side reform because, like many other Japanese firms and citizens, Japan's tourism industry was not ready to interact with foreigners until recently. The industry has had no choice but to adapt to offset the expected decline in domestic demand and it has become a pioneer of Japan's globalisation from within.

It is unfortunate that the sharp rise in inbound tourism that began in the early 2010s faced serious setbacks due to COVID-19. As soon as the situation permits, the government needs to

normalise the entry of foreign tourists into Japan by relaxing remaining restrictions.

As for foreign workers, demand for them is already high and it will continue to rise, including in aged-care services. In light of this, the government took a major step in 2019 towards accepting unskilled workers from abroad. This was a politically sensitive issue, so the government made it clear that the measure would not affect its immigration policy.

However, what Japan needs is not temporary workers who send their earnings back home: to increase aggregate GDP, workers need to spend in Japan. To encourage this, Japan

should offer permanent residency and accept migrant workers as members of the community.

Changing immigration policy is another attempt to globalise Japan from within, but one that will require the cooperation of Japanese society. The hurdle is naturally higher, because many will see it as socially disruptive and detrimental to the income of locals competing for work. Despite this, it is a critical strategic choice that Japan must make for its survival. **EAFQ**

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PICTURE: ISSEI KATO / REUTERS



Members from Japan's shopping and tourism companies greet tourists from Hong Kong upon their arrival at Haneda airport (Tokyo, 2022).



Pictured during his candidacy for the leadership of Japan's Liberal Democratic Party, Prime Minister Fumio Kishida poses in front of a poster of former prime minister Shinzo Abe (Tokyo, 2020).

Shinzo Abe's foreign policy legacy

YOSHIHIDE SOEYA

AS LEADER of the dovish faction of the Liberal Democratic Party, Kōchikai, Japanese Prime Minister Fumio Kishida claims that his disposition in foreign policy is essentially liberal. But in practice, Kishida looks to have inherited the conservative agenda of the late prime minister Shinzo Abe. How can one understand this dichotomy in the transitional phase of post-Abe politics and foreign policy?

Abe divided Japanese politics and society more than any other leader in recent history. He had a steadfast

devotion to a conservative domestic agenda, including education reform and constitutional revision. The division was made deeper by his astute use of political power to alienate his opponents. Abe's conservative and nationalist character was also evident in his uncompromising stand on historical disputes and territorial problems with South Korea and China.

Abe's commitment to national defence had complex roots and implications. Discussions on the national defence agenda assumed the tone of advocating self-help for

the sake of self-help. They included doubling Japan's defence budget to 2 per cent of GDP, acquiring counter-attack capabilities and nuclear sharing. Of course, it is possible to retroactively rationalise these discussions in a broader strategic context. But arguments by the politicians themselves focused almost exclusively on the defence of Japan and often did not refer to obligations under the US–Japan alliance.

The Japan-centric atmosphere of conservative politics has been exacerbated by the tragic killing of

Shinzo Abe. Kishida must navigate a narrow path in domestic politics. This is not an easy endeavour in such divided political and social spheres. Kishida's decision to honour Abe with a state funeral was received with mixed public opinion. According to polls conducted by the Kyodo Press, 53.3 per cent opposed the decision while 45.1 per cent approved. Nikkei's polling was only slightly more favourable with 47 per cent against the state funeral and 43 per cent in favour.

As for regional and global diplomacy, Japan's choices were limited to begin with. There will be little discontinuity from Abe's approach to Kishida's, except for diplomacy with Russia and, potentially, relations with South Korea. As prime minister, Abe eventually steered his adversarial stance towards China into a realistic policy of coexistence, which has been an easier path for Kishida to follow. But unlike Abe, Kishida is confronted with an entirely new global security environment after Russia's invasion of Ukraine in February 2022.

Russia's aggression in Ukraine appears to be motivated by Russian President Vladimir Putin's imperialistic ambitions and is an outright challenge to the rules-based liberal international

There will be little discontinuity from Abe's approach to Kishida's, except for diplomacy with Russia and, potentially, relations with South Korea

order. China also appears inspired by its own imperialistic impulse. This does not mean that China and Russia will engage in full scale cooperation or share a global strategy. China needs to ponder the various implications of the war in Ukraine carefully, including the international response.

JAPAN and other advanced democracies are faced with a new strategic environment that begs cross-regional cooperation between European and Asia Pacific nations. Kishida expressed his position on these circumstances in June 2022 prior to attending the G7 Summit in Germany. In addition to strengthening sanctions against Russia and assisting Ukraine, Kishida said that 'Japan is determined to work in cooperation with the G7 and NATO to actively make contributions only Japan can make, including outreach to other Asian nations'

This outreach extended to leaders of the Asia Pacific Partners (AP4)—Japan, Australia, New Zealand and South Korea—participating in the June 2022 NATO Partner Session. Prior to this session, Kishida hosted a meeting with Australian Prime Minister Anthony Albanese, New Zealand Prime Minister Jacinda Ardern and South Korean President Yoon Suk-yeol.

The leaders condemned Russia's aggression towards Ukraine and concurred that the security concerns of the Asia Pacific and Europe are indivisible from one another. The AP4 is a group of middle powers and Japan's role needs closer attention. The AP4 could also be an indirect means to rebuild Japan–South Korea relations.

Needless to say, the US presence is vital for Asian countries to cope with the Chinese challenge to a regional security order. At the same

time, contriving a long-term strategy of coexistence is also imperative for countries neighbouring China. The role of regional institutions and networks in the Asia Pacific and the Indo-Pacific is to fulfil this purpose.

Even the Quad—comprising Japan, Australia, India and the United States—has taken on this purpose. Quad meetings between senior officials, foreign ministers and state leaders all stress an 'inclusive' Indo-Pacific region and the centrality of ASEAN. This signifies that the Quad is not intended to exclude China and this message is directed not only towards China, but more importantly, to other countries in the region.

The Quad was originally conceptualised by Shinzo Abe as an instrument to pursue an Indo-Pacific strategy that aimed to counter China's assertive diplomacy. From 2018, however, Abe himself had changed his approach towards China. In October 2018, then prime minister Shinzo Abe and Chinese President Xi Jinping met in Beijing and agreed that bilateral relations were now back on track. Abe and Chinese Premier Li Keqiang also agreed that Japan and China would promote economic cooperation bilaterally and regionally. In 2019, Abe formally invited Chinese President Xi Jinping to visit Japan as a state guest in the spring of 2020, though this was unrealised because of the outbreak of COVID-19.

This was a realistic compromise of Abe's somewhat anti-China orientation with the hard geographical reality facing Japan. This is the positive legacy of Shinzo Abe's Asia diplomacy, to be inherited and advanced further by Fumio Kishida. **EAFQ**

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The end of the Kishi era

ANDREW LEVIDIS

UNTIL he was assassinated during a last-minute campaign stop in the western Japanese city of Nara on 8 July 2022, Shinzo Abe—Japan’s longest serving post-war leader—was a central and dominant figure in Japanese politics. Post-war Japanese history has been punctuated by spectacular instances of murder, arson and religious violence that serve as a stark reminder that parliamentary democracy has not been attained bloodlessly.

Abe was no stranger to this past. In 1960, during massive demonstrations over security treaty revisions, Abe’s grandfather, then prime minister Nobusuke Kishi, was stabbed by a rightist youth angry over Kishi’s perceived betrayal of the nation.

Assessments of Abe’s impact on national affairs have been intensely contested. On one hand are those who praise his accomplishments in national defence and foreign affairs. On the

Abe’s most important innovation was to take Kishi’s political program ... and develop it into his own modern day battle slogan

other are detractors who denounce the ethical tawdriness and democratic erosion which marred Abe’s tenure. Yet neither the achievements nor failings of the man tell us much about the historical forces that made Abe possible, and how those forces will play out in a future without him.

On the face of it, Abe’s political assassination has a two-fold meaning. The most obvious is that it breaks the spell of a decade (2012–22) in which Abe stamped his authority on Japanese politics through a combination of electoral success and willingness to use the levers of high office to cajole and dominate his opponents. Twice in a decade, Abe marshalled a spectrum of powerful conservative forces behind his cabinet leadership, ending the political instability of a revolving door premiership.

As the international environment changed, Abe displayed considerable skill in galvanising public support for reform of the institutions and laws of national defence and education. As former prime minister, Abe remained a powerbroker through his control over the largest faction in the Liberal Democratic Party (LDP) and an allegiance of votaries in the high bureaucracy.

When we extend our historical perspective further back, the question posed by Abe’s murder is whether we have reached the end of the period of conservative politics defined by Kishi. A straight line runs between Kishi and the present, linking Japan’s conservative elite to the wartime and imperialist era. A brilliant technocrat,

though by no means unpolitical, Kishi was responsible for the coercive effort that steered Japan through four years of total war. Even as Japan lost the ‘battle of the factories,’ Kishi resisted ending the war. As leader of the National Defence Brotherhood, he encouraged scorched earth tactics and sacrificial destruction, going as far as to support a bloody military uprising to halt the surrender. In 1945 Kishi was arrested as a suspected Class A war criminal. He was rehabilitated three years later, and in 1957 named Japan’s ninth post-war prime minister.

In political style and attitudes, Kishi exemplified the reinventions made by the Japanese wartime elite from the prerogatives of empire and imperial competition to the Cold War politics that crystallised post-war conservatism. Kishi set the trajectory of modern conservative politics in managerial and non-democratic directions: LDP rule backed by a system of money politics, bureaucratic interest and partnership with the United States.

In a dramatic demonstration of the past in the present, the motivations of Abe’s assassin, Tetsuya Yamagami, intersect with the alliances Kishi cemented between the LDP and anticommunist and spiritual movements based in Taiwan and Korea, that became integral to Japanese conservative politics. This included the extensive electoral collaboration forged with the Unification Church, known now as the Family Federation of World Peace and Unification.

ARRIVING on the Japanese political scene in 1993, Abe was disarmingly frank about his political genealogy. As a young parliamentarian, Abe's connections with Kishi were a valuable asset in a system dominated by political dynasties. Inheriting Kishi's skill to cultivate alliances with the nationalist and religious right, Abe portrayed himself as an avowed opponent of the historical viewpoint rooted in the Tokyo War Crime Trials of 1945–48, a position which served him well in the years to come.

But the similarities between Abe and Kishi hide the differences that divided both men. Kishi, for instance, embraced a vision of state and economy which held that unfettered capitalism should be strictly controlled by government to increase wealth and productive power in the name of national unity. In contrast, Abe promoted the financialisation of Japanese markets and embraced deregulation and free market competition as conservative concerns.

Abe's historical revisionism did not just concern war and empire. In the 1990s and early 2000s, Abe wrote regularly for centre-right journals, utilising Japan's powerful conservative media to recast the reputation of Kishi's premiership as one of economic achievement and strong national leadership. It was a startling reinvention for a man whose name was strongly associated with pre-war authoritarianism and corrupt government–business relations for decades.

Abe's most important innovation was to take Kishi's political program—which was tied to the exigencies of occupation and Cold War politics—and develop it into his own modern day battle slogan: 'overcome the post-war regime'. This meant revision of the US-imposed constitutional



Japan's ninth post-war prime minister Nobusuke Kishi is pictured holding an assault rifle (13 June 1957).

order to promote a new moral and spiritual infrastructure to sustain remilitarisation and reinforce the American position in East Asia. Abe's call to 'overcome the post-war regime', represented a process of borrowing and forgetting, reconnecting and updating the preoccupation of mid-twentieth century conservatives to the post-Cold War world, most prominently in his well-known tract, *Towards a Beautiful Country*.

The unanswered question at the heart of Japanese politics now is whether the ambition to 'overcome the post-war regime' that Abe personified can be maintained by his successors. It is ironic that the premiership—and

death—of a man who spent a decade sanitising Kishi's reputation now marks the end of a period when Kishi served as an important reference for Japanese conservatives. More than 30 years after Kishi's death, the era of Japanese conservatism dominated by politics of defeat, military occupation and the Cold War seems to have reached its denouement. The controversial legacies of the Kishi era, however, will continue to reverberate through Japanese politics for years to come. [EAFQ](#)

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