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CHANGING MILITARY DYNAMICS IN EAST ASIA POLICY BRIEF 11, JANUARY 2012

Japan's China Strategy

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SUMMARY

Structural change in the international order will have the greatest effect in East Asia with the ascendancy of China as a world economic power. A two-pillar post-Cold War policy of “shaping” China into a model country while “hedging” against its potential as a strategic rival has had to give way under the reality that China is not only an actor “to be shaped” but also an actor “to shape” the region. A new China strategy of “integration, balancing, and deterrence” has been brought forward in the Japanese security policy community. The implications of this shift and of the aftermath of the Great East Japan earthquake for Japan and the region are outlined in this policy brief.

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THE COMING POWER SHIFT IN EAST ASIA

Structural change is going on in the international order. With the rapid economic growth of Brazil, Russia, India, and China (the BRICs), emerging economies have the potential to overtake the industrialized democratic countries (G7) and member countries of the Organization for Economic Cooperation and Development (OECD) in terms of the worldwide distribution of wealth. A rising China is the biggest driver of a potential shift in the balance of power. China overtook Japan in 2010 in terms of total GDP and is now the second largest economic superpower. This “rise” of China not only transforms bilateral relations with neighboring countries, it also shifts the global power balance and the norms of international systems.

East Asian countries will continue to feel the impact of China’s rise more than other regions. For these countries, China was a neighbor 2,000 years ago, and will be a neighbor 2,000 years into the future. The changing geostrategic landscape of East Asia as a result of this power shift is the most important strategic challenge for these countries.

China has already been the largest trade partner of most East Asian countries, and its economic presence is incomparably influential in Asian economy. Meanwhile, China’s rise as military superpower has bolstered tensions in region. Continuous, robust efforts to modernize its naval and air military forces and nuclear and missile forces since the middle of the 1990s, and now the PLA’s growing anti-access/area denial (A2/AD) capabilities are serious concerns for Japan and the United States. With this growing military power, China has begun to assert its claims in regional issues such as the Taiwan Strait, the Korean Peninsula, and the East and South China Seas.

China’s political presence in this region has also greatly increased. Many regional problems cannot be solved without Chinese cooperation—North Korea’s nuclear and missile development is one of the best examples of this need. Maritime security in South and East China Seas are other examples. China can be part of the problem in these problems, but it also can be a solution. Competitive and cooperative approaches must be combined in any strategy towards China.

BEYOND SHAPE AND HEDGE: INTEGRATION, BALANCING, AND DETERRENCE

Since the end of the Cold War, many strategic thinkers have realized that a rising China would be the next serious strategic challenge. In the 1990s, the policy debate on China unfolded between two schools of

thought: “containment” and “engagement.” These two schools of finally merged and formed a two-pillar policy format, that is, “shape and hedge.”¹ This shape and hedge format was shared by Japan, too.² “Shape” refers to encouraging China to be a responsible player in regional and global affairs that shares the burden of leadership with the United States. “Hedge” refers to preparing for an unfavorable future in case China becomes a strategic competitor against the United States rather than a responsible major power.

Given the power shift in Asia, this two-pillar policy toward China will become irrelevant. One big challenge comes from the reality that China is not only an actor “to be shaped” but also an actor “to shape” the region. China, in a context of increasing national power, has a political status that no longer will readily allow responsibility to be forced on it (to be shaped), whether in Asia or in the world community. Furthermore, it is no longer possible for even the United States (needless to say for other regional countries) to avoid planning for the possibility of being restrained by China. The United States and regional countries have come to the point that on occasion they reluctantly accept China’s demands; that is, they are shaped rather than shaping. As the power relationship between the two countries changes progressively in the direction of parity with the United States, the possibility that China’s national power or influence could be shaped by one country, or one-sidedly, becomes increasingly remote for a small and medium-sized country like Japan that is deepening its mutual interdependence with China. In fact, that possibility is already remote even if Japan and the United States act together.

The Japanese security policy community has recently begun discussing a three-pillar policy format for its China strategy: integration, balancing, and deterrence.³ Integration would promote built-in cooperative activities with China to move toward the stabilization of international systems and Japan–China relations. This includes encouraging China to have a “sense of ownership” of regional stability. For the post power-shift era, formation of habits of cooperation will have

1. U.S. Department of Defense, Quadrennial Defense Review Report, February 2006, available at <<http://www.defense.gov/qdr/report/report20060203.pdf>>..

2. Joint Statement of the Security Consultative Committee, Alliance Transformation: Advancing United States–Japan Security and Defense Cooperation, 1 May 2007, available at <<http://www.mofa.go.jp/region/n-america/us/security/scc/joint0705.html>>.

3. Tokyo Foundation, Japan’s Security Strategy toward China: Integration, Balancing, and Deterrence in the era of “Power Shift,” July 2011, available at <http://www.tkfd.or.jp/admin/files/2011-03.pdf>, accessed 13 November 2011.

important implications for setting regional trends. Given bilateral friction between Japan and China, a new frontier for mutual security cooperation, such as global maritime security, should be explored to develop habits of cooperation. Such new frontiers may be able to relativize current bilateral frictions. In addition, seeking an opportunity to gain access to Chinese-led frameworks for two-way integration can further form habits of cooperation.

Balancing would take steps so that China's rising influence will not obstruct regional or global cooperation. This implies more "soft" balancing rather than "hard" balancing. To that end, partnerships with many countries are to be strengthened. Security cooperation with Australia, South Korea, and India will be a very important part of this balancing. Promotion of functional and ad-hoc regional cooperation and rule making and norm formation through such cooperation will also be important tools.

Deterrence, in this three-pillar policy format, is a little different from hedging in the "shape and hedge" model. Again, "hedge" has long-term implications in preparing for the uncertainty that China might become a strategic competitor. Here, "deterrence" has short-term implications to close the "window of deterrence" to prevent China's opportunistic creeping expansion.

From the Japanese perspective, it is inconceivable that a large-scale Chinese amphibious invasion would happen in the coming five or ten years. But there are concerns about opportunistic creeping expansion in the East China Sea if China finds "windows of opportunity" or a power vacuum. To prevent a crisis from occurring in the first place, Japan should develop deterrence. In the current Japanese policy community's lexicon, this consists of two components: dynamic deterrence and high-end contingency deterrence. Dynamic deterrence is a concept invented in the National Defense Program Guidelines of 2010 to counter Chinese opportunistic creeping expansion through frequent ISR activities and exercises/training.⁴ High-end contingency deterrence will be pursued through cooperation on the Japan-U.S. joint air-sea battle (JASB) concept to counter China's A2/AD capabilities.

Given the premise that the power shift will occur, and in order to grapple actively with the new international environment to come, Japan must seek a balance such that China's growing influence will not obstruct cooperation in regional and global dimensions. To

4. The Security Council and the Cabinet of Japan, National Defense Program Guidelines for FY2011 and Beyond, 17 December 2010, available at <www.mod.go.jp/e/d_act/d_policy/pdf/guidelinesFY2011.pdf>.

that end, partnerships with many countries are to be strengthened. At the same time, integration is to be furthered by expanding the margin for collaboration with China. The growing military power of China is to be addressed by raising the level of deterrence, to include heightened crisis management capabilities.

EAST ASIAN SECURITY POST-EARTHQUAKE

The Great East Japan earthquake that occurred on 11 March 2011 took place over an extremely wide area, caused an enormous tsunami, and further caused the incident at the Fukushima Daiichi nuclear power station. In combination, these inflicted far greater damage on Japan than the Great Hanshin earthquake of 1995.

Reconstruction after the earthquake has become the greatest issue on the Japanese government's agenda today and will be for some time to come. It took three years for Japanese economic activities to recover after the Hanshin earthquake. Considering the scale of this disaster, it may take five years for economic recovery.

How will this earthquake change the future strategic landscape in East Asia? Three key questions should be considered:

1. *Can Japan reconstruct and recover quickly?*

Three conditions must be fulfilled for early recovery,: 1) Electric power supply must be restored; 2) the nuclear power incident must be successfully dealt with in a short time; and 3) political dysfunction must be resolved and effective decision making must take place. Now that a year has passed, one can be more opportunistic about these conditions. However, given challenges that had existed before the earthquake, such as a declining birthrate and aging population, severe fiscal challenges have not been resolved. The involvement of such numerous, complex factors make this a problem without any simple solution.

2. *How will the international community reevaluate the risk of doing business with Japan and Japan's ability to overcome these risks?*

The earthquake resulted in a renewed awareness of Japan's unique position in the global supply chain. Today's manufacturing industries have made conspicuous advances in globalization. It has become clear that it is difficult to produce computers, automobiles, and other such high-end products without using parts "made in Japan." The earthquake was a great disaster, but it was not the worst disaster that could be envisioned for Japan. In that light, full consideration must be given to the possibility that global industry might be inclined to reconstruct supply chains that are not

dependent on parts manufactured in Japan. If we say for the sake of argument that “Japan-passing” in the global supply chain will occur, then the earthquake would be an incomparably greater blow to the Japanese economy.

Meanwhile, the earthquake has also demonstrated Japan’s ability to overcome such natural disasters. The earthquake and tsunami were terribly severe, but even though they occurred some time after 2:30 p.m., there were no resulting bullet train accidents, and large numbers of people did escape the tsunami. Moreover, the airports and harbors in the coastal areas of the Tohoku region that were hard hit by the tsunami had been restored to functionality within about a week. The large-scale mobilization of the Self-Defense Forces in such a short period also served as an indicator of Japan’s capability for dealing with major disasters. If the international community perceives Japan as fully capable of overcoming the country risk, then there is less likelihood that Japan-passing in the global supply chain will occur. This is another reason why it is of critical importance for Japan to recover quickly.

3. Will security stability in East Asia be maintained during Japan’s recovery phase?

There are plenty of security challenges in this region: North Korea’s development of a nuclear missile, the

uncertainty of that country’s leadership succession from Kim Jong-il, and China’s military modernization and rising level of military activity. Meanwhile, it will be necessary for Japan to concentrate on recovery during the next five years or so. This makes maintaining a stable security environment even more crucial than it was before. It should be clear to all, therefore, that the U.S. commitment and presence will be taking on greater importance than they have to date.

This last question strongly relates to another question. How will China take advantage of this situation? In the short term, there will probably be a noticeable tendency to make use of the recent earthquake for the improvement of Japan–China relations, just as the 9/11 terrorist attacks were utilized to improve the U.S.–China relationship. In the medium to long term, however, and particularly if Japan encounters unexpected difficulties in reconstruction, it is entirely foreseeable that China might also intensify pressure on Japan in its weakness and seek to establish its own leading position in the East Asia region.

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