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## 7

# Japan's Grand Strategy in the South China Sea

## *Principled Pragmatism*

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### THE SOUTH CHINA SEA AND JAPAN

The South China Sea, though not geographically proximate to Japan, has grown increasingly important for Tokyo's geopolitical and grand strategic outlook in recent years. **Three primary impulses have historically driven Tokyo's strategic thinking toward the South China Sea**, which has emerged in the early twenty-first century as one of Asia's foremost flashpoints as a rising China looks to assert its claims over disputed waters and maritime features. **First**, Japan's position as a status quo middle power or a stakeholder great power means that it wishes to see the post–World War II order persist unaltered in Asia. This translates to support for the norms of customary and formal international law and multilateral treaties, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS) in the South China Sea. **Second**, Japan's decades-long alliance with the United States means that Tokyo's attention will naturally follow

Washington's—as tension has risen in the South China Sea, the United States, eager to “rebalance” to Asia, has looked to preserve the status quo in the region. Finally, as Japan's foreign policy evolves under a new generation of leadership, Tokyo's own security interests and geopolitical considerations for its position within the Asian security order—in particular, its competition with a rising China—drive its approach toward the South China Sea.

Furthermore, Japan's perspective toward the South China Sea, through which \$5 trillion in maritime trade traverses annually, is informed by the overall importance of the region for global commerce. In particular, as a net importer of energy, Japan's energy security is highly dependent on commercial sea lanes crossing the South China Sea. Keeping sea lanes open to free navigation and overflight is thus central to Japan's grand strategic thinking about the South China Sea. Following China, Japan is the world's largest net importer of fossil fuels.<sup>8</sup> Notably, 83 percent of Japan's energy imports originate in the Middle East and pass through the strategically pivotal Malacca Strait before making their way through the South China Sea to access the waters of the western Pacific, between the First and Second Island Chains, on their way to Japanese ports. Furthermore, following the catastrophic 2011 Tohoku earthquake and tsunami and the ensuing nuclear meltdown at the Fukushima Daiichi nuclear power plant, public opinion and policy in Japan led to reduced dependence on nuclear power in the country, increasing Japan's reliance on fossil fuels. As a result, liquid natural gas imports rose by 24 percent between 2010 and 2012. Liquid natural gas, like oil, makes its way to Japan via the South China Sea. Thus, energy security weighs heavily on Tokyo's strategic calculus for this region. Any threat to the freedom of navigation for commercial vessels could raise energy import costs considerably for Japan, with potentially major ramifications for the economy.

Japan's strategic thinking toward the South China Sea also needs to be considered in light of a substantial increase in regional tensions in recent years. In particular, China's newest generation of leaders, while alluding to Deng Xiaoping's advice to “set aside disputes and pursue joint development” in the region, has focused disproportionately on the latter over the former. Starting in 2012 but as early as the late 1990s, China started to assert its claims in the region, disrupting relations with other South China Sea claimant states, including Brunei, Malaysia, the Philippines, Taiwan, and Vietnam. In particular, in the Japanese strategic view, the South China Sea will be an important test case for the universalism of various multilateral frameworks, most importantly UNCLOS. Japan's interests lie in preserving freedom of navigation and overflight in the South China Sea and avoiding the emergence of an Asian Mediterranean Sea, where a few countries claim exclusive sovereignty over maritime areas, impeding international civilian and military access. In March 2014, following the Philippines' decision to move ahead with filing arbitral proceedings against China at the Permanent Court of Arbitration in The Hague, the Japanese government issued the following statement on the South China Sea:

The Government of Japan believes that the South China Sea issue is directly related to peace and stability of the region. More importantly, however, Japan recognizes the possibility of conflict in the region as a threat to the integrity of the international maritime order as a whole. It therefore sees resolution of tensions in the South China Sea as a common concern for the wider international community, regarding it as important for the

parties concerned to act on the basis of the principle of “the rule of law” for the maintenance and enhancement of the international order in the region.

In addition to UNCLOS, Japan regards efforts by the Association of Southeast Asian Nations (ASEAN)—an organization to which all South China Sea claimants except China and Taiwan belong—to manage tensions in the South China Sea positively. Notably, Tokyo views the existing but unimplemented 2002 Declaration on the Conduct of Parties in the South China Sea and ongoing progress between ASEAN and China toward a binding Code of Conduct as positive developments.

#### FIRST EAST CHINA SEA, THEN SOUTH CHINA SEA

While in recent years Tokyo’s gaze has shifted toward the South China Sea as tensions have increased over Chinese irredentism, it would be wrong to ignore the salience of ongoing tensions between China and Japan in the East China Sea as a contributing factor to Japan’s approach toward the South China Sea issue. Scholars have argued that China brought the East China Sea disputes to bear on the bilateral relationship as it gained power primarily due to reasons of nationalism-derived legitimacy. A watershed event sparking a nearly two-year-long high-level diplomatic freeze between Tokyo and Beijing was the 2012 decision of the Japanese government, then led by the Democratic Party of Japan with Yoshihiko Noda as prime minister, to purchase the disputed Senkaku Islands (known and claimed as the Diaoyu Islands in China). The Japanese government’s decision to purchase the islands, thereby nationalizing them, was spurred not by any overt intention to increase tensions with China, but to prevent the islands, which were owned privately, from falling into the hands of the highly nationalist governor of Tokyo, Shintaro Ishihara. One scholar, Toru Horiuchi, notes that Ishihara’s plans, which could ultimately have been much worse for China-Japan relations, had public support in Japan, thereby prompting the Japanese government’s decision to act preemptively. The islands, which are administered by Japan, had previously been at the center of a 2010 dispute in which Japan’s coast guard arrested a Chinese fisherman near the islands. That incident drew Chinese criticism and resulted in a temporary freeze on the export of Chinese rare earth minerals to Japan. However, it did not spark a broader and long-term diplomatic freeze like the 2012 nationalization, which came at a time of extreme fragility between China and Japan.

The Noda government’s 2012 decision to nationalize the islands was followed by a period of political change in Japan where the conservative, nationalist-leaning Liberal Democratic Party (LDP), led by Shinzo Abe, who had served as prime minister from 2006 to 2007, returned to power. Abe’s return to the fore in Tokyo began a period during which Beijing and Tokyo seldom spoke at a high level. At one point, no high-level contact between Japanese and Chinese diplomats had occurred for at least fourteen months. Tensions rose through 2013 and the early months of 2014, eventually stabilizing as China began shifting its own attention toward the South China Sea. However, in late 2013, China unilaterally declared the imposition of an air defense identification zone (ADIZ) over the East China Sea, including over the disputed islands. Chinese sources, as Michael D. Swaine has documented, justified the move as a “legitimate national security–related measure similar in function to ADIZs established by other nations and intended to strengthen Chinese security and increase regional safety.” The Japanese government, along with the United States, condemned the move and instructed its civilian

aviators to avoid complying with Chinese ADIZ requirements. The United States, to emphasize the perceived illegitimacy of the ADIZ, flew two B-52 bombers over the East China Sea in November 2013. The bombers did not originate from U.S. bases in Tokyo, however—they flew from the U.S. Andersen Air Force Base in Guam. In anticipation of heightened tensions in the region as a result of international arbitration filed by the Philippines, China shifted its attention to the South China Sea, where it embarked on extensive island-building and construction projects—euphemistically dubbed “land reclamation.” Beginning roughly in early 2014, Japanese attention shifted accordingly. Still, the East China Sea continues to feature as an area of primary interest for national security planners in Tokyo. For example, Japan’s Defense White Paper released in July 2015 emphasizes Chinese resource exploration activity along disputed gas fields in the East China Sea.

At the same time, it should be noted that the white paper devotes extensive attention to the East and South China Sea issues, emphasizing the extent to which it appears to have captured the attention of Japanese leaders, including, most importantly, Shinzo Abe’s cabinet. Reports in the Japanese press ahead of the release of the white paper noted that the kantei, the prime minister’s office manned by approximately three hundred officials and parliamentarians close to and working for Abe, were unwilling to approve a preliminary draft of the white paper due to what they perceived as an inadequate amount of attention devoted to the East China Sea issue. The paper was revised accordingly and was released with roughly one-third of its more than four hundred pages devoted to Chinese activities in the East and South China Seas, including Beijing’s provocative island-building activities in the latter. Japan’s 2016 White Paper echoed these themes, emphasizing maritime difficulties in both seas.

It is plausible that strategic planners in Tokyo, including those within the Self-Defense Forces (SDF), have noted that China generally has avoided the pursuit of destabilizing activities in more than one area at once. Thus, when Chinese island-building, patrols, and other activities, including the controversial May 2014 deployment of an oil rig into waters disputed with Vietnam, occurred, the East China Sea remained relatively calm. In fact, late 2014 witnessed the resumption of high-level diplomatic ties between Tokyo and Beijing, paving the way for the first official meeting between Japanese prime minister Shinzo Abe and Chinese president Xi Jinping on the sidelines of the Asia-Pacific Economic Cooperation Summit in 2014. Leading up to that encounter, Japanese national security chief Shotaro Yachi met Chinese state councilor Yang Jiechi in November 2014. The two senior officials agreed to a “four-point consensus,” which created a path back to diplomatic normalcy after a nearly two-year freeze in high-level contact following the Senkaku nationalization. For China, this was ostensibly driven by a desire to restore good ties across the East China Sea as the South China Sea began to heat up in late 2014 and early 2015.

Thus, in thinking about Japan’s shifting perspective toward the South China Sea, it is important to remember the centrality of the East China Sea, including the dispute over the sovereignty of the Senkaku Islands and the final delimitation of Chinese and Japanese EEZs, in Japanese strategic thought. The East China Sea is an area with direct relevance to Japan’s national security and defense interests. Meanwhile, the South China Sea is relevant to Japan insofar as it is an area where the sinews underlying the contemporary Asian order risk being frayed by Chinese irredentism. In what follows, we offer a broader discussion of the recent

trends in Japanese domestic politics, regional diplomacy, and U.S. alliance dynamics that have informed Tokyo's strategic approach to the South China Sea issue.

#### A TRANSFORMATION IN DOMESTIC AND ALLIANCE POLITICS

Recent trends in Japanese domestic politics have seen the country head toward a complete recalibration of its security policy under the LDP government of Shinzo Abe. To understand Japan's broader perspective toward the South China Sea issue, it is first worth considering these trends. Notably, Abe, as prime minister, has spent considerable political capital in posturing Japan as a "normal" country. Since its adoption following Japan's defeat in World War II, the constitution has forbidden the country from ever engaging in war; specifically, Article 9 of the constitution states that "the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes." Abe has sought to stretch the meaning of Article 9 so as to allow Japan to act as a "proactive pacifist" country—an objective that Beijing views negatively. He has made little secret of his intentions to recalibrate Japan's national defense policies. In fact, Abe attempted to do so during his first term (2006–7) but was resolutely unsuccessful at the time. Nevertheless, he was able to establish a ministry of defense for Japan. The country up to that point did not have a cabinet-level ministry to handle the country's defense portfolio.

Shortly after returning to the prime minister's office in late 2012, Abe moved to implement a national security council for Japan, modeled after the institution of the same name within the U.S. national security apparatus. Japan's 2014 white paper described the council, which was established formally in December 2013, as "the control tower of [Japan's] foreign and defense policies." The economic agenda and the implementation of "Abenomics" mostly topped the kantei's agenda in 2013, but in 2014, the Abe cabinet moved to lift Japan's self-imposed ban on exporting weapons. The ban, put into place in 1967, was based on "three principles": Japan would not export weapons to communist states, countries under United Nations sanctions, and countries in armed conflict. In practice, Japan exported no weapons initially, pursuing limited defense research and development for its own SDF. In April 2014, the export ban was overturned, although conditions remain. First, no weapons can be exported to countries under United Nations Security Council sanctions, such as North Korea and Iran. Second, defense exports, especially those with a joint research and development component, with such countries as the United States, the United Kingdom, France, Australia, India, and some Southeast Asian countries, can be allowed by the Japanese government's decision as long as they are deemed to contribute to Japan's security. Third, weapons exports are allowed only when the governments of importing countries are obligated to abide by an agreement governing the use of the technology. In 2015, Japan started discussions about the export of defense technology with Australia, the United Kingdom, the United States, and India.

Another watershed moment in recent Japanese defense reforms included the kantei's decision to reinterpret Article 9 of the constitution as allowing Japan to practice the right of collective self-defense. The reinterpretation move drew controversy in Japan but was consistent with how Japanese cabinets and legislators had previously handled unprecedented military deployments, including the participation of noncombatant SDF units in the 2003 Iraq war under the Junichiro Koizumi administration. Alongside these domestic reforms, Abe

embarked on a diplomatic “charm offensive” across Asia, approaching states that were like-minded on China’s potential threat to the status quo Asian order. These states included India, Australia, and the Southeast Asian claimant states in the South China Sea. The outreach also included, naturally, Japan’s decades-long ally, the United States. Abe’s efforts in Washington culminated with a historic speech before a joint session of Congress in April 2015, the first ever by a Japanese prime minister, where he delivered assurances that his defense reforms would move forward.

Specifically, during his address before U.S. legislators, Abe outlined a large substantive scope for his reform agenda. He noted that his government was “working hard to enhance the legislative foundations for our security,” and that once the reforms were in place, “Japan will be much more able to provide a seamless response for all levels of crisis.” Abe, pointing to the U.S.-Japan alliance itself, noted that the “enhanced legislative foundations should make the cooperation between the U.S. military and Japan’s Self Defense Forces even stronger, and the alliance still more solid, providing credible deterrence for the peace in the region.”

Abe’s defense reforms culminated in an uproar regarding a national defense legislation package that would effectively legalize the kantei’s controversial 2014 reinterpretation of Article 9 to allow for collective self-defense. The lower house’s decision to approve the package in July 2015 was so controversial that it resulted in the largest public protests in Japan since the Fukushima Daiichi fiasco in 2011. The legislative package passed in the upper house on September 19 by a simple majority of the LDP-Komeito party coalition. Despite widespread protests and a commensurate dip in Abe’s approval ratings, scholars familiar with Japanese defense policy over the decades note that the Abe administration’s approach represents continuity rather than change in how Japan goes about evolving its SDF to meet new challenges. Others, such as Yuki Tatsumi, noted that the Abe government could have seized the opportunity of the legislative debate to clarify Japan’s shifting security environment since the end of the Cold War, justifying the defense reform package in terms “beyond the vague notion of ‘proactive contribution to international peace.’”

Reactions to the lower house debate in July 2015 overstated Japan’s pacifist history and the extent to which the proposed legislative package is revolutionary. Despite Article 9, Japan has never practiced strict pacifism—indeed, the very existence of the SDF is a testament to this fact. Jennifer Lind, a scholar of Japanese foreign policy, offered a sober reaction to the legislative package. Writing for the Wall Street Journal shortly after protests erupted in Tokyo, she noted that “Tokyo decisively rejected pacifism by adopting a grand strategy of limited remilitarization and alliance with the U.S.” Recalling this and acknowledging Japan’s perception of Asia’s shifting geopolitical architecture and growing threats, the Abe national security legislative package is a reaction to changing times wholly consistent with Japan’s postwar approach to its military. As Lind noted at the time, “The new security legislation is merely Tokyo’s most recent calibration of a grand strategy in which Japan does less when it can, and more when it must.” As Tokyo sees a potential need to fight alongside the United States to preserve maritime security and freedom of navigation in the region—including in the South China Sea—the administration sees this legislative package as central.

Following the lower house debates focused on constitutional issues from the coalition government's point of view, upper house debates focused on the assessment of the security environments Japan faces. One pronounced feature of upper house debates should be singled out: the expeditionary nature of proposed SDF security operations was neither diluted nor deleted. Proposed regular Maritime Self Defense Forces (MSDF) patrols of the South China Sea were not specified.

Japan's alliance with the United States has been a key linchpin of the country's thinking about its national defense since the two countries signed their Treaty of Mutual Cooperation and Security in 1960. Given Japan's constitutional limitations on maintaining an active and offensive-capable military, its alliance with the United States—the world's foremost military power—has been considered central to securing its defense interests. Unsurprisingly, therefore, doubts about the U.S. willingness and ability to guarantee extended deterrence for Japan, increasing at the same time as China's acceleration of assertive military activity in the East and South China Seas, have resulted in some voices within Japan—certainly within the more conservative LDP—calling for the country to prepare for the day where it has to account for its own defense.

The *kantei's* reinterpretation of Article 9 as permitting collective self-defense is of direct relevance to the U.S.-Japan alliance. In the wake of the announcement, the United States and Japan worked toward a revision of their Bilateral Defense Guidelines, a set of stipulations outlining their defense cooperation in peacetime and wartime. The guidelines, untouched since 1997, were modified to reflect Japan's new defense posture, highlighting a more "global" role for the U.S.-Japan alliance. This has been interpreted to mean that, as far as Japan's role in the South China Sea is concerned, any potential U.S. involvement in a future conflict there could mean a role for Japan, so long as the Japanese government is able to substantiate a direct threat to the welfare and safety of the Japanese people. Masahiko Komura, vice president of the LDP, noted in March 2015 that the collective self-defense reinterpretation was predicated on the constitutional imperative of the Japanese government to protect the lives and happiness of the Japanese people. Though the South China Sea is not geographically proximal to the Japanese people (unlike the Senkakus, which are a stone's throw from the populated islands of the Ryukyu chain, including Okinawa), Japan's reliance on South China Sea-borne commerce could form the basis of the government's legal argument for kinetic involvement in a conflict there.

Moreover, heading into mid-2015, senior U.S. military officials began to openly allude to the prospect (which was eventually realized) of Japanese patrols in the South China Sea. In January 2015, Adm. Robert Thomas, the commander of the U.S. Seventh Fleet and the top U.S. naval officer for Asia, told reporters that the United States would welcome an expanded Japanese role in the South China Sea. "I think allies, partners, and friends in the region will look to the Japanese more and more as a stabilizing function," he told the press at the time. In April 2015, U.S. secretary of defense Ashton Carter and his Japanese counterpart Gen Nakatani agreed that both their countries opposed any attempts to change the status quo through the use of force—a message implicitly directed at China. Reports as early as May 2015 highlighted that the idea of joint U.S.-Japan patrols in the South China Sea were raised during the defense guideline revision process. Echoing earlier reports, Japan's highest-ranking military officer, Admiral Katsutoshi

Kawano, the chief of the joint staff of Japan's SDF, confirmed his country's interest in expanding operations in the South China Sea: "Of course, the area is of the utmost importance for Japanese security. We don't have any plans to conduct surveillance in the South China Sea currently but depending on the situation, I think there is a chance we could consider doing so. . . . In the case of China, as we can see with the South China Sea problem, they are rapidly expanding their naval presence and their defense spending is still growing. Also because there is a lack of transparency, we are very concerned about China's actions."

From the U.S. perspective, an expanded role for Japan in the South China Sea is consistent with the Obama administration's "Rebalance to Asia" strategy. Particularly given trends in domestic U.S. politics, including defense spending sequestration, Washington is eager to see its Asian allies bear a greater proportion of the burden for their own defense. In the South China Sea in particular, Washington is eager to see a broader role for Tokyo to add legitimacy to its calls to preserve the regional status quo amid China's island-building and construction work.

In August 2015, the U.S. Department of Defense released a strategic document, *The Asia-Pacific Maritime Security Strategy*, that, inter alia, outlined how Washington continues to see Japan as the linchpin of its forward military presence in Asia. "The cornerstone of our forward presence will continue to be our presence in Japan, where the United States maintains approximately 50,000 military personnel, including the U.S. Navy's Seventh Fleet and the only forward-stationed Carrier Strike Group in the world," the report notes.<sup>58</sup> It also asserts that in order to ensure that the U.S. presence in Asia is "sustainable," the United States and Japan are working to "develop a new laydown for the U.S. Marine Corps in the Pacific," which includes a shift toward a more geographically distributed model across Australia, Hawaii, Guam, and mainland Japan. Implicit in this outline of the United States' shifting military geography is a bid to improve the "readiness of our forward forces to respond to regional crises," including in the South China Sea.

Finally, in October 2015, three days after the United States staged its first freedom of navigation operation in the South China Sea by sailing an Arleigh Burke-class guided missile destroyer within twelve nautical miles of a Chinese artificial island in the South China Sea, the Japanese Maritime Self-Defense Force joined the U.S. Navy for the first-ever bilateral naval exercise in the region between the allies. The exercise represented a culmination of a range of the processes in the U.S.-Japan alliance that we describe above.

#### EXTENT OF JAPAN'S SOUTH CHINA SEA-RELATED ACTIVITIES

In what follows, we detail Japan's posture and activities in the South China Sea and its diplomatic relations with continental and maritime Southeast Asian states. As already noted, the stakes in the South China Sea have risen dramatically in the second decade of the twenty-first century. The current period of increased tensions originated with the 2012 standoff between the Philippines and China over Scarborough Shoal.<sup>62</sup> That year coincided with the tipping point in Japanese security and defense policy that the LDP's return to power ushered in.

##### **Japan and the Philippines**

In 2015, Japan drastically increased its security cooperation with the Philippines, another U.S.-allied Asian state and a South China Sea territorial claimant. In 2014, Tokyo came out in



support of the Philippines' decision to file arbitral proceedings against China at the Permanent Court of Arbitration: "The Government of Japan supports the Philippines' use of procedures under the United Nations Convention on the Law of the Sea aiming at peaceful settlement of disputes on the basis of international law, as such an action contributes to the maintenance and enhancement of the international order in the region based on the rule of law."

From June 22 to June 26, 2015, a Japanese MSDF P3-C Orion landed on the Philippines' Palawan Island to engage in a training exercise with the Philippine navy. Nominally, the exercise was intended to increase maritime security cooperation and interoperability between the two navies. Instead, much attention focused on the P3-C Orion's flight over the frontier of Reed Bank in the Spratly Islands with a Philippine naval crew on board. According to the Philippines, Reed Bank is incontrovertibly within its exclusive economic zone per UNCLOS, but this remains disputed by China. The Reed Bank component of the MSDF Philippine navy exercises was intended to simulate a search for a shipwrecked vessel.

The MSDF surveillance flight did not go unnoticed in China. Chinese commentator Wang Haiqing, writing for China's state-run Xinhua news agency, called the exercise the "latest sequel to Tokyo's meddling in the South China Sea." Wang goes on to accuse Japan of diverting its military attention to the South China Sea to force China to in turn move its resources away from the East China Sea, where Japan and China dispute the sovereignty of the Senkaku/Diaoyu Islands. He also notes that Abe's rapprochement with the Philippines is a ploy to win broader public support for Abe's contentious defense reforms in Japan, where public opinion on the issue has been divided.

Tokyo and Manila will continue to increase their military contacts with the United States' blessing. The Balikatan joint exercise in 2015, which included more than 15,000 U.S., Philippine, and Australian troops, featured personnel from Japan's SDF as observers. Also, in a first, in August 2015, as part of the U.S.-led Pacific Partnership series of exercises involving seven regional states, Japan joined humanitarian vessels from the Philippines and the United States for a refueling and humanitarian assistance exercise off Subic Bay, the site of a former U.S. naval base in the Philippines and a strategically located South China Sea littoral port. The U.S. commander leading the exercise, Rear Adm. Charles Williams of the U.S. Seventh Fleet's Task Force 73, noted that the fact that Tokyo had sent Admiral Katsutoshi Kawano, its most senior military official, spoke "volumes about their commitment to the region and their commitment to being part of a multilateral engagement." The optics of Tokyo's participation were an unmistakable sign of its increasing engagement with the Philippines and the United States in and around the South China Sea.

For the Philippines, the rapprochement with Tokyo is both necessary and strategically sound given its broader regional position. Manila's hard power resources are limited—an inconvenient reality given the rise in tensions in the region and, in particular, China's willingness to use kinetic assertion to emphasize its maritime and territorial claims in the South China Sea. As a result, Manila has to hedge its position by banding together with its traditional ally, the United States, and now also with Japan. Japan's recalibrated defense posture and gradual shift toward a more expeditionary role for the SDF makes it a natural partner for the Philippines in the South China Sea. Underpinning this convergence is the fact that Japan continues to be the

Philippines' most important trading partner and official development assistance donor among Southeast Asian states.

Security commentators have noted that Japan and the Philippines have established a de facto alliance given mutual concerns over China's rise. In 2015, the year marking the seventieth anniversary of the end of World War II in Asia, many countries in the region exhibited a major focus on history. In particular, observers across Asia were looking to see if Abe would continue the trend of apologizing for Japan's wartime atrocities in line with the statements by Prime Ministers Tomiichi Murayama in 1995 and Junichiro Koizumi in 2005. One of the few remaining areas of tension between the Philippines and Japan is over this history issue. Philippine "comfort women," like their South Korean counterparts, have demanded recognition and compensation from the government of Japan. Overall, however, following Abe's 2015 statement on the war, the Philippines issued no comment—abstaining from either praising or criticizing the agreement. Tellingly, neither Tokyo nor Manila sent any high-level representation to a September 3 parade held in Beijing to commemorate the seventieth anniversary of the war's end; Japan saw the parade as a Chinese attempt to emphasize Japanese wartime atrocities. For Manila, in order to realistically cooperate with Tokyo over the South China Sea, historical issues have to be set aside in favor of pragmatic cooperation.

Critically, when in July 2016 a five-judge tribunal based at the Permanent Court of Arbitration ruled overwhelmingly in favor of Manila's submissions in its 2013 case against China over maritime entitlements in the South China Sea, Japan voiced strong and enthusiastic support for the ruling. Foreign Minister Fumio Kishida immediately released a statement on the award, noting that Japan considered it "final and legally binding on the parties to the dispute under the provisions of UNCLOS." He added that "the parties to this case are required to comply with the award. . . . Japan strongly expects that the parties' compliance with this award will eventually lead to the peaceful settlement of disputes in the South China Sea."<sup>72</sup> Tokyo's strong position in the aftermath of the ruling left it as the only nonclaimant Asian state to describe the ruling as final and legally binding on China—a position shared by claimant states the Philippines and Vietnam. The July 2016 ruling is the most significant international legal development concerning the disputed maritime claims in the South China Sea. That Tokyo immediately staked out a principled position based on the legitimacy of international law suggests that **Japan's grand strategic thinking about the South China Sea will continue to be framed in the language of the rules-based global order.**

Viewed over a longer term, Manila's pursuit of a policy compatible with U.S. and Japanese approaches in the South China Sea is not guaranteed—something that Tokyo, like other regional states, has had to reckon with, especially with Philippine president Rodrigo Duterte. Duterte, early in his first term, showed signs of breaking with the internationalist approach to resolving disputes championed by the Benigno Aquino administration. Moreover, Duterte has questioned the utility of the Philippines' closeness to the United States.<sup>73</sup> In particular, should the Philippines pursue a longer-term approach of pursuing bilateralism with China over the South China Sea without conditions stemming from the July 2016 ruling, Tokyo may have to reconsider its longer-term engagement with Manila.

### **Japan and Indonesia**

The election of Indonesian president Joko “Jokowi” Widodo in late 2014 led to a shift in Indonesia’s maritime policy. Though the state is not an active claimant in the South China Sea, it has grown concerned about the ambiguity surrounding China’s “U-shaped line” claim to waters near the Natuna archipelago. Some commentators and analysts have described Jokowi’s approach to maritime issues as heavy-handed, primarily with reference to his administration’s early move to sink illegal fishing vessels operating in Indonesian waters. In mid-2016, Jokowi, demonstrating an intention to buttress Jakarta’s position in the Natunas following repeated encounters involving Indonesian maritime law enforcement vessels and China’s coast guard, announced the start of a massive government-backed initiative to tap the Natuna archipelago’s rich natural gas reserves.

In March 2015, Jokowi and Abe signed a new defense partnership and set out to establish a high-level bilateral maritime forum to discuss a range of issues related to maritime security, commerce, and the preservation of “free, open, and stable seas.” This initiative was in part spurred by the Jokowi administration’s push to turn Indonesia into a “global maritime fulcrum,” an objective he announced at the 2014 East Asia Summit. In the same speech, he called on all parties in the South China Sea maritime territorial disputes to exercise restraint, respect the 2002 Declaration on the Conduct of Parties in the South China Sea, and seek a solution within the framework of existing international law. For Japan, it was immediately apparent that Jokowi’s perspective had much in common with Tokyo’s own goals in the South China Sea. Additionally, given Indonesia’s status as *primus inter pares* in ASEAN, coordination with the Jokowi government would be necessary for any long-term Japanese influence within the organization.

However, Indonesia—building on its history as a leader within the nonaligned movement—remains interested in maintaining a degree of neutrality in the region, particularly with regard to relations between China and the rest of the ASEAN member states. Indonesia applies neutrality to its relations with Japan as well. Jokowi visited both Beijing and Tokyo on the same trip, lest it appear that Indonesia was pivoting too far either way. In Beijing, Jokowi showed that Indonesia would continue to work with China as a maritime partner. The Xi-Jokowi joint statement set out an agenda on defense and maritime cooperation. Jokowi’s approach to Indonesia’s position in Asia seems to be driven by a combination of pragmatism and a populist impulse to appear strong on issues concerning Indonesia’s sovereignty. Abe’s Japan has demonstrated its willingness to appeal to both impulses in its approach toward Jakarta in late 2014 and early 2015.

### **Japan and Vietnam**

In the summer of 2014, Vietnam seemed to be the most likely state to have a kinetic faceoff with China over disputed claims in the South China Sea. Starting in early May, after China moved its state-owned *Hai Yang Shi You 981* (HD-981) oil rig, flanked by scores of civilian, coast guard, and naval vessels, into an area off the disputed Paracel Islands, relations between Vietnam and China hit their lowest point since the two countries fought a war in 1979.<sup>83</sup> Conflict became increasingly likely due to the elevated nationalist rhetoric in both countries over the sovereignty of the Paracel Islands.

In August 2014, toward the end of the Vietnam-China flareup, Japanese foreign minister Fumio Kishida visited Hanoi and announced a ¥500 million (roughly \$5 million) deal for Vietnam to purchase Japanese maritime surveillance vessels. In his statement publicizing the deal, Kishida further noted that Tokyo and Hanoi had agreed to “maintaining peace and stability” measures in regional waters.<sup>85</sup> In addition to the sale, Japan agreed to provide training and equipment to help the Vietnamese enhance their maritime surveillance capabilities using the vessels as soon as possible.

The summer 2014 incident between Vietnam and China was an important exogenous factor for helping to drive Japan and Vietnam closer together. Vietnam had maintained generally cordial relations with Beijing until the incident, owing to a general degree of solidarity between the ruling communist parties in both countries. The oil rig saga transformed Vietnam’s thinking about the threat China posed in the South China Sea, which, combined with the resulting rise in Vietnamese nationalism, prompted a foreign policy shift. Coverage of the HD-981 incident included reports of Chinese vessels ramming and capsizing Vietnamese ships, sparking outrage across Vietnam that included protests against Chinese citizens and Chinese-owned businesses in the country. The incident irreparably drove Hanoi and Beijing apart, leaving the door open for Tokyo to initiate a well-timed strategic overture toward Vietnam.

For Vietnam, the post–HD-981 period has also included a rapprochement with the United States, which has had implications for Japan’s perspective toward Vietnam. Emblematic of this shift was the October 2014 announcement, following Vietnamese deputy prime minister Pham Binh Minh’s visit to the United States, that the decades-long U.S. embargo on arms sales to Vietnam would be partially lifted, specifically to allow sales that would help Vietnam bolster its maritime security. In June 2015, U.S. defense secretary Ashton Carter traveled to Vietnam—having just delivered a stirring defense of the status quo in the South China Sea at the 2015 Shangri-La Dialogue in Singapore—to announce \$18 million in U.S. financing to help Vietnam acquire coast guard patrol vessels. As a capstone to this era of swift strategic rapprochement between the United States and Vietnam, roughly forty years after the fall of Saigon marked an end to the Vietnam War, the general-secretary of Vietnam’s ruling Communist Party visited the United States.

For Japan, the United States’ ongoing strategic rapprochement with Vietnam is a strong vote of confidence that Hanoi can be enlisted in the broader project to preserve the status quo in the South China Sea. As a result, going forward, Tokyo is likely to expand its cooperation with Hanoi on maritime security matters and actively assist Vietnam in its bid to administer its claimed exclusive economic zone in the South China Sea. Interestingly, as some observers have noted, there is a burgeoning track-two trilateral process incorporating the United States, Japan, and Vietnam, which could signal a formal track-one trilateral on the horizon.

### **Japan and Malaysia**

In May 2015, during Malaysian prime minister Najib Razak’s visit to Tokyo, Japan and Malaysia signed a new strategic partnership designed to raise the status of their bilateral relationship. Notably, the joint statement devoted considerable attention to two topics relevant to the current situation in the South China Sea: “Cooperation for Peace and Stability” and “Achieving Free, Open, and Stable Seas.” Specifically, the statement noted that “Prime

Minister Abe supported Malaysia's continued efforts in ensuring the safety and security of Malaysia's maritime zones, in particular the SLOC [Sea Line of Communication] in [the] Straits of Malacca and the South China Sea." The two sides also agreed to begin discussions on the transfer of defense equipment and other sensitive technology, signaling a shift in Malaysia's approach toward Tokyo.

Malaysia, more so than the other major claimants in the South China Sea, has taken a nuanced approach to its dispute with China, often avoiding direct confrontation with Beijing over the issue. Malaysia has also directly cooperated with China—in August 2015, the Chinese defense ministry announced that Chinese and Malaysian armed forces would host their first joint live-troop exercise. That announcement, however, came just after Malaysia began the CARAT (Cooperation Afloat Readiness and Training) Malaysia 2015 bilateral naval exercise with the United States. Malaysia has pursued a strategy of "playing it safe" when it comes to the South China Sea, favoring cordial diplomacy with China while also pursuing its claims and interests in the region. In this sense, Malaysia has found it valuable to increase its cooperation with Japan.

#### **Japan and "Continental" ASEAN: Cambodia, Laos, Myanmar, Thailand**

Early in July 2015, Abe joined his counterparts from Cambodia, Laos, Myanmar, Thailand, and Vietnam—the five continental members of ASEAN as well as five of the six states through which the Mekong River runs—to announce a comprehensive strategy outlining Japan's cooperation with this group of states, known as the "Mekong Five." The 2015 strategy built on Japan's legacy of robust overseas development assistance to Southeast Asian states but focused specifically on the idea of "quality infrastructure," a concept Abe had emphasized earlier and Japan had developed based on consultation with the Mekong Five.

Along with the announcement of the Mekong strategy, Japan appropriated an additional ¥750 billion (approximately \$6.1 billion) in assistance and aid to the Mekong Five through 2020. Mainstream reporting on the development sought to color it as a Japanese attempt for sustained relevance through a source of development assistance for infrastructure projects, given the launch of the China-led Asian Infrastructure Investment Bank in October 2014. In fact, this would be a misleading assessment. Tokyo's new Mekong strategy was an important update to, and entirely consistent with, Japan's approach to the region.

The joint statement on the "New Tokyo Strategy 2015 for Mekong-Japan Cooperation" details Japan's plans for "quality infrastructure" provision in the region via four pillars. These include "industrial infrastructure development; soft infrastructure; sustainable development; and the coordination of frameworks."<sup>99</sup> Uniquely, Japan will focus its resources on helping the region develop soft infrastructure—industrial structures and human resource development—in addition to more fundamental hard infrastructure such as roads, railways, and ports.

With regard to the South China Sea, it is notable that the Mekong Five—all members of ASEAN—do not hold a consistent position on how the Southeast Asian organization should approach the issue of disputed maritime territory. For example, Vietnam's experience with China in May 2014, when the two states reached a nadir in their bilateral ties resulting from the HD-981 incident, stands diametrically opposed to Thailand's and Cambodia's perfectly amicable

ties with China. In 2016, during Laos' chairmanship of ASEAN, Cambodia in particular acted as a spoiler, preventing ASEAN unity on the question of the South China Sea disputes.

As far as Japan is concerned, among the Mekong Five, only **Vietnam will be receptive to Japan's interests in the South China Sea over the long term.** Laos is landlocked, and even if it had an interest in maritime issues, its proximity to China dampens any interest in ruffling Beijing's feathers over the South China Sea. Myanmar, also without maritime access to the South China Sea, has undergone a period of political reform following the historic triumph of the National League for Democracy and seeks to rebalance its ties with China amid its broader opening to Western states and Chinese competitors like India.

## CONCLUSION

Two primary trends ensure that Japan will continue to remain a strategically interested and important actor in the South China Sea issue. First, Japan's evolving security posture and ongoing shifts in how Tokyo perceives the United States' long-term approach to the Asia-Pacific region lead it to take a greater interest in the South China Sea. It will continue to build ties with ASEAN states, including claimant states that have experienced difficult episodes with China in recent years, notably the Philippines and Vietnam. Secondly, as Japan's 2015 Defense White Paper proves, Japan perceives China as its primary security threat and strategic challenge. This threat perception does not manifest in narrow concerns about sovereignty and maritime delimitation in the South China Sea. Indeed, Japan, as a status quo middle power in Asia, has an important stake in preserving the contemporary order in the region and seeing the universality of international law upheld. To this end, Tokyo will continue to advocate at global and regional forums for the resolution of ongoing disputes in the South China Sea through peaceful means, and for all claimants in the region to uphold universal principles in customary and formal international law, including freedom of navigation and overflight.

Having acknowledged Tokyo's sustained interest in the South China Sea issue, the authors believe that three critical dynamics and events will largely determine Tokyo's strategic thinking regarding the South China Sea. First, given the continued salience of the U.S.-Japan alliance, Tokyo will avoid making any public statements or taking any policy positions that contravene the United States' considered position on the South China Sea issue. The Japanese government reads Washington's October 2015 initiation of regular freedom of navigation patrols in the South China Sea as a positive development that tested and revealed China's reaction to having its excessive maritime claims challenged. Second, as a long-term grand strategy, Tokyo will avoid putting undue pressure on China in the South China Sea to avoid a deterioration of the status quo in the East China Sea or in the general bilateral relationship. As China's 2010 decision to suspend commerce over the arrest of a Chinese fisherman demonstrates, Beijing is willing to impose costs on Tokyo for moves it perceives as threatening or worrisome. Third, like all stakeholders in the South China Sea (including the United States), Tokyo will continue to take a particular interest in bilateral developments between the Philippines and China in the South China Sea. The tribunal's strong award in the Philippines' favor and nullification of China's U-shaped line claim will factor into Tokyo's calculus for its moves in the South China Sea leading into the 2020s.

Overall, Tokyo recognizes that in order to remain a strategically relevant power in Asia and to protect its broader interests, Japan must understand, react to, and shape the regional conversation around the South China Sea. In particular, for Shinzo Abe's vision of a "proactively pacifist" Japan to persist beyond his time as prime minister, Tokyo will have to afford the South China Sea sustained strategic attention.