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## **Japanese Aspirations for the Indo-Pacific Economic Order**

**William W. Grimes**

Since the 1960s, postwar Japan has been trying in various ways to define its role as a regional power. While its goal of achieving economic and political stability via regional cooperation has been fairly consistent, the definition of “region” has shifted at multiple points in response to political and economic trends and events of the day. To complicate matters further, government and business elites have often defined Japan’s region in multiple ways at the same time. Today, one of Japan’s key competing visions of region is the “Free and Open Indo-Pacific” (FOIP), made up of a partially-contiguous geography that spans three continents, from India to the west to the United States to the east and Australia to the south. The FOIP reflects patterns of inclusion and exclusion that reflect political and security imperatives more than economic integration. This marks an important shift in Japan’s regional strategy, which had long elevated economic considerations above security concerns.

In this chapter, I examine the past and future of Japan’s aspirations for regional economic order, focusing particularly on the recent emergence of the Indo-Pacific as a target of its region-building efforts. I argue that Japan’s Indo-Pacific vision is primarily driven by security concerns about the rise of China; however, its political sustainability in the domestic Japanese policy debate will depend crucially on how mutually beneficial economic relations develop. Insofar as the economic logic of the Indo-Pacific is much more ambiguous than the security logic, it is by no means a foregone conclusion that the FOIP vision will win out in Japan over the long run.

## Japan's Evolving Regional Identity

Japan's first major regional initiative was the establishment of the Asian Development Bank (ADB) in 1967, which reflected a Japanese desire to reinsert itself into an East Asia-wide economy that no longer existed. It would take a leadership role in promoting economic development and regional economic linkages across its own former empire as well as the former British, French, and Dutch colonies of Southeast Asia.<sup>1</sup> While the ADB included prominent roles for non-Asian economies including the United States, Australia, and European states, its lending activities, at least initially, largely reflected a Japanese vision of promoting development in Northeast and Southeast Asia to provide Japan with the raw materials and manufactured product markets it saw as necessary to rebuild itself as an industrial power.<sup>2</sup>

The establishment of the ADB also can be seen as the beginning of a pattern of dual regionalism, in which Japan's preferred economic region did not necessarily coincide with its *de facto* security region. As a part of the U.S. hub-and-spokes security system, Japan continued to rely solely on the bilateral Mutual Security Treaty for military support, as it had since 1952, and even the other spokes of the U.S. alliance system formed a patchwork that did not include crucial targets of Japanese economic interest such as non-aligned Indonesia and Malaysia. The defeat of non-communist forces in Indochina did not fundamentally change the Japanese strategy or notion of economic area, even though it kept Vietnam mostly separated from access to Japanese aid and investment until the late 1980s. Over the course of the 1970s, the goal of building an economic region linking Northeast and Southeast Asia was reaffirmed repeatedly by Japanese leaders, first with the Fukuda Doctrine and then with the Ohira concept of "comprehensive security."<sup>3</sup> In this

vision, South Korea and Taiwan would be integrated into Japanese manufacturing, while Southeast Asia was primarily an area to obtain industrial raw materials. By the mid-1980s, a new (or rather, renewed) vision of “flying geese” accompanied a push to shift labor-intensive manufacturing to Southeast Asia as well.<sup>4</sup> Coordinating aid and other official flows with the infrastructural needs of Southeast Asian economies and the commercial interests of Japanese firms, the result was the development of regional production networks, as well as rapid industrialization and increased connectivity across East Asia.

With the winding down of the Cold War and ramping up of U.S.-Japan trade frictions, Japan’s vision of its economic region morphed by the late 1980s to the “Asia-Pacific.”<sup>5</sup> This expanded vision sought to address developing realities, by incorporating the United States (so as to reduce trade frictions) as well as the rapidly growing People’s Republic of China. The vision was made concrete in the 1989 establishment of the Asia-Pacific Economic Cooperation forum (APEC), a Japanese-Australian initiative. While APEC’s brief heyday in the 1990s ended with the Asian Financial Crisis in 1997, the Asia-Pacific vision—which sought to harness rapid growth in China and Southeast Asia while keeping the U.S. economically open and engaged with Japan—remained the ideal for many Japanese diplomats, economic bureaucrats, and businesspeople well into the 2000s.

The one gradual shift in the Asia-Pacific vision was to expand the range of economies involved in it, starting with Vietnam and the other Indochinese countries. By the late 1990s, proponents were also advocating the incorporation of India and Myanmar, countries that bordered on the Indian Ocean rather than the Pacific. The process of incorporation did not always go smoothly,

but rising economic interests of Japan and other East Asian economies in India created an incentive to make India a part of the economic region, despite political tensions such as Indian nuclear weapons tests and India-China border disputes. The (perhaps uneasy) inclusion of India, Australia, and New Zealand in emerging East Asian groupings was officialized in 2005, with the first East Asia Summit in Kuala Lumpur.

The optimistic period of an ever-expanding vision of the Asia-Pacific started to be challenged by the mid-2000s, as trade frictions and political disputes became more prominent between the U.S. and Japan on the one hand and China on the other hand. Early discussions of an Indo-Pacific vision began in Japan by 2006, with Prime Minister Abe Shinzo's call for an Arc of Freedom and Prosperity. Although premised on a win-win approach and an affirmative statement of values, it was immediately clear that the notion specifically excluded authoritarian China. This set the stage for Indo-Pacific regionalism that we see today, both economically and politically (as encapsulated in the "Quad"). Current discussions of the Indo-Pacific in Japan see it as a grouping that comprises economic, strategic, and values-based considerations, although it is far from fulfilling Japanese hopes on any of those dimensions.<sup>6</sup>

To complicate this brief history, it is important to note that Japan's approach to regionalism has been and still is characterized by multiple, overlapping regional groupings.<sup>7</sup> Patterns of membership have varied by issue area as well as the time of establishment. Moreover, some regional groupings, such as the ASEAN Regional Forum and the ADB, have a clear picture of the relevant grouping but consciously include extra-regional members.

The overlapping nature of regionalism across East Asia, the Asia-Pacific, and the Indo-Pacific is perhaps best seen in the “noodle bowl” of preferential trade agreements (which the Japanese government prefers to call Economic Partnership Agreements, or EPAs) involving Japan and its partners. While Japan’s early EPAs were bilateral, Japan has more recently worked toward multilateral EPAs, which reflect differing conceptions of Japan’s economic region. The Trans-Pacific Partnership (now the Comprehensive and Progressive Trans-Pacific Partnership, or CPTPP, due to the withdrawal of the United States after the agreement was signed but before it was ratified) was premised on an Asia-Pacific geography and a common commitment to establishing a liberal trading and investment order among the members. In contrast, the Regional Comprehensive Economic Partnership (RCEP) is defined geographically as greater East Asia, from India in the west to Australia and New Zealand in the southeast to Japan, China, and South Korea in the north, while deliberately excluding the Americas. The Quad, composed of Japan, the United States, Australia, and India, in contrast reflects an Indo-Pacific vision that looks warily at China.

The evolution of postwar Japanese visions of region have been driven by economic, political, and security concerns. While vague notions of pan-Asianism can be found in the “Asian values” debate of the 1980s and early 1990s, I argue that Japan has defined its preferred region in response to material shifts, particularly in China, India, and the United States.

## **Disaggregating Japan**

Just as multiple geographical visions of region have co-existed within Japanese policy debates throughout the country's postwar engagement with regionalism, there have also been multiple motivations behind them.<sup>8</sup> Essentially, there are three approaches to defining the region, which are associated with different constellations of economic, political, and social interests. They occasionally coincide, but not consistently. A similar dynamic plays out elsewhere in Asia as well, which helps to explain why there are so many overlapping regionalisms that continue to exist in and around each other, with different functions and memberships, ranging from ADB's mandate of serving the entire Asian continent plus Oceania, to APEC's vision of bridging the Pacific Ocean, to the consciously East Asian ASEAN+3, to the various configurations represented by the East Asia Summit, the Regional Comprehensive Economic Partnership, the ASEAN Regional Forum, and now the Indo-Pacific.<sup>9</sup> To understand Japanese approaches to regionalism, it is essential to consider the motivations of key political and economic actors. Here, I briefly address the three main motivations.

Economic interests have been central to Japan's regional strategy throughout its postwar history.<sup>10</sup> Japanese economic elites, along with their allies in the bureaucracy and legislature, look to where the opportunities are in terms of markets and raw materials. This motivation drove the establishment of the ADB, comprehensive security, and flying geese visions, and was essential both to the incorporation of China and the creation of APEC. In the last two decades, corporations and economic bureaucrats have become much more interested in India,<sup>11</sup> albeit not yet deeply committed, and much more ambivalent about China, albeit finding it difficult to extricate themselves. Thus, Japan's business community is increasingly open to India as a

regional player, although businesses are reticent about any arrangement that appears to exclude China.

Not surprisingly, security considerations have also shaped Japanese regional visions, despite structural factors that tended to limit the scope and ambition of security discourse in Japan. These include Article IX of the Constitution, which forswears the right to belligerency and offensive war-making potential, the functional subordination of the Defense Ministry (which until 2006 was not even a Cabinet ministry), the erstwhile long-time prohibition on exports of weapons that restricted the growth of a military-industrial complex, and other features that made the military and defense establishment junior partners in most foreign policy debates.<sup>12</sup> The legacies of Japan's imperial behavior in the first half of the twentieth century also have constrained the use of overt military commitments.<sup>13</sup> Thus, security considerations have shaped Japan's regional visions in very specific, and sometimes implicit, ways. In particular, the Yoshida Doctrine has never left the stage. Japanese political and security elites have been flexible about defining their preferred region at various points, but the one constant has been the focus on keeping the United States engaged while maintaining economic policy space. As Michael Green writes, "Japan struggled to define regional norms and rules in a way that would limit unipolar U.S. pressure on Japan's own political economy while keeping the United States in Asia as a pillar of stability."<sup>14</sup>

In the postwar era, Japan's strategic thinking can be roughly divided into three periods. The Cold War dominated Japanese strategy from the 1950s into the 1970s. While Japanese politicians and policymakers were not enthusiastic about the restrictions on trade and relations with China, they



accepted them as the price of protection from the Soviet Union. With the thawing of U.S. relations with China as a counterweight to Soviet ambitions in Asia, Japan moved quickly to welcome China as an economic partner, particularly after the post-Mao economic reforms began in 1978. Until the early 2000s, Japanese diplomatic strategy consistently sought to incorporate China into the regional and global order, despite growing concerns from the late 1990s about China's rising economic potential and military capability.

Finally, by around 2005, growing concerns over the rapid growth of Chinese military capability and anti-Japanese nationalism led to more proactive thinking about how to counter the threat and to reduce dependence on China. This has resulted in Japanese and U.S. security elites looking to include India as a partner and additional counterweight to China, while also increasing security cooperation with Australia. This inflection point in Japanese thinking is clear in Japan's advocacy of including India, Australia, and New Zealand in the first East Asia Summit in 2005 and Abe's 2006 call for an Arc of Freedom and Prosperity that again incorporated those countries. That vision has come to fruition in the Quad and the emergence of the Indo-Pacific as a strategic focus in both Japan and the United States.

Finally, values have mattered in Japan's regional visions, although the particulars have varied over time. For much of the postwar period, one of the ideational threads has been pan-Asianism, an idea that never really disappeared despite the discrediting of its imperialist origins. Pan-Asianism has taken a couple of different forms. The more common approach to pan-Asianism, seen in the Fukuda Doctrine and its successors, emphasized interdependence as well as Japanese leadership in East Asian economic development. This has animated mainstream Japanese

political discourse for decades, making calls for East Asian community a useful instrument for advocates of regional cooperation. An alternative version, which has never achieved policy ascendancy, is characterized by suspicion of the United States and a desire to chart an autonomous path. This is a perspective that has united the anti-imperialist Left and anti-U.S. Right, although their visions of which countries should be included and what the hierarchy should look like have differed at various points over time. Both groups hold suspicions about U.S. intentions and actions and seek to identify as being separate from the Western-dominated world order.<sup>15</sup>

The closest that a derivative of this version came to driving Japanese foreign policy was in 2009-10, when Prime Minister Hatoyama Yukio advocated a new “East Asian Community” and sought to deemphasize the U.S.-Japan security treaty. The concrete goals remained incoherent, however, and with Hatoyama’s resignation in the face of a fundraising scandal, Hatoyama’s vision largely fell off the map.<sup>16</sup> Still, values and common identity have remained important elements of Japan’s approach to regionalism at many points in time, ranging from discussions of “Asian values” in the late 1980s and early 1990s to the ideals of democracy and freedom touted by Abe and explicitly incorporated into the official notion of the FOIP. Indeed, common values are explicitly referenced by a variety of writers on the subject,<sup>17</sup> but they are posed as a new form of Asian values that effectively excludes China, even though the “Japanese government has emphasized that FOIP is not a China-containment strategy, but rather a rules-based, inclusive framework for regional integration.”<sup>18</sup>

The most enduring Japanese approaches to regionalism have been those that emphasized mutual economic benefit while also operating within the confines of the Yoshida Doctrine. Over the years, Japan's most effective regional efforts have been buttressed by a growing set of institutions, ranging from formal to informal and binding to non-binding.<sup>19</sup> These include financial institutions, such as the ADB and Chiang Mai Initiative Multilateralization, as well as an extensive network of bilateral and multilateral trade agreements. Longstanding patterns of Japanese trade, aid, finance, and investment bind together the Asia-Pacific, including regional production networks that increasingly center on China. While Japan has concluded important trade agreements with Europe, the bulk of its agreements focus on East Asia and the Asia-Pacific, reflecting the importance of those economic networks while also solidifying and strengthening existing production networks.

### **Why the Indo-Pacific?**

I argue that Japan's regional strategies in recent years have been driven by three key developments, all of which have served to strengthen the notion of Japan as a member of the Indo-Pacific. They have led to an increasing, albeit still nascent, convergence of economic and political preferences (although tensions and ambiguities remain). This is somewhat surprising, considering how on the fringe and controversial the Indo-Pacific vision was when it was first broached by Abe Shinzo as the Arc of Freedom and Prosperity. Although renamed as "Indo-Pacific" as a way of keeping the geography while reducing the Cold War feel, it is Abe's vision that increasingly dominates Japanese strategic thinking.<sup>20</sup>

To understand the appeal of the Indo-Pacific, we need to address Japan's grand strategy. For much of the postwar period, that meant the Yoshida Doctrine. It still does. However, there have also been important modifications along the way, starting with Japan's comprehensive security strategy (mostly to secure essential commodities) in the late 1970s through early 1980s, and moving on into an ambitious attempt to take a leading role on the world stage via multilateral organizations. The push for global influence through multilateral organizations was epitomized by the 1989 statement of its intent to become a permanent member of the UN Security Council (a move that first started to align it politically with India) and carried through the 1990s in a variety of venues and ventures.

Over the last two decades, Japan's grand strategy has taken another shift that reinforces the turn to the Indo-Pacific. While the Yoshida Doctrine is still at the core—at least in terms of continued reliance on US security guarantees to manage its security situation at relatively low cost and without exacerbating security dilemmas with neighbors—Japan's grand strategy today is driven by three key principles and objectives: dedication to a rules-based international order, middle-power diplomacy, and hedging against the rise of China.<sup>21</sup>

Throughout the postwar period, Japan has been a supporter of many aspects of the international order—there can be few governments and populations in the world that are more dedicated to the idea of the UN and international law. This dedication is even cemented in constitutional jurisprudence and scholarship. However, the last two decades have seen Japan become a champion of a rules-based international order that comprises not only sovereignty and legitimacy norms, but also hard-law economic obligations.<sup>22</sup> Moreover, Japan has sought to be an

organization-builder and rule-maker at the regional level as well. This is perhaps best exemplified by its role in carrying the CPTPP forward even as the Trump administration abandoned it, but it is visible in myriad additional ways, as Saori Katada's recent book has demonstrated conclusively.<sup>23</sup> This commitment is not just skin-deep; rather, it is increasingly ingrained through networks of economic and political interests, both domestically and transnationally.

The second story is middle-power diplomacy.<sup>24</sup> While this thread increasingly intersects with the dedication to rules-based international and regional orders, it also speaks to the ways in which the Japanese government seeks to position itself within those orders. In the 1980s and 1990s, Japanese political and economic elites saw Japan as a potential regional leader, as exemplified by ideas of “flying geese” (with Japan as lead goose in the journey toward regional industrial and economic development), Yen Bloc, and even the ASEAN+3.<sup>25</sup> They worked to create regional organizations and processes that Japan would lead. By the middle of the 2000s, as the inevitability of China's regional preeminence began to fully soak in for Japanese policymakers, however, Japan's approach to regional organizations shifted from leadership to lock-in. At the same time, it sought to reduce bilateral dependencies.<sup>26</sup> These two middle-power strategies combined to make Japan more amenable than ever before to multilateral security arrangements. Japanese policymakers looked to build links with other middle-power U.S. allies such as Australia, Singapore, and South Korea that would strengthen the effectiveness of the U.S.-Japan alliance while also further committing the United States to the defense of Japan. The reach-out to India can be seen as a further step in these efforts.

Finally, a key driving force has been the rise of China.<sup>27</sup> The extraordinary economic rise of China and its own relative economic stagnation shifted Japan structurally from the predominant East Asian power to a global and regional middle power in just a couple of decades. In the 1980s and 1990s, Japan sought to align itself with China in the hopes of shared economic prosperity and of making it a willing stakeholder in the global and regional order that Japan itself was shaping. However, the even more rapid Chinese expansion of military capabilities, combined with a rising Chinese nationalism that increasingly focused on territorial and historical grievances, has made even dovish sectors of the Japanese population increasingly nervous about Chinese power and intentions. That concern has been considerably heightened by Russia's invasion of Ukraine. While Japan has taken a hard line in support of Ukrainian sovereignty by coordinating with the United States and European countries in imposing strict sanctions on Russia, China has been supportive of Russia and doubled down on criticism of the United States and its allies. Heightened concerns about China's potential belligerency have led some leading politicians, including Defense Minister Kishi, to advocate doubling Japan's defense budget.<sup>28</sup>

Moreover, Japanese businesses are becoming increasingly wary of doing business with China. This is not a new development, as Japanese firms have long complained about intellectual property theft and targeting of Japanese firms for boycotts, as well as a more general concern about overconcentration of risk. For over a decade, Japanese businesses have advocated "China + 1" investment strategies, which seek to diversify their overseas investments away from China, although not withdrawing from the market. The urgency of diversification has increased in recent years, as talk of "decoupling" in the United States and "Dual Circulation" in China threatens to sever supply chains that are the basis of Japan's regional economic activity.<sup>29</sup> Japanese

businesses have identified this as a serious concern and continue to call for a mixed strategy of seeking to lock in openness through strengthening international rules while also shifting business away from China. As one 2021 report puts it, Japanese firms should “construct supply chains among multiple high-consumption countries,” with “high-consumption” clearly singling out the growing economies of India and Southeast Asia as key to the strategy.<sup>30</sup>

The Indo-Pacific strategy addresses all of these shifts. From a security perspective, it seeks to build an enduring balancing coalition that will hold even as China reaches regional military advantage. Despite a variety of downsides of relying on India as a security partner, it has the population, geography, and motivation to balance China, potentially even beyond the Indian Ocean. From an economic perspective, if China is to become less of an attractive business partner (which seems to be happening in a number of ways, from Dual Circulation to intellectual property and data theft to rising labor costs), there are potentially large benefits to engaging more deeply with the second largest population (and second-largest economy by purchasing price parity) in Asia. Next, by engaging in a multilateral manner that includes the United States and its aspiration to remain as the global oceanic hegemon, Japan seeks to tie together the two greatest counterweights to Chinese hegemony in institutionalized ways. Finally, by insisting on an open and rules-based regional economic order, Japan seeks to give China reasons to be more cooperative with its neighbors.

### **The Allure of India?**

The centerpiece of Japan's FOIP is building deeper security and economic relations with India. In security terms, India offers a counterweight and the potential for a balancing alliance against China's military rise. Economically, India is envisioned as at least a partial substitute to hedge against excessive dependence on China for consumer demand and crucial supply chains. Despite the logic, reliance on India is problematic both strategically and economically.

In security terms, it is much better to think of India's relationship with the other Quad members as alignment than as alliance. Going back to Prime Minister Nehru's leadership in the Non-Aligned Movement, Indian governments have consistently rejected formal alliances and obligations for mutual defense. Even the Modi government has shown no appetite for formal commitments beyond information sharing and humanitarian coordination. Moreover, despite the size of its population and economy, India's military capabilities are surprisingly limited and primarily oriented toward Pakistan. In particular, its navy—which is the key force from the perspective of balancing China—is modest in size and capabilities.<sup>31</sup> The main security benefits of cooperation with India have to do with geography, in terms of restricting Chinese access to the Indian Ocean through the Andaman Sea or ports in Pakistan and elsewhere. While this is important to U.S. global strategy and to ensuring free flow of goods to Japan from the Middle East and Europe, India adds little to Japan's ability to defend its immediate neighborhood, where China is most militarily threatening.

In contrast to the security side, there has been extensive formal economic cooperation between Japan and India. Trade is one good example. Following four years of negotiations, Japan and India concluded an EPA in 2011. While under standard terms it would be considered a "low-



quality” trade agreement due to the low coverage of Indian imports from Japan, it is meant to promote a variety of Japan-India economic activities, including, in particular, trade in services (e.g., software, engineering, tourism) and Japanese investment in India.<sup>32</sup> India is also the only country outside of Japan’s Chiang Mai Initiative Multilateralization partners with which Japan has concluded a U.S. dollar swap—and at \$75 billion dollars, it is the largest bilateral dollar swap that Japan has with any country.<sup>33</sup> Meanwhile, Japanese and Indian officials have been engaged in multiple economic, environmental, and functional negotiations both bilaterally and regionally for the last two decades, further demonstrating the strong commitment that the Japanese government has shown toward promoting economic interdependence with India.

Despite the considerable interest that Japanese policymakers and corporations have been showing in the Indian economy since the early 2000s, however, it is important to bear in mind that the Indo-Pacific is not particularly meaningful as an economic region to Japan, at least not yet. The Asia-Pacific, with the huge markets of China and the United States, as well as the extensive China-centered regional production networks, remains the locus for the vast bulk of Japan’s economic activities. Even as of 2021, after nearly two decades of cultivating India as an economic partner, Japan’s trade with India was only about 5 percent of its trade with China, and its foreign direct investment (FDI) flows amounted to only 6 percent of its FDI to Asia. India ranked as Japan’s 13<sup>th</sup> largest export market and 28<sup>th</sup> largest source of imports.<sup>34</sup> All of the major economies of the Asia-Pacific (not only China, the United States, and South Korea, but also Australia and the larger ASEAN countries) are more important trading partners to Japan than India. Moreover, India has yet to be integrated into regional production networks in any

meaningful way. The same, in fact, is true of other members of the Quad, especially Australia, but even to an extent the United States.

This is a problem for the sustainability of Japan's FOIP. While India's economic growth is alluring to Japanese business, it is hard to imagine a world in which India is a satisfactory substitute for China as an economic partner for Japan. The same is even more true of other countries in the region, especially in Southeast Asia, which do not see benefits in participating in political containment of China. It is notable that a variety of public and private Japanese initiatives have focused on Southeast Asia, seeking to facilitate comprehensive cooperation with the region.<sup>35</sup>

### **Japanese vs. U.S. Visions of the Indo-Pacific**

Finally, it is worth noting that Japanese visions of the Indo-Pacific and its role in Japan's global strategy differ from those of advocates in the United States. The U.S. vision has been, first and foremost, a geostrategic one, meant to counter the rise of China. While U.S. vision statements dating back to the middle of the first decade of the 21<sup>st</sup> century have paid lip service to the importance of economic cooperation and integration, economic considerations and policies have typically seemed like more of an afterthought.<sup>36</sup> This has been all the more true of actual policies, particularly in the last decade. The lack of an organic sense of mutual economic interest between India and the United States, as well as severe legislative limitations on the ability of the White House to offer trade concessions and economic inducements, has left U.S. efforts to create an Indo-Pacific community partial at best.

For the United States, efforts to incorporate India into its global security system date at least back to the George W. Bush administration, which in 2005 concluded the U.S.-India Civil Nuclear Agreement (“123 Agreement”).<sup>37</sup> The agreement reestablished nuclear cooperation with India that had been broken off due to India’s nuclear weapons tests in 1998, which violated the Non-Proliferation Treaty. At the time, analysts explicitly linked the nuclear agreement to the need to build friendship with India as a counterweight to China. As shown above, Japanese efforts to court India accelerated in the same timeframe, albeit not on nuclear issues. Over time India was also invited to observe, and eventually to participate in U.S. naval exercises in the Pacific, including the Rim of the Pacific Exercise (RIMPAC) from 2014 onward.

From the George W. Bush to the Obama, Trump, and Biden administrations, the U.S. decision to pursue an Indo-Pacific strategy has been consistently driven by concerns over rising China, as well as high expectations for Indian security cooperation that have yet to materialize. This point is made explicit in the 2022 Biden Administration strategy statement:

This intensifying American focus is due in part to the fact that the Indo-Pacific faces mounting challenges, particularly from the PRC. The PRC is combining its economic, diplomatic, military, and technological might as it pursues a sphere of influence in the Indo-Pacific and seeks to become the world’s most influential power. The PRC’s coercion and aggression spans the globe, but it is most acute in the Indo-Pacific.<sup>38</sup>

Thus, while China is seen in the U.S. conception as an integral part of the Indo-Pacific, the U.S. Indo-Pacific strategy is premised on deterring Chinese regional hegemony. It seeks to do so by “support[ing] and empower[ing] allies and partners as they take on regional leadership roles themselves,” with the Quad at its center.<sup>39</sup> Despite considerable diplomatic activity and many

U.S.-India joint communiqués on non-security issues, it would be hard to make the case that interdependence is, in any meaningful way, a cornerstone of the U.S.-India relationship yet.

Japan, in contrast, has been much more ambiguous in its discussions of the Chinese threat. For example, the section on FOIP in the *2021 Diplomatic Bluebook* does not even mention China. In general, government publications avoid pointing blame at China—not surprisingly, Japan wants to get along with its large and increasingly aggressive neighbor more than it wants to directly oppose it: “It is extremely important for Japan to build a stable relationship with China... The relationship with China, a neighboring country... is one of the most important bilateral relationships for Japan.”<sup>40</sup> Yet, a noticeable shift has occurred in recent years, as seen in Japan’s position on supply chain diversification and on the defense of Taiwan.

This makes good sense, as it reflects Japan’s fundamental dilemma. It is stuck with China as an economic partner and powerful neighbor, while the support of India and the United States is not guaranteed in the long term. Locking in Indo-Pacific support is a necessary but insufficient condition for resisting Chinese hegemony. Only via an emphasis on economic cooperation and an inclusive Indo-Pacific can Japan reduce tensions with China and not spook South Korea and Southeast Asian countries, whose support is necessary to the strategy. Japan must therefore follow a classic middle-power diplomatic approach that emphasizes multilateralism, functional differentiation, and coalition with other middle and minor powers. In this sense, Japanese and U.S. visions of the Indo-Pacific vary considerably, despite common objectives and history.

## **Conclusion**

Japan's vision of the Indo-Pacific builds on a long history of Japanese regional ambitions and initiatives. In this sense, it is one more step in a longer evolution, rather than constituting a major shift in priorities. Like previous approaches to regionalism, it reflects both long-standing strategic priorities and a recognition of changing circumstances. On the security side, the FOIP continues Japan's long-term strategy of looking for U.S. military support to defend against neighboring threats. In terms of economics, Japan has sought to diversify its economic dependence and build regional connectivity since at least the 1960s. However, these long-term objectives are threatened by the rise of China, which Japanese policymakers increasingly see as a hostile force that seeks to shape the region around its own set of rules and authoritarian approach to governance and information. This has become all the more urgent with recent Chinese saber-rattling regarding Taiwan and its aggressively anti-U.S., pro-Russian response to the invasion of Ukraine. As in previous periods of threat, Japan's first impulse has been to tie itself more tightly to the U.S. security guarantee. This time around, however, the rise of India suggests additional possibilities for counteracting China and for locking the U.S. military into the region. The economic rise of India, in principle, also makes it an attractive partner in a multilateral balancing coalition.

Unfortunately for Japan (and probably for the United States and Australia as well), India is a problematic partner. Its naval capabilities are still limited and its vigorously non-aligned foreign policy stance makes security commitments uncertain, if not unlikely. As argued above, the Quad is more of an alignment than an alliance—an effective vehicle for episodic cooperation, but by no means a security guarantee. There may be potential for growing economic interdependence between Japan and India, but the key word in that phrase remains “potential.” It will be many

years before we see the kind of deep integration that Japan has developed with its East Asian neighbors, including China. Despite the challenges of partnering with India, however, there are no good alternatives for Japan and the United States to counterbalance China, so it can be expected that some version of the FOIP will remain important to Japan's regional strategy.

For the medium-term, the Indo-Pacific will remain just one of many regional configurations in which Japan participates and seeks to build institutionalized cooperation. Whether it will become the most important among them will, of course, depend to a considerable extent on factors outside the Quad's control, especially whether China uses its growing power in ways that benefit or hurt Japan and other Asian neighbors. Looking internally, however, the sustainability of the FOIP strategy for Japan will be dependent on the development of economic ties among its members, particularly between Japan and India. Without an economic basis, the FOIP will be little more than a slogan. This may still be useful if it keeps the United States committed to ensuring Japan's security, but it will not be the ambitious grouping of like-minded and interdependent democracies first envisioned by Abe a decade and a half ago.

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