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Japan's Indo-Pacific dream or nightmare?

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The Indo-Pacific has become marked by substantially increased geopolitical instability. Unfinished political reform, militarization, technological authoritarianism, the politicization of history and great power rivalry are stressing the Indo-Pacific region and dampening Tokyo's attempts to instill a rules-based order there.

Despite earlier hopes, problems are currently taking place in all corners of Asia.

In Northeast Asia, North Korea continues to test missiles and produce nuclear material while feigning diplomacy toward denuclearization. Notwithstanding the de facto moratorium on the testing of long-range missile and nuclear weapons by Pyongyang, the White House's diplomacy on the peninsula has little to show for.

Kim Jong Un and North Korea have been normalized as a leader and as a state, despite Pyongyang's flagrant disregard for human rights, its manufacturing of weapons of mass destruction and its killing with chemical weapons of a North Korean citizen in Malaysia.

Japan has little agency to shift these dynamics and now lies in the front lines of a normalized rogue state with nuclear, biological and chemical weapons.

In addition, Japan-South Korea relations have eroded to their lowest point since diplomatic ties were normalized in 1965. The central pillars of stability between the two neighbors in the areas of politics, the military and business have been severely damaged.

South Korean President Moon Jae-in reneged on the 2015 “comfort women” agreement as well as the 1965 agreement between Japan and South Korea in which South Korea agreed not to seek compensation for Japan’s use of wartime labor during Japan’s colonial period in lieu of economic assistance under then-President Park Chung-hee.

Apology fatigue and frustration with the inability of successive South Korean governments to abide by bilateral agreements have resulted in Japan removing South Korea from its list of preferred trading partners for sensitive technologies, deepening the diplomatic divide between Tokyo and Seoul.

The transactional diplomacy from the

White House has done little to bring stability to Japan-South Korea relations. Rather than acting as a peacemaker between Tokyo and Seoul, it has been strikingly absent.

The U.S. Indo-Pacific strategy should be based on enhancing the comparative advantages of its alliance partners. The same could be said about Japan’s “Free and Open Indo-Pacific (FOIP) Strategy” and South Korea’s “Northeast Asia Plus” (NEA Plus) policy. The FOIP would be stronger with Seoul’s backing, as would NEA Plus with Tokyo’s support. Both are unlikely now as both Japan and South Korea are escalating tensions.

In the greater China area, Beijing continues to use punitive economic measures to pressure democratic Taiwan toward reunification, while at the same time Hong Kong’s “one country/two systems” model is rapidly

eroding with peaceful protesters being attacked by triad gang members, who also masquerade as violent Hong Kong separatists.

Tokyo's acknowledgement of the "One China" framework gives it little maneuvering room to lend support to either Hong Kong or Taiwan, despite deep people-to-people ties, shared values and respect for the rule of law.

Hong Kong's role as a global financial hub and Taiwan's crucial position in global supply chains could be jeopardized as instability and political unrest increase in the greater China area.

Tokyo needs to manage these relations delicately and intelligently to maintain the status quo. Failure to do so could release a cascade of negative effects on Japanese businesses throughout the region that rely on Hong Kong and Taiwan. Both should and could play an important role in the FOIP if cultivated creatively.

Turning to the South China Sea and Southeast Asia, Japan's interests in secure and rules-based sea lanes of communication are being challenged by China as it continues its march toward regional hegemony by practicing institutional divisionism on ASEAN. Through a track record of fracturing ASEAN unity, Beijing has ensured that territorial issues — one of many common issues that should bring many Southeast Asian states together — cannot be a platform for multilateral cooperation.

So what can Japan do?

Through the development of strategic partnerships in Southeast Asia, Japan has bolstered the economic and security capacities of many states in the region. This has been further enhanced by bilateral

agreements to build needed infrastructure in the region such as the East-West Economic Corridor, the North-South Economic Corridor and the Southern Economic Corridor.

Through investment in infrastructure, Japan can bolster the domestic capacities of Southeast Asian states so they can increase intra-ASEAN trade and lessen the dependence on the Chinese economy for economic development.

Aside from bilateral projects, Japan is working with the United States and Australia to fund infrastructure in the region as well as bilaterally with India through the Asian Africa Growth Corridor.

Building on its decadeslong experience in the region, Japan needs to continue to provide Official Development Assistance and foreign direct investment in the Indo-Pacific unilaterally but also multilaterally, bringing together partners in the region and from outside the region. Here, one could easily envision Japan working with Australia, Germany, the United Kingdom, Canada and the European Union in enhancing cooperation by matching their comparative advantages.

Technological authoritarianism is deepening in China and it has implications for Japan. Through the use of the Chinanet, digital facial recognition technology and an expanding social credit system, Beijing is consolidating domestic control by rewarding citizens who adhere to state directives while penalizing and stamping out those who pursue alternative choices to the state that could be less threatening to the region and Japan.

At the same time, it is exporting its digital economy and technology along the Belt and Road initiative, creating a network of states that benefit from the expansiveness of the Chinese-led, Chinanet-based

digital economy. Simultaneously, it leaves them open to a digital platform subject to a National Intelligence Law requiring businesses to share data with their state upon demand.

Hitherto, Japanese businesses could negotiate the Chinese market without depending on the Chinanet. This will become increasingly difficult as national security laws create a digital environment with selective privacy protection. It will also require businesses to duplicate their business platforms, one for the closed Chinanet and the other for an open, U.S.-led system.

This bifurcation of digital economies and cyber regimes has severe consequences for an economy such as Japan that has relied on global supply chains, globalization and a convergences of trade regimes and norms. Japan has made prudent choices to buttress the multilateral trade in the form of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the Japan-EU Economic Partnership Agreement and striving to finalize the Regional Comprehensive Economic Partnership, but these may not be enough as U.S.-China relations become increasingly hostile.

If realized, the Group of 20 Data Free Flow with Trust initiative advocated by Prime Minister Shinzo Abe would be a needed cohesive to keep the global economy intact. More needs to be done to create a critical mass of states that could make this initiative robust and beneficial such that it is attractive to both China and the U.S.

The U.S.-initiated trade war with China has further complicated Japan's diplomacy in the region and efforts to create sustainable economic growth. With no end in sight, Japan will need to continue to be part of the Chinese market by building in China, by Chinese, for Chinese with Japanese technologies while at the same time shift their

manufacturing platforms for global exports to Southeast and South Asia to avoid tariffs and also economic coercion by Beijing when political objectives are not aligned.

The common thread linking many of Japan's challenges and opportunities in the Indo-Pacific is the current administration in Washington. It's clear that Japan remains wedded to the principle that the U.S.-Japan alliance remains the cornerstone of Japan's security strategy. This is prudent with so much instability in the region. With the prospects of six more years of Donald Trump as president, Japan will increasingly need to work with a concert of middle powers to realize a rules-based Indo-Pacific and to fill the vacuum of leadership from Washington.

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