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Moving Beyond East Asia's Confrontational Postures

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SINCE ENTERING JAPAN'S Ministry of Foreign Affairs in 1969, I have witnessed East Asia's ups and downs and seen great efforts invested into promoting regional peace and prosperity. The regional stability born from these efforts has underpinned East Asia's transformation into an engine of economic dynamism. However, East Asia still faces the grave potential for serious unrest. The shifting balance of regional power, disagreements on history, territorial disputes, rising nationalism, and overly domestic-focused governance and different economic systems that are often at odds with regional cooperation have all coalesced in a manner that has undermined regional communication channels and exacerbated disagreements. Many observers hoped that the debut of new leaders in China, Japan, North Korea, and South Korea—and a fresh electoral mandate for the US president—would provide an opportunity for a reset in regional relations. However, it appears that this chance is being squandered. To ensure that the five key players in the region do not miss this rare opportunity, I offer the

following recommendations to assist in moving East Asia beyond its current confrontational postures.

Japan

Japan currently faces two key challenges: revitalizing its economy and managing cooperative relations with its Asian neighbors in the face of rising nationalism. Prime Minister Shinzo Abe was quick to release his Abenomics plan to revitalize Japan's economy. Abenomics consists of three arrows: aggressive monetary policy, flexible fiscal spending, and a package of structural measures designed to spur long-term economic growth. The early indications have been promising as the yen has depreciated, Japan's exports have risen, and stock prices have climbed. However, while some are prematurely declaring a victory for Abenomics, its long-term success hinges on the third arrow of economic growth.

To this end, Japan will need to deregulate, nurture the growth of new industries, and reform inefficient sectors of the economy. The latter includes liberalizing

sensitive protected sectors such as agriculture. Such a proposition is certainly controversial given the agriculture lobby's clout and the traditional reliance of many Liberal Democratic Party politicians on farming constituencies. However, it is crucial that Japan proceed with deregulation and with agricultural liberalization reforms in order to tap into new avenues for economic growth and contribute to the successful completion of regional trade agreement negotiations such as the Trans-Pacific Partnership (TPP), the Regional Comprehensive Economic Partnership (RCEP), and the China-Japan-ROK Free Trade Agreement (FTA). At the same time, trade negotiations can help build momentum for reform insofar as agriculture and other sensitive sectors are included in the negotiation agenda. And to the extent they can help channel international support for economic liberalization, they will give reformists in Japan leverage to counter domestic resistance. This is surely a tough task for Prime Minister Abe, who must effectively explain to the Japanese public the high stakes of economic reform and participation in FTAs, which will shape the future trajectory of the Japanese economy as a whole for decades to come.

Managing cooperative relations with its Asian neighbors also presents Japan with a formidable challenge. Abe already raised tensions when he remarked in the Diet that the definition of "aggression" has not been fully settled within scholarly circles. He also flip-flopped on whether his government agrees with the historic 1995 Murayama Statement apologizing for Japan's wartime actions and the 1993 Kono Statement recognizing and apologizing for the role of the Japanese military in forcibly recruiting some of the comfort women. Moreover, many Japanese Diet members, including Deputy Prime Minister Taro Aso, made a trip to the Yasukuni Shrine, which enshrines Japan's war dead, including Class-A war criminals. These acts, coupled with Abe's well-known desire to amend the Japanese constitution, have prompted anti-Japan sentiment to soar, particularly in China and South Korea. The Murayama and Kono statements have been in place as official Japanese government positions for almost two decades and as such bear great

historical significance. Any attempts to amend these statements will undoubtedly have substantial negative consequences for Japan's regional as well as international relations.

As for Article 9 of the constitution—the so-called "peace clause" forswearing the use of military force—the nature of the regional and international security environment has changed in the more than half-century since Japan's constitution was written. Thus there may be legitimate arguments for making such potential amendments as clarifying the right to engage in collective self-defense, as opposed to just individual self-defense as allowed under the current interpretation. But at the same time, Japan must also be proud of its postwar history and all that has been accomplished under the current constitution, including its record of economic growth, its leadership role in providing official development assistance (ODA), and its efforts to maintain a peaceful posture. Therefore, potential amendments to Article 9 should maintain its original spirit and be implemented with due sensitivity to Japan's Asian neighbors, and the nature of any changes should be rooted in the strategic considerations of liberal internationalism, not nationalism.

North Korea

The ultimate objective of the North Korean regime appears to be its own survival. Given the woeful condition of its economy and its disparity with the South, North Korea may have come to the conclusion that the only way it can effectively lessen its vulnerability vis-à-vis the United States, South Korea, and Japan (and even China) is with nuclear weapons. The lack of diplomatic recognition from the United States and Japan, competition with the South for sovereignty over the entire peninsula, and the inability to forge an agreement with the United States to convert the current Korean War Armistice Agreement into a permanent peace treaty give North Korea cause for concern about its future survival. Thus in moving toward any diplomatically negotiated agreement with North Korea, building mutual confidence is crucial.

It also should be kept in mind that North Korea has a unique conception of leadership. State founder

Kim Il-sung and former leader Kim Jong-il are considered by North Koreans to be individuals of legendary character and ability. Kim Jong-un must prove himself to be of the same pedigree. This at least partially explains the extreme rhetoric that has been emanating out of Pyongyang. Regional policymakers and leaders should avoid getting entangled by such verbal bellicosity.

At the same time, we must re-open channels of communication with Pyongyang and convey the message that diplomatic negotiations and denuclearization, and not nuclear weapons and military provocations, are the best way forward, not just for the region as a whole but also for North Korea's future survival. China's recent shift in attitude toward North Korea in the wake of its third nuclear test, including moves to cut off North Korean banks, is encouraging. This pressure may help bring North Korea to the table and persuade it to take negotiations seriously. But before we can consider any major breakthroughs, bilateral negotiations (with North Korea on the one hand and Japan, South Korea, and the United States on the other) will be needed to lay the groundwork. Only after the necessary foundations for agreement and requisite levels of trust are in place can the Six-Party Talks be meaningfully reconvened. Utilizing the Six-Party Talks as a vehicle to supervise implementation will also be important in seeing that any agreements are adhered to. It should also be recognized, however, that any bilateral contacts can be utilized by North Korea for the purpose of undermining the unity of the international community. In this context, Japan must fully explain the recent dispatch to North Korea of Isao Iijima, a special advisor to Prime Minister Abe, so that policy coordination and consistency can be upheld among the states with stakes in the Six-Party Talks.

China

As China continues to make its impressive rise, it also faces many serious challenges including short- and long-term domestic stability risks, so-called core interest issues, and the management of external relations. Over the short term, China's leaders must pay

great attention to *governance issues*, including corruption, standards for the implementation of national policies by local-level governments, and consolidation of the rule of law; *environmental issues*, such as pollution, food security, and natural disaster management and prevention; and *economic issues*, such as wealth inequality, inflation, and unemployment. Secondly, with an eye toward the longer term, there is a need to consider the evolution of China's political and economic system. Political reforms will likely become necessary in the future, especially as the increasingly wealthy middle class continues to grow. Proactive consideration by Chinese leaders of how citizens can be given channels to legitimately vent political frustrations can help set the foundation for long-term internal stability. Moreover, as the structure of the Chinese economy transforms, strategies to counter the elderly-dependency ratio and to avoid the "middle-income trap" and the hollowing out of the economy must also be contemplated well in advance.

So-called core interest issues and external relations also have the capacity to upset the Chinese Communist Party's (CCP) political legitimacy. By defining certain issues as "core" interests (such as Taiwan and Tibet) and positioning one of the pillars of its legitimacy on its capacity to protect China from repeating its past "national humiliation" at the hands of foreign powers, the CCP has constrained its policy options. This, combined with surging nationalism, strong anti-Japan sentiments, and a suspicion of foreign interference (especially by the United States), means that the failure to carefully manage relations with Japan and the United States could become a risk factor for the CCP.

The Senkaku Islands issue is a case in point. China has sent surveillance and patrol ships into the vicinity of the Senkaku Islands in ever-higher numbers to test Japanese resolve to maintain the status quo of effective Japanese control. Such increasingly assertive actions may be symbolic of China's attitude in the future. Thus simply conceding to China regarding the Senkakus, on which Japan has a very clear historical title, will embolden it to repeat such tactics. Instead, the region must work with China so that it can move away from

its current domestic political dynamic, within which nationalism is exerting tremendous pressure on foreign policy, and toward a more cooperative posture. Also, it is imperative that we forge common ground in creating a mutually acceptable rules-based regional order in which the conduct of all states is based on international law. To this end, a necessary first step is the recognition that issues such as the Senkakus must not be allowed to continue to prevent high-level communications and must not be used as the sole reference point of bilateral relationships.

South Korea

Japan–South Korea relations have hit a period of prolonged cooling that began with former ROK President Lee Myung-bak’s visit to the Takeshima Islets. It was widely expected in Japan that when President Park Geun-hye took office, Japan-ROK relations would cautiously move in a more cooperative direction. However, such optimism has faded as history questions continue to spoil efforts to re-establish cooperative relations. For instance, President Park alluded to Japan’s history during her speech to the US Congress on May 8, 2013, stating that there cannot be any tomorrow if we cannot acknowledge what happened yesterday. And in an interview with the *Washington Post*, she lamented Japan’s lack of action on recognizing its history. Under the current circumstances, making such comments in a third country is unhelpful. Such statements merely cater to South Korean nationalists and domestic political agendas and fail to recognize the current position of the Japanese government, undoubtedly reflecting the insufficient level of Japan-ROK bilateral communication. Greater efforts are needed by both sides to revitalize cooperation and to prevent historical disagreements from becoming obstacles.

The stakes of Japan-ROK cooperation are high. As the only two economically advanced and industrialized democracies in East Asia, Japan and South Korea must work together to shape the evolution of the region toward stability and prosperity rooted in a liberal rules-based order. Japan-ROK cooperation is also essential to the effectiveness of policy toward

North Korea. Japan, South Korea, and the United States must be prepared for any possible emergency scenarios on the Korean Peninsula (including military attacks and collapse of the regime). Thus the coordination of Japan-ROK-US trilateral contingency planning vis-à-vis North Korea must be bolstered, and adequate Japan-ROK communication channels must be established to avoid misunderstandings over the rear support that the Japan Self-Defense Forces would provide to US troops, especially those that would be dispatched from Okinawa. To facilitate such Japan-ROK cooperation, the two countries must transition toward a mature relationship based on shared strategic objectives, as would be expected of two democracies.

United States

Setting aside the Okinawa issue, there are several other issues that have the potential to strain US-Japan relations from the Japanese standpoint, most pertinently the TPP negotiations and the Senkaku Islands.

First, when the prospect of Japan joining the TPP initially emerged, there was backlash from the US auto industry, which complained that Japan must open its auto market to foreign competitors. And now that Japan will enter the negotiations, such complaints have been voiced once again. But such concerns are unfounded. The Japanese market is open to foreign automakers. While the penetration of US vehicles in the Japanese market is low, this is best explained by market competition and Japanese consumer preferences. European automakers have increased their share of vehicles sold in Japan by more than 75 percent since 1995 by catering to preferences for smaller, fuel-efficient cars and by cornering the niche luxury market. Although it is well understood that the Obama administration must cope with strong opposition in the US Congress in order to approve Japan’s entry into the TPP negotiations, getting bogged down in battles over particular industries and tariffs ultimately ends up serving protectionist agendas. All countries taking part in TPP negotiations should focus on forging a high-quality 21st-century agreement that furthers regional economic integration through a sophisticated

set of liberal economic rules beyond trade, investment, and services.

Second, regarding the Senkaku Islands, while Japan welcomes statements by Secretary of State John Kerry and Secretary of Defense Chuck Hagel that the islands are covered under Article 5 of the US-Japan Security Treaty and warnings against China's unilateral moves to change the existing state of Japan's effective control of the islands, there is a sense of uneasiness over unhelpful reports disclosing the fact that the State Department "cautioned" Japan over the purchase of the three islands last year. From the Japanese government's perspective, there was no other option than purchasing the islands given the likely consequences if they had come under former Tokyo Governor Shintaro Ishihara's control. Moreover, the Japanese government had already been leasing the islands from a private landowner since 2002 in order to prevent nationalist protestors from Japan and other countries from landing on the islands. Leasing the islands and purchasing them is not so fundamentally different under Japanese law, so it is farfetched to conceive of this as a provocative act.

Regarding the question of the sovereignty of the islands, the ostensible neutrality of the United States is at odds with its own historical actions. After World War II, the Allied nations, including the United States, determined which territories Japan would be stripped of. But the Senkakus were never included in any such determinations. Additionally, the United States itself

administered the islands after the war until they were returned to Japan as part of the reversion of Okinawa. Given its historical involvement and actions indicating recognition of Japan's sovereignty over the Senkaku Islands, the United States must review its position on the issue.



The trend of rising nationalism around the region and the growing number of quarrels—which are acting as roadblocks to cooperation and to broader high-level communication—is seriously concerning. This trend puts East Asia at a critical juncture, and how the region handles the current situation will affect the shape of the future order, peace, and prosperity for decades to come. In order to create the kind of stable and prosperous region we envision, the countries in the region must act together to move away from the current confrontational postures and wholeheartedly toward deeper cooperation based on common ground and investment in a shared and prosperous future. To achieve this, the key actors in the region must reaffirm the importance of regional cooperation and must institutionalize the norm of strong, intraregional communication at the highest levels of government.

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East Asia Insights is an occasional newsletter focusing on East Asia community building from the Japanese perspective.

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