

# Beware the US-Japan Alliance China Gap

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**A**MID THE INTENSIFYING rivalry between the United States and China, Japan finds itself in an increasingly delicate situation, caught between its security guarantor and its leading economic partner. As a staunch ally of the United States, Japan is committed to reinforcing the alliance framework to deter unilateral changes to the status quo and uphold regional stability. At the same time, despite significant debate and diverse views on its China policy, Japan's geographic proximity, extensive people-to-people connections, and strong economic ties with China mean that it must carefully navigate tensions and avert unnecessary instability or chaos.

The trajectory of the US-China competition raises concerns as it risks veering toward an overly isolationist and pressure-driven approach that is not complemented with commensurate engagement. Such an approach could potentially push the international order toward a full-fledged bloc-to-bloc rivalry, which runs counter to Japan's national interests. That in turn could lay bare a significant gap in approaches toward China between the United States and Japan. Ensuring that the bilateral alliance is not negatively impacted by that gap will require careful management and understanding from both sides, including concrete steps

to prioritize shared interests and acknowledge the boundaries of their divergent interests.

## **US-China Power Dynamics and Tensions**

With China's rapid economic growth, military modernization, and technological advancements, the current situation in East Asia has come to be characterized by tensions between China as a rising power and the United States as the established power. Identifying China as a peer competitor, the United States is determined to maintain its position as the preeminent power both in Asia and globally—a stance that is perfectly natural given that it has held this position for over three-quarters of a century.

China's collective memory of its "century of humiliation" places great emphasis on a robust military posture to safeguard its sovereignty and national interests. This firm posture serves as a crucial pillar of the Chinese Communist Party's (CCP) domestic political legitimacy. Under President Xi Jinping, China has abandoned its previous strategy of hiding and biding its time and is actively pursuing its "China dream" policy to become a modern and fully developed socialist power by 2049, the 100th anniversary of the founding of the People's Republic of China.

Given these US and Chinese trajectories, there is a risk that without prudent management of the relationship, including regular dialogue and the establishment of appropriate guardrails, the two countries may unintentionally find themselves on a collision course.

### Japan's Position

As a country that shares common values with the United States, such as democracy, free-market economies, and human rights, Japan naturally aligns with the United States. Japan shares many of the same grievances regarding China as the United States, including China's increasingly authoritarian governance under President Xi Jinping, its crackdowns on democratic protesters in Hong Kong, its arbitrary detention of Uighurs in Xinjiang, and its assertive foreign policy conduct in the East and South China Seas. Further strengthening US-Japan alliance cooperation to deter unilateral changes to the regional status quo is firmly in Japan's interest.

At the same time, Japan's economic and geographic position mean that US and Japanese interests vis-à-vis China are not identical. China is Japan's leading trade partner. Japan's projected economic growth potential of 1 to 2 percent relies on demand from China, and the West and other ideologically like-minded countries would struggle to fill that void in the event of a decoupling between Japan and China or the emergence of bloc-to-bloc rivalry. Japan and China's proximity as neighbors and their extensive people-to-people ties based upon historical and cultural commonalities mean their destinies are inextricably entangled. If things go awry, Japan cannot simply move out of the East Asian neighborhood.

From a Japanese perspective, the most prudent course of action is to avoid any scenario that leads to a division of the international system, which would make everybody poorer, or the collapse of the Chinese government, which would imperil both regional stability and the global economy. To this end, it is imperative that the deterrence power of the US-Japan alliance be coupled with efforts to navigate a path to more substantive engagement to ensure that China abides by international rules and follows a benign foreign policy.

### Synchronizing Japan's Security and Diplomatic Visions

The Kishida government has made unexpectedly rapid progress in advancing Japanese defense policy reforms. In December 2022, the Kishida government released three new security documents—a National Security Strategy, National Defense Strategy, and Defense Buildup Program. These documents committed Japan to doubling its defense spending to 2 percent of GDP by 2027 and acquiring Tomahawk missiles to establish missile counterstrike capabilities. In June 2023, Japan released its first ever space security blueprint, including efforts to strengthen information-gathering systems critical to missile counterstrike capabilities. This enhancement of Japan's defense capabilities is a positive step forward in the expansion of the roles and functions of the Japan Self-Defense Forces and toward achieving a solid division of labor under the US-Japan Security Treaty. However, with the country's public debt now exceeding 260 percent of GDP, Japan faces severe financial constraints, and the government must address the question of how to finance its rapidly rising defense costs, including the possibility of increasing taxes.

These reforms come on top of significant changes to Japan's foreign policy base. The Abe government was at least partially successful in changing Japan's foreign policy chemistry away from a more liberal self-conscious restraint toward a more nationalistic and conservative orientation, which has raised regional anxieties about Japan's long-term intentions. At the same time, China, Russia, and North Korea's behavior has become more aggressive in recent years. China's foreign policy under President Xi Jinping has become more assertive on self-defined core interests, as evidenced by its abovementioned behavior in Hong Kong, Xinjiang, the Taiwan Strait, and the South China Sea. Russia's invasion of Ukraine is a significant challenge to the stability of the US-led liberal international order. And North Korea continues to refine its nuclear weapons and missile capabilities.

The Kishida government should now augment its security reforms with a diplomatic vision to realize Japan's position as a peaceful nation and to mend relations with regional neighbors. This should include a clearly articulated guarantee to regional neighbors and the Japanese public that improvements to Japan's defense capabilities will remain within the framework

of its exclusively defense-oriented approach to security policymaking (*senshu boei*). Throughout the post-war era, Japan has maintained a restrained security posture out of recognition of its wartime and colonial past. Japan continues to follow the Article 9 “peace clause” of the postwar Constitution, which foreswears the use of force as a means of settling international disputes, to allay regional anxieties and domestic public opinion. Under the Fukuda Doctrine, Japan also promised ASEAN nations that it would not become a military giant. As a means of complementing the US-Japan alliance, Japan has and must continue to emphasize the importance of non-military means to achieve peace.

### Engaging China

The cornerstone of any Japanese diplomatic vision must be engagement with China to enmesh it in the regional architecture as a responsible stakeholder that follows international rules and a benign foreign policy. Many in the United States may say that China has declared its intention to establish its own order and that engagement policy is no longer viable. But Japan, with its own complex geopolitical interests, has legitimate reasons to pursue an engagement policy while strengthening deterrence capabilities under the US-Japan alliance.

Rules-based relations with China are possible. It is in China’s interest to maintain a stable working arrangement with other countries in the region for its own economic growth ambitions. A key pillar of the CCP’s domestic political legitimacy is to continue economic growth and raise the living standards of the people. Given that growth rates have slowed since the heady days when GDP was rising by around 10 percent annually, and that the economy was also dealt a shock by COVID-19, China needs an open global economy to achieve its new normal growth rate of 5 percent in 2023.

Working together on concrete projects can not only help prevent a drift toward isolationism but also instill and institutionalize habits of cooperation and build mutual confidence and trust. Target areas for cooperation should include the promotion of free trade, environmental and energy cooperation, non-traditional security cooperation, disaster management, disaster resilience building, and cooperation on clean air technology and infrastructure to mitigate COVID-19 and other airborne illnesses.

A pathway should also be opened for China to join the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP) to enmesh it more effectively in the economic rules-based order. Skeptics may argue that China will seek to take over the CPTPP and turn it into a strategic tool. Such concerns should be addressed by placing the right conditions on entry. The CPTPP should be made into an open-access institution so long as prospective members satisfy necessary benchmark criteria. The United States, South Korea, and Taiwan should also be proactively encouraged to join.

At the same time, a policy of engaging China should be pursued with the necessary precautions. Reliance on China, in terms of supply chains or critical products and components, needs to be managed carefully.

### Why “Democracy vs. Autocracy” Is Counterproductive

Pressure and isolation without engagement is problematic. The Biden administration’s signature rhetoric of “democracy versus autocracy” risks pushing China closer toward Russia’s embrace and pushing the international system toward full-fledged division and bloc-to-bloc rivalry. The domestic situation in the United States—characterized by hyper-partisan politics, tremendous wealth inequality, and a sustained challenge to the country’s fundamental democratic principles from former President Donald Trump and his loyalists—breeds uncertainty about the long-term willingness of the United States to sustain bloc-to-bloc rivalry with China. Moreover, the cool reception of the Global South toward supporting Ukraine has shown that the number of countries outside the West willing to support the United States in a new Cold War between democracies and autocracies (including China) is relatively limited. ASEAN’s priority is to maintain its centrality and avoid interference from major powers. For India, despite being a member of the Quad, its goal is to avoid being dominated by China rather than to facilitate the collapse of the CCP.

Recent trips to China by Secretary of State Antony Blinken, Treasury Secretary Janet Yellen, and Climate Envoy John Kerry are a highly welcome step forward. The momentum generated by these visits should be capitalized on to continue to dial back tensions, establish appropriate guardrails to manage US-China competition, and to build open channels of

communication and regularized mechanisms to promote stability and cooperation.



As the US-China rivalry intensifies, astute management of the US-Japan alliance is vital. Japan and the United States are of one purpose when it comes to joint efforts to bolster deterrence power and prevent unilateral changes to the status quo. Yet the gap that exists when it comes to their approaches to China must not be overlooked. While Japan does not expect the United States to step back from competition with China as a peer competitor, it must also make it clear that Japan has its own interests vis-à-vis China that are different from those of the United States. Japan's geographic position and economic relations with China necessitate a careful navigation of tensions, engagement of China as a responsible stakeholder, promotion of rules-based relations, and the fostering of cooperation on concrete projects. It is

also crucial that all parties involved recognize that excessive pressure and isolation without engagement is counterproductive. The rhetoric of “democracy versus autocracy” risks pushing China closer to Russia and cementing division of the international order and bloc-to-bloc rivalry. The three elements of solid deterrence based upon the Japan-US alliance, a cautious engagement policy, and inclusive regionalism must be key components of Japan's diplomacy. The United States and Japan must work together to find the right balance, maintain US preeminence, prevent China from becoming a regional hegemon, and chart an approach to inclusive regionalism that recognizes the importance of maintaining regional stability and shared prosperity.

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