The Indo-Pacific in Japan’s Foreign Policy

By Ryo Sahashi

Introduction

"Indo-Pacific" is the regional concept the Shinzo Abe administration has used often in the last few years. In his Policy Speech to the Diet in January 2019, Prime Minister Abe emphasized “Free and Open Indo Pacific (FOIP)” as the aim of Japan’s foreign policy. Many observers inside and outside Japan have regarded FOIP as Tokyo’s efforts to counter China’s Belt and Road Initiative (BRI). Some observers even point to Abe’s speech in New Delhi in 2007 as the foundation for this concept of mega-region-building in the Indo-Pacific, which now includes the United States. In fact, following Japan’s lead, the Trump administration has started to employ FOIP in various speeches since 2017. However, the Japanese government recently called FOIP a “vision” instead of a “strategy” as it was defined originally, and Japan also seeks to collaborate with BRI through private sector initiatives in third countries. This change of emphasis has confused Japan watchers about Japan’s true intentions.

One can argue that since Japan is trying to fix its relationship with China diplomatically it will stick with diplomatic metaphors for now but not sustain such political considerations over the long term. Surely, Japan will try to avoid any serious political estrangement from China as both countries have engaged in a diplomatic restoration process since the spring of 2017. And since Japan’s economic interests rely on the regionalization of Indo-Pacific economies, the FOIP vision shall continue to emphasize inclusiveness with China while also stressing collective rule-making and compliance with international rules and norms.

This prediction does not mean Japan’s security policy is transforming, or that the emphasis on the U.S.-Japan alliance is under review in Tokyo. The opposite is true. As Japan’s new National Defense Program Guidelines (NDPG) of December 2018 eloquently documents, Japan considers the United States its most comprehensive and indispensable partner. The NDPG also calls for enhancing the dense web of security cooperation with U.S. allies and partners, including Australia, India, ASEAN countries, and the rest of the so-called “Five Eyes” countries (UK, Canada and New Zealand), and France. Japan’s understanding of the balance of power has become more acute and serious, and its appetite for security

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2 The Prime Minister’s policy speech in 2018 had “strategy” but it was omitted from the 2019 speech.
cooperation with the United States and other key countries is bigger than ever.

The gap between Japan’s inclusive regional approach with China and long-term security concerns about China might reflect thinking that tries to de-link economic concerns from security concerns. However, this gap is evidence of the dilemma Japan will face in the coming decade, and Japan’s FOIP vision cannot escape from this structural reality of Japan’s policy towards China.

This paper tries to describe the conceptualization and implementation of Japan’s FOIP, a set of policies to enhance peaceful, rules-based development beyond East Asia. It firstly tracks the historical development and implementation of FOIP. Then, it argues that the changing context of Japan-China relations makes Japan’s FOIP more diplomatically subtle. It concludes with the observation that as strategic competition increasingly animates the U.S. approach to the Indo-Pacific region, Japan’s dilemma in its strategy towards China will only deepen as it tries to further the FOIP vision.

**Historical Background**

The first Shinzo Abe administration introduced the embryotic stage of the Indo-Pacific concept in a speech by Abe during the summer of 2007 in which he referred to the “confluence of the two seas.” He started his remarks by stating: “The Pacific and the Indian Oceans are now bringing about a dynamic coupling as seas of freedom and of prosperity. A ‘broader Asia’ that broke away geographical boundaries is now beginning to take on a distinct form.” Around this time, Abe emphasized the importance of universal values in Japan’s foreign policy on many occasions. He also noted that “this ‘broader Asia’ will evolve into an immense network spanning the entirety of the Pacific Ocean, incorporating the United States of America and Australia.” Finally, he touched upon maritime security, the rationale for insisting that these regions should be conceptualized under one umbrella, saying “as maritime states, both India and Japan have vital interests in the security of sea lanes.”

India was the main impetus for introducing the idea of the Indo-Pacific region. In December 2012, Prime Minister Abe won a second term after a five-year break and has since succeeded in substantially deepening India-Japan cooperation, particularly in the areas of defense and nuclear energy. The two governments signed agreements on defense equipment

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and technology transfer and information protection, and India invited Japan’s Self Defense Forces to participate in the U.S.-India joint exercise Malabar. Japan has spent more resources on its relations with India since 2014 when Prime Minister Narendra Modi took office. Foreign Minister Fumio Kishida stressed the gravity of the Indo-Pacific concept in a speech in New Delhi in 2015. Clearly, he regarded this bilateral relationship important not only for supporting India’s rise but also as shaping the future of the Indo-Pacific region. He stated, “the partnership between Japan and India is a special one. It is a partnership that should drive the advent of the new era; an era when the Indo-Pacific region becomes the epicenter of global prosperity…the region still faces security vulnerabilities.”

To the surprise for many observers, the scope of FOIP was geographically expanded in 2016. During his keynote address at the Sixth Tokyo International Conference on African Development (TICAD VI) in Nairobi, Abe conceptualized the Indo-Pacific as a bridge between Japan and Africa. Moreover, the focus was on economic assistance and Abe announced plans to empower ten million people with thirty billion dollars in infrastructure investment in Africa. But Abe also stressed international rules and norms as foundational to FOIP. He stated, “When you cross the seas of Asia and the Indian Ocean and come to Nairobi, you then understand very well that what connects Asia and Africa is the sea lanes…Japan bears the responsibility of fostering the confluence of the Pacific and Indian Oceans and of Asia and Africa into a place that values freedom, the rule of law, and the market economy, free from force or coercion, and making it prosperous. Japan wants to work together with you in Africa in order to make the seas that connect the two continents into peaceful seas that are governed by the rule of law (emphasis added by the author).”

India and the Indian Ocean first appeared in Japan’s foreign policy in terms of promoting universal values, but during the second Abe administration the Indo-Pacific served a more diverse range of purposes, which makes it difficult to understand. The concept of the Indo-Pacific is still subtle, diplomatic, and flexible. However, the baseline for this concept is to guide Japan’s approach to the wider Asian region, including South Asia, the Pacific, and Africa. Japanese diplomacy has not traditionally been grounded in explicit guiding principles, but the use of the Indo-Pacific is a way to give a clearer sense of Japan’s strategic thinking. Over the last decade, Japan’s diplomacy has reflected the new reality of a rising China and the fact that the balance of power in Asia is increasingly contested, and it is crucial for Japan that

the Indo-Pacific region fosters growth and economic interdependence, based on common rules and norms. Essentially, the Indo-Pacific construct reflects Japan’s hope for order-building. Shinichi Kitaoka, professor emeritus of the University of Tokyo and president of the Japan International Cooperation Agency, recently argued that the Free and Open Indo-Pacific is a bundle of policies and suggested that the importance of this policy is to realize the importance of the regions of the Pacific and the Indian Ocean. The FOIP concept asks Japan’s policymakers to spend resources on preserving crucial sea lanes beyond the surrounding areas in the West Pacific.

**Key Issues**

**Implementation of FOIP**

What does Japan want to achieve with FOIP? The Japanese government explains that FOIP has three pillars: 1) “promotion and establishment of rule of law, freedom of navigation, free trade, etc.; 2) “pursuit of economic prosperity (improving connectivity and strengthening economic partnerships including EPAs/FTAs and investment treaties)”; and 3) “commitment for peace and stability” (capacity building on maritime law enforcement, HA/DR cooperation). It is important to note that while all three pillars are inter-connected, economic affairs is put before peace and stability in the region. FOIP emphasizes connectivity through infrastructure, human development, and the harmonization of national rules. Also, the first principle that suggests values does not explicitly include democracy, human rights, or even the Sustainable Developmental Goals (SDGs), but rather emphasizes the rule of law in general, such as freedom of navigation and free trade.

For Japanese diplomacy, rule-making and order-building are crucial. Global competition is intense, and China and other emerging economies do not necessarily respect the rules-based international order, while major powers are dealing with rising economic nationalism. Territorial disputes, such as in the South China Sea, could tempt claimant countries to prioritize domestic politics over international stability, without addressing the issues based on The United Nations Convention on the Law of the Sea (UNCLOS) and multilateralism. Non-traditional security challenges, including climate change, piracy, communicable diseases, natural disasters, and human trafficking, require international regimes to foster trans-border cooperation. It is therefore critical for Japan to assume a leadership role in emphasizing the

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value of rule-making and compliance.

Japan’s national interests do not lie strictly in its homeland. Over ninety percent of Japan’s trade comes from sea lines of communication, and it depends on crude oil and natural gas mostly from the Middle East. Hence, a recent policy proposal from the Japan Institute of International Affairs (JIIA) asks Japan to allocate its resources to the Indo-Pacific as a priority. It insists that Japan should “improve the security environment in Japan’s vicinity and contributions to security in the Indo-Pacific region” and “ensure sufficient resources are allocated for Japan’s defense and enhance cooperation with other countries to improve the security environment in the Indo-Pacific region and secure the safety of sea lanes.”

Security challenges surely inform FOIP. The three official pillars listed above limit security policies to capacity building for coastal countries, humanitarian assistance and disaster relief, anti-piracy, counter terrorism and non-proliferation. This suggests that non-traditional security issues are the main agenda for FOIP. The JIIA proposal asks key actors to assume a leadership role and points to the Japan-Australia-India-U.S. cooperation framework (known as the “Quad”) and “partnership with the United Kingdom, which is a core member of the Five Power Defense Arrangements (FPDA) and the UK-USA Agreement (Five Eyes), and also with France, which possesses territories in the Indo-Pacific region.” The tone of the recent National Defense Program Guidelines (NDPG) goes even further. “In line with the vision of free and open Indo-Pacific, Japan will strategically promote multifaceted and multilayered security cooperation… Japan will actively leverage its defense capability to work on defense cooperation and exchanges which include joint training and exercises, defense equipment and technology cooperation, capacity building assistance, and interchanges among military branches.” There is developing consensus among Japan’s government agencies that the Indo-Pacific is an arena for power politics, and FOIP as a foreign policy tool defines the Indo-Pacific as a place where diplomatic efforts, including security partnerships, should take place.

**The Metamorphosis of FOIP: The Context of Japan-China Relations**

FOIP puts emphasis on economic prosperity and region-building, which includes economic interdependence with mainland China. China is Japan’s largest trading partner and Japan was

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8 “A New Security Strategy for Addressing the Challenges in the Turbulent International Order: 11 Recommendations for the Defense of Japan,” Japan Institute of International Affairs, November 2018, p.7. The author of this paper is also the member to draft this JIIA proposal.
9 Ibid., p.12.
the third largest provider for Chinese FDI in 2017. Chinese and Japanese companies exchange their goods and services in the enmeshed regional supply chains of Asia. A JIIA report issued in the fall of 2018 insists that even in the security sphere, “stable Japan-China relations are essential for the peace and prosperity of the Indo-Pacific region, and from a broad mid- to long-term perspective Japan and China should build a ‘mutually beneficial relationship based on common strategic interests’ in all areas, including security.” Due to geopolitical destiny, the Indo-Pacific is to be inclusive, stable, and prosperous for Japan.

China and Japan had a “frozen” period of bilateral relations after two incidents over the Senkaku islands in 2010 and 2012. Abe and Xi Jingping shook hands in November 2014 at the Asia Pacific Economic Cooperation (APEC) summit, but 2017 was when the two leaders finally found their respective rationales for improving ties and generated momentum for this bilateral relationship. In spring 2017, Toshihiro Nikai, Secretary General of Japan’s ruling Liberal Democratic Party (LDP), suddenly participated in China’s Belt and Road Forum on infrastructure development, accompanied by Takaya Imai, the Prime Minister’s Secretary for Political Affairs. Nikai delivered Abe’s personal letter directly to Xi and made a speech at a plenary meeting. Nikai also publicly suggested that Japan would consider participating in the China-led Asia Infrastructure Investment Bank (AIIB), and Abe subsequently clarified his intention to cooperate with China’s Belt and Road Initiative (BRI).

After the success of Premier Li Keqiang’s visit to Japan in May 2018, Shinzo Abe made a two-day state visit to China in October 2018, the first by a Japanese prime minister in seven years. Both governments agreed on three principles during the visit: to move from competition towards cooperation, to avoid becoming threats to one another, and to promote a free and fair global trade regime. As first steps toward achieving these principles, the two governments signed 12 documents and 52 memoranda of understanding. They reached agreements on various issues such as a currency swap, private sector cooperation in third countries, innovation, and intellectual property rights. In the political and security realm, they also agreed on further exchanges between Japan’s Self-Defense Forces and China’s People’s Liberation Army. Early resumption of negotiations to implement a 2008 agreement on joint resource development in the East China Sea was even mentioned.

There is wide speculation that Abe and Xi, to hedge against uncertainties in the international environment stemming from President Trump’s foreign policy and his tough stance against North Korea in 2017, decided to strengthen Japan-China relations. The Chinese

government aims to work with Japan to hedge against the “America First” agenda. Shin Kawashima, professor of Chinese politics in University of Tokyo, writes that the Chinese leadership “expressed their hope that Japan and China could combine forces to take the United States head on. But the likelihood of such a joint Japan–China pushback against the United States is slim.”13 It is also true that both governments have not made substantial progress on key issues including the East China Sea and food security. Reportedly, Japan has invited Xi to visit Japan and he could travel there twice in 2019 for the G-20 Summit (June) and potentially on another occasion for a state visit.14 Both leaders will likely want to stabilize Japan-China relations and business-level cooperation and bureaucratic contacts between the countries shall continue.

**Key Differences between Japan and the United States on FOIP**

Japan and the United States have different approaches to China that shape their respective understandings of FOIP. The Trump administration, as shown in the National Security Strategy and Vice President Mike Pence’s speech at the Hudson Institute on October 4, 2018, regards China as a strategic competitor. The U.S. approach to FOIP therefore emphasizes the competitive aspects against China in the political, economic and value realms and calls for a whole-of-government pushback against China’s malicious activities.

The aim of Japanese diplomacy over the last 10 years has been to maintain the U.S.-led, postwar international order in the Asia Pacific as the balance of power shifts. In addition to reinforcing the alliance with the United States, “Japan’s Asia diplomacy has been securitized through sustained efforts to build and enhance both bilateral and multilateral security partnerships in the region.”15” Abe’s ability to remain in power for more than six years assures the longevity of Japan’s robust Asian diplomacy, and FOIP is one of the toolkits to shape dynamics in the region. The fact that the United States has started to focus on and commit diplomatic resources to the Indo-Pacific, as shown in Pence’s speech in Papua New Guinea on November 16, 2018, is welcome. Japan has called for more political resources to be dedicated to the Indo-Pacific and the United States has been asked to enhance its presence in the region.

This apparent alignment of priorities suggests commonalities between the U.S. and

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14 The recent report suggests Japanese government still struggles to Xi’s visit as state guest due to the logistical reasons and also diplomatic consideration for the U.S. when its relationship with China will be in serious tense in coming months. “Xi’s visit to Japan as state guest on June will be postponed,” *Nikkei*, 12th of March, 2019.
Japanese FOIP visions and the policies that support them. However, Japan has multifaceted concerns about the U.S. approach towards China. Firstly, Japan still fears that the transactional nature of Trump foreign policy could be applied to China. Secondly, Trump’s economic external policy is driven by economic nationalists who claim an “America First” approach. While Japan shares interests in rule-making against China’s unfair trade practices, such as subsidies, support for State Owned Enterprises (SOEs), and forced technology transfer from foreign companies that want to do business in China, bilateral negotiations between Washington and Beijing might prioritize the reduction of the bilateral trade deficit, not satisfying Japan and other advanced economies. Thirdly, Japan’s biggest fear is perhaps the U.S. government’s desire to tighten controls on foreign direct investment (FDI), emerging and foundational technologies and the flow of people. Washington’s security concerns about China prompted calls for tighter controls over international students, investment, joint research, and technologies through legislation to strengthen the Committee on Foreign Investment in the United States (CFIUS), the Export Control Reform Act (ECRA), and reforms in visa policy. Also, such regulations are based on the domestic legal system and it is still uncertain whether international regimes can be utilized for this purpose. There are fears that regulations shall be applied unilaterally by U.S. authorities against foreign companies that engage in transnational commercial activities in globalized supply and capital chains.

Japan, like other countries, will not enjoy the luxury of merely engaging China economically and socially as it has done for the last forty years. Ultimately, Japan will emphasize its security interests and reject a Sino-centric order. However, Japan might simultaneously continue to seek a more open and inclusive region under FOIP for its own economic survival and try to promote multilateral rule-making to counter American unilateral policy against China. From this perspective, one can understand what a Japanese leading scholar on international affairs has said regarding Japan’s position on U.S.-China power politics. Akihiko Tanaka, President of the National Graduate Institute for Policy Studies, points out Japan’s goals in the era of U.S.-China competition. “[New Cold War] should not be metamorphosed into a hot war and Japan should make efforts not only for strengthening the U.S.-Japan alliance for deterrence but also for enlarging a sphere for ‘peaceful co-existence’ with China… Japan should not give up shaping Chinese models of development and political reforms in the future.”

It is most desirable for Japan and other like-minded countries to play a different role

than the United States in implementing FOIP, while adhering to a similar vision. For example, Japan could make use of its diplomatic relations and mutual trust with the Association of Southeast Asian Nations (ASEAN), as well as countries in the Pacific and South Asia, to promote a rules-based economic and security order. Japan’s reputation for economic assistance, encapsulated in a commitment to human security under the SDGs, can help it shape the regional order under a shared vision. It is especially significant that Japan has engaged ASEAN over many decades. Japan could persuade ASEAN nations, as a geographical nodal point of the Indo-Pacific, to assume important roles in maintaining a rules-based order.

However, it is still uncertain whether Japan and the United States can fill gaps in their understanding on the desired end state for the Indo-Pacific region. Japan has a more inclusive vision aiming for economic prosperity and a role for China, while the United States, through its overwhelming emphasis on strategic competition with China, might have lost perspective on the complexities and subtleties of international politics in the Indo-Pacific in the age of globalization.

For Japan the geographical and functional scope of FOIP has changed over time, but Japan’s policy goals are clear: to shape the region in a way that satisfies Japanese economic and security interests through development assistance and security partnerships. FOIP references a rules-based order, but this does not mean that Japan’s approach is to promote universal values such as democracy and human rights at the cost of gaining a reputation for willingness to interfere in the domestic affairs of Indo-Pacific nations. This appears to be one of the key differences between Japan and the United States.

Another important difference between Japan and the United States lies in their economic approaches to China and regional liberalization. The Japanese government is carefully managing its place within the Japan–U.S.–China triangle: Japan would be put in a serious dilemma between its alliance with the United States, on the one hand, and its improving ties with China on the other. Ideally, Japan could balance its relations with both countries to its own advantage. But Japan is becoming concerned about hardline U.S. approaches to China that could jeopardize Japan’s economic interests. To fill the perception gap between them, Japan and the United States should deepen their discussion on the Indo-Pacific and their approaches to China. 18

18 As a footnote for this paper, let me point out another two ways to look at “Indo-Pacific”. Firstly, it is possible to make the argument that the Indo-Pacific shows the birth of new regionalism. It is true that business practices now connect the Western Pacific and Indian Ocean, and many private companies try to oversee East Asia and South Asia under an umbrella. (For example, their regional offices in Singapore manage activities in both regions.) However, there is no concrete proposal to establish regional institutions. The Regional Comprehensive
**Policy Recommendations**

(1) Japan and the United States should *deepen* policy discussions at the track one (official) and track two (non-government) levels regarding the conceptualization of FOIP. Also, Japan and the United States should candidly discuss their strategic approaches to China and views on the regional order.

(2) Japan should invest more political resources for capacity building in Indo-Pacific nations. Australia, Japan, and the United States should enhance their official dialogue on the *division of labor* in assisting Indo-Pacific nations to build their capacity in maritime domains and to enhance good governance toward a more liberal, democratic and responsive system to satisfy the Sustainable Developmental Goals. Japan should promote its advantages in its relations with ASEAN, South Asia, and the Pacific nations through official and private developmental assistance. Also, on defense capacity building, Japan should learn from the Australian experience in areas such as Defense Cooperation.

(3) Though arguably a long-term goal, Japan, together with the other ten members, should encourage the United States to ratify the Trans-Pacific Partnership. TPP is still the most important tool for building a rules-based Indo-Pacific. And Japan should encourage the United States to address China’s unfair economic practices, such as government subsidies, forced technology transfer, and cyber espionage, under international regimes and multilateral norm-building processes.

(4) Japan should strongly ask China to satisfy international standards in its developmental assistance. To shape the course of Chinese economic statecraft, Japan should consider joint projects with the Belt and Road Initiative including business-to-business collaboration. Japan should also consider encouraging China to be responsible and follow the standards of OECD member states.

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Economic Partnership, (RCEP) is an exceptional framework to have ASEAN plus six countries as members, but still has difficulty to reach an agreement.

Secondly, we can see FOIP in the context of Japan’s longer-term diplomatic history. Historically, the Japanese government has created and supported various regional concepts. Prime Minister Masayoshi Ohira and his administration engineered the concept of "Pacific Rim" in the early 1980s, and Australia and Japan then moved to establish an Asia Pacific regional institution, APEC. In 1990s to 2000s, with South Korean President Kim Daejung’s lead, Japan (especially under the leadership of Keizo Obuchi and Junichiro Koizumi) collaborated multilaterally toward East Asia community building. China, Japan and Korea also started their trilateral cooperation during these years. Also, even though it failed, Japan’s Ministry of Finance once had the idea to create Asian Monetary Fund in the time of Asian Financial Crisis. The first Shinzo Abe administration invented the idea of an Arc of Freedom and Prosperity, whose geographical scope was in fact vast enough to include Middle East, the Black Sea and Eastern Europe. In the beginning of his second administration, Abe proposed a security diamond, connecting Honolulu, Tokyo, Canberra and New Delhi as a network with common universal values. This historical development shows the elasticity of Japan’s regional approaches, and we need to position FOIP in that context.
(5) Japan should encourage the United States to consider that, in non-strategic areas, China could be a partner in assisting developing countries. A stable Japan-China relationship benefits the United States and the region, and the challenges rooted in China’s rise are not always black and white issues.

(6) Under FOIP, Japan should seek opportunities to provide free and open digital space in emerging economies by supporting the backbones systems for 3G, LTE, and 5G networks.

(7) Japan should continue to play a constructive role in Pacific Islands regionalism. Japan and the members of the Pacific Islands Forum (PIF) gathered at the Eighth Pacific Islands Leaders Meeting (PALM8) in May 2018 and confirmed a partnership for “maintaining stability through a rule-based order” and “enduring prosperity.” Japan should enhance this partnership and work together with the United States, Australia and New Zealand for this purpose. Also, Japan should take a leadership role in global governance on climate change.

Conclusion

The FOIP concept is useful as a means for Japan, the United States, and other countries to identify areas for cooperation that can support security and prosperity in the Indo-Pacific region. The imprecise nature of FOIP, as evidenced by the changes in Japan’s formulation over time, is arguably both appealing in terms of developing consensus on the importance of openness and inclusivity in regional diplomacy, but also challenging with respect to fashioning common approaches to managing the rise of China. At present, FOIP is less a strategy than a framework for exploring regional policies but could potentially become a foundation for U.S.-Japan alliance coordination in the future.