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JAPAN ECONOMIC CURRENTS
A COMMENTARY ON ECONOMIC AND BUSINESS TRENDS

Can Abe Really Practice Proactive Diplomacy?

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When Prime Minister Shinzo Abe delivered a policy speech before the National Diet on September 29, 2006, shortly after his cabinet's inauguration, he declared that Japanese policy-making would shift to "proactive diplomacy." Ever since World War II the Japanese government has pursued a foreign policy focused primarily on economic interests, and has refrained from taking an assertive role on the international political arena. In calling for proactive diplomacy, the prime minister presumably wants Japan to place emphasis on national interests in areas including politics and national security.

But what specifically would a proactive Japan accomplish? In many respects, this is not very clear yet. In the following, accordingly, I discuss what, judged from the present point in time, the basic character of the Abe administration's foreign policy is likely to look like.

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By Richard Bush, The Brookings Institution

Premises of Abe's foreign policy

Two elements will likely define the foreign policy line of the new administration: Abe's own philosophy of diplomacy and the foreign policy legacy he inherited from his predecessor, Prime Minister Junichiro Koizumi.

In his career as a politician, Abe has not previously held a post giving him direct responsibility for diplomacy. As a result of his upbringing, however, he has had considerable experience observing high-level diplomacy close-up. His grandfather was Nobusuke Kishi, who was prime minister from 1957 to 1960, and his father was Shintaro Abe, who served as Japan's foreign minister from 1982 to 1986.

During World War II Kishi served under Prime Minister Hideki Tojo as minister of commerce and industry, and he was imprisoned as a war criminal when the war ended. After his purge was finished, he entered politics and rose to the position of prime minister. He is known for having rammed the revised Japan-US Security Treaty through the Diet in 1960 despite fierce opposition from left-wing demonstrators and others. He then stepped down to take responsibility for the political furor over the treaty.

As a youth, Shinzo Abe had encounters with his grandfather, and he eventually became convinced of the correctness of Kishi's actions. He also worked for his father, Shintaro Abe, while he was Prime Minister Yasuhiro Nakasone's foreign minister. As his father's executive assistant, Shinzo had many opportunities to acquire first-hand experience in foreign affairs. In such ways his family lineage helped to turn him into a politician who respects Japan's tradition and history, espouses the conservative cause, and adheres to a diplomatic stance of placing utmost importance on the Japan-US alliance.

In taking over from Koizumi as president of the ruling Liberal Democratic Party and prime minister of Japan, Abe has fallen heir to both the assets and the liabilities he left behind. Koizumi, who threw his support behind President George W. Bush in the war on terrorism, made the Japan-US alliance yet closer, but he also left office with numerous issues outstanding on the Asian front, such as the North Korean problem and discord with China and South Korea, which were exacerbated by Koizumi's visits to the controversial Yasukuni Shrine.

Abe served under Koizumi in several important posts, including deputy chief cabinet secretary, secretary general of the LDP, and chief cabinet secretary, and he naturally endorsed Koizumi's diplomatic moves. But he gained notice for favoring a tough line with North Korea and for opposing easygoing compromises with China and South Korea. Particularly in the talks between Tokyo and Pyongyang, where officials in the Foreign Ministry and other quarters were pressing for normalization of diplomatic relations, Abe acted to apply the brakes, expressing concern for the Japanese abducted by agents of North Korea. This is a very emotional issue among the Japanese public. Now that he has taken over as prime minister, we may expect that he will strive to maintain the intimate relationship with the United States, push for breakthroughs in the vexing problems related to North Korea, and seek to improve the relations with China and South Korea, while avoiding one-sided concessions.

Northeast Asian diplomacy

The foremost foreign policy task for the Abe administration will be dealing with international relations in Northeast Asia. It will take a complex set of equations to solve the region's difficulties, since there are a number of thorny issues that have become tangled together. North Korea has emerged as the largest threat to Japan's security—apart from the problem of the abductions of Japanese citizens, there are the missile launches by North Korea, most recently in July 2006, and above all the nuclear test in October 2006. Meanwhile, Abe will also need to stabilize Tokyo's relations with both Beijing and Seoul at a time when rising nationalist sentiments in Japan, as well as China and South Korea, must be brought under control.

Moves to mend the ties with Beijing and Seoul began prior to Abe's official inauguration. Abe himself sought to redirect the spotlight away from Yasukuni Shrine, where war criminals are enshrined along with the Japanese war dead, by adopting an ambiguous stance of refusing to comment on whether he would or would not visit the shrine. After he moved into office, he surprised people at home and abroad when he said that in relation to the views of previous governments, he would respect even the 1995 statement by Prime Minister Tomiichi Murayama, who openly acknowledged Japan's wartime responsibility, and the 1993 statement by Chief Cabinet Secretary Yohei Kono, who apologized for the forcible recruitment of "comfort women" for Japanese soldiers. Before he became prime minister, he had criticized both statements.

This clarification of his posture appeared to satisfy China and South Korea to some extent, and Abe was able to make successful visits to both countries on October 8–9. He was received especially warmly in Beijing, where a joint press statement revealed that Japan and China had agreed to build a "strategic relationship of mutual benefit" and pursue talks on various matters, including energy, resource development in the East China Sea, and perceptions of history. The summit meeting in Seoul was not equally friendly, but when North Korea announced on October 9 that it had tested a nuclear weapon, the representatives of both Japan and South Korea reacted with harsh words, which brought the two countries closer together.

The nuclear test by Pyongyang plunged all of Northeast Asia into a higher state of tension. After Prime Minister Koizumi visited North Korea in September 2002, Tokyo followed a course of pursuing dialogue while applying pressure so as to resolve the abduction, nuclear development, and missile issues and, on that basis, normalize diplomatic relations. But when talks on the abductions stalled, Japanese voices calling for sanctions grew louder. Abe was among those favoring a tough stance, and when North Korea tested its missiles in July 2006 while he was chief cabinet secretary, he advised that Tokyo step up its pressure. Naturally this was also his response when, after he became prime minister, North Korea conducted its nuclear test.

Tokyo's policy gained expression in three forms. First, the United Nations Security Council increased its pressure on Pyongyang during 2006, unanimously adopting Resolution 1695, which condemned the test-firing of missiles, and Resolution 1718, which protested the nuclear test. Second, Japan strengthened its sanctions against North Korea, acting both on its own and in cooperation with the United States and other friendly nations. In September Japan imposed restrictions on the use of bank accounts by groups and individuals suspected of involvement in the missile development, and in October it barred port entry of North Korean ships and banned North Korean imports. Third, Tokyo asked Pyongyang to return to the six-party talks among China, Japan, the two Koreas, Russia, and the United States, where Japan is seeking to persuade North Korea to abandon its nuclear development plans and settle the abduction and missile issues.

Thus far the Abe administration's policy response has produced favorable results, but there are tall hurdles still to be cleared. For one thing, good relations among Japan, China, and South Korea are a precondition for international unity on policy toward North Korea, but the embers of nationalism are still burning in all three countries, and there is always a possibility that some of Abe's supporters will unfurl a banner of revolt. For another, it would be politically difficult for the administration to make conciliatory gestures toward Pyongyang in the absence of progress on the problem of the abductions, since this is a very critical issue in the eyes of the Japanese public and also one that Abe himself has heavily stressed. There is something of a gap in this respect between Japan and other countries, which see the nuclear issue as the most important one, and Japan could find itself in an isolated position.

Diplomacy based on shared values

In the context of such uncertainties, the prime minister has positioned the close Japan-US alliance as the cornerstone of his foreign policy, just as the Koizumi administration did. This policy is a reflection of Abe's intention of attaching importance to cooperation with free and democratic countries through a diplomacy based on shared democratic values. He has already moved to accelerate the conclusion of economic partnership agreements with democratic countries around the Asia-Pacific region, such as Australia and India, as well as Southeast Asian nations. His aim is to make strategic use of Economic Partnership Agreements (EPA) as tools for giving concrete form to the sharing of fundamental values.

It is not clear, however, whether Japan-US relations will continue to proceed as smoothly as they did during the Koizumi-Bush era. The Bush administration has begun to lose momentum now that Democratic have gained the upper hand in Congress. It may also be noted that whatever their opinion of Abe may be, quite a few Americans are doubtful of Japanese politicians who hold views of the sort he does on issues ranging from visits to Yasukuni Shrine and perceptions of Japan's wartime history to the possession of nuclear weapons. If the Abe administration is to win the trust of Americans, it will need to persuade the Japanese public of the need to adhere to the agreement reached during the Koizumi administration to realign US and Japanese forces.

Furthermore, it may not be easy to pursue a value-based diplomacy. No doubt many countries would like to conclude an EPA with Japan, but negotiations have been moving slowly on account of such factors as resistance within Japan, notably from the agricultural sector. The prospects are even poorer when it comes to asking other countries to join Japan in a strategy featuring diplomacy based on shared values. While such a strategy would seem to be designed in part to constrain China, most countries would like to improve their relations with both China and Japan. They do not want to be asked to choose between them.

Changes in the diplomatic and defense setup

At the same time as it addresses such issues in foreign affairs, the Abe administration will be engaged in reform of the diplomatic and national security establishments. The upgrading of the Japan Defense Agency to ministry status was an outstanding issue for quite a while. After Abe moved into office, the necessary legislation finally gained passage, and in January this year the agency became the Ministry of Defense. While this was basically a symbolic, rather than a substantive, change, it nonetheless signaled a shift in Japan's foreign policy stance.

After the Cold War ended, Japan's Self-Defense Forces gradually broadened their participation in UN peacekeeping operations and international relief activities. The undertaking of such missions is now positioned as a regular part of the SDF's duties, along with defending Japan. As a further extension of this trend, we may see thought being given to expanded cooperation in the security sphere with the North Atlantic Treaty Organization and its member states.

Undeniably these changes within Japan have been caused to a significant extent by changes in the regional security setting around Japan. North Korea's rise as a military threat, the Chinese military buildup, changes in the alliance between the United States and South Korea, and the transformation of the US military posture are producing major alterations in East Asia's strategic environment. From Japan's point of view, the security picture has become more obscure.

The Abe administration is moving to respond to the new situation by setting up a Japanese version of the US National Security Council. This would be a body positioned directly under the prime minister to deliberate basic policies in the areas of foreign affairs and national security. An investigation of the council's structure and roles is now in progress.

Whereas the Koizumi administration saw domestic reform as its foremost task, the Abe administration has made an overhaul of foreign policy one of its primary goals, and the public is eagerly awaiting the results. There is a danger, though, that such popular expectations may instead become a burden on the administration. The question is whether Abe will be able to retain the support of the people even as he signals approval of the compromises that inevitably attend diplomacy. ■

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Abe Foreign Policy: A Good Start but Challenges Ahead

BY RICHARD BUSH, THE BROOKINGS INSTITUTION

Let us imagine that Chinese and Japanese foreign policy specialists were asked in late summer 2006 to predict the chances that the following would happen within six months:

- Prime Minister Abe Shinzo would visit both Beijing and Seoul within two weeks of taking office, without explicitly declaring his intentions concerning Yasukuni Shrine;
- Mr. Abe would meet again with Chinese President Hu Jintao and South Korean President Roh Moo-hyun in January at the East Asian Summit;
- The three countries would collaborate effectively on the North Korean issue;
- Military-to-military relations between Japan and China would resume by the end of 2006;
- The "history issue" would no longer preoccupy bilateral relations;
- A visit by PRC Premier Wen Jiabao would be planned for April 2007 and that China would have extended an invitation for Mr. Abe to visit China later in the year (again without an explicit Yasukuni commitment).

Our specialists would probably have given very low odds that all these things would happen. But in fact they have occurred. Clearly, Japan's foreign relations since the end of the Koizumi era have undergone a striking shift.

The explanation for this unexpected development has several elements. First of all, leaders and elites in China and Japan came to realize that the political stalemate of the late Koizumi period (created by the prime minister's visits to Yasukuni and by China's reaction) had become counter-productive and might even harm the shared economic interests of the two countries. Second, the two governments recognized that the succession to Koizumi created an opportunity to break out of that stalemate. Third, leaders took the initiative—and some risks—to try for a breakthrough. And fourth, skillful diplomats were able to bring it about.

Yet even if Japan's *relations* with China and South Korea have improved in the wake of Abe Shinzo's becoming prime minister, the challenges to his *foreign policy* have not disappeared. He may have been skillful in using ambiguity to set aside the Yasukuni issue, but he still has ambitious goals. Arguably he approaches those goals more systematically than did his predecessor. He was probably never the simplistic caricature of a right-wing chauvinist that the media made him out to be. But even if he is more pragmatic than people expected, he is still strategic in his approach. He still reflects a generational shift in Japanese politics and all that means in terms of national identity and Japan's role in the in the world.

Abe's foreign policy does contain elements of continuity with that of Koizumi and, in some cases, previous prime ministers: strengthening the U.S.-Japan alliance as U.S. forces in Japan are realigned; resolving the Korean security threat through the Six-Party Talks; cooperating in global fight against terrorism; seeking a permanent seat on the UN Security Council; and providing overseas development assistance.

But Abe has new initiatives and special points of emphasis: breaking through the constitutional constraints on the right of collective self-defense; centralizing decision-making on national defense and foreign policy in the prime minister's office; and stressing the abduction issue in diplomacy with Pyongyang. Regarding relations with Beijing and Seoul, his early visits were designed to ease the mistrust with those countries and break the stalemate on summit meetings. The hope is that sufficient cooperative and interactive momentum can be created that will allow a stress on shared interests and management of the differences over history.

So far, initiative and finesse have marked the conduct of Mr. Abe's foreign policy. Aiding him has been Kim Jong Il's provocative behavior—the missile test in July and the nuclear test in October—and Beijing's palpable desire for a reduction of tensions. Yet significant challenges remain.

The first is North Korea. Although on balance Pyongyang's actions have facilitated unity among Tokyo, Washington, and Beijing, there is no guarantee they will provide glue in the future. Indeed, Kim Jong Il's near-term strategy will be to isolate the United States and Japan. We should recall, moreover, that before the UN Security Council passed the sanctions resolutions last year, there were fears that China would reject Japan's tough approach. A similar disagreement could come over what priority to place on the issue of abductions in the Six-Party Talks.

Of course, it is in the interest of regional peace and security that North Korea honors its commitment to dismantle its nuclear weapons and programs in return for security guarantees, economic cooperation, diplomatic normalization with the United States and Japan, and entry into the international community. Yet reaching agreement in the Six-Party Talks will be very difficult. More broadly, North Korea may decide to proceed with its nuclear weapons and missiles program—perfecting its devices, shrinking their size, and mating them to ballistic missiles—as the way to guarantee its security. If North Korea does so, Japan's sense of insecurity will deepen profoundly. How will it respond? The pressures to debate the nuclear option will certainly grow, with consequences for relations with China and the United States. (China, by the way, understands the danger that a nuclear North Korea will pose and the dilemma it will create for Japan, but it is fairly cautious about taking action itself to compel Pyongyang to abandon its nuclear weapons.)

The second challenge will be maintaining the momentum of improved relations with China. To be sure, Japan and the PRC share common interests, particularly in the economic field. But each country has anxieties about the future security role of the other in East Asia. China worries about Japan's relaxing the limits on the Self-Defense Forces. Japan worries about China's non-transparent military build-up. The danger is that some time in the future these anxieties will form into a downward spiral of permanent hostility. Even though both sides have the best of intentions, each will have to demonstrate great skill to prevent a downward spiral. And we should keep in mind that the recent diplomacy has only set aside disagreements over history, not solved them. Whether they remain set aside (and so permit a continuation of positive momentum) is in part a function of the domestic political environment in each country. In this regard, this summer's Upper House elections in Japan and this fall's 17th Congress of the Chinese Communist Party will be occasions when domestic politics can come to the fore.

The third challenge could be the United States. This may seem like an odd statement, given that the closer integration of the U.S.-Japan alliance has been one of the success stories of the last six years. Looking forward, however, there are *potential* challenges to keep in mind. The first is managing the gap between American expectations and Japanese realities. This applies to issues like the implementation of measures pursuant to the realignment of U.S. forces in Japan, especially Futenma, and to the pace at which the Abe Administration might relax the existing limits on collective self-defense.

The bigger challenge will come if Washington and Tokyo experience a strategic divergence. Again, the prospects seem slim on the surface but not so small on further consideration.

First of all, there is the big unknown of what kind of international role the United States will undertake after its involvement in Iraq is resolved, as it will be. The American foreign-policy elite will assume (or hope) that the United States will continue to play an active global role. Whether the American public is willing to do so—and commit the required resources—remains an open question. There was a similar pull-back after the Vietnam, but it was easier for Washington to return to global activism in the late Cold War era than it might be in the current era. Time will tell. Clearly, a passive United States would change the dynamics in the Northeast Asian region.

Then there is the question of North Korea. Japan has been comfortable in the Six-Party Talks with Washington's relatively tough stance and the close diplomatic coordination. Both have spared Tokyo the prospect of diplomatic isolation. But it is no secret that, from the beginning, the Bush Administration's negotiating approach has been controversial among American Asia and arms control specialists, many of whom believe that a maximalist posture has had the perverse effect of facilitating North Korea's nuclear ambitions, rather than restraining them. What if Washington were to adopt an approach that was even more flexible than the one that it pursued during the summer of 2005 and appears to be pursuing now? Where would that leave Tokyo?

Finally, there is the issue of strategy towards China. Both the United States and Japan have essentially adopted a hedging strategy concerning China. We each recognize the value of cooperation with Beijing in the economic arena and on foreign policy issues like North Korea. Yet we also watch warily as China builds up its military power and expands its diplomatic influence and wonder whether this is the prelude to a challenge to the U.S. and Japanese position in East Asia. Because the future is uncertain, our governments have chosen to hedge against the downside risk and prepare against the possibility of competition. (Note that China has the same uncertainty about the United States and Japan. It sees the value of cooperation but fears containment. So it also hedges.)

It is likely that the United States will continue a hedging policy, balancing the twin emphases of cooperation and preparation. Maintaining that balance within the U.S. government while coordinating with Japan and reassuring China is no easy task. But we should not rule out the possibility that the United States might decide some time in the future that the danger of a China challenge was actually low and so did not require a hedging strategy (which, after all, does require significant military expenditures for forces in the Pacific). What if the United States essentially decided to accommodate to China instead of hedging? Where would that leave Japan? It would likely leave Japan with a greater sense of insecurity. If one adds to the picture a more moderate American approach to North Korea or, even worse, a clear North Korean decision to base its security on keeping and perfecting its nuclear weapons, then Japan's insecurity only grows. At that point, the value and credibility of the U.S. security commitment to Japan becomes a key issue.

Two matters do not seem to be such significant challenges. The first is the Taiwan Strait. The election campaign to succeed Chen Shui-bian has effectively begun, and who will take his place is far from clear. What does seem clear is that chances of a political initiative occurring on Taiwan that would challenge China's fundamental interests are declining. China has feared a constitutional change that would change Taiwan's legal identity (the functional equivalent of a declaration of independence), and so impel it to respond forcefully. That in turn would require the United States to decide how to respond, and the U.S. decision could have implications for Japan. Yet the internal and external obstacles to such a development have remained in place and are liable to do so in the future.

The second is East Asian regionalism. How quickly, how deeply, and how robustly to pursue East Asian regionalism will present challenges, but they are ones that stem from the reality of the situation. Concerns of a few years ago that regional integration could divide the United States and Japan today seem unfounded.

In conclusion, Prime Minister Abe's initial performance in the foreign policy arena has been quite positive. It has repaired the tattered relationship with Beijing, which was not in America's interest, and created positive momentum. Abe's summit with Hu Jintao, along with the one with Roh Moo-hyun, helped facilitate the diplomatic responses to North Korea's nuclear test, both at the United Nations and at the Six-Party Talks. That sort of cooperation is a good model for great-power cooperation which, if it could be broadened, would provide a firm context for managing the inevitable problems in China-Japan relations. Yet there is no reason to be complacent. Ensuring that positive momentum will continue in the face of uncertainty, miscalculation, domestic politics, and a possible sense of insecurity will not be easy. ■

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