



SECURITY POLICY BRIEF

Japan's Free and Open Indo-Pacific Strategy: What does it mean for the European Union?

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Not so long ago Japan seemed to be left out on the diplomatic stage, notably when it decided not to join China's newly established Asian Investment and Infrastructure Bank (AIIB) in 2015. But while no one can deny China's impressive global outreach under the banner of the Belt and Road Initiative (BRI), Japan has not been sitting idly by. Quite the contrary, Japan is playing a leading role in shaping the concept of free and open Indo-Pacific region, and has positioned itself as an important political actor that upholds the rule of law under its Free and Open Indo-Pacific Strategy (FOIP). As China becomes more and more assertive economically and militarily, strengthening ties with Japan becomes all the more important for the European Union (EU). As a strategic partner of Japan, the EU more than ever needs to work with Japan in upholding the liberal international order.

Prime Minister Abe formally introduced the FOIP Strategy on the occasion of the Fourth International Conference on African

Development (TICAD VI) held in Nairobi in August 2016. However, he touched upon the original concept of the two oceans (the Indian and Pacific) coming together already in 2007, in speech for the Indian Parliament, predating the announcement of China's BRI in 2013. 2007 also was the year that the concept of the Quad, the quadrilateral grouping of Japan, Australia, India and the United States, was born. Japan's FOIP Strategy has inspired the United States: the Trump administration has simply adopted the same concept of a free and open Indo-Pacific to replace the Obama administration's "pivot to Asia". Japan's recent diplomatic activities are underpinned by what Abe calls "a diplomacy that takes a panoramic perspective of the world map" and "a proactive contribution to peace".

RULES-BASED

Japan's foreign policy can be summarized as: rules-based, inclusive and transparent, and focused on quality. In this Japan's foreign policy differs decisively from China's. The rules-based order is what Tokyo attaches the greatest importance to. Japan's strategy is about maintaining a free and open international economic and maritime order based on the rule of law. As the importance of the rule of law is perhaps not as self-

evident in developing countries as the democratic countries think, Japan is not just preaching this, but is actually demonstrating it.

A concrete example is the *G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment*. Japan brought to the attention of the international community the importance of quality infrastructure investment when the country hosted the G7 in May 2016. Under the Japanese presidency, the G7 leaders endorsed these principles. Another example of Japan's push for the rules-based order is its emphasis on the freedom of navigation. This principle is one of the oldest of customary international law and it is the basis of the United Nations Convention on the Law of the Sea. This is also one of the priorities of the Quad. Prime Minister Abe initiated the Quadrilateral Security Dialogue in 2007, but it lost momentum as China perceived it as a form of containment against it. The idea of the Quad is gaining ground again, however, in view of China's assertiveness in the East and South China Seas and against the backdrop of the July 2016 ruling by the United Nations Permanent Court of Arbitration, which declared China's claims illegal.

At the same time, Japan and China are cooperating more and more. After initially keeping its distance, Japan joined the BRI in July 2017, and it concluded a memorandum on business cooperation in third countries in May 2018. Japan is aiming to bring quality and effective governance to the BRI projects. China can learn from Japan's know-how, and it is an opportunity to promote the rules of the existing liberal order. Japan too can learn from China's speed, risk-taking and, crucially, its know-how of strategies for promotion and public diplomacy.

JAPAN'S ACTIVE DIPLOMACY

Japan's surge in political leadership is backed by a high number of visits, not only by Abe himself but also by Foreign Minister Kono

(who was appointed in August 2017). While his predecessor, Mr. Kishida, visited 51 countries and regions during his term of 4 years and 2 months, Kono has already visited 52 countries in just over 13 months. If Abe has a clear strategic vision for Japan, Kono's vigorous diplomatic engagement is driven partly by his own sense of frustration over the fact that the presence of Chinese money can be seen everywhere in Africa and the Middle East. If Japan merely continues the same policies, it will not stand a chance of protecting its interests.¹

At home, Japan is busy hosting high-level summits and international fora. Among the most recent highlights are: the 7th Japan-China-Republic of Korea Trilateral Summit; the 8th Pacific Island Leaders Meeting (PALM);² the TICAD ministerial meeting; and the 10th Mekong-Japan summit.³ Not only have these meetings been a perfect venue for promoting Japan's FOIP Strategy, it is also where Japan is showing that there are alternatives to China's development projects and that Japan can provide other options for the region's connectivity. If China's BRI lacks clarity as to which projects can qualify to be included, Japan's *Partnership for Quality Infrastructure*⁴, one of the instruments to implement the FOIP Strategy, provides a detailed plan of inclusive, sustainable, resilient projects. It promotes the Japanese assistance, through both public and private funding, and empowers existing domestic and multilateral development agencies and banks⁵ under the banner of the FOIP Strategy. In the Mekong countries, Japan is the largest investor \$220 billion as compared to China's \$123 billion over the period of 2003-2017.⁶ And Japan's investment in the region is growing faster than that of China. Normative Japan is also on show in these international fora. At the recent PALM meeting, for example, Abe stated: "it is the rule of law that gives protection to the nations, big and small, for their inherent rights". As another example, Japan's engagement in the

Pacific Islands ranges from dispatching business missions and a capacity-building programme for sustainable ocean management, to funding the construction of a climate change research centre.

Japan is benefitting from having a very competitive rival like China for a neighbour. Effectively, the rise of China has pushed Japan to take a hard look at its own policies and strategy, and to think strategically about how to be more attractive to the countries in the region. Japan has taken stock of lessons learned from its own long experience as a leading donor and investor, and has studied what it can offer that China cannot. One can say that China's debt traps and coercive way of cooperation have given Japan a chance to show its open, inclusive and quality-oriented way of engagement.

Japan is also benefitting from the disruptive and self-destructive nature of the Trump administration. The single most devastating failure of US foreign policy in the region has been the pulling out of the Transpacific Trade Partnership (TPP). President Trump may have thought that with his withdrawal the deal would crumble; that was hardly the case. Japan jumped right in the power vacuum in order to lead the trade deal without the US. TPP was signed by 11 members in March 2018. Even without the US, the TPP countries account for 14.4% of global trade. Japanese leadership was critical in bringing the remaining 11 members to sign off on the deal which is essentially a compilation of the existing trade rules under the WTO in the Asia Pacific.

In addition, the EU-Japan Economic Partnership Agreement (EPA) was signed in July 2018, making it the biggest trade deal for the EU. Japan is also leading the negotiation for the Regional Comprehensive Economic Partnership (RCEP),⁷ which would become the world's largest trade agreement. Under the

banner of "fighting protectionism", Japan is determined to be at the centre of creating and upholding a fair and open rules-based trade order.

The thing about the rules-based order is that it holds all members in a deal accountable to the existing rules and norms. A majority or a minority shareholder, a big or small country, an investor or a host country, rules constrain them all. Even the country investing the most cannot get away with impunity. Japan and other like-minded nations must articulate that respecting the rules matters.

IMPLICATIONS FOR THE EU

It is time for the EU to look beyond China and take its relations with Japan seriously. But the fact that the EU-Japan EPA, which amounts to nearly 40% of global trade, caught little media attention in Europe shows that China is still far more influential than Japan. Though the EU is becoming more skeptical of China's BRI, too many EU strategists still turn a blind eye to China's coercive way of pushing unsustainable infrastructure projects that only burden the recipient countries with heavy debts. Senior management of the AIIB includes members from the EU member states. Europeans are testing, in a way whether they can effectively have influence from inside and "teach" the Chinese how to operate development assistance. This author heard one high-ranking AIIB official state at a conference in Brussels in early 2018 that "the bank will direct funds where the recipient countries can generate revenue". It sounds like a hopeful and lucrative promise, but experience shows that some of the actual funds have gone to projects for which the economic rationale is weak.

Why should the EU care about a Japanese concept for the Indo-Pacific? If the EU still assumes that all roads lead through Washington and that Japan's foreign policy takes its bearings from the US, it has missed

the train already. As former Australian Prime Minister Malcolm Turnbull put it, the region is a mesh of strategic partnerships; gone are the days of the conventional hub-and-spokes structure with the US in the centre. Geographically, Japan's grand strategy is reaching ever closer to Europe. While the Pacific Ocean may not ring a bell with many Europeans (except for France and the UK), the Indian Ocean should, as it is Europe's broader neighbourhood, linked to the EU via the Persian Gulf.

Rhetorically, Japan's FOIP Strategy is in line with the 2016 *EU Global Strategy* in terms of its commitment to effective governance and the rule of law. It is a good sign that the EU's version of the connectivity concept acknowledges Japan's FOIP Strategy, albeit modestly. Politically, the recently signed EU-Japan EPA as well as the EU-Japan Strategic Partnership Agreement have raised EU-Japan relations to a higher level.

However, most crucially, there is an apparent lack of leadership on Japan-related political and strategic matters. There is almost no one who can speak for Japan in Brussels and in other EU capitals. There is no Japan chair or senior fellow in major think tanks in the EU, in stark contrast to the US where there are at

least a handful in Washington. This leadership vacuum is hurting EU-Japan relations. If this vacuum were filled, EU-Japan and EU-China relations could complement each other, doing away with the current stovepipes. For example, Japan scholars and observers should be invited to EU-China events and vice versa. EU-Korea relations should also be included. EU scholars and strategists would gain a much broader picture and understand the sensitivities of the geopolitics of the region. One could begin to appreciate the fact that a healthy mix of cooperation and competition is a pragmatic way forward for peaceful and prosperous co-existence in this part of the world.

Japan needs the EU to step up in sharing the responsibility for maintaining the international order that both have benefitted from so much. Ensuring that this order is upheld is as much in the EU's interest as in Japan's.

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¹ *Mainichi Shimbun*, 8 January 2018. In Japanese.

Available at: <https://mainichi.jp/articles/20180109/k00/00m/010/042000c>

² PALM Members include Australia, the Cook Islands, the Federated States of Micronesia, Fiji, French Polynesia, Kiribati, the Marshall Islands, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

³ The 5 Mekong countries are Cambodia, Laos, Thailand, Vietnam, and Myanmar.

⁴ Ministry of Foreign Affairs, Japan, “Partnership for Quality Infrastructure”. Available at: <https://www.mofa.go.jp/files/000117998.pdf>

⁵ These include Japan Bank of International Cooperation (JBIC), Japan International Cooperation Agency (JICA), Asia Development Bank (ADB), African Development (AfDB), Inter-American Development Bank (IDB), and World Bank (WB).

⁶ *Financial Times*, 30 April 2018. Available at: <https://www.ft.com/content/898fa38e-4882-11e8-8ee8-cae73aab7ccb>

⁷ Members include Japan, China, South Korea, Australia, India, New Zealand and the 10 ASEAN member states.



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