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Japan's choices

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Sachiko Kuroda Future-proofing Japan's labour-market recovery

Yoshihide Sōeya Middle powers can shape a new security framework

Sota Kato and Iku Yoshimoto Why did Abe's popularity fall? ... **and more**

ASIAN REVIEW: Shivshankar Menon
Domestic concerns still shape India's foreign policy

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From the editor's desk

The world is moving rapidly through an inflection point in history with the coronavirus pandemic and an accelerated transition of global power. The United States and China are locking into strategic rivalry, with both countries dealing poorly with transition to a more multipolar order. How the rest of the world responds will determine global security, prosperity and stability for decades to come.

Japan's choices will be consequential, and potentially pivotal. Japan's economy is the world's third largest and its fortunes are closely linked to the American, Chinese and global economies. It's a close ally of the United States and in close proximity to China.

Navigating US–China rivalry will not be enough. Japan's prosperity will also depend on working with others to protect an open, multilateral and rules-based economic order.

That has just become much harder with the sudden resignation of Japan's longest-serving prime minister, Shinzo Abe.

This issue of the *East Asia Forum Quarterly* examines Japan's choices.

'Expectations for Japanese global leadership have never been higher,' writes Kayo Takuma, in the context of global health governance. That sentiment is echoed by other authors in this issue. Yoshihide Soeya advocates Japanese leadership in middle-power diplomacy with Australia, India and South Korea, working with ASEAN to preserve and create strategic space and avoid getting squeezed by the two superpowers on either side of the Pacific.

Adam Posen argues that Japan is better placed than many realise to lead a bottom-up effort to rebuild an open global economic system in the absence of US and Chinese leadership. Hitoshi Tanaka sees a similar role for Japan in preserving security and stability.

Leadership requires getting things right at home in Japan, and leading by example internationally. Immediately, that will require containing the second wave of COVID-19. Other contributions in this issue examine the labour market problems that have been brought to the surface by the pandemic, and why former prime minister Abe's political capital eroded despite Japan's relative success in containing the first wave of COVID-19.

Our Asian Review pieces examine the domestic drivers of India's foreign policy and the shaping of politics in China.

Shiro Armstrong

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COVER: Passersby wearing protective face masks are reflected in the mirrors of a shopping centre in Tokyo. Coronavirus is only one of the challenges facing Japan, and there are high expectations of Japanese initiatives in a number of areas.

PICTURE: ISSEI KATO / Reuters.



Former Japanese prime minister Shinzo Abe, one of the few world leaders who maintained a good personal relationship with US President Donald Trump.

Reconstructing Japan's diplomatic strategy

HITOSHI TANAKA

THE intensifying US–China rivalry is forcing Japan to reconsider its strategy to secure peace and prosperity in the region. This offers Japan an opportunity to use its diplomatic, economic and security advantages, working with the United States and other partners, to foster China's transformation into a constructive regional stakeholder.

The United States is bound to question Chinese Communist Party

(CCP) intentions as China's economic and military capabilities grow, demonstrated by its assertive maritime activities, increasing influence through the Belt and Road Initiative and 'sharp power' intrusions through cyber and industrial espionage. The imposition of a national security law in Hong Kong has undermined the 'one country, two systems' model. There is a risk that events will boil over in flashpoints like Hong Kong, Taiwan and the South China Sea.

Yet the confrontation should not

be characterised as a new Cold War. Economic decoupling is taking place to a limited extent in high-tech trade and investment as the United States worries that China's state capitalism, which is effective at developing high-tech industries, will bolster its military capabilities. But unlike during the Cold War, the deep economic interdependence between the United States and China in a globalised world cannot be destroyed without fatally undermining the sustainability of both countries' economies.

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So the question is how best to manage US–China rivalry to prevent fatal instability in the region.

Japan has been expanding its security role in the region since the end of the Cold War. After the collapse of the Soviet Union, the US–Japan alliance was reaffirmed through the 1996 US–Japan Joint Security Declaration. To support US regional engagement, Japan established new legal frameworks and expanded the roles and missions of the Japan Self-Defense Forces (JSDF). Japan has also expanded its security cooperation with US allies and partners like Australia, India and ASEAN nations.

Japan and the United States have deepened their cooperation in regional multilateral forums. For Japan, ASEAN+3 was insufficient to mitigate regional uncertainty as Japan and South Korea were the only economically advanced democracies in the grouping. Japan moved to expand participation to the ASEAN+6, and the current ASEAN+8 grouping that now forms the basis of the East Asia Summit and the ASEAN Defence Ministers’ Meeting Plus, including Australia, New Zealand, India, and the United States and Russia as well as China, Japan and South Korea.

Yet in just over three years, US President Donald Trump has damaged 25 years of progress on regional cooperation. The Trump administration has retreated from multilateralism, undermining the credibility of the United States as a leader. It withdrew from the Trans-Pacific Partnership, which the United States championed as a pillar of its rebalance to Asia and as a mechanism for building a rules-based order.

As well, the Trump administration has failed to articulate alternative strategies for regional cooperation. Trump has also undermined US

Regular participation in regional dialogues by all is essential to return the United States to multilateralism and to engage positively with China

alliance relationships due to his misunderstanding of US forward deployment strategy. He considers a US military presence to be a favour to host countries, whereas forward deployment enables the United States to maintain power-projection capabilities, protect its vital interests in an economically dynamic Asia and sustain its status as a Pacific power. Trump’s narrow-minded demands that allies make exorbitant increases in host-nation support payments, and his implicit threats to abandon alliances, are hurting alliance relationships and the long-term influence of the United States in the Asia Pacific.

Transforming China into a constructive regional stakeholder appears ever more tricky. China has become increasingly aggressive since 2010 after its GDP overtook Japan’s to become second-highest in the world. It uses government aid programs as a strategic tool, as with the Belt and Road Initiative and its ‘mask diplomacy’.

Under President Xi Jinping, China seems to have abandoned Deng Xiaoping’s precept for China to hide its capabilities and bide its time. Xi seems to calculate that economic growth—though without

political liberalisation—is essential to maintain the legitimacy of the CCP. He also seeks to prevent any domestic political dissent, both within the CCP and among the public, showing a willingness to use coercive measures as well as authoritarian surveillance technology and social control systems.

But with the right strategy, there is an opportunity to forge cooperation with China. When China realises that continued economic advancement is impossible without further cultivating interdependence with the world, it may feel compelled to soften its external posture. The CCP will need to think carefully about whether it can survive the entrenchment of US–China confrontation. Fostering China’s recognition of its need to cooperate with advanced democracies for the sake of its stable economic advancement may be the only strategic pathway to shift China’s attitude and realise regional peace and stability.

Japan needs a joint strategy with the United States to transform China into a constructive regional stakeholder. Former Japanese Prime Minister Shinzo Abe was one of the few world leaders who maintained a good personal relationship with Trump. After Abe’s sudden resignation in August 2020, Japan must leverage this partnership, foster US understanding that intensifying rivalry with China risks the sustainability of the US economy and stability in the Asia Pacific, and lay out a strategic map for joint cooperation. This map should include three key elements.

First, Japan and the United States must demand that China respect transparency and the rule of law in Hong Kong, which has existed based on British common law under the ‘one country, two systems’ model. The erosion of transparency and the rule of law risks destroying Hong Kong’s



Police fire tear gas at protesters in Hong Kong in July 2020. ‘Artificial’ application of security laws could deter foreign capital and dissuade international companies from using the city as a gateway to China.

free market system. If China applies the law in Hong Kong in artificial circumstances, international firms will be reluctant to keep foreign capital there and use it as a gateway to doing business on the mainland.

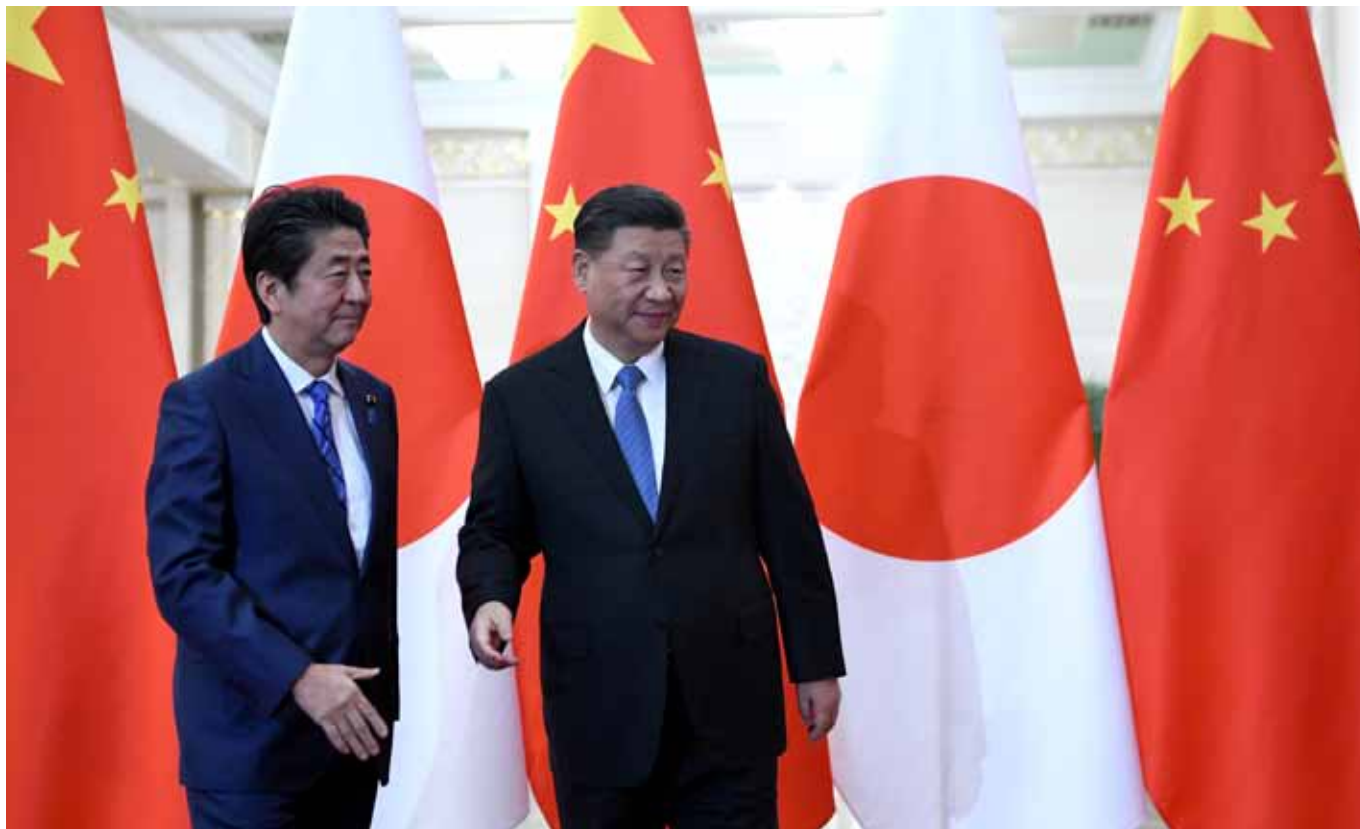
Second, Chinese military provocations must be deterred. US–Japan security cooperation must be maintained and strengthened so that the alliance continues to be the central pillar underwriting regional stability. Meanwhile, the United States and Japan should continue to deepen multilayered security cooperation with other partners, including Australia, India, ASEAN nations and South Korea.

Third, regular participation in regional dialogues by all is essential to return the United States to multilateralism and to engage positively with China. Regional forums are critical to maintain dialogue, prevent misunderstandings, bolster confidence-building and deepen cooperation in shared areas of interest. It also cultivates a rules-based order underpinned by a mutually beneficial commitment to shared regional peace and prosperity. The United States

and Japan should coordinate their dialogue with China on sensitive issues that multilateral forums might fail to adequately cover in more discreet bilateral and trilateral settings.

Debate in Japan over its approach on China is at a critical juncture. Discussion within the ruling Liberal Democratic Party about when to reschedule Xi’s state visit, postponed from April due to COVID-19, and arguments by some that it should be cancelled due to the situation in Hong Kong, misses the bigger strategic picture. Now is the time for Japan to develop a new joint strategy with the United States to navigate the deepening uncertainty surrounding a post-COVID-19 regional order that is focussed on ameliorating US–China confrontational postures and recommitting the region to shared peace and prosperity. [EAFQ](#)

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Former Japanese prime minister Shinzo Abe and China's President Xi Jinping: Japan's hedging strategy was intended to facilitate engagement with China.

On following US China policy

TOSHIHIRO NAKAYAMA

SINCE the late 1990s, Japan has urged the United States to be tougher on China. Perhaps the United States' own history shaped its expectation that China would eventually transform itself into a liberal democracy. Japan has never shared this optimism. Because it understood that it would be difficult to impose democratic values on China, Japan has long recognised that it needs to tame the dragon rather than isolate it.

In the 1990s, the desired state of the Japan–China relationship was described in terms of 'peace' and 'friendship.' There was no expectation

that China would become a liberal democracy, but there was recognition that stable relations between the two countries were necessary for mutual and regional prosperity. When Japan sensed that China's rise might have major geopolitical implications, potentially transforming the regional order in favour of China's geopolitical ambitions, Japan again tried to tame the dragon by reaching a 'mutually beneficial relationship based on common strategic interests.' Japan reached this conclusion early on because of the 'perils of proximity.'

This was precisely the moment when the world became fixated on China's emergence on to the global stage. Not that everyone was

optimistic about China's rise—the concept of hedging was always there. But rather than isolating China, the goal of a hedging strategy was to facilitate engagement.

Though the term 'G2' was never an official US policy position, the Obama administration was initially ambitious in its approach towards China, seeing Beijing as a potentially trustworthy global partner. Other Western democracies saw China's rise merely in terms of expanding trade relations. Countries in the region had mixed views but were relatively silent in expressing doubts about China's intentions. Japan was often at the forefront of those nations expressing concerns about China's hegemonic

ambitions, particularly given China's actions in the East China Sea.

Though Japan has many friends and partners in the region, Tokyo has often stood alone in expressing concerns about China's actions. At one track-two multilateral regional conference I attended, a proposal from the Chinese delegation was met with deep concern from delegates in the corridors outside the conference room. When it came to the formal discussions, however, most countries remained silent, leaving only Japan and the United States to express opposition.

Despite this tendency, Japan has remained clear in rejecting China's hegemonic ambitions in the region. Japan has never felt it can do so alone, leaving it with no option but to become a staunch alliance partner of the United States. Japan's increasing assertiveness in national security affairs was often perceived as rising nationalism, but this assertiveness was almost always pursued in the context of strengthening the alliance and confirming US commitment by showing Japan's resolve to do the maximum within the current legal framework.

In the post-Cold War period, Japan's foreign policy was consistent—except for a brief moment during the Hatoyama administration—in pursuing the dual goal of deepening the US–Japan security alliance while maintaining good relations with China. This position may no longer be sustainable in light of the hardening US posture towards China and China's intention to resist it.

The series of speeches delivered recently by the US National Security Advisor, Robert O'Brien, Attorney General William Barr, FBI Director Christopher Wray and Secretary of State Mike Pompeo went far beyond what Japan expected of the United



Australian Foreign Affairs Minister Marise Payne and her US counterpart, Mike Pompeo, at the 2020 Ausmin talks. The Australian participants maintained their country's position on China during the talks.

States in terms of confronting China. Secretary Pompeo's needlessly antagonistic message was that of an ideological crusade against the Chinese Communist Party. Then again, China's recent actions in Hong Kong and the South China Sea, mass internment of Uyghurs in Xinjiang, its military build-up and malicious cyber attacks do put China in a different category from a developing nation feeling insecure about itself.

In this competition, Japan has already taken sides and is not hesitant to say so publicly. But this does not mean Japan is totally comfortable with the position taken by the current US administration. A more hawkish US policy may mean Japan no longer has to worry about US security commitments, and difficulties with the United States may lead China to seek a calmer relationship with Japan. But this delicate balance may easily spin out of control since there is no one in the driver's seat managing the confrontation.

The recent visit to Washington by Australian Foreign Affairs Minister

Marise Payne and Defence Minister Linda Reynolds for the annual 2+2 talks may be relevant for Japan in thinking about the path forward. The two ministers stood firm with the United States on China, while still expressing Australia's own position.

It is not an exaggeration to say that the result of the US presidential election in November is a major geopolitical uncertainty, making Australia's response totally appropriate. Though 'toughness' towards China may now be a constant in US policy, how that 'toughness' is converted into policy may vary a great deal. The China challenge is a certainty, but US policy after January of 2021 is not. Despite Pompeo's call for allies to join the crusade, it is wise for Japan to maintain a smart distance, devising its own 'tough' policy towards China. [EAFQ](#)

Toshihiro Nakayama is Professor of Policy Management at Keio University and Senior Adjunct Fellow at the Japan Institute of International Affairs.

Japan can do much to rebuild the global economic system

ADAM S. POSEN

JAPAN is in a much stronger position amid the China–US economic conflicts than most observers realise—in fact, Japanese international economic policy can do much to rebuild the rules-based world economy. The way forward is for Japanese policymakers to pursue principled plurilateralism: the creation of multi-country agreements on standards for international commerce whose membership is determined solely by compliance, not geographic proximity or security ties.

Japan and Australia together have already demonstrated proof of concept for this approach with their leadership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Now is the time to be even more ambitious, not only for the sake of global recovery from the COVID-19 pandemic but for Japan's own security in the broadest sense.

After decades of bestsellers prematurely forecasting the division of the world economy into trading blocs, the stuck clock is finally close to right: there is and will be increasing pressure for multinational companies and third markets to line up with either Chinese or North American economic networks. Importantly, though, this will not be a matter of trade in and of itself. Alignment of and restrictions on cross-border investment—and the transfers of technology and human capital which accompany

those investments—will generate this pressure.

It is the advanced rather than the middle- and low-income economies that have greater diplomatic need to create a safe space for themselves to grow. The developing world will in turn be better served if there is more room created for non-politicised investment in their economies and competition in their markets.

More than any other economy except the European Union as a whole (when it is able to cohere on a given policy), Japan has the potential to pursue its own independent relationships with third economies while maintaining economic ties with both China and the United States. The United States can trust Japan not to align with China on security issues and China can trust Japan not to forsake its market so long as its territorial

The temptation will be strong for Japan to await US go-ahead to ease potential future US entry into any plurilateral agreement

security is not threatened.

Japan has so much to offer each competing power, from bases and direct support for the US military to critical technologies and enormous gains from trade for China. Japan also has much to lose if these relationships are severed. History and democratic values maintain the US–Japan bond, and economic gravity (size and proximity) as well as complementarities fuel China–Japan ties. Having a less divided polity than the United States and a far freer society than China gives Japan considerable independence in economic diplomacy.

What should Japan try to achieve in the economic sphere with its wide diplomatic latitude? The Japanese government should promote agreements among groups of economies which allow for high-standard commerce—trade, capital flows, foreign direct investment and human and intellectual capital exchange—irrespective of their views on China–US conflicts or their geopolitical placement.

For China, access to the agreements should be the same as for any other country, with verifiable adherence to the behavioural standards set in the agreement in a given area. But it will be difficult for China to credibly commit to and deliver on high-standard agreements, particularly as Chinese President Xi Jinping increases his arbitrary exercise of power over the economy and civic life. Regardless, China should not



Philippines President Rodrigo Duterte, Singapore Prime Minister Lee Hsien Loong and former Japanese prime minister Shinzo Abe join hands at ASEAN-Japan Summit in Bangkok in November 2019. A number of Southeast Asian countries would be ready to join Japan in advancing principled pluralism.

be excluded from commitment to international commercial standards by virtue of being China. Either a Biden or a Trump administration, however, is likely to be exclusionary of China *per se* for the time being.

US disengagement creates an opportunity for Japan. Of course, Japanese trade and investment policy has often had well-known mercantilist tendencies. That might show up in the present situation as sheer opportunism for Japan to gain market share in China as the US decouples or tries to do so. Such an approach, however, would be triply short-sighted. First, doing so unilaterally without appeal to principles, for narrow Japanese corporate gain, is likely to engender heavy political blowback from the United States. Second, it would make

the Japanese corporate sector uniquely vulnerable to dependence upon the Chinese market with little recourse. Third, a narrow focus on exports to or investment deals with China would further corrode the rules-based no-bullying zone which the economic nationalism of both the United States and China have undermined in recent years. Economic engagement with other countries that is genuinely principled and plurilateral avoids these pitfalls.

The obvious vehicle to begin with is the expansion of CPTPP to include Colombia, Indonesia, Thailand and the United Kingdom, with all having to accede without diminution of standards. But this is insufficiently ambitious. There are other areas of economic interdependence where

groups of like-minded economies could agree on a Japanese-led proposal. These economies need not be like-minded with respect to their positions on US–China conflict, or with respect to their own internal forms of governance.

Agreements may look at restricting government subsidies for trade (like those Japan has already drafted with the European Union and the United States), on sharing and stockpiling critical medical equipment and vaccines, on privacy standards for internet commerce and finance, on lending standards and disclosures for development aid, and official sector debt. On some of these issues, the United States or the European Union will share the agenda, and on others they will not. That should not

stop Japan from pursuing a positive agenda and hoping the major Western economies come along later.

The temptation will be strong for Japan to await US go-ahead to ease potential future US entry into any plurilateral agreement. As was the case for the original Trans-Pacific Partnership, fears and even threats of retaliation from the United States against Japan will weigh heavily. But the CPTPP process and the management of US demands on expanded Japan–US free trade agreement negotiations have demonstrated that US willingness to retaliate against Japan, even under US President Donald Trump’s administration, is limited.

There are still areas where unilateral US action, like financial sanctions for technology transfers, represents a credible threat of genuine harm. But these are areas where it is all the more critical that Japan move forward in a principle-based way with other economies, ideally other US allies, to try to limit the scope of such actions. That is the only way US unilateralism will recede. This is in the interest of both the United States and the world.

Another temptation will be to let concerns over displacing the World Trade Organization and other multilateral organisations create reticence to act. This is chasing a fantasy. Recent history shows the futility of having a positive agenda in diverse multinational forums with multiple veto points. With the economic response to COVID-19 on the positive side, and the failure of multilateral institutions to check economic nationalism by both presidents Trump and Xi among others on the negative side, there is a clear need for plurilateralism to achieve anything positive. Increasingly pitched US–China disputes will make

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plurilateralism of the willing ever more advantaged over multilateral institutions. There are ways of cloaking plurilateral deals as products of WTO processes, which on a case-by-case basis may make tactical sense, and certainly direct violation of WTO rules must be avoided. Since some of the issues to be dealt with are in areas insufficiently or not at all covered by WTO rules, particularly in matters of technology, health, privacy, and intellectual property, and of investment writ large, this constraint is more apparent than actually binding.

The success of principled plurilateralism will depend on three things. First, principles must insulate international commerce in agreed areas from politicisation and security demands. Second, membership should be solely dependent on behavioural adherence to the agreement, not by right and not by might. Third, a plurilateral grouping must achieve a critical mass of economic weight and technological sophistication to make it viable in the areas of commerce involved.

Japan is able to deliver leadership on all three of these counts in a way that few, if any other countries, can. The

fact that a number of Commonwealth and Southeast Asian countries would be ready to join Japan and share in leadership should make this even more attractive. While some countries have had poor experiences with Japanese self-dealing in the past, the relative attractiveness of Japan only rises versus China and the United States in today’s context—and for smaller third countries, which is everyone else except the European Union, it is the reality of relative best option which matters. As demonstrated by the EU–Japan trade deal and collaboration on proposals about Chinese subsidies, the European Union and Japan also have relatively more in common insofar as the United States and China turn towards bullying and away from following the rules.

We need an effective non-aligned movement for the economies of the 21st century. Security alignments will increasingly damage economic wellbeing without resolving US–China conflicts one way or another. Japan can lead a principled plurilateralism which creates safer space for third countries to engage economically with one another, and with China on select issues, while encouraging the United States to return to more liberal economic values. **EAFO**

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Australian supply ship HMAS Sirius and Japanese helicopter carrier Ise during exercises in the Pacific in August 2020.

Middle powers can shape a new security framework

YOSHIHIDE SOEYA

DAY-BY-DAY, the US–China confrontation is heating up. The trajectory now appears irreversible. The nations of the Indo-Pacific, Japan included, are sandwiched between the United States and China. It is high time for them to consider strengthening effective regional cooperation by building on ASEAN-centred processes.

The key players are Japan, Australia, India and South Korea, which could be called a ‘middle power quad’ (MPQ). Souring Japan–South Korea relations

could be subsumed in the regional cooperation an MPQ grouping would create. If realised, the grouping could become a step towards creating a larger ASEAN–MPQ framework.

China’s recent behaviour signals its resolute determination to ‘recover’ its traditional sphere of influence in Asia and beyond. The enactment of the Hong Kong national security law virtually ends Hong Kong’s political autonomy and democracy. Many worry about its tacit but intrinsic implications for Beijing’s Taiwan policy, with worries compounded by the build-up of Chinese anti-access

and area-denial capabilities against US military intervention in the East China Sea and the Western Pacific.

The United States sees Chinese assertiveness as a challenge to US primacy in the Indo-Pacific as well as a danger to democratic institutions and values. The COVID-19 pandemic further complicates the bilateral relationship and accelerates the rivalry between the two countries.

Left unattended, deteriorating US–China relations will have a twofold impact on the future regional order in the Indo-Pacific.

First, the space for independent

action of countries in the region will continue to shrink as the confrontation intensifies. Second, the COVID-19 pandemic has caused many countries to tighten border controls and take unilateral action to cope with the spread of the virus, discouraging them from thinking and acting regionally. As a result, countries are being forced into choosing sides between the United States and China.

Revitalised multilateral cooperation is needed to avoid these countries losing autonomy. Many in Japan consider the Free and Open Indo-Pacific (FOIP) strategy a means to achieving this. The FOIP concept, as advocated by former Japanese prime minister Shinzo Abe, is considered a counterweight against Beijing's Belt and Road Initiative.

YET in mid-2018 the Abe administration stopped calling this initiative a 'strategy' and instead labelled it a 'vision.' This coincided with Abe's official visit to China in October 2018—the first in seven years by a Japanese prime minister. Abe met President Xi Jinping and Premier Li Keqiang, confirming the bilateral relationship was back to normal. Xi's proposed state visit to Japan has since become an important item on the agenda to strengthen relations, though the visit has been postponed due to COVID-19.

The Japanese vision of a FOIP has now become a rebranded version of long-held regional policies since the end of the Cold War, including re-affirmation of ASEAN-centred processes and institutions. ASEAN itself adopted an 'ASEAN Outlook on the Indo-Pacific' in June 2019 and declared that the 'ASEAN way' is still effective in managing Indo-Pacific cooperation.

Key elements of the ASEAN way

are institutions such as the ASEAN Regional Forum, established in 1994, ASEAN+3 since 1997, the East Asia Summit created in 2005, and the ASEAN Defence Ministers' Meeting-Plus, held since 2010.

But the ASEAN way is a double-edged sword under intensifying US–China rivalry.

Inclusiveness is an important precondition for cooperative security but ASEAN could equally become a venue for big powers to control smaller members. Differing ASEAN member state attitudes toward China and the United States are said to have already weakened the group's institutional solidarity.

The new approach proposed here is to create a framework of regional security cooperation that excludes both the United States and China.

Before involving the two superpowers, the long-standing ASEAN way needs to be reinforced by greater engagement with non-ASEAN countries such as Japan, Australia, India and South Korea—most of which have increased cooperation with one another in recent years.

From 2007 to 2009, these MPQ countries signed a series of bilateral declarations on security cooperation, including the Japan–Australia Joint Declaration on Security Cooperation in March 2007, the October 2008 Joint Declaration on Security Cooperation between Japan and India, the Joint Statement on Enhanced Global and Security Cooperation between Australia and the Republic of Korea of March 2009, and the November 2009 India–Australia Joint Declaration on Security Cooperation. Building on these bilateral declarations, Japan, Australia and India held four trilateral dialogues between June 2015 and December 2017.

If Japan–South Korea relations

were improved by a similar security agreement, then a trilateral arrangement that involved Australia would be conceivable. According to a former South Korean official, Seoul studied the 2007 Japan–Australia declaration before making a statement on security cooperation with Canberra in 2009. The contents of the two documents are quite similar—they mostly concern non-traditional security cooperation in such areas as international peace and disaster relief operations.

IN MAY 2010 Japan and Australia concluded an Acquisition and Cross-Servicing Agreement (ACSA)—which would permit the exchange of the most common types of military support, including fuel, transportation, ammunition and equipment between the two militaries. The agreement was revised and upgraded in January 2017. Japan and India started talks on a bilateral ACSA in late 2019.

The next step should be to elevate these bilateral agreements into a trilateral and eventually a quadrilateral agreement. Although the MPQ is no substitute for ASEAN, it should be designed so as to aid ASEAN's ultimate goal of achieving cooperative security.

In the end, the prospect of realising the MPQ and eventually ASEAN–MPQ cooperation depends on sound strategic thinking and political leadership. This is easier said than done, but the alternative is a loss of autonomy for Indo-Pacific countries in the US–China confrontation. **EAFO**

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Supporters shower Prime Minister Narendra Modi with flowers during a procession in Varanasi.

Domestic concerns still shape India's foreign policy

SHIVSHANKAR MENON

IT IS a truism that foreign policy begins at home. But how does this work in India's case?

There are strong domestic political foundations to India's role in the world and the abiding continuities of India's external engagement. Five aspects influence India's foreign policy—economic development, geographic reality, ideological positioning,

transactional necessities and its place in the international order.

The prime directive of India's foreign policy is to enable the domestic transformation of India. There has therefore always been a strong link between India's vision of the international order and her domestic political system. India's abject condition upon gaining independence in 1947—caused by colonialism and well over a century

of no economic growth—meant that the overriding goal of foreign policy was the transformation of India into a prosperous, secure and modern country. Taken to its logical extreme, one Indian oversimplified by saying, 'our foreign policy is 8.5 per cent GDP growth'.

To transform itself, newly independent India had no choice but to engage with the world on its own terms, namely through non-alignment

and by working with both the US-led capitalist bloc and Soviet-led communist bloc. Nor was the Cold War going to leave the subcontinent alone, as Pakistan entered the US alliance system in 1954–5. But rather than joining a bloc in response, Nehru's India chose to work with both sides to try and build an 'area of peace' in South Asia, insulated from the rivalry between the US and Soviet camps.

In other words, India chose balancing rather than bandwagoning. The attempt was popular in the Asia Pacific, as was evident from the wide participation in the 1955 Bandung Conference by US and Soviet allies like Japan, Iraq and China. However, the attempt to create an 'area of peace,' independent of the superpowers, ultimately foundered on the realities of power and the binary struggle exemplified by wars in Korea, Vietnam and Afghanistan. The killing fields of the Cold War were in the Asia Pacific—this had an immediate effect on India's security and its quest to transform itself.

India's domestic developmental trajectory has also influenced the direction of its external efforts. When central planning and import substitution was pursued from the late 1950s, the Soviet Union became a natural partner. Yet India's fear of entanglement, desire for balance and other practical considerations ensured that her economic links with the United States, World Bank and the IMF remained strong throughout. Once India changed course in the mid-80s and began radical economic reform by liberalising the economy and opening up to globalisation in 1991, its relationship with the United States was naturally transformed. India built on her long-standing ties with Japan to craft a 'Look East' policy and

In a sub-continent of ancient nations, new states and porous borders, the lines between internal and external politics are blurred

started up an economic relationship with rapidly industrialising China.

The world economy, which had still to recover from the after-effects of the global financial crisis of 2008, has now crashed due to the COVID-19 pandemic. India, like China and others, speaks of a new self-reliant (*atma-nirbhar*) path to prosperity. What remains unclear is how much autarky and what protective measures this will entail. India's modest resource endowment—the need to import oil and gas, fertiliser, non-ferrous metals, technology, capital and other critical inputs for its industrialisation—makes autarky or pure import-substitution

a suboptimal and counter-productive choice.

After COVID-19, India's external economic choices are in flux. There is an ongoing debate on the nature and extent of economic readjustment required to restore growth. India has chosen not to participate in the final stages of Asia's Regional Economic Partnership (RCEP)—the multilateral trade deal representing around 30 per cent of global output—and has raised tariffs for four years running. While it is too early to say how far the nation will turn inward, India cannot cut itself off from the world, even though its politicians might debate the extent to which it will open up. A nation's resource endowment does not change overnight, so this domestic foundation of India's external role remains relatively constant.

In the short term, another shift is clear. Assertive Chinese behaviour on the Himalayan border between May and June 2020, leading to the first lethal clash in 45 years, has provoked a recalibration of India's economic relationship with China. A conscious attempt is underway to reduce India's economic dependence on China, creating opportunities for other partners in the Asia Pacific and elsewhere. This shift constitutes a significant bet on a multipolar economic future, with China as one, albeit important, participant in the Asian economy. So long as RCEP is seen as opening India to Chinese economic 'penetration,' India will have to find other ways of deepening its economic engagement with East and Southeast Asia.

India has always been acutely conscious of the pivotal role that its size, location, history and capabilities give it in the sub-continent. For this reason, India's domestic compulsions are mostly evident in relations with

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OUR NEXT ISSUE . . .

**Asia after
the US
elections**



A man in Delhi protests against the Indian government's scrapping of Kashmir's special status in August 2019. India's 'unsatisfactory experience with the workings of the multilateral system, especially with the UN on Kashmir', has seen it rely more on bilateral diplomacy.

immediate neighbours other than China. In a sub-continent of ancient nations, new states and porous borders, the lines between internal and external politics are blurred. It is only natural that India's relations with its neighbours will play into domestic politics.

This is true of the effect of Sri Lanka's civil war on Tamil Nadu politics, how developments in Bangladesh affect the Indian state of West Bengal, or of developments in Nepal and the Terai in the Indian states of Uttar Pradesh and Bihar. This effect has become more pronounced in recent years as India has modified its hitherto open policy towards refugees, and anti-immigrant sentiment is

used for political mobilisation in states like Assam and West Bengal. The BJP government is perceived by some of India's neighbours as 'Hindu nationalist'.

India's acute awareness of the significance of the subcontinent and the Indian Ocean region for its domestic politics has meant it is much more willing to be a provider of regional public goods in this arena than on the global stage. Since the 1980s, India has opened its economy to its neighbours without insisting on reciprocity, has been a net provider of security when asked, and sought stability in the sub-continent and Indian Ocean. The South Asian Free Trade Agreement of 2004 is being

implemented between India and all its neighbours, on top of the non-reciprocal bilateral trading agreements that India has with all of them. The exception is Pakistan, which has chosen not to extend Most Favoured Nation (MFN) status to India. While the West might see India as a difficult negotiating partner that is reluctant to provide global public goods, India has displayed no such reluctance on the subcontinent.

States and leaders act on their perception of reality. As India–China relations have worsened, India's neighbours have sought to balance India and China. That phenomenon, as much as domestic political considerations, has made it necessary

for India to work much harder at building the peaceful periphery needed to secure its domestic transformation. This requires India convincing its neighbours to see it as a source of subcontinental stability, security and prosperity.

India's focus on domestic transformation, and the need for external engagement to make that transformation possible, meant that it initially relied on the international system, particularly multilateral institutions. India devoted considerable diplomatic effort to shaping those institutions and making them sensitive to its concerns in an attempt to create an environment supportive of the Indian democratic experiment.

This came about in the 1950s, 1960s and 1970s, when India engaged in diplomatic agenda-setting. India had considerable success in bringing about decolonisation, promoting human rights, nuclear disarmament, and bringing the anti-apartheid movement to international attention. India was an active participant in drafting the Universal Declaration of Human Rights, pushing nuclear disarmament to the top of the multilateral agenda and, slightly later, in bringing economic development to the fore.

It is only natural that a plural, secular, multi-ethnic, multi-religious, multi-linguistic India in the process of building a liberal republic at home would seek an international order marked by diversity, pluralism and the checks and balances intrinsic to democracy. India's international preference has been for a more democratic and open international order, rather than a hierarchical, hegemonic order centred on a single power.

This preference has not involved an attempt to export an 'Indian

model' of democracy, or granting the international community a prescriptive role in matters concerning the internal order of states. Since Indian democracy is itself a work in progress, Indian governments have never professed to be exporters of democracy, but rather a supporter. Given a choice between universal norms and sovereignty, in most cases sovereignty prevailed. India had not fought for and won its independence only to suffer through new forms of colonialism. Indian domestic politics equally supports the defence of the country's sovereignty in the international system, making it a constant feature of the republic's external behaviour.

India has become more transactional as the world becomes less ideological. When India was focussed on institution-building and norm-setting at home in the Nehru years, it did so abroad as well. India's unsatisfactory experience with the workings of the multilateral system,

India has preferred balancing arrangements rather than bandwagoning, whether as a non-aligned power during the Cold War or as an autonomous actor in a unipolar world

especially with the UN on Kashmir, has seen the country rely more on bilateralism since the 1970s, stressing its exceptionalism and independence. With its internal politics now going through an adjustment, India seems increasingly reconciled to working in the Hobbesian world that realists describe. As a consequence, the weak institutionalisation of Indian foreign-policy making is likely to continue.

The state of international politics has encouraged this trend. Even though internal politics in major powers like the United States, China and India have become more ideological and polarised, international competition is not as ideological as it was during the Cold War. Flashpoints like the India–China border, the South China Sea and the Senkaku/Diaoyu Islands are caused by concerns about traditional sovereignty, territory and geopolitics rather than ideology. Issues critical to the world's future such as climate and energy, pandemics and technology are also less ideological.

India's behaviour in the international community has shifted accordingly—it is now a more cooperative negotiating partner for the West. Not only does India shy away from taking its issues and concerns to multilateral fora, it has recently watched and sometimes actively participated in their atrophy, as in the South Asian Association for Regional Cooperation, and plays a lower-key role in domains like the internet, outer space, as well as energy and climate change. China, on the other hand, has moved in the other direction as her relative power has grown, going from an outlier in the international system to spearheading a determined effort to co-opt, control and increase its say in multilateral institutions and shape the international order.

Today there are multiple visions



Prime Minister Narendra Modi and US President Donald Trump at a 'Howdy Modi' event in Houston, Texas, in September 2019. At a time when there is more tension in US-China relations, India has lent towards countries 'with which it shares a declared commitment to democratic values and principles'.

of international order, including the Western 'liberal' international order and China's view of the international system. The former lacks a leader while Chinese President Xi Jinping has, over the last two years, spoken about leading international governance reforms—changes on which India will have to take a clearer stance.

Though it is sometimes hard to distinguish between US President Trump and Xi Jinping ideologically, as societies and nations the United States and China have differing visions of international order, which they cannot give up without losing global power and influence. One envisions a world safe for capitalism and its global projection of power, while the other is a hierarchical system marked by respect and obedience centred on China. India is being asked to choose

which suits its interests better—and has so far avoided that choice.

Through all its phases of engagement with the international community, India has preferred balancing arrangements rather than bandwagoning, whether as a non-aligned power during the Cold War or as an autonomous actor in a unipolar world with the United States as the sole superpower.

But what does India's foreign policy experience and domestic politics suggest for its role in a world of acute China–US contention, great power rivalry, heightened geopolitical disputes and a slowing and fragmented global economy? In a situation where India–China relations are increasingly fraught, India has turned increasingly to the United States, Japan and other partners in issue-based coalitions,

leaning to the side with which it shares a declared commitment to democratic values and principles.

As the world becomes more fragmented and fractious after the high tide of globalisation and the COVID-19 pandemic, India, like others, will increasingly stress self-reliance, concentrate on its immediate surroundings and rebuild economic ties with those who can contribute the most to India's transformation—namely the United States, Japan, the European Union and ASEAN.

But the crucial issues of our time, such as pandemics, climate change and energy, and the transition from one international order to another, require multilateral solutions. Even though the dislocation caused by the COVID-19 pandemic offers an opportunity to reset major relationships and policies,

on present trends this opportunity will be missed.

As for India's role in the post-COVID-19 world, there are likely to be considerable continuities in India's negotiating behaviour, which has been relatively constant over time. But there will be some changes. India will probably become a more active provider of public goods in its immediate neighbourhood, the subcontinent and the Indian Ocean region. It will continue to prefer balancing to bandwagoning and partnerships over alliances in its dealings with the world. As its security environment deteriorates, India will have no choice but to prioritise its security in order to enable its economic transformation.

Today, India's internal politics are being reordered and its economic recovery from the COVID-19 pandemic has taken priority. Domestic impulses, combined with external shifts such as the current tensions with China, will likely push it toward more self-reliance, more selective engagement abroad, the strong defence of sovereignty, and tighter relations



The India-China border at Bumla: the 'bright and glorious future' is clouded by fraught relations.

with the likely sources of capital, technology and markets needed for India's economic transformation. In the meantime there will be selective cooperation with ASEAN, Japan, the United States and Australia through issue-specific 'coalitions of the willing'.

The subcontinent, Indian Ocean region and traditional partners like Russia, France and Iran are also likely to see renewed Indian efforts to work

with them. Yet despite its domestic origins, the overall rebalancing of Indian foreign policy will not be easy, especially given the much harder and less stable world that we face. **EAFO**

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Equipped for coronavirus, Chinese servicemen patrol a street near the Great Hall of the People on the opening day of the National People's Congress in Beijing in May 2020.



Ideology does not drive China's foreign policy

RYAN MANUEL

IN THE US-China relationship, ideology now trumps interests. In July, US Secretary of State Mike Pompeo's speech on China at the Nixon Library repeatedly referred to Chinese leader Xi Jinping as General Secretary of the Chinese Communist Party ('the Party') rather than the President of China. Referring only to Xi's power over the Party in this way is part of a US government drive to appear anti-party rather than anti-

China. Pompeo emphasised the role of one man, Xi Jinping, 'the most powerful leader since Mao' and 'a true believer in a bankrupt totalitarian ideology'.

This new strategy makes some sense—Xi's most important title is as head of the Party, and he clearly believes in an ideology focussed on maintaining party rule.

But it is a fundamental mistake to treat relations with China as an ideological mission rather than seeing China as another great power with a

range of views and objectives. Doing so conflates foreign policy with domestic policy in a way that taints all issues red and blocks discussion of national interest.

There are three main issues with viewing China as an ideological threat rather than just a big power competitor: it focusses too much on Xi Jinping and overestimates his powers; it interprets Chinese ideology inaccurately; and it is based on a misunderstanding of how power works in China.

Power in China comes from the Party. So Party structure matters. Calling Xi General Secretary does not accurately capture his power at all. The role of general secretary is, by definition, that of a consensus leader in charge of a group making decisions. The general secretary's chief powers are that he can call meetings of the Party's executive body, he is the first person to speak during these meetings and makes concluding remarks. He cannot hire or fire staff, and decisions go through the Politburo Standing Committee (PSC, with seven members) or the Politburo (with its 25 members), where the general secretary has one vote. The presidency is also largely symbolic, with the power to appoint ambassadors and give public declarations committing China's army to war, should that come to pass.

The general secretary's power comes solely from being able to persuade other leaders that they should do what he says. Xi is rather good at that. Though formally he cannot fire anyone, in practice, by appointing a handpicked lieutenant with strict orders, he can get rid of anyone he wants. The same can be said for his power over appointments and the ability to shape China's ideology. While other people may formally hold those positions, Xi's power of persuasion still grants him the ability to rule. This makes Xi's job easier: putting people he trusts in charge of key sectors gives him control.

That is because power comes from being able to make others in the Party do what one wants behind closed doors, rather than from one's job title. Former leader Deng Xiaoping's highest government title was as the head of China's bridge association (the card game, not the infrastructure); he made people do what he wanted through controlling the military and through

stacking internal Party decision-making bodies whenever he needed a decision to go his way.

All of China's senior leaders are, firstly, CCP members, placed by the party in their allotted sectors. As head of that sector they are accountable for whatever happens under their watch. They become representatives for their sector's interests, arguing under the rules of the Party—where you sit determines where you stand. So different leaders both have to own their policy areas and also get the powers that come with the role.

Analytically, this principle of 'where you sit is where you stand' allows outsiders to capture evidence of power by looking who sits where. This indicates how ideologically driven China might be. One of the top 25 leaders, Huang Kunming, concentrates solely on propaganda. It is possible that of the top seven PSC leaders, Wang Huning, given his history as a speechwriter and theoretician for the past two CCP leaders, also works in part on ideology and propaganda on top of his main role of running the party's nervous system, the Secretariat.

Far more people in the top seven and the top 25 work for

Within the formal political structures, what type of leader you are depends on your personal style as well as your ability to mobilise political power

China's government than work on ideological missions. Leaders fulfilling government functions almost identical to those of the West occupy two of the seven PSC seats and six of the 25 Politburo slots. The two most senior government leaders, the premier and the executive vice-premier, have similar roles to the Australian prime minister and treasurer respectively. The seniority of representation indicates that government and ministerial responsibilities outweigh ideological responsibilities.

Legislative and checks and balances-type responsibilities also outweigh ideological roles. There are two bodies, somewhat analogous to those in Western governments, whose heads are among the seven most powerful leaders. The first of these is China's legislature, the National People's Congress. Technically, this is the highest organisation of the government, but in practice its head ranks below the premier, or the government leader. For many years it has been referred to as a 'rubber stamp,' particularly during the previous Hu Jintao administration, which preferred to draft policies internally. However, an underexplored part of the changes under the Xi Jinping administration has been the focus on creating laws in order to prosecute his policy goals across civil society. Even the recent crackdown in Hong Kong came from Beijing using legislative measures rather than party, military or ideological ones to introduce change of the security law.

Finally, there is the role on the PSC of the head of China's consultative body. Its role is to provide more widely representative opinions to China's leaders, given the top-down system of government. While the consultative body has no formal power, its head gets a vote on the seven-man



Setting an example: a staff member in protective gear looks at a sketch of masked Chinese President Xi Jinping on the wall of a closed ward in Leishenshan Hospital, a makeshift facility in Wuhan for treating patients with the coronavirus. Xi is 'rather good' at persuading others to do what he wants.

committee. This also appears a greater weight, in representation, than ideology.

Relying on role descriptions to analyse power can only get us so far. Within the formal political structures, what type of leader you are depends on your personal style as well as your ability to mobilise political power and get what you want. Xi has a few specific traits of note. He is a centraliser and a formaliser, disliking ambiguous or contested lines of reporting or authority. He prefers to change internal party rules that govern moral and individual behaviour rather than changing policy guidelines. And he likes to use laws and legislation rather than policy edicts and government regulation.

Xi himself can only do so much. He spends most of his time worrying about domestic politics. Given there

are over 90 million party members across more than 30 provinces, nearly 900 municipalities and nearly 3000 counties, there exists a vast bureaucracy that is fundamental to the prosecution of the leader's interests. This radiates out in concentric circles, with provincial government, then municipal and county government having the same structure.

The biggest interest groups represented in the Politburo are those of China's five sub-national megalopolises. Sub-national leaders are also the largest interest group represented in the full members of the Central Committee (though the military has the largest representation counting stand-in members). Xi deals with sub-national leaders through cracking down. There are two specific examples of this in two of the five most important cities in China. When

Xi started his first term in office, he presided over the trial of fallen high-profile high-flyer Bo Xilai, former leader of Chongqing, one of the five most important cities. And Xi's anti-corruption drive removed three different leaders of Tianjin, another of the five biggest cities, within one year.

Xi fused the previously separated systems of party and government. Party inspectors and party incentives now override the conduct of national governance. Performance is measured against top-down party indicators, rather than on indicators of competence at governing compared with others at the same level and paygrade. Rather than just being the leader of a collective team, Xi uses his own image as ruler to promote changes and reform, in the belief that this will improve implementation. Judging by his regular complaints

about lower-level officials not doing what he says, he has been often disappointed.

This is not to say that domestic politics isn't ideological. Xi's is a completely different governance regime from that of previous Chinese leaders. He has taken powers away from local leaders and executive bodies, moving them to the legislatures and internal inspectors, in a sort of top-down populism, under which he wants people to follow his orders more strictly. This puts more pressure on the drafters of legislation and central planners. It makes local leaders more likely to work to rule, rather than to take responsibility in their local area. Private initiative and innovation there may still be, but it will need to be cloaked in Xi Jinping ideology to flourish.

Still, Xi's ideological focus is domestic rather than international competition or foreign policy. Ideology may have limited power, although Xi himself is a highly ideological leader. Xi's own tendencies in this way can on occasion override how China's political system is structured. This debate between structure and agency is constant, the byproduct of how China's governance was designed: public servants must consider their Party report and their professional responsibilities. Local leaders are judged on thousands of indicators. They need to pick their battles, to choose which thing to prioritise at any given time.

This leaves Xi with three different levers that can be pulled to make anything happen. Firstly, he can change the structure in a way that then cascades down and alters the hierarchy within the subnational jurisdictions. Second, Xi can attempt to change government policy, shifting responsibilities of parts of

government; can change policies; can alter the tax system; or can introduce legislation.

The final option is that he can try and change each individual's behaviour through Party methods. The Party controls many of the incentives at the local level: Party discipline bodies can increase the intensity of their inspections; Party ideology and propaganda can change the mix, frequency and types of political culture activities (these are usually weekly) or Party media can alter its daily stories; and most of all, the Party can change the treatment of individuals and their ability to get promoted. This final lever means that Xi is able to make ideological fealty a criterion for promotion. This is why Xi is seen as China's most 'ideological' leader.

How does this cornucopia of different methods work together? Which lever does Xi pull the most? Analysis of Xi's speeches shows a number of common themes: strengthening Party ideology, environmental management, financial deleveraging, alleviating poverty, and foreign policy. Xi's writings

The constant focus on what things look like back home points to Xi's inner circle of the 3000 central Party members, the constituency of China's top seven leaders

and speeches are strong on Party ideology—he is a true believer that 'only socialism can save China, and only Chinese socialism can lead our country to development'.

So what happens is that every type of policy gets given a red label, an ideological hook, no matter its aim. Take poverty reduction for example. All central state-owned enterprises have 'established arms specifically devoted to poverty reduction.' These state firms made a 'poverty relief fund,' which received 15.4 billion yuan in capital. Private businesses such as Alibaba also invested. Why would businesses give such money to create a government policy? Because it allows them to tell inspectors that they have acted 'in the spirit of Xi'—helping them stay in the Party's good (red) books.

Confusion over what type of socialist Xi might be is understandable. Xi is Marxist, but not a particularly doctrinaire one—there's no mention of class struggle in his ideology. He's no Stalin, and the Party has no interest in emulating Stalin. Rather, given that the CCP is now the leading communist party in the world, maintaining its power in China is key to progressing communism. Xi is not a hardline Marxist who spent his life committed to the cause and leads the communist party devoted to his vision of spreading the word worldwide. Like most Chinese leaders, he's someone who wanted to lead the Party and therefore became a Marxist.

Xi believes two things will help the Party maintain its power. The first is a traditional Chinese focus on inculcating moral values under the guidance of the Party, rather than seeking checks and balances on individual power. The second is ensuring that the Party has a voice in all private enterprises and continues



A workman removes the plaque of the US Consulate-General in Chengdu, Sichuan province, in July 2020. Despite some American views, 'it is a fundamental mistake to treat relations with China as an ideological mission rather than seeing China as another great power with a range of views and objectives'.

to encourage large state-owned enterprise.

It is clear that Xi is ideological, but not necessarily in a way that affects foreigners. Xi is reportedly in charge of US–China relations, and the Politburo, the main decision-making body, discusses foreign policy for perhaps 20 per cent of the time, but discussions are usually framed in terms of 'great powers' rather than in terms of 'ideological competition'. Foreign policy is rarely the main topic of Politburo meetings. Only one-seventh of formal study sessions and briefings are on foreign issues.

Another way to understand the

Party's priorities is to look at what it tells its own members. The two most important channels to officials are the Central Committee's own newspaper, the *People's Daily*, and the official television channel's flagship program *Xinwen Lianbo*—neither are directed at foreign issues, judged by the news content devoted to foreign policy.

Xi has appeared on these media platforms almost daily since 2009, as far back as the television channel records appear. According to those records, discussion of the United States peaked in 2011, under previous leader Hu Jintao, and in 2014, early in Xi's leadership. The United States

is mentioned in around 2 per cent of stories, about double the rate that 'foreign affairs' appears.

'Ideology' is mentioned most often in the Xi era. The most coverage by far was in 2019, with 3.2 per cent of stories mentioning 'ideology'. Ideology also comes up more often than foreign policy in formal meetings—it gets its own annual whole-of-party discussion, placing it roughly on par with economic growth as a topic of discussion.

Chinese leaders are fairly equally balanced between government, party and different interest groups. They have many considerations to take

into account in the creation of policy, and ideology is undoubtedly one of them. It appears that ideological considerations absorb around one-seventh of decision-making meeting time, and overwhelmingly they pertain to governing China rather than being directed at Chinese activities abroad.

Treating China as an ideological threat is likely to lead those outside China to the wrong conclusions. In a report for the Australian Strategic Policy Institute (ASPI), Alex Joske, for example, declared the United Front, one of the weaker Party agencies, 'an inspiration for the CCP's engagement with political parties around the world.' But the United Front is a domestically focussed body, forming part of the consultative organs. The leader of the United Front is one of the 25 most powerful leaders, and reports up to head of the People's Consultative Conference, who is in the top seven, in the PSC. While the United Front has added another foreign-focussed department, foreign work makes up less than 20 per cent of its functions. The working regulations of the United Front are unequivocally directed at domestic issues.

The authoritative instructions for United Front work concentrate on matters within China—only one of the 41 articles discusses overseas strategy, two pertain to overseas matters and, depending on how one counts Hong Kong and Macau, two overseas groups are listed in its targets. And the United Front's own actions are fragmented. Article 14 explains that the onus of responsibility for engaging with Chinese students overseas is passed down to local governments.

There is a delicate balance here: United Front work is intended to make the world amenable to party values, since the international community is built on liberal values that are at times

at odds with CCP values. There are clearly gaps between what the Party may believe and universal values. Acknowledging this does not alter the fact that the United Front is not designed to push ideology overseas.

When ideology is pushed overseas, it is a bug, not a feature. China's foreign policy today suffers from being too domestically driven to be effective. Take the recent emergence of 'wolf warriors', aggrieved and abrasive Chinese diplomats who launch into Twitter tirades against those they feel are hurting Chinese interests. They win no overseas hearts and minds and have little to no success in spreading Chinese values. But they may look tough back home, regardless their diplomatic self-harm. Reuters quotes one Chinese tech entrepreneur as saying 'What we are experiencing now is unprecedented . . . My entrepreneurial spirit has been dampened due to all this, let alone my global ambitions.'


The constant focus on what things look like back home points to the people that Xi worries the most

'Wolf warriors', aggrieved and abrasive Chinese diplomats . . . win no overseas hearts and minds and have little to no success in spreading Chinese values

about, the elite that hang around Xi's inner circle of the 3000 central Party members, themselves the constituency of China's top seven leaders. These 3000 have risen through the ranks of the party, a process taking at least 30–40 years of membership, and are closely monitored by the PSC. Remember, that all of the inner circle of 3000 have had more than three decades of weekly classes discussing how to be a better Party member, leavened by privileges for those whose families belong to the upper echelons of the Party.

But this inner circle must also control the next level down, including an elite who used to be the bridge between China and the rest of the world. That elite seems to be the group most unhappy about Xi's reign: forced to have their values examined and questioned, and some feeling that China is going in the wrong direction. This elite is also the group most likely to speak to outsiders, such as myself.

Even bearing in mind any grumblings of the elite, the rest of China's population reports consistently high levels of satisfaction with Xi's leadership. So why would the United States think it can separate Xi Jinping from China's people by labelling him ideological?

China's leaders know they must hang together or hang separately. Internal division more than any ideological competition with the West is what they see as their main threat. China's leadership is far more focussed on not aping Gorbachev or Khrushchev than trying to be Stalin. Western foreign policy would be better directed were it anchored on this understanding. 

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A US Navy F/A-18F Super Hornet flies past Mount Fuji early in 2020.

US political decline spurs need for more ninja diplomacy

JAMES L. SCHOFF

BITTER and deepening political division in the United States is a serious challenge for Japanese foreign policy—a challenge that is likely to grow tougher in the coming year amid political dysfunction and the impact of COVID-19.

America's political decline is not a new phenomenon, but it is becoming more acute under President Donald Trump, who has taken an already politicised American electorate and amplified it. Unfortunately, the promise of American democracy—

and the vitality that often flows from its liberty and diversity—is in danger of being overwhelmed by tribalism and economic inequality. This would make the United States a less reliable bilateral and multilateral partner for Japan.

Japanese foreign policy was already turning away from a central focus on alignment with the United States to a more proactive, nimble and often quiet approach. This Japanese 'ninja diplomacy' contrasts with China's more abrasive 'wolf warrior diplomacy' or the United States' brash 'cowboy diplomacy'.

Ninja diplomacy maintains a low profile but is constantly active, and tries to shape outcomes as part of a broader strategy involving many other actors. In this case, those actors are Japan's various government ministries, its private sector and other countries and international organisations. Applying this type of cultural iconography might be a superficial way to describe a nation's foreign policy strategy, but it conveys succinctly key aspects of its character.

Japan is gradually hedging its heavy reliance on the US–Japan relationship, particularly after

America's struggles following the Iraq War in 2003 and the 2008 financial crisis. It signed on to new security and economic cooperation agreements with countries including Australia, India, Canada and the Philippines, as well as collective agreements with NATO and the European Union. Japan is also investing in international organisations such as ASEAN, the Asian Development Bank and APEC.

None of these new or expanding partnerships can substitute for the depth of US–Japan cooperation across economics, security and technology—nor have they needed to so far. The alliance has been mutually beneficial throughout the post-Cold War era, and Japan has a large stake in US success.

Japan cannot choose between the US alliance, bandwagoning with China, or pursuing middle power diplomacy. Instead, it must pursue all of them together, requiring deft manoeuvring and—at times—plausible deniability. Tokyo will need to double down on its two-pronged diplomatic strategy that tries to support US standing in the world while also diversifying its international relationships and influence.

There were times in Japanese history when the main foreign policy debate was about choosing between a predominantly Western versus Asian orientation. Contrasting Trump's protectionist policies with economic dynamism in Asia, one might think a 'return to Asia' approach could gain favour in Tokyo. But while Beijing is promoting the concept of 'Asia for Asians', Japanese policymakers have little confidence that their Chinese counterparts would accommodate Japan's interests sufficiently.

China's excessive claims and coercive behaviour in the South and East China Seas, its bullying behaviour

against Australia, and its smothering of political dissent in Hong Kong continue to push Japan into an 'all of the above' approach. This approach embraces multiple regions around the world to expand partnerships and blunt Chinese diplomatic advances, while still promoting a stable and productive relationship with China.

It could be that America's political decline is emboldening Chinese diplomats and military leaders to be more aggressive in protecting what they believe are China's core interests. The United States alone will be increasingly less inclined or able to stymie Chinese gains in Asia, and if Beijing can deter other Asian countries from acting together, then its dominance in the region is virtually assured.

Japan's diplomacy aims to avoid this worst-case outcome. Its ability to coordinate among multiple domestic and international actors and interests is now more important than ever, after Japan's longest-serving prime minister, Shinzo Abe, resigned in August 2020.

Japan cannot afford to oppose China bluntly or aggressively—China remains Japan's largest trading partner

Japan is seeking an open regional and global order based on predictably enforced rules, rather than one where 'might makes right'

and a valuable market for direct investment. Addressing regional challenges including North Korea's nuclear weapons development, environmental degradation and crisis management will also benefit from cooperation with China. Simply joining a US-led anti-China coalition, sanctioning Chinese firms and shaming Chinese officials will be self-defeating.

At the same time Japan wants to undercut China's ability to leverage its massive domestic market to make diplomatic and economic gains at Japan's expense. Japan also needs to protect its firms' intellectual property and compete effectively in emerging technologies.

Japan is working with the United States, Europe and others to divert sensitive supply chains away from China, establish high standards for digital trade and protect the integrity of data flows along undersea cables. It also aims to provide investment alternatives for Southeast Asian countries, push for reform at the World Trade Organization and limit Chinese investment in Japanese high-tech companies. Japan is seeking an open regional and global order based on predictably enforced rules, rather than one where 'might makes right'. On this last point, Tokyo will be seeking partners internationally to counter both Beijing and—more quietly—Trump's Washington.

If Joe Biden is elected US president in November 2020, the United States would again be a valuable partner on rule-making. But a Biden administration would still be burdened by a divided public, possibly a paralysed Congress, a preoccupation with domestic problems and limited financial resources.

There are also some in Japan who favour a more confrontational

approach to China, and they worry that a Biden administration might not be sufficiently tough on this front. But others recognise that American attitudes toward China have shifted across the political spectrum, and that the Democrats are likely to push back against China in coordination with allies.

Closer cooperation with South Korea should also be an integral part of Japan's diplomatic strategy—due to the alignment of their interests, active participation and clout in international organisations, and alliances with the United States—but both countries have allowed history to poison their relationship. As a result, Japan is putting more emphasis on cooperation with Europe and Southeast Asia, although it should seek to minimise the deterioration of its ties with South Korea.

Overall, Japan will need to keep up Abe's active and multi-directional diplomacy by building or supporting coalitions wherever feasible while avoiding confrontation with China. The goal will be to help countries in Asia avoid Chinese coercion without choosing sides on sensitive political issues. Ideally, this will force Beijing to soften its diplomacy.

The United States can still be an important and constructive player in this effort, and can coordinate with Japan's ninja diplomacy to protect their many shared interests. While Japan cannot afford to wait for the United States when promoting international agreements (such as the World Health Organization), it should make an effort to not leave Washington behind. **EAFO**

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Why did Abe's popularity fall during the pandemic?

SOTA KATO
AND
IKU YOSHIMOTO

C COVID-19 has spread quickly throughout the world, becoming a top policy priority for national and local governments. Populations have paid great attention to how national and local leaders have coped with the pandemic, and public judgments have significantly affected leaders' approval ratings. Recently resigned Japanese prime minister Shinzo Abe faced falling approval ratings during the COVID-19 outbreak.

A glance at political leaders' approval ratings in advanced democracies since the outbreak suggests that Japan stands out from the rest. Although Japan's death rate from COVID-19 is among the lowest

in the G7, along with South Korea and Australia, it is the only country in this group where the national leader's approval rating declined.

The 2020 *Edelman Trust Barometer Spring Update: Trust and the COVID-19 Pandemic* reports a similar quirk in Japanese feelings about their government. Among 11 countries, including the G7 countries and South Korea, Japan was the only one where the public's trust in its government declined between January and April 2020. These results are perplexing because Japan is home to the oldest population in the world, potentially making it the most vulnerable to COVID-19. The Oxford COVID-19 Government Response Tracker (OxCGRT) also shows that the Japanese government's COVID-19 policy responses were among the least restrictive on people's daily lives.

Why, then, did the Abe administration become so unpopular? There are a few possible explanations unrelated to its COVID-19 response. First, the administration was hit by a number of political scandals around the time of the COVID-19 outbreak. Second, Japanese citizens may believe that Japan's relative success with COVID-19 is due to non-political factors, such as cultural practices and potential genetic factors. Still, considering the powerful impact of COVID-19 on people's lives across the world, it is natural to assume that government responses would have a substantial effect on approval ratings

If a political leader is to earn public support through the rally effect, he or she needs to show the public that he or she is the one holding the 'flag'.



A medical worker conducts a simulation drive-through polymerase chain reaction (PCR) test for COVID-19 at Edogawa ward in Tokyo in April 2020.

in Japan as well as other countries.

Two hypotheses may help elucidate post-COVID-19 approval ratings of political leaders. The first is the idea of 'retrospective voting'. It posits that voters will evaluate government performance by focussing on simple performance metrics, usually economic indicators such as disposable income, and vote for the incumbent party if those indicators improved while in office. Since COVID-19 has probably had a much stronger impact on voters than any other economic development since the outbreak began, retrospective voters would evaluate an incumbent's performance by assessing how they fared with COVID-19. Simple metrics such as the death rate and infection rate are readily available. For Japan, the retrospective voting hypothesis

may be made more complicated by the fact that the incumbent party is now without the leader who saw the country through a significant proportion of the pandemic.

The second hypothesis is the 'rally round the flag' effect. This is used to explain increasing support for a country's political leaders during national crises, an historically observed phenomena.

But these theories might work in opposite directions in the case of COVID-19. If the number of deaths and infections is small, retrospective voting should lead to the positive evaluation of an administration, resulting in higher approval ratings. If this is the case, then the rally round the flag effect should be weak because of a lack of a sense of crisis among the public.

Current survey results in various countries do not seem to support the retrospective voting hypothesis. Japanese residents did not give the Abe administration credit for the low death and infection rates. Meanwhile, the approval ratings of political leaders in the United Kingdom, Italy and France significantly increased in the initial phase of the pandemic, even though the COVID-19 death rates in those countries were at the higher end among advanced democracies. Even more extreme examples are available at the local level: New York Governor Andrew Cuomo's approval rating grew and reached 80 per cent at one point, despite New York's being the most devastated by COVID-19 among US states. On the flip side, these results imply that the rally effect may have some validity.

It is still too early to conclude whether retrospective voting or the rally effect holds in COVID-19 politics. Since even public policy specialists have yet to reach a consensus on which national leaders have fared well against COVID-19, voters might need more time to retrospectively examine their leaders' performances. Indeed, in countries like Germany and Austria, where death rates are consistently lower than other EU countries, approval ratings are steadily rising. The rally effect does not seem to be an enduring phenomenon either. For example, in the United States, although President Donald Trump's approval rating jumped in the wake of COVID-19, it is now gradually declining.

If a political leader is to earn public support through the rally effect, he or she needs to show the public that he or she is the one holding the 'flag'. To gain support from retrospective voters, a leader needs to be credited with responsibility for COVID-19 responses. Previous experimental studies on crisis management and leadership suggest that leaders can gain support by accepting responsibility, rather than deflecting blame.

In the case of COVID-19, local political leaders have been very active and visible in many countries, including Japan. Tokyo Governor Yuriko Koike and Osaka Governor Hirofumi Yoshimura have appeared on national television almost every day since the outbreak. They were quicker than Abe to explain the unfolding situation and urge citizens to take precautions. If the public perceives local leaders to be holding the 'flag', these leaders will be the beneficiaries of the rally effect.

Indeed, survey research undertaken by Nikkei in April showed



Tokyo Governor Yuriko Koike: quick to explain the COVID-19 situation and urge public precautions.

that respondents evaluated the performances of Governors Koike and Yoshimura to be significantly higher than Abe's. In Japan, the rally effect might have benefited local leaders rather than the then-prime minister.

This possible 'battle for the flag' phenomenon between national and local leaders is also present in the United States, where more data is available. Our statistical analysis shows that there appears to be a negative and significant correlation between Trump's approval rating in a particular state and the approval rating of that state governor's COVID-19 response, compared with pre-COVID popularity. For instance, in states where Trump's approval rating is high, the public is less likely to evaluate their governor's COVID-19 responses positively. The rally effect seems to have bolstered local leaders particularly where the president has been unpopular.

If Abe had played up the severity of the crisis Japan faced and enforced more vigorous measures to combat COVID-19, his approval rating would likely have been much higher. He could have seized the flag from local leaders and earned the rally effect seen

in other democracies. Retrospective voting theory also seems not to have kicked in yet, as Japanese voters have not positively evaluated the Abe administration for low death and infection rates.

One can still argue that Abe did relatively well against COVID-19. Although his modest and gradual approach frustrated many as being indecisive, he might have adapted flexibly to Japan's situation and minimised socioeconomic damage while maintaining low infection and death rates. The rally effect might be a short-term phenomenon and retrospective voting could turn out to be more significant in the long run. People may look back fondly on Abe and his administration if Japan maintains its low death and infection rates, but the jury is still out in judgment on Abe and other political leaders around the world. [EAFQ](#)

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Future-proofing Japan's labour-market recovery

SACHIKO KURODA

C OVID-19 has had a serious effect on the global labour market and Japan has not escaped its consequences. Japan's labour market faces many challenges in recovering from the crisis. Government reforms that enable workers to transition into different industries and those that safeguard work-life balance for people working remotely will be critical in any post-COVID-19 recovery.

Workers in jobs that require face-to-face interaction are facing difficulties. Japan's unemployment rate was low before the pandemic, sitting below 2.5 per cent due to

labour shortages caused by population decline. In December 2019, it fell as low as 2.2 per cent. Since January this year, the unemployment rate has risen slowly, reaching 2.8 per cent in June—still an extremely low level relative to other countries. It appears that COVID-19's effect on the Japanese labour market has been minimal so far.

But the number of furloughed employees, rather than the unemployment rate, is a more informative metric on the health of the Japanese labour market. In April 2020, the Japanese government declared a countrywide state of emergency, leaving the majority of service sector workers, such as those in restaurants,

bars and entertainment, furloughed or unemployed. From March to April the rise in the number of furloughed workers was significantly greater than in unemployed workers. In April, there were 5.97 million furloughed workers, compared with 1.89 million unemployed. If furloughed workers were counted as unemployed, the Japanese unemployment rate in April would have stood at 11.5 per cent.

Japan's short-time work compensation scheme is the primary reason for the large increase in furloughed workers relative to unemployed workers. This system allows businesses to continue to employ furloughed workers by

partially subsidising employee wages. In Japan, this system has long been in place to prevent a drastic deterioration in labour market conditions during recessions.

As part of its emergency response to COVID-19, the Japanese government further increased the maximum amount of claimable subsidies for the period from April to September this year. This prevented a surge in the unemployment rate. Since the state of emergency was lifted at the end of May, the number of furloughed workers began to fall. But June statistics reveal that 7 per cent of employees who were furloughed as of May had since become unemployed.

The emergency COVID-19 subsidies in the short-time compensation scheme will end in September. But a second spike in infections accompanied by another suspension of economic activity could result in an immediate rise in the unemployment rate. With the possibility of a protracted struggle against COVID-19, Japan may be forced to confront an unprecedented rise in the rate of unemployment. Staving off this potential rise is thus an urgent problem.

Historically, the Japanese labour market has experienced very low unemployment. Widespread job losses and low consumer confidence will result in reduced consumption, leading to economic malaise. The Japanese government is considering extending its additional wage subsidies. The government is currently facing a budget problem, but a further extension until at least March next year might be prudent given the high possibility of COVID-19 outbreaks recurring during winter.

In contrast to the surge in furloughed employees and the rise in the unemployment rate, there

has been a rise in the demand for essential workers. Under Japan's state of emergency in April, companies collaborated across sectors to adopt a framework enabling the temporary transfer of workers between industries and occupations. For example, to preserve employment for restaurant and bar workers, some were temporarily deployed to supermarkets and grocery stores.

While this scheme was limited in scale, some local authorities recently started job-matching services to expand its capacity. The system is capable of matching workers to jobs across different industries and may prove to be critical in preparing for future spikes in infection. Although the job-matching scheme may function well between workers in food industries, it is harder to move temporary workers into specialised positions, such as those in healthcare and nursing, because of strict regulations and qualification requirements.

Japan has also seen a rapid adoption of telework (remote work) amid

Given that Japanese workers have been accustomed to working long hours, it would be easy to return to a society where long working hours are the norm

the COVID-19 crisis. The Japanese government had promoted telework prior to COVID-19 as part of its work-style reforms but according to the government's Communications Usage Trend Survey, take-up was slow. However, the declaration of a state of emergency spurred a large number of companies to implement telework. The Japanese government's Cabinet Office surveyed 10,000 people on behavioural changes during the COVID-19 pandemic and reported that 34.5 per cent of respondents had taken up remote work since the beginning of the pandemic.

Among those who have worked from home, 35 per cent across Japan and about half of those living in the Greater Tokyo Area reported that they would like to continue telework in future. Avoiding lengthy commutes in Tokyo was a common reason given for continuing remote work. On average, a full-time Japanese worker's daily commute takes 71.8 minutes. Workers in the Kanagawa Prefecture spend the longest time commuting, at an average of 99.5 minutes per day. Reallocating this time to resting, sleeping or spending time on oneself or with family likely constitutes a major change to the lives of many Japanese people.

Still, a variety of problems with telework have emerged. There is a lack of standards around and experience in conducting telework, resulting in poor productivity, as well as communication and infrastructural issues. In the same Cabinet Office survey, 15 per cent of people also cited 'overwork due to the blurring of boundaries between work and life' as a problem with telework. This has led to particular anxiety among Japanese workers, who function in a culture where long working hours are normal. One trade union survey reported that over 50

per cent of workers sometimes worked longer hours at home than before COVID-19 prompted them to take up teleworking.

Overwork has been a decades-long problem in Japan. In April 2019, the government revised the Labour Standards Act, introducing maximum limits for overtime, with penalties attached. Companies are required to stringently monitor their employees' working hours and preserve employee health. With these reforms, the proportion of employees working over 60 hours per week has gradually fallen. But these reforms were based on pre-COVID-19 work patterns of commuting to the workplace.

Given that Japanese workers have been accustomed to working long hours, it would be easy to return to a society where long working hours are the norm. With the rapid adoption of telework, Japan needs to confront its problem of long working hours again. Introducing 'right to disconnect' regulations would restore boundaries between home and the office.

When it comes to telework, companies' capability to closely monitor working hours and take responsibility for their employees' health is limited. COVID-19 presents an opportunity to demand a thorough reassessment of the way that work is conducted, including clarifying job descriptions and authority, transferring discretionary power to the field level and eliminating redundant work. This will improve worker productivity and mitigate incentives for working long hours. **EAFQ**

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Japan can take a lead in better global health

KAYO TAKUMA

A PANDEMIC in the globalised world is not only a health challenge. It affects the world economy, daily life and national defence capacities. COVID-19 is a global crisis and responding to it requires global leadership and international cooperation.

After the AIDS epidemic spread worldwide, the UN Security Council adopted Resolution 1308 in 2000 to reaffirm the importance of a coordinated international response to epidemics. During the Ebola epidemic in 2014, a UN summit was convened under the leadership of former US president Barack Obama to establish the UN Mission for Ebola Emergency Response. Controlling an epidemic depends on cooperation from the international community.

In contrast to the responses to AIDS and Ebola, the response to COVID-19 lacks international cooperation, not to mention US leadership. US President Donald Trump has denounced the World Health Organization (WHO) as 'too political and too close to China'. Conversely, China has strongly supported the WHO, transforming the WHO into a political battlefield where the United States and China are opposed.

The US–China confrontation has exposed structural shortcomings of the WHO. The pandemic is revealing the limited scope of the organisation's

duties and authority, rather than a failure to fulfil its duties. The WHO is obliged to collect information, evaluate situations and give relevant recommendations to member states regarding virus response. The absence of compulsory authority means that the WHO's duties are ineffective unless member states voluntarily cooperate.

If the WHO had the authority to visit countries where an outbreak had been confirmed, the aftermath would be different. The WHO has been decried for excessively appeasing China, one glaring consequence of its structural limitations. The WHO previously criticised China for its response to severe acute respiratory syndrome (SARS) in 2003, leading to a breakdown in communication. The WHO's SARS experience has encouraged it to react differently to the outbreak of COVID-19.

A feasible solution to these problems would be to strengthen the WHO's authority by revising the International Health Regulations (IHRs). The IHRs have been revised several times in the past as the international environment has evolved. In 1981, smallpox was removed from IHR targets following its eradication. In 2005, the target was expanded to include a 'Public Health Emergency of International Concern', assuming that bacteriological or chemical terrorism could occur. Flexible revisions of the regulations are

necessary to adapt to changes in the international environment. Member states must empirically re-examine the WHO's authority, especially its early response to COVID-19.

Reforms cannot be left to the WHO alone—it is an international organisation without any authority to act unilaterally. Member states must examine whether the WHO's authority is adequate, and they themselves then have the authority to create a detailed road map for reform and implementation. Diplomatic negotiations are essential to consensus, since many member states oppose the strengthening of the WHO's authority due to concerns that it may erode state sovereignty.

The United States has led diplomatic negotiations and global solidarity in this field until now. We cannot expect China to assume global leadership either, having come under fierce criticism regarding its Hong Kong National Security Law and its claims in the South China Sea.

In this context, countries that could facilitate negotiations are crucial, including European and Oceanian countries or Japan. These countries have been actively involved in various multilateral frameworks. They led the adoption of a global commitment to combatting COVID-19 at the World Health Assembly held in May 2020, and are engaging in the COVID-19 Vaccines Global Access (COVAX) facility to secure equal access to vaccines. India and Australia—both members of the WHO Executive Committee—are expected to lead reforms in the WHO.

Japan is also expected to play a role in pressuring the United States and China to engage in a multilateral framework. US withdrawal from the WHO may enable China to rise in global health governance. Chinese



WHO Director-General Tedros Adhanom Ghebreyesus: his agency has become a political battlefield for the United States and China.

medicines are, unlike those produced in developed countries, easily accessible for developing countries. If China succeeds in developing vaccines for COVID-19, the chance for China to increase its influence will increase.

But there is no guarantee that China values norms such as human rights, transparency or the rule of law—values prioritised by the existing governance architecture. In this regard, Japan's pressure on China is necessary to maintain and strengthen those norms as the basis for global governance. Should Japan and other countries succeed in this, the United States can be expected to join the governance structure if Joe Biden is elected president. In fact, many democratic lawmakers hope that the United States will actively commit to the multilateral framework and to WHO reform.

Japan's role is not limited to short-term challenges. Even before COVID-19, Japan was prioritising global health in its foreign policy and promoting universal health coverage through a multilateral framework and bilateral assistance. In

2000, Japan hosted the G8 Okinawa Summit, where world leaders agreed to establish the Global Fund to Fight AIDS, Tuberculosis and Malaria. Japan also hosted the G8 Toyako Summit in 2008 which agreed to strengthen health systems internationally, including social health protection, particularly in Africa.

The Japanese government assisted Indonesia and Myanmar to strengthen their health systems and health insurance using Japanese technology, experience and products. In Uganda, a hand-washing campaign was launched in cooperation with a Japanese company that manufactures health and hygiene products. In Japan, people can access treatment regardless of their income level. The costs of examination and treatment are covered by public health insurance. Such a system partially explains the relatively controlled number of patients and deaths in the country.

Japan can contribute to solidifying the global response by sharing its system with other countries. Engaging in the existing diplomatic framework, as it does with the US–Japan Alliance and the Free and Open Indo-Pacific strategy, will mitigate COVID-19's long-term impact, while also preparing the world for the next pandemic.

COVID-19 will have an immeasurable impact on the international community. If inadequately controlled, the world will be laden with poverty, inequality and disharmony. To correct this trajectory, the active commitment of member states is crucial. Expectations for Japanese global leadership have never been higher. **EAFO**

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Re-energising plans for power and climate change



Yuji Onuma, an evacuee from Futaba Town near the stricken Fukushima Daiichi nuclear power plant, stands in an empty street in the town.

MIKA OHBAYASHI

JAPAN urgently needs a strategy to power its transition to renewable energy.

The accident at Tokyo Electric Power Company's Fukushima Daiichi nuclear power plant in March 2011 prompted a major shift in Japan's energy policy and the implementation of a number of energy reforms, including efforts to restructure the power system. The restructuring of Japan's electricity system started in the mid-1990s, but it had made little progress.

Japan's power system is divided into 10 regional utilities which were previously monopolised by 10 vertically integrated regional utilities. In an effort to create a more modern and efficient energy market, the Japanese government pushed for full

liberalisation of the electricity sector and unbundled generation from transmission and distribution services. These developments have allowed new power sources and retailers to enter the electricity market.

The German-style feed-in tariff system introduced in 2012 has led to a rapid expansion of renewables, particularly solar photovoltaic panels (PVs). Solar power capacity expanded from 5 GW in 2011 to 62 GW by the end of 2019. The share of renewables in the electricity supply rose from 9–10 per cent, mostly from large hydropower stations, to 19 per cent by the end of 2019, driven by solar, wind and bioenergy.

Increased efforts to improve energy efficiency since the nuclear accident have also contributed to the transformation of consumption figures. Electricity demand has

fallen by about 10 per cent. In recent months, with continuous increasing renewables generation and declining consumption brought on by COVID-19, there have been many days where renewables provided close to or over 100 per cent of demand in certain areas.

In other parts of the world, wind power is driving the energy transition, along with solar. In Japan, wind power capacity was less than 4 GW at the end of 2019, although recently there has been a great deal of interest in offshore wind development.

Existing power utilities and trading companies have entered the business one after another, the government has enacted a new law on the use of sea areas, and a public-private sector council has been set up to prepare for large-scale deployment. Investing in offshore wind farms could accelerate

the development of backbone power lines and help to resolve the problem of grid connection, which has been a barrier to the large-scale introduction of renewables, including onshore wind.

But even under these circumstances, the future of Japan's climate policy remains unclear. In line with the Paris Agreement, Japan has committed to reducing greenhouse gases by 26 per cent of 2013 levels in 2030 and 80 per cent in 2050. But so far, no concrete measures have been formulated for 2050, nor has the base year been defined.

BEFORE the Fukushima Nuclear Accident, the government strongly promoted nuclear power as 'a measure against global warming,' but climate change was never a policy priority. In reality, Japan's energy policy gives priority to incumbent power industries, with nuclear and coal-fired power as the main sources of supply. That's why the development of onshore wind power has been sluggish and solar power was used only on private rooftops before the introduction of the Feed-in Tariff scheme.

The latest energy policy is that the electricity mix in 2030 will be 27 per cent gas, 26 per cent coal, 3 per cent oil, 22–24 per cent renewables, and 20–22 per cent nuclear. This is not only fossil fuel-driven—it is also not feasible.

Of the 54 nuclear reactors that were in operation before the Fukushima accident, 24 have already been shut down. Of the remaining 30, some have not applied for compliance with the new regulatory standards, some have struggled to meet these standards, some have passed but are yet to be accepted by local governments, and others will reach the end of their 40-year lifetime before 2030.

Since 2011, the government and power companies have put huge efforts into restarting nuclear reactors, which has resulted in the reopening of nine reactors accounting for 5–6 per cent of national electricity production. Under these circumstances, even half of the 2030 target will be difficult to achieve.

Coal-fired power had already reached 32 per cent of Japan's energy mix in 2018. The lack of carbon pricing and other effective measures against carbon emissions has led to the introduction of more coal-fired power stations as the electricity market has become more competitive. Since 2011, several coal plants providing around 5.4 GW of capacity have started operation. Another 8–9 GW is under construction.

The government recently announced that 100 units, or 90 per cent, of old and inefficient coal-fired plants, will be closed by 2030. However, many of these plants are small and their closure will only reduce overall installed capacity by around 20 per cent. The government has announced that it will proceed with 'high efficiency' coal-fired plants such as Ultra Super Critical (USC) or Integrated Coal Gasification Combined Cycle (IGCC), but these plants produce almost the same amount of emissions as those 'inefficient plants' being shut down. Coal-fired plants are still expected to provide over 30 GW of electricity to the grid in 2030.

If this trend continues, renewables capacity may increase but fossil fuels will remain the key source of power. This means Japan will have no chance of meeting its reduction targets for 2030 and 2050. As electricity demand continues to slump while renewables keep expanding, large thermal power plants could become stranded assets.

The biggest problem is that Japan lacks a vision for energy transition and a decarbonised society. From the perspective of building a new economy in the aftermath of COVID-19, stimulus packages should centre on green stimulus policies for energy transition and digitisation, as in European countries and South Korea. Yet out of the supplementary budget of about 30 trillion yen (US\$282 billion), only 5 billion yen (US\$47 million) has been allocated towards green energy initiatives, which support the introduction of self-consumption solar power.

JAPAN'S renewable energy costs—by far the highest among OECD countries—continue to fall in line with global trends. A best-case scenario predicts solar and wind to become the cheapest of all new power sources in Japan by the mid-2020s. This is due to improvements in the grid operations, updated technical regulations, digitalisation of power markets and improved construction technology.

But this trend must be accelerated and placed at the centre of Japan's economy.

To that end, Japan should send a clear signal to the market by reviewing its energy targets for 2030 and drawing up a policy to achieve a decarbonised society by 2050. A long-term government strategy and a market framework based on fair competition can provide the business sector with the incentive to implement an energy transition. This is the only way forward for Japan. [EAFQ](#)

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