FPCJ Online Press Briefing (January 14, 2021)

## Japan's Diplomacy in 2021 2021年の日本外交



#### Post-COVID International Order?

#### 1. Acceleration of Change in International Order

#### Free and Open International Order

International Public Goods (security, trade, finance) Globalization

Freedom Norms, Rule of Law, Human Rights



#### World in 'New Normal'?

**US-China** 

Decoupling?

Rise of Emerging States / Decline of G7 Coordination Spread of State Capitalism: SOEs, SWF, Data-Driven Gov Decline of Democracy: End of Lipset Hypothesis

"COVID-19 will not so much change the basic direction of world history as accelerate it" (Richard N. Haas)

#### 2. New Waves of World Trends

Economic Statecraft as National Strategy

Trade Restriction
Tariffs / Export Controls

Investment Restriction
Tech Transfer/Protection Measures

Border Control

Visa Restrictions/Immigration Control

#### **US-China Strategic Competition**

Trade (tariffs)
Investment (FIRRMA)
Export (ECRA/EL)
Procurement (NDAA)

bipartisan consensus on hardline policy towards China

#### Asia as Resilient Region?

		感染者数/100万人*	死者数/100万人*
地域	Asia (29)	614.76	6.70
	Europe (40)	3,077.40	203.40
	Americas (33)	2,121.21	85.80
	Eurasia (11)	2,610.82	40.88
	MENA (19)	4,478.53	29.55
	SSA (47)	516.72	9.27
	Subtotal (179)	2,236.57	62.60

Data Source: Freedom House, Freedom in the World (2020 raw data) worldometer (As of June 29, 2020)

#### 3. Spread of Self-Distribution Rules?

International Health Cooperation Medical supply Vaccines (R&D/distributions)

Standardization of Movement Airport PCR/Immigration Realtime PHR/Tracing Supply Chain Air/Maritime transports Safety standards Belt-Road Initiative (BRI) Infrastructure finance Accumulated debts? New Strategic Equilibrium? A2/AD and counter-A2/AD Deterrence and defense

WHO reform? International funds? A 'Medical Silkroad'?

Standardization of New Asian Value-Chain?

US presence in Indo-Pacific? Systematic/regional deterrence?

### Japan's Diplomacy in 2020

#### <u>Security and Defense: Active Engagement</u>

Maintaining U.S. presence in Indo-Pacific region (keep U.S. in!)
U.S.-led trilateral cooperation (US-JPN-AUS/US-JPN-INDIA) + QUAD Cooperation

#### Japan's Policy Orientation towards China

Competitive Strategy: Balance of power and status-quo management; standardization of economic order Cooperation Strategy: Crisis management and "Third Party Market Cooperation"

#### Geo-Economic Outreach: Free Trade and Robust Quality Investments

CPTPP (TPP11 Agreement): establish free and fair economic rules in the 21st century

Quality Infrastructure Projects: \$110 billion ADB/JBIC Fund (2015-2020) / \$50 billion JBIC Fund (2018-2021)

Japan-UK Comprehensive Economic Partnership Agreement (2020.10)



Source: MOFA Japan

Regional Comprehensive Economic Partnership (RCEP, 2020.11)



Source: Nikkei Asia

# Suga Administration's Diplomacy Aiming for Status-quo?

**The US-Japan Alliance**: "Linchpin of Japan's foreign and security policy / foundation for peace, prosperity and freedom of Indo-Pacific..."

**ASEAN, India, Australia and EU**: "work together with countries with which we share fundamental values"

**China**: "A stable relationship with China is extremely important not only for the two countries, but also for the region and the international community. Japan will continue to claim what it should claim at a high level and work together with China to address common challenges."

**Russia**: "develop the overall relationship between Japan and Russia, including the conclusion of a peace treaty"

**South Korea**: "highly important neighboring country. In order to restore sound Japan-ROK relations, we strongly urge the ROK, based on Japan's principled positions, to take appropriate actions."



No big news so far...



## New Security Policy by the end of 2020?

"Nevertheless, there is a question of whether it is possible to protect and defend the lives and the peaceful livelihoods of the Japanese people only by enhancing our interception capability. Under such thinking and in order to strengthen the deterrence, the Government of Japan has been considering a new course for security policy regarding countering missiles. On these points, in thorough consultations with the ruling parties, the Government of Japan will identify policies to be undertaken by the end of this year to respond to the severe security environment surrounding Japan."

Statement by the Prime Minister (September 11, 2020)

## Agendas for the New Administration



"Strategic Competition with China"

 $\rightarrow$ yet to be determined.

#### 1. Post-Aegis Ashore Defense Policy

missile defense alternatives: Aegis Ashore to Aegis Afloat? > Additional Aegis Destroyers? strike capability: extension of "stand off defense"? / robust strike package? > likely to be postponed

#### 2. Reviewing the National Security Strategy (NSS)?

**New dynamics**: US-China strategic competition (geopolitics/economics)

Post-COVID international environment

Free and Open Indo-Pacific Vision

Deny "Asia-version of NATO" formation

CPTPP/RCEP/CJK FTA negotiation

**Economic Statecraft** 

#### **Hard Choices for Japan**

**China:** "win-win cooperation" vs "strategic competition" > <u>President Xi's state visit</u>?

**US:** "allies should pay the fair share" (Trump>Biden?) > SMA negotiations?

Economic Statecraft: a) export control, b) investment regulations, c) tech transfer

vs. FOIP visions?