

Deepening US-Japan Strategic Cooperation on China and the Indo-Pacific

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AFTER FOUR MONTHS in office, the Biden administration's Asia policy has started to come into focus. By choosing Japanese Prime Minister Yoshihide Suga and ROK President Moon Jae-in for his first face-to-face summits with world leaders, Biden has sought to emphasize the importance of cooperation with East Asian allies to uphold a stable, rules-based regional order. At the same time, he is seeking to sign US allies and partners around the region onto a tough and united approach to dealing with China while highlighting shared democratic values.

However, as the United States and Japan deepen their cooperation with regard to China and the Indo-Pacific region, there are a number of issues the two countries should keep in mind. First, China policy needs to be formulated with consideration for the way in which the Chinese Communist Party (CCP) exercises power domestically. Second, there is a need to dispel any notion that relations with China represent a second Cold War, an idea belied by the importance of its interdependent economic relations to regional stability. Third, as strategic thinking about the region and China's place within it are shifting from an Asia-Pacific to an Indo-Pacific approach, intensive consultations and discussions will be critical

to ensure that there is a shared understanding of our ultimate objectives, and that efforts to deter specific aspects of Chinese foreign policy behavior are coupled with diplomacy, an inclusive approach to regionalism, and the promotion of cooperation in areas of shared interest.

The CCP's Domestic Legitimacy Under Xi

Under President Xi Jinping's leadership, the CCP has come to rely on three key pillars for the maintenance of its domestic power and political legitimacy. First, Xi has moved to increase the coercive power of the CCP to maintain social control. This includes anti-corruption campaigns to oust rivals, the introduction of the Social Credit Score system to evaluate and incentivize politically correct behavior, and the use of technology for mass surveillance.

Second, Xi continues to utilize nationalism as a means of stimulating pride in the CCP. After the Tiananmen Square protests in 1989, former Chinese President Jiang Zemin bolstered patriotic education emphasizing the role of the CCP in protecting China from foreign powers and defeating Japan during the Second World War. Xi has built on this legacy and promoted nationalism through his concept of

the China dream to rejuvenate the Chinese nation. Chinese diplomats have also engaged in so-called “Wolf Warrior” diplomacy, condemning international criticism of China.

Third, and perhaps most important, is economic growth. China aimed to double its 2010 GDP and per capita income by 2020, which it was close to realizing before the COVID-19 pandemic. Under the China dream, Xi aims for China to become a fully developed modern socialist country by 2049, the 100th anniversary of the founding of the People’s Republic.

The CCP’s maintenance of these three pillars has come under significant pressure. President Biden has shown his willingness to criticize China’s use of coercive power, such as its arbitrary mass detention of Uyghurs in Xinjiang, crackdowns against democracy protesters in Hong Kong, and assertive posture vis-à-vis Taiwan. Yet China’s leadership has painted itself into a corner with little room for compromise given the way it has stoked nationalist sentiments while framing these issues as sovereign matters.

COVID-19 has affected China’s economic growth. In the first quarter of 2020, China slumped to its worst performance in decades with negative growth. Subsequently, China implemented draconian social distancing and lockdown measures to beat the virus, quickly recovered to become the only major economy in the world to register positive growth in 2020 (2.3 percent), and is on track to achieve at least 6 percent growth in 2021. Nevertheless, the dent made by the pandemic has shown the ever-present risk of external shocks.

At the same time, the United States is seeking to strategically decouple its supply chains from China in critical sectors, such as high-tech trade and investment. This includes the Biden administration’s recent agreements with Japan and South Korea to expand cooperation on sensitive supply chains in critical technologies. US high-tech reshoring plans and sanctions are likely to strain China’s ability to procure semiconductors. And while China is seeking to establish domestic production, such measures are unlikely to keep pace with demand. Thus, the continuation of the US-China tech war has the potential to dampen China’s growth, making it an issue for the CCP’s domestic political legitimacy.

In a scenario where the CCP believes its domestic legitimacy is under threat, it may feel compelled to turn its nationalism against the United States to divert

public attention from falling growth and to maintain domestic cohesion at the expense of regional stability. As such, it is important that both carrots and well-targeted sticks be employed to show China it has a place as a constructive stakeholder in an inclusive but rules-based regional order, rather than a stick-only approach that would force China into a corner.

US-China Rivalry Is Not a New Cold War

As the CCP remains anxious to uphold its domestic legitimacy and the US-China rivalry intensifies, US-China disagreements have at times been portrayed as presaging a possible second Cold War. Recently, speculation has run rife about the possibility of violent US-China conflict over Taiwan. Indeed, the Taiwan question has been increasingly incorporated into US rhetoric to demonstrate a tough posture on China, as China’s relative military strength has been increasing and Taiwan has adopted an increasingly pro-independence identity in response to events in Hong Kong. As such, careful efforts are needed to maintain the status quo and avoid an unnecessary conflict that would be a losing proposition for all sides.

However, the framing of Taiwan and other US-China disagreements as evidence of an emerging second Cold War misunderstands the relationship between China and the international community. Despite the risk of the US-China rivalry erupting in a limited conflict, the circumstances are qualitatively different from the Cold War. At that time, interaction between the Western and Soviet economies was marginal. Today, however, China is the key engine driving global economic growth and a major trading partner of nearly every country around the region. While some efforts to diversify supply chains away from excessive reliance on China may be justified, attempts to cut China out of supply chains entirely would be an exercise in economic self-sabotage. Maintaining economic interdependence with China is necessary to protect regional and global economic prosperity.

Maintaining Inclusivity in the Indo-Pacific

So how can peace and prosperity best be managed given the continuing intensification of the US-China rivalry, coupled with economic interdependence between China and the region? The key is to ensure that measures intended to bolster deterrence vis-à-vis China and avoid unilateral changes to the status quo, such as the Quadrilateral Security Dialogue (Quad),

are coupled with an inclusivist approach that focuses on regionalism, diplomacy, multilateralism, and cooperation in areas of common interest.

The Shift From Asia-Pacific to Indo-Pacific

After the end of the Cold War, Japan adopted a strategic approach focused on Asia-Pacific regionalism. This enabled Japan to combine two key pillars of its security and foreign policy: the US-Japan alliance and engagement with regional neighbors. This approach was evident in the 1996 US-Japan Joint Security Declaration between President Bill Clinton and Prime Minister Ryutaro Hashimoto, which mentioned the term “Asia-Pacific” 12 times. While this statement acknowledged US and Japanese concerns about China’s behavior, it deliberately avoided excessively strong language and instead emphasized the need for engagement and cooperation to promote a stable regional order.

Strategic thinking is now shifting from Asia-Pacific to Indo-Pacific. While the exact form of the “Indo-Pacific region” is still developing, it is generally conceived of as a move to include India as a counterweight to manage a rising China. The US-Japan Joint Statement in April mentioned “Indo-Pacific” 15 times and expressed strong concerns about Chinese behavior with regard to Taiwan, Hong Kong, Xinjiang, the South China Sea, and the East China Sea. The overarching narrative of the statement was one of the United States forging strong security cooperation with Japan as a fellow democracy, but it also left the impression that diplomacy and cooperation with China have been deprioritized.

Mechanisms to deepen security cooperation and interoperability, such as the Quad, are useful to deter aggressive and unlawful behavior in the region. However, each country has differing conceptions of how best to manage the rise of China and to shape the Indo-Pacific region. There is an increasingly bipartisan understanding in the United States on taking a tough posture toward China as the US-China rivalry and competition for high-tech supremacy intensifies. Australia has adopted confrontational rhetoric toward China, but may have gotten more than it bargained for, as China has responded by levying official and unofficial trade sanctions and tariffs against a range of Australian products, such as thermal coal, barley, wine, and lobster. Japan is seeking to diversify its security cooperation in order to

cope with China, but it seeks a balanced approach that incorporates both deterrence and engagement, and it remains committed to mutually beneficial economic relations. And while India is content to increase its security cooperation with Quad members, its threat perception of China is largely limited to border issues in the remote Himalayas and tempered by its tradition of nonalignment. As such, the Quad is best construed as a complement to—and not a replacement for—diplomacy and cooperation pursued through inclusivist, regionwide multilateral forums.

Bolstering Multilateral Diplomacy

Diplomacy and cooperation vis-à-vis China should incorporate three elements. First, the United States and Japan should coordinate to make full use of regional multilateral mechanisms. Second, cooperation on common areas of interest with China, such as climate change and North Korea, should be actively promoted. Third, the United States and Japan should utilize Japan’s diplomatic potential and its position as China’s neighbor to help open up and deepen channels of communication.

In addition to bilateral alliance cooperation, it is also important to deepen and coordinate US-Japan cooperation through regional and multilateral forums. This requires reengagement on the part of the United States in APEC and ASEAN-centered forums such as the East Asia Summit and the ASEAN Defense Ministers’ Meeting Plus. Efforts should also be made for the United States to join a Trans-Pacific Partnership successor agreement to advance high-level economic rulemaking with the aim of eventually bringing in China. These key multilateral institutions provide important lines of communication with non-democracies, including China, and a platform to exercise regional leadership on critical issues, such as eradicating COVID-19, mitigating climate change, and enhancing energy security.

Forging cooperation in areas of common interest not only provides a chance to establish mutual wins on critical issues but also provides an important signal that the “Indo-Pacific” concept is broad enough to incorporate inclusivity. Climate change is the most obvious area of common concern given that it is a shared existential threat to all of humanity. Moreover, because China and the United States are the world’s two biggest carbon emitters in absolute

terms, it will be almost impossible to address the issue without US-China cooperation. Denuclearizing North Korea is another key area of common concern to the United States, China, and the region as a whole. The US-ROK Joint Leaders Statement last month from President Biden and President Moon, which recognized the importance of upholding the 2018 US-DPRK Singapore Joint Statement, was a positive step forward. Yet any agreement between the United States and North Korea will require buy-in from China and other key regional stakeholders if it is to be successfully implemented.

Japan, as both a US ally and a neighbor with deep historical and cultural connections to China, can play an important role in helping facilitate deeper communication between the United States and China to ensure that tensions in the region do not escalate. In recent decades, Japan has perhaps lost some of its diplomatic confidence. A quarter of a century ago, Japan's economy was eight times bigger than the South Korean economy and four times bigger than that of China, but today Japan's economy is three times bigger than South Korea's and one-third the size of China's. This change in relative strength has given rise to nationalistic tendencies in Japan. Although there are a number of domestic challenges that Japan must address—including an aging population, high debt, and low productivity—Japan's ability to harness its creative and diplomatic power to ease the US-China confrontation and promote

shared regional peace and prosperity could go a long way in restoring national confidence.



As China continues to grow in influence and to pose a number of security challenges, it is also driving global growth as a major economic partner to almost every country around the region. As the Indo-Pacific concept continues to be solidified, it is imperative from a Japanese perspective that deterrence measures to prevent unlawful behavior and aggression are coupled with an inclusive approach to regionalism, one that is grounded in engagement, diplomacy, and cooperation. Deterrence and engagement should be pursued simultaneously as two sides of the same coin, rather than as competing concepts. Attempts at decoupling, cutting off ties with China, and entrenching bloc-to-bloc rivalry are a lose-lose exercise. In managing the relationship between China and the international community, we must not lose sight of the fact that our objective should be to deny China opportunities to be an aggressor while also maintaining diplomacy and forging cooperation on areas of shared common interest.

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