

# Navigating China Relations and the US-Japan Alliance

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THE INTENSIFICATION OF the US-China rivalry is increasingly putting the security and stability of East Asia at risk. Across the international community there is growing concern about Chinese actions, including its assertive maritime behavior, its rapidly increasing influence through the Belt and Road Initiative, its cyber and industrial espionage, its oppression of Muslim Uighurs in Xinjiang, and its strong-handed approach in seeking the “Chinafication” of Hong Kong. At the same time, there is increasing anxiety about the US retreat from multilateralism and its response to China, including its instigation of a trade war and calls by Secretary of State Mike Pompeo to “decouple” the Chinese Communist Party (CCP) from the international community.

This situation leaves Japan and other US allies and partners in Asia facing the conundrum of how to maintain an appropriate balance in their relations with these powers. On the one hand, the region relies on the United States and the US-Japan alliance to uphold regional security and stability, but on the other hand, its economic prosperity is anchored in regional economic integration and supply chains that

are deeply intertwined with China. Moreover, the structural nature of the US-China confrontation—shaped by the rapid growth of Chinese economic and military power, the Chinese Dream to become a fully developed nation by 2049, the battle for high-tech supremacy, and the two countries’ different political systems—means that it is a long-term issue and unlikely to disappear any time soon.

From a Japanese perspective, establishing a joint US-Japan approach to China is a critical step in order to prevent China from exercising regional hegemony and to protect the shared peace and prosperity of the region. A joint approach must recognize respective interests and must be based on careful security and economic policy planning in order to deter aggressive Chinese behavior in a targeted manner while also enabling the engagement of China on shared interests where feasible. The only realistic way for this approach to succeed is to move China onto a more cooperative track as a constructive regional stakeholder over the long term, as attempts to exclude it from international society will undoubtedly prove futile and counterproductive.

## Understanding the Nature of US-China Confrontation

Since Xi Jinping became president in 2013, he has promoted the “Chinese Dream.” This entails a national rejuvenation of China across economic, political, diplomatic, scientific, and military dimensions to become a fully developed nation by 2049, the 100th anniversary of the founding of the People’s Republic. The Chinese Dream has to be understood in the context of the country’s historical memory of national humiliation. This deeply ingrained narrative focuses on the Opium Wars with Britain between 1839–1842 and 1856–1860, which resulted in the establishment of treaty ports and the loss of Hong Kong, and the Sino-Japanese War of 1894–1895, which resulted in the loss of Taiwan. As such, economic growth and protecting China from experiencing any further humiliation at the hands of foreign powers continue to form two critical pillars of the CCP’s domestic political legitimacy.

On its current trajectory, the Chinese economy will continue to be a key engine of global economic growth for the foreseeable future. Globalization has reduced the economic disparity between China and the established industrial democracies of North America, Europe, and Asia, and the COVID-19 pandemic appears set to accelerate this trend. While China was the first epicenter of the pandemic, it is also the first country to have recovered, at least economically, and it appears poised to be one of the few countries to post a positive growth rate in 2020. As such, irrespective of US frustrations with China over its questionable trade and intellectual property practices, it is clear that the blunt instrument of a wholesale decoupling from the Chinese economy cannot be realized without fatally undermining the sustainability of the economies of the United States, China, Japan, and the wider region, as well as triggering China’s fear of humiliation.

## US-Japan Cooperation and Japan’s National Interests

Moving China onto a more cooperative track in the region is not a task that can be done by any one country alone. Japan must work with all of its regional allies that face a similar balancing act between China and the United States. The crucial element is the US-Japan alliance, as it remains the linchpin of regional stability. However, a joint US-Japan approach must

reflect Japanese interests as well as US and regional interests. What, then, are Japan’s key interests?

### *Upholding Basic Values*

As a democratic country that values the rule of law, human rights, political transparency, and free trade, Japan seeks to prevent Chinese hegemony in East Asia. Japan has been warily eyeing China’s maritime activities in the South China Sea and around the Senkaku Islands, as well as the passage of the Hong Kong national security law. To protect its basic values and guard against the potential threat of Chinese coercion, Japan has no better alternative than to maintain the US-Japan alliance. The alliance must continue to serve its critical functions of upholding regional security—including the deterrence of aggressive Chinese behavior—and providing a basis from which engagement and cooperation with China can be negotiated. The Japan Self-Defense Forces (SDF) have incrementally expanded their roles and missions since the end of the Cold War. But with the continuing deterioration of the regional security environment, Japan will need to continue to gradually expand the roles of the SDF within the framework of the US-Japan alliance, both in terms of functions and budget.

### *Managing Interdependence with China*

Countries around the region are bound to continue to depend on economic ties with China for their future prosperity, and this holds true for Japan too. The Japan-China trade relationship is the third largest bilateral trade relationship in the world (after US-Canada and US-China trade) and Japan will continue to rely on Chinese trade, investment, and tourism for decades to come.

Japan’s economic interdependence with China goes beyond bilateral relations. The integration of regional supply chains means that Japan’s interdependence with China is inextricably linked to its economic relationships with ASEAN countries, Australia, India, and South Korea. When Japan-China economic relations suffer, so too do Japan’s economic relations with its other regional partners. And this interdependence is likely to be further strengthened when the Regional Comprehensive Economic Partnership (RCEP) comes into force. Therefore, Japan has no alternative but to find a way to manage coexistence with China to maintain sustainable economic growth and prosperity.

### *Avoiding Unnecessary Military Conflict*

Japan cannot afford an unnecessary military conflict in the region between the United States and China. With the economic damage being wrought by the COVID-19 pandemic, military conflict is the last thing the region needs as it seeks to build toward recovery. The regional consequences of any conflict, including disruption to sea lanes and regional supply chains, would be devastating.

The most dangerous flashpoint for the United States and China is Taiwan. Under the 1972 Japan-China Joint Communiqué and the 1978 Japan-China Treaty of Peace and Friendship, Japan is committed to respecting the “One China” policy while encouraging a peaceful resolution to the matter. However, if a conflict over Taiwan was determined to be the result of Chinese aggression, and if the United States decided to act, then Japan’s SDF could not avoid supporting the US military under the auspices of the US-Japan alliance. This would fall under the scope of Japan’s September 2015 security-related legislation that recognizes the right of the SDF to engage in limited forms of collective self-defense.

No matter how such a conflict played out, it would be a lose-lose proposition for Japan. Either Japan’s security under the US-Japan alliance would come into question or Japan’s economic interests in its relations with China would be dealt a heavy blow.

### **Formulating Precise Measures for US-Japan Cooperation**

In order to ensure that Japan is not forced to choose between its security and economic interests and that the US-Japan alliance can continue to serve as the bedrock for regional stability and prosperity, it is imperative that the United States and Japan work together to formulate a joint strategy vis-à-vis China. This strategy must be based on careful policy planning. Only in this way can we find the right balance to deter China from aggressive behavior without fatally undermining regional economic stability.

### *Deepening Japan’s Consultations with the United States and China*

The new Suga Administration should engage in deep strategic consultations with both the United States and China. The key objective ought to be to avoid an unnecessary military conflict in the region, which is in everybody’s interest.

Japan should engage in intensive dialogue with China to clearly convey regional concerns about the aggressive elements of Chinese behavior as well as to pursue cooperation on shared interests. This should not be seen as a case of Japanese hedging; Japan is committed to the maintenance of democracy and a liberal international order. However, without dialogue, we cannot accurately know the thinking, concerns, and objectives of China’s leaders. And without understanding Beijing’s thinking, we cannot formulate the best possible measures to deter military provocations and unlawful acts, avoid conflict, and deepen cooperation. This is particularly critical given the recent deterioration in the discourse between US and Chinese officials. In a series of four speeches over the summer of 2020 that were long on antagonistic rhetoric and short on policy substance, Trump administration officials led by Secretary of State Mike Pompeo asserted that engagement with China has failed and essentially declared an ideological crusade of “decoupling” the Chinese Communist Party (CCP) from the international community.

At the same time, Japan must make clear to the United States that jettisoning the “America First” approach to foreign policy, returning to multilateralism, and forging a common approach with Japan vis-à-vis China will best serve the US national interests as well as those of Japan and other regional allies. Under the current US administration, while President Donald Trump and former Prime Minister Shinzo Abe maintained good personal relations, Japan has struggled to develop meaningful US-Japan dialogue at the highest levels of government.

Yet whether the US presidential election is won by President Trump or by former Vice President Joe Biden, it is clear that US policy toward China needs to be reviewed. The current tough approach of the Trump administration toward China may be election-year posturing. But the pursuit of a wholesale decoupling from China is unrealistic in a globalized world and does not serve US interests. Indeed, the United States is relying on China to purchase significant volumes of US agricultural products, energy, manufactured goods, and services under the terms of the US-China phase one trade deal.

### *Deepening Regionwide Engagement with China*

Despite Pompeo’s rhetoric, engagement—not decoupling—is the only way to positively change China. Engagement is not a short-term objective. It is inevitably a decades-long process. But it is the only way that countries can learn to overcome conflict and live together, as Japan experienced after World War II.

After the collapse of the Soviet Union in 1991, the international community hoped that Russia would be a democracy, a market-based economy, and a constructive international stakeholder. Yet the failure to sustain deeper engagement with Russia made it easier for the country to backslide into authoritarianism and become a disruptive force in global affairs. A similar failure to engage China and the undermining of the bonds of economic interdependence called for by the Trump administration risks lowering the costs of aggressive Chinese behavior.

Cooperation should be developed through region-wide partnerships that deeply involve China. Japan is cautious about engaging with China simply on bilateral terms or on a trilateral US-China-Japan basis. Rather, cooperation must include a multilateral component including ASEAN members states, Australia, India, and South Korea. The vehicles for this are already in place with multilateral regional institutions such as the East Asia Summit, APEC, and the RCEP. But to be most effective, the United States must return to multilateralism. Only in this way can we build back from the economic damage being wrought by COVID-19 and enmesh China in regional cooperation in a way that raises the costs of the aggressive elements of its behavior.

Meanwhile, Japan must also further develop strong partnerships in the region with those nations such as Australia, India, and ASEAN that have a similar interest in maintaining regional stability in East Asia. This can help undergird the effectiveness of the US-Japan alliance.

### *Managing North Korea*

North Korea’s machinations have often driven a wedge between the great powers in Asia, but a shared interest in North Korean denuclearization presents an opportunity for the United States, China, and Japan to work together on one issue. Strategically speaking, US-China and Japan-China relations were characterized

by a more cooperative tone during the Cold War than they are today because they had the mutual objective of countering the threat posed by the Soviet Union. While there are a number of areas where the interests of the democracies of the Asia-Pacific do not easily align with China—such as on Taiwan, Hong Kong, Tibet, and Xinjiang—preventing North Korea from acquiring the status of a full-fledged nuclear power is a critical issue of alignment.

To this end, the Six-Party Talks should be resurrected to push momentum on denuclearization. As has been argued in previous issues of *East Asia Insights*, denuclearizing North Korea requires a comprehensive resolution. This must include the formulation of parallel roadmaps to realize step-by-step sequencing on denuclearization and a permanent peace treaty.

Japan should also play an active role in denuclearizing North Korea. Japan and North Korea agreed on the importance of multilateral dialogues like the Six-Party Talks during discussions leading up to the signing of the 2002 Japan-DPRK Pyongyang Declaration. North Korea explained that it does not want to be isolated nor be forced to depend solely on China, so this creates an opening for Japan. For Japan to play an active role, the DPRK abduction of Japanese citizens needs to be on the agenda. However, without addressing the nuclear issue, it is unlikely the abduction issue can be resolved as North Korea seems to see the issues as connected and may be holding onto the abductions as a bargaining chip for its survival. In other words, demanding its resolution as a precondition for negotiations will not work. The only way to resolve the abduction issue is within the overall framework of denuclearization and peace treaty negotiations.



The region is looking on with increasing anxiety at both China’s assertive behavior and the response of the United States. The wholesale decoupling of China from the international system is unrealistic. While the US-China rivalry will not disappear anytime soon, it is in the shared interest of the United States and Japan to work together to reduce tensions and manage relations in a more targeted manner with the right balance of deterrence and engagement. Such an approach must recognize the necessity of US-Japan

alliance cooperation to uphold basic values and deter Chinese military provocations, the management of interdependence with China to uphold shared prosperity, and the need to avoid unnecessary military confrontation. Through intensive US-Japan and China-Japan consultations, the development of regionwide partnerships that enmesh China as a constructive regional stakeholder, and progress on the

shared strategic objective of denuclearizing North Korea, we can uphold shared peace and prosperity and avoid an unnecessary new cold war.

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