

Japan's Domestic and Foreign Policies and Implications for the Asia-Pacific Region

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As an influential power in the Asia-Pacific region, Japan's domestic and foreign policies have broad and profound implications for the region. On the one hand, Japan sometimes behaves as a disrupter of stability in the region by instigating disputes and conflicts, and encouraging Washington's interference in the name of restoring regional balance. On the other hand, Japan's stable economic growth, which is likely to bring it out of the shadow of the "lost two decades," together with increased import and outbound investment, is beneficial to the stability and development of the Asia-Pacific. Hence, for the Asia-Pacific region, Japan's domestic and foreign policies have both negative and positive implications.

Abe's Domestic Economic Policy

The Abe administration's economic policy, known as "Abenomics," has achieved positive outcomes in promoting Japan's economic recovery and growth. However, since Japan's domestic demand lacks full momentum, there is still a long way to go before it achieves stable growth without deflation.

Moderate recovery of Japan's economy

Since Abe came to power in December 2012, Japan's economy has witnessed sustained moderate growth, with a growth rate of 0.5-1.5%. Lasting

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more than 70 months, the current recovery phase has become the longest consecutive growth since its economic bubble burst, and surpassed the Izanagi boom from 1965 to 1970 as the second longest period of economic recovery after World War II.¹

In the first half of 2017 fiscal year from April to September, Japan's current account surplus reached 11.53 trillion yen with year-on-year growth of 11.7%, which is the highest since the second half of 2007 fiscal year, when it was over 11.85 trillion yen.² Since 2012, Japan's annualized growth rate of real estate prices has remained at 1% and 3-4% in Tokyo area.³ The unemployment rate in October 2017, at 2.7%, witnessed the lowest since June 1994, with only 1.81 million of unemployed population, while the employment rate reached 59.2% with a population of 65.81 million.⁴ This was almost the lowest unemployment rate on Japan's record and many districts have seen the biggest labor shortage since 1974. All these statistics indicate the sustainable recovery of Japanese economy.

From January to September 2017, Japan's import and export volume of goods reached \$1005.8 billion, up by 8.6% compared with the same period in the previous year. Exports, valued at \$513.08 billion, were up by 7.8%, and imports were \$492.72 billion, up by 9.4%, which resulted in a \$20.36 billion trade surplus. During the period, the bilateral import and export volume between Japan and China was \$214.18 billion, up by 7.8%. Japan's exports to China reached \$95.29 billion, up by 16.0%, accounting for 18.6% of Japan's total exports, which is 1.3 percentage points higher than the figure in the same period of 2016. Japan's imports from China were valued at \$118.89 billion, up by 2.1%, taking up 24.1% of Japan's total import volume with a decline of 1.8 percentage points. Japan's trade deficit with China was thus \$23.61 billion,

1 "Japan's Current Recovery Phase Second Longest after WWII," December 14, 2018, http://www.xinhuanet.com/world/2018-12/14/c_1123853557.htm.

2 "Japan's Current Account Surplus in First Half of Fiscal Year Sees Record High," November 10, 2017, http://news.china.com/finance/11155042/20171110/31649341_all.html.

3 "Can the Japanese Economy Revive under Abenomics?" October 31, 2017, <http://news.10jqka.com.cn/20171031/c601328083.shtml>.

4 "Japan's October Unemployment Rate at 2.8% as Expected after Seasonal Adjustment," December 1, 2017, <http://hk.jrj.com.cn/2017/12/01094923725597.shtml>.

down by 31.2%.⁵ China is Japan's second largest export trade partner and largest import trade partner,⁶ and it can be seen from the statistics that Japan's foreign trade is growing in a healthy way. Since Abe became Prime Minister five years ago, Japan's overseas assets have seen a 50% increase, which is about twice the size of its GDP. Japan is also quite active in investing its export revenues into foreign stock and debt markets and reinvesting the capital gains abroad. The overseas assets held by Japanese enterprises and individuals have crossed the threshold of 1,000 trillion yen for the first time. Japan is one of the few creditor nations, whose net foreign assets (overseas assets minus debt) have reached around 350 trillion yen, hitting a record high. Almost half of Japan's securities investment goes to the United States and around 30% goes to Europe, while its foreign direct investment mainly targets North America and Asia. This tendency of profiting through investment has been reinforcing.⁷

Although "Abenomics" did not push the Japanese economy into an ideal recovery, the sustained moderate growth over such a long period is considered an incredible economic achievement.

Factors behind Abenomics success

The success of "Abenomics" depends on both domestic and international factors. As for international factors, the economic recovery of the United States and Europe has stimulated Japan's exports and led to expansion of its foreign investment returns. In terms of domestic factors, Abe has promoted and implemented his economic recovery policy, known as "Abenomics" and represented by the "three arrows" of monetary easing, fiscal stimulus and structural reforms, since he took office. The devaluation of yen, promotion of women's labor participation, increase of public kindergartens and primary schools, construction of a Tokyo special economic zone, and stimulation of employment growth are also part of Abe's policy. These measures have

5 "Briefing of Japan's Trade in September 2017," November 20, 2017, <http://finance.sina.com.cn/roll/2017-11-20/doc-ifynwnty5602501.shtml>.

6 *Ibid.*

7 "Japanese Overseas Assets Surpass 1,000 Trillion Yen for the First Time," October 24, 2017, <http://www.cankaoxiaoxi.com/finance/20171024/2240238.shtml>.

contributed to the moderate recovery and gradual growth of Japan's economy to some degree. However, the most significant effect is on the Japanese stock market. In December 2012 when Abe's cabinet was established, Nikkei's average share price was only over 9,000 yen. In December 2013, it had more than doubled to 20,000 yen. Except for the fall to 16,000 yen in the summer of 2016, it has stayed around 20,000 yen. On December 1, 2017, Nikkei's average share price was 22,819.03 yen,⁸ indicating that the economic recovery during the Abe administration mostly comes from the boom in stock market. The soaring share prices of major and medium-sized corporations have enabled them to improve employees' wages and invest more, leading to economic recovery in big and medium-sized cities. As major companies in Japan are mostly listed in Tokyo Stock Exchange, the exponential increase and long-term stability of their share prices during the first year of Abe's government has been essential to the success of Abenomics.

Negative factors in Japan's economic growth

Despite the outstanding achievements, "Abenomics" has not overcome Japan's depressed consumption. Japan's consumer price index (CPI) was down by 0.12% in 2016. In the year 2017, the CPI growth rate witnessed ups and downs, generally vacillating between 0.4% and 0.7%. Such low CPI growth indicates that Japan has emerged from the shadow of deflation but has not completely got rid of it, which is mostly due to the aging society, declining birth rate and sharply decreased population over the past five years. During Abe's office, the population of Japan has decreased by around 1 million, among which about 300,000 was in 2016 alone. As the aging society, declining birth rate and absolute decline in population are structural issues for Japan, which are unlikely for the Abe administration to reverse, a fundamental solution to the issue of insufficient domestic demand is hard to come by, and "Abenomics" is under constant threat of failure. If international demand declines, Japan is set to face a new recession, which indicates the vulnerability of "Abenomics" as well as Japan's moderate growth.

8 "Nikkei's Average Share Price," December 3, 2017, <https://finance.yahoo.co.jp>.

New priorities for Abe's economic policy

In his speech outlining policy proposals after his new cabinet was established in November 2017, Abe declared the launch of a “productivity revolution” and a “human resources development revolution.” This entailed formulating and rapidly implementing a new package of economic policies concerning artificial intelligence, robots and the internet of things, and achieving these innovations that will greatly improve productivity and lead the emerging “productivity revolution” worldwide. Corporate investment in equipment and talents would be promoted, with the three years until 2020 designated as the “period of intensive investment toward productivity revolution.”⁹ From Abe's new policy guidelines, we can see, on the one hand, that Abe will continue to advance “Abenomics” by encouraging more investment and maintaining a monetary policy of quantitative easing. On the other hand, Abe has the ambition to lead a new trend of productivity improvement through talent cultivation, technological innovation and income increases.

Abe's Policy on Multilateral Economic Cooperation

In recent years, Abe has achieved partial success in foreign policy with some big plans. He seeks to complement and advance his political and security agendas through a regional economic and trade strategy. In his speech to the Diet, Abe said, “We will expand economic zones based on free and fair rules globally.”¹⁰ For this purpose, the Abe administration has adopted the following policies and measures.

Building a “freedom corridor”

In November 2016, the Indian Prime Minister Narendra Modi visited

9 “Policy Speech by Prime Minister Shinzo Abe to the 195th Session of the Diet,” Prime Minister of Japan and His Cabinet, November 17, 2017, https://japan.kantei.go.jp/98_abe/statement/201711/_00006.html.

10 *Ibid.*

Japan and issued a joint declaration with Abe, putting forward the concept of a “freedom corridor” for the first time, which would stretch “from the Asia-Pacific to Africa.” The two sides have since conducted multiple consultations on the proposal. The so-called “freedom corridor,” now known as the Asia-Africa Economic Corridor, is a joint effort by Japan and India to engage in infrastructure construction projects and expand economic cooperation in Asia and Africa. The plan focuses on Southeast Asia, the Middle East, and African countries on the Indian Ocean coast. In Asian countries, it largely consists of building sea ports, while in Africa, it mainly involves comprehensive infrastructure construction, including bridges, roads and power grids. Undoubtedly, the proposal has the flavor of balancing China’s influence in the broad region and competing with China’s Belt and Road Initiative.

Establishing Japan-EU Economic Partnership

Following Abe’s visit to Europe in July 2017, Japan and the European Union reached a draft framework on trade rules and reduction of tariffs for the Economic Partnership Agreement (EPA) in Brussels. According to the draft agreement, the EU will, at the point the agreement comes into force, eliminate tariffs on Japanese wine, sake and green tea. By the eighth year after the agreement takes effect, the EU is to remove tariffs on passenger vehicles from Japan; and Japan is to cut its tariffs on ten EU products including cheese, pork, timber, wheat and pasta. Both sides agreed to facilitate customs procedures, strengthen intellectual property protection, and align trade regulations. In July 2018, the EPA was signed by leaders of Japan and the EU, and the two sides will endeavor to formally bring it into effect in early 2019.

The combined GDP of Japan and the European Union accounts for 30% of the global total. The EU exports 58 billion euros of goods and 28 billion euros of services to Japan annually, while Japan exports 66 billion euros of goods and 20 billion euros of services to the EU every year. After the agreement takes effect, tariffs on 99% of EU imports and 97% of Japanese imports from the other side will be exempted and 85% of the EU’s agricultural products will enter

Japan free of tariff,¹¹ which is beneficial to expanding bilateral economic and trade relations and enhancing their economic interdependence. It is expected to boost the EU's GDP by 0.76% and the GDP of Japan by 0.29%, and promote their political and military cooperation.

The Comprehensive Progressive Trans-Pacific Partnership

On November 11, 2017, Japan and Vietnam jointly declared that a formal consensus on advancing the Trans-Pacific Partnership without the United States had been reached by the remaining 11 countries, who would sign a new free trade agreement relabeled the Comprehensive Progressive Trans-Pacific Partnership (CPTPP, also known as the TPP11). The CPTPP has frozen the TPP's 20 provisions concerning issues such as intellectual property rights, labor standards and cultural protection, which means it has abandoned 5% of the original TPP deal and retained 95% of the original clauses. It is still considered as the most open economic and free trade agreement to date. Given the US withdrawal, the share of the world economy encompassed by CPTPP signatories dropped from 37% to 13%, but it is still a considerably sizeable scale. In addition, the conditions for the agreement to go into effect were significantly lowered. The approval of any six signatories will now be enough to bring the CPTPP into effect. By contrast, the original TPP required that only when countries that represented 85% or more of the total GDP approved the treaty, could it go into effect. This change in the Japan-led CPTPP has served to speed up its entry into force, which is a major achievement of Abe's policy on external economic cooperation.

Committed to reaching multilateral free trade agreements, the Abe administration aims to expand Japan's international trade and explore the potential of free trade and international economic cooperation, which will provide powerful impetus to "Abenomics." As Abe claimed last year, "As the result of over four years of tenacious negotiations, we have reached agreement with the EU on the fundamental elements of our Economic Partnership

11 Zhu Ying, "EU- Japan Free Trade Agreement Restores Confidence in Economic Globalization," *Lianhe Zaobao*, August 1, 2017. <http://www.zaobao.com/forum/views/opinion/story20170801-783584>.

Agreement. This EPA will create an enormous economic zone with a population of 600 million people that accounts for 30% of global GDP. It is a ‘new engine’ under Abenomics.”¹² Meanwhile, Abe considered the formation of a multilateral economic cooperation network as the external foundation for exporting its ideas and consolidating the security of Japanese political and national values system. It can further be utilized to facilitate coordination of security and military policies with other countries. Abe’s core objective is to serve Japan’s domestic economic growth through regional economic cooperation, and shape it into an influential major power in global economy, in order to lay a foundation for Japan’s goal of becoming a major political power. Some of Japan’s regional economic cooperation activities are clearly aimed at competing with or even balancing against China. The proposal of “freedom corridor” and the CPTPP are obviously intended to rein in China.

Japan’s Strategy in Response to Regional Situation

The Abe administration has adopted a long-term strategy for the Asia-Pacific region, including the formation of a coalition of shared values, an alliance of maritime nations, the so-called “Asian Security Diamond,” and the “Free and Open Indo-Pacific Strategy.” In the case of some of these strategies, Abe is not contented with their regional extension but considers them as part of Japan’s current or potential global strategies, which he seeks to upgrade when conditions permit. By promoting Japan’s regional strategy, Abe aims to win dominance over regional development, security and order, to serve Japan’s national interests both short-term and long-term.

Making concessions to benefit from Japan-US relations

During his visit to the United States in mid-February 2017, Abe catered to US President Donald Trump’s desire to gain economic benefits by offering him a big deal of \$150 billion corporate investment over the following ten years and

12 “Policy Speech by Prime Minister Shinzo Abe to the 195th Session of the Diet.”

promising to settle bilateral trade imbalance through negotiations. By making concessions economically, Abe attempted to acquire security guarantees from the US.

In the joint statement released during his visit, the US basically fulfilled Japan's request for a security guarantee. The two sides reaffirmed the alliance between them as unshakable cornerstone of peace, prosperity and freedom in the Asia-Pacific region. The US commitment to defend Japan with all its military capabilities, both nuclear and conventional, is unwavering. Amid an increasingly difficult security environment in the Asia-Pacific, the US will strengthen its regional presence and Japan will assume a larger role and greater responsibilities within the alliance. The two leaders reaffirmed that Article V of the US-Japan Treaty of Mutual Cooperation and Security covers the Diaoyu Islands, opposed any unilateral action that seeks to undermine Japan's administration of the islands, and were committed to deepening cooperation to safeguard peace and stability in the East China Sea. They underscored the importance of maintaining a maritime order based on international law, including freedom of navigation and overflight and other lawful uses of the sea, opposing any attempt to assert maritime claims by intimidation, coercion or force. The two countries also called on parties concerned to avoid actions that would escalate tensions in the South China Sea, including the militarization of outposts, and act in accordance with international law.¹³ After returning to Japan, Abe testified in the Diet that it was no longer necessary for Japan to repeatedly request the US to renew its promise on Diaoyu Islands, since the joint statement is legally binding and would have a lasting effect on the US commitment.

Trump's visit to Japan in early November 2017 further strengthened the US-Japan alliance. The two parties claimed that they were in complete agreement on North Korea and that the US commitment to the alliance as regional cornerstone would be unwavering. Trump also reaffirmed the "ironclad US commitment to Japan's defense through the full range of US military

13 "Japan-U.S. Summit Meeting," Ministry of Foreign Affairs of Japan, February 10, 2017, https://www.mofa.go.jp/na/na1/us/page3e_000652.html.

capabilities, both nuclear and conventional.”¹⁴

The two leaders stressed that the US and Japan would play a dominant role in building a free and open Indo-Pacific region to safeguard regional peace and prosperity. They put particular emphasis on the three pillars of peace and stability, namely promotion and establishment of fundamental values such as rule of law and freedom of navigation, pursuit of economic prosperity including improvement of connectivity, and commitment for peace and stability by such measures as capacity building on maritime law enforcement. Relevant government agencies from both sides were directed to negotiate over specific issues. After reiterating their positions over the East and South China Seas, the two leaders welcomed China’s positive contribution to regional and global peace and prosperity, and stressed the importance for the two countries to continue constructive dialogue with China.¹⁵

Policy on North Korean nuclear issue

The Abe government’s response to the North Korean nuclear issue at its height in 2017 was characterized by support of harsh sanctions against North Korea and reinforcement of Japanese defense capabilities. After Pyongyang conducted its sixth nuclear test on September 3, Abe immediately released a statement announcing that “The countries concerned including Japan as well as the international community have repeatedly urged North Korea to fully comply with the relevant United Nations Security Council resolutions, condemned North Korea’s repeated provocations, including nuclear tests and ballistic missile launches, and urged North Korea to abandon its nuclear weapon and ballistic missile programs ... this nuclear test, which North Korea conducted today despite these calls, is totally unacceptable.”¹⁶ Japan’s policy toward the North Korean nuclear issue basically involves working jointly with

14 “Japan-U.S. Working Lunch and Japan-U.S. Summit Meeting,” Ministry of Foreign Affairs of Japan, November 6, 2017, https://www.mofa.go.jp/na/na1/us/page4e_000699.html.

15 *Ibid.*

16 “Statement by Prime Minister Shinzo Abe on the Nuclear Test by North Korea,” Prime Minister of Japan and His Cabinet, September 3, 2017, http://japan.kantei.go.jp/97_abe/statement/201709/1224276_11585.html.

the US and the international community and further increasing sanctions against Pyongyang until it concedes and changes its behavior. Furthermore, Japan's concern is not only North Korea's nuclear weapons; it also demands Pyongyang give up ballistic missiles, which pose it a security threat. Japan is also attempting to solve the abduction issue at the same time and have all abducted Japanese citizens returned to Japan.

In addition, the Abe administration has taken corresponding self-defense measures. First, it requested to purchase long-range air-to-air missiles (AIM-120C) from the United States, which has been approved by the Trump administration. The AIM-120C-5 missile has a range of more than 110 kilometers. Second, it plans to equip two SM-3 Block2A interceptors in Akita and Yamaguchi Prefectures respectively. The system is able to conduct intermediate-range interception of ballistic missiles and has a range of around 500-1,200 kilometers. Furthermore, Japan will build two more Atago-class Aegis warships, and the Offshore Aegis interceptor system will be equipped on eight warships by 2020, up from the previous six. Third, the Japanese government decided to develop long-range attack missiles, making it able to carry out long-range strikes on North Korea's nuclear and ballistic missile bases. The project would start in 2018, and the missiles can be considered as the Japanese version of a Tomahawk cruise missile. Fourth, the Japanese Defense Ministry plans to purchase airborne cruise missiles with a range of 500 kilometers from the US. Japan is also considering introducing Norway's Joint Strike Missile, which has a range over 300 kilometers, as well as the US JASSM-Extended Range missile with a range of over 900 kilometers, and equipping them on its F-35 and F-15 fighters.¹⁷

By using the North Korean nuclear and missile threats, Japan is able to adopt a confrontational military response and upgrade its armaments. Japan is also using North Korea as an excuse to improve its capabilities to counterbalance China and Russia. Equipped with US long-range air-to-air missiles, Japan will pose a powerful threat to Chinese and Russian naval air force as well as air force

17 "Japan Seeks Purchase of Missiles with 500+km Range from US for Use in Diaoyu Islands," December 7, 2017, http://military.china.com/important/11132797/20171207/31775468_all.html.

combatants. The land-based SM-3 anti-aircraft interceptors, which Japan is going to deploy, can not only prevent a ballistic missile attack by North Korea, but also serve as a strategic deterrent for China and Russia by exhibiting a capability to intercept their ballistic missiles. Provided that Japan successfully develops long-range attack missiles, it will possess tactical and strategic offensive capabilities toward both the Diaoyu Islands and the inland of China, which would become a new threat to both China's eastern coast and its vast inland areas.

From Asia-Pacific to Indo-Pacific strategy

As part of its multilateral security strategy, the Abe administration has put forward a number of strategic initiatives and plans in response to Asia-Pacific situation, including political, military and security strategies such as the formation of a coalition of shared values, an alliance of maritime nations, and the so-called "Asian Security Diamond." In recent years, with economic recovery and development of military strength, Japan is no longer contented with confining its domestic strategic focus to the Asia-Pacific region, but has developed a broader Indo-Pacific strategy.

Japan's Indo-Pacific strategy is not entirely original, for major powers in this region such as the United States, India and Australia have all presented their similar ideas or notions before. However, Abe was the first national leader to repeatedly stress the strategy and engage in diplomatic coalition and maneuvering on a broad scale.

Abe put forward his Indo-Pacific strategy for the first time at the sixth Tokyo International Conference on African Development (TICAD) held in Nairobi, Kenya in August 2016, where 20 partner countries and 20 international and regional organizations participated. The conference mainly focused on three issues: accelerating economic restructuring of African countries by promoting economic diversification and industrialization; developing medical and health systems to improve the quality of life for African people; and enhancing social stability and the sharing of development achievements. Abe announced that the Japanese government and private sector would invest \$30

billion in Africa over the next three years to support Africa's economic and social development.¹⁸

In his speech, Abe mentioned, "Japan wants to work together with you in Africa in order to make the seas that connect the two continents into peaceful seas that are governed by the rule of law." He also noted, expressed explicit support for African countries' appeal to have a permanent African member to the United Nations Security Council by 2023 at the very latest, as stated in Agenda 2063. "Reform of the United Nations Security Council is truly a goal that Japan and Africa hold in common. I call on everyone here to walk together towards achieving it," Abe said.¹⁹

Looking from the speech, the Indo-Pacific strategy of the Abe administration includes the following aspects. First, promoting close connectivity between Asia and Africa through maritime channels. Second, building the Pacific and Indian Oceans, as well as Asia and Africa into a fertile land featuring freedom, rule of law and market economy. Third, advancing values such as democracy, rule of law, and market economy in Africa, which has already taken root in Asia. Fourth, making the vast area from Asia to Africa a main artery for growth and prosperity. Fifth, forming a political coalition with African countries and promoting reform of the UN Security Council to realize Japan's dream of becoming a permanent member. Sixth, joining efforts with the US, India and Australia to advance the Indo-Pacific strategy and incorporating the whole region in the framework of freedom, democracy, rule of law and market economy.

In a sense, Japan's Indo-Pacific strategy is an integrated development of the abovementioned previous political and security strategies of Abe, and regional economic cooperation strategies such as the TPP. Such a grand trans-continental and trans-oceanic strategy cannot be forged by Japan alone but has to rely on

18 "Address by Prime Minister Shinzo Abe at the Opening Session of the Sixth Tokyo International Conference on African Development (TICAD)," Prime Minister of Japan and His Cabinet, August 27, 2016, http://japan.kantei.go.jp/97_abe/statement/201608/1218850_11013.html.

19 Prime Minister of Japan and His Cabinet, "Address by Prime Minister Shinzo Abe at the Opening Session of the Sixth Tokyo International Conference on African Development (TICADVI)," August 27, 2016, http://japan.kantei.go.jp/97_abe/statement/201608/1218850_11013.html.

developed countries as well as their values and political and economic systems in order to provide a norm of development for developing countries in the region.

Hence, Abe's Indo-Pacific strategy is not just simple economic cooperation between Japan and Africa, but a comprehensive national strategy for exporting the values of democracy, freedom and rule of law, promoting market economy in both Asia and Africa, pursuing political alliance with Africa, advocating reform of the UN Security Council, and facilitating Japan's pursuit of permanent membership in the Security Council.

Meanwhile, the Abe administration has undertaken extensive diplomatic activities to attract more participants into the Indo-Pacific strategy. At the ASEAN summit held in September 2016, Abe proposed the strategy to his Indian counterpart Modi, and said, "India is the most important country connecting Asia and Africa," and that he hoped "Japan and India can cooperate to promote the idea." When Modi visited Japan in November 2016, the two sides agreed on the promotion of an Indo-Pacific strategy. During Abe's meeting with Modi when he visited India a year later, he pointed out, "the Japan-India relationship is blessed with the largest potential for development of any bilateral relationship in the world," and explained that "together with Prime Minister Modi," he hoped to "ensure that this bilateral relationship produces results on all fronts and leads to peace and prosperity of the Indo-Pacific region and the world." In response, Modi expressed his support for seeking greater synergy between his Act East policy and the "Free and Open Indo-Pacific Strategy."²⁰

Abe has also encouraged other countries to participate in the strategy. The Japan-Australia "2+2" meeting of foreign and defense ministers in 2017 was centered on the promotion of the "Free and Open Indo-Pacific Strategy." In their joint statement afterwards, the ministers "underlined the importance of ensuring a stable, free and open rules-based order across the Indo-Pacific region and beyond," and "recognized the importance of ensuring free and open sea-lanes as well as enhancing regional connectivity, including through infrastructure." Australia "welcomed Japan's greater engagement in the region

20 "Japan-India Summit Meeting," Ministry of Foreign Affairs of Japan, September 14, 2017, https://www.mofa.go.jp/s_sa/sw/in/page3e_000747.html.

under its ‘Free and Open Indo-Pacific Strategy’.”²¹ Abe also mentioned the issue of jointly advancing the “Free and Open Indo-Pacific Strategy” in his meeting with the visiting British Prime Minister Theresa May in August 2017. This indicates that the Abe administration is trying to raise the Indo-Pacific strategy to a global scale.

In order to better advance the Indo-Pacific strategy, one of the top diplomatic priorities of the Abe government has been to introduce and promote the strategy to the United States. At the Japan-US “2+2” meeting in 2017, Japanese Foreign Minister Taro Kono made a particular effort to introduce Japan’s Indo-Pacific strategy to the American side and announced that Japan would provide assistance totaling approximately \$500 million from 2017 to 2019 to support capacity building programs of maritime security for coastal states in the Indo-Pacific region.²²

When Trump visited Japan in November 2017, he gave a speech at Yokota US Air Base to almost 2,000 US military personnel stationed in Japan and some members of Japanese Self-Defense Forces. On the occasion, Trump expressed his idea of the Indo-Pacific strategy to the world for the first time, “We will seek new opportunities for cooperation and commerce, and we will partner with friends and allies to pursue a free and open Indo-Pacific Region.”²³ Trump’s speech is not only a recognition of Abe’s Indo-Pacific strategy, but also borrowed Abe’s proposal and made it into his own, which reflects an unexpected spillover effect of Abe’s idea. For the Abe administration, this has an upside in that the US has thereby expanded and extended the strategy and given it greater external impetus by taking up the mantle of this strategy. However, there is also a downside. If the US follows the strategy in the long term, given its influence it will not only totally dominate this strategy and make it serve US global strategic interests, but it will also dwarf the original advocacy of the Abe administration.

21 “Joint Statement of the Seventh Japan-Australia 2+2 Foreign and Defence Ministerial Consultations,” Ministry of Foreign Affairs of Japan, April 20, 2017, <https://www.mofa.go.jp/files/000251909.pdf>.

22 “Japan-U.S. Security Consultative Committee (Japan-U.S. ‘2+2’),” Ministry of Foreign Affairs of Japan, August 17, 2017, https://www.mofa.go.jp/na/st/page3e_000714.html.

23 “Remarks by President Trump to Servicemembers at Yokota Air Base,” The White House, November 5, 2017, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-servicemembers-yokota-air-base>.

Japan will have to serve as an assistant in the promotion of the strategy or be marginalized.

The US, Japan, Australia and India held their first Indo-Pacific meeting to discuss their shared support for a “free, open, prosperous and inclusive Indo-Pacific region” on the sidelines of the ASEAN meetings in November 2017. Seven core topics were discussed in the quadrilateral meeting: rules and order in Asia, freedom of navigation and overflight, respect for international law, enhancement of connectivity, maritime security, nuclear nonproliferation, and counterterrorism. The outcome of the meeting as announced by the countries separately includes the following four points. First, upholding the rules-based order in the Indo-Pacific, including freedom of navigation and overflight, respect for international law, and the peaceful resolution of disputes. Second, increasing connectivity “consistent with international law and standards,” based on “prudent financing.” Third, strengthening cooperation in counterterrorism and maritime security efforts in the Indo-Pacific. Fourth, enhancing cooperation in curtailing nuclear proliferation.²⁴ The information released by the Japanese side paid extra attention to tackling North Korean threat of nuclear proliferation and ensuring freedom of navigation and maritime security in the Indo-Pacific.²⁵

The Abe administration pushed the Indo-Pacific strategy to such an extent mainly for the following reasons. First, expanding Japan’s maneuvering space. Relying on its economic growth, military development and the implementation of new security legislation from March 2016, which lifted the ban on collective self-defense, Japan is seeking for the status second only to the United States in the Indo-Pacific region by connecting its established presence and influence in the Asia-Pacific and the Indian Ocean regions, which would greatly expand its political, economic and military maneuvering space. Second, shaping Japan’s status as a major power. The Indo-Pacific region, occupying a large part of the world’s maritime area, enjoys the most rapid economic development and has the greatest growth potential in the 21st century. The dominant country

24 “US, Japan, Australia and India’s Talks End without Joint Statement,” November 22, 2017. http://www.sohu.com/a/205891188_600524.

25 “Australia-India-Japan-U.S. Consultations on the Indo-Pacific,” Ministry of Foreign Affairs of Japan, November 12, 2017, https://www.mofa.go.jp/press/release/press4e_001789.html.

in the region will certainly become a world-class great power. Unwilling to accept the relative contraction and decline of Japanese economy, the Abe administration still harbors the ambition of becoming a first-class global power. It is attempting to promote the transformation of Indo-Pacific strategic landscape conducive to Japan's interests, create a favorable external environment for Japan's development, and shape itself into a major power. Third, laying an external foundation for Japan's competition with China. Through its Indo-Pacific strategy, Japan is actively inducing regional countries to compete with China, in order to create an international environment that constrains or even contains China. In this way, Japan intends to ensure unimpeded and safe oil and trade channels and reinforce the external basis for its economic and national development. Fourth, building Japan into a military power as support for its ambition as a major political power. Abe's new security legislation is intended to expand the scope of military activities for the Self-Defense Forces, and utilize military force to support Japan's goal to become a political power. The promotion of an Indo-Pacific strategy enables Japanese Self-Defense Forces to conduct relevant joint exercises and military activities, which will enhance their capabilities and lay a comprehensive foundation for Japan to become a major economic, political and especially military power. This can be seen from Japan's continuous military exercises with the US, India, Australia and the Philippines in Pacific and Indian Oceans and the South China Sea.

Conclusion

Abe's domestic economic policy reflects a typical approach to economic and social governance by developed countries, and certainly has some strong points that China can learn from. However, there are also some unsuccessful practices for China to draw lessons from. Generally speaking, Abe's domestic economic policy has positive effects on the Asia-Pacific region. On the other hand, Abe's foreign policy still harbors a Cold War mentality with the intent of claiming a leading place in the regional order alongside the United States, and has obvious leanings to constrain China's political, economic and

military development. If China takes strong countermeasures against Abe's foreign policy, it will not only provoke vicious confrontation between the two countries, but will also bring the Asia-Pacific region into turmoil and create opportunities for other countries to take advantage of. It may also lead to short-sightedness of China's own policies.

Therefore, to eliminate the Cold War mentality, China should act in accordance with its own development strategy and promote sustainable economic development at a proper speed and of a good quality. At the same time, in order to create a more favorable external environment for economic development, China should take actions to stabilize its neighborhood, promote global economic and trade cooperation, improve relations with other major countries, achieve China-US coordination, and advance free trade agreements with more countries. While cooperation should play and has played a leading role in China's foreign policy, competition should not be abandoned completely. In economic cooperation under the Belt and Road Initiative, China should not only view from a broad strategic perspective but also take cost calculation into account, which is indispensable to avoid impulsiveness and short-sightedness in foreign investment that often leads to unnecessary losses. It can also provide sustainable momentum for China's economic development and help it win in the long run. Based on the strong economic power, China also needs to improve people's living standards and continue military modernization in order to advance its overall strength. China would not be affected by however much of the Cold War mentality from other countries as long as it is stable and powerful.

Japan cannot completely accommodate the rapid rise of China, which for Japan is a heterogeneous country with historical antipathy. Japan's fear is partly due to its unhealthy mentality, but it also results from the development pressure felt by Japan as a result of China's surging economic and military strength. Therefore, China should carry out more conciliatory policies in the current climate of bilateral relations, by advocating the fine elements in Chinese traditional culture and strengthening bilateral economic and political ties. In this way, Japan's antagonistic policy toward China cannot last long. 