

## The rise of China and Japan's balancing strategy: critical junctures and policy shifts in the 2010s

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### ABSTRACT

This article argues that as opposed to the conventional wisdom of Japan's hedging policy, Japan has been constantly taking balancing behavior vis-à-vis China since the end of the Cold War; however, the incremental shift to explicit balancing began after the 2010 *Senkaku* Boat Collision Incident. The shift was accelerated by the 2012 Japanese Government Purchase of the *Senkaku* Islands. Since then, Japan has attempted to engage in both internal and external balancing by taking more security burden-sharing with the United States through the relaxation of Japan's constitutional and political constraints on its military capabilities and the enhancement of security linkages with other regional states, such as Australia and India.

### Concept of 'hedging' in the context of Japan's strategy toward China

The term 'hedging' is often used to explain Japan's foreign policy or strategy toward China in the post-Cold War era. It has generally referred to the 'engagement/hedging (balancing)' spectrum, and the conventional explanation of Japan's hedging behavior is that Japan economically engages China but militarily relies on the US–Japan alliance. Japan's primary political stance toward China is 'engagement'. If this stance fails, Japan will 'hedge', a term used as an equivalent to 'balance', to counter a potential threat from China's rise.

Broadly speaking, engagement means to shape China's behavior and induce its compliance with the current international order. For example, Mochizuki and Yamamoto consider engagement a 'cooperative' strategy that 'encourages benign intentions [of China]'.<sup>1</sup> Matsuda regards engagement with China as a strategy 'to induce the Chinese to adopt a market-based economy and embrace liberal democracy [and] to share fundamental political values between [Japan and China]'.<sup>2</sup> The research group at the Japan Institute for International Affairs also argues that engagement aims to 'internalize' China

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<sup>1</sup>Mike Mochizuki, 'Japan's shifting strategy toward the rise of China', *The Journal of Strategic Studies* 30(4–5), (2007), p. 746; Yoshinobu Yamamoto [山本吉宣], 'Chapter 1. Japan's security under power transition' [第一章 パワー・トランジションの中の日本の安全保障], in Akio Watanabe [渡辺昭夫], ed., *International Political Environment in the 2010s and Japan's Security: Japan under Power Shift. Council of Defense—Strategic Studies Report* [2010年代の国際政治環境と日本の安全保障—パワー・シフト下における日本: 防衛戦略研究会議論文集] (2013), p. 15.

<sup>2</sup>Yasuhiro Matsuda, 'Engagement and hedging: Japan's strategy toward China', *The SAIS Review of International Affairs* 32(2), (2012), p. 112.

in the existing international order and rules.<sup>3</sup> Hornung defines engagement as cooperative policies to 'socialize [the rising state] into the existing order and induce benign behavior'.<sup>4</sup> As such, engagement is generally considered as a cooperative behavior to induce China to follow the existing international order. Together with 'balancing', the concept of 'hedging' illustrates Japan's foreign policy toward China.

Conversely, many academics use the term 'hedging' in the 'balancing/bandwagoning' spectrum in the context of 'balance of power' politics.<sup>5</sup> Balancing refers to internal or external efforts to ensure one's own security, whereas bandwagoning is defined as 'alignment with the source of danger'.<sup>6</sup> The conventional balance of power theory tells us that in the case of China's rise, states fundamentally have two available strategies as follows: either to balance against China and prevent it from becoming a hegemon or to bandwagon with China to make the most of profits that China's rise could provide despite the fear of dominance. However, those who are not willing to choose one behavior instead maintain strategic ambiguity by hedging, which falls between balancing and bandwagoning.<sup>7</sup> In this context, Kuik defines hedging as 'an insurance-seeking behavior under high-stakes and high-uncertainty situations, where a sovereign actor pursues a bundle of opposite and deliberately ambiguous policies vis-à-vis competing powers to prepare a fallback position should circumstances change'.<sup>8</sup>

Given these two different concepts of hedging, how can we conceptualize Japan's 'hedging' behavior in the context of the rise of China? From the perspective of the 'balancing/bandwagoning' spectrum, Japan's behavior falls into the category of balancing. Japan's hedging policies in the 'engagement/hedging' spectrum demonstrate that Japan's position is to neither currently or in the future bandwagon with China and that Japan is unlikely to accept China's creation of a new regional and global order if either differed from the current one. Instead, Japan intends to persuade China to follow the existing international order led by the United States, which is largely equivalent to bandwagoning with the United States. If China does not follow, Japan will engage in explicit balancing behavior against China. In other words, Japan hedges against a risk of unnecessary political or military conflicts with China but never considers compromise with principles.

As such, Japan's basic security policy has constantly been balancing—with the emphasis on externally balancing—against China, at least since the end of the Cold War. It is true that Japan's economic policy toward China, including its trade and official development assistance (ODA), was once considered to be benign and has not necessarily been compatible with that of the United States, Japan's foremost ally. However, the core of Japan's foreign and security policy has remained the US–Japan alliance, and this balancing is no exception for Japan's policy toward China. Therefore, a more important issue is the degree to which Japan continued to maintain such balancing behavior, particularly after 2009. The year 2009 was a critical period for Japan, the United States and China due to three main factors. First, Japan experienced the very first change in domestic political power from the Liberal Democratic Party (LDP) to the Democratic Party of Japan (DPJ) in 2009, which shaped Japan's diplomacy in a new direction. Second, the United States faced an enormous economic setback during the 2008 Global Financial Crisis, while it still struggled in two prolonged Middle East wars and perceived China's growing assertive behavior in

<sup>3</sup>The Japan Institute of International Affairs (JIIA) [日本国際問題研究編], *Nuclear Risk Management in Northeast Asia* [北東アジアにおける核リスクのマネジメント] (Tokyo: JIIA, 2014), p. 11.

<sup>4</sup>Jeffrey Hornung, 'Japan's growing hard hedge against China', *Asian Security* 10(2), (2014), p. 99.

<sup>5</sup>For example, see Evan Medeiros, 'Strategic hedging and the future of Asia–Pacific stability', *The Washington Quarterly* 29(1), (2005); Evelyn Goh, 'Understanding "hedging" in Asia–Pacific security', *PacNet* 43, (31 August 2006), available at: <http://csis.org/files/media/isis/pubs/pac0643.pdf> (accessed 4 September 2015); John David Ciorciari, 'The balance of great-power influence in contemporary Southeast Asia', *International Relations of the Asia–Pacific* 9(1), (2009), pp. 157–196; Cheng Chwee Kuik, 'The essence of hedging: Malaysia and Singapore's response to a rising China', *Contemporary Southeast Asia* 30(2), (2008), pp. 159–185.

<sup>6</sup>Stephen Walt, *The Origin of Alliances* (Ithaca, NY: Columbia University Press, 1987), p. 17.

<sup>7</sup>For the difference between international politics and foreign policy, see Kenneth Waltz, 'International politics is not foreign policy', *Security Studies* 6(1), (1996), pp. 54–57.

<sup>8</sup>Cheng-Chwee Kuik, 'How do weaker states hedge? Unpacking ASEAN states' alignment behavior towards China', *Journal of Contemporary China* 25(100), (2016), DOI: [10.1080/10670564.2015.1132714](https://doi.org/10.1080/10670564.2015.1132714).

East Asia.<sup>9</sup> Third, China successfully conducted the 2008 Beijing Olympics and was relatively unaffected by the financial crisis, while it conducted more assertive behavior over the territorial disputes in the South China Sea, which increased political tensions with other claimant states.

Facing this changing strategic circumstance near 2009, Japan had three policy options—keep balancing against China, change the strategy to bandwagon with China, or engage in hedging. If Japan kept balancing, there should be no significant policy change—the country would continue to rely on the US–Japan alliance or shift to a combination of internal and external balancing. Conversely, if Japan conducted bandwagoning, observable policy changes should occur wherein Japan increased its reliance on China while reducing its commitment to the US–Japan alliance. Hedging could be identified if Japan continued to maintain its ties with the United States while increasing its dependence upon or vulnerability to China in a certain aspect, particularly in the economic field.

This article argues that Japan has maintained balancing behavior vis-à-vis China since the end of the Cold War; however, the incremental shift to explicit balancing began after the 2010 *Senkaku* Boat Collision Incident. The shift was accelerated by the 2012 Japanese Government Purchase of the *Senkaku* Islands. Since then, Japan has attempted to engage in both internal and external balancing by taking more security burden-sharing with the United States through the relaxation of Japan's constitutional and political constraints on its military capabilities and the enhancement of security linkages with other regional states, such as Australia and India.

The next section discusses Japan's policy toward China from the end of the Cold War and illustrates that Japan's posture toward China was consistently supported by strong external balancing capabilities through the US–Japan alliance. Then, the following two sections focus on the two critical junctures of Sino–Japanese relations—the 2010 *Senkaku* Boat Collision Incident and the 2012 Japanese Government Purchase of the *Senkaku* Islands—that shaped Japan's balancing behavior and examine how the strategic shift occurred during this period. The last section analyzes continuities and changes in Japan's response to the rise of China in the post-Cold War era.

## Evolution of Sino–Japanese relations from 1978 to 2008

### *A dormant balancing in the 1990s*

The foundation of current Sino–Japanese relations derives from the reconfiguration of the regional balance of power in East Asia in the 1970s, when China became politically aligned with the United States and Japan to counter the Soviet threat. Before then, Japan did not have formal diplomatic relations with China, and its political and economic relations were significantly limited, although private trade interactions steadily increased. After the Sino–Japanese normalization treaty—the Treaty of Peace and Friendship between Japan and the People's Republic of China—was concluded in 1978, the bilateral relations experienced relative stability despite existing precarious elements such as maritime border disputes in the East China Sea, tensions over the *Senkaku/Diaoyu* Islands and Japan's continuing relations with the Republic of China. Japan began to provide China with Official Development Assistance (ODA) in 1979, including human development, technical cooperation, grants and ODA loans, and contributed to building economic and social infrastructures in China.<sup>10</sup> As China's rapid development after Deng Xiaoping's economic reforms in 1978 created large economic opportunities, including trade and investment, Japan gained from its enhanced economic ties with China. This mutually beneficial relationship between China and Japan was well received by the public, and both enjoyed stability. Indeed, according to a public poll conducted by Japan's Cabinet Office, over 70% of the Japanese population

<sup>9</sup>Alastair Iain Johnston, 'How new and assertive is China's new assertiveness?', *International Security* 37(4), (2013), pp. 9–14.

<sup>10</sup>Ministry of Foreign Affairs of Japan (MOFA) [外務省], 'Overview of ODA to China' ['対中ODA実績概要'], available at: <http://www.mofa.go.jp/mofaj/gaiko/oda/data/chiiki/china.html> (accessed 4 September 2015); International Cooperation Bureau, MOFA [外務省国際協力局編], *ODA Country Factbook 2014* [政府開発援助(ODA)国別データブック2014] (Tokyo: MOFA, 2014), p. 19.

considered China favorably from 1979 to 1988, and the public considered China the second most important country after the United States.<sup>11</sup>

However, the relationship began to change near the end of the Cold War. One such trigger was the 1989 Tiananmen Square incident. Admittedly, the Japanese government was still inclined to maintain strong ties with China. Even when the 1989 Tiananmen Square incident invited strong criticism from the United States and Europe and internationally isolated China, the Japanese government decided to restart its ODA to China as early as November 1990.<sup>12</sup> The Chinese government expressed its appreciation for such a decision, and the government-to-government tie remained strong. Yet, public perception toward China began to alter. The rate of favorable views of China dropped from 68.5% in 1988 to 51.6% in 1989, and the rate of unfavorable views increased from 26.4% in 1988 to 43.2% in 1989.<sup>13</sup> In the context of the loss of strategic common interests near the end of the Cold War, the Tiananmen Square incident evinced a different value and political system existing in China and affected Japanese perceptions of China at the public level.

In the post-Cold War era, Japan reconsidered its foreign policy strategy that had been based on the Yoshida Doctrine. Through this doctrine, Japan had depended upon the United States for its security through the US–Japan alliance while concentrating its resources on economic development. The limitation of the Yoshida Doctrine became clear in the 1990/91 Gulf War, when Japan received international criticism for not sending troops, but just offering financial assistance. This experience compelled Japan to reformulate its overall foreign policy strategy in the 1990s and to make two important changes that had strategic effects on Sino–Japanese relations. One is Japan's ODA Charter, which clarified four conditions for providing ODA. They include the evaluation of a recipient state's military expenditures and its development and production of weapons of mass destruction.<sup>14</sup> From October 1993 to August 1995, China conducted four underground nuclear tests, and the Japanese government strongly criticized China's tests because it was just after the 1995 Review and Extension Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons. Japan then decided to suspend ODA grants to China in August 1995.<sup>15</sup> The suspension was lifted in 1997 only after China signed the Comprehensive Nuclear-Test-Ban Treaty (CTBT) in 1996.

The second foreign policy change was the 'Japan–US Joint Declaration on Security' in 1996, which renewed the *raison d'être* of the US–Japan alliance in the post-Cold War period. Although Japan had previously restated the importance of the US–Japan alliance and of Japan's reliance on the US nuclear deterrent, both Japan and the United States did not clearly specify post-Cold War objectives.<sup>16</sup> The 1996 joint declaration not only refined the role of the US–Japan alliance for Japan's defense, regional cooperation and global cooperation but also stipulated that both states aimed to further cooperation with China for regional and global stability and prosperity.<sup>17</sup> However, given the political and military tension caused by the 1995 ODA suspension and the 1995/96 Taiwan Straits crisis, China was skeptical about the future role of the US–Japan alliance. Although Japan's concern was primarily North Korea, as indicated in the 1994 nuclear development incident, strengthening US–Japan security ties through subsequent bilateral arrangements such as the 1997 Guidelines for Japan–US Defense Cooperation and

<sup>11</sup> Cabinet Office, Government of Japan (CAO) [内閣府] 'Public Opinion Poll: Public Opinion Poll on Diplomacy' ['世論調査：外交に関する世論調査'], available at: <http://survey.gov-online.go.jp/index-gai.html> (accessed 4 September 2015).

<sup>12</sup> Shigeyuki Iwaki [岩城成幸], 'Debates on the revision of ODA to China' ['对中国ODA(政府開発援助)見直し議論'], *Issue Brief* 468, (2006), p. 2.

<sup>13</sup> CAO, 'Public Opinion Poll'.

<sup>14</sup> MOFA, 'Official Development Assistance (ODA)—1. Japan's Official Development Assistance Charter (Cabinet Decisions, June 30, 1992)', available at: <http://www.mofa.go.jp/policy/oda/summary/1999/ref1.html> (accessed 4 September 2015).

<sup>15</sup> MOFA [外務省], 'Statements of Press Secretary: About China's Nuclear Test (May 15, 1995)' ['外務報道官談話：中国の核実験について（平成7年5月15日）'], (15 May 1995), available at: [http://www.mofa.go.jp/mofaj/press/danwa/07/dfg\\_0515.html](http://www.mofa.go.jp/mofaj/press/danwa/07/dfg_0515.html) (accessed 4 September 2015).

<sup>16</sup> Prime Minister of Japan and His Cabinet [首相官邸], 'The National Defense Program Guidelines for FY1996 and Beyond' ['平成8年度以降に関わる防衛計画の大綱について'], available at: <http://www.kantei.go.jp/jp/singi/ampoboue/sankou/951128taikou.html> (accessed 4 September 2015).

<sup>17</sup> MOFA, 'Japan–US Joint Declaration on Security: Alliance for the 21st Century', (17 April 1996), available at: <http://www.mofa.go.jp/region/n-america/us/security/security.html> (accessed 4 September 2015).

the Japanese and US decision to conduct joint development on the Theater Missile Defense (TMD) in 1998 increased China's concerns.<sup>18</sup> To reassure China about Japan's intentions, Japan and China concluded the 'Japan–China Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development', which promised to institutionalize the bilateral security dialogue.<sup>19</sup>

As such, the 1990s saw a subtle change in Sino–Japanese relations, but this change does not necessarily mean that Japan hedged against the China risk. China still lacked material capabilities to match Japan and the United States. Japan thus neither considered China an imminent threat nor had to face a serious consequence of its failure of engagement. In this sense, Japan's capabilities negated a strategic risk associated with China, and Japan's foreign policy strategy in the immediate post-Cold War era is identified as a dormant balancing.

### ***Engagement as a balancing act in the early 2000s***

Japan's basic policy objective toward China was consistently to shape China's behavior toward international peace and stability through bilateral and multilateral frameworks.<sup>20</sup> However, Sino–Japanese relations in the early 2000s experienced both cooperation and competition. On the cooperative side, Japan and China created a number of channels of communications and enhanced diplomatic interactions between the two countries. For example, after the 1997 Asian Financial Crisis, both Japan and China agreed to establish ASEAN+3, in which heads of state would meet one another every year. In addition, in 1999, Japan, China and South Korea began to create an informal framework to enhance the trilateral cooperation in Northeast Asia at the ASEAN+3 Summit.<sup>21</sup> Japan also appreciated China's contribution to the establishment and management of the Six-Party Talks because these talks helped Japan interact with North Korea concerning not only North Korea's nuclear development program but also the abduction issue.<sup>22</sup> On the competitive side, a diplomatic row between Japan and China was caused by Japanese Prime Minister Jun-ichiro Koizumi's annual visit to the Yasukuni Shrine from 2001 to 2006, in which 12 Class-A war criminals are enshrined.<sup>23</sup> As a result, the number of China's anti-Japanese demonstrations increased rapidly, ranging from the 2004 Asia Cup soccer game in Chongqing to the 2005 violent demonstrations in Sichuan, Beijing and Shanghai. These demonstrations in turn increased the percentage of Japanese people with a negative view of China from 47.9% in 2003 to 58.2% in 2004.<sup>24</sup>

Even in the establishment process of the East Asia Summit (EAS), Japan and China divided opinion within ASEAN+3. The idea of establishing such a summit was initially proposed by the East Asian Vision Group (EAVG) and the East Asian Study Group (EASG) as a long-term objective of ASEAN+3. These groups' process was envisioned to elevate ASEAN+3 to the 'East Asian Summit' to nurture an East Asian community but the EAS creation was proposed in 2004 shortly after the 2002 EASG report. Because the proposal did not have a clear agenda, modality or membership of EAS, opinion was divided between those who wanted to expand the membership to Australia, New Zealand and India, and those who aimed to maintain ASEAN+3 membership unchanged. Japan supported the former, whereas China supported the latter; this diplomatic tension also accumulated political antagonism between the two.

<sup>18</sup>Sei-ichiro Takagi [高木誠一郎], 'Chapter 4. China's perception and reaction to US–Japan alliance: development in the post-Cold War era' [第四章 日米同盟に対する中国の認識と対応–冷戦後の展開], in Watanabe, ed., *International Political Environment in the 2010s and Japan's Security*, pp. 85–86.

<sup>19</sup>MOFA, 'Japan–China Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development', available at: <http://www.mofa.go.jp/region/asia-paci/china/visit98/joint.html> (accessed 5 September 2015).

<sup>20</sup>See MOFA [外務省], *Diplomatic Bluebook* [外交青書] (2001–2006).

<sup>21</sup>MOFA, 'The Action Strategy on Trilateral Cooperation among the People's Republic of China, Japan and the Republic of Korea', (27 November 2004), available at: <http://www.mofa.go.jp/region/asia-paci/asean/pmv0411/action.pdf> (accessed 5 September 2015).

<sup>22</sup>MOFA [外務省], 'Overview of the Japan–China–South Korea Summit (October 2003)' [日中韓首脳会合の概要 (平成15年10月)], (October 2003), available at: [http://www.mofa.go.jp/mofaj/area/asean/jck/kaidan5\\_gai.html](http://www.mofa.go.jp/mofaj/area/asean/jck/kaidan5_gai.html) (accessed 5 September 2015).

<sup>23</sup>Kei Koga, 'The Yasukuni question: histories, logics, and Japan–South Korea relations', *The Pacific Review*, (2015), DOI: 10.1080/09512748.2015.1022583.

<sup>24</sup>CAO, 'Public Opinion Poll'.



On the military side, China's defense budget overtook Japan's in 2004 and continued to increase.<sup>25</sup> For its part, Japan focused on the enhancement of security cooperation with the United States but maintained the same level defense budget. Yet, the US strategic attention was deviated from China. The 9/11 terrorist attacks propelled the United States to concentrate on counter-terrorism operations, the so-called 'Global War on Terrorism', including the Afghanistan and Iraq wars, rather than preparing for traditional inter-state warfare.<sup>26</sup> Following these changes in the US defense posture, Japan also adopted the 2005 National Defense Program Guidelines (NDPG) and attempted to restructure its defense posture to respond effectively to 'new threats', including international terrorism.<sup>27</sup> While this posture aimed to strengthen security ties with the United States, for the first time Japan touched on 'China' in the 2005 NDPG, mentioning concern about China's expanding area of operations at sea and modernization of nuclear forces, naval and air forces, and missile capabilities.<sup>28</sup> The statement implied a reference to China's unilateral development of oilfields in the East China Sea, where China's People's Liberation Army Navy (PLAN) had sent destroyers as a display of force and as protection for its oilfield development.<sup>29</sup>

Sino-Japanese relations thus saw both cooperation and competition in the early 2000s. Most of the cooperation was based on other multilateral frameworks, such as ASEAN+3 and the informal trilateral summit with South Korea, whereas competition was seen on a bilateral basis. Given the strong bilateral economic relationships, Sino-Japanese relations were often called *Seirei-Keinetsu* ('cold politics and hot economics'). Although the US-Japan alliance remained strong with several recalibrations, China's increasing military and economic capabilities began to cast a long shadow over the Japanese perception of China. As such, Japan maintained a balancing posture toward China.

### **Showing cautious balancing posture in the late 2000s**

Beginning in 2006, Sino-Japanese bilateral relations saw an improvement at the diplomatic level. The end of Koizumi's five-year prime-ministership and Prime Minister Abe's decision to travel to China for his first overseas trip to discuss the future of bilateral relations significantly eased the political tension caused by Prime Minister Koizumi's visit to the *Yasukuni Shrine*. Abe's 2006 visit to China, the so-called 'ice-breaking trip', started to nurture the 'mutually beneficial relationship based on common strategic interests' between Japan and China.<sup>30</sup> Later, reassuring all that this relationship would benefit both Japan and China, Prime Minister Yasuo Fukuda and President Hu Jintao concluded the Joint Statement concerning 'Comprehensive Promotion of a "Mutually beneficial Relationship Based on Common Strategic Interests"' in May 2008.<sup>31</sup> According to this joint statement, both countries confirmed that they were 'not threats to each other' and agreed to institutionalize the periodic exchange of visits by leaders and high-level officials in various fields, including security, as confidence building measures (CBMs). Additionally, China positively evaluated Japan's post-war behavior for the first time in the official statement by stating 'Japan's consistent pursuit of the path of a peaceful country and Japan's contribution to the peace and

<sup>25</sup>Stockholm International Peace Research Institute, 'SIPRI Military Expenditure Database', (2015), available at: [http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database) (accessed 5 September 2015).

<sup>26</sup>Department of Defense, *Quadrennial Defense Review Report*, (30 September 2001), pp. 3–6; White House, *The National Security Strategy of the United States of America* (Washington, DC: The White House, 2002), pp. 5–7; Department of Defense, *Quadrennial Defense Review Report*, (6 February 2006), pp. 3–4; White House, *The National Security Strategy of the United States of America* (Washington, DC: The White House, 2006), pp. 3–13.

<sup>27</sup>Ministry of Defense (MOD) [防衛省], 'National Defense Program Guidelines for 2006 and Beyond' ['平成17年度以降に係る防衛計画の大綱について'], (10 December 2005), available at: <http://www.mod.go.jp/j/approach/agenda/guideline/2005/taikou.html> (accessed 5 September 2015).

<sup>28</sup>*Ibid.*

<sup>29</sup>Kyoko Hamakawa [濱川今日子], 'The issue of Japan-China maritime border in the East China Sea: the issue of gasfield development from the perspective of international law' ['東シナ海における日中協会確定問題：国際法から見たガス田開発問題'], *Issue Brief* 546, (2006), pp. 1–2.

<sup>30</sup>MOFA [外務省], 'Japan-China Joint Press Release (October 8, 2006)' ['日中共同プレス発表 (平成18年10月8日)'], (8 October 2006).

<sup>31</sup>MOFA, 'Joint Statement between the Government of Japan and the Government of the People's Republic of China on Comprehensive Promotion of a "Mutually Beneficial Relationship based on Common Strategic Interests"' (Provisional Translation), (7 May 2008), available at: <http://www.mofa.go.jp/region/asia-paci/china/joint0805.html> (accessed 6 September 2015).

stability of the world.<sup>32</sup> Despite historical disputes, therefore, China and Japan showed their political will to cooperate with one another further for regional and international peace and prosperity.

Moreover, Japan and China reached an agreement concerning the maritime border in the East China Sea in June 2008. The disputes were persistent because of their different application of international norms and rules to the issue. Japan, applying the equidistance principle, proposed to take the median line between the two, which set the maritime boundaries equidistant from each state's shores because its primary concern was the area of the Exclusive Economic Zone (EEZ). Conversely, China took the natural prolongation principle of the continental shelf, which extended to the Okinawa Trough.<sup>33</sup> The Japanese government expressed concerns in June 2004 that China had conducted development close to the median line, the area called 'Chunxiao', and the dispute became a diplomatic obstacle.<sup>34</sup> In this context, the agreement offered an opportunity to significantly mitigate bilateral tension. Although it did not resolve the border dispute, both states agreed to respect and not to infringe one another's legal position.<sup>35</sup> In addition, they agreed to conduct joint development in the East China Sea by instituting a 'joint development area'.<sup>36</sup> China also agreed to invite Japanese private companies to join the development in Chunxiao.<sup>37</sup> In this sense, both Japan and China demonstrated their political will to further improve and strengthen their relations.

These positive diplomatic interactions notwithstanding, Japan and China could not completely dispel a certain political skepticism toward each other. Japan expressed its concern about China's anti-satellite missile test in January 2007, and both faced dim future prospects of resolving bilateral issues including the East China Sea, historical issues and Taiwan.<sup>38</sup> As the US Deputy Secretary of State Robert Zoellick stated in 2005, Japan encouraged China to become 'a responsible international stakeholder' by increasing transparency and maintaining consistency between 'its stated policy and actions'.<sup>39</sup> However, China's military continued to develop without the level of transparency Japan expected, and thus Japan was increasingly concerned when China's PLAN began in 2009 to expand its area of activities by altering naval strategy from 'near seas' defense to 'far seas' defense to protect not only national interests within its territorial waters but also its maritime interests such as sea lines of communication (SLOCs).<sup>40</sup>

For its part, Japan actively created security linkages with regional states, particularly Australia and India, to enhance cooperation in areas such as counter-terrorism and maritime security. In 2007, Japan and Australia issued the 'Japan–Australia Joint Declaration on Security Cooperation' to strengthen security cooperation, and Japan and India decided to strengthen a bilateral security tie through the 'Strategic and Global Partnership' in December 2006.<sup>41</sup> In May 2007, the creation of these security links pushed Abe to initiate an informal meeting, Quadrilateral Security Dialogue, the members of which included

<sup>32</sup>*Ibid.*

<sup>33</sup>Reinhard Drifte, *Japanese–Chinese Territorial Disputes in the East China Sea—Between Military Confrontation and Economic Cooperation*, LSE Research Online Working Paper (April 2008).

<sup>34</sup>For example, see MOFA [外務省], *Foreign Minister's Press Statement (June 2004)* [外務大臣会見記録 (平成16年6月)], (18 June 2004).

<sup>35</sup>MOFA [外務省], 'About Japan–China Cooperation in the East China Sea (Japan–China Joint Press Release)' [「東シナ海における日中間の協力について (日中共同プレス発表)」], (18 June 2008).

<sup>36</sup>MOFA [外務省], 'Understanding of Japan–China Joint Development in the East China Sea' [「日中間の東シナ海における共同開発についての了解」], (18 June 2008).

<sup>37</sup>MOFA [外務省], 'Understanding of Shirakaba (Chunxiao) Oilfield Development' [「白樺 (中国名:「春晓」) 油ガス田開発についての了解」], (18 June 2008).

<sup>38</sup>Robert Zoellick, 'Whither China: From Membership to Responsibility?' Remarks to National Committee on US–China Relations, 21 September 2005; National Institution of Defense Studies (NIDS) [防衛研究所], *East Asian Strategic Review 2008* [東アジア戦略概観2008] (Tokyo: NIDS, 2008), pp. 26–30 and pp. 75–76.

<sup>39</sup>Ministry of Defense, 'Joint Statement of the Security Consultative Committee (May 1, 2007) Alliance Transformation: Advancing United States–Japan Security and Defense Cooperation', (1 May 2007).

<sup>40</sup>NIDS [防衛研究所], *East Asian Strategic Review 2010* [東アジア戦略概観2010] (Tokyo: NIDS, 2010), pp. 116–117.

<sup>41</sup>MOFA, 'Japan–Australia Joint Declaration on Security Cooperation', (13 March 2007), available at: <http://www.mofa.go.jp/region/asia-paci/australia/joint0703.html> (accessed 7 September 2015); MOFA, 'Joint Statement Towards Japan–India Strategic and Global Partnership', (15 December 2006), available at: <http://www.mofa.go.jp/region/asia-paci/india/pdfs/joint0612.pdf> (accessed 7 September 2015).

Australia, India, Japan and the United States, which China officially criticized.<sup>42</sup> The initiative came in the context of Japan's emphasis on its 'value oriented diplomacy', which Foreign Minister Taro Aso started in 2006 to strengthen ties between democratic states across the world.<sup>43</sup> Although this initiative was thwarted by Australian Prime Minister Kevin Rudd because the framework would likely provoke China, this illustrates Japan's increasing concern toward China.<sup>44</sup>

Despite changes in Japan's prime minister from Abe to Fukuda to Aso within three years from 2006 to 2009, the Japanese diplomatic posture toward China largely remained the same. Japan became more cautious about China's intentions in Asia due to its increasing military capabilities. To balance against China's increasing power, Japan attempted to cultivate strategic options for potential external balancing with Australia and India.

In sum, Japan's behavior vis-à-vis China was consistently based on balancing, on external balancing with the United States in particular. Admittedly, the Japanese government was hesitant to state explicitly that China was a potential threat. However, this trend changed beginning in 2010, when Japan faced two critical junctures: the 2010 *Senkaku* Boat Collision Incident and the 2012 Japanese Government Purchase of the *Senkaku* Islands. Both critical junctures were centered on the *Senkaku/Diaoyu* Islands and propelled Japan to transform its security posture into more explicit balancing against China. The next section analyzes how each critical juncture made Japan develop related changes in its security posture toward China.

### Critical juncture I: the 2010 *Senkaku* Boat Collision Incident

The 2010 *Senkaku* Boat Collision had a strong, lingering negative effect on Sino-Japanese relations, which led Japan to seriously consider contingencies in the *Senkaku* Islands. Moreover, the effect of this incident was partly amplified due to Japan's domestic political change. Beginning in September 2009, Japan underwent the very first domestic political power shift from the traditional ruling party, the Liberal Democratic Party (LDP), to the Democratic Party of Japan (DPJ). Yukio Hatoyama became the first prime minister under DPJ rule, but his contradictory policy statements and behavior created political and diplomatic confusion inside and outside Japan. These include the relocation of the *Futenma* Marine Base out of Okinawa, the creation of 'equilateral triangle' relations among Japan, China and the United States, and the establishment of the East Asian community.<sup>45</sup> The cause of confusion is that he did not conceptualize these diplomatic initiatives clearly or provide the means to achieve them, resulting in increasing political skepticism about his political credibility in not only the United States but also other Asian states.<sup>46</sup> Japan's relations with the United States deteriorated significantly due to the controversy over the US base relocation in Okinawa, in particular, the *Futenma* base. Due to these policy inconsistencies, the Hatoyama administration collapsed approximately nine months after its inauguration, and Naoto Kan took over the administration in June 2010.

In the meantime, China was steadily improving its military and economic capabilities. China has invested in modernizing naval assets to increase its Anti-Access/Area Denial (A2/AD) capabilities, and China's GDP exceeded Japan's for the first time in 2010, becoming the world's second largest economy. Given that the United States suffered from the 2008 Global Financial Crisis and two prolonged wars in

<sup>42</sup>Brendan Nicholson, 'China warns Canberra on security pact', *The Age*, (15 June 2007), available at: <http://www.theage.com.au/news/national/china-warns-canberra-on-pact/2007/06/14/1181414466861.htm> (accessed 7 September 2015).

<sup>43</sup>MOFA [外務省], 'Arc of Freedom and Prosperity' ['『自由と繁栄の弧』をつくる'], (30 November 2006), available at: [http://www.mofa.go.jp/mofaj/press/enzetsu/18/easo\\_1130.html](http://www.mofa.go.jp/mofaj/press/enzetsu/18/easo_1130.html) (accessed 7 September 2015).

<sup>44</sup>Frank Ching, "'Asian Arc' doomed without Australia', *The Japan Times*, (22 February 2008), available at: <http://www.japantimes.co.jp/opinion/2008/02/22/commentary/asian-arc-doomed-without-australia/> (accessed 7 September 2015).

<sup>45</sup>Democratic Party of Japan, 'Manifesto: detailed policies—the Democratic Party of Japan's platform for government', *2009 Manifesto*, (11 August 2009), p. 28, available at: <http://www.dpj.or.jp/english/manifesto/manifesto2009.pdf> (accessed 17 September 2015); Hatoyama Yukio [鳩山由紀夫], 'My political philosophy' ['私の政治哲学'], *Voice*, (September 2009), pp. 139–141.

<sup>46</sup>See Kei Koga, 'Regionalizing the Japan-US alliance: toward the construction of a peaceful transition system in East Asia', *Issues and Insights* 10(8), (2010), pp. 6–10.



the Middle East, Afghanistan and Iraq, there was a growing perception that China was rising and the United States was declining.

It is in this political context that the *Senkaku* Boat Collision Incident occurred on 7 September 2010. The Japanese Coast Guard found a Chinese fishing boat near the area around the *Senkaku/Diaoyu* Islands, an area effectively administered by the Japanese government. The coast guard ordered the fishing boat to leave the area, but instead the boat began to ram the coast guard ships. In response, the Japanese Coast Guard detained the boat captain, Zhan Qixiong, and his crew on a charge of obstructing official duties.<sup>47</sup> Soon after the incident, Japan's Chief Cabinet Secretary Yoshito Sengoku reassured the Japanese domestic audience that the incident would not affect bilateral diplomatic ties between Japan and China.<sup>48</sup> However, tensions rose rapidly. Chinese Foreign Ministry spokesperson Jiang Yu asserted that it would 'absolutely not accept' the detention under Japanese law and warned Japan to manage the issue carefully because it was within China's claimed maritime territory.<sup>49</sup>

The first turning point came on 19 September, when the Japanese government decided to extend the detention of the Chinese captain for another ten days. The Chinese Foreign Ministry said that Japan had 'seriously damaged' bilateral relations, and China decided to suspend ministerial-level and above high-level government exchanges as well as director-level joint talks for increasing aviation routes and coal cooperation.<sup>50</sup> When Japan called for high-level talks on 22 September, China rejected the proposal, and instead, Premier Wen Jiabao warned that without an immediate and unconditional release of the captain, China would take further action against Japan.<sup>51</sup> This resulted in an informal embargo on rare earths to Japan, anti-promotion of travel to Japan, detention of four Japanese nationals from the Japanese construction company, *Fujita*, in Shijianzhuang, Hebei for espionage, and the cancellation of cultural and student exchange programs.<sup>52</sup> Furthermore, even after Japan released the captain without prosecution, the Chinese government demanded apologies and compensation from the Japanese government due to 'illegal detention'.<sup>53</sup>

These incidents exacerbated the Japanese public view on China. Although opinion had shown improvement in 2009, the percentage of persons with an unfavorable view spiked at 77.8% in 2010 from 58.5% in 2009, the highest mark since this annual public survey began in 1975.<sup>54</sup> There emerged public demonstrations against China organized in Japan from October to December 2010, and the leak

<sup>47</sup>'Japan plans to arrest Chinese ship captain over collision', *Kyodo News Agency*, (7 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015).

<sup>48</sup>Japan spokesman says ship collision won't affect ties with China', *Kyodo News Agency*, (8 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015).

<sup>49</sup>China says detention of fishing boat under Japanese law "absurd", *Kyodo News Agency*, (9 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015).

<sup>50</sup>Japan-China rift grows as captain kept in detention; in conflict over islands, Beijing threatens to take "strong countermeasures", *The International Herald Tribune*, (20 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015); Jeremy Page, 'China suspends talks with Japan', *Wall Street Journal Abstracts*, (20 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015); 'Govt "will not cave in to China"; domestic law, not foreign pressure, to decide detained captain's case', *The Daily Yomiuri*, (21 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015); 'China suspends govt talks; diplomat threatens harsh retaliation if captain not freed', *The Daily Yomiuri*, (21 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015).

<sup>51</sup>Wen Jiabao demands immediate release of jailed boat captain', *Business Monitor Online*, (22 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015).

<sup>52</sup>China halts shipments of rare earth minerals to Japan', *Kyodo News Service*, (23 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015); Hiroyuki Kachi, 'Beijing discourages Japan travel', *Wall Street Journal Abstracts*, (23 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015); 'China detains four Japanese nationals', *Kyodo News Agency*, (24 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015); 'At least 20 Japan-China exchange activities cancelled', *Kyodo News Service*, (24 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015); Mark MacKinnon, 'Territorial tensions rise between China and Japan; tiff threatens to crimp rare earth exports', *The Globe and Mail*, (24 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015).

<sup>53</sup>China demands apology and compensation over skipper detention', *Kyodo News Agency*, (25 September 2010), available through *LexisNexis Academic* (accessed 17 September 2015).

<sup>54</sup>CAO, 'Public Opinion Poll'.

of a video on *YouTube* in November 2010 that showed the Chinese boat ramming into the Japanese Coast Guard ships twice inflamed public protest toward China.<sup>55</sup>

The incidents also created a change in Chinese behavior in the East China Sea. Before September 2010, Japan did not detect any intrusions into territorial waters or the contiguous zone around the *Senkaku* Islands, but after the collision, there were 24 cases of intrusion into the contiguous zone.<sup>56</sup> Although the number spiked only in September 2010 and decreased thereafter, China's intrusion into both the contiguous zone and territorial waters began to occur periodically.<sup>57</sup> Furthermore, the number of times the Japanese Air Self-Defense Force scrambled in reaction to Chinese airplanes increased dramatically. It was only 38 times in 2009 but increased to 96 in 2010 and to 156 in 2011.<sup>58</sup> China's aerial maneuvering has generally been around the East China Sea, which was regarded as China's political protest responding to Japan's treatment in the incident and asserting its sovereignty claim.<sup>59</sup> Thus, the 2010 *Senkaku* Boat Collision Incident triggered China's air and maritime maneuvers in the East China Sea, and Japan saw it as a *fait accompli* strategy by maintaining China's new presence in the sea.

Nevertheless, Japan did not conduct immediate internal balancing in a traditional sense. Japan's defense budget still kept decreasing from JPY 4,682.6 billion in FY2010 to JPY 4,662.5 billion in FY2011 to JPY 4,645.3 billion in FY2012.<sup>60</sup> Given the economic setback after the 2008 Global Financial Crisis and Japan's stagnant economy, it became difficult to increase the defense budget even after the 2010 *Senkaku* incident. Instead, the Japanese government reorganized its defense posture and issued the 2010 NDPG. This NDPG recognized 'a global shift in the balance of power' with the rise of China and 'the relative change in influence of the United States' and expressed a concern about China's increasing military capabilities and expansion of its maritime activities.<sup>61</sup> Responding to these changes, Japan attempted to concentrate its resources on intelligence, surveillance and reconnaissance (ISR) activities, which could actualize Japan's new defense concept, Dynamic Defense. In this concept, Japan would increase its ISR capabilities to monitor the security situation surrounding Japan more actively, including the East China Sea, and enhance defense readiness and response. By this 'show of force', Japan aimed to increase the effect of deterrence, which went beyond Japan's traditional defense concept, the 'Basic Defense Force Concept', that presumed that the existence of military force itself had a deterrence effect.<sup>62</sup> Dynamic Defense also emphasized the importance of managing the 'gray zone' situation by increasing SDF readiness, which included tensions and confrontations over territory and sovereignty such as coast guard standoff – the situation that could not be classified as peacetime but fell short of the status of contingencies and wartime.<sup>63</sup> The concept's emphasis on moving the Japanese forces in the southwestern region indicates its defense vulnerability in the East China Sea to China.<sup>64</sup>

In addition, Japan aimed to gain clear security and reassurance on the US–Japan alliance from the United States. In fact, immediately after the 2010 *Senkaku* issue, Robert Gates, Secretary of Defense,

<sup>55</sup> 'Protesters rally at Chinese embassy in Tokyo over disputed islands', *Kyodo News Agency*, (16 October 2010), available through *LexisNexis Academic* (accessed 17 September 2015); '4,500 demonstrators, anger toward China, *Senkaku* video leaked' ['都心で4500人抗議デモ、中国に怒り 尖閣ビデオ流出'], *Sankei Newspaper* [産経新聞], (6 November 2010), available at: <http://sankei.jp.msn.com/affairs/news/110119/crm11011916260252-n1.htm> (accessed 9 November 2010); 'Senkaku collisions video leak riles China', *The Japan Times*, (6 November 2010), available at: <http://www.japantimes.co.jp/news/2010/11/06/national/senkaku-collisions-video-leak-riles-china/> (accessed 17 September 2015).

<sup>56</sup> MOFA, 'Trends in Chinese Government and Other Vessels in the Waters Surrounding the Senkaku Islands and Japan's Response', (5 November 2015), available at: [http://www.mofa.go.jp/region/page23e\\_000021.html](http://www.mofa.go.jp/region/page23e_000021.html) (accessed 14 December 2015).

<sup>57</sup> *Ibid.*

<sup>58</sup> Joint Staff, 'Joint Staff Press Release: Statistics on Scrambles through Fiscal Year 2014', (22 May 2015), available at: [http://www.mod.go.jp/js/Press/press2015/press\\_pdf/p20150522\\_01.pdf](http://www.mod.go.jp/js/Press/press2015/press_pdf/p20150522_01.pdf) (accessed 14 December 2015), p. 3.

<sup>59</sup> *Ibid.*, p. 5.

<sup>60</sup> MOD, 'Defense Programs and Budget of Japan: Overview of FY2013 Budget' (Provisional Translation), (January 2013), p. 37.

<sup>61</sup> MOD, 'National Defense Program Guidelines for FY 2011 and Beyond' (Provisional Translation) (The 2010 NDPG), (17 December 2010), pp. 3–4.

<sup>62</sup> *Ibid.*, pp. 6–7.

<sup>63</sup> *Ibid.*, pp. 3, 9; Sugio Takahashi [高橋杉雄] 'Chapter 12: Creating "Dynamic Defense"' ['第12章 動的防衛力の構築へ'], in NIDS [防衛研究所], *Report on International Symposium on Security Affairs 2010* [平成24年度安全保障国際シンポジウム報告書], (2010), pp. 206–208.

<sup>64</sup> *Ibid.*, p. 13.

reassured Japan by stating that the United States 'would fulfill [US] alliance responsibility' if the conflict escalated in the East China Sea.<sup>65</sup> Although the 2010 NDPG did not specify the details of measures to enhance such cooperation, Japan and the United States later created the concept of 'dynamic defense cooperation' that aimed to 'ensure effective deterrence and responses and stabilize security enforcement in the Asia Pacific region' by enhancing cooperative activities between the SDF and US forces.<sup>66</sup> Moreover, to ensure this US commitment and robustly manage new security situations in the East China Sea, Japan proposed a revision of the 1997 Guidelines for Japan–US Defense Cooperation in August 2012, and both Japan and the United States agreed to study the details of new guidelines in September.<sup>67</sup>

Because of this 2010 incident, Japan became more alert about China's rise. The balancing is not 'explicit' because Japan did not attempt to increase its military budget; however, Japan rearranged its force structure for defense effectiveness and reinvigorated the US–Japan alliance.

## Critical juncture II: the 2012 Japanese Government Purchase of the *Senkaku* Islands

The 2010 *Senkaku* Boat Collision Incident deteriorated Sino–Japanese bilateral relations, but this did not completely prevent both states from engaging with one another diplomatically. The channels of communications between the two remained open, albeit narrowly, as illustrated by the summit meeting between Prime Minister Naoto Kan and President Hu Jintao at the 2010 ASEM soon after the incident.

However, the second critical juncture began to emerge in April 2012, when Tokyo Governor Shintaro Ishihara declared his intention that Tokyo would buy three of the eight *Senkaku* Islands. Although the discussion with the Japanese private owner of the islands had long been conducted quietly, Ishihara opened a public discussion about their ownership.<sup>68</sup> This surprised Prime Minister Yoshihiko Noda, who succeeded Kan in September 2011 and redirected Japanese diplomacy back to its traditional path—the maintenance of a strong US–Japan alliance and engagement with China—but he attempted to solve the issue quietly as a domestic issue.<sup>69</sup> Previously, Ishihara had recommended that the ownership be transferred to a public organization and that development of fisheries infrastructure and deployment of the SDF in the islands be pursued.<sup>70</sup> It was thus considered quite likely that if ownership were transferred to Tokyo, he would develop several facilities, which China would consider Japan's *fait accompli* to consolidate its effective control over the islands. Because this maneuver would fuel tensions between Japan and China, the Noda administration considered making the second best choice to maintain the status quo—gaining national control over those islands by outbidding Tokyo.<sup>71</sup> The advantage of this national control was to prevent domestic right-wingers from easily landing or creating facilities on the islands, thus maintaining the 'physical' status quo.

At the same time, given China's non-compromising posture toward its own sovereignty and territorial integrity, the Japanese government needed to discuss the matter with the Chinese government in order to prevent the rapid escalation of the bilateral tension. While the bilateral negotiation was conducted, a gap in their stance still remained: China's preference was likely to be a 'complete' status quo, whereas the Japanese government felt retaining the existing status quo would be difficult given Ishihara's resolution, and attempted to persuade China not to overreact to the transferring of the ownership of the islands

<sup>65</sup>Elise Labott, 'US walks tightrope in China–Japan dispute', *CNN*, (24 September 2010), available at: <http://edition.cnn.com/2010/POLITICS/09/24/us.china.japan/> (accessed 20 September 2015).

<sup>66</sup>MOD, *Defense of Japan 2012* (Tokyo: Ministry of Defense, 2012), p. 246.

<sup>67</sup>MOD [防衛省], 'Synopsis of the Japan–US Defense Ministers Joint Press Conference' ['日米防衛相共同記者会見概要'], (17 September 2012); NIDS [防衛研究所], *East Asian Strategic Review 2013* [東アジア戦略概観2013] (Tokyo: NIDS, 2013), p. 110; 'Strategy toward China, "necessity to include the US", hearing from Former Parliamentary Secretary of Defense Nagashima' ['対中戦略『米国巻き込まねば』長島元防衛副大臣に聞く], *Asahi Newspaper* [朝日新聞], (29 October 2014).

<sup>68</sup>Tsuyoshi Sunohara [春原剛], *Secret Strife: National Purchase of Senkaku* [暗闘尖閣国有化] (Tokyo: Shincho-sha, 2013), pp. 54–57.

<sup>69</sup>*Ibid.*, p. 56.

<sup>70</sup>This policy was reaffirmed by Ishihara's political party, the Sunrise Party of Japan (たちあがれ日本), on 4 July 2012. See 'Independent Constitution, SDF deployment in Senkaku, Tachiagare Party "policy statement", prospect of "Ishihara Party"' ['自主憲法制定 尖閣に自衛隊配備 たちあがれ『政策宣言』を発表 『石原新党』を視野], *Sankei News* [産経ニュース], (4 July 2012).

<sup>71</sup>Sunohara, *Secret Strife*, pp. 111–112, 135 and 212.

to the Japanese government.<sup>72</sup> On 31 August 2012, Tsuyoshi Yamaguchi, then-Parliamentary Senior Vice-Minister for Foreign Affairs, met with Dai Bingguo, then-State Councilor of China, and discussed overall Sino-Japanese relations, including the *Senkaku* Islands.<sup>73</sup> However, this negotiation was unable to produce a positive outcome.

After the Japanese government declared its decision to purchase the *Senkaku* Islands on 11 September 2012. The scale and intensity of China's public and private responses to this Japanese 'nationalization' of the islands significantly exceeded its responses to the 2010 *Senkaku* incident. According to the Japanese Coast Guard, the number of Chinese vessels identified within the contiguous zone increased from zero in August 2012 to 81 in September 2012 and then to a maximum of 124 in November 2012. The number of Chinese vessels identified in territorial waters also increased from zero in August 2012 to 13 in September 2012 and then to a maximum of 28 in September 2013.<sup>74</sup> These numbers never returned to the pre-September 2012 levels; the average monthly numbers from September 2012 to August 2015 were 11 for the territorial waters and 67 for the contiguous zone.<sup>75</sup> Moreover, the number of times Japan scrambled aircraft to respond to Chinese aircraft over the East China Sea increased substantially; incursions numbered 96, 156, 306, 415 and 464 each year from 2010 through to 2014, respectively.<sup>76</sup> Diplomatically, the two countries' high-level political interactions came to a near complete stop after the Japan-China Foreign Ministers Meeting on 26 September 2012, through to 24 September 2014, when they held the second-round meeting of the Japan-China High Level Consultation on Maritime Affairs for the first time in two years.<sup>77</sup> Losing channels of communication with increased political and military tensions in the East China Sea heightened Japanese threat perceptions and public negative feeling toward China. The Japanese public's unfavorable view further deteriorated, exceeding 80% from 2012 to 2014.<sup>78</sup>

Facing the rapidly increasing tensions, Japan has begun to more explicitly balance against China. This is well-illustrated by a series of Japan's official security policy documents issued in 2013, notably the 2013 NDPG and the 2013 National Security Strategy (NSS). Japan's political objective vis-à-vis China was constant: encourage China to adhere to international rules and norms and to play a responsible role in the international community.<sup>79</sup> However, Japan put more emphasis on China's rapid military modernization without sufficient transparency, its development of asymmetrical military capabilities, and its intrusive behavior in the maritime and aerial spheres.<sup>80</sup> Moreover, explicitly showing its 'great concerns', Japan expressed its resolution to stand firm concerning China's activities in the East China Sea by classifying China's activities in the East China Sea as 'assertive actions' that attempt to 'change the status quo by coercion' by encroaching on Japan's territorial waters and airspace.<sup>81</sup> Japan thus showed its resolve 'not to tolerate the change of the status quo by force' and to 'immediately take appropriate measures to address any incursions'.<sup>82</sup>

To this end, Japan strengthened both internal and external balancing against China. Specifically, it aimed at the enhancement of the deterrence effect through its own defense policy and the US-Japan alliance vis-à-vis China's assertiveness. For its own defense capabilities, Japan began to allocate its air and naval capabilities in the southwest areas. To respond seamlessly to any contingencies, including

<sup>72</sup>*Ibid.*, pp. 130–131.

<sup>73</sup>*Ibid.*, pp. 201–208; 'Interview with Senior Vice-Minister for Foreign Affairs Yamaguchi: the process of *Senkaku* purchase' [「山口外務副大臣に直接聞いた「尖閣国有化」の経緯」], *Sankei Newspaper* [産経新聞], (27 March 2013).

<sup>74</sup>MOFA, 'Trends in Chinese Government and Other Vessels in the Waters Surrounding the *Senkaku* Islands'.

<sup>75</sup>*Ibid.*

<sup>76</sup>Joint Staff, 'Joint Staff Press Release: Statistics on Scrambles through Fiscal Year 2013', (23 April 2015), available at: [http://www.mod.go.jp/js/Press/press2014/press\\_pdf/p20140423\\_02.pdf](http://www.mod.go.jp/js/Press/press2014/press_pdf/p20140423_02.pdf) (accessed 14 December 2015).

<sup>77</sup>MOD [外務省], 'People's Republic of China: Past VIP Visits and Meetings' [「中華人民共和国：過去の要人往来・会談」], available at: <http://www.mofa.go.jp/mofaj/area/china/visit/index.html> (accessed 21 September 2015).

<sup>78</sup>CAO, 'Public Opinion Poll'.

<sup>79</sup>Cabinet Secretariat, 'National Security Strategy December 17, 2013' (Provisional Translation), p. 25.

<sup>80</sup>*Ibid.*, pp. 12–13; MOD, 'National Defense Program Guidelines for FY 2014 and Beyond', (Provisional Translation) (The 2014 NDPG), (17 December 2013), pp. 3 and 11.

<sup>81</sup>MOD, 'The 2014 NDPG', pp. 3–4.

<sup>82</sup>*Ibid.*, pp. 13–14.

'gray zone' situations, Japan aimed to create a Dynamic Joint Defense Force, which would further integrate land, air and maritime forces to effectively counter and defeat the threat through air and maritime superiority with ISR capabilities.<sup>83</sup> Furthermore, to strengthen its defense over the remote islands at sea, the SDF began to develop amphibious operation capabilities.<sup>84</sup> Japan's defense budget also increased to 0.8% in FY2013 for the first time in the past ten years, to 2.2% in FY2014 and to 0.8% in 2015.<sup>85</sup> Although these changes are rather modest, they illustrate Japan's political will to stand firm against China.

The external balancing, the US–Japan alliance, was also enhanced. Previously, Japan had gained a political assurance of the US security commitment to the *Senkaku* Islands from the United States as shown in President Obama's pledge in April 2014.<sup>86</sup> Nevertheless, there remained lingering uncertainty concerning possible fluctuation of US commitment due to its extensive involvement in global affairs, including Ukraine in Eastern Europe and ISIS in the Middle East. Therefore, rather than relying entirely on the United States for security, Japan pursued an alliance burden-sharing by relaxing its own constitutional constraints on its defense capability. Most notably, Japan enacted the 2014 'Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect its People', which allowed Japan to exercise a right of collective self-defense with a 'foreign country that is in a close relationship with Japan'.<sup>87</sup> Although this reinterpretation stipulates three new conditions to enact Japan's collective self-defense right,<sup>88</sup> it enabled Japan to exercise the right, which had been prohibited by the government's traditional constitutional interpretation since the post-war era.

Further, given that Japan is willing to expand its defense network with regional states to not only Australia and India but also the Philippines and Vietnam, Japan would be able to work with not only the United States but also a third party to repel attacks in the maritime domain in the future. Admittedly, there are still a number of political and military constraints existing in Japan to limit the pursuit of such a possibility, including the necessity of the Diet approval and Japan's lack of offensive and power projection capabilities. However, the debate over such a future policy option has become possible due to the reinterpretation of the constitution.

Also, Japan and the United States renewed the Guidelines for Japan–US Defense Cooperation in 2015 to further improve the 'software' of the alliance. Indeed, the guidelines institutionalized an Alliance Coordination Mechanism that enabled both states to conduct constant information sharing and situation assessment from peacetime to contingencies, aiming to facilitate seamless, effective responses to any situation, including a 'gray zone' situation.<sup>89</sup> While the guidelines stipulated that Japan's territorial defense was primarily its own responsibility and that the United States played a supporting role, it ensured that Japan and the United States will take cooperative actions in the case of an armed attack against Japan by a third party.<sup>90</sup> Although the guidelines are not legally binding, the agreement indicates that such a possibility can fall within the US–Japan security cooperation scheme.<sup>91</sup>

As such, Japan became more explicit in balancing against China. As the past Japanese defense policy indicates, however, this is more continuity than change. Most of the policy ideas had been set on Japan's political agendas for quite a long time. The 2010 NDPG was the first official document that officially and explicitly aimed to respond to China's assertiveness in the East China Sea, and a proposal to revise the US–Japan defense guidelines emerged when the DPJ gained political power in 2012. Considering

<sup>83</sup>*Ibid.*, p. 7.

<sup>84</sup>*Ibid.*, p. 19.

<sup>85</sup>MOD, 'Defense Programs and Budget of Japan Overview of FY2015 Budget', p. 50.

<sup>86</sup>The White House, 'Joint Press Conference with President Obama and Prime Minister Abe of Japan', (24 April 2014).

<sup>87</sup>Cabinet Secretariat, 'Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect its People', (1 July 2014), available at: [http://www.cas.go.jp/jp/gaiyou/jimu/pdf/anpohosei\\_eng.pdf](http://www.cas.go.jp/jp/gaiyou/jimu/pdf/anpohosei_eng.pdf) (accessed 15 December 2015).

<sup>88</sup>These are: (1) when an armed attack against a foreign country that is in a close relationship with Japan occurs, thus threatening Japan's survival and posing a clear danger of fundamentally overturning people's right to life, liberty and pursuit of happiness; (2) when there is no other appropriate means available to repel the attack and ensure Japan's survival and protect its people; and (3) use of force is to be limited to the minimum extent necessary (*Ibid.*).

<sup>89</sup>MOD, 'The Guidelines for Japan–US Defense Cooperation' (The 2015 Japan–US Guidelines), (27 April 2015), pp. 3–5.

<sup>90</sup>*Ibid.*, pp. 10 and 15.

<sup>91</sup>*Ibid.*, p. 2.



the increased number of Chinese activities in the East China Sea, the current security policy has not deviated from the trend of Japan's security policy evolution.

## Conclusion: Japan's balancing behavior toward China

Japan has constantly engaged in balancing behavior since the end of the Cold War rather than hedging, albeit its intensity has varied. Admittedly, there are two main counter-arguments for this proposition—Prime Minister Abe's substantial security policy shift and Japan's security policy as hedging. First, while Japan's security policy is rapidly evolving under the Abe administration, most of Japan's explicit balancing actions vis-à-vis China, such as the 2010 NDPG and the renewed Japan–US defense guidelines, have been initiated during the DPJ era because of the 2010 *Senkaku* Incident. Even before the incident, the idea of security networks with other regional states, including Australia and India, were set forth in the early and mid-2000s. Second, some argue that Japan has accepted economic risk with China as its economic dependence on China steadily increased in the post-Cold War era, and thus, it is hedging rather than balancing. However, while economic interaction between the two has been surely increasing in absolute terms, the economic risk that Japan accepted was not so substantial. Because Japan's overall trade dependency was rather small, its trade relationship with China does not drastically increase Japan's economic vulnerability to China.<sup>92</sup> Additionally, although Japan relied on China for particular materials, such as rare earths, it diversified such risks over time. For example, after the 2010 *Senkaku* Incident led China to conduct informal economic restrictions on exporting rare earths to Japan at a time when Japan relied on China for almost 80% of its supply of those resources, Japan diversified such risks by decreasing its reliance to approximately 50%.<sup>93</sup> This illustrates that Japan did not previously take a considerable risk to hedge against China.

Considering Japan's enduring balancing behavior toward China, it would be difficult for Japan to shift this security posture immediately in the near future. Specifically, the 2010 and 2012 *Senkaku* Incidents in the context of the changing regional balance of power in East Asia led Japan to conduct more-explicit balancing toward China. Addressing a potential fluctuation in the US security commitment to East Asia, Japan has moved to strengthen security networks with other regional states, although such relationships still fall short of being ready to activate in the event of traditional security contingencies. However, future crises in Sino–Japanese relations would create political momentum to further strengthen and enable these security ties to manage traditional security issues such as territorial disputes in East Asia.

That said, the possibility of large-scale conflicts between Japan and China remains low because of the existence of the US–Japan alliance; the supreme capabilities of the United States would function as a deterrent. The problem is, rather, that potential military accidents could trigger a rapid escalation into military conflicts, and thus, maintaining channels of communication becomes critically important. Fortunately, the Abe–Xi dialogues at APEC in November 2014 restarted the bilateral dialogues at various levels, including the Abe–Xi and Abe–Li meetings in April and November 2015, and the Japan–China Security Dialogue between the Japanese ministry of foreign affairs and ministry of defense on the one hand and the Chinese ministry of foreign affairs and ministry of national defense on the other. These dialogues could open a window of opportunity to establish a 'Maritime Communication Mechanism' to contain such accidental confrontations to a minimum. Although the 2010 and 2012 incidents have become large setbacks for Sino–Japanese relations, strengthening crisis management mechanisms between the two countries could be a source of bilateral confidence-building measures, preventing the emergence of a third negative critical juncture, and thus contributing to the stability of Sino–Japanese relations and regional stability in East Asia.

<sup>92</sup>See IMF *World Economic Outlook Database*, (April 2015), available at: <http://www.imf.org/external/pubs/ft/weo/2015/01/weo-data/index.aspx> (accessed 20 September 2015).

<sup>93</sup>Hornung, 'Japan's growing hard hedge against China', pp. 112–113.

## Disclosure statement

No potential conflict of interest was reported by the author.

## Notes on contributor

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