

Japan's foreign policy is heading into uncharted waters, driven there by the realization that Japan's world is profoundly different today from what it was only a few short years ago. This is a world that in regional terms is dominated by the inexorable rise of China, by the perceived threat posed by a nuclear armed and economically desperate North Korea, and by an accelerating trend toward East Asian economic integration. Globally, it is a world of political instability generated by failed or failing states and of incalculable dangers posed by the threat of global terrorism. It is a world in which Japan attaches overriding importance to managing alliance relations with a United States that is itself casting about for new strategies to contain mortal threats to its own national security and to enhance its prospects for long-term economic prosperity.

As is the case with domestic economic reform, change in Japanese foreign policy is incremental and halting, and the debate about where change should be taking the nation is characterized by ambiguity rather than by clearly articulated and differentiated positions. Public discussion of foreign policy and defense issues that once were regarded as taboo is contributing to a perception of Japanese foreign policy as becoming unhinged from its traditional moorings. And to be certain, a vague consensus has spread across the political spectrum in support of the idea that policies must change. For the moment, however, this is a consensus without direction, producing an image not so much of a shift as of a drift in Japanese foreign policy.

While some Western observers seem to have convinced themselves that Japan is about to veer off sharply to the right, Japan's East Asian neighbors are far less focused on the supposed dangers of a revival of Japanese militarism today than ever before. A host of factors have contributed to this important change in the atmospherics of Japan's relations with other East Asian countries. They include greater self-confidence on the part of Chinese and South Koreans, generational change, enhanced security cooperation between Japan and South Korea and the beginnings of a significant security dialogue between Japan and China, the promotion of regional economic integration, and early signs of interest in developing a regional political community through the so-called ASEAN+3 (that is, the ten countries in the Association of Southeast Asian Nations plus China, Japan, and Korea).

Regional concerns about the direction of Japanese security policy as a

result are now more practical than they are ideological. The question that preoccupies East Asian security specialists is not whether there will be a revival of prewar style Japanese militarism, but rather how to accommodate legitimate Japanese concerns about Japan's own security in a manner that is compatible with the security interests of its neighbors.

There has been a fundamental change in Japanese thinking about China in the past few years. Until only a few years ago, many Japanese business leaders viewed China's economic miracle with either skepticism or foreboding. They wondered whether it was sustainable, were nervous about risking major long-term investments there, and worried that China's economic competition would "hollow out" Japan's manufacturing sector and weaken Japanese competitiveness.

What is the situation today? China has supplanted the United States as Japan's largest import source and in all likelihood it will this year replace the United States as Japan's largest export market as well. Increasingly, Japanese businessmen have come to the view that a rapidly growing China, with a market of over a billion people, open to foreign investment and integrated into the global economy in a way that Japan itself is not, and only a short airplane ride away from Tokyo and Osaka, offers untold business opportunities. Japanese are moving their factories out of Japan and into China at a rapid clip, and Japanese exports to China now are the major source of profits for several of Japan's most important companies. China's economy has become a major engine of Japanese and global economic growth.

Convinced that China's economic power will continue to grow, Japan is rapidly moving away from viewing economic relations with China as a zero sum game, with every indicator of Chinese success an equally powerful indication of Japanese decline. Japanese business and governmental leaders have shifted with remarkable speed to the view that economic relations with China can be turned into a win-win game. There is no doubt an element of wishful thinking involved here, but the point is that the desire to create a win-win game is now driving Japanese policy, as it is driving the policies toward China throughout the rest of East Asia.

One does not hear much from Southeast Asians or from Koreans today about the dangers to their own economic prospects posed by China's economic rise. Quite to the contrary, Southeast Asian and Korean, not to

mention Taiwanese, trade with China is expanding rapidly. There is growing interest throughout the region in accelerating the negotiation of bilateral and regional free trade agreements and in strengthening regional organizations such as ASEAN+3.

The Japanese, who have championed global trade liberalization negotiations over bilateral and regional trade deals, have now concluded that further resisting the FTA trend is futile. Having concluded only one FTA so far, with Singapore, Japan is now anxious to make up for lost time. In order to do so, however, it has to begin to dismantle its extensive array of agricultural protectionism. To say that this will be contentious hardly does justice to the political heat that an effort to liberalize Japanese agriculture will generate. Nonetheless, Prime Minister Koizumi has signaled his understanding that Japan has no choice but to move in this direction if it is to be part of the new global regime of bilateral and regional free trade agreements.

All East Asian countries, each for its own reasons, desire a continued and visible US presence in the region. Access to American markets and American capital are of obvious importance and so too is the US political and security role in the region. For Japan, the US alliance not only carries with it a US commitment to deter North Korea. More importantly over the long-term, it secures a US political and military presence in the region, anchored in alliance with Japan, that is the sine qua non of any effort to balance growing Chinese power. For China, concerns that the US alliance with Japan indeed is intended to contain Chinese power are offset by a recognition that Japan's alliance with the US is preferable to Japan trying to provide for itself the kind of deterrent strength currently provided to it by the United States.

Postwar American policy-makers have been wary of developments in East Asia that implied the emergence of an East Asian community of which the US was not an integral participant. The United States vigorously opposed the creation of an East Asian Economic Caucus (EAEC) and squashed a Japanese proposal, made at the time of the Asian financial crisis in the late 1990s, for the creation of an Asian Monetary Fund. In security terms, the US-designed architecture for the region was based on the concept of a hub and spokes, with the US as the hub projecting its power throughout the region through bilateral alliances and arrangements with Japan, Korea,

the Philippines and others. This conceptual framework, which produces a kind of knee jerk negative reaction to East Asian community building, is in need of major overhaul.

The Bush Administration has been too preoccupied with Iraq and the war on terrorism to focus much attention on developing an East Asian regional strategy. Ironically, this has resulted in what appears to be a more benign stance than its predecessors adopted toward regional initiatives that exclude the US, such as ASEAN+3, which is the EAEC is all but name.

Something more than benign indifference is needed, however. The United States has potentially much to gain from the strengthening of a security dialogue and deepening cooperation among the nations of East Asia. Japan is not about to choose Asia over an alliance with the United States. Nor are Japan, South Korea or ASEAN countries, or China for that matter, desirous of an American economic or political withdrawal from the region. They are determined, however, to develop regional institutions and habits of cooperation. The United States needs to avoid creating the perception that it is seeking to obstruct such efforts.

It is in American interests, moreover, to find innovative ways to multilateralize the US security dialogue with East Asian countries. The six party (China, Japan, South Korea, North Korea, Russia, and the United States) talks on North Korea may provide a useful model. The Bush Administration initially adopted this approach because it did not want to negotiate with the North bilaterally, not because it thought six party talks offered a greater prospect of success. However, by drawing China directly into the effort to find a solution and by creating a framework for coordinating strategy in dealing with North Korea, this approach has proved far more useful than anyone anticipated. American policy makers now need to consider whether the six-party talks format can be utilized for the discussion of other regional security issues and be transformed over time into an institutionalized regional security forum.

US-Japan relations at the governmental level are in good shape, but it would be a mistake to dismiss the possibility of a serious deterioration as a result of miscalculation, inattention, or an inability to come to a common policy view on a matter that strikes at Japan's vital national interests. Public opinion in Japan is critical of the Bush Administration's Iraq policy, its unilateralism, and its evident disdain for the United Nations. It reluctantly

accepts Japan's support for US policy in the Middle East as the necessary price to pay for US attentiveness to Japanese concerns with regard to North Korea. To the extent that the strength of the bilateral relationship can be measured by the degree to which both countries embrace a common worldview, however, the relationship is more complex today than ever before.

Japan, of course, is not alone in trying to maneuver through the uncharted waters of international politics of the new century. No country, not even the world's most powerful, can navigate them safely alone. The sooner we accept this reality, the better off we all will be.