

Japan: A New Normal

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A New Normal

How is Japan affected by current geopolitical upheavals? As a major beneficiary and staunch supporter of the liberal international order, what is Japan's approach to preserving it? What diplomatic, military, and economic resources can Tokyo bring to bear, and what obstacles does it face?

Randolf Carr

“The existing order is being seriously challenged. [...] Changes in power balances, particularly in the Indo-Pacific region, are occurring,” reads the 2024 edition of Japan’s annual defense white paper. As a result, “Japan is facing the most severe and complex security environment since the end of World War II.”¹ Deeply invested in liberal internationalism and US primacy, Japan is especially perturbed by the end of the unipolar moment, the rise of China, and the prospect of a new multipolar order. However, Tokyo has also been preparing for that eventuality longer than most, with a multifaceted regional strategy to fortify a liberal rules-based order in the Indo-Pacific. Moreover, a raft of recent measures indicates Japan’s willingness to shoulder more responsibility for defending itself and the order it so highly values. However, mutually reinforcing domestic and international obstacles spell trouble for Tokyo’s well-intentioned initiatives.

Liberal Order in Crisis: The Biggest Loser?

In Japan, both policy-makers and the public view the global redistribution of power away from the US towards China and the so-called Global South with trepidation. Having strategically adapted to and worked within changing rules of the global landscape over the decades,² Japan is a quintessential status quo power. It is a big winner and chief supporter of US leadership in the liberal international order, which enabled Japan to globalize and prosper economically. The long unassailable US security umbrella over the Pacific allowed it to do so while eschewing some tools of “normal” middle-to-great-power politics, most notably significant defense budgets.³

To Japanese policy-makers, the “multipolarization” now touted as inevitable by some national leaders is associated with danger.⁵ In the Munich Security Index survey, 54 percent of Japanese respondents report feeling “concern” about



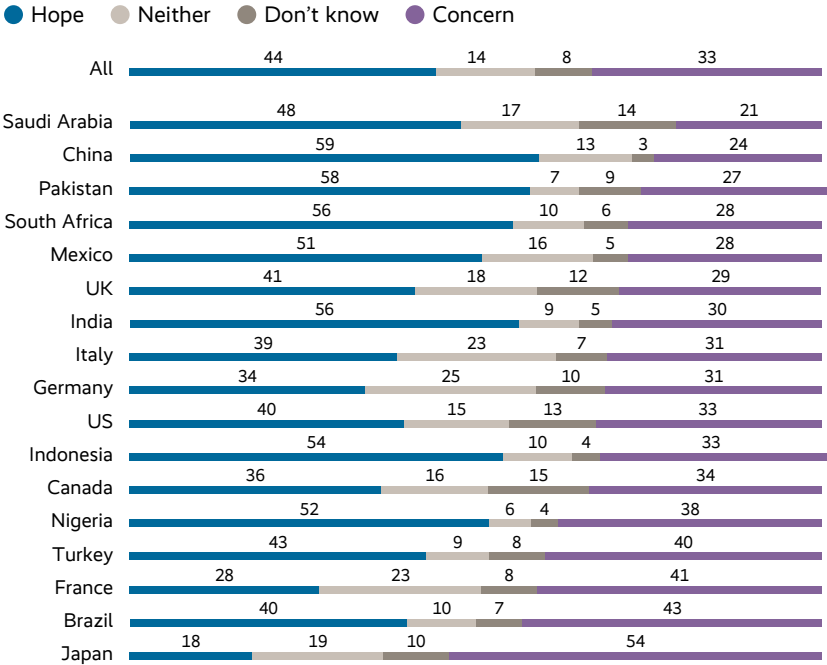
“The geopolitical crisis surrounding our country has risen to the point where war could break out at any moment.”⁴

Ishiba Shigeru, Japanese Prime Minister, Hudson Institute, September 25, 2024

the prospect of a multipolar world, the most of any country by a large margin (Figure 7.1). The crisis of international norms and institutions, rising political and economic illiberalism, a more dominant China, and, under President Donald Trump, more volatile great-power competition and a likely more erratic US role in Asia – all of these threaten the foundations of Japanese security and prosperity. Moreover, Japan’s three nuclear-armed neighbors – China, Russia, and North Korea – are growing more belligerent. North Korean missile tests reached record levels in the last three years, with many landing in the waters around Japan.⁶ In 2024, China and Russia stepped up military maneuvers around Japan, including violations of its seas and airspace.⁷ Most of all, Russia’s all-out invasion of Ukraine shook Tokyo’s strategic thinking.⁸ Japan vociferously condemns Moscow’s breach of the UN Charter and participates in sanctions on Russia. At nearly ten billion euros, it is Ukraine’s third-largest source of financial and humanitarian aid.⁹ Japanese leaders

Figure 7.1
Respondents’ hopes and concerns associated with multipolarity, July/November 2024, percent

Some say the world is moving towards multipolarity, where not only the US and China, but many other countries are influential players. If you think about a multipolar order, what is your dominant feeling?



The data for Indonesia, Mexico, Nigeria, Pakistan, Saudi Arabia, and Turkey is from July 2024. The data for the G7 and “BICS” countries is from November 2024.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

insistently warn that, if Beijing's designs on Taiwan or the South China Sea are not sufficiently deterred, "Ukraine today may be East Asia tomorrow."¹⁰

Thus, Japan might not only be the biggest strategic loser should the liberal international order break down; it is also a "frontline state" in the effort to maintain it.¹¹ Increasingly, Tokyo is stepping up its contributions.

Indo-Pacific Strategy: Be the Order You Wish to See in the World

Rather than let the Indo-Pacific become China's sphere of influence or a mere battleground of US-China competition, Japan has been doing its utmost to shape a multipolar, orderly, and rules-based region.¹² Since its inception in 2016, the Free and Open Indo-Pacific (FOIP) has been the strategic framework for Tokyo's efforts. These include promoting infrastructure investment, regional connectivity and integration, and capacity-building for maritime security, all while working to reinforce shared rules in those fields.¹³ Most notably perhaps, Tokyo catalyzed economic integration by taking a lead negotiating role in two regional free trade agreements in 2018 and 2022. The success of Japan's engagement strategy is evident in the Association of Southeast Asian Nations (ASEAN), Australia, several European nations, and, most importantly, India and the US all latching onto FOIP with their own strategy documents.¹⁴ Likewise, Japan has driven intensified cooperation in the Quadrilateral Security Dialogue with the US, India, and Australia and has embraced US-Japan trilateral formats with South Korea and the Philippines, respectively.¹⁵ To advocate for East Asian security concerns, Japan has also placed great importance on the G7, as the only Asian nation in the group, and has intensified cooperation with NATO. Since the Ukraine invasion, Japanese leaders have been regular guests at NATO summits and welcomed the idea of a liaison office in Tokyo.

The overall goal of Japan's FOIP, rather than explicitly containing China, is for the region's other powers to collectively counterbalance Beijing's growing influence. The more capable, interlinked, and invested in norms the countries in the region are, the more resilient they should be to Chinese coercion.¹⁷ Thus, while perhaps falling short of being a regional pole in its own right, Japan acts as a crucial catalyst of regional integration. Key to its "network power" is Japan's credibility: For ASEAN states, decades of Japanese trade and investment have yielded tangible benefits, and Japan holds "sterling credentials" as a model citizen of the liberal (trade) order.¹⁸ However, at a time when its rivals increasingly play hardball, Tokyo has also realized that diplomatic power alone is not enough.



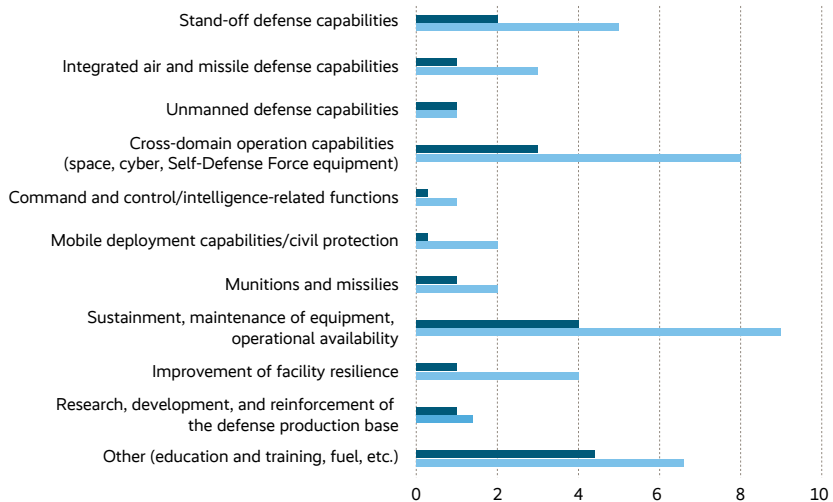
"Japan will continue to [...] make a proactive contribution to realizing and maintaining international peace and security, with a view to leading the increasingly divided and confrontational international community toward cooperation."¹⁶

Iwaya Takeshi, Japanese Minister of Foreign Affairs, press release, January 10, 2025

Figure 7.2

Japan's increased defense spending targets as of 2024, JPY trillions

- Under the previous plans (fiscal year 2019–2023)
- Under the Defense Buildup Program (fiscal year 2023–2027)



In 2024, on average, one trillion Japanese yen was equivalent to 6.6 billion US dollars
 Data: Ministry of Defense of Japan. Illustration: Munich Security Conference

Military and Economic Power: Just Act Normal?

In recent years, Japan has gone from fighting with one hand tied behind its back to punching closer to its weight. Efforts to loosen Japan's pacifist military restrictions first accelerated controversially under late Prime Minister Shinzo Abe and then took an ambitious leap in December 2022. A trio of new strategy documents outlines Japan's plans to increase defense spending from just over one percent of GDP to two percent by 2027. A substantial portion is allocated to acquiring "stand-off defense capabilities" – long-range missiles for counterstrikes into enemy territory – as a deterrent by the end of 2025 (Figure 7.2). In the fiscal year through March 2025, defense spending has climbed by 16 percent, despite economic growth of just 0.2 percent.¹⁹ Japan has also progressively relaxed its strict arms transfer limitations. Besides promoting defense exports, this has enabled Japan to engage in a number of new co-development projects in the past two years: a next-generation fighter with the UK and Italy, cruise missiles with Australia, missile interceptors with the US, and destroyers with Indonesia. While less wide-ranging reforms were highly contentious in earlier years, domestic opposition to the new defense plans is muted.²⁰ The invasion of Ukraine has driven home the fact

that the current security environment necessitates a more “normal” spectrum of defense capabilities and that “only countries willing to defend themselves will be helped by others.”²¹ Particularly with a view to keeping President Trump engaged in the US-Japan alliance, Tokyo is eager to demonstrate that it is pulling its weight.

Before its leap towards defense “normalization,” Japan had already adopted a more hard-nosed approach to its economic security. After becoming the target of Chinese economic coercion in 2010, Tokyo set itself goals of “strategic autonomy” – securing access to inputs for critical industries – and “strategic indispensability” – cultivating Japanese industries that hold choke points in international supply chains as a deterrent.²² Indeed, Japanese companies hold over 50 percent of global market share in many high-tech components.²³ Tokyo has also invested several billion US dollars into domestic semiconductor production.²⁴ Since 2022, Japan’s wide-ranging economic security legislation has served as a blueprint for measures in other developed economies. Japanese leaders have put resilience against economic coercion on the agenda in the

Figure 7.3

Respondents’ views on economic and technological power,
November 2024, share rating the respective country highly minus
share rating the country lowly



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference



“There is a great deal of respect and expectations for Japan. [...] However, at the same time, as Japan’s economic power weakens, and moreover, as China overtakes us, it seems Japan’s presence is losing the brilliance it once had.”²⁷

Kamikawa Yōko, former Japanese Minister of Foreign Affairs, press conference, August 20, 2024

G7 and NATO, and, at the prodding of the US, have themselves placed tough high-tech export restrictions on China. Consequently, Japan is still widely seen as an economic and technological powerhouse abroad (Figure 7.3), although its GDP is stagnating. Since 2014, annual growth has been just 0.6 percent on average and is expected to hover around that level until the end of the decade.²⁵ But even as its growth stalls, Japan has impactful levers in its economic toolkit.

Tokyo was toughening up its security policy even before the invasion of Ukraine prompted Europe’s *Zeitenwende*. However, the defense and economic measures of the last two years have spelled a real “security renaissance.”²⁶

Strategic Headwinds: Typhoon Season

Faced with new threats and a reeling liberal international order, Japan is doubling down on its networked Indo-Pacific strategy and adopting the defense and economic tools of a “normal” power. However, these efforts face such headwinds that they may sputter before really getting off the ground.

Domestically, Prime Minister Ishiba Shigeru leads a minority government after taking an electoral beating in October 2024.²⁸ How to finance the defense budget increases remains an unsolved problem, compounded by a historically weak Japanese yen diminishing Tokyo’s buying power.²⁹ Underlying all this are Japan’s aging society and weak economic growth. Ishiba appears to have little political capital for advancing his predecessors’ ambitious initiatives.³⁰ This is particularly true should Tokyo come under pressure from President Trump. Japan no longer has a “Trump whisperer” like the late Prime Minister Abe to wrangle a capricious US administration.³¹ The agreement governing financial support for US deployments on the islands is up for renewal in 2027, so Washington could press Tokyo to pay more for military protection.³² If Trump leans on bilateralism, some of Japan’s burgeoning trilateral cooperations with other Indo-Pacific powers may atrophy absent US convening power.³³ Recent geopolitical rapprochement with South Korea, always tenuous due to lingering historical issues, is already on life support as a Japan-skeptical government appears poised to take over in Seoul.³⁴ Finally, getting roped further into a US-China trade war could not just hurt Japan economically. It may also damage its standing with multi-aligned partners in Southeast Asia.³⁵

Japan might yet successfully overcome its internal limitations to continue down the path towards “normalcy.” But as it does, it may have to reckon with the fact that being surrounded not only by more belligerent rivals but also less stable partners is the new normal.

Key Points

- ① As a major winner of liberal internationalism, Japan views the current crisis of global order and the prospect of multipolarity with special concern.
- ② To fortify its neighborhood against domination by China, Japan has promoted regional norms and integration through its Free and Open Indo-Pacific strategy.
- ③ With its 2022 strategy overhaul and defense spending hike, Japan has taken a leap towards adopting defense capabilities that match its geopolitical weight.
- ④ In the economic realm, Japan's strong regional ties and economic security policies give it significant influence and agenda-setting power.
- ⑤ Domestic political and economic weaknesses and international headwinds may hinder Japan from fully implementing the security policy measures it initiated.

Quotations originally in British English have been adapted to American English. In some cases, stylistic adjustments were made to quotes.

Endnotes

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