



ALLIANCE POLICY COORDINATION BRIEF

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Working Toward a Free and Open Indo-Pacific

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China Risk and China Opportunity for the U.S.-Japan Alliance

How should the risks and opportunities presented by a continually rising, increasingly self-assertive China be addressed? This is a pressing issue for the international community, particularly for the United States and Japan, whose alliance has proactively helped form and maintain the liberal, rules-based international order for the past several decades.

To enhance mutual understanding and encourage effective policymaking, the Japan Forum on International Relations (JFIR) and the Carnegie Endowment for International Peace have convened a small group of U.S. and Japanese scholars to examine the risks and opportunities accompanying China's ascendance. This group includes China specialists, alliance experts, and authorities on trade and security issues in the Asia Pacific.

Led by Mataka Kamiya and James L. Schoff, the group has conducted research and facilitated dialogue since April 2017 through private roundtables and public symposia that seek to further U.S.-Japan cooperation and coordination on China policy. The project examines different perspectives between the alliance members and discusses ways in which Washington and Tokyo can effectively respond to China's rise. An accompanying series of policy briefs explores various China-related risks and opportunities for the U.S.-Japan alliance in the areas of regional and international order, trade and technology, security, and foreign relations. To learn more about the project, [click here](#).

JFIR, together with the project's U.S. team members, wish to thank the Japanese Ministry of Foreign Affairs and the Japan Foundation Center for Global Partnership respectively for their generous support, without which this project would not have been possible.

—Mataka Kamiya and James L. Schoff, Project Leaders and Co-editors

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Issue Background

Japan and the United States share a fundamental interest in maintaining prosperity, security, and a rules-based order in the world's most dynamic region: the Indo-Pacific. The region is a hallmark of diversity. It encompasses both developed and developing economies, democracies and authoritarian governments, continental and maritime powers, and a wide spectrum of alignments. These alignments range from formal alliances and small groups of like-minded countries to multilateral institutions aiming for broad consensus on the economic and political norms that should govern the region.

With such high stakes, Tokyo and Washington are grappling with thorny challenges facing the Indo-Pacific. The region's balance of power is increasingly contested as China seeks to enhance its economic and political influence and has employed coercive tactics that threaten to undermine enduring principles that Japan, the United States, and other countries hold dear.

Shaping dynamics in the Indo-Pacific requires Tokyo and Washington to adopt a comprehensive strategy that accounts for regional diversity, encourages adherence to shared principles, and incorporates tools to manage strategic competition with Beijing—no small task. Interactions in the region will ultimately exhibit elements of competition and cooperation with China, a delicate balance between deterrence and reassurance that presents both risks and opportunities for the allies. To tackle this challenge, Japan and the United States have used the umbrella term Free and Open Indo-Pacific (FOIP) as a framework for their respective regional strategies.

But the two countries' views on the inherent risks and opportunities are not aligned completely. Japanese Prime Minister Shinzo Abe in 2016 formally [introduced](#) the FOIP strategy as a network of nations and regional organizations that value freedom, the rule of law, and market economics that are “free from force or coercion” and serve as a foundation for peace and prosperity. The Japanese government often [emphasizes](#) that FOIP is not meant to counter Beijing's strategic inroads in the area of infrastructure development or contain China's rise more broadly.

Despite this caution, veiled references to Japan's concerns about China's aggressive behavior suggest FOIP arguably contains elements of an effort to manage regional strategic competition. The Abe administration recently released a new [defense strategy](#) that prioritizes advanced capabilities and places security cooperation with the United States and other countries under the FOIP framework. Yet the narrative about FOIP in Japan has generally [shifted away](#) from the term strategy toward descriptions of a “vision” or “concept,” in part to facilitate bilateral diplomacy with China but also due to a lack of consensus on exactly how FOIP should be defined.

Washington's response to date has been more forceful. U.S. President Donald Trump's administration signaled its embrace of FOIP in 2017 in a [speech](#) by then secretary of state Rex Tillerson, a speech that echoed Abe's goals for the region including peace, security, freedom of

navigation, and the rule of law. But unlike Japanese descriptions of FOIP, Tillerson's speech portrayed the China challenge as an overt threat to the interests of the international community. For example, he characterized China's development financing as "predatory economics." The administration's subsequent [National Security Strategy](#) and [National Defense Strategy](#) both stressed geostrategic competition with China as a battle between free and repressive visions of world order in the Indo-Pacific. Vice President Mike Pence further [amplified](#) the administration's views in another speech in October 2018.

Yet the Trump administration has also [outlined](#) an economic vision for the Indo-Pacific echoing the Abe government's emphasis on trade and investment, open access to sea lanes, and freedom from coercion. And despite the emphasis on strategic competition with China, U.S. officials have also [stated](#) that the FOIP vision conceptually need not preclude cooperation with China where possible. In fact, when Trump himself was asked to characterize the U.S.-China relationship after a June 2019 meeting with Chinese President Xi Jinping at the G20 summit in Osaka, Japan, he [said](#), "I think we're going to be strategic partners."

Despite this lack of clarity on FOIP's definition, the framework can be useful as a coordination mechanism for exploring ways Japan and the United States can align their respective strategic priorities in the Indo-Pacific. Less certain is the extent to which recent FOIP initiatives will ultimately support an integrated FOIP strategy for the U.S.-Japan alliance that reflects a shared approach to the China challenge and clearly defined objectives to guide alliance cooperation in the years ahead. U.S.-Japan dialogue and outreach to other regional stakeholders could prove critical in developing the FOIP concept and determining whether it can help shape Chinese behavior in favor of the existing rules-based international order.

The Stakes

The dilemma Japan and the United States face is that they benefit from economic interdependence with China but are concerned about Chinese assertiveness in the security and economic realms that could potentially shift the regional balance of power in the direction of a Sino-centric order. While Tokyo and Washington share the same overarching challenge and the same broad objectives, their responses have differed in notable ways, especially in the economic realm, as the policy debate in Washington now centers mainly on economic competition with China.

Japan's broad core FOIP objectives foster inclusiveness, in part to balance against China's rising power. These priorities include:

- enhancing strategic cooperation with countries that share Japan's security interests and a commitment to universal values, with the U.S.-Japan alliance as a cornerstone;
- promoting fundamental principles such as freedom of navigation and the rule of law;

- advancing prosperity by enhancing connectivity, including infrastructure development; and
- demonstrating a commitment to peace and stability in areas such as capacity building for maritime law enforcement and disaster risk reduction.

While the Japanese government has stressed that FOIP is not intended to contain China's rise, the Abe administration is striking a [delicate balance](#) between cooperation and competition with Beijing, while encouraging other regional stakeholders to embrace rules and norms presumably aimed at shaping China's behavior. From Tokyo's perspective, it is not yet clear whether Washington shares the same sense of subtlety required to successfully implement FOIP, or whether a constructive synergy can be created between the U.S. and Japanese approaches.

In contrast, the Trump administration's generally more confrontational approach could entail utilizing the FOIP construct to present a competing vision for regional order that strengthens U.S. alliances. But the sharp edge to the administration's rhetoric on China notwithstanding, the U.S. [FOIP objectives](#) are broadly reflective of Japan's priorities and include:

- enhancing shared prosperity through fair and reciprocal trade and private sector investment in the Indo-Pacific;
- advancing U.S. cooperation with regional partners in areas such as energy, infrastructure, and the digital economy;
- promoting good governance and civil society in areas that include preventing corruption; securing nations' autonomy from foreign coercion; promoting transparency, openness, and the rule of law; and protecting human rights and fundamental freedoms; and
- ensuring a peaceful and secure regional order that safeguards navigational rights and freedoms in the East and South China Seas; confronts common threats; protects shared resources; and upholds sovereignty.

An attendant challenge for the United States is to instill confidence in the sustainability of these objectives and the U.S. commitment to the region. The [Asia Reassurance Initiative Act](#) of 2018 documents U.S. support for FOIP and the rules-based international order. But Trump's absence from the East Asia Summit and Asia-Pacific Economic Cooperation (APEC) Forum in November 2018 arguably raised questions about the U.S. commitment to regional institutions as a platform for shaping diplomatic engagement on rules and norms under FOIP. The president's announcement that the United States was suspending bilateral military exercises with South Korea after the June 2018 summit with North Korean Supreme Leader Kim Jong Un, and his comments about potentially withdrawing U.S. troops from the Korean Peninsula, cast doubt on the U.S. commitment to maintaining a forward military presence and honoring alliance treaty obligations. And the administration's distaste for multilateral trade agreements in favor of bilateral negotiations could complicate efforts to generate consensus on FOIP's economic tenets.

Nonetheless, the overlap in FOIP principles suggests potential to enhance U.S.-Japan cooperation across the diplomatic, economic, and security domains. Bilateral dialogue on FOIP could also improve understanding of each other's perspectives on the risks and opportunities stemming from China's rise, and the extent to which FOIP should become an arena for both cooperation and competition with China. That process should begin by identifying both the issue areas where Japanese and U.S. approaches could diverge and those that might be ripe for further examination as possible FOIP initiatives. The following list, while not exhaustive, illustrates some of the core themes that could animate bilateral discussions on FOIP going forward.

Potential Risks

- **Differing Approaches to China Policy:** Tokyo and Washington have not followed the same path with respect to diplomacy with Beijing. Japan is seeking stability in its relationship with China and now frames FOIP as a concept rather than a strategy to emphasize inclusiveness and, according to some observers, avoid overt references to security concerns that could aggravate Beijing. Japan's rebranding of FOIP also reflects a desire to attract Southeast Asian nations wary of confrontational approaches to regional affairs.¹ Contrast this approach with the Trump administration's emphasis on strategic competition with China. It is possible that Tokyo's and Washington's assumptions about Beijing might not always converge, making policy coordination more challenging.
- **A Search for Robust Economic Engagement:** The Trump administration's withdrawal from the Trans-Pacific Partnership (TPP) and preference for bilateral trade negotiations could dampen the prospects for joint U.S. leadership with Japan in promoting standards for regional trade liberalization and economic connectivity under FOIP. Other forms of economic engagement might have to feature more prominently to strengthen U.S. economic leadership in the region. In 2018, for instance, the Trump administration announced the [Asia EDGE Initiative](#)—which stands for Enhancing Development and Growth through Energy—to promote sustainable and secure energy markets throughout the Indo-Pacific.
- **Room for Human Rights and Democracy Promotion?** While Japan and the United States both stress governance, the rule of law, and a rules-based order under FOIP, it is not clear whether both governments believe the promotion of [shared values](#) such as human rights and democracy should feature prominently in FOIP as an element of strategic competition with China. Central to that discussion is whether the governance pillar of FOIP should target democratic and [nondemocratic countries](#) in the region.

Potential Opportunities

- **Networking the U.S.-Japan Alliance:** Tokyo and Washington should examine FOIP in existing trilateral frameworks such as the official U.S.-Japan-Australia and U.S.-Japan-India dialogues. Trilateral strategic dialogue with South Korea is also critical to promoting shared perspectives on FOIP, though renewed tensions in Japan–South Korea relations complicate this endeavor. What’s more, the revival of the Quadrilateral Security Dialogue, or the Quad—which includes Australia, India, Japan, and the United States—affords opportunities for networking the FOIP vision given the [Quad’s origins](#) as a cohort of maritime democracies dedicated to providing public goods to the region in response to the 2004 Indian Ocean tsunami. Moreover, the networking dimension of FOIP should include ASEAN countries to seek a better understanding of regional sensitivities about strategic competition with China and interference in the domestic affairs of regional countries.
- **Supporting Infrastructure Development:** Tokyo has expressed a conditional willingness to explore [cooperation](#) with Beijing on infrastructure development through China’s Belt and Road Initiative (BRI) under certain conditions (transparency, economic viability, debt financing that does not entrap recipient countries, among others). This outreach indicates Tokyo’s desire to engage Beijing on the normative dimensions of economic development financing. In addition, Japan reached an [agreement](#) with the United States on infrastructure development and recently [agreed](#) to a trilateral initiative that also includes Australia to begin providing countries in the Indo-Pacific with alternatives to BRI financing. Infrastructure development initiatives under FOIP could prove instrumental for both engaging and [challenging China](#) by advancing common principles for [economic development](#) and enabling developing countries to choose their own economic paths free from coercion. In this respect, the cooperative and competitive elements of the China challenge could merge as the allies pursue dialogue with Beijing on rules and norms while also attempting to dilute its influence.
- **Fostering Regional Capacity Building:** Japan and the United States have identified capacity building as a regional priority and could further develop initiatives in areas such as maritime domain awareness and humanitarian assistance/disaster relief under FOIP. Continuing to emphasize shared humanitarian instincts and the provision of public goods has important strategic implications for FOIP in the context of strategic competition with China.

Conclusion

It may prove difficult to perfectly align the FOIP visions of Japan and the United States, but a bilateral process that helps identify areas of convergence and divergence could give Tokyo and Washington more flexibility to engage in novel ways and explore FOIP-related initiatives with other like-minded countries. Viewing FOIP as a coordinating mechanism rather than a formal, joint framework that defines specific alliance objectives might also heighten flexibility with respect to balancing strategic competition and engagement with China. FOIP's greatest strength could therefore be its ambiguity. Though the concept's ultimate composition may be unclear at this stage, it has already demonstrated promise as a means of developing mutually reinforcing if not identical approaches to various challenges in the Indo-Pacific.

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Notes

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- 1 Yuichi Hosoya, “FOIP 2.0: The Evolution of Japan’s Free and Open Indo-Pacific Strategy,” *Asia-Pacific Review*, Institute for International Policy Studies, 2019 (forthcoming).

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