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Beyond the Horizon? Japan's strategic interests in the South China Sea

Kei Koga

Abstract: Japan has a national interest in the South China Sea issue in. Although its direct commitment is ultimately limited in a material sense due to a lack of military capabilities as well as political and constitutional constraints on the Self-Defense Force, Japan has maintained its firm stance to uphold international maritime rules and norms and nurtured its strong diplomatic relations relationship with and conducted maritime capacity building programs to the Southeast Asian states as well as the Association of Southeast Asian Nations (ASEAN). These actions contribute to consolidating the rule of law at sea and helping those claimant states withstand pressures from China. Given the Trump Administration's unclear South China Sea policy and the Southeast Asia's strategic uncertainty, Japan becomes a key player in maintaining regional maritime stability in East Asia.

Keywords: Japan, South China Sea, East Asian Security, International Cooperation, Southeast Asia.

1. Introduction

The rise of China has facilitated intensive academic and policy debates over the future of East Asia in the past 10 years (Ikenberry 2008; Chan 2010; Mearsheimer 2010; Buzan 2010, Glaser 2011; Armitage and Nye 2012; White 2012; Shambaugh 2013; Acharya 2014; Christensen 2015; Zhao 2015). The competition between the United States and China has become the center of attention, yet the region's other major bilateral competition between Japan and China is also considered a significant variable to determine the future configuration of the regional balance of power in East Asia. There are divergences in interpreting Japan's behavior vis-à-vis China, such as balancing and hedging; however, the consensus is that Japan, along with the United States, attempts to shape China's behavior and incorporates it into the existing US-led international system (for example, Mochizuki 2007; Hughes 2009; Hornung 2015; Koga 2016). This is because Japan has gained political, economic, and strategic benefits from the existing international system that comprises of global institutions, such as the United Nations, the International Monetary Fund, and the World Bank, as well as regional ones, such as the North Atlantic Treaty Organization, and these benefits have ensured the US primacy in the world (Ikenberry 2012). Thus, it is in Japan's national interest to maintain this system.

Then, the question is, to what extent Japan is willing to uphold the US-led international system in the area—the South China Sea—where Japan's vital national interest might not be at stake? This question is important because the South China Sea has drawn international attention as one of the most important geostrategic factors in East Asia since the 2010s, when the great power rivalry between the United States and China became more visible. The most notable diplomatic contestation occurred at the ASEAN Regional Forum (ARF) in July 2010. Then-US Secretary of State Hillary Clinton argued, in response to China's statement that the South China Sea was her “core interest” in her previous meeting with Chinese high-ranking officials in March, that the United States had a “national interest in the freedom of navigation” in the South China Sea and shared such an interest with regional states belonging to the Association of Southeast Asian Nations (ASEAN) (Wong 2011; Yoshihara and Holmes 2011: 45-59; US Department of State 2010).

The United States, Japan's foremost ally, was determined to send a clear signal of its political commitment to peace and stability in the South China Sea due to two strategic developments in the region, namely, the rise of China's military and economic capabilities and the rise of China's assertiveness in the South China Sea. To be sure, the United States maintained its supremacy over China in terms of power resources, such as its economic base,

technological edge, military capabilities, and alliance network, and it will likely continue to do so in the foreseeable future (e.g., Beckley, 2011/2012; Nye, 2015); however, the degree to which the United States is willing to allocate such resources to East Asia, including the South China Sea, and Japan's posture are less clear.

This article argues that despite its increasing concern about China's assertive behavior over the South China Sea, Japan's military response would likely be constrained due to three limitations: limited power projection capabilities, the limited degree of Japan's maritime interest, and the limited effectiveness of international law, particularly the United Nations Convention on the Law of the Sea (UNCLOS). These constraints do not mean that Japan has no capabilities to patrol the South China Sea or no intention to deepen its involvement in the issue. Rather, Japan is likely to enhance capacity-building programs in Southeast Asian states, such as the Philippines and Vietnam, enabling them to increase their military and coast guard capabilities, and thus their deterrent effect. However, Japan's military action, such as regular maritime patrol, would likely be ineffective, or worse, counterproductive as it would give China a political justification to conduct more assertive behavior.

This article consists of three parts. First, it discusses the nature of Japan's maritime interests in the South China Sea. The article then analyzes Japan's commitments and limitations to ensure its interests. Lastly, the article examined the implications for Japan's South China Sea policy.

2. Japan's Interests in the South China Sea

Japan's major interests in the South China Sea are founded on various elements, ranging from its energy security concerns to its vision for the future of regional security architecture, and yet its main interests are three-fold: safeguarding the sea-lines of communication (SLOC), adhering to international rules and norms, particularly the freedom of navigation, and consolidating the US-led security system in East Asia. First, the most fundamental interest stems from protecting the SLOC in the South China Sea. As its major energy resource, Japan has been dependent on oil imported largely from Saudi Arabia, United Arab Emirates (UAE), Qatar, Kuwait, Iran, and Russia. As approximately 80 percent of its oil comes from the Middle East and passes through the South China Sea, any disruption of the SLOC in the South China Sea would have a negative economic impact on Japan (see METI 2017). In the 1970s, to alleviate this risk, Japan created a defense plan for 1,000 nautical miles of the SLOC. The plan was proposed by Prime Minister Zenko Suzuki in 1981 and enhanced by Prime Minister Yasuhiro Nakasone (Fukuda 2006, 154). Despite Japan's extremely cautious

defense posture, such plans became possible because its high energy dependency—more than half of Japan’s energy in the 1970s was from imported oil—and the oil crises of 1973 and 1979 made the socio-economic impact of disrupted overseas energy supplies clear to the government. The distance of 1,000 nautical miles from Japan, however, extends only up to the Bashi Channel and the northern maritime areas of the Philippines, and beyond this point, Japan has been dependent on the United States due to its own limited power projection capabilities (Akiyama 2013, 1).

To mitigate the risk of an SLOC disruption, Japan explored new energy alternatives. One of the most promising alternatives was nuclear energy, which accounted for approximately 30 percent of Japan’s electric power supply. However, after the 2011 Great East Japan Earthquake, which resulted in nuclear disasters caused by the meltdown of the Fukushima Dai-ichi nuclear power plants, the Japanese government substantially reduced its reliance on nuclear energy. In 2013, Japan’s dependence on nuclear energy was close to 0 percent (Agency for Natural Resources and Energy, METI 2016). Japan’s energy policy thus shifted from a nuclear-centered to an alternative-centered policy with an energy saving principle. However, the use of alternative energy is still in its embryonic stage of development. Japan’s reliance on traditional energy sources, such as coal, natural gas, and oil, remains high, and even today, Japan’s self-sufficiency for primary energy remains at only 6 percent, the 2nd lowest among OECD countries (METI n.d.).

In this context, it is in Japan’s national interest to ensure freedom of navigation over the South China Sea, given that approximately 87 percent of its imported oil and 59 percent of its imported natural gas come from the Middle East and Southeast Asia by way of the sea (METI 2014). Admittedly, the importance of the SLOC in the South China Sea for Japan does not necessarily remain constant. If Japan successfully explores or develops its own alternative energy sources, for instance, its dependence on oil and natural gas will naturally decrease and so will its dependence on the SLOC in the South China Sea. However, given the slow progress of alternative energy development and the political constraints on nuclear energy, Japan will likely remain dependent on imported oil and natural gas and thus on the SLOC in the South China Sea for at least the next decade.

Second, Japan’s interests in the South China Sea are related to its respect for the international rules and norms, particularly the United Nations Convention on the Law of the Sea (UNCLOS). As a maritime island nation-state in the Western Pacific, Japan has significant stakes adhering to the current maritime security regime. In fact, while Japan’s land area is only approximately 380,000 square kilometers, due to the Exclusive Economic Zone

(EEZ) regime, it encompasses approximately 430,000 square kilometers of territorial water and 4.05 million square kilometers of the EEZ, which is more than ten times its land area (Japan Coast Guard n.d.). Making the most of this vast EEZ, Japan enjoys the maritime resources, particularly minerals and fisheries, for its economic and social activities. Thus, to safeguard these maritime interests, Japan relies on international laws to regulate other states' behaviors and to prevent third parties from intruding or encroaching on its territory or disrupting its maritime rights. This reliance is illustrated by the fact that Japan proactively supported the UNCLOS by signing and ratifying it in 1996 after the convention in 1982 that went into effect in 1994.

Japan's maritime interests and respect for international law, however, go beyond its territorial waters and the EEZ. As previously stated, Japan's primary energy resources depend on the safety of the SLOCs via the South China Sea; therefore, Japan has attempted to formulate effective responses to maritime threats caused by non-traditional security issues, primarily piracy. In 2001, Japan proposed the creation of a legal framework to combat piracy in Asia, particularly in the Malacca Strait, by facilitating information sharing, capacity building, and bilateral negotiations for extradition, and in 2004, it successfully concluded the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP). Additionally, in 2009, when piracy near the Gulf of Aden posed grave threats to the SLOCs in the Indian Ocean and became a salient international issue, Japan conducted maritime security operations under the self-defense force (SDF) law and dispatched the Maritime Self-Defense Force (MSDF) under the authority of the United Nations (UN). In this way, Japan nurtured international rules and norms to protect maritime commons, particularly those related to the freedom of navigation in the SLOC.

Given the importance of the SLOC for Japan, the recent inter-state tension in the South China Sea among claimant states raises security concerns for Japan. There are shared interests even among claimant parties—China, Brunei, Malaysia, the Philippines, Vietnam, and Taiwan—such as ensuring the freedom of navigation in the South China Sea for economic activities, and it would be unlikely that they would engage in a large-scale conflict over the territory. Nevertheless, the fait accompli strategies that claimant states conduct despite the existing 2002 Declaration on the Conduct of Parties (DOC) in the South China Sea, which emphasizes self-restraint, have increased the tension among the claimant parties, the risk of accident, and the possibility of conflict. In such a circumstance, the freedom of navigation over the South China Sea would be severely hindered. Therefore, Japan

emphasizes the importance of international rules and norms in the maritime domain to regulate state behavior.

Third, Japan's interest in the South China Sea stems from its geo-strategic calculation that connects to the future configuration of the regional balance of power in East Asia. In fact, its long-term strategic interests hinge on the sustainability of the US-led regional system in the Asia Pacific region. Since the end of the Cold War, the United States, as the sole superpower in the world, has played a leading role in formulating and reformulating the regional security architecture in East Asia. From President Clinton's economic and political engagement to President Obama's "Pivot," the United States has forged the "liberal international order," which is "open and loosely rule-based" and is characterized as "cooperative security, democratic community, collective problem solving, universal rights, and shared sovereignty" (Ikenberry 2011, 18-19). This system has been largely supported by the US bilateral allies and partners in the region, and Japan has played a crucial role in sustaining such a system by providing military bases for the United States and assisting US power projection capabilities.

In turn, this US-led regional system and the US-Japan alliance have strategically benefitted Japan. Despite the occasional disagreements over their specific policy choices on economic liberalization and democratization processes, Japan and the United States share common strategic objectives and fundamental values, such as rule of law and human rights; thus, the alliance system has become a useful tool for Japan to coordinate its policies with the United States, promote their shared political values and strategic visions in the international community, and increase Japan's presence and reputation in the world. Furthermore, the US-Japan alliance helps reduce the financial and military burden that Japan would have incurred to procure its military equipment and maintain regional stability. The alliance has also made it possible for Japan to avoid altering its post-war defense posture, the exclusively defense-oriented policy (*Senshu Boei*) under Article 9 of the Japanese constitution and to pursue the "Yoshida Doctrine," concentrating its national efforts on economic development and elevating itself to become the second largest economy in the world. Although the disappearance of the Soviet threat at the end of the Cold War posed a question regarding the alliance's *raison detre*, the 1996 Japan-US Joint Declaration on Security recalibrated the alliance, expanding Japan's political and military roles and its geographical scope. In short, the US-Japan alliance has been politically, economically, and militarily beneficial to Japan.

However, the current strategic trend indicates that the rise of China is gradually changing this strategic landscape as illustrated in the East and South China Seas. For the

United States and Japan, China is challenging the status quo in East Asia and attempting to expand its sphere of influence through occasional unilateral actions. One such examples is China's behavior in the South China Sea and its posture toward the rule of law. Although China constantly argues for the importance of international law, the UNCLOS, and self-restraint in the South China Sea, China's increasing military/paramilitary capabilities have enabled its coast guard and navy to effectively deny the entry of foreign fishing boats and coast guards in the South China Sea. Furthermore, China's political and military tensions with other claimant states have heightened rapidly due to China's sporadic maritime stand-off and skirmishes with them, including the 2012 Scarborough incident between China and the Philippines. This concern persists because China has conducted fait accompli reclamation and militarization of its occupied areas, harassed fishery boats and military vessels of other states, and refused to recognize the South China Sea Arbitration Tribunal Award issued in July 2016. For China, the award is inconceivable because the Tribunal was established by the unilateral request of the Philippines; using China's "Nine Dash Line," the ruling touched upon maritime delimitation and territory, which should not have been ruled in accordance with the UNCLOS, and the Philippines violated the agreements between China and ASEAN, such as the DOC and the bilateral agreement to solve the issue through negotiation (Ministry of Foreign Affairs of the People's Republic of China, 2016).

China, Japan, and the United States all agree on a peaceful means to resolve disputes and the maintenance of "status quo"; however, the "status quo" has been constantly changing due to the gradual fait accompli strategy of China and other claimant states. If this trend continues, claimant parties' actions could trigger an accident, resulting in unintended conflicts among parties. Even if they can avoid direct conflicts, as China's scale and speed of land reclamation and militarization are faster and larger than those of other states, it is likely that China will be able to exert more influence over the South China Sea, which could shift the regional balance of power, at least at the perceived level. The danger is that if such a change occurs, China will attempt to reformulate the US-led regional system in East Asia. This reformulation would create new strategic uncertainty, that would weaken the roles of rules and norms, which contravenes on Japan's national interest, and thus, Japan has strategic interests in the South China Sea.

3. Japan's Commitment and Its Limitations

Given its three major interests, Japan is clearly willing to commit itself to maintaining peace and stability in the South China Sea. Japan has constantly stated the importance of freedom of

navigation and maritime security in the Asia Pacific region, as shown in Prime Minister Abe's five new principles for Japanese diplomacy and three principles of the rule of law at sea (Prime Minister of Japan and His Cabinet 2013; IISS 2014).¹ The question then becomes the degree to which Japan is willing to sustain stability in the South China Sea. To date, Japan has aimed at maintaining the status quo by assisting in the construction of a deterrence mechanism in several Southeast Asian states through capacity-building programs. Japan also diplomatically and economically engages and empowers Southeast Asian states to deter China's fait accompli (Koga 2016a). More specifically, Japan has the three-pronged policy: (1) coordinating its policy with the United States, (2) strengthening its bilateral security ties with Southeast Asian claimant states, and (3) engaging with ASEAN-led multilateral frameworks and other international frameworks. The main objective is to constrain China's behavior because Japan considers that China, as the major player, is capable of changing the status quo in the South China Sea to a greater extent than other claimant states.

First, Japan exploits its alliance with the United States to enhance its diplomatic and military leverage. Despite some political tension between the United States and Japan during the Hatoyama administration in 2009-2010, Japan has been successful in maintaining its strong ties with the United States. In fact, the bilateral summit meeting in 2014 issued a joint statement reconfirming the strong political and security ties between the United States and Japan, which publicly stated their shared concerns over the tensions in the East and South China Seas (The White House 2014). The issue of the South China Sea and East Asia as a whole was not the primary security focus for the United States during the Bush administration in the 2000s, but Japan seized the opportunity to strongly support the Obama administration's decision to increase the US commitment to East Asia by declaring the "pivot" or "rebalancing" policy toward Asia (Clinton 2011; US Department of Defense 2012, 2-3; Manyin, et. al, 2012, 4 and 10). This fact is well illustrated by Japan's statement to support the US' freedom of navigation operations (FONOPs) over the South China Sea in accordance with the international law (MOFA 2015). The operations have been conducted since 2011, and beginning on October 26, 2015, the United States conducted FONOPs in the South China Sea, namely, Subi Reef, Northeast Cay, Southwest Cay, South Reef, and Sandy Cay; the Fiery Cross Reef on May 10, 2016; the Paracel Islands on October 21, 2016; the Mischief Reef on May 26, 2017; the Paracel Islands on July 2, 2017; the Mischief Reef on August 10, 2017; and the Paracel Islands on October 10, 2017. As FONOPs are designed to challenge the excessive maritime claims, the United States challenges China's claims, although these challenges are not limited to China and involve other states, such as Indonesia,

Malaysia, Vietnam, and the Philippines (United States Senate, December 21, 2015). Furthermore, theoretically speaking, Japan's reinterpretation of Article 9 of the Constitution in July 2015 enabled Japan to exercise a collective self-defense right, and Japan now has an option to dispatch the SDF to protect its allies or partners in the South China Sea (Nihon Keizai Newspaper, November 22, 2015).

Second, Japan has attempted to strengthen its diplomatic and defense ties with each Southeast Asian state. There are three main objectives for this behavior. One objective is to gain political support for the existing maritime rules and norms from the Southeast Asian states. Another objective is to increase Southeast Asian states' defense capabilities through capacity-building programs. The last objective is that given the ASEAN's implicit, prohibitive norm to not become a military alliance, the Southeast Asian states are more comfortable discussing traditional security issues outside the ASEAN frameworks (Koga 2013 and 2015). The bilateral discussion is, thus, more advantageous because Japan can customize the depth of cooperation with each state, depending on their mutual interests. Indeed, this bilateral diplomacy has been successful, as Japan was able to pursue the strategic partnership with most of the Southeast Asian states, namely, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Thailand, and Vietnam. Although these partnership agreements fall short of a mutual defense agreement that formulates an alliance relationship, it became easier to discuss certain sensitive issues, such as the South China Sea, and a possibility of creating and enhancing capacity-building programs. To date, Japan has provided and intends to provide coast guard assets, such as patrol vessels and training programs to Southeast Asian states, including Vietnam, the Philippines, and Malaysia, thus buttressing their maritime domain awareness and deterrence capabilities against the encroachment activities of external actors in the South China Sea (AFP, August 18, 2016; MOFA 2016d; Jiji-Press, January 16, 2017).

Third, Japan engages with global and regional multilateral frameworks to consolidate the international maritime rules and norms in East Asia. This effort has been particularly strengthened under the Abe administration. The first attempt was to issue a joint statement of the ASEAN-Japan Commemorative Summit in 2013. This effort was important for Japan because the commemorative summit was held soon after China unilaterally declared the East China Sea Air Defense Identification Zone (ADIZ). Given the diverging political interests existing within the ASEAN, it was difficult to name a particular state or specific maritime event/incident in the joint statement, but the statement was able to iterate the importance of the freedom of navigation and overflight in the East and South China Seas and of

international law, including the UNCLOS (MOFA 2013). Japan also attempted to diplomatically create a regional consensus on China's assertive behavior through various ASEAN-led frameworks, such as the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers Meeting Plus (ADMM-Plus), and the Expanded ASEAN Maritime Forum (EAMF). Beyond its regional diplomacy, Japan also raised the issue of increasing maritime tensions in the East and South China Seas at international multilateral meetings. A case in point is the 2016 G-7 Summit in Japan. The G-7 member states agreed to voice their collective concerns about "the situation in the East and South China Seas" and to emphasize "the fundamental importance of the peaceful management and settlement of disputes" (The Government of Japan 2016a; The Government of Japan 2016b, 25).²

Despite these efforts, however, there are significant limitations regarding Japan's commitment due to three main factors: clear strategic priority, skewed defense capabilities, and limited effectiveness of international law. The first limitation derives from Japan's clear strategic priority. Simply put, the South China Sea is not Japan's highest security priority, as Japan faces more immediate strategic threats, such as North Korea's nuclear and missile development, the political tensions regarding the East China Sea maritime boundary, and the disputes over the Senkaku/Diaoyu Islands (Koga 2016b). Deeper commitment to the South China Sea will be difficult unless Japan can confidently manage these threats or possess extensive military capabilities to afford its presence in the South China Sea. Even if the South China Sea becomes an area of conflict, it is unlikely that Japan will recognize the issue as a "situation posing threats to survival" (存立危機事態) by which Japan could exercise the right to collective self-defense with other states (MOFA 2016b)³ because there are potential detours that Japan could take (The House of Representatives, Japan 2015). For example, the Japanese containers and the very large crude carriers (VLCCs) can take an alternative route of the Lombok Strait and the Makassar Strait, thus extending its rhumb for approximately 1,000 nautical miles, a situation that is economically bearable (Akimoto 2014). Obviously, if China conducts anti-access/area denial (A2/AD) in the South China Sea and threatens the Lombok-Makassar sea route, Japan must take the more distant route, namely, the Southern Australia-Western Pacific route, which extends the travel distance by approximately 5,200 nautical miles and substantially adds to the financial expense (Akimoto 2014).

China's A2/AD operation will clearly challenge the freedom of navigation, thus creating stronger diplomatic and military reactions from the United States that may lead to a

military standoff. In such a scenario, it is possible for Japan to prepare for logistical support to the United States under the US-Japan alliance and Article 95(2) in the amended Self-Defense Forces Act, which allows Japan to defend US or other states' military assets under the military activities relating to Japan's defense (MOD 2016a). Theoretically speaking, if a conflict ensues, the collective self-defense right can be then activated (Kotani 2015). Nevertheless, allocating Japan's defense resources to the South China Sea would likely overstretch its strategic reach; therefore, Japan's deep involvement in such a conflict is likely to be limited. Moreover, the conflict over the South China Sea would be detrimental to not only Japan's but also the region's, including China's, energy supply, and thus, although such a scenario cannot be entirely ruled out, the probability of a large-scale conflict remains low in the near future.

The second limitation stems from Japan's skewed defense capabilities. Given Japan's contingency plan in the Korean Peninsula and the Senkaku/Diaoyu Islands, its naval assets must be concentrated in the East China Sea. Admittedly, the Japanese MSDF has the naval capabilities to conduct frequent patrols in the South China Sea. Even now, Japan often makes a port visit to Southeast Asian states, including Vietnam and Singapore, and conducts joint military exercises in the South China Sea with regional states, such as the Philippines (e.g. *Defense News (Japanese)*, January 11, 2016; *Sankei News*, April 27, 2016). Japan can do this without dispatching additional naval assets to the South China Sea by rotating two P-3Cs and one destroyer from Djibouti, all three of which are allocated for their anti-piracy missions in the Gulf of Aden. Because these ships return to Japan every three months, there is a possibility for Japan to conduct regular patrols in the South China Sea with this timing. Still, it is unclear how sustainable and effective such a mission can be in checking and deterring China's increasingly assertive behaviors. Given its small military contribution, Japan's behavior can be effective only if other regional states, along with the United States, work together and validate the sustainability of their military and political commitment. If not, Japan's behavior can only provoke China's stronger reaction, and China could use it as political justification to continue its fait accompli militarization and land reclamation.

The third limitation is the limited effectiveness of international law. As previously discussed, Japan invests substantial diplomatic resources in upholding international maritime rules and norms in East Asia, including the South China Sea. The major part of such efforts is illustrated by Japan's immediate support of the 2016 South China Sea Arbitral Tribunal Award (Arbitral Tribunal 2016). Although the outcome of the tribunal negated China's legal standing over the South China Sea, China noted the illegality of the tribunal's legal process

and refused to accept any of the results derived from the process (Ministry of Foreign Affairs of the People's Republic of China 2016).⁴ For Japan, as the award was issued through formal legal procedures based on the UNCLOS, it should be accepted by the international community, and China's refusal should be internationally criticized (MOFA 2016c). However, in reality, the international community was unable to mobilize support for the ruling and failed to politically press China. Only Australia, Japan, Vietnam, and the United States clearly supported the award, whereas the ASEAN could not reach consensus, as most of the member states neither formally discussed the ruling nor clearly approved of it (Institute of Southeast Asian Studies Yusof Ishak Institute 2016, 1; Ministry of Foreign Affairs, Singapore 2016). ASEAN has yet to issue a joint statement regarding the award despite Japan's effort to stipulate the ruling in multilateral frameworks, such as the Asia-Europe Meeting (ASEM) and the EAS (*The Japan Times*, July 14, 2016; MOFA 2016a).

The ultimate weakness of international law stems from the lack of enforcement mechanism in the international community. As such, the decision to punish a violator at best depends on the political will of major powers that have material capabilities to do so. Weaker states thus are forced to reconsider their strategy when international law becomes toothless and does not safeguard their national interests. The case in point is the Philippine's policy shift after the inauguration of Rodrigo Duterte as President. President Duterte conducted a political rapprochement with China and engaged in bilateral negotiations. To be sure, this maneuver on the part of the Philippines alleviated the bilateral tension with China and stabilized the situation. Additionally, the positive trend emerged as ASEAN has completed its discussion with China about the framework of the Code of Conduct (CoC) in the South China Sea in August 2017, and the political traction to create the CoC is revitalized. However, the framework still falls short of "legally binding" agreements and is a work in progress (Storey 2017). Moreover, this political act can potentially defy Japan's foreign policy objective in East Asia, which is to consolidate the rule of law in the maritime domain. If this political arrangement between ASEAN and China is destructed by any claimant states' misbehavior in the South China Sea, it would likely create the regional perception that politics can always negate the viability of international law, create strategic uncertainty, and trigger the power politics in the sea.

4. Conclusion: Geostrategic Trend and Future Implications

Considering Japan's interests, capabilities, and level of commitment to the South China Sea, it is evident that Japan has political, economic, and security interests, but these interests do

not propel Japan to reorder its strategic priority. This is because Japan has other priorities, such as preparing a contingency plan for immediate security issues over the East China Sea and the Korean Peninsula. Moreover, if Japan begins to fully commit to a regular joint patrol with other states in the South China Sea, its defense resources could be easily overstretched. Certainly, Japan's mid-term defense plan of 2014 indicates that Japan has shifted its defense focus to air and maritime areas, including the enhancement of ISR (Intelligence, Surveillance, and Reconnaissance), submarine operations, air defense, and amphibious capabilities (MOD 2014). The Abe administration has also attempted to increase its defense budget, which experienced a gradual decline in the 2000s (MOD 2016b, 3). Nevertheless, its defense capabilities remain limited because substantial political, legal, and constitutional constraints on Japan's use of force remains and the increase in its defense budget only returned to its 2003 level, which does not have a significant impact on Japan's defense assets. In addition, there are other pressing socio-economic obstacles, such as demographic changes and economic reforms, that Japan must overcome to enhance its defense capabilities.

Another concern is US commitment. The US presence in East Asia has been the key to maintain the regional balance of power. However, US President Donald Trump remains unclear on the US Asia policy, including its policy toward the South China Sea, except for the withdrawal of the US from the Trans-Pacific Partnership (TPP), the demand for further financial burden-sharing with Japan and other allies in the region, a tough economic policy toward China and a coercive diplomacy toward North Korea (Gray and Navarro 2016; The Trump Organization n.d.; *CNN Politics*, January 21, 2017). Furthermore, Trump's foreign policy mottos, such as "America First" and "peace through strength," do not necessarily ensure continuous US commitment to the region.

In response to these geostrategic trends, tentative and subtle policy shifts emerged. The Philippines tentatively set aside the arbitration ruling and engaged in bilateral dialogues with China, thus concluding the economic cooperation agreement. Malaysia began to further strengthen its economic and defense cooperation with China by procuring four Littoral Mission Ships from China, thus concluding several infrastructure investment agreements (Blake and Adam 2016). Vietnam also concluded 15 agreements with China, which included a joint vision statement on defense cooperation through 2024 (Ministry of National Defence, Socialist Republic of Vietnam 2017; *Viet Nam News*, January 13, 2017). Of course, these states have never denied the arbitration ruling, and they tend to hedge against the risk of China's assertive actions by strengthening political, economic, and security ties with external states, including Japan. Still, this tentative, tactical accommodation toward China reflects

Southeast Asian states' perceptions of increasing strategic uncertainty and risks in East Asia. The downside of this diplomatic behavior is that not only does it weaken the momentum to discuss the implementation of the tribunal ruling, but it also hampers the creation of the effectiveness of the rule of law.

In this context, it is difficult to rule out the possibility that China will restart reclamation in its occupied islands, militarize the islands by deploying air and naval assets, or declare the South China Sea ADIZ. For some, China would likely create its “strategic triangle,” connecting the Woody Islands, the Fiery Cross Reef, and the Scarborough Shoals, in the South China Sea (Koda 2015). While the bases that China constructed in its occupied areas are vulnerable during war time, they can effectively maintain air and sea control in peacetime. Because the ongoing maritime contention and competition occur under the situation called the “gray zone”—a situation where military assets are not fully mobilized, but paramilitary or law enforcement capabilities, such as coast guard assets, are employed to engage other states' vessels—these bases will provide China a strategic advantage. If China's “strategic triangle” denial capabilities, or those of a similar area, are implemented, it will be more difficult to maintain the status quo or roll back to the status quo ante in the South China Sea.

Then, in the context of the gradual power shift caused by the rise of China and the uncertainty of US sustainable commitment to East Asia, does Japan accept China's increasing control over the South China Sea? While it is unlikely that Japan explicitly accepts such control, it will be difficult for Japan to physically roll back China's de facto control, as Japan's strategic priority is likely to remain constant. Militarily, it is unlikely that Japan will substantially allocate its naval assets to the South China Sea. Even if Japan decides to do so, it will be within the collective efforts of other regional states because it needs to allocate most of its military assets nearby for the defense of Japan. As such, Japan's strategic advantage rests in its diplomacy, through which Japan consistently emphasizes the importance of rule of law, the UNCLOS, and the South China Sea arbitration ruling.

Obviously, Japan's diplomatic effort continues to strengthen its security ties with Southeast Asian states through capacity-building programs and facilitate ASEAN's efforts to finalize and implement the CoC. Additionally, Japan keeps advocating the importance of existing maritime norms and rules through bilateral and multilateral settings. Although the effectiveness of the capacity building programs for coast guards cannot be realized overnight, Japan's long-term commitment to the Southeast Asian states can contribute to increasing their defense capabilities in the South China Sea. Additionally, now that the Three Principles on

Transfer of Defense Equipment and Technology has been created, Japan can consider the possibility of providing a naval capacity-building program and naval assets to the ASEAN member states, if the states desire to procure them (see MOFA 2014; Koga 2017). At the same time, this course of action has the risk of diplomatic isolation if regional states remain silent and the United States distances itself from the South China Sea issue. Nevertheless, if Japan's ultimate goal is to consolidate international maritime rules and norms in East Asia, it is necessary to keep the windows of opportunity open by continuously advocating their importance, so that Southeast Asian states can support the rules and norms explicitly when they are prepared to do so.

The South China Sea issue is one of the pivotal geostrategic points that shape the regional balance of power in East Asia. The emergence of the Trump administration and the Southeast Asian states' policy shifts illustrates increasing strategic uncertainty and accelerates the perceived regional power shift. To alleviate these geostrategic disruptions, it is important to provide stable expectations of state behavior to regional states, which the rule of law can contribute to consolidating. Although militarily limited, Japan will likely continue to diplomatically promote maritime rules and norms for its own maritime interest and regional stability.

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¹ The three principles are (1) states shall make their claims based on international law; states shall not use force or coercion in trying to drive their claims; and states shall seek to settle disputes by peaceful means.

² Also, one month before the summit, the G7 Foreign Ministers issued the joint statement on Maritime Security.

³ Japan’s “three new conditions” for use of force is: (1) When an armed attack against Japan occurs or when an armed attack against a foreign country that is in a close relationship with Japan occurs and as a result threatens Japan’s survival and poses a clear danger to fundamentally overturn 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 protects its people, and (3) Use of force should be limited to the minimum extent necessary* As a matter of course, use of force must be carried out while observing international law. In certain situations, this is based on the right of collective self-defense under international law.

⁴ China refused the outcome of the Arbitral Tribunal as soon as it was issued.