Within the past decade or so, Japan’s foreign policy has become more proactive and assertive than it was during the cold war, placing greater emphasis on non-economic sources of power. Changing bilateral relations with all four BRICs are both causes and consequences of this newly assertive foreign policy stance. Japan’s relationship with China is both the most important and the most complicated of the four. At the core of complexity is Japan’s deep ambivalence about whether to treat China’s economic rise as a threat or an opportunity. Japanese policy has consequently veered between engagement and confrontation, with the paradoxical result that while bilateral trade has exploded, diplomatic relations are the worst in memory. Japan’s relations with Russia display a similar if less pronounced ambivalence. Largely as a consequence of heightened concerns about the threats from China and Russia, Japanese policy makers have begun to see the potential of both India and Brazil as useful counterweights, a view that coincides with the newly-articulated “values diplomacy” that stresses the importance of shared democratic values. However, India and Brazil remain relatively unimportant trading partners for Japan.

Key words: Japan, foreign policy, international relations, BRICs
Introduction

For much of the cold war, Japan’s foreign policy was guided by the “Yoshida Doctrine” of pacifism, deference to and security dependence on the United States, and a nonconfrontational diplomatic style.\(^1\) Within the past decade or so, however, Japan’s foreign policy has become more proactive and assertive, placing greater emphasis on noneconomic sources of power, both “hard” military strength and “soft” diplomatic and cultural assets. Scholars attribute this shift from “reactive state” to “reluctant realist” to many causes. Globally, the end of the cold war meant that unquestioning U.S. protection could no longer be taken for granted. Regionally, new challenges include a rising China, a resurgent Russia, and the nuclearization of the India-Pakistan standoff, as well as increased threats from North Korea. Domestically, economic stagnation increased Japan’s sense of vulnerability and provoked rising nationalism even as the pacifist left collapsed.

Changing bilateral relations with all four BRICs are both causes and consequences of this newly assertive foreign policy stance. Changing relations with China and to a far lesser extent Russia did much to provoke the policy shift, while relations with India and Brazil are being transformed by it. Japan’s relationship with China is both the most important and the most complicated of the four. At the core of the complexity is Japan’s deep ambivalence about whether to treat China’s economic rise as a threat or an opportunity and, if the former, whether the main threat stems from China’s economic and military power or from the regional instability that would follow an economic or political collapse. Japanese policy has consequently veered between engagement and confrontation, with the paradoxical result that while bilateral trade has exploded—China is now Japan’s largest trading partner—diplomatic relations are the worst in memory. Japan’s relations with Russia display a similar if less pronounced ambivalence. Russia’s energy resources and economic vibrancy are increasingly attractive to Japanese corporations, and trade is rapidly increasing, but longstanding territo-

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\(^1\) The doctrine was named after its leading proponent, Yoshida Shigeru, prime minister in 1946 and again from 1948-1954. His grandson, Aso Taro, recently served as foreign minister.
Rival disputes and mutual distrust mar the relationship. Largely as a consequence of heightened concerns about China, Japanese policy makers have begun to see the potential of both India and Brazil as useful counter-weights. Japan enlisted both as allies in the bid to win permanent seats on the United Nations Security Council. Closer relations were also part of the recent Foreign Minister Taro Aso’s “Values Diplomacy” which, as part of Japan’s contribution to the “War on Terror,” stressed shared values of democracy and human rights. However, although both trade and foreign direct investment with India and Brazil have increased rapidly in recent years, they remain relatively unimportant economic partners.

The next section of the article takes a “top-down” look at Japan’s post-war foreign policy and explores the causes of the new assertiveness. I then examine the shift from the perspective of the BRICs, beginning with an overview of Japan’s trade relations with the four and going on to explore each bilateral relationship.

**Post-War Japanese Foreign Policy**

*Keeping a Low Profile*

For most of the post-war period, Japan’s foreign policy was guided by the “Yoshida Doctrine,” formulated by Prime Minister Yoshida Shigeru in the early 1950s. The guiding principles were: pacifism, institutionalized in Article 9 of the constitution, which prohibits the maintenance of armed forces and the use of armed force as a means settling international differences; the security alliance with United States, whereby Japan receives military protection in return for unquestioning support for U.S. foreign policy; and a mercantilist focus on export-led economic growth. Japan undertook few independent diplomatic initiatives, even when, by the late 1980s, it had become one of the two richest countries in the world. Many Japanese bemoaned their nation’s status as an “economic giant but a diplomatic dwarf.”

Scholars disagree on how to characterize this stance. Some saw Japan as a “reactive state,” unable to initiate proactive foreign policies either because of the particular configuration of domestic
political institutions or an anti-militarist culture. Others viewed Japan’s low profile as a smart strategic choice, observing that the strategy of nonconfrontation coupled with the adroit use of economic power to secure natural resources delivered unprecedented levels of peace and prosperity at very low cost in either blood or treasure. On this view, Japan deliberately choose not to exercise international influence commensurate with its economic might, but focused entirely and highly successfully on achieving the goals of security, access to raw materials, and open export markets.

Either way, the relatively consistent application of the Yoshida Doctrine masked a number of fundamental divisions over foreign policy that have recently become very apparent. On security, the spectrum runs from pacifists to militarists who wish to repeal Article 9 and acquire offensive military capability. A second axis of disagreement concerns the U.S. alliance. Most of the foreign policy establishment, including the current administration, embraces the U.S.-Japan alliance as of preeminent importance. Others argue for greater independence from the United States. This group ranges from right-wing nationalists, who dislike the dependency and “big brother-little brother” nature of the partnership, and left-wing pacifists who dislike U.S. militarism and fear that the relationship puts Japan in danger of

retaliatory attack from America’s many enemies. In particular, many are concerned with the difficulty of managing independent relations with China and Russia while always hewing to American policy. A third, broader division is about national identity: Should Japan see itself as internationalist, Asian, or nationalist, and what would this imply for policy toward multilateral institutions and regional problems?

Such strategic questions about ends are tied to concrete questions about means. How much should Japan follow the United States in unpopular policies such as the Iraq war? Is confrontation or cooperation the best approach toward China? And what sources of power beyond economic leverage can and should Japan cultivate? Should Japan abolish Article 9, and if so, should it rearm? How can Japan cultivate “soft power” resources generated from such diverse sources as her democratic history, successful model of economic development, and the successful export of pop culture?

Beginning in the early 1990s, however, a series of events (both unfortunate and fortunate) dramatically altered circumstances at all levels—international, regional, and domestic—and brought Japan’s underlying foreign policy disagreements to the political foreground. Collectively, these changes are forcing a fundamental reevaluation of Japan’s basic foreign policy strategy. At the international level, the end of the cold war removed the *raison d’etre* of the U.S.-Japan security relationship. While some saw the collapse of the USSR as removing the need for a strong army, many feared that the United States would no longer be willing to provide unlimited security, paradoxically increasing the need for remilitarization. Japan’s botched response to the first Gulf War of 1990 provided a specific catalyst for serious debate about future security issues. While Japan’s contribution of $13 billion dwarfed that of other countries, it was still widely criticized as “check-book diplomacy” that did not make up for the failure to provide troops. Later, the 9/11 World Trade Center attacks, the U.S. “War on Terror,” and the U.S. invasions of Afghanistan and Iraq altered the international security context.

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yet again, drawing attention both to the continuing need for conventional military forces and the potential dangers of active engagement in the outside world.

At the regional level, China’s phenomenal economic and military growth was by far the most significant development in prompting Japan to rethink its security. In addition, the increasing aggressiveness and nuclear ambitions of the Democratic People’s Republic of Korea (DPRK), nuclear tests conducted by both India and Pakistan, and political upheavals in Russia all heightened Japan’s perceived need for a proactive regional security policy. Finally, the Asian financial crisis of 1997-1998 brought home the desirability of proactive management of regional economic affairs.

Domestic political changes since the 1990s have also facilitated a more assertive foreign policy. Most significantly, the pacifist left has been decimated. The Socialist and Communist parties’ combined shares of the national vote fell from 32 percent to 13 percent between 1990 and 2005, or from 156 seats in the House of Representatives to just sixteen. In their place, the main opposition party is now the Democratic Party of Japan (DPJ), led by Ozawa Ichiro, a former Liberal Democratic Party (LDP) hawk who has long been prominent among those calling for Japan to become “a normal nation” with military capability and an independent foreign policy. The conservative LDP has remained electorally successful, despite briefly losing control of the House of Representatives in 1993 and most recently losing control of the House of Councilors to the DPJ in July 2007.

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9. In 1990 there were 512 seats allocated in single-vote multi-member districts. Following electoral reforms in 1994 there are now 480 seats allocated by a mixture of single-member districts and proportional representation.
The LDP’s popularity, however, has been in constant decline. While the LDP won 61 percent of the seats in the 2005 House of Representatives elections, its share of the national vote was just 38 percent. Greater electoral vulnerability prompted a number of LDP candidates to play to the base, abandoning the party’s “catch-all” blandness and actively invoking hot-button foreign-policy issues such as patriotism, constitutional revision (code for abolition of Article 9), and confrontation with China and the DPRK. This trend was reinforced by the economic recession of the 1990s, which dealt a severe blow to Japan’s self-confidence and helped fuel popular nationalism.

In terms of internal LDP politics, the Tanaka faction supporting the “look East” policy of good relations with China, lost ground in the 1990s and early 2000s to more conservative factions that were more hostile to both China and especially the DPRK. Prominent hawks include the highly popular maverick Koizumi Jun’ichi (prime minister from 2001 to 2006) and Abe Shinzo (prime minister from 2006 to 2007). It should be noted, of course, that the hawkish shift in domestic politics did not occur independently of, or causally prior to, the changes in the international environment described above. The electoral success of hawks such as Koizumi and Abe was in part a reflection of the rising and genuine fear felt by significant numbers of Japanese voters toward their neighbors. However, Abe’s disastrous loss in the 2007 House of Councilor’s election suggests that recent LDP leaders were more hawkish than the general public. The recent accession to the prime ministership of Fukuda Yasuo, a pro-China dove, also demonstrates the limits of China-baiting as an electoral strategy. In any event, though, foreign policy is a more salient political issue now than at any time since the 1960 fight over the U.S.-Japan Security Treaty.

12. A pre-election poll revealed that only 14 percent of voters thought constitutional revision—Abe’s pet policy—was a pressing national problem, and of those 80 percent opposed abolition of Article 9. “Candidates Say Pension Problems will be Top Issue,” Mainichi Daily News (Tokyo), July 14, 2007.
A New Foreign Policy Assertiveness

In response to these changes, Japanese foreign policy has become noticeably more proactive and assertive. This turn towards what Michael Green terms “Reluctant Realism” has many aspects. Japan has sought greater diplomatic status by demanding a permanent seat on the United Nations Security Council. The military has been improved both operationally (e.g., deploying new anti-ballistic missile systems) and institutionally (e.g., the upgrading of the Japanese Defense Agency in 2007 to the status of ministry, bringing the head of the armed forces into the cabinet for the first time since 1950). In 2000, Prime Minister Koizumi established a panel to investigate constitutional revision and the elimination of Article 9.

At the policy level, Koizumi pushed constitutional boundaries by committing Self Defense Force personnel to the occupation of Iraq in the face of largely hostile public opinion, while Abe gained enormous popularity by his aggressive confrontation with North Korea over the “abductee issue” when the DPRK announced the existence of several Japanese citizens kidnapped in the 1970s. Both leaders have also ratcheted up nationalistic rhetoric, infuriating their Asian neighbors with unapologetic comments about World War II. The epicenter of these controversies is the Yasukuni Shrine, a nationalist icon enshrining all Japan’s war dead, including several convicted war criminals. Koizumi made annual official visits to the Shrine, provoking furious complaints from China and Korea.

Japanese Foreign Policy and the BRICs

In what ways have the BRICs influenced, or been influenced by, these developments? First, we should note that Japanese poli-

cy makers do not view the BRICs as a uniform bloc. Strategically, there is official recognition of only three of the group. The 2007 Defense of Japan White Paper declares: “The emergence of China and India and the resurgence of Russia should be regarded as major opportunities for international collaboration and cooperation . . . any moves made by these powers could have a significant impact on the security environment.” Economically, moreover, the relative importance of each to Japan varies enormously. Table 1 shows how much or how little each BRIC has grown in relative importance to Japan as a trading partner. The differences are striking. China’s importance has grown enormously in the past decade, buying 5.1 percent of Japan’s exports in 1997 and 14.3 percent in 2006. Imports from China rose from 12.4 to 20.5 percent of Japan’s total imports in the same period. On the other hand, imports from both Brazil (which fell from 1.1 to 0.9 percent) and India (also down from 0.8 to 0.76 percent) are both small and shrinking in relative importance. Brazil has also fallen in importance as an export destination, and although Russia and India

Table 1. Japanese Merchandise Trade with the BRICS, 1997-2006

<table>
<thead>
<tr>
<th></th>
<th>Imports from Brazil</th>
<th>Exports to Brazil</th>
<th>Imports from India</th>
<th>Exports to India</th>
<th>Imports from China</th>
<th>Exports to China</th>
<th>Imports from Russia</th>
<th>Exports to Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>1.10</td>
<td>.7</td>
<td>.8</td>
<td>.5</td>
<td>12.4</td>
<td>5.1</td>
<td>1.2</td>
<td>.24</td>
</tr>
<tr>
<td>1998</td>
<td>1.0</td>
<td>.67</td>
<td>.8</td>
<td>.6</td>
<td>13.2</td>
<td>5.2</td>
<td>1.0</td>
<td>.25</td>
</tr>
<tr>
<td>1999</td>
<td>.87</td>
<td>.5</td>
<td>.7</td>
<td>.6</td>
<td>13.8</td>
<td>5.6</td>
<td>1.2</td>
<td>.12</td>
</tr>
<tr>
<td>2000</td>
<td>.8</td>
<td>.5</td>
<td>.7</td>
<td>.5</td>
<td>14.5</td>
<td>6.3</td>
<td>1.2</td>
<td>.12</td>
</tr>
<tr>
<td>2001</td>
<td>.73</td>
<td>.6</td>
<td>.63</td>
<td>.5</td>
<td>16.5</td>
<td>7.7</td>
<td>1.1</td>
<td>.17</td>
</tr>
<tr>
<td>2002</td>
<td>.8</td>
<td>.44</td>
<td>.6</td>
<td>.4</td>
<td>18.3</td>
<td>9.6</td>
<td>1.0</td>
<td>.22</td>
</tr>
<tr>
<td>2003</td>
<td>.75</td>
<td>.4</td>
<td>.56</td>
<td>.5</td>
<td>19.7</td>
<td>12.2</td>
<td>1.1</td>
<td>.38</td>
</tr>
<tr>
<td>2004</td>
<td>.8</td>
<td>.4</td>
<td>.6</td>
<td>.5</td>
<td>20.7</td>
<td>13.1</td>
<td>1.3</td>
<td>.56</td>
</tr>
<tr>
<td>2005</td>
<td>.85</td>
<td>.46</td>
<td>.6</td>
<td>.6</td>
<td>21.0</td>
<td>13.4</td>
<td>1.2</td>
<td>.75</td>
</tr>
<tr>
<td>2006</td>
<td>.9</td>
<td>.47</td>
<td>.7</td>
<td>.7</td>
<td>20.5</td>
<td>14.3</td>
<td>1.2</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Note: Percent of Japan’s Total Imports or Exports.

loom slightly larger as export markets, they remain insignificant compared to China. Foreign direct investment (FDI) displays the same pattern of disparities. While there have been recent sharp increases in FDI to Brazil, Russia and India, China remains the preferred destination for Japanese corporations. This disparity in the relative economic importance of the BRICs may eventually change. First, Japan is utterly reliant on imported energy, importing 97 percent of its oil, with around 80 percent coming from the Middle East. Policy makers are well aware of the threat of surging demand from China and India, and of the huge potential of Russia as a supplier of oil and gas and Brazil as the world’s leading producer of ethanol. In response, the government has undertaken a more proactive approach to securing its energy imports, and this is beginning to bring Russia and Brazil onto the radar of the economic bureaucracy.

Second, Japanese corporations are well aware of the enormous potential of the BRIC markets. The Japan External Trade Organization (JETRO) has pointedly urged Japanese corporations to look beyond China and deepen ties with Brazil, India, and Russia, noting the recent success enjoyed by Turkish firms in Russia, Western firms in India, and Korean firms in Brazil. Toyota specifically targeted the four as the main engine for future growth. For the time being, however, China dwarfs the

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18. “Toyota Aims for 73M Cars a Year: Japanese Automaker Eyes Markets

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Table 2. Japanese Foreign Direct Investment in the BRICs

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>Share</th>
<th>Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>-66</td>
<td>953</td>
<td>2.1</td>
<td>n.a.</td>
</tr>
<tr>
<td>East Europe inc. Russia</td>
<td>427</td>
<td>721</td>
<td>1.6</td>
<td>65.0</td>
</tr>
<tr>
<td>India</td>
<td>139</td>
<td>266</td>
<td>0.6</td>
<td>91.6</td>
</tr>
<tr>
<td>China</td>
<td>5,868</td>
<td>6,575</td>
<td>14.5</td>
<td>12.0</td>
</tr>
</tbody>
</table>

other BRICs in Japan’s economic landscape. It is against this economic background that we will examine Japan’s bilateral relations with each of the BRICs.

China

Japan’s post-cold war relations with China are a complex and often contradictory mixture of cooperation and confrontation, reflecting long-standing divisions between pro- and anti-China factions in the LDP, the ministry of foreign affairs, and the business community.19 The ambivalence stems also from profound uncertainty about China’s political and economic future and the extreme difficulty of simultaneously managing relations with both the United States and China. Japanese leaders have been particularly concerned about China’s rise in this context because they believe that the Americans view Asian regional policy as “zero-sum,” with better relations with China coming at the expense of worse ones with Japan.20 Relations with other neighbors including Russia and North Korea also complicate things. In the past decade or so, political relations have worsened as China has grown stronger and nationalism has risen in both countries. So far the mutual importance of the economic relationship has prevented hostilities from getting too far out of hand. However, continued Chinese economic and military growth will only heighten the threats to Japan’s energy supplies, regional hegemony and security. Accordingly, the political relationship is likely to be fraught in the near future.

During the cold war, Japan followed U.S. policy toward China, very reluctantly freezing ties to the People’s Republic in favor of Taiwan at U.S. insistence.21 President Richard Nixon’s unannounced visit to Beijing in 1972 shocked Tokyo, but freed the

21. Togo, Japan’s Foreign Policy, pp. 119-20.
pro-mainland factions, led by soon-to-be prime minister Tanaka Kakuei, to pursue normalization. The Japan-China Treaty of Peace and Friendship signed in 1978 ushered in a decade of generally good relations. In an early illustration of the difficulties of balancing regional relations, the treaty was delayed for years because China insisted on an “anti-hegemony clause” targeting the Soviet Union that Japan was reluctant to sign precisely for fear of provoking the Soviets.

Relations between the two countries generally improved during the 1980s. Deng Xiaoping’s policies of modernization and economic development required external financing, and Japan obliged at both the state and corporate levels, becoming China’s largest Overseas Development Assistance (ODA) donor. Japanese engagement came from two distinct sources: on one hand, belief in the economic opportunities, and on the other, a fear that economic collapse in China could have far-reaching destabilizing effects for the entire region. Japan’s leaders usually took care to defuse occasional Chinese worries over such issues as trade imbalances and controversies over history textbooks and Prime Minister Nakasone Yasuhiro’s visit to Yasukuni.

The Japanese public was very positive about the relationship. In 1980, a record 79 percent expressed friendly feelings toward China. Growing economic interdependence was threatened by the Tiananmen Square incident in 1989, but although Japan reluctantly went along with the subsequent G-7-imposed sanctions, pro-China elites worked behind the scenes to mitigate their impact. Japan was the first country to lift sanctions, resuming loans in 1990 and restoring full diplomatic and economic ties in 1991. The Japanese emperor’s 1992 visit to Beijing, the first in history, augured well for the future.

The economic relationship has continued to flourish, as

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27. Hook et al., *Japan’s International Relations*, p. 172.
illustrated by the trade and FDI statistics cited earlier. Japanese corporations flocked to China to take advantage of low labor costs, and Japan strongly supported China’s 2001 entry to the WTO.28 In 2006 China accounted for 17.2 percent of Japan’s total trade, compared with the U.S. share of 17.4 percent, and China is predicted to become Japan’s largest trading partner in 2007.29 Although the rate of growth in both trade and FDI has declined in the past two years or so, this has been attributed to rising wages and other costs in China.30

In terms of international financial cooperation, the past decade has seen tentative cooperation between Japan and China on building a regional financial architecture. Proposals for an “Asian Monetary Fund” were first mooted in 1997, reflecting Asian dissatisfaction with the International Monetary Fund’s (IMF) response to the Asian financial crisis.31 Yet while progress has been made toward setting up a regional emergency fund, policy makers from both countries have made clear that they intend such arrangements to complement rather than challenge the U.S.-dominated IMF.32 Overall, however, powerful business interests in Japan are committed to the Chinese market and lobby for good diplomatic relations.

Yet the 1990s saw a gradual hardening of Japan’s political attitudes toward China’s growth and greater assertiveness, and disputes have become more common over several contentious issues. Two territorial disputes stand out. The Pinnacle Islands (referred to as the Senkaku Islands by the Japanese and Diaoyutai by the Chinese), taken by Japan in 1879, are claimed by both China and Taiwan.33 In addition to issues of national pride, sovereignty confers oil rights of anywhere from 10 to 100 billion barrels of oil. Pressured by ultranationalists, Japan formally claimed con-

28. Togo, Japan’s Foreign Policy, pp. 149-50.
control of the Senkaku islands in 2005 to China’s fury. Similarly, a
dispute over the demarcation of national borders in the East
China Sea involves rich energy rights. China upped the ante in
2005 by establishing a massive natural gas drilling facility very
close to the disputed line. Later that year China sent warships to
patrol the Senkakus just two days before Japan’s House of Repre-
sentatives elections, in an apparent attempt to intimidate Japanese
voters, although the nationalist Koizumi won by a landslide.

The incident illustrates a second source of tension: the growth
in China’s military, with a defense budget that grew over 17 per-
cent last year and now exceeds that of Japan. In addition to
China’s increasingly sophisticated nuclear arsenal and space pro-
gram, the Japanese are concerned about China’s deployment of
blue-water forces, and the clear superiority the PRC forces now
have over Taiwan.

Japanese policy makers disagree about the best approach to
this development, a division illustrated by the difficulty in even
talking about China’s military strength without appearing con-
frontational. In December 2005 Foreign Minister Aso told a news
conference: “China is a neighbor with 1 billion people, possesses
nuclear arms and its military budget has seen double-digit growth
for the past seventeen years and its content is not transparent. It is
starting to become a considerable threat.”37 Uproar followed in
both the Chinese and Japanese media, especially since Aso’s senti-
ment was supported by then chief cabinet secretary and later
prime minister, Abe Shinzo, and by Maehara Seiji, then leader of
the main opposition DPJ.38 The ministry of foreign affairs, by con-
trast, issued a horrified if somewhat qualified apology, noting,
“Our official position is that China’s economic development is not
a threat, but a chance.”39 Prime Minister Koizumi’s cabinet quickly

34. Anthony Failoa, “Japan-China Oil Dispute Escalates,” Washington Post,
October 22, 2005.
35. Hook et al., Japan’s International Relations, p. 161.
36. Reiji Yoshida, “Taiwan Seen Losing Military Edge to China,” Japan Times
37. Kanako Takahara, “China Posing a Threat: Aso,” Japan Times, December
23, 2005.
38. “Japan’s Chief Cabinet Secretary Back’s Minister’s Remarks on China
39. Mure Dickie and David Pilling, “Japan Voices Clearest Concern Yet of
issued a position paper echoing the foreign ministry line, but Aso repeated his claim a few months later.40 Yet such concerns have seeped into even official policy statements since 2002. According to the 2007 defense white paper:

In particular China, a regional power with tremendous political and economic influence, has been continually boosting its defense spending and modernizing its military forces, drawing international attention to its presence. There are also concerns about the lack of transparency regarding China’s military capabilities, and the absence of a sufficient explanation by the Chinese government about the destruction of one of its own satellites in a test in January of this year has made other countries, including Japan, apprehensive with regard to the peaceful use of space and their own security.41

Japan has been unable to slow Chinese military growth, however, despite attempts to do so beginning in 1995 when Tokyo first tried to use suspending ODA in response to Chinese nuclear tests.42 Instead, Japan has sought to counter China by upgrading its own defensive military capabilities.43 A major development was the 2005 announcement of joint development of a naval SM-3 missile interceptor on Japan’s Aegis-system destroyers as part of the U.S. nuclear missile shield, a development strongly criticized by the Chinese.44 Participation in missile defense brought to a head the longstanding question of whether the constitution allowed “collective defense,” in this case the destruction by Japan of missiles aimed at the United States. In a further sign of greater Japanese assertiveness prompted by fear of China, an LDP advi-

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sory panel broke with precedent and argued that such collective defense was constitutional.45

Worsening relations are also played reflected in issues surrounding the “legacy of history.” Chinese leaders accuse Japan of failing properly to acknowledge or accept responsibility for the destruction and human rights abuses wrought by Japan during World War II. In the 1980s and 1990s Japanese leaders were generally sensitive to such claims.46 The new generation of nationalist politicians led by Koizumi and Abe is not so accommodating. They claim Japan has by now offered appropriate acknowledgment, apologies, and compensation, and is under no legal or moral obligation to do more. Koizumi underscored the point by making repeated visits to the Yasukuni Shrine.

Chinese anger at these visits resulted in widespread anti-Japanese feeling, including riots, flag-burning, death threats on Japanese visitors (including the national soccer team), calls for boycotts of Japanese goods, and a brief suspension of top-level diplomatic communication between the two countries in 2005.47 Japanese public opinion followed the same downward path, with the number of Japanese expressing “very” or “somewhat” friendly feelings towards China dropping from 49 percent in 2000, the year Koizumi took office, to 34 percent in 2006.48 Table 3 illustrates this trend.

Yet recently both governments have sought to improve the relationship. In Japan, this change of heart has been urged by pro-China factions within the LDP and by powerful business interests.49 In 2006 Keidanren, the Japan Business Federation,
took the unprecedented step of publicly criticizing Koizumi’s confrontational diplomatic approach and urging Abe to avoid the same path. This followed some years of behind-the-scenes lobbying. Sure enough, Abe made Beijing his first official visit as prime minister in 2006, and did not visit Yasukuni thereafter. Chinese Premier Wen Jiabao reciprocated in 2007, making what he termed “an ice-melting visit” to Tokyo to thank Abe for his “icebreaking trip” a year earlier. It remains to be seen whether this improvement continues in light of the fact that key disagreements on territories and China’s military strength remain unresolved.

Russia

Russia and Japan have a long, often bloody, history of animosity, from the 1905 conflict to World War II and the cold war. Relations were all but frozen in the Soviet era, following the U.S. lead, and in 1983 Prime Minister Nakasone pledged Japan to be America’s “unsinkable aircraft carrier.” The ending of the cold war prompted hopes for improved relations and perhaps the signing of a peace treaty, but a major obstacle remains in the form of a bitter territorial dispute over the Kurile Islands, referred to in Japan as the Northern Territories. These four islands off the north-

<table>
<thead>
<tr>
<th>Year</th>
<th>China (Percentage)</th>
<th>Russia</th>
<th>South Asia (India and Pakistan)</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>49.6%</td>
<td>15.4</td>
<td>21.0</td>
<td>75.3</td>
</tr>
<tr>
<td>2006</td>
<td>34.4</td>
<td>15.8</td>
<td>37.6</td>
<td>75.6</td>
</tr>
</tbody>
</table>


51. Interview with former Keidanren official, Tokyo, August 2006.
ern tip of Hokkaido were seized when the Soviets abrogated their neutrality pact in the last week of World War II.

There have been numerous unsuccessful initiatives to resolve the dispute, beginning in 1993 when President Boris Yeltsin seemed ready to trade the territories for hard cash and development assistance. Another flurry of activity took place in 2000-2001, when recently-elected President Vladimir Putin offered hope for a settlement. Each attempt has failed, however, as neither side recognizes the legal claims of the other.53 Japan’s official position is made abundantly clear in the following extract from the Diplomatic Blue Book:

The Government of Japan maintains a consistent policy of seeking to fully normalize relations between Japan and Russia through the conclusion of a peace treaty by resolving the issue of which country the Four Northern Islands, which are inherently Japanese, belong to . . .54

In addition, Japanese public opinion is deeply suspicious of Russia, a hostility reflecting and to some degree even predating the cold war attitudes. Polls consistently demonstrate strong antipathy toward Russia, as Table 3 illustrates. A 2005 poll found that only 17 percent of Japanese trusted Russia, while 61 percent did not.55 (This compares with 48 percent who trusted the United States and 35 percent who did not.) It might be noted that the feeling is not entirely mutual. Polls found that 37 percent of Russians had a favorable impression of Japan, and 32 percent found Japan trustworthy.56

Japanese business interest in post-communist Russia was initially high. Total trade reached $8.5 billion in 1990, but fell dramatically in the 1990s, reflecting economic problems in both countries and suspicion by Japanese managers of Russia’s political stability and legal institutions.\(^5^7\) Both imports and exports have picked up recently, with total trade rising from $4.2 billion in 2002 to $10.7 billion in 2005.\(^5^8\)

Russia’s vast energy reserves drive most of the interest for Japanese policy makers, and the Russians have skillfully played them off against the equally oil-hungry Chinese. While Japanese firms are closely involved with the giant Sakhalin-1 and Sakhalin-2 energy projects, there is a growing sense among Japanese policy makers that China has been more successful at winning access to Russian favor.\(^5^9\) Accordingly, Japan launched a diplomatic “charm offensive” in 2003. This overture was eased by the fact that both Russia and Japan found themselves on the same side as the United States in the “War on Terror.”\(^6^0\) A succession of top-level visits culminated in 2003 with the adoption by Prime Minister Koizumi and President Putin of the “Japan-Russia Action Plan.” It pledged mutual economic assistance, and cooperation on energy projects and terrorism. Since then, bilateral trade and FDI have picked up, although Japan has on occasion found itself lost for how to react to President Putin’s often vociferous nationalism.

India

Diplomatic relations between Japan and post-independence India have usually been cordial, as might be expected from two democracies. Economic relations, however, have been less close, which is surprising given the many complementaries between India, which has plentiful cheap labor but little development capital, and Japan, which is a major capital exporter with an

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acute labor shortage. The Japanese government at one time had singled out India for development assistance, awarding it the first yen aid loan ever given in 1958, and soon becoming India’s largest bilateral aid donor. Japanese corporations were reluctant to follow suit, however, in part because of the restrictive nature of Nehru’s socialist economic model.

In the early 1990s, economic liberalization made India a much more attractive trade and investment partner, but this coincided with Japan’s economic recession, and Japanese companies lost ground to U.S., South Korean, and Chinese rivals. Trade relations stagnated during the mid-1990s. Meanwhile, diplomatic relations deteriorated rapidly following India’s test explosion of the Pokhra-II nuclear device in 1998. Japan temporarily applied economic sanctions and cut aid. From 1998 to 2002 total trade between the two countries fell from approximately $4.5 billion to $3.9 billion, while Japan slipped from being India’s third-largest trading partner in 1997 to the tenth-largest by 2004. Net inflows of Japanese FDI dropped from $488 million in 1997 to $125 billion in 2003.

Relations have improved greatly in the past three or four years, however. Suspicion of China has been growing in both countries, and with it has come a great public acceptance of one another. A Japanese ministry of foreign affairs survey of Indian public opinion in 2000 asked respondents to say which country they liked most. Thirty-three percent said Japan, compared to 29 percent for the United States, and only 4 and 2 percent for Russia and China, respectively. A Pew Global Attitudes Poll in 2006 found Indians’ favorability ratings for Japan were 65 percent favorable, against 28 percent unfavorable, while for China they

64. Embassy of Japan in India “Japan-India Relations,” online at www.in.emb-japan.go.jp/Japan/India/Relations.html.
were only 33 percent favorable and 42 percent unfavorable. The Japanese public’s favorability ratings for India were similarly positive at 60 percent favorable as contrasted with 25 percent unfavorable, whereas for China the ratings were only 21 percent favorable against 70 percent unfavorable. Economically, moreover, Japanese policy makers were conscious that Japan was being eclipsed by China, which became a bigger trading partner for India in 2004. Diplomatically, Japan and India, along with Brazil and Germany, came together in a joint bid for permanent seats on the UN Security Council in 2005.

Japanese-Indian rapprochement was also facilitated by the changing dynamics of U.S. regional policy. Part of Koizumi’s “soft power” contribution to the War on Terror was to outline a new “values diplomacy.” Since 2002 Japanese diplomatic language has explicitly singled out democracies such as India and Australia for strategic partnerships. By 2005 Foreign Minister Aso began to talk of the “Arc of Freedom and Prosperity” running from Northern Europe to Japan in which democratic India figured prominently. In this respect, the open strategic embrace of India by the United States facilitated Japan’s diplomatic overtures. India’s “Look East” policy initiated in the early 2000s also helped.

The result has been a flurry of diplomatic activity begun by Koizumi, culminating in the “Joint Statement towards Japan-India Strategic and Global Partnership” signed by Prime Ministers Abe and Manmohan Singh in 2006. The statement calls not only for more economic cooperation, but for greater cultural and educational ties. Military cooperation is growing, and in 2007 Japanese and Indian warships joined the U.S. navy for joint exercises. Japanese diplomats cite democracy as a common tie for the three countries, and also include Australia in their “values diplomacy.”

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67. Ibid.

68. Makoto, “Japan-India Economic Relations.”


70. Ministry of Foreign Affairs, “Japan-India Relations.”


Japan even offered to help mediate India’s dispute with Pakistan over Kashmir, an overture quickly rejected by New Delhi. ODA and other loan aid have resumed. In one case, a package of industrial infrastructure assistance was given with the explicit precondition that India introduce energy-conservation measures, suggesting energy security as an ulterior Japanese motive for action. Meanwhile, trade has picked up dramatically since the post-1998 dip. FDI to India from Japan leapt from $140 million to $515 billion between 2004 and 2006, while bilateral trade doubled from $3.9 billion in 2002 to $8.6 billion in 2006. As made clear earlier, however, India as yet remains a marginal player in Japan’s trade patterns.

**Brazil**

Japan and Brazil share unusually close social connections thanks to waves of migration and re-migration beginning in the early twentieth century as thousands of Japanese sought prosperity in Latin America. About 1.4 million people of Japanese descent live in Brazil, representing about 60 percent of the entire Japanese diaspora. In turn, approximately 85,000 Japanese-Brazilians make up one of the largest immigrant populations in Japan. Most of these so-called “returnees” arrived in the late 1980s as Japanese authorities both public and private sought to address the acute labor shortages of the “Bubble Economy,” particularly for “dirty, difficult and dangerous” jobs.

Yet despite a recent spate of diplomatic and economic activity, Brazil remains a relatively unimportant component of Japan’s international relations. The two countries joined a partnership of convenience with India and Germany in 2005 in their bid to reform the United Nations, giving all countries permanent seats on the Security Council. The bid went nowhere, however, with China strenuously objecting to Japan’s membership, while India

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Economically, trade between the two countries is modest, and the “bitter experience” of the Japanese banks during in the 1980s debt crisis deterred investment at a time when many Japanese corporations were aggressively expanding their overseas operations. Japanese officials have only recently begun to take the economic relationship seriously. In 2005, Prime Minister Koizumi and President Luiz Inacio Lula da Silva signed a joint agreement on measures to deepen economic ties. In particular, Japan has begun to develop ties to the ethanol industry. To that end the quasi-governmental Japan Bank for International Cooperation lent half a billion dollars to encourage the development domestic energy infrastructure in that industry. According to a Japanese official, “the loan will help improve the business environment for local Japanese affiliates and expand exports of energy and natural resources and other products to Japan.”

However, private Japanese corporations and investors have shown less enthusiasm for Brazil’s ethanol industry: They were skeptical of the Koizumi-Lula deal, not least because Japan’s ministry of economy, trade, and industry had been very slow to introduce regulations encouraging domestic ethanol use. For their part, Brazil’s ethanol makers also expressed mixed feelings about Japan. Brazil’s state-run energy giant Petrobras sees Japan as a key target for export expansion, and incorporated in Tokyo in 2005. On the other hand, the private ethanol producers group

76. “China Reiterates Support for UN Role for Germany, Brazil, India, not Japan,” Agence France-Presse, April 14, 2005.
78. The coincidence of Japan’s announced aid package to Brazil and Brazil’s support for Japan’s UN Security Council bid may not be entirely coincidental.
Unica was far more skeptical, noting that despite years of talk about Japan’s huge potential as an importer, “so far nothing has happened.”82

While trade relations in the energy sector have not deepened as quickly as many have predicted, they have, if anything, worsened in agriculture. Brazil welcomed a 2007 free-trade agreement between Japan and MERCOSUL (Common Market of the South), and Brazil’s beef exporters were particularly anxious for agricultural liberalization. Japan is the world’s third-largest importer of meat, with consumer beef prices being well over twice the world average.83 But at the same time top Brazilian officials roundly criticized Japan for practicing agricultural protectionism, publicly blaming Japan for helping deadlock the 2006 Doha Round of WTO talks.84 The two countries also put themselves firmly on different sides of the whaling controversy, as Brazil was at the forefront of opposition to Japan’s threatened resumption of commercial whaling.85 In short, while Japan has clearly recognized Brazil’s great potential as a diplomatic ally and energy supplier, the relationship remains far from central for the makers of foreign policy.

Conclusions: Cautious Self-Assertion in a Suddenly Multipolar World

While Japan’s more assertive foreign policy is a result of many factors, one of the most influential is concern over the rise of China. Japanese policy has fluctuated between confrontation and engagement, but a clear result has been a reevaluation of India, and to a lesser extent Brazil, as potential diplomatic and security allies. Relatedly, policy makers have begun to stress “values diplomacy,” citing the importance of democracy as a tie

that binds Japan to India, and perhaps ultimately to Brazil as well. In August 2007 Prime Minister Abe Shinzo announced four-way talks with Japan, the United States, India, and Australia, declaring: “The backbone of this idea is the sharing of values such as freedom, democracy and human rights.” As Table 3 shows, the Japanese public certainly feels closer to India and the United States than to China or Russia.

Meanwhile, Japanese business leaders and investors are awakening to the economic potential of all four BRICs, although policy makers also worry about the impact of continued BRIC growth on global energy supplies. Accordingly, Japan’s business and foreign policy-making elites have begun over the past half decade or so to deepen and strengthen bilateral relations with each of the BRICs. The rise of the BRICs is thus contributing to a more multipolar world not only as each country becomes more important in its own right, but also in the role each is playing in bringing Japan out of passivity and onto the world stage.

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Henry Laurence is Associate Professor of Government and Asian Studies at Bowdoin College in Maine. He is currently a Senior Associate Member at the Nissan Institute of Japanese Studies at St. Antony’s College, Oxford. His latest research is a comparison of public television in Britain, Japan, and the United States. He is the author of *Money Rules: the New Politics of Finance in Britain and Japan* (Cornell University Press, 2001) as well as of articles on international financial politics in Asia and the economics and politics of public broadcasting and satellite television. (E-mail: laurence@bowdoin.edu)

Wang Hwi Lee is assistant professor at Ajou University, Suwon, South Korea, where he has taught international political economy since 2006. His publications on the politics of economic reform in South Korea and the Korea-U.S. Free Trade Agreement have appeared in *Asian Survey* and the *Journal of East Asian Affairs*. His research interests are the Asian financial crisis and corporate governance in East Asian countries. (E-mail: leew@ajou.ac.kr)

Wei Liang is Assistant Professor of International Policy Studies and a Research Fellow in the Center for East Asian Studies at the Monterey Institute of International Studies. She has published in the *Journal of Contemporary China*, and has two chapters in Ka Zeng, ed., *The Making of China’s Foreign Trade Policy: Implications for the World Trading System* (Routledge, 2007). (Email: wei.liang@miis.edu)

Sang Yoon Ma is assistant professor at the Catholic University, Bucheon, Korea, where he teaches American studies and international relations. His publications include an article on the promotion of American democracy abroad in *National Strategy*, and a book,