Policy Brief, 15/2021



# Japan's Foreign Policy Under PM Kishida: The Same as Before, Yet Different?

Federica Cidale and Bernat Pavon Junior Researchers, EIAS

December 2021

#### Abstract

On 31 October 2021, Japan's general elections resulted in the victory of the Liberal Democratic Party (LDP) politician Fumio Kishida. Even though he belongs to the same political party as Japan's previous Prime Ministers (PMs) Abe and Suga, Kishida's more moderate stances suggest substantial change is ahead for the party and nation. How will the more dovish Kishida alter Japan's foreign policy? And what would these changes imply for the EU? By analysing the LDP's and Kishida's profile as well as policy proposals, a greater understanding of possible changes can be gained.

This EIAS policy brief will first assess the post-election situation in the Japanese parliament, as well as why the Japanese people voted for the LDP, before moving on to a discussion of Japan's foreign policy under Kishida. In addition, Japan's economic and security relations with the EU and the Japan-EU Green Alliance will be covered, with concluding remarks on how this change in government will affect Japan-EU relations.

Keywords: Japan, Fumio Kishida, foreign policy, LDP, election, green alliance, RCEP

# Index

Electoral Results	4
Why the Japanese voted for Kishida and the LDP	5
The EU-Japan Green Alliance	7
EU-Japan economic partnership under Kishida	8
Security matters and the constitution's amendment	9
Future Prospects	10

# Japan's Foreign Policy Under PM Kishida: The Same as Before, Yet Different?

#### **Electoral Results**

On Sunday 31 October 2021, Prime Minister Fumio Kishida defied opinion polls, securing a comfortable win for the Liberal Democratic Party (LDP). The conservative LDP party only went down from 276 parliamentary seats to 261, much less than expected given the low popularity of Japan's recently elected leader. Support for the party however has not decreased, and in fact, the percentage of LDP voters went up by 1.38%. The LDP now holds a stable majority in the 465-seat member lower house, winning 56% of the seats. Together with its junior coalition partner, the Buddhist Komeito party, this LDP alliance holds 293 seats, just 17 shy of the required 310 to obtain a two-thirds majority (needed to overrule the parliament's upper house where no party has a majority). The ruling coalition holds a stable, strong majority, which will make it much easier to pass bills. Komeito also fared positively, going up <u>3 seats from 29 to 32</u>. Unlike the LDP, the party advocates for a pacifist foreign policy, has always maintained close ties with the Chinese government and is responsible for the diplomatic normalization between the two countries. Despite being significantly smaller, Komeito is a strategically valuable partner for the LDP as it is responsible for mobilizing religious supporters, decisive for a country with such low voter turnout (55.93%). Young people in Japan are particularly politically apathetic to the voting process, with only 33% of eligible voters in their 20s showing up at the ballots. Demographics play a large role in the numbers, with one third of the Japanese population being over 65 years of age, thus representing a large portion of the electorate. Combined, these factors benefit the LDP by facilitating the maintenance of the status quo in election results. However, the differences in their stances towards China have caused some friction within their Komeito partnership.

On the other hand, the leftist opposition coalition formed by the Constitutional Democratic Party (CDP), the Japanese Communist Party (JCP), and three other minor parties has fared worse than expected. While still being the second largest party in the parliament, the CDP has lost 13 of its seats, leading to the <u>immediate resignation</u> of the party's leader Yuki Edano. For their part, the communist JCP has gone down from 12 to 10 seats, now ranking the lower house's fourth-largest. Prior to the elections, the JCP and CDP had <u>agreed to cooperate</u> by fielding only one candidate from either party in small prefectures to maximize their chances of defeating LDP candidates. On social issues, the leftist coalition was the <u>liberal option</u> with pledges to legalize same-sex marriage and allowing married women to keep their surname. <u>However</u>, the CDP provided no explanation of how it could maintain Japan's alliance with the US while joining forces with a party that advocates for removing the American-Japanese security alliance.

The election also resulted in the Japanese far-right party, Nippon Ishi no Kai (Japan Innovation Party), almost <u>quadrupling</u> its seats from 11 to 41, making it the house's third-largest party. Led by current Osaka governor Hirofumi Yoshimura, the populist party also advocates for higher defense spendings and the amendment of Article 9 of the

constitution, which essentially bans Japan from having an active offensive army. The Innovation party's emergence signals that some LDP voters have had a change of heart, which could lead to the LDP possibly losing its status as the traditional conservative option. Nevertheless, experts do not rule out a potential coalition between the LDP and the Innovation party, as their policies are not drastically different.

## Why the Japanese voted for Kishida and the LDP

With the LDP anticipating to lose its majority in the October 2021 election, several experts predicted "a rare chance of political change". Instead, the LDP won the majority even without the support of its coalition partner Komeito. It is remarkable how the LDP has managed to stay in power almost unchallenged since the end of the Second World War in 1945. Despite the unpopular attempt to amend the Constitution's Article 9, the LDP's recently unsuccessful economic policies, the highly opposed restart of nuclear power plants, and the much-debated 2020 Tokyo Olympics, the LDP remains firmly in the political driver's seat.

Of all political parties in Japan, the LDP has been the strongest supporter of nuclear energy, despite the majority of the Japanese population opposing it. The restarting of nuclear power plants is an important part of the party's strategy to reach carbon neutrality by 2050, while according to an NHK poll conducted in March 2021, most Japanese would prefer to see the number of nuclear power plants decrease. The LDP's past economic policies, like Abenomics, have not garnered a large success among the public either. Abenomics was introduced in 2013, just after former PM Abe was elected at the end of 2012. It was characterised by three elements (known as "arrows"): bold monetary policy, flexible fiscal policy, and growth strategy. The first promoted quantitative and qualitative monetary easing, the second aimed at increasing public spending and the third was designed to stimulate private investment by reducing corporate taxes and encouraging corporate governance reforms. Despite a promising start, Abenomics failed to create wealth for ordinary people, rather increasing corporate profits and Japan's already high debt. Following a Jiji News poll, 62.5% of respondents would like to see this situation reversed. New PM Kishida acknowledged the problem and promised to address it by adopting a "new capitalism", also known as Kishidanomics, which is centered around wealth redistribution. However, his policy in this regard remains unclear even after winning the election. The LDP and especially former PM Abe, is known for its previous attempts to amend Article 9 of the Constitution. In 2015, when Abe passed the law allowing the Japanese Self Defence Forces to assist allied countries in certain circumstances, the Japanese people took their protest to the streets on an unseen scale since the 1970s.

Lastly, former PM Abe and former LDP Secretary General Akira Amari were involved in various controversies. In 2016, the Former Secretary General <u>Amari</u> had allegedly taken money from a construction firm in exchange of favours. Former PM Abe was embroiled in more than one scandal, notably <u>Moritomo Gakuen</u>, <u>Kake Gakuen</u> and <u>Cherry Blossom</u> <u>Viewing Party</u>. In 2017, the government sold public land to an ally at a reduced price for the construction of Moritomo Elementary School, and, in 2020, it was discovered that his and other LDP members' names had been removed from official records relating to the incident.

He was also accused of selecting Kake Gakuen as Japan's first new veterinary school solely on the basis of its operator's strong ties to him. Additionally, Mr. Abe was being accused of using public funds to pay for cherry viewing parties, with future PM Suga overlooking the guest list. Considering the government's highly criticized handling of the pandemic and the hosting of the Olympics despite <u>most Japanese</u> opposing it, these factors could have made it more unlikely for the LDP to secure such a large majority in the parliament. Nevertheless, the LDP was as strong as always. Amid China's growing assertiveness in the region and the ever-present North Korean nuclear threat, amendments to Article 9 of the Japanese Constitution are back on the table. According to the <u>Asahi, Yomiuri</u>, and <u>Mainichi</u> newspapers, there is a push for a more forceful foreign policy and to address Japan's military future, now that the number of people open to modifying the constitution, and Article 9 in particular, has increased. The creation of a <u>more resolute Japanese foreign policy</u> and an <u>increase in defense budget</u>, was one of the seven themes in the LDP's electoral program. The party's pro-military views and perception of growing military tensions in the region may thus be considered a likely ground for its electoral success.

The LDP's leverage in Japan should not be underestimated, given its long-lasting rule. Its strong patronage system made up of several prominent groups and organizations is one of the key reasons why the LDP has been able to maintain dominance (Reed 2021). The cultural dimension to Japanese politics is also not to be underestimated, as more importance is given to single candidates than the ideological affiliation with a party. Whilst some people may not be in favor of the LDP, an LDP candidate could still personally appeal to them (Krauss & Pekkanen 2004). In addition, the opposition party CDPJ, which was in power at the time of the Fukushima disaster, is still viewed by many as untrustworthy. In this last election, the LDP did not enjoy much exposure as media attention was mostly focused on LDP's actions.

The October 2021 election voter turnout was higher than in the previous one but still fairly low at 56%, the third-lowest since the Second World War. According to a post-election nationwide poll, 47.9% of Japanese said they were neither satisfied nor dissatisfied with the election results. With Japan ranking 139th of 196 countries in voter participation, apathy is widespread among voters as 50% stated that voting would not change anything. The 2021 Pew Research Centre's study also pointed to the dissatisfaction of Japanese people, since most would welcome "significant changes to their political systems". The apathy of the voters can make the LDP less accountable to the public, even though from the outside, Japanese democracy may appear more stable than in other countries.

#### The EU-Japan Green Alliance

The EU-Japan Green Alliance <u>was adopted on 27 May 2021</u> on the occasion of the 27<sup>th</sup> EU-Japan Summit. Before, both the EU and Japan had already laid out their own strategies for tackling climate change. The EU presented the <u>European Green Deal</u> in December 2019, aiming for a carbon-neutral society by 2050. In May 2021 the European Climate Law was officially approved. As for Japan, former PM Suga declared to aim for carbon neutrality by 2050 in October 2020 and the <u>Green Growth Strategy</u> was formulated in December 2020.

Given the change in leadership, the question is whether Japan will change its course of action on green energy or live up to the promises made in its agreement with the EU. This section will examine important parts of the EU and Japanese green strategies by comparing them, highlighting their similarities and differences, focusing in particular on its consequences on the joint agreement. Both the EU and Japan have similar goals including greater use of low-carbon technologies in energy generation, progressively approaching carbon neutrality by 2050, in addition to protecting the environment. Offshore renewable energy (such as wind and solar), renewable hydrogen, and <u>sustainable batteries</u> are all part of both partners' strategies. The European Green Deal currently excludes nuclear energy and natural gas, which has prompted various discussions, with some <u>experts criticizing the decision</u>. Nuclear energy is still mentioned in the EU-Japan Green Alliance, even if no longer included <u>as of</u> <u>November 2021</u>. Japan and the European Union both aim to replace nuclear fission with fusion since it produces less radioactive waste.

According to Japan's Green Growth Strategy, <u>nuclear and thermal energy will make up</u> <u>around 30%-40% of the decarbonized electric sources</u>. However, Japan may face difficulties in achieving this goal. Despite PM <u>Kishida pledging 10 billion</u> USD over 5 years to help Asia on the path to decarbonization, Japan is not willing to phase out coal anytime soon. PM <u>Kishida has been criticized</u> at the Glasgow COP16 summit, as Japan is the world's fifth largest CO2 emitter. It is largely due to the consequences of the Fukushima disaster that most nuclear power plants were shut down, <u>causing an over-reliance on coal</u>. Additionally, existing coal factories run smoothly and are inexpensive. For this reason, the Japanese coal industry is not keen on replacing them. To avoid an early replacement of fully functional coal factories, Japan is pioneering a new technology achieved by burning <u>ammonia</u> - which does not emit CO2 - together with coal, allowing Japan to continue using coal-based energy while reducing emissions.

According to Japan's Green Growth Strategy, 10% of the energy produced by thermal plants would be obtained by using hydrogen and ammonia. Some experts have criticized this technique, claiming that running power plants on <u>a technology that does not yet exist</u> is problematic. While Japan's strategy to reach carbon neutrality is mostly based <u>on the use of ammonia</u>, hydrogen, and <u>restarting nuclear power plants</u>, the EU Green Deal emphasises the energy industry's decarbonization. "Decarbonising the EU's energy system is therefore critical to [...] the EU's long-term strategy of achieving carbon neutrality by 2050". In comparison to Japan, the EU appears to be taking greater steps to reduce the use of coal. Not only does the EU seek to embrace alternative and cleaner energy sources like <u>hydrogen</u> and renewables, it is also designed to improve the <u>integration of the energy system</u>. Furthermore, the EU initiative "<u>Renovation Wave for Europe</u>", which aims to make existing buildings in the EU more energy-efficient, demonstrates a stronger commitment to reducing carbon consumption.

PM Kishida is following in the footsteps of former <u>PM Suga</u> in restarting nuclear power reactors. Considering the importance of nuclear energy in Japan's ambition for carbon neutrality and the country's <u>aversion to cutting emissions</u>, a <u>leadership push</u> is urgently needed. Although ammonia, hydrogen, and nuclear power are all viable options, PM Kishida and the government should step up and put more emphasis on protecting the environment as well as emphasising decarbonisation in the energy sector. While Kishida's new government may have other priorities right now such as addressing <u>business interests</u> and <u>China's</u>

growing assertiveness, a closer partnership with the EU in fighting climate change is likely to bear better results.

# EU-Japan economic partnership under Kishida

In March 2021, Japan's ministry of foreign affairs released an updated Free and Open Indo-Pacific (FOIP) strategy. These are a set of Indo-Pacific-specific strategies of countries with similar interests in the region. Ex-prime minister Shinzo Abe first introduced Japan's commitment to FOIP in 2016 as an attempt to ensure peace, stability, and freedom of navigation in the Pacific Ocean. In Abe's view, as one of the oldest democracies in Asia, Japan should play a greater role alongside Australia, India and the US, in preserving the rules-based international order in the region.

Quality Infrastructure Investment to <u>enhance connectivity</u> over the Indian and Pacific Oceans is one the main aims of the strategy. Additionally, FOIP emphasises the need for <u>openness</u>, <u>transparency</u>, <u>economic efficiency and debt sustainability</u> as principles underpinning quality infrastructure. The new FOIP does not only focus on traditional hard infrastructure aiming at matching China's Belt and Road Initiative (BRI) investments but also on cutting-edge technology, digital commerce, renewable energy and 5G telecommunications, all crucial for <u>Japan's long term economic growth</u>. The document also addresses the need to <u>build hard</u> <u>infrastructure in East Africa</u>, recognizing its economic potential in view of its population size and natural resources.

The Japanese foreign ministry also dedicates a chapter in explaining how they intend to promote their FOIP vision with partners that "<u>share their belief</u>, <u>values and principles such as</u> <u>the rule of law</u>". The 2018 Connecting Europe & Asia: The EU Strategy, the 2019 EU-Japan Economic Partnership Agreement and Strategic Partnership agreement are mentioned as mediums through which Japan intends to collaborate with the EU to promote such a vision.

The latter two agreements also feature in the recently published EU's <u>Indo-Pacific Strategy</u>, where Japan is mentioned as one of the EU's first "Connectivity Partners", alongside India. The EU's vision for the region runs on an identical vein, aiming at "<u>promoting connectivity in</u> <u>the region with EU's principles at their core</u>, '<u>sustainable</u>, rules based and comprehensive'".

Being the EU's second largest trading partner in Asia, EU-Japan relations have been characterized by a multitude of agreements, accorded trade standards, and a general feeling of sympathy given the democratic nature of the Asian economic titan. In force since February 2019, the EU-Japan Economic Partnership Agreement (EPA) is one of the world's biggest trade agreements, covering nearly a <u>third of the global GDP and 635 million people</u>. The agreement is founded on <u>three pillars</u>: 1) removing all tariffs and other trade barriers; 2) helping each other shape global rules in line with EU standards and shared values; and 3) sending a signal that two of the biggest world economies reject protectionism. Additionally, the two regions place emphasis on <u>data protection</u>, whereby they agree to allow personal data to flow freely, recognizing each other's data protection systems as equivalent, thus creating the world's largest area of safe data flows between two of the world's biggest economies. The

EPA is also of significant importance as it includes a specific commitment to the <u>Paris climate</u> <u>agreement</u>.

Traditionally, Japan was regarded as an <u>economic giant but a political dwarf</u> and has been accused in the past of engaging in checkbook diplomacy. However, it is undeniable that Japan's visibility on trade and commerce is surfacing. Shinzo Abe <u>was instrumental in salvaging</u> the Trans-Pacific Partnership agreement following Donald Trump's withdrawal and rebooting it as the Comprehensive and Progressive Trans-Pacific Partnership. Japan is also among the 9 signatories of the Regional Comprehensive Partnership Agreement (RCEP), a trade agreement among Asia-Pacific nations that is set to come into force on <u>1 January 2022</u>. The deal is projected to yield especially <u>large economic benefits</u> for China, Japan, and South Korea. RCEP is also of political significance as it is the first agreement to group these three traditionally rival nation-states together.

#### Security matters and the constitution's amendment

On security issues, Japan's visibility has recently been on the rise as it has been reacting to the Indo-Pacific's volatility. In the country's 2020 "Defense White Paper" on the security environment surrounding Japan, Tokyo regrets that "a working regional framework in the security realm has not been sufficiently institutionalised in the Indo-Pacific region". Japan, which has relied predominantly on the US to guarantee its security after 1945, has made several historic achievements with European forces over the past few years. The British Royal Air Force and Royal Army became the first non-American military forces to exercise in Japanese airspace and territory. In 2021, the French army conducted their first-ever ground exercises in Japan. Additionally, the German Navy has sent one of their frigates in the Indo-Pacific after being encouraged and welcomed to do so by the Japanese. Listing the UK and France as its two leading European security partners, Japan is actively lobbying for an increased European military presence in the region, pleading with European partners to increase their footprint beyond trade. Even countries that underwent Japanese occupation during the second world war such as the <u>Philippines and Singapore</u> have received the rise of Japan's military exercises with European forces as a balancing factor in the region. It appears that Japan is attempting to stabilise the Indo-Pacific region through "shaping the national security environment" by engaging in diplomacy and regional economic development with neighboring and rival states as well as promoting values and rule-making.

## Implications under Kishida

In the wake of increasing Chinese military assertiveness in the South China Sea as well as in Taiwan's airspace, Kishida's LDP has pledged to raise Japan's defence budget from <u>1% to 2%</u> of the country's GDP. Such an aim has been <u>welcomed in Washington</u>, with US President Joe Biden even going as far as stating that "<u>it is not enough to deter and counter China and their actions, calling for faster and bigger raises on their allies' budgets</u>".

The LDP is promoting measures to enhance Japan's deterrence ability by acquiring the capability to intercept ballistic missiles within enemy territory (namely China). Additionally, their manifesto states the LDP's welcome of Taiwan's bid to join the CPTPP, with China also having applied for membership. Ensuring peace and stability across the Taiwan strait will be one of Kishida's government top priorities, acknowledging the fact that Japanese citizens across the political spectrum are increasingly aware of the "China security threat". Relations with the two Koreas and Russia have not been the smoothest due to territorial disputes over islands. Therefore, Kishida has promised to "work closely with the United States, the EU, India, and Australia so long as there is a global threat to basic values of freedom, democracy and the rule of law".

## **Future Prospects**

Despite initial hardships, the LDP managed to secure a substantial majority and continues to lead the country. With the change in leadership, Japan's new government policies slightly changed but remain overall in line with PM Kishida's predecessors. In terms of economics, Kishida intends to reduce the gap between rich and poor by implementing a wealth redistribution plan as well as carrying on with the Indo-Pacific strategy and RCEP agreement. In terms of security, Japan boosted its military budget in response to China's growing assertiveness in the region and a stronger coordination with European and American forces was also highlighted. Furthermore, the EPA will serve as a framework for the ideals under which both regions strive to participate in responsible trade and rule-making in the Indo-pacific region. As for climate change, Japan will most likely follow the strategies outlined in its Green Growth strategy, released under the previous Suga administration.

With the same political party in power, no major changes in Japan-EU relations are expected to emerge. The EU and Japan could endeavor to cooperate more on climate change, considering Japan's low engagement in the field and the country's other priorities. China's growing assertiveness in the region will most likely push Japan to develop closer ties with its Western allies, including the EU, to keep the status-quo intact and ensure a peaceful and stable environment in the Indo-Pacific region.

Overall, the EU and Japan will remain like-minded partners that value collaboration and mutual trust, on which they will continue to build in the foreseeable future.

European Institute for Asian Studies – EIAS a.s.b.l. 26 Rue de la Loi, 10<sup>th</sup> Floor B-1040 Brussels

Tel.: +32 2 230 81 22 E-mail: eias@eias.org Website: www.eias.org

LinkedIn: European Institute for Asian Studies Facebook: EiasBrussels Twitter: @EIASBrussels