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The End of the Obama Era in Asia

Edited by
Michelguglielmo Torri
and Nicola Mocci

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Editor (direttore responsabile): Michelguglielmo Torri, mg.torri@gmail.com

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Editorial Board: Axel Berkofsky, Simonetta Casci, Marzia Casolari, Nicola Mocci, Giulio Pugliese, Michelguglielmo Torri, Pierluigi Valsecchi

Book review editors: Oliviero Frattolillo, oliviero.frattolillo@uniroma3.it;

Francesca Congiu, francesca_congiu@hotmail.com

Segreteria di redazione: asiamaior@gmail.com

Progetto grafico di Nicola Mocci

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the exchange between the two countries, but it might signal the will of the Chinese leadership to use this economic leverage to exert an influence over North Korea in the future.

JAPAN 2016: POLITICAL STABILITY AMIDST MARITIME CONTESTATION
AND HISTORICAL RECONCILIATION*

Giulio Pugliese

King's College London – War Studies
giulio.pugliese@kcl.ac.uk - @PugliesAsia

This article assesses the stability of the Abe administration in the face of a rapidly changing international environment. Important displays of historical reconciliation testified to the toning down of Prime Minister Abe Shinzō's revisionism, thus feeding into international and domestic stability. At the same time, continued maritime contestation in the South China Sea followed the July 12 award of the United Nations Convention on the Law of the Sea's arbitration tribunal. Moreover, China's renewed assertiveness around the disputed Senkaku/Diaoyu Islands and the election of Donald Trump as US President was a key factor in making stormy the waters where Abe had to navigate. Yet, Japan remained a beacon of political stability amidst the surrounding confusion, as proven by the July 10 Upper House elections. This article provides an account of Japan in 2016 through the prism of the above listed developments. In so doing, it details the Abe administration's political stability in the context of the Japanese government's foreign policy initiatives, in particular in the history and maritime domains.

1. Introduction

This article argues that, in 2016, Abe was capable of retaining considerable domestic political support despite complex regional dynamics. How did he manage to do so? PM Abe's toning down of his conservative nationalist colors contributed to ameliorating the international environment. After all, the year under review witnessed gestures of reconciliation to soothe the so-called «history issue». These overtures, such as US President Barack Obama and Japanese Prime Minister Abe Shinzō's respective historic visits to Hiroshima and Pearl Harbor, placed some of Japan's bilateral relations on firmer ground. Yet, the 28 December 2015 agreement between the governments of Japan and South Korea on the «comfort women» issue was – potentially – the most consequential for enhancing cooperation. As such, this essay provides a brief analysis of this topic.

At the same time, this year's article recognizes that: «[Japan's] fundamental defence and foreign policy issue is number one: China. Number

* The author wishes to thank two reviewers, Stefano Carrer, Michelguglielmo Torri, Nicola Mocci and Lauren Richardson for commenting on an earlier version of the article. All errors are the author's.

two: China. Number three: China».¹ Japan continued to tackle China's assertiveness in the China Seas. It did so also on the basis of the July 2016 ruling by the United Nations Convention on the Law of the Sea's (UNCLOS) international tribunal on the Philippines-China dispute over the Scarborough Shoal and, more broadly, on contested maritime space and maritime rights in the South China Sea. Moreover, the present article details Japan's interactions with Taiwan, the Philippines, and Russia in the year under review. Finally, this year's analysis provides an overview of Japanese domestic politics and economic policies, dominated by Prime Minister Abe Shinzō and his administration.

2. The international politics of the history issue: Japan's relations with the South Korea and the United States

Prior to delving in the details of the Japan-South Korea (ROK) agreement on the issue of «comfort women», a brief historical overview of the matter in the context of bilateral relations is in order. During World War II, the Japanese military set up around the front lines an institutionalized form of brothels, euphemistically called «comfort stations». Out of economic necessity, manipulation, or blatant coercion, «comfort women» hailing from all corners of the Empire were forced into providing sexual services to Japanese troops; the largest cohort of comfort women was Korean, followed by residents of Japan, Taiwan, the Philippines, Indonesia, China, and other corners of East Asia.² The issue never emerged in post-colonial Korea due social stigma, a strong patriarchal society, and Cold War calculations. For these reasons, the issue was never brought up in the Japan-ROK treaty negotiations as it was yet to be politicized. In 1965 the Japanese government eventually normalized relations with Seoul: the autocratic Park Chung-hee government agreed to receive substantial grants and soft loans as Japanese war reparations, with the promise that the ROK would renounce individual claims against Japan. History vindicated Park's ruthless decision, because it kick-started Korea's export-led economic miracle.³

Yet, the politicization of frustrated colonial grievances in a democratic ROK proved that Japan's imperial legacy was still unsettled. With the end

1. Citation from interview with former Foreign Ministry official and director of the Institute for World Affairs at Kyoto Sangyo University, Togo Kazuhiko: 'What is the future of the American-Japanese alliance?' *BBC Newsnight*, 8 December 2016 (<https://www.youtube.com/watch?v=27snNWDg4ZU>); See earlier analysis: Giulio Pugliese, 'Japan 2014: Between a China Question and a China Obsession', *Asia Maior 2014*, pp. 43-97.

2. Chunghee Sarah Soh, 'The Korean «Comfort Women» - Movement for Redress,' *Asian Survey*, Vol. 36, No.12, December 1996, pp. 1226-1227; 1226-1240.

3. Bruce Cumings, *Korea's Place in the Sun*, New York: W. W. Norton & Company, pp.321-322; 473.

of the Cold War, former «comfort women», Korean nationalists, and citizen activists vocally demanded official Japanese compensation and recognition of state responsibility. Korean democratization empowered these voices along with shifting international dynamics: South Korea growingly outgrew its Cold War dependency for economic assistance and security reassurances from Japan. Thus, on the basis of multiple oral testimonies and the discovery of Japanese documents indicating military involvement, the Japanese government conceded to Korean remonstrations, and in the summer of 1993 a study group led by the Cabinet Foreign Policy Council crafted an apologetic statement approved by Chief Cabinet Secretary Kōno Yōhei.⁴ The statement's strong and explicit wording disproves facile criticism of an unrepentant Japan; after all, the «Kōno Statement» was also the result of diplomatic negotiations with Seoul, and successive Japanese governments have explicitly abided by it (*tōshū*). In addition, in 1995 Japan established the Asian Women's Fund (AWF) initiative, which provided a mix of private and public funds for «comfort women» survivors from the ROK and elsewhere, along with a letter of apology signed by the Japanese prime minister. In other words, the Japanese government allocated public resources and admitted both moral culpability and the involvement of the Japanese military without admitting, crucially, to any legal responsibility. If it had, the Japanese state could have been liable for paying war reparations to a host of other Korean claimants – against the provisions of the 1965 treaty – and to affected claimants from other states, such as China, which had renounced explicit war reparations following World War II.

Roughly fifty years after the normalization of bilateral relations, the parallel ascension to power of Park's daughter and of nationalist Abe Shinzō further strained bilateral relations.⁵ The statement and the AWF proved unfair in the eyes of militant Korean activists, who lobbied for an admission of legal responsibility, state compensation from the Japanese government, and an official apology by higher organs of state power, such as the Japanese Cabinet and the Diet. These requests, buttressed by the erection of a controversial monument dedicated to «comfort women» in front of the Japanese Embassy in Seoul, fed into an understandable Japanese «apology fatigue» and some nationalistic resentment. Indeed, following his comeback and acting in consonance with his own personal worldview, Abe declined to commit to the Kōno Statement and instead established an investigative committee to document the statement's genesis. The implicit purpose of this initiative was to expose the political nature of this statement as the product of diplomatic pressure from Seoul over its

4. Ministry of Foreign Affairs of Japan, 'Statement by the Chief Cabinet Secretary Yohei Kono on the result of the study on the issue of «comfort women»', 4 August 1993 (<http://www.mofa.go.jp/policy/women/fund/state9308.html>).

5. On Abe's personal outlook on history: Giulio Pugliese, 'Giappone: il ritorno di Abe' (Japan: Abe's Comeback), *Asia Maior* 2013, pp. 409-444.

wording. In this way, Abe intended to delegitimize some of the findings of the Cabinet Foreign Policy Council's study group, and, thus, to hollow out the statement's significance.⁶ At the same time, President Park Geun-hye immediately took an uncompromising position towards her Japanese counterpart, due contested politics in South Korea and arguably also in light of her father's history as a lieutenant of the Imperial Japanese Army.⁷ In this context, China cozied up to South Korea by making a strategic use of the history issue also for international political gains.⁸ Until the December 2015 agreement, the history issue was both symptomatic of, and led to, a heated ROK-Japan political standstill.

The Japan-ROK agreement was negotiated by the Head of the National Security Secretariat, Yachi Shōtarō, and ROK's presidential chief of staff, Lee Byung-kee.⁹ It consisted of six takeaways. Firstly, following international pressure (detailed below), Abe implicitly disavowed his personal beliefs by acknowledging direct Japanese military involvement along with Japanese responsibilities; this position was very much in line with the Kōno Statement and far away from Abe's revisionism. Secondly, Abe stated his «most sincere apologies and remorse».¹⁰ Thirdly, Japan made a one-time contribution of public funds to a South Korean foundation for «recovering the honor and dignity and healing the psychological wounds»¹¹ of the surviving «comfort women». Fourthly, the Korean government reciprocated by acknowledging the efforts of the Japanese government in the lead-up to the release of the announcement, possibly hinting at its appreciation of past efforts. Fifthly, Seoul promised efforts at removing the statue facing the Japanese embassy in Seoul. Finally and most importantly, the ROK confirmed that the issue was «resolved finally and irreversibly with this announcement».¹² Although this deal did not satisfy the comfort women activists in Korea, the two governments were

6. Ministry of Foreign Affairs of Japan, 'Details of Exchanges Between Japan and the Republic of Korea (ROK) Regarding the Comfort Women Issue ~ From the Drafting of the Kono Statement to the Asian Women's Fund', 14 June 2014, (<http://www.mofa.go.jp/files/000042171.pdf>).

7. Carter J. Eckert, *Park Chung Hee and Modern Korea: The Roots of Militarism, 1866-1945*, Cambridge: Harvard University Press, 2016.

8. Jaewoo Choo, 'Does China's Charm Offensive Pose a Dilemma for South Korea?', *China Brief* – Jamestown Foundation, Vol. 14, No.24, 19 December 2014 (<https://jamestown.org/program/does-chinas-charm-offensive-pose-a-dilemma-for-south-korea>).

9. Tsukamoto Sōichi, 'Nikkan, ianfu mondai kaiketsu de gōi – Kitachōsen ga kaku jikken' (Japan and South Korea agree on comfort women resolution, North Korea carries out nuclear test), *Tōa*, No. 584, February 2016, pp.64-65; 64-72.

10. Ministry of Foreign Affairs of Japan, 'Announcement by Foreign Ministers of Japan and the Republic of Korea at the Joint Press Occasion', 28 December 2015, (http://www.mofa.go.jp/a_o/na/kr/page4e_000364.html).

11. *Ibid.*

12. *Ibid.*

prepared to put the matter behind them and, by the end of the year, a vast majority of the victims accepted the provisions of the deal.¹³

Active US intervention and a changing strategic landscape put bilateral relations back on track. The March 2014 meeting between Abe, Park and Obama testified to Washington's public and private pressure in brokering a deal between its two most important allies in East Asia. Moreover, China's inability to put meaningful pressure on North Korea's nuclear and missile program, Kim Jong-un's belligerent pursuit of nuclear and missile weapons, and China's aggressiveness in the South China Sea convinced Park Geun-hye of the need to enrich her strategic options by opening to neighbouring Japan. After all, it was only one week after the deal that the Democratic People's Republic of Korea (DPRK) conducted its fourth nuclear test on 6 January and, again, on 9 September 2016; these tests took place after a three year-long hiatus and were accompanied by a heightened number of successful missile tests throughout 2016: on 3 August, part of a North Korean missile's tip/warhead fell into Japan's Exclusive Economic Zone for the very first time. Thus, the need for ROK-Japan-US coordination against Kim Jong-un's rush to develop nuclear and long-range missile capabilities became ever more pressing. Thanks to a more conducive political atmosphere, in late 2016 the ROK government's slowly moved to enhance trilateral cooperation: it signed the long-awaited ROK-Japan General Security of Military Information Agreement (GSOMIA) and agreed to deploy the US Terminal High Altitude Area Defence System (THAAD), whose installation is also under consideration by Japan. Since the THAAD radar can easily be converted to monitor missile flights deep into China,¹⁴ Beijing made its strong displeasure known to Seoul, also through systematic economic retaliation.¹⁵ Yet, it is worth stressing that South Korea's primary concern remained enhancing deterrence against North Korea.

In the year under review, Obama and Abe made history with their respective visits to Hiroshima and Pearl Harbor, which were reportedly in the making for a very long time. On May 27, following the G-7 Summit held in Ise-shima, Abe accompanied Obama on his visit to the Hiroshima Peace Park, where they both laid a wreath of flowers honouring the victims of the atomic bombing. In the speech that followed, while Obama offered no apology, he did express sympathy for the victims of the bombing, the *hibakusha*, as well as a vision of «a future we can choose, a future in which

13. '34 out of 46 «comfort women» evaluate the deal positively', *Korea Joongang Daily*, 28 December 2016.

14. 'THAAD Radar Ranges', *Mostly Missile Defense*, 17 July 2016, (<https://mostlymissiledefense.com/2016/07/17/thaad-radar-ranges-july-17-2018>).

15. Lee Kil-seong, Chae Sung-jin, 'Lotte Faces Massive Tax Probe in China After THAAD Decision' *Chosun Ilbo*, 2 December 2016; 'China's ban on hallyu', *Korea Times*, 23 November 2016.

Hiroshima and Nagasaki are known not as the dawn of atomic warfare but as the start of our own moral awakening.»¹⁶ Abe's December 27 visit to Pearl Harbor marked the first official visit by a sitting Japanese Prime Minister to the USS Arizona Memorial. The Japanese Prime Minister's behaviour at the site of Japan's surprise attack on 7 December 1941 mirrored Obama's: Abe offered condolences and a speech that both reflected on the past and looked to the future. In fact, Abe stressed the importance of the Japan-US alliance as a tool for promoting peace: Japan and the United States showcased an eloquent set of gestures and words, according to which reconciliation went hand-in-hand with a strong alliance. History statecraft paved the way for a reset in Korea-Japan relations and Abe's visit to Pearl Harbor reinforced the US-Japan «alliance of hope», where «enemies that had fought each other so fiercely have become friends bonded in spirit.»¹⁷

The above messages were partially aimed at China, to prove the resilience of Japan's transpacific alliance and Beijing's inability to drive a wedge between the two allies. In fact, Abe softened his tone on history and showcased his more pragmatic side and, in so doing, Abe also displeased his core nationalist domestic constituency. According to a journalist from the progressive *Asahi Shinbun*, Abe's recent statements and initiatives hinted at a widening gap with the ideology of the right-wing conservative *Nippon Kaigi* association.¹⁸ In the author's view, the United States government was able to convince a more politically stable Abe administration to tone down its historical revisionism. In exchange, Japan benefitted from a deepened US-Japan alliance, a credible commitment to the defence of the Senkaku/Diaoyu Islands, and trilateral cooperation with South Korea. In fact, the Obama administration played the key role in making possible the «comfort women» agreement, so much so that «U.S. State Department officials were involved on the sidelines of the negotiations between ROK and Japanese foreign ministry officials.»¹⁹ Finally, Obama and the ROK's appreciation of Japanese overtures played well into Abe's denunciations of China's relentless criticism, which had gained momentum following the 2012 Senkaku/Diaoyu Islands standoff and Abe's comeback.²⁰

16. 'Text of President Obama's Speech in Hiroshima, Japan', *New York Times*, 27 May 2016.

17. Prime Minister of Japan and His Cabinet, '«Toward an Alliance of Hope» - Address to a Joint Meeting of the U.S. Congress by Prime Minister Shinzo Abe', 29 April 2015, (http://japan.kantei.go.jp/97_abe/statement/201504/uscongress.html).

18. Sonoda Koji, 'Nippon Kaigi and Grassroots Mobilization of Japan's Right Wing', USJP Occasional Paper, Cambridge, MA: Harvard University, Program on US-Japan Relations, final draft, undated document, p.51.

19. Daniel Sneider, 'Advancing U.S.-Japan-ROK Trilateral Cooperation: A U.S. Perspective', *The National Bureau of Asian Research*, 30 March 2016 (<http://www.nbr.org/research/activity.aspx?id=662>).

20. Giulio Pugliese & Aurelio Insisa, *Sino-Japanese Power Politics: Might, Money and Minds*, Basingstoke: Palgrave Macmillan, 2017.

Yet, these showcases of reconciliation were still on precarious foundations. Immediately after the Pearl Harbor visit, Japan's Defence Minister Inada Tomomi decided to visit the controversial Yasukuni Shrine providing fodder to China's propaganda campaigns and putting into question Japan's revisionists' sincerity in facing Japanese imperial history.²¹ In the context of Korean domestic politics, a major corruption scandal involving Park Geun-hye led to her impeachment,²² and her weakness affected the ROK's overtures to Japan. It is true that the «comfort women» deal looked to stand on a somewhat solid ground, as the vast majority of survivors accepted the provisions of the agreement.²³ But the issue was politicized by opposition parties and local activists alike, who by December 2016 erected a *new* «comfort woman» statue in Busan, facing the Japanese Consulate there.²⁴ In short, conciliatory gestures on the history issue by the Japanese and South Korean governments prompted demonstrative counter-reactions by Japan's right-wing and ROK left-wing nationalists: while US-Japan relations were on solid ground, domestic politics and the emotional reactions of a loud minority questioned the tenability of Japan-ROK strategic reconciliation.

3. *Abe and the Trump incognita*

Obama and Abe's display that the US-Japan alliance rested on firm strategic and historical grounds was shaken by the November 2016 election of Donald Trump. The Japanese government would have preferred Hillary Clinton's victory, and US-Japan alliance managers considered her as the safe hands of US Asia policy, given her earlier careful oversight of the US «Pivot to Asia» as Obama's first Secretary of State.²⁵ To hedge against the risk of betting for the losing horse, in late 2016 Japanese policymakers also met with key foreign policy advisors to Trump, obtaining reassurances about his eventual Japan policy.²⁶ In fact, two advisors to the president elect published a much-circulated commentary on the shape of a Trump foreign policy in the Asia-Pacific. The article linked an emboldened China with a somewhat indecisive

21. 'Shrine visit unmask Abe Cabinet's true sentiments', *China Daily*, 30 December 2016.

22. Marco Milani, 'Korean peninsula 2016: The Never-ending Crisis', in this same volume.

23. '34 out of 46 «comfort women» evaluate the deal positively', *Korea JoongAng Daily*, 28 December 2016.

24. '«Comfort Woman» Statue Reinstated Near Japan Consulate in South Korea', *New York Times*, 30 December 2016.

25. 'Clinton or Trump? As US election nears, the globe watches (very) intently', *Christian Science Monitor*, 28 September 2016.

26. Reiji Yoshida, 'Trump security adviser sought to reassure Suga on Japan policy: source', *Japan Times*, 16 November 2016.

Obama administration, and indicated Trump's intention to pursue a more muscular approach.²⁷ Trump's Cabinet and White House appointments indicated a coherent design: the intention to ease US-Russia tensions would facilitate on the one hand the US fight against international terrorism in the Greater Middle East and, on the other hand, a more substantial rebalance to the Asia-Pacific to counter China's growing clout.

It is still unclear, however, how much momentum Trump's China balancing will take given the likely economic retaliation that China can implement against the US. The economy, after all, was Trump's avowed policy priority and the key issue he will be judged upon. At any rate, Trump's decision to accept a congratulatory phone call from Taiwan's President Tsai Ing-wen,²⁸ his public questioning of Washington's long-standing «One China Policy», and his decision to install China hawk Peter Navarro in a newly-created National Trade Council within the White House hint at the growing turbulence in US-China relations. In fact, US-China trade friction was likely to surface out of Trump's consistent criticism of unfair trade practices in China. In the author's view, Trump was making active use of political and security issues as ransom for extracting economic concessions from adversaries and allies alike.

In light of the above, Abe could not take Trump for granted and needed confirmation about US security guarantees. Japan's Prime Minister's Office, the *Kantei*, correctly assessed the necessity to engage the president-elect through personal diplomacy. First, Abe pandered to Trump's narcissistic personality by sending a congratulatory message that read: «[...] as a very successful businessman with extraordinary talents, not only have you made a great contribution to the growth of the US economy, but now as a strong leader, you have demonstrated your determination to lead the United States».²⁹ Second, Abe secured an early face-to-face meeting with Trump in New York and did so, according to an anonymous Japanese diplomatic source, against the desires of the Obama administration.³⁰ Abe was the first foreign leader Trump met and early reports indicated that the two would meet again shortly after the January 20 inauguration.³¹ On the other hand, in a video message,

27. Alexander Gray and Peter Navarro, 'Donald Trump's Peace Through Strength Vision for the Asia-Pacific', *Foreign Policy*, 7 November 2016.

28. Aurelio Insisa, 'Taiwan 2012-2016: From the Consolidation to the Collapse of Cross-Strait Rapprochement', in this same volume.

29. Prime Minister of Japan and His Cabinet, 'Congratulatory Message from Prime Minister Shinzo Abe to Mr. Donald Trump, President-elect of the United States of America', 9 November 2016 (http://japan.kantei.go.jp/97_abe/statement/201611/1219893_11019.html).

30. 'Abe dismisses report that Obama administration opposed Trump meeting', *Japan Times*, 5 December 2016.

31. 'Abe, Trump to meet in U.S. around Jan. 27: source', *Japan Times*, 6 December 2016.

Trump declared the Pivot's signature policy, the Trans-Pacific Partnership (TPP), a dead letter shortly after meeting with the Japanese leader.³² Abe's strenuous efforts at signing and ratifying the deal, for which he invested a substantial amount of political capital, were lost in the face of a more protectionist US president. Moreover, Abe will necessarily have to adapt to Trump's «America First» philosophy. In that light, Trump may seek to extract economic concessions from Abe, possibly also by manipulating Japan's uneasiness towards China to the US advantage: security could constitute means for economic gains. Clearly, Trump's overly personal approach to foreign policy, which included inflammatory outbursts on social media and recurrent bravados, presaged an unpredictable and mercurial presidency.

4. Contested islands and contested maritime space: Japan's relations with China, Taiwan and Russia

Japan and China were still embroiled in patrol activities to enforce their respective control in the contested islands in the East China Sea. In fact, 2016 testified to the elusiveness of establishing a maritime crisis management mechanism promised in the joint parallel statements of 7 November 2014.³³ On the contrary, Japan and China's constabulary forces kept eyeing the counterpart: since late December 2015 China's maritime law enforcement forces deployed former People Liberation's Army Navy (PLAN) vessels equipped with guns as Chinese Coast Guard ships routinely sent to patrol waters surrounding the Senkaku/Diaoyu. To these deployments Japan responded by increasing the Japanese Coast Guard's budget, which was in addition to a military expenditure that ranged around 1.3% of GDP.³⁴ Japan was setting up its amphibious forces, a Japanese version of a US marines brigade, and deployed 500 Ground Self-Defense Forces in Ishigaki city, near the disputed islands.³⁵ At any rate, there is a strict separation between the Japanese Coast Guard and the Japan Maritime Self-Defense Forces, as legal and technical matters

32. 'Trump to withdraw from Trans-Pacific Partnership on first day in office', *The Guardian*, 22 November 2016.

33. Ministry of Foreign Affairs of Japan, 'Regarding Discussions toward Improving Japan-China Relations', 7 November 2016 (http://www.mofa.go.jp/a_o/c_m1/cn/page4e_000150.html).

34. 'Japan to bolster coast guard amid island dispute with China', *Reuters*, 21 December 2016.

35. 'Japan preparing amphibious force: it looks a lot like a Marine brigade', *Stars and Stripes*, 4 November 2016; 'Ishigaki accepts deployment of GSDF forces to shore up defense', *Asahi Shinbun*, 27 December 2016.

hamper their cooperation.³⁶ As a result, Japan struggles to address China's «hybrid» strategy around Senkaku/Diaoyu waters.

China upped the ante around the Senkaku/Diaoyu Islands in 2016.³⁷ Moreover, it did so with the close collaboration of Russia: in April, Chinese and Russian Defence Ministers agreed to deepen military cooperation, also by increasing the number and expanding the scope of joint military exercises, which were already at an historic high.³⁸ This trend paralleled the crescendo in military exercises of Japan with the United States, and other regional strategic partners, such as India, Australia and the Philippines. While the type of military trills was somewhat constant, more countries joined them. At any rate, an episode unveils the growing entente between Russia and China; the entire reconstruction is based on the detailed account of Prof. Hamamoto Ryōichi. On 8 June, for the first time a PLAN frigate, rather than Coast Guard Ship, entered the contiguous zone of the Senkaku/Diaoyu Islands and, as it was later revealed, shadowed a Russian naval fleet stationed in the same area for roughly five hours. Several signs indicate that the action was coordinated. The first was that the Chinese frigate entered the contiguous zone only after a Japan Maritime Self-Defense Forces (JMSDF) destroyer approached those waters to monitor the three Russian warships, as if the PLAN vessel waited for a pretext. The second sign, connected to the first, was that the Russian fleet did not leave the waters surrounding the Senkaku/Diaoyu from the north-western side, where the Chinese frigate came from. On the contrary, the Russian warships crossed the archipelago to exit from the north-eastern side – a strange direction considering that Russia's Pacific Fleet is stationed in Vladivostok and its surroundings. The third sign pointing to a coordinated action was that, on 9 June the Chinese Ministry of Defence did not denounce Russia's actions.³⁹

Due the worsening situation in the East and South China Seas (and since the situation in the two China Seas was connected, as demonstrated in the previous year's essay), the commander of the US Pacific Command, Admiral Harry B. Harris, lobbied for shows of force in the Western Pacific. Thus, in 2016 the United States deployed the third fleet's supercarrier,

36. Céline Pajon, 'Japan's Coast Guard and Maritime Self-Defense Force in the East China Sea: Can a Black-and-White System Adapt to a Gray-Zone Reality?', *Asia Policy*, N. 23, January 2017, pp. 111-130.

37. As per forecasts in Giulio Pugliese, 'Japan 2015: Confronting East Asia's Geopolitical Game of Go', *Asia Maior 2015*, pp. 93-132.

38. Franz-Stefan Gady, 'China and Russia to Increase Number of Military Exercises in 2016', *The Diplomat*, 28 April 2016.

39. Hamamoto Ryōichi, 'Chūro gunkan ga Senkaku ni shutsugen – Higashi Ajia anpo wa shinjitai' (China-Russia warships appear around the Senkakus – A new situation in East Asian security), *Tōa*, July 2016: 40-42; 40-51. Please note that the map reproduced on page 41 misrepresents the Chinese frigate's exit manoeuvres: it ought to be on the right of the Russian fleet.

John C. Stennis, in the South China Sea. For three months it patrolled the South China Sea to later join the 7th fleet's USS carrier Ronald Reagan and stage a joint exercise in the Philippine Sea.⁴⁰

Japan also continued to proactively denounce China's activities in the South China Sea. After all, China relentlessly pursued landfilling operations in the Spratly Islands and deployed surface-to-air missile systems in Woody Island, part of the Paracel Islands chain; China was slowly militarizing disputed islets in the South China Sea.⁴¹ Ahead of the Ise-Shima G-7 summit, Abe embarked into a dense tour of European capitals to personally lay the groundwork and secure an early commitment to Japan's global agenda. Concretely, Abe made direct reference to the «situation in the East and South China Seas, [...] emphasiz[ing] the fundamental importance of peaceful management and settlement of disputes.»⁴² To this rather blunt criticism, China angrily accused Japan of «hying up»⁴³ the South China Sea issue and «meddling»⁴⁴ into issues that interest China to «exacerbate»⁴⁵ regional tensions. These accusatory words were setting the ground for China's public opinion and information strategy in preparation for the looming Tribunal award concerning maritime entitlements in the South China Sea. Also, they were an indication of China's hardened stance.

On 12 July, the Tribunal recognized that Chinese sailors historically made use of islets in the South China Sea, but China exercised no «exclusive control over the *waters* [*sic*] or their resources»,⁴⁶ thus there was «no legal basis for China to claim historic rights to resources [...] within the sea areas falling within the 'nine-dash line'.»⁴⁷ Moreover, the Court sanctioned that all of the features claimed by China were not entitled to a 200-nautical-mile Exclusive Economic Zone (EEZ), because these were not islands: these features qualified as rocks, reefs, shoals and so forth that were not capable of sustaining human habitation. Beijing sternly rejected the validity of the

40. 'Two Carrier Strike Groups Double Down in Western Pacific', *America's Navy*, 18 June 2016 (http://www.navy.mil/submit/display.asp?story_id=95284); David Larter, 'The U.S. sends another strong message to China', *Navy Times*, 20 June 2016.

41. 'These are the surface-to-air missiles China apparently just deployed into the South China Sea', *Washington Post*, 17 February 2016.

42. Ministry of Foreign Affairs of Japan, 'G7 Ise-Shima Leaders' Declaration', 26-27 May 2016, (<http://www.mofa.go.jp/files/000160266.pdf>).

43. 'China blasts Japan-backed G-7 maritime statement, says grouping must not take sides in territorial disputes', *The Japan Times*, 12 April 2016.

44. 'Japan's hijacking of G7 meeting to meddle in South China Sea issues unjustified, harmful', *China Daily*, 12 April 2016.

45. 'China: G7 should not exacerbate regional tensions', *CCTV*, 27 May 2016, (<http://english.cctv.com/2016/05/27/VIDEwKdsaPOufGfMHozQp8Hm160527.shtml>).

46. Permanent Court of Arbitration, 'Press Release: the South China Sea Arbitration' (The Republic of the Philippines versus the People's Republic of China), 12 July 2016 (<https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Press-Release-No-11-English.pdf>), p. 9, §2.

47. *Ibid.*, p.2 §1.

ruling and even questioned the impartiality of the court, by pointing at the fact that the president of the International Tribunal on the Law of the Sea, responsible for appointing some of the judges at the Permanent Court of Arbitration,⁴⁸ was a Japanese national, namely Yanai Shunji.⁴⁹ Yet, in appointing the judges who had ruled on the Chinese claims in the South China Sea, Yanai had followed standard procedures and Yanai's intervention was a procedural necessity born out of China's refusal to partake to the proceedings. Also, and more importantly, the ruling condemned the EEZ extending from artificial «islands» and constituted a powerful precedent that might help building a legal case against Japan's very own undisputed reef: Okinotorishima.

Interestingly, Japan's enforcement of its claimed EEZ around the above atoll briefly soured Taiwan-Japan relations with the outgoing Ma Ying-jeou government. Japan's 25 April arrest and sanction of Taiwanese fishermen prompted a forceful response from Taipei, including a statement by Taiwan's Legislative Yuan that lamented the «[infringement] on our fishermen's human rights, fishing rights and their rights to operate in the high seas.»⁵⁰ Taiwan's remonstrations included its decision to rename the «island» and the employment of patrols through its maritime law enforcement forces. These measures, however, were short-lived: the new Tsai Ing-wen administration, which took office on 20 May 2016, backtracked for the sake of friendlier ties with Japan. After all, Abe cherished strong ties with both the ROC and Taiwan's Japan-friendly Democratic Progressive Party (DPP) leadership. The latter was responsible for reinventing Taiwanese identity as a democratic and prosperous country, partly thanks to Japan's role model.⁵¹ Tsai backtracked from Ma's approach: her administration did not re-name Okinotorishima in the guise of Okinotori reef, and left the doors open for negotiating an agreement on fishing rights on the small atoll in the Philippines Sea.

The Japanese government was relieved by Tsai's ascension. In fact, Japanese scholars and policymakers alike had identified the posture of Tsai's predecessor, Ma Ying-jeou, towards Japan as an assertive one. Yet, the Ma government's reaction in the above instance had been in accordance with international law and unanimously approved by the Taiwanese Legislative Yuan. This being the situation, it wouldn't be easy for Tsai to recognize Japan's EEZ extending from an uninhabitable reef. Moreover, Japan's intransigence

48. The Permanent Court of Arbitration is the administrative body facilitating the Tribunal's operations.

49. Bethany Allen-Ebrahimian 'Beijing: Japanese Judge Means South China Sea Tribunal is Biased', *Foreign Policy*, 21 June 2016.

50. 'Cutters to Safeguard Fishing Operations on High Seas off Okinotori Reef Beginning May 1', *Kuomintang Official Website*, 3 May 2016 (<http://www1.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=17669>).

51. Barak Kushner, 'Nationality and Nostalgia: The Manipulation of Memory in Japan, Taiwan, and China since 1990,' *The International History Review*, XXIX, N. 4, December 2007, pp.793-820.

at Okinotorishima reflected the Abe government's double-standards on its much-vaunted compliance to the «rule of law», a catchphrase used to frame the strategic narrative against China's activities around the Senkaku/Diaoyu Islands and in the South China Sea. Yet, to paraphrase Mozart's comic opera: «*Così fan tutti* (thus do all)», the 12 July Tribunal award prompted not only Japan's rhetorical insistence on the island qualities of Okinotorishima, but also spurred Taiwan to step up its own expansive EEZ claims over Itu Aba, commonly known as Taiping Island.⁵² At any rate, sovereignty over Okinotorishima was not under dispute.

On the contrary, with its major claims in hotly disputed waters, China remained the most blatant offender, which also happened to act coercively. China's concerted response to the ruling did not differ much from the above in terms of substance, but it was out front hostile and indicative of an enduring assertive foreign policy outlook. Moderate voices from the previous Hu Jintao administration and current government officials alike labelled the court's long and detailed findings as nothing more than «waste paper».⁵³ To make the point clearer, China insisted on legal warfare and more shows of force in line with its «hybrid strategy». First, on 2 August, the Chinese Supreme People's Court reiterated China's jurisdiction over the islands and stipulated that foreigners intruding into territorial waters deserved harsh punishments.⁵⁴ Second, during the first half of August, China conducted a series of notable military drills. These included the 1st August massive drills for a «sudden, cruel and short» war with as many as 300 PLAN vessels, and dozens of fighter planes,⁵⁵ and the 9~11 August live fire training of destroyers from the East China Sea Fleet.⁵⁶ Third, around the same time China sent official vessels and paramilitary forces around the Senkaku/Diaoyu Islands and the Scarborough Shoal, disputed with the Philippines. The close timing between the two massive incursions, along with the military exercises, indicates the Xi administration's predilection for military means, and for heavy-handed signalling short of outright military aggression. For instance, as many as 200-

52. 'Japan steps up rhetoric over Okinotorishima in wake of Hague ruling', *Japan Times*, 15 July 2016; 'Taiwan's President vows to defend sovereignty over Taiping Island', *Channel News Asia*, 13 July 2016.

53. Jane Perlez, 'Tribunal Rejects Beijing's Claims in South China Sea', *New York Times*, 12 July 2016; The State Council's Information Office of the People's Republic of China, 'Full Text: SCIO briefing on South China Sea disputes', 14 July 2016, (<http://www.scio.gov.cn/32618/Document/1483804/1483804.htm>).

54. Hamamoto Ryōichi, 'Chūgoku ga Senkaku ni kōsen zōha de tainichi atsuryoku wo kyōka' (China puts additional pressure on Japan via an increase of official vessels sent to the Senkaku), *Tōa*, September 2016, pp. 48-49; 44-59.

55. 'China holds massive naval drills to prepare for «sudden, cruel & short» modern war', *Russia Today*, 2 August 2016.

56. 'East China Sea Fleet conducts live-fire training', *China Military Online*, 18 August 2016 (http://english.chinamil.com.cn/news-channels/photo-reports/2016-08/18/content_7214482.htm).

300 Chinese fishing boats appeared in the waters around the Senkaku/Diaoyu on 6 August, followed by the largest dispatch of official vessels to date.⁵⁷ According to China watcher Hamamoto Ryōichi, each of China's fishing boats had one member of the so-called «maritime militia» on board.⁵⁸ In short, the Chinese party-state apparatus would not back down in the face of the stern international ruling over its expansive claims in the South China Sea: instead, it doubled down in both the East and South China Seas.

To be sure, China's more offensive outlook stemmed from a heightened sense of insecurity, especially against Japan and the United States, as hinted from China's 2015 Defense White Paper's veiled emphasis on the new threats from «hegemonism, power politics and neo-interventionism».⁵⁹ Moreover, China's interpretation of UNCLOS, which disavowed surveillance and reconnaissance operations in its EEZs, was no recent development. In fact, Beijing traditionally pursued this interpretation with other non-Western developing countries.⁶⁰ Nonetheless, events in 2016 betrayed China's assertive posture, as well as its expansive appreciation of its maritime interests. After all, the People's Daily immediately dismissed the international tribunal's arbitration by insisting that 2000 years of history granted China sovereignty over the South China Sea (*sic*) and its «islands», adding that «black is black and white is white, no confusion must be made between what is right and what is wrong.»⁶¹

Authoritative and influential opinion pieces by Chinese international relations experts, such as Associate Dean of the School of International Studies at Renmin University, Jin Canrong, corroborated such rock-solid views; in a widely-shared commentary, eloquently entitled «Chinese people must be ready for war!», Jin lamented the international arbitration as a farce orchestrated by the United States and «co-directed» by Japan. In addition, Jin praised the Chinese government's very tough response. He referred to the fact that the central government, the Ministry of Foreign Affairs, and the Ministry of National Defence, all included a first-time reference to the

57. Hamamoto Ryōichi, 'Chūgoku ga Senkaku ni kōsen zōha de tainichi atsuryoku wo kyōka', pp. 48-49.

58. *Ibidem*.

59. Ministry of National Defense of the People's Republic of China, 'China's Military Strategy' - *The State Council Information Office of the People's Republic of China*, May 2015 (<http://eng.mod.gov.cn/Database/WhitePapers>), n. 24, cited in Silvia Menegazzi, 'Military Exercises in the Exclusive Economic Zone: the Chinese perspective', *Maritime Safety and Security Law Journal*, Italian Council of National Research (CNR), issue 1, 2015, pp. 56-70; 64.

60. Silvia Menegazzi, 'Military Exercises in the Exclusive Economic Zone: the Chinese perspective'.

61. 'Tanpan xieshang shi jie jue nanhai wenti de weiyi chulu' (Negotiation is the only path to solve the South China Sea issue), *Renmin Ribao*, 14 July 2016, p.3.

South China Sea islands having «internal waters». ⁶² According to Prof. Jin's interpretation, China, through these official statements, qualified the Spratly Islands (or Nansha Islands) as the southernmost border of China's inland sea. ⁶³ Moreover, according to him, China had to convey its resolute stance to third parties meddling in the SCS issue, also by harnessing its people's power. ⁶⁴ Summing up, Chinese emotions over the South China Sea were running high. This was an important factor, which did not bode well for the future of US-Japan-China relations.

The development of Philippines-China relations in 2016 needs a brief overview because of great relevance to Japan. Indeed, China's posture towards Manila hints at a Janus-faced foreign policy: while forcefully asserting its claims in the China Seas, China enacted a tactical détente with the Philippines for clear political gains. The June 2016 election of populist strongman Rodrigo Duterte to the Filipino presidency led to a recalibration of Manila's foreign policy outlook, in line with the president's deep-held personal suspicions and resentments against the United States. ⁶⁵ Following up a successful visit in Beijing, where Duterte provocatively promised a (highly unlikely) «separation» from the United States, China promised funding and investments worth US\$24 billion ⁶⁶ and quietly allowed Filipino fishermen to exploit the rich waters around the Scarborough Shoal. In other words, China had «surreptitiously brought itself in line with the Permanent Court of Arbitration ruling», ⁶⁷ by allowing the Philippines to exploit the natural resources in the waters surrounding the disputed shoal. Summing up, the promising evolution of Sino-Filipino relations under Duterte defused the hottest dispute in the South China Sea. However, China showed no intention to abandon Scarborough – seized in 2012 – and that it had adjusted its position towards Manila to drive a wedge between the Philippines and the United States. ⁶⁸ To what extent Manila will be willing

62. 'Zhonghua renmin gongheguo zhengfu guanyu zai nanhai de lingtu zhuguan he haiyang quanyi de shengming' (Statement of the Government of the People's Republic of China on Territorial Sovereignty and Maritime Rights and Interests in the South China Sea), *Remin-wang*, 13 July 2016, (<http://politics.people.com.cn/n1/2016/0713/c1001-28548649.html>).

63. Jin Canrong, 'Zhongguo renmin yao zuo hao yingjie zhanzheng de zhunbei!' (Chinese people must be ready for war!), *Sohu.com*, 4 September 2016, (<http://mt.sohu.com/20160904/n467582387.shtml>).

64. *Ibid.*

65. 'Behind Duterte's Break with the US, a Lifetime of Resentment', *Wall Street Journal*, 21 October 2016.

66. 'China Visit Helps Duterte Reap Funding Deals Worth \$24 Billion', *Bloomberg Markets*, 21 October 2016.

67. N.B. the ruling was actually made by the international tribunal, for which the PCA – an administrative body – worked; Ashley Townshend, 'Duterte deal with China over Scarborough Shoal exposes US failure', *Cnn.com*, 31 October 2016.

68. 'Philippines to Declare Marine Sanctuary in South China Sea', *New York Times*, 22 November 2016.

to distance itself from Washington remains to be seen. However, Japan was quick to respond to China's economic carrots with its own US\$8.66 billion aid package.⁶⁹

Throughout 2016, Japanese policymakers spent their energies on another set of contested islands, the Southern Kurils/Northern Territories disputed with Russia. Concretely, the Japanese government aimed at the return of two of the four islands, Habomai and Shikotan, and the signing of a Russo-Japanese peace treaty. In return, Japan would lobby the G-7 group for a more accommodative foreign policy towards Moscow, promote the construction of health care, infrastructure and housing facilities in the Russian Far East, and push cooperation in the energy sector in the same region.⁷⁰ Also, in preparation for the G-7 summit, Abe made a grand tour of European capitals that ended in Sochi, Russia, where he met with Russian President Vladimir Putin. Abe decided to engage Russia against the desires of the United States, which made its displeasure clear during an Obama-Abe phone call: Abe's leadership was in full display.⁷¹ In short, Abe proactively engaged Russia on both the economic and diplomatic front in the hope of gaining back the two tiniest disputed islands and signing a peace treaty while simultaneously reaching a few important objectives.

The Abe administration's objectives were basically three. At the international level, Japan would gain more strategic leeway towards China; at the personal level, Abe would burnish his statesman qualities and leave a legacy that was in line with the foreign policy outlook of his father, Abe Shintarō; finally, at the domestic level, Abe could convert his diplomatic successes into an electoral landslide following a strategic dissolution of the Japanese Diet. Yet, the much-hyped bilateral summit that took place in Japan in mid-December was a mixed failure for the Japanese premier: in fact Putin gained the promise of economic contracts and an end to diplomatic isolation, whereas Abe only gained yet another summit for more negotiations in Moscow the following year.

5. Japan's domestic politics: more Abe

Throughout 2016 Prime Minister Abe towered over Japan's domestic politics. His cabinet's public support rate hovered consistently above 40%,

69. 'Abe packs \$8.66bn aid package for Philippines visit', *Nikkei Asian Review*, 12 January 2017.

70. 'RusHydro and a consortium of JBIC and Mitsui sign cooperation agreement', *Rushydro Website*, 2 September 2016, (<http://www.eng.rushydro.ru/press/news/101393.html>); 'Abe hopes investment in Far East will aid progress on Russia peace talks', *Japan Times*, 4 December 2016.

71. 'Abe Eases Putin's Isolation with Talks on Territorial Dispute', *Bloomberg*, 5 May 2016.

climbing up to 50% and above in the latter half of the year. High approval ratings neutralized challengers hailing from the Liberal Democratic Party (LDP) ranks. In fact, ruling LDP presidents become easy prey of intra-LDP strife when their approval ratings waver around 25%,⁷² but Abe's personal poll ratings never witnessed such dismal numbers in four years of governing. On top of that, the main opposition parties remained helpless and undecided on how best to confront the Abe government, thus feeding into a general perception that there were no alternatives to the ruling LDP-New Komeito coalition.

Resting on firm political ground and with an eye on the long-sought constitutional change, Abe and his affiliates aimed at changing internal LDP rules to allow the incumbent Party president to serve for an additional three-year term, instead of just two consecutive terms. On September 6, Hosoda Hiroyuki, chairman of the General Council, openly asked for a debate on term limits for the LDP presidency. Interestingly, the term limit was imposed following Abe's great-uncle Satō Eisaku's eight-year run from 1964 to 1972, when he was criticised for concentrating too much power in his hands. Following a revision of intra-party rules, in early March 2017 the LDP General Council is supposed to formally approve those changes, thus paving the way to an Abe premiership that will last until 2021. This change could also have important implications for Japan's foreign relations because Japan's partners, such as China, will have to confront Abe.

Nonetheless, Abe was unwilling to dissolve the Diet to call a double-election, a strategy his political entourage had successfully advanced in late 2014. Abe was strong but not almighty, as demonstrated by his inability to capitalize on planned economic and foreign policy forays. Quite the contrary: the afore-mentioned Abe-Putin summit was inconsequential, and in April the earthquake in Kumamoto provoked damage of roughly 3.8 trillion yen, or US\$32.5 billion, further straying Japan's fiscal expenditure;⁷³ Sino-Japanese relations continued to be testy; and real economic growth in 2016 approximated roughly 1%.⁷⁴ For these reasons, Abe would not dissolve the Diet throughout the year under review and postponed general elections to an indefinite date well into 2017, if at all.

Abe's grip on power was indicative also of his team's utmost attention to defusing political scandals before they affected his government's fortunes. Two examples stand out from 2016. In January the graft allegations against Minister for Economic and Fiscal Policy Amari Akira were particularly

72. Tina Burrett, 'Explaining Japan's revolving door premiership: Applying the leadership capital index,' *Politics and Governance*, Vol. 2, No. 2, pp 36-53; 50.

73. 'Kumamoto jishin no shōgai-kaku, ken-zentai de 3-chō 7850-oku en' (Kumamoto earthquake: 3.785 trillion yen worth of damages across the prefecture), *Mainichi Shinbun*, 29 September 2016.

74. 'The Japanese economy at a glance', *The Financial Times*, (<https://ig.ft.com/sites/numbers/economies/japan>).

troublesome, as they directly involved an early Abe loyalist who was responsible for the Prime Minister's comeback in 2012. Yet, in just about one week, the executive agreed on Amari's swift resignation.⁷⁵ An expenses scandal involving Tokyo Governor Masuzoe Yōichi resulted in exactly the same dynamics, with the LDP local chapter holding a vote of no confidence that led to Masuzoe's resignation in June. The 31 July Tokyo gubernatorial elections, however, were lost by the LDP-endorsed candidate. Instead, former Defence Minister and hawkish LDP Diet Member Koike Yuriko, who ran as an independent, won the elections by a very wide margin over her opponents.

6. *Economics: Three new Abenomics arrows and the fourth industrial revolution?*

Japan's economic performance somewhat improved from the earlier year: real GDP growth rose from 0.4% in 2015 to 1% in 2016.⁷⁶ Yet, it is worth noting that this small increase does not imply a lasting change in a long-term economic trend, which, indeed, remains a negative one. The reason explaining this negative long-term trend is simple: economic output ultimately depends on labour and (physical and human) capital inputs multiplied by total factor productivity. In the Japanese context, one of these factors, namely labour, has been in constant decline for the past eight years, as shown by the fact that the Japanese population has shrunk by more than one million since it reached its peak in 2008. In fact, according to the 2015 Census, the Japanese population has been dwindling by almost two hundred thousand residents per year since 2010.⁷⁷ Moreover, by 2030 one in three Japanese will be aged 65 years or older,⁷⁸ which implies that social security costs for elderly care will steadily be increasing. The above means that, all else being equal, the size of the Japanese economy is destined to shrink in absolute terms.

What could possibly change the above scenario? Technological advancement may substantially alter productivity and there are some indications that the so-called «fourth industrial revolution» is around the

75. 'Amari Keizai saisei tantō-shō ga jinin hyōmei' (Minister for Economic and Fiscal Policy Amari announces his resignation), *Sankei Shinbun*, 28 January 2016.

76. 'Japan's economy grew 1.0% in 2016 despite slower last quarter', *Japan Times*, 13 February 2017.

77. Ministry of Internal Affairs and Communication, 'Heisei 27nen kokusei chōsa' (2015 National Census), 26 October 2016 (<http://www.stat.go.jp/data/kokusei/2015/kekka/kihon1/pdf/youyaku.pdf>); Shiro Armstrong, 'The consequences of Japan's shrinking', *East Asia Forum*, 15 May 2016.

78. Seike Atsushi, 'Japan's Ageing Society and the Role of Higher Education', 17 November 2016. King's College London, London.

corner.⁷⁹ For this reason, the Abe government vowed renewed efforts at «science, technology and innovation as a growth engine for the economy».⁸⁰ In June 2016 the Prime Minister's Office unveiled a «Plan for the Dynamic Engagement of All Citizens», which contained an extensive plan for tackling the new age of the machines, with particular reference to big data, artificial intelligence and the internet of things (i.e. the interconnection of computing devices embedded in everyday objects).⁸¹ Yet, substantial productivity gains brought by networked machines capable of exponential improvements in their computational abilities were still a mirage in 2016. Moreover, in the author's view, the introduction of artificial intelligence is bound to cause little-appreciated, but certainly conspicuous, socio-economic disruptions.⁸²

While waiting for the fourth industrial revolution, the Abe government tackled the other parts of the economic equation: increasing the number of inputs in the national economy. Thus, the Abe administration pushed forward a set of three new Abenomics arrows that represented policy targets rather than policies per se. The first new arrow promised an economy that would be as large as 600-trillion-yen by 2020, requiring an increase in nominal GDP growth equal to 3% per year. This, for a mature economy marred by secular stagnation and the above mentioned problems, is nothing less than «Mission: Impossible».⁸³ The second arrow aimed at increasing the fertility rate from 1.4 to 1.8. In this context, new legislation would allow subsidies for non-regular employees, prevent discrimination against maternity leave, and offer childcare facilities.⁸⁴ The third arrow also targeted an increase in labour inputs, and set up a series of goals for expanding elderly care; this would facilitate the entry into the labour force of those who have to take care of their parents. As evident from the two

79. Erik Brynjolfsson & Andrew McAfee, *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies*, New York: W. W. Norton & Company, 2014.

80. 'Japan Looks To Fourth Industrial Revolution To Help Reach «Impossible» GDP Target', *Forbes*, 24 July 2016.

81. The plan was the product of the product of a National Council with the same cumbersome name that the Abe government had set up in late 2015. Prime Minister's Office of Japan, 'The [*sic*] Japan's Plan for Dynamic Engagement of All Citizens', 2 June 2016, (http://japan.kantei.go.jp/97_abe/Documents/2016/___icsFiles/afieldfile/2016/06/02/jpnplnde_en.pdf).

82. Low skilled workers made redundant by the machines (and their owners) will necessarily lobby, and rightly so, for costly social protection countermeasures. The number of displaced low skilled workers could also be substantial. Thus, effective taxation and redistribution of economic gains to level the playing field will be key. Failure to do so will naturally lead to the collapse of an already weakened Japanese welfare state, ushering the road to populism.

83. 'Japan to miss FY2020 GDP target of 600 trillion yen, retreats further from goal', *Reuters*, 26 July 2016.

84. Shiro Armstrong, 'Three more arrows to revive the Japanese economy', *East Asia Forum*, 28 June 2016.

new arrows, the Abe government now considers demographic problems as a priority with the aim of stabilizing Japan's population around 100 million people by 2060.⁸⁵

7. The July 10 Upper House elections

As above hinted, Abe confronted a series of hurdles in 2016. At the same time, in the face of a feckless opposition and thanks to a relatively successful G-7 Summit and to a historical visit by a US president to Hiroshima, Abe continued to tower over Japan's political landscape. The 10 July Upper House elections for half of the seats of Japan's House of Councillors registered a win for Abe Shinzō's LDP. Abe would have claimed victory if 61 seats had been secured for the LDP-NK coalition government; in fact, the results exceeded Abe's minimalistic targets, with the LDP winning 56 seats and the New Komeito securing 14 seats, a total of 70 seats that allowed Abe to act triumphant within the party ranks. The LDP's electoral campaign agenda insisted on the merits of Abe's economic strategy, *Abenomics*, with specific reference to the most recent deferment of a consumption tax hike to late 2019, a decision Abe shrewdly announced 40 days ahead of the elections.⁸⁶ In contrast, the opposition parties rallied support by criticizing Abe's 2015 security reforms and pointed at the danger of endowing the coalition government with a two-third majority that would have allowed it to change the constitution, especially Article 9. The LDP would simply ignore these remonstrations and debunk the link between the Upper House elections and changes to the pacifist clause of Japan's constitution.⁸⁷ The Democratic Party of Japan and the Communist Party devised a joint strategy tailored for this election, but weren't able to propose viable economic alternatives to Abe's economic agenda. In fact, the Abe government appropriated itself of the opposition parties' main criticisms, such as the postponement of the consumption tax.

The Upper House elections were meaningful in several respects. First, the elections awarded a two-third majority to parties in favour of constitutional amendments, possibly paving the way for serious consultations between the LDP and several small parties. Second, the elections confirmed the resilience of the conservative coalition government in the face of a global revolt against the politico-economic establishment. Compared to notable political upheavals elsewhere, such as the UK's Brexit referendum and the

85. 'Abe: Japan's shrinking population not burden but incentive', *Reuters*, 21 September 2016.

86. 'Abe Postpones Japan's Sales-Tax Hike until Late in 2019', *Bloomberg*, 1 June 2016.

87. 'Abe plays economic card but opposition targets his «hidden» agenda in Upper House election battle', *Japan Times*, 22 June 2016.

US presidential election of Donald Trump, Japan looked like a beacon of stability. To be sure, the voter turnout flew low at 54.7%, but it registered a slight increase from the 2013 Upper House elections.⁸⁸ Third, for the first time teenagers aged 18 and 19 were granted the right to vote, thanks to legislation enacted the year before, and they largely voted in favour of the LDP. The hidden implications of the 2016 Upper House elections were substantial.

6. Conclusion

The year under review witnessed the continued ability of the Abe administration to face a rapidly changing international environment. The present essay has analysed Abe's «history statecraft» as an indication of his toning down his nationalistic colours and pragmatism. At the same time, the Japanese government tackled a series of contested maritime or territorial challenges mounted by China, Taiwan, and Russia.

The surprising announcement in August of the Japanese Emperor's willingness to abdicate presaged, yet again, that times were indeed changing. Following special legislation that will allow Emperor Akihito to abdicate in favour of his son, Naruhito, the Abe Cabinet will literally inaugurate a new Japanese era by setting up a committee of experts responsible for picking the new era's name.⁸⁹ The Heisei era started in 1989 and ends in 2018, roughly coinciding with the stability associated with a United States-centred liberal order in East Asia. During most of the Heisei years, lack of great power competition partly depended on US military and economic supremacy, commonly known as *pax americana*. With the waning of that period, Japan confronted an emboldened Chinese foreign policy.

The rise of Donald Trump, his unpredictable nature and his willingness to adopt a sterner China policy could reassure Japan of the United States of America's staying in power in the Asia-Pacific. It remains to be seen, however, whether the Trump administration will be able to skilfully deter China without provoking an already emotional foreign policy apparatus. At the same time, Trump's «America First» and economy-focused colours betrayed a transactional deal-making posture to world affairs, hinting at the reverse risk. Abe's Japan leaned by default on the US side, but it could not take Washington for granted.

88. 'Voter turnout up slightly at 54.7 percent for Upper House election', *Japan Times*, 11 July 2016.

89. Osaki Tomohiro, 'Imperial abdication talk poses question of Japan's next era', *Japan Times*, 25 July 2016.