



Deposited via The University of Sheffield.

White Rose Research Online URL for this paper:

<https://eprints.whiterose.ac.uk/id/eprint/197664/>

Version: Accepted Version

Article:

Dobson, H. (2022) Japan's new regional reality: geoeconomic strategy in the Asia-Pacific by Saori N. Katada (review). *Journal of Japanese Studies*, 48 (1). pp. 226-230. ISSN: 0095-6848

<https://doi.org/10.1353/jjs.2022.0024>

© 2022 Society for Japanese Studies. This is an author-produced version of a paper subsequently published in *Journal of Japanese Studies*. Uploaded with permission from the copyright holder.

Reuse

Items deposited in White Rose Research Online are protected by copyright, with all rights reserved unless indicated otherwise. They may be downloaded and/or printed for private study, or other acts as permitted by national copyright laws. The publisher or other rights holders may allow further reproduction and re-use of the full text version. This is indicated by the licence information on the White Rose Research Online record for the item.

Takedown

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.

Japan's New Regional Reality: Geoeconomic Strategy in the Asia-Pacific. Saori N. Katada. Columbia University Press, New York, 2020. xviii, 326 pages.

In June 2018, I was fortunate enough to take a select team of staff and students from my university to the Group of 7 (G7) summit in Quebec, Canada. For three days we worked in the international media center, following developments, attending press conferences and publishing blogs and policy briefs. Throughout the summit, rumors circulated among the journalists with whom we rubbed shoulders that for the first time in its history the G7 was not going to agree on the text of its final communiqué. The reason was that US President at the time, disrupter-in-chief and former reality TV star Donald Trump was refusing to allow a statement by which G7 members committed themselves to the promotion of a rules-based international order and trading system, despite the fact that the G7 always makes this commitment at its summits and is an integral part of this order and trading system. Nevertheless, Canadian Prime Minister Justin Trudeau was able to snatch victory from the jaws of defeat and announce a jointly agreed communiqué at his final press conference. Yet, this was a fleeting victory and in the space of one tweet from Air Force One Trump managed to take issue with his Canadian counterpart and withdraw US endorsement of the communiqué. In the middle of this diplomatic kerfuffle (or should that be “covfefe?”) our team of policy analysts was able to attend Prime Minister Abe Shinzō’s post-summit press conference and, in contrast, hear him extol Japan’s position as ‘a standard bearer for free trade ... determined to exercise strong leadership aimed at spreading markets based on free and fair rules throughout

the world, including through the Trans-Pacific Partnership (TPP) and our economic partnership agreement (EPA) with Europe'.¹

I mention this experience not to highlight an innovative learning and teaching initiative but rather as a point of entry into this excellent new volume by Saori Katada, which explores in forensic detail a similar development in Japan's geoeconomics strategy in the Asia Pacific region. In short, her argument is that "... the Japanese government has, for the two decades since the 1990s, shifted its regional geoeconomics strategy from one based on neomercantilism ... to a more liberal one that aims to set rules and establish institutions for the region's public good" (p. 1). This shift is explained through the interplay of regional and domestic dynamics, both of which have changed dramatically since the 1990s. On the one hand, the regional picture is almost unrecognizable over this period as a result of the rise of China, US-China trade friction and Japan assuming the role of poster boy for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that emerged out of the Trump administration's withdrawal from the TPP in 2017. On the other hand, the domestic picture has also shifted radically with the Japanese government behaving in a much less dirigiste fashion as Japanese businesses have globalized and the economy has been reformed. The picture that many of first learned and then taught of Japan Inc. and an iron triangle of Japanese politics is long gone.

Instead, what we are presented with – and this is Katada's key contribution – is a "state-led liberal strategy." This strategy is characterized by "a high level of economic rule setting in the region" especially through formal regional

mechanisms and institutions (p. 5), and is the result of Japan's economic maturity and efforts to chart a middle path between US and China by which Japan can maintain a voice in the shaping of the region. Katada makes a persuasive case for the importance of this finding. Not only does it capture Japan's unique position but also provides a potential model of what other similar countries and developmental states, even China, can expect (p. 6).

The book traces the process towards Japan's leadership of an open and rules-based regional order, and the various ways in which it has been implemented, in seven substantive chapters bookended by an Introduction and Conclusion. Chapter 1 provides the historical context through a review of the literature on Japan's foreign policy that traces the shift from the old regional geoeconomic strategy that was bilateral, informal, and based on embedded mercantilism resulting in trade friction and Japan bashing to a new state-led liberal regional strategy predicated on regionalism rather than bilateralism, formal rules and institution building instead of informality, and the promotion of global standards instead of embedded mercantilism.

The overall argument is incrementally and logically constructed. Chapter 2 extends the scope of the book's analysis by reaching out to the literatures on Japan's foreign economic policy, the developmental state and varieties of capitalism. Building on this, Chapter 3 focuses on an explication of the changed regional environment, in particular how China's rise and clash with the US, rather than marginalizing Japan, has opened up an opportunity for Japan.

In contrast, Chapter 4 provides the domestic context by focusing on transformational reforms that makes the iron triangle of Japanese politics oddly nostalgic.

This is all necessary throat-clearing in the form of skillfully constructed literature reviews before Chapters 5 to 7 provide the empirical contribution in the form of case studies. Chapter 5 focuses on trade and investment and the various developments from the establishment of the Asia-Pacific Economic Cooperation (APEC) forum via “FTA frenzy” (p. 89) and the “long road” (p. 112) represented by the opportunities and challenged of the TPP through to Japan’s persistence in championing the CTPP. This is fascinating domestic tale and aspect of the Abe administration told in detail. Chapter 6 outlines the rocky path in terms of regional financial and monetary governance from US dominance, via the rise of Japan, and through to the rise of China more recently. The Asian financial crisis serves as a pivotal point in understanding greater regional institution-building efforts on the part of Japan. Although characterized first by failure in the face of US and International Monetary Fund opposition to its proposed Asian Monetary Fund, Japan managed to secure an unexpected victory through various initiatives, such the Chiang Mai Initiative, and different routes to their acceptance and implementation that tell us about the way Japan operates. This is a well-known story but Katada places it in much-needed historical and contemporary context. Chapter 7 concentrates on Japan’s aid and development in the region and a story of dramatic shifts from its position as aid recipient to small donor to superpower through to a declining aid giver placing the emphasis on public-private partnerships, while more recently being challenged by the rise

in number of other donors, most notably China through its Belt and Road Initiative and Asian Infrastructure Investment Bank. Katada skillfully interweaves seismic shifts at the global and regional levels with domestic changes in the politician-bureaucracy-business relationship to construct a compelling narrative.

The Conclusion highlights a couple of ironies that emerge in the course of the book. First, there is the apparent contradiction between the Japanese state's traditional readiness to intervene as part of its developmental state model and its newly adopted liberal approach to the region, by which it is not always guided at home. Second, the Japanese government has possibly made itself a hostage to fortune by tethering its future strategy so closely to the TPP/CPTPP but with little track record of being able to encourage Japanese businesses to engage beyond their immediate interests. Katada follows up by discussing the resulting question of how genuine this shift towards leadership of the regional liberal order is. In any case, the high stakes could not be higher as captured in the final paragraph of the book: “[t]he dynamics could present the Japanese government with its greatest opportunity to shape the regional economic order in the Asia-Pacific for decades to come. This could also be the most difficult challenge for the government as it reinvents its role in the face of globalizing businesses and changing society” (p. 196).

Katada has developed an impressive pipeline of high-quality publications across the fields of international political economy (IPE), regionalism, monetary, financial, trade and aid policies in the case of Asia and Japan over the last two

decades and with this publication we find her at the top of her game. In many ways, without the considerable explanatory notes and references, this is a discreet and slim volume whose chapters effectively convey the narrative and the argument. In another life, this book could have been repackaged as one of the impactful and topical mini-monographs so beloved of publishers at the moment (exemplified by Palgrave Pivot, although other publishers and series are available). However, much of the rigor and contribution of this book lies in that very detail and would be lost in a pared down publication. Katada writes with clinical precision and an enviable attention to detail, guiding the reader logically through her argument. As an aside, dare I say that this is the first volume in a long time in which I was unable to spot any typos. This pays testament to the care that has gone into the presentation of the argument, as well as its argumentation.

Katada is right that this is an exciting time to study Japan (p. xi). This is partly a result of the challenge that results from a rising China and decrease in US engagement in the Asia-Pacific, but also emerges from developments within Japan, particularly the claim that “Japan is Back,” exemplified by *The Economist* front page of May 2013 with Abe’s head photoshopped onto the body of Superman topped with the headline “Is it a bird? Is it a plane? No...It’s Japan!” As a result of this growing interest, I would expect a broad range of audiences to appreciate the argument presented here both in terms of level – from upper-end undergraduates to postgraduates, researchers and practitioners – and disciplines/sub-fields – from political science, quantitative methodology and comparative politics to IPE, international relations and even security studies.

The arguments presented in this monograph suggest a range of future research directions. For example, China will remain the overriding challenge for Japan to address in pursuing its regional geoeconomics strategy but this inevitably begs the question of whether competition or cooperation will prevail. Although the longer terms trends mean that they might count for little, what can we expect in the short-term under the Biden and Suga administrations? Speaking selfishly and returning to my anecdote at the outset, does this shift in Japan's leadership and strategy on the regional level translate to the global level in institutions and fora such as the G7 and Group of 20?

Reviewed by

HUGO DOBSON

University of Sheffield

¹ Prime Minister of Japan and His Cabinet, "Press Conference by Prime Minister Abe Following the G7 Summit in Charlevoix," June 9, 2018, https://japan.kantei.go.jp/98_abe/statement/201806/_00004.html (accessed March 3, 2021).