



# Combatting Political “Jiu-Jitsu” and “Curveballs” with Freedom and Legitimacy: Japan’s diplomatic strategies are being challenged by China’s CPTPP bid

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## What is China’s intention with its CPTPP bid?

On 5 September, 2021, AUKUS, a defense and security partnership between Australia, the United Kingdom, and the United States announced that it would supply Australia with the technology for nuclear submarines. The next day, China applied for membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, a trade agreement of eleven countries from the Trans-Pacific Partnership (TPP), minus the USA). In a 23 September column in the *Washington Post*, famous US journalist Fareed Zakaria called China’s actions political “[jiu-jitsu](#)” and encouraged the US public to take note. In Zakaria’s opinion, China deftly fired back against AUKUS’ bold move and set the groundwork for a CPTPP bid. This was a far-sighted comment by Zakaria.



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After his call to attention, Japan and the United States disputed over how they should respond to China’s CPTPP membership bid, a debate that continues today.

The issues involved are complicated. The domestic political situation in democratic nations greatly affects the global strategic issues that are intricately tied to security and economy and the simultaneous trade issues. Traditional military and security issues present low policy obstacles, like when the Biden administration surprised the world with AUKUS. Countries like the United States are limited, however, with the force they can apply on trade policies that connect directly to domestic employment and the economy.

This is particularly true of the United States, where Congress controls the rights for trade negotiations. So even if the Biden administration tried to rejoin the CPTPP that the former Trump administration pulled out of, the Trade Promotion Authority (TPA) that administrations receive from Congress expired on 1 July, 2021. This leaves the administration helpless to act and China can see through the situation clearly. Even if the Biden administration began negotiations to rejoin the CPTPP without the TPA, they have little chance of succeeding because Congress can request individual corrections during the ratification process. The TPA was originally established as a measure to avoid such interference from Congress, but that’s no longer the case.

The ruling Democratic Party currently maintains only a slight majority in the House and Senate, and considering the opposition to free trade agreements from the workers and trade unions in their base, obtaining TPA from Congress before the November 2022 midterm election seems unlikely.

If we examine the Japanese government, the Liberal Democratic Party (LDP) was pessimistic about joining the TPP, as low-priced agricultural goods from overseas entering Japanese markets would disadvantage their base in the farm vote. In 2013, while I was working at a private think tank called the Tokyo Foundation, we published a book called *TPP de sarani tsuyokunaru Nihon* (Turning TPP to Japan's Advantage) by Harada Yutaka with the Tokyo Foundation (PHP Institute, 2013) that pointed out how TPP membership would significantly impact the future growth of the Japanese economy, but bookstores at the time were plastered with titles like “TPP destroys the country” and “TPP exile theory”. Even members of the LDP support TPP now, but I remember the cold reception that greeted the Tokyo Foundation's book. Because the opposition Democratic Party of Japan generally supported the TPP with almost none of the farm vote and the Abe administration was able to build a long-term stable government due to its strong support of a Japan-US Alliance and the long-term strategic vision it possessed, it could almost be called sheer luck that the Abe administration was able to steer the nation into joining the TPP. In this way, democratic nations like Japan and the United States face tremendous obstacles with new free trade agreements, while barriers to action for the Chinese government are low. China, by not receiving public approval via elections, could expedite measures with its CPTPP bid.

### **“Curveballs” aimed at dividing CPTPP member nations**

Of course, if China were to adhere to existing TPP rules, they would need to prepare for significant domestic losses caused by revisions to state-owned enterprises, the handling of intellectual property rights, and other measures. But if we look at China's current actions, they seem to be trying to persuade each member nation to revise the TPP rules that do not benefit China. For many CPTPP member nations, including Japan, China is their first or second most valuable trade partner, so just considering economic gains and losses, many member nations are tempted to change existing rules to allow Chinese membership and secure access to the massive Chinese market.

Originally, allowing China's CPTPP bid was a long-term strategy to direct China into complying with the common rules in the region. However, China dove headfirst into the TPP that Japan and the United States had planned without any changes to its attitude and are instead attempting to change the existing rules and adopt “reverse thinking” aimed at leveraging their economic power to increase their influence in the region. Even if US allies like Japan block Chinese membership without loosening negotiation conditions, there will be some holdouts from other member nations whose hopes are pinned on China, which could be a promising “curveball” resulting in divisions amongst member nations.

However, because the former Trump administration unilaterally withdrew the United States from the TPP, the US faces unavoidable limitations on their influence. In a 2 October article in the *Nikkei* by Takahashi Toru, Editor-in-Chief of Editorial Headquarters for Asia of the *Nikkei*, “Could the US, China, and Taiwan stand arm-in-arm over tensions surrounding the TPP?”, Takahashi suggests that China's bid could be a measure to effectively divide member nations. Among the eleven members of the CPTPP, only Canada and Mexico don't have FTAs with China and are both members of the Agreement between the United States of America, the United Mexican States, and Canada (USMCA). This agreement includes a “poison pill” that allows Canada or Mexico to cancel the agreement after six months if the United States signs an FTA agreement with a country considered to be a non-market economy, so the US can apply pressure on both Mexico and Canada to oppose Chinese membership in the CPTPP.

However, Takahashi warns that if the United States, which is not a CPTPP member, works to block Chinese membership from outside the alliance, it could lead to dissatisfaction with the US among some member nations, since the US promoted the TPP and then withdrew from it unilaterally. China, which originally thought that joining the TPP would be difficult, has little to lose by not being able to gain membership. Rather, a weakened TPP would benefit China, as the TPP was originally intended to apply pressure on China. The Biden administration is showing a focus on the Indo-Pacific, but slow action on trade policies demonstrates a reluctance towards economic engagement with countries in the region. China is using the gap left by the United States' withdrawal as a reversal to the technique from the US and Japan called the TPP, which is precisely the kind of political jiu-jitsu Zakaria described.

### **How do US experts view China's bid?**

US experts were aware of the problem of how to fill the gap created by the US TPP withdrawal before China submitted its CPTPP bid. They fully understood the strategic significance of the TPP — including the geopolitics involved — and Japan must recognize this again.

Up until now, the United States has employed a policy of engagement towards China. However, both the Biden administration and the former Trump administration championed counter-policies and competitive policies aimed at deterring China's military adventurism in the Taiwan Strait, East China Sea (Senkaku Islands), South China Sea, etc., concluding that they cannot make changes to deviations from international rules. That grand strategic concept is the Free and Open Indo-Pacific (FOIP). The primary focus of this strategy is not to simply grow a military balance to compete with and therefore dissuade China, but also to use both security and the economy to create a "legitimate regional order" ([National Security Council Coordinator for the Indo-Pacific, Kurt Campbell and China Director, Rush Doshi](#)) in the Indo-Pacific region that China will eventually have no choice but to cooperate with.

That's precisely why many US experts were critical of the US withdrawal from the TPP under the former Trump administration and recommend rejoining the alliance. Even before China applied for CPTPP membership, articles were being published like "[America Still Needs to Rebalance to Asia—After Ten Years of Talk, Washington Must Act](#)" (11 August) by security experts Zack Cooper and Adam P. Liff on the website *Foreign Affairs* and "[America Must Return to the Trans-Pacific Partnership—Washington Can't Shape Global Trade From the Sidelines](#)" (10 September) by trade expert Wendy Cutler.

Cooper and Liff see a problem in the gap shared by both the Trump and Biden administrations between Anti-China rhetoric in their emphasis on Indo-Pacific and the actual actions undertaken. Above all, they conclude that the former Trump administration's withdrawal from the TPP, opposition from both Trump and Biden to rejoin the TPP during the 2020 presidential election, and not participating in the RCEP, which covers approximately 30% of the world's population and GDP, are all substantial failures in the US strategic return to Asia (rebalance) policy.

Cutler, who oversaw trade policy with Japan and Asian countries for many years in the USTR, gives her reasons why the United States should join the CPTPP. The most important reason is that the US cannot counter Chinese influence if it does not join. The former Trump administration thought that the TPP would crumble if the US withdrew and that the China-backed RCEP would go nowhere, but in reality, Japan prevented the collapse of the TPP and, as of November 2020, member countries have

joined the RCEP, which is on course to effectively reach its goal in January 2022. Asian countries are looking to expand trade, even without the US, and Cutler pointed out that China's influence is growing. Cutler worries that the Biden administration's attempts to force action from the United States' Indo-Pacific allies as a way to counteract China face will turn complicated.

That is why Cutler believes that if the United States is not a CPTPP member, it cannot show strong US trade agendas with Japan, South Korea, many ASEAN countries, and even India, which will most likely join in 2021. The US then won't be able to counter the appeal of China, each country's biggest trading partner. She also points out that the US is encouraging each country to review their supply chains and enact regulations on exports to China in the name of COVID-19, but if the US were to join the CPTPP, it could force member nations to act and decrease China's leverage. As mentioned above, Cutler published her theory before China's bid, but she foresaw the possibility of China's bid. As conditions for entry, the CPTPP requires limitations on state-owned enterprises, stricter labor and environmental standards, and a system to protect intellectual property rights. It might be difficult for China to adhere to the CPTPP rules, but she doesn't see all member nations making strong demands of China to meet these standards. The Japan expert Cutler thinks that Japan is insisting that new member nations comply with existing CPTPP standards, but it is entirely possible that other member nations could allow China to join. Cutler worries that China joining the CPTPP would be a PR win for China and greatly inhibit US influence in Asia.

US security and trade experts agree unanimously. Cooper and others recommend setting an aggressive and progressive agenda towards defense and economic integration for US engagement with Asia, not as part of any Chinese countermeasures, but as a forward-thinking regional strategy. On this point, their view is drastically different than those of politicians who risk losing the working vote by advocating for free trade policies.

Moving forward, strategic directions for Japan to reconsider should align with the arguments from the US experts. It's no coincidence that these three experts are all Japan experts and support a Japan-US alliance. I believe that the two big pillars to Japan's "Free and Open Indo-Pacific" initiative are realism and liberalism. Realism looks to deter China's military adventurism through a functioning Japan-US alliance by retaining US military engagement in the region and bringing stability to the region, while liberalism looks to maintain economic systems based on legitimate and shared rules for trade and investment that allow for long-lasting and sustainable regional economies, including China's. Balancing those two ideas is important.

## **What strategies can Japan take to deal with this?**

How should Japan respond to the jiu-jitsu or curveball that China's CPTPP bid represents? China is throwing a curveball and attempting to change the rules of the game by joining the CPTPP even though they lack the domestic base to do so. If this were baseball, swinging at it would result in a fly ball, but not swinging would be strike three. Japan needs to hit a foul ball to stay at bat and come up with strategy that brings them to the next play.

Currently, the world is watching as China undergoes a domestic real estate bubble, but it's unclear whether it will lead to a collapse of the bubble economy similar to the one in Japan. At the very least, it

should at some point lead to a slowing of China's long-term economic growth. The Xi Jinping administration is solidifying the government's position and moving closer to a dictatorship, so it cannot afford to enact measures that would weaken short-term economic competitiveness, such as privatizing state-owned enterprises, adamantly protecting intellectual property rights, or strengthening labor and environmental standards.

To cope with any curveballs, Japan needs to not succumb to opponents and maintain straightforward approaches faithful to national strategy. One guiding principle is the aforementioned strategic trends towards the Free and Open Indo-Pacific initiative shared by Japan and the United States. Japan must also not forget to focus on big-picture strategies that maintain the long-term viability of the Japanese economy.

What are straightforward methods for Japan? One target is to maintain free trade, economic rules for investment, and order both in the Asian region and throughout the world that have so far supported Japan's economic growth. This would be the first strategic move towards Japan's continued prosperity, even as its population continues to decline. It would also simultaneously help the economies of Southeast Asia and India that can expect sustainable growth in the future.

The second target is tying the United States and its military might to the importance of order in the region. A US presence is indispensable in directing Chinese compliance with regional rules and keeping China in check as it disregards the existing international order to achieve its national interests through the application of military, etc. force in the East China Sea (including the Senkaku Islands), the South China Sea, the Taiwan Strait, and elsewhere.

These two targets are like the wheels on a car. If either one of them is absent, the results bode poorly for Japan. With the first target, for example, while China successfully joining the CPTPP without a US presence might create a huge economic zone, the US will be excluded through China's veto power and China's influence will grow. If that happens, China will take actions that focus on China and it will be difficult to achieve the security aspect in the second target.

The original strategic significance of the TPP was to induce China into complying with security rules by penning China inside a framework of regional investment and trade rules. With its large market, China is a focal point for CPTPP member nations and as Japan looks to the future, it should not blindly reject a bid from China. Based on that, Japan should work in-step with Australia and Canada in emphasizing existing CPTPP requirements and free economic principles while engaging in persistent and unwavering negotiations with China without compromising on the pre-agreed terms for state-owned enterprises, labor and environmental standards, and intellectual property rights.

It appears, however, that China has begun negotiations regarding relaxing standards with other CPTPP member nations over which it can easily exert its influence. This is a vital matter requiring attention. That is why Australia, Canada, and the US experts cited above should urge the Biden administration and Congress to rejoin the TPP. Current US public opinion shows strong concern over China and there is bipartisan agreement on opposing China and emphasizing allies, so Congress should pay attention.

Zakaria, who was cited above, concludes his column by insisting that "For the United States, rejoining CPTPP is politically difficult, but it might be strategically more important than about eight Australian submarines that may not begin to be deployed until 19 years from now," and pointing out



the importance of economic factors in the US-China rivalry. Zakaria's statement is based on the Obama administration's then Secretary of Defense Ashton Carter's (2015) [statement](#) that "passing TPP is as important to me as another aircraft carrier".

US workers worry about losing their jobs if the United States joins the TPP, but, alternately, if China succeeds in joining the CPTPP and the US is ejected from the Asian free trade network, it would clearly be a huge economic loss, much more so than any potential drawbacks from US membership in the TPP. Politicians should be able to persuade US workers of as much.

In other words, a strategic move for Japan would be to view China's bid as a rare opportunity to work with other member nations and apply counter-pressure on the prospect of relaxing membership requirements (and appeal to the US to maintain that stance) while requesting that the US immediately return to the TPP no later than after the midterm elections of next year. This would be a synthesis of Japan's long-term strategy with the principles of global economic rules.

## **To maintain world economic growth**

Japan must not forget that the Indo-Pacific surrounding Japan is currently becoming the central region for creating global rules on both security and the economy. Chief foreign affairs commentator of the *Financial Times*, Gideon Rachman, calls this "Easternization", which he discusses in his book of the same title, *Easternization: Asia's Rise and America's Decline from Obama to Trump and Beyond* (2108). Looking at our global future, if rule creation in the Indo-Pacific like the TPP is regressive, it could also hinder sustainable growth for the world economy as a whole. Research on economic history and social science to date has revealed that a lack of clear rules at the outset does not give rise to creative long-term economic growth in societies that use arbitrary power to determine policies (for example, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (2012) by Daron Acemoglu and James A. Robinson).

Moreover, humanity and the world economy of the future must shoulder the burden of a widening wealth gap caused by climate change and economic globalization. If we do not create fair rules to overcome that burden nor create new values within those parameters, then trouble is in store for our species, much less sustainable economic growth. With a long-term strategic perspective like that, it makes sense to maintain the requisite conditions for membership not only for China, but for any nation wishing to join the CPTPP. Not bending the rules and having China join under a CPTPP style economic framework would pave the way forward toward the sustainable economic growth of Japan.

Japan saved the TPP, which was on the verge of collapse following the withdrawal by the former Trump administration, and simultaneously concluded the [Japan-EU Economic Partnership Agreement](#) (EPA) in the midst of the failure of the TTIP, an FTA between the United States and Europe. The Japanese themselves must reassess the results of supporting the global free trade system. That path leads towards the long-term economic growth of Japan. Doing so also represents an attempt to maintain the rules that secured the free economic activities that have so enriched the world and an effort to support the future sustainable economic growth of the entire world. That is not something that should flinch at a few curveballs.

*Translated from “Seijiteki “jiu-jitsu” to “kusedama” ni jiyu to seitosei de nozome: Chugoku no CPTPP kamei-shinsei to tamesareru Nihon no gaiko-senryaku (Combatting Political “Jiu-Jitsu” and “Curveballs” with Freedom and Legitimacy: Japan’s diplomatic strategies are being challenged by China’s CPTPP bid),” Chuokoron, December 2021, pp. 142-149 (Courtesy of Chuo Koron Shinsha) [December 2021]*

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