



CHINA-JAPAN RELATIONS *in the* 21ST CENTURY

*Antagonism Despite
Interdependency*

Edited by **LAM PENG ER**



China-Japan Relations in the 21st Century

Lam Peng Er
Editor

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Antagonism Despite Interdependency

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Editor

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China–Japan Paradox: Antagonism Despite Interdependency

Lam Peng Er

Arguably, China and Japan are the two most important countries in East Asia. Indeed, whether their bilateral relations will be conflictual or not will have a significant impact on the peace, stability, and prosperity of East Asia. There is a puzzle and paradox in their bilateral ties: why is their contemporary relationship marked by rising political antagonism despite greater economic interdependence? A long-standing claim in the literature on interdependence and conflict is that “open international markets and heightened economic exchange inhibit interstate hostilities.”¹ While Sino–Japanese relations have not deteriorated to the extent of armed hostility, their political ties have become increasingly strained and tense. It is unclear whether greater economic interdependence is sufficient to mitigate the downward spiral in their diplomatic relations.

¹Edward D. Mansfield and Brian M. Pollins (eds.), *Economic Interdependence and International Conflict: New Perspectives on an Enduring Debate* (Ann Arbor, MI: -University of Michigan Press, 2003), p. 2 (Mansfield and Pollins 2003).

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Despite geopolitical rivalry, and clashes over historical narratives and territorial disputes, both countries are undeniably economic Siamese twins joined at the hips.

Various analysts have sought to characterize their paradoxical relationship as “intimate rivals,”² “charm rivals,”³ “hot economics, cold politics,”⁴ and “distant neighbors.”⁵ A Japanese scholar, Kokubun Ryosei, also noted the end of a “friendship” paradigm⁶ between Tokyo and Beijing. Recent public opinion surveys attest to this view. According to the Japan Cabinet Office’s “Public opinion survey on diplomacy,” published in March 2016, 83.2% of Japanese did not feel any affinity with China; only 14.8% felt some affinity. A Japanese scholar, Takahara Akio, perceives that many Chinese view Japan starkly in a bifurcated and binary manner: friend or enemy. According to Takahara, it is unfortunate that the “Chinese mindset” increasingly views Japan as an enemy. However, it appears that many Japanese are mirroring the Chinese by viewing China as a potential “enemy.”⁷

²Sheila A. Smith, *Intimate Rivals: Japanese Domestic Politics and a Rising China* (New York: Columbia University Press, 2015) (Smith 2015).

³Jing Sun, *Japan and China as Charm Rivals: Soft Power in Regional Diplomacy* (Ann Arbor, MI: University of Michigan Press, 2012) (Sun 2012).

⁴June Teufel Dreyer, “China and Japan: ‘Hot Economics, Cold Politics’”, *Orbis*, Vol.58, No.3, 2014 (Dreyer 2014).

⁵See Masahiro Okoshi, “Distant Neighbors: Magazine fights cultural ignorance between Japan, China”, *Nikkei Asian Review*, 13 March 2015.

⁶Kokubun Ryosei argues that “Japan–China relations started under the banner of ‘friendship’; however, it was based on the ‘friendship’ among a limited number of people”. Kokubun continues: “Following this generational change, the ‘Japan–China friendship’ slogan seems to be used less frequently on various occasions and in different places. ‘Japan–China friendship’ was the cure-all for friction ... The question is whether there are any capable persons among politicians and business leaders who would devote themselves to ‘Japan–China friendship.’” See Kokubun Ryosei, “The shifting nature of Japan–China relations after the Cold War” in Lam Peng Er (ed.), *Japan’s Relations with China: Facing a Rising Power* (London and New York: Routledge, 2006), p. 27, 30 (Kokubun 2006).

⁷A rapporteur writes: “What is also problematic is China’s view that the world is made up only of enemies and friends. Professor Takahara said that this view is especially pervasive among Chinese leaders ‘who are in their 50s and 60s, who grew up during the Cultural Revolution.’ Thus, they criticize Japan’s alliance with the US, saying that is an unnecessary fixation on Cold War thinking. However, this is because the Chinese leaders think that Japan views the world through the same friend–enemy lens”. See “Session 1: Security outlook in the Asia-Pacific: Roles of Maritime Nations”, “Report of the Singapore Delegation”, *11th Japan–Singapore Symposium*, Tokyo, 25–26 April 2016, p. 13.

In January 2014, Prime Minister Abe Shinzo, speaking to international journalists at the World Economic Forum in Davos, said that China and Japan were in a “similar situation” to that of Britain and Germany before World War I. Reuters reported: “Although the rivals then had strong trade ties, that did not prevent the outbreak of war in 1914, Abe said, adding that China’s steady increase in military spending was a major source of instability in the region.”⁸ Simply put, economic interdependency does not guarantee the absence of interstate violence.

In August 2016, Tokyo’s Annual Defense White Paper expressed “deep concern” over what it sees as Chinese coercion, as a more assertive Beijing flouts international rules when dealing with other nations in various territorial disputes in the East and South China Seas. The Defense White Paper warns “China is poised to fulfil its unilateral demands without compromise.”⁹ In a war of words, Beijing retaliated: “The real purpose of the document is to tarnish China’s image, contain China’s peaceful rise, and offset its growing international influence, particularly its clout in the Asia Pacific Abe again begins to play up [the] ‘China threat’ in order to press for revising of the country’s pacifist constitution.”¹⁰

In the same month, at least 230 Chinese fishing boats accompanied by 14 Chinese coast guard vessels were present in the waters near the disputed Japan-administered Senkaku (Diaoyu) islands. Such Chinese “incursions” will simply reinforce Japanese perceptions that China is not a friendly neighbor. The atmospherics between Tokyo and Beijing are so bad that the top political leaders of both countries, Prime Minister Abe and President Xi Jinping, have not held any bilateral summits in each other’s capitals since they ascended to power in 2012.¹¹ It appears that Sino–Japanese diplomatic relations are trending downwards, notwithstanding their deepening economic interdependence.

⁸Kiyoshi Takenaka, “Abe sees World War One echoes in Japan–China tensions”, *Reuters*, 23 January 2014.

⁹Tim Kelly, “Japan defense review expresses ‘deep concern’ at Chinese coercion”, *Reuters*, 2 August 2016.

¹⁰“Commentary: Japan’s defense white paper hypes up “China threat” for hidden agenda”, *Xinhua*, 2 August 2016.

¹¹Xi and Abe have met at the sidelines of multilateral meetings such as the November 2014 APEC meeting in Beijing, the April 2015 Bandung Conference, and the September 2016 G20 meeting in Hangzhou, China.

ECONOMIC TIES WHICH DO NOT BIND?

Historically, Japan supported China's shift from Maoist autarchy to an open-door policy whereby the Chinese Mainland developed and integrated into the global economy, and was socialized by the norms of international society (See Takahara Akio, Chap. 2). In lieu of reparations for Imperial Japan's invasion of China, postwar Japan has also offered generous aid which facilitated China's economic development and subsequent rise. The Japanese Ministry of Foreign Affairs notes: "Official Development Assistance (ODA) to China began in 1979 and from that time to the present, approximately 3.3164 trillion yen in loan aid (yen loans), 157.2 billion yen in grant aid, and 181.7 billion yen in technical cooperation have been implemented."¹²

There are at least 23,000 Japanese companies now operating in China, employing ten million Chinese workers.¹³ Both China and Japan are among each other's most important trading partners (See Fan Ying's Chap. 3). Tourism between the two countries has also boomed. Japan handed out 3.78 million visas to Chinese nationals in 2015 as Chinese tourist arrivals increased due to a weaker yen and relaxed visa rules.¹⁴ In the same year, 2,497,700 Japanese tourists visited China.¹⁵ The number of Chinese students studying in Japan is also impressive: 94,111 in 2014.¹⁶ In the same year, there were 15,057 Japanese students in China.¹⁷

¹²Ministry of Foreign Affairs of Japan, "Overview of Official Development Assistance (ODA) to China", 1 February 2016. http://www.mofa.go.jp/policy/oda/region/e_asia/china/ (Accessed: 11 August 2016) (Ministry of Foreign Affairs of Japan 2016).

¹³Statistics from June Teufel Dreyer, *The Middle Kingdom and the Empire of the Rising Sun: Sino-Japanese Relations, Past and Present* (New York, NY: Oxford University Press, 2016), p. 280 (Dreyer 2016).

¹⁴"Japan issued record number of visas to Chinese in 2015, up 85%", *Japan Times*, June 6, 2016.

¹⁵JTB Tourism Research and Consultancy, "Statistics of Japanese tourists travelling abroad". <http://www.tourism.jp/en/statistics/#outbound> (Accessed: 1 September 2016).

¹⁶Japan Student Services Organization, Result of an Annual survey of International Students in Japan 2015, March 2016.

¹⁷Project Atlas: China, "International Students in China". <http://www.iie.org/Services/Project-Atlas/China/International-Students-In-China#.V8fxHjXse2o> (Accessed: 1 November 2016).

Japan sought to prevent the international ostracism of China, especially after the 1989 Tiananmen Massacre as Emperor Akihito's visited Beijing in 1992. Moreover, Tokyo has also supported Beijing's participation in global processes such as the World Trade Organization (WTO) to enmesh and socialize China through international norms and institutions. Following the logic of economic interdependence, Japan should have joined the Chinese-led Asian Investment and Infrastructure Bank (AIIB) in June 2015, along with 57 founding members, especially when there is an insatiable demand for capital and infrastructure development in Asia. Even though many US allies like Australia, South Korea, and the United Kingdom decided to join the AIIB, unfortunately, Japan did not. Apparently, the poor sentiments between China and Japan are a key factor which has led to the latter's decision to boycott the AIIB. Other factors may have included pressure from Washington and Tokyo's desire not to see the AIIB undermine the Japanese-led Asian Development Bank (ADB). Indeed, geostrategic competition between Beijing and Tokyo can hinder deeper economic and financial interdependency.

OTHER TIES AND COMMON INTERESTS

Sino–Japanese relations are multifaceted. Besides their crucial state-to-state relations at the national level, there are also substantial economic ties between their local governments, regions, and cities (see Satoh Haruko, Chap. 5). There are also many Japanese NGOs in China engaging in environmental cooperation and preventing desertification.¹⁸ Moreover, the Chinese and Japanese people, along with the rest of humanity, share a common interest in mitigating global warming and climate change. Both countries also have a common interest in ensuring food safety in their bilateral trade.

China and Japan have also shown themselves to be good neighbors by providing humanitarian assistance during the 2008 Szechuan Earthquake and the 2011 Triple Disasters in which an earthquake and tsunami struck the coast of Northeast Japan, followed by a nuclear meltdown at Fukushima. Both Northeast Asian countries also shared common

¹⁸Takahara Akio, "Japanese NGOs in China" in Lam Peng Er (ed.), *Japan's Relations with China: Facing a Rising Power* (London and New York: Routledge, 2006), pp. 166–179 (Takahara 2006).

missions such as jointly participating in multilateral activities against piracy in East of Somalia and UN peacekeeping operations in Sudan.

Even though a trilateral summit among their top political leaders has yet to resume by 2016, China, Japan, and South Korea continue to fund and dispatch bureaucrats to a trilateral secretariat established in Seoul (see Park Hahn-Kyu, Chap. 12). Though the vision of an East Asian Community (EAC) has dimmed in Beijing and Tokyo, both countries have not officially abandoned it. Indeed, no future EAC is possible without their pivotal participation and leadership.

China and Japan have also established a cooperative subregional framework known as the Japan–China Mekong Dialogue (see Keokam Kraisoraphong, Chap. 7 and Bi Shihong, Chap. 8). However, both Tokyo and Beijing also have their own separate multilateral fora with the Mekong riparian states. In 2016, Beijing launched its own Mekong framework—the First Lancang–Mekong Cooperation Leaders’ Meeting for a “Community of Shared Future of Peace and Prosperity among Lancang–Mekong Countries.” Both Northeast Asian countries are also interested in peace-building in Myanmar aimed at ending various armed ethnic conflicts in that country. Japan and China are also active participants in various ASEAN-centered regional processes such as the Association of Southeast Asian Nations (ASEAN) Plus Three, ASEAN Regional Forum and the East Asian Summit (See Chung Chien-peng, Chap. 6).

Notwithstanding the web of interdependence between these two states and societies, their diplomatic ties are at their lowest ebb in the twenty-first century. Their political leaders seem to mirror each other’s fears. The Chinese are troubled by Abe’s new set of collective security bills and revision of the US–Japan Defense Guidelines, and fear that Tokyo is in cahoots with Washington to contain China. Beijing is suspicious of Prime Minister Abe’s desire to revise the post-war pacifist constitution and the revival of Japanese “militarism.” In contrast, many Japanese view their nation as peaceful since 1945 but perceive that Beijing is emerging as a regional bully in the East and South China Seas with a disdain for international law and seeking to change the regional status quo by coercion.

WHY SINO–JAPANESE PARADOX?

How do we explain the Sino–Japanese paradox of rising political antagonism despite deepening economic interdependence? There are at least a few plausible explanations which are not mutually exclusive. First, is the structural–psychological explanation that a power transition—the rise of China coupled with relative decline of Japan—has transformed their hitherto friendly ties since diplomatic normalization in 1972. The great Greek historian Thucydides affirmed: “[w]hat made war inevitable was the growth of Athenian power and the fear which this caused in Sparta.” To paraphrase Thucydides, what made conflict inevitable was the growth of Chinese power and the fear this caused in Japan. Arguably, Japan was the top Asian dog in East Asia from the Meiji Restoration until recently, first militarily during the epoch of imperialism and then economically in the postwar era. But in 2010, the Mainland Chinese Gross domestic product (GDP) superseded that of Japan.

Besides a rising military budget, China is a nuclear power with the ambition to be a great maritime power possessing a blue-water fleet. The Chinese government’s official defense spending figure was US\$146 billion, an increase of 11% from the 2014 budget of US\$131 billion.¹⁹ The military budget of Japan for 2015 was 4.98 trillion yen (approximately US\$42 billion, and roughly 1% of Japanese GDP), a rise of 2.8% on the previous year.²⁰ Contributors to this volume note the geostrategic competition between Beijing and Tokyo in the South China Sea (Renato Cruz De Castro, Chap. 9 and Lam Peng Er, Chap. 10), the East China Sea (Victor Teo, Chap. 13), and the Mekong subregion (Keokam Kraisoraphong, Chap. 7 and Bi Shihong, Chap. 8). Indeed, Sino–Japanese competition extends even to culture and “soft power” in East Asia (Heng Yee-kuang, Chap. 11).

The second explanation is also a geopolitical one which argues that Sino–Japanese ties during the Cold War were positive when the two countries were faced with a common enemy, the Soviet Union (See Takahara Akio, Chap. 2). In the post-Cold War era, Tokyo and Beijing

¹⁹“China increases defense spending 7.6% to USD146 billion”, *IHS Jane’s 360*, 7 March 2016.

²⁰“Japan approves record 4.98 trillion yen defense budget”, BBC News, 14 January 2015.

lack a common enemy. Moreover, Tokyo has reinforced its alliance with Washington to the chagrin of Beijing.

The third explanation is to look at the roles of top political leaders in bilateral relations (see Takahara Akio, Chap. 2). Indeed, structural–psychological factors can be mediated by the attitudes, wisdom, and folly of top political leaders. A caveat on the structural–psychological explanation is that it does not explain why certain dyads in international relations are not predestined for conflict during a power transition (for example, the rise of the United States coupled with the decline of the British Empire).

Moreover, Sino–Japanese relations have occasionally been good even during the power transition in East Asia. Indeed, Sino–Japanese relations were cordial during the brief tenure of dovish Prime Minister Fukuda Yasuo (2007–2008) who was personally friendly to China. Fukuda declined to visit the Yasukuni Shrine (the symbol of Japanese imperialism to the Chinese and Koreans) to avoid giving offense to his neighbors. Similarly, bilateral ties were warm during the tenure of Prime Minister Hatoyama Yukio (2009–2010) who refused to visit the Yasukuni Shrine, proposed to anchor Sino–Japanese relations within an East Asian Community (EAC), and for Japan to maintain an equidistant position between the United States and China. Bilateral ties hit their nadir when Prime Minister Koizumi Junichiro (2001–2006) stubbornly insisted on annual visits to the Yasukuni Shrine. Abe Shinzo too visited the Yasukuni Shrine in 2013. Simply put, political leadership is the critical “intervening variable” amidst the power transition in East Asia.

A fourth explanation on the deterioration of friendly diplomatic ties between Beijing and Tokyo focuses on the clash of nationalisms (see Yang Lijun, Chap. 4). Since the decline of Maoist ideology in China, legitimacy for the ruling Chinese Communist party (CCP) rests on economic growth and nationalism (which is often anti-Japan). Chinese television serials would refigure the Sino–Japanese war in Chinese living rooms every night. Unfortunately, given the emphasis on patriotic education in the aftermath of the 1989 Tiananmen Massacre, young Chinese are fed a poisonous brew of anti-Japan propaganda. Virulent Chinese nationalism can also be sparked by territorial disputes in the Diaoyu (Senkaku) islands, Japanese Prime Ministers’ visits to the Yasukuni Shrine, and even innocuous actions like Tokyo’s quest for a permanent seat on the United Nations Security Council.

In the case of Japan, generational change and a right-wing backlash triggered by Prime Minister Murayama Tomiichi’s 1995 apology to

mark the 50th anniversary of the end of World War II have also led to an upsurge of nationalism in the political mainstream. In addition, the Japanese fear of national decline, the perception of China being rude to and aggressive with Japan, and the advent and the domestic political dominance of Prime Minister Abe Shinzo, a right winger, have contributed to a clash of nationalisms.

A fifth set of explanations centered on a lack of trust, shared values, and a common identity between China and Japan.²¹ The countries neither share regime types and political values nor anchor their bilateral relations in a larger overarching framework in Northeast Asia similar to the European Union or the ASEAN where parochial bilateral tensions can be diluted and mitigated (see Renato Cruz de Castro, Chap. 9). Historically, China and Japan have shared common civilization roots such as Confucianism, Buddhism, kanji (Chinese writing script), and aesthetics (see Takahara Akio, Chap. 2). But political actors which share common civilizational roots can still go to war (for example, North and South Korea) and fight civil wars (including China) against each other.

Robert Hoppens makes the intriguing insight that the Japanese identity of being a more developed nation and mentor to a developing Chinese protégé in the 1980s and 1990s is now obsolete.²² Indeed, the identity embraced by many Chinese is that it is a rejuvenated power poised to overtake by the 2020s a US superpower in relative decline. Apparently, the US and not Japan is the only peer competitor to China in East Asia. Whether this Chinese view towards the US and Japan is hubristic or not is debatable. To be sure, the power transition in East Asia and domestic political change will make it a testing time for Sino–Japanese relations.

STRUCTURE OF BOOK: THEME, FEATURES AND SUMMARY

This edited book has four sections. The first is an overview of bilateral ties at both the local and national levels. Notwithstanding the primacy of the national governments and top political leaders in an international

²¹See, for example, Robert Hoppens, *The China Problem in Postwar Japan: Japanese National Identity and Sino–Japanese Relations* (London: Bloomsbury, 2015) and Ming Wan, *Sino–Japanese Relations: Interaction, Logic and Transformation* (Stanford, California: Stanford University Press, 2006), pp. 158–167 (Hoppens 2015; Wan 2006).

²²Ibid.

system of sovereign states, other factors like societies, mass attitudes, localities, and regions also impact on Sino–Japanese relations. The second cluster of chapters focuses on their bilateral cooperation and competition in multilateral settings such as the ASEAN Plus processes and in the Mekong subregion in Southeast Asia. The third section examines China, Japan, and maritime affairs in traditional and non-traditional security. The last section examines the triangular relations of China and Japan with third parties such as South Korea, Hong Kong, India, and Australia.

Theme and Features

There are a number of features in this edited volume. First, the analytical approaches adopted by the contributors are pluralistic and eclectic. There is no attempt to impose a particular methodology or orthodoxy on scholarly analysis. As Sino–Japanese relations become more developed and multifaceted, no single paradigm or theory is likely to capture the full complexity of this bilateral relationship. Nevertheless, the contributors, despite different analytical approaches, share a common task of addressing the main theme of the book: why rising political antagonism between China and Japan exists despite their deepening economic interdependency.

Second, this volume also looks at different levels of interaction between Japan and China beyond the nation state level—from localities such as Osaka and Hong Kong, subregions like the Mekong riparian states, and regional processes, especially the Trilateral Summit, ASEAN Regional Forum (ARF), ASEAN Plus Three, and the East Asian Summit (EAS). Third, this volume does not examine Sino–Japanese relations primarily in terms of “hard core” geopolitics but also their “soft power” projection in the region.

Fourth, some of the chapters do not look at Sino–Japanese relations from the perspectives of Beijing and Tokyo alone but instead examine triangular relations including their interactions with South Korea, Hong Kong, India, and Australia. Fifth, all 15 scholars who have contributed to this volume are indigenous to the East Asian region and Australia. One should not take a xenophobic attitude and wrongly assume that local scholars are necessarily more sensitive than American and European scholars to the impact of Sino–Japanese relations on their region. Indeed, some American and European scholars may be even more

elegant and bolder in theorizing international relations in East Asia than their Asian counterparts. But the 15 chapters in this volume reflect the diversity and flavor of scholarship from East Asia and Australia.

Fifth, some chapters in this book highlight the importance of the United States' impact on Sino–Japanese relations. Indeed, a precondition for the normalization of Beijing–Tokyo ties during the Cold War was the alignment between Washington and Beijing against Moscow, signified by US President Richard Nixon's 1972 visit to the Chinese capital (see Takahara Akio, Chap. 2). In the post-Cold War era, the revisions of the US–Japan Defense Guidelines in 1997 and 2015 were of great concern to Beijing. Moreover, Tokyo's cooperation with its US ally in the disputed South China Sea is viewed negatively by Beijing (see Renato Cruz De Castro, Chap. 10 and Lam Peng Er, Chap. 11). Japan and the United States also cooperate in various HADR (humanitarian assistance and disaster relief) activities in the maritime waters of East Asia (see Heng Yee-kuang, Chap. 12).

Although the US factor is immensely important in Sino–Japanese relations, it does not mean that the US factor is constantly and equally important in all dimensions of these bilateral ties. Whether or not the US is a structural constraint or a key driver in a particular aspect of Sino–Japanese relations is best not to be assumed but rather examined empirically. Simply put, the relative weight of the US factor (if any) depends on the context and issue at hand. Take for instance the rivalry between Tokyo and Beijing in the Mekong region. Two chapters of this book reveal that the US factor does not shape or drive Sino–Japanese rivalry in Indo-China and Myanmar (see Keokam Kraisoraphong, Chap. 7 and Bi Shihong, Chap. 8). Though the United States is a superpower, the geopolitical reality is that its influence and presence in the Mekong region have receded since the American intervention and defeat in the Vietnam War. The American factor is not influential in Kansai's relations with China (see Satoh Haruko, Chap. 5). In the case of Japanese local governments and their political executives, regional business federations, interest groups, and residents in Kansai, they are less colored by geopolitical competition with China, which is the purview of the central government in Tokyo. Indeed, Kansai's relations with the Chinese Mainland are relatively good given the business and cultural linkages between them.

Moreover, the United States is not the primary driver of the two thorny issues of competing historical narratives and territorial and

maritime disputes in the East China Sea and the Senkaku (Diaoyu) islands (see Yang Lijun, Chap. 4 and Victor Teo, Chap. 14). The burden of history and territorial disputes between Beijing and Tokyo have a life of their own between these two Northeast Asian countries and not due to the United States fanning these two emotionally charged problems to drive them apart. In the cases of Sino–Japanese rivalry in ASEAN-centered multilateralism and the Trilateral Summit, the US factor is also not a primary driver of their differences and difficulties (see Chung Chien-peng, Chap. 6 and Park Hahn-Kyu, Chap. 13). However, in the triangular relations between China, Japan, and regional countries, the US factor looms large in considerations of India and Australia (see Arpita Mathur, Chap. 14 and David Walton, Chap. 15).

Summary

In Chap. 2, Takahara Akio provides an overview of Sino–Japanese relations since their diplomatic normalization. He divides the past 44 years into four chronological phases, namely, 1972–1982, 1982–1992, 1992–2002, and 2002–2016. In each period, Takahara highlights four areas in Japan–China relations: people’s perceptions and emotions about the other side; economic interests; domestic politics; and the international environment and security or sovereignty concerns. The weighting and nexus of these four factors has evolved in each of the four epochs. Takahara affirms: “The idea is to adopt a holistic and comprehensive approach to Sino–Japanese relations and not to focus on any specific area such as the economy, security, or cultural and social exchange. ... Indeed, the change in people’s perceptions and emotions, domestic politics, and the international environment are important factors to explain the political antagonism despite the economic interdependence of the two neighbors.”

In the [chapter 2](#), Fan Ying examines the deepening of trade, investment, tourism and educational exchanges between China and Japan. She argues: “...interdependency of their economies is a necessary but not sufficient condition for overall good bilateral relations. While economic interdependency and cultural exchanges underpin Sino–Japanese relations, political wisdom and goodwill of leaders on both sides are critical for China and Japan to anchor their bilateral relations.”

In the following chapter, Yang Lijun examines the sources of rising nationalism in China and Japan by raising three questions. First, what are the main agendas of Chinese and Japanese nationalisms? Second, what

are the main features of Chinese and Japanese nationalisms and how are they expressed with respect to one another? Third, what are the similarities and differences between Chinese and Japanese nationalisms? Yang Lijun argues that the persistent clash of nationalisms between China and Japan means that economic interdependency is unlikely to mitigate their mutual antagonism. The challenge really is to mitigate the clash of nationalisms but no easy solutions are in sight.

Satoh Haruko asks two central questions in Chap. 5. First, can Sino–Japanese relations move from a framework of a “modern” state system (primacy of nation-state, sovereignty, national interest and a clash of nationalisms) to one which is more “post-modern” (regionalism, multilateralism, greater economic interdependence, integration, and sharing common interests such as environmental protection, humanitarian assistance, and disaster relief which transcend the parochial nation-state)? Second, what are the possibilities of the regions, especially Kansai (home to the three major cities of Kyoto, Osaka, and Kobe), impacting on Japan–China relations?

Haruko claims that the periphery, Osaka, is now asserting itself against the center in Tokyo, and has its own outlook and interests with respect to China. She notes that Kansai–China relations reveal the multifaceted nature of Sino–Japanese relations and the relative autonomy of the “periphery” (Osaka) from the center (Tokyo). Satoh also observes that economic interdependency between Osaka and the Chinese mainland did not necessarily coexist alongside political antagonism despite right-wing Mayor Hashimoto Toru at the helm. She writes: “Notwithstanding Hashimoto’s right-wing attitudes towards constitutional revision and the ‘comfort women’ issue, and his political alignment with Prime Minister Abe Shinzo, the Osaka mayor was friendly towards China and was, in turn, neither castigated nor ostracized by the Chinese.”

In Chap. 6, Chung Chien-peng dispels the notion that participation by Beijing and Tokyo in various ASEAN Plus forms of multilateralism necessarily led to greater interdependency, a sense of community, a common identity, and a habit of greater cooperation between them. Chung wryly notes that the trend is just the opposite: “more rivalry and less interdependence” between Japan and China in these East Asian multilateral fora. Simply put, the ASEAN Plus arrangements have become arenas of competition between these two countries. Chung’s conclusion is rather bleak: “With China and Japan in an uncooperative mood, and their desire to separately establish and promote relations with

individual countries both within and outside the ‘ASEAN plus’ groupings, ASEAN’s referee/middleman role in these arrangements, and its ability to manage great power relations through them, may be increasingly rendered impotent and superfluous.”

In the following chapter, Keokam Kraisoraphong compares and contrasts the approaches of China and Japan towards the Mekong sub-region. She notes that China’s and Japan’s moves to enhance their presence in the Greater Mekong Basin (GMB) have become “an intensified rivalry.” This rivalry is evidenced in their race for infrastructural development and connectivity such as roads. She writes: “While China is known to commit to the development of its initiated vertical, north–south economic corridor, Japan is seen to maintain its presence against China by its support of the horizontal, east–west economic corridors.” Koekam Kraisoraphong observes: “a closer look at China’s incorporation of economic incentives and its policy of non-interference together with its use of comprehensive external economic cooperation, which combines trade, investment, and aid ... reveals how security concerns always underpin China’s every decision and its every strategic move in the region.” In the case of Japan, “the GMB’s potential lies in its large business market, energy resources, and role as potential political counterweight to China.” She perceives that Japan has differentiated its approach from the Chinese in terms of normative values including democracy and the rule of law. While China and Japan offer developmental benefits to the Mekong riparian states, they are driven not merely by altruism or business considerations but also geopolitical rivalry.

Bi Shihong argues, in Chap. 8, that China and Japan are pursuing their own conceptions of cooperation in the Mekong region along parallel tracks. However, a modicum of competition between the two Northeast Asian countries, especially in the fields of aid and development, may actually benefit the Mekong countries. Interestingly, Beijing and Tokyo have established a bilateral forum known as the Japan–China Policy Dialogue on Mekong Region (JCPDMR). Though this bilateral dialogue had been held on five occasions, it has been suspended due to the subsequent deterioration in Sino–Japanese relations over territorial claims and conflict over historical narratives. Bi notes that it is conceivable that the JCPDMR can be revived again if diplomatic relations between Beijing and Tokyo were to improve in the future. He concludes on a sanguine note: “the Mekong economies are increasingly integrated with the Chinese and Japanese economies. But this deepening economic

relationship need not be marked by political antagonism. If Beijing and Tokyo can manage their overarching political relations calmly and peacefully, then trilateral cooperation with the Mekong countries for mutual benefits is possible.”

In Chap. 9, Renato Cruz De Castro adopts a “realist” paradigm to analyze Sino–Japanese rivalry in maritime Southeast Asia. He asserts: “Many liberals naively assume that extensive economic interdependency and common interests will underpin peaceful relations and cooperation among states. However, contemporary Sino–Japanese relations suggest otherwise. ... A study of existing international rivalries notes that the interstate dispute with the greatest potential to trigger a major regional conflict is the Sino–Japanese rivalry.” He observes that given the uncertain power shift in East Asia and the lack of robust institutions for security cooperation in this region, it is not surprising that Sino–Japanese antagonism has also extended to maritime Southeast Asia. Renato Cruz De Castro concludes: “While liberals may hope that international law should and will prevail in maritime disputes, the reality is that the balance of power between the US–Japan Alliance and a rising China will be decisive in addressing the South China Sea dispute.” Indeed, Beijing’s derisive response to the Permanent Court of Arbitration’s judgment in July 2016 regarding the South China Sea demonstrates the fragility of international law.

In the following chapter, Lam Peng Er argues that the South China Sea dispute has led to greater political antagonism between Beijing and Tokyo even though the latter is not a claimant state in those waters. This chapter analyzes Prime Minister Abe Shinzo’s strategic outlook and policies towards China’s rising assertiveness in these maritime waters. A survey of Beijing’s responses to Tokyo’s involvement in the South China Sea dispute follows. The chapter concludes that in the midst of a power transition in East Asia, Tokyo’s efforts to restrain Beijing in various multilateral forums over the South China Sea dispute provide more “capacity building” to some ASEAN states, and reinforcing its alliance with the United States may be inadequate to prevent the South China Sea from becoming a “Lake Beijing” in the long run. Lam notes: “Whether or not the South China Sea will become ‘Lake Beijing’ in the long run will hinge on the United States remaining a superpower with an interest to balance China in those waters and supported by Japan within the framework of their alliance.”

Heng Yee-kuang opines in Chap. 11 that both Japan and China are mindful of the utility of “soft power” projection. Heng compares how Beijing and Tokyo have pursued “soft power” in the maritime dimension. Novel in Heng’s chapter is his analysis of both countries’ use of naval forces to project their “soft power” and enhancing their own country’s attractiveness through naval diplomacy, and humanitarian assistance and disaster relief (HADR) in maritime Asia. While these two Northeast Asian countries are indeed rivals in “soft power,” Heng observes that “maritime and naval soft power also yield mixed results in terms of ameliorating geopolitical competition between Japan and China. The Somalia counter-piracy deployment is turning out to be a rare and much-needed opportunity for Japanese and Chinese military cooperation.” Heng argues that since HADR activities tend to be less provocative than joint military exercises, US–Japanese naval HADR operations with third parties should not necessarily exacerbate relations with China. He concludes: “However, ultimately soft power is about perceptions. Depending on how Beijing or Tokyo view each other’s naval soft power initiatives, each could well view the other as gaining an edge in a particular country or region.”

In Chap. 12, Park Hahn-Kyu argues that the trilateral relationship among China, Japan, and the Republic of Korea (ROK) is a good case study to test whether realist power competition or liberal cooperation and peace would better depict the future of international relations in the region. Park Hahn-Kyu poses the following puzzle: Why do the three Northeast Asian states cooperate weakly with each other even though the benefits of cooperation outweigh the costs of competition? Park notes that there are some important country-specific, region-specific and systemic factors that would make it difficult for the three countries to attain meaningful cooperation. These factors are: nationalism on the country-specific level, regional rivalry between Japan and China on the regional level, and the US’s hedging strategy against China on the systemic level. Park opines that “it is almost impossible for China, Japan, and ROK to overcome these hurdles and to establish a meaningful trilateral cooperation unless they shift their ideas and behaviors toward each other from hostility and competition to reconciliation and cooperation.” In his chapter, Park Hahn-Kyu gives a fascinating account of the Trilateral Summit and its nascent institutionalization. He observes that Seoul, Tokyo and Beijing have established the Trilateral Cooperation Secretariat (TCS) to strengthen and institutionalize trilateral cooperation.

Park elaborates: “On the basis of equal participation, each government shares one-third of the total operational budget of the TCS. ... The TCS in Seoul now have about 25 full-time staff working in the departments of political affairs, socio-cultural affairs, economic affairs, and management and coordination.”

Victor Teo in the next chapter examines the role of Hong Kong in the Diaoyu/Senkaku territorial dispute and how it has raised tensions between China and Japan. He argues: “Contrary to the popular belief that it is often the national government in Beijing that manipulates nationalism for its political ends and legitimacy, the Hong Kong case provides an interesting departure from this perspective. On the contrary, it is civic nationalism and local politicking in Hong Kong (a “mere” administrative subregion) that propel Chinese claims on Senkaku/Diaoyu islands.” Teo observes that in actuality the Chinese central government has sought to defuse rather than aggravate tensions with Japan by intercepting Hong Kong protestors and “patriots” who sail to the disputed islands. He also notes the irony that Hong Kong’s democratic activists who are critical of Mainland China’s authoritarianism were using the Senkaku/Diaoyu issue to “pressure the PRC, knowing full well that there were limits to what Beijing was prepared to do since the latter has no desire to engage in an armed conflict with Tokyo. It allowed them to burnish their nationalistic credentials by expediently using a Japan-related issue that would embarrass Beijing.”

In Chap. 14, Arpita Mathur observes that India’s relations with Japan have grown warmer in recent years. She explains: “To hedge against a more powerful and assertive China, Japan and India have drawn closer to each other.” However, Arpita Mathur notes that China is not “the exclusive driver behind the augmented India–Japan relationship.” Indeed, functional needs, interdependence and expanding arenas of possible mutual gains have come together to enhance their bilateral ties. She also cautions that given India’s strategic culture of maintaining an autonomous and non-aligned posture in international affairs, “it has no desire to be sucked into an anti-China coalition.” Arpita Mathur elaborates: “India’s foreign policies towards Japan and China would be guided not by alliance politics but its own foreign policy considerations, especially economic development, protection of national security and interest, quest for energy security, and maintaining and enhancing its weight in regional and global affairs.” Nevertheless, New Delhi is worried by Beijing’s lack of transparency, military build-up, close ties with Pakistan,

and China's growing maritime ambitions in the Indian Ocean region. She reminds the reader that the power transition in Asia is also about India's rise and its quest for partners, including Japan. Arpita Mathur concludes: "However, India's 'multi-alignment' with all great powers and ASEAN in East Asia will be less threatening and offensive to China if it augments an equilibrium among powers (rather than against China) which will underpin regional stability—a condition necessary for India's peaceful rise in the twenty-first century."

In the final chapter, David Walton analyzes Australia's foreign policy approaches to Japan and China. He perceives that Australia has a "China paradox" which reflects tensions in the pursuit of twin national interests: "Australia promotes closer ties with China to enhance commercial and economic ties and subsequent benefits to the Australian economy, yet paradoxically views China as a potential security threat to regional security." Walton notes: "In stark contrast, the relationship with Japan has been one of alignment due to trade complementarity and shared values with the United States." He also points out that the security dimension of the relationship has been the most remarkable aspect of Australia–Japan relations in recent years. Walton also gives a fascinating account of the on-going debate within Australia—can a hedging strategy towards China (engaging with China while also balancing China) be maintained? He notes that some analysts in Australia have also raised the following question: should Australia develop closer ties with China at the expense of relations with the United States and Japan? Walton concludes: "Current policies, which include a genuine engagement with China while maintaining a close security alliance with the United States and developing closer security ties with Japan, suggest that Australia will be pursuing a hedging strategy for the foreseeable future."

SINO–JAPANESE PARADOX: RESOLUTION UNLIKELY?

There is a consensus among the contributors in this volume that greater economic interdependency per se is not a sufficient condition for better Sino–Japanese political relations. However, it is likely that any armed conflict, accidental or otherwise, between them will seriously damage if not cripple their economic relationship. Given their rising economic interdependency, any failure of diplomacy and deterrence will raise the cost of conflict and will probably have repercussions and unanticipated consequences, and be a disaster for East Asia.

Even if there is no solution to the Sino–Japanese paradox without a significant change in the mentalities and sentiments of their respective top political elites and general public (which appears unlikely), certain measures can be adopted to soften if not manage their mutual antagonism. First, all parties in the East and South China Sea disputes should explore and introduce a conflict management system such as diplomatic hotlines and standard operating procedures to reduce uncertainties in the event of accidental encounters in the high seas by their respective coast guards and navies.

Second, despite the limitations of various ASEAN-centered multilateral processes and institutions, it is arguably not in the interest of China, Japan, the United States, and South Korea to see ASEAN’s diplomatic “evisceration” in East Asia. In a counter-factual East Asia without the ASEAN-centered multilateral processes, political rivalry between China and Japan will be even starker, and there will be considerably fewer fora for their top political leaders to meet on the sidelines to talk and manage their differences and rivalry. A case, therefore, can be made that it is in the interest of China and Japan to continue participating and supporting the ASEAN-centered organizations instead of tearing them apart by forcing them to choose sides in disputes such as the South China Sea imbroglio. A negotiated code of conduct for the East and South China Sea disputes to reduce regional tension would be good for all parties involved.

Third, Japan, China, South Korea, and ASEAN should join hands with the United States, India, and Australia in UNPKO and HADR to cultivate a habit of cooperation and to build trust. Fourth, these countries can also seek common grounds such as environmental protection, mitigating global warming, and addressing other transnational challenges like pandemics, piracy, human trafficking, jihadist terrorism, and peace-building in areas suffering from civil wars and their aftermath in Southeast Asia.

Fifth, Beijing and Tokyo should seek to deepen their economic and financial cooperation even though this in itself will not necessarily reduce their political antagonism. This, nevertheless, will create more incentives to lessen their enmity. Both Japan and the United States should not be petty by refusing to join the Chinese-led AIIB. After all, the Chinese are participating in the Japanese-led ADB and the US-led World Bank. Moreover, the members of the Trans Pacific Partnership (TPP) should also leave the door open for China to join if the latter can eventually

meet the “higher” standards of trade and investment liberalization. Since Donald Trump has rejected the TPP after winning the 2016 US Presidential Election, then China, Japan, South Korea, the ASEAN states, Australia, New Zealand, and India should proceed with the Regional Comprehensive Economic Partnership instead. One might also ask if it is also possible for the ASEAN Plus Three countries to explore a free trade agreement despite political antagonism among some members.

Sixth, top political Japanese leaders who are conservative, nationalistic, and “patriotic” should be pragmatic and not willfully give offense to the Chinese and Koreans (who suffered grievously from past Japanese imperialism) by stubbornly insisting on Yasukuni Shrine visits. These egoistical politicians solicit support from right-wing organizations and voters based on either ideological conviction or domestic political considerations. But political antagonism between Japan and its Chinese and Korean neighbors will persist if these right-wing Japanese politicians insist it is their right to do so at the expense of good neighborliness and historical reconciliation. Perhaps a self-righteous identity, based on a distorted belief of a sanitized glorious past, a disdain for inconvenient historical truths, and the quest to rid the postwar pacifist constitution for pride and “autonomy” is more important than good relations with China. On the contrary, bad relations with China can be harnessed to justify the new set of more muscular security laws, collective security, a reinforced US–Japan Alliance, and eventual constitutional revision to be rid of Article 9. Regardless of the ideological predilections of these right-wing Japanese politicians, they are still confronted by a geopolitical reality: how can Japan deal with a rising China?

Japanese politicians, bureaucrats, scholars, and journalists should give up the fantasy that Tokyo allied with Washington can marshal other East Asian countries to align against Beijing. Of course, Japan can offer ODA, “capacity building” assistance to claimant states in South China Sea, and harp on the shared values of democracy, freedom of navigation, and the rule of law. However, most ASEAN states and South Korea are unlikely to join any “anti-Chinese hegemony” scheme. Unlike Japan, they are not willing to embrace a “political antagonism despite economic interdependency” type of relationship with China. Most of the smaller East Asian states appear to be adopting a “friendship” paradigm with China and do not wish that their overarching bilateral and multilateral ties be overshadowed and overwhelmed by a single dispute in the South China Sea.

Japan, the ASEAN states, the United States, India, and Australia must be patient with China as it emerges in a globalized world and has to improve on its domestic institutions to accommodate a population of more than 1.3 billion, which is becoming more urban, middle class, better-educated and travelled, pluralistic, and with higher expectations. Whether China will emerge as more “democratic” with greater political participation within the next two decades remains to be seen. It is not inconceivable that the China of the future will be less dictatorial and authoritarian and that, in the long run, China’s ideological distance from the democracies of Japan (probably still dominated by a Liberal Democratic Party in perennial power), South Korea, and some ASEAN states may narrow. Based on greater shared values and greater interdependency, these East Asian states can imagine and construct a common East Asian identity and community in the long run. That, however, is but one possibility and the best scenario. Meanwhile, it will be a big test for the acumen of the top political leaders of China and Japan to manage and not worsen their prickly relations of “rising political antagonism despite economic interdependency.” Indeed, there are ample opportunities for “functional cooperation” between the two Northeast Asian countries today despite their bilateral rivalry.

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PART I

Overview of Bilateral Relations: Local and
National

Forty-four Years of Sino–Japanese Diplomatic Relations Since Normalization

Takahara Akio

INTRODUCTION

Japan and China have a relationship stretching back over two millennia. Now that China and Japan are the second and third largest economies in the world, whether and how they cooperate will affect the welfare of nations across the region and the globe. Cultural affinity between the two societies has always been strong, and their interaction has been enhanced by the Internet and increasing international mass mobility. Since the Cold War's end, however, friction and even confrontation have emerged and intensified with the rise in Chinese national power. Clashes over the Senkaku (Diaoyu) Islands in 2010 and 2012 have heightened tension to a level that have caused some people in both countries to raise the possibility of war. While the future of Sino–Japanese relations is in flux, the fate of regional cooperation in East Asia remains in doubt.

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To accurately assess the present and anticipate the future, looking back at past developments is indispensable. This chapter analyses the dynamics of Sino–Japanese relations in the 44 years since the normalization of their diplomatic relations in 1972. Based on examination of various factors and political processes in the bilateral relationship, this chapter also discusses future challenges and desirable measures to be taken by the two sides for regional peace and order.

In our analysis, we shall roughly divide the past 44 years into four chronological phases, namely, 1972–1982, 1982–1992, 1992–2002, and 2002–2016. These periods were chosen because China’s major personnel and policy changes take place at the Chinese Communist Party (CCP) Congress held once every 5 years, and also because it just so happened that the Congresses in 1982, 1992, 2002 and 2012 were substantially important. However, these periods are also meaningful because of historical coincidences. For example, the Soviet Union was dissolved in late 1991, around the time when the Japanese economic bubble burst. It just happened to be exactly ten years later that China joined the World Trade Organization, which boosted its economic relationship with the outside world, including Japan.

In each period, we shall identify and categorize factors in Japan–China relations into the following four areas: people’s perceptions and emotions about the other side; economic interests; domestic politics; and the international environment and security or sovereignty concerns. This analytical framework derives from a detailed study of the political history of Japan–China relations that the author co-edited in 2012.¹ The idea is to adopt a holistic and comprehensive approach to Sino–Japanese relations and not to focus on any specific area such as the economy, security, or cultural and social exchange. In the final section we shall discuss the findings and ways to overcome the identified challenges. Indeed, the change in people’s perceptions and emotions, domestic politics, and the international environment are important factors to explain the political antagonism, despite the economic interdependence of the two neighbors.

¹Takahara, A. and Hattori, R. (eds.), *Nitchu Kankei Shi 1972–2012 I Seiji* [The History of Japan–China Relations 1972–2012 Volume One Politics] (Tokyo: University of Tokyo Press, 2012) (Takahara and Hattori 2012).

1972–1982

People's perceptions and emotions played a large role in promoting the relations during the first 10 years after normalization, but with different reasons on each side. It was also a period in which the international environment and domestic politics were main factors in the relationship. China went through a period of drastic change in domestic politics, which could not but have an impact on its relationship with Japan.

Perceptions/Emotions

On the Japanese side, there was an amalgamated sense of longing, cultural affinity, and respect for the revolutionary leaders in China, and deep repentance for the war and the atrocities committed. Generally, a very favorable image of China was held among the majority of the population. Chinese culture, represented by such things as classical literature, the history of China, and Chinese food, was always very familiar to the Japanese. Tang dynasty poems are taught in junior high schools as part of studies of the Japanese language. In senior high school, there is a subject dedicated to Chinese classics, which are an integral part of the entrance examination to national universities.

The People's Republic of China's socialist ideal of equality appealed to a large part of the Japanese population, and the people seemed less allergic to socialism and especially those forms of socialism in Asia, which were understood in the context of anti-colonial nationalism. Since the tragic aspects of the Cultural Revolution were yet to be known, many intellectuals idealized Maoism and its praxis. This was a period when many leading figures in various fields such as politics and business had personal experiences of the war with China. They included Tanaka Kakuei, Ohira Masayoshi, Okazaki Kaheita, Inayama Yoshihiro, and many others, who felt remorse and eagerly contributed to the development of a new China.

On the Chinese side, there were also many who personally experienced the war. However, the Party leaders instructed them to make a distinction between the militarist leaders and the ordinary Japanese people, who were also victims of militarism. Experts were mobilized and dispatched to different parts of China with a mission to propagate this thinking to the public. Anti-Japanese sentiments were thus successfully subdued due to such efforts and the strategic advantages of reconciling

with Japan, and to the high authority of the Party leaders among the public.

After the end of the Cultural Revolution, another image of Japan became prominent, namely, Japan as an advanced, developed country and a forerunner in modernization. China then sent many delegations to various capitalist and socialist countries to investigate their economic systems and industrial policies. Deng Xiaoping visited Japan for 8 days, during which he visited a number of modern factories and took a ride on the bullet train.² It was exactly at this time that the Japan Film Week Festival was held in seven major cities in China. The film entitled “*Kimi yo Fundo no Kawa wo Watare*” (Cross the River of Wrath), and its heroine, Nakano Ryoko, especially caused a sensation among the Chinese who had not seen any film portrayal of Japanese that were not brutal, barbaric, or cunning.³

Economic Interests

Historically, the Japanese side was well aware of the potentials of the Chinese market. Even prior to the normalization of diplomatic relations and before the advent of the Cultural Revolution, that is, in the mid-1960s, the amount of trade between Japan and mainland China exceeded that between Japan and Taiwan.⁴ After the two oil crises in the 1970s, the Japanese took a strong interest in China’s natural resources and especially its energy resources, since Japan was keen to diversify its import sources.

An important reason why Japan decided to provide Official Development Assistance (ODA) to China was to support its modernization and to prevent China from slipping back into another Cultural Revolution. It was also meant to maintain and develop China’s

²Pei, Hua, ed., *Zhong Ri Waijiao Fengyun zhong de Deng Xiaoping* [Deng Xiaoping in the Winds and Clouds of Sino-Japanese Diplomacy], (Beijing: Zhongyang Wenxian Chubanshe, 2002) (Pei 2002).

³Sun Xuemei, “Japanese Images in Chinese Films”, collected in Wang, Min (ed.), *Chugokujin no Nihon Kan* [Chinese Views on Japan] (Tokyo: Sanwa Shoseki, 2009) pp. 173–213 (Sun 2009); Liu, W., *Chugoku Juuokunin no Nihon Eiga Netsuai Shi* [The history of one billion Chinese’s hot love for Japanese films] (Tokyo: Shuueisha, 2006) pp. 20–32.

⁴Soeya, Yoshihide, *Nihon Gaikou to Chugoku 1945–1972* [Japanese Diplomacy and China 1945–1972] (Tokyo: Keio University Publishers, 1995), p. 102 (Soeya 1995).

cooperative relations with the Western world, including Japan. In addition, the fact that China had declined to receive any war reparations lingered in the minds of many Japanese at the time. The grant element of the yen loans was quite high, for example reaching 65% on average in the period between 1979 and 1997.⁵ At the same time, the Japanese side was shocked by the sudden postponement of plant imports by the Chinese government in the spring of 1979 and early 1981. They were brought about by the introduction of austerity policies and demonstrated that there could be difficulties in dealing with China.

On the Chinese side, it was in 1972 that the “second large-scale import of plants and equipment” took place as Mao Zedong decided it was necessary then to boost the economy and improve the livelihood of the people after the worst period of turbulence during the Cultural Revolution.⁶ Ten out of the planned, 26 projects were based on importing plant and/or equipment from Japan. However, soon Mao became critical of Zhou Enlai’s handling of diplomacy, for being too weak in dealing with the Americans and showing the possibility of lapsing into revisionism.⁷ The leftist emphasis on self-reliance escalated into opposing the export of minerals, although these exports were necessary for China if it wanted to expand its foreign trade.

After Mao’s death, Hua Guofeng, a developmental Maoist, arrested the leading radical Maoists (the “Gang of Four”) and embarked on an adventurous 10-year plan to boost the national economy, which involved importing plants and equipment on an unprecedented scale. Although this plan proved impracticable, and eventually Hua was replaced by Deng Xiaoping as the supreme leader, Deng was also keen to import advanced technology and management systems from abroad, taking a special interest in the Japanese experience of modernization.

⁵Sugimoto, Nobuyuki, *Daichi no Hoko (The Roar of the Earth)*, PHP Institute, 2006, pp. 80–81 (Sugimoto 2006).

⁶Chen, Jinhua, *Guoshi Yishu (Memoir of State Affairs)*, Zhonggong Dangshi Chubanshe, 2005, pp. 3–9 (Chen 2005).

⁷Lin Xiaoguang, “1970 Nendai no Chunichi Kankei: Chunichi Heiwa Yuko Joyaku no Teiketsu [Sino–Japanese Relations in the 1970s: the Signing of the China–Japan Peace and Friendship Treaty]”, Ishii Akira et al. (eds), *Kiroku to Koushou Nitcho Kokkou Seijouka/Nitcho Heiwa Yuukou Jonyaku Teiketsu Koushou* [Record and Investigation: Negotiations for Sino–Japanese Diplomatic Normalisation and Peace and Friendship Treaty] (Tokyo: Iwanami Shoten, 2003) pp. 386–387 (Lin 2003).

Domestic Politics

In this period substantial support remained within the ruling Liberal Democratic Party (LDP) for the Kuomintang (KMT) government in Taiwan. This was due partly to anti-communist sympathy and to a sense of indebtedness to Chiang Kai-shek, who stated after the war that China would “requite evil with goodness” and safely sent home the surrendered Japanese soldiers and civilians who had been living in China. The pro-Taiwan group among the members of parliament (MPs) was more cautious about normalizing Japan’s relations with the People’s Republic of China (PRC) and about including an anti-hegemonism clause in the peace and friendship treaty, which would upset the Soviet Union. However, besides the pro-PRC MPs, there was strong support for pro-PRC policies among business circles and the media, reflecting the prevalent sentiment of the ordinary people.

On the Chinese side, leftist critique of moderates during the Cultural Revolution hampered the growth of trade. An interesting case was the emergence of over 200 Chinese fishing boats in the waters around the Senkaku (Diaoyu) Islands in April 1978. Some of the fishing boats were armed and were receiving instructions from Yantai and Xiamen, although the Chinese side explained later that this was an accident and that it would never happen again.⁸ In fact, Deng Xiaoping had just admonished the People’s Liberation Army (PLA) navy for the worst accident in its history, in which a naval ship sank in Zhanjiang, the base of the South Sea Fleet. Su Zhenhua, the political commissar of the navy felt repelled by Deng’s critique, and complained to Hua Guofeng for five hours on the day that the fishing boats appeared around the Senkaku Islands.⁹ The incident was incomprehensible to the Japanese, but there was a view that perhaps it was related to the power struggle in China, as it took place in the midst of negotiations over the peace and friendship treaty to which Deng Xiaoping was accountable.

⁸Sugimoto, op. cit., pp. 56–64.

⁹Yang, Jisheng, *Deng Xiaoping Shidai shang juan* [The Era of Deng Xiaoping Volume One] (Beijing: Zhongyang Bianyi Chubanshe, 1998) p. 127; *Asahi Shimbun*, 23 June 1978, introduced an article in the Hong Kong *Ming Pao Daily*, issued the previous day, reporting on the wall posters that emerged in Shanghai about how a vice-mayor, a close associate of Su Zhenhua, made an agitating speech to the fishermen.

International Environment and Security/Sovereignty Concerns

The largest factor in Sino-Japanese relations in this period was the international environment. The US had made a major step in 1972 when President Nixon decided to visit a communist country with which the US did not have diplomatic relations. Although normalization was only achieved in 1979, cooperation between the US and China, a quasi-alliance against the Soviet Union, constituted an important background to the development of Sino-Japanese relations.

However, specific policies towards the Soviet Union differed between Japan and China. Japan faced the Soviet threat but opted for an omnidirectional diplomacy and attempted to improve its relations with its northern neighbor. Its specific goal was to sign a peace treaty and recover the Northern Territories. Therefore, Japan was reluctant to form a “united front” with China against the Soviet Union. As for its territory in the south, some Japanese wanted to settle the Senkaku issue, namely, to persuade the Chinese into abandoning their claim that Diaoyu Islands were theirs, which they asserted formally in December 1971 for the first time. While Senkaku was a minor issue at the time, the Japanese understood that the treatment of Taiwan was an extremely delicate issue for the PRC.

On the other hand, China felt an imminent threat from the Soviet Union and urged Japan to counter it jointly. It insisted that an anti-hegemonism clause should be included in the 1978 Sino-Japanese Peace and Friendship Treaty. The compromise was that anti-hegemonism would be included together with the clause that the Treaty was not against any third party. In 1980, a Deputy Chief of General Staff, Wu Xiuquan, even told Nakasone Yasuhiro that Japan should increase its defense budget to 2% of its GNP to counter the Soviet threat.¹⁰

As for the Senkaku (Diaoyu) Islands, which have been under effective control of the Japanese since 1895, the Chinese made it clear in the 1970s that they did not want to touch on the issue. In negotiating the terms of diplomatic normalization in 1972 with Takeiri Yoshikatsu, the then leader of the Komei Party, Premier Zhou Enlai said, “There is no need to touch on the question of the Senkaku Islands. I don’t think Mr. Takeiri, you were interested in the issue. I wasn’t, either, but because

¹⁰Kazankai, *Nittyu Kankei Kihon Shiryoshu 1972–2008 Nenpyo* [Basic Materials on Japan-China Relations 1972–2008] (Tokyo: Kazankai, 2008) (Kazankai 2008).

of oil, some historians started to raise the issue, and in Japan Mr. Inoue Kiyoshi is keen. There is no need to pay much attention to this issue.”¹¹

However, the Chinese side was rather sensitive about Taiwan. In his conversation with Richard Nixon and Henry Kissinger in 1971 and 1972, Zhou Enlai was concerned that Japan coveted Taiwan.¹² In negotiating the civil aviation agreement with Japan after diplomatic normalization, China even demanded that Taiwanese aircraft flying into Japan should have their national flags removed.¹³

In sum, this was a period in which political and economic factors were high priorities for Japan, and international and security concerns were important for China. Despite this gap, all the factors pointed to improving the relationship, especially after the downfall of the leftist forces in Chinese politics.

1982–1992

Arguably, there was no better time in the history of Sino–Japanese relations than in the 1980s. People’s perceptions of the other side were generally warm and positive. China’s reform and opening policies gradually developed, and Japan’s contribution to the Chinese economy was highly appreciated by the Chinese. It was the era of Japan’s rise, and the Chinese leaders resumed expressing their concern about Japan’s remilitarization, taking up issues such as history textbooks and the Prime Minister’s visit to the Yasukuni Shrine (a symbol of Japanese militarism to the Chinese and Koreans).

It was in 1982 that China adopted a new foreign policy line of independent and autonomous diplomacy and embarked on an attempt to improve its relations with the Soviet Union. This bore fruit in 1989 when Soviet President Mikhail Gorbachev visited Beijing, but for China the June 4th Incident, i.e. the brutal, military crackdown on students

¹¹Takeiri Memorandum, 28 July 1972 <http://www.ioc.u-tokyo.ac.jp/~worldjpn/>. Inoue Kiyoshi is a Japanese Marxian historian (Takeiri Memorandum 1972).

¹²*Nikuson Houchuu Kimitsu Kaidanroku* [Secret Record of Nixon’s Visit to China] translated by Kazuko and Yosaburo Mori (Nagoya: Nagoya University Press 2001) p. 152 (Mori and Mori 2001).

¹³Ogura, Kazuo, *Kiroku to Koushou, Nitchu Jitsumu Kyoutei Koushou* [Record and Examination: Sino–Japanese Negotiations on Practical Treaties] (Tokyo: Iwanami Shoten 2010) p. 39 (Ogura 2010).

and citizens seeking democracy, and the collapse of the socialist camp transformed the rosy international environment. However, Japan did not alter the gist of its China policy, and initiated and promoted the reengagement of China to the developed world.

Perceptions/Emotions

On the Japanese side, China continued to be perceived favorably by the public for most of the 1980s. Following the “panda boom” in the Japanese society in the 1970s, a positive image of China was boosted by the “Silk Road boom” that arose from a popular NHK documentary series. The Japanese were happily surprised when Party General Secretary Hu Yaobang announced during his visit to Japan in November 1983 that he would invite 3000 Japanese youths to China the following year. China was visibly changing, and the Chinese people appeared full of hope about their future and were modest in their sincere attempt to learn from Japan.

However, the June 4th Incident in 1989 had a sobering effect. The annual survey conducted by the Japanese government indicated a sharp drop in the percentage of people who felt close to China, from 68.5% in 1988 to 51.6% in 1989.¹⁴ Earlier, when Beijing started criticizing the Japanese government on history issues and the possibility of a revival of militarism in Japan, some Japanese were frustrated that the Chinese side was being preposterous and intrusive, some were disappointed that they did not understand Japan, and others felt that the Japanese side should go deeper in their reflection and repentance.

On the Chinese side, the positive image of Japan and the Japanese was supported by the broadcasting of Japanese TV animations and dramas such as “O-Shin,” which were welcomed enthusiastically by viewers nationwide. There was an increasing importation of Japanese products, from automobiles and television sets to candies and sweets, which generally enhanced people’s image of their successfully modernized neighbor, Japan.

At the same time, however, the influx of Japanese commodities caused concern among some university students, who took to the streets and demonstrated against an “economic invasion.” This was also the period

¹⁴Cabinet Office, Government of Japan, *Public Opinion Survey on Diplomacy*, 14 March 2016.

in which moments of political tension arose around history, Taiwan, and security. It was as early as 1982 that the first vehement protests against the compilation of Japanese history textbooks started, together with the critique of a senior level LDP delegation that was sent to Taiwan.¹⁵ Among the CCP leaders there was a general wariness about “Japan’s rise” and possible change in Japan’s perception of history, its security policy, and its Taiwan policy.

Economic Interests

This was a period when China accelerated its reform and opening policies, and the Japanese government was consistent in its effort to support the reforms. For example, Beijing’s decision in 1984 to expand the open policy to fourteen coastal cities was closely related to the increase in Japanese ODA to China. After the 1985 Plaza Accord and the resultant yen appreciation, there was a surge in Japanese FDI (Foreign Direct Investment) globally. China rapidly became an important FDI destination for Japanese firms.

For China, Japan was by far the largest donor and the leading economic partner. Despite the domestic critique that it was as if Japan was invading China economically, the Chinese government was dissatisfied that there was not enough investment made by Japanese businesses.¹⁶ The Chinese side was interested not only in Japanese money and technology but also in their knowledge and experience in modernization. They attached much importance to the meeting of experts such as the annual Japan–China Exchange Meeting of Economic Knowledge and the delegation of the Faculty of Economics of the University of Tokyo.

¹⁵Eto Naoko, “Dai-ichiji Kyoukasho Mondai (1979–1982 nen) [The First Textbook Problem (1979–1982)]” in Takahara and Hattori, op. cit., pp. 133–165.

¹⁶On the economic relationship between China and Japan in this era, see Kenji Hattori, “Nitchu Keizai Kouryuu no Kinmitsuka (The Intensification of Japan–China Economic Exchange)”, in Kojima, T., ed., *Ajia Jidai no Nitchu Kankei (Japan–China Relations in the Asian Era)*, The Simul Press, 1995, pp. 138–173 (Hattori 1995). On the interaction between Japanese aid, China’s reform and opening policies and its domestic politics, see Akio Takahara, “Japan–China relations of the 1980s: greater development and appearance of problems”, in Kokubun, R. et al., *Japan–China Relations in the Modern Era* (Oxford and New York: Routledge, 2017), pp. 109–130.

Domestic politics

Since pro-China sentiment in Japan was overwhelming, the pro-Taiwan forces in Japanese politics gradually declined. Nevertheless, they were part of the opposition against the Emperor's visit to China in 1992, expressing concern about security, and about using the Emperor politically and unconstitutionally. Another issue was Prime Minister Nakasone's attempt in the mid-1980s to put an end to the "post-war" period and to turn over a new page in the history of Japan. That in itself was not a problem but his official visit to the Yasukuni Shrine invited the first protest by China against a Japanese prime ministerial visit to the Shrine. Nakasone's intention was not to provoke Japan's neighbors; rather, he had a clear intention to develop Sino-Japanese relations as well as Japan-US relations. Having learned that his Yasukuni visit could cause doubts about Japan's remorse about the war and might put his friend, Hu Yaobang, in trouble, Nakasone stopped going to the Shrine.¹⁷

In China, critique of reform and opening sometimes found a target in Japan, which was its largest economic partner. There were not only complaints about the large trade deficit with Japan but also rumors that the Japanese were exporting the best products to Europe and North America, and were sending faulty cars and equipment to China. When Hu Yaobang was dismissed from his post, although the major issue was his lenient attitude towards "bourgeois liberalization", another point of critique was his inviting 3000 Japanese youths without the approval of the Party center.¹⁸

International environment and security/sovereignty concerns

Japan attempted to pull China out of its ostracism by the West in the wake of the June 4th Incident. It was the first to resume ODA, and Prime Minister Kaifu Toshiki became the first state leader to visit China from the developed world in August 1991. The aim of Tokyo's China

¹⁷Nakasone, Yasuhiro, *Jisei Roku* [Record of Self-examination] (Tokyo: Shincho Sha, Nakasone 2004) p. 137 (Nakasone 2004).

¹⁸Zheng, Zhongbin (ed.), *Hu Yaobang Nianpu Ziliao Changbian Volume 2* [Materials for a Chronological Record of Hu Yaobang's Life] (Time International Publishing Co., Ltd.) 2005, pp. 1183, 1191 (Zheng 2005).

policy had not changed, which was to engage China, prevent it from slipping into isolation, and integrate it into the world system.

China started its new policy line of “independent diplomacy” in 1982. This was also called “omnidirectional diplomacy,” which aimed at a rapprochement with the Soviet Union, while keeping a certain distance from the US. Reducing the Soviet threat and seeking for trade opportunities with the Soviet Union was no doubt conducive to China’s concentration on economic development, while a relationship that appeared too close to the US was not necessarily helpful in cultivating ties with other developing countries. Beijing was also deeply dissatisfied with the Reagan Administration’s arms sales to Taiwan, and sensitive about Tokyo’s approach towards Taiwan. In 1987, for instance, Beijing demanded that the Japanese government intervene in a local law case about the ownership of a student dormitory in Kyoto called Koukaryo, which used to be owned by the government of the Republic of China.

As China’s relationship with the Soviet Union gradually improved in the 1980s, Beijing started to express its concern about Tokyo’s security policy. It changed its attitude about Japanese defense budget increases, and complained about the surpassing of the 1% GNP threshold in 1987.¹⁹ During this period a few Japanese politicians made offensive remarks on historical issues, opining that the war in the Asia-Pacific was intended to liberate Asians from Western colonialism. When Chinese leaders met their Japanese counterparts, they made a point to criticize the existence of believers of militarism in Japan.

In the wake of the 1989 June 4th Incident, China saw Japan as the “weak link” in the Western encirclement of China.²⁰ In order to break through this united front, China targeted Japan, and after active engagement it succeeded in inviting Premier Kaifu to visit in August 1991, and the Emperor and Empress of Japan in October 1992 to commemorate the twentieth anniversary of the normalization of diplomatic relations.

In sum, this was a period when Japan–China relations made great progress. Despite the debate within China about its reform and opening policies, Deng Xiaoping’s idea of development as the top state priority prevailed, and this matched with Japan’s prime focus on advancing

¹⁹Kazuko Kojima, “Koukaryou Mondai, 1987–1988 nen (The Koukaryou Problem, 1987–1988)”, in Takahara and Hattori, op. cit., pp. 197–227.

²⁰Qian, Qichen, *Ten Episodes in China’s Diplomacy* (Harper, 2006) (Qichen 2006).

economic relations with China. In addition, the bilateral relationship still existed in the overall international framework of the Cold War. Problems started to emerge or increase their weight, such as the issues of history, security, and Taiwan, but they remained comparatively minor. Rather, China's developmental path remained unstable, as demonstrated by the June 4th Incident. Japan led the developed world in engaging China with a symbolic display of good will and friendship in the Emperor's 1992 visit to China.

1992–2002

1992 ushered in a new era of Sino-Japanese relations. First, the disintegration of the Soviet Union at the end of 1991 fundamentally altered the international environment and the security environment in Northeast Asia. Second, there were drastic internal changes in both Japan and China. In Japan, the economic “bubble” burst in the early 1990s, followed by the loss of power at the national level by the perennial-party-in-power, the LDP (1955–1993). In China, Deng Xiaoping's southern tour in 1992 caused an about-turn in Chinese politics that unleashed a period of staggering economic growth through bold reform and open policies. Third, the democratization of Taiwan and the strengthening of Taiwanese identity by President Lee Teng-hui increased the island's importance in Sino-Japanese relations. Lee attempted to expand Taiwan's international space just when the CCP was in the midst of a power succession from Deng Xiaoping to Jiang Zemin, and Tokyo and Washington were redefining their alliance. All these factors prompted Sino-Japanese political relations to dip after peaking with the Emperor's 1992 visit, while their economic relations entered a higher stage of development.

Perceptions/Emotions

The Chinese economy enjoyed double digit growth for five straight years following Deng Xiaoping's southern tour in early 1992. Gradually the Japanese perception of China began to change from an image of an economically backward country to that of a “world factory.” However, the “hollowing-out” of production, that is the transfer of factories from Japan to China and the influx of cheap, made-in-China products triggered a sense of a China threat among those affected by these changes.

Despite some ups and downs, the percentage of Japanese who felt close to China and who did not remained roughly the same in the 15 years from 1989 to 2003.²¹ The highest point for feelings of closeness was the Emperor's 1992 China visit, while the lowest point was in 1996 when the Chinese military conducted missile tests off the coast of Taiwan to intimidate the Taiwanese at the time of their presidential election. This, together with the rapid increase in Beijing's military expenditure, added to its fearful image, which was fostered by the June 4th Incident.

This was a period when there was an identifiable rise in nationalism in some parts of Japanese society. The Japan Society for History Textbook Reform, which criticized the "masochistic tendency" of post-WW2 history education, was established in 1996 to defend national pride and patriotism. The basic factors in this movement seem to be twofold. First, in the wake of the disintegration of the Cold War structure and the bursting of the economic bubble, there was an increase in people's anxiety and some attempted to regain self-confidence by glorifying the past.²² Second, this was a period when Japanese politicians more openly and frequently acknowledged and apologized for Japan's past invasion and colonial rule. For example, in 1993 Prime Minister Hosokawa Morihiro expressed his remorse and offered an apology for "the act of aggression and colonial rule," while Prime Minister Murayama Tomiichi issued the well-known Murayama Statement in 1995 in which he elaborated on the nation's remorse and its apology. The editing of the new revisionist history textbook can be construed as a counter-movement to these developments by the conservative elements in society.²³

On the Chinese side, nationalistic sentiments in society gathered momentum in the mid-1990s due in part to impressive economic growth and a resultant increase in self-confidence. When the Asian Financial Crisis broke out in 1997, China did not devalue the RMB, and for the first time it received high praise in the region for this act. On a different tone, the link between ideological conservatism and nationalism was apparent. Neoconservative intellectuals were dissatisfied with the

²¹Cabinet Office, Government of Japan, *Public Opinion Survey on Diplomacy*, 14 March 2016.

²²Oguma, E., and Ueno, Y., *Iyashi no Nashonarizumu* [Nationalism for Healing] (Tokyo: Keio University Press) 2003 (Oguma and Ueno 2003).

²³Only 0.04% of Japanese middle schools adopted their textbook in 2001, and 0.4% did so in 2005.

negative effects of marketization, such as the decline of central control and authority, increasing corruption and income gap, and they found a solution in jump-starting nationalism by stimulating a profound sense of historical humiliation.

As for the Chinese authorities, they had other motives for stepping up their “patriotic education.” The “CCP Central Committee Circular on Printing and Distributing the *Guidelines for Implementing Patriotic Education*” was issued 1 month before the Fourth Plenum of the Fourteenth CCP Central Committee, which practically proclaimed that the power transition from Deng Xiaoping’s generation to the so-called third generation of central leadership, with Jiang Zemin as its core, was complete. Jiang intensified the use of nationalism to maintain national integrity and adopted the slogan “the great revival of the Chinese nation” in the late 1990s. Jiang demanded the word “apology” for the past aggression be written in the 1998 Japan–China Joint Declaration, but the Japanese side only offered it orally and were upset by Jiang’s repeated admonition about Japan’s perception of history.

Although patriotic education was purportedly not aimed to infuse people’s minds with antipathy against Japan, that in fact was what resulted. The repeated broadcasting of programs that featured the war against Japan, especially those in the summer of 1995 to commemorate the fiftieth anniversary of the end of World War II, had a strong impact on society. According to one Japanese newspaper correspondent in Beijing, “An intense patriotic campaign has permeated the ‘generation that does not know the war’, which constitutes the majority of the Chinese nowadays. The mass media have repeatedly taken up the atrocities of the invading Japanese army, with the by-product of negatively affecting people’s sentiments about the Japanese.”²⁴

Patriotic education did also result in arousing popular nationalism in general. There was an increase in the publication of books and articles full of anti-foreign sentiments. A well-known bestseller published in 1996, the year in which the Japan Society for History Textbook Reform was established, was *China Can Say No*, which demonized and censured the United States and Japan. The newspaper of the trade union in China,

²⁴ *Asahi Shimbun*, 14 September 1995, cited in Shimizu, Y., *Chugoku wa Naze “Han-nichi” ni Natta ka (Why China became “anti-Japanese”)*, Bungei Shunju, 2003, p. 165 (Shimizu 2003).

the *Gongren Ribao* (*Workers' Daily*), carried an interview with one of the authors, entitled “Let the World Hear the Voice of the Chinese Public.”²⁵

Economic Interests

The promotion of reform and opening in China went hand in hand with the acceleration of globalization in the post-Cold War world. Japanese business circles naturally welcomed the new phase in China's opening and marketization. Up to the 1980s Japanese enterprises had concentrated their investment mainly in Liaoning and especially Dalian, because of the geographical proximity, Dalian's deep-water port and good facilities, and historical familiarity.²⁶ In the 1990s, however, they started to invest more around the Yangtze River Delta (Shanghai, Jiangsu, and Zhejiang) and the Pearl River Delta (Guangdong). Along with the increase in investment, there was a rapid growth in trade, which rose from US\$22.8 billion in 1991 to US\$101.6 billion in 2002.²⁷

Japan strongly supported China's bid to join the GATT and later the World Trade Organization (WTO), in the spirit of integrating China into the world system. Japan's effort was much appreciated by China, which chose Japan as the first country to conclude the bilateral negotiations for joining the WTO, although the deal with Australia was also almost done.²⁸

Japan's support on these matters should not be taken to mean that the bilateral economic relationship developed smoothly and without any issues. In 1998, the Guangdong International Trust and Investment Corporation (GITIC) went bankrupt and the Chinese government cancelled its huge debt with the Japanese banks.²⁹ In 2001, Japan adopted tentative safeguard measures against the import of three agricultural

²⁵ *Gongren Ribao* (*Workers' Daily*), 31 August 1996.

²⁶ Hattori, K, and Marukawa, T. (eds), *Nitchu Kankei Shi 1972–2012 I Keizai* [The History of Japan–China Relations 1972–2012 Volume Two Economics] (Tokyo: University of Tokyo Press, 2012) p. 169 (Hattori and Marukawa 2012).

²⁷ The figures are originally from JETRO (Northwest Pacific Region Economic Center, <http://www.near21.jp/kan/data/trade/trade2/jcsuii.htm>).

²⁸ Akio Takahara, “The Present and Future of Japan–China Relations”, in *Gaiko Forum* (*English version*), 2000 Summer, p. 49 (Takahara 2000).

²⁹ Hattori and Marukawa, op. cit., pp. 199–206 (Hattori and Marukawa 2012).

products, and the Chinese government retaliated by increasing tariffs on three Japanese manufactured products. The damage was naturally larger on the Japanese side. Eventually they reached a compromise: Japan cancelled the safeguard measures while China promised to take voluntary measures to restrain the rapid rise of certain agricultural exports.³⁰

From the Chinese point of view, this was a period when there was an influx of FDI from all over the world. The end of the Cold War and the acceleration of reform and opening in China changed the perception of the world. Or, in other words, the rest of the world gradually caught up with Japan. This inevitably led to a gradual decline in China's relative economic dependence on Japan.

Domestic politics

This was a period when there were major changes in Japanese politics. The end of the Cold War and the collapse of the Soviet camp led to the decline and change in policy of the Japan Socialist Party (JSP). In 1994, it accepted the Japan–US Security Treaty and the constitutionality of the Self Defense Forces and forged a coalition government with the LDP. Pragmatism on the part of the LDP stemmed from the fact that it had fallen from power in the previous year after a long rein since 1955.

The JSP–LDP coalition cabinet is known for the well-received Murayama Statement on the history of war and colonization, but immediately after that statement it also halted grant aid to China, which repeated nuclear tests despite protests from nuke-allergic Japan. In fact, the Murayama Statement emphasized the importance of promoting nuclear disarmament and juxtaposed it with the war of the past. According to Murayama, this effort by Japan would contribute to “making up for the past and consoling the souls of the victims.”³¹ This was the period when some Japanese politicians began to question and criticize ODA to China, claiming that China was not showing its gratitude—its economy was growing rapidly and it gave a lot of aid to other countries—and that its military expenditures were rising fast and therefore it was a violation of the Japanese ODA Charter to continue

³⁰Ibid., pp. 265–272.

³¹Quoted in Jo, Kenfun, *Nihon no Taichu ODA Gaiko* [Japan's ODA Diplomacy towards China] (Tokyo: Keiso Shobo, 2011) p. 196 (Jo 2011).

providing assistance to China. The wise men's group convened by the Ministry of Foreign Affairs concluded in early 2001 that ODA should be continued for the stability and prosperity of China and the region. But the group advised that it should be focused on environmental conservation and social development and the amount be adjusted according to the fiscal conditions of Japan.

On the Chinese side, this was not only a period when the generation of revolutionaries left the political stage, but frictions occurred within the party over ideology as marketization and ownership reforms were pushed forward by the Jiang Zemin administration. Marketization and opening-up triggered modernization and brought Chinese society into a state of flux. State enterprise reforms caused many factories to be closed and sold, and workers were forced to retire, be laid-off, or fired. While the economy grew at a staggering pace, income gaps widened and corruption became widespread. It was in this context that Jiang resorted to a patriotic education campaign and aroused nationalistic sentiments for the unity and integrity of the Party and the nation.

International Environment and Security/Sovereignty Concerns

The end of the Cold War and the disintegration of the Soviet Union caused a sea change in the international environment. The new security order in East Asia was of prime concern to all the countries involved, including Japan, China, and the US. The US, after a period of "drifting" in its alliance with Japan, decided to maintain its forces in the region and prevent the emergence of a power vacuum. Tokyo, while seeking a new multilateral security framework that was realized in the 1994 establishment of the ASEAN Regional Forum (ARF), made its political decision to maintain the alliance with Washington as a "public good" that guarantees regional stability.

As for Tokyo, the Korean nuclear crisis loomed large among its security concerns. However, Prime Minister Hashimoto Ryutaro and President Bill Clinton signed the Japan-US Joint Security Declaration in April 1996, just after the Taiwan Strait crisis, in which China conducted missile drills and the US sent two aircraft carrier groups to the area. In fact, sympathy had grown both in the United States and Japan towards Taiwan, which had developed economically and was democratizing under the leadership of Lee Teng-hui.

Between Japan and China, Taiwan became a contentious issue, especially since 1994 when the Olympic Council of Asia sent Lee Teng-hui an invitation to the Asian Games to be held in Hiroshima.³² After the reinforcement of the Japan–US alliance, China criticized it as part of Washington’s strategy to dominate the world, while another part of it was NATO’s efforts to expand eastward. In fact, Beijing had decided to accelerate the modernization of its military forces after carefully observing the Gulf War in 1990–1991 when the US fully displayed the achievements of its Revolution in Military Affairs. China revised its military strategy in 1993, emphasizing the extension of its defense sphere to the near seas and the space above it.³³ Already in February 1992, Beijing had promulgated the Law of the Territorial Sea and the Contiguous Zone, in which it listed all the islands in the East China Sea and the South China Sea over which it claimed sovereignty, including the Senkaku (Diaoyu) Islands.³⁴

For China, the clash with the ASEAN states over its 1995 occupation of Mischief Reef, which had been under the control of the Philippines, added to the row with Japan and the US over Taiwan and the redefinition of the alliance. Fearing a return to isolation, China adopted a new approach in diplomacy and sought for regional, multilateral frameworks under the so-called New Security Concept. The New Security Concept consisted of cooperative security and comprehensive security, and became the basic principle in promoting the formation of regional frameworks such as the Shanghai Cooperation Organization and the ASEAN+3.

In addition to the 1997 Asian Financial Crisis, tough negotiations with the US over China’s joining the WTO and the NATO bombing of the Chinese embassy in Belgrade in 1999 prompted the Chinese to

³²Following vehement protest from China, the Japanese government eventually permitted Vice-premier of the Executive Yuan Hsu Lide to visit Japan as the Chairman of the 2002 Asian Games Bid Committee.

³³Takahara Akio, “‘Chugoku Kyoui-ron’ o Umu Chuuka Sekai no Kakuju to Atsureki [The Extension of the Chinese World and Frictions that Cause the ‘China Threat Theory’]”, *Gaiko Forum*, May 1994, pp. 48–54 (Takahara 1994).

³⁴The original draft of the law prepared by the Ministry of Foreign Affairs did not have the Diaoyu (Senkaku) islands named in the list, but it was later added upon the demand of other departments and localities. Many of them were units of the People’s Liberation Army (Nishikura Kazuyoshi, “What Does China’s ‘New Cold War’ Diplomacy Aim For?” (in Japanese), *Sekai (World)*, May 1994) (Nishikura 1994).

accelerate the development of the ASEAN+3 framework. In 1997 and 1998, China–US relations developed smoothly, symbolized by the mutual visits by Jiang Zemin and Bill Clinton. However, the Chinese learned in 1999 that there were bound to be ups and downs in their relations with the US, and that friendly groupings with the neighbors would provide them with room for manoeuvre in difficult times with the superpower. Thus, China agreed for the first time in November 1999 to attend the Japan–ROK–China triangle summit meeting. In 2000 Jiang and Prime Minister Zhu Rongji both called on Japan to collaborate in promoting regional cooperation. Japan had persuaded China at the time of Jiang’s official visit to Japan in 1998 that the two countries should collaborate regionally as well as globally, but this time it could not clearly understand China’s message and failed to respond in a positive way. Thus, much to the surprise of the Japanese side, China went ahead in November 2000 to propose an FTA with ASEAN and started negotiating the following year.

In sum, this was a period when new trends emerged in Sino–Japanese relations. While there was a boost in economic exchange due to China’s acceleration of reform and opening, sharp frictions emerged in the areas of history and security. This basically stemmed from the change in the international environment caused by the collapse of the Soviet Union, the contrast between the stagnating Japanese economy and the catapulting Chinese economy—the latter made possible by a breakthrough in domestic politics—the surfacing of historical revisionism in Japan, and the strengthening of patriotic education by the new generation of leaders in China. China’s nominal GDP was growing rapidly, but in 2001 it was still less than one-third of Japan’s.³⁵ It was the Chinese side that sensed a bigger threat as it was faced with a democratizing Taiwan, the redefinition of the Japan–US alliance, and confrontation with ASEAN in the South China Sea. It is true that the bilateral relationship was strained at times by a combination of factors such as Taiwan, nuclear testing, and history, but we should not overlook the fact that the benefits of cooperation were substantial, and the countries generally upheld conciliatory policies towards each other.

³⁵According to the IMF, China’s was 1324.81 (billion US dollars), while Japan’s was 4159.86 (*ditto*).

2002–2016

The factors that initiated changes in the previous period were amplified in the fourth decade of Japan–China relations after normalization. China joined the WTO in December 2001, which further boosted the economic exchange between the two countries. The resultant surge in China’s economic development lifted its international status, but also exacerbated its social contradictions despite the attempt by the Hu Jintao administration to create a “harmonious society”. Much of Hu’s first 5-year term overlapped with the Koizumi Junichiro cabinet in Japan. Koizumi pushed for economic liberalization and succeeded in maintaining a strong relationship with the US, but his repeated visits to the Yasukuni Shrine disrupted Japan’s political relationship with China. The Democratic Party of Japan’s (DPJ) victory in the 2009 general elections marked the start of a new phase in Japan–China relations. The US under the Bush administration and China cooperated in their anti-terror activities in the wake of the 9/11 terror attacks in the US. The 2009 Obama administration commenced with hopes of building a global partnership with China but was soon engaged in a rebalancing policy in Asia as China increased its assertiveness and caused much friction with its maritime neighbors, including Japan. In 2012, Xi Jinping and Abe Shinzo emerged as the top political leaders in China and Japan respectively. Both happened to be markedly more nationalistic than their immediate predecessors.

Perceptions/Emotions

Japanese emotions towards China took a sharp downturn in 2004 after the display of strong anti-Japanese sentiments by spectators at the Asian Cup soccer games held in China. The Japanese team was jeered loudly, Japanese spectators were bullied at each game, and the Minister of the Japanese Embassy’s car was mobbed and its window smashed after the final game in Beijing between Japan and China. According to the annual survey conducted by the Cabinet Office of Japan, emotions towards China dipped again in 2005 when fierce anti-Japanese demonstrations took place in a number of Chinese cities in the spring. Sharp declines recurred in 2010 and 2012 when violent anti-Japanese demonstrations followed the Senkaku (Diaoyu) trawler collision incident and the Japanese government’s purchasing of the Senkaku Islands from a private owner.

In China a view seems to be prevalent that the Japanese perception of China has deteriorated because the Japanese feel overshadowed by China's rise. However, the survey results indicate that the Japanese perception has been affected by the occurrence of various incidents.³⁶ The dip in 2002 most likely was related to the Shenyang Consulate-General Incident, in which North Korean refugees who had run through the gate into the Japanese Consulate-General seeking refuge were taken away by Chinese officers. This prompted the Japanese media to level a scathing critique of the violation of Japanese sovereign rights and the weak-kneed approach by the Japanese Ministry of Foreign Affairs. However, the survey results indicated an upturn in the Japanese perception of China in the following year, 2003. In 2006, a year after violent anti-Japanese demonstrations in China, it improved again. After maintaining the same level in 2007, it went down in 2008 which was marked by a poisoned frozen dumpling incident and a row over the Beijing Olympic torch relay in Nagano, Japan.³⁷ However, the survey result picked up again in 2009 when there were no salient incidents.

On the other hand, the Chinese were upset by the repeated annual visit to the Yasukuni Shrine by Koizumi Junichiro after he became Prime Minister in 2001. Soon after his first visit to the Yasukuni Shrine, in October 2001 Koizumi also visited the Anti-Japanese War Memorial Museum in the suburb of Beijing and expressed his apology and remorse for the war. Although he issued an elaborate statement to the same effect on the 60th anniversary of the end of World War II in 2005, the Chinese leaders felt betrayed as they had expected Koizumi to follow the precedence of Nakasone and Hashimoto who refrained from going to Yasukuni for a second time.

Another issue that aroused the Chinese was Japan's bid to become a permanent member of the United Nations Security Council. After Secretary-General Kofi Annan issued a UN reform report in March 2005, in which he recommended expanding the Security Council and including Japan in it, an opposition campaign started on the Internet,

³⁶See Cabinet Office, Government of Japan, *Public Opinion Survey on Diplomacy*, 14 March 2016.

³⁷In December 2007 and January 2008, some Japanese were hospitalized after eating frozen dumplings imported from China. The Japanese police strongly hinted that the dumplings had been poisoned in China, but the Chinese authorities vehemently denied the accusation. Eventually, a culprit was arrested in China in March 2010.

first among Chinese living in the United States and then quickly spreading to mainland China. What added fuel to the flames was incorrect information in the media that was disseminated through the Internet. For example, *The International Herald Leader* (*Guoji Xianqu Daobao*) reported in March 2005 that Asahi Beer and other Japanese multinational companies were supporting the controversial Japan Society for History Textbook Reform, which proved to be untrue.

However, after the eruption of anti-Japanese sentiments in the spring of 2005, Chinese perception of Japan gradually improved. According to the annual opinion survey conducted jointly by the Genron NPO of Japan and *China Daily*, the percentage of Chinese holding a favorable view of Japan increased steadily from 11.6% in 2005 to 38.3% in 2010.³⁸ Perhaps the increase in information through the Internet and the rapid growth of the number of Chinese visiting Japan contributed to this trend.

Abe Shinzo succeeded Koizumi in 2006 and Beijing was his first visit abroad as Prime Minister. Abe's approach to Yasukuni at this time was to neither confirm nor deny that he would visit the Shrine. Both sides frankly exchanged views on the Yasukuni Shrine. It was then declared in the Joint Press Statement issued immediately after the summit meetings that both Tokyo and Beijing would strive for the construction of a mutually beneficial relationship based on common strategic interests. On this basis, Wen Jiabao visited Japan in April 2007 and in his speech to the Japanese Diet remarked: "The Japanese Government and leaders have on many occasions stated their position on the historical issue, admitted that Japan had committed aggression and expressed deep remorse and apology to the victimized countries. The Chinese Government and people appreciate the position you have taken."³⁹

A symbolic episode occurred after the Sichuan earthquake in May 2008 when the Xinhua News Agency distributed a photo of a Japanese

³⁸<http://www.genron-npo.net/world/genre/tokyobeijing/post-240.html>. The survey in 2010 was conducted in the summer, before the trawler collision incident.

³⁹The official English translation of the speech available at <http://www.fmprc.gov.cn/eng/zxxx/t311107.htm>. For the exchange of views between Japanese and Chinese leaders on the Yasukuni Shrine, see Akio Takahara, "The resilience and fragility in Japan-China relations", in N. Swanström & R. Kokubun (Eds.), *Sino-Japanese relations: The need for conflict prevention and management*, (Newcastle upon Tyne: Cambridge Scholars Publishing, 2008), pp. 35–46.

rescue team bowing solemnly in front of the bodies they had found under the debris, about which the Chinese media, including many web-sites, were full of praise. In fact, humanitarian assistance from Japan to China never ceased but increased despite the political row between the two countries.⁴⁰ What followed the violent anti-Japanese demonstrations in 2005 were efforts to increase communication and mutual understanding at various levels.

The Japanese Genron NPO tied-up with *China Daily* and initiated the Tokyo–Beijing Forum which has provided a large-scale, annual platform for dialogue between politicians, business leaders, academics, and journalists since 2005. Students of the University of Tokyo and Peking University, the leading universities in the two countries, got together and spontaneously launched Jing Forum. This bi-university student association has annually organized an exchange program of joint research and discussion since 2006. Upon the recommendation of the New Japan–China Friendship Committee for the twenty first Century, in 2007 Prime Minister Abe introduced the JENESYS (Japan–East Asia Network of Exchange for Students and Youths) Program, through which around 4000 Chinese youths were invited to Japan every year.⁴¹ From China, a rescue team and other assistance was generously provided to Japan at the time of the Great East Japan Earthquake in March 2011.

Despite these efforts, bilateral public sentiments plunged as a result of the clash over the Senkaku (Diaoyu) Islands in 2010 and 2012 and subsequent media reporting. In fact, the political sensitivity of information dissemination stood out in China. Final products of the government-sponsored joint study of history, which was conducted from 2006 to 2009, were not published in full form due to intervention by the Chinese government. As regards the Senkaku trawler collision incident, according to the Japanese side, the trawler finally stopped after ramming

⁴⁰For example, the number of Japanese NGOs directly engaged in China’s “greenification” increased steadily from 29 in 1999 to 81 in 2004. See Takahashi Tomoko, “The Development of Greenification Activities by Japanese NGOs in China” (in Japanese), *Gendai Chūgoku*, No.79 (August 2005), p. 88 (Takahashi 2005).

⁴¹For the overall program, see <http://www.mofa.go.jp/mofaj/area/jenesys/index.html>. 2008 was designated as the Japan–China Youth Friendship Exchange Year and saw an expansion of the China program. See the following website of the Japan–China Friendship Center, which has been a major organization in charge of implementation: http://www.jcfc.or.jp/blog/archives/category/activity/exchange_invite-activity.

into two coast guard vessels. On the Chinese side, however, Xinhua News Agency reported that afternoon that it was the coast guard vessels that rammed into the trawler, and next day put up a drawing of two big coast guard vessels ramming into the side of the small trawler with their bows. Judging from the fact that there was no visible damage to the trawler, and from the video footage of the crash that was leaked by a member of the Japanese coast guard, the Xinhua drawing was a sheer fabrication.⁴² On the Japanese side, there is also critique among the public that the media tends to report on China in a sensational and negative fashion and have contributed to the deterioration in Japan–China relations.⁴³

Thus, history and territory impeded the improvement of perceptions about the other side and emotions began to deteriorate in a serious way. However, while over 90% of the public had a negative image of the other side in both Japan and China in 2013, over 70% of them in both countries considered the bilateral relationship important.⁴⁴

Economic Interests

Globalization and China's reform and opening interacted with each other even more closely after China joined the WTO in December 2001. The growth rate of Japanese exports to China declined from 30.4% in 2000 to 2.2% in 2001 due to the abovementioned trade dispute. However, it picked up to 28.2% in 2002 and reached a staggering 43.6% in 2003. In 2004, Japan's trade with China totaled US\$168 billion, and for the first time in post-World War II history China surpassed the US and became Japan's largest trading partner. In 2012 the figure amounted

⁴²The leaked video footage is available at <http://www.youtube.com/watch?v=sVVM2AmvD5U>. The drawing can be viewed at http://news.xinhuanet.com/world/2010-09/08/c_12529310.htm. At the Tokyo–Beijing Forum held in Beijing in August 2011, the editor of *Xinjing Daily* openly regretted using this drawing in her paper, saying they should not have used any material that had not been confirmed as real.

⁴³For discussions of the current situation in the media and ways to overcome problems, see Dan Yakuchu (ed.), *Nittyu Tairitsu wo Koeru "Hasshin Ryoku"* ["Transmission Power" to Overcome Japan–China Antagonism], (Tokyo: Nihon Kyoho Sha, 2013) (Dan 2013).

⁴⁴For this gap between emotion and reason, see the result of the joint public opinion survey by the Genron NPO and *China Daily* at <http://www.genron-npo.net/world/genre/tokyobeijing/post-240.html>.

to US\$334 billion.⁴⁵ Japanese investments nosedived a year after the trade dispute but bounced back in 2003 with a growth rate of 50% on contract basis compared to the previous year. While the amount of Japanese investment in China on implementation basis was US\$4.2 billion in 2002, it reached US\$7.4 billion in 2012.⁴⁶

In contrast to the political aspect of bilateral relations which became tense after Koizumi's visit to the Yasukuni Shrine, economic ties were strengthened. This contradictory situation was called *zhengleng jingre* in Chinese or *seirei keinetsu* in Japanese, meaning "cold politics, hot economics." Koizumi himself repeatedly remarked that China's rise was not a threat but provided an opportunity. In 2005, however, the Japanese government informed the Chinese government that it was high time to cease the provision of yen loans, and both sides agreed not to start new yen loan projects in 2008, the year of the Beijing Olympic Games.⁴⁷

Despite the chill in the air caused by the poisoned dumpling incident and the troubles over the Olympic torch relay in Nagano, President Hu Jintao made a state visit to Japan in May 2008. Hu and Prime Minister Fukuda Yasuo, the son of Fukuda Takeo who was Prime Minister when the Peace and Friendship Treaty was concluded thirty years before, signed a new joint statement and agreed upon seventy items for exchange and cooperation. One of the foci in the agreement was bilateral cooperation for sustainable development, particularly in the area of energy and environment.

In this context, a month after the Hu visit the two governments reached a set of remarkable agreements on cooperation in the East China Sea: one was the agreement to jointly explore and develop a designated spot in the East China Sea; the other permitted Japanese firms to participate in the development of the Shirakaba (Chunxiao) oil and gas field, according to Chinese law. This was an epoch-making achievement as the two countries had been disagreeing for years over the delimitation of the Exclusive Economic Zones (EEZ), with Japan arguing for a line equidistant between the coasts and China arguing for the end of the continental shelf. The agreements were based on putting the dispute aside

⁴⁵Trade figures are from the website of the Northwest Pacific Region Economic Center: <http://www.near21.jp/kan/data/trade/trade2/jcsuii.htm>.

⁴⁶Investment figures are from the website of the Japan–China Economic Association: <http://www.jc-web.or.jp/JCCont.aspx?SNO=001&b=023&s=038&k=073>.

⁴⁷Hattori and Marukawa, op. cit., pp. 299–306. This did not mean the end of Japanese ODA to China, since grants and technical cooperation continued to be provided.

and getting on with cooperation. However, this caused uproar in China, since many found it unacceptable that the joint-exploration spot was on the intermediate line. As a result the Chinese government became reluctant to hold negotiations for the implementation of the agreements.

It was no surprise that Japan decided to stop providing yen loans to China, which enhanced its presence in the world economy, especially after the 2008 bankruptcy of Lehman Brothers in the US triggered the world financial crisis. China succeeded in pulling itself quickly out of the crisis through a massive expansion of domestic demand, and was looked upon by the rest of the world to play a central role in G20 and be an engine of the world economy.

Together with the rest of the world, the Japanese economy was seriously affected by the world financial crisis. Its economic growth rates were in the negative in both 2008 and 2009, and in 2010 Japan's GDP was finally overtaken by China. A result was a growing sense in China that Japan was not important any more, and that Japan was more economically dependent on China than the other way round.

This could be seen in China's desperate countermeasures against Japan when the Chinese captain was arrested for ramming his trawler into Japanese coast guard vessels in September 2010. In addition to complicating and delaying the customs clearance of Japanese cargo and halting the export of rare earth, the Chinese government advised their people not to go sightseeing in Japan. It even postponed an invitation to 1000 Japanese youths to visit the Shanghai Expo, a day-and-a-half before their planned departure. After the Chinese officials warned that Japan would be responsible for any results stemming from the incident, chilling news broke out that four employees of a Japanese firm had been detained in Hebei province for allegedly entering a military zone without permission.⁴⁸

However, although China enjoyed a huge trade surplus and no longer needed any financial assistance from abroad, it did not mean that economic ties with Japan had become unimportant for China. First, the Chinese government did not lose its keenness to introduce Japanese technology, especially in energy saving and environmental protection.

⁴⁸Takahara Akio, "The Senkaku Trawler Collision Incident, September 2010", in Akikazu Hashimoto, Mike Mochizuki and Kurayoshi Takara (eds), *The Okinawa Question: Futenma, the US-Japan Alliance, and Regional Security* (Sigur Center for Asian Studies and Nansei Shoto Industrial Advancement Center), p. 91 (Takahara 2013a).

These were most important in achieving Hu Jintao's target of implementing scientific development and constructing a harmonious society. For instance, while other exchange programs were postponed or cancelled, China sent 400 delegates to the Japan–China Comprehensive Forum on Energy Saving and the Environment, held in Tokyo in October 2010, a month after the trawler collision incident. Second, the boost in China's domestic demand in the wake of the world financial crisis resulted in huge debts for local governments, which became even more eager to introduce Japanese investments. Third, China remained keen to explore and develop regional free trade agreements, in which Japan was a key partner.

This was the period in which economic relations between Japan and China were boosted by China's reforms and growth, which in turn were caused by its admission into the WTO. Economic ties were not sufficient conditions for a good political relationship, but they constituted an important pillar that supported the overall relationship between the two nations and provided the main element of resilience within it.

Domestic Politics

In this period the interaction between diplomacy and domestic politics seemed more salient than ever in both countries. Koizumi Junichiro had not been a keen visitor to the Yasukuni Shrine before he became Prime Minister. Originally, it seemed the motives of his visit centered on luring the votes of the Japan War Bereaved Association members in winning the LDP presidential election. Increasingly, however, Koizumi began to see the issue as a diplomatic tug-of-war with China, as the Chinese leaders gradually escalated their protest and eventually refused to meet Koizumi even in third countries.

Abe Shinzo, though an ideological right winger, repaired and lifted the bilateral relationship upon becoming Prime Minister to an even higher stage of "strategic, mutually beneficial relations." In fact, Japanese public opinion at that time was increasingly critical of Koizumi's diplomacy towards China. Seizing this opportunity, the opposition parties, the largest of which was the Democratic Party of Japan (DPJ), were ready to criticize the hawkish tendency of Abe at the extraordinary meeting of

the Diet called at the end of September 2006. However, Abe outmaneuvered his critics by the blitz tour around China and South Korea.

In 2009 the DPJ achieved a landslide victory in the general election. Prime Minister Hatoyama Yukio seemed to be making a pro-China stance one of the basic planks of his foreign policy. At the Japan–China–ROK leaders' summit in Beijing in October 2009, Hatoyama said that Japan had been too dependent on the US in the past and that although Japan would continue to regard Japan–US relations as most important, it would put greater emphasis on Asia in its policies in the future. When DPJ Secretary General Ichiro Ozawa visited China with 143 of the party's Diet members in December that year, Hu Jintao responded to a request from Ozawa by shaking hands and being photographed with the representatives one by one. Vice-President Xi Jinping visited Japan immediately after this, and the DPJ government went to considerable lengths to arrange a meeting with the Emperor despite the short notice.

Nevertheless, Hatoyama fell when he could not fulfil his promise to find an alternative to the US Marine Corps Futenma Airfield outside Okinawa. At the time of the Senkaku trawler incident in September 2010, the DPJ was in the middle of an election campaign to choose their leader. In addition, they still had not sorted out how to adjust their pledged and unsophisticated distancing of bureaucrats from policy making. There is little doubt that the DPJ government was not adept at handling such a delicate diplomatic issue as it occurred. In the end, DPJ Prime Ministers Kan Naoto and Noda Yoshihiko returned to Japan's conventional stance to seek both the strengthening of the Japan–US alliance and the promotion of Japan–China relations, but disagreement over the Senkaku (Diaoyu) Islands prevented the latter. It is hard to deny that the tough and aggressive posture of China against Japan contributed to the advent of a hawkish LDP president. At the end of 2012, the LDP led by Abe won a landslide victory in the general election and formed a coalition government with the Komei Party.

There are unmistakable signs that on the Chinese side Hu Jintao and Wen Jiabao sought for friendly Japan–China relations on many occasions. To begin with, their approaches towards China's challenges shared a basic difference from that of the previous administration. Jiang Zemin had emphasized the severity of international competition in order to

arouse a sense of crisis and urge the CCP members to unite.⁴⁹ On the other hand, faced with a plethora of social contradictions caused by the rapid economic growth under the leadership of Jiang, Hu Jintao argued for balanced development and the building of a “harmonious society.” With a view to allaying the China threat theory, Hu extended this idea and started arguing for building a “harmonious world” in September 2005. However, no political leader toed his line until the August 2006 Central Work Conference on Foreign Affairs, to which the top leaders of all the localities and departments were summoned. There Hu Jintao emphasized the linkage between foreign affairs work and the grand picture of domestic work, and also stressed the need for all to follow the policy line and the strategic arrangements presented by the Party center. The message was clear: diplomacy must serve the need of domestic development, and deviation from Hu’s policies was not allowed. What followed was the dismissal in September of Chen Liangyu, a protégé of Jiang and Party Secretary of Shanghai, and the invitation of the new Japanese Prime Minister Abe Shinzo in October, on the opening day of the important plenary meeting of the Central Committee.

However, Jiang Zemin’s abovementioned line of thought stressing ferocious competition with foreign countries for the unity and solidarity of the Party and the nation never disappeared. Wen Jiabao’s April 2007 speech in Tokyo, in which he accepted the Japanese apology for past aggression, was not taken up by any other Chinese leader. We have already mentioned how the June 2008 agreement on jointly developing the East China Sea was stalled by nationalistic opposition in China. In fact, as many of the intended reforms for the building of a harmonious society were hampered by opposition from vested interests, people’s dissatisfaction with the present and anxiety about the future mounted further, despite the amazing growth in the macro-economy and a consequent boost in national self-confidence. People’s frustration was caused by factors such as aggravating corruption and nepotism, which led to the shrinking of the Chinese Dream; environmental degradation, especially water shortage in northern China and nationwide air pollution; and creeping inflation and stagnation in the rise of living standards among a substantial portion of the population.⁵⁰

⁴⁹Robert L. Kuhn, *Ta Gaibian le Zhongguo: Jiang Zemin Zhuan* [The Man Who Changed China: the Life and Legacy of Jiang Zemin] (Shanghai Yiwu Chubanshe, 2005) p. 419 (Kuhn 2005).

⁵⁰The officially announced figure of the Gini coefficient in 2010 was 0.48, well beyond the threshold point of 0.4 and into the danger zone of social instability (*People’s Daily*, 19 January 2013). According to a survey result announced by the All-China Federation of Trade Unions in March 2010, 23.4% of staff and workers had not had a pay rise in the previous 5 years (Report on the National People’s Congress, MSN Chinese Net, 9 March 2010, at <http://money.msn.com.cn/finance/internal/100949.shtml>).

Such mixed psychology seems to have provided fertile soil for excessive nationalism to grow. *China Dream (Zhongguo Meng)*, a book published in early 2010 by a colonel and professor of the National Defense University, maintained that China's Era has come and that the nation must develop its military might to overtake the United States and become the "champion country."⁵¹ The book title was symbolic of how assertive nationalism could spark the imagination of the anxious and resentful people: the Chinese Dream, comparable to the American Dream of an individual is gone, but the China Dream of the nation can make up for the loss. It cannot be a coincidence that China Dream became the pet slogan of the new administration led by General Secretary Xi Jinping, who succeeded Hu Jintao in November 2012.

At the same time, social dissatisfaction with the present led to a rise in leftism highly critical of reform and opening. The significance of this to Sino-Japanese relations existed in the affinity between leftism and nationalism, which was amply displayed in September 2012 when demonstrators carried photos of Mao Zedong during the anti-Japanese demonstrations.

International environment and security/sovereignty concerns

This period saw an increase in the importance of security issues in Sino-Japanese relations. This was due in part to the rising need for cooperation in dealing with the issue of North Korean nuclear and missile development. Even when Japan and China were engaged in a heated debate over Koizumi's Yasukuni visits, they collaborated well in the Six Party Talks framework led by China since 2003. There was also the newly developing problem of non-traditional security threats such as terrorism and piracy. The Japanese Maritime Self Defense Force (JMSDF) and the PLA Navy collaborate against piracy off the coast of Somalia, and in 2010 the largest number of foreign ships that the JMSDF protected belonged to Chinese companies.⁵²

⁵¹Liu Mingfu, *Zhongguo Meng* [China Dream] (Zhongguo Youyi Chuban Gongsi 2010) (Liu 2010).

⁵²See the *2010 Nen Kaizoku Taisho Report (2010 Anti-Piracy Activities Report)*, at <http://www.mod.go.jp/j/approach/defense/somaria/kanren/sonota/2011/pdf/0203.pdf>.

However, along with the increase in China's military capabilities and concrete incidents, Japan began to sense a potential threat. For instance, in November 2004 a Chinese nuclear submarine trespassed into undisputed Japanese territorial waters without surfacing. In fact, China's Marine Surveillance research vessels had started intruding into Japanese territorial waters since 1996. In 2001, Japan and China agreed to inform the other side in advance of the activities of ocean research vessels in designated waters, but the Japanese made repeated protests that the Chinese side often violated the agreement.

China also advanced steadily towards the Senkaku (Diaoyu) Islands. It was the 110th anniversary of the birth of Mao Zedong on 26 December 2003 that the China Federation for Defending the Diaoyu Islands was established. Then in March 2004, seven activists sent by the Federation landed on Uotsuri-jima, the largest island, and were arrested and deported by the Japanese authorities according to the Immigration Control and Refugee Recognition Act. In 2006, the China Marine Surveillance of the State Oceanic Administration established the Regular Patrol System to Protect Interests in the East China Sea. Then in December 2008 two of their patrol boats trespassed into the territorial waters around the Senkaku Islands for the first time with a clear aim to claim sovereignty, and loitered for 9 h. Their intrusion into the contiguous zone and territorial waters increased after the trawler rammed the coast guard vessels in September 2010. Even without the provocation by the Tokyo Governor Ishihara Shintaro, who declared that the Tokyo metropolitan government would purchase three of the islands from a private owner, and the actual purchase by the Japanese government in September 2012, there were clear indications that sooner or later there would be a clash between the two countries over the Senkaku (Diaoyu) Islands.

In Taiwan, the Taiwanese Democratic Progressive Party led by Chen Shui-bian came to power in 2000, and there were concerns in Beijing about its inclination for independence, especially in Chen's second term that started in 2004. This was linked somewhat to another concern about Japan becoming a "normal country," discarding the post-World War II limitations on its security policy. Discussions in Japan on arms exports and collective self-defense were no longer taboo, and concrete proposals were made by the LDP to amend Article 9 of the Constitution.

However, there seemed to be a tendency that discussions in China exaggerated the intentions of Japan. In February 2005, when Japan

and the US announced their common strategic objectives that included encouraging the peaceful resolution of issues concerning the Taiwan Strait through dialogue, it was loudly reported in China that Japan openly supported Taiwan's independence and planned to defend it if hostilities broke out.⁵³ The Director of the Strategic Research Office at the Naval Strategic Institute seemed to believe that Japan's 2004 Defense Program Guideline listed China as the major threat for the first time, that Japan planned to intervene in the Taiwan Strait affairs, and was willing to use its military strength and fight for China's land and sovereignty.⁵⁴ From the Japanese perspective, it seemed truer that the Chinese side was spreading the Japan Threat Theory with much mirror imaging at work. It was already worrisome then that the Japan Threat Theory was gaining currency in Chinese society, adding fuel to the rising flame of assertive nationalism.

In sum, this was a period when there was a rapid change in the regional balance of power as China's economic and military clout strengthened with remarkable speed. Because of China's maritime advancement Japan was feeling China's military threat for the first time. However, China for its part was not fully confident either. Assertive and even aggressive language and behavior emerged out of the revival and strengthening of a big power mentality, combined with the remaining victim mentality and the anxiety among the leadership about losing their legitimacy. A heightened level of economic interdependence and cultural exchange between Japan and China provided resilience in the bilateral relationship, but that was not sufficient to prevent an increase in tension and competition in the realms of politics and security.

After the advent of two strong leaders in both Japan and China towards the end of 2012, there was a political stalemate. The basic position of Japan was as follows. First, Japan could not accept any change in the status quo by physical force, which was against international norms and the spirit of the Japan–China Peace and Friendship Treaty. As long as China's maritime advancement and intrusion into its territorial waters continued, Japan had to hedge by reinforcing its alliance with the US. The Abe cabinet in 2015 introduced new security legislation that

⁵³See, for instance, *Huanqiu Shibao*, 21 February 2005.

⁵⁴*People's Daily*, 22 July 2005.

allowed the implementation of the right of collective self-defense, which required a reinterpretation of the peace constitution.

Second, Japan argued they should not let disagreements over the Senkaku Islands and the Yasukuni Shrine disrupt bilateral relations as a whole. They suggested that these issues have existed for decades and that both countries have been able to manage them and while still developing their ties. Thirdly, Japan noted that China and Japan were the world's second and the third largest economies, and they both held the responsibility to mend their relationship. Therefore, Japan contended that the two countries should talk things over, and the leaders should meet without any conditions.

In the light of Abe's conservative inclination and perhaps because of seeing a mirror image of China's domestic situation, his visit to the Yasukuni Shrine in December 2013 was widely interpreted in China as an attempt to whip up nationalistic sentiments and garner public support. In November 2014, when Abe and Xi Jinping met for the first time on the sidelines of the APEC summit meeting held in Beijing, it was the Chinese side that changed its policy towards Japan. First, near-miss incidents involving military aircraft occurred in May and June that year in the overlapping Air Defense Identification Zones of the two countries over the East China Sea. This heightened the alert of Xi as well as Abe since an accident could lead to an escalation of the situation. There was a need to improve the political atmosphere so that the two sides could negotiate and operationalize mechanisms for maritime and airborne communication and crisis management.

Next, the Chinese leaders realized that Japanese investment to China was falling and that was exacerbating the downturn of the economy. According to China's Ministry of Commerce, in January–September 2014 it fell by 42.9% compared to the previous year. Minister of Commerce Gao Hucheng admitted to a delegation of Japanese business people that politics affecting economics was something he did not want to see.⁵⁵

In terms of domestic politics, a ferocious anti-Japanese media campaign beginning in September 2012 had created an atmosphere in which showing understanding to Japan was seen as politically incorrect. Thus, only a leader with power and authority could resist the unavoidable criticisms from among both the populace and his political rivals and adopt

⁵⁵<http://www.asahi.com/articles/ASG9R5F25G9RULFA009.html>.

a friendly policy towards Japan. Through the successful anti-corruption campaign, Xi Jinping had sufficiently consolidated his power base.

Interestingly, however, even after Xi Jinping issued a clear signal to improve China's relations with Japan, criticisms against Abe and his government never ceased. It seemed this was mainly because the economic downturn continued and the leadership became gravely worried about the rise in dissatisfaction at the societal level. Xi Jinping apparently wanted to keep playing the Japan or Abe card to arouse nationalistic sentiments and assist him in garnering public support. Japan's opposition to China's behavior in the South China Sea invited bitter criticism from the Chinese government and media.

Also, Xi Jinping's authority was challenged more openly in the first half of 2016. Xi's attempt to acquire the title of the "core of the party center" was frustrated in the spring, which was a substantial blow to his authority. There even emerged an open letter to Xi Jinping signed by "a loyal Party member," which was posted on an official website and cited his mistakes in economic management, media control, diplomatic isolation, etc., and called on him to resign.⁵⁶ Xi eventually pushed back, however, and successfully gained the title of the "core" at the Sixth Plenum of the 18th Party Central Committee in October. As always, signs of power struggle did not bode well for the development of Japan-China relations.

CONCLUSION

A review of the 44 years of diplomatic relations between Japan and China indicates that there is a qualitative difference in the relationship in the first 20 years and the latter 24 years. First, regarding perceptions and emotions, the 1989 June 4th Incident had a sobering effect on the Japanese people. Until then, a romantic idea of China, represented by the images of pandas, the Silk Road, or Tang dynasty poems was dominant. June 4th was followed by nuclear tests and missile drills in the 1990s, the increased assertiveness in China's maritime claims in the 2000s, and the display of anti-Japanese sentiments in violent demonstrations in 2004, 2005, 2010, and 2012. In addition, there has been an increase in the number of Chinese living in Japan and also an increase

⁵⁶"An Open Letter by A Loyal Party Member Urging Xi Jinping to Resign", <http://news.creaders.net/china/2016/03/05/1647666.html>.

in crimes conducted by a small part of them. Then there was the seemingly irresponsible attitude of the Chinese government in handling the poisoned dumpling case. These factors negatively affected the sentiment of ordinary Japanese who tend to treasure the value of safety in daily life more than some remote territory or oil resources.

At first, the Japanese generally sensed they were ahead of China in terms of economic development. Then they lost self-confidence in the Japanese model of management and development when the economic bubble burst in the early 1990s. Some Japanese began to feel overwhelmed by the rise of a giant next door and attempted to regain confidence by beautifying the past. There was also a change in generations. The Japanese who lived through the war generally held a strong sense of remorse. Usually, they were willing to help China's modernization and accommodate the complaints and requests of the Chinese in the dealings.

On the Chinese side, Japan was introduced to the Chinese in the 1970s and 1980s as a model of modernization. Japan was close to China, geographically and historically, while the Western countries generally were less aware of China's economic potential. In the 1990s, the glamor of the Japanese model faded, the US economy recovered, and the Western nations advanced into China both economically and culturally in a big way.

Against this tide of westernization, Jiang Zemin promoted patriotic education in the wake of June 4th and in the transition of power from Deng Xiaoping. Although it probably was not aimed to do so, patriotic education did in fact result in reproducing a victim mentality and strengthening anti-Japanese sentiments among the Chinese population.

However, there has recently been a significant increase in communication between the two peoples thanks to technological development, mainly through the Internet, and an increase in tourists and exchange students. The effect of the Internet on people's perceptions remains uncertain, though, since it is a means that could amplify incorrect information and exaggerate certain aspects of the truth.

Second, regarding economic interests, a win-win situation in the economy has constituted the basis of resilience in Japan-China relations throughout this period. Until 1992, China's path of marketization was unstable. Japan strongly supported China's reform and opening, through ODA for example, or by engaging China after the June 4th Incident, and later by supporting its WTO bid. China benefited greatly from such

support, no less than Japan and the rest of the world did from China's development. The rise of China went hand in hand with globalization, which was promoted by the ending of the Cold War. Especially since 1992, the Japan–China economic relationship entered a new stage because of a policy breakthrough in China that was made possible by Deng Xiaoping's southern tour and the political change that followed.

From the Chinese point of view, the relative importance of having a rich and helpful neighbor gradually decreased due to its own development and to the inflow of capital and technology from other sources. On the other hand, the importance of China to Japanese firms as a production base and market increased greatly until 2012, when political risk as well as the price of labor started to increase substantially.

In the 1970s and 1980s, Japan was desperate to diversify sources of energy imports, and China emerged as a new target. Initial ODA projects were concentrated on constructing infrastructure related to energy production and transportation. Since the early 1980s, Japan and China jointly explored the Bohai Sea, but unfortunately their efforts did not bear much fruit. Recently, it is the other way round, and the Chinese have become desperate for energy. In 2008, Japan and China agreed on jointly developing the East China Sea, which was a remarkable diplomatic achievement. Since then, however, the Chinese side has been unable to implement the agreement because of internal, nationalistic opposition.

Third, regarding the impact of domestic politics on diplomacy towards the other country, on the Japanese side, the pro-Taiwanese elements in the LDP initially wielded substantial influence. This gradually faded due to generational change as well as the political changes in Taiwan.

However, because of the increase in friction and the rise of anti-Chinese sentiments in Japanese society in the 1990s and onwards, what is seen by some in the Japanese political context as kowtow diplomacy towards mainland China has been severely criticized and a resolute response (“*kizen to shita taiō*”) has been demanded.

On the Chinese side, China's Japan policy has always been a delicate political issue and an object of criticism from opponents of the leadership. Reviewing China's Japan policy even gives us the impression that the degree of solidity of the power base of the administration is reflected in its Japan policy; i.e., the more solid its power base, the more conciliatory its Japan policy will be.

Since the 1990s, the importance of nationalism increased greatly in China as a pillar of national integration and legitimacy of the government. As the example of the stalling of the East China Sea joint development shows, nationalistic sentiments are now a most significant factor in Japan–China relations. In order to improve the bilateral relations, governments and public intellectuals on both sides must collaborate to contain the heat of nationalism.

Fourth, regarding the international environment and security/sovereignty issues, concerns over security and sovereignty were always the top priority for China, with an initial focus on Taiwan. In contrast, the economy was always the top priority for Japan, until the clash over the Senkaku (Diaoyu) Islands. China is determined to develop its military might along with its economic growth, which is different from the Japanese path of post-war development.

With the demise of the Soviet threat, China's security concerns turned to maritime issues. Its Senkaku policy represented a sea change, shifting from not touching the issue to asserting sovereignty through action. This has caused Japan to see China as a potential military threat for the first time in modern history.

After the end of the Cold War, Tokyo decided to maintain and strengthen its alliance with Washington for the sake of stability in East Asia. This raised concerns in China that Japan was to become a “normal state” and that the alliance was aimed at containing China. Both sides must work on confidence building and achieving strategic coexistence so as to avoid falling into a security dilemma.

In fact, China has always been concerned about Japan becoming a military and political power. In the 1980s it seems the Chinese decided that, while they would seek economic cooperation with Japan for the sake of their modernization, they would criticize Japan for its distorted perception of history, the rise of militarism in that country, and its ambitions on Taiwan, no matter if such things actually existed or not. This is because the Chinese believed such criticisms would serve as leverage in checking a rising Japan.

In the latter part of the 1990s, a trend for regional integration emerged in East Asia. Both competition and cooperation between Japan and China exist in this context, but up to now the former is more salient. In fact, regional frameworks in East Asia have developed because there are real needs for them. Therefore, both sides should discuss the vision of the regional order in the future and explore specific areas for cooperation.

In addition, we can identify an increase in the actors involved in the policy processes, especially in China. In the days of Mao Zedong and Deng Xiaoping actors involved in foreign policy making were rather limited, although evidence suggests that the PLA navy was involved in sending fishing boats to the Senkaku (Diaoyu) Islands in April 1978. The propaganda department, which controlled the media, was a regular participant from the early days. Chinese official media were often more hard-line than the Ministry of Foreign Affairs. With the rise in maritime interests and on-line discussions since the 1990s, actors now include the PLA, maritime law enforcement agencies, energy firms, scholars, and netizens.

All in all, there is both resilience and fragility in Sino-Japanese relations. Resilience is based on economic cooperation and cultural and societal ties, while fragility rests on security, territory, historical issues, and a widening perception gap between the two nations. To improve the relationship, both sides must collaborate to strengthen resilience and mitigate fragility. For resilience, economic, cultural, and societal exchange should be promoted. The two countries should cooperate for human security in East Asia and join forces in fighting non-traditional threats of all sorts. Against fragility, the two countries need to implement security dialogue at all levels and with US involvement. In order to defuse tension, it is critically important to decrease misunderstanding and seek truth. In addition to military-military dialogue, media exchange, more joint history studies, and youth exchange, crisis management mechanisms are desperately needed, including effective communication lines between the top leadership.

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Growing Interdependency Between China and Japan: Trade, Investment, Tourism, and Education

Fan Ying

Economic interdependency is the central axis of Sino–Japanese relations and a key incentive for both sides to avoid armed conflict. Their industrial division of labor in East Asia in recent decades is both vertical and complementary. China’s export to Japan mainly consists of labor-intensive and low value-added goods, while Japan’s export to China focuses more on capital-intensive and technology-intensive items which are high value-added. Japan, with its massive direct investment, is the third largest source of foreign capital in China. And China is the largest trading partner of Japan. Though the economic pattern in East Asia has shifted from the Japan-led flying geese model of economic development to the Asian production network (with intermediate parts sourced from many East Asian countries with final assembly in China), in the twenty-first century the economic bond between the Chinese mainland and Japan continues

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to be market-driven and remains indispensable. Indeed, their bilateral economic relationship is mutually beneficial.

This chapter first reviews the growing economic interdependency and rising educational and social exchanges between China and Japan over the past decade. It also analyzes the main causes of these trends and examines challenges to stronger Sino–Japanese economic relations. Finally, argues that China and Japan should seek a breakthrough of mutual trust through deepening economic and trade cooperation and make collective efforts to build a new type of cooperative relations between great powers based on reciprocity and mutual benefits.

My central argument is that increasing economic interdependency of China and Japan mitigates their disputes over history and territorial sovereignty. The caveat is that the interdependency of their economies is a necessary but not a sufficient condition for overall good bilateral relations. While economic interdependency and cultural exchanges underpin Sino–Japanese relations, political wisdom and goodwill of leaders on both sides are critical for China and Japan to anchor their bilateral relations. Indeed, economic interdependency between the Chinese mainland and Japan is poised to deepen, but it is not inconceivable that prolonged political turbulence over sovereignty disputes and conflicting historical narratives may undermine this crucial economic relationship.¹ In this regard, China and Japan should aim to deepen their comprehensive relationship beyond economics to mitigate their political antagonism.

From January to September 2014, Japanese foreign direct investment (FDI) in China had fallen 43%, over the same period of 2013, largely due to rising labor costs in China and its economic slowdown. Apparently, the Nippon Keidanren and other Japanese business organizations have urged Prime Minister Abe Shinzo to hold a bilateral meeting with Chinese President Xi Jinping (on the sidelines of the 2014 APEC Summit in Beijing) to mend fences with China. Ideally speaking, the top leaders of China and Japan should also engage their South Korean counterparts and revive their trilateral summit to enhance political stability and economic prosperity in Northeast Asia.

To be sure, the economies of the Chinese Mainland and Japan have intertwined quite impressively. But Sino–Japanese economic ties are still

¹“Poll: Two-thirds of Chinese boycotted Japanese goods over Senkakus dispute”, *Japan Times*, 6 January 2013.

lagging behind Sino–South Korean economic interdependence in one aspect: the lack of a bilateral free trade agreement (FTA). In November 2014, Presidents Xi Jinping and Park Geun-hye declared at the Asia-Pacific Economic Cooperation summit in Beijing that their bilateral FTA negotiation was substantially concluded. Unlike Sino–Japanese relations, Sino–South Korean ties are not bedeviled by history and territorial disputes. However, if China and Japan can surmount their political antagonisms, then it is conceivable that a bilateral FTA or even a trilateral FTA (with South Korea) may be forged in the future and further deepen their economic interdependency with the promise of greater prosperity and stability in East Asia.

The *China Daily* opined:

Economic interests have outweighed, if not eliminated, old grudges in East Asia. China, Japan and South Korea negotiated again in Tokyo last week (November 2014) for a trilateral free trade agreement. There were no concrete results this round, but Sun Yuanjiang, chief negotiator from China’s Ministry of Commerce, said the negotiations are almost at the final stage. The three countries are aiming high, with the hope that the negotiations, launched in 2012, will produce a comprehensive and high-standard deal.²

The same article continues: “China is the biggest trading partner of both Japan and South Korea. The three nations account for 22% of the world’s population and contribute 20% of the global GDP and trade volume.”³

GROWING ECONOMIC INTERDEPENDENCY BETWEEN CHINA AND JAPAN: AN IMPRESSIVE TREND

China and Japan Are Important Trading Partners

Japan’s trade with China increased 2.25 times from 2000 to 2015, which was significantly higher than the average growth rate of Japan’s foreign trade—less than 0.7 times—during the same period. In 2002, the value of Japan’s imports from China surpassed the value of imports from the

²“FTA the key for regional integration”, *China Daily*, 1 December 2014.

³Ibid.

US, and China became Japan's largest import source for the first time. By 2007, the total value (imports and exports) of Japanese trade with the Chinese Mainland had superseded the former's trade with its US ally. At the time of writing (July 2016), China continues to be Japan's number one trading partner.

The rapid growth of the bilateral trade between China and Japan (see Table 3.1) has benefited both economies. This was especially the case for Japan; its rising exports to China were an important factor that boosted its economic recovery. Thanks to the rapid growth of Chinese industries and their demand for integrated circuits, parts and components, machinery, engines, steel, and chemical materials, many related Japanese companies have increased their production for the Chinese market. Therefore many Japanese worry that any slowdown of China's economy may have a negative effect on Japan and some people perceive that "if China sneezed, then Japan would catch a cold."

Table 3.1 Growth of mutual trade between China and Japan: 1970–2015 (100 million US\$)

<i>Year</i>	<i>China's statistics</i>				<i>Japan's statistics</i>			
	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>	<i>Total</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>	<i>Total</i>
1970	4.1	6.3	-2.2	10.4	-	-	-	-
1980	40.3	51.7	-11.4	92.0	50.8	43.0	70.8	93.8
1990	90.1	75.6	14.2	166.0	61.3	120.5	-59.2	181.8
2000	416.5	415.1	1.4	831.6	304.3	553.0	-248.7	857.3
2005	839.9	1004.5	-164.6	1844.4	803.4	1091.0	-287.6	1894.4
2006	916.4	1157.2	-240.8	2073.6	928.5	1185.2	-286.7	2113.7
2007	1020.7	2339.5	-318.8	2360.2	1090.6	1276.4	-185.5	2367.0
2008	1161.3	1506.5	-345.2	2667.8	1240.4	1423.4	-183.0	2663.8
2009	979.1	1309.4	-330.3	2288.5	1096.6	1225.2	-128.6	2321.8
2010	1210.6	1767.1	-556.5	2977.7	1490.9	1527.5	-36.6	3018.3
2011	1483.0	1945.9	-462.9	3428.9	1614.9	1834.2	-219.3	3449.1
2012	1516.2	1778.3	-262.1	3294.5	1446.9	1890.2	-443.3	3337.1
2013	1502.8	1622.8	-120.0	3125.6	1298.5	1821.9	-523.4	3120.4
2014	1810.0	1264.8	545.2	3074.8	1214.1	1739.8	-525.7	2953.9
2015	1605.7	1092.9	512.8	2698.6	1200.2	1762.0	-561.8	2962.2

Source: China's statistics from China's General Administration of Customs, and Japan's statistics from Japan External Trade Organization. Accessed 6 April 2016

Despite the 2008–2009 American financial crisis triggered by the collapse of Lehman Brothers and the subsequent Eurozone Crisis, China’s macro-economy still achieved a high average annual growth of 9%, and GDP per capita continued to increase, from a few hundred US dollars in 1978 when reforms began, to more than US\$8000. The sustained and rapid growth of China’s economy has surely supported China’s domestic demand and exports, which is the main reason for Sino–Japanese trade setting new records. However, Chinese GDP growth in 2015 had slowed to 6.9%, which is still very impressive by any global standards. Moreover, the projected growth of the Chinese economy for the next decade is around 6.5%. If there is a sudden and sustained slowdown in the Chinese economy, it is likely to be a blow to the Japanese economy given their interdependency.

To be sure, the importance of Japanese market to China is in relative decline, but nevertheless economic ties with Japan remain significant. Indeed, the share of Sino–Japanese trade in China’s total foreign trade has dipped since the late 1990s. With the advent of the twenty-first century, the deepening of China’s “opening up,” its rapid economic growth, and the diversification of its export market, China’s trade dependence on Japan continues to fall, and the growth rate of Sino–Japanese bilateral trade is much lower than the growth rate of China’s total foreign trade. In 2004, Japan went from being China’s largest trading partner to its third largest. By 2015, it slipped to fifth place (see Table 3.2).

Japan: An Important Source of FDI for China

There are a few trends in Japanese investments in the Chinese mainland. First, Japan’s direct investment in China initially focused on labor-intensive industries low in technology content and short in investment horizon (textile, food, timber, pulp, etc.) and service industries which could yield quick capital recovery. But today, Japanese investments have turned to manufacturing industries like the chemical industry, medicine, steel, nonferrous metals, machinery, electric equipment and automobiles, and the modern service industries, which are capital- and technology-intensive like finance, insurance, wholesale, and retail. Moreover, Japanese enterprises have increased their investments in research and development in China.

Second, Japanese investment patterns have changed from mainly joint ventures at the beginning to a preference for sole proprietorships, and

Table 3.2 Trend of the status of Sino-Japanese trade, Sino-EU trade, and Sino-US trade in China's total trade, 2003-2015

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Japan	1	3	3	3	3	3	3	3	4	5	5	5	5
EU	3	1	1	1	1	1	1	1	1	1	1	1	1
US	2	2	2	2	2	2	2	2	2	2	2	2	2

Source: 2001-2009 data from the various editions of the *Statistical Yearbook of China*, and data from 2010 to 2015 comes from the official website of China's General Administration of Customs. Accessed 6 April 2016

then to strategic alliances between multinational companies of China and Japan. Third, Japanese enterprises have expanded from a few coastal cities like Shenzhen and Zhuhai to all the coastal districts of northeast China and north China as well as mid-west China. And now the three main investment districts for Japanese companies are: (a) Bohai-rim centered on Dalian, Beijing, Tianjin, and Qingdao; (b) Yangtze River Delta centered on Shanghai and Jiangsu, and (c) South China centered on Shenzhen, Zhuhai, Guangzhou, Fuzhou, and Xianmen.

Since 1980, Japan's direct investment in China has been quite volatile on an annual basis, but cumulatively it is indeed very substantial, amounting to around US\$99 billion by 2014, making Japan the third largest source of foreign investment of China. And the number of Japanese enterprises entering China has reached 23,000, surpassing the United States and ranking Japan first.⁴ These Japanese enterprises have created around ten million jobs in China. This fact is often overlooked by many critics of Sino-Japanese relations and it underscores the importance of Japanese enterprises in the Chinese mainland. Today, Japanese enterprises investing in China have completely integrated into the Chinese economy and have become an integral part of it (Table 3.3).

Reasons for Japanese Investments in China

First, the economic doldrums of Japan since its "bubble economy" burst in 1991 have compelled more and more Japanese enterprises to look overseas for growth and profits. These Japanese companies seek to establish business in the Chinese mainland where labor endowment is rich and economic growth is strong. These factors lower labor and production costs for Japanese corporations. Second, the long-term appreciation of the Japanese yen helps to decrease the cost of investing abroad. Third, Japan's rapidly aging population has led to a critical shortage in the Japanese labor force, especially talent that can support manufacturing in Japan. The head of J.P. Morgan's research department in Tokyo noted that university graduates majoring in engineering in Japan were 72,000 strong 10 years ago, but the numbers in 2011 were only 41,000.⁵

⁴ *Japanese Economic News*, 2012-09-24.

⁵ *Cited from Financial Times*, London, 2012-10-23.

Table 3.3 Japan's direct investment in China, 1980–2015

Year	Actual amount of foreign capital in China						Japan's balance of payments					
	Total foreign investment received			Japan's direct investment in China			Total foreign direct investment			Direct investment in China		
	Amount	Growth rate	Proportion	Amount	Growth rate	Proportion	Amount	Growth rate	Amount	Growth rate	Amount	Growth rate
1980	—	—	—	—	—	—	4893*	-6.0	12*	-14.3	0.2	
1990	3487	2.8	41.3	503	41.3	14.4	48,024	8.8	407	-40.7	0.8	
2000	40,715	1.0	-2.0	2916	-2.0	7.2	31,534	41.6	934	159.4	3.0	
2001	46,878	15.1	49.1	4348	49.1	9.3	38,495	22.1	2158	131.0	5.6	
2002	52,743	12.5	-3.6	4190	-3.6	7.9	32,039	-16.8	2632	22.0	8.2	
2003	53,505	1.4	20.6	5054	20.6	9.4	28,767	-10.2	3980	51.2	13.8	
2004	60,630	13.3	7.9	5452	7.9	9.0	30,962	7.6	5863	47.3	18.9	
2005	60,325	-0.5	19.8	6530	19.8	10.8	45,461	46.8	6575	12.1	14.5	
2006	63,021	4.5	-29.6	4598	-29.6	7.3	50,165	10.3	6169	-6.2	12.3	
2007	74,768	18.6	-21.9	3589	-21.9	4.8	73,483	46.5	6218	0.8	8.5	
2008	92,395	23.6	1.8	3652	1.8	4.0	130,801	78.0	6496	4.4	5.0	
2009	90,033	-2.6	12.4	4105	12.4	4.6	74,650	-42.9	6899	6.2	9.2	
2010	105,732	17.4	-0.5	4084	-0.5	4.0	57,223	-23.3	7252	5.1	12.7	
2011	116,010	9.7	55.0	6330	55.0	3.9	108,808	90.1	12,649	74.4	11.6	

(continued)

Table 3.3 (continued)

Year	Actual amount of foreign capital in China						Japan's balance of payments					
	Total foreign investment received			Japan's direct investment in China			Total foreign direct investment			Direct investment in China		
	Amount	Growth rate	Proportion	Amount	Growth rate	Proportion	Amount	Growth rate	Amount	Growth rate	Proportion	
2012	111,716	-3.7	6.6	7352	16.1	6.6	122,355	12.5	13,479	6.6	11.0	
2013	117,586	5.3	6.0	7064	-3.9	6.0	135,049	10.4	9104	-32.5	6.7	
2014	119,561	1.7	3.6	4325	-38.8	3.6	111,198	-17.8	6285	-31.1	5.7	

Note: * is calculated from the statistics of the former Ministry of Finance of Japan

© The main reason why the two nations' statistical data differs lies in the caliber of the two countries' statistics. China's statistics only include new programs of Japan's direct investment in China (manufacturing industry). But Japan's statistics are based on balance of payments, i.e., they not only include all industries besides manufacturing but also internal reinvestment of Japanese enterprises. China's statistics show that Japan's direct investment in China is decreasing, while Japan's statistics show that Japan's direct investment in China is increasing

Source: *China Statistical Yearbook* (China's National Bureau of Statistics). The 1990–2012 data comes from *Statistics of FDI* (China's Ministry of Commerce); and 2013–2014 data comes from <http://www.mofcom.gov.cn>; Japan's statistics from *Balance of Payments Statistics* published by Japan's Ministry of Finance. Accessed 6 April 2016

Table 3.4 Japanese tourist visits to China and proportion of total tourist visits, 2002–2015

<i>Year</i>	<i>Total number of tourists to China (10,000) (A)</i>	<i>Japanese tourists to China (10,000) (B)</i>	<i>(B)/(A) (%)</i>
2002	1343.95	292.56	21.77
2003	1140.29	225.48	19.77
2004	1693.25	333.43	19.69
2005	2025.51	339.00	16.74
2006	2221.03	374.59	16.87
2007	2610.97	397.75	15.23
2008	2432.53	344.61	14.17
2009	2193.75	331.75	15.12
2010	2612.69	373.12	14.28
2011	2711.20	365.82	13.49
2012	2719.15	351.82	12.94
2013	2619.03	287.75	10.99
2014	2636.08	271.76	10.31
2015	2598.54	249.77	9.61

Source: Data from 2002–2012 from various editions of the *China Statistical Yearbook* (2003–2013). 2013–2015 data from China National Tourism Administration <http://www.cnta.gov.cn/zwgk/lysj/>. Accessed 6 April 2016

However, China is still churning out large numbers of engineers and technicians who can service Japanese enterprises.

China and Japan: Mutually Important Partners in Tourism

Japan is a highly developed economy and many of its citizens are affluent and can afford outbound tourism. China, with its many attractive tourist sites, has become a destination of choice for many Japanese. Table 3.4 shows the trend of Japanese tourist visits to China and the proportion they represent with regard to all tourist visits to China from 2002 to 2015. Japanese tourists to China increased rapidly from 2.93 million in 2002 to 3.98 million in 2007, although their proportion of total tourist visits decreased from a 21.77% in 2002 to a 15.23% in 2007. But unfortunately, due to tensions between the two countries, Japanese tourist visits to China decreased from 3.98 million in 2007 to 2.50 million in 2015. However, it is anticipated that the flow of Japanese tourists to the Chinese mainland will rise again once political relations are less troubled.

With the rapid rise of affluence among the Chinese, tourism abroad has become an indispensable part of their lifestyle. In 1990, China gave its residents approval to undertake sightseeing tours in Singapore, Malaysia, and Thailand, which was a first for China's outbound tourism. The number of Chinese taking tourist trips abroad began to rise rapidly. Japan has become an important option for Chinese tourists. Indeed, some of the Japanese ryokans (inns) in the countryside are now dependent on foreign tourists, especially from China. Given the flow of Chinese tourists with deep pockets and appreciation for various Japanese products (electronic equipment, cosmetics, milk powder, etc.), some Japanese departmental stores in Tokyo are apparently hiring staff who can speak Chinese to service these tourists.

Table 3.5 shows the trend of Chinese tourist visits to Japan and the proportion they represent with respect to all tourist visits to Japan from 2002 to 2015. Chinese tourists to Japan increased from 0.45 million in 2002 to 4.99 million in 2015, while the proportion of all visits also increased from 8.64% in 2002 to a 25.30% in 2015.

Table 3.5 Proportion of Chinese tourist visits to Japan and proportion of total tourist visits, 2002–2015

<i>Year</i>	<i>Total number of tourists to Japan(10,000)(A)</i>	<i>Chinese tourists to Japan(10,000)(B)</i>	<i>(B)/(A)(%)</i>
2002	523.79	45.24	8.64
2003	521.17	44.88	8.61
2004	613.79	61.60	10.04
2005	672.79	65.28	9.70
2006	733.41	81.17	11.07
2007	834.70	94.24	11.29
2008	835.08	100.04	11.98
2009	678.97	100.61	14.82
2010	861.12	141.29	16.41
2011	621.87	104.32	16.78
2012	835.81	142.51	17.05
2013	1036.39	131.44	12.68
2014	1341.35	240.92	17.96
2015	1973.74	499.38	25.30

Source: Japan's National Tourism Organization (JNTO) JNTO (http://www.jnto.go.jp/jpn/news/data_info_listing/index.html). Accessed 6 April 2016

Table 3.6 Number of Chinese students in Japan and the proportion of Chinese students overall, 1974–2015

<i>Year</i>	<i>Total overseas students in Japan (Person) (A)</i>	<i>Chinese students in Japan (Person) (B)</i>	<i>(B)/(A) (%)</i>
1974	5225	2	0.04
1990	41,347	18,063	43.7
2000	64,011	32,297	50.5
2001	78,812	44,014	55.8
2002	95,550	58,533	61.3
2003	109,508	70,814	64.7
2004	117,302	77,713	66.3
2005	121,812	80,592	66.2
2006	117,927	74,292	63.0
2007	118,498	71,277	61.2
2008	123,829	72,766	58.8
2009	132,720	79,082	59.6
2010	141,774	86,173	60.8
2011	138,075	87,533	63.4
2012	137,756	86,324	62.7
2013	135,519	81,884	60.4
2014	184,155	94,399	51.3
2015	208,379	94,111	45.2

Source: ① Data from 1974–2009 is calculated from statistics from Japan’s Ministry of Education, Science and Technology. ② Data from 2010–2015 is calculated from statistics from Japan Student Services Organization (JASSO) http://www.jasso.go.jp/about/statistics/intl_student_e/index.html. Accessed 6 April 2016

CHINA AND JAPAN: SUBSTANTIAL AND SUSTAINED EDUCATIONAL EXCHANGES

Sino–Japanese educational exchange has expanded considerably in the past 40 years. When the two countries first established diplomatic relationships in 1972, only two students from China were accepted by Japanese government. By 2015, there were 94,111 Chinese students in Japan (Table 3.6). China has become the biggest source of overseas students in Japan. Indeed, Chinese students play a greatly supportive role in Japan’s educational exchange. Along with the establishment of many exchange programs, including the Japanese Research Center, the JET program,⁶ and the scholarship plan for training talent offered by Japan’s

⁶The Japan Exchange and Teaching Program.

Official Development Assistance, the varied forms of Sino–Japanese educational exchange and cooperation have been strengthened. Apparently, some of the second-tier Japanese universities need foreign students, especially from China and South Korea, to survive given the fact that the number of Japanese youth is shrinking due to Japan’s low birth rate.

It is interesting to note that despite occasional political tensions between Beijing and Tokyo over conflicting historical narratives and territorial disputes, a stream of Chinese students continues to flow to Japan. Upon completion of their studies in Japan, many of these students have returned to their homeland and have become pacesetters, administrative leaders, and professionals in their own fields. Some of them have even serve as provincial and ministerial leaders in China.

At the same time, Japanese students also ranked the first among all overseas students in the Chinese mainland. According to Chinese statistics, the number of Japanese students who have studied in the mainland has exceeded 100,000 over the 40 years since diplomatic relationships were established. In 2014, the number of Japanese students in China was 15,057, ranking third among all nations, after Korea and US (see Table 3.7). This trend of increasing numbers of Japanese studying in the mainland is likely to rise, especially when China’s GDP is expected to surpass the US within a decade. Hopefully, these Japanese students in China can help to promote mutual understanding in the years ahead.

Rise in Sino–Japanese Educational Exchange: Reasons

Philip Althach states in his “push and pull” theory\ regarding overseas students⁷ that there are two main factors that influence the students in developing countries regarding their decision to study abroad: one is a “push” factor from their home country (i.e., escaping the poverty and backwardness of their home country by going abroad), and the other is a “pull” factor from developed countries (i.e., the attractiveness of the affluence and technological superiority of developed countries, and better job prospects upon graduation).

The flourishing of Sino–Japanese educational exchanges in the last 40 years is a result not only of the geographical proximity and cultural

⁷Philip. G. Althach. *Comparative Higher Education: Knowledge, the University and Development* (Comparative Education Research Centre, the University of Hong Kong 1998), p. 240.

Table 3.7 Number of Japanese students in China, and the proportion of Japanese students overall, 2002–2014

<i>Year</i>	<i>Total overseas students in China (Person) (A)</i>	<i>Japanese students in China (Person) (B)</i>	<i>(B)/(A)(%)</i>
2002	85,829	16,048	18.7
2003	77,715	12,765	16.4
2004	110,844	19,059	17.2
2005	141,087	18,874	13.4
2006	162,695	18,363	11.3
2007	195,503	18,640	9.5
2008	223,499	16,733	7.5
2009	238,184	15,409	6.5
2010	265,090	16,808	6.3
2011	292,611	17,961	6.1
2012	328,330	21,126	5.9
2013	356,499	17,226	4.8
2014	377,054	15,057	4.0

Source: Calculated from the statistics of the China Ministry of Education. http://www.moe.gov.cn/jyb_xwfb/gzdt_gzdt/s5987/201503/t20150318_186395.html. Accessed 6 April 2016

similarity of the two Northeast Asian neighbors, but also from the following points.

First, the end of the cold war between China and Japan created favorable conditions for the exchange of overseas students. Normalization of diplomatic ties in 1972, the China–Japan Peace and Friendship Treaty in 1978, and the China–Japan cultural exchange agreement all provide political guarantees and convenience for cultural and educational exchange between the two neighboring countries.

Second, because Japan modernized earlier than China, it has advanced scientific technology, managerial experience, and a top-notch educational system. These are all beneficial to a China seeking rapid modernization. The Sino–Japanese educational exchange met to a great extent China’s demand for talent, funds, and technology.

And third, the “Plan of Receiving 100,000 Overseas Students” made by the Japanese government in 1983, and the “Plan for 300,000 Overseas Students” in 2008 as well as Chinese government policies since reform and opening-up aimed to encourage studying abroad have all had positive and promotional effects in the exchange of overseas students between the two countries.

The synergy of the above factors has led to the unprecedentedly large-scale Sino–Japanese educational exchange. Consequently, educational exchange between the two countries, which is practical, varied in forms, and rich in content, is a result of joint promotion and cooperation by the Chinese and Japanese governments in the last 40 years, despite occasional rough patches in bilateral political relations.

ECONOMIC INTERDEPENDENCY AND CLOSER SOCIAL EXCHANGES: WHITHER BILATERAL TIES?

Rising economic and trade relations underpin Sino–Japanese relations. As economic globalization continues and the division of labor of global supply chains deepens, the complementarity and interdependence of Sino–Japanese economic and trade relations lay a solid foundation for bilateral cooperation. The significance of these bilateral relations, being built on a basis of equality, mutual benefits, and complementarity, is unlikely to be captured and held hostage by non-economic events, with the exception of an accidental armed conflict in the vicinity of the Diaoyu (Senkaku) islands. Even in this hypothetical scenario, both sides are likely to engage in crisis management to nip it in the bud.

Geographical proximity and the complementarity of their industrial structures have boosted interdependency, and Sino–Japanese economic ties have become inseparable, like Siamese twins. Thanks to advanced Japanese technology and capital, and the huge domestic market of China, the complementarity between China and Japan will offer much scope for cooperation for a long time to come.

Both countries, as the world's second and third largest economies, should go beyond a narrow, nationalistic goal of maximizing economic benefits for their own populations and instead should set a higher and visionary goal of collectively maintaining the prosperity and peace of East Asia, or even the world. China and Japan should seek a breakthrough in mutual trust through a deepening economic and trade cooperation and make collective efforts to strategically build a new type of cooperative relations between great powers based on reciprocity and mutual benefits. Rising tourism and educational exchanges should also reinforce mutual understanding and interdependency.

Economic interdependency is not a panacea for political antagonism. But it is not inconceivable that if Beijing and Tokyo were to anchor their

economic ties in larger regional endeavors, such as the China, Japan, and South Korea trilateral FTA, Regional Comprehensive Economic Partnership (RCEP), and Free Trade Area of the Asia Pacific (FTAAP), their occasional political tensions may be blurred and diluted in a larger regional setting.

Beijing has also launched the Asian Infrastructure and Investment Bank (AIIB) in October 2014 to provide funds for economic development in Asia. By May 2016, China has attracted 57 countries to join the AIIB. Unfortunately, Tokyo declined to be a founding member due to its fears that the AIIB will rival the Japanese-led Asian Development Bank (ADB), and that the AIIB lacks transparency in its governance structure and may not adhere to best practices of environmental protection, labor rights, and project evaluation. Japan is also sensitive to its American ally's opposition to the AIIB. In actuality, economic development in the region is not a zero-sum game, and the Chinese-led AIIB can supplement the Japanese-headed ADB and the US-led World Bank. However, Beijing has kept the door open for Japanese participation in the AIIB in the future. If Tokyo can overcome its anxieties about the motives of the AIIB and its governance structure, future Japanese participation will deepen economic interdependence in Asia and will raise the cost of political antagonism and accidental armed conflicts among Northeast Asian neighbors.

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A Clash of Nationalisms: Sino–Japanese Relations in the Twenty-First Century

Yang Lijun

Since the new millennium, there have been persistent clashes of nationalisms between China and Japan over historical narratives and sovereignty disputes. In 2012, violent anti-Japanese nationalism flared up in more than a hundred Chinese cities in response to Tokyo’s nationalization of the disputed Diaoyu/Senkaku Islands. Nationalistic activities in the Chinese Mainland included gatherings, demonstrations, protests, signatory campaigns, boycotts of Japanese products, and violence ranging from vandalizing Japanese-brand cars to looting Japanese-brand chain department stores. Several Japanese visitors in China were injured by angry Chinese protestors. Correspondingly, there were also anti-China protests in many cities in Japan. Some extreme right-wing groups organized protests, carrying Japanese army flags and “Get out Chinese” and “Kill China” placards during their demonstrations.

Since 2012, the Sino–Japanese tension over the Diaoyu/Senkaku Islands has escalated. Beijing wants Tokyo to recognize that there is indeed a sovereignty dispute over these islands, while Tokyo insists that

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no territorial dispute exists since the islands have been under Japan's effective control since 1895. Both countries are also bedeviled by the burden of history. Abe Shinzo's controversial remarks on various historical issues, both before and after the start of his second tenure as Prime Minister, have repeatedly alarmed the Chinese leadership. Abe hopes to amend the Peace Constitution and make Japan a "normal" country engaging in "collective security" and not crippled by a negative and "masochistic" view of Japanese history. Ideologically a right wing politician, Abe has also questioned the legitimacy of the Tokyo Trial of Japanese War criminals.¹

Moreover, on 7 March 2013, Abe proposed to parliament that 28 April be marked as Return of Sovereignty Day to commemorate the formal end of America-led Allied occupation of Japan, in order to promote the historical consciousness of today's youths who lack an understanding of the past. And his proposal was accepted by the National Diet on 28 April. On 23 April of the same year, a record 168 members of parliament (MPs) formed long queues at the Yasukuni Shrine, a symbol of Japanese imperialism to the Chinese and Koreans. That so many MPs seemed to lack contrition for Imperial Japan's invasion of China incited nationalistic reactions in China.

The clash of nationalisms between China and Japan has resurfaced since the turn of the twenty-first century. For example, in April 2001, demonstrations in China erupted against the "whitewashing" of history in Japanese textbooks, and Tokyo's granting a visa to Taiwan President Lee Teng-hui to visit Japan. In 2005, Japanese Prime Minister Koizumi Junichiro's visit to the Yasukuni Shrine triggered a nationalistic backlash in China with spontaneous anti-Japanese mass movements breaking out in more than 30 Chinese cities. Anti-China demonstrations also took place in Japan. In 2010, the Japan Coast Guard detained a Chinese fishing boat captain who rammed two Japanese Coast Guard vessels near the Diaoyu/Senkaku islands. This triggered anti-Japanese protests in many cities in China. Similarly, anti-China nationalistic protests took place in many cities in Japan. Undoubtedly, there is an action-reaction pattern in the clash of Sino-Japanese nationalisms.

¹Abe Shushō, "Tokyō saiban wa shōsha no danzai" (Premier Abe: The Tokyo Trial is Victor's Verdict) <http://mainichi.jp/select/news/20130313k0000m010063000c.html> (Accessed on 10 May 2013).

Wu Jianmin, a top Chinese diplomat and former president of China Foreign Affairs University, warned of the dangers of nationalism in his last speech, delivered in June 2016. According to Wu, “Nationalism and populism are also very dangerous in China. Nationalism often flies under the banner of ‘patriotism,’ which is innocent. Populism can dress up as ‘appealing on behalf of the people.’ But both are very deceptive. We need to see that the essence of populism goes against reform and the essence of nationalism goes against opening (of China).”² Though the Ambassador’s final speech was focused on undesirable populism and nationalism in the US and China, his critique can also be applied to Japanese nationalists who are hostile to neighboring countries.

This chapter seeks to explain the sources of rising nationalism in China and Japan by focusing on the following three questions. First, what are the main agendas of Chinese and Japanese nationalisms? Second, what is the main feature of Chinese and Japanese nationalisms, and how are these nationalisms expressed with respect to one another? Third, what are the similarities and differences between Chinese and Japanese nationalisms? The persistent clash of nationalisms between China and Japan means that economic interdependency is unlikely to mitigate their mutual antagonism.

CHINESE AND JAPANESE NATIONALISMS: AGENDAS

The contention between Chinese and Japanese nationalisms is mainly centered on three clusters of issues. First, historical issues include for example the Nanjing massacre, comfort women, Yasukuni Shrine visits by Japanese Prime Ministers, textbooks, and abandoned chemical weapons. The second cluster of issues surrounds territorial conflicts over the Diaoyu/Senkaku Islands and the East China Sea. The third cluster of issues is grouped around Japan’s international relations and its position in the world. Japan’s quest to join the UN Security Council (UNSC) is one such issue. Another issue is Tokyo’s attempt to revise the US–Japan Alliance. Japanese attempts to become a permanent member in the UNSC and the revision of US–Japan Alliance have had an

²His final speech was titled “Sino–US Relations and the World Order.” Unfortunately, dovish Ambassador Wu passed away in a car accident in June 2016. “Wu Jianmin on the dangers of nationalism”, *China Digital Times*, 21 June 2016. <http://chinadigitaltimes.net/2016/06/wu-jianmin-dangers-nationalism/>.

indirect bearing on conflicts between Chinese and Japanese nationalisms. Nevertheless, compared with the history and territorial issues, these are relatively less important.

In fact, all the three areas of contention mentioned above are directly or indirectly related to World War II. In other words, they are all history-related issues. There are distinctive disagreements across many historical issues between China and Japan. First, there is the question about historical recognition. Postwar Japan thinks that it has already made sufficient apologies for the catastrophe of war the Imperial army brought to the Chinese people in the World War II, as evidenced by the September 1972 Joint Communiqué and the statement on historical issues by then Prime Minister Murayama Tomiichi in June 1995. But China finds no clear apology in the Communiqué and has not recognized the Murayama statement as a formal apology, since the statement, which has no legal effect, was primarily addressed to a Japanese domestic audience rather than explicitly to China and Korea.³ Regarding war compensation, China did not seek reparations when official diplomatic relations were normalized in 1972. But after the 1990s, voices rose within the Chinese society for war compensation. However, the Japanese side sees its Official Development Aid (ODA) to China as payment lieu of formal reparations.⁴ But to many Chinese, Tokyo's ODA are merely economic loans with interest payments and not war indemnities.⁵

As for the Rape of Nanjing, the issue of comfort women, and other historical issues, there have always been a variety of voices within Japan, ranging from recognition to denial, to partial recognition and partial denial. In recent years, as the right-of-center and right-wing forces gained political ascendancy in Japan, there have been increasingly strident voices among them to deny the Rape of Nanjing and the comfort

³Kawashima Shin, "Shinshutsu ka, Shinryaku ka, chunichi rekishi ninshiki mondai no hensen to gakudai" [Inroads or Invasion: Changes and Agendas in the Problem of Sino-Japanese Historical Cognition] in *Chunichi kankeishi: shakai to bunka* (History of Sino-Japanese Relations: Society and Culture), vol. 3 (Tokyo University Press, 2012), p. 103 (Kawashima 2012).

⁴Ibid., p. 99.

⁵"Bixuzhengquerenshiribenduihuayuanzhu" [We must correctly understand Japanese official development aid (ODA) to China], *Xinhua News Agency*, available at http://news.xinhuanet.com/comments/2004-11/17/content_2224857.htm (Accessed on 4 May 2013).

women issue. The country's traditional forces of the left which are critical of Japanese imperialism have been decimated politically. The Japan Socialist Party has disappeared and the Japan Communist Party is politically marginal. In February 2012, Kawamura Takashi, Mayor of Nagoya, publically denied the Rape of Nanjing, receiving support from political elites like Abe Shinzo, ex-Tokyo Governor Ishihara Shintaro, and other political conservatives.⁶

The textbook issue has always been a time bomb in the conflicts between Chinese and Japanese nationalisms since 1982. Japanese textbooks were compiled by private organizations and then sent to the Ministry of Education for certification. They could only be published and distributed for school use after going through the Ministry of Education's examination and certification process. Schools can choose history textbooks among those certified by the Ministry of Education.⁷ Those Japanese in support of revision of history textbooks regard the invasion view of the Great East Asian War as masochist and self-debasing. But under the same aim of revisionism, there are several dissenting views.

The first view regards the war as self-defense against the European and American imperialist powers. The second view, while partially recognizing Japan's invasion of China and other Asian countries, holds that Japan's invasion was a preemptive strike that sought to liberate Asian countries from Western colonization. The third claims that Japan and Europe share the blame since Japan was no more aggressive than colonizing Europe powers which it emulated. The fourth completely denies invasion, finding that Japan has no responsibilities for the war. The fifth thinks that war responsibility has a time limit which has now lapsed after more than six decades.⁸ The fifth view is extremely popular among Japanese youth today because they do not feel personally responsible for the war.

⁶“Watashitachi wa, Kawamura Takashi Nagoya shichō no Nankin hatsugen shiji shimasu” [We Support Kawamura Takashi, Mayor of Nagoya's Speech on *Nanjing*], *Sengei Shinbun*, 24 September 2012.

⁷“Kyōkasho seido no gaiyō” [Outline of the Textbook System]. http://www.mext.go.jp/a_menu/shotou/kyoukasho/gaiyou/04060901/003.htm (Accessed) on 10 May 2013.

⁸Ikeda Makoto, et al. (eds.), *20 seiki chūgoku to nippon: sekai no naka no sekai nichū kankei* [China and Japan in the 20th century: Sino-Japanese Relations in the World], (Tokyo: HoritsuBunkasha), pp. 2–6 (Ikeda 1996).

MAIN FEATURES OF CHINESE NATIONALISM: NATIONAL SHAME AND NATIONAL PRIDE

First, Chinese nationalism is the product of and a response to the national humiliation China suffered at the hands of imperialist powers since the mid-nineteenth century.⁹ This is reflected in a particular insistence on territorial integrity. Nationalism came to China at an era when it was a weak state fallen prey to many rapacious imperial powers. The many unequal treaties China signed with imperialist powers in the aftermath of military defeats and national humiliations, which included the loss of territorial sovereignty and huge indemnities, together with the dreaded image of a China torn and divided by these greedy powers, have become a source of deep collective consciousness and nationalist sentiments.¹⁰ As a result, impaired territorial sovereignty and the humiliation of lost territories form the indispensable element and arguably the core of Chinese nationalism. In other words, the inability to protect territorial integrity is regarded injurious to China's national pride, while the regaining of sovereignty over ceded territories means a restoration of national pride. Therefore, it is no wonder that the return of Hong Kong and Macao led to a surge of national pride, and "separatist tendencies" in Taiwan, Tibet, and Xinjiang will alarm many Chinese.

Second, Chinese nationalism is extremely sensitive to any issues concerning disputed territories. Territorial disputes easily become flash points of nationalistic outbursts. Such is the case for disputes about the Diaoyu/Senkaku Islands and the South China Sea. Third, Chinese nationalism in the new century is also related to China's economic success. The year 2008 was the turning point for Chinese nationalism—the transformation from a nationalism based on national humiliations to one based on national pride. From old slogans such as "saving the nation and

⁹Zheng Wang, *Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations* (New York: Columbia University Press, 2012); Peter Hays Gries, *China's New Nationalism: Pride, Politics, and Diplomacy* (Berkeley, CA: University of California Press, 2004); and Yongnian Zheng, *Discovering Chinese Nationalism in China: Modernization, Identity, and International Relations* (New York: Cambridge University Press, 1999) (Wang 2012; Peter 2004)

¹⁰Yoshizawa Seiichirō, *Aikokushugi no sōsei: nashonarizumu kara kindai chūgoku o miru* [The making of patriotism: modern Chinese history from the perspective of nationalism] (Tokyo: Iwanami Shōten, 2003), pp. 87–118 (Yoshizawa 2003)

seeking national survival,” “enriching the country and strengthening the military,” and “backwardness (of a country) leaves you vulnerable to attack,” which all urged Chinese to build a stronger China, it is clear that attaining economic power and military might were the underlying goals of the Chinese since the modern times.

As China surpassed Japan to become the second largest economic power of the world in 2010, this goal has been achieved. The successful hosting of the Summer Olympics in 2008 also meant that China could no longer be viewed the Sick Man of Asia. However, behind the apparent economic success and national power, the thoughts and behavior of Chinese are still shaped by perceived century-long humiliations, a lingering sense of inferiority, and a national identity of a developing country in pursuit of recovering lost pride. These factors are apparent in hypersensitivity by the Chinese to many international affairs, a lack of composure often demonstrated by the nation, and what can be seen as overreactions to perceived slights.

In terms of China’s attitude towards Japan, a few particular features can be observed in addition to the general features discussed above. There is a strong linkage between Chinese nationalism and Sino-Japanese relations in modern times. Chinese nationalism was “imported” from Japan. Prior to the September 18 Incident (Manchurian Incident) and the outbreak of the Anti-Japanese War, Chinese nationalism was elitist and confined to intellectual circles. Indeed, the Anti-Japanese War instilled nationalism among the masses. Whenever Chinese nationalism collided with Japan, popular support and sensitivity often peaked. To a degree, the patriotic education campaign which started in the 1990s has intensified Chinese nationalism against Japan. But the campaign is not a main factor. Chinese nationalism towards Japan is deeply rooted in China’s collective memory, and nationalist protests often take place spontaneously and from the bottom-up in society.

MAIN FEATURE OF JAPANESE NATIONALISM: PROTECTING NATIONAL PRIDE

If the core of Chinese nationalism could be characterized as the recovery of lost pride, and the base of the contemporary Chinese nationalism is shifting from national humiliation to national pride, Japanese nationalism appears to be the exact opposite. Arguably, Japanese nationalism towards

China is a brand of anxiety-stricken nationalism that seeks to keep a sense of national superiority. It is well known that the Japanese national consciousness has been always imbued with a deep sense of imminent crisis, which has endowed Japanese nationalism with a double-sidedness.

On the one hand, there is within Japanese nationalism a sense of inferiority towards developed countries such as European states, the US, and even China as an emerging power; on the other hand, there is a sense of superiority towards its developing Asian neighbors, China included. The late Japanese thinker Maruyama Masao termed this double-sidedness “a complex of fear and pride.” He traced the origins of this complex to Japan’s recognition of its inferiority at its first encounter with Western European powers and the expansion of self-consciousness following Japan’s successful modernization.¹¹ This chapter will only focus on the sense of superiority evident in Japanese nationalism in relation to other Asian countries and other underdeveloped nations, and in its reaction towards China’s spectacular economic rise in recent decades.

The sense of national superiority is a central feature underlying Japanese nationalism towards Asia. This is deeply associated with Japan’s successful modernization since the Meiji Restoration. When the East and West finally collided in the nineteenth century, most Asian countries were colonized by Western imperial powers. Even Japan’s old neighbor, China, faced the specter of being seized and divided by imperialist powers. However, despite all these woes, Japan successfully transformed itself to a modern nation. This superiority dominated Japanese nationalism until the end of World War II. And this pre-war nationalism was constituted by modern Western institutions and the spiritual values of Japan, in the so-called the marriage of Eastern Morals and Western Arts (arts here mainly refers to science and technology), or the union of “Japanese Spirit and Western Techniques.”¹²

Japan adopted the military, education, and bureaucratic systems and political institutions like constitutionalism from the West to build the modern state, while making use of its traditional institutions such as national Shintoism and the imperial (Tennō-sei) ideology to mobilize

¹¹Maruyama Masao, *Nippon ni okeru nashonarizumu* [Nationalism in Japan] in *Gendaiseiji no shisō to kōdō* (Ideas and Actions of Modern Politics), 2nd edition (Tokyo: Miraisha, 1964), p. 157 (Maruyama 1964).

¹²Ibid., p. 165.

and secure the allegiance of its masses.¹³ This is why Maruyama characterized Japan's pre-war state-building process as selective opening to the West, namely the combination of Japan's opening of institutional systems and its closing of national spirit after the postwar era.¹⁴ In a series of analyses on postwar Japanese mentality, Maruyama made some very deep insights into the structure of the modern Japanese mind formed around the Emperor system since the Meiji period.¹⁵ He suggests that Tennō-sei (Emperor System) was a supranational system uniting ideological authority (Shintoism) and political authority (the state).¹⁶ In other words, pre-war Japanese political culture and ideology were built on the fusion of Shinto and the state.

The pre-war sense of Japanese national superiority collapsed when World War II ended in defeat for Japan. During the occupation of Japan, the US reconstructed the Japanese political system by introducing democracy and separating politics from religion, while preserving the Emperor system as a national cultural symbol. After rising like a phoenix from the ashes of defeat, the Japanese quickly recovered their sense of national superiority. This renewed sense of superiority rested on the Japanese democratic constitution and a highly developed economy. In addition, during the 1980s and 1990s, Japan, as the second largest economy in the world, shouldered a lot of international responsibilities and made significant contributions to international development. It is no simple achievement to recover economic prosperity and reconstruct national identity, both torn and damaged in the war, within such a short postwar era. The combination of democratic institutions, a developed economy, and respectable international status all contributed to Japanese postwar national pride and a new sense of national superiority.

However, this renewed sense of national superiority is quickly eroded in the new millennium with changes in international configurations and the nation's domestic situation. In the political arena, frequent turnovers of prime ministers and resultant policy paralysis have undermined

¹³Anmaru Yoshio, *Nippon nashonarizumu no zenya: kokka, minshū, shūkyō* (State, People and Religion on the Eve of Japanese Nationalism) (Tokyo: YoshenshaShinshū, 2007), pp. 56–64 (Anmaru 2007).

¹⁴Maruyama Masao, *Chūsei to hangyaku* (Loyalty and Rebellion) (Tokyo: Satsuma Shobo, 1992), p. 177.

¹⁵See Maruyama, *Gendaiseiji no shisō to kōdō*.

¹⁶Ibid., p. 3.

Japanese confidence in their democratic system. Moreover, the slowdown of the Japanese economy and the rapid growth of the Chinese economy have dented the postwar national pride based on economic success. All these factors have triggered a new sense of crisis among many Japanese. Such a crisis mentality is clearly expressed in Abe's declaration that "Japan will never be a second-tier country" during his February 2013 visit to the US.¹⁷ This anxiousness to preserve national superiority has become a main part of Japanese nationalism nowadays.

For many years right-wing Japanese politicians like Abe Shinzo have sought to focus Japanese collective consciousness on the spiritual rejuvenation of Japan. In recent years, some intellectual and political elites are turning to traditional culture in a search for seek elements for reconstructing the Japanese national spirit. Many believe that the postwar Japan is materially rich but poor in Japanese spirit. According to this view, to reconstruct the true Japanese spirit, one has to go all the way back to the prewar era. For many Japanese, this return is not easy. It is true that prewar Japan has the glorious record of being the only Asian country that successfully modernized and without being colonized by the West, but its history is also tainted by the dark history of being an aggressor and colonizer in many Asian countries. Going back to tradition means that Japan has to make a full account of its history. Moralizing history by revising textbooks serves the purpose of rebuilding national pride. But as it has been demonstrated in recent textbook incidents and the Yasukuni Shrine issue, this would also mean direct confrontation with China and Korea.

On the other hand, according to many right wing Japanese political elites such as Abe Shinzo and Ishihara Shintaro, Japan's economic stagnation has to do with its self-debasement. Thus rejuvenating Japan would require normalizing Japan as a country, which is predicated on the amendment of Japan's US-imposed Peace Constitution. This view was on the ascendance in the late 1980s when Japanese economy peaked. But since Abe started his second turn as Prime Minister, constitutional amendment and normalization of Japan have returned to the political

¹⁷Abe sōridaijin ensetsu: Nippon wa modottekimashita [Prime Minister Abe's Speech: Japan is back], available at http://www.mofa.go.jp/mofaj/press/enzetsu/25/abe_us_0222.html (Accessed on 11 May 2013).

mainstream.¹⁸ While the agitation for constitutional amendment in the 1980s was excited by a newly gained national pride based on economic prowess, underlying the new wave of activism is an anxiety-type of nationalism spurred by the fear of being overtaken and surpassed by China.

Like China's anti-Japan nationalism, Japan's anti-China nationalism is also very emotional. But compared with the Chinese nationalism which is based on rising economic power and national pride, Japan's anti-China nationalism has greater complexity and ambivalence. Historically, Japan had borrowed extensively from Chinese civilization and always held Chinese culture in deep awe. However, Meiji Japan's successful modernization and its military victory over the Qing's Northern Fleet in 1895 led to Japanese contempt and a strong sense of superiority vis-à-vis China. In the modern Japanese psyche, this contempt towards China,¹⁹ which has recently turned into anti-China sentiment, coexists with an awareness of China's rise. In recent years, Chinese nationalism is mainly expressed in territorial disputes and history-related issues, while Japanese nationalism is informed by more than territorial and historical issues.

To a large extent, this brand of nationalism consists of moral critiques of Chinese society, economy, and domestic politics, encompassing issues like food security, environmental pollution, money-worship, moral decay, political corruption, and lack of democracy in political life. This critique of Chinese domestic issues is in fact a reflection of the Janus-faced character of Japan's nationalism towards China. On the one hand, it is still based on a strong sense of superiority vis-à-vis a China perceived to be politically corrupted, economically backward, and culturally uncivilized. On the other hand, it is also caused by an intense anxiety of being overtaken and an awareness of China's power, mixed with some uncertainty and even fear, as a result of Japan's economic stagnation and China's

¹⁸Japan's legislature passed a new National Security Law that allows the Japanese Self-Defense Forces (SDF) to use military action in foreign conflicts for the first time since World War II. The new law took effect on 29 March 2016.

¹⁹A few years ago, an anti-China manga used to be popular in Japan. Japan 2 Channel was filled with anti-China discourses. According to an NPO public opinion survey in 2013, people with a bad impression of China increased from 84.3 to 90.1%. People with bad impression of Japan also increased from 64.5 to 92.8%. The results of Sino-Japanese Public Opinion Survey 2013 can be found at <http://tokyo-beijingforum.net/> (Accessed on 23 June 2014).

rapid growth. This is clearly shown in the 2013 NPO public opinion survey on Chinese and Japanese nationalism.²⁰ The survey revealed that while many Japanese harbored negative attitudes towards China, 74.1% of Japanese respondents thought that Sino-Japanese relations are important. These complex and ambivalent feelings attached to China of antipathy, contempt, and importance have a deep influence on Japanese nationalism towards China.

CHINESE AND JAPANESE NATIONALISMS: DIFFERENCES

Although both Chinese and Japanese nationalisms have intensified, important differences remain. First, the two nationalisms different in terms of their organization and their subjects. Chinese nationalism is less organized than its Japanese counterpart, but it contains more destructive potential. It is ephemeral as a social movement, with only weak influence on government policy. This is manifested in several aspects. The first aspect is societal nationalism, which is highly voluntary, emotional, and sometimes even violent. Although recent anti-Japanese demonstrations have been interpreted as implicitly masterminded by the state as a strategic use of nationalism (true to some extent because the government did not take any initial measures against even violent demonstrations),²¹ they are actually mostly voluntary societal initiatives. For instance, during the heat of anti-Japanese activism in the summer 2012, the author closely followed government monitoring of online public opinion. It is observed that at the beginning, when public criticism and protests against the Japanese government's move to nationalize the Diaoyu/Senkaku islands began to appear in *Sina Weibo*, the government did not take any action. But when the movement escalated and anti-Japanese demonstrations erupted in several cities and anti-Japanese discourse radicalized, the government strenuously deleted the most radical posts while leaving more moderate comments intact. Apparently, the Chinese government sought to suppress radical anti-Japanese sentiments and channel public opinion in a more rationally patriotic direction.

²⁰Ibid.

²¹For example, Jessica Chen Weiss, *Powerful Patriots, Nationalist Protest in China's Foreign Relations* (New York: Oxford University Press, 2014) (Weiss 2014).

Second, China's anti-Japanese nationalism has complex motivations. Behind the banner of anti-Japanese rhetoric, there are other motives. For instance, in anti-Japanese demonstrations in the summer of 2012, there were anti-government groups and various civil rights activist groups. Some merchants even exploited commercial interests related to the movement. For instance, some restaurants and shops offered a "patriotic discount" to attract customers during the protests, namely, if they shouted "The Diaoyu islands belong to China," they would get a 90% discount; if customers shouted "Japan belongs to China," they would get an 80% discount. And there was also an additional element of violence as socially marginal groups used the opportunity to vent their anti-rich sentiments by smashing cars and robbing shops.

Thirdly, since the government disallows any autonomous political associations, there was no organization behind the anti-Japanese movement and therefore no subsequent actions. Thus these movements had a purely incidental and invective character that did not contribute anything towards the rational resolution of the bilateral conflict. On the contrary, this irrational venting of nationalist sentiments in turn spurred Japanese nationalism. The 2013 NPO survey indicated that, regarding factors influencing Sino-Japanese relations, 24.0% of Japanese interviewed chose Chinese societal nationalism (2.7% higher than the previous year), 40.2% chose nationalistic education (11.6% higher than the previous year). Under reasons for a negative impression of China, 48.9% of Japanese interviewed chose history-related criticisms of Japan, 4.9% higher than the previous year.²²

In comparison with Chinese nationalism against Japan, Japanese nationalism against China is highly organized and more easily has an impact at the policy level. First, Japanese nationalism against China centers on political elites and has the backing of various civil society organizations. Both the political elites and the nationalistic civil society organizations are well organized, consistent, and articulate actors in both policy and grassroots domains, and mutually supportive in their policy initiatives. For example, during the height of the Diaoyu/Senkaku dispute in the autumn of 2010 and summer of 2012, there were many anti-China protests in Tokyo and other Japan's major cities. In particular,

²²Eighth Sino-Japanese Public Opinion Survey, available at <http://tokyo-beijingforum.net/> (Accessed on 23 June 2013).

there were twelve anti-China protests organized during the two months between the end of October and early November 2010. With as many as 4000 participants in a single event, this wave of protests swept across major cities such as Tokyo, Osaka, Nagoya, and Yokohama.

The major organizers were the conservative societal political organization *Ganbare Japan National Action Committee* and the organization of local assembly members *Union of Grassroots National Local Diet Members*, which shares political ideals with *Ganbare Japan*. The movement received repeated support from heavyweight political figures such as Abe Shinzo, Hiranuma Takeō, and Ichihara Shintarō.²³ Since the founding of *Ganbare Japan* 3 years ago, this organization has held periodic political gatherings and was able to invite members of parliament for each gathering to make speeches.²⁴ The organization has also played a significant role in the nationalization of the Diaoyu/Senkaku islands. Through its official web TV station, *Sakura, Japan Culture Channel*, it was able to widely propagate its political ideals and mobilize various protests.²⁵

Second, Japanese nationalism is frequently used as a tool in political struggles, as indicated in recent cases of political maneuverings. Koizumi Junichiro promised to visit the Yasukuni Shrine as Prime Minister as a gambit to win the Presidency of the ruling Liberal Democratic Party. Abe also appealed to voters with right-wing values by advocating constitutional revision during his campaign for the July 2013 Upper House election. As for local political elites, nationalism is also often used as a tool in their games of power with the central government. For instance, although the thrust of right wing former Osaka Mayor Hashimoto Tōru is the decentralization of powers, extra-local themes such as national defense and the amendment of the Constitution were used to attract greater support at the national level.

²³See Yang Lijun and Courtney Fu Rong, “The Rise of Neo-Conservative forces and Anti-China Protests in Japan”, *East Asian Policy*, Vol.3, No. 3, Yang et al. 2011, 32–43 (Yang and Fu Rong 2011).

²⁴*Ganbare Japan! National Committee* Activities Report, available at <http://www.ganbare-nippon.net/event.html> Accessed on 7 May, 2013.

²⁵Sakura, Japanese Culture Channel. Please refer to their website <http://www.ch-sakura.jp/> (Accessed on 7 May, 2013).

Third, with respect to the form of street protest, Japanese anti-China demonstrations are characterized by their civilized and peaceful manner. This has to do with the values and preference of the organizers. As mentioned earlier, the organizers are usually from the newly founded conservative political organization *Ganbare Japan*. Championing civilized protests, the organization has clearly specified guidelines for the use of slogans and posters in protests. This is intended to differentiate themselves from traditional rightists, who often drive campaign vehicles equipped with high-volume speakers and have an aggressive image. Judging from the results, this form of non-violent street protests has been rather successful in attracting more participants than anti-China protests organized by traditional rightists.

CHINESE AND JAPANESE NATIONALISMS: SIMILARITIES

First, both China and Japan seek to rebuild their national identities: nationalisms in China and Japan are the consequence of national identity rebuilding. For China, mounting social problems and political corruption are threatening the legitimacy of the ruling Communist Party of China (CCP). In the pre-reform era, Mao Zedong overplayed political and class struggle, and this led to the Cultural Revolution. Deng Xiaoping's reform placed too much emphasis on economic growth, which led to the rise of GDPism, political corruption, environmental destruction, and rising social inequality. To enhance its political legitimacy, the CCP has to emphasize the 8 years of the Anti-Japanese War and the 3 years of the Civil War against the Nationalist Party. Although the patriotic education campaign in the 1990s did not target Japan, it had the effect of promoting Chinese nationalism against Japan. Anti-Japanese nationalist sentiments have been indirectly influenced by China's censorship of publications and audio-video products. Since movies and TV dramas on contemporary social problems might not be able to pass the political test of censorship authorities, causing a loss to investors, dramatization of the Sino-Japanese War and Chinese Civil Wars has become the natural choice for many producers. Conceivably, overproduction and broadcasting of so many TV dramas and movies on Sino-Japanese War has whipped up nationalism.

Japan also faces national identity problems. The reshaping of national identity has been a key issue for some Japanese politicians and scholars. Many Japanese scholars, particularly Maruyama Masao, think that

postwar Japan did not solve the national identity issue.²⁶ Some scholars have argued that Japan moved too smoothly from a “departing from Asia for Europe” orientation to a “departing from Asia into the United States” orientation, and too seamlessly from the prewar Emperor System to the postwar democratic system that grew out of the US Occupation of Japan and the US–Japan alliance. Since postwar economic success was achieved without taking full account of the War, there is a historical continuity in Japan’s national identity before and after the War, without any fundamental rupture in between,²⁷ especially when Emperor Hirohito (Showa Emperor) remained enthroned in both prewar militaristic Japan and postwar democratic Japan.

For China, there is another set of historical problems regarding national identity, especially when it grapples with Japan. When Beijing normalized its relations with Tokyo in the 1970s, it did not deal with war issues seriously due to other priorities, especially Taiwan and geo-strategic considerations of the Cold War. To normalize its relations with Japan and secure a favorable strategic relationship with the US, the Chinese government tightly controlled domestic public opinion to enforce an official military–civilian dichotomous theory of Japanese war responsibilities (prewar militarists bear full responsibility for war crimes, but ordinary Japanese are only victims) in support of Sino–Japanese friendship.²⁸ Therefore, China has never made a full disclosure of its national experience as a victim of the war. To promote good Sino–Japanese relations in the 1970s, the government covered up many facts about the war. Facts such as the Nanjing Massacre and comfort women were “discovered” at the popular level only in the mid-1980s

²⁶Maruyama, *Nippon ni okeru nashonarizumu*, pp. 167–170.

²⁷*Ibid.*, pp. 152–170; Hiraishi Naoakira, “Gendai nippon no nashonarizumu: nani ga towareteiru noka” [Modern Japanese Nationalism: What is now been questioned?], *Journal of Social Science of the Institute of Social Science*, University of Tokyo, vol. 58, no. 1, 2006.

²⁸Kawashima Matoko, “Shinshutsuka, shinryakuka, chunichi rekishi ninshiki mondai no hensen to gakudai” [Inroads or Invasion: Changes and Agendas in the Problem of Sino–Japanese Historical Cognition], in *Chunichi kankeishi: shakai to bunka* (History of Sino–Japanese Relations: Society and Culture), vol. 3, Tokyo University Press, 2012, pp. 85–87.

when the Japanese Prime Minister paid visits to the Yasukuni Shrine. The Chinese government and media underreported Japan's wartime behavior in China and presented Japan in positive ways. This lapse is a source of extreme nationalistic sentiments against Japan, since it makes the impact of historical knowledge on the Chinese mind all the more acute when Chinese learn more about the other side of the history, through detailed accounts and sometimes graphic presentations of Japanese wartime atrocities offered through official channels since the 1990s. In sum, the war and related issues are important to both Japan and China at the levels of both government and society.

Japan has the same problem. Arguably, many Japanese elites and members of mass society have never reflected seriously on the war. For instance, consider war apologies. By 1951, Tokyo became part of the anti-Communist China US-Japan alliance, and therefore did not need to acknowledge its war record in China. Although Japanese prime ministers expressed apologies in 1972 and 1995, there was no consensus among the country's political elites regarding the need for further expression of regret. Different politicians have expressed their own personal opinions about the war. Consequently, Chinese and Koreans have continually demanded apologies from Japan. Nationalisms in China and Korea in turn arouse nationalism in Japan.

Nationalisms in both China and Japan have intensified in the twenty-first century. This is, in part, due to the rise of social media. This new medium has become the most effective tool in spreading nationalistic sentiments. Common problems faced by frustrated youth in China and Japan, including unemployment and poverty, have fueled the rise of youth nationalism in both countries. Of course, the Internet is only a tool. What this tool spreads is related to reality and people's daily lives. In other words, Internet nationalisms in China and Japan are the by-product of the mobilization of social opinion by elites in both countries. The conflict between Chinese and Japanese nationalisms is a vicious cycle caused by the externalization of domestic political frustrations.

This vicious cycle has not only damaged Sino-Japan relations but also has led to the rise of regional tensions in East Asia. Chinese nationalism has instilled fear in the Japanese population, leading to not only an upsurge of Japanese nationalism but also the reinforcement of the US-Japan Alliance; the reinforcement of the US-Japan Alliance in turn provokes a nationalistic backlash in China.

CONCLUDING REMARKS

The conflict between Chinese and Japanese nationalisms has a direct impact on Sino-Japanese relations and thus a negative influence on East Asian economic integration and regional security. Powerful political forces can cynically exploit nationalism in their domestic struggles for power. When nationalistic political forces do capture the state and political authority, they may hijack the whole nation leading to an interstate conflict. Neighboring countries lacking in trust may channel more resources to strengthen their militaries, producing another vicious cycle of distrust and an arms race. Though China and Japan are enjoying increasing economic interdependency, their clash of nationalisms will condemn them to persistent political antagonism.

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Japan's "Postmodern" Possibility with China: A View from Kansai

Satoh Haruko

INTRODUCTION

Since the Cold War's end and now with China's phenomenal rise, Japan and China have been strained to find ways to accommodate each other in the newly emerging international order in East Asia. To start, there has been no precedent in East Asia's modern history where Japan and China were powerful at the same time. Adding to the complexity of a order transition between a status quo power (Japan) and a rising power (China) is their burden of history. Historical reconciliation between the two over Imperial Japan's past aggression remains not only elusive but that past has become subject to political manipulation in both countries, with powerful actors increasingly resorting to nationalist rhetoric for domestic political ends. Mistrust and exaggerated threat perceptions about each other prevail over efforts to build confidence and security conditions for peaceful coexistence.

This regrettable political development has now become part of a larger concern in East Asia, where the absence of an effective regional

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security architecture is giving rise to an unstable, confrontational landscape triggered in part by China's aggressive moves in recent years to dominate the South China Sea. Tensions over sovereignty disputes threaten to undermine regional ties primarily built through the interdependency between states' economies in the region. The conceptualization of foreign relations as a clash of nationalisms is a noticeable trait in foreign policy discourses across the region.

It is crucial to note, however, that this state of affairs is only one aspect of today's Japan–China relations. Despite the absence of reconciliation in the manner of France and Germany or the rising tide of nationalism (albeit at different political levels: from above in Japan, at the popular level in China), the possibility of war between the two remains remote. There is simply too much at stake in the bilateral relationship that has been woven into a complex web of social, economic, and cultural ties since China's economic takeoff in the 1990s. Managing issues of everyday life factors as greatly, if not more than, as the battle for national prestige and status over the ownership of a few rocks in the East China Sea.

To put it another way, there is a new realm of relations similar to that of the European Union (EU) or what the Association of Southeast Asian Nations (ASEAN) has embarked upon in 2015, where borders can be porous and a country's sovereign rights are negotiable and less absolute. Progress in these kinds of “postmodern” relations,¹ based on openness and mutual involvement in each others' domestic affairs, is what inspires the idea of an East Asian community. Thus far, missing or very weak is the political will and recognition necessary for Japan and China to share a sense of purpose. Japan's decision, together with the US and Canada, to refrain from joining the China-led Asian Infrastructure Investment Bank (AIIB) as one of its charter members in 2015 is an illustrative case of such a lack of motivation.

Japan–China relations demonstrate two characteristics with two potentials. One characteristic is that the relationship is driven by mistrust, and the two countries fight over differences and disagreements as a matter of national prestige, often driven by myopic conceptions of “national interest” or “national” security. This includes the drive to preserve the

¹Robert Cooper. *The Breaking of Nations: Order and Chaos in the Twenty-first Century* (London: Atlantic Books, 2003), p. 41.

integrity of the nation-state at all costs, where triumph over the other could become an end in itself. The present relationship seems to be gravitating toward this earlier, modern system of nation-states, when sovereignty was more absolute, security interests paramount, force central to the conception of the state, and notions such as regionalism, economic interdependence, and integration were as yet alien. The other characteristic of Japan–China relations is a basic level of trust, where the two countries are able to negotiate and harmonize their positions over a range of socio-economic issues and concerns that are both domestic and international in character, such as air pollution, food safety, and natural disasters.

Is there a way to tip the balance between the “modern” and “post-modern” worlds that the bilateral relationship straddles in favour of the development of the “postmodern” type of international relations? What can Japan do to achieve this end? This chapter considers Japan’s “post-modern” possibility in enhancing relations with China. Presently, security scares dominate discussions about relations with China and they feed right-wing, nationalist bravado from the leaders, such as Prime Minister Abe Shinzo, former Tokyo governor Ishihara Shintaro, and ex-Osaka mayor Hashimoto Toru. Analyses of national- (or state-) level policy dynamics and power politics perspectives are, of course, important in understanding the thorny politico-security relations with China, at least for two related reasons: first, national security is ultimately the responsibility of the state; second, security policy is one of the few areas left today in international relations where states (and their capitals) are in the commanding seat. However, security and foreign policymaking is also a process that reflects the domestic politics of any country. In this respect, there is perhaps a greater need to take into account the broader and more diverse social, cultural, and ideological landscapes that also inform various Japanese views, thoughts, and perspectives about China.

The first section of this chapter looks briefly at Japan’s international environment, particularly in the framework of international politics in East Asia as a theoretical construct. The second section looks into domestic challenges from the regions, particularly from Kansai, an historical region that is home to three major cities, Kyoto, Osaka, and Kobe, and a major trader with China.² Indeed, it is as if history is repeating itself

²Compared regionally, the Kansai economy is especially dependent on China. In the past 25 years, Kansai area’s share of exports to China has grown larger compared to other two

in times of momentous change in Japan: the diminishing power of the capital (Tokyo) over the ‘periphery’ (the regions) has given cause to and incentive for the “periphery” to contest the hegemony of the central government. The Meiji Restoration began with the rebellion from the “periphery” to overthrow the enfeebled Edo shogunate and established the Japanese “nation-state” unified under the emperor.

Today, the industrialized regions and urban centers, such as Osaka, Nagoya, and Fukuoka, are rebelling against Tokyo in quest for greater autonomy in managing their affairs, including their international relations, and in that course contesting the ideas and identities that shaped and were forged by the Meiji “nation-state.” As in the *bakumatsu* (end of the Edo period, around the mid-1800s) past, the challenges from these regions are rich with competing ideas, ideologies, and identities that are likely to shape the future form of Japan. The significance of these manifestations of a changing Japan tends to be overlooked in English-language discourse about and analyses of Japan’s relations with China (or Japan’s foreign relations in general).

This case study of Kansai–China relations also reveals the multifaceted nature of Sino–Japanese relations and the relative autonomy of the “periphery” (Osaka) from the center (Tokyo). Economic interdependency between Osaka and the Chinese mainland did *not* necessarily coexist

Footnote 2 (continued)

major economic zones, Tokyo and Nagoya areas. According to the Osaka Customs March 2013 report, Kansai’s exports to China in 2012 were 23.5% of total exports (3.19 trillion yen out of total 13.58 trillion yen), while the figure has been 17.5% and 13.6% respectively for the Tokyo and Nagoya areas (four trillion yen out of total 23 trillion yen and two trillion yen out of total 15 trillion yen respectively for Tokyo and Nagoya areas). For both Tokyo and Nagoya areas exports to China were second only to exports to the US for 2013. The Kinki region’s exports to China were 3.45 trillion yen, marking a rise in 2 years of 8.1% from 2012. See Osaka Customs Research and Statistics Division, *Kinki-ken no boueki 25 nen* [25 years of Kinki area trade] <http://www.customs.go.jp/osaka/toukei/pdf/tokushu_201303.pdf>, accessed 1 August 2013. For example, Panasonic, one of Japan’s major electronics companies, is based in Kansai and has traditionally been one of the largest investors in China. 13% of its total sales come from China. See the websites of Osaka Customs and Kobe Customs. <http://www.customs.go.jp/osaka/toukei/pdf/tokushu_201303.pdf> and <<http://www.customs.go.jp/kobe/english/topics/201203topics.htm>>; accessed 1 August 2013). For the latest trade figures (2013) for the Kinki region’s trade with China, see Kinkiken boueki gaiyou published by Osaka customs <http://www.customs.go.jp/osaka/toukei/pdf/gaikyou-kaakutei_2013y.pdf> accessed 25 June 2014.

with political antagonism, despite right-wing Hashimoto Toru at the helm. Notwithstanding Hashimoto's right-wing attitudes towards constitutional revision and the "comfort women" issue (to be discussed later), and his political alignment with Prime Minister Abe Shinzo, the Osaka mayor was friendly towards China and was, in turn, neither castigated nor ostracized by the Chinese.

DIFFERENT STATES IN DIFFERENT SYSTEMS

Three Drivers of International Politics

In post-Cold War East Asia, the nature of the international system may be best described as a mixture of what Hedley Bull classified as "three competing traditions of thought," originating from descriptions of international relations by Hobbes, Kant, and Grotius: "The element of war and struggle for power among states, the element of transnational solidarity and conflict, cutting across divisions among states, and the element of co-operation and regulated intercourse among states." Bull also said that "In different phases of the states system, in different geographical theatres of its operation, and in policies of different states and statesmen, one of these three elements may predominate over the others."³ Applied to the situation in East Asia, while the Hobbesian worldview seems to prevail among most states in the region, especially in Northeast Asia, Bull may also recognize (if he were alive today) that there is a flourishing element of the Grotian view of "international society," where state behavior also is informed by common rules and institutions among groups of states engaged in activities that bind them economically and socially.⁴

The "East Asian production network" buttressed by Chinese, Japanese, and Korean investments in Southeast Asia has enhanced regional economic integration and has made East Asia the world's major economic powerhouse. A promising trend of regional cooperation also began to emerge in the late 1990s, especially in efforts to address

³Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* [second edition] (Houndsmill and London: Macmillan Press Ltd., 1995; first published in 1977), p. 39 (Bull 1995).

⁴Ibid., p. 25.

non-traditional security concerns, such as in the 1997 Asian financial crisis, and outbreaks of SARS and bird flu, not to mention a series of major natural disasters across the region. They demonstrated the region's ability to share concerns, cooperate, and coordinate policies in ways not possible during the Cold War.

Moreover, the proliferation of regional forums, both first track and second track, and each with slightly different but mostly overlapping memberships—such as the East Asian Summit, ASEAN plus three, APEC (Asia-Pacific Economic Cooperation), ARF (ASEAN Regional Forum), ADMM (ASEAN Defence Ministers Meeting), the Shangri-La Dialogue, or the more recent trilateral summit between China, Japan, and South Korea—suggests that the region has developed a lively “international society,” where, according to Bull and Adam Watson:

a group of states (or, more generally, a group of independent political communities) which do not merely form a system, in the sense that the behaviour of each is a necessary factor in the calculations of the others, but also have established by dialogue and consent common rules and institutions for the conduct of their relations, and recognise their common interest in maintaining these arrangements.⁵

These regional international societies may be the kernel of what Robert Cooper refers to as the “postmodern” system in East Asia, where states come to share values, political systems, and become more open to multilateralism.⁶

Yet, serious security concerns persist at the same time, with distinct features of the system of war underpinning the security landscape. Manifestations of Chinese assertiveness tinged with hubris on the international scene in recent years, including maritime disputes with Japan in the East China Sea and with ASEAN states in the South China Sea, or North Korea's unabated nuclear ambitions, make the region fertile ground for conflict. A new balance-of-power game between the great powers to be, China, India, and Russia, and the US and its

⁵Hedley Bull and Adam Watson (eds), *The Expansion of International Society* (Oxford: Clarendon Press, 1984), p. 1 (Bull and Watson 1984).

⁶Cooper, Robert. *The Breaking of Nations: Order and Chaos in the Twenty-first Century* (London: Atlantic Books, 2003), p. 41 (Cooper 2003).

hub-and-spoke system is also underway. The security situation is, indeed, a Hobbesian world.

NATION-STATES IN DIFFERENT PHASES

The kind of Japan–China relations growing on the strength of the “post-modern” possibilities today are clearly at odds with the concurrent territorial disputes steeped in the modern era, and the situation is not about to change. Yet, some analysts had already projected a decade ago that China’s rise as a military power could drive Japan to respond in kind by hardening its military posture.⁷

China is a rising power that is still in the process of nation-state building, in which military power is central and a strong sense of national consciousness and purpose is essential for the political cohesion of the nation as an “imagined political community,” to borrow Benedict Anderson’s term.⁸ With China’s conventional aspirations to become economically and militarily powerful, (re)claiming territory may be regarded a natural course. Japan, on the other hand, no longer retains the modern characteristics that China demonstrates as a nation-state, including aspiration for territorial expansion by force. Japan has instead come to prefer policies and actions to maintain the stability of its international environment rather than undermine the status quo. Significantly, with the constitutional restraint on the use of force, the role of military power is limited and relative in the case of postwar Japan. Tokyo today relies on non-military means, especially economic, to influence international politics.

The Japanese state appears to be loosening the excessively centralized structure that characterizes both the prewar, Meiji state (1868–1945)

⁷Michael Green noted that Asia has entered an era of modern nation-state politics, where the relative decline of Japan’s economic power and the rise of China as a conventional power raise the question of Japan’s “weight and security in the international system.” Michael Green, *Japan’s Reluctant Realism* (New York: Palgrave Macmillan, 2003), p. 34. Also see Peter Katzenstein and Rudra Sil, ‘Rethinking Asian Security: A Case for Analytical Eclecticism’ in Suh, Katzenstein and Carlson (eds), *Rethinking Security in East Asia* (Stanford, CA: Stanford University Press, 2004), pp. 1–33 (Green 2003).

⁸Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London and New York: Verso, 1991). Nation-making in China itself may be a contested notion because the Chinese people have existed in more or less the same territory for over four millennia (Anderson 1991).

and the postwar state (1945–present).⁹ This development has bearing on the economic and cultural interactions which bind Japan and China together; the capitals (or institutions of the central government) are not necessarily the key players in building and supporting these realms of interaction that also underpin the future-oriented, “postmodern” possibility, as will be discussed later. Indeed, local governments in Japan increasingly are autonomous actors in their own right when dealing with the Chinese mainland.

Equally important is to frame the present bilateral relationship in the larger context of East Asia’s modern history, for any understanding of today’s Japan–China relations cannot be complete without a perspective on the nature of the struggle *of and between* Japan and China to survive in a new world order rolled out by Western imperialism. The struggle revolved around a key idea that has shaped both countries’ quest for survival, albeit over different periods, which was to make themselves into “nation-states” in the fashion of the Western powers. According to Pankaj Mishra who wrote a panoramic account of Asia’s history of struggle against the West, the “nation-making” menu was more or less the same in postcolonial East Asia: “Clear boundaries, orderly government, a loyal bureaucracy, a code of rights to protect citizens, rapid economic growth through industrial capitalism or socialism, mass literacy programmes, technical knowledge and the development of a sense of common origins within a national community.”¹⁰ They had a successful precedent to follow: Japan’s nation-state making project since the late nineteenth century.

History shows, however, that the processes of “nation-state” making in Japan and the People’s Republic of China (PRC) took place at different—and consequently, disagreeable—times to each other, with different ideologies driving the project: imperialism in Japan and

⁹There are broadly two types of “decentralization” currently being contemplated: one is to do a complete overhaul of the structure of governance, a reorganization of Japan into a federal system by dissolving the prefectural divides and regrouping them into larger (around seven) units of local governance; the other is to loosen the administrative grip of the central bureaucracies and give greater autonomy (such as in the areas of taxation, education, and social welfare). Either way, the word “chiho bunken” (decentralization) has been a pressing item on the political agenda for the last two decades.

¹⁰Pankaj Mishra, *From Ruins of Empire: The Revolt Against the West and the Remaking of Asia* (London: Allen Lane, 2012), p. 303 (Mishra 2012).

anti-imperial communism in the PRC.¹¹ Japan became the first modern state to emerge from Asia because it embarked upon the nation-state making project earlier than any other, including China, by escaping colonization by the European powers. But it too became a militaristic, imperial power to match the Europeans in status as one of the "great powers" at the expense of other Asian nations. China's (or more precisely, the PRC's) attempt to modernize came in the context of anti-imperialism, and Mishra identifies the drivers:

China's own evolution into a strong, centralized nation-state has been much messier and bloodier... But its success lies at the heart of China's assertiveness today... The collapse of the Qing dynasty, the Japanese invasion of the country, and protracted civil war between Sun Yat-sen's Guomindang and the Chinese Communist Party made it imperative, even from a perspective other than the Social Darwinian one, for China to form a strong nation-state or perish.¹²

If this is so, then contemporary China's compulsion to be strong and powerful in the international community is not that different from Imperial Japan's drive to acquire "great power" status in the early twentieth century. By contrast, Japan's nation-state project took a "postmodern" turn after World War II with the postwar 1947 constitution that forbade the country's use of force as a state instrument. In effect the 1947 constitution launched the Japanese state into a process to acquire "postmodern" characteristics and habits of behavior. Relying on the US for ultimate security, Japan chose to concentrate on economic development and growth, and effectively withdrew from playing power politics. As the key Asian member of the Western alliance, where political cohesion among the member states (mostly European) was essential, Tokyo routinely sought common interests and to act in concert with the other members in the Western alliance (primarily with the US and other Western European states) and other international regimes and organizations that constituted international society. This demonstrated Tokyo's willingness to submit its sovereign rights to international institutions, norms, and rules as a means to protect and advance its national interests.

¹¹Ibid., pp. 286–310.

¹²Ibid., pp. 286–287.

Such behavior, as elucidated by Cooper, is characteristically “post-modern”:

Of non-European countries, Japan is by inclination a postmodern state. It has self-imposed limits on defence spending and capabilities. It is no longer interested in acquiring territory nor in using force. It would probably be willing to accept intrusive verification. It is an enthusiastic multilateralist.¹³

Yet, Cooper’s description also comes with a caveat:

Unfortunately for Japan it is a postmodern country surrounded by states firmly locked into an earlier age: postmodernism in one country is possible only up to a point and only because its security treaty with the US enables it to live as though its neighbourhood were less threatening. If China develops in an unpromising fashion (either modern or premodern), Japan could be forced to revert to defensive modernism.¹⁴

In the post-Cold War era where the strategic stability cannot be taken for granted, postwar, “postmodern” Tokyo is being challenged by the harsher reality of dynamic geopolitics unfolding in its international environment. Japan is discovering that US and China are more sovereignty-conscious and not ready to embrace multilateralism in the way it does. The crucial difference in Japan’s geopolitical environment from the European setting, where Cooper suggests Japan would be more comfortable, is that the level of political trust is still low among the regional states. Post-Cold War East Asia is in a state of nature without an effective security order, and that is arguably the biggest threat to the survival of Japan’s “postmodern” characteristics that buttress “postwar” Japan’s pacifist identity.¹⁵

¹³Cooper, Robert. *The Breaking of Nations: Order and Chaos in the Twenty-first Century* (London: Atlantic Books, 2003), p. 41 (Cooper 2003).

¹⁴Ibid., p. 41.

¹⁵See Edward N. Luttwak, *The Rise of China vs. the Logic of Strategy* (Cambridge, MA: The Belknap Press of Harvard University Press, 2012) and Robert Kaplan, *Asia’s Cauldron: The South China Sea and the End of a Stable Pacific* (New York: Random House, 2014) for strategic look on the impact of China’s recent, less than peaceful signs of its rise (Luttwak 2012; Kaplan 2014).

EXPANSION OF INTERNATIONAL SOCIETY?

Given the situation that China's nation-state building is still an on-going project, forceful projection of its national interests and sovereignty-conscious external behavior tend to be compelling in the context of its domestic politics and, thus, are to be expected. One way for Japan to fend off the adversarial aspect of this nationalist China challenge is to expand and strengthen international society. To do this, however, Japan may need a more "realistic" security outlook about the international situation than has been customary, but more importantly Japan needs to work toward reducing China's distrust and threat perception about Japan. How Japan addresses the "history problem" is critical to this end.

Presently, anti-Japan nationalism from China in the last decade has only resulted in provoking the hitherto marginal right-wing, nationalist views in Japan to enter mainstream political discourse about how to counter an assertive China. The resurgence of right-wing nationalism in Japan has focused on remilitarizing politics, as if to supply an antidote to the conciliatory stance of the past. Instead, the simplistic call to revise the postwar constitution that forbids the use of force has been revived amid the political confusion that followed the Democratic Party of Japan's (DPJ) poor performance in running the government between 2009 and 2012, which gave Abe Shinzo and the Liberal Democratic Party (LDP) another chance to run the country.

Despite Abe's ideological pursuit to "normalize" Japan, economic revitalization remains crucial to any attempt by Japan to strengthen its position vis-à-vis China and to expand and strengthen the role of international society that is conducive to Japan. On the other hand, Japan's economic recovery alone does not address the aforementioned short supply of security assurance from both countries in order to escape the trappings of a Hobbesian world. Rather, Japan's task is to give more political credibility to its identity as a pacifist democracy with "postmodern" potentials by enacting constitutional restraint on the role of the military as a foreign policy tool, and becoming a country inclined to adopt policies and actions designed to maintain stability of its international environment. In the end, it is about coming to terms with history—the outstanding issue in Japan's foreign relations in Asia, and not just with China—and finding the domestic political resolve to do so.

However, as Abe Shinzo amply demonstrates, many Japanese political leaders seem as yet incapable of understanding the cost of mishandling history to the country's international relations. Even though an objective narrative about Japan's war responsibility may exist in the intellectual community, the right-wing nationalists in the political establishment prefer the narrative that justifies Japan's war in Asia as a "war of liberation" and often argue that Japan was not the only guilty party in the war.

More recently, the former Osaka mayor Hashimoto Toru caused an uproar when he, as mayor, made two controversial statements concerning the role of women in war at a press conference in May 2013. First, he said that "comfort women" were necessary in times of war (i.e., in World War II); then, during his official visit to Okinawa, he said that he recommended the US forces in Okinawa utilize the local sex industry. His attempt to explain these statements at the Foreign Correspondents Club in Tokyo attracted more negative international attention, as even the UN secretary-general Ban Ki-moon made a statement criticizing his insensitivity.¹⁶ Hashimoto was also criticized by his electorate for giving Osaka a bad name and his political party, *Nippon Ishin-no kai* (Japan Restoration Party), also suffered for it in the local elections in June 2013, a month after the controversy. Apparently, the overtones of right-wing nationalism were considered excessive, even though by then Hashimoto's party had already formed an alliance with former right-wing Tokyo governor Ishihara.

Japan's inability to account for history, on the other hand, may not be subjected to the kinds of criticism it currently receives if it were an authoritarian country. The problem is in the discrepancy between Japan's own claim that it is a democracy with an open and freer society than China's and how it handles history as part of that supposed claim. This is not to mean that there is only one officially sanctioned version of history to which all people should be forced to subscribe, as was the case in pre-war Imperial Japan when people were taught and believed in the nationalist history of *kokoku-shikan* (imperial state history that revolved around

¹⁶Hashimoto was trying to make a point that it was unfair that Japan should be the only country to be heavily criticized for using "comfort women," when other countries' militaries had similar practices. He was roundly criticized for this view by the Japanese, Asian, and Western press. See: "U.N. secretary-general criticizes Hashimoto's 'comfort women' remark", *Asahi Online*, http://ajw.asahi.com/article/behind_news/politics/AJ201306030070, accessed 1 August 2013.

the myth of the emperor as the progenitor of the Japanese nation). On the contrary, postwar Japan has not been able to agree to a single narrative of the war as a consequence of how Japanese politics developed after defeat and occupation. In fact, from the immediate postwar years, consolidating a new state identity based on pacifism, democracy, and the resolve not to repeat the mistakes of the past had been made difficult while the edifice of the old Japan lingered in the political arena to contest the ideas of the postwar state embodied in the new constitution of 1947.¹⁷

Emperor Hirohito continued to reign after the war until 1989 while, at the same time, never being formally held accountable for his role as war leader. Hirohito, both in person and institutionally, represented the continuity between the prewar Japanese state and the postwar state, and during his reign in the Cold War years, openly expressing views against Imperial Japan was considered taboo because it risked also criticizing Hirohito. The older generation still had deep respect for the emperor, regardless of questions about his role as war leader. As a result, Japanese politics became ideologically divided on a number of nation-state identity issues, including the postwar constitution, the question of Emperor Hirohito's war guilt, the status of Yasukuni Shrine, and the history of the war. The divide reflected the right-left political axis of the so-called 1955-regime,¹⁸ with the Socialist Party as the LDP's ideological opposition. The progressive left represented by the Socialist Party understood Japan as the main perpetrator in the war in Asia while the conservative narrative held by the right-wing segment within the LDP justified (to some extent) the war as war of liberation of Asia.

Hence, for much of the postwar, Cold War period, Japan's "past war" was about the war with the US from 1941-1945, beginning with Japan's surprise attack on Pearl Harbor and ending with the country's

¹⁷Satoh, Haruko. "Legitimacy Deficit in Japan: The Road to True Popular Sovereignty" in Kane, Loy and Patapan (eds), *Political Legitimacy in Asia: New Leadership Challenges* (New York: Palgrave Macmillan, 2011), pp. 173-194. (Kane et al. 2011).

¹⁸The 1955-regime or *55-nen taisei* is the name given to the period politically dominated by the conservative LDP which began at that time and continued until 1993, when the LDP fell from power for the first time. The then Socialist Party (predecessor to today's Social Democratic Party of Japan) was the main opposition party. The main divide between the LDP and the Socialist Party was ideological, especially over the issue of constitutional revision: LDP was for revision, the Socialist Party was against.

unconditional surrender after two atomic bombs were dropped on Hiroshima and Nagasaki. It was not the same as “the longer war” of 1931–1945 that began with the Manchurian Incident in the Chinese understanding. Moreover, even the “Japan–China war” that started in 1937 tended to be treated separately from the Pacific War of 1941–1945. Attempts between Japan and China to reconcile have, therefore, been difficult, not simply because of the difference in their political systems or because the 1972 relationship was not about overcoming history. Japan of the 1955-regime ignored the importance of coming to terms with its Asian past, not least because East Asian states, including China, were not as yet politically mature but because confronting the past was likely too controversial, lest it open a Pandora’s box, including addressing the emperor’s role in the war.

Why, then, is this diversity of views and intellectual honesty not reflected in Japan’s thinking and conduct behind international affairs? Is it a matter of time lag? Here we turn to the second part of this chapter to look at the domestic political situation and the shifting sources of legitimacy of the postwar “nation-state” from the viewpoint of Kansai. In order to do this, it is first important to note that Japan’s present difficulty with China over past history is also a legacy of the 1955-regime that politicized history, particularly the interpretation of Japan’s Asian past. Second, we also need to focus on the character of the 1955-regime as the embodiment of change and continuity between the prewar Meiji state and the postwar state in the narrative of Japan’s modern “nation-state” making project that began as a program of rapid modernization to catch up with the West. Crucially, the values and ideas of national identity that the LDP held (and still holds) are inherited from those forming the Meiji state, such as the idea of statehood with the emperor as sovereign, belief in ethnic homogeneity (sameness over diversity), stress on patriotism, respect for “tradition,” and anti-liberal (anti-Western) social values that see individualism as selfish behavior.¹⁹

The ideas of the Japanese “nation-state” conceived by the Meiji architects and the Japanese “nation” driven to hysterical emperor worship by wartime leaders have not only lost their usefulness but may also

¹⁹For an analysis of shifting basis of legitimacy of the old “nation-state” project, see Satoh, Haruko. “Legitimacy Deficit in Japan: The Road to True Popular Sovereignty” in Kane, Loy and Patapan (eds.), *Political Legitimacy in Asia: New Leadership Challenges* (New York: Palgrave Macmillan, 2011), pp. 173–194 .

be hindering the emergence of newer Japanese interests and possibilities. Moreover, domestic politics in Japan today are increasingly a matter of respecting and answering to growing diversity, including social and regional diversity. The notion of a "mono-ethnic" nation of the Yamato people resonates less today among ordinary Japanese people, and regional differences are cherished rather than suppressed for sameness. "Reinventing" or "reimagining"²⁰ Japan is an exercise of a "postmodern" kind that attaches greater value to diversity and openness, something Japan in the past 150 years has not been particularly known for.

REGIONS MATTER

While security concerns arising from mutual mistrust are serious and persistent between Japan and China, measures to address them are not limited to military ones and they are also not the monopoly of national leaders in Tokyo and Beijing to decide. There are many levels, channels, and actors that connect the two countries meaningfully and can contribute to better understanding of each other. The constellation of ties that radiate from other regions and industrial centers besides Tokyo and its surrounding Kanto area, such as around Osaka, Nagoya, Fukuoka, or Niigata, represent an increasingly important dimension that buttresses the bilateral relationship. Regional ties based more on a search for common interests and cultural exchanges are able to weather political storms that threaten to uproot the growing society-to-society ties based on economic interaction.

Voices from the regions, such as those from Osaka and Nagoya, reveal, and perhaps even challenge, the limits of national politics today and, by extension, Japanese diplomacy focused on increasingly superficial and conventional capital-to-capital relations. In fact, the economy of Osaka or Kansai as a whole has been most adversely hit by the sharp downturn of Japan–China relations in 2012 over the Senkaku/Diaoyu dispute, due to the Kansai region's higher dependency on trade with China than Tokyo or Nagoya, the significance of which will be explained below; suffice to say that the territorial dispute impacted on Japan's

²⁰"Reimagining Japan" is borrowed from the following book: McKinsey and Company (ed.), *Reimagining Japan: The Quest for a Future That Works* (San Francisco: VIZ Media, 2011), pp. 2–3 (McKinsey and Company 2011).

second largest economic center. A regional perspective is, therefore, crucial to capturing the whole and thinking about how best to balance Japan's internally divergent interests as it maps out a future with China.

WHY KANSAI?

Kansai is one of the many regions in Japan maintaining historical and cultural identities that are distinct from Tokyo, including a group of dialects known as "Kansai-ben." However, the difference between Tokyo and the Kansai cities of Kyoto, Osaka, and Kobe is too significant to dismiss as a variation of "center and periphery" differences, as the dialectic between Japan's historical and cultural identity and the modern nation-state identity occurs in the Kansai-Kanto (Tokyo) nexus. Until the Tokugawa shogunate was established in 1604 and Edo (former Tokyo) became "the nation's administrative officialdom," Kyoto and the surrounding region constituted the vortex of Japan where powers—economic, political, and cultural—concentrated and history of the archipelago over a 1000 years was woven on its terms. Even during the Tokugawa period Kyoto and Osaka in particular were important in shaping the modes and styles of urban life and culture that emerged in early modern times as two of the three metropolises besides Edo: Kyoto as "the seat of the imperial court," and Osaka as "the merchants' capital."²¹ In fact, it is worth mentioning here that when Edo was renamed Tokyo—"the eastern capital" in Chinese characters—and the emperor relocated from Kyoto to Tokyo, the procedure did not follow the imperial edict called *seno* that formally moves the seat of the emperor (in other words the capital). That is why some advocate the emperor to *return* to Kyoto.

Importantly, both Kyoto and Osaka developed with distinct history, fashion, and dynamics but in combination left lasting legacies that shaped modern Japan. That is to say, just because Tokyo became the capital of modern Japan, the importance of Kansai in informing Japanese state identity, elements that constitute its historical and cultural side, has not diminished. Kyoto holds a unique position as a repository of "the traditional," "the authentic," or "the refined" Japanese identity

²¹Wakita Osamu, "Osaka across the Ages" in James L. McClain and Wakita Osamu (eds.), *Osaka: The Merchants' Capital of Early Modern Japan* (Ithaca and London: Cornell University Press, 1999), Chapter One, pp.18-19 (McClain and Osamu 1999).

(real and imagined), being the well of the historical source of “soft” cultural power that makes it one of Japan’s “must visit” tourist destinations. Kyoto and nearby Nara constitute the center of Japanese Buddhism, with a concentration of Buddhist institutions for scholarship—such as the head temples of the numerous sects that teach, train, and ordain Buddhist priests—situated there. Therefore, it should not be dismissed as mere coincidence that Kyoto University, the Japanese equivalent of Cambridge to Tokyo University’s Oxford, gave birth to the Kyoto School of philosophy in the early twentieth century. The thinkers of the Kyoto School drew on both Western and Eastern (particularly Buddhist) intellectual, spiritual, and methodological traditions for a creation of what might arguably be the only original thought to emerge in modern Japan.

Osaka (and its adjacent port city, Sakai) is the “merchant capital” of Japan, developing as Japan’s leading commercial center since the sixteenth century. Today, the size of Osaka city’s economy alone matches Finland’s gross domestic product (GDP) at 22 trillion yen; the size of the whole Kansai region matches South Korea’s GDP at 83 trillion yen.²² As a megacity²³ Osaka is the only real rival to Tokyo, the modern capital that may have perished after Tokugawa era ended had Osaka been chosen as the new capital in the Meiji Restoration.²⁴

In addition to Kyoto and Osaka, there is also Kobe which became one of the first open ports (like Yokohama and Nagasaki) of modern Japan in the nineteenth century. Kobe marked its name on the world map alongside Shanghai and Hong Kong as a booming Asian trading port.

²²Ohnishi Hiroshi, “Osaka no GDP wo sekai rankingu de mitemita [looking at Osaka’s GDP in terms of world ranking]”, *Blogos*, 9 July 2010, <http://blogos.com/article/4001>, accessed 1 August 2013.

²³As a megacity, a city with a population of over 10 million, Osaka is ranked fourteenth in the world. Tokyo is the world’s largest megacity with a population of 38 million. But in the years between 2000 and 2010, while Tokyo grew by 7 percent, and Nagoya (the third megacity in Japan) grew by 5.7 percent, Osaka had the slowest growth at 2.4 percent. See Joel Kotkin, “The World’s Fastest Growing Megacities”, *Forbes*, 8 April 2013.

²⁴See the Osaka Ishin-no-kai’s (Osaka Restoration Party) party manifesto, “Yomigaeru Osaka [Osaka resurrected]” <http://www.oneosaka.jp/pdf/manifest/pdf>, accessed 5 April 2013. A detail historical account of Okubo Toshimichi’s push to make Osaka the new capital can be found in: Wakaichi Koji, *Osaka ga sbuto de arieta hi: sento wo meguru meiji ishin* [The day Osaka could have become the capital: The transfer of the capital during the Meiji Restoration] (Tokyo: Sangokan, 1996) (Wakaichi 1996).

Until the Hanshin-Awaji earthquake of 1995, Kobe was the leading international port in Japan and its modern history as an open port city left a lasting legacy in the social makeup of the city, where the Chinese community in China town (Nan-kin machi) and the Indian community are integral members. It has a multicultural feel that is rarely found in other Japanese cities.

The three cities, Kyoto, Osaka, and Kobe, are situated less than an hour from each other, and today they form the core of the second largest business association in Japan after the Keidanren, the Kansai Keizai Rengo-kai (*Kankeiren*). With history that harkens back to ancient times when Japan still sought knowledge from the more advanced continent to the west, from the periphery of the Chinese tributary system, Kansai enjoys a longer history than Tokyo of interaction with the outside world due to its central geopolitical location within Japan, especially Asia. It is, therefore, not surprising that the Kansai business community²⁵ was the first in postwar Japan to send a delegation to China, in September 1971, before normalization of official ties in 1972; this visit is said to have “dug the well” for the development of Japan–China economic ties.²⁶ The seventh Kansai delegation visited China in July 2012 and was greeted by the new leaders-to-be, including Xi Jinping who stressed the importance of China’s ties with Kansai. Osaka enjoys ties with Shanghai, and Osaka stock exchange has been eager to list Chinese companies before Tokyo. It is, therefore, not hard to imagine that some of the Kansai-based companies, notably Panasonic (formerly Matsushita Electric),²⁷ were shocked and deeply upset by the animosity of those who destroyed their Chinese factories during the 2012 September riots.

²⁵The Kansai business community is comprised mainly of Kansai Keizai Rengo-kai, the Osaka Chamber of Commerce and Industry, the Kyoto Chamber of Commerce and Industry, the Kobe Chamber of Commerce and Industry, and Kansai Keizai Doyukai (an association of company heads).

²⁶The Kansai business community has dispatched a delegation almost every five years, for a total of six times since 1971 (September 1986; April 1992; April 1997; March 2002; April 1009; and, July 2012).

²⁷Matsushita Konosuke, the founder of Matsushita Electric (Panasonic), was invited by Deng Xiao-ping to lay the foundation of China’s electronic industry.

LIMITS OF THE POSTWAR STATE: THE CASE OF OSAKA

By sheer population size, economic scale, and industrial base, in any other geographical location the megacity Osaka and its surrounding area could be a sizeable city-state; if historical circumstances were different, Osaka could have been the capital of modern Japan. Osaka's proximity to Kyoto would have allowed the emperor to stay in Kyoto in an arrangement similar to the Netherlands, where the seat of the monarchy is Amsterdam, but the political institutions are in the Hague. Moreover, Kansai's social, cultural, and economic resources and historical foundations are rich enough to mount a challenge to the *raison d'être* of the modern Japanese state, which has been dominant for over 150 years, as witnessed in the crusade against it by Hashimoto Toru, the mayor of Osaka city.²⁸

However, it has been the fate of Osaka and the Kansai area to be a permanent second to Tokyo, a trend that has been more prominent in recent decades after the speculative real estate bubble burst in the early 1990s and Japan's economy stagnated. On the other hand, there is no doubt that postwar Japan could not have become an economic miracle without the industrial resources of Osaka. For, while the 1964 Tokyo Olympics were a symbolic gesture of Japan's return to international society after defeat in World War II, it was the 1970 Osaka Expo that really showcased Japan's economic recovery and future potential beyond mere recovery to become a leading technological power.

While it appears perfectly reasonable for Tokyo and Osaka/Kansai to be powerful and dynamic at the same time, and there is motivation in Osaka/Kansai to be so, the very system that made Japan an economic success is preventing this course of reform. The obstacle to the revitalization of Japan, of which the revitalization of Osaka/Kansai is widely recognized as indispensable and would have symbolic significance, is the system of past success itself, as explained by Tamamoto Masaru:

²⁸See Ueyama Shin'ichi, *Osaka ishin: Hashimoto kaikaku ga nihon wo kaeru* [Osaka restoration: Hashimoto reform will change Japan], (Tokyo: Kadokawa Magazines, 2010) (Ueyama 2010).

The system of bureaucratic capitalism often referred to as the “capitalist development state,” or more commonly “Japan Inc.,” did not take solid form until the early 1970s and functioned effectively only until the collapse of Japan’s speculative financial bubble in 1992. The ensuing period of decay already has outlasted the system’s moment of success... The very structures and habits that drove Japan Inc.’s success in the 1970s and 1980s now inhibit change.²⁹

An Osaka that remains stagnant, in particular, has been a symbol of Kansai’s decline, which was the result of excessive concentration of financial and political power in Tokyo during the bubble decade of the 1980s. Osaka has been hollowing out as money, goods, and people began to flow only in the direction of Tokyo, as Japan was molded gradually into becoming “Japan, Inc.,” the successful, export-oriented, developmental state. Well-known Japanese companies like Panasonic, Sharp, Suntory, Yanmar (diesel), or trading houses like Itochu and Marubeni all started off in Osaka, but many have moved their headquarters to Tokyo. One major reason for these moves is that it was more convenient at the time to be closer to the central bureaucracies and corridors of political power that regulated businesses and industries in the “iron triangle” of vested interests between the political world, the bureaucracies, and business world.

HASHIMOTO TORU’S AGENDA

When Hashimoto Toru was elected governor of Osaka in 2008, he started a movement from Osaka to change the centralized structure of governance in Japan, which was both wasteful—robbing incentives for independent regional initiatives—and contributing to the decline of the regions, socially and economically. He argued that the present system is a legacy of the Meiji state (1868–1945) and needs to be replaced simply because it is overworked and obsolete.

Hashimoto’s reform agenda was not unique, but his reference to the Meiji state as a source of obstacles standing in the way of reform was noteworthy. Equally vocal and reformist, Koizumi Jun’ichiro, the

²⁹Tamamoto Masaru, “People of Japan, Disorganize!”, McKinsey and Company (ed), *Reimagining Japan: The Quest for a Future That Works* (San Francisco: VIZ Media, 2011), pp. 388–392 .

iconoclast leader of the LDP and prime minister (2001–2006), identified the unchanging party machinery as the immediate problem, and said he would destroy it if it could not change. Ozawa Ichiro, the political maverick, also pointed out the ills of the LDP system of “Japan, Inc.” and bureaucratic largesse in reforming Japan, and left the party 20 years ago to orchestrate the long battle towards a change of power—eventually in 2009 with the DPJ. Importantly, Ozawa argued for a future Japan in which decentralization and deregulation were key components of reform. But both Koizumi and Ozawa were seeing the postwar state and the 1955-system as the object of reform; Hashimoto took a step further to link the malaise of the postwar state to the legacies inherited from the Meiji state. Hashimoto’s enemy was the ceaseless forces of modernization embodied in and manifested by two generations of the Japanese state: Meiji and postwar states.

To this end, Hashimoto opened many fronts to battle the political machinery, both at the local and national levels, utilizing his popularity as a lawyer and appearing on numerous television shows nationwide. His signature proposal during his tenure as both governor of Osaka prefecture and mayor of Osaka-shi (city) between 2008 and 2015 was the plan to divide Osaka-shi into five administrative wards (like the 23 wards in Tokyo) under the Osaka Metropolis plan (*Osaka-To Koso*) to give Osaka Prefecture the same administrative structure as Metropolitan Tokyo (*Tokyo-to*). The objective was to slim down the administrative structure and cost of running the prefecture, which declared a “fiscal emergency” after he became governor 2008, and to cut down on duplication as well as complex divisions of functions and social services provided between Osaka-shi and Osaka prefecture that concentrated on Osaka-shi. This plan was controversial, not least because it invited confusion in that Osaka was seen as trying to be the second capital of Japan by becoming a *to* (metropolis), which was not the case as the term *to* merely denotes an administrative structure and not an assignment as the capital city. Neighbouring Sakai-shi was also vehemently opposed to the idea as it felt its distinct identity as the historic port city would be come obscured. In any case, the plan was aborted once it was rejected by local referendum in May 2015. Shortly after, he declared his intention to resign as mayor and from politics, which he did in December 2015.

Hashimoto also wished to knock down the Meiji and postwar state institutions and structures that perpetuate an outdated understanding of Japanese society as ethnically homogeneous and culturally unified,

a conception from the Meiji nation-making era that does not reflect reality nor allow for a truly open and free society to flourish today. The challenge in this regard was not just in changing social attitudes toward minorities but also changing government policies that do not recognize the social and political inequality that exists in Japan but is largely unspoken or unaddressed openly in the public sphere. In the name of equality (or horizontal movement; *suihei undo*), the plea of Japan's underclass, the *burakumin*,³⁰ for example, to be integrated with “ordinary” Japanese had been essentially answered by subsidies, such as housing projects, to improve living conditions without any guarantee of genuine social equality. Hashimoto has also attempted to cut *burakumin* subsidies. Hashimoto said, “I grew up in the so-called *dowa* (*burakumin*) area, but the problem has not been solved at all. Just because there is discrimination does not mean that it qualifies for special, favorable treatment (*yugu sochi*),” expressing his policy to cut special subsidies to the *buraku* area in the prefectural assembly.³¹

Third-generation Koreans (*zainichi*) and Chinese are given “special foreign resident” status but not treated as citizens of Japan with the right to vote, even though they pay taxes. Unlike most right-wing nationalists, Hashimoto has been supportive of giving the “right to participat[e] in rule-making that does not lead to the use of public power” to these “special foreign residents,” although he is principally against giving them the right to vote. Rather, he is more critical of the “special foreign resident” system itself that allows the *zainichi* to remain in a grey zone of not naturalizing to become Japanese.³²

³⁰Burakumin are an ethnic Japanese social group long segregated from and discriminated by the “mainstream” majority because of their background as untouchables engaged in jobs considered unclean, such as butchering, leather tanning, grave digging, and so on. Kansai has many burakumin communities. Iain Johnston, “Breaking the Silence”, *The Japan Times*, 20 January 2009.

³¹“Dowa mondai kaiketsu shiteinai [dowa problem hasn't been solved]”, *Sankei Shimbun* (web version), 29 July 2008 <http://web.archive.org/web/20080923174026/http://sankei.jp.msn.com/politics/local/080729/lc0807292225001-n3.htm>, accessed 3 August 2013.

³²“Hashimoto-shi, ‘shakai ruru tsukuri’ ni sansei mo tokubetsu eiju gaikokujin sanseiken fuyo nihantai [Hashimoto supports participation in social rule making but against giving vote to special permanent residents]”, 19 September 2012, *Sankei Shimbun* (web version), http://sankei.jp.msn.com/west/west_affairs/news/120919/waf12091919080030-n1.htm, accessed 1 August 2013.

For Mayor Hashimoto these social group issues were major policy issues for the prefecture and the city because social diversity and attendant discrimination and segregation have been a fact of life in many cities and communities in Kansai. One easily comes across a *zainichi* Korean³³ more regularly and openly in sections of Osaka; one is cautioned not to go near certain areas because they are *burakumin* parts of town. The existence of *zainichi* and *burakumin* as social minorities are an openly acknowledged reality that is neither hidden nor ignored, as it tends to be in Tokyo. As more foreign workers flow into Japan as a whole, and Japanese "mainstream" society is asked to be more accommodating to the notion of social, ethnic, or racial diversity, the pressure to improve the socio-political status of these historically segregated or discriminated "indigenous" social minorities in Japan will become harder to ignore in local and national politics.

Both the *zainichi* and *burakumin* problems as social minority issues arose sharply in course of Japan's modernizing history, and as such they are also part of the process of demythifying or "deconstructing" modern Japan's foundational myths, including the notion of homogeneous nationhood. At issue today is, "how are historical and traditional Japan understood?" Many Japanese as well as outside observers have almost been brainwashed by the idea that Japan is a homogeneous and nationalistic "nation." Hashimoto Toru himself professed to support the supremacy of the bloodline as condition for being Japanese, since he believes the emperor system is the most important factor in shaping Japanese nationhood.³⁴ While this is idea forms the crux of many right-wing nationalists's view of being Japanese, the situation in Kansai itself reveals that the case may not be so simple, and that this ethnocentric notion of nationality itself may be misleading Japanese nationalism and misrepresenting another part of the population for whom ethnicity is less an issue.

³³Zainichi is a term for special "foreign residents," used especially for residents of Koreans and Chinese origin or nationality. Many zainichi Koreans and Chinese have been living in Japan for several generations, but they are not full Japanese citizens.

³⁴From his speech to the Osaka Prefecture Assembly, Osaka Prefectural Assembly *Teirei Honkaigi Gijiroku*, 26 February 2010, p. 20.

For example, a Kobe native who works for the central government once confided:

The idea that the Japanese are a mono-ethnic nation is ridiculous. I have many Chinese friends from my childhood days because Kobe has historically had an overseas Chinese community. And, Kansai in general is an ‘ethnically’ diverse place; there are Chinese and Indians in Kobe, Koreans in Osaka, and you know, the burakumin ‘sections’ are scattered all over. While in Tokyo (or Kanto) people pretend that they don’t exist, in Kansai, we coexist even though we may not like each other. There is an unspoken rule not to overstep the mark between different social groups.

Kansai’s place in this long history of the Japanese archipelago and its understanding of Japanese identity suggest that there is historical foundation to contest the present-day relevance of modern “national” identity of an imagined community of the Yamato people forged by the modernizing architects of Meiji Japan.

COLD WAR BAGGAGE

In the right-wing anti-China sector that inherits this Cold War ideological mindset, views of China as, for example, an “inherent enemy,”³⁵ “an elephant too big,”³⁶ or simply a “threat” represent a particular way of thinking about Japanese security that regards the management of the US–Japan alliance as most important to Japan’s international relations. It is almost impossible to expect this mindset to understand that cultivating a meaningful relationship with China is now just as important for

³⁵Komori Yoshihisa of *Sankei Shinbun* criticized Sakakibara Eisuke, the former finance ministry official and “Mr. Yen,” when Sakakibara advocated a “strategic pragmatism of simultaneously pursuing [a] pro-US, pro-China track, using the China card against the US, and the America card against China,” in a piece for *Sankei Shinbun* (2 May 2004). Komori wrote: “[Sakakibara] is basically saying, ‘cosy up with China and don’t be so close to America’ ... by this he is putting the US, which is Japan’s ally, and China, which is an *inherently enemy* [italics by author], [in] the same boat... Moreover, he treats the free and democratic America and the single-party rule China as equals, which means that he has no conception of political values.” Komori Yoshihisa and Takubo Tadae, *Bunka-jin no Tsushinbo* [school report of intellectuals], (Tokyo: Fuso-sha, 2005), p. 254 (Komori and Takubo 2005).

³⁶Okamoto Yukio, “Prime Minister Abe’s Visit to the United States,” *AJISS-Commentary* (No. 3, 11 May 2007).

Japanese security. The other heir of the Cold War mindset fares no better, as this strand of left-wing thought begins by being anti-US, anti-alliance, and refusing to see the world as a brutal place of power struggle, where military force plays a central role.

In any case, these ideological divides in the security discourse are legacies of the Cold War and the politics of the left–right axis. However, the divide seems less rigid now and the grip of ideological polarization appears to be loosening. The right-wing camp is not as unified on all the issues that constitute the problem of historical interpretation or consciousness. For example, Osaka mayor Hashimoto Toru appears to be a hybrid “right-wing nationalist” and an open-minded liberal critical of some of the main tenets of right-wing nationalism such as racial chauvinism and exclusivism. While he believes in an ethnocentric nationality for the Japanese and forced a controversial policy in Osaka to penalize public school teachers who failed to show respect to the national flag (*hinomaru*) and sing the national anthem (*kimigayo*) in graduation ceremonies, he cannot be typecast as a right-wing nationalist leader in the same vein as Ishihara Shintaro or even Abe.³⁷ Beyond the realm of identity politics in which the likes of Ishihara often thrive by inciting nationalist sentiments, Hashimoto has been able to appeal to a wider audience because his policies and ideas do not necessarily tow any existing party line or are sometimes even at odds with them, as an Osaka-based journalist notes:

there are two fundamental mistakes Hashimoto’s critics make. The first is to assume his words and ideas are merely his own or those of a tiny minority, and do not reflect the views of a growing number of voters who live in the “real” Japan—the one that exists beyond Tokyo’s Yamanote Line. The second is to ignore the fact that Hashimoto’s comments and policies sound like independent populism at times but are often supported, sometimes quietly, sometimes loudly, by powerful members of the economic and political status quo Hashimoto is seemingly bashing.³⁸

³⁷The issue of *hinomaru* and *kimigayo* has long been anathema to progressives who regard them as symbols of continuity of the imperial past. During the administration of Keizo Obuchi, the government passed the law in 1999 to formally recognize *hinomaru* as the national flag and *kimigayo* as the national anthem.

³⁸Eric Johnston, “Is ‘rational’ Toru Hashimoto acting irrationally?”, *The Japan Times*, 14 June 2014.

A significant departure from old-style, right-wing nationalism is Hashimoto's stance toward China, which has not been confrontational like Ishihara's, although he has been just as outspoken about Japan's relations with China. It is worth recalling that in the Cold War era of the left–right axis, being right wing meant also being anti-China. But Hashimoto has not demonstrated this trait in his public statements, and has even made remarks about relations with China or Korea that, in the old ideological spectrum, would have been associated with the progressive political left. For example, when Tang Jiaxuan, China's former foreign minister (1998–2003) and president of the China–Japan friendship association (established by the PRC in 1963), visited Hashimoto in Osaka in April 2012, Hashimoto apparently hugged him and said, “there may be times of clashes but if we have [a] friendship from the bottom of our hearts, hardship can be overcome.” Hashimoto has also suggested Japan–Korea joint management of Takeshima/Dokto, the ownership of which is being contested between the two. His suggestion for joint management sent ripples across the nationalist camp vehemently opposed to recognizing the Korean claim. During his tenure as governor of Osaka, he welcomed President Hu Jintao to Osaka in 2008, exchanged views on lasting ties and cooperation between Osaka (and the Kansai region) and China, and even pledged to place an Osaka pavillion at the Shanghai Expo scheduled in 2010. Moreover, Hashimoto visited both China and Korea, but not the US.³⁹

CONCLUSION

Must Japan inevitably revert to the “modern” in reaction to China's challenge? Japan is more socially diverse than outside observers may initially think, and the nationalist idea of the Meiji nation-state as a model of unity and strength has limited appeal domestically, especially if it is understood to mean going back to a state that can wage war. The attempt to adjust to post-Cold War changes in the international environment and the drawn out reform process after the economic miracle ended have, together, begun to unravel the postwar political economy. The impact of the unravelling has been far-reaching, challenging the legitimacy of the LDP system of rule and also the old idea of the Meiji state. The conservative understanding of national history, which cannot accommodate the richness

³⁹“Hu concludes summit with Osaka, Nara events”, *Japan Times*, 11 May 2008.

of the country's cultural diversity, cannot sustain itself for much longer. Cracks in the nation-state lend themselves to the rise of identity politics of late, as the recent heirs of Japan's early conservatives hold on to ideas and methods of a modernizing Japan, ignoring the reality (when it comes to foreign affairs) that Japan is changing again since the challenge of 1945, when Japan lost an empire and was remade as a democracy under American tutelage. In this trajectory of change there is no going back to the logic of the hegemonic and centralized "nation-state" of the bygone era; the leaders and the people must seek reasons for renewal elsewhere.

In fact, even as Prime Minister Abe Shinzo eyes constitutional revision as the culmination of his popular reign, and right-wing former Osaka mayor Hashimoto's support through his brainchild *Ishin-no-kai* would be indispensable to this end, Abe must take note of the irony that Hashimoto's political antagonism and bile are not directed against Beijing but the centralized state in Tokyo. As the recent closing of ranks between Koike Yuriko, a former LDP defence minister turned reform-minded governor of Tokyo, and Hashimoto demonstrates, the strength of Hashimoto lies not in his nationalist voice in identity politics but in his appetite to attack the edifice of the obsolete, *modern* Japan.

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PART II

China and Japan in Multilateral Settings:
Cooperation and Competition

China and Japan in East Asian Arrangements: More Rivalry, Less Interdependence

Chung Chien-peng

Regionalism in East Asia (Northeast Asia and Southeast Asia) consists of overlapping arrangements of bilateral, multilateral, and “mini-lateral”¹ cooperative groupings of states in the diplomatic, economic and military realms, with variations in membership and formal scope. These overlapping structures offer diverse arenas for states with an abiding interest in East Asian security or strong ties to East Asian economies in which to engage and cooperate. They offer important means to channel competition for security and economic advantages by great powers, particularly the US, China, and Japan, for the most part within norms and institutions that are either established or negotiated by the Association of South East Asian Nations (ASEAN).

¹“Mini-lateral” refers to three or more sided subsets of existing multilateral cooperative groupings of states.

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Analysts often assume that multilateral processes and institutions are indicators and evidence of greater interdependence and adoption of common norms among states and societies. However, in the case of East Asia, these arrangements are in actuality another arena for great power competition, most obviously, rivalry between Beijing and Tokyo. Simply put, multilateral arrangements in East Asia may lead to greater antagonism rather than deeper interdependence. The friction between Japan and China in the “ASEAN Plus” multilateral regional forums anchored on ASEAN are described in this chapter in the order of their participation in the ASEAN Regional Forum (ARF), ASEAN Plus Three (APT), East Asia Summit (EAS), and ASEAN Defense Ministerial Meeting Plus (ADMM+). Their increasing reliance on cultivating bilateral and multilateral relationships are then briefly discussed. The chapter concludes with their emerging association with the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP) .

The roles and involvement of China and Japan in the ARF, APT, EAS, and ADMM+, may be described as having passed through all or some of these three stages: attempts at cooperation, mutual tolerance amidst rivalry, and pro forma attendance or purposeful nurturing—with the contrasting mode of behavior adopted depending on whether either country believes it is worth its while to expend attention or energy on a platform. Attempts at seeking out a mode of cooperation, Stage One, would characterize Sino–Japanese relations in the ARF from 1994 to 2004 and the APT from 1997 to 2004. Tolerating the other’s schemes while deploying one’s own stratagems to neutralize them, Stage Two, would describe their relationship in the ARF, APT, and in more retaliatory fashion, EAS from 2005 to 2009. Stage Three is seen as more attention is given to APT and EAS by China and Japan respectively, for diplomatic gains, and both these countries engage in pro forma attendance in the ARF and ADMM+, which reflects their security realignments in other set-ups beginning around 2007 but gathering strength since 2010. The proposed TPP and RCEP, for which Japan and China have respectively expressed interest, would fit into this stage. These three stages correspond to (I) Japan’s inability to maintain an effective grip on China’s rise, (II) Japan’s attempts to dilute China’s influence in regional frameworks to deny it clear or overall leadership of East Asia, and (III) Japan’s moves to contain China through alliance-weaving. The dates given are approximate, but the characteristics of the various stages can be quite clearly discerned.

The underlying tone of Sino–Japanese interactions in East Asian arrangements for the past decade has been one of competition for influence over regional member states of the forums. Since the mid-1990s, while China has been increasingly economically powerful vis-a-vis Japan, particularly in the arena of trade, Japan has been militarily reinforced with US backing, especially in the area of conventional security. This being the case, Tokyo would naturally desire to play a constraining or even obstructionist role in regional economic (trade) groupings, while it is in Beijing’s interest to play a similar role in regional (conventional) military groupings. In general, the functional effectiveness of a grouping will tend to decrease with increasing membership size, which involves more interests, objectives, and lines of communication to be taken into account, and increase with decreasing membership size. Unsurprisingly then, to concentrate and maximize their own influence in the regional forums where they have the strength or the advantage, China would favor having fewer members within economic groupings, while Japan would prefer the same within security groupings. Conversely, to diffuse and minimize their opponent’s influence in the regional forums where they are weak or disadvantaged, Japan would prefer having more members within economic groupings, whereas China would favor the equivalent within security groupings. A major consequence of this contest is that these regional arrangements have become, particularly since 2005, a numbers game.

ASEAN REGIONAL FORUM (ARF)

First Stage: Attempts at Cooperation (1994–2004)

The rise of China was what initially compelled Japan into multilateral institution building as part of its national strategy of engaging and socializing China. Indeed, the origin of the ARF may be traced to a proposal by then Japanese Foreign Minister Nakayama Taro to establish a multilateral security dialogue in and for the region at the annual ASEAN Post-Ministerial Conference (ASEAN-PMC) in July 1991. Ironically, a risen China is now responsible for Japan’s virtual abandonment of the ARF and pursuit of other bilateral and “mini-lateral” security networks.

The principal contradiction between China and Japan in the ARF is their very different security concerns and approaches to institutionalizing the ARF. Since the formation of the ARF in 1994, Japan, together with

the ASEAN states, was hoping that the forum could collectively persuade or pressure China to provide greater military transparency and reduce the likelihood of its military buildup, by getting the Chinese to understand the security concerns of other member states.

However, since the issue of territorial sovereignty claims over islands in the South China Sea was first raised at the second ARF meeting of foreign ministers in 1995 in Brunei Darussalam, Beijing has been wary of Tokyo pointing out that, although Japan is not a claimant to any territory in the South China Sea, the dispute may affect freedom of navigation and is thus a matter of common interest for the international community, including Japan. China does not want to internationalize the issue, preferring to deal with other claimants—Vietnam, Philippines, Malaysia, Brunei, and Taiwan—on a bilateral basis, with the advantages accorded to it by its vast size and economic weight. Due to Chinese opposition, discussion on the South China Sea dispute has moved slowly, and Japan has failed to gain access to various working groups which discuss this issue.² As Japan has been unable to secure its role or influence developments in Southeast Asia via the ARF, it has unsurprisingly become more pessimistic about the effectiveness of the forum.

According to the ARF Concept Paper (1995),³ promotion of confidence-building measures (CBMs) constitutes the first stage of the forum's evolution, of which pressing for the transparency of a member state's military establishment is a key undertaking. Of particular concern to China has been the movement towards developing and deploying a Theatre Missile Defense (TMD) system that Japan was carrying out with the US since 2003. Japan's rationale for engaging in TMD research, its perception of North Korea as a threat, was not shared by China. China's concern was that its comparative small stock of nuclear weapons, considered by Beijing to be the ultimate deterrence against an act of *de jure* separatism on the island of Taiwan, could be knocked out by such a system. Consequently, China has responded by limiting

²Joel Rathus, *Japan, China and Networked Regionalism in East Asia* (Basingstoke: Palgrave Macmillan, 2011), pp. 144–145 (Rathus 2011).

³ASEAN Secretariat, *The Asean Regional Forum: A Concept Paper* <http://aseanregionalforum.asean.org/files/library/Terms%20of%20References%20and%20Concept%20Papers/Concept%20Paper%20of%20ARF.pdf>.

its military transparency.⁴ Although the Concept Paper then went on to identify the development of preventive diplomacy as the ARF's second stage of evolution, the Chinese are concerned that moving to this stage could induce, or at least permit, intervention in what they consider as their internal affairs, such as, again, Taiwan.

Even with CBMs, one of the very few developed so far is the Annual Security Outlook (ASO), a compilation which would ideally contain Defense White Papers or their equivalent from each of the ARF countries. While Tokyo has contributed every year and made detailed submissions, Beijing has either skipped a few years, or its occasional submissions have studiously avoided discussing its defense policy or budget.⁵ China does not include such items as purchases of weapons from abroad, expenses relating to the People's Armed Police, funds for refitting an acquired aircraft carrier, or research and development (R&D) expenditures in its understated military budget.⁶ In 2010, ARF ministers widened the ASO's scope with the Simplified Standardized Format, which includes the publication of national defense doctrines, defense expenditure, and the total number of personnel in a country's armed forces. However, contributions to the ASO and the amount of information divulged are still voluntary.

After China fired missiles into the Taiwan Straits in 1996 prior to Taiwan's presidential election, Japan tried to bring the issue to the ARF's attention, but this initiative was strongly opposed by China on grounds that Taiwan is a domestic issue for China.⁷ At the 1997 ARF meeting, China criticized the recently concluded revised Japan–US defense guidelines, referring to bilateral military alliances as “relics of the Cold War.” After hosting the Intersession Group on Confidence-Building Measures (ISG-CBM) in 1997, Beijing has been much in favor of the ARF,

⁴Christopher W. Hughes, “Japan's military modernization: A quiet Japan–China arms race and global power projection,” *Asia Pacific Review* 16:1 (2009), pp. 84–99 (Hughes 2009).

⁵Rathus, *Japan, China and Networked Regionalism in East Asia*, p. 155.

⁶Kazuhiko Togo, “Regional security cooperation in East Asia: what can Japan and Australia usefully do together?” *Australian Journal of International Affairs* 65:1 (February 2011), p. 42 (Togo 2011).

⁷Kai He, *Institutional balancing in the Asia Pacific: Economic interdependence and China's rise* (London and New York: Routledge, 2009), p. 104 (He 2009).

focusing on a Non-Traditional Security (NTS) agenda.⁸ Then Chinese Foreign Minister Tang Jiaxuan made a pronouncement of his country's interest in developing NTS cooperation at the ARF foreign minister's meeting in 2002.⁹ Japanese officials have perceived the push for NTS or declarative-type CBMs as running contrary to Japan's interest in promoting CBMs focused on military transparency.¹⁰

Institutionally, Japan's proposals for the ARF Chair to be able to call an emergency meeting without prior notification, or make changes to a communique without consensus, were thwarted, not least by Chinese objection.¹¹ Increased communication and interaction between China and Japan within the ARF has not led to greater trust or confidence, but rather the opposite.

Second Stage: Mutual Tolerance Amidst Rivalry (2005–2009)

In 2006, Japan's Self-Defense Force began planning for three invasion scenarios from China involving a Taiwan Straits crisis, the contested Diaoyu/Senkaku islands, and the disputed gas fields in the East China Sea.¹² By the time Abe Shinzo became Prime Minister of Japan later that year, Japan had turned its attention to building up security networks outside of the ARF and China, and the ARF to Japan clearly remained no more than a supplementary security arrangement to its bilateral alliance with the US. Still, taking the opportunity afforded by a common venue, and the occasional appearance of North Korea, which is a member of the ARF, the forum would sometimes address that country's nuclear activities. The foreign ministers of Japan, South Korea, and the US held a separate conclave on the sidelines of the July 2011 ARF to call for a

⁸Takeshi Yuzawa, *Japan's Security Policy and the ASEAN Regional Forum* (London: Routledge, 2007), p. 80 (Yuzawa 2007).

⁹Speech by Chinese Foreign Minister Tang Jiaxuan at the Ninth ARF Foreign Ministers' Meeting, Ministry of Foreign Affairs of the People's Republic of China, July 31, 2002 <http://www.fmprc.gov.cn/eng/wjb/wjbz/2461/t14057.htm>.

¹⁰Rathus, *Japan, China and Networked Regionalism in East Asia*, p. 156.

¹¹Takeshi Yuzawa, "Japan's changing conception of the ARF," *Pacific Review* 18:4 (2005), p. 473 (Yuzawa 2005).

¹²Richard Samuels, *Securing Japan: Tokyo's grand strategy and the future of East Asia* (Ithaca, N.Y.: Cornell University Press, 2007), p. 169 (Samuels 2007).

resumption of the six-party talks on North Korea's nuclear disarmament at the meeting.¹³

Third Stage: Pro Forma Attendance (2010 Onwards)

China has also become less enthusiastic about the ARF. This was particularly since China was put on the defensive at the Hanoi meeting in July 2010 when ASEAN delegates, Japan, and then US Secretary of State Hillary Clinton brought up China's behavior on the issue of the territorial dispute over the Spratly islands, and voiced concern regarding the security of sea lanes of communication. The South China Sea was again subjected to debate at the July 2012 ARF meeting in Phnom Penh, with then Japanese Prime Minister Noda Yoshihiko raising the issue,¹⁴ and Ms. Clinton saying that "ASEAN should speak with one voice on the South China Sea and should have unity."¹⁵ The occasion for her call was that, in a meeting of deputy foreign ministers on 8 July 2012,¹⁶ ASEAN and China had agreed to start talks on a legally binding maritime Code of Conduct to manage the South China Sea disputes peacefully, but three days later, just before the start of the ARF meeting, China's attitude suddenly shifted and it refused to begin talks until "conditions are ripe."¹⁷ The ARF's joint statement subsequently failed to mention the talks for the Code of Conduct, which has not been concluded as of April 2016. Given their very different security and threat perceptions, particularly on the South China Sea territorial dispute, the ARF will remain a useful dialogue and consultation platform for Japan and China, but little more.

¹³Asia Pulse (Rhodes, Australia), "Japan to urge Chinese restraint in territory rows," July 20, 2011. The six parties are North Korea, South Korea, the United States, China, Russia and Japan.

¹⁴*Straits Times* (Singapore), "Japan warns that South China Sea row could damage regional stability," November 19, 2012.

¹⁵"Clinton urges ASEAN unity over islands," *Bangkok Post*, July 13, 2012.

¹⁶Vietnamese News Agency, "ASEAN-China consultation on COC opens," July 9, 2012, <http://en.vietnamplus.vn/Home/ASEANChina-consultation-on-COC-opens/20127/27213.vnplus>.

¹⁷*The Economist*, "Divided we stagger: ASEAN in crisis," August 18, 2012.

ASEAN PLUS THREE (ASEAN+3/APT)

First Stage: Attempts at Cooperation (1997–2004)

APT was formed in December 1997 as the first and, until now, sole East Asian states-only regional grouping. It was created in the midst of the Asian Financial Crisis to boost regional cohesion among East Asian countries and reduce their economic and financial dependence on the US and external powers. By allowing ASEAN to meet with its three dialogue partners—China, Japan, and South Korea—on a regular basis at the heads of government, ministerial, and senior officials' levels, the APT's establishment provided both an opportunity and a need for China and Japan to participate actively in promoting region-wide economic interdependence.

APT took on a principal economic integration function in May 2000, when the finance ministers of member states agreed in Chiang Mai, Thailand to create a network of bilateral currency swap arrangements. This marks the beginning of financial integration in the East Asian region, in the form of the Chiang Mai Initiative (CMI). Although no swap was ever activated, CMI represented one of the most tangible outcomes of APT, to supplement existing financial arrangements in addressing balance of payment and short-term liquidity difficulties of APT countries.

APT finance ministers announced their intention to “multilateralize” the CMI in May 2005 and created working groups to hammer out the details. The “Plus Three” states then agreed to raise the share of funds available for swapping without an International Monetary Fund (IMF) program from the existing 10% of IMF borrowing to 20%.¹⁸

Second Stage: Mutual Tolerance Amidst Rivalry (2005–2009)

Against Tokyo's attempts to widen APT's membership, Beijing was keen to pursue its deepening, particularly in an area in which it is increasingly having an advantage—international finance. The key institutional development in APT from 2005 onwards is the multilateralization of the CMI, to collapse the network of bilateral swaps under the CMI into

¹⁸Joint Ministerial Statement of the 8th ASEAN+3 Finance Ministers' Meeting, Istanbul, Turkey, May 4, 2005, paragraph 6(IV), <http://www.aseansec.org/17448.htm>.

a single pool from which members may borrow. To this end, an agreement was reached on 4 May 2008 that 80% of the Chiang Mai Initiative Multilateralization (CMIM) scheme would come from China, Japan, and South Korea, with the rest coming from ASEAN. At the APT conference at Pattaya, Thailand, in April 2009, in the wake of the Global Financial Crisis, South Korea accepted a quota of 16% of the total, or US\$24 billion.¹⁹ As to the remainder of the “Plus Three” quota of the CMIM, both China and Japan sought to provide the largest financial contribution, and enjoy the corresponding clout.²⁰

Even while negotiations to realize the CMIM were being carried out, a bilateral swap arranged outside the APT but subjected to CMI conditionality was signed between Japan and India on 30 June 2008, for an amount of US\$3 billion each way.²¹ Japan would not be alone in executing a deal like this, however. By the end of 2009, China had signed bilateral swap agreements worth 360 billion yuan (about US\$52 billion) outside the Chiang Mai framework.²²

Third Stage: Competition and Compromise (2010 Onwards)

As China was reluctant to accept having to make a lower financial contribution, and therefore have a lower voting weight, than Japan in the CMIM,²³ negotiations between the two countries dragged on for almost a year. Finally, in March 2010, a compromise was worked out whereby Japan and China each contributed US\$38.4 billion, or 32% of the US\$120 billion total. However, China’s share would include US\$4.2 billion from Hong Kong, which was suddenly added to the membership of the CMIM.²⁴ This would be the first time that China has been accorded equal financial voting weight with Japan in an international or regional

¹⁹Rathus, *Japan, China and Networked Regionalism in East Asia*, p. 114.

²⁰John D. Ciorciari, “Chiang Mai Initiative Multilateralization,” *Asian Survey* 51:5 (September/ October 2011), p. 938 (Ciorciari 2011).

²¹Rathus, *Japan, China and Networked Regionalism in East Asia*, p. 113.

²²China News Agency, October 21, 2009, <http://www.chinanews.com.cn/cj/cj-gncj/news/2009/10-21/1923726.shtml>.

²³Chaitrong Wichit, “Japan and China vie to be top contributor to regional fund,” *The Nation* (Thailand), April 10, 2009.

²⁴Agence France-Presse, “ASEAN, China, Japan S Korea finalize crisis pact,” May 3, 2009.

economic forum. Not surprisingly then, Japan wants to include not only India, Australia, and New Zealand, but also the US and even Russia in an expanded arena, to counter China's growing influence. As the largest economy in East Asia, China would be relatively more influential in a smaller setting, which is the main reason why China wants to limit the membership size of APT.

In May 2010, senior officials involved with the forum unveiled plans to create an APT Macroeconomic Research Office (AMRO) in Singapore "to monitor and analyze regional economies" and thus contribute to the "early detection of risks ... and swift decision making of the CMIM."²⁵ In the process of selecting the director for AMRO, Sino-Japanese dueling was again brought forth as China and Japan both pushed for their candidate. A compromise was reached in April 2011 whereby the Chinese candidate, Wen Benhua, a senior PRC official and former banker, would hold the post for the first year, while the Japanese candidate, Nemoto Yoichi, a counselor at Japan's Ministry of Finance, would serve for the remaining two years of the term.²⁶ By then, China's energy and attention had shifted to establishing the Asian Infrastructure Investment Bank as the outlet for its international financial influence.

EAST ASIA SUMMIT (EAS)

First Stage: Attempts at Cooperation (Before 2005)

The EAS was conceived of by its architects, the East Asian Study Group constituted by the APT, and enthusiastically supported by the Chinese, as a more structured way for China, Japan, and South Korea to cooperate with the ten countries of ASEAN on political, economic, and security matters. Since all APT members were expected to have an equal opportunity to chair the proposed EAS, so doing would allow China to play a bigger role by being the "core and engine" of the process of East Asian integration, and participate in "agenda setting and norm building as a

²⁵Joint Ministerial Statement of the 13th ASEAN+3 Finance Ministers' Meeting, Tashkent, Uzbekistan, May 2, 2010, paragraph 9, http://www.aseansec.org/documents/JMS_13th_AFMM+3.pdf.

²⁶Ciociani, "Chiang Mai Initiative Multilateralization," p. 946.

major power.”²⁷ Beijing also believed that nurturing a multilateral forum that excluded the US would mitigate American influence in East Asia.

Rivalry with Japan was a major contributory factor to China’s push for the earliest possible evolution of the APT into the EAS. After Chinese Prime Minister Zhu Rongji announced in November 2001 a plan to establish a free trade agreement with ASEAN, in 2002 China signed on to ASEAN’s Declaration on the Conduct of Parties in the South China Sea, and made a Joint Declaration on Cooperation in the Field of Non-Traditional Security Issues with the grouping. At the China–ASEAN summit in Phnom Penh in June 2003, China acceded to ASEAN’s Treaty of Amity and Cooperation (TAC) and proposed direct military-to-military consultations for the first time.²⁸

Japanese Prime Minister Koizumi Junichiro then proposed the idea of building an East Asian Community (EAC) that included Australia and New Zealand on his visit to several ASEAN states in 2003. Japan had reason to worry in that if China and ASEAN were to build a robust multifunctional community while other regional initiatives lagged behind, Beijing’s integrative juggernaut would inexorably lead to the APT being dominated by China. Thus Japan was concerned that China, with Malaysia under the anti-Western Prime Minister Mahathir Mohammed, would take the initiative in forging an EAS out of the APT without admitting new members. Japan’s Ministry of Foreign Affairs, which favored a wider concept of regionalism, issued in June 2004 a blueprint of Japan’s vision in building an EAC. In it, Tokyo noted that “Australia and New Zealand are essential partners in various forms of economic cooperation (to Japan and China) ... and India plays an important role in regional cooperation.”²⁹ Japanese officialdom obviously desired that any EAC be defined as APT+3, or ASEAN+6. China’s possible domination of the region also worried Indonesia and Singapore, to the extent

²⁷Qin Yaqing and Wei Ling, “Structure, Processes, and the Socialization of Power,” in Robert Ross and Zhu Feng, (eds.), *China’s Ascent: Power, Security, and the Future of International Politics* (Ithaca, N.Y.: Cornell University Press, 2008), p. 134 (2008).

²⁸Evan Meideiros and M. Taylor Fravel, “China’s New Diplomacy,” *Foreign Affairs* 82:6 (November/December 2003), pp. 22–35.

²⁹Ministry of Foreign Affairs of Japan, “Issue Papers Prepared by the Government of Japan,” June 25, 2004, p. 16, <http://www.mofa.go.jp/region/asia-paci/issue.pdf>.

that they lobbied for the inclusion of countries outside geographic East Asia, such as those suggested by the Japanese.³⁰

Second Stage: Vetoing the Other's Proposal (2005–2009)

By early 2005, a clear message had come from the US that it objected to the exclusive regionalism represented by the putative EAS as envisaged by China.³¹ The lead-up to the first EAS at the end of 2005 also witnessed anti-Japanese demonstrations in China, Beijing blocking Tokyo's attempt to become a permanent member of the United Nations Security Council on account of insufficient repentance for its wartime past, and a visit of Japan's Prime Minister to the Yasukuni Shrine where the souls of Japanese war dead and Class-A war criminals are reposed. All these developments led to a souring of relations between Beijing and Tokyo, which did not augur well at all for the new, and supposedly cooperative, forum.

When China failed to convince ASEAN countries not to invite non-APT countries to the first EAS in Kuala Lumpur in 2005, it favored a draft declaration for the summit that would portray the APT states as a core group having a dialogue with a secondary group made up of Australia, New Zealand, and India.³² This position met with strong opposition from Japan. Beijing then offered to host the second summit, but this was vetoed by Japan. When Japan bid to cochair the first EAS with Malaysia, the proposal was rejected by China.³³ When Japan's membership criterion for the EAS was adopted at its first meeting, China and Malaysia countered that the APT should be the primary vehicle for community building in establishing an EAC.³⁴ This was obvious tit-for-tat on the part of both Japan and China.

³⁰He, *Institutional Balancing in the Asia Pacific*, p. 45.

³¹Kazuhiko Togo, "Japan and the Security Structures of Multilateralism," in Kent E. Calder and Francis Fukuyama (eds.), *East Asian Multilateralism: Prospect for Regional Stability* (Baltimore, Md: Johns Hopkins University, 2008), p. 175 (Togo 2008).

³²Bruce Vaughn, "East Asia Summit: Issues for Congress," *CRS Report*, December 9, 2005, p. 2.

³³Eric T. C. Cheow, "East Asia Summit's Birthing Pains," *The Straits Times* (Singapore), February 22, 2005.

³⁴Jae Cheol Kim, "Politics of Regionalism in East Asia: The Case of the East Asia Summit," *Asian Perspective* 34:3 (2010), p. 128 (Kim 2010).

With Japan and China competing for supremacy, ASEAN moved to manage this community-building effort by insisting that only ASEAN countries get to host the EAS. ASEAN ministers usually begin their discussions first with counterparts from Japan, China, and South Korea, followed by consultations with other EAS countries. Beijing became frustrated by the decision to include non-APT countries in the EAS, believing that their inclusion would make it more difficult for the EAS to reach consensus with a higher number of members.³⁵ Furthermore, by including countries that China perceives as aligning together to marginalize Beijing, the EAS would decrease rather than increase Chinese influence.³⁶ The Chinese are probably right on both counts. The EAS declaration, calling for “an open, inclusive, transparent and externally oriented” regionalism,³⁷ was part of the Japanese proposal to expand membership to countries which embrace “universal” political values stressing human rights and democracy that China explicitly rejects, bring these states together to serve collectively as a counterweight to China’s influence in both the forum and the region, and alleviate American fear of a closed, Asia-only type of regionalism.

With its vision for the EAS blocked, China then changed strategy, attempting to neutralize the EAS’ effectiveness for Japan by welcoming as many foreign countries into it as possible. According to Cui Tiankai, who was the EAS’ founding head of the Asian Affairs Department at the Chinese Foreign Affairs Ministry, “the whole process of membership is open.”³⁸ As such, whatever momentum the EAS has is due to Japan’s efforts at promoting it. In 2007, Japan floated a Comprehensive Economic Partnership of East Asia (CEPEA) at the EAS embracing all of its member states, seeing it as the best metric of Japan’s ultimate goal of realizing its vision of an EAC, but this is hardly possible without a China–Japan FTA. Although the EAS has identified five priority areas of concern—energy conservation, education, finance, disaster response, and

³⁵Ibid., pp. 125–126.

³⁶Yan Wei, “A Broader Asia without China,” *Beijing Review*, No. 38, September 20, 2007, http://www.bjreview.com.cn/world/txt/2007-09/14/content_76288.htm.

³⁷*Asahi Shimbun*, December 15, 2005.

³⁸Edward Cody, “East Asian Summit Marked by Discord: New Group’s Role Remains Uncertain,” *Washington Post*, December 14, 2005, A24.

epidemics³⁹—its ministerial meetings have functioned as expanded yet more cursory versions of similar meetings of the APT.

Third Stage: Pro Forma Attendance (2010 Onwards)

Although reentering the Asian family of nations is an economic imperative for Japan, its relationship with the US is the linchpin of Japanese security and foreign policies. Since the departure of Prime Minister Hatoyama Yukio, Tokyo has supported US engagement in the EAS, in tandem with President Barack Obama's "pivot" to Asia. With the US and Russia joining as full members of the EAS in 2011, the focus of its meetings will become more diffused, to include discussions of more sensitive political issues and security problems. Yet, according to Guan Youfei, deputy director of the Ministry of National Defense's Foreign Affairs Office: "China holds a consistent stance: The South China Sea issue is not an issue between China and ASEAN, nor can the issue be discussed under the framework of ASEAN+8."⁴⁰ Although the trans-Pacific expansion of the EAS may make it less distinct from the ARF, the mandate of the former looks even narrower than that of the latter. Little aside from statements and declarations on matters of concern by member states can be expected from EAS meetings.

Beijing would gain influence by being at the center of regional cooperative arrangements that help to make rules for East Asia but do not include the US, so why did it agree to US participation in the EAS? This is because Beijing knows that many Asian nations actually welcome an American presence in the region's forums, and open opposition by China might increase its neighbors' suspicions of its intentions to dominate the region.⁴¹ China does want to accomplish East Asian integration, not least in the economic sphere, but not at the expense of complicating its relations with America, the only country that can conceivably put a stop to its rise. China's strategy in any forum in which the US and Japan are both present is not to openly criticize any proposal on the table, but to

³⁹Asia News Monitor (Bangkok), "United States/Russia/East Asia: Participation of US, Russia makes East Asian summit," November 17, 2011.

⁴⁰Asia Pulse (Rhodes, Australia), "Chinese, U.S. Defense Chiefs Plan Hanoi Meeting," October 7, 2010.

⁴¹Ming Wan, "The Great Recession and China's Policy Toward Asian Regionalism," *Asian Survey* 50:3 (May/June 2010), p. 535.

ignore it, or keep it under discussion until it is in its interest for a decision to be made.

ASEAN DEFENSE MINISTERIAL MEETING PLUS (ADMM+):

To promote military cooperation, defense ministers from ASEAN member states began an annual ASEAN Defense Ministerial Meeting (ADMM) in 2006 in Bali, constituting it as the highest ministerial defense and security consultative and cooperative mechanism in ASEAN reporting directly to the ASEAN heads of government. At the same time, ASEAN has increasingly realized that its interest lies in keeping powerful state actors external to Southeast Asia in a balanced relationship around the group itself, to better monitor their behavior and assert pressure on them to account for their actions should such a need arise.

At the fourth ADMM in May 2010, ASEAN defense ministers established an expanded “ADMM+” as a new security process, whereby they would meet with defense ministers from China, Japan, South Korea, Australia, New Zealand, India, the US, and Russia, knowing that none of these eight countries could afford to absent itself and leave the field to the others. ADMM+ has exactly the same membership composition as the EAS since 2011, but the defense forum is likely to be more specifically rooted in the discussion and promotion of non-traditional security matters.

ADMM+ undertook to enhance mutual trust and confidence through dialogue and exchange among members’ defense establishments; strengthen regional defense and security cooperation by taking concrete and practical actions to address pertinent issues; establish an ASEAN Defense Senior Officials’ Meeting Plus (ADSOM-Plus); and launch specific Expert Working Groups on humanitarian aid and disaster relief, military medicine, maritime security, counterterrorism, peacekeeping, and mine deactivation. However, one should be wary of expecting too much from this or any other security offshoot of ASEAN, as ASEAN is premised on the principle of noninterference in the domestic affairs of member states, and these states have traditionally viewed cooperation involving the armed forces as particularly intrusive upon national sovereignty.⁴²

⁴²Jorg Friedrichs, “East Asian Regional Security,” *Asian Survey* 52:4 (July/August 2012), p. 771 (Friedrichs 2012).

At the first ADMM+, US Secretary of Defense Robert Gates reiterated Secretary of State Hillary Clinton's offer in the foregoing ARF meeting of US mediation in the South China Sea territorial dispute to achieve a peaceful outcome based on international law. However, failure to ratify the United Nations Convention on the Law of the Sea makes the US stance unconvincing, and keeping to its long-standing position opposite to that of the US and Japan, China is adamant about not involving other parties to help resolve the matter.

At the 6th ADMM meeting in Phnom Penh on 29 May 2012, a Humanitarian Assistance and Disaster Relief (HADR) initiative was adopted. Since then, the ADSOM-Plus Expert Working Group on HADR has held conferences focusing on legal aspects of deployment of ADMM+ military forces in HADR activities, training of personnel for HADR, and the experiences of armed forces in coping with such natural disasters as storms, floods, and landslides.⁴³ An ADMM-Plus Humanitarian Assistance and Disaster Relief/Military Medicine Exercise was held in Brunei in 2013.⁴⁴ Furthermore, a counterterrorism exercise, cosponsored by the US and Indonesia, and a maritime security exercise, cochaired by Malaysia and Australia, also took place in 2013 under the aegis of ADMM+. Similar exercises and associated workshops organized by the relevant ADSOM-Plus Expert Working Groups have since been held under the Meetings' auspices. Another issue agreed upon during the 6th ADMM was to increase the frequency of the ADMM+ meetings from three years to two after the second ADMM+ in 2013.⁴⁵ However, at the end of the third ADMM+ in November 2015, no joint communique could be issued, for while the US and Japan had wanted the South China Sea territorial dispute to be mentioned in it, this was met with China's firm opposition, which was supported by ASEAN.⁴⁶

⁴³Voice of Vietnam, "ADMM expert working group meets in Hanoi," August 8, 2012 <http://english.vov.vn/Politics/ADMM-expert-working-group-meets-in-Hanoi/235016.vov>.

⁴⁴Kor Kian Beng, "Singapore, China seek wider defense ties," *The Straits Times* (Singapore), June 19, 2002.

⁴⁵William Choong, "Vital to have more openness at the summit," *The Straits Times* (Singapore), June 4, 2012.

⁴⁶Zhou Bo, "US Insistence at ADMM-PLUS Wins no Applause," *China & US Focus*, 24 November 2016 <http://www.chinausfocus.com/foreign-policy/south-china-sea-should-not-be-an-admm-plus-issue/>.

BILATERAL/MINI-LATERAL RELATIONS TO THE FORE

Since 2005, participation in the “ASEAN Plus” forums has become a game of adding numbers, particularly with regards to the two newer arrangements of EAS and ADMM+. The inclusive nature of these forums means that too many parties are at the table for serious negotiations to take place. Duplication of regional economic (APT and EAS) and military (ARF and ADMM+) architectures, with all these forums dealing with NTS in some ways minimally agreeable to every participant, will make regional cooperation more cumbersome, confusing, and difficult. Perhaps this is ASEAN’s way of enmeshing powerful players around itself so that they will watch over one another when discussing affairs of mutual concern and carrying out various forms of joint activities.

It is still the practice for the prime or full ministers of China or Japan to attend the relevant ASEAN-related meetings such as the EAS, APT, ARF, or ADMM+, but few decisions on anything can now be reached in these forums. Instead, China and Japan are both relying on bilateral or mini-lateral relations for more comfortable and effective interactions with friends and partners to advance their own purposes and influence. The Japan–US military alliance still forms the bedrock of Tokyo’s defense policy, but Japan has also been engaging in security dialogues and military exercises with key US regional allies and partners such as Australia and India. The People’s Liberation Army of China has also conducted military exercises with the armed forces of Thailand and Singapore in recent years, focusing on anti-terrorism training and cooperation.

ESTABLISHING NEW TRADE/ECONOMIC GROUPINGS

Amidst the Sino–Japanese rivalry over regional arrangements, countries spanning the Pacific Ocean were thinking up a trade group that would spur commerce and investment amongst themselves. Furthermore, with Beijing having been the leader in establishing Asian trade blocs since 1997, and the US having suffered greatly economically from the recession that started in 2008, Washington became concerned that economic integration in East Asia centered on China, coupled with the failure to advance free trade in the Asia-Pacific Economic Cooperation (APEC) forum or the Doha Round of the World Trade Organization to the degree that the US has desired, might become a threat to the primacy

of US interests, economic and otherwise, in that part of the world. To move free trade forward across the Pacific Ocean, Singapore, Brunei, New Zealand, and Chile had agreed to constitute a four-country FTA in March 2006 called the Trans-Pacific Strategic Partnership Agreement (TPSEP). Article 20(6) of the Agreement states that all APEC member economies are welcomed to join. With the US, Australia, Peru, and Vietnam having started membership negotiations by 2009, and Malaysia included in 2010, the TPSEP was renamed the Trans-Pacific Partnership (TPP). Canada and Mexico became parties to TPP negotiations in 2012. Neither the US nor Japan welcomed China to join in the TPP negotiations.

Actively promoted by President Obama as a vital piece of his administration's "pivot" to Asia, the TPP is comprehensive in its coverage, and includes not only extensive liberalization in trade, services, trade rules, and government procurements, but also investment and capital flows assurances, intellectual property rights protection, environmental conservation, and protection of the rights of labor unions. Talks are progressing slowly on market access, especially with Malaysia and Vietnam, since the US has proposed that all preferential policies for state-owned enterprises discriminatory to foreign enterprises should be abolished, and Australia is concerned about opening up international dispute settlement mechanisms to private investors.⁴⁷ On international property rights, serious differences also remain among countries as to the appropriate period of protection to be given to pharmaceutical patents and copyrights for movies and entertainment products.

Japan first expressed interest in the TPP with a policy speech by former Prime Minister Kan Naoto on 1 October 2010, weeks after the incident outside the disputed Senkaku/Diaoyu islands in which the Chinese captain of a boat was detained by Japanese authorities for ramming his craft into a Japanese coast guard vessel. Since the TPP seems to be more than another free-trade organization, but rather one that is fashioned by the US in negotiations to pursue its geopolitical gains by grouping

⁴⁷Inkyo Cheong, "The TPP and the Quest for East Asian Regionalism: Beyond the Spaghetti Bowl," *Global Asia* 8, no. 1 (Spring 2013): 62–63.

together its friends and allies to restrain the rise of China, Japan feels comfortable with membership in the TPP.

In November 2011, when Prime Minister Noda Yoshihiko announced that Japan wanted to join the TPP, then US Trade Representative Ron Kirk welcomed the move but insisted Tokyo must be prepared to meet the “high standards” of liberalized trade by reducing import barriers to agriculture, meat, and services. At least one major US car company, Ford Motor Co., said it opposed letting Japan into the negotiations because it believes Tokyo was not prepared to address barriers to importing American cars.⁴⁸ Swallowing any qualms which it may have regarding the impacts of market opening on its economy, particularly its highly subsidized agricultural sector and heavily cartelized retail distribution networks, Japan joined TPP negotiations in April 2013. The TPP was inaugurated in February 2016 but would only be operationalized upon ratification by at least six of its twelve member states. In November 2016, Prime Minister Abe Shinzo rammed the ratification of the TPP through the Lower House of parliament. But it was a hollow victory because Donald Trump, who opposed the TPP, won the November 2016 US Presidential Election.

In response to the US-backed TPP, Beijing has pushed for a Regional Comprehensive Economic Partnership (RCEP) . This RCEP is narrower in scope and does not cover intellectual property rights, reform of state-owned enterprises, or regulatory standards, but allows members to drop trade policies with which they disagree and protect sensitive industries from competition.⁴⁹ However, China’s vision of the RCEP includes only the members of the original EAS without the participation of the US or Russia. With Trump’s rejection of the TPP, Beijing now has the upper hand in rule making and trade arrangements in East Asia. Tokyo might well have to swallow a bitter pill to participate in the RCEP because it cannot afford to be excluded from this regional trade arrangement.

⁴⁸Doug Palmer and Michael Martina, “Free trade gets boost at APEC from Japan,” *Reuters News agency*, 11 November 2011 <http://www.reuters.com/article/2011/11/12/us-apec-f-idUSTRE7AB04O20111112>.

⁴⁹Asia News Monitor (Bangkok), “China plans Asia-Pacific trading bloc,” 21 May 2013.

CONCLUSION

China and Japan are currently more interested in preventing the other from establishing dominance over the region than in coming up with a defining regional architecture to promote regional cooperation. Both countries have revealed through their recent actions that they regard participating in regional frameworks as but a foreign policy tool to enhance their own interests and influence. With China and Japan in an uncooperative mood, and their desire to separately establish and promote relations with individual countries both within and outside the “ASEAN plus” groupings, ASEAN’s referee/middleman role in these arrangements, and its ability to manage great power relations through them, may be increasingly rendered impotent and superfluous.

The larger the “ASEAN plus” grouping, the less effectively they can be expected to function, but participating in smaller economic groupings may result in ASEAN being dominated by China, with China turning the association into its appendage through “functional cooperation.” Likewise, being a member of smaller military groupings may lead to domination of the collective by one or more members of the Australia–Japan–India–US “Quad” and pressure to adopt “universal values.” Yet either confronting China or “bandwagoning” with it may tear ASEAN apart, along the lines of the political values, economic interests, and foreign policy positions of its member states. As ASEAN does not have the capability to arbitrate the intensifying competition between China and Japan or the intention to go with the leadership of either within the “ASEAN plus” forums, for the foreseeable future, what remains are much of the form and little of the substance of regional economic and military groupings. With Sino–Japanese rivalry, constructing a community of East Asian countries will be impossible, and “ASEAN-led” regionalism will become a meaningless concept.

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China, Japan, and the Greater Mekong Basin: A Southeast Asian Perspective

Keokam Kraisoraphong

INTRODUCTION

The Greater Mekong Basin (GMB), considered among the world's poorest regions, spans six countries, a number of which were ridden by conflict, wars, and civil wars during the 1960s, 1970s, and 1980s. In the aftermath of peace, policy shifts in the late 1980s towards market-oriented economic development in these postwar states emerged with the evident need for external development assistance. The Greater Mekong Subregion (GMS) Economic Cooperation Program initiated by the Asian Development Bank (ADB) in 1992 has been part of the response to such needs. Aimed to assist the less-developed GMS countries—Cambodia, Laos, Myanmar, and Vietnam (CLMV)—achieve sustained economic growth and social progress, the GMS program has witnessed the evolution of China's role in just over a decade from

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being one of the initial beneficiaries to a major benefactor.¹ Thanks to its approach in incorporating economic incentives with a policy of political noninterference, China has expanded its presence within the CLMV countries where its investments have been high in cumulative value terms as well as in number.² But not all aspects of China's increased development role have been well received by CLMV governments. In addition to their enthusiasm to achieve economic growth, the GMS countries also have security concerns and thus are aware of security implications or complications likely to emerge from China's rising and expanded power and influence. Moreover, China's prominence has also been met with contestation from civil society based on concerns that economic investment from and cooperation with China will generate long-run risks of environmental damage and other nontraditional security challenges.

Japan, on the other hand, has long been the regional economic power. But its geographical distance places it in a different position from where China stands in relation to the other Mekong riparian countries. Being the largest aid donor in the region, Japan increased its Official Development Assistance (ODA) to CLMV in support of regional integration,³ and formed the Japan–Mekong Partnership Program in 2007 to further enhance regional cooperation with the Mekong River Basin (MRB) countries.⁴

As much as China–Japan cooperation is deemed essential for the development of MRB countries,⁵ their contribution in terms of trade,

¹Teng Seng Lim, “China’s Active Role in the Greater Mekong Sub-Region: A “Win-Win” Outcome?,” *EAI Background Brief*, no. 397 (2008): 4 (Lim 2008).

²Yasushi Ueki, “Japan’s International Trade and FDIs to the Mekong River Basin Countries: Recent Trends in Comparison with China,” in *A China–Japan Comparison of Economic Relationships with the Mekong River Basin Countries*, ed. Mitsuhiro Kagami (BRC Research Report No. 1, Bangkok Research Center, IDE-JETRO, Bangkok, Thailand, 2009), 117 (Ueki 2009).

³Minoru Makishima and Mitsunori Yokoyama, “Japan’s ODA to MRB Countries,” in *A China–Japan Comparison of Economic Relationships with the Mekong River Basin Countries*, ed. Kagami Mitsuhiro (BRC Research Report No. 1, Bangkok Research Center, IDE-JETRO, Bangkok, Thailand, 2009) p. 166 (Makishima and Yokoyama 2009).

⁴Hidetaka Yoshimatsu, “The Mekong Region, Regional Integration, and Political Rivalry among ASEAN, China and Japan,” *Asian Perspective* 34, no. 3 (2010) p. 97 (Yoshimatsu 2010).

⁵Mitsuhiro Kagami, ed., *A China–Japan Comparison of Economic Relationships with the Mekong River Basin Countries* (BRC Research Report No. 1, Bangkok Research Center, IDE-JETRO, Bangkok, Thailand, 2009), p. 1 (Kagami 2009).

foreign direct investment (FDI), and ODA exemplifies notable differences in approach. To compare the roles and approaches of the two actors, China and Japan, in terms of their involvement in the GMB development process, this chapter proceeds in three parts. First, the chapter briefly reviews the extent and relative difference between China and Japan's attention in the GMB: whereas China has taken a geopolitical as well as geo-economic-oriented role perceived to have significant security implications, Japan has, on the other hand, tended to focus on an economic-development standpoint. The second part of the chapter compares the two countries' approach to cooperation: China, geographically the source country of the Mekong River, has chosen not to be party to the multilateral agreements on the GMB water management frameworks but, instead, has focused on bilateral agreements to support investments in the construction of transport networks seen to facilitate cross-border flows of goods and people. Japan, upon its policy changes in the early 2000s has, on the other hand, come to undertake an approach based more on multilateralism.⁶ Since the advent of the Abe Administration in 2012, Tokyo has also sought to secure the support of the MRB countries to oppose perceived Chinese assertiveness in the South China Sea. Finally, the chapter concludes with a comparative observation of the perceived outcomes of China and Japan's approaches when assessed against the implications for sustainable and inclusive development of the GMB.

THE PRESENCE OF CHINA AND JAPAN IN THE GMB: UNDERPINNING ATTENTION

China's presence in the GMB is, unavoidably, shaped by its geographical position as a source country of the Mekong River. But its role as a result of its recent rapid economic rise within the GMB has been by intention through its regional cooperation design. For both traditional and nontraditional security reasons China turned to strengthen its ties with the countries of GMB through its domestic development strategy. This economic development strategy in concert with its foreign policy has, however, always had security implications. Geopolitically, GMB is a region of importance to China in that it provides China with direct

⁶Ueki, "Japan's International Trade and FDIs," p. 109.

access to the Indian Ocean and could thus be a substitute for the sea-lane through the Straits of Malacca,⁷ by which 80% of China's oil import is shipped.⁸ Although China considers the region to be under its economic and political influence, it has historically also been the region which external great powers used as a base to encroach upon China and likewise to obstruct the furtherance of China's influence.

On the other hand, Japan, despite its role as an external actor, has been active ahead of China with its assistance to GMB countries on several developmental fronts: trade and investment, particularly with Thailand, and assistance in development and peace negotiations in Indochina—during the time when China and GMB countries were still polarized in the conflict over Vietnam's invasion of Cambodia. For Japan, the post-World War II pacifist constitution strictly constrains its military contributions to the international community—thus limiting its foreign policy tools to the use of ODA.⁹ Under such constraints Japan's external economic diplomacy has been to advance the commercial interests of the Japanese business sector. Its development policy in the region has thus been guided by an economically driven view of the GMB as a resource base as well as a production base and a market.¹⁰

With its open-door policy beginning in 1978 China began to incorporate as part of its foreign policy, its emphasis on economic cooperation. China's policy of "Good Neighborliness" in the 1980s, while expressing its desire to establish peaceful relations with GMB countries, also reflected its own pursuit of economic growth and the necessity attached to its domestic reform program—the "Four Modernizations"—in agriculture, industry, technology, and national defense.¹¹ When the years of conflict in Cambodia ended in 1991, as did the Cold War in Southeast Asia, the ADB, of which Japan is the largest contributor, began discussions with GMB countries—consequently leading to the establishment of

⁷Yoshimatsu, "*The Mekong Region*," pp. 77–78.

⁸Hisane Masaki, "*China, Japan tug-of-war over Indochina*," *Asia Times Online*, October 5, 2005. <http://www.atimes.com/atimes/Japan/GJ05Dh03.html> (Masaki 2005).

⁹Masaki, "*China, Japan tug-of-war*" (Masaki 2005).

¹⁰Yoshimatsu, "*The Mekong Region*," p. 98.

¹¹Oliver Hensengerth, "*Money and Security: China's Strategic Interests in the Mekong River Basin*" (Briefing paper: Chatham House, 2009) p. 3, <http://www.chathamhouse.org/publications/papers/view/109076> (Hensengerth 2009).

the Greater Mekong Subregion (GMS) Economic Cooperation Program the following year. With China, Myanmar, Laos, Thailand, Cambodia, and Vietnam as members, and international organizations and donor nations as observers, the GMS since 1992 has become “the most high-profile and powerful vehicle for promoting development projects in the MRB.”¹²

Aside from the GMS, Japan in 1993 proposed the creation of the “Forum for Comprehensive Development of Indochina” (FCDI) and hosted its first Ministerial Meeting in 1995.¹³ The “Task Force for Strategies for Development of the Greater Mekong Area,” consisting of private sector experts, was then formed the following year to propose Japan’s fundamental development approach for the Indochina nations along the Mekong River. The Task Force’s report, published in that same year, outlined Japan’s support of a *harmonized and balanced development approach* to be based on “infrastructure development transcending political borders and regions; priority support to Cambodia and Laos; and emphasis on environmental issues in areas along the MRB.”¹⁴ By this proposed approach, Japan proceeded to provide development supports such as the WID initiative to emphasize women’s role in promoting development in developing nations (WID Initiative)—under which an action plan for the Indochina region was adopted with recommendations for “better skill training, better working conditions for women, greater access to credit and finance, and support of women entrepreneurs.”¹⁵ This initiative also led to Japan’s further contribution related to women’s issues, including financial cooperation through UNDP funding in activities such as construction of child care centers, maternal care health centers, and elementary schools.¹⁶

¹²Masaki, “*China, Japan tug-of-war*”.

¹³The objectives of the Forum for Comprehensive Development of Indochina were: (1) Development of the whole of Indochina from the regional perspective; (2) International cooperation through voluntary coordination of assistance based on information exchange among participating nations and organizations; and (3) Promotion of market economies in the three countries.

¹⁴Ministry of Foreign Affairs (MOFA) of Japan, *Tokyo Strategy 2012 for Mekong–Japan Cooperation*, accessed September 13, 2012 (Ministry of Foreign Affairs of Japan 2012b).

http://www.mofa.go.jp/region/asia-paci/mekong/summit04/joint_statement_en.html.

¹⁵MOFA, “*Tokyo Strategy 2012*”.

¹⁶MOFA, “*Tokyo Strategy 2012*”.

During this period China, who joined the GMS as one of the beneficiaries, was preoccupied with the pursuit of its own growth. The need to secure stable oil and other energy supplies to fuel its sharply rising economic activities was then one of its prime concerns. When it became a net importer of crude oil in 1993, China's economic cooperation with GMB countries was further driven by its need to secure a land route that could, when necessary, substitute its current sea route to ensure uninterrupted transport of its energy supplies.¹⁷

China's development was well underway when it adopted its 10th Five-Year Plan in 2000. The Plan, which commenced in 2001, featured the Western China Development strategy,¹⁸ also known as the "Go West" strategy, and the launch of the "Go Global" strategy.¹⁹ Now that development of the eastern coastal provinces had been successfully achieved, correcting the widening gap between the flourishing east and the poverty-stricken western provinces was next on the agenda.²⁰ The need to open up the west was clear—one of the reasons was that the country's political stability was at stake. According to this strategy, development efforts and resources were to be channeled to the poorer landlocked western areas, such as those of the southwest Yunnan province, through which the Mekong River flows and by which China is connected to Southeast Asia.²¹ Development of the MRB thus became China's

¹⁷Masaki, "China, Japan tug-of-war".

¹⁸Hensengerth, "Money and Security", p. 3.

¹⁹Kevin Yuk-shing Li, "China's Role in Mekong Energy and Electricity Development," (StudyMode.com, 2013) p. 4, accessed May 5, 2013 (Yuk-shing Li 2013).

<http://www.studymode.com/essays/China%E2%80%99s-Role-In-Mekong-Energy-And-1702072.html>.

Xingmin Yin, "China's Trade and FDI to MRB Countries: An Advocacy Document in *A China–Japan Comparison of Economic Relationships with the Mekong River Basin Countries*, ed. Kagami Mitsuhiro, (BRC Research Report No.1, Bangkok Research Center, IDE-JETRO, Bangkok, Thailand, 2009) p. 50 (Yin 2009).

Yin pointed out that the "Going Global" strategy was intended to promote the international operation of capable Chinese firms with a view to improving resource allocation and enhancing international competitiveness.

²⁰Yin, "China's Trade and FDI", p. 19.

According to Yin, there is a big income difference between the coastal and inland provinces—for instance GDP per capita in 2008 for Shanghai was US\$10,530, but only US\$1800 for Yunnan province.

²¹Hensengerth, "Money and Security", p. 5.

top-priority project,²² whereby national funds were earmarked for massive infrastructural development deemed to generate industrial activities in the provinces of Yunnan and Guangxi to support poverty alleviation programs in the west and provide cross-border connectivity that would create the export markets within the GMB countries for western Chinese-manufactured products.²³ From this perspective, China's international cooperation with GMB countries is a strategic extension of its national development policy driven by the idea that the success of its western development depended in part on the benefits it manages to derive from its external economic cooperation with GMB countries.

The strategic importance of the GMB to China's transnational and nontraditional security was first acknowledged in its 2002 white paper on national defense.²⁴ Under its New Security Concept China foresaw the necessity to engage in institutions of the GMB.²⁵ However, China's approach to engagement warrants further discussion, which will be taken up in the next part of this chapter on regional cooperation.

In 2002, implementation of the GMS Economic Cooperation Program picked up again after its delay by the setbacks of 1997–1998 Asian financial crisis. At the first GMS Summit in 2002, the 10-year GMS Strategic Framework for 2002–2012 was adopted and nine priority sectors for cooperation were identified.²⁶ A strategic action plan for the next 10 years was thus reaffirmed to include eleven flagship programs worth approximately one billion US dollars—with a common strategic framework covering a series of flagship programs under which key projects were identified to enhance regional cooperation.²⁷ With accessibility being the main issue for the GMB, whereby the major task was “to reduce physical barriers to trade and investment,” the projects initially focused on transnational transportation infrastructure according to the designated economic corridors.²⁸ Among the GMS's most high-profile

²²Masaki, “*China, Japan tug-of-war*”.

²³Hensengerth, “*Money and Security*”, p. 6.

²⁴Hensengerth, “*Money and Security*,” 5.

²⁵Hensengerth, “*Money and Security*,” 11.

²⁶The nine priority sectors for cooperation identified include: transport, communications, energy, the environment, tourism, trade systems, investment, human resources development, and agriculture.

²⁷Lim, “*China's Active Role*”, p. 3.

²⁸Lim, “*China's Active Role*”, p. 3.

transnational projects were the “East–West Corridor” and the “North–South Corridor.”

The “North–South Corridor” project funded by China is to build a highway linking Kunming and Bangkok with part of the road passing through Laos—as well as to link Kunming and Haiphong in Vietnam.²⁹ The “East–West Corridor” project mainly supported by Japan is to “build a major highway, including a bridge over the Mekong River, to link Mukdahan in northeastern Thailand, Savannakhet in southern Laos and the port of Da Nang in central Vietnam.”³⁰

Japan, for its part since 2000, set out to “step up cooperation in the GMS”³¹ as it attempted to reestablish its links with the Mekong region more directly.³² The first summit meeting in November 2004 between Japan and CLMV began their discussions of concrete cooperative programs.³³

By now China’s and Japan’s moves to establish their presence in the GMB were perceived to have become those of an intensified rivalry.³⁴ An obvious area under such rival moves is in transport infrastructure. While China is known to commit to the development of its initiated vertical, North–South economic corridor, Japan is seen to maintain its presence against China by its support of the horizontal, East–West economic corridors.³⁵ To further limit the MRB countries’ dependence on China while proceeding to integrate the MRB countries into the broader regional and international economies, Japan came to support the extension of the Second East–West Economic Corridor by the

²⁹Kitano Naohiro, “*China’s External Economic Cooperation: Ties to the Mekong Region*” (Nippon.com Your Doorway to Japan, 2012), accessed September 13, 2012. <http://www.nippon.com/en/in-depth/a00803/> (Naohiro 2012).

³⁰According to Masaki (2005), the highway upon completion is to be extended to Mawlamyine in southern Myanmar and the “Second East–West Corridor” project is to build another highway linking Bangkok, Phnom Penh, and Ho Chi Minh City.

³¹Masaki, “*China, Japan tug-of-war*”.

³²Yoshimatsu, “*The Mekong Region*”.

³³Yoshimatsu, “*The Mekong Region*”, p. 97.

³⁴Masaki, “*China, Japan tug-of-war*”, Naohiro, “*China’s External Economic Cooperation*” and Yoshimatsu, “*The Mekong Region*,” 72.

³⁵Masaki, “*China, Japan tug-of-war*.” Masaki notes that Japan balked at funding the “North–South Corridor” project, partly for fear of lending China a hand to increase its influence southward on the Indochina peninsula.

construction of the “East Asia Industrial Corridor” that would lead to India’s east coast.³⁶

When China hosted the second GMS Summit meeting in 2006, it was clear that along with its economic rise, China increasingly adopted the role of benefactor in its participation in the GMS. This time China established a US\$20 million poverty reduction fund in the ADB and in this same period spent approximately US\$4 billion to build highways which would connect Kunming to various parts of the GMB.³⁷ Japan then proposed the setting up of the Japan–Mekong Region Partnership Program after it held the third Japan–CLV foreign ministers’ meeting in 2007. The Program is founded on “three guiding pillars and three new commitments: the promotion of integration and linkages of regional economies, the expansion of trade and investment between Japan and the Mekong region, and the sharing of values and engagement in common problems in the region.”³⁸ As a result, Japan’s official ODA to CLMV was renewed to US\$40 million and Japan–Mekong Region ministerial meetings were to be held regularly. This was seen as an attempt by the Japanese government to formulate a formal institution to substantiate the needed economic networks with all the MRB countries.³⁹ However, during this same period, the Japanese business association, Nippon Keidanren, expressed in a position paper the view that Japan should strengthen its economic partnership with China.⁴⁰

On the other hand, because the Mekong–Japan foreign ministers’ meetings were linked exclusively to the MRB countries—in the same way that China holds its ministerial and summit meetings under the GMS program—Japan viewed the Mekong–Japan Foreign ministers’ meetings as helping to level its status with that of China. The first Mekong–Japan foreign ministers’ meeting in 2008 is thus seen to offer signs of the new millennium in Japan’s Mekong policy where there is a “clear ‘geopolitical’ orientation to balance China’s growing influence in the region.”⁴¹

³⁶Yoshimatsu, “*The Mekong Region*”, p. 99.

³⁷Lim, “*China’s Active Role*”, p. 4.

³⁸Yoshimatsu, “*The Mekong Region*”, p. 97.

³⁹Yoshimatsu, “*The Mekong Region*,” 97.

⁴⁰Yoshimatsu, “*The Mekong Region*,” 102. According to Yoshimatsu, the position paper was entitled “A Call for the Development and Promotion of Proactive External Economic Strategies”.

⁴¹Yoshimatsu, “*The Mekong Region*,” 98.

Now that both have the status of donor country, China and Japan look to the countries of GMB also as their potential political allies in matters that may require their support in international organizations—such as when Japan sought their support to become a permanent member of the UN Security Council.⁴² In line with this perspective, China and Japan are also perceived to be vying for the lead role in creating the East Asian Community (EAC),⁴³ a process that is still much debated. But by 2008 the foreign ministries of both countries had also begun to engage in policy dialogues when they held the first China–Japan Policy Dialogue with regards to their commitments to the Mekong region.⁴⁴ However, a study in 2010 on China’s and Japan’s commitments to the Mekong region pointed out that while such dialogues may have the potential to initiate joint collaboration for Mekong support, they did not indicate any changes in the basic policy stances of Beijing or Tokyo.⁴⁵

With a new 10-year strategic framework through to 2022, adopted at the fourth GMS Summit meeting in 2011, China’s economic cooperation with the GMB countries will continue to advance in the major projects, particularly on transportation and energy. Seemingly, it is widely anticipated that China’s influence in the GMB will overshadow Japan’s presence despite Japan’s recent effort to establish more direct ties with MRB countries through such means as the Japan–Mekong Region Partnership Program and the Mekong–Japan foreign ministers’ meeting.

But China’s rise to its prominence in the GMB has drawn much criticism, particularly with regards to its selective use of multilateral cooperation as a strategic option when it feels that “unilateral actions and bilateral relations are not sufficient to secure its national interests.”⁴⁶ In some aspects, it may be true that “geography is on China’s side, not on Japan’s.”⁴⁷ But being an upstream country also subjects China to certain accountability issues with respect to the downstream riparian areas that Japan need not be.

⁴²Yoshimatsu, “*The Mekong Region*,” 101.

⁴³Masaki, “*China, Japan tug-of-war*”.

⁴⁴Naohiro, “*China’s External Economic Cooperation*”.

⁴⁵Yoshimatsu, “*The Mekong Region*”, p. 105.

⁴⁶Hensengerth, “*Money and Security*”, p. 10.

⁴⁷Masaki, “*China, Japan tug-of-war*”.

REGIONAL COOPERATION: THE APPROACHES OF CHINA AND JAPAN

China's record of relations with GMB countries generally indicates China's use of comprehensive external economic cooperation, which combines trade, investment, and aid while making use of bilateral as well as regional cooperative frameworks.⁴⁸ For Japan, while it has expanded its bilateral relations with the GMB countries beyond the traditional diplomacy tools seen in its past ODA-centric policies, aid remains a critical component in its economic cooperation with GMB countries. Although Japan's recent departure from its "conventional diplomacy toward Southeast Asia" had been noted in 2007 when it established the Japan–Mekong Region Partnership Program and with it the Japan–Mekong Region ministerial meetings,⁴⁹ the focus of its grant, loan, and technical assistance programs remains on "remediating poverty and economic disparities, and promoting sustainable development and human security."⁵⁰

Among the cooperation mechanisms in the GMB,⁵¹ China has been most active with the ADB's GMS Economic Cooperation Program while never having expressed any interest in becoming party to the Mekong River Commission (MRC).⁵² The GMS program is considered "a major avenue of regional economic integration" which "ensures greater

⁴⁸Naohiro, "China's External Economic Cooperation".

⁴⁹Yoshimatsu, "The Mekong Region", p. 98.

⁵⁰Ministry of Foreign Affairs (MOFA) of Japan, "Joint Statement of the Third Mekong–Japan Summit," 2011, accessed September 13, 2012. <http://www.mofa.go.jp/region/asia-paci/mekong/summit03/jointstatement.html> (Ministry of Foreign Affairs of Japan 2011).

⁵¹Hensengerth, "Money and Security," 9. Hensengerth notes altogether there are six cooperation mechanisms: the Greater Mekong Subregion (GMS), the ASEAN–Mekong Basin Development Cooperation, the Mekong River Commission, the Forum for the Comprehensive Development of Indochina, the Ayeyawadi–Chao Phraya–Mekong Economic Cooperation Strategy, and the Emerald Triangle.

⁵²Philip Hirsch et al., "National Interests and Transboundary Water Governance in the Mekong" (Australian Mekong Resource Centre in collaboration with Danish International Development Assistance and the University of Sydney, 2006) p. 57, accessed November 7, 2012. http://sydney.edu.au/mekong/documents/mekwatgov_mainreport.pdf (Hirsch 2012).

Chinese competition for influence in Southeast Asia against Japan.”⁵³ Many of the high-profile GMS projects that have attracted much of China and Japan’s attention have been in transport, such as the North–South Corridor and East–West Corridor projects, and in energy, such as the Mekong power grid initiative. In cases such as these China has been known to selectively use multilateral institutions such as the GMS summit meetings to promise aid to downstream countries, thus strengthening its bilateral relations with them⁵⁴—as has been observed that most of the details of GMS projects on the power grid and navigation are carried out bilaterally whereby “environmental concerns are seldom sufficient to change things.”⁵⁵ On the other hand, Japan, as the largest contributor to the Asian Development Bank, which supports the GMS Program, has engaged in economic cooperation with the GMB countries mainly through multilateral cooperation within these institutional structures.

Unlike the GMS program, not all GMB countries are members of the MRC. Rather, the MRC evolved since 1957 from the cooperation among countries of the lower Mekong Basin, motivated by anticipated gains from developing the waters of the Mekong River in the areas of hydropower, navigation, and irrigation. Comprising Thailand, Laos, Cambodia, and Vietnam, the present MRC is institutionally structured and formed through the *1995 Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin* and is donor-driven as it functions under the directorship of a Chief Executive Officer from one of the donor agencies—those whose funding the MRC is heavily dependent upon.

While the MRC has been subject to much criticism for its performance and lack thereof, China’s declination to sign the 1995 Agreement has further caused increased anxieties among those concerned that China’s unilateral use of the Mekong River’s resources may tremendously affect the socio-ecological systems of the lower riparian countries, but China would “deliberately set aside international cooperation

⁵³Evelyn Goh, “*China in the Mekong River Basin: the Regional Security Implications of Resource Development on the Lancang Jiang*” (Working Paper No. 69, Institute of Defence and Strategic Studies, Singapore, 2004) p. 8. Accessed September 13, 2012. <http://www.rsis.edu.sg/publications/WorkingPapers/WP69.pdf> (Goh 2012).

⁵⁴Hensengerth, “*Money and Security*,” p. 10.

⁵⁵Goh, “*China in the Mekong River Basin*,” p. 10.

mechanisms and laws” when it deals with the lower riparian countries.⁵⁶ Controversies surrounding China’s management of the Mekong River’s water resources have stemmed from the questioning of decisions regarding hydropower dam construction and their consequences, especially the adverse impacts on the downstream riparian countries. Perceptions vary among the stakeholder sectors/groups depending on the anticipated extent of the adverse effects and the area that will be affected. GMB countries’ perception of China thus varies. Overall, China’s bilateral relations with Mekong riparian countries have been described as “a confusing mix of mutual hostility, mutual amicability and Chinese pressure on smaller countries...each country has its own dealings with China, reaps its own benefits and claims its own difficulties.”⁵⁷

Japan, on the other hand, as a cooperating nation to the Mekong River Commission, provides support in human resources and funding to the MRC.⁵⁸ In the Joint Statement of the Third Mekong–Japan Summit in 2011, Japan expressed its recognition for the need to further strengthen cooperation to tackle issues on the environment and climate change, and to promote cooperation on Mekong water management. Here, Japan emphasized the need to strengthen cooperation and coordination with the MRC in order to promote sustainable development, utilization, conservation, and management of water and related resources of the Mekong River.⁵⁹ And while Japan’s ODA to GMB countries has also focused on a country-to-country basis, its provision of aid has “fluctuated greatly in some cases.”⁶⁰

Cambodia is a major recipient of Chinese aid and relative to other donor countries: China is “by far the most important country for

⁵⁶Shiro Mineta, “*China’s Impact on the Use of Water Resources in the Greater Mekong Sub-region*” (Paper presented at the International Seminar on 20 Years of the Greater Mekong Sub-region (GMS): “The Changes to Changes,” Chiang Mai, December 8–9, 2011) p. 1 (Mineta 2011).

⁵⁷Hensengerth, “*Money and Security*,” p. 6.

⁵⁸Ministry of Foreign Affairs (MOFA) of Japan, “*Japan–ASEAN Cooperation: A New Dimension in Cooperation*,” 2012, accessed October 6, 2012.

<http://www.mofa.go.jp/region/asia-paci/asean/relation/dimens.html> (Ministry of Foreign Affairs of Japan 2012a).

⁵⁹MOFA, “*Joint Statement*”.

⁶⁰MOFA, “*Japan–ASEAN Cooperation*”.

Cambodia in terms of aid.”⁶¹ At the First GMS Summit in 2002, China announced the exemption of the debt owed by Cambodia to China, which was estimated to be more than US\$1 billion.⁶² China’s trade with Cambodia totaled US\$1.3 billion in 2010, and its investments in Cambodia totaled US\$1.34 billion in overseas construction orders in that same year.⁶³ China’s investments in Cambodia have taken an upward trend since 2004, placing it as Cambodia’s largest investor, with investments in “hydropower stations, agriculture, mining, oil refining, metal production, vehicle manufacturing, clothing, hotels, and tourism.”⁶⁴ Although Cambodia stands to lose from the expected detrimental impact of China’s dam on the Tonlé Sap, where high aquatic productivity is sustained by a most unique flood plain system which provides the Cambodian population with its single most important source of protein⁶⁵—Cambodia has been obliged “to tread carefully when expressing concerns about the impacts it might suffer”⁶⁶ because of growing Chinese influence in the region, as seen in its aid and investment.⁶⁷ Cambodia looks to China not only as its largest investor and aid provider but also as its protector should Vietnam attempt an invasion as it has in the past. Thus, China is seen to have a strong grip on Cambodia such that it can count on Cambodia to act in defense of its interests. An example of this can be seen in the unprecedented failure of ASEAN to issue a concluding communiqué at the end of the 2012 ASEAN Summit due to unresolved disagreements on the South China Sea dispute, partly between China and Vietnam. Cambodia, as ASEAN chair, has been criticized for acting in China’s interest by taking “an uncompromising stand

⁶¹Hensengerth, “*Money and Security*,” p. 6.

⁶²Masaki, “*China, Japan tug-of-war*”.

⁶³Naohiro, “*China’s External Economic Cooperation*”.

⁶⁴Hensengerth, “*Money and Security*,” p. 7.

⁶⁵Joern Kristensen, “*Food Security and Development in the Lower Mekong River Basin: A Challenge for the Mekong River Commission*” (Paper presented at the Asia and Pacific Forum on “Poverty: Reforming Policies and Institutions for Poverty Reduction”, Asian Development Bank, Manila, February 5–9, 2001) p. 2 (Kristensen 2001).

⁶⁶Goh, “*China in the Mekong River Basin*,” p. 11.

⁶⁷Goh (2004) observes that Chinese aid and investment to Cambodia had also come in the form of infrastructural investment in bridges, sewerage systems, hydropower stations, and the Senate and National Assembly buildings.

on the issue...instead of trying to find common ground among all concerned.”⁶⁸

Since 1999 Japan has provided Cambodia with assistance in legal infrastructure with the aim that it would advance Cambodia’s peace process and reconstruction. Aid from Japan has also been used in hospital improvement, demining activities, and infectious disease control projects.⁶⁹ Between 2008 and 2012, Japanese assistance to Cambodia has mostly been in the form of grants and technical cooperation—amounting to US\$355.7 million and US\$247.17 million respectively—while loans have been extended up to US\$100.22 million.⁷⁰

With Laos, China had signed an economic, trade, and technological cooperation agreement in 1997, which also established a bilateral committee—of which the fifth vice-ministerial meeting was held in 2012.⁷¹ The value of trade between the two countries stood at US\$1 billion in 2010⁷²—consisting of resource exports from Laos, such as agricultural products, minerals, wood and wood products—and manufactured goods imported from China, mainly supplies for industry, clothing, and inputs for agriculture.⁷³ Based on overseas construction orders China’s investment in Laos amounted to US\$830 million in 2010⁷⁴—of which hydro-power resources are the most strategically important investments.⁷⁵ Despite controversies on such projects as the construction of Nam Theun II dam, the Laos government has welcomed these investments, seeing them as an opportunity to create jobs and improve its people’s living standards, despite the socio-ecological implications.⁷⁶

Japanese ODA contributes to approximately one-fourth to one-third of the total annual aid Laos receives. Between 2008 and 2012, Japanese

⁶⁸The Nation Editorial, “*Cambodia has put ASEAN’s Future in Jeopardy*,” *The Nation*, July 15, 2012, accessed September 13, 2012. <http://www.nationmultimedia.com/opinion/Cambodia-has-put-Aseans-future-in-jeopardy-30186182.html> (Nation Editorial 2012).

⁶⁹MOFA, “*Tokyo Strategy 2012*”.

⁷⁰Pan, “*Japanese ODA to Asian Countries*,” 18.

⁷¹Naohiro, “*China’s External Economic Cooperation*”.

⁷²Naohiro, “*China’s External Economic Cooperation*”.

⁷³Hensengerth, “*Money and Security*,” p. 7.

⁷⁴Naohiro, “*China’s External Economic Cooperation*”.

⁷⁵Hensengerth, “*Money and Security*,” p. 7.

⁷⁶Lim, “*China’s Active Role*,” p. 13.

assistance of approximately US\$417 million was extended in the form of grant and technical assistance.⁷⁷ For Japan, aid to Laos is mainly focused on transportation and health—particularly provision of assistance to improve the Vientiane Number One Road, a transportation channel which connects Laos to the rest of the region.⁷⁸

A neighboring country that shares its border with China's Yunnan province, Myanmar has generally been on good terms with China. Particularly, China and Myanmar have strengthened their political and military relations in defiance of US and European sanctions against Myanmar until recently, when the U.S. formally announced the lifting of U.S. sanctions on Myanmar in October 2016. Through Myanmar, China can have military access to the Indian Ocean. China's bilateral relations with Myanmar also feature prominently in their economic cooperation as China is looking to secure stable supplies of oil and other forms of energy by land and sea, possibly through an oil pipeline which would run across Myanmar to Kunming.⁷⁹ Of China's US\$7.6 billion investment in the MRB countries in 2010, approximately 70% went to Myanmar, with most of it directed to oil, gas, and electric power development.⁸⁰ Like China, Myanmar rejected the MRC's 1995 Mekong Agreement and instead opted to remain a dialogue partner.

Japan, on the other hand, saw the Myanmar case as a regional concern that could be addressed via engagement with GMB countries. While Japan's limited engagement with the Myanmar government in the past is reflected in Japanese aid to Myanmar, which has remained consistently minimal over the years,⁸¹ studies of Japan's international trade and foreign direct investments (FDI) to the MRB in comparison to China indicate that up to 2007, Japan had no record of investment in Myanmar.⁸² Japan's engagement with the Myanmar government mainly centered on sectors of health, education, agriculture, forestry, fisheries, and social infrastructure⁸³—for which it provided US\$2.1 billion in ODA between

⁷⁷Pan, "Japanese ODA to Asian Countries," pp. 19–20.

⁷⁸MOFA, "Tokyo Strategy 2012".

⁷⁹Masaki, "China, Japan tug-of-war".

⁸⁰Naohiro, "China's External Economic Cooperation".

⁸¹MOFA, "Tokyo Strategy 2012".

⁸²Ueki, "Japan's International Trade and FDIs," p. 118.

⁸³MOFA, "Tokyo Strategy 2012".

1960 and 1988.⁸⁴ A statement issued at the Second Japan–Mekong Foreign Minister’s Meeting in 2009, which called on the Myanmar government to hold transparent, democratic, and inclusive elections, also saw the Summit as an opportunity for Japan to appeal to Myanmar leaders directly on humanitarian issues.⁸⁵ But with the government of Myanmar’s economic, political, and governance reform programs since 2010, and the second and third waves of reform launched in 2012 and 2013, Japan reviewed its economic cooperation with Myanmar in April 2012 and embarked on full-fledged assistance⁸⁶ to support Myanmar reform efforts towards democratization, national reconciliation, and sustainable development.⁸⁷ A debt relief of approximately ¥300 billion was provided to Myanmar in 2013, and by September 2015, Japan decided to provide new financial support of ¥9 billion added to the ¥325 million it had extended to Myanmar in emergency grant aid.⁸⁸ According to Japan’s economic cooperation policy, its assistance to Myanmar in the forms of loans, grants, and technical assistance now focuses on three priority areas: improvement of people’s livelihoods, capacity building and development of systems to sustain economy and society, and development of infrastructure and related systems necessary for sustainable economic development.⁸⁹

Apart from their historical differences, and sovereignty and resource claim disputes, Vietnam, which neighbors the Guangxi province of China, maintains rather conflictual political and economic relations with China. Though their disputes over shared land borders were resolved in 2009,⁹⁰ their South China Sea dispute over the Spratly and Parcel

⁸⁴Nam Pan, “*Japanese ODA to Asian Countries: An Empirical Study of Myanmar Compared with Cambodia, Laos, and Vietnam*,” Policy Research Institute, Ministry of Finance, Japan, 2014, accessed April 16, 2016. https://www.mof.go.jp/pri/international_exchange/visiting_scholar_program/ws2014_d.pdf (Pan 2014).

⁸⁵MOFA, “*Joint Statement*”.

⁸⁶Pan, “*Japanese ODA to Asian Countries*,” pp. 27–28.

⁸⁷Ministry of Foreign Affairs (MOFA), Japan, “*Japan’s Assistance to Myanmar*,” March 2015, accessed April 16, 2016. <http://www.mofa.go.jp/files/000077442.pdf> (Ministry of Foreign Affairs of Japan 2015).

⁸⁸“*Japan to send ¥9 billion in flood aid to Myanmar*,” *Japan Times*, September 8, 2015, accessed April 16, 2016. <http://www.japantimes.co.jp/news/2015/09/08/national/japan-send-%C2%A59-billion-flood-aid-myanmar/#.VxJ3OSN96X0> (Japan Times 2015).

⁸⁹Ministry of Foreign Affairs (MOFA), Japan, “*Japan’s Assistance to Myanmar*”.

⁹⁰Hensengerth, “*Money and Security*,” p. 8.

islands remains a critical point of contention. In 1994 China concluded an agreement with Vietnam and established the Joint Committee on Economic and Trade Cooperation—of which the fifth meeting was held in 2011 and a 5-year development plan for economic and trade cooperation was concluded in that same year. While studies comparing recent trends in China’s and Japan’s international trade and FDIs in the MRB countries indicates that up to 2007 Chinese investments in Vietnam were significantly less than those of the Japanese, more recent studies have shown that by 2010 the value of China’s trade with Vietnam reached US\$27.3 billion, and China’s investments surged from US\$968.9 million to US\$4.41 billion in terms of overseas construction orders from Vietnam. It has been observed that Vietnam’s high trade deficit with China in recent years (US\$11 billion in 2008) has caused uneasiness on the part of Vietnam, which knows from experience that China’s increasing aid comes with a “credible punishment mechanism.”⁹¹ Another valid point of contention between China and Vietnam concerns the detrimental impacts that China’s dam construction is expected to have on Vietnam’s large delta system, which constitutes a very complex and efficient fishery and agriculture area where more than half of the country’s rice as well as shrimp and fish exports are produced annually. A strict flow regime of the Mekong is thus needed for flood mitigation, prevention of saline intrusion, and dry season irrigation to sustain the delta’s well-being.⁹² Vietnam is seen to be “looking to the United States to balance rising Chinese economic and political pressure.”⁹³

Japan’s aid to Vietnam has been the highest provided to any other recipient in the region—with ODA to Vietnam in 2007 amounting to 75% of Japanese aid in the region, which was almost eight times higher than Japanese aid to Cambodia, its second largest regional aid recipient. The majority of Japan’s aid to Vietnam has been directed towards construction, transportation, and energy projects, while the Japan International Cooperation Agency (JICA) engages heavily in the health sector and works to promote business climate improvements with

⁹¹Hensengerth, “*Money and Security*,” p.8.

⁹²Keokam Kraisoraphong, “A Water Regime for Human Security: the Lower Mekong Basin,” in Carolina G. Hernandez (ed.), *Mainstreaming Human Security in ASEAN Integration: Regional Public Goods and Human Security*, 85–130, (Quezon City: Central Book Supply, 2012) pp. 85–130 (Kraisoraphong 2012).

⁹³Hensengerth, “*Money and Security*,” p. 8.

business community leaders and associations under a public–private partnership. Also, one of Vietnam’s largest sources of FDI, Japan provided US\$3.3 billion to Vietnam in 2008. The key drivers of Japan’s proportionately high assistance to Vietnam have been Vietnam’s political stability and economic recovery from the Asian financial crisis in 1998. On these terms, economically Vietnam has been a manufacturing base for Japanese firms and a potential export market for Japanese products—with combined exports and imports exceeding US\$16 billion in 2008, almost four times higher than the volume in 2001.⁹⁴ The increase in Japan’s ODA disbursement to Vietnam has been evident on an annual basis, with approximately 86% being in the form of loans during 2008–2012.⁹⁵

Thailand and China signed a bilateral agreement in 2012—on a 5-year action plan for strategic cooperation through to 2016, and a 5-year development plan for economic and trade cooperation. Thailand’s influence in Cambodia, Laos, and Myanmar which eroded since the 1997 Asian economic crisis has been replaced by China’s vibrant economic cooperation with these countries. On the other hand, China’s trade value with Thailand in 2010 totaled US\$46 billion—the highest value among GMB countries—while Chinese investments in terms of overseas construction orders from Thailand to China amounted to US\$730 million—the lowest amount among GMB countries. Thailand does not share the same kinds of concern that Cambodia and Vietnam have regarding China’s dam construction. Rather, its interest in the Mekong River revolves around the concern that its freedom of action related to its future water diversion projects and its hydropower source for cheap energy not be restricted by regulations.⁹⁶ Thus Thailand is in favor of a more flexible framework for cooperation, and apart from the MRC, it has cooperated with China and Myanmar on related issues.

Although Japan was once Thailand’s largest donor, Japan’s aid to Thailand was terminated in 1993 when Thailand achieved sufficient economic growth to place it in the position of a donor country itself. Therefore, under a concluded Japan–Thailand Partnership program, both countries have jointly provided regional assistance in the social sector in education and HIV/AIDS measures, environmental

⁹⁴MOFA, “*Tokyo Strategy 2012*”.

⁹⁵Pan, “*Japanese ODA to Asian Countries*,” p. 23.

⁹⁶Kraisoraphong, “*A Water Regime for Human Security*,” p. 115.

protection, rural and village development, and economic infrastructure.⁹⁷ The relationship between Japan and Thailand is said to have now entered a new phase of a partnership for economic cooperation that focuses on dialogue and mutual interests in institution building for human resource development, and assistance for grassroots human security projects.⁹⁸

Relatively speaking Chinese investments in CLMV, with the exception of Vietnam, are significantly greater than Japanese investments.⁹⁹ To some, despite Japan's large investments in Vietnam, its limited investments in Cambodia, Laos, and Myanmar¹⁰⁰ lead one to conclude that Japan's presence in the MRB has been eclipsed by China's economic rise in the region. An interesting point noted by studies of recent trends in Japan's and China's 2000–2007 international trade and FDIs to GMB is that Japan has continuously experienced trade deficits with CLMV countries, while during the same period China has had trade surpluses with all four countries. In this respect, Japan stands as the most important export market for CLMV.¹⁰¹ CLMV's trade structure with China, on the other hand, is fundamentally characterized by resource exports and imports of manufactured goods.¹⁰²

CONCLUDING DISCUSSION: DRIVEN BY RIVALRY BUT APPROACHES CONVERGING?

That China and Japan have come to undertake a vast range of activities within the MRB to contribute to the region's economic growth is clear by reasons discussed above. At a glance, both China's and Japan's initial take have been for the same reasons—external economic cooperation. But while China's economic cooperation with the MRB is part of its domestic policy extension in the need to advance development into its still undeveloped western region—a closer look points

⁹⁷Makishima and Yokoyama, "Japan's ODA to MRB Countries," p. 183.

⁹⁸Makishima and Yokoyama, "Japan's ODA to MRB Countries," p. 184.

⁹⁹Ueki, "Japan's International Trade and FDIs," p. 113.

¹⁰⁰Ueki, "Japan's International Trade and FDIs," p. 119.

¹⁰¹Ueki, "Japan's International Trade and FDIs," p. 141.

¹⁰²Naohiro, "China's External Economic Cooperation".

to China's more complex strategic relations in the MRB.¹⁰³ China's incorporation of economic incentives and its policy of noninterference, together with its use of comprehensive external economic cooperation, which combines trade, investment, and aid while making use of bilateral as well as regional cooperative frameworks, reveals how security concerns underpin China's every decision and its every strategic move in the region.

For Japan, the GMB's potential lies in its large business market, energy resources, and role as potential political counterweight to China.¹⁰⁴ In this regard, Japan has significantly "tried to differentiate its approach from the Chinese in terms of normative values"¹⁰⁵—which refers to implied universal values as in democracy and rule of law. Thus Japan's relations with GMB countries underscore the importance of support for the region's growth and capacity to develop systems devoted to the rule of law, human rights, and sound governance.¹⁰⁶ In this case, geographical distance provides Japan with the advantage of not having to face the consequences of being an upstream country—something geography may not permit China to avoid. Thus such universal values have become Japan's "effective diplomatic card" as it appears that China seem to have difficulty realizing them.¹⁰⁷

The perceived rivalry between China and Japan over their presence in the GMB is also partly about both countries vying for the leadership role in the process of creating an East Asian Community (EAC)—of which the Mekong region is an essential building bloc. The rivalry also involves seeking supporting allies in international affairs such as UN Security Council reform. These have been the reasons which explain Japan's recent shift in its orientation from once a purely economic developmental approach to an approach more in line with its national interests. In 2012, Japan approved a US\$2 million package military aid to Cambodia and East Timor for its military engineers to train troops in disaster relief skills, and it may soon begin sales of military hardware

¹⁰³Evelyn Goh, "Rising Power...To Do What? Evaluating China's Power in Southeast Asia" (Working Paper No. 226, S. Rajaratnam School of International Studies, Singapore, 2011) p. 10. Accessed September 13, 2012. <https://www.rsis.edu.sg/wp-content/uploads/rsis-pubs/WP226.pdf> (Goh 2011).

¹⁰⁴MOFA, "Japan-ASEAN Cooperation".

¹⁰⁵Yoshimatsu, "The Mekong Region," p. 100.

¹⁰⁶MOFA, "Japan-ASEAN Cooperation".

¹⁰⁷Yoshimatsu, "The Mekong Region," p. 100.

in the region.¹⁰⁸ For a pacifist nation that has for the first time since the end of World War II provided military aid abroad, Japan's move is seen as an effort to elevate the defenses of other countries within the region "to counter a rising China."¹⁰⁹ By the end of 2013, Japan's cabinet had approved a new National Defense Strategy, which embraced Prime Minister Shinzo Abe's comprehensive reformulation of Japan's security policy based on the idea of proactive pacifism. Two interrelated policy reforms in this context were the overturning of Japan's self-imposed ban on arms exports in April 2014 and in July of the same year, the cabinet's approval of a new interpretation of the constitution's Article 9 peace clause to widen the meaning of self-defense. This was followed by the Diet's approval of a new Legislation for Peace and Security in September 2015, amidst widespread public protests.¹¹⁰

China has, on the other hand, become increasingly concerned that its good neighborly diplomacy could be derailed by the mounting contentions with the downstream countries on water-related issues—which could potentially disrupt its "peaceful development approach as well as its one belt, one road initiative."¹¹¹ Following increasing calls for greater accountability on dam construction projects, such as in the letters submitted to the Chinese government by a group of 15 civil society organizations in May 2014,¹¹² in November 2015 China launched the Lancang–Mekong Cooperation Mechanism (LMCM)¹¹³ during the foreign ministers' meeting among the MRB countries in Yunnan province. On the one hand,

¹⁰⁸Martin Fackler, "Japan is Flexing Its Military Muscle to Counter a Rising China," *New York Times*, November 26, 2012, accessed November 29, 2012. http://www.nytimes.com/2012/11/27/world/asia/japan-expands-its-regional-military-role.html?pagewanted=all&_r=0 (Fackler 2012).

¹⁰⁹Fackler, "Japan is Flexing Its Military Muscle".

¹¹⁰Fumitaka Furuoka, "Breaking Japan's aid policy taboo," *East Asia Forum*, 10 March 2016, accessed April 15, 2016. <http://www.eastasiaforum.org/2016/03/10/breaking-japans-aid-policy-taboo/> (Furuoka 2016).

¹¹¹Sebastian Biba, "China Drives Water Cooperation with Mekong Countries," *The Third Pole: Understanding Asia's Water Crisis*, February 1, 2016, accessed April 16, 2016. <http://www.thethirdpole.net/2016/02/01/china-drives-water-cooperation-with-mekong-countries/> (Biba 2016).

¹¹²Earth Rights International, "Mekong River Basin Dams: The Problem with Hydropower," Accessed April 16, 2016. <https://www.earthrights.org/campaigns/mekong-river-basin-dams-problem-hydropower>.

¹¹³Biba, "China Drives Water Cooperation".

the mechanism is perceived to signal China's greater willingness to discuss cooperation on water resource management—an issue which had always been “far outside the remit of the GMS”—thus concluding that Chinese leaders have come to attach increasing importance and urgency to hydropower and politics.¹¹⁴ On the other hand, the mechanism is seen as China's imposition of its identity in engaging with countries in the basin,¹¹⁵ upon which it would “play a fuller and more dominant role within the sub-regional cooperation framework”¹¹⁶ so as to “shape the rules of cooperation and make sure that external actors are excluded.”¹¹⁷

Aside from such interests pursued by the two great economic powers, the more important issue for the people of the GMB would be the implications that China's and Japan's development approaches have and will continue to have on the sustainable and inclusive development of the GMB.

On this issue one may need to view the outcomes of China and Japan's development assistance to GMB countries against the notion that development must go “beyond the narrow confines of economic development alone—that is, “beyond the preoccupation with economic growth.”¹¹⁸ Rather, development must be defined as the “process of improving the quality of human lives” which is a “multi-dimensional process involving changes in structures, attitudes and institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty.”¹¹⁹

¹¹⁴Biba, “*China Drives Water Cooperation*”.

¹¹⁵Supalak Ganjanakhundee, “China Leaves Little Doubt Who is Master of the Mekong,” *The Nation*, March 23, 2016, accessed April 16, 2016. <http://www.nationmultimedia.com/politics/China-leaves-little-doubt-who-is-master-of-the-Mek-30282244.html> (Ganjanakhundee 2016).

¹¹⁶Lu Guangsheng, “China Seeks for Improve Mekong Sub-Regional Cooperation: Causes and Policies,” S. Rajaratnam School of International Studies, Policy Report, February 2016 (Guangsheng 2016).

¹¹⁷Biba, “*China Drives Water Cooperation*”.

¹¹⁸Mely Anthony Caballero, “*Bridging Development Gaps in Southeast Asia: Towards an ASEAN Community*,” (UNISCI Discussion Papers, Madrid. 2006) p. 38 (Caballero 2006).

¹¹⁹Michael P. Todaro, *Economics for a Developing World*, (2nd ed. Essex: Longman, 1982), quoted in (Todaro 1982).

Mely Anthony Caballero, “*Bridging Development Gaps in Southeast Asia: Towards an ASEAN Community*” (UNISCI Discussion Papers, Madrid. 2006) p. 38.

From the above review of China's and Japan's development assistance to the GMB over the years, it is evident that while both China and Japan have used development assistance as a diplomatic tool to achieve similar goals, there are distinct differences in their approaches.

Development assistance from China has been heavily focused on growth and security. Studies on China's role in the GMB all point to China's unmatched rapid economic rise but also indicate that China's situation has not gone unchallenged. There have been reports that China's use of comprehensive external economic cooperation¹²⁰ has encouraged Chinese extractive resource companies to take advantage of "liberalized policies as well as uneven governance and foreign investment procedures in the lower Mekong countries."¹²¹ This has resulted in tension between Chinese companies and local communities in the region over land acquisition, environmental issues, and trade structure imbalances—as the processes of secure long-term access to large land areas have displaced and impoverished rural smallholders and local communities by the thousands.¹²² It has been argued that one must move beyond the "territorial trap" to explain that the dynamics of these Chinese and China-linked investments are driven by commercial power organized into global production networks more so than they are based around states and their strategic interests.¹²³ But whether state-induced or global production networks are at work, the fact of the matter is that if China's comprehensive external economic cooperation leads to outcomes such as these, this will not bring about sustainable and inclusive development of the GMB. The fact remains that under such a development assistant approach the underdeveloped institutional capacity of GMB countries will likely lead to further enrichment of elite officials and Chinese company owners through quasi or extra-legal arrangements at the expense of local communities who will be further marginalized.

¹²⁰Comprehensive external economic cooperation combines trade, investment, and aid while making use of bilateral as well as regional cooperative frameworks.

¹²¹Keith Barney, "China and the Mekong region: Beyond the territorial trap," *New Mandala*, China, Crossing Borders Series, Laos, Trans-border Issues, March 4, 2011. <http://asiapacific.anu.edu.au/newmandala/2011/03/04/china-and-the-mekong-region-beyond-the-territorial-trap/> (Barney 2011).

¹²²Barney, "China and the Mekong region".

¹²³Barney, "China and the Mekong region".

A distinctive feature of Japan's development assistance, on the other hand, has been the Japanese government's effort to differentiate its approach in its provision of development assistance to the GMB from China's. Japan has incorporated what it refers to as "soft infrastructure" in addition to the construction of hard infrastructure in its development assistance package. Such has been the case with the logistics and distribution of the East–West Economic Corridor and Second East–West Economic Corridor where a program for supporting human resources with the logistics management qualification system was added to the construction of hard infrastructure¹²⁴—while the focus of its grant, loan, and technical assistance programs remains on "remediating poverty and economic disparities, and promoting sustainable development and human security."¹²⁵ Compared to China's approach, Japan's development assistance touches upon human security issues, which give it a human face and expands it beyond government elites to a wider range of people. There is thus more likelihood that such an approach would cultivate sustainable and inclusive development.

However, Japan's perception of China's increasing power in the GMB as a threat has brought it to "reconsider its approach to the Mekong region" and to "transform the style of its commitments" by combining such measures as formal commercial arrangements and normative values with its conventional financial aid,¹²⁶ which would also be an approach more in line with its national interest. With the introduction of the Development Cooperation Charter¹²⁷ in February 2015 to replace its Official Development Assistance Charter, Japan's aid policy reform under its security policy transformation is perceived as "a well-calculated political manoeuvre aimed to harmonize aid policy with the newly adopted national security strategy."¹²⁸ Upon emphasizing the

¹²⁴Yoshimatsu, "*The Mekong Region*", p. 99.

¹²⁵MOFA, "*Japan–ASEAN Cooperation*".

¹²⁶Yoshimatsu, "*The Mekong Region*," p. 102.

¹²⁷Grace Hearty, "A River Runs Through It: U.S.—Japan Environmental Cooperation," *Global Economics Monthly*, Vol. 4, No. 8, August 2015. The New Tokyo Strategy 2015 for Japan–Mekong Cooperation detailed the plan through 2018 for Japan–Mekong relations under four pillars: industrial infrastructure, human resource development, realization of a Green Mekong, and coordination with other stakeholders in the region (Hearty 2015).

¹²⁸Furuoka, "*Breaking Japan's aid policy taboo*".

balancing of security and development, Japan pledged US\$6.2 billion in ODA to the region as part of its Development Cooperation Charter when it announced the New Tokyo Strategy 2015 for Japan–Mekong Cooperation at the 7th Mekong–Japan Summit in July 2015.¹²⁹ While such a move can be seen as part of Japan’s effort to regain its presence in the GMB against China, it seems the people of the GMB would have more to lose were Japan to be trapped to play China’s game than if it were to be the other way around.

An additional conclusion that can be drawn or emphasized in this chapter lies in the implications of China–Japan relations from their respective engagement with the GMB countries—particularly under their ongoing rivalry and conflict over security and sovereignty issues in East Asia. Were their relationships to worsen, the spillover effects of that conflict, whether the results would provide further difficulties or opportunities for each country in the region, will depend on one’s perspective in terms of one’s balancing strategy.

GMB’s economic engagement with China and Japan has increased their extensive interdependence, with many implications. For one thing, it is apparent that both China and Japan have their stakes in the political stability of the GMB countries, since clear and consistent economic policies as well as an enabling environment for trade and investment depend greatly on stability of the government and legitimacy of the regime. In addition, intra- and cross-regional economic interdependence calls for more effective policy coordination and adjustment mechanisms to address issues of mutual concerns among the GMB countries, and between them and China and Japan. The ASEAN Economic Community, although still a work in progress, has been launched to further and deepen economic regionalism in that direction. This would encourage the regional integration of trade and investment rules and regulations, and likewise bring the region’s measures of compliance and enforcement to a closer and more consistent standard. Economic competition between China and Japan will continue and so will economic competition among the GMB countries—with energy being the major critical issue. From this perspective, the political risks within the GMB countries, as well as regional flash points such as the South China Sea, will need to be cautiously monitored.

¹²⁹Hearty, “*A River Runs Through It*,” p. 1.

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China and Japan, in the Mekong Region: Competition and Cooperation

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INTRODUCTION

Since the Cold War's end and the restoration of peace in Cambodia (earlier torn by civil war), the countries in Mekong subregion have had the opportunity for regional cooperation and economic development. This subregion's strategic location connects China, Mainland Southeast Asia and South Asia by land, and the Pacific and Indian Oceans by sea. With a combined population of almost a quarter billion people, the Mekong riparian states of Cambodia, Laos, Myanmar, Thailand, and Vietnam cover 1.937 million square kilometers, and their total GDP was US\$782.82 billion in 2015.¹ Because of its vast economic potential

¹International Monetary Fund, *World Economic Outlook Database*, see <http://www.imf.org/external/pubs/ft/weo/2013/01/weodata/weorept.aspx?sy=2011&ey=2018&scsm>

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and geostrategic location, the Mekong subregion has attracted sustained attention from China and Japan.

After the Cold War, Japan vigorously carried out its economic diplomacy in the Mekong area. This included numerous policies on subregional cooperation, investments, aid, and economic development, and establishing its important role there. Indeed, Tokyo is the biggest donor and investor in the riparian countries. However, Beijing is also increasing its economic and diplomatic role in this subregion.

Though both Northeast Asian countries are interested in the Mekong area, they have different conceptions about the geographical scope of the Mekong countries engaged in cooperation. For Tokyo, Mekong cooperation only aims at the riparian Southeast Asian states of Cambodia, Laos, Myanmar, Thailand, and Vietnam but does not include Yunnan Province and Guangxi Zhuang Autonomous Region of China as Mekong partners. However, to Beijing, its two Southern provinces of Yunnan and Guangxi are integral to Mekong regional cooperation. Conceivably, economic development in the Mekong area will also benefit these two Chinese provinces.

Beijing and Tokyo did not have conflictual relations in the Mekong region during the Cold War era. After Vietnam's invasion of Cambodia in 1978, both China and Japan cooperated with the US and the ASEAN countries in a united front against Vietnam and its Soviet ally. In the post-Cold War era, Beijing and Tokyo have made their own overtures to strengthen their economic and diplomatic ties with the Mekong countries. As mentioned earlier, China and Japan are pursuing their own conceptions of cooperation in the Mekong region along parallel tracks.

To be sure, there is competition between Beijing and Tokyo as they jockey for influence by wooing the riparian states along the Mekong River. But I argue that a modicum of competition between the two Northeast Asian countries, especially in the fields of aid and development, may actually benefit the Mekong countries. Presumably, these Southeast Asian countries will benefit from greater assistance and investment from China and Japan.

Footnote 1 (continued)

=1&ssd=1&sort=country&ds=.&br=1&c=518%2C522%2C578%2C544%2C582&s=N
GDPD&grp=0&a=&pr.x=67&pr.y=10 (Accessed: 24 March 2016).

Moreover, it is also possible for Chinese and Japanese rivalry in this region to coexist with bilateral cooperation. Beijing and Tokyo did establish a bilateral forum known as the Japan–China Policy Dialogue on Mekong Region (JCPDMR). Though this bilateral dialogue had been held on five occasions, it was not institutionalized because of the subsequent deterioration in Sino–Japanese relations due to their territorial disputes and conflict over historical narratives. The planned Sixth JCPDMR failed to convene in 2015. Simply put, the suspension of the JCDPMR was not due to their rivalry in the Mekong region but antagonism in their overall bilateral relations.

But it is not inconceivable that the JCPDMR can be revived again annually if diplomatic relations between Beijing and Tokyo were to improve in the future. To be sure, the Mekong economies are increasingly integrated with the Chinese and Japanese economies. But this deepening economic relationship need not be marked by political antagonism. If Beijing and Tokyo can manage their overarching political relations calmly and peacefully, then trilateral cooperation with the Mekong countries for mutual benefits is possible. Conceivably, this trilateral cooperation can anchor a future East Asian Community (EAC).

This chapter first examines Japan’s participation in the Mekong regional cooperation and evaluates the effectiveness and influence of Japan’s recent policies in the subregion. It also examines the Sino–Japanese rivalry and the possibility of their cooperation in the Mekong region. It concludes by looking at the prospects of a beneficial triangular relationship between China, Japan, and the Mekong riparian states.

COOPERATION BETWEEN JAPAN AND MEKONG REGION

Japan’s active participation in the Cambodian peace process was a milestone in its Asian diplomacy after the Cold War. In June 1990, the international conference on Cambodian affairs was held in Tokyo. In November 1991, a peace accord for Cambodia was secured. Subsequently, Tokyo sent its Self-Defense Forces (SDF) abroad for the first time in the post-Second World War era through its participation in UN peacekeeping operations in Cambodia. Japan’s subsequent peace-building efforts in Cambodia gave it the opportunity to extend its

diplomatic influence in Southeast Asia.² Since the restoration of peace in Cambodia, Japan has invested many resources in the Mekong countries, and enhanced these countries' economic development.

In January 1993, then Japanese Prime Minister Miyazawa Kiichi announced the so-called Miyazawa Doctrine which emphasized cooperation and mutual benefit among Japan, ASEAN, and Indochina. He also proposed the concept of "Co-Act Aid" for Cambodia, Laos, and Vietnam.³ This concept expressed Japan's wish to cooperate with other ASEAN states to aid Cambodia, Laos, and Vietnam. By the late 1990s, the riparian states of Vietnam, Laos, Myanmar, and Cambodia (CLMV) joined ASEAN and transformed it into a regional organization of ten states. As the Mekong countries gained economic strength and political status, they became even more diplomatically and economically important for Japan.

For the riparian states, Japan is an important trading partner. By 2015, the trade volume between Japan and the Mekong countries was US\$81.4 billion.⁴ Japan's bilateral trade volume with Thailand and Vietnam was considerably larger than its trade with Cambodia, Laos, and Myanmar. Industrial products such as mechanical and electrical products, steel, cars, and testing equipment are Japan's main exported items. Meanwhile, Japan mainly imports primary products, seafood, wood, furniture, crude oil, textiles, and appliances from the Mekong countries.

Due to the strong economic complementarities of two sides, Japan sought to enhance its trade with the Mekong countries. Moreover, the Mekong countries have become important destinations for Japanese foreign direct investment (FDI). Among these countries, Thailand has received the largest amount of direct investment, and Vietnam is also popular among Japanese investors. To reduce the risk of overdependence on China, some Japanese enterprises (with investments in the Chinese mainland) are considering the "China Plus One" strategy of diversifying into Southeast Asian markets to take advantage of the CLMV countries' cheaper labor forces. Arguably, the Japanese seek an economic division

²Jin Xide, "Diplomatic Transition of Japan toward Southeast Asia—from Fukuda Doctrine to Hashimoto Doctrine", *Journal of Contemporary Asia-Pacific Studies*, No. 7, 1998, p. 7 (Jin 1998).

³Ministry of Foreign Affairs of Japan, *Diplomatic Bluebook 1993, 1994*, pp. 168–173.

⁴UN, *UN Comtrade Database*. <http://comtrade.un.org/data/> (Accessed: 26 March 2016).

of labor with the Mekong countries based on the “flying geese model” of development, with Japan as the leading goose. Japanese FDI to the Mekong countries reached US\$6.71 billion in 2014 and made Japan the biggest investor in that region.⁵

Since the 1990s, Tokyo has increased its assistance to the Mekong countries. By 1991, the Ministry of Foreign Affairs of Japan established the “Mekong Region Development” assistance project in its Official Development Assistance (ODA). In its 1990 ODA Midterm Policy, Japan prioritized the Mekong countries (except for Myanmar) for assistance. There were four mechanisms for Tokyo’s participation in Mekong development: (1) Forum for Comprehensive Development of Indochina (FCDI)⁶ to assist in infrastructure construction and human resource training; (2) AEM–METI Economic and Industrial Cooperation Committee (AMEICC)⁷ to provide assistance in industrial cooperation, human resource training, and promotion of management; (3) CLMV bilateral assistance mechanisms which support the construction of the East–West Economic Corridor and the Southern Economic Corridor, and building two economic circles with centers in Thailand and Vietnam; and (4) Greater Mekong Subregion (GMS) economic cooperation mechanisms spearheaded by the Japanese-led Asia Development Bank (ADB).

Although the overall Japanese ODA budget has shrunk since the beginning of the twenty-first century, its ODA for Cambodia, Laos, and Vietnam has actually increased annually. Treating the riparian states as special aid recipients reflects the importance of this subregion to Japan. Thus far, Tokyo has implemented more than 200 bilateral aid projects

⁵JETRO, *JETRO Global Trade and Investment Report 2015*, September 2015.

⁶In January 1993, Prime Minister Miyazawa Kiichi proposed the “Forum for Comprehensive Development of Indochina,” and held a ministerial meeting in Tokyo in February 1995. Twenty-five nations including Vietnam, Cambodia, Laos, and six ASEAN nations, and eight international organizations, such as the European Committee, assembled at the meeting. The objectives were: (1) development of the whole of Indochina from a regional perspective, (2) international cooperation through voluntary coordination of assistance based on information exchange among participating nations and organizations, and (3) promotion of market economies in the three countries.

⁷AMEICC was established in 1998 at the ASEAN–Japan Summit Meeting held in Kuala Lumpur in December 1997 as a body for policy consultations to discuss enhanced industrial cooperation, improvement of ASEAN’s competitiveness, and development cooperation assistance to the new ASEAN states of Laos, Cambodia, and Myanmar. The first meeting of the AMEICC was held in November 1998 in Bangkok. The meeting is held annually.

such as grant aid, government loans, development, exploration, and technology aid, as well as multi-cooperation with ADB and The United Nations Development Programme.

Japanese ODA covers a wide range of fields including infrastructure construction, human resource development, environment protection, anti-drug efforts, legal construction, democratization, and the reform of economic systems. Cambodia received US\$124 million in total by the end of 2014; Laos obtained US\$103 million; Myanmar received US\$214 million; Vietnam was granted US\$1523 million; and Thailand benefited from US\$157 million of aid.⁸

ANALYZING JAPAN'S POLICY TOWARD THE MEKONG REGION: THE CHINA FACTOR

Japan has actively advocated East Asian economic cooperation. Tokyo proposed the “Pacific Rim Cooperation Concept” in the 1970s and “East Asia Economic Circle” in 1980s. Since the end of the Cold War, Japan has sought to promote cooperation in the Asia–Pacific Region in the areas of trade and investment. In this regard, the Southeast Asian subregion has always been an integral part of Tokyo’s economic cooperation in the larger East Asian region.

During his 2002 visit to Singapore, then Prime Minister Koizumi Junichiro proposed an East Asia Community (EAC) comprised of East Asia, Australia, and New Zealand. In 2009, then Prime Minister Hatoyama Yukio proposed an EAC and a more balanced foreign policy between the US and China. Despite the difference in nuances by various Japanese Prime Ministers towards an envisaged EAC, Tokyo’s basic strategy is quite consistent: to avoid the weakening of Japanese economic and diplomatic influence in the region amidst China’s rise, maintain reliance on the US–Japan alliance, secure good relations and support from the ASEAN states, and promote regional integration with Japan at its core.

Tokyo also sought to promote multilateral security mechanisms in East Asia and to deepen security cooperation with ASEAN. Arguably, these attempts at regional building and multilateralism reflect Japan’s strategic concern with a rising China and its desire to not allow Beijing to diminish Japan’s influence in East Asia. In this regard, enhancing political

⁸Ministry of Foreign Affairs of Japan, *ODA White Paper 2015*, March 2016, p. 205 (Ministry of Foreign Affairs of Japan 2016).

relations with the ASEAN states (especially with the Mekong countries) is necessary for Tokyo's competition with Beijing for regional influence.

In 2008, Japan signed the ASEAN–Japan Comprehension Economic Partnership (AJCEP)⁹ to deepen its strategic partnership with ASEAN. Bilateral and multilateral free trade agreements with the ASEAN states and Japanese ODA reinforce its role in Southeast Asia.¹⁰ However, since the 1990s, China has participated in the Greater Mekong Subregion (GMS) economic cooperation and established the ASEAN–China Free Trade Area. Apparently, Japan was afraid that the Mekong region would be pulled into a “Chinese economic orbit” in the future. *Morita* Noritada (former Project Minister of the Japanese-led Asian Development Bank who planned economic cooperation in GMS), argued that Japan should focus “more attention [on] dealing with a rising China and be[ing] dominant in Mekong region.”¹¹

The Japanese press noted that the South–North Economic Corridor from Kunming (the capital of Yunnan Province) to Bangkok is the main channel connecting China with Southeast Asia, and is anticipated to greatly benefit the Chinese mainland. However, it may weaken Japanese influence in ASEAN.¹² Moreover, in July 2009, when attending the ASEAN Regional Forum in Thailand, then US Secretary of State Hillary Clinton declared that Washington would establish the “Lower Mekong Initiative” framework with Cambodia, Laos, Thailand, and Vietnam. In November the same year, US President Barrack Obama and top ASEAN leaders held the first summit conference in Singapore and agreed to deepen their partnership to achieve “permanent peace and prosperity.” The US reaffirmed ASEAN's importance and committed to enhancing

⁹The Framework Agreement for Comprehensive Economic Partnership (CEP) between the Association of Southeast Asian Nations and Japan was signed in Bali, Indonesia on 8 October 2003. Subsequently, the ASEAN–Japan Comprehension Economic Partnership (AJCEP) was signed after 11 rounds of negotiation over a period of 4 years. Ministers of ASEAN Member States and Japan then completed the signing of the AJCEP Agreement on 14 April 2008.

¹⁰Song Guoyou, “Japan's Strategy towards East Asia Regional Order”, *International Forum*, No. 6, 2007, p. 64 (Song 2007).

¹¹Li Guanghui and Qiu Yeting, “Japan Worried about China Returning to Mekong Economic Circle, US\$1.5 billion fight for Dominant Position”, *International Herald Leader*, 20 April 2004 (Li and Qiu 2004).

¹²“China's Diplomat Heading South–Alertness should be paid in Protecting Sea Lines”, *The Sekai Nippo*, 4 September 2006.

its influence in the Mekong subregion by “rebalancing” with Asia. In the wake of “friendly competition” from its US ally and less than friendly competition from its Chinese rival in this subregion, Tokyo appears motivated not to yield its influence to anyone there.

Since Abe Shinzo’s second tenure as Prime Minister amidst the US rebalancing in Asia, Tokyo has returned to a “value-oriented diplomacy” (i.e., preference for democratic alliances) and reinforced its alliance with the US. Meanwhile, Tokyo is increasing the strength, depth, and breadth of cooperation with the Mekong countries, putting them in its concept of an “arc of freedom and prosperity.”¹³

JAPAN’S POLICIES IN THE MEKONG REGION: MECHANISMS

At the 2003 Special Japan–ASEAN Summit Conference, Japan proposed the “New Concept of Mekong Region Development.” These declaratory policies comprised: “Three visions, three expanded dimensions of cooperation and three pillars of concrete action.”

First, “Three visions” meant:

1. Reinforcing regional integration,
2. Attaining sustainable economic growth, and
3. Harmonizing with the environment.

Second, “Three expanded dimensions of cooperation” were:

1. Expanding Approaches: “Japan and ASEAN are expected to explore broader approaches to the Mekong region development to promote trade, investment and the exchange of people in the region ... Japan will extend its support to the countries of the Mekong region toward achieving economic integration so that they can fully benefit from the ongoing processes such as the ASEAN Free Trade Area and Japan–ASEAN Comprehensive Economic Partnership.”

¹³Bi Shihong, “Comparison between Economic Diplomacy of China and Japan in Mekong Region”, *Indian Ocean Economic and Political Review*, No. 3, 2015, p. 97 (Bi 2015).

2. Expanding Actors: “Japan and ASEAN recognize that various actors including local governments, the private sector and NGOs can enhance the efforts of ... the Mekong countries on the Mekong region development. Furthermore, cooperation with international organizations and mechanisms such as the Asian Development Bank will also be strengthened.”
3. Expanding Areas of Cooperation: “Japan and ASEAN will place emphasis on software development in areas such as policy planning, legal system building and human resources development in addition to hardware development such as transportation infrastructure. In particular, smoother movement of people and goods, and harmonization of institutions and standards are among the essential elements.”

Third, “Three pillars of concrete action” include:

1. Enhancing economic cooperation (Japan would provide US\$1.5 billion ODA in 3 years),
2. Promoting trade and investment, supporting private enterprises in the Mekong region, promoting market integration in the Mekong region, and supporting the establishment of stock markets in the Mekong region, and
3. Reinforcing cooperation with third parties, and promoting cooperation with ASEAN countries through the World Bank and ADB.¹⁴

In January 2007, Tokyo announced the Japan–Mekong Regional Partnership Scheme. There were “three objectives, three pillars and three new acts.” The three objectives were (a) reinforcing the partnership between Japan and the Mekong countries; (b) realizing sustainable development in the Mekong countries; and (c) ensuring people’s survival, livelihoods, and dignity in the Mekong countries.

The three pillars were (a) promoting regional economic integration and cooperation, especially in social and economic infrastructure construction as well as institutional improvement, strengthening regional

¹⁴Ministry of Foreign Affairs of Japan, *New Concept of Mekong region Development*. http://www.mofa.go.jp/region/asia-paci/asean/year2003/summit/mekong_1.html (Accessed: December 2003).

network construction, and promoting the process of integration of ASEAN and East Asia; (b) expanding trade and investment with the Mekong countries, promoting construction of legal frameworks such as “Investment Protection Agreement” and Economic Partnership Agreement (EPA), helping the Mekong countries improve the trade and investment environment, promoting industrial cooperation in special economic zones and “one village and one product” fields; and (c) cultivating common values, handling regional issues together, helping the Mekong countries to cultivate universal values such as democracy and government by law, eliminating poverty, achieving the Millennium Development Goals, and protecting the environment.

Three New Acts include: (a) expanding ODA for the Mekong countries over three years, especially for Cambodia, Laos, and Vietnam; (b) providing assistance for CLMV and subscribing to the “Investment Protection Agreement” with Cambodia and Laos; and (c) convoking the Japan–Mekong ministerial conference.¹⁵

According to its diplomatic rhetoric, Tokyo placed “Trust, Development, and Stability” at the core of its Mekong region policies and assistance. Trust meant that Japan marked 2009 as the “Japan–Mekong Communication Year” with the plan to invite 10,000 teenagers from the riparian countries to visit Japan within 5 years and promote people-to-people friendship; it also meant holding the Japan–Mekong ministerial conference regularly. Development meant the coordination of trade, investment, and ODA; the extension of aid to the riparian countries according to the “Japan–Mekong regional Partnership Scheme”; the provision of aid to increase the logistical efficiency of the East–West Economic Corridor; and assistance for “developing triangle zone” projects covering Cambodia, Laos, and Vietnam. Stability meant that Tokyo will work with the Mekong countries to solve cross-border problems such as infections, support the Khmer Rouge trials in Cambodia, and democratization in Myanmar.¹⁶

¹⁵Ministry of Foreign Affairs of Japan, *Japan-Mekong region Partnership Program*. http://www.mofa.go.jp/mofaj/area/j_clv/pdfs/mekong_pp.pdf (Accessed: 12 January 2016).

¹⁶Ministry of Foreign Affairs of Japan, *Chair’s Statement Mekong-Japan Foreign Minister’s Meeting*. <http://www.mofa.go.jp/region/asia-paci/mekong/meet0801.html> (Accessed: 16 January 2016).

To boost the cooperation mechanism between Tokyo and the Mekong states, they held the first Japan–Mekong ministerial conference, the second Mekong–Japan Foreign Ministers’ Meeting, and the first Mekong–Japan Summit Meeting between October and November 2009. At the Tokyo summit in November 2009, then Prime Minister Hatoyama Yukio declared that the “Mekong region is the key area to dominate [sic] ‘East Asia Community.’ The new administration of Japan wants to reinforce its ODA for this area and emphasizes attempting to achieve the idea of constructing East Asia Community by providing assistance.”¹⁷

At the Tokyo Summit, the leaders of Japan and the Mekong countries then decided to establish a “new partnership to create common prosperity.” Japan committed over 500 billion yen of ODA to the Mekong countries over three years. Both sides agreed to establish an EAC as a long-term objective, start projects to protect the environment from 2010, implement a “Green Mekong” proposal, expand mutual communication (among youths in particular by sending 30,000 teenagers from the Mekong countries to visit Japan in 3 years), and stipulated that summits be held in Japan every 3 years. The Tokyo Summit also passed the Mekong–Japan Action Plan 63, which covered ten fields including infrastructure and regional economic construction, regional cooperation, and protection of culture heritage.¹⁸

At the Fourth Japan–Mekong Summit which was held in Tokyo in April 2012, the “Tokyo strategy of Japan–Mekong cooperation in 2012” (Tokyo strategy) was adopted. The strategy claimed that Japan would promote the future vision of the region and act as a new pillar for Japan–Mekong cooperation. And the strategy would promote the new partnership for future common prosperity among Japan and Mekong River countries. The strategy defined three priority tasks including

¹⁷Kyodo News, *Japan will provide 500 billion Yen ODA to the Mekong countries*. http://china.kyodo.co.jp/modules/fsStory/index.php?sel_lang=schinese&storyid=75438 (Accessed: 6 November 2009).

¹⁸Ministry of Foreign Affairs of Japan, *Tokyo Declaration of the First Meeting between the Heads of the Governments of Japan and Mekong region countries—Establishment of a New Partnership for the Common Flourishing Future*. <http://www.mofa.go.jp/region/asia-paci/mekong/summit0911/declaration.html> (Accessed: 7 November 2008); Ministry of Foreign Affairs of Japan, *Mekong–Japan Action Plan 63*, see <http://www.mofa.go.jp/region/asia-paci/mekong/summit0911/action.html> (7 November 2009).

enhancement connectivity in the Mekong region, common development, cooperation on environmental issues, and public security.¹⁹

According to the strategy, Japan and Mekong River countries would put forward specific cooperation measures in the new action plan to promote the formation of the ASEAN market in 2015. The main contents of cooperation were improving the “East–West Corridor” and other transnational transportation routes and traffic of Mekong River countries, narrowing the economic gap of Mekong River countries and striving for balanced development, taking public health and environmental protection seriously, and achieving sustainable development.²⁰

At the Fifth Japan–Mekong Summit Meeting held in Tokyo in December 2013, the leaders had a follow-up and interim evaluation of the “Tokyo Strategy 2012” and its action plan for Japan–Mekong cooperation up to 2015. The leaders then adopted the midterm review of the “Tokyo Strategy 2012.”²¹ At the Sixth Japan–Mekong Summit Meeting held in Naypyitaw (Myanmar’s capital) in November 2014, Prime Minister Abe Shinzo stated that under “diplomacy that takes a panoramic perspective of the world map,” active high-level visits are exchanged and the Japan–Mekong relationship is steadily deepening. Abe said he would reaffirm the direction of the Japan–Mekong cooperation towards building of the ASEAN Community.²²

At the Seventh Japan–Mekong Summit held in Tokyo in July 2015, the “New Tokyo Strategy 2015” was adopted. According to this strategy, Japan pledged ODA provision of 750 billion yen to the Mekong countries over the next 3 years in order to achieve high quality development in the region. The main areas of cooperation included: improving their industrial infrastructure, cultivating human talent in various industries, sustainable development in the field of disaster prevention, climate

¹⁹The Ministry of Foreign Affairs of Japan, *Tokyo Strategy 2012 for Mekong–Japan Cooperation*. http://www.mofa.go.jp/region/asia-paci/mekong/summit04/joint_statement_en.html (Accessed: 21 April 2012).

²⁰Kyodo News, *Japan will develop new action plan with the Mekong countries*. <http://china.kyodonews.jp/news/2012/04/28830.html> (19 April 2012).

²¹The Ministry of Foreign Affairs of Japan, *The Fifth Mekong–Japan Summit Meeting*. http://www.mofa.go.jp/s_sa/seal/page3e_000144.html (Accessed: 14 December 2013).

²²The Ministry of Foreign Affairs of Japan, *The Sixth Mekong–Japan Summit Meeting*. http://www.mofa.go.jp/s_sa/seal/page23e_000354.html (Accessed: 12 November 2014).

change, water resource management, collaborating with international organizations and NGOs, etc.²³

ASSESSING JAPAN'S IMPACT ON THE MEKONG REGION AND CHINA

First, Tokyo has greatly promoted the economic development of the riparian states. Due to the legacy of the Cold War and the backward CLMV economies, it would have been impossible for this region to develop economically without a huge infusion of capital and technology from Tokyo. Its ODA actively promoted the Mekong countries' industrial sectors such as energy, resource development, agriculture, forestry, environment protection, and the infrastructure of telecommunication.

Second, Tokyo did not impose onerous conditions on the Mekong recipients for its aid. To show their thanks for Japanese assistance, the governments of Cambodia, Laos, and Thailand printed images of various Japanese aid projects on their paper currency and postage stamps.

Third, Japan was able to secure diplomatic support from the Mekong states on certain issues. At the UN General Assembly in December 2006, Vietnam and Laos voted against the resolution on North Korea's abduction of Japanese citizens and Cambodia abstained. But at the 2008 and 2009 Mekong–Japan Foreign Ministers' Meetings as well as the 2009 Mekong–Japan Summit Meeting, the riparian countries unanimously supported Japan on the abduction issue and agreed that North Korea should return to the six-party talks unconditionally. They also accepted the Hatoyama Proposal to prevent global warming and construct an EAC.

Finally, Japanese economic and diplomatic inroads in the Mekong region may be at China's expense. A case in point is their differing preferences for ASEAN Connectivity: Tokyo prefers the East–West Corridor while Beijing supports the North–South Corridor. Japan ignored Vietnam's request for financing for the North–South Corridor but pushed for the East–West Corridor instead.

At the 2003 Japan–Mekong Special Summit, Japan promised to provide US\$1.5 billion in construction aid for the East–West Corridor. In

²³The Ministry of Foreign Affairs of Japan, *New Tokyo Strategy 2015 for Mekong–Japan Cooperation*. http://www.mofa.go.jp/s_sa/seal/page1e_000044.html (4 July 2015).

January 2008, Tokyo proposed to construct the East–West Corridor Logistic Net at the Japan–Mekong Foreign Ministers’ Meeting and promised to provide US\$20 million in grant aid. Tokyo also asked Vietnam to support the Japanese infrastructural plan.²⁴ Moreover, Tokyo pressured the riparian states to clearly state that they would support Japan to become a permanent member of the UN Security Council (UNSC) at the 2008 and 2009 Japan–Mekong Foreign Ministers’ Meetings and in the 2009 Mekong–Japan Action Plan 63. Apparently, Japanese ODA was instrumental in soliciting support from the Mekong countries for Tokyo’s quest for a UNSC permanent seat. Beijing, however, is against Tokyo attaining a permanent seat on the UNSC due to the latter’s lack of contrition over its past imperialism, invasion, and occupation of some parts of China and Southeast Asia.

SINO–JAPANESE COMPETITION AND POSSIBLE COOPERATION IN THE MEKONG

When we examine Tokyo’s EAC concept and its Mekong subregion policies, it is obvious that it seeks a leading position in Southeast Asia by enticing the riparian states through its generous ODA. Indeed, it is Tokyo’s long-term strategy to establish strong and stable diplomatic ties with the Mekong countries.²⁵ However, China has also reinforced and developed its economic relationship with the Mekong countries since it joined GMS economic cooperation in 1992. Moreover, China has become a key trading partner for the riparian states and an increasingly important source of aid and investment for some of them (especially Laos, Cambodia, and Myanmar).

However, China and Japan need not be fierce rivals in the Mekong subregion. Both countries tentatively sought to cooperate in this subregion when they launched the Japan–China Policy Dialogue on the Mekong Region (JCPDMR) in April 2008 in Beijing. Subsequent JCPDMR were held in June 2009 (Tokyo), April 2010 (Jinhong city,

²⁴Ma Yanbing, Zhang Xuegang, “Competitions among Great Powers in GMS Cooperation and Effects”, *International Data Information*, No. 4, 2008, p. 17 (Ma and Zhang 2008).

²⁵Gao Weinong, Hu Aiqing, “Comment on Cognitive Evolvement of Southeast Asia Countries toward Japan”, *Around Southeast Asia*, No. 12, 2003, p. 75 (Gao and Hu 2003)

Yunnan Province, China), September 2011 (Tokyo), and December 2014 (Beijing). At these meetings, both countries affirmed that there should be bilateral dialogue on potential cooperation in the areas of aid, environmental protection, public health, and human resource development. Their assumption then was that a “win-win” formula is possible among China, Japan, and the Mekong countries.²⁶

However, Sino–Japanese relations have deteriorated since the collision of a Chinese fishing boat and two Japan Coast Guard vessels in 2010 and the Noda administration’s nationalization of three Diaoyu (Senkaku) islands. These territorial disputes have also been compounded by conflicting historical narratives leading to political antagonism despite economic interdependency between Beijing and Tokyo. Unfortunately, their frosty relations led to the suspension of the JCPDMR. Indeed, there is no possibility for both countries to resume their possible cooperation in that subregion insofar as Prime Minister Abe Shinzo or his successors have stubbornly insisted on making visits to the Yasukuni Shrine (a symbol of Japanese imperialism to the Chinese and Koreans). As mentioned earlier, the Sixth JCPDMR scheduled for 2015 failed to take place. Given the deterioration of Sino–Japanese relations in 2016, due largely to Tokyo’s unwelcomed involvement in the South China Sea dispute, the JCPDMR is unlikely to resume soon.

It is not inconceivable that Japan may in future join hands with countries outside of East Asia, such as the US and India, to constrain China in the Mekong subregion. This politically motivated intervention by parties outside East Asia will not be good for East Asian order and stability. Moreover, attempts by Japan and the US to internationalize the South China Sea conflict will divide the Mekong states. Take for example the

²⁶Minister of Foreign Affairs of Japan, *The first Japan-China Policy Dialogue on Mekong region*. http://www.mofa.go.jp/announce/event/2008/4/1179410_932.html (Accessed: 22 April 2008). Minister of Foreign Affairs of Japan, *The Second Meeting of the Japan-China Policy Dialogue on Mekong region*. http://www.mofa.go.jp/announce/event/2009/6/1192914_1160.html (Accessed: 8 June 2009). Minister of Foreign Affairs of Japan, *The Third Meeting of the Japan-China Policy Dialogue on Mekong region*. http://www.mofa.go.jp/announce/announce/2010/4/0416_03.html (Accessed: 16 April 2010). Minister of Foreign Affairs of Japan, *The Fourth Meeting of the Japan-China Policy Dialogue on Mekong region*. http://www.mofa.go.jp/mofaj/press/release/23/9/0901_06.html (Accessed: 1 September 2011). Minister of Foreign Affairs of Japan, *The Fifth Meeting of the Japan-China Policy Dialogue on Mekong region*. http://www.mofa.go.jp/mofaj/press/release/press4_001533.html (Accessed: 2 December 2014).

2012 ASEAN Summit which failed to produce a communiqué for the first time since the regional organization's foundation in 1967 when Cambodia, the then ASEAN Chair, refused to accept Vietnam and the Philippines' demands that the communiqué should explicitly criticize China. Though the South China Sea issue has nothing to do with problems in the Mekong subregion, the danger remains that the Mekong states such as Cambodia and Laos (supported by China) and Vietnam (supported by Japan and the US) will split over maritime disputes. Indeed, these three riparian states were split again at the Special ASEAN–China Foreign Ministers' Meeting in Kunming, Yunnan Province, China in June 2016 over the South China Sea dispute.

Even though the JCPDMR has been suspended, the riparian states will continue to develop economically. Ideally, Sino–Japanese cooperation will be good for Mekong subregional development. But given the reality of geopolitics and the political tension between China and Japan, the Mekong countries will have no choice but to proceed with cooperation with both Northeast Asian countries along parallel tracks. However, the Japanese-led Asian Development Bank pointed out that “Strategic Union and Partnership” should be established among all the partners and cooperation mechanisms.²⁷

In October 2014, Beijing officially launched the Asian Infrastructure and Investment Bank (AIIB), widely seen as a rival to the ADB. Interestingly, all the riparian states became founding members of this Chinese-led AIIB, but Tokyo, a faithful ally of Washington, refused to join the AIIB. Conceivably, the AIIB will provide considerable funding for the investment needs of the riparian states. It is highly possible that the ADB and the AIIB will become proxies for Tokyo and Beijing to compete for influence by wooing the riparian states with offers of generous loans for infrastructure development and poverty reduction. Presumably, such non-violent competition between China and Japan in the Mekong will benefit the riparian states.

²⁷He Shengda, “Cooperation in the Greater Mekong Sub-region: Complex Cooperative Mechanism and China's Participation”, *Southeast Asian Affairs*, No. 1, 2005, p. 10 (He 2005).

Beijing also enhanced its relations with the riparian states by offering to discharge water from its dam along the Lancang (Mekong) river to help alleviate a severe drought in March 2016. This came shortly after the launch of the new Lancang–Mekong Cooperation (LMC) to coordinate the use of water resources along that river. Beijing strongly backs the LMC. Its members are China, Cambodia, Laos, Myanmar, Thailand, and Vietnam. Japan is not a member of the new LMC.

CONCLUSION

For China, good relations with the Mekong states underpin its peaceful rise in the twenty-first century. Beijing also does not have an exclusionary desire to dominate this subregion at the expense of Japan. If that had been so, Beijing would not have sought cooperation with Tokyo in the Mekong Basin by cohosting the Japan–China Policy Dialogue on the Mekong Region. That this promising approach unraveled was not due to Sino–Japanese rivalry in the Mekong but to their disputes over sovereignty in the East China Sea and conflicting historical narratives.

China and Japan have not abandoned a future EAC. Both Northeast Asian countries are also participating in various ASEAN-centered multilateral institutions like the ASEAN Plus Three, the ASEAN Regional Forum, ASEAN Defense Ministers’ Meeting (ADMM-Plus), and the East Asian Summit. The five Mekong countries comprise half of ASEAN. Despite their political antagonism, China and Japan should seek to deepen their economic interdependence, not only bilaterally but also with the Mekong states, because their development is good for East Asia.

A paradoxical “competitive and cooperative relationship” in the Mekong region between China and Japan is a “new normal.” However, these two countries should abandon a zero-sum game. They should strengthen their bilateral strategic dialogue and cooperation by actively seeking common interests with a flexible and pragmatic attitude. Only by adopting a “win-win” mentality can China, Japan, and the Mekong countries enhance regional economic cooperation for peace, stability, and prosperity.

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PART III

China, Japan and Maritime Affairs:
Traditional and Non-Traditional Security

Sino–Japanese Rivalry in Maritime Southeast Asia

Renato Cruz De Castro

Many liberals naively assume that extensive economic interdependency and common interests will underpin peaceful relations and cooperation among states. However, contemporary Sino–Japanese relations suggest otherwise. The highly complementary Japanese and Chinese economies are among each other’s best trading partners. On the one hand, Japan provides China with capital and technology. On the other hand, China extends to Japan cheap production costs and a platform for Japanese multinational corporations manufacturing high-quality products for export to the US and Western Europe. However, a study of existing international rivalries notes that the interstate dispute with the greatest potential to trigger a major regional conflict is the Sino–Japanese rivalry.¹

Sino–Japanese geostrategic rivalry in the twenty-first century is primarily due to two factors: the power transition in post-Cold War East

¹Michael Colaresi, Karen Rasler, and William Michael, *Strategic Rivalries in World Politics: Position, Space, and Conflict Escalation* (Cambridge, U.K.: Cambridge University Press, 2007), p. 107 (Colaresi et al. 2007).

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Asia, and the lack of institutionalized security cooperation among the major powers in the region. Arguably, a rising China seeks to gradually replace the US as the dominant hegemonic power in East Asia. The US and its Japanese ally, in turn, are determined to thwart this Chinese ambition. Unfortunately, the end of the Cold War did not lead to the institutionalization of cooperative security among three major powers in East Asia. Given the uncertain power shift in East Asia and the lack of robust institutions for security cooperation in this region, it is not surprising that Sino–Japanese antagonism has also extended to maritime Southeast Asia and more specifically in the South China Sea territorial dispute.

In July 2016, the Permanent Court of Arbitration (PCA) at The Hague awarded a comprehensive victory to the Philippines after it had earlier instituted arbitral proceedings against China under Annex VII of the United Nations Convention on the Law of the Sea (UNCLOS) over their maritime dispute in the South China Sea. Japan and the US supported the PCA’s decision as “final and binding” while China disregarded it with disdain. Lacking in cohesion, ASEAN did not issue a joint statement on the PCA’s verdict. While liberals may hope that international law should and will prevail in maritime disputes, the reality is that the balance of power between the US–Japan Alliance and a rising China will be decisive in addressing the South China Sea dispute.

This chapter addresses the following questions: How has Sino–Japanese rivalry manifested itself in maritime Southeast Asia? How are Beijing and Tokyo jockeying for advantage in maritime Southeast Asia? How do the maritime Southeast Asian states, especially the Philippines and Vietnam, respond to this great power rivalry? And, how will Sino–Japanese rivalry affect ASEAN’s viability as a regional organization?

Whereas Tokyo relies on its alliance with the US, and friendly and peaceable diplomacy to woo the ASEAN states and to check extensive Chinese claims in the South China Sea, Beijing has adopted both “hard” and “soft” power (“carrot and stick”) approaches to this region. I argue that intensifying Sino–Japanese rivalry in maritime Southeast Asia may conceivably pull asunder the ASEAN states. If this scenario comes to pass, the end of “ASEAN centrality” in East Asia’s insipient regional organizations and processes (such as the ASEAN Regional Forum [ARF], ASEAN Plus Three, and the East Asian Summit) will poignantly show that liberal assumptions of economic interdependency and mutual material benefits as the insurance for peace and cooperation are wrong.

China and the ASEAN states are also enjoying greater economic interdependency. As in the case of Sino-Japanese relations, Beijing's deepening of economic ties with the Southeast Asian countries (especially the Philippines and Vietnam) are not sufficient to ensure genuine friendship and peace. Future armed altercations in the South China Sea between Beijing and the ASEAN claimant states cannot be ruled out. In this regard, some Southeast Asian states will welcome Japan and its US ally as counterweights to a rising China. Simply put, geopolitical competition among great powers is likely to trump economic interdependency in maritime Southeast Asia.

POWER SHIFT: "RISING CHINA, JAPAN IN RELATIVE DECLINE"

In less than 3 decades, China has remarkably transformed its Maoist and autarkic economy into a dynamic market-driven one and the world's most formidable exporting juggernaut. The Chinese economy grew at least 10% a year during the last 15 years.² Indeed, sustained economic growth at an impressive rate means that Beijing can pay and build a formidable navy capable of projecting its power to maritime Southeast Asia. China's political, economic, and strategic capabilities in East Asia began to converge as Japan's economic power was waning. With the bursting of its "bubble economy" in 1991 and more than "two lost decades" of economic doldrums, Tokyo could not significantly bolster its regional influence and Japanese foreign direct investment and Official Development Assistance (ODA) have concomitantly declined. To be sure, Japan is still the third largest economy in the world. Moreover, Japanese cultural "soft power" still has allure in Southeast Asia, despite the country's economic stagnation. But there is the perception in Southeast Asia that both the US and Japanese allies are in relative decline while the Chinese challenger is ascendant.

Strong economically and militarily, China has taken a series of maritime actions relative to the East and South China Sea disputes. These include the unilateral declaration of an East China Sea Air Defense Identification Zone (ADIZ), the active conduct of several live-fire naval exercises by the People's Liberation Army's Navy (PLAN) and People's Liberation Army's

²Albert Keidel, "Why China Won't Slow Down", *Foreign Policy* (May/June 2006), p. 68 (Keidel 2006).

Air Force (PLAAF) in the Western Pacific/South China Sea, and the hardline responses by the PLAN in coordination with Chinese maritime law-enforcement agencies on territorial rows with the Philippines and Vietnam in the South China.³ These moves heightened the apprehension of the other littoral states about China's maritime design in the region.⁴ From their viewpoint, these maneuvers smack of Chinese maritime expansionism/adventurism in the East and South China Seas.⁵ However, from China's perspective, it is a case of the country outgrowing its subordinate status in the past and feeling confident enough to press its case in the western Pacific—to stand resolute in managing its territorial and sovereignty issues in the East and South China Seas.⁶

Judging from its recent behavior, China's aggressive pursuit of its territorial claim over the South China Sea has increased in tandem with the expansion of its navy and maritime services.⁷ It conducts regular naval exercises that utilize modern surface combatants and even submarines.⁸ These activities reflect China's intention to unilaterally and militarily resolve the maritime issue, flaunt its naval capabilities, and impress upon the other claimant states its "de facto" ownership of the disputed territories.⁹ In the long run, China's naval capabilities will be directed not only to expand its maritime domain but to deny foreign navies—especially that of the US—access to the East China and South China Seas. In time, it will be capable of depriving the US 7th Fleet's access to the

³National Institute for Defense Studies, *NIDS China Security Report 2014* (Tokyo: National Institute for Defense Studies, 2015), p. 3.

⁴*Ibid.*, p. 3.

⁵David Scott, *China Stands Up: The PRC and the International System* (Oxon; New York: Routledge, 2007), p. 104.

⁶Michael D. Swaine, "The Real Challenge in the Pacific: A Response to "How to Deter China," *Foreign Affairs* 94, 3 (May/June 2015), pp. 146–147.

⁷Peter Dutton, "Three Disputes and Three Objectives: China and the South China Sea," *Naval War College Review* (Autumn 2011) 54, 4, p. 6.

⁸For details on China's Training Exercises in its surrounding waters see *National Institute for Defense Studies, NIDS China Security Report* (Tokyo: National Institute for Defense Studies, 2011), pp. 14–21.

⁹See The International Institute for Strategic Studies, *The Military Balance 2011: The Annual Assessment of Global Military Capabilities and Defence Economics* (London: The International Institute for Strategic Studies, 2011), p. 196.

Western Pacific inside of the so-called first-island-chain.¹⁰ Eventually, China's long-term goal is to project its growing naval power not only in its near seas but to the far seas—the sea adjacent to the outer rim of the first-island-chain and those of the north Pacific.¹¹

Although Japan is not a party in the South China Sea dispute, it has inevitably paid attention to China's actions in this territorial row. This stemmed from Japan's concern that if China achieves its expansionist goal in the South China Sea, it will also adopt the similar objective and strategy in the East China Sea. Hence, Japan should monitor Chinese actions not only in the South China Sea but also in other waters surrounding the country such as the East China Sea and the Western Pacific.¹² Observing the coordination between the civilian agencies and the PLAN during the 2012 Scarborough standoff between the Philippines and China, the National Institute for Defense Studies in Tokyo warily noted that “the (inter-agency) cooperation for protecting China's maritime interests between the PLA [People's Liberation Army] and maritime law enforcement agencies is likely to strengthen not only in the South China Sea but also in the East China Seas.”¹³ This observation became prophetic as less than a month after the Scarborough Shoal, Japan saw its worst nightmare in the East China Sea becoming a harsh reality.

On 11 July 2012, after the Japanese government decided to buy the Senkaku (Diaoyu) Islands from its private owner, three ships from the CMS and FLEC entered Japanese waters off the Senkaku (Diaoyu).¹⁴ Immediately, Vice-Minister Sasae Kenichiro summoned the Chinese ambassador in Tokyo and denounced the incursion as “extremely serious” and unacceptable. Instead of backing out of the confrontation, China deployed another ship into Japan's contiguous zone. Eventually,

¹⁰Yoichi Kato, “China's Naval Expansion in the Western Pacific,” *Global Asia* 5, 4 (Winter 2010), p. 19.

¹¹Sharman, op. cit., p. 6.

¹²National Institute for Defense Studies, *NIDS China Security 2011* (Tokyo, Japan: National Institute for Defense Studies, 2012), p. 26.

¹³National Institute of Defense Studies, *NIDS China Security Report 2012* (Tokyo, Japan: National Institute for Defense Studies, 2012), p. 20.

¹⁴Accounts of this incident were culled from James J. Przystup, “Japan–China Relations: Happy Anniversary...? Part 2” *Comparative Connections* (September 2012), p. 7.

to assert its claims over the Senkaku (Diaoyu) islands, China regularized its maritime presence in the areas off the island. On 13 December 2012, the Japanese Coast Guard reported 17 Chinese intrusions into Japanese territorial waters since 11 September 2012.¹⁵ Consequently, Japanese foreign ministry officials concluded that Chinese maritime intrusions were aimed at chipping away at Japan's effective administrative control over the islands, and forcing it to recognize the existence of a dispute.¹⁶

On 16 October 2012, following an exercise in the Western Pacific, seven PLAN warships transited through Japan's contiguous zone in the southwestern islands. In November 2012, China raised the ante as Chinese media reported that five PLAN warships sailed through the Miyako Strait into the West Pacific and carried out blue-water training exercises on 28 November 2012.¹⁷ In turn, the Japanese media reported more actively on the PLAN deployments to and exercises in the Western Pacific as those events became commonplace.¹⁸ From 10 to 17 December, four CMS ships repeatedly entered Japanese contiguous zone in the Senkaku (Diaoyu) islands. On 13 December 2012, a China State Oceanic Administration airplane entered Japanese airspace over those islands.¹⁹ Consequently, these reports of Chinese naval and aerial intrusions into Japanese waters and airspace around the Senkaku (Diaoyu) Islands galvanized public opinion in Japan against China which was perceived as "a major rival or an enemy."²⁰ This led to the return to power of Liberal Democratic Party (LDP) President Shinzo Abe following the 16 December 2012 election. This set the stage for the extension of the Sino-Japanese rivalry into maritime Southeast Asia.

¹⁵James J. Przystup, "Japan-China Relations: 40th Anniversary "Fuggetaboutit!" *Comparative Connections* (September 2012). (January 2013), p. 6.

¹⁶*Ibid.*, p. 6.

¹⁷Sharman, Christopher H. Sharman, *China Moves Out: Stepping Stones Toward a New Maritime Strategy* (Washington, D.C.: National Defense University, April 2015), p. 24.

¹⁸*Ibid.*, p. 24.

¹⁹Przystup, *op. cit.*, p. 8.

²⁰*Ibid.*, p. 7.

RENEWED SINO-JAPANESE RIVALRY: MARITIME SOUTHEAST ASIA

Although the maritime Southeast Asian states (the Philippines, Brunei, Malaysia, Singapore, Vietnam, and Indonesia) are small or emerging middle powers, they are also “swing states” in the East Asian security equation.²¹ Their alignment to any big powers in East Asia—China, Japan, and the US—may have considerable diplomatic implications for the regional balance of power and influence. Neither China nor Japan wants to see these ASEAN states drawn into the sphere of influence of the other.

To Tokyo, the territorial disputes in the East China and South China Seas reflect the same Chinese mentality of using coercion to change the status quo. A collision in September 2010 between a Chinese fishing boat and two Japanese Coast Guard vessels in the vicinity of the disputed Senkaku (Diaoyu) Islands was the catalyst to the deterioration of Sino-Japanese relations. This fracas happened amidst Tokyo’s apprehension over China’s increasing military spending and the latter’s insistence to secure new sources of energy in the disputed East China Sea. Indeed, the 2010 Senkaku (Diaoyu) incident further fueled Japanese anxiety over China’s assertive maritime claims in both the East and South China Seas, and its confrontation with the Philippines and Vietnam in disputed waters.

The relations of the Southeast Asian states with China are complex and ambiguous.²² This stems from their geographic proximity, history of “asymmetrical” relations with the Middle Kingdom, Maoist China’s support for communist insurgencies in Southeast Asia, and the implications of the rise of post-Mao’s China and its increased naval presence in maritime Southeast Asia. China claims almost 80% of the South China Sea along with the Paracels and Spratly Islands, which overlaps with the maritime claims of the Philippines, Brunei, Malaysia, and Vietnam. Indeed, the South China Sea is a potential flashpoint in East Asia.

²¹Andrew Macintyre, “American and Japanese Strategies in Asia: Dealing with ASEAN,” in Ellis S. Krauss and T.J. Pempel (eds.), *Beyond Bilateralism: U.S.–Japan Relations in the New Asia–Pacific* (Stanford, CA: Stanford University Press, 2004), p. 127 (Macintyre 2004).

²²Alice Ba, “A New History? The Structure and Process of Southeast Asia’s Relations with a Rising China,” *Contemporary Southeast Asia* (Ed) Mark Beeson (New York: London: Palgrave, 2009), p. 193 (Ba 2009).

In mid-2009, China protested when Malaysia and Vietnam forwarded to the UN their maritime claims to an extended continental shelf. Based on Article 76 of the UNCLOS, the extent of these states' continental shelf covers a distance of 200 nautical miles from their coastal land territories. In its *note verbale*, China reiterated its undisputable sovereignty over the islands of the South China Sea and the adjacent waters and alleged that Malaysia and Vietnam had "seriously infringed" on China's sovereignty.²³ In retaliation, China presented its controversial nine-dashed line map encompassing about 80% of the South China Sea. This map indicates not only Beijing's claimed sovereignty over the islands and waters of the South China Sea, but also its transportation, fishing, and mineral extraction rights over "all the waters within the nine-dash line."²⁴

In late 2009, tension between China and Vietnam erupted after Hanoi accused Chinese naval personnel of detaining, beating, and robbing Vietnamese fishermen seeking shelter from a raging typhoon near the disputed Paracel Islands. In July 2010, the Ministry of Defense spokesperson Senior Colonel Geng Yansheng reiterated that "China has undisputable sovereignty over the South Sea, and China has sufficient historical and legal backing."²⁵

In March 2011, two Chinese patrol boats confronted a survey ship commissioned by the Philippine Department of Energy (DOE) to conduct oil exploration in the Reed Bank (Recto Bank), 150 km east of the Spratly Islands and 250 km west of the Philippine island of Palawan. Subsequently, during the Scarborough Shoal standoff between early April and mid-June 2012, China gained the upper hand as it forced the Philippines to retreat instead of confronting the Chinese civilian maritime presence with a surface combatant. With an armada of armed civilian maritime vessels at its disposal, China put the onus of escalation on

²³Clive Schofield and Ian Storey, *The South China Sea Dispute: Increasing Stakes and Rising Tensions* (Washington D.C.: The Jamestown Foundation, 2009), p. 22 (Schofield and Storey 2009).

²⁴Jane Perlez, "China Flexes its Muscle to Reassert Sea Claims", *International Herald Tribune* (13 August 2012), p. 3 (Perlez 2012).

²⁵Richard Weitz, "Nervous Neighbors: China Finds a Sphere of Influence," *World Affairs* (March/April) Vol. 173, No. 6, p. 2. <http://proquest.umi.com/pqdweb?index=56&did=2292738811&Src> (Weitz 2011).

the Philippines. The stalemate exhibited China's adeptness at handling a territorial dispute using brinkmanship.

China has also set its sights on the Second Thomas Shoal—a small land formation about 200 nautical kilometers from the Philippines but claimed by both countries. In 1999, to prevent Chinese encroachment on the shoal, the Philippine Navy intentionally beached an old Landing Ship Tank (LST), the *BRP Sierra Madre* on the land feature and has maintained a small garrison of a few Philippine Marines on board the beached ship ever since. Since early 2014, Chinese Coast Guard boats have harassed routine efforts by the Philippine Navy to resupply the marines on the *Sierra Madre*, with the goal of tightening the blockade on the ship to force the withdrawal of the small Filipino garrison from the Thomas Shoal.

In 2015, China intensified its expansive maritime claim in the South China Sea by constructing artificial islands over the eight reefs it occupied in the Spratlys. Based on the satellite images provided by the *IHS Jane's Defense Weekly*, China has created new islands at Hughes, Johnson, Gaven, Fiery Cross, and Mischief Reefs.²⁶ On 9 April 2015, the Chinese foreign ministry acknowledged China's massive artificial island constructions in the Spratlys as it justified this effort as a means of "satisfying necessary military defense requirements" while at the same time to provide "civilian facilities such as typhoon shelters, fishing services, and civil administration offices" for China, its neighbors, and international vessels sailing in the South China Sea.²⁷ Despite President Xi Jinping's statement to President Barack Obama that China "does not intend to pursue militarization" of the Spratly Islands, China continued its construction of airstrips and other facilities for military requirements on the disputed islands. In November and December 2015, the PLAN conducted two massive naval exercises in the South China Sea involving guided missile destroyers, frigates, submarines, early warning aircraft, and fighter jets.²⁸ These efforts were aimed to enable China to have a strategic advantage

²⁶Bonnie Glasser and Jacqueline Vitello, "China Makes Strides with AIIB and A Great Wall of Sand," *Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations* (May 2015), p. 5.

²⁷Ibid, p. 7.

²⁸Robert Sutter and Chin-hao Huang, "Limited Moderation amid Pressure and Complaints" *Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations* (January 2016), p. 4.

in conflicts over territorial sovereignty and maritime rights and interests in the South and East China Sea as the PLAN is expected to develop naval capabilities needed to gain control of both sea and air in wartime, while strengthening its presence in peacetime.²⁹

JAPAN: BALANCING CHINA'S EXPANSION TO MARITIME SOUTHEAST ASIA

In July 2010, then Japanese Foreign Minister Okada Katsuya stated that the troubled waters in the South China Sea could hamper Japan's trade and threaten regional peace.³⁰ Japan seeks to balance Chinese creeping encroachment in the South China Sea.³¹ This balancing strategy involves Tokyo forging closer political relations and economic partnership agreements with various maritime ASEAN states such as Singapore, the Philippines, Indonesia, and Vietnam. These Japanese-sponsored agreements are meant to ensure economic cooperation among regional allies, in the face of bilateral trade deals proffered by China in Southeast Asia.³²

Japan has been monitoring China's maritime moves to protect their vital sea-lanes of communication and trade, particularly in the Malacca Strait and South China Sea. In effect, Japan pays serious attention to the South China Sea in particular, and to maritime Southeast Asia in general.³³ To balance China in maritime Southeast Asia, Japan relies on two instruments—the ARF and assistance to Vietnam, the Philippines, and Indonesia to boost their maritime capability.

Regarding maritime security, Japan has a long history of cooperation with littoral Southeast Asian states in navigational safety, survey work,

²⁹National Institute for Defense Studies, *NIDS China Security Report 2016* (Tokyo, Japan: National Institute for Defense Studies, 2016), p. 16.

³⁰"Japanese FM Airs Concern over Territorial Disputes in South China Sea," BBC Monitoring Asia Pacific (27 July 2010), p. 1. <http://search.proquest.com/docview/724504192/131A739EA/562>.

³¹Michael J. Green, *Japan's Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power* (Hampshire; New York: Palgrave, 2004), p. 189 (Green 2004).

³²Julie Gilson, "Japan and Southeast Asia" *Contemporary Southeast Asia* (Ed) Mark Beeson (New York: London: Palgrave, 2009), p. 6 (Gilson 2009).

³³Joshua P. Rowan, "The U.S.–Japan Security Alliance, ASEAN, and the South China Sea Dispute", *Asian Survey* 5, 3 (May/June 2005), p. 432 (Rowan 2005).

equipment provision, coastal patrol, and training.³⁴ Active in multilateral undertakings to combat piracy, it has proposed voluntary cost sharing for maritime safety, security, and environmental protection of the seas in maritime Southeast Asia, and even provided patrol ships to Indonesia and the Philippines.³⁵ Currently, the Japanese Coast Guard conducts joint maritime security exercises with Malaysia, the Philippines, and Vietnam.³⁶

Many Southeast Asia states are keen on fostering security ties with Japan. These states also believe that Japan should play a more active political, diplomatic, and security role in Southeast Asia, especially the South China Sea.³⁷ In general, they are supportive of Japanese initiatives to foster regional cooperation and implement effective means of combating piracy in maritime Southeast Asia.³⁸

In the face of China's intrusions in Japanese waters and airspace, growing naval might, and assertiveness in the East and South China Sea, Japan decided to strengthen its defense posture. It also conducted a coordinated diplomatic strategy to resolve the potentially fluid and dangerous regional balance of power in cooperation with the US and neighboring countries in East Asia. Prime Minister Abe came into power in early 2013 amidst an intense territorial row between Japan and China over the Senkaku (Diaoyu) islands. After the 16 December parliamentary election, Abe declared "that the islands are the inherent territory of Japan... We own and effectively control them. There is no room for negotiations about them."³⁹ In the first few months of his term, the Senkaku (Diaoyu) islands occupied the center stage of the Japan–China relationship, which became extremely strained. Abe continued the policy of his predecessor of not acknowledging the existence of a dispute over the islands. China responded by increasing the number and frequency of civilian ships deployed around the islands. In the face of heightened tension in the Senkaku (Diaoyu), Abe took several significant steps to expand Japanese security policy. From his point of view, China's assertive

³⁴Sueo Sudo, "Japan's ASEAN Policy: Reactive or Proactive in the Face of a Rising China in East Asia?" *Asian Perspective* 33, 1 (2009), p. 4 (Sueo 2009).

³⁵Ibid, p. 4.

³⁶Sandra R. Leavitt, "The Lack of Security between Southeast Asia and Japan: Yen Yes, Pax Nippon No", *Asian Survey* 45, 2 (March/April 2005), p. 238 (Leavitt 2005).

³⁷Ibid, p. 230.

³⁸Sudo, op. cit., p. 4.

³⁹Przystup, op. cit., p. 9.

behavior in East Asia is a source of grave security concern for Japan.⁴⁰ On 28 February 2013, without mentioning China by name, he cautioned against the use of force to change the status quo on account of on territorial issues.⁴¹ He called on China to refrain from any dangerous acts with regard to the Senkaku (Diaoyu) and underscored that Japan's interests are immutable forever, that aggression must be prevented at all costs, and that international law, the fundamental rule for the entire world, must prevail against the use of force.⁴²

During his first few months in office, Abe announced an increase in defense spending over 11 years and a review of the 2010 National Defense Program Guidelines.⁴³ In October 2013, Japan and the US convened a meeting of the Security Consultative Committee or 2 + 2 in Tokyo. Both sides issued a joint statement reaffirming the importance of the alliance and announcing a review of the US–Japan Defense Cooperation Guidelines, last updated in 1997, to reflect the changes in the regional and global security environment.⁴⁴ The communiqué mentioned several priorities for cooperation that included ballistic missile defense, space and cyber defense, joint Intelligence Surveillance and Reconnaissance (ISR) activities, dialogue on extended deterrence, joint training and exercises, realignment of US forces in Okinawa, and convening of trilateral and multilateral security cooperation among US allies in East Asia.⁴⁵

Finally, Japan launched the “multilayered security cooperation” on a regional and global scale with like-minded countries that included US allies in the region such as South Korea, Australia, as well as with US alliance/partner countries whose coastal territories are critical to Japanese sea-lanes of communications.⁴⁶ The *2013 National Security Strategy of Japan* specifically mentioned that Japan will strengthen diplomacy and

⁴⁰Bhubhindir Singh, “The Development of Japanese Security Policy: A Long-Term Defensive Strategy,” *Asian Policy* Number 19 (January 2015), p. 57.

⁴¹James J. Przystup, “Japan–China Relations: Treading Troubled Waters” *Comparative Connections* (May 2013), p. 9.

⁴²*Ibid.*, p. 2.

⁴³Przystup, *op. cit.*, p. 9.

⁴⁴Michael J. Green and Nicholas Szechenyi, “U.S.–Japan Relations: Big Steps, Big Surprises,” *Comparative Connections* (January 2014), p. 3.

⁴⁵*Ibid.*, p. 8.

⁴⁶Yasuhiro Matsuda, “Engagement and Hedging: Japan’s Strategy toward China,” *SAIS Review*, XXXII, No. 2 (Summer–Fall 2012), p. 116.

security cooperation with ASEAN countries concerned to settle disputes in the South China Sea, not by force, but in accordance with the rule of law.⁴⁷ Although the document did not name specific countries, two states are located along Japan's Sea Lanes of Communication (SLOC) and have ongoing disputes with China in the South China Sea—Vietnam and the Philippines. Observing Japan's recent efforts to engage the ASEAN states in maritime security cooperation, a Japanese defense analyst notes: "Beijing's growing assertiveness in East and South China Seas has encouraged Tokyo to cooperate with regional partners to jointly address it. In sum, Japan's motivation to pursue more security cooperation with ASEAN is closely related to the rise of China."⁴⁸

Tokyo: Supporting Manila Against Beijing in the South China Sea

In September 2011, then Prime Minister Noda Yoshihiko and Philippine President Benigno Simeon Aquino III issued a joint statement in Tokyo, affirming "that the South China Sea is vital as it connects the world and the Asia-Pacific, and that peace and stability therein is of common interest to the international community."⁴⁹ Noda also instructed the Japan Coast Guard (JCG) to train the Philippine Coast Guard, hold consultations with Filipino naval officers, and increase joint coast guard exercises.⁵⁰ After President Aquino's third visit to Japan, Tokyo and Manila announced the holding of an elevated dialogue on maritime and oceanic affairs, exchanges between Filipino and Japanese defense and maritime

⁴⁷Government of Japan, *The National Security Strategy of Japan* (Tokyo: Office of the Prime Minister, December 2013), pp. 60–61.

⁴⁸Tomotaka Shoji, "Japan's security Cooperation with ASEAN: Pursuit of a Status as a "Relevant" Partner," *NIDS Journal of Defense and Security* No. 16 (December 2015), p. 98.

⁴⁹Christian V. Esguerra, "Philippines Gets Japan Support on Spratly Dispute", *Tribune Business News* (28 September 2011), p. 1. <http://search.proquest.com/docview/894306416/13A34DA4D4DFF70> (Esguerra 2011).

⁵⁰James Hookway and Yoree Koh, "Japan, Philippines Seek Tighter Ties to Counter China", *Wall Street Journal* (27 September 2011), p. 1. <http://search.proquest.com/docview/894125705/13A349E13622FC> (Hookway and Koh 2011).

officials, as well as Japan's capacity-building training of the 3500-strong Philippine Coast Guard.⁵¹

In April 2012, at the start of the 2-month standoff between Philippine and Chinese civilian ships at Scarborough Shoal, Japanese Ambassador to the Philippines Urabe Toshio mentioned the "close-knit triangular relationship among Japan, the Philippines, and their closest (mutual) ally—the US."⁵² Then in May 2012, three MSDF surface combatants arrived in Manila for a 4-day port call.⁵³ The *Yomuri Shimbun* linked the ship visit to the on-going Scarborough Shoal standoff and editorialized that Japan could not just stand-by idly and wait for China and the Philippines to clash openly.⁵⁴ The editorial empathically noted that it is in "Japan's national interest to ensure that its sea-lanes remain safe."⁵⁵

In July 2012, Japanese Defense Minister Morimoto Satoshi and his Filipino counterpart, Voltaire Gazmin, inked a bilateral agreement with special emphasis on maritime security on behalf of Japan and the Philippines respectively.⁵⁶ This military cooperation would feature high-level dialogue between defense officials and reciprocal visits by the MSDF chief-of-staff and the Philippine Navy (PN) flag commander. A few days later, Philippine Foreign Affairs Secretary Albert Del Rosario announced that Tokyo was likely to provide the Philippine Coast Guard with ten 40-m boats and two larger ships as part of Japan's ODA to the Philippines by the end of the year.⁵⁷

⁵¹ "Japan and Philippines Strengthen Maritime Security Ties," *Jane's Country Risk Daily Report* 18, 195 (9 September 2011), p. 1. <http://search.prospect.com/docview/894795349/13A384763AF488>.

⁵² "Japan/Philippines/United States: Japan Envoy Notes Close-Knit Relations among Philippines, Japan, U.S." *Asia News Mentor* (11 April 2012), p. 1. <http://search.proquest.com/docview/993161337/13A384763AF88>.

⁵³ "Philippine Navy Says Japan Sending Three Warships for Port Call to Manila," *BBC Monitoring Asia-Pacific* (26 May 2012), p. 1. <http://search.proquest.com/docview/1023495212/13A384763AF48>.

⁵⁴ *Ibid.*, p. 1.

⁵⁵ *Ibid.*, p. 1.

⁵⁶ "Japan and Philippines Sign Defense Pact," *Jane's Country Risk Daily Report* (4 July 2012) 19, 134, p. 1. <http://search.proquest.com/docview/102349/13A38763AF488>.

⁵⁷ Jerry E. Esplanada, "Philippines, Japan to Enhance Maritime Security Ties," *Philippine Daily Inquirer* (9 July 2012), p. 1. <http://globalnation.inquirer.net/43508/philippines-japan-to-enhance> (Esplanada 2012).

In January 2013, Japanese Foreign Minister Kishida Fumio called for stronger ties with the Philippines and other ASEAN member states to avert the deterioration of the territorial dispute in the South China Sea during his visit to Manila.⁵⁸ On the second day of his visit, Minister Kishida met Secretary Del Rosario and declared that the Philippines is a strategic partner of Japan, and promised to enhance its maritime security capability. He then announced Japan's technical assistance to the Philippine Coast Guard (PCG) through the provision of essential communication system equipment for maritime safety.⁵⁹ Then in May 2013, Prime Minister Abe announced the Japanese government's support for the Philippines' moves to bring its territorial dispute with China over the South China Sea before the United Nations Arbitrage Tribunal on the Law of the Sea.⁶⁰

In June 2013, Japanese Defense Minister Onodera Itsunori and his Philippine counterpart, Voltaire Gazmin, confirmed the continuous "exchanges of information aimed at strengthening Philippine-Japan defense relations and on working together to make US strategic rebalancing a reality in Asia."⁶¹ Secretary Gazmin also raised the possibility of allowing the Japanese Self-Defense Forces (SDF) access to the former American military bases in the Philippines if Tokyo is interested in negotiating and signing an access agreement with Manila.⁶²

In December 2013, President Aquino met Prime Minister Abe in Tokyo to discuss how the two countries would respond to China's establishment of an ADIZ in the East China Sea.⁶³ President Aquino

⁵⁸"Japan for Stronger Ties with ASEAN Nations," *Gulf Times* (11 January 2013), p. 1. <http://search.proquest.com/docview/1268525951?accountid=28547>.

⁵⁹"Philippine/Japan: Philippines, Japan Agree to Enhance Cooperation in Maritime Security," *Asia News Monitor* (14 January 2013), p. 1. <http://search.proquest.com/docview/1269104724?accountid=28547>.

⁶⁰"Japan/Philippines/China: Japan Backs Philippines Arbitration Initiative vs China," *Asia News Monitor* (24 May 2013), p. 1. <http://search.proquest.com/docview/1354166982?accountid=28547>.

⁶¹"Philippines, Japan Agree to Strengthen Defense Ties," *BBC Monitoring Asia-Pacific* (27 June 2013), p. 2. <http://search.proquest.com/docview/137173115?accountid=28547>.

⁶²*Ibid.*, p. 2.

⁶³"Japan, Philippines to Cooperate on China's Air Defense Zone," *Jiji Press English News Service* (13 December 2013), p. 1. <http://search.proquest.com/docview/1467745056?>

expressed his country's concern that China might extend the zone into the South China Sea and this will adversely affect Philippine security. For his part, Prime Minister Abe assured President Aquino that Japan cannot tolerate China's attempt to change the status quo in the region by force, and expressed his country's intention to cooperate with the Philippines to ensure that the freedom of flight and navigation will not be infringed.⁶⁴

In June 2014, President Aquino saw Prime Minister Abe again in Tokyo to discuss ways of strengthening Philippine–Japan security relations in the face of China's ambition to become a major naval power in East Asia.⁶⁵ President Aquino followed up the PCG's request for 10 brand new 40-m long multi-role patrol boats that are financed through a US\$184 million soft loan from Japan International Cooperation Agency.⁶⁶ More significantly, Aquino endorsed Abe's move to expand Japan's security role in the region during a joint news conference following their bilateral meeting.

To strengthen Tokyo's military capabilities in the light of the Senkaku (Diaoyu) dispute, Abe is pushing for the reinterpretation of the Japanese Constitution to permit the SDF to exercise the right of "collective self-defense," which would allow it to extend military assistance to allies such as the US even if Japan is not attacked. President Aquino expressed his country's support for the Abe Administration's plan to reinterpret Japan's pacifist Constitution.

During his state visit to Japan in early June 2015, President Aquino continued his thorough consultation with PM Abe on peace and stability in the Asia–Pacific region.⁶⁷ The two leaders signed a joint declaration on "A Strengthened Strategic Partnership for Advancing the Shared

⁶⁴Ibid., p. 1.

⁶⁵"Aquino and Abe Discuss Maritime Disputes," *Gulf News* (25 June 2014), p. 1. <http://search.proquest.com/docview/1539577105?accountid=28547>.

⁶⁶Ibid., p. 1.

⁶⁷The Philippines News Agency (PNA), "Japan Shares Philippines Serious Concern over China's Reclamation Activities in West Philippines Sea," *The Philippines News Agency* (5 June 2015), p. 1. <http://search.proquest.com/docview/1686051792?accountid=28547>.

Principles and Partnership and Goals for Peace, Security, and Growth in the Region and beyond.” They also agreed to further enhance the strategic partnership between their countries on the basis of shared principles and goals.⁶⁸ The document also expressed the two countries’ commitment to ensure maritime safety and security and their serious opposition to unilateral actions to change the status quo in the South China Sea, including large-scale reclamation and building of outposts. This is especially directed against China’s constructions of artificial islands in the contested sea. Specifically, the communiqué commits Japan to the following actions: (1) enhance the capacity of the PCG; (2) cooperate with the Philippines on maritime security and on maritime domain awareness; and (3) explore the prospects for the transfer of Japanese defense equipment and technology to the Philippines.⁶⁹

The declaration includes a detailed action plan for strengthening the two countries’ strategic partnership. Among the areas of cooperation in the security realm include sharing of information on the security environment and challenges, information exchange and policy coordination on respective security policies, collaboration on maritime matters (including maritime domain awareness), humanitarian assistance, and most importantly, the provision of defense equipment and technology.

The Philippines and Japan are currently exploring a strategic partnership to complement their respective bilateral alliances with the US. On the one hand, the Philippines has to leverage its alliances and defense engagements with foreign militaries to rectify the deplorable state of its military capability and effectively respond to security threats.⁷⁰ On the other hand, Japan finds it necessary to assist Southeast Asian countries in active dispute with China in the South China Sea because “if China’s strategic position improves in relative terms in the South China Sea, then it is likely it would adopt a similar assertive attitude and actions

⁶⁸The Philippines News Agency (PNA), “Japan Shares Philippines’ Serious Concern over China’s Reclamation Activities in the West Philippine Sea,” *The Philippines News Agency* (PNA) (5 June 2015), p. 1. <http://search.proquest.com/docview/1686051792?accountid=28547>.

⁶⁹“Japan–Philippines Joint Declaration: A Strengthen Partnership for Advancing the Shared Principles and Goals of Peace, Security, and Growth in the Region and Beyond” (Tokyo: Ministry of Foreign Affairs, 4 June 2015).

⁷⁰Rodulfo-Veril, *op. cit.*, p. 135.

against Japan in the East China Sea.”⁷¹ This partnership is made operational by the two countries’ regular bilateral consultations between their heads of states, defense exchanges between the Philippine Department of National Defense and the Japanese Ministry of Defense, naval exercises between the PN and JMSDF, provision of defense equipment by Japan to the Philippines, and possibly, the JMSDF’s access to patrol in the South China Sea. Observing the developments in Philippine–Japan security partnership, American scholar Sheldon Simon wrote: “of all Southeast Asian countries, Japan’s security relations with the Philippines are the most advanced. Because it is a close ally of the US, Japan is seen by Manila as an important security partner.”⁷²

Japan: Supporting Vietnam Against China in the South China Sea

Japan has also improved its relations with Vietnam. In December 2010, Tokyo and Hanoi agreed to enhance their cooperation during the two countries’ first strategic partnership meeting.⁷³ In January 2013, Prime Minister Abe visited Vietnam and offered a new loan package worth US\$500 million for three infrastructure projects. He also sought Vietnam’s support for a number of regional security issues, including the maritime disputes in the region.⁷⁴

In December 2013, Prime Minister Nguyen Tan Dung made an official visit to Japan to attend the ASEAN–Japan Commemorative Summit and the 5th Mekong–Japan Summit. During his bilateral summit with his Vietnamese counterpart, Prime Minister Abe announced a further development assistance package of US\$1 billion to fund five major industrial projects in Vietnam.⁷⁵ In early August 2014, Japanese Foreign Minister Fumio Kishida offered to provide Vietnam six used naval vessels that will be utilized by the Vietnamese government for patrolling

⁷¹National Institute for Defense Studies, NIDS *China Security Report 2011*, p. 26.

⁷²Sheldon Simon, “Courting Partners,” *Comparative Connections: A Trilateral E-Journal on East Asian Bilateral Relations*, (September 2015), p. 4.

⁷³“Vietnam: Vietnam, Japan Hold Defense Talks,” *Asia News Monitor* (10 December 2010), p. 1. <http://search.proquest.com/docviw/1250472915?accountid=28547>.

⁷⁴See Carlyle A. Thayer, “Vietnam in 2013: Domestic Contestation and Foreign Policy Success”, *Southeast Asian Affairs* (Singapore: Institute for Southeast Asian Affairs, 2014), p. 363 (Thayer 2014).

⁷⁵*Ibid.*, p. 363.

the country's maritime territory and related equipment worth a total of US\$4.9 million in an effort to strengthen the Vietnamese Coast Guard, and effectively boost the two countries' security ties.⁷⁶ The first vessel arrived in Danang in February 2015, and was handed to the Vietnamese Coast Guard.⁷⁷

During a September 2015 visit to Japan by Vietnam Communist Party Secretary General Nguyen Phu Trong, the two countries issued a Joint Vision Statement on Japan–Vietnam Relations as well as a Memorandum on Cooperation between Coast Guard Agencies with Tokyo promising additional secondhand patrol ships to enhance Hanoi's civilian maritime law enforcement capabilities. This is aimed to further assist the Vietnamese Coast Guard, which is currently overstretched with the need to patrol around both the Paracel and Spratly Islands.⁷⁸ In early November 2015, Japanese Defense Minister Gen Nakatani visited Hanoi where he met his Vietnamese counter-part—Defense Minister Phung Quang Thanh. During their bilateral meeting, the two defense ministers agreed on increasing exchanges of high-ranking visits, boosting cooperation in training, effectively implementing the Memorandum of Understanding on defense cooperation in United Nations Peacekeeping Operations, and ensuring the freedom of maritime and aviation navigation.⁷⁹ The two sides also agreed to continue cooperation in regional issues, and closely coordinate within the realm of international organizations and forums, especially the ASEAN Defense Ministerial Meeting Plus.⁸⁰ Japan has also assisted Vietnam on Underwater Medicine. The two countries conducted five seminars in Japan and Vietnam on the medical field of underwater medicine. This cooperation was very relevant to Vietnam in the light of its acquisition of five Russian-made Kilo-class submarines that are currently being deployed in the South China Sea.⁸¹

⁷⁶“Japan/Vietnam Politics: Quick View—Japan Gives Vietnam Ships to Boost Maritime Security,” *European Intelligence Unit Views Wire* (5 August 2014), p. 1. <http://search.proquest.com/docview/1551205724?accountid=28547>.

⁷⁷Shoji, op. cit., p. 109.

⁷⁸Sheldon Simon, “Commitment Concerns,” *Comparative Connections: A Trilateral E-Journal on East Asian Bilateral Relations* (January 2016), pp. 4–5.

⁷⁹Asia News Monitor, “Vietnam/Japan: Japan to Bolster Defense Relations with Vietnam,” *Asia News Monitor* (12 November 2015), pp. 1–2.

⁸⁰Ibid, p. 2.

⁸¹Shoji, op. cit., p. 109.

Japan–ASEAN Maritime Cooperation

Tokyo also pursues cooperation with other ASEAN states besides the Philippines and Vietnam to balance China. Similarly, the maritime Southeast Asian states perceive Japan as a counterweight against China's growing presence in the region. In October 2011, Japan and the ASEAN states agreed to promote maritime security ties during the Japan–ASEAN summit in Jakarta in November 2011. The two sides agreed in principle to issue a joint declaration calling for free and safe navigation and the observation of international laws in the East China and South China Seas.⁸² Japan offered to deepen its cooperation with the regional organization in accordance with “universally agreed [upon] principles of international law” including the freedom and safety of navigation, and the peaceful settlement of disputes in accordance with relevant maritime laws such as the 1983 UNCLOS.⁸³

Tokyo also offered to provide two trillion yen in ODA to the ASEAN states for their economic development.⁸⁴ Currently, the funds are used in the building of 33 infrastructure projects to boast ASEAN “connectivity” in such areas as transport across borders and simplifying customs procedures. In October 2012, Japan met the ASEAN states during the Third ASEAN Maritime Forum to “forge cooperative links” that can strengthen maritime security and safety in Southeast Asia.⁸⁵

For Japan, the territorial disputes in the South China Sea are a cause of concern over the rule of law and freedom of navigation, which may greatly affect peace and stability in Southeast Asia as well as economic activities such as energy supply and overseas trade.⁸⁶ Thus, Tokyo finds it extremely important to cooperate with ASEAN, both multilaterally and

⁸²Yoichi Shiraishi, “Japan, ASEAN to Boost Security”, *Tribune Business News* (14 October 2011). <http://search.proquest.com/docview/898318211/13A349E13622FC>.

⁸³“Japan, ASEAN Leaders Meet to Pledge Closer Maritime Security Ties”, *The Philippine News Agency* (18 November 2011), p. 1. <http://search.proquest.com/docview/904889683/13A34C7360A64F>.

⁸⁴“Japan/Indonesia: Japan Unveils Two Trillion Yen Aid to Boost ASEAN Connectivity”, *Asia News Monitor* (21 November 2011), p. 1. <http://search.proquest.com/docview/905021878/13A34C7360A64F>.

⁸⁵“ASEAN, China, Japan Officials to Discuss Maritime Cooperation,” *BBC Monitoring Asia–Pacific* (3 October 2012), p. 1. <http://search.proquest.com/docview/1081776808/13A34C7360A64>.

⁸⁶Shoji, op. cit., p. 105.

bilaterally, to demonstrate its resolve to check China's maritime expansion in the South China Sea. Prime Minister Abe has hosted a Japan–ASEAN summit and has also visited all ten ASEAN member states. His efforts to establish a close cooperative relation between Japan and ASEAN are built on a solid foundation of economic diplomacy initiated by former Prime Minister Fukuda Takeo in 1977 (the Fukuda Doctrine), but add particular emphasis to maritime security and the rule of law in subtle reference to Chinese assertiveness in the East and South China Seas.⁸⁷ Japan has also actively participated in various fora such as the ARF, ASEAN Defense Ministers' Meeting-Plus, and East Asia Summit. Tokyo's basic approach in these multilateral fora is to put maritime security on the agenda, reiterating the importance of resolving territorial disputes in a peaceful manner, and securing the freedom of navigation based on the rule of law, as international norms that every state in East Asia should observe.⁸⁸ Japan's goal in these fora is the check China's unilateral behavior in the South China Sea by garnering support from as many as regional countries as possible, including ASEAN members.⁸⁹ In pursuing this goal, JMSDF ships in the later part of 2015 participated in search and rescue exercises with a number of ASEAN navies with an explicit goal of acquainting each other with operational protocols at sea.⁹⁰

CHINA'S "HARD" AND "SOFT POWER" IN SOUTHEAST ASIA

Under the nationalistic Xi Jinping leadership, Beijing asserts its sovereignty in the South China Sea while offering sweeteners like the Chinese-led Asian Infrastructural and Investment Bank (AIIB) to ASEAN states for their economic development and to promote China–ASEAN economic interconnectivity. As part of its charm offensive, Beijing has also

⁸⁷Nicholas Szechenyi, "The U.S.–Japan Alliance: Prospects to Strengthen the Asia–Pacific Order," *U.S.–Alliances and Partnerships at the Center of Global Power* edited by Ashley J. Tellis, Abraham M. Denmark, and Greg Chaffin (Seattle, Washington, D.C.: National Bureau of Asian Research, 2014), p. 48.

⁸⁸Shoji, op. cit., p. 106.

⁸⁹Ibid, p. 106.

⁹⁰Sheldon Simon, "Commitment Concerns," *Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations* (January 2016), p. 4.

sponsored many Confucian Institutes to promote its “soft power” in Southeast Asia.

Despite professions of friendship with the ASEAN states, Beijing is also firm about its territorial claims in the region. In September 2012, China announced the creation of a new administration unit to govern the island groups of the Spratlys, the Paracels, and the Macclessfield Bank. At the same time, the Central Military Commission (Beijing’s most powerful military body) approved the deployment of the People’s Liberation Army to guard these islands. The president of the National Institute of South China Sea Studies noted that the goal of establishing an army garrison and creating an administrative unit in the Paracels Islands is to allow Beijing to “exercise sovereignty over all land features inside the South China Sea including more than 40 islands now illegally occupied by Vietnam, the Philippines, and Malaysia.”⁹¹

Confronted by the Obama Administration’s strategic rebalancing to Asia and a revitalized US–Japan alliance, Beijing realized that it needs a new policy to woo the Southeast and ease the tension in in the region without compromising Chinese territorial claims in the South China Sea. During the 10th China–ASEAN Expo Meeting in Nanning, China, Prime Minister Li Keqiang proposed a “Diamond Decade” with ASEAN based on the following goals⁹²: (1) an upgraded China–ASEAN Free Trade Area (CAFTA), and (2) greater connectivity between China and the Southeast Asia states through road, rail, water, air, telecommunications, and energy connections.

In October 2014, in his speech at the Indonesian Parliament, President Xi Jinping proposed to establish a China–ASEAN community with a common destiny and that will eventually provide a new blueprint for a new twenty-first century maritime silk road.⁹³ President Xi proposed the creation of an AIIB to finance China–ASEAN infrastructure connectivity.⁹⁴ Xi also proposed a maritime silk road with port facilities funded by the AIIB. By launching these new initiatives, Chinese leaders are advancing a new agenda for China–ASEAN relations that involves the

⁹¹ Perle, “China flexes its Muscle to Reassert Sea Claims...” p. 1.

⁹² Sutter and Chin-Hao, op. cit., p. 2.

⁹³ “Commentary: High Time to Build New Maritime Silk Road,” *Xinhua News Agency* (03 October 2013), p. 1. <http://search.proquest.com/1439253864?accountid=28547>.

⁹⁴ Sutter and Chin-Hao, op. cit., p. 3.

familiar themes of closer economic, social, diplomatic, and security ties without compromising on the South China Sea dispute.⁹⁵

More recently, however, China's efforts to foster a common destiny with ASEAN through the Silk Road and AIIB initiatives have been undermined by the South China Sea dispute. In 2015, the South China Sea imbroglio remained a source of tension between China and some ASEAN member states in the light of China's construction of military and civilian outposts on the Spratly Islands. During the 26th Summit Meeting of the ASEAN, the ten leaders came out with their annual communiqué expressing the regional organization's "serious concern on the land reclamation being undertaken in the South China Sea, which has eroded trust and confidence and may undermine peace, security, and stability in the South China Sea."⁹⁶ Immediately, the Chinese foreign ministry expressed its "serious and deep concerns" over the communiqué as it reiterated China's position that the South China Sea dispute is not a matter between China and ASEAN.⁹⁷ Assessing China's behavior vis-à-vis the ASEAN states in the latter part of 2015, two American scholars wrote:

China has had more difficulty than in 2013 and 2014 in using promised advances in Chinese trade and investment opportunities in various Silk Road and infrastructure bank initiatives to divert Southeast Asian attention from problems caused by Chinese assertiveness over the South China Sea. In the event, there has been less attention to Chinese economic largess in 2015, and more emphasis on Chinese efforts to ease tensions and manage differences [with some ASEAN states].⁹⁸

⁹⁵Sutters and Chin-Hao, *op. cit.*, p. 2.

⁹⁶"Chairman's Statement of the 26th ASEAN Summit, Kuala Lumpur and Langkawi, 27 April 2015, *Our People, Our Country, Our Vision* (26–27 April), p. 10.

⁹⁷Asia News Monitor, "China: Concern Rises over China's Territorial Claims as ASEAN Readies Closer Economic," *Asia News Monitor* (4 May 2015), p. 1. <http://search.proquest.com/docview/1677455091>.

⁹⁸Robert Sutter and Chin-hao Huang, "China–Southeast Asia Relations: Limited Moderation amid Pressures and Complaints," *Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations* (January 2016), p. 67.

SINO–JAPANESE RIVALRY: IMPACT ON SOUTHEAST ASIA

Beijing's combination of coercive diplomacy and cooperative ventures with ASEAN and Tokyo's countervailing moves to strengthen the maritime capabilities of ASEAN states that have territorial disputes with Beijing is evidence of the two great powers' geostrategic rivalry in Southeast Asia. However, this Sino–Japanese rivalry threatens to undermine the delicate balance of power in maritime Southeast Asia. The ASEAN's purpose and viability as a regional organization is to ensure that the smaller states' relative autonomy in Southeast Asia and the regional balance of power are maintained with some degree of predictability.⁹⁹

While Cambodia and Laos appear to be tilting towards China, the Philippines and Vietnam are aligning with Japan in maritime affairs. This intra-ASEAN rift became apparent during the 2012 ASEAN Foreign Minister Meeting in Phnom Penh when the regional organization for the first time since its establishment in 1967 failed to issue a communiqué. The ASEAN states disagreed on whether or not to mention the maritime dispute between China and the littoral ASEAN claimant states. Simply put, ASEAN lost credibility over this issue.

This fiasco, along with limited progress on the binding code of conduct agreement with China over the South China Sea dispute during the November 2012 East Asia Summit, exposed the cracks among the member states rather than a strengthening of an ASEAN-centered regional architecture. Interestingly, Japan joined the Philippines and Vietnam in criticizing Cambodia's bias towards China in its capacity as chair of the ASEAN that year.¹⁰⁰

In the face of China's construction of artificial islands in the South China Sea, Japan has started to extend its strategic clout in Southeast Asia. In July 2014, the Abe Cabinet announced a defense policy reform based on the reinterpretation of Article 9 of the Japanese constitution that would allow the SDF to exercise the right of collective self-defense

⁹⁹Michael Leifer, *The ASEAN Regional Forum: Extending ASEAN's Model of Regional Security*, (London: New York Oxford University Press, 1996), pp. 57–58 (Leifer 1996).

¹⁰⁰Kheang Un, "Cambodia in 2012: Towards Developmental Authoritarianism?" *Southeast Asian Affairs* (Singapore: Institute of Southeast Asian Studies, 2013), p. 82 (Un 2013).

and come to the assistance of allies under attack.¹⁰¹ Following the recommendation of the advisory panel, the Abe Cabinet reinterpreted Article 9 by asserting that measures of collective self-defense are also permitted when an attack on a country with a close relationship with Japan occurs and as a result threatens Japan's interests.¹⁰² In September 2015, the Japanese passed new security legislation that authorizes the SDF to come to the assistance of countries under attack if those attacks also threaten Japan. Prior to the passage of this law, Minister Gen spoke of the future possibility of Japanese ships joining US naval patrols in the South China Sea.¹⁰³ Immediately, official Philippine and Vietnamese statements welcomed Japan's potential new security role in Southeast Asia.¹⁰⁴

In the face of Japan's growing activism in regional security affairs, ASEAN states' reactions are generally positive as these countries are interested in cooperation with Japan on security matters. This is especially true of the Philippines. As an indication of this growing security partnership, the Philippines and Japan held a joint naval exercise in the South China Sea in early May 2015. Japan sent two MSDF destroyers that conducted a training exercise with a PN frigate on communication strategies in responding to "unplanned encounters at sea."¹⁰⁵ Known as the Code for Unplanned Encounters at Sea, the joint MSDF-PN 12 May naval exercise is part of a security agreement signed by Tokyo and Manila in January 2015 aimed to tighten security cooperation between the two US allies.¹⁰⁶ Japan also announced that it is sending surveillance planes and naval vessels to assist the US Navy in conducting maritime patrols in the South China Sea.¹⁰⁷

During his June 2015 visit to Japan, President Aquino announced that the two countries would soon start talks on a Status of Forces

¹⁰¹Szechenyi, *op. cit.*, p. 51.

¹⁰²*Ibid.*, p. 51.

¹⁰³Sheldon Simon, "Commitment Concerns," *Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations* (January 2016), p. 56.

¹⁰⁴*Ibid.*, p. 57.

¹⁰⁵Yuka Hayasho, "Japan, Philippines Hold Naval Drills in the South China Sea," *The Wall Street Journal* (13 May 2015), p. 1.

¹⁰⁶Tim Kelly and Manuel Mogato, "Japan and the Philippines are about to Upset China in the South China Sea," *Reuters* (8 May 2015), p. 1.

¹⁰⁷*Ibid.*, p. 1.

Agreement (SOFA) that will allow the Japanese SDF access to Philippine military bases.¹⁰⁸ President Aquino revealed that Japanese and Filipino officials discussed the possibility of SOFA since both countries have boosted their security relationship significantly over the past few years.¹⁰⁹ The SDF's possible use of the Philippine bases, on a limited and rotational basis, will be useful for Japan as it actively pursues a policy of Pro-Active Contribution to Peace in East Asia. With refueling and basing facilities in the Philippines, units of the Air Self-Defense Force and MSDF can conduct joint patrols with their American counterparts for a longer period of time and over a larger area of the South China Sea.

A few weeks after President Aquino's announcement of a possible Philippine–Japan SOFA in Tokyo, Philippine Defense Secretary Gazmin mentioned the increasing convergence of security concerns between the Philippines and Japan and the necessity for a SOFA between the two countries. He explained that Philippine–Japan defense cooperation comes in various forms that include educational and personnel exchanges between the Armed Forces of the Philippines (AFP) and SDF as well as training activities. However, for the defense and military forces to substantially train together, they need to conduct field exercises, which could only be done if there is a Visiting Forces Agreement (VFA) between the Philippines and Japan.¹¹⁰ A VFA between the Philippines and Japan would give the Philippines access to training from Japan's highly developed maritime forces, repair services for the Philippine Navy and Coast Guard, and maritime reconnaissance data.¹¹¹

¹⁰⁸Priam Nepomuceno, "VFA Possible with Japan Due to Robust Relationship with the Philippines," *The Philippine News Agency* (24 June 2015), p. 1. <http://search.proquest.com/docview/1690936480>.

¹⁰⁹Simon, *Ibid.*, pp. 57–58.

¹¹⁰Priam Nepomuceno, "VFA Possible with Japan Due to Robust Relationship with the Philippines," *The Philippine News Agency* (24 June 2015), p. 1. <http://search.proquest.com/docview/1690936480>.

¹¹¹Simon, *op. cit.*, p. 58.

THE DUTERTE ADMINISTRATION AND THE SINO-JAPANESE RIVALRY

The election of President Rodrigo Roa Duterte as President Aquino's successor led to a dramatic change in Philippine foreign policy vis-à-vis China and the United States.¹¹² President Duterte currently pursues a relatively balanced and calibrated policy characterized by gravitating closer to China while crafting some diplomatic distance from the Philippines' only strategic security ally, the US.¹¹³ On the one hand, he declared that he is open to direct bilateral negotiations with China. President Duterte's foreign secretary, Perfecto Yasay, declared "that the relationship between the two countries (China and the Philippines) was not limited to the maritime dispute. There were other areas of concern in such fields as investment, trade, and tourism and discussing them could open the doors for talks on the maritime issues."¹¹⁴ On the other hand, President Duterte called for the withdrawal of American Special Forces who are operating in Mindanao to support the AFP's counter-terrorism operations.¹¹⁵ He also ordered the PN not to conduct joint patrols with US Navy in the South China Sea since these activities, accordingly, could be seen by China as a provocative act (on the part of the Philippines), making it more difficult to peacefully resolve the territorial dispute.¹¹⁶

President Duterte's foreign policy gambit of gravitating closer to Beijing while alienating Washington has unsettled both the United States and Japan.¹¹⁷ Puzzled by the changes in Philippine foreign policy, the

¹¹²Asia News Monitor, "Philippines: President: President Steers New Foreign Policy Path," Asia News Monitor (15 September 2016), pp. 1–2. <http://0-search.proquest.com-lib1000.dlsu.edu.ph/docview/1819118507?accountid=28547>.

¹¹³Aileen Baviera, "President Duterte's Foreign Policy Challenges," *Contemporary Southeast Asia Contemporary Southeast Asia* 38, 2 (2016), p. 204.

¹¹⁴Jose Katigbak, "Philippines Eyes Talks with China sans Conditions," *Philippine Star* (18 September 2016), p. 2. http://www.philstar.com/headlines/2016/09/18/1624973/philippines-eyes-talks-china-sans-precondition2utm_source=Arangkada+Mews=Chips&utm_campaign.

¹¹⁵Jay Solomon and Alan Cullison, "U.S. Seeks Strategy to Sustain Philippine Ties amid Rodrigo Duterte's Outbursts" *The Wall Street Journal* (14 September 2016). <http://www.wsj.com/articles/u-s-weeks-strategy-sustain-philippine-ties-amid-rodgrigo-duterte-outbursts-1473902096>.

¹¹⁶Ibid, p. 2.

¹¹⁷Baviera, op. cit., p. 204.

Japanese government decided to persevere with its nuanced or unique approach in dealing with the Philippines. A senior Japanese official admitted that while Tokyo and Washington share the same goal in the Philippines, Japan takes a different approach in its relations with the Philippines, as there are some things that Manila can only accept when Japan provides them.¹¹⁸ Unlike the US, which has been taken aback by President Duterte's anti-American pronouncements, Japan has continued its comprehensive engagement with the Philippines.¹¹⁹

In early August 2016, Japanese Foreign Minister Fumio Kishida met President Duterte in Davao City where the two discussed how their two countries can work together for the peaceful resolution of the South China Sea dispute based on the 12 July PCA Award to the Philippines, which Japan considers as final and legally binding to both China and the Philippines.¹²⁰ Minister Kishida explained to President Duterte that enhancing the PCG's/PN's capabilities in maritime security is one important pillar of his country's assistance to the Philippines.¹²¹ He then informed President Duterte that Japan intends to move ahead with providing patrol boats and the PN leasing the Japan MSDF's five TC-90s training aircraft for its maritime domain awareness.¹²²

During the ASEAN summit in Laos, Prime Minister Abe held his first meeting with President Duterte, during which he unveiled Japan's plan to provide two 90-m patrol vessels in addition to the ten multi-role vessels that were delivered to the PCG to boost its search-and-rescue and fisheries-protection capabilities.¹²³ These two large patrol vessels have thick armor to protect the crews from shells and therefore they are likely to be treated as warships. This will be the first time Japan has provided

¹¹⁸Alastair Wanklyn and Mie Ayako, "Japan Tries to Decode Duterte After Joint U.S. Patrols Halted," *TCA Regional News* (15 September 2016), p. 1. <http://0-search.proquest.com.lib1000.dlsu.edu.ph/docview/1819126081?accountid=28547>.

¹¹⁹Ibid., p. 2.

¹²⁰Ministry of Foreign Affairs, "Foreign Minister Kishida Pays Courtesy Call on the President of the Philippines," *Japan-Philippines Relations* (11 August 2016), p. 2 http://www.mofa.go.jp/s_sa/sea2/ph/page3e-000530.html.

¹²¹Ibid., p. 2.

¹²²Ibid., p. 2.

¹²³Jiji Press English News Service, "Japan to Provide Two Large Patrol Ships to Philippines," *Jiji Press English News Service* (6 September 2016), p. 1. <http://0-search.proquest.com.lib1000.dlsu.edu.ph/docview/181692611/fulltext/E8A1508CFEE44FE2PQ/42?accountid=28547>.

this type of large patrol vessel to a country. Prime Minister Abe also informed his Filipino counterpart about Japan's decision to lend five of the Japan MDSF's TC-90 training aircraft to the Philippines, which will be useful for reconnaissance missions, disaster relief operations, and transporting supplies.¹²⁴ President Duterte responded by expressing his appreciation and explaining to Prime Minister Abe that these patrol vessels will enable the Philippines to strengthen patrols in its coastal waters and enhance the Philippines' presence in its Exclusive Economic Zone (EEZ).¹²⁵ Japan's goal is to assist the Philippines to improve its maritime surveillance capabilities in light of increasing Chinese maritime activities in the South China Sea. Aware that strained Philippine-US relations benefits China, Japan is strengthening its relations with the Duterte Administration by fostering periodic consultations between the two countries, and strengthening its navy's and coast guard's maritime domain awareness capabilities.

CONCLUSION

Intensifying Sino-Japanese rivalry has coincided with their renewed interests in maritime Southeast Asia. To consolidate its expansive territorial claims into maritime Southeast Asia, Beijing is developing its naval capabilities, and thwarting littoral ASEAN states from staking their territorial claims and exploiting resources in the South China Sea. Japan bilaterally engages the ASEAN states in dialogues on the peaceful resolution of the South China Sea dispute. It helps to strengthen the coast guards of the Philippines and Vietnam, extends financial assistance to boost ASEAN's economic development, and cooperates with the US to balance China. Recently, Japan has heightened its defense profile in Southeast Asia as it began deploying Japan MSDF ships in the region and engaging two ASEAN member states as security partners. These developments, in turn, have caused polarization within ASEAN as its

¹²⁴The Japan News, "Japan, Philippines Must Stay Watchful over China's Maritime Expansion," *The Japan News* (9 September 2016), p. 1. <http://0-search.proquest.com.lib1000.dlsu.edu.ph/dicvie/1817604066/fulltext/E8A1508CFEE44FE2PQ/96?accountid=28547>.

¹²⁵Ministry of Foreign Affairs of Japan, "Japan-Philippines Summit Meeting, "Japan-Philippines Relations (6 September 2016), p. 2. http://www.mofa.go.jp/s_sa/sea2/ph/page3c_000568.html.

maritime member states gravitate towards Japan, while the continental member states (Cambodia and Laos) tilt towards China.

It is not inconceivable that ASEAN's lack of cohesion in the wake of great power rivalry will adversely impact on the so-called ASEAN centrality in East Asia, and they may become pawns or spoils of the big powers. Without a strong ASEAN, these Southeast Asian states will painfully realize the truth in the age-old adage that "The strong do what they have the power to do and the weak accept what they have to accept."¹²⁶ This inescapable reality is succinctly rephrased by Chinese Foreign Minister Yang Jiechi when he warned the ASEAN states in July 2010 that "China is a big country and other countries are small countries and that is a fact."¹²⁷

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¹²⁶Thucydides, "Melian Dialogue," in *Classics of International Relations*, (Ed) John A. Vasquez, ed. (New Jersey: Prentice-Hall, 1996), p. 17 (Thucydides 1996).

¹²⁷Quoted from Carlyle A. Thayer, "The United States, China and Southeast Asia," *Southeast Asian Affairs 2011* (Singapore: Institute of Southeast Asian Affairs, 2011), p. 21 (Thayer 2011).

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Japan and the South China Sea Dispute: Preventing “Lake Beijing”

Lam Peng Er

The South China Sea dispute has become another bone of contention between Beijing and Tokyo. Annually, around US\$5 trillion value of shipborne trade traverses the South China Sea (SCS). Maritime waters around the disputed Paracel islands (between China and Vietnam) and the Spratlys (claimed in part or whole by China, Taiwan, Vietnam, the Philippines, Malaysia, and Brunei) are rich in fisheries and may have substantial gas and oil reserves.¹ The maritime dispute in the SCS draws in

¹There are four distinct issues in the South China Sea dispute: Hainan island (an undisputed Chinese territory) and its vicinity in the SCS where US military claims overflight rights over a Chinese Exclusive Economic Zone in order to spy on China; the Paracels where the fracas is only between Hanoi and Beijing; the contention among six parties over the Spratlys in the SCS; and the tension between Beijing and Manila over the Scarborough Shoal located between Macclesfield Bank and Luzon island of the Philippines. These four distinct issues are sometimes conflated and further muddy the waters in the SCS dispute.

Some claimant states seek to reclaim and enlarge the maritime features controlled by them in the SCS, willfully ignoring the 2002 Declaration on the Conduct of Parties in the South China Sea and disregarding the Treaty of Amity and Cooperation in Southeast Asia.

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non-claimant states including the US superpower and its ally Japan to the chagrin of China.

This chapter first examines the significance of the SCS dispute and its impact on Sino–Japanese relations. The next sections analyze Prime Minister Abe Shinzo’s strategic outlook, and policies towards China’s rising assertiveness in the SCS. A survey of Beijing’s responses to Tokyo’s involvement in the SCS dispute follows. The final section concludes that in the midst of a power transition in East Asia, Tokyo’s efforts to restrain Beijing in various multilateral forums over the SCS dispute provide more “capacity building” to some ASEAN states, and reinforcing its alliance with the United States may not be adequate to prevent the SCS from becoming a “Lake Beijing” in the long run. Whether or not the SCS will become “Lake Beijing” in the long run will hinge on the United States remaining a superpower with an interest to balance China in those waters and supported by Japan within the framework of their alliance.

SIGNIFICANCE OF THE SCS DISPUTE

Apparently, the view of the United States and Japan is that a balance of power in these waters is necessary to prevent Chinese “hegemony” and maintain peace and stability in the region.² Beijing believes that the maritime dispute should only be addressed bilaterally between claimant states and the intervention of non-claimant states will only lead to greater tension, complications, and potential conflict.³ The Chinese perceive the United States and its allies “hyping” the SCS issue for their

²On the US balance of power mentality, see for example “By 2030, South China Sea will be ‘virtually a Chinese lake,’ study warns”, *Washington Post*, 20 January 2016. See also “US must bolster patrol activity to secure stability in South China Sea”, *Yomiuri Shimbun*, 26 February 2016 and “New US defense chief highlights uneasy military balance in Asia–Pacific”, *Nikkei Asian Review*, 23 April 2015.

A Japanese view is that Chinese assertiveness in the SCS “continues to challenge the US-led order in Asia.” See “China responsible for inflaming tensions in South China Sea”, *Yomiuri Shimbun*, 3 April 2016 and “Japan–China Cold War: China’s maritime aggression distorts international norms”, *Yomiuri Shimbun*, 20 March 2014.

³The Chinese proposal is a “one giant, one pigmy” formula which obviously benefits Beijing given its power asymmetry with the Lilliputian claimant states.

own ulterior motives because freedom of navigation has never been impeded in the SCS.⁴

Notwithstanding conflicting national perspectives, there appears to be a vicious cycle of action and reaction in the SCS.⁵ Critics of China perceive that it has become more assertive in the SCS and point to the massively reclaimed artificial islands in the Spratlys as evidence, with their military-grade airstrips and harbors, which China began construction on in September 2013.⁶ They suspect and fear that Beijing may eventually install radar and missile sites and declare its air defense identification zone in those waters. Some Chinese analysts point out that Beijing is merely doing what some of the other claimant states have already done and that it is within its sovereign rights to do so.⁷

China and the United States have accused each other of “militarizing” the SCS.⁸ Washington claims that Beijing has enlarged its artificial islands with military-grade facilities, built a “great wall of sand,”⁹ and changing

⁴“US hype over ‘militarization’ in South China Sea double standards”, *Xinhua*, 25 February 2016 and “Beijing asks G7 not to hype South China Sea issue at Japan meeting”, *China Daily*, 10 April 2016.

⁵Ikeshima Taisaku writes: “... the People’s Republic of China submitted to the Commission on the Limits of the Continental Shelf a note verbale dated 7 May 2009, whose attached map shows a U-shaped line consisting of nine segments of a dashed line drawn in the South China Sea. The map and the dashed line attracted considerable attention because this was a very rare opportunity for the Chinese government to introduce, by way of an official document in the United Nations (or its specialised agencies), the map on which the U-shaped dashed line was drawn in the South China Sea. The notes verbales, which were submitted in opposition of the joint submission made by Malaysia and Vietnam on 6 May 2009, and of Vietnam’s single submission on 7 May 2009 on the grounds that ‘[the continental shelf beyond 200 nautical miles as contained in the Joint Submission by the two countries] has seriously infringed China’s sovereignty, sovereign rights, and jurisdiction in the South China Sea.’” See Ikeshima Taisaku, “China’s Dashed Line in the South China Sea: Legal Limits and Future Prospects”, *Waseda Global Forum*, No. 10, 2013, p. 22 (Ikeshima 2013).

⁶The editorial of the *Asahi Shimbun* wrote: “Although China asserts its historical rights in most of the South China Sea, its reclamation project at seven locations can only be seen by other countries as a blatant case of expansionism.” See “Editorial: China triply unreasonable in vital waterway for world’s trading vessels”, *Asahi Shimbun*, 28 October 2015.

⁷However, critics would say that the scale and speed of Chinese reclamation of artificial islands have considerably outstripped that of other claimant states in the Spratly islands.

⁸“Beijing tightening grip on South China Sea”, *Yomiuri Shimbun*, 25 February 2016.

⁹“US gears up to challenge Beijing’s ‘Great Wall of Sand’”, *Foreign Policy*, 22 September 2015.

the “facts on the ground”¹⁰; the Chinese assert that the US “freedom of navigation” patrols in the SCS are a provocation and a threat to its sovereignty.¹¹

Indeed, the SCS issue has grown beyond an intractable territorial dispute among claimant states for at least three reasons. First, an argument can be made that a rising China must have “command of the sea” in the SCS if it is to become a great maritime power capable of protecting its navigational lifelines for energy resources and trade. After all, China has become the largest trading nation in the world. A corollary of this is that it needs a SLBM (submarine-launched ballistic missile) second-strike nuclear capability in the SCS to deter a conceivable US nuclear first strike—a logic of mutual assured destruction to maintain the balance of terror and deterrence between the two nuclear powers.¹²

Second, the SCS has become an arena of great power competition and a test of wills between the US superpower bent on maintaining its strategic presence in East Asia and a rising China which challenges US maritime dominance. Indeed, the strategic “rebalancing” or “pivot” of the

¹⁰The US media reported: “‘China is changing the facts on the ground, literally, by essentially building man-made islands on top of coral reefs, rocks and shoals.’ Adm. Harris said in a July meeting at the Aspen Security Forum: ‘I believe that China’s actions to enforce its claims within the South China Sea could have far-reaching consequences for our own security and economy, by disrupting the international rules and norms that have supported the global community for decades,’” *Washington Post*, 11 September 2015.

¹¹See for example “Time for a U.S. Military Strategy to Stop China in the South China Sea”, *National Interest*, 24 August 2015 and “China Accuses the U.S. of ‘Militarizing’ the South China Sea”, *Time*, 4 March 2016.

The Chinese media noted: “The root cause of the escalating tensions in the South China Sea is Washington’s ‘pivot to Asia’ policy and its increasingly aggressive military deployment in the region. Beijing’s defence-oriented actions in the East and South China seas, in comparison, are only to keep the possible provocations from Japan and the Philippines at bay.” See “South China Sea not a playground for US”, *China Daily*, 28 March 2016.

¹²Leszek Buszynski writes: “China requires sanctuaries for its naval platforms to protect them against sea and air attack. Carriers and SSBNs (ballistic missile submarine) also require access to the open seas to fulfil their mission ... Only a few places along China’s coastline can provide sanctuaries for its navy, where defenses can be organized and which can also provide access to the open sea. One is in the Yellow Sea, where a submarine base is located at Xiaopingdao near Dalian. The other logical place is the Hainan area and the semi-enclosed area of the northern South China Sea, which has the advantage of proximity to the Strait of Malacca and the sea lanes reaching the Indian Ocean. Anything farther

United States to Asia, as envisaged by the Obama administration, is also extended to the SCS. Losing “command of the sea” in those waters will severely erode US credibility among its allies and diminish its status as a superpower.

Third, the SCS dispute is becoming an additional bone of contention between Beijing and Tokyo which aggravates a bilateral relationship already bereft of friendship and trust. Simply put, the SCS problem between Beijing and Tokyo may compound other problems festering between them. These include their territorial disputes in the East China Sea (especially in the vicinity of the Japanese-administered Senkaku/Diaoyu Islands) and conflicting historical narratives (such as an alleged lack of a “sincere” apology on the part of Japan for its imperial invasion of the Chinese mainland, the whitewashing of Japanese history textbooks, and Yasukuni Shrine visits—a symbol of Japanese militarism to the Chinese and Koreans—by Japanese cabinet ministers and members of parliament).

THE SOUTH CHINA SEA DISPUTE: AGGRAVATING SINO– JAPANESE TENSIONS

The poor bilateral relations between Beijing and Tokyo are evidenced by the fact that President Xi Jinping and Prime Minister Abe Shinzo have yet to hold bilateral summits in each other’s capital after more than 3 years in office despite their considerable economic interdependence. By the end of 2016, Xi and Abe have only met briefly on four occasions on the sidelines of multilateral settings. Xi continues to give Abe the cold shoulder as a sign of Chinese displeasure towards him.

There appeared to be a slight thaw in Sino–Japanese relations after the Xi–Abe meeting in Bandung in April 2015. A trilateral summit (including South Korea) was held in Seoul in November the same year

Footnote 12 (continued)

north would become vulnerable to U.S. interdiction from the open sea. For this reason, China has been constructing an underground base in Sanya on Hainan Island, which would house not only SSBNs but also aircraft carriers and their escort vessels when they are deployed.” See Leszek Buszyski, *Washington Quarterly*, “The South China Sea: Oil, Maritime Claims, and US–China Strategic Rivalry”, Spring 2012, Vol. 35, No. 2, p. 146. See also “Nuclear weapons complicate South China Sea dispute”, Oxford Analytica, *Daily Brief*; 24 February 2016 (Buszyski 2012).

after a hiatus of 3 years. However bilateral relations took a dive again in 2016 after Tokyo raised its diplomatic and military profile in the SCS dispute.¹³ Although Japan is not a claimant state in the SCS dispute, its involvement is annoying if not worrisome to China. In April 2016, Japanese Maritime Self-Defense Forces (MSDF) showed its flag in the SCS by dispatching a submarine accompanied by two destroyers to Subic Bay, the Philippines. The Japanese port visit coincided with the large-scale US–Filipino *Bailikatan* (shoulder-to-shoulder) military exercises observed by MSDF officers. The Japanese destroyers then traversed the SCS to Vietnam’s Cam Ranh Bay.

Earlier in February 2016, Commander of the US Pacific Command, Admiral Harry Harris Jr., said he welcomes regional navies, including Japan, to conduct patrols of international waters, including the SCS.¹⁴ Presumably, any Japanese military involvement in the SCS is of concern to Beijing.¹⁵ Initial speculation had it that the SDF may participate in joint operational patrols with the United States; the Abe administration has apparently taken note of Beijing’s concern and refrained from doing so thus far.¹⁶ However, in September 2016, Japanese Defense Minister

¹³The Chinese media noted: “Using the South China Sea issue to contain China is an ‘innovation’ of Japan’s policy toward China. This policy has highly aroused the vigilance of the Chinese government, and it was reported by the Kyodo News Agency in late February that Japanese Foreign Minister Fumio Kishida’s proposal to visit China this spring was rejected. Obviously, in the South China Sea issue, Tokyo infuriates Beijing, bringing some uncertainties to the Sino–Japanese relationship. ... The South China Sea policy is Japan’s latest attempt to build a net to contain China.” See “Japan’s South China Sea policy lacks foundation”, *Global Times*, 7 March 2016.

A Japanese diplomat based at his embassy in Manila intimated that the dip in Sino–Japanese relations is, in part, due to Beijing’s unhappiness with Tokyo’s active role in the SCS. Japanese official, Interview, Manila, March 2016.

¹⁴See “Joint naval patrols can reduce tensions in South China Sea: US”, *Channel News Asia*, 11 February 2016, “US would welcome Japan air patrols in South China Sea”, *Reuters*, 30 January 2015 and “US wants Japan to help monitor South China Sea”, *Nikkei Asian Review*, 9 April 2015.

¹⁵“US–Japan joint patrol plan in South China Sea stemmed by ulterior motives”, *Global Times*, 8 July 2015.

¹⁶The *Wall Street Journal* reported: “In a Journal interview ... Japan’s top military commander said Japanese forces may join US troops in patrolling the South China Sea, where China has been aggressively staking territorial claims around crucial international waterways.” See “Japan to the South China Sea”, *Wall Street Journal*, 25 June 2015. See “SDF chief says South China Sea surveillance possible”, *Reuters*, 17 July 2015.

Inada Tomomi declared that Japan will step up its activity in the contested SCS through joint training patrols with the United States and bilateral and multilateral exercises with regional navies.¹⁷ Tokyo can split hairs between joint “operational” patrols and joint “training” patrols with the United States in the SCS, but Beijing is unlikely to be convinced that such patrols are fundamentally different.

Postwar Japan has always been interested in the SCS because around 80% of its oil and gas imports come from tankers traversing the SCS. Although it is not a claimant state, the SCS is also its navigational lifeline and it therefore cannot be indifferent to a potential flashpoint in East Asia.¹⁸ Tokyo has at least three other considerations on the SCS issue. First, as a loyal ally of the United States, it supports US military presence in the SCS to maintain a regional balance of power in the wake of China’s rise. American military bases in Japan (especially in Okinawa) allow US power projection to the SCS.

Second, Tokyo’s perception of the SCS dispute is also intertwined with its East China Sea problem, especially over the Senkaku (Diaoyu) Islands with China. To Tokyo, the commonality in both maritime discord is a Beijing seeking to change the status quo by force.¹⁹ The logic and tactics used by the Chinese in the SCS may also be applied to the disputed East China Sea and imperil Japanese sovereignty. Third, Tokyo’s desire is to harness multilateral institutions and legal norms of the international community to check Beijing in the SCS. The Japanese

¹⁷“Japan to boost South China Sea role with training patrols with U.S.: minister”, *Reuters*, 16 September 2016.

¹⁸On Japan’s role in the South China Sea, see Lam Peng Er, “Japan and the Spratlys Dispute”, *Asian Survey*, Vol. 36, No. 10, October 1996; Joshua P. Rowan, “The U.S.–Japan Security Alliance, ASEAN, and the South China Sea Dispute”, *Asian Survey*, Vol. 45, No. 3, May/June 2005; Celine Pajon, “Japan and the South China Sea: Forging Strategic Partnerships in a Divided Region”, IFRI, *Asia Visions* 60, January 2013; Shoji Tomotaka, “The South China Sea: A view from Japan”, *NIDS Journal of Defense and Security*, No. 15, December 2014; Paul Midford, “Japan’s Approach to Maritime Security in the South China Sea”, *Asian Survey*, Vol. 55 No. 3, May/June 2015; and Yoji Koda, “Japan’s perceptions of and interests in the South China Sea”, *Asia Policy*, No. 21, January 2016 (Koda 2016; Lam 1996; Midford 2015; Pajon 2013; Rowan 2005; Shoji 2014).

¹⁹The Japanese media noted: “The government in an annual foreign policy report Friday called for international cooperation in stabilizing the situation in the South China Sea, where China’s growing activities are increasing tensions. China is continuing to take unilateral actions that could change the status quo and increase tensions in the sea, the

mantra is that all claimant states in the SCS should observe three fundamental principles: respect for international law, freedom of navigation, and no use of force.²⁰

Tokyo supports Manila's quest for international adjudication of its SCS altercation with Beijing. However, Tokyo is not prepared to do likewise in the case of the Senkaku (Diaoyu) Islands because the official Japanese position is that there is no dispute over those islands in the East China Sea. The Japanese outlook towards the SCS dispute is marked by continuity notwithstanding the rotation of ruling political parties at the national level. The Democratic Party of Japan (DPJ) was in power between 2009 and 2012 and the Liberal Democratic Party (LDP) was back in power again with Abe Shinzo as prime minister after he won the December 2012 Lower House election. However, Abe has adopted a more muscular approach including deploying the SDF for military exercises, showing the flag in the SCS, seeking access to ports in the Philippines and Vietnam for the Japanese navy, and lifting restrictions on arms exports to friendly countries (including Southeast Asian claimant states).

Footnote 19 (continued)

2016 Diplomatic Bluebook said. The international community needs to join forces to ensure freedom of navigation and the safety of sea lanes, the report said. The report also said that Japan will continue to respond resolutely and calmly to Chinese coast guard ships' repeated intrusions into Japanese territorial waters around the Senkaku Islands in the East China Sea, and the country's natural gas development in areas near the median line between the two countries, the report said." See "Japan seeks international cooperation to stabilize South China Sea situation", *Yomiuri Shimbum*, 17 April 2016.

The *Japan Times* also reported: "The defense white paper for 2015 examines a range of global threats and pays particular attention to China's growing military assertiveness in the East China Sea and South China Sea, accusing it of "high-handed" actions to change the status quo by force." See "Defense white paper stresses threat posed by China", *Japan Times*, 21 July 2015. See also "Defense paper cites China's 'assertive measures in East, South China Seas", *Mainichi Shimbum*, 21 July 2015.

²⁰Japanese Foreign Minister Kishida Fumio affirmed: "[W]e will continue to ensure the rule of law and freedom of navigation, the international community must work in a united manner to ensure this, based upon international law, we need to seek peaceful solution and [the] importance of that should be sent out as a message for the whole international society." See Ministry of Defense of Japan, Japan–Australia Joint Press Conference by the Defense and Foreign Ministers, 22 November 2015.

ABE'S STRATEGIC OUTLOOK: AVERTING "LAKE BEIJING"

Abe's grand strategy in international affairs is a quadrangular alignment of democracies comprising Japan, the United States, India, and Australia with shared values and common geostrategic interests.²¹ Although China was excluded from Abe's quadrangular alignment of democracies, he sought to improve relations with China during his first stint as Japanese prime minister between 2006 and 2007.

After the deep freeze in Sino-Japanese relations between 2001 and 2006, primarily due to then Prime Minister Koizumi Junichiro's insistence on annual visits to Yasukuni Shrine, Abe avoided the Shrine during his first tenure as prime minister. Indeed, Abe proposed the formula of a "mutually beneficial relationship based on common strategic interest" with China. Beijing was also the first destination of Abe's foreign trips after he became prime minister in 2006.

The East China Sea and SCS disputes were not bones of contention between Beijing and Tokyo during Abe's first stint as Prime Minister. He appeared to be most interested in the abductee issue (kidnapping of Japanese citizens by North Korea) at the time. Abe's dogged pursuit of the abductee issue gained him national prominence and helped him clinch the LDP presidency and subsequently the Japanese premiership.

Fukuda Yasuo succeeded Abe as Japanese Prime Minister after the ruling LDP's disastrous loss of the Upper House election in July 2007. Given Fukuda's friendly disposition towards China and his rejection of Yasukuni Shrine visits, Beijing considered him a friend.²² Neither was the East China Sea nor the SCS dispute a stumbling block in Sino-Japanese relations during this period.

In June 2008, the two countries agreed to cooperate in joint development in the East China Sea without prejudice to their respective territorial claims. However, Prime Minister Fukuda resigned in September 2008 and was succeeded by Aso Taro. The East China Sea and SCS issues were also uneventful during Aso's premiership. Aso resigned as

²¹Abe Shinzo, *Utsukushii kuni e* [Towards a Beautiful Country] (Tokyo: Bunshun shin-sho, 2006), pp. 158–161 (Abe 2006).

²²Fukuda Yasuo is the son of former Prime Minister Fukuda Takeo who forged the 1978 Peace and Friendship Treaty with China. Apparently, Fukuda Yasuo has a "family mission" to maintain friendly relations between Japan and China, and between Japan and Southeast Asia as exemplified by the 1977 Fukuda Doctrine.

prime minister shortly after the defeat of the ruling LDP in the August 2009 Lower House election by the opposition DPJ.

Ironically, the East China Sea and SCS disputes became increasingly serious during the tenure of the ruling DPJ, which got off to a good start before it went off track. Then DPJ Prime Minister Hatoyama Yukio made a clarion call for Tokyo and Beijing to jointly build an East Asian Community, proposed that Japan should maintain an equidistant stance in its diplomacy between China and the United States, and that the US marine base in Futenma, Okinawa should be relocated to another prefecture. However, Sino–Japanese relations plunged soon after Hatoyama resigned as prime minister in June 2010.

Kan Naoto, Hatoyama’s successor, was primarily concerned with domestic reforms and not international affairs and had no special affinity with China like Fukuda Yasuo and Hatoyama Yukio. The Kan administration mismanaged a crisis in Sino–Japanese relations which erupted after a Chinese fishing boat collided with two Japanese Coast Guard vessels in the vicinity of the disputed Senkaku (Diaoyu) Islands in September 2010. Instead of releasing the Chinese captain to defuse the crisis, the inexperienced Kan administration initially decided to arrest and charge him under Japanese law—an action unacceptable to Beijing because it believes that the vicinity of the Diaoyu (Senkaku) Islands does not come under the jurisdiction of Japanese law.²³

Bilateral relations worsened further when Prime Minister Noda Yoshihiko, the successor to Kan, decided to nationalize three Senkaku (Diaoyu) Islands in September 2012. Apparently, the Noda administration nationalized the islands to preempt Tokyo Governor Ishihara Shintaro from purchasing them from private owners and creating more problems for Sino–Japanese relations such as building structures and facilities on those islands. The nationalization triggered mass protests and violent demonstrations in more than a hundred cities on the Chinese

²³LDP administrations would pragmatically “catch and release” Chinese “intruders” in the vicinity of the Senkaku (Diaoyu) Islands without kicking up a big fuss and worsening Sino–Japanese diplomatic relations. China also had a tacit understanding with Japan to intercept and limit its fishing boats and expeditions by its nationalistic activists in those disputed waters to avoid a row with Japan. However the inexperienced DPJ administration did not realize the consequences when it cavalierly switched to a “catch, detain, and charge under Japanese law” approach which it subsequently had to abandon to avoid deterioration in Sino–Japanese relations. However the damage was done despite the Kan administration’s about-turn on the detention of the Chinese captain.

mainland. Since then, Beijing has dispatched more Chinese Coast Guard vessels and planes to the vicinity of the Senkaku (Diaoyu) Islands to challenge Tokyo in those waters.

In December 2012, Abe Shinzo became Prime Minister again after leading the LDP to victory in the November 2012 Lower House election. In a December 2012 article written for the *Project Syndicate*, Abe argued: “[T]he South China Sea seems set to become a ‘Lake Beijing,’ which analysts say will be to China what the Sea of Okhotsk was to Soviet Russia: a sea deep enough for the People’s Liberation Army’s [PLA] navy to base their nuclear-powered attack submarines, capable of launching missiles with nuclear warheads.”

Abe added, “Soon, the PLA Navy’s newly built aircraft carrier will be a common sight—more than sufficient to scare China’s neighbors. That is why Japan must not yield to the Chinese government’s daily exercises in coercion around the Senkaku Islands in the East China Sea.”²⁴ Abe posited that “[i]f Japan were to yield, the South China Sea would become even more fortified.”²⁵ He then prescribed his grand strategy to deal with Chinese maritime assertiveness as expanding the country’s strategic horizons with Australia, India, Japan, and the US state of Hawaii forming a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the western Pacific.²⁶

In various international forums, Prime Minister Abe affirmed that “Japan is back” and very much an active diplomatic player in regional and global affairs.²⁷ This concern is, of course, extended to the SCS dispute. Abe also proposed the following “rule of law at sea” principles to deal with maritime disputes: “The first principle is that states shall make their claims based on international law. The second is that states shall not use force or coercion in trying to drive their claims. The third principle is that states shall seek to settle disputes by peaceful means. So to reiterate this, it means making claims that are faithful in light of international

²⁴Abe Shinzo, “Asia’s Democratic Security Diamond”, *Project Syndicate*, 27 December 2012. Abe wrote the article in mid-November but it was released only in December 2012 after his electoral victory (Abe 2012).

²⁵Ibid.

²⁶Ibid.

²⁷See for example, Ministry of Foreign Affairs of Japan, “Abe Shinzo, Prime Minister of Japan: Japan is Back”, 22 February 2013 at CSIS.

law, not resorting to force or coercion, and resolving all disputes through peaceful means.”²⁸

ABE’S MORE MUSCULAR “MINDSET” TO PREVENT “LAKE BEIJING”

Abe’s mentality and strategic intent are very clear: Tokyo will actively seek an alignment with like-minded partners to pressure China to abide by international law and dissuade it from resorting to coercion to address maritime disputes in the East China Sea and SCS. In summary, there are at least three plausible reasons why the Abe administration has taken a more muscular approach to address the South China Sea dispute. First is the deterioration in Sino–Japanese relations after the 2010 collision incident and the 2012 nationalization of the Senkaku Islands which created a national mood in Japan that China is unfriendly, rude, a bully, and a potential threat.

Second is the rising perception in Japan that China is seeking to change the status quo by force in the East China Sea and SCS. To the mainstream media in Japanese, China’s construction of seven artificial islands in the SCS since 2013 is “unlawful” and destabilizing.²⁹ The Japanese media interpret Chinese assertiveness in the East China Sea and SCS as evidence of a more nationalistic, confident, and “aggressive” China since the ascendance of President Xi Jinping.

Third is Prime Minister Abe Shinzo’s personality, outlook, and values; he perceives China as a challenger, if not a threat, to the US-led order, Japan, and the regional status quo.³⁰ At Davos in January 2014, Abe suggested that “China and Japan were in a ‘similar situation’ to Britain and Germany before 1914, whose close economic ties had not prevented the conflict.”³¹ While Abe can be a pragmatist in domestic politics and international relations, his mindset towards China is colored by pessimism and competition rather than cooperation.

Supporters of Abe would of course pin the blame on Chinese assertiveness in the East China Sea and SCS. However, some critics suspect

²⁸Prime Minister Shinzo Abe, “IISS Shangri La Dialogue: 2014 Keynote Address.”

²⁹See, for example, “Editorial: China’s military base-building in South China Sea totally unlawful”, *Yomiuri Shimbun*, 9 May 2016.

³⁰“Abe says Japan won’t tolerate use of force to change regional status quo”, *Asahi Shimbun*, 28 October 2013.

³¹“Abe sees World War One echoes in Japan–China tensions”, *Reuters*, 23 January 2014.

that he is cynically harnessing Sino–Japanese tension during his second premiership for his own right-wing political agenda to remake Japan into a “normal” state not hamstrung by postwar Japan’s pacifist constitution.³² The “normalization” of Abe’s Japan includes implementing Revised US–Japan Defense Guidelines in April 2015, a new set of security bills passed in September 2015 which permit Japan to engage in collective security to assist its allies, relaxing restrictions on the Self-Defense Forces for United Nations Peacekeeping Operations, and lifting the ban on arms exports.

Apparently, the “life mission” of Abe is constitutional revision, especially the jettisoning of Article 9 of the peace constitution which forbids Japan from resorting to war to settle international disputes. It is not inconceivable that a “normalized” Japan in future may assist the United States militarily in the SCS within the framework of collective security if the top political leadership in Tokyo deems a crisis in those waters to be a serious threat to the country’s survival.

THE ABE ADMINISTRATION’S APPROACHES TO THE SOUTH CHINA SEA DISPUTE

The Abe administration’s policies towards the SCS dispute were largely in place during the previous DPJ administration, such as supporting the “capacity building” of Southeast Asian maritime states, backing the ASEAN Maritime Forum, and internationalizing the SCS issue in various multilateral forums to check Chinese assertiveness in those waters. Therefore, Prime Minister Abe Shinzo’s SCS policy is evolutionary rather than a radical shift.

The Abe administration has adopted at least four strategies towards the SCS dispute. First is to welcome and support a US security presence in the SCS, including its “freedom of navigation” operations and patrols

³²Sawa Takamitsu wrote: “Abe’s scenario must have been like this: heightening Sino–Japanese tensions with his visit to Yasukuni would clear the way for him to follow such steps as approving the exercise of the right to collective self-defense under the existing war-renouncing Constitution and abolishing the three-point weapons export ban. He would then wait for a right opportunity and move aggressively to amend the Constitution.” See Sawa Takamitsu, “Japan heading for darker days”, *Japan Times*, 22 January 2014.

by air and sea.³³ However, the Abe administration has not decided to jointly patrol the SCS with its American ally, perhaps to prevent Sino–Japanese relations from hitting rock bottom, avoid overstretching the SDF in the SCS,³⁴ and further polarize Japanese domestic politics where residual pacifism still remains.³⁵

There is disquiet in Japan that the newly enacted security bills by the Abe administration may suck Japan into the vortex of the SCS. An editorial of the *Mainichi Shimbun* opined: “Japan should cautiously consider whether it should engage in patrolling operations in the distant South China Sea. If Japan were to begin patrolling in the area, it could provoke China and increase the risks of triggering an unexpected contingency.”³⁶ The bill would allow the SDF to extend logistical support to troops other than US forces if the situation is deemed to be seriously threatening to Japan’s peace and security. There are no restrictions as to where the SDF could be involved in such operations.³⁷ The editorial concluded: “The security bills are aimed primarily at enhancing the deterrence provided by the Japan–US alliance but could also pose

³³“Japan defense minister supports US in South China Sea”, *Associated Press*, 24 November 2015. See also “As US eyes South China Sea patrols, will Japan play a role?”, *Japan Times*, 21 October 2015 and “A dangerous game in the South China Sea: Is Japan ready to ‘set sail’?”, *National Interest*, 30 October 2015.

On Washington’s aspiration for its Japanese ally’s role in the SCS, the Japanese media wrote: “Given continuing combat operations in the Middle East, the US military has only limited resources to devote to the South China Sea. Under such circumstances, hopes have started growing among senior US navy officers that Japan’s Self-Defense Forces will expand the scope of operations to the South China Sea and gather intelligence on Chinese military movements there.” See “Chinese reclaimed land worries US”, *Nikkei Asian Review*, 14 April 2014.

³⁴The priority of the SDF is the defense of the home islands and adjacent waters in the East China Sea and not the SCS. Any deployment to the vast SCS would require a larger budget, a new operational doctrine, adequate training, and appropriate equipment for the SDF. An undertaking for joint aerial and naval patrols with the United States would be a major undertaking for Japan and the SDF and therefore would not be taken lightly.

³⁵There is already considerable disquiet in Japan about the Abe administration’s set of security bills to permit collective security and intent to revise the pacifist constitution. It is not inconceivable that a decision to dispatch the SDF to the SCS will galvanize greater opposition against the Abe administration.

³⁶“Editorial: Diet should debate risks of Japan’s involvement in South China Sea dispute”, *Mainichi Shimbun*, 31 August 2015.

³⁷*Ibid.*

serious risks... The SDF's activities in the area must not be accordingly expanded without limits."³⁸

It is less controversial domestically for the Abe administration to dispatch the SDF to conduct bilateral and multilateral exercises with the United States, the Philippines, and other friendly countries in the vicinity of the SCS than for the SDF to participate in joint patrols.³⁹ The SDF's jointly conducted drills with US military in the vicinity of the SCS will greatly annoy China.⁴⁰ Tokyo may also dispatch its destroyers and submarines at friendly South China Sea ports more frequently⁴¹ and fly its P-3C anti-submarine reconnaissance aircraft over the SCS but not jointly with its US ally. It may also seek a visiting forces agreement with the Philippines that would allow the SDF to have periodic visits.⁴²

In a hypothetical scenario in which the SDF were to jointly patrol the SCS by sea and air with its US ally, it is not inconceivable such patrols can lead to accidental collisions and an escalation in bilateral and regional tensions if a "game of chicken" is played between the combined US–Japanese forces and the Chinese coast guard or navy. It is simply too risky for Tokyo to do so in the SCS. Even given the new set of security bills which permits Tokyo to engage in collective security, it is very difficult for the Abe administration to claim that any accidental conflict between the Chinese and Filipino forces in the SCS directly, gravely, and imminently threatens the survival of Japan and therefore allowing the security bills to kick in.

Conceivably, in the unlikely event that the SDF were to jointly patrol the SCS with the United States, Beijing could pressure Tokyo in the East

³⁸Ibid.

³⁹"Japan navy drill in South China Sea may lead to larger role", *Mainichi Shimbun*, 24 June 2015, "Joint exercise in South China Sea reflects Japan's 'strong concern' about Beijing", *Asahi Shimbun*, 29 June 2015 and "US plans naval exercises with India and Japan in Philippine Sea", *Channel News Asia*, 3 March 2016.

⁴⁰"China urges US, Japan not to flex muscles on South China Sea", *China Daily*, 26 November 2015. See also "No patrols, but Japan helping in South China Sea in other ways", *Stars and Stripes*, 24 November 2015 and "A First: Japanese and US navies hold exercise in South China Sea", *The Diplomat*, 31 October 2015.

⁴¹"MSDF vessels call at South China Sea ports", *Yomiuri Shimbun*, 4 April 2016, "Japanese submarine, destroyers arrive in Philippines for port call near disputed South China Sea waters", *Japan Times*, 3 April 2016 and "Philippine port welcomes MSDF submarine to South China Sea", *Asahi Shimbun*, 4 April 2016.

⁴²"Philippines wants defense pact for Japanese troops", *Associated Press*, 5 June 2015.

China Sea by dispatching hundreds of Chinese fishing boats and increasing the frequency of its coast guard boats and planes to the vicinity of the Senkaku (Diaoyu) Islands. Presumably, the SDF does not have the capacity to simultaneously and adequately deal with two major contingencies in the East China Sea and SCS.

Second is Tokyo's strategy and policy to support the Southeast Asian maritime states (especially the Philippines and Vietnam) in "capacity building," such as equipping their coast guards with patrol boats and planes for surveillance in the SCS, training their coast guard and naval personnel, and providing radar equipment and other monitoring devices.⁴³ Tokyo supports the ASEAN states' efforts to conclude a Code of Conduct in the SCS with Beijing and Manila's attempts at international adjudication by the Permanent Court of Arbitration, to the chagrin of China.⁴⁴ It is thus gearing up ASEAN unity to stand up to Beijing in the SCS dispute.⁴⁵ The *Asahi Shimbun* wrote: "Japan must not forget that its principal role is not military involvement but diplomatic work to help build unity among countries. Japan needs to use its close relations with ASEAN for tenacious efforts to ease tensions in the South

⁴³"Manila asks Japan for large ships to patrol South China Sea", *Reuters*, 20 November 2015; "Japan to supply Philippines with military equipment", *Japan Times*, 28 February 2016; and "Japan, Philippines to step up security ties to deter Chinese expansionism", *Asahi Shimbun*, 5 June 2015. See also "Japan, Vietnam concerned over land reclamation in South China Sea", *Mainichi Shimbun*, 5 July 2015; "Japan, Vietnam must ramp up strategic ties in South China Sea", *Yomiuri Shimbun*, 20 September 2015; and "Testing Beijing, Japan eyes growing role in South China Sea security", *Reuters*, 10 March 2015.

⁴⁴Ministry of Foreign Affairs of Japan, "Statement by the Press Secretary, Ministry of Foreign Affairs of Japan, on an issue concerning the South China Sea (Arbitral Proceedings by the Philippines under the United Nations Convention on the Law of the Sea)", 31 March 2014.

⁴⁵See "Japan, US, ASEAN must team up to counter China's maritime advance", *Yomiuri Shimbun*, 20 September 2013; "Editorial: Global pressure needed to curb China's aggressive maritime moves", *Yomiuri Shimbun*, 29 May 2015; and "Unity key to dealing with China's construction of artificial island", *Yomiuri Shimbun*, 2 June 2015.

Abe has no illusion about the ability of the ASEAN states to resist Chinese advances in the SCS. The Japanese media quoted Abe: "'The military power of each Southeast Asian country in the South China Sea is very weak,' Abe told Obama during a summit meeting in Washington on April 28. 'The role of US forces and the Japan-US alliance is key.'" See "Abe's diplomatic challenge: China makes advances; Abe government keeps guard up", *Yomiuri Shimbun*, 14 July 2015.

China Sea.”⁴⁶ However, the reality is that the Southeast Asian states do not form a cohesive ASEAN bloc towards the SCS issue and China as there are claimant and non-claimant ASEAN states with differing national interests. Beijing can always play a “divide and rule” game with the ASEAN states by offering generous economic benefits to “cooperative” countries uncritical of Chinese assertiveness in the SCS.

Third is Tokyo’s efforts to internationalize the SCS issue in its bilateral talks with India⁴⁷ and Australia,⁴⁸ and in multilateral settings like the G7 where it secured the following joint statement: “We are concerned about the situation in the East and South China Seas, and emphasize the fundamental importance of peaceful management and settlement of disputes ... We express our strong opposition to any intimidating, coercive or provocative unilateral actions that could alter the status quo and increase tensions, and urge all states to refrain from such actions as land reclamations, including large scale ones, building outposts, as well as their use for military purposes and to act in accordance with international law including the principles of freedoms of navigation and overflight.”⁴⁹

Fourth is Tokyo’s attempts to talk directly with Beijing on the SCS issue despite the latter’s annoyance. Japanese Foreign Minister Kishida Fumio held telephone talks with his Chinese counterpart Wang Yi in March 2016 and one of the issues discussed was the SCS.⁵⁰ In April 2016, Kishida visited Beijing for talks with Wang Yi, the first high-level

⁴⁶See “Editorial: China must not hinder freedom of navigation in South China Sea”, *Asahi Shimbun*, 23 October 2015.

⁴⁷“China upset over India–Japan agreement on South China Sea”, *Times of India*, 15 December 2015 and “first time in a joint statement: India, Japan unite on South China Sea”, *Indian Express*, 13 December 2015.

⁴⁸“Abe, Turnbull affirm opposition to South China Sea buildup”, *Nikkei Asian Review*, 19 December 2015.

⁴⁹“G-7 Raises South China Sea Territorial Disputes in Statement”, *Bloomberg*, 11 April 2016. The Japanese media reported: “Prime Minister Abe Shinzo hopes to make maritime security one of the main topics of discussion at the Ise-Shima G-7 summit meeting scheduled for May 26 and 27.” See “Abe’s summit diplomacy: government quietly steps up pressure on China”, *Yomiuri Shimbun*, 1 May 2016.

⁵⁰“China urges Japan to keep South China Sea row off G-7 agenda: sources”, *Mainichi Shimbun*, 20 March 2016.

bilateral meeting between the two countries in four-and-a-half years.⁵¹ Among the topics raised by Kishida to Wang Yi was the SCS.⁵²

CHINA'S RESPONSES TO JAPAN'S ROLE IN THE SOUTH CHINA SEA

To Beijing, the US “pivot” or “rebalancing” to Asia has led to tension in the SCS.⁵³ This problem is compounded by Washington’s reinforced alliance with Tokyo. A Chinese media commentator wryly warned that the new US–Japan Defense Guidelines to facilitate Tokyo playing a larger strategic role is like “inviting calamities by nurturing a tiger.”⁵⁴ The Chinese media outlet noted: “In recent years, the relationship between China and Japan has reached a new low due to Japan’s maneuvers in China’s peripheral affairs such as the East and South China Sea disputes.”⁵⁵

Beijing resents Japanese “interference” in the SCS issue and feels strongly that Tokyo, a non-claimant state, should stay out of it. Some Chinese analysts suspect that Tokyo’s ulterior motive is to harness the SCS issue, act in cahoots with the United States to check and “contain” a rising China, and sow dissension between Beijing and its ASEAN

⁵¹Between the 2012 nationalization of the Senkaku (Diaoyu) Islands and the 2016 Kishida-Wang Yi talks, bilateral summits had been held only on the sidelines of multilateral meetings.

⁵²“Kishida pushes China by maritime affairs”, *Yomiuri Shimbun*, May 2016. Speaking ahead of his meeting with Wang Yi in Beijing, Kishida said: “Candidly speaking, a rapid and opaque increase in (China’s) military spending and unilateral attempts to change the status quo in the East and South China Seas under the aim of building a strong maritime state are having not only people in Japan, but countries in the Asia–Pacific region and the international community worried greatly.” See “Japan says China’s maritime expansion making the world ‘greatly worried’”, *Reuters*, 25 April 2016.

⁵³“US is bringing storms to South China Sea”, *Global Times*, 18 November 2015 and “US ready to reposition in South China Sea”, *Global Times*, 15 February 2016.

⁵⁴“China media criticize ‘growing’ US–Japan military ties”, *BBC*, 9 October 2014.

⁵⁵“Double-dealing undercuts Japan’s diplomacy”, *Global Times*, 3 May 2015. See also “China is on ‘high alert’ for Japan’s ‘intervention’ in South China Sea”, *The Diplomat*, 21 November 2015 and “China rebukes Japan’s meddling in South China Sea issue”, *China Daily*, 12 June 2015.

neighbours.⁵⁶ They also suspect that Tokyo is cynically seeking to divert and channel pressure from the disputed East China Sea to the SCS.⁵⁷ Moreover, Beijing believes that Tokyo is hyping up the SCS issue for its domestic politics and agenda to become a “normal” state: “By defaming China and creating tensions in the area, Tokyo aims to create a pretext for adopting a new package of security bills which will significantly expand the scope of overseas operations by the country’s Self Defense Forces.”⁵⁸

In February 2016, at a Sino–Japanese vice-ministerial meeting held in Tokyo, the Chinese side warned Tokyo not to raise the SCS issue at the upcoming G7 meeting in May 2016. A Chinese media outlet reported: “[T]he Chinese diplomat went on to warn that how Japan approaches the issue at the G7 summit will be a litmus test of whether bilateral ties can be improved and that China will be watching closely.”⁵⁹ The Japanese response was that it would be “intolerable to try to change the status quo in the South China Sea with military might and that it would serve the international community’s common interest to establish the rule of law in the sea.”⁶⁰

⁵⁶“US–Japan joint patrol plan in South China Sea stemmed by ulterior motives”, *Global Times*, 8 July 2015.

The *China Daily* wrote: “Yin Zhou, director of the People’s Liberation Army Navy’s Expert Consultation Committee, said Japan’s actions in the South China Sea are aimed at partially supporting the US pivot-to-Asia strategy and using that to contain China. ‘In addition, it is using the excuse of stability in the South China Sea to legalize its future involvement in the region.’” See “Japanese submarine calls at ex-US naval base”, *China Daily*, 5 April 2016.

The *China Daily* noted: “Japan has also supported countries with disputes with China in the South China Sea in a bid to keep China in check.” See “Japan’s move risk creating a new Cold War”, *China Daily*, 5 April 2016 and “Japan overtly meddling”, *China Daily*, 6 April 2016.

⁵⁷The Chinese media wrote: “Japan’s interference with the disputes in the South China sea aims partly to divert China’s attention and resources from the East China Sea, where China–Japan tension over the Diaoyu islands has been rising.” See “Japan’s meddling in the South China Sea at wrong time, wrong place”, *Global Times*, 17 April 2015.

⁵⁸“China urges Japan to stop provoking tensions in South China Sea”, *China Daily*, 3 July 2015.

⁵⁹“China urges Japan to keep South China Sea row off G–7 agenda: sources”, *Mainichi Shimbun*, 20 March 2016. See also “China summoned Japanese ambassador over G–7 statement this week”, *Nikkei Asian Review*, 14 April 2016.

⁶⁰*Ibid.*

Infuriated by Tokyo's attempts to use the G7 to discuss the SCS issue, the *China Daily* opined: "With Abe trying desperately to put the South China Sea issue on the table of the upcoming G7 summit, Beijing should not let the vain hope for 'friendship' to get in its way of coping with a now-very-different Japan: A Japan determined to be the US' foremost pawn in the containment of China. A Japan that seems prepared for long-term confrontation with China ... the truth is China–Japan relations have just reached a watershed, and they are entering an era brimming with uncertainties."⁶¹

China has a repertoire of hard and soft tactics to deal with combined US–Japanese pressure in the SCS. Beijing may adopt a "smiling diplomacy" towards Manila if the new Duterte administration of the Philippines were to embrace a friendlier posture than the previous Aquino administration and proves to be more open to bilateral talks and compromises. That may pressure Vietnam to cut a deal with China too in the SCS on a bilateral basis. Now that its seven artificial islands in the SCS have been reclaimed and presented as a *fait accompli* to the world, China has strengthened its hand and can more openly discuss a Code of Conduct with the ASEAN states.

However, if confronted by obdurate ASEAN opposition that is supported by the United States and Japan in the SCS, it is conceivable that China may harden its position by engaging in more extensive land reclamation of artificial islands, "militarize" them, and declare an Air Defence Identification Zone in the SCS. The hard truth is that there is little the United States and Japan can do to prevent such actions in the SCS because the two allies are not keen to be in an armed conflict with China. At the same time, there is little Beijing can do to prevent US aerial and naval "freedom of navigation" operations in the SCS other than to deploy Chinese planes and ships to "buzz" and track American aircraft and vessels. Apparently, Beijing is not prepared to use force to block American "freedom of navigation" operations in the SCS despite its claims of undisputable sovereignty. An uneasy stalemate is likely to ensue in the SCS, but an accidental collision between the Chinese and US forces in the air or waters is not unthinkable. An escalation of military

⁶¹Quoted in "Japan's moves threaten regional peace and stability", *China Daily*, 30 March 2016. See also "Chinese experts warn against Japan's unilateral agenda for G7 on South China Sea", *China Daily*, 10 April 2016 and "Beijing asks G7 not to hype South China Sea issue at Japan meeting", *China Daily*, 10 April 2016.

tension between Beijing and Washington in the SCS will place Tokyo in a quandary.

JAPAN AND THE SOUTH CHINA SEA DISPUTE: CHALLENGES AHEAD

The SCS dispute appears intractable. Any unplanned and untoward incidents in those troubled waters will test the interested parties' ability at conflict management. Even if a Code of Conduct were to be signed, there is no assurance that it will be more than just a piece of paper. The ineffectiveness of the Treaty of Amity between ASEAN states and other powers, and the anti-hegemonic clause in the 1978 Treaty of Peace and Friendship between Beijing and Tokyo are cases in point. Great powers sometimes "cherry pick" the treaties they like.

Tokyo's approaches to the SCS dispute are fraught with difficulties and uncertainty. The greatest dilemma for Japan is the power transition in East Asia. The question of how to deal with a rising China in the face of an ineffectual United States remains. There is also the uncertainty of whether the Trump Presidency will stand up to Beijing in the SCS. However, the dilemma is in tougher future US administrations bent on balancing China in the SCS, thus putting greater pressure on Tokyo to participate in joint aerial and naval patrols in the SCS.⁶²

Perhaps a strategic stalemate and a balance of power in the SCS may be able to keep the general peace in East Asia. The Abe administration has already enacted a new legislative framework to permit Tokyo to assist Washington in the event of a failure of deterrence and the occurrence of an accidental confrontation. *The Japan Times* noted: "The law will enable the SDF to provide logistic support for the US military anywhere, including in the South China Sea, if the government concludes that the situation gravely affects Japan's peace and security."⁶³

During a Diet interpellation in May 2015, Abe argued: "[T]he law will be applicable' if the situation in the South China Sea grows tense. The application of the law to the current situation means that the SDF will be permitted to provide not only water and food but also ammunition and fuel to US forces confronting Chinese forces ... if Japan concludes that Chinese attacks on US forces pose a 'clear danger to Japan's

⁶²"US wants Japan to help monitor South China Sea", *Nikkei Asian Review*, 9 April 2015.

⁶³"Japan has 'no plan' to dispatch ships", *Japan Times*, 3 November 2015.

existence,' the use of force under the right to collective self-defense, or coming to the aid of an ally under attack, will become an option for the government."⁶⁴

Arguably, this parliamentary debate on Tokyo's hypothetical role in the SCS may not sync with the reality that providing ammunition and fuel to US forces locked in mortal combat with Chinese troops is tantamount to Japan going to war, which is not in Tokyo's national interest. Nationalistic right wingers in Tokyo and Beijing may also goad each other into a disastrous conflict in the SCS where there is no clear winner. A war between China and the US–Japan alliance will also have serious implications for East Asia. Some ASEAN non-claimant states may opt to “bandwagon” with China on the SCS, especially when their core interest is not in those waters.⁶⁵

Abe's conception of a “security diamond” comprising Japan, the United States, Australia, and India to check China in the SCS may be stillborn because Australia and India are not prepared to forge a multilateral strategic alignment against China. That Canberra declined to award an A\$50 billion package to Japanese companies to build its next-generation submarine fleet in April 2016 can be interpreted as a blow to the Abe administration's desire to boost its arms exports and future interoperability between the Japanese and Australian navies amidst China's rise.

In reality, Tokyo's recent efforts to embarrass Beijing in various multilateral forums over the SCS dispute, provide more “capacity building” to some ASEAN states, and reinforce its alliance with the United States may not be adequate to prevent the SCS from becoming a “Lake Beijing” in the long run. Whether China will dominate the SCS or not in the long run will hinge on the United States remaining a superpower with an interest to balance China in those waters and supported by Japan within the framework of their alliance. However, Tokyo's future strategy and policy towards the SCS would be severely tested if Chinese power were to supersede American power within a few decades in that maritime arena.

Top political leadership changes in the Philippines and the United States also pose a challenge to Japan's SCS strategy. Filipino President

⁶⁴Ibid.

⁶⁵“China praises Cambodia's position on South China Sea”, *Nikkei Asian Review*, 22 April 2016.

Rodrigo Duterte won his election in May 2016 and appeared to “rebalance” away from the United States to China. Though Duterte seems friendly to Japan, it is unclear whether his apparent “pivoting” to China will unravel the Japanese SCS strategy which hinges on the cooperation of the Philippines. Also unclear is how resolute the Trump Administration will be in meeting the challenge of a more assertive China in the SCS.

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China and Japanese “Soft Power” Projection: A Tangled Web of Culture, Geostrategic Competition, and Naval Power

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INTRODUCTION

In 2002, on the 30th anniversary of diplomatic relations between China and Japan, the mass circulation *Yomiuri Shimbun* opined that many Japanese felt relations with China were at their worst since normalization.¹ More than a decade later, geostrategic tensions and rivalry continue to plague the Sino–Japanese relationship despite high levels of economic interdependence. Tokyo’s Defense White papers have repeatedly expressed unease over increased Chinese maritime activity and the lack of transparency regarding Chinese military modernization. Japan’s Cold War focus on repelling a Russian land invasion through Hokkaido

¹Cited in Denny Roy, ‘Stirring samurai; disapproving dragon’, Asia-Pacific Centre for Security Studies, *Occasional Paper*, September 2003, <http://www.apcss.org/Publications/Ocasional%20Papers/OPStirringSamuraiRoy.pdf>, accessed 08 April 2012 (Roy 2003).

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has shifted inexorably to the defense of far-flung islands in the southwest threatened by Chinese territorial claims and repeated incursions. Beijing for its part is wary over Tokyo's role in the so-called US "rebalancing" to Asia, and criticized Japan's maritime capacity-building programs for Vietnam and Philippines as troublemaking in the South China Sea. State media outlets like the *PLA Daily* have wryly pointed out that Japan's *Ise*-class helicopter destroyers are in effect pocket aircraft carriers like the British Royal Navy's *Invincible*-class.

China's leaders have been careful to stress that the idea of "comprehensive national power" comprises not just "hard" military power, but "soft power" components such as cultural strength. Joseph Nye's notion of "soft power" seemed to be, at least for the Chinese government, "a new way to conceptualize and project power."² Hence, Chinese leaders use the "soft" power concept easily, having "internalized it to a high degree."³ Meanwhile, in Tokyo, Japanese politicians and domestic elites have also been "eagerly exploring how Japan's soft power resources could be exploited to burnish Japan's image in the world and help reshape its environment."⁴ As both Asian giants converged on the utility of "soft power," how soft power is conceptualized and projected provides scholars with an analytical lens to untangle the interlocking geostrategic, cultural, and maritime dimensions of the troubled Sino-Japanese relationship.

But what does soft power mean? Simply stated, it is "the ability to influence others to get them to want what you want."⁵ Nye emphasized the power of attraction as opposed to coercion (military force) or inducements (economic incentives). "Soft" power means a state entices others who "admiring its values, emulating its example, aspiring to its level of prosperity—want to follow it."⁶ In his 2011 work, Nye stated that "fully defined, soft power is the ability to affect others through the

²Wang, Hongying, and Yeh-Chung Lu (2008) 'The conception of "soft" power and its policy implications: a comparative study of China and Taiwan, *Journal of Contemporary China*, Vol. 17 No. 56, p. 442 (Wang and Lu 2008).

³Yoshihara, Toshi and Holmes, James, 'China's energy-driven 'soft' power', *Orbis*, Vol.52, No.1, 2008, p. 127 (Yoshihara and Holmes 2008).

⁴Berger, Thomas, 'Japan in Asia: A Hard Case for Soft Power', *Orbis*, Vol. 54 No. 4, 2010, p. 570 (Berger 2010).

⁵Nye, Joseph, *Soft Power* (New York: Public Affairs, 2004), p.x (Nye 2004).

⁶Nye, *Soft Power*, pp. 5–6.

co-optive means of framing the agenda, persuading and eliciting positive attraction in order to obtain preferred outcomes.”⁷ A country’s soft power “rests primarily on three resources: its culture (in places where it is attractive to others); its political values (when it lives up to them at home and abroad); and its foreign policies (when they are seen as legitimate and having moral authority).”⁸

The criticisms that stalked Nye’s works on soft power are too numerous to recount entirely here. According to Ogoura Kazuo, soft power is often “distorted, misused and in extreme cases abused.”⁹ Others such as Steven Lukes lambasted Nye for mixing up the resources and assets that might produce behavior with the desired outcomes and behavior itself.¹⁰ The effectiveness of soft power is also very difficult to gauge, and “trying to trace the relationship between the sources of soft power and its impact on the actual behavior of states is thus a perilous enterprise.”¹¹

Recent works suggest that attention is increasing on how China and Japan compare in terms of soft power. Jing Sun for instance considered how both countries tailor strategies to charm their regional neighbors with a focus on assessing impacts on selected targets like Taiwan and South Korea.¹² A 2013 roundtable comprised of seven scholarly articles in *Asia Policy* based on Sun’s book touched on several angles, such as how to increase soft power’s receptivity to a target country, to the role of leadership in East Asia.¹³ Rather than rehash these recipient-focused works, the purpose of this chapter is more specifically focused on the senders. It examines how both Japan and China have interpreted and

⁷Nye, Joseph, *The Future of Power*. New York: Public Affairs: 2011, p. 20–21 (Nye 2011a).

⁸Nye, Joseph, ‘Think again: soft power’, *Foreign Policy*, 23 February 2006 (Nye 2006).

⁹Ogoura, Kazuo, ‘The Limits of Soft Power’, *Japan Echo*, Vol. 33 No. 5, 2006 (Ogoura 2006).

¹⁰Lukes, Steven, ‘Power and the battle for hearts and minds: on the bluntness of soft power’, in Felix

Berenskoetter & M.J. Williams (eds.), *Power in World Politics*, Routledge, 2007, pp. 83–97 (Lukes 2007).

¹¹Berger, Thomas, ‘Japan in Asia: A Hard Case for Soft Power’, *Orbis*, Vol. 54, No. 4, 2010, p.568 (Berger 2010).

¹²Jing Sun, *China and Japan as charm rivals: soft power in regional diplomacy* (University of Michigan Press, 2013) (Sun 2013).

¹³Andrew Oros et al., ‘Jing Sun’s China and Japan as charm rivals’, *Asia Policy*, Book review roundtable, Vol.15, January 2013 (Oros 2013).

implemented soft power differently in two fields: cultural strengths and naval power, especially when Asia is fast becoming the most significant region where soft power is increasingly central to international politics.¹⁴

The first section of this chapter examines how cultural initiatives have emerged to some extent as a spillover of the overarching geostrategic implications of China's rise. Tokyo and Beijing understand the notion of soft power and operationalize it on their own terms as each seeks to up their global attractiveness and profile. The second segment turns to the role of the military, especially naval forces, in projecting soft power. This is a somewhat counterintuitive question that deserves greater attention than it has thus far received. Nye has referred to it in passing but has yet to devote substantial analysis to Japanese and Chinese naval soft power projection in the service of wider geopolitical interests. Above all, this chapter will show the degree to which Japanese and Chinese initiatives have not only added their own unique imprints on Nye's soft power concept but also explore how these countries' practices have advanced theoretical debates on how soft power can manifest in naval and cultural fields.

CULTURAL

The cultural dimension of soft power has sparked the most academic discussion because the cultural industries are "powerful carriers and distributors of values and beliefs."¹⁵ Nye argued that "when a country's culture includes universal values and its policies promote values and interests that others share, it increases the probability of obtaining its desired outcomes because of the attraction it creates."¹⁶ Any comparison of Chinese and Japanese soft power has to consider culture, for both countries boast proud and sophisticated heritages.

Chinese scholars argue that "soft power could be measured as part of its comprehensive national power and compared with the hierarchical

¹⁴Watanabe, Yasushi & McConnell, David (eds.), *Soft Power Superpowers: The Cultural and National Assets of Japan and the US* (NY: M.E. Sharpe, 2008) (Watanabe McConnell 2008).

¹⁵Otmazgin, Nissim Kadosh, 'Contesting soft power: Japanese popular culture in East and Southeast Asia', *International Relations of the Asia-Pacific*, Vol. 8, 2008, pp. 73–101 (Otmazgin 2008).

¹⁶Nye, 2004, p.11 (Nye 2004).

status of other nation states.”¹⁷ The idea is presented as part of a larger strategic competition between states and has made it into the highest levels of Chinese policy making. At the 2007 Congress of the Chinese Communist Party (CCP), President Hu Jintao’s keynote work report stressed for the first time the “need to enhance culture as part of the soft power of our country.” Hu pointed out that culture was becoming a “more and more significant factor in the competition of national comprehensive power.”¹⁸

This had been a constant theme of Hu’s administration. The 2011 October plenary session of the Communist Party issued a “Central Committee Decision Concerning the Major Issue of Deepening Cultural System Reforms, Promoting the Great Development and Prosperity of Socialist Culture.” This was the first-ever annual meeting to focus on the issue of cultural soft power. The officially released text of decision states: “Culture has increasingly become a major element bringing together the people and the creative power of the Chinese nationality. It is a major factor in the nation’s comprehensive competitiveness as well as the backbone of the country’s economic and social development.”

In January 2012 in an essay on Chinese cultural power for the CCP magazine *Seeking Truth*, Hu noted that “The international culture of the West is strong while we are weak.” Culture is now seen as increasingly central to China’s overall national strength vis-a-viz other leading powers, although this has much more to do with countering Western influence than Japanese. CCP leader Xi Jinping from 2014 has continued this emphasis, stressing that his notion of the China Dream is to be integrated into communicative efforts promoting Chinese culture and values so that “the stories of China should be well told, voices of China well spread, and characteristics of China well explained.”

Beijing’s most noticed cultural initiative has been the Confucius Institutes (rough British Council equivalents) rolled out at an impressive rate since 2004. By 2014, there were over 480 Confucius Institutes established on six continents worldwide. Dedicated to promoting

¹⁷Weihong, Zhang, ‘China’s cultural future: from soft power to comprehensive national power’, *International Journal of Cultural Policy*, Vol. 16, No. 4, November 2010, pp. 383–402 (Zhang 2010).

¹⁸Jintao, Hu, Speech to the 17th National Congress of the Communist Party of China, 2007 available at <http://english.cpcnews.cn/92243/6283153.html>, accessed 9 September 2011 (Hu 2007).

various aspects of Chinese civilization ranging from traditional medicine and language classes to dance, these institutes are essentially ‘aimed at promoting the internationalization of Chinese culture... important mechanisms in implementing the Going Out Cultural Program in the text of ‘Twelfth Five-Year Plan for National Economic and Social Development’ announced by Beijing in February 2012.¹⁹ These initiatives also help to overcome the so-called “China threat” thesis by portraying China’s rise in a softer, less harsh light. The importance of language teaching is also central to Chinese cultural soft power. The state-funded “China National Office for teaching Chinese as a Foreign Language” was given an annual war chest of US\$200 m to quadruple the number of foreign learners.²⁰ Teaching of the Chinese language “can help build up our national strength and should be taken as a way to develop our country’s soft power.”²¹

Beijing also cultivates its influential ethnic diaspora, especially in Southeast Asia. These include high-profile politically connected figures such as ex-Thai Prime Minister Thaksin Shinawatra and prominent Filipino businessman Lucio Tan. This has led to a change in how the Chinese diaspora has related to mainland China: while so-called “overseas Chinese” were previously seen as simply being vehicles for investment and trade, these “diaspora Chinese have become vital to Beijing’s global charm offensive.”²² There is a state-backed Overseas Chinese Affairs Office whose task is to build stronger ties between China and its diaspora through initiatives such as government-run camps for diaspora children called “Travel to China to find your roots.”

While we have thus far considered the external audience of Chinese cultural strength, there are also particular Chinese domestic contexts

¹⁹Yang, Alan & Hsiao, Michael, ‘Confucius Institutes and the question of China’s soft power diplomacy’, *China Brief*, Vol. 12 Issue 13, July 2012 (Yang and Hsiao 2012).

²⁰Gill, Bates & Huang, Yanzhong, ‘Sources and limits of Chinese soft power’, *Survival*, Vol. 48 No. 2, 2006, p. 18 (Gill and Huang 2006)

²¹Nanjing University Professor and National People’s Congress Deputy Hu Youqing cited in Xing Zhigang, ‘NPC Deputy calls for promoting Chinese’, *China Daily*, 03 October 2006, p. 3.

²²Kurlantzick, Joshua, *China’s Charm Offensive* (Yale University Press, 2007), p. 77 (Kurlantzick 2007).

to which Nye paid little attention.²³ This is related to the nature of the regime that currently rules in Beijing. “Soft” power here can be seen through the lens of a “regime security approach.”²⁴ It is also a “national development strategy” to instill cultural pride, consolidate internal coherence against economic inequality, promote regime legitimacy through moral example, and create a “harmonious society” to resist foreign cultural encroachment.²⁵

Apart from using cultural soft power to bolster domestic legitimacy, there is another angle to the promotion of Chinese culture that is different: “Chinese analysts deviate from Nye’s core positions by attaching greater importance to the mass media.”²⁶ State-run *Xinhua News* has produced broadcasts specifically to be screened in European supermarkets while shoppers purchase their groceries. Chinese spokesmen explained that “China has recognized the importance of ‘soft’ power, and through the medium of television and the internet the Chinese government aims to strengthen its influence internationally.”²⁷

In 2013, *Xinhua* purchased prominent billboard advertising space in New York’s iconic Times Square. Li Changchun, the Communist Party’s top ideology official, stated in 2008 that “Whichever nation’s communications capacity is the strongest, it is that nation whose culture and core values spread far and wide... that has the most power to influence the world.”²⁸ Again, here media and soft power are seen in the context of competition amongst major powers.

In 2009, Li reiterated his message that “we must heighten the voice of Chinese media in the international community in order to strengthen our soft power.” In July 2010, a 24 h global English news channel was

²³Li, Mingjiang, ‘China debates soft power’, *Chinese Journal of International Politics*, Vol. 2, No. 2, 2008, p. 287–308 (Li 2008).

²⁴Kingsley, Edney, ‘Building National Cohesion and Domestic Legitimacy: A Regime Security Approach to Soft Power in China’, *Politics*, Volume 35, Issue 3–4, November 2015, pp. 259–272 (Kingsley, 2015).

²⁵Cho, Young Nam and Jeong, Jong Ho, ‘China’s soft power: discussions, resources and prospects’, *Asian Survey*, Vol. 48, No. 3, 2008, p. 458 (Cho and Jeong 2008).

²⁶Li, 2008, p. 294 (Li 2008).

²⁷Cited in Oliver Luft, ‘China to broadcast in English in European supermarkets’, *The Guardian*, 29 June 2009.

²⁸Cited in Peter Ford, ‘On eve of Shanghai Expo 2010, China finds soft power an elusive goal’, *Christian Science Monitor*, 29 April 2010 (Ford 2010).

launched called *CNC World*, with the help of a US\$6 billion budget. Beijing has also turned to its Chinese movie industry as a soft power asset. It is not lost on China's leaders that the top-grossing movie in China in 2011 was *Avatar*.

Film and storytelling can be a powerful tool to favorably shape perceptions of Chinese people and culture as China rises, just as Hollywood has done a remarkable job for American culture. China's movie industry is now the third biggest in the world, after Hollywood and Bollywood, with generous government funding more than doubling the budgets available for filmmakers. Beijing partially funded the Christian Bale vehicle *Flowers of War*, a movie about the war against Japanese, which became China's official entry for "Best Foreign Movie" at the Academy Awards.

In January 2016, China's Wanda Group, run by the country's richest man, Wang Jianlin, bought Hollywood's Legendary Entertainment, which has made blockbusters such as *Godzilla* and *Jurassic Park*. A movie called *Great Wall*, about a group of humans making a last stand against aliens on China's most iconic structure, is in the works. Movies have also invariably become associated with Sino-Japanese rivalry. As Peking University Professor Xiang Yong put it: "from a cultural perspective, the promotion of the movie industry is an important way to strengthen the soft power of our country."²⁹

China Central Television, the country's main state broadcaster also launched two 24/7 English-language channels in the Washington, D.C. area starting in October 2011. The rationale for this emphasis on global media communications channels is that "the big four Western news agencies dominate about 80% of the news flow, and if China wants to strengthen its soft power it must speak through its own media," Dong Tiance, a journalism professor at Jinan University said.³⁰ Chinese media influence has been especially apparent in Africa where Beijing has enormous stakes in mining. For instance, Kenyan newspapers are filled with articles provided courtesy of *Xinhua News*.

²⁹Cited in Jonathan Watts, 'China banks on bloody blockbuster to win friends...and Oscars', *The Guardian*, 15 Dec 2011.

³⁰Cited in Matthew Garrahan, 'China to expand English language TV service', *Financial Times*, 07 Nov 2011.

While China has been doubling its efforts at cultural promotion, Japan has not been sitting back either. Yet, it must also be noted that whilst both countries are simultaneously pursuing cultural soft power for their own respective interests, they might not necessarily have consciously aligned against each other in places such as Southeast Asia.³¹ The previous cultural images one associated with Japan such as *geisha* or the tea ceremony and *ikebana* are no longer the only ones. Instead, the Japanese Ministry of Foreign Affairs (MOFA) website has an official section entitled “Pop Cultural Diplomacy.”

Former Foreign Minister Aso Taro noted: “if the use of pop culture or various sub-cultures can be useful in this process (of promoting Japan), we certainly should make the most of them.”³² When campaigning for Presidency of the then-ruling Liberal Democratic Party, Aso chose the manga and anime Mecca of Akihabara to deliver his stump speech: “Japan’s subculture of animation has been overwhelmingly accepted in the world. Japan’s culture is not only *kabuki* or *noh* plays. Comic books, our subculture power, have been widely read in not only Asia but Europe, the United States, Latin America.” An International *Manga* Award was established during Aso’s tenure as Foreign Minister, while robotic cartoon cat *Doraemon* was appointed Japan’s first ever *anime* ambassador in March 2008.

In 2009, the MOFA officially appointed three “Ambassadors of Cute” (*kawaii taishi*) to project overseas the cutting-edge Japanese street fashion found in Shibuya and Harajuku. The Annual World *Cosplay* Summit (where players from 20 different countries dress up like their favorite comic characters) saw the MOFA partner with commercial entities, TV Aichi and Central Japan International Airport. MOFA supported the event because it “considers the World Cosplay Summit to be beneficial as it prompts people to develop their interest in Japanese culture through pop culture.”³³

In June 2010, the Ministry of Economy, Trade and Industry (METI) established the Creative Industries Promotion Office, a clear sign that

³¹Lam Peng Er, ‘Soft power: resonating with preferences of a target country?’, *Asia Policy*, Book review roundtable, January 2013, Vol. 15, p. 133.

³²Aso, Taro, ‘Policy speech to the 166th session of the Diet’, 26 January 2007.

³³Ministry of Foreign Affairs, ‘World Cosplay Summit 2012: Conferment of Minister’s Prize’, August 2012, <http://www.mofa.go.jp/policy/culture/exchange/pop/wcs2012.html>, accessed 28 September 2012.

culture and economics are becoming intertwined here as the global market for cosplay costumes, manga, and anime products is estimated to be in the billions. A public-private “Cool Japan Fund” was launched in 2013. A new initiative called “Japan House” was launched in 2016 in Los Angeles, London, and Sao Paulo to spread information on Japanese culture through restaurants and shops selling regional specialties as well as comic book displays and animation, all housed in a one-stop center.

Tokyo has focused on promoting its “cool” popular cultural appeal in music, cuisine, *anime*, *manga*, video games, and fashion. Hello Kitty was chosen as tourism ambassador after opinion polls suggested that Kitty was especially popular in China. In September 2011, Japan’s biggest boy band SMAP performed their first ever overseas concert in Beijing after then Chinese Premier Wen Jiabao had said he hoped SMAP could “bring seeds of China–Japan friendship that take deep root and blossom in China.” In May 2015, the hit anime movie, *Stand by me Doraemon*, became the first Japanese movie allowed to be screened in China in 3 years, toppling *Avengers: Age of Ultron* from the top of Chinese charts. Significantly, permission was granted only *after* President Xi Jinping expressed desire to improve relations, not before. Pop culture here can be viewed as an instrument of Japanese soft power to help alleviate underlying geostrategic competition between the two countries, although crucially cultural soft power on its own cannot be expected to heal the relationship completely.

In February 2012, Japanese all-girl pop phenomenon AKB48 were appointed ambassadors of the “Vibrant Japan” campaign to attract Chinese tourists and dispel safety fears about Japanese food. There are even spinoff groups formed in Jakarta and Shanghai. Indeed, it is telling that at the height of the tense September 2012 standoff over the Senkaku islands, hundreds of Chinese girls queued up to audition for a place in the AKB48 sister group to be formed in China. However, cultural soft power has also been inevitably sucked into the vortex of geostrategic tensions. Events such as the first International Comic and Animation Convention in Beijing in December 2012 had to be scaled down and delayed, although the event still proved successful.

Like China’s Confucius Institutes, the Japan Foundation is also promoting the Japanese language by inviting 500 foreign teachers on fully paid courses, together with plans to establish 100 Japanese-language hubs globally. In this sense, “the Japanese language is also a form of

soft power,” declared Aso Taro.³⁴ The Japan Exchange and Teaching Program (JET) also provides access to cultural norms, which teachers disseminate on their return home. State broadcaster NHK has also launched a 24 h news channel in English, like its Chinese counterparts. Tokyo’s diplomats do however realize that there are limits to the role of the state and central direction: “it is not public sectors but private sectors who should take the lead in promoting soft power”.³⁵

Japan’s ex-Director General of public diplomacy Monji Kenjiro recognized that state-level agents might not be well positioned to generate “soft” power.³⁶ Public relations companies (Singapore’s I-Promo Events Marketing, and Japan’s Dentsu) in Singapore came together to jointly organize Southeast Asia’s largest convention dedicated to all things related to anime and manga, *Anime Festival Asia*. Other official sponsors included the Japan Foundation and Japan Embassy, together with the world’s third-largest toy company Bandai. This emphasis on public–private partnerships in Japan’s approach to cultural soft power is significant, for it contradicts claims by scholars that only state actors such as governments can project soft power.³⁷

Another difference with China is that while Beijing focuses on its traditional culture, Japan has chosen in recent years to highlight its contemporary pop culture, even subcultures. And in contrast to Beijing’s use of culture to also buttress its domestic legitimacy against the importation of foreign cultural norms, Japan is less sensitive to foreign ideas. Calling for greater cultural and intellectual exchange, its chief cultural diplomat instead argued that Japanese cultural strength has been its ability to absorb foreign influences yet maintain traditional ways.³⁸

There are however signs of discomfort emerging from Japanese cultural industries as the state becomes more engaged in promoting Japanese popular culture. Academy Award-winning *anime* director

³⁴Aso, Taro, ‘Japan’s Diplomacy: Ensuring Security and Prosperity’, Speech at the Japan Institute of International Affairs, Tokyo, 30 June 2009.

³⁵Japan Creative Center, ‘Message from the Director’, 2009, <http://www.sg.emb-japan.go.jp/JCC/announcement.html>, accessed 19 March 2009.

³⁶Cited in Newcomb, Amelia, ‘Japan cracking US pop culture hegemony’, *Christian Science Monitor*, 15 December 2008.

³⁷A point also made by Shen Ding, ‘Soft power diplomacy’ in *Asia Policy*, Book review roundtable, Vol. 15, January 2013, p. 147, in his critique of Jing Sun’s works.

³⁸Monji, Kenjiro, ‘Selling Japan’ (in Japanese), *Gaiko Forum*, July 2009, pp. 34–38.

Miyazaki Hayao has criticized official promotion of *manga*, arguing it should remain a private activity. Manga artist Ishizaka Kei also lampooned the proposed National Centre for Media Arts because “manga fans would not come and look at original drawings hung in frames using government money.”³⁹ Another worrying development is the spate of negative responses in target countries towards state involvement in promoting Japanese anime and manga. After the 100 Doraemon Secret Gadgets Expo in September 2014 opened to great fanfare in downtown Chengdu, Communist party newspaper *Chengdu Evening News* called Doraemon the “blue fatty,” a threat, and stated that Japan is not truly sorry for its war crimes. *Chengdu Daily* lambasted Doraemon as an “instrument of Japanese foreign policy” because of its appointment as Anime Ambassador.⁴⁰ In August 2016 Pakistan’s Tehreek-e-Insaaf opposition party submitted a resolution to ban Doraemon because of its alleged negative influence on children, which included, the party claimed, encouraging children to misbehave at school and at home.

MARITIME POWER: HARD AND SOFT

When one speaks of “soft” power, as we have discussed in the previous section, the attention usually turns to cultural attraction because “typically when people think of soft power, they tend to focus on a country’s contributions to global culture—food, music, novels, movies.”⁴¹ Yet, it is seldom noted that “the military can also play an important role in the creation of soft power.”⁴² At its most basic, “a well-run military can

³⁹Cited in Edan Corkrill, ‘Is a national manga museum about to get off the ground?’, *Japan Times*, 14 June 2009.

⁴⁰Piao, Vanessa, ‘A Warning in China: Beware the ‘Blue Fatty’ Cat’, *New York Times*, 29 September 2014, <http://sinosphere.blogs.nytimes.com/2014/09/29/a-warning-in-china-beware-the-blue-fatty-cat/>, accessed 01 April 2016.

⁴¹Hymans, Jacques, ‘India’s soft power and vulnerability’, *India Review*, Vol. 8 No 3, July-September 2009, p. 252 (Hymans 2009).

⁴²Nye, *Soft Power: the means to success in world politics*, 2004, p.116. See also Yee-Kuang Heng, ‘Smart Power and Japan’s Self-Defence Forces’, *Journal of Strategic Studies*, Vol. 38, No. 3, 2015, pp. 282–308 (Heng 2015; Nye 2004).

be a source of prestige.”⁴³ Sea power especially is a malleable national resource that can produce both hard and soft power.⁴⁴

In truth, there exists an imperfect distinction in Nye’s works between “hard” and “soft” power. He notes that “in general, the types of resources associated with hard power include tangibles such as force and money. The types of resources associated with soft power often include intangible factors such as institutions, ideas, values, culture, and the perceived legitimacy of policies. But the relationship is not perfect.”⁴⁵

The crucial point to note here is that “the resources often associated with hard power behavior can also produce soft power behavior depending on the context and how they are used...A tangible hard power resource such as a military unit can produce both command behavior (by winning a battle) and co-optive behavior (by attracting) depending on how it is used.”⁴⁶ For instance, naval forces can win battles (hard power) or win hearts and minds (soft power) depending on the target and what the issues are.⁴⁷ To sum up the distinction here in one straightforward sentence, “Fighting and threatening are hard power behaviors; protecting and assisting are soft power behaviors.”⁴⁸

As Singapore Prime Minister Lee Hsien Loong noted: “America’s soft power is a tremendous asset...and anywhere in Asia, when natural disaster strikes, America uses its awesome might to do good—as it did after the Indian Ocean tsunami in 2005, when it sent (an) aircraft carrier... to carry out relief operations in Aceh in Indonesia... The US should make the most of this soft power to win over hearts and minds, and inspire and shape developments in Asia and beyond”.⁴⁹ How do China and Japan feature in this maritime dimension of soft power and where does it fit into broader geostrategic competition in the region?

Under Nye’s formulation, states can generate soft power by “providing global public goods,” including stabilizing financial institutions. But military assets, used in the right context, can also help provide global

⁴³Nye, Joseph, ‘The War on Soft Power’, *Foreign Policy*, 19 April 2011 (Nye 2011b).

⁴⁴Yoshihara, Toshi, ‘Chinese naval soft power in the Indian Ocean’, *Pacific Focus*, Vol. 25, No. 1, April 2010, pp. 59–88 (Yoshihara 2010).

⁴⁵Nye, *The Future of Power*, 2011, p. 21 (Nye 2011a).

⁴⁶Nye, *The Future of Power*, 2011, p. 21.

⁴⁷Nye, *The Future of Power*, 2011, p. 21–22.

⁴⁸Nye, *The Future of Power*, 2011, p. 227.

⁴⁹Lee, Hsien Loong, ‘America and Asia: our shared future’, Speech at the Asia Society/US–ASEAN Business Council Gala Dinner, 3 May 2007.

public goods. As Nye puts it, a state that uses its military to do so can gain doubly from such a strategy: “from the public goods themselves and from the way they legitimise our power in the eyes of others.”⁵⁰

The maintenance of maritime security and critical sea-lanes of communication that all nations depend on for trade is one such public good. The piracy scourge off the coast of Somalia threatening the crucial Gulf of Aden provided an opportunity for Beijing to embellish its global image by aligning with these counter-piracy norms. In 2008 China deployed its navy on anti-piracy patrols and sent some of its most advanced warships. According to Yoshihara Toshi, the quest for soft power in part motivates China’s anti-piracy mission. China’s high-profile deployment of its most sophisticated vessels in 2008 is designed to dispel “widespread notions that Chinese maritime power in the region would menace regional security.”⁵¹

Chinese naval officers themselves argue that the goal is to demonstrate China’s “positive attitude in fulfilling its international obligations” and burnish its “image as a responsible power, according to Xiao Xinnian, the People’s Liberation Army Navy (PLAN) deputy chief of staff.⁵² The mission was described in 2009 as having “demonstrated a fine image of our armed forces as a mighty and civilized force for peace,” according to Admiral Wu Shengli of China’s PLAN. The PLAN was also able to gain invaluable operational experience on such long-distance deployments far from Chinese waters.

Japan has also sent warships to combat piracy in the Gulf of Aden. The Somalia deployment, according to then Prime Minister Aso, was one of the “responsibilities that Japan should clearly discharge as a member of international society.⁵³ “Piracy is a threat to the international community, including Japan, and it is an issue that should be dealt with immediately,” then Defense Minister Hamada Yasukazu said after issuing

⁵⁰Nye, Joseph, ‘The American national interest and global public goods’, *International Affairs*, Vol. 78 No. 2, 2002, p. 241 (Nye 2002).

⁵¹Yoshihara, Toshi, ‘Chinese naval soft power in the Indian Ocean’, *Pacific Focus*, Vol. 25, No. 1, April 2010, pp. 59–88 (Yoshihara 2010).

⁵²Cited in ‘China navy confident, capable in Somalia mission’, *Xinhua News*, 23 December 2008.

⁵³Statement by Prime Minister Taro Aso, 13 March 2009, http://www.kantei.go.jp/foreign/asospeech/2009/03/13danwa_e.html, accessed 23 Feb 2010.

the deployment order.⁵⁴ These operations also allow Japan to demonstrate its abilities in providing assistance to sailors from sea-faring countries who face the dangers of piracy. For instance, the Japanese embassy in Manila released a report stating that “Filipino seafarers are by far the biggest beneficiaries of these ship escort operations in terms of crew members’ nationalities.”⁵⁵

Besides its own economic interests in securing maritime trade and pressure from the Japan Shipping Association, Amelia George observed that geostrategic competition with China also motivated these Japanese maritime soft power deployments: “The maritime anti-piracy operation is a case of Japan wanting to be out there with the big boys and not wanting to be left behind, particularly in the wake of China’s participation. It was China’s engagement that triggered Japan’s; so the primary driver is political, relating to Japan’s international image and not allowing China to get the jump on them.”⁵⁶

Indeed, according to Waseda University Professor Shigemura Toshimitsu, “The government, diplomats, and the policymakers in the Ministry of Foreign Affairs are very afraid. Before, China did not feel able to cooperate in global military operations with the US or other nations, but that has clearly changed. I foresee Beijing increasingly projecting its power overseas in the future.”⁵⁷

Besides providing “global public goods” through counter-piracy, China has launched its “Mission Harmony” series of humanitarian and medical naval cruises as means of projecting soft power, mimicking the US Navy’s “Pacific Partnership” program (described below). The PLAN has a dedicated hospital ship, *Peace Ark*, which deployed to the Gulf of Aden for the first time in September 2010 on “Mission Harmony-2010.” It provided free medical care and training in Djibouti, Kenya, Tanzania, the Seychelles, and Bangladesh. Once again,

⁵⁴Cited in Isabel Reynolds, ‘Japan sends navy to join Somali anti-pirate patrols’, *Reuters*, 13 March 2009..

⁵⁵Cited in Jerry Esplanada, ‘10,607 Filipino seamen got protection from pirates: report’, *Phillipine Daily Inquirer*, 16 January 2011.

⁵⁶Cited in Berkofsky, Axel, ‘Japanese Navy hits Somali seas’, *ISN Watch*, 9 April 2009, <http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?lng=en&cid=98783>, accessed 29 January 2010 (Berkofsky 2009).

⁵⁷Ryall, Julian, ‘Japan Concerned Over US Relations with China’, *Telegraph*, 23 December 2008 (Ryall 2008).

Admiral Wu Shengli noted that “the mission embodies the Chinese Navy’s capacity to accomplish diversified military missions, and thus improves our comprehensive support abilities. At the same time, it showcases our image as a responsible major power that proactively pursues its international obligations.”⁵⁸

The 2011 installment of Mission Harmony visited the Caribbean. *Peace Ark* once again provided free medical services in Cuba, Trinidad and Tobago, Jamaica, and Costa Rica. This was also the first Chinese operational naval mission to the area. China’s naval soft power strategy assumes that countries can accumulate credit, soft power, and international goodwill in two forms: providing “international public goods” such as counter-piracy patrols, well as delivering humanitarian and medical services to lesser developed countries. The use of Chinese naval assets in this assistance role is helping to project Chinese soft power to greater reaches of the globe, in perhaps a more substantive fashion than the more intangible assets of cultural strength.

For Japan, the Japan Maritime Self-Defense Force (JMSDF) lacks a dedicated hospital ship like *Peace Ark*. Unable to embark on unilateral missions like Mission Harmony, Tokyo has signed up to joint cooperation with the US Navy. Since 2007, the JMSDF has participated in “Pacific Partnership,” the US Navy’s annual humanitarian assistance cruise through the South Pacific and Southeast Asia. The involvement of the JMSDF in a US initiative reminds us that for all the debate about Sino–Japanese soft power competition, America remains a key soft power that cannot be discounted from regional calculations.⁵⁹

Begun in the aftermath of the 2004 tsunami after the success of relief missions in improving the image of the US, this exercise delivers humanitarian supplies as well as medical, dental, engineering, and veterinary aid to remote areas in the region. It also serves a dual purpose of demonstrating the US commitment to the region: improving disaster response skills and, crucially, interoperability with partners. The US Navy usually deploys its hospital ships, like *Mercy* or *Comfort*. Indeed, it is the US use of these hospital ships that arguably inspired the Chinese equivalent, Mission Harmony to be launched.

⁵⁸Cited in Ministry of Defence Japan, *Defence of Japan 2012*, p. 61.

⁵⁹Andrew Oros, ‘Who’s the most charming in Asian regional diplomacy?’, *Asian Policy*, Vol. 15, January 2013, p.128.

In 2010, the JMSDF deployed the flat-top amphibious ship *Kunisaki*, with a complement of 40 medical/dental personnel, plus 22 NGOs that also worked to introduce Japanese culture, such as *kendo* lessons, in Vietnam. Japan had previously sent medical officers, but 2010 was the first time that a large vessel was contributed. Japanese government publications link this move to the Hatoyama administration’s concept of “*yu-ai* boats” (fraternity boats) to cooperate with other governments in Asia to protect human lives.⁶⁰ Here again there is clearly an emphasis on the “assistance” role that the JMSDF can perform. Indeed, Japan’s role in Pacific Partnership is described as “an international civilian assistance activity.”⁶¹

After low-key involvement in 2011 because of the Great East Japan earthquake, the JMSDF renewed its commitment in 2012, sending yet another amphibious transport ship, the *Oosumi*. In 2014, *Oosumi* served as the primary mission platform for the exercise, the first time a non-US vessel has done so. Japan can and should involve other civilian agencies in such soft power efforts. For instance, one possible activity where there is ample room for synergistic cooperation is the Project on Capacity Development for Disaster Risk Management in Central America, BOSAI, organized by the Japan International Cooperation Agency. (“*Bosai*” is a Japanese word meaning disaster prevention and mitigation.) Through workshops with local people, this project communicates advice for evacuating from tsunamis, erupting volcanoes, heavy rain, landslides, and other types of disasters, as well as the importance of handing down experiences of surviving a disaster.

Humanitarian assistance and disaster relief (HADR) is another increasingly significant dimension of naval soft power in the disaster-prone Asia–Pacific, and Japan is engaging through multilateral forums as well to project its maritime soft power in an “assistance” rather than “threatening” mode. JMSDF transport and amphibious aircraft and rescue personnel participated in the ASEAN Regional Forum-Voluntary Demonstration of Response (ARF-VDR) on Disaster Relief held in 2009

⁶⁰‘Pacific Partnership 2010’, *Highlighting Japan*, July 2010, <http://www.gov-online.go.jp/pdf/hlj/20100701/18-19.pdf>, accessed 07 April 2012.

⁶¹‘Pacific Partnership 2010’, *Highlighting Japan*, July 2010, <http://www.gov-online.go.jp/pdf/hlj/20100701/18-19.pdf>, accessed 07 April 2012.

in the Philippines. In 2011, Japan cochaired with Indonesia a follow-on exercise, the ARF Disaster Relief Exercise.

HADR is where contrasts are being made between Japan and China's ability to respond to disaster. After super-typhoon Haiyan devastated the Philippines in 2013, Tokyo despatched 1200 personnel, its largest overseas deployment on relief efforts, including major surface assets—the *Ise*, a large helicopter destroyer with flat-top landing deck, and the *Oosumi*, another flat-top amphibious vessel. Ten aircraft were also despatched. This was the first time that the Japanese Ministry of Defense deployed a Joint Task Force overseas to conduct a humanitarian disaster relief operation. This served not only “soft” power purposes, it also bolstered Abe's diplomatic strategy of reengaging the Philippines on issues of maritime disputes in the South China Sea. JSDF troops were welcomed back in the Philippines because of their “assistance” profile. On the other hand, Beijing's initially paltry offer of US\$100,000 was widely derided for being less than Swedish furniture giant Ikea's contribution of US\$2.7 million.

The “China factor” looms in more recent Japanese soft power initiatives aimed at providing maritime assistance. Tokyo is ramping up its civilian aid programs to bolster the coast guards of other nations, especially those with territorial disputes with China. “Our strategy is to offer hardware and training to create mini-Japanese coast guards and mini-Japanese Self-Defense Forces around the South China Sea,” said Kotani Tetsuo, a researcher at the Japan Institute of International Affairs in Tokyo.⁶² Tokyo is also providing coast guard patrol boats to Manila and Hanoi.

CONCLUSION

“Soft” power is ephemeral and elusive. As the *Asahi Shimbun* pointed out: “It takes months, even years, to build up the respect which creates soft power. And everything that has been won can be lost in an instant.”⁶³ This applies to both China and Japan. In Tokyo's case,

⁶²Cited in Martin Fackler, ‘Japan is flexing its military muscle to counter a rising China’, *New York Times*, 26 November 2012 (Fackler 2012).

⁶³Cited in Asger Røjle Christensen, ‘Cool Japan, Soft Power’, *Global Asia*, Vol. 6 No. 1, 2011, http://www.globalasia.org/V6N1_Spring_2011/Asger_Rojle_Christensen.html, accessed 25 March 2012 (Christensen 2011).

lingering historical issues remain, such as visits by politicians to the Yasukuni shrine, “comfort women,” and a perceived lack of contrition for Japanese wartime atrocities. Despite Beijing’s cultural charm offensive over the past decade, its assertive actions over the South China Sea disputes as well as the East China Sea have dissipated much of its previous soft power gains in Asia. Soft power for the Sino–Japanese relationship exists within an interlocking matrix of culture, geostrategy, and maritime naval power. The central role of the Chinese state in cultural soft power (such as promoting pro-Beijing movies) and global media presence has geopolitical tinges with some anti-Japanese flavor, although most of Beijing’s media attention seems to be at stemming Western influences more than Japanese. Still, Beijing remains hamstrung by its political structures. As China-watcher David Shambaugh notes: “The core aspects of their system”—such as one-party rule, media censorship, and suppression of critics—“are just not appealing to outsiders.”⁶⁴

On the other hand, Tokyo’s projection of cultural soft power through private actors has had mixed results in the face of continuing geostrategic tensions with China. In the midst of heightened tensions over the Senkaku (Diaoyu) islands in 2012, fans of anime ambassador Doraemon continued to throng the “Hundred Years before the Birth of Doraemon” exhibition in Hong Kong. (Doraemon is to be born in 2112). Yet other symbols of Japanese power such as Toyota were targeted by Chinese vandals. Indeed, as discussed earlier in the case of the anime *Stand by Me Doraemon* in 2015, it is policy decisions to improve relations that enable use of soft power instruments rather than the other way round. This highlights the resistance of geopolitical competition to cultural soft power: former North Korean leader Kim Jong Il’s love for Hollywood movies and sushi never translated into any political influence for America or Japan, a point that Jing Sun also makes: “people everywhere have shown no tension with loving another country’s food or movies but not admiring that country’s government.”⁶⁵ Furthermore, Japanese pop culture diplomacy is more of a one-way street and has not demonstrated serious attempts at

⁶⁴Cited in Peter Ford, ‘On eve of Shanghai Expo 2010, China finds soft power an elusive goal’, *Christian Science Monitor*, 29 April 2010 (Ford 2010).

⁶⁵Sun, *Charm Rivals*, p. 166 (Sun 2013).

cross-border engagement or understanding, according to a 2015 assessment by Iwabuchi.⁶⁶

Maritime and naval soft power also yield mixed results in terms of ameliorating geopolitical competition between Japan and China. The Somalia counter-piracy deployment is turning out to be a rare and much-needed opportunity for Japanese and Chinese military cooperation. On 23 May 2010, Senior Colonel Zhang Wendan, commander of the Chinese naval escort taskforce boarded the JMSDF destroyer *Oonami* to exchange information on escort methods and pirate activity. Zhang was paying a return visit after his Japanese counterpart, Captain Minami Takanobu, had boarded the PLAN's *Guangzhou* on April 28. China did not appear unduly worried or nervous about the Japanese military deployment, and some observers even welcomed the possibility of such cooperation extending beyond Somalia towards Asian waters. Ren Xiao, Research Professor at Shanghai's Fudan University, noted: "This time, the reactions in China to the Japanese deployment overseas were more moderate and more relaxed than before. We ourselves have sent anti-piracy naval ships there and I would welcome it if the Chinese and Japanese navy cooperated in the waters off the coast of Somalia." He continues stating that it "could be useful to start working together in Asian waters in the future," referring to the long-standing Sino-Japanese dispute over the ownership of a chain of unpopulated islets in the East China Sea.⁶⁷ Resulting from the Shared Awareness and Deconfliction (SHADE) meetings, China, Japan, and India began to synchronize and optimize each country's escort resources. The three nations implemented patrol coordination, with China and India taking turns as lead navy before Japan took over on July 1 2012.

Besides providing public goods like anti-piracy patrols, the US Navy's proficient use of naval assets, such as hospital ships for soft power through disaster relief missions or the Pacific Partnership, has not been lost on China. This is one possible reason why the PLAN decided to also operate its own hospital ship, the *Peace Ark*, deployed on Mission Harmony, the Chinese variant of the US Pacific Partnership. This does

⁶⁶Koichi Iwabuchi, 'Pop Culture diplomacy in Japan: soft power, nation branding and the question of 'international cultural exchange', *International Journal of Cultural Policy*, Vol. 21, Issue 4, 2015, pp. 419–432 (Iwabuchi 2015).

⁶⁷Cited in Berkofsky, 'Japanese Navy hits Somali seas', 9 April 2009 (Berkofsky 2009).

not seem intended to directly challenge the US and Japan in naval soft power competition, in so far as PLAN has chosen its destinations not to overlap with the Pacific Partnership’s focus on South Pacific and Southeast Asia. Mission Harmony has operated mostly in South Asia, the Caribbean, and the Horn of Africa.

This appears to be more a case of PLAN aping US successes and seeking to acquire similar capabilities, rather than posing a head-on challenge at this point. The mission also seems intended to advance Beijing’s diplomatic slogans such as “harmonious world” and “harmonious seas,” according to the Chinese admiral commanding the 2010 iteration.⁶⁸ While undertaking similar tasks of medical and humanitarian relief, the mission scale seems less ambitious than the Pacific Partnership: it usually involves a single hospital ship without a coterie of accompanying ships contributed by partners and allies.

Since HADR activities thus far usually tend to be less provocative than joint military exercises, US–Japanese naval HADR operations with third parties should not, *prima facie*, worsen relations with China. However, ultimately soft power is about perceptions. Depending on how Beijing or Tokyo view each other’s naval soft power initiatives, each could well view the other as gaining an edge in a particular country or region. As Oros observes, “so-called soft power initiatives of both China and Japan are clearly motivated by hard-power concerns, and in particular are directed at each other through their relationships with these third states.”⁶⁹

So far, maritime assets have been deployed in non-threatening contexts where the emphasis is on helping and assisting, not fighting. Japanese and Philippine coast guard boats held anti-piracy drills in the Philippines in 2015, the first such joint exercise since World War II. In May 2015, the first Japan–Philippines joint naval exercises were held in the South China Sea, although Manila stressed that the location was unrelated to disputed waters. Two JMSDF destroyers—the JS *Harusame* and *Amigri*—trained with the Philippine Navy frigate BRP *Ramon Alcaraz* on communication strategies to respond to “unplanned encounters at sea.” In 2016, Japan also announced the lease (under a separate agreement on transfer of defense equipment) to the Philippines Navy of

⁶⁸Cited in ‘Peace Ark concludes visit to Bangladesh’, *Xinhua*, 15 November 2010 (*Xinhua*.2010).

⁶⁹Oros, ‘Who’s the most charming in Asian regional diplomacy?’, p. 129.

up to five retired MSDF Beechcraft TC-90 King Air TC-90 advanced trainer aircraft fitted with basic surface and air surveillance radar. By contributing major vessels such as the *Oosumi* to the Pacific Partnership, Japan has also recognized the soft power benefits that can accrue from a naval service seen to be a friendly, helpful force in humanitarian assistance. Tokyo has chosen a more multilateral, cooperative mechanism by building on a preexisting platform provided by its US ally. Yet this apparent convergence of interest in naval soft power with Washington belies several underlying differences. Japan's constitutional constraints and strategic culture means that such a form of deployment on "civilian assistance" missions could suit the JMSDF, although this may well change with Abe's new security legislation. The US navy for its part, however, views the missions far more broadly—initially in terms of the global "war on terror" to win hearts and minds and, perhaps more recently, in terms of the rebalancing to Asia.

The US also places far more emphasis on pre-deployment preparations and training in terms of lectures, training, and coordination among a wide range of government agencies. For instance, State Department officials as well as officers from USAID, the National Oceanic and Atmospheric Administration (NOAA) are also embarked. According to the US State Department's official blog, the Pacific Partnership, although developed by the Navy has "become a demonstrable example of the 'whole of government' approach to American policy in the Pacific... [It] strongly supports three key areas identified by Secretary Clinton in her *Quadrennial Diplomacy and Development Review* (QDDR) presented in 2010: global health, climate change, and humanitarian assistance."⁷⁰ NOAA Fisheries Service experts for instance worked with local Vietnamese fishermen during a three-day subject matter expert exchange on issues such as climate change, pollution, and the effects of tourism. This level of strategic cohesion does not appear to have manifested to the same level in Japan's participation. China, on the other hand, has thus far chosen to go it alone in its Mission Harmony deployments. Both Tokyo and Beijing, however, attach importance to using

⁷⁰Thomas E. Weinz, 'Pacific Partnership 2012: Prepare in Calm to Respond to Crisis', 3 February 2012, US Department of State, http://blogs.state.gov/index.php/site/entry/pp2012_mpc, accessed 3 Nov 2012 (Weinz 2012).

their naval assets to support global public goods, such as the international campaign in the Gulf of Aden against piracy.

Japan suffered short-lived Prime Ministers from 2006 till 2012 when Abe Shinzo returned to power. While Japan has ample “private” soft power assets in its cultural industries, unstable political leadership is an obstacle to the crafting of a long-term coherent soft power strategy. While this problem has been minimized with Prime Minister Abe entrenching his position through several solid electoral victories in 2014 and 2016, China has leadership teams at the helm for an unbroken decade.⁷¹ This comparison of Chinese and Japanese soft power has demonstrated the broader relevance of Nye’s framework for geostrategic competition, cultural attractiveness, and maritime power in East Asia. Whether in terms of cultural strength or maritime activities, both Japan and China have exhibited behavior and policies that largely reflect the arguments put forth by Nye. Yet, these two proud nations’ long histories, politics, culture, and specific strategic contexts also shape the ways in which the notion of soft power has been interpreted and implemented through policy initiatives designed to reflect their specific needs and constraints.

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⁷¹Sun, *Charm Rivals*, p.169 (Sun 2013).

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PART IV

Triangular Relations

The China–Japan–South Korea Trilateral Summit: *Realpolitik* or Liberal Peace?

Park Hahn-kyu

INTRODUCTION

The trilateral relationship among China, Japan, and the Republic of Korea (ROK) is a litmus test with respect to whether realist power competition or liberal cooperation and peace would better depict the future of international relations in the region. In explaining the East Asian international political order, many scholars have pointed to the hegemonic rivalries between the big powers, such as the US versus China, and Japan versus China, or to territorial disputes among the regional states, historical animosities, and strident nationalism.

However, the Northeast Asian region has recently experienced ever-growing economic interdependence in trade and finance, and rapid diffusion of culture, person-to-person exchanges, and tourism. Moreover, various regional cooperative institutional frameworks have been established in East Asia since the end of the Cold War. They include the China–Japan–ROK (CJK) Trilateral Summit, the East Asia Summit,

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Association of Southeast Asian Nations+3 (ASEAN+3), Asia-Pacific Economic Cooperation (APEC), Regional Comprehensive Economic Partnership (RCEP), and Trans-Pacific Partnership (TPP).

The combined population of China, Japan, and the ROK is around 1.54 billion people, with an aggregate GDP of US\$16.3 trillion or 21% of the world total.¹ The establishment of a multilateral cooperative framework among them would definitely lay a foundation not only for a strong economic partnership but also for reconciliation, trust, and reliable peace in the Northeast Asian region. But recent developments in the region have shown once again that a meaningful and trustful trilateral cooperation is still elusive.

This chapter starts with the following puzzle: Why can't the three Northeast Asian states cooperate with each other even though the benefits of cooperation outweigh the costs of competition? This chapter argues that there are some important country-specific and region-specific and systemic factors that would make it difficult for the three countries to achieve a trustful and meaningful cooperation. This study identifies these factors as follows: (1) nationalism on the country-specific level, (2) regional rivalry between Japan and China on the regional level, and (3) the US' hedging strategy against China on the systemic level. This chapter further argues that it is almost impossible for China, Japan, and ROK to overcome these hurdles and establish a meaningful trilateral cooperation unless they shift their ideas and behaviors toward each other from hostility and competition to reconciliation and cooperation.

This chapter will first examine the theoretical lenses of political realism and liberalism to view contemporary East Asian international relations. The third section will examine the CJK Trilateral Summit as a liberal move toward peace and cooperation. Some factors contributing to trilateral cooperation will be also examined. In the fourth section, I will analyze the three factors from the political realist perspective that have significantly constrained the development of trustful trilateral cooperation among China, Japan, and ROK.

¹World Development Indicators database, World Bank, December 29, 2015.

THEORETICAL BACKGROUND: LIBERALISM AND POLITICAL REALISM

Liberalist Optimism for International Security and Peace

Liberals mainly agree that rising economic interdependence will restrain states from armed conflicts and ultimately contributes to international peace and security. It is because economic interdependence tends to increase both sensitivity and vulnerability of the states to other states and events in the international economic system. They also argue that powerful domestic actors, mainly corporations, who have an important stake in international trade and business are likely to push their governments to adopt cooperative and conciliatory foreign policies conducive to their business environment.² They further argue that warfare is disruptive, expensive, and destructive in terms of capitalist economic development, and that states can achieve national development through trade, foreign investment, and economic interdependence.³

Liberal functionalism has also argued that rising cooperation, as everyone has stake in it, gives rise to increased support for organizations, rules, and even laws. In other words, increasing interaction and interdependence generates important functional demands to create interstate institutions. Liberal functionalism laid foundational ideas for the later development of neoliberal institutionalism. The institutional liberalism maintains that international conflicts can be deliberately and cooperatively avoided through institutional arrangements. Institutions such as international organizations, treaties, explicit rules, and general working procedures can be established to make international relations more transparent, more predictable, less risky and dangerous.⁴ The European Union (EU) may be an exemplar case in point.

These aforementioned liberal arguments can be applied to East Asian international relations during the 20 past years. According to Solingen's analysis on East Asian regionalism, when political elites rise to power and are committed to export-led growth for rapid national development, they

²See Robert Keohane and Joseph Nye, *Power and Interdependence* (Boston: Little Brown, 1977) (Keohane and Nye 1977).

³Dale C. Copeland, "Economic Interdependence and War: A Theory of Trade Expectations," *International Security* 20, 4 (Spring 1996) (Copeland 1996).

⁴See Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton University Press, 1984) (Keohane 1984).

see that a peaceful regional environment is crucial. As war is bad for business, they try to resolve or downplay their nation's conflicts, promote relaxation of tensions, cut military spending, and expand regional cooperation in things like arms control. The result is a sharp decline in warfare and rising national and regional security.⁵ Ming Wan has also explained that increasing economic interdependence and cooperation in East Asia as a whole has greatly reduced the possibility of conflict and created a new security order during the 1990s.⁶ Most East Asian states, including China, have focused on trade and economic development and, consequently, they have preferred to have a peaceful international environment in the region, which is crucial to their respective economic development.

Since the early 1990s, when the Cold War ended and the globalization process began to have a major impact on the international relations, there have emerged a large number of works on the processes of and the prospect for East Asian economic cooperation and integration, most of which may fit well in the liberal perspective for international cooperation. Many of them have maintained that rapidly increased economic interdependence, mainly driven by market forces, has proliferated regional institutional frameworks for economic cooperation, including ASEAN, ASEAN+3, East Asia Summit, the Chiang Mai Initiative, the China–Japan–ROK Trilateral Summit, etc.

Realist Pessimism on International Security and Peace

According to political realism, power competition is the essential feature of international politics. Structural realists argue that, under the anarchical international system, states are most concerned with their own survival and seek to achieve their security goals in a self-help manner.⁷ In a self-help system, states are natural competitors for relative military power, and accordingly compete for anything conducive to military build-up—wealth, natural resources, strategically valuable geopolitical positions, technology, etc.

⁵Etel Solingen, *Regional Orders at Century's Dawn: Global and Domestic Influences on Grand Strategy* (Princeton University Press 1998) (Solingen 1998).

⁶Ming Wan, "Economic Interdependence and Economic Cooperation: Mitigating Conflict and Transforming Security Order in Asia" in Muthiah Alagappa ed., *Asian Security Order: Instrumental and Normative Features* (Stanford: Stanford University Press: 2003), 280–310 (Wan 2003).

⁷Kenneth Waltz, *Theory of International Politics* (Addison-Wesley, 1979) (Waltz 1979).

John Mearsheimer has suggested a more competitive version of structural realism. He argues that the anarchical nature of the international system makes states, particularly great powers, always hungry for power. In so doing, each wants to be the most powerful in the international system, its regional system, or its neighborhood; that is, each seeks to become the hegemonic state. Consequently, the best strategy for survival is the “maximization of relative power” vis-à-vis competing adversaries.⁸

Recently, neoclassical realists have focused on domestic political factors to explain power competition and conflict in international politics. They have maintained that a state’s foreign behaviors largely depend on domestically derived preferences.⁹ In other words, a state’s responses to international systemic pressure are filtered through the leader’s political ideologies and world views, domestic and bureaucratic politics, and the political process. Therefore, one must trace how systemic pressures interact with domestic factors in each country. The theoretical implications of neoclassical realism are that some states practice disruptive and offensive strategies due to domestic political structures, institutions, and political leaders’ ideologies and ambitions.

Many realists argue that a rising rivalry is emerging between the US and China which will lead to a US strategic posture to contain China in the East Asian region.¹⁰ The US began making overtures to India, Vietnam, and Indonesia, and in response China also made serious steps to isolate the US in the region (via expanded ties with Southeast Asia, Russia, and North Korea). Some realists also maintain that China and Japan are likely to compete again to become a regional hegemon in East Asia.¹¹ If these realist prospects are correct, armed conflict in the East

⁸John Mearsheimer, *The Tragedy of Great Power Politics* (W.W. Norton & Company, 2001) (Mearsheimer 2001).

⁹For the Neoclassical Realism, see Gideon Rose, “Neoclassical Realism and Theories of Foreign Policy,” *World Politics* 51 (October 1998), 144–172; Randall Schweller, *Unanswered Threats: Political Constraints on the Balance of Power* (Princeton: University Press, 2006) (Rose 1998; Schweller 2006).

¹⁰E.S. Medeiros, “Strategic Hedging and the Future of Asia–Pacific Stability,” *Washington Quarterly* 29:1 (Winter 2005–2006), 145–67; David Shambaugh, “Asia in Transition: The Evolving Regional Order,” *Current History* (April 2006) (Medeiros 2005–2006; Shambaugh 2006).

¹¹Mike M. Mochizuki, “China–Japan Relations: Downward Spiral or a New Equilibrium?” in David Shambaugh ed., *Power Shift: China and Asia’s New Dynamics* (Berkeley: University of California Press, 2006); Kent E. Calder, “China and Japan’s Simmering Rivalry,” *Foreign Affairs* 85:2 (March/April 2006) (Mochizuki 2006; Calder 2006).

Asia is possible in the future. Politicians in the respective countries may also attempt to capitalize on the rise of extreme nationalism for their political legitimacy and popularity.¹²

THE CHINA–JAPAN–ROK TRILATERAL SUMMIT: A LIBERALIST MOVE

Increasing Economic Interdependence in Northeast Asia

The liberal economic interdependence theory has very important implications for Northeast Asian economic cooperation. Economic interdependence among China, Japan, and ROK has increased rapidly at an unprecedented rate over the last 20 years. In 2011, China is Japan's number one trading partner in imports and exports, and Japan is China's second largest trade partner after the US at the same year. In 2011, bilateral trade between China and Japan amounted to US\$340 billion. Japan is one of China's major sources of foreign direct investment (FDI). Since 2005, China became ROK's number one trading partner and the total trade volume between China and ROK amounted to about US\$220 billion in 2011. ROK's FDI in China amounted to about US\$35 billion in 2011, and China was the second largest destination for ROK's outward FDI at the same year. ROK was the fourth largest market for China's exports and the second largest for China's imports. Japan was the third largest market for ROK's exports and the second largest market for ROK's imports in 2010.

Free Trade Agreement Negotiations as a Starting Point

As trilateral economic interdependence deepened significantly over the last decade, there was a growing necessity for the three countries to establish a trilateral, cooperative economic institutional framework such as a free trade agreement (FTA). It was expected that the establishment of a network of FTAs between the three states could serve as an effective institutional framework toward deepening trilateral economic integration. However, there has been little progress made in the efforts to create FTAs between

¹²Kenneth B. Pyle, "Nationalism in East Asia," *Asia Policy* No. 3 (January 2007), 29–37; Joseph S. Nye, "Worrying revival of extreme nationalism in East Asia," *The Australian*, September 6, 2012 (Pyle 2007; Nye 2012a).

them. ROK and Japan started negotiations for a bilateral FTA in November 2003. However, the government-level negotiations for an ROK–Japan FTA were suspended in 2004 and no progress has been made since then. In May 2012, ROK and China agreed for the first time to start negotiations for a bilateral FTA. Three years after negotiations started, both countries officially signed a new FTA in June 2015.¹³ China and Japan have yet to have any official talks on a bilateral FTA. At the 5th Trilateral Summit Meeting held in Beijing on 12 May 2012, South Korean President Lee Myung-bak, Chinese Premier Wen Jiabao, and Japanese Prime Minister Noda Yoshihiko agreed for the first time that a trilateral FTA would boost trade and investment among the three countries and provide a framework for comprehensive and structural cooperation, and that they would launch negotiations for a trilateral FTA by the end of 2012.¹⁴ Since then, ten rounds of working-level negotiations for a trilateral FTA have been conducted as of April 2016, but as yet there has been no breakthrough.

INSTITUTIONALIZATION OF TRILATERAL COOPERATION: THE TRILATERAL SUMMIT MEETING

Economic Crises as Catalysts

The development of the CJK trilateral cooperation has been driven heavily by the two financial crises that took place since the 1990s.¹⁵ The East Asian economic crisis of 1997–1998 gave an impetus for greater regional economic cooperation in East Asia. The economic crisis highlighted both the economic interdependence of the East Asian countries and the vulnerability of the affected countries. Since then, there was a growing necessity to establish a more effective regional cooperative framework

¹³Shannon Tiezzi, “It’s Official: China, South Korea Sign Free Trade Agreement,” *The Diplomat*, June 2, 2015.

¹⁴Leonid Petrov, “Northeast Asia: A Region without Regionalism,” *East Asia Forum*, May 23, 2012 (Petrov 2012).

¹⁵For a detailed explanation of the impact of global financial crises on the Northeast Asian trilateral cooperation, see Momoko Sato, “Old Actors Reconfigured: Crisis and Northeast Asia,” *SAIS Review*, vol. XXIX no. 2 (Summer–Fall 2009) (Sato 2009).

to prevent another region-wide economic crisis from reoccurring.¹⁶ It spurred various talks of an Asian Monetary Fund, a Northeast Asian Development Bank, ASEAN+3, and an ASEAN Free Trade Area (AFTA). ASEAN countries finally signed the AFTA in 1992, and ASEAN+3 was first held in 1997. In addition, ASEAN+3 countries adopted the Chiang Mai Initiative in monetary cooperation in March 2010.

The 1997 financial crisis also laid the nascent foundations for the trilateral summit. In the aftermath of the East Asian financial crisis, the first trilateral summit meeting was held among the heads of China, Japan, and ROK in an informal breakfast meeting on the sidelines of the ASEAN+3 summit in Manila, Philippines on 28 November 1999. The three heads of state had conversations focusing on domestic economic situations in their respective countries as well as the regional economic situation and the effects of the financial crisis on it. Since then, summit meetings have been held every year and have served as the forum for the development of formal trilateral summit.

In October 2003, the three leaders signed the “Joint Declaration on the Promotion of Tripartite Cooperation among China, Japan and ROK” in Bali, Indonesia. The declaration established the Three-Party Committee made up of the three foreign ministers to jointly study, plan, and coordinate trilateral cooperation in 14 areas, including trade, energy, environmental protection, education, infectious diseases, etc. In the following year, the “Action Strategy on Trilateral Cooperation” was adopted in the trilateral summit meeting held in Vientiane, Laos.¹⁷

On 13 December 2008 amidst the global financial crisis, the first Trilateral Summit Meeting (TSM) between China, Japan and ROK was held in Fukuoka, Japan. At this meeting, Japanese Prime Minister Aso Taro, Chinese Premier Wen Jiabao, and South Korean President Lee Myung-bak recognized that the three economies were dynamic, resilient, and closely interlinked, and that cultural and people-to-people ties among the three countries were strong. They further declared that the ultimate goal of the TSM was to uphold visions and responsibilities for creating a peaceful, prosperous, and sustainable future for the region and international

¹⁶Nagesh Kumar, “Financial Crisis and Regional Economic Cooperation in Asia–Pacific: Towards an Asian Economic Community?” *MPDD Working Papers* (United Nations ESCAP), April 2011 (Kumar 2011).

¹⁷Sato, “Old Actors Reconfigured: Crisis and Northeast Asia,” 108.

community.¹⁸ For the areas of tripartite cooperation, they announced their intention to cooperate with each other in enhancing mutual political trust, increasing trade and economic contact, expanding social and cultural exchange, and strengthening financial cooperation.¹⁹ They also agreed to promote trilateral cooperation under the principles of openness, transparency, mutual trust, common interest, and respect for their diverse cultures.

In relation to existing regional organizations, they recognized that the TSM would contribute to advancing wider regional cooperation frameworks such as ASEAN+3, East Asia Summit (EAS), ASEAN Regional Forum (ARF), and APEC in a complementary and mutually reinforcing manner. At the same time, they also agreed that the TSM was crucial to address the serious challenges in the global economy and the financial markets. Recognizing the importance of this first-ever TSM held independently of other occasions, they decided to hold the TSM in the three countries on a regular basis.

The “Action Plan for Trilateral Cooperation” was also adopted in the first TSM on the basis of the “Joint Declaration on the Promotion of Tripartite Cooperation” concluded in 2003, the “Action Strategy on Trilateral Cooperation” drawn in 2004, and the agreement reached by the three leaders in the trilateral summit held in Cebu, Philippines in 2007. The aim of the Action Plan was to present specific plans for cooperation activities in various agreed upon fields. The progress made in each cooperation activity was to be examined annually through the Progress Report of the Trilateral Cooperation.

The global financial crisis that started in the US in late 2008 served as another impetus for greater trilateral economic cooperation. When the second TSM was held in Beijing in 2009, the three countries’ top political leaders agreed to coordinate and cooperate more closely to manage the effects of the global financial crisis on the East Asian region. In their joint statement, they identified the need to closely cooperate in global institutions such as the G-20 to deal with the crisis. The three Northeast Asian countries also resolved their long-running dispute over each country’s portion of the contributions in the Chiang Mai Initiative, the first

¹⁸“Japan–China–ROK Trilateral Summit: Joint Statement for Tripartite Partnership” announced at the 1st Trilateral Summit Meeting in Fukuoka, Japan, on December 13, 2008.

¹⁹“Japan–China–ROK Trilateral Summit: Joint Statement for Tripartite Partnership” (2008).

major success of the ASEAN+3 process. The three nations also agreed to work together to push through a general capital increase at the Asian Development Bank to help it mitigate the global financial crisis.²⁰

Since the first independent TSM in 2008, the three countries had more than 50 trilateral consultative mechanisms, including 18 ministerial meetings, over 100 cooperative projects. In December 2010, the three Northeast Asian leaders agreed to establish the Trilateral Cooperation Secretariat (TCS) to further strengthen and institutionalize trilateral cooperation. The TCS was officially launched in September 2011 in Seoul. By creating the TCS, the TSM began to have a more concrete form as an international organization. On the basis of equal participation, each government shares one-third of the total operational budget of the TCS. The decisions in the TCS are made by consensus of the board, which is composed of a Secretary General and two Deputy Secretary Generals from the three countries. The Secretary General is appointed on a 2-year rotational basis in the order of South Korea, Japan, and China. Each country, other than one currently appointed as Secretary General nominates, a Deputy Secretary General respectively. The TCS in Seoul now has about 25 full-time staff working in the departments of political affairs, socio-cultural affairs, economic affairs, and management and coordination.²¹

On May 21–22, 2011, Japan hosted the 4th TSM, the first such meeting since the triple disaster (earthquake, tsunami, and nuclear) in Japan. The three leaders largely focused their agenda on disaster recovery efforts and nuclear safety in Japan, and agreed to accelerate talks for a trilateral Investment Agreement and FTA to help Japan recover sooner from an economic recession. They also agreed to expand the numbers of Chinese and South Korean tourists travelling to Japan. The 4th TSM could provide a critical opportunity for China and Japan to substantially improve bilateral ties that had stiffened since the Senkaku/Diaoyu Islands incident that occurred in September 2010. Chinese Premier Wen Jiabao agreed to partially relax import control measures on food products from two of the radiation-affected prefectures in Japan. The two countries also discussed efforts to boost tourism and economic

²⁰Joel Rathus, “China–Japan–Korea Trilateral Cooperation and the East Asian Community,” *East Asia Forum*, June 15, 2010 (Rathus 2010).

²¹For more information on the organization of the TCS, see http://tcs-asia.org/dnb/user/userpage.php?lpage=1_3_2_structure.

Table 12.1 China–Japan–ROK Trilateral Summit Meeting (TSM): Chronology

<i>TSM</i>	<i>Host country</i>	<i>Host leader</i>	<i>Host city</i>	<i>Date</i>
1st	Japan	Taro Aso	Fukuoka	December 13, 2008
2nd	China	Wen Jiabao	Beijing	October 10, 2009
3rd	South Korea	Lee Myung-bak	Jeju	May 29, 2010
4th	Japan	Naoto Kan	Fukushima, Tokyo	May 21–22, 2011
5th	China	Wen Jiabao	Beijing	May 13–14, 2012
6th	South Korea	Park Geun-hye	Seoul	November 1, 2015

cooperation. However, despite China’s diplomatic effort in the trilateral summit to provide aid to Japan for disaster recovery, both countries made little progress on two more difficult issues they faced at that time: the China’s export of rare earths to Japan and disputes over the Senkaku/Diaoyu Islands.²²

The deterioration of Japan’s relations with China and ROK over territorial disputes and past history issues dating back to World War II caused a lengthy hiatus after the last meeting in 2012. The 6th TSM was finally held in Seoul on 1 November 2015. South Korean President Park Geun-hye, Chinese Premier Li Keqiang, and Japanese Prime Minister Abe Shinzo discussed a wide range of topics, from free trade to the threat of North Korea’s nuclear weapons program, and declared, “We shared the view that trilateral cooperation has been completely restored on the occasion of this summit” in a joint statement after the meeting. However, no substantive breakthrough had actually been made, with the meeting seen more as a symbolic statement (Table 12.1).²³

POLITICAL REALIST CHALLENGES IN NORTHEAST ASIA

TSMs have been held six times since the first independent trilateral summit meeting in 2008. The TSM has contributed importantly to political reconciliation and trilateral economic cooperation among China, Japan,

²²Amy King, “The Trilateral Summit: a New Era in China–Japan relations?” *East Asia Forum*, June 2, 2011 (King 2011).

²³“South Korea, China, Japan vow to strengthen ties at sixth trilateral summit in Seoul,” *ABC News*, November 1, 2015.

and ROK. It seemed to prove that the liberal prediction had an edge over the realist one in explaining the Northeast Asian international relations in the twenty-first century.

However, this liberal hope was dashed when the Senkaku/Diaoyu Islands incident occurred in September 2010. The territorial dispute opened a Pandora's box, including historical hostility, rivalry between big powers, xenophobia, and extreme nationalist sentiments. In Northeast Asia, great power politics began to impede political reconciliation and economic integration. Tensions over the islands affected the overall bilateral relationship, resulting in multiple tense diplomatic exchanges and widespread anti-Japanese rioting in some Chinese cities.

The major factors that have constrained the trilateral relationship since 2010 could be found at three different levels. The first factor is the rise of extreme nationalism at the country-specific level. As the neoclassical realists argued, the specific characteristics of the state, such as domestic political processes and political leaders' ideology and preferences, may determine the state's foreign behavior in a response to international pressure or crisis. When territorial disputes between China and Japan over the Senkaku/Diaoyu Islands, and between ROK and Japan over the Dokdo (Takeshima in Japanese) Islands, have arisen in recent years, responses of governments and politicians in each country have largely been shaped by rising nationalism among the people in the respective countries.

The second factor is rivalry between the regional powers, China and Japan, at the regional level. The two big powers' rivalry has reflected the characteristics of the regional international order that has developed within the East Asian historical context. It may well have an important effect on regional security architecture in the future.

The third factor is the US' hedging strategy to contain China, which has an important bearing on the international systemic level. Since the end of the Cold War, Washington has considered Beijing to be the only possible challenger to American hegemonic power in the international system. Thus, top priority in the post-Cold War American grand strategy has been to check China as the challenger to the status-quo of the international system shaped by the US since the end of World War II. The US strategy toward Beijing is likely to have a major impact on the trilateral relationship among China, Japan, and ROK.

Territorial Disputes and Extreme Nationalism

Over the recent years, domestic political interests appear to carry more weight for national leaders than trilateral cooperation. The disputes of the twentieth century continue to affect the hearts and minds of politicians in China, Japan, and ROK. The territorial disputes between China and Japan over the Senkaku/Diaoyu Islands and those between ROK and Japan over the Dokdo/Takeshima Islands have raised tensions from the past and awoken dormant nationalism in the respective countries.

China and ROK have criticized Japan for not having come to terms with its history and failing to make a sincere apology for wrongdoings committed by Imperial Japan during its brutal colonial rule in the first half of the twentieth century. On the other hand, the Japanese side has often complained that it has already made sufficient apologies and that both Chinese and South Korean political leaders frequently invoked the ideology of nationalism and historical issues to settle their grievances with Japan—usually over territory—and establish their own political legitimacy.

An Unsettled Historical Issue

The Senkaku/Diaoyu Islands have been a long-running issue that is deeply rooted in the history between China and Japan. Japan won the islands as the spoils of war in the Sino–Japanese War in 1895. The United States took over administration of the islands at the end of World War II. China expected that Japan as a defeated nation would have to give up the islands, and that they would be returned to China. But the islands were not returned. The San Francisco Peace Treaty between Japan and the Allies in 1951 did not clearly establish sovereignty of the islands. In 1972, the United States returned the disputed islands to Japan, and Japan has administered them since. When China and Japan restored diplomatic relations in 1972, the leaders of the two countries decided to shelve the question of sovereignty of the islands until a future date.²⁴

Similarly, ROK–Japanese relations have also deteriorated severely because of the Dokdo/Takeshima territorial dispute in the East Sea/Sea of Japan. Both countries claim sovereignty over the islands, which have been effectively controlled by the ROK since 1954. South Korea

²⁴Kosuke Okahara, “Ex-Envoy Says U.S. Stirs China–Japan Tensions,” *The New York Times*, October 30, 2012 (Okahara 2012).

affirms that many historical accounts recognize Korean authority over Dokdo, dating back to as early as the sixth century, while Japan rejects the Korean historical interpretation and claims that it incorporated the islands in 1905 on the basis of international law, some five years before the Japanese colonization of Korea. In response, Korea refutes such claim by arguing that Korea was in a weakened position vis-à-vis Japan in 1905 and was unable to protect its territories at the time because Japan had forcibly taken control of Korea's foreign affairs under the Protectorate Treaty of 1905. Japan also argues that the islands are not included in the territories to be returned to its former colonies after the end of World War II under the provisions of the 1951 San Francisco Peace Treaty. South Korea instead claims that after World War II, Japan returned Dokdo as part of the 1943 Cairo Declaration and the 1945 Potsdam Proclamation, which ended Japanese control of the Korean Peninsula and all the annexed islands.²⁵

Strident Nationalism Unleashed

Historical problems often inflame nationalism in Northeast Asia despite the countries' economic interdependency. In early August 2012, fourteen Chinese nationalists landed on the Diaoyu Islands and were quickly arrested by Japanese authorities. When they returned to Hong Kong two days later, they already became national heroes. Their eviction sparked thousands of Chinese to take part in major anti-Japanese demonstrations in a dozen cities across the mainland. Japanese nationalists had no hesitation in showing their strong will to defend their sovereignty over the islands. In late August 2012, a group of some one hundred Japanese nationalists, accompanied by several nationalist members of parliament, also sailed to the islands. Nine Japanese managed to swim ashore to plant the Japanese flag before being evicted.²⁶

The recent dispute between ROK and Japan over the Dokdo/Takeshima islands took place on 10 August 2012, when South Korean

²⁵For further explanation on the international legal perspectives on the Korea–Japan island dispute, see Sean Fern, “Tokdo or Takeshima? The International Law of Territorial Acquisition in the Japan–Korea Island Dispute.” *Stanford Journal of East Asian Affairs*, Volume 5, Number 1 (Winter 2005), pp. 78–89.

²⁶Richard Colapinto, “Nationalism Fuels East Asian Island Disputes,” *Atlantic Sentinel*, August 24, 2012 (Colapinto 2012).

president Lee Myung-bak paid a surprise visit to Dokdo. He was the first ROK president to visit the disputed islands since the end of World War II. After the presidential visit, Korean nationalists, including famous Korean pop singers and actors, organized a swim squad to the island to commemorate the anniversary of Korea's liberation from Japan. In South Korea, Dokdo has become a symbol of nationalist resistance to Japanese colonial rule. Tokyo responded by recalling its ambassador from Seoul. Some Japanese nationalist parliamentary members applied for ROK visas to visit the islands, but their visa applications were rejected by the ROK government. In September 2012, ROK demonstrated its determination to defend Dokdo by conducting military drills that simulated the repulsion of enemy forces from its surrounding waters.

Domestic Politics Weighed

It seemed that the governments and politicians were unwilling to prevent tensions from escalating because for domestic political considerations they need to avoid being seen as dovish by their people. By chance, each of the three countries changed their top political leadership in 2012. However, their unwillingness to control nationalism may let a relatively minor dispute over barren islands (albeit islands that have strategic value, associated fishing rights, and potentially contain vast deposits of natural gas) escalate into a potential armed conflict.

On 15 November 2012, Xi Jinping was officially installed as new General Secretary of the Chinese Communist Party (CCP). Two weeks later, Xi Jinping pledged to continue the “great renewal of the Chinese nation.” He emphasized that, after more than 170 years of hard struggle since the Opium War, the Chinese nation was closer than ever to reaching its goal of great renewal.²⁷ Some critics outside China often argue that Xi and the CCP are utilizing “Chinese nationalism” instead of communism as its governing political ideology and means for legitimacy today.

Recently, Japanese politics has also tilted in a more right-wing, nationalistic direction. In the past, Japanese nationalism was held in check because of its association with World War II. Lately, however,

²⁷“Chinese dream resonates online after Xi’s speech,” *China Daily*, November 30, 2012 (Chinese dream resonates online after Xi’s speech [2012](#)).

ultranationalists have been unabashedly outspoken and increasingly confident of their place in society. Joseph Nye, Harvard professor of political science and former US Assistant Secretary of Defense for International Security Affairs, maintained that such nationalist zeal was a response to current crises at home and abroad with which Japan has struggled over the last two decades: a 20-year-long economic recession, a large government debt, loss of international competitiveness due to its aging population, the triple disaster of 2011, and territorial disputes with neighboring countries. The Japanese people want to see their country become strong and affluent once again.²⁸

The Liberal Democratic Party (LDP) headed by Abe Shinzo won a landslide victory in the general election held on 16 December 2012. Prime Minister Abe Shinzo is a nationalist politician bent on historical revisionism. As soon as he took office, Abe visited the Yasukuni Shrine (where the souls of Class A war criminals are reposed), an act that further soured already strained relations with Japan's neighbors. Both Chinese and Korean governments denounced Abe's shrine visit as "romanticizing Japanese colonialism and its war of aggression during World War II."²⁹

In April 2013, Mr. Abe ordered a blue ribbon panel formed in his government to review the 1993 Kono Statement³⁰ on the prewar Japanese military's sex slaves, euphemistically called "comfort women." Abe said that he did not believe all the women were coerced to become comfort women, a perspective long upheld by Japanese right wingers. In June 2014, the government panel reported that some parts of the Kono statement were the product of diplomatic negotiations between Tokyo and Seoul. However, any backsliding on the Kono statement would anger South Korean and Chinese people and prompt their political leaders to capitalize on it for their domestic political purposes.

²⁸Joseph Nye, "Japan's nationalism is a sign of weakness," *Financial Times*, November 27, 2012 (Nye 2012b).

²⁹"Japanese lawmakers visit Yasukuni Shrine," *BBC News*, April 22, 2014 (Japanese Lawmakers Visit Yasukuni Shrine 2014).

³⁰In the statement, then-Cabinet secretary Kono Yohei officially acknowledged that a large number of women in Korea, Taiwan, China, and Southeast Asian countries were forced to provide sexual servitude for Imperial Japanese Army troops before and during the Second World War and expressed Japan's sincere apologies and remorse to all those who suffered immeasurable pain and incurable physical and psychological wounds as comfort women. "World awaits Abe apology after Kono statement review," *The China Post*, June 26, 2014 (World awaits Abe Apology after Kono Statement Review 2014).

Korean politicians also use nationalism to boost their popularity in domestic politics. When President Lee Myung-bak made an unprecedented visit to the Dokdo islands in August 2012 to reaffirm Korea's sovereignty over the islands, even the Unified Progressive Party, the largest opposition party, criticized President Lee for having a "political show" at the end of his presidency to boost his dipping popularity among the South Korean people. President Park Geun-hye, who was elected South Korea's first female president in December 2012, also maintained a tough position on historical issues with Japan because she did not have the domestic support to pursue closer ties with Japan under such circumstances. President Park affirmed that a summit between the neighboring countries would be pointless without a formal and sincere apology for atrocities committed under Japanese colonial rule.³¹ When meeting US Defense Secretary Chuck Hagel in October 2013, President Park said, "I know Japan is an important country to cooperate with for peace and stability in Northeast Asia... but trust has not been established.... With lack of trust in Japan as well as its denial for the inhumane treatment to women during World War II, the whole Korean citizenry is very upset."³²

South Korea and China seemed to join hands on historical issues against Japan because they believed that they both suffered atrocities committed by Imperial Japan. China collaborated with South Korea in erecting a memorial for Ahn Jung Guen, a South Korean independence activist who assassinated prewar Japanese Prime Minister Ito Hirobumi, the first Japanese resident-general of colonized Korea. Beijing also highlighted Japanese atrocities in China during the 2nd Sino–Japanese War, including the Nanjing massacre and the notorious Japanese Imperial Army's Unit 731. In doing so, China seemed to show its intention to pressure Japan through increasing cooperation with Korea on the various historical issues relating to Japan's war atrocities during the first half of the twentieth century.

³¹Lucy Williamson, "South Korea President Park: 'No purpose' to Japan talks," *BBC News*, November 4, 2013 (Williamson 2013).

³²Ankit Panda, "Park Geun-hye: Japan Summit 'Pointless' Without Apology: Japan–South Korea diplomatic relations remain frosty over "comfort women" issue," *The Diplomat*, November 5, 2013 (Panda 2013).

CHINA–JAPAN HEGEMONIC RIVALRY IN EAST ASIA

Since the late nineteenth century, China and Japan have had a long history of competition for hegemonic leadership in the East Asian region. For many centuries, China had dominated East Asia as a whole under the “China-centered” world system before it was defeated by Imperial Japan in the Sino–Japanese War in 1895. The Meiji Restoration in 1868 saw Japan begin to expand its power and be preeminent in East Asia until the end of the Pacific War. The historical rivalry between the two Asian giants continues to the present.³³

In recent years, both China and Japan have adopted more assertive postures in their military strategies. China has nuclear weapons and intercontinental ballistic missiles, and its military budget has grown by double-digit rates for more than 20 consecutive years. China still shows no sign of tempering its military modernization program and budget growth. Although Japan has kept a relatively low military profile since the end of World War II, with its “peace” constitution and strong alliance with the US, its defense-relevant technology is sophisticated and it has recently become more proactive. Prime Minister Abe has attempted to increase Japan’s military budget, lift postwar restrictions on Japan to engage in collective self-defense, and undertake some controversial constitutional amendments related to civil rights for national security.

In a response to the Japanese government’s plan to purchase the disputed Senkaku/Diaoyu Islands from a private owner, China proclaimed an Air Defense Identification Zone (ADIZ) in the East China Sea on 23 November 2013 that included the islands and required all aircraft entering the zone to submit flight plan and radio information. Japan and the US were deeply concerned and the US reacted strongly by flying B-52 bombers through the ADIZ without complying with Chinese requirements. The newly declared ADIZ only served to increase tensions in the region.

Since then, China has increased patrols around the islands to push Japan to acknowledge the dispute over the islands’ sovereignty, which Tokyo has rejected. The International Crisis Group, a Brussels-based anti-war NGO, recently warned that the increasing presence of coast guard vessels, warships, and military aircraft both from China and from

³³Calder, “China and Japan’s Simmering Rivalry,” 129.

Japan has led to a handful of dangerous close encounters and has raised the risk of an unplanned incident spiraling into a broader armed clash between the two countries.³⁴

The traditional rivalry between China and Japan seems to be renewed in the midst of the territorial and historical disputes. Japan is reorienting its military strategy from defensive to a more assertive direction, and building up military capability to defend remote islands on its south-western flank. China also continues double-digit annual military budget growth, favoring the navy, air force, and missiles, and thus accelerating offshore power projection. All this increases a security dilemma that makes each country see the other's defensive measures as threatening and may lead to a worst-case scenario—a military conflict.

The recent tensions surrounding the Senkaku/Diaoyu Islands may originate from the long history of rivalry between China and Japan in the historically developed, regional international political context. Currently, neither China nor Japan has an easy exit strategy from the tensions. However, if the tensions escalate, the regional power rivalry may strain and even ruin a US\$340 billion trade relationship between Asia's biggest economies and have a very serious impact on the world economy as well. More dangerously, it would again make the Northeast Asian region a flashpoint for a major military conflict in the future, unless China and Japan restore dialogue to avoid the risk of misperception, and to rebuild trust and confidence in each other.

THE US' HEDGING STRATEGY AGAINST CHINA

Since the Cold War's end, the US grand strategy toward East Asia is hedging against China, a potential challenger to the American hegemonic position not only in the region but also in the world.³⁵ When President Obama took office in 2009, he announced the “rebalancing” policy toward Asia that was intended to strengthen its traditional Asian allies, while containing rising Chinese influence and assertiveness in the

³⁴Requoted from Austin Ramzy, “A Troubled Outlook for China–Japan Ties,” *The New York Times*, July 25, 2014.

³⁵For post-Cold War US hedging strategy against China, see E.S. Medeiros, “Strategic Hedging and the Future of Asia–Pacific Stability,” *Washington Quarterly* 29:1 (Winter 2005–06), 145–67.

region.³⁶ Since then, based on the hub-and-spoke security system with its traditional Asia–Pacific allies such as Japan, ROK, Australia, and New Zealand, the US has also expanded its military and security relationships with various ASEAN countries, India, and Central Asian countries.

China is suspicious of this US hedging strategy. When the tension over the Senkaku/Diaoyu Islands got heightened to the extent that it could escalate into a military face-off between Beijing and Tokyo, Chen Jian, a longtime Chinese diplomat, warned that Washington “is using Japan as a strategic tool in its effort to mount a comeback in Asia, a policy that is serving to heighten tensions between China and Japan.” He also added that some in China and Japan regarded the issue of the disputed islands “as a time bomb planted by the US between China and Japan.”³⁷ However, both then-Secretary of State Hillary Clinton and then-Defense Secretary Leon Panetta made clear that, in the event of conflict, the disputed islands would be covered by its mutual defense treaty with Japan, a position that China has severely criticized since the dispute flared in September 2010.

The East Asia Summit, which was held in Phnom Penh in Cambodia in November, 2012 was dominated by a controversy over territorial disputes between China and several ASEAN countries. The ten-member ASEAN leaders struggled to forge a united stance on China’s claims to the South China Sea. They would be looking to the US for strategic reassurance. The US took this opportunity to claim itself as a legitimate Asia–Pacific power and maintain its strategic posture to counter a rising China in the region. In this context, Washington was quite vocal on the territorial disputes in East Asia. The US has emphasized that freedom of navigation in the sea should be guaranteed, while urging ASEAN and China to agree on a code of conduct for the area, which was supported by the Philippines, Vietnam, Brunei, and Malaysia, as well as Taiwan,

³⁶For more detailed explanation on the American rebalancing policy, see Mark E. Manyin et al., “Pivot to the Pacific? The Obama Administration’s “Rebalancing” Toward Asia,” *CRS Report for Congress* 7-5700, R42448 (March 28, 2012); Susan Rice, “Explaining President Obama’s Rebalance Strategy,” <https://medium.com/the-white-house/explaining-president-obamas-rebalance-strategy-eb5f0e81f870#.rznwvnpnz5j> (Downloaded, November 11, 2016) (Manyin et al. 2012; Rice 2016).

³⁷Okahara, “Ex-Envoy Says U.S. Stirs China–Japan Tensions.”

which had recent territorial disputes with China in the South China Sea.³⁸

The recent Chinese move to rapidly create seven new artificial islets in the South China Sea and build port facilities, military buildings, and an airstrip on them, further strained tensions between the United States and China in 2015. The islands could allow China to advance into the South China Sea, which has been relatively out of reach until now. The United States very strongly protested China's action, by sending a Navy destroyer near the islands in the disputed waters.³⁹

Washington also took an assertive policy toward China in the trade area. US President Barak Obama proposed the Trans-Pacific Partnership (TPP) to strengthen economic interdependency with friendly Asia–Pacific countries, while seeking to constrain China. On 23 October 2012, in a presidential election debate with Republican presidential contender Mitt Romney, President Obama said of the TPP that the US “is organizing trade relations with countries other than China so that China starts feeling more pressure about meeting basic international standards.” He also added that the TPP was a very clear message sent to China that “the United States is an Asia–Pacific power and is going to have a presence there.”⁴⁰ In a response to a TPP that excludes China, China is enthusiastically supporting a new Asia–Pacific trade bloc named the “Regional Comprehensive Economic Partnership” (RCEP) that includes only ten ASEAN countries: China, Japan, ROK, Australia, New Zealand, and India, but not the United States. Aiming to start in 2016, once established the RCEP would cover nearly half of the world's population.

As China's strategic answer to the US' rebalancing strategy, Chinese President Xi Jinping announced the “one belt, one road” initiative (OBOR) in 2013, which is aiming at establishing new routes linking

³⁸“Obama Set to Tackle Sea Rows At Asia Summit,” *Philippine News*, November 16, 2012 (Obama Set to Tackle Sea Rows At Asia Summit 2012).

³⁹Derek Watkins, “What China Has Been Building in the South China Sea,” *The New York Times*, October 27, 2015 (Watkins 2015).

⁴⁰Jane Perlez, “Asian Nations Plan Trade Bloc That, Unlike U.S.'s, Invites China,” *The New York Times*, November 20, 2012 (Perlez 2012).

Asia, Europe, and Africa.⁴¹ The idea of OBOR is based mainly on the economy but has political and strategic implications. Once established, the routes will require logistics hubs, communication networks, airports, railway lines, modern highways, ports, and a military component that allows for rapid response to crises. For the military, it requires long-range air force operation, fixed military bases, and combat ships to protect sea-lanes of maritime routes from the Strait of Malacca through the Suez Canal. The OBOR initiative is still in the initial stages, but, ultimately, once completed, China could demand more from its partners by asking them to restrict or refuse US access to their seaports, helping ease America out of Asia over the long term.⁴²

The China-backed Asian Infrastructure Investment Bank (AIIB) was established in 2013 to assist regional neighbors in infrastructure development and to help facilitate the creation of facilities to support the OBOR initiative. It was regarded as one example of China's soft power efforts and part of its efforts to counter America's rebalancing policy. The creation of the AIIB was seen as a direct challenge to the International Monetary Fund, World Bank, and Asian Development Bank, which China sees as controlled by the United States.⁴³

The recent growing tensions between Japan and South Korea, key American allies in the Northeast Asian region, are likely to complicate the US' rebalancing policy in Asia. Indeed, US officials have expressed worry regarding the possibility of relations between Japan and South Korea deteriorating further, as the US desires a strengthened triangular alliance against China and North Korea.

Abe's 2013 Yasukuni visit and his desire to review the 1993 Kono statement on the "comfort women" widened the divide between the US' two closest allies in the region. China sought to exploit that division,

⁴¹It has two routes: a new "Silk Road economic belt" linking China to Europe that cuts through mountainous regions in Central Asia and the "maritime Silk Road" that links China's port facilities with the African coast and then pushes up through the Suez Canal into the Mediterranean Sea. See Scott Kennedy and David A. Parker, "Building China's 'One Belt, One Road.'" Center for Strategic and International Studies (CSIS), April 3, 2015 (Kennedy and Parker 2015).

⁴²For the strategic and military implications of OBOR, see Wendell Minnick, "China's 'One Belt, One Road' Strategy," *Defense News*, April 11, 2015. <http://www.defensenews.com/story/defense/2015/04/11/taiwan-china-one-belt-one-road-strategy/25353561/> (Downloaded: November 10, 2016) (Minnick 2015).

⁴³Minnick, China's 'One Belt, One Road' Strategy, *Defense News*, April 11, 2015.

attempting to strengthen its economic and diplomatic ties with Seoul and isolate Tokyo.⁴⁴ However, the Obama Administration was critical of Abe's Yasukuni Shrine visit in 2013. Indeed, the US embassy in Tokyo expressed disappointment: "Mr. Abe's actions would exacerbate tensions with neighbors."⁴⁵ While in Seoul after his three-day visit in Japan in April 2014, President Obama made his first-ever remarks on the enforced sex slaves issue and described it as a "terrible and egregious" violation of human rights. Obama urged Japanese Prime Minister Abe to initiate actions that would help settle the issue.⁴⁶ The US seemed to be very concerned that provoking South Korea would undermine Washington's policy aim of strengthening security cooperation between its East Asian allies.

With the American pressure for Korea and Japan to reconcile, on 28 December 2015, Seoul and Tokyo finally reached an agreement to resolve their dispute over the "comfort women" issue, which was one of the most intractable impasses in current bilateral relations. Although the agreement was a success from the perspectives of both governments, it was immediately criticized as insufficient by some of the victimized "comfort women" and opposition groups in South Korea, where anti-Japanese sentiments still run deep.⁴⁷

In sum, the US does not simply want to see its traditional Asia–Pacific allies, such as Japan and South Korea and other regional countries, getting closer to China strategically and economically. This American strategic posture would serve as a wedge between China and Asian countries for the time being. As a matter of fact, China's increased assertiveness over disputed islands near its shores has pushed its neighbors closer to the US.

⁴⁴Simon Denyer, "Obama's Asia rebalance turns into headache as China, Japan relations spiral down," *The Washington Post*, January 23, 2014 (Denyer 2014).

⁴⁵"Statement on Prime Minister Abe's December 26 Visit to Yasukuni Shrine," Press Release, Embassy of the United States, Tokyo, Japan, on December 26, 2013 (Embassy of the United States 2013).

⁴⁶Benoit Hardy-Chartrand, "Ball in Abe's court with Japan–South Korea ties," *CNN World*, July 17, 2014 (Hardy-Chartrand 2014).

⁴⁷Choe Sang-Hun, "Japan and South Korea Settle Dispute Over Wartime 'Comfort Women,'" *The New York Times*, December 28, 2015 (Choe 2015).

CONCLUSION

This chapter has examined the opportunities and challenges of trilateral cooperation among China, Japan, and ROK. As economic interdependence has rapidly increased in the Northeast Asian region over the last two decades, there has been also a growing necessity for the three countries to establish a regional institutional framework for deepening and structuring greater trilateral cooperation. In 2008, the first Trilateral Summit Meeting (TSM) was held in Fukuoka, Japan. The three leaders of the Northeast Asian states declared that the ultimate goal of the TSM was to uphold a vision of a peaceful, prosperous, and sustainable future for the region and international community, and the responsibilities for creating it. Since its inception, the TSM has been held six times and has contributed to more cooperative trilateral relationship. However, after the territorial dispute over the Senkaku/Diaoyu Islands erupted in September 2010, politics between the great powers began to impede political reconciliation and economic integration among them. Tensions among the three states over the islands affected the overall trilateral relationship, resulting in diplomatic tension and rising nationalist sentiments among the people of the respective countries.

So far, three factors have constrained the three states in constructing a trusting and cooperative trilateral relationship. Firstly, the burden of history and nationalisms associated with it have created hostilities toward each other. Politicians in the three countries have cynically used rising nationalism to boost their domestic political popularity. Secondly, rivalry between China and Japan has heightened with their territorial dispute over the Senkaku/Diaoyu Islands. Lastly, the US' hedging strategy against China has also made it difficult to create a multilateral, cooperative institutional mechanism in the region. Beijing perceives that Washington is using Tokyo as a strategic tool, a policy that could heighten Sino-Japanese tensions. Such an American strategic posture in East Asia is likely to drive a wedge between Beijing and Tokyo. Notwithstanding their economic interdependency, it seems that it is very difficult for China, Japan, and ROK to overcome recent diplomatic and political hurdles and to establish a trusting trilateral relationship in the near future if a realist self-fulfilling prophecy is still looming over this region.

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Hong Kong and the Diaoyu/Senkaku Dispute in Sino–Japanese Relations

Victor Teo

This chapter seeks to explain why and how Sino–Japanese relations have become more antagonistic despite rising economic interdependency due to the nationalistic role of Hong Kong activists and their grassroots movement in the Senkaku/Diaoyu dispute. The role of Hong Kong in Chinese nationalism and Sino–Japanese relations is an understudied one. As a former British colonial outpost populated mostly by ethnic Chinese, Hong Kong has always acted as the conscience and voice of Chinese nationalism. For decades, these Hong Kong “patriots,” driven by their own interests and values, have created difficulties and complications for Beijing’s relations with Tokyo. This chapter also reveals the importance of Hong Kong as a non-state level actor in influencing Sino–Japanese relations. I will highlight how Hong Kong domestic politics and Chinese nationalism in Hong Kong serve to aggravate and increase tensions in Sino–Japanese relations. Contrary to the popular belief that it is often the national government in Beijing that manipulates nationalism for its political ends and legitimacy, the Hong Kong case provides

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People’s Republic of China

an interesting departure from this perspective. On the contrary, it is civic nationalism and local politicking in Hong Kong (a “mere” Special Administrative Region) that often propel Chinese claims on Senkaku/Diaoyu. Ironically, this is a case of the “tail wagging the dog” in international relations. To be sure, nationalists, “patriots,” mass demonstrations, and domestic politics in Mainland China are also important factors which increase tensions with Japan, but the Hong Kong case is an independent variable which impacts Sino–Japanese relations.

The challenge for Chinese foreign policymakers is magnified greatly as Hong Kong activists actively challenge not only Tokyo through their voyages to the disputed islands but also take advantage of the latitude accorded to Hong Kong under the “One Country, Two Systems” formula. Indeed, the Senkaku/Diaoyu protestors from Hong Kong show that it is the Chinese central government that has sought to defuse rather than aggravate tensions with Japan. It is also important to note that protests from Hong Kong over the Senkaku/Diaoyu territorial dispute actually predate the return of the British colony to China in 1997.

This chapter first provides a brief background of Hong Kong’s role in the Senkaku/Diaoyu dispute. It then examines the former British colony’s role in the 1997 and 2012 disputes respectively. It highlights how Hong Kong’s domestic politics have had an impact on Sino–Japanese relations, often tying the hands of the central governments in Beijing and Tokyo in their territorial dispute. The chapter closes with a discussion of Hong Kong as a substate actor exerting a unique and disproportionate influence on Sino–Japanese relations.

THE SENKAKU/DIAOYU ISLANDS DISPUTE: HONG KONG AS CATALYST

The Senkaku/Diaoyu Islands are located 185 nautical miles southwest of Japan’s Okinawa Island, 125 nautical miles northeast of Taiwan, and just over 200 nautical miles east of China’s Fujian province. The uninhabited islands cover only about 6.3 km². The Japanese claim that they “discovered” the islands in 1895, when the islands were *terra nullius* (unclaimed) and that the claim met no Chinese protests. Subsequently, a Japanese private entrepreneur established a bonito (fish) factory there until the eviction of its workers by the US military following Japan’s defeat in World War II. The Japanese perspective is that the islets are a

part of Okinawa (the former Ryukyu kingdom absorbed by Japan) and they were not transferred under the Treaty of Shimonoseki as China claims. Tokyo views the 1971 Ryukyu (Okinawa) reversion agreement with the United States as validating its sovereignty.

The Chinese and the Taiwanese claim to have discovered the islands in 1372 and subsequently used them as a navigational aid. The islands were said to have been incorporated into China's maritime defences in 1556 and were utilized by Chinese fishermen. The Chinese also argue that in 1893, the Dowager Empress awarded three of the islets to a Chinese pharmacist who gathered rare medical herbs on the islands. The Chinese maintain that the islets were transferred, together with Taiwan, to Japan by the Treaty of Shimonoseki that ended the 1894–1895 Sino–Japanese war. But in view of the provisions of the 1943 Cairo Declaration, the 1945 Potsdam Proclamation, and Article 2 of the San Francisco Treaty, the islands should have been returned to China. Subsequently, the US, which gained control of all Japanese territories after the World War II, later ceded “administrative control” over the disputed islands to Japan together with the return of Okinawa in 1972. Even though administrative control has rested with Japan ever since, and technically the US is committed to defending these islands as part of its commitment to the US–Japan Alliance, the US does not take a stand on the sovereignty issue.

The Senkaku (Diaoyu) dispute erupted after the US signalled its intent to return the islands along with the reversion of Okinawa to Tokyo. This prompted great unhappiness in both Hong Kong and Taiwan. There were demands that the Taipei government resume sovereignty over the islands (the Kuomintang regime was still seen by the US as the legitimate government of China). This triggered a chain of protests within Taiwan, Hong Kong, and most importantly in the US. The Hong Kong Committee for the Defence of the Diaoyu Islands provides a detailed record of the protests on their website.¹

According to this website, in July 1969 hundreds of Chinese students in the US gathered at the University of Chicago to attend one of the first recorded public forums on the Diaoyu/Senkaku Islands. In September 1970, a group of Taiwanese journalists landed on one of the islets and planted a Taiwan flag there. Ethnic Chinese *émigrés* in the US established

¹See Website of Hong Kong's Committee to Defend the Diaoyu Islands. <http://www.diaoyuislands.org>.

BaoDiao YunDong (Protect the Diaoyu Islands Campaign) after the 1970 incident in which the Japanese Maritime Defence Agency evicted reporters waving a Taiwanese flag. This campaign was organized by overseas Chinese and students from Taiwan, and followed by more intense protests in Hong Kong. In the same month, the US State Department expressed its intent to revert the sovereignty of these islands back to Japan. The row with Tokyo escalated when Taipei warned Tokyo against any territorial ambition over the islands.²

In November 1970, the Committee to defend the Diaoyu Islands met at Boston University, and in November of the following year, 2500 students of Chinese ethnicity protested at the UN in New York against the reversion of the islands to Japan. In 1971, major protests broke out in Hong Kong. Nevertheless, the US signed the Okinawa Treaty, which ceded administrative control of both Okinawa and the Senkaku/Diaoyu to Japan.

The anti-reversion activism gathered momentum in Hong Kong. On 28 February 1971, over 400 protestors paraded across Central in Hong Kong. On 7 July 1971, almost 2000 people gathered in Victoria Park at the Causeway Bay to participate in a Defend the Diaoyu islands rally, only to clash with the riot police. This however did not dampen their spirits—numerous localized rallies were held on various University campuses—and the Diaoyu rallies became intertwined with campus politics and other protests in Hong Kong. On 15 April 1971, about 2000 student protestors staged a mass rally against the American decision to return the Diaoyu/Senkaku islands to Japan.³

The next day, some 200 overseas Chinese students studying in Taiwan demonstrated in front of the US Embassy in Taipei.⁴ Three days earlier, there was a student protest in Hong Kong against police brutality in breaking up an anti-Japanese protest.⁵ In May 1971, Beijing warned Tokyo that it would never allow Japan and the US to cut a deal over the Senkaku/Diaoyu islands.⁶ The politicization of these islands grew

²“Japan in Row with Chiang over Isle Off Taiwan”, *The Straits Times*, 14 August 1970.

³“Taipei Students in Anti-US protests”, *Straits Times*, 15 April 1971.

⁴“Demo by Chinese Students at US Embassy”, *Straits Times*, 16 April 1971.

⁵“Student Bodies protest Hong Kong ‘Brutality’”, *Straits Times*, 12 April 1971.

⁶“Hands off Senkaku Islands, China Warns Japan”, *Straits Times*, 4 May 1971.

stronger in Hong Kong. In August 1971, several thousand people demonstrated and denounced Japanese claims over the disputed islands.⁷

There was another round of protests in September 1971 in Hong Kong. Several students went on a hunger strike to protest Japan's claim to the Senkaku/Diaoyu Islands and some of them collapsed as a result.⁸ The intensity and severity of the protests worried London, ostensibly because the protests were starting to take on an anti-colonial tone. Moreover, London was concerned about the impact of these protests on UK–Japan relations.

In February 1972, President Richard Nixon visited Beijing. In anticipation of the normalization of Sino–US relations in September of that year, Washington hastened to revert Okinawa, along the administrative control of the Senkaku/Diaoyu, to Tokyo in May 1972.⁹ Open contention ceased temporarily when Beijing and Tokyo apparently agreed to shelve the issue for a time when official bilateral relations were established in 1972. Beijing had obviously achieved a huge political victory here in “outing” Taipei and had more pressing domestic concerns as the Chinese Mainland then was in the throes of the Cultural Revolution. Nonetheless, the issue became dormant until 1978.

On 3 April that year, about 140 Chinese fishing vessels sailed to the vicinity of the Senkaku/Diaoyu Islands, ensuring a standoff with the Japanese Maritime Self Defence Forces. This was presumably in reaction to the Japanese government's decision a month earlier to establish markers on the islands. The Chinese boats withdrew to 19 km outside the islands to defuse the diplomatic standoff on April 17.¹⁰ The Japanese then built a port for typhoon refuge on the disputed isles to mark Tokyo's effective control.¹¹

A few months later in October 1978, the right-wing Japanese political group *Nihon Seimensha* (Japanese Youth Federation) erected a lighthouse on Diaoyu/Senkaku to legitimize Japanese claims to the islands. Beijing

⁷“HK Protest”, 14 August 1971, *Straits Times*, 5 September 1971.

⁸“Students on Hunger Strike over Tokyo's Claim to Islands”, *Straits Times*, 4 September 1971.

⁹Finney, John W., “Senate Endorses Okinawa Treaty; Votes 84 to 6 for Island's Return to Japan”, *New York Times*, November 11, 1971.

¹⁰“Islands Row: Chinese Boats Pull Out”, *Straits Times*, 17 April 1978.

¹¹“Port for Typhoon”, *Straits Times*, 16 April 1978; “Japan government calls for firm control of the islands”, *Straits Times*, 21 September 1998.

then dispatched a flotilla of more than eighty armed fishing boats to encircle the islands.¹² As tensions rose in both China and Japan, Deng Xiaoping's October 1978 trip to Tokyo¹³ pacified sentiments on both sides. This occurred on the eve of the signing of the Sino-Japanese Peace and Friendship Treaty, and both governments downplayed the event. Deng was reported to have said during the visit that the determination of sovereignty should be settled by the next generation.¹⁴

This episode was further complicated by Japanese domestic politics when the pro-Taiwan and pro-Soviet lobbies in the Japanese Diet, and elements of the Japanese right wing, tried to derail the signing of the Sino-Japanese Treaty.¹⁵ The dispute subsided after Deng allegedly told the Japanese Foreign Minister Sonoda Sunao that "China tacitly admitted Japan's practical control of the Senkaku Islands."¹⁶

The territorial dispute, however, persisted. In May 1979, the Japanese built a helipad on the islands, and in the next decade, there were periodic anti-Japanese protests by the Chinese. However, the main area of contention was not the Senkaku/Diaoyu dispute but rather Japan's "whitewashing" of history in its school history textbooks. The Senkaku/Diaoyu issue was relatively dormant in this period, only to be later disturbed by occasional trips to the islands by Hong Kong and Taiwan activists.

In 1989, the Japanese government permitted the construction of a new heliport on the main Diaoyu/Senkaku Island. A year later, the right-wing, nationalist *Nihon Seimensha* repaired the lighthouse on the main island, but the dispute was only rekindled when Japanese media reported that the Japan Maritime Safety Agency was planning to

¹²Phil Deans (1990) "The Diaoyutai/Senkaku Island Dispute: The Unwanted Controversy." Kent Papers in Politics and International Relations, Vol. 6, 1996 (Deans 1990).

¹³See Chinese Foreign Ministry diplomatic history entry entitled "Set aside differences and pursue joint development", text available at: http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18023.shtml.

¹⁴Murakami Mutsuko, "Center of Storm: Japan's Rightists shed light on the Issue" *Asiaweek*, 20 September 1996.

¹⁵Daniel Tretiak, "The Sino-Japanese Treaty of 1978: The Senkaku Incident Prelude" in *Asian Survey*, Vol. 18, No. 12, 1978, pp. 1235–49 (Tretiak 1978).

¹⁶This was reported in *Yomiuri Shimbun*, 27 Feb 1992, cited by Lai Yew Meng, *Nationalism and Power Politics in Japan's Relations with China* (New York and London: Routledge, 2013), p. 209.

recognize the lighthouse as an “official navigation mark.”¹⁷ Taipei protested immediately. Beijing followed suit on 18 October and condemned the act as a violation of Chinese sovereignty and demanded that the Japanese government curtail these right-wing activities. Tokyo, however, responded with a statement reaffirming its sovereignty. This prompted the Mayor of Kaohsiung city in Taiwan to order two boats, with athletes from the “Taiwan Athletic Meet” on board carrying the Olympic torch, to stake the Chinese claim to the islands on 21 October 1990. The Japanese Coast Guard then repelled the anti-Japanese excursions from Taiwan and Hong Kong.

THE SENKAKU/DIAOYU PROTESTS IN 1996 AND 1997: HONG KONG’S ROLE

Sino–Japanese tensions rose over the 1995 Chinese nuclear tests, the 1996 and 1997 PLA naval blockades in the Taiwan Straits, and the 1997 revision of the US–Japan Defense Guidelines. Earlier in 1992, China adopted the Law on the Territorial Sea and its Contiguous Zone, asserting her rights over the disputed isles in East and South China Seas. The passage of this law unsettled Tokyo and other Southeast Asian states which have territorial disputes with Beijing, as this law laid the legal basis for the People’s Liberation Army to enforce its control over the adjacent waters.

In July 1996, Japan ratified the Convention on the Law of the Sea, declaring a 200 nautical mile exclusive economic zone that included the Diaoyu/Senkaku Islands. This was after a group of *Nihon Seinensha* activists landed on the northern islet, constructed a makeshift lighthouse, and planted Japanese flags. Another right-wing group, the Senkaku Islands Defence Association, returned on 18 August to plant additional flags next to one of the lighthouses there.¹⁸ After a typhoon destroyed one of the lighthouses in August, a second group from the same organization landed on 9 September to repair the lighthouse and plant more Japanese flags on another islet. The justification given was that the

¹⁷Erika Strecker Downs and C. Phillip Saunders, “Legitimacy and the Limits of Nationalism: China and the Diaoyu Islands”, *International Security*, Vol. 28, No. 3, 1998, pp. 114–146 (Downs and Saunders 1998).

¹⁸Murakami Mutsuko, “Center of Storm: Japan’s Rightists shed light on the Issue”, *Asiaweek*, 20 September 1996.

lighthouse was built to ensure the safety of ships sailing in the East China Sea. On 28 August, the Japanese Foreign Minister Ikeda Yukihiko reaffirmed Japanese sovereignty over the islands whilst on a visit to Hong Kong and denied that a territorial dispute existed even as he held talks with the then-Acting Governor Anson Chan over the question of visa-free access for Hong Kong nationals after the handover.

In reaction, Beijing issued a diplomatic protest. A series of public protests then erupted in Hong Kong, Taiwan, Macau, and amongst the overseas Chinese community living in North America and Southeast Asia. The *People's Daily* ran front-page articles attacking Japan on 11 and 12 September 1996. Although the official position may have appeared “tough” to domestic audiences in China, Beijing chose to respond in a way aimed to contain domestic nationalistic sentiments at home, without resorting to harsher alternatives. Attempting to forcibly capture the islands, for instance, could have led to armed conflict with Japan.

In Hong Kong, on 10 September 1996, some 800 scholars (from all universities in Hong Kong) signed a joint declaration condemning Japanese right-wing activities which they feared might lead to a resurgence of militarism in Japan, endangering the peace and security of Asia. Some 12,000 people protested in the streets of Hong Kong on 15 September 1996,¹⁹ with many private and prominent organizations leading the demonstrations. These included the six universities of Hong Kong, public bodies, and private companies, as well as different political parties, some of which were not known to be “pro-China.”

On 18 September (the anniversary of the 1931 Incident), activists in Hong Kong scuffled with security guards outside *Sogo* (a Japanese department store) as they demanded a boycott of Japanese goods. A Hong Kong legislator, Li Wah-Ming, urged the Legco House Committee chairman to lobby the Japanese Diet to urge the Japanese government to withdraw and China to take immediate action.²⁰ In Hong Kong, there were calls for a boycott of Japanese goods amid anti-Japanese demonstrations that recalled the Japanese attack of 1931. In fact, the rally adopted slogans urging defense of the country against Japanese aggression. Many Hong Kong residents were emotionally swayed by the 1931 Manchurian Incident (where Imperial Japanese

¹⁹See the timeline provided by the *South China Morning Post* (online edition), <http://www.scmp.com/news/china/article/1039204/timeline-diaoyu-senkaku-islands-dispute>.

²⁰“Protests Spark Calls for Calm” *South China Morning Post*, 19 September 1996.

military personnel staged an incident as a pretext for the invasion of Northeast China) and joined in the mass protests.

On 22 September, a flotilla of Hong Kong and Taiwanese boats left Taiwan's Kaoshiung port aiming to dismantle the lighthouse on the Senkaku/Diaoyu Island and plant Chinese and Taiwanese flags there. The Japan Maritime Agency repelled them and the activists returned to Taiwan. The second attempt to land on the disputed islands ended in tragedy when a Hong Kong activist drowned after trying to swim to shore. A 40,000 strong crowd in Hong Kong held a candlelight wake following his death, as the British colony's media went into a reporting frenzy on the dispute.²¹ This prompted further protests and demonstrations in Hong Kong and, to a lesser extent, Taiwan. For weeks, there were protests outside the Japanese Consulate General in Hong Kong. On 9 October, two legislators leading other protestors broke through the police cordon into the Japanese Consulate in Hong Kong. After this, the protests gradually receded only to see the movement pick up again in April 1997 when fine weather permitted some Hong Kong activists to travel to the Diaoyu/Senkaku Islands again.

The Senkaku/Diaoyu dispute became increasingly politicized in an ongoing struggle between Hong Kong and Beijing as well as Taiwan and Beijing. Taiwan's first indigenous President Lee Teng-Hui and the island's independence movement saw tensions between Beijing and Japan as advantageous to their cause. Beyond that, allowing tensions to escalate allowed Taipei to flex its muscles and claim the islands. Given Beijing's argument that the islands are Chinese because they are part of Taiwan, any territorial claim from Taipei will be tolerated. For the first time, Hong Kong activists were using the Senkaku/Diaoyu issue to pressure the People's Republic of China (PRC), knowing full well that there were limits to what Beijing was prepared to do since the latter has no desire to engage in an armed conflict with Tokyo. It allowed them to burnish their nationalistic credentials by expediently using a Japan-related issue that would embarrass Beijing. The coalition between Hong Kong and Taiwanese protestors is interesting because these dynamics have persisted today. Of course the original element of "defending" the

²¹ See entry for 29 September 1996 in section of Calendar of Events in Joseph Cheng (eds.) in *The Other Hong Kong Report 1997* (Hong Kong: The Chinese University Press), available at: http://books.google.com.hk/books/about/The_Other_Hong_Kong_Report_1997.html?id=aWJKb2hIrlgC&redir_esc=y.

Diaoyu/Senkaku Islands has not entirely disappeared, but the issue has been “hijacked” by domestic politics in Hong Kong.

THE 2012 SENKAKU/DIAOYU DISPUTE: HONG KONG’S ROLE

Anti-China hawk and Tokyo Governor Ishihara Shintaro’s attempt to buy the islands from their “private” owners triggered the 2012 territorial dispute. Ostensibly to preempt Ishihara and the Tokyo metropolitan government from aggravating Sino–Japanese relations, Prime Minister Noda Yoshihiko announced that the central government would purchase the islands. However, this move was interpreted by Beijing that Tokyo, seeking to “nationalize” the disputed islands, has now denied the tacit understanding that their island dispute should be shelved. Short of an outright seizure of the islands (which will trigger a conflict with Japan and its US ally), the Chinese must demonstrate that the islands belong to China. Indeed, there was no way that the Chinese could acquiesce to the idea that the islands are Japanese properties for domestic “sale.” This resulted in increased Chinese naval and air patrols in the vicinity of the islands to challenge the Japanese claims to sovereignty and effective control of these islands.

On September 2012, the Hong Kong “Baodiao” (Protect Diaoyutao) protestors set off for the disputed islands and were covered by Mainland China’s Phoenix TV (a reporter and a camera crew were embedded on board). Seven activists then disembarked and planted flags—the PRC national flag, the Chinese Communist Party flag, and the Hong Kong SAR (Special Administrative Region) flag—on Senkaku/Diaoyu Island and were subsequently arrested by Japanese security personnel.²² This triggered protests in Hong Kong and at least 85 Mainland Chinese cities too.

SINO–JAPANESE RELATIONS: THE ROLE OF THE HONG KONG ACTIVISTS

The two cases above illustrate the roles of Hong Kong activists in the Senkaku/Diaoyu Island dispute. It is important for us to contextualize Hong Kong’s role in Sino–Japanese relations historically. Since colonial

²²See “Activists proud of ocean odyssey to disputed Diaoyu Islands”, *The South China Morning Post*, 16 August 2012.

times, Hong Kong activism against Japan has always been “detached” in the sense that Hong Kong citizenry did not always act in concert with Nanjing (Republican China) or Beijing. The British colonial masters were always very careful in handling anti-Japanese activities in the colony with the aim of preventing Chinese nationalistic activities in Hong Kong from escalating into anti-colonial government activities.²³ As Imperial Japan grew stronger militarily in the pre-World War II era, London was also concerned that these nationalistic protests in its colony would be used as a pretext by Tokyo to attack Hong Kong. It is important to note that the Hong Kong (ethnic Chinese) elites in colonial Hong Kong often acted indifferently towards anti-Japanese sentiments festering on the ground level. During the colonial period, they were keen to ensure that their commercial interests were not jeopardized by these protests, particularly when the British government indicated displeasure. During the Japanese occupation, many of these Hong Kong elites became collaborators themselves. That being said, for almost a century (from the late 1880s through to the 1960s), Hong Kong nationalism evolved as a genuine ethnic-based nationalistic movement from the ground up. After all, Sun Yatsen—acknowledged by both Taiwan and China to be the father of the nation—had spent considerable amount of time and resources in organizing his revolutionary activities in the greater Canton area, Hong Kong included. Hong Kong’s nationalism then was indeed a genuine grassroots movement because a majority of the Hong Kong Chinese were outraged by the “bullying” and humiliation of China by Western and Japanese imperial powers.

Today, the Diaoyu/Senkaku movement in Hong Kong has remained genuinely civic-nationalistic in character. For the activists, Hong Kong was always the vanguard of nationalism in China, whether it was protesting during the 1919 May 4th movement, raising funds to resist the Japanese invasion of the Chinese Mainland during the 1930s, or working to alleviate China’s famine and poverty during the 1950s and 1960s.

²³A survey of various Hong Kong newspaper reports from the 1900s onwards (available at HKU) revealed that the British authorities were often very concerned about how anti-Japanese protests were potentially destabilizing for the colonial government. Consequently anti-Japanese protests were discouraged or curbed during the colonial period. There was almost no reference to the Senkaku/Diaoyu Islands in these papers until the 1960s. The author thanks his research assistant Mr. Gabriel Chiu for looking this up at the University of Hong Kong library archives.

Indeed, Hong Kong activists have always viewed themselves as patriots. As noted earlier, Hong Kong activists were at the forefront challenging the American decision to hand administrative control of the islands over to Japan in 1970.

Their “safe” haven in the British territory afforded them with the opportunity to mobilize against Japan by recruiting, providing safe refuge, or donating to various nationalist causes. After 1997, the “One Country, Two Systems” framework permitted the Hong Kong people the freedom and latitude (which their mainland counterparts do not enjoy) to engage in activism over territorial disputes which impact on Sino–Japanese relations.

To be sure, in the 1996–1997 and 2012 cases, the Hong Kong activists were there not just exclusively on nationalistic grounds, but also to garner political capital, shore up nationalistic credentials, and utilize the anti-Japanese narratives to suit their political purposes. In the 1996–1997 case, in the run-up to the handover of Hong Kong, local activists used the Senkaku/Diaoyu Islands to mobilize public opinion and support for their political causes—namely in their struggle against Beijing for universal suffrage. In 2012, the activists once again fought for greater autonomy from Beijing. In both cases the anti-Japanese protestors wore the mantle of nationalism to legitimize themselves in the political domain.

What was different in these two cases was Beijing’s position. In 1996–1997, Beijing saw the protests as an annoyance, but by 2012 the actions of the activists, however, suited Beijing’s purpose. Apparently, the Hong Kong activists’ trip to the Diaoyu/Senkaku islands had Beijing’s tacit endorsement, as there were two Mainland Phoenix TV reporters on board. Arguably, Hong Kong activists provided leadership by galvanizing public support and framing the public discourse. Most importantly, together with Taiwan activists, the Hong Kong protestors appeared to have assumed the “civic” leadership in terms of “defending” Chinese sovereignty of the Diaoyu/Senkaku islands. Even though they were civil society activists from Hong Kong, a “small” Special Administrative Region and Taiwan, which Beijing considers a renegade province, their actions demanded attention from both Beijing and Tokyo. Ironically, some of these activists were also perceived by Beijing to be extreme irritants in local politics and often viewed as “disloyal” and “traitorous” (because they often talk about democracy, which Beijing paints as a value of the West). As such, it becomes even more important than ever that

the activists continually maintain a higher profile stance on the Diaoyu/Senkaku dispute to burnish their patriotic credentials.

Arguably, the battle cries from Hong Kong—unvarnished and amplified by Hong Kong’s very competitive and sensationalist mass media—have helped to fuel and fan the nationalistic anger which was also burning in Mainland China. The very public and dramatic spectacle of fishing boats and trawlers setting off for Senkaku/Diaoyu is not new. After all, Hong Kong and Taiwanese have always traversed to the islands to ritually land and unfurl their flags. What was new in 2012 however was the presence of two Phoenix TV reporters “embedded” on board—and for the first time, the dramatic footage of the voyages to the Senkaku/Diaoyu islands and the confrontation with the Japan Coast Guard were beamed back to Hong Kong, Taiwan, and Mainland China, and presumably inflamed nationalistic passions there.

HONG KONG AND CONTEMPORARY SINO–JAPANESE RELATIONS

Hong Kong activists have skillfully used the Diaoyu/Senkaku dispute to pressure the Beijing central government and to raise their own profile and agenda. The most formidable weapons in their arsenal are the Internet and the traditional mass media—all giving them the publicity they sought for their causes. This, however, has the effect of “poisoning” the discourse and historical narratives for the conduct of future Sino–Japanese relations.²⁴ Hong Kong activists will continually try to maintain their own autonomous and political space between China and Japan, and will continually defend the “territorial” integrity of the Chinese people.

In effect, these activists have many advantages: they are able to usurp the ideological narrative of Chinese nationalism and use it to their own purposes. In addition, they challenge the extent of Mainland

²⁴Even the Chinese government is often blamed for the anti-Japanese narrative. The fact of the matter is that Hong Kong’s role in this cannot be underestimated. In particular, the contribution of anti-Japanese sentiments is propagated by Hong Kong popular culture—especially in the movies like *Yip Man*, *Wong Fei Hong*, etc. which often have an “enemy” within. This enemy would often be either a white colonial authority figure or a Japanese military officer. Not many people on the mainland would watch the mainland TV productions on the War of Resistance but most would watch Hong Kong’s popular film productions. These productions would also be watched by millions of Chinese on their phones and tablets.

Chinese, Japanese, and local laws through their expeditions to the disputed islands. They frame and shape Hong Kong, Chinese, and international public opinion, and they often take direct, physical action that the Beijing central government is unwilling to take, such as storming the disputed islands to plant Chinese flags and seeking to dismantle the structures Japan has built on the islands. This directly influences public opinion in the Chinese-speaking world (including Taiwan, Overseas Chinese, Macau, and Mainland China). The allowance of free media and radical views articulated in the public sphere in Hong Kong have an impact on the domestic discussions in China and Japan—particularly amongst politicians, the military, and diplomats. Moderate voices are often drowned out, and suggestions of compromise or dialogue are at best seen to be weak-kneed or worse, treason. The influence is not just in terms of narrative—but more importantly they further complicate the international relations of East Asia. In doing so, they remove the autonomy as well as the monopoly of actions/responses from the mainland authorities, with the effect of putting the PRC into even more politically vulnerable positions.

During the 1990s, the Taiwanese activists were ironically tolerated by the Lee Teng-Hui government. Even though Lee was a self-proclaimed pro-Japanese politician, he felt that strained Sino-Japanese relations would push Japan towards Taiwan. There was an added advantage in pursuing Taiwan's claim: in conducting diplomacy and asserting territorial claims, Lee left China with a hard choice. The Chinese government could either agree with Taiwan about her claim over the islands (hence implicitly reaffirming the "sovereign" aspect of Taiwan's claim) and thereby straining Sino-Japanese relations or choose to take a hit politically with respect to China and the Communist Party being perceived as the defenders of Chinese sovereignty. The Chinese were ambivalent as to Taiwan's overtures. The activists of course were fervent nationalists—and many of them do not agree with Lee politically but nonetheless worked towards a common goal.

During Ma Ying-Jeou's administration, Taiwan-Japanese relations were effectively frozen for much of his presidency.²⁵ In the 2012 incident, the Ma government dispatched a flotilla to escort the Hong Kong and Taiwanese boats sailing into Japanese waters near Senkaku. The Taiwanese naval ships subsequently engaged the Japanese naval ships in a show of

²⁵ Personal interviews with scholars, Taipei, Taiwan in 2014 and 2015 respectively.

force—spraying each other with water jets. From the Taiwanese angle, defending the islands helps enhance her aspirations for sovereignty in the eyes of the international community—and at no cost as China was constrained in her reactions and criticisms. China is constrained in the sense that it does not want large-scale demonstrations breaking out all over China, and at the same time it does not want to engage Japan militarily—as it is very likely that the PRC would have to go to war were hostilities to occur. To that end, leaving Taiwan to fend for its own boats might be the lesser of two evils. For the Japanese, engaging the Taiwanese naval fleet also indirectly helps affirm to a certain extent Taiwanese sovereignty. This might also drive a wedge between China and Taiwan, and at the same time demonstrate to the world that the islands do indeed belong to Japan. China has an ambivalent position towards the Taiwanese action—she cannot ask Taiwan not to defend the boats—as it was already bad enough that the People’s Liberation Army Navy was not dispatched.

Beyond that, pages and pages of news and editorials on these incidents fill popular publications even as analysts and experts spent hours on TV discussing them. By then, the crisis was simmering to a boiling point. Additionally, these troubled waters are seared into the collective memories of Hong Kong, Mainland China, and Japan, and then are transmitted to the next generation. In Japan, the Senkaku/Diaoyu issue is not remembered or seen in a historical light. In fact, the narrative in Japan today is that “big bully” China is coercively trying to seize territory from Japan. From this perspective, it is long-overdue Chinese irredentism that needs to be confronted—and Japan finds solace in the company of the Philippines and Vietnam (which are challenging the PRC in South China Sea disputes). In China, the dominant image of Japan is that the neoconservatives are keeping Sino–Japanese relations tense in a cynical and hostile bid to garner domestic support for their right-wing agenda.

In Hong Kong, the memories of the Senkaku/Diaoyu dispute are deeply intertwined with civic nationalism. Many people in Hong Kong (and not just the protesters) have viewed the positions taken by the central and local governments on territorial integrity as weak. They are in fact extremely aware that their mainland compatriots are always constrained in the public expression of nationalistic anger against Japan. They are also cognizant that Hong Kong’s unique position has given them the political space to do what is otherwise impossible on the authoritarian Chinese Mainland. These protests not only enabled them to burnish their patriotic credentials but also allowed them to show that

the people of Hong Kong would resist any form of injustice (including any attempts by the Beijing central government to rein in the autonomy of Hong Kong). The Hong Kong activists would show their value and patriotism to the Chinese nation by boldly going to the disputed Senkaku/Diaoyu Islands despite an anticipated confrontation with the Japanese Coast Guard.

In summary, three important elements are at work here: first, the “one-country, two systems” formula provides the legal framework and latitude for the activists; second, a democratic-civic culture of free speech, freedom of assembly, and a free press in Hong Kong allows Hong Kong activists to propagate their message far and wide; and third, a collective memory of spearheading protests against the humiliation of China by foreign powers over the past century. Today, their activism over the disputed islands continues unabated. Given the successive generations of Hong Kong activists over the Senkaku/Diaoyu Island dispute, the road ahead for Sino–Japanese relations looks very grim indeed. Ironically the only consolation for Tokyo is that the people of Hong Kong now appear to be more vehemently opposed to Beijing than Tokyo. Beijing, together with the SAR government, is also doing more now to curb and prevent the Hong Kong activists from sailing to the PRC in order to prevent them from using the issue to put pressure on China.

Despite Hong Kong’s role as a business hub intertwined with Mainland China and Japan, the Senkaku/Diaoyu Island dispute harnessed by Hong Kong “patriots” is undoubtedly a double-edged sword for Beijing and an unceasing source of antagonism and annoyance for Tokyo. Acknowledging Hong Kong’s role would re-center the activists’ role and provide a new perspective to see how Sino–Japanese relations are evolving, particularly in light of emotive memories and Chinese nationalism as the background.

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Japan and China in India's Foreign Policy

Arpita Mathur

India finds itself ensconced amongst states caught in an uncertain power transition in the Asia-Pacific region. Besides India, there are four other key actors in that region—a rising and more assertive China, the US superpower seeking to retain its primacy, Japan (in relative decline but still consequential in its quest to be a “normal” state), and the ASEAN states (aiming to form a regional community). This milieu presents a complex and challenging strategic and foreign policy locale for New Delhi as it seeks “...strategic autonomy...(as) the defining value... of (its) international policy.” Indeed, India will “require a very skillful management of complicated coalitions and opportunities—in environments that may be inherently unstable and volatile rather than structurally settled.”¹

¹Sunil Khilnani, Rajiv Kumar, Pratap Bhanu Mehta, Lt Gen (Retd.) Prakash Menon, Nandan Nilekani, Srinath Raghavan, Shyam Saran and Siddharth Vardharajan, *Non-Alignment 2.0: A Foreign and Strategic Policy for India in the Twenty-First Century* (New Delhi: Center for Policy Research, 2012). http://www.cprindia.org/sites/default/files/NonAlignment%202.0_1.pdf (Khilnani et al. 2012).

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In analyzing the dynamics of the India–Japan–China triad, there is a perception that New Delhi may be an additional counterweight to Beijing’s rise to maintain the regional balance of power. Indeed, India’s growing relations with Japan have, in part, been driven by China’s rise.² This chapter analyzes Japan and China as important factors in Indian foreign policy. It argues that India has to tread discreetly amidst such complex political, strategic, and economic environs, of which China’s assertive presence at close quarters is of immediate concern.³ To hedge against a more powerful and assertive China, Japan and India have drawn closer to each other. However, China is not the exclusive driver behind the augmented India–Japan relationship. Other factors, such as functional needs, interdependence, and expanding arenas of possible mutual gains, have come together to enhance their bilateral ties.

Given India’s strategic culture of maintaining an autonomous and non-aligned posture in international affairs, it has no desire to be sucked into an anti-China coalition. India seeks issue-based partnerships to bolster economic development and national security, both of which require a favorable secure environment as well as a growing network of economic linkages. The chapter first defines the primary variables influencing New Delhi’s foreign policy today and then locates China and Japan

²Much of the literature on India–Japan relations cites China as the primary driver bringing the two sides together. For instance Brahma Chellaney has opined that “China, India, and Japan represent a strategic triangle in Asia. If China is A, and India and Japan are B and C, the sum of B plus C would be greater than A. India and Japan appear to be natural allies, and China’s accumulation of power will drive the two countries closer together” in Brahma Chellaney, “Assessing India’s Reactions to China’s Peaceful Development Doctrine,” from kms1.isn.ethz.ch/serviceengine/Files/ISN/105785/...2065.../3.pdf, Accessed on 1 March 2012 (Chellaney and Juggernaut 2010).

Similarly, Professor Takenori Horimoto, a prominent Japanese analyst on South Asia, has argued that “the rise of China has meant that both Japan and India have increasingly eyed each other as potential strategic partners in the last five years.” For more details see, Wilson Center Asia Program, *India–Japan Ties: Asia’s Fastest Growing Relationship?* 15 November 2011, available at <http://wilsoncenter.org/event/india-japan-ties-asias-fastest-growing-relationship>.

³This concern was alluded to by former Foreign Minister Pranab Mukherji in a speech November 2008, where he termed coping with the rise of China as an immediate challenge. See <http://mea.gov.in/Speeches-Statements.htm?dtl/1767/Address+by+Mr+Pranab+Mukherjee+Honble+Minister+for+External+Affairs+at+National+Defence+College+New+Delhi+3rd+November+2008+Indias+Security+Challenges+and+Foreign+Policy+Imperatives>.

within that context. It then identifies the common concerns and denominators shared by New Delhi and Tokyo towards Beijing and examines how the US factor influences the region's dynamics. The chapter concludes by analyzing India's initiatives and responses to the power shift in East Asia.

INDIA'S FOREIGN POLICY PRIORITIES

India's foreign policy has evolved over the years, primarily in two ways. One, it has become more pragmatic and realist in nature, moving away from its idealistic past. This is evidenced by its nuclear capability, attained in 1998, conceivably a deterrent against China's nuclear power.⁴ Two, India has expanded the geographical domain of its foreign policy interest. This new political map is known as an "extended neighborhood"—a term which became increasingly used from the mid-1990s—as a way of mentally breaking away from the "claustrophobic confines of South Asia."⁵ The Indian "Look East" policy is evidence of a broader outlook beyond the immediate periphery. At the global level, the change is reflected in the thaw of Indo-US relations.

India's core national interest remains boosting its economic development and ensuring security to underpin the country's quest for a larger regional and global profile. Maintaining and augmenting economic development has been highlighted as the most significant factor in its foreign policy. Former Indian Prime Minister Manmohan Singh's emphasis on the criticality of economic development in Indian foreign policy has been codified as the Manmohan Singh Doctrine.⁶ The new government led by Narendra Modi continues to keep the economic

⁴Sumit Ganguly in David Shambaugh and Michael Yahuda, eds., *International Relations of Asia* (Lanham: Rowman and Littlefield Publishers, Inc., 2008) pp. 154–155 (Sumit 2008).

⁵For more on the concept and usage of the term, see David Scott, India's "Extended Neighborhood" Concept: Power Projection for a Rising Power, *India Review*, vol. 8, No. 2, April–June 2009, pp. 107–143 (Scott 2009).

⁶The key features of the doctrine include stress on the need for economic growth towards shaping its global role, improvement of ties with the region and all major powers on the basis of economic growth, and an open society. For this and more details, see Sanjaya Baru, India and the World—Economics and Politics of the Manmohan Singh Doctrine in Foreign Policy, *ISAS Working Paper No. 53*, 14 November 2008, p. 1 (Baru 2008).

paradigm paramount in its conduct of foreign policy whilst building the image of “Brand India.”⁷ The Modi government has declared “poverty elimination” as one of its primary goals. Besides, it has also resolved to push the economy “into a high growth path... reignite the investment cycle...and restore the confidence of the domestic and international community” in the economy.⁸ India has shown positive results in poverty reduction. Poverty levels have fallen from 29.8% in 2009 to 21.9% in 2011.⁹ India is also becoming a destination for foreign investments given its growing domestic market, cheap labor, and skilled human resources.

Economic development has to go hand-in-glove with a robust strategic capability. Unfortunately, India has to seek economic development in a regional neighborhood which is often unstable. Indeed, India is surrounded by five of the top 40 dysfunctional states in the world.¹⁰ Besides, there are other problems, such as governance issues, border disputes, and cross-border terrorism. Notwithstanding its desire for economic growth, New Delhi is forced to ensure its security and has emerged as the world’s largest importer of major arms and weapons (approximately 14% of the global share of defense spending for the period 2011–2015).¹¹

Energy is yet another driver underlining India’s foreign policy today. Its seemingly insatiable energy demand stems from the demands of a rapidly growing population, changing consumption patterns of a rising Indian middle class, and the lack of domestic supplies. India’s Asian counterparts, Japan and China, are energy starved. China is already the world’s largest energy consumer, according to the International Energy

⁷For more on Indian Foreign Policy under Modi, see Prakash Nanda, Indian Foreign Policy under Modi, Australia India Institute, The Fearless Nadia Occasional Papers on India–Australia Relations, Winter 2014 at www.aii.unimelb.edu.au/file/455/download?token=OJmKZi0Q.

⁸Address by the President of India to the Joint Sitting of Parliament 2014 p. 8 (Nanda 2014).

⁹Data is based on poverty headcount ratio at national poverty lines (% of population). For this data and more, see The World Bank Data, India available at <http://data.worldbank.org/country/india>, Accessed on 23 June 2014.

¹⁰For a complete list and rankings for 2016, please see Failed States Index rankings 2016 at <http://fsi.fundforpeace.org/rankings-2016>, Accessed on 9 November 2016.

¹¹For details, see table in *SIPRI Yearbook 2016: Armaments, Disarmament and International Security*, “Summary”, p. 20. <https://www.sipri.org/sites/default/files/YB16-Summary-ENG.pdf>, Accessed on 8 November 2016.

Agency (IEA), with projections that India and Southeast Asia might take over by 2025.¹² There is thus a clear intra-regional competition between India and China over energy resources. The competition in the South China Sea, from where there have been reports of vocal Chinese objections to an agreement on joint Indo–Vietnamese oil exploration in the South China Sea, is just one such example of this tussle.¹³

UNDERSTANDING INDIA'S "LOOK EAST": JAPAN AND CHINA

*India–Japan Relations: Moving Beyond Benign Neglect*¹⁴

Indo–Japan relations have a history of rich cultural, literary, and religious linkages, but it has also been marked by “benign indifference” in the past. The political and strategic dimension of India–Japan relations became evident after 2000–2001. High-level visits have been institutionalized and frequent, and bilateral ties are cordial and have been elevated to a “Special Strategic and Global Partnership.” The 2008 India–Japan Joint Declaration on Security and Cooperation 2008 had a well-formulated action plan. This plan envisaged a foreign minister-level strategic dialogue, an annual 2 + 2 subcabinet senior officials dialogue, and comprehensive security dialogue, along with robust defense cooperation. This bilateral security agreement was indeed significant and similar to the one Tokyo has signed with Canberra. Both India and Japan are increasingly working on areas of common concern, such as maritime security, energy, science and technology, the threat of terrorism and spread of weapons of mass destruction, disarmament, and UN peacekeeping operations. Both countries share a common quest for a permanent seat on the UN Security Council (on which both sides are working on a bilateral level as well as the G4 alongside Germany and Brazil).

¹²World Energy Outlook Factsheet 2013, “How Will Global Energy Markets Evolve to 2015?” http://www.worldenergyoutlook.org/media/weowebbsite/factsheets/WEO2013_Factsheets.pdf, Accessed on 15 June 2014.

¹³“India–Vietnam joint work must be halted,” *Global Times*, 14 October 2011. <http://www.globaltimes.cn/NEWS/tabid/99/ID/679263/India-Vietnam-joint-work-must-be-halted.aspx>, Accessed on 10 December 2011.

¹⁴For a detailed study on India–Japan relations see Arpita Mathur, ‘India–Japan Relations: Drivers, Trends and Prospects,’ RSIS Monograph No. 23, 2012.

Table 14.1 Japan's Trade in 2015 (in thousands of US\$)

	<i>Exports</i>	<i>Share (%)</i>	<i>Imports</i>	<i>Share (%)</i>
Japan–China	US\$109,265,900	17.5%	US\$182,071,443	24.8%
Japan–India	US\$8,107,310	1.3%	US\$4,870,117	8%

<i>Japan's Foreign Direct Investment (FDI) 2015 (in US\$ million)</i>		<i>China</i>	<i>India</i>
Japan's Outward FDI		US\$8,867	US\$–1,706
Japan's Inward FDI		US\$554	US\$23

Note (–) Minus sign indicates net outflow

Source <https://www.jetro.go.jp/en/reports/statistics/>

Thus far, Indo–Japanese economic cooperation has been less impressive, despite the natural complementarities both sides share—India possessing an abundant, skilled young workforce, and Japan having advanced technology and abundant capital. While trade and Foreign Direct Investment (FDI) volume had been small, the focus has been on official development assistance, which has been both voluminous and well allocated and utilized. The yawning gap becomes even more apparent when compared with Japan's trade and investment with China (Table 14.1).

However, the conclusion of the Comprehensive Economic Partnership Agreement (CEPA) and development of the Delhi–Mumbai Industrial Corridor (DMIC) project are significant and are harbingers of closer economic relations. There is also a Japan–India Investment Promotion Plan agreed to in 2013. Prime Minister Modi's government is striving “to make progress in the many initiatives that are ongoing with Japan, especially in the field of building modern infrastructure in our country.”¹⁵

India appears to be a part of Japan's “China-plus-One” strategy.¹⁶ Many Japanese multinational firms seek to diversify their risks to other

¹⁵Address by the President of India to the Joint Sitting of Parliament 2014. <http://www.thehindu.com/news/resources/address-by-the-president-of-india-shri-pranab-mukherjee-to-parliament/article6097762.ece>.

¹⁶Masahita Fujita and Nobuaki Hamaguchi, “The Coming Age of China-plus-One: The Japanese Perspective on East Asian Production Networks”, Second Draft got the World Bank–IPS Research project on the Rise of China and India, 18 February). siteresources.worldbank.org/.../Fujita_Hamaguchi_draft2_ACCEPT_ (Fujita and Hamaguchi 2006).

countries (including India) rather than to concentrate their production activities in China where labor costs are soaring and anti-Japan protests have broke out due to the legacy of history and territorial disputes. Whether India can be a beneficiary of this “China-Plus-One” strategy will depend on the former’s ability to develop as an attractive trade and investment destination with adequate infrastructure, an efficient administration, and good governance.

Arguably, cordial Indo–Japanese relations are a post-Cold War development. During the Cold War, both countries were in different camps: India tilted towards the Soviet Union while Japan was a close ally of the US. Bilateral ties improved with the opening of the Indian economy in 1991 and the launching of the “Look East policy” by New Delhi. But bilateral ties dipped when Japan opposed India’s nuclear tests in 1998: official bilateral dialogues were cancelled and new yen loans and grant aid to India were frozen (except emergency and humanitarian aid). The government also decided to “cautiously examine” loans given to India by international financial institutions.¹⁷ These stringent measures were finally revoked in October 2001, following New Delhi’s moratorium on conducting further tests. When Prime Minister Mori Yoshiro visited India in August 2000, he proposed a “Global Partnership,” and bilateral ties were on the mend again.

Bilateral ties thereafter have been on the upswing. More recently, with Prime Minister Narendra Modi taking over the reins of power in 2014, rapid strides have been taken by the two sides to take the partnership forward. Prime Minister Abe and his Indian counterpart share good camaraderie and the former followed Modi on social media (Twitter) even before he was sworn in. There has been an active exchange of high-level visits by both leaders. Prime Minister Abe Shinzo’s visit to India in January 2014 enhanced bilateral ties. Abe was the first Japanese Prime Minister honored as the Chief Guest for the Indian Republic Day parade. The joint statement signed during Abe’s visit affirmed “intensifying” cooperation, such as regular meetings between the National Security Advisor of India and the Japanese counterpart. Cybersecurity will be discussed annually from 2014.

¹⁷Comments by the Chief Cabinet Secretary on Measures in Response to the Second Nuclear Testing Conducted by India, May 14, 1998. <http://www.mofa.go.jp/announce/announce/1998/5/0312-09.html>.

Regular joint maritime exercises have been held, and India has invited Japan to also participate in the Malabar exercises.¹⁸ Ties were elevated to a “Special Strategic and Global Partnership” during Modi’s sojourn to Japan in September 2014. This time marked the opening up of another avenue of cooperation as Japan ended its moratorium of arms sales abroad, making it possible for both countries to tap the potential through both arms transfers and collaborative projects. Discussion over defense technology and cooperation with India was aimed at. The two sides signed a document “Japan and India Vision 2025 Special Strategic and Global Partnership: Working Together for Peace and Prosperity of the Indo–Pacific Region and the World” in December 2015, which earmarks a comprehensive medium- and long-term action plan towards their vision for 2025.¹⁹

The November 2016 summit-level meeting between Modi—his second one as India’s Prime Minister—and Abe promises to be significant. There are expectations that the two sides will sign an agreement on India’s purchase of 12 US-2 amphibious search-and-rescue planes manufactured by ShinMaywa industries, worth US\$1.5–1.6 billion.²⁰ The deal will be important, being the first one for Japan after it lifted its 50-year-old ban on arms exports. As mentioned earlier, India is currently the top arms importer. Expectations are also upbeat on the possibility of the two sides signing the civil nuclear cooperation deal, which has been under discussion.²¹ If these two agreements are indeed successfully signed, the bilateral relationship promises to go up several notches higher. With the Abe government affirming that the “sky is the limit” in India–Japan relations,²² the future looks promising.

¹⁸Japan–India Joint Statement: Intensifying the Strategic and Global Partnership, January 2014. <http://www.mofa.go.jp/files/000025064.pdf>.

¹⁹See Ministry of Foreign Affairs, Japan website at http://www.mofa.go.jp/s_sa/sw/in/page3e_000432.html.

²⁰“Japan–India likely to ink pivotal US-2 aircraft deal,” *The Japan Times* 6 November 2016 available at <http://www.japantimes.co.jp/news/2016/11/06/national/japan-india-likely-ink-pivotal-us-2-aircraft-deal/>, Accessed on 9 November 2016.

²¹“PM Modi to travel to Japan today; nuclear-deal, talks on security likely,” *Hindustan Times*, 10 November 2016 available at <http://www.hindustantimes.com/india-news/pm-modi-to-travel-to-japan-tomorrow-nuclear-deal-talks-on-security-likely/story-V9pAiaH5taJ71qsfHt3IP.html>.

²²Sky is the Limit in India–Japan Relationship: Shinzo Abe Advisor, 23 June 2014, for more, see http://articles.economicstimes.indiatimes.com/2014-06-23/news/50798727_1_india-and-japan-east-asia-summit-delhi-tokyo.

India and China: Simmering Issues, Thriving Economics

Unlike its cordial relationship with Japan, India's relations with China are ambivalent—unresolved and potentially volatile territorial disputes, coupled with close economic ties. Apparently, Indo–Sino ties are still haunted by the memories of their 1962 border war. Today, Indian perceptions towards Beijing range from “alarmist” to “pragmatist.” According to a popular Indian view, China poses a potential threat and challenge to India.²³ Pragmatists favor normalizing relations with Beijing and strengthening their bilateral economic ties.²⁴ A commentator opined that India and China are sniffing at each other and “exploring each other very gingerly.”²⁵ With hindsight, former Prime Minister Rajiv Gandhi's visit to Beijing in 1988 was a turning point when a framework for bilateral cooperation was established. New Delhi also adopted the approach that bilateral ties (with a focus on economics) should be expanded even before a resolution of their border dispute.²⁶ However, their bilateral ties have waxed and waned.

China is India's second largest trading partner for the year 2014–2015 with a cumulative trade of US\$72,347.42 million.²⁷ (This is actually much more than Japan, which is only the 15th largest trading partner for the same period). A bilateral trade target of US\$100 billion may be reached by 2015. India is cooperating with China on other matters, such as climate change. The fact that Beijing and New Delhi were in tandem with each other on the issue became apparent when Indian Minister of State for Environment and Forests Jairam Ramesh proclaimed that both countries were “standing 100% together” and that “India feels closer to

²³See Steven A. Hoffman, “Perception and China Policy in India,” in Francine R. Frankel and Harry Harding (eds.), *The India–China Relationship: Rivalry and Engagement* (Oxford: Oxford University Press, 2004) pp. 33–74 (Frankel and Harding 2004).

²⁴Waheguru Pal Singh Sidhu and Jing-dong Yuan, *China and India: Cooperation or Conflict?* (New Delhi: India Research Press), pp. 149–150 (Sidhu and Yuan 2003).

²⁵Jonathan Holslag, “Progress, Perceptions and Peace in the Sino–Indian Relationship,” *East Asia*, Volume 26, p. 52 (Holslag 2009).

²⁶Amardeep Athwal, *China–India Relations: Contemporary Dynamics* (New York: Routledge, 2008), p. 25 (Athwal 2008).

²⁷See Ministry of Commerce and Industry: Department of Commerce, Government of India, Export–Import Data Bank available at <http://commerce.nic.in/eidb/iecnttopn.asp>, Accessed on 10 November 2016.

China than the United States in this regard.”²⁸ More recently, during the visit of new Chinese Premier Li Keqiang to India in May 2013, as many as eight agreements were signed by the two sides with China’s offer of a “handshake across the Himalayas.” President Xi Jinping made his first official visit to China in September 2014 to boost bilateral trade and investments. Xi noted: “The combination of the ‘world’s factory’ and the ‘world’s back office’ will produce the most competitive production base and the most attractive consumer market.”²⁹

Nevertheless, bilateral problems such as contested territorial claims and water issues persist. For example, there was a row over the map in new Chinese passports, which included the disputed Arunachal Pradesh and Aksai Chin areas in 2012.³⁰ Tensions again flared up in 2013 when Chinese soldiers entered the Indian territory of Ladakh. The standoff continued for a few weeks before they finally withdrew.³¹ More recently, during Chinese President Xi’s visit to India in 2014, attempts to build economic relations were diluted by strife at the border at the border.³² India has been making attempts at keeping its borders and territorial interests secure. This includes bolstering its infrastructure in the north-east part of the country close to the Chinese border.

Moreover, New Delhi is concerned with Beijing’s lack of transparency, military build-up and close ties with Pakistan. Stephen Cohen opines: “Beijing must be wary of any dramatic increase in Indian power... To counter these contingencies, China has long pursued a classic balance

²⁸Neeta Lal, ‘India, China Warm Up to Each Other on Climate Change,’ *World Politics Review*, 1 September 2009) from <http://www.worldpoliticsreview.com/articles/4236/india-china-warm-up-to-each-other-on-climate-change>, Accessed on 5 March 2012 (Lal 2009).

²⁹Xi’s written comments in the *Hindu* newspaper in *BBC News*, “Chinese President Xi Jinping begins India visit”, 18 September 2014.

³⁰See Victor Mallet, ‘India accuses China of crossing the line with disputed passport map,’ *Financial Times*, 24 November 2012, p. 1.

³¹See Brahma Chellaney, ‘Ladakh Incursion: China Scores Bloodless Victory over India, More Intrusions May Come,’ *Economic Times*, 12 May 2013. http://articles.economic-times.indiatimes.com/2013-05-12/news/39187213_1_coercive-diplomacy-chumar-li-keqiang.

³²See Niharika Mandhana, China’s President Talks Trade in India as Troops Face-off at Border, *Wall Street Journal*. <http://www.wsj.com/articles/chinas-president-xi-jinping-arrives-in-delhi-as-troops-face-off-at-india-china-border-1410968062>, Accessed on 10 April 2016 (Mandhana 2014)

of power by supporting Pakistan.”³³ Apparently, Beijing has transferred nuclear weapons capability to Pakistan. Chinese officials stated that the export to Islamabad was acceptable in view of developments like the US–India nuclear deal and the waiver from the Nuclear Suppliers Group for India in 2008.³⁴ There is also underlying tension and competition between India and China in the field of energy. Both are trying to make economic inroads in Africa and neighboring Myanmar.

China’s growing maritime ambitions, especially in the Indian Ocean region (IOR), threaten New Delhi’s naval preponderance in the region. Former Foreign Secretary Nirupama Rao noted: “as the main resident of power in the Indian Ocean...India is well poised to play a leadership role” in maritime security of the region. Similarly, former Defense Minister A.K. Antony said: “India’s strategic location in the Indian Ocean and the professional capability of our Navy bestows upon us a natural ability to play a leading role in ensuring peace and stability in the Indian Ocean region.”³⁵

Indian strategists and commentators have made clear this concern on China’s interests in the IOR in no uncertain terms. Admiral Arun Prakash, a retired Chief of Naval Staff, perceived that China “looms menacingly over the IOR region as a rapidly emerging entity with her sights set firmly on super-power status.”³⁶ Similarly, there is worry over China’s adoption of its “far sea defense” concept to justify its long-range naval capabilities. The Chinese Navy (PLAN) includes the Indian Ocean region, the northwest Pacific region, and now the east coast of Africa in its definition of “far seas.”³⁷ All these developments clearly impinge

³³Stephen Cohen, *India: Emerging Power* (Washington: The Brookings Institution, 2002) p. 259 (Cohen 2002).

³⁴Mark Hibbs, Pakistan Deal Signals China’s Growing Nuclear Assertiveness,” Carnegie Endowment for International Peace, *Nuclear Energy Brief*, 27 April). <http://www.carnegieendowment.org/publications/index.cfm?fa=view&cid=40685> (Hibbs 2010).

³⁵For more details on India and the Indian Ocean read David Scott, India’s Aspirations and Strategy for the Indian Ocean: Securing the Waves?” *Journal of Strategic Studies*, Vol.36, No.4, 2013), pp. 1–28 (Scott 2013).

³⁶See James R. Holmes, Andrew C Vinner and Toshi Yoshihara, *Indian Naval Strategy in the 21st Century* (New York: Routledge, 2009) p. 127 (Holmes 2009).

³⁷Arun Sahgal, China’s Military Challenges: Responses from India in Ashley J. Tellis and Travis Tanner, eds., “China’s Military Challenge,” The National Bureau of Asian Research, Washington D.C., p. 282. <http://indianstrategicknowledgeonline.com/web/Ch%20mil%20mod%20impln%20India.pdf>.

on India's core strategic and economic interests in the Indian Ocean region. Not only is it a question of securing its maritime routes and countering Pakistan for New Delhi, but also securing its energy supplies. Responding to creeping Chinese influence and inroads in this region, India is building up its own military capability and cooperating with other maritime powers, especially Japan and the US. New Delhi has also established the Southern Naval Command in Kochi.

Indeed, the contradiction between economic complementarity and geostrategic competition in Indo–China relations makes the balancing act for India quite difficult and challenging. On the one hand is the benefit of bilateral economic cooperation; on the other are clear worries over China's strategic and military assertiveness. Notwithstanding the importance of bilateral cooperation on economics and environment, India has to simultaneously ensure that its vital strategic and military interests are in no way hampered or damaged by Chinese assertiveness in the region. As Sujit Dutta opines, India has taken a threefold path to manage China—engaging and balancing, growing its own capability to balance, and looking and building relationships in East Asia.³⁸

India and Japan: Shared Denominators with China

Both India and Japan have acrimonious territorial disputes with China. Sino–Japanese relations can be characterized as “hot economics, cold politics.” Ironically, this expression can also be applied to India–China relations.³⁹ Japan and India both view China with caution and wariness, even as they acknowledge their close economic ties with the Chinese mainland. India and Japan are concerned that China's impressive economic growth will underpin a more muscular military posture. China's GDP was US\$10.86 trillion in 2015 with a superlative growth rate of

³⁸Sujit Dutta, Managing and Engaging Rising China: India's Evolving Posture, *The Washington Quarterly*, Vol. 34, No. 2, pp. 127–144 (Dutta 2012)

³⁹See Sara Newland and Kristi Govella, Hot Economics, Cold Politics? Re-examining Economic Linkages and Political Tensions in Sino–Japanese Relations, Social Science Research Network, APSA Annual Meeting Paper, 1 September 2010. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1642141, Accessed on 29 February 2012 (Newland and Govella 2010).

6.9%.⁴⁰ China's GDP may surpass the US GDP by 2027.⁴¹ Beijing's military expenditure has also been growing. Given the aforementioned factors, there is concern about the path China would tread in the next decade. Beijing appears to be a challenger to the US-led world as well as an aspirant to becoming a regional and global leader in the future. Defense analysts in the US and Japan are worried about Chinese acquisition of the so-called anti-access/area denial A2-AD-type capabilities.⁴² This capability may limit American power projection in East Asia in future.⁴³ China already possesses formidable sea power. However, there is still a considerable difference in the military spending of Beijing and Washington at US\$215 billion and US\$596 billion respectively in 2015.⁴⁴ For India, forging good relations with a still-formidable US and its Japanese ally is, in part, a hedge against a rising China.

India and the US in Asia

The US remains a very important factor in India's relations with China and Japan. In this context, the Obama administration's declaration of its interest and intent to cultivate Asia-Pacific as the "pivot" or "rebalancing" towards the region is noteworthy. This is pursued through the "hub and spokes" alliance network with Japan, South Korea, and Australia. These alliances have been bolstered to reduce the possibility of "other

⁴⁰Statistics from World bank data. Please see World Bank data on China http://data-bank.worldbank.org/data/reports.aspx?source=2&country=CHN#selectedDimension_WDI_Ctry, Accessed on 9 November 2016.

⁴¹See Michael J. Green, Asia in the Debate on American Grand Strategy, *Naval War College Review*, Vol. 62, No. 1, 2009. <http://www.usnwc.edu/Publications/Naval-War-College-Review/2009---Winter.aspx> (Green 2009).

⁴²See Michael D. Swaine et al., "China's Military and the U.S. –Japan Alliance in 2030: A Strategic Net Assessment," Summary Carnegie Endowment for International Peace, (Swaine and et al. 2013). http://carnegieendowment.org/files/net_asses_exec_summary.pdf.

⁴³Mark E. Manyin et al. Pivot to the Pacific? The Obama Administration's 'Rebalancing' Towards Asia, Congressional Research Service, CRS Report for Congress, 28 March 2012. <http://www.fas.org/sgp/crs/natsec/R42448.pdf> The US Defense Department's Strategic Review has supported maintenance of 11 aircraft carriers and improvement of capabilities to counter this strategy (Manyin 2012).

⁴⁴See SIPRI database. <https://www.sipri.org/databases/milex>, Accessed on 8 November 2016.

regional powers, particularly China, [shaping] the region in ways that are not necessarily in US interests.”⁴⁵ The US is also active in regional organizations like the East Asia Summit (EAS) towards that end.

India has also been increasingly engaged as an actor in Asian politics. The 2002 US National Security Strategy called for closer ties with India towards helping Washington create a “strategically stable Asia.”⁴⁶ The improvement in the US–India relationship is evidenced by the signing of the Indo–US nuclear deal in 2008.⁴⁷ India continues to be an important actor in the American conception of a “rebalancing” to East Asia. According to the then US Secretary of State Hillary Clinton, the US perception of the Asia–Pacific would also involve “a substantially increased investment—diplomatic, economic, strategic, and otherwise in the Asia-Pacific region... Stretching from the Indian subcontinent to the western shores of the Americas, the region spans two oceans—the Pacific and the Indian that are increasingly linked with shipping and strategy.”⁴⁸

Washington is not just engaging India bilaterally but also encouraging allies like Tokyo to strengthen their strategic ties with New Delhi as a countervailing hedge to China’s rise. An analyst noted: “China is a central element in our effort to encourage India’s emergence as a world power ... But we don’t need to talk about the containment of China. It will take care of itself as India rises.”⁴⁹ The Joint statement of the US–Japan Security Consultative Committee meeting in 2011 declared that both sides “welcome India as a strong and enduring Asia–Pacific

⁴⁵Mark E. Manyin, et.,al, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Towards Asia, Congressional Research Service, CRS Report for Congress, 28 March 2012. <http://www.fas.org/sgp/crs/natsec/R42448.pdf>.

⁴⁶The National Security Strategy of the United States of America 2002 (Washington D.C., The White House). <http://merln.ndu.edu/whitepapers/USnss2002.pdf>(The National Security Strategy of the United States of America 2002).

⁴⁷See Jayshree Bajoria and Esther Pan, Backgrounder: The US–India Nuclear Deal, 5 November, Council on Foreign Relations. <http://www.cfr.org/india/us-india-nuclear-deal/p9663>, Accessed on 28 February 2012. The deal allows India (not a member of the Non-proliferation Treaty (NPT)) to receive international civilian nuclear cooperation on the condition that New Delhi makes certain commitments, including a safeguard agreement with the International Atomic Energy Agency (IAEA) (Bajoria and Pan 2010)

⁴⁸Hillary Clinton, “America’s Pacific Century”, *Foreign Affairs*, 11 October (Clinton 2011).

⁴⁹Daniel Twining, America’s Grand Strategy in Asia, *Washington Quarterly*, Vol. 30, No. 3, 2007, p. 83 (Twining 2007).

partner and encourage India's growing engagement with the region and participation in regional architectures. (The idea is to) Promote trilateral dialogue among the United States, Japan, and India."⁵⁰

INDIA AMIDST THE ASIAN PARADOX

The paradoxical coupling of greater interdependency with rising antagonism with China is making foreign policy choices and decisions thorny and difficult for a few Asian countries, especially India. While the thread of interdependence runs through these matters, binding countries together through trade, investment, communication, and tourism, the realities of disputed borders and territories, increasing military prowess, the legacy of history, and competition over energy and resources has centrifugal effects on interstate relations.

Amidst such a milieu, India has to carefully and gingerly formulate and enact its foreign policy with Asian neighbors Japan and China. The US factor will also tend to dominate each actor's policies and attitudes towards the others. There is clearly an overall Indian aversion to be part of any systems of alliance. This enables New Delhi to flexibly keep its political and strategic options open to issue and national interest-based policy decisions. Brahma Chellaney noted: "This means it can progress from being nonaligned to being multi-aligned while preserving non-alignment's kernel—strategic and policy making autonomy."⁵¹ India's foreign policies towards Japan and China would be guided not by alliance politics but its own foreign policy considerations, especially economic development, protection of national security and interests, the quest for energy security, and maintaining and enhancing its weight in regional and global affairs.

The fizzling out of the former Japanese Prime Minister Shinzo Abe's proposed "strategic quadrilateral" was symptomatic of this attitude. China had made its displeasure on the proposal explicit in sending diplomatic demarches to Tokyo, Washington, New Delhi, and

⁵⁰Joint statement of the US–Japan Security Consultative Committee, Washington D.C., June 21, 2011. <http://www.state.gov/r/pa/prs/ps/2011/06/166597.htm>.

⁵¹Brahma Chellaney, *Asian Juggernaut: The Rise of India, China and Japan* (New York: Harper Collins, 2010) p. 154..

Canberra.⁵² India was also clearly not very enthusiastic about such an arrangement.⁵³ Similarly, then Japanese Foreign Minister Taro Aso's value-based proposal of the "arc of freedom and prosperity" (which encompassed India) was also not embraced by New Delhi.

The new Modi government is likely to continue this independent and pragmatic line in international affairs through the effective use of both hard and soft power. According to Amitabh Mattoo, Modi's foreign policy seeks to embrace "multi-alignment" with all great powers. The Modi government has suggested it would work with China to develop a strategic and cooperative partnership with Japan to build modern infrastructure, build on the firm foundations of relations with Russia, and pursue India's relationship with the United States with renewed vigor.⁵⁴ While continuing to cultivate relations with Beijing, Modi has also been upfront about concerns over its growing assertiveness. Steps are being taken to secure and modernize India's security and defense infrastructure and equipment. It remains clear that India would not like to be drawn into an anti-China coalition with the US and Japan. However, India's "multi-alignment" with all great powers and ASEAN in East Asia will be less threatening and offensive to China if it augments an equilibrium among powers (rather than against China) which will underpin regional stability—a condition necessary for India's peaceful rise in the twenty-first century.

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⁵²See David Brewster, The Australia–India Security Declaration: The Quadrilateral Redux, *Security Challenges*, Vol. 6, No. 1, 2010. <http://www.securitychallenges.org.au/ArticlePDFs/vol6no1Brewster.pdf> (Brewster 2010).

⁵³Purnendra Jain, "Australia's Asia Dilemma", *Global Asia*, Volume 3, Number 3, fall 2008. https://globalasia.org/Back_Issues/Volume_3_Number_3_Fall_2008/Australias_Asia_Dilemma.html?PHPSESSID=fb9568f04f6f68c121f402746d3dafd5, Accessed on 3 March 2012 (Jain 2008).

⁵⁴See Amitabh Mattoo, "A Doctrine of Economic Levers, Soft Power," *The Hindu*, June 12, <http://www.thehindu.com/opinion/lead/a-doctrine-of-economic-levers-soft-power/article6105078.ece>, Accessed on 20 June 2014 (Mattoo 2014).

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China and Japan in Australian Foreign Policy

David Walton

INTRODUCTION

A dominant issue in Canberra (and Tokyo) has been the spectacular rise of China as a global power and subsequent geopolitical implications for the region. The scale of the economic rise of China has had global reverberations. Australia, as is the case with many other countries, has experienced an extraordinary change in trading patterns with China over the past decade. In 2008, for example, China just managed to surpass Japan as Australia's major trading partner. Yet only 5 years later (2013–2014), two-way merchandise trade between Australia and China (\$150,175 billion) was more than double the volume of trade Australia's enjoyed with Japan (\$67,466 billion) and greater than the combined two-way trade between Japan and United States and Australia (106,069 billion).¹

¹See Department of Foreign Affairs and Trade fact sheets on China <http://www.dfat.gov.au/geo/fs/chin.pdf> Japan <http://www.dfat.gov.au/geo/fs/japan.pdf> and fact

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Indeed the enormous boost in exports of Australian commodities to China has allowed Australia to avoid the worst of the Global Financial Crisis and maintain a relatively strong economy.

The focus on China by the Australian Government is not new, but the amount of attention that China receives in Australian Government circles and more generally in Australia suggests that a fundamental shift in thinking about China is under way. At the governmental level, the development of a “Strategic Partnership” with China as a result of Prime Minister Gillard’s visit to China in April 2013 and the release of the White Defence paper in the same year are enlightening. The Prime Ministerial visit was highly productive and a range of agreements was reached that placed Australia in a position enjoyed by few countries. In particular, there was agreement to establish an annual leaders’ meeting and ministerial dialogue with the new Chinese leadership team and to allow direct trading between the Australian dollar and the Chinese renminbi. As well, the visit resulted in a range of important innovative agreements such as the decision to embark on joint aid programs in the Asia Pacific and to upgrade bilateral defence links.² Notably, efforts to achieve these substantial milestones represented several years of negotiations. The 2013 Defence White Paper, which changed the official Australian strategic view of China from that of a “potential threat” (2009 Defence White Paper) to “strategic partner,” is part of a clear endorsement of China within government circles and a reflection of an awareness of China’s importance to Australia’s national interests in decision-making circles. The Defence White Paper has also sparked considerable commentaries and debate about Australian security priorities.³ The change of government in September 2013, moreover, has not slowed down

Footnote 1 (continued)

sheet on the United States <http://www.dfat.gov.au/geo/fs/usa.pdf> (accessed January 18, 2015). I added the figures for Australia’s two-way merchandise trade with Japan and United States.

²Prime Minister’s Homepage <http://www.pm.gov.au/press-office/prime-minister-gillard-concludes-visit-china> (accessed June 6, 2013).

³Defence White paper (2013) http://www.defence.gov.au/whitepaper2013/docs/WP_2013_web.pdf (accessed June 21, 2013) For examples of commentaries see <http://thediplomat.com/2013/05/07/breaking-down-australias-defense-white-paper-2013/?all=true> (accessed June 4, 2013) and <http://www.theaustralian.com.au/national-affairs/defence/defence-white-paper-pivots-over-china-threat/story-e6fig8yo-1226635006544> (accessed June 4, 2013).

momentum. Indeed the Liberal-National Coalition under Tony Abbott and his successor Malcolm Turnbull endorsed previous policies on China and sought new opportunities to strengthen ties with China while also strengthening security ties with Japan. Under Abbott, moreover, the Australian Government signed off on a Free Trade Agreement during Prime Minister Abe's visit to Australia in July 2014.⁴ (accessed July 10, 2014). Malcolm Turnbull has maintained this strategic approach. He may have disappointed the Japanese Government and perhaps the United States, however, by the Australian Government selection of a French company over German and Japanese tenders to build a new fleet of submarines for the Australian navy.⁵

This chapter will consider what the rise of China represents for Australian foreign policy and relations with China and Japan as well as Australia's overall regional diplomacy. Three key themes are discussed in the context of the rise of China: the twin objectives in Australian foreign policy and alignment with the United States, security upgrades with Japan, and finally an assessment of Australia's capacity to continue to successfully juggle three competing triads. The paper will argue that Australia will continue with a hedging strategy for the foreseeable future.

AUSTRALIA'S NATIONAL INTERESTS AND ALIGNMENT WITH THE UNITED STATES AND JAPAN

Australian national interests have been based on the twin objectives of ensuring the security of the nation and the social and economic wellbeing of its citizens.⁶ Despite changes in the execution of foreign policy over the past 40 years, the twin objectives have remained in place. The pursuit of these objectives has meant, in effect, a reliance on the United States for security and until the recent rise of China, expanding economic and commercial ties with Japan as Australia's leading trading partner. Not surprisingly, Australian policy makers have been comfortable

⁴The signing of the Free Trade Agreement http://www.mofa.go.jp/press/release/press4e_000346.html

⁵France has won the submarine contract 2016 <http://www.abc.net.au/news/2016-04-26/pm-announces-france-has-won-submarine-contract/7357462> (accessed April 26, 2016).

⁶See Alan Renouf, *The Frightened Country* (Macmillan Press; Melbourne, 1979) and Richard Woolcott, *The Hot Seat* (Harper Collins; Sydney, 2003) (Renouf 2003).

with this arrangement that suited both politico/security and economic agendas, and strengthened Australia's alignment with United States' strategic interests in the Asia Pacific region. The Australian New Zealand US Security Treaty (ANZUS) alliance and now the Australian United States Ministerial Consultations (AUSMIN) talks have been the cornerstone of foreign policy decision making since 1952, and Australia's focus on alliance diplomacy during the Cold War is well documented.⁷ In the post-Cold War environment this has meant Australia has worked closely with allies of the United States in the region (particularly Japan) and has moved away from a "hub and spoke" model towards the development of "security webs" that promote a sense of a security community across the region as a whole.⁸ This web or "spoke to spoke" mode is part of the reconfiguration of Asia-Pacific security involving the United States' "pivot to Asia" and closer coordination with its allies, such as the Philippines, Thailand, South Korea, as well as Japan and Australia. For Australia, foreign and regional diplomacy policy approaches have become more nuanced to deal with the changing security environment. In particular, successive governments have implemented a dual strategy of commitment to the US alliance and pursuit of middle power policy initiatives in the Asia Pacific region to promote Australian national interests. Priorities have included regional architecture to ensure free trade and transparent regional focus on security and disaster coordination through the East Asia Summit.⁹

The decision to increase the number of US marines training in Darwin during United States President Obama's visit to Australia in November 2011 (the number increased to 2500 in 2015) demonstrates continuity in a bipartisan commitment to the alliance with the United

⁷See America's Asian Alliances, ed. Robert D. Blackwill and Paul Dibb (Cambridge, MA: MIT Press, 2000), Coral Bell, *Dependant Ally* (Oxford University; Melbourne, 1988) and Alliance 21, Examining the Australia-US Alliance in the 21st Century, US Studies Centre, University of Sydney,

http://www.alliance21.org.au/site/assets/media/Alliance21_2013.pdf (accessed June 22, 2013) and Andrew Shearer, 'Perspectives: Uncharted Waters: US Alliance and Australia's New Era of Strategic Uncertainty' *Lowy Paper* http://lowyinstitute.org/files/pubfiles/Shearer_Uncharted_water_web.pdf (accessed June 22, 2103).

⁸Nick Bisley, 'The Australia-Japan Security Declaration p. 46 (Bisley 2000).

⁹William T.Tow, 'Tangled Webs' (Tom 2008).

States as the bedrock of foreign policy and security initiatives.¹⁰ From a regional perspective, the decision also highlights the difficulty in maintaining a dual strategy approach. China and Indonesia have responded negatively to the Darwin announcement. There has also been significant debate within Australia about the impact this strategic decision has had on relations with China.¹¹ Indeed, the Darwin announcement is indicative of an ongoing “China paradox” in current Australian policy and underscores the problematic nature of a dual strategy as part of overall foreign policy planning.

In essence, the China paradox reflects tensions in the pursuit of twin national interests: Australia promotes closer ties with China to enhance commercial and economic ties and subsequent benefits to the Australian economy, yet paradoxically views China as a potential threat to regional security. The WikiLeaks report in December 2010 that revealed that then Prime Minister Rudd suggested to Secretary Clinton that the “US should be prepared for conflict with China in case everything goes wrong” and that the “Asia Pacific Community was designed to blunt China’s influence” at a time of booming trade ties underlines the “China paradox: in Australian policy thinking.”¹²

In stark contrast, the relationship with Japan has been one of alignment due to trade complementarity and shared values with the United States. Notably, from the mid-1960s, enhanced trade relations with Japan have been a pivotal factor in the growth of the Australian economy. The commonalities of interests as allies of the United States have been well documented.¹³ Both Australia and Japan are dependent on security offered by the United States through separate bilateral security pacts, and both countries have supported the maintenance of a

¹⁰Daniel Flitton, ‘US troops in Darwin’. This point was also clear in the 2013 *Defence White Paper* see Rory Medcalf, ‘Breaking Down Australia’s Defence White Paper’ (Flitton 2012).

¹¹See ‘China, Indonesia wary of US troops in Darwin’, *ABC World News*, November 17, 2011 <http://www.abc.net.au/news/2011-11-17/china-indonesia-wary-of-us-troops-in-darwin/3675866> (Accessed December 10, 2011). John Garnaut, ‘Analysts say China is stung by defence pact’. <http://www.theage.com.au/national/analysts-say-china-stung-by-defence-pact-20111117-1nl8p.html> (accessed June 22, 2013).

¹²Daniel Flitton, ‘Rudd the butt of Wikileaks expose’.

¹³See Brad Williams and Andrew Newman (eds.), *Japan, Australia and Asia-Pacific Security* (Routledge; Abingdon, 2006) and Alan Rix, *The Australia–Japan Political Alignment: 1952 to the Present* (London: Routledge, 1999).

strong United States military presence in the region. Accordingly, Japan has loomed large in Australian policy planning and received immense bureaucratic attention in Canberra. In many respects the economic complementarities were and remain at the heart of the bilateral relationship with Japan. The burgeoning trade relationship was enhanced by the 1957 Agreement on Commerce and the 1976 Nippon Australia Relations Agreement (NARA) Treaty, which, for the first time, provided a framework for investment and people movement and solidified the economic engagement that was taking place.¹⁴

Political linkages, although developing at a slower rate, were being cultivated, and relations were increasing at the subnational level. By the mid-1970s the bilateral relationship had become institutionalized, thus allowing for the development of a myriad of relationships to be forged at national and subnational levels.¹⁵ The depth of bilateral relations has moved beyond an economic agenda and since the 1990s has included upgraded collaboration in the political and security sphere as well as on regional architecture.¹⁶ Under the Rudd/Gillard/Rudd Labor Governments new areas such as cooperation on disaster relief, climate change, and nuclear disarmament demonstrate the closeness of bilateral ties.¹⁷ Abbott and Turnbull have strongly pursued closer ties with Japan, and Abbott in particular was intent on renewing the very close relationship established during the Howard/Abe period in 2006–2007. Upon becoming Prime Minister, Abbott signalled his intentions by stating that “Japan is Australia’s best friend in Asia.”¹⁸ <http://www.abc.net.au/news/2013-10-09/tony-abbott-png-trade-china-economy-brunei/5012868> (accessed 15 October, 2013).

¹⁴Peter Drysdale, ‘The importance of the NARA Treaty’ *AJIA*, 2006, p. 491 (Drysdale 2006).

¹⁵David Walton, *Australia, Japan and the Region: early initiatives in regional diplomacy, 1952 to 1965* (New York: Nova, 2012) (Walton 2012).

¹⁶For a detailed analysis of early politico/security relations see Williams and Newman eds. *Japan, Australia and Asia-Pacific Security*.

¹⁷For an analysis on of Australia–Japan relations dealing with human security issues see David Walton and Daisuke Akimoto, ‘The Human Security Agenda: Australia and Japan’ in William. T. Tow, David Walton and Rikki Kersten (eds.), *New Approaches to Human Security in the Asia Pacific: China, Japan and Australia* (Ashgate 2013).

¹⁸PM Abbott holds first formal meeting with Prime Minister Shinzo Abe, October 10, 2013.

The security dimension of the relationship has, without doubt, been the most remarkable aspect of Australia–Japan relations over the past decade. As trade ties have been overshadowed by the rise of China, security ties have developed rapidly from a low base.¹⁹ A series of memoranda and agreements have been signed, most notably the Australia–Japan Declaration on Security Cooperation, which was signed off on by Prime Ministers Howard and Abe in March 2007. The declaration is significant as it was designed to deal with common security interests such as border security, counter-terrorism, peace cooperation, exchange of information and personnel, and joint exercises and coordinated activities. Notably, an action plan with specific measures (referred to as implementation) was included. The regular Foreign Affairs and Defense meetings at the ministerial level known as “two plus two talks” were the most significant of these measures.²⁰ The inaugural ministerial talks were held in Tokyo in June 2007 and have since been held on an annual basis. Again, this was the first of its kind for Japan (except with the US) and was based on the US–Japan dialogue model. Media attention was intense during the meeting, and observers noted that the “two plus two” talks received more media attention in Japan than Howard’s Prime Ministerial visit in March to sign the historic joint declaration.²¹

In essence the Joint Declaration on Security Cooperation has established a clear framework for security links and how they will possibly continue to develop. As such the declaration, although not as far-reaching or substantial as a full defense treaty, is strong on symbolism and is a turning point in Australia–Japan regional diplomacy. The signing off of the declaration demonstrated for the first time that the defense communities in both countries are “on side,” and it is anticipated that the commitment to joint exercises and training in the declaration will allow Japanese

¹⁹For a detailed analysis of the security upgrades see Thomas S. Wilkins ‘Japan–Australia Security Relations: Building a Real Strategic Partnership?’ in William T. Tow and Rikki Kersten eds. *Bilateral Perspectives on Regional Security: Australia, Japan and the Asia Pacific Region* (Palgrave Macmillan; New York; 2012) and David Walton, Australia and Japan: Towards a Full Security partnership?’ in Purnendra Jain and Lam Peng Er eds. *Japan’s Strategic Challenges* (Tow 2012).

²⁰Joint Declaration on Security Cooperation DFAT, March 13 2007. http://www.dfat.gov.au/geo/japan/aus_jap_security_dec.html (accessed April 10, 2007).

²¹Interview with Australian Department of Foreign Affairs and Trade Official (DFAT) official, Tokyo, June 14, 2007.

troops to train on Australian soil in the near future. Combined with annual Trilateral Security Dialogue talks at the ministerial level between the United States, Japan, and Australia since 2006, the security agreement has been viewed as a turning point in bilateral relations and has led to several security upgrades in subsequent years.²² In 2010, for example, momentum included the Acquisition and Cross-Servicing Agreement (ACSA) signed in May (only the second ACSA agreement signed by Japan). The agreement provided a framework for reciprocal provision of supplies and services between the Japanese Self Defense Force (JSDF) and the Australian Defence Force (ADF) on exercises and training, UN Peace Keeping Operations, and overseas disaster relief operations, and came into effect in January 2013.²³ As noted by Cook and Wilkins, the momentum gained by these upgrades will continue to reverberate for the foreseeable future due to mutual defense concerns, the multiple opportunities for military cooperation, and pressure from the United States, which is increasingly demanding more support from allies.²⁴

The upgrades have led to a substantial growth in collaboration between Australian and Japanese defense personnel and have been well received in Tokyo. In December 2010, Japan's National Defense Policy Guidelines, which represent the government's strategic defense strategy for the following 10 years, reflected the new dimension in security ties with Australia stating "Japan will enhance security with countries such as South Korea, Australia, ASEAN and India."²⁵ Australia, in this context is viewed as an important strategic partner aligned with the United States and with shared strategic interest in the Asia Pacific region. According to Katahara, the Australia–Japan security relationship offers multiple benefits including facilitating Japan's move towards strategic normalcy and, in the context of a strengthened US alliance network, encouraging "China to act as a responsible stakeholder in the region and [in] the world at

²²See William T. Tow, Tangled Webs and Malcolm Cook and Thomas Wilkins, 'The Quiet Achiever' (Cook & Wilkins 2014).

²³DoD media release, 'Successful 2 + 2 Australia – Japan Meeting of Defence and Foreign Ministers', May 19, 2010. <http://www.minister.defence.gov.au/2010/050.doc> (accessed November 2011).

²⁴Malcolm Cook and Thomas Wilkins, 'The Quiet Achiever: Australia–Japan Security Relations' Lowy Institute Policy paper, January 2011 (Cook & Wilkins 2011).

²⁵Japan's Defence Guidelines, December 22, 2010. www.mod.go.jp/e/d_act/d_policy/pdf/summaryFY2011.pdf (accessed January 10, 2011).

large.”²⁶ The Trilateral Security Dialogue (TSD) talks have also facilitated closer coordination and along the lines expressed above. The June 2013 TSD joint statement, for example, stated the desire to strengthen trilateral cooperative efforts in information sharing, joint military training, and exercise coordination.²⁷ Such coordination has led to security commentators arguing that the Australia–Japan security relationship is in reality a form of “Bilateralism Plus.” The “plus” factor refers to bilateral cooperation embedded in the wider formula of trilateral cooperation with the United States. This can be observed through annual TSD talks and the construction of security webs sponsored by the United States.²⁸ At the time of writing, the Abbott–Abe conservative alliance has already led to intense discussion on further security upgrades in the area of interoperability and a framework for commitment in defense equipment and technology including enhanced training and joint exercises. The pace of development is reminiscent of dramatic changes in the 2006/2007 period under Howard. In April 2014, Abbott received much fanfare while in Tokyo and was the first foreign leader to address the newly formed National Security Council of Japan.²⁹ At the fifth ‘Two plus Two’ security dialogue in June the same year, agreement was reached to “jointly develop defense equipment that could pave the way for Japan to send stealth submarine technology to Australia.”³⁰ During Abe’s visit to Australia in July (6–9) 2014, the two leaders reaffirmed the strong

²⁶Eiichi Katahara, ‘Japan—Australia Joint Security Statements’ p. 129 (Katahara 2012).

²⁷<http://www.minister.defence.gov.au/2013/06/02/minister-for-defence-japanese-minister-of-defence-and-us-department-of-defence-joint-statement-australia-japan-united-states-defence-leaders-trilateral-meeting-joint-statement/> (accessed June 14, 2013).

²⁸See Yusuke Ishida, ‘Japan–Australia Security Relations and the Rise of China: Pursuing the Bilateral-Plus Approaches’ UNISCI Discussion Papers no.32 May 2013. Ryo Sahashi also views the Australia–Japan relationship as a critical element of a more complex web of security arrangements. See Sahashi, ‘Security Arrangements in the Asia Pacific: A Three Tier Approach’ in William T. Tow and Rikki Kersten (eds.), *Bilateral Perspectives on Regional Security: Australia, Japan and the Asia Pacific Region* (Palgrave Macmillan; New York; 2012) (Ishida 2013).

²⁹See Visit to Japan by the Hon. Tony Abbott, Prime Minister of the Commonwealth of Australia, April 5 to 8, 2015 http://www.mofa.go.jp/a_o/ocn/au/page3e_000160.html (accessed April 12, 2014).

³⁰‘Australia and Japan to jointly develop defence technology’ <http://www.straitstimes.com/the-big-story/asia-report/japan/story/japan-australia-jointly-develop-defence-equipment-20140612> (accessed July 10, 2014).

growth in defense and security ties. Notably Abbott supported Japan's policy of "Proactive Contribution to Peace," including the right to collective defense, and both leaders expressed concern about activities in the East and South China Sea, which in effect was thinly veiled criticism of Chinese policy in the region.³¹ These statements have become more explicit under Turnbull. Upon becoming Prime Minister in September 2015, Turnbull stated that China was "pushing the envelope in the South China Sea."³² On a state visit to Tokyo in December 2015, Prime Minister Turnbull called for the need for freedom of navigation and over flight. Turnbull and Abe also called for "a vision to shouldering responsibility for peace and prosperity in Asia and the Pacific."³³

THE RISE OF CHINA AND POLICY CONUNDRUM IN CANBERRA

Early postwar relations with China were viewed within the prism of Cold War politics. Understandably, relations were severely strained and remained in a form of limbo until the Whitlam Government established diplomatic ties in December 1972. Notably the conservative Menzies Government in 1949 chose not to follow British foreign policy, which recognized the state of China but not the Communist Government in power, and instead endorsed the United States policy of recognizing Taiwan as the legitimate China (and thereby making mainland China a pariah state). In opposition Gough Whitlam had consistently supported the recognition of The Peoples Republic of China (PRC) and demonstrated his commitment to normalizing relations by visiting as leader of the Opposition in July 1971. International momentum for recognition of China became irresistible when it was announced in the same year (1971) that Kissinger had made a secret visit to China and that Nixon would visit the following year. Whitlam's visit was derided by the

³¹Malcolm Cook and Thomas Wilkins, 'Aligned Allies: The Australia–Japan Strategic Partnership', December 24, 2014 <http://www.tokyofoundation.org/en/articles/2014/aligned-allies> (accessed December 24, 2014).

³²'China is pushing the envelope in South China Sea' <http://www.abc.net.au/news/2015-09-21/china-is-pushing-the-envelope-in-south-china-sea-turnbull/6793102> (accessed September 22, 2015).

³³'Turnbull and Abe push back against China in disputed waters' <http://www.smh.com.au/federal-politics/political-news/turnbull-and-abe-push-back-against-china-in-disputed-waters-20151218-glr5wy.html> (accessed December 19, 2015) (Turnbull 2015).

conservative McMahon Government, but the Kissinger announcement plus considerable pressure from conservative Australian wheat farmers worried about losing their lucrative trade to Canadian rivals were pivotal factors in Australia's acceptance of the new realities. The decision to recognize Communist China as the legitimate China was, nonetheless, a substantial turning point in Canberra, and Australia was among the first band of countries to formally recognize the PRC as the legitimate China.³⁴

Successive Australian Prime Ministers after Whitlam have maintained China as a priority bilateral relationship and pursued a range of initiatives to enhance bilateral ties. Fraser shared China's view that the Soviet Union was an aggressor and subsequently received a very warm reception during his visit to Beijing in 1976. Hawke actively pursued closer ties with China and embarked on a China Action plan in the mid-1980s to develop the economic and cultural dimensions of the relationship. Keating delinked human rights and trade after Tiananmen, and Howard actively promoted China as a good international citizen and important player in the global economy.³⁵ However, trade relations were not significant until the mid-1990s. The last decade (2000–2010) in particular, has witnessed an enormous shift as China's economy has continued to grow by a staggering ten percent each year. In more recent years China's growth rate has slowed somewhat but remains healthy. At the time of writing however, there were concerns about a contraction in the Chinese economy and its implications for the health of the Australian economy. The enormous demand for raw resources has placed Australia in an ideal position to ride the "China wave" as part of its own resources boom (much like the resources boom of the 1970s with Japan's economic

³⁴The Whitlam Institute located at the University of Western Sydney has released an extensive collection of material on this matter. The web site is http://www.whitlam.org/gough_whitlam/china (cited June 13, 2013). For more information on debates within Australia about recognition of China see Edmund Fung and Colin Mackerras, *From Fear to Friendship: Australia's foreign policy towards China 1968 to 1982* (University of Queensland Press; St Lucia, 1985) and James Curran, 'The World Changes: Australia's China Policy in the Wake of Empire' in James Reilly and Jingdong Yuan (eds.), *Australia and China at 40* (Sydney: New South Publishing, 2012), pp. 22–43.

³⁵For a good overview of issues in the bilateral relationship see Nicolas Thomas (ed.), *Re-orientating Australia–China Relations: 1972 to the Present* (Ashgate; Aldershot 2004).

miracle), though there are signs that this may now be somewhat in decline.³⁶ For Australian coverage of a possible downturn in the Chinese economy and its implications for Australia see Paul Kelly ‘Hold on tight, our economy is heading for the biggest of falls’ <http://www.theaustralian.com.au/opinion/columnists/hold-on-tight-our-economy-is-heading-for-the-biggest-of-falls/story-e6frg74x-1226630292612> (accessed June 22, 2013).

While officially the Australian Government position has been to welcome the rise of China, the geopolitical and economic changes that have occurred and are still taking place have presented a range of conundrums for Australian governments: balancing triads, dealing with tension between Japan and China on historical and territorial issues, and the reconfiguration of Australian regional diplomacy.

THREE COMPETING TRIADS

Notably “triangularity”—not bilateralism—and, in particular, three triads—Australia, Japan, and the United States; Australia, Japan, and China; and Australia, United States, and China—have dominated policy planning in Australia. The focus on “triangularity” has important implications as it indicates a shift from an emphasis on bilateralism (at least in regard to Japan) in Canberra. A trilateral approach represents a response to, and recognition of, the spectacular rise of China as a major economic power and the upgraded security relationship with the United States and Japan. In all three triangles Australia, in terms of its capacity to influence, is the weakest partner, and the Australia–Japan relationship (due to Australia’s relatively weak power status) is the weakest link. From an Australian perspective, the shift towards assessing relations within a triangular context has meant a tendency by Australian officials to concentrate on the United States and China, and to view Japan within the prism of Sino–United States strategic competition.

Finding the appropriate range of policies towards China poses a range of interrelated problems for Australia’s foreign relations with Japan. At

³⁶World Bank economic figures for China have indicated a gradual slowing of the economy due to economic transition. Economic growth in 2013 (7.7%), 2014 (7.7%), and the World Bank forecast for 2015 (7.5%) are indicative of a slight decline in overall economic growth in China. See <http://www.worldbank.org/en/country/china/publication/china-economic-update-june-2014>.

the regional level, the difficulty is finding the balance between security and commercial interests. Both Australia and Japan have a burgeoning trade relationship with China and have made efforts to further expand commercial links in China through investment and trade opportunities. Yet as already demonstrated, Canberra and Tokyo have substantially strengthened security links and have maintained a strong commitment to an enhanced security alliance with the United States. Australia's dual strategy of close ties with the United States and proactive foreign policy becomes problematic in light of ongoing strategic competition between China and the United States and the decision in Washington to pivot in Asia.

In this context the strong relationship with Japan has serious implications for Australia's bilateral relations with China and regional diplomacy. Relations between Japan and China that involve historical animosity, a war legacy, regional rivalry, and economic competition present an ongoing dilemma for Australian diplomats. Close ties with Japan and burgeoning trade links and enhanced political ties with China have required skilful diplomacy by senior Australian diplomats to ensure relations are managed without directly taking sides. So far the Australian policy approach of developing relations with China at the bilateral level has been successful. However, Chinese sensitivities on regional issues and regional leadership ambitions have the potential to dramatically change the dynamics of the relationship with Canberra. The ongoing territorial dispute over the Daiyou/Senkaku Islands is a case in point. Inflamed passions and increased levels of nationalism on both sides present a range of problems for Australian officials. So far, the Australian response has been to remain neutral. However, the United States' ongoing support for Japan includes the Senkaku Islands as part of security treaty provisions. A serious flare-up over the islands between China and Japan has the potential to disrupt Australia's careful balancing act of improving relations with China while simultaneously maintaining and upgrading the alliance with the United States. As demonstrated by Foreign Minister Julia Bishop's criticism of the Chinese-imposed Air Identification Air Defence Zone in late November 2013, and subsequent rebuke by China, Australia has to take care balancing bilateral relations. The strong condemnation by China's Foreign Minister Yang Li in face-to-face meeting in Beijing with Minister Bishop in early December 2013 was clear evidence of China's displeasure. Indeed the language used was emphatic:

“Australia has jeopardised bilateral mutual trust and affected the sound growth of bilateral relations.”³⁷ The subsequent response by Australia to tone down criticism of Chinese policy is indicative of Australia’s diplomatic dilemma and perhaps a new government “finding its feet” in the art of diplomacy. Notably, the April 2014 visit to China led by Prime Minister Abbott and the April 2016 visit by Turnbull were the largest delegations ever sent by Australia to China. Turnbull’s visit in particular was notable for initiatives to enhance trade possibilities while also emphasizing the importance of maintaining stability and peaceful cooperation in the South China Sea and dealing with investment and cyberspace crime.³⁸

In any event, enhanced Australian politico-security discussions with China, such as the annual Prime Ministerial talks in 2014, may present more difficulties for Australia’s security alignment with Japan and the United States. In particular, the decision to upgrade relations with China has important implications for the bilateral relationship with Japan. It should not be assumed in Japan, for example, that Australia is a ‘natural ally’ and will support Japanese interests in regional forums such as the ASEAN Regional Forum or the EAC. At the third Australia–Japan conference held in February 2005 in Melbourne, the Chair report included the statement that there was a need to manage “the emergence of China as a key player” and “support for Japan’s bid for permanent membership of the UN Security Council” (DFAT 2005). The report’s recommendation implied that Australia and Japan would or should coordinate a planned response to the growing economic and political power of China. The suggestion that China should be ‘managed’ suggests that Australia and Japan are working in concert. A powerful pro-China lobby in Australian business circles fuelled by China’s growing global position, highly lucrative trade deals, and the positive discussions on an FTA, suggests, in fact, that Australia will not always be in accord with Japan’s policy.

³⁷East China Sea row escalates as Yang Yi tells Julia Bishop Australia has jeopardised trust, <http://www.abc.net.au/news/2013-12-07/east-sea-dispute-between-china-and-australia-escalates/5142080> (accessed December 10, 2013).

³⁸Helen Clark, ‘Malcolm Turnbull visit to China’. <http://thediplomat.com/2016/04/malcolm-turnbulls-visit-to-china> (accessed April 26, 2016) (Clark 2016).

IMPLICATIONS FOR AUSTRALIAN REGIONAL DIPLOMACY

The current ongoing debate within Australia is whether a hedging strategy towards China (engaging with China while also balancing China) can be maintained. Australian diplomacy has been premised on the continuation of the established regional order that allows Australia to be proactive in the pursuit of middle power diplomacy while backed by the US military alliance. The recent upgrading of bilateral relations between Australia and China highlights the challenge of maintaining a hedging strategy towards China. Australia has made the decision to develop a genuine strategic partnership with China within the next few years. The decision has led to almost unprecedented and at times fiery public debates among academics and defence specialists. In many respects, the debate is symbolic of the China question: can the current hedging strategy continue to work? Should Australia develop closer ties with China at the expense of relations with the United States and Japan?

The concern that Australia has to make a choice is encapsulated by Hugh White's "China Choice" thesis. According to White, a rising China is challenging the primacy of the US-led world order and this will have major global and regional strategic implications. His view is premised on the expectation that China will continue to maintain its phenomenal economic growth and will develop commensurate political and military power in the coming decade.³⁹ According to these projections, China will overtake the US as the world's largest economy by 2020. In essence, White argues that the United States has three choices in its response to China: 1) compete; 2) share power; or 3) concede. His analysis is that it is in the best interest of the United States to compromise and share power with the PRC in a regional context. However, the option of strategic competition is the most likely scenario. A critical issue, according to White, is that the US hedging strategy of the past 15 years—to accept and accommodate China's growing power as long as it does not threaten US primacy—can no longer be sustained.

The new realities, in effect, mean that the strategic choices for Australia are limited. Already there has been a considerable shift in the region to accommodate China, and changing regional dynamic (the rise of Indonesia for example) will mean that Australia must develop new

³⁹Hugh White, 'China Choice'.

strategies.⁴⁰ White's view is reinforced by his concerns that Australia is considering a full security treaty with Japan. His contention is that such an alignment is fraught with danger given current animosity between Japan and China and that the treaty would be seen in the light of Japan's efforts to contain China, thereby compromising Australia's relationship with Beijing.⁴¹ White has also argued that Australia now faces the prospect of being a "powerless shuttlecock" in the strategic game between Beijing and Washington. He views the recent upgrading of the relationship with China as part of the struggle between the two superpowers, with Australia oblivious to the consequences.⁴² Indeed, White argues that Australia refuses to acknowledge that it might have to make a choice between the United States and China.⁴³

Two Former Prime Ministers have weighed into this debate. The late Malcolm Fraser, who has recanted his previously strong support for the United States, argued in his book *Dangerous Allies* that Australia should be wary of following the United States and be aware of the dangers of a potential hot war between China and Japan over territorial disputes. His central concern is to argue that Australia should become truly independent and stay out of a conflict between China and a US-backed Japan over the disputed territories.⁴⁴ Paul Keating in his Murdoch Speech in November 2012, although referring to the importance of relationships in Southeast Asia (and primarily Indonesia), made note of the need for Australia to move away from traditional allies and that Australia's sphere of influence is diminishing as a result of being too close to Washington.⁴⁵

Critics of Hugh White argue that although there is evidence of increasing tensions between China and the United States, the status quo in the region has not yet fundamentally changed. Australia's strategy, moreover, has been effective, though at times problematic due to the diplomatic resources required to maintain the delicate balance between the two superpowers. The notion of a "zero sum game" in which

⁴⁰Hugh White, 'China Choice'.

⁴¹Hugh White, 'Right now we do not need an alliance with Japan' (White 2012).

⁴²Hugh White, 'Australia is now a pawn in US-China power play' (White 2013).

⁴³Hugh White, 'Need to face the facts in Asia', East Asian Forum, <http://www.castasiaforum.org/2016/04/18/need-to-face-the-facts-in-asia> (accessed April 26, 2016) (White 2016).

⁴⁴Malcolm Fraser and Cain Roberts, *Dangerous Allies* (Fraser and Roberts 2013).

⁴⁵Paul Keating, The Keith Murdoch Oration 'Asia in the New Order' (Keating 2012).

Australia must choose between its security partner (United States) and its leading economic partner (China) is viewed by some as unhelpful. Paul Dibb argues that White has exaggerated the dangers in tensions between the two powers, overstated China's military capabilities, and ignored that fact that most countries in Asia are aligning themselves with the United States.⁴⁶ Nick Bisley argues that a better economic relationship with China does not necessarily mean "worse security relations with the United States," though he does concede that the uncertainty surrounding China's response to the United States and potential regional instability makes current policy difficult to manage.⁴⁷ And You Ji views the focus on a looming showdown and the need to make a choice as a reflection of Australia's hard strategic culture rather than the current realities. He considers that the emphasis on the United States for the security of the nation has created a mindset that sets key benchmarks when assessing the strategic landscape. In this context, according to You Ji, the timing of the 2009 Defence White Paper, which viewed China as a potential threat to regional stability when bilateral trade was booming and lifted Australia out of a potential recession, was an absurd situation. Indeed he noted that the view in China was that the Defence White Paper was in essence "Canberra scapegoating China in order to please the US."⁴⁸

The perception of how we view China's rise is a core issue explored extensively by John Lee. He contends that the "no alternative for a rising power but to compete within the existing open and liberal order argument" is too simplistic. Efforts to contain China through the "responsible stakeholder approach," therefore, do not take into account that fact that rising powers "can seek to gradually dismantle and redesign the current order from within."⁴⁹ His argument centers on the assumption that the United States has not lost its preeminent strategic position and that China in fact lacks strategic leverage. In this context, and given the uncertainty surrounding China, Lee contends that it is prudent for Australia to maintain its hedging strategy.⁵⁰

⁴⁶Paul Dibb, 'Why I disagree with Hugh White' (Dibb 2012).

⁴⁷See Nick Bisley, 'Never having to choose' (Bisley 2012).

⁴⁸You Ji, 'Managing off balance tripartite relations'.

⁴⁹John Lee, 'Divergence in Australia's Economic and Security interests?' (Lee 2012).

⁵⁰Lee, *Divergence in Australia's Economic and Security Interests?* p. 161.

Finally William T. Tow advocates that Australia has a strategic role to play in the current context that can be beneficial for regional security. He contends that it is important for Australia to continue to pursue its dual strategy of refining key security commitments to Japanese and American allies while also maintaining open and vigorous economic and political relations with China. Tow argues that doing so will provide sufficient breathing space to allow the United States and Japan to follow the Australian example in cultivating stronger security with the Chinese.⁵¹

CONCLUSION

This chapter offers an Australian perspective on future directions in Australian relations with Japan and China. An attempt has been made to identify issues that will have a bearing on the bilateral relationship at the national level over the next 5 years and beyond. There is no likelihood of a substantial rupture or change in relations in the short term. The continuation of a stable, close, and dynamic relationship with Japan, and a rapidly developing relationship with China in the mid- to long-term, however, will be dependent on a range of variables that may be outside the control of policy makers in Canberra. Of particular importance is how the United States and China manage their bilateral relationship. The APEC summit meeting between Chinese President Xi Jinping and United States President Obama in the Beijing in November 2014 showcased that both cooperation (climate change) and strategic competition will be an ongoing feature of bilateral relations.

Moreover, a more assertive and nationalistic China and an Abe-led LDP-Komeito Government in Japan that wishes to revise the constitution, has profound implications for regional stability and may also create a new range of problems for Canberra. In this context Australia's bilateral relationship with Japan will be increasingly affected by Canberra's rapidly improving relations with China. Australian officials have, so far, demonstrated extraordinary skill in avoiding entanglements between China and Japan and in ensuring relations with Japan are not soured by the rapidly improving relationship with China. In the mid- to long-term (over the next decade), it is unlikely that Australian officials will be able to maintain

⁵¹William. T. Tow 'How Australia–Japan Relations 'Fit' into Security Dynamics' (Tom 2012).

this stance without risking further straining the bilateral relationship with Japan. Australian regional policies and overall foreign policy will be sorely tested. There is no compelling argument, however, why Japan should not remain a key strategic partner that encompasses both economic and security endeavours. The massive trade links, rapidly developing security ties, US alliance, and shared values, as stated by a succession of Prime Ministers in both countries, suggest that this will be the case. The task of strengthening Australia–Japan ties is directly related to the successful broadening of what is already extensive cooperation between the two countries. In particular the promotion of transparent multilateral dialogue on security issues that include China and the consolidation of trade liberalization talks are of paramount importance. Various “soft power” linkages in higher education and media exchanges remain areas in need of attention. These are ongoing issues that will shape the context of future trilateral ties between Australia, Japan, and China.

The above issues reflect a general pattern in the bilateral relationship that will have a bearing on the future direction of Australia’s overall foreign policy and geopolitics. How that pattern evolves will, in turn, have a substantial effect on how successful Australia will be in projecting regional influence throughout Asia. Current policies, which include a genuine engagement with China while maintaining a close security alliance with the United States and developing closer security ties with Japan, suggest that Australia will be pursuing a hedging strategy for the foreseeable future.

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