

CHAPTER 6

Japan-China Relations in East Asia: Rivals or Partners?

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Introduction

Japan-China relations stand at a turning point. Antagonistic political relations with relatively stable economic relations between the two countries during the Koizumi administration have been improving and moving in the direction of establishing “mutually beneficial relations based on common strategic interests” since Koizumi’s successor Prime Minister Shinzo Abe paid a visit to Beijing and met Chinese President Hu Jintao in October 2006. Whether the improving relations between Tokyo and Beijing will continue to gather momentum for consolidation of their strategic relationship of mutual benefit or return to the path of deterioration is one of the significant factors affecting not only Japan’s security but the stability of East Asia.

Chinese diplomacy towards Japan in the latest decade appears hostile and thorny from a bilateral point of view. However, observed from an East Asian regional perspective, China’s approach to Japan in the same period paints a different picture. As a matter of fact, the Chinese government made effort to maintain cooperative relations with Japan in East Asian multilateral frameworks while taking a tough stance on bilateral connections with Tokyo during Koizumi’s term of office. In this respect, multilateral structures for East Asian regional cooperation function as a stabilizer for a conflict-prone Japanese-Sino relationship.

The purpose of this paper is to explore how the Chinese government considers its Japan policy in the context of its regional policy in East Asia. The future of a strategic relationship of mutual benefit between the two countries depends significantly on whether or not China’s East Asian policy will continue to play a role in stabilizing its bilateral relations with Japan. In other words, when China’s regional policy converges with its Japan policy in a complementary way, Japan-China relations may allow them a greater opportunity to share their common interests in the region. On the other hand, if China pursues a regional policy which contradicts Japanese policy toward East Asia, Sino-Japanese relations may lose stabilizing elements and thus deteriorate.

Fluctuations in China's Japan Policy

For the last decade, the direction of China's foreign policy toward Japan has been unstable and sometimes volatile. In the late 1990s, China pursued so-called "partnership diplomacy" toward major powers with a view to achieving equal and cooperative relationship with them. Beijing established a "strategic partnership of cooperation" with Russia in 1996, a "constructive strategic partnership" with the U.S. in 1997, and a "long-term and stable constructive partnership" with the E.U. in 1998. As a final step to concrete partnerships with major powers, Chinese President Jiang Zemin made a state visit to Japan and declared, with Japanese Prime Minister Keizo Obuchi, the "Japan-China Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development" in November 1998.¹

This declaration of Sino-Japanese partnership represented Beijing's decision to regard Japan as a major power equivalent to the U.S., Russia, and the E.U., which required China to promote cooperative relations with Japan. In the joint declaration, both countries state:

"Both sides believe that both Japan and China, as nations influential in the Asian region and the world, bear an important responsibility for preserving peace and promoting development...Both sides shared the view that under the current situation cooperation between the two countries is growing in importance, and that further strengthening and developing the friendly and cooperative relations between the two countries not only serve the fundamental interests of their peoples, but also positively contribute to the peace and development of the Asia-Pacific region and the world as a whole."

Based on this shared view, the leaders of the two countries agree to conduct an annual visit by a leader of either country to the other, establish a hotline between the two governments and further strengthen their security dialogue mechanism. In addition, both sides noted that they would work to "appropriately handle the issues, differences of opinion and disputes which currently exist and may arise in the future" in order to

¹ "Japan-China Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development," November 28, 1998, <http://www.mofa.go.jp/region/asia-paci/china/visit98/joint.html>.

avoid deterioration of their friendly relations.

Following agreement on the joint declaration, Prime Minister Keizo Obuchi visited Beijing in 1999, and Chinese Premier Zhu Rongji paid a visit to Tokyo in 2000. However, China's diplomatic approach to Japan changed course and went in an opposite direction in 2001. Since Japanese Prime Minister Junichiro Koizumi, who took office in April 2001, went and worshiped at Yasukuni Shrine in August, the Chinese government began criticizing him and his administration. Even though China accepted Koizumi's visit to Beijing in October, no Chinese President and Premier visited Tokyo during the Koizumi Administration. Chinese leaders continued to hold meetings with Prime Minister Koizumi on various occasions under multilateral frameworks such as ASEAN-related summits and APEC meetings. But China finally rejected its leaders meeting with Koizumi even in a multilateral basis by canceling the China-Japan-South Korea trilateral summit scheduled to be hosted by China in September 2006 after Koizumi's sixth time worshipping at Yasukuni Shrine on August 15 of the same year. In addition to this historical problem, many issues fueling antagonism between the two countries arose, such as North Korean refugees' running into the Japanese Consulate in Shenyang in 2002, anti-Japanese riots after the soccer game between Japan and China during the AFC Asian Cup held in China in 2004, and massive anti-Japanese movements in major Chinese cities in April 2005, which tended to push the Chinese stance on Japan to a harder line.

After the five-year deterioration of its political relationship with Japan, China began to revive its cooperative approach to Japan when Shinzo Abe assumed the premiership of Japan in September 2006 following Koizumi's resignation from his post. China took the lead in improving political relations between the two countries by inviting Abe to visit Beijing, even though he was broadly regarded as a conservative statesman and kept an ambiguous position on the issue of Yasukuni Shrine from the Chinese point of view, which demanded that Japanese leaders not visit the shrine. Accepting the Chinese invitation, Abe paid a visit to Beijing as his first foreign journey since his inauguration in September 2006 and met Chinese leaders including President Hu Jintao and Premier Wen Jiabao. After these meetings, Japan and China issued a joint press statement noting a shared objective to establish a strategic relationship of mutual benefit. According to the joint press statement, "the two countries would strive to build a mutually beneficial relationship based on common strategic interests,"

and “both sides shared the view that promoting the continuation of sound and stable development of Japan-China relations is fundamental to the interests of both countries.”²

Sino-Japanese relations have been improving since Abe's visit to Beijing. Mutual visits by the leaders of both nations have intensified. Chinese Premier Wen Jiabao visited Tokyo in April 2007, and Japanese Prime Minister Yasuo Fukuda visited Beijing in December of the same year. In May 2008, President Hu Jintao made an official visit to Japan. On May 7, Hu and Fukuda signed a Joint Statement on Comprehensive Promotion of a “Mutually Beneficial Relationship Based on Common Strategic Interests” in Tokyo.³ In the joint statement, the so-called “fourth political document” between the two countries, followed by the joint statement in 1972, the Japan-China Treaty of Peace and Friendship in 1978, and the joint declaration in 1998, the two leaders agreed to further promote a strategic relationship of mutual benefit through engaging in concrete cooperation in a variety of areas. Regional cooperation in East Asia was one of the prospective areas of cooperation that the two sides focused on. President Hu and Prime Minister Fukuda, who recognized that both countries “have great influence on and bear a solemn responsibility for the peace, stability and development of the Asia-Pacific region and the world,” expressed their resolution to “promote regional cooperation in East Asia based on the three principles of openness, transparency and inclusiveness and to together promote the realization of peace, prosperity, stability and openness in Asia,” in the joint statement.

Chinese foreign policy toward Japan has swayed between agreeing to promote a strategic partnership and refusing to engage in a dialogue with the Japanese leader during the last decade. In this respect, unstable directions and abrupt changes characterize China's Japan policy. Nonetheless, in some multilateral frameworks, especially East Asian cooperation among the ASEAN Plus Three (APT) which is comprised of ten ASEAN members and Japan, China, and South Korea, China maintained and in some case, promoted its cooperation with Japan not only in economic terms but also in the

² “Japan-China Joint Press Statement,” October 8, 2006, <http://www.mofa.go.jp/region/asia-paci/china/joint0610.html>.

³ “Joint Statement between the Government of Japan and the Government of the People's Republic of China on Comprehensive Promotion of a ‘Mutually Beneficial Relationship Based on Common Strategic Interests’,” May 7, 2008, <http://www.mofa.go.jp/region/asia-paci/china/joint0805.html>.

political and security fields while Sino-Japanese bilateral relations were worsening. Premier Wen Jiabao met with Prime Minister Junichiro Koizumi when they attended the APT summit meetings although China denied mutual visit by the leaders of the two countries. For instance, in the economic arena China concluded a currency swap agreement with Japan in March 2002 in accordance with the Chiang Mai Initiative, one of the major efforts by the APT to secure stability in financial markets in East Asia.

In the political and security arenas, China also maintained cooperation with Japan as part of its efforts to promote East Asian cooperation. China participated in the East Asia Summit (EAS) as a founding member in 2005. With regard to the founding members of that the EAS, Japan proposed the EAS should be comprised of 16 countries including the APT nations and Australia, India, and New Zealand while China insisted that the EAS members should be same as the APT participants. However, China finally accepted the Japanese proposal and the EAS started with 16 members. As in a regional cooperation over nontraditional security issues, China proposed regional cooperation in tackling transnational crimes in East Asia and realized the first ASEAN Plus Three Ministerial Meeting on Transnational Crime (AMMTC+3) in Bangkok in January 2004.⁴ China also promoted bilateral cooperation with Japan on the issue by holding annual consultations among the public security agencies of both countries. Furthermore, China signed a Treaty on Mutual Legal Assistance in Criminal Matters with Japan in December 2007.⁵

It is fair to say that China has tried to moderate obstacles in its bilateral relations with Japan by way of positioning its Japan policy as a part of its multilateral diplomacy in East Asia. In other words, China put great importance on promoting regional cooperation in East Asia and then contemplated a foreign policy toward Japan with a view to strengthening East Asia cooperation, which allowed the Chinese government to maintain cooperative relations with Japan that were necessary for advancing regional cooperation and containing negative influences from controversial disputes

⁴ “Joint Communique of the First ASEAN Plus Three Ministerial Meeting on Transnational Crime (AMMTC+3),” January 10, 2004, <http://www.aseansec.org/15645.htm>.

⁵ See “Treaty between Japan and the People’s Republic of China on Mutual Legal Assistance in Criminal Matters,” Japan Ministry of Foreign Affairs, <http://www.mofa.go.jp/policy/treaty/submit/session169/agree-13.html>.

with Japan within the bilateral scheme. As to this kind of relationship between China's regional policy and its Japan policy, Zhang Yunling, director of the Center for Asia-Pacific Studies, China Academy of Social Sciences, argues that one of the political implications of East Asian cooperation is to improve the Sino-Japanese relationship through putting both countries in a common mechanism of regional cooperation, which can play the role of a "lubricant" for smoothing acrimonious relations between Beijing and Tokyo.⁶ Men Honghua, professor at the Central Party School, points out that China and Japan realize that the most effective way to secure their core national interests is to play the role of responsible major powers in a regional framework by taking responsibility as stakeholders. In this way, East Asian cooperation can provide the two countries with more routes toward their cooperation and dialogue.⁷ In this respect, it is imperative that China's policy toward East Asia is investigated in order to understand the future direction of its Japan policy.

China's East Asia Policy

China sets constructing a "harmonious East Asia (*hexie dongya*)" as an objective in its East Asian foreign policy. Premier Wen Jiabao delivered an address titled "Work Together to Build an East Asia of Peace, Prosperity and Harmony," at the 10th APT summit held in Cebu, the Philippines, in January 2007.⁸ In his speech, Wen highly praised the satisfactory progress of APT cooperation in the last decade. He noted that the APT, as a "main vehicle for East Asia cooperation," has "increased our mutual understanding and trust, boosted economic growth and social progress, promoted stability and development and enhanced the international standing of East Asia." To further the progress of APT cooperation, Wen proposed that member countries take five steps: (1) strengthen strategic planning, like issuing a second Joint Statement on East Asian Cooperation; (2) deepen economic, trade and financial cooperation, like establishing an East Asia free trade area and enhancing the Chiang Mai Initiative; (3) advance security cooperation, like dealing with terrorism, transnational crimes and natural disasters; (4) expand social and cultural cooperation, like alleviating poverty;

⁶ Zhan Yunling, "Wei Shenme Tuidong Dongya Diqu Hezuo? [Why East Asian Cooperation should be Promoted?]," *Guoji Jingji Lunping [International Economic Review]*, September-October 2003, p. 49.

⁷ Men Honghua, "Guojia Liye yu Zhanlue Shiye [National Interest and Strategic Vision]," *Xiandai Guoji Guanxi [Journal of Contemporary International Relations]*, No. 10, 2007, p. 9.

⁸ Wen Jiabao, "Work Together to Build an East Asia of Peace, Prosperity and Harmony," January 14, 2007, <http://www.fmprc.gov.cn/eng/zxxx/t290180.htm>.

and (5) increase public health, like preventing avian influenza. He ended his address by stating that, “China remains committed to East Asian cooperation and will work with other countries to promote peace and development and build an East Asia of peace, prosperity and harmony.”

China’s goal of establishing an East Asia of peace, prosperity and harmony or a harmonious East Asia is an integral part of its overall foreign policy line of constructing a harmonious world raised in 2005. President Hu Jintao made a momentous speech, entitled “Build towards a Harmonious World of Lasting Peace and Common Prosperity,” at the high-level plenary meeting of the United Nations’ 60th session in September 2005.⁹ In his speech Hu maintained there existed both positive and negative aspects in the prospects for peace and development of the international community by saying “We are faced with both rare opportunities and severe challenges.” As rare opportunities Hu pointed out that “Peace, development and cooperation represent the main theme of our times.” At the same time, however, Hu talked much more about severe challenges by noting:

“Peace and development, the two overriding questions before the world, have not yet been fundamentally resolved. Local wars and conflicts caused by varying reasons keep cropping up. The hotspot issues in some regions remain complicated and thorny. The wealth gap between the North and South continues to widen. People in many countries are still being denied of the right to subsistence and even survival. International terrorists, ethnic separatists and religious extremists in some parts of the world remain rampant. Many cross-boundary problems such as environmental pollution, drug trafficking, transnational crimes and deadly communicable diseases have become more salient. All this has made our road towards universal peace and common development a bumpy and challenging one.”

So as to overcome the challenges faced with the world, Hu urged the international community to put in place “a harmonious world with lasting peace and common development.”

⁹ “Written Speech by H. E. Hu Jintao President of the People’s Republic of China at the High-level Plenary Session of the United Nations’ 60th Session,” September 16, 2005, <http://www.fmprc.gov.cn/eng/zxxx/t213091.htm>.

He pointed out four significant elements for realizing a harmonious world in the speech. The first one is to “uphold multilateralism to realize common security.” Peace is the fundamental prerequisite for development. All nations, therefore, should jointly cope with global security threats. In this respect, “We must abandon the Cold War mentality and, cultivate a new security concept featuring mutual trust, mutual benefit, equality and cooperation.” The second one is to “uphold mutually beneficial cooperation to achieve common prosperity.” In a globalized and intertwined world, it is hard to achieve international tranquility and stability without universal development and common prosperity. In this connection “globalization should benefit all countries, developing countries in particular,” and “the developed countries should shoulder greater responsibility for a universal, coordinated and balanced development in the world” through intensifying development assistance to poor nations. The third one is to “uphold the spirit of inclusiveness to build a harmonious world together.” Diversity of civilizations is a driving force of human progress. Thus, “We should endeavor to make international relations more democratic and jointly build towards a harmonious world where all civilizations coexist and accommodate each other.” The last one is to “promote UN reform actively and prudently.” The role of the UN in international peace and development should be strengthened through implementing changes including reform of the Security Council, which should aim “to increase the representation of the developing countries.”

Hu’s argument for establishing a harmonious world in this speech presents China’s incorrigible grievance against the existing international order headed by the developed countries. China may perceive that the developed nations, like the U.S., Japan and the EU countries, holding an advantageous position in a globalized world, tend to impose their own values of democracy, freedom and human rights on developing countries including China for the sake of maintaining a favorable international order for the Western world.

To achieve its goal to establish a harmonious world it is imperative for the Chinese government to maintain stability and prosperity in its periphery by striving to construct friendly relations with neighboring countries. A study group of the Central Party School maintains that establishing a harmonious world is a supreme objective for China to follow a path of peaceful development. China’s peaceful development demands a favorable external environment by way of striving to achieve an international

environment of peace and stability, a peripheral environment of friendliness, a cooperative environment of equality and mutual benefit, a security environment of mutual trust and cooperation, and an objective and friendly environment of the international perspective on China. Therefore, constructing a harmonious periphery is the most important task for establishing a harmonious world.¹⁰

At the 16th Party Congress of the Chinese Communist Party held in November 2002, Jiang Zemin's report to the congress declared, "We will continue to cement our friendly ties with our neighbors and persist in building a good-neighborly relationship and partnership with them. We will step up regional cooperation and bring our exchanges and cooperation with our surrounding countries to a new height."¹¹ Hu Jintao also pledged to pursue good-neighborly diplomacy at the 17th Party Congress in October 2007 by noting, "we will continue to follow the foreign policy of friendship and partnership, strengthen good-neighborly relations and practical cooperation with them, and energetically engage in regional cooperation in order to jointly create a peaceful, stable regional environment featuring equality, mutual trust and win-win cooperation."¹² In accordance with the good-neighborly diplomacy confirmed by the top leaders, China endeavors to realize a harmonious East Asia by promoting economic cooperation such as stabilizing financial markets and concluding FTAs, security cooperation such as strengthening dialogue on nontraditional security issues, and multilateral efforts to strengthen regional cooperative mechanisms centering on the APT. From China's point of view, the Chinese approach to Japan, the major power in East Asia, should be on the same line of good-neighborly policy in order to achieve its goal of constructing a harmonious East Asia.

Japan as a Partner

China shares significant interests with Japan in enhancing political stability and economic prosperity in East Asia, which makes China regard Japan as an important

¹⁰ "Jianchi Heping Fazhan Daolu Tuidong Jianshe Hexie Shijie [Maintaining the Path of Peaceful Development Promotes to Establish a Harmonious World]," *Qiushi* [Seeking the Truth], No. 3, 2007, pp. 28-29.

¹¹ "Full Text of Jiang Zemin's Report at 16th Party Congress," November 17, 2002, <http://www.china.org.cn/english/features/49007.htm>.

¹² "Hu Jintao's Report at 17th Party Congress," October 15, 2007, <http://www.china.org.cn/english/congress/229611.htm>.

partner for advancing regional cooperation in the region. The process of APT cooperation, started in 1997, has been mainly led by the ASEAN. Both China and Japan admit the ASEAN's leading role in regional cooperation. For instance, APT countries expressed their conviction that the APT would be the main vehicle to realize an East Asian community "with ASEAN as the driving force," in the Kuala Lumpur Declaration on the APT Summit held in December 2005.¹³ China and Japan let the ASEAN take the initiative in managing the APT because political antagonism between the two countries hampered their policy coordination regarding the APT, while neither China nor Japan had sufficient power to dominate the process of regional cooperation.

As the bilateral relationship between China and Japan shifted and improved with a common objective for enhancing a strategic partnership of mutual benefit, there appeared optimistic views among Chinese scholars on possible policy coordination between the two countries for advancing East Asian cooperation. China Foreign Affairs University hosted a symposium entitled "East Asia Cooperation: Progress, Prospect and Procedure" in December 2007. According to a summary report of this symposium, many participants asserted that cooperation between Beijing and Tokyo was indispensable for further promotion of East Asian cooperation.¹⁴ For example, one scholar who participated in the symposium maintained that efforts to improve the bilateral relationship and promote East Asian cooperation by both governments would have great significance on the progress of regional integration.¹⁵

The Chinese government, as a matter of fact, has initiated some functional cooperation with the Japanese government with a view to deepening regional integration in East Asia. Coordinated economic assistance on infrastructure of regional developing countries is one of the prospective functional cooperation measures between the two governments. There exist various types of countries in East Asia in terms of degrees of economic development. Some of the countries in the region like Cambodia, Laos, Myanmar and Vietnam in Indochina remain far less developed compared to the others

¹³ "Kuala Lumpur Declaration on the ASEAN Plus Three Summit," December 12, 2005, <http://www.aseansec.org/18036.htm>.

¹⁴ Guo Yanjun, "'Dongya Hezuo, Jinzhan, Qianjing yu Duice' Yantaohui Zongshu [Summary of the Symposium: East Asia cooperation, Progress, Prospect and Procedure]," *Waijiao Pinglun [Foreign Affairs Review]*, No. 4, 2007, p. 109.

¹⁵ *Ibid.*, p. 110.

including Japan and China. This wide development gap among the countries in the region raises concern that the process of regional integration in East Asia would be constrained. With a common interest in forging East Asia cooperation, China and Japan share a rational reason for assisting less-developed countries in the region that are desperate for foreign capital to build their infrastructures.

Both Japan and China have engaged in efforts to promote economic development of countries in Indochina. Japan has promoted the East-West corridor, an international highway connecting Vietnam on the East side and Myanmar on the West side of the peninsula, by contributing financially to some related development programs coordinated by the Asian Development Bank (ADB) and providing transportation infrastructure projects with Official Development Assistance (ODA) on a bilateral scheme with countries in Indochina. On the other hand, China has advanced the North-South corridor, a project to connect Southern China on the North side and Southeast Asian countries like Myanmar, Thailand and Singapore on the South side by railways and highways. In this connection, China has played a significant role in developing infrastructure in this region by leading the Greater Mekong Sub-region (GMS) development program and offering economic assistance to the countries in the region. Although Japan and China made efforts to strengthen transportation infrastructure in this region, there was little cooperation and coordination between the two countries in their policies.

However, in recent years, Tokyo and Beijing have come to acknowledge the need to hold dialogues for policy coordination in support of developing countries. When he visited Japan in April 2007, Premier Wen Jiabao agreed with Prime Minister Fukuda to “hold dialogue on cooperation for the provision of assistance to a third country.”¹⁶ At the first High-Level Economic Dialogue held in Beijing in December 2007, in which economic ministers of both sides participated, Japan and China came to confirm “the significance of holding Japan-China dialogues on development assistance to third countries, and shared the view on continuing such dialogues in the future.”¹⁷ As one of the regions where the two countries practice the agreement

¹⁶ “Japan-China Joint Press Statement,” April 11, 2007, <http://www.mofa.go.jp/region/asia-paci/china/pv0704/joint.html>.

¹⁷ “First Japan-China High-Level Economic Dialogue, Press Communiqué,” December 2, 2007, <http://www.mofa.go.jp/region/asia-paci/china/dialogue0712.html>.

made in the high-level economic dialogue, they put focus on the Mekong region. Japan and China held the first Japan-China Policy Dialogue on the Mekong region in April 2008. In this dialogue, both countries exchanged their views on the region, elucidated their respective policies toward the region, and agreed that “the idea that reciprocal relations among Japan, China and the Mekong region should be built.”¹⁸ This agreement between the two governments on a policy dialogue regarding the Mekong region was reconfirmed at the occasion of Hu Jintao’s visit to Japan. The joint press statement issued at Hu’s visit notes, “Both sides welcomed the wide-ranging discussions on issues related to current conditions in the Mekong region, their respective policies toward the Mekong region, development of the Mekong region, and promotion of trade and industry at the Japan-China Policy Dialogue on the Mekong Region held in April 2008.”¹⁹ In this regard, the policy dialogue on the Mekong region between the two sides is expected to advance in the near future.

Environmental protection and energy conservation are prospective areas for a strategic partnership of mutual benefit for Japan and China. With the rapid progress of industrialization, China has drastically increased energy consumption and faced great pressure over environmental deterioration. The Chinese leadership understands that inefficient use of energy and accelerating degradation of the environment will unquestionably prevent its economy from continuing its rapid growth. Without increasing efficiency of energy consumption and protecting the environment, the Chinese economy can’t bear the increasing costs of energy acquisition and environmental deterioration.

Environment and energy have come to be one of the major themes of the East Asia cooperation. Advancing regional cooperation on energy security was the main topic of the second East Asia Summit held in Cebu in January 2007. The Cebu Declaration on East Asian Energy Security was issued at the summit and 16 leaders of East Asian nations pledged to work together toward their common goals including: promoting development of renewable energies including hydropower and biofuels, investing in

¹⁸ “The First Japan-China Policy Dialogue on the Mekong Region,” April 25, 2008, <http://www.mofa.go.jp/region/asia-paci/mekong0804.html>.

¹⁹ “Joint Press Statement on the Strengthening Exchange and Cooperation between the Government of Japan and the Government of the People’s Republic of China,” May 7, 2008, <http://www.mofa.go.jp/region/asia-paci/china/pv0805.html>.

regional energy infrastructures such as the ASEAN Power Grid and the ASEAN Gas Pipeline, exploring possible modes of strategic fuel stockpiling, promoting the clean use of coal and development of clean coal technologies, and enhancing financing systems for producing energies, conserving energies and assisting capacity building in less-developed countries.²⁰

China takes a positive stance on enhancing bilateral cooperation with Japan in the field of environmental protection and energy conservation as a part of regional efforts on the issues. Premier Wen Jiabao told Prime Minister Abe that both countries should advance bilateral cooperation on energy and environmental challenges during his stay in Tokyo in April 2007.²¹ Ma Kai, Chairman of the State Development and Reform Commission of China and Akira Amari, Minister of Economy, Trade and Industry of Japan held the first Ministerial Policy Dialogue on Energy during Wen's Japan visit. They issued a joint declaration after the meeting which stated that both sides would promote cooperation in the energy field as a part of the Japan-China strategic partnership of mutual benefit and advance joint efforts to conserve energy and increase energy efficiency in Asia as stated in the Cebu Declaration.²² With respect to energy cooperation with Japan, Qin Gang, spokesperson of the Ministry of Foreign Affairs of China stated, "Both of the countries are big energy countries, and Japan possesses advanced expertise and technology in this field, in particular clean energy and renewable energy. China is marching on the path of sustainable development and dedicated to building an energy-conserving and environment friendly society. We are willing to draw on the helpful experiences of Japan and step up energy cooperation with them."²³

The major Chinese objective of promoting cooperation in energy conservation and environmental protection with Japan clearly makes use of the cooperation to

²⁰ "Cebu Declaration on East Asian Energy Security," January 15, 2007, <http://www.mofa.go.jp/region/asia-paci/eas/energy0701.html>.

²¹ "Wen Jiabao Zongli dong Anbei Jinsan Shouxiang Huitan [Premier Wen Jiabao met with Prime Minister Shinzo Abe]," *Renmin Ribao* [*People's Daily*], April 12, 2007.

²² "Nichi-Chu kan no Enerugii Bunya ni okeru Kyouryoku Kyouka ni Kansuru Nihonkoku Keizaisangyosyo oyobi Chukajinminkyowakoku Kokkahattenkaikakuinkai to no Aida no Kyodoseimei [Joint Statement on Enhancing Japan-China Cooperation in the Field of Energy between Ministry of Economy, Trade and Industry of Japan and National Development and Reform Commission of China]," April 12, 2007, <http://www.enecho.meti.go.jp/topics/070411.pdf>.

²³ "Foreign Ministry Spokesman Qin Gang's Regular Press Conference," April 12, 2007, <http://us.china-embassy.org/eng/fyrth/t310954.htm>.

realize the sustainable development of the Chinese economy. At the same time, however, China may regard cooperation in these issues as an engine to advance the Japan-China strategic partnership of mutual benefit. Cui Liru, president of Chinese Institute of Contemporary International Research (CICIR), maintains that international trade regarding energy conservation and environmental protection involves massive transnational transfers of persons, technologies and finance. Therefore, the establishment of rules of trade and technology standards in order to promote international cooperation in energy and environmental issues is imperative. However, the World Trade Organization does not deal with such kinds of trade rules and technological standards. China and Japan, as important players in the international economy, should conduct policy dialogues, strategic cooperation and policy coordination with respect to these themes in order to establish new market systems for energy conservation and environmental protection. Cui concludes that from the viewpoint of a strategic partnership of mutual benefit, developing Sino-Japanese cooperation in energy conservation and environmental protection will generate not only great economic interest but also political significance, which is a new foundation for deepening common interests and historical features of the two countries in a new era.²⁴

Maintaining a stable financial system is a significant element of East Asian cooperation since its beginning in 1997 when the region's countries were faced with economic turmoil caused by the Asian Financial Crisis. With a view to stabilizing the regional financial markets, the APT countries established the Chiang Mai Initiative (CMI), a region-wide currency swap agreement, in 2000. Although China opposed forming an Asian Monetary Fund, proposed by Japan and some ASEAN countries at the beginning of the Crisis, Beijing shifted its negative stance on regional financial cooperation to a much more positive one soon after. China participated in the CMI and concluded swap agreements with most countries in the region. In recent years, China is a strong supporter of the proposed multi-lateralization of the CMI, which can be viewed as a first step toward resurgence of the abortive Asian Monetary Fund.

Without common objectives and policy coordination between Japan and China, the

²⁴ Cui Liru and Liu Junhong, "Xinshiqi de Zhong-Ri Guanxi: Cong Sikao Zouxiang Goujian [Sino-Japanese Relationship in the New Era: From Conceiving to Constructing]," *Xiandai Guoji Guanxi [Journal of Contemporary International Relations]*, No. 10, 2007, p. 3..

two economic giants in East Asia, it is difficult to advance regional schemes that would be sufficient to stabilize the regional financial systems and prevent a recurrence of the financial crisis. In this respect, China and Japan share strategic interests in maintaining financial stability in East Asia. Therefore, President Hu Jintao and Prime Minister Yasuo Fukuda recognize “the great importance of regional financial cooperation, including the development of multilateral agreements under the Chiang Mai Initiative and the Asian Bond Markets Initiative, for the realization of sustained and stable growth of the Asian economy.”²⁵ As the global financial crisis triggered by the sub-prime loan problem in the U.S. has intensified, deeper cooperation and coordination between Beijing and Tokyo regarding financial stability in East Asia is strongly expected by the countries in the region. In this context, as responsible major powers, Japan and China share great interests and responsibilities in promoting financial cooperation in East Asia.

With a view to realizing sustainable development, China needs to make efforts to assist regional economic growth, overcome the serious problems of energy and environment and stabilize the regional financial system through enhancing East Asia cooperation. To promote regional cooperation in East Asia, cooperative relations with Japan are indispensable for China. On a bilateral basis, China and Japan are faced with some difficult problems including anti-Japanese sentiment, historical issues, and discontent over the East China Sea. However, from the East Asian perspective, both countries share significant interests, which presents Japan as a partner for China.

Japan as a Rival

China regards Japan as a rival in the region, although Beijing sees Tokyo as a partner in promoting East Asia cooperation as discussed above. It is quite natural for the two major powers in a region to have differing interests and meet with contention between them in East Asia, though both countries recognize their “solemn responsibility for peace, stability and development” of the region.

China is in contention with Japan for political influence over East Asia. This competitive relationship between the two countries clearly appeared when deciding

²⁵ “Joint Press Statement between Japan and China,” op. cit., May 7, 2008.

upon the participants of the East Asia Summit (EAS) whose first meeting was held in Kuala Lumpur in December 2005. Former Prime Minister Mahathir Mohamad originally proposed holding the summit meeting of the East Asian countries in 1991, which didn't materialize mainly due to strong opposition by the U.S. and the reluctance of Japan. However, since the Asian Financial Crisis in 1997, regional cooperation under the APT had progressed, which increased momentum towards the establishment of an East Asian community as a long-term goal for East Asian cooperation. In this connection, discussions on holding a summit meeting among regional countries were again boosted. The East Asia Study Group (EASG), in which officials of the countries in the region discussed the future course of APT cooperation, issued a report in November 2002. In this report, EASG proposed to change the APT summit to the East Asia summit as one of the medium- and long-term goals. The idea of an East Asia summit gained momentum when Abdullah Badawi, prime minister of Malaysia, offered to host the first East Asia summit meeting in Kuala Lumpur in the next year while at the APT summit in November 2004. China supported Badawi's proposition on the condition that Beijing would host the second EAS meeting. China regarded realizing the East Asia summit as an important opportunity to strengthen the growing regionalism and its own political influence in East Asia, as it did in the framework of Shanghai Cooperation Organization (SCO).²⁶

On the other hand, Japan argued that an East Asia summit should include not only the APT members but also Australia, India and New Zealand, with a view to counteract Chinese intentions to increase its regional influence by taking a lead in forming the summit meeting. The basic stance of Japan on an East Asia community is that the community should embrace inclusiveness and openness. Former Prime Minister Junichiro Koizumi made a policy speech in Singapore in January 2002, in which he stressed the importance of forming "a community that acts together and advance together" through "expanding East Asian cooperation." In addition to the APT countries, he mentioned Australia, New Zealand and India as core members of the enlarging East Asia cooperative group.²⁷

²⁶ Mohan Malik, "The East Asia Summit," *Australian Journal of International Affairs*, Vol. 60, No. 2, p. 208.

²⁷ "Speech by Prime Minister Junichiro Koizumi, Japan and ASEAN in East Asia: A Sincere and Open Partnership," January 14, 2002, <http://www.mofa.go.jp/region/asia-paci/pm0201/speech.html>.

The contention between Japan and China regarding membership in the East Asia summit reflected their clear difference on a basic concept of the proposed East Asia community, which caused concern over Japanese intentions in the East Asia summit among the Chinese academic community. For example, Liu Shaohua, president of the Institute for International Studies, Hunan University, points out that the Japanese demand to invite Australia, New Zealand and India to the EAS reveals its true intentions to contain China. Liu maintains that Japan strives to counter China by way of engaging these three countries who share the values of freedom and democracy with Japan and bringing them into the East Asia summit in order to change the EAS to a community of democracies and compel China to play more responsible roles in the region.²⁸ Men Huanghua, who holds that East Asian cooperation can provide China and Japan with a broader route for cooperation and dialogue, also asserts that Japan has a clear intention to counter China's increasing influence in East Asia through establishing East Asia community composed by the APT countries and Australia, India, and New Zealand.²⁹

In the economic field too, Japan and China differ in how they promote regional economic integration. Japan proposes the Comprehensive Economic Partnership in East Asia (CEPEA) comprised of 16 countries of the EAS. On the other hand, China promotes the East Asia Free Trade Agreement (EAFTA) within the framework of the APT. China played a leading role in signing free trade agreements in East Asia by initiating an FTA with the ASEAN in the beginning of the 21st century. After the conclusion of the ASEAN-China Free Trade Agreement (ACFTA) in 2002, other countries in the region including Japan and South Korea rushed to sign FTAs with the ASEAN. China has made strenuous efforts to realize the EAFTA modeled on the ACFTA including its proposal of feasibility studies within the APT.

Japan was worried about the negative impacts on the networks of Japanese multinational enterprises in Southeast Asia caused by the ACFTA which would give Chinese companies preferable conditions in trading with the ASEAN countries compared with Japanese traders. In April 2006, the Ministry of Economy, Trade and Industry (METI) issued a "global economic strategy" that proposed establishing the

²⁸ Liu Shaohua, "Dongya Diqu Hezuo de Lujing Xuanze [Path Choice of the East Asian Regional Cooperation]," *Guoji Wenti Yanjiu [International Studies]*, No. 5, 2007, pp. 53-58.

²⁹ Men Huanghua, op. cit., p. 6.

CEPEA. CEPEA differs from EAFTA in two points: CEPEA covers not only trade but also rules of investment, human-capital transfer, and protection of intellectual properties, compared to an FTA which mainly covers trade liberalization; and the CEPEA's membership is larger than that of the EAFTA. METI explains that the reason for proposing the CEPEA is to establish efficient and matured economic integration in East Asia as a whole and take a lead in advancing a trend of integration of Asian economies.³⁰

China tends to regard the CEPEA as a Japanese effort to deny the EAFTA and grab the leading role in forming a new regional economic order in Asia. According to Jiang Yuechun, researcher at the China Institute of International Affairs, the Japanese objective in advancing East Asian cooperation including forming a CEPEA is to dominate the process of economic integration in East Asia. Japan proposes the CEPEA, which includes liberalization of investment, services trade and capital markets, because Japan holds a favorable position in these areas, allowing Japan to cement its advantage and dominate rule making in East Asian cooperation. Jiang also criticizes Japan for imposing values of freedom, democracy and human rights on China in tandem with Australia and New Zealand through involving the two countries in the process of building an East Asian community.³¹ One of the reasons for China's strong suspicion of the CEPEA is that the significance of the FTA for China is not only in economics but also politics and security. A commentary on the FTA that appeared in the *People's Daily* maintains that major powers strive to promote FTAs in order to hold a favorable position in changing international situations because the significance of FTAs does not remain in the economy, but expands into the strategic arena under the progress of globalization. FTAs become important measures for major powers to form communities based on common interests and therefore, China will be put in a disadvantageous position in global competition unless it actively engages in promoting free trade with many countries.³²

³⁰ Ministry of Economy, Trade and Industry "Gurobaru Keizai Senryaku [Global Economic Strategy]," April 2006, <http://www.meti.go.jp/press/20060412001/g.senryaku-houkokusho-set.pdf>.

³¹ Jiang Yuechun, "Ribei Dongya Jingji Hezuo Zhengce Xianbianhua ji Qi Qianjing [New Changes of Japan's Policy towards East Asian Economic Cooperation and the Prospects]," *Guoji Wenti Yanjiu [International Studies]*, Vol. 5, 2007, pp. 65-69.

³² "Ba Ziyou Maoyiqu Jianshe Tida Zhanlue de Gaodu [Put Establishment of FTA on a Strategic Height]," *Renmin Ribao [People's Daily]*, December 15, 2007.

Beijing is concerned about the possibility that the enhancement of Japanese initiative in East Asian cooperation would allow the United States, Japan's ally, to strengthen its presence and influence in the region. Japan and the U.S. have steadily been strengthening their alliance since the late 1990s. The U.S.-Japan Security Consultative Committee (SCC) held a meeting in Washington D.C. and issued a joint statement in February 2005 in which both countries set out common strategic objectives including to "encourage the peaceful resolution of issues concerning the Taiwan Strait through dialogue" and to "encourage China to improve transparency of its military affairs."³³ Two years later, the SCC issued a joint statement, entitled "Alliance Transformation: Advancing United States-Japan Security and Defense Cooperation." In this joint statement, both sides highlight strategic objectives including "strengthening trilateral cooperation among the United States, Japan, and Australia in the region and around the world, including in the areas of security and defense, based on shared democratic values and interests," and "continuing to build upon partnership with India to advance areas of common interests and increase cooperation."³⁴

China has a suspicion that the United States intends to counter the rise of China through its alliances with Japan and Australia and partnership with India with a view to maintaining its position as a super power. Wu Xinbo, professor of the Center for American Studies, Fudan University, points out that the U.S. has maintained its leadership in regional affairs based on adjusted and enhanced bilateral alliances with East Asian countries. Therefore, the U.S. wants Japan to lead regional integration and fears China's leadership of the process. The participation of Australia, New Zealand and India in the EAS allows the U.S. to mobilize its regional allies and partners in forging East Asian cooperation in favor of U.S. interests. Wu concludes that Washington will continue to strengthen alliances with Japan, South Korea and Australia, and develop its partnership with India, with a view to balancing China based on the enhanced alliances and partnership.³⁵

³³ "Joint Statement, U.S.-Japan Security Consultative Committee," February 19, 2005, <http://www.mofa.go.jp/region/n-america/us/security/scc/joint0502.html>.

³⁴ "Joint Statement of the Security Consultative Committee, Alliance Transformation: Advancing United States-Japan Security and Defense Cooperation," May 1, 2007, <http://www.mofa.go.jp/region/n-america/us/scc/joint0705.html>.

³⁵ Wu Xinbo, "Meiguo yu Dongya Yitihua [The United States and the Integration of East Asia]," *Guoji Wenti Yanjiu [International Studies]*, Vol. 5, 2007, pp. 47-49.

Conclusion

Japan-China relations have been improving since the inauguration of the Abe administration in 2006, but this trend is not ensured to continue smoothly. There exist many difficult problems between the two countries, such as historical problem and the Taiwan issue for the Chinese side, and the issue of the East China Sea and the rapid modernization of the PLA for the Japanese side. These problems may decrease diplomatic flexibility of both governments by stimulating radical nationalism on both sides when the Japanese and Chinese governments fail to manage these controversial issues. In this respect, East Asian cooperation, in which both governments acknowledge their common interests in a process toward establishing a strategic partnership of mutual benefit, is surely significant as a stabilizing factor for the relations between the two countries.

As discussed above, China needs to construct stable and cooperative relations with Japan so as to develop its economy and deal with problems of energy and environment within multilateral cooperation in East Asia. Cooperation with Japan on East Asian regional frameworks is a precious tool for China's Japan policy, which is consistent with Chinese "international responsibility" for peace and prosperity of the region and relatively free from inviting strong domestic opposition to the government. The Japanese government also put importance on promoting cooperation with China with a view to East Asia cooperation. Prime Minister Fukuda made a speech entitled "Forging the Future Together" at Peking University in December 2007. In his speech, he mentioned "contributions to international society" as one of the three pillars that form the core of the strategic relationship of mutual benefit. As the borderless world faces a variety of risks, such as the potential for chain-reaction financial crises and the proliferation of contagious diseases, the two countries will be required to join hands to work to mitigate these risks. For that reason, he maintained, "our two countries must not become completely absorbed only in the management of the Japan-China relationship in the narrow sense. Instead, we must each extend our field of vision to the farthest reaches of the horizon of our relations and cooperation for the stability and development of Asia."³⁶ In this respect, regional cooperation in East Asia will

³⁶ Yasuo Fukuda, "Forging the Future Together," December 28, 2007, <http://www.mofa.go.jp/region/asia-paci/china/speech0712.html>.

increasingly contribute to maintaining and forging a strategic partnership of mutual benefit between Japan and China in the future.

However, differing views also exist regarding the concept and architecture of East Asian cooperation, which makes Japan and China rivals in this region. The differences between the two countries regarding East Asian cooperation rest on the divergence in their visions of a desirable international order in the region for the future. China sees a “harmonious East Asia” as its desirable regional order, in which China breaks U.S. dominance and increases the influence of developing countries headed by Beijing. On the other hand, Japan strives to construct a regional order based on universal values, such as democracy, freedom, human rights and the rule of law, supported by the steady presence of the U.S. in East Asia. It is hard for Japan and China to cover in the cleavage because the difference bases on their political systems. However, it would be a premature to conclude that a strategic partnership of mutual benefit in the framework of East Asian cooperation is destined to collapse due to the cleavage. When the cooperation in East Asia makes a steady progress, China will share more common interests with Japan from that cooperation, which could make it more difficult for China to take any actions against common sense and shared interests among the countries in the region. Wu Xinbo, who criticizes American intentions to counter the rise of China through regional cooperation with its allies and partners, admits that China’s participation in regional cooperation will put China in the network of regional cooperation and make China more dependent on cooperative relationship with the countries in the region, which could finally make the rising China as an integral part of a complex interdependence of the region.³⁷ Whether or not China can realize its soft landing in the existing regional order by deepening economic and political interdependence in the process of promoting East Asian cooperation will greatly influence the future course of Japan-China relations.

³⁷ Wu Xinbo, *op. cit.*, p. 51.