

INTRODUCTION

Japan's Policy toward China

Jun Tsunekawa

The rise of China is the most important power shift in East Asia as well as in the world. Owing to its rapid economic development, China has increased its political, economic and military clout regionally and globally. With the decline of Japan's economic power since the early 1990s, China's influence has become more robust in East Asia and poses significant impact in various domains in the region. China has enthusiastically tried to establish amicable relations with neighboring countries since the 1990s, however, at earlier stages, China was reluctant to settle diplomatic and security issues, such as territorial disputes in the South China Sea and others, in a multilateral framework, preferring instead to negotiate bilaterally. Furthermore, China's nuclear tests and military exercises targeting Taiwan in the mid-1990s created the perception of a "China threat" among the countries in the region. Mitigating such a perception became an important diplomatic issue for China to ensure its sustainable economic development. China has changed its diplomatic policy to alleviate the perception of the China threat since the mid-1990s. Especially after the Asian Financial Crisis in 1997, China has been actively involved in multilateral frameworks such as the ASEAN Regional Forum (ARF) and has also extended economic and security cooperation to the countries of ASEAN in the field of non-traditional security.

With such diplomatic efforts, China has succeeded in easing the perception of the China threat in ASEAN countries. Even in Japan, the China threat has been relaxed since then Prime Minister Shinzo Abe visited China in 2006. It is generally observed that the perception toward China has changed from a threat to an opportunity and a challenge in East Asia. However, there remain uncertainties in China's future. It is a great concern for the leaders of East Asian countries whether China will act as a responsible stakeholder in the region within the existing order, or establish a new, China-centric order. Moreover, leaders are skeptical about Chinese strategic intentions regarding its rapid military modernization. Although the ASEAN nations and Japan have come to observe the rise of China as a challenge and not a threat, they are commonly adopting a hedging strategy against the increasing influence of China

by enhancing economic and security cooperation within East Asia. They are also expecting the United States' presence in the region to act as a hedge against China. In particular, ASEAN, as a group of small nations, is highly sensitive to a single nation exercising outstanding influence in Southeast Asia, and will enhance cooperative relationships with major powers to levy a balancing influence on a particular nation. The uncertainty of China's strategic intention is a major reason for ASEAN to pursue a cooperative relationship with external powers as a measure to hedge China.

One of the ASEAN's major concerns in regards to international relations in East Asia is the deterioration of Japan-China relations. If the two countries' relationship deteriorated and they came to confront each other, ASEAN would be forced to side with Japan or China, which would lead to a weakening of ASEAN's cohesiveness. It is commonly believed that the future stability of East Asia will depend heavily on the relationship between Japan and China. Establishing amicable relations between Japan and China is vitally important in creating a peaceful environment in East Asia. However, historical problems have frequently caused fluctuations in Japan-China relations by encouraging fierce nationalism on both sides. The historical issue and nationalism remain obstacles for restoring cordial bilateral relations between the two countries, and there seems to be little possibility of resolving them in the short- and/or medium-term.

An Overview of Japan-China Relations

After World War II, Japan's foreign policy was controlled by the United States, which dominated the security order in East Asia. When Communist China was established in 1949, the United States tightened constraints over Japan to prevent it from establishing any substantial relationship with Communist China as a part of its strategies for containing the communist bloc. Japan expected to build a relationship with China in order to revive its devastated economy by expanding exports to the Chinese market, but such expectations proved disappointing. Although the economic circles of Japan had been longing for normalization of bilateral relations due to these economic expectations, it was in 1972 that Japan and China normalized relations.¹

¹ In September 1972, the "Joint Communiqué of the Government of Japan and the Government of the People's Republic of China" was signed by Kakuei Tanaka as Prime Minister of Japan, Zhou Enlai as Premier of the State Council of the People's Republic of China and others.

By signing the 1972 agreement, the two countries normalized their relations in the spirit of mutual understanding and accommodation, and opened a new stage of development in the history of relations between Japan and China.² As for then Prime Minister Kakuei Tanaka, achieving normalization of the bilateral relationship with China was a major political aim of his that led him to gain predominant influence within the ruling Liberal Democratic Party. Despite Prime Minister Tanaka's efforts, the normalization would hardly have been realized without improvements in the US-China relationship accomplished by US President Richard Nixon in 1972.

In August 1978, the Fukuda cabinet concluded the "Japan-China Treaty of Peace and Friendship," establishing the basic framework for Japanese policy toward China.³ The two countries pledged to develop relations of perpetual peace and friendship on the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. In addition, they confirmed that they shall, in their mutual relations, settle all disputes by peaceful means and shall refrain from the use or threat of force.⁴ During the visit of China's then Vice-Premier Deng Xiaoping to Japan in 1979, he and then Japanese Prime Minister Masayoshi Ohira reached an agreement on realization of an exchange of visits by the prime ministers of both countries.⁵ The Ohira administration made the decision to extend official development assistance to China for the first time in 1979 in order to promote China's economic development and entry into the international economic order. Japan and China enjoyed amicable relations from the 1970s to the early 1980s.

The friendly relations between Japan and China, however, did not last for long. China has a tendency to take a tough foreign policy stance when external relations turn favorable and the economy booms. In the early 1980s, China's relations with the Soviet Union improved and China's incentive to maintain friendly relations with

² The Ministry of Foreign Affairs of Japan, *Diplomatic Blue Book 1972*, <http://www.mofa.go.jp/policy/others/bluebook/1972/1972-2-2.htm> (accessed December 10, 2008).

³ Benjamin L. Self and Jeffery W. Thompson eds., *An Alliance for Engagement: Building Cooperation in Security Relations with China* (Washington, DC: The Henry L. Stimson Center, 2002), p. 82.

⁴ The Ministry of Foreign Affairs of Japan, "Nihon Koku to Chuuka Jinmin Kyouwakoku tononaidano Heiwa Yuukou Joyaku [The Japan-China Treaty of Peace and Friendship]," http://www.mofa.go.jp/mofaj/area/china/nc_heiwa.html (accessed December 10, 2008).

⁵ The Ministry of Foreign Affairs of Japan, *Diplomatic Blue Book 1978*, <http://www.mofa.go.jp/policy/other/bluebook/1978/1978-3-1.htm> (accessed December 10, 2008).

Japan weakened. Moreover, although China started to implement an “open and reform policy” in the late 1970s and its economy accelerated, China recorded high trade deficits with Japan due to increasing imports of capital goods from Japan, and thus China intensified criticism of Japan.

On the other hand, several events that stimulated Chinese anti-Japan feelings occurred in the mid-1980s. One was the high school history textbook issue where Japanese textbooks were revised to soften the wording regarding Japan’s aggression against China during World War II. Additionally, then Prime Minister Yasuhiro Nakasone officially visited Yasukuni Shrine, where class-A war criminals are enshrined, in August 1985. Those events caused Chinese nationalism to surge, and revealed the absence of broad support in China for cooperative relations with Japan.⁶ Thus, the bilateral relationship between Japan and China worsened in the 1980s.

The generational change in the Japanese political arena had also been a critical element that undermined friendly relations between the two countries. Mike Mochizuki states that, in the post-normalization era, powerful politicians like Kakuei Tanaka, Masayoshi Ohira, and Noboru Takeshita took the lead in managing relations with Beijing and prevented nationalistic criticisms of China from damaging the bilateral relationship. He continues that after their departure from the political scene, politicians like Ryutaro Hashimoto and Koichi Kato lacked the clout to play a comparative role.⁷ Thus, from the latter half of the 1980s, the resolution of situations through personal channels was replaced by dialogues centered on normal diplomatic channels and summit exchanges.⁸

The Tiananmen Square Massacre of 1989, in which hundreds of Chinese pro-democracy protestors were killed, obviously spoiled the Japanese public’s image of China. In response to the massacre, Japan imposed sanctions against China along with other industrialized nations. However, Japan was the first country to resume provision of ODA to China in 1989.

⁶ Mike M. Mochizuki, “China-Japan Relations,” in David Shambaugh ed., *Power Shift: China and Asia’s New Dynamics* (Berkeley and Los Angeles: University of California Press, 2005), p. 136.

⁷ Ibid.

⁸ Self and Thompson eds., *An Alliance for Engagement: Building Cooperation in Security Relations with China*, pp. 79-112.

Japan-China relations became more volatile and competitive in the 1990s. In addition to the disappearance of personal channels of communication that hedged the deterioration of the bilateral relationship, the old political regime of Japan, which the LDP dominated for 38 years, collapsed with the formation of the Hosokawa Administration in August 1993, the first non-LDP government since 1955. Ichiro Ozawa, currently the head of the Democratic Party of Japan (DPJ), split from the LDP and formed the Japan Renewal Party (*Shinseitou*) that helped end the LDP's postwar monopoly on power. Ozawa, a well-known conservative politician, proposed that Japan should become a "normal country," which stimulated a new nationalism in Japan and emphasized placing more importance on traditional values.⁹ It has also provoked debates over the revision of history and the constitution in Japan, and increased the number of younger politicians who assert the necessity of strengthening defense capabilities, revising the constitution and building a normal country.¹⁰

The effect of Japan's poorly received performance in the 1991 Gulf War is attributable to the rise of new nationalism in Japan. China's rising influence in East Asia, using the historical card as political leverage, and military behavior are also reasons for the rise of this new Japanese nationalism. The Chinese economy has gained strength since 1992 when enormous foreign direct investment (FDI) from all over the world started to flow into China. The Japanese economy, on the other hand, has been stagnant because of the burst of the bubble economy in the early 1990s.

Against this background, the "China threat" theory emerged in Japan in both political and business circles. It came to be believed that Japanese aid, trade, investment and technological transfer would lead to the expansion of China's economic, political and military influence in the region and beyond in ways contrary to Japanese interests.¹¹

In addition, several events occurred in the 1990s which heightened the Japanese public's anti-China feelings. China conducted nuclear tests in May and October 1995. China also conducted military exercises against Taiwan in March 1996,

⁹ Kazuko Mouri, *Nicchuu Kankei – Senngo kara Shinjidaihe* [Japan-China Relations: From the Post-War to a New Era] (Tokyo: Iwanami Shoten, 2008), p. 146.

¹⁰ *Ibid.*

¹¹ Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War* (Lanham, MD: Roman and Littlefield Publishers, Inc., 2007), p. 223.

which highlighted the possibility of a military clash between China and Taiwan. The Senkaku Islands territorial dispute between Japan and China flared again in July 1996. Anti-China hardliners of the LDP gained power and demanded that the government take a tougher policy toward China. It also allowed for a strengthened pro-Taiwan faction among LDP parliamentarians.¹² Additionally, the influence of the “China School,” made up of a group of officials who are China specialists and a group of bureaucrats who formerly served as ambassadors in China, began to fade in the Japanese Ministry of Foreign Affairs. Japan has reinforced its security relationship with the United States.¹³ In September 1997, Japan and the United States issued a new “Guidelines for Japan-US Defense Cooperation” at the Japan-US Security Consultative Committee meeting in New York.¹⁴ The new guidelines outline ways in which Japan would cooperate with the United States in response to “situations in areas surrounding Japan.”¹⁵ China was also increasingly alarmed by the developments in the security relations between Japan and the United States. It was expected that Chinese President Jiang Zemin’s visits to Japan in November 1998 would restore the deteriorated bilateral relations. However, the result was contrary to the expectations of Japanese policymakers and the public. President Jiang took the opportunity to emphasize historical issues between the two countries and demanded a written apology from Japan. Since his visit, anti-Chinese feelings on the part of the Japanese public have run strong.

In April 2001, Mr. Junichiro Koizumi was inaugurated as the 87th Prime Minister of Japan. Supported by his high popularity, Prime Minister Koizumi carried out major structural reforms in order to revitalize the Japanese economy, as well as political reforms to end factional politics within the LDP. However, Japan-China relations worsened during his era. Due to Prime Minister Koizumi’s persistent visits to Yasukuni Shrine and the approval by the Japanese government of a controversial

¹² Self and Thompson eds., *An Alliance for Engagement: Building Cooperation in Security Relations with China*, p. 85.

¹³ In April 1996, US President Bill Clinton and Prime Minister Ryutaro Hashimoto signed the “Japan-U.S. Joint Declaration on Security: Alliance for the 21st Century” and agreed that a continued U.S. military presence is essential for preserving peace and stability in the Asia-Pacific region.

¹⁴ The Ministry of Foreign Affairs of Japan, *Diplomatic Blue Book 1998*, <http://www.mofa.go.jp/policy/other/bluebook/1998/I-b.htm> (accessed October 13, 2008).

¹⁵ Hirotaka Watanabe, “Japan in a Changing World,” *Japan Echo – The Polarization of Education*, vol. 29, no. 4, June 2002, <http://www.japanecho.co.jp/sum/2002/290409.html> (accessed December 12, 2008).

nationalistic history textbook,¹⁶ Japan–China relations turned for the worse. It became difficult to hold reciprocal summit conferences with the top leaders of both countries. Massive anti-Japanese demonstrations in China opposing the Japanese government’s approval of such history textbooks broke out in Spring 2005. The demonstrators attacked Japanese embassies and firms in major cities, and Japanese firms began to review their investment policies, refraining from concentrating investment in China. Protestors also carried out an internet petition campaign to stymie Japan’s efforts to secure a permanent seat on the UN Security Council. Robert Sutter states that by mid-2006, Japan–China relations had reached their lowest point since the normalization of diplomatic relations in 1972.¹⁷

A reversal of the unfavorable relations between the two countries occurred when Prime Minister Shinzo Abe, known for his conservative views on Japan’s history, suddenly visited Beijing in October 2006. This was the first official visit by a Japanese prime minister since Prime Minister Obuchi went to China in July 1999. He is the first among successive Japanese premiers to choose Beijing as the first destination for an official visit. On October 8, 2006, Prime Minister Abe held talks with President Hu Jintao, Premier Wen Jiabao and Chairman Wu Banguo of the Standing Committee of the National People’s Congress.¹⁸ Abe and Hu agreed to build a “mutually beneficial relationship based on common strategic interests.”¹⁹ Both leaders also agreed to address the difficult issues of history and the East China Sea, setting up expert panels to explore ways to resolve them.

Mr. Yasuo Fukuda took over the premiership from Mr. Abe in September 2007 and followed the same foreign policy toward China as Prime Minister Abe. He adopted a pro-China policy, in sharp contrast to the policy of his other recent predecessors. In his initial speech delivered to the Diet in October, the Prime Minister stated “With China, we will establish a mutually beneficial relationship based on common strategic interests, and work together to contribute to the peace and stability of Asia.”²⁰ His pro-

¹⁶ Self and Thompson eds., *An Alliance for Engagement: Building Cooperation in Security Relations with China*, p. 81.

¹⁷ Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War*, p. 217.

¹⁸ The National Institute for Defense Studies, *East Asian Strategic Review 2007* (Tokyo, 2007), p. 101.

¹⁹ *Ibid.*

²⁰ James. J. Przystup, “Japan-China Relations: Politics on Command, Part 2,” in *Comparative Connections*, CSIS Pacific Forum, 4th Quarter 2007.

China stance and commitment not to visit Yasukuni Shrine were welcomed by China.

Prime Minister Fukuda and the Chinese Premier pledged that both countries would work together for the future of Asia and the world, and they agreed to bring the concept of a “mutually beneficial relationship based on common strategic interests” into more concrete terms in a broad range of areas. They also agreed on areas in which the two countries could cooperate which included energy, the environment and climate change, and the promotion of personnel exchanges, including military officers.²¹ Regarding the controversial issue of the East China Sea, both leaders shared the determination to settle the issue and agreed to continue discussions aimed at a resolution as early as possible.²² It is of overriding importance that China moves toward a future-oriented stance in regards to its relations with Japan in the summit.

Thanks to two successive Japanese administrations, the bilateral relationship with China has been realigned, but it is just a starting point for establishing mutually beneficial relations. There are many issues which have yet to be resolved between the two countries, and the friendly relations would be easily influenced by domestic political and social factors in both countries. We cannot be optimistic about the future of Japan-China relations. China has expanded its defense budget dramatically in the past two decades, but the transparency of its budget, force structures and strategic intentions are still lacking. The PLA is still exerting strong influence over decision making on domestic and foreign policy. It is not easy for neighboring countries to guarantee that China will become a status quo power in the region. Therefore, Japan’s dualistic policy of engaging and balancing China will be maintained in the foreseeable future.

Responses from Southeast Asia and Japan

Under this circumstance, the Southeast Asian nations, realizing that the sustainable economic development of China has implications for the stability and prosperity of the region, have been pursuing different approaches and policies. In general, most of the ASEAN nations are pursuing cooperative approaches toward a rising

²¹ Ibid.

²² Ibid.

China. However, Indonesia, the Philippines and Singapore are pursuing a policy of engagement characterized by a mixture of cooperative and hedging strategies in response to the rise of China. Thailand and Malaysia seem to pursue a more pro-China approach compared to the other three nations. This monograph aims to analyze the policies of the five major ASEAN nations (Indonesia, Malaysia, the Philippines, Singapore and Thailand) and Japan toward China. To understand similarities and differences of these individual nations' China policy based on their historical, social and political backgrounds would be helpful to obtain perspective of regional order and future community building in East Asia.

Dr. Tan See Seng, in Chapter 1, analyzes Singapore's policy toward China using a theoretical approach. He argues that Singapore's relations with China are conducted in a pragmatic fashion that makes for an ambivalent and nuanced policy. This pragmatism runs through Singapore's foreign policy in general. Where its engagement of China is concerned, he continues, a broad hedging strategy is adopted, where elements of balancing and bandwagoning behavior are both exercised. Extant studies of Singapore's foreign policy are not unaware of this ambivalence. That said, however, studies that attempt to explain Singaporean foreign policy in terms of a specific perspective or theory of international relations tend to downplay the level of complexity and nuance, if only inadvertently, because of undue commitment to their theoretical assumptions, categories and prejudices.

Dr. Joseph Chinyong Liow, in Chapter 2, argues that there has been a major turn in Malaysian perspectives on China since the end of the Cold War, to the extent that the relationship has become one of the closest and most stable between an ASEAN country and China. No longer is China perceived or articulated as a threat in Malaysia. Rather, Malaysia has become a major political and diplomatic ally as its interests have converged with China's on many fronts. He states that Malaysia's relations with China over the past two decades or so have turned to a convergence of economic, strategic and political perspectives on a range of issues. Malaysia has emphatically supported China's espousal of a multipolar regional and international order which hopes to check unbridled US power and influence across the globe. Moreover, China's active participation in regional multilateral processes have further enamored Beijing to states in the region, and its careful avoidance of any involvement in affairs of internal politics, particularly as they relate to ethnic Chinese minorities in the two

countries, has been appreciated in Kuala Lumpur political circles.

Not only has the relationship between Malaysia and China reached new stages of familiarity and understanding, there have also been relatively few obstacles to overcome in recent times. Moreover, the improvements in bilateral relations are driven less by ASEAN engagement than by bilateral avenues of contact.

Dr. Chulacheeb Chinwanno, in Chapter 3, analyzes Thailand's response by examining the strategic engagement policy of Thailand towards a rising China. He asserts that Thailand's perception of the China threat was heightened after China began supporting communist insurgencies in Thailand in the 1960s. In the 1970s, the changes in the strategic landscape, especially Sino-US normalization and the Communist victory in Indochina, prompted Thailand to normalize relations with China. Furthermore, their strategic interest convergence over the Vietnamese occupation of Cambodia contributed to a close relationship and partnership. Although the rapid expansion of the Chinese economy and its military modernization in the 1990s brought the image of the rise of China, most Thai policymakers perceive the rise of China as an opportunity for economic cooperation and believe that economic growth in China should be encouraged because it increases trade and investment, and also keeps China stable and facilitates its integration into the regional community. Therefore, Dr. Chulacheeb concludes, Thailand is now pursuing a strategic engagement policy with China by deepening and broadening cooperation with China.

He insists that the smaller states in Southeast Asia, realizing that the rise of China has implications for the stability and prosperity of the region, have been pursuing different approaches and policies. His paper looks at Thailand's response by examining the strategic engagement policy of Thailand toward China. It also traces the shift and changes in Sino-Thai relations since the establishment of diplomatic relations with China in 1975.

Dr. Noel Morada, in Chapter 4, discusses the Philippines' view of the rise of China, focusing not only on bilateral relations between the two countries but on regional issues as well. He argues that while the rise of China as a responsible stakeholder should be encouraged, it is also critically important that such a role include a commitment to the promotion of human security and good governance. He posits that the impending

global economic crisis may well provide a good opportunity for China to demonstrate its “soft power” capabilities as it attempts to help stabilize the international economic order. At the same time, however, there is a need to improve its trade and business practices, especially in the aftermath of recent food safety concerns and allegations of corruption in its foreign assistance programs in the region.

Dr. Rizal Sukma, Chapter 5, examines Indonesia’s relations with a rising China since 1998. He argues that despite significant improvements in bilateral relations, Indonesia’s policy towards China continues to reflect a degree of ambiguity. On the one hand, Indonesia genuinely sees the benefits of having good relations with China and tries to improve bilateral relations, especially in the economic field. On the other hand, however, Indonesia remains uncertain and anxious regarding China’s role and long-term intentions in the region. He surmises that this apparent ambiguity has led Indonesia to pursue a policy of re-engagement characterized by a mixture of cooperative and hedging strategies in response to the rise of China.

Dr. Tomotaka Shoji, in Chapter 6, examines trends and shifts in Japan’s policy toward Southeast Asia in confronting the growing influence of China in the region. He starts with an overview on Japan-Southeast Asian relations after World War II, and proceeds to examine China’s rise as a credible partner for ASEAN. He continues by examining recent developments in Japan’s Southeast Asia policy in terms of competition with China, centered on growing contributions to addressing non-traditional security issues in Southeast Asia. Due to its competition with China, his paper concludes, Japan has expanded and diversified its role in addressing non-traditional security issues.

The authors are the main contributors to the FY2007-08 Defense Research Exchange Program with Southeast Asian Countries hosted by the NIDS. On behalf of research staff of the NIDS, I would like to express our sincere gratitude to Dr. Carolina Hernandez of the Philippines who accepted to deliver a keynote speech in the 2008 workshop which is also included as a foreword of this monograph, for her introductory overview of the relations between Southeast Asia and China.

I am grateful for their participation in the program and contributions to the publication of this monograph. It is expected that this publication will stimulate discussion on creating a peaceful regional order in the Asia-Pacific on the academic and policy levels.