

Sino-Japanese Relations: Conflict Management and Resolution

Eric Teo Chu Cheow

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*Central Asia- Caucasus Institute
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Executive Summary

This Silk Road paper on “Sino-Japanese Relations: Conflict Management & Resolution” is an analysis of four determinants (and in four parts), which will ultimately shape the final reconciliation between Asia’s two giants.

The first part analyzes the tumultuous history between China and Japan over the past 3,000 years, with special emphasis on the T’ang-Nara, Yuan-Hei’an and the Qing-Meiji periods of Sino-Japanese history before the two catastrophic wars between them in 1894-95 and 1931-1945, the spectacular reconciliation of 1972 and the present-day “ups and downs” in contemporary politics between Beijing and Tokyo. This historical perspective is taken more from the Japanese perspective of nation-building, especially in differentiating the Japanese nation from China, not only historically, but also culturally, philosophically and in terms of religion. Mutual humiliation (and especially on the Chinese side) has been a key factor in Sino-Japanese relations, and has provided a profound emotional foundation for their troubled relations over the years, and especially in the last 120-130 years, although personalities (on both sides) have played crucial roles in contemporary Sino-Japanese relations, especially in the post-War era.

Taking this analysis further, the second part looks at how political determinants may ultimately dominate economic determinism. It is believed that although economic determinism, which is very much a part of the Western liberal thinking in conflict-management and resolution, may be important to prevent conflicts, it will most probably not seal an ultimate Sino-Japanese reconciliation; political determinants will remain the ultimate key. In this context, an analysis would be offered on possible domestic political imperatives in both Japan and China that could ultimately shape the eventuality and pace of Sino-Japanese reconciliation.

The third part looks at how two seemingly “extraneous, yet crucial issues” could have an enormous impact on the future direction of Sino-Japanese rapprochement, viz the Korean and Taiwan issues. These two issues have been historically intertwined with the history and emotions of Sino-Japanese relations, and will continue to be so as long as these issues are not ultimately resolved.

Lastly, Sino-Japanese relations must also be seen from a wider perspective of the strategic geo-political rivalry between Tokyo and Beijing in Asia and the ensuing tectonic shift of alliances in the Asia-Pacific. China's advances into Southeast Asia to the detriment of Japan, Beijing's growing tussle (concomitant cooperation and rivalry) with the United States in the world (with Japan firmly on the American side) and the place of both China and Japan in the post-Kuala Lumpur East Asia Summit held on 14 December 2005 all constitute important factors in this important tectonic shift, which would in turn also dictate the pace of an ultimate Sino-Japanese reconciliation.

Eric Teo Chu Cheow

December 1, 2006

Sino-Japanese Relations: Conflict Management & Resolution

1. Sino-Japanese History

Of real interest in Sino-Japanese history has been the development of Japan as a nation and culture, vis-à-vis China over the past 3,000 years. This approach, taken from the Japanese angle of development and history over the past 3,500 years of Sino-Japanese history, could provide a novel approach for analyzing relations between Japan and China (or a smaller country versus a bigger dominant country in the history of Northeast Asia, thus the recurrent theme of “asymmetry”, which flows through this first section of the analysis); the quotes and documents cited are forcibly and mostly from Japanese sources and perceptions.

1.1. *A Tumultuous Relationship of “Unequals”; From Pre-History to the Golden Cultural Age of T’ang-Nara Relations*

During the Jomon period (believed to be at least 1500-2000 years BC) in Japan, China was already developing under the Yin Dynasty (around 1500 BC) its first use of bronze utensils. From Yin to Chou and Chin, China extended its territorial and cultural dominion in all directions until by the Han times, there was one unified empire of unprecedented power in China. Under Emperor Wu-ti, Han China extended its influence into Korea, and in 108 BC the peninsula became a part of the Chinese Empire with four dependent provinces under Chinese charge. This then provided the vital chance for Han culture to flow into Japan via the Korean peninsula¹.

In fact, around the first century AD, according to Chinese history², there were some one hundred small states in Japan. In 57 AD one of them had its monarch “confirmed” by the award of a seal from the then Chinese Emperor. A gold seal excavated in Shiganoshima in northern Kyushu in 1784 is believed to be this seal and affords concrete evidence of the exchanges

¹ Taro Sakamoto, *Japanese History*, latest edition (Tokyo: The International Society for Educational Information, Inc, Shobi Printing Co Ltd, 1988). This is the best literature on Japan’s history in English.

² On the other hand, the best literature on China’s history (in English) is *The History and Civilization of China* (Beijing: Central Party Press/Zhongyang Wenxian Press, 2003), ISBN 7-5073-1360-3.

between the small states of northern Kyushu, Japan, and the Chinese imperial court.

According to Japanese historical annals, the next important link between China and Japan took place in the 3rd century AD. The northern Kyushu state of Yamatai was ruled by a Queen, who also stood at the head of an alliance of thirty small kingdoms; the Queen maintained relations with the Wei court in China (one of the famed Three Kingdoms of Wei, Wu and Shu, which had emerged from the collapse of the mighty Han Empire), and was presented with the seal of “monarch of the Wo” (“Wo”, meaning small or pygmy, was how the Chinese referred to Japan, their people being referred to as *wo-jen* and the nation *wo-kuo*). The state of Yamatai sent an emissary to the Chin Dynasty (which had conquered Wei by then) in 266, but it makes no further appearance in written records thereafter. It was not until 413, a full 147 years later that Japan once again established relations with the Chin Dynasty of China although Japan had also actually invaded southern Korea in the latter half of the fourth century, when it forced Paekche (the former Ma Han) into a tributary relationship and occupied Mimana (the former Pyon Han Kingdom of Korea) and waged a fierce war against Koguryo Kingdom further north, thus dividing for the first time the Korean Peninsula between north and south.

But during this period, the Yamato Court, which produced Japan’s first Emperor Jimmu in 660, took control over Kyushu and parts of western and central Honshu. By the middle of the fifth century, the Yamato court declined considerably, just as the Silla Kingdom in South Korea grew in strength to put pressure on Mimana and Paekche to openly dispute Japanese control over southern Korea. Meanwhile, beginning with Emperor Nintoku (first half of the fifth century), four of his successors maintained relations with the southern Chinese dynasties of Sung, Chi and Liang.

It was during this period that a steady stream of cultural elements was flowing from China into Japan via Korea. Firstly *kanji*, or Chinese script, had arrived as a means of communication in a land that had no written language. Secondly, by the sixth century Confucianism had also accompanied the *kanji* script into Japan. Lastly, Buddhism was formally introduced as a religion into Japan during the reign of Emperor Kimmei, just as Japan’s outpost in Korea, Minama was overrun by its neighbour, Silla, thus ousting Japanese influence in the Korean Peninsula while Chinese influence was increasing with these cultural elements pouring into the Korean kingdoms and into the Japanese archipelago.

As the Yamato Court was floundering, the grandson of Emperor Kimmei, Shotoku Taishi, became regent to his aunt Empress Suiko; Taishi came to power to restore Japan via his seventeen-article “Constitution”, which for the first time laid down in writing the fundamental precepts relating to the maintenance of the state and the observance of morality (in the form of Confucianism) and stressed, among other things, respect for harmony, the study of Buddhism and obedience to the emperor. It was in fact the first legal code in Japan that set out a Confucianist-Buddhist view of man and life, as well as a code of conduct for government officials and the ordinary citizen, much along the same lines as the Chinese Confucianist ethos. Emissaries were dispatched to China’s Sui Court in the early 7th century, which was beginning its process of reunifying north and south China into one empire, and missions were established on an “equal basis” between China and Japan for the first time.

As Buddhism spread and flourished in Japan, Japanese culture became in sync with Chinese inputs, first via Korea and then through direct contacts between China and Japan. Buddhist culture formed the basis of Japanese lifestyle, arts, literature and religion, and huge temples were raised, ranging from the Hokoji in Asuka (which had become the capital of the Yamato Court), the Shitennoji in Osaka and the famous Horyuji near Nara. In fact, Buddhism and Confucianism became the hallmarks of the “Asuka culture”, as Asuka became the imperial capital of Japan, and Sino-Japanese relations reached stable and great heights.

But it was also during this period that China and Japan first clashed, and this took place in Korea. In 663 AD Silla and T’ang China fought Paekche and Japanese forces in a naval battle, which the Japanese and Paekche lost. Paekche, a tributary of Japan, had sent an emissary to ask for Japanese aid in its restoration after being attacked by Silla and T’ang forces; large military supplies and troops were sent to the peninsula, but the Japanese Empress died whilst directing operations from Asakura and the combined T’ang and Silla forces routed the Japanese forces at the mouth of the Kim River. Japan thus withdrew from Korea and Paekche lost all hopes of being restored after that, the Japanese administration came to an abrupt end on the peninsula and Japan began to withdraw into its own splendid isolation.

Fearing an attack from the Chinese, Prince Naka-no-Oe, who ascended the throne as Emperor Tenji, restored the right of the powerful families to possess men and constitute local armies, thus turning back partially on the famous Taika Reforms till the Taiho Code was finally instituted in 701.

T'ang China had an intellectual impact on the re-organization and political reforms process in Japan, just like Han culture, Confucianism and Buddhism had earlier.

It was thus during the Nara period in Japan (beginning in 710) that relations between China and Japan were finally stabilized. During the reign of Emperor Gemmei, the nation's capital was moved to Nara and remained there for seventy years covering seven reigns. China was under the T'ang Dynasty and experienced a golden age of prosperity and cultural creativity. Japan borrowed this highly developed T'ang culture and fashioned it into a higher and more mature culture that better suited local tastes and traditions than that of the Asuka period; its most outstanding characteristic was its emphasis on Buddhism as the political system, which was based on the Ritsuryo Code that had also been fashioned after the Confucianist teachings of China. But with the ascension of Emperor Shomu in 724, the shift from a Confucianist to a Buddhist government began taking form, thus provoking the rise of an aristocracy led by the Fujiwara family, which advocated a return to the Taika reforms and a Confucianist government. The fight between the Buddhist clergy and the Confucianist-inclined aristocracy thus characterized the Nara period, which was clearly torn between its infatuation of the T'ang culture (with its own "tussle" with Buddhism towards the end of the dynasty as well) and its general faith in Buddhism and its clergy. But Sino-Japanese relations were probably at their best during this period, being based on cultural and religious affinities and exchanges.

In 794, Emperor Kammu moved his capital to Kyoto and began the Hei'an period of Japan's development as a means to distance the monarchy and the government from Buddhism and its politics. Kyoto remained the capital of Japan for the next 1,100 years till the final move to Tokyo in 1869 under the Meiji Restoration. But the first four centuries of Kyoto or "direct rule from Kyoto" by the Emperor were truly known as the Hei'an period, after which the power centre shifted to Kamakura under the "shogun system", which then became known as the Kamakura period in Japanese history. The Ritsuryo was systematically implemented but adapted and Kammu regulated Buddhism by sending two monks to study in T'ang China, thus founding the Tendai and Shingon sects of Japanese Buddhism which still dominate the Buddhist landscape in Japan today. During the early reigns of the Hei'an period, T'ang-style culture still held unchallenged sway in the Japanese court and the writing of Chinese prose and poetry in Chinese characters was extremely sought after. It was also during this period that all the gates to

buildings in the Imperial Palace in Japan were given T'ang style names as in China. Hence, Chinese culture and influence was at its zenith during the 8th century and Sino-Japanese relations reached its culminating point in history, primarily based on culture and civilization.

1.2. The First Cultural and Philosophical “Distanciation” between China & Japan during the post-T'ang Dynasty-Hei'an Period

However, in 858 in the beginning of the Hei'an period, there was a power shift that resulted in a first “distanciation” of the Japanese political system from T'ang China's, toward the introduction of the Shogun or Regent, “on top” of the Confucianist system that still reigned in the Kyoto court. Then, in the first half of the 11th century, another power shift in Japan distanced Japan even further from China, with the emergence of the first provincial samurais. The T'ang Dynasty had also fallen from power by then in China and Chinese culture was fast dissipating in Japan; the time had now come for the Japanese, having masticated and absorbed that culture, to blend it with their own and create something new on the islands.

The amalgamation of Buddhism with the native Japanese Shinto (animistic cult) gave rise to a peculiar phenomenon in which native gods and Buddhist deities (basically from China) became confused. The Tendai and Shingon sects were in the process of Japanization, just as “Pure Land” sects were promoting an even stronger “Japanese feeling” in the 11th century. This period marked the beginning of a certain “divorce” in Chinese and Japanese cultures, whereas Japan effectively began their political era of “cloistered Emperors” and powerful shoguns, with the rise of the samurai class. These two events, cultural and political marked the first real differentiation of Japan from China, which would last till today.

The samurai class created a distinctively Japanese political structure and system, whereby the “bafuku” or “government by the warrior class” (as opposed to the “mandarin class” in traditional Chinese-Confucianist tradition) became progressively translated into the “shogunate” or “rule by general”, which then lasted all the way into the Meiji Restoration of 1868. This could be perceived to be the first rise of militaristic forces in Japan, which is a facet of Japanese society even till today. During this *bafuku* period of the shogunate, closely associated with the Kamakura period of Japan's history, there was another “close shave” of a conflict between Japan and China, the second direct confrontation in their history before 1894 (the first being during China's T'ang Dynasty involving Silla and Paekche in Korea).

In 1274, the Mongol Empire under Genghis Khan was fast expanding its empire and control in all different directions. In the time of Kublai Khan, the Yuan Dynasty in China sent envoys to Japan in 1268 to demand tribute, which the Japanese regent, Hojo Tokimune rejected outright. In 1274 and 1281 the Mongol forces brought large numbers of vessels to attack northern Kyushu, but Japan was saved by the storms that fortunately rose to decimate the Mongol troops and forced a retreat of China's Yuan Dynasty from conquering parts of Japan. In part, it was luck on the side of Japan (as a result of this "twist of fate in history", the Japanese believed in their own "divinity powers and splendid isolation", all the way till World War II), as well as the effective samurai and warrior class system that proved to be the essence of the Japanese fighting spirit.

This abortive Mongol attack on Japan also led to further Japanization, as the samurai class gained political ascendancy and indigenous Japanese culture took root, thus wiping out the remaining T'ang culture from the Nara period; similarly, there was a quasi-collapse of the aristocratic class with the concurrent rise of the warrior samurai class and culture in Japan, a probable precursor to the rise of Japanese militarism during World War II and its dismissive and disdainful attitude towards China and the Chinese culture. This "great Sino-Japanese divorce" was therefore provoked by an abrupt break in culture, civilization, politics and even militarism, which have all plagued contemporary Sino-Japanese relations, from Meiji, through the two Sino-Japanese wars, to World War II till today.

A new era in Sino-Japanese relations began with the fall of the Yuan Dynasty and its replacement by the Han-led Ming Dynasty in China in 1368. Japan had entered the Muromachi period (began in 1338) and diplomatic relations with the Ming were established in 1398, with the first Ming envoy arriving in Japan in 1402. The focus in Sino-Japanese relations was clearly on coastal trade and the potential problems such trade was causing in Sino-Japanese relations, as inhabitants from the west of Japan were now appearing frequently in the coastal areas of China and Korea to do private trading. Where trade was not permitted, or where they were disadvantaged, the Japanese resorted to military force to seize what they wanted from the Chinese and Koreans. Known as *wako*, these "pirates" were much feared in these coastal regions, underscoring the problematic episode of "Japanese pirates" on the Chinese coast and its trade with the rest of Asia.

But officially, Shogun Yoshimitsu (1368-1394) sought to expand trade with Ming China to bolster his own finances in Japan. However, the Ming

authorities, ignoring the “equal treatment” principle established during the Sui Dynasty in the early 7th century, insisted that trade with China should be formally recognized by Japan as a “tribute” from Japan. Ming China had also demanded that the Japanese shogun rein in its *wako* and control piracy along the Chinese coasts. These two elements were later woven into a treaty called the Kango Trade Treaty, signed in 1404, and later revised in 1434.

China’s demands over Japan submitting to its tributary system was never satisfied (as Japan remained the only big neighbour to have officially refused to accept China’s imperial tributary system), although the Japanese did satisfy the Chinese to some extent on the *wako* and trade as a means of securing the profitable Chinese trade. The Chinese imposed strict restrictions on trade from Japan to three ships at a time once every ten years, as well as special trade marks for “official ships” (so as to distinguish them from *wako* vessels). Japanese goods exported to China to earn foreign capital included copper, sulphur, swords and gold-inlaid lacquer-ware; imports from China included copper coinage, raw silk, silk fabrics, cotton thread and cotton cloth.

The first economic and commercial relations between China and Japan were thus formally established under the Ming Dynasty, with potential disputes regarding illegal trade (meaning pirates under the Japanese *wako*³ system) already in the air. Economically, Japanese commercial culture developed tremendously during this period with Ming China, as Chinese copper coins circulated increasingly freely in Japan, and as retail and the “monetization” of the indigenous Japanese economy took off thanks to Chinese “inputs” at that time. But although Buddhism was still prevalent, it was no longer a religion in Japan; in fact, Buddhism was still an important cultural influence on Japanese arts and architecture of that time. An example is the famous Kinkakuji in Kyoto built in 1397, which “fused” the traditional style of an aristocratic Japanese mansion with the Buddhist architecture that was imported from China. These “cultural exchanges” were thus complemented by the trade that was now regulated between the two countries.

Towards the end of the Azuchi-Momyama period (1489-1600) the Regent Hideyoshi began to be receptive to European trade and influence, including the arrival of Christianity in Japan via the Jesuits from Portugal (in 1549) and Spain. European influence began to penetrate Japan and Hideyoshi even

³ *The History and Civilization of China*, 160-161. In fact, it was interesting to note that in the years of Chinese history, two pages were reserved for these *wako*, and the threat to the Ming trade in the Southern Seas. The obsession on the Chinese side was undoubtedly there.

proscribed Christianity in Japan, which had as its corollary the existence of a certain “balance” for Japan between its new-found European influences and its traditional Chinese cultural influences. This tradition of “balance” was to continue all the way till Meiji when the tilt went decisively in favour of European influences, after the Meiji Emperor found the “declining” Chinese culture and civilization to be largely “inferior” as compared to the budding and blossoming Western culture.

However, trade was developing fast beyond the Chinese and Korean coasts into the Ryukus, Formosa, Annam, Siam and insular Southeast Asia, just as silver, the main trading currency in the Far East (replacing copper) at that time was plentiful in Japan. Emboldened by its new-found trade prowess, Japan under Regent Hideyoshi even asked Korea to act as an intermediary to “force” Ming China (in its agonizing years of decline) to “pay tribute” to Japan; Hideyoshi then sent his first Korean Expedition in 1592 during the Bunroku War, and again, a second Korean Expedition in 1597 in the Keicho War. Both attempts at launching a war against China were unsuccessful, especially the second expedition, when the military campaign was bogged down and an armistice agreement was then reached as a compromise. Since the conditions of the agreement were not observed, the military campaigned to go further to punish Korea, only to be curtailed by a political decision and Japanese troops withdrew from Korea when Hideyoshi died suddenly in 1598. This event highlighted the rise of militaristic elements and “militaristic” pride in Japan even before Meiji and symbolized the rise of Japan as an “asymmetrical” power to China.

A Sino-Japanese military conflict was thus averted at the very last minute, the third had it taken place, since the T’ang and Yuan attacks. It was also during this Tokugawa period that Japan officially refused China’s tributary power and system (in the earlier days of the Ming), whilst attempting to obtain tributary rights from a weakening China towards the end of the Ming Dynasty. This disaster expedited the fall of the Toyotomi regime in the beginning of the Edo Bafuku period under the powerful Shogun, Tokugawa Ieyasu, who began closing the country in from external influences whilst developing neighbouring trade.

The Edo period, which began in 1603, thus became known as the “closing in” period of Japan, and a further estrangement of its cultural and philosophical relations from China. There was growing concern under the powerful Tokugawa clan at the head of the Shogunate that Christianity could ultimately threaten Japan’s Shintoism and Buddhism, and thus shake the

political foundations of the nation, the shogunate and Japanese society. In the world of scholarship, official Confucianist studies continued to flourish but this period saw the emergence of *koku-gaku* (“national learning”), which set out to counterbalance the over-emphasis on traditional Chinese learning with studies of the ancient Japanese language and to promote a return to the ancient indigenous ways of life and thinking, decidedly “a clear escape from the predominantly Chinese outlook that had bound Japan for too long”.

In 1853 U.S. Commodore Perry, commander of the U.S. East India Squadron entered Uraga harbour with his warships, bearing a letter from the U.S. President seeking trade with Japan. In 1854, on his second attempt, Perry obtained an agreement with Japan whereby two ports, Shimoda and Hakodate, would be opened to American ships for fuel, water and food; a formal Treaty of Trade and Friendship was then signed in 1858 with the United States. Similar trade treaties of friendship were also signed with England, Russia, Holland and France, thus opening the nation’s doors to foreigners or *gaijin* after two decades of seclusion during the Edo period.

These trade treaties, as well as the shelling of Shimonoseki by the combined naval forces of the U.S., England, France and Holland in 1864 (as a result of rising anti-foreigner feelings within Japan, thanks to the opening up of trade with the *gaijin*, which had disrupted considerably the “closed” Japanese economy) dealt a politically devastating blow to the *bafuku*, in power since 1192 at the start of the Kamakura era. The call for a return to direct imperial rule (so as to avoid foreign interference and maintain Japan’s independence) was strongly made, which then paved the way for the return to the “personal government” of Emperor Meiji; the *bafuku* system thus collapsed in Japan after being at the height of its power during 265 years since the appointment of Ieyasu Hideyoshi as its first shogun. The Meiji Restoration (“of the modern Japanese state”) would have further adverse consequences on Sino-Japanese relations, as a strong Japan was on the rise, in the face of a decaying China under the Manchu Qing Dynasty, especially during its last forty to fifty years in power.

With the advent of direct imperial rule by the Meiji Emperor and the abolition of the feudal system, Meiji Japan also took the first steps to resolve outstanding problems with China, notably the dispute over ownership of the Ryukyus⁴. In 1879, Japan finally announced that it was annexing the

⁴ Ryukyu was a tributary state of the Chinese Emperor dating back to 1372, but by 1609, an expedition from the Satsuma domain on Kyushu captured the kingdom after which, the Ryukyu Kings paid tribute to both the Chinese Emperor and the Japanese Shogun. It was

Ryukyus, and although emissaries from the Ryukyu King pleaded with the Chinese court to “save” the Kingdom⁵, the Chinese decided against it, given its own political weakness in the face of numerous foreign interventions from the West and Japan. Amidst China’s diplomatic protestations, U.S. President Ulysees Grant was asked to arbitrate between Japan and China. He finally ruled in favour of Japan, whilst ignoring the petitions of the Ryukuans.

It was also during the Meiji reign that Shintoism was officially accepted as the state religion after it had been “purified”. As an ideological basis for the newly restored imperial rule, great importance was attached to the “original Shintoism”. In an effort to establish Shintoism in its pure form, the long-standing amalgamation of Buddhism and Shintoism was rejected and a strict distinction was then drawn between Buddhist and Shinto shrines. Some Buddhist temples were even destroyed, as Japan went through a period of Westernization, and *a fortiori* a certain “downgrade” or even disdain for Chinese and other Asian cultures.

1.3. From the “Great Asymmetry” Between Japan and China to the Concurrent Rise of the Two Powers in “More Equal Circumstances”

Japan’s “turn towards the West” was decisive in Sino-Japanese relations, as Japan saw the necessity to amend its “unequal treaties” with Britain, U.S., France and Holland, though trade with China and Korea continued despite the blossoming of new trade links with the West. But by the 1880s, Japanese society was having second thoughts about Westernization and found new pride in things Japanese. They began to emphasize respect for traditional culture and Shintoism, and this respect, together with a rising nationalistic ideology that grew as Japan’s “continental policy” unfolded, came to form the new backbone of Meiji Japan’s whole outlook.

Culturally, it was during this period that Japan turned against most of its China-imported cultural traditions, with the firm establishment of Shintoism (as opposed to Confucianism and Buddhism) and the further “nipponization” of its writing characters away from *kanji* towards *katakana*. Philosophically and ideologically, Japan began its own nationalistic drive to assert “things Japanese”, whilst assimilating “Western fads and thoughts in

fascinating to see in the Okinawa Museum the two royal umbrellas used by the Ryukyu King, viz a yellow umbrella used during his visits to Japan, but a red umbrella used for his visits to China, where he could not use the yellow umbrella given his “lesser” royal status, as compared to the Emperor of China.

⁵ Taro Sakamoto, *Japanese History*.

its own attempt to modernize and develop”, as “China further decayed culturally”. The nationalistic feeling, as well as a certain “return to normality” (meaning demarking itself from China and Chinese culture, civilization and traditions), actually began in earnest from the Meiji period.

An “invincible Japan” was therefore in the making. China no longer served as a cultural and philosophical model for Japanese civilization, as Japan sought to build a modern and developed state. In fact, not only did China no longer serve as any kind of model for Japan, but the latter had to be clearly “different” from the former in terms of their “capacity for innovation and propensity for entrepreneurial and international activities”. In fact, “historically, China has always been an innovator, whereas Japan has been an imitator or an incremental improver, rarely producing radical innovations”⁶. During many periods of Chinese imperial history, Chinese cities were host to residents of foreign nationality, religion and culture, unlike Japan, which tended to “close in” except for Mainland or Chinese culture. In fact, during Meiji, the Japanese imitated and improved on Western innovations with great success, absorbing industrial prowess from Britain, military technology and tactics from Germany, and arts and culture from France, whereas China had by and large in its long history remained open to external influences, absorbing and then “sinicizing” them. One exception was when the Qing was in fast decline and had no more drive to innovate or develop. That made a profound difference with Meiji Japan.

A strong Japan was therefore now pitted against a weakening China, increasingly sliced up by Western powers and Japan, and as such the latter was taking pride in being perceived as a Western power itself. The two victories of Japan against China in 1895⁷ and Russia in 1905 confirmed Japan’s “great power” status among its Western peers, and confirmed its perception that Westernization was synonymous with modernization and development.

Japan turned its attention to China once again in 1914 during World War I when it besieged the Qingdao Fortress and chased the Germans out of their concession on the pretext of returning Qingdao to China. A program by CCTV9 in China quoted a People’s Liberation Army (PLA) University specialist⁸ as saying that the landing tactic the Japanese used on Qingdao

⁶ Oded Shenkar, *The Chinese Century: the Rising Chinese Economy and its Impact on the Global Economy, the Balance of Power, and your Job* (New York: Pearson Education Inc, Wharton School Publishing, 2005), chapter 3.

⁷ See 3. “The Korean Issue” (Sub-section 3.2) in this publication for details on the Treaty of Shimonoseki, signed “unequally” between Japan and China in 1895.

⁸ A four-part CCTV9 program entitled “Fortress Qingdao” shown in October 2006.

could be compared to what they did in Lushun ten years back against the Russians. However, the Japanese stayed in Qingdao and used it, according to PLA specialists, to seize the whole of Shandong Province and then to move further westwards to conquer China while the latter was undergoing internal chaos. Britain and the United States (allies of Japan) did not stop Tokyo in Qingdao, which emboldened Japan to proceed further towards expanding westwards and northwards into China. By the end of 1915, the Japanese Government presented the then-President Yuan Shih-Kai with the so-called “21 Demands”, which clearly signalled the beginning of Japanese expansion and conquest in China.

On a related issue, some of the Chinese suspicions of Washington today could also have stemmed from America’s historical partiality in favour of Japan thrice, during the Ryukyu tussle between China and Japan (1879), in the Portsmouth Treaty (1895)⁹ and again in 1915 in Qingdao (by being an ally of the United States). Since 1879, American bias against China and its favour for Japan appears clear to many Chinese elite, and help them substantiate the fact that Tokyo then “sold its soul to Washington” in whatever alliance the Americans would ask for. There was undoubtedly a profound feeling amongst Chinese elite and scholars during the five years of “submitted” friendship between American President George W Bush and Japanese Prime Minister Junichiro Koizumi. They also helped bolster this sentiment in Beijing that nothing can be done to ever wean Japan away from the U.S., as their gratitude towards the Americans is so profound, as great as the suspicions that the Chinese harbour against the Americans for “at least three betrayals”.

This then set the stage for the Japanese invasion and occupation of China from 1931 till 1945, and the “ultimate humiliation” of China by Japan in its tumultuous 2,000-year relationship. Moreover, when China turned communist in 1949, Japan saw in this development an even greater alarm and disdain, as it sought to cling even tighter to the “free world”; Japan’s “declared superiority” then soared further till the 1970s against communist China.

The fundamental question is whether there can be reconciliation between the two Asian giants when they are “more or less equal in power and influence” (somewhat like in the T’ang-Nara period, or in present day circumstances) or

⁹ See 3. “The Korean Issue” (Sub sections 3.3 & 3.4) in this publication for more details on the Treaty of Portsmouth, signed between Japan and Russia under American mediation in 1905.

when they are “unequal” (like during the Yuan Dynasty vis-à-vis a “divided Japan” under the Kamakura period, “unequal trade” during the Ming Dynasty period, or the end of the Tokugawa/Edo and Meiji periods versus a weakening China under the second half of the Qing Dynasty), whereby reconciliation is *a priori* “forced” by one onto the other. This is a key issue, especially in present circumstances when the two giants appear to be strengthening their economies and societies together in one of the most impressive periods of Asian renaissance. Singapore’s Minister Mentor, Lee Kuan Yew, has asked if the concurrent rise of both China and Japan (after emerging progressively from its “lost decade” in the 1990s) would constitute a positive factor for the ultimate reconciliation or further division¹⁰. He asserted that there have actually been no substantial periods in history whereby both China and Japan were concomitantly powerful.

The intensity and horrors of the Second Sino-Japanese War, which started either in 1931 or 1937 (depending on the interpretation), were without doubt. Much has been written about it, including the savagery of war atrocities like the Nanjing Massacre¹¹ or the bombardment of Shanghai. Much has also been written about the internal divisions within the Chinese leadership¹², from the difficulties of cooperation between Generalissimo Chiang Kai-Shek and the Communist Party under Mao Zedong to the Xian Incident (forced KMT-CPC reconciliation, which did not ultimately work out) and the legendary Long March.

The hopeless split within the Chinese leadership and the struggle for power internally has in fact been a constant factor of a weakened China (from the last days of the Qing Dynasty through the Second World War till 1949) in the face of a “rising” Japan under military rule in 1930s bent on colonizing China and Asia under its “Asian Sphere of Peace and Co-Prosperity”. This “asymmetry” and even “dichotomy” between China and Japan cannot be under-stated as an important facet of Sino-Japanese relations during the War.

¹⁰ Robyn Lim, "Geostrategic Trends in Asia", Paper presented at the Institute of Southeast Asian Studies' Regional Outlook Forum 2005, Institute of Southeast Asia, Singapore, ICAS Special Contribution, No 2005-0106-RxL, <www.icasinc.org/2005/2005l/2005lrxl.html>.

¹¹ There is still a denial in official Japan on the Nanjing Massacre in 1938.

¹² Text and filmlets are progressively being produced by Chinese official media recently to stress this disunity amongst leaders against the Japanese too, as a sign of admittance that the weak leadership and internal divisions with China of the 1930s gave the Japanese the opportunity to advance further into China. These media representations also followed the visit of Lien Chan, former of the Kuomintang, who reconciled with Hu Jintao of the Communist Party of China after a historic feud that lasted at least seventy-five years in Chinese history.

The inherent weakness of Qing China was naturally capitalized upon by a Meiji-buoyed Japan, as it sought world power within a Western context of modernization and development. Japan was clearly vindicated all the way till the 1970s by its own “superiority”, despite its historical cultural imports from China and the latter’s “inferior” status vis-à-vis its now more powerful neighbour over the past 2,000 years. The arrival of communism in China in 1949 further “vindicated” Japan in its own ideological and philosophical superiority vis-à-vis China, as it geo-strategically banded with the “free world”, the United States and “Western modernization”, against the “authoritarian world” and centralized planning of the Soviet Union and China during the Cold War.

The ideological dimension then became intensely intertwined with the cultural and “divine” superiority perceived by Japan since the failure of the Mongol invasion in the 13th century, its “splendid isolation” throughout the Tokugawa period and its subsequent Meiji Restoration “in search of superiority and development”. Japan’s search for “normality” also stems from this important psychological factor in its national psyche, as it seeks to define its own place and role in Asia, its international status and its intricate relationship with China.

The relations between Tokyo and Beijing clearly became one of “asymmetry” again, but in “reversed order”, as Japan took and occupied Manchuria and a sizeable chunk of China, as well as colonized and annexed Korea and ruled over Taiwan, all to the profound humiliation of China. It is this emotional aspect that has not been settled and pacified in Sino-Japanese relations today, as embodied by the Yasukuni Shrine and textbook crisis issues, as well as territorial claims (Senkaku/Diaoyu Islands) and the Chunxiao gas disputes in the East China Sea.

In fact, Hidenori Ijiri stated a widely held Japanese perspective of this “asymmetry between Tokyo and Beijing” in an article on “Sino-Japanese Controversy”¹³ in *The China Quarterly*, as follows:

“Such a symbol (of friendly relations between the two countries), however, implies dual and conflicting sentiments of the Japanese and Chinese, namely the feelings of inferiority and superiority with each other in a hierarchical order of foreign relations in Asia. To be more specific, the Chinese have a superiority complex deriving from their cultural influence in pre-modern history and hatred stemming from Japanese military aggression against China in the modern period, while having an inferiority complex based upon Japan’s co-

¹³ Hidenori Ijiri, “Sino-Japanese Controversy since the 1972 Diplomatic Normalization”, *The China Quarterly* 124, (Dec 1990): 639-661, quote from p. 640.

operation in their modernization and admiration for Japan's advanced economy. On the other hand, the Japanese have an inferiority complex due to their cultural debt to China and the sense of original sin stemming from their past aggression against China, while having a superiority complex based upon their assistance to China's modernization and contempt for China's backwardness. In this situation, friendship and cooperation in Sino-Japanese relations are hailed by the two parties concerned in principle (*tatema*), but are often disturbed by the basic stratum of frictions and distrust in substance (*honne*), which comes to the surface and produces difficult problems in the actual intercourse of relations between Japan and China."

1.4. A "Momentary Reconciliation" or a Return to "Abnormality"?

But a "momentary reconciliation" did actually take place in 1972 with the normalization of Sino-Japanese relations at the state-to-state and government-to-government levels. This was a real political respite in Sino-Japanese relations, given the tumultuous and uncomfortable relations that had reigned between the two Asian giants over centuries.

The "Nixon shock" was undoubtedly the key factor in provoking a Sino-Japanese rapprochement and normalization. In an oral history interview¹⁴ conducted by Yoshihide Soeya (of Keio University) and Koji Murata in 1996 with Yosuke Nakae, Japan's former Ambassador in Beijing (1981-84) in the crucial years of post-normalization and post-Treaty of Peace and Friendship (TPF), Nakae dated this crucial normalization to the "Nixon shock" of July 1971, when it was formally announced that Nixon, known to be a staunch anti-Communist, would be visiting China. In this interview, Nakae revealed the deep divisions within the Japanese political establishment and in the *Gaimusho* (Foreign Ministry), where pro-Chinese rapprochement personalities clashed with pro-Taiwan supporters. He revealed that the Taiwan factor was an overriding one in the days leading up to the decision to normalize ties with China, notably the key position of Vice-Foreign Minister Shisaku Hogen, who "made a 180 degree turn" and said that he was "making a wise change".

Foreign Minister Masayoshi Ohira was pragmatically for the normalization based on the fact that if U.S. policy towards Beijing were to change vis-à-vis communist China, Tokyo could not do otherwise. Prime Minister Kakuei Tanaka was instrumental in supporting Ohira in normalizing with Beijing, as he himself (as Prime Minister) then visited China officially to seal the

¹⁴ The Oral History Interview of Ambassador Yosuke Nakae, 22 February 1996, conducted by Yoshihide Soeya and Koji Murata is published at www.gwn.edu/~nsarchiv/japan/nakaeohinterview.htm. A book, *Discussions with a Non-Conformist Ambassador*, was later published by Yomiuri.

normalization on 25 September 1972. On 29 September, both the Chinese and Japanese Governments issued the Sino-Japanese Joint Statement and the restoration of official ties became realized.

On the other hand, the faction that was intent on protecting, or not abandoning, Taiwan was in the hands of Takeo Fukuda; it was primarily centred around the Taka faction within the LDP, which was in deep political rivalry and competition with the Tanaka-Ohira faction for the Presidency of the LDP, both attempting to succeed the veteran politician, Eisaku Sato. In fact, Hidenori Ijiri stated that as the “China fever heightened, Tanaka had to depend on the political legacy of Eisaku Sato, who had laid the foundation for the establishment of Sino-Japanese rapprochement for whoever would take over his prime minister’s office”.¹⁵ Thus the Tanaka faction’s key decision to visit China, according to Ijiri, was “hastily prepared”,¹⁶ amidst the factional infighting, otherwise known as the Kaku-Fuku war. After winning the race, Tanaka made use of the “China card” and normalization to expand the influence of his own faction, as well as to weaken the Fukuda camp in the forthcoming general election. Ijiri concluded that “the Sino-Japanese normalization provided a convenient opportunity to help realize Tanaka’s political ambitions”. Later, when Fukuda came to power as Prime Minister after Tanaka, he “balanced” Sino-Japanese normalization (which he had accepted as a fact and a *fait accompli*) with the famous Fukuda Doctrine on Southeast Asia¹⁷. In fact, announced in Manila, the Philippines in 1977, Prime Minister Fukuda made it very clear that Japan was going to aid Southeast Asia “for the sake of peace”, via financial contributions, loans, grants and technological transfers.

On the Chinese side, geo-political calculations were “balancing” Japan’s own domestic and geo-political calculations as well, and they were not exactly acting out of a sense of “trust and real friendship” that was loudly touted during the normalization process. During the tenth anniversary of Sino-Japanese normalization in August 1988, Deng Xiaoping (Vice-Premier during the normalization and later China’s “paramount leader”) told then Japanese Prime Minister Noburu Takeshita, “I hope for a new friendly relationship,

¹⁵ Hidenori Ijiri, *The Politics of Japan’s Decision to Normalize Relations with China, 1969-72*, PhD dissertation, University of California, Berkeley (Ann Arbor: University Microfilms International, 1987).

¹⁶ Hidenori Ijiri, “Sino-Japanese Controversy since the 1972 Diplomatic Normalization”, p. 641.

¹⁷ The Fukuda Doctrine was announced in 1977, when he became Prime Minister, giving Japanese aid, grants, loans and technical assistance to Southeast Asian countries, despite some protests that marked his visit.

which does not run behind the period of Mr Tanaka and Ohira; the reason why I refer to the period of Mr Tanaka and Mr Ohira is that we were able to trust each other at that time". Ijiri interpreted this outright remark as Deng's "dissatisfaction" with the ten years of normalization, except during the Tanaka-Ohira *debut*.

Moreover, during the 1970s, China was indeed in need of a shift in alliances, as its relations with the former-Soviet Union soured. Nixon and Tanaka had provided the necessary strategic shift for Beijing as its relations with its "mentor" Russia were fast deteriorating under Leonid Brezhnev. This fact became even more apparent during the days leading up to the normalization process, and then towards the Treaty of Peace and Friendship, when the "anti-hegemony clause" was accepted by Japan to be included in both the Joint Communiqué, the Shanghai Communiqué (agreed upon between China and the U.S. of 27 February 1972) and then the Sino-Japanese Treaty of Peace and Friendship in 1978. Under the "anti-hegemony" banner, Beijing was effectively seeking an anti-Soviet united front policy, so as to increase its own leverage against Moscow by reducing the number of its adversaries and opening up towards Washington and Tokyo to "balance" Moscow and its satellites and allies.

In fact, Japanese scholars believe that it was precisely for this reason that Mao and Zhou had surprisingly told the visiting Tanaka in 1972 that China was not demanding war reparations from Japan since "only a handful of militarists, and not all Japanese people, were responsible". Deng Xiaoping in a later meeting in June 1987 with the visiting Junya Yano, Chairman of the Clean Government Party, stated with some frankness that

"Japan is indebted to China more than any nation in the world. At the time of diplomatic normalization, we did not raise any demand for war reparations..... but....from the viewpoint of Asian people, we are thinking of principle and I think Japan should make much greater contributions in order to assist China's development"¹⁸.

Since Prime Minister Ohira, four yen loans have been extended by Japan to China in 1979, 1984 (under PM Yasuhiro Nakasone), 1988 (under PM Noburo Takeshita) and in 1994 (under PM Morihiro Hosokawa). Nakae, in his oral interview, had also compared this "very Chinese" rationalization (of "no reparations") to a similar one used by the Taiwanese in a face-saving way, when they ultimately told Japan (which were curtailing their relations with

¹⁸ *Asahi Shiumbun* (Asahi Daily), June 5, 1987.

Taipei in 1972, and switching over to Beijing) that “Taiwan (only) regarded the Tanaka faction as its enemy, and not the Japanese citizens”¹⁹.

Moreover, in the negotiations towards the 1978 Treaty of Peace and Friendship, Japanese scholars, like Ijiri and diplomats like Nakae, all concluded that China wanted the anti-hegemony clause included, so as to tactically drive a wedge within the Soviet camp. Nakae notably asserted that the Treaty of Peace and Friendship was “rushed” through to its conclusion and signed on 12 August, so that Chairman Hua Guofen could show this document to his hosts during his visits to Romania and Yugoslavia two weeks later. Romania was already bolting from the Soviet camp and the “anti-hegemony” (meaning “anti-Soviet”) clause was useful for the Chinese to drive a wedge into the Soviet camp. Meanwhile, Tokyo also had some diplomatic difficulties with the Soviets, as they were negotiating with them on a possible Soviet-Japanese Peace Treaty, but to no avail.

1.5. The Importance of Contemporary Political Personalities in the Ultimate Reconciliation Process

Political expediency was therefore key, based on domestic political considerations and geo-political necessity for Japan as well as geo-political and strategic calculations for China. Ijira did not however see any true symbolism in “trust and real friendship”²⁰. In fact, Haruhiro Fukui had described this normalization as a “critical decision-making” for Japan²¹, as all sectors of society overwhelmingly supported the Tanaka Government (ranging from opposition party leaders and big businesses to the mass media and interest groups) after the “Nixon shock” and China’s formal entry into the United Nations in place of the Taipei authorities on 25 October 1971.

Ijiri concluded that “strain and tension in the post-normalization relations between Japan and China were endemic in the structure produced by both sides; a structure that merely attempted to remove immediate obstacles and allowed both parties to enjoy a superficial mood of friendship, without making any effort to remove the underlying frictions built into the structure. In this situation, it is not surprising that various frictions on the basic stratum of ‘distrust’ have been conducive to a longer period of serious strain

¹⁹ The Oral History Interview of Ambassador Yosuke Nakae, conducted by conducted by Yoshihide Soeya and Koji Murata

²⁰ Hidenori Ijiri, “Sino-Japanese Controversy since the 1972 Diplomatic Normalization”, p. 642.

²¹ Haruhiro Fukui, “Tanaka Goes to Peking: A Case-Study in Foreign Policy-Making”, *Policymaking in Contemporary Japan*, ed. T.J.Pempel (Thaca and London: Cornell University Press, 1977), 602-102.

and tension in the latter course of bilateral relations, no matter how strong, the 'Japan-China boom' is superficial²².

Humiliation was, and still is, key to ultimately pacify and manage the present "rocky" Sino-Japanese relations, which provoke profound emotive and emotional reactions, as well as the inadvertent rise of nationalism on both sides. Sealing the ultimate reconciliation may have to involve resolving this humiliation problem on both sides, politically on the Chinese side, and culturally for the Japanese.

Moreover, the commonality of cultural traits between Chinese and Japanese, according to the Confucianist traditions may prove to be a huge stumbling block in sealing an ultimate reconciliation. The Sino-Japanese characteristics of face, honour and dignity are important cultural facets, which may constitute competing traits on both sides for China or Japan to be able to "climb down" and "give in" to the other side, without losing too much face and honour.

Moreover, leaders from both sides may also easily remember how they were previously schooled in the traditional Sun Tzu's "Art of War", a Chinese classic from more than 2,000 years ago which still forms the basis and approaches in Far Eastern thoughts and strategy. With Japan and China being "too close" in sharing these fundamentals, it may be both an advantage in terms of similarity in their thought process as well as an inherent disadvantage, as both sides would expect compromises and face-saving "climb downs" from the other side first, which an Oriental and a Caucasian may otherwise not be expected to perform. Here, cultural similarities and the need to "save face" and honour may eventually prove to be the most difficult obstacle to pragmatic forms of negotiation, conflict-resolution, conflict-management and ultimate reconciliation.

Negotiations based excessively on face values have indeed proven to be so far difficult and hazardous, although the Chinese Foreign Affairs spokesman announced on 4 October 2006 that the new Japanese Prime Minister Shinzo Abe would be visiting Beijing on 8-9 October, based on "a consensus reached on overcoming the political obstacle to the bilateral relationship [meaning the Yasukuni Shrine visits] and promoting the sound development of bilateral friendly and cooperative relationship".

There was clearly a compromise of "face-saving give and take" between both sides, as the Chinese Ministry of Foreign Affairs in Beijing and Gaimusho in

²² Hidenori Ijiri, *Sino-Japanese Controversy since the 1972 Diplomatic Normalization*, 643.

Tokyo announced Abe's 4 October visit to Beijing, probably out of sheer pragmatism on both sides, as well as "giving face mutually". In fact, Abe had said on 2 October that he would abide by the 1995 statement made by the then Prime Minister (Socialist) Tomiichi Murayama, who had apologized and expressed remorse for Japan's colonial rule and atrocities before and during the War.

In fact, it was commonly understood in Japan and in Asia that the 1995 statement by the only Socialist Prime Minister of Japan was the farthest act of remorse ever expressed by a Japanese politician in contemporary history. It appears that Abe would abide by this "maximalist" line of apologies and remorse, as he symbolically visits China and South Korea²³, before going to the United States, as has been the tradition for Japanese Prime Ministers. Such a daring political and diplomatic move on Abe's part is indeed wrought with intense symbolism in Far Eastern diplomacy, which the Chinese and South Koreans would have clearly noted and appreciated.

But Abe is probably not alone in his "new" gesture of rapprochement with China and South Korea. More importantly, the Emperor of Japan had in fact already spoken out explicitly on this issue a number of times in the past²⁴. In an interview marking his 72nd birthday on 23 December 2005, the Emperor called on Japan to "accurately understand" its history at the end of a year that had been marked by severe criticisms of Japan from abroad for Tokyo's failure to atone for its militaristic past. Strangely, this gesture seemed at odds with the general trend of public and governmental opinion then emerging in Japan at the end of 2005.

But the Emperor's message to the Japanese people was nevertheless significant. He recalled that "there were rarely peaceful times" from 1927 to 1945, and said,

"I believe it is extremely important for the Japanese people to strive to accurately understand this past history along with the ensuing era. . . . I hope that knowledge of past facts will continue to be passed in a proper manner . . . and will be used for future benefit."

Coming at a time when Japan was struggling with the legacy of its Imperial past and its views on history, which appear out of sync with those held by the Chinese and Koreans, the Emperor's remarks were as significant as those

²³ New Japanese Prime Minister Shinzo Abe stunned Asian political observers when he visited Beijing 8-9 October, and then Seoul 9-10 October, in a stunning diplomatic coup; equally stunning were the decisions of the Chinese and South Korean governments to receive him after the "freeze" during the Koizumi era.

²⁴ Eric Teo Chu Cheow, The Emperor Speaks Out, *The Japan Times*, January 16 2006.

he had made in December 2001 on Korea. At that time, he acknowledged, for the first time, the possibility of Korean blood in the Imperial line -- previously a taboo subject in Japan! Moreover, the Emperor had on 12 April 1989, in his reference to the unfortunate history between China and Japan expressed to the then-Prime Minister Li Peng of China (on the latter's visit to Tokyo), for the first time the word "regret" in his own apologies to China.

Another spectacular event was Emperor Akhito's and Empress Michiko's visit to China in October 1992, the first ever visit to China by the Japanese Emperor and Empress, a gesture which the Chinese were very sensitive towards, and especially, his visit to Xian to see the steles of classical Chinese characters, which form the basis of the traditional "cultural commonality" between China and Japan. In a way, it was not only a gesture to seal the cultural bond between the two ancient Asian civilizations, but an "admission" of the Chinese civilization's superiority vis-à-vis Japan.

The Japan Times article wondered if the 23 December 2005 interview of Akhito was an indication that the Emperor would like to play a role of a peacemaking mediator at a time when the Koizumi Government was clashing diplomatically with Beijing, Seoul and Pyongyang. Even more importantly, it also wondered if the Emperor's remarks were intended to signal the Imperial family's concerns with rising nationalism in Japan and a shift to the right in both governmental policy and public opinion.

In fact, Abe could also have drawn inspiration from the known pro-China Prime Ministers of Japan, ranging from Tanaka (1972-1974) and Masayoshi Ohira (1978-80) to Tomiichi Murayama (1995-96) and Ryutaro Hashimoto (1996-98). Murayama had in fact stated at the 50th anniversary commemoration of the end of World War II that "Japan recognized and would face directly the history of its invasion against other countries". And as added proof of the need for rapprochement with China after the Koizumi era, Abe could also have taken note that several former Japanese Prime Ministers had in fact spoken out against Koizumi's Yasukuni Shrine visits, including Hashimoto (before he passed away in the middle of 2006) and Yoshi Mori, as well as reputed journalists like the veteran owner of the *Yomuri Shimbun*.

On the Chinese side, Mao and Zhou had instigated the 1972 normalization of relations with Japan, whereas Hua Guofen and Deng Xiaoping presided over the Treaty of Peace and Friendship and furthered the normalization act. Jiang Zemin had undoubtedly a rougher time with the Japanese, probably

based on his unfortunate experiences with the Japanese bombardment and “run-ins” with “Japanese imperial dogs” when he was a young man in Shanghai. Hu Jintao was clearly, like Abe, born after the War and would hence be in a more detached position to aim for the ultimate reconciliation between China and Japan. Moreover, many have drawn a parallel with Nixon and China; being traditionally an ultra-nationalist (and coming from such a pedigree family background), Abe, may be in a strong position to seal the ultimate reconciliation, just like Nixon, a staunch anti-communist, sealed Sino-American normalization with Mao Zedong and the Communist Party of China.

On both sides of the Chinese and Japanese divide, political personalities clearly play an important role in and possible reconciliation, just as Koizumi and Jiang were the epitome of “bad times” in this sensitive relationship. The stage may thus be set for a progressive Hu-Abe rapprochement²⁵, which should in turn usher in a period of greater stability in Sino-Japanese relations to come. Hence, one should analyze the importance of political factors or determinism in the ultimate reconciliation process, and not “economic determinism”, highly fashionable with Western liberal economists and political scientists.

2. Political versus Economic Determinism & Domestic Factors

The rowdy and violent protests in Chinese cities over three successive weekends in April 2005, as well as the frequent protests in Seoul over “comfort women” and disputed islands have clearly confirmed the nationalistic flare-ups in both China and South Korea against Japan, as well as the high emotionality of these issues in the Chinese and Korean psyches. Anti-Japanese sentiments are riding high in these two countries tinged with two parallel phenomena --- a rising tide of nationalistic fervour concomitant with economic growth, and an increasing feeling in the growing middle class to “right the wrongs and humiliation” of the “recent past”.

But in a twist of events, the Bandung Afro-Asian Golden Jubilee Commemoration in Indonesia (22-24 April 2005) saw Japanese Premier Junichiro Koizumi expressing publicly Japan’s “deep remorse” over its aggression against its Asian neighbours. He added that “Japan squarely faces these facts of history in a spirit of humility”, appropriately marking the 60th

²⁵ Eric Teo Chu Cheow, “New Japanese Leadership Faces Yasukuni Test”, *China Daily*, September 20, 2006.

anniversary of the end of World War II. However, at a subsequent meeting with President Hu Jintao the day after (at their last bilateral meeting ever), both leaders did not put to rest their differences, with Hu calling for affirmative action by Koizumi to back up his “deep remorse”.

Ironically, it was also reported in some local papers that South and North Korean leaders had also met in Jakarta to discuss their cooperation over retrieving the disputed Dokdo/Takeshima Islands from Japan one day, which both now reassert as “Korean territory”, whilst Seoul also joined hands with Beijing to oppose Tokyo over a plethora of issues, ranging from “erroneous” history to Japan’s bid for a United Nations Security Council (UNSC) permanent member seat.

History and societal development are thus converging emotionally and psychologically in China, South Korea and Japan to produce this rising nationalism and the need to right past humiliations (for Chinese and Koreans versus Japanese), which in turn could have important implications for the future strategic alliance in Northeast Asia, as well as East Asian regionalism in the longer term.

2.1. The Growing Feuds in Northeast Asia

Four events have sparked the present feud between China and South Korea on the one hand and Japan on the other; Northeast Asia thus seems more divided than ever.

The five visits of former Prime Minister Junichiro Koizumi to the Yasukuni Shrine over five years (2001-2006) is clearly the singular most important event that rocks Sino-Korean-Japanese relations today. Identified by Chinese and South Korean leaders as the key criterion in determining the state of their ties with Japan, Yasukuni, with the souls of 14 Class A “criminals of war”, represents for Beijing and Seoul the pinnacle of the feud between Tokyo on the one hand and Beijing and Seoul on the other. Moreover, the Yasukuni Museum, next to the Shrine, glorifies certain aspects of the Pacific War and disparages Tokyo’s Southeast Asian neighbours as well.

In fact, 15 August 2006 would be remembered by many in Asia for Koizumi’s “last defiance”, when he visited the controversial Shrine on the day of Japan’s surrender following its defeat in the Pacific War sixty-one years ago. In fact, no Japanese Premier had done so in the past twenty-one years since Nakasone’s last visit there on 15 August 1985. To recall the emotional strain within Asia, not only did China and South Korea protest vigorously as

expected, but the Singapore Ministry of Foreign Affairs unprecedentedly issued a statement calling the visit both a domestic issue and an international concern, thus “regrettable” and “not helpful”. Equally, Indonesian Foreign Minister Hassan Wirayuda expressed his regrets, while a demonstration was held, mostly by Malaysian Chinese, in Kuala Lumpur, Malaysia.

In a way, this was the first time that Southeast Asians had come out so openly to contradict Koizumi’s oft-repeated assertions that only Chinese and Koreans opposed his visit, but not Southeast Asians, who had suffered equally from the Pacific War and endured three and the half years of Japanese Imperial Army occupation, from Vietnam through Malaysia, Singapore all the way down to Indonesia. Secondly, this controversial 15 August visit also elicited a reaction from Washington, erstwhile ally of Tokyo. Though the American statement was “soft”, embarrassed and clearly tried to balance between Beijing/Seoul and Tokyo, it was nevertheless the first time that the Americans came out with such a “Yasukuni statement” too.

One would also recall that Koizumi, on his farewell visit to Washington to call on his “good friend”, President George W Bush, was even denied a speech to the joint session of Congress by Henry Hyde, Chairman of the U.S. Congressional Committee on Foreign Affairs, given that Hyde himself was a World War II veteran in the Pacific War. Similarly, there have also been some discordant voices heard recently in Australia against Koizumi’s Yasukuni visits, as Australian veterans involved in the “Death Railway” in Kanchanaburi in Thailand remembered the Japanese Imperial Army’s World War II cruelty and atrocities against them in Singapore, Malaya and Thailand.

In fact, within Japan, many voices joined in the anti-Yasukuni visit chorus against Koizumi. Besides Emperor Akihito, who has expressed subtle reservations towards Koizumi, past Prime Ministers like Hashimoto and Mori (to whose faction present Prime Minister Shinzo Abe belongs) have openly opposed any Shrine visit in the future for Japan’s top politician. Moreover, prominent senior LDP personalities like former Finance Minister Sadakazu Tanigaki (and one of three contenders for the President of the LDP and candidates to the Premiership) added his voice to the opposition and former Economy and Banking Minister Kaoru Yosano even advocated that the Shrine should remove the fourteen Class A criminals, “so that royals, politicians and bereaved families can visit and pray without hesitation”.

Foreign Minister Taro Aso (the third candidate) even suggested (during his own campaign for the LDP presidency and premiership of Japan) that the Shrine should come under state control and the war criminals taken off the list of those honoured at Yasukuni. Meanwhile, in April 2006 Chinese President Hu lavishly entertained the visiting chiefs of seven Japanese civil associations (including Hashimoto and former Foreign Minister Masahiko Komura) in the Great Hall of the People in Beijing, as a means of “isolating Koizumi”.

Also, in July 2006, Kazuhiko Togo, a former diplomat and grandson of one of the convicted war criminals, Shigenori Togo, a World War II Minister for Colonization and then Foreign Minister, called for Kozumi’s successor to declare a “temporary moratorium” on visits to Yasukuni as “the current turbulent times with China and other Asian countries go against the spirit of those who gave their lives for peace in East Asia”. Meanwhile, Kotaro Hirota, grandson of Japan’s Foreign Minister during the Nanjing Massacre, Koki Hirota, told *Asahi Shimbun* that his family was never consulted about memorializing his grandfather at Yasukuni; the young Hirota stressed that there was “no relationship between the Yasukuni Shrine and the Hirota family”. This public spate of opposition to Yasukuni and the Shrine visits raged through during the succession of Koizumi and would definitely have an impact on new Prime Minister Abe and his attempts to seal an ultimate reconciliation with China and South Korea.

Secondly, regarding the Japanese “textbook row”, Seoul and Beijing have demanded that Tokyo apologize for attempting to “whitewash its military past during World War II”. They have charged that the latest textbooks “glossed over” atrocities committed by the Japanese Imperial Army in its previous occupation of both China and South Korea and omitted certain facts, like the “comfort women” issue in South Korea. The textbook crisis is simmering, though not forgotten, as it has been clearly “overtaken” by the Yasukuni issue in importance and sensitivity. In turn, Japan has openly criticized China for failing to protect Japanese interests, businesses and citizens during the April 2005 anti-Japanese riots in Beijing, Shenzhen, Shanghai and Shenyang.

But more importantly and recently, a historic turning point may have been reached too on this crucial and emotional issue of history. On the sidelines of the APEC Leaders’ Meeting in Hanoi, Vietnam, the Chinese and Japanese Foreign Ministers decided to “jointly research history, so as reduce future disputes over historical issues”. A joint research over the 2,000 years of Sino-

Japanese relations will be conducted by 10 specialists on each side in two groups, viz ancient and contemporary history. The conclusions should be reached in time for the 30th Anniversary of the China-Japan Peace and Friendship Treaty in 2008.

Thirdly, there is also the issue of disputed islands between China and Japan (Diaoyu/Senkaku) and Japan and South Korea (Takehima/Dokdo), which are fanning emotions, protests and controversies in all three countries. Added to the emotional issues of sovereignty and national pride, this dispute could also involve “claims” of disputed gas deposits in the seas off Diaoyu/Senkaku, as well as in the 16,000 sq miles of territorial waters around Dokdo/Takehima, which are rich in fisheries.

Moreover, between China and Japan, there is the controversy over what the Chinese call the Chunxiao (or Shirakaba in Japanese) gas/oil fields, off the Chinese and Japanese coasts, in the East China Sea; the field is according to the Chinese, within the Chinese Economic Exclusive Zone, but also 4 km from the EEZ border claimed by Japan. The Japanese have protested the Chinese drilling (by Chinese oil/gas giants CNOOC and Sinopec), claiming that they own some of the disputed areas and oil/gas below and that China should exempt from drilling, as long as this controversy is not properly settled in terms of sovereignty and territorial rights. In fact, this issue could, on the other hand, be turned into one of the first “technical” problems that could be resolved between Beijing and Tokyo, as a project of joint development or cooperation, provided the political will exists on both sides to do so. Energy cooperation could thus be a novel and key area of cooperation between China and Japan in the future, as energy experts on both sides are already reportedly engaged in intense discussions by now.

Finally, Chinese and South Koreans were in the foreground opposing Japan’s candidature to the United Nations Security Council (UNSC) permanent membership, as more than 25 million signatures were reportedly gathered to this effect in 2005. The rising tide of emotional nationalism in China and South Korea could further engender a growing nationalism in Japan to defend its growing regional and international stature, as 70 percent of its electorate appeared ready in latest polls in 2006 to amend its “pacifist constitution”, as proposed by the ruling Liberal Democrat Party under Prime Minister Junichiro Koizumi. But it should have become clear to the Japanese public that their “emerging status” could have posed such huge outcries from their neighbours and from Southeast Asia, a fact that probably hit Japanese public opinion as hard too.

But the rise of nationalism is undoubtedly also linked in China and South Korea to a growing sense of “righting a humiliation” suffered at the hands of Japan during its harsh occupation of Korea (1910-45) and its “military expansion” into China beginning with Manchuria/Manchukuo in 1930 till its defeat in World War II in 1945. Ironically, though August 2005 marked the 60th anniversary of Japan’s historic defeat, but Tokyo’s failure to “apologize officially and sincerely” for the “wrongs” it had committed in World War II, undoubtedly provoked a feeling of historic humiliation in Beijing and Seoul against Tokyo, which the textbook row, islet disputes and the UNSC membership issue all helped to crystallize explosively.

2.2. *Humiliation as a Factor of Rising Emotional Nationalism in China and South Korea*

This *sursaut* of nationalism in China is partly driven by its “hundred-year humiliation” by the West and Japan. The defeat of Manchu China in 1895 by Japan, its Imperial Army’s occupation of substantial parts of China, as well as the “unequal treaties” forced onto a weak China by Japan and the West are never far from the Chinese people’s collective memory. In fact, when Beijing was given to host the 2008 Olympics, it was celebrated by some television commentators as a “victory” for “the Chinese people standing up again!” For China, the Beijing Olympics and 2010 Shanghai Universal Exhibition are landmarks of “a China that has finally arrived on the world stage”, after effectively erasing the deep humiliation suffered since the Opium War, when it had to *kow-tow* to Western imperial powers. The return of Hong Kong was indeed perceived as the first “national recovery” of sovereignty and a “restoration of national dignity and pride”. Moreover, China is officially reviving the past glories of the “great Chinese civilization” and re-opening Confucianist temples across China, as well as establishing the first Confucius Institute in Seoul in autumn 2004 to promote Chinese culture and civilization. This rise of emotional nationalism (as seen in the April 2005 riots against Japanese interests in China) cannot be thus separated from the present Chinese psyche of righting past humiliations and standing up to the world once again.

In South Korea during a speech to Parliament in 2005, President Roh Moon Hyun re-opened the issue of Japanese reparations, which could certainly be linked to domestic politics in Seoul. But according to Tokyo, this issue was legally resolved in their 1965 bilateral peace treaty. History and Korea’s national humiliation are thus the main reasons for this unfortunate

nationalistic flare-up; the issue of Korean comfort women” is of particular poignancy to Koreans, as they are undoubtedly perceived as living symbols of Japan’s historical subjugation and humiliation of Koreans, and perhaps even as unexpected “glue” between North and South Koreans against Japan. Japan must therefore take serious and special note of history when dealing with both South Korea and China, given these psychological hang-ups and emotional build-ups that have developed in the past two years.

Furthermore, this “common cause” is emotionally linking up China and South Korea against Japan. In parallel, thanks to the increasing strategic dispute between China and Japan, the latter is invariably being pushed into consolidating its own strategic alliance with the United States. This tectonic shift is today provoking a dramatic revision to the existing regional alliance pattern in Northeast Asia.

2.3. Economic Determinism versus Political & Emotional Determinism

But there has always been a belief that economic determinism is a strong factor in conflict-management and resolution, a liberal theory whereby economic enmeshment of economies and societies would ultimately prevent conflicts and wars. However, it begs the fundamental question of whether emotionally-charged political determinants could be “annulled” or even resolved by economic determinism alone.

True enough, Japan’s trade with China stood at a staggering US\$189 billion in 2005 (though slightly down from 2004 figures); Japan has always been one of China’s top three trading partners, together with the European Union and the United States (in that order, though with roughly equal proportions). Similarly, China had become Japan’s premier trading partner, after bypassing the United States for the first time in 2005. These significant data would logically “preach” for a strong case of economic determinism in Sino-Japanese relations; however, we have witnessed over the past two years a resounding plunge in their political and “emotional” relations, despite these solid trade flows between them.

Instead of the liberal concept of economic determinism as the key and crucial factor in conflict-management and resolution between China and Japan, I would tend to go for a more “united front” approach, whereby “economic fact (but perhaps not “determinism” in this case) is only one of the factors that could help manage and resolve the present Sino-Japanese relations, partly because the feud has reached high emotional proportions politically in both countries.

There is undoubtedly the argument that “vital interests” (and especially, “vital economic interests”) would ensure that conflicts would not break out, based on the utmost rationality of the leaders confronted with the ugly choice of going into conflicts or wars. In the case of Sino-Japanese relations, vital interests between China and Japan are clear, as Tokyo and Beijing would logically cooperate in bilateral economic projects for mutual benefits, such as gas drilling in the East China Sea or a future oil pipeline from Russia. But political and emotional problems of sovereignty and nationalism could over-run rationality, especially if accidents occur in these disputed areas or if squabbles intensify between Chinese and Japanese with the Russians in the Siberian Far East.

Besides the economic factor, the act of political reconciliation appears to be just as crucial, as well as the cultural determinant and the leading role to be effectively played by historic personalities and figures to seal an ultimate reconciliation. Like the Elysees Agreement of 1963 between French President General Charles de Gaulle and German Bundeskanzler Konrad Adenauer, there is a need for a “high act” of political reconciliation to be sealed at the highest level by high personalities or figures, who could command the historical dimension on both sides. In a second politically symbolic gesture, one would also remember French President Francois Mitterrand and German Bundeskanzler Helmut Kohl holding hands on 22 Sep 1984, in memorial of the two nations’ millions of dead in Verdun, France during World War I. Strong political leadership or “political determinism” is thus the real key to the ultimate reconciliation process between China and Japan (and between Japan and the Koreans), and not “economic determinism” alone.

For this ultimate Sino-Japanese reconciliation, Emperor Akihito would be the best placed on the Japanese side to preside over any such settlement. In China, Hu Jintao, as the fourth generation communist Chinese leader, born after the War and not psychologically and emotionally affected by the sufferings of it, could seal this political reconciliation and entente, once he has consolidated power as the *supremo* of China, most probably after the 17th Party Congress and just ahead of the August 2008 Beijing Olympics when the world’s attention would inexorably be turned towards China and Asia.

Moreover, like the Elysees Agreement, there is a need to actively promote youth and student exchanges between China and Japan (just like the intensification of Franco-German youth exchanges following the 1963 Elysees Agreement), so as to lower the “emotional gap” between the youth of both countries and temper the rising nationalism in both societies.

Unfortunately, in recent years, South Koreans have replaced Japanese students as the top group of foreign of students in Beijing. People-to-people exchanges would definitely help seal this reconciliation through the exchanges of journalists (like the recent Second Exchange Forum in Tokyo in early September 2006), opinion-makers, cultural icons (like the visit of the 1994 Nobel Prize for Literature, Japanese writer Kenzaburo Oe to the Nanjing Massacre²⁶ Memorial in Jiangsu Province in late August 2006), as well as cultural troupes and continuous flows of tourists both ways.

2.4. Domestic Factors or Concerns in an Ultimate Sino-Japanese Reconciliation

In terms of domestic factors or concerns in an ultimate Sino-Japanese reconciliation, both Japan and China face important domestic constraints as well as opportunities.

Abe's arrival at the helm of a more confident, yet "socially different" Japan, as well as Hu's progressive domestic political and international consolidation of power in Beijing may present a set of domestic factors to both Tokyo and Beijing, which may in fact work towards a real rapprochement and seal an ultimate reconciliation. There appears to be a convergence of domestic and external factors in both Japan and China that may be moving positively towards reconciliation; the stars in fact seem to be "aligning positively towards this end".

On the Japanese side, one could consider three fundamental factors:

- Domestic changes in a Japanese society (ranging from domestic political changes towards economic renewal), which bolster confidence in Japan after its "lost decade", huge political reforms also lie in store (ranging from a major "pacifist" constitutional amendment to a pacification of monarchical change);
- External relations change for Japan in its growing regional and international role, which China and the United States would have to contend with, ranging from alterations to the U.S.-Japan alliance and its claims of a bigger role at the United Nations to the relaxation of tensions in Northeast Asia and a redefinition of its

²⁶ The Nanjing massacre, which was not officially accepted by Japan, reportedly took place between December 1937 and the early months of 1938. No Japanese leader has ever gone anywhere near the Memorial.

own eventual “Asian role” in an eventual East Asian Community; and

- Personality changes in a new “nationalism” and national ambience, which range from Abe’s own “regal” personality at the helm of political power to the increasingly international moral caution of Emperor Akihito and the Royal Family, as royal succession emerges again as a national issue.

On the Chinese side, three fundamental domestic factors would also have to be considered, as follows:

- Domestic changes in Chinese politics as the Hu-Zeng-Wen troika²⁷ consolidates power ahead of the 17th Party Congress in autumn 2007, including the crucial center-versus-provinces power rivalry and the future place and role of the CPC in Chinese politics and society;
- Monumental socio-economic challenges for China, including the increasing need to “tame” and control the Chinese economy, its dilemma of growing “social unrests”, the increasing need for greater social justice and re-distribution in a “modernizing” Chinese society, socio-economic disparities within regions and in society, the rise of religions, a growing “social void” and the present “cultural revolution” that is shaking up Chinese society today; and
- The huge “external stabilization” needed by a “rising China” today, especially in defining its own place and role in the international arena, ranging from Hu’s consolidation for China of its international image and reputation at the 2008 Olympics, to the lessening of the so-called “China threat” in the West and the simultaneous Chinese consolidation of economic and political links in the Third World, in order for Beijing to “reclaim” its “big power” status in the region and in the world.

²⁷ Besides the better-known President Hu Jintao and Premier Wen Jiabao of China, a third member of the “troika” is Vice-President Zeng Qinghong, who has good connections within the Party.

2.5. Japan's "New" Domestic Constraints of "Normalization"

Abe would have enormous political and socio-economic challenges, amidst the rising nationalism in Japan and the national urge to "become a normal country" sixty-one years after its unconditional surrender and defeat during the Pacific War. His political career could indeed be damaged completely and irreversibly if such sensitive issues are handled or tackled unsatisfactorily.

The first year of Abe's premiership will entail tackling some daunting political and socio-economic issues, in a Japan that is "in full transition". Abe won quite handsomely in the two October by-elections for the LDP. But there remain the crucial Upper House elections, whereby half of its members would have to be renewed by the middle of 2007. As Koizumi did exceptionally well during the "other half" of the Upper House elections at the last round, Abe must necessarily restrict his own losses here, otherwise he will appear a weak LDP leader in his first year. These two elections could hence be considered the "political baptism of fire" for Abe in his first year as Prime Minister. He has passed one political test handsomely but will undecidedly face a tougher political challenge ahead. Moreover, the opposition Socialist Party of Japan (SPJ) now has a dynamic leader and may present a formidable challenge to the LDP.

Added to these problems would be another key social issue, which is now erupting in the rural areas. When Koizumi led the LDP to a landslide victory in 2004, urban voters for the first time supported the LDP more massively than the "traditional" rural voters, who have always been the biggest LDP supporters for sixty years, given their conservatism and the "pork-and-barrel" politics of LDP politicians. Koizumi changed that with his reform policies and his efforts to cut "pork-and-barrel" politics within the Japanese system; hence, rural dissatisfaction had greatly grown against Koizumi and the LDP, a situation Abe has inherited. In fact, the media was up in arms against Koizumi (in his last days in office) for "having increased the rich-poor gap" (like his good friend, George W Bush in the U.S.), thanks to his reform policies (meaning the more pro-US capitalistic policies in an otherwise "more socialist" Japan). On the other hand, urban supporters have come out *en masse* in support for Koizumi, thanks to his "new" thinking and the entrepreneurial spirit that his policies have effectively generated in Japan. The "social divide" in Japan is clearer today than ever before!

Abe will have to painfully decide whether to break ranks with Koizumi on this socio-economic credo and chart his own course of social and economic

reforms. Abe will also have to pacify the press and media, which rallied against Koizumi in his last days, and appease the rural voters, which may complicate Abe's external front policies, as he attempts to tilt Japan back towards a more conservative electoral base. In this context, Abe has invented a new social term, viz. to "re-challenge" the rural electorate into reforming them towards more useful jobs and revenue (in the rural areas), and not only to rely on agricultural-base activities alone; Abe has stressed that reforming Japan's education to tailor it towards the new century would be key in his own reforms, especially as Japan emerges from its "lost decade" of the 1990s after the financial bubble burst in 1990-91.

But the spate of suicides amongst students is attracting more attention and concern than Abe's education reforms bill, which should instil a greater sense of patriotism in Japanese youth. Meanwhile, Abe's polls are slipping, as of latest indications in Tokyo. In fact, Japan will have to face its own increasing "rich-poor gap" in the countryside, very similar to that in China, in the context of a slow rise in wages in Japan despite sustained economic growth and expansion, which in turn may dampen consumer sentiments and economic growth at a time when Japan's exports drive, especially to the United States (whose growth in 2007 will undoubtedly slow down), slows.

All these domestic socio-economic and political reforms and challenges are set against the backdrop of rising nationalism (which Koizumi has denied provoking) and the urge for Japan to become a "normal nation", viz the amendment of the pacifist constitution, the rehabilitation of the armed forces or even the heated debates over the royal male succession to the Chrysanthemum throne. Japan is indeed in the throes of its own "huge social transition", which its domestic and external policies would forcibly have to reflect under the Abe administration.

With these challenging times ahead domestically, Abe will have to resolve two thorny and extremely controversial external issues quickly as well. Abe's diplomatic scoop with his first visit to China and South Korea in early October 2006, just two weeks after coming to the helm of Japan's leadership is an indication that he intends to focus as much attention on crucial external issues as on domestic ones, as both domains could bolster his domestic electoral chances and standing back home. Yasukuni and Sino-Japanese relations would top the list of external constraints for Abe's first year on the foreign policy front, as well as confronting Pyongyang over its nuclear and "abductees" issues. But Abe's spectacular welcome on his first official visit overseas by Chinese Premier Wen Jiabao on the steps of the Great Hall of

the People on Tiananmen Square was probably an emotional moment for Abe, particularly since Koizumi was denied a visit to Beijing in the past five years. The Japanese flag also officially flew over Tiananmen for a day on 8 October 2006, another symbol towards which the Japanese and the Chinese could not be insensitive.

Indeed, Abe's preoccupation must also be drawn into "selling" a "new" U.S.-Japan Alliance deal to the Japanese people. The Americans had insisted at one point that Japan should pay 100 percent of the costs of re-locating the 8,000 U.S. troops from Okinawa to the Japanese Mainland, but Japan initially offered 50-50 percent, which was strongly rejected by the U.S. side. The compromise is now most likely going to be 75-25 percent (in Japanese-US proportions), but this deal may still be very difficult for the government to "sell" to the domestic Japanese audience, given their hostility to it, since the Japanese population, by and large believe in equal-sharing and see this as another U.S. "imposition on Japan" and contrary to its "normal" status in the world. Abe would thus need to tread carefully on this point, as it has become sensitive in the Japanese psyche.

But most importantly, Japan is fast changing with the re-emergence of confidence in itself, as it economically and socially emerges further from its "lost decade". This confidence will inexorably lead to further moves for Japan's "normalization", or to be a "normal nation" politically and on the world stage. Such energy and confidence must not only be channelled into unwanted forms of nationalism, but also to the improvement of Sino-Japanese relations and an eventual reconciliation which could in fact be the channel for this new confidence, which Abe must tap to stabilize Japanese society and Sino-Japanese ties. He could also count on the urban electorate to support his Sino-Japanese rapprochement and reconciliation, even if the rural electorate remains important for Abe to woo, as he will need to fend off conservative and protectionist elements in the rural sector in order to seal better relations with China, especially in the key agricultural-related sectors of China's and Japan's economies. Moreover, Abe would also have to "contain" the nationalism building up in Japan so as to amend the present "pacifist" constitution, without alarming China and other Asian neighbours who still live with the scars of World War II.

The latest nuclear test by Pyongyang on 9 October 2006 comes at a critical time for both Japan and China. Nationalistic voices have already surfaced in Japan calling on the Abe government to "nuclearize" Japan, whilst rejecting its pacifist constitution through a drastic amendment, thereby giving the

Japanese Self-Defence Forces a greater international role with nuclear teeth. This would constitute China's (and the United States') greatest fear of a nuclear race in Northeast Asia, since it could bring about another Sino-Japanese escalation of tensions in the coming years, when Japanese and South Korean governments could be pressured by domestic public opinion to develop nuclear weapons, so as to "balance" North Korea. The latest move by Tokyo to upgrade the Self-Defence Agency to a Ministry did not solicit any adverse reaction from its immediate neighbours, but probably after Abe and his Chief Cabinet Secretary had strongly assured the visiting IAEA chief in late November 06 that Japan would not "go nuke".

In fact, in an earlier visit to Tokyo on 6 November 2006, incoming UN Secretary-General Ban Ki Moon expressed alarm at the nuclear debate that is currently raging in Tokyo. Abe responded to Ban by stating that he would abide by the 1967 policy decision of "non-processing, non-producing, and non-permitting" the introduction of nuclear weapons onto Japanese soil. If that turns out not to be the case China would no longer be the only nuclear power in the region. In fact, during Chinese President Hu's meeting with Abe in the sidelines of the APEC Informal Leaders' Meeting in Hanoi, Vietnam, Hu lauded Abe for his Government's decision to maintain its non-nuclear policy, which underscores the profound importance and concerns of the nuclearization issue in Japan for Beijing.

Hence, Japanese society in full transition would provide a dose of domestic uncertainty to how effective Abe could ultimately move on the ultimate reconciliation process, although there are also signs and indications for optimism, as a new thinking grips "a Japan in full transition".

2.6. China's Domestic Constraints & Challenges in Sino-Japanese Reconciliation

In China, "domestic constraints" in Sino-Japanese reconciliation will hinge on President Hu Jintao's progressive consolidation of power, his growing confidence internally and his own "controlled opening" reforms for China, with the following fifteen significant elements in his favour:

- Hu's conquest for power began when he managed to oust Jiang Zemin from the powerful Party Central Military Commission (CMC) in November 2004 (despite his weak military ties and support), thus solidifying his grip over all three branches of the Party, the Administration and the military. Since then, Hu has

managed to consolidate his own power within China's military circles as well.

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- Hu's "harmonious society" concept has now been largely supported and pushed ahead as the next credo of the Communist Party of China (CPC), as well as his "new socialist countryside" policy and Premier Wen Jiabaos's "san nong" (three agricultures) policy.
- Hu also moved his allies from the Communist Youth League (CYL) upwards into key positions in the provinces (as CPC secretaries or governors), as well as promoted ten new generals (as his own choices) within the People's Liberation Army or PLA.
- Former PM Zhao Ziyang's funeral was politically significant, even though it was tightly controlled, as this event would never have taken place under the Jiang era; there seems to have been a brave attempt to "rehabilitate China's tumultuous history" in cautious steps forward.
- Former CPC Secretary-General Hu Yaobang's 90th birthday anniversary celebrations was another major event (which also constituted a sort of political rehabilitation for the elder Hu in Chinese politics); the younger Hu was himself absent from the commemoration, probably as a safeguard against any untoward political fall-outs against him should they happen.
- Hu's "new" cross-Straits policy (on Taiwan) has proven to be audacious, as he moves further away from Jiang's confrontational approach; Hu has been advocating a softer approach to win the hearts and minds of Taiwanese, as he seeks to ultimately isolate Chen Shui Bian and his independence lobby.
- Hu's landmark meeting with Lien Chan, then Chairman of the Kuomintang (KMT), also marked a historic reconciliation in April 2005 between the CPC and the KMT, thus putting to rest an internal Chinese political feud between them since the 1930s.

- Moreover, the rehabilitation of Kuomintang (KMT) generals (after the visits of opposition leaders to the Mainland) was another brave and significant decision on the part of Hu, especially as it could have caused serious opposition from disgruntled elements within the Chinese PLA.
- There was also the “Freezing Point”²⁸ incident, when Hu apparently let “a hundred flowers bloom” in a controlled way within the media, so that some reactionary voices could be heard across Chinese society, thereby silencing some of the conservative elements with the CPC thereafter.
- The “alarming” figures of “social unrests” were released publicly for the past three years, so as to give credence to Hu’s “harmonious society” theory and his fight against “social injustice” within the CPC and the Administration.
- Hu also allowed opposition democrat figures from Hong Kong to visit Shenzhen for the first time, to signal a thaw in relations between them and the Beijing central government.
- Moreover, there was an officially-sanctioned Buddhist revival, with both the Summit in Wutaishan last summer and the Hangzhou Forum this spring, in order to profile Buddhism again as a religion in China.
- Hu cleverly praised Jiang for the publication of his foreign policy speeches in order to prevent him from stoking animosity against him (as his successor), but the common understanding of political observers in both Beijing and Shanghai was that Hu managed to heap “empty praises” on Jiang, even though they were highly “eulogical” in nature.
- Hu’s move against Shanghai Party Secretary Chen Liangyu, whilst placating Jiang (as above), was extremely audacious, as Hu finally moved against Jiang’s Shanghai clique with the aid of Vice-President Zheng Qinhong, who had originally belonged to the

²⁸ A weekly supplement found in the *China Youth Daily* newspaper.

clique. After Chen, the net widened and has so far nabbed businessman Zhang Rongkun (of the Formula One fame) and Qiu Xiaohua, China's Chief Statistician, based in Beijing.

- Finally, there appears to be a “new” Japan policy too for Hu in the making, as Hu has “demarcated” himself from the Jiang days of outright confrontation politics with Tokyo; Hu’s acceptance of Abe’s visit to Beijing on 8 October in the midst of the opening of the Sixth Plenum of the 16th Party Congress (as Abe’s first overseas trip since taking office on 26 September) was particularly significant.

These fifteen events and developments show the calculative nature that accompanies Hu’s progressive consolidation of power as China’s ultimate *supremo*, which appears to be well on the way ahead of the 17th Party Congress in autumn 2007. Clearly lacking in feelings and “emotional transparency”, Hu has undoubtedly shown his mastery in hard calculative politics to consolidate power, or as one Chinese diplomat put it, Hu is succeeding to “balance stability and mobility”. Besides having Wen on his side, Hu began consolidating power by “securing” Vice-President Zeng Qinhong (No 5 in the Communist hierarchy in China) onto his side. In fact, there is clearly now a Hu-Wen-Zeng triumvirate or troika at the helm of power in China, with Wen taking charge of the Administration, Zeng at the control of the Party (as the latest Chen Liangyu scandal and demotion has amply shown) and Hu himself taking control of the military and the overall direction of Party-Administration and the military. It was probably in 2004 that Zeng gained the trust of Hu (after being perceived as a protégé of Jiang) and was then integrated into the “triangle of power” at the apex of China’s power structure.

Zeng has been handling the thorny Hong Kong issue well, and has been advising Hu closely on Taiwan, though not showing his hand directly. Given his strategic control over the sensitive Hong Kong, Macau and Taiwan issues, Zeng has actually had all the vital information in his hands to advise Hu. Moreover, Zeng’s second trump-card to Hu has been his close “historical links” to the PLA through his mother’s side, which Hu could not ignore and, in fact, was much in need of to ultimately trounce Jiang from the Party CMC in autumn 2004. Hu also needed Zeng to help him reach out to (and then perhaps corner them!) the so-called “hardliners” from the Jiang era, who

respected Zeng, just as Hu and Wen worked on consolidating their own power shift towards the Communist Youth League reformers. Finally the swing of Zeng towards Hu guaranteed that Jiang would have no possible political come-back, as his “faithful lieutenant” would have effectively “switched over” to Hu.

The new triumvirate or troika of Hu-Wen-Zeng is in fact crucial to the consolidation of power in China for the next six years, so as to eventually better handle the ultimate reconciliation with Japan, which is still deemed an extremely sensitive issue for the Chinese public opinion and psyche. The consolidation of this political troika at the helm of power would also guarantee a period of stability in at least the next six years till the 18th Party Congress in 2012 (if not beyond) for Hu to work towards resolving the historical feud with Japan. This political opening is hence of utmost importance for Japan to seize, as a more confident Hu, consolidated in his own power structure in China, could take audacious steps towards the ultimate reconciliation with Japan.

Moreover, Abe’s Japan could also enhance China’s economic modernization further, creating greater stability in China and consolidating Hu’s power, whilst benefiting economically from China’s economic boom as well. China is undoubtedly facing monumental socio-economic challenges in a sort of (new) social revolution, as it seeks its path towards economic development and modernization. It is in such challenging times that Japan could “contribute” its share of stability to China, ranging from the continuation of the existing loan package to maintaining peaceful cooperation over the disputed East China Sea and Senkaku/Diaoyu Island issues.

Social stability is what Chinese leaders are most mindful about today, and stabilizing Sino-Japanese relations would have a positive impact for Hu and the Chinese leadership. Furthermore, China will be scoring an international “first” when it stages the 2008 Olympics in Beijing and then the Universal Exposition in Shanghai in 2010. These two events will place China on the world map and psyche, as the “coming of age” of China as a world power, which again Abe’s Japan could actively and positively contribute towards. An entente between Beijing and Tokyo would ultimately serve the goal of crowning the emergence of Asia as a major world player and power in its own right, another issue which the present Chinese leaders would want to herald to secure their place in history and in international politics and economics.

Hu's great strategic game plan (or what is also termed by political observers as "Hu's strategic rise") could be premised on the following three steps:

- to consolidate and seal his own political power within the CPC at the 17th Party Congress in autumn 2007, by weaving his own ideological basis and thinking into the fabric of Chinese society, from "harmonious society" and "China's peaceful development" to "a harmonious world"; but
- Hu could only achieve his international reputation and standing at the 2008 Beijing Olympics in August, after having consolidated his power internally at the 17th Party Congress; and
- this could then lead towards his final "bold thrust of controlled openings" or a "great period of reforms" in 2009 and thereafter, (after the 2008 Olympics), when his new reform agenda would remould China according to his own image in his key second term in high office, once his internal power is consolidated and his international prestige reaches its peak (with the successful holding of the Olympics).

If this is indeed Hu's and China's agenda, Abe's Japan could "accompany" it, and vice versa, as the political configuration of stars in both China and Japan move towards a converging constellation, which is the current perception. Never has the ultimate reconciliation been as favourable as today, with Hu and Abe leading their countries. Beyond the theory of "economic determinism", "political determinism" is more likely to be the leading factor to seal this final reconciliation and entente, as domestic conditions work in the favour of both China and Japan at the same time, and especially, in the convergence of interests of both their leaders, in their domestic consolidations of power in Tokyo and Beijing.

China and Japan are both strong powers at the same time, a factor which is thought by some political observers to inhibit rapprochement, but the rise of two strong powers may also augur more "generous" politics as both feel confident in dealing with the other. Furthermore, it is probably the "converging constellation of politics and personalities" in both a strong China and a strong Japan that may push them forward towards the ultimate

entente and reconciliation, which has been miserably lacking in their two thousand-year long history of asymmetry and “unequal relationship”.

But even with a strong political determinism, there are still extraneous but crucial issues (the Korean and Taiwanese issues), which have “seized” Sino-Japanese history and is still presenting complications to the future of Sino-Japanese relations.

3. The Korean Issue

A recapitulation of the history on the Korean Peninsula would be useful to highlight the tumultuous “ups and downs” of Sino-Korean-Japanese-Russian relations in the past 320 years, thereby draw lessons from them that relate to the present North Korean missile and nuclear crises, as well as the future of the six-party talks.

In fact, Korea’s own fate has historically been intermittently linked to the rise and fall of Sino-Japanese relations, as well as Russo-Japanese and Sino-Russian relations. In more contemporary history, Korean-Japanese relations have been inexorably tied to souring Sino-Japanese relations²⁹. The currently stalled “six-party talks” and the present rapprochement between Beijing and Seoul seem to confirm history’s drift towards an entente between South Korea and China (perhaps even against North Korea) on one hand, versus Japan and the United States on the other, with Russia playing a “stalking game” in the middle, as a French caricaturist had rightly portrayed at the turn of the last century³⁰.

3.1. *Traditional Korean Power-Play*

Historically, the Koreans have often been split and divided as a nation, even before the 1953 division of the Korean Peninsula, when the ancient Korean Kingdoms of Korugyo, Silla and Paekche had battled each other out³¹ with foreign assistance and complicity from the Chinese and Japanese. The Koreans’ power-plays and internal divisions have historically sparked conflicts and confrontations between its immediate neighbours in Northeast Asia,

Beijing’s relative shift in relations from Pyongyang to Seoul is probably the most important cause and consequence of the recent nuclear test, which in a way, also confirms the testy historical relations between China and Korea. Significantly, the nuclear test came just days before the arrival of President Roh Moon Hyun on an official visit to Beijing, his second since he took office in Seoul. Equally significant was that this nuclear test came right on the heels (and probably in direct defiance too) of the “great turning point” in

²⁹ *China Daily*, Beijing, did a comprehensive recap of Sino-Japanese ties in its edition on April 6, 2005.

³⁰ This cartoon caricature can be found in http://www.grips.ac.jp/teacher/oono/hp/lecture_J/leco6.htm under “Meiji” section.

³¹ Taro Sakamoto, *Japanese History*.

relations³² between Japan and China, with the spectacular visit of new Japanese Prime Minister Shinzo Abe to Beijing, where he met the top three Chinese leaders (President Hu Jintao, Premier Wen Jiabao and top legislator Wu Bangguo) within a day.

Vis-à-vis Japan, Pyongyang would have most probably evaluated that its own relations with Tokyo were already so low that there was no real possible rapprochement left. In this regard, a nuclear test, despite Japan's strong warnings and threats of economic sanctions, would have made no difference in their relations. On the other hand, Japanese fears of Pyongyang were already heightened by the 1998 missile firing over Japan, as well as the outright admittance by North Korean leaders of the "abductees" issue in 2002, confirming in the minds of most Japanese of North Korea's "terrorist state" status and their need to oppose the regime stringently. Abe also embodies this "hard line".

The ultimate question in these intriguing circumstances was whether Pyongyang was really out to defy Beijing, as Sino-Japanese ties warmed up, Sino-South Korean relations appeared to be consolidating and Sino-Russian views converged further on the international stage, most likely, all to the detriment of Pyongyang. The North Koreans may have come to the understanding that they would now have to play "*agent provocateur*" again, like in traditional Korean history, so as to ensure that all these different rapprochements would not necessarily "nail" them completely into a position of "non-maneuverability" and political stalemate on the Peninsula.

Sino-Korean affinities have been a powerful historical determinant on the Korean Peninsula for the last two thousand years. The first Sino-Korean alliance brought together in 663 AD the Tang and Silla navies against the Japanese and Paekche navy. This *de facto* ended Japanese influence on the Korean Peninsula, at least till the two subsequent Korean Expeditions by Japan in 1592 and 1597 during the Azuchi-Momiyama period under Regent Hideyoshi, when Japan actively sought lucrative trade exchanges as it "opened up" to the outside world³³. Hence, for more than 900 years, the Chinese safely evicted the Japanese from the Korean Peninsula and in fact, it was in 1274 that the Mongols (under China's Yuan Dynasty) attempted to invade Japan via the Korean Peninsula, thus "bringing Korea back" into the Sino-Japanese clash. However, Japan was saved from the Mongol invasion,

³² *China Daily*, October 9 2006 used this phrase, whereas *The Japan Times* reported that Hu and Abe would aim to seek "strategic ties".

³³ Taro Sakamoto, *Japanese History*, 14.

thanks to a typhoon, which then bestowed upon the Japanese the perception of their “invincibility” in history ever since. Thus Korea has always been profoundly implicated in the traditional Sino-Japanese rivalry in Northeast Asia³⁴, even bringing about the first Sino-Japanese War in 1894-95.

A crucial question that still remains today is whether the intriguing relations on the Korean Peninsula may be back to the way they were 320 years ago, when the Korean Kingdom was the premier *tributary* to the Chinese Empire. Following that period, it acquiesced for a short period of time towards the Russian Czarist Empire, and then coalesced to move closer towards and then to be completely colonized by Japan. South Korea then became allied with the United States after World War II, and now, with talks of possible reunification again (at least till the nuclear test), the future Korea (North and South) could be moving again “closer back” to China, or even staking to a position of traditional “power-play” once again. A meticulous recap of Korean history, especially from the geo-political angle, would thus be most illuminating to understand Korea’s future.

3.2. *The Historical Context of the Tumultuous Sino-Korean Relationship*

Historically, it was the Treaty of Nerchinsk (27 August 1689) that “clipped” Russian influence in the Far East, when Qing forces wiped out Russian colonies on the Amur, destroyed the Russian fort at Albazin and forced the Russians to withdraw north into Siberia away from the Amur River. The Korean Kingdom was thus safely secured as a tributary state of the Chinese Emperor, with the Russians pushed safely back to the North³⁵.

But two hundred years later in the summer of 1850, a Russian expedition secured the mouth of the Amur River for Czarist Russia, repelled British and French forces there and forced the Manchus in Beijing to sign the “unequal” Treaty of Aigun in 1858, with the Siberian-Manchurian border “set” on the Amur itself. In 1860, by the Treaty or Convention of Peking, the Chinese confirmed the Amur as Manchuria’s border with Russia, and ceded the region east of the Usuri River to Russia. The Czarist Empire thus expanded for the first time to the Korean border.

³⁴ See also the references to Korea in the Sino-Japanese tussle in Hidenori Ijiri’s piece “Sino-Japanese Controversy since the 1972 Diplomatic Normalization”.

³⁵ This section is taken from numerous sources, notably Taro Sakamoto’s *Japanese History*; The Internet East Asian History Sourcebook, available at <http://www.fordham.edu/halsall/eastasia/eastasiasbooks.html>; Zhang Xiaoming’s *China’s Peripheral Security Environment* (published in Mandarin only) by Beijing University Press; and *Chinese-Japanese Relations in the 21st Century: Complimentarily and Conflict*, ed. Marie Söderberg (Stockholm: Stockholm School of Economics)

But in September 1875, the Koreans fired mistakenly on the Japanese naval vessel Un'yo and the first clash between Japan and Korea took place in contemporary times. The Japanese then forced the Koreans to sign the Treaty of Kangwha, whereby Japan coerced Korea into granting trading concessions to Japan, thus inaugurating the Japanese "penetration" of Korea.

Between the summers of 1882 to 1886, the bitter factional struggles in Korea were exacerbated by Japanese, Chinese and Russian interference. A "reformist" movement attempted to topple the conservative government on 4 December 1884, and by 5 December the movement announced the formation of a reformist government with a 14-point political program for the transformation of the feudal system into a modern capitalist one³⁶. Conservative forces, with the help of the Chinese Qing Army routed the "reformist" faction within three days, as Japanese forces, which were guarding the Royal Palace on a temporary basis withdrew, reneging on a promise they had earlier made to the "reformists" to support them. The first Sino-Japanese tussle in a "divided" Korea thus ended with the temporary "re-assertion" of Chinese power and influence in Korea. But this was also the last assertion of Chinese power, as Qing Dynasty was fast decaying.

The first Sino-Japanese War in 1894-95 became the real turning point for Qing China and Korea itself. When the royalist government of Korea asked the Chinese to help quell a peasant revolt, the Japanese took the occasion to dispatched its own troops into Korea to "protect its community", and after a Japanese coup had ousted the pro-Chinese faction in Seoul on 23 July 1894, Japanese forces attacked the Chinese Qing troops on 25 July by surprise, thus launching the first Sino-Japanese War. This was the prelude to a string of Japanese victories from September 1894 till February 1895. Having succumbed to a humiliating defeat at the hands of the Japanese, the Treaty of Shimonoseki (17 April 1895), China to make a number of concessions, including to drop its claims on the Korean Peninsula, cede Liaodong Peninsula to Japan and pay Japan 310 million Yuan of gold as reparations. Japan thus drove the Chinese and Qing forces out of Korea and took a key dominant position on the Peninsula³⁷.

³⁶ A DPRK publication, *Korea in the 20th Century: 100 Significant Events* provided this perhaps "slanted" perspective on the tussle between reformist and conservative forces in Korea in the 1880s.

³⁷ The Japanese were however humiliated by Western powers subsequently in the last days of April 1895, when the Triple Intervention of Russia, France and Germany forced Japan to give the Liaodong Peninsula back to Qing China. The revised Shimonoseki Treaty of 10 May 1895 then relinquished Japanese control over Liaodong, to the anger of the Japanese general public.

But with full control over Korea, Japan began to control Korea even more fully. After the Sino-Japanese War, the Korean King and Queen Min, who had maintained power in the Korean Court thanks to the support of Qing troops, began to rely more and more on Russian troops against Japan, seen as Russia's principal rival after the Chinese were routed from Korea. The ascendancy of the pro-Russian faction (centred around Queen Min) alarmed Japan and the pro-Japanese faction; they mounted a coup on 8 Oct 1895, led by the Japanese minister resident in Korea, which ended with the brutal extermination of Queen Min and her entourage.

This murder and the later "Chungsaengmun Incident" (whereby the King was supposed to have been taken to the U.S. Legation in Seoul for protection) prompted the royal Korean court to seek Russian assistance. The King then fled to the Russian Legation in Seoul and pro-Japanese elements in the Court were purged and executed. By early 1897, the Korean King had officially returned to the Royal Palace, with the pro-Russian faction dominating Korean politics; Czarist Russia also began training the Korean Army and gained many economic concessions from the Royal Court, to the general irritation of Japan.

3.3. Russo-Japanese Confrontation over Korea & China's Total Shutout

Russian domination over Korea was thus confirmed from 1896 till 1897-98; in fact, in May 1896, the Korean Court had unsuccessfully petitioned to become a Russian protectorate. But Russia and Japan signed the Lobanov-Yamagata Convention in June 1896, attempting to organize joint dominance over Korea. Meanwhile, the Qing Emperor in China was too weak and could only watch with disappointment the joint "control" of Korea by Japan and Russia. .

But another turn of events was taking place that linked Korean history to Manchurian history and the Sino-Japanese-Russian political-economic intrigues in that region. In March 1897, Russia was granted a 25-year concession by China of the Liaodong Peninsula (which the Japanese had lost in the revised Shimonoseki Treaty of 1895) as well as a concession to build the South Manchurian Railway, reinforcing Russia's strong grip over Manchuria. This was perceived as a Sino-Russian Alliance against Japan, whereby Russia also gained the rights to extend the Trans-Siberian Railroad across Chinese-held Manchuria to the Russian seaport of Vladivostok, thus gaining control (for the first time) of an important strip of Manchurian territory. But by 13 April, Japan managed to persuade Russia to sign the Rosen-Nissi Convention, whereby Russia yielded its dominant position in

Korea to Japan, so as to concentrate on Manchuria fully, which was perceived by the Russians to be more key and important than Korea for their vital interests.

Following the “anti-foreigner” Boxer Rebellion of 1900, Russia occupied the whole of Manchuria from the Qing and became more and more absorbed with it, leaving Japan to dominate Korea. Japan then signed the Anglo-Japanese Alliance of 1902, principally to counter Russian expansion into China. By 8 April 1902, Russia, under enormous pressure from the Western powers, agreed to recognize Chinese sovereignty over Manchuria and to perform a phased withdrawal within eighteen months, which the Russians began stalling by late 1902. This set the stage for the Russo-Japanese War of 1904-05 and the Taft-Katsura Agreement which followed in 1905.

By May 1903, Russia had sent troops close to the Korean border in order to protect its timber concession in Manchuria, which provoked a tough response from Japan. Meanwhile, Japanese war preparations had begun in earnest in Tokyo. By 6 January 1904, Russia offered to formally accept limited Japanese influence in Korea, understandably to stall for time in preparations for war. Japan countered-offered (in its “fourth and final appeal”) on 13 January that Russia should concede all its influence in Korea to Japan, whereby the latter would concede all its influence in Manchuria, but with Russia then respecting Chinese territorial integrity in Manchuria; this “appeal” was perceived as a Japanese ultimatum to Czarist Russia³⁸. By 14 January, the Czar ordered that Russian forces should not attack Japanese troops south of the 38th parallel until they attack north of that line of demarcation. Meanwhile, Korea proclaimed its neutrality on 21 January, but was unfortunately “sucked” into the conflict when Japanese troops crossed north of the 38th parallel. This 38th parallel (as we know of its significance today) has in fact proven to be a historical legacy from the earlier years of the 20th century, and is an ominous reminder of the traditional Russo-Japanese tussle in Korea during the present missile crisis and six-party talks.

The Russo-Japanese War began with a surprise naval attack on 8 February 1904 on Russian-controlled Port Arthur (now Lu-Shun, at the tip of the Liaodong Peninsula), followed by a long siege there, as the Japanese fleet secured the Korean Straits and the Sea of Korea, thus using the Korean Peninsula as a beach-head to attack Manchuria from the south. Japan then

³⁸ Lauria Barber has written an interesting article on the Russo-Japanese War, published by the University of Waikato, available at <http://zhukov.mitsi.com/Russo.htm>.

forced the Korean government to sign the “Japan Korean Protocol” on 23 February (despite Seoul’s proclamation of neutrality”) and then the “Japan-Korea Agreement” on 22 August in the midst of the Russo-Japanese War. These two documents paved the way for direct Japanese rule over the Korean Peninsula, thus historically and tactically outwitting the Chinese and Russians out of Korea once and for all.

The Japanese victory over Russia at the Naval Battle of Tsushima (May 1905), after routing the Russians on land at Mukden/Shenyang (in March 1905), was finally sealed with the Portsmouth (New Hampshire) Peace Treaty on 6 September 1905, thanks to American President Theodore Roosevelt’s mediation between Russia and Japan between 9 August and 6 September. Under this Treaty, Japan gained control of Liaodong (and Port Arthur) and the South Manchurian Railroad (which led to Port Arthur), as well as half of the Island of Sakhalin. Russia agreed to evacuate southern Manchuria, which was restored to China, and Japan’s control of Korea was finally recognized and sealed. Within months of this Portsmouth Treaty, Czarist Russia was to be seized by the Bolshevik Revolution, plunging it into violent internal chaos.

3.4. The U.S. Entrée into the Regional Sino-Korean-Japanese-Russian Strategic Balance

But prior to the 6 September 1905 Portsmouth Treaty was another important secret “agreement”, viz the Taft-Katsura Agreement³⁹, which had probably altered the fate of Korea vis-à-vis Japan and the United States, as well as with regards to China and Russia.

William Howard Taft, the U.S. Secretary of War met Katsura Taro, Prime Minister of Japan in Tokyo on the morning of 27 July 1905 for a long confidential discussion, which then resulted on 29 July in a memorandum to U.S. President Theodore Roosevelt detailing these discussions. This memorandum later became known as the “Taft-Katsura Agreement”⁴⁰. It was not a secret treaty or an officially signed diplomatic document, but the contents of the memorandum (which amounted to an understanding between

³⁹ The controversial portrayal of the Taft-Katsura Agreement can be found in at least two sources, the Wikipedia summary of the Agreement, as well as a more critical assessment (as a U.S. betrayal of Korea): "The 1905 Secret Taft-Katsura Agreement: America’s Betrayal Of Korea" available at <http://www.geocities.com/mlovmo/temp25.html>.

⁴⁰ A copy of this Agreement is kept at the Washington University Far East Library and reproduced at <http://www.geocities.com/mlovmo/temp25.html>.

Japan and the United States) were approved by Roosevelt himself in his reply to Taft dated the same day from Washington DC.

In this “Agreement” three significant issues were “agreed upon” between Taft and Katsura with regards to “peace in East Asia”. Firstly, a good understanding between the United States, Britain and Japan (with Britain and Japan being allies under the 1902 Alliance Treaty) would best “seal” the peace in East Asia, which in turn, according to Katsura, was the fundamental principle of Japan. Secondly, Taft observed that Japan’s only interest in the Philippines would be to have them governed by a strong and friendly nation like the U.S., to which Katsura confirmed Japan’s position, as “not having any aggressive designs on the Philippines”.

Lastly and more importantly, Katsura observed that Korea was a matter of absolute importance to Japan, as it was perceived as the direct cause of Japan’s war with Russia (and its earlier war with China, a point which was however not reiterated between the two men) and a “complete solution of the Korean problem would be the war’s logical consequence”. In this regard, Katsura argued that if left alone, Korea would “continue to improvidently enter into agreements/treaties with other powers” (meaning with the Chinese or the Russians), which had created the “initial problems”. Therefore, Japan would have to take steps to prevent Korea from again establishing such conditions, which had then forced Japan into fighting another foreign war in its immediate periphery. Based on this, Taft agreed that the establishment of Japanese suzerainty over Korea to prevent foreign treaties and power play without Japan’s consent would be the logical result of the Russo-Japanese War and would therefore logically secure “permanent peace in East Asia”.

This “arrangement” between Taft and Katsura, and hence, between Japan and the United States, could also be interpreted to have violated the spirit of the previous “good offices” clause in the “Korean-American Treaty of Amity and Commerce”, signed in Inchon, Korea on 22 May 1882. The Chosun government had considered that treaty to be a Mutual Defence Treaty between Korea and the United States, whereas Washington had interpreted it as only “good offices”, which amounted to no obligations on the part of the Americans. Korea’s protests went unheeded by the U.S. Administration and the Korean King’s envoy was rebuffed by Washington.

Many Koreans therefore saw this “agreement” and the Portsmouth Treaty as having paved the way for the “formal and official recognition of Japanese

interests in Korea”, laid out in the 17 November 1905 Protectorate Treaty (which dismantled the Korea Foreign Affairs Office completely), which then led to the unfortunate colonization of the Korean Peninsula by Japanese military forces for 35 years, from 1910 till 1945. However, some Koreans have also admitted recently that the corruption and inability of the Chosun Royal Court (for the past few decades before these “unfortunate events”) to reform and organize itself effectively (like the decaying Manchu Qing Dynasty in neighbouring China in the last years of the 19th century) had actually contributed to its helplessness and incapability to defend itself from encroachment by outside forces and governments (again like China in the last years of the Qing Dynasty), which was then forced to accept “unequal treaties” and foreign concessions on its territory. This similarity between the Chosun and the Qing Dynasties was telling, as the last attempt by the Chinese Empire to support and shore up the Korean Kingdom had really taken place in 1884-85, after which both went into their final phases of dynastic decline and national decay. By 1895, the defeated Qing was clearly routed and ousted from Korea by the stronger modernizing Japan under the Meiji era, just as the Chosun was to be completely over-run by Meiji Japan too, but also because it was wrought by deep internal Korean divisions.

But the Taft-Katsura Agreement, as it emerged recently, caused an emotional uprising in South Korea with regards to American betrayal. At the 2004 National Defence University (NDU) Security Conference in Honolulu, Hawaii, USA, a Korean researcher with Brookings Institution warned the Americans that South Korea could one day betray Washington, just as what Washington did in 1905. Moreover, with the “emergence” of this Agreement, some elite and scholarly circles in Beijing are now expressing deep distrust for the Americans, as they had openly and systematically taken the side of the Japanese against the Chinese⁴¹. In fact, a lot of the mutual suspicions between Chinese and Americans could also be attributed to this factor.

In fact, Japan, under the “Meiji Restoration” (and contrary to the Qing and Chosun in China and Korea respectively) had modernized the economy and embarked on “guarding its national interests by constructing its line of interest beyond its national border and sovereignty”. This novel line on “national interests of Japan” was clearly enunciated by Prime Minister

⁴¹ See 1. Sino-Japanese History (Sub-section 1.3.) in this publication for the three examples whereby Washington chose the side of Tokyo against Beijing, which the Chinese now view as “betrayal”.

Aritomo Yamagata in his famous speech to the first imperial parliament in 1890⁴² as follows:

“There are two ways to secure national independence and defence. The first is to protect the line of sovereignty. The second is to protect the line of interest. The line of sovereignty means the nation’s border whereas the line of interest includes the areas closely related to the safety of the line of sovereignty. There is no country that does not defend both lines. Under the present circumstance, to maintain our independence and stand against Western powers, defending the line of sovereignty is not enough. We need to protect our line of interest as well.”

It is clear that Japan’s “line of interest” would *a priori* include Korea and then later, Manchuria. This concept was then extended to the whole of Asia (China and Southeast Asia) with the Sphere of Asian Co-Prosperity, during World War II, until Tokyo’s final defeat in 1945. This doctrine had inexorably led to the first Sino-Japanese War, as China had then considered Korea its tributary state and its rights of protection (over Korea). As war reparations in 1895, Japan obtained 310 million Yuan in gold, Taiwan (Japan’s first colony) and the Liaodong Peninsula in Manchuria, which it was then forced to “return” to China by the Triple Alliance of Russia, France and Germany. Since Korea and Manchuria remained much in Russian control in the early 1900s, the Russo-Japanese War sealed the fate of Korea after Japan routed the Russians from the Korean Peninsula. But after Japan’s victory over the Czarist Empire and profiting from its internal revolution and chaos⁴³, Japan began to take progressive control of Manchuria (after Korea) in the 1930s till its defeat in World War II. Korea and Manchuria were thus clearly Meiji Japan’s “coveted prizes” in its “line of interest” philosophy and decidedly, a major issue in Sino-Japanese relations for the last 120 years.

4. The Taiwan Issue in Sino-Japanese Relations

The Taiwan issue could also not be historically absolved or divorced from the complicated Sino-Japanese relationship, as it has intricate roots and links to the present and past relationship between China and Japan. In fact, Taiwan provokes just as much positive emotion in Japan (as their former protégé and colony, a democracy and a necessary bulwark against

⁴² Kenichi Ohno, "Meiji (4): budget, finance and the macro balance", lecture notes from National Graduate Institute for Policy Studies (Japan), available at http://www.grips.ac.jp/teacher/oono/hp/lecture_1/leco6.htm.

⁴³ As well as the internal convulsions in a just-as chaotic “Republican China” under “dividing” warlords all over the country, despite attempts by Sun Yat-Sen, father of China’s first revolution, to unite the country.

communism in Asia) as China evokes in terms of complex and negative emotions in Japanese public opinion for direct opposite reasons.

It is commonly believed that should reunification ever take place one day between Beijing and Taipei, the “Japan issue” (meaning, perception of and relations with Japan) could surface as the biggest single issue in Mainland-Taiwan rapprochement. As long as this historical legacy is not put to rest, Taiwan could also become the greatest stumbling block to China and Japan’s attempts to co-lead an East Asian Economic Community, as the ultimate place and role of Taiwan and the economic stakes involved in this endeavour could strain Sino-Japanese relations once again.

Historically, Taiwan became embroiled in Sino-Japanese relations and tussle, when the 1895 Shimonoseki Treaty forced China to give the island of Formosa up to Japan, after the former lost the first Sino-Japanese War to the latter. Japan then ruled Taiwan for the next fifty years till the former surrendered in August 1945. Unlike Korea, Taiwan was “peacefully occupied” by Japan, where there was no real animosity of occupation and colonization. In fact, many in the older generation of Taiwanese could still speak Japanese and many legacies of the Japanese times remain in Taiwan without being physically or psychologically demolished by succeeding authorities, ranging from aspects of Taiwan’s education system to the numbering of blocks and streets in major Taiwanese cities (very similar to major Japanese cities).

Following World War II and after the San Francisco Conference (on Japan) of 4 September 1951 (to which China was not invited, after Mao Zedong and the Communists took power on the Mainland) and the U.S.-Japan Security Pact (of 8 September 1951), Japan signed a “Peace Treaty” with the Chiang Kai-Shek authorities in Taiwan on 28 April 1952, which Chinese Prime Minister and Foreign Minister Zhou Enlai later strongly denounced on 5 May 1952.

In fact, this Treaty would become one of the “Three Principles” that Beijing would demand before the restoration of Sino-Japanese diplomatic relations in October 1971, as put forward to Tokyo eleven months before the groundbreaking visit of Prime Minister Kakuei Tanaka to China. In June 1957, Prime Minister Nobusuke Kishi (Shinzo Abe’s grandfather) even visited Taiwan in support of its eventual “recapture” of the Mainland by Chiang Kai-Shek. As stated earlier, Taiwan was indeed in the direct background of the troubled relations between China and Japan during the 1971-72 normalization process.

Moreover, according to Ambassador Yosuke Nakae's oral interview⁴⁴, the "Taiwan issue" clearly divided the Gaimusho (Foreign Ministry) as well as the whole Japanese political establishment at that time. As earlier stated, Taiwan was at the center of the "Kaku-Fuku War" within the LDP, as an internal tussle took place between the Tanaka and Fukuda factions for supremacy within the party⁴⁵.

LDP Vice President Shinna, of the Tanaka faction, was asked to be the Japanese government's special envoy to Taiwan to negotiate with them on how Tokyo could best "switch sides". The Taiwanese authorities at first rejected a Japanese envoy on the grounds that it was useless to negotiate with Tokyo if Prime Minister Tanaka had already taken the fundamental decision to "abandon Taipei". However, the Taiwanese authorities relented when they realized that it would be non-face-saving should they reject Shinna's visit given his high status with the LDP.

According to Nakae, the final declaration between Shinna and Chiang carried a sentence, which appeared to be the "face saver" for both Tokyo and Taipei, viz "we believe that the citizens of Japan will continue to hold their feelings of friendliness towards Taiwan". Nakae then concluded that "the Japanese people believe..." sentence could be interpreted to mean that Chiang and Taiwan regarded the Tanaka faction as its enemy, and not the Japanese citizens, who still held their affection for Taiwan and Taiwanese, a trait, which has inevitably lasted till this day.

The "Taiwanese dilemma" became more complicated when Taiwan's independence lobby gathered steam in the island's politics and "ethnic tensions" rose between Mainlanders and islanders. Indigenous Taiwanese in general have adopted a more "distanced" policy from the Mainland and from an eventual reunification, whereas Mainlanders generally tilt closer to a booming and "reformed" China. This movement gathered steam under President Lee Teng-Hui in the 1990s, the first Taiwanese President (though initially, he came to power as President of the KMT) to come from the ranks of indigenous Taiwanese after two Mainlander Presidents, Chiang Kai-Shek and Chiang Ching-Kuo.

⁴⁴ The Oral History Interview of Ambassador Yosuke Nakae, conducted by Yoshihide Soeya and Koji Murata.

⁴⁵ The Fukuda faction was known for its professed "protection of Taiwan" in Japanese politics. When Fukuda became Prime Minister of Japan, he then proclaimed the famous "Fukuda Doctrine" for Southeast Asia in 1977, so as to "balance" Sino-Japanese normalization and was believed to have even tried to stall the signing of the Treaty of Peace and Friendship between Beijing and Tokyo.

Lee himself is an indigenous Taiwanese, and was President of Taiwan after the Chiangs for twelve years; he was in fact one of those brilliant young Taiwanese during the “Japanese period”, chosen by Taiwan’s colonial masters to pursue their educations in Japan (for instance, a Tokyo University degree for Lee) and be imbued with a strong sense of Japanese ethos and outlook. Lee has always been close to the Japanese, as his Japanese alumni and contacts constantly call on him when they visit Taipei, and Lee has never tried to cover up his “Japanese connection” which irks the Chinese tremendously, especially in the context of tense moments in Sino-Japanese relations. For example, the Xinhua News Agency had accused Lee of trying to “split China and damage Sino-Japanese ties”⁴⁶.

Beijing has always denounced Lee as heading the independence “or indigenization” lobby (even though he was still then in the KMT) and favouring the rise of Chen Shui Bian to the presidency in 2000, after which he left the KMT to found the independence-oriented Taiwan Solidarity Union (or TSU). In fact, it was Lee’s visit to Tokyo in 2001 (for medial reasons), which caused Sino-Japanese relations to take a deep plunge, especially when he used his Japan visits to denounce and criticize the Mainland. This event also significantly came after Lee proclaimed the “two Chinas” (or “two-state”) policy, just two years before that, to the strong condemnation of China. A similar fiasco in relations was avoided in 2006, when Lee eventually cancelled his visit to Japan, owing to his inability to travel (because of his aggravating illness), as well as amidst mounting pressure from Beijing to Tokyo not to grant Lee the required visa.

Beijing has always suspected that Lee is in direct cahoots with Japan’s “militarist and rightist forces”, which are still bent on taking revenge against China, more than sixty years after the Pacific War, whereas there are no doubts that Japan sees in Taiwan a reliable ally in what some Japanese politicians call “an alliance of democracies” (including Japan, Taiwan, Australia, South Korea and the Philippines). Other Japanese politicians and bureaucrats also see in Taiwan a model of democracy (though much discredited nowadays thanks to Chen’s scandals) for the Mainland to emulate one day, especially if and when the Chinese eventually overthrow their communist government (as some liberal Westerners and militarist-rightist Japanese would have hoped!). On the other hand, some Beijing leaders have always suspected that Japan may be using Taiwan as a beach-

⁴⁶ Xinhua News Agency Commentary, April 20 2001 and an article in the *People’s Daily* April 21 2001.

head to counter and destabilize China and derail its present economic and social developments.

Taiwanese politics have also become more and more tainted with this Mainlander-indigenous debate and tussle, which then streamlined into Taiwanese party politics, with President Chen's Democratic Progressive Party (or DPP) representing independence and a certain "distanciation" from the Mainland. This is in contrast to the opposition KMT, which has a majority of Mainlanders, especially in its last two leaders, Lien Chan, who made a spectacular visit to Beijing in April 2005 to seal the historic KMT-CPC rapprochement, and now, Ma Ying-Jeou, who was himself born in Hong Kong before coming to live in Taipei.

It is now widely acknowledged that should Ma and the KMT come to power in the presidency in March 2008, he would take a more favourable view towards the Mainland than President Chen, so as to stabilize cross-Straits relations. On the other hand, there have been concerns in Tokyo that Ma may espouse a more anti-Japanese stance in foreign relations, especially given his personal "Mainland hostility" towards the Japanese (even though he was born after the War) and because his Harvard thesis was about the disputed Senkaku/Diaoyu Islands, where he had stated a clear claim for the ultimate return of these islands to China.

It has been also been confidentially revealed that Japan has so far been the only country that has privately expressed reservations about improving the KMT's relations with the Mainland to Ma during his recent visits to the United States, Australia, Singapore and Japan. Japan could have indeed been surprised by and wary of the smooth rapprochement undertaken thus far by the KMT and the CPC (arch-enemies during the 1930s, who were unable to seal an ultimate reconciliation against the invading Japanese imperial forces into China), together with Lien Chan's four visits to date to China. Moreover Tokyo could have been shocked and irked by the smooth negotiations between the KMT and the CPC to "iron out" their past animosities, as well as Beijing's recent decisions to "rehabilitate" the KMT generals who fought during the last War against Japanese troops in China in the 1930s and 1940s.

Cross-Straits ties are hence closely inter-woven into an ultimate Sino-Japanese reconciliation, especially with the eventual advent of Ma to power in Taipei in 2008, with Abe in Tokyo and with Hu Jintao's progressive consolidation of power in Beijing. But more importantly, is the stability of

the greater Asia-Pacific region as well, as Sino-Japanese competition and rivalry intensified in the last fifteen years, when Beijing edged out Tokyo to a huge extent its previous primacy (at least economically and financially) in Southeast Asia.

5. The Strategic Geo-Political Rivalry in Asia and in the Asia-Pacific between China and Japan & the Strategic Re-Alignment of Big Powers

The geo-strategic rivalry between China and Japan can best be seen in their premier theatre of competition, viz in Southeast Asia. In turn, this theatre is proving to be also a growing theatre of global rivalry between China and the United States, Japan's main sponsor and ally. The stakes in Southeast Asia (like in Central Asia and the South Pacific) are high, as the United States and Japan attempt to play the "India card" against China. They (and particularly Japan) also seek to influence the post-East Asia Summit (EAS) regional architecture in East Asia, especially when both Beijing and Tokyo will be seeking to lead the future East Asian Community in a real case of two major powers rising concomitantly in this region.

5.1. China's Economic & Cultural Advances in the Asia-Pacific to the Detriment of Japan

Beijing seems determined to lock Tokyo in a competition for "regional allegiance". But unable to match Japanese financial might and prowess, Beijing may have selected specific areas in which to invest and promote its own "soft power", especially in the lesser-developed countries and poorer economies of Southeast Asia. True enough, China's challenge to Japan has been impressive, especially when relations were not at their best.

(a) China has lowered the "China threat" in Southeast Asia

But before advancing into Southeast Asia, lowering the "China threat" and establishing mutual confidence and trust between China and ASEAN appeared to be Beijing's first priorities, especially in the last fifteen or twenty years of their relationship. There has been notable success for Beijing, as it sends out clear "overtures" to ASEAN and as the latter reciprocates the former, even though Japan has been a major player in ASEAN since the Fukuda Doctrine went into effect in the late 1970s.

In fact, between 1995 and 2003, Japanese Foreign Direct Investments (FDI) into the ASEAN-10 amounted to US\$28 billion, whereas Chinese FDI was

only a mere US\$0.5 billion⁴⁷. This discrepancy bears witness to the Chinese position in its competition with Japan, and hence Beijing had to resort to other means of seducing ASEAN states. It has been reported officially by the Chinese Commerce Ministry that Chinese FDI totalled US\$1.085 billion by the end of 2005, whereas ASEAN's accumulative FDI into China had reached US\$38.5 billion.

But there has indeed been a distinct warming of ASEAN-China relations from a historical perspective, with an undoubted shift away from the "China threat" syndrome within ASEAN. Mutual perception is all-important in Sino-ASEAN relations; Southeast Asians' threat perception of China has shifted in three ways⁴⁸.

Firstly, China used to pose two sorts of threats to Southeast Asia. From a historical perspective, there was a communist threat from Beijing in the 1960s and 1970s, as experienced by Indonesia, Thailand, Malaysia, Singapore, Philippines and Burma (Myanmar now). On the other hand, Beijing represented a war threat, as was the case of Vietnam in 1979, when Chinese troops crossed the Sino-Vietnamese border to teach Vietnam a lesson over its invasion and occupation of neighbouring Cambodia. This "ideological" and security threat aspect has inexorably broken down since the 1960s and 1970s. Moreover, the South China Sea islands dispute between China and some ASEAN countries (Philippines, Vietnam, Malaysia and Brunei) posed another security threat, though the dispute has simmered down following Beijing's agreement to sign the South China Sea Declaration of 2003.

Added to these two historical dimensions, Southeast Asian countries have also witnessed a major perception change of China in the 1980s and 1990s, from what was termed a "China threat" (in economic, trade, investment, social/job terms) just four to five years ago, to one of a "benign" China with ample opportunities for ASEAN. However, this factor may yet shift again as China's trade deficits with ASEAN countries decrease, and may eventually even turn into surpluses, thus re-igniting the "China (economic) threat" spectre once again if not handled soundly.

Three factors have come into play in ASEAN-China relations. Firstly, Beijing's pragmatic policy of political stabilization rather than its former

⁴⁷ ASEAN *Statistical Yearbook 2004*, (Jakarta; Indonesia: ASEAN Secretariat, November 2004), 148-149.

⁴⁸ Eric Teo Chu Cheow, "ASEAN+3: The Roles of ASEAN & China" in *ASEAN-China Relations: Realities and Prospects*, ed. Saw Swee-Hock, Shang Lijun & Chin Kin-Wah (Singapore: Institute of Southeast Asian Studies ISEAS, 2005).

“ideological destabilization” has been assuring to ASEAN countries. In fact, in a TIME magazine interview⁴⁹, Singapore’s Minister Mentor Lee Kuan Yew recounted his admiration of Deng Xiaoping (as the “most admired man” in his career) when he pragmatically curtailed Beijing’s financial and moral support for regional communist parties (which in turn had pledged to overthrow the elected leaders in the region) after consulting with Lee in Singapore during his first tour to non-communist Southeast Asia in 1978. Lee commented that it was Deng’s pragmatism and realism, despite his strong communist ethos, that had profoundly touched him and increased his admiration for Deng and his resolve to modernize China.

China is no longer perceived as an obstacle but as an opportunity to ASEAN, thanks also to Beijing’s political decision to hold up (or not competitively devalue) the *renminbi* during the 1997-98 Asian Crisis, as well as the latest surplus trade bonus, “accorded” to ASEAN countries by Beijing.

Lastly, this shifted or reduced threat perception of China (to ASEAN) is also due to Beijing’s new, active and “sophisticated diplomacy”, from Deng Xiaoping to the Jiang Zemin-Zhu Rongji team, up through to the present Hu Jintao-Wen Jiabao team. Four areas of Beijing’s present foreign policy “sophistication” would include a less pompous, but more pragmatic foreign policy; its growing economic diplomacy; its promotion of international and regional integration; and finally, a struggle for multi-polarity in the world today, in the face of “American hegemony”.

(b) The Concomitant Rise of Chinese “Soft Power” in Southeast Asia

Commensurate with China’s rise as an economic and political power, there has been a concurrent rise in China’s “soft power” in Southeast Asia. Chinese culture, cuisine, calligraphy, cinema, curios, art, acupuncture, herbal medicine and fashion fads have penetrated into regional culture.

Fascination for popular Chinese culture amongst ASEAN youth in film, pop music and the television has been noticeable, even though such popular culture may in fact emanate from Hong Kong (films, actors, actresses and “canto-pop”) or Taiwan (like the “Meteor Garden” television series or boy-bands, such as F4 or 5566), and not necessarily China alone. Joint “Chinese” film productions such as “Hero” or “Crouching Tiger, Hidden Dragon” (which “pool” together acting talents from China, Taiwan and Hong Kong) have hit international box-offices and given Chinese culture a big boost. Mainland Chinese cinema idols, like Zhang Yimou and Gong Li, are

⁴⁹ TIME Magazine, December 12, 2005.

beginning to command an artistic following although they still lack a popular following in Southeast Asia.

But Mainland Chinese consumer brands (like Hai-er, TCL or Huawei) are becoming increasingly popular in ASEAN societies, especially in the lower-end electronic and telecommunication products, sold in *pasar malam* (or night markets) in Indonesia and Philippines today. The rise of Chinese consumer products in Southeast Asia, especially amongst its poor indigenous population, will undoubtedly contribute to lessen the previous “China threat” even further as well as to help spread Chinese “soft power”, much like the existing American and Japanese “soft power” which spread thanks to worldwide branding of their products.

(c) China has Successfully Wooed the Ethnic Chinese Communities in Southeast Asia into Consolidating Sino-ASEAN Ties

But more importantly in Southeast Asia today is the rising influence of ethnic Chinese. Formerly being resolutely anti-communist and anti-Beijing, this group has swung towards a “more benign China”, as these communities ride on the coat-tails of an “emerging China”. In Thailand there is undoubtedly a rise in Thai-Chinese power and influence, not only in commerce and business (as had traditionally been the case), but also in politics (symbolized by former PM Thaksin Shinawatra and his ruling Thai Rath Thai Party), the bureaucracy and intelligentsia. Indonesia has “rehabilitated” its Indonesian-Chinese community. For example since 2003 the Lunar New Year or “Imlek” has been designated an official Indonesian public holiday and public “Metro TV” has some of its news bulletins (“*xin wen*”) read in Mandarin. Indonesian-Chinese businessmen have been particularly active in Fuzhou, where many of their ancestors hailed from.

In the Philippines, Filipino-Chinese movies captured the top prizes at the annual Metro-Manila Film Festival in 2004 and 2005. There are also more “chinovelas” (Chinese serials) aired on local television stations in the afternoon, and the Taiwanese boy band F4 was the Philippines’ biggest craze for many months, as its songs filled Manila’s mega-malls. Filipino-Chinese businessmen are particularly plugged into Fujian province (where their ancestors originated), and Fujian’s Party Secretary is believed to have maintained direct and privileged links with rich Filipino-Chinese businesses. Vietnam is undoubtedly following the “China model” economically and even politically, as returning *viet kieu* (or overseas Vietnamese) are leading the Vietnamese economic recovery, like Hong Kongers, Taiwanese and overseas

Chinese did some fifteen to twenty years ago in China. In Malaysia, Chinese tycoons are playing an increasingly prominent role in leading the current economic boom (with its business connections with China), and may even “inspire” some profound reforms to Malaysia’s *bumiputra* (pro-Malay) policy, although latest indications have shown that race and religious issues are still ultra-sensitive in Malay and Malaysian politics.

In Southeast Asia, the “*pai hwa*” (or anti-Chinese) sentiment has undoubtedly subsided to a large extent, and many ethnic Southeast Asian Chinese now want to “re-discover” their own (Chinese) culture and identity, in line with the “emerging China” to the north; for example, Mandarin classes have boomed in ASEAN countries.

One of the most significant changes in Southeast Asia has also been the attitude of ethnic Chinese, who have become less biased, less anti-communist and less anti-Beijing. In this regard, the Taiwanese and Japanese have clearly been at odds with Southeast Asia when playing this “card” against Beijing. Gone were the days when ethnic Chinese communities in Southeast Asia tended to side automatically with Taipei (or even Tokyo) against communist Beijing, especially when they act today as the “China connection” in business, culture or even tourism between Southeast Asia and China.

But this “over-play” on their “China connection” might also be a double-edged sword if they do not “share” or better distribute their acquired wealth locally (in their countries), especially if they are perceived to have prospered thanks to their “China connection”. Therein lies a potential danger for both the ethnic Chinese (as they seek a better integration with their Southeast Asian “homeland”) and Beijing, which must be aware of such a potential “ethnic Chinese” danger in ASEAN.

(d) *Advancing Economic and Financial Influence of China into ASEAN*

China’s advancing economic and financial influence is most perceived in the lesser-developed ASEAN economies of Laos, Cambodia and Myanmar. However, Beijing’s economic clout can also be detected in the more developed ASEAN economies such as Thailand, and progressively at greater levels in Indonesia and the Philippines. Furthermore, Beijing can count on the powerful ethnic Chinese *diaspora* in these countries to help it further its own goal of extending Chinese business influence and “soft power” into ASEAN. This “overseas Chinese connection” clearly works in favour of Beijing in furthering China’s influence in Southeast Asia.

The 26 December 2004 tsunami disaster and the subsequent relief and humanitarian operations gave the Beijing government (and the Chinese people) the opportunity to increase their assistance (financial, technical and in kind) to affected countries in Southeast Asia, like Indonesia, Thailand and Malaysia. Premier Wen Jiabao's attendance and presence in Jakarta for the Tsunami Summit on 6 January 2005 was particularly significant, as it highlighted China as a regional power, alongside Japan and Australia.

Beijing's advancing economic influence and financial clout in Southeast Asia could best be measured through the four following facets of Chinese advance into the region:

- spectacularly increasing Sino-ASEAN trade ties;
- increasing Chinese investments into the region;
- growing bilateral assistance to ASEAN countries; and
- important regional assistance to the ASEAN region.

China's trade has increased manifold with ASEAN countries; present two-way trade has reached US\$130.4 billion in 2005 and is projected to reach US\$200 billion by 2008⁵⁰. As a comparison, ASEAN-Japan two-way trade is at best in the US\$110-115 billion range, which gives a clear edge today to China⁵¹. Beijing has even "conceded" trade surpluses to ASEAN economies to woo them closer to China. In fact, all ASEAN economies have maintained trade surpluses with Beijing in the past three years. These trade surpluses have in turn helped ASEAN economies chalk up spectacular growth rates in 2004 and 2005, from Singapore (8-9 percent) and Vietnam (about 8.5-9.5 percent) to Malaysia (about 7 percent) and Thailand (6 percent). In fact, out of Beijing's total trade of about US\$1 trillion in 2005, Asian economies' total trade surpluses with Beijing were largely "compensated" by Beijing's own trade surpluses with Western trading partners, to the tune of an estimated US\$200 billion. Indeed, ASEAN economies have benefited from China's big thirst for Asian imports in the last three years as the Chinese domestic economy continues growing and its domestic demand increases. Moreover,

⁵⁰At the recent Nanning ASEAN-China Summit to commemorate the 15th anniversary of their bilateral relations, it was projected that by reaching US\$200 billion of bilateral trade by 2008, it would be equivalent to the present Sino-EU, Sino-US and even slightly exceeding Sino-Japanese trade.

⁵¹ASEAN *Statistical Yearbook 2004*, 70-73.

with the lesser-developed ASEAN economies, it appears that China's trade strategy is to facilitate a faster development of these economies, especially in Indochina, so as to promote social and economic stability there. In this regard, Beijing had accorded Most Favoured Nation (MFN) status to Vietnam, Laos and Cambodia, even before they entered the WTO. Cambodia has since entered the WTO framework in autumn of 2004, and Vietnam did so in November 2006. This Chinese "concession" to the lesser-developed economies was therefore perceived as a significant economic gesture by Beijing to these lesser-developed ASEAN countries, a gesture that could not be matched by Tokyo.

Moreover, Beijing's gesture and determination in completing an ASEAN-China Free Trade Agreement (FTA) by 2010 has been highly appreciated by ASEAN countries. The goods segment of this FTA was finalized in late 2004 and Sino-ASEAN negotiations on services and investments have since begun, with the promise of implementing a "complete" FTA between the two by 2010. ASEAN economies also recognize that it was this crucial decision to start ASEAN-China FTA negotiations at the ASEAN Summit in Phnom Penh, Cambodia in 2002 that sparked ASEAN-Japan and ASEAN-South Korean FTA talks. Beijing has thus been perceived as a useful "catalyst" for building the future East Asian Community through a web of FTAs (or the Beijing-proposed East Asian Free Trade Agreement or EAFTA), a leadership role, which China managed to snatch from Japan in the economic field, despite Japan's massive cumulative financial contributions (FDI, loans, grants and technical assistance) to Southeast Asia.

China is clearly dwarfed by Japan in terms of cumulative investments in Southeast Asia. In 2004, China announced a change in its overseas investment policy, as it encouraged its state companies and private sector to invest in projects in developing countries, which could also help procure natural resources and energy for China's own development, or "complement" China's own manufacturing chains. The Chinese government has promised to reduce red-tape in moving Chinese capital into overseas investments for developing economies, once these two developmental criteria are met. This policy has become more acute and actively debated upon recently, given that China's official foreign reserves have surpassed that of Japan to hit US\$1 trillion.

Amongst the ASEAN economies, the chief beneficiaries of this "new" investment policy change would include Indonesia, Myanmar, the Philippines, Vietnam and Laos, as well as the more developed economies of

Malaysia and Thailand. Chinese investments are expected to increase towards ASEAN in the coming years, not only in terms of new investments, but also as Chinese companies buy into existing ASEAN companies or investments. What we saw with Japan in the 1980s would probably be repeated by the Chinese in the coming years.

Indonesia's oil and gas industry is of particular interest to Beijing, as the latter seeks to secure energy resources for its future development. An Indonesian banking source confirmed that Chinese power companies could help build electric "gencos" and a grid across Jawa Island in exchange for long-term supply of Indonesian gas and oil. China's US\$360 million stake (purchased from Repsol) four years ago could now lead to other acquisitions in Indonesian oil and gas by the Chinese National Offshore Oil Corporation (CNOOC), Petrochina and Sinopec. It is still rumoured that CNOOC will eventually buy Unocal's Asian oil and gas assets from Chevron (after the CNOOC bid failed owing to U.S. Congressional opposition), thus putting Chinese oil interests in *premier* position in Myanmar. Beijing would now challenge Japanese investments in this crucial sector of the Indonesian economy.

Elsewhere, Beijing's "assistance" in establishing an industrial base in Bokeo Province in the north of Laos is now trumpeted as an enormous Chinese economic contribution to this land-locked country. More Chinese manufacturing facilities could indeed be set up on the periphery of China's borders with ASEAN countries so as to benefit from cost effectiveness and "cheaper" labour (as compared to China), as long as transport and logistics support could be adequately developed between these countries and China. In a way, they could also help satisfy growing demands at the lower end of the Chinese market in its poorer and lesser-developed Western areas, which definitely has a growing taste for cheaper, though less refined, goods. Laos, which used to be a Japanese "safe ground", is reportedly swamped by the Chinese projects nowadays, thanks also to the fraternal communist ties between the two countries.

A Chinese "manufacturing base" is also reportedly being established in Cambodia, with the Mekong River serving as a transport conduit throughout the Indochinese states. In addition, Myanmar could conveniently serve as another Chinese manufacturing base (for exports back to China), given its present embargo by Western interests and the fact that it was China that built the Mandalay Airport (at "friendship price") to serve as Yunnan province's access point to the outside world. Vietnam's active cross-border

trade would certainly bring about greater Chinese cross-border manufacturing activities on Vietnamese soil in order to benefit from the growing commercial dynamism of the emerging “Vietnamese dragon”. In all these three countries, China has advanced surely but discreetly to take an advantageous position vis-à-vis Japan, thanks to the geographical proximity as well as growing political affinities as well. In a way, China is seen to be an erstwhile “protector” of these countries, which could be criticized heavily by the West.

In both Laos and Cambodia, China is also fast edging Japan out as the premier donor-cum-investor, a rivalry that will only intensify in the coming years. One spectacular major infrastructure project championed by China today is the “Iron Silk Road” railway line, which should better link up China’s southern-western provinces with the whole of Southeast Asia and possibly even with South Asia.

In terms of international economic and financial assistance, China used to be a beneficiary, but today is joining the ranks of “contributors” to Southeast Asia in a big way. Four examples illustrate this strengthening Chinese position in ASEAN lands, particularly in regards to challenging the Japanese in their “dominant ground”.

Besides possibly agreeing to build “gencos” and the electricity grid on Jawa Island (in exchange for long-term supplies of Indonesian gas to China), Beijing would be using this “investment” partly as a bilateral assistance to Indonesia, given that a part of it may in fact come as a Chinese grant to Jakarta. Besides Chinese power companies would accord “friendship prices” to Indonesia, which no commercial Western or Japanese firm could ever match. More recently, Beijing is helping to build a dam, a bridge and some roads in Indonesia as part of its own Overseas Developmental Aid (ODA).

Beijing has also consented to give a US\$400 million package of grants and loans for the construction of a northern railway link from Manila. This deal was sealed and spectacularly announced during the official visit of President Gloria Macapagal-Arroyo to Beijing in October 2004, apparently “in exchange” for some sort of a security cooperation agreement in the South China Sea, and to the genuine surprise of the Americans..

As a third example, Beijing has become Laos’ biggest donor. Its assistance has in fact increased steeply over the past few years, and reportedly threatening the *premier* donor status of Japan across the whole of Indochina. China’s donor presence has inevitably challenged the previous “logical” position of

Vietnam (as Vientiane's principal "guarantor") and reportedly caused some concern in neighbouring Thailand, which has always perceived Laos and Cambodia as somewhat of "economic appendages" to Bangkok. The fact was that Thailand had reportedly never felt as "threatened" by the Japanese as by the Chinese today, which also indicates the successful level of the Chinese advances into Indochina.

Lastly, Beijing is also pouring assistance into the ASEAN countries, which are found at its southern border, to further Chinese-language education. China's technical and scientific cooperation programs now target schools and universities in Northern Thailand, Laos, Cambodia, Myanmar and Vietnam, and their significance is increased as they provide Chinese language education to poor Indochinese students. "Chinese schools" are now very popular in Northern Thailand, and Mainland teachers are now being sent to Laos where big "Chinese schools" in Vientiane and Pakse are funded by the Beijing government. This educational program should help promote China's "soft power" and diplomacy further and complement its overall assistance packages. This is one area where Japan would find it very difficult to match or rival.

Finally, China's contribution to regional development has also increased enormously as it seeks to play an active role in regional-building, on most occasions stealing the torch from Japan who has for years been perceived as the "natural leader and role model for Asia, thanks to its powerful economic and financial role in ASEAN". Four instances of active Chinese regional involvement prove this point.

Beijing has already been very active in the Greater Mekong Sub-Region (or GMS), which groups Cambodia, Laos, Myanmar, Thailand, Vietnam and the Chinese province of Yunnan, clearly rivalling Japanese influence and clout in Indochina. Just as Beijing has now decided to provide regional assistance in a big way to "complete" the GMS rail network, Japan has been providing technical and financial assistance through the ADB to build the road and airport networks there. The recent Kunming GMS Summit (in Yunnan) in early July 2005 (the second such summit in the GMS' history) sealed China's role and clout even further in the Indochinese region. PM Wen Jiabao played host to the GMS' Prime Ministers, with promises of huge Chinese assistance and cooperation to the smaller Indochinese countries as a regional package.

Secondly, during the Severe Acute Respiratory System (SARS) epidemic Beijing actively contributed US\$1 million to help ASEAN countries overcome the ravages of the deadly disease. This Chinese commitment was pledged by Premier Wen in person when he attended the ASEAN SARS Summit in Bangkok in July 2003. China is also believed to be testing a SARS vaccine, which, if successful, could provide another boost to Sino-ASEAN ties. Similarly, for the avian flu epidemic Beijing has pledged increased collaboration with its ASEAN neighbours in 2004-2006 to contain this virus; more cooperation efforts can be expected from Beijing, especially with Vietnam, Thailand, Malaysia and Indonesia.

Thirdly, the December 2004 tsunami disaster saw Beijing coming to the aid of affected countries in Southeast Asia, especially Indonesia, in terms of donating blankets, food, tents and medical supplies. In total, China has officially pledged US\$83 million in assistance. For Thailand, where 22 Chinese nationals were confirmed dead, Beijing pledged free DNA testing in its laboratories to the Thai government. Moreover, Premier Wen again flew in person to the Jakarta Tsunami Summit to pledge China's full commitment to the humanitarian relief and re-construction work of tsunami-affected countries. Wen was also publicly deflecting criticisms that China had been slow in playing a major or effective role in assisting the affected countries.

Lastly, China is leading efforts to help build the East Asian Community by playing a pivotal role in "coalescing" the region in order to "balance" the European Union or the United States-led Free Trade Area of the Americas. Undoubtedly, strategic calculations rule, especially in actively countering American and Japanese attempts to "lead" or organize the Asia-Pacific region. Beijing is thus expected to commit even more funds and regional assistance, especially to the "ASEAN+3" (comprising ASEAN-10, China, Japan and South Korea) process in order to "secure" ASEAN firmly on its side in the future, especially to the detriment of Japan, as Beijing undoubtedly challenges the "other big power in East Asia". The East Asia Summit (EAS) in Kuala Lumpur, 14 December 2005, was the epitome of this "struggle" between China and Japan which clearly surfaced at the Summit.

(e) *The Active Diplomacy of China in ASEAN in its Intensifying Rivalry with Japan*

Armed with a certain success in its diplomatic and strategic prowess, Beijing seems intent in pursuing a more active diplomacy around its southern periphery in Southeast Asia, including using its own version of "dollar

diplomacy”, cultural and defence cooperation, which Japan has difficulty undertaking because of its own stringent legislative process back in Tokyo.

Beijing’s US\$400 million soft loan to the Philippines (during President Gloria Macapagal Arroyo’s Beijing visit in September 2004 and confirmed during Hu’s recent visit to Manila in April 2005) for a rail link between Manila and Clark (former U.S. airbase) was an incentive for Manila to conclude a defence cooperation agreement with China, although Manila remains Washington’s strategic ally. Manila has since signed an agreement to cooperate with China in joint oil and gas exploration in the disputed South China Seas islands, and the Philippines and Vietnam have since joined China in a hydrological survey in the disputed islands, having been convinced by Beijing to lay aside the thorny issue of sovereignty for “joint development”. China’s “penetration” into the Philippines is significant as Manila is always regarded as Tokyo’s democratic ally *par excellence* as well as Washington’s best non-NATO ally in the world.

Chinese investments in Indonesian oil, gas and power plants would certainly increase further under the Susilo Bambang Yudhyono Administration. The strategic partnership between Beijing and Jakarta was historically significant in April 2005, as it set a formal reconciliation between two former ideological adversaries. The 1965 military coup d’Etat mounted by the Indonesian military against former Indonesian President Soekarno, who was accused of being too closely linked to *Partei Kommunist Indonesia* (PKI) and the Communist Party of China. Moreover, the normalization of Sino-Indonesian relations only took place in 1990, just fifteen years before this strategic partnership! Jakarta needs foreign investments urgently and Beijing is promising to deliver them to the tune of US\$10 billion, as announced by the then-Coordinating Minister for the Economy and Finance, Aburizal Bakrie, after Hu’s visit to Jakarta. Sino-Indonesian relations have undeniably improved since the 1990 normalization of relations.

The recent signing of the Strategic Partnership Agreement between the two countries in Jakarta on 24 April 2005⁵² is certainly a historical milestone in Sino-Indonesian relations. This partnership, the third signed in Asia by Beijing since the first one with Russia in October 2004 and then with India in early April 2005, has thus fundamentally put to rest the wounds of the history of 1965. What was significant was that this partnership was sealed by Hu, a fourth-generation CPC leader with Yudhyono, a former military

⁵² Eric Teo Chu Cheow, “Jubilee Breathes New Life”, *The Japan Times*, May 7, 2005.

general. President Yudhyono's return visit to Beijing in July and Vice-President Yusuf Kalla's subsequent visit in early September underscores this new-found entente and a strategic partnership that we are now seeing in bloom between Jakarta and Beijing; 13 MOU have been signed in the trade and investment arenas between Chinese and Indonesian businessmen. The "China threat" in Indonesia has decidedly been reduced in the course of these past two years; Japan may face the ultimate economic and financial challenge from Beijing.

Strategically, Thailand had been particularly pleased with China's offer of an "early harvest" agreement on fruits and vegetables in October 2003, although Thai farmers complained thereafter that their own fruit market was severely affected by cheaper and juicier Chinese fruits, which were flowing southwards into Thailand. Through his numerous visits to China (one of the last of which was a first time visit to his "ancestral hometown" in Meiyuan, Fujian Province), former Prime Minister Thaksin Shinawatra endeared himself to Beijing to such an extent that he even agreed for his brainchild, the Asian Cooperation Dialogue (ACD), to be hosted in Qingdao, China in 2005 after holding its first two meetings in Thailand.

Bangkok could indeed have become the premier ASEAN capital for Chinese influence and clout under Thaksin, although Beijing's growing influence in Indochina (especially in Cambodia, Laos and Myanmar) could compete with Bangkok's pre-eminence in this region, which Thailand regards as its "Suwanaphum" (or "Golden Peninsula"). There is in fact increasing belief that China and Thailand could be "sharing" their co-leadership over Laos, Cambodia and even Myanmar, as a perfect entente currently exists between the leaderships of Bangkok and Beijing. Meanwhile, Japan appeared to be more and more sidelined in the past five years from Thailand, despite its huge investments in the auto industry in Thailand. A 2005 proposal within the Thai Education Ministry to make Mandarin the second foreign language after English appeared significant, as it highlighted Thailand's central role in Chinese cultural diplomacy. It remains to be seen however, if the Thai military which currently lead the country and interim Prime Minister Surayud Chulanont, will continue with this extraordinarily "China tilt" of the former Thaksin government or be more "balanced".

Malaysia has also come around to accepting China's "peaceful rise" and Prime Minister Abdullah Badawi (but even Dr Mahathir Muhamed before him) has become a strong advocate of China's "non-threat" and "non-hegemony" in this region, probably as a reaction to the negative image and

position of the United States in the eyes of Muslims in Southeast Asia. This was highly significant, coming from Malaysia's top Malay leaders. In fact, during 2005's bilateral spat between China and Singapore there were even rumours that the People's Liberation Army (PLA) had offered to sell Chinese missiles to Malaysia, thus eliminating a psychological barrier involving the suspicious manner in which the Malay majority there have always perceived China.

Although Singapore's relations with China have improved with the visit of Wu Bangguo (the National Peoples' Congress Chief and Number 3 in the State pecking order) to Singapore in May 2006, the public support given by Prime Minister Lee Hsien Loong to Tokyo in its bid for a permanent member seat at the United Nations Security Council (UNSC) created an unfortunate "cold front" again between Singapore and Beijing in July-August 2005, as the Chinese were believed to have been "disappointed" with Lee once again after the August 2004 dispute over the latter's "unfortunate" visit to Taipei before becoming Singapore's Prime Minister. However, Lee's first visit to Beijing from 24 till 30 October 2005 some fourteen months after taking office has paved the way for a progressive "normalization" of relations between the two countries, and a more recent decision to re-start negotiations for a bilateral FTA, which were "cancelled" during the feud, began in August 2004⁵³. A visit of Premier Wen is awaited in 2007, just as Singapore attempts to "balance" China and Japan.

In fact, besides Malaysia, defence cooperation between Jakarta and Beijing has apparently increased too, which clearly could decrease the so-called "Chinese threat" further to regional Muslim nations. In fact, during the July State visit of President Yudhyono to Beijing, a defence research cooperation agreement was signed between Beijing and Jakarta. But the East Asia Summit (EAS) which Malaysia organized in December 2005 clearly brought Beijing and Kuala Lumpur together strategically, since both countries do not want any American involvement (as opposed to Tokyo) in this Summit. Kuala Lumpur is believed to want to host the Secretariat of this future entity (with Chinese support), whereas Beijing would like to host the second summit in China, with the complicity of Malaysia. A new Beijing-Kuala Lumpur-Jakarta triangular competition may thus be shaping up⁵⁴, as

⁵³ Eric Teo Chu Cheow, "Visits Strengthening Sino-Singaporean Ties", *China Daily*, October 26, 2005.

⁵⁴ Eric Teo Chu Cheow, "Integration No, Major Power Rivalry Yes", *The Jakarta Post*, December 14, 2005.

Indonesia is clearly not too enamoured with the EAS (although Jakarta had opposed the Beijing-Kuala Lumpur EAS initiative right from the start; today they may be hand-in-hand in downplaying the EAS, but for different reasons), advocating that it should be a “one-time” event while privileging (like China) the “ASEAN+3” framework of regional cooperation.

On the other hand, Vietnam has also become more amenable to China, even though the recent history of the Vietnamese Communist Party shows that it oscillates between factions close to Beijing and those who desire to keep Beijing at bay. One such indication occurred when Beijing managed to convince Vietnam to delay its “tourist excursions” to the disputed Spratly Islands after discreet intervention by the CPC with its Vietnamese counterpart “via the back door”. In fact, Beijing and Hanoi are believed to have concluded an agreement that their Secretary-Generals would visit each other in their respective capitals on official visits on alternate years. This kind of agreement is apparently the only one of its kind that China (but also Vietnam) has ever signed and it has been well-implemented thus far.

The most recent state visit of President Hu Jintao to Danang and Hanoi (preceding the APEC Meeting) in November 2006 was a resounding success, as it cemented party-to-party ties further. In fact, according to many political observers, the warmth accorded to Hu far out-stripped that given to President George W Bush, who did a state visit to Hanoi and Ho Chi Minh City after the APEC Meeting. According to a high-level Vietnamese diplomat, Vietnam’s leaders are believed to be studying the “Three Represents” theory of Beijing intensively to see how Hanoi can emulate the Chinese model of “economic openness and reforms, with limited political *kai fang* and overtures”, and how eventually the Vietnamese Communist Party could be remodelled, probably along the lines of its “elder brother’s” reforms in Beijing⁵⁵. Hu’s landmark speech earlier in Hanoi in early November 2005 (during the Chinese President’s visit to Vietnam under this “special diplomatic exchange arrangement” between the two countries) before Vietnam’s National Assembly was also significant, whereby he publicly assured Vietnam (and the rest of Southeast Asia) that China’s “rise” would not constitute a threat to the region, but instead, reaffirmed Beijing’s regional vocation of stability and peace through “peaceful development”.

Chinese “strategic penetration” into Cambodia, Laos and Myanmar has been more than impressive in recent years, at most times, challenging Japan’s

⁵⁵ Eric Teo Chu Cheow, “China Lights Vietnam’s Path”, *The Japan Times*, January 12 2004.

influence directly in this region, which has incidentally absorbed a lot of Japanese ODA and grants in the past ten years. China's unfailing support for the Myanmar junta (against Western criticisms and defiance) through economic, financial and military assistance has already endeared Yangon to Beijing and drawn Myanmar closer into China's influence and orbit. The recent "competition" from India constitutes a new strategic game for Yangon, although there are no doubts that the Beijing-Yangon axis would still remain an important, and probably the most important one for both of them. It is reported that the Chinese Ambassador in Yangon has "unprecedented access" to top Myanmar military leaders, access that no other diplomats in Yangon have. Moreover, the Chinese Foreign Minister took leave from the one-day ASEAN Regional Forum in Vientiane, Laos in July 2005 to make a spectacular visit to Myanmar leaders at a time when Western pressure had increased on Yangon not to take on the ASEAN chairmanship beginning in July 2006⁵⁶. In a way, it could also be interpreted as Beijing's displeasure with ASEAN for having conceded to Western pressure in denying Myanmar its rotating chairmanship principle.

Chinese assistance to Laos and Cambodia have increased tremendously, as Beijing's financial and technical assistance have equalled Tokyo's in recent years, thus increasing Chinese direct influence and clout in these countries. Moreover, China's immediate proximity to these countries has made its "penetration" more accessible and "natural", especially when Chinese education seems to have taken off in those Laotian areas close to the Chinese border; and in Cambodia via the Cambodian-Chinese who are becoming influential again in commerce and banking. Furthermore, China's influence over the Hun Sen regime and the Khmer Rouge trials (partly under a United Nations framework) could be perceived as an indication of Beijing's overall clout in Cambodia today.

Moreover, as stated earlier, it is important to reiterate that Beijing underscored mainland Southeast Asia's strategic importance to China at the Second Greater Mekong Sub-Region in Kunming, Yunnan in July 2005. China's promise of building infrastructure across the GMS through favourable loans and grants to its smaller neighbours has gone down very well with the region, although poverty alleviation remains a formidable challenge to all the five GMS countries and Yunnan Province. But the real importance of the Summit, hosted by China, was for Prime Minister Wen to

⁵⁶ Eric Teo Chu Cheow, "Consolidating Against Conflict Disaster", *The Japan Times*, August 20 2005.

underscore Beijing's commitment to the region and to its potential growth, progress and stabilization⁵⁷, and discreetly challenge Tokyo geo-politically. China's intended competitor in Southeast Asia is undoubtedly Japan in Indochina.

In all cases, Beijing has shown real panache and sophistication in dealing diplomatically with individual ASEAN countries, whilst professing the much-touted ASEAN-China Free Trade Agreement (to be in effect by 2010). It has even sophisticatedly "divided to rule" within ASEAN; as Sino-Singaporean relations went into a tail-spin in late 2004 and early 2005, Beijing openly favoured and courted Singapore's ASEAN partners, who seemed just as keen to be courted by the "Chinese panda" in order to "balance" Singapore economically.

5.2. China's Intensifying Geo-Strategic Rivalry with the United States: "Beijing Consensus" versus the "Washington Consensus" & Japan's Increasing Stake in this Tussle

China's influence, clout and "soft power" has undoubtedly grown in both Northeast and Southeast Asia. For example, the same phenomenon has taken root in South Korea too, though unfortunately again against Japan and Japanese interests. This could be a prelude to the dawning "China century", especially as China takes on the United States in international geo-politics and geo-economics. But the "battle-ground" would still be in East Asia itself, as the Americans have to decide to either concede to growing Chinese "soft power" or challenge it discreetly. China's "peaceful rising" or "peaceful development", if indeed successful, would clearly consolidate Beijing's place as a regional and international power in Asia thanks to the firm support, and even the complicity of its Asian neighbours.

In fact, one is reminded by Asian political observers (especially left-leaning ones) of the "Beijing Consensus". This is opposed to the more liberal "Washington Consensus" which emerged during the 1990s, and which during the 1997-98 Asian Crisis plunged Southeast Asia into financial, economic, social and then political chaos and tore its economies and societies apart. The "Beijing Consensus", reportedly surfaced in a work published in London, is reportedly based on the Chinese *trypique* ("stability, development, reforms"), whereas the liberal Washington Consensus could be best epitomized today by George W Bush's advocacy of "free markets, open societies" for the

⁵⁷ Eric Teo Chu Cheow, "Mekong Summit Faces Up to Challenges", *China Daily*, July 12 2005.

Middle East. The “clash of the two consensuses” is indeed a clash of economic and societal models.

In a November 2004 conference in New Delhi, an Indian Professor from Jawahral Nehru University reminded the audience that as East Asia tries to establish a Community as a long-term goal, Asians must reflect on the type of society they want to establish, either a liberal Anglo-Saxon model or a more “socialist model”. The “Chinese model” (Beijing Consensus) emphasizes stability before development and reforms can effectively take off. Nowhere was this more clearly borne out than during the recent East Asia Summit (EAS) in Kuala Lumpur, Malaysia, when sixteen East Asian leaders gathered (minus the United States, but with Russia as an observer) to try to envision a new “integrated” Asia for the first time. China’s political and economic presence and influence was overwhelming, just as India and Japan had sought to play first, if not second fiddle. However, it was ultimately perceived as Beijing’s major political gain, as its voice was measured in convincing its smaller neighbours that it was not a “threat” (this being Beijing’s major foreign policy drive in the past few months) in this “emerging Asia” and that its “social experimentation” could serve as a “model” or inspiration for developing Southeast Asian countries of ASEAN, given Japan’s “self-marginalization” and India’s “new-kid-on-the-block status”.

But the interesting difference between the two “Consensuses” was that one clearly emanated from Washington (though doubts linger whether it was really a consensus, especially when it was imposed upon Asia in the 1990s), whereas the other did not even emanate from Beijing, but from a Western academic-cum-journalist.

The “Washington Consensus” emanated from Washington and the Western countries, as it was a direct result of the neo-liberal mode revolution that swept the globe with the arrival of the Thatcherite and Reaganite schools of thought to power. It was also the re-affirmation of the neo-liberal Anglo-Saxon credo, which formed the basis of the globalization wave that has become the foundation of the present socio-economic and political movement towards “free markets, free societies”, which both the more neo-conservative Bush Administration and the moderate-left British Labour government of Tony Blair continued to push for.

This continuous movement has clearly surfaced in U.S. President George W Bush’s frantic push for democracy and freedom in the Middle East, as well as

Blair's vision of a European Union which is based on the important credo of economic competition, political democracy and social liberalism, which many of the newer members of the enlarged EU welcome and support versus the more conservative "older" members. This brand of Anglo-Saxon liberalism has also become synonymous with globalization, which the anti-globalization lobby vociferously opposes and refutes, as symbolized by the recent "active" demonstrations at the Hong Kong WTO ministerial meeting in December 05. It also constituted the initial fears of developing countries when Paul Wolfowitz took over from John Wolfensohn at the World Bank, given the former's emphasis on human rights and democracy as a basis of political, economic and social reforms when serving previously under Bush.

On the other hand, China has been insisting on stability as the foundation of its foreign policy instead of political or social reforms. In fact, after the collapse of the Soviet Union and seeing the chaos that had ensued thereafter (before Russian President Putin "restored some order" there), Chinese leaders came out more and more strongly to emphasize China's own growth as based on the "stability, development, reforms" *tryptique* (in that order). In fact, two recent events emphasized this point. In Bratislava in the winter of 2005-2006, Chinese leaders were delighted when Putin refused to back down to Bush when the latter chastised Putin for not respecting democratic development in Russia. Similarly, during Bush's last visit to Beijing in autumn 2005, Chinese President Hu accommodated him on some economic and financial decisions, but gave no ground to Bush on political reforms, human rights and religious freedom.

Chinese leaders have thus come to their own conclusion that they would continue socio-economic reforms their way, and are determined to develop democracy with "Chinese characteristics" without outside "interference". This is also symptomatic in two other recent issues. The increasing "social unrests" in China from the official figures of 53,000 in 2003 to 74,000 in 2004 and 87,000 in 2005 have in fact alerted Chinese leaders that they could face a huge social upheaval from within, without "outside pressure". What was significant was the release of these "official" figures, which have served Hu's purpose of inciting greater socialization in China after Jiang's "liberal" and privatisation approach.

The Fifth Plenum of the Central Committee of the Communist Party of China (CPC) indicated that "socialist measures" would be reinforced to "contain" these social frustrations and unrests. This was followed by the Sixth Plenum's advocacy of the "socialist countryside" policy and Hu's

“harmonious society” credo. Beijing has been discreetly selling this “stability-based theory of development” to developing nations, from Southeast Asia to Latin America (as Washington faces a barrage of leftist presidents arriving in power) and Africa (which was undoubtedly emphasized with great pomp and insistence at the recent Sino-African Summit and Forum in early November 2006 in Beijing).

Based on this opposition in economic-cum-developmental ideas, Washington and Beijing would most likely clash in terms of economic modelling, which could set the stage for a genuine competition between American and Chinese models of economic management and societal development. Although at this stage many deny that China has actual “real soft power” (which is more accurately a case of “using its power softly”) the stage for this increasing rivalry and clash cannot be discounted on the world stage in the next twenty to thirty years.

In fact, Beijing’s success in this “competition” rests more in its own ability to create for itself a “new socialist society”, quell the increasing “social unrests” and promote a more equal distribution effectively within Chinese society. Only then could developing countries be convinced by this “Chinese model of development”, which would invariably increase China’s “soft power” clout in the developing world.

This has put Japan in a political and economic dilemma, as Tokyo is with Washington all the way in political and diplomatic thinking, but in the economic and financial approach, Tokyo may be less liberal than the Anglo-Saxon school. In a way, Tokyo has been closer to Beijing in the economic and financial approach (via its ODA program) to the military junta in Myanmar and the “authoritarian regime” in Uzbekistan, and had been rather uneasy with its American and European counterparts, if not even criticized openly. But the Japanese “balance” or “limbo” has held for the past fifteen years, and Tokyo has found it extremely difficult to “distinguish” itself from Washington and yet be “more Asian”. Potential energy (gas and oil) cooperation with Myanmar and Uzbekistan hold the key to a more pragmatic Japanese policy, just as energy cooperation between China and Japan could in fact rightly take off in future in these “troubled” areas, which the West may shun for political reasons.

The “clash” between the Washington and Beijing Consensus highlights the increasing rivalry and “soft” competition between the United States and China this century, as they seek to influence world politics and economics, as

well as societal development and culture. Japan would be hard put to choose sides politically, economically, financially and socially, and this dilemma would continue as the U.S.-China tussle increases. This could also rightly be said to be the clash of one particular aspect of their respective “soft power”, which will undoubtedly rise in importance in the international geo-strategy of the 21st century. It is therefore not necessarily a “clash of civilizations” but an inevitable Sino-American “clash of ideas and development” that will dominate this century. All areas of concern, from socio-economic development and modelling and space exploration to societal development and international business could undoubtedly be effectively challenged by this “big bang” between the two Consensuses in the coming years.

This “ideological-cum-developmental” clash could invariably affect Sino-Japanese relations, as Tokyo inexorably takes the side of Washington in its political alliance, but finds itself in a limbo in their “ultimate clash” of developmental and societal models. This gives the impression to a political observer that Japan is effectively “living in two worlds”; but the question is for how long more, as China rises further. This would in turn increase the competition and rivalry between China and Japan over ideas and thinking too, especially in their three “home grounds” of Southeast Asia, Central Asia and the South Pacific, which are perceived to be directly strategic to both China and Japan in their efforts to one day lead the future East Asian Community.

5.3. A Tectonic Shift in Alliances in Northeast Asia & the Asia-Pacific

Moreover, a tectonic shift in alliances appears to be in the making in Northeast Asia. In the past year or two, China’s intensifying disputes with Japan came in the wake of Seoul’s softening approach to Pyongyang, just as Tokyo stiffened its own position against North Korea’s non-satisfactory accounting of Japanese “abductees” and its missile threat, and Washington’s hardening line against Pyongyang. These moves have clearly complicated the stalled six-party talks in Beijing further, as confidence to meet in mid-December 2006 dissipates, especially after the U.S. issued four conditions, which Pyongyang would most likely find unacceptable. There are therefore strong doubts that the six-party talks could restart in mid-December 2006, unless the Chinese could really pull off a surprising diplomatic coup.

New Japanese Prime Minister Shinzo Abe’s landmark visit to Beijing on 8-9 October 2006 (before a traditional visit of a newly appointed Japanese Premier to Washington DC) was significant in terms of its full Asian

symbolism, but there are no doubts that this visit, as well as that of President Roh Moon Hyun on 13 October (which is his second visit to China since Roh's presidency), were primarily centred on the North Korean missile test threat and six-party talks. After Beijing, Abe was scheduled to visit Seoul on 9 October, just before Roh himself was to travel to Beijing. This active diplomacy in the Northeast could not belie the fact that Seoul had ultimately moved much closer strategically (as analyzed earlier) to Beijing in "balancing" both Tokyo and Washington, whilst Pyongyang could have felt "threatened".

But as Seoul "moves progressively away from Washington" (to quote senior researchers at the CSIS-Pacific Forum in Honolulu, Hawaii as far back as in 2003-2004, when the first signs were emerging) and towards a more "neutral" position (*vis-à-vis* a looming U.S.-China tussle and competition worldwide), the Korean-Japanese and Sino-Japanese flare-ups in 2005 would not really augur well for stability in Northeast Asia, especially when both Tokyo and Seoul are still allies of Washington. Moreover, there are indications that Washington is becoming more wary of being caught between Tokyo (its ally) and Beijing (a rising world power) should they engage in an "accidental conflict". In fact, one would remember that the signature of the 19 February 2005 U.S.-Japan Joint Security Agreement was publicly opposed by Beijing, perhaps with Seoul's tactical understanding. Moreover, the Taft-Katsura Agreement of 1905 is beginning to haunt Washington in its own "cooling relations" with Seoul, as the latter moves into a more and more "neutral", yet cooperative stance with regards to Beijing.

The consequence of these latest feuds between Japan and its immediate neighbours are clearly driving China and South Korea closer together, just as Seoul's relations with Washington (and hence Tokyo) progressively distance. As Seoul moves closer to Beijing (as well as in positions taken by Seoul at the six-party talks organized by China), a fundamental shift in Northeast Asia's alliances could be in the making. The recent boosting of Seoul's defence ties with Beijing is an ominous indication of this new tectonic shift, just as six-party talks may now crystallize around Seoul's "progressive rapprochement" with Beijing versus the hardline "Washington-Tokyo axis". Moreover, Seoul continued to press on with scraping Op-Plan 5029, whereby South Korean Armed Forces would be put under U.S. command to invade the North if and should the Pyongyang regime collapse, just as the country's President Roh had become even more critical of Washington's hardline policy against Pyongyang. Perhaps a victory by the

opposition Conservatives could reverse this trend, which currently stacks against Washington-Tokyo in favour of Beijing.

The present Northeast Asian alliance pattern is in mutation, with two possible camps entrenched under the aegis of a growing U.S.-China rivalry. This shifting alliance could inexorably complicate the budding East Asian regionalism, as symbolized by the inaugural EAS, launched December 2005 in Kuala Lumpur, Malaysia. This EAS should logically be built on Southeast and Northeast Asia “coming together” as two sub-regions; but with the Northeast caught in a furious nationalistic upheaval then and a potential tectonic shift in traditional alliances, it has undoubtedly become less obvious today how the EAS could effectively and eventually take off and an East Asian Community founded, along the lines of the European Union.

In fact, the utter division within Northeast Asia was so obvious in Kuala Lumpur that it surprised political observers; the “traditional” breakfast Summit between the Prime Ministers of China and Japan and the President of the ROK was cancelled by both Beijing and Seoul, thanks to their common anger against Koizumi, and Premiers Wen and Koizumi were seen on the international media to have a very lukewarm handshake, when both men could not even speak eye-to-eye with each other. The latest indication is the revival of this breakfast Summit this year in Cebu, Philippines, when they gather with ASEAN leaders for the “ASEAN+3” and EAS; this is very much attributed to the intense but discreet efforts of Prime Minister Abe, as he met the Presidents of China and ROK in Hanoi, Vietnam during the APEC Leaders’ Meeting to hammer this point out diplomatically.

It is already confirmed that Premier Wen would meet with Prime Minister Abe in Cebu and probably over a breakfast with South Korean Roh Moon Hyun, and President Hu would most likely be visiting Japan in the second half of 2007. Moreover, even more spectacularly, has been a recent decision on 29 November for the Chinese and Japanese Defence Chiefs to meet in the first half of 2007, This was confirmed during the visit of a very senior PLA officer to Japan’s Defence Chief, the highest PLA official to visit Tokyo since defence links were severed in September 2003); according to Japanese sources, both sides had agreed to increase bilateral defence exchanges, work towards building a Sino-Japanese defence hotline and exchange visits by warships of the two nations. There are also indications that Premier Wen may visit Tokyo in the first half of 2007, ahead of Hu’s presidential visit.

These spectacular events lately clearly suggest that there has been a change in China's Japan policy, after the disastrous years of Koizumi; Chinese leaders are definitely reciprocating Abe's spectacular gesture of 8 October in a spectacular way too.

But, China knows that if this "soft policy" vis-à-vis Japan does not work out, then it may bring to the fore the future role of Washington in this unfortunate regional configuration, whereby the United States remain ironically the most influential non-East Asian member that could probably still "hold the peace regionally" and bring the region together, especially if East Asians continue to fight amongst themselves. This undoubtedly what Beijing would not want to see in the Asia-Pacific, and thus "weaning" Tokyo away from Washington one day would remain Beijing's own regional strategic goal. The current spectacular rapprochement with Japan could also be seen in this light.

On the other hand, by clinging onto the U.S., Japan may not be able to play a crucial and formative role in leading the future East Asian Community, whilst China "steals the thunder" under the feet of both Tokyo and Washington. Abe's decision to patch up quickly with Beijing on 8 October is surely based on this crucial calculation too, just as Washington fears being forced one day to choose between its ally, Tokyo, and the rising power, Beijing, and "be excluded" eventually from the Asia-Pacific by China.

The strategic implications of such an intensifying rivalry can surely not be under-estimated, especially when both powers China and Japan rise concomitantly today (whilst the United States ponders its own future status and role in the Asia-Pacific), one of the rare phenomena in the three-thousand year history of these two ancient Asian countries.

6. Conclusion

The tumultuous relationship between two "asymmetrical powers" in Asia is clearly symbolized by the 3,000 year-old relationship between China and Japan. Now that both China and Japan are rising or recovering, it begs again the question of an ultimate reconciliation between the two Asian giants. Undoubtedly, humiliation of China by Japan in contemporary history is key in these emotional outbursts of rising nationalism against Japan.

But it is felt that "economic determinism" (a term favoured by liberal thinkers) may not be key to this conflict-management and resolution and the ultimate Sino-Japanese reconciliation. Instead "political determinism" may

be key, as domestic factors in both Tokyo and Beijing may shift these relations to a more positive path under Abe and Hu.

On the other hand, the progress to be made in Sino-Japanese relations would inexorably be tied to two other “extraneous yet crucial issues” that have historically plagued Sino-Japanese relations too, viz the Korean and Taiwanese issues. A better understanding of these two issues would definitely help increase understanding between Tokyo and Beijing.

Lastly, Japan has realized that it would inevitably have to come to some sort of “big power” arrangement with China in Southeast Asia (as well as in Central Asia and the South Pacific), as China has made spectacular advances into the East Asian region to the clear detriment of Japan. Competition is rife and beginning to reach “unhealthy levels” and the future East Asian Community apparently stalled for the time being, especially when China sees Japan as proxy for the United States with which it is also engaging in a global competition for power and influence. The “rise of China” may be leading to major tectonic alliance shifts one day in Asia, though the picture is far from clear today which way Seoul would head towards in regional politics; similarly Southeast Asia hangs in the balance as well.

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