

tions. Furthermore, China's closer ties with ASEAN are intended to undermine Taiwan's diplomacy and to outflank Japan's own search for a leadership role.

### China's Interest in East Asian Community

China's position is that the ASEAN + 3 should develop as the main channel for East Asian regional cooperation, and it strongly supports ASEAN's role as the driver of community building efforts. PRC scholars Zhu Minquan and Liu Aiming identified four political-security tasks that an East Asian community can pursue: create a conducive atmosphere for the avoidance of conflict among East Asian countries; provide opportunities for consensus building on security issues; contribute to gradual development of a "truly regional and more advanced political and security regime in east Asia"; and provide opportunities for China and Japan to improve their bilateral relations.

In other words, while Japan prefers a more inclusive and gradually paced community building process, China seems to be pursuing ASEAN + 3 more resolutely as part of its efforts to promote a new regional order. China's improving relations with ASEAN has left Japan wary about its own status in East Asia and insecure in its relationship with ASEAN.

Japan is now both keen to strengthen ties with ASEAN and yet reluctant to embrace regionalism for fear that China will play such a big role.

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### Implications, Problems and Prospects

Such mutual distrust between the two great powers may make community building a great challenge, but indeed they only underscore the importance of sustaining the ASEAN +3 process. After all, the ASEAN + 3 agenda emphasizes shared multilateral goals rather than diverging bilateral interests.

The lessons from building ASEAN itself can hopefully be brought to bear on East Asian community building, especially with respect to ASEAN's attitude of not letting bilateral tensions get in the way of regional cooperation, and pursuing institution building efforts gradually and at a pace acceptable to all. The convening of the 1<sup>st</sup> East Asia Summit in December 2005 in Kuala Lumpur (composed of ASEAN + 3 + India, Australia and New Zealand) may have been premature, and raising too high expectations of the coming 2<sup>nd</sup> Summit in Cebu may result in obfuscating the hard-earned ASEAN + 3 work.

### Conclusion

Both China and Japan are indispensable pillars of prosperity and stability in East Asia, but it is ASEAN that for now must bear the burden of organizing the community-building efforts. However, the prosperity and stability of China and Japan also depend on each other. It is important that they learn to move together toward shared strategic goals, rather than compete for influence and end up pulling the rest of East Asia down or in opposite directions.

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# EXECUTIVE POLICY BRIEF

National Defense College of the Philippines

## Sino-Japanese Relations: Roots of Conflict and their Implications for East Asian Regional Community Building Aileen San Pablo-Baviera, PhD\*

October 2006



*The National Defense College of the Philippines (NDCP) is the government's key educational institution for training and research on defense and security.*

*The Institute for National Security Studies (INSS) is the NDCP's main research arm.*

*INSS conducts regular research on national security issues and submits policy inputs to the Secretary of National Defense with inputs from the Strategic Studies Group (SSG).*

*The SSG is composed of eminent academics and retired military officers representing a wide range of expertise to significantly contribute to policy formulation in the Department of National Defense.*

### East Asia Community Building

The concept of East Asia as a prospective regional community composed of the ASEAN countries, China, Japan and Korea, traces its roots to the 1991 proposal by Malaysian Prime Minister Mahathir Mohamad for an "East Asian Economic Group". It became actualized only in 1997, when the leaders of the ASEAN + 3 countries held their first summit in the midst of the Asian Financial Crisis.

Annual summits and consultations among the foreign ministers, and the formation of an East Asia Study Group followed, putting forward specific recommendations for cooperation. A number of ASEAN + 3 agreements have also been concluded covering certain functional areas.

### The Central Role of ASEAN

ASEAN has occupied a central position in such efforts to build multilateral cooperation, with regional and trans-regional networks (e.g. ASEAN Regional Forum, Asia-Europe Meeting) centered on strong bilateral ties between ASEAN on the one hand and its dialogue partners on the other hand.

With respect to ASEAN + 3, it is clear that ASEAN's relations with the "+ 3" countries have been developing unevenly, with ASEAN-China ties rapidly becoming institutionalized through a series of wide-ranging agreements, including a proposed China-ASEAN Free Trade Area by 2010, while Japan was hard put to match the number of new initiatives being put for-

ward by China. Korea, though initially very active in supporting the East Asian community concept during Kim Dae Jung's leadership, for now appears to be less of a stakeholder compared to the other two northeast Asian giants.

### The China-Japan Challenge

One of the most serious challenges to building an East Asian community composed of the ASEAN + 3 countries has been the difficult relations between the two great powers of East Asia - China and Japan.

Tensions between the two can be attributed to long-standing ideological as well as historical factors, but also to incipient power competition as China emerges as a new regional and global power, while Japanese economic influence is perceived to be declining.

Already, Japan's fear that China might dominate the ASEAN + 3 process has influenced Japan to push an alternative concept of "East Asia", one that goes beyond the ASEAN + 3 to include Australia, New Zealand, India, and possibly the United States. The Philippines, as chair and host of the upcoming 12<sup>th</sup> ASEAN Summit, the ASEAN + 3 meeting and the 2<sup>nd</sup> East Asia Summit, would do well to understand the foundations of the evolving China-Japan relationship.

**One of the most serious challenges to building an East Asian community has been the difficult relations between China and Japan.**

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### About the Executive Policy Brief

The Executive Policy Brief is intended to provide strategic assessment on specific current issues on national security. It aims to contribute to strategic thinking in the defense community as well as propose alternative policy inputs.

#### Disclaimer

The views expressed in this Executive Policy Brief are those of the author/s, and do not in any way reflect the views of the Philippine Government or represent a formal position of the National Defense College of the Philippines on any particular issue.

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### **Japan's Perceptions and Concerns about China**

Since the end of World War II, the restoration of friendly relations between China and Japan was constrained by the Cold War and Japan's security dependence on the United States. Nonetheless, a generally favorable opinion toward China prevailed in Japan.

The looming China "threat" in the 1990s became evident through a series of events. These included the 1989 violent repression of unarmed demonstrators at Tiananmen Square; the 1992 passage of China's Territorial Waters Law which asserted sovereignty over the Diaoyudao/Senkaku islands that were disputed with Japan; the 1995 Taiwan Straits missile exercises by China which were intended to intimidate the Taiwanese people into voting against pro-independence presidential candidate Lee Teng Hui; and the 1998 conduct of nuclear tests by China. Japanese perceptions of China and the Chinese sank to even lower depths in 2005, when inexplicably violent anti-Japanese demonstrations over Japanese Prime Minister Koizumi's visits to the Yasukuni shrine – a memorial to Japan's war dead – swept through major cities in China.

#### **Concerns over China's Rapid Growth**

Albeit of lower intensity, there were also concerns by Japan over the damaging environmental impact of China's rapid growth, competition for access to natural resources in general and oil and gas in particular, and fear of transnational crime and refugee spillovers originating from China should internal crises occur.

It was moreover likely that underlying the increasing suspicions toward China by the Japanese elite was the anxiety that China's economic success would undercut Japan's position as the region's pre-eminent economic power.

#### **Japan's 4 China Dilemmas**

Japan currently faces a number of dilemmas in its relations with China.

First: Japan supports China's economic growth and development through massive ODA and investments, and yet this growth is leading to a stronger China over which Japan will have de-

clining influence.

Second: China's leaders insist that Japan has not shown genuine remorse for its World War II sins, and therefore they continue to exploit Japan's war guilt as leverage in bilateral relations. On the other hand, what Japan sees as China's manipulation of the historical issue makes it even more difficult for Japanese leaders to apologize and face the past squarely.

Third: Perceptions of a hostile China increase Japan's sense of military insecurity and therefore encourage its security dependence on the United States; but Japan's deepening alliance with the United States tends to reinforce China's hostility.

Fourth: Chinese nationalism has been growing recently, its most visible manifestation being an anti-Japanese popular movement directed against Japan's own conservatives and nationalists. But this Chinese nationalism is feeding a more radical anti-Chinese sentiment among many Japanese.

#### **The ODA Debate**

These dilemmas have crystallized in a debate over Japanese ODA policy toward China. One school of thought says that ODA should cease because it in effect subsidizes China's military modernization, has not helped improve political relations between the two sides; and is no longer needed by China following its high growth pattern. The other school of thought contends that ODA helps atone for Japan's wartime sins, will help cement the bilateral friendship and increase mutual interdependence, and should continue because after all, a prosperous and stable China will be good for the region.

### **China's Perceptions and Concerns about Japan**

Chinese perceptions of Japan continue to be shaped by memories of war and occupation, which account for their suspicion about Japan's regional and global ambitions. These historically-rooted perceptions have been aggravated by Koizumi's policies of visiting the Yasukuni Shrine, the decision to send troops abroad in the aftermath of 9-11, and support for a rewriting of Japan's "peace constitution" in favor of Japan's participation in collective self-defense. Statements by high-level Japa-

nese officials downplaying the significance and scale of the so-called "Nanjing massacres" in the 1930s by Japanese soldiers, also riled the Chinese.

#### **A "Remilitarizing" Japan**

Chinese leaders no doubt perceive a significant increase in Japan's military hostility against them in the last decade, particularly evidenced by the 1996 Defense White Paper of Japan which expressed, for the first time, a need to "keep a close watch on China"; the 1996 Japan-US Joint Declaration on Security Alliance in the 21<sup>st</sup> Century; and the 1997 Japan-US Security Guidelines Agreement which expanded the scope of the alliance to "situations in areas surrounding Japan". Japan's role in the United States' Theater Missile Defense system also threatens to undercut China's own missile defense program. In the middle of China's concerns about Japan's alliance with the United States is the issue of Japan's close relations with Taiwan, its former colony, and Japan's potential support for Taiwan independence.

#### **The Psychology of Sino-Japan Relations**

If one were to take a longer and more multi-dimensional view of the relations, there also appear to be cultural and psychological barriers to China's better ties with Japan. Embedded in China's Confucian hierarchical worldview is a sense of betrayal by its "younger brother" Japan, who - after borrowing much from Chinese culture and civilization - subsequently surpassed China in economic and technological achievement, treated it as a subservient, and now continues to look at the communist regime as inferior. In this context, what China demands of Japan is not only that it remain non-militarist, but that it acknowledge China's equal place as a regional power.

### **Implications for East Asian Community Building**

The success of any East Asian community building project will obviously require Sino-Japanese cooperation on all fronts. Although ASEAN may benefit in the short term from Sino-Japanese competition for its allegiance, in the final analysis regional peace, security and prosperity becomes unattainable if such competition should prevail.

#### **Japan's Interest in ASEAN**

Both Japan and China value their relationship with Southeast Asia. For Japan, ASEAN represents not only profitable export markets and investments, but access to vital searoutes of communication linking Japan with its energy suppliers in the Middle East.

Compared with China and the Koreans, ASEAN countries are much less hostile to the idea of Japan's regional leadership, thus presenting Japan a future opportunity to play a political role commensurate with its economic power. For instance, ASEAN might help Japan in its bid for a permanent seat in the United Nations Security Council. The generally "pro-West" orientation of major Southeast Asian states also coincides with Japan's security policy.

On the other hand, multilateral engagement through ASEAN gives Japan an arena where it can try to wean away from foreign policy dependence on the United States.

#### **Japan's Interest in East Asia Community**

Japan was at the forefront of generating ideas for East Asian cooperation that would link it with ASEAN, including APEC and the ARF. It was Japan's 1997 proposal to hold a Japan-SEA summit to discuss security issues which became the precursor of ASEAN + 3, but while Japan would have preferred Japan-ASEAN security dialogue, ASEAN opted to bring in China and Korea. This helps explain Japan's discomfort that China appears to have hijacked the ASEAN + 3 process through its successful diplomacy towards ASEAN.

#### **China's Interest in ASEAN**

China, on the other hand, looks at ASEAN as sources of raw materials and investments, as markets, and like Japan, as vital to its transportation and energy links. ASEAN can also help secure the stable regional economic and security environment that China needs for continued growth, while at the same time, through its more independent foreign policy stance and neutrality on the conflicts between major powers, it can help promote the multipolar world order that China desires. Given Japanese and American suspicions towards China, ASEAN assent is imperative if China were to realize its regional leadership ambi-

**Although ASEAN may benefit in the short term from Sino-Japanese competition for its allegiance, in the final analysis regional peace, security and prosperity becomes unattainable if such competition should prevail.**

**Both China and Japan are indispensable pillars of prosperity and stability in East Asia, but it is ASEAN that for now must bear the burden of organizing the community-building efforts.**