U.S.-Japan-China Relations
Trilateral Cooperation in the 21st Century

Conference Report

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Executive Summary

If the U.S.-China-Japan strategic triangle isn't the most important trilateral relationship in the world, it will be. All three countries are world leaders in virtually every dimension of national power. They are the world's biggest economies, the biggest consumers of oil, and possessors of the largest and most advanced militaries in the world. The U.S. and China are nuclear powers and holders of permanent seats on the United Nations Security Council; Japan and the U.S. are two of the world's most technologically advanced economies and two of the world's largest providers of development assistance. The U.S. and China are directly involved in the two of the world's most tense flashpoints – the Taiwan Strait and the Korean Peninsula: Japan, by virtue of geography and its alliance commitments to the U.S., is indirectly involved in both as well. Individually, each of the three countries has an extraordinary impact on regional and global developments; if they work together that influence is greatly magnified. More significantly, a refusal or inability to cooperate will have equally powerful consequences.

In August, experts and former officials from the U.S., China, and Japan met in Hawaii for the ninth round of annual discussions that has explored the prospects for and the problems in relations among the three countries. As in the past, optimists highlighted the possibilities of good trilateral relations, pragmatists argued the need for good trilateral relations, and realists reminded us of the very real obstacles to good trilateral relations.

In retrospect, the terrorist attacks of Sept. 11 created new opportunities for trilateral cooperation, but those efforts have been hampered by widening social divisions in each country that restrict each government's room to maneuver. Misperceptions and misconceptions have also interfered. In addition, all three countries are great or rising powers. China and Japan are undergoing profound transitions. None has experience dealing with others as "equals." This poses fundamental challenges as the three governments struggle to build a new regional order. Differences are enhanced by perceptions: each country is locked into a particular perspective and the world looks very different, depending on which (or whose) lens is used.

An increasingly important focus is energy security. The U.S., China, and Japan are three of the world's four largest primary commercial energy users. Their thirst for energy is reflected more broadly throughout the region: the Asia Pacific accounted for 60 percent of the incremental growth of energy demand worldwide from 1990-2005. The region depends on imports to meet 65 percent of its demand and the Middle East provides 80.6 percent of the region's oil. Not surprisingly, energy issues dominate Chinese foreign policy. Attempts to secure supplies push it into relationships with unsavory regimes, create economic frictions with the U.S., and fuel competition with neighbors. China should see the broader implications of its policies and not let energy security trump all other concerns. Cooperative efforts – ranging from sharing technology to securing supplies – are the best ways to deal with energy security. Paranoia should not drive

policy: oil is fungible and every barrel that China procures from one source or develops is a barrel freed up for other consumers.

In one sense, trilateral relations are the sum of the various bilateral relationships. Those vary. The China-U.S. relationship is good, but potentially fragile: there is much cooperation, but distrust shapes thinking in both capitals. Chinese believe the U.S. is preparing to contain their country. Americans are not assured by Chinese pledges that Beijing does not intend to supplant the U.S. as the preeminent power in Asia. Japanese, like Americans, do not oppose China's rise and seek to benefit from it. Rising nationalism in both countries is a real obstacle to their relations, however. Chinese believe the problem is more one-sided, blaming Tokyo for the deterioration of that relationship. The two countries are locked in an ugly downward spiral and breaking the dynamic is difficult since both countries see themselves as merely responding to the other. U.S.-Japan relations continue to be "the best ever," but strains are emerging. Chinese worry this alliance is ultimately aimed at containing them.

Realizing the promise inherent in trilateral relations requires work by all three parties, both individually and together. China should accept Tokyo's quest for normal nation status, and shake off the notion that a strong Japan will be a threat to it. China must find and work with the mainstream in Japan. The U.S. and China should work on "easier" bilateral irritants – trade and human rights problems – and then move to harder challenges. Washington and Tokyo should make their alliance more transparent to allay Chinese concerns. Beijing should do more to explain its strategic ambitions. Bilateral dialogues should be expanded to trilateral ones; all participants should consider turning the Six-Party Talks on the North Korean nuclear crisis into a regional security mechanism. People to people contacts should be expanded at all levels. Politicians should be discouraged from playing the history card for their own purposes.

Ambitions should be high, but realism is important. That means accepting that current relations are more triangular, than trilateral: there are three distinct and unique bilateral relationships rather than truly routine official three-way discussions.

While the trilateral (or triangular) relationship is vital, it is also clear that each bilateral relationship needs to be evaluated on its own terms. The three countries are too big and too important to each other to be dealt with as anything but fully autonomous partners. It is a mistake, for example, for China to think that it can use the U.S. to deal with Japan. Similarly, the U.S.-Japan alliance does not lessen Tokyo's need to deal with Beijing. Successful trilateral cooperation rests on three stable and productive bilateral relationships. All the legs of that triangle are not necessarily of equal length and solidity, but they are equally important nonetheless. A productive trilateral relationship can be created if the three countries overcome their prejudices and suspicions and act in accordance with their mutual interests and combat their mutual concerns.

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If the U.S.-China-Japan strategic triangle isn't the most important trilateral relationship in the world, it will be. All three countries are world leaders in virtually every dimension of national power. They are the world's biggest economies, the biggest consumers of oil, and possessors of the largest and most advanced militaries in the world. The U.S. and China are nuclear powers and holders of permanent seats on the United Nations Security Council; Japan and the U.S. are two of the world's most technologically advanced economies and two of the world's largest providers of development assistance. The U.S. and China are directly involved in the two of the world's most tense flashpoints – the Taiwan Strait and the Korean Peninsula: Japan, by virtue of geography and its alliance commitments to the U.S., is indirectly involved in both as well. Individually, each of the three countries has an extraordinary impact on regional and global developments; if they work together that influence is greatly magnified. More significantly, a refusal or an inability to cooperate will have equally powerful consequences.

Mindful of the importance of these relationships, experts and former officials from the U.S., China, and Japan met in Honolulu for two days of spirited and candid discussions, sponsored by the China Institutes of Contemporary International Relations (CICIR), Japan's Research Institute of Peace and Security, and the Honolulu-based East-West Center and Pacific Forum CSIS. This conference was the ninth in an annual series of meetings that has explored the prospects for and the problems in relations among the three countries. As in the past, optimists highlighted the possibilities of good trilateral relations, pragmatists argued the need for good trilateral relations, and realists reminded us of the very real obstacles to good trilateral relations.

The year in review

The first session explored developments since the last conference. Then, we met in Beijing and the mood was much different. Many in the U.S. believed that Washington's relations with both China and Japan "were the best ever," although there was dismay at growing contentiousness between Beijing and Tokyo. Japanese were concerned about the ill will Chinese felt toward them – which spilled over during our meeting at the Asia Cup soccer final – but held out hope that the situation would improve. Chinese worried about U.S. containment, Japan's seeming readiness to forget the past, and persistent problems on its periphery – North Korea and Taiwan in particular. All speculated about the then-upcoming U.S. presidential election and the implications should "regime change" take place in Washington.

This year, the U.S. position has eroded, at least in relative terms. Relations with Japan remain good, if not the best ever, but strains are emerging as the Bush administration begins a new term with several of its most noted Japan hands no longer at the helm. More significant tensions have returned to the U.S.-China relationship. The list of U.S. complaints is long: China's military modernization program (concerns made plain in the July 2005 publication of the Department of Defense's Annual Report on the People's Liberation Army), continuing human rights abuses, predatory economic practices – in particular, an undervalued currency and a failure to protect intellectual property rights – and a foreign policy that cozies up to unsavory regimes, such as governments in Sudan, Zimbabwe, Uzbekistan, and Myanmar.

There is more insecurity than outrage in Japan. The Japanese are not as enthusiastic as Americans about the alliance with the U.S. A domestic political debate has been underway on the costs and benefits of Japan's foreign policy. (The issue has not been a highlight in the campaign for the Sept. 11 general election called when Prime Minister Koizumi Junichiro dissolved the Diet in August.) More Japanese worry about their country's relationship with China; they fear that the downturn in relations is not amenable to fixing. While many Japanese question the need for Koizumi to go to Yasukuni Shrine, and infuriate the country's neighbors, they also believe that those objections are not reason enough for him *not* to go. Rising nationalism also fuels resistance to Chinese demands.

From the Chinese perspective, Japanese behavior is insensitive and dangerous: the failure to acknowledge and respect Japan's history of militarism risks a repetition of that dark period. Now, however, Beijing is stronger and better prepared to stand up to Tokyo. The country's confidence is further boosted by its successful diplomacy on the Korean Peninsula and the halting of the momentum in Taiwan that was pushing the island toward a declaration of independence. China now appears to have the upper hand in cross-Strait relations. The inauguration of a senior-level dialogue with the U.S. and the September visit of President Hu Jintao to the U.S. also hold out hope of a qualitative shift in relations with Washington.

Soeya Yoshihide, of Keio University, argued that there is a common denominator in all three countries. In each case, societies are increasingly divided – there is no single view on any issue – and governments are being held hostage to widening divisions in public opinion. Thus, while the dominant trend over the past 15 years has been enhanced cooperation, "from time to time [it] has been shaken by the misperceptions and misconceptions of realities and mutual interests." Soeya noted that in each of the most important regional agenda items – the Six-Party Talks over the North Korean nuclear program, relations across the Taiwan Strait, and the forging of an East Asian community – Washington, Beijing, and Tokyo can easily identify mutual concerns and shared interests. Nevertheless, there are persistent differences over how to best achieve agreed-upon outcomes and domestic political debates sharpen those divergences. In this hothouse environment, feedback – the actions of one country that influence reactions of another and generate their own response – hinders much-needed cooperation.

Gao Zugui, of China's Institute of Security and Strategic Studies, countered that the terrorist acts of Sept. 11, 2001 shifted thinking about security and fundamentally transformed relations among the three nations. He agreed with Soeya that these changes created new opportunities to work together. Gao argued that the global war on terror provided a foundation for great power cooperation that could produce a mechanism to deal with regional security problems. He suggested that cooperation focus first on nontraditional issues and then, after demonstrating both the capacity to tackle such problems and the confidence needed to work together, the partners could move to more traditional security concerns. Deepening economic integration within the region would contribute to this process.

Anticipating a theme that resurfaced throughout the meeting, Gao stressed that China is eager to work with both the U.S. and Japan, and each bilateral relationship would ultimately depend on the respective government's view of Beijing. In this formulation, China is a passive partner in these relationships. Sino-U.S. relations depend on Washington's China policy, and "the U.S. needs to understand, accept, and adapt to China's necessary extending interests." (Sadly, repeated attempts to clarify what those "necessary extending interests" are and how the U.S. should adapt were fruitless.) Beijng is also ready to cooperate with Tokyo, but Japanese actions are a bar to joint action as they continually provoke the Chinese people (a topic taken up in more detail below).

In his remarks, Charles Morrison of the East West Center reinforced Soeya's point about the importance of domestic politics. For him, the biggest change in the last year has been "partial regime change" in Washington occasioned by the departure of seasoned Asia hands in the second Bush administration. The war in Iraq dominates administration in-boxes, rendering U.S. policy in Asia (and elsewhere) largely reactive. Other developments, in particular the scheduled East Asian summit, are difficult to respond to as they are still very inchoate. He agreed that cooperation dominates U.S. relations with China (thank the war on terror, which shifts priorities and subordinates more divisive issues, such as human rights, to the bilateral agenda), although there is China bashing in Congress. Morrison echoed Soeya's comments about social divisions, arguing they are compounded in the U.S. by perceptions that President Bush may be moving toward lame duck status and the jockeying for position in anticipation of the next presidential campaign.

Morrison added rising nationalism to the list of regional concerns, noting that the forces fueling it are diverse; he expressed little hope of dampening those flames. He raised questions about India's future role in the region: no one provided answers. Finally, he noted that the three countries are all great or rising powers. None has experience dealing with others as "equals." This poses fundamental challenges to leaders in all three capitals as they struggle to build a new regional order. Will the resulting strategic triangle be stable?

In the discussion, several speakers immediately challenged the notion that the war on terror was proof that cooperation defined the relationships, at least as far as U.S.-

China relations are concerned. Americans saw the recent call by the Shanghai Cooperation Organization (SCO) for the U.S. to set a deadline for the removal of its bases from Central Asia as a triumph of national interests over the fight against terror. Chinese participants countered that it is not Chinese policy to exclude the U.S. from the region, and that Beijing never would. "The U.S. is a global power," argued one. Yet, he maintained, China is "like a growing child, and the U.S. is like a parent: it must change its attitude as its child becomes more able to deal with the world on its own."

China is not the only country undergoing a transformation. Japan too is becoming a more "normal nation," and this simultaneous rise is unprecedented in Asian history. One American participant noted that this is also the first time the two countries have had the ability to defend themselves, thus shifting the context of their competition: theirs will not be a traditional rivalry, but it will be fought over public opinion at home and abroad. While some Japanese shy away from the notion of strategic competition with China, arguing that the country was absorbed by its own domestic political drama and lacking in grand strategists, a Chinese participant noted that it was too early to count Japan out. For all the attention given to China's rise, Japan remained an economic and technological powerhouse, and a force to be reckoned with in international politics.

This last exchange highlighted a key element of our discussions: it is increasingly obvious that each country is locked into a particular perspective and that the world looks very different, depending on which (or whose) lens is used. Chinese see their country as deeply divided – ideologically, socially, and economically – and they see themselves as a force that is largely acted *upon* in international relations. Japan sees its economic strength waning when contrasted with that of China. Both see themselves as being forced to react to external developments. And both are, in the words of one observer, "dissatisfied" with their position and status in the world. Interestingly, both look to the U.S. for affirmation of their roles regionally and globally. Fortunately, there does not seem to be a competition for Washington's affections as has occurred in the past. As long as that continues, the possibility of long-term trilateral cooperation is good.

Energy security and the impact on trilateral cooperation

An increasingly important issue for the three countries is energy security. Kang Wu of the East-West Center provided a detailed briefing on the regional energy picture and the opportunities and challenges it presents.

The U.S., China, and Japan are three of the world's four largest primary commercial energy users (numbers 1,2, and 4, respectively). Their thirst for energy is reflected more broadly throughout the region: the Asia Pacific accounted for 60 percent of the incremental growth of energy demand worldwide from 1990-2005. Last year, coal met 46 percent of regional energy demand; oil 34 percent, gas 10 percent, hydroelectric 5 percent, and nuclear energy provided 4 percent. (The rest of the world also uses oil to meet 30-35 percent of demand; the Asia Pacific is unique in its heavy reliance on coal.)

Oil is especially important. The U.S. consumes as much oil as all the Asia Pacific consumes daily (and it is the only developed country with rising oil demand). The region depends on imports to meet 65 percent of its demand; the U.S. figure is only 60 percent. The Middle East provides 80.6 percent of the region's oil; the bulk of the rest comes from North Africa. U.S. suppliers are more evenly divided: a third of its oil imports comes from Latin America, less than 20 percent comes from the Middle East, and Africa and Canada provide 16.4 percent apiece, with the rest coming from other sources.

China's rise – and that of India, too – means that global energy supplies will continue to be tight. There is just too much demand for the existing infrastructure. This supply-demand equation is a new reality and one to which all consumers will have to adjust.

This is especially problematic for China, however, as Ray Burghardt, also of the East-West Center, pointed out. China is not only the world's second largest oil consumer, but its energy consumption continues to expand, seemingly without limit. It should come as no surprise then that energy issues dominate Chinese foreign policy. Attempts to secure supplies push it into relationships with unsavory regimes such as Sudan and Uzbekistan, create economic frictions with the U.S. when Chinese corporations bid for U.S. energy companies (as in CNOOC's failed attempt to buy Unocal), and fuel competition with neighbors, over territories that have energy resources or in bidding wars for the rights to supplies, as is the case with Russia. China worries about dependence on the Malacca Strait, through which passes 80 percent of its oil. It is eager to find transport routes that are not vulnerable to disruption or that do not force Beijing to rely on the U.S. Navy for protection. Burghardt noted China's "aggressive and defensive positioning to protect strategic interests and preserve Chinese interests."

Plainly, energy can provide a foundation for cooperation among the three countries or sow the seeds of confrontation. Japanese participants noted that their country is well positioned to help China increase its energy efficiency, an increasingly vital strategy as energy prices climb and markets tighten. Japan is also a leader in technology that can lessen the environmental impact of rapid growth: much of the acid rain that blights Japanese forests originates in China. The sharing of greener and more efficient technologies is a win-win solution for both countries. For their part, Americans noted that the U.S.-China energy forum is one of the most successful of their bilateral dialogues. One U.S. participant explained that the senior-level U.S.-China dialogue was designed, among other things, to let China see the broader implications of its policies. Beijing, he warned, should not let energy security trump all other concerns.

Ironically, it was Chinese participants who stressed the importance of market mechanisms for solving problems and who urged others not to let politics intrude on their work. One Chinese noted that Japan's efforts to secure energy supplies by using national champions to aggressively court producers had plainly failed and was a negative lesson for China. He also explained that Beijing was forced to cozy up to "rogue regimes" because they were the only suppliers available; the U.S. has already locked up the rest.

An American echoed the overall sentiment, noting that oil is ultimately fungible: every barrel that China procures from one source or develops is a barrel freed up for other consumers. Geopolitical concerns should not breed paranoia: no country can dominate the market.

Issues in the bilateral relationship

U.S.-China. Discussions then turned to the various legs of the strategic triangle. Bonnie Glaser, of the Pacific Forum CSIS, provided an unblinkered assessment of the U.S.-China relationship. She argued that China's rise is a fact and, while the success of that rise is not assured, it is in the U.S. interest –and U.S. policy – to explicitly support and assist China and try to shape its emergence in a direction that is consistent with international norms and U.S. interests. It's clear, however, that China is not yet a global power: it is a regional power with global interests. Nevertheless, Chinese behavior has greater impact than before, across an array of issues and as a result new constituencies are joining the debate about the relationship. Keeping relations stable – managing the relationship – has taken on a new importance at the very time that process has become more difficult. Those difficulties are compounded by the distrust that colors relations between both capitals. Both have their grievances. Chinese believe the U.S. is preparing to contain their country. Americans are not assured by Chinese pledges that Beijing does not intend to supplant the U.S. as the preeminent power in Asia.

Niu Xinchun, of CICIR, agreed that strategic distrust is the key problem in this relationship. As always, Taiwan is the greatest irritant. Events over the last year have convinced Chinese that the cross-Strait balance has shifted in their favor; for them, Taiwan President Chen Shui-bian has been forced to retreat from his rush toward declaring independence and the U.S. should encourage him to moderate his position further and talk with Beijing. The mainland sees anything less as opposition to reunification. Chinese suspicions are compounded by the perception that the U.S. is using China as a scapegoat for its economic problems. Similarly, the reinvigoration of the U.S.-Japan security alliance is seen as an attempt to prepare for the containment of the PRC.

Discussion focused on the importance of perceptions. An American noted that the U.S. is inclined to judge China "by the company it keeps." Beijing's readiness to reward dictators like Zimbabwe's Robert Mugabe or Uzbekistan's Islom Karimov with state visits says a great deal about the principles behind and purposes of Chinese power. Similarly, the SCO's call for the removal of U.S. bases from Central Asia raises basic questions about the priority Beijing puts on cooperation in the war against terror and its claim that it does not seek to challenge the U.S. role in the region. China's human rights policies, and in particular the protections it affords to individuals who wish to worship, will be increasingly important in shaping U.S. views of China given the rising salience of religious sentiment in shaping the views of U.S. voters.

On Taiwan, perceptions are equally significant. Another American reminded the Chinese that the U.S. "foot on the ground" in Taipei gives it a very different perspective

on Taiwan. Thus, while the momentum in cross-Strait relations may have changed in recent months, Americans still believe that there is a fundamental flaw in Chinese thinking about Taiwan: there is no real constituency on the island for reunification and the new cross-Strait dynamic should not be misinterpreted. Talks between the two governments are still essential, and President Chen remains the island's elected leader. Waiting out his administration will not fundamentally alter relations between China and Taiwan; or if it does, it will only be because Beijing has made him the central factor in the relationship.

Despite these nettlesome issues, the mood in our discussions was positive. There was agreement that strategic competition between the U.S. and China is not inevitable. There will also be elements of rivalry in the relationship between two countries as fundamentally different as the U.S. and China, but it can be a healthy competition rather than a dangerous one. The eventual outcome will depend, to some degree, on "the face" China presents to the U.S. (and the world). A U.S. participant applauded the increasingly sophisticated operation of the Chinese embassy in Washington. He noted that the skills of the diplomats there, the outreach programs, and other efforts to better acquaint Americans with China are serving the country well and could serve to diminish the perception gaps that seem to plague the relationship. (China apparently does not have a similar outreach program toward Japan, even though the need is as great or greater.)

Japan-China. When attention turned to the Japan-China relationship, the mood darkened. Takahara Akio, of Tokyo University, reiterated the Japanese position that Japan does not oppose China's rise and that Japanese, like others around the world, seek to benefit from it. He bemoaned rising nationalism in the two countries, but contrasted the two phenomena, arguing that Chinese nationalism seems more aggressive in nature, while that in Japan is more defensive. He reminded the Japanese that they must never forget history and called for more teaching of contemporary events (a shortcoming in every country, according to our participants). He also noted that Japan provides an abject lesson in how success can make a country arrogant.

Ma Junwei, also of CICIR, argued that the influence of the China-Japan relationship was even more important that the impact of the U.S. military presence on the Asia Pacific region. Ma, like other Chinese participants, put the blame for the downward spiral in the relationship squarely on Tokyo's shoulders. In his view, the problem results from four sets of contradictory policies: Tokyo promotes Japan-China relations while adhering to the wrong view of history; it seeks to improve relations with the mainland while maintaining active contacts with Taiwan; it wants to improve relations with Asia while strengthening its alliance with the U.S.; and it advances economic and cultural exchanges while sharpening frictions over natural resources. As he notes, in each case, the latter policy "represents more the strategic intention of Japan."

In his comments, Ezra Vogel of Harvard University said the U.S. welcomes the simultaneous rise of Japan and China and hopes both will shoulder more regional and global responsibilities. He too noted that the U.S. perspective on Japan is different from

that of China: it focuses on the record of peaceful behavior over the last 60 years rather than the militarism that led Japan to war. He warned that the mutual recriminations are fueling hardline elements in each country.

Discussion focused on two issues. The first was, what constitutes a proper understanding of history? History is invariably political and the idea that there is but one "correct" version of history is problematic, to say the least. A larger and related issue is the information available to citizens so that they can make their own judgments about the accuracy of what they are taught and told. As several Japanese noted, this puts a premium on the media in both countries to act "responsibly," a word that also has political overtones.

A second issue was the cycle of action and reaction. The two countries are locked in an ugly downward spiral. As one American noted, breaking the dynamic is difficult since both countries see themselves as responding to the other. This underscored the broader theme of the conference – the inability of participants to put themselves in the shoes of another. Each country knows its own intentions are good and fails to see how they could be doubted by others; they are unwilling to extend the good faith they demand. This also reflects the rising importance of domestic politics in each country.

U.S.-Japan. Finally, attention turned to the U.S.-Japan relationship. Sheila Smith, of the East West Center, noted that relations between the two countries continue to be "the best ever." Credit more than a decade of planning and preparation, a strong personal relationship between the two countries' leaders, and common strategic interests. Problems exist – trade issues such as beef and steel, Japan's frustrated bid for a permanent seat on the United Nations Security Council, a lack of progress in the redeployment of U.S. forces in Japan – but a convergence in strategic thinking between the two portends well for the relationship. Smith cautioned that Japan must make important choices in the future, however, and they will not be easy. She also suggested that the two countries work more closely with South Korea, as "what happens in the ROK is as important as what happens in the DPRK."

Murata Koji, of Doshisha University, agreed that the bilateral relationship is very good, but warned that domestic political turmoil in Japan would impact on the alliance. Prime Minister Koizumi's decision to dissolve the Diet and call an election – essentially a referendum on his leadership – will weaken the government no matter what the outcome of the Sept. 11 ballot. This is likely to shake the alliance at a time when Japan looks – with U.S. urging – to assume a new role internationally. He agreed with Smith that this could be an irritant as the U.S. awaits tough decisions from Japan regarding redeployments of U.S. forces in Japan. Again, he urged both countries to be sensitive to domestic political developments in its partner.

Yu Bin, of Wittenburg University, provided a Chinese perspective on the alliance. He, like many others, noted the security dilemma created by the strengthening of U.S.-Japan ties. His worries about the long-term implications of these trends reflect a different

concern: what happens if the U.S. embraces closer and warmer relations with China? He offered a provocative analogy: is Japan like a car that is going to fast as it approaches a curve? Its acceleration makes a change of course very difficult and potentially dangerous.

Discussion focused on values and their impact on two other relationships. As one American asked, what role do values play in shaping relationships and creating communities? Since they are all democracies, the U.S.-Japan-ROK strategic triangle would seem to be solid, but political evolution in South Korea, which is focusing on questions of national identity, is creating friction between Seoul and both Washington and Tokyo. How do the values shared by the U.S. and Japan affect their relations with China? Can that strategic triangle ever be composed of three equal length (and strength) legs, as long as the countries' values continue to be different? This question also hangs over the proposed East Asian community.

Both Americans and Japanese argued that their revitalized relationship – embodied most concretely in the Security Consultative Committee Joint Declaration of Feb. 19, 2005 – does not aim to contain China. Americans also tried to disabuse Chinese of the notion that the U.S. sought to strengthen Japan to check China's rise. They noted that it was precisely questions like that (or the suspicions beneath them) that frustrated the realization of U.S. goals in Asia. The U.S. wants Japan to be a force for positive change in the region; suspicions about Tokyo's goals or intent do not further U.S. interests.

Opportunities for cooperation

After having focused on problems in the relationships, attention turned to ways to build on the promise inherent in trilateral relations. Liu Bo, of CICIR, started with a traditional Chinese refrain, blaming Japanese Prime Minister Koizumi for the deterioration of relations between the two Asian giants and for placing a huge stumbling block in the way of trilateral cooperation. But Liu Bo quickly shifted gears, and called for Chinese to acknowledge that "Japan has been following a peaceful road for more than half a century and playing a responsible international role for years." They should accept Tokyo's quest for normal nation status, and "shake off the lingering logic that a strong Japan will definitely be a threat to China." This requires the adoption of a more discriminatory approach to Japan, differentiating between "speculating politicians and ordinary citizens, extreme rightwingers and aggressive patriots." China must find and work with the mainstream in Japan.

In dealing with the U.S., he called for Washington and Beijing to focus on "easier" bilateral irritants – trade and human rights problems – before moving on to harder challenges. (Of course, "hard" and "soft" are relative terms.) He also dismissed charges that the SCO declaration constituted a Chinese attempt to create its own Monroe Doctrine.

To remedy the problems, Liu Bo advocated transformation of the Six-Party Talks on the North Korean nuclear crisis into a regional security mechanism. He called for the extension of various "2+2" dialogues into "2+2+2" discussions; and, like many other participants, he endorsed more people-to-people exchanges to build better understanding.

In his remarks, Ito Go, of Meiji University, honed in on Japan's dilemma. Tokyo is torn "between U.S. demands for more equal roles in international security and China's solicitation of Japan's participation in the economic community of East Asia." He argued that Japan might be able to resolve both parts of that dilemma by acting as a bridge between the East Asian community and the other side of the Pacific. That will not be easy, however, given the tensions in its relationship with China. He agreed that politicians in both countries have used the history issue and related concerns for their own purposes.

As a first step toward lessening tensions, he suggested all parties treat others with mutual respect; it's an obvious recommendation, but one that seemed too often to be recognized by its breach. He endorsed more exchanges, but called for a focus on mid-level executives and officials to help facilitate understanding at the working, institutional level, where actual international cooperation occurs. He suggested that Japan create special economic zones for Chinese businesses: they could contribute to the integration of the two economies, infuse some Chinese dynamism more directly into Japan, and, of course, facilitate understanding among business professionals involved in those operations.

Finally, he argued that better trilateral cooperation required a better understanding of how the three countries interact. There needs to be a finer appreciation of the mechanisms of integration: while there are various regional institutions, there are also less formal networks that are equally important but operate in different ways. A keener grasp of the differences between the two could facilitate cooperation. Failing to understand these differences will slow, if not hinder, trilateral cooperation.

Finally, Randall Schriver, of Armitage and Associates, provided a U.S. perspective on future prospects. Schriver began by distinguishing between trilateral and "triangular" relations. The latter is far more modest than the former, and is a more accurate assessment of existing relationships. As he observed, "there are no routinized official trilateral interactions, and the prospects of initiating such activities seem remote. More accurately put, we have a 'triangular' relationship defined by three, distinct and unique bilateral relationships, where bilateral discussions are often dominated by discussion about the 'other country' not at the table."

Still, the need for cooperation is plan: "The U.S., China, and Japan represent in the Asia Pacific region: the three largest economies, the three largest importers of foreign oil, the three largest defense budgets, the three largest contributors to greenhouse gas emissions, and the three largest investors in Southeast Asia." The obstacles are equally

obvious: nationalism (fed by increasingly contentious domestic politics), uncertainties about future policies, and Taiwan.

Schriver identified several areas for potential cooperation: energy and the related task of helping stabilize the Middle East, global issues like fighting HIV/AIDS, SARS, avian flu, promoting trade and investment, and counterterrorism. To realize those goals, he called on the U.S. to explain more clearly its vision for China. While efforts to do that have begun, Chinese complaints that the U.S. sends mixed messages need to be addressed. Tokyo and Washington should increase transparency in their alliance to help allay Beijing's fears that they aim to contain China. At the same time, the U.S. would like Japan and China to forge a better relationship; it would like more transparency from the PLA to assuage concerns about China's long-term intentions; and Washington would like China to make more efforts to reach out to ordinary Taiwanese and to President Chen. Beijing must win both the hearts and minds of the people of Taiwan and deal with their elected representative. Making end runs to deal with the opposition is no substitute for either.

As we wrapped up discussions, the history question reasserted itself. Japan has reached a stage in its national development where it wishes to honor its war dead; national sacrifice should not be ignored. The question is how that is best done. One Japanese participant proposed a separate, nonsectarian war memorial, open to all worshippers. This sidesteps the thorny issues of the enshrinement of war criminals, the religious (Shinto) nature of the Yasukuni Shrine and its association with the regime that launched the Pacific War. Would that soften criticism by Japan's neighbors of such memorials? How does Japan demonstrate that it, like Germany, has turned its back on its past? Is that even possible? Or is the issue a chimera, a cloak for more gritty geopolitical concerns?

Taiwan is another obstacle to regional cooperation. But, as one American noted, Taiwan is not the problem; the real danger is the *threat of war* over Taiwan. If the prospect of war between the two sides of the strait – and by implication a conflict between China and the U.S. (and Japan as its ally) – were to be averted, then the Taiwan issue would not loom as large as it does. China should, he counseled, remove its finger from the trigger. The world knows what China thinks of a Taiwanese declaration of independence; there would be no great rush to recognize an independent Taiwan as long as China makes it clear that it opposes such a step. This policy would lessen tension in the region and across the Pacific without costing China much. There would be no progress toward independence and China would get credit for contributing to regional stability and prosperity. Yet, the logic and plain merit of such a policy did not win much favor among Chinese at the table. As one explained, declaring independence is merely the last step in Taiwan's journey: Beijing is determined to see that there is no progress along that path.

All participants endorsed more grassroots exchanges among the three countries. Familiarity helps soften the sharp edges of the relationships and inserts shock absorbers

into each country. U.S. visa procedures are a hindrance, however; most participants (including Americans) had horror stories to tell. The U.S. is still adjusting to the realities of the post-Sept. 11 world; hopefully, visa policy will continue to change as well. China has worked with the U.S. to develop Chinese language programs in U.S. schools and offered American teachers chances to spend time in China. These efforts could pay big dividends over time.

The Pacific Forum has taken steps to increase exchanges among the younger generation. It has created a Young Leader program for individuals age 25-35, who work on the questions we examine at our conferences. Young Leaders participate in our meetings and hold their own sessions before and after the conferences. They write papers for each conference, as well; the papers for this meeting will be available at the Pacific Forum CSIS website (www.csis.org/pacforum) shortly. Previous volumes are already online.

While the trilateral (or triangular) relationship is vital, it is also clear that each bilateral relationship needs to be evaluated on its own terms. The three countries are too big and too important to each other to be dealt with as anything but fully autonomous partners. It is a mistake, for example, for China to think that it can use the U.S. to deal with Japan. Similarly, the U.S.-Japan alliance does not lessen Tokyo's need to deal with Beijing. Successful trilateral cooperation rests on three stable and productive bilateral relationships. All the legs of that triangle are not necessarily of equal length and solidity, but they are equally important nonetheless. A productive trilateral relationship can be created if the three countries overcome their prejudices and suspicions and act in accordance with their mutual interests and combat their mutual concerns.

The following is a shopping list of recommendations from senior conference participants and Young Leaders. Their presence here does not suggest that they enjoy support among a majority of our participants; rather they are included to stimulate discussion on how best to build trilateral (as well as triangular) cooperation:

- establish special economic zones in Japan for Chinese businesses;
- establish an organization like the U.S.-Japan Foundation for Japan-China relations;
- deploy retired Chinese diplomats overseas to explain Chinese diplomacy and the country's peaceful rise;
- the U.S. should convene a conference to examine the history of World War II in Northeast Asia;
- extend "2+2" discussions to a "2+2+2" format;
- the U.S. should act as an intermediary for China and the Vatican;
- use the Six-Party Talks to establish a regional security mechanism;
- the U.S. should post more diplomats in China who have served in Japan, and diplomats in Japan who have served in China.

Realizing the promise inherent in trilateral relations requires work by all three parties, both individually and together. China should accept Tokyo's quest for normal nation status, and shake off the notion that a strong Japan will be a threat to it. China must find and work with the mainstream in Japan. The U.S. and China should work on "easier" bilateral irritants – trade and human rights problems – and then move to harder challenges. Washington and Tokyo should make their alliance more transparent to allay Chinese concerns. China should do more to explain its strategic ambitions. Bilateral dialogues should be expanded to trilateral ones; all participants should consider turning the Six-Party Talks on the North Korean nuclear crisis into a regional security mechanism. People to people contacts should be expanded at all levels. Politicians should be discouraged from playing the history card for their own purposes.

Beijing, Tokyo, and Washington share many strategic objectives: the desire for a peaceful, prosperous, more integrated and stable East Asia; a denuclearized Korean Peninsula; peaceful resolution of both the cross-Strait issue and the region's many unresolved territorial disputes; secure and stable energy supplies; protections against the spread of infectious diseases such as SARS, avian flu, and HIV/AIDS; and a trilateral relationship in which none is seen as a force to be contained or restrained. The challenge remains to identify practical common means to achieve these mutually desired ends.

United States, Japan, and China Relations: Trilateral Cooperation in the 21st Century

By Yoshihide Soeya

During the last 15 years, trilateral cooperation among the United States, China, and Japan has been haunted by perception gaps, while clashes over material interests have been kept to a minimum – to a much lesser degree than the emotional vicious cycles would suggest. In short, the dominant overall pattern in the evolution of the relationships has been toward the enhancement of cooperation, which from time to time has been shaken by misperceptions and misconceptions of realities and mutual interests.

Three issue areas for consideration in this session represent cases in point: Six-Party Talks over the North Korean nuclear problem, the Taiwan issue, and progress in East Asian regionalism that many nations in the region have begun to associate with a long-term prospect of creating an East Asian Community. The critical task for our three countries is to fill the perception gap to create a sustainable framework of cooperation on these critical issues of mutual concern.

Six-Party Talks

At the advent of the Bush administration in January 2001, gaps in approaches toward the North Korean nuclear problem were conspicuous among the countries that now constitute the Six-Party Talks framework. The U.S. refused to talk to North Korea directly, while China stood behind North Korea demanding bilateral talks and deals. Both China and North Korea, as well as South Korea albeit less overtly, criticized the U.S. for its uncompromising attitude.

In the meantime, Tokyo stood firmly behind Washington, while pursing its own efforts to draw North Korea into the world of interdependence through diplomatic normalization, which culminated in the historic trip by Prime Minister Koizumi Junichiro to Pyongyang in September 2002. Chairman Kim Jong-il's acceptance of Koizumi meant that Pyongyang saw the last remaining chance to get out of the predicament imposed by the new policies of the Bush administration. When Tokyo's initiatives stalled due to complications caused by Japanese domestic politics, however, Pyongyang did not have any alternative but to resort once again to brinksmanship, dispelling the IAEA inspectors, leaving the NPT, and eventually announcing it possessed nuclear weapons.

In the final analysis, Washington's persistence in calling for a multilateral framework to deal with the North Korean problem and its apparent move toward sanctions against a desperate Pyongyang encouraged Beijing to mediate talks between Washington and Pyongyang in the spring of 2003. These three-party talks soon developed into the first round of Six-Party Talks in the summer. Thus, although all members of the talks conceived of different approaches based on their own preferences

and perceptions, the Six-Party Talks came to embody the convergence of their interests in realizing a nuclear-free North Korea and stability in Northeast Asia.

The resumption of the fourth round of Six-Party Talks on July 26 this year became possible as a result of a mix of backgrounds and factors. In the first place, there was a sense of urgency on the part of Washington that it cannot waste any more of the remaining time of the Bush administration and to create a nuclear North Korea after eight years in office. This has made the members of the talks, including North Korea, realize that perhaps this round of talks would present itself as the final opportunity to make meaningful progress on the issue. The failure would give a serious blow to the framework, which could invite entirely new initiatives from Washington before the end of the Bush tenure.

This should be the primary background reason why the parties were so serious and committed to prolonged negotiations in the fourth round of talks. Although the innate difficulty in convincing Pyongyang of its regime security remains unchanged, all members of the talks now appear to be more committed than ever to the framework. On Aug. 7, therefore, the six nations agreed to break for a three-week recess in the talks, which will reconvene during the week of Aug. 29.

Reportedly, the deadlock was between Washington and Pyongyang over the North Korean demand for the right to operate light-water nuclear reactors. The chief North Korean negotiator, Vice Foreign Minister Kim Gye-gwan, insisted North Korea's desire for a peaceful nuclear program is "a just demand" as a sovereign nation. North Korea, however, already has one working 5-megawatt nuclear reactor in Yongbyon, and claims to have reprocessed 8,000 spent fuel rods into weapons fuel. It is widely estimated that this would be enough fuel for roughly six nuclear weapons, and Christopher Hill, the top U.S. envoy, said the U.S. believes that North Korea could use new reactors to secretly make more material for nuclear weapons.[1]

China used to criticize the U.S. for its uncompromising attitude toward North Korea, particularly its flat refusal to deal with North Korea bilaterally. In this round of talks, however, Hill and Kim Gye-gwan held almost daily private meetings and even shared a dinner at a local North Korean restaurant in Beijing. This signifies that, although fundamental positions of the U.S. and North Korea remain unchanged, the framework of the Six-Party Talks has become more substantial, with China in the central and critical role as key mediator.

A U.S. official reportedly said the peaceful use of a reactor was not the only stumbling block, but just the only one Hill was authorized to discuss publicly. In this round of talks, delegates debated over principles that touched on several fundamental themes: the denuclearization of the Korean Peninsula; normalization of relations between North Korea and the United States, South Korea and Japan; energy and economic

[1] *New York Times*, Aug. 8, 2005.

assistance for North Korea; and the monitoring and verification procedures to ensure that North Korea dismantles its nuclear program.[2]

As the Six-Party Talks resume, the division of labor among the members concerned toward the shared goal of a nuclear-free North Korea and the stability in Northeast Asia would eventually become a critical subject, and here coordination among the U.S., China, and Japan is important.

Taiwan

Misperceptions and emotional cycles among the three countries are worse over the Taiwan problem. Here, the complication is primarily between China, on the one hand, and Japan and the U.S., on the other. Despite its complexity, the basic interests of the three countries do converge on the importance of maintaining the status quo. The status quo across the Taiwan Strait, however, is moving very dynamically, and the differing interpretations over the state of the "dynamic status quo" are the source of difficulty.

For instance, at the official level, Tokyo's policy toward Taiwan is perhaps the most pro-Beijing, imposing the most stringent restrictions on official contacts among many nations including North American, European, and Southeast Asian nations. Pro-Taiwan moves in Japan are often challenges to and expressions of frustration with this Taiwan policy on the part of the Japanese government, which have become extremely complex as a result of the dynamic process of democratization in Taiwan and the worsening emotional vicious cycle between Japan and China.

In this complex situation, it appears Chinese suspicion of a Japanese "national will" to support Taiwan independence is growing day by day. In this context, the history issue may have a role to play, but the revitalization of the U.S.-Japan alliance and the issue of missile defense appear even more crucial because they affect core material interests of the countries concerned. Here again, Japanese and U.S. material interests are to be best met and achieved in preserving and managing the status quo over the Taiwan Strait, and therein lies the basic motivation and purpose behind U.S.-Japan security cooperation. The shared goal is to discourage acts of adventurism destroying the status quo on both sides of the Taiwan Strait.

In this context, the most critical factor is the strategic relationship between the U.S. and China. The central function of the U.S.-Japan alliance for regional stability in general, and the stability of the Taiwan Strait in particular, derives, first and foremost, from the U.S. preparedness to use the alliance for regional contingencies. Japan's military involvement under the U.S.-Japan alliance (aside from the defense of its national territories) would become an issue only in the form of cooperation with the U.S.

[2] Ibid.

On reflection, the main motive for the review of the Guidelines for U.S.-Japan Defense Cooperation, the central component of the reaffirmation of the U.S.-Japan alliance that proceeded in the mid-1990s, was to fine-tune the mechanisms of U.S.-Japan cooperation for regional contingencies. Contrary to the widely held view in China, this was not the product of the security environment characterized by the rise of China or the Taiwan crises.

The direct trigger of the administrative process of the alliance reaffirmation was the Korean crisis in 1994, when the Clinton administration seriously considered surgical strikes against North Korean nuclear facilities. At that juncture, policy-makers in Tokyo and Washington came to the stark realization that they had not prepared for feasible military cooperation in the event of war on the Korean Peninsula.[3]

This realization gave rise to a serious and realistic concern about the survivability of the alliance in the event Japan would prove to be a by-stander. The deep and central motive of the reaffirmation process, therefore, was to save the U.S.-Japan alliance from a possible collapse incurred by Japanese inaction. This rather acute sense of crisis was to be instigated only by a highly realistic and immediate danger such as a possible war in Korea, and clearly not by only a potential danger involving China and Taiwan.

The drafting of the U.S.-Japan Joint Declaration on Security was already complete by the fall of 1995, and Prime Minister Tomiichi Murayama and President Bill Clinton were scheduled to announce it at the time of the Osaka APEC summit in October 1995. But Clinton did not come to Osaka for domestic political reasons. In the meantime, the question of Taiwan security began to loom large, particularly after a series of Chinese military pressures and exercises directed against the Taiwan presidential election in March 1996. By that time, former U.S. President Jimmy Carter's trip to Pyongyang had salvaged the North Korean nuclear crisis, resulting in the Geneva agreement to create KEDO to circumvent North Korean nuclear programs. This unfortunate combination of events shifted observers' attention away from North Korea toward Taiwan in the debate about the reaffirmation of the U.S.-Japan alliance in general, and the revision of the Guidelines in particular.

The U.S.-Japan Joint Declaration on Security, signed by Prime Minister Ryutaro Hashimoto and President Bill Clinton in April 1996, listed several areas in which the two nations would "undertake efforts to advance cooperation" after the Cold War. Of particular significance were the agreement to review the Guidelines for U.S.-Japan Defense Cooperation and cooperation on theater missile defense (TMD).

With respect to the Guidelines, because of Japan's constitutional limits prohibiting the "use of force" beyond self-defense and for settling international disputes, any Japanese cooperation for the U.S. in "situations in areas surrounding Japan," should not involve Japan's "use of force." In fact, what would (and would not) constitute the "use of force" by Japan when cooperating with U.S. military actions was a central issue

[3] Yoichi Funabashi, *Alliance Adrift* (Washington, D.C.: Council on Foreign Relations, 1999).

in Japanese policy-making process and U.S.-Japan negotiations in the revision of the Guidelines.

A trickier part was that the revised Guidelines are theoretically applicable to a Taiwan contingency, and the Japanese government has never denied this. This is implied by the Japanese contention that "situations in the areas surrounding Japan" is a situational concept and not a geographical one. Funabashi Yoichi describes the role of China and the Taiwan crisis in the reaffirmation process as providing a "subliminal" effect.[4]

It should be fair to summarize that the policy-makers have tacitly seen in the reaffirmed alliance the implicit function to deal with the rise of China generally and over the long run. In this regard, the central function of the reaffirmed U.S.-Japan alliance toward China was primarily implicit. It was regarded as a tool to maintain general strategic stability amid the historic rise of China.

It is precisely in this context that the revitalized alliance should serve the widely shared goal of maintaining stability and the status quo in the Taiwan Strait. In fact, the same would apply to the rather explicit reference to China and Taiwan in the U.S.-Japan joint statement issued after the "two-plus-two" meeting of ministers in charge of foreign and defense affairs on Feb. 19, 2005 in Washington D.C.

In the statement, there were three relevant points regarding China and Taiwan under the heading of the "common strategic objectives in the region." Namely, Japan and the U.S. (1) welcome a constructive Chinese role in the region and the world, and seek to develop cooperative relations with China; (2) encourage peaceful resolution of problems over the Taiwan Strait through dialogue; and (3) encourage China to increase transparency in the military domain.[5]

The substance of the reference to China and Taiwan should not be news to anyone, including the Chinese, but the fact that they are openly stated in an official document between Tokyo and Washington is novel, committing them to a stronger U.S.-Japan alliance in encouraging a "peaceful resolution" of the Taiwan problem. In a context where no ultimate solution is in sight, the message signifies that Tokyo and Washington are jointly opposed to any drastic change in the status quo, which ultimately applies to both sides of the Taiwan Strait.

The nature of the Taiwan problem in Japanese cooperation with the U.S. missile defense (MD) programs closely resembles that in the revitalization of the U.S.–Japan alliance. Taiwan originally was not, and is still primarily not, a central consideration in U.S. and Japanese judgments over MD. Tokyo' responses to MD have reflected its instincts above all, regarding the effective management of the U.S.-Japan alliance. This was exactly the case when the Japanese government decided to take part in the research phase of the embryonic TMD in October 1998.

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[4] Funabashi, *Alliance Adrift*, pp. 392-395.
[5] http://www.mofa.go.jp/mofaj/area/usa/hosho/2+2_05_02.html

With the arrival of the Bush administration, the strategic backdrops concerning MD have changed. For instance, it stopped making a distinction between national missile defense (NMD) and TMD, and now says that the MD programs would cover not only the U.S. and a specific region but the entire globe.[6] This new situation has complicated the picture for the Japanese government, particularly concerning the legal question of collective self-defense. TMD concerning the security of Japan was easier to defend from a constitutional point of view, but MD covering the globe could highlight the legality question, making the government more vulnerable to legal challenges concerning collective self-defense, let alone collective security, and related domestic criticisms. In general, the question of Taiwan under MD gives rise to the same legal problems and political difficulties for the Japanese government.

The launch of the *Taepodong* missile by North Korea in the summer of 1998 dramatically shifted domestic atmospheres. For the Japanese government, the issue is still a case of the general management of the U.S.-Japan alliance for broader Japanese security interests, but the case has become easier to present to the Japanese public due to changing domestic sensitivity stimulated primarily by the North Korean threat.

In 2003, the Japanese government made a critical decision to step into the development phase, jointly with the U.S., of two important components of TMD: a lower-tier Patriot surface-to-air missile capability, *PAC-3*, conducting descent-phase terminal intercepts and an upper-tier Navy Theater-Wide (NTW) missile defense, involving the *Standard Missile-3 (SM-3)* mounted on *Aegis*-equipped destroyers. The Japan Defense Agency plans to equip one of its four *Aegis* destroyers with *SM-3* by the end of 2007, and hopes to expand the equipment to the other three by 2011.[7]

In principle as well as in reality, MD is a defensive system whose central intention is to discourage offensive adventurism. Whether and how it would be applied to a Taiwan contingency is in essence a function of U.S. policy toward China, particularly concerning the Chinese insistence on the use of force against what the Chinese leaders would perceive as acts of Taiwan independence. Japan's choice in such an ultimate eventuality should be obvious, i.e., siding with the U.S. through the alliance.

In daily management of the issue, however, avoiding this worst case is a natural goal of security policies of all countries concerned, including Taiwan itself as well as the three countries under consideration here. Japan's ultimate choice to back the U.S. in the worst case does not mean that it does not have a role to play in stabilizing the dynamic status quo for a long period of time. The intention is to avoid the worst case, which should be a common goal for all concerned countries.

[6] For example, Washington File, "Transcript: Rumsfeld Deems Missile Shield System Feasible," (Feb. 15, 2001).
[7] Kori Urayama, "China Debates Missile Defence," *Survival* 46, no. 2 (Summer 2004), p. 123,

East Asian Community

Perception gaps also cast a shadow over what should be a plus-sum game in the efforts to enhance East Asian regionalism and to create a community. A principle contradiction here is again between China, on the one hand, and Japan and the U.S, on the other. Washington worries about the possibility of a China-centered process of regionalism that would be unfriendly toward the U.S., a concern Tokyo shares in principle. China, on its part, occasionally reveals its interest in creating an East Asian order where U.S. influence is to be diminished, if not eliminated, and Taiwan's presence is to shrink. The misconceived image dominant in the region that Japan and China are competing over "regional hegemony" is also an obstacle in building regional cooperation in East Asia.

Actual regional cooperation, however, has been based on assumptions to the contrary. In particular, the Asian financial crisis in 1997 ushered in a new momentum toward deeper regional integration in which Japan and China emerged as key players. One of the outcomes was the establishment of ASEAN Plus Three (APT) at the end of 1997, which has become a new basis of regional integration where Japan and China have been cooperating with each other in financial and other areas.

What catches the eyes of observers are a series of free trade area (FTA) initiatives by the APT members. Singapore took an important initiative to officially propose an FTA with Japan in December 1999 when Prime Minister Goh Chok Tong visited Japan. Japanese economic ministries, most notably the Ministry of Economy, Trade and Industry (METI), which had started to study such arrangements with South Korea and Mexico since 1998, responded positively and negotiations gained momentum.

Observing the momentum of a series of bilateral FTA initiatives and having achieved the goal of joining the WTO, China came up with its own FTA initiative, most symbolically indicated by the Chinese proposal of a free trade agreement with ASEAN at the occasion of the APT summit meeting in November 2000. In the following year, Chinese and SEAN leaders reached a basic agreement that they would achieve a free trade area within 10 years. This was quickly followed up in November 2002 when the leaders signed a comprehensive framework agreement to carry out the plan.

These China-ASEAN initiatives have prompted the Koizumi administration to develop its own regional strategy built upon the ongoing process of FTA negotiations. In Prime Minister Koizumi's policy speech delivered in Singapore in January 2002, Koizumi proposed an "Initiative for Japan-ASEAN Comprehensive Economic Partnership," built upon the "Japan-Singapore Economic Agreement for a New Age Partnership," the so-called Japan-Singapore FTA, which Koizumi signed prior to the speech[8].

[8] Speech by Prime Minister of Japan Junichiro Koizumi, "Japan and ASEAN in East Asia: A Sincere and Open Partnership," (Jan. 14, 2002). Available at http://www.mofa.go.jp/region/asia-paci/pmv0201/speech.html

More importantly, the Koizumi proposal included an ambitious reference to an East Asian community. Koizumi said in Singapore that "our goal should be the creation of a community that acts together and advances together." Koizumi expressed his expectation that, starting from Japan-ASEAN cooperation, "the countries of ASEAN, Japan, China, the Republic of Korea, Australia, and New Zealand will be core members of such a community."

This sequence of events, particularly after China became rather aggressive in FTA initiatives, has given the misconceived impression to many that China took the lead and Japan followed. Any comparison between Japan and China over FTA, however, should pay due attention to the fact that China, as a developing country, is guarded by the enabling clause of the WTO treaty, which exempts it from complying with the "substantially all" rule in signing a free trade agreement. "Substantially all" is understood to mean covering 90 percent of the traded goods in any bilateral free trade agreement, which is not usually met in Japan's case without including agricultural products. China is not bound by the rule, and therefore could engage in somewhat discriminatory measures such as early harvests vis-à-vis ASEAN countries.

The point is not to argue which country is ahead or behind. In essence, the roles of Japan and China in regional integration in general, and FTA arrangements in particular, are complimentary rather than competitive. In some Chinese political discourses on FTA and an East Asian community, however, there is a tendency to downgrade the role of Japan and to diminish the presence and influence of the U.S. Against this backdrop, it is pertinent to point out that implicit in the Koizumi proposal to include Australia and New Zealand in an East Asian community was the element of countering a China-centered and potentially closed East Asia.

Apparently, aggravating this structural cleavage in the ongoing process of East Asian integration and community building does not entail much benefit to the Chinese strategy. In recent months, China responded to this potential tension rather positively by agreeing to invite the heads of Australia, New Zealand, and India to the historic first East Asian Summit scheduled for December 2005. This is a promising initial step where cooperation between Japan and China has produced a positive result, an outcome that should be welcome for the U.S. as well.

Chinese Perspectives on Global and Regional Security Issues

By Gao Zugui

From the beginning of the 21st century, the general situation and the focus of global security have changed dramatically. Especially after Sept. 11, 2001, both the world and the Asia Pacific region witnessed a deep and quick evolution regarding security issues. In the context of the war on terrorism and other new threats, the cooperative and negotiated approach to security issues is becoming a popular trend in the world and the Asia Pacific region.

Cooperation and dialogue: one great lesson from the war on terrorism

After Sept. 11, the war on terrorism was upgraded into the focus on global security issues. Since then, the U.S. fought two wars in Afghanistan and Iraq, and made some tangible achievements in rebuilding these two states, as President Bush said. After more than four years of the war on terrorism, the U.S. avoided terrorist attacks, but its allies like Italy and England suffered a series terrorist attacks in 2004 and 2005, respectively. According to a recent Zogby poll, more than 50 percent of Americans think the U.S. is likely to be attacked by terrorists in the coming years. Recent past experiences shows that the war on terrorism needs global cooperation and dialogue, not unilateral actions and simple armed force. This means that the world faces highly pressing demand for cooperation and dialogue among states, religions, and civilizations, not only in the fields of finance and intelligences. Now the common effort of the international community is gradually bringing back a bright future for Afghans and the Iraqi people. The terrorist bombings in Europe and the Middle East are getting both sides of Atlantic closer, and making the Arab world and the U.S. feel more need to fight terrorists together.

New opportunities for global cooperation

One of the most valuable lessons from the war on terrorism is that not only fighting terrorism but almost all new threats, which we confront in the increasingly globalized world need new perceptions and approaches: bilateral and multilateral cooperation and dialogue. The terrorist attacks on the U.S., Italy, England, Egypt, and other states showed that the most pressing threats that the U.S. faces are not rising powers, and that the most pressing threats, which weaker states face should not be invasion by the U.S. But if the U.S. can not change its perceptions and means fundamentally, the terrorist threat (or the Islamic extremists' threat, as some U.S. documents argue), which it will always confront, will not lessen. And if the weaker states do not feel safe from U.S. pressure and invasion, they will not provide full support and cooperation in the war on terrorism.

Also as a matter of fact, the U.S. has a great opportunity to push cooperation among the big powers after Sept. 11. At this point, I agree partly with President Bush, Secretary of State Condoleezza Rice and others, who say that the international community, in particular big powers including the EU, China, Russia, and Japan, can build a cooperative security community based on the war on terrorism. As a departure, big powers will build cooperation in dealing with nontraditional security issues, like energy shortages, climate change, infectious diseases, financial stability, etc. Then the big powers can extend this cooperative spirit into traditional security issues like territorial disputes, arms control, and others.

New opportunities for Asia Pacific regional security issues

The Asia Pacific region is very likely to become an example of cooperation in the 21st century. China takes a very positive attitude and an approach to global and regional cooperation. The Shanghai Cooperation Organization (SCO), in which China is extending its concerns from security to economic and cultural areas. In the first half of this year, India, Pakistan, and Iran have been accepted as observers of the SCO. The cooperation between ASEAN, China, Japan, and South Korea (in the form of APT) is also being strengthened. In particular, the economic, security and political relationship between China and ASEAN is being solidified as the policy of zero tariffs, which is one important aspect of free trade area, becomes reality. Also the first East Asia Summit will be held in the end of this year. An initiative of East Asia Energy Community is also being discussed. The most important feature is that all these frameworks are open, transparent, open and not against any third party. China is pushing further cooperation on fighting terrorists, separatists and extremists, pirates, and drug smugglers, and dealing with epidemics like bird flu. At the same time, China is looking for solutions to territory disputes with India and some Southeast Asia states through peaceful and cooperative negotiation, as it did with Russia. These developments help widen and deepen regional cooperation. With an increasing sense of regional integration and even regional community, the Asia Pacific region has more chances and impetus to strengthen cooperation.

New opportunities for Sino-U.S. relations and Sino-Japan relations

In this context, China and the U.S. have more reasons to cooperate than to compete. China has announced clearly that it chooses firmly the peaceful development road. Whether Sino-U.S constructive cooperative relationship can continue depends on the U.S.-China policy. China wants to develop cooperative relations with the U.S., and understands U.S. interests and concerns and tries to avoid creating misunderstanding between them. Accordingly, the U.S. also needs to understand, accept, and adapt to China's necessary extending interests. Now the policy toward a rising China is debated strongly in the U.S., and the Bush administration faces strategic choices. One is to deal with and peacefully compete with China according to widely accepted rules and in the global market. The other is to change the basic direction of China's development. If the

U.S. wants to contain or always keep pressure on China, the constructive cooperative relationship started on Sept. 11, 2001 will not be maintained.

The Chinese government tries to maintain cooperation by peacefully settling various disputes with Japan, although Japan recently takes a hawkish approach to China, which is not popular among Chinese people. China always hopes to upgrade cooperation with Japan by pushing regional cooperation in the framework of APT. Accordingly, China continues to discuss how to deepen East Asia cooperation with Japan and South Korea, while Japan provokes Chinese people's patience on history and territory issues and others. If the Japanese government maintains its hawkish and provocative policy toward China, and involves itself deeper into the Taiwan issue, etc., the Chinese government's cooperative policy toward Japan will face greater pressure in domestic politics, and cooperation in the Asia Pacific will possibly be damaged.

Sino-U.S. Relations: Healthy Competition or Strategic Rivalry?

By Bonnie S. Glaser

After a four-year virtual honeymoon, tensions in Sino-U.S. relations are once again on the rise. The onslaught of new challenges to the bilateral relationship was not fully anticipated in either Beijing or Washington and both governments are playing catch up. In the U.S., pressure on the Bush administration has mounted to curtail the flood of Chinese textiles, punish China for rampant violations of intellectual property rights, put an end to China's unfair trading practices by compelling Beijing to appreciate its currency, and prevent China from gaining control over U.S. strategic assets by blocking Chinese bids to buy American corporate icons such as Maytag and the oil company Unocal. Concerns have also intensified over China's military modernization, Beijing's development of ties with regimes that the U.S. has sanctioned or shunned for engaging in unsavory practices at home or abroad, and Chinese behind-the-scenes encouragement for expelling U.S. forces from bases in Central Asia.

In China, the U.S. is charged with actively seeking to constrain China's emergence onto the world stage as a major power. Pressure on the EU to not lift the arms embargo and on Israel to limit defense cooperation with China are two frequently cited examples. The bolstering of the U.S.-Japan alliance and the deployment of additional bombers and attack subs to Guam have unnerved the Chinese. Washington's strengthening of ties with several of China's neighbors, including India and Vietnam, are perceived by Beijing as aimed at least in part at checking China. Deeper U.S. involvement in Taiwan's defense is judged as proof that the U.S. opposes reunification of Taiwan with the mainland.

Strategic distrust is growing, even as the two countries cooperate in the war on terrorism and the Six-Party Talks aimed at dismantling North Korea's nuclear weapons programs. Some pundits raise the prospect of a slide into a new Cold War with the U.S. and China scrambling to build alliances and expand their spheres of influence at the expense of the other. Although it is premature to view the relationship as fated to develop toward strategic confrontation, it is necessary to recognize the dangers that exist and take steps to avert an outcome that would bring harm to global security.

China's rise, long discussed as a possible future event, is taking place in the here and now, even as it confronts major domestic challenges. Although aspects of China's rise are understandably worrisome, the United States nevertheless has a major stake in whether China succeeds in pulling most of its 1.3 billion people out of poverty. If China fails in its drive for market reforms and commercial globalization, the ramifications will reverberate globally. It is therefore in U.S. interests to explicitly support and assist China's rise at the same time that it continues to shape China's emergence in a direction

that reinforces existing international norms and security arrangements and contributes to – or at least does not damage – U.S. interests.

Reinforcing and expanding security cooperation

Managing the increasingly complex U.S.-China relationship requires constant attention and concrete efforts by both sides. In areas where common interests are identified, cooperation should deepen. Effective cooperation on key security issues serves as an important reminder to leaders, governments, and publics of the value of the bilateral relationship and offsets the negative impact of problem areas. Despite rising friction and suspicion, cooperation between the U.S. and China on critical security matters continues and should be expanded. Below are a few examples of ongoing areas of cooperation that could be further developed:

Counter terrorism and counter proliferation: Since Sept. 11, 2001, the U.S. and China have worked together effectively in counterterrorism, law enforcement, and intelligence sharing. Biannual meetings take place on curbing terrorist financing. China has also joined the Container Security Initiative and increased security at its own airports, supported financially by the U.S. Trade and Development Agency. Law enforcement cooperation has been expanding through the new FBI office in the U.S. Embassy in Beijing. The promulgation by China in December 2003 of comprehensive new export control regulations governing exports of all categories of sensitive technologies has also improved U.S.-Chinese cooperation to stem the proliferation of weapons of mass destruction.

With the 2008 Olympics in Beijing fast approaching, the U.S. and China should work together to ensure complete safety for the athletes and observers from home and abroad. There is great potential for the sharing of experience and technology in support of this common objective.

In the counter-proliferation realm, the U.S. should continue to assist Chinese efforts to enforce the country's export control regulations. In addition, both sides should work to promote China's entry into the Missile Technology Control Regime.

Creating and utilizing dialogue channels: The establishment of communication channels at various levels presents opportunities to advance cooperation, reduce misunderstanding, provide strategic assurances, and generally boost overall mutual trust. At the highest level, regular presidential summits are essential in providing opportunities for discussion of the strategic direction of the bilateral relationship as well as specific issues. Periodic phone calls between U.S. and Chinese leaders reinforce the message and contribute to the building of a personal rapport. Regular contacts in person and by phone between China's foreign minister and the U.S. secretary of state have similarly proven indispensable in conveying important messages, voicing concerns, and solving problems.

This year, two new fora for dialogue have been set up that provide potential for deeper discussion of the intersection of U.S. and Chinese interests around the globe and identifying new ways in which both countries can work together to advance shared interests. Both have convened only once, but show promise and should be fully exploited by Beijing and Washington.

U.S.-China Global Issues Forum: The objective is to identify ways to strengthen cooperation between the United States and China on transnational issues and to explore new avenues of joint work on a global basis. In addition, the Forum seeks to enhance U.S.-China cooperation on global issues in international institutions. The inaugural session in April 2005 focused on U.S. and Chinese activities around the world and the potential to cooperate globally across four clusters of issues: clean energy and sustainable development; humanitarian assistance, poverty alleviation, and development financing; law enforcement; and public health. Under Secretary of State for Global Affairs Paula Dobriansky and Assistant Minister of Foreign Affairs Shen Guofang led interagency delegations, with the participation of relevant bureaus and offices of the Department of State and Ministry of Foreign Affairs, as well as other U.S. and Chinese agencies.

U.S.-China Senior Level Dialogue: This dialogue is aimed at moving beyond the tactical and bilateral in U.S.-Chinese discussions and exploring the interrelationships among foreign and security policy, economics, trade and finance. In recognition of China's growing global presence and influence, the U.S. hopes to engage on key issues where U.S. and Chinese interests intersect – potentially overlapping or in conflict. The inaugural session in early August 2005 was headed by Deputy Secretary of State Robert Zoellick and Executive Vice Foreign Minister Dai Bingguo. Issues addressed in the first round included energy, terrorism, security, economic development, and trade as well as human rights.

Korea and the Six-Party Talks: Although differences between U.S. and Chinese approaches to resolving the North Korea nuclear weapons problem have been evident and there has been ample frustration on both sides, so far the U.S. and China have coordinated and cooperated with relative success. After the declaration of a recess in the fourth round of Six-Party Talks earlier this month, U.S. officials voiced praise for Beijing's role in the process. U.S. lead negotiator Christopher Hill stated that "I had a good discussion with the Chinese, and I think we really see eye to eye on this and we really have the same interests on this. I would say our relationship with China is better as a result of the six-party process."[9] Deputy Press Spokesman Adam Ereli also lauded China's contribution to the progress achieved: "We certainly commend and appreciate the Chinese government for the really great work that they did in convening the talks, in moving the talks forward, in working up the draft joint statements that were the basis for so much of the negotiations in Beijing."[10]

[9] Transcript of remarks by Assistant Secretary Christopher Hill on Aug. 7, in transit to St. Regis. (Distributed by the Bureau of International Information Programs, U.S. Department of State. Web site: http://usinfo.state.gov)

[10] Adam Ereli, deputy spokesman, Daily Press Briefing, Washington, DC, Aug. 8, 2005, http://state.gov.

Whether the U.S. and China are able to work together with the other parties of the Six-Party Talks to resolve the North Korea nuclear challenge will have far-reaching consequences for the future development of Sino-U.S. relations. If the talks fail and China signals a willingness to accept North Korea's existence as a nuclear weapons state rather than pressure it to abandon the nuclear path, U.S.-China ties will likely sour. Washington may blame Beijing for not using its leverage over North Korea to compel it to make a strategic choice in favor of dismantlement of its nuclear programs. China, in turn, may charge that insufficient U.S. flexibility and refusal to offer concrete inducement accounts for the collapse of the multilateral negotiating process.

On the other hand, if the talks succeed or if failure results in U.S.-China collaboration to isolate and squeeze Pyongyang, Sino-U.S. ties will receive a boost. In either scenario, Washington and Beijing will have demonstrated their ability to work together effectively to achieve a common security goal.

Cooperation between Beijing and Washington on the Korean nuclear issue comes at a very important time in U.S.-China relations, which have been buffeted by a growing list of contentious issues in recent months. The judgment that the U.S. and China are collaborating effectively to advance shared interests on a critically important security issue will likely have a positive impact on both the tone and substance of U.S. policy toward China and may help to offset some of the negative pressures on the relationship from China's military buildup, growing competition over energy, and numerous areas of economic and trade friction. If bilateral cooperation continues and further progress is made when the talks reconvene, it will help create a positive atmosphere for Chinese President Hu Jintao's visit in early September.

Coping with old and new challenges

Differences and concerns should not be disregarded, but rather should candidly discussed and, if possible, narrowed and redressed, respectively. The list of problems in Sino-U.S. relations is growing longer and could overwhelm the cooperative aspects of the relationship if not confronted. Setting aside issues in the economic and trade realm, the most salient areas of difficulty at present include energy, China's military modernization, Taiwan, and the role of the U.S. and its alliances in the Asia-Pacific region.

Energy: As major global energy importers and consumers, the U.S. and China should cooperate to ensure that oil flows unimpeded at reasonable prices and should join together with other countries to develop new sources of energy. Opportunities exist for the U.S. and China to expand cooperation in the energy sphere. This year a bilateral energy policy dialogue was initiated by the U.S. Department of Energy that aims at enhancing bilateral cooperation to promote energy efficiency, diversify energy supplies, expand the use of clean energy technologies, as well as continue mutual efforts to increase nuclear security in the U.S. and China. China and U.S. already engage in several multilateral energy projects, including: 1) the International Partnership for the Hydrogen Economy (IPHE), which seeks to organize and implement effective, efficient, and

focused research, and to develop and deploy activities that advance hydrogen and fuel cell programs; and 2) The International Thermonuclear Experimental Reactor (ITER**),** which aims to realize electricity-producing fusion power plants.

There are also steps that China can take unilaterally to avoid excessive friction with the U.S. and other industrialized countries. As the most wasteful country in the world in terms of the ratio of energy consumption to production, Beijing must formulate a national energy-saving strategy. One measure that should be included is moving the clock forward an hour during summer. Daylight savings time has been used in the U.S. and many European countries for many years and has helped save energy. Another step China could take is to introduce compulsory standards to force property developers to make energy saving a top priority. In addition, generation and transmission grids should be revamped to enable increased use of small, gas-fired plants that can adjust loads to meet demand, rather than huge power plants that absorb high quantities of coal regardless of need.

As more people in China purchase private automobiles, the Chinese government should promote research and development of electric cars rather than permit a rapid increase in oil imports. The U.S. should contribute to China's energy saving efforts by providing technological assistance in areas such as coal washing, coal mining practices, and new power plant thermal efficiency. China should also increase reliance on renewable energy sources such as wind and solar power.

As a latecomer to the energy market, China's growing appetite for energy and raw materials has begun to impinge on privileged access to resources heretofore enjoyed by already industrialized countries. If Chinese companies are denied the right to purchase foreign companies like Unocal, they are more likely to seek deals with outcast states that U.S. companies are barred from working with. This in turn will feed suspicions about Chinese ambitions to challenge U.S. global interests. As long as China is adhering to shared commercial rules and procedures, the U.S. should not block Chinese companies from investing in the United States, except in rare cases where U.S. strategic interests would be put in jeopardy.

China's military modernization: The pace and scope of China's military buildup have outstripped Washington's forecasts and heightened anxiety about the possibility of war in the Taiwan Strait caused by miscalculation. As the military balance between China and Taiwan further erodes and China's ability to project power increases, U.S. concerns can be expected to rise. The 2005 Department of Defense Annual Report to Congress on "The Military Power of the People's Republic of China" for the first time portrays the potential threat posed by China's military power as extending beyond Taiwan to the broader region: "China does not now face a direct threat from another nation. Yet, it continues to invest heavily in its military, particularly in programs designed to improve power projection. . . Current trends in China's military modernization could provide China with a force capable of prosecuting a range of

military options in Asia – well beyond Taiwan – potentially posing a credible threat to modern militaries operating in the region."[11]

Greater transparency about China's evolving capabilities as well as intentions can contribute to an easing of U.S. worries. Equally important is a dialogue between the U.S. and Chinese militaries about their respective strategic assessments and military planning. The absence of such a dialogue has taken a major toll on the strategic trust in the U.S.-China bilateral relationship. Compared with the 1990s, there is only a trickle of exchanges between the two militaries today. Increased contact and communication is essential as both militaries focus greater energies on deterring and, if necessary, fighting a war against the other side.

Taiwan: As the most sensitive issue in Sino-U.S. relations and the only issue that could drag the two countries into military confrontation in the foreseeable future, Taiwan deserves special attention by U.S. and Chinese leaders and officials. In the past year and a half, Beijing and Washington have recognized the need for more effective communication about Taiwan. Even though they continue to disagree about many issues – including China's refusal to renounce the use of force against Taiwan and Beijing's preconditions for resumption of cross-Strait dialogue – the U.S. and China have managed their differences more effectively than in the past. When the two countries sharply diverged over China's Anti-Secession Law, they nonetheless clearly conveyed their respective positions and concerns, and to some extent Beijing assuaged Washington's worries.

While it is true that both the U.S. and China share an interest in preserving peace and stability in the Taiwan Strait and do not support Taiwan independence, it is unrealistic to expect greater U.S.-Chinese cooperation to resolve the Taiwan dilemma. In late 2003 and early 2004, warnings issued to Taiwan by U.S. officials to not engage in provocative behavior were delivered publicly and privately, but only unilaterally. There are limits to what the U.S. will do in concert with Beijing to restrain Taiwan.

Cross-Strait relations have been relatively stable in the past six months, following the victory of the pan-Blue opposition in the Legislative Yuan elections last December. Progress on functional issues such as establishing cross-Strait charter cargo flights and signing a bilateral financial supervision memorandum of understanding that would allow Taiwanese securities firms to set up branch offices in China may contribute to improving the atmosphere and reducing tensions. Substantial steps toward stabilizing relations between Taiwan and China will require direct talks on political matters, however, and the prospects for cross-Strait political dialogue in the next few years remain dim.

Is China challenging U.S. supremacy in Asia? Chinese policies in recent years have intensified U.S. suspicions about Beijing's long-term ambitions in Asia. China has been an enthusiastic supporter of the East Asian Summit, a forum that is set to be launched

[11] The 2005 Department of Defense Annual Report to Congress on "The Military Power of the People's Republic of China," http://www.defenselink.mil/news/Jul2005/d20050719china.pdf.

later this year without U.S. participation. U.S. efforts to strengthen APEC, the only regional mechanism in Asia that the U.S. is a member of, have not been enthusiastically welcomed by China, and Washington's attempts to boost attention to security issues at APEC have been rebuffed by Beijing. Chinese statements that welcome the U.S. presence in the Asia-Pacific region ring hollow when Beijing backs an SCO statement that calls for setting a deadline for the withdrawal of forces from bases in Central Asia.

Chinese diplomatic efforts to increase Beijing's political and economic influence in the region are not in and of themselves the problem – surely China has the right to improve its relations with regional states. But when those efforts are perceived as aimed at driving a wedge between the U.S. and its allies or weakening support for the U.S. presence in the region, Washington is going to object and may take steps to counter Beijing's policies, resulting in an unwanted action-reaction cycle that could spill over into other issues and have a destabilizing impact on the region. Is China challenging the U.S. role as balancer and guarantor of stability in the Asia Pacific? Blunt discussion of this issue is long overdue.

Conclusion: building strategic trust

Rising U.S. concern about China is reflected in U.S. official rhetoric about the bilateral relationship. Characterizations of U.S.-China ties as "the best since 1972" or "the best ever" have been replaced by references to the relationship as "complicated" and "uncertain." President Bush described Sino-U.S. relations as complicated in July at a joint press conference with Australian Prime Minister John Howard.[12] Secretary of State Condoleezza Rice also used the term "complicated" to depict the bilateral relationship at a press briefing in Beijing that same month.[13] After wrapping up the first round of the Senior Dialogue with his Chinese counterpart Dai Bingguo, Deputy Secretary of State Zoellick asserted that "as China grows in influence, it raises questions with people about its future course. This is not to be negative. It's just to say that it raises uncertainty."[14]

Beijing should not misinterpret U.S. apprehension as a judgment that China's rise is a threat to U.S. interests on which future containment policy will be based. The U.S. continues to hope for and work toward the emergence of a confident, peaceful, and prosperous China that makes positive contributions to regional and global stability. At the same time, however, the U.S. is hedging against the possible emergence of a China that pursues policies that threaten to undermine peace and stability. "We must guard against actions that threaten to disrupt our economic and security interests," warned Ambassador Chris Hill in testimony to Congress in June.[15] China is similarly seeking a

[12] The White House, Office of the Press Secretary, July 19, 2005.
[13] U.S. Department of State, Office of the Spokesman, July 10, 2005.
[14] Statement to the press, Beijing, China, Aug. 2, 2005.
[15] "Emergence of China in the Asia-Pacific Economic and Security Consequences for the United States," statement by Christopher R. Hill, Assistant Secretary for East Asian and Pacific Affairs, Subcommittee on East Asian and Pacific Affairs, June 7, 2005.

cooperative relationship with the United States, while hedging against the possibility that the two countries become adversaries.

As China emerges onto the global stage and seeks to secure its own interests, it must be careful not to trample on the vital interests of other countries. Rhetoric that China won't be a hegemonic power is no longer sufficient to reassure others. Actions must match words, as the Chinese like to say. What are China's regional and global objectives? Is Beijing seeking strategic leverage from its diplomatic ties with countries that engage in policies that the U.S. finds objectionable – Sudan, Iran, Burma, Venezuela, Zimbabwe, and Uzbekistan, to name a few? Does China have ambitions to displace the U.S. as the preeminent power in the Asia Pacific? China should be more transparent about its foreign and military policies and more forthcoming about its vision of the future strategic landscape and the respective roles of the U.S. and China. Concrete reassurances at the early stages of China's rise will enable the United States, other major powers, and China's neighbors to foster an environment in which Beijing can attain its national objectives and rise peacefully.

The Bush administration, for its part, should do more to educate the American people about the dangers of a failed China and the global benefits of a successful China. In addition, Washington should eliminate the contradictions in its policies toward China and seek to forge a more coherent strategy that welcomes China's rise, albeit conditionally.

Sino-U.S. Relations: Four Immediate Challenges

By Niu Xinchun

In the past four years, the United States and China have enjoyed unusually stability in their bilateral relations. Starting several months ago, the two nations have fallen into several serious disputes however. Four issues pose great challenges in the near future: the trade deficit, energy, U.S.-Japan-China triangular relations, and the Taiwan issue. How these disputes will be handled will influence medium-term U.S.-China relations.

Challenge one: how to reduce the U.S. trade deficit

In the Bush era, the U.S. economy suffered high budget deficit and a high trade deficit. China's direct country-to-country trade surplus with the U.S. is large and growing. According to the U.S. Census Bureau reports, the U.S. deficit with China was $162 billion in 2004, 24 percent of the total U.S. deficit. It is bigger than the U.S. direct deficit with any other country. Most American economists recognize that China's global trade surplus is not unfairly large, so China's currency is not the real problem. Unfortunately, the trade deficit has been politicized in Washington. Some blame the loss of manufacturing jobs and the ballooning U.S. trade deficit on the so-called undervalued RMB. Congress is threatening to impose a large 28 percent tariff on Chinese imports unless China makes the RMB more expensive. It is obvious China has become the scapegoat for the U. S. trade deficit. Unless the U.S. trade deficit with China is reduced, the U.S. government will continue to press China to revalue its currency, and Sino-U.S. relations may deteriorate. However, the currency is not the problem. To counter the bad trend, the U.S. and China must cooperate with each other to fight real problems.

For China, there are two important things to do. First, China has to promote its companies competitiveness instead of depending on low prices. There is no doubt that working conditions in China's textile factories are not so good. The challenge China faces is how to keep its competitive price while increasing worker's salaries. Second, China has to take more tough measures to protect intellectual property. U.S. exports to China are mainly high-tech products, so intellectual property protection is greatly influencing U.S. exports to China.

The United States has three things to do. First, the U.S. should further lift export controls over China. China needs a lot of U.S. high technology, but the U.S. is reluctant to export it to China. It is one crucial reason why the U.S. trade deficit to China is so large. Second, America needs to accelerate its domestic restructuring if it is to raise the productivity and incomes of its labor force. Third, the U.S. should reduce its budget deficit dramatically. In the U.S., excessive consumption is one of the reasons for the trade deficit.

Challenge two: how to handle China's energy needs?

Naturally, with the Chinese economy growing, China's need for oil imports is becoming urgent. China's need for energy is not only a problem for China, but is a challenge for the world. China is trying its best to develop diverse energy resources, but lacks technology and foreign oil supplies. The U.S. is the ideal partner for China, but because of political reasons the U.S. refuses to cooperate with China on energy. The giant Chinese oil company, the China National Offshore Oil Corporation (CNOOC), has withdrawn its $18.5 billion takeover offer for Unocal. China wanted to develop nuclear energy, but the U.S. refuses to sell technology. Finally, China finds it is almost impossible to get energy from places where the U.S. has influence. Where does the U.S. not have political influence? In the countries the U.S. wants to isolate. It is not surprising that China invited Iranian, Uzbekistan, and Sudan leaders to China. The United States is trying to limit China's access to energy resources, technology, and information. In the past, this sort of behavior led to war. Today, this kind of action leads to increasing mistrust between the two countries.

The best U.S. response to China's energy needs is to handle them on the basis of shared commercial rules and procedures.

Challenge three: how will the U. S. deal with tension between China and Japan?

In the Asia Pacific, China, Japan, and the U.S. are great players. Deteriorating bilateral relations will hurt trilateral cooperation. In the past few months, three parties made some efforts to avoid that from happening. China and the U.S. kicked off their first strategic dialogue. China and Japan have finished their second strategic dialogue. The U.S. and Japan decided to promote their strategic dialogue. But in China there is still some concern about the tendency that the U.S and Japan will work together to press China. Recently, U.S former official indicated that the U.S would support Japan on the issue of the East China Sea oil dispute. At the same time, U.S. officials and scholars began to persuade China to make concessions to Japan. China and Japan relations are deteriorating, and the reasons are very complex. The United States has great influence on both China and Japan. If the U.S. is apparently tilting to Japan, not only China-Japan relations will worsen, but Sino-U.S. relations will be hurt too.

If the U.S can not play a positive role in relations between China and Japan, at least it shouldn't make things worse.

Challenge four: what kind of role will the U. S. play in warming relations across Taiwan Strait?

Recently China invited three chairmen of Taiwan's opposition parties to visit Beijing, and provided a lot of economic benefit to Taiwan. China's new strategy on the Taiwan issue is very clear: China will persuade Taiwan's opposition parties and ordinary Taiwanese to have goodwill to mainland China through economic benefits. The new

strategy is very effective. If China's new strategy continues for ten years, the cross-Strait situation will clearly favor mainland China. How will the U.S. respond to this? U.S. reaction directly affects China's view of U.S. intentions about China's unification.

Sino-Japanese Relations 60 Years after the War: a Japanese View

By Akio Takahara

Common Goals

In discussing Japan-China relations of today, we cannot avoid investigating the disagreements and contentions between the two nations. If we are to seek solutions for a better future, however, we also need to confirm the values and goals that are held in common.

In 2004, for the first time in post-World War II history, China surpassed the United States and became Japan's largest trading partner, a position it used to occupy consistently before 1945. Although Japan slipped from China's largest to the third largest trading partner that year, this was not because of lack of any "heat" in the staggering growth of economic exchange. Japanese exports to China, including those to Hong Kong, increased by 29 percent in 2004 compared to the previous year, and imports did so by 25.3 percent. Japanese companies increased their investments in China by 20.6 percent in 2003 and by 7.9 percent in 2004 on an implementation basis, and Japan was one of only three major countries that increased investment for those two years in a row (the other two were South Korea and France).[16]

For a good part of the Japanese population, and especially among the business circle, China's economic growth was not a threat but a real opportunity. It is widely believed that the stagnant Japanese economy was able to pick up its pace by deepening its integration with the Chinese economy. According to a survey conducted by the *Nikkei Shimbun* in March 2004 among 300 business leaders in Japan, China, and South Korea, the percentage of those who sensed the need for a trilateral free trade agreement reached 70 percent in Japan (and 64 percent in China and 75 percent in South Korea). This development most likely contributed to the rise in the image of China among the Japanese public in 2003, when the annual government survey indicated that the percentage of those who felt close to China increased by 2.3 points compared to the previous year, reaching 47.9 percent.[17] Not only the so-called Friendship Organizations urged the Japanese government to move to improve Japan-China relations, but business organizations such as Keidanren and the Japan-China Economic Association did too. It is not true that Japan wants to weaken China and dominate Asia. Rather, as it has always been ever since the Japanese government started providing China with ODA, Japan's interest is in China's stable economic development.

The benefit of economic exchange has undoubtedly been shared by the Chinese. For sure, the relative significance of economic cooperation with Japan is smaller now

[16] Data released by the Chinese Ministry of Commerce, compiled by Mizuho Research Institute Limited.
[17] The results of the government survey are available at: http://www8.cao.go.jp/survey/h16/h16-gaikou/2-1.html.

compared to the past, especially the 1980s. This is because China has developed fast, and because now it attracts the attention of businesses worldwide. Considering the serious problems it still faces, however, including poverty both in the countryside and in the cities, unemployment, income gaps, rapidly rising demand for energy, environmental pollution, and shortage of water, good relations with the second largest economy in the world certainly helps. For instance, Japan and China are two of the largest importers and consumers of oil. Both can benefit enormously from joint exploration and coordinated negotiation with supplier nations, which is precisely what the Japanese experts have been proposing.

In addition, the Chinese government has committed itself to promoting the integration of East Asia. It realizes that this task cannot be completed without the participation and cooperation of Japan, and the policy of "being glad to help the neighbors and taking them as partners (*yu lin wei shan, yi lin wei ban*)" must include Japan. Japan, despite the competition over who takes the lead in this endeavor, agrees with this goal and appreciates China's active role in pursuing it. What Japan and China can gain from an East Asian community is multi-fold: economically, it is expected to promote growth further by facilitating the flows of goods, money, people, and information, and to protect the regional countries from the risks of globalization; politically, it facilitates the formation of regional fora and networks for conflict solution as well as deliberation, and strengthens the general bargaining position of East Asia and its individual countries in the negotiations with countries of other regions; in terms of security, an East Asian community is expected to provide a regional framework for cooperative security in both traditional and nontraditional areas.

Thus, as long as one assumes that peace and economic prosperity are the mutually shared values and goals of the two countries, Japan and China seem to be in agreement as to cooperating and pursuing them bilaterally and also within a multilateral, regional framework.

The rise of nationalism and mutual concerns

Then what are the factors that seem to derail this process? The Japanese public's image of China deteriorated dramatically in 2004, when the government annual survey indicated that the trend of the previous year was reversed and the percentage of those who feel close to China declined by 10.3 points to a low of 37.6 percent. On the part of the Chinese, although there does not exist a survey result that is as reliable as the one in Japan,[18] we easily can surmise from the booing and unrest at and after the Asian Cup soccer games in the summer of 2004 and the anti-Japanese demonstrations in the spring

[18] Sometimes the results of *ad hoc* surveys conducted by newspapers and research institutions are cited to show that the Chinese image of Japan has deteriorated. But methodological and other problems are pointed out; for instance, one survey used the phrase "qin jin gan" in asking whether the person asked felt close to Japan. These three Chinese characters, in Japanese, mean feeling of closeness in the plain sense of the term, but in Chinese, they imply a feeling of closeness that you would feel toward your kinsman, and naturally few would answer positively.

of 2005 that there is a rising anti-Japanese sentiment among some part of the Chinese public.[19]

A structural cause of the tension, as it were, rests in the rise of China and a gradual shift in the balance of power between the two nations. China's rise develops self-confidence in the nation, which reacts on the remaining sense of inferiority and promotes nationalism of an aggressive nature. "The Great Revival of the Chinese Nation," is the slogan chanted by the Chinese Communist Party (CCP), which nowadays almost completely ignores the element of internationalism in its ideology and even states that patriotism and socialism are essentially the same thing in modern China.[20] At the same time, the advocacy of nationalism is an ideological necessity for the CCP to keep the nation united, as the publics's dissatisfaction with the negative aspects of economic growth is mounting.

The rise in nationalism in Japan also seems to consist of various elements. Compared to Chinese nationalism, anti-Chinese sentiment in Japan reflects nationalism of a defensive nature arising among a nation that feels increasingly eclipsed by its vigorous, giant neighbor. For the nationalists in Japan, the slogan is not the revival of the Japanese empire, but defense of its national pride and patriotism which they claim is eroding due to the masochistic teaching of history. Some of them desire to move beyond the postwar era and turn over a new leaf. Especially after the bursting of the economic bubble and in the midst of rising doubts about the Japanese style of management, the value system of the society was rocked and some sought to rebuild confidence by beautifying the past. While the Japanese sentiment about South Korea has improved dramatically in recent years, a trend that has been promoted most strongly by a popular Korean TV drama series broadcast in Japan, the aggressive display of nationalism in a rising China has caused alarm and objection among many Japanese.

From the Chinese point of view, the causes of concern include: controversial comments on historical issues and the visit to the Yasukuni Shrine by Japanese politicians, and the Japanese government's tolerance of a textbook that hardly refers to the negative side of Japan's history; Japanese policies toward Taiwan, particularly those that appear in Chinese eyes to suggest Japan's readiness to defend Taiwan and support its independence; Japan's willingness to play a larger military role in the world and what the Chinese see as its ambition to become a military power; in the 1980s, there was the fear

[19] The latest survey conducted by *China Daily* indicated that the percentage of those who like or somewhat like Japan was 3; dislike or somewhat dislike Japan was 52; neither like or dislike Japan was 29; and do not know, 9 (*Nihon Keizai Shimbun*, 7 July 2005). One point I would like to make in passing, however, is that it would be wrong to come to a black-and-white conclusion about the peoples' images about each other. Not feeling close to China does not necessarily mean disliking China. The closeness that the Japanese public felt towards the Southeast Asian nations, for instance, had been rather low. From one point of view, it is amazing that 37.6 percent of the Japanese still felt close to China despite all the disturbing incidents. On the other hand, according to another survey in 2004, the image of Japan among the Chinese has been improving greatly in the past few years, particularly among young people living in large cities, which is opposite to what is widely believed. This suggests a possibility that access to Japanese pop culture is having an impact on some part of the Chinese population. In any case, even an individual's sentiment is rather complicated and it is very difficult to gauge national sentiment precisely.

[20] Wang Zhaoguo's speech at the opening of the First Plenum of the Tenth Committee of the All-China Youth Federation and the 24th Congress of the National Students Federation, *People's Daily*, 23 July 2005.

of economic invasion, but nowadays there is the possibility of Japan becoming a permanent member of the UN Security Council; competition in the pursuit of energy, which has been highlighted in the East China Sea and the bid over Siberian oil; and the rise of Japanese nationalism and the negative reporting on China by the Japanese media.

From the Japanese point of view, the causes of concern include: the rise and violent display of China's nationalism and anti-Japanese sentiments, including the forceful landing on the Senkaku Islands (Diaoyudao in Chinese) by militant activists, which appears to be nurtured by China's patriotic education; the self-righteousness of Chinese government officials and the media in criticizing the Japanese understanding of history, and the harsh language that is used; the quick pace of military buildup and enhanced maritime activities, including the intrusion into territorial waters by a nuclear submarine, which went unreported in the Chinese media and for which the Chinese leaders refused to provide a clear apology, and repeated violation of the agreement to inform the other side of the activities of ocean research vessels in designated waters; China's unwillingness to share the data of the resource explorations in the East China Sea despite its call for joint development; and last but not least, China's economic collapse that could lead to a serious decline in its social order with far-reaching impact on neighboring nations.

What is to be done?

If these are the concerns on both sides, what should we do to dissolve them and increase trust between the two nations? First, the Japanese public as well as leaders should continue reflecting upon its history in the first half of the 20th century when Japanese imperialism and militarism caused tremendous damage to its neighbors and devastated its own nation as well. No one can deny it was a blunder on the part of national leaders, a lesson that the future generation must scrutinize repeatedly. One reason why Japanese politicians should not go to Yasukuni Shrine is because going there obscures this point and sends a wrong message to the world, although I cannot think of any politician who actually desires to revive militarism. The Japanese should teach more of its modern history to their children, especially about the reason why Japan waged war with China, and about the lessons their parents have learnt. This year is the 100th anniversary of the Portsmouth Treaty that concluded the Russo-Japanese War, and the Japanese (and the Chinese also) ought to take this opportunity and reflect on how a successful experience nurtured arrogance among some hot-headed people and blinded the media. The Chinese public should be correctly informed of how Japan changed after WWII, and here the Chinese experts have a heavy responsibility. They should be cautious about narrowly focusing on individual cases, and avoid making generalizations such as, "Japan shows no remorse for invasion," "the Japanese deny the Nanjing Massacre," etc., which are mistaken and misleading.

Next, the Chinese public should be provided also with accurate information so that they could reason why Japan will not change its policies toward Taiwan as stated in the three major documents it signed with China: the 1972 Joint Communiqué, the 1978

Treaty of Peace and Friendship, and the 1998 Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development. Will Japan become a military power? Despite what is often said in the Chinese media about Japan's huge military budget and its military modernization, actually the military budget has not increased, but decreased, in the last three years. Although there are some local grievances over unrecovered territories, the Japanese, with their relatively high standard of living and stable society, are generally content with the *status quo* in the region. Some Japanese are willing to start making military contributions to the world along with other countries, and become a so-called normal nation. This has absolutely nothing to do with the revival of militarism or "Japan's hidden ambition to dominate Asia." A nightmare for the Japanese would be a war in the vicinity, be it the Korean Peninsula or the Taiwan Strait, which would pose a great risk to maintaining their daily lives.

There is a rise of nationalism in Japan, no doubt, but as I have explained it is not of an outgoing nature and the heat of it is actually much lower than the nationalism in China. Just imagine what would have happened in China if it was a Japanese submarine that intruded China's territorial waters, or if it was a group of Japanese militants that forcefully landed on an island claimed and effectively controlled by China, not mentioning other violent incidents against the Japanese in August 2004 and April 2005. But there is the problem of commercialism in the Japanese media. Some monthly and weekly journals deliberately put sensational and provocative titles on their articles, although the contents are often very different from what the titles suggest. But it is those titles that are displayed conspicuously in the advertisements on the newspapers and those hung in the commuter and underground train carriages. Irresponsible, incorrect remarks are made by some politicians and commentators on television without being checked, which is likely to contribute to distorting the image of China and the Chinese among the public. What Japanese journalism spontaneously should do is to introduce an ombudsman system that keeps an eye on factual mistakes in the media.

On the other hand, the Chinese media, over which the CCP wields enormous control, is largely responsible for distorting the image of modern Japan among the Chinese populace. There is a plethora of examples of incorrect and distorted reporting. Just to cite a couple, the Chinese media criticized the Japanese government for spreading the China Threat Theory, pointing its finger at the December 2004 National Defense Program Guideline and the 2005 Defense White Paper. In fact, the two papers stated that China continued to modernize its nuclear forces and missile capabilities as well as its naval and air forces, and that it was also expanding its area of operation at sea. These are objective facts that any neighboring security agency should be concerned about, especially when there is a surge of antagonism toward your country. The papers did state that the Japanese side would have to remain attentive to China's future actions, but this is quite different from "listing China as the primary threat" as is reported widely in the Chinese media.

Let me return to the question of Taiwan. The Chinese media criticized Japan for committing itself to defending Taiwan in the case of hostilities across the Strait when the

Japan-U.S. Security Consultative Committee agreed in February 2005 to include the clause, "encourage the peaceful resolution of issues concerning the Taiwan Strait through dialogue" as one of their common strategic objective.[21] One is puzzled and worried when the *People's Daily*, the organ and mouthpiece of the CCP, cites a PLA Navy strategist who asserts that, "Japan plans to intervene in the situation in the Taiwan Strait with military might, ready to mobilize military forces and fight for our territorial sovereignty… In the process of becoming a political power, there is a kind of growing tendency in its domestic politics to challenge the norms of international relations with military might under the slogan of defending security."[22] How he reached this judgement is an interesting question, but such groundless display of the "Japan Threat Theory," as it were, should be checked, if not by an ombudsman, by increased exchange between the JSDF and the PLA at all levels.

Patriotic education may not aim to nurture anti-Japanese sentiment but that is what it does as a result. Just read the notebooks placed in the final room of the exhibits in the museums commemorating the War of Resistance against Japan, which are filled with violent invectives against Japan and the Japanese of today. However, I do not think it is only the education at school but the entire process of socialization that forms one's image of a foreign country. This is clear from the fact that even some pre-school Chinese children have prejudices against the Japanese. Among the media, television perhaps has the strongest influence. Although I know from personal experience that such behavior did not represent the view in China of the Japanese and the Japanese soccer team, the jeering and violence at and after the Asian Cup soccer games, heard and watched by a high percentage of the Japanese on television, was most likely the largest cause of the decline in the feeling of closeness toward China in 2004. It is suggestive that in 2004 the percentage of those who felt close to China was by far the lowest among the youths aged 20-29 (31.3 percent, 6.3 points lower than the average), an age bracket that conversely recorded the highest percentage of close feelings the previous year (49.5 percent, 1.6 points higher than the average). Not only journalists but other media personnel of the two countries should meet and discuss what they could do to improve bilateral relations. It is perhaps most effective to broadcast more drama series and documentaries that depict the lives and feelings of ordinary citizens in the two societies.

Some Japanese argue that at the root of the problem lies the Chinese self-image of the Middle Kingdom, and that their self-righteousness is its reflection. When asked why the police were not restraining illegal activities during the anti-Japanese demonstrations in April, the spokesperson of the Chinese Ministry of Foreign Affairs repeatedly answered that the demonstrations were an expression of dissatisfaction of the Chinese people with the mistaken understanding of history on the part of Japan. I would say, however, that such shifting of blame stemmed largely from the lack of self-confidence on the part of the Chinese government, which feared that the people's anger might be

[21] Other common strategic objectives in the region included: support peaceful unification of the Korean Peninsula; develop a cooperative relationship with China, welcoming the country to play a responsible and constructive role regionally as well as globally; encourage China to improve transparency of its military affairs; promote a peaceful, stable, and vibrant Southeast Asia; etc.
[22] *People's Daily*, July 22, 2005.

directed toward them.[23] Nevertheless, considering its outstanding size, China's neighbors can benefit from the perpetual repetition of its commitment to equal partnership and expression of good will to its neighbors, just in the manner of Japan's perpetual expression of remorse for the war. If "being glad to help the neighbors and taking them as partners (*yu lin wei shan, yi lin wei ban*)" is truly their policy, it is a good chance for the Chinese government to prove it by helping Japan become a permanent member of the UN Security Council. By obstructing Japan's bid, however, China would be undermining its own credibility in the region.

[23] I must say I was surprised when Foreign Minister Li Zhaoxing stated at the time of the anti-Japanese demonstrations that the Chinese government had never done anything for which it should apologize to Japan.

Building Sino-Japanese Relations Oriented toward the 21st Century

By Ma Junwei*

As time goes by, the Sino-Japanese relationship has gone beyond its bilateral scope compared to 32 years ago when China and Japan established diplomatic relations. The Sino-Japanese relationship is at a crossroads and the future of this relationship is uncertain. Hence to precisely understand present Sino-Japanese relations is of great importance.

Improving Sino-Japanese relations tallying with the fundamental interests of the two countries

The Sino-Japanese relationship is a critical factor for Asian security and regional stability. As two big powers in Asia, the nature of their relations will have significant impact upon surrounding areas: a constant changing or troublesome Sino-Japanese relationship will affect the stability of the surrounding area; their influence is even greater than the U.S. military presence in the region. The Sino-Japanese relationship is the key to security and economic cooperation in the Asia Pacific. At the moment, the pace and level of Asia-Pacific security and economic cooperation are far less than those of Europe or America. Active participation of China and Japan will be necessary to activate the static regional security and economic cooperation. One reason behind people's optimism for the Six-Party Talks is that China and Japan are working together. In the past 10 years, China has completed FTA negotiations with ASEAN. Now Japan and the ROK are quickening the negotiation process with ASEAN, too. Without cooperation between the two biggest regional economies, East Asian economic integration will only be a dream.

Improving Sino-Japanese relations will bring exceptional practical meaning to both sides. Relations with the other have always been a priority in the two countries foreign policy. All prime ministers of Japan since the 1990s have maintained a basic policy of improving and developing relations with China. For example, the Kaifu Cabinet resumed assistance to China shortly after the Tiananmen Incident; when Prime Minister Kaifu took the lead in visiting Beijing as the state leader of a developed country, he stressed the particularity of the Japan-China relations. During the Miyazawa Cabinet Japan-China relations were for the first time given equal importance to Japan-U.S. relations and the Emperor realized his first visit to China. Prime Minister Murayama showed stronger enthusiasm in advancing Japan-China relations: the spirit embodied in his Aug. 15, 1995 statement expressing deep remorse for Japanese history of aggression has been adhered to by all following cabinets. The Hashimoto cabinet attached great

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importance to Japan-China relations and advocated that China should be invited to G7 summit as was Russia. The Obuchi cabinet helped realize the historic visit of President Jiang Zemin; the Sino-Japanese Joint Declaration released on that occasion ascertained the direction for bilateral relations in the 21st century. Even when Koizumi came to power, he emphasized that the Japan-China relationship is one of the most important bilateral ties; when he visited the Anti-Japanese War Memorial shortly before the Shanghai APEC meeting, he expressed apology and regrets to the Chinese people who died in the Japanese invasion.

China's fundamental national policy of developing friendly cooperative relations with Japan remains unchanged. Jiang Zemin's Report to the 16th Party Congress stipulated a guidance of improving and developing relations with developed countries and neighbors. As both a developed country and a neighboring country of China, Japan is the priority of Chinese diplomacy. The essence of the Chairman Mao-lead first-generation leadership's Japan policy was to differentiate the handful of militarists from the mass of Japanese people. The Deng Xiaoping-led second-generation leadership maintained a policy of building friendship for generations. The Jiang Zemin-led third-generation leadership put forward a guideline of "learning from history, looking to the future." The Hu Jintao-led fourth-generation of leadership inherits the previous thoughts and proposed Five Points on improving and developing relations with Japan.

A Relationship lagging behind the times

China and Japan encountered problems in mutual accommodation and readjustments. In the decade after the end of the Cold War, politically ambitious Japan has been trapped by constant economic depression. In contrast, the Chinese economy achieved great improvement and Chinese foreign policy became increasingly active. The previous psychological balance was broken and needs some time to adapt. It will be necessary for Japan to overcome obstacles in its mentality. Naturally it is difficult to accept the reality of a rapid rising China; for the first time in history, a strong China and a strong Japan are standing together in Asia. As a matter of fact, China's speedy emergence is viewed by some Japanese as even a threat. Previous popular slogans like "Japan First," "Japanese Model," "Japanese Experiences," and "Japan Miracle" are replaced by criticisms like "Japanese Crisis," "Stubborn Japanese Systems," and "Collapse of Japan"; what is more, new catchphrases like "the Rise of China" and "Chinese Century" are heard everywhere. In other words, the Japan-led wild geese flying model has evolved into a horserace. The strong sense of loss resulted in contending unconsciousness against China.

It is fair to say that Japan has not abandoned its Cold War mentality toward China, though it is only a kind of psychological Cold War. Dramatic changes take place over time, however the Japanese mentality has not changed synchronously. The gap between this mentality and reality plus the media's hype have led to the outbreak of conflict between historical entanglement and practical interests and lead to anti-Chinese feeling among Japanese people. Every poll done after the Asian Cup or the Submarine

incident or the Chinese anti-Japan demonstration supports this assumption. Nonsense like "the existence of China is a kind of threat," "China spent Japanese ODA on military buildup," or "opposing paying tribute to the Yasukuni Shrine is interfering in Japan's domestic affairs" has become common in Japanese newspapers and periodicals. Such emotional hostility is thoroughly affecting the Japanese government's China policy.

The decline of political relations between China and Japan is demonstrated by the halt in summit meetings. Negative factors in other dimensions also reflect the coldness in the bilateral relations. Since Koizumi came to power, there have been four kinds of contradictory phenomena in Japanese foreign policy: (1) promoting Japan-China relations while adhering to the wrong historical view; (2) enhancing relations with the mainland while maintaining active contacts with Taiwan; (3) improving Japan's relations with Asian countries while strengthening the alliance with the U.S.; and (4) advancing economic and cultural exchanges while sharpening frictions over exploitation of natural resources and energy. It must be noted that the latter always restricts the former and represents more the real strategic intention of Japan.

Applying positive therapies to negative bilateral problems

Under new domestic and international conditions, particularly the evolving common interests and bilateral contradictions, the Sino-Japanese relationship has entered a period of strategic readjustment. The common task faced by both countries is how to realize a soft landing and achieving a win-win outcome. Negative factors – such as the emergence of "China Threat" inside Japan which stresses the threatening implications of the Chinese economic growth and military buildup are intensifying. Objectively speaking, although the Chinese economy maintains an annual growth rate of 8 percent, China still lags far behind Japan, the second largest economy in the world, no matter whether measured by GDP or comprehensive economic strength. Judging by every per capita index, China is still a developing country while Japan has long been a member of the developed world. Although the PLA needs to defend a territory of 9.6 million square km and a population of 1.3 billion, its absolute defense budget cannot be compared with that of the Self Defense Forces and its modernization level is nothing like that of the SDF. If Prime Minister Koizumi was right when he said he did not think China was a threat to Japan, then the "China Threat" exposed by some Japanese must be groundless worry. Yet Koizumi's constant visits to the Yasukuni Shrine have not only hurt the feelings of the Chinese people, but also directly affected high-level exchanges between the two countries. That is why some Japanese public opinion criticized Koizumi for letting personal beliefs affect Japan's national interests. Actually most Japanese prime ministers since the 1990s gave up visiting the shrine for the sake of the national interest. No matter what the reason – whether out for consideration of maintaining his reign and winning popularity, or fulfilling his promises during the election – Koizumi can hardly justify his visits to the shrine. We thus hope Koizumi will cease sacrificing Japan-China relations for his personal beliefs. We believe he will act as a courageous, insightful, and decisive statesman. Some Japanese of insight pointed out that dodging the history of

aggression doesn't accord with the national interests of Japan; without understanding history and reality, one cannot truthfully portray the future.

The above-mentioned factors affect the development of the Sino-Japanese relations; they have both historical roots and practical basis and will not disappear automatically. However they should be seen as problems in the developing process of bilateral relations and will be eventually solved as mutual trust grows. Speaking from the macro perspective, current bilateral ties are redefined as 21st century-oriented Sino-Japanese relations; the bilateral relations have actually gone beyond the bilateral scope and include dialogue, coordination, and cooperation over regional and global issues; the bilateral exchanges are further deepening in cooperative fields and approaches becoming more balanced. In order to accomplish common development and curb excessive competition, China and Japan must seek to connect their common interests. First, the development of Sino-Japanese relations must accord with the theme of the times, namely peace and development. Peaceful diplomacy will become an important tool for Japan to increase its influence and elevate its international status. Second, amity between China and Japan is the fundamental condition for a long-term stable and healthy bilateral relationship, which is not only the common desire of two peoples but also the cornerstone for the steady development of bilateral relations. Third, seeking common ground while reserving differences. In order to strengthen mutual trust and ensure benign interactions between China and Japan, the two sides should explain themselves through various channels beforehand and establish senior-level communicating mechanisms. Generally speaking, as geographic neighbors, to maintain a long-term, stable and healthy bilateral relationship in the spirit of friendly neighbors should be recognized as the greatest common ground.

Comments on Sino-Japanese Relations

By Ezra F. Vogel

The dominant U.S. interest in East Asia is long-term peace and stability in the region and we believe that a good relationship between China and Japan would contribute to this goal. The United States welcomes the rise of China and seeks to find constructive ways of managing the frictions that arise as it grows. The United States welcomes Japan's increasing role as a global political power as well as a global economic power. Some Americans may worry that close Sino-Japanese relations might harm U.S. interests, but most U.S. specialists on East Asia regard this danger as virtually nonexistent. The real risk comes from the opposite: the danger that tense Sino-Japanese could create instabilities and an enhanced arms race in the Asia-Pacific region.

When Sino-Japanese relations reached a low ebb in April 2005, high-level U.S. officials considered what they might do to ease tensions. It is unlikely that China and Japan would want the U.S. to mediate their disagreements for China would suspect the U.S. would lean toward the Japanese side. But the United States can and will do things to encourage both sides to improve their relationship.

U.S. global interests and relations with Japan and China

Because the Sept. 11 explosions were such a shock, the U.S. has been preoccupied with terrorism, particularly with the risk that terrorists might acquire weapons of mass destruction. It may take some years for us to achieve an optimal balance between boldly pursuing terrorism and maintaining the goodwill of people around the world. With a strong civil society, U.S. nongovernmental institutions can cooperate with people around the world for our mutual interest, providing some balance to government officials preoccupied with urgent security issues. Both Japanese and Chinese governments, whatever doubts their citizens have about some policies, have been working with the United States closely and constructively to deal with terrorism.

Since World War II the U.S., as the one superpower in the world blessed with a strong economic base and a high standard of living, has accepted responsibility for helping develop a world system to preserve global order. Yet the capacity of these international institutions to resolve global problems still lags far behind the capacity of a nation state to resolve domestic problems. Because international institutions and the building of international consensus cannot respond readily to emergencies around the world, U.S. officials feel it necessary to take initiatives to respond to risks to the U.S. and the rest of the world. What others see as unilateralism or as a thirst for global domination, many of us Americans see as a willingness to use our resources, to risk our lives, to preserve world order, and improve the lot of people around the world.

In general, the countries of the world with a higher standard of living have felt a greater stake in preserving world order. Countries with lower standards of living often feel disadvantaged by the world system, more concerned with looking out for their own interests, and less able or committed to preserving and building a world system.

Since World War II when Japan invaded other countries, Japan has turned into a rich country committed to peaceful resolution of global problems. It has been promoting peace and making major contributions to all major international institutions. It has a global aid program rivaled in size only by the United States, it is the only major power to renounce possession of weapons of mass destruction, its financial contribution to the United Nations is second only to the United States. After the first Gulf War in 1991, criticized by Western countries for its unwillingness to risk its citizens' lives for global order, Japan has reluctantly and slowly agreed to send its citizens abroad to preserve global order. The United States supported Japan's participation in what is now the G-8 and while some officials in the U.S worry that a larger Security Council could complicate its ability to respond to emergencies around the world, we believe that by any reasonable standard, Japan deserves to be a permanent member of the Security Council.

Since the mid-1960s when Chinese leaders encouraged global revolution, China has rapidly changed into a country that plays a constructive role in all major international organizations and contributes to the resolution of global problems. With great speed it has trained officials who can take part in and contribute to regional and global institutions.

U.S. military officials are now thinking through the global military structure needed to respond to the new revolution in military technology, the risks of terrorism, and conventional risks to security. Then, how can we cooperate with other countries to achieve these goals that are in our mutual interest? Americans believe that our security alliance with Japan, previously based on U.S. readiness to defend a poor nation, should be transformed into one in which Japan as a rich nation contributes to the global maintenance of world order.

Chinese, having experienced the horrors of Japanese militarism from 1931-1945, worry that the U.S.-Japan alliance might be anti-Chinese, but the purpose of the U.S.-Japan alliance is to contribute to global stability, not to restrain Chinese growth. U.S. military planners whose responsibility is to defend their country against any possible attack must consider how to counter increases in military strength in other countries, including China. U.S. officials in various spheres such as energy, trade, employment, will defend our interests in negotiations. Some Americans, with vague fears of consequences if China surpasses us in certain areas, receive media and Congressional attention. This does create some instability in U.S. politics, but the dominant view of the U.S. public, administration, and high-level politicians is that the U.S. regards China as a friend and potential ally that will play a larger role in preserving international order. It is in U.S. interest to have a strong healthy Japan, a strong healthy China, and to cooperate with both countries to resolve issues in our inter-related global economy.

Sino-Japanese tensions

In World War II, although China suffered invasion and far more casualties, the U.S. also suffered from Japanese aggression. But whereas the deepest Chinese experience with Japanese was as wartime invaders, the deepest U.S. experience with Japanese has been as post-World War II friends. After World War II, we have had more opportunity than Chinese to see how firmly Japanese have renounced war and to see what a constructive and reliable ally Japan can be.

Americans have great sympathy for Chinese suffering during World War II and for Korean suffering during Japanese occupation. When we hear about displays at the Yasukuni Shrine or some of the denials of the Nanjing massacre by some Japanese politicians, Americans also feel Japan should be more completely open in acknowledging what its soldiers did in World War II.

But in April 2005, when Americans learned that Chinese police stood by while its citizens threw rocks at the Japanese Embassy in Beijing, its Consulate in Shanghai, and at shops with Japanese goods, we felt this went beyond the bounds of internationally acceptable behavior. Chinese spokesmen said they had difficulty controlling the public's strong anti-Japanese sentiments. Yet the timing of the outbursts, exactly when China was opposing the admission of Japan as a permanent member of the Security Council, raise doubts in our minds. Would the Chinese police have behaved the same way if the Falun Gong had been throwing stones at Chinese buildings or writing on the internet? Would anti-Japanese sentiments have been as strong if fewer anti-Japanese World War II films appeared on Chinese TV, if a more balanced picture of Japanese textbooks and politicians were presented to the Chinese public, or if Chinese textbooks gave a fuller account of Japanese contributions to global peace after 1945?

American specialists try to understand why Chinese relations with Japan, which developed on a constructive basis during the 1970s and 1980s, have deteriorated since that time. Why now 60 years after the end of World War II is China pressing Japan for more apologies than it was 30 years after World War II? Have Japanese statements or its military posture changed so drastically? In 1978, when China and Japan shared worries of the Soviet Union and Chinese sought help with foreign investment, technology, and management skills, Deng Xiaoping talked of the future and was very well-received in Japan. Yet in 1998 when Jiang Zemin visited Japan and pressed Japan for written apologies, Japanese responded negatively.

American specialists believe that the museum at Yasukuni Shrine gives a very distorted history of World War II and that the visits of its prime minister to Yasukuni show insensitivity to the concerns of Japan's neighbors. The visits are not in Japan's interests for they encourage more extreme attitudes in neighboring countries and lead neighboring countries to take actions not helpful to Japan's regional and global role. We believe it is in Japan's interest to show more concern for the feelings of its neighbors about World War II and to be more open about World War II activities.

American specialists believe strong Chinese pressures on Japan to apologize, the attack on Japanese property in China in April 2005, and opposition to Japan's permanent membership in the UN are also not in China's national interests. If China wants continued economic investment from Japan, a small Japanese military role in Asia, and restraints on an arms race, the intense criticism of Japan is counter-productive. Intense Chinese criticisms strengthen Japan's right wing and public support for Japan to play a larger military role to counter China's growing military expenditures. This will be reflected in National Defense Program Guidelines and U.S.-Japan "2+2" agreements.

U.S. specialists acknowledge that these Sino-Japanese problems are serious and are fueled not only by history but by feelings of rivalry between the two countries that for the first time in history are both strong. These feelings exacerbate tensions over energy, other economic issues, and territorial claims, and can lead to increased military expenditures on both sides. It is our view that the underlying conflicts of interests are not so serious and could be better managed by both countries. We need to work together to reduce irrational anxieties and provocative actions in all three countries. We hope that strong leaders in all three countries can take bolder steps to avoid a new Cold War in Asia and develop a more positive vision of cooperation between our countries.

The U.S.-Japan Relationship: A Japanese View

By Koji Murata

The U.S.-Japan relationship has been regarded as quite stable under President George W. Bush and Prime Minister Koizumi Junichiro. The Bush-Koizumi relationship has been stronger than the so-called Ron-Yasu relationship between President Ronald Reagan and Prime Minister Nakasone Yasuhiro during the 1980s.

Nonetheless, the U.S.-Japan relationship is now faced with serious potential problems. They can be categorized in three dimensions: Japanese domestic politics; Japanese relationship with neighboring countries, in particular, China; and the issues over the U.S.-Japan relationship per se.

Japanese domestic politics

Japanese domestic politics is in turmoil. The postal privatization reform bill, Prime Minister Koizumi's pet project, was rejected in the Upper House, and Koizumi decided to dissolve the Lower House on Aug. 8, 2005. The general election is supposed to be held Sept. 11. It will be another Sept. 11 (or maybe Mr. Koizumi's terrorism by self-explosion).

It is extremely difficult to predict the result of the election. According to the *Yomiuri* public opinion survey on Aug. 10, while 52 percent supported the dissolution, 35 percent were opposed to it.

Generally speaking, there are four scenarios after the general election. First, the Liberal Democratic Party (LDP) and the Komeito or the Clean Party maintain a majority, obtaining at least 241 seats in total. In this case, Koizumi will be reelected prime minister, but, his influence will be decreased. Second, the LDP, the Komeito, and the anti-Koizumi LDP members make a coalition for the majority. In this case, Prime Minister Koizumi will step down. Because Abe Shinzo, a rising star in the LDP, is in charge of the general election as the deputy secretary general, it might be difficult for the three parties to choose him as the next prime minister. Third, the Democratic Party of Japan (DPJ), the largest opposition party, cannot obtain a single majority, and makes a coalition with the anti-Koizumi LDP members to form a majority. Fourth, the DPJ gets a simple majority.

In any case, the next government and next prime minister will be tentative and weak. A political vacuum until the general election and continued political confusion after it will make Japanese foreign policy, including policy toward the United States, inconsistent. For example, in the Six-Party Talks, which are now in recess until the end of August, the Japanese negotiating position will be weaker. Also, Prime Minister Koizumi is supposed to attend the General Assembly of the United Nations (UN) on Sept. 14, soon after the general election. It is possible that the next Japanese prime

minister, whoever he is, will not be able to attend the assembly in which a basic direction of UN Security Council reform will be decided. Furthermore, if the DJP becomes a governmental party, the fate of the Self-Defense Forces (SDF) in Iraq is very uncertain, since the DPJ has called for its withdrawal.

China

Last April and May, anti-Japanese demonstrations occurred in South Korea and then, China. They were opposed to Japan's bid for permanent membership on the UN Security Council. Japanese relations with these countries further contain various problems such as territorial and history issues.

Japanese reactions to South Korea and China were different, however. Japanese reactions to South Korea were milder than to China. There are basically two reasons. First, while South Korea shares basic political values like liberal democracy with Japan, China still has a one-party system and is a communist nation. Second, while China is a permanent member of the UN Security Council, and can exercise a veto over Japan's search for a permanent seat, and a military great power, South Korea is not. To sum up, Japan is more concerned about China than South Korea.

On the one hand, Chinese attitudes toward Japan are somehow childish. Beijing refused to apologize and compensate for damage to Japanese citizens and properties in China during the anti-Japanese demonstrations. Then, the Chinese vice prime minister suddenly cancelled a scheduled meeting with Prime Minister Koizumi in Tokyo last May. Also, Beijing has developed assertive diplomacy all over the world to deny Japan's search for a permanent in the UN Security Council. Since the United States is against UN Security Council expansion, it is unlikely to happen. In this sense, Chinese policy toward Japan on this issue is far from rational or economical. These attitudes, though seemingly based on power struggles inside Beijing, unnecessarily provoke anti-Chinese sentiment in Japan.

On the other hand, Prime Minister Koizumi also unnecessarily politicizes the issue over the Yasukuni Shrine. As Aug. 10, 2005, it is unpredictable whether he will visit the shrine on Aug. 15. It is likely, however, he will do so around the day. The Yasukuni issue causes an antagonistic vicious circle between the two countries. According to some Japanese scholars and commentators, even if Koizumi compromises with China over the issue, Beijing will find new issues for criticizing Japan. It is very difficult even for skillful Chinese diplomacy to find such a tough issue as the Yasunuki issue, in which history and religion are deeply entangled however. Also, it is very difficult for Japan to explain this issue to the international community in a rational way (because it is a matter of religion). As a result Japan's image and reputation in the world will be harmed.

To escape from this issue, I believe the Japanese government should establish a national memorial for all war dead, both military and civilians. And, given the principle

of separation of state and religion under the Japanese constitution, this memorial should be religion-neutral, but open to all religions for those who gather there.

As did religion in the late 1970s, history came back to international politics as an important factor in the 1980s. Tanaka Akihiko, professor of international politics at the University of Tokyo, points out that wars became a matter again in international politics because of the impossibility of actual war between major powers.[24] In addition, Sino-Japanese economic ties become stronger and stronger, which further makes it impossible for the two countries to fight each other militarily. Ironically, this impossibility of war between Japan and China allows the two countries to easily take politically and diplomatically unwise policies toward each other.

Prolonged tensions with China will cause serious problems for Japan in the long run. First, they will harm Japan's position in Asia and then, strategic values for the United States. The United States will not want to be entrapped in a Sino-Japanese conflict, especially when Japan's position in Asia is weakened. Looking back to postwar history, many Japanese prime ministers who were successful in handling U.S.-Japan relations were also successful handling relations with Asia: Kishi Nobusuke; Sato Eisaku; and Nakasone Yasuhiro. Second, they will make it difficult for Japan and China to cope with globally important issues jointly. For example, Asia, the world's fastest-growing region, still has more hungry people than the rest of the world combined. Over half a billion people in the region are chronically undernourished; 17 percent of children in Asia regularly go to bed hungry.

U.S.-Japan relations

The current confusion over Japanese domestic politics and Sino-Japanese relations will have negative impacts upon the U.S.-Japan relationship. And, the U.S.-Japan relationship per se has serious problems in the long run: Okinawa, the BSE or mad cow disease, the UN Security Council reform, and North Korea.

First, a substitute for the Futenma base in Okinawa is not yet certain, while the U.S. military transformation is on-going in a global scale. In order to find the substitute in or out of Okinawa, strong political leadership is essential. The issue is related to not only the Ministry of Foreign Affairs (MOFA) and the Japan Defense Agency (JDA) but also other central agencies such as Transportation and Finance Ministries. About 10 years ago, Prime Minister Hashimoto Ryutaro and Chief Cabinet Secretary Nonaka Hiromu played key roles in the SACO agreement, and the Hashimoto faction was powerful enough to create consensus over the issue among the central agencies. Now, the LDP is far weaker and seemingly Prime Minister Koizumi has no intention in playing a key role on this issue. Due to the Japanese domestic political situation, the U.S. and Japanese governments will not complete until September the interim report on reorganization of

[24] Tanaka Akihiko, "How to face 'postwar history' in the world of sharp decrease in war," [Japanese] *Chuo Koron*, September 2005, pp. 32-42.

the U.S. bases in Japan. Moreover, if the DPJ comes to power, the issue will be further complicated, as the DPJ's policy toward Okinawa is quite uncertain.

Second, Japanese indecision to resume importing U.S. beef will frustrate the U.S. Congress and the Bush administration. Many senators and congressmen supporting President Bush's pension reform come from areas based on the livestock industry. While not substantial for the U.S.-Japan trade relationship, the issue becomes more and more politically symbolic.

Third, if the UN Security Council expansion proposed by Japan, Germany, India, and Brazil is refused mainly because of the U.S. negative attitude, Japanese public opinion will be deeply disappointed and become more reserved about revising the Japanese constitution and support for the U.S. policy in the Middle East. Speaking plainly, Japan seeks legitimacy for the UN in which Japan provide 19 percent of its budget. Yet the United States seeks efficiency for the UN. And, while Japan narrowly focuses on UN Security Council reform, the U.S. wants wider reform in the entire UN system. Perception gaps on UN reform between the two countries are wide.

Fourth, in the Six-Party Talks although Japan seeks to resolve both nuclear and kidnapping issues, the primary U.S. concern is to prevent nuclear proliferation. Japan can only indirectly influence North Korean issues, and this makes Japanese public opinion more frustrated.

While these issues are not imminent threats to a sound U.S.-Japan relationship, if unresolved, they will harm it gradually and steadily.

Henry Nau, professor of political science at the George Washington University, warns: "No American public will long support a policy that pays an economic price to save an authoritarian regime in China or perpetuates a military commitment to defend an increasingly alienated Japan." He further notes: "Concentric multilateralism builds a core foundation for American policy in Asia on stronger relations among the Asian democracies." It anchors this foundation in Japan. And, according to him, "In the more contentious political environment of Asia (as compared to Europe), the United States needs to pursue both power balancing and diplomatic confidence-building. [25]

Now, the quality of Japanese democracy is being seriously tested. Japan needs stronger and more stable political leadership based on more mature public opinion. And, Japan, the United States, and China, need to increase their sensitivities to the others' domestic affairs, and establish longer and wider visions for stabilizing the most important trilateral relationship in the world.

[25] Henry R. Nau, *At Home Abroad: Identity and Power in American Foreign Policy* (Ithaca and London: Cornell University Press, 2002), p. 250.

Toward Closer Sino-U.S.-Japan Relations: Steps Needed

By Liu Bo

Sino-U.S.-Japan relations are the most important triangular ties in the Asia Pacific. Statistics show that each of the three is one of the biggest trading partners of the other two; in other words, these countries are interdependent economically. However, in the political and security dimensions, there have always been 2 vs. 1 pattern. Therefore, when people discuss U.S.-China-Japan triangular relations, they tend to focus more on the problems between the U.S./Japan on one side and China on the other. One can summarize the reasons behind these contradictions with three "mis-es": economic miscalculation, political misjudgment, and people-to-people misunderstanding.

This paper intends to explore some unilateral, bilateral and multilateral practicable measures need to be taken to improve the bilateral ties as well as the trilateral relations as a whole.

Renormalization of Sino-Japanese relations: strategic detente plus political reconciliation

The Sino-Japanese relationship became abnormal since Prime Minister Koizumi Junichiro came into power, ironically, when bilateral economic relations reached their peak – in 2002, China passed the United States as the largest exporter to Japan. China is now Japan's second-largest partner for total trade, and Japan ranks as China's largest trading partner. Yet bilateral political ties dropped to the bottom. While both governments have felt and somehow expressed their anxiety about breaking the political deadlock, there are two opposite arguments as to which side should take the initiative to defreeze political relations. Most Chinese scholars and a number of Japanese politicians, including a couple of former prime ministers, are demanding Koizumi cease paying tribute at Yasukuni Shrine so as to get rid of the obstacle to resuming high-level political dialogue. In their minds, the future of Sino-Japanese relations totally depends on the attitude of the Japanese political leader.

The main reason behind the current political Cold War lies in the inadequate awareness or consideration of the Japanese post-World War II generations toward the nationalist feeling of the Chinese people, whose ancestors suffered greatly as victims of Japanese invasion some decades ago and who believe that the Japanese has forgot their ancestor's wrongdoings. As a rising power, however, China should have more confidence in adopting a more flexible policy and pragmatic approaches than a stagnate Japan. China's rapid growth, especially in the last decade, has been accompanied by increased Chinese political influence in the region. On a number of issues – from North Korea to regional economic cooperation – China – not Japan – has emerged as the regional leader. As two typical Oriental countries, both governments must always keep in mind each other's face: on one hand, even the one-party-rule Chinese regime still has

to listen to public opinion in the era of information technology (An online poll jointly held by the 21CN.com and the Chinese Students' Net in April 2004 shows that 98 percent Chinese youth are furious about textbook revisions in Japan; 87 percent youth are either anti-Japan or hate Japan and 73 percent youth think Japan is the most untrustworthy country); on the other, Japan, has been following a peaceful road for more than half a century and playing a responsible international role for years (A *Mainichi Shimbun* poll of May 2004 found that 70 percent of Japanese opposed changes to Article 9 of its Constitution). The cry for a normal nation status should be properly addressed by Beijing, just like the demand for justice – once a war criminal, forever a criminal – must be remembered by Tokyo.

Actually when China gets the upper hand, it is the Chinese policy toward Japan that will decide the future of Sino-Japanese relations. Frankly speaking, the mainstream of Japanese studies in China has never been reasonably objective owing to the powerful influence of the founders and veterans of the People's Republic, who were deeply impressed by the brutality of the Imperial Army. Fortunately, some Chinese scholars and officials began to argue that if the Chinese government esteems Japan as a potential partner of common development, it might be a partner eventually. And such a call seems to be echoed by more and more cool-headed Chinese. Both the government and civil society of China, both its scholars and ordinary citizens, must shake off the lingering logic that a strong Japan will definitely be a threat to China.

Therefore besides sticking to principle and protesting any visits by Japanese senior officials to the Yasukuni Shrine (after all many first-degree war criminals are still worshiped there), it is time for the Chinese government to review its current Japanese policy and begin preparing a new strategy for the post-Koizumi era.

On the bilateral level, China and Japan should create a good neighborly atmosphere by jointly promoting the idea of the East Asian Community. First, two governments must reach some consensuses, both domestically and bilaterally, about the important nature of Sino-Japanese relations. The summit meeting between Beijing and Tokyo must be resumed at some early point. Not only because of its irreplaceable symbolic significance, but also because only on such occasions could both leaders obtain a first-hand understanding of their counterparts' real thoughts, exchange views on so many sensitive issues, and make vital policy decisions from the very top, a typically oriental way.

In addition, both Chinese and Japanese governments should lead their domestic public opinions to cool off the heated territorial dispute over the Diaoyu Island and energy competition regarding the pipeline from Russia and recent oil exploitation in the East China Sea. Scholars and historians of both countries should increase exchanges and try to work out some mutually accepted version of modern East Asian history. Irrational nationalism on both sides must be restrained to the utmost.

They should also differentiate between speculating politicians and ordinary citizens, extremist right-wingers and aggressive patriots. Only after identifying the mainstream, which is arguably still modest, can China and Japan regard each other as trustworthy, reliable interlocutors and partners. Rational and healthy people-to-people interaction will in turn promote rational healthy development of state-to-state relationship.

The biggest problem between China and Japan today is the hostility between the two peoples. Changing the negative image of each other is the common challenge faced by the Chinese and Japanese governments. Improving bilateral relations will take joint efforts of political leaders, the business community, the mass media, and academic circle.

Improving Sino-U.S. relations: coping with the changing rival

As for Sino-U.S. relations, both sides should carefully examine divergences in the most disputable areas such as Taiwan, human rights, and trade and security so as to obtain lubricant in addition to those refined from the Six-Party Talks and the antiterrorist campaign.

Given the complexity of the issues of Taiwan and security, human rights and trade frictions should be tackled at the easier parts. The Chinese government must acknowledge that although human rights has always been an excuse for U.S. interference in other countries, it is surely a two-bladed sword, wounding the corrupted system as well as improving the actual human rights situation. The same can be said for IPR violation accusations. As for Washington, modest approaches seem to deserve more attention when dealing with proud oriental Communist regime. The annual Human Rights reports has proved to counter-productive, or at least failed to find echo in the 1.3 billion designated Chinese audiences: How could a self-trumpeted guardian of human rights expose himself to so many undeniable accusations of human rights abuses? Is Uncle Sam qualified to question others' human rights situation? As one of the most religious administrations in modern U.S. history, the Bush government should think about how to act as a go between for the newly elected pope and Beijing.

No matter one agrees, for decades the Sino-Japanese relationship has been the appendage of Sino-U.S. relations. Therefore, once the fundamental strategic conflicts between Washington and Beijing is postponed, if not eliminated, Sino-Japanese relations will benefit a lot.

Americans, like Chinese, are a pragmatic people that pursue interests. Therefore to create a win-win situation between the two is theoretically possible. Some Americans are worrying that a rising China will squeeze U.S. interests in the Asia Pacific and contend with America in the international arena. Such a premise leads to equally true concerns on the other side of the Pacific: whether the U.S. is building an anti-China fence. In fact, worrisome encirclement is merely a possibility, not a certainty – at least, no single country in Chinese surroundings has sacrificed good relations with China for

closer ties with the U.S. Similarly, Prof. Hans J. Morgenthau's theory that the rising power will challenge the existing order is also only a possibility – we shouldn't forget it is when China became stronger that she began to welcome the U.S. military presence in the region.

Sino-U.S. relations will influence the dynamics of the future East Asian structure. Currently, there are two parallel security orders in the region. On the one hand, there is the existing U.S.-centered "hub and spoke" system, which is mainly a collection of bilateral military alliance with the brand of Cold War mentality and ideological stereotype. There are two sub-systems under this framework: the free trade agreements with the U.S. and the U.S.-led anti-terrorist coalition. On the other side, there is a gestating China-centered "concentric circles" system, including the SCO, ASEAN plus one, ASEAN plus three, the East Asian Summit, FTAs between China and Asia, etc, which are multilateral, cooperational, and not targeting any third country.

These two systems appear to be contradictory. China must explain to the worried U.S. that although China is the center of those newly established mechanisms, China is not able to lead all of them. Moreover, there is an inborn lack of linkages among these loose institutions, and China has no intention or capability to coordinate and integrate them. Hence the multilateral arrangements pursued by China should not be regarded as an Asian version of the Monroe Doctrine. At the same time, the U.S. needs to observe the principle that any security arrangement should not be based on the insecurity of others and interfering in others' internal affairs; otherwise it will backfire.

As two big powers, the careless movements of either side will often be misconceived by the other. China must convince the U.S. that it has no intention to intrude into the backyard of America, particularly to back-up leftwing governments there, while the U.S. must clarify why a merger of Unocal by CNOOC based on market rules is unacceptable.

Multilateral formulas for stronger trilateral relations

Six-Party Talks: beyond the North Korean nuclear crisis. The ongoing Six-Party Talks has been proved to be the only effective and mutually accepted multilateral mechanism to handle the tricky North Korean nuclear crisis. However, the North Korean nuclear issue is not the only and not the last important problem for China, Japan, and the U.S. It is imaginable that when the North Korean nuclear crisis cools off, some torpid problems will emerge again, e.g.. the future of Japan (namely whether Japan will stay on the peaceful track), the future of China, energy competition or cooperation, bilateral military-to-military relations between Beijing and Washington, Beijing and Tokyo, proliferation of WMD and missile technology, nontraditional security threats like illegal immigration, transnational drug trafficking, organized crimes, environmental protection, etc. Regional challenges can only be solved by the joint efforts of regional players. Since the Six-Party Talks include all relevant countries, and they are accustomed to negotiating and working together under this framework (and it has succeeded in

addressing the complicated North Korea nuclear crisis), one has reason to believe that the Six-Party Talks will be the most handy and feasible regional multilateral mechanism for China, Japan, and the U.S. to solve problems among and concerning them. After all, it is the only existing security dialogue in which China, Japan, and the U.S. all feel comfortable sitting next to one another. Why is the ASEAN Regional Forum irrelevant here? A small temple cannot house big Buddhas. The combined GDP of Japan, China, and the ROK is nine times that of the total GDP of ASEAN.

A possible "3 in 1" or "2+2+2" mechanism among China, the U.S., and Japan. There exist parallel bilateral dialogue mechanisms between the defense ministers of Japan and the U.S., foreign ministers of China and the U.S., etc. These bilateral formats should be extended to trilateral to resolve strategic problems among the three. Participants from various think tanks in the recently completed trilateral strategic dialogue held in Peking University reached a consensus that trilateral meetings, with the third party's presence – namely the U.S., and English as the working language – Chinese and Japanese easily speak their real minds without beating around the bushes. If any "3 in 1" or "2+2+2" track one mechanism could be established, Sino-U.S. and Sino-Japan relations will be mutually facilitated and benefiting from possible breakthroughs of the other.

People-to-people diplomacy. Policy makers in Beijing, Tokyo, and Washington will need a favorable public atmosphere before introducing any new foreign policy or making significant policy readjustments. Misunderstanding will easily lead to suspicion and hatred often comes from biased propaganda. It is said that a very useful experience in the process of national reconciliation between France and Germany is the exchange of home visits by children. Oriental philosophy also attaches great importance to education in childhood. The three governments should initiate a grand plan of exchanging visits by youth in the form of home visits, summer/winter camps, and governmental scholarships. Youth are the main opinion makers living by the Internet; they are innocent about the past and they have only scanty knowledge of the outside world and therefore can be educated: what is more, they are the future. It is also human nature that one tends to like and feel comfortable with a familiar environment and people.

Today, China is either a friend or a foe of both the U.S. and Japan; in the future, China can be either a friend or a foe of the U.S. and Japan; to avoid China becoming a foe, the U.S. and Japan must treat China as a friend today. The zero-sum Cold-War mentality should be abandoned by China, Japan, and the U.S. The growth of China does not necessarily mean the shrinkage of Japan or the U.S.; and vice versa.

The China-Japan-U.S. Triangle: Some Random Thoughts and Modest Proposals

By Yu Bin

Conceptual and historical issues

The Washington-Beijing-Tokyo triangle, depending on how one stretches his/her imagination, can be considered as a dynamic mode of interactive process in different types: the more tangible and institutional setting in contrast to more passive and largely psychological ones. In the history of East Asia, certain players such as China may not be directly in the game (such as during the Russo-Japanese War and the early years of the Cold War).

If this is an acceptable conceptual vehicle, one may observe many footprints in interstate relations in East Asia. In the 19th century, the opening of Japan by Commodore Perry forever changed Japan's perception of and policies toward China. The "Middle Kingdom," which used to be a useful, if not superior, neighbor for purpose of cultural and commercial exchange, was now to be defied and defeated. At the turn of the century, Japan, the most Westernized regional player, would throw its whole weight back on continental Asia, before embarking upon a remarkable and devastating militaristic ascendence in a total war with all three continental powers (China, the U.S., and Russia) at the end of World War II.

During much of the first half of the 20th century, the U.S.' East Asia policy was to fend off, balance, or simply wait out a rapidly rising Japanese power and influence on the Asian continent.[1] In this sense, U.S. neutrality prior to Pearl Harbor is also part of the interactive, albeit passive, mode in triangular politics, despite the fact that the Japanese navy war plans by 1907 already portrayed the U.S. as a potential enemy and that the Japanese army's all-out attack on China had been in its fourth year (since 1937). Japan's near perfect attack on Pearl Harbor – long before the era of laser-guided precision munition – turned the trio to a new, and also curious, shape in that China's besieged wartime capital of Chongqing (held by the Nationalist government) was the only capital in the world besides Tokyo to celebrate the dramatic ending of America's neutrality when the U.S. Pacific Fleet was devastated.

The trio's relationship entered a somewhat different course during the initial years of the Cold War when the Soviet Union became the main concern of the U.S. The 1947 reversal of U.S. occupation policy – which lies at the heart of Japan's current "confusion"

[1] U.S. President Theodore Roosevelt, though initially delighted over Japan's military success in the 1904-05 Russo-Japanese War, quickly recognized that Japan might eventually harm U.S. interests in East Asia. This culminated in the 1905 Treaty of Portsmouth in New Hampshire, mediated by Roosevelt, giving Japan a de facto protectorate over Korea and a sphere of influence in Manchuria. In exchange through a secret clause, Japan acquiesced to U.S. colonization of the Philippines.

about its own historical behavior in Asia – effectively turned the U.S. postwar "three-D" occupation policy (democratization, demilitarization, and decentralization of Japan's economic system) to one of releasing wartime leaders/officers and rearming Japan.[2] US' "harder war" (nuclear weapons) and "softer peace" toward Japan, therefore, sowed the seeds for the current disputes between Japan and its neighbors over the issue of Japan's wartime aggression in Asia.[3]

The making, or "forcing," of Japan into a pacifist nation (by Article 9) during the second half of the 20th century, however, does not necessarily mean that Tokyo pursued a totally passive mode in the Washington-Beijing-Tokyo trio. In the economic area, Tokyo conducted its own "new deal" with China long before the 1972 Nixon visit to China, allowing steadily growing trade with China when Washington imposed its economic sanctions.[4]

The U.S. policy toward China and Asian communist states, too, was instrumental in making Japan into a "trading state" during the Cold War when both America and China were considered to be "political-military" states.[5] The U.S.-China rivalry, which took the form of the Korean and Vietnam Wars, provided Japan with golden opportunities to recover economically first and to take off later.[6] The 1972 Sino-U.S. rapprochement, though it shocked Tokyo, also led to Japan's own China opening.

Several factors are behind the drifting and steady worsening of Sino-Japanese relations in the past 10 years, including the 1995 Taiwan Strait crisis to which former Taiwan President Lee Teng-hui's sympathy for Japan contributed; the "lost decade" for the Japanese economy; and a general turn to conservatism by both the Japanese elite and public regarding historical and foreign policy issues.

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[2] When the Police Defense Force (Keisatsuyobitai) was founded in 1950, 3 percent of Japan's GDP was allocated to defense, a quite "regular" burden for a "normal" state. The share of Japan's defense budget to GDP dropped steadily as the nation entered the high-growth period beginning from the 1960s. See Koichi Hamada, "Japan 1968: A Reflection Point During the Era of the Economic Miracle," Economic Growth Center, Yale University, August 1996, www.econ.yale.edu/growth_pdf/cdp764.pdf.

[3] For the reversal of the U.S. occupation policy, see Peter Moody, Jr., *Tradition and Modernization in China and Japan (New Horizons in Comparative Politics)* (Wadsworth Publishing Company, 1995); Herbert Pix, *Hirohito and the Making of Modern Japan* (HarperCollins Publishers, 2000); Sheldon H. Harris, *Factories of Death: Japanese Biological Warfare, 1932-45 and the American Cover-Up*, Revised edition (Routledge, 2001).

[4] Many years later, Japan also took the lead to end Western economic sanctions imposed after the 1989 Beijing crackdown.

[5] Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (Basic Books, 1986).

[6] Former Japanese Prime Minister Nakasone, for example, described the Korean War as "milk for babies" when the postwar Japanese economy was in recession prior to the Korean War. Cited from Al Levin (producer) and Marc Levin (director/editor), *The Pacific Century, documentary serial, #5: Reinventing Japan* (S. Burlington, VT: Annenberg/CPB Project, 1992).

The period of most rapid growth in the Japanese economy during the Cold War (average of 9.6 percent in real GDP growth during 1960 to 1973) happened to parallel the Vietnam War (1964-75). The rate dropped to 3.9 percent for the next 20 years (1974 to 1993). Although the first oil shock largely caused the drastic slowdown of the Japanese economy in 1974-75 period (-1 percent for 1974 from 7.8 percent for 1973), the end of the Vietnam War may also be the cause. U.S. procurement during the Vietnam War, therefore at least partially facilitated Japan's "economic miracle." See Koichi Hamada, "Japan 1968," August 1996, op. cit.

Emerging faultlines?

Recent developments in Washington-Tokyo-Beijing interactions, among others, seem to depart from a typical trio-interactive mode. Although certain multilateral interfaces such as ASEAN Plus Three and the Six-Party Talks on the Korean nuclear issue provide interactive fora for consultation on outstanding regional issues, politico-strategic process in 2005 seems to go in the opposite direction as multilateral institutional and bilateral security bodies in East Asia are drifting toward emerging blocs, or fault lines between two geostrategic parts in East Asia: the maritime and continental powers. This includes the strengthening of the US-Japan alliance in February (the "2+2" conference in Washington D.C. in February) which for the first time extended its geographic coverage to Taiwan; the Shanghai Cooperation Organization (SCO)'s statement calling for the U.S. to set a timetable for withdrawing its forces from Kyrgyzstan and Uzbekistan; the first ever trilateral talks at the foreign ministerial level between China, India, and Russia in Vladivostok in early June; the Sino-Russian joint exercise in late August; and the recent call by Taiwanese President Chen Shui-bian to have more military cooperation with Tokyo and Washington in order to "protect Japan's lifeline."[7]

It is still premature to argue that a "fault line" between continental and maritime powers is emerging in East Asia, given the complex and dynamic political process between all major players. Due to the legacies of the past and current disputes, the possibility of such a division, however, does exist and is not without possible dire consequences for the region.

Burden of history

Behind these divisive and worrisome developments in East Asia lies the operating "software" – or strategic, cultural, and historical milieus – with which political elites and the public mood interact with their foreign counterparts to produce policy outcomes.

If anything, there has been a general rise of nationalist feelings across East Asia in much of 2005 as the region and the world commemorates the 60th anniversary of the end of World War II. Much of this originated in developments inside Japan: years of repeated visits to the Yasukuni Shrine by Japanese politicians, Japanese textbook revisions, comfort women justification, etc. As a result, anti-Japan sentiment and activities in China, South Korea, and other Asian nations escalated. Ironically, the more Asian nations expressed their opposition to Japan's effort to whitewash history, the more revisionist Japan has become. It seems that 15 years after saying NO to the U.S., the time is ripe for Japan to say NO to neighboring states.

In the midst of all these issues over history and its interpretations, territorial disputes in the region are also heightened. This involves Japan-China disputes over the Diaoyu/Senkaku Islands for Japan) and demarcation of the Exclusive Economic Zone

[7] Lianhe Bao (Taiwan), August 3, 2005, cited from www.people.com.cn/GB/14810/3591833.html.

(EEZ) in the East China Sea; Japan and South Korea over the Tokdo/Takeshima Islets; Japan-Russia over the Southern Kuriles/"Northern Territories"; and to a lesser degree, Japan-Taiwan over the Diaoyu islands. It happens that almost all these disputes between Japan and its neighbors are rooted in the modern era when Japan was on its way to Westernize/modernize as a "normal" state.

Ironically, as all these thorny issues of history and territory between Japan and its neighbors are heating up, Tokyo has launched its determined assault to acquire a UN Security Council (UNSC) seat. While nothing is wrong with Japan's effort to address the issue of "taxation without representation," the timing and manner of Japan's effort simply do not work for the goal, but has led to another vicious cycle of mutual misperception and mutual resentment among East Asian nations. That is, the more Japan does to get itself into the UNSC, the stronger the effort to avert it in the region, leading to more resentment inside Japan against its neighbors. Indeed, 60 years after World War II, issues of both the past and future are intertwined among East Asian nations to intoxicate the current inter-state relations.

It is almost a cliché to point out that East Asian nations' strong nationalism is similar to that of the Europeans prior to 1945. The current high tide of Asian nationalism, however, has been at least partially made by the United States. As a dominant power in both the world and East Asia, the U.S. has played an indispensable role in shaping the region's political and strategic landscape. Its sense of history and international justice has been heavily shaped by its own geostrategic interests. Currently, the U.S. plays an active role in shaping and promoting formal alliance relations with Japan as well as the informal one with Taiwan, both aiming to balance the rapid rise of China. Over the issue of history, particularly the Yasukuni Shrine, the U.S. has maintained a noticeable silence.

Between the past and future: what is to be done?

With the passing of the 60th anniversary of the past great war in Asia, it becomes painfully clear that history is alive and perhaps never goes away between Japan and its neighbors. History, nevertheless, is by no means the only thing for regional players these days. Major actors will have to deal with current issues, disputes, and challenges, whether they like each other or not. For all three parties, preservation of peace and prosperity are shared interests, regardless of how they look at the past. For that goal, several major issues need to be considered:

– *Structural and identity changes in East Asia* In the past 25 years, major structural and identity changes have taken place in the region, particularly the rise of two Asian powers: Japan and China. This state of East Asian regional affairs is by no means a structural phenomenon alone but with distinctive identity changes for the two nations. In brief, China has steadily and rapidly been moving from a "political-military state" of the Cold War to a "trading state." Meanwhile, Japan seems to have moved in the opposite direction: from a "trading state" during the Cold War to a "normal" state with growing political and military potency. Until

recently, China and Japan took turns dominating East Asia: China during the traditional period (prior to the 1840s) and Japan during the modern time (1840s to 1945). Part of the current tension between the two Asian giants may be caused by their unprecedented co-existence. Any attempt to alleviate the tension between the two needs to keep in mind this brave new world in East Asia.

– *Limits of China uncertain theory* In many ways, trilateral relations can be considered bilateral, with the U.S. and Japan on the same side. Current rhetoric from Tokyo and Washington is to orchestrate a "China uncertain" theme, which in reality is another version of the "China threat" view. It is questionable whether this view fits reality. China's long-term goal for foreign policy was made crystal clear by Deng Xiaoping 26 years ago; that is, to pursue peace and development with both its neighbors and distant powers. Within a quarter of a century, China has moved itself from its self-imposed "splendid isolation" to engaging multilateralism and embracing the global trading system. If anything, both the U.S. and Japan have largely facilitated, and benefited from, this process. The rise of China, therefore, has so far defied Western theories of rising powers (Germany and Japan) disrupting the existing international system. Overplaying the "China uncertain rhetoric" is therefore misleading at best.

In the 21st century, the theory of hegemonic instability[8] seems in the making, in that the dominant power has declining interests in maintaining existing international regimes.[9] Instead, unilateral actions and preemption are emphasized, leading to uncertainty and instability. One does not have to mention the Iraq war, which has so far only caused more suffering for Iraqis, Spaniards, Americans, and now the British, to the delight of extremists.

– *Need for genuine strategic dialogues* Many disputes, be they historical or current, are caused and aggravated by the lack of genuine strategic talks between the three parties. Meetings of heads of state alone may not solve any problem. What is needed is real exchanges regarding each other's intentions and a genuine effort to search for solutions of outstanding issues. For quite some time, Washington has been reluctant to use the term "strategic" in describing relations with China, arguing that such a term is reserved for relations with its allies. The fact is that relations between major powers are strategic by nature, be they positive or not. In this regard, bilateral and trilateral relations between China, Japan, and the U.S. should be facilitated by regular official dialogues, not just meetings on the sidelines of multilateral fora. The recent Sino-U.S. strategic dialogues in Beijing is a welcome beginning and should be sustained and deepened.

[8] This is an antitheses to the "hegemonic stability theory." See Charles P. Kindleberger, *The World In Depression, 1929-1939* (Berkeley, Calif.: University of California Press, 1973).

[9] This includes the Non-Proliferation Treaty (NPT), the Comprehensive Test Ban Treaty (CTB), the ABM Treaty, the Chemical Weapons Convention (CWC), the Kyoto Accord, etc.

– *Treating strategic issues strategic* For all East Asia, the process and results of the Korean nuclear talks are of strategic significance. The alternative to a successful end will lead to unknown cost and consequences. Recent U.S. efforts to articulate and pursue a more engaging and realistic policy toward North Korea are welcome and should be sustained with minimum impact from U.S. domestic scene.

Other parties should play genuine and constructive roles, rather than creating unhelpful diversions such as the "abduction issue" between North Korea and Japan. The nuclear issue is difficult to resolve even with full cooperation of all parties, let alone with any diversion. The U.S. should also offer some necessary and effective advice to its allies. Being allies does not only mean mutual support for whatever the other side does. The ability to provide timely advice and even criticism is a healthy sign in any normal bilateral relationship. The broader goal of achieving regional and global stability is perhaps more important than one's own national interests. In this regard, the China-North Korean relationship has gone way beyond the original alliance ties when Beijing opted to handle the sensitive ties with Pyongyang well beyond its alliance treaty signed in the 1960s. For Japan, leaders should lead, not just be driven, by public opinion. Unless Japan wants to keep the Korean nuclear issue alive, or unresolved, the abduction issue should be confined between Pyongyang and Tokyo.

– *Managing nationalism*: Nationalism is like water. It can float, as well as engulf, the boat. All East Asian nations need to balance their national sentiment and real interests. Current Asian nationalism, however, appears to have largely originated from the rise of Japan. Although Japan's successful modernization initially raised self-esteem and hopes in other East Asian nations, its subsequent military conquest of Asia unleashed a deluge of anti-Japanese nationalism. Unfortunately, this is still the political casualty in East Asia where anti-Japanese feelings is being generated by the same political forces in Japan as in the 1930s and 1940s – that is, the ultra-conservative nationalism in Japan's political spectrum. The frequent shrine visits by Japan's political elite are justified by culture, as a convenient substitute for the God-like emperor during wartime. This, together with other disturbing revisionist trends in Japan, is also defended with an excuse of exercising democracy. Democracy without moderation and a stable middle ground, however, is perhaps more dangerous for both itself and others, as were the cases of the Weimar Republic in the 1930s and Japan's Taisho democracy in the 1920s. Both had infrastructures typical for a parliamentary democracy. They were, nonetheless, easily pushed aside and overwhelmed by rising extreme nationalist, militarist, and racist tidal waves. When U.S. President Woodrow Wilson declared his intention to make the world safe for democracies at Versailles, he failed to see the other side of the coin; that is, an equally important task was to make democracy safe for the world. The rest is history. In the real world, anything excessive, even if it is good, may lead to the opposite end with blowback.

There is perhaps nothing wrong for Japan to redefine itself as a normal state. In the eyes of Japan's neighbors, however, this process has been accompanied by considerable emphasis on the use of force, and the more frequent and more realistic discussion among Japanese elite to acquire nuclear weapons.[10] But a genuinely normal state should not only be able to wage war, but also, and perhaps more important, to make peace and compromise. It is simply unrealistic to acquire a UNSC seat while pursuing policies that seem to be calculated to offend its neighbors.

Regardless of what it did in the past, the U.S. is perhaps the only nation that Japan may still listen to on the issue of history. In a broader sense, the U.S. as the superpower, should not only exercise its military power and political influence, but also strive for moral authority and ethical restraints toward others. In this regard, a democracy should be judged by higher, not lower, moral standards regarding both past and the present issues. There are limits how far Washington should play one Asian power against the other. A more balanced approach to Beijing and Tokyo is in the long-term interests of Washington.

– *Keeping economic issues economic* Despite all the political tension, historical and territorial disputes, economics has been a strong pillar for regional stability and prosperity. This, however, seems to be eroding: oil, the boycott of Japanese goods, Japan's decision to phase out its official economic assistance to China, etc. If the economic factor is no longer a stable and positive one, it will be very difficult for the trio to stabilize their political relationship.

[10] On Dec. 18, 2001, the Japanese navy chased, opened fire, and sank a North Korean spy ship in Chinese territorial waters. This was the first time Japan's navy sunk a foreign vessel since the end of World War II. In February 2003, Japan's Defense Minister Ishiba Shigeru warned North Korea that Japan could launch a preemptive strike to defend itself if necessary. Ishiba repeated the warning Sept. 15, 2003 in London. In between these events (in mid-2002), Chief Cabinet Secretary Fukuda Yasuo stated publicly that the constitution did not prevent Japan from acquiring nuclear weapons. This was quickly echoed by Tokyo Gov. Ishihara Shintaro and the head of the Liberal Party Ozawa Ichiro.

Identifying Building Blocks toward Regional Security: Japan's Policy, its Bilateral Relations with the U.S. and China, and the Triangle

By Go Ito

Introduction

Two decades ago, G. John Ruggie, a professor at Harvard University, proposed the idea that the postwar international system had been predicated on the linkage between the international demands for free trade and domestic requests for welfare policies. So-called "embedded liberalism" was the legacy of the postwar international order. The wealth of each country stemming from the free exchange of goods and services could lead to the development of entire social policies, and conversely, the liberal ideas involved in implementing domestic welfare would reflect the international norms supporting abandonment of the international protectionist movement.[26]

Six decades later, Japan is now facing the dilemma between its willingness to cultivate security ties with the United States, and its need to deepen economic relations with China. First, the incremental changes in postwar security policy of the Japanese government indicate that the U.S.-Japan relationship has altered into a more equal partnership in which the security contributions have come to be demanded by the U.S. government. Japan's dispatch of peacekeeping operations, the establishment of U.S.-Japan security guidelines, and counter-terrorism operations in Afghanistan and Iraq have been employed to indicate the more global partnership with the U.S. government.

Second, an aging society has pushed Japan to look for an economic market that can absorb Japan's export goods, and in this process, China, enjoying rapid growth for more than a decade, has attracted wide attention, and has advocated creation of the East Asian Community. Not only Japan's Foreign Ministry but METI too have been eager to approach the Chinese market so that both countries will be able to enjoy rapidly rising intra-regional trade for mutual purposes.

Given that, it has been said that Japan will need to act as a trans-Pacific bridge to ensure that a future East Asian Community will be open, friendly, and cooperative to the U.S. But a big challenge lies ahead for Japan before taking on that role. Japan needs to pursue a strengthened alliance with the U.S. and promote the East Asian Community simultaneously to make each compatible with the other. This paper examines a variety of issues and problems for Japan as it deals with the different policy implications.

[26] John Gerard Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," International Organization, 36 (Spring 1982).

Japan at the crossroads: the "1972 system" and the new century

Today's regional order in East Asia was stipulated during the 1970s. President Nixon announced an opening to China in 1971, and visited Shanghai in 1972. U.S.-China rapprochement led to normalization of Sino-Japanese relations in late 1972, U.S.-China normalization in 1978, and repudiation of U.S.-Taiwan relations in 1978.

For security in the Taiwan Strait, the U.S. Congress enacted the Taiwan Relations Act so that the U.S. government, regardless of which branch, would be able to maintain its commitment to stability between the PRC and Taiwan. Article 3 of the Act states that in response to non-peaceful Chinese actions against Taiwan, the U.S. president is obligated to maintain U.S. military capability such that Taiwan may "maintain a sufficient self-defense capability," and that the president and Congress should collaborate on "appropriate action(s)" to accomplish this goal.[27]

As for the U.S. relationship with Japan, 1972 was the year that Okinawa was returned to Japan. From today's vantage point, the Okinawa reversion can be seen as important primarily for the overall change it brought in the nature of the U.S.-Japan relationship. During the 1950s, the alliance rested on a reciprocity in which the U.S. provided security for Japan and Japan provided territories for the U.S. military. In the 1970s, Japan's provision of economic assistance to Southeast Asia after the end of the Vietnam War was newly included as part of Japan's contribution in exchange for the continued U.S. provision of Japanese security. The entire security and political relationship with Japan was more important for the U.S. government than the use of Japanese territories as such. Thus, the 1970s provide the foundation of today's bilateral alliance.[28]

My term "the 1972 system" stems from my own conception of the détente period that has characterized the international order in East Asia until today. In the cases of both China and Japan, U.S. policy determined their reactions and behavior, and the triangular configurations among the three countries, born of the end of ideological confrontations between the U.S. and the PRC, have defined the dynamics of regional security.[29]

This "1972 system" is close to becoming outdated as we enter the new century. The U.S. government now seems to envision a much more equal sharing with the Japanese government of the responsibilities for security in the Asia-Pacific region. The U.S. criticism of Japan's Gulf War cooperation as being "too little, too late" signaled the beginning of this new era in which the U.S. government expects and demands direct Japanese cooperation in military operations overseas.

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[27] Richard C. Bush, *At Cross Purposes: U.S.-Taiwan Relations since 1942* (New York: M.E. Sharpe, 2004); Richard C. Bush, *Untying the Knot: Making Peace in the Taiwan Strait* (Washington, DC: Brookings Institutions, 2005).
[28] Go Ito, "Redefining Security Roles: Japan's Policy toward the September 11 Terrorism," *Journal of East Asian Studies*, No.2 (2002).
[29] Go Ito, "Leadership in Bandwagon: A Historical Sketch of Japan's Foreign Policy," *Society and Economy* (Queensland University, Australia, 2004).

Moreover, the new outline of the defense program, announced in December 2004, assumed that Japan's primary goal was to address "new threats" like international terrorism or weapons of mass destruction, seeking to create a stable international environment. Given that, it paid more attention to the international dispatch of Japan's Self-Defense Forces along with an increase in its transportation capabilities. Compared with the 1970s conception of a "Basic Defense Force" that stemmed from the international environment of growing détente, the new outline indicated Japan's readiness to prepare for more positive roles in international security. The outline also reflects Japan's concern about North Korea's development of nuclear weapons and the rise of China's military capabilities, a clear indication of which has appeared for the first time since the Japanese government issued the defense program outline in 1976.

As to Sino-U.S. relations, the "1972 system" that stipulated both U.S. engagement with the PRC and its security commitment to Taiwan has also become outdated. First, China and Taiwan were divided political regimes, and they were supposed to bolster the legitimacy of the "one China" principle. Given that, there was no middle ground between the "unification" of China and independence for Taiwan. Second, the way Beijing sought to incorporate Taiwan into its one China would be China's use of force against Taiwan. Depending on how Beijing thinks of possible paths to unification, the dialogue may maintain the status quo stalemate, with no possible solution for either side. Finally, both the U.S. and Chinese governments have maintained the stability of East Asia by making use of the balance of power idea in Taiwan. While evincing ambiguous attitudes, the U.S. government sought to deter China's belligerent posturing while trying to restrain Taiwan's call for independence.

These three premises were beginning to collapse around 2000 when Chen Shui-bian became president of Taiwan. First, while economic interdependence between China and Taiwan diluted the zero-sum nature of the stalemate in cross-Strait issues, Chen's victory led the former ruling KMT to cultivate ties with mainland China's Communist Party. Taiwanese working on the mainland favor more stable cross-Strait policies, and the KMT has sought to make use of those benefiting from China's economic growth.

Second, given President George W. Bush's clear statement of intent to defend Taiwan, it would be of no use for Beijing to use force against Taiwan, simply because the action would invite U.S. intervention. Since the Bush administration's strategy hinges on unilateral commitments in various hotspots including Taiwan, it is natural that Beijing seeks to make use of multilateral diplomacy to soften criticisms regarding the "Chinese threat."

Finally, China's new conception of security has eroded the traditional stance of maintaining the balance of power between the U.S. and China for stability in East Asia. The lack of a multilateral framework, along with the U.S. penchant for unilateralism, has produced an advantage for Chinese foreign policy, since the new establishment of various institutions in East Asia, such as the Shanghai Cooperation Organization, the ASEAN

Plus Three Framework, and free trade agreements, have provided the Chinese government with leeway in seeking a place for their activities.

Given the changing international order in East Asia, Japan now stands at the intersection between U.S. demands for more equal roles in international security and China's solicitation of Japan's participation in the economic community of East Asia. With the rapid rise of an aging society, Japanese began to look to China and its role in the East Asian community as a factor that can invigorate Japan's economy. By applying John Ruggie's argument about maintaining the balance between **international** free trade and **domestic** welfare, I can argue that Japan now stands at the threshold of a rethinking of the premises of its postwar economic prosperity.

Japan's bid for new security roles with the United States

The U.S.-Japan Security Guidelines in the late 1990s. The Sept. 11, 2001 terror attacks marked the beginning of a new century for security issues. Those who watch Japanese politics have seen the decisiveness with which Prime Minister Koizumi Junichiro acted to lend Japanese support to the U.S. war on terrorism. While Japan's response to the 1991 Gulf War was condemned as "too little, too late," the Bush administration praised Japan's swift cooperation, including the dispatch of SDF personnel.

During the late 1990s, Japan's approach toward redefining its security relationship with the U.S. presented itself in the making of security guidelines. After the end of the Cold War, the decline of a global threat, combined with existing regional threats, was given as one of the reasons for the formulation of the new guidelines. The parties to the deliberations on the future of U.S.-Japan alliance were concerned with the lingering potential for strife in the region while at the same time trying to develop a structure well suited to the less hostile post-Cold War global environment.

During the Cold War, the existence of the enemy was clear, as was the objective of forming an alliance with the U.S. By contrast, after the fall of the Soviet Union, security alliances, including the U.S.-Japan alliance, could not be justified simply in terms of containment. Instead, both Japan and the U.S. had to interpret national security interests from a wider perspective and define as their new goal the pursuit of an institutional means to form and maintain a stable geopolitical environment through which to build confidence and promote mutual exchange among alliance members.

With the April 1996 U.S.-Japan Joint Declaration on Security, both governments started to seek new roles for the alliance. The new U.S.-Japan security guidelines, announced in September 1997, tried to apply the joint declaration to post-Cold War East Asia in two ways. First, an item on "Various Types of Security Cooperation" notes that the "bilateral [Japan-U.S.] cooperation to promote regional and global activities in the field of security contributes to the creation of a more stable international security

environment."[30] In other words, it is the new global role of the alliance and its complex functions within the region that are being given particular importance. These functions include UN peacekeeping, international humanitarian relief operations, and emergency relief activities in major disasters. They also include encouraging security dialogue, defense exchange, regional confidence building, as well as arms control and reduction – alternatives to focusing on the containment of an adversary.

Second, the U.S.-Japan security guidelines expanded the geographical breadth and reach of the alliance. The guidelines sought to incorporate neighboring areas under U.S.-Japan political and economic cooperative relationships. Under Article 6 of the Japan-U.S. Security Treaty, U.S. forces are granted the use of facilities and areas in Japan for the purpose of contributing not only to Japan's security but also the Far East region. Given the article, the guidelines sought to announce a need for U.S.-Japan joint cooperation for the areas surrounding the Japanese territory. For the Japanese government, this implies the enlargement of the areas in which Japanese SDF members should conduct military operations with U.S. personnel. That is, if a military conflict happens in the areas surrounding Japan, it is lawful that the Japanese government dispatches SDF personnel for joint military actions led by the U.S. military, although Japan's support should be limited to support-oriented logistics.

Ironically, however, one of the greatest sources of anxiety regarding the enlargement of joint defense areas was the fear that it could dilute the alliance's ability to ensure security for Japan. According to Douglas Stuart and William Tow, the following issues are of concern when an alliance is modified to enlarge its functions.[31]

> (1) How the responsibility for rear-area support and frontline battles, as well as burdens associated with military action, are to be distributed between the member countries?
> (2) To what extent a threat can be recognized jointly by the alliance members?
> (3) Whether collective multilateral action will lessen the autonomy of a member country's foreign policies?

With regard to the above issues, there were two critical conceptual questions. The first related to the extent to which the "areas surrounding Japan" were defined and what were and were not included. Since the late 1960s, it has been agreed in the Diet that the areas north of the Philippines belong to what was called the "Far East." With the inclusion of wording "areas surrounding Japan" in the guidelines, it is now possible for Japan to dispatch to more distant "neighboring areas" for the purpose of supporting U.S. military operations. However, because the Cabinet Legislative Bureau has prohibited the use of collective self-defense rights, it is questionable whether the new guidelines could operate within the Article 9 of the Constitution.[32]

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[30] Ministry of Foreign Affairs (MOFA), 1997, "The Guidelines for Japan-U.S. Defense Cooperation," (http://www.mofa.go.jp/region/n-america/us/security/guideline2.html).
[31] Stuart, Douglas, and William Tow, 1990, *The Limits of Alliance: NATO Out-of Area Problems since 1949* (Baltimore: The Johns Hopkins University Press), pp. 3-20.
[32] Sase, Masamori, 2001, *Shudanteki Jieiken: Ronso no Tameni (Collective Self-defense Rights)* (Tokyo: PHP), chap. 4.

The second question concerned the division of labor within the reconceptualized U.S.-Japan alliance. During the 1950s, the alliance rested on the exchange between the U.S. provision of security for Japan and Japan's provision of territories for the U.S. military. In the 1970s, Japans provision of economic assistance to Southeast Asia was newly included as part of Japan's share in exchange for continued U.S. provision of Japanese security. After the end of the Cold War, the U.S. government seems to envision a much more equal sharing of the responsibilities for security in the Asia-Pacific region with the Japanese government. The U.S. condemnation of Japan for "too little, too late" cooperation and assistance during the Gulf War signaled the beginning of this new era when the U.S. government expected and demanded direct Japanese cooperation in military operations overseas.[33]

Japan's new defense program outlines. With regard to defense capabilities, the year 2004 may have been as important for decisive changes. Premier Koizumi started a new council on Japan's security defense capabilities in April, 2004, and the Council issued a report on its future vision.

The "Integrated Security Strategy" is the key term in this vision, and has two goals. The first is to prevent a direct threat from reaching Japan to minimize the damage, while the second focuses on creating the stable international environment, saying the importance of "reduce[ing] the chances of threats arising in various parts of the world…affecting the interests of Japanese expatriates and corporations overseas." The strategy can be attained by three efforts: Japan's own efforts, cooperation with an alliance partner, and cooperation with the international community. The two goals and three efforts implied the "integration" of Japan's security strategy, and the report argues a need for the government to apply the "integrated decision-making mechanism." It also emphasizes the roles of the Security Council, which is supposed to mix the six constituents of the strategy.[34]

Along with the overreaching plan, the report also says the role of defense forces is to support the new security strategy, calling it a "multi-functional flexible defense force." The pivotal requirement is the ability to collect and analyze information. Overarching are defense roles from (1) responding to emergency situations, (2) strengthening intelligence capabilities, (3) reforming the defense industrial and technological base, and (4) emphasizing its international peacekeeping roles. The report envisioned Japan's more "global" roles in international security issues.[35]

Following the lines of the Council's submission to the prime minister, Japan's Defense Agency issued a new outline of the defense program for the coming decade. It

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[33] Lake, David A., 1999, *Entangling Relations: American Foreign Policy in Its Century* (Princeton: Princeton University Press), p. 261.
[34] The Final Report submitted by the Council on Security and Defense Capabilities, October 2004.
[35] The report also touched upon the need to reexamine Japan's constitution, with a need to discuss the exercise of the right of collective self-defense rights with an eye to clarifying what Japan should and can do for the international roles outlined in the report. See, http://www.kantei.go.jp/foreign/policy/2004/1210taikou_e.html.

assumed Japan's more global role, reaching from East Asia to the Middle East. That is, the role of the SDF is not limited to domestic defense issues within the Japanese territory, but rather focused on its international aspect. The internationalized role corresponds to the collaborative work with the U.S. military, and the outline emphasized the importance of Japan's alliance with the U.S., while seeking to enlarge both allies' security tasks within the wider geography.

While the budgetary amount of the new program seeks to be restrained under the banner of the "administrative reform," the substantial functions and transportation capabilities of the SDF should be advanced more. The Defense Agency outlined a plan for reducing the number of SDF officials, although the current shortage of personnel will result in the maintenance of the current number of uniformed personnel in the near future.

The outline also indicated a need to reexamine the principle of banning the export of arms, at least to the United States. In the current joint research on ballistic missile defense by Japan and the United States, it assumes is necessary to uphold the philosophy of the ban, and instead to pursue the enhancement of procurement and R&D in defense capabilities.

From the above modifications of Japan's defense policy, initiated by the Council on Japan's Security Defense Capabilities and the defense program outline, three policy implications can be pointed out. First, main attention was paid to the global agenda representing counter-terrorism, while little was paid to regional security issues. Given that East Asia is a region with lingering sources of conflict, the defense program outline should have paid some attention to the reconciliation between Japan's advocacy of its global roles, together with the U.S. government, and its regional roles concerning, for instance, the Korean Peninsula and China.

Second, the Chinese government criticized the program outline, since it included the possibility of the "China threat." While the China threat has been long debated within the Japanese government, it was the first time that the Japanese government decided to write the part clearly in the defense program outline. For China, the phrase is unacceptable. Thus, the important task for the development of the U.S.-Japan security relationship is to keep the architecture open to China, although the way China can be included in the ongoing U.S.-Japan security architecture will be an important issue to be discussed later.

Finally, globalization of Japan's security roles will widen the conception of "Asia," which will make it possible for Asian countries including Japan to discuss roles of individual countries for international stability. For the postwar period, Japan saw only China, Taiwan, the two Koreas, and Southeast Asian countries as its "neighbors," all of which had profoundly negative memories of Japanese war crimes. The legacies of imperialism and colonialism have prevented its relationships with other Asian countries from developing and maturing. Although Japanese war crimes are unforgivable historical

facts, it is also true that there has been excessive emphasis on the issue for other political purposes by Japan and its neighbors alike.

Now, in the post-Sept. 11 period, Japan's conceptualization of "Asia" includes India, Russia, Afghanistan, Iran, Uzbekistan, and other central Asian countries. The conceptual widening of "Asia" will be able to dilute the excessive advocacy of Japan's war crimes by neighboring countries, which will make it possible for all concerned parties to discuss history issues in a way that promote mutual understanding.[36]

China-Japan bilateral relations: the "nationalism spiral?"

Japan's national interests and the "nationalism spiral." I believe that bilateral relations develop in three phases. In the first phase, both sides refrain from making drastic demands so that they can come to know each other by exchanging opinions and demands a little at a time. In most cases, the side that presses its demands more forcefully in this stage makes greater gains. The second phase is one of more forceful demands in which the mutual restraint fades, and the side that has been less insistent begins to become more so. If either side fails to respect the other's ideas, bilateral ties may be severed. The third phase is the one in which both sides come to understand each other fully, and most demands pressed by one side will be addressed properly or discussed to achieve some mutual understanding.

The following argues that China-Japan relations are currently in transition from phase one to phase two.

There is a clear sense among the Japanese public that until now, China-Japan relations have been dominated by the pressing of demands by China, with Japan having to respond on problems such as unresolved historical issues, maritime territorial rights and the Japan-China intermediate line in the East China Sea,[37] the handling of Chinese survey vessels, and so forth. The terms "a masochistic view of history (toward China)" and "a resolute attitude (against China)" often used in Japan reflect this fact. The former has recently been used to criticize Japan's postwar attitudes that addressed Chinese issues as what would satisfy them, while the latter ideas have been applied not only to China's assertiveness but also to North Korea's reluctance to resolve the abduction issues.

There is also a clear sense that three decades after normalization with the People's Republic of China, the Japanese government is willing for the first time to press demands with China. From the perspective of Japan's national interests, Japan has repeatedly made apologies, as in the 1972 China-Japan joint communiqué, the 1978 China-Japan Peace

[36] The political use of history was argued in the 2002 article written by the author. See footnote 3.
[37] Issues become more complicated if one has to include issues on continental shelves into the intermediate line. The Chinese government argues that the continental shelf of the Chinese side can expand far to the east, which naturally gives the Chinese an advantageous position. If one does not include issues on continental shelves, and instead focuses only on economic zones over the sea, both China and Japan will be able to stand on the equal footing.

Treaty, the 1995 Murayama talks, and so forth. China, on the other hand, has never apologized for its 1979 incursion into Vietnam.[38]

The compensation issue has been resolved legally, but trillions of yen in aid has also been provided. China has ignored the Japan-China intermediate line in entering exclusive maritime economic zones, and has treated Japan's resulting objections as mere "requests." But if Japan were to cross the same line, the Chinese government would certainly not remain silent. If Japan says nothing, Chinese submarines appear likely to pass through the waters around Japan without identifying themselves.

If Japan does complain, it is immediately criticized for returning to "old imperialism." It is therefore only natural for the Japanese government to come to the conclusion that historical issues are being exploited for current political ends.

The result is the current "nationalism spiral," in which China seeks apologies for Japanese atrocities committed during World War II. Then Japan, for its part, seeks apologies for crimes committed by Chinese during related demonstrations – which appear to involve mainly young people in their 20s who have no memories of six decades ago. So we appear to have finally arrived at the second phase of relations.

However, virtually no one denies that China-Japan relations are crucial to the future of Asia, which is a good indication that this is a bilateral relationship that must not be allowed to end at the second phase of development. How can we address such "ambivalent" feelings among various strata of Japanese general public?

Improving China-Japan relations. If so, then it is through the verbal wrangling of the second phase that the path to the third phase is to be sought. More that three decades since the normalization of Chinese-Japanese diplomatic ties, Japan's China policy has developed the aim of accommodating China into the regional order in Asia, as well as to the international community as a whole. This effort has manifested itself in areas such as the handling of historical issues and the provision of ODA. Since China itself understands that its current economic growth depends on foreign direct investment, it probably wouldn't be such a simple thing to break relations with either the United States or Japan.

But that does not mean that silence must be maintained, as it has until now, with respect to Chinese demands, many of which appear unreasonable to modern Japanese. If the governments of both countries are representing the anti-Japanese or anti-Chinese feelings of their people, then I believe that it would be more productive for each side to endeavor to build the relationships they feel are mutually necessary.

To be specific, the Sasakawa Peace Foundation is likely providing funding for the School of International Studies at Beijing University. Unlike Japanese government

[38] By one count the Japanese government has delivered apologies at least 17 times. See Brad Glosserman, "Blame enough to go around," *PacNet*, Number 18 (April, 2005), (http://www.csis.org/pacfor/pac0518.pdf).

ODA, there is nothing wrong with recommending improvements in curriculum based on private funding, or, rather, it would be best for the beneficiary of the funding to voluntarily decide whether to concur with Sasakawa's principles.

Also, Japanese companies are investing directly in China, although Chinese companies have not yet reached the stage of multinationalizing themselves to attract business in Japan. If opportunities for joint business projects by Japanese and Chinese companies are actively sought while using Japan's special economic zones to make it easier for Chinese companies to enter, Chinese will experience in ever greater numbers what it means to live in a society with a free economy. This will also lead to increasing reform within China itself. Of course, Japan should open its economy to invite Chinese investments.[39]

China-Japan undergraduate-level exchanges have come to be widely advertised. But a more mid-level exchange between the generations that will have responsibility for society into the future on both sides could include a broader base of participants than just scholars researching historical issues (something that Foreign Minister Li Zhaoxing is said to be actively considering at the foreign minister summit in April). Ample resources are available for effectively utilizing the know-how of others, such as technical experts and NPO organizers, who have already been building friendly personal relationships with their Chinese counterparts.

Bilateral relations in the new age. In one sense, the period of government-to-government diplomacy in China-Japan relations is over. As long as the relationship is between governments, no matter how useful the dialogue is said to be, it cannot rise to a level beyond social formality. In addition, if China were to repeatedly insist, in the name of dialogue and friendly relations, that history and politics be treated as an undifferentiated package, there will be no choices for Japan other than to either fall silent and remain as it has in the past at the first stage, or stall at the second stage, where it is now, continuing to criticize its counterpart.

One major difference between China-Japan relations and U.S.-Japan relations is the involvement of a wide range of business operations and other projects among industry, NPOs, various specialists and students, and so forth. In the development of relationships between nations, it is necessary to rely on the support that concerned actors provide for diplomatic efforts. This corresponds to the ideas put forward by Henry Kissinger in his work *Diplomacy*.[40]

When the crisis on the Korean Peninsula came to a head in the early 1990s, for instance, former President Jimmy Carter visited Pyongyang, relieving the crisis. Actors of

[39] Japan's Foreign Ministry recently started to advocate the idea of "Invest Japan," which tries to invite foreign firms' investment into Japan. Interestingly, the Japanese government did not open the economy to foreign firms even during the bubble economy. In this sense, Japan's Foreign Ministry and other parts of the bureaucracy came to understand various types of "symmetric" interdependence.
[40] Henry Kissinger, *Diplomacy* (New York: Touchtone, 1995).

comparable capabilities must certainly exist among Japanese political and business leaders. And making effective use of their personal relationships and specialized knowledge can be expected to be of great benefit.

Regional order-making in East Asia

China's behavior: China's hierarchy vs. China among equals. China has its intrinsic presence in the East Asian regional order. Geographically speaking, China is the only country in the region that has made a tremendous impact on its neighbors. For neighboring countries, there seems a hierarchy centered around China, and those who have learned Chinese history tend to emphasize this point. China has gained stability along its borders and has relinquished the upper hand vis-à-vis its domestic contenders because it has monopolized legitimacy and benefits from trade/tribute relations.

The opposite notion is that China has acted like France – that is, it has been always mindful of power games vis-à-vis an emerging and threatening power within China and its adjacent areas. It has thus been one among equals. From this perspective, the stability based on China's hierarchy should be fragile and temporary. China's potentially massive military forces are prone to intervene or to be intervened with, especially when a new political leader finds it necessary to demonstrate superior aptitude in exercising leadership.

Japan's (and the U.S.') behavior: balancing vs. bandwagoning. In response to the economic and political rise of China, there have been two different approaches in the realist school. One is to counterbalance the rise of China,[41] and the other is to join forces and lend support to (if not arm) the rise of China.[42] The former argues that given the overwhelming potential and actual threat China has been imposing, it is natural that countries join forces to counter the emergence of a regional hegemon. The latter predicts that given the defensive realist nature of the Chinese strategy for the foreseeable future, lending support to China is a safe bet.

For Japan, the choice depends on U.S. influence. Its globally hegemonic character makes the bandwagoning idea sound less convincing as China's adjacent countries are often part of the U.S. hegemonic umbrella. At least, China perceives U.S.-Japan security cooperation as an action balancing against itself.

However, not to be dismissed is the bandwagoning-like interpretation of economic interdependence. Lured by the ever expanding Chinese market, a huge number of business firms pour direct investment into China, especially from its neighbors. It is important here to distinguish between the language of business and that of power. Business uniformly bespeaks itself whereas power involves uniquely characteristic

[41] Avery Goldstein, *Deterrence and Security in the 21st Century: China, Britain, France, and the Enduring Legacy of the Nuclear Revolution* (Stanford: Stanford University Press, 2000).
[42] Robert Ross, *Negotiating Cooperation: The United States and China, 1969-1989* (Stanford: Stanford University Press, 1997).

expressions each time it is exercised. Sometimes business speak is convergent with power speak, but not always. Rather, the flow of foreign trade and direct investment into China might not be interpreted directly and singularly as leaning to the growth of a regional hegemon.[43]

U.S. commitment: alignment vs. distance. As stated, the U.S. hegemonic character makes bandwagoning sound strange as China's adjacent countries are often part of the U.S. hegemonic umbrella. Similarly its globally hegemonic character makes balancing sound slightly strange as their act of balancing vis-à-vis China is bound to be conducted along with the United States; that is, China may say that the U.S. ally's action is jumping on the U.S. bandwagon, an action triggered by the emergence of the Chinese threat.

On the other hand, its maritime orientation often leads the United States to adopt the policy of offshore balancing – not being deeply involved or engaged with continental power politics. Thus when the U.S. leans toward an isolationist stance, it temporarily ceases to be a power that counts.

Thus the U.S. is able to gain advantage through having a distance from Japan and China by detaching its commitment to East Asian security. Along with the above policy options of balancing and bandwagoning, the U.S. provision of a security umbrella will be the source of U.S. leverage if it comes to have a penchant for isolationist tendencies.

Distance	Alignment	
Off-shore Balancing	Containment (Balancing)	Engagement (Bandwagoning)

Preferred cooperation: formal institutions vs. informal networks. There have been two different kinds of methods for regional order-making in East Asia. One is concerned with formal institutional building, and the other emphasizes informal networking. Although both agree that Asia lacks the formal institutional mechanisms that will integrate the region, each has different approaches toward integration.

The former tends to be statist or institutionalist, and there is an emphasis on envisioning the capacity of potential members. For them, what is called loose open regionalism has effectively prevented the region from integrating itself. They suggest that East and Southeast Asia should learn from the Western Europe of the latter half of the 20th century to establish formal institutional mechanisms.[44]

The other argues that the excessive focus on formal institutions misses the point. Rather, informal networks function powerfully as adjusting mechanisms when formal

[43] Nancy Bernkopf Tucker, "If Taiwan Chooses Unification, Should the United States Care?" *Washington Quarterly*, 25-3 (Summer, 2002).
[44] Andrew Mack and John Ravenhill, *Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region* (Boulder: Westview, 1995).

institutions cannot be established.[45] Examples include Chinese cultural networks, Japanese *keiretsu* networks, and American PhDs. Given the strongly self-guarding nature of state institutions, and given the dynamic economies of the region, informal arrangements on the basis of networks among actors equipped with cohesion and flexibility do make a difference in adjusting to fast-changing environments.

In this approach, ad hoc pragmatic adaptation to changes is more important. As long as market dynamism (given demographic size, developmental momentum and high educational level) and the U.S. military presence (given the U.S. commitment with hegemony and non-isolationism) are associated with the region, pragmatic management rather than architectural construction should be given higher priority.

Conclusion

From the perspective of the balance of power game in East Asia, it is often said that common interests exist among U.S. allies (or the states under the U.S. security umbrella), and in this context, the allies need to deal with the rise of China.

I argue that amicable U.S.-China relations are good for Japan, since in the case of U.S.-China enmity, Japan will be caught in the middle of the Sino-U.S. relationship, and Japan will face an either-or choice between the two.

A conceivable picture of cooperation among China, the United States, and Japan is yet to be drawn, but the argument in this paper will provide some ideas for ways to think of future collaboration.

In East Asia, the momentum toward creating an East Asian community seems all but irreversible. The Bush administration should take a pragmatic approach to ensure its economic and strategic interests in the region, instead of using tough rhetoric. Some argue that the East Asian Community formally institutionalized by China would spell the loss of U. S. influence in the region, which both Tokyo and Washington never want to see.

Japan may need to act as a trans-Pacific bridge to ensure that a future East Asian community will be open, friendly, and cooperative with the U.S., while at the same time the security alliance with the United States will work for regional stability, the architecture of which should be open to China's participation. But a big challenge lies ahead for Japan before taking on that role.

[45] Peter Katzenstein and Takashi Shiraishi, *Network Power: Japan and Asia* (Ithaca: Cornell University Press, 1997).

Prospects for U.S.-Japan-China Trilateral Cooperation

by Randall G. Schriver

The United States, China, and Japan do not currently have a real "trilateral relationship." There are no routinized official trilateral interactions, and the prospects for initiating such activities seem remote. More accurately put, we have a "triangular relationship" defined by three, distinct and unique bilateral relationships, where bilateral discussions are often dominated by discussions about the "other country" not at the table. This distinction is more than semantics if one sustains the hope for strengthened trilateral cooperation.

The rationale near-term goal for leadership in all three capitals thus might be limited to the modest goal of seeking to strengthen the triangular relationship (which essentially translates to strengthening China-Japan relations, and shoring-up China-U.S. relations – the U.S.-Japan alliance is sound). There is surely much work to be done on that front. However, it should nonetheless remain a goal to move in the direction of developing real trilateral relations. Why? We will all be the lesser in the absence of trilateral cooperation. The U.S., China, and Japan represent in the Asia-Pacific region: the three largest economies, the three largest importers of foreign oil, the three largest defense budgets, the three largest contributors to greenhouse emissions, and the three largest investors in Southeast Asia. The above list could be longer. But the operative point is that failure to consult and/or cooperate among the three at best represents a loss of potential synergies in addressing a variety of challenges – and at worst, increases the potential for military tensions.

The primary purpose of this short paper is to identify potential building blocks for strengthening trilateral relations. I will endeavor to forward some useful thoughts on this subject in the following way – first, identify the primary obstacles and inhibitors to stronger trilateral relations; second, identify areas of potential opportunity; third, very specifically from a U.S. perspective, identify concrete actions the United States might take to improve the prospects for trilateral cooperation; fourth, again from a U.S. perspective, identify some steps we'd like to see China and Japan take; and fifth, some concluding thoughts on moving toward trilateral cooperation.

Primary obstacles and inhibitors

This could be a very short paper indeed – trilateral cooperation could conceivably be improved by leaders in each country agreeing to a Bush-Hu-Koizumi summit meeting – after which, each respective bureaucracy would follow suit by initiating further trilateral contact. Despite the compelling rationale for better three-way interaction, however, such a meeting has yet to occur, and the possibility seems quite remote. Before exploring potential opportunities and offering thoughts on a way forward, it is important

to understand what precisely is standing in the way – either as outright obstacles or as more subtle inhibitors.

China-Japan tensions. Though China and Japan enjoy robust trade relations, most officials on both sides would note the relationship is at or near its postwar nadir. On the surface, the issues that divide Beijing and Tokyo have to do with unresolved questions about their shared history. But there is likely more that is animating policy in both capitals than just a dispute over shrine visits.

If Tip O'Neil had it right, "all politics is local." Beijing, and increasingly Tokyo play a nationalism card at home for a simple reason – it works. Hu Jintao and Koizumi Junichiro have found eager, receptive audiences for nationalistic messages that often carry negative under tones about the other country. As long as their respective popularity is bolstered by such actions, it will be very difficult to reverse the trend.

On an even broader scale, the tension between China and Japan may not have as much to do with the past as it has to do with the future. It is fashionable to discuss the so-called "rise of China" in Asia today. However, it is important to note that China's evolution is unfolding at a time of other profound changes in Asia. The region is also witnessing the re-emergence of Japan. Japan is acting with increased confidence, a greater comfort in assuming new roles and missions, and is exploring the scope of what might constitute a renewed position of leadership in Asia. Throughout their very long respective histories, it has virtually always been the case that there has been clarity regarding the power relationship between China and Japan. At times China was the dominant power, and on occasion, Japan has been the stronger country. It is rare indeed that the two countries see one another as, and in fact are, equal powers. In terms of economic might, military capability, and diplomatic influence, China and Japan appear poised to share a co-equal power status in the near term. Co-equal status may not be a recipe for stability in the near term.

Uncertainties in the future direction of U.S.-China relations. President Bush recently referred to the US-China relationship as "very good, and very complex." This is an odd way to describe a relationship. However, it strikes me as a concise, even eloquent way of speaking about the unique challenge we face from China's ascent, and its more assertive participation in global affairs. Though we have quality and constructive interactions with China, our profound differences over such core value issues as human rights and religious freedoms prevent truly close partnership.

The United States and China are not just interdependent – there is "hyper interdependence" that absolutely links our economic and security well-being to one another. But this reality seems to do very little to temper consternation among many in the United States that China represents are greatest potential threat in the future. China has greater capabilities and a widening "tool box" available as the means to pursue its foreign policy goals. China is choosing deeper engagement and involvement with the outside world, and is increasingly effective at promoting its interests – even in the cases

where its interests clash with the United States, Japan, and other established powers. China seems focused on the accumulation of power and influence. The very essential questions related to Chinese intentions once it has acquired power and influence may be unanswerable, or even may be unknown to China's leadership.

Two against one? The third leg of the triangular relationship is also problematic – not because it is strained as well, but rather because it so strong. Though there are some uncertainties related to Japan's domestic politics (to be resolved in September), the conventional wisdom among Japan watchers in the U.S. is that the U.S.-Japan alliance has never been stronger than it's been in the last four years. This is actually an inhibitor with respect to the prospects for U.S.-China-Japan trilateral cooperation. How does one convince China to enter the room for dialogue with two other participants that are both democracies, like-minded on human rights, and closely cooperate on intelligence and military planning? The short answer is that China has not been convinced yet.

From China's perspective, national interests and national goals are likely more attainable in a bilateral setting or multilateral interactions with participation that exceeds the three countries – perhaps the worst of all scenarios is the prospect of negotiating against two allies who are closely knit on so many issues. These fears are exacerbated with recent experiences in multilateral dialogue where the U.S. and Japan seem tightly choreographed in positions.

Opaque military build-up. China's very aggressive military modernization efforts are paying off and China is achieving real military capabilities. China's buildup has primarily been driven by a single scenario – operationalizing the Taiwan challenge. The net result has been remarkable coordination among the critical communities within the military establishment – those that do acquisition, training, logistics, doctrine/strategy, etc. Historically, such coordination is a formula for militaries to get very good, very quickly. Further, even though capabilities are being developed with Taiwan in mind, these very same capabilities are transportable to other military missions that may directly impact Japan and the United States alliance.

Unease created by the PLA's success could be mitigated if China were more open about the ultimate direction of its efforts. The PLA remains a very opaque and secretive institution. Specifically, the PLA is still reluctant to make information available about its orders of battle, weapon systems, budget, pay scales, and personnel force structure. It is also extremely reluctant to open its bases and facilities for viewing by foreign defense delegations. This has contributed to mistrust and served as an inhibitor to better relations among the three countries.

Taiwan. Taiwan is a *sui generis* issue for China and deserves special and distinct mention. One should not underestimate the neuralgia among Chinese leaders on questions related Taiwan, and the implications for Chinese foreign policy. Whereas there may be a lack of clarity regarding China's overall strategic direction, there is complete clarity on the question of Taiwan. China does not tolerate suggestions that Taiwan is

anything but China's sovereign territory. This animates Chinese foreign policy in consequential ways and its behavior in the world. China uses foreign aid as an incentive to lure countries away from sustaining diplomatic relations with Taiwan. It pressures countries with which it has relations to avoid any positive interaction or engagement with Taiwan at all. And it uses its influence in multilateral and multinational organizations to isolate Taiwan as much as possible.

The sustained support of the U.S. for Taiwan under the Taiwan Relations Act, and the growing sentiments of support in Japan for Taiwan's plight is a great inhibitor to improved trilateral relations.

The others? There is another subtle inhibitor: if U.S.-China-Japan trilateral cooperation is the right answer, what precisely is the right question? How can meaningful discussions on energy occur without Russia? How can security issues be discussed without other treaty allies of the United States? Can counter-terrorism or counter-narcotics be addressed without representation from Southeast Asia? Could we (or would we even want) discuss the future of Taiwan without anyone present to represent the interests of the 24 million people on the island? A forced trilateral dialogue may be a solution in search of a problem – and it may make for complications with other countries who sustain meaningful roles in Asia.

Potential opportunities

Just as we can identify the many difficulties in promoting better trilateral relations, we can also see potential opportunities for the development of genuine three-way cooperation.

Energy. It has become a fashionable to discuss energy in the context of Asia as a growing problem. While it may be true that on the surface we see growing competition for a scarce resource, as well as some moves on the part of China that demonstrates a "zero-sum" mentality, it may also be true that energy security will ultimately prove to be an issue that draws the three countries closer together.

If addressed creatively, there may be an opportunity to recast energy security issues. Growing needs for energy creates not just competition – but also a range of shared interests. The U.S., China, and Japan have a growing shared interest in improved maritime security. There should be a convergence of views of nonproliferation and export control practices. And the three countries should share a keen interest in promoting stability in the Middle East, which remains the region with the greatest oil production in the world. Much substance could be pursued under the banner of energy security.

"Global" issues. As Wen Jiabao conveyed while visiting the United States in December 2003, any problem magnified by 1.4 billion people is a very large problem. Add Japan and the U.S. to the mix, and you have either the source of major global harm and

disruption, or the key elements to effectively addressing global challenges. Environmental degradation and inattention to infectious disease are not problems that can be confined to within any particular country's borders.

So-called global issues also tend to be politically more benign at home. Even the most fervent anti-China groups in the United States support combating HIV/AIDS in China. Japan and China are at loggerheads over many issues, but both share the view that SARS and avian flu should be addressed with the fullest cooperation. International crime, counter-narcotics, and environmental protection may be seen in the same light.

Trade and investment. The three largest economies in the world account for a huge percentage of global wealth. They are also increasingly interdependent with one another. Major economic success or downturn in the U.S., China, or Japan would have direct and near-simultaneous impact on the other countries. This should compel greater three-way cooperation. To paraphrase Benjamin Franklin speaking on the American Revolution, the U.S., China, and Japan "must all hang together, or assuredly shall all hang separately."

Counter-terrorism. The U.S, China, and Japan have all been victims of terrorism. As the three largest economies in the world, we have a convergence of shared vulnerabilities to potential terrorists. Major transportation elements, information systems, financial institutions, etc. are more prominent targets in the larger, modern economies. The U.S., China, and Japan can learn from one another, but also potentially benefit from greater operational linkages in the efforts to counter terrorist activity.

Trilateral cooperation within the existing multilateral institutions. Given the size of the respective economies, and the growing interdependence, the U.S., China, and Japan could increasingly emerge as three "like-minded" countries in a variety of existing multilateral organizations. Examples include APEC, the WTO, and the World Bank. Trilateral cooperation within existing multilateral organizations can serve as a confidence-building mechanism, and can enhance and highlight the need for even greater trilateral coordination outside the multilateral fora in question.

What can the U.S. do to strengthen trilateral relations

The aforementioned opportunities are simply that – opportunities. They require nurturing and pro-active policy measures for the three countries to enjoy improved relations. Further, the obstacles and inhibitors need to be addressed in some fashion to ensure the opportunities can be seized upon.

Positive engagement of China. It is essential that the leadership in the United States speaks with clarity about our vision for China, and that our actions match our words. Welcoming a China that is more influential/powerful, and welcoming China's active participation in regional and global matters in word and deed is critical for making the right kind of impact on Chinese leaders. This should not take away from our message

that we will seek to shape the environment, as well as be prepared to deal with China if it chooses an adversarial route. This objective requires a deft touch. Where we see "shaping the environment," China sees "containment." China will continue to face discrete decision points in the global arena that will impact U.S. interests, and those of our friends and allies. It is important that China sees incentive in making choices that lead it down a path of peaceful integration and benign competition. As part of our comprehensive engagement with China, we should directly address the global issues and energy security issues mentioned above.

Strengthen alliance with Japan, but enhance transparency on alliance and force posture. As China increases in importance, it might lead some to make sacrifices in our relationship with Japan in the hopes of accommodating China. That would be a mistake. The U.S. should welcome Japan's emergence as a more pro-active player in Asia, and we should grow more comfortable as an alliance in planning for future uncertainties in the security environment – China's posture in Asia very much included. At the same time, we should be mindful of China's legitimate security concerns and provide as much transparency on our own force posture, and alliance planning as possibility.

Transparency and clarity on Taiwan. I think it is highly unlikely the U.S. and China can reach a fundamental agreement on the Taiwan issue. However, we can strive for greater clarity, more predictability, and better communication which may minimize the risk to disruption to our relationship. As an issue related to our direct engagement of China, I also endorse sustained U.S. support for Taiwan. As stated, Taiwan is *sui generis* for Chinese leaders – it may even be viewed as a regime survival issue. I believe sustaining Taiwan's current status is of increasing importance to the U.S. as China emerges as a country with regional and global ambitions. Taiwan is a democracy, a free market economy, respectful of human rights and religious freedoms, a like-minded friend on matters related to counter-terrorism and combating proliferation, and a major investor in China. But the U.S. does not seek a crisis with China in the Taiwan Strait – and thus there may be reasonable limitations to our support which can be conveyed in an open, transparent manner to both Taipei and Beijing.

What the U.S. would like to see from China and Japan

As the saying goes, it takes two to tango – so it takes three to improve trilateral relations. Again, addressing the topic from a U.S. perspective, there are particular measures we can envision on the part of Tokyo and Beijing that might improve the prospects for trilateral cooperation.

Mutual efforts to improve bilateral relations. As stated the tension between China and Japan may less to do with the past than it does with the future. However, "history" is a reoccurring element when analysts look at divisions between the two countries. Tokyo has apologized for its past aggressions, but not in ways that are convincing to the Chinese government. This places the two countries in a cul-de-sac. Japan is tired of saying "sorry," and China feels as though it is the aggrieved party.

There have been various proposals to study the history issues (most recently a joint study was proposed by Foreign Minister Machimura last spring). Though there may be limitations on what academics and researchers can do to get at the core of the problem, a process that has mutual endorsement from both sides may allow for a "set-aside" period so that other challenges can be tackled.

China military modernization. China has the right to modernize its armed forces and a right to ensure its own security. However, steps it is pursuing to strengthen its security may ultimately prove to be counterproductive if they generate strong suspicions in the region, and contribute to an unhelpful rise in military tensions.

China has now published four Defense White Papers (1998, 2000, 2002, and 2004). This represents important progress. Thus far, however, the information contained in the White Papers is insufficient to alleviate regional concerns about China's growing capabilities and its strategic intent. Greater openness from the PLA will not only contribute to better understanding in the region, but it may ultimately be the key to China's peaceful rise.

Taiwan. Though China regards Taiwan entirely as an internal matter, its handling of Cross-Strait relations greatly impacts its relations with the United States and Japan. China has long pursued a coercive strategy to prevent the near-term independence of Taiwan, but has traditionally lacked a positive agenda toward the people of Taiwan that might make the notion of reunification, or some form of political association with mainland China an attractive notion.

China has begun diplomacy with the opposition party in Taiwan. While this is better than no dialogue at all, it is not sufficient for promoting better ties across the Strait. If China is able to find a way to re-establish a dialogue with the elected government on Taiwan, one of the major inhibitors to better U.S.-China-Japan trilateral cooperation may be mitigated.

The potential of moving toward genuine trilateral cooperation?

In the short-term, we might be better positioned if our hopes are for an improved "triangular" relationship rather than hoping for meaningful trilateral cooperation. Nonetheless, there is compelling rationale for trilateral cooperation and there are opportunities at hand. The question remains whether or not the desire and will exists among the leadership in all three countries to promote real trilateral cooperation.

To borrow from the language of statisticians, we need not just some of the necessary elements for trilateral cooperation to exist to get the desired outcome, we need the elements to be necessary *and* sufficient. Clearly, some of the necessary elements exist – there are real issues to discuss (energy security, global issues, counterterrorism, and trade and investment), there are potential costs associated with the absence of

trilateral cooperation, and there are identifiable, concrete steps each country could take to do their part in promoting trilateral relations.

The final element necessary to achieve the "sufficient" status is a decision in each capital that the potential benefits accrued from trilateral cooperation will outweigh the potential costs in each respective domestic political environment. This is both a straight-forward cost-benefit analysis, as well as an exercise in trust of the other parties. There would be perceived costs for all involved (e.g., overt trilateral cooperation might dampen Hu and Koizumi's ability to play the nationalism card, and may expose them to criticism at home). These are individual cost-benefit calculations that must be made, and are relatively immune from outside influence.

I suspect the environment is not ripe for all three to arrive at the conclusion that there is more to be gained than lost in overt trilateral cooperation. Thus, the focus for now is rightfully placed on "building blocks." The major building blocks have already been addressed in this paper and include – (1) steps by the U.S. to promote positive engagement of China, a strengthened and transparent alliance with Japan, and greater clarity and transparency with respect to Taiwan; (2) steps by Japan and China to work to set aside history, to improve transparency on China's military modernization; and to improve the cross-Strait environment; and (3) to work bilaterally, and within existing multi-lateral organizations to facilitate trilateral like-mindedness on issues such as energy security, global issues, trade and investment, and counterterrorism.

East-West Center
Pacific Forum CSIS
China Institute of Contemporary International Relations
Research Institute for Peace and Security

United States, Japan and China Relations:
Trilateral Cooperation in the 21st Century

August 15-17, 2005, Honolulu, Hawaii

AGENDA

Monday, August 15

8:30AM-1:30 PM Young Leaders: Tour of Pearl Harbor

6:00 PM Young Leaders Reception

6:30 PM Welcome Reception/Dinner (*Poolside*)

Tuesday, August 16

Breakfast at leisure at Padovani's Restaurant *(Lower Lobby)*
(coffee, tea and pastry served in conference room)

9:00 AM **Opening Remarks** *(Heliconia Room-7th floor*)

U.S.: Ralph Cossa/Ray Burghardt
China: Wang Zaibang
Japan: Seiichiro Takagi

9:15 AM **Session I: Perspectives on Global and Regional Security Issues**

Each country's analysis of the key issues in contemporary global and East Asian relations that impact their own national interests as well as trilateral relations, including but not limited to the North Korea crisis, war on terrorism, Taiwan, as well as opportunities for global cooperation. What are each country's views towards the development of a new East Asia regional architecture (e.g., the East Asia Summit)? What has changed since our last meeting in August 2004 in Beijing, and how have these developments impacted our respective policies and trilateral cooperation?

Chair: Ray Burghardt
Presenters: Japan: Soeya Yoshihide
China: Gao Zugui
US: Charles Morrison

10:30 AM Break

10:45 AM Session resumes

11:45PM Lunch *(Padovani's Restaurant-Lower Lobby)*

1:00 PM Depart for East-West Center

1:30 PM **Session II: Energy Security and Impact on Trilateral Cooperation** *(Burns Hall, East-West Center)*

How can Japan, China, and the U.S. prevent conflict or competition over energy resources from impinging on security relations, and in what ways might cooperative mechanisms assure energy supplies or additional resources? What is the extent of the role of energy in ongoing territorial disputes (e.g., East China Sea)? What are the options for energy strategies that each country might pursue?

Chair: Wang Zaibang
Presentations: Kang Wu, "Energy Supply/Demand Analysis in the Asia Pacific"
Ray Burghardt, "Political Issues and Conflicts from Energy Competition"
Discussants: China: Zhao Hongtu
Japan: Takagi Seiichiro

2:45PM Break

3:00PM **Session III: Issues in the Three Bilateral Relationships and Views from "the Other"**

Views from each country on current developments in the three bilateral relationships (US and China, Japan and China, and Japan and the US), including irritants and compromise solutions, as well as strengths and commonalities. Domestic political, economic, and social dynamics could also be addressed as motivators for foreign policy stances. Issues could include changing social attitudes in Japan toward a greater international role; the complexity of the "cold politics, hot economics" state of Sino-Japan relations; responses to China's growing regional and international economic weight; implications/next steps of Japan's National Defense Program Guidelines; implications of the U.S.-Japan "2+2" agreement; U.S. approach to the war on terrorism; the second-term agenda of the Bush administration; the impact/seriousness of global economic imbalances.

Chair: Seiichiro Takagi
Presenters: China-US: US: Bonnie Glaser
China: Niu Xinchun
Japan discussant: Soeya Yoshihide

Japan-China: Japan: Takahara Akio
China: Ma Junwei
US discussant: Brad Glosserman

Japan-US: US: Sheila Smith
Japan: Murata Koji
China discussant: Yu Bin

5:30PM Session adjourns

5:00PM Cocktails and Pupu Reception at Imin Garden, East-West Center

7:00PM Return to Hotel

Wednesday, August 17

Breakfast at leisure at Padovani's Restaurant *(Lower Lobby)*
(coffee, tea and pastry available in conference room)

9:00AM **Session IV: Identifying Building Blocks: Unilateral, Bilateral, and Multilateral Mechanisms for Strengthening Trilateral Relations** *(Heliconia Room-7th floor*)

What can each country do on its own to improve prospects for trilateral cooperation? What bilateral measures could be undertaken to foster trilateral cooperation? What policy issues are best undertaken at the trilateral level? What are the costs and risks of not cooperating? Are there obstacles in mainstream views to achieving new modes of cooperation? How do economic ties strengthen ties and overcome political differences? The goal is to identify specific building blocks that can be pursued unilaterally, bilaterally, and trilaterally to improve the three-way relationship.

Chair: Ralph Cossa
Presenters: China: Liu Bo
Japan: Go Ito
US: Randall Schriver

10:45AM Break

11:00AM Concluding Session: Wrap Up

12:00PM Lunch – *Padovani's Restaurant*

1:30-4:00PM Young Leaders Session

Dinner at leisure

East-West Center
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China Institute of Contemporary International Relations
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"United States, Japan and China Relations:
Trilateral Cooperation in the 21st Century"

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