From Triangles to Trilaterals: The Next Generation Views U.S.-China-Japan Relations

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Based in Honolulu, the Pacific Forum CSIS (www.csis.org/pacfor/) operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, DC. The Forum's programs encompass current and emerging political, security, economic, business, and oceans policy issues through analysis and dialogue undertaken with the region's leaders in the academic, government, and corporate areas. Founded in 1975, it collaborates with a broad network of research institutes from around the Pacific Rim, drawing on Asian perspectives and disseminating project findings and recommendations to opinion leaders, governments, and members of the public throughout the region.

The Young Leaders Program invites young professionals and graduate students to join Pacific Forum policy dialogues and conferences. The program fosters education in the practical aspects of policy-making; generates an exchange of views between young and seasoned professionals; promotes interaction among younger professionals; and enriches dialogues with generational perspectives for all attendees. Fellows must have a strong background in the area covered by the conference they are attending and an endorsement from respected experts in their field. Supplemental programs in conference host cities and mentoring sessions with senior officials and specialists add to the Young Leader experience. The Young Leaders Program is currently supported by the Freeman Foundation, the Luce Foundation and the Hon. Alfonso Yuchengco. For more details, see the Pacific Forum CSIS website, www.pacforum.org, or contact Brad Glosserman, director of the Young Leaders Program at bradgpf@hawaii.rr.com.

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The views expressed here represent personal impressions and reflections of the Young Leaders Program participants; they do not necessarily represent the views of the relevant governments, or the co-sponsoring or parent organizations and institutes.

Introduction

Few relationships are as complex and as confusing as the one that includes the United States, China, and Japan. The three countries interact on virtually every level and have shared interests and objectives across a range of concerns. They relate to each other as individual nations and within the various dyads: the U.S. and Japan deal with China through their alliance; Tokyo and Beijing eye Washington as their own relationship continues its downward spiral, and Tokyo has historically worried about its place when the U.S. and China build better relations. Stabilizing that triangle is a source of considerable concern among foreign policy specialists.

The role of the next generation is critical in this relationship. Certainly, no discussion of Japan-China relations is complete without devoting time and attention to their views. That was one of the rationales behind the creation of the Young Leaders program. At the Pacific Forum CSIS conference on "Strategic Goals in U.S., China, Japan Relations," an entire session was dedicated to presentations by Young Leaders to hear their thinking about relations among the three countries. Their paper assignment (the results of which make up this volume) was to determine which bilateral relationship among the three countries is, in their opinion, most important and what specifically those two countries could do to ensure good relations with the third.

A Young Leader from each of the three countries provided a brief summary of their paper for conference participants. They were: Ryo Sahashi, a PhD candidate from the University of Tokyo; Mary McCarthy, a PhD candidate from Columbia University; and P. Claire Bai, the 2005-06 Pacific Forum CSIS Vasey Fellow. All three are Young Leader alums. (Of the 13 Young Leaders who attended this meeting, six were joining for the first time; one has participated in nine meetings, another eight, yet another seven.) All agreed that the three countries share many interests and concerns and that cooperation is to be encouraged. Sahashi urged Tokyo and Washington to "engage China" and ensure that engagement is not whittled down to mean "contain China." McCarthy underscored that good China-Japan relations are critical to the realization of U.S strategic interests. Bai bemoaned how Yasukuni Shrine has become the focal point of China-Japan relations.

There was broad agreement among Young Leaders and "the elders" on all these points. Several participants suggested "a grand bargain" between Tokyo and Beijing to put the issue to rest once and for all, but there was little agreement on what it would entail. (For a complete summary of the discussion at the meeting, please see "Strategic Goals in U.S., China, Japan Relations," *Issues & Insights* Vol. 06, No. 9, which is available on the Pacific Forum CSIS website [www.pacforum.org]. The remarks that follow are from the Young Leader roundtable that followed the conclusion of the meeting.)

Despite Chinese protests that Yasukuni visits demonstrate insensitivity to Chinese concerns and are the biggest obstacle to better bilateral relations between the two countries, Japanese and U.S. participants remain convinced that there is far more at issue than trips to the shrine. If a prime minister decided not to go, then new bones of contention would come to the fore and tensions would remain. Clearly, trust is a very large concern. Several Young Leaders questioned whether the Chinese leadership had a short-term interest in using Japan as a focus of

domestic grievances. Some Chinese Young Leaders conceded that a small number of Chinese don't seek good relations with Japan and that having a scapegoat is convenient – but there is an equally small number of Japanese that seek to demonize China for the same reasons. Such people can be found in the U.S. as well. The key point is that they are a small minority, however.

In the conference discussion, and in the Young Leaders roundtable, the focus of debate was the U.S. role: can Washington help deal with this problem and, if so, how? One American warned that U.S. attempts to transform its alliance with Japan made Washington appear responsible for reshaping Japanese security thinking and seemed somehow complicit in the tensions between Tokyo and Beijing. He insisted that was not true, but he was underlining the image presented. A Japanese concurred, warning that Japanese policies encouraged others, the Chinese in particular, to think that Tokyo was "subservient" to the U.S. on such issues. Others highlighted the prominent role the U.S. has played in Japan's postwar history – especially in the immediate postwar years when it "shaped Japan's collective memory" explained one Young Leader – and therefore was obligated to be involved. Several Young Leaders suggested that the U.S. could provide a way for both parties to "save face," offering diplomatic cover for what is essentially a retreat from current positions. Discrete intervention could provide ways for a Japanese prime minister to not visit Yasukuni without appearing to bow to Chinese protests. That process could be used as a confidence building exercise.

Americans and Japanese argued the two governments should help China become a responsible stakeholder. They should use institutional frameworks to help set shared objectives. At the same time, however, a Japanese Young Leader cautioned against bringing values into the trilateral framework: such language, he argued, "clearly targets China."

An interesting corollary of the discussion of bilateral engagement was the notion that Japan, in this context, could not engage China on its own. A U.S. role was not only helpful, but necessary. This sense of vulnerability surprised many observers – and cuts both ways. As one Chinese noted, given the history, it is hard to believe that Japan genuinely fears abandonment by the U.S. but the apparent weakness in dealing with China underscores the validity of the fear.

One Young Leader suggested that other countries should take the lead in promoting reconciliation between Japan and China: ASEAN was one candidate. Others dismissed that idea, arguing the group was too weak and disorganized to play that role. Singapore tried to do that once and was roundly criticized for the trouble. A Chinese participant suggested that Asian community building could provide the framework. This would oblige Japan, China, and South Korea to overcome their differences to work on a specific agenda of mutual benefit.

Young Leaders also focused on the role of the business community in overcoming the "cold politics" of the bilateral relationship, but views were mixed. An American warned that "hot economics" might collapse under the tensions and several Japanese conceded that the business community's influence in Japanese politics was diminishing. To their credit, however, Japanese companies are taking the initiative to work on community relations on their own and are not relying on the government to do the work for them. The anti-Japan demonstrations in China in 2005 galvanized those efforts – but they also prompted a backlash and "feelings of betrayal" in Japan, reported one Young Leader.

The Young Leaders were troubled, but not discouraged, by the state of relations between Japan and China. They felt that both countries had more reasons to cooperate than to clash, even if they compete in several areas. Both governments need to make cooperation a priority: that requires a political decision at the highest levels of leadership. Fortunately, there are organizations and grassroots efforts underway to smooth relations. Absent a visible and strong signal from the top, however, those programs are likely to be frustrated. While Tokyo and Beijing are the main protagonists in this drama, Washington has a role to play. It should encourage both sides to see their long-term interest in working together and try to facilitate communication, cooperation, and coordination.

There Is More than Yasukuni

By P. Claire Bai

On the Northeast Asian chessboard, there are three major players: China, Japan, and the United States. Interactions among the three countries largely determine the overall strategic and security structure in Northeast Asia. Historically, China-Japan relations have been influenced to a great extent by their respective relations with the U.S. On the one hand, Japan, in the aftermath of World War II, followed U.S. East Asia policy and adopted its China policy accordingly. On the other hand, China has been pretty skeptical of the U.S.-Japan alliance and been cautious while trying to maintain healthy relations with both countries. Within this triangle, the most important bilateral relationship is China-Japan relations, which not only constitutes the most volatile side, but is also critical to the survival of the triangle and the maintenance of stability in the region.

The causes for deteriorating China-Japan relations lie in their respective strategic revaluation and reorientation. Some of the key questions the two countries are contending over include: 1) political status across the Taiwan Strait, which relates to the prevalence of democratic ideology in the region; 2) energy resources in the East China Sea, essential to each country's growth and development; and 3) influence over the Korean Peninsula as inter-Korean conflict diminishes, and by extension, influence in the region more broadly. As a major stakeholder in East Asia, the U.S. has practical and strategic interests in seeing healthy economic cooperation between China and Japan, as well as stable political ties between the two. China and Japan could ensure smooth relations with the U.S. by improving their bilateral relations.

Upon examining China-Japan relations, one is easily overwhelmed by reports of growing tension and feverish debates over historical disputes. It is troubling to witness, in the month of March, the two foreign ministers engage in a kiddy fight. Japanese Foreign Minister Aso Taro accused China of using female spies to seduce and blackmail Japanese diplomats and suggested that Taiwan's high educational standards were thanks to Japan's colonial rule. Then Chinese Foreign Minister Li Zhaoxing described visits to Yasukuni Shrine by Prime Minister Koizumi Junichiro as "stupid" and "not moral."[1] The next day, Aso commented to a parliamentary committee that Taiwan is a "law-abiding 'country'" and "a 'country' that shares a sense of values with Japan."[2] Consequently, Japan rejected a Chinese proposal for joint exploitation of gas fields around a group of contested islands in the East China Sea; Beijing rejected Tokyo's suggestion to explore in the area which the latter deems as within its maritime boundary. Soon after, Chief Cabinet Secretary Abe Shinzo commented that the Japanese government "decided to waive a plan to provide loans for the fiscal 2005, considering the current situation surrounding Japan-China relations."[3]

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[1] "Japan, China in new shrine row," BBC News, http://news.bbc.co.uk/2/hi/asia-pacific/4784716.stm, March 8, 2006.
[2] "Japan-China row turns to Taiwan," BBC News, http://news.bbc.co.uk/2/hi/asia-pacific/4789072.stm, March 9, 2006.
[3] "Japan to freeze China aid loans," CNN, http://www.cnn.com/2006/BUSINESS/03/22/japan.china.loans.ap/index.html, March 23, 2006.

Ideally, historical issues should be the "exit" instead of the "entrance" to bilateral problems. It is truly stupid for the two countries to allow historical burdens to overshadow prospects for bilateral cooperation; and it is ridiculous for the Yasukuni Shrine issue to top their agenda. Looking back, it was unfortunate miscalculation and miscommunication on the part of leaders in both countries that led to tension after Koizumi's first shrine visit in 2001. While Koizumi failed to give an explicit promise not to visit (which was translated by then Japanese ambassador to China as a commitment not to visit[4]), President Jiang Zemin failed to press for further clarification and instead, felt confident that they had reached a mutual "understanding." So after Koizumi's actual visit, President Jiang felt a loss of face to his Cabinet and the people. Consequently, Yasukuni became a flashpoint in bilateral relations, and the Chinese leadership again decided, as in its dealing with other political situations, to wait out Koizumi's term before official high-level dialogue between the two countries could be resumed.

As a key member in the triangle, the U.S. could contribute to ameliorating relations between China and Japan. Scholars have suggested the use of the State Department's International Visitors Program to bring together "Japanese and Chinese experts who specialize in the other country's affairs" to help "create new intellectual networks and generate specific ideas for improving trilateral relations."[5] But ultimately, it is the responsibility of the two nations that are in a diplomatic cold war to solve bilateral issues bilaterally, in order to maintain healthy relations with the U.S. as well as regional stability.

Proposals for the Japanese government

While ensuring that the strengthening of the U.S.-Japan alliance is its top priority, the Japanese government should understand that the U.S. has an interest in seeing good bilateral relations between Japan and China, that Washington would like to stay out of historical disputes in the region, and see less fuss over the Yasukuni visits. Japan needs to understand the importance of multilateral cooperation in regional affairs, as well as how the U.S. views such efforts.

Koizumi is considered to represent Japanese concerns regarding China's rise and uncertainties it might entail. He and his successors should realize, however, that China does not care whether his visits to Yasukuni give China the "moral high ground"; if he chooses to continue such visits, it will only reflect poorly on Japan's diplomacy and China does not really see incentives to bargain with Japan on this point. For the moment, it seems only feasible for China to place its hope in the post-Koizumi era. The Japanese government should take into account this expectation, and prepare its candidates accordingly, perhaps by using less ambiguous rhetoric in their campaign promises. Meanwhile, as a democratic society, the Japanese public could help advocate better China-Japan ties and thus indirectly influence Japan's China policy.

While it is true that there are many progressive scholars and political leaders in Japan who view historical issues from an unbiased perspective, it is also true that rightwing demagogues are usually loudest. This, combined with unbalanced media coverage, resulted in

[4] One participant's comment on the author's presentation at the Osaka conference.
[5] Kent Calder, "China and Japan's Simmering Rivalry," *Foreign Affairs*, Vol.85, Issue 2, Mar/Apr 2006, p. 138.

the fact that very few young people in China are aware of the existence of different views between leftwing and rightwing camps in Japan. Some Chinese scholars also complain that their criticism of the right does not always get to their intended targets; and ironic as it may be, it often is leftist scholars in Japan who stand up and participate in the debates.

In terms of improving public perception and understanding of China, it is helpful to promote tourism and exchange programs between the two countries. There are already exchanges at the high school and college level; and in September 2004, the Japanese Embassy in Beijing began a visa waiver program for Chinese elementary, secondary, and high school students participating in educational exchanges in Japan for a month or less.

For regular tourism visas, however, Japan would really benefit from abandoning the Cold War mentality and simplifying the application process. It is a bit surprising that Japan still reserves exhaustive visa application procedures for nationals of China, Russia, and the Newly Independent States (NIS). On this special list, applicants of these countries are required to submit a total of 14 items; six of those documents must come from their "guarantors" in Japan.

Nonetheless, it is heartening to see that despite an atmosphere of "cold politics," communication at the grassroots level is as hot as ever. *Asahi Shimbun* started on April 3 a new column titled "Bridging the Gap," in which people with extensive cross-cultural experience in Japan and China discuss their work, problems between the two countries, and hopes for the future. The first of the series was an interview with singer and songwriter Tanimura Shinji, whose song "Subaru" has "found a home in the Chinese hearts."[6] In the interview, Tanimura-san mentioned that he and his students had been so invigorated creating music together that even at the peak of anti-Japanese demonstrations in Beijing, Shanghai, and other major Chinese cities in the spring of 2005, his relationship with his students remained warm. In his own words, when he tries to create better music with the students, he is "least conscious about nationalities."

Professor Kagami Mitsuyuki from Aichi University once commented that from around 1975 till now, there seems to have been a crisis of faith in Japanese society; antiwar demonstrations and other such movements pretty much disappeared in Japan. Japanese people no longer want to express their opinions in public, and this gives a negative impression to Asia and the world. He thinks that this passiveness essentially helped Koizumi's agenda, i.e., the silence of the majority facilitated continued Yasukuni visits. Perhaps it is time that educators in both countries encourage young people to be braver and speak up for their beliefs and take actions. It is time for the youth to have voice.

Proposals for the Chinese government

To improve relations with Japan, China should be particularly aware of the U.S.-Japan alliance and its impact on Japan's China policy, as well as be alert and not to allow the Japan factor (or the entangled Taiwan factor) to impede U.S.-China relations. The Chinese government should better manage and control the surge of nationalism in China, which might have very

[6] "Too busy making music to want to fight," Asahi Shimbun (English), http://www.asahi.com/english/Herald-asahi/TKY200604030121.html, April 3, 2006.

negative implications for both Japan and the U.S. The public often views relations with the U.S. from a strategic point of view; but when it comes to Japan, they cannot help being emotional.

The Chinese government should realize the consequences and the image of itself that is projected by playing the "Yasukuni card" without constraint, and tone down the fuss over shrine visits. Historical issues between China and Japan are not just about Yasukuni Shrine. Rather, it is about the message conveyed by Japanese prime ministers' worship of Class-A war criminals whose "spirits" were "transferred" to Yasukuni in 1978 and about resolving historical problems that carry over into postwar years, such as the poisonous gas left by the notorious Unit 731 that continues to plague residents of northeastern China, and multidimensional compensation for the "comfort women" who live in destitution and disrespect even today.

The Chinese government might not be aware that Yasukuni has become a popular site for international tourism. The museum that showcases a blatant exhibition of utterly distorted historical views recently terminated its free admission policy and started charging an 800 yen ($8) entrance fee, 16 times that of the Hiroshima A-Bomb Peace Memorial (which is only 50 yen). This is by no means a phenomenon that the Chinese or the Korean governments have intended to encourage!

While the resumption of high-level strategic dialogue between China and Japan is the key to mend relations, timing does not favor this approach. The Chinese leadership should try to be more understanding and willing to sympathize with Japan. It is sad that we do not have a "Japan school" in the Chinese Foreign Ministry or within the politburo, playing similar roles to that the "China school" of the Japanese MFA played at the beginning of normalization of relations. The current Chinese leadership should be more forward-looking, and devise and implement foreign policies that are beneficial to its national interests and the region in the long term. It would be helpful if they could review and study Premier Zhou Enlai's Japan policy in the 1950s and '60s, of which some ideas such as "politics and economics are integrated parts of China's Japan policy" are still very relevant.

Additionally, China can benefit greatly from trying to appear more transparent in its military budget, its intention to research and develop an aircraft carrier fleet, etc., even without actually revealing its vulnerabilities. It is a diplomatic skill set that Chinese political and military leaders need to cultivate. This also opens a door to cooperation with their Japanese counterparts. Ultimately, the key to building confidence between the two countries lies in the signals they send each other. If China could learn to more gracefully express its peaceful intentions and show its neighbors the highly cultured aspects of China's rise, it would significantly reduce hostility among the Japanese public and restore its friendly image.

Lastly, the Chinese government could invite Japanese school students to visit WWII memorials in major Chinese cities like Beijing and Nanjing to help foster in the youth a different perception and interpretation of history. It might also be interesting to bring Chinese students to the Hiroshima and Nagasaki A-Bomb Peace Memorials and maybe even Yasukuni (although that would risk creating controversy within China) so that they can see for themselves how the rightists distort history of the war period and to help them become familiar with wartime suffering in Japan. At the same time, the government should be conscious of and keep

encouraging imports of Japanese cultural products, as well as promoting study of the Chinese language, etc. in Japan, to keep building bridges at the grassroots level.

Japan's Role in East Asian International Relations

By Chijiwa Yasuaki

Although the communist system collapsed at the global level at the end of the Cold War, remnants remain in East Asia. In this situation, questions surround China's role as a responsible regional power, given its rapid rise in recent years. As a key player, Japan, another great power in East Asia, and the United States, which assumes responsibility for East Asian security and has key interests, have encouraged China's evolution into a responsible power. Japan and the U.S. have retained their alliance over a half-century and share fundamental values such as freedom, democratic political systems, market economy, rule of law, and respect for human rights. Professor Mike Mochizuki of George Washington University argued there has been a convergence between Tokyo and Washington on the China problem: they agree that China should moderate its military modernization and restrain the use of force; they encourage transparency and predictability about rules and norms for doing business with China, strengthening the rule of law and liberalizing the Chinese political system, and peaceful management and resolution of the cross-Strait conflict.[7] Japan and the U.S. set these goals as a common strategic objective in February 2005. Although Japan has been more hesitant to confront Chinese military power than has the U.S., this divergence is shrinking in recent years because of Japan's realistic approach to security matters since the 1990s (which is related to unstable East Asian international relations, especially the North Korean nuclear threat). It is indispensable for Japan and the U.S. to cooperate and invite China to join a free and democratic international community. The trilateral relationship between Japan, the U.S., and China should be managed by fundamental values, at first.

Japan's role in East Asian international relations

To help this process along, Japan should not be an onlooker. One can be confident that the U.S. will always pay attention to East Asia. Originally, the George W. Bush administration paid great attention to relations with China. However, after the Sept. 11, 2001 terrorist attacks, the Afghanistan war, and the war on Iraq in 2003, the U.S. has shifted attention to the Middle East and South Asia, which are strategic bases in the war against terrorism. The mainstream media in the U.S. also devotes considerable time reporting about Iraq. Moreover, Japan can play a role as a mediator if U.S.-China relations deteriorate. Japan's conventional approach to China was based on a separation of politics and economics and has a history of economic assistance to China, unlike the U.S., which focused on China's human rights and democracy. After the Tiananmen Massacre in 1989, the Japanese government was hesitant to stop assistance to China and tried to avoid China's international isolation. Third, Japan should avoid being isolated within the trilateral relationship. Japan has a memory of Bill Clinton's China policy which "by passed" Japan in the mid 1990s. Such a move is not unprecedented. In 1971, Richard Nixon abruptly visited Beijing without any consultation with Japan. In other words, Japan should take the initiative in East Asian international relations and that would coincide with Japan's national interest.

[7] Mike M. Mochizuki, "Term of Engagement: The U.S.-Japan Alliance and the Rise of China," Ellis S. Krauss and T. J. Pempel eds., *Beyond Bilateralism: U.S.-Japan Relations in the New Asia-Pacific* (Stanford: Stanford University Press, 2004), p. 88.

The Koizumi administration's flawed China policy

Japan-China relations are far apart and there is little hope for a strategy in which Japan takes the initiative to get China to participate in the international community while cooperating with the U.S. Prime Minister Koizumi Junichiro repeatedly visited Yasukuni Shrine, which houses Japanese Class-A war criminals. Foreign Minister Aso Taro's remarks about China have also contributed to the deterioration of Japan-China relations. Of course, Japan has to pay attention to China's use of historical problems as a diplomatic card. However, Koizumi has paid the price for his personal principles. Even if he believes that he will end Japan's "apology diplomacy," it doesn't seem to be working. Japan has already "apologized" to China in the communiqué on the normalization of relations that Japan and China released in 1972 and in the Resolution by the House of Representatives to mark the 50th anniversary of the end of World War II in 1995.[8] Japan should end its apology diplomacy by explaining that the Japanese government has already apologized many times. Koizumi's visit to Yasukuni Shrine sends the signal that Japan is not sincere. This incorrect impression damages Japan's national interest.

Japan-China vulnerable ties and Japanese domestic politics

This situation is related to Japanese domestic politics. First, the leftist Social Democratic Party (*shakaiminshuto*), which had strong connections with China, lost Diet seats and influence in Japanese diplomacy. Before Japan-China diplomatic normalization in 1972, this was an important unofficial channel between Japan and the communist government in Beijing. Second, pro-China representatives within the ruling Liberal Democratic Party have declined. The Hashimoto faction (today known as the Tsushima faction), which succeeded the group of Tanaka Kakuei-led politicians who carried out Japan-China diplomatic normalization and contains many pro-China representatives like Nonaka Hiromu, was defeated in a power struggle with Koizumi.[9] Third, Japanese public opinion changed its stance toward China. As Professor Ijiri Hidenori of Tokyo University of Foreign Studies noted, Japanese adopted the "low posture" approach to China because it retained a sense of guilt in relation to China.[10] Older generations, which knew of the Japan-China war in the 1930s and 1940s and sympathized with China, left the frontline in Japanese society. In addition, China's nuclear test in 1995, President Jiāng Zémín's speech during his visit to Japan in 1998 (he referred to historical issues before the emperor and the Japanese public regarded this as a discourtesy) aggravated Japanese sentiment toward China.[11]

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[8] See Kitaoka Shinichi, "The Folly of the 50th-Anniversary Resolution," *Japan Echo* (autumn 1995), pp. 67-69. The former document contains the passage, "the Japanese side is keenly conscious of the responsibility for the serious damage that Japan caused in the past to the Chinese people through war, and deeply reproaches itself," and the other mentioned that "solemnly reflecting upon many instances of colonial rule and acts of aggression in the modern history of the world, and recognizing that Japan carried out those acts in the past, inflicting pain and suffering upon the peoples of other countries, especially in Asia, the Members of this House express a sense of deep remorse."

[9] See also Benjamin Self, "China and Japan: A Façade of Friendship," *The Washington Quarterly* 26:1 (winter 2002-2003), p. 78.

[10] Ijiri Hidenori, "Sino-Japanese Controversy since the 1972 Diplomatic Normalization," *The China Quarterly* 124 (December 1990), P. 640

[11] See Japanese Prime Minister's Office, *Gekkan Seron Chosa* [monthly public opinion survey], June 2002, p. 16.

In other words, the influence of Japanese constituents who supported Japan-China friendship has declined. In this situation, Japanese political leaders should pay attention to communications between Asia's two great powers.

Conclusion

We could not (or should not) expect a breakthrough of leftist parties or the revision of factions within the LDP and it is increasingly important for top leaders to lead in foreign policy. Accordingly, it is indispensable to consider Japan-China relations when selecting the next prime minister (Koizumi will step down this fall). Moreover, public opinion and the media should reconsider their stance. For example, in the 2005 Japanese Diet election, many concentrated exclusively on postal reform. Japanese diplomacy in East Asia was not an issue in this historic victory by the LDP. One should discuss not only diplomacy in national elections, the approval or disapproval of the prime minister's visit to Yasukuni Shrine, but also a long-term strategic perspective on Japan's role in East Asian international relations.

There are three possible ways to reconstruct Japan's role in East Asia. First, Japan should cultivate experts who support ties between Japan and China. They will send messages on Japan's policy and position to China and China's policies to Japan. Not only politicians and bureaucrats but also scholars, journalists, businessman, and NGOs members are expected to play a role as a bridge for Japan and China. On the educational level, both countries should endeavor to teach other's language, culture, and history. Japan-China relations must be managed on multiple levels. Second, Japan should promote trilateral dialogue on the relationship between the long-term democratization of China and the peaceful resolution of conflict between China and Taiwan. Institutional dialogue helps facilitate understanding. Of course, specialists on Japan-China relations would help realize and develop these dialogues. Third, there should be strengthening of the Japan-U.S. security alliance as a mechanism to promote stability in East Asia. Regarding the realignment of U.S. military forces in Japan, many media in Japan discuss only one aspect – the reduction of Okinawa's burden. That is an important point, but the Japanese government should remind the public that the U.S. military presence contributes to East Asian peace and stability. In the discussion of the realignment of the U.S. military in Japan and East Asia, Japan should promote unification between Japan's Self-Defense Force and the U.S. military, the effectiveness of military operations, and technology cooperation including missile defense. Japan (and the U.S.) also should explain to China that Japan-U.S. security cooperation would coincide with China's interest because of its contribution to East Asian stability.

Japan's mission would be to construct ties with China, as Japan could influence Beijing and help it become a responsible power through cooperation with the U.S. For this purpose, the Japanese government must first reconsider its China policy as soon as possible.

What Shapes the Triangle?
Strategic Priorities and Trust in U.S.-Japan-China Relations

By Leif-Eric Easley

A joke recently made its rounds of the East Asia conference circuit, likening the U.S.-Japan relationship to a marriage. The punch line – something about China being the mistress – at first got a few laughs, but the more one thinks about it, the less funny it becomes. The question is often asked: what is the most important bilateral relationship in East Asia, U.S.-Japan or U.S.-China? This essay addresses the question in three parts. First, I outline the key issues that cause this question to be so frequently asked. Then I argue what really shapes the U.S.-Japan-China triangle is not the relative importance of bilateral relations, but national strategic priorities and bilateral trust. Finally, I consider challenges for international trust discussed at the Trilateral Security Seminar in Osaka and how these might be overcome.

Debates over the relative importance of the United States' relations with Japan and China raise three groups of vital issues:

- *Japan's fears of abandonment and entrapment*

Long at issue in the U.S.-Japan alliance are abandonment fears from the "Nixon shock" to President Clinton's "Japan-passing," and entrapment fears from Vietnam to the present day where "areas surrounding Japan" may include Taiwan. On the one hand, Japan worries about being left out as the U.S. engages China. On the other, Japan worries about being dragged by the U.S. into a conflict with its continental neighbor.

- *China's increasing significance in international affairs*

For a long time Japan was the ascending power that had to be reckoned with. Now, all eyes are on China. With the rapidly growing Chinese economy and commensurate military and political influence, policymakers, business leaders, and academics have shifted their focus to U.S.-China relations. Meanwhile, China is consciously stepping into the spotlight, demanding international respect and attention.

- *The U.S. role in East Asia*

The relative importance of U.S.-Japan and U.S.-China relations also raises questions about the U.S. role in the region. Is that role primarily to stabilize the political-military environment? Is the U.S. Cold War role giving way to one focused on expanding trade, increasing investment, and opening markets? What about spreading freedom by promoting democracy and human rights?

These issues warrant all the attention analysts can muster. But while the question of weighing bilateral relationships raises such vital points, the labeling of either U.S.-Japan or U.S.-China relations as more important than the other sounds to me like playground politics. "You're my best friend, even better than my other best friends." "I pick you first to be on my team."

Playground politics reflect human needs for affirmation for feeling secure and proud. States, made up of and led by people, exhibit similar behavior. In fact, psychological approaches have taught us much about international relations by focusing on the fears and reputations of states.[12] Important as fear and reputation may be, I argue it is necessary to dig deeper than playground politics because the U.S.-Japan-China triangle is most shaped by strategic priorities and trust.

The strategic priorities of the U.S., Japan, and China apparently have a good deal in common concerning regional stability. The free flow of goods and services, the confidence of investors, and the low costs of cooperation that come with stability are so valuable to these economies that the three governments can be considered locked in the same car on the same road.[13] Each government wants good relations with Southeast Asia, wants to minimize the threat of terrorism, wants a peaceful resolution to the North Korean nuclear crisis, wants free navigation of the seas, and so on. Many contentious issues, from currency revaluation to trade imbalances, even access to natural resources, can be approached in positive-sum terms if based on shared strategic priorities. The outlying matter is Taiwan, as the island's sovereignty appears zero-sum, at least for the time being. But even on this issue there is cooperation in the form of coordinated restraint because the U.S., Japan, and China prize stability.

In terms of present strategic priorities, the triangle may be a tight equilateral, to the benefit of all three parties. When it comes to long-term strategic goals however, there is much less agreement. To put the questions bluntly: what are the boundaries of Beijing's ambitions for greater national strength? China as a regional power? Global power? Superpower? What will Japan's new international role look like once it fully unfolds? Humanitarian aid leader? UN peacekeeper? Coalition of the willing supporter? War-fighting ally? How willing is the U.S. to share global political influence and leadership? Is it ready to accept a more independent Japanese foreign policy? Is it prepared to compromise with Chinese interests? Competing designs on the future present great uncertainty, and this is where trust becomes critically important. These questions are not nearly as much a problem for states that trust each other. Simply put, trust is shaping the U.S.-Japan-China triangle. The U.S. and Japan trust each other, whereas the U.S. and China and Japan and China do not.[14] This is a loose isosceles triangle that is not as cooperative or beneficial as it could be. Why is this so and what can be done about it?

Lack of trust can be attributed to three factors: unresolved historical antagonisms, unclear present intentions, and undeveloped common vision for the region's future. The first involves

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[12] The classic example is Robert Jervis, *Perception and Misperception in International Politics*, Princeton University Press, 1976; Jervis is especially known for his work on security dilemmas motivated by fear of vulnerability. For an argument about the limits to which reputation matters, see Jonathan Mercer, *Reputation and International Politics*, Cornell University Press, 1996. For extensive coverage of psychological applications, see Rose McDermott, *Political Psychology in International Relations*, University of Michigan Press, 2004.

[13] I have previously used this metaphor to mean that the U.S., Japan, and China have no choice but to deal with each other and avoid military conflict (locked in the same car) and are inexorably tied together by the process of globalization (on the same road).

[14] For recent insights on trust in international relations, see Andrew H. Kydd, *Trust and Mistrust in International Relations*, Princeton University Press, 2005; and Aaron M. Hoffman, *Building Trust: Overcoming Suspicion in International Conflict*, State University of New York Press, 2006.

legacies of the Pacific War, accusations that Japan has not atoned for its imperial past, charges that the Chinese Communist Party has not come clean about its actions, and sentiment that the U.S. is responsible for the division of the Chinese nation. Unclear intentions surround China's nontransparent and large-scale military modernization and the post-Cold War upgrade of the U.S.-Japan security alliance. Finally, there is no common vision for the region's future: will it be a free trade area? Will there be a unified Korea? Will Taiwan receive international space and recognition? Will the people of Asia enjoy freedom with human rights protected under the rule of law? Will ASEAN speak with a single voice? Will China reassume its traditional role at the center? There is simply no clear vision for the region; Cold War lines die hard in East Asia.

What can be done about this, what are the policy implications? Common prescriptions place responsibility squarely on Beijing's shoulders: China needs to explain its military modernization, become more transparent, and move toward democracy. This is a rather asymmetric roadmap. It is also important that while Japan and the United States reform their alliance for new roles and missions in a new security environment they must also ensure that the alliance provides assistance and not obstacles to bridging regional divides.[15] Increasing economic integration is producing more productive interactions and greater common interests that can build trust. As the U.S., Japan, and China together belong to more international institutions and accumulate a longer history of cooperation, they will build trust. But what is most important to increase trust, and what is most urgent for stabilizing triangular relations, is the better management of nationalism.

State leaders must not rely on divisive nationalism that devalues the other for the sake of their own legitimacy. This is a major problem as China fills the hole left by communism with nationalism, as Japan fills the hole left by its economic miracle with nationalism, and as the U.S. responds to internal frictions from globalization with economic nationalism (patriotic protectionism). Nationalism must be tamed and national histories made more balanced to build trust in the region and constructively refigure the U.S.-Japan-China triangle. Until then, it is most likely that the U.S.-Japan relationship will remain closer and deeper than that between China and the U.S. Closer and deeper relationships based on trust are more important to maintain and more important when it comes to engaging in serious policy coordination. On the other hand, the U.S.-China relationship is the most important in the world to carefully manage and develop. There is simply too much at stake.

This was clear at the Trilateral Security Seminar in Osaka where the value of good working relations was emphasized and much time was spent discussing issues of trust under the subject headings I outlined above: unresolved historical antagonisms, unclear present intentions, and undeveloped common vision for the region's future. Under historical issues, the focus was the Japanese prime minister's visits to Yasukuni Shrine. These visits appear to be increasing nationalism in which Japanese and Chinese demonize the other and each side sees their nationalism as reacting to the provocations of the other. Because the way a nation deals with the past suggests how it will behave in the future, Yasukuni has become a source of distrust and a virtual diplomatic wall that keeps Japan and China from talking at the highest levels.

[15] Leif-Eric Easley, "Avoiding Cold War II: Upgrading the U.S.-Japan Alliance and Bridging Regional Divides," Pacific Forum CSIS, *Issues & Insights*, Vol. 6, No. 6 (March 2006), pp. 63-68.

Discussion of unclear state intentions included three major points. First, if it becomes clear that Beijing's moral-historical confrontation with Tokyo is strategic, this raises serious questions about China's peaceful rise. Second, third parties inevitably infer something from the friends you keep (a reference to Beijing's relationships with particular regimes in Africa, the Middle East and Central Asia). Third, comments were made about increasing military capabilities, their purpose, and the transparency of defense spending programs. Such questions about intentions tend to focus on China but we must also consider interpretations of Japanese and U.S. intentions regarding Japan's Article 9 debate, the U.S. democracy promotion agenda, and the two countries' upgrade of their security alliance.

Conference sessions addressed the undeveloped common vision for East Asia's future in three parts. First, several major paradigms were outlined: U.S. hegemonic stability, China's new security concept, and ASEAN-driven regional integration. Where these (and other possible visions) overlap or conflict have important implications for trust. It was pointed out that Franco-German trust-building and reconciliation were embedded in European regionalization, suggesting that better Sino-Japanese relations may require a deeper institutional context, especially given the current historical experiment of simultaneously strong Chinese and Japanese nations. This fed into a second discussion about East Asia community building where attention focused on the role of values. Two camps – one arguing that community building should proceed based on shared interests with value systems finding "harmony in diversity" and the other arguing that community building without shared values would ultimately be shallow and lead to conflict – demonstrated the mutual distrust of various political systems. Third and finally, there was discussion of regional leadership where U.S., Japanese and Chinese participants all played down the possibility that their country would be the regional leader. All appeared sensitive to the fact the other two may not trust their country in a position of greater leadership.

The conference was thus rich in discussions of trust issues in Northeast Asia and compelled me to add two additional points to my analysis: that national pride must be viewed in more positive-sum terms and that leaders must exercise the political will necessary for better relations. While mistrust may be deep-seeded in identity issues, nationalism can be better managed and governments can focus on complementary national comparative advantages instead of attacking the worth of another country. Overlapping strategic visions can be acted upon by leaders only if they are willing to step out of the corner they have painted themselves into.

It is not surprising that participants at Japan-U.S. bilateral meetings cite their relationship as the most important, or that Sino-U.S. relations are labeled the most important at their bilateral conferences. It is not even surprising that the same individuals make these claims at both conferences! Nonetheless, we must get beyond "playground politics" to what will really shape the security landscape in East Asia: the strategic priorities of states and the trust among them. The U.S., Japan, and China need to pursue their strategic priorities in ways that avoid conflict and build trust. It's not so funny to think of U.S.-Japan-China relations as a love triangle. Love triangles usually end up badly. I prefer to think of the three countries as traveling together on a road trip. Locked in the same car together, it's just a matter of whose turn it is to drive, who packs the sandwiches, and who is willing to stop and ask for directions.

Sino-Japan Relations: Sign of Improvement?

By Fan Li

The year 2005 was the worst period for Sino-Japan relations since 1972: massive protests in China against Japanese Prime Minister Koizumi and his Cabinet members' visits to Yasukuni Shrine deepened the conflicts between the two nations. Japan's requests for top-level dialogue have been continually rejected by Beijing; and Vice Prime Minister Wu Yi's sudden cancellation of her meeting with Koizumi during her visit to Japan during the summer didn't make sense to most Japanese.

There have been a few signs of improvement in the past three months; Japanese Economy, Trade, and Industry Minister Nikai Toshihiro visited China in mid February, seeking to ease the current situation by strengthening trade ties. During Nikai's stay in Beijing, Chinese Premier Wen Jiabao met with him, the highest-level dialogue between the two sides in the past two years. The Chinese and Japanese ruling parties also launched their first-ever meeting under the China-Japan Ruling Parties Exchange Mechanism in Beijing; it too aimed at repairing strained ties. The mechanism was adopted in 2004 by the Communist Party of China (CPC) and Japan's ruling coalition, the Liberal Democratic Party (LDP) and Komei Party. The LDP's number three leader Hidenao Nakagawa headed the eight-member delegation; participants from Japan expressed anxiety over the current situation. They pledged to continue communication with the CPC to explore practical and concrete measures to break the current deadlock.

Frustrated by slow progress on the government side, strong voices can be heard in Japan calling for improvements in China-Japan relations; the media and grassroots pioneers with cross-cultural experience are taking the lead.

Since last summer, Japan's top two newspapers have called on the government to create a new war memorial to settle the controversy over Yasukuni Shrine. The *Asahi Shimbun* pointed out in an editorial that a new, non-religious war memorial was the most suitable place for Japanese people, including its prime minister, to honor the country's war dead. At the same time, the *Yomiuri Shimbun*, the country's top-selling newspaper, said in an editorial that if it is difficult for Yasukuni Shrine to enshrine Class-A war criminals separately in the light of Shinto doctrine, the only way to solve the problem lies in building a national memorial that is non-religious.

As the traditional rival of the liberal *Asahi*, *Yomiuri* has long been seen as a conservative, center-right newspaper. Thus, it came as a surprise when the *Yomiuri*'s founder and editorial chief Watanabe Tsuneo began expressing highly critical views of Koizumi's visit to Yasukuni last summer. At the same time, he initiated a series of articles on Japan's war responsibility in the *Yomiuri.*

In a recent *TBS* interview, Watanabe argued that with 14 Class-A war criminals enshrined there, Yasukuni is for Asians as unforgivable as a memorial to Hitler would be to Europeans. It can only be seen as a symbol of Japan's wartime claim that it had a divine right to rule the region. He feels that time is running out and that he is one of the very few remaining persons in the old guard who still has power to influence Japanese politics and popular opinion on this

issue. “This is a very crucial time for Japan; all media, whether left or right, should stand together. It is unacceptable that the personal decision of Mr. Koizumi supported by very few people is causing big damage to Japan.”

At the same time, some Chinese with cross-cultural experience are taking the lead to address the issue on a practical level. Duan Yaozhong, founder of *Riben Qiaobao, Chinese Daily Japan*, announced the establishment of a Center to Promote Japan-China Exchange last month. Living in Japan for almost half a decade, Duan used to be the editor of *China Youth Daily* (Beijing). With a wide network and great passion, *Chinese Daily Japan* (CDJ) has published around 40 books on China-Japan relations in two languages since it was established in 1995.

Along with the establishment of the Center, Duan announced 10 creative initiatives to promote China-Japan relations in mid March and is calling for support from the wider public. This list includes:

- Launching a forum for Japanese and Chinese politicians who have lived and studied in each other’s country. The forum will meet each year in Tokyo and Beijing. Duan has identified 15 congress members in China with the required background.

- On March 10, *CDJ* organized a seminar in Beijing for Pan Qinglin (member of the China People’s Political Consultative Committee) on Sino-Japan relations. Pan studied in Japan 20 years ago as a self-supported student. During the seminar, he showed a New Year’s Greeting Card in Chinese from Abe Shinzo to Chinese President Hu Jintao. Kan Naoto of the Democratic Party of Japan has also shown great interest in this initiative.

- Launching a forum for China-Japan women journalists. There a number of women correspondents in both countries. Duan believes that they usually have open and fresh views from a grassroots prospective on society and people’s lives.

- Publishing a directory of Chinese PhDs who received their degrees from Japan.

- Publishing a directory of Japanese living in China as the second step of “Chinese Living in Japan” published in 1998, which would highlight their contributions to Chinese society.

- Publishing free booklets in Chinese about Japan (especially after WWII) for Chinese tourists.

Duan’s company only has a staff of three. Any support to help realize these ideas would be a very practical step forward for relations between two countries.

One could argue that such approaches could be easily overshadowed by one “improper act” by the government. However, if the current conflicts between Japan and China are mostly rooted in and emerged from the public, then individuals and grassroots efforts could be a key to solve the problem.

As the only superpower and a close ally of Japan, the role of the United States in this bilateral relationship is indispensable. There was considerable discussion and debate during the conference and Young Leader session about what the U.S. can do to improve Sino-Japan relations. Some suggested that the best thing the U.S. can do is stay out of the mess.

Almost every expert from the U.S. was convinced that a bad Sino-Japan relationship is not in the United States' interest; these thoughts were echoed by a number of Chinese speakers. One noted that for the U.S., the most convenient relationship between China and Japan is rivalry, not that of enemy. However, both sides (China and Japan) seem to agree that among this trilateral relationship, U.S.-China relations (or U.S.-Japan relations) are more important than China-Japan relations.

The good news is both China and Japan are currently happy with their respective relationships with the U.S.; but from a long-term prospective, it is not smart to underestimate the importance of establishing an independent and strategic relationship between China and Japan. Moreover, a good partnership between the two countries could help to stabilize their relations with the U.S.

The Chinese government approached President Bush to elaborate on China's view of Yasukuni Shrine during his recent visit to Beijing; there is a role for the U.S. to play on this issue since the U.S. is a very important shareholder in the history of the war in the Asia Pacific and is by all means responsible for the results of the Tokyo War Trials. Hopefully, U.S. involvement in this issue could help China and Japan look at history in an objective manner. The rest of the work has to be done by Chinese and Japanese themselves: China and Japan will only have good relations when they understand such a relationship is essential to their own national interests.

Back to the Golden Age of the U.S.-China-Japan Triangle? Legacies and New Challenges

By Jaehwan Lim

East Asia not only lacks strong regional organizations like NATO and the European Community; it also lacks the basis for cooperation that European countries acquired from their common heritage of Roman law, the Latin alphabet, and Christianity, as well as from centuries of relations between nation states. The Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC) have greatly reduced tensions between nations and increased regional cooperation, but in the decades ahead, these loosely structured multilateral institutions will not be strong enough to provide a regional security framework. In the absence of a strong regional organization, achieving peace and prosperity in East Asia will require the cooperation of the major powers of the region: the United States, China, and Japan. All three are proud nations and differ greatly in their history, values, and perception of national interests. Maintaining constructive relationships while the U.S. adjusts its role in Asia, China becomes stronger, and Japan reforms its institutions will be a Herculean task.

During one period, from 1972 to 1989, the U.S., China, and Japan enjoyed positive relations with one another. This period is a striking contrast to the preceding century, when two of the powers were united against the third, and to the period of instability since 1989. How and under what circumstances did this special era arise and endure? Why did it come to an end? Given that in this period relations between the three countries were seen primarily as bilateral relations, which side of the triangle bolstered structural stability? Is it possible in the early decades of the new century to achieve the positive cooperation of 1972-89 without the special circumstances of that period?

The Cold War conditions under which the U.S. and China formed a de facto strategic partnership between 1969 and 1972 constituted the primary basis for U.S.-China-Japan trilateral relations during the ensuing two decades. In laying out his post-Vietnam regional security policy in the "Guam Doctrine" in 1969, President Nixon observed that the U.S. could no longer contain Soviet power throughout the world by itself and that it would now have to work closely with regional partners that shared this goal. U.S.-China rapprochement also enabled Beijing to focus on resisting Soviet encirclement rather than on dividing its resources to prepare for war on two fronts – against both the U.S. and the Soviet Union.

The impact of U.S.-China rapprochement on China-Japan relations was dramatic. China was prepared to cooperate with Japan, a U.S. ally, following the development of U.S.-China security cooperation. Japan, which had long struggled with U.S. demands for constraints in its China policy, quickly responded to the changed security environment, developing its own policy toward China. Within the foreign policy parameters established by U.S.-China security cooperation, Japan followed the U.S. lead and revised its policy toward China, a pattern that would endure throughout the Cold War.

During the period 1972-89, U.S.-China-Japan cooperation was possible, but only within the context of U.S.-China security relationship, which itself was the product of special

circumstances created by the Cold War – the building and maintenance of the anti-Soviet coalition. There existed conflicting interests, but neither China nor the U.S. allowed them to destroy the foundation of cooperation. Since a positive and favorable U.S.-China relationship was central to the stable triangle, it is not surprising that this unusual period closed with increased conflict and growing tension between the two countries, generated by political upheavals in China, and, more fundamentally, the disintegration of the Soviet Union and the termination of the Cold War.

However, the fact that U.S.-China relations constitute the most critical part of the triangle has not changed even in the instability since the 1990s. Rather, it can be said that the significance of the China-U.S. bilateral relationship has been beyond the region and globalized. If tensions between the two Pacific powers worsen, the whole of Eastern Eurasia could become divided in a new Cold War, and the prospects for confrontation and conflict would seem certain to rise. On the other hand, a deepening U.S.-China entente could bring with it increased possibilities for sustained worldwide economic growth, and the successful management of pressing global problems, including terrorism and the proliferation of weapons of mass destruction. Whether for good or ill, the most significant bilateral international relationship over the course of the next several decades is likely to be that between the U.S. and China.

Despite this shared, even strengthened, belief in the significance of U.S.-China relations, the U.S-China-Japan triangle has undergone considerable change in the last decade. Most salient is the rapid deterioration in Sino-Japanese relations in recent years: it has raised geopolitical tensions in East Asia and could embroil China and Japan in a dangerous strategic conflict that could threaten U.S. interests. China's rise, Japan's growing assertiveness in foreign policy, and new security threats and uncertainties in East Asia have brought China-Japan relations into sharp relief to the point where managing the relationship has become vital to maintain the stability of the triangle.

This was clear at the Trilateral Security Seminar in Osaka where much time was spent discussing the root causes of the deterioration in Japan-China relations, and what should be done to moderate the tension. Common prescriptions place responsibility on Washington's shoulders. The U.S. role looms large when we are reminded of the cooperation in the period from 1972 to 1989 when U.S. policy, not Chinese pressure, was the most important factor in Japan's China policy. In this connection, some actions from Washington might contribute to reducing, if not eliminating, the tension. For example, the U.S. could send firm signals to both Japan and China that it welcomes good Japan-China relations, and that it will not take sides against an ally or make deals over its head. On the other hand, Washington could give more thought to how its efforts to adjust to the new security circumstances in East Asia influence the way Japan and China look at each other.

However, as some pointed out in the conference, it is far from evident whether Washington can make a difference. It seemed to most participants that the U.S. has more to lose than gain by getting involved and that bilateral issues like the Yasukuni problem are best addressed by Japan and China themselves. Having said that, the absence of a common threat that would take the place of the Soviet Union in the period of trilateral cooperation, and the disappearance of favorable domestic conditions supported by, for instance, a close interpersonal

connection that originated in the war period, or the Japanese public's positive view toward China, make it difficult for the two countries to manage the relationship. At the minimum, Beijing should recognize the strategic value of Japan, which was seriously neglected for most of the 1990s by leaders who were fearful of containment by the U.S and preoccupied with steadying volatile relations with Washington. For its part, Japan should begin to think of its relationship with China in global strategic terms, as the U.S. did at the start of the golden age of trilateral relations, and try to find the common strategic interests upon which the present and future of the bilateral relationship can rest.

The Good, the Bad, and the Ugly of U.S.-China-Japan Trilateral Relations

By Mary M. McCarthy

Among the U.S., China, and Japan dyads, the U.S. and China dyads is the core relationship. One primary reason for this is that the U.S. and China are key players in many of the momentous challenges that the world faces today. This is due to each country's status as a permanent member of the UN Security Council and its ability to influence other actors in the international system. Weighty issues that concern both states include Iran, North Korea, and the future health of the global economy. A second reason is that the degree of cooperation or conflict in U.S.-China relations will determine the level of peace, stability, and prosperity throughout the world.

U.S.-China

Political relations

The extent to which the U.S. and China have a friendly political relationship will help to determine the ability of these two powerhouses to cooperate on issues of bilateral and international import, including nuclear proliferation, terrorism, and pandemic diseases. Bilateral relations are currently stable and the U.S. and China are partners in a number of ventures related to all three of these areas, as well as others. The challenges that remain could cause a rift that could damage the dyad's ability to cooperate on issues of concern.

The item of foremost importance to China is Taiwan. The Bush administration has maintained support for the "one China" policy and is against a Taiwanese declaration of independence. In keeping with its stance, the U.S. administration has criticized any provocative actions by Taiwan. These are requirements for stable U.S.-China relations, from the Chinese perspective. Still, the U.S. has supported Taiwan's entry into the World Health Organization and other international organizations, and maintains that it has obligations to help protect Taiwan under the Taiwan Relations Act. China has lobbied strongly against these measures.

Dealing with North Korea provides the most potential for cooperation. The U.S. relies on China to take a major role in the Six-Party Talks. The Bush administration favors a multilateral approach in which North Korea must answer to multiple parties demanding it give up its nuclear ambitions. China has agreed with the U.S. (and the other four parties) that the Korean Peninsula be free of any nuclear weapons. The U.S. considers China critical in this process, given China's historic relationship with North Korea.

The U.S. also considers China a partner in the war against terrorism. China supported the U.S.-led operations in Afghanistan and contributed $150 million to Afghanistan's postwar reconstruction.

On the other hand, China opposed the Iraq war. Some argue that this opposition was lukewarm, since the Chinese public did not (or was not allowed to) actively protest the war, as

other publics did around the world. The U.S. has chosen to highlight China's cooperation on Iraq, evidenced by its showcasing of China's pledge of $25 million to Iraq's postwar reconstruction.

Finally, the Bush administration has stated that the world is united on Iran. Despite this assertion, China and Russia do not support issuing a UN Security Council statement demanding Iran stop enriching uranium. Secretary of State Condoleezza Rice has played down this difference, saying that different views are part of diplomacy and finding consensus in the end is likely.

Economic relations

During President George W. Bush's visit to China last autumn, the economic component of the bilateral relationship was most emphasized. The U.S. is the second largest trading partner of China and China is the third-largest trading partner of the U.S. U.S. investment in China totaled $48 billion in 2004. The belief that integrating China into the international system is the greatest guarantee of peace and stability has been the cornerstone of official U.S. policy toward China since the Nixon administration.

However, trade imbalances have caused friction. China had a surplus of $203 billion with the U.S. in 2005. Although this is not solely a result of restrictive trade practices in China, there has been a concerted effort by the Bush administration to correct this imbalance.

Since China entered the WTO in 2001, its markets have become considerably more open. From 2001 to 2005, average tariffs on top U.S. agricultural exports fell from 31 percent to 14 percent and on industrial products from 25 percent to 9 percent. Still, U.S. exporters continue to complain about restrictions and a lack of transparency of regulations on imports in certain industries.

A second cause of the imbalance is the undervaluation of the yuan. This promotes Chinese exports and foreign investment in China, so China is unlikely to revaluate the yuan anytime soon. Washington will keep pressure on China to do so.

Finally, one of the most significant areas of friction in U.S.-China economic relations continues to be intellectual property rights. This has been an ongoing thorn in the side of U.S.-China relations for several years. However, there is reason for some slight optimism. In China this autumn, while accompanying President Bush, Secretary Rice expressed the administration's belief that the issue of intellectual property rights is being taken seriously by the Chinese side and steps are being taken to prosecute those failing to respect these rights.

Addressing future challenges

The U.S. and China must work together to address transnational global issues, including nuclear proliferation, terrorism, and pandemic diseases. Open dialogue at many different levels of government is an important way to accomplish this. There must be established means of

communication, both formal and informal. This will promote cooperation and facilitate exchange even during periods of strife.

During their APEC meeting in the fall of 2004, President Hu suggested to President Bush that senior-level officials regularly meet to work on a strategic framework for bilateral relations. This idea has developed into the U.S.-China Senior Dialogue.

Having different viewpoints on issues of global concern is of relatively minor importance; what is fundamental is that there is an open exchange of these views. Secretary Rice called the discussions in Beijing last November "open," "deep," and "candid." Such communication must continue, especially when disagreements arise.

U.S. policy with regard to China appears put a positive spin on issues, even where disagreement exists. For the most part, emphasizing the good over the bad is healthy and good for the relationship. It's certainly better than painting China as a threat and competitor. Still, reality must also prevail and the U.S. should take Chinese dissent seriously when it is related to issues important to Chinese priorities or where Chinese cooperation is integral to achieving U.S. objectives.

President Hu visits the U.S. this April for the first time since becoming president. Many of the political, economic, and strategic issues mentioned above will be discussed in his meetings, as he and President Bush work toward resolving issues of bilateral and international concern. Both sides are trying to make this visit a success. This includes even agreeing to disagree about whether the trip constitutes a "state visit." This dedication to maintaining good relations and a focus on open communication must continue.

The role of Japan

Japan has the potential to facilitate good U.S.-China relations by maintaining a strong economy based on liberal principles, which will foster stability and prosperity in East Asia. Japan should continue to reform its regulatory system and financial institutions, and encourage open, free trade in the region. These steps, together with further integration of the Chinese and U.S. economies, will lessen the probability of serious U.S.-China confrontation.

Japan has the potential to be an obstacle to good U.S.-China relations. This is due to Japan's tense relationship with China, which complicates the U.S. relationship with both these countries and makes it more difficult for the U.S. to achieve its goals in the region, as well as increasing the chance that it might eventually have to side with one party against the other. Therefore, it is in the interests of U.S.-China relations to have stable Japan-China relations. The U.S. should do more to promote these relations.

Prime Minister Koizumi Junichiro's visits to Yasukuni Shrine, one of the most intractable problems in Japan-China relations, have been criticized in the U.S. Yet, Michael Green, former senior director for Asian affairs on the National Security Council, has said that it is not for the U.S. to tell Japan what to do. However, the U.S. has a major stake in the resolution of this

conflict and should take a proactive role, without seeming to side with China against Japan (which might cause more problems than it would solve).

On his trip to Beijing last fall, China asked for President Bush's support in its demands that Koizumi stop visiting Yasukuni. According to the Chinese, Bush expressed his "understanding." Although Prime Minister Koizumi reportedly told President Bush last November that he would not stop visiting Yasukuni if the president asked him (which the president did not), this is just rhetoric. The U.S. can and should do more to improve Japan-China relations and is more likely to have influence Tokyo than in Beijing. It should begin by strongly encouraging good faith efforts by Japan (the particulars of which would be decided by Japan, but could include a proposal for a joint Japan-China committee on history textbooks and/or a non-political, nondenominational memorial to the Japanese war dead, for instance). If these efforts are not reciprocated by China, then the U.S. should be prepared to criticize China.

The U.S. has too much at stake in Northeast Asia, both strategically and economically, not to do more to improve Japan-China relations. The U.S. was on China's side in the Pacific War; it is now a strong ally of Japan. The U.S. is in a unique position to promote dialogue – the missing element in Japan-China relations – between Beijing and Tokyo.

At our conference, we discussed one significant obstacle to U.S. involvement in this conflict: President Bush's reluctance to openly criticize Koizumi, the result of Koizumi's support for the president and the importance Bush places on personal loyalty. Nonetheless, there is room for quiet, U.S.-led negotiations behind the scenes that will not cause Koizumi or Hu to "lose face." Perhaps Bush will not want to pressure Koizumi excessively or China will insist that a new prime minister must replace Koizumi before it responds positively. Even if this is so, negotiations should start *now*. And the U.S. should make clear to both parties the stake it has in this bilateral relationship.

Can and Should the U.S. Break the Ice? : Trilateral Considerations for the Yasukuni Problem[16]

By Satoru Mori

As James Przystup observed, "Prime Minister Koizumi Junichiro's Oct. 17 visit to the Yasukuni Shrine effectively put Japan-China relations into a political deep freeze."[17] But China-Japan relations are continuing to be in a deep freeze, making it more difficult for the two governments to break the impasse. What would happen if the current state of affairs were to continue? If there is a reasonable chance that leaders of Japan and China would somehow break the deadlock over Yasukuni, then the U.S. could sit back and wait patiently for them to reach a modus vivendi. However, if the prospect of a resolution on a bilateral basis is unlikely, the U.S. should anticipate the worsening of China-Japan relations and should assess the feasibility of playing a role in facilitating disengagement to avoid a full-fledged China-Japan confrontation. Much would depend on the next Japanese prime minister who is expected to enter office September 2006. No one knows when and how fast the current situation may deteriorate.

Chinese official statements criticizing Koizumi's position on the visit and Japanese insistence that it remain a matter of personal conviction incite nationalist sentiments and raise the level of enmity between the publics of the two countries. The longer it takes to resolve the deadlock, the stronger antipathy becomes in each country, and such a situation would increase the incentive for political leaders to capitalize on hardline opinion. In other words, we are witnessing a downward spiral in China-Japan relations – reciprocal statements of criticism on the Yasukuni problem spur hardline opinion in both countries and consequently compel hardliners within the two governments to encourage their leaders to take a firm stand and gain public support. Thus, the possibility of a bilateral breakthrough is not in sight and unlikely to materialize in the near future. Thus, this paper examines the case for a U.S. diplomatic initiative.

Should the U.S. do something?

Why should the U.S. involve itself in the Yasukuni problem? This seemingly bilateral political issue has implications for U.S. Japan policy and China policy. The U.S. has an interest in establishing and maintaining good China-Japan relations. If the tension emanating from the current deadlock over Yasukuni as well as from other contentious bilateral issues were to reach a point of confrontation, the U.S. would be forced to make a difficult choice. If the U.S. were to decide to support Japan, U.S.-China relations would be damaged; if it were to choose to lean toward China, the sense of solidarity shared by Japan and the U.S. would certainly diminish. Such a difficult situation would be avoided if Japan-China relations are good. Good Japan-China relations give the U.S. the opportunity to reap the full benefit of engaging both countries.

[16] I would like to thank my colleagues who attended the Osaka Trilateral Young Leaders meeting for their valuable comments. I would like to especially thank Fan Li and Leif Easley for their comments on this paper.

[17] James J. Przystup, "Yasukuni Stops Everything," Comparative Connections, January 2006, Pacific Forum CSIS. www.csis.org/images/stories/pacfor/0504qjapan_china.pdf

Therefore, the U.S. government has a general interest in making sure that any Japan-China conflict does not reach a point where the U.S. must choose "Japan or China?"[18]

Can the U.S. do something?

The difficulties that have arisen from the prime minister's visits to Yasukuni Shrine have not forced the U.S. to take sides, yet. Under such circumstances, can the U.S. alleviate tension between Japan and China? The answer would depend on how the Chinese leadership and the next Japanese PM view the opportunities that may arise with the selection of a new prime minister in September 2006.

The Chinese leadership should be debating whether to make an explicit request to the next prime minister that he not visit Yasukuni.[19] Those who favor restraint would value good working relations with Japan; while those who favor an explicit demand would value the current state of affairs. The relative popularity of the two camps within the top echelons of the Chinese leadership is, of course, unknown. If a consensus had already emerged on the decision to make an explicit demand, there would be no meaningful role for the U.S. government to play. However, if a debate is still taking place, the U.S. might be able to tip the balance in favor of those who argue for restraint.

Nobody knows who will be the next Japanese prime minister; it is even more difficult to predict his decision on whether to go to Yasukuni Shrine. However, a debate is likely to take place over whether to go to the shrine among the next prime minister and his top aides. Those who favor the visit would value the current state of affairs, while those who oppose the visit would value good working relations with China. No one can be sure about which of the two positions the next PM will adopt. If all the candidates have already made up their minds to visit Yasukuni, there is no margin of maneuver for the U.S.[20] However, if a debate over the soundness of making a visit to the shrine is likely to take place, there is an opportunity for the U.S.

It is not clear whether there is in fact a debate taking place within the two governments. However, it should not be assumed that political leaders in both countries decide these matters on a dogmatic or an ideological basis because there are evidences that indicate flexibility on this matter.[21] It is under these circumstances that it is possible for the U.S. to make moves that would allow both countries to step back while saving face.

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[18] Some argue that it is advantageous for the U.S. to have frictions between Japan and China. This is predicated on the condition that frictions do not lead to a serious confrontation. Therefore, this line of argument also admits that it is not in the interest of the U.S. to have a serious confrontation between Japan and China. Since the U.S. does not have the ability to effectively control Japan-China frictions, any U.S. policy based on such friction is inherently risky and will seem to lack soundness.

[19] It is reported that a statement by President Hu Jintao to the effect that he is ready to hold a China-Japan summit if the Japanese political leader decides not to visit Yasukuni Shrine was directed not only at Koizumi but also at his successor, but it is not clear whether this message constitutes a demand to the next Japanese PM. At least, the message did not explicitly address the next Japanese PM.

[20] Some candidates have supported Koizumi's visits to Yasukuni, but it is by no means clear whether they would visit once they are in office if circumstances change.

[21] For example, on the Chinese side, when President Hu met with representatives of seven Japan-China friendship exchange organizations led by former Prime Minister Ryutaro Hashimoto on March 31, 2006, he said that he was

Possible U.S. options

As it was noted, the U.S. has a general interest in establishing and maintaining good Sino-Japanese relations. However, the U.S. must decide (1) when to step in, (2) to what extent, and (3) how.

(1) When the U.S. should step in

This question would be answered by asking "At what point would it be too late for the U.S. to step in?" When Japan and China lose flexibility in their position toward each other, Japan and China would begin to escalate actions and reactions, and it would become extremely difficult for them to retreat. Therefore, it is crucial that any effort to disengage the two countries should take place while practical considerations have prominence over dogmatic thinking. One of the indicators of potential flexibility in each country would be the willingness of the public of the two countries to improve the bilateral relationship.[22] Mutual antipathy and nationalist sentiments are abstract yet extremely powerful; if they were to capture and constrain the Yasukuni policy of both Japan and China, it would become impossible for the U.S. to play a meaningful role as a facilitator of disengagement. In fact, if the U.S. were to step in when Japan-China friction had developed into full-blown confrontation, it would have to play the role of a coercer. The U.S. would have to apply direct pressure on Japan and China that would have damaging effects on both U.S.-China and U.S.-Japan relations. Therefore, the U.S. would be most effective if it takes preventive, not reactive, diplomatic action on this issue.

Japanese and Chinese policies on Yasukuni have already lost flexibility to a certain extent. However, the changing of the Japanese PM in September 2006 provides a unique and indispensable opportunity – it allows Chinese leaders to consider giving some leeway to the next prime minister, it also allows the new PM to take stock of the Koizumi period and think about the wisdom of visiting the shrine in the future, and it enables the U.S. to take mild steps that might provide an opportunity for both countries to get out from their corners.

(2) To what extent the U.S. should step in

The U.S. has four options: (A) do nothing, (B) make a general statement to the effect that it desires good Japan-China relations, (C) provide good offices on a confidential and non-

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ready to hold talks with a Japanese leader if he decided not to visit the shrine. It was reported that the Chinese side originally intended not to bring up Yasukuni at this meeting, but due to a statement made by Koizumi on March 27, it was decided that Hu would address the issue (*Asahi Shimbun*, March 26 and 31, 2006). Premier Wen Jiabao also made a statement on March 14 to the effect that Japan-China relations should be strengthened by (i) strategic dialogues between high officials from both governments, by (ii) exchanges between nongovernmental sectors, and by (iii) stabilization and development of economic and trade relations (*Yomiuri Shimbun*, March 14, 2006). Koizumi who apparently is determination to visit the shrine is expected to step down in September, and the candidates to replace him retain a choice over their decision on the Yasukuni issue until they make their first action.

[22] A public opinion poll by the Japanese Foreign Ministry and published March 29, 2006 shows that 78 percent of the respondents think that Japan-China relations should be improved. Although public opinion polls are affected by headlines, the fact that this poll was conducted in February 2006 when 66.7 percent of the respondents considered Japan-China relations to be in bad shape should underscore the force of sentiments that favor improvement in Japan-China relations. http://www.mofa.go.jp/mofaj/area/china/yoron05/index.html

committal basis, and (D) convene a trilateral summit meeting to overtly mediate between Japan and China.

Since it is not in the interest of the U.S. to see Japan-China relations deteriorate and risk its favorable position in East Asia, option A is ruled out. Option B is the current policy of the Bush administration – it mildly expresses the hope that the two countries resolve issues of contention, but it is nevertheless a passive posture that has no considerable bearing on the policies of Japan and China. Option D would openly commit the U.S. to mediation of the Yasukuni problem, and would expose the U.S. to undue risks. Moreover, since Hu has declared that he would be ready to hold talks if the Japanese leader decides not to visit the shrine any more, he would demand a prior commitment from the Japanese leader not to go to Yasukuni as a condition for attending a trilateral summit. Since it is impossible for the Japanese PM to make such a commitment, the feasibility of a trilateral summit is low. Therefore, option C merits consideration.

The advantages of option C are that (A) its confidential nature would allow the U.S. to avoid undue risks of failure and maintain sufficient deniability, (B) it would make both Japan and China more receptive to U.S. suggestions because it would allow both countries to avoid the appearance of being pressured by the U.S., (C) even if the U.S. fails to urge Japan and China, there would be no collateral political damage to the U.S., and (D) it would allow the U.S. to send a strong signal to both governments that it sincerely desires good Japan-China relations and dispel any notion that the U.S. is trying to manipulate the current deadlock. Probably the main disadvantage of option C is that it does not guarantee resolution of the problem; its success is dependent on the relative strength of hardliners and moderates in both countries.

(3) How the U.S. should step in

A highly confidential diplomatic initiative to break the current impasse between Japan and China would be composed of the following steps:

Step 1: Several months before September, the U.S. president suggests to the Chinese president that he consider giving the next Japanese PM some leeway on the Yasukuni visit issue by withholding critical public statements on the Yasukuni issue and refraining from expressing hopes that he not visit the Shrine.

Possible Chinese reactions:

- The Chinese president might calculate that by showing understanding of the U.S. suggestion and demonstrating a spirit of tolerance and moderation toward Japan, he might be able to improve his and China's image in the eyes of the U.S.

- The Chinese president might also think that the U.S. would become more sympathetic or understanding of the Chinese position on this issue if the next Japanese PM were to visit the shrine after China had agreed to the U.S. suggestion that it remain silent on the issue.

- Note: This may look as if the U.S. were simply reiterating an existing option for the

Chinese, but if the above suggestion is made by the U.S. in a situation where China is seeking to build good U.S.-China relations, it would provide China with additional incentives to accept the U.S. suggestion. Also, the Chinese leader would be able to use the U.S. factor to argue for restraint on the Yasukuni issue to convince Chinese proponents of explicit demands on the new PM. Proponents might resist this argument but they might ultimately accept it because maintaining and improving U.S.-China relations is a primary objective of Chinese foreign policy.

Step 2: *If the Chinese government accepts the U.S. suggestion and remains silent until September*, immediately after the new Japanese PM enters office, the U.S. president would send a message to him saying that (A) the U.S. had suggested to the Chinese president that he remain silent on the Yasukuni issue and there is a possibility that the Chinese government will criticize him for ignoring a gesture of goodwill if he visits the shrine, (B) the decision is entirely up to the PM, and the U.S. is ready to respect whatever decision he makes, and (C) the U.S. is fully confident that the PM will make decisions based on wisdom and his desire to see good Japan-China relations.

Possible Japanese reactions:

- The new PM would understand that the U.S. would not wish to see him visit the shrine and force China-Japan relations to deteriorate further. He would also understand the seriousness with which the U.S. views the current deadlock over Yasukuni.

- If the Chinese government did remain silent for several months leading up to September, the new PM would think that if he visits the shrine, while the U.S. would neither be sympathetic nor hostile to the Japanese position, the U.S. would be more understanding of the Chinese position because it had accepted the U.S. suggestion of restraint. The new PM would also anticipate that the Chinese would try to rally world opinion by publicizing its self-restraint and criticizing him for ignoring the opportunity created by Chinese silence.

- The new PM might think that if tensions in Japan-China relations rise to a dangerous point subsequent to his visit to the shrine, the U.S. might blame him for escalating the confrontation because he would have ignored the U.S. suggestion.

- Note: The conventional Japanese understanding regarding Yasukuni in the context of the Japan-U.S. relationship is that this bilateral relationship would not be affected by visits to the shrine. However, if the U.S. were to take a very subtle and discreet diplomatic approach, it would alter this conventional calculation because the new PM would then have to consider the U.S. factor in addition to the China factor. Also, if the new PM decides not to visit the shrine, he could use the U.S. factor to convince proponents of the visit who are also likely to attach importance to maintaining good Japan-U.S. relations.

Feasibility of the proposed option C

As was pointed out, option C does not guarantee the resolution of the problem. Although option C is designed to strengthen the positions of those who aim to break the frozen state of affairs in both countries, if the moderates are too weak or if the hardliners are too strong, option C will not work. If Step 1 fails and China makes an explicit demand on the next Japanese PM, then option C would go away; this should do no harm to the U.S. However, if the relative strength of hardliners and moderates in decision-making circles in both countries is close to parity, option C might enable the moderates to prevail. In this case, the U.S. should take Step 2, and even if Step 2 fails, it would do no harm to the U.S. The U.S. government should recognize that option C would allow it to exert mild influence over both Japan and China without exposing itself to substantial risk or causing damage to its relations with either country.

Probably the most salient characteristic of the current trilateral relationship is that both Japan and China want to maintain good relations with the U.S. This makes the U.S. the only country capable of playing a unique role in breaking the ice between Japan and China. Japanese and Chinese leaders cannot by themselves disengage from the current confrontation without losing face. The U.S. has an interest in avoiding a Japan-China confrontation. The U.S. president can provide an opportunity to the two most important leaders in Asia to save face, both internally and externally. In order to exploit the window of opportunity that is now beginning to open, the U.S. government should immediately begin probing the possibility of a confidential initiative that resembles option C. The playing out of the Yasukuni problem in the post-September 2006 period is likely to be a crossroads for Japan-China relations. The U.S. should look at the Yasukuni issue preventively, not reactively. Prevention of a serious Japan-China confrontation is without doubt in the interest of the U.S., and surely worth a try.

The United States, Japan, and China Strengthening the triangle: resolving misperceptions and fostering cooperation

By Celine Pajon

Ask a "person in the street" about the most important bilateral relationship within the U.S.-Japan-China triangle, and the answer will surely be U.S.-China. China's breath-taking growth is revealing a tiny part of the huge country's great potential. Eventually – and certainly – this potential will make China a competitor with the United States for global hegemon. A clash between these two great powers would lead to destabilization (if not worse) in the world. Yet in Asia, as was revealed at the first East Asia Summit last December, relations between China and Japan are at the core of any regional integration. Yet, when looking at economic exchange, as well as institutionalized political and strategic cooperation, the U.S.-Japan relationship is the most significant.

Thus, in this trilateral relationship, we can picture the U.S. at the top of the triangle, being the current hegemon, and in the position to influence the two other countries. Japan is near the U.S., making the U.S.-Japanese side of the triangle much shorter than the two other sides. This reflects the political alignment between the allies, which creates the impression that the relation is bilateral - between China and the U.S.-Japan alliance - rather than really trilateral (as several participants at our conference highlighted). The U.S.-China leg is a little longer than the Japan-China one, because of geographic distance and the lack of mutual knowledge, which leads to a lot of misperceptions. On the other hand, Japan and China know each other well, they have a long common history – which, paradoxically, is the source of tensions that lead to a frozen political dialogue. For those two countries, "hot economics, cold politics" prevails. The weakest side today is the Japan-China leg, and the most instable is the U.S.-China one, as the U.S. still hesitates over strategy toward China.

Therefore, the question is how to strengthen the Japan-China leg, how to stabilize the U.S.-China leg, and build a real trilateral relationship. I argue that the key is first to resolve misperceptions among the three powers, and then to highlight common interests and opportunities for cooperation.

Resolving misperceptions

China-Japan: Yasukuni

Since 2001 and the first visit of Prime Minister Koizumi Junichiro to Yasukuni Shrine, the political dialogue between China and Japan has been virtually suspended. China argues that official visits to a memorial that enshrines the souls of Japanese soldiers, and 14 Class-A war criminals, show that Japan does not reject its aggressive past. It also gives the perception that Japan is reviving is prewar military outlook as it adopts a new security posture. The Yasukuni problem is only one side of the complex historical dispute between China and Japan. As the war history has never been freely and thoroughly debated in East Asia, war memories are hostage to nationalism and are regularly used as a diplomatic tool. So the Yasukuni problem is twofold: it is both a historical and a diplomatic issue.

The Yasukuni question is part of the frictions created by different historical interpretations of the last war in Asia. It is neither new, nor limited to China and Japan. During our conference, Washington's role in helping to solve this issue was discussed. The U.S. wants to resolve the historical issue, as it has the potential to foster nationalism and increase regional instability. Some participants argued that Washington could play the role of honest broker, while others replied that it is a problem concerning Japanese and Chinese nationalism, and that neither country will accept such interference. My argument is of a different kind: I argue that the U.S. should and has to play a central role in this issue, not as a neutral player, but *because* it has been a central stakeholder from the beginning of the story. Indeed, at the end of World War II, the U.S. played a central role in shaping the Asian memory of the war. First, Washington imposed its geopolitical vision of the war, calling it "the Pacific War." As a consequence, the "Asian" part of the war was obscured, and the Japanese state's responsibility toward the Asian victims was not clearly stated. Several events and crimes were concealed (Unit 731), and the emperor was not indicted during the Tokyo Trials. The Cold War helped to further prevent Japan, which had no need to get politically involved in Asia (in contrast to Germany in Europe), to clearly face its militarist history with its neighbors. This situation is clouded by the confused memory of the U.S. atomic bombings of Hiroshima and Nagasaki. That's why I strongly believe that the U.S. has a central role to play in this story. Washington could help set up a joint study of war history and national perceptions with Japan, China, and the two Koreas.

On the other hand, the Yasukuni visits are also a "history card" to play in the diplomatic game. Thus, the question is: why are the countries playing this card? In other words: what is the interest of Japan and China in having bad relations? The answers are numerous, from the competition between the two powers in Asia to the Chinese fear of the strengthening of the U.S.-Japan alliance, opposition to the Japanese demand for a permanent seat on the United Nations Security Council, etc. These specific problems have to be addressed to ease tensions. I believe that the Yasukuni issue is a question of pride, and that a face-saving exit is needed. One very valuable proposition made by one of the Young Leaders was to link a compromise on the Yasukuni issue to another win-win decision that would be a guarantee and incentive for both Japan and China (on Taiwan, by example).

Threat perceptions: where/who is the threat?

China considers the U.S.-Japan alliance as a threat to its interests. Recently, Japan agreed to strengthen the alliance, aligning its strategic analysis with that of Washington, particularly on the Taiwan Strait issue. The Chinese government denounced this as infringing on its domestic affairs.

The U.S., as noted in the *Quadrennial Defense Review*, aims to "shape the choices" of China. Washington wants democratization and to be able to take advantage of this new huge economic market without having to confront a political and military competitor. Nevertheless, the Bush administration is split between engaging and containing China, which makes the relationship unstable. The "Chinese (military and economic) threat" terminology is used regularly, and Washington, as well as Tokyo, is asking for more transparency from China. The lack of mutual knowledge and understanding contributes to misperceptions (the visit of Sens. Schumer and Graham is one indication of this problem and how it can be remedied).

Japan has strengthened its alliance with the U.S., yet Tokyo still seems to worry about abandonment by the U.S. The closer relationship between Washington and Beijing, especially since 2001, fosters the worry that Japan would be the ultimate loser in this situation. Japanese still remember the U.S. volte-face toward Beijing in 1972, which is perceived as a betrayal by Tokyo. For Japan, China is above all an important commercial partner, as well as a rival for leadership as East Asia integrates.[23]

The three countries have different perceptions of threats, so it is necessary to foster mutual confidence, one of the most important factors for stability. If China should give signs of good faith (more transparency in military affairs, concessions on Yasukuni), Japan and the U.S. should clarify their stance toward Beijing. Eventually, direct exchanges and visits will help bridge the perception gap between the three countries.

Where are the opportunities?

The three countries should foster win-win cooperation to strengthen their links, and enhance regional stability. This can be done in at least two important and linked domains: energy and environmental cooperation. The issue of energy supply touches on the role of Russia, frictions between China and Japan in the East China sea (which is, above all, a question of territorial sovereignty), and control of the East Asian straits. In the latter, Japan, China, the U.S., and the littoral states concerned could have a broad partnership (economic, strategic, and military).

Environment issues are also a fruitful sphere for cooperation as Japan is a leader in clean technologies and has cooperated with China to share its experience and know-how. China's high growth has been based on coal and greatly damages Japan's environment. The U.S. has also shown interest in regional environmental cooperation through the Asia-Pacific Partnership on Clean Development and Climate launched in January 2006. These two fields – energy supply and environmental protection – reflect common worries and could be a rich area of cooperation. The role of the private sector should be enhanced, and "hot economics" could help warm "cold politics." The three countries have other deep common interests: prevention of terrorism, guarding against the proliferation of weapons of mass destruction, the resolution of the North Korean nuclear problem, and paving the way for a smooth reunification of the Korean Peninsula.

While working to bridge the perception gap and ensuring greater mutual trust, the three countries should turn to tight cooperation that will build strong and sustainable interdependent relationships.

[23] Evidenced by the competing proposals for a Free Trade Zone, one led by China (the China-ASEAN Free Trade Area) and the other, by Japan (an East-Asian Economic Partnership Agreement, including China, South-Korea, ASEAN, but also Australia and other countries).

How to Melt the Freezing Japan-China Relationship

By Ryo Sahashi

War is unlikely to happen among major powers. The cost of warfare vis-à-vis small expected gains, in a time of U.S. hegemony, its nuclear supremacy, and deepening interdependence, may prevent them from taking revisionist actions against each other. Even though energy will surely be a focus of international politics, it is unlikely and irrational for political leaders to create territorial conflicts over energy resources, given the high costs. However, in East Asia, the political relationship among Japan, China, and South Korea seems tense. Fortunately, these countries have no intention to pursue real conflicts, or "hot war," but these unfriendly bilateral relationships could be called "freezing" relationships. Japan's political stance has some responsibility for causing the glacier to expand, but the icy Japan-China relationship could be seen as a result of the positioning of a rising China. Regional stability will require Japan, China, and even the U.S. to find common strategic goals that they can pursue bilaterally and trilaterally.

In this paper, I will discuss first the triangular situation in terms of strategic positioning, and determine which strategic goals the three capitals share. Second, I will explain the mechanisms and proposals to achieve these common aims among the three governments and between Japan and China. This paper tries to shed light on the agenda beyond Yasukuni and the history issue, and argues that China and the U.S. should also change their attitudes to repair Japan-China relations. This is not to ignore Japan's responsibility for the past but to see future scenarios from a different angle, and to prepare for the post-Koizumi era.

Strategic positioning among Japan, the U.S., and China

1) Recent situation

Today, the relationships among Japan, the U.S., and China could be summarized as: stable U.S.-China relations, strengthened Japan-U.S. relations that are encountering problems in domestic support, and freezing Japan-China relations. The strategic environment is characterized by the U.S. as the dominant hard power even though its soft power – its ability to attract allies and their publics – is declining, and the rise of Chinese economic, commercial, and military power.[24]

At first glance, the U.S. position in this "Romantic Triangle" (to borrow the words of Lowell Dittmer) allows it to exert influence against the other two. However, the reality seems different, and in fact, *China enjoys the best position in triangular relations these days*. This is mostly because the Hu Jintao administration has embraced a stronger relationship with the Bush administration, which continues to pursue a stable relationship with China through its engagement policy, despite strong Congressional opposition. The U.S. does not try to exert

[24] According to Joseph Nye, the rise of Chinese soft power is also significant but I don't agree. Nye, Joseph S. Jr. "The Rise of China's Soft Power." *The Wall Street Journal Asia* (29 Dec. 2005). For a recent overview of regional developments, see also Robert A. Scalapino, "Changing Asia-Pacific Alliances – An Overview," paper presented for Asia-Pacific Alliances in the 21st Century, Honolulu, Feb. 3, 2006.

influence on China. Even with a potentially devisive agenda that includes issues on political regimes, governance, currency and trade deficits, diplomatic relations with authoritarian regimes, human rights, etc., *the U.S. tries to make progress slowly with China*. This is partly because of its heavy burden in Iraq, Iran, and North Korea; the U.S. cannot direct its attention to the problems that China creates; instead it wants Chinese help to deal with Iran and North Korea.[25] On the other hand, while Washington has been irritated by Japan (primarily as a result of bilateral issues such as U.S. beef imports (and fore realignment), *Beijing does not (seemingly) feel it is necessary to improve relations with the Japanese government* when investment and business activities with Japanese firms have not encountered obstacles because of political problems.

Therefore, *Japan is in the worst position in the triangular relations*. Japan has encountered three problems: first, even though the Japan-U.S. alliance has experienced a second quasi-"redefinition" process in response to the U.S.-led base relocation effort as a result of the Global Posture Review and transformation, base politics are still ominous because of problems created by local politics and the financial burden. At a time of declining U.S. soft power, the lack of apparent external threats to Japan makes it hard to mobilize the Japanese people to evaluate the significance of the alliance with the U.S.[26] Second, the *strengthened alliance with the U.S. cannot help Japan achieve better positioning in the triangular relationship* as long as Washington continues to engage China. Washington is reluctant to commit deeply in Japan-China relations. Third, the Japanese government has been criticized by China on the international scene, and even though Japan has made counter-arguments, its reputation has been damaged. The U.S. has not supported the Japanese position, and to make matters worse, Deputy Secretary of State Robert Zoellick implied that the U.S. could intervene in the history issue, which sounded like it was accepting the legitimacy of Beijing's claims. In this position, Beijing has been putting more pressure on Tokyo, and negotiations between both governments have been delayed because of the political deadlock.

2) Strategic goals for each capital

To be sure, all bilateral or multilateral relationships have experienced "different dreams," sometimes even in the same bed. No two nations can achieve shared strategic goals without intentional efforts to do so.

One of the vital interests that China has is to keep the stable relationship with the U.S. The preference for improving Japan-China relations is uncertain and biased on nationalism. Because China does not want strengthened Japan-U.S. relations, *the current state of triangular relationship seemingly fits its interests.* However, if the U.S. intervenes in Japan-China relations on the Japanese side, China has no choice but to change its attitude. It is also feasible and imaginable that China would accept an improved relationship with Japan and work on agendas to

[25] Ryo Sahashi, "Primacy of America, Rise of China, and Future of Japanese Diplomacy," *Ronza* (Asahi Shimbun monthly opinion journal), April 2006, pp. 187-193. [In Japanese]

[26] "The alliance that had drifted seems to be sailing through calm waters. The Japan-U.S. governmental relationship could be called the 'best since Nakasone.' Both governments want to keep the alliance, and alliance management is better than in the past." Ryo Sahashi, "How to Enhance Domestic Support for the Japan-U.S. Alliance Sharing Values or Fighting External Threats?," U.S. Alliances in Asia: Views from the Next Generation, *Issues & Insights* Vol. 6-No. 6, March 2006.

fit its interests – if a new leader in Tokyo promises to make progress in bilateral relations and not cause trouble.

U.S. interests lay both in embracing a better relationship with Japan (overcoming the beef import issue and base politics) and in forging a better partnership with China. To achieve its long-term vision, the U.S. will not be able to sacrifice the alliance with Japan. Because it is not imaginable that the U.S will feel threatened by Japan or that China will share values with the U.S. regarding democracy, human rights, and economic liberalism, the *bilateral relationship between the U.S. and Japan (alliance) will be more stable than the one between the U.S. and China (partnership)*. This is the reason Tokyo and Washington have insisted on describing their alliance in terms of common values. However, it should be noted that during the U.S.-China partnership, Japan had a fear of abandonment because pro-China proponents in Washington tend to devalue the alliance with Japan. Therefore, the U.S. has interests in sharing the same vision vis-à-vis China with Japan and leading the rapprochement between Japan and China, in order not to be troubled by an "either-or" situation.

In this situation, Japan's *strategic interest lies in changing the triangular situation*. One option for Japan is to strengthen its alliance with the U.S. to counter China, and perhaps undermine the U.S.-China partnership. If Japan succeeds in recreating a strong relationship with South Korea, its strategic positioning will be much improved. If China's ambitious behavior is seen as expansionist, China's strategic position changes dramatically to its disadvantage. However, China has been more cautious than imagined. With China gradually increasing its influence in Southeast and Central Asia and Africa, the U.S. and South Korea will not easily harden their stance vis-à-vis China. Such an extreme scenario is unlikely to happen without obvious Chinese violations of international norms. Thus, while it is worthwhile to prepare for such a scenario, Japan should seek other ways to improve its strategic position, and it might be not simply rapprochement with China, but diplomatic efforts to get better conditions for Japan.

3) What is the consequence when Japan and the U.S. share a China policy?

One of the agendas for the Japanese government is how to get China to reevaluate the relationship with Japan.[27] Perhaps with this thinking in mind, the *Japanese government has started to point fingers at China*, criticizing its opaque but skyrocketing defense budgets.[28] Unfortunately for China, Secretary of State Condoleezza Rice has also warned that China could become a "negative force" in the Asia Pacific and she "urged the U.S., Australia, and Japan to form a common position on how to engage the Asian economic powerhouse."[29] In addition to engaging China, it is also important for the U.S. to manage the alliance with Japan in terms of

[27] Japanese politicians have to change their stance on history, but we must figure out how to settle this issue for a long time.

[28] Aso Taro, minister for foreign affairs, "Japan Welcomes China's Democratic Future," *Asian Wall Street Journal*, March 13, 2006. In the past, as seen in its response to the Tiananmen incident, Tokyo, unlike the U.S., has not paid much attention to Chinese domestic problems and the leadership in Beijing appreciated that, saying they realized who their real friend was.

[29] Lim Tai Wei and Yeo Lay Hwee, "Trilateral Congregation - Condi Rice's attempts in 'Containing' China?" *Policy Forum Online* (The Nautilus Institute), 06-21A: March 16, 2006.
http://www.nautilus.org/fora/security/0621SIIA.html

China and Asia policy, and it has gradually realized the importance of that. Also, alarm over the rapid growth of China's defense budget has been increasing.[30]

It might be unintended, but if Beijing seeks to maintain *freezing relations with Japan for a long time, it will direct Japan and even the U.S. to a more counter-China policy*. Washington wants to prepare for long-term concerns and keep the alliance with Tokyo; thus, it is expected that it will gradually coordinate its Asia policy to nudge China into being a responsible stakeholder in international society. In this sense, *it would fit Beijing's interests to settle disputes at the early stage of the post-Koizumi era*, and to institutionalize its relationships with the U.S. and Japan. Putting it in another way, when the U.S. and its allies seek reasons for maintaining their alliances, China should be careful not to provide a new raison d'etre for them.[31] Now China waits for Japan to back down because of its good strategic positioning, but it is the outcome of emotional politics, and is not systematically designed and has no durable equilibrium. Winds change direction, and to prepare for more serious criticism, China could make progress in institutionalizing a trilateral process. Here, the strategic goals among the three capitals could converge and aim for stable triangular relations. After China realizes the need to improve relations with Japan, rapprochement can be achieved in the post-Koizumi era.

Proposals and mechanisms

1) Bilateral approach to the Japan-China relationship

With the prospect of the post-Koizumi era beginning in September, one of the most important things is to resume summits, and *not make the same mistakes that were made in November 1998*. It is now the time to consider an agenda for future summits, and this time Tokyo must agree on clearer wording for an apology in the communiqué.[32] It should also be noted that in that communiqué China should agreed to United Nations Security Council reform and both governments should come to an understanding on their visions of the world, regional order, and leadership. To make a solid foundation for the bilateral relationship, both governments should take more administrative efforts for the future and go beyond joint gas development and agreement on the protection of investments; the study group on the *economic partnership agreement* should move to the next stage.

It is difficult to manage bilateral or multilateral studies of history. No two countries can agree on interpretations of history and, with the free choice of textbooks, it is impossible for the Japanese government to regulate official interpretations. Each government could insert its official position in each country's textbook. Japan's government should also repeatedly *emphasize the remarks by Prime Ministers Murayama and Koizumi* in public speeches.[33]

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[30] For a recent review of Chinese military growth, see Peter Rodman, Assistant Secretary of Defense International for Security Affairs, Department of Defense, Remarks before the U.S. Economic and Security Review Commission, March 16, 2006.

[31] Theoretically, to avoid a security dilemma, nations should signal their intentions as security seekers.

[32] There is a high certainty that a post-Koizumi prime minister will not visit Yasukuni. However, he will not publicly promise not to go, but will agree secretly at the diplomatic level.

[33] Statement by Prime Minister Murayama Tomiichi on the "Peace, Friendship, and Exchange Initiative," Aug. 31, 1994. Speech by Prime Minister Koizumi Junichiro at the Asian-African Summit, April 22, 2005. Both at http://www.mofa.go.jp/policy/postwar/index.html

Another approach might be to provide for more *exchanges of people with flexible visa-waiver programs and student invitations to Japan*.

Recently many Japanese people have started to have a different view of history from that held by the Chinese. Wang Min (2005), professor of Japanese studies at Hosei University, points out that Chinese culture forces people to repeatedly repent their mistakes, while the Japanese tend to say "wash out the past" when they are having a friendship at that moment. This is an over-simplified way to describe the differences of the two cultures, but it lets us understand the roots of misunderstanding, without which the same disputes will be repeated.

When the Japanese government and people want to settle disputes over history with Chinese, Korean, and other Asian peoples, it will be necessary to *institutionalize* the apology through acceptable symbols and a social infrastructure.[34] To institutionalize means to de-personalize the agenda, giving a clear and deep-rooted stance for the policy. In this sense, it would be effective to entrench the appropriate message, such as the apologies by Prime Ministers Murayama and Koizumi, in school education. Establishing a new national memorial that would include these messages should be considered. It would be fair to Japan if these remarks also appear in foreign textbooks and to help sow the seeds among Chinese, Korean, and Asian people that history is something that can be overcome: this will aid future understanding. Without such fairness, and if some governments maintain their anti-Japan education, a healthy civil society cannot be established and emotional politics will entrench old-fashioned nationalism. It is Japan's responsibility to re-establish the infrastructure to present an apology for the country's past, but other countries must be ready to accept such actions.

In sum, a new era of Japan-China relations requires both governments to agree on a future vision, lessening uncertainty surrounding each other's intention, and extinguishing the burning nationalism that causes miscommunication. As some political leaders in Tokyo have noted, the problems between the two countries are not merely Yasukuni and history issues. There are many hurdles, and the time for bargaining and agreement has come. Without it, miscommunication will lead to reciprocal isolation. Globalization on the one hand enhances identification with the locality, creating nationalism, partly because ties to global or universal ideas are weak. However, the need to cooperate on regional and global agendas has grown so much that most governments have been "disaggregated" into parts and are networked beyond borders vertically and horizontally, sharing information and enforcement, writes Anne-Marie Slaughter. However, such bureaucratic networking between China and Japan is weak, and the recent political deadlocks hinder policy-level collaboration. To manage the rising economy and increasing social problems, China needs to draw on the experience of the developed countries, and Japan could direct its resources more than the U.S. and EU. In the global age, it should not make use of rising nationalism vis-à-vis globalization, but should direct its attention to the merits and urgent needs of cooperating beyond governments.

2) Trilateral approach

The so-called "rise of China" problem is rooted not merely in the emotional and culture gaps between Japan and China or between the U.S. and China, but in more structural challenges

[34] For the idea of "institutionalizing the history," the author thanks Sun Namkung of Pacific Forum CSIS.

to accommodate a rising power in the international system. Given the present power distribution and the gap of power resources, the international system will remain unipolar for decades, but China will catch up and enlarge its presence. According to power transition theory, this is when war is likely. To be sure, war would be very difficult given the high costs and little benefit, but rivalry would result if leaders miscalculate or misperceive each other. Simple balancing acts against the U.S. could not succeed, but in a time of declining U.S. soft power and the deep difference in culture and values between the U.S. and China, accepting the U.S. hegemonic order (bandwagoning with the U.S.) is also an unlikely option for China. *It is important to lessen the uncertainty surrounding each other's intentions about the changing balance of power*. Recent Chinese diplomacy – trying to extend its influence in Southeast Asia, its approach to authoritarian states, and (apparently) having central Asian countries in the Shanghai Cooperation Organization (SCO) decreases U.S. influence in the region – have led to suspicions about Beijing's intentions. The gap between Beijing and Washington in values and visions of international order will surely divide the two countries. Again, *it is the three capitals' interests to share visions of order and lessen uncertainty in this region*.

The *trilateral senior dialogue* will enhance stability in this context. The three major powers should reach agreement on a shared future vision and relinquish fears of each other's intentions and capabilities. The agenda should include defense budgets and confidence building measures, trade deficits and currency reevaluations, and the future of regionalism in East Asia. Agreement by China on increasing the transparency of its military and financial programs would help stabilize anti-China sentiment in Western countries and better fit its partners' interests. A *trilateral energy consortium* and official development aid for China's energy and environmental programs to improve energy consumption, as proposed by Kent Calder, is also worth considering.[35] Sharing the same policy agenda is a first step to get the three capitals to discuss a desirable global and regional order. Beyond energy, one possible agenda item might be Chinese domestic development, fighting poverty, and preventing environmental pollution. Financial flexibility, combating piracy and counterfeiting, human rights, and enlargement of democracy are also significant, but the point is to work with China as an equal partner, helping its soft-landing.

[35] Kent E. Calder, "China and Japan's Simmering Rivalry," *Foreign Affairs*, March/April 2006.

Trilateral Cooperation and the Chinese Energy Issue

By Akihiro Tamamura

The Japan-U.S.-China relationship in East Asia is a complicated one, with solutions to the numerous problems connecting these three countries yet to be found.

Looking at China-Japan relations, the political relationship between the two has remained frosty, as seen in the booing of the Japanese soccer team in Chongqing and mistreatment of its fans, and anti-Japanese demonstrations, to name but two incidents. Prime Minister Koizumi Junichiro's visits to Yasukuni Shrine also casts a shadow over and complicates Japan-China relations.

While there are many political conflicts between Japan and China, economic ties are strong, a situation described as *seirei-keinetsu* (hot economics, cold politics).

There are some political problems in U.S.-Chinese relations, such as Taiwan. Recently, however, the U.S. has begun to identify China as a "stakeholder," and the U.S. and China cooperate economically in a range of areas.

In trilateral relations, people-to-people exchanges and economic interdependence has expanded. For China, Japan, and the U.S. are currently each other's largest trading partners. There has been deepening economic interdependence in U.S.-China relations, despite some frictions such as the dispute over the value of the Chinese currency. China joined the WTO and its rapid development has made the Chinese economy the fourth largest in the world, surpassing the UK.

The international environment surrounding China in Asia is different from that of the Cold War, and Chinese economic growth is changing the international environment of 21st century East Asia. Accordingly, this economic growth influences the trilateral political relationship and the presence of Japan and the U.S. in East Asia. This is one reason why many Asian countries did not support Japan's bid for a permanent seat on the United Nations Security Council.

China's rapid industrialization, urbanization, and increasing trade have caused significant growth in the demand for energy. As a result, China, a former exporter of oil, became a net importer in 1993. This means that the Chinese economic structure has become one in which energy supply cannot keep up with demand. China is now the world's third-largest crude oil importer, after the U.S. and Japan. To secure a stable supply of energy, China has sought to develop its multilateral diplomacy. The demand for oil, the creation of a middle class with all its desires, and structure that depends on coal-fueled thermal power generation have led to severe environmental problems. China's energy problem is becoming an international problem on a different level from problems concerning Taiwan or Yasukuni.

This paper examines the prospects for trilateral cooperation from the perspective of environmental problems caused by energy consumption and rapid economic development.

China's energy problem

Chinese energy consumption as of 2003 was the world's second largest after the U.S. The demand for energy is increasing. Net oil imports in 2003 was 104 million tons, a rapid increase. The major factor for this increase was the growth of automobiles. The number of car owners in 2002 was 12 times that of 1980, which resulted in an inevitable growth in the demand for oil. Chinese demand for oil increased about 110 million tons during 1990s, and 25 percent of that was attributed to the automobile expansion. Prime Minister Wen Jiabao and other political leaders are alert to the need to save energy but the enthusiasm for consumption is more powerful. Chinese energy use is 60 percent coal and 20 percent oil. For the medium term, an expansion of the share of natural gas can be expected, though the basic structure will not change.

China has foreign policies that focus on securing energy supplies, which include regular visits to energy-producing countries by senior officials, the dispatch of peacekeeping operations, and economic assistance to developing countries. To secure resources such as oil and rare metals, China has advanced trade, investment, and economic aid to Central and South American and African countries. In particular, oil imports from Venezuela have been rapidly increasing. Similar advances are also seen in Africa. For instance, China procured oil by holding 40 percent of the stock of a local oil company in Sudan, acquired the right to develop an oil field with $2 billion dollars of finance in Angola, attained petroleum in Nigeria and copper in Zambia, and lumber in Liberia.

These actions promote competition to secure resources. The intensification of competition with other energy-importing countries, including Japan and the U.S., has caused an increase in oil prices. The increase in the demand for wood causes deforestation that can result in environmental disasters. Skyrocketing oil prices have complicated the international environment surrounding China. Also, China's enormous oil consumption increased CO_2 discharges. Plus, industrial development is supported by electric power, about 80 percent of which depends on coal-fueled thermal power generation. As a result, SO_2 and NO_x emissions caused by coal-combustion creates air pollution. This has contributed to climate change at the global level. At the same time, underdeveloped facilities for industrial waste disposal cause water pollution and chronic shortages of water. Excessive withdrawal of underground water, has depleted urban water tables.

Environmental problems in China

Environmental destruction and disasters has happened throughout contemporary Chinese history.

Although China created environmental protection laws with the start of high economic growth in 1979, the environmental situation in China is growing rapidly worse. The indicators are plain: the sudden growth of CO_2 discharges (14 percent of the world total), water pollution (70 percent of the country's seven major water systems are ranked severe), lack of water (there are shortages in more than 400 cities), desertification, environmental pollution by sandstorms and yellow sand. Only 40 percent of urban areas meet national air standards; acid rain is found in more than 30 percent of the country. The amount of SO_2-discharge throughout China in 2005

increased 25 percent in comparison with that of 2000, and acid rain now falls on Beijing. A number of pollution-related problems have emerged and victims are going to the courts. There is serious concern about impact of pollution on the health of the Chinese people. Acid rain, and its mix of nitrogen oxides and sulfur dioxide, is affecting the environments of Japan and the Korean Peninsula. This means that environmental pollution in China is an international matter, which needs to be quickly dealt with. China's energy concerns impact energy security, the national and regional environments, and global warming.

Hope for trilateral cooperation?

The Chinese government seeks to deepen economic interdependence to secure a stable supply of energy to maintain economic growth. However, to strengthen ties with Central and South America and Africa, China started supplying combat planes and air-to-grand missiles to Venezuela, Bolivia, and Nicaragua. Its military assistance to Sudan reportedly includes arms supply and military training. These ways of deepening a relationship raise security concerns. In addition, Japan and China have not found a solution to their conflict over the gas field in East China Sea. Border issues between China and neighboring countries have become more complicated. Thus, China's energy concerns have become an international political issue, developing far beyond a mere policy of securing energy.

For China, it is important not only to maintain supplies, but also to consider how to use limited resources efficiently. Development and use of energy-efficient technologies and alternative energy sources should be promoted. Moreover, there needs to be investment in environmental facilities for pollution control, growing public awareness, capacity building, and better administration of pollution policies.

Conclusion

Japan has contributed to the solution of Chinese environmental problems by providing economic assistance through ODA and international organizations like the World Bank, and technical transfers through businesses. Japan has high-level technology and experience in environmental preservation such as solar- and wind-power generation. Further cooperation and a stronger partnership on environmental issues can be expected between Japan and China. Japan-China relations are critical to addressing these issues.

As noted, the issues created by the Chinese energy problem are not only domestic, but are global in nature. The U.S. and Japan need to be proactive to keep frictions over energy matters from becoming full-blown interstate conflicts. Is it possible for the three countries to make a community that shares common values on environmental issues to facilitate cooperation? Can Japan lead such a community?

China's Relations with the U.S. and their Negative Effects on Japan

By Hanako Takashima

The U.S. and China are two major powers. The U.S.-China relationship is especially important given its great influence on international relations as well as on Northeast Asia. Although U.S.-Japan relations are critical for the region, relations between the U.S. and China are equally important. I will attempt to identify how the U.S. tried to stabilize relations with China in two cases; (i) granting most favored nation trade status to China in 1993 and (ii) the end of massive weapon exports to Taiwan since 1981. I will compare the cases to see whether the U.S. compromised with China. Finally, I will examine the predictability of Japan's reaction to U.S.-China relations, especially regarding institutions such as the Cabinet and the Diet.

The U.S. is the dominant international power, most able to realize its preferred policies. Its diplomatic skills and experience facilitate the U.S.'s leading role in the diplomatic arena. Although China sometimes encounters resistance from neighboring countries and is not regarded as a mature power, its power, population, natural resources, etc, assure its future growth and increasing diplomatic advantage in many fields.

Conflicts between those two countries can be seen in many areas, however, realistic diplomacy should lead to cooperative relations between them. The great influence this relationship has on East Asia is the first reason to emphasize its significance. Its *continuation* should be considered significant, even though their relationship tends to focus on dramatic *transformations,* such as Nixon's visit to China, the response to the Tiananmen Square Incident, and so on.

Japan has been influenced by and suffered most from U.S.-China relations. In other words, it is the country most vulnerable to the impact of the other two nations. Japan experienced difficulty in its diplomacy when the U.S. approached China and China showed a favorable attitude toward the U.S. It's important to consider how Japan's diplomatic vulnerability can be limited. Therefore, we should figure out how to stabilize U.S.-China relations. To do this, we should consider specific cases. Unfortunately, we can't easily trace the diplomatic decision making process in China. Thus, I focus on how U.S. decision makers deal with conflict in U.S.-China relations.

A typical example of the U.S. readiness to compromise is seen in the 1993 decision to give most favored nation (MFN) trade status to China. In 1974, the U.S. adopted the Jackson-Vanik Amendment, which prohibited giving MFN to nations that constrained the free movement of immigrants. Since then, a group in the U.S. has pushed to improve human rights in China using the MFN as leverage. Other groups asserted the importance of the commitment to Taiwan rather than China as an expression of their anti-communist attitude. Though hawks on China policy remain in the Congress, every administration pushed to continue MFN to China and Congress eventually agreed. After the Tiananmen Square Incident, Congress assailed China for the military intervention and bloodshed, tried to impose economic sanctions, and suspended MFN. However, President George H.W. Bush prevented hardliners from responding emotionally and invoking sanctions. The Clinton administration faced opposition from Congress not to renew

MFN to China, but it was approved in 1993. Moreover, his administration pushed Congress to adopt permanent MFN to China in 2000. These events show that the U.S. sought to halt worsening relations with China even after the end of the Cold War and the disappearance of the threat from the USSR.

U.S. arms exports to Taiwan are an example in which the U.S. *initially* didn't try to avoid conflict between China even though it eventually agreed to limit exports, a concession to China. President Reagan was ready to heighten tension at the first stage of that process. From the 1976 Republican Convention, his camp attempted to make support for Taiwan a plank in the GOP platform; moderates blocked them. This intra-party conflict was repeated during the 1980 campaign and Reagan tried to implement his Taiwan policy after being inaugurated. Meanwhile, in January 1979, the U.S. and China established diplomatic relations, but three months later Congress passed the Taiwan Relations Act that allowed sales of defensive weapons to Taiwan and declared a commitment to Taiwan. This caused tension between the U.S. and China. However, in August 1982, Reagan accepted Secretary of State Alexander M. Haig's advice to restrict exports and signed the U.S.-China communiqué that called for that policy. Behind the change of Reagan's ideology-based-policy was a desire to maintain good relations with China to use as a hedge against the USSR. Ironically, Reagan couldn't avoid détente even though he argued it was "amoral."

What do these cases show about the basis of cooperative relations between the U.S. and China? It is generally assessed the U.S. domestic politics has a great influence on policy toward China and caused serious conflicts with China. However, in neither case did hardliners force the U.S. to change policy, even in the case of weapon exports to Taiwan. Within the U.S., groups have called for good relations with China (i) asserting the importance of cooperation with China (China hands in Congress, the Democratic Party and bureaucrats) and (ii) understanding the significance of a realistic relationship with China (internationalists in the Republican Party represented by Nixon, Kissinger, and George H. W. Bush). A third group has attempted to make commitments to Taiwan rather than China using anti-communist rhetoric (hardliners in the Republican Party). Despite conflicts, a middle ground has been continuously explored.

We can say that in the U.S. there exists a mechanism and incentive to maintain realistic relation with China regardless of the international environment. I would like to argue that future U.S. administrations would continue to have solid – but not necessarily positive – relations as long as China continues its economic development and avoids an excessive military buildup. We shouldn't overlook the fact that China has cautiously controlled its military capacity, though we tend to regard China as a country that has strained to expand.

If the U.S. and China have incentives to maintain stable and peaceful relations, Japan will have a hard time maneuvering between that relationship. As in the case of Nixon's visit to China – which occurred without warning Japan – Japanese diplomats will have a hard time predicting future twists. How can Japan cope? Japanese diplomats have accumulated rich knowledge that allows them to predict sudden shifts. However the diplomatic capability of the Cabinet and the Diet has been limited in comparison with that of diplomatic specialists. To enhance these institutions' ability to predict and operate in critical diplomatic phases, I propose to use national political parties' links among the three nations. Though each country has diverse

party systems and the parties' roles in the foreign policy decisionmaking process vary, history shows remarkable continuity among the parties, such as the Liberal Democratic Party's (LDP) strong ties with the U.S. throughout the Cold War, the partly failed approach of the Japan Socialist Party (JSP) to the Chinese Communist Party in the same era, and the U.S. parties' quadrennial adoption of foreign policy planks within their platforms. The parties help trilateral relations: they facilitate information sharing, signaling and so on. Thus, strengthening associations among parties will contribute to the predictability of Japan's diplomacy with both countries.

In conclusion, the U.S. intention to cooperate with China will help the U.S. and China maintain stable relations and has contributed to the stability of global and northeast Asian diplomacy politics. At the same time, it has affected Japan's diplomacy. These are reasons to argue that U.S.-China relations is the most important bilateral relationship. Assuming this tendency will continue, Japan will continue to be vulnerable as a result of this relationship. To enhance the predictability of Japan's diplomacy, I support the reinforcement of party links within trilateral relations.

Widening Areas of Cooperation

By Corrine Thompson

As was made clear during our conference on "Strategic Goals in U.S., Japan, and China Relations," a relationship's importance depends on how importance is defined. Is importance a reflection of how tense a relationship is, or a reflection of its future potential? Economically, the bilateral relationships between the U.S., Japan, and China are strong and interdependent. In terms of exports and imports, each is one of the other's top five trading partners.[36] However, solid relationships go beyond economics. The importance of a relationship can be evaluated according to the stage of the relationship, levels of trust and cooperation, mutual concerns and values, dispute management, and the future potential of the relationship. While strong bilateral relationships between the U.S., Japan and China are all imperative, it is the relationship between the U.S. and Japan that is currently the most important.

This is due in part to the fact that the bilateral relationship is at a fundamentally different stage than the U.S.-China and Japan-China relationships. With Japan, the U.S. seeks to improve the terms of the relationship. With China, the U.S. is still trying to determine what the terms of the relationship will be. This holds true for the China-Japan relationship as well. This is illustrated by the manner in which government officials refer to the relationships. In February, a Chinese Foreign Ministry Spokesman said "The remarkable development of China-U.S. relations in recent years demonstrates the comprehensive common interests and ***the possibility*** for the two countries to establish cooperation in various fields."[37] Japan's diplomatic handbook describes Japan-China relations this way: "In recent years, interdependence between Japan and China has deepened more and more, and it is extremely important for Japan's peace and prosperity ***to build*** stable, friendly and cooperative relations with China."[38] Both statements focus on the future and the desire to establish relationships based on cooperation.

Contrasting the above statements to the testimony of the Chairman of the Subcommittee on Asia and the Pacific James Leach last April demonstrates the firm relationship between the U.S. and Japan. "The partnership between our two great countries - based on a remarkable coincidence of interests economically, strategically, and in terms of shared democratic philosophy - continues to deepen and mature."[39] Because the stages of the relationships differ, so to does the level of trust and cooperation. Trust allows countries to work together on contentious issues and face disagreements amicably, with less suspicion over motives. Japan and the U.S. have a history of cooperation that has established trust. There is a lack of trust in the Japan-China

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[36] World Trade Organization. Trade Profiles. Sept. 2005. 13 Mar. 2006 <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=CN,JP,US>.

[37] China calls for handling China-U.S. relations in "long-term", "strategic" view. 16 Feb. 2006. Embassy of the People's Republic of Chin in the Untied States of America. 10 Mar. 2006 <http://www.china-embassy.org/eng/zmgx/zmgx/Political%20Relationship/t235705.htm?>.

[38] Ministry of Foreign Affairs of Japan. Diplomatic Bluebook. 2005. 10 Mar. 2006 <http://www.mofa.go.jp/policy/other/bluebook/2004/chap2-a.pdf>.

[39] Leach, James. Statement of Representative James A. Leach Chairman, Subcommittee on Asia and the Pacific Hearing entitled "Focus on a Changing Japan". 20 Apr. 2005. 13 Mar. 2006 <http://wwwa.house.gov/international_relations/109/leach042005.pdf>.

and the U.S.-China bilateral relationships. One illustration of this is Japan's identification of China as a prominent security concern.

The importance of a shared form of governance and similar values matters, too. As Assistant Secretary of State for East Asia and the Pacific Christopher Hill stated, "We share with Japan a commitment to democracy at home, to the universal principle of human rights and to the promotion of free markets abroad."[40] While no one would consider Japan and the U.S. to be culturally homogenous, shared values promote collaboration on a wide range of issues. The range of issues countries collaborate on provides evidence of a strong relationship by demonstrating the ability to face numerous and complex global challenges effectively. The U.S.-Japan relationship has moved beyond economics to issues of governance, humanitarian assistance, and security. Other areas of cooperation include health and environmental issues. This array of issues makes the U.S.-Japan relationship multifaceted and effective in meeting a range of global challenges.

The problems within the Japan-U.S. bilateral relationship are numerous and should not be disregarded. However, the two countries have a history of resolving their disputes. More importantly, single disputes are not allowed to sour the relationship and prevent cooperation on unrelated matters. Areas of dispute do not define the relationship; areas of cooperation do. This cannot be said for either the U.S.-China or the Japan-China relationships. The areas of dispute are so numerous and serious that they define the relationship: they are the focal points of the relationship.

Ensuring smooth relations with China will require increased cooperation and collaboration between the countries to build trust. This requires a two-tiered process. The tiers can be characterized as: first working around the relationship, and then working on the relationship. The first tier can be addressed through a two-stage process. The first stage is to find less politically charged areas for collaboration outside of the relationships to build trust and cooperation. Certain issues, such as human rights and history, remain contentious and restrict the nations' ability to work together toward mutual goals. Working together on issues that do not require substantial political capital by any government and that further each country's contributions would build a foundation for positive cooperation and collaboration.

One such area is disaster relief. Each country has shown a commitment to contributing resources toward disaster relief operations. Together, the three countries could develop plans and establish guidelines for joint relief efforts that provide maximum benefits for victims. Other issues where further collaboration would be globally beneficial include humanitarian assistance and health issues, such as HIV/AIDS and flu pandemics.

Crisis management was identified by conference participants as another area for cooperation. Developing ways to manage crises among the U.S., China, and Japan not only creates a new area of cooperation, but can prevent the escalation of disaster. For example, given the possibility of accidents in the East China Sea, developing a crisis management plan between nations that establishes lines of communication and defines expectations of actors' actions is

[40] Hill, Christopher. Bureau of East Asian and Pacific Affairs Statement by Assistant Secretary Christopher R. Hill. 29 Sept. 2005. 13 Mar. 2006 <http://foreign.senate.gov/testimony/2005/HillTestimony050929.pdf.>

imperative. Also important is establishing protocols to guide actors' behaviors in the event of an incident. Crisis management should include contingency planning for natural and man-made disasters, including epidemics and terrorist attacks.

A recent report by several Congressmen tackled the issue of U.S.-China cooperation. They, (as well as some conference participants) identified space cooperation as one possible area of collaboration. While security concerns prevent extensive cooperation between China's Ministry of Science and Technology, Japan's Aerospace Exploration Agency, and the NASA on sensitive technologies, the Congressmen suggest developing a common docking ring for all space craft. This would provide security for astronauts in space by making help more readily available during a crisis.

The second stage of tier one is to work on controversial issues that require joint cooperation. The U.S., China, and Japan have common interests and objectives. Following the Second U.S.-China Senior Dialogue in December of 2005, Deputy Secretary of State Robert Zoellick said "Without always pursuing the same policies, we can still pursue the same policy goals with complementary approaches."[41] The governments have identified mutual concerns as counter-terrorism, nonproliferation, and cross-border crime. Each country has its strengths and weaknesses in each area, including relative influence and political will. By combining their efforts, each country is able to maximize its strengths and offset its weaknesses.

One area mentioned repeatedly by participants was environmental cooperation. China's economic growth has increasingly serious environmental consequences, particularly for Japan. Another issue is the North Korean nuclear crisis and the Six-Party Talks. A united front is necessary to resolve the crisis. While the U.S. and Japan are essential to progress in the talks, China's influence and relationship with North Korea is required to break the stalemate in the talks. One disagreement between participants was the role of the Six-Party Talks. While some indicated that negotiations should be made into a permanent forum or organization to address different issues, others felt the collapse of the Six-Party Talks was a more realistic proposition. A forum that proves to be a failure may not be an auspisous beginning for a new organization. The U.S., Japan, and China should be working on contingency plans in the event of failure. If the talks collapse, the need for cooperation and collaboration will not diminish; instead it will increase as a new framework is developed to deal with the North Korean nuclear crisis.

The second tier requires that bilateral relationships between the three nations improve. Certain issues are souring the relationships; they need to be addressed at the bilateral level. For example, there is little room for the U.S. to contribute to the resolution of the history issue between China and Japan. The possibility of the U.S. being able to intervene in a positive manner is unlikely. The U.S. would most likely be unable to maintain an appearance of neutrality and would appear to be siding with one country against the other, hurting U.S. bilateral relations. But, until some resolution can be obtained, relations between China and Japan will remain tense, hindering cooperation. One prominent issue during the conference was the role of the U.S. in the China-Japan history dispute. Some suggested the U.S. play the role of mediator while others

[41] Zoellick, Robert. Deputy Secretary Zoellick Statement on Conclusion of the Second U.S.-China Senior Dialogue. 8 Dec. 2005. State Department. 13 Mar. 2006 <http://www.state.gov/r/pa/prs/ps/2005/57822.htm.>

strongly opposed U.S. involvement of any kind. The U.S. as mediator is problematic for several reasons. First, effective mediators appear neutral, which the U.S. would be unlikely to do. Second, mediation can only occur when both sides agree to mediation. Thus far, Tokyo seems to be opposed to any U.S. interference. Finally, mediation is effective when both sides are committed to the resolution of a dispute. There has been little indication that either the Japanese or Chinese governments honestly seeks resolution. These reasons make U.S. interventions problematic.

The U.S. should not ignore the situation, however. Situations change, and if Japan and China indicate a desire for resolution and U.S. involvement, the U.S. should be ready to oblige. Until that time, the U.S. should work to minimize the effects of the dispute on its bilateral relations with China and South Korea. The U.S. can quietly urge both governments to work together and foster cooperation on other issues. (It should be noted that it is not only the Sino-Japan relationship that ass bilateral issues. The U.S. and Japan have numerous disputes, many arising from the security treaty. These problems must be solved bilaterally.)

Dealing with this properly requires attention to how governments refer to, and talk to, each other. A lack of respect and politeness at the diplomatic level indicates a lack of commitment to positive relationships. It also sets a poor example at the grassroots where anti-China/Japan/U.S. sentiment may be strongest and most difficult to overcome. The disputes are serious and complicated enough without adding verbal attacks and inciting anger among the public. Furthermore, these kinds of attacks create an environment that interferes with cooperation.

Furthering collaboration and cooperation will build trust and move the U.S.-China and Japan-China relationships past relationship building to relationship maintaining. Unfortunately, the issues that need to be resolved are complex and will take time, requiring sacrifice from all parties to achieve mutually satisfactory settlements. There are no quick fixes or easy solutions. Only dedication, hard work, and a willingness to expend political capital will ensure smooth relations. The future of the bilateral relationships between the three countries is unpredictable. However, the U.S., Japan, and China working together toward a more secure and prosperous world would have innumerable benefits globally. On this point, all participants agreed.

Strategic Obstacles and Potential Solutions for Better U.S.-Japan-China Relations

By Qinghong Wang

For realists, the fundamental strategic obstacle to U.S.-Japan-China trilateral relations is the contest among these three powers for leadership in East Asia (if not the world). Although China is considered to have been the world's technological and economic leader from 500 AD to 1500 AD[42], the Middle Kingdom was eclipsed by Europe due to the industrial revolutions of the West and the expansion of Western colonialism to the East. The Meiji Reformation (1868-1912) transformed a feudalistic and colonized Japan into the first modern nation-state in the East. But Japan's hegemony in the Asia Pacific, based upon militarism and colonialism, came to a close with the end of World War II. During the Cold War (1945-1991), both China and Japan were allies and junior partners of the two dominant powers in East Asia – the U.S. and the Soviet Union. The collapse of Soviet Union in 1991 left the U.S. as the dominant power of the region and left a power vacuum. The U.S. war on terrorism after the Sept. 11, 2001 terrorist attacks enlarged this power vacuum in East Asia. As emerging economic, political, and military superpowers, both Beijing and Tokyo are trying to reclaim leadership in the region, while Washington, the sole superpower, is considering how to protect its hegemony in East Asia. Who will be the new leader of East Asia in the 21st century; the ancient leader – China, the modern leader – Japan, or the contemporary leader – the U.S.?

Time Period	Watershed Incident	Leadership of East Asia	Major Approach
1500-1840	Opium War in 1840	China	Confucianism
1840-1895	First Sino-Japanese War in 1895	European Colonial Powers	Colonialism
1895-1945	End of WWII in 1945	Japan	Militarism
1945-1991	Collapse of USSR (1991)	U.S. & Soviet	Cold War
1991-Present	Sept. 11 Incident (2001)	U.S. & Power Vacuum	Globalization

Chart 1: The Power Transition in East Asia

Competition for Energy

Besides the abstract question of who can claim to be the dominant power, the very tangible question of energy, especially control of oil and natural gas resources, is a source of U.S.-Japan-China strategic competition. As the three largest energy consumers, the U.S., China, and Japan compete with each other for oil, natural gas, and other energy supplies. The rapid expansion of China's manufacturing and automobile industries has forced China to seek oil and

[42] Joseph S. Nye, Jr. "The Future of U.S.-China Relations." *PacNet* 10, March 16, 2006.

natural gas throughout the world. As a newcomer to this competition, and as an emerging economic superpower, China will inevitably challenge the international energy distribution structure dominated by the U.S. and Japan. In Asia, China and Japan have fiercely competed for the oil in the Russian Far East for years. Meanwhile, territorial disputes in the East Sea have come close to bringing the two countries into a military confrontation. In the Middle East, Africa, and South America, China's newly established energy relationships with regimes opposed by the U.S., such as Iran, Sudan, and Venezuela, have caused great concern in Washington.

Nationalisms vs. globalization

The end of the Cold War provided the U.S. with a unique opportunity to expand its hegemony in the world via "globalization," which is, essentially, economic, political, and cultural Americanization. Although deeply involved in the process of globalization, both Beijing and Tokyo have refurbished a modern-era nationalism to counterbalance the influence of globalization and to find an ideological foundation from which they can compete for leadership in East Asia. The concurrent buildup of nationalism in China and Japan, however, has turned into a vicious cycle, creating hostility between these countries due to unsolved historical and territorial disputes. Seemingly, this clash of nationalisms in East Asia provides the U.S. with the opportunity to maintain leadership in the region by playing "divide and conquer." In fact, Washington's relatively quiet attitude about the China-Japan conflict will cost the U.S. authority and control in the region and give its challengers time and excuses to grow. Additionally, U.S.-led globalization will be hindered by these regional storms of nationalism.

The Tiananmen Incident in 1989 made Beijing realize the necessity of educating its citizens about nationalism, especially the younger generations. Hundreds of nationalist education bases and museums have been established around China, and numerous books, films, and TV dramas devoted to nationalist education have been produced since the mid-1990s. This education has focused on the 100-year humiliation (1840-1945) in China's modern history, and has not necessarily targeted the promotion of anti-Japanese sentiment. But since the second half of the 100-year humiliation (1895-1945) resulted primarily from the Japanese invasion, China's younger generations, who have received this education, tend to have stronger anti-Japanese sentiments than an older generation that did not receive a similar education. This anti-Japanese sentiment has been intensified both by the attitudes of Japanese rightwingers and territorial disputes between the two countries. During his presidency (1993-2003), Jiang Zemin furthered this sense of Chinese nationalism by frequently concluding his public speeches with a call to "strive for the great revival of Chinese nation," which is often interpreted as China's ambition to reclaim its role as leader in East Asia. China's economic growth in the past three decades strengthened the sentiment behind Jiang's rallying cry.

Its 50-year record as a peaceful and responsible member of the international community and as the second largest economy in the world convinced Tokyo that Japan is the best candidate for post-Cold War leadership in East Asia. Tokyo's confidence was shaken, however, after its first attempt to assume this role during the 1991 Persian Gulf War. The minimal recognition from the international community for its $13 billion financial contribution to the allied effort made Tokyo realize Japan will always be in the shadow of the U.S., lacking the status of a

"normal" country. Rightwing politicians took advantage of the public frustration and launched an identity-rebuilding campaign. The campaign attempted to reinvigorate Japanese nationalism, transforming it into the foundation of the campaign for leadership in East Asia. To this end, Japan's rightwing press began distributing for use in Japanese high schools history texts that denied and covered up the war crimes associated with Japan's invasion of the Asia-Pacific (1895-1945). In order to revive Japan's modern-era nationalism with the emperor as the core, rightwing politicians have tried to enhance the emperor's influence by visiting Yasukuni Shrine and forcing people to sing the *Kimigayo*. But Japan's failed attempt to gain a permanent seat on the United Nation Security Council in 2005, due to strong opposition from China, Korea, and others, has proved the infeasibility of the rightwing plan to have Japan assume leadership of East Asia via the restoration of nationalism. Nevertheless, rightwingers continue to push for it.

In many Chinese minds, the psychological trauma suffered in the U.S. as a result of Japan's sneak attack on Pearl Harbor in 1941 was offset by the atomic bombings of Hiroshima and Nagasaki in 1945. But, the Cold War neither gave the Chinese people the opportunity to reconcile the wartime traumas suffered during the Japanese invasion, nor obliged the Japanese people to examine the war crimes committed in the name of Japanese militarism. The U.S. has hesitated to play an active role in the mediation of historical disputes between China and Japan. There are many factors that contribute to this, including the presence of U.S. troops in Japan, its security alliance with Japan, and controversy regarding Hiroshima and Nagasaki, among others. But if Washington continues to be a spectator during the clashes of nationalism in East Asia, both regional stability and U.S. leadership in the region will be greatly weakened.

Trade deficits vs. debt bonds

In contrast to the political confrontations, economic interdependence among the three countries has reached a record high. Followed by the U.S., China has been the largest trade partner of Japan for the last two years (2004 and 2005). China-Japan trade (including Hong Kong) in 2005 totaled close to $213 billion. Total U.S.-Japan trade in 2005 was about $186 billion. And U.S.-China trade (including Hong Kong) in 2005 was close to $ 285 billion.

The trade deficits among these countries are also growing, which is an obstacle to trilateral relations. The U.S. trade deficit with China (including Hong Kong) in 2005 jumped 24.5 percent from 2004 and reached $201.6 billion, a record U.S. trade deficit with any country. The U.S. trade deficit with Japan in 2005 also jumped 9.4 percent to reach $82.7 billion. Japan's trade deficit with China (not including Hong Kong) in 2005 was $26.6 billion, the second largest deficit in Japan-China trade history.

Meanwhile, the governments of Japan and China have purchased a large amount of U.S. bonds, which contributes to economic interdependence among three countries. The Japanese government, with $800 billion in U.S. bonds, is currently the biggest holder of U.S. national debt. The Chinese government, whose investment in U.S. Treasury bills has more than tripled in the past five years from $71 billion in 2000 to $242 billion in 2005, is currently the second largest.

With the war in Iraq, which cost $250 billion by March 2006 and will need about $80 billion per year from now on, the U.S. national debt is expected to jump from $8 trillion in 2005 to $10 trillion in 2008. Washington needs the continuous purchase of T-bills by Beijing and Tokyo, the two largest foreign reserve holders ($853.6 billion for mainland China and $850.0 billion for Japan by February 2006). Washington does not want to see its two largest debt-holders dumping their U.S. holdings, which could cause the collapse of the dollar system. Some strategists believe the tension between Japan and China will push both countries, especially Japan, closer to the U.S. and prevent them from threatening to dump their U.S. bonds.[43] But those strategists should also realize that the increasing tension between China and Japan would destroy the peace in East Asia and could bring the U.S. into another major military confrontation, which is much worse than the U.S. bond-dumping scenario.

Upgrade of U.S.-Japan defense alliance vs. expansion of China's military power

The potential military confrontation among three countries is the most dangerous strategic obstacle to U.S.-Japan-China relations. Due to the war in Iraq and its global anti-terrorism campaign, the U.S. is trying to maintain leadership in East Asia by relying on more defense cooperation with long-term allies, like Japan. Tokyo sees this as a rare opportunity to rebuild full-fledged statehood, including the revision of Article 9 of the Japanese Constitution, which prevents Japan from having a regular army. But the upgrade of the U.S.-Japan defense treaty in March 2005 was interpreted by many Chinese as a tool to contain China and interference in the unification process between the mainland and Taiwan. Correspondently, China has accelerated the pace of its defense modernization and increased the pace of its military buildup.

According to official data, China's defense budget for FY 2006 increased 14.7 percent over the previous year, to reach about $35 billion. But when Washington and Tokyo voiced concerns over the rapid growth of China's military capacity, Beijing replied that China's defense budget is relatively small compared to the $419 billion budget of the U.S. and the $41 billion budget of Japan for the same period. Washington and Tokyo then criticized China's lack of transparency, saying that Beijing's defense expenditures are much larger than official data indicate. Beijing questioned why only the U.S. and Japan, and not China, should have the right to spend such a large amount on defense, considering that China and the U.S. are similar in geographic size and Beijing boasts the largest army in the world. Actually, the debates over defense budgets can be traced to the deepest strategic obstacle in U.S.-Japan-China relations – the contest for leadership in East Asia.

Potential solutions

First, decision-makers of these three countries should eliminate Cold War thinking and work together to curb the clash of nationalisms in East Asia. They must look at U.S.-Japan-China trilateral relations as a win-win-win scenario instead of a zero-sum game. The Chinese government realized the negative effects of the overheated nationalism after the big anti-Japanese demonstrations in China last April. And the fourth generation leadership of China has

[43] In 1997, Japanese Prime Minister Ryutaro Hashimoto admitted that the Japanese government had been tempted several times to sell large lots of U.S. Treasuries.

gradually adopted Confucianism, which emphasizes harmony of the world and society, as the counter-balance to, or even a substitute for, nationalism. Since last year, with the support of the Chinese government, Confucian literature has been appearing on the curriculum of Chinese primary and middle schools, and Chinese government-sponsored Confucius Institutes have been established around the world, including six in the U.S. and three in Japan as of March 2006. The return to Confucianism, the traditional and to some extent current dominant ideology in East Asia, will not only help China project Chinese soft power but also help China and Japan shift attention from the animosities of modern history to their cultural and traditional connections from ancient times.

As the architect of the post-WWII international structure in East Asia, the U.S. can and should play a more active role to help Japan and China resolve their historical and territorial disputes. A U.S.-Japan-China (even including South Korea) trilateral summit on WWII-related history, territorial disputes, and energy cooperation, organized and led by the U.S. will not only benefit peace in East Asia but will also help consolidate the leadership position of the U.S. in the region. Finally, to balance the trade deficits among three countries, the U.S. and Japanese governments should allow Chinese companies to buy more high-technology products, energy assets, and other kinds of companies. And the Chinese government should do more to reform its financial system and to protect intellectual property rights.

Beijing's hosting of the 2008 Olympic Games provides another opportunity for enhancing trilateral relations. Japan and the U.S. have valuable experience in hosting a successful Olympiad that they can share with Chinese colleagues. Meanwhile, millions of U.S. and Japanese tourists will have the opportunity to directly experience Chinese culture and Chinese society and directly communicate with the Chinese people when they come to China for the Olympics.

If the U.S. and Japanese governments can simplify visa procedures for Chinese citizens and grant more visas to Chinese tourists and young students, then Chinese people will have a more profound understanding of U.S. and Japanese politics, democracy, religion, culture, and society. Meanwhile, the overseas purchasing power of Chinese citizens will greatly reduce unbalanced trade between China and the U.S. and between China and Japan.

NGOs should also help the Chinese and the Japanese people finish the unfulfilled historical task of international reconciliation. U.S. NGOs and nonprofits should cooperate with their Chinese and Japanese counterparts to work on history-book writing and people-to-people diplomacy. Organizations, like the Pacific Forum Young Leaders Program, which have talented senior and young experts of the Asia Pacific have advantages over regional NGOs when it comes to writing balanced and comprehensive publications on the modern history of East Asia.

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