



U.S.-Japan-China Relations
in the year 2020



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Based in Honolulu, the Pacific Forum CSIS (www.pacforum.org) 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 arenas. 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 Yuchengco Group, with a growing number of universities, institutes, and organizations also helping to sponsor individual participants. 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

By Brad Glosserman

For over a decade, the Pacific Forum CSIS, with partner institutions in Japan and China, has sponsored a trilateral U.S.-Japan-China dialogue. While that discussion has plumbed the tensions that plague relations among the three countries, its focus has been the opportunities available for trilateral cooperation and the need to seize them. Fortunately, most participants recognized the value of such cooperation. Unfortunately, political issues all too often intervene to undermine their ability to do so. Obstacles to cooperation range from mistrust to the clash of national interests (nor are the two discrete problems). Our discussions have underscored the need for greater understanding among the three parties of their partners' thinking and concerns.

This dialogue was the first Pacific Forum program to put Young Leaders on the senior conference agenda. In 2006, we asked one Young Leader from each country to provide a next generation perspective on the future of the trilateral relationship; we have done so ever since. The inclusion of Young Leaders has helped distinguish this discussion from the other trilateral dialogues that now take place.

Our 2007 meeting was held in Nanjing. We hoped to use that opportunity to fully probe the tensions in Japan-China relations. Instead, the conference occurred as Chinese Prime Minister Wen Jiabao completed a visit to Japan that "broke the ice" in that relationship and the mood was celebratory. Our plan for Young Leaders to visit the museum commemorating the Nanjing massacre was scotched because it was closed for repairs. Instead, Young Leaders visited the Air Force Memorial in the suburbs of Nanjing that honors the pilots – Chinese and foreign – who died fighting for China from 1932-1945 and the majestic Sun Yat Sen Mausoleum that sprawls across 20 acres just outside the city. In addition to the site visits, Young Leaders held their own roundtable discussions before and after the meeting, and were briefed on Korean Peninsula developments by Scott Snyder (a senior fellow at both the Pacific Forum CSIS and the Asia Foundation) and Peter Beck (head of the Seoul office of the International Crisis Group).

The papers that follow provide Young Leader perspectives on the future of this vital trilateral relationship. The first three identify national assessments on the ideal state of trilateral relations in the year 2020. As is evident, Young Leaders agree on the need for enhanced cooperation among the three nations, but they are not blind to the difficulties that prevent such action. They acknowledge the need for more sensitivity to other countries' concerns – more empathy – as well as more common sense. They urge policy makers – and colleagues – to break with a narrow realist mindset and seek "win-win-win" solutions. In addition to the group papers, this collection also includes individual perspectives on the future of trilateral relations. If these papers are indeed representative of thinking in the next generation of security and international relations specialists in three countries, then the prospects for cooperation are truly improving.

Desirable Japan-U.S.-China Trilateral Relations in 2020: A Japanese Perspective

By Mao Asukata, Ayako Hiramatsu, and Tetsuo Kotani

The significance and “quality” of Japan-U.S.-China relations

Our three nations have great influence on the stability and prosperity in the Asia-Pacific region. Japan has been a major contributor to regional stability and prosperity for many years. As the world’s second largest economy, Japan is a valuable trade partner for both the U.S. and China. Also, Japan has been an important ally of the U.S. during this period. Unquestionably, the U.S. is the only superpower. China, a country with a large land mass and the world’s largest population, has played a major role in the region. Especially since the “open and reform” policy was launched in the late 1970s, China has developed into an important economic player.

The relationship among these three nations is crucial for regional stability and sustainable economic development. As the second “Armitage-Nye report” notes, regional stability depends on the “quality” of Japan-U.S.-China trilateral relations.

We define the desirable “quality” of the trilateral relations as follows: First, it is based on stable bilateral relations between each country. Second, it is harmony between the Japan-U.S. alliance and China. The Japan-U.S. alliance can work as an inclusive and open security framework and develop a virtual entente with China.

Given this definition of “quality,” this paper lays out challenges ahead and what Japan should do to address them to push trilateral relations in the most desirable direction. As the principal stakeholders, Japan, the U.S., and China share great responsibility for regional stability and prosperity. It is not easy to coordinate bilateral or trilateral relations.

Sino-U.S. relations from a Japanese perspective

The “quality” of Sino-U.S. relations has a profound influence on the entire Asia-Pacific region as well as Japan. Economic interdependence between China and the U.S. is rapidly growing both in trade and investment. The open question is how economic interdependence will influence security relations. In Sino-U.S. relations, politics and economy were often linked, as in the case of MFN status renewal. Washington now has an engagement policy toward China, encouraging China to become a “responsible stakeholder” in the international community. As the U.S.-China Economic and Security Review Commission reports, however, there are several economic (IPR protection, foreign exchange rates) and security (the modernization of the PLA, WMD proliferation, and Taiwan) issues of concern in Sino-U.S. relations. U.S. engagement of China depends on the steady progress in Sino-U.S. economic relations and the separation of economies and politics. If either the U.S. or Chinese economy begins to decline, the foundation of engagement might be undermined.

Security is another reason why the U.S. and China seek stable relations. Washington encouraged Beijing to play an important role in the Six-Party Talks regarding North Korean nuclear programs. The two governments have a common interest in suppressing terrorism. Although there are security issues in which they have different interests, Washington and Beijing have tried to avoid military confrontation as seen in instances like the Taiwan Strait crisis of 1996 and the EP3 incident of 2001. Even though military tensions arose, Washington and Beijing stopped short of the worst scenarios, resorting to diplomatic resolutions.

Although Sino-U.S. relations seem stable, it is uncertain if that will continue. The degree of U.S. engagement with the region and the character of China's external behavior form the basic structure of international relations in the region. Given the deterioration of the situation in Iraq, the U.S. is paying more attention to the Middle East than to Asia, while China has to behave pending the Beijing Olympics of 2008 and Shanghai Expo of 2010. From a Japanese perspective, it is desirable to strengthen the Japan-U.S. alliance to keep the U.S. engaged with the region, while promoting partnerships with other like-minded nations to encourage China to become a more responsible member of the international community.

Strengthening the Japan-U.S. alliance

The Japan-U.S. alliance, by providing deterrence and assurance, has been a "public good" that contributes to stability and prosperity in the region. Japan and the U.S. now envision an open and inclusive alliance based upon common values rather than an exclusive alliance against a common threat. In the region, there is a vector leading toward partnerships among like-minded nations given growing economic interdependence and the "externality" of threats. Japan and the U.S. can lead these like-minded partnerships with nations like India, Australia, South Korea, and Indonesia. At the same time, Japan should invite other nations to "host region support" for the U.S. forward presence to keep the U.S. engaged.

This value-oriented approach also aims to shape Chinese behavior to lead it to become a "responsible stakeholder," while keeping Japan's weight up. However, from a Chinese perspective, this approach seems like a different kind of containment policy. China is redoubling precautions against the transformation of the Japan-U.S. alliance. It is essential to keep the Japan-U.S. alliance and China from falling into a traditional security dilemma. In addition, value-oriented diplomacy may send a wrong message to Taiwan that Japan and the U.S. would support Taiwanese independence at any cost.

Confidence-building measures should be promoted between the Japan-U.S. alliance and China. The lack of transparency in China's military buildup, especially at sea, is the great concern. It is thought that China's military buildup focuses on sea denial to deter U.S. carrier strike groups in a contingency in the Taiwan Strait, as well as sea lane protection to secure shipping of goods and energy. Territorial disputes over islands or seabed energy resources could entangle the three nations in a conflict. However, the emergence of diversified threats has made it difficult for any nation to secure seaborne shipping alone. Borderless sea commerce has made obsolete the notion that nations should only protect ships of their nationality. In addition, the maritime domain is getting more important in terms of

nonproliferation, disaster relief, energy supply and climate change. Thus, the new security environment at sea requires international coordination and cooperation. Japan and the U.S. should promote cooperation with China, especially at sea, while deepening confidence-building.

Stabilizing Japan-China relations

The atmosphere surrounding Japan-China relations has improved remarkably over the past 12 months. Several signs show the relationship between the two countries has changed for the better.

First, summit exchanges have resumed. During the Koizumi administration, bilateral relations fell into a vicious downward spiral as summit exchanges stopped. Prime Minister Abe Shinzo's visit to China in October 2006 right after his inauguration broke the "ice" after a long period of uncomfortable relations. In April 2007, Chinese Premier Wen Jiabao visited Japan. The new Japanese prime minister, Fukuda Yasuo, was inaugurated in September 2007 and held a bilateral meeting with Wen in November on the sidelines of the East Asia Summit (EAS). According to reports, more summit meetings are on the way. Fukuda will visit China in a few months and Chinese President Hu Jintao will visit Japan in the spring.

Second, Japan-China relations were defined as a "mutually beneficial relationship based on common strategic interests" in the Japan-China joint press release in April 2007. This is the first time that bilateral relations have officially been described as "strategic," while China has built a "strategic" relationship with the U.S., Russia, and some other countries. This new concept is a declaration that Japan-China relations are not merely bilateral partnerships, but are ties on which the peace, stability, and development of Asia and the world depend. For example, cooperation between the two countries on the denuclearization of North Korea is a common concern for both countries as well as the region. Likewise, China's pollution is a global concern. Japan's assistance on this issue could be beneficial not only for China, but also for the region and the world.

More importantly, "mutually beneficial relationship based on common strategic interests" seems to provide the "bottom line" for bilateral relations. That is to say, it indicates that no matter what uncertainties or difficulties exist between the two countries, Japan and China cannot halt their cooperation; they need to continuously work for stability. If Japan and China succeed in deepening cooperation on regional or global matters, it will make bilateral relations more stable as a by-product.

Third, there are signs of easing tensions on so-called historical issues. China officially noted its appreciation for Japan's development after World War II as a peaceful nation. Now Japan and China are collaborating to research their mutual history and the outcome is expected to be published in 2008, the 30th anniversary of the Treaty of Peace and Friendship. The visit by former Japanese Prime Minister Koizumi Junichiro to the Yasukuni Shrine triggered a deterioration of bilateral relations, but Fukuda has declared his opposition to visits and will not go to the shrine.

Despite those positive signs, however, it is naïve to believe that this “honeymoon” period will continue unconditionally, considering the history of Japan-China relations. Since normalization in 1972, bilateral relations have oscillated between deterioration and improvement even though economic and public exchanges between the two nations have continuously deepened. Deterioration has been triggered mainly by history, the East China Sea, and the Taiwan Strait, but these issues tended to be put aside during periods of improvement. Although none of these issues can be easily resolved, future stability depends on how both countries manage those issues.

Regarding historical issues, neither Japan’s repeated apologies for its past conduct nor its development as a peaceful nation for more than 60 years have effectively settled problems. It seems unrealistic for Japan to expect a turn-key solution for such issues, especially under the current regime in China. China’s war with Japan has been highly politicized as a matter deeply related to the legitimacy of the Communist Party of China. Japan needs to acknowledge coexisting with history as well as pursuing its settlement. More prudent remarks or behavior on controversial issues are required. Japan does not need to exacerbate unnecessary controversy¹ and increase the burden on its diplomacy.

Japan and China have agreed that they are determined to make the East China Sea a “Sea of Peace, Cooperation and Friendship.” It seems Japan cannot realize this objective. The ball seems to be in China’s court. China has begun exploring for natural gas in the area very close to the median line despite Japanese requests for a moratorium on exploration until an agreement on joint exploration is signed or at least official information on the Chinese operation is released. China has made no substantial action on these points.

Japan has the option of bringing the case to the International Tribunal for the Law of the Sea. According to past precedents, the median line is always supported. During the meeting with Fukuda in November, however, Wen showed a positive attitude toward taking a practical step on this issue through negotiations. Accordingly, Japan needs to watch for any advance in coming summits.

On the issue of Taiwan, the Japanese attitude is to continue to observe the principles enunciated in the Joint Communiqué of 1972, the Treaty of Peace and Friendship, and the Japan-China Joint Declaration of 1998. That is, Japan recognizes and respects the “one China” principle. At the same time, Japan has required developments between mainland China and Taiwan to occur in a peaceful manner, because conflict could have a negative impact on regional stability and Japan’s security. In order to maintain peace and stability in the Taiwan Straits, Japan needs to strike a balance between deterring the use or threat of force by Beijing and discouraging unilateral movement toward Taiwan independence through Japan’s own efforts or cooperation with the international community.

Besides management of major issues, Japan and China should use the current thaw to push relations in a positive direction. It is necessary for both countries to elevate bilateral relations to a “new heights” as declared in the Japan-China Joint Press Release in 2007.

¹ Akihiko Tanaka, “How should we face the “history of war” in the world where wars dramatically decreased,” *Chuokoron* (Japan: September, 2005), p. 42.

Bilateral relations already have a foundation of stability. Both countries' economies have deepened interdependence on a day-to-day basis. There are daily public exchanges in various spheres such as business, tourists, intellectuals, and students. However, as mentioned, Japan and China need to build cooperation on regional and global matters beyond mere economic interdependence or exchanges that two countries already enjoy.

At the same time, improving public perceptions of Japan and China is important, especially Chinese feelings about Japan: this is not just a challenge for Japan. The Chinese government must also manage excessive anti-Japanese feelings because they are fraught with danger and could cause social instability as witnessed during the anti-Japanese demonstrations in 2005.

To 2020, economic interdependence and public exchanges between Japan and China will continue to deepen. Under these conditions, both countries need to elevate relations to "new heights" that require political common-sense and effective leadership in both governments.

State of the Trilateral U.S.-China-Japan Relationship in 2020

By Dewardric L. McNeal and Leif Easley

Recently, a Brookings Senior Fellow was asked by a group of mid-level Chinese government officials to describe the role of U.S. think tanks in the foreign policymaking process. The scholar answered: “our goal is to think about over-the-horizon policy issues and help prepare and position policymakers to make better long-term decisions.” In short, the scholar was saying that we should, as much as possible, think through what the world will look like (or should look like) in 10, 15, or 20 years from now. When examining the state of the trilateral relationship (U.S.-China-Japan) in the year 2020, most concerned observers expect trilateral relations to gradually improve. That answer is safe, particularly when one reflects on how far the relationship has come since the gross deterioration in late 2004/early 2005. Yasukuni Shrine and history textbooks seem to be a thing of the past.

But has a corner been turned in the trilateral relationship or are we in another high point before the next unfortunate low? We are optimistic about the current and future state of the relationship and think that historical pages and policy corners have been turned. One area that is continuing to show positive signs of future cooperation is energy policy. Many analysts argue that as the world’s largest importers of petroleum, China, Japan, and the U.S. will see the advantages of developing a multilateral and coordinated market-based approach to securing energy resources. Others argue that by 2020, the recently popular nationalistic and autarkic approach that aims to “lock down” oil supply by using Chinese national oil companies developing and controlling resources in places like Sudan and Angola will be forgotten.

Skeptics argue that there can be no trilateral energy cooperation until Japan and the U.S. prove that China can trust in the effective and equitable functioning of international oil markets. One can optimistically expect that the bad taste of the CNOOC-Unocal deal will be long gone by 2020 and that cooperation and trust is the model that prevails. If these things happen, we believe that the U.S., China, and Japan will reach a point where they agree to abide by an international greenhouse gas treaty and cooperate in other areas of environmental protection and technology sharing. If current trends in global politics continue to stress the dangers of global warming and climate change, we will see a trilateral relationship that implements an environmental regime. Plainly, the successor to the Kyoto Protocol will not be successful without trilateral cooperation from the big three energy consumers.

The state of the trilateral security and strategic relationship in 2020 is harder to envision but here too we will see progress. Many analysts envision deeper cooperation between the three militaries, and unlike the recent port visit spats, in 2020 the U.S., Japan, and China will have regular port calls and search and rescue exercises. Deeper relationships in the areas mentioned above (to include energy cooperation) should also prove helpful and offer minimum assurance that in the year 2020 there will be no overt conflict over territorial disputes. By 2020, the U.S., China, and Japan will recognize the inherent value of a trilateral security dialogue (with deputy/assistant secretaries of state and defense from each country) and trilateral economic dialogue (with economy/trade/treasury ministers and central bank

chairs). These developments, along with a reasonably successful 12 years of “Harmonious World” diplomacy launched during the second term of Hu Jintao, will contribute to a reduced sense of the “China Threat” among Japanese, Americans, and other countries in the region.

Another possibility for 2020 involves the “normalization” of Japan. This will include a Japan that will occupy (with Chinese support) a permanent seat (but without a veto) on the UN Security Council. The U.S., Japan, and China will then work together to ensure the Security Council’s commitment to peace and stability in greater and East Asia. There is also a possible (albeit somewhat rosy) scenario regarding the Korean Peninsula. China, Japan, and the U.S., having achieved dismantlement (with moderate certainty) of North Korea’s nuclear programs before 2020, will strongly support South Korea’s leading role in the economic development and gradual political transformation of North Korea.

There are many more aspects of the trilateral relationship that one can envision in the year 2020 but it is not possible to paint a comprehensive vision in this short paper. The beauty of this exercise is that it allows one to specify ambitious but realistic goals and contribute to the debate about how to get there. The various Young Leader contributions in this volume will provide both next generation perspectives and concrete recommendations. We are confident that on the energy front, the trilateral relationship will achieve higher levels of cooperation over the next 12 years. Each side in the relationship has too much to gain by cooperating and too much to lose by remaining agnostic about this issue. For example, the environmental benefits and the overall energy security situation will improve when each side agrees to cooperate on the use of clean coal technology, nuclear technology, and non-hydrocarbon energy sources. Advantages abound in the year 2020 when each side agrees to share technologies on a commercially sound basis that increases energy efficiency in each country.

Lastly, given the success of the many unofficial track II trilateral dialogues, the three governments will see the benefits of instituting an official senior-level trilateral dialogue. There is value to all three governments in establishing a formal and frequent official trilateral process. As it stands, there is far too little strategic engagement and coordination among the economic and military leaders of the three governments. Scholars and former officials participating in trilateral conferences frequently call for an official dialogue. An official trilateral dialogue would help leaders avoid nationalist politics and historical divisions, build upon increasing ties among the three countries’ economies and civil societies, and generate progress on shared interests and purposes. We share this vision for the trilateral relationship, and hope it proves true by 2020.

How Able Are We?

By Chu Guofei, Jin Hui, and Shanshan Wang

Trilateral relations in 2020

A. *Issues improved.*

- There will be less suspicions and uneasiness regarding China's rise. This is mainly because there will be less uncertainty about what China's rise is leading to, no matter what its pace. There are three possible results: a) China rises in the traditional way and it becomes a rival of Japan and of the U.S., which will cause tensions for the Asia-Pacific region's security environment; b) China rises peacefully, maintaining the current world order, which is good for the U.S., Japan, and China too, enabling closer cooperation in economy, political and other world issues among the three countries; and c) China's development slows greatly or becomes stagnant, which is not good for the U.S. and Japan. Given China's current development and the problems it may encounter in the near future, as well as the world situation, odds are that China will rise peacefully by 2020.
- The U.S.-Japan alliance (the USJA) will be strengthened. First, the relationship between the two countries is moving toward equal partnership, with Japan playing a larger role in security and their military cooperation going beyond the region. Second, the USJA will transform from a military alliance to an integrated one – political, economic, technical, and military. Meanwhile, relations with China are undergoing changes too. By 2020, the three bilateral relations will be closer, mainly because the alliance will target China less and become a more open, inclusive arrangement.
- Sino-Japanese energy cooperation will be strengthened. There are practical bases for the two countries to cooperate and ensuring sustainable energy supplies for Asia is good for both countries. With China's peaceful rise, and less suspicion from Japan about China's strategic goal, it is easier for the two countries to cooperate on energy.
- Historical issues between China and Japan remain, but their negative influence on Sino-Japanese relations will be reduced. Learning from the past, the best option is to put historical issues aside. With China's peaceful rise, there will be more confidence among the Chinese people and they will show more tolerance, while the Japanese people will demonstrate more respect toward China. Both governments will be more prudent when dealing with sensitive issues, especially on the Japanese government's side, for the Chinese and South Korean governments will by then be successful at transferring it from a regional historical issue into an international human rights concern, getting NGOs as well as other non-governmental groups involved.¹

¹ For further discussion, see Junbeom Pyon and Qinghong Wang, "Silence is Golden," *PacNet* #18A, April 10, 2007.

- The Korean issue and the Taiwan issue will remain unsolved. As to the former, China, the U.S., and Japan will come to a more similar stance, but each will use it to serve its own strategic interests. China and the U.S. will continue to play the biggest role, followed by South Korea. As to the latter, it is a matter of principle to the Chinese government and there is little room for negotiation. With China's rise and its democratization process, the Chinese government is becoming more materialistic in its foreign policies. The Taiwan issue will be there for a certain period, but the situation will favor mainland China.
- The Asia-Pacific region will become more open, and there will be committee leadership, instead of a power or superpower taking the lead, i.e., it will be based more on institutes, discussions, and negotiations. Different countries will play important roles on different issues. At the same time, China and Japan will develop better and friendly relationships with other areas and countries, and those relationships will not be exclusive. This will contribute to a more porous world, and a world of porous regions.
- The three countries will be more cooperative on world issues, including human rights, environmental issues, peace, and development. There will be more global issues, which call for collective efforts. It is their responsibility and in their interest for the three countries to work together to solve these problems. Meanwhile, it is wiser to start with simple and small problems. It will be easier to come to agreements and such cooperation helps build trust and confidence, leading to agreements on tougher problems. The three countries can start with global issues, which are not of core national interests, but can help them build trust. Step by step, their cooperation will widen, from worldwide to regional-wide, which are closer to core national interests.

B. Newly emerging or worsened issues.

- The disputes on values, especially on democracy, will become more apparent, which could be a hidden opportunity for China to cooperate with the U.S. and Japan. China's policies and attitudes toward domestic political reforms will indirectly influence the U.S. and Japan's trust toward China. Here it is necessary to emphasize that being a core international value, the idea of democracy has become a global norm and the Chinese government is working hard to be a more democratic nation. However, it will take generations to meet the goal. Although with the development of the economy and balancing between social forces and the Communist Party, China's middle-class is dependent on authorities and therefore is less likely to be critical of the government. Hence, even though the government has realized it is time for deeper political reforms and feels pressure from the outside, lacking criticism² from the middleclass, which played a much bigger role in the democratic process in developed countries, it will be more reluctant to give up its power and be more democratic.

² The idea that "democracy is a good thing" promoted by Yu Keping (俞可平) is regarded as an official view. see 闫健 (Yan Jian) ed., 《民主是个好东西：俞可平访谈录》 (Democracy is a Good Thing: An Interview with Yu Keping), 北京：社会科学文献出版社，2006年，序。

- There will be more competition and conflicts in economics among China, the U.S., and Japan. Currently, China is more of a world factory and economic relations among the three countries are made for each other. By 2020, however, with China's rise, its economy will be characterized by high-tech and high profit products. This will also cause more severe competition for raw materials worldwide.
- Although the three countries realize that they need cooperation to solve global issues, they lack consciousness, and all three countries are slow to make domestic economic sacrifices for the sake of global environmental problems. Therefore, environmental problems could worsen.
- Demographic issues will be another serious problem for Japan and China. By 2020, China's aging population will reach its peak. China faces another critical problem: a serious imbalance between genders. Since social welfare is poorly developed, the burden will be passed on to each family. Thus, the demographic issue could lead to instability and even turbulence. It could also become the source of immigration problems.

Actions to improve China's strategic environment

A. Strategic goals of the three countries

China's strategic goals are to enhance the peaceful security environment and to concentrate on domestic economic construction to build a well-off country. Japan's strategic goal is to become a normal country, i.e., a political great power, matching its economic position in the world. U.S. strategic goal is to maintain its dominance in the world as well as in the East-Asia region.

There are no conflicts among their goals; on the contrary, they can cooperate to fulfill them. The biggest problem is that the U.S. and Japan worry about China's rise, fearing that China will challenge the world order, and China may pursue hegemony once it is strong enough to do so. They emphasize the uncertainties of China's strategic goals and tend to see it as a threatening power. However, China's actions show that China is a status quo power, if not a strong supporter of the current order.³

B. How to improve China's current strategic environment.

- Avoid an ideological debate or there will be limited room for bargaining. If the two sides make extreme or ideological comments in public or in their propaganda, the messages received by their publics will involve principles, which will make it very difficult for government to compromise.

³ Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security*, Vol. 27, No. 4, 2003.

- Set up crisis-management mechanisms. Such mechanisms provide governments with a place to communicate and negotiate, a place for enhancing understanding and helping them cool down. These also help slow the speed of a crisis, and enable the two sides to find steps to deal with frustrations.

C. How to subjectively treat the other country's foreign policy.

We use Aso Taro's 'value-oriented' policy as an example, analyzing how China should react to Japan's diplomatic strategy.

Japanese Foreign Minister Aso Taro first put forward "value-oriented" policy in November 2006, declaring Japan's foreign policy aims to create an "arc of freedom and prosperity." In subsequent speeches, he made further explanations of this idea, noting that it emphasizes "common values," such as democracy, freedom, human rights, rule of law, and market economies, and that the arc is referring to the outer rim of the Eurasian continent. The countries in this arc are now undergoing an endless marathon and Japan will serve as an escort, offering complicated, multi-level aid, to help the idea of democracy take root, and thus to bring stability to those areas. The purpose of this 'value-oriented' diplomacy is survival, stability, and prosperity, to strengthen cooperation with the EU and NATO, and "to broaden the horizons of Japan's diplomatic activities and, indeed, Japan's outlook."⁴

What impact will the promotion of the 'arc of freedom and prosperity' have on Sino-Japanese relations? Aso emphasized several times that it is not targeting any country and declared that this policy aims not only to strengthen the USJA, but to improve Japan's relations with China, South Korea, Russia, and her other neighbors. Still, it is more wisely read as a containment policy toward China and an attempt to isolate China. Tamamoto Masaru calls it a footnote to Japan's national identity, since most of Aso's speech is trying to explain why Japan has the right to promote a foreign policy based on common values. He argues that it shows that the conservatives are unsatisfied with the status quo and are trying to build a so-called new society where unity and loyalty are praised. Tamamoto suggests that the biggest contribution Japan can make is to build a stable and friendly relationship with China, that "Japanese foreign policy should encourage the emergence of a prosperous and pluralistic China", and that "a middle class China will be so integrated into global capitalism, and Sino-Japanese relations so interdependent... there will be little room for national identity politics".⁵

In his presentation at the conference, Kotani Tetsuo pointed out that little has been mentioned in Japan's foreign policy before and 'values-oriented' diplomacy has set a wrong tone. He argues that there are great differences between the two countries' system as well as their values and it will be difficult to carry out value-oriented diplomacy, hence, it will be of little practical help to solve problems between the two countries. Worse, the promotion of value-oriented diplomacy will send wrong messages to Taiwan that Japan will support

⁴ Speech by Taro Aso, "Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons," Nov. 30, 2006; speech by Taro Aso, "On the 'Arc of Freedom and Prosperity'," March 12, 2007, <http://www.mofa.go.jp/announce/fm/index.html/>.

⁵ Masaru Tamamoto, "Japan's Politics of Cultural Shame," *Global Asia*, Vol. 2, No. 1.

Taiwan's independence despite the cost. Kotani suggests that Japan should instead build an "arc of peace and prosperity," which will help promote trilateral relations among Japan, the U.S., and China to facilitate cooperation for the region's stability and on global issues.⁶ *World Weekly* argues that this diplomatic strategy aims at strengthening the USJA, upgrading the triangle relations among Japan, the U.S., and Europe, thus to consolidate the groundwork of Japan's security strategy.⁷ David Fouse argues that Japan's promotion of value-oriented diplomacy is in the pursuit of a continuous and more strategic vision and this fits U.S. foreign policies very well, while at the same time helps Japan in the competition with China in Southeast Asia.⁸

Should China be upset about Japan's promotion of an "arc of freedom and prosperity"? First, as admitted by Aso himself, there is nothing new in this diplomacy; it is only a new name for old things. Second, it is natural for a country to try to widen its foreign scope. Building good relations with other countries does not necessarily mean these are exclusive. So far, China has been quite successful at building relations with other countries, including the countries in Japan's 'arc' under the guidance of an economic-oriented diplomacy. But what if it is a policy aiming at containing and isolating China? Can Japan make it happen? As mentioned, China has built friendly relationships with those countries. Will those countries choose good relations with Japan at the cost of friendly relationship with China? Besides, China should have confidence in its efforts to build domestic democracy and has made some achievements.⁹ Why should we worry when Japan puts forward the idea of democracy?

Conclusion

In sum, we need to change our thoughts when analyzing the three countries' strategic goals, forgetting the assumptions of realists. Sino-Japanese relations are suffering from serious problems, hence, almost all the examples above concern issues between these two countries.

The changes in China's policies toward Japan and Japan's toward China are the result of domestic and international factors. In other words, changes in foreign policies are responses to domestic pressures, the other player's comments and behavior, as well as to each government's perceptions of the changing international situation. The two governments' change in their foreign policies toward each other is a mutual reaction.

Japan seems to be over-worried at China's rise and the threat this could create. Will China become Japan's strategic rival? Is it destined that China will become a threat to Japan's national interests once it becomes strong enough or take the lead in East Asia? Based on market prices, Japan's GDP is four times that of China; on a per person basis, then the gap

⁶ Tetsuo Kotani, "A Japanese Perspective on Japan-U.S.-China Relations in the Future," a presentation to the Pacific Forum CSIS trilateral conference in Nanjing, April 25-27.

⁷ "日本外交新战略'自由与繁荣之弧'", 《世界周报》, 2006年12月26日。

⁸ David Fouse, "Japan's 'values-oriented diplomacy'," *International Herald Tribune*, March 21, 2007.

⁹ For further explanation, see Robert Dujarric, and Young-Ho Park, "North Korea's Reformability in Comparative Perspective," *Korea and World Affairs*, Vol. 29, No. 1, Spring 2005, pp. 49-66.

is 40 times.¹⁰ From 2001-2005, Japanese banks eliminated half of their bad debts; Chinese banks have not yet started this battle, and their bad debts are worse than Japan's. China lags when it comes to high-tech weapons and the government's closeness to the superpower. Although Japan had experienced the 'lost decade,' the hidden economical, political and social problems China will have to face are as serious, if not worse.¹¹ Therefore, we cannot see why the Japanese government is so upset about China's rise. Instead, since Sino-Japanese relations are so interdependent, and since China's prosperity is of great importance to the region, and even the stability and development of the world, we agree with Tamamoto, who argued "Japanese foreign policy should encourage the emergence of a prosperous and pluralistic China."

¹⁰ See McNicoll, 2005, in Peter J. Katzenstein, *A World of Regions, Asia and Europe in the American Imperium*, (Ithaca, N.Y.: Cornell University Press, 2005), p. 36.

¹¹ Peter J. Katzenstein, *A World of Regions, Asia and Europe in the American Imperium*, (Ithaca, N.Y.: Cornell University Press, 2005), pp. 36-37.

Start by Building Trust

By Chu Guofei

China-U.S.-Japan relations are quite confusing and have drawn considerable attention, especially from countries in the Asia-Pacific region. Numerous articles and monographs on this subject focus on a) the rise of China, b) the strengthening of the U.S.-Japan alliance, and c) rising tension between China and Japan.

For the last 10 years, the U.S. strategic goal has been to keep the post-Cold War world order, and it has been sustaining U.S.-dominated global institutions – from fortifying the U.S.-Japan alliance to trying to assure that rising powers such as China are incorporated into the framework and to being a vague broker on Sino-Japan issues, etc. Japan is chasing a “cloud” on the hillside, i.e., hoping to be a matching political power. Having been the leading goose in East Asia during most of the time since the Meiji Era, the last thing Japan wants is to step down from this glorious position.

China’s grand strategy, however, seems very complicated and confusing. Why? First, China is rising at a surprising speed after 100-plus years of “national humiliation,” which is upsetting the rest of the world, especially the superpower and China’s neighboring countries. This is despite Beijing’s efforts to explain its peaceful intentions and even substitutes “peaceful development” for “peaceful rise.” Second, geo-politically, China is in East Asia, a region full of heterogeneity and incubating crises. Thus, a) each nation differs in almost every aspect – politics, economy, culture, and their positions in the world; b) besides China, most nations are developing or reviving – look at India, Russia, Japan, and many other countries in Southeast Asia – and thus strategic rivalries are developing; and c) there are latent crises such as the North Korean nuclear issue, the Taiwan issue, and territorial disputes. Hence, the complexities of China’s rapid rise and its intentions worry the U.S. and Japan.

U.S. efforts to maintain its superpower status, Japan’s dream to be number one in East Asia, and China’s rise, all contribute to a confusing situation. Still the animosity could vanish if policymakers from the three could go beyond established thinking. If they would cast off the ideas of “polarity,” it might not be too difficult for them to realize that the Asia-Pacific region is in fact heading toward an unprecedented “multinodal” system. The energetic Asian economy generates many independent and influential new powers, which cannot be defined in terms of bipolarity or tripolarity. In addition, “polarity” emphasizes confrontation, which is not an accurate reflection of regional development. Economic developments are drawing all nations closer, and almost all countries recognize that autarky means choosing a permanently inferior position. Consequently, the emerging regional order should be described as a multinodal rather than a multipolar system. Thus, China and the U.S. are knitting a firmer mutually beneficial net rather than a zero-sum game; the strategic relation between China and Japan is an interdependent, win-win relationship rather than competition.

The key to make trilateral relations more positive is trust. What really counts is improving the U.S. trust toward China and to enhance China-Japan trust. To accomplish this,

the Chinese government should take material steps – not only by economic, political means, but by cultural means – to build up its reputation and to show China’s responsibility to the world community, in order to manage the anxieties of other countries and to change their perception of China from threat to economic opportunity; to prove that the China’s development is not another power game, and that China is an ardent supporter of the existing international order.

When it comes to China-Japan relations, the core issue is the misconception of the two of them fighting for leadership in East Asia. The leaders of both countries should have great vision, open up the future and promote cooperation, seek maximum profits for their country as well as for the entire region, by emphasizing tolerance and cooperation, and getting rid of the tangled ties that had been strained by disputes over historical and sovereignty issues.

Envisioning U.S.-Japan-China Cooperation: Strategic Coordination with High Standards for State Behavior

By Leif-Eric Easley

Reciprocal visits by Japanese Prime Minister Abe Shinzo and Chinese Premier Wen Jiabao have lifted Sino-Japan relations out of a difficult period. U.S.-China relations are of growing international importance and now better managed with high-level dialogues on economic and security issues. The U.S.-Japan alliance is increasingly operative and forward-looking. The demonstrated political will for improving these international ties suggests that Tokyo, Beijing, and Washington all want “win-win-win” trilateral relations. It is unclear, however, what exactly win-win-win relations would look like or how to achieve them. This article articulates the characteristics of win-win-win relations, suggests discarding old thinking about international relations, and recommends steps for strategic coordination with high standards for state behavior.

What would win-win-win relations look like?

Win-win-win relations would be *broader* than U.S.-Japan-China relations today, to include formal interaction on a full range of global – not just bilateral – issues. Win-win-win relations would also be *deeper*: all three countries would reach further into each other’s societies. Moreover, win-win-win relations would be notably *more stable*. The alleviation of uncertainty and mistrust would decrease hedging behavior and associated opportunity costs, and better insulate relations from crises. Most important in terms of policy, win-win-win relations would exhibit *greater international cooperation*. Japan, China, and the U.S. would bring combined capabilities to bear on myriad international challenges including nuclear proliferation, terrorism, and environmental degradation. In addition to responding to crises and disasters, the three countries would together engage in preventive diplomacy, address demographic change, and deal with chronic transnational problems.

Discarding old thinking about international relations

To realize win-win-win relations, China, Japan, and the U.S. can gradually do away with outmoded concepts of Westphalian and postwar international relations. First, *the international socialization of states is not one-way*. The U.S. is not the sole rule-maker or promulgator of international norms. While offering particular political and economic models, the U.S. also takes lessons from others. The international marketplace of ideas and practices is interactive and competitive, and should be a race to the top.

Second, *institutions should be open and purposeful* rather than closed and used for posturing. Transforming bilateral alliances should attract third parties and become nested in multilateral cooperation. Bilateral FTAs and regional blocks are less efficient than global trade liberalization under the World Trade Organization (WTO). And while focused diplomatic mechanisms such as the Six-Party Talks can yield results, excluding stakeholders from regional fora can be counterproductive.

Third, states should *move away from zero-sum assumptions*. Improved U.S.-China relations need not involve trade-offs for U.S.-Japan relations. Increasing Chinese influence in Southeast Asia and elsewhere need not push out Japan. Improving China-South Korea relations need not come at the expense of the U.S.-South Korea alliance.

Fourth, governments need to *update old concepts of sovereignty*. Increasing global interdependence means certain domestic problems are international problems. States, particularly at the United Nations, need to begin to discuss new rules and means of intervention to address transnational problems such as terrorism, trafficking and the environment. More flexible concepts of sovereignty would also allow joint development of resources in disputed waters and territories, transforming security threats into economic opportunities.

In addition to new thinking on these points, all sides should *beware of popular theories that may not hold*. The ideas that interdependence begets cooperation, economic development leads to democracy, democracy produces peace, power transition invites conflict, and multi-polarity yields effective international compromise, can help inform policy, but should not be assumptions on which leaders base decisions.

Strategic coordination with high standards for state behavior

Tokyo, Beijing, and Washington need to calibrate strategic roles so trilateral interaction pursues greater cooperation rather than suffering from misperception, nationalist miscalculation, or self-fulfilling prophecies of conflict. There is plenty of work to go around on transnational issues. The key for reaching productive win-win-win relations is navigating primary strategic interests while demanding high standards for state behavior.

China, Japan, and the U.S. have yet to recognize fully each other's primary interests. China's primary interest is strategic space for its overall development. Beijing seeks to be not contained, not territorially divided, and not discriminated against by the international system. Japan's primary interest is its continued international relevance. Tokyo seeks to be not "passed," not isolated, and not silenced. The U.S.' primary interest is U.S.-led stability. Stability is of course a shared interest, but Washington wants to retain leadership because the U.S. and other countries do not yet see another willing, able and trusted stabilizer.

Successfully navigating primary interests will allow the three countries to avoid conflict, but win-win-win cooperation also requires high standards for state behavior. These standards include "three R's": respect, restraint, and responsibility. Each principle applies to the U.S., China and Japan, but it is useful to emphasize the most relevant policy adjustments for each country.

The U.S. needs to *respect* other governments and effective multilateralism. The U.S. stabilizing role must clearly account for the interests of other countries. Washington should avoid acting as a lone superpower and demonstrate it is a trustworthy partner. China meanwhile should exercise military *restraint* in terms of coercive diplomacy, defense spending transparency, and power projection capabilities. Beijing can also show restraint

domestically by allowing the continued growth of Chinese civil society. For its part, Japan can deal with historical issues *responsibly* as it takes a more active role in international politics and security. The region can better recognize Tokyo's international contributions and avoid security dilemmas if diplomatic efforts to build trust accompany Japanese normalization.

Japan's expanding security role and Japan-U.S. alliance transformation focus on increasingly global cooperation. Tokyo and Washington can show these efforts are not directed at China by doing more outside the region in terms of disaster relief and post-conflict stabilization, while inviting China's participation. Within the region, the three countries can coordinate search-and-rescue exercises, humanitarian assistance, and efforts to combat piracy.

Complex processes of globalization are transforming international relations. Multi-directional socialization is underway among states, international institutions, and increasingly intertwined societies. In this dynamic context, it is essential to specify what win-win-win trilateral relations would look like. Those relations would be broader, deeper, and more stable than today, and better able to address pressing international problems.

The goal is distant but not impossible. Realizing win-win-win relations requires new strategic thinking, questioning old assumptions, and adjusting to new realities. Japan, China, and the U.S. would navigate each other's primary interests and adhere to high standards for state behavior involving mutual respect, restraint and responsibility. On this basis, multi-directional socialization would gradually produce shared strategic visions and even a sense of common identity. Only then will U.S.-Japan-China relations truly be win-win-win.

Strategic Goals in U.S., Japan, and China Relations

By Huang Li Hong

Although many individual issues, such the history of Japanese aggression in World War II, competing claims to the Diaoyu islands, oil and gas rights in the East China Sea, and Japan's growing involvement in the Taiwan issue, have contributed to increased tensions in Japan-China relations, the crux of the problem lies in Japan's domestic politics and its strategic thinking about China. Japan's domestic politics have become increasingly conservative, a trend that has culminated in the Koizumi administration. Hailed as "neo-conservatism" in Japan, this political current has two important manifestations. The first is an effort to whitewash Japan's history of aggression during World War II. The second is an attempt to turn Japan into a "normal country," jettisoning the post-World War II limitations imposed on its security policy.

The history issue has become a major source of contention for China and Japan. Japanese conservatives complain that China keeps pushing Japan to apologize for its past. Yet, although Japan has never apologized in a meaningful way for the atrocities committed in China during the 1930s and 1940s, in reality the Chinese care less about who delivers an apology or what exactly is said and more about Japan's handling of issues related to that unfortunate part of history. They are angered and concerted by the relentless attempts by rightwingers in Japan to smooth over the country's past atrocities, particularly in its history textbooks; the lack of responsible measures on the part of the Japanese government to reimburse Chinese "comfort women" and forced laborers who suffered at the hands of Japanese militarists; and inadequate action by Japan to address the issue of chemical weapons abandoned by its military in China at the end of World War II. Prime Minister Koizumi has been paying tribute at the Yasukuni Shrine, where Class-A war criminals from World War II are enshrined, which humiliates and infuriates Chinese. Indeed, Koizumi uncompromising attitude is what has brought Japan's political relations with China to a deadlock. Japan's actions on all these issues, affected partly by its unique culture tradition and partly by its rising political conservatism, fuel the Chinese belief that Japan is fundamentally incapable of behaving as a responsible power and achieving genuine reconciliation with its neighbors.

As the U.S.-Japanese alliance has strengthened, Japan has embraced the idea that a rising China is a strategic rival. Of Beijing's various concerns about the U.S.-Japanese alliance, the most acute is the potential impact on China's handling of the Taiwan issue. Unfortunately, the strengthened U.S.-Japanese alliance has led to Japan's accelerated involvement in the Taiwan issue, as demonstrated by the February 2005 U.S.-Japan Security Consultative Committee joint statement, which further harmed Sino-Japanese relations. The widespread anti-Japanese protests in China in the spring of 2005 were aroused not only by historical and territorial disputes but also by Japan's unwarranted interference in what China perceives as its core national interests in Taiwan.

Sino-Japanese relations have been sour in recent years, but the retirement of Prime Minister Koizumi in September 2006 and the coming to power of his successor Abe Shinzo

should improve ties. Chinese President Hu Jintao spoke of the possibility of visiting Japan “at an appropriate time, when conditions are smoothed out” in June 2006. Chinese Premier Wen Jiabao visited Japan and addressed the Diet. The paramount goal of this visit is to recuperate bilateral ties and mitigate misperceptions.

Chinese analysts believe that it has been a key U.S. policy objective to maintain primacy in the region since the Cold War. To that end, Washington not only retains a strong forward deployment but also a vibrant “hub-and-spoke” alliance system, of which the U.S.-Japanese alliance is the core. The alliance serves as the backbone of a regional security structure, a development that will both undermine China’s influence in the region and run the risk of returning the region to a bipolar structure characterized by strategic competition, antagonism, and even confrontation. A bipolar regional order would be a nightmare scenario, at least for China and presumably for the entire region, including the U.S. and Japan.

From a Chinese perspective, the evolving political, security, and economic trends in East Asia call for the creation of a new security community that will meet the region’s needs, ranging from fighting terrorism to curbing the spread of weapons of mass destruction to protecting sea lines of communication. Because today’s security challenges differ greatly from those of the Cold War era, approaches must change as well. Such a security community should be pluralistic and based on several pillars, including a concert of major powers, and ad hoc coalitions on specific issues, such as the Six-Party Talks on the North Korea nuclear issue. Creating this type of security community in the Asia-Pacific is possible because states in the region have shared interests in peace and stability. It is also feasible because countries are increasingly aware of the need to work together to confront today’s security challenges, and habits of security cooperation are being developed region-wide.

It is unrealistic, given its concerns, to assume that China will openly embrace the U.S.-Japanese security alliance as a durable institution for regional security. Yet, this is not to say that China cannot tolerate or learn to live with it. Beijing’s perception and attitude depends largely on the alliance’s mandate concerning China, as well as the state of trilateral relations among Beijing, Tokyo, and Washington.

Although the U.S. political elite generally agree on the desirability of expanding U.S.-Japan security ties, two different schools of thought exist in the U.S. regarding the function of the alliance viz China. One suggests that the alliance should play an instrumental role in developing a security arrangement among the U.S., Japan, and China. No matter what the ultimate formula of the security calculus looks like, this line of thinking seeks to use the alliance to engage and integrate China. The other school emphasizes constraining and containing China. They believe that a rising China is doomed to be a “strategic competitor” and the Taiwan Strait is where the U.S. could become enmeshed in a major war in Asia. If the alliance opts for engagement and integration, Beijing will likely be willing to live with it and work with it on issues of common interest. If the alliance chooses constraint, deterrence, and even containment, however, China will naturally view it as a major security threat and will endeavor to counterbalance it.

The Stabilizing Factor of the Asia Pacific Region: Prospects for Sino-U.S.-Japan Trilateral Relations

By Jin Hui

The rapid development of China is an increasingly important factor in the Sino-U.S.-Japan relationship. With almost half of the world's population, in addition to the world's first, second, and fourth largest economic entities, Asia-Pacific stability and security as well as prosperity depend on a stable trilateral relationship.

The U.S. has paid more attention to East Asia since 2005. On one hand, it is unwilling to see good relations between Japan and China. On the other hand, it worries that an intensified bilateral relationship will drag the U.S. into a regional confrontation. Obviously, the latter will not only affect the U.S. but also the world's prosperity and security.

Given this analysis, it can be seen that the overall relationship among the three countries will thrive despite the abnormal relationship between China and Japan in the near future. Nevertheless we cannot neglect the fact that Japan views the U.S.-Japanese alliance as a backup in preparing for a possible confrontation with China on the East China Sea issue, the Diaoyu island issue, and the Taiwan Strait issue. The development of theater missile defense and increasing involvement in the Taiwan issue further threatens and reduces China's strategic space in the Asia Pacific.

The U.S. factor

Tremendous changes have taken place in East Asia since the Cold War. After the collapse of the Soviet Union, the U.S. government considers this region to be unstable, therefore, the U.S.-Japan military alliance is of vital interest to the U.S. in pursuing its security strategy. "On the one hand, the U.S. supports China's reforms and opening in the hope of including China in a Western dominated international community; on the other hand, it is confronted with a difficult truth: the challenge of a dominant China."¹

The U.S. aims to play an influential role in East Asia. By doing so, the U.S. can improve security in the so-called "Fan Area" around Southeast Asian countries. It can also guarantee both its and Japan's energy supplies, which come from the Middle East and other places. Japan has depended on the U.S. for support since World War II. Japan is the sole power that relies so heavily on the U.S. nuclear umbrella. It will not abandon its relationship with the U.S. in the foreseeable future. A good U.S.-Japan relationship can foster deterrence toward China. But Japan and U.S. also have conflicts in energy and foreign trade.

The U.S. will not get too close to Japan or China. Balanced policies help it best achieve security and influence over this region. With the rise of China, the U.S. has to pay more attention to this Asian giant. It is an unprecedented situation to deal with two big

¹ The single most important challenge facing the United States in the region is how to respond to China's rise to great power status." "Redressing the Balance, American Engagement with Asia," Asia project report, Council on Foreign Relations, 1996, p. 3.

powers in the same region at the same time. The main framework of this trilateral relationship will not change enormously. Cooperation has become the mainstream in international society. Yet, the U.S. has an ambivalent attitude toward both Japan and China. The best policy is to maintain the status quo. The relatively stable framework of cooperation with both countries and be prepared for every possible change. “The U.S. wants a good, or at least workable, Sino-Japanese relationship, not vice versa.”²

Sino-Japanese pillar

China and Japan are neighbors separated by a strip of water. Their relationship reached its lowest point after Koizumi Junichiro frequently visited Yasukuni Shrine. Furthermore, the U.S.-Japan alliance identifies Taiwan as a common strategic goal to maintain the stability and security of East Asia. The main reason for the antagonism between China and Japan lies in Japan’s inconstant attitude toward its war of aggression over China in the 1930s. Compared with Germany, it is hard for Chinese people to trust Japan. Despite its will to become a “normal country,” China has resisted Japan’s desire to become a permanent member of the UN Security Council.

From the Chinese perspective, there are three main issues in Sino-Japanese relations. The first refers to history and Taiwan. The second issue is growing economic interdependence. The third issue comprises a bunch of problems: the Taiwan Strait, territorial disputes, history textbooks, and trade disputes. To enhance mutual trust, the two countries need to devote more efforts to finding common interests while reserving differences.

The resumption of senior-level talks offers hope for an improved bilateral relationship. However, ultranationalism has influenced the Sino-Japanese relationship. China and Japan have fostered warmer trade relations and cooler political relations. Although Japan can find countries in other continents to achieve its economic interests within a short period of time, it cannot abandon a huge market like China. It is not sensible for Japan to seek to influence international society while neglecting China. China has a stable foreign policy toward Japan, and believes Japan’s role is important in its foreign policy. In the end, China’s hospitality needs a corresponding response from Japan.

The Chinese perspective

In order to maintain national security and realize the territorial unification of China, China has to pay more attention to the U.S. and Japan. It is hard for Japan to take independent action without the U.S. Furthermore, the U.S. is unwilling to sacrifice its interests in China because of Japan’s involvement in the Taiwan issue. Thus, it is imperative to promote Sino-U.S. relations. As to Japan, China has to be prepared for the rightwing forces in the Japanese government, actively promote cooperation between the peoples of both countries, attempt to lead the Japan-U.S.-China relationship in a positive direction, and prepare for possible crises and contradictions.

² On Sino-Japanese Tensions and the U.S. Approach, by Jing Huang, The Brookings Institution.

This year marks the 35th anniversary of the normalization of diplomatic ties between the two countries and both governments have indicated their commitment to use the occasion to strengthen bilateral ties in all areas.

China will unswervingly seek to develop in a peaceful world. The five principles of peaceful coexistence is China's diplomatic guide. China will not look favorably upon any country that violates these principles. The current balance of power in East Asia will best serve the economic and political interests of Japan, China, and the U.S. Moreover, China will adopt its policy of seeking common ground while reserving differences. This demonstrates that China's sincere goal is to cooperate with others.

Sino-U.S. Relations and Security Dilemmas

By Zhong Zijuan

Jack Snyder, an American scholar, argued that there were two types of security dilemmas in international politics. In the traditional security dilemma, each country did not intend to harm the other. It was merely a subjective view that the security of other countries constituted a threat to itself. Incompatibility between two countries was illusory.

In addition to the traditional view, he argued that each country believed that only the insecurity of other countries could guarantee its own security. The new definition contradicted the basic meaning of the traditional security dilemma. However, according to Snyder, one of the two countries clearly defined its safety, which required the other to be in a state of insecurity. Allan Collins, an English scholar, believed that only when a great power was satisfied with the status quo and it sought relatively moderate hegemony, would Snyder's definition have an impact. In this situation, the great power satisfied with the status quo introduced a well-planned offensive policy not to overturn the status quo but to maintain it by making its neighbors too scared to challenge the hegemonic order. This kind of aggressive policy was not a prelude to war. Rather, it aimed to provide security for itself by making other countries feel unsafe. Unfortunately, other countries cannot differentiate the moderate hegemonic state from a revisionist state. It is very easy to interpret those acts as an unfriendly act of aggression. The hegemonic power knew that it had no intention to harm neighboring countries, but the acts of others showed that they were not satisfied with the status quo. So, they plunged into Snyder's security dilemma – a state-induced security dilemma. The Sino-U.S. relationship is a typical case of the state-induced security dilemma.¹

After World War II, the U.S. began to establish a hegemonic order throughout the world. Along with the breakup of the Soviet Union and the end of the Cold War, the U.S. status as hegemon has been consolidated. It became the only country with great powers in all fields – military power, economic power, and the “soft power” that Joseph Nye and other scholars used to generalize ideological or cultural powers. In order to maintain and expand the U.S. advantage, the government adopted a geopolitical strategy in the 1990s. These strategies include preventing the rise of great powers, eliminating challenges by them and intervening in important regions by using the international system selectively. Generally speaking, they prefer to use the systems, which can reflect and propagate the core values of the U.S..² When it comes to U.S. security policy in the Asia-Pacific region, main objectives include: (1) maintain the status of the U.S. as a leading or principal power in this region; (2) prevent the emergence of a hegemonic state in this region; (3) restrain regional hotspots; (4) encourage arms control, confidence-building measures and develop mechanisms for crisis prevention; (5) prevent proliferation of mass destruction weapons.³ Thus, we can easily see

¹ Yi Shuqiang, *The Concept of Security Dilemma, Contemporary International Relations*, 2003, No.1

² [美]迈克尔·马斯坦杜诺：《不完全霸权与亚太安全秩序》，《美国无敌：均势的未来》，

[美]约翰·伊肯伯里主编，韩召颖译，北京大学出版社，2005年，第191~192页

³ U.S. Department of Defense, *A Strategic Framework for the Asian Pacific Rim: Looking Toward the 21st Century*, p. 6; Donald S. Zagoria, “The Changing U.S. Role in Asian Security in the 1990s,” p. 53.

转引自吴心伯：《太平洋上不太平——后冷战时代的美国亚太安全战略》，复旦大学出版社 2006年

that the strategic goal of the U.S. in the Asia-Pacific region is to preserve its hegemonic order by preventing challenges from other countries, and its main objective is to prevent China from doing so.

Since the beginning of reform and opening up, China has maintained more than 20 years of high-speed economic growth. China's comprehensive national strength has been significantly raised. The U.S. has begun to view China as a potential competitor. The suspicion and hostility toward China was demonstrated very clearly in Bush administration reports. In 2001, the Department of Defense issued the "Quadrennial Defense Review." The review stressed that the Bay of Bengal to the Sea of Japan was a particularly challenging region. The U.S. has a great deal of interests there and it is possible that a military adversary will arise. The term "military adversary" alludes to China. In the *Nuclear Posture Review* report that was revealed by *The New York Times* in 2002, China was explicitly viewed as a primary objective of a nuclear attack. The *U.S. National Security Strategy* report also thought that China's direction was uncertain, and China might become an adversary.⁴

Based on these views, the U.S. continued its hegemonic strategy in the post-Cold War era in the Asia-Pacific region to preserve and strengthen peace under the U.S. rule. Therefore, it developed special relationships with major countries in the region and continued to keep its military presence through alliances. The U.S.-Japan alliance and the U.S.-South Korea alliance, especially the former, provided the most reliable guarantee for the implementation of the hegemonic strategy. Since the 1990s, the U.S. and Japan have taken a series of measures to strengthen their alliance. In 1995, the U.S.-Japan Security Treaty was redefined. In April 1996, the U.S. and Japan jointly issued the "Japan-U.S. Joint Declaration on Security," and then worked out new defense cooperation guidelines. In September 1997, "U.S.-Japan Defense Cooperation Guidelines" showed that the goal of the U.S.-Japanese military alliance changed from mainly defending Japan to preventing regional conflicts; the alliance changed from a bilateral military arrangement between the U.S. and Japan to a tool to intervene into other countries or regions. It is worth noting that the U.S. and Japan evaded the thorny problem of whether the "areas surrounding Japan" covered Taiwan. The U.S.-Japan alliance was strengthened further in 2005. In early 2005, the U.S.-Japan Security Consultative Committee adopted "common strategic objectives," which brought explicitly Taiwan into the scope of their security.

This posture that seems offensive, however, was a kind of "waiting" rather than an aggressive strategy to improve security problems. In fact, it was a way of maintaining the status quo.⁵ Unfortunately, it was impossible for China to fully appreciate the modest intentions of the U.S. In order to meet its own security needs, China had to increase its strength to respond to U.S. hegemony. From the perspective of the U.S., the U.S. had no intention to attack China on its own initiative, but China's behavior indicated that it was no longer satisfied with the status quo. Thus, Sino-U.S. relations are caught in a spiral and a state-induced security dilemma appears.

⁴ Zhu Liqun, *Trust and Cooperation among Nations :On Current Sino - American Relations, World Economics and International Politics*, No. 1, 2003

⁵ [美]迈克尔·马斯坦杜诺：《不完全霸权与亚太安全秩序》，《美国无敌：均势的未来》，[美]约翰·伊肯伯里主编，韩召颖译，北京大学出版社，2005年，第191~192页

Prospects for U.S.-China Economic Ties

By Wang Fang

The U.S. and China are witnessing an unprecedented increase in bilateral trade. By 2006, China was the second biggest trade partner of the U.S. and U.S.-China trade value is 11.7 percent of total trade in the U.S. For China, most external capital flows from the U.S. and in 2006, 8 percent of GDP comes from exports to the U.S.

China is a fast-developing country with high expectations of becoming an economic power. It is ridiculous to believe that China will replace the U.S. as a hegemon, however.

The U.S. is dominant in Sino-U.S. economic relations

China will be in a disadvantageous position because of the unbalance in trade between China and the U.S. The volume and value are proof that China is important to the U.S., but if we compare the dependence rate, this is not the case. According to the Chinese Statistics Bureau, 8 percent of GDP is from U.S.-China trade; according to U.S. statistics, this is 14 percent. To the U.S., trade with China only constitutes 2 percent of GDP. In addition, FDI from the U.S. accounted for 8.2 percent of GDP in China, but FDI from China was too small to even register in the U.S., at least at the end of 2005. Export elasticity in the two countries is different as well. China's exports to the U.S. have low elasticity but U.S. exports have higher elasticity, which means that China is similar to a price taker in the international trade, while the U.S. is a price maker. Due to the unbalance in the value and in the volume of trade, China relies more on U.S.-China trade than vice versa, and consequently, the U.S. has more say in economic ties with China.

For example, the U.S. can impose domestic standards on China and shift domestic pressure to China. Those standards include those on labor, technology, and the environment. U.S.-China trade is also impaired or accelerated by the U.S. political cycle. With the change of political leaders, economic policies of the U.S. oscillate, but China is constantly trying to maintain good relations with the U.S. The RMB can revalue slowly under pressure from the U.S., because the revaluation of the RMB is believed by many politicians in the U.S. to solve the trade deficit. It is inevitable that China will adapt to the hegemon's goal.

Prospects for the future

In terms of the economy, the pattern between China and the U.S. won't change. The ladder theory is based on the product cycle theory. There are four developing stages: at the first stage, countries produce primary goods; at the second stage, countries produce labor-intensive goods, mostly manufactured goods; at the third stage, they are producing capital-intensive goods, more complicated and more advanced in technology; at the fourth stage, also the post-industrial stage, they produce services and high technology. As China is moving up the development ladder, it needs technology and capital. China is abundant in labor and the supply of labor is almost endless. However, according to the double gap theory $X-M=I-S$, because of imports of advanced technology and large domestic investment, it is easy for a

developing country to get into trouble. In order to get out of this situation, the country should encourage the export of basic and simple products to accumulate capital and technology to move to the second stage. That is why most East Asian countries applied an export promotion policy. China is expanding its economy quickly, creating a big desire for investment and technology, while the U.S. is abundant in capital and is advanced in technology. Since capital and technology are scarce resources in the economy as well as the symbol of the new economy, the U.S. is the hegemon and has more weight than China in Sino-U.S. economic relations. However, the U.S. importance is declining with the rise of the EU.

In the last 10 years, China has become the biggest manufacturer in the world. China still lags at least two generations in core technologies behind the U.S. and the R&D accounts for 1.41 percent of GDP, lower than the world average. China is not well prepared for the third stage.

Korea, Hong Kong, and Japan took more than 30 years to move to the third stage. It is possible that China has another 10 years to prepare for the third stage. Since many measurements use population, China with the largest population in the world has a big disadvantage when it is evaluated by per capita indexes. The transformation by stages follows political and economical reforms, and such reforms are guided by the goal of democracy and a mature market economy. It is realistic to conclude that China is still far from achieving its goals, given that it failed to legally define property rights and failed to carry out reforms of state-owned enterprises. If reform proceeds, thorny problems over the healthcare system and polarization will occur. Nevertheless, solving those problems is a prerequisite for imbedding the essence of the market economy, such as free and fair competition, property rights, and an undistorted price mechanism.

If China remains a manufacturing prodigy for 10 years, trade conflicts will escalate between China and the U.S. China has a good investment environment. Stable politics, effective government, a cheap labor force, and favorable policies attract investors from all over the world. Plus, China developed good infrastructure and complementary industry chains, which will save costs for producers. Since many products produced in China are export-oriented and a large volume of manufactured goods cannot be consumed in China given the low per capita income, export to other countries is irresistible. Subtracting export volume from China-based U.S. companies, China is running a trade deficit vis-à-vis the U.S. With the predicted expansion of manufacturing in China, trade conflicts will increase.

U.S.-China trade is still promising since it is beneficial to both countries. However, there will still be trade conflicts and political issues in the U.S. The U.S. will maintain hegemony in economic ties and China will move up the ladder but still lag behind the U.S.

Walk Out Energy Conflict

By Wan Ruyi

As an island country, Japan lacks natural resources: 99.7 percent of petroleum, 97.7 percent of coal and 96.6 percent of liquefied natural gas comes from imports. Oil cost only \$10~\$20 per barrel in the 1980s, which served Japan's economic model well. Recently, with the fast increasing appetite of India, China, and the U.S., oil prices soared to \$50~\$60 per barrel. It greatly damaged Japan's domestic production, adding to the long recession. As China is expanding relations with OPEC countries, Japan is losing ties. The break with the new royal family in the UAE was a significant symbol. In this comparison, Japan is inevitably deeply suspicious of the threat from a stronger neighbor.

On the other hand, China is rapidly moving from self-sufficiency to integration into the world economy, which means there will be tremendous pressure to deliver economic growth for its huge population, while coping with energy shortages and blackouts on a daily basis. Tremendous demand in China changed it from the sixth biggest oil producing country to a net importer (65 percent of oil is imported). Thus, the primary concern for China is to ensure that there is sufficient energy to support economic growth and prevent debilitating energy shortfalls that could trigger social and political turbulence.¹

Thus, the neighbors have a global competition for energy, which could cause conflict. China is drilling for oil near the middle line of the East China Sea. Japan challenged this effort and worries that the oil and gas around Okinawa could be siphoned into the pipe from China's territory. Tokyo accredited the Imperial Petroleum Company to survey oil and gas. China sent cruisers and surveillance aircraft into the disputed area to protest Japan's interference. Friction sparked profound domestic hostility.

It is very clear that the conflicts damaged the national interests of both countries. Actually the neighbors share a lot of common interests in terms of energy security. Both need a steady energy supply; both support an equitable and reasonable oil price; both need a safe sea transportation route. Any conflict on energy will ruin an ideal situation. So, in terms of energy, we propose a strategic cooperation framework for both nations. China should learn from Japan in many aspects. This will also be a foundation and direction for cooperation.

1.1 Cost-saving technology

Chinese inefficiency (40 percent of U.S. efficiency and 11 percent of Japan) swallows too much energy. China wastes 400 million tons coal in production in a year. On a resource restricted island, Japan is compelled to lead in such technology, especially when it comes to cost-saving production. This is the key to Japan's economic prosperity. Japan could share cost-saving technology in exchange for China not drilling near the middle line of the East China Sea.

¹ Daniel Yergin, "Ensuring energy security," *FOREIGN AFFAIRS*, Vol. 85, No.2.

1.2 Renewable resources

R&D on renewable resources will decrease demand for oil, which is the root of a possible energy conflict. Japan started the New Sun Plan in 1978, which aims to research resources and accelerate the application of new resources. Cooperation on R&D could be tried, which could also earn a great deal for Japan.

1.3 Legislation

Japan's legislation system is much more mature than China's. Japan has a systematic series of laws on resources, such as the "Law of Petroleum and LNG Storage," "Law of Organizations in Petroleum Industry," "Basic Law of Atomic Energy," "Law of Petroleum and Flammable LNG Exploration," "Law of New Energy Promotion," etc.² Besides, a "Law of Energy Saving" also set cost-saving criteria for products entering the market.

I also propose "3C channels" for the neighbors to achieve strategic cooperation.

1. Co-R&D

The neighbors have a long history in terms of cooperation on technology. Currently, the main framework is the "Entente of Sino-Japan Technology Cooperation," the "Entene of Sino-Japan Environmental Protection Cooperation," and a key player is the Japan International Cooperation Agency (JICA).³ Successful cooperation on R&D in different fields has already paved a road for both to work on energy.

2. Communication

Even though the political temperature between both plunged to the freezing point, civil communication remained and played an important role. After all, both nations have been close neighbors for thousands of years. Academic meetings or exchange programs are helpful. More important, efforts like a director general-level forum on energy policy could be held (or include U.S.). Through this dialogue channel, even more cooperation could be achieved. With both leaders' visits, the temperature for this channel is warming.

3. Commercial investment

Investment could bring both together and thus benefit each country on energy-related issues. China intends to build an oil pipeline cross Central Asia, in which Japan has little interest. Commercial investment could play a positive role for both. Japan could be invited to invest in this pipeline or supply equipment. Oil prices would decrease, which would benefit Japan's oil imports.

² *International Herald Leader* 《国际先驱导报》

³ <http://www.fmprc.gov.cn/ce/cejp/chn/> Website of Embassy of People's Republic of China in Japan

A cooperative attitude is beneficial to both nations. Meanwhile, there are also potential threats to mutually beneficial cooperation. For example, in the South China Sea, two topics must be dealt with carefully: oil from the Middle East to Japan transits this area and there are disputes over resource exploration.⁴ In the long-run, efforts should be made to avoid any unilateral action, which will jeopardize regional stability and security. The U.S. could also play a mediator.

⁴ <http://finance.sina.com.cn/roll/20041102/11451126038.shtml>

The Future Foreign Policy of China and Its influence on the U.S.

By Huang Li Hong

China has emerged as a great power. What will we see – a cuddly panda or a menacing dragon? A complex mixture of sense and sensibility likely motivates both panda and dragon seers: cold calculations of their own self-interest are intertwined with deep-seated “guilt feelings” about China. Rationalizing China policy preferences, analysts frequently infer Chinese intentions from China’s capabilities. Engagement advocates depict China as a cuddly panda – a furry vegetarian with no threat – to argue that China is benign. Containment advocates depict China as a menacing dragon: its scales and fire-breathing capability speak for themselves. This is an aggressive fighting creature. Here I demonstrate the feasible future foreign policy of China from the perspectives of international relations theory.

Recent critiques of realism within the realist tent have focused on the neglected importance of perceptions of power and opportunity, and on domestic constraints in mobilizing resources for dealing with security threats. Even the loyal realist opposition agrees that a simplistic focus on rational unitary actor calculations of how to maximize security under conditions of uncertainty generated by anarchy is often insufficient to explain much variation in state behavior. On the one hand, Chinese leaders correctly estimated the options open to them. For example, stable deterrence between the U.S. and China on the Taiwan issue is a wise choice. Future development is contingent on accurate estimates on both sides of the costs of using military force. In this context, the likelihood of mistakes in the use of force or of provocative challenges to the status quo is high. Chinese leaders have more or less clear national interests in economic development in a peaceful environment and preserving territorial integrity, as well as a more or less clear sense of the power constraints on pursuing this interest. This constrains options toward the Korea Peninsula, creating a strong status quo there too.

On the other hand, under some circumstances, the decisions of Chinese leaders cannot be molded by unusing unitary rational actor, security-maximizing assumptions. Despite the fact that Chinese foreign policy makers have been well schooled in realpolitik, Chinese policy has not been an unbroken record of successful management of security threats. That is, it is a mistake to treat the Chinese leadership as if it were always capable of rationally understanding and always accurately assessing power distributions, the intentions and capabilities of adversaries, and other constraints in the international system, and then acting in ways that maximize China’s security.

Chinese leaders have made choices that helped create some of these security threats. These choices have been biased by some very basic pathologies of decision-making: poor estimations of trends in the international balance of power and in domestic politics in China and in other states; lack of reorganization of security dilemma dynamics; ideology, historical identity, and an inordinately high valuation of the symbolic importance of territory. Attribution errors have been a key obstacle to correctly reading “structural signals,” particularly in Maoist foreign policy. Such errors are especially common among those with cognitively simplistic, binary worldviews and are typical of authoritarian personality types

and of fundamentalist political movement. Although such distortions exist in Chinese foreign policy, they can be ameliorated. Chinese leaders have recognized the presence and logic of security dilemmas in external relationships. Chinese leaders' recent efforts to grasp the potential for the peaceful rise of China are further suggestive of Chinese efforts to ameliorate the security dilemma. This suggests, for one thing, that strategic dilemmas, while pernicious and dangerous sources of conflict, do not entrap rational actors, and that there are conditions under which they may contribute to reducing security dilemma effects.

If the motivation is to head off a strategic dilemma, then this suggests that in a very short time, there has been some "learning" about how China's own behavior affects the behavior of other countries. This would represent a basic breakthrough in understanding international politics, since recognizing strategic dilemmas, as Robert Jervis points out, is extremely hard for decision-makers. Since the security dilemma is central to defensive realist claims about the sources of conflict under anarchy, understanding how it is ameliorated or moderated is crucial to revealing the conditions under which conflict is created.

How does the Chinese case support or challenge arguments about transnational epistemic communities and the relative strength of states and societies in the transmission of transnational ideas? China's integration into the global economy has helped create domestic and policy constituencies with a stake in preserving international institutions. Such a stake increases the value of economic exchange with the outside world relative to other interests that might lead to conflict with other states. It is vital to integrate into international society and take advantage of international institutions to protect China's security and economic interests. We can predict some possible future trajectories of Chinese foreign policies and their influence on trends in the U.S.

First, China is a status quo country, which will decide the future choice of Chinese strategy. China will not challenge the hegemony of the U.S. Confrontation with America is not compatible with the general development of Chinese strategy and will be detrimental to the improvement of domestic life and legitimacy; meanwhile, the threshold for challenging is too high and will make China be contained by other countries, including the U.S.

Second, the core of Chinese strategy is to sustain economic development and ensure domestic stability. China is not a revisionist country. Challenges will undermine the status and power of China. The level of Chinese technology lags behind the U.S. and other Western countries. China needs advanced technology and investment from the rest of the world.

Third, globalization cannot be stopped. With integration into globalization, the Chinese government adjusts its foreign policy to meet outside challenges. When we debate the future strategy of China, we cannot base it on Cold War thinking. China is not the Soviet Union. Whether from the perspective of history or reality, China is content with the present situation and benefits from current institutional arrangements.

China will be a threat and dangerous country if the U.S. and other Western countries take measures to contain China. This will be a self-fulfilling promise. The best way to go along with China is engagement. China is a great power, so America needs to take courage,

face reality and engage China so that it will not be a peer challenger. Promoting democracy and transparency of policy making in China will alleviate misperceptions in both countries.

As a global stakeholder, Chinese strategy will pursue more cooperative means and maintain the stable and peaceful environment for development. The best way to solve the Taiwan issue and nuclear issue of North Korea is to set up regional institutions and cooperative organizations. At the same time, these kinds of organizations will not exclude the U.S. And the U.S. needs to take a more positive attitude toward China and break with Cold War thinking. The U.S. government should be confident to restructure China and help it become a more responsible actor on the global stage. Cooperation is the only way for both countries or conflict will lead both to disaster.

Prospects for U.S.-Japan-China Relations (2007-2017)

By Zhong Zijuan (Angevin Chung)

There are two possible scenarios for U.S.-Japan-China relations. In one scenario, two of the three will make an alliance against the third. In the other, three countries will deal with each other either as friends or as rivals. In view of basic trends in the Asia-Pacific region after the Cold War and the common interests of the three countries, it is likely that an equilateral triangle will develop. In the near-term, however, it is more likely that China will be restricted by the U.S.-Japan alliance as conflicts in both Sino-U.S. relations and Sino-Japan relations increase.

On the U.S. part, Sino-U.S. relations face strong domestic pressures. The basis for political cooperation between China and the U.S. is weak. There will be many problems that statesmen will face, such as human rights, different ideologies and political systems, when they deal with each other. Under present circumstances and in the short run, cooperation between the two countries will be limited.

The U.S. released an Asia-Pacific Strategy Report in 1998. This report argued that the balance of power among the U.S., China, and Japan had changed. Since Japan's power declined, the U.S. is in a favorable position again; Japan will be the most important strategic partner of the U.S. in the Asia-Pacific region. China became a threat to the U.S. and Japan because of its rapid development. The 2000 report submitted by the Committee on the National Interests of the U.S. argued that there are two vital interests of the U.S. relating to East Asia: (1) establishing constructive relations with China, which is a potential strategic adversary in East Asia; (2) South Korea and Japan should survive as free countries and cooperate actively with the U.S. to deal with major global and regional issues. In the post-9.11 era, the U.S. launched a great adjustment of its global military arrangements. But the importance of the Asia-Pacific region and bilateral alliance arrangement are still prominent. Japan will remain the most important U.S. ally in the Asia-Pacific region in the foreseeable future.

From the Japanese side, Sino-Japanese relations have not become better, but stagnated or even worsened after 2000. In late March, the effort of Japan to become a permanent member of the Security Council of the United Nations Security Council caused widespread concern in China. The antagonism between the two societies culminated that year. A round of Sino-Japanese diplomatic frictions emerged. On May 23, Vice Premier Wu Yi canceled a scheduled meeting with Japanese Prime Minister Junichiro Koizumi because of a need to "deal with emergency domestic affairs." Koizumi visited the Yasukuni Shrine for the fifth time in his term of office on Oct. 17. This visit aroused strong anger of the Chinese. Immediately, China postponed the Japanese foreign minister's visit. The meeting of leaders of China, Japan, and South Korea at the East Asia Summit was also canceled in December. After these events, Sino-Japanese relations fell to the lowest point since the normalization of diplomatic relations in 1972. It was not until Abe Shinzo visited China in October 2006 that cold political relations between the two countries began to warm. However, Prime Minister Abe's "ice-breaking trip" didn't bring Sino-Japanese relations into the warm spring

immediately. The history issue and territorial disputes dimmed prospects for Sino-Japanese relations.

Although there are some complaints about the U.S., the common interests in U.S.-Japan relations are much larger than that of Sino-Japan relations, especially in the security field. After the Cold War, Japan underwent a difficult period, hesitating in its foreign strategy –uncertain whether to go “from the U.S. into Asia” or “from Asia into the U.S.” But in April 1996, the Joint Declaration on the Japan-U.S. security alliance said that the U.S. and Japan will consult and cooperate if there are events that have an important impact on Japan’s peace and security in surrounding areas. This means that Japan embeds itself in a system so that if Sino-U.S. relations get tense, Sino-Japan relations will become tense as well. Therefore, Japan is likely to cooperate with the U.S. to balance power in Asia. Japan may not get too close to China and risk being estranged from the U.S.

Compared with U.S-Japan relations, both Sino-U.S and Sino-Japan relations are much weaker. Given China’s rapid economic development and its modernization of national defense forces, the U.S. and Japan have been and will continue to look at China as a real or potential threat, and will join forces to restrict China. There are two major factors that will hinder progress in triangular relations.

1. The Taiwan Strait issue

After taking office, Chen Shui-bian provoked the mainland repeatedly. Separatists even made a timetable for Taiwan independence. Considering the tension in the Taiwan Strait, the U.S. has been increasingly worried that the Taiwan issue could lead to a war. On Feb. 16, 2005, the CIA assessed that once China thought that Taiwan’s efforts aimed to officially separate from China, it would resort to violence. Based on this judgment, the U.S. and Japan held “the U.S-Japan Security Consultative Committee Meeting” in Washington on Feb. 19, 2005. After this meeting, they made a joint statement which “encouraged a peaceful resolution of the Taiwan Strait issue” to impel China to abandon the right to solve the issue by force. But the statement caused China’s strong response. The Chinese government viewed it as the first declaration that the U.S. and Japan would maintain the peace in the strait as a common strategic objective.

Given the current situation in Taipei, political developments in Taiwan in the next 10 years are worrying. According to some Chinese scholars, once Taiwan declares independence, the situation in the Taiwan Strait will be in danger of getting out of control. This prospect is undesirable for all participants.

2. The history issue

Although the Japanese government confessed to invading Asian countries, including China, during World War II, China considered Japan’s words to be insufficient. In addition, since some important Japanese officials publicly denied crimes committed by Japan during World War II, China concerns and worries deepened. Meanwhile, China’s criticism of the Japanese government’s attitude toward history issues disappointed some

Japanese. In their view, their government has apologized publicly about the crimes during the war and China had used the loans provided by Japan as a certain level of compensation. Moreover, those who denied history are a minority and do not represent the Japanese government and people. Therefore, the issue should be settled. The two views of the historical issue are so different that they have exacerbated the lack of trust between the two sides. Unfortunately, the difference seems to be growing.

China's Perspective on U.S.-China-Japan Relations

By Wang Fang

China is emerging as an influential power in Asia, a counterpart of the U.S. and Japan. Relations among U.S., China, and Japan directly affect the peace and prosperity of Asian countries. Generally speaking, since the Cold War, the three countries have friendly economic and political ties, but there are many conflicts.

Sino-U.S. relations

Since 1990, China has developed a constructive strategic partnership with the U.S. and the two countries are starting cooperation in unprecedented areas. Within 10 years, the trade volume between China and U.S. has increased from \$42.8 billion to about \$200 billion in 2006. More Chinese students study in the U.S. and increasing numbers of U.S. students learn in China. Despite those encouraging trends, Sino-U.S. relations still have had ups and downs since the Cold War. Conflicts on textile products, toys, RMB revaluation, and human rights problems happen every year. Sino-U.S. relations underwent severe tension in 2000, when George W. Bush took office. However, it did not last for long. What's more, it is reasonable to predict that the cooperation between two countries will prevail in the next 10 years.

Why is it impossible that Sino-U.S. relations will get worse? Since the opening policy, the U.S. and China established close economic ties. For China, the U.S. is the biggest trade partner and the country from which China imports most technology. Besides, the surplus from U.S.-China trade is the largest for China and allows it to accumulate foreign exchange. For the U.S., China is the second largest trade partner and many big U.S. companies have set up subsidiaries in China. Close economic ties have a great impact on both governments' attitudes. The U.S. Congress, famous for its hostile attitude toward China, is lobbied to support friendly policies toward China. The lobbying is from interest groups being that have close relations with China, especially multinational corporations. Before China's entry into the WTO, Boeing Corporation suggested to Congress that the U.S. should grant China permanent most favored nation trade status. Close economic ties also framed China's foreign policy toward the U.S. Although China's government is reluctant to revalue the RMB, it gave away by revaluing the RMB against the U.S. dollar by 3.65 percentage points compared with last year.

Regional cooperation between the U.S. and China will lay a solid foundation for Sino-U.S. relations. Since the 9.11 attacks, the U.S. is seeking cooperation to contain terrorism; because of limited military resources, the U.S. is looking for partners. China with great economic potential is a suitable candidate to maintain the peace in East Asia. In fact, both countries have cooperated to fight terrorism. The U.S.'s close relations with Taiwan give it a vital say in cross-Strait relations. From the political perspective of both countries, cooperation is the most beneficial option.

In spite of good signs, we cannot ignore obstacles between the two countries. First, frequent trade conflicts occur. China is running an expanding trade surplus against the U.S. China enjoys a competitive edge from cheap labor, and consequently exports a lot of labor-intensive products. However, those products substitute for domestic products and cripple labor-intensive industries, which absorb many workers. As a result, the trade between two countries exacerbates unemployment in the U.S., affecting people's attitudes toward China. Plus, undervaluation of the RMB worsens the trade deficit with China and becomes another controversial issue.

There are other concerns that are detrimental to bilateral relations: environmental issues, human rights, and Taiwan. As China progresses, environment concerns become striking. The U.S. criticizes China's government for not protecting human rights. Reuniting Taiwan and the mainland is the first and foremost goal of every Chinese and the U.S. holds a sensitive role on Taiwan. It is beneficial for the U.S. to play a role of mediator regarding cross-Strait relations but it is difficult for the U.S. to keep a balance.

Here are suggestions to overcome the obstacles.

For China, there is an absolute rule: economic development is superior to other tasks. It is urgent to upgrade industry and transform industry from labor intensive to technology intensive. The RMB should be revaluated but it cannot be hasty. Revaluation of the RMB is good for joining world competition and encouraging industry upgrading.

China should address environment problems as well, changing its focus from GDP to green GDP. Government should accelerate democratization in China, and establish an effective legal system. China lags behind developed countries when it comes to an effective legal system and rule by law. Law, a backbone to guarantee human rights, is put aside in China. It is necessary for China to set up the authority of law. For Taiwan, China cannot force the U.S. to abandon relations with Taipei immediately. It is irrational to push the U.S. to renounce ties with Taiwan. Maintaining current cross-Strait relations for 10 years is a feasible method so that China can focus on the economy.

Sino-Japan relations

Recent years have been disappointing for Sino-Japan relations. Increasing tension between both countries has expanded from politics to economics. Fortunately, both countries have not cut off relations. There are many conflicts, among them are visits of the Japanese prime minister to Yasukuni Shrine and East Sea oil exploration. Besides those political issues, Japanese products in China are opposed by Chinese consumers as a way to show Chinese anger at Japan. The Japanese government also imposes limits on farm products from China.

While the outlook for Sino-Japan relations is more pessimistic than Sino-U.S. relations, these two countries will converge gradually. Until 2003, Japan was the biggest trade partner of China; for Japan, China was only second to the U.S. in terms of trade. Japanese FDI is third in China. Hostility will hamper both countries, especially the economic benefits. With deteriorating Sino-Japan relation, countries in Asia are forced to choose sides.

It will become a burden for China and Japan to seek alliances in Asia and harms peace in Asia.

Although China and Japan will seek rapprochement, there are many obstacles to the process. Most important is nationalism in both countries. Japan has left the impression of a devil after it invaded China. What is worse, Japan denies the past, which irritates Chinese. Fifty years is not long enough for Chinese to forget the history. In addition, after the foundation of the PRC, Chinese are taught that Japan committed unbearable crimes against China. Consequently, Chinese have a strong aversion to Japan while history is purposely hidden from Japanese youngsters, thus creating a culture divergence between both countries.

Energy consumption worsens the situation. With a growing demand for energy, China has to seek ways to safeguard oil, gas, and coal imports. It inevitably conflicts with the interests of Japan, which also heavily relies on energy imports.

Military concerns also cloud Sino-Japan relations. Japan is seeking political power to match its economic power, so it inevitably develops a military force. China, which is still haunted by the Japanese invasion, cannot accept military expansion by Japan. What is worse, Japan openly expresses support for Taiwan, which challenges China's bottom line.

In order to overcome the obstacles, the two countries should do the following:

Chinese should abandon irrational nationalism. China must balance the benefits and harms brought by nationalism. Sino-Japan relations have profound significance in East Asia and for the Asia-Pacific region. Rapprochement between the two countries is the best strategy. Only through reconciliation, can China attain a peaceful environment for economic development. The past is past, although it is hard to forget. Obsession with the past cannot change the future, and China should move forward. It is best for China to protest to the Japan government when extreme actions such as revision of the history textbooks occur, but insulate cooperation between two countries from these protests.

Cooperate on energy consumption. China jointly explored oil in the South China Sea with Southeast Asian countries, and China can jointly develop oil in the East Sea with Japan.

China should understand Japan's desire to be a political power, since every country dreams of being powerful and influential. China should keep alert to the resurrection of militarism, however.

Conclusion

It is hard to cover trilateral relations between U.S.-Japan-China in 1,500 words. Generally speaking, the three countries will enhance corporation, but there remain many obstacles. The three countries must make concerted effort to maintain harmony.

APPENDIX A

About the Authors

Ms. Mao ASUKATA is a guest research fellow in the Global Security Research Institute at Keio University.

Ms. CHU Guofei is a Ph.D. candidate in International Relations at Nanjing University. She will be joining the Harvard-Yenching Institute in Fall 2007-2008 as a visiting fellow.

Mr. Leif-Eric EASLEY is a Ph.D. candidate at Harvard University's Department of Government. His dissertation examines national identity, bilateral trust and security cooperation among Japan, South Korea, China and the U.S. Leif has served as a teaching fellow for Asian International Relations and American Foreign Policy at Harvard and is currently a visiting scholar at the UCLA Department of Political Science.

Ms. Ayako HIRAMATSU is an M.A. candidate in the Graduate School of Law and Politics at the University of Tokyo. Her major is American Government and History with specific concentration on U.S.-China commercial relations in the 1990's.

Mr. HUANG Li Hong is a Ph.D. candidate at the Institution of International Relations Study at Nanjing University.

Mr. Jin HUI is an M.A. candidate in the Hopkins-Nanjing Center at Nanjing University.

Mr. Tetsuo KOTANI is a PhD candidate in the Department of Political Science at Doshisha University, and is currently a Visiting Fellow at the Center for U.S.-Japan Studies and Cooperation at Vanderbilt University. His dissertation focus is on the home porting of the *USS Midway* at Yokosuka and implications for regional security. His other research interests include American diplomatic history, U.S.-Japan relations and international relations in the Asia-Pacific region. His articles include a co-authored chapter, with Dr. James Auer, on "Reaffirming the Taiwan Clause: Japan's National Interest in the Taiwan Strait and the US-Japan Alliance" for a project at the National Bureau of Asian Research. He received an MA from the Graduate School of American Studies at Doshisha University and a BA from Osaka Kyoiku University.

Mr. Dewardric McNEAL is the assistant director of the China Initiative at the Brookings Institution. Previously, he was vice president for Policy and Planning with the Peace and Conflict Resolution Workgroup in San Francisco, which conducts community-based dialogues on conflict resolution. He is a graduate of East-West Center's Asia Pacific Leadership Program (02), and served as a foreign affairs analyst with the Foreign Affairs, Defense and Trade Division at the Congressional Research Service where he co-authored, with Kerry Dumbaugh, "China's Relations with Central Asian States and Problems with Terrorism" (CRS Report to Congress, 2001).

Mr. WAN Ruyi “Tony” is from the School of Electrical Power Engineering at Jiao Tong University. His major course covers mathematic analysis, C programming, AutoCAD design, microelectronic circuits, digital signal process, database electrical system automation and electrical appliance. He was rewarded the “China People’s Scholarship” in 2004. Previously, he was an associate consultant for the HayGroup HR Consulting Company from February to April 2006. He was responsible for a newly launched Hay Profession Development (HPD), which includes a series of seminars and in-house coach on HR and Management consulting.

Ms. WANG Fang is an M.A. candidate in International Relations at the Hopkins-Nanjing Center at Nanjing University.

Ms. Shanshan WANG is the Asia Pacific Leadership Program fellow at the East-West Center. She is also an M.A. candidate in International Relations at the China Foreign Affairs University. She received her B.A. in Diplomacy at the China Foreign Affairs University. She is currently a student leader of the 2004 graduate class and a chief coordinator of student affairs at the China Foreign Affairs University. Prior to joining the East-West Center, she worked as special assistant to the President and CEO and a special coordinator of the Poly Silicon Program at Kunic International Group. Her background also includes international studies in Singapore, Malaysia, the Republic of Korea, and parts of the U.S.

Mr. ZHONG Zijuan is a B.A. candidate in International Politics at Nanjing University.

APPENDIX B

PACIFIC FORUM CSIS HOPKINS-NANJING CENTER, NANJING UNIVERSITY

Strategic Goals in U.S., Japan, and China Relations

Nanjing, China, April 25-27, 2007

AGENDA

April 25, 2007

6:30 PM Opening Dinner (*Jingli Hotel; Hosted by Vice President of Nanjing University; Room to be announced*)

April 26, 2007

(All sessions will be held in the Hopkins-Nanjing Center first floor conference room)

9:00 AM Opening Remarks by Conference Chairs

9:15 AM **Session I: Recent Developments in China-Japan Relations**
Speakers: China: Jin Xide, Institute of Japanese Studies, CASS
Japan: Seiichiro Takagi, Aoyama Gakuin University

Since October 2006, bilateral relations between Japan and China have improved. Prime Minister Abe visited China and Premier Wen Jiabao just visited Japan. Contacts between the two countries, both official and unofficial, have warmed. Are these improvements substantial or superficial? What has changed and why? What is the motivation behind these improvements? What policies should China and Japan adopt to ensure that the current rapprochement is not reversed or undermined? Is there a role for the U.S. in this process? If so, what? The issues should be viewed from various aspects – political, strategic, economic, bilateral, regional, etc.

10:45 AM Break

11:00AM **Session II: Review of China-Japan Project**
Speaker: Ralph Cossa, Pacific Forum CSIS

In 2006, a task force composed of four U.S. institutes examined the state of Japan-China relations. This session will review recommendations and observations emanating from a series of four workshops to include an assessment of task force findings.

12:00-1:30PM **Lunch** (*Hopkins-Nanjing Center*)

1:30-3:30PM **Session III: Examining Long-Term Visions**

Speakers: Japan: Masaru Tamamoto, Japan Institute of International Affairs

U.S.: Michael McDevitt, The CNA Corporation

China: Ren Xiao, Fudan University

YL Discussants: Japan: Tetsuo Kotani, Ocean Policy Research Foundation

U.S.: Leif-Eric Easley, Harvard University

China: Wang Fang, Hopkins-Nanjing Center

Relations between the United States, Japan, and China are critical to regional and global peace and prosperity. All three need a clearer understanding of each other's (and their own) long-term interests; it is especially important to understand divergences among priorities and how they can be reconciled. Participants should consider their country's vision of itself in 20 years, its role in East Asia, and its relationship with the other two countries. What are key long-term concerns? What factors are most important in shaping the regional political, security, and economic environment? How will relations among the three and within the region evolve? What sort of institutional structure is best for the region? Discussion will focus on areas of overlap and on differences, with attention given to ways to reconcile those differences. A Young Leader from each country will be a discussant for this session.

3:30PM Break

3:45PM **Session IV: Energy Issues and Related Concerns**

Speakers: China: Zha Daojiong, Renmin University of China

Japan: Hideaki Fujii, Mitsubishi Research Institute

U.S.: Peter Beck, International Crisis Group

Energy security is a vital concern for all nations, but the policies of the U.S., Japan, and China have a disproportionate impact on global markets. How do the three countries see energy markets developing and future supply and demand? What can be done to ensure that there are sufficient supplies for all countries and that conflicts and competition do not emerge? Energy policies raise a number of issues in addition to security of supply (nonproliferation, territorial disputes, climate change, pollution) that must be addressed: how is each government dealing with these other issues?

5:30PM Session adjourns

6:30PM Reception and Dinner (*Location to be announced*)

April 27, 2007

9:00AM **Session V: Trilateral Relations and Regional Integration**
Speakers: U.S.: Robert Dujarric, Temple University (Japan)
 China: Yu Tiejun, Peking University
 Japan: Yoshifumi Nakai

What is the experience of European integration? What has been the ASEAN experience? What is the implication of the ASEAN+3 process? The East Asia Summit? How do China, Japan, and the U.S. think about integration? What are obstacles to integration? What role can each country play in the integration process? How should they cooperate?

10:30AM **Break**

10:45AM **Session VI: Building Blocks for Strengthening Trilateral Relations**
Speakers: China: Wang Yiwei, Fudan University
 Japan: Yoshifumi Nakai, Gakushuin University
 U.S.: Bonnie Glaser, CSIS/Pacific Forum CSIS

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

12:30PM **Lunch** (*Hopkins-Nanjing Center*)

2:00PM **Wrap-up Session: Next Steps**

3:00PM **Young Leaders Session**

5:00PM **ADJOURN**

6:30 PM **Dinner** (*Location to be announced*)

APPENDIX C

PACIFIC FORUM CSIS **YOUNG LEADERS**

for “Strategic Goals in U.S., Japan, and China Relations”

Nanjing, China, April 25-27, 2007

Agenda

Tuesday, April 24, 2007

(Travel day for Young Leaders.)

- 7:15 PM Meet in Jingli Hotel Lobby.
- 7:30 PM Young Leaders Dinner (*Jingli Hotel*)

Wednesday, April 25, 2007

- 8:30 AM Meet in front of the Jingli Hotel for the chartered bus.
- 9:00 AM Visit to Memorial Hall of the Nanjing Massacre.
- 12:00 PM Lunch
(Location to be announced)
- 1:30 PM Lecture and Q&A
- 2:45 PM Break
- 3:00 PM Roundtable to reflect on the morning visit to the Nanjing Memorial and to
anticipate the discussion of the next two days.
Moderator: Brad Glosserman, Executive Director, Pacific Forum CSIS
- 5:00 PM Return to Hotel
- 6:30 PM** **Opening Dinner** (*Jingli Hotel; Hosted by Vice President of Nanjing
University; Room to be announced*)

April 26, 2007

9:00 AM **Opening Remarks by Conference Chairs**

9:15 AM **Session I: Recent Developments in China-Japan Relations**
Speakers: China: Jin Xide, Institute of Japanese Studies, CASS
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10:45 AM Break

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Speaker: Ralph Cossa, Pacific Forum CSIS

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12:00-1:30PM **Lunch**

1:30-3:30PM **Session III: Examining Long-Term Visions**
Speakers: Japan: Masaru Tamamoto, Essayist
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focus on areas of overlap and on differences, with attention given to ways to reconcile those differences. A Young Leader from each country will be a discussant for this session.

3:30PM Break

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Speakers: China: Zha Daojiong, Renmin University of China
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5:30PM Session adjourns

6:30PM Reception and Dinner

April 27, 2007

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China: Yu Tiejun, Peking University
Japan: TBA

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10:30AM **Break**

10:45AM **Session VI: Building Blocks for Strengthening Trilateral Relations**

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Japan: Yoshifumi Nakai, Gakushuin University
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