

In Search of New Patterns of Rivalry and Interdependence

China-Japan Relations in a Changing Northeast Asia

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The future of China-Japan relations will have a decisive impact on post-Cold War East Asia's economic and political order. Japan and China embody the world's second- and, by PPP-based calculations, third-largest economies, respectively, and wield growing political clout in regional affairs. Militarily, despite the different nature and sources of their national power, both countries are the major factors to be reckoned with in any East Asian strategic equation.

The relative rise in influence of China and Japan in post-Cold War regional affairs is evident. Japan is the world's largest creditor nation and largest donor of official development aid in East Asia and in the world. It also maintains the world's second largest defense budget with \$45.6 billion (\$1=108 yen) in FY 2000.¹ Japan's total armed forces are small—about 237,000 strong—and being reduced, but are buttressed by its vastly superior technological, industrial, and financial prowess. Seen from this perspective, Japan is already a potential major military power seeking a greater political and security role in post-Cold War East Asia.

In contrast, China is predominantly an independent military power with growing economic capability. China is the only Asian nation with strategic nuclear forces, and it maintains the world's largest military, approximately 2.5 million soldiers, which is also being reduced; thus, China stands in a position to effect major changes in Asia's security environment. In particular, since the early 1990s China's rise in wealth and influence has precisely been the focal point of the Asian and global security debate, which has subsequently shaped the widespread perception that future regional stability and prosperity will increasingly hinge on the capability and behavior of China.²

The two countries' growing national power and their respective wills to use it are complex and important questions in their own right, deserving serious attention from both scholarly and policy communities. In particular, their traditional rivalry and current and likely future power potential will continue to be a source for concern in their neighbors' strategic planning. For both historical and contemporary reasons, each country has also pursued its foreign policy goals with an eye on the other.

In terms of future regional stability, what is perhaps more significant in post-Cold War East Asia is whether the two major regional powers will develop a relationship that is either strong and cooperative or weak and confrontational in the years ahead. Of equal importance is the diverse yet uncertain impact of this evolving relationship on the future of East Asian security, particularly in light of the absence of the unifying Soviet threat and a reduced U.S. military presence. Even though the United States decided in February 1995 to freeze the level of U.S. forces in the region at 100,000 personnel—which was repeatedly reconfirmed later—regional perceptions of the U.S. security commitment and credibility will significantly affect the strategic calculus of individual regional states and the overall power balance in the region. Beijing-Tokyo relations also directly touch on a host of major regional security issues such as peninsular stability, the Taiwan question, the South China Sea dispute, multilateral security issues, and the U.S. role in the region. In short, its potential impact on regional security should not be underestimated.

This article argues that, despite their huge and growing stakes in maintaining an amicable relationship, the China-Japan relationship will remain a difficult and often tense one. The persistence of their traditional rivalry and historical distrust over time suggests that these may have more to do with deeply ingrained cultural, historical, and perceptual factors than with the dictates of economic cooperation or shared interest in regional stability that are mutually beneficial. Also underlying their complex but competitive ties are fundamental differences between the two countries in terms of political systems, social values, and strategic objectives in Asia and beyond. The future stability in East Asia will hang in the balance as China and Japan continue to seek a new balance between their interdependence and rivalry.

Mutual Perceptions in a Historical Context

As befits their traditional rivalry for regional influence and as the present-day two most powerful states in East Asia, Japan and China have quite a broad range of bilateral concerns with each other. This should surprise no one, as Akira Iriye has strongly argued,³ given the fact that

both countries have, from the 1880s, developed multifaceted rivalry relations in power, culture, and economic dimensions. Traditional mutual perceptions between the Chinese and the Japanese have been very complex, but far from cordial, as the following long quotation typifies:

Scholars who have examined Chinese and Japanese mutual perceptions have suggested misunderstanding, or indifference, or condescension, or arrogance!—anything but communication. The Chinese are usually depicted as having clung to traditional images and looked down on Japan as a country of imitative dwarfs. They had not bothered to learn anything about Japan until it was too late. The Japanese in the Meiji era, for their part, avidly Westernized themselves until they no longer considered their country Asian, a member of the Chinese sphere of civilization.... Such mutual arrogance and condescension was conducive to misunderstanding, a reflection of the two countries' antagonistic power relationship.⁴

As Iriye has correctly noted, it is a pervasive yet distorted interpretation, and both countries had known one another's history and people for centuries. It may even be added that their pace of "learning" each other became quicker in the second half of the 20th century than before.

It can be equally and plausibly argued, however, that their mutual and growing knowledge of each other could also generate conflictual rather than cooperative bilateral relations, contrary to Iriye's suppositions. Historically, their traditional mutual condescension was sharply aggravated by an array of such major historical events as the Sino-Japanese War in 1895 and the resulting Japanese occupation of Taiwan, its invasion of China in the first half of this century, and particularly the Nanjing Massacre. All of these, which the Chinese call "historical facts," continue to undergird China's anti-Japanese feelings and attitudes, even if they are now expressed mostly in a subtle and private manner.

Different ideological beliefs after 1945 parted them into different "camps" until the early 1970s, when they normalized their diplomatic relationship after the Nixon visit to China. Responding to the common Soviet threat, China and Japan opted for a "marriage of convenience" in the U.S.-led global containment against the Soviet Union. Even if China and Japan were not pulled by the across-the-board improvement in bilateral ties but pushed by the overriding external security threat, both tried consciously—for the moment at least—to set aside historical and cultural baggage and hammer out a new working relationship.

It thus seems safe to say that Sino-Japanese relations in the 1970s and 1980s were an amalgam of practical need for strategic and, to a lesser extent, economic considerations on the one hand and historically deep-seated suspicions about the other's intentions and behavior in the region

on the other. Seen from this perspective, the removal of the strategic garb after the end of the Cold War, coupled with China's growing economic and military power and Japan's domestic changes, could well pit China and Japan against one another in a competitive bid for economic influence and regional role in East Asia.

As many scholars have noted, moreover, the enduring dual images of superiority and inferiority permeate their mutual perceptions to an extent and in ways that official and public perceptions in both countries regarding the other remain different, divergent, and distorted, and that *at present* there seems to be no strong constituency in either China or Japan to promote lasting friendship and cooperation. In a perceptive study on Japan's cultural diplomacy toward China, Diana Betzler and Greg Austin have convincingly argued that "the main impulses for official interaction between the two countries [China and Japan] remain outside what might be called the popular imagination."⁵

An *Asahi Shimbun* survey, jointly conducted with the Chinese People's University in commemoration of the 25th anniversary of the China-Japan normalization, unmistakably points to a continuing anti-Japanese feeling among the Chinese.⁶ Out of 3,500 Chinese respondents, a significant 34 percent said they disliked Japan; ten percent liked Japan; and 51 percent neither disliked nor liked Japan. In contrast, 29 percent of 3,000 Japanese said they liked China; 19 percent disliked China; and 48 percent said neither disliked nor liked China. To the question as to whether or not Japan's repentance over its past history is satisfactory, a whopping 86 percent of the Chinese respondents found it insufficient and only four percent sufficient. On the other hand, 26 percent of the Japanese believed it sufficient, while 58 percent insufficient. A glance at the survey indicates that historical issues remain a significant undercurrent in Beijing-Tokyo relations, especially in the eyes of the Chinese.

Not surprisingly, the underlying historical distrust and suspicions are often manifested in their contemporary policies toward the other. Each side has been critical of the other's moves toward greater military capability or a larger regional role. In addition, Japan has long been a rallying point for the renewal of nationalism in China, while Japan is suspicious of a reincarnation of China's traditional cultural and other kinds of dominance in the region once the latter achieves its Four Modernizations—a perception that has recently been accentuated by the debate on the "rise of China." While the growth of nationalistic sentiments seems evident in both post-Cold War Japan and China, the latter's increasing reliance on the nationalistic agenda to arrest the decline of communism as a credible ideology and to fend off international pressure for change in China does not augur well for the future of their bilateral relations.

Official Ties and Deepening Interdependence

Official dialogues and inter-governmental cooperation between Japan and China have gradually but steadily expanded over a quarter century. Both governments also assign top priority to bilateral economic ties. At the heart of their official relationship lie trade, investment, and aid. Bilateral trade between Japan and China exceeded the \$60-billion mark in 1996 and recorded \$60.8 billion in 1997, \$58 billion in 1998, and \$66.2 billion in 1999, making Japan China's largest trading partner for most of the last decade.⁷ In fact, Japan in the mid- to late 1990s constituted what the Chinese called "three firsts": Japan was the first in China's trade relations, technology imports, and domestic investment. China is also the largest recipient of Japan's Official Development Aid (ODA), which is aimed at building China's social and economic infrastructures.

By the end of 1996, Japanese direct investment in China amounted to over \$4.5 billion. By 1996, Japanese ODA exceeded two trillion yen (331 billion yen in 1979-83, 470 billion yen in 1984-89, 810 billion yen in 1990-95, and 600 billion yen in 1996-98)⁸ and one million mutual visits per year. From the normalization in 1972 to 1994, over 40,000 Chinese students were sent to Japan for various studies, whereas about 100,000 Japanese students toured China during the last decade. In 1994 alone, 22,000 Japanese students traveled in China, and Japan maintained about 180 sister-city relations in China.⁹ In 1999 alone, over 1.85 million Japanese visited China as well. People-to-people contacts between the two sides are evidently and steadily growing; they are indeed necessary and commendable efforts to acquire firsthand experience and a minimal understanding about the other. But growing bilateral contacts have yet to produce a better and more objective understanding of each other, let alone lasting friendship.

Japan roughly accounts for about 20 percent of China's total trade, while China occupies less than 5 percent of Japan's total trade,¹⁰ even if China's expanding economy would likely make the Japanese share smaller in the years ahead. Due to the asymmetrical importance of economic relations to China, it has largely abstained from openly and directly criticizing Japan—except the so-called "historical problems"—while Japan has tried to link the ODA with enhanced "transparency" in Chinese military affairs, as seen in the case of withholding a small part of ODA after China's nuclear testing in 1995. But the trade imbalance becomes a growing concern for Tokyo, as it has run a chronic trade deficit with China since 1988.

Salient Political and Security Issues

The Taiwan Issue

That the PRC government regards Taiwan as part of China is unquestioned. The Chinese leadership is also likely to take a tough posture against Taiwan, as vividly demonstrated during the 1995 and 1996 Taiwan Strait tensions, and has not ruled out the use of force, particularly if the latter declares independence or if China's national and security interests, including Taiwan, are deemed to be at stake by the actions of other countries.

To Tokyo, the Taiwan issue cuts across several identifiable yet overlapping contexts upon which Japan's major domestic and foreign policy debate is conducted: Japan-China relations, the U.S.-Japan alliance, joint development of the Theater Missile Defense (now called MD) with the United States, and its changing yet undefined political profile and security role in the region. For this reason alone, Japan's Taiwan policy has been very cautious and has always been conducted with one eye on China and the other on the United States.

Because of a combination of factors, including Japan's low-profile, non-confrontational foreign policy posture toward China since 1945, its history of aggression against and occupation of both mainland China and Taiwan, and China's past, present, and future influences on itself and the region, Japan has tried to prevent the Taiwan issue from standing in the way of an improved Japan-China relationship, notwithstanding its important stake in Taiwan's prosperity and stability.¹¹

Tokyo's utmost caution with respect to the Taiwan issue is best captured by Shinkichi Eto, a longtime Japanese China observer, in the following metaphor:

Matters that China regards as most central to its national interest—for example, the territorial issues revolving around Taiwan and Tibet—should be regarded as the sensitive hairs on the elephant's chin: one prerequisite for a manageable relationship [with China] is never to touch them.¹²

Likewise, while U.S. and Japanese policies have diverged on several issues (e.g. human rights, post-Tiananmen sanctions), their difference on the Taiwan issue apparently has not been so great as to cause an irritation between Washington and Tokyo. This is partly due to Japan's low-profile, cautious approach to China, as noted above, but Japan's cautiousness itself is derived from the fact that Japan is far more vulnerable to China's pressure than the United States, running the gamut from historical issues to Japan's regional role to the perceived and actual threat. Taken together, the Taiwan issue touches upon several major policy debates in Japan that

are still evolving. But Japan has been able to hold it within manageable limits in the context of both Japan-China and U.S.-Japan relations and is likely to do so in the near future.

Mutual Security Concerns

Both countries have quite a broad range of bilateral security concerns with each other. For their part, Japanese concerns include China's political uncertainty, lack of military transparency, territorial disputes over the Senkaku/Diaoyu Islands, Sino-Russian military cooperation, nuclear tests and missile proliferation, and the PLA's increasing strategic reach to the South China Sea.¹³ China's growing regional influence and its burgeoning power projection capability amidst the region's "strategic uncertainty" could well complicate Japan's economic and security policy in two major ways:

First, China's expanding maritime interests, manifested in its occasional yet determined moves in the South and East China Seas, could pose a challenge to Japan's huge trade and investment stakes in Southeast Asia. Not only has Japan been the largest investor in that subregion, but as an energy-deficient nation it continuously needs to secure extensive sealanes for trade and energy, which lies at the heart of Japan's security policy.¹⁴ It is noteworthy that Japan's 1,000-nm defense perimeter overlaps with China's maritime claims and that both navies are increasingly operating in the same area.

Second, China can also indirectly influence Japan's security concerns with North Korea and Russia. Japanese defense officials are well aware that China is either directly or indirectly related to the potential missile threat over insular Japan, on top of the growing concern on the issue after the August 1998 missile test by North Korea. Sino-Russian military cooperation could not only raise the level of regional arms buildup, but it could contribute to the development of China's power projection capability—a prospect Japan intends to delay by linking economic aid to Russia with the latter's arms sales to China.¹⁵ Furthermore, China's influence in Korean affairs has traditionally been a source of great concern to Japan, now more in the context of the Chinese role in a future North Korean contingency and in the Korean unification process.

To Chinese security planners, on the other hand, Japan's "recurrent militarism," defense budget, naval modernization, and joint development of MD pose a source of concern. For this reason, there have been only limited bilateral security dialogues between the two sides.¹⁶ Of particular importance is Japan's 1,000-nm defense perimeter to secure the SLOC (sea-lane of communication) for trade and raw material, which has obvious implications for China's expanding maritime interests.

Recent high-level visits between the two sides have all emphasized

that both countries need, for the moment, to put aside their historical enmities against each other, and their growing trade and investment relationships have largely restrained open criticisms against each other. In particular, their bilateral military diplomacy reached a new level in the late 1990s, which included frequent military-to-military contacts, an accord on maritime accident prevention, and future joint drills and port visits.¹⁷ But the point is that their traditional rivalry and historical distrust linger.

The U.S.-Japan Alliance

During the Cold War, the principal purpose of the U.S.-Japanese security alliance was to deter the common Soviet threat. Since that threat has dramatically dissipated, the alliance has no particular enemy state to focus on. Additionally, a host of recent bilateral and regional developments, such as the increasingly discordant trade relations between the U.S. and Japan, Japan's dubious role in the Persian Gulf War, and China's rising power, have all led the Japanese leadership and the public to redefine the U.S.-Japanese security relationship and Japan's regional and international security role.

The Taiwan issue is also related to the ongoing debate about Japan's regional security role. At issue is a definitional shift in Japan's defense contribution from the "defense of the Far East" (Article Six of the U.S.-Japan Mutual Security Treaty) to the "areas surrounding Japan," as stipulated in the new November 1995 National Defense Programme Outline (NDPO) and reconfirmed in the April 1996 U.S.-Japan Joint Declaration on Security and the September 1997 Review of the Guideline for U.S.-Japan Defense Cooperation (the "new Guideline").¹⁸ China has always been wary of Japan's expanded regional role, of course, but this time it would like to know whether or not the "situations in areas surrounding Japan" include Taiwan—a recurring controversy during and after the final revision process of the new Guideline in September 1997. Given Chinese and other neighboring nations' sensitivity about Japan's regional security role, Japan's official policy on this issue seems to be "not to offer a specific definition," echoing the American position that the scope of the new Guideline is "situational, not geographical."¹⁹

It is in this connection that China sees U.S.-Japanese security ties as crucial in restraining Japanese military power and in maintaining the present regional stability. As Paul Godwin has noted:

There is...a logical discontinuity between Chinese analysts' apprehension about a unipolar system dominated by the United States and its coalition of Western industrialized states and their belief that America plays a crucial role in restraining Japan's nationalism and militarism. It is a dilemma that China cannot resolve to its own satisfaction.²⁰

To repeat, that China adamantly opposes the revised Guideline—for its possibility of U.S.-Japan collaboration in a Taiwan crisis and of Japanese militarism—cannot be overemphasized. However, despite the Chinese analysts' pessimistic view of the revised Guideline and the U.S. role in post-Cold War East Asia, they are well aware that U.S.-Japanese security relations remain the primary linchpin in East Asian stability. In addition, the Chinese analysts believe that the disappearance of the common foe and the new dynamics in both American and Japanese domestic politics could lead to a further redefinition of U.S.-Japanese security relations in the years ahead—a step the U.S. and Japan took in early 1998 to meet the requirements of the new Guideline.²¹ Thus the so-called "double containment" role of the U.S. forces over Japan's possible unilateral military role is seen in a positive light among many Chinese security analysts. In a litchi nutshell, notwithstanding the remaining regional controversies over the interpretation of the "areas surrounding Japan," the NDPO and the new Guideline have steered Japan's security role and policy toward a new direction that may enhance common regional security, if guided by prudence.

China-Japan Relations and Future East Asian Security

The future of Northeast Asian prosperity and security will increasingly be shaped by the economic and security trajectories of China and Japan, and by U.S. relations with both countries. A continued U.S.-Japanese security relationship is vital to American interests and to Asian stability. But how long the current lopsided security ties can be acceptable to their respective publics remains uncertain. While popular antimilitarism is now very strong in Japan, that nation's historical extremism in foreign and security policy since the mid-19th century still is not reassuring, especially to its neighboring countries.²²

In China, now that Jiang Zemin and other top leaders are preparing for the upcoming 16th party congress in the fall of 2002, leaders must achieve unity to maintain political stability and economic development, or just to remain in power. Furthermore, coping with new and complex challenges in Chinese society unleashed by a nearly two-decade reform drive will also be a daunting task for the post-Deng leadership. China's growing social and economic problems—inflation, corruption, the center-regional divide, regional inequalities, and migrant workers, to name but a few—could well complicate leadership unity and political stability, especially in light of demographic pressure, relatively limited resources, and environmental constraints.

Externally, post-Deng leaders in China should not only remain engaged with the outside world but also address the widespread perceptions and worries about the long-term consequences of China's

rise.It is this complex set of major domestic and external challenges that the post-Deng Chinese leadership will face for many years to come. How well and in what manner they handle the challenges could significantly affect not only political stability in China but also, to some degree, the future capability and behavior of China.

In Japan as well, there is growing criticism over the effectiveness of its economic aid and assistance to China over the years on the current and future behavior of China. Not only is Japan's traditional image of an "agricultural China" rapidly eroding, but the Japanese government seems more determined than before to take a stronger response to China's posturing. Perhaps most significant over the long haul is, as Michael Green and Benjamin Self have persuasively argued, that Japan's Cold-War policy toward China, based on four pillars of security, politics, history and economics, is also undergoing significant changes, and its China policy in the new era is now inundated by "a wide range of actors with various distinct interests."²³

It is against the backdrop of these emerging relationships among the U.S., China, and Japan that the strategic identity of a unified Korea is seen as an unknown but critical factor that affects not only their three-way relationships but also the overall regional power balance. As Jonathan Pollack has aptly put it, "[t]he central set of relationships likely to define Northeast Asian security and stability will be the longer-term dynamics between Japan and China, and how the United States is likely to interact with both. The position of a unified Korea...could prove highly consequential in this context, but more in terms of how Seoul might choose to align itself in relation to this larger, three-power dynamic."²⁴

For the short and mid-term, the ROK and the U.S. should seek to bring China's influence to bear in North Korea in achieving the three countries' common interests on the peninsula, namely continued peninsular stability, improved North-South Korean relations, and North Korea's economic reform. Mutual understanding among the three countries could not only offer a potential solution to the current stalemate in North-South Korean relations but also create a favorable condition for the peaceful unification of Korea.

For years to come, the changing regional security climate will continuously draw the attention of U.S. and ROK policymakers and will necessitate the corresponding adjustment in the role and mission of the U.S.-ROK alliance, particularly after North Korea's threat passes. To meet future challenges to the alliance, the current shift for the U.S. from a leading to a supporting role must continue. Given the vast difference in power potential between the Korean peninsula and the surrounding major powers, regardless of whether Korea is unified or not, Korea requires a pro-active, amicable relationship with all major regional powers and needs

to participate actively in multilateral regional security dialogues and U.N.-sponsored peacekeeping activities.

To realize these policy goals, an active U.S. engagement in Asian security and Asian allies' greater defense burden sharing are necessary, but not sufficient. Both the U.S. and Asian governments need to expand the scope of dialogue and communication with the other's public and congress to strengthen further the mutual bonds between the two sides.

Additionally, drawing China and North Korea into a web of multilateral security dialogues is highly desirable, but given the bilateral nature of conflict, a relatively high level of hostility and militarization, and the Chinese and North Korean opposition, its feasibility is in doubt in the current state of interstate relations in Northeast Asia.²⁵ Rather, the United States needs to strengthen the existing network of bilateral security ties with credible military force.

In the years ahead, continued U.S. engagement with China will be an important step on the long road to a stable East Asia. Engagement with China remains a sensible policy but requires a clear and consistent set of goals, such as regional stability, shared development, and integration into international norms. To advance this larger goal, however, not only should the U.S. and East Asian nations recognize China's differing yet often legitimate security requirements, but also make genuine efforts to build confidence with China, which is a time-consuming yet least threatening way to make China more transparent. Finally, it is worth repeating that the future of East Asian security will increasingly hinge on how to deal with the old "China factor" in the new era.

To repeat, of greater relevance to this study is how Japan-China relations will evolve in the future. As the above analysis has shown, this requires an understanding of the history of Japan-China relations and the current dynamics of their bilateral ties, which are in many respects new phenomena. How the old ways of thinking and new dynamics interact with each other in China-Japan relations should prove to be a continuing agenda for Asia's security and prosperity.

Notes

1. International Institute for Strategic Studies, *The Military Balance 2000-2001* (Oxford: Oxford University Press for IISS, 2000), pp. 200-201. Unless noted otherwise, the data and figures on the Japanese and especially Chinese militaries used in the essay are from the above source and the authors' estimates. Due to significant fluctuation in conversion rates between the Japanese yen and the U.S. dollar in recent years, however, Japanese defense budget in U. S. dollar terms could often be misleading. See also "Japan's Increases Defence Budget," *Jane's Defence Weekly*, January 3, 2001, p. 6.

2. Most recent single volumes on a rising China (particularly the "China threat") include Steven W. Mosher, *Hegemon: China's Plan to Dominate Asia and the World*

- (San Francisco: Encounter Books, 2000); Bill Gertz, *The China Threat: How the People's Republic Targets America* (Washington, D.C.: Regnery, 2000); Edward Timperlake and William C. Triplett, Jr., *Red Dragon Rising: Communist China's Military Threat to America* (Washington, D.C.: Regnery, 1999). More balanced and circumspect assessments can be found in David Shambaugh, "Containment or Engagement of China? Calculating Beijing's Response," *International Security*, Vol. 21, No. 2 (Fall 1996), pp. 180-209; Robert Ross, "Beijing as a Conservative Power," *Foreign Affairs*, Vol. 76, No. 2 (March-April 1997), pp. 33-44. For the Chinese views, see Yan Xuetong, "Orientation of China's Security Strategy," *Contemporary International Relations*, Vol. 6, No. 2 (February 1996), pp. 1-15; Hu Ping, "Bo 'Zhongguo junshi weixielun'" [Refuting 'Chinese Military Threat Thesis'], *Guoji Zhanlue Yanjiu* [International Strategic Studies], No. 36 (June 1995), pp. 17-20.
3. Akira Iriye, *China and Japan in the Global Setting* (Cambridge: Harvard University Press, 1992). He strongly argues, however, that the future of Sino-Japanese relations will be determined by cultural cooperation, as a part of the global trend toward cultural interdependence, rather than by economic or military competition between them. See also his "Chinese-Japanese Relations, 1945-1990," in Christopher How, ed., *China and Japan: History, Trends, and Prospects* (Oxford: Oxford University Press, 1996), pp. 46-59.
 4. Iriye, *China and Japan in the Global Setting*, p. 28.
 5. Diana Betzler and Greg Austin, "Gulfs in Sino-Japanese Relations: An Evaluation of Japan's Cultural Diplomacy Toward China," *Journal of East Asian Affairs*, Vol. 11, No. 2 (Summer-Fall 1997), pp. 611-12.
 6. *Asahi Shimbun*, September 22, 1997.
 7. *Nichu Keikyo Journal* [Japan-China Economic Cooperation Journal], January 1997, p. 31; *Zhongguo tongji nianjian 1997* [China Statistical Yearbook 1997] (Beijing: Zhongguo tongji chubanshe, September 1997), p. 594. In their two-way trade, there is a controversy over the actual balance of trade, with each side claiming a trade surplus in the other's favor. The controversy stems from the fact that Beijing includes Japanese exports that go through Hong Kong, whereas Tokyo does not.
 8. "China and Japan: A Balancing Act," *China News Analysis* (Taipei), No. 1521 (November 1, 1994), pp. 3, 8. See also *Gaiko seisho 1997* [Diplomatic Bluepaper 1997], 2nd Volume (Tokyo: Ministry of Foreign Affairs, 1997), p. 22.
 9. Data on student exchanges are from Betzler and Austin, "Gulfs in Sino-Japanese Relations," pp. 583-84. See also Akimasa Mitsuta, "Dealing with China: Notes on Development of Student Exchange Between Japan and China," *Journal of Contemporary China*, No. 7 (Fall 1994), pp. 89-99.
 10. Robert A. Manning, "Burdens of the Past, Dilemmas of the Future: Sino-Japanese Relations in the Emerging International System," *Washington Quarterly*, Vol. 17, No. 1 (Winter 1993), p. 53.
 11. Japan's 1995 trade with Taiwan was US\$43.4 billion, making Japan Taiwan's second largest trade partner after the U.S. with US\$47.2 billion. The Chinese point to Japan-Taiwan relations as an issue to be resolved. See "Zhanhou wushi nian yataidiqu de Zhongguo yu Riben: goujihuiyi jiyao" [China and Japan in the Asia-Pacific Region after 50 Years since the War: An International Conference Summary], *Xiandai Guoji Guanxi* [Contemporary International Relations], No. 2 (1996), pp. 41-49.
 12. Shinkichi Eto, "China and Sino-Japanese Relations in the Coming Decades," *Japan Review of International Affairs*, Vol. 10, No. 1 (Winter 1996), pp. 16-34. The quotation is on p. 32.
 13. The disputed small island group off Taiwan is currently occupied by Japan and is called Senkakus by Japan, Diaoyudaos by mainland China, and Diaoyutai by Taiwan. For further details, see Ji Guoxing, "The Diaoyudao (Senkaku) Disputes and Prospects for Settlement," *Korean Journal of Defense Analysis*, Vol. 6, No. 2 (Winter 1994), pp. 285-311. Japan's naval modernization is in part influenced by China's growing strategic reach.

See Shigeo Hiramatsu, "Chinese Navy and the Revival of 'Sinocentrism,'" *Shin Boei Ronshu* [Journal of National Defense], Vol. 20, No. 3 (December 1992), pp. 16-37. For Chinese views on the TMD, see Information Office of the State Council of the People's Republic of China, *China's National Defense in 2000* (Beijing: Information Office of the State Council of the PRC, October 2000), pp. 5-6; Gu Ping, "Japan: Find a New Excuse to Participate in Constructing TMD," *Beijing Review*, August 21, 2000, pp. 10-11; and Kori J. Urayama, "Chinese Perceptions on Theater Missile Defense: Policy Implications for Japan," *Asian Survey*, July/August 2000, pp. 201-23. Pyongyang, together with Beijing and Moscow, takes a similar position on the TMD issue. See *Minju Chosun*, September 20, 2000, in *Foreign Broadcast Information Service (FBIS)*, October 18, 2000.

14. *Ibid.*, and Mohan Malik, "Japan Wary of Assertive China," *Jane's Intelligence Review*, December 2000, pp. 22-25.

15. Jim Hoagland, "An Arms Race in East Asia," *Washington Post*, July 14, 1992, p. A13; Richard C. Thornton and Bruce A. Babcock, "Japan's Response to Crisis: Not with a Bang but with a Buck," *Global Affairs*, Winter 1993, pp. 1-11.

16. "Japan's Defense Plan Creates Anxiety," *Beijing Review*, January 11, 2001, pp. 8-9. For further details, see *FBIS-CHI*, March 2, 1994, pp. 7-8; *Chosun Ilbo* (Chicago edition), January 17, 1995. As part of a goodwill tour, General Tetsuya Nishimoto, Chairman of Japan's Joint Staff Council, visited both China and South Korea in late February 1995. See *FBIS-CHI*, February 21 and 22, 1995, pp. 6-7 and 5-6, respectively. On the possible impact of the "historical problems" (particularly the recent revision of Japanese history textbooks), see Tang Tianri, "Japan's Stubborn 'History Syndrome' Requires Treatment," *Beijing Review*, March 22, 2001, pp. 8-10 and *idem.*, "Japan: A Passing Mark for Distorting History," *Beijing Review*, April 26, 2001, pp. 12-13.

17. *Xinhua*, December 2, 1997, in *FBIS-CHI*, December 2, 1997; *Sankei Shimbun* (Morning Edition), January 5, 1998, p. 2, in *FBIS-EAS*, January 6, 1998; *TaKungPao*, February 5, 1998, p. A2, in *FBIS-CHI*, February 5, 1998.

18. For the Chinese critique on U.S.-Japan security ties and especially the new Guideline, see "Cadres Voice Concern over U.S.-Japan Ties," *South China Morning Post*, September 6, 1997, p. 9; Liang Ming and Ding Zengyi, "How Can One Win the Trust of Others by Shifting His Troubles Onto Others," *Jiefangjun Bao*, May 18, 1998, p. 5, in *FBIS-CHI*, June 2, 1998.

19. Robert Karniol, "Japan Promotes Regional Security with US Accord," *Jane's Defence Weekly*, October 1, 1997, p. 15; "Hashimoto Warned on Scope of Security Plans," *South China Morning Post*, September 5, 1997, p. 10; Steven Lee Myers, "Risking China's Wrath, U.S. and Japan Bolster Military Ties," *New York Times*, September 24, 1997, p. A7.

20. Paul H. B. Godwin, "China's Asian Policy in the 1990s: Adjusting to the Post-Cold War Environment," in Sheldon W. Simon, ed., *East Asian Security in the Post-Cold War Era* (Armonk, NY: M. E. Sharpe, 1993), p. 131. See also Sheldon W. Simon, "Regional Security Structures in Asia: The Question of Relevance," pp. 11-27 in the same volume.

21. David I. Hitchcock, "Revitalizing U.S.-Japan Security: New Roles for Both Countries," *Yomiuri Shimbun*, July 21, 1994; author's interview with Ambassador Hitchcock, Maryland, October 3 and 4, 1994. See also Robert Karniol, "Japan Promotes Regional Security with US Accord," *Jane's Defence Weekly*, October 1, 1997, p. 15; Sheryl WuDunn, "Japanese Move to Broaden Military Links to the U.S.," *New York Times*, April 29, 1998, p. A6; "Tokyo Widens Pact on US Military Ties," *South China Morning Post*, April 29, 1998, p. 11.

22. For an excellent analysis of the impact of Japan's historical legacies on its current defense policy and perceptions, see Barry Buzan, "Japan's Defence Problematique," *Pacific Review*, Vol. 8, No. 1 (1995), pp. 25-43.

23. Michael J. Green and Benjamin L. Self, "Japan's Changing China Policy: From

Commercial Liberalism to Reluctant Realism," *Survival*, Vol. 38, No. 2 (Summer 1996), pp. 35-58. Sato Hideo argues, on the other hand, that most China specialists in Japan still either downplay China's military threat and the rise-of-China thesis or worry about other kinds of threats (i.e., political disintegration or environmental problems), thus emphasizing the relevance of the traditional Japanese policy toward China. See his "Japan's Perceptions of China and Its Policies in the Alliance with the United States," a paper presented at the Project Conference on "America's Alliances with Japan and Korea in a Changing Northeast Asia," Asia-Pacific Research Center, Stanford University, Stanford, CA, U.S.A., August 21-23, 1997. For a similar line of argument, see Harvey W. Nelsen, "Japan Eyes China," *Journal of Northeast Asian Studies*, Vol. 14, No. 4 (Winter 1995), pp. 81-90.

24. Jonathan D. Pollack, "Sources of Instability and Conflict in Northeast Asia," *Arms Control Today*, Vol. 24, No. 9 (November 1994), pp. 3-6. The quotation is on p. 4.

25. Taeho Kim, "Korean Security in Post-Cold War Northeast Asia," in Williamson Murray and Allan R. Millett, eds., *Brassey's Mershon American Defense Annual* (Washington and London: Brassey's, 1996), pp. 185-202, 270-72, especially pp. 198-200.