

Background

- China and Japan have robust economic links, and their political relations are currently improving.
- Relations remain tense, however, due to a mixture of historical grievance, mutual mistrust, and underlying sense of rivalry that continues to permeate official and popular attitudes of each side toward the other.
- Bitterness in China toward Japan is rooted in Japan's colonization of Taiwan and brutal occupation of China during the first half of the twentieth century; the Chinese perception of the lack of true remorse in Japan concerning its historical legacy; and fear that Tokyo's failure to account for its past at best shows disrespect for its victims and at worst could permit future aggression.
- Japan remains a politically volatile issue in China. Beijing feels that it must give voice to Chinese pride and populist anger over perceived slights, but must also avoid fueling nationalist sentiment to the point where it loses control, or populist nationalism gets turned against the Beijing leadership itself.
- Japan's resentment toward China is driven by Japan's belief that the Chinese Communist Party is using history as a weapon to keep Japan humiliated and subjugated as China rises.
- Since the end of the Cold War, Beijing has grown increasingly concerned about the U.S.-Japan alliance's evolution in nature and purpose as the United States has encouraged Japan to cast off the pacifist constraints of the past 50 years—ironically imposed by a U.S.-drafted constitution—and be a more active security partner in regional and global affairs.
 - Beijing has voiced particular concern over the February 2005 joint U.S.-Japan statement that listed “peaceful resolution of issues concerning the Taiwan Strait through dialogue” as a common strategic objective for the alliance.
 - Beijing views the alliance's development as evidence of a U.S.-Japan containment strategy against China.
- Nonetheless, in its language and tone, Beijing betrays confidence that over the course of coming decades, the balance in comprehensive national power between the two countries will shift in China's favor. Japan senses this attitude, which adds to its sense of resentment and insecurity.

Current Situation

- Japanese prime minister Shinzo Abe's visit to Beijing in October 2006 inaugurated a thaw in China-Japan relations and ended a five-year hiatus in senior-level meetings. During a May 2008 summit in Japan, Chinese president Hu Jintao and Japanese then-prime minister Yasuo Fukuda issued a joint statement to pursue “strategic, mutually beneficial relations,” outlined intentions to “face history squarely [and] look to the future,” affirmed that neither side poses a threat to the other, and stated China's willingness to see Japan play a bigger role in international affairs.
 - Bilateral territorial disputes in the East China Sea remain unresolved, but in June 2008 the two countries made progress by striking a deal to jointly develop gas fields in the disputed waters.
 - China has sought to downplay continued tensions over history to stabilize relations.

Current Situation

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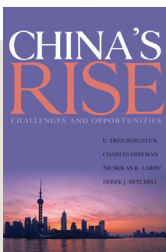
- Nonetheless, grievances on both sides toward the other remain present if somewhat dormant at the moment. For the Chinese, these grievances include publication of Japanese textbooks that China asserts whitewash Japanese wartime atrocities; prime minister visits to the Yasukuni shrine, which commemorates Japan's warrior culture and enshrines 14 "Class A" war criminals from World War II (these visits ended after Prime Minister Koizumi's departure in 2006); Beijing's opposition to Japan's bid for a permanent seat on the United Nations Security Council; concern on each side about the other's military modernization; and a territorial dispute in the East China Sea over the Diaoyu (Senkaku, in Japanese) Islands and the Chunxiao, Duanqiao, and Tianwaitian (Shirakaba, Kusunoki, and Kashi) oil and gas fields. Frictions also resulted from the 2004 incursion of a Chinese nuclear submarine off the Okinawa coast and from Japan's identification of China as a potential challenge to its security in its National Defense Program Outline that same year.

FACTS

- China-Japan trade: \$236.6 billion (2007)
- Balance of bilateral trade: \$18.1 billion Japanese surplus (2007)
- China displaced the United States as Japan's largest export market in 2008.
- China is now Japan's leading trading partner.
- Japan is China's fourth largest export market.
- Japan is China's second largest trading partner (third including the EU).
- Japan is a key source of foreign direct investment for China, with \$3.59 billion invested in 2007 and a cumulative value of \$60.7 billion by the end of that year.

Implications

- Competition between the two countries will persist: China and Japan have never been strong powers at the same time, and neither will want to be seen as succumbing to pressure from the other.
- Given the U.S. alliance with Japan, China-Japan tensions, including potential conflict over conflicting maritime claims, would pose a substantial challenge to U.S. foreign policy and U.S.-China relations and would jeopardize regional peace and stability.
- The United States must strike a careful balance in trying to encourage and adjust to China's rise as a responsible and peaceful power while reassuring Japan and other allies of continued U.S. commitment to those traditional security relationships.



FOR FURTHER INFORMATION:

SEE CHAPTER 10: "CHINA AND THE WORLD" IN *CHINA'S RISE: CHALLENGES AND OPPORTUNITIES* BY C. FRED BERGSTEN, CHARLES FREEMAN, NICHOLAS LARDY, DEREK J. MITCHELL & CHAPTER 5: "CHINA'S FOREIGN AND SECURITY POLICY: PARTNER OR RIVAL?" IN *CHINA: THE BALANCE SHEET: WHAT THE WORLD NEEDS TO KNOW NOW ABOUT THE EMERGING SUPERPOWER* BY C. FRED BERGSTEN, BATES GILL, NICHOLAS LARDY, DEREK J. MITCHELL