

A New Chapter in Japan–China Relations

—towards co-existence and co-development that overcomes history—

April 23, 2008

Institute for International Policy Studies

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Preface

In September 2006, this institute published recommendations entitled “A Vision of Japan in the 21st Century.” On the occasion of President Hu Jintao’s scheduled visit to Japan in May, we have decided to take the opportunity to examine the various problems inherent in Japan–China relations, with a view to seeking to co-exist and develop together by overcoming history, and to present the results in the form of recommendations. In April 2007 this institute and the Chinese People’s Institute of Foreign Affairs jointly staged a “Symposium on the 35th Anniversary of the Normalization of Diplomatic Relations between Japan and China.” This proposal is based on research carried out by the institute in the wake of this symposium.

In producing these recommendations we have not confined ourselves solely to presenting basic principles that ought to govern Japan–China relations in the medium and long term, but have also attempted to present views on how to deal with various issues relating to Japan’s comprehensive national security that arise in the course of its multi-faceted relationship with its giant neighbor China.

We hope that we have been able to offer a considered view of the form that Japan–China relations should take in the new era and of Japan’s future international position.

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**Recommendation: A New Chapter in Japan–China Relations
—towards co-existence and co-development that overcomes history—**

Japan–China relations are now overcoming past history and entering a new era. The leaders of the two countries are coming to recognize that, due to changing conditions, such as the fluid global situation, the two nations’ increasing mutual economic dependence, the fervent hope of Asian nations for the construction of a stable order, and the necessity of dealing with mounting domestic political problems, they must endeavor to change the qualitative nature of Japan–China relations—out of both necessity and obligation.

Both Japan and China have various issues; however, they must put these difficulties behind them and through strong political will and diplomatic effort develop their neighborly relationship (which is becoming the public property of Asia).

Although it is said that the twenty-first century is the Asian era, a stable international environment is essential if Asia’s current prosperity is to continue. It is extremely important for the region that Japan and China develop a bilateral relationship rooted in international law and justice, and that they actively cooperate in building a new regional order. For a long time the hope that this relationship would mature has been growing among Asian nations.

Japan should now take advantage of this golden opportunity, and must intensify its diplomatic efforts to achieve these goals. If Japan is to play a central role in building both a new regional order and a new international order, it should focus on schemes that fit Japan’s national character—environmental measures, provision of Official Development Assistance (ODA), and activities for achieving and maintaining peace.

In light of this recognition, the following basic principles should be considered as the Japan–China relationship for the new era is built.

The Basic Principles of Japan–China Relations

1. Building a Broadly Perceived and Amicable Major Power Relationship

China is a vast continental nation and major power on the rise, while Japan is a maritime nation and major power that is reliant on science and technology. The two nations should build a wide-ranging and amicable major power relationship, the like of which they have never before experienced. They must develop the “strategic mutually beneficial relationship” agreed to by the leaders of the two nations in 2006, through political leadership on both sides and using a level of imagination fitting for a new era. In order to achieve this, Japan and China must build “a relationship in which they can frankly say to one another what needs to be said.”

2. Overcoming the Problems of History

Japan and China should give sufficient attention to the national sentiments of the other’s citizens, and taking lessons from the reconciliation between Germany and France, they should advance measures sufficient to overcome the problems of history. Japan has many times voiced its sincere remorse for its history, and it should continue to hold a remorseful feeling in its heart and never lose sight of the lessons it learned in that bitter war. In light of this new situation, China, for its part, must take the proper steps to correct those things that contribute to and prolong the anti-Japanese sentiment created in the past.

3. The Various Problems that China Faces and Japanese Cooperation with China

Although China is currently flourishing as a state (with the Olympic Games and the World Expo imminent), it faces a number of intractable problems, in relation to internal politics, the environment, water resources, and energy, among other issues. How well China handles these problems will affect the nation’s fate in the long term and will also have important implications globally. As China’s neighbor, Japan should strongly encourage China to actively address these problems, and should—if China so requests—fully cooperate with China to resolve them, chiefly through the provision of “soft” assistance, such as technology and expertise. In particular, given that natural resources and conservation of energy are national issues for China, it would be desirable for Japan to make full use of its relevant technology and its experience in these spheres in China as well.

4. Cooperation between Japan and China in the Building of a New Regional Order

The worldwide trend towards political and economic regionalism is intensifying. East Asia too should in the long term aim to build mechanisms for political, economic, security, and cultural cooperation in the region. In the course of this process Japan and China should cooperate closely and jointly display leadership, with a view to building and developing multi-faceted and multi-layered regional mechanisms. As a means to this end, the two nations should consider (as part of this cooperation) staging regular meetings to facilitate a strategic dialog between Japan, the USA, and China—given the importance of the US presence in the East Asian region.

In addition, the three Northeast Asian nations Japan, China, and South Korea should establish cooperation mechanisms, and most importantly should set up a system for regular consultation between their leaders. As well as seeking peace and stability for Northeast Asia, they should strive towards the creation of a future East Asian community, in cooperation with the ASEAN nations. As regards the problem of North Korea, Japan and China should cooperate closely to ensure that North Korea totally abandons its nuclear weapons, in accordance with the decision reached at the Six-Party Talks, and to achieve swift resolution

of the abduction issue. In so doing, the two nations should cooperate in transforming the Six-Party Talks into a framework for cooperation on security in Northeast Asia, with a view to creating a regional safety valve that complements the Japan–US alliance.

5. Strengthening Mutual Understanding between Japan and China

For Japan and China to coexist peacefully, mutual understanding and trust are absolutely essential. Distrust among the citizens of both countries is rooted mainly in history, and the leaders of both countries must take a long-range view and work towards sweeping improvements in mutual understanding. It is important to encourage summit meetings between the two leaders and to promote meetings of high government officials, politicians, economists, scholars, and artists. Exchanges between the people, especially the youth, must be more actively encouraged. It is also important that measures be put in place to allow the free flow of information between the two countries. In addition to promoting mutual exchanges between Japan and China, we should also include South Korea into a larger framework to promote greater mutual trust among ourselves.

6. Increasing Economic Interdependence

The economies of Japan and China have a strong mutual dependence, and strengthening this economic relationship is an important element of the strategic mutually beneficial relationship between the two countries. Japan has supported reform and openness in China through official development assistance (ODA) and private investment. Japan should continue in this vein by assisting China's development through transfers of technology and know-how and private investment. In recent years, the economic relationship between Japan and China seems to be cooling a little, and a good business environment—one in which intellectual property rights are protected and the systems and administration related to business development are in place—is necessary to entice foreign companies, Japanese companies included, to go to China. This will require effort on China's part.

7. Resolving Bilateral Conflict Through Consultation

Japan and China are neighbors with a strong mutual dependency who still live constantly with the seeds of conflict. Dealing with individual problems requires restraint on both sides so as not to exacerbate the situation, and each must hold tight to a position of peaceful resolution based on international law and justice. This requires the establishment of high-level strategic talks at the right moment, followed by a final decision at the leadership level as a customary practice.

Regarding the looming energy development problem that both countries face around the median line in the East China Sea, the problem as a rule should be resolved through talks that achieve an agreement on joint development on both sides of the median line.

8. The Military Rise of China, and Japan's Security

Security problems lie not just in China's expanding military budget, which has been growing continuously for many years, but also in its recent development of military technology, and construction of a blue-water navy. This growing budget has given rise to international pressures for improved transparency and a demand to know the intentions behind it. Japan is a non-nuclear, lightly armed nation with the support of the Treaty of Mutual Cooperation and Security between the United States and Japan, and is restricted in the use of force overseas, with a limited defense budget. With regard to security problems, both nations must work in a manner that is integrated with foreign policy to mutually assure peace of mind and sense of security, consulting with each other on a constant basis. Moreover, both countries should

aggressively encourage mutual exchange between military personnel and units, while putting into place mechanisms to prevent military conflicts that may spring from unforeseen events.

I. The Basic Principles of Japan–China Relations in Detail

1. Building a Broadly Perceived and Amicable Major Power Relationship

Since the end of the Cold War at the start of the 1990s, the agonizing quest towards the formation of a new world order continues with the 9/11 terrorist attacks of 2001, continuing wars in Afghanistan and Iraq, and multiple outbreaks of regional and ethnic strife. This world in flux is facing a period in which threats are multiplying; conversely, however, there is also an opportunity to form a more stable and desirable world order. Having derived considerable benefits from the existing world order, Japan must play an active part in the formation of this new world order.

There are currently enormous uncertainties regarding the form that this new world will take. In the wake of its remarkable growth, China will undoubtedly be a key player, and the manner in which Japan faces up to China will have consequences not only for Japan–China relations but also for the Asian region and thus for the international community as a whole.

Future conditions in China are fluid and impossible to predict.

These are the conditions under which the Japan–China relationship is now overcoming history and entering a new era. The sole reason for this is that the leaders of the two nations have jointly recognized that it is time for them to overcome the past and to make headway together towards a good neighbor and amicable relationship rooted in international law, justice, and order.

(1) Japan's past strategy towards China

Japan welcomed China's policy of reform and openness, which commenced in 1978, and has supported this policy through both the public and private sectors—for example, Japan was among the first developed countries to provide financial assistance to China. The chief objective of this was to stabilize Cold War communist China politically by introducing a market economy, so as to mitigate the threat that it could pose to its neighbor Japan. It could thus be said that Japan adopted a policy of engagement towards China (involving measures such as aid and investment) and urged that China be gradually integrated into the international community. Put another way, Japan's policy was to use its economic clout to assist China, a developing country, and (partly due to historical circumstances) to try and forge an amicable relationship.

However, in recent years, the spectacular economic growth that China has achieved has brought about structural changes in the bilateral relationship. For example, since China needs to maintain its economic growth, it is adopting the diplomatic strategy of seeking a stable international environment and is also actively engaging in multilateral diplomacy in Asia. This ought to be welcomed, as it increases Japan's scope for cooperation with China. On the other hand, China's economic growth has been accompanied by a rapid modernization of its military capability, and Chinese naval vessels have even made incursions into Japanese territorial waters. In addition, the nationalist campaign which the Chinese government has been waging since 1994 has gradually increased anti-Japanese sentiment among the Chinese people, causing doubts to arise among the Japanese people regarding China's diplomacy towards Japan and thus regarding Japan's diplomatic posture towards China. It was in this

context that Prime Minister Junichiro Koizumi visited Yasukuni Shrine in 2001, triggering an outburst of the dissatisfaction and contradiction that had been building up between the peoples of the two nations. For roughly the next five years, with the two nations' leaders unable even to engage in reciprocal visits, the two sides did not hesitate to speak their minds to one other for the first time—sometimes harshly. As a result, awareness grew on both sides that this abnormal relationship was not only undesirable for the bilateral relationship itself, but also for peace and prosperity in the region as a whole.

In October 2006, immediately after his inauguration, Prime Minister Shinzo Abe visited China. This marked the start of a quest for a new relationship between Japan and China, under the Abe government and the Hu Jintao administration, which was at the time aiming to improve relations with Japan.

(2) A strategic mutually beneficial relationship with the consent of both governments

With Prime Minister Abe's visit to China and the visit to Japan by Prime Minister Wen Jiabao in April 2007, relations between the two countries—which had stalled over the Yasukuni Shrine issue—began to thaw. The goal was now to materialize a strategic mutually beneficial relationship. Judging from the joint press communiqués given by the two prime ministers during their reciprocal visits, the address to the Japanese Diet by Prime Minister Wen, and his remarks at the summit meeting, the main goals of this relationship can be summarized in terms of the three points listed below. The essence of the strategic mutually beneficial relationship was probably encapsulated in the two countries' expression of their resolve to work towards establishing a broadly perceived and amicable major power relationship, the like of which the two nations have never before experienced.

(1) The two sides recognized their mutual differences in terms of political system and national interests, and jointly recognized that they must carefully manage their potentially antagonistic bilateral relationship by emphasizing their “increasing common interests.”

(2) The two nations set out a path to establishing a future-oriented relationship of equality, with China for the first time explicitly evaluating Japan's post-war progress and clearly stating its intention to forego using the history issue as a diplomatic card.

(3) China reiterated its recognition of Japan as a major regional power, and the two nations set out a course for working together as partners in the construction of a regional order, and built up momentum towards stronger regional cooperation.

With regard to the history referred to in (2), in his address to the Japanese Diet, Prime Minister Wen said the following: “Since the normalization of diplomatic ties between China and Japan, the Japanese government and leaders have on many occasions stated their position on the history issue, admitted that Japan had committed aggression and expressed deep remorse and apology to the victimized people. The Chinese government and people appreciate the position they have taken.” In the joint press communiqué, China also stated that China applauds Japan's post-war progress as a peaceful state and its economic cooperation with China. China's statements appealed to the deep-rooted sentiments of amity that the Japanese harbor towards China.

The Hu Jintao administration's policies towards Japan have played a major role in enabling this turnaround in Japan–China relations. An attempt had also been made at the end of 2001 to change China's diplomatic stance towards Japan. On that occasion, however, internal disputes on the Chinese side and the inopportune deterioration in Japan-China relations caused this change to not be realized. It appears that behind this policy turnaround lay a recognition that the mutual feelings between the two peoples had deteriorated and that Japan–China relations had been destabilized, as a consequence of the emphasis placed on the

history issue by the previous administration. The main reason for the turnaround was that China judged improved Japan–China relations as being in its overall national interest, since continued economic and technological cooperation by Japan were essential to China’s economic growth. Naturally, for Japan too, economic growth by China and improved relations between the two nations were desirable, in terms of their benefit to the Japanese economy, and were also welcome from the point of view of security. Accordingly, Japan needs to appreciate the bold steps that the Hu administration has taken, make the most of this opportunity, and respond with a new concept for building a new relationship.

(3) Building a broadly perceived and amicable major power relationship

The improvement in Japan–China relations has not been driven solely by economic necessity on the part of the two nations. Rather, it needs to be seen from a wider perspective. Major changes in the international situation, the regional situation, Japan–China relations, and the two nations’ respective domestic circumstances have provided numerous imperatives for the two major regional powers to strengthen their relationship.

One such factor is that internationally US influence is on the decline, amid frequent outbursts of terrorism and ethnic conflict worldwide and the gradual unraveling of the nuclear non-proliferation system. Additionally, international expectation that Japan and China should coexist and cooperate to build a desirable international order has intensified, reflecting a global longing for economic growth in a peaceful environment. The expectations of East Asian nations, including the nations of ASEAN, are especially high. Fears are also rising especially in China that loss of control over diversifying domestic public opinion driven by the advance of globalization and the IT revolution would result in internal political confusion.

It is said that the twenty-first century is the Asian era, and in this new international landscape it is extremely significant that both these major Asian powers have reached an awareness that, for the first time in history, they must work together as neighbors and serve as partners who will assume primary responsibility for the peace and prosperity of the region.

There are numerous differences between Japan, a maritime nation that is reliant on science and technology, and the vast continental nation of China. A time has now come, however, which demands that the two sides develop their bilateral relationship, and exhibit the political leadership and imagination to collaborate in building a regional order fitting for the Asian era.

In doing so it will above all be vital to build “a relationship in which the two sides can frankly say with courtesy to one another what needs to be said,” and to maintain a continuous dialog based on a relationship of trust between the leaders of the two countries. The point is that misunderstandings and conflicts have rather arisen because Japan has tried up until now to guard against a backlash over the history issue by refraining from saying much about itself. A healthy diplomatic relationship is required in which the two nations can assert views frankly and thereby find common ground, as they confront vital issues such as the maturing of Japan–China relations and the building of a regional order at the dawn of a new era. With this in mind, the two nations must proceed more strategically than the current so-called “strategic dialog.”

2. Overcoming the Problems of History

There have been many instances where Japan–China relations have soured due to various problems originating in history. Even now, more than 60 years after the war, the past still haunts bilateral relations. Yasukuni Shrine, school history books, the Nanking incident, comfort women, abandoned chemical weapons—these problems related to national honor and dignity have stirred up the emotions of the people of both countries. History also relates to the friction over Taiwan and the Senkaku Islands. These problems have been made more complex by the internal political situations in both countries in addition to the differences of historical perspective and interpretation of the historical events.

(1) Japanese apologies and redress

Japan has many times expressed remorse for past transgressions and repeatedly taken action. For example, in talks on August 15, 2005, then Prime Minister Junichiro Koizumi said, “Japan has caused great suffering and pain for many of the peoples of Asia through its invasion and colonization of many Asian countries. We must accept the humiliation of these historical facts, and express our deepest regret and heartfelt apology in addition to our condolences to all the victims of that tragic war, at home and abroad.” At the same time, he expressed his resolve to never repeat history by never starting on the road to becoming a military power, and this same message has been expressed by many other cabinets as well. In the joint declaration of 1972 in which Japan–China relations were normalized, Japan clearly expressed its regret and sense of responsibility. In addition to the huge sum of reparations Japan has faithfully paid to many countries after the war, Japan has also taken a number of other actions including establishing a variety of historical research programs and the Japan Center for Asian Historical Records which provide historical documents to people in Japan and abroad. Japan has also done its utmost to address the issues of comfort women and abandoned chemical weapons. The problem of school textbooks as well, though basically a domestic problem, is being addressed with consideration for the feelings of Asian people.

However, regardless of the actions taken thus far, Japan must continue to face its past and never forget the great suffering inflicted on the Chinese people; it must hold in its heart the deep regret and try, over time, to heal these wounds.

(2) Measures to be taken by both countries

Speaking to the Japanese Diet, Premier Wen Jiabao acknowledged that the Japanese government and leaders had repeatedly expressed their deep regret and apology for the historical problems, but called for action when he said, “We sincerely hope that the Japanese side will act as it has stated and honor its commitment.” Japan now needs to examine what more it should do and what it can do.

One thing that can be done is to exercise maximum self-control in discussions about historical views, particularly by the leaders of the Japanese government and the Diet, and to refrain from any untoward statements that may offend the sensibilities of the Chinese people. At the same time, both the Japanese and Chinese governments should exercise maximum effort to restrain nationalism at home over sensitive historical problems such as visits to Yasukuni Shrine by the prime minister and the problem of school textbooks. There are various views domestically about official visits to Yasukuni Shrine by the prime minister. From the broader perspective of Japan–China relations, such actions as enshrining Class-A war criminals at a separate facility should be seriously examined based on a national consensus.

To show that the Japanese people are facing up to history, the government should continue to actively support historical research, and take action in the area of education as well. In 1982, Chief Cabinet Secretary Kiichi Miyazawa mentioned in a statement that a new criteria for the examination of textbooks would be introduced based on international understanding and international cooperation to ensure consideration for the friendship and goodwill of neighboring Asian countries. More actions should be considered in light of the following. On the matter of history textbooks, the appropriateness of content is one issue, but another is the brevity of the Japanese account in contrast to the extensive Chinese one, and this difference in format may invite misunderstanding. One solution that should be offered to China is creating a joint edition of a supplementary reader. Over the long term, one of the joint historical research actions could be cross checking each country's textbooks by the other country, as has been done for a long time between Germany and Poland, or the joint editing of textbooks, such as has been done by Germany and France.

In cases where there is a great degree of dispute over the historical facts, such as is the case with the Nanjing incident, the government should maintain the current policy of leaving the discussion to academic research and staying in the background. The government should encourage research and exchange, and make sure that the results are faithfully recorded in history. The joint historical research started by Japan and Korea, and followed by Japan and China in 2007, is the proper approach, and this should be continued steadily.

In the past, many countries, not only China, have been given the wrong impression about the Japanese textbook system and the content of textbooks, as well as about the development of the textbook problem. It is important that this misunderstanding be corrected. For example, a few years ago, the Japanese government identified the sections of Japanese textbooks that deal with neighboring countries as well as the Japanese government's basic position on the history, and had them translated into English, Chinese, and Korean, and this content was posted on the Internet. This action will be conducive to dissolving the misunderstanding in these areas.

In this search for a new start for Japan–China relations, the Chinese government is also urged to take appropriate actions regarding fomentation of anti-Japanese sentiment in the past. For example, the patriotic education campaign introduced in 1994 to influence thought within China had the side effect of fomenting anti-Japanese sentiment, and if this becomes more serious, it will have undesirable effects on the Chinese government itself, in addition to the negative effects on Japan–China relations. Thus, Japan should honestly ask China to correct this directly. The description in textbooks heavily influence the view of history formed by China's younger generation, thus these textbooks should reflect joint historical research, and statements that cultivate anti-Japanese sentiment should be re-examined. Institutions related to Japan should also have future-oriented exhibitions befitting the new Japan–China relationship.

However, new historical issues will inevitably rise up between our two countries. If by some infelicitous circumstance these problems become politicized, the Japanese government should explain its sincere intent to the Chinese people and should take great pains to correct any misunderstanding. In this situation, it is incumbent upon the Chinese government to refrain from turning opportunities for dialog into a stage for making an emotional response to problems of history. In cases where these problems of history threaten to escalate into open conflict, if deemed appropriate, they should be brought before an international court and resolved through international law and justice.

As we have seen above, overcoming problems of history is important to Japan–China relations. German–French relations are a good point of reference. Despite a long history of war, relations are proceeding peaceably through the process of building joint

organizations, such as the ECSC (European Coal and Steel Community), and 2006 saw the first jointly created history book used in high schools. In 1954, Germany and France concluded a cultural treaty, which stated that “the High Contracting Parties shall ensure, in accordance with the means at their disposal and with their domestic legislation, that in all branches of education questions concerning the other Party shall be presented with the greatest objectivity, and that textbooks, particularly history textbooks, are free from all comments of an emotional nature which might be detrimental to goodwill between the two peoples.” Using this case as a reference, adequate measures should be advanced to overcome problems of history.

3. The Various Problems that China Faces and Japanese Cooperation with China

As China has undergone rapid economic growth, it has encountered various social incongruities. For example, there are serious problems regarding the environment, water resources, energy, and social inequality. How China handles these important issues will affect the nation’s fate in the long term. The Hu Jintao administration has touted the building of a harmonious society as a national goal and has begun a national effort to mitigate the attendant incongruities. As well as urging this effort, Japan should provide comprehensive support to address these problems when China so requests. Japan should switch from providing cooperation consisting chiefly of financial assistance, as in the past, to cooperating by providing technology and expertise that makes use of Japan’s experience.

There are fears that if China were to err in its response to these problems, it would create a grave situation for its neighbor Japan. On the other hand, if cooperation between Japan and China were successful, the relationship of mutual economic reliance would be strengthened and Japan would reap major benefits, such as an alleviation of international resource and energy constraints.

(1) Environmental measures

As China has undergone rapid economic growth, environmental problems such as atmospheric pollution (given China’s reliance on coal for approximately 70% of its energy consumption), water contamination, water shortages, and soil contamination have become major social issues. If the environmental problems get any worse, this will hinder the continuing growth of the Chinese economy—and naturally be harmful to the health of the Chinese. The problems are mounting. Since China’s environmental problems have direct consequences for Japan, in forms such as airborne yellow sand, acid rain damage, and rubbish washed ashore from the sea, cooperation between Japan and China is now a matter of urgency.

In addition to having built up wide-ranging experience in the environmental field, Japan also possesses numerous leading-edge technologies, giving it ample scope for cooperation with China. The Japanese government should provide China with technical cooperation in the form of its experience and expertise in the field of administration, and should support the Chinese government in laying the groundwork for developing and implementing a legal system (including inspections) that would enable private companies to efficiently transfer technology on a business basis. At such time it will be vital to rationalize the regulation of intellectual property rights in China, and to introduce fairness into their implementation.

Meanwhile, Japan should take the necessary measures in both the public and private sectors to enable its advanced environmental technology to become platform technology

(core technology capable of being the international standard), so that it will continue to lead the world in this field. Since cooperation on the environment would benefit ordinary Chinese citizens (including the poorest Chinese) to a considerable degree, Japan should make use of grant aid to promote environmental cooperation more actively than in the past, as a priority field for cooperation involving Japan–China NGOs and local governments. For example, projects could be selected, with the agreement of both governments, in which Japanese technology would be useful, and a plan of cooperation could be devised under which each side contributed half of the annual funding requirements. Alternatively, coordination between the public and private sectors involving a combination of public and private funding could be considered.

As regards water, Japan should share its experience on regulation and other matters, and increase its existing level of technical cooperation in the improvement of water quality and the development and maintenance of water supply and sewerage systems.

It is essential that China—the nation that emits the second highest level of CO₂ in the world—participate in the global effort to combat global warming. As an environmentally advanced nation, Japan should actively take the lead in the construction of an all-embracing framework that nations including China will join. In addition, China is the nation with which Japan carries out the most bilateral Clean Development Mechanism (CDM) activities (CDM being one of the so-called Kyoto Mechanisms), and this cooperation should be increased in the future.

(2) Energy and natural resources

As well as environmental problems, China's rapidly growing consumption of energy and natural resources has caused instability in international markets in terms of supply and prices. Although it is appreciated that China set the goal of a 20% reduction in energy use per unit GDP during the Eleventh Five Year Plan (from 2006 to 2010), this will still be insufficient, given China's continuing growth, and even stronger initiatives are required. There is ample scope for Japan, which has achieved a high level of energy efficiency, to engage in cooperation with China in this regard. If China can increase its energy efficiency and curb its energy resource demands, this will serve to mitigate adverse consequences for Japan too, such as steep price rises due to competition for energy. Cooperation will be required on energy conservation technology, such as improved thermal efficiency in the areas of electricity generation and iron manufacturing, and on safety in nuclear power generation. Further cooperation, such as joint stockpiling or the joint purchase of development concessions, could also be considered.

In any case it is predicted that the energy consumption of the emerging economies such as China and India will increase at even greater rates in the future, and Japan must now start to prepare in earnest for a future when fossil fuels run out. For this reason Japan must advance the creation of a low-carbon society as a national goal. Hence, the development of technology relating to nuclear power and other forms of renewable energy, exploration, and the creation of a national consensus are now matters of urgency.

4. Cooperation between Japan and China on the Building of a New Regional Order

While globalization has been proceeding since the end of the Cold War, the worldwide trend towards regionalism has intensified. In the realm of economics in particular, regional integration is proceeding on every continent. This type of economic integration is progressing in Asia as well; however, cooperation in the political sphere is still insufficient, reflecting the diverse natures of the countries in the region, and there are many flash points. In order to

maintain and develop economic prosperity, it will be important to strengthen regional cooperation so as to create a regional framework for nipping disputes in the bud and containing conflicts, should they arise. Expectations are rising among Asian nations that both Japan and China will cooperate with each other and actively participate in the building of a new regional order. Japan should seize the current opportunity afforded by China's vigorous multilateral cooperation and engage in active diplomacy with the aim of stabilizing the regional order. It can be anticipated that—just as with the Franco–German relationship—progress on multilateral cooperation will lead the two sides to put the past behind them.

(1) Regional cooperation in East Asia and the status of the USA

Even in present day post-Cold War Asia it would be difficult for nations to engage in a form of integration whereby they partially relinquished their sovereignty (as in Europe)—not only because of the geo-political diversity in terms of political systems, religion and ethnicity, levels of economic development, the degree to which societies have matured, and the size of the states involved, but also because nations differ in terms of their sense of values and their sense of what constitutes a threat. The so-called East Asian Community represents the long-term objective of seeking integration based on a sense of community in multiple areas, including politics, economics, security, and culture. Japan should also make this a goal. The debate is still unresolved as to whether this community would be comprised of 13 countries (the 10 ASEAN nations plus Japan, China, and South Korea), or of 16 countries (with the addition of Australia, New Zealand, and India), or whether it could feature some other configuration of member states. There is also APEC, which includes the USA, Russia and Taiwan. With the shape of any future international order as yet unknown, it would be better not to try and determine what it might look like. Instead, an alternative approach worthy of consideration (with a view acting in a way that would be materially conducive to the peace and prosperity of the region) would be to adjust the constituent nations according to the area of cooperation, and build up cooperative relationships that were multi-faceted and multi-layered.

The status of the USA will be an important factor. Although the USA is not geographically a part of East Asia, it does play essential roles in the region's politics, economy, and (in particular) security. Since security in East Asia is maintained by means of a network of alliances based around the USA, it will be necessary to design a regional mechanism (an organization that includes cooperation on security as well as economic cooperation) that includes the USA as a constituent member, and which is distinct from “the East Asian Community” and can act as a support to it. For its part, Japan must endeavor to make the US presence in East Asia a harmonious one, by providing advice and encouragement to the USA regarding its policy on East Asia. In other words, in order to ensure that the relationship between Japan, the USA, and China does not become a zero-sum game, new institutions should be designed with the aim of furthering all three countries' interests, while still showing proper regard for the respective bilateral relationships—the Japan–US alliance, the Japan–China strategic mutually beneficial relationship, and the US–China partnership. To this end, Japan should consider staging regular meetings to facilitate a strategic dialog between Japan, the USA, and China. As well as serving as a model for regional cooperation, this framework would enable the nations to share an awareness of East Asian security problems and to try and find common interests. For example, “2+2+2” consultations involving the foreign affairs and defense authorities from each country could be considered.

(2) Systems for regional security cooperation

While East Asian regional integration remains a long-term goal, in the short term a security framework must be rapidly constructed. ARF (ASEAN Regional Forum)—the only all-inclusive security mechanism for East Asia—is aimed at dialog, and showed a certain degree of progress in its first stage in terms of improved confidence-building, but stalled in its second stage, in which the intention was to enter into preventive diplomacy. With the diversity of the participating nations, which include North Korea, it is not easy to reach agreement in practice on meaningful conflict prevention measures, given the principle of decision by consensus. Accordingly, Japan should aim to create multi-faceted and multi-layered bodies, with a view to facilitating consensus-building at ARF and turning it into a highly effective mechanism. In other words, while consensus-building is important as regards issues of overall organization and principle, in individual matters of technological cooperation, the following tactic should be considered, if necessity demands: in cases of urgency the consensus of all the nations involved should not be binding—cooperation should begin among the nations that can reach agreement, and then be opened up to all the constituent nations. The point is that attempts at cooperation that reflect this kind of thinking have already been commenced, in the shape of the PSI (Proliferation Security Initiative) on nuclear non-proliferation and the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia. Rapid response capability is particularly necessary in the realms of anti-terrorism and nuclear non-proliferation. To strengthen this capability, Japan should appeal to China and South Korea (who have yet to sign the PSI) for their participation. In addition, Japan should itself attempt to improve its capabilities (for example, in terms of personnel and equipment) and speed up the development of regulations covering matters such as arrest for shipping violations, so that the Coast Guard and the Self-Defense Forces, which conduct PSI activities, can engage smoothly in international cooperative activities.

The establishment of a regional arms-control regime for the whole of Asia is also an appropriate field for cooperation, given that Japanese diplomacy to date has insisted on the elimination of nuclear weapons, and Japan should take the initiative in dealing with the spread of WMD. China's cooperation in this endeavor will be essential. In the medium and long term, Japan, which is aiming for nuclear disarmament for the entire Asian region and thus a nuclear-free Asia, should consider displaying tangible leadership on this issue.

In addition, Japan should also consider starting up an Asian-style OSCE for multilateral cooperation on a broad spectrum of security-related matters, which includes the fields of human rights and democracy, and securing the participation of nations such as USA and Australia. In order to build the kind of systems described above, Japan will have to encourage China, South Korea, and the ASEAN nations, and cooperate with them to produce a framework that enables this kind of practical cooperation. In particular, trends among the ASEAN nations are important, and they are laying the groundwork for the creation of an ASEAN Security Community by 2015.

(3) Cooperation in Northeast Asia

A problem that is both urgent and right on Japan's doorstep is the issue of North Korea. The Korean peninsula has long been a place where the security interests of the closely neighboring nations Japan, China, and Russia have been entangled in complex fashion. From the security viewpoint, Japan does not want the Korean peninsula to be under the control of one of the major powers, and more crucially cannot permit North Korea to be a nuclear power. China's interests in this regard are probably in accord with Japan's. While Japan appreciates China's diplomatic efforts in its capacity as chair nation of the Six-Party Talks,

close consultation will be required with a view to denuclearization of the Korean peninsula. At that time, Japan will in particular require support regarding resolution of an issue that is of extreme importance to it—the abduction issue. Further, Japan will base consideration of any restart to negotiations on the normalization of diplomatic relations between Japan and North Korea on the degree of honesty with which North Korea fulfills its publicly stated commitments. Since the state of the North Korean problem and the issue of unification of the Korean peninsula could have consequences for all East Asian security issues, such as the cross-strait relationship, once North Korea has eliminated its nuclear weapons and the abduction issue has been resolved, Japan and China must reorganize the Six-Party Talks and cooperate on the development of a framework for cooperation on regional security in Northeast Asia. The principal objectives of this new framework will be to verify that North Korea fulfills its obligations regarding abandonment of its nuclear weapons and program and to ensure the peace and security of the region. This new framework must serve as a regional safety valve that complements existing security mechanisms in the shape of the Japan–US alliance and the US–Korea alliance. Depending on changes in the future, a framework for cooperation on security in Northeast Asia may be realized before an East Asian security framework. Its content will thus be extremely important, in that it would then serve as the precedent for a future Asian security framework.

(4) Trilateral cooperation between Japan, China, and South Korea

Cooperation between the three nations (Japan, China, and South Korea) will be crucial in the handling of the North Korean problem and the building of a new Northeast Asian order. In the same way, the importance of cooperation between the three countries in the new era on the construction of systems for cooperation in East Asia and for regional security cooperation must be emphasized. It is also important that the regular consultations between the leaders of the three nations be institutionalized. Given the perfect opportunity afforded by the inauguration of South Korean President Lee Myung-bak emphasizing the great importance that he places on relations with Japan, the three nations should actively proceed with tangible cooperation with each other. Intensifying this cooperation will allow past history to be put to rest and will enable the three nations to speak more cohesively to the countries outside the region regarding the problems of Northeast Asia. Initiatives involving all three countries, such as the building of networks between officialdom, projects that support joint research in science and technology, and cultural exchanges, are already commencing.

Historically there has been extensive interchange between the three nations and they share common roots in many areas, such as culture and religion, customs, and lifestyle. Thus, the fact that they are attempting to jointly engage in reciprocal exchange and mutual trust is in itself highly significant. At the same time there is also the added significance that these activities complement the reciprocal exchanges between Japan and China. In addition, as the three nations pursue economic collaboration with the nations of ASEAN, three or more “ASEAN+1” FTAs (free-trade agreements) or EPAs (economic partnership agreements) will run concurrently in the short term. These should ultimately strengthen collaboration towards regional integration.

5. Strengthening Mutual Understanding between Japan and China

Successful bilateral relations between Japan and China are based on a foundation of mutual understanding and mutual trust among the citizens of both countries. As two of the great countries of Asia, Japan and China must continue to develop friendly relations while working to overcome history fraught with wars, as Germany and France have successfully done. In order to play a constructive role in the regional community, it is imperative that we keep the wider perspective in mind and build amicable relations with each other. When as high as two-thirds of the public in both Japan and China dislike and distrust each other, even if the situation is temporary, something must be done to rectify it.

(1) Overcoming the lack of mutual understanding

“Mutual understanding” may be easier said than achieved between our two countries because of the great differences in systems of government and historical perspectives, in addition to different national views and temperament of citizens due to the fact that China is an expansive, continental nation while Japan is an island-based, maritime nation. There is a mistaken notion to assume because we share the origin of race and written characters that mutual understanding should be easy to attain. It is right to say that, in terms of strengthening exchange, efforts to date to promote mutual understanding have been insufficient. Therefore, it is necessary to reexamine measures for strengthening mutual understanding. To that end, an organization should be set up with representatives from all sectors and strata of society in both countries to intensively debate ways to increase mutual understanding and mutual trust. This organization must also have a mechanism that ensures follow-up from both the government and the private sector. A long-term approach in which the heads of both countries annually monitor progress is also necessary. For example, the “Japan–China Friendship Committee for the 21st Century” created by Prime Minister Yasuhiro Nakasone’s cabinet is still making important recommendations, and if it is reorganized and strengthened it can continue to play a critical role in building an organization that focuses on the issue of mutual understanding.

When promoting mutual understanding, it is vital to target the youth as the next generation of leaders. The following fields are particularly important and should receive special attention.

(2) Strengthening mutual understanding—seven important fields

1. History and education

As discussed in Section 2 “Overcoming the Problems of History,” executing collaborative historical research, re-examining the contents of textbooks and the related facilities in China exhibiting items related to Japan–China relations should be conducted from a long-term perspective. In order to understand the Japan–China relationship from a wider perspective, collaborative historical research should not focus solely on the Japan–China relationship but should examine the broader context of East Asia and consider comparison of the post-war measures taken by Japan and Germany, which have been easily subjected to misunderstanding.

2. Strengthening personal exchanges and promoting civil society

The Japanese government now promotes youth exchanges and exchanges in the environmental field, but there is a real need for further contact at a deeper level including exchanges of politicians, businesspeople, scholars, artists, self-governing bodies, and regular citizens. In terms of public activities like providing financial assistance and cultural exchanges, inter-community activities should be emphasized at the level of the middle class in order to help develop China's civil society.

It goes without saying that close exchanges at the high level of government officials are vitally important. Frequent discussions among heads of the government, cabinet ministers, and high-ranking officials of the relevant government departments should also be held.

3. Student exchanges

Efforts should be made to encourage promising young Chinese students, the future leaders of China, to come to Japan. In the 1980s the Japanese government started to support Japan-related research and Japanese language education in Beijing, and a significant number of the young Chinese who benefited from the program play an active role as scholars and businessmen here in Japan today. As such, Japan should consider a policy that provides a means for the Chinese elite to easily come to Japan as either exchange students or researchers. At the same time, we should look into changing the current exchange student policy that emphasizes “numbers” over “quality.” At the moment, there is a Japanese language boom in China and we should consider a policy of accepting Chinese exchange students based on their scores on the Japanese Language Proficiency Exam.

4. Strengthening cooperation between NHK and CCTV (China Central Television)

A current trend in China sees the increasing influence of regional television while the ability of both NHK and CCTV to influence public opinion is still high. An increase in television programs promoting mutual understanding is one area in which cooperation between the networks can be intensified. NHK has also recently started building up its international broadcasting, and this is another good vehicle that should be utilized to promote mutual understanding between both countries.

5. Relaxing restrictions on news and information in China

The unrestricted flow of news about modern Japan and Japan–China related news is preferable. None of it should be kept secret anymore with the free flow of news and the use of the Internet. Japan should offer support and encouragement to news and information related organizations in China while continuing to encourage the Chinese government to remove regulations and end censorship so as to allow all news and information, good and bad, to be transmitted freely through the Internet and other media. Dissemination of a diverse mix of information from Japan to the Chinese people can ultimately be expected to help the Chinese form diverse views about Japan.

6. Cultural and academic exchanges

Japan and China should cooperate on more activities such as anniversary exchange projects (like the cultural and other exchanges that took place to mark the 35th anniversary of the reestablishment of diplomatic relations) and the promotion of the study of the Japanese and Chinese languages. Both governments should enhance the measures to promote the free flow of policies and opinions among the governments, universities, think tanks, and other organizations. The Japanese government should be particularly aware of the limited knowledge and understanding among Chinese people about Japan's postwar progress and

current state. In light of the difficulty among Chinese people in understanding Japan's path in the past and current situation as well as in making accurate evaluations about the importance of the Japan–China relationship, the Japanese government should institute a policy to dramatically increase transmitting information in Chinese and English languages.

7. Promoting tourism

As the standard of living in China continues to rise and more and more Chinese find it easy to travel overseas, the opportunity that travel offers as a way to increase mutual understanding also increases. Infrastructure is being created here in Japan for the convenience of Chinese travelers and to ensure that they have a positive image of Japan. At the same time, the necessary regulations must be put in place to secure smooth and orderly entry and departure procedures when traveling between Japan and China, and China's cooperation should be requested.

6. Increasing Economic Interdependence

Economic development is an issue of greatest significance for China. Japan is China's second largest trading partner and third largest source of foreign investment in addition to being a supplier of technology and core parts. As such, China is absolutely indispensable to Japan. Japan and China have a mutually complementary economic relationship, and in order to take further strategically mutually beneficial steps, strengthening the economic relationship is of utmost importance. Japan should continue to actively support and cooperate with China in its ongoing efforts to promote further reform and openness.

(1) Japan–China economic relationship

While continued investment in China is a lifeline for the Chinese economy, in recent years Japanese industry has been trending toward a slight decrease in investment partly to hedge against over-concentration of investment in China, and there is a hint that Japanese companies have reached a plateau in terms of expanding business in China. In order to reverse this tendency, the most important thing China can do is to ensure that intellectual property rights protections and the country's legal system are sufficiently strengthened. It needs to be reiterated that if measures are not taken to ensure a normal business environment, the confidence and eagerness of foreign investors including Japanese to invest in China, and technology transfers, will inevitably taper off. It is imperative that China ensures the proper business environment. To that end organizations including JETRO (Japan External Trade Organization) and the Keidanren (the Japanese Federation of Economic Organizations) are continually making detailed investigations of any problems that Japanese businesses run into in China as well as of China's observance of WTO requirements and releasing their results to the public. This information is useful reference material both to companies already active in the Chinese market and also to those considering entering the market. It is also useful to the Chinese as a way of pointing out to them areas that need to be improved. In addition, there is large scope for cooperation between Japan and China on issues such as resources, energy, and environmental protection. So that these issues can be considered comprehensively, it is necessary to strengthen the negotiation and cooperation functions of the framework for cabinet-level consultations about economics, first established in October 2007.

(2) China's economy—the future

Though China's economy has been growing rapidly for quite a few years now, no such high growth rate of economic growth is sustainable for good. In the near future, possibly sometime in the early 2010s, there is a strong possibility that China will experience an economic

adjustment. The question is this: How severe will that adjustment be? There are two scenarios. One scenario is the soft landing. In this scenario, the overheated economy will push real wages up, and the rising inflation rate will act as a brake slowing economic expansion. Depending on the anticipated adjustment, there is a possibility that a snowball effect could take place which could lead to a precipitous drop from the current high level of investment. The Chinese economic growth rate could be cut in half. That's not all; if the Chinese economic bubble bursts, there could be a reverse asset effect, and if the percentage of bad debt increases drastically, it could lead to a much more severe adjustment in which the Chinese economic growth rate drops sharply. This can be described as the hard landing scenario.

China's economic expansion has been supported by vigorous investment, and now there is a real danger that excessive investment and bad debt could become more overt dangers to the economy. Japan has experienced just this type of problem. In between 10 and 20 years from now China will experience its aging society, and the domestic personal savings that supported investment will dry up. An important issue is to what degree China will be able to absorb the price increases of resources and energy. In addition to that, if environmental problems become more serious, it will become increasingly difficult to continue to invest in China. As already mentioned, it will be critical for China to take the necessary and appropriate environmental measures to continue to introduce foreign capital, and it will also have to work to correct the income gap as part of efforts to build a more stable society. If China fails to devote their full attention to dealing with these structural issues and continues to attach greater importance to a policy of economic expansion, sooner or later the country is sure to face a severe economic downturn. If that happens it will have a serious adverse effect on the Japanese economy and, in light of the size of the Chinese economy in world-terms, it will also have a serious negative effect on the world economy.

There is also a possibility that the overheated Chinese economy could result in an oversupply of money, causing inflation and the appreciation of the effective exchange rate of the RMB (renminbi) will continue. In order to avoid friction with Europe and the USA, to forestall a serious negative effect on the world economy, and to allow for the continued growth of the Chinese economy, it would be desirable for China to allow the RMB to float freely in the future. Japan should encourage China's effort to increase the flexibility of its currency.

Of course, it is difficult to predict quantitatively with any certainty when and how severe the Chinese economic adjustment will be, but the Japanese government and business should do their proper planning based on the assumption that the hard landing scenario may take place.

Whatever the case, the continued growth of the Chinese economy will very likely continue to offer great opportunities to Japan. In spite of this likelihood, everyone in Japan should hold a deep seriousness about ever-increasing international competition and the ability of the Japanese economy to maintain its international influence. In order to maintain that strength, Japan should reinforce the competitiveness of its finance and capital markets, promote science and technology innovation, carry out further regulatory reforms, and reform education in order to continue to maintain its role as an internationally competitive economic power.

7. Resolving Bilateral Conflict through Consultation

Japan and China are neighboring countries with a high degree of mutual dependency, which at the same time provides a constant source of potential conflict. There are the problems of history, the East China Sea, and economic relations. The problem involving Taiwan, which creates discord between China and the United States as a serious regional issue, at times becomes a source of friction between Japan and China.

(1) Principles for dealing with bilateral problems

When addressing these individual sources of friction that lie between our two countries, both countries must exercise self-restraint so as not to exacerbate the problem, and should peacefully resolve them based on international law and justice. If an issue occurs, the two countries should make it customary to resolve disagreements through consultations that lead to a political solution to be finalized at the leadership level. When disagreements occur, both countries should give due consideration to the national sentiment of each other so that the nationalist feeling does not break down relations between the two countries.

The problem of energy development as a rule in the East China Sea should be resolved through talks that achieve an agreement on joint development on both sides of the median line. If these talks fail to produce a resolution, seeking a resolution in an international court should be considered.

Incidents like the recent case of poisoned frozen *gyoza* dumplings imported from China can be expected in the future as well, as our mutual economic dependency develops. Problems of food safety affect human lives and thus easily stir up national sentiment, so these problems should be dealt with sincerity and care. In cases like these, close cooperation by investigating authorities on both sides to thoroughly investigate and find the facts would help prevent recurrence, which would go a long way to restoring consumer confidence over the long term, and the government authorities in both countries should cooperate to the fullest extent possible to move things in that direction.

(2) The Taiwan issue

Japan should deal with Taiwan based on the principles of the joint declaration of Japan and China in 1972. Accordingly, Japan should support a basic line not to change the status quo on the Strait, without supporting independence for Taiwan, and calling for China and Taiwan to come to a peaceful resolution surrounding “one China” through dialog.

The same stance should be applied to Japan–Taiwan relations. Under a policy of deepening economic and cultural relations and in light of the high tide of pro-Japan sentiment in Taiwan recently, the government should strengthen understanding of Japan broadly among the intelligentsia and citizens of Taiwan. Cooperation should also be enhanced between the Coast Guards of both sides to prevent illegal fishing, which has economic repercussions, and to improve anti-terrorist policing. In consideration of the problems created by the progress of globalization, it is not desirable for Taiwan to be shut out fully from the international community, and Japan should support the participation of Taiwan, in some form or another, in international activities such as WHO and PSI.

(3) Human rights issues

From the viewpoint that the spread of human rights and democracy in Asia as a whole is a desirable thing, Japan should reopen stalled human rights discussions with the Chinese government and work to keep these concerns in the fore. The recurrence of riots in Tibet in March 2008 is intertwined with basic human rights—those relating to religious, cultural, and political freedom—and as a country with a free, democratic political system, Japan cannot

help taking a strong stand. On the occasion of the Tiananmen Square incident in 1989, Japan considered the difficult situation in China and led the Western countries in lifting sanctions against China. Japan should now demand that China develop a policy that convinces the international community, including Japan, that China as a great nation will take responsibility for ensuring that this type of situation is not repeated, and find a peaceful resolution through dialog.

(4) Conflict prevention mechanisms between Japan and China

In this region, there are not a few potential causes for conflict, and these may, through some unforeseeable circumstances, embroil Japan into conflict.

Situations that may embroil Japan in conflict include military provocation by North Korea or a clash between China and Taiwan in the Taiwan Strait, and though these are situations that Japan most certainly wishes to avoid, there are still other latent dangers related to the East China Sea or unexpected conflict caused by the invasion of Japanese territorial land, seas, or airspace.

To prevent these situations from occurring, it is important for Japan and China to work to build trust through security talks and military exchanges, while establishing conflict prevention mechanisms such as the installation of a hot line. In addition, as a practical and specific measure, the two countries should build mutual understanding and mutual trust through joint training in anti-terrorism activities and non-proliferation measures, disaster relief, humanitarian aid, and other non-military applications of military force.

In the East China Sea, where Japanese and Chinese interests overlap, there should be consideration given to the safe passage of merchant ships and commercial fishing boats. For example, the landing at Senkaku Islands by groups of Chinese citizens is a threat to maritime security, and this should be prevented from recurring with the cooperation of the Chinese government. Japan should strengthen preparation extended by the Coast Guard (Japanese Maritime Safety Agency) in the East China Sea, and take other actions to improve readiness to deal with unexpected situations, and look into improving the mechanisms for mutual understanding between the two countries. At the same time, when patrolling and policing the East China Sea, Japan and China should utilize their respective Coast Guards whose equipment is usually limited to light arms, in order to avoid escalation to military conflict, and Japan should encourage China to take this position.

And again, if resolving these types of problems is difficult, China should be prevailed upon to seek recourse through international justice organizations or to use some other peaceful method.

8. China's Military Rise and Japan's Security

As was confirmed at the 17th Communist Party convention held in October 2007, China considers "peaceful development" to be a mainstay of its diplomatic policy and pursues the status quo and a peaceful international environment from the point of view of achieving economic growth and maintaining the political power of the Communist Party. Despite this, China's military spending has been in the double digits for the last 20 years, and the lack of transparency as to the exact contents of its purchases and the intent behind the military build-up has drawn criticism from the international community.

(1) The rise of China

The rapid expansion of both the scope and capabilities of China's military, centering on air and sea power as well as missile capability, together with the fact that its military strategy and capabilities are unclear, has become a source of concern not only for Japan but for the

entire East Asian region, from the point of view of the balance of military power. Incidents such as violations of Japan's territorial waters by Chinese naval vessels, the recently confirmed satellite destruction test, and the actions of the People's Liberation Army in maritime areas close to the South China Sea have given rise to international suspicion of China's decision-making processes and methods of its implementation with regard to political processes and military strategy formulation.

Although it champions "peaceful development" as a foreign policy, China is also pursuing a strategy of military expansion. Its military preparedness and stance thus warrant a close examination into the effect they exert on the overall security environment in East Asia, and these must be assessed comprehensively and strategically. Even if the strategic aims of the Chinese government should prove to be non-invasive and non-aggressive, we need to be aware that the expansion of Chinese military power projection beyond its territorial waters and airspace and onto the regional or global stage increases the likelihood of unexpected conflict. Given China's current state, Japan must assess the military balance in East Asia and employ national security policies aimed at maintaining the status quo and guaranteeing the stability of the region. However, if China's "peaceful development" policy is found to be aimed at stability in the East Asian region, it will benefit both China and Japan and provide a base that will facilitate increased mutual understanding and mutual trust in the areas of security and military affairs. Essentially, Japan should build a structure for cooperation in regional security that centers on countries in the immediate neighborhood, including China and particularly ASEAN member nations, and work to raise its effectiveness. This structure must allow for the geopolitical characteristics and military environment of East Asia, and, as stated earlier, it needs to be multi-layered.

In any case, as a non-nuclear, lightly armed nation complemented by the Treaty of Mutual Cooperation and Security between the United States and Japan, our country is restricted in the use of force overseas and has a limited defense budget. We must explain these circumstances to the other nations in the area, including China, and employ a policy based on these circumstances in the creation of a framework for regional security.

Lifting the EU arms embargo on China may upset the military balance in the region, and it must therefore stay in place while the aims and direction of its military buildup remain unclear.

(2) The Japan–US Alliance

The Japan–US Alliance (the Treaty of Mutual Cooperation and Security between the United States and Japan) is the basis of our national security. This alliance continues to play an important role in the post-Cold War era as a foundation for stability and prosperity in the East Asian region. When we consider the many difficulties that East Asia still faces in emulating Europe which maintains security on a region-wide basis, it is apparent that we should not alter our current stance, that is, maintaining the established system with the United States as the core of an East Asian security network. Moreover, in the current environment Japan must rely on the nuclear umbrella of the United States for nuclear deterrence, making it essential for us to keep the alliance between us at the center of the defense of our nation. Examining the security environment in the areas around Japan, we see that strengthening cooperation with the United States while increasing our own defense capabilities will be fundamental to maintaining the overall balance of power in Asia. From a Japanese standpoint, Japan must then give consideration to expanding its share of responsibilities and look at the efforts it needs to make as an ally, if it is to improve the effectiveness of the alliance.

To maintain and strengthen the alliance, Japan must enhance interoperability in equipment and operation, and work to achieve compatibility in military software used in the sectors of command and control.

Moreover, in addition to resolving the problems of the right to collective self-defense, shared evaluation infrastructure must be established to improve Japan–US relations through a strengthened “2+2” Japan–US Security Consultative Committee, and a shared analysis of the strategic environment brought about by cooperation with US intelligence organizations.

Measures like those above that enhance the Japan–US alliance are not intended to antagonize China but rather to promote the maintenance of the system in a concrete manner and to strengthen a stable regional order. Japan must avoid falling into an arms race with China, while China should work to participate in an effective, coordinated security framework in the Asian region. Forums such as inter-defense agency conferences should be used to reiterate to China the fact that its rapid military expansion has become a cause for concern throughout the region.

(3) Coping with regional themes

Stability on the Korean peninsula is essential to the security of Japan. The development and deployment of nuclear missiles by North Korea thus constitutes a serious threat to Japan. At present, the problem of North Korea has been entrusted to the progress of the Six-Party Talks, but Japan must also work out measures to secure a necessary deterrent while cooperating with the United States, China, and South Korea to seek the complete elimination of North Korea’s nuclear weapons.

Moreover, if a military conflict were to occur in the Taiwan Strait, it would probably expand to the sea, greatly affecting Japan’s safety as well as that of the sea lanes in East Asia. As of May this year Taiwan will shift to a KMT-led government, which may bring with it the possible signing of a “peace accord,” agreeing on confidence building and establishing safety mechanisms to guard against unforeseen conflicts.

Our nation is engaged in the construction of practical security cooperation regimes with Australia and India, respectively, particularly in the promotion of collaborative relationships in non-military fields such as safe maritime navigation and disaster reconstruction assistance. The strengthening of relationships with both countries is essential for the stability of sea lanes stretching from the Indian Ocean to the Western Pacific and is desired to be further developed in order to fulfill the link of security mechanisms for the region. There is no shortage of seeds of regional conflicts such as the North Korean problem, tension in the Taiwan Strait, and issues in the South China Sea. As has already been stated, resolution of these problems cannot only be left up to the parties involved; rather, the gradual construction of a system to prevent disputes and maintain peace with united efforts of the whole region is increasingly required. Both Japan and China should exercise leadership by cooperating to establish this framework.

(4) The leaking of military and industrial technology

With deepening economic ties comes a heightened risk for all involved of the leaking of security-related technologies. Preventing such technology leakage is vital from the standpoint of our own national security and is also essential if we are to maintain the trust of the international community and our allies. Technological advances mean that leading-edge technologies can be put to military use, so that advanced industrial technologies represent a heightened security risk if leaked, even if they are not directly recognized as being related to national security. Such information leakage is not restricted to illegal or circumspect routes,

but also occurs through channels such as patent applications and research publications at academic gatherings, making it necessary to evaluate preventative measures and improve awareness of all aspects of the problem, not just tightening the regulations of foreign exchange laws.

The only real way of guarding against such occurrences is to raise awareness of these dangers throughout the country and strengthen our own systems. We must urgently re-evaluate stricter controls for technical information, preventative measures against the leaking of information to foreign countries, prevention of technology transfers through people, control of information at institutions such as universities, and preservation of secrecy at a national level.

II. Japanese Diplomacy and National Identity

The following section examines Japanese diplomacy for implementing basic principles for Japan–China relations and thus improving diplomatic relations with China.

1. Japanese Diplomacy

(1) Japan’s foreign relations strategy for Asia

These basic principles for Japan–China relations correspond with Japan’s China policy, and they have the following three points in common.

1. Strengthening engagement and cooperation with China for making Japan–China relations mature,
2. Working in tandem with China to build a framework for the Asian region and the international community, and
3. Maintaining the Japan–US Security Treaty while continuing efforts to improve Japan’s self-defense capabilities.

Firstly, the post-Cold War expectations for the achievement of a peaceful world based on freedom and democracy centering on the United States were shaken by the terrorist attacks of September 11, and there is a basic recognition that there is uncertainty of how the new world order will look. This new world order is a life and death matter to Japan’s national interest.

Secondly, if Japan and China can build a stable, trusting relationship, it will help prevent friction between the two countries, and this will become an extremely important foundation for regional order in Asia. Because of the Cold War structure and China’s political system, Japanese policy toward China was limited to economic assistance and other economic matters. But a new era has begun, and it seems that a more mature relationship is in view.

There are also changes in China’s foreign policy, and this has opened up an opportunity for Japan and China to jointly build a stable regional order. On the other hand, with the lack of transparency in China’s military build-up, at the present time, this new order will necessitate the engagement of the United States, which has been indispensable to regional stability, and at the same time, Japan will serve as a stabilizing influence to regional security.

As is evident from the above, the basic principles of Japan–China relations are key to Japan’s foreign policy on Asia.

(2) Core policies of Japanese diplomacy

Improving relations with China and taking responsibility by contributing to the building of regional order has become a new and important task for Japan, and from a global perspective as well, Japan needs to play an active role as the world's second economic superpower.

In this context, Japan should contribute in its own way to the making of a new international order. Given the path Japan has taken as a peace-oriented nation after World War II, the fields using soft power listed below should form the core of Japanese diplomatic efforts.

1. Emphasize measures to counter global warming and environmental protection, and promote the enhancement of international cooperation,
2. Cooperate to raise the standard of living in developing countries, to promote education, and to boost development through a "people first" position,
3. Continue to be an advocate of abolishing nuclear weapons, and to actively participate in peace building and maintenance activities, centered on the UN.

Since the end of World War II, Japan has contributed to the economic development of Asia through ODA and investment and has provided an important model for developing countries. However, Japan's ODA, which is the most appropriate method of contributing, continued to drop in terms of its budget from 1998. This runs counter to the global trend where developed countries started to increase ODA. As a result, though Japan was the world's number one contributor of ODA until the latter half of the 1990s, Japan had slipped to number five in the world in 2007. Thus, Japan is now facing difficulties in making remarkable achievements in the fields of environmental protection and poverty reduction, and it should make strategic increases in its ODA.

Another important pillar, participation in peacekeeping operations (PKO), has been limited because of the large restrictions placed on Japanese Self Defense Forces in terms of their range of activity and use of arms. A comparison with China's active PKO participation is very telling. This trend should be corrected as quickly as possible. While shaping Japan's new UN policy through our contribution to UN peacebuilding efforts, the Japanese government, based on our national interest, should establish a more realistic policy regarding the right of collective self defense that constrains Japan's international contribution, and should develop a full-fledged structure to engage in peacekeeping operations including aspects of equipment and personnel.

One of the aims of Japanese diplomacy is to eradicate nuclear weapons from the international community, and during the Cold War era, there was no hope of achieving this goal, but as we enter the twenty-first century, the threat of nuclear proliferation is increasing, and many more countries are becoming aware of the gravity of the situation. As a symbol of this change, in 2007 former high-ranking Washington officials, including both Henry Kissinger and George Shultz, spoke up about the ultimate abolition of nuclear weapons. Japan has consistently lobbied for an anti-nuclear resolution in the UN, and through bolstering the activities of the Japanese government and think tanks, Japan should contribute to the formation of a new non-nuclear international order.

(3) The trilateral relationship of Japan, the United States, and China

When considering its China policy, there is one question whether Japan should take a US-leaning policy or a China (Asia)-leaning policy, and this has been an important strategy option even since before World War II. As mentioned in the section on the Japan-US Alliance, Japan still relies on the US nuclear umbrella, and therefore at the very least in the area of national security, Japan should hold fast to the alliance. In contrast, China is Japan's most important neighbor, and it is self evident that Japan needs put maximum effort into its

diplomacy to build a stable bilateral relationship and to keep from slipping into conflict. As one of the great nations sharing geopolitical interests of Asia, Japan also has a responsibility to promote regional cooperation and build a stable, prosperous region.

Forecasting the state of Japan–China relations over the long term is key to predicting the future direction of East Asia. What is important is for the two countries to be able to build and nurture a common foundation, one that goes beyond geography and economics and includes political systems and values, culture and ethics, a vision of the ideal international community and standards. This will depend in particular on what kind of international order China wishes to build and how it plans to construct its relationship with Japan. For its part, Japan strongly hopes that Japan–China relations are the cornerstone of long-term security in Asia, just as German–French relations have developed and brought peace to Europe.

While Japanese diplomacy at the present centers on the Japan–US Alliance, Japan’s autonomous foreign policy, based on its national interests and regional interests, will contribute to the formation of a new, stable international order. While strengthening both Japan–US relations and Japan–China relations, Japan could steadily maintain this important trilateral relationship by becoming a stable power which judges policies on its own. In addition, forming a multi-layered, multi-faceted and balancing regional cooperation framework and participating in global efforts through the UN is the path that Japanese diplomacy should take.

(4) Bolstering Japanese diplomacy

In a world where globalization is a reality, events in other countries—both near and far—can easily reach across international borders to threaten the national security of one’s own country. Environmental destruction, energy scarcity, infectious disease, international crime organizations—these are just some examples of these threats. The influx of foreigners, including Chinese, and the state of Japan’s self sufficiency of food would affect Japanese national security and even regulate Japan’s future. Thus, these problems are both international and domestic. To be able to deftly deal with the myriad problems threatening Japan’s security, Japan must pursue reforms and organizational buildup in both its foreign as well as domestic policy.

What has become abundantly evident from this examination of Japan–China relations is that we must recognize that we are entering a new age and that we must seriously and effectively cooperate in many areas of foreign policies between our two countries and within the region.

Two comprehensive security strategy plans were formed during the 1980s in the time of the Ohira administration and Nakasone administration, but today’s international relations are much more complicated and multi-polar, and Japan’s options are broadened. Japan needs to establish a National Security Council to examine its long-term comprehensive security strategy for the twenty-first century. A strategic information organization should be established under this council, and our diplomatic muscle should be strengthened at the same time to bolster its operation.

It’s long been said that Japan should be more international, but what is Japan’s standing in the world? Japanese must understand what riches and privileges have been bestowed upon Japan by the existing world order, and Japanese society as a whole must be seriously aware of what would happen should one day this order be destroyed and Japan’s economic power should falter.

2. Japan's National Identity

During the Meiji Era, Japan joined the circle of advanced nations by becoming a wealthy military power. After World War II, the country united to work to recover from ruin and achieve a high level of affluence. To advance further, our people need a new national goal. The Japanese people need a new national goal for the new era around which they can rally. Japan's goal as an example, should be to "build a nation that is economically dynamic and socially healthy and that contributes to the creation of an international community based on justice and order and that becomes a global model of environmental conservation." That kind of goal requires broad public agreement based on the following five points, and these can be then be stated repeatedly to the world.

- (1) A peaceful and secure country, a country that contributes to peace,
- (2) A country that protects human rights and individual freedom, a country that values the well-being of the people,
- (3) A country that coexists with nature, and works to protect the environment,
- (4) A country that values tradition and cultural diversity, and that respects different cultures, and
- (5) A country that helps those less fortunate.

Looking back on history, there are events upon which we must reflect, and achievements of which we can be proud, and it is important for us to consider our identity and traditions by ourselves, and through education, cultivate this awareness in the younger generation. For this purpose as well, public discussion involving constitutional revision can be an important opportunity.