



# The Future of Japan-China Relations

## Japan's Ideational Competition with China

By Ichiro Inoue<sup>1</sup>

### Introduction

In 2010, China surpassed Japan in terms of Gross Domestic Product (GDP) to have the second highest in the world, and its GDP is now almost three times higher than Japan's.<sup>2</sup> An even larger gap can be found in military spending<sup>3</sup>. Since entering the Xi Jinping era, China has grown confident in its national power. China currently seems to view only the United States as a serious competitor, treating Japan as a less influential power. In fact, today, the geopolitical and geo-economic reach of China is no longer influenced by Japan.

Under these circumstances, how does Japan perceive its relationship with China? Various Asian nations, which China views as peripheral, are overwhelmingly smaller than China in terms of size and power and behave as though they have no choice but to accept the rise of China and thus the fate of a China-centered regional order. However, in terms of foreign and security policy, Japan is moving towards strengthening relations with the United States rather than accommodating China. The more China rises, the more vigilant Japan becomes.

However, Sino-Japanese relations are more complex than what international relations theories might suggest. It is important to consider not only basic comparisons of national power and economic interdependence but also how the two nations perceive each other. The motives behind Japan not accepting a regional order centered on China stem not only from Japan's frustration with Chinese coercion; it goes deeper. There exists an ideational perception based on the long history of interactions between the two countries.

There are two factors that mainly characterize Sino-Japanese relations: competition and cooperation. They are intricately entwined, and often throughout the history of the relationship one is more strongly expressed than the other. Since the beginning of this century, tensions have continued to appear, and it is widely understood that Sino-Japanese relations have always tended to be confrontational despite long-standing economic ties and deep-seated human exchanges. These are the factors that shape Sino-Japanese relations. In what way is Japan's foreign policy about competing with China? How does China currently perceive Japan? This paper attempts to

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<sup>2</sup> "China GDP Surpasses Japan, Capping Three-Decade Rise," *Bloomberg News*, August 16, 2010, <https://www.bloomberg.com/news/articles/2010-08-16/china-economy-passes-japan-s-in-second-quarter-capping-three-decade-rise>.

<sup>3</sup> SIPRI, *Military Expenditure Database*, <https://www.sipri.org/databases/milex>.



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study the competitive relationship between Japan and China, with a particular focus on ideational aspects of Japan's response to the rise of China, which has become particularly prominent today.

## **Historical Background**

### *U.S. Influence on Japan-China Relations*

The United States has played an important role in postwar Japan-China relations. Nixon's visit to China in February 1972 brought about a major shift in Japan's foreign policy. In September of the same year, Japan and China normalized diplomatic relations.<sup>4</sup> While Japan has followed the U.S. basic policy towards China, Japan's policy has a different foundation. Japan's understanding of China is based on its long history of exchanges with Chinese culture.

Throughout Japan and China's long relationship, neither country has been on an equal footing. In that sense, an awareness of which country occupies a position of power in any historical moment is important when considering Sino-Japanese relations from an ideational perspective. Traditionally, Japan imported aspects of Chinese culture as a neighboring country. However, during the Meiji era China learned much from Japan, as Japan had successfully achieved modernization in Asia. After the Sino-Japanese War, Japan as a nation began to frown upon China. More recently, for China the reversal of GDP numbers in 2010 led to widespread awareness that China had become the leading nation in Asia again.<sup>5</sup> This notion affected the competitive and cooperative relationship between the two countries. Japan is potentially perceived as more of a peripheral power, and China—having recovered from long years of embarrassment—is now being perceived as a major power. In contrast, even though China has surpassed Japan in terms of hard power, because the Japanese see themselves as living in an advanced civil society under a democratic system, they do not perceive their nation as being below that of China. This difference in consciousness between the two countries affects the competition and cooperation between them.

### *The Source of Conflict: From History to Territory*

As with U.S.-China relations, Japan-China relations were the best throughout the 1980s after the normalization of diplomatic relations. China regarded Japan as its own development model since Japan had succeeded in incorporating Western modernization as an Asian nation. Around the same time, however, political tensions occasionally arose. These tensions were often regarding a historical issue, such as the description of modern history in Japanese textbooks or

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<sup>4</sup> Ministry of Foreign Affairs of Japan, "Joint Communiqué of the Government of Japan and the Government of the People's Republic of China," September 29, 1972, <https://www.mofa.go.jp/region/asia-paci/china/joint72.html>.

<sup>5</sup> Ezra F. Vogel, *China and Japan: Facing History* (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2019), pp. 391-392.



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Prime Minister Nakasone's visit to the Yasukuni War Shrine. China has often criticized Japan for supposedly not having fully reflected on its own aggression and brutal acts committed during the war in mainland China. These historical issues are emotional, and depending on the intentions at the time, Chinese policymakers can easily escalate historical issues to diplomatic issues or downplay them. When this problem arose in the 1980s, many liberal forces in Japanese society were in tune with China's criticism, as there existed a level of awareness of Japan's war time conduct among the Japanese public. In addition, until the 1980s, Japanese policymakers and mainstream society belonged to a generation that widely shared a sense of atonement for Japan's prewar conduct towards China. Their generation inherited Japan's traditional education, which contained Chinese classics and thus respected Chinese traditional culture, although China's contemporary history was influenced by communism.

After the Tiananmen Square Incident in 1989, China began to strengthen patriotic education. This was initiated by Deng Xiaoping and enhanced by Jiang Zemin in the mid-1990s. In light of the Tiananmen Square incident, in which students stood up against the Chinese Communist Party (CCP), Deng thought that students should understand the history of the CCP's contribution to their nation. Patriotic education, which praised the achievements of the CCP, inevitably evoked memories of the Chinese people's resistance to Japan during World War II and anti-Japanese sentiment. Jiang Zemin, who grew up during Japan's aggression, strongly supported patriotic education.

On the other hand, the rapid development of the Chinese economy, which began in the mid-1990s, offset these negative emotional aspects of the relationship to some extent and pushed Sino-Japanese relations forward. Soon after entering the twenty-first century, China overtook the United States as the largest trading partner of Japan.<sup>6</sup> At that time, Sino-Japanese relations were often politically tense, but economic relations were strong. This odd combination was described as a "Seirei Keinetsu (politically cold but economically hot)" relationship. However, thereon, Japan's public sentiment towards China began to decline. Prime Minister Abe in his first term (2006-2007) tried to reset Japan-China relations during his first overseas trip. During this trip, both governments agreed to use the term, "Mutually Beneficial Relationship based on Common Strategic Interests," to represent bilateral relations going forward.<sup>7</sup> Before this term was officially established, the expression "Japan-China friendship" was often used by the Japanese and Chinese governments, since it appealed to the nostalgia of the establishment of the national relationship. However, both countries understand that this emotional expression does not work

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<sup>6</sup> Todd Zaun, "A Growing China Becomes Japan's Top Trade Partner," *The New York Times*, January 27, 2005, <https://www.nytimes.com/2005/01/27/business/worldbusiness/a-growing-china-becomes-japans-top-trade-partner.html>.

<sup>7</sup> Ministry of Foreign Affairs of Japan, "Abe Naikaku Soridaijin no Chugoku Homon (Prime Minister Abe's Visit to China)," October 8, 2006, [https://www.mofa.go.jp/mofaj/kaidan/s\\_abe/cn\\_kr\\_06/china\\_gaiyo.html](https://www.mofa.go.jp/mofaj/kaidan/s_abe/cn_kr_06/china_gaiyo.html).



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anymore, and it is better to forget such illusions and concentrate on mutual interests and the stability of bilateral relations.<sup>8</sup>

In 2008, Japan's Official Development Assistance (ODA) loans to China ended; it had been a symbol of Japan's long-term economic assistance to China. In the same year, China, which survived the Lehman shock with the least damage among the major powers, recognized the strengthening of its position in the world. Many foreign observers began to see China as more self-confident, and its external behavior became more assertive after the incident.<sup>9</sup> China has been obsessed with the concept of "comprehensive national power," as it perceives its recent past as humiliating and tends to see international affairs with a strong emphasis on "national power."<sup>10</sup> This obsession was enhanced through patriotic education. China also tends to see international relations, especially towards neighboring countries, in a hierarchical order rather than as an equal relationship. With an awakening national awareness of becoming a great power, the feeling of superiority due to the belief that China is above Japan had become dominant.<sup>11</sup> From the perspective of China, Sino-Japanese relations had reached a turning point.

After Hu Jintao made an official state visit to Japan in 2008, Japan-China relations, which were showing a weak improvement, fiercely froze over territorial disputes. In 2012, the Democratic Party administration introduced the transfer of the ownership of the disputed Senkaku/Diaoyu Islands from an individual to the state, which was widely described as "nationalization" in Chinese media. This incident led to a violent, large-scale anti-Japanese demonstration. During this time, Sino-Japanese relations declined to their worst period since the normalization of diplomatic relations in 1972. Earlier, the source of conflict between Japan and China had often originated from historical issues, which could be dealt with intentionally and flexibly to some extent. Now, the source of conflict has shifted to tougher issues, such as territorial and maritime issues, which cannot be easily resolved in consensus.

Since 2012, Japan's policy towards China has been to secure at least the bottom line, which is a predictable relationship. After the 2012 incident, dialogue between the leaders of both countries was insufficient, and there was a lack of communication in military and even diplomatic channels. Both leaders, Abe and Xi Jinping, met on the sidelines of the Asia-Pacific

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<sup>8</sup> Ministry of Foreign Affairs of Japan, "Joint Statement between the Government of Japan and the Government of the People's Republic of China on Comprehensive Promotion of a Mutually Beneficial Relationship Based on Common Strategic Interests," May 7, 2008, <https://www.mofa.go.jp/region/asia-paci/china/joint0805.html>.

<sup>9</sup> For example, Thomas Christensen, "The Advantages of an Assertive China: Responding to Beijing's Abrasive Diplomacy," *Foreign Affairs*, March/April 2011.

<sup>10</sup> Hu Angang and Men Honghua, "The Rising of Modern China: Comprehensive National Power and Grand Strategy," *Strategy and Management*, no.3, (2002), <https://myweb.rollins.edu/tlairson/china/chigrandstrategy.pdf>.

<sup>11</sup> Vogel. op.cit., p.392.



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Economic Cooperation (APEC) forum in Beijing in 2014. Subsequently, the relationship was carefully and slowly restored.

Japan-China relations are characterized by a strong reflection of domestic politics and national sentiment, in addition to general factors that affect international relations such as international structure, security, and economic relations.<sup>12</sup> In the twenty-first century, Sino-Japanese relations are already facing recurring issues, as large-scale anti-Japanese demonstrations have taken place in 2005 and 2012. Since the Senkaku/Diaoyu incident in 2012, China has been sending coast guard vessels into the waters surrounding the islands on a regular basis, the frequency of which has increased.<sup>13</sup> Although diplomatic relations between Japan and China have been cautiously restored since 2014, Japan's public sentiment towards China remains extremely low even today. According to the annual Japan-China opinion poll, the number of Chinese people who perceive Japan negatively decreased from 92.3% in 2013, the year after the anti-Japanese demonstration, to 52.7% in 2020, due to the improvement of Sino-Japanese relations. On the other hand, the negative perception of Japan remained high at 90.1% in 2013 and 89.1% in 2020.<sup>14</sup> The sense of familiarity and respect for Chinese traditional culture that once existed among Japanese leaders and intellectuals is no longer shared by today's younger Japanese policymakers and elites. For example, historically the Japanese names of eras attached to each emperor have had their origins in Chinese classics, and the people in Japan have traditionally taken this for granted. However, the name for the new era, "Reiwa," was taken from the Japanese classics for the first time in history and was welcomed by many Japanese.<sup>15</sup> Security concerns are now the primary source of tension in the bilateral relationship, which will become more complicated in an era of U.S.-China strategic competition.

## *Japan-China Relations under U.S.-China Competition*

Tensions between the United States and China rapidly increased after President Trump took office in 2017. In this century, tensions between Japan and China have consistently stood out among China's relations with major advanced countries. However, the tensions between the United States and China have surpassed Japan-China tensions. While Japan was worried that the

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<sup>12</sup> Akio Takahara, *Chugoku no Naisei to Nichukankei (China's Domestic Politics and Japan-China Relations)*, The Japan Institute of International Affairs, pp.7-11.

<sup>13</sup> Ministry of Foreign Affairs of Japan, "Trends in Chinese Government and Other Vessels in the Waters Surrounding the Senkaku Islands, and Japan's Response: Records of Intrusions of Chinese Government and Other Vessels into Japan's Territorial Sea, February 12, 2021, [https://www.mofa.go.jp/region/page23e\\_000021.html](https://www.mofa.go.jp/region/page23e_000021.html).

<sup>14</sup> "Japan-China Joint Public Opinion Survey 2020," Genron NPO, [https://www.genron-npo.net/en/201117\\_en.pdf](https://www.genron-npo.net/en/201117_en.pdf).

<sup>15</sup> "Heisei kara Reiwa he (From Heisei to Reiwa)," NHK Public Opinion Survey, April 9, 2019. [https://www3.nhk.or.jp/news/special/japans-emperor6/articles/articles\\_archive\\_02.html](https://www3.nhk.or.jp/news/special/japans-emperor6/articles/articles_archive_02.html).



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Trump administration might unpredictably raise conflicts with China, Japan also expected the United States to take a tough stance on China, especially in terms of security affairs. At the same time, other Western allies' views on China became increasingly severe due to its increasing presence as a global power and the authoritarian stance taken by Xi Jinping.

Diplomatically, China has also considered that it does not want to worsen its relationship with Japan while its relationship with the United States is strained. After Prime Minister Abe resigned in 2020, he visited the controversial Yasukuni War Shrine, but the Chinese media coverage was moderately restrained. Xi Jinping's official state guest visit to Japan, an event that happens only once every ten years, was postponed due to the Covid-19 pandemic and the prospects for realizing that visit in the near term remain uncertain as the policy debate in Japan has shifted in favor of a tougher stance in response to increased Chinese assertiveness in the East China Sea. Meanwhile, the Biden administration has signaled its approach to China, which is centered on strategic competition but does not rule out cooperation where possible. A joint statement from the U.S.-Japan Security Consultative Committee in March 2021 was notable for explicitly addressing shared concerns about China's behavior on Hong Kong and Xinjiang as well as Taiwan and South China Sea.<sup>16</sup> In this environment, Japan-China relations could be described as awkwardly stable.

## **The Rise of China and Japan-China Ideational Competition**

### *U.S. and Japan: Ideational Competition with China*

Ideational competition is an abstract concept and ideology can be defined in various ways. The United States and its allies, like Japan, are in ideational competition with China, but define this competition differently. For the United States, competition is ultimately about communist "ideology," and thus, the Chinese Communist Party (CCP) itself. Japan's concern is about the protection of the rule-based international order rather than the rejection of communist or socialist ideology. Consequently, Japan has been less apt to reject the Chinese Communist Party (CCP) itself. There does exist profound distrust of China, as Xi Jinping's regime has become more repressive domestically and assertive externally. But, in the postwar political history of Japan, socialist ideology and pacifist movements have been attracting a certain amount of public support. For example, the Japan Socialist Party (JSP) earned the second largest number of seats in the National Diet during the Cold War era.<sup>17</sup> After the end of the Cold War, Japan began to pursue a more realistic foreign policy in an uncertain international environment in East Asia and the public support for socialism and liberal pacifist ideology subsequently declined.

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<sup>16</sup> Ministry of Foreign Affairs of Japan, "Japan-U.S. Security Consultative Committee (two-plus-two), March 16, 2021," <https://www.mofa.go.jp/region/n-america/us/security/scc/index.html>.

<sup>17</sup> Nihon Keizai Shinbun, "Shugiin Sangiin no Rekishi (History of the House of Representative and the House of Councilors)," <https://vdata.nikkei.com/newsgraphics/sanin2019-history/>.



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And yet even today, the Japanese Communist Party with its far-left ideology still occupies a certain number of seats in the Diet, though it remains a minor party.

Today, several countries in Asia that were more authoritarian during the Cold War era are adopting democratic political systems. Japan has been coexisting with these Asian nations and has taken a more moderate approach towards authoritarian governments than the United States. Japan attaches great importance to its relationship with Vietnam, for example, which will likely develop further in the context of strategic competition with China. Japan provides large amounts of ODA to Vietnam and has expanded its private sector investment.<sup>18</sup>

Behind Japan's ideational competition with China, there also exists changes in the domestic structure of Japan's political economy. Entering this century, China's rise has accelerated Japan's economic dependence on China, while Japan's domestic market is shrinking alongside its aging society. Although in the long run Japan cannot ignore the Chinese market, it has been worried about China's economic practices that are inconsistent with the free and rule-based market economy. Starting from the early twenty-first century, Japan External Trade Organization (JETRO) has been advocating the "China plus One" strategy for Japanese enterprises. As a result, Japan's manufacturing investment has been gradually shifting to Vietnam and other Association of Southeast Nations (ASEAN) countries.

Another aspect of ideational competition with China involves the liberal international order. China, which has strong pride in its tradition, does not identify with the current international order as it represents a Western liberal democracy-led international order. In March 2021, during the first high-level talk between the United States and China since President Biden took office, China openly rejected the "rules-based" international order as it has been proposed by "some countries." Instead, China expressed its support for an international order with the United Nation as its center.<sup>19</sup> As China becomes a major power, it is becoming more confident and has begun to assert its own views on international order. This has led to China expressing concepts such as the "New Types of International Relationship" and the "Common Destiny of Mankind."<sup>20</sup> The Belt and Road Initiative (BRI) is arguably a tool to develop an economic order governed by China, though the initiative is not characterized in those terms.

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<sup>18</sup> Ministry of Foreign Affairs of Japan, "Official Development Assistance, Disbursements by Country," [https://www.mofa.go.jp/policy/oda/white/2017/html/honbun/b4/s2\\_3.html](https://www.mofa.go.jp/policy/oda/white/2017/html/honbun/b4/s2_3.html).

<sup>19</sup> Chinese top diplomat, Yang Jiechi's remarks during the U.S. -China meeting in Alaska. "Beichu Gaiko Topu Boto Hastugen Yoshi (U.S.- China Top Diplomat, Opening Remarks Summary)," *Nihon Keizai Shinbun*, March 20, 2021, <https://www.nikkei.com/article/DGKKZO70169690Z10C21A3FF8000/>.

<sup>20</sup> Shin Kawashima, "Shu Kinpei Seikenka no Gaiko, Sekaichistujyokan to Enyo (Foreign Policy, World Order View and Foreign Aid under Xi Jinping)," in *Chugoku no Gaiko Senryaku to Sekaichistujyo Rinen, Seisaku, Genchinoshsen (China's Foreign Strategy and World Order – Idea, Policy and Views from the Local)*, Showado, 2020, p.64.



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Unlike the Soviet Union during the Cold War, China is not trying to directly counter democracy by exporting its communist ideology. However, China, which has succeeded in rapid economic development without painful political reform, tends to be perceived as an ideal modernization model among many authoritarian developing countries and China has emphasized the authoritarian governance model in touting its response to the Covid-19 pandemic. China's rise has the potential to indirectly create a sphere of authoritarian influence, which would have a negative impact on the promotion of democracy. However, China's ideational influence and penetration has been limited in Japan compared with other countries. This is evidenced by negative public sentiment towards China spreading earlier in Japan than in any other country and is likely due to historical and regional proximity. As China's behavior becomes more confident and assertive, democratic societies like Japan are more keenly aware of China's coercive pressures.

## *The Rise of China*

Japan's attitude towards the rise of China is neither characterized by accommodation nor confrontation; rather, Japan's recent response to the China challenge should be understood as one of adaptation.<sup>21</sup> A policy of engagement was actively pursued in the 1980s and was supported by the Japanese public. But Japanese public sentiment towards China has gradually deteriorated, leading to changes in Japan's attitude.<sup>22</sup> The aspect of cooperation has thus diminished in relations with China.

China, which has become a global superpower, changed its previous soft authoritarian politics into a harder style, strengthening domestic party control with a stronger foreign policy posture. The Xi Jinping era appears to promote a historic turn, back to a previous posture. While informing the United States that China strongly opposes bullying, it tends to resort to unilateral solutions with other smaller powers, ignoring international rules and norms. As a result, the United States and, to varying degrees, other advanced democracies in the world are now increasingly perceiving China as a possible issue and as a challenge to the liberal international order. The recent rise in tension between China and Western democracies has its roots in the Xi Jinping regime and its authoritarian turn.<sup>23</sup>

Recently, the Senkaku/Diaoyu Islands territorial dispute has come to be understood not just as a bilateral sovereignty issue, but as an example of China's maritime ambition and its rejection of law and order and more broadly the liberal international order. In this regard, the

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<sup>21</sup> Sheila A Smith, *Intimate Rivals: Japanese Domestic Politics and Rising China* (New York: Columbia University Press, 2015). p. 251.

<sup>22</sup> *Ibid.* p.263.

<sup>23</sup> Rana Mitter, "The World China Wants; How Power Will -and Won't -Reshape Chinese Ambition," *Foreign Affairs*, January/February, 2021.



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East China Sea issue is associated with China's tough stance in the South China Sea, which is characterized by China's unilateral maritime advance that is inconsistent with the rule of law and international customs.

Although Japan had been maintaining a rather careful attitude toward the South China Sea issue as an actor that is not directly involved in those territorial disputes, it has gradually begun to be vocal on the issue. At the first U.S.- Japan "two-plus-two" meeting of the Biden administration, both governments expressed their commitment to oppose "coercion and destabilizing behavior toward others in the region, which undermines the rules-based international system."<sup>24</sup> They also reiterated their objections to "China's unlawful maritime claims and activities in the South China Sea and recalled that the July 2016 award of the Philippines-China arbitral tribunal, constituted under the 1982 Law of the Sea Convention, is final and legally binding on the parties."<sup>25</sup>

It could be said that Japan's concerns, of which China's threats are at the forefront due to geographical proximity, are gradually being shared with the United States, Australia, and other liberal democracies to some extent.

## *Japan's Asymmetrical Competition with China*

Historically, Japan has not shown much diplomatic insistence on democratic values and human rights issues compared to other Western countries. After the Cold War, Japan's foreign policy gradually changed from a passive stance, expanding its geographical and ideational scope to encompass "Value Oriented Diplomacy" and the "Arc of Freedom and Prosperity." Behind this is China's rise.<sup>26</sup> In addition to a stronger U.S.-Japan Alliance, the Japan-U.S.-Australia-India Strategic Dialogue (Quad), which was a move to strengthen cooperation with Australia and India, was first held in 2007. However, while the conflict between Japan and China was prominent at that time, tension with China was not as high as it is today among other countries. At that time, the "Value Oriented Diplomacy" and the "Arc of Freedom and Prosperity" concepts proposed by the Japanese government did not get wide international recognition.

Prime Minister Abe took office in 2012 and led an unusually long-term administration in Japanese politics, giving a certain direction to Japanese foreign policy.<sup>27</sup> Thereafter, "universal

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<sup>24</sup> Ministry of Foreign Affairs of Japan, "Japan-U.S. Security Consultative Committee (two-plus-two)," March 16, 2021, <https://www.mofa.go.jp/region/n-america/us/security/scc/index.html>.

<sup>25</sup> Ibid.

<sup>26</sup> Mie Oba, "Nihon no Indo Taiheiyo Koso, (Japan's Indo-Pacific Initiative)," *The Journal of International Security*, Vol.46, Number 3, 2018, p.15.

<sup>27</sup> Oba, "Nihon no Indo Taiheiyo Koso, (Japan's Indo-Pacific Initiative)," p.16.



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values" such as democracy, human rights, freedom, and the rule of law were embedded in Japan's diplomacy. At almost the same time, Xi Jinping became the supreme leader of China. He launched initiatives such as the "New Types of International Relations" and "Common Destiny of Mankind," which were laid out as China's world vision. As for the BRI, the twenty-first Century Maritime Silk Road (One Road) recognized the importance of a strategic space that connects the Indian Ocean and the Pacific Ocean with respect to China's maritime expansion. Since 2014, China has accelerated landfills and militarization in the South China Sea, drawing attention to unilateral action that contradicts the rule of law.

Abe's signature strategic framework was the Free and Open Indo-Pacific (FOIP) concept, which officially appeared in Japan's Diplomatic Bluebook in 2017.<sup>28</sup> The difference from the U.S. "Indo-Pacific Strategy," which appeared later, is that the U.S. FOIP concept's regional scope is east of India, while Japan's FOIP concept includes eastern Africa. Democracy and the rule of law, development based on a market economy, infrastructure building as a means of development, etc., are also emphasized in this concept. The Japanese government has not stated that Quad and FOIP will work together, and there is no expression in FOIP that excludes China. However, in emphasizing freedom and democracy, one can sense the unspoken competition with China.

Japan is also striving to secure its presence, especially in Southeast Asia. Although China has an overwhelming influence in this region, many countries have a desire to reduce China's presence. Today, with few exceptions, many Southeast Asian countries have a more democratic political system than China. Despite fear and economic interests, trust in China is low, while trust in Japan is considerably high.<sup>29</sup> Japan has taken this opportunity to initiate defense cooperation with the Philippines, Malaysia, and Vietnam. However, this is not intended as hard military support against China, but rather soft security cooperation between Southeast Asia and Japan. In the past few years, Japan's largest ODA recipient countries include Vietnam, Indonesia, and India.<sup>30</sup>

In terms of trade and economic policy, Japan has taken the initiative to conclude the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) after the Trump administration pulled out of the Trans-Pacific Partnership (TPP). When Xi Jinping expressed his interest in joining a CPTPP, which requires a higher degree of deregulation,

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<sup>28</sup> Ministry of Foreign Affairs of Japan, "Gaiko Seisho 2017 (Diplomatic Blue Book 2017)," pp.12-13.

<sup>29</sup> "The State of East Asia:2021 Survey Report," ASEAN Studies Center, ISEAS - Yusof-Ishak Institute, February 2021, <https://www.iseas.edu.sg/frontpage-publications/the-state-of-southeast-asia-2021-survey-report-2/>.

<sup>30</sup> Ministry of Foreign Affairs of Japan, "Official Development Assistance, Disbursements by Country," [https://www.mofa.go.jp/policy/oda/white/2017/html/honbun/b4/s2\\_3.html](https://www.mofa.go.jp/policy/oda/white/2017/html/honbun/b4/s2_3.html).



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Japan's Prime Minister Suga stated that "there is a higher hurdle" for Chinese participation.<sup>31</sup> Meanwhile, in 2020, Japan signed the Regional Comprehensive Economic Partnership Agreement (RCEP) along with China. On that occasion, the Japanese government expressed its wish for the future participation of India, which has not yet signed RCEP.<sup>32</sup>

On the other hand, since 2012, Japan has been making efforts to stabilize Japan-China relations by carefully avoiding a confrontational approach. Prime Minister Abe dispatched LDP Secretary-General Toshihiro Nikai, who is said to be trusted by the Chinese government for his long-time pro-China stance, to the first Belt and Road Forum in 2017. In the same year, the Japanese government announced that it would cooperate with high-quality BRI projects in the form of third-country market cooperation. Although Japan does not completely cooperate with the BRI, Japan's attitude of partial support for BRI made it easy for Chinese policymakers within China's domestic political context to openly push forward Sino-Japanese relations. This paved the way to determine Xi Jinping's visit to Japan. However, the high-quality cooperation projects that Japan demands with BRI have not yet progressed.

Regarding FOIP, the Japanese government has renamed FOIP as an "initiative," rather than the original term "strategy," and has expressed its view that FOIP will not compete with BRI.<sup>33</sup> However, this could be understood as a diplomatic gesture to avoid a confrontational atmosphere and improve Japan-China relations. Japan is cautiously working to ensure that China's rise will not distort the current liberal international order. However, there is a large disparity in the bilateral comparison of hard power between the two countries. Japan, by cooperating with the United States and other democracies that have begun to share the sense of China's challenge, is trying to compete with China in an asymmetrical way.

## *China's Views Toward Japan*

How does China as a nation perceive Japan? In China, there is a strong sense that it has already won the national power competition with Japan. From the perspective of the Chinese, Japan is being increasingly seen as a dependent variable of U.S. foreign policy. Without the support of the United States, China believes that Japan will have to take a more accommodative stance towards China. The Chinese also posit that Japan should accept the rise of China as a

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<sup>31</sup> "Shusho Chu Kan no TPP Sanka, Kantan niha Hairenai (Prime Minister comments, China and South Korea's accession to TPP is not easy)," *Nihon Keizai Shinbun*, December 11, 2020, <https://www.nikkei.com/article/DGXZQODE119Q90R11C20A2000000/>.

<sup>32</sup> "RCEP Jugo nichu Shomei he, Kakuryo Kaigo Kaisai, Indo Hukki ni Tokubetu Astukai (Ministerial Meeting to be held on 15<sup>th</sup> to sign RCEP, Special Treatment for India's Return)," *Nihon Keizai Shinbun*, November 11, 2020, <https://www.nikkei.com/article/DGXMZO66073640R11C20A1MM0000/>.

<sup>33</sup> For example, Prime Minister Abe's Remarks on Upper House Budget Committee, March 29, 2019, <https://kokkai.ndl.go.jp/#/detail?minId=119815261X01320190325&current=1>.



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consequence of its increased power.<sup>34</sup> Immediately after the establishment of the Abe administration, China criticized Abe's conservative political stance and treated it as an issue. However, China later acknowledged the Abe administration when it became a long-term administration with high domestic support. Under the Trump administration, U.S.-China relations deteriorated sharply, and during that time, China's attitude towards Japan changed. However, China has also shown an uncompromising stance on issues related to China's sovereignty, which largely limits Japanese views of China. Although the Japanese admit that China has become a major power, Japan will not tolerate a China-centered regional order under its current authoritative government which takes actions that are not based on universal rules and norms.

## **Policy Recommendations**

China holds a CCP National Congress once every five years, with one scheduled for Autumn 2022. Although Xi Jinping's second term will end, under the current circumstances, it is highly likely that he will continue to be in power. During Xi's first and second terms, it has become clear that on sovereignty-related issues such as Hong Kong and Xinjiang, Taiwan, the South China Sea, and the East China Sea, China will maintain a tough stance and will not compromise at all. China does not completely deny or try to overturn today's liberal international order. However, China is gradually aiming to transform the current international order in its favor. For China, it was an unexpected shock when the Trump administration sharply hardened its China policies. However, in examining Xi Jinping's response to the United States, it is clear that the regime is not going to choose to compromise. Rather, Xi is trying to build a strong state that can resist pressure from the United States by launching a "Dual-Circulation" strategy that does not depend on the global economy.<sup>35</sup> Xi's China even assumes long-term confrontation with the United States and has tried to build the country's economy to resist overseas pressure. Based on the above assumptions, the following policies should be considered.

### *Promote Unification among Established Democracies against China*

China's actions will not change immediately. However, it is imperative to send recurring clear messages that some of the current Chinese conduct is unacceptable. First, the United States and Japan should have more frequent policy adjustments in relation to China. This should not only occur in security circles but also, for example, among business and academic groups that

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<sup>34</sup> Xian Haoyu, "Ribei Zhenque Lijie Zhonguo Fazhan Bianhua (Japan must correctly understand China's development and change)," *Global Times*, January 12, 2021, <https://opinion.huanqiu.com/article/41TkJL4QM55>

<sup>35</sup> Jude Blanchette, Andrew Polk, "Dual Circulation and China's New Hedged Integration Strategy," *CSIS, Commentary*, August 24, 2020, [https://www.csis.org/analysis/dual-circulation-and-chinas-new-hedged-integration-strategy?gclid=Cj0KQCQjw0oCDBhCPARIsAII3C\\_F0MwBA782jqpzM\\_7dWjM4z\\_R9fDiYi5J1pWE5pHIWPqIYlyYhbFMsaAnZpEALw\\_wcB](https://www.csis.org/analysis/dual-circulation-and-chinas-new-hedged-integration-strategy?gclid=Cj0KQCQjw0oCDBhCPARIsAII3C_F0MwBA782jqpzM_7dWjM4z_R9fDiYi5J1pWE5pHIWPqIYlyYhbFMsaAnZpEALw_wcB).



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reflect broader views within both countries. There is a perfect opportunity to do so due to the new election of the Biden administration, as it would ensure that both governments coordinate their policy on China. Along with China's rise, the United States and Japan have begun to share common concerns and the perception gap of the China challenge in both countries has begun to narrow. However, Japan's emphasis on FOIP largely relates to security concerns, with only minor emphasis on ideational values, while the new Biden administration is placing important considerations on human rights issues.

Japan's "Value Oriented Diplomacy" has its roots in a time even before the establishment of the second Abe administration in 2012, and its current iteration has developed into the comprehensive concept of FOIP. Traditionally, Japan has not been very active on human rights issues nor taken them up during bilateral diplomatic occasions. Although there still exists a gap on human rights related policies between the United States and Japan, the introduction of the Hong Kong National Security Law triggered a rise in concern among Japan's lawmakers, which led to the establishment of a bipartisan Diet caucus in July 2020 focusing on China's violation of human rights.<sup>36</sup> This bipartisan Diet caucus even issued a statement of condemnation on China's repression of human rights against Xinjiang's Muslims in February 2021.<sup>37</sup> On the occasion of the two-plus-two meeting in March 2021, both the United States and Japan officially issued a joint statement, not only expressing their commitment to "promoting a free and open Indo-Pacific and a rules-based international order," but also touching upon "serious concerns regarding the human rights situation in Hong Kong and the Xinjiang."<sup>38</sup>

As the recent two-plus-two joint statement suggests, the United States and Japan have begun to share common concerns regarding ideational competition with China. Yet, it is also necessary to coordinate China policy not just via U.S.-Japan relations, but also among the coalition of established democracies that share common values of a liberal international order, including the United Kingdom, major European Union countries, Australia, and Canada. In that sense, cooperation with major European countries, especially Germany, which is an economic powerhouse, is important, although each country's geopolitical interests are different. As European nations do not want to be involved in the U.S.-China power competition, emphasis should be placed on universal values and rule of law. Likewise, the coalition of democracies should establish a policy coordination framework on China: for example, by utilizing the G7 framework. During the Trump administration, U.S. unilateralism severely undermined its

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<sup>36</sup> "Chotoha Giren Hossoku (Bipartisan Diet Caucus Established)," *Asahi Shinbun*, July 30, 2021, <https://www.asahi.com/articles/ASN7Y6SK6N7YUTFK00M.html>.

<sup>37</sup> "Uiguruzoku Danatsu Jinkenshingai ni Seisaiho Wo (Uyghurs Repression, Sanction for Human Rights Violations)," *Nihon Keizai Shinbun*, February 9, 2021, <https://www.nikkei.com/article/DGXZQODE091400Z00C21A2000000/>.

<sup>38</sup> Ministry of Foreign Affairs of Japan, "Japan-U.S. Security Consultative Committee (two-plus-two), March 16, 2021," <https://www.mofa.go.jp/region/n-america/us/security/scc/index.html>.



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influence in the EU and in multilateral organizations, which are based on universal values and rule of law. A well-coordinated China policy among these countries will help emphasize democratic values in the UN and other multilateral arenas.

## *Enhance Ties with India, South Korea, and Southeast Asia*

India is a democracy and a Quad member. This is extremely important for future policy coordination regarding a rising China. However, as a regional power, India has its own independent foreign policy. As for South Korea, a key U.S. ally, China has a great deal of influence in the country from a historical and geopolitical point of view. Although their geopolitical environments are different, India and South Korea also do not want to be involved in the U.S.-China power competition and be treated as a bargaining chip in the U.S. policy toward China. Sheer emphasis on the liberal international order might not work in the same way as it may with major European countries, thus requiring an approach that fits more effectively to each country.

Southeast Asian countries, which are smaller in terms of national power than China, do not want to take a confrontational approach to China. The universal value approach also may not work. However, many Southeast Asian countries are more democratic than China today, and some even have growing civil societies. Many of them do not welcome China's overwhelming presence and want to balance it by strengthening relations with the United States and Japan. From their viewpoints, China has always had a presence, while historically the U.S. presence has fluctuated. It is therefore necessary to strengthen the U.S. presence in Southeast Asia, including U.S. attendance of major diplomatic occasions such as the East Asia Summit.

## *Cool Down Chinese Nationalism and Separate Chinese Society from its Leadership*

China tends to understand that the United States' confrontational attitude originates from a competition for hegemony. Although today's U.S.-China tensions have some aspects of hegemonic competition, China does not fully understand why other Western countries are also worried about China's recent actions. There is a large gap between what the United States and other democracies see in China and how China perceives itself.<sup>39</sup> Xi Jinping's assertive foreign policy may not change soon. However, the Trump administration's bold anti-China policy has triggered Chinese nationalism and weakened the reasonable voices of liberal forces within China. When criticizing China, separating China's specific policy and China itself might help reduce unnecessary anti-U.S. or anti-Japanese sentiment. While maintaining a strict attitude towards those of China's policies that are inconsistent with universal values and rule of law, it is

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<sup>39</sup> Paul Haenle, "The United States and China See Things Differently: Can They Reach an Understanding?" Carnegie-Tsinghua, Center for Global Policy, *Commentary*, December 18, 2019, <https://carnegietsinghua.org/2019/12/18/united-states-and-china-see-things-differently.-can-they-reach-understanding-pub-80626>.



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necessary to work on Chinese society by emphasizing the free and open nature of democratic society, which people in today's China do not enjoy. In doing so, in the long term, domestic support for the current administration is expected to be milder.

## **Conclusion**

Mainstream international relations theories assume that states act like physical objects. Sino-Japanese relations are much more intricate and are heavily influenced by how each country perceives the other. Since China is now a major power, it is difficult for Japan to constrain China's actions from the perspective of traditional power competition in bilateral relations. A long-term and stable relationship with China is required, but it largely depends on Chinese action. In that sense, looking at Sino-Japanese relations, China is the independent variable and Japan is the dependent variable. Under such circumstances, Japan continues to compete in an asymmetrical manner. In the past, the conflict between Japan and China was thought to be due to a special relationship between the two countries, involving historical and territorial issues, which are issues that still remain. Japan is located on the frontline of the rise of China, and there has been a keen awareness of China's problems due to its geopolitical and historical proximity. However, as China goes global and its presence and activities overshadow the world, other democratic nations are facing problems that Japan has already experienced, to varying degrees. There is now an expanding common ground among like-minded democratic nations to more strongly support the liberal international order. China's authoritarian turn under Xi Jinping has accelerated this trend. Under current circumstances, China, in the near future, will not likely change its foreign policies or return to cooperation, as Deng Xiaoping had suggested. Views and measures that could be taken by each country might continue to differ, even among established democratic nations. Frequent communication and flexibility, as well as firm strategies, are needed. Currently, there is a growing awareness among established democracies that they need to increasingly protect the liberal international order.