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# SINO-JAPANESE RIVALRY AND ITS IMPLICATIONS FOR DEVELOPING NATIONS

\_\_\_\_\_ June Teufel Dreyer  
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## Abstract

The PRC's larger size, rapid economic development, and greater international assertiveness would seem to give China a clear edge over Japan. Yet, Beijing's frequently heavy-handed diplomacy and steadily rising defense budgets concern many of its neighbors. While most states are publicly deferential to the PRC's wishes, they have quietly taken steps to accommodate Japan as well.

Keywords: China-Japan rivalry, Angarsk pipeline, ASEAN, Yasukuni Shrine, Article 9

## The Nature of the Sino-Japanese Rivalry

Perhaps recalling the traditional Chinese wisdom that a mountain does not accommodate two tigers, Singapore's then-Senior Minister Lee Kwan Yew reminded a 1997 gathering of the Institute of International Strategic Studies (IISS) that "this region has never at the same time experienced both a strong China and a strong Japan."<sup>1</sup> In an entirely different context, a Filipino observer commented that

. . . it is fascinating, even from a distance, to watch China and Japan jockey for the esteem of their Asian neighbors. We hear from them that this is just a friendly rivalry, a "win-win" rather than a "zero-sum" game, in the tiresome clichés of trade diplomacy.

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1. Speech by then-Senior Minister Lee Kuan Yew to the IISS Conference, Hotel Shangri-La, Singapore, September 12, 1997. I am indebted to Mr. William Whaley of IISS for providing me with a copy of the speech in its entirety.

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But if history is any guide, it would be hard to believe that both are not keeping score and seeking an edge.<sup>2</sup>

Indeed, for all the platitudes from both sides about working together for the common good, it would be surprising if Japan were not concerned with developments in the People's Republic of China (PRC). China's rapid economic growth contrasts sharply with 15 straight years of stagnation in Japan. China's military, the People's Liberation Army, has regularly received double-digit increases in its budget since 1989, even as defense budgets in much of the rest of the world were being drastically cut because the Cold War had ended. Article 9 of the Japanese Constitution forbids Japan's military, euphemistically called the Self-Defense Force, from the use of force to settle international disputes.

Symbolic of this slide from the mountaintop of international prestige, in 2003 Japan was displaced by China as the world's second largest consumer of oil.<sup>3</sup> The same year, China successfully sent an astronaut into orbit; in painful contrast, a Japanese launch of two spy satellites had had to be aborted only a few weeks before. Japanese sources described this failure as a significant setback to the establishment of a system to monitor ballistic missile launches. Although Japan's publicly stated concern was missiles launched from North Korea, this new capacity would have also provided protection from missiles launched from China. A respected Hong Kong magazine noted that Chinese influence was displacing Japan, as well as its U.S. ally, in the South Pacific.<sup>4</sup> And a major Japanese newspaper traditionally friendly to the PRC complained that Japan's diplomatic presence in Southeast Asia had never been weaker, whereas the PRC's was rapidly expanding. Worryingly, the paper's correspondent noted, the Association of Southeast Asian Nations (ASEAN) had been responding favorably to overtures from Beijing.<sup>5</sup>

Japan's position seemed to be eroding in South Asia as well. In 2004, China displaced Japan as India's largest trading partner in Northeast Asia; sources at the influential Confederation of Indian Industries said that the PRC could one day become India's largest trading partner, surpassing the current leaders, the U.S., Mauritius, and Singapore.<sup>6</sup> The PRC's influence has been increasing in the South Pacific as well.

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2. Eduardo Lachica, "Rising to the Chinese Challenge," *South China Morning Post* (Hong Kong), December 11, 2003.

3. For comparative figures, see <[http://www.nationmaster.com/graph/ene\\_oil\\_con-energy-oil-consumption](http://www.nationmaster.com/graph/ene_oil_con-energy-oil-consumption)>.

4. Bertil Lintner, "A New Battle for the Pacific," *Far Eastern Economic Review*, August 5, 2004, pp. 30–31.

5. Editorial, "Japan's Asian Diplomacy: Tokyo Should Further Strengthen Ties," *Asahi Shimbun* (Asahi News), October 6, 2003.

6. Pranay Gupta, "Business Talks—For India and China," *Straits Times* (Singapore), August 7, 2004.

The PRC has also greatly expanded its presence in Latin America. In May 2004, China became the newest permanent observer to the Organization of American States. That November President Hu Jintao attended the Asia-Pacific Economic Cooperation (APEC) summit in Santiago and visited several countries in the area. Stressing the “win-win” nature of Sino-Latin American relations, Hu persuaded Argentina, Brazil, and Chile to extend market economy status (MES) to Beijing. As many Latin American commercial interests noted with dismay, this would make it more difficult to bring anti-dumping suits against the PRC in the World Trade Organization. Given the many non-market aspects of the PRC’s economy—that led both Europe and the United States to deny China MES—there can be little doubt that this decision was made almost exclusively on the basis of China’s growing political and economic influence.

### China’s Issues with Japan

Some Chinese regard Japan as a declining power with waning economic strength and an aging population—conveniently ignoring the fact that the Chinese population too is aging and that the PRC has far less secure pension and health plans to provide a social safety net for its senior citizens. But the perspective plainly worries a significant number of Japanese. Their concerns about loss of power and influence occur alongside ongoing tensions between the two countries on issues ranging from historical distrust, disrespectful behavior, misunderstandings, and insensitive official remarks to differing territorial claims and diplomatic maneuverings. During the years 2003–05, these incidents included but were not confined to the following:

- a poison gas leak in the northeast Chinese city of Qiqihar in August 2003 that left one person dead and 43 injured. The leak was traced to Japanese chemical weapons abandoned in the area after World War Two.
- in a recurring theme, the appearance of new textbooks in Japan in 2004 that slighted Japan’s brutality toward its Asian neighbors during World War Two. In early April 2005, Japan’s Education Ministry approved a junior high school history textbook that mentioned the issue of wartime sex slaves in simplified terms, touching off a month of demonstrations in several Chinese cities. Cars were burned; the Japanese embassy and consulates, vandalized; and businesses believed to be owned by Japanese, trashed and looted.
- the continuation of visits by Japanese Prime Minister Junichiro Koizumi and other Cabinet members to the Yasukuni Jinja, a Shinto shrine dedicated to the memory of Japan’s war dead. Since these include the remains of World War Two Class A war criminals, the Chinese government interprets this as paying homage to them and valorizing their cruelties toward China. In May 2005, President Hu Jintao indicated that further visits by Japanese leaders to Yasukuni, whether made in an official or private capacity, would damage ties “in an instant,” prompting Koizumi to aver that he would continue to go there. Chinese Vice Premier Wu Yi abruptly canceled her meeting with Koizumi and returned home.

- a sex orgy the following month in Zhuhai, southeastern China, involving 288 Japanese men on a company outing and 500 Chinese prostitutes. Chinese nationalist feelings were intensified by the fact that the debauchery took place on the anniversary of the Mukden Incident that began Japan's aggression in Manchuria in 1931. Chinese officials demanded that Japan hand over three individuals for prosecution; Japanese authorities replied that in the absence of an extradition treaty between the two states, there was no legal basis for such an action.
- an "indecent" performance, a few weeks later, by three Japanese students in Sichuan Province. Although the students maintained that the sign in their skit, intended to be funny, had been misinterpreted to read "look down on China," the students and a Japanese teacher were expelled from the country in the ensuing outburst of nationalist indignation.
- in April 2004, preparation and serving, at a Japanese-owned restaurant in Kunming of a special meal deriving from an ancient court feast, the *nyotai mori* (lit., female body presentation, often rendered as "body sushi"), in which sushi was served on the body of nearly naked women. In this case, the women were Chinese, which patriots took as a deliberate insult.
- permission from the Japanese government for Tibet's exiled leader, the Dalai Lama, to visit in November 2003. The Chinese leadership has accused the Dalai Lama of fostering separatism and "splittism"; it has warned other countries against allowing him to enter their territories.
- ongoing clashes over territorial waters and the ownership of the Spratly and Diaoyu/Senkaku Islands.
- anger at ongoing efforts by Japan to develop defenses against ballistic missile attacks, in cooperation with the United States and, perhaps, Taiwan. Chinese media have coupled these moves with the shrine visits, interpreting both actions as evidence of the Japanese leadership's plans to remilitarize and dominate Asia along the lines of Japan's World War Two behavior.
- Japan's gradual strengthening of its role as a U.S. ally in preventing China from forcibly seizing Taiwan. In February 2005, Tokyo and Washington issued a joint security statement declaring a peaceful Taiwan Strait to be among their common strategic objectives.

In recent years, Japanese politicians have continued to say things that angered patriotic Chinese. Salient among a number of these were the following:

- a. Liberal Democratic Party (LDP) Diet member Takashi Eto's remarks terming the Chinese *daisangokujin*, "Third Worlders," and disputing the number of casualties Japan inflicted on China during the Rape of Nanjing in 1937. Other politicians before Eto had expressed the same thoughts, sparking similar adverse reactions.
- b. Tokyo Governor Shintaro Ishihara's statement, as Chinese patriots were celebrating their country's successful manned space launch, that the Chinese were "ignorant," their spaceship was outdated, and that if Japan had wished to have a launch, it could do so within a year.<sup>7</sup>

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7. "Ishihara Calls Chinese 'Ignorant' Re Space Flight," *Yomiuri Shimbun* (Yomiuri News), November 3, 2003.

- c. LDP Diet member Ichita Yamamoto's referring to China as a *yamataoorochi*, a mythical eight-headed, eight-tailed dragon who was reputed to attack a village each year to eat one of its female children.

### Japan's Issues with China

Japanese concerns with China were the mirror image of China's concerns with Japan. Taking note of China's repeated complaints about other countries' commenting on its sovereign right to do what it wants within its own territories, Japanese commentators countered that Japan, too, is a sovereign state. As such, it can issue invitations to whomever it deems appropriate. Because a large number of Japanese are Buddhists, this certainly includes the Dalai Lama, whose unswerving commitment to pacifism and nonviolence was an important factor in his being awarded the Nobel Peace Prize a decade ago. While there is disagreement even within Japan regarding the appropriateness of official visits to the Yasukuni Jinja—some believe it may violate the constitutional separation between church and state—the shrine clearly honors all Japanese who have fallen in battle anywhere, not just those of World War Two. Many Japanese disagree with the judgment that designated some of these fallen as war criminals, feeling that the victors in World War Two were motivated by a desire for revenge rather than justice. Hence, the victors condemned military leaders for performing the duties that the social system of the era had instilled in them. The overwhelming majority of the current Japanese population was born after World War Two and sees no reason to feel guilty for deeds they had no part in.<sup>8</sup> Repeated Chinese statements that Japan has shown insufficient remorse strike many Japanese as disingenuous attempts at humiliating their country as well as thinly disguised attempts to extort aid and other concessions from the Tokyo government.

The Japanese government has apologized for the poison gas incident in Qiqihar and paid compensation to the victims. Japanese point out that the Diaoyu Islands, known to them as the Senkaku Islands, were under Japanese jurisdiction before and during World War Two. Occupied by the United States after the war ended, the Senkakus were returned to Japanese administration decades ago. Worrisomely, whereas PRC authorities had not previously overtly supported the efforts of Chinese, including persons from Hong Kong and Taiwan, to re-take the islands, an effort to do so in April 2004 seemed to have government support. The "invasion" boats were launched from Xiamen, in Fujian Province, and, as one mainland activist stated, "We are going in the same direction as the government. They are not openly supporting us, but it's one

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8. According to polls, this is the majority view. However, some Japanese are horrified and apologetic when they learn what their country did during the war and do, apparently, feel guilt. See, e.g., "One Japanese on a Quest of Atonement: A Tour of Horror Sites in China Is a History Lesson for Visitors," *New York Times*, September 5, 2004, p. 14.

eye opened, one eye closed.”<sup>9</sup> After Japanese police apprehended the intruders, Chinese mobs surrounded the Japanese embassy in Beijing, burning a Japanese flag. Japanese apprehensions increased when, that November, a Chinese submarine entered waters near Okinawa, prompting the Tokyo government to order the Maritime Self-Defense Force to take security action for only the second time in its history.

As for the PRC’s objections to Japan’s acquisition of ballistic missile defense systems, these weapons are, by definition, defensive. Hence, many Japanese suspect that China may harbor plans to attack. Toward the end of 2003, a Chinese spy was apprehended in Hyogo Prefecture when he attempted to acquire unspecified, cutting-edge technology with military applications.<sup>10</sup>

Japanese public opinion is typically embarrassed when the country’s politicians make insensitive remarks. But Japanese are also aware that Chinese nationals have committed a disproportionate number of crimes in their country. Shooting incidents between Chinese gangs in Tokyo’s Shinjuku District are common enough to have become the basis for film and television plots. In spring 2004, a family of four in the southern prefecture of Fukuoka was robbed and brutally murdered by Chinese students in Japan.<sup>11</sup> Illegal immigrants and visitors who overstay their visas are also disproportionately Chinese.

The treatment of Japanese in China also bears closer examination. With regard to the orgy, it is well known that prostitution, though illegal, is common in China. In the highly corrupt culture that evolved as an unintended by-product of Deng Xiaoping’s economic reforms, the profits from this publicly proscribed profession form an important part of the revenues of municipalities and the income of officials.<sup>12</sup> That this particular instance occurred on the September 18 anniversary of the Mukden Incident of 1931 was almost certainly accidental. With regard to charges that the skit in Sichuan was obscene and insulting, most Japanese accept their expelled students’ explanation that it was an innocent effort at humor that went wrong. In any case, they point out, there was no excuse for groups of Chinese to threaten anyone suspected of being Japanese.

An even more troublesome incident that occurred with far less provocation was the mob violence that accompanied a series of soccer matches in several Chinese cities in late summer 2004. Chinese spectators booed loudly when the Japanese national anthem was played and threw garbage at players and the few

9. Charmaine Chan, “Territorial Rites,” *South China Morning Post*, April 23, 2004; see also Michael Richardson, “The Treasure Islands of Southeast Asia,” *ibid.*, May 28, 2004.

10. “Chinese Man Suspected of Spying on Cutting Edge Technology in Japan,” *Sankei Shimbun* (Sankei News), November 11, 2003.

11. “Chinese Admit to Slaying of Family,” *Asahi Shimbun*, March 24, 2004.

12. Bin Yu, “Leave No Chances Whatsoever for Underworld and Vicious Forces to Grow Strong in China, Roundup on the Ministry of Public Security’s Specialized Campaign to Strike the Underworld and Eliminate the Vicious,” *Liaowang*, June 30, 2003, no. 26, pp. 9–13, trans. in Foreign Broadcast Information Service (FBIS), CPP20030711000062.

Japanese fans who turned out to watch the games. Internet groups threatened violence. After the final, which the Japanese team won, players and fans had to be escorted from the stadium by police and taken to their hotels, from which they dared not venture out.

Recent surveys indicate more Japanese believe that relations with China are bad or very bad than think they are good or very good, 31.5% versus 28.4%, respectively, with the remainder either not answering or declaring themselves unable to judge. Comparable polling data from China are lacking, although one survey of the PRC's Internet users found that 93.1% expressed dislike of Japan.<sup>13</sup> This is apt to be a skewed sample, but there is no doubt that large numbers of Chinese hold a negative image of Japanese.

### Competition for Oil Resources

This level of Sino-Japanese hostility over such a wide range of issues would seem to give developing countries an opportunity to play one side against the other to their benefit. Indeed, this has happened with regard to competition over access to Russian oil resources. With Japan almost completely dependent on imported sources of energy and the PRC, although an important producer of oil, also dependent on imports to sustain current rates of growth, the two countries are unavoidably in competition with each other. Initially, China proposed a pipeline from Angarsk in Siberia to Daqing in northeast China, where the oil would be refined and distributed to the PRC's energy-hungry factories. Japan advocated a route from Angarsk to Nakhodka, on the Japan Sea, from which point tankers could bring the petroleum to Japanese ports. Russian President Vladimir Putin deftly played one side against the other, even ordering the arrest on tax fraud charges of the head of the company that had favored the Chinese proposal. The individual was subsequently sentenced to a lengthy prison term. In the end, the Japanese side appeared to have won, but by paying more than it otherwise would have needed to. Amid an angry outburst, the official Chinese news weekly *Beijing Review* described the process as follows:

In 1994, Russian Yukos Oil Corporation put forward the motion of constructing China-Russia crude oil pipelines. In September 2001, China and Russia signed a general agreement on a Sino-Russian pipeline feasibility study. In the following two years, the two sides accomplished the technical aspects. . . . However, just at the moment when the building of the Angarsk-Daqing Route was expected to start, Japan, who [sic] is in dire need of oil, suddenly intervened. . . . Russia's Transneft . . . Company proposed the so-called Angarsk-Nakhodka Route. Japan, aiming to win in the competition with China, began a campaign aimed at Russia on political, economic, media, nongovernmental, and other levels to press home [its proposal]. . . .

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13. Brad Glosserman, "Familiarity Breeds Contempt," *South China Morning Post*, September 22, 2004.



Japan promised to offer “high-sum subscriptions and gifts” worth \$14.5 billion. In addition, Japan agreed to invest \$8 billion in the oil and natural gas projects of . . . Russia’s Far East. . . . At that time, the Angarsk-Daqing pipeline was actually wound up. In February 2004, . . . Putin claimed . . . that the Angarsk-Daqing Route was an issue with strategic significance, which implied that the Russian Government had chosen the oil pipeline route leading to the Pacific Ocean. . . . Transneft came up with a new route plan in March 2004, and the outline of the Taishet [author’s note: a city north of Angarsk]-Nakhodka Route appeared for the first time.<sup>14</sup>

So blunt a critique is unusual from the normally bland *Beijing Review*, whose correspondent stops just short of accusing Japan of having bribed its path to victory. Note also that the author attributes not just money but strategic motives to Putin, strongly hinting that the Russian president wishes to constrain Chinese development.

Trying to maximize Russia’s advantage, Moscow later raised the possibility of running a spur from the pipeline to China. Tokyo immediately threatened to withdraw its offer to help finance the venture. Notwithstanding the gruff rejoinder from Transneft vice president Sergei Grigoriyev that no one would decide the destination of a line built within Russian territory, current plans are for Russia to supply China with oil via truck and rail.<sup>15</sup> Opening a new phase in the ongoing competition, in late September 2005 Moscow and Beijing began negotiations for a gas pipeline between the two countries. In March 2006, Putin agreed to build two natural gas pipelines to the PRC, though skeptics noted that at best these could not become operational until 2010 and also that there was a tendency for pipelines to turn into pipedreams.<sup>16</sup>

Southeast Asia also became a focus of competition between China and Japan. As early as 1991, Chinese diplomatic efforts secured an invitation for then-Foreign Minister Qian Qichen to attend the yearly meeting of ASEAN foreign ministers. In 1994, the group agreed to accept China as a “consultative dialogue partner” and two years later, as a full partner. In 2001, then-Premier Zhu Rongji suggested a free trade agreement with ASEAN, to be implemented over the next decade, trumping a less-generous offer from Tokyo that would have continued to protect Japan’s own agricultural sector. In 2002, China signed a code of conduct for territorial claimants in the South China Sea and the following year concluded with ASEAN a Treaty of Amity and Cooperation that,

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14. See Feng Yujun, “Russia’s Oil Pipeline Saga,” *Beijing Review*, July 29, 2004, pp. 10–13, quote on p. 13.

15. Isabel Gorst and David Pilling, “Tokyo Threatens to Withdraw from \$11 Billion Oil Pipeline,” *Financial Times*, April 30, p. 8; “Russia Reconstructs Oil Tank Farm for Far East, China,” *Itar-Tass*, October 6, 2005.

16. Shi Jiangtao, “Russia to Boost Flow of Energy to China,” *South China Morning Post*, March 22, 2006; Tracy Quek, “Russia to Build Two New Gas Pipelines to China,” *Straits Times*, March 22, 2006; “Moscow Still Wary Despite Closer Ties,” *Reuters*, March 24, 2006.

among other things, agreed to accelerate efforts to unify their markets and resolve any conflicts through dialogue. Documents presented to the meeting indicated that China-ASEAN trade grew by an average of 25.7% annually between 1993 and 2001. The two sides also established a strategic partnership.<sup>17</sup>

China and Japan were again at odds in a 2005 meeting to discuss the formation of an East Asian community. Beijing sought to limit participation to the 10 ASEAN states plus Japan, South Korea, and itself. Japan strongly advocated adding India and Australia, with roles for the United States and Russia as well. China argued that the larger grouping would be unwieldy; Japan pointed to the important roles played by the economies of the additional members. There were strong overtones that China felt it could more easily dominate a smaller group and that Japan wanted a larger group for precisely that reason.

### Chinese and Japanese Foreign Aid

While scarcely in head-to-head competition for the hearts and minds of their Asian neighbors, both China and Japan have sought to use foreign aid to enhance their access to those countries' markets and raw materials. China has as well sought their support for, or at least acquiescence to, its foreign policy positions. The PRC does not make public comprehensive data on its foreign aid programs. A query to the Chinese embassy in Washington on where to find statistics on PRC foreign aid produced the comment that the PRC does not keep such figures and the suggestion that the questioner consult the archives of the official Xinhua News Agency. According to a non-official source,

... since the beginning of this century, communist China's economic aid to developing countries of the Third World has reached 15 billion yuan [US\$1.82 billion at the then-official exchange rate of 8.2765 to the dollar] annually. Annual aid to the DPRK [Democratic People's Republic of Korea] has amounted to 5 to 6 billion yuan [\$604–725 million]. The aid to Africa in commodities, technology, medical service, and others has annually totaled 4 billion yuan [\$483.3 million]. In the late 1990s of the last century, China's annual foreign aid reached 11 to 12.5 billion yuan [\$91 million–\$1.3 billion].<sup>18</sup>

What is available from infrequent and generally country-specific reports by Xinhua and other government sources indicates that the bulk of Chinese aid to developing countries has taken the form of emergency supplies after natural disasters such as floods and typhoons, plus construction of large sports stadiums

17. "ASEAN, China Forge Strategic Partnership for Peace, Prosperity," Xinhua (Beijing), October 8, 2003; "China Signs Accords on Friendship, Trade Talks," *South China Morning Post*, October 8, 2003.

18. Han Chiao, "China's Annual Foreign Aid Reaches 15 Billion Yuan," *Cheng Ming* (Hong Kong), August 1, 2004, p. 17, trans. FBIS, CPP20040811000060.

that are virtually identical from one developing country to the next. Recently, aid has shifted to funding infrastructure projects, often with direct relevance to trade with the PRC. Other funds are allocated for specific purposes. For example, Nepal recently received grants for laying optical fiber from Tibet to Kathmandu and to construct a ring road around the capital.<sup>19</sup> In October 2004, China expressed its willingness to make greater contributions to poverty reduction in the world at large and Latin America in particular.

The PRC's aid allocations appear to be made irrespective of human rights abuses in recipient countries. In the case of Sudan, the China National Petroleum Corporation provided much of the investment for a pipeline from the central part of that oil-rich African state to an export terminal on the Red Sea. International human rights organizations, foreign aid donors, and U.N. agencies have accused the Sudanese government of using oil revenues to buy arms from China and elsewhere in order to silence its critics and perpetuate widespread abuses, including the slave trade and the massacre of civilians. A Zimbabwe newspaper reported that China had provided money to build a mansion for that country's far from exemplary president, Robert Mugabe. Beijing had also provided him with a multimillion dollar "security radar" system. Amid the poverty of the majority of Zimbabwe's citizens and the country's many pressing health, educational, and infrastructural needs, Mugabe's detractors criticized these expenditures on such extravagances.<sup>20</sup>

In contrast to Beijing's less than transparent and apparently rather ad hoc foreign aid, Tokyo maintains a full-service program that recently celebrated its fiftieth anniversary. The 2004 White Paper for Japan's Official Development Assistance (ODA) program notes that \$221 billion was extended to 185 countries and territories during this period. For the decade prior to 2001, Tokyo was the world's largest disperser of foreign aid. Current totals are nearly US\$10 billion annually, putting Japan in second place after the United States. Until the Japanese government's 2005 decision to phase out ODA to China, reinstated in mid-2006 at an unspecified amount, the PRC was the world's largest recipient of Japanese aid.<sup>21</sup> In addition to feeling that China's rapidly growing economy negated the need for aid, Japanese were incensed at the February 2005 revelation that Beijing had used a \$120 million ODA grant that could enable it to exploit reserves in an area of the East China Sea that Japan claims.<sup>22</sup>

19. "Chinese Assistance for Four Projects in Nepal," *Nepal News* (Kathmandu), August 17, 2004, <[www.nepalnews.com.np/archive/2004/aug/arc\\_aug04\\_22.htm#2](http://www.nepalnews.com.np/archive/2004/aug/arc_aug04_22.htm#2)>.

20. "Mugabe Installs State-of-the-Art Radar at Rural Home: Linked to Gadgets at President's Mansion," *ZW News* [Zimbabwe], September 9, 2004, <[www.zwnews.com/print.cfm?ArticleID=10089](http://www.zwnews.com/print.cfm?ArticleID=10089)>.

21. "Tokyo Clears New Loans for China," Reuters, June 7, 2006.

22. "Government Funded Pipeline for China," *Yomiuri Shimbun*, February 25, 2005, <[www.yomiuri.co.jp/newse/20050225wo42.htm](http://www.yomiuri.co.jp/newse/20050225wo42.htm)>.

Because Chinese tend to view ODA less as aid than as reparations for Japan's conduct during World War Two, this revelation added yet another issue to the smoldering pile of grievances between the two countries.

The ODA's charter prohibits its funds from being used for military purposes. ODA officials are required to monitor military expenditures in recipient countries as well as their performance in providing basic human rights and democratization. It can be assumed that both the Chinese and Japanese foreign aid programs have the respective best interests of the donor nation in mind, but Japan's aid aims at strengthening broader values like peace and democracy, while China's seeks to reinforce behavior favorable to Beijing's more immediate material and geopolitical concerns.

Observers saw Sino-Japanese rivalry in the reaction of each country to the tsunami disaster of late December 2004: China initially offered slightly over \$2 million, then raised it to \$63 million after Taiwan offered much more. A day later, Japan announced a \$500 million package. Interestingly, according to Singapore's normally strongly pro-Beijing *Straits Times*, the fact that the aid was delivered by Japan's Self-Defense Force did not provoke negative reactions in Asia, even among the Southeast Asian states that have very bad memories of their treatment by Japan during World War Two.<sup>23</sup> Some observers saw Japan's generosity as motivated in part by a desire to win support for its bid for a permanent seat on the U.N. Security Council, which Beijing strongly opposes. A similar motive was imputed to Tokyo's April 2005 announcement that it would double ODA assistance to Africa. While Japan appeared to be making progress in winning votes, its 2005 bid was thwarted by a coalition of the U.S., China, and the African Union, which argued that the specific proposal—adding India, Japan, Germany, and Brazil as a group—would prove too divisive. The issue will doubtless be revisited in future years.

### China's Relations with Developing Countries

The impressive diplomatic gains for the PRC notwithstanding, not all is well between China and its neighbors. North and South Koreans, normally at loggerheads over nearly everything, reacted in angry harmony after no less than five papers published by the PRC's Northeast Asia Project asserted that the ancient kingdom of Koguryo was a minority kingdom of Northeast China and Han Chinese in origin. The Koreans regard Koguryo as one of the three kingdoms that provided the genesis of the modern Korean state.<sup>24</sup> Feelings ran so

23. William Choong, "Japan's Defense Shift: A Drive for Respect . . . or More?" *Straits Times*, January 29, 2005, <<http://straitstimes.asia1.com.sg/sub/story/0,5578,298196,00.html?>>.

24. "Koreas Jointly Counter Chinese Moves to Lay Claims to Ancient Koguryo Kingdom," *Yonhap*, February 22, 2004.

high that despite the long-standing animosity between Korea and Japan, Korean spectators cheered the Japanese side during the above-mentioned Sino-Japanese soccer match.

Other incidents reflected tensions between China and its neighbors:

- the PRC's sharp criticism of Singaporean leader Lee Hsien Loong for visiting Taiwan just before he took over as prime minister prompted angry outbursts from Singaporeans that their country could not be "bullied into kowtow politics."<sup>25</sup>
- several of China's neighbors have complained about water management issues. The government of Kazakhstan has repeatedly protested China's construction of canals on the Irtysh and Ili Rivers, saying this has resulted in constant water shortages. PRC spokespersons have replied, irrelevantly, that the canals are for irrigation purposes only. India has similarly complained about the Chinese damming of the Brahmaputra River, called the Yarlung Tsangpo in China; New Delhi argues that this effort will hurt the ecological balance of the Himalayan region. In late summer 2004, the PRC warned Indian authorities that the huge lake formed by a dam in Tibet might inundate the plain below with the force of a tidal wave. However, despite issuing markedly contradictory reports on the condition of the dam, China refused to grant entry permits to allow Indian experts to make an independent assessment of potential damage. Because of the lake's high altitude, it froze over in mid-September, diminishing the danger until the spring thaw occurs in April. Unfortunately, the anticipated flood occurred in June 2005, with the Chinese side subsequently revealing that the instrumentation it had set up to monitor water levels had not functioned since the previous December. Several thousand people were displaced from their homes, six bridges washed out, and the economy sustained millions of dollars in crop damages and lost revenues to the area's tourist industry.<sup>26</sup>

Chinese dams are also blamed for the waters of the Mekong River (known as the Lancang in the PRC) being at an all-time low. The PRC side counters that this is because there has been less rainfall recently; neutral sources say that proof of the dams' culpability has yet to be scientifically confirmed. Nonetheless, anti-Chinese sentiment is particularly strong in north Thailand, where villagers have organized to try to stop a Beijing-led navigation scheme on the Mekong.

Chinese demand for timber and wood pulp is wreaking ecological disaster in Indonesia and elsewhere in Asia. After devastating floods on the Yangtze River in 1998 killed 3,600 people, the PRC government imposed a nationwide ban on logging in natural forests, thereby increasing its need for imported timber. Much, but not all, of this timber is illegally harvested.

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25. Comment from a series of letters to the editor under headline "No Way to Treat an Old Friend Like Singapore," *Straits Times*, July 16, 2004. The phrase is from Paul Wee Kian Nghee's contribution.

26. Ranjit Devra, Chinese Lake Threat: Flood of Questions," *Himalayan Times* (Kathmandu), July 1, 2005, <[www.thehimalayantimes.com/fullstory.asp?filename=aEUata0sdqzpea7Va0va.awaxamal&folder](http://www.thehimalayantimes.com/fullstory.asp?filename=aEUata0sdqzpea7Va0va.awaxamal&folder)>.

*Immigration Issues*

Chinese immigration into countries that trade with the PRC has periodically raised widespread fears that an increased Chinese presence may change the ethnic and cultural composition of the areas in question, in ways inimical to the original inhabitants' wishes. Some observers believe the immigrants could serve as a wedge, opening the door to Beijing's domination. A paper published in Dushanbe warned that construction of a road to link Tajikistan with China could pose a demographic and economic threat to the former. The paper saw Chinese settlements as a "more dangerous threat than war" and charged that the immigrants' role in international drug trafficking "is not minor."<sup>27</sup> Kazakhs have expressed concern that Chinese settlers, who include 3,000 recently arrived farmers, will be used by the Beijing government as a lever of influence. There are complaints about the uncontrolled inflow of Chinese traders and goods to urban areas; visitors to Kazakhstan's former capital and largest city, Almaty, say it has become "a Chinese town." There are similar concerns in Mongolia and in Russia. According to a 2002 census, the Chinese population of Russia has grown from a few thousand in 1989 to 3.26 million.<sup>28</sup> Most live in the Russian Far East, where there are only 6.7 million ethnic Russians. There are complaints that the inhabitants remit most of their earnings back to China, that they are the least law-abiding group in the area, and that, in the words of one police official, "if we gave them half a chance, they'd disappear like salt into water."<sup>29</sup> Nevertheless, the Russian population has become dependent on the inexpensive goods and other services that the Chinese supply. There are concerns within ASEAN that China will overwhelm the area economically as well as divert to itself investment and trade that the Southeast Asian nations need for their development. In Burma, a wave of commercially motivated immigration has raised the price of real estate beyond the reach of most Burmese and rekindled anti-Chinese sentiment. According to a knowledgeable source, it is not impossible that the anti-Chinese riots that beset Yangon in 1967 may be repeated.<sup>30</sup>

African states, too, are concerned that their economies might fall prey to China's. In a special issue entitled "China: Dire Threat or Dynamic Partner?" the journal of the South African Institute of International Affairs warned that

27. Burhonov, "SOS: China Is Advancing," *Neru-i-Sukhan* (Dushanbe), April 29, 2004, translated in FBIS, CEP20040506000387.

28. Marat Yermukanov, "Strategic Pipeline Accord Masks Tension in Other Areas," *Eurasia Daily Monitor*, 29:39, June 24, 2004, p. 1.

29. Agence France-Presse (Vladivostok), January 27, 2004; "Tougher Visa Restrictions Set to Squeeze Chinese Workers out of Russia's Far East," *South China Morning Post*, February 12, 2003; Larry Teo, "Beijing Fears Loss of Vital Russian Oil Pipeline Deal," *Straits Times*, January 25, 2003.

30. Bertil Lintner, "Diasporas in China's Security Strategy," paper presented to the International Workshop of Ethnic Minorities and Great Power Strategies in Asia, Asia-Pacific Center for Security Studies, Honolulu, October 13, 2004.

“a passive policy that looks no further than feeding China’s appetite for raw materials contains grave dangers. . . . Its growing manufacturing prowess is a direct threat to Africa.”<sup>31</sup>

Latin American states are similarly concerned. Noting that the PRC sees them primarily as sources of raw material, they argue that their governments will have to fight for a more equal trade flow relationship. The export of products with which Brazil, for example, has had some success—shoes, toys, chemicals, and car parts—is being adversely affected. According to the *New York Times*, Brazil’s industrial federation criticized its government’s decision to grant MES to the PRC because it “puts Brazilian industry in a vulnerable position” and will bring “prejudicial consequences to various industrial sectors.” There are also concerns about the environmental effect of several infrastructure projects being funded by China.<sup>32</sup>

While many Latin American and Caribbean states have lost jobs to China, the situation is particularly acute in Mexico. It is estimated that from 2001, when the PRC formally joined the World Trade Organization, to 2003, Mexico lost more than 200,000 clothing, textile, and other factory jobs to China. Responding to concerns that the PRC’s workers were constrained from asserting their rights to better wages and collective bargaining, President Vicente Fox has publicly accused China of “solving its domestic unemployment by means of authoritarian and undemocratic policy.”<sup>33</sup>

### *Regional Diplomacy*

Such concerns are absent when Japan is the subject. Though it is likely that comparable fears existed two decades ago, China’s far larger size and much lower labor costs make it a more formidable competitor than Japan. The Beijing leadership, while unwilling to cede the substance of its territorial and other claims, has made efforts to soothe its neighbors’ concerns. Attending a meeting of ASEAN ministers in spring 2004, Premier Wen Jiabao described China as a “friendly elephant.” The PRC wanted no more than its place in the sun and to reclaim its historical position in Asia. China’s emerging economy posed no threat, Wen averred. Quite to the contrary, the PRC’s development would have a positive effect on the whole region.<sup>34</sup>

At another ASEAN forum held a few months later, a vice president of the Chinese Academy of International Trade and Economic Cooperation held forth

31. See eAfrica, February 2005, at <[www.saliia.org.za](http://www.saliia.org.za)>, quote on p. 1.

32. Larry Rohter, “China Widens Economic Role in Latin America,” *New York Times*, November 20, 2004, A6.

33. Neil Kuo, “Blame Partner for Rising Unemployment: China and Mexico Relations in Troubled Waters,” *China Times* (Taipei), August 9, 2004, p. A10.

34. Jason Leow, “Wen Spells out China’s ‘Friendly Elephant’ Role,” *Straits Times*, March 15, 2004.

a vision of peace and prosperity through participation in the Chinese market. The official pointed out that in 2003 China had displaced Japan as ASEAN's largest tourist-generating destination outside Southeast Asia, adding that "the pots of gold are there for the taking. China's increasingly wealthy millions want overseas holidays, English-language schools for their children, and top-notch health care, and ASEAN nations should pounce."<sup>35</sup> In this case, the official was advocating the implementation of an ASEAN-China Free Trade Agreement by 2010 as the institution that would help open the pots of gold.

The PRC has hosted six-party talks to deal with North Korean nuclear proliferation, as well as the Third International Conference of Asian Political Parties, attended by members of 81 parties from 35 countries. At a 2004 national conference on economic relations with developing nations, Premier Wen announced an increase in China's economic diplomacy. Henceforth, Wen said, the PRC would build facilities that were more relevant to the daily lives of people in developing countries and would send more medical teams abroad as well. Wen pledged to provide more emergency aid, train more professionals, encourage more investment, and to try to solve the problem of trade imbalances "that some developing countries have complained about."<sup>36</sup>

Earlier, in November 2002, China moved away from its previous stance that territorial conflicts in the South China Sea be settled bilaterally, by agreeing with ASEAN that there should be dialogue and consultation among the claimants.<sup>37</sup> In October 2003, the Chinese Foreign Ministry quietly removed the Himalayan kingdom of Sikkim from its list of independent countries, tacitly acknowledging for the first time India's 1975 annexation of the area. In a move thought to be aimed at soothing relations with Tokyo, Beijing in August 2004 announced the appointment of a Japan expert and fluent Japanese speaker to be its next ambassador to that country. That October, Beijing announced that it had banned anti-Japanese articles from mainstream mainland media.<sup>38</sup>

None of these is a fail-safe guarantee that the anxieties of countries with concerns about China's peaceful rise will be assuaged. While the PRC has been praised for agreeing to host the six-party talks, it is not clear that Beijing, which supplies the food and fuel that keep the economically stressed North Korean state from collapse, has pressed its client state toward an agreement on non-proliferation. Agreeing to consultation on disputed territories in the South China Sea has not precluded the PRC from continuing to exploit disputed areas

35. Ling Chang Hong, "China's Market 'Ripe for ASEAN to Pick,'" *ibid.*, June 25, 2004.

36. "China to Offer More Aid to Developing Nations," *China View* (Beijing), <[www.chinaview.cn](http://www.chinaview.cn)>, September 2, 2004.

37. Text of the Declaration on the Conduct of Parties in the South China Sea may be found at <[www.aseansec.org/13165.htm](http://www.aseansec.org/13165.htm)>.

38. Wang Xiangwei, "Neighbors Wooded to Pressure Taipei," *South China Morning Post*, October 7, 2004.



within that zone: in September 2004, a Sino-Philippines agreement on joint exploration of disputed areas angered other claimants to the territories. Chinese investment in other countries may temporarily reduce their concerns over unfavorable balances of trade with the PRC, but such commitments are likely to bolster fears that those countries are being economically colonized and exploited, or are becoming so dependent on China that they can be easily bent to its will.

Even in India, a very large country with significant domestic resources of its own, there are concerns that the expanded presence of Chinese companies in such areas as telecommunications, seaports, mining, power, and computer software constitutes a security threat. The improvement in Sino-Indian relations in 2004 notwithstanding, there was uneasiness about what the rapid development of infrastructure in the borderlands meant for security, given the substantial range of territories the two nations contest. Although Indians were pleased that Beijing now accepted the legitimacy of their control over Sikkim, they were also aware that since the PRC had never claimed Sikkim for itself, this represented no real concession on China's part.

In Taiwan, a far smaller country, there were laments that the original reason for investing in China—that once the Beijing government saw the benefits of this investment, it would be willing to make political concessions—had been proved wrong. Instead, people said, Taiwan's economy had become a "virtual hostage" to China. Trade became highly asymmetric: in 2003, the PRC accounted for over 34% of Taiwan's exports, while the PRC's exports to Taiwan were a scant 2%–3% of the mainland's total exports. Beijing also began to put pressure on Taiwanese businesses to accede to the PRC on political matters such as the one-China policy.

### Regional Responses to the Rivalry

China's neighbors and other developing countries are typically deferential to Beijing's wishes. They welcome the PRC's participation in their organizations and dutifully reiterate their adherence to its definition of the one-China policy, in which Taiwan is an inalienable part of China. Occasionally, their zeal to please goes beyond that of many Chinese. In a particularly egregious example, a 2004 report by the APEC Secretariat praised the PRC's progress in reforming its economy and legal systems. Mainland academics quickly pointed out that the state still monopolized significant portions of the economy, the pace of financial reforms was slow, and it was highly unlikely that state banks would commercialize any time soon. A PRC legal scholar asserted flatly that "China's courts remain as corrupt as ever."<sup>39</sup>

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39. Allen T. Cheng, "APEC Report Is Accused of Glossing over Faults," *ibid.*, June 4, 2004, p. 1.

However deferential their public posture, states often respond privately to China's presence in other ways. One means involves efforts to ensure that the security of a given state involves neither China nor Japan. During summer 2004, the navies of Indonesia, Malaysia, and Singapore began joint patrols of the Straits of Malacca. More than one-quarter of all world trade passes through this narrow waterway including almost all oil imported by China and Japan. At the same time, Malaysia and Singapore joined with Australia, Great Britain, and New Zealand to resuscitate a 30-year-old defense alliance. While the official reason for these activities was opposing terrorism, officials privately confided an additional motivation: China, whose navy exceeds in size those of all the ASEAN nations combined, should not be allowed to assume a potentially significant role in this economically and geopolitically pivotal Malacca Straits area. It is clear that concerns within the alliance over terrorism do not fully account for the range of weapons being procured, including Singapore's state-of-the-art frigates and Australia's Joint Defense Attack Munitions (JDAM).

A second strategy, stated by Singapore's former Prime Minister Lee Kuan Yew, involves keeping the United States involved in the area as a buffer between China and Japan.<sup>40</sup> This was a primary motive behind Singapore's agreeing to set up repair facilities for U.S. military vessels after the Philippine legislature voted to ask the Americans to leave. The need for a buffer was also a decisive factor in an enhanced U.S.-India security alliance and in discussions between India and Singapore on a security partnership.

A third strategy involves low-profile defense discussions with Japan itself. Japan's navy, though smaller in size than that of the PRC, is technologically far superior, and Tokyo is clearly seeking to extricate itself from the restrictions on the military imposed by Article 9 of the country's Constitution. India, among other states, has approached Japan, though cautiously, because Tokyo had been very critical of India's nuclear program. The response was positive: New Delhi has now displaced Beijing as the largest recipient of Tokyo's aid.<sup>41</sup>

Japan also can, and has, utilized its decades of experience, lobbying, and ability to concentrate its financial resources to gain advantages over the PRC. As a case in point, although China will import twice as much iron ore in 2005 as Japan, Beijing will have no say in how much it will pay. The price, decided by four major Japanese steelmakers in discussions with the main Brazilian producer, was 71.5% above what PRC companies paid in 2004.<sup>42</sup>

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40. As iterated, inter alia, in his addresses to the Shangri-La Dialogue of the ISS, Singapore, 1997 and 2003, <[www.iiss.org/shangri-la-more.php?itemID=10](http://www.iiss.org/shangri-la-more.php?itemID=10)>.

41. See <[www.country\\_data.com/cgi\\_bin/query/r-6063.html](http://www.country_data.com/cgi_bin/query/r-6063.html)>.

42. "Japan Ore Deals a Bitter Pill to China," *South China Morning Post Business Post*, March 7, 2005, p. 2.

## Cooperation Rather Than Competition?

Chinese strategists were reportedly aware that both China and Japan paid more because of their bitter competition over Siberian oil than they would have had they cooperated; presumably Japanese economists have come to the same conclusion. Yet, the two sides were not able to overcome the barriers to cooperation. In April 2004 during a foreign ministerial level meeting, China's Li Zhaoxing suggested to his opposite number, Yoriko Kawaguchi, that they shelve their differences and jointly develop the natural gas wells in the disputed Xihu section of the East China Sea. However, Kawaguchi reported, Li was vague when pressed for details.<sup>43</sup> Japanese sensitivities could not have been soothed by the way in which the offer was phrased. In language reminiscent of the lordly tones in which Qing Emperor Qianlong addressed England's King George III in 1793, consultant Li Xiaolin stated that "Chinese decision-makers understand that China's emergence as the world's second largest energy consumer has worsened Japanese feelings of insecurity."<sup>44</sup>

It can be argued that China's rise is good for Japan. Their mutual tensions and their competition with neighbors and the developing world notwithstanding, Sino-Japanese trade is booming. Japan's exports to the PRC in 2004 totaled \$64.5 billion, up 13.2% over 2003, which was itself up an astounding 43.6% over 2002.<sup>45</sup> China has surpassed the United States as Japan's largest trading partner. Although much of Japan's export trade involves sales of equipment, machinery, and raw materials from Japan to Japanese plants in mainland China, Chinese demand was the reason Nippon Steel made a profit in 2003–04. According to a study by an international brokerage house, trade with the PRC is a major factor in Japan's recent, albeit modest, economic recovery.<sup>46</sup>

These robust trade figures lead optimists to view China and Japan as economically complementary. The PRC is the world's most promising market for Japanese goods and the site of factories that will enhance Japan's global competitive position. Pessimists reply that the transfer of Japanese technology and managerial expertise to the PRC is creating Chinese clones of companies that will put their Japanese role models out of business. The pessimists point out that virtually ever since Japanese factories began setting up in China in the late 1970s, Chinese imitators have opened competing plants nearby using copied technology to make everything from industrial products and home electronics to ships. Moreover, China has been developing global brands such as major appliance maker Hai'er.

43. "Japan, China Aim to Sustain Ties," *Asahi Shimbun*, April 5, 2004.

44. Quoted by Ray Cheung, "Proposal to Jointly Develop Gas Field Is Goodwill Gesture to Tokyo," *South China Morning Post*, June 25, 2004.

45. Merrill Lynch report, February 2004, <[www.mljs.co.jp](http://www.mljs.co.jp)>, summarized in "China the Locomotive," *Straits Times*, February 23, 2004.

46. *Ibid.*, at <[www.straitstimes.asia1.com.sg/storyprintfriendly/0,1887,236587,00.html](http://www.straitstimes.asia1.com.sg/storyprintfriendly/0,1887,236587,00.html)>.

## Mitigating Forces

Though frequently obscured by noisier rhetoric, voices of reason do exist. For example, a professor of international relations at Beijing University opined that although Japanese plans to revise the country's Constitution (notably Article 9) were causing tension, the move "reflects a new drive for respect in the region. The majority of the Chinese can understand that."<sup>47</sup> And more than 100 Chinese citizens signed an open letter to the Beijing government accusing it of double standards. They argued that the government had employed the same type of brutality against unarmed protestors at Tiananmen Square on June 4, 1989, as the Japanese army used against helpless Chinese civilians during the Sino-Japanese War. Beijing should apologize to its own people at the same time it calls on Japan to apologize.<sup>48</sup> Motofumi Asai, a professor at Japan's Meiji Gakuin University, accused his government of irresponsible and reckless actions with regard to China and urged Tokyo to eliminate the causes.<sup>49</sup> Both Asai and the leading newspaper *Asahi Shimbun* urged that, as a first step, Prime Minister Koizumi cease his visits to the Yasukuni Shrine. A senior member of Koizumi's LDP opined that the remains of Class A war criminals could be removed from the shrine.

Suggestions have been made that the two sides mutually examine their treatment of history and reach some agreement to coordinate descriptions of each other. A former Korean president has said that he does not object to praying for the souls of the dead at the Yasukuni Shrine, but only objects to prayers for the major war criminals. This might provide a compromise wherein Japanese leaders make clear that their visits to the shrine honor all those who died honorably for their country. Some cooperative agreement for joint exploitation of the resources of disputed territories could be worked out. Although developing countries might hope to profit from Sino-Japanese competition, their public pronouncements express discomfort with the tensions. Singapore Prime Minister Lee Hsien Loong spoke for many ASEAN members when he suggested that both Beijing and Tokyo tone down their nationalism for the good of global and regional stability.

For the moment, however, competitive impulses seem more prevalent than cooperative ones. Thus, for example, a Chinese economist warned that China should view Foreign Minister Kawaguchi's visit to Central Asia with caution,

47. Professor Zhu Feng, quoted in William Choong, "Japan's Defense Shift: A Drive for Respect . . . or More?" *ibid.*, January 29, 2005, <<http://straitstimes.asia1.com.sg/sub/storyprintfriendly/0,5578,298196,00.html>>.

48. "June 4th Families Charge Double Standard Re Nanking Massacre," Human Rights in China, May 27, 2005, <[www.hrichina.org/public/contents/press\\_id22529](http://www.hrichina.org/public/contents/press_id22529)>.

49. Motofumi Asai, "Primary Responsibility for the Worsening in Japan-China Relations Lies with Japan," *Gunshuku* (Disarmament), Tokyo, November 2004, pp. 14–19, available in a slightly abbreviated translation at <[www.zmag.org/content/showarticle.cfm?SectionID=17&ItemID=7177](http://www.zmag.org/content/showarticle.cfm?SectionID=17&ItemID=7177)>.

because it was meant to increase Japan's influence in the region. Implicit in this statement is the assumption that an increase in Japanese influence means a diminution of the PRC's influence. The economist was also skeptical of the motives behind Japan's insistence that China provide detailed information on where it planned to explore for oil before Japan would agree to cooperative exploration in disputed maritime areas. A recent study of China's thinking on Japan praises the pluralism of views but concludes that

. . . the Japan-bashers are ascendant, and . . . debate is probably a misnomer: a winner-takes-all, show-no-mercy style reminiscent of the Cultural Revolution is prevalent. Chinese hatred of Japan still runs deep, and given that Japanese nationalism is also emerging, things do not bode well for 21st century Sino-Japanese relations.<sup>50</sup>

### Conclusions

Japan's fears of being left behind by a fast-rising China wielding formidable economic, military, and diplomatic power notwithstanding, it is likely that the PRC will have problems sustaining the image its publicists portray as a peacefully rising, conciliatory neighbor. Unlike Beijing, Tokyo, save for a controversy with Korea over a group of small islands called Dokdo by Korea and Takeshima by Japan, has no irredentist claims with its neighbors. Having no land borders with other states, Japan has not sparked concerns about Japanese outmigration that could be the precursor to territorial acquisition. The negative stereotype in the 1970s and 1980s of a Japan seeking to recreate its Greater East Asia Co-Prosperty Sphere of World War Two days has shifted to similar concerns about China. Because of China's large size, there are fears among neighboring states—probably exaggerated, but fears nonetheless—that their economies may become totally dependent on the PRC. Given Beijing's penchant for issuing directives on where other countries' officials may visit internationally and whom they may invite to visit their own states, some observers envision a revival of the tribute system of imperial China, under which the emperor regulated the code of conduct for *tianxia* (all under heaven), i.e., everyone. Still, Japan is not without leverage in this competition, as shown by its ability to secure the Nakhodka pipeline and determine ore prices. As the generation with memories of Japanese cruelties during World War Two dies out, China may be seen as seeking its place in the sun by depriving its neighbors and other developing states of light, while Japan wants only a protected place in the shade.

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50. Peter Hays Gries, "China's 'New Thinking on Japan'," *China Quarterly*, no. 184, December 2005, pp. 831–50.