

Asia-Pacific Issues

ANALYSIS FROM THE EAST-WEST CENTER ㄎ

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Japanese Emperor's Visit to China Sends Important Signals to the United States

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SUMMARY: The October 23-28 visit of Japanese Emperor Akihito to China symbolizes the strengthening of relations between East Asia's two giants and carries important implications for the United States. For China, the visit caps a year of remarkably successful diplomacy. For Japan, the trip provides an opportunity to help lay to rest the unhappy legacy of Japan's 1931-1945 aggression in China. The visit also helps Tokyo build better relations with China during a period of uncertainty about the future of the U.S. presence in the region. Equally important, the visit underlines the rapidly expanding Sino-Japanese economic relationship. Sino-Japanese ties are improving at a time when U.S. relations with China have deteriorated and U.S. relations with Japan are plagued by economic frictions. Problems with the United States give both Asian countries added impetus for improving their relations with each other and suggest a diminishing U.S. capacity to control the shifting political environment in Asia.

The evolving Sino-Japanese relationship requires closer attention in the United States. The Beijing-Tokyo rapport emphasizes the increasingly multi-lateral nature of regional diplomacy and the need for the United States to assess its overall role in Asia. Differences between Tokyo and Washington on China policy could also increase, indicating a need for more dialogue on their respective approaches to China. Finally, a major effort is needed in the United States to build understanding about Asia. This will assist in developing new thinking about the region and contribute to the formulation of successful policies.

THE EASTWEST CENTER

The U.S. Congress established the East-West Center in 1960 to promote cultural and technological exchanges among the governments and peoples of the Asia-Pacific region, including the United States. The Center promotes responsible development, long-term stability and the human dignity of all people in the region and prepares the United States for constructive involvement in Asia and the Pacific through research, education and dialogue. It provides a neutral meeting ground for exchange of views on significant

contemporary topics.

The Center is a public, non-profit institution with an international board of governors. Some 2,000 scholars, government and business leaders, educators, journalists, and other professionals annually work with the Center's staff on major Asia-Pacific issues. Programs focus on environmental issues, energy, the Pacific islands, population, international economics and politics, culture and journalism. The Center provides scholarships for about 250 students from Asia, the Pacific and

the United States to study at the University of Hawaii. Since 1960, more than 28,000 men and women from the region have participated in the Center's cooperative programs. The Center receives its principal funding from the government of the United States. Support also comes from more than 20 Asian and Pacific governments, private agencies and corporations, and the East-West Center Foundation.

The president of the East-West Center is Michel Oksenberg.

Triangular Alliance in Transition

Japanese Emperor Akihito's October 23-28 trip to China is a truly historical mission, the first ever visit to China by a Japanese monarch. Because the trip occurs during the final weeks of the U.S. presidential election, it is attracting little attention in the United States. But as a symbol of the state of relations between East Asia's two giant and sometimes hostile powers, the visit carries tremendous significance for the future international relations of the most populous and economically dynamic region of the world. Sino-Japanese conflict in the past was an antecedent to the Pearl Harbor attack and the "Pacific War," as the Pacific theater of World War II is referred to in Asia. In the post-Cold War era, a harmonious Sino-Japanese relationship is essential for a peaceful East Asia, and this in turn gives the United States a strong interest in a constructive Sino-Japanese relationship. In the 1970s and 1980s, reinforcing positive linkages in the Tokyo-Beijing-Washington triangle was the basis of political stability and economic growth in East Asia. The Imperial visit, coming at a time of frictions in U.S. relations with both China and Japan, raises important questions about the role that Washington will play. In the absence of simultaneous improvements in U.S. relations with the two Asian giants, improved relations between

Tokyo and Beijing could have the longer-term effect of marginalizing U.S. economic or political access in the region.

The Historical Legacy

The past is an ambiguous guide to the future of Sino-Japanese relations. During much of the early history of the relationship, Japan, like Korea and Vietnam, borrowed freely from Chinese culture but, unlike these other Chinese neighbors, never experienced Chinese political domination. Since the beginning of the seventh century, when Japan undertook major political and social reforms based on Chinese models, Chinese civilization has enjoyed immense prestige in Japan. Japan's system of writing, literature and arts, legal codes, technology and philosophical and political ideas originated with or were heavily influenced by China, leaving a cultural debt that the Japanese continue to acknowledge and imparting a legacy of shared culture that gives the relationship between China and Japan a special quality unlike their relationships with the Western powers.

The interaction between the two countries in the last decades of the 19th century and the first half of the 20th century left a different and destructive legacy. The Japanese proved skillful at adopting the technology of the West and used it to carry out a policy of imperialism toward Asian

neighbors. In 1895, after a brief war with China, Japan took Taiwan, and in 1910 annexed Korea, long an autonomous dependency of China. From Korea, Japanese encroachments extended into northern China. After establishing a puppet state in Manchuria in 1931-32, Japan launched a full-scale invasion southward in July 1937.

The Sino-Japanese war of 1937-45 changed forever the political course of both countries and left a legacy of bitterness on the Chinese side and guilt on the Japanese side that continued to bedevil Sino-Japanese relations in the postwar period. Chinese harbor memories of Japanese atrocities, such as the rape of Nanking in 1937, and remain concerned about a resurgence of Japanese military power or political influence in Asia. Japanese guilt feelings make it very politically and psychologically difficult for Japan to criticize China from a moral standpoint, as the Western countries have done. But these guilt feelings are mixed with ambivalence as some Japanese resent what they regard as Chinese efforts to exploit the past and an unwillingness to appreciate the real changes in Japanese society and foreign policy. In this sense, Sino-Japanese relations are not fully normal despite the resumption of diplomatic ties in 1972. Although it will not fully dispel the past, the Emperor's visit is a symbolic demonstration that both

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countries are attempting to overcome the unhappy legacy of the 1930s and 1940s.

A Chinese Initiative

The Emperor's visit is the result of a Chinese, not Japanese, initiative. Paramount leader Deng Xiaoping suggested such a visit as early as 1978, and Premier Li Peng renewed the overture in April 1989. In April this year, Party General Secretary Jiang Zemin reiterated the invitation, linking it to the 20th anniversary of the normalization of relations.

For the Chinese leadership, the visit of the Japanese Emperor is of enormous symbolic importance, another coup in a remarkably successful diplomatic campaign to regain international prestige and legitimacy following the June 4, 1989 Tiananmen incident. Other accomplishments have included dramatic improvements in relations with India, the normalization of ties with Indonesia and Vietnam, and the establishment of relations with Singapore, Israel, and most recently South Korea. Early this year, Premier Li Peng traveled to several Western European nations where there had been strong criticism of the Tiananmen incident. Fifteen foreign heads of government visited China during the first nine months of 1992, a year in which Chinese diplomacy will be capped by the visits of the Japanese imperial couple this week and Russian President Boris Yeltsin in December. In the minds of the Chinese elite, the visits of these leaders carry special significance because they demonstrate not just international acceptance of the legitimacy of the Chinese government but active courtship of Chinese favors by those foreign leaders.

Aside from rebuilding Chinese legitimacy, Beijing's diplomatic

campaign is part of a broad-based effort to provide China with a favorable external environment. There are two important deviations in this effort. First are the anomalies in China's own foreign and defense policies that have been frightening to its neighbors. These include the strong assertion of China's long-time and extensive territorial claims in the South China Sea which conflict with the claims of Vietnam, Malaysia, the Philippines and Brunei; the extensive purchases of arms from Russia; and the 50 percent increase in Chinese defense spending over the past three years even as external threats to China have decreased. China's new arms and massive defense spending increases have not altered the military balance nor yet triggered an arms race, but the potential to do so has generated regional concern.

The second deviation has been the deteriorating relationship with the United States. It is significant that the Japanese Emperor is visiting at a time when, due to the anti-China political climate in Washington, an American president could not undertake such a trip. China's diplomatic campaign in Asia and elsewhere is both a means to compensate for its problematic relations with the United States as well as to place pressure on Washington to accommodate China on favorable terms. During the 1980s, the Chinese explicitly used American-Soviet competition to their advantage in gaining concessions from both parties, but the end of the Cold War and the collapse of the Soviet Union reduced that Chinese leverage over the United States. Today, although the Chinese leaders have political and economic interests in consolidating their relationship with Japan for its own sake, they clearly recognize in this relationship an opportunity for potential political leverage vis-

à-vis the United States.

From the perspective of some Chinese, U.S.-Japanese frictions potentially offer China new space to maneuver in another strategic triangle. The Most Favored Nation (MFN) issue provides an example. Japanese business could gain an advantage in China if Washington were to withdraw MFN status from Beijing. The possibility could deter the United States from taking an MFN action against China, in the view of some strategists in Beijing.

Japan Between Two Identities

China's ability to fashion a new triangle to its advantage depends upon Japanese responsiveness. For most of the past 40 years, Japan has keyed its foreign policy to the United States and sought international identification as one of the advanced democratic countries of the West. This sense of identity has always competed with Japan's identity as an Asian nation, making the reconciliation of these two identities a central challenge for Japanese diplomacy. Japan was uncomfortable when its alliance with the United States prevented the normalization of its relations with Beijing prior to 1972. Thus the Nixon-Kissinger opening to China, making Japan's own normalization possible, eliminated a major source of political tension in the U.S.-Japan relationship, despite Tokyo's initial dismay at not having been consulted. The Japanese, therefore, prefer a triangle in which the two countries most important to itself—the United States and China—have good relations with each other and good relations with Japan.

This is not now the case. Since 1989, Japan again has found itself in a situation where its preferred approach to China and that of the

United States are diverging, but, unlike the 1950-72 period, Japan is less willing to accommodate the United States. For example, after Tiananmen, the Japanese government joined the Western nations in imposing some trade and investment sanctions on China, acting more out of a fear of isolation from the West and potential criticism from the U.S. Congress than from moral outrage or its own sense of self-interest. Japan also suspended negotiations on its third foreign aid package (while continuing the existing aid programs). But only a year later, at the 1990 Houston Economic Summit, Japan announced that it would become the first major industrial nation to resume a normal relationship with China, aware that the U.S. administration, if not a majority in the Congress, favored Japan's approach of constructive engagement.

The Japanese political establishment certainly does not want differences on China policy to add another source of tensions to the already friction-laden relationship with the United States. However, the Japanese, increasingly uncertain about the future of the U.S. presence in Asia, believe that they must adopt policies toward neighbors based upon their own national objectives rather than the interests and politics of what they perceive to be a declining and perhaps less interested superpower. In this scenario, China looms all the more important for Japan as U.S. interest, presence and influence in Asia seem to diminish. Prime Minister Kiichi Miyazawa paid tribute to this growing Chinese stature in Japanese eyes in April when he was reported, in a conversation with visiting Party Secretary General Jiang Zemin, to have elevated Japan's China relationship to the same level of significance as its

relationship with the United States.

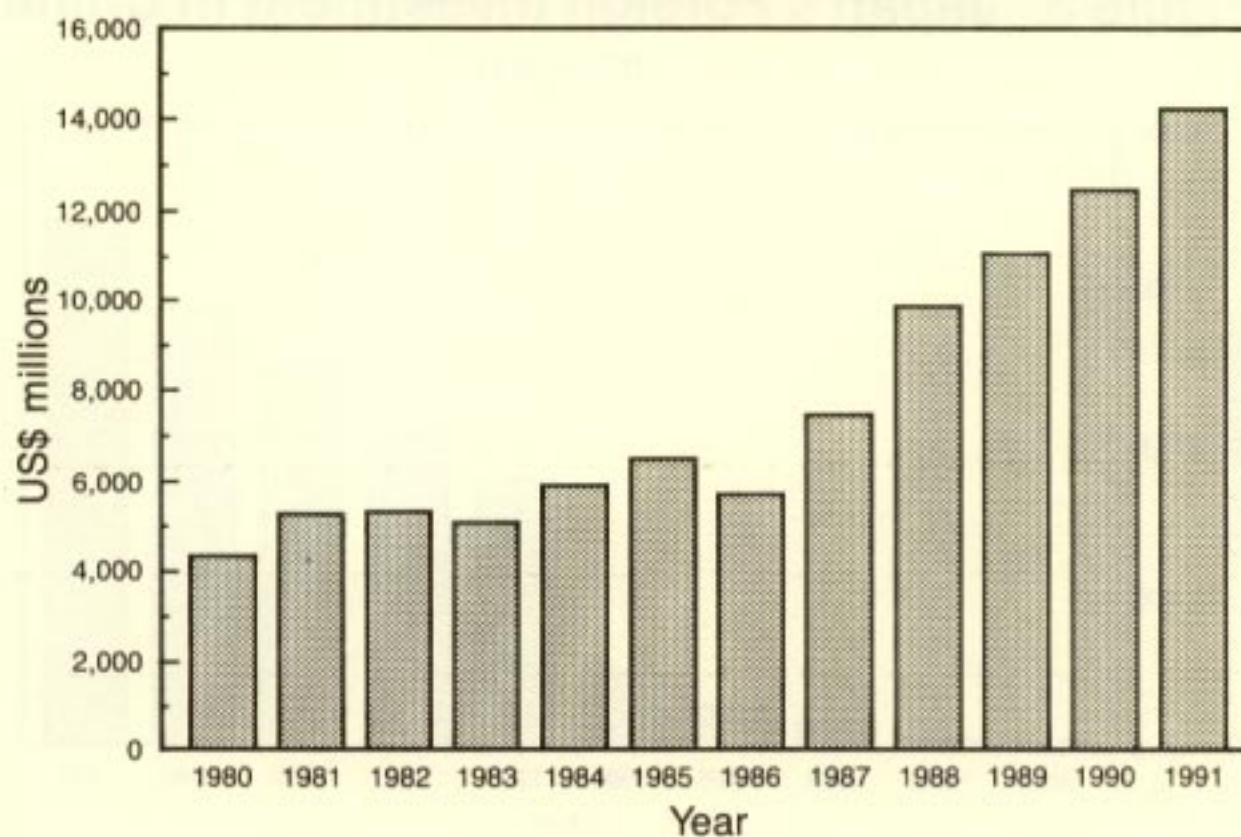
Some Japanese argued that Tokyo should not agree to an Imperial visit that would give added credibility to the Chinese regime at a time when many Americans (including the Democratic candidate for President) were critical of China. But the mainstream political leaders argued successfully that further delays would jeopardize future relations with China. The decision to accept the invitation, therefore, represents a subtle but definite step away from the traditional U.S.-centric Japanese approach to foreign policy first articulated by former Prime Minister Shigeru Yoshida in the early 1950s.

Economic Relations

Another important factor in the desire of both Beijing and Tokyo for the highly symbolic visit is the growing economic relationship between China and Japan at a time

when both countries are encountering serious difficulties in their economic relations with the United States. Japan is becoming one of China's largest export markets (Figure 1), although the United States remains the largest single market for China through direct and indirect routes. China also enjoys a large balance of payments surplus with Japan. On the other side, Japan's exports to China grew rapidly in the early 1980s before China took steps to constrain consumerism and imports, and again in the early 1990s, reflecting China's renewed emphasis on economic reforms and the increasing autonomy of Chinese economic decision-making units (Figure 2). In the first half of 1992, China's exports to Japan expanded by 19 percent, while Japan's exports to China jumped an enormous 39 percent from a lower base. From the perspective of the Japanese business community, China is nowhere near as important a market as the United States (China ranks

Figure 1. Japan's Imports from China



Source: IMF, *Direction of Trade Statistics Yearbooks*, 1987-1992.

as Japan's fifth largest market), but it is one of the few current booming markets and has strong long-term growth prospects.

Japanese capital flows to China have also begun to expand rapidly.

The Japanese have been cautious investors in China, trailing Hong Kong, the United States, and—more recently—Taiwan, in their enthusiasm for Chinese investments. China still accounts for only one

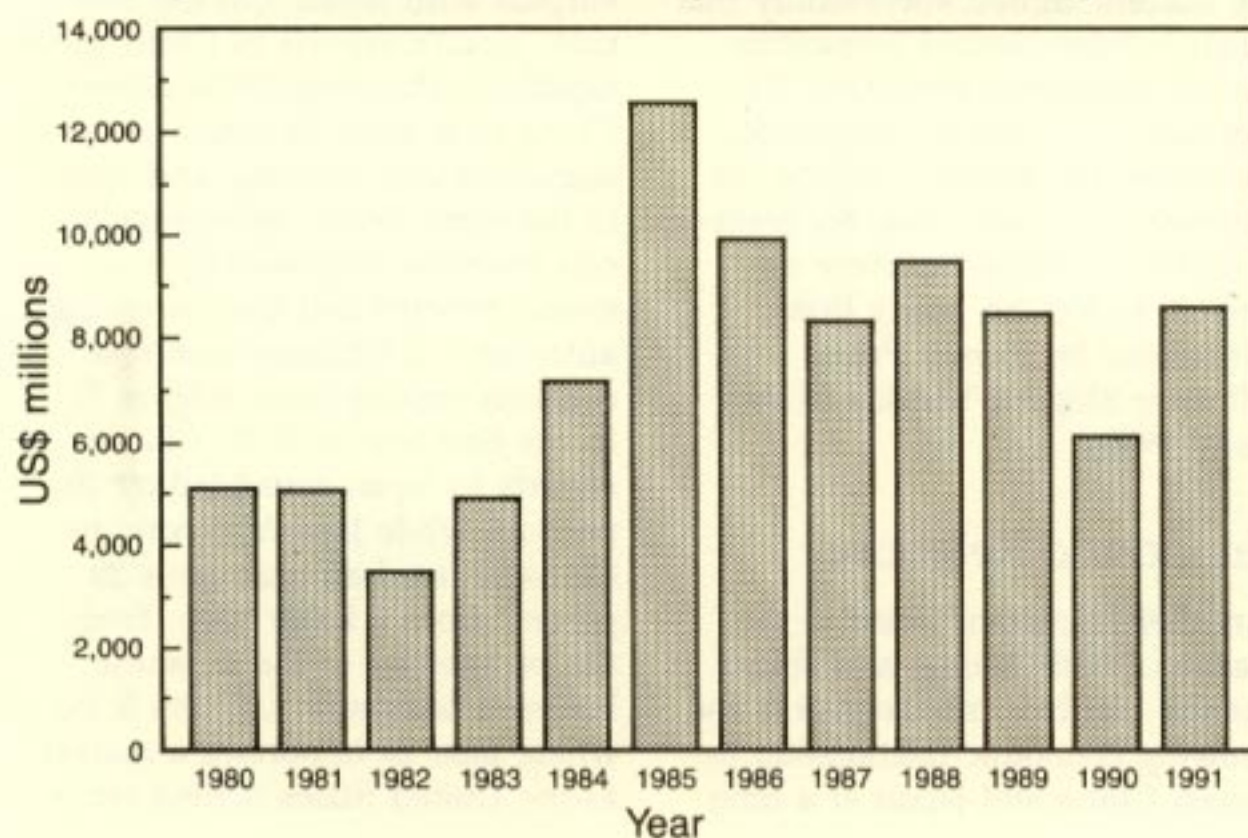
percent of all Japanese foreign direct investment. However, Japanese investment has increased seven-fold since 1986, from less than \$500 million to \$3.5 billion today (Figure 3). Among the factors that have stimulated this surge are the continued rapid expansion of the Chinese economy, growing Japanese confidence in the stability of Chinese economic reform policies, China's investment liberalization policies and much lower Chinese labor costs.

The Chinese see continued Japanese trade, investment and technology flows as critical to China's economic success. They hope that by underscoring the strength of Sino-Japanese relations, the Emperor's visit will give an added sense of confidence to Japanese traders and investors at a time when China is giving renewed emphasis to economic reform and growth, especially as enunciated in the just concluded 14th Party Congress.

In the economic context, it is important to consider not only Japanese trade and investment on the mainland, but also in "Greater China," including Hong Kong and Taiwan. Both smaller "Chinas" are of economic significance to Japan, and the current and future economies of both are increasingly dependent on events on the mainland. The symbiotic relationship between the economy of Hong Kong and southern China is obvious, while Taiwan's economic interdependence with the mainland is growing rapidly. Mainland China is now Taiwan's fourth largest trading partner, and Taiwan-based investors are increasingly using the Chinese provinces across the Straits as a production base for manufacturing labor-intensive goods.

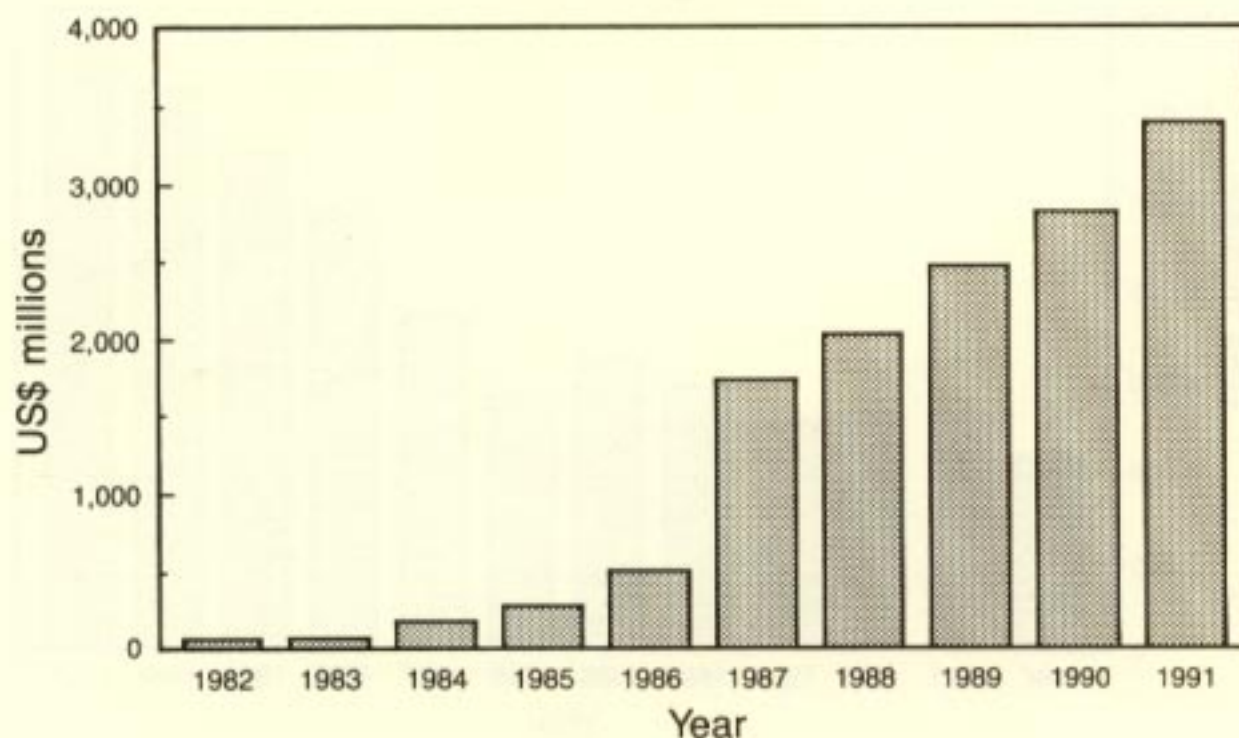
The Japanese appreciate the broader regional significance of China's dynamic economic growth

Figure 2. China's Imports from Japan



Source: IMF, *Direction of Trade Statistics Yearbooks*, 1987-1992.

Figure 3. Japan's Foreign Investment in China
1982-1991



Source: Japan, *Ministry of Finance, Monthly Bulletin of Fiscal and Monetary Statistics*, various issues.

and its open door policies and want these policies to continue. This is particularly true at a time of slow growth in Japan and of weak growth of Japanese export markets in North America and Europe, which are also plagued by constant political disputes.

The Apology Issue

The question of an Imperial apology was an issue in both China and Japan. Many Chinese believe that since the war against China was carried out in the name of the Emperor (albeit the present Emperor's father), it was only fitting that the Emperor himself should apologize. But the Chinese leaders were so anxious that the trip take place that they promised not to make an issue of an apology.

In Japan, the apology issue cut two ways. Some leftists criticized the Emperor for going to China without making an explicit apology. Critics from the right, who believe that Japan has sufficiently atoned for its prewar role, feared that China would bring up the apology issue during the visit despite promises not to. Other arguments were made in Japan against the trip: that it was too political and therefore incompatible with the spirit of the post-war constitution confining the Emperor to a ceremonial role, and that the Emperor should visit Korea before visiting China because Korea suffered longer from Japanese imperialism.

Japanese conservatives who oppose imperial apologies are strongly represented in the ruling Liberal Democratic Party (LDP). Despite Jiang Zemin's assurances that China would not demand an apology, it was only after the LDP was successful in the upper House election in July that Prime Minister Miyazawa felt strong enough politically to move ahead with accept-

ing the Chinese invitation. Members of the LDP's Takeshita faction (the party's largest faction), including now discredited "king-maker" Shin Kanemaru and former Prime Minister Noboru Takeshita, played a critical role in securing party approval for the trip. That faction is the successor of the Tanaka faction, whose founder, Kakuei Tanaka, achieved normalization 20 years ago.

Implications for the United States

As pointed out above, the diplomacy of the Imperial trip demonstrates an increasing tendency by the major countries in Asia to formulate their foreign policies more independently of the United States. Moreover, a Sino-Japanese entente could potentially marginalize Washington's influence in the Asia region, particularly if U.S. policy appears out-of-step with the major forces and impulses driving regional diplomacy. Finally, there is a danger that differences over China policy could strike an added discordant chord in the U.S.-Japan relationship, particularly if the Chinese seek to exploit these differences for their own advantage.

For these reasons, the evolving relationship between China and Japan deserves high-level attention in Washington. In our view, there are several important policy implications:

■ The United States must come to grips with the increasingly multilateral character of regional diplomacy and the policy autonomy of countries that once centered their policies around that of the United States. The United States should reconsider how it should position itself in post-Cold War Asia to maximize its very considerable remaining influence and en-

sure that it continues to be a regional leader. Policies—or a drift—that isolate the United States from other Asia-Pacific countries, particularly Japan, will not prove effective in promoting constructive change in China and could harm the strategically vital alliance with Japan.

■ There is a need for more intense dialogue between Japan and the United States on their respective China policies. The policy objectives of the two countries are quite similar—both prefer a China in which economic reforms continue and in which there is increasing respect for political and human rights. The gaps in approach should be narrowed, recognizing some inevitable differences will remain. Both countries should consider means of ensuring that such differences not be exploited by others or allowed to harm U.S.-Japan relations in a fundamental way.

■ Others in the region—South Korea, Taiwan, Hong Kong, Australia, New Zealand, and the Association of Southeast Asian Nation (ASEAN) countries—have a great stake in the China-Japan-United States equation. American policy toward China and Japan must acknowledge the concerns of these traditional friends and allies.

■ There is a need to rebuild a consensus in the United States about its policies in Asia, especially toward Japan and China. This consensus must take into account Japanese and Chinese realities, U.S. national economic and security interests, and the broader Asian context. Whatever the outcome of the U.S. election, the next administration, working with Congress, should initiate a careful review of American policy toward the entire Asia-Pacific region. □