

## INTRODUCTION

# The New Sino-Japanese “Great Game” in Asia: Between Competition and Complementarities

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### A New “Great Game”

The 21st century had already been heralded several decades ago as the Asia–Pacific century. Abundant literature exists on this self-realizing prophecy without a single voice rising in protest. In parallel complement to this vision of unshakeable economic determinism for the future of this region of the world, yet another body of literature has emerged on the rising powers of regional Eastern economies. This time, though, the writings are oriented toward these new nation-conquerors. The trend began in the 1960s with the first series released on Japan, prematurely given the first place on the podium by Ezra Vogel in his best-seller *Japan as Number One*.<sup>1</sup> Then came the Newly-Industrialized Countries of Asia during the 1970s and 1980s, each one a brand-new success story, with the appearance of South Korea, Taiwan and Singapore. The following decade would see the Chinese giant awaken. This was an occasion for a new literary wave to blossom. Either lofty with praise or shrill with alarm, depending on the author, nearly everyone agreed that China would be the next “number one” on the planet. History does not end, however, with the Chinese chapter. India is now perceived as an emerging force to contend with, even as the numerous consequences of China’s arrival on the world stage have not yet been entirely integrated. This literary

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<sup>1</sup> Vogel, E. F. (1981). *Japan as Number One: Lessons for America*. Harvard University Press.

production has a highly varied scientific character, but much of the work shares a common and enthusiastic vision of uninterrupted economic progress that can be preceded only by democratic progress. But another position also prevails, shared by the same authors: there is apprehension that the appearance of a new actor will compromise the status quo (*Trading places*)<sup>2</sup> by its turning into a serious contender. Occasionally, the malevolent or the most canny suggest a new arrival may become a predatory economy that scorns the rules of the game. Japan inaugurated this rite of passage and had to face fierce Western criticism (*Japan bashing*) in the aftermath of trade conflicts (*economic frictions*) with the West (*Trade war*).<sup>3</sup> Another variant of conventional East-West or Asia-West polarity consists of speculating on real or imaginary rivalries between Asian countries and then declaring them inevitable. Today, the debate is essentially centered on the future of Sino-Japanese relations. But new thriving literature<sup>4</sup> has already seen the light of day, this time on Sino-Indian relations. This is because India, viewed as a new emerging power, is at the core of media hype, much like what its predecessors experienced in the new “economic miracle” schema. But India is still standing by tentatively in the wings of the international stage as Asia’s frontrunner.

Will the world then witness a struggle for regional leadership between China and Japan? Some observers already foresee Japan’s decline and the rise of the Chinese superpower — the die seems to be already cast. It is merely a matter of time before the Middle Empire surpasses the Empire of the Rising Sun. The Darwinian schema is here to stay among the media and analysts, going by China’s exceptional growth rates over a decade. Other schemas are also plausible besides the eternal “rise and fall of the empire”, considering only contemporary American and Japanese references. Colonial empires, too,

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<sup>2</sup> Prestowitz, C.V. (1986). *Trading Places: How America allowed Japan to take the lead*. Charles E. Tuttle.

<sup>3</sup> Schlosstein, S. (1984). *Trade War: Greed, power and industrial policy on opposite sides of the Pacific*. St Martin Press.

<sup>4</sup> As examples of such writing, see Meredith, R. (2008). *The Elephant and the Dragon: The rise of India and China and what it means*. W.W. Norton & Company.

have faded into oblivion during the last century but their metropolises have been redeployed in different directions — politically for countries of the European Union, or economically for commercial and industrial powers in the case of Japan. Diverse scenarios anticipate a change in dual leadership domination within Asia, shifting from a Japanese-American to a Sino-Japanese condominium. The latest analysis has been confirmed by American withdrawal from the region on the economic and strategic levels, to the advantage of Central Asia and the Middle East. The APEC's inability to enthuse either Asians or Americans alike is suggestive of North America's disengagement from the region. This hypothesis, persuasive though it may seem, must be backed up by facts. The schema of Sino-Japanese closeness is still nebulous and hence fragile. Many hurdles must be overcome, starting with historical conflict and competition in some markets for new prospects or access to raw materials and energy resources. Can the Japanese and Chinese ambitions be truly compatible, or will their disagreements come to a head and jeopardize ties in the future?<sup>5</sup> Several scenarios are possible between the two extreme options of a deadlock (or, at least, open rivalry) and an alliance (or, at least, a close collaboration) at all levels. This is because it is still hard to imagine how their dialogue will be articulated between competition and cooperation. For want of a more appropriate term, their unusual relationship has been styled the "politically cold and economically hot dynamic".

This book is a study of ties between China and Japan and their Asian counterparts. It does not therefore directly treat bilateral relations between these powers, as these already constitute the subject of many other studies. A lengthy perspective has been taken into account in order to recall past legacies, some of which are still painfully contentious, and to record evolutions in attitudes and strategies *vis-à-vis* Asian countries. The two major players, over a period of several decades, have evoked the same fears and fascinations among their neighbours. Today, China gives less cause for worry on economic and

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<sup>5</sup> Lim, H. S. (2008). *Japan and China in the East Asian Integration*, 5th Ed. Singapore: ISEAS Press.

security issues. Within a few years, it has managed to provide reassurance about its economic plans, just as it has about its geopolitical plans, despite its visible and rapid expansion in the region. This is a relatively recent phenomenon, of say four to five years, in the evolution of positive feelings about China in East and South Asia. For its part, Japan has had to work longer in order to rebuild its image in the region, through highly effective diplomacy, generous developmental aid and massive investments. The current perception of Japan in Southeast Asia, Taiwan and Hong Kong is extremely positive. It is more measured in China where only 50 percent of the Chinese have a favourable impression of their neighbor. On the contrary, bitter resentment for the ex-colonial metropolis persists doggedly among over three-fourths of the Korean population. The background of historical and territorial conflict does not explain all the hardship involved to wipe the slate clean of the past. Japan's *fauxpas*, annual visits by the Japanese Premier and members of the cabinet to Yasukuni Jinja Shrine, revisionist school textbooks and frequent racist comments by politicians act as "needling reminders" to bring back dark memories for Japan's neighbours. But feverish reactionary outbursts of nationalism in both China and Korea contribute to tensions as they feed off the past, only to jeopardize the future.

The present work is structured in three parts corresponding to three different viewpoints on the region. First, a panoramic view of the entire region (Chapters 1 to 4) dealing with issues of the past, security and regional construction. In the second part (Chapters 5 to 9), the perspective zooms onto the Southeast Asian region and continental territories to analyze Chinese and Japanese advancement in economy and diplomacy. The concluding third part (Chapters 10 to 13) offers concrete examples pertaining to the new Sino-Japanese dynamic in three countries — Burma, Vietnam and Thailand.

### **Can the Future be Built from the Past?**

For Taheo Kim (Chapter 1), there is no doubt that Sino-Japanese relations will have a decisive impact on the economic and political order of East Asia. This will depend on the ability of the two major

regional actors to sustain friendly relations. This condition is not simple to fulfill since existing relations between them are laborious and often strained. History nurtures traditional rivalries and age-old defiance, reinforced by differences in the political system of social values and strategic objectives in East Asia. This will not make it any easier to find the ideal posture between interdependence and rivalry. Nonetheless, in order to understand how Sino-Japanese relations will evolve in the future, it seems logical to link knowledge of a shared history between the two countries with an analysis of these dynamics which, for many, constitute a new geopolitical phenomenon. Now, how will these traditional thought processes interact with these new dynamics to shape up the main issues of regional security and prosperity? Another important question that Jiyung Choi deals with (Chapter 2) for the future of regional stability is that Chinese nationalism seems to have resurfaced since the country underwent reform and launched a policy of openness. This new Chinese nationalism merits special attention on account of its complex and polymorphous nature. It is a double-edged sword for the Chinese powers handling and experiencing it but lacking the ability to control it. This nationalism has aggravated the situation between China and its Japanese neighbor, exacerbating ties and creating a context that seems more threatening than the reality. Masayuki Masuda (Chapter 3) shows how, by moving beyond nationalist gesticulations, China has adopted more conciliatory stances and even openness toward cooperation in the highly sensitive area of defense, unimaginable several years ago. With the emergence of nontraditional threats, the People's Liberation Army of China seeks to establish ties for cooperation with its neighbours, its process inscribed in "friendly neighbor" diplomacy, initiated by Hu Jintao in 2002. As a positive consequence of this new military diplomacy, Chinese defense objectives are more transparent and reassuring for countries in the zone. The issue of regional cooperation holds high stakes, according to Sophie Boisseau du Rocher (Chapter 4) because it will help to set up institutional mechanisms. But East Asia has been known to swing between two attitudes, one of cooperation, to the other of rivalry or competition. Despite these stumbling blocks, such as resurging nationalism, there is continuous

reflection on regional integration and the idea of East Asia is making progress. It is interesting to note in passing that it is through ASEAN that the region appears to organize and build itself. To symbolize the closing in of Southeast and Northeast Asia, the equation ASEAN+3 was adopted. Since the last East Asian summit, a new step has been taken by extending the previous concept to a new equation of “ASEAN+3+3” with the inclusion of three new partners, Australia, New Zealand and India. But this Asian regionalization proceeds from a logic that diverges from the European logic of *de facto* regionalization, not *de jure*.

### **China–Japan Rivalries and Complementarities in Southeast Asia**

David Hoyrup (Chapter 5) shows that Southeast Asia is a strategic destination for both Japan and China. A quick analysis of trade and investment statistics may leave the impression that there are no Sino-Japanese rivalries in the region. In fact, further examination will expose two factions — countries whose economies are heavily structured by Japan, such as Singapore, Malaysia and Thailand, and those whose economies are increasingly structured by Chinese interests. This is the case of Cambodia, Laos and Burma. This phenomenon is likely to pose a threat to ASEAN cohesion in the long haul. It is translated through dissonance between ASEAN’s institutional limitations and its geographical borders, which constantly surfaces at the level of exchange and investment. Hoyrup suggests that this cohesion is more vulnerable when ASEAN does not function correctly. It does not have a charter or supranational institution to act as safeguards against massive foreign penetration into the interests of its member states. Passivity on the part of a regional organization creates apprehensions about its dismemberment, if not domination of the association, by a foreigner lurking nearby. In studying the continent of Southeast Asia or the Indochinese peninsula, Masaya Shiraiishi observes (Chapter 6) that this geographical ensemble has been a testing ground for Japanese diplomacy and developmental aid. Its reconstruction plan for Indochina has strongly driven numerous initiatives to galvanize the peninsula. This policy has helped to open out ASEAN to less

developed countries in the region: Cambodia, Laos and Vietnam — memberships that Japan has encouraged and made possible. But within the entangled thicket of diverse initiatives (Mekong congestion), the most promising has been the Greater Mekong Subregion (GMS) plan, bringing urgently needed infrastructure into this vast zone, including the ambitious economic corridors traversing the peninsula from East to West and from North to South. The GMS plan and its massive infrastructure projects are the initiative of the Asian Development Bank (ADB), presented in a study by Guy Faure (Chapter 7). The ADB offers its perceptions of the new Chinese evolution in matters of multilateralism and advances certain hypotheses on the future of Sino-Japanese relations. Since its entry in 1986, China has made considerable inroads into this banking institution. Just how far will it go? Moreover, will Chinese and Japanese visions, already diverging in the case of ADB's path-breaking GMS project, converge or clash? Finally, will Chinese and Japanese diplomatic styles eventually concur in a more shared and consensual approach, one of "soft diplomacy"? The GMS plan offers a redefinition of broad scale territorial strategies, according to Christian Taillard (Chapter 8). The GMS is by far the most advanced program for transnational integration in East Asia. Taillard analyses and reinterprets the spatial logic of the corridors, as a function of the cooperation between Chinese and Japanese stakeholders. He sees in this a kind of geographical division of tasks between the two Asian actors, until India enters to complete the general schema of the project. Masami Ishida (Chapter 9) studies the practical utility of these corridors from an economist's angle. He provides the pragmatic reasons behind the Japanese drive to shorten distances between Thailand and Vietnam to facilitate exchange. He also shows convergence between Japanese and Chinese interests since the Bangkok–Hanoi–Shanghai link will draw 3370 Japanese businesses closer within the zone (apart from those in Hong Kong).

### **Sino-Japanese Dynamics: Country Studies**

The third part analyses the situation in the three countries which have traditionally held strong ties with China and Japan — Burma, Thailand

and Vietnam. For Toshihiro Kudo (Chapter 10), Burma is an example of a country which will eventually surrender its privileged ties with Japan to change orbit and enter the Chinese sphere of influence. Kudo provides a retrospective view of the surrender of Japanese-Burmese links. Burma had been for a long time among the first beneficiaries of Japanese developmental aid until 1988. The military confiscation of power sounded the knell to this aid. But Japan intends to continue providing aid under its policy of “value-oriented diplomacy”, which places values such as human rights above immediate economic interests. Guy Lubeigt (Chapter 11) devotes attention to the increasingly visible presence of Chinese interests. He states that China within a few years has managed to establish control over a major part of its natural and energy resources, critical to its development. Within a few years China has become a top trading partner, far surpassing Thailand and India. At the strategic level, China intends to acquire access to the Indian Ocean. This strategy is dependent on heavy migration especially to the North and the city of Mandalay. The historical Burmese capital has received several successive waves of Chinese migrants, who eventually “colonized” the centre and transformed centrally located neighborhood districts. This phenomenon apparently met with little resistance, given the open collusion between the Burmese military and Chinese migrants. Back home in Thailand, Suthipand Chirativat (Chapter 12) describes a very different and far more balanced situation vis-à-vis the two Northeast Asian powers. China and Japan both have in-depth knowledge of Thailand, its strengths and weaknesses. The Kingdom on the one hand enjoys strong historical and economic ties with Japan and on the other, has benefitted from heavy Chinese cultural influences owing to the vast Chinese Diaspora in the country and the defining role it plays in the business realm, among others. For Japan, Thailand has been a leading partner for years. Its economic interests are considerable, and of strategic importance especially for the automobile and electronics industries. The Japanese presence in Thailand is hence very visible, especially in Bangkok with its huge expatriate population and over 1500 firms and subsidiaries across the country. However, this well-consolidated position has not obstructed rapid progress of Chinese

economic activity. The author expresses concern on the eventual consequences of this evolution which could leave Thailand caught in a vise between two partners jealously vying for privileged relations with the country.

Lastly, for Matthieu Salomon and Doan Kêt Vu (Chapter 13), Vietnam perceives China as both role model and threat. In the recent past, relations between the two countries have been very strained and even culminated in a brief military confrontation. But the situation will gradually evolve, from the Doi Moi (1986) toward the normalized relations which convince the Vietnamese to see China as a model to replicate, probably the only possible one after the collapse of the Soviet Union, its old system of reference. But its perception of its Northeastern neighbor is accompanied by fears born of a long history between the two countries. The simple Vietnamese in the street though still envies the Chinese for their accomplishments, prosperity and manufactured goods which are growing increasingly in favour in Vietnam. Strengthened by its proximity to the Middle Empire, Vietnam aims to play the intermediary between its huge neighbor and ASEAN, while sharing its ideals under the slogan of "peaceful development", this too a Chinese import!

In conclusion, the contributions in this volume expose a situation far removed from the expected confrontational shock between the two giants in a struggle for regional domination. The rhetoric of this confrontation corresponds to that of a new "Great Game" at play between current forces. But unlike the past, events are happening more peacefully. Advance of one country need not mean retreat of the other. Besides, Chinese and Japanese dynamics do not consistently clash; they may even complement one another as the development of the Indochinese peninsula has proven. To consider that it is but one step for these dynamics to converge one day is, however, still clearly premature.