

The Impact of Chinese National Identity on Sino-Japanese Relations

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Sino-Japanese relations have been in another volatility cycle since the Diaoyu/Senkaku Islands disputes flared up again in summer 2012. The downward trend seems to have bottomed out in November 2014 when the two leaders Xi Jinping and Abe Shinzo finally held their first meeting since entering office. However, the anticipated recovery has proved tenuous; the momentum toward further improvement has halted since early 2016 when confrontation escalated in both the South China Sea and East China Sea. While acknowledging the role of realist power shift and geostrategic rivalry in causing Sino-Japanese tension, this paper argues that a widening gap between their national identities is also highly relevant. The current Xi government has promoted a national reinvigoration campaign emphasizing Chinese history and culture, the socialist model, and defense of core interests, which runs counter to that of Abe's Japan, a democratic and historically revisionist country. This national identity conflict has exacerbated mutual distrust, denied chances of reassurance, and generated domestic popular objections to diplomatic compromise between the two countries.

This paper first narrates major developments in Sino-Japanese relations in the past year, followed by a conceptualization of Xi-era official national identity themes and their implications for China's foreign relations. It then explains the impact of Chinese national identity on Sino-Japanese relations, in comparison to alternative assessments of the case from realist and liberal (i.e. economic and cultural) perspectives. The paper concludes by summarizing research findings and discussing the implications of the incoming Trump administration on Sino-Japanese relations.

RECENT DEVELOPMENTS IN SINO-JAPANESE RELATIONS: A SEMBLANCE OF NORMALCY?

High-level diplomacy, suspended since 2012, began to recover gradually starting in 2015. There was a China-Japan-South Korea foreign ministerial meeting in March 2015 and a trilateral summit of Premier Li Keqiang, Abe, and President Park Geun-hye in November 2015. In April 2016, Foreign Minister Kishida Fumio made his first visit to China in four years. Various business and friendship delegations also exchanged visits, and, from early 2015, the defense officials of the two sides resumed talks regarding the establishment of a maritime crisis management mechanism.

Meetings and visits notwithstanding, no major progress is in sight over any substantive bilateral issue. The much-anticipated maritime communications mechanism has yet to materialize, and the situation in the East China Sea remains unstable. The activities of Chinese coast guard ships near the disputed Diaoyu/Senkaku islands show no signs of abating. Additionally, in response to Chinese aircraft approaching its airspace, Japanese fighter jets scrambled a record high 571 times in fiscal year 2015,¹ and the number reached 407 times in the first half of fiscal 2016 alone.² Moreover, a new dispute erupted in September 2015 concerning China's unilateral exploration of natural gas in the East China Sea; although the exploration platforms are on the Chinese side of the median line, Japan perceived it as a violation of a bilateral agreement on joint exploration reached in 2008. Since early 2016 Japan became more actively involved in the South China Sea, another area where China is entangled in territorial disputes. Japan supported the Philippines' arbitration case against China in a UNCLOS court, conducted naval ship visits to other claimant countries in the region, orchestrated a G-7 summit statement expressing concern about East Asia's maritime disputes, and signaled its intention to carry out joint patrols with the United States there.

In retaliation, China stepped up pressure on the Diaoyu/Senkaku Islands, sending a naval ship for the first time into the contiguous waters in June 2016. In August 200-300 Chinese fishing boats entered the surrounding waters, escorted by maritime surveillance ships.

Exasperated by the troubles in the East China Sea and South China Sea, Beijing and Tokyo confronted each other diplomatically. Japan's 2016 Blue Book on foreign relations pointed to Chinese government vessel incursions into Japanese territorial waters as a major point of bilateral contention. In his April visit to Beijing, Kishida again raised concerns about maritime issues. Foreign Minister Wang Yi responded by laying out four conditions for improving ties that called on Japan: to face up to history and stick to the one-China policy, to stop spreading China threat theories, to pursue economic win-win cooperation, and to jettison the confrontation mentality in regional and international affairs.³ In May, Beijing lodged a diplomatic protest against the G-7 statement on maritime security, and slammed Japan, the host of the summit, for "hyping up the South China Sea issue and regional tensions." Xi, in his meeting with Abe at the G-20 summit in September, also admonished Japan to "exercise caution in its words and deeds" and "put aside disruptions" to bilateral relations.⁴ Toward the end of the year, Abe told Xi at the APEC summit in Lima that Tokyo was looking forward to two important anniversaries—the 45th anniversary of Sino-Japanese diplomatic normalization next year, and the 40th anniversary of their peace and friendship treaty in 2018—to "forge a stable and good relationship" with Beijing, a message that received a cool response from Xi.⁵

Compared to their open friction over maritime issues, the dispute about WWII memory was relatively muted, although mutual displeasure was thinly veiled. Abe's statement issued on the eve of the 70th anniversary of the end of the war, mentioning the four keywords demanded by China and South Korea—aggression, colonialism, apology, and remorse—was a relief to those who had worried about his right-wing nationalism. But it failed to satisfy China, who was critical of what the statement left out or played down, and of his call to end the apology business by Japan's future generations. Likewise, China's military parade celebrating the victory of war against Japan caused discomfort in Tokyo, which reacted that China should "show its future-oriented attitude to work on common issues which international society is facing, not focusing excessively on the unfortunate history in the past."⁶ In 2016, China was again irked by Japan's "wrong attitude toward the history issue" when Abe twice sent offerings to Yasukuni Shrine, and Japanese parliamentarians and incumbent and former government officials paid homage there around August 15. In the midst of these commotions, Mitsubishi Materials, a Japanese company that used Chinese forced labor during the war, agreed to compensate and apologize to thousands of victims and their families. However, it was not the kind of official compensation that is essential to inter-state reconciliation. Except for some online news sites, this story received minimal coverage in Chinese media.

XI'S CHINA DREAM: HISTORY, VALUES, AND INTERESTS

The Xi government's signature concept of official national identity is the "China Dream." In November 2012, after taking members of the Politburo Standing Committee to visit the "Road to Rejuvenation" exhibition at China's National History Museum, Xi enunciated his "China Dream" for the "great rejuvenation of the Chinese nation," which, as he later

explained, means “achieving a rich and powerful country, the revitalization of the nation, and the people’s happiness.”⁷ This concept was put forward against a paradoxical backdrop of both remarkable national strength and severe weakness. On the one hand, China had reemerged as a great economic and military power unprecedented since the 19th century. On the other hand, the country faced a plethora of domestic troubles, including the worst economic slowdown in a quarter century; exacerbation of social unrest; centrifugal tendencies in not just Xinjiang and Tibet but also Hong Kong and Taiwan; and sharp intra-party strife, evident in the chaotic leadership transition leading to the Xi administration, and his anti-corruption campaign that many believe aimed at eliminating his political opponents. At this juncture the government needed a nationalist doctrine to unite the Chinese people and inspire them to focus on national pride rather than immediate domestic challenges. Promoting the “China Dream,” therefore, served to maintain domestic stability and shore up the Party-state’s regime legitimacy and Xi’s personal authority.⁸

The Xi government’s national identity program contains two bifurcated themes that simultaneously stress China’s tradition and socialist modernity, and its historical trauma and current glory. Although mainly driven by domestic motivations, this new program does have significant bearing on China’s foreign relations. First, the concept of the “China Dream,” combining both traditional Chinese culture and socialist values, justifies China’s pursuit of regional dominance and objection to interference from the West, especially the United States. China’s Confucian view of the world is premised on a cultural hierarchy in which the Middle Kingdom is the civilized center and all others are the barbarian periphery subordinate to the center. Similarly, for the Xi government, reinvigorating the Chinese nation is to revive the Sinocentric international order in East Asia, where all countries will prosper under China’s leadership. At a regional confidence-building conference in 2014, Xi Jinping spoke of “a new Asian security concept” where “it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia.”⁹ If this notion was still implicit about excluding U.S. involvement from regional security affairs and establishing China’s sphere of influence there, he openly claimed the driver’s seat for China when he remarked at the APEC CEO summit later in the same year that “We are duty-bound to create and fulfill an Asia-Pacific dream for our people.” A number of regional trade and investment initiatives were proposed under Xi, most prominently the Asian Infrastructure Investment Bank (AIIB), Free Trade Area of the Asia Pacific (FTAAP), and One Belt One Road, consisting of a Silk Road Economic Belt extending from Central Asia to the Middle East to Europe and a Maritime Silk Road connecting China with Southeast Asia, Oceania, and North Africa. These regional security and economic visions can be understood as an ambitious attempt to construct a China-centered hub-and-spoke system as an alternative to the existing one sponsored by the United States.¹¹

While harking back to China’s cultural traditions, the “China Dream” discourse at the same time upholds the socialist model of political system and economic development as the key to success. As a dream of the Chinese people, Xi points out, it must follow a Chinese path, and the only path to attain it is through “socialism with Chinese characteristics.”¹² Furthermore, since the Party “is the core of socialism with Chinese characteristics, no “China Dream” will be possible without the leadership of the CCP.”¹³ The recent propaganda poster campaign in China promoting “core socialist values” sets China apart from Western values supporting liberal democracy and universal human rights.¹⁴ So a China-centric regional order prescribed by the “China Dream” not only opposes

the Western military and economic presence surrounding China, but also rejects Western political ideology and current international norms associated with it. To reach both goals would require other countries in the region, especially U.S. allies and partners such as Japan, to accommodate Chinese power, acquiesce to illiberal norms, and, ideally, to depend on China, not the United States, for security and prosperity.

In the second theme of the “China Dream” concept, notions of past victimhood and its present confidence and ambition are intertwined. The Chinese nation, proud of its ancient civilization and achievements, is said to have suffered humiliating trauma from foreign imperialist aggression in the so-called “century of humiliation,” before finally ascending to the ranks of great powers again.¹⁵ The entire “road to rejuvenation” exhibition that Xi used to launch the “China Dream” campaign drives home a tortuous national trajectory from past glory to trauma and finally to resurrection over a period of more than 170 years. The central message is about reviving national power and status, to which China is perfectly entitled but they were violently taken away by the Westerners and Japanese in modern history. Internally, the program spells out the goal of a “Double Centenary”: to turn China into a “moderately well-off society” by 2021, the 100th anniversary of the CCP, and to fully develop China into a rich, strong, “democratic,” civilized, and harmonious socialist modern nation by about 2049, the 100th anniversary of the founding of the People’s Republic.¹⁶ Externally, the Xi government seeks to regain China’s rightful international status. Here China no longer poses as a developing country but proclaims to conduct “great power diplomacy (*daguo waijiao*)” with “Chinese grandeur (*Zhongguo qipai*).”¹⁷

To convince the world that the new type of international relations that it envisions poses no threat, Beijing uses keywords such as “peace, development, cooperation and win-win.” Still, the nationalistic overtone of the new strategy betrays arrogance and toughness. Because the “China Dream” is preached as a national cause to wipe out the “century of humiliation,” foreign policy emphasizes not just peaceful development but also resolute defense of core national interests, most notably territorial sovereignty that was severely violated in modern history.¹⁸ At the same time, the “China Dream” motivates the country to take pride in its newly gained power and use that power to its advantage in handling international disputes. These entail two changes in its external behavior. One is that China feels no need to flinch from speaking its mind or demonstrating its strength. Best captured in the term “*fengfa youwei*” (striving for achievement) vowed by Xi at the Work Forum on Chinese Diplomacy Toward the Periphery in October 2013, this proactive strategic motif marks a discernible departure from the previously Dengist doctrine of “*taoguang yanghui*” (keep a low profile and bide your time). As Xu Jin explains, “We can now defend our interests, send out our voice, raise our initiatives, implement our policies, and help our friends.” In particular, adopting the new diplomatic keynote allows China to “openly maintain our bottom line” in territorial sovereignty disputes, something that China previously avoided for the sake of international image. This is all because in the past China lagged behind other major powers but now the trend has been reversed; China can “assume a brand-new posture” in the world.¹⁹

Another change in its foreign policy is that when defending its interests China will not budge under international pressure, nor will it hesitate to clash with other countries. Because China was victimized by foreign aggression before, the country must be prepared to stand up against any external encroachment at all times, even if it means fighting.²⁰ Xi, anticipating the award by the UNCLOS court on South China Sea, spoke at the Party anniversary in 2016, “The Chinese people will not be bullied; *we will not start trouble but we are not afraid of trouble, either* (emphasis by author). No country shall expect us to bargain away our core interests, or swallow the bitter fruit

of damage to our national sovereignty, security, and development.”²¹ Here China is presented as a truly independent nation that can be its own master, not like in modern history of national humiliation under the yoke of Western imperialism. Simply compromising to avoid conflicts is now considered suboptimal; China must “actively shape the external situation instead of adapting itself to the changes in external conditions,” says an influential Chinese expert on international affairs Yan Xuetong.²²

IDENTITY GAP AND SINO-JAPANESE SECURITY DILEMMA

The role of Chinese identity themes in Sino-Japanese relations needs to be gauged against alternative forces of influence, including balance of power, economic interdependence, and bilateral societal and cultural contacts. The Sino-Japanese balance of power shift since the end of the 2000s, indeed, served as the overall structural context in which their relationship made a sharp turn for the worse. A new feature of recent bilateral relations is an across-the-board escalation of tensions at sea, from island and gas field frictions in the East China Sea, to disputes in the South China Sea, and to naval contests near the first island chains outside China. The realpolitik stake in these disputes is real, including territorial sovereignty, hydrocarbon and fishing resources surrounding these territories, safety of sea lines of communication, and even strategic control of maritime East Asia and West Pacific. The conflict of interest between China and Japan is also intertwined with the emerging Sino-American competition for a sphere of influence in the region, which has been brought to the surface by the Obama administration’s strategy of rebalance to Asia.

To safeguard their interests, each side has taken steps to beef up its own military strength. Aside from its active land reclamation and militarization of reclaimed islands in the South China Sea, China also set out to build naval and coast guard bases in Zhejiang province near the Diaoyu/Senkaku Islands,²³ and its first indigenous aircraft carrier is well under construction, not to mention its ever-growing military spending and impressive expansion of Anti-Access/Area Denial (A2/AD) capabilities at sea and air. Moreover, in recent years Chinese naval vessels routinely transit through the Japanese archipelago via more diversified routes to advance to the open sea. Japan’s response to these Chinese security challenges is swift and firm. The military budget has been on the rise annually since 2013, and greater efforts are devoted to the defense of Japan’s southwestern islands. One important step to strengthen intelligence and reconnaissance capabilities was the setup of a permanent radar station in March 2016 to not just monitor China’s activities in the East China Sea but also receive communications within a wider radius covering the Chinese mainland, South China Sea, Russia, and North Korea.²⁴ In August Japan decided to develop a new land-to-sea missile to protect its remote islands, including the Diaoyu/Senkaku Islands.²⁵ Japan’s new security laws legalizing collective self-defense rights also became effective in March, paving the way for joint operations with the American military should security threats in the region necessitate them.

Given such defense buildup and military activism on both sides, China and Japan seem to have been stuck in an action-reaction spiral, where efforts to ensure one’s own security threaten the security of the other, causing responses that, in turn, threaten itself. The Sino-Japanese security

dilemma has become more intense than warranted by their conflict of interest—one's actions are not always out of reaction to material threat from the other, but because of intentional overplaying of one's hand. Much of their hard-line approach to bilateral disputes is attributable to non-realist calculations derived from domestic politics needs. Prime Minister Abe is known for his nationalist political agenda, the trademark of which is his push to overturn postwar constitutional constraints over the freedom of action of the Japanese Self-Defense Forces. As Amako Satoshi aptly points out, "Abe is pointing to the threat of China not so much in response to its expansionary strategy but as a means of expediency in helping to realise his pet policy of allowing Japan to exercise the right to collective self-defence."²⁶ The more China is portrayed as an imminent danger for Japanese national interests, the greater fear it would arouse among the public, who will then jettison the traditional pacifism to embrace a more visible and active role of Japan in international security affairs.

Likewise, Beijing's assertiveness in the East China and South China seas, initially reactive to other claimant states' actions in order to consolidate its own territorial claims there, is widely considered to have gone overboard and seriously hurt the region's trust in China.²⁷ Even some Chinese experts on international relations agree that overreliance on military means to coerce neighboring countries was counterproductive, and that China sometimes failed to appreciate the external backlash to its harsh behavior. The reason for Beijing's heavy-handed policy is ascribed to the replacement of "*taoguang yanghui*" by "*dayou zuowei*" under the Xi administration.²⁸ Although Chinese like to describe this doctrinal adjustment to be a natural product of rising nationalist sentiment at home, it is clear from the "China Dream" campaign that popular nationalism is, at least in part, the government's own making. Launched primarily for domestic consumption to shore up the legitimacy of the Party state, Xi's mobilization of an ethnocentric national identity compels a stringent foreign policy that defies foreign objections and rejects compromise.

The Sino-Japanese security dilemma is made worse by the lack of willingness to offer mutual reassurance, which has a great deal to do with the yawning gap between their national identities. In fact, all the central themes of the Xi government's national identity program collide with Japan's national self-identity and aspirations. First, exhorted by the "China Dream" to take pride in both traditional cultural superiority and newly gained strength, China is poised to become the leader of East Asia and expects other countries in the region to appreciate and welcome it. The envisioned Chinacentric order has little space for genuine multilateral collaboration with important regional players like Japan. Nor is there much thought given to the possibility that China's flexing of muscle externally may have jeopardized the legitimate national interests of others, and that their defiant actions may have been provoked by China's own. Therefore, when its anticipated leadership is resisted by Japan, a country that never endorsed cultural or political subordination to China throughout its history, China believes it is all Japan's fault because Japan is being jealous and is desperately trying to hold onto its previous advantage that no longer exists. With few exceptions, Chinese elites interpret Japan's recent turn towards international activism, embodied in the trend toward constitutional revision, new security legislation, military buildup, and diplomatic consorting with the United States, Australia, India, and Southeast Asian countries, as a coherent, calculated strategic move to contain China.²⁹ This conviction is driven home by Wang Yi, who said at the World Peace Forum held in Beijing in June 2015 that "the crux of

China-Japan relations is whether Japan can sincerely accept and welcome China's revival and rise."³⁰ Hence, instead of making a serious effort to reassure Japan and win over its support to China's dream of national greatness, Chinese elites dismiss Japan's national security concerns and blame the bilateral impasse solely on Japan.³¹

Second, because the "China Dream" is to be fulfilled through redeeming past trauma and regaining national dignity, the identity program drives the nation to take offense at any Japanese attempts to misinterpret WWII history or deny its responsibility for aggression. The historical revisionism of the Abe government has triggered strong emotional protests from the Chinese people. More importantly, many in China's elite are led to believe that Japan's "erroneous historical attitude" is symptomatic of its overall rightward shift in political ideology that abandons postwar pacifism and justifies external expansion. Some even draw the conclusion that Japan harbors malicious intent to upset the postwar international order laid down on the foundation of the allied defeat of Japan.³²

But such alarmist reading of Japanese politics and foreign strategy is disapproved by Tokyo, which contends that Japan is firmly committed to preserving world peace. Moreover, Tokyo has sought to counter China's "history card" with a "value card." From his first administration in 2006-2007, Abe already experimented with value diplomacy to establish an "arc of freedom and prosperity" along the outer rim of Eurasia, obviously leaving out China. Only one day after beginning his second administration, he proposed the concept of an "Asian Democratic Security Diamond," consisting of like-minded countries in the Indo-Pacific to curb China's maritime ambitions, and emphasized that Japanese diplomacy was "rooted in democracy, the rule of law, and respect for human rights."³³ In 2013, when laying out new principles of Japanese diplomacy, Abe again highlighted "universal values" and the "laws and rules" in governing the sea.³⁴ For Japan, ironically, it is China which is the real challenger to the prevailing international norms and order. As Ding Gang laments, "When we talk about historical views, they talk about values, so hard to find commonality."³⁵ Not surprisingly, Chinese elites flatly reject Abe's value diplomacy as an ideological instrument to undermine China's international image, and gain moral legitimacy to advance Japan's external expansion and encircle and contain China.³⁶

As a result of their sharp identity conflict in the cultural, historical, and ideological dimensions, both China and Japan are suspicious that the other country is trying to upset the international status quo, without realizing that their own ideological insistence may have biased their perceptions.³⁷ Each country has, thus, prized a stick policy aimed at deterrence against the other, over a carrot policy for mutual reassurance and accommodation. Xi Jinping's assertive diplomatic doctrine, in particular, has proclaimed a "new concept of morality and interests" (*xin yili guan*) that places justice and principles above economic profits. State Councilor for foreign affairs Yang Jiechi made it clear that China should reward those countries who are consistently friendly to China, which implies that those adversarial countries deserve punishment.³⁸ Yan Xuetong explicitly categorizes foreign relations into four types—strategic pillars, normal states, global competitors, and hostile countries—and labels Japan the last type, to which China should apply punitive pressure and contemplate no compromise. Treating Japan as an enemy only exacerbates its hostility to China; this is a self-fulfilling prophecy. Yan himself admits that the stick policy could only isolate Japan but "not soften Abe's confrontation against China."³⁹ The Sino-Japanese security dilemma continues to worsen.

COLD POLITICS, COOL ECONOMICS, AND HOT TOURISM?

China and Japan have unquestionably thick commercial ties. China is currently Japan's No. 1 trading partner, and Japan had long been China's top partner, only falling behind the EU and the United States since 2004. In 2015, China's share of Japan's total trade reached 21.2 percent. China is also a significant destination for Japanese FDI, receiving close to \$9 billion in 2015.⁴⁰ Japanese companies in China are estimated to have sustained nearly 10 million jobs.⁴¹ Not only highly interdependent, Chinese and Japanese economies are also mutually complementary. Japan used to export manufactured goods to China and import Chinese primary goods and cheap, labor-intensive products. From the 2000s the bilateral trade structure became less asymmetrical, where machinery began to make up their most important exports to each other. The two countries have also competed as exporters to ASEAN and elsewhere. Regardless, the fact that Japanese exports still consist largely of capital intensive, high value-added goods while China's are mostly low-priced, less complex goods shows that a large part of their trade is "vertical intra-industry trade," where the increase of one party's exports should not undermine the exports of the other.⁴²

According to the liberalist theory of commercial peace, increased economic interdependence discourages armed conflict. A logical corollary is that commerce can also moderate mutual policy in times short of war for fear that a deteriorating political relationship will eventually harm economic interests. Yet, close commercial ties did not prevent diplomatic volatility and military tensions between China and Japan. On the contrary, it is economics that fell victim to politics. Since the 2012 island dispute escalation the Sino-Japanese economic relationship is visibly cooling down. After temporary stabilization in 2014, the total trade decreased by 11.8 percent in 2015, a double-digit fall for the first time in six years.⁴³ The decline continued in 2016. By September, Japan's exports to China had fallen nearly 11 percent from a year earlier, well below the 7 percent drop in Japan's total exports.⁴⁴ Japanese companies have been rapidly shifting investment from China to ASEAN countries. By 2015 corporate investment toward ASEAN had outstripped that toward China for five years in a row, and doubled the combined value to China and Hong Kong. The Chinese Ministry of Commerce reported a 38.3 percent decline of Japanese FDI to China in 2014, and another 25.8 percent drop in 2015.⁴⁵ Chinese investment to Japan is also stagnating, an exception to the overall fast growth of Chinese outward investment. The adverse political climate of bilateral relations is cited as a significant cause of the downturn, in addition to the Japanese economic slowdown and rising labor and other production costs in China. Some consider the economic dimension even cooler than the political dimension, which is in a slow recovery from the 2014 low point.⁴⁶

Both governments, despite awareness of the severity of the business losses, are unwilling to compromise on political principles. China's "new concept of morality and interest" prioritizing national pride and core interests over economic interests determines that politics will trump economics in its foreign relations. This is evident in the fact that high-level economic dialogue between China and Japan has been put on hold since 2010 due to their territorial disputes.⁴⁷ Instead of softening its policy, Beijing expects Tokyo to concede ground. In April 2016, to show its displeasure with Japan's "meddling in the South China Sea,"

Beijing downgraded its hosting of a business delegation led by Kono Yohei, chairman of the Japan Association for the Promotion of International Trade, from Premier Li Keqiang the year before to Vice Premier Wang Yang. At the meeting, Wang urged Japan to “handle major sensitive issues cautiously and appropriately and promote economic and trade cooperation with China in a more positive demeanor to contribute more to the continual improvement of bilateral relationship.”⁴⁸ A Keizai Doyukai group likewise received a lecture from former State Councilor Tang Jiaxuan in Beijing in August, who said that politics and economics are not separable, and at a time of “cold politics” it was impossible to achieve “hot” economics.⁴⁹

Japanese business circles responded by accelerating withdrawal from China. Out of employment concerns the Chinese government often makes it difficult for foreign companies to exit China. In September 2016, a Keidaren delegation visited Beijing to lobby the Ministry of Commerce to create one window that handles approval by multiple agencies so as to speed up the process for foreign capital to get out.⁵⁰ In fact, Japanese business pessimism about China is a marked feature of bilateral economic relations. A 2016 CSIS-Nikkei survey of Japanese business people on Sino-Japanese relations shows that the majority believe China is an essential market for Japan, but its importance will decrease in the future, and China will no longer be Japan’s essential production base. When asked what is the biggest risk in doing business in China, “political risk” is selected by 79.8 percent of respondents. Furthermore, Japanese business interests are not as friendly or conciliatory to China as the liberalist interdependence theory predicts. Most of the respondents perceive the Xi government’s policy to China to be “tough and adversarial,” and believe that China “will follow neither the rules of diplomacy nor the rules of the market economy.” When asked about how to handle the Diaoyu/Senkaku disputes, 53.1 percent of respondents recommend “building permanent facilities or permanently stationing civil servants there,” compared to 35.8 percent who wish to shelf the disputes and maintain the status quo.⁵¹ Obviously, the kind of pro-China business lobby that propelled Sino-Japanese normalization at the turn of the 1970s is unlikely to occur in today’s bilateral setting.

Another hope for bilateral improvement is that, according to the sociological variant of liberalist theory, a greater degree of societal contacts will foster mutual understanding and trust, which, in turn, will contribute to the perception of shared interests. Unlike cooling economic interactions, Chinese tourism to Japan is booming. In 2015, Japan handed out 3.78 million visas to Chinese nationals, an 85 percent jump from 2014, thanks to a weaker yen and relaxed visa rules.⁵² The flocking of Chinese tourists to Japan has certainly benefited its retail industry because once there they plunge into *bakugai* (explosive buying). At the same time, for most of the past decade around 60 percent of the total of international students in Japan have come from China.⁵³

Whether there is a silver lining is questionable. For one thing, Japanese tourists and students to China are declining in recent years, due to a deteriorating political relationship, as well as air pollution and food safety problems in China.⁵⁴ In China, objective coverage of Japan in textbooks and mass media is still beyond reach, which contributes to anti-Japanese sentiment among the general public.⁵⁵ Biases are also recognizable in Japanese media coverage of China.⁵⁶ Non-governmental channels of confidence-building are still underdeveloped, and cultural exchanges are often hit hard by storms in the official relationship. Another significant means to bridge their gap in historical memory and national identity is historians’ dialogue, which materialized with Chinese and Japanese government sponsorship for the

first time during 2006-2009. But the downward spiral in bilateral relations thereafter has ruled out the resumption of such joint history study. At the same time, the bilateral popular relationship remains poor. The 2016 Genro NPO joint poll indicates that 76.7 percent of Chinese respondents and 91.6 percent of Japanese respondents held negative impressions of the other country.⁵⁷ Ultimately, even though the two countries are close by and not short of societal interactions, the kind of interactions taking place have had a weak effect in improving mutual image and perception.

PROSPECTS IN THE TRUMP ERA

With China's rapid rise in recent decades, now for the first time in history East Asia has two comparably strong regional powers in China and Japan. The Chinese idiom often used to describe the situation is that "a mountain cannot accommodate two tigers."⁵⁸ International structural conditions, including their geographic proximity, the power shift, territorial disputes, and U.S.-Japan opposition to Chinese hegemony in the region, have defined the perimeters for Sino-Japanese rivalry. Without a fundamental change to this structural environment, diplomatic maneuvers, business interests, and societal efforts striving for popular affinity can only produce tactical compromises and a short-term detente, not strategic accommodation.

But ideational and cultural factors can play a significant role in mollifying the current tension. It is observed that throughout history, due to pride and cultural biases, each of the two nations has refused to accept the other as an equal, nor would either concede a position of superiority to the other.⁵⁹ Today the Sino-Japanese national identity gap remains an invisible, yet formidable impediment to a pragmatic and rational relationship. Particularly, the Xi government's "China Dream" concept collides with the essentials of Japanese national psyche from cultural ego to historical memory and liberal values, which give rise to fundamental disagreement about their own national role, mission, and grand strategy. It is only natural that since its advent this identity program has elicited unnecessary emotional backlash from Japan and exacerbated mutual perceptions of threat.

Given the historical lessons from their catastrophic wars in modern history, the priority for now is to manage conflict and prevent escalation. For this, both need cool-headed assessments of regional power trends and to adjust mutual expectations. Japan has to face the hard reality that China is on its way to becoming a superpower, barring major endogenous shocks or external conflicts, and China should be given a seat at the table to forge a new international order. Likewise, nearly seven decades after the end of WWII, as a prosperous and mature political entity, Japan is entitled to normal international status with collective defense rights and political autonomy. Urging China and Japan to accept each other's deserved place in the world is not to argue that they should single-mindedly chase their goals in disregard of others' legitimate concerns. Instead, knowing that their national aspirations may strike a sensitive chord in each other's identity conception, both Beijing and Tokyo should take pain to demonstrate their willingness to adjust and restrain, rather than demand acceptance as is. Because neither country can recreate the other in its own image, ultimately the two must meet each other halfway.

How Sino-Japanese relations will develop in the Trump era is still uncertain. At the time this paper was written, Trump's "peace through strength vision for the Asia-Pacific" had incurred

a great deal of repercussions in the region.⁶⁰ On the one hand, he is poised to discard some important tenets of Obama diplomacy, such as free trade, liberal values and international law and rules, and to chastise regional allies for not paying their “fair share” to underwrite the existing world order. This may lead to speculation that Washington under Trump will exit the region, abandon Japan and other countries previously under U.S. protection, and forego power as well as ideological contest with China. But the fear of U.S. strategic retrenchment and Chinese hegemony in Asia can be offset by the other, and perhaps more emphatic aspect of his policy, which is to expand American strategic advantage by building up military power, pressuring allies for greater contributions, and forcing on China trade and security deals favorable to the U.S.

Although Trump’s policy thoughts can be incoherent and at times appear impulsive, there is an unmistakable undertone that China is seen as America’s top adversary. If this is true, then it is impossible for the new administration to turn its back on its allies. At the same time, countries like Japan, nervous about China’s rise, will spare no effort to keep the United States engaged in Asia. Japan’s enthusiasm about the U.S.-led TPP and detachment from China’s AIIB reveals a strong desire to draw U.S. support against China. Since TPP has been renounced by Trump, it falls on Japan to build a multilateral alternative so as to prevent China from filling in the vacuum with its own trade rules and institutions. Abe was the first foreign head of state who met with Trump after he won the presidential elections. At the end of 2016, Abe paid the first visit to Pearl Harbor and offered condolences as a sitting Japanese prime minister together with an American president. These gestures were intended to reaffirm the U.S.-Japan security alliance and ideological bonds. In order to solidify the U.S. commitment to Asia, Japan will have to do greater burden-sharing not just in trade deals but also collective security operations, which could be a timely, fitting justification for Abe’s own nationalist agenda. Demands on Tokyo may include keeping a united front with Washington on the Taiwan issue, a political card in which Trump has taken an interest to exert pressure on Beijing. In the eyes of China, however, all of this could mean that Japan is moving further toward military expansion and negation of the postwar international order. The bottom line is, as Trump brings Sino-American confrontation into the open, China and Japan will enter, voluntarily or involuntarily, more ostensible opposition against one another.

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