

The Surprising Strength of Chinese-Japanese Ties

Tokyo Will Not Break With Beijing—No Matter What Washington Wants

By Tobias Harris

In April, Japanese Prime Minister Yoshihide Suga became the first foreign leader to visit U.S. President Joe Biden at the White House. The two leaders used their meeting to outline an ambitious vision for the future of the U.S.-Japanese alliance, unveiling new initiatives on climate change, technological investment, and public health intended to show that democracies working together can provide important public goods. Most important, their joint statement explicitly identified China as the major challenge facing the alliance, enumerating “concerns over Chinese activities that are inconsistent with the international rules-based order.” After years of veiled messaging, the Japanese and U.S. governments formally acknowledged that they are working together to deter China’s military power in Asia and compete with China economically.

It would be premature, however, to imagine that Washington has succeeded in drawing Tokyo into firm opposition to Beijing. Japan may be increasingly alarmed by China’s behavior and willing to criticize the actions of Chinese leaders, but it knows that a fundamental break with China is very unlikely. Rather, Japan remains committed to a “mutually beneficial” strategic relationship with China. Despite Suga’s hawkish posturing in the White House, Japan’s geography, economics, and domestic politics will militate against its enlisting in a U.S.-led cold war against China.

THE CHINA LOBBY

The tenor of Chinese-Japanese relations can shift quickly. A year ago and prior to the eruption of the COVID-19 pandemic, Chinese President Xi Jinping was slated to visit Japan for the first time since his accession to power. Xi’s visit was intended to mark the 40th anniversary of the establishment of formal diplomatic relations between Japan and the People’s Republic of China. The event would have been the capstone of a years-long campaign by then Japanese Prime Minister Shinzo Abe to strengthen Japan’s relationship with China; Abe had encouraged closer economic ties with China and greater cooperation in managing the risks of conflict in the East China Sea.

Abe made an unlikely agent in the pursuit of rapprochement. He was famous for his belief that Japan should embrace greater military power and revise its postwar “peace” constitution that placed restrictions on its military activities, and he also pushed for closer ties with Washington. And yet in early 2017, he instructed his closest advisers and political allies to begin sounding out Beijing about a new opening in bilateral relations. This initiative focused mainly on cooling political tensions and building economic cooperation, particularly as the two governments discussed opportunities for joint infrastructure projects in developing countries. Even a relative hawk such as Abe could not ignore the realities of Japan’s economic interdependence with China and the voices within the Japanese business sector and political establishment calling for more stable relations.

As of the end of 2019, Japan's total stock of foreign direct investment in China was roughly \$130.3 billion, significantly less than Japan's investment in the United States but roughly on a par with Japan's investments in major western European economies. More than 7,750 Japanese businesses operate in China—a number greater than in any other country, greater than the total of Japanese companies operating in all ten members of the Association of Southeast Asian Nations, and significantly higher than the number of Japanese firms in all of North America and Europe.

Trade with China has been an important source of growth for Japan over the past two decades as the Japanese government has struggled to reinvigorate the economy. China has not just been a major market for Japanese products; it has also sent more tourists, students, and workers to Japan than has any other country. Chinese nationals form more than a quarter of Japan's growing foreign-born population and account for nearly 40 percent of all foreign-born students. All of these trends accelerated under Abe as he opened Japan's once sheltered economy to flows of goods, capital, and people.

Powerful political and economic actors have supported these growing ties, and none more than Japan's business community, which has consistently stressed the need to defuse antagonism between the two countries through public appeals for diplomacy and quieter outreach to lawmakers and government officials. The business community has relied on allies in the ruling Liberal Democratic Party, which, although conservative, has historically been divided between a hawkish, anti-China wing and a more mercantilist wing. Under Abe, the mercantilists who favored better relations with China gained the upper hand. Komeito, a Buddhist party that has been the LDP's coalition partner for more than two decades, has also long advocated friendship with China. Bureaucrats in important ministries, including the Ministry of Foreign Affairs and the Ministry of Economy, Trade, and Industry, have further urged cooperation and resisted confrontation with China.

Together, these entities have formed a kind of China lobby in Japan that has worked to insulate the bilateral relationship from political opposition. For example, politicians and diplomats argued against sanctions after the Tiananmen massacre in 1989. The business community and its political allies insisted on deepening economic integration between the two countries even in moments of heightened political tension—as occurred when Japanese prime ministers visited Tokyo's Yasukuni Shrine to honor Japan's war dead, a symbolic act that China considers tantamount to celebrating Japanese atrocities during World War II. Most recently, this constellation of interests, spearheaded by LDP Secretary-General Toshihiro Nikai and certain advisers in the Trade Ministry, convinced Abe to prioritize stable relations with Beijing even as the administration of then U.S. President Donald Trump embarked on a trade war with China. The tangible achievements of this effort were limited; the two governments resumed high-level leadership dialogues and inked some agreements on economic and financial cooperation. But Abe's outreach indicated that Tokyo was trying to insulate its economic relationship with Beijing from geopolitical tensions even as voices in Washington began calling for decoupling with China.

UP FOR GRABS

In recent years, Japan's China lobby has had to jockey for influence with hawkish lawmakers, who see China predominantly as a military threat. The Japanese public, too, has been especially skeptical of China since Beijing began asserting its claims to the disputed Senkaku

(known in China as the Diaoyu) Islands in the East China Sea. According to an annual poll of the attitudes that Chinese and Japanese people hold toward the other country conducted by the Japanese think tank Genron NPO, Japanese have grown significantly more hostile toward China; more than 75 percent of Japanese surveyed every year since 2011 held negative attitudes toward China, a figure that has remained at around 90 percent since reaching a high of 93 percent in 2014. In 2020, many in Japan sounded the alarm about China's controversial new national security law for Hong Kong, its economic pressure campaign against Australia, and the increased tempo of its military and coast guard activities in the Taiwan Strait and the East China and South China Seas.

The conditions that had enabled rapprochement under Abe had evaporated. Japan's China hawks, sidelined while the Abe administration was in extensive talks with Beijing, quickly mobilized, petitioning the government to cancel Xi's state visit, which had been postponed indefinitely because of the pandemic. Other groups critical of closer ties with China would follow suit, including the Japan Parliamentary Alliance on China (the local arm of the global Inter-Parliamentary Alliance on China that seeks to organize democracies in broad resistance to China) and a new parliamentary league calling for a stronger response to China's repression of the Uyghurs in Xinjiang.

The joint statement with the United States is only the latest sign that Suga, who succeeded Abe as prime minister last September, will not revert to his predecessor's warm diplomacy with China. Although he retained the conciliatory Nikai as the LDP's secretary-general, Suga also appointed as defense minister Nobuo Kishi, who had acted as a personal envoy to Taiwan for Abe, his older brother. Suga has expanded a program introduced last year to subsidize Japanese companies that want to shift production out of China. He has embraced the Quad—the informal grouping of democracies that includes Australia, India, Japan, and the United States—by hosting a meeting of its foreign ministers in October and pushing for a virtual summit that was held in March. His cabinet ministers have openly protested China's new coast guard law, which clarifies when the Chinese coast guard can use force and could allow Beijing to strengthen its claims to disputed islands. More recently, U.S. and Japanese defense officials have affirmed that the allies would cooperate in the event of a conflict between China and Taiwan.

But Japan's China policy is still up for grabs. China's aggression in the region has given hawks in Japan the upper hand for the time being, but their ascendance is hardly irreversible. Corporate Japan, for example, continues to treat China as an indispensable market. In recent weeks, leading Japanese companies, including Toyota and robot maker Fanuc, have announced significant new investments in China. Japanese manufacturers of key components for computer chips have also announced new moves into China, seeing an opportunity to gain larger market share in the wake of the U.S.-Chinese trade war. These interests—as well as those of domestic businesses that benefit from Chinese tourism—will always encourage politicians to push for stable relations with China, even if the LDP is more skeptical of China and less mercantilist than it was under Abe.

Perhaps most important, the Japanese people continue to believe that the relationship with China is important and worth maintaining. Many Japanese claim that their country has no choice but to find a way to work with its giant neighbor and economic partner, despite the genuine risks that Chinese actions pose. Genron NPO's latest poll of Japanese and Chinese attitudes shows that despite nearly 90 percent of Japanese reporting negative attitudes about China, more than two-thirds of Japanese see economic cooperation with China as important for their country's future.

Other polls find little support for greater defense spending or for a more expansive role for Japan's Self-Defense Forces.

Should China continue to behave aggressively in the region, its actions may one day result in a fundamental rupture with Japan. But that day has not yet come. Japan has proved adept at balancing both its historical alliance with the United States and the economic imperative to sustain strong ties with China. Japanese business leaders, bureaucrats, and politicians will continue to keep the channels of communication with Beijing open in the belief that, as Suga tweeted after the summit, a stable relationship with China "is important not just for Japan and China, but for the peace and prosperity of the region and the international community."

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