



# CHINA WEIGHS JAPAN'S BLOWBACK AGAINST ITS OWN ACTIONS

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## INTRODUCTION MATHIEU DUCHÂTEL

Let's start with a factual observation. **For Europe, China policy in recent years has been less and less about the management of bilateral relations with China, and more and more about coordination and cooperation with allies and partners.** This is an unavoidable outcome of the stalemate in EU-China relations, of domestic governance trends inside China under Xi Jinping's leadership, and of the risk of war in the Taiwan Strait. Even the most optimistic European policymakers, which had been deeply convinced until most recently that a cross-strait war was unthinkable because "it would be too costly", are starting to take that risk seriously after Russia launched its war of aggression against Ukraine.

This is an important context to watch China-Japan relations from Europe, and to pay attention to the Chinese experts' views on Japan's China policy. On the economic front, in the management of the security environment in East Asia and the Indo-Pacific, but also in their ambition to shape the international order, **Japanese policies provide a benchmark to assess Europe's own actions, a source of inspiration to test ideas and improve our own policies, and an alarm call regarding the seriousness of East Asian security risks.**

Beyond the deep people-to-people and business relations that tie together the Chinese and the Japanese societies, and taking into consideration the historical depth of rich cultural interactions and tragic wars, it is no exaggeration to state that Japan approaches China from the strategic viewpoint of Japan's position in the international system, and not simply from the angle of market opportunities. China's future choice with regards to war or peace in the Taiwan Strait, how China will handle its territorial disputes with Japan in the East China Sea, whether China or the West will dominate the next wave of technology innovation, and the extent to which Chinese influence will expand in the Indo-Pacific region are vital questions for Japan's existence as a peaceful and prosperous advanced industrial economy. This explains why **Japan's China policy is framed as part of a strategy for the future of the international order.**

This issue of China Trends explores Chinese debates and perceptions in three policy areas.

First, **security competition and the military domain often define the big picture of China-Japan relations.** When President Biden visited Japan last May, China responded by jointly flying nuclear bombers with the Russian Air Force in Japan's Air Defense Identification Zone. This was a crystal clear signal of China's current threat perception vis-à-vis the US-Japan alliance and its central role in maintaining the East Asian status quo, which seen from Beijing constrains China's strategic space. Yamaguchi Shinji's piece shows important differences in Chinese analysis regarding Japan's security policy, but also underlines that three broad agreements have surfaced. First, there is genuine alarm at Japan increasingly being an active player in deterring China from attacking Taiwan. Second, Chinese experts can only acknowledge that Japan is taking the initiative to build a coalition in the Indo-Pacific to resist China's rise. And third, they note that Japan is increasingly vocal on human rights - but they are nevertheless unsure whether this is a deep and consequential transformation of a country traditionally less vocal than the West regarding abuses in China.

Second, **Japan's turn to greater government intervention in the technological race has recently culminated with the Kishida government adopting an economic security legislation.** The legislation targets Japan's supply chain security, plans increased protections against technology acquisition by military end-users, and injects new resources to boost innovation in strategic industries. Just like Europe's "autonomous defensive instruments", Japan's legislation is country-agnostic, but is mainly a response to China's state capitalism. A minority of Chinese analysts describe Japan's legislation as hostile and as a factor of increased distrust in China-Japan relations. One scholar even accuses Japan of seeking "absolute economic security", mirroring on purpose China and Russia's accusations that the United States is seeking absolute security by undermining their nuclear deterrence. But the mainstream is elsewhere. Chinese experts are able to show understanding and to rationalize Japanese actions, which is a global leader in crafting new defensive measures to counter intangible technology transfers. Japan's actions are both part of an international trend and a historical trend inside Japan. Some doubt the efficiency of Japan's turn to economic security and the intensity of its impact on Chinese interests. One thing is clear. Those measures are targeted, and will not lead to full decoupling of the Chinese and the Japanese economies.

The third piece is a search for positive and optimistic Chinese views regarding the future of China-Japan cooperation. 2022 marks the 50<sup>th</sup> anniversary of the establishment of diplomatic ties, and the depth of China-Japan economic relations is not only stunning for its volume (bilateral trade was at US\$ 372 billion in 2021), but it's also been a major factor of growth and prosperity since China's opening up. **In each of the three pieces, there are always voices that question Japan's long-term commitment to a course of strategic competition with China.** This closing analysis by Viviana Zhu sees a lot of emphasis placed on the significance of RCEP, as a demonstration that the Japanese government is determined to pursue closer relations with China, in spite of everything. The tone of Chinese publications makes clear that optimism is contained, and for good reason. Asked by a Chinese military officer at the Shangri-La Dialogue in Singapore about Japan's plan for the 50<sup>th</sup> anniversary, Prime Minister Fumio Kishida simply provided a laconic reply that "more communication" was important.

The recent EU-Japan Summit was the occasion to define China policy as an issue of bilateral cooperation. The joint communiqué states that "we will deepen our exchanges on China, notably with regard to political, economic and security dynamics, including on the situation in Hong Kong as well as on human rights, including in Xinjiang".<sup>1</sup> There is also a mention of "economic security" as an area of Europe-Japan cooperation, a notable development given how many European policymakers were until recently reluctant to adopt that terminology, which they saw as a direct attack on free market principles. But times change, and **Japan's patient diplomacy seems to have succeeded in persuading European interlocutors.** On the trade, technology and investment agenda, cooperation with Japan can complement transatlantic relations, and to some degree balance the importance of the United States on Europe's agenda. While China-Japan relations increasingly slide towards outward rivalry, Europe can also watch which economic gains are nevertheless preserved from politicization or securitization.

1. "Joint Statement EU-Japan Summit 2022", European Council, May 12, 2022, <https://www.consilium.europa.eu/en/press/press-releases/2022/05/12/joint-statement-eu-japan-summit-2022/>

## ABOUT

China Trends seeks understanding of China from Chinese language sources. In an era where the international news cycle is often about China, having a reality check on Chinese expressions often provides for more in-depth analysis of the logic at work in policies, and needed information about policy debates where they exist. China Trends is a quarterly publication by Institut Montaigne's Asia program, with each issue focusing on a single theme.



## SECURITY COMPETITION: CHINA'S ALARM ON THE RISE

Since the advent of the Abe administration (2012), Japan's foreign policy has become more proactive, with an even closer US-Japan alliance and a more proactive attitude towards maintaining and building regional order by raising the Free and Open Indo-Pacific vision. It has also been more outspoken about the Taiwan issue and placed more emphasis on democratic values and human rights than before.

How does China view these developments in Japan's foreign and security policy? Japan and China have been in severe security confrontation since Japan's acquisition of three of the Senkaku Islands in 2012. However, the 2017 China visit of Toshihiro Nikai, then secretary-general of Japan's ruling Liberal Democratic Party, produced a slight easing of tensions and a stabilizing trend. But relations deteriorated again amid the aggravating US-China tensions and the Covid-19 pandemic. **How Chinese thinkers consider deteriorating China-Japan relations is a crucial question worth exploring.**

This article explores the current state of China's perception of Japan, mainly by analyzing the discussions of Chinese experts in the period 2020-2022, underlining the main issues being discussed in China.

### Three views on Sino-Japanese relations

Chinese experts' views on the current state of Sino-Japanese relations can be divided into three main categories. These are the pessimistic view, the optimistic view, and the view of worsening relations. Overall, the first and third views dominate, with **an increasing belief that the confrontational elements in Sino-Japanese relations are growing.** Furthermore, there is no argument that China's actions or words make Japan warier of China.

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The pessimistic view is that Sino-Japanese relations have consistently deteriorated since the Abe administration, with the rivalry aspect taking centre stage. **No short-term improvement can be expected.** For example, Shi Yinhong, a professor at Renmin University, sees Sino-Japanese relations entering a new historical phase predominantly characterised by strategic and military rivalry.<sup>2</sup> Similarly, Zhu Feng, a professor at Nanjing University, contends that Japan has made countering China a consistent priority of its security policy and military strategy since the 2013 National Security Strategy. In Zhu Feng's view, the Kishida administration, which inherited this trend, has pushed it further, adopting new defense laws and national security strategies, and continuously strengthened US-Japan military cooperation and defence assistance cooperation with other states in the region, and overall, following a strategic framework of balancing China.<sup>3</sup>



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2. Shi Yinhong, "Current Status of the U.S. Alliance and Coalition System's Military Posture toward China (美国同盟和联盟体系的对华军事态势现状)", *Asia-Pacific Security and Maritime Affairs*, No.2, 2022.

3. Zhu Feng, "Geostrategy and Great Power Relations: A Reanalysis of the Basic Trend of China-Japan Relations (地缘战略与大国关系: 中日关系基本走势的再分析)", *Japanese Studies*, No.1, 2022, pp.1-21.

In contrast, Chinese experts with an optimistic viewpoint see differences in US and Japanese perceptions and policies on China. For example, Gui Yongtao, a professor at Beijing University, argues that Japan's coordination with the US on the Indo-Pacific strategy remains superficial, due to undeniable differences with the US. According to Gui, **Japan refrains from putting forward strategic competition with China, and seeks coexistence between the Indo-Pacific initiative and China's Belt and Road initiative.** He contrasts this restraint with a US policy which he describes as containment of China.<sup>4</sup> Lu Hao, Deputy Director of Integrated Strategic Research Office of Japan Research Institute at the Chinese Academy of Social Sciences, also sees that the Kishida Government seeking a balance between its Indo-Pacific strategy and the pursuit of stability with China.<sup>5</sup>

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The third view that believes in worsening relations emphasises the change in Japan's policy towards China. Namely, Yang Bojiang, Director-General of Japan Institute of the Chinese Academy of Social Sciences, says that Sino-Japanese relations, which deteriorated significantly in the 2010s, tended to ease as Japan moderated its policy toward China in 2017. Nevertheless, Yang argues that **Japan experienced another turning point from around 2020, after which the security rivalry with China became more salient than before.**<sup>6</sup>

Underlying assumptions of these three perspectives are their evaluation of the relationship between the internal dynamics of Japanese political and security policy and US alliance policy.

The pessimistic view emphasises that **the long-term trend is towards a better match between the United States's China containment policy and Japan's consistent desire to reform the post World War II regime.** According to Zhu Haiyan, an associate professor at the School of Philosophy and Government Administration of Shaanxi Normal University, the contradiction between the power shift and the maintenance of US hegemony is widening. Consequently, the US can no longer maintain hegemony alone and attempts to preserve it through the distribution of benefits and delegation of power to its allies. This decentralization, she maintains, has contributed to growing equality and complementarity in the US-Japan alliance and has elevated Japan's status in the alliance.<sup>7</sup> Zhu argues that the US claim replaced the full "leading power" of the US-Japan alliance with a "concerted leader" while Japan changed from "subordinate power" (从属国) to "subsidiary power" (辅助国).<sup>8</sup>

**Chinese experts argue that Japan sees this as an opportunity to pursue militarization and to change post World War II system.** Zhu Feng argues that since the Abe Administration, Japan's apparent siding with the US was based on the hardline assessment of security and China by the Liberal Democratic Party. By contrast, most Asian states are unwilling to choose a position in strategic competition between US and China. This move has expanded Japan's military forces and advanced constitutional reform, aiming to change the post-war system.<sup>9</sup> Similarly, Shi Yinhong sees Japan as the most important military ally for the US in its competition with and containment of China. He argues that the Suga and Kishida administrations have been

4. Gui Yongtao, "Japan and China and the United States strategic competition: Trade War, Technology War, and Indo-Pacific Strategy (日本与中美战略竞争贸易战: 科技战及印太战略)", *International Forum*, No.3, 2020, pp.3-18.

5. Lu Hao, "The Kishida Regime's «Indo-Pacific Strategy» Has been Reinforced in a New Round (岸田政权「印太战略」新一轮强化态势)", *World Affairs*, No.4, 2022.

6. Yang Bojiang "The Underlying Logic of Japan's Policy Adjustment towards China (日本对华政策调整的底层逻辑)", *World Affairs*, No.4, 2022, pp.17-20.

7. Zhu Haiyan, "New Features and Trends of the Japan-U.S. Alliance (日美同盟的新特点与新趋向)", *Contemporary International Relations*, No.7, 2021, pp.18-25; Wu Yin, "China-Japan Relations under the Great Changes Unseen in a Century (百年未有之大变局下的中日关系)", *Japanese Studies*, No.3, 2021, pp.1-9.

8. Zhu Haiyan, "Strategic Positioning of the Japan-U.S. Alliance in the Context of Japan's National Strategy: Policy Tools and Effectiveness Assessment (日本国家战略视域中的日美同盟战略定位、政策手段及效果评估)", *Journal of International Studies*, No.5, 2021, pp. 81-108.

9. Zhu Feng, "Geostrategy and Great Power Relations". Also see Liu Jiangyong, "The Evolution of Japan's National Strategy in the Postwar Period and the Strategic Direction of the Kishida Cabinet (战后日本国家战略演进及岸田内阁战略走向)", *North East Asia Forum*, No.1, 2022, pp.17-35.

strengthening their hardline stance towards China and the closer US-Japan alliance since the Abe administration.<sup>10</sup>

Second, **the optimistic view emphasises the difference between Japan's and US's China policy.** As mentioned above, Gui Yongtao's analysis is based on his assumption that Japan and the US are not fully in line, especially when it comes to China.<sup>11</sup> Wu Yin argues that Japan's pragmatism makes it fully sympathetic to the US when it is in its interests, but cautious when it is not.<sup>12</sup>

Third, the perspective that highlights the shift in Japan's policy focuses on the change of US administrations. Namely, according to Meng Xiaoxu, a researcher at the Institute of Japanese Studies of the Chinese Academy of Social Sciences, Japan did not want to be on the front line against China during the Trump administration, but pursued soft balancing against China using a mini-lateral framework with Australia, India, and others. However, **Meng argues that the Biden administration is more alliance-oriented and pursues a systematic hard line against China, giving Japan a security guarantee and "authorising" (授权) it to promote its national defence.**<sup>13</sup>

### Taiwan issue

Japan and the US mentioned the importance of peace and stability in the Taiwan Strait in the US-Japan 2+2 in March 2021; in April, Prime Minister Suga visited the US and held a summit, whose joint statement mentioned Taiwan for the first time in over 50 years. **Observations that Taiwan contingency may be imminent have led Japanese politicians to increase references to the issue.** However, mainstream Japanese scholars do not regard these moves as a fundamental change of Japan's position on Taiwan. For example, Kawashima Shin, a professor at Tokyo University, argues that Japan's basic official policy toward Taiwan has remained unchanged.<sup>14</sup>

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Chinese experts do not share the Japanese mainstream view and are highly alarmed by Japan's increasing references to Taiwan. For example, Shi Yinhong attaches great importance to this issue and sees the rapid development of US-Japan strategic cooperation at an unprecedented level as a threat. **He argues that Japan has destroyed the bottom line of Sino-Japanese political relations**

and has made its fundamental national policy clear: in the event of war between the US and China, Japan would join the US in armed intervention.<sup>15</sup>

Wu Huaizhong, Deputy Director-General of Japan Institute of the Chinese Academy of Social Sciences, sees Japan's position on the Taiwan issue as having changed significantly since 2021. He pointed out several reasons for the change. First, **the stability of Taiwan Strait is crucial for Japan's sea lane defense.** Second, **if the US and China go to war over the Taiwan issue, Japan, where the US military bases are located, will inevitably be involved.** Third, **Japanese conservatives recognise that the defense of Taiwan and the defense of the Senkaku Islands largely overlap.**<sup>16</sup>

Other commentators argue that despite strengthening Taiwan-Japan ties, Japan's interests are not entirely align with those of the United States. Huang Jichao, an assistant professor at Shenzhen University, for example, explains

10. Shi Yinhong, "Biden's top US ally: Japan's New Posture towards China (拜登美国的头号盟国: 日本对华新态势)", *Japanese Studies*, No.6, 2021, pp.27-44.

11. Gui Yongtao, "Japan and China and the United States Strategic Competition: Trade War, Technology War, and Indo-Pacific Strategy (日本与中美战略竞争贸易战: 科技战及印太战略)", *International Forum*, No.3, 2020.

12. Wu Yin, "China-Japan Relations under the Great Changes Unseen in a Century (百年未有之大变局下的中日关系)", *Japanese Studies*, No.3, 2021, p.9.

13. Meng Xiaoxu, "New Trends in Japan's International Security Strategy and Their Implications (日本国际安全战略的新动向及其影响)", *China International Studies*, No.4, 2021, pp.87-102. Also see Xu Wansheng and Ding Haomiao, "Review and Prospects of Japan's China Policy in the Context of Biden's Election (拜登当选背景下日本对华政策回顾与前瞻)", *Peace and Development*, No.1, 2021, pp.18-36.

14. Kawashima Shin, "The Japanese Government's Shifting Rhetoric about Taiwan and Its Significance", *The Asan Institute for Policy Studies*, October 18, 2021, <https://theasanforum.org/10882-2/>

15. Shi Yinhong, "Biden's top US ally: Japan's New Posture towards China (拜登美国的头号盟国: 日本对华新态势)", *Japanese Studies*, No.6, 2021, pp.34-37.

16. Wu Huaizhong, "Alert to Japan's Plot for Military Intervention in Taiwan (警惕日本图谋军事介入台湾)", *World Affairs*, No.2, 2022, pp.29-31.

Japan's reasoning: **Japan does not want China to become too powerful in the Taiwan Strait's power balance, nor does it want to be directly embroiled in a US-China conflict over Taiwan**, thus it has adopted a pluralistic approach to mitigate its risks. Following this view, Japan's increased engagement with Taiwan is the middle course that Japan took, which reflects a divergence of interests between Japan and the US.

### Open and Free Indo-Pacific Initiative

The Free and Open Indo-Pacific (FOIP), a concept proposed by Prime Minister Shinzo Abe in 2016, is a Japanese initiative to maintain the existing international order. Many Chinese commentators discuss the FOIP mainly in terms of countering China. Shi Yinhong analyses that the Indo-Pacific strategy is a framework for a US-led, pluralistic, flexible, and scalable war against China. In response to China, Shi argued that the US-Japan alliance is strengthening its cooperation with the UK, major EU countries, and NATO under the Indo-Pacific strategy.<sup>17</sup> **Zhu Haiyan sees Japan using the US-Japan alliance as an important national strategy tool, shifting from a bilateral relationship to a 'bilateral plus model' and expanding its scope.**<sup>18</sup> He believes that the US-Japan alliance has become a global scope provider of rules and order.

Many arguments focus on Japan's initiative. Hu Lingyuan and Yin Changhui of Fudan University argue that **Japan moved from passively following the US in the past to taking the initiative in setting an active international agenda** in terms of value alliances, geopolitics, geoeconomics, and security in the FOIP, a significant foreign policy change in Japan's contemporary history.<sup>19</sup> Wu Huaizhong also sees Japan as trying to counter China by forming a global quasi-alliance in addition to the US-Japan alliance.<sup>20</sup>

In a different view, Gui Yongtao notes that Japan is averse to overemphasising the China containment aspect of FOIP. He adds that by comparison with the US, Japan places much less emphasis on the military dimension of FOIP.<sup>21</sup>

In a discussion focusing on the change in Japan's position, Meng Xiaoxu sees that Japan emphasized until 2020 that the Indo-Pacific concept was not an Asian version of NATO or a China encirclement strategy. But the March 2021 QUAD Summit saw a change in Japan's narrative, with a sudden emphasis on the Quad as a framework for a hardline stance against China.<sup>22</sup>

**It is important to note that while FOIP is often viewed solely as a containment measure against China, some Japanese scholars argue otherwise:** for Japan, that it is not only a counter-balance against China, but also part of its efforts to build a comprehensive regional order.<sup>23</sup>

### Values

**Values factors such as democracy and human rights are becoming more salient in Japan's foreign and security policy.** Chinese experts are wary of this as a new complicating element. Zhu Haiyan, for example, shades light on Japan's increasing emphasis on a rule-based international order in its policy towards China.<sup>24</sup> Elsewhere, Lü Yaodong, a professor at the University of

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17. Shi Yinhong, "Biden's top US ally: Japan's New Posture towards China (拜登美国的头号盟国:日本对华新态势)", *Japanese Studies*, No.6, 2021, pp.39-41.

18. Zhu Haiyan, "Strategic Positioning of the Japan-U.S. Alliance in the Context of Japan's National Strategy: Policy Tools and Effectiveness Assessment (日本国家战略视域中的日美同盟战略定位, 政策手段及效果评估)", *Journal of International Studies*, No.5, 2021, pp.91-99.

19. Hu Lingyuan and Yin Changhui, "Agenda Setting and Advancement of the Indo-Pacific Strategy: New Developments in Japanese Diplomacy Centered on the Appendage of Counter-terrorism Issues (印太战略议程设置与推进:日本外交的新态势以反恐问题的阐入为中心)", *Fudan Journal (Social Sciences Edition)*, No.6, 2021, pp.137-152.

20. Wu Huaizhong, "Japan's Security Strategy Toward China: A New Analysis of a Counterbalancing Agenda (日本对华安全战略:一项制衡议程的新近分析)", *Japanese Studies*, No.5, 2021, pp.76-80.

21. Gui Yongtao, "Japan and China and the United States Strategic Competition: Trade War, Technology War, and Indo-Pacific Strategy (日本与中美战略竞争贸易战:科技战及印太战略)", *International Forum*, No.3, 2021, pp.13-17.

22. Meng Xiaoxu, "New Trends in Japan's International Security Strategy and Their Implications (日本国际安全战略的新动向及其影响)", *China International Studies*, No.4, 2021, pp.93-94.

23. Tomohiko Satake and Ryo Sahashi, "The Rise of China and Japan's 'Vision' for Free and Open Indo-Pacific", *Journal of Contemporary China*, Vol.30, No.127, 2021, pp.18-35.

24. Zhu Haiyan, "New Features and Trends of the Japan-U.S. Alliance (日美同盟的新特点与新趋向)", *Contemporary International Relations*, No.7, 2021.

Academy of Social Sciences, and Wang Fang identify a strong philosophical continuity from the Abe administration to the Kishida administration, with an emphasis on human rights issues and the promotion of values diplomacy.<sup>25</sup> These views are echoed by Yang Bojiang, who argues that Japan is strengthening its 'values encirclement' of China with the less costly ideological tool.<sup>26</sup>

On the other hand, many **Chinese experts reiterate that Japan has a tradition of pragmatic diplomacy.** According to Wu Yin, former Vice President of the Chinese Academy of Social Sciences, values diplomacy is nothing more than an expression of Japan's pragmatic diplomacy aiming at political and economic gains. In his view, Japan emphasises Western values such as liberal democracy and human rights when it needs to be pro-US, and 'Eastern civilisation values' when it needs to be friendly with China.<sup>27</sup> In other words, they concluded that Japan's recent emphasis on values is merely a convenience.

## Conclusion

In conclusion, **the debate in China on Sino-Japanese relations has gradually become more alarmist.** A pessimistic perspective on the trend in Sino-Japanese relations has become dominant. The traditional conception of Chinese diplomacy tended to ease Sino-Japanese relations during periods of deepening US-China rivalry, and to drive a wedge between Japan and the United States in their cooperation as much as possible. Today, however, such discussions are less common. Such a change may indicate a shift in the basic structure of Japan-China relations. For this reason, we should continue to pay close attention to China's perceptions of Japan.

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These worrying trend could be intensified after the Russian invasion of Ukraine in February 2022. Chinese commentators argue that the Russo-Ukrainian war is an opportunity for Japan to advance its military build-up. Wu Xian, a researcher at Japan Institute of the Chinese Academy of Social Sciences, believes that **the war is an excellent opportunity for Japan to promote its military superpower status.**<sup>28</sup>

**Each of the three perspectives mentioned in this paper has some merits and its limitations.** The pessimistic view emphasises the structural factor of a major shift in the international system, which is an important factor that cannot be ignored. However, the actual political dynamics of Sino-Japanese relations are more varied and nuanced, and this cannot be captured by the approach. By reading into the details of the Japanese debate, the optimistic argument succeeds in portraying those aspects of the Japanese debate that are not necessarily in line with the US debate on China. However, this is an over-extended interpretation of the small differences between Japan and the US in some respects. As a result, the third theory of worsening relations appears to capture the most nuanced trends in Sino-Japanese relations.

Nevertheless, even the third theory has its defects. **Chinese researchers consistently downplay the negative image of Japanese public opinion towards China:** despite the improvement in political relations after 2017, Japan's image towards China did not recover. This is in marked contrast to

25. Lü Yaodong and Wangfang, "The Kishida Government and Japan's Foreign and Security Policy Orientation (岸田政府与日本外交及安保政策取向)", *Japanese Study*, No.4, 2021, pp.1-10.

26. 26. Yang Bojiang "The Underlying Logic of Japan's Policy Adjustment towards China (日本对华政策调整的底层逻辑)", *World Affairs*, No.4, 2022, p.20.

27. Wu Yin, "China-Japan Relations under the Great Changes Unseen in a Century (百年未有之大变局下的中日关系)", *Japanese Studies*, No.3, 2021, p.41.

28. Wu Xian, "Japan's Military and Security Ramp-Up Frequent (日本军事和安保频频加码)", *ChinaUSFocus*, April 11, 2022.

Chinese public opinion, whose image of Japan has eased in line with the easing of political relations between the two countries. According to a survey by the Genron NPO, since 2012, the proportion of Japanese public opinion having a poor image of China has consistently exceeded 80%. In contrast, China's image of Japan has shown an improving trend since 2017, from a good image of 10% and a bad image of 90% in 2013 to a good image of 40% and a bad image of 50% between 2018 and 2020. In 2021, China's image of Japan again showed a worsening trend, with 32% good and 66% bad, indicating a general deterioration in China's attitude towards Japan.<sup>29</sup>

<sup>29</sup>. The 17<sup>th</sup> Joint Public Opinion Poll: Japan-China Public Opinion Survey 2021, *The Genron NPO*, October 2021.



## ECONOMIC SECURITY IN CHINA-JAPAN RELATIONS: THE BALANCE SHEET

On May 11, the Japanese Diet (the national legislature) enacted the “Economic Security Promotion Bill” (経済安保推進法案); three months after the legislation had been introduced to the Parliament by the Kishida government.<sup>30</sup> **The new legislation does not explicitly target China.** However, as in other industrialized democracies beefing up their toolbox of defensive measures, Japan’s economic security legislation is a response to China’s peculiar mix of state capitalism, military-civil fusion, powerful industrial policies and predatory strategies to access foreign technology which create asymmetries and national security challenges.

The law, planned to take effect gradually starting next spring, provides a new framework to guide Japan’s policy on supply chain security, critical infrastructure, and innovation in strategic sectors. **How do Chinese experts assess the impact of the legislation on China-Japan trade, investment and technology relations?** A review of recent Chinese writings suggests that

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there are three main groups: those who rationalize Japan’s approach as a necessary adjustment to a changing international environment; those who see the legislation as a hostile move that will provoke further deterioration of China-Japan relations; and those who merely see a minor and reversible trend that will fail to overturn stronger market trends, favorable to greater China-Japan economic integration.

### From investment screening to supply chain security: a rational adjustment to a changing international security environment

Chinese analysts view Japan’s economic security legislation as part of two larger trends. First, all industrialized nations adopt defensive and offensive measures to adjust to international technology competition. Second, Japan has been adopting such measures for more than a decade: the economic security legislation is just another step forward on a path set by previous governments. Overall, **Japan’s practice of economic security is a “major trend that will not stop” even as governments come and go**, argues Xu Mei, Research Fellow in the Japanese Studies Department of the Chinese Academy of Social Sciences.<sup>31</sup>

Tian Zheng, Researcher at the Department for Japan Studies, China Academy of Social Sciences, provides an overview of similar measures taken by the United States, the European Union and the Republic of Korea.<sup>32</sup> He makes reference to the US COMPETES Act of 2022, the EU Industrial Strategy updated in 2020, and the Republic of Korea’s recent measures to prevent



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<sup>30</sup> For the full text of the legislation in Japanese, see the website of Japan’s Cabinet Secretariat: <https://archive.ph/she7M>. The full name of the legislation is the “bill to promote security by taking economic measures in an integrated manner” (経済施策を一体的に講ずることによる安全保障の確保の推進に関する法律案).

<sup>31</sup> Xu Mei, “Japan’s economic security strengthening and its influence under new circumstances (新形势下日本强化经济安全保障及其影响)”, Aisixiang, May 21, 2022, <http://archive.today/XYyBi>

<sup>32</sup> Tian Zheng, “Japan ‘sets the rules’ for economic security (日本为经济安保“立规矩”)”, Drcnet, April 01, 2022, <https://archive.ph/wkPia>

intangible transfers of its “national core technologies”. Although his overview does not take in all the relevant recent development, it puts Japan’s decision in perspective: in all industrialized economies, restricting access to dual-use technology and addressing supply chain security risks faced by companies have become a public policy priority.

Japan is clearly part of a larger trend, but Japan follows its own path. There is a strong historical continuity between the Kishida government’s economic security legislation and many preceding measures that had strengthened Japan’s resistance to technology predation. Cui Jian, professor at the Institute for Northeast Asian Studies at Jilin University in Changchun, underlines some of the recent milestones.<sup>33</sup> First and foremost, Japan’s Foreign Exchange

*Japan is increasingly seeking a balance between economic security and economic development when reshaping the regulatory and policy environment for foreign direct investment.*

and Foreign Trade Act, which aims to ensure “the maintenance of peace and security in Japan or international society by conducting the minimum necessary control or coordination of foreign transactions”.<sup>34</sup> According to Cui Jian, the 2007 revision of the Act marked a fundamental shift: **for the first time, foreign direct investment was approached from a national security perspective, with a view to control intangible transfers of dual-use technology** (intangible as not occurring through exports). In 2017, another revision considerably strengthened the management of foreign direct investment, establishing post-investment supervision, mandatory prior notification in all sectors of critical goods and technologies, including in the review’s scope the acquisition of shares in unlisted companies, and lowering the review threshold. But Cui Jian notes that the 2019 revision of the Act, while further expanding the scope of screening, also sought to facilitate foreign investment in non-sensitive sectors. Xu Mei adds to this list the June 2021 “Land Use Regulation Act”, which restricts foreign purchase of land in sensitive geographic areas, such as Self-Defense Forces bases and nuclear power plants. The trend towards securitization is clear, but Cui Jian concludes that Japan is increasingly seeking a balance between economic security and economic development when reshaping the regulatory and policy environment for foreign direct investment.

Economic security is a policy that comes with a cost. By adopting an economic security legislation and other measures, Japan has “shifted its focus from efficiency to security” (从重视效率向重视安全演变), argues Tian Zheng. Xu Mei insists on the global context of technological revolution: innovation is transforming the international order. Historically, each disruptive technological leap has affected the hierarchy of powers, and each transformation of the international order has brought “new threats to humanity” (给人类安全带来新的威胁). This reads like a profound justification of Japan’s government intervention, but also as a justification to Chinese policies.

### A minor and fragile trend

However, **several Chinese analysts doubt that the intervention of the Japanese government will decisively overturn prevailing market trends.** They mainly insist on the huge pressure that Japan will face in trying to restructure supply chains. Su Hang and Yu Fang, from the Institute of International Economics and Trade at Dongbei University of Finance

33. Cui Jian, “Japan strengthens its economic security assessment and foreign capital management (日本增强经济安全考量强化外资管理)”, *Japanese Studies*, February 23, 2022, <https://archive.ph/4Apok>

34. See the English translation of the 2019 amended version: Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949), <https://www.japaneselawtranslation.go.jp/en/laws/view/3700/en>

and Economics in Dalian, note that Japan faces a massive challenge: the country's supply chain is heavily concentrated in Asia – 44% in China, and 42% in ASEAN, according to their statistics.<sup>35</sup> This heavy concentration in Asia is not a policy decision, but the result of companies' assessment of cost-effectiveness and economies of scale. This is particularly true of Japan's automotive industry, which depends on Chinese manufacturers for a fifth of its parts, recalls Xu Mei.

Therefore, **diversification may be rational as a risk management and risk prevention policy, but Japan's goal to break with overdependence on China will not be achieved overnight as the government and companies might not share the same goal.** Sun Li, Professor of Political Economy at Liaoning University, makes the simple case for why Japan will not succeed in reducing its dependence on China.<sup>36</sup> Her argument is that China-Japan bilateral trade is still growing. Trade volume reached a record 371.4 billion USD in 2021 and China and Japan are both part of the Regional Comprehensive Economic Partnership (RCEP) which will result in deepening bilateral economic relations. As China remains Japan's largest trading partner, while Japan is only China's fourth largest trading partner, she sees "the serious hollowing out of Japan's industrial power" (制造业早已呈现出严重的空心化) as irreversible and concludes that it is not in the fundamental interest of Japan to go against market trends.

Gui Yongtao, Professor at the School of International Studies at Peking University, sees Japan's economic security legislation as mainly a result of Japan's alliance management with the United States.<sup>37</sup> In fact, Gui Yongtao argues that US demands, and not Chinese policies, are the main challenge to Japan's economic security. As Japan adjusts to the US policy of "decoupling" from China, its successive governments have reluctantly tried to strike a balance between alliance management and the attractiveness of the Chinese economy. But **Japan refrains from taking an overly confrontational approach.**

*Gui Yongtao argues that US demands, and not Chinese policies, are the main challenge to Japan's economic security.*

Most importantly for Gui Yongtao, **Japanese companies have paid a price for those tech competition policies.** Taking the semiconductor sector as an example, Kioxia, formerly Toshiba Memory, even had to delay its Initial Public Offering to align with US restrictions on Huawei . That would have been Japan's largest IPO of 2020. After the listing was delayed, Kioxia entered merger talks with Western Digital, a sign of deepening US-Japan technology industrial cooperation but for which Japan showed some resistance, as the US side requested the company to be headquartered in the United States.

After the listing was delayed, Kioxia entered merger talks with Western Digital, a sign of deepening US-Japan technology industrial cooperation but for which Japan showed some resistance, as the US side requested the company to be headquartered in the United States.

Gui Yongtao's main argument is that **Japan will need to pragmatically address the "paradox of economic security": measures that reduce interactions with the target country also undermine one's own sources of economic power.** Tian Zheng makes the same argument in different language, using the "double-edge sword" analogy. On the one hand, he expects an overall positive impact on Japan's Science and Technology, and on maintaining Japan's global leadership status. On the other hand, it is inevitable that the burden of operating costs will increase for Japanese companies.

35. Su Hang, Yu Fang, "Japan Strengthens Supply Chain Security to Cope with Global Industrial Chain and Supply Chain Reconstruction (日本强化供应链安全保障以应对全球产业链、供应链重构)", *Japanese Studies*, February 23, 2022, <https://archive.ph/aeVjM>

36. Sun Li, "Japan is trying to break the model of 'relying on China for the economy and on the United States for its security' (日本正在试图打破“经济靠中国、安全靠美国”格局)", *Global China*, February 10, 2022, <https://archive.ph/TRsG8#selection-53.5-62.0>

37. Gui Yongtao, "Economic strategy, economic security policy and new trends in the US-Japan China Strategy (经济方略、经济安全政策与美日对华战略新动向)", *Japanese Studies*, January 16, 2022, <https://archive.ph/K02jj>

The way Gui Yongtao sees out of this dilemma is that US and Japanese economic policies will over time become “more pragmatic and refined”, work through “a case-by-case approach rather than comprehensive bans” (会采取逐案处理而非全面禁令的方式), and try to strike a balance between containing China and maintaining flourishing business relations, between regulated and free flows of technology, as well as between short-term and long-term interests. In other words, **very selective decoupling, and therefore, not to the extent that global supply chains will be dramatically restructured at the expense of China.**

*US and Japanese economic policies will over time become “more pragmatic and refined”, work through “a case-by-case approach rather than comprehensive bans”.*

### A hostile act that will further deteriorate China-Japan relations

Other scholars show less understanding of Japan’s predicament. Zhang Yun, Professor at Japan’s Niigata University, uses language familiar to observers of China-Russia relations: Japan’s “search for absolute economic security” (绝对经济安全) creates a “trap of trust deficit in great power relations” (陷入信任赤字困境).<sup>38</sup> “Absolute security” is used in Sino-Russian communiqués to denounce the impact of US missile defense on China’s and Russia’s nuclear deterrence. In the same tone, Yao Zeyu from the China Institute of International Studies points to a “zero-sum game” mentality vis-à-vis China, part of a US “decoupling campaign” which Japan “blindly follows”.<sup>39</sup>

38. Zhang Yun, “The three traps of the US-Japan economic security alliance (美日经济安全同盟的三大自我陷阱)”, *Cfisnet*, December 1, 2021, <https://archive.ph/Yo0TV>

39. Yao Zeyu, “Japan’s economic security law may impact economic ties with China”, *Global Times*, May 12, 2022, <https://archive.ph/uVUGv>

Indeed, **when the starting point is great power competition, economic security looks different** – and so do trends towards greater cooperation and coordination between industrialized democracies competing with China for technological superiority. Japan is not alone. Zhang Yun notes that China is confronted with various layers of cooperation, at the bilateral level (US-Japan), at the trilateral level (Japan/India/Australia), through the Quad, and as a result of Japan’s initiatives towards ASEAN. Clearly, “supply chain security cooperation has opened a new expansion space for Japan’s foreign policy” (供应链安全保障合作已成为日本外交拓展的新领域).

Indeed, as argued by Xu Mei, Japanese policies are about the future of the international order. **“By strengthening economic security, Japan is trying to play a leading role in restructuring international rules and order”** (日本通过强化经济安全保障, 试图在国际规则及秩序重构方面发挥引领作用). Sun Li from Liaoning University goes further in underlining a change of strategic positioning. Japan used to “rely on China for the economy and on the United States for security” (经济靠中国、安全靠美国). It is now making a clear-cut strategic choice of “relying on the US for both security and the economy in order to suppress China” (“经济、安全双靠美国”打压中国).<sup>40</sup> She points in particular to the creation of the U.S.-Japan Economic Policy Consultative Committee (EPCC, or Economic “2+2”), which addresses supply chain resilience, coordination on export controls, countering economic coercion, the digital economy, and whose first meeting prepared US President Biden’s May visit to Japan. Standards in the digital domain will be a defining component of the future international order, and Sun Li notes US-Japan cooperation in that area as an important concern for China.

40. Sun Li, “Japan is trying to break the model of ‘relying on China for the economy and on the United States for its security’ (日本正在试图打破“经济靠中国、安全靠美国”格局)”, *Global China*, February 10, 2022, <https://archive.ph/TRsG8#selection-53.5-62.0>

## Conclusion

The heavy emphasis in Chinese sources on Japan's defensive measures suggests that they affect Chinese interests more than Japan's offensive measures being adopted. **Ironically, several Chinese authors argue that excessive government intervention in economic activities are not conducive to improving industrial competitiveness and promoting economic growth, and will ultimately weaken Japan's economy.** Given the unmatched scale of Chinese government intervention, this argument is plainly double standards – if one does not want to detect implicit criticism of China's own policies.

*Chinese authors who comment on industrial and R&D policies all adopt a matter-of-fact and rather positive tone, taking for granted the importance of government support in that space.*

Overall, Japanese policies will undoubtedly restrict Chinese access to dual-use technology and reduce Japan's exposure to a variety of China risks. But how far is Japan willing to go? What matters enormously is how offensive measures to spur innovation in Japan will succeed as a complement to technology transfer controls and supply chain security policy. Interesting, Chinese authors who comment on industrial and R&D policies all adopt a matter-of-fact and rather positive tone, taking for granted the importance of government support in that space.



## 50 YEARS OF PRC-JAPAN DIPLOMATIC RELATIONS: IN SEARCH FOR OPTIMISM

2022 marks the 50th anniversary of the normalization of diplomatic relations between China and Japan. During a virtual meeting with Japanese Foreign Minister Hayashi Yoshimasa, Chinese Foreign Minister Wang Yi stressed that **“the two sides should act on the consensus and take the 50<sup>th</sup> anniversary of the normalization of diplomatic relations as an opportunity to cement the political foundation of bilateral relations,** and strive to safeguard, consolidate and develop the hard-won friendly situation jointly fostered by the predecessors and people of the two countries”.<sup>41</sup> Given this context, 2022 is often described in Chinese writings as a favorable year for the development of China-Japan relations and an important milestone in the history of bilateral relations.

*Due to the symbolic meaning attributed to the year 2022, and despite the tensions, there is an attempt from the Chinese side to shed some positive light on the current and future state of the bilateral relations.*

Due to the symbolic meaning attributed to the year 2022, and despite the tensions, there is an attempt from the Chinese side to shed some positive light on the current and future state of the bilateral relations. For example, Zhang Jifeng, Deputy Director of the Institute of Japan Studies of the Chinese Academy of Social Sciences, suggests to grasp this opportunity to create a positive atmosphere (营造氛围) by carrying out activities related to the 50<sup>th</sup> anniversary, in order to

improve the bilateral relation and facilitate economic and trade cooperation. Similarly, Yang Bojiang, Director-General of Japan Institute of the Chinese Academy of Social Sciences, notes Japan always hedges when dealing with China.<sup>42</sup> More specifically, **he notes that Japan tends to be more confrontational in security issues, but more cooperative when it comes to economic issues.** And indeed, on the economic front, despite Japan’s action on the economic security front, the recent balance sheet is far from being entirely negative. In Yang’s words, there could be “competition among cooperators”, as well as “cooperation among competitors” (“合作者的竞争”和“竞争者的合作”).

### China’s focus on the significance of RCEP

One of the most celebrated positive developments by Chinese experts is the enacting of the **Regional Comprehensive Economic Partnership (RCEP)**, a free trade agreement signed by 15 Asia-Pacific nations. Zhang Jifeng, Deputy Director of the Institute of Japan Studies of the Chinese Academy of Social Sciences, refers to RCEP as a historic breakthrough in China-Japan free trade cooperation, which will inject new vitality into China-Japan economic and trade cooperation.<sup>43</sup> He explains that previously, under the WTO framework,



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41. “Wang Yi Holds Virtual Meeting with Japanese Foreign Minister Yoshimasa Hayashi”, *Ministry of Foreign Affairs of the People’s Republic of China*, May 18, 2022, <https://archive.ph/4ZDgu>

42. Yang Bojiang, “The Underlying Logic of Japan’s Policy Adjustment towards China (日本对华政策调整的底层逻辑)”, *Cfisnet*, February 17, 2022, <https://archive.ph/mU5Kl>

43. Zhang Jifeng, “Sino-Japanese Economic and Trade Relations: ‘Crisis’ and ‘Opportunity’ Coexist, Prospects Can Be Expected (中日经贸关系: “危”“机”并存, 前景可期)”, *Journal of Northeast Asia Studies*, March 2022, <http://jjs.cass.cn/xsyj/xslw/rbjj/202204/W020220426392110430775.pdf>

China-Japan economic and trade cooperation was only applied to the most favored nation (MFN) tariff, and had never reached a higher level of free trade agreement.

Although RCEP is seen as a meaningful force promoting China-Japan economic and trade cooperation, others suggest that the same can be said regarding the contribution of increasing China-Japan cooperation towards the functioning of RCEP. Xu Mei, Researcher at the Institute of Japanese Studies of Chinese Academy of Social Sciences, gives the Sino-Japanese economic and trade cooperation a much more important significance: **it is not only in the fundamental interests of both countries, but also in line with the real development needs of the Asia-Pacific region.**<sup>44</sup> In her words, the two countries shoulder the weight of the new era (肩负新时期的重任) to jointly promote the implementation of RCEP, consolidate regional economic integration, and work together to promote the construction of an Asia-Pacific Free Trade Area, which is not only the need for China and Japan's own industrial upgrading and economic development, but also the need for regional stability and prosperity. It is worth to note here that her use of the term Asia-Pacific is implicitly in opposition with the Indo-Pacific Economic Framework created by the United States and Japan to build technological superiority and supply chain security at the exclusion of, and very much against China.

Xu is not the only one elevating the strategic importance of China-Japan economic and trade relations. Li Qingru, Associate Researcher at the Institute of Japanese Studies of Chinese Academy of Social Sciences, notes that in an uncertain context for the global economy, the development of Sino-Japanese economic and trade cooperation is critical for the stability of the regional supply chain and steady economic growth.<sup>45</sup> Going further, Xu Mei even compares the role of China and Japan in RCEP to the role of Germany and France in the EU. She argues that an essential reason behind the development of the EU from the initial "Coal and Steel Community" to the present day is the support and cooperation of two major European countries, Germany and France. Likewise, without the active promotion of China and Japan, it would be difficult for RCEP to reach and enter into force smoothly. Others, such as Wu Shicun, bring the Republic of Korea into the picture, highlighting that RCEP builds an important bridge to China-Japan-ROK cooperation and injects new strong momentum, while the close cooperation of the three countries is also an important guarantee for the smooth progress of RCEP.

*Chinese narratives often describe China as an opportunity provider, and sometimes even gives or tries to project the impression that Japan is doing itself a favor by economically engaging further with China.*

### A self-confident narrative regarding China's attractiveness

The confidence in the economic and trade relation between the two partly comes from the belief of China's weight in Japan's economy. Chinese narratives often describe China as an opportunity provider, and sometimes even gives or tries to project the impression that Japan is doing itself a favor by economically engaging further with China. For instance, Li Qingru argues that Japan is under great pressure to achieve economic recovery and growth given the impact of the pandemic. **In her view, given that the China-Japan trade contributed to Japanese corporate revenue and corporate survival and growth, Japan has no choice but to continue its economic cooperation**

44. Xu Mei, "50th anniversary of the normalization of diplomatic relations! What new opportunities will China-Japan economic and trade cooperation welcome? (邦交正常化50周年! 中日经贸合作迎来哪些新机遇?)", People's Tribune, May 20, 2022, <https://archive.ph/CqkyS>

45. Li Qingru, "The characteristics and trends of Sino-Japanese bilateral trade under the coronavirus epidemic (新冠疫情下中日双边贸易的特点与趋势)", Japanese Research, December 29, 2021, <http://archive.today/0G3Xg>

**with China.** In that respect, she notes that 63.5% of Japanese companies in China achieved profitability in 2020, exceeding the numbers for similar surveys conducted in other countries, such as the US (47.1%) and Germany (50.2%), and significantly outperforming the average number (48%).

Xu Mei, while recognising the Japanese government's current effort to incentivise their companies to reduce their dependence on China as a production base, reminds us of the attractiveness of China's conditions for manufacturing. She underlines that large-scale industrial relocation takes time and also requires access to proper human resources, hardware facilities and policy environment in the target place of transfer. She also stresses that whether Japanese enterprises will follow the government's intention depends on their own development needs and interest trade-offs. **She concludes that Japanese enterprises are likely to choose to maintain their business in China because the yield of Japanese enterprises in China is relatively high and because of China's excellent economic recovery performance.** It remains to be seen whether such assessments stand the test of time.

In addition, Wang Yi argues that "China has accelerated the fostering of a new development paradigm featuring dual circulations. That will provide more opportunities for Japan and the world".<sup>46</sup> Interestingly, Li Qingru even states that in the context of intensifying strategic competition between China and the US, strengthening Sino-Japanese trade ties will be beneficial to Japan in maintaining economic relations with its largest trading partner, China.<sup>47</sup> This view is echoed by Hu Lingyuan, Director of the Center for Japanese Studies at Fudan University. He believes that if Japan can play a coordinating role in the US-China conflict, it will not only soothe and dissipate the security dilemma plaguing China and Japan, but also help build strategic mutual trust.<sup>48</sup> But Li does not hide her view of the endgame of China-Japan cooperation, which will result in China taking in Japan as part of China's "dual circulation 双循环", and favoring the expansion of Chinese enterprises' international market.

Another view comes from Wu Haizhong, who notes that since the Covid-19 pandemic has not significantly disrupted China-Japan trade, Japan may have concluded that China cannot afford to break ties with Japan because it is challenged by the escalation of Sino-US competition. **This creates leverage for Japan in dealing with China.** Therefore, while China's confidence is derived from the belief that Japan is dependent on China, Japan might have the opposite judgement, that it has maneuvering space because China needs Japan. This analysis puts China's self-confident narrative into question.

### Beyond the economy

But is bilateral cooperation only about economic and trade? According to Zhou Mingwei, Sino-Japanese cooperation must be upgraded to a new level and seek deepening in areas such as virology and vaccines, cybercrime, energy crisis, and new technologies.

*On paper, mutual interests exist. But in reality, cooperation faces political obstacles.*

On paper, mutual interests exist. But in reality, cooperation faces political obstacles. According to Deng Meiwei and Zhang Jifeng, both affiliated with the Institute of Japan Studies of the Chinese Academy of Social Sciences, 2022 is also an important window

period for improving and promoting Sino-Japanese science and technology cooperation.<sup>49</sup> They note that Japan is the main source of technology import

46. "Wang Yi Holds Virtual Meeting with Japanese Foreign Minister Yoshimasa Hayashi", *Ministry of Foreign Affairs of the People's Republic of China*, May 18, 2022, <https://archive.ph/4ZDgu>

47. Li Qingru, "The characteristics and trends of Sino-Japanese bilateral trade under the coronavirus epidemic (新冠疫情下中日双边贸易的特点与趋势)", *Japanese Research*, December 29, 2021, <http://archive.today/0G3Xg>

48. "Chinese and Japanese experts fiercely discuss Sino-Japanese relations, calling for the elimination of interferences, for the strengthening of cooperation and for the intensification of exchanges (中日专家热议中日关系呼吁排除干扰、加强合作、扩大交流)", *China Internet Information Center*, October 26, 2021, <https://archive.ph/9ziH9>

49. Deng Meiwei, Zhang Jifeng, "Sino-Japanese Science and Technology Cooperation: Evolution, New Challenges and Solutions (中日科技合作: 演进历程、新挑战与破解路径)", *Contemporary Economy of Japan*, June 01, 2022, <https://archive.ph/h8rsL>

for China (日本是中国技术引进的主要来源国). China's import dependence on Japan is high in intermediate products such as chemical materials and pharmaceuticals, semiconductor parts and manufacturing equipment, machine tools and industrial robots, and scientific and optical equipment. In the field of high-tech and medium-high technology products, Japan's exports to China account for more than 20% of its total exports, reflecting both China's demand dependence on Japanese technology and the existence of Japan's export dependence on the Chinese market. **The use of the terms "source of technology import" is a perfect mirror image of the discussion in Japan, Europe, the US and other technologically advanced countries regarding the risks of forced technology transfer to China.**

However, while trying to paint the prospect of technology cooperation positively, Chinese experts also acknowledge that there are few official flagship cooperation projects between China and Japan in the field of strategic emerging industries. Instead, cooperation between official Chinese and Japanese institutions have mostly revolved around urban environment, energy, biology and other fields in recent years. They blame "Japan's constant exaggeration (日本不断渲染)" of the threat of China's science and technology power, as well as military power, which sets up political barriers to cooperation in cutting-edge science and technology between the two sides. As a result, **the cooperation only stays at the phase of intention agreement, and hardly ends with concretely advances (中日科技合作仅停留在意向型协议阶段, 实则难以推进)**. They conclude that cooperation in the field of addressing climate change and carbon neutrality is the most feasible one, given the prominent common interests, and because the field is less subject to political interference.

To sum up, Chinese experts have a hard time being precise rather than hopeful when looking beyond bilateral tensions to create a more positive picture of China-Japan relations. Trade matters strategically, but the language and tone used while describing the positive aspects of China-Japan relations give an artificial impression. A more accurate capture of the relationship comes from Yang Bojiang, who suggests that dramatic ups and downs are set to be the norm when characterizing the bilateral relationship as defined by «long-term turmoil, and fluctuations as the new normal (干扰长期化、波动常态化)». <sup>50</sup> Hence, Chinese talks on the warming up of the China-Japan relations (中日关系回暖) will continue, but the possibility of an abrupt downturn should certainly not be dismissed.

*Chinese experts have a hard time being precise rather than hopeful when looking beyond bilateral tensions to create a more positive picture of China-Japan relations.*

<sup>50</sup> Yang Bojiang, "Two Variable Factors in Sino-Japanese Relations (中日关系的两大变量因素)", *Aisixiang*, April 07, 2022, <https://archive.ph/ipo31>

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