



# The Asia-Pacific Journal: Japan Focus

in-depth critical analysis of the forces shaping the Asia-Pacific...and the world.

## Rivalries Threaten New Cold War in East Asia

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What we have feared is threatening to become reality. The open rivalry and discord between Japan and China is becoming the most destabilizing factor to the peace and prosperity of East Asia. The United States is so concerned by the mounting tensions between the two leading nations in the region that it has called on them to settle their differences.

### Division not unity

It has become clear that the U.S. fear that an East Asian Community concept, centered on ASEAN Plus Three (Japan, China and South Korea), may lead East Asia to coagulate into a regional Pan-Asianism bloc has turned out to be groundless. Far from embracing Pan-Asianism, East Asia is deeply divided.

Two international events that should mark the conclusion of the 60th anniversary year of the end of World War II took place in 2005 -- the Asia-Pacific Economic Cooperation (APEC) forum plenary meeting in Seoul and the East Asia Summit in Kuala Lumpur. Nevertheless, discord between China and South Korea, on the one hand, and Japan, on the other -- the three nations that form a core group in the East Asian region -- is growing more serious.

As a result, the two events, which were supposed to shape the future of East Asia, ended up as an all-star show that produced nothing worth mentioning.

The East Asia Summit in particular, held with much fanfare, failed to achieve anything substantial, simply issuing a declaration whose focus was blurred due to the fact that the agenda covered an unnecessarily broad spectrum of items. There are three major reasons for this.

First, there was an increase in the number of participating nations. The ASEAN Plus Three summit was joined by India, Australia and New Zealand, thus the number of nations rose to 16. No solid discussions were held and the occasion turned out to be just a formal ceremony. There is a colorful plate called the East Asia Summit but there is no consensus about what to serve on it.

### The U.S. shadow

Second, the summit was not free from the shadow of the U.S., which is wary of the concept of an East Asian Community that excludes it. The U.S. was behind the summit invitations of Australia, New Zealand and India to foil China's attempt to seize the initiative of the meeting. In deference to the will of the U.S., Japan vigorously worked to increase the number of participating nations. Such efforts paid off. It was decided that the summit will become a regular event and the idea of open regionalism was included in the declaration. To counter the concerted Japan-U.S. move against China, Beijing adhered to a strategy of hollowing out the East Asia Summit by insisting not only on the participation of the Russian Federation but on closer Chinese collaboration with the U.S. and the European Union. This would blur the difference between the East Asia Summit, on the one hand, and the APEC forum and the Asia-Europe Meeting, on the other, and the East Asia Summit would hardly function in substance.

Third, the conflict between Japan, on the one hand, and China and South Korea, on the other, as exemplified by the controversy over Prime Minister Koizumi Junichiro's visits to Yasukuni Shrine, persisted and affected the summit. No matter how hard Koizumi may promote the importance of Japan-China and Japan-South Korea friendship, it is impossible to open regular tripartite, let alone bilateral, summits among the three countries.

Under these circumstances, the grand concept of an East Asian Community appears to be withering away. Japan, China and South Korea should be held responsible for this.

In Northeast Asia, the rise of nationalism is so conspicuous that should tripartite relations spin out of control, the East Asian Community concept will virtually disintegrate. This would be a great loss not only to Japan, but to other nations in the region.

First, economic losses may be cited. As is commonly assumed, the 1997 Asian currency crisis triggered the East Asian Community plan. Affected by the excess of foreign capital liquidity along with the U.S.-led economic globalization under the banner of neoliberalism, East Asia was swept into an unprecedented economic disaster triggered by the Thai Baht crisis. The Association of Southeast Asian Nations was unable to do anything about it.

Based on lessons learned from this experience, there were moves to create an Asian Monetary Fund. But U.S. opposition stalled these. Instead, a network of agreements on currency swaps was formed with Japan taking the initiative. This bore fruit in the form of what was called the Chiang Mai Initiative. But it fell short of constructing a permanent and stable institutional mechanism designed to hedge grave risks like a regionwide financial crisis in East Asia.

To create a system to reduce exchange risks stemming from a virtual pegging to the dollar and to ensure the circulation of intra-East Asia funds within the region, the development of financial markets and the institution of a common currency are indispensable. But this is unlikely to happen because the three nations -- Japan, China and South Korea -- have failed to find common ground. Given this, there is no denying the possibility of currency crises ravaging Asia again.

### New Cold War

Second, a security risk may be cited. A future confrontation between the U.S. and China may be re-enacted in East Asia in the form of antagonism between Japan and China. If this antagonism is coupled with the problem of "historical perception" concerning Japan's past aggression and colonialism, a new Cold War structure bringing deep divisions may surface in Asia.

In that event, East Asia will quickly become involved in an arms race, with a geopolitical confrontation becoming increasingly serious. Such a new Cold War structure will cause an excruciating dilemma to South Korea, which has close ties with Japan and the U.S., and which is also geopolitically closely linked with China.

It will also mean denial of the endeavors of ASEAN, which has pushed for regional integration based on the sagacity of small nations and taken the initiative of turning its region into a nuclear-free zone. Furthermore, in contrast to the old Cold War following the Korean War, a new Cold War system designed to contain China will put Japan at the forefront and threats to its security will become incalculably great.

Third, the structure of a new Cold War in the East Asian region will undoubtedly provide decisive momentum to the military integration of Japan and the U.S. on a global scale. Should such a situation arise, a constitutional revision, which will completely transform the shape of postwar Japan, will become a real possibility. This in turn will create a vicious circle as China and South Korea become more vigilant toward Japan.

Consequently, Japan's security and foreign policies and strategy options will narrow. This will probably deprive Japan of the possibility of a bipolar option of putting a pivot foot in East Asia while maintaining a strong relationship with the U.S.

In light of the foregoing, the Sino-Japanese race for hegemony at the East Asia Summit is not only unproductive but may plunge the region into a new Cold War.

### Asian diplomacy

If so, I believe that Japan should devise a new diplomatic strategy toward Asia to rectify its anomalous relations with China and shore up ASEAN-led efforts to create an East Asian Community while promoting collaboration between Japan, China and South Korea.

The East Asian Community is a new concept for regional integration, worked out to collectively cope with regional problems, such as a currency crisis, avian influenza, tsunami and other natural disasters, environmental disruption and nuclear plant accidents, which can spread beyond national borders, while containing the destructive effects of economic globalization. It is desirable that this regional integration should be of a nonhegemonic type in which ASEAN, equipped with tangible achievements through steady efforts, will play a leading role.

The East Asian region is plagued by a wide variety of problems, such as economic gaps, dominion disputes over territories and economic waters, religious and ethnic conflicts, and cultural confrontations. Moreover, the nations in the region have vast differences among them in their relations with the U.S. and other countries outside the region. In addition, as stated above, the problem of historical perception revolving around Japan's past aggression and colonial domination means there is longstanding ill feeling between Japan and other nations in the region.

Given these factors, the formula of a loose regional integration based on networks, which has been advanced so far by ASEAN and which attaches importance to the process of dialogue, is the most suitable to the East Asian region.

Unlike other regional integrations such as the EU and the North American Free Trade Agreement, the formula may lack definitive rules, order or leadership. But the very absence of such elements may evoke various initiatives from member nations and these initiatives would serve as a prime mover to achieve regional integration. This is an elastic and flexible approach to regional integration.

ASEAN Plus Three came into being out of such an approach. Regrettably, discord between Japan and China at the East Asia Summit weakened the initiatives of ASEAN member nations based on the approach. Japan, China and South Korea are urged to deepen collaboration, and to work in the background to bring to pass an East Asian Community with ASEAN playing the leadership role.

To achieve this end, these three nations first must share recognition that they will fall together should they do nothing but vie for hegemony. They must use the utmost restraint so as not to politicize the the perception problem concerning history.

Indeed, it is no exaggeration to say that Koizumi is running the risk of nipping in the bud Chinese and South Korean restraint and moderation through his repeated visits to Yasukuni Shrine. He must understand that his visits are not an isolated problem but symbolize the various problems Japan and China, on the one hand, and Japan and South Korea, on the other, must solve together.

In my view, Japan's diplomacy will certainly be deadlocked should the post-Koizumi administration be nothing more than a Koizumi administration without Koizumi. I would like to carefully watch to see if buds of change will open in the new year that has just begun.

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