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**Japan's New Regionalism:  
China Shock, Universal Values and East Asian Community**

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**Abstract**

Japan's new thinking on regionalism is a means of soft balancing that counters a rising Chinese influence in Southeast Asia. A "hard" balancing strategy through an alliance with the United States is insufficient, not only because the Chinese economy is indispensable for Japan's prosperity, but equally because China is rising in the region by means of soft power. Japan has responded to deliberately use the concept of community based on the universal values that enabled Japan to redefine the scope of membership and include democratic members such as Australia and India to counter Chinese influence.

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## I. Introduction

In recent years, Japan has shown renewed enthusiasm for regionalism. Although policymakers have made multilateral engagements with Asian partners ever since Takeo Miki's diplomatic vision of the Asia-Pacific in 1967, Tokyo's low-key diplomacy had seldom expressed a bold design that connected neighbors under Japan's leadership. Despite its extensive economic influence within the region, Tokyo hesitated to embrace Asia-only regionalism as well as the theme of Asian values. Instead, it found a broader region such as the Asia-Pacific comfortable.<sup>1</sup> While the Asian financial crisis gave a boost to Japanese expectations for East Asian regionalism, Tokyo made "only stuttering steps forward."<sup>2</sup>

What is new is Tokyo's drive for a regionalism that, under the name of "East Asian Community (hereafter, EAC)," aims to create a value-based community with distinctive membership.<sup>3</sup> The new design began as Japan ventured into ASEAN nations in 2002 by

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<sup>1</sup> Ōba Mie, *Ajia taiheiyō chiiki keisei e no dōtei* [A Road to the Construction of the Asia-Pacific Region] (Tokyo: Mineruva 2004).

<sup>2</sup> Gilbert Rozman, "Japanese Strategic Thinking on Regionalism," in *Japanese Strategic Thought toward Asia*, ed. Gilbert Rozman, Kazuhiko Togo, and Joseph P. Ferguson (London: Palgrave, 2007), p. 246. See also Ito, *Higashi-ajia to nihon no shinro*.

<sup>3</sup> This name was coined originally by the East Asian Vision Group (EAVG) that was established under ASEAN plus Three (APT) in 2001. See EAVG, "East Asian Vision Group Report 2001: Toward an East Asian Community," October 2001, <<http://www.mofa.go.jp/region/asia-paci/report2001.pdf>>, accessed January 25, 2009

propagating an open regionalism that maintains friendly relations with extra-regional partners, based on the principles of openness, flexibility, transparency and inclusiveness. Second, it pursues a functional approach in the areas of trade, finance, energy, the environment and human security, which contrasts with an institutional approach that aims at creating a comprehensive, integrated and deeper institutionalization of regionwide frameworks. Third, it emphasizes the *gemeinschaft*-like concept of community (*kyōdōtai*), embedded in shared values. By claiming universal values as the crux of the community, Japan designs a wider region that boosted democratic memberships of Australia, New Zealand and India.<sup>1</sup>

Together, Japan sought to define its role in the region making. In a series of speech during the winter of 2005-6, Foreign Minister Aso Taro conveyed Japan's role in several aspects: Japan as a thought leader in Asia, the forerunner for others to emulate in universal values, as a stabilizer for the region both economically and militarily, as an equal partner

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<sup>1</sup> For the summary of Japan's official vision of the East Asian Community, Ministry of Foreign Affairs (MOFA), "Higashi-ajia kyōdōtai kōchiku ni kakaru wagakuni no kangae kata"[Japan's way to consider with regard to forming the East Asia Community], November 2006, at MOFA's website, <[http://www.mofa.go.jp/mofaj/area/eas/pdfs/eas\\_02.pdf](http://www.mofa.go.jp/mofaj/area/eas/pdfs/eas_02.pdf)>, accessed January 25, 2009. The EAC has been primarily advanced by the policy circle such as government officials and think-tanks. For example, Takio Yamada, "Toward a Principled Integration of East Asia: Concept of an East Asian Community," *Gaiko Forum*[Foreign Policy] (Fall 2005); Kenichi Ito, ed., *Higashi-ajia kyōdotai to nihon no shinro*[East Asian Community and Japan's future path] (Tokyo: NHK shuppan, 2005); Makoto Taniguchi, *Higashi-ajia kyōdotai*[The East Asian Community] (Tokyo: Iwanami shoten, 2005); and Masahiro Kohara, *Higashi-ajia kyōdotai*[The East Asian Community] (Tokyo: Nihon keizai shimbunsha, 2005).

respectful of other Asian nations as peers, and as the hub of the knowledge network of Asia.<sup>1</sup> Prime Minister Fukuda Yasuo's declaration of the "Inland Sea" vision that upgraded his father's doctrine of 1977 emphasized that Japan would take the initiative in accelerating regional cooperation and partnership.<sup>2</sup> All this aimed at a consistent set of goals: legitimize its initiative in a region where its economic superiority no longer holds.

How do we account for Japan's new regionalism? Best evidenced by the proliferation of free trade agreements, the primary impetus for regionalism in the existing literature remains economic and market-driven. The economic rationale for regionalism has been well documented: providing opportunities for larger markets and deeper economic integration; a mechanism for lock-in reforms; and a mechanism for a safety-net against the vagaries of global capitalism.<sup>3</sup> When viewed in this way, the impetus for Japan's new regionalism seems quite clear. It is understood as a means to deepening its economic interdependence within the region, initiated by regionalization led by Japanese multinational corporations, stimulated by the Asian financial crisis, and fostered by the inter- and intra-regional competitive dynamics.<sup>4</sup>

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<sup>1</sup> Speech by Foreign Minister Taro Aso, "Asian Strategy As I See It: Japan as the "Thought Leader" of Asia," December 7, 2005, <<http://www.mofa.go.jp/announce/fm/aso/speech0512.html>>; "A Networked Asia: Conceptualizing a Future," May 26, 2006, <<http://www.mofa.go.jp/announce/fm/aso/speech0605-2.html>>.

<sup>2</sup> Speech by Prime Minister Yasuo Fukuda, "When the Pacific Ocean Becomes the Inland Sea: Five Pledges to a Future Asia that Acts Together," May 22, 2008, <<http://www.mofa.go.jp/region/asia-paci/speech0805-2.html>>

<sup>3</sup> For example, Edward Mansfield and Helen Milner, "The New Wave of Regionalism," *International Organization* 53:3 (Summer 1999), pp. 589-627.

<sup>4</sup> In general, T. J. Pempel ed., *Remapping East Asia* (Ithaca: Cornell University Press, 2005); Naoko Munakata,

This view seems plausible because Japan's intra-regional trade and investment dramatically increased in early 2000s, which significantly contributed to Japan's recovery from a long economic slump ("the lost decade"). Clearly, the expanding East Asian markets are an important cause that underlies Japan's drive for regionalism. However, it does not account for why the Japanese leaders (Koizumi, Abe and Aso) chose what they did: a value-based regionalism and a Southeast Asian orientation.

The universal values such as democracy, human rights, and the rule of law were emphasized which seem unrelated to economic exchange. Tokyo's strategic emphasis focused on the southern part of the region (ASEAN, Australia, India) more than its northern part (China and South Korea), despite the fact that Japan's regional economic interdependence grew far more dramatically with the latter than the former. The economic merits of engaging with ASEAN, for example, were not particularly rewarding. (See Figure 1 and 2) While Japan's trade dependence on the region steadily increased (Figure 1), China has been the primary source of increased trade. Its share dramatically increased from 11 percent in 1998 to

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"Has Politics Caught Up with Markets?: In Search of East Asian Economic Regionalism," in *Beyond Japan*, ed. Peter J. Katzenstein and Takashi Shiraishi (Ithaca: Cornell University Press, 2006), pp.130-60; and Heribert Dieter, "Changing Patterns of Regional Governance: From Security to Political Economy?" *The Pacific Review* 22:1 (March 2009), pp.73-90. Inoguchi also holds that Japan's regionalism is an "action to bring back thriving business by making business and trade freer." See Takashi Inoguchi, "Japan Goes Regional," in *Japan's Asia Policy: Revival and Response*, ed. Takashi Inoguchi (New York: Palgrave, 2002), p. 30.

21 percent in 2006. By contrast, during the same period, Japan's trade with Southeast Asia, Australia, New Zealand and India has been stable (Figure 2).

<Figure 1 & 2 around here>

This paper will argue that Japan's new thinking on regionalism occurred in the early twentieth century when China aggressively cultivated its influence in Southeast Asia. Along with the economic weight that positions China increasingly at the core of the regional economic integration, Beijing has gained diplomatic leadership dramatically.<sup>1</sup> Now, Japan turned with hope for a regional design that would counter Chinese initiative while attracting other Asians.<sup>2</sup> A "hard" balancing strategy through an alliance with the United States is insufficient, not only because the Chinese economy is indispensable for Japan's prosperity, but equally because China is rising in the region by means of soft power. All this make it inevitable for Japan to engage in a battle for regional vision that would secure leadership.

The main contribution of this paper will be twofold. First, the analysis will focus on the critical period of 2002-6 when Japan opted for the regional direction it took. While some

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<sup>1</sup> David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security* 29: 3 (Winter 2004/5), pp.64-99.

<sup>2</sup> Rozman, "Japanese Strategic Thinking on Regionalism."

works explore how Japan's regionalism responded to the Chinese initiative,<sup>1</sup> few provide a detailed, systematic account of Japan's decision that led to EAC as soft power strategy that countered China in the regional leadership stakes. This paper will provide a detailed account of a series of decisions that Tokyo's key policymakers have made in the form of regionalism, given Japan's higher sensitivity to security and power politics and a decreasing economic resources toward China.

Second, this paper will delineate Japan's pursuit of regionalism by focusing on the community concept that was as the source of attracting neighbors. In an effort to construct a community, Tokyo's key concern was how to create a shared experience of *gemeinschaft* among members. In doing so, it thrived for two types of strategy: the structural and the substantive. Drawing from the sociological literature, Vaisey provides a useful explanation of this division.<sup>2</sup> The structural approach believes that solidarity is caused by interaction. Given that a community emerges from the infrastructure of social networks, the overriding concern of this approach is creating well-traveled paths and common meeting places that would provide opportunities for interaction. In contrast, the substantive approach focuses on the importance of the mechanism of shared moral order for constructing a community.

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<sup>1</sup> Ibid.; and Takashi Terada, "Forming an East Asian Community: A Site for Japan-China Power Struggles," *Japanese Studies* 26: 1 (2006), pp.1-13. See also Julie Gilson, "Complex Regional Multilateralism: 'Strategising' Japan's Response to Southeast Asia," *The Pacific Review* 17, 1(March 2004).

<sup>2</sup> Stephen Vaisey, "Structure, Culture, and Community: The Search for Belonging in 50 Urban Communities," *American Sociological Review* 72:6 (December 2007), pp. 852-54.



Community cannot sustain centrifugal forces without shared values. A sense of group identity and solidarity is firmly grounded in what actors intersubjectively hold to be good or valuable.

A close examination of Japan's regional policy during the years of 2002-2006 will demonstrate that, while fine-tuning the structural approach, Tokyo also searched for a substantive approach grounded in universal values. By playing with these two approaches, Tokyo set the stage of a community that would engage with China as well as ASEAN nations, and invite balancing partnerships in Australia, New Zealand and India.

## II. China Shock

Making of a region is a politically contested work. Because actors' interests differ including issues such as membership rules, scope of issue, centralization of tasks, and rules for governing institutions, each competes for its own idea and vision. Sheer military and economic might alone is not sufficient. We recall that, despite its overwhelming hard power, pre-surrender Japan failed to achieve regional unity (i.e., the East Asian Cooperative Unit and the Greater East Asian Co-prosperity Sphere).<sup>1</sup> Crucial to this process is the ability to draw voluntary or quasi-voluntary consent or acquiescence from other states; that is, the ability to get others to agree to a vision of the region that it wants. Here, the conditions for projecting

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<sup>1</sup> Tetsuo Najita and Harry D. Harootunian, "Japan's Revolt against the West," in *Cambridge History of Japan Vol. 6*, ed. Peter Duus (Cambridge: Cambridge University Press, 1988), pp.711-74.

power are different. States are playing a soft power game. Accordingly, the resources that provide the best basis for establishing power are different. Joseph Nye has worked long to demonstrate that key resources in this power game include cultural and political values, and foreign policies.<sup>1</sup> Here, the attractiveness of their country will be crucial to its ability to achieve their desired outcome, that is, a region that effectively serves its own ideas and interests. Rather than exclusively focusing on military and economic resources, countries will benefit if they are able to attract others into their sphere.

In 1967, Miki Takeo, Foreign Minister, floated an idea of the Asia-Pacific region sharing a common destiny. This marks the first time the postwar Japanese leader systematically articulated a regional vision. Ten years later, under what was called the Fukuda doctrine, Prime Minister Fukuda Takeo promised to pursue “heart-to-heart” relationships of mutual trust and seek solidarity with ASEAN on the basis of equal partnership. All this expressed Japan’s pursuit of relationship with Asian partners not solely based on material

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<sup>1</sup> The soft power concept has been developed by Joseph Nye Jr. See Joseph Nye Jr., *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990); “Soft Power,” *Foreign Policy* No. 80 (Autumn 1990), pp.153-71; “The Decline of American Soft Power,” *Foreign Affairs* 83:3 (May/June 2004), pp.16-20; *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004); “Soft Power and American Foreign Policy,” *Political Science Quarterly* 119:2 (June 2004), pp.255-70. See also Robert Keohane and Joseph Nye Jr., “Power and Interdependence in the Age of Information,” *Foreign Affairs* 77:5 (September/October 1998), pp.81-94.

bonds of interdependence, but on strong spiritual bonds of friendship and cooperation in the region.

One continuing challenge that became so obvious to postwar, however, has been how to persuade the peoples of East Asia that they join Japan's region. The Japanese were burdened by the heavy legacy of deceptive varieties of the colonial ideologies. Japan was yet psychologically unprepared for a genuine reconciliation and new relations with Asia. Although many Japanese were extremely self-critical of its wartime activities, mainstream conservative leaders failed to gain trust from the region, including South Korea, their closest neighbor. Accordingly, the intensity of anti-Japanese feelings has not decreased as the war and colonialism became a distant memory. History issues recurred. Distrust was not decreasing. In such circumstances that undercut Japan's soft power, there was little progress in Japan's soul searching that could cater to Asian hearts and minds.<sup>1</sup>

Another challenge was concern about US opposition. Along with a successful transformation as a vibrant capitalist democracy, Japan has closely identified with the US as part of the West. This has made Japan hesitate to Asian regionalism that demonstrates with increasing frequency alternative values (Asian values) and institutions that challenge the US claim of universalism and "Washington Consensus." Obviously, the US has made it clear that any multilateral move threatening US vital interests was objectionable. This created a

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<sup>1</sup> Kenneth Pyle, *Japan Rising: The Resurgence of Japanese Power and Purpose* (New York: Public Affairs, 2007), p. 300; Rozman, "Japanese Strategic Thinking on Regionalism," pp. 244-45.

seemingly insoluble dilemma complicating Japan's position that prized its bridging role with one foot in the West and another in the East. Given this ambivalent identity, Japanese position is frequently tainted as "unwittingly half-hearted and soft unless it was blessed by the US."<sup>1</sup> Despite economic prowess, the Japanese made only stuttering steps forward.

The Asian Financial Crisis of 1997-8, initially a boost for Japan's bid for regionalism, turned out to be a source of frustration.<sup>2</sup> Along with the meltdown of Japan's financial sector, it aroused much criticism pointed to the country's inability to play any significant role as a regional power. Tokyo proposed plans to create an Asian monetary fund to rescue neighbors but discarded it under pressure from the US. By contrast, Beijing acted responsibly by not devaluing its currency and by offering packages of low-interest loans to several Southeast Asian countries, which was also in sharp contrast to Washington's hawkish neoliberal approach to the crisis that aroused anger and protest in the region.<sup>3</sup> It smartly advertised its decision in the overall interest of maintaining stability and prosperity, demonstrating a great sense of responsibility. Japan's status deteriorated, China's reputation soared.

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<sup>1</sup> Inoguchi, "Japan Goes Regional," p. 7.

<sup>2</sup> On Japan's turn toward East Asia, Takashi Terada, "Constructing an East Asian Concept and Growing Regional Identity: From EAEC to ASEAN+3," *The Pacific Review*, 16, 2 (2003); and Toru Oga, "Rediscovering Asianness: The Role of Institutional Discourse in APEC, 1989-1997," *International Relations of the Asia-Pacific* Vol. 4(2004).

<sup>3</sup> Richard Higgott, "The Asian Financial Crisis: A Study in the Politics of Resentment," *New Political Economy* 3:3 (November 1998).

This symbolic action underscored Beijing's proactive diplomatic engagement with the region. By the mid-1990s, a new China emerged on Asia's strategic horizon by shifting gears in foreign policy. Beijing decided to tone down its previous strategy of using military strength to intimidate Asian neighbors, including aggressive moves such as sending battleships in the region and calling on others to abandon their alliances, mostly with the US. Instead, the Chinese leadership focused on soft power diplomacy by portraying itself to others as a benign and constructive actor.<sup>1</sup> Beijing actively participated in regional organizations, established strategic partnerships, deepened bilateral relations, expanded regional economic ties, and reduced distrust and anxiety in the security sphere. The outcome was positive. As Shambaugh puts it: "[B]ilaterally and multilaterally, Beijing's diplomacy has been remarkably adept and nuanced, earning praise from around the region. As a result, most nations in the region now see China as a good neighbor, a constructive partner, a careful listener, and a non-

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<sup>1</sup> There is an increasing body of literature demonstrating that China's soft power strategies helped to increase its influence in Asia. For example, Acharya, "China's Charm Offensive in Southeast Asia" ; David M. Lampton, "China's Rise in Asia Need Not Be at America's Expense," in *Power Shift: China and Asia's New Dynamics*, ed. David Shambaugh (Berkeley: University of California Press, 2005), pp. 317-19; David Shambaugh, "Return to the Middle Kingdom? China and Asia in the Early Twenty-First Century," in *Ibid*, pp.23-47; Robert G. Sutter, *China's Rise in Asia: Promises and Perils* (Lanham: Rowman & Littlefield, 2005); Jean A. Garrison, "China's Prudent Cultivation of "Soft" Power and Implications for U.S. Policy in East Asia," *Asian Affairs: An American Review* 32: 1 (Spring 2005), pp. 25-30; Kurlantzick, *Charm Offensive*; Young Nam Cho and Jongho Jeong, "China's Soft Power," *Asian Survey* 48:3 (May/June 2008), pp.453-72.

threatening regional power.”<sup>1</sup>

In particular, China grew deeply engaged with ASEAN countries. Under the Chinese initiative, the 2001 Framework Agreement on Economic Cooperation was signed. By 2002, China and ASEAN signed four key agreements. These were the Declaration on Conduct in the South China Sea, the Joint Declaration on Cooperation in the Field of Nontraditional Security Issues, the Framework Agreement on Comprehensive Economic Cooperation, and the Memorandum of Understanding on Agricultural Cooperation. The next year, China became the first non-ASEAN country acceded to ASEAN’s Treaty of Amity and Cooperation. Among them, a trade deal was striking -- the ASEAN-China FTA that will come into effect as soon as 2010.

To the surprise of many ASEAN partners, Beijing offered an FTA including an “early harvest package” that would reduce China’s tariffs on some Southeast Asian goods even before the FTA was scheduled to take effect. Apparently, this was a conscious strategy to earn the goodwill of ASEAN neighbors.<sup>2</sup> Sensitive to the fear of China’s economic rise, the Chinese leadership reassured ASEAN countries by offering FTA and making substantial trade concessions. FTA was a strategically calculated tool of soft power diplomacy.<sup>3</sup> Backing up

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<sup>1</sup> Shambaugh, “China Engages Asia,” p. 64.

<sup>2</sup> John Wong and Sarah Chan, “China-ASEAN Free Trade Agreement: Shaping Future Economic Relations,” *Asian Survey* 43:3 (May/June 2003), pp.507-26; Joseph Yu-Shek Cheng, “The ASEAN-China Free Trade Area: Genesis and Implications,” *Australian Journal of International Affairs* 58:2 (June 2004), pp.257-77.

<sup>3</sup> For this definition, see Randall Schweller, “Managing the Rise of Great Powers,” in *Engaging China: The*

its trade and investment promises, Beijing has also developed a substantial foreign aid program. It now competes with US and Japan in Southeast Asia and Central Asia.

Tokyo was shocked when Beijing aggressively made inroads in Southeast Asia, once regarded as Japan's backyard.<sup>1</sup> Particularly when China signed establishment of an FTA with ASEAN, they were left unprepared. By the time the bilateral rivalry between Japan and China developed, Tokyo realized that it did not build as much soft power as expected. It saw a vibrant China that was well on its way to become a formidable global economic power, making a profound shift in the distribution of global power.

For Japan, the earlier reaction to a vibrant Chinese economy that appeared to foretell an era of Chinese preeminence was creating the perception of an economic threat. Japanese leaders began to express fears of a "boomerang effect" that China would catch up quickly to be a strong rival. Workers were concerned with the "hollowing-out" of jobs swamped by

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*Management of an Emerging Power*, ed. Alastair Iain Johnston and Robert S Ross (London: Routledge, 1999), p. 14.

<sup>1</sup> The US Cold War strategy in Asia, what was called "Great Crescent," urged Tokyo to cultivate Southeast Asia as Japan's hinterland, the alternative to the Chinese markets lost to the Communist regime. Led by Prime Minister Kishi Nobusuke's overture in late 1950s, Japan has followed the suit by making a huge amount of effort into ODA in the name of economic cooperation (*keizai kyōryoku*). By the mid-1990s Japanese multinational corporations invested heavily in this region in order to establish regional production networks centered on the metropole. For the early postwar US strategy toward Japan, see Bruce Cumings, "Postwar Japan in the World System," in *Postwar Japan as History* ed. Andrew Gordon (Berkeley: University of California Press 1993), pp. 35-36.

Chinese competitors. National leaders felt a threat to Japan's prestige undermined by a Chinese economic success.<sup>1</sup>

By the early-2000s Japanese response began to change. As Samuels put it, "the structure of the regional economy had changed from a zero-sum competition between an emerging China and an aging Japan to one in which the rising tide of intraregional trade lift all boats."<sup>2</sup> The policy circle realized that the recovery of the fledgling Japanese economy, the immediate and most important goal for the new leadership (Koizumi Junichiro), rested on China that has developed into an economic hub in the region. By 2002, Ministry of Economy, Trade, and Industry (hereafter, METI) pointed out that Japan's future would be directed by the development of East Asian economies.<sup>3</sup> The next year, METI drew attention to the soaring presence of China in the regional economy where Japan was increasing its exports and outward FDIs.<sup>4</sup> Because China generated a trade deficit with Asian neighbors including Japan while its surpluses came with US and EU, for Japan the Chinese market becomes more

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<sup>1</sup> Motoshige Ito, "Chugoku no sangyo hatten to nihon keizai"[China's industrial development and Japanese economy] in *Nitchu kankei no keizai bunseki*[Economic analysis in Japan-China relation] ed. Motoshige Ito, (Tokyo: Toyo keizai shimbunsha, 2003), pp. 2-3.

<sup>2</sup> Richard Samuels, *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia* (Ithaca: Cornell University Press, 2007), p. 159.

<sup>3</sup> Ministry of Economy, Trade and Industry (METI), *Tsusho hakusho 2002*[White Paper on International Trade 2002] (Tokyo: Gyosei 2002), p. 15.

<sup>4</sup> METI, *Tsusho hakusho 2003* [White Paper on International Trade 2003] (Tokyo: Gyosei 2003), pp. 13-28.



important than ever.<sup>1</sup> Between 1998 and 2006, Just as Japan's trade with China increased more than tripled, its exports grew faster than imports, thereby creating substantial trade surpluses (Figure 3 and 4).

= Figure 3 & 4 around here =

Added to the increasing economic interdependence was China's influence in the region by the exercise of soft power. As discussed earlier, Chinese strategy toned down the military action and instead focused on building soft power.<sup>2</sup> The incredible speed of China's economic growth and increasing diplomatic weight were so disturbing to Japan.<sup>3</sup> Japan wanted China balanced. But, maintaining and strengthening its military alliance with the United States was not the solution. The limits of a military balancing are apparent. Japan was not allowed to confront militarily with its vital economic partner. Likewise, an economic balancing – strategically reducing economic interdependence with China – was not feasible. It should harm Japan's immediate and politically important goal, economy recovery. What was needed was soft balancing. Given the shrinking economic resources made available for

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<sup>1</sup> Dieter, "Changing Patterns of Regional Governance: From Security to Political Economy?" p. 77.

<sup>2</sup> Kurlantzick, *Charm Offensive*, pp. 38-39.

<sup>3</sup> Yoichi Funabashi, "Koizumi Landslide: The China Factor," *YaleGlobal*, September 15, 2005, <<http://yale.global.yale.edu/display.article?id=6271>>

regional competition, it needed soft power -- the power of ideas and visions that enable Japan to attract others in the region.

### III. Proposing an East Asian Community

Tokyo's proposal for regionalism named an "East Asian Community" was offered by Koizumi Junichiro when he visited Southeast Asian countries in January 2002. In a policy address at Singapore, Koizumi proposed the creation of a "community that acts together and advance together." He went on to say that the community should be "achieved through expanding East Asian cooperation founded on Japan-ASEAN relationship." In doing so, he took the initiative for "Japan-ASEAN Comprehensive Economic Partnership" as an important platform for regionalism. Added to this were four other areas of cooperation including education and human resource management, cultural exchanges, regional development, and security such as terrorism. Finally, in pursuing functional cooperation, Koizumi assured that Japan would "make the best use of the framework of ASEAN+3," but never failed to note that such community should be an open entity that accommodates the role to be played by the United States.<sup>1</sup>

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<sup>1</sup> Speech by Prime Minister Junichiro Koizumi, "Japan and ASEAN in East Asia: A Sincere and Open Partnership," January 14, 2002, < <http://www.mofa.go.jp/region/asia-paci/pmv0201/speech.html>>.

Koizumi's 2002 proposal is seminal in three aspects. First, an ASEAN focus makes it clear that Tokyo's proposal reacted to China's aggressive approach toward ASEAN. In particular, the China-ASEAN FTA was a catalyst for Japan's renewed interest in ASEAN. As a leading Japanese newspaper *Asahi* points out, "this time, Japan's counterpart is not ASEAN, but China."<sup>1</sup> In this sense, ASEAN became "a site for Japan-China power struggles that draws all regional players into its reach."<sup>2</sup> This encouraged South Korea to pursue the same path that led the country to hastily negotiate an FTA with ASEAN.

Second, the ASEAN's receptivity deserves mention. As Malaysian Prime Minister Mahatir stated, "China has a big and attractive market, but it is a potentially tough competitor to ASEAN nations."<sup>3</sup> ASEAN nations worried that the emerging Chinese markets would replace them as a major host of foreign investment. They invited Japan in order to "dilute the Chinese color in the region."<sup>4</sup> Such concern encouraged Japan to develop its own program in ways that enable Japan to play as a leader in the region.

Finally and the most interestingly, the community concept was developed. There had been the usage of community in ASEAN Plus Three (hereafter, APT) as the East Asian Vision Group had referred to a broad consensus over the creation of an East Asian community.

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<sup>1</sup> *Asahi Shimbun* [Asahi News], January 15, 2002.

<sup>2</sup> Terada, "Forming an East Asian Community," p. 6.

<sup>3</sup> *Nihon Keizai Shimbun* [Japan Economic News], January 15, 2002.

<sup>4</sup> *Asahi Shinbun*, January 10, 2002.

The subsequent East Asian Study Group report heralded the concept as manifestation of a greater East Asian cooperation. However, both never elaborated what the community exactly meant in the regional context. While community can be defined in several ways, the usage of it in the field of international relations is distinguished between two general types -- a broader, common Western usage defined as collection of nations (i.e., international community) and a narrow, specific usage defined as a group in which “we-feeling” is shared by member nations (i.e., *gemeinschaft*). While the two aforementioned reports prepared under APT were unclear in this regard, Koizumi made it explicit that the community concept is anchored on the latter as he stated “community as East Asia’s whole can be greater than the sum of its parts.”<sup>1</sup>

The next issue was exploring the causal mechanisms that lead to the experience of (narrowly-defined) community among actors: how do regional members lead to an intense experience of *gemeinschaft* while others do not? As discussed earlier, there are two theories to community that suggest plausible causal mechanisms -- the structural and the substantive: the former grounded in organizational factors promoting interaction while the latter grounded in cultural factors promoting shared values.<sup>2</sup> The 2002 proposal focused on the importance of physical interaction among regional members, advocating the deepening of interdependence in functional areas. A regional community can be achieved through “cooperation on the broad

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<sup>1</sup> Koizumi, “Japan and ASEAN in East Asia: A Sincere and Open Partnership,” p. 5.

<sup>2</sup> Vaisey, “Structure, Culture, and Community: The Search for Belonging in 50 Urban Communities”

range of areas...particularly strengthening economic partnership in the region.”<sup>1</sup> The proposal concluded that given the region’s historical, cultural, ethnic, and traditional diversity, a regional community cannot be formed around shared moral values and cultures. In contrast to the pre-surrender search for common Asian cultural values, the twenty-first century Japan reaffirmed their relatedness to the place differently.

The Japan-ASEAN Commemorative Summit in December 2003 was a follow-up of the previous year’s visit, one that reassured the creation of an East Asian Community based on the structural approach. In the “Tokyo Declaration” issued by the Summit, Tokyo sought to the range of cooperation with ASEAN broadened toward the political-security areas. After stating that both Japan and ASEAN enhance cooperation and partnership at all levels in order to consolidate peace in the region, the Declaration specified the areas of cooperation such as counter-terrorism, anti-piracy, disarmament and nonproliferation of weapons of mass destruction.<sup>2</sup>

Japan’s hosting of this summit was symbolic because it was for the first time that ASEAN leaders gathered officially outside Southeast Asia. It was a diplomatic success because Japan proceeded even though some such as Thailand questioned the necessity for

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<sup>1</sup> Koizumi, “Japan and ASEAN in East Asia: A Sincere and Open Partnership,” p. 5.

<sup>2</sup> MOFA, “Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium,” p. 5, <[http://www.mofa.go.jp/region/asia-paci/asean/year2003/summit/tokyo\\_dec.pdf](http://www.mofa.go.jp/region/asia-paci/asean/year2003/summit/tokyo_dec.pdf)>, accessed March 20, 2009

another summit when the same heads of government gathered for the APT meeting only a few months earlier.<sup>1</sup> On the one hand, this move was interpreted as reaffirmation of Japan's ASEAN focus. As with the 2002 proposal, Koizumi never failed to emphasize that Japan wanted to develop relationship with ASEAN as its most important partner."<sup>2</sup> On the other hand, there is no doubt that Japan's reiterated ASEAN focus was a counter-China strategy. One Japanese newspaper source interpreted the political-security cooperation between Japan and ASEAN as a signal that "[Japan and ASEAN's] economic cooperation [with China] is permissible while security cooperation with a communist nation is difficult."<sup>3</sup> In other words, this was a selective engagement. ASEAN countries were worried, however. For such cooperation should estrange and anger China.<sup>4</sup> They wanted China balanced but not isolated.

Japan's dilemma was precisely centered on this point. It wanted to counter the Chinese influence, but at the same time, it should engage with the country within the community framework. Here, the structural approach by way of functional cooperation alone would not serve Japan's objectives because its economic bargaining power vis-à-vis China was decreasing. Nor would be feasible a selective engagement that discriminates against

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<sup>1</sup> Terada, "Forming an East Asian Community," p. 7.

<sup>2</sup> *Asahi Shimbun*, December 13, 2003.

<sup>3</sup> *Nihon Keizai Shimbun*, December 13, 2003.

<sup>4</sup> *Ibid.*

China that became a regional economic hub. Japan needed to compete by means of providing ideas that embrace all members while taking the initiative in the community building.

By the time Japan made a belated but much-needed diplomatic victory by hosting ASEAN leaders in Japan, it became clear that China strike back. China announced that it was interested in the first EAS meeting to be held in Beijing. Malaysia, after Prime Minister Abdullar Badawi visited Beijing, announced its bid for inaugural meeting of EAS in Kuala Lumpur. China supported Malaysia's bid while advocating for the second summit, instead. Japan was concerned that China, together with Malaysia, would take the initiative in forming EAS. All this made the inauguration of the EAS hastened, given the original idea made by the East Asian Study Group (EASG) that the transition from APT to EAS should not move too fast.<sup>1</sup>

In waging a contest for the site for the Summit, Tokyo needed a broader conceptual framework that dealt with all regional partners including two Northeast Asian countries – China and Korea. In this new strategic turf, Japan would meet not just ASEAN members but also China and Korea to decide the site of the Summit, scope of issues, distributing rights and

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<sup>1</sup> See Association of Southeast Asian Nations(ASEAN), “Final Report of the East Asia Study Group,” November 4, 2002, p. 3, <<http://www.aseansec.org/viewpdf.asp?file=/pdf/easg.pdf>>. See also “East Asian Vision Group Report 2001: Toward an East Asian Community,” <[http://www.aseansec.org/pdf/east\\_asia\\_vision.pdf](http://www.aseansec.org/pdf/east_asia_vision.pdf) >, accessed January 25, 2009

responsibilities, and most importantly, the membership rules. Again, this steep race with China was a battle for ideas that attract neighbors.

In June 2004, Ministry of Foreign Affairs prepared an important blueprint for the building of EAC. The so-called “Issue Papers” proposed a comprehensive and elaborate account of community building. Based on earlier diplomatic efforts, the Papers developed a sequential approach to EAC made up of three steps: first, promotion of functional cooperation in wide-ranging issues; second, future introduction of region-wide institutional arrangements such as East Asia Summit; and third, creation of a “sense of community.” The first step was reiteration of the existing structural approach, to be proceeded along the line with the 2002 EASG report’s 17 short-term measures. Newly added was the second step that located EAS as a key institutional mechanism for EAC. Tokyo admitted that “community cannot be forged through the mere promotion of the functional cooperation...it is necessary to discuss the introduction of region-wide institutional arrangements at some future stage...we are now approaching a stage that demands serious discussions on this crucial decision [EAS].”<sup>1</sup>

To the extent that institutional building was imminent, Tokyo had to design the organization of EAS in ways that enable it to play a leading role and subsequently reduce the Chinese influence. Strategies were developed. First, Tokyo continued to articulate “principles of openness, transparency and inclusiveness” that had been stressed in previous summit

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<sup>1</sup> MOFA, “Issue Papers prepared by the Government of Japan,” June 25, 2004, pp. 13-14, <<http://www.mofa.go.jp/region/asia-paci/issue.pdf>>



meetings. In contrast to Beijing's vision of a rather exclusive "Asia-only" regionalism that replicates APT membership, Tokyo pursued an open regionalism in which the boundary is porous. This was clearly a message that the United States should not be sidelined.

The related issue was broadening the scope of membership. Along with ASEAN 10 countries, Tokyo cautiously addressed that "Australia and New Zealand are essential partners in various forms of regional cooperation... [and] India plays an important role in regional cooperation." It desired the East Asian whole defined as "APT+3." Unambiguously, giving these three countries a membership was Tokyo's strategy that counter-balances China. Tokyo asked, "Will membership differ between ASEAN+3 and EAS?" If that is the same, it questioned, "Is there any merit in holding an East Asia Summit?" Does it continue, "ASEAN now holds a regular Summit with India, and is discussing to hold a commemorative Summit with Australia and New Zealand. Can we continue to regard ASEAN+3 as the basis of evolution toward an East Asia Summit?"<sup>1</sup> And yet, Tokyo was cautious. It held that "as the scope of membership is crucial determinant of an East Asian community, it may not be defined for the time being."<sup>2</sup> Tokyo was unsure of the membership expansion because inclusion of the aforementioned nations would likely cause distrust and opposition from Asian neighbors.

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<sup>1</sup> Ibid., p.16.

<sup>2</sup> Ibid., p. 8.

Enlarging the scope of membership required an intellectual endeavor: the issue of how the community is defined. Again, this turns to the question of approaching the community: the structural vs. substantive. By the time Tokyo found the structural approach insufficient in meeting Japan's strategic needs, it became apparent that the substantive approach should apply. However, as the Papers confessed, creating shared identities is "the most challenging and inventive part of community building."<sup>1</sup>

#### IV. Searching for a Values-based Community

In fact, Tokyo did not stand idly by. Planners had taken great pains to search for an identity. But the results were invariably ambiguous. In 2002, Koizumi mentioned that ASEAN and Japan increasingly share "the basic values of democracy and market economy."<sup>2</sup> And yet, he did not move beyond. The 2003 Tokyo Declaration dreamed of "an East Asian Community which is outward-looking, endowed with exuberance of creativity and vitality and with the shared spirit of mutual understanding and upholding Asian traditions and values, while respecting universal rules and principles."<sup>3</sup> Here, Japan was poised between Asian values and universal values. Now, the 2004 Issue Papers is more practical in thinking: "Even on

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<sup>1</sup> Ibid., p. 8.

<sup>2</sup> *Nihon Keizai Shimbun*, January 15, 2002.

<sup>3</sup> MOFA, "Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium," p. 5.

universally recognized principles like democracy and human rights, positions differ...Asian values and traditions may also provide certain grounds, but they are often shared only among people of the same ethnic groups and other belongings.”<sup>1</sup> The Papers fell short of providing an answer.

It was the Council on East Asian Community (CEAC)” that helped to solve the puzzle. A half-private, half-public think tank, funded by the government resources, staffed by ex-bureaucrats, led by an ex-diplomat Ito Kenichi, and sponsored by former Prime Minister Nakasone Yasuhiro, was an intellectual response to the Beijing-led “Northeast Asian Thinktank Network(NEAT).”<sup>2</sup> In August 2004, among prominent scholars from all areas, Ito Kenichi, the president of the council, clearly posited the objective of this organization’s intellectual search. He admits that “community building cannot be achieved by mere promotion of the functional cooperation alone.” What is needed, he holds, is “the creation of the sense of community or a shared identity as an East Asian.”<sup>3</sup>

As mentioned before, a renewed search for the Asian values and traditions as the identity of community was challenging. Ito cautioned that East Asia is far more diverse in cultures, religions and ethnicities than Europe, which makes it difficult to identify common

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<sup>1</sup> MOFA, “Issue Papers prepared by the Government of Japan,” p. 8.

<sup>2</sup> Kenichi Ito, “A Japanese Perspective of the Community Building in East Asia,” August 16, 2004, p. 1, <<http://www.ceac.jp/e/commentary/041215-1.pdf>>. See also “On CEAC and Community Building in East Asia,”<<http://www.jfir.or.jp/e/column/041118.pdf>>, accessed December 16, 2008

<sup>3</sup> Ito, “A Japanese Perspective of the Community Building in East Asia,” p. 3,

traditional values shared across the region.<sup>1</sup> Furthermore, Japan faces an imminent problem: Asian values' anti-West implications that concern the United States. By early 2005, a clear message came from the US that objected to an exclusive regionalism such as the EAS.<sup>2</sup> While reentering Asia is both strategic and economic imperatives, the relationship with the US is the linchpin of Japan's foreign policy. Despite an ostensibly disguised suggestion that Japan "search[es] for the origins of East Asian common values both in Asian values rooted in the history of the region as well as in the universal values shared by the modern world," Ito and the CEAC opted for the universal values. This was an oddly fitting farewell from the culturalist version of the community.

By 2005, Tokyo's shift to a foreign policy that emphasized universal values became clear. The beginning was the "two-plus-two" ministerial meeting, or US-Japan Security Consultative Committee that announced the Joint Statement in February 2005.<sup>3</sup> In an attempt to integrating two countries' military forces by the concept of realignment and transformation, Japan and the US agreed that the new alliance, as common strategic objectives, "promote

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<sup>1</sup> Kenichi Ito, "An Open Community Based on Universal Values," June 27, 2005, <<http://www.ceac.jp/e/commentary/050627.pdf>>.

<sup>2</sup> Kazuhiko Togo, "Japan and the Security Structures of Multilateralism," in *East Asian Multilateralism: Prospects for Regional Stability*, ed. Kent E. Calder and Francis Fukuyama (Baltimore: Johns Hopkins University 2008), p. 175.

<sup>3</sup> For the twenty-first century transformation of the US-Japan alliance, see US-Japan Security Consultative Committee (SCC), "Joint Statement" in December 2002, February 2005, and June 2006. All can be reached at MOFA's website, <<http://www.mofa.go.jp/mofaj/area/usa/hosho/index.html>>.

fundamental values such as basic human rights, democracy and the rule of law in the international community.”<sup>1</sup> The so-called “value alliance (*kachi dōmei*)” was reaffirmed when Koizumi made a final trip to Washington in the summer of 2006, and signed a joint statement that clearly wrote: “The United States and Japan stand together not only against mutual threats but also for the advancement of universal values such as freedom, human dignity and human rights, democracy, market economy, and rule of law.”<sup>2</sup> As Green points out, the convergence of interest between Japan and US in the universal values was pronounced as a response to Chinese influence.<sup>3</sup>

In other diplomatic occasions where the US was not present, Tokyo began to call for other states to join Japan in disseminating universal values such as freedom, democracy, human rights and rule of law. Shortly after the Joint Statement, Koizumi made the same statement in the Asia-Africa Summit that was held in April 2005 at Bandung. Now, it was Japan’s EAS that awaited the call for universal values. Ito and the CEAC cautiously proposed that, as guiding values to connect East Asia, Japan promote the universal values it has cherished in its own development during the postwar years.<sup>4</sup> In November 2005, Takio

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<sup>1</sup> Ibid., February 19, 2005, <<http://www.mofa.go.jp/region/n-america/us/security/scc/joint0502.html>>.

<sup>2</sup> The Japan-US Summit Meeting, “The Japan-US Alliance for the New Century,” June 26, 2006, <<http://www.mofa.go.jp/region/n-america/us/summit0606.html>>.

<sup>3</sup> Michael Green, “US-Japan Relations after Koizumi: Convergence or Cooling?” *The Washington Quarterly* 29:4 (Autumn 2006), p. 107.

<sup>4</sup> Ito, *Higashi-ajia to nihon no shinro*

Yamada, director of regional policy division, Asian and Oceanian Bureau, Ministry of Foreign Affairs, officially set out four principles toward EAC. Along with open regionalism, functional cooperation, and confidence-building in the area of security, he emphasizes respect for and realization of universal values such as democracy.”<sup>1</sup>

By the time the first EAS met in Kuala Lumpur, the universal values gained the official status within the Japanese government functioned as the common glue that unites East Asia. Now, Australia, New Zealand and India, all democratic countries, became a natural member of the community. This was exactly what the US wanted. US had been a strong supporter of Australian participation.<sup>2</sup> It was pleased with the EAS declaration that included Japanese proposal of an “open, inclusive, transparent, and externally oriented” regionalism.<sup>3</sup> In particular, the induction of India was welcomed which would help to balance China both economically and militarily within the community.<sup>4</sup>

Tokyo went further. What is called the “value-oriented diplomacy” is added a new pillar of foreign policy. Japan will be acting in partnership with nations that share Japan’s values (universal values) to jointly bring about a society realizing those values. Along with the EAC came the “Arc of Freedom and Prosperity” strategy that supports budding

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<sup>1</sup> Yamada, “Toward a Principled Integration of East Asia: Concept of an East Asian Community”

<sup>2</sup> Condoleezza Rice suggested that participation of these three democratic nations was desirable. See *Asahi Shimbun*, December 4, 2005

<sup>3</sup> *Ibid.*, December 15, 2005

<sup>4</sup> *Nihon Keizai Shimbun*, December 5, 2005

democracies lining the outer limits of Eurasian continent from Northern Europe to Northeast Asia. It stresses that Japan works to facilitate the attainment of universal values by cooperating in the areas of trade and investment as well as official development assistance to provide basic human needs and enable democracy to take root.<sup>1</sup> Abe Shinzo who succeeded Koizumi as Prime Minister has been no less insistent on a foreign policy that includes universal values. He articulates a vision of greater cooperation among Australia, Japan, India, and the United States in Asia, the four great Asian-Pacific democracies: a democratic alliance. In short, universal values became the primary source of soft power in Japan's foreign policy.<sup>2</sup>

## V. Conclusion

As we have seen, Japan's strategic shift toward the EAC highlighted its concern with a rising China. In contrast to China's increasing hard and soft power, Japanese resources made available for its foreign policy were dwindling. The tightening of hard alliance with the US was insufficient. Japan's EAC sought to attract regional partners and thereby counter the rapidly increasing Chinese influence. It was a means to soft balancing. The upshot was the formation of EAS. In doing so, it has deliberately used the concept of community based on the universal values.

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<sup>1</sup> MOFA, *Diplomatic Bluebook 2007*, < <http://www.mofa.go.jp/policy/other/bluebook/2007/index.html>>, accessed December 15, 2008

<sup>2</sup> Shinzo Abe, *Utsukushii Kuni-e*[Toward a Beautiful Country] (Tokyo: Bungei shunju 2006).

Japan's renewed enthusiasm for the EAC (thereby EAS) can be summarized by two factors. First, the community concept was a marvelous setup that made it possible for Japan to bring in the universal values. It is no coincidence that Japan's EAC emphasizes the universal values that China rejects. In competition by means of soft power with China, Tokyo's commitment to those values is pronounced as an "instinctive spotlight on what separates Japan from China," and might provide it with a diplomatic advantage.<sup>1</sup> By claiming the universal values as the core value of community, Japan seeks a China bound together within an inclusive multilateral framework embedding those values.<sup>2</sup> Here, China should pay high costs if it deflects those values. Binding can easily turn to balancing if China defies. In this case, the EAC strategy also contains the element of a hedge: a means to balancing and encircling China.

Second, the universal values enabled Japan's EAC to redefine the scope of membership. Australia, a close US ally, is certain to welcome close alignment with Japan. India's presence would serve as a credible counterweight to China. New Zealand is also a democratic country. All this are likely to give Japan a strategic leverage as well as confidence that China will not gain a dominant position. Regionalism centered in Southeast Asia, India and Oceania while balancing Northeast Asia provides the opportunity for Japan's new

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<sup>1</sup> Green, "US-Japan Relations after Koizumi," p. 107.

<sup>2</sup> Hitoshi Tanaka and Adam Liff, "The Strategic Rationale for East Asia Community Building," in *East Asia at a Crossroads*, Junuf Wanandi and Tadashi Yamamoto, eds. (New York: JCIE, 2008).



diplomatic initiatives.<sup>1</sup> Likewise, this geographical reconfiguration clearly alleviates the American concern of a closed, Asia-only regionalism. Japan hopes that the values-based community enables itself to reassert a leadership role in regionalism while at the same time reassuring US that an open community will not undermine core US interests in the region.

In the end, Japan's pursuit of the values-based community seems to meet US expectations, but not equally Asian neighbors. Messages can be interpreted in different ways by different receivers. The background attraction of the universal values message is likely to decrease or increase, depending on the image of the source portrayed by the receivers. For Japan to be perceived as a legitimate proponent of the universal values, its behavior must prove consistent. When viewed in the Asian context, Japan's call for the universal values is at best ambiguous. Although Aso Taro and MOFA officials insist that the universal values which seem "Western-flavor" unbecoming for Japanese have been actually ingrained in Japan's great tradition, stemming from the Edo period, Japan's behavior does not correspond to that putative tradition.<sup>2</sup> There is a certain irony in Japan's embracing of those values when it has been authoritarian and right-wing in its suppression of open discussion of the wartime

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<sup>1</sup> Rozman adds that the cause of universal values as the core identity of the EAC gives Japan room for deflecting the talk about colonial history that contains Japan's systematic use of Asian traditional values in justifying its expansion. See, Rozman, "Japanese Strategic Thinking on Regionalism," pp. 264-65.

<sup>2</sup> Speech by Foreign Minister Taro Aso on the Occasion of the Japan Institute of International Affairs Seminar, "Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons," November 30, 2006, <<http://www.mofa.go.jp/announce/fm/aso/speech0611.html>>.

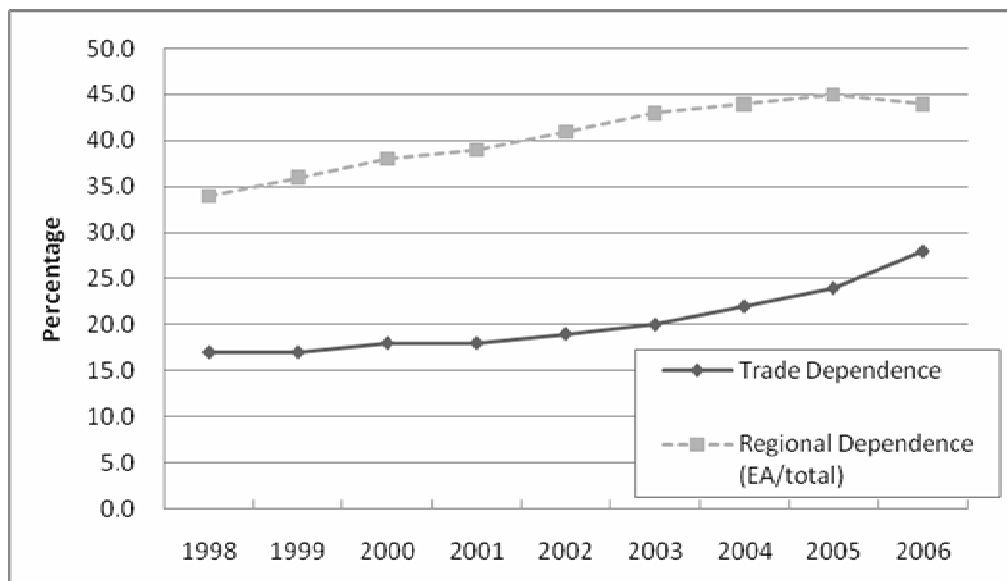
comfort women as well as driving the media so heavily on the “abductees” issues to the exclusion of alternative views of DPRK.

As seen in the case of Tokyo oscillating between Asian and universal values before opting for the latter, this choice was motivated less by its longstanding commitment to those values than its strategic concern with China. Unless Japan shows genuine commitment to the universal values and binding of China, Japan’s EAC is hardly its key soft power source. The unfolding of the summit meetings in East Asia since 2006 demonstrates that Japan’s values-based community was a short-lived victory over China. Immediately when the Japanese proposal was adopted as the structure of EAS, China and Malaysia countered by maintaining that APT should be the primary vehicle for community building while EAS complement it as a useful forum for dialogue on strategic issues involving additional members.<sup>1</sup> Now, APT coexists with Japan-led EAS, and the two parallel meetings do not seem to advance community building. Japan’s soft balancing worked because the Chinese proposal for the EAS was blocked. More than that, Japan’s EAC has not accomplished much.

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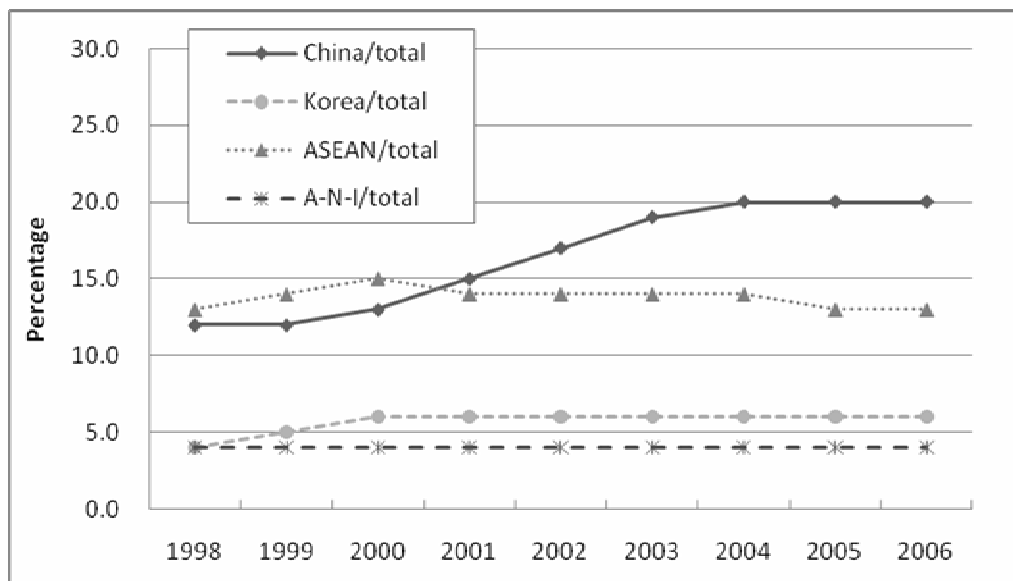
<sup>1</sup> *Xinhua*, July 29, 2006.

**Figure 1. Japan’s Trade Dependence, 1998-2006.**



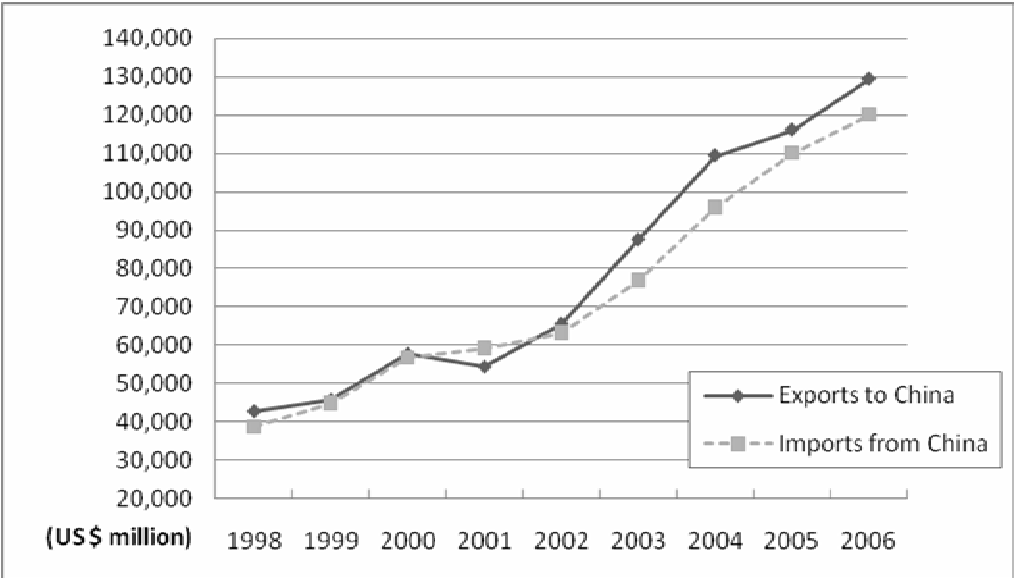
Source: IMF Direction of Trade Statistics CD-Rom (May 2008 edition).

**Figure 2. Japan’s Trade with East Asian Countries, 1998-2006.**



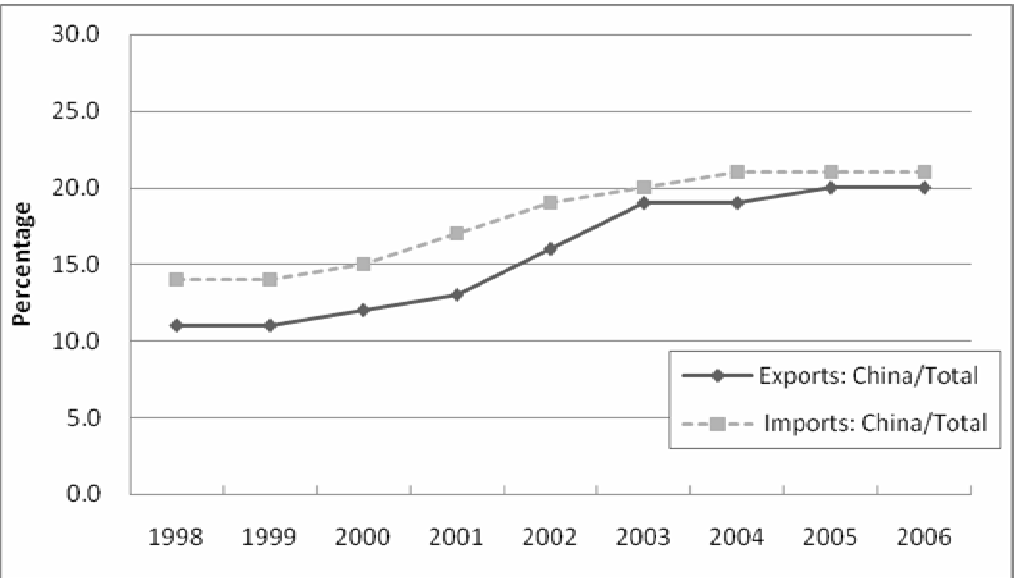
Source: Ibid. to Figure 1.

**Figure 3. Japan’s Trade with China (volume)**



Source: Ibid. to Figure 1.

**Figure 4: The Weight of China in Japan’s Overall Trade (percentage)**



Source: Ibid. to Figure 1.