

The Impact of China-Japan Economic Cooperation on Regional Security: A Case Study of the Japanese Official Development Assistance (ODA) to China

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Abstract. The issuance of the China-Japan Joint Declaration in 1972 marked the beginning of reconciliation and exchanges between the two countries, and since then Sino-Japanese relations have continued to advance in twists and turns. The issue of territorial sovereignty, historical understanding and changes in relative strength in the political field of the two countries have all hindered the development of bilateral relations. However, the implementation of the China-Japan Joint Declaration has provided many new possibilities for exchanges and cooperation between the two countries, and the continuous development of economic relations between the two countries has promoted the improvement of bilateral relations and regional security. This paper finds that the Japanese official development assistance (ODA) to China initially brought China and Japan closer and promoted the improvement of regional security, but later due to the emergence of many problems, Japan's ODA policy was adjusted, making the role of the ODA in promoting bilateral relations and regional security disappear. Therefore, economic cooperation should not be affected by the issue of political mutual trust, and economic cooperation without political interference could be the best way to improve Sino-Japanese relations today.

Keywords: Enter key words or phrases in alphabetical order, separated by commas.

1. Introduction

The issuance of the Sino-Japanese Joint Declaration in 1972 marked the beginning of reconciliation and exchanges between the two countries, and since then Sino-Japanese relations have begun to advance in twists and turns. Specifically, regional security issues between China and Japan are mainly concentrated in three aspects. The first is the issue of territorial sovereignty. In 2012, the government of Yoshihiko Noda proposed to nationalize Diaoyu Island, which had a huge impact on Sino-Japanese relations, at the same time, Japan's repeated changes in attitude towards the Taiwan issue also prevented the sustained and stable development of Sino-Japanese relations.

The second is the issue of historical understanding. Since Prime Minister Ryutaro Hashimoto visited the Yasukuni Shrine in 1996, Japanese Prime Minister Junichiro Koizumi and Shinzo Abe have visited the Yasukuni Shrine. Among them, Junichiro Koizumi even visited the Yasukuni Shrine six times in a row during his tenure. In the "Abe Talk" in 2015, the 70th anniversary of the end of World War II, Abe deliberately abstracted and described Japan's past foreign aggression and vaguely expressed it on historical issues [1]. Acts such as these create obstacles to the historical reconciliation between the two countries. Finally, there is the question of the relative change in economic power between the two countries. With the development of economic globalization and the multi-polarization of the political pattern, the international environment has undergone tremendous changes. Because of the rise of China, Japan began to feel uneasy. After the reform and opening up, China's economy flourished. During the same period, Japan's economy was hit hard by the bubble economy and the Asian economic crisis. The gap between Japan's economic power and China's narrowed, with China overtaking Japan to become the world's second-largest economy in 2010. And at the same time,

the United States advocacy of the theory of China's threat has also strengthened Japan's hostility and vigilance.

Unlike the political relations between the two countries, the economic relations between the two countries are always evolving. The Japanese official development assistance (ODA) to China has made great contributions to peace and stability between China and Japan. The Japanese economy is highly dependent on foreign countries. Japan lacks resources and has a small market. As a neighboring country, China has vast territorial resources and a huge domestic market with great potential. Cooperation between the two countries is based on the needs of the two countries and continues to move forward for mutual benefit. Japan's investment has deepened exchanges and interactions between the two countries, and trade is an important part of Sino-Japanese economic cooperation. Japan's assistance provided very important assistance to China in the early stage of China's reform and opening up and contributed to China's modernization. The economic cooperation between China and Japan has laid a good foundation for exchanges between the two countries. At the same time, it has also had a profound impact on the development of bilateral relations and regional security.

In the field of academic and policy research, given the impact of regional security on economic cooperation. Modern scholars believe that the cooperation between China and Japan and the stability of the regional situation are conducive to providing security guarantees for regional economic cooperation, and the good development of political relations can play a certain role in promoting economic cooperation [2]. However, political relations do not have a fundamental impact on economic cooperation, so there is a phenomenon of Cold Politics and Warm Economy between China and Japan [3]. There are still relatively few studies on the relationship between Sino-Japanese economic cooperation and regional security. Have the political differences between China and Japan hindered the deepening of economic cooperation? What is the relationship between deepening economic cooperation and regional security? What impact will economic cooperation have on bilateral relations and local security? Based on these questions, this paper will explore the relationship between economic cooperation and regional security by combining the development context of economic cooperation after the normalization of diplomatic relations between China and Japan, and analyze how economic cooperation between the two countries affects bilateral relations and regional security.

2. Regional security in East Asia after the normalization of Sino-Japanese diplomatic relations

Regional security in East Asia has always been one of the most important contents in the study of international security, especially since the end of the Cold War, and the overall characteristics of regional security in East Asia are still full of competition and divergence. The security structure in East Asia is the most uncertain compared to other regions. Security in East Asia lacks almost all elements of stability. Specifically, uncertainties include the absence of a regional multilateral security system in East Asia. With the rise of China, the diversity of ideologies and political systems, territorial disputes, historical issues, and the legacy of the Cold War on the Korean Peninsula and the Taiwan Strait [4].

From within East Asia, East Asian regional security has undergone three major tests: poor relations between Japan and its neighbors; tensions between the Chinese mainland and Taiwan; and the unresolved war between North and South Korea [5]. Regional security competition within East Asia is mainly manifested between China and Japan. These include territorial issues such as the demarcation of the Diaoyu Islands and the East China Sea. And differences in historical identity between China and Japan, and Japan's unease over China's rise. All these problems hinder sustained and stable cooperation and development between the two sides and also prevent the effective improvement of the security situation in East Asia. The formation of the East Asian regional security complex involves two main processes, The first is the China-centric process, which emerged from

the Cold War and earlier security ties between China and Southeast Asia, and the second is the Japan-centric process, which arose in the 80s of the 20th centuries [5]. This led to competition between China and Japan for leadership in East Asia. In terms of military and political security, East Asian countries share Japan's concerns about China. In terms of economic security, competition between the Japan-centered economic system and the "Greater China" economic circle has always been fierce.

The impact of regional security competition in East Asia, first of all, security suspicion among East Asian countries, makes the process of regional integration in East Asia always full of challenges. Secondly, there is a lack of mutual trust in security among East Asian countries, which restricts the further development and deepening of regional integration in East Asia. Finally, there are the concerns of various countries about the uncertainty of regional security in East Asia [5]. The resulting lack of cohesion makes "a unified East Asian community not implemented in a specific regionalist organization, and the East Asian community has no core" [6].

Therefore, it is urgent to boldly face the challenges posed by regional security in East Asia and strengthen regional cooperation. This plays a decisive role in the development of East Asian countries themselves, the mutual relations of East Asian countries, and even the international pattern.

3. Impact of the Japanese Official Development Assistance (ODA) to China on regional security

Economic cooperation between China and Japan has promoted the development of bilateral relations and ensured regional peace and stability. The consensus between China and Japan on security issues is mainly based on two aspects: deepening economic and trade ties between the two sides and joint close attention to Soviet hegemonism [7]. The marked expansion of trade became the most practical foundation of bilateral relations between China and Japan, shifting the focus from ideology to economic modernization to pragmatism.

3.1. The role of ODA in regional security in China and Japan in the early stage of reform and opening up

When Prime Minister Masayoshi Ohira visited China in 1979, he clearly expressed his strong support for China's reform and opening-up policy, and China and Japan reached cooperation. Subsequently, Japan formally provided official development assistance (ODA) to China. Japan's ODA economic assistance to China has greatly contributed to peace and stability between China and Japan. Considering the importance of Asian countries, especially China, to Japan's economic interests and neighboring stability, then-Japanese Prime Minister Masayoshi Ohira stressed in his assessment of Sino-Japanese relations that Japan's security would be extremely difficult if Japan and China were to be in hostile relations. Japan's economic cooperation with China is of great economic value to ensure Japan's security, and Japan hopes to stabilize Sino-Japanese relations and stabilize Japan's surrounding environment [8]. Japanese aid authorities also said that peace and stability in the international community are indispensable because of Japan's deep dependence on overseas resources and markets. At a time when the interdependence of the international community deepens, government development assistance has to contribute to the peace and prosperity of the entire world [9].

On the one hand, Japan's economic aid to China during the Cold War brought the relationship between China and Japan closer and weakened the sense of hostility between the Chinese and Japanese people. In the context of the tense regional security situation in East Asia, China and Japan have taken practical actions to promote regional peace and stability. Japan's ODA aid to China during this period was mainly reflected in two loans: the first loan from 1979 to 1983 Japan provided 330.9 billion yen in financial aid to China, helping China to build important infrastructure such as railways and ports, and also provide equipment assistance to hospitals, libraries, gymnasiums and other places. The second batch of loans from 1984 to 1989 was mainly for the further improvement of infrastructure construction. Based on the first loan, the second batch of loans increased investment in power and

urban infrastructure construction and also provided corresponding assistance in agriculture, forestry, medical care, culture, education, and other fields. The total amount of loans reached 540 billion yen. During this period, Beijing Capital Airport, Shanghai Baosteel, Shanghai Pudong Airport, China-Japan Friendship Hospital, and Wuhan Second Yangtze River Bridge were all representative projects aided by Japan's ODA. It can be seen that Japan's ODA to China has played a very important supporting role in China's modernization process since the reform and opening up [10]. In addition, Japan specifically emphasized that ODA did not engage in military assistance, which could also be regarded as a contribution to strengthening regional peace. Such solid economic support has directly brought the relationship between the two countries closer, eased various disputes to a certain extent, and increased the favorability between the people of the two countries. Judging from the Japanese public opinion of China during this period, this change was even more significant. In the 1980s, almost 100% of the Japanese people "felt friendly" or "somewhat friendly" to China. These examples further confirmed the friendly relations between the two countries during that period and directly avoided many potential disputes or even conflicts. It has promoted regional peace and stability and had a positive impact on the regional security of China and Japan.

On the other hand, Japan's official development assistance to China was also conducive to the two countries actively countering the threat from the Soviet Union, opposing regional hegemony, and maintaining regional security in East Asia, which had a positive effect on the peace and stability of the Sino-Japanese region. Vietnam invaded Cambodia with the support of the Soviet Union in December 1978, and the Soviet Union invaded Afghanistan in December 1979, making the situation between China and Japan against regional hegemony increasingly severe. During this period, China and Japan had the same judgment on the source of security threats, that is, Soviet hegemony posed a threat to regional security. At that time, Japanese Prime Minister Masayoshi Ohira repeatedly stated that China and Japan did not intend to unite against a third country. Japan also conveyed to the Soviet Union the general content of the China-Japan summit meeting and the intention of the ODA to China through diplomatic channels, emphasizing that Japan had no intention of providing military aid to China. The background of Japan's move was that the Soviet Union was wary of the development of Sino-Japanese relations at that time, and strongly criticized Japan's provision of ODA to China. In this regard, the Japanese Ministry of Foreign Affairs emphasized that there was no need to stimulate the Soviet Union to avoid unnecessary disputes and conflicts [7]. For Japan, although ODA to China was economic aid, it also had multiple purposes in terms of politics, diplomacy, and security. At that time, the international situation was still in the state of the Cold War. Japan actively developed Sino-Japanese relations not only for economic purposes but also to counter the threat of the Soviet Union to ensure security. This could contribute to the stability of Asia or even the international community.

3.2. The Impact of ODA Revision after the Cold War on the Regional Security of China and Japan

The ODA policy that started in 1979 had a positive impact on Sino-Japanese relations for a considerable period. However, in the 1990s, with the end of the Cold War, the international environment changed dramatically, and Sino-Japanese relations were also affected. After the Cold War, Japan published a new "ODA Outline" on June 30, 1992. Japan's aid policy to China began to show a changing trend and a politicized tendency, which had a certain impact on Sino-Japanese relations.

3.2.1 Changes in the international landscape

After the end of the Cold War, the Sino-Soviet-US strategic triangle formed during the Cold War disappeared with the disintegration of the Soviet Union, and the international environment has also undergone tremendous changes. The United States has become the only superpower in the world. At this time, cooperating with the United States to contain China became one of the reasons for Japan's ODA policy revision. In April 1996, the heads of Japan and the United States issued the "Japan-US Joint Declaration on Security Guarantees—An Alliance for the 21st Century," redefining the Japan-US alliance, and this new US-Japan alliance had the potential meaning to contain China's rise in the

Asia-Pacific region. In this case, to match the global strategy of the United States, Japan must adjust its policy towards China. At the same time, the end of the Cold War led to a power vacuum in East Asia. To prevent China from becoming a rising regional power, Japan's ODA policy toward China had the function of preventing China from becoming a new power in East Asia.

3.2.2 Factors in China

After China's reform and opening up, along with the rapid economic development, the balance of power between China and Japan began to change. From 1979 to 1999, China's average annual GDP growth rate was 9.6% [9]. During this period, the worldwide economic downturn and depressions such as the Asian financial crisis did not limit the upward trend of China's economy. In addition, Hong Kong and Macau returned to China in 1997 and 1999 respectively. It can be said that the return of Hong Kong and Macau has also given great help to China's economic development. This not only injected new vitality into China's real economy, but it has also become a new bridge connecting China and world trade. In 2001, China officially joined the World Trade Organization, which provided favorable conditions for China's future economic development. In contrast to Japan at that time, Japan's "bubble economy" collapsed in the early 1990s, and Japan's economic development was hindered. The financial crisis that broke out in Asia in 1997 brought considerable damage to the Japanese economy, and many companies and banks went bankrupt. Japan's unemployment rate also remains high. As a result, the gap in economic development between China and Japan also made Japan think about revising the ODA. At the same time, China's political status continued to rise. With the continuous development and progress of China's economy, China's comprehensive national strength was also growing stronger. At the beginning of the 21st century, China's relations with many developing countries improved to a higher level by relying on active multilateral diplomatic activities, and the relations between China and Western countries were also undergoing positive changes. China was playing an increasingly important role in international affairs. This also made Japan crisis awareness, worrying about the improvement of China's political status in East Asia. Therefore, for a long period after the Cold War, Japan had always regarded China's development as the biggest threat. As a result, modifying the ODA had become a means for Japan to contain China [8].

3.2.3 Factors in Japan

First of all, with the disintegration of the Soviet Union, Japan's strategic alliance of "Uniting China to Resist the Soviet Union" formed during the Cold War also disintegrated. At the same time, with the continuous development of Japan's economic strength, Japan also strived to occupy a place in the new international political order. To achieve the strategic goal of being a "political power", Japan adopted a special strategy towards China: Japan not only hoped that China would be politically stable, but also interfered in China; Japan not only used ODA to support China's development but also created certain obstacles, such as modifying the ODA to limit the development of China and so on.

Second, the powerful right-wing forces in Japan also had an impact on Japan's revision of the ODA. After the end of the Cold War, Japan's domestic political situation had undergone great changes. The powerful right-wing conservative forces advocated changing Japan's attitude of being submissive to the United States and dared to say "no" to the United States and the world. Therefore, the trend of saying "no" to China had also become the mainstream thinking of Japanese right-wing forces. At the same time, on the security issue, Japanese right-wing forces wantonly promoted China's "military threat theory" in the country and advocated a "comprehensive balance" between economic and political security, which will inevitably have an impact on Japan's ODA to China.

Finally, the Japanese government's financial problems also hurt Japanese ODA. In 1996, the total amount of Japan's aid was 9.437 billion US dollars, a decrease of 34.23% from the previous year. In 1996, aid accounted for only 0.21 percent of GDP, which was far from the 0.7 percent of GDP target promised by Western countries and demanded by the United Nations. The overall decline in Japan's development assistance funds would also make the aid policy toward China move in a negative direction [8].

3.2.4 Influence

As the Japanese government revised the ODA policy towards China, the ODA became more prominent in the political relationship between China and Japan, and it also became a tool for the Japanese government to sanction China. After entering the 21st century, Japan's ODA support to China gradually decreased by 20% since 2001, and China would no longer remain silent on some issues due to ODA, such as historical issues, Taiwan issues, and territorial issues, as it did in the 1980s. With the decline of the function of ODA, China and Japan no longer had friendly economic exchanges, but have become tit-for-tat. It can be said that the role of ODA in maintaining Sino-Japanese relations has almost disappeared [8]. In this way, the two countries have returned to a state of confrontation full of competition and conflict. The continued deterioration of the relationship between the two countries has also led to the deterioration of the relationship between the peoples of the two countries, which once had an increase in mutual favorability. The risk of regional conflicts has increased, and the regional security situation has further deteriorated with the revision of the ODA.

4. Conclusion

Throughout history, East Asia has been full of competition and divisions. Among them, there are serious conflicts between China and Japan due to historical conflicts, territorial disputes, and other issues, and the regional security in East Asia is facing a severe test. Therefore, to improve the level of regional security between China and Japan, economic cooperation between China and Japan is imminent. By studying the history of Sino-Japanese economic cooperation, this paper finds that the Japanese government's official development assistance (ODA) to China promoted political exchanges and regional security between China and Japan at the beginning. However, with the emergence of many problems, Japan later revised the ODA policy, which made the promotion role of ODA in the relationship and regional security between the two countries disappear. Therefore, economic cooperation that puts aside political contradictions can have an important impact on the long-term stability of the relationship between the two countries. After the normalization of diplomatic relations between China and Japan, ODA made great contributions to Sino-Japanese relations and became the starting point of Sino-Japanese exchanges. Today, economic cooperation still has great potential. Therefore, in the future, further economic cooperation between China and Japan that puts aside political conflicts will also have the potential to become a new starting point for promoting Sino-Japanese relations and regional security to a new level.

This study still has many limitations. This study only considered the situation between Japan and China. Data from other regions are not taken into account, and further research could be carried out on this basis. These limitations will be further revised and improved in the future to obtain a more rigorous and detailed study.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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