

The Challenge of Rising China for Japan in the Context of Normalization of Sino-Japanese Relations in 2014–2018¹

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Abstract. Since 2014, both China and Japan have been pursuing a policy of normalization of their bilateral relations, which worsened after the Japanese government's decision in 2012 to nationalize three out of the five disputed Senkaku islands. There are a number of factors, at times contradicting each other, that shape Japan's contemporary policy towards China: from deep interest in intensification of trade and economic cooperation with China and in ensuring regional security, concerns over US President Donald Trump's actions and hence over the sustainability of US-Japan close partnership and alliance, to the challenge of rising China. A specific feature of Japan's policy towards China is that, due to deep contradictions between the two countries, Tokyo views the rise of China not as bringing opportunities, but instead as a serious challenge or a potential threat. The strengthening of China's economic and especially military power – along with North Korea's missile and nuclear program – is seen in Tokyo as the deepest security concern. As China's comprehensive national power strengthens, China's foreign policy behavior becomes more assertive, foreign policy and foreign trade activities intensify, Japan's challenge of rising China attains new dimensions. During the past several years, Tokyo has been facing a need to find an appropriate response to China's Belt and Road Initiative, to the establishment of the Asian Infrastructure Investment Bank (AIIB), and to China's intensified economic and military activities in the East China and South China Seas. This article demonstrates how the Abe Shinzō Cabinet meets the challenge of rising China under the conditions of Japan's policy to normalize relations with its strong neighbor. Specifically, the article identifies and characterizes the Abe Cabinet's measures to hedge the risks connected to China's Belt and Road Initiative and China's assertiveness in the East China and South China Seas.

¹ This work was supported by Russian Foundation for Basic Research (Grant № 17-07-50016-OGN).

Keywords: rise of China, Japan, Sino-Japanese relations, Belt and Road Initiative (BRI), “quality infrastructure”, Senkaku, East China Sea.

Introduction

Among the most serious external challenges facing Japan, of particular importance is that of rising China – a country, which is close geographically, but distant in the context of the political and economic values it upholds. The challenge of China’s rise for Japan is the need to adapt to the new China – China which has significantly augmented its economic, financial and military power; China, the relations with which have a complicated historical and political content; China, which, relying on its increased financial capabilities, pursues active foreign and trade and economic policies, which often run counter to Japan’s interests; China, which is assertive in achieving its territorial aspirations that extend to the Japan-controlled Senkaku islands; but also China, whose enormous domestic market and the growing middle class open up ample economic opportunities for Japan.

In the first two decades of the 21st century, Sino-Japanese relations have been through periods of relatively conflict-free coexistence of the two great powers and their close trade and economic cooperation, as well as periods of crisis in bilateral relations accompanied not only by mutual claims but also by prolonged suspension of contacts at the top level (as it was during the premiership of Koizumi Jun’ichirō in 2001–2006, or under the second cabinet of Abe Shinzō in 2012–2014). As a rule, crises in bilateral relations are caused by Sino-Japanese contradictions regarding the interpretation of the 1937–1945 historical events, visits by Japanese high-ranking officials to the Yasukuni Shrine, and ownership of the Senkaku islands.

To “take bilateral relations to a new era, from competition to cooperation,” promised Abe Shinzō during his first official visit to China on 25–27 October 2018 [Shigeta 2018], which was timed to coincide with the 40th anniversary of the conclusion of the Peace and Friendship Treaty between the two countries. Mutual interest in trade and economic cooperation and in a stable regional situation prevailed temporarily in relations between Japan and China, and since late 2014, the two sides have exerted efforts to normalize bilateral relations and to ensure comfortable coexistence.

Moreover, since 2018, the US factor has had a significant impact on the evolution of Sino-Japanese relations. Beijing, which regards the “trade war” launched by Donald Trump as a manifestation of the US policy to

contain China (and, in particular, to restrain the growth of its innovative technological power), got interested in developing close cooperation with Japan. Of great concern for Beijing is also the development of the Indo-Pacific region concept, as well as the threat of the USA, Japan, Australia, and India forming an anti-China block.

Tokyo, too, has certain concerns about the Trump administration's recent actions. The USA's sudden exit from the Trans-Pacific Partnership (TPP), Washington's strong criticism of Tokyo over trade barriers in some sectors of the Japanese economy (in particular, in the automobile industry, agriculture, and services), which may be followed by Washington's introduction of higher import duties on Japanese goods, and Trump's protectionist measures, which undermine the foundation of the existing international trade system, create serious economic risks for Japan. Moreover, Trump's unpredictable leadership style and his criticisms of multilateral formats of cooperation (both in the economic and military-political spheres) bring into question the USA's reliability as an ally which, if need be, would come to help Tokyo (also in the case of a hypothetical confrontation with China). And, finally, the change in the Trump administration's policy towards North Korea, reflected in establishing a direct dialogue between the US and North Korean leaders in 2018, is perceived in Tokyo as easing off the pressure on the North Korean regime and as a serious challenge to Japan.

Such concerns serve as a stimulus for establishing Sino-Japanese relations, but they do not annul the contradictions inherent in these bilateral relations. Moreover, China's growing comprehensive national power, its increasing assertiveness in pursuing national interests and intensifying foreign policy and foreign economic activities in various regions create more and more challenges for Japan. An incomplete list of these challenges includes China's Belt and Road Initiative, the Asian Infrastructure Investment Bank (AIIB), established by Beijing, and China's intensified economic and military activities in the East China and South China Seas. This article aims to demonstrate how cabinet of Abe Shinzō meets the challenges of rising China in the context of Japan's policy to normalize Sino-Japanese relations.

Japan's Response to China's Rise

The principal factor in Japanese contemporary policy towards China is the growth of China's economic, financial, and military power and

its increased assertiveness in regional and world affairs. In 2010, China replaced Japan as the second largest economy in the world. At present, China is the world's largest economy in terms of GDP by PPP, the largest trading power and exporter and the biggest holder of foreign exchange reserves. Japan's loss of the second (after the USA) leading position in the world in terms of macroeconomic indicators and the "erosion" of Japan's role in the global governance system exerts a certain psychological pressure on Tokyo. While Tokyo still keeps its position as the second largest shareholder of the World Bank and the IMF, yet, in the United Nations, Japan has moved down from the second position to the third in the list of the UN's major donors (both to the general budget and the budget for peacekeeping operations).

In addition, China's increased economic strength, accumulated financial assets, and the state-promoted Chinese "going out" strategy have made China a strong competitor for Japan in the financial and commodity markets of many developing countries. Intense economic rivalry between China and Japan can be seen in Southeast Asia, Africa, and Central Asia. Tokyo is also concerned about China's increased activity in the Arctic.

Currently, China is the biggest trade partner of more than 100 countries. There is a rapid growth in Chinese foreign investment and aid to developing countries. Its active economic policy is reflected in China's participation in the creation of the New Development Bank, in the decisive role of China in the AIIB, and in the implementation of the Belt and Road mega-initiative.

Against this background, Abe's cabinet, which came to power in Japan in 2012, launched a large-scale program aimed at the recovery of the Japanese economy, called "Abenomics". Under Abe, Japan intensified its trade and economic policies: after the USA withdrew from the TPP agreement, Tokyo, after some confusion caused by its ally's actions [Shvydko 2017], took charge of the process of setting up the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, concluded a free trade agreement with the European Union, and began to promote the "quality infrastructure" concept in the world community.

Another serious challenge for Tokyo is China's growing military power. In terms of defence expenditure, China has, for many years, been second only to the USA, while substantially surpassing its neighbours (including Japan). China's defense budget shows a continued and steady growth. Between 2008 and 2017, the annual increase in its official

defense budget averaged 8 per cent. According to Chinese official data, in 2018, it increased by 8.1 per cent as compared with the previous year and amounted to 175 billion dollars (approximately 1.3 per cent of GDP), and in 2019, defense spending grew by 7.5 per cent, reaching 178 billion dollars. In its estimates of the Chinese defense budget, Japan (the same criticism comes from the USA, SIPRI, and many military experts) assumes that the defense budget officially announced by Beijing does not reflect China's actual defense spending and does not include large items of expenditure such as spending on defence research and technology, purchases of foreign arms [China's Activities in East China Sea... 2018], strategic forces, etc. For instance, the US Department of Defense estimated China's 2017 real defense budget at 190 billion dollars (against 154 billion dollars officially announced by China) [Military and Security Development involving the PRC. 2018].

Concerns over China's continued rise, its stepped-up military modernization, China's systematic assertiveness in upholding its interests (including in the South China and East China Seas), and growing nationalist sentiments that can put pressure on the Chinese leadership in matters related to the shaping of foreign policy became ones of the key factors that predetermined change in Japan's defense strategy under Abe's second cabinet. Abe began to develop the concept of "proactive pacifism" and initiated various innovations in the national security sphere. Thus, in June 2013, the National Security Council was established to develop policies in the national security and diplomatic spheres [Streltsov 2014]. The changes in Japan's defense policy were reflected in the adoption by Abe's cabinet of a number of laws in 2015 that altered the interpretation of Article 9 of the Japanese Constitution and allowed to use the right to collective self-defense to protect an ally's forces even in the absence of an attack on Japan, but in the presence of a threat to the country's security, and also expanded the range of operations of the Self-Defense Forces (with logistical and technical support from the armed forces of the USA and of other countries in order to counter threats to peace and security) [Kireyeva 2019, p. 19].

The changes in Japan's defense policy were to a great extent determined by the intensified threat from China [Tōgō 2018]. Of significance is the shift of emphasis in one of Japan's key security policy documents, the National Defense Program Guidelines². In the 2013

² The National Defense Program Guidelines were originally adopted in 1976 and reviewed in 1995, 2004, 2010, 2013, and 2018.

edition of this document, Tokyo's concern over the emerging regional situation was primarily associated with the North Korean nuclear missile programme (and only after that with China's actions and then Russia), while in the 2018 version of the Guidelines, the primary concern is related to China's growing military power and unilateral actions aimed at changing the status quo, including that in the East China Sea [National defense program guidelines for FY 2014 and beyond. 2013].

Tokyo's concern over the situation with regional security was reflected in the growth of defense spending. In 2013, for the first time in eleven years, Japan increased its defense expenditure, which grew by 0.8 per cent. In 2014, Japan's defense budget was 2.2 per cent up from the previous year, and then, up to and including 2018, it was increasing by 0.8 per cent annually³. A leap in the defense budget occurred when the budget for 2019 was planned – defense spending increased by 7.2 per cent compared to 2018, amounting to 5.3 trillion yen (or 47 billion dollars) [Japan's Defense Budget].

China's assertiveness in achieving its territorial claims and promoting its economic agenda in the region and in the world was the reason for Abe putting forward the strategy of the "Free and Open Indo-Pacific Region" at the Sixth Tokyo International Conference on Africa Development, held in Kenya in August 2016⁴ [Kistanov 2018, p. 34]. Replacing the geographical concept of the "Asia-Pacific region", well established in the global discourse, with the construct of the "Indo-Pacific Region", Tokyo showed its interest in a more significant regional role of India, which adheres to liberal and democratic values, as an important counterbalance to growing China. The idea of an "alliance of democracies", put forward by Abe a decade ago, is on the agenda again and is recalled in the concept of the "security diamond", proposed by Abe in 2012 as comprising Japan, the USA, India, and Australia, and aiming to protect the maritime spaces of the Pacific and Indian oceans.

Tokyo sets forth three areas of implementing the strategy of the "Free and Open Indo-Pacific Region": promotion and consolidation of principles

³ The calculations are based on official data from Japan's Ministry of Defense, which do not include the costs of implementing the projects of the US-Japan Special Committee on Okinawa, regrouping the US forces in Japan, and the commissioning of a new government aircraft in the defense budget [Defense of Japan 2018].

⁴ Abe's strategy of the "Free and Open Indo-Pacific Region" dates back to his speech at the Indian parliament in August 2007, which was titled "Confluence of the Two Seas" [Kistanov 2018, p. 34; Streltsov 2018].

of the rule of law, freedom of navigation, and free trade; promotion of economic prosperity through enhanced connectivity, including the development of “quality infrastructure” in accordance with international standards; putting forward initiatives to secure peace and stability, including assistance (to countries of the world. –Ya.L.) in enhancing the capacities to exercise maritime law, combat piracy, and reduce the risks of natural disasters [Japan’s White Paper on Development Cooperation 2017, p. 2]. Thus, the Japanese concept aims to prevent China from violating the principles of international law and of the rights of the regional countries, as China is realizing its territorial ambitions, and also to promote an alternative to the Chinese Belt and Road Initiative – the concept of “quality infrastructure”, based on the best international standards. Meanwhile, it would be wrong to regard the Japanese strategy as an attempt to restrain the growth and strengthening of China. A more accurate interpretation could be that it focuses on restraining China’s assertiveness in territorial disputes, prompting China to use the best practices in its foreign investment and foreign infrastructure construction.

Beijing, however, regards the Japanese strategy of the “Free and Open Indo-Pacific Region”, as well as the changes in Japan’s defense policy and the steady growth of Japan’s defense budget, as measures to contain China, corroborating China’s view of Japan as a revisionist state that has not abandoned its military past and has not fully admitted its war crimes committed during World War II.

Issues of the East China and South China Seas in Japan-China Interaction

China’s assertiveness in achieving its territorial ambitions in the East China Sea and the imprudent actions of the Japanese government in 2012 (nationalization by Japan of three out of the five disputed islands) caused a serious crisis in Sino-Japanese relations. In 2012–2014, Beijing severed political contacts with Japan at the ministerial level and above, introduced a number of measures restricting trade and economic ties and people exchanges (including tourism), created an ADI zone in the East China Sea (in November 2013), and started to regularly send ships, the number of which was at times 28 vessels a month, to the disputed waters.

Since 2014, the situation in the East China Sea has somewhat settled down. The sides have so far been able to avoid the escalation of the

territorial contradictions into critical situations (as was the case in 2010 and 2012). Nevertheless, Japan is worried by the ongoing practice (since September 2012)⁵ of Chinese ships intruding into the 12-mile zone of Japan's territorial waters near the disputed Senkaku islands. According to the Japanese Coast Guard, in 2018, six Chinese ships on average intruded monthly into Japan's territorial waters, and in January and February 2019, a total of 24 ships intruded Japan's territorial waters [The number of Chinese Government and other vessels... 2019]. China also continues to violate Japan's air space over the 12-mile zone of the territorial waters.

An alarming sign for Tokyo was the entry of Chinese warships into Japan's coastal zone near the disputed islands. In June 2016, Japan's coastal waters near the disputed islands were for the first time violated by a PLA warship, and in January 2018, by a submerged Chinese nuclear submarine.

In order to strengthen its position in the East China Sea, Japan began to develop military infrastructure near the Senkaku islands. In 2016, Japan deployed a radiolocation station on the Yonaguni island. In the autumn of 2018, Tokyo outlined plans for building a military garrison for 500 to 600 personnel on the island of Ishigaki located in close proximity to the Senkaku islands and deploying a missile battery there. The Japanese government intends to build similar infrastructure on the neighbouring Miyako island in the spring of 2019 [Kryachkina 2018].

Tokyo is strongly dissatisfied with the ongoing development (since June 2013) of oil and gas fields by China near the midline in the East China Sea. Japan notes China's intensified activities in this area and makes a point that there are 16 drilling rigs in the East China Sea [The Current Status of China's Unilateral Development... 2018].

Though these rigs are on the Chinese side from the midline in the East China Sea, Tokyo insists on the need to refrain from developing natural deposits in the East China Sea until the official demarcation of the special economic zone in the East China Sea between the two states. For its part, Japan does not develop deposits in the waters of the East China Sea which are claimed by China. Beijing lays claim that its special economic zone stretches to the Okinawa Trough, which is a lot more to the east of the midline.

Tokyo's concern is also caused by the fact that 3 out of the 16 rigs are in close proximity to the midline, which makes it possible to assume that China may "pump out" natural gas from the fields located on the Japanese side from the midline. Moreover, there are concerns over the possibility

⁵ The fact of a Chinese ship intruding into Japan's territorial waters near the Senkaku islands was for the first time recorded by Japan in December 2008 [China's Maritime Activities...].

of transforming the drilling rigs into a kind of military stations. Thus, in the summer of 2016, Japan repeatedly protested over the installation of a radar by China at the one of the drilling rigs [Japan protests over Chinese radar... 2016].

Earlier, the sides tried to work out a mechanism for joint development of the oil and gas fields in the East China Sea – in 2008, they even reached an agreement on joint development of natural resources in the East China Sea. However, since then, China has not shown its interest in implementing the agreement, preferring to unilaterally develop the oil and gas fields in the East China Sea. The installation of the Chinese drilling rigs in the East China Sea is regarded by Tokyo as a violation of the spirit of the 2008 agreement. Another protest over China's resumption of the development of the gas fields in the East China Sea was made by Japan in December 2018.

China also takes other measures to indirectly assert its right to the disputed waters and islands in the East China Sea. For example, in October 2018, China, without obtaining an appropriate permission from Japan, installed a buoy, supposedly for collecting weather data and possibly intelligence data, in the Japanese special economic zone near the Senkaku island. Such symbolic measures provoke official protests from Tokyo, though do not lead to a crisis in bilateral relations.

On the whole, the two sides have so far demonstrated restraint in promoting their sovereign rights in the disputed waters (China, for instance, does not install drilling rigs on the Japanese side of the midline, and Japan refrains completely from developing oil and gas fields even on its side of the midline), preferring to avoid serious crises. An important achievement was the creation in May 2018 (in pursuance of the plans voiced by the two sides back in 2007) of a bilateral crisis communication mechanism to avoid unintentional collisions in the air and on the water in the East China Sea. A "hotline" between the two nations' defense departments was badly needed, since there had been repeated situations of dangerous approaches of China's and Japan's aircraft and ships in the air and sea space in the East China Sea.

Meanwhile, tensions in the bilateral relations are created by Tokyo's activities in the South China Sea, where China claims 90 per cent of the sea area and has territorial disputes with several ASEAN countries and Taiwan. Japan does not have territorial claims in the South China Sea, but is nevertheless interested in maintaining the freedom of navigation regime there, as Japan's important trade routes pass through this area. About 85–90 per cent

of Japan's oil imports and 33 per cent of imported LNG [Drifte 2016, p. 4] pass through the South China Sea. Moreover, the ongoing stepped-up construction of military facilities on the China-controlled islands is regarded by Tokyo as enhancing the ability of the Chinese Navy and Air Force to project power and also to control sea lines of communication. Japan is highly interested in maintaining stability in the region and, consequently, preventing a serious crisis in the South China Sea. And, finally, counteraction to China's assertiveness in the South China Sea, which has much in common with China's assertiveness in the East China Sea, is now viewed by Tokyo as a measure to protect its interests in the East China Sea. Currently, in Japan's strategic plans, there is already a close liaison between the issues of the East China Sea and of the South China Sea. Concerted efforts with ASEAN countries and the USA to counter China's unilateral activity in the waters of the South China and East China Seas have become an important area of Tokyo's policies.

The course to enhance Tokyo's participation in the issues of the South China Sea began to take shape after the incident in September 2010, when a Chinese fishing trawler collided with a Japanese Coast Guard ship near the Senkaku islands, and Tokyo came to realize China's assertiveness in matters of sovereignty and the right to sea areas. Concern over the situation in the South China Sea began to appear regularly in Japanese official rhetoric. Mentions of the South China Sea and criticisms of China in this regard were expressed in Japan's National Security Strategy published in December 2013 [Japan's National Security Strategy 2013]. Over time, the rhetoric began to be supported by concrete actions. The Japanese Self-Defense Forces began to regularly take part in joint military exercises in the South China Sea held together with the USA and several Asia Pacific countries. In September 2018, Japan for the first time openly announced that the Japanese Maritime Self-Defense Force sent a submarine to participate in a military exercise in the South China Sea⁶.

When Abe came to power in Japan in December 2012, Tokyo became more active in establishing defense cooperation with the ASEAN countries [Tomotaka 2014, p. 136]. More specifically, Japan assists countries in South East Asia that have territorial disputes with China in the South China Sea in strengthening their defense capacity in view of the growing threat from China. For instance, in 2014, Japan agreed to hand

⁶ Interestingly, some Japanese experts point out that Japanese submarines had long been appearing in the South China Sea, and China was well aware of that, but chose to express its surprise after Tokyo's official statement in September 2018.

over to Vietnam seven used marine vessels for surveillance and in June 2017 announced its decision to sell six new patrol ships to the Philippines. Tokyo passed to the Philippines 10 coast guard ships, 2 large patrol ships, small high-speed boats, and maritime safety equipment. Indonesia received 3 patrol ships. Japan also dispatched experts to Indonesia and Malaysia and assisted these countries in implementing institutional improvements in the military training and education [Japan's White Paper on Development Cooperation 2017, p. 6].

On the whole, Sino-Japanese relations are characterized by vehement mutual suspicions about the stepped-up military construction and militarization of their counterpart, as well as by suspicions about intentions towards each other. Japan accuses China of assertiveness in the South China and East China Seas, militarization of the South China Sea, lack of transparency in military spending, and an increase in the military budget. China lays claims for the Japan-controlled Senkaku islands and accuses Tokyo of reviving militarist aspirations, increasing the defense budget, and interfering in the problems of the South China Sea.

Japan's Response to the Chinese Belt and Road Initiative

Over several decades, Japan has been one of the world's major investors in developing countries, including infrastructure construction among other things. Joining as a financial assistance donor the Organization for Economic Cooperation and Development (OECD) in 1964, Japan has since accumulated enormous experience in this area. Japan's Official Development Assistance (ODA) is provided on a bilateral basis by the Japan International Cooperation Agency and the Japan Bank for International Cooperation, as well as through the Asian Development Bank, one of the world's most influential financial institutions, with Japan as a principal shareholder.

China as a major investor to developing countries is a relatively recent phenomenon, emerging back in 2004–2005, when China accumulated substantial economic and financial power and began implementing its “going out” strategy. Earlier, during the three decades beginning from 1979, China was one of the biggest recipients of Japanese yen loans provided as ODA.

What became the culmination of the transformation of China's role in the world finance and economic system – from a large borrower to a large lender, from an ordinary participant to the initiator and founder of new multilateral development banks under its auspices – was the

public presentation by the PRC President Xi Jinping of the Belt and Road Initiative (then presented as the “Economic Belt of the Silk Road”) in September 2013, which provided for large-scale Chinese investments in the infrastructure of developing countries, as well as the foundation of the Asian Infrastructure Investment Bank initiated by Beijing in 2013. And during the first three years after the announcement of the Belt and Road Initiative, Japan, along with several Western developed countries, was keeping its distance from this Chinese initiative. There were discussions in the country regarding the possibility and necessity of Japan’s participation in Chinese mega-initiatives – the Belt and Road Initiative and the AIIB, which at its inception was erroneously regarded as a financial instrument to implement the Belt and Road Initiative.

In 2013–2016, the general background for Japan’s involvement in the Chinese initiatives was for the most part unfavourable: starting from 2012, when contradictions over the ownership of the Senkaku islands heated up, the bilateral relations reached the bottom in their development since the establishment of diplomatic relations in 1972. Moreover, in assessing its possible participation in the Chinese initiatives, Japan could not ignore the fact that Beijing’s success in implementing these initiatives substantially strengthened China’s positions in the competition for regional leadership. In a sense, the establishment of the AIIB challenged the multilateral development bank which had long been functioning with the decisive role of Japan, namely the Asian Development Bank. The advisability of creating a new structure that duplicated the activity of the Asian Development Bank was called into question.

The criticism of China’s Belt and Road Initiative focused on the following points:

1. The determining role of the state, not the private sector, in the Chinese initiative. Most of the financial assets are provided by the Export-Import Bank of China and the China Development Bank (also through the Silk Road Fund) to Chinese state-owned enterprises that, in turn, invest into the construction of infrastructure abroad. Japanese foreign infrastructure projects, on the contrary, are financed mostly by the private sector – for example, by major companies such as Mitsubishi, Toyota, Nintendo, Sumitomo Mitsui Financial [Zhao Hong 2018]. Assistance provided by the Japan Foreign Cooperation Agency, the Japan Bank for International Cooperation, and also through the Asian Development Bank is not dominant, but is only intended to serve as catalyst to mobilize infrastructure financing from the private sector.

2. The terms on which China provides loan funds to recipient countries do not correspond to the standards developed by the OECD Development Assistance Commission and may lead to financial crises in recipient countries [Kawashima 2018]. Critics of the Belt and Road Initiative point out that, in some cases, China, aware of the inability of certain countries to repay borrowed funds, gives them large loans, expecting to receive various privileges afterwards, for example, control over natural resources or the infrastructure created with the finance from China.

3. China provides economically conditioned loans. The loan conditionality may consist not only in the fact that contracts are carried out by Chinese contractors with the use of Chinese construction materials and equipment and Chinese labour, but also in the requirements for recipient countries to introduce China's Beidou navigation system or products of the Chinese telecommunications companies (Huawei and ZTE).

4. The absence of the requirements traditionally issued by Western countries to borrowing countries (democratic transformations, introduction of a good governance system, compliance with the environmental and labour standards, etc.) undermines the effort of Western countries to stimulate democratic processes and to disseminate best practices.

In order to hedge the risks associated with the Chinese Belt and Road Initiative and to secure a niche in infrastructure construction, Tokyo developed the "quality infrastructure" concept. In fact, Japan adopted a strategy of contrasting the Chinese and Japanese models of foreign infrastructure construction: the Chinese model is characterized by the rapid implementation of infrastructure projects, their large number and an enormous total budget of infrastructure lending, while the Japanese model boasts of the high quality and characteristics of an infrastructure to be created and of the use of optimum technological solutions. Thus, in May 2015, Japan's Prime Minister Abe announced the Partnership for Quality Infrastructure initiative launched jointly with the Asian Development Bank, which made provision for allocating about 110 billion dollars in 2016–2020 for "quality" infrastructure construction in Asia [Announcement of "Partnership for Quality Infrastructure: Investment for Asia's Future" 2015]. A year later, in May 2016, Abe announced a broader version of this initiative, called Expanded Partnership for Quality Infrastructure. What was different in the new version was increased funding (from 110 billion to 200 billion dollars), and that funding was provided for the period from 2017 to 2021 to implement

infrastructure projects around the world (not just in Asia as was the case with the earlier version). The new version also expanded the range of areas for infrastructure investment (investments in the energy sector and natural resource development) and the list of funding sources (in addition to the Japan International Cooperation Agency and the Japan Bank for International Cooperation, other investors could be Nippon Export and Investment Insurance (NEXI), Japan Overseas Infrastructure Investment Corporation for Transport and Urban Development (JOIN), Fund Corporation for the Overseas Development of Japan's ICT and Postal Services (JICT) and Japan Oil, Gas and Metals National Corporation (JOGMEC)) [The G7 Ise-Shima Summit... 2016].

Tokyo started to actively internationalize the “quality infrastructure” concept. In May 2016, the G7 summit in Ise-Shima adopted Principles for Promoting Quality Infrastructure Investment proposed by Japan. The adopted five principles are based on the idea that quality infrastructure investment should: 1) ensure effective governance, reliable operation, and economic efficiency in view of life-cycle cost, as well as safety and resilience against natural disaster, terrorism, and cyber-attack risks; 2) ensure job creation, capacity building, and transfer of expertise and know-how for local communities; 3) address social and environmental impacts; 4) ensure alignment with economic and development strategies, including aspects of climate change and environment at the national and regional levels; 5) enhance effective resource mobilization including through Public-Private Partnerships [G7 Ise-Shima Principles... 2016]. In pursuance of its effort to disseminate the “quality infrastructure” concept in the world, Japan was also the co-organizer of the OECD's First International Economic Forum on Asia held in April 2017 under the title “Enhancing Regional Integration and Development Through Quality Infrastructure and Resilience”, and of a high-level event in the framework of the UN General Assembly, Promotion of Quality Infrastructure Investment, held in September 2018. In the UN, Japan's Minister for Foreign Affairs Kōno Tarō even announced Japan's intention to become the leader in the creation of “quality infrastructure” in the Indo-Pacific region [Kistanov 2018, p. 38]. In September 2018, Tokyo hosted a joint seminar organized by the OECD and the Ministry of Finance of Japan on the theme of “Financing Quality Infrastructure for Long-Term Investment and Mobilizing Private Sector Capital”. Tokyo plans to continue to work actively with international organizations (such as the OECD)

and interested countries in order to stimulate quality growth through the development of “quality infrastructure” [Japan’s White Paper on Development Cooperation 2017].

As the host of the G20 summit in June 2019, Tokyo proposed guidelines for infrastructure investment. According to the Japanese idea, the guidelines are designed to encourage large donors of infrastructure aid to comply with international standards when implementing infrastructure projects [Japan to propose G-20... 2019].

In addition to consolidating global support for the concept of “quality infrastructure”, Tokyo took practical steps to create and participate in multilateral initiatives on “quality” infrastructure investment in developing countries. In November 2016, during the Indian Prime Minister Narendra Modi’s visit to Tokyo, the two sides indicated their intention to seek synergy between the Indian “Act East” policy and the Japanese initiative of “Expanded Partnership for Quality Infrastructure” in order to improve regional integration and connectivity between Asia and Africa [Japan-India Joint Statement 2016]. As a follow-up to this idea, in May 2017, the 52nd annual meeting of the African Development Bank announced the establishment of the Asia-Africa Growth Corridor (AAGR), consisting of four main components: development and cooperation projects, quality infrastructure and institutional interconnection, human capacity building, and partnership of nations [Asia-Africa growth corridor 2017].

Trilateral forms of cooperation in infrastructure investment have begun to take shape. For instance, in 2018, the USA, Japan, and India set up a special Trilateral Infrastructure Working Group [Joint Statement on the U.S.-India-Japan Trilateral Meeting 2018] intended to promote enhanced cooperation in infrastructure development and connectivity in the Indo-Pacific region. In May 2018, the US-India and US-Japan Business Councils initiated the establishment of the Indo-Pacific Infrastructure Trilateral Forum aimed to improve coordination between the private sectors when implementing infrastructure projects abroad [Smith 2018]. In July 2018, a trilateral infrastructure investment partnership was set up between the US Overseas Private Investment Corporation, the Japan Bank for International Cooperation, and the Australian Department of Foreign Affairs and Trade [Hutchens 2018].

In 2018, Tokyo announced its intention to expand infrastructure investment in developing countries. In May 2018, during the meeting with the leaders of sixteen South Pacific states, Abe promised to provide assistance in creating “quality infrastructure”, including port infrastructure

and renewable energy. Also in May 2018, the Japanese government announced its plans to grant yen loans for the development of ports in three countries of the Indian Ocean (Myanmar, Sri Lanka, and Bangladesh) [Japan to offer aid for Indian ocean ports 2018]. In November 2018, during the visit of the US Vice President Michael Pence to Tokyo, the sides announced the establishment of a US-Japan Infrastructure Development Fund amounting to 70 billion dollars, the priority area of which is the implementation of infrastructure projects in the Indo-Pacific region.

Meanwhile, the year 2017 saw the first signs of Tokyo's departure from its initial detached position with regard to the Chinese Belt and Road Initiative. A possible change in Tokyo's attitude towards the Chinese initiative was signaled by the participation of the Secretary General of the Liberal-Democratic Party of Japan, Nikai Toshihiro, in a high-level Belt and Road Forum for International Cooperation held in Beijing on 14–15 May 2017. A few weeks later, in June 2017, at the International Conference for the Future of Asia, Abe Shinzō gave a cautious assessment of the Belt and Road Initiative, expressing willingness to join its implementation on the condition that the infrastructure under construction is available to all and that, during its construction, the purchases are transparent, the projects are economically viable, and the repayment of borrowed funds is possible for the recipient country with no damage to the stability of its public finances [Asia's Dream... 2017].

At the meeting with the PRC President Xi Jinping held on 8 July 2017 in Hamburg in the framework of the G20 summit, Abe Shinzō indicated Japan's desire to expand cooperation with China in trade, finance, tourism, and the implementation of the Belt and Road Initiative [Xi, Abe meet on ties... 2017]. The change in Tokyo's position can be explained by a number of circumstances. Firstly, the acceptance of the Belt and Road Initiative opened ample opportunities for normalizing relations with China, which is an important foreign policy objective both *per se* and against the background of the unpredictable policies of President Trump's administration. Secondly, the rivalry of the two countries in infrastructure development in third countries was causing more damage than what their cooperation could bring. The two countries' experience showed (the most illustrative example being the competition between the two states for the contract for the construction of a high-speed railway in Indonesia in 2015) that their rivalry over infrastructure projects in third countries made it necessary to substantially decrease the cost of projects, which, in the long run, was beneficial only for the recipient countries.

Thirdly, Tokyo could not any longer ignore the growing support for the Belt and Road Initiative in the world community.

In early May 2018, during the visit of China's State Council Premier Li Keqiang to Japan, the parties agreed on setting up a joint committee for the promotion of business cooperation in third countries (Committee for the Promotion of Japan-China Business Cooperation in Third Countries) [Japan and China Conclude Memorandum... 2018]. In September 2018, the Committee held its first session [The First Session of China-Japan... 2018]. This actually initiated a China-Japan dialogue which was characterized as "cooperation in third countries".

During Abe's visit to Beijing in late October 2018, the first Sino-Japanese Forum on Business Cooperation in Third Countries was held. The Forum resulted in signing 52 memoranda of cooperation in infrastructure, logistics, IT, health, and finance. In particular, the Japan Bank for International Cooperation and the China Development Bank signed a Memorandum of Understanding providing for financial support to Chinese and Japanese companies in their business cooperation in third countries subject to observation of international standards such as openness, transparency, economic efficiency, and compliance with laws and rules [JBIC Signs MOU... 2018].

Among the joint projects under discussion are plans for the construction of a high-speed railway network in east Thailand (a part of Thailand's Eastern Economic Corridor), "smart cities" in South East Asia, an oil refinery in Kazakhstan, and solar energy generation facilities in the United Arab Emirates [Yoshida 2018].

Conclusion

In developing its policy towards China, today's Japanese policy-makers face the need to take into account a great number of divergent factors. On the one hand, stable close relations with China are in the interests of Japan's economic development and of regional security. Moreover, in the context of the unpredictable actions of the US President Trump's administration and, accordingly, the unstable support provided by Washington to Japan, avoidance of crises in Sino-Japanese interaction is of special importance. On the other hand, there is a number of serious obstacles standing in the way of harmonious relations with China: bilateral contradictions related to the interpretation of the 1937–1945 historical

events, visits by high-ranking Japanese officials to the Yasukuni Shrine, ownership of the Senkaku islands, as well as the different political systems in the two countries and their different political and economic values, the two countries' different approaches to global and regional security, intensified competition in various regions and spheres, and mutual suspicions about each other's intentions. Amid such a large number of deep bilateral contradictions, the rise of China is seen in Tokyo not as fraught with opportunities, but as a serious challenge or even a potential threat to Japan.

Within this context, Abe Shinzō's cabinet is to accomplish a difficult task of normalizing Japan's relations with China while hedging the risks associated with the rise of China. To this end, Abe's cabinet makes efforts to expand Japan's activity in regional and world affairs, to strengthen Japan's independent role in regional and world arenas, to enhance Japan's role in solving global and regional problems (in particular, this is seen in the changes in Japan's defense policy). Against the rapid rise of China, of great importance is the strengthening of Japan's economic and military potential. Thus, Abe initiated a program to revitalize the Japanese economy, stepped up the trade and economic policy (in particular, he led the reformatting of the TPP and concluded a free trade agreement with the EU), strengthens Japan's Self-Defense Forces (since 2013, defense spending has been increasing consistently). In response to the Chinese Belt and Road Initiative and the AIIB and to China's growing assertiveness in the East and South China Seas, Japan put forward the "quality infrastructure" strategy and the strategy of the "Free and Open Indo-Pacific Region". Abe also takes measures to enhance partnerships with different countries, including those with which Japan has common liberal democratic values and those that have territorial disputes with China. The China factor, incidentally, has been one of the defining reasons for Japan's current activity in its relations with Russia. Preventing close rapprochement between Russia and China and especially the formation of a Russia-China quasi-alliance is an important objective of today's Japanese policy-makers.

At the same time, driven by the task of maintaining normal bilateral relations and preserving conditions for conflict-free coexistence with China, Tokyo demonstrates restraint and makes it a policy not to provoke China without crossing the "red line". For instance, since 2013, Abe Shinzō has not officially visited the Yasukuni Shrine. Japan also refrains from prospecting in the disputed waters of the East China Sea. Of significance is the change in Tokyo's position with regard to the Chinese

Belt and Road Initiative towards its intention to join infrastructure cooperation with China in third countries. For all this, an important circumstance that makes it possible and easier to implement the Abe cabinet's dual policy vis-a-vis China, simultaneously combining elements of counteraction to Beijing and cooperation with it, is Xi Jinping's course to normalize relations with Japan against the background of heavy pressure from Washington and the aggravated international situation.

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Russian edition of the article:

Japanese Studies in Russia. 2019 № 3. Pp. 62–83.

http://japanjournal.ru/images/js/2019/js_2019_3_62-83.pdf

DOI: 10.24411/2658-6789-2019-10007