

## Revival of China-Japan Ties-

*Improvement of China-Japan ties is a win-win situation for the two economic giants, they are the second and third largest global economies*



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2018 can be a year of great change for Chinese-Japanese ties. Many high level exchanges are expected. Diplomatic ties have already been improving since last September. Trade relations which have been strained since 2010 are also getting better.

Last October, Japanese Prime Minister Shinzo Abe indicated that bilateral relations between China and Japan may be improving when he attended China's National Day celebrations at the Chinese embassy in Tokyo. No Japanese leader had attended this reception in the last 15 years. This breakthrough had special significance because it happened on the forty-fifth anniversary of normalisation of ties between Beijing and Tokyo. There have been more positive events in this regard since then.

This new trend is good for peace and development in North East Asia and creates greater room for a peaceful resolution to the North Korean missile and nuclear program. This is a win-win situation for two economic giants, they are the second and third largest global economies. China has a GDP of \$ 11 trillion and Japan has a GDP of \$6 trillion. The Japanese business community has long sought strong trade and business ties with China. Even in the past, the Japanese business community have ignored politics and kept strong ties with China.

Last November, Premier of the State Council of the People's Republic of China Li Keqiang met with 250 members of a Japanese business delegation in Beijing. The delegation was led by Chair of the Japan Business Federation Sadayuki Sakakibara, President of the Japan-China Association on Economy and Trade Shoji Muneoka and

Chair of the Japan Chamber of Commerce and Industry Akio Mimura. The delegation showed keen interest in the 'Belt and Road' infrastructure projects.

The speech by Toshihiro Nikai, Secretary-General of the Liberal Democratic Party (LDP), at the School of the Central Committee of the Communist Party of China (CPC) in Beijing, was considered a critical event in promoting political ties between China and Japan. This was after ten years that a Japanese leader has delivered a speech at the school of the CPC. Nikai called for future-oriented cooperative relations between the two countries.

This will bring the ruling political parties and future elites of both countries onto a common platform to create harmony. On his six-day visit, Nikai met with President Xi Jinping in Beijing on December 28.

The former has invited President Xi to visit Japan next year. Both sides are expecting to arrange reciprocal visits to be made by Xi and Abe in 2018. Xi has never visited Japan since he became President. However, during his tenure, mutual controversies became less pronounced, creating room for fresh high level interactions. After Abe's visit to Beijing in the second half of 2018, Xi will pay visit to Tokyo.

China might support Abenomics to help Japan overcome the myriad of economic problems it is suffering from. Mega infrastructure projects in South East Asia and other regions under the Belt and Road Initiative (BRI) could also provide great relief to Japanese financing. Abe has hinted at his desire for cooperation on the BRI at several occasions. Japanese Foreign Minister Taro Kono has praised the BRI in public speeches.

There are, however, some concerns between Beijing and Tokyo with regard to Trump's Indo-Pacific policy. Japanese enterprises are quite willing to join the BRI's infrastructure project to gain cash benefits and to revive business. They have little, if any interest in the Indo-Pacific debate. One has to see how Tokyo would prefer hard cash benefits over seeking political and diplomatic influence against China. For China, the BRI has always been open and inclusive and any country could join it. The BRI is considered a confidence building measure between Beijing and Tokyo. Furthermore, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) could become another convergence point between China and Japan to cooperate on free trade in the Pacific. Bilateral trade between China and Japan has been recorded to be around US\$ 278.6 billion. China is Japan's largest import destination and second important trading partner after the United States.

Japanese Foreign Minister Taro Kono will visit China this month. The trilateral summit between China-Japan-South Korea will be held in Tokyo in April after being repeatedly postponed because of various disagreements. After that summit, Prime Minister Abe is likely to visit China.

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