

# Japan and China: Regional and Global Roles

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# Background

- importance of Japan-China relationship
- regional and international impact
- a third-party perspective
- rising economic power
- economic size and measuring it
- output and trade relativities

# Economic Issues

- scale, structure and geography
- out of the 1978 framework
- realizing comparative advantage
- investment and regional production efficiency
- absolute and relative size
- prospects for the future

# Political Issues

- sentiment supportive of China's modernization
- history, Yasukuni shrine, Taiwan, Korea, and territorial issues
- seeking security in the post Cold War world
- China's challenge to established power
- risks in political transition
- hegemony, power balance or concord?

# The Politics and the Economics

- measuring trade potential and the effect of political distance
- Chinese exports to Japan, 60 per cent of potential, up from 49 per cent two decades earlier (China to the world, 59 per cent, China to East Asia 64 per cent)
- Japanese exports to China, 56 per cent, up from 50 per cent two decades earlier (Japan to world 51 per cent, to US 61 per cent, to ASEAN 64 per cent)
- politics on trade and constraint of trade on politics

# Implications and Conclusions

- low intensity conflict with strong stable economic relationship: things not always as they look
- effect of growing interdependence on politics
- Japan's dilemmas in dealing with China
- structural transformation of strategic interests
- importance of multilateral economic and political frameworks: ASEAN +3, EAS, APEC and beyond
- economic agreement in 2008 and security arrangement?