Sino-Japanese Rivalry: Implications for U.S. Policy

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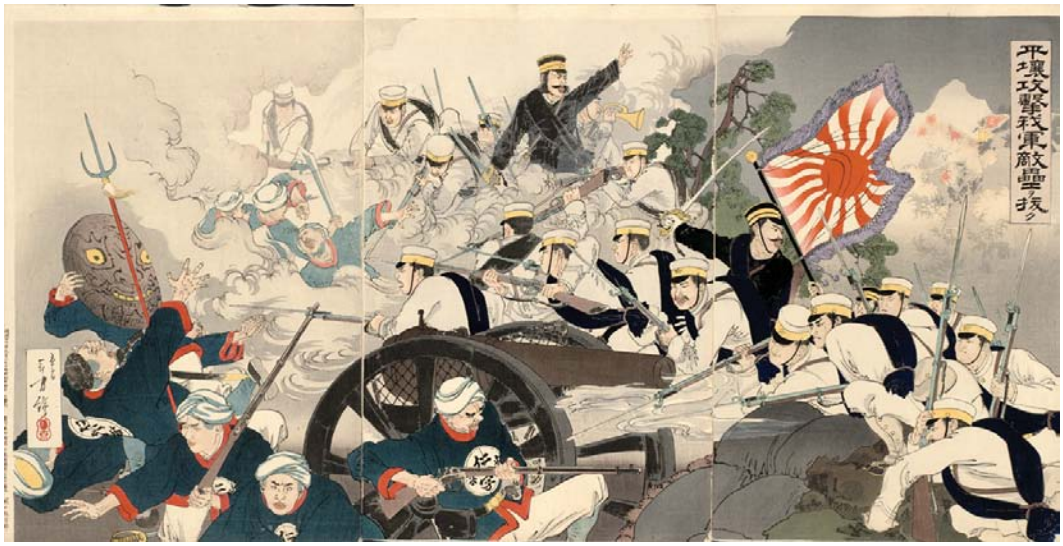

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Sino-Japanese Rivalry: Implications for U.S. Policy

A CNA, IDA, NDU / INSS, and PACIFIC FORUM/ CSIS Project Report

30 November 2006

Executive Summary

For the first time in modern history a rising China and a re-emerging Japan are facing one another. The choices Beijing and Tokyo make over the next few years regarding management of their bilateral relationship may well prove to be some of the most consequential for international order in the 21st century.

Troubled by deteriorating relations between Japan and China and the implications for regional stability, the project organizers conducted a series of four in-depth workshops to explore all aspects of the China-Japan relationship. In early 2006, when the project was initiated, Sino-Japanese relations were close to an all-time low, but following the retirement of Prime Minister Koizumi Junichiro and the deft diplomacy of his successor Abe Shinzo, relations have improved. The rivalry, however, is, if anything, intensifying, Sources of tension in the relationship are deeply rooted and will likely persist despite changes in political leadership.

The causes of this rivalry include: the unprecedented rise of both nations as Asian powers—and the fact that neither Tokyo nor Beijing appears content to play a secondary role in Asia; questions about shared history that will continue to cast a long shadow over the bilateral relationship and will feed and be influenced by nationalism; the disputes over East China Sea resources, which have made the use of force a possibility—with consequences that could lead to conflict.

Mutual strategic suspicion clouds the relationship and involves the United States as well. China is especially troubled by Tokyo's increasingly outspoken support of peaceful resolution with respect to Taiwan. Beijing believes that Taiwan has gone from being an implicit to an explicit focus of Japanese military policy and sees updating and strengthening of the U.S.-Japan alliance as being anti-Chinese. At the same time, China's military modernization is creating anxiety in Tokyo, and concern in Washington.

There are positive factors at work, too. The two countries' economic relationship is increasingly intertwined, and acts as a shock absorber. The two economies are complementary, and neither country wants commerce to be disturbed by poor relations. Neither government wants nationalism to get out of hand. And, while rising energy demand is a source of potential competition, it also provides an opportunity for cooperation.

Both countries are increasingly involved globally as "stakeholders," which suggests that they have many interests in common. Mutual recognition of this reality may provide a way to bridge differences.

Senior U.S. policy makers:

- Develop interagency consensus about U.S. interests and policy objectives. The United States has significant national interests involved in its relations with both Japan and China, which could be affected by the evolution of relations between Tokyo and Beijing.. (Steve Flanagan noted that we cannot say that the rivalry is being ignored without proof/evidence)

- Not let Beijing or Tokyo think that the rivalry goes unnoticed in Washington. U.S, policy should make clear that Washington thinks the rivalry is dangerous. However, Washington should not be directly involved in the history debate; nor should it attempt to act as a go-between.

- Emphasize shared "stakeholdership" and "responsible partnership" by highlighting shared interests, which include regional stability, access to energy, and dependence on maritime commerce. Promote trilateral cooperation.

- Encourage Japan and China to pursue better military-to-military relations; an incidents-at-sea agreement (INCSEA) seems especially useful.

- Recognize that the United States cannot be totally "even-handed." U.S. priorities are overwhelmingly inclined toward the U.S.–Japan alliance; however, Washington should not blindly sacrifice its interests in productive relations with China.

- Stay engaged in the discussion about Asia's economic future through APEC and FTA's—both bilateral and, eventually, regional.

- Be prepared for a potential crisis to occur in the East China Sea. Also, understand the expectations that Tokyo and Beijing have of the United States in such a crisis.

- Continue frequently to reassure Japan. China also needs reassurance that U.S. intentions are not malign. Reaffirming that Washington is not trying to contain China or promote Taiwan's independence is important.

- Consider dropping explicit official references to "hedging against China." All countries hedge against the future. Talking about it in official documents suggests a policy of containment.

- Continue to act as a catalyst for improved trilateral U.S.–Japan–ROK relations. Many of the problems in the Japan–China relationship also bedevil Japan–ROK relations.

CNA, IDA, NDU / INSS, and PACIFIC FORUM/ CSIS

Sino–Japan Rivalry Project: Final Report

Background

Between March and late August 2006, a consortium of policy-research organizations conducted an in-depth examination of the troubled Sino–Japanese relationship. The Center for Naval Analyses (CNA), the Institute for Defense Analyses (IDA), the National Defense University's Institute for National Strategic Studies (NDU/INSS), and Pacific Forum/CSIS collaborated under the chairmanship of former Assistant Secretary of State for East Asian and Pacific Affairs James Kelly to hold four in-depth workshops to explore all aspects of the topic. The consortium plans a follow-up effort to explore its findings with international experts.

This report details major findings and concludes with recommendations for U.S. policy. Detailed reports on each of the workshops are available.

Introduction

During the course of the project, Sino–Japanese relations have improved, although the rivalry is, if anything, intensifying. When the project was first conceived in early 2006, relations were close to an all-time low. Japan's Prime Minister Koizumi Junichiro refused to yield to pressure from China and the Republic of Korea to stop visiting the Yasukuni Shrine and demonstrate a "proper appreciation for Japan's history." At the same time, Japanese officials were furious with Beijing for tolerating anti-Japanese riots in March and April 2005, and for having orchestrated a sustained effort to thwart Tokyo's attempt to gain a permanent UN Security Council seat. In Beijing, policy initiatives to improve relations with Tokyo ground to a standstill after President Hu Jintao failed in his personal attempt to persuade Koizumi to be more responsive on the "history" issue.

The relationship took a decided turn for the better when Prime Minister Koizumi retired, in September 2006.[1] His successor as Prime Minister, Abe Shinzo, took the initiative to improve relations by making his first official visit to Beijing, not to Washington as has been traditional for a new Japanese leader. Combined with Koizumi's departure and the timing of North Korea's missile and nuclear tests, this symbolic gesture has resulted in restoring some sense of normalcy into diplomatic contact between Tokyo and Beijing.

Participants in this study applaud this upturn in relations but caution that a number of deeply rooted issues remain between the two leading Asian powers and indicate that it

[1] Before he retired, he made a final trip to the Yasukuni Shrine on August 15, the sensitive anniversary of Japan's World War II surrender—a visit seen by many as being in defiance of Beijing and Seoul.

would be a mistake for U.S. policy makers to assume that the Sino–Japanese relationship will remain stable and trouble-free.

Findings

A historically unique period in East Asia.

For the first time in modern history, a rising China and a re-emerging Japan are facing one another. Between the Meiji Restoration in the mid 19th century and the end of the PRC's Cultural Revolution in the mid 1970s, China's weakness or its chaotic periods of revolution created instability in East Asia. China's peaceful rise, following the strategy set out by Deng Xiaoping at the end of the 1970s, has affected Japan in particular.

When the West entered East Asia in the 19th century, it was Japan that promptly adapted to this shock to the traditional Sinitic order and became the "leading power in Asia," while China languished in imperial stagnation and then went through various phases of revolutionary chaos. The Meiji Restoration and Japan's success in the Sino–Japanese War of 1894–95 dramatized the role reversal in Asia. The Japanese, whom the Chinese had once considered "eastern barbarians," adopted a patronizing attitude toward their large neighbor, viewing it as especially backward. Tokyo quickly appointed itself as the leader of East Asia. This self-image has been reinforced because Japan was the first East Asian economy to "take off" after World War II, and because Japan emerged as Asia's first real democracy

Neither Tokyo nor Beijing content to be number two in Asia.

The issue of national self-image, and the concomitant international respect that comes with being considered the most important nation in Asia, will continue to influence relations between Beijing and Tokyo and will sustain the sense of rivalry that already colors their respective policy choices. These attitudes are not symmetrical at present, and have not been so historically. Japan's leadership over the past half-century has largely been the field of global economic issues, whereas China has been active in both economic and political spheres. China is a permanent member of the United Nations Security Council and has a historic sense of itself as the "middle" or central kingdom. Japan's attitudes are less ingrained, but it does not want to be seen as a secondary Asian power.

It is not clear how hard either country wants to work at being the recognized, sole regional leader, but each will work to make certain it is not eclipsed by the other. The efforts of both Tokyo and Beijing to improve relations with India are but one example.

Today the Japanese are still preoccupied with their place in Asia. Now, however, they face the reality that most Asian nations and a good many of the major world powers accord primacy of place to China.

History issue will be a continuing impediment.

Japan's conduct during the 1930s and throughout World War II remains an unresolved political issue between Tokyo and Beijing. Many factors have, at one time or another, served to complicate relations, including the teachings of high school textbooks, the use of "comfort women," the Imperial Japanese Army's experiments with germ warfare in China, the controversy over the extent of atrocities at Nanjing, and the treatment of prisoners of war.

Over the past few years, visits by the Japanese prime minister to the Yasukuni Shrine[2] have been a source of particular tension and have constituted a core problem for Sino–Japanese relations. The Yasukuni Shrine was established in the Meiji period to honor the spirits of all Japanese war dead. The issue for China is not that former Prime Minister Koizumi visited the shrine to pay homage to the war dead, but that in doing so he also paid homage to the spirits of 14 World War II Class A war criminals were enshrined there in the late 1970s. Beyond that, an associated museum portrays Japanese war history in a highly questionable light. Whether Beijing's very adverse reaction is a pretext or not, halting (or reducing the prominence of) visits would help minimize a visible problem and test Beijing's stated desire to improve relations. Because Prime Minister Abe has not visited the shrine as PM, high-level meetings in Beijing have become possible.[3]

There is no question that Japanese atrocities in the war period still rankle deeply in China. At the same time, given the Chinese Communist Party (CCP)'s own manipulation of China's history to legitimize its rule, there is a great deal of cynicism in Japan and, for that matter, in Washington, about the way Beijing has used this issue diplomatically to gain leverage over Tokyo. In any event, many Japanese believe that, even if visits to Yasukuni were stopped or the spirits of the Class A war criminals disenshrined Beijing would find another issue to exploit for political purposes. Our own group was divided on this question.[4]

There also is a growing sense among the Japanese that their country has not received proper credit for the past 60 years of its peaceful, democratic transformation and for helping China in the postwar years.

No matter how the "history" issue plays out, the reality is that nationalism is rising in both countries, and questions of history and legacy sovereignty issues are inherently nationalistic. Traditional political elites in both countries are less able today to shape the political debate. Public opinion, informed by 24/7 mass media and real-time personal

[2] Yasukuni is a Shinto shrine in which the spirits, not remains, of Japan's war dead are enshrined

[3] Intense negotiations preceded Abe's visit to Beijing (and Seoul) in early October 2006, and rumors are rife about a "deal" with China regarding his future intentions about visiting the Yasukuni Shrine. In public, at least, there is no indication that Abe promised he would not go, and some indicators point to an effort to resolve the problem by disenshrining the 14 Class A war criminals before he goes. In any event, some agreement was reached that allowed the Abe trip to go forward and enabled Chinese and Korean counterparts to accept invitations for return visits to Japan.

[4] There is an important distinction between the two countries regarding the impact of history on relations. Beijing's manipulation of its history has not had an adverse impact on Japan's attitudes about China, or on Tokyo's relations with Beijing.

communications, has only intensified political discourse. The new entrants to the discussion are usually from the grassroots level and are inclined to have more uncompromising views.

Although it appears that neither the Chinese nor the Japanese governments finds it convenient at this point to fan the flames of nationalism; the question is whether they can lead public opinion and avoid making policy decisions that set relations back.

East China Sea resources dispute.

Over the last four years, China has constructed offshore facilities to extract natural gas from an undersea field that crosses disputed marine boundaries. As a result, the prospect of incidents between Chinese and Japanese commercial and military vessels in the East China Sea has risen for the first time since World War II. If an incident occurs, it could result in the use of force—with consequences that could lead to conflict. This is more a sovereignty issue than an energy resource issue, which makes it especially dangerous.

To examine this issue in detail, during two separate workshops we conducted tabletop exercises with experts playing U.S., Japanese, and Chinese teams. They were given a crisis scenario that involved a collision between Chinese and Japanese warships in the East China Sea.

The results suggested that all three parties would attempt to exercise restraint, and to give others the opportunity to act in similar fashion. But there is good reason to think that the crisis management strategies of either Tokyo or Beijing could back the other into a corner in which restraint would serve its interests poorly and some escalation would seem like a reasonable risk. Successful avoidance of escalation would require a level of clear and consistent signaling between the parties that, in a crisis, cannot be taken for granted. As a group, we were left uncertain about what weight to assign to escalation risks—but we were unanimous in our sense that policymakers are insufficiently attentive to them.

Economic shock absorber.

The two economies are increasingly intertwined. China has become Japan's largest trading partner, and Japan is China's third largest trading partner. Japan ranks third in foreign direct investment in China—in 2005 it was 6.5 billion USD, according to the Japanese External Trade Organization (JETRO). Japan's recent revival from its decade of stagnation is largely related to its success in China's booming market, and, for its part, Beijing does not want to see problems with Japan interfere with the flow of Japanese investment and technology, which are critical to China's continued growth.

Japan's commercial decision-making toward China is profit not values-based. Despite recognized problems such as protection of intellectual property rights and contract enforcement, land ownership, and labor issues, the Japanese view China as simply too good a business opportunity to pass up.

The economic dimension of China–Japan rivalry is played out regionally. Japan's effort at playing catch-up with China's free-trade agreement (FTA) diplomacy is a salient example of combined economic and political competition. In the short to medium term, the Chinese and Japanese economies are complementary, not competitive. This encourages economic cooperation. The deepening interdependence serves to dampen tension between China and Japan, but questions persist as to how long "hot economics, cold politics" can be sustained.

Finally, the rising energy demand in both countries is both a source of potential competition and an opportunity for cooperation.

Japan and the Taiwan issue.

Tokyo's increasingly less tacit, more outspoken interest in the peaceful resolution of the Taiwan issue is worrisome to Beijing. Declarations by Tokyo and Washington that they have a stake in developments in the Taiwan Strait have only increased unease in Beijing. While statements such as the February 2005 U.S.-Japan "2+2" ministerial declaration reiterate long-term interests or are benign in language—e.g., saying that the two governments seek a peaceful resolution to the situation in the Strait through dialogue—any expression of concern over Taiwan touches a core Chinese national interest in which Beijing insists the U.S.–Japan alliance has no business meddling.

Beijing believes that Taiwan has gone from being an implicit to an explicit focus of Japanese military policy. As Japan takes on larger responsibilities within the alliance, military planners in Beijing seem increasingly focused on the potential Japanese role in a military confrontation over Taiwan, although this is by no means a new issue.

Chinese planners extrapolate that a militarily stronger Japan will bring with it a revival of militarism in Japanese society and politics. As a harbinger of problems to come, they cite an increasingly hard line from Tokyo on maritime territorial disputes. Accordingly, they are focused on a range of potential military flashpoints with Japan involving the broader maritime environment, not just Taiwan. But, there is little to suggest that China is actually developing military capabilities specifically focused on Japan, with the important exception of medium-range ballistic missiles.

Japan's military capabilities remain limited. Concerns about a Japanese "remilitarization" are often heard in China. Yet the reality is that without bombers, ballistic missiles, or nuclear weapons, and with no capability to invade or project military power, Japan's competent but relatively small defense forces are not on that page. Japan would have to build up its forces for many years—involving at least a tripling of its defense budget—to bear out professed Chinese concerns. In fact, Japanese defense spending remains under 1 percent of its GDP, with no apparent prospect for even minor increases.

China's military modernization.

At present, China's military modernization is overwhelmingly focused on being able to conduct a successful campaign against Taiwan, even if the United States were to intervene. By definition, however, many of the same capabilities—specifically, ballistic missiles, long-range tactical aircraft, and submarines—are also relevant to a campaign against any nearby island nation. As a result, defense planners in Tokyo, while focusing on the immediate threat posed by North Korea, are also concerned about the long-term strategic challenge posed by China and have been increasingly outspoken about it. Likewise, the Japanese public is becoming increasingly apprehensive about the long-term implications of PLA modernization for Japan's security.

Tokyo is particularly sensitive to China's growing submarine force, given Japan's dependence on seaborne commerce and its experience in World War II, when it was virtually isolated by U.S. submarines and sea mines. Japanese planners are well aware that Japan lies astride China's inner maritime defense perimeter—the so-called first island chain. This means that Beijing's "defensive anti-access strategy" against U.S. involvement in a Taiwan crisis would, if successful, also greatly complicate reinforcement of Japan from the United States.

Beijing's concerns with a strengthened U.S.–Japan alliance.

In the Tokyo Declaration of April 1996, the United States and Japan affirmed that their alliance "remains the cornerstone for achieving common security objectives, and for maintaining a stable and prosperous environment for the Asia-Pacific region." Since that time, the two governments have been engaged in an effort to adapt the Cold War alliance to the evolving post-Cold War security environment. Japan's 1997 Defense Guidelines committed Japan to rear area support of the United States "in contingencies in areas surrounding Japan," thereby highlighting the regional context of the alliance.

Over the past 10 years, each alliance-strengthening initiative has been met with expressions of concern from Beijing.

From a U.S. perspective, a strengthened alliance serves to assure Japan of the U.S. security commitment. "Assurance" of allies is defined in the 2001 and 2006 Quadrennial Defense Review (QDR) as one of the major objectives of U.S. security policy. China appears to accept the alliance as a geopolitical fact of life. At every opportunity, Chinese officials and analysts insist that China has no interest in "kicking the U.S. out of the region."

Still, Beijing often views a strengthened alliance as being a constraint on the PRC or a link in a U.S. containment strategy and as encouraging Tokyo to take a harder diplomatic line toward China. This is reinforced by the fact that Tokyo appears to have incorporated the strengthened alliance as an instrument in its China diplomacy "toolbox," giving it greater confidence in its approach to Beijing on a range of bilateral issues, including disputes in the East China Sea.

Beijing is concerned that the alliance is increasingly directed against China, and has encouraged the United States "to balance its bilateral relations better." It is unlikely, however, that the United States will do so. While the United States does not seek to confront China—and indeed is striving to improve U.S.–PRC relations across a broad spectrum of issues and activities—Japan is an American ally; China is not. Japan and the United States have a unique security partnership. The U.S.–Japan alliance is not, and should not be seen as, a vehicle for isolating Beijing. From the viewpoint of others in East Asia, it would fail and defeat its own purpose if it tried to do so.

ROK–Japan relations.

This project focused on China–Japan relations, but the Japan–Korea relationship is beset with similar issues concerning history and sovereignty. At present , economic complementarity , propinquity, and a shared approach to North Korea incline the ROK toward China.. In addition, issues of history and sovereignty make it easy for Seoul to find anti-Japan causes in common with Beijing. Unfortunately, these issues also contribute to a belief in Seoul that its ongoing naval development is necessary to reduce its vulnerability to Japan. Additionally, over the last 10 years, Seoul has pressed Washington for "equal treatment" with Japan. This has introduced a sense of rivalry into the U.S.–Japan–ROK trilateral relationship.

China appears prepared to exploit the issues to drive a wedge between the two U.S. allies and between the United States and the ROK.

The bi-polar rivalry.

Just as the ROK is involved in issues related to the political, economic, and security relationship between Tokyo and Beijing, so too is the United States. The existing political rivalry and security competition between Washington and Beijing in East Asia influences the Sino–Japanese relationship, as does the increasingly intertwined trade and investment relationship among all three. Finally, the maturing political relationship between Tokyo and Washington also relates to the Sino–Japanese rivalry.

Implications for the United States.

For the United States, a diminution of Japan's influence in the Asia-Pacific region should be a matter of concern. A U.S. policy objective has been to encourage Tokyo to employ Japanese assets in pursuit of a shared bilateral/alliance interest in maintaining peace and stability. While most policy makers and policy elites understand that sources of Sino–Japanese frictions are complex and that neither Beijing nor Tokyo is blameless or above reproach, at the public level there is a widespread perception in Japan, as elsewhere, that Japan's failure to deal forthrightly with its past is at the heart of the matter. The initiative taken by Prime Minster Abe to improve relations with China, and sustained Japanese efforts toward this end, will serve the interests of Japan and the United States across the Asia-Pacific region.

Perceptions matter in a negative, way as well. If the United States and a strengthened U.S.–Japan alliance is perceived—not only by the PRC but also by other Asian countries—as encouraging Japan to take a harder line toward China, the U.S. ability to promote stability and manage security affairs in the region will be impaired and its influence diminished.

Acting as common "stakeholders".

Despite the dangers inherent in this rivalry, it is manageable if handled properly. Economics, in particular, can provide a "concrete floor" for the relationship.

While China's surging "soft power'" is the source of some angst in Washington and East Asia, it is also a derivative of Beijing's efforts to highlight diplomacy and commerce in its approach to the region rather than raw military or political power. Former Deputy Secretary of State Robert Zoellick encouraged Beijing to take further steps in the direction of becoming a responsible stakeholder. At the same time, Japan's efforts to assume a larger role in support of international stability and security are in line with U.S. interests and goals. This means that Tokyo will also play a larger "stakeholder" role.

Encouraging both Beijing and Tokyo to continue along present paths—including improvement of their bilateral relationship—should highlight shared interests in international stability, access to energy, security of the sea lanes, the development and exploitation of high technology, and a greater Asian voice in setting international norms.

Long-term implications and trends

Looking out to mid century, the Asia-Pacific region will be shaped largely by the interplay of policy choices made by the United States, Japan, and China.

A Japan–China rivalry, rooted in history, combined with a future-oriented competition aimed at defining the contours of the region, will present the United States with complex policy problems. The complexity is increased because the forces of nationalism and domestic politics in both China and Japan have caused their bilateral relationship to become inured to external involvement and advice.

Toward Japan, the Chinese feel a profound cultural animosity, which is ever present and ever capable of being exploited. Internet sites in China offer poisonous anti-Japanese content without the interference by authorities that is pervasive in other sensitive areas. A key to better relations will be eliminating opportunities—and temptations—to exploit such ill will.

It is important to keep in mind that the East China Sea is a potential flashpoint. Although conflict is an unlikely outcome, the possibility of a crisis that could involve the United States underscores the reality that U.S. interests are involved in the evolution of Sino–Japanese relations. (Steve suggests this paragraph is not needed, noting that a similar pint is made in the section on the East China Sea

Mutual strategic suspicion casts a cloud over the relationship.

Mutual suspicion exists between Tokyo and Beijing over a number of issues, including Taiwan, the alleged "remilitarization" of Japan, the long-term objectives of China's military modernization, and perceived containment policies. Given America's security role as a force for stability, the United States is involved in all of these issues. The Department of Defense and the Pacific Command face a particular and extremely demanding challenge—institutionally, to prepare to intervene in a Taiwan contingency, while simultaneously engaging China and the PLA in broader and deeper exchanges. Both are elements of the articulated U.S. "hedging" strategy toward China; yet the two may prove to be irreconcilable. At the very least, there will be tension between these two elements.

Implications for U.S. policy/Recommendations

In looking at the China–Japan relationship, the United States must develop interagency consensus regarding U.S. interests and policy objectives. The United States cannot resolve the outstanding issues of history between China and Japan; nor should it try.

It is not in the interest of the United States to encourage a strategic rivalry between Beijing and Tokyo, while it is in the U.S. interest to promote trilateral cooperation and avoid zero-sum outcomes. Identifying a productive approach will not be easy—initiatives taken toward either China or Japan can always be interpreted as tilting U.S. policy in one direction or the other. But, given the U.S. national interests involved in its relations with both Japan and China, Washington cannot simply ignore the state of their own relations and hope for the best.

At the same time, the United States has interests in and obligations toward Japan that prevent it from being even-handed. U.S. priorities overwhelmingly are inclined toward the alliance, but this does not mean that the United States will blindly sacrifice its rapidly growing national interests in strong and productive relations with China.

Accordingly:

First, the United States must not let either Beijing or Tokyo form the view that their rivalry goes unnoticed in Washington. The participants in this project see the rivalry as dangerous, and believe that both capitals should be made aware of this assessment. But, at the same time, the United States should not seek to play the role of a go-between in the China–Japan relationship.

The United States should not officially become involved in the issues of history. This is a "lose-lose" proposition. However, quiet Track II support by respected American historians for the China–Japan study of history, as agreed to at the Abe–Hu Summit, may advance the mutual understanding of the shared past.

Responsible "stakeholdership" has promise of being a trilateral conceptual approach that could dampen the rivalry. An exploration of how each of these Asian powers could work with the United States or the United Nations could help develop habits of cooperation between Tokyo and Beijing. Seoul could also usefully be included in this approach.

The United States must stay engaged in the discussion about Asia's economic future. U.S. economic policy is focused on APEC and trade liberalizations. The United States should actively advance the administration's initiative for an APEC-wide Free Trade Zone. At the same time, bilateral FTA's should continue to be pursued as steps toward an Asia-Pacific FTA structure.

Washington should encourage Japan and China to pursue better military-to-military relations. In particular, an incidents-at-sea agreement (INCSEA) involving the two countries' navies and coast guards makes a lot of sense. In the meantime, it would be useful to explore and illuminate the risks of a military incident at sea in Track II dialogues. This would also be a useful way to develop a common sense of risk and a common vocabulary for crisis management.

As illuminated by both our tabletop exercises, the United States must prepare for crisis: it must understand what Japan expects of it in a crisis and be prepared to respond. It must also understand what Beijing expects. Thinking through how to manage these expectations will be an important aspect in determining policy options.

More broadly, strategic dialogue with both Japan and China is essential to reducing strategic suspicion. Some have argued that a clearer definition of "hedging" would prove helpful, but clarity on this point could translate suspicion into hardened opinions and enshrine rivalry. Given that all three countries hedge—and will continue to do so because they cannot predict the future—it might be more beneficial to suspend public discourse about hedging. Given China's inclination to construe it as de facto containment, this could be an important way to build trust.

U.S. policy toward East Asia has traditionally aimed at "assuring" Japan and "deterring or dissuading" China. However, during the course of this project, many participants argued China, too, needs to be "assured"—in particular, it must be assured that the United States does not seek to contain it or to promote Taiwan independence. Such assurances, however, must not be given in ways that undercut the U.S.–Japan alliance. They must be balanced against the feelings of insecurity that they may raise in Japan, where long-harbored fears of abandonment are today latent but nonetheless real.

Assurances to China, and in turn to Japan, are best cast along the lines laid out by former Deputy Secretary of State Robert Zoellick—namely, that the United States (and Japan) has no intention of attempting to contain China or arrest its peaceful development, and that the United States (and Japan) desires China to assume the role of a responsible international stakeholder, with the respect and authority due one playing such a role. Likewise, the United States can reassure Beijing (and Taiwan) by reaffirming its declaratory policy opposing unilateral change in the cross-Taiwan Strait status quo.

The Republic of Korea remains a key actor in shaping the future of Northeast Asia. Washington, Tokyo, and Seoul need to determine how individual policies can be used to help reach common strategic objectives. Washington has to persist in acting as a catalyst for increased trilateral cooperation.

Ultimately, U.S. policy toward the Sino–Japanese rivalry would best be guided by the Hippocratic tradition: to "help or at least do no harm." The United States on its own cannot deliver better relations between Tokyo and Beijing. Indeed, it would be foolhardy to try. The recommendations outlined above serve a more realistic goal: to underscore the fact that both countries – along with the United States have a stake in the future stability and prosperity of East Asia that vastly exceeds whatever each could gain from the pursuit of unbridled rivalry.

This report was compiled by Michael McDevitt with important contributions from James Pryzstup, Alan Romberg, Brad Roberts, Brad Glosserman, James Kelly, and Ralph Cossa.

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