

Seeking Mutual Benefit of “Win-Win”: The fundamental Approach in Conflict Prevention in Northeast Asia

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Northeast Asia is one of the most dynamic economic regions in the world, and also a fragile and instable region in security sense. Taiwan Issue, North Korea nuclear issue and Sino-Japanese issue constitute three major sources of the instability. Specific ways and means can be offered to effectively control these sources, but all specific ways and means should be based upon one basic principle. That is: actively pursuing and incessantly enlarging the common interests or likely common interests, to achieve “win-win” result through cooperation and equal competition. This is not modern Utopian, but the fundamental approach in conflict prevention.

Lessons of Two Models

The root cause of all conflicts lies in interest confrontation. The effective approach of conflict prevention should be found through the study on interest management. It is normal that there exist different interests among different countries and social groups. The problem is what kind of logic is used in analyzing the differences, and what kind of measures is used to deal with the differences. If Social Darwinist philosophy and Zero Sum game rule is applied, that means , every country and social group believes the article of “what one side wins equals to what the other side loses” , and regards its own interests as absolute and sacramental, every dispute would escalate inevitably and even lead to armed clash probably. On the contrary, as long as the thinking way and behavior method is changed, that means, analyzing and dealing with the mutual relations according to the “win-win” principle of “you win when I win”, interest frictions will not evolve into conflict, and all sides can enjoy civilization progress and prosperity under the sunshine of peace together. Our time provides us some successful examples in this sphere . European model is the most valuable one. During the process from the Alliance of Coal and Iron in 1952 and European Community in the 1970’s to Europe Union in 1990’s, Europeans unswervingly stick to mutual cooperation and mutual benefit. They have not only realized the reconciliation between France and Germany, but also achieved stability and prosperity in the Continent. This experience of Europe invites us to think about the way of Northeast Asian conflict prevention. As far as East Asia region is concerned, Sino- ROK relationship is worthy of a model of “win-win” principle. During the years after the setup of diplomatic relation between the two countries, there are of course some certain frictions in specific aspects. For example, the “garlic- trade war” in 2000 and the Gimchi trade dispute this year. But the top authorities of the two sides have kept clear-headed. They are fully aware that both sides would be losers if they took biased

measures to protect each own garlic farmers and enterprises, and both sides' interests will be ensured and increased only by making compromise for mutual benefit sake. Thus, the wrong way of waging trade war got corrected quickly, and bilateral trade got enhanced smoothly. At present, a friendly Sino-ROK relationship is flourishing almost in every field. Cooperation has been going forward not only in bilateral aspects, such as trade, diplomacy, national security, science and technology, party and congress exchange, but also in a lot of multilateral affairs ,such as Six-Party Talks on North Korea nuclear issue, the process of reconciliation and cooperation between the two Koreas, Northeast Asia's regional cooperation and integration process, the reform of UN, ASEAN forum, APEC, striking against terrorism and transnational crimes, the prevention against air pollution, and bird flu prevention, etc.. Now, China has become the largest trade partner and investment target of ROK, while ROK has become the third largest trade partner of China and the second largest investment resource. Trade volume in 2004 grew 39.2% over 2003, and will surely surpass U.S. \$100 billion this year. Hundreds of thousands of people are studying, working or living in each other's land. About 400 chatter flights are flying between the two countries every week, and about 10,000 people going to and from the two sides daily. A joint communiqué issued in November when President Hu visited ROK, and tens of new measures were jointly initiated to drive the bilateral ties forward in a long-term and stable way. It is safe to say that China and ROK has become a couple of good neighbors, good friends and good partners, though they fought each other in the battlefields decades ago .

By studying the empirical cases of Europe and Sino-ROK relationship, we can draw up the following lessons in conflict prevention when considering Taiwan issue, North Korean nuclear issue and Sino-Japanese relations:

First, in the past, countries and social groups pursued their interests by defeating the competition opponent or coercing by privileged power. But nowadays, the common interests among different countries and social groups get enlarged constantly as the global economy goes on, political multi-polarity move ahead and international life is getting democratized. The realization of national interests depends more and more on international cooperation of mutual benefit This trend provides us with ever wider foundation and ever more chances to dissolve conflict elements in accordance with “win-win” principles. In such an era environment, every nation should set up the faith of new security-outlook, which initiates security of communion and security by cooperation. While pursuing its own interests, each country should try utmost to achieve the end of mutual benefit, instead of negating other's.

Second, the interest structure of a country or a social group can be divided into categories of minor interest and major interest, immediate interest and long-term interest. Preventing conflict and sharing the civilized achievements are in the fundamental interests of the people around the world. This requires that secondary interests comply with the core interests, temporary interests comply with long term interests, the interests of one nation comply with the fundamental interests of the mankind, when handling international disputes.

Third, when dealing with interest differences in accordance with mutual benefit principle of “win-win”, the concerned parties have to make some compromise usually.

Every country, big or small, powerful or weak, should fully respect the other party's interests. Otherwise, there would be no "win-win" result, and would finally negate the interests of one's own. Today, when assessing whether a country is worth to be great, the benchmark is not only if it good at self-motivation, but also if it is good at making compromise.

Fourth, carrying out of mutual benefit principle of "win-win" does not mean that all differences can be overcome immediately. It requires each party related to maximize common interests while minimizing the disparity. If no consensus can be achieved on some bilateral or multilateral affairs for the time being, the disputes should be put aside for the later generation to solve, while major efforts should be made to push forward cooperation where common interests exist. So long as the "win-win" achievement accumulates, mutual trust will be built up, and disparity will be easier to solve.

Way Out For Avoiding Taiwan Strait Clash

There is a substantial difference in nature between today's Taiwan issue and the Strait crisis in the 1950's -1960's. The latter was the continuum of the civil war between CPC and KMT, with its focus only on which side had the right to represent China and unite China. Though military confrontation across the Strait lasted for many years, the two governments carried with the faith that both sides were parts of one China, and kept channels of secret contacts. In 1965, Premier Zhou Enlai and Mr. Zhang Zhizhong, the former KMT general, accompanied by Luo Qingchang, sailed to a small island off the Guangdong coast and met the special envoy of Jiang Kaishek, Jiang JingGuo and Chen Cheng. They discussed the conditions of peaceful unification upon the bases of "Four Guidelines and One Objective". Since then, the Strait crisis did not exist any more. In the 1980's, the Mainland military authority dismissed FuZhou Military Region, which was presumably targeted at the other side of the Strait, and stopped the air patrol. Meanwhile, Jiang JingGuo abandoned the Martial Law in Taiwan which had been in effect for 40 years. Thus, the cross-strait relationship was brought on a peaceful track, and there was substantial number of people-to-people exchange. In 1992, the Association for Relations Across the Taiwan Strait (ARATS) and the Strait Exchange Foundation (SEF) of Taiwan verbally reached consensus on "One China but different description", that is named the "92 consensus". But ever since the mid 1990's, Li Tenghui openly promotes Taiwan independence, and even advocates the split of China into seven segments, the cross-strait relationship evolved into the fundamental confrontation between attempts to split China and the efforts to safeguard China's unification. Beijing was forced to wage military preventive preparations while continuing to adhere to the principle of solving the contradiction peacefully. When DPP which had been advocating "independence" came to power in Taiwan in 2000, the Mainland was still patient to "hear its words, and observe its deeds", and sincerely hoped that they would not go on with the separatism by taking the common interest of the people on both sides of the Strait into concern. But disappointingly, Chen Shuibian did not keep his pledge of "five nos".

Instead, he declared a timetable of Taiwan independence in 2003, preparing to formally split Taiwan from China in 2008 with the declaration of a new “Constitution”. To overcome the challenge raised by the “Taiwan Independence” factions, preventing the sovereignty and territorial integrity from being segmented, the Mainland is obliged to make preparations for unexpected incidence , including the military contingency preparation. From the above description, we can clearly see that there would be no tension in the Strait without the repeated provocation of “Taiwan Independence” advocates. That the mainland adopts some military measures along the western coast of the Strait, including the deployment of missiles, is the response to “Taiwan Independence” challenge, instead of the cause of the Strait tension. Fully aware of this point is important to find out the ways to prevent Taiwan Strait conflict.

By reviewing the process above, we mainlanders also have learned some lessons. For example, we recognize that the missile test aimed at the sea area east to Taiwan islands generated some negative psychological effects among the islanders. In June last year, the 4th session of CPC on Taiwan affairs was held. In March this year, President Hu announced his “four points of view” on the cross-strait relations. The top leadership readjusted the thinking and policy on Taiwan affairs, and formed the new flexible and pragmatic vision. The most important point is the reposition of the present period objectives on Taiwan affairs. It sets the basic objective as to ensure Taiwan issue under control within the framework of “one China” still, and prevent the urgent independence advocates from achieving their intention. As many people point out, Beijing has adopted a long-term view and farsightedness on the issue of unification. During the present period, its main effort is made to enlarge and deepen the cross-strait exchange, and to enhance the mutual understanding and mutual confidence, laying the ground for the eventual resolution in the future when the conditions are mature. Ever since CPC and the three Taiwan non-ruling parties reached dozens of consensus and agreements on achieving “win-win” objective across the Strait, tension between the two sides has been obviously eased this year. But we must fully aware that there are still risky uncertainties, the root cause of conflict has not disappeared. To prevent Taiwan Strait from military clash, I think each side should act with the three following norms:

First and also the most essential is recognizing the principle of “one China”, and opposing Taiwan independents. Keeping peace and stability in the Strait has become the maximum common interest between the people on both sides , as well as among China, U.S. and Taiwan. To achieve this common objective, jointly recognizing the principle is the core. When we say “one China” today, it is a concept of national state which both sides of the Strait belong to, not the government on either side. It should also be made clear that recognition of this principle does not equal to the acceptance of “one country, two systems”, and does not mean that the reunification must be achieved in a short term. Its pragmatic implication is obvious, that is recognizing the status quo of neither reunification nor independence for a long time, and not allowing unilateral efforts to change this status quo of the relation across the Strait, in order to keep Taiwan issue under control within the framework of “one China”. As for the time when both sides begin talks on reunification, and in what way

to achieve reunification, Beijing and Taipei can consult on equal footing whenever Taipei will. We mainlanders have sufficient confidence in building a thriving society of economic prosperity, political democracy, social harmony and clean government, creating a more and more attractive mainland to Taiwanese. In other word, Beijing is not urgent to realize the reunification by rigid way, and is willing to do utmost to solve all the disagreements between the two sides peacefully. It is very clear that the military measure deployment of the mainland is just for preventing Taiwan to split from the national state, not for armed reunification. As long as the Taipei authority recognizes the “92 consensus”, which is another saying of “one China” principle, the status quo can be kept, and Taiwan issues can be surely controlled within the framework of one China. If so, there will certainly be no armed conflict in the Strait area. Anyone who reads the chapter 8 of Anti-secession Law of the Mainland will have no doubt about this. President Hu has pointed out, in his “four points of view”, whenever Taiwan authority recognizes the “92 consensus”, the two sides can immediately start consultation on the establishment of mutual military trust mechanism, which includes redeployment of the missiles located in FuJian Province currently into the inner land. Judging from the recent development of the cross Strait relations, I am optimistic about the prospect of conflict prevention in the Strait. But the problem is that the “Taiwan independence’ factions insist on challenging the “Red line” again and again by trying to change the status quo unilaterally. They regard the mainland kindness as a sign of weakness. As every body knows, the territorial and sovereign integrity is the core interest of a country. If the factions run a risk to declare Taiwan “independence de jure” someday in the future, it is equal to the declaration of war against the mainland, the mainland will have no option but resort to the final means to stop the national state from being segmented. The Chinese on both sides of the Strait and international community have to work together to prevent the risk. If Chen Shuibian government cannot favor “one China” principle at present, at least he should not continue to make the” unification vs independence” subject a measure of election politics, and should not continue to take new practical step toward declaring “de jure independence”.

Here is a point which should be stressed. It is entirely against the fact when DPP authority demonizes the disputes between the two sides as the social system conflict between democracy and autocracy, and the mainland’s opposition of Taiwan independence as opposing Taiwan democracy. For example, Ma YingJiu, the new KMT chairman, is well-known for his opposing CP. stand, but also well-known for his independence position, advocating “one country, two regions”. So, we are willingly to make friends with him, and exchange ideas on all issues of the cross-strait relations. Li Ao, the famous Taiwan writer, made his “tour of culture” recently to the mainland, made a lot critical comment about the mainland social system, we arranged live TV broadcast of his program and listen attentively to his comments. Rumsfeld is worldwide famous for his opposing communist position. During his visit to China, he had a dialogue with scholars of the Central Communist University. After the dialogue, he sighed that he had never image that idea exchange could be so freely in China.

The second is to build the “Three Direct Links”, enlarging economic and trade

cooperation and party exchange. Economic interest is the most fundamental interest. Both sides have now already shaped a structure of mutual compensation and benefit in economic and trade fields. The mainland has got Taiwan capital and know-how, Taiwan has got a remarkable surplus from its trade with the mainland. “Taiwan receives orders, Mainland produces” has become an interesting operation. The Percentage has grown from 19% five years ago to about 41% at present, the electronic products such as notebook computer has shifted about 74.9% to mainland for manufacture. As some famous Taiwan entrepreneurs said, the economic relation between Taiwan and the mainland has become one of common prosperity and co-existence. They even believe that Taiwan’s economy will have no way out in the intensive international competition without the mainland. The current problem is Chen Shuibian government does not make any progress on the three direct links with the mainland which is in the fundamental interests of the people by excusing of “safeguarding Taiwan security” and pushing for “Taiwan independence” and out of the concern for election on the island. The ultimate victim is Taiwan economy. Its trade surplus with the mainland this year will be the lowest in 25years, the total export volume in the first three quarters this year is U.S.\$30 billion less than that of Guang Dong Province. The latter’s export volume is U.S. \$16.56 billion. It was unimaginable five years ago. At present, the islanders expectation for three direct links is increasingly high, not only the enterprise and the mid-electorate have the expectation, some of the big “deep Green” companies also joined in the trend. Recently YiMei Group, one of the Taiwan food enterprises came to the mainland and participated in Shanghai international food exhibition. Some Taiwan media reported that this showed the political attitude by another “ deep green” enterprise after Zhang Rongfa and Xu Wenlong groups. These deep green enterprises are aware that Taiwan economy will not revitalize without taking the mainland economic “express bus”. Taiwan authority should respect the islanders’ view and open “big three direct links” bravely. Once three direct links is underway, both sides can possibly evolve into the economic community as described by former KMT president Lian Chen. Once the economic community is established, it can be the most dynamic leverage over conflict prevention in the Strait. In spite of economic relations development, both sides should also enhance cultural and tourism. Among them, the party exchange can also play an important role in deepening contact, enhancing mutual trust, pushing for political dialogues. Chen Shuibian authority thinks that the mainland establishes dialogue mechanism with the three non-ruling Taiwan parties for “ unification” purpose, the mainland is “digging the corner of Taiwan”. Taiwan authority obstructed Mr Chen Yunlin’s attendance to a forum on the island recently. It is totally unnecessary bias. Before both sides begin official negotiation, there should be no restriction and obstruction on the party dialogue and people-to-people exchange. As a matter of fact, although DPP has stipulations of Taiwan independence in its charter, the mainland welcomes mayors and county leaders of DPP to visit the mainland. We hope that before the two sides begin official negotiations, there should be no obstructions and restriction on the party exchange and that of press, culture, tourism, etc. During the recent “three in one” election on the island, Chen Shuibian declared that even Pan

Blue wins over half of the mayor and county leadership, DPP government will not ease its restriction on the cross-strait relations. This attitude shows that it pursues one party's interest at the cost of the interest of 20 million islanders. It is doomed to failure.

The third is that China and America should build strategic mutual trust and develop cooperation. Sino-America relation is critical in conflict prevention across Taiwan Strait. The recent tension reduction in the strait are mostly due to the common understanding between China and America that they have common interest in preventing Taiwan Independence from going to far and avoiding the strait clash. The White House and Pentagon are fully aware that America is doomed to be involved in the armed clash with China if it stands idle when the faction of urgent Taiwan Independence advocates challenges the mainland's red line repeatedly. It will negatively affect American interest. As far as I know, the meeting between Chen Shuibian and James Soong reached 10-point consensus on cross-Strait peace, defense, and ethnic harmony. Chen did not make any public speech during a pan-green demonstration on March 26 at the demand of America. At present, America's Taiwan-Strait policy is composed of four points, namely the recognition of "one China", not support "Taiwan Independence", solve the conflicts between the two sides with peaceful means and support the cross-Strait dialogue. I think it would be much better if Washington takes one step further, that is to express clearly that it would like to see the peaceful unification between the two sides of Taiwan Strait. It will generate significant effects in future conflict prevention in the Strait. America's Taiwan Strait policy complies with and serves its overall China policy. The shift of American Taiwan Strait policy in the positive direction will enhance both sides' strategic mutual trust. For this objective, China could promise that it does not and will not seek to turn East Asia into its sphere of influence, not to replace America's present status in Asia. After the unification of China, it will enhance its respect to the America's interest in Taiwan Strait and the entire first chain of islands, it will not negate America's interest. America should reciprocate by regarding China's rise as an opportunity not a threat, regarding China as a strategic partner not strategic competitor. America's China policy should be based on mutual benefit and cooperation, fair competition, not containment and prevention. In recent years, the common interest between China and America has been increasing, the cooperative space has been expanding. There are two examples. During his recent visit to China in November, American President Bush signed an agreement with his Chinese counterpart on bird flu prevention, signed an MOU on preventing illegal trafficking of nuclear and other radiate materials. In the future, as far as the Sino-American relations is not interrupted by the neo-conservative factions and the hard anti-China factions in America, and develops in the mutual benefit and win-win direction, the maintenance of Taiwan Strait peace is assured.

Taking Forward the Second Step of the Six-Party Talks

In September all the countries participating in the fourth round of the six-party North Korean nuclear talks at last reached an agreement of principles, and issued the

first joint statement. North Korea has committed to abandon its nuclear weapons development (including all nuclear weapons and existing nuclear programs), rejoin the Non-Proliferation Treaty, and accept the supervision of the International Atomic Energy Agency. Meanwhile, the United States has consented to get together in a peaceful way with North Korea, no longer insisted that North Korea give up the right to peaceful uses of nuclear energy, and, in particular, promised to have “no intention” to attack or invade North Korea. According to U.S. representatives, this is the first pledge of the kind the United States has ever made to a non-friendly country. These landmark results are hard-won. Both the United States and North Korea have made important concessions to each other, laying a significant foundation for resolving the North Korean nuclear crisis.

However, we should also recognize that the agreement reached “word for word” only represents the first step taken toward the peaceful resolution of the North Korean nuclear dispute. As we take the second step “action for action”, negotiations are tougher and tasks more difficult to accomplish. For one thing, the North Korean nuclear issue is not simply an issue of non-proliferation. It also concerns various interests in the fields of politics, economy and diplomacy to all parties, especially the United States and North Korea. On such a comprehensive issue, it is not easy to reach agreements or take concerted actions. For another thing, the Joint Statement only confirms the matters on which common understandings can be reached at present, while disagreements still exist. The dispute to be handled in next step focus on the priority of taking action in implementing the joint statement, namely, the “nuclear dismantlement first” or “compensation first”. Over this very question, however, there are major disagreements between the United States and North Korea. The United States and Japan require North Korea to first dismantle its nuclear program before they build two light-water reactors for it in return. On the contrary, North Korea demands for the provision of light-water reactors before it would take actions to abandon its nuclear weapons program. It is said that during the fifth round of talks, North Korea proposed a five-step roadmap for the dismantling of its nuclear program, with the fourth step being accepting international nuclear inspections. (The Associated Press reported on November 14 that, as is disclosed by South Korean Unification Minister Chung Dong-young, the first step is to suspend all nuclear test programs, stop the production of additional nuclear weapons, and stop transferring nuclear materials and nuclear technology to other countries; the second step is to suspend other nuclear programs; the third step is to terminate all the nuclear programs; the fourth step is to accept international nuclear inspections; and the fifth step is to rejoin the Non-Proliferation Treaty.) The present situation shows that neither the United States nor North Korea will readily make any concessions on the focal question. During her visit to China, U.S. Secretary of State Rice noted that the United States has made great concessions, and that if North Korea refuses to compromise, the United States will probably impose sanctions against it, and crack down its overseas illegal activities by taking joint actions with Japan, such as implementing the Proliferation Security Initiative. Under these circumstances, any strong reactions of North Korea will escalate the crisis again. So while celebrating the achievements of the fourth

round of talks, we should be fully aware about the absence of mutual trust between the United States and North Korea, and be fully prepared for the complexity and difficulty of conducting negotiations at the second step of the six-party talks.

In my view, the common interest of the six parties lies in the realization of “No Nuclear Arsenal, No War, and No Turmoil” on the Korean Peninsula. “No Nuclear Arsenal” means that North Korea must give up all its plans to develop nuclear weapons, and that the Korean Peninsula must be denuclearized; “No War” means that the outbreak of armed conflicts on the Peninsula should be prevented; “No Turmoil” means that sudden collapse of the present North Korean regime, which may lead to refugee migration and other chaos situations on the Peninsula, should be avoided. To succeed in taking forward the second step of the six-party talks, the “three nos” above should be carried out continuously. Rice said in Beijing that if this goal is achieved, the present six-party talks mechanism can be developed into a mechanism for addressing security issues in the whole Northeast Asian region. I quite agree with her vision.

Under the current situation, I think, there are altogether four matters that are of the utmost importance.

---- **Firstly**, Pyongyang should understand that North Korea’s primary national interest now lies in the improvement of its own image and the winning of international credit. And, therefore, it must firmly fulfill its promise of nuclear dismantlement, instead of paying most attention to bargaining tactics for negotiation. The security of North Korea could be jointly guaranteed by the United States, South Korea, Russia, China and Japan.

---- **Secondly**, the Americans may dislike the regime of Kim Jong Il, but should not make toppling the regime a U.S. policy objective. The unification of South and North Korea should be settled within the national framework by the Korean people and by the governments on both sides. During his visit to South Korea in October, President Hu Jintao reiterated China’s support for reconciliation and unification between South and North Korea, and expressed appreciation for South Korea’s positive role in promoting the process.

---- **Thirdly**, since North Korea still suffers serious shortages of food, electric power, oil and energy resources, all the other parties should take the living interest of the tens of millions of North Korean common people into consideration, and truly respect its right to peaceful uses of nuclear energy. The United States should consider making certain compromise on the order-of-actions issue by starting up the light-water reactors aid and building process before North Korea receives international nuclear inspections, so as to ease North Korea’s energy shortages. Fourthly, all parties should have enough patience before agreements on action can be reached and seek to resolve all the disputes step by step. It is unrealistic for North Korea to expect to see all of its reasonable requirements met at once (e.g., the normalization of North Korea-U.S. relationship). And the United States and Japan should not expect to settle all the issues during the fifth round of talks (e.g., the remaining kidnapped Japanese issue). Acting precipitately will intensify divergence and lead to new crisis.

---- **the Fourth**, North Korea should be encouraged to engage in reforms and opening up, and gradually become an integral part of the international community. For many years, the North Korean government has implemented the Army First policy, adhered to rigid system of organization, and played the “nuclear weapons card” that has greatly damaged its national image. All this has resulted in poor domestic economy, hidden social crisis and a severe external security environment. And the possibility of turbulence has never been ruled out. Ultimately, peace and stability on the Peninsula depend on the reform and opening up of North Korea. The country has carried out limited economic reforms since 2002. And in 2004 its national economy increased by 2.2%. However, the overall situation has not improved much, with the paralysis of food supply yet to be eliminated. Reality shows that the interest of regime should be subject to that of the people, and that the stability of regime cannot be maintained by means of apotheosizing leader, strengthening control over the public, or creating external tension. For other parties, the troubles of North Korea should not be regarded as an opportunity to overthrow the present regime. The proper way in dealing with Pyongyang is to create a favorable external environment for North Korea’s reform and opening up and offer assistance to the best of our ability. We should encourage North Korea to go on with its reforms, instead of going back from where it has already achieved.

To Stabilize Sino-Japanese Relations through Economic Cooperation

Both China and Japan are major powers in Asia, the development of bilateral relations of these two countries will exert great impact on stability and security of East Asia. Sino-Japanese relations have been characterized by increasing tension since Fujimori came into power, especially since this year because of increasing disputes on such issues as shrine visit, gas and oil resources in East China Sea and United Nations reformation. Prime Minister Fujimori’s shrine visit on Sept. 17th this year led to abortion of the planned meeting among the heads of states of China, Korea and Japan during ASEAN’s 10+3 convention, an indication of the low point in Sino-Japanese relations. According to a report issued by the Carnegie International Peace Fund on 29th last month, further worsening of the bilateral relations could lead to strategic conflicts between the two countries. To prevent conflicts in East Asia, we should think of means and ways to stabilize Sino-Japanese relations and to put them in a track of healthy development. Beijing’s guideline in tackling the bilateral relations is to make every effort to stabilize the bilateral relations and to avoid conflicts. As a PLA scholar, I am in full support of this guideline, because it is in the interest of both the long-term interests of both countries and the common interest of Asian-Pacific countries. Now the question before us is how to help push the bilateral relations out of the valley and to develop along the direction of mutual trust and friendliness?

In the seminar held in Stockholm this past August, Mr. Ambassador made a valuable hypothesis, that is, to establish an East-Asian Oil and Gas Alliance, which should include China, the US, Japan, and the Taiwan region. The essence of this hypothesis is to prevent possible future conflict through economic cooperation. I think

this hypothesis has certain implications for the discussion concerning stabilization of Sino-Japanese relations. The two countries have been increasingly interdependent in the economic field in the past several decades. Development aid from the Japanese government at an annual interest rate of 1.4% has provide China with a huge sum of overseas investment in the construction of infrastructure. Japanese investment has also created millions of jobs for the Chinese labor market. On the other hand, the massive Chinese market has helped Japanese economy out of its ten-year long recession, and the cheap Chinese products have helped lower prices in Japan's domestic market. Last year, China has overtaken the US as Japan's first trading partner, and Japan is China's third trading partner. Bilateral trade volume reached 170 billion US dollars last year. In the first ten months this year the bilateral trade volume has reached 148.9 billion US dollars. Currently, there are more than 30,000 Japanese ventures in China. Every year there are 4 million Japanese coming to China. 150,000 Chinese students are now studying in Japanese universities, and more than one million Chinese are employed by Japanese companies. Such a close economic relationship has made it almost impossible the recurrence of the Cold War between the two countries. The economic ties will not likely disappear because of alienation of political relations. It is possible therefore to prevent split of bilateral relations as well as possible conflict between the two countries through economic cooperation.

To strengthen economic ties, it is necessary to expand economic and trade exchanges and to cooperate in a multi-lateral framework. There are four possible approaches in terms of multilateral cooperation.

---- **First**, to establish East Asian cooperation organization of energy resources. Such an organization shall include not only China, Japan, the ASEAN countries, but also the Far East area of Russia, Kazakhstan, and even India. Resource security implies security of energy resources, price and transportation, and has become a common challenge for East Asian countries. Japan depends solely on imports in terms of energy resources. China, which has a growing appetite for energy resources, with an increasing rate of 15% last year, has become the second resource consumption nation and the third energy resource importing country. It has an insufficient oil supply, 40% of its oil demand is satisfied by importation. And that ratio is likely to increase to 60% to 70% in fifteen years. The rising oil price also has a great impact on the economic development of East Asian countries. The Malacca Strait is an important for oil transportation and has been troubled for years by pirates. If such an organization could be set up, then extensive cooperation could be conducted to make reasonable distribution of resources, to stabilize resource prices in the international market, to safeguard shipping lanes, to make more efficient use of energy resources and to develop alternative resources. There are many resource programs which shall be great platforms for cooperation between China and Japan. It is estimated that by 2020, China will have built 20 nuclear power stations, which is a great opportunity for regional cooperation including Japan. Russia, for example, is striving for construction contracts.

---- **Second**, to establish Northeast Asian technology cooperation organization of environmental protection. Now, pollution has become a more and more serious

problem in China. Beijing has been trying to change the situation by implementing the Concept of Scientific Development. It is all but impossible to alter the situation in a short period of time. 62% of water in Chinese rivers are no longer fit for either drinking or irrigation. 2/3 of energy demand is satisfied by coal, the burning of which increases dust in the air; the rapid increase in the number of private cars has worsened air quality. According to the UN development agency, Chinese GDP will increase by 4 times in the year 2050, its air pollution index will increase by 2 times accordingly. Other countries in East Asia are also troubled by pollution to various extent. Such an organization could offer a good framework for both China and Japan to conduct cooperation in the development and promotion of environmental protection technologies.

---- **Thirdly**, to establish FTA in North-East Asia, which will include China, Japan, ROK, DPRK, and the Far East region of Russia, pushing forward regional cooperation and the integration process. The key to the establishment of such a free trade zone is a full implementation of the principle of fairness and mutual benefit. Presently, ROK should be encouraged to play a bigger role since there is a lack of mutual trust for both China and Japan.

---- **Fourthly**, to develop economic cooperation between China and Japan within the 10+3 mechanism. It is by no means good news to ASEAN if there is confrontation between the two countries. To make good use of the existing 10+3 framework is equally significant in stabilizing bilateral relations as well as preventing regional conflicts.

It is imperative to create a good atmosphere in order to either expand bilateral economic exchanges or to develop economic cooperation within multilateral frameworks. To this end, both the governments of China and Japan should treat properly and reasonably the following three problems. **The First is to treat properly the historic legacy of the Second World War.** For Japan, it must face the untold sufferings the Japanese militarism has brought to Asians, the Chinese people in particular. Its cabinet ministers must stop visiting the Yasukuni shrine before its neighboring countries agree to an accepted way to commemorate the war dead. The Yasukuni shrine enshrines not only the 2.5 million war dead, but also 14 Class-A war criminals. It also obscenely distorts history, attributing the aggression of China to resistance of Chinese forces, and surprise attack of Pearl Harbor to the so-called Roosevelt conspiracy. For years, China has reminded Japanese leaders time and again not to visit the shrine, at least not in the capacity of cabinet ministers. But the warnings have gone unnoticed. Fujimori visited the shrine twice this year, and together with his foreign minister, claiming that the shrine visit is a “matter of spiritual freedom”, and that it is “a domestic issue”, “involving no business of any other country”. What the Fujimori cabinet has done has inevitably drawn condemnation from the international community. In the past two months, many international media have published articles condemning the dangerous trend of the revival of militarism in Japan. For Beijing, it should consider ways other than government protest to express our discontent, for example, through announcement made by spokesperson from the Sino-Japanese Friendship Association.

The Second is to control extreme nationalistic thoughts among the masses. It should be acknowledged that such thoughts exist in both countries, bringing negative influence to economic cooperation. It should be noted here that Beijing adopts a different approach. Chinese leaders have attached great importance to stability of bilateral relations, making great efforts instructing its people not to confuse patriotism with parochial anti-Japanese emotions, and at the same time, emphasizing that the Japanese people have also been the victims of militarism. In the past spring, when there were anti-Japanese protests in Shanghai, Beijing and Guangzhou, the Chinese government sent its current Foreign Minister Lizhao-xin and three former ambassadors to universities in those cities to persuade students. I myself has been to South China Polytechnic University, and in the capacity of a veteran, I called on the students to distance themselves from the blind anti-Japanese emotions. But what the Fujimori cabinet has done formed a sharp contrast. It has helped promote extreme nationalistic emotions among its people, creating a hostile attitude towards China.

The third is to settle properly the resource disputes in East China Sea, with the principle of joint development while lay aside disputes. The demarcation of economic exclusive zone in East China Sea should be put aside because of the huge discrepancy between the countries. A draft bill issued by the governing party, the Liberal Democratic Party, has made Diaoyu Island, one that is on the Chinese sea shelf, party of Japan. This could only help intensify the existing tension and is in the interest of neither country. The right way to resolve the dispute is not to stick on the so-called “territorial sovereignty”, but to conduct negotiations patiently on how to commonly develop the resources based on a principle of mutual interest and mutual benefit, and not to conduct unilaterally any behavior that would harm the interest of the other party.