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**RELATIONS BETWEEN CHINA AND JAPAN:  
THE CONTEXT OF TAIWAN**

Master's Thesis

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I declare I have written the master's thesis independently.

All works and major viewpoints of the other authors, data from other sources of literature and elsewhere used for writing this paper have been referenced.

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## ABSTRACT

Over the last century, relations between countries in the East-China Sea region have been changing constantly. For example, the period between the end of XIX and the beginning of XX centuries was the starting point for noticeable deterioration of relations between China and Japan, and this factor was instrumental in creating a number of other problems in the region. These include historical and territorial issues that, in principle, can hardly be solved due to their complexity. Moreover, the pre-1945 Sino-Japanese conflicts factored in the eventual split of the Chinese government in two parts by 1949, with Japan having continued to maintain a certain level of interactions with the government in Taipei. Taiwan today is considered by many countries to be a part of People's Republic of China, but it is *de facto* a separate entity.

This paper claims that, depending on a framework where China and Japan interact, the Taiwan-related question could still affect the outcome of cooperation between Asia's two major powers. At the same time, there is a noticeably increasing number of situations when the outcome of interactions between China and Japan are not affected by the Taiwanese question at all.

It is also worth noting that during the last years between Japan and Taiwan there are frequent informal meetings, which in turn is perceived negatively by Beijing. PRC is suspicious of improved relations between Taiwan and Japan. Most likely this is due to the desire of Taiwan to get independence. On the other hand, it is flattering to the Japanese government, as well as some places the responsibility that may adversely affect the relations of Japan and China..

Key words: China, Japan, Sino-Japanese relations, Taiwan, the Taiwanese question, conflict.

## INTRODUCTION

Since the ancient times, mutual relations and cooperation have been the key to development of groups of people, different nations and countries. It took a long time for people to learn how to build relationships between each other even if they belonged to the same race. A large number of ethnic groups and nations had to cooperate with each other. They had to learn to accept each other and to understand despite the differences in cultures, languages and principles as in one place one had to accommodate different tribes or nations. The important ways of building relationships in history have always been trade, border negotiations, and diplomacy. Despite different ways of cooperation and solving disputes, there have been conflicts between nations and countries. The reasons behind the conflicts may be different, such as territorial disagreements and increased power of one of the parties. As it was in ancient times, today economically and military developed countries have advantages over the others. Stronger states set rules in the international arena. Countries that surpass other development have a significant weight in the political arena and they are more influential than the rest of weaker countries. In XXI century rules, are being changed. Yes, there are still countries (Russia, the USA and China) that surpass others in many ways, but they still have to cooperate with their neighbors and the world. The development today means connection of people from different countries that have started to communicate and share not only culture and experience, but also they share their ideas and opinions. One of the reasons for these processes is globalisation, which involves almost all territorial units of this planet. Today it is difficult to find a country where there lives a single ethnic group, culture or nationality.

There have been more changes that have taken place in the first two decades of the new millennium. Now the world's eyes are focused on Asia, where major actors in the political arena are China and Japan. Unfortunately, the reason for interest in these countries is not only in their rapid development, but also in their relationships with each other. In principle, they are neither hostile nor friendly, so the two countries can legitimately be called *frienemies*. This neologism refers to someone who is both – a friend and an enemy at the same time, a relationship that is both mutually beneficial and dependent while being competitive, fraught with risk and mistrust (Definition 2014). This term reflects the two countries' real attitude and once again proves that such a balance between the two countries is a problem

issue. Depending on the event, their relationship changed for the worse or better, as well as their overall influence in Asia.

Given the complexity of Sino-Japanese relations, this paper claims that, depending on a framework where China and Japan are chanced to interact, the Taiwanese question could still affect the outcome of the Asia continent's two major powers' cooperation. However, there is an increasing number of occasions when the outcome of interactions between China and Japan are not affected by the Taiwanese question at all. In order to verify this argument a number of following questions need to be answered in this research work: What kind of relationships have been developed between Taiwan and Japan by now? Does the past still have a negative impact on the process of cooperation between China and Japan, and what major factors are still affecting the outcome? What is the actual 'weight' of the Taiwanese question (and Japan's perceived 'closeness' to Taiwan to date) in the grand picture of Sino-Japanese interconnectedness.

In this study, the relationship between China and Japan will be retrospectively analysed at various times to the present day. In turn, the historical data will be considered to help in better understanding the relationship between these countries and find the cause of their differences and hatred. In addition, during the study, it will be explained how the Taiwanese question can affect China's interconnections with Japan. The focus of this paper will be on problematic issues not only of historical nature, but also on the differences that have emerged recently between the two countries. These challenges include economic, political and territorial aspects. Intriguingly, there are also common threats that could prospectively get the two influential nations into a relatively unusual grown on commonality.

Ultimately, this study attempts to determine the kind of future that awaits Asia, given the degree of importance for both continental and global stability that Sino-Japanese relations will be featuring in years to come.

# 1. METODOLOGY

The relevance of the topic is seen in the fact that in the modern world there are conflicts and disagreements between countries that can affect the security and political status of other countries. Such a situation based on historical grievances and territorial disputes occurred between China and Japan. This conflict immediately attracted the attention of world powers, as well as social media which started to monitor any developments in the conflict. For this reason, issues related to the relationship between China and Japan began to rise more and more, and they revealed another, an indirect one, participant of the dispute – Taiwan. The latter entity has historically a role to play in developing relationship between China and Japan, and it could become a key element the prospective solution to be found on the Sino-Japanese territorial dispute. Considering the highly challenging task to be accomplished, this study was conducted in following interconnected parts. The first part considers the emergence of the conflict between China and Japan and the role played by Taiwan in historical events. With the research of historical data, the emergence of the Taiwanese question and Taiwan's relationship with Japan have been described in detail.

The second part is devoted to the essence of territorial issue between China and Japan over the Senkaku Islands. It reveals Taiwan's participation in the process, and its impact on the East-China Sea-related matters. The chapter presents a comparative analysis of Chinese and Japanese versions of the 'dispute story' and considers the position, interests, and degree of Taiwanese involvement in the territorial conflict.

The third part is dedicated to the scope of Sino-Japanese relations in the international arena and the problems of Taiwan's status. This chapter shows the political strategy and positions of each side, as well as their desire and determination to make concessions.

This chapters breakdown helps to analyze each stage of relations separately, starting with history and to the present day. In addition, this shows the influence of the Taiwan issue within different segments of cooperation between China and Japan. For the study, different types of sources were used, ranging from dictionaries and peer-reviewed journals and analytical volumes. In addition, in work can be provides maps and graphics for better understanding of facts and information.



## **2. HISTORIC BACKGROUND**

To understand the cause of what is happening at the moment historical sources are to be analysed. Relations between China and Japan are no exception: the answer to their strained relations today has to be found in their past. The historical information is needed in order to determine the nature of that conflict and when relations between the two countries became tense for some reason; the role played by Taiwan in the relations of these two countries has to be considered as well. There has not been any balance in relations between these two countries since one of the countries has always been more powerful than the other and vice versa. The countries have always fought for power and the status of the strongest state in Asia, and that was cause for the aggravation of their relations. Their rivalry was not always resolved peacefully; it often turned to a full-fledged military conflict. The dispute could be based on territorial and political issues, but the key question was always for domination and influence in Asia.

### **2.1. First War between China and Japan**

One of the first military conflicts between China and Japan (which affected the relations of the countries) may be considered the one at the end of XIX century. At that time, Japan was the strongest military power and was interested in East Asia, namely in Korea, which had for many centuries been under Chinese rule. China was going through hard times and was very relaxed in the late period of XIX. The reason for this was II Opium Wars with Britain (the First Opium War 1839-1842, the Second Opium War 1856-1860.) also, China lost some territories and had to pay a certain amount to Japan (Allingham 2006).

Probably, the Japanese Emperor and his generals took an advantage of the situation in which China was at that time. Weakened after several years of military conflicts with England and the civil wars, China would not be able to provide any serious resistance to Japan. Therefore, Japan could not but seize the moment to extend its influence and to gain a foothold in East Asia, so there was developed a plan for that purpose.

In 1876, Korea signed an agreement 'Kanghwa' with Japan on the implementation of its military presence to protect Japanese fishermen in the Korea Strait. One of the parts of the contract declared Korea independent, which in turn weakened the influence of China in

Korea, thus giving more opportunity for Japan. In turn, China feared that Japan wanted to invade the territory to place it under its control; to avoid that China urged Korea and other countries (UK, Germany, etc.), to sign a treaty of independence, thereby gaining international recognition of the independence of Korea. In hope of obtaining the independence of Korea, China continued to believe in good relations with Korea, which it had maintained, and in keeping some privileges which China already had. (Wertz 2016)

Most likely, China's concerns related to the invasion of Japan in Korea were well founded. First, at that time Japan had one of the strongest armies and powerful fleet; second, it was Japan's desire to expand its influence throughout Asia. Especially in the preparation of Korea's independence, the probability of Japan invading Korea increased. Japan, in turn, understood that the involvement of the UK, Germany and other countries to recognize the independence of Korea was done on purpose, that would complicate Japan's invasion of Korea. For this reason, Japan was then to act carefully and wait for a moment, and that moment finally arrived.

Less than 8 years after Korea gained independence, there was a revolution against the Korean monarchy organized by the religious cult Donghak (revolutionaries had support from Japan). Learning about the unrest in Korea, Japan and China sent back their armed forces to maintain the government to stabilize the situation. By general forces the uprising was suppressed. After the uprising, China offered immediately to withdraw its troops from Korea; Japan refused to substantiate the fact that it was going to help to carry out political reforms and support Korea until its full recovery. Japan demanded reforms from the Korean king, as it stated that the cause of the uprising was due to the monarch's weak policy. In fact, Japan would like to change the Korean government and Korea to take control of what it did. (Wertz 2016).

July 23, 1983 in Seoul, a *coup d'etat* with the support of Japanese troops was organized. The new Korean government together with representatives of the Japanese on 27 July appealed to Japan to expel Chinese troops from the territories of Korea. Despite the fact that the request for the expulsion was announced only on 27<sup>th</sup> of July, Japanese troops began to act already on 25 July and, without having declared a war, they attacked Chinese navy. (The World History 2013) Despite the fact that China had assumed the seizure of Korea by Japan, there was the Japanese attack on the Chinese navy. Most likely a strategic move and the surprise factor played an important role in the first war between China and Japan. The

retreat of the Chinese troops both at sea and on land meant the defeat of China. However, officially, the war was declared only on 1 August 1894 (History 2013). The war lasted for about 2 years during which China suffered heavy losses such as the human toll, the economic and especially territorial losses. Japan began to conquer territories of Weihaiwei, the Liaodong Peninsula and eventually seized Taiwan. China would not continue the war and was forced to sign a peace treaty with Japan, which was held on 17 April 1895, in Shimonoseki (History 2013).

### **2.1.1. Conflict Outcomes**

Under the contract, complete independence of Korea was recognized; the losing country conceded the Liaodong Peninsula, China, Taiwan and the Penghu islands to Japan. In addition, Japan usurped the island, known as Senkaku/Diaoyu, was not included in the treaty. Finally, under that humiliating agreement, China had to pay 200 million reparations with some concessions regarding trading. (Encyclopedia 2016)

The first war was the start for the deterioration of relations between China and Japan. China lost its territory and was forced to pay reparations, which weakened it for a few more decades.

## **2.2. Taiwan under Japanese Authorities**

Japan was interested in Taiwan before the first war with China. The first Japanese attempt to qualify for the Taiwanese island was seen in 1592, when Japan tried to expand its influence in the south and west (World Heritage Encyclopedia 2016). Taiwan was considered as a strategic point, so Taiwan tried to take over the Diaoyu Island many times, but all attempts failed. Nevertheless, after China's defeat in the war in 1895, the Senkaku Island of Taiwan was transferred to Japan as a 'trophy'.

Taiwan existed for 50 years under Japanese authorities and it was subjected to its strong influence. Historians believe that the colonization period can be divided into 3 phases.

### **2.2.1. The First Period of 1895 – 1918**

The first period is characterized by the confrontation between the inhabitants of the island and the occupiers. Historically, there are records of two great uprisings that occurred in 1895 on the arrival of military forces in Taiwan and in 1915 under the name Tapani incident. A large number of insurgents were killed in those years, as well as civilians, but none of the revolts was successful. Large-scale uprisings did not happen, though occasionally there were small outbreaks of resistance that were suppressed as quickly as they started.

Despite the resistance and revolts by the Taiwanese, Japanese forces were able to create administrative authorities and to impose a strict police control, which brought order. For the first time, the Japanese studied the Taiwan Island. The measures included the search for mineral resources, the establishment of production of important agricultural products, as well as census and familiarization with local orders. By performing all those actions, the Japanese wanted to improve relations with the local population, and in some remote areas, the Japanese often adhered to the local customs, and put local Taiwanese authorities. (Hwang 2003)

Anyway, the first step can be described as suppression and exploring. Japan viewed Taiwan in the long term perspective and it understood the importance to restore order on the island, especially since the military strategic location of Taiwan had played an important role in the future promotion and distribution of Japanese influence. Probably for this reason, Japan was interested in improving various industries in Taiwan, for their own benefit.

According to some scientists, the policy pursued by the Japanese was very loyal to the occupied land. Perhaps such a policy was carried out on the grounds that Japan would ever turn Taiwan into the Japanese Empire. According to the researcher of the Training center of the Institute of Taiwan History, professor Zhong Shumin, Japan would not simply annex Taiwan, but turn Taiwanese into Japanese, and introduce the same laws as in Japan (Hwang 2003). The implementation of such an idea was probably due to the fact that generally, many Asian countries have common cultural heritage and the small features of Japanese culture can be easily susceptible to Taiwan residents.

### **2.2.2. The second period 1919 – 1937**

The second phase of colonization was the strengthening of cultural assimilation and development of the infrastructure and economy of Taiwan. Since 1919, in Taiwan there was introduced the law that prohibited locals to speak in their language, making use of only the Japanese language. Education was compulsory, but it was also taught to follow Japanese rules. In addition, the requirement was to take Japanese names and comply with Japanese religious holidays. Thus, the invaders tried to speed up the process of assimilation, but if those changes were perceived negatively by local residents, the development of economy impacted positively the relationships.

Since Taiwan became a colony of Japan, it was to make a profit, thus it was required to improve the economic status of Taiwan. That required the modernization of the island, which would lead to its economic growth. For several years, the railway network was built, ports and power plants were constructed, as well as a lot of attention was paid to the development of agriculture, for which platinum and reservoirs were built. In addition, because of the development of education on the island, illiteracy decreased, which had a positive effect on its economic development. A great contribution was made into the health system of Taiwan, which was very low before; mortality was increased.

The Japanese government had several purposes; first, Japan hoped that Taiwan would be a market for Japanese products, as well as a destination for migrants from the metropolis, which already at that time was full of people. Secondly, Taiwanese island was seen as a strategically convenient position for promotion to the south. For this purpose, the industrialization programme was realized with the main aim to develop important industries for military expansion. Indeed, one of the main objectives of Japan was spreading its influence on all Asia to gain power. (Hwang 2003)

### **2.2.3. Third Period 1937 -1945**

The third stage was from 1937, when Japan invaded China's territory (during the Second World War) and to 1945 when Japan was defeated in the war. With the work carried out in Taiwan, the Japanese authorities had a positive impact on the period of Japan's military actions against China. Production which had been created and improved in Taiwan contributed to the support of the Japanese armed forces in the conduct of the war against

China. Despite this, the Japanese authorities did not have the main resource, namely the human one. For this reason, the Japanese government began to recruit Taiwanese in its army.

It is estimated that about 80 thousand Taiwanese served in the Japanese Army, and about 126 thousand people who had not participated in the war operations but provided necessary support (nurses, construction workers and laborers) (Roy 2003). As various sources give a different number of the participants from Taiwan, it is difficult to say exactly how many Taiwanese were on the Japanese side during the war. Most likely, Taiwanese people who wanted to serve in the Japanese army wished to have the same rights as the Japanese, especially such a desire was among younger generations who were born in the Japanese occupation period (Roy 2003). In fact, the third period showed that the Japanese authorities were able to assimilate most of the Taiwanese; and in the time of war Taiwan fulfilled its task as a reference point in Japan. Despite the fact that Taiwan was under the Japanese authority and supported it in the war against China, Taiwan suffered little during the war time.

### **2.3. The Consequences of 50 Years of Colonization**

After the defeat of Japan in World War II, Taiwan was free for after 50 years of colonization. Japan was able to turn Taiwan into not just an economically developed region, but also a competitive region with its neighbors in the Asian market. One example is the increase of 500% in the production in sugar plantations of sugarcane, which had been done for 30 years, from 1905 to 1935, due to it in 1939, Taiwan took the 7th place for the production of sugar (Usa 2012). As it was mentioned earlier, Japanese paid much attention to the development of factories, which produced various kinds of raw materials, both for locals and for sale.

In addition to that, while Taiwan was under the control of the invaders, the Japanese paid great attention to the development of strategic industries related to shipbuilding and metallurgy. For example, due to the development of metallurgy, there were built 2857 miles of railroad lines and 2500 miles of highways (Usa 2012). It had a positive effect on the economy and standard of living, on the delivery of all necessities which became easier and faster, on goods and labor. Such large investments and the development of Taiwan were made not so much for its people, but for the prosperity and benefit of Japan. Firstly, the Japanese

government was confident that Taiwan would remain forever its colonies and then gradually become a part of Japan. Secondly, it improved the economic status of Japan at the expense of resources and Taiwanese economy. When the rule of the Japanese in Taiwan was over, all the upgrades and improvements that had been made were left in Taiwan. Despite the positive aspects of colonization, there were also negative ones. At the time of the Japanese government, the people of Taiwan were limited in their rights and did not have high positions. In addition to that the Japanese imposed their culture and the Taiwanese had to fight for their own culture preservation. However, there were people who were happy with new transformations, such as, for example, the education system, economy and medicine, which made people's life much better. Anyway, in spite of many controversies, it is still believed that the period of the Japanese colonization in Taiwan affected it positively.

It has to be mentioned that the colonial education failed to achieve the main goal of the Japanese authorities, namely the complete assimilation of the Taiwanese. However, after the occupation period, Taiwanese could not be considered neither Japanese nor Chinese, and that can be considered a small victory.

## **2.4. Second War between China and Japan**

The second war happened during the period from 1937 to 1945, which is also the period of the Second World War 1939-1945. The WWII most wagged China's relations with Japan and still 70 years later it hinders the development of their relations. The reason was not only the invasion of the Japanese troops; the outbreak of war, mainly on the Chinese territory, brought the cruel attitude of the Japanese soldiers to the local population. It should also be added that the second war had a significant impact on the course of the Chinese revolution.

The second war began in 1937, from for a small border conflict at the Lugou Bridge. According to historical data, the cause of the conflict was the provocative actions of the Japanese military, although the accuracy of this information has not been proved (Fu 2003). In military skirmishes, both sides suffered slight losses, after which there was, signed a peace treaty, which unfortunately lasted not long. After the deterioration of relations, China sent additional forces to the region, thus provoking the Japanese government. And from a small conflict, the Japanese authorities turned the incident into a major war.

When the Japanese invasion began, the nationalist army tried to confront them, but very quickly it was defeated. The reason for this was the complete lack of military equipment and weapons in the Chinese troops, as well as the lack of good command. Chinese soldiers would not do anything to stop well-trained and armed Japanese troops. In theory, the war was one-sided, as Japanese forces not met strong opposition from China. Promotion of the Japanese army was rapid and in the late 1937 the Nationalist government was forced to back down, because it could not cope with the onslaught of Japanese war machine.

The Japanese army showed excessive brutality to the Chinese population; the examples of such brutality are the Japanese occupation of Nanjing in December 1937, as well as the 'Rape of Nanking'. During the capture of the city more than 300 thousand people were killed, many of whom were tortured and raped, and thousands of people were buried alive. (Cairns 2015) Despite the fact that the incident occurred during the war, it is possible to call it a military operation or the consequences of the war. Events that happened in Nanking with the brutal extermination of the population could be defined within the concept of genocide; all civilians would not resist well-trained and armed Japanese soldiers. For a long time the event called 'Rape of Nanking, remained in the memory of the survivors and only in 2014 it received an appropriate attention. On December 13, 2014 for the first time for the last 77 years there was held a national day dedicated to the events of 'Rape of Nanking', which was officially named as a day of mourning and grief that would honor the memory of the dead and the tragic events (Blanchard 2014). On the one hand, it was a due fact to remember the tragic events, on the other hand, why it was done only 77 years later. Theoretically, it is possible to assume that the official day of mourning dedicated to the Nanjing has a political subtext. With the improved relations between China and Japan, China has shown that it does not forget what happened during the Second World War.

Going back to the events of war, it should be noted that people who had been taken as prisoners were sent to block 731, which is located in the north-east of the country (Cairns 2015). That unit was designed for chemical and biological tests. Prisoners were also tested for different types of drugs and diseases such as smallpox, anthrax, and so on. Others experiments could be even more severe, such as the amputation without anesthesia and testing chemical weapons on prisoners. Where the Japanese army did not pass, the areas or populations were subjected to massive bombing or burning out.



In 1938, Jiang Jieshi, Chief of China's armed forces, undertook an operation in support of the USSR, to slow the advancement of Japanese troops (Cairns 2015). Jiang Jieshi ordered to blow up a dam Yellow River, which could affect the Japanese promotion, but it brought a lot more damage to Chinese residents. From – explosion killed dams from 500 thousand to a million Chinese populations and the loss of large farmland (Cairns 2015). As a result, the growing hunger and hatred were reflected not only on the commander in chief, but as well as on the nationalist regime that played a significant role after the war in the formation of the new Chinese government.

Help came to China only in 1941, when the US entered the war – over the Japanese attack on Pearl Harbor. China became the reference point for the United States against Japan. In 1942, US General Joseph Stillwell was sent to China to carry out operations against Japan and reorganization of Chinese forces (Cairns 2015).

Due to the intervention of the United States, along with Chinese forces, the second Sino-Japanese War came to an end in August 1945. After the war, China was weakened and practically destroyed. The citizens distrusted the old political system, China conducted an unstable policy and its economic decline had even more impact on the political system and the country's inhabitants. The weakening of the Chinese government played into the hands of the CCP.

During the Sino-Japanese War, the CPC Party continued to strengthen its position. During the war, more and more people joined the party, and by 1942 the number of the CCP members increased to 800 thousand people and continued to grow (Cairns 2015). The secret was in the fact that through the support of the USSR and the accommodation in the northwest, where Japanese troops were not interested, there was created the impression of security that attracted more supporters of the communist Chinese regime.

It can be assumed that due to the Sino-Japanese War, the CCP was able to strengthen its position and thus to come to power. After the weakening of the political system, it made it possible to create another system and change of power.

### **3. The Taiwan question**

At the end of WWII, China was on the winning side, and thus it was able to claim some victory trophies. Despite the fact that the country was ruined economically and people did not know what to do, the first thing that the Chinese government decided was to return the land that was lost after the First Sino-Japanese War. Undoubtedly, the desire to return the territory once belonged to the country was the right solution. Most likely, the government also realized that Taiwan was a developed and rich region that could assist in restoring the Chinese mainland.

However, Taiwan was returned to China, both de jure and de facto. Immediately after this armed forces of the Nationalist Party came to Taiwan, whose task was to erase all traces of the Japanese presence (Hays 2008). One of the main objectives was to extend Chinese influence, both politically and culturally. At the beginning people with the arrival of the Chinese were glad to return Taiwan under the control of the Republic of China, but their joy was short-lived. Immediately after the Second World War China's civil war broke out in, which had a great impact on Taiwan.

As it was mentioned earlier, in China there were two strong parties, one of which fought for power, while the other tried to hold it back. We are talking about the Kuomintang Nationalist Party, which stood at the head of the state and the Communist Party, which gained momentum during the Second World War.

Despite the differences between the parties, they found a compromise during the war and joined forces in order to win over Japan. It was assumed that after the war, both parties would continue to cooperate and restore China; the Kuomintang clique saw the future of China as an independent and democratic country, which was fundamentally different from the communist views. For that reason, on 10 October 1945, the contract between the two parties was cancelled, and the civil war began (State Council 1993).

In fact, from the nationalist party that step was the total error resulted in the loss of power, as in WWII, the Kuomintang was able to alienate almost all of China's population, their political decisions, thus causing mistrust and aggression by their own people. The Communist Party, on the other hand, in the period of World War II acquired a large number of supporters and with the support of the Soviet Union strengthened its position among the population.

The civil war lasted for more than 3 years and ended on 1 October 1949; the Nationalist Party was defeated and the government of the 'Republic of China' was overthrown. The old government was replaced by the 'People's Republic', which became the true government of China. The remaining supporters of the same clique of the Kuomintang fled to Taiwan with the US support, thus a division between the Mainland and Taiwan was created. (State Council 1993)

### **3.1. US intervention and changes in the importance of Taiwan**

In 1945, the creation of the Organization of the United Nations (UN) was officially announced (United Nations 2015). The organization was created to maintain peace and security and the development of international relations between the countries.

In the same year, China became a member of the UN, as a country that was on the side of the allied forces against the aggressors (New York Times 2011). But with the beginning of the Civil War and its results, the Nationalist government fled to Taiwan, where it continued its reign; on the mainland the Communist Party came to power. Despite the fact that the nationalist party lost control of mainland China, it continued to consider itself the sole government of China. Western countries had left the matter without attention and supported ROC, thereby maintaining China's representation in the UN. The reason for such action was the fact that Western countries did not want to get another communist government in the UN, so they chose Taiwan, which was for independent and democratic politics (New York Times 2011).

Despite the fact that Western countries recognized only the government of Chan in China, President Harry Truman on 5 January, 1950 said that the United States would not interfere in the dispute between Taiwan and mainland China, that they should address that issue themselves. But on June 25 of the same year after the start of the Korean War, Truman declared "neutralization of the Straits of Formosa" and sent across the Taiwan Strait Navy fleet that would prevent Luba attempts in the conflict between Taiwan and China. (Wertz 2016) In fact, it looked more like patronage from the US in relation to Taiwan.

The purpose of the United States was to protect Taiwan from the influence of the communist system, as well as the spread of it further. In addition, do not forget the effect of war, between Japan and Chinese people who could want to settle the score. Taiwan was not

only an important region for the preservation of democracy, as well as one of the democratic representatives of the UN from Asia, but also a strategic point. This is likely one of the reasons that the United States gave his protection to Taiwan from the Communist Mainland China.

However, immediately after that action Truman issued a statement that communism had crossed all borders and attacked on Korea were a direct proof. As the communists completely ignored the UN warning to maintain peace and security, the United States sent its fleet to preserve peace and protection in the area of the Pacific Ocean, which would prevent any attack by communist forces on Formosa. Next, in 1951, by the order of Truman, the neutralization of Taiwan was announced and peace negotiations with Japan started. Thus, the political status of Taiwan became that of trusted allied powers. (Wertz 2016)

It is important to note that in 1952, due to the intervention of the United States, a peace treaty was signed between Taiwan and Japan, under which Japan renounced the rights to Taiwan, the Pescadores, the Paracel Islands, and others (Chen 2015). In turn, the conclusion of the agreement between Taiwan and Tokyo meant not only a peaceful cooperation and development but also Japan's recognition of Taiwan as the representative of all China. It turns out that Taiwan already in 1952 influenced the relationship between China and Japan. It can be assumed that Japan's recognition of Taiwan meant that Japan was on the side of Kuomintang government, which China did not recognize and with which the Chinese Communist Party was at a civil war; all that could have a negative impact on the relations of China and Japan. Due to the patronage and support of the Allied countries, Taiwan remained for a very long time a representative of China to the United Nations until 1971, but from 25 October 1971, the UN General Assembly voted in favor of recognition and the expulsion of the People's Republic of (Taiwan) from the UN member states (New York Times 2011). Thus, China received a position in the United Nations as one of the five permanent members.

Most likely the reason for this decision was the fact that the PRC was already impossible to be ignored, because of the economic growth and the impact of mainland China in Asia. In addition, Taiwan's importance in international affairs and other spheres of influence became lost on the background of the growing up mainland of China.

An interesting fact is that even after the establishment of the PRC, the people of Taiwan and the government continued to consider themselves as a part of China and always talked about the fact that there was only one China. And this opinion existed for many years,

but in the early 90's, one of the representative sides, Lee Teng-hui began to reconsider the idea of 'One China'. And he began to see Taiwan and China, as two separate states, with two different governments and equal rights. According to him, relations between Taiwan and China are more similar to the relationship between the two countries; Taiwan is considered as an independent state with its own government. For this reason, since 1993, Taiwan has tried once again to become a member of the UN, and to obtain international recognition as a separate country from mainland China. In addition to China division, it could impact badly relations between the mainland and Taiwan as China was against the secession of Taiwan from China. (Republic of China 2004)

### **3.2. Analysis of history**

As it was already mentioned, historical background is a very important aspect in the study of international relations. The reasons for this are historical facts and documents which have influence to this day. The root of today problems shall be found in historical events that have left their mark in the relations between the two countries.

Sino-Japanese relations are no exception; the root of their problems lies in historical events, as it can be seen from the above chapter. The probability that a peace treaty in 1952 between Tokyo and Taiwan affected the relationship of Japan and Taiwan is very high. After the recognition of Taiwan, Japan denied the communist government of China, which influenced negatively China's attitude towards Japan. Also there are several other reasons linked to the 'Taiwan question':

- Taiwan as part of China
- The transition of Taiwan under the rule of Japan
- The three stages of the colonization of Taiwan by Japan
- The end and the consequences of the Second World War
- The civil war in China
- Taiwan as the representative of China and the formation of the Taiwan issue
- Taiwan's attempt to become a separate state or the idea of two Chinas.

In order to understand the historical influence of Taiwan in the relationship between China and Japan and what role it plays today, it is important to be aware of the reasons for changes in Taiwan.

In the late XIX century, China did not have the best time; the reasons were the two Opium Wars, which greatly affected the development of China's economy and its all regions. Accordingly, prior to the period of colonization, as part of China, Taiwan was a weak and economically underdeveloped region with a low standard of living. That changed with the arrival of Japan to Taiwan and the 50 year period of colonization. Japan influenced the development of Taiwan more than any other state in such areas as economics, health, politics, education and culture.

### **3.2.1. Economic changes**

In the period of colonization Taiwan developed much faster than ever before. The average standard of living became much higher and even better than on the mainland of China and also in some regions of Japan. Due to the investments of Japan for several years there was made a big increase in the industrial production, as well as in the development of agriculture. The purpose of Japan was to develop Taiwan for its future use both in the economic sphere and in the military sense. The Japanese government invested much money in the raising of Taiwan. An example is the fact that from 1910 to 1938 Japan spent 60% of its budget on the development of various industries in Taiwan, such as agriculture and education, as well as on various infrastructures (Yan 2013). Due to the investments Taiwan became one of the richest regions, which also had a positive impact on its local residents. The next example is agriculture: before Japan's intervention the land on which crops were grown was only 35%, but after it the area doubled and became 70% (Yan 2013). After all, most of Taiwan's economy was based on agriculture which gave the main export items to Japan. In addition, at the Asian market Taiwan was considered one of the most developed regions.

### **3.2.2. Health**

A great contribution was made by the Japanese in Taiwan's healthcare system. This indicates a decrease in the initial mortality rate from 33 to 19 deaths per 1000 people and that kind of progress was made for 34 years from 1906 to 1940 (Yan 2013). One reason for the

high mortality rate was in outbreaks of epidemics such as malaria and cholera in 1895, which can be found in the records of the Japanese, but maybe the disease appeared earlier (Gauld 2005). Another reason was a low level of knowledge among Taiwanese doctors in the medical field. For this reason, the Japanese government made improvements in Taiwanese medicine by introducing the Japanese knowledge of medicine. In addition, many Japanese doctors came to Taiwan for medical care and to train local doctors. As a result, Taiwan was able to cope with the epidemic, to increase the life expectancy of the population and improve the skills of local doctors.

### **3.2.3. The political influence**

Despite the fact that people of Taiwan did not have access to public services and high ranks, there was not a great discontent among the population. Though in the first period of colonization it was the site of riots against the invaders, but eventually they almost disappeared. If one takes the period of the Chinese government, the situation was worse. According to historical records, Taiwan became part of China in 1683 but this opinion is considered to be erroneous, because since only 1887 Taiwan officially became a province of China (Kuo 1996). Chinese domination did not suit Taiwan, and due to the lack of a strong central authority revolts and uprisings took place every 3 years (Kuo 1996). It can be argued that this was the reason why when Japan occupied Taiwan the Japanese authorities for first time could create a strong government in Taiwan. Most probably, the loyalty of the Japanese Government to the local population played the major role in their relationships. Despite the fact that the original objective of the invaders was to make Taiwanese Japanese, the assimilation period took place in stages and without strong pressure on the local population. With just upgrading and improving the quality of life in Taiwan, local people assessed that impact as positive, which was beneficial in the future for the Japanese government. One positive example is the period of the Second World War when many Taiwanese went to serve in the Japanese army.

### **3.2.4. Education**

Another positive effect that was made by the Japanese authorities was education in Taiwan. Before the advent of the Japanese in Taiwan there were only religious schools and

schools for wealthy families. Common or lower classes could not afford to pay tuition fees for their children, which resulted in the generally low level of education. For this reason, the Japanese government ordered the creation of "common schools" for the Taiwanese. In the "common school" modern sciences, philosophy and Japanese (which over time has become a must) were taught. After 1915 there was the integration of Japanese and Taiwanese schools, and secondary schools were established, and then in 1928, the first university was opened. In addition, students who were able to cope with learning the Japanese language were completely secure to go to Japan, where they were enrolled in universities. In general, about 2,400 students left for Japan by 1922, and by 1942 this number increased by 3 times. (Guo 2001)

### **3.2.5. Culture**

Despite the fact that Japan would like to make Taiwan part of its empire, the Japanese authorities were very loyal to the culture and customs of the local population. The objective of the Japanese was that there would be no suppression of Taiwanese culture with the gradual integration into Japanese culture. For this reason, labor education remained in schools in the Chinese language, and many traditions that had been in Japan before the arrival of Taiwanese were kept and preserved. On the part of the Japanese authorities it was a wise move, and it contributed to further successful Taiwanese presence in Japanese culture and language, including the possibility to study or work in Japan.

In the 2nd period of colonization, when the Japanese tried to increase the assimilation of the Taiwanese people, the Japanese government also supported cultural exchanges among residents. For example, many Taiwanese students were studying in Japan, as well as some residents of Japan moved to Taiwan. In addition, Taiwan delivered Japanese goods such as clothing, food, which influenced the local flavor and style and brought it closer to the Japanese customs and lifestyle.

The influence that Japan had in Taiwan for 50 years of colonization is one of the best periods for Taiwan. As mentioned before, Taiwan became one of the strongest and most developed regions in Asia. In addition, the whole of Taiwan was recognized in 1960 as one of the four 'Asian tigers', thanks to its economic growth and influence (Shirley 2014).

It has also to be mentioned that during WWII, 206,000 Taiwanese troops were on the side of the Japanese forces against China (Roy 2003). After all, at some point, the Taiwanese



acquired a positive attitude to the Japanese invaders, and to a certain extent they even welcomed them, as their standard of living had increased significantly. Especially if to return to the period before colonization, China did not apply so much effort, attention and resources to raise Taiwan's economy or improve the lives of local residents. Accordingly, the changes that had been made in different areas of the Japanese authorities were commended among the Taiwanese population.

Going back to the time after the military and the Civil War, need to keep in mind the division of China into two parts, and the representative of Taiwan in the international arena as a representative of all China. The appearance of the two governments and the division of China into two parts had a negative impact on China's policies, especially when the territorial issue between China and Japan. This means that the historical division and the Taiwan issue are topical today, but the problem began more than 70 years ago and can be viewed as historical consequences.

It is important to consider the theory of the creation of the Taiwan issue; as it was already mentioned, in 1971, Taiwan was expelled from the permanent membership of the UN and China had its place. Taiwan had long wanted to be reunited with China, but in the early 1990s, there was the idea of creating 'two Chinas'. The question is – why not?

To support a proposed theory, the following facts are to be taken into consideration to ground it. The support of the US during the Cold War played an important role in support of Taiwan and its defense, which allowed Taiwan to continue to evolve, both politically and economically. The political question played a significant role because the aim of the Kuomintang (Nationalist Party during the Cold War) was equality and freedom. The next period of US Support (democratic countries) eventually led in 1990 to the establishment of constitutional reforms, which was very different from the policy of the Chinese mainland (Horos 1996). The reform and restructuring of the policies would have been impossible if not for the 50-year period of colonization by Japan. After all, democracy is possible only in a well-developed economic country. This means that the beginning of the 'Taiwan issue' was conditioned by Japan's influence on the economic development of Taiwan.

The theory has its historical chain sequence, which is perhaps one of the aspects of the impact of the Taiwan issue on China and Japan relations today.

## 4. Territorial disputes

Territorial questions or borders between countries is an important aspect of international relations. Reasons behind disputes between states for territories frequently lie in various historical records, consequences of wars, colonization, etc. In China and Japan there have been territorial disputes since the Second World War; the disputes are the cause of intense debates in the Asian mass media for the past few years. The reason for that was the Senkaku/Diaoyu Islands.

The Senkaku/Diaoyu Islands are a group of eight small islands located in the East-China Sea. The total area of the islands is 4 square kilometers, given that only one Uochuri island has an area of 3.6, all the others are more like rock formations and have no territory for the construction or housing (Panov 2014, 512). The location of the island in relation to China, Japan and Taiwan has also to be considered. The islands are located 410 km from the Japanese island of Okinawa, 330 kilometers from the territories of China, and 170 kilometers from Taiwan (Masahiro 2013). Below there is a map of the location of the islands, which is useful in the further study of this issue. The location, of the Senkaku islands possible to see on the map (Figure 1).

A dispute arose between China and Japan over the Diaoyu islands due to a number of reasons. First, China and Japan did not yet fully recover after World War II. Second, with the emergence of territorial disputes relations between the countries became more tenses. An example of that are various provocations and threats: the landing of military forces on the Senkaku islands, an attempt to buy the islands, the intersection of air borders, the collection at the maritime borders of warships and more. In addition, the two countries in recent years have spent a lot of resources on military equipment and defense, which in this situation is a cause for concern not only for neighbors, but also nations around the world.

To find out which country owns the Diaoyu islands, the countries began to provide historical information and documents in an attempt to settle everything peacefully, but unfortunately, each country has its own history and its own truth, which does not often coincide with the history and truth of another country. This statement is an important assumption in the study of relations between China and Japan; it also demonstrates the role of Taiwan in this case. Historical documents and information will be taken as a basis to consider the issue and to formulate theories that might help in solving the problem.

## **4.1. The historical background**

### **4.1.1. Japan's position**

According to Japanese authorities, the Diaoyu islands are a part of the Nansei Islands that historically have always been a part of Japan. Since 1885, even before the first war between China and Japan, the Japanese government was constantly researching the Senkaku Islands. After confirming that the Diaoyu islands were uninhabited and were not controlled by China, the Japanese government in 1895, April 14 established on the Senkaku islands markings that indicated officially that they belonged to Japan. For that reason, the Japanese believed that the Senkaku Islands were not a part of Taiwan or Pescadores islands, which became part of Japan after the first Japanese-Chinese War by the Treaty of Shimonoseki in 1894-1895. (Panov 2014, 512) However, Tokyo said that the Senkaku Islands were uninhabited, and starting from 1885 the Japanese government continuously conducted surveys of the islands, and the waters around this territory were constantly patrolled. Accordingly, during 10 years there were not revealed any signs of stay or confirmation of it on the part of China. In addition, one might ask the question if the island had belonged to China, why the Chinese navy was not seen in the vicinity of the Senkaku Islands; on the islands there were not seen any identification signs that would indicate that they belonged to a particular country. That could be used as a proof that the Senkaku did not belong to anyone.

In addition, after the islands become part of Japan in 1895, a private individual person (Koga Tatsushiro) used some of the islands for commercial purposes before World War II, as well as for providing housing for workers, who were engaged in fishing around the Senkaku Islands (Drifte 2014).

Moreover, after the defeat in WWII, Japan signed the San-Francisco Peace Treaty, in which it renounced rights to Taiwan and the Pescadores, and after that, they were returned to China (Panov 2014, 513). The United States, as a country that played a decisive role in the victory over Japan, received the archipelago Nansei, as well as the Ryukyu Islands.

Therefore, it might be argued that if the Senkaku Islands were a part of the Nansei Islands, which were temporarily, placed under the US control, then why after WWII when China received Taiwan it did not 'say' anything about the Senkaku islands.

Accordingly, the islands were under the US control until 1972, and when in 1972 their control expired, the islands were returned to Japan with all administrative rights by the Japan-

US agreement. And since 1972 Japanese forces have constantly monitored and patrolled the Nansei Archipelago, including the Senkaku Islands. Also on January 8, 1953 in Japanese printed media there was published an article that the Senkaku Islands were a part of the Ryukyu archipelago. For this reason, Japanese authorities have never recognized that the Senkaku Islands belonged to China. The Chinese government has never agreed with this statement (Panov 2014, 512-513)

Japan's position is understandable; in the first period from 1885 to 1895, before the First War of China, the Diaoyu islands were under the control of Japan and were constantly patrolled. Also on the Senkaku there were put identifying marks that the islands were under the Japanese rule. China did not give any response. After the period from 1895 to 1945, there was the period of colonization of some of China's land. Even if one assumes that at the time China believed that the Senkaku Islands were under the influence of Japan, then the question arises why after the war China did not demand the return of the islands Senkaku. Finally, from 1945 to 1972, China did not show any claims for the Senkaku Islands. Accordingly, from 1885 to 1970 (during this period there were the first debates about the Senkaku), China did not manifest itself in the issue of the Senkaku Islands, which in turn suggests that the islands were not a part of China or were not so important at that time. Despite this, China does not agree with the state of things and has its own version of the events.

#### **4.1.2. China's position**

In April 1971 China made a statement that the United States and Japan violated China's sovereignty, including the Senkaku Islands which territory the United States had given to Japan (Panov 2014,512).

According to Chinese authorities they provided the press and the public with historical documents and reports that the Senkaku Islands had long formed part of China, and were part of Taiwan. One of these records suggests that the islands belonged to China during the Ming Dynasty (1368 - 1644), which mentioned the island as part of Taiwan, but there is a small historical paradox; the reason for this is the fact that Taiwan was included into China only in 1683 during the Qing Dynasty (Drifte 2014). It can be used in support to deny the fact that the Senkaku Islands have belonged to China since 1368.

Undoubtedly, the documents which were published by China about the historical territories play an important role, but mistakes in the dates cause doubt about the truthfulness

of information. It might be possible that, if one considers the age of the document, which is 700 years old, there may be a slight blunder, but then the document cannot be fully authenticity.

Despite the erroneous and inaccurate historical information, Chinese authorities continue to claim that the Senkaku Islands are part of Taiwan. From this it follows that after the defeat of China in the First Sino-Japanese War of 1894-1895, the Senkaku Islands were transferred as part of the islands of Taiwan, as a war trophy, and must be returned in accordance with the Cairo Declaration of 1943. According to this declaration, all the islands, which Japan had taken away from Chinese people, should be returned to China. These include Formosa, Manchuria, the Pescadores, which also includes the Senkaku Islands, which belong to the territory of Taiwan, which in turn is part of China (Panov 2014, 513). And as mentioned before, in San-French treaty Japan renounced all rights to Taiwan, including the island of the Senkaku.

At the same time, Japan fulfilled all the terms of the San-French agreement, one of which was to return Taiwan to China, which was done. At the same time, returning to the Cairo agreement, during the time of its signing the territory of the country was shown as the one to be returned to China, and in the document there was nothing said about the Senkaku Islands. It can be supposed that the Senkaku Islands were not a part of China, and that China continued to look for the documents and records which could relate to the Senkaku Islands

Another one of the documents issued by China is the "White Paper" which fully sets forth China's position and argues the ownership of islands to China. In addition, the National Library of China have exposed documents and maps dating from the 14th century which are proof of the fact that the islands have been part of China since that time (Panov 2014, 514).

From the international point, Chinese arguments and unproven historical records cannot be considered as conclusive reliable information. Also, there is no evidence that the Chinese Senkaku islands were inhabited or if it controlled that area. However, immediately after the State Ocean Administration issued a recording in which the facts were presented to argue that China was not only the first country that found the Diaoyu islands, but it also used them as one of the ocean posts for their ships. But in fact, the book just mentioned the Senkaku Islands in connection with sailors who passed near the islands and used them as a point of orientation on the way from China to Japan (Drifte 2014). In this case, if China used the island as a staging post for ships, then why there was not found any evidence of the

presence of Chinese sailors on the islands, and why China had not placed any identification signs that that territory was part of China. After all, it should leave some proof or evidence of their presence and control, but according to Japan there were none of them.

Even if to turn to the assumption that Japan has acquired the island after the First Sino-Japanese War, which ended with the signing of the Treaty of Shimonoseki in April 1895 and, as the losing side, China had to give some of its territory under the control of Japan, then one can ask the following question: Were at that time the Senkaku Islands a part of Taiwan, or were they already part of Okinawa? By Treaty of Shimonoseki Japan retreated Taiwan and the Pescadores, but again there was no question of the Senkaku Islands. Data on the location of the islands passed by Japan marked them on the map in latitude and longitude data. When the contract was signed the map did not comment on or referred to that the Senkaku Islands were part of Taiwan. However, China continues to claim that the contract included the Senkaku Islands as they were part of Taiwan. (Drifte 2014)

Anyway, in this situation it is impossible to ignore the found documents and maps by China government about history of Senkaku islands. The probability that the island belonged to China long before the assignment of territories of Japan, still can be. It follows that the answer, that who owns the island at the moment is a difficult issue for both countries.

#### **4.1.3. Cause of the Dispute – the Islands**

The first dispute over the islands occurred in 1970, when Taiwan and China began to lay claim to the possession of the Diaoyu Islands. According to Japanese authorities, the question of the ownership of the islands came after the announcement was made in 1969 by the UN Economic Commission for Europe that under the continental shelf between Taiwan and Japan large reserves of natural resources were found (Figure 2).

This research was conducted in 1968 by the United Nations for Asia and the Far East, the statement was made in 1969 and 1970, China and Taiwan began to challenge their right to these territories (Masahiro 2013). Thus, the cause of territorial disputes and the issues appeared only in 1970 after finding natural resources, and until that time, neither Taiwan nor China had raised the issue of the Senkaku Islands. Similarly, there had not been observed any control over these territories from China and Japan or their presence in these areas.

According to intelligence services' reports there was found a large reserve of various natural resources outside the territory and on the islands. In addition, there is manganese

which Japan is interested in, and according to various sources its volume will last for about 320 years; the volume of cobalt is enough for 1,300 year consumption, and nickel - for 100 years; natural gas - for about 100 years. The islands are also rich in other mineral resources; the coastal waters are full of fish, which is one of the main products for use and for sale to both countries. It means that discovered natural resources can play a big role in the economic recovery both for China and Japan, but it is not the only reason for their dispute. (Huang 2012)

Regardless of other aspects, economy in any case would play a major role. In fact, until the time when the UN had not found on the islands and near them the deposits of natural resources, the question of the ownership of the islands was not raised. Correspondingly, the main purpose of China and Japan was the deposits of natural resources, which could not only restore the economy but also grant independence from other countries for a while in terms of purchases of certain resources. As for other aspects, they are likely to be increasingly important for Japan rather than for China, because Japanese ships have patrolled the waters near the Senkaku islands in decades. For this reason, Japan has an interest not just in resources but also in water boundaries of the Senkaku Islands.

To a great extent the island data are of great importance in military and strategic terms. First, this is security of sea routes as both countries build their economy on imports and exports. Second, as it was already mentioned, the islands are located in the area of trade routes between China and Japan, which plays an important role for the one that will possess this territory. Third, recognition of the islands, for any of the two countries, means the expanding of the boundaries, which is also a positive aspect. Fourth, the location from a military point of view is also an important aspect in the islands dispute. (Figure 3)

The map clearly shows that the Senkaku Islands are a very good strategic point; the reasons for this are:

1. A tactical location between Taiwan, China and Japan
2. Possession of the islands reduces the distance to the other country, that in time of war can become a crucial aspect
3. Control of the islands is beneficial as it gives the dominance over the sea from a tactical point of view to any of the states.

4. In spite of these arguments, the construction of military bases or the ownership of these islands by any of the countries will have no military advantage in the 21st century, because of modern weapons and technologies.

As it can be seen from the above, the islands are of great interest, especially for China, which, firstly, wants to become a "maritime power", and, secondly, in economic terms, it will receive a big advance and the advantage over not only Asian countries, but also in the international market. The reason is that China buys 50% of oil from other countries, and the islands of the issue will resolve it for the next 80 years, which will give a significant economic advance (Huang 2012). In addition, other natural resources can serve as export for sale to other countries.

For Japan the islands are an important aspect for many reasons. Firstly, Japan does not want to strengthen China, and, secondly, such a large amount of resources may raise Japan, it can give a new economic level and capability of being more competitive against China. Thirdly, from the point of security the islands have a strategic importance in case of a conflict: if the islands were under Chinese rule, Japan would be at a great disadvantage, which could be a decisive step in their potential conflicts.

In the dispute between China and Japan Taiwan has not been left aside. In 1970 Taiwan, along with China, defended the Senkaku Islands. Supposedly, the question of Taiwan plays an important role in this dispute and can greatly affect the outcome of the situation.

#### **4.2. Taiwan's role in the Senkaku issue**

China has repeatedly stated that the Senkaku Islands are part of Taiwan, and therefore they belong to China. But reliable data from the Chinese government does not confirm this statement completely. An interesting fact is that Taiwan is closer to all the Senkaku islands than China and Japan, which allows the possibility that Taiwan could use these islands and to include them in the part of Taiwan not officially. Despite that Taiwan claims that it has always used the coastal waters of the Senkaku Islands for fishing, and the islands themselves as a staging post. However, Taiwan's position is very weak and its capacity is limited, the cause for this is that since 1971 Taiwan is not a member of the UN and the Taiwanese government has no right to negotiate over the sovereignty of the islands. Despite this Taiwan is asking for the right to continue to fish as this is one of the most important products of



Taiwan's economy. Moreover, the question of sovereignty over the islands is not resolved, and it is not the fact that it would be solved at all.

One of the activists Huang Xilin said that if China and Taiwan were united, they would have been able to achieve the transfer of control of the islands – to whom (Bi-Whei 2013)? This issue is relevant for the reason that if China were able to return the island under its control, it would not work for Taiwan, despite the fact that the islands are part of Taiwan.

In addition, there are many reasons why Taiwan refused to cooperate with China. The conflict's roots are in historical events: one of the causes is the civil war. The other reason is the expulsion of Taiwan from the United Nations and transfer of China's territory, which in turn isolated Taiwan from the international arena.

Despite this, in 2012, Ma Ying-jeou, Taiwan's leader, offered to China and Japan to compromise and peacefully solve the problem of the islands. Next, the Taiwanese government also proposed the establishment of a mechanism by which they would be able to share resources between the countries, but neither China nor Japan reacted to it (Bi-Whei 2013). Besides, Taiwan is ignored not only by the state but also by the media, which speak about the conflict in the East-China Sea, mentioning only China and Japan, without any hint of the role of Taiwan. Therefore, Taiwan does not play a key role in this matter, but why?

On the basis of the data that are available, a hypothesis shall be formulated about how Taiwan can play a crucial role the islands dispute.

Due to the conflict with China and the loss of power in the international arena, Taiwan since the beginning of 1990s has tried to return to the UN, as well as to ask about the idea of creating 'two Chinas'. The idea is that Taiwan wants to become a separate state; in fact, Taiwan has its own government, independent from China. Next, returning to the issue of the islands, it was not just a declaration made by the Chinese government that the Senkaku Islands are part of Taiwan; it means that after separating from China, Taiwan will consider the issue of alienation of the Senkaku Islands from Japan, which finishes any interference from China. Moreover, the issue of the islands on their belonging to any country is constantly delayed or frozen, thereby allowing time to achieve UN recognition of Taiwan. In turn, for Taiwan and Japan it will be easier to agree on the allocation of resources as, firstly, Taiwan is a former Japanese colony, secondly, their political framework is similar, and thirdly, Japan and Taiwan are on good terms, thus they will be able to find a profitable trade for both sides. For this reason, Taiwan cannot be ignored in this matter, as a crucial point in the dispute

could be related to Taiwan: if it can prove that the islands are part of Taiwan, or simply it can make a compromise with Japan, then it will affect relations between countries in any case despite which side Taiwan is on.

### **4.3. The aggravation of the conflict**

Despite the fact that the disputes over the islands began in 1970, for 40 years the conflict has revealed mainly in the verbal form, or at the political level during the meetings of the representatives of China and Japan. Of course, there were small encounters on the borders between the two countries, but they were always resolved peacefully, thus China and Japan relations in the East - China Sea had not attracted much attention of the public until 2010.

In 2010, there was the first serious incident, which served as the beginning of tension in relations between Japan and China. On 7 September 2010, the Chinese fishing boat was seen with two Japanese patrol vessels near the oil-rich Senkaku Islands. The Chinese vessel was immediately stopped and Japanese patrol arrested the crew and the captain.

The event in the East - China Sea caused negative attitude among the Chinese population, and there was a wave of anti-Japan protests in the country. Some Japanese employees in China were arrested, tourist flights canceled, some large Japanese companies stopped work for several days. On top of that, the Chinese government immediately imposed economic sanctions on Japan by restricting exports of rare earth metals, imports of Japan tightened import into the country and so on. According to the Japanese patrol - they were forced measures for two reasons. First the Chinese ship was seen "in Japanese territorial waters", which is a violation of the border crossing. Secondly when attempts to force violators were taken, the Chinese ship rammed the boat of the Coast Guard, which eventually provoked the Japanese patrol to seize the ship. Despite the arguments of the Japanese government and video reports China did not want to make any concessions or admit they were wrong. As a result, the Japanese authorities were forced to release the prisoners, so that not to worsen the situation and stabilize the relationship. (Lee 2011)

As it can be understood the events of 2010 are of great importance. The reaction of the government and the Chinese people was unjustified. First, the Japanese authorities explained the reason for the detention of the Chinese vessel, the captain and the crew, as well as presented the video of the violation act. In addition, the Coast Guard explained its actions as

being forced, as the Chinese boat ignored warnings and requests from the Japanese fleet, as well as it rammed the Japanese ship. With this in mind, the Japanese Coast Guard acted within the chain of command. Thus, China's response was incorrect, and further actions of the Chinese government and the Chinese people toward Japan could push the idea of provocation. If to suggest that the situation at sea could be an act of provocation on the part of China, then it could give a rise to the conflict. For China Japan was the guilty party. After that, the relationship between the countries leveled off until the next incident in 2012, which became one of the most tense moments in relations between China and Japan over the past few decades.

#### **4.3.1. The 2012 crisis**

Despite the fact that in 2010 a small conflict at sea had a negative impact on the relations between China and Japan, the problem remained unsolved, and two years later the question of the islands again came into focus. In April 2012, Tokyo Governor Ishihara made a public statement that the prefecture government headed by him decided to buy 3 of 8 Senkaku Islands, which belonged to a Japanese citizen, for the development of tourism and fishing (Panov 2014, 516).

The response from China came almost immediately. China issued a statement that such behavior on the part of Japan is not acceptable and the purchase of the islands will be deemed void. However, Isihara ignored this remark by China and continued to implement his idea. Such actions are more like a provocation that would set China and Japan against each other, so that it would allow to strengthen relations with the US, as the US and Japan have a "security agreement", which in turn will be implemented, if China shows aggression or uses military force. On top of all the news Japan encouraged the residents of the islands for the purchase, and its abolition would greatly shake the already very weak position of the government. On the other hand, the continuation of the action meant the deterioration of relations with China. To smooth the situation, the central government decided to redeem itself of these islands, but it did not help.

According to China, the purchase of the islands meant that the Japanese authorities do not agree with the outcome of the Second World War, as the islands are part of the island of Taiwan and Taiwan, in turn, is under the status quo which applies to the Senkaku Islands.

Because of the current situation, an APEC summit was in right time, where a representative of China Hu Jintao and Prime Minister of Japan, E. Noda met. The Summit theme was about the Senkaku Islands and at the end of the APEC discussion it was also against the purchase of the islands by Japan, but after a couple of days, Japan made a deal with a private person and acquired the island.

After that, the relationship between China and Japan began to deteriorate at an exponential rate. According to China in 2010 once again an anti-Japan demonstration began, after which many Japanese companies were destroyed and looted. In addition, the Minister of Commerce of China appealed to the citizens of China not to buy Japanese goods, which affected negatively the sales of Japanese goods.

This discussion has not ceased. In October 2012, the UN General Assembly, Minister of Foreign Affairs of China, accused Japan of illegal appropriation of the islands. In response to this statement, the Prime Minister Noda said in his speech that threats or actions on the part of China are based on the violation of the UN Charter; the negotiations made it clear that China and Japan do not aim to make concessions and each country defends its interests without attempts to compromise. (Panov 2014, 517)

At the same time on the borders of the islands, both at sea and in the air a confrontation between China and Japan was going on. Around the borders near the Senkaku Islands, the ships were constantly patrolling and in the air space spy aircrafts can be often seen. Almost throughout the year, there was a great danger of a military conflict between the two countries, since the problem at the political level was frozen, and the provocative actions of the two countries on border crossings could lead to irreversible consequences.

At the end of December 2012 the Government of Japan was led by Abe, who became the head of the government; and his very first actions were aimed at improving relations with China and the reduction of conflict in the North-China Sea. In 2013 there was a meeting between the representatives of Japan and China at the highest level, where the decisive "crisis" was related to the Senkaku islands. The meeting was a success; the two sides failed to make concessions and agreed with some mistakes that had made over the last year. As a result, despite the fact that the issue remained unresolved, the meeting bore fruit and the risk of escalation of the crisis subsided that was a good start to improve the situation and relations between the countries. (Panov 2014, 518)

#### **4.4. Attempts to resolve the conflict and to strengthen the role of Taiwan**

In fact, despite the differences and grievances, China and Japan had tried to find a compromise before the 2010 (First Senkaku Islands crisis). Below are some attempts that show the desire not to resort to military force, and the desire of countries to resolve the conflict peacefully and find a way out of this situation.

##### **4.4.1. Consensus between China and Japan in the East China Sea in 2008**

At the beginning of the 21st century, it became clear that the issue of the Senkaku Islands was not to be resolved by itself and it needed to do something to prevent the crises in the East - China Sea. For this reason, the countries decided to make concessions, and the first meeting took place in 2004. At this meeting, the representatives of China and Japan discussed issues of the development of oil and gas fields in the East - China Sea, which is just a situation of the disputed Senkaku Islands. Despite the fact that the first meeting and discussion of the joint work took place in 2004, countries were able to reach a compromise in 2008. One of the first documents and consensus included a small division of the territories and the delimitation of the East - China Sea, as well as the creation of the Consensus, which consisted of three parts.

Consensus:

1. Cooperation between China and Japan in the East China Sea;
2. Understanding between China and Japan for joint development of the East China Sea;
3. Understanding on the participation of Japanese legal person in the development of Chunxiao oil and gas field in accordance with Chinese laws.

This document is one of the first successful agreements concluded between China and Japan. Unfortunately, when China proposed to jointly develop the issue related to the Senkaku Islands, Japan refused, as it regarded this territory as its own (Jianjun 2009). Despite the negative response of the Japanese government, the contract was a good starting point for improving the situation in the East-China Sea.

#### **4.4.2. The attempt of Taiwan to influence the situation in the East - China Sea.**

As mentioned earlier, in 2012, Taiwan was trying to defuse the situation between China and Japan, and it even offered to create a mechanism by which it would be possible to allocate resources between countries. In addition to the escalation of the conflict, Taiwan could no longer engage in fishing activities, which had a negative impact on the economy. Then, such a statement did not find a response, but with the advent of Shinzo Abe in late 2012 in Japan, the situation changed.

In April 2013, Japan made concessions with regard to Taiwan and signed an agreement on fisheries between China and Japan, which allowed both sides to use the water for fishing (Brinkley 2014).

According to Denis Hickey from the University of Missouri, this agreement had a positive impact on the relationship between Taiwan and Japan. Although it is worth emphasizing the fact that Taiwan is very much in need of the support of Japan, both in political and in economic terms. Just it had a little difficulty in the execution of the agreement, as diplomatically Taiwan and Japan are not connected and the contract had to be concluded through surrogates NGOs (Brinkley 2014).

For Japan, the improvement of relations with Taiwan also has its value. Firstly, small concessions that the Government of Japan has gone as does not affect the Japanese economy. Secondly, establishment relationships can make a good ally of Taiwan in the East - China Sea. Third, Taiwan and Japan have good economic ties and similar political views, so Japan has made a correct and deliberate step. Moreover, the Japanese government has shown that it is ready to make concessions that will positively demonstrate Japan on the world stage.

Perhaps Japan made concessions because Taiwan could affect the relationship of China and Japan. Moreover, Taiwan's president often talks about the improvement of relations between China and Japan and how important they are. Talks about finding a compromise began in 2012, but in 2013 they attracted the public. Perhaps Japan made concessions because Taiwan could affect the relationship of China and Japan. Moreover, Taiwan's president often talks about the improvement of relations between China and Japan and how important they are. Talks about finding a compromise began in 2012, but in 2013 they attracted the public. This idea received support from countries around the world, as well as by the Congress and scientists. The proposed treaty Taiwan was not just an idea, and they started to discuss it at a high level between countries, including China and Japan. It also serves as a great plus for

Taiwan and attracts attention, it may be good for as the Taiwanese government in the future and it can affect the question of the Senkaku Islands. But there is an opposite opinion that Taiwan will not succeed in solving the problems between China and Japan - for historical facts and self-interest (Brinkley 2014). This idea received support from countries around the world, as well as by the Congress and scientists. The proposed treaty Taiwan was not just an idea, and they started to discuss it at a high level between countries, including China and Japan. It also serves as a great plus for Taiwan and attracts attention, it may be good for as the Taiwanese government in the future and it can affect the question of the Senkaku Islands. But there is an opposite opinion that Taiwan will not succeed in solving the problems between China and Japan - for historical facts and self-interest.

#### **4.4.3. Agreement between China and Japan in 2015**

In 2015, after the tense situation in the East China Sea, China and Japan decided to negotiate in order to prevent any crisis situations, both at sea and in the air. Countries decided to establish a special mechanism that will not only solve the issue of the border, but also create a special link between the Japan Coast Guard and marine police in China (Kotani 2015). In addition, China and Japan restored the negotiations on the disputed Senkaku Islands, and they also wanted to come up with a mechanism that will prevent any conflicts between the countries. This step is one of the most promising in the past 3 years, after the crisis in 2012

Could this be the influence of Taiwan? Consider this option it is possible, as the Taiwanese president often talked about cooperation and improvement of relations, as well as the expressed ideas that would help to improve relations between China and Japan in the East-China Sea. In any case, the probability that Taiwan has a small effect can be.

#### **4.5. Analysis**

The crisis that has emerged in the East - China Sea deserves close attention from the United Nations and the public. Despite the fact that the situation got stabilized, the problem has not yet been solved, suggesting the possibility of the outbreak of the conflict again. But it is worth noting the positive steps taken by both countries, some of which lead to mitigate the

problem. It is also worth noting Taiwan's contribution to this issue. Taiwan does not try to be on the one side of the state and support position and interest's only one side. Taiwan tried to find a compromise to solve the problem and satisfy both sides. The possibility of concluding an agreement between China and Japan in 2015 and the idea of the establishment of mechanisms, is a credit to the Taiwanese government, which began to talk about the cooperation between the two countries, for the sake of common goals and benefits. Especially in 2013, Taiwan was able to adjust the relations with Japan, which had already made some concessions regarding fishing near Senkaku Islands. The reason for this could be widely spread public opinions of the Taiwanese government which was approved in many countries and organizations. Do not forget that the UN also supported Taiwan's idea of creating a mechanism to allocate resources between countries as well as Japan and China are members of the UN, the impact of this situation is important. Another factor is the governments of both countries, which have to act carefully so that not to lose the confidence of their citizens. For these reasons, it can be assumed, or even to be accepted as a fact that Taiwan has a role in resolving the conflict between China and Japan, and may be able to bring the solution of the Senkaku Islands problem.

Perhaps, in this situation, Taiwan can serve as a third side to assist in resolving the conflict, but Taiwan has its own interest, which is not known, and how it can influence the situation. On the other hand, China and Japan have made many attempts to resolve the situation on their own, without involving a third side, but they failed. To be precise, the problem has always remained open regardless of the decisions and arrangements. Therefore, Taiwan's intervention on the creation of a system and the public support has played a role in the restoration of relations between Japan and China.

The final decision on the crisis in the East - China Sea may have to wait for a very long time, since each country at this stage hard to make concessions. Also, in most situations, parties respect only its own interests rather than the settlement, stability and compromise to resolve the conflict. It all depends on which way the country will go and how they will continue to build relationships with each other.



## **5. DOES TAIWAN INFLUENCE THE RELATIONSHIP OF CHINA AND JAPAN IN THE INTERNATIONAL ARENA?**

The XX century brought about changes in the foreign policy of all countries. The reasons for that were WWI and WWII as well as the creation of nuclear weapons as a result of the technological progress. For this reason, countries began to think about the creation and strengthening of international organizations, with heads of states and ambassadors usually representing and defending interests of their countries in such organizations.

In every organization, there are permanent members of the committee, who meet throughout the year, such as the UN and OPEC. As each organization has its own mission or purpose, some are engaged to maintain and strengthen international peace and security (UN), the development and regulation of trade and political relations (WTO). In addition, there are non-governmental and intergovernmental organizations such as: OPEC (12 countries), which controls the quota for oil production, Greenpeace, which tracks the ecology in the world, Red Cross is in charge of humanitarian movement.

With the establishment of international organizations in the XXI century, diplomacy and cooperation began to play a significant role on the world stage. Today all countries are members of some international organizations which remain in the global policy network. In addition, each organization has its own rules and regulations, confirmed by the international law, and which must be followed by all members of the organization. China and Japan are no exception, as they are members of many organizations where they have to cooperate and compromise, and sometimes to solve joint problems, despite the conflicts and grievances between each other.

### **5.1. G-20**

G20 was created as a forum for finance ministers and central bank superiors who meet once a year or more if it needed, to discuss world economic problems (History of G20 2015).

Despite the development and strengthening of China, Taiwan is an open question. Taiwan still intends to become a separate state, and in many situations it creates problems at the international level.

When in 2008 there was a global crisis, which affected most countries and strongly hit the United States, G-20 meetings became a frequent occurrence in the search for solutions to that problem. At the 2009 Summit there was raised a question of Taiwan and its possible assistance to the countries which the crisis had affected. At that time, Taiwan's foreign exchange reserves had 300 billion dollars since the crisis had not greatly affected the economy of Taiwan. For that reason, theoretically, Taiwan could provide financial assistance to other countries, but there were difficulties. Taiwan's status did not allow it to participate in many international organizations, as well as to be a member of the G20 and to take part in the summit to address the problem. However, Taiwan's economy was closely linked to the international economy and it was in the interests of Taiwan to help in a crisis situation. For this reason, were several directions:

1) Taiwan could have transferred money through China, but then it could have shown that Taiwan was a part of China. Such action would have had a negative impact on Taiwan's policy.

2) The second possibility was to provide the money through the United States, which might have looked as if the strengthening of diplomatic ties between Taiwan and the US.

3) A third way might have been connected with the Asian Development Bank. Taiwan is a member of the ADB, which will exercise its rights as an independent member of the Bank. (Taipei Times 2009)

Almost any of the methods, except the last one, could have created a lot of problems for the government of Taiwan. The first way to transfer money through China means the recognition of the government of China and Taiwan's easing policy. The second method is to assist the United States via Taiwan in the way that it would look like an opportunity to strengthen relations between them and this, in turn, could provoke China. And the last option, the transfer of money through the Asian Development Bank was the best way to do it not to violate any rights of Taiwan; Beijing is not provoked and there is no direct contacts with the countries. In any case, the solution to this problem is difficult, and in any case it would not suit one of the parties. This kind of problems are very common in international politics. The Taiwan question has a negative impact both on the international stage, and on the position of China. Despite this, China continues to steadily gain economic power and influence. An example of this is the G-20 summit in 2015 year.

At the end of 2015 it was definite that the next summit of the G20 would be held in China (Chin and Dobson 2015). The information quickly reached global media and spread throughout the world, which caused great interest and attention. According to the Austrian Prime Minister, most of the G20 members voted in favor of China, as the host country in 2016. Unfortunately, this decision had a negative impact on the perception of Japan as well as the means strengthening China's political authority, both in the international arena as well as in Asia. After all, despite the fact that the conflict with the islands of Senkaku been more or less resolved, the competition between the two countries has remained and is now seen in almost any situation, which could have a positive impact on the country to play in the international community. This decision also shows that China is now the representative of the demonstrative force in Asia. After the decision was made, China made immediately a statement that it intended to fight corruption, not only in its country but also in the international arena; new agreements signed with China demonstrated such intentions. Many of them include a large display of financial diplomacy, such as the BRICS Bank and Asian investment bank infrastructure. For the President of China, it is an opportunity to support China and earn the trust of the world's countries and demonstrate the real aspirations of China. Despite that Tokyo cannot be written off, as it has contributed and contributes greatly to the development of the organization in particular from the point of view of international security. However, the problem lies in the fact that both countries have different preferences in the global governance mechanisms, as Tokyo prefers greater G-7 where it has more impact and would have gained more approval than the people of other countries in the G20 (Chin and Dobson 2015). Beijing is more supportive of the G20, because firstly it employs more states, and secondly, negotiations are at a higher level, which can get more support and relations with other states (Chin and Dobson 2015). It is worth noting that, despite the tough competition, in 2014, there was a return to the meeting between China, Japan and South Korea Finance Ministers (Chin and Dobson 2015). This already shows that Asian countries are willing to cooperate; such meetings and relationships will also contribute to reduction of geopolitical tensions in the region. Despite the fact that meetings had been held between the two countries since 2014, in 2015 it became clear that China would be heading a G20 summit. It did not affect the financial meetings between Japan, China and South Korea, which is a good sign.

The situation in which Japan found itself greatly affected the ruling government. The reason is the demonstration of the fact that China had stronger influence on the international

scene than Japan, which in turn, can make the local population think about Japan as having a weak government. Thus the cause of mistrust and doubts about the ruling power created some problems in the state. It might not happen immediately, but if Japan continue to compete, this will sooner or later be reflected in the government.

Returning to the summit which will be held in China in 2016, it is worth noting that the summit will be a good platform not only for China but also for the Asian neighbors. China will act as a host of the G-20 to introduce new ideas and proposals, to address the problems and issues concerning financial stability, modernization, infrastructure development and more. In addition, all Asian member countries (China, Japan, South Korea and Indonesia) are going to provide funding for the creation of a new G-20 Coordination with headquarters offices (Chin and Dobson 2015). This gesture will show Asian countries in a good light, and can be one of the key topic of the G20 summit.

## **5.2. ASEAN**

ASEAN is an intergovernmental organization of South-East Asian countries for mutual cooperation and development of the economy, politics, culture and security in the Asian region. ASEAN Nations was created in 1967 by the Government of Indonesia, Malaysia, the Philippines, Thailand and Singapore. In the future, with the joining of other countries to the organization, it changed its name to ASEAN, ASEAN+1, ASEAN+3, ASEAN+ 6. (Moon 2007)

ASEAN includes 10 countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore Thailand and Vietnam); ASEAN is the third largest bloc in the GDP and the population in Asia. The Organization is second for the population only to China and India, and with China and Japan's GDP it is on the third place.

ASEAN+ includes the countries of ASEAN plus China, Japan and South Korea, India, Australia and Zealand.(Asean3 2004) All others ASEAN+1,3,6 means the meeting of 10 countries with one or more of these countries associated with certain questions or topics in relation only to the country.

The reason for creating a union of countries and organizations is in the growing economy of China and India, as well as in the conflict between Japan and China. For this reason, a coalition of 10 countries was formed in order to strengthen the relationship and

strengthen its position in Asia. ASEAN economic position is aimed to achieve high economic integration, as well as the development of high competitive ability in the international arena. In the future the organization with partners in Japan, China and South Korea can make an important contribution to economic development of the Asian region.

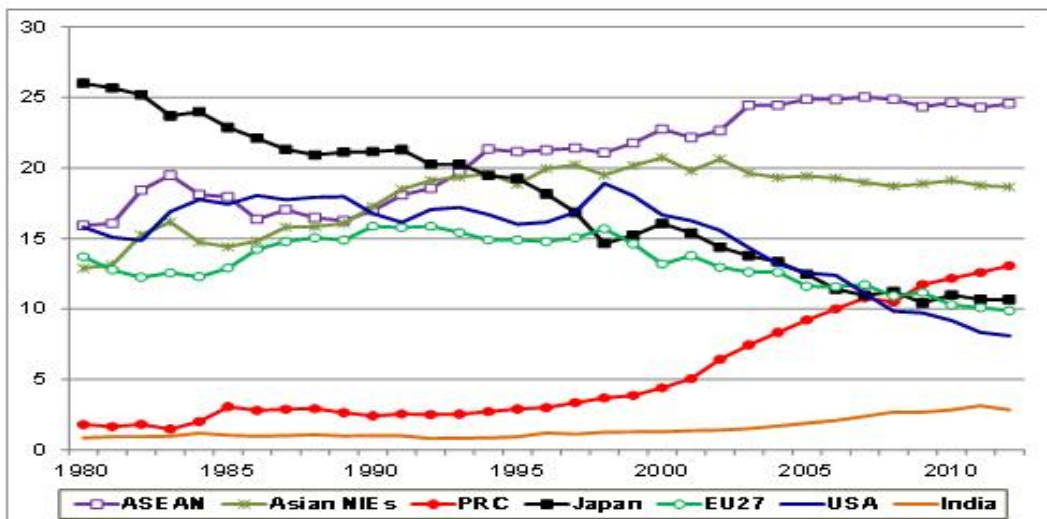
### 5.2.1. Japan's position

In recent years, the economic development and China's influence in Asia contributed to the improvement of trade relations between ASEAN and China. In spite of all this, China is still a small source of FDI in ASEAN, which allows for the development of relations between Japan and ASEAN. Currently, Japan is the largest investor, and it plays an important role in economic development and the ASEAN integration. Due to which Japan and ASEAN countries are building good friendships, in turn, ASEAN has an important role in the continued development of the economy of Japan, which makes their relationship mutually beneficial. (Kawai 2013)

However, despite the fact that China is improving its trade relations with ASEAN, Japan still plays a major role, as an individual state. It is likely that Japan will try to further strengthen its position in the ASEAN and get the full support of other countries. The reason is the fact that Japan's economy plays an important role in the ASEAN, and for this reason, Japan wants to remain the dominant figure in the organization.

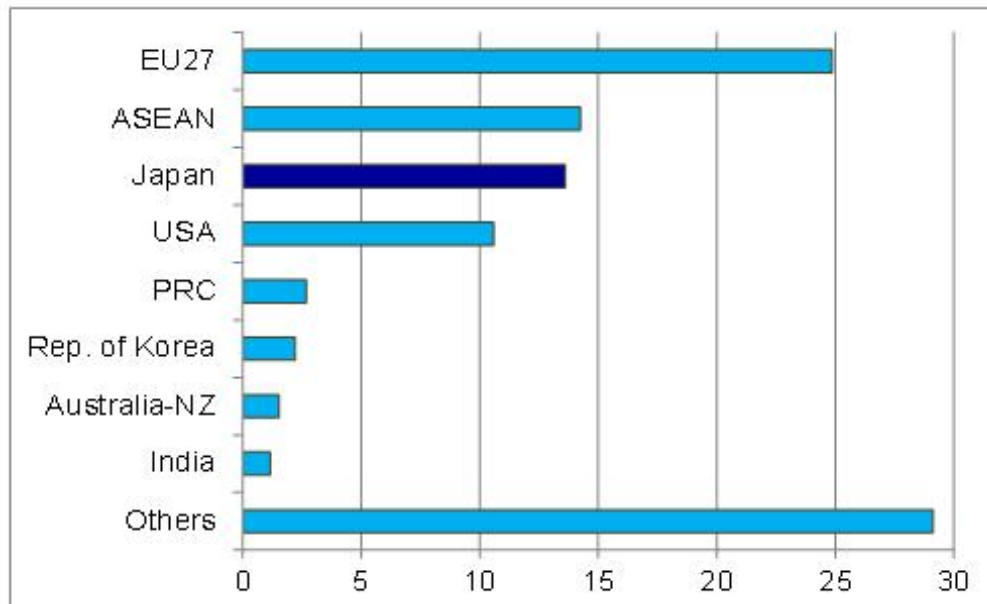
Japan is one of the three partner countries and the first ASEAN partner. Japan is the second largest trading partner of ASEAN (Figure 4), as well as one of the major investors (Figure 5) at the end of 2012.

Figure 4: Share of Trading Partners in ASEAN's Total Trade (%)



Note: Asian NIEs are the Asian newly industrialized economies, comprising Hong Kong, China; the Republic of Korea; Singapore; and Taipei.

Figure 5. Share of FDI Source Countries/Regions in ASEAN's



Japan makes a very large contribution to ASEAN integration, which results in the decrease in revenue in the countries that joined in the early 90s. In these countries, the economic situation was very weak and lagged behind the top five countries. For example, the difference in the per capita in Singapore in 2012 was more than 60 times than in Myanmar. Due to Japan's involvement it began to change:

First, Japan's support for underdeveloped countries in economic sectors such as infrastructure, agriculture and retraining of workers, will be an excellent way out of this situation.

Second, the supply of various goods for economic development in CLMV countries, will help countries in the initial start of the development, as well as in the future competitiveness of the ASEAN countries.

Third, smoothing customs procedures for all ASEAN countries, thereby will strengthen the relationship between the two countries and common development.

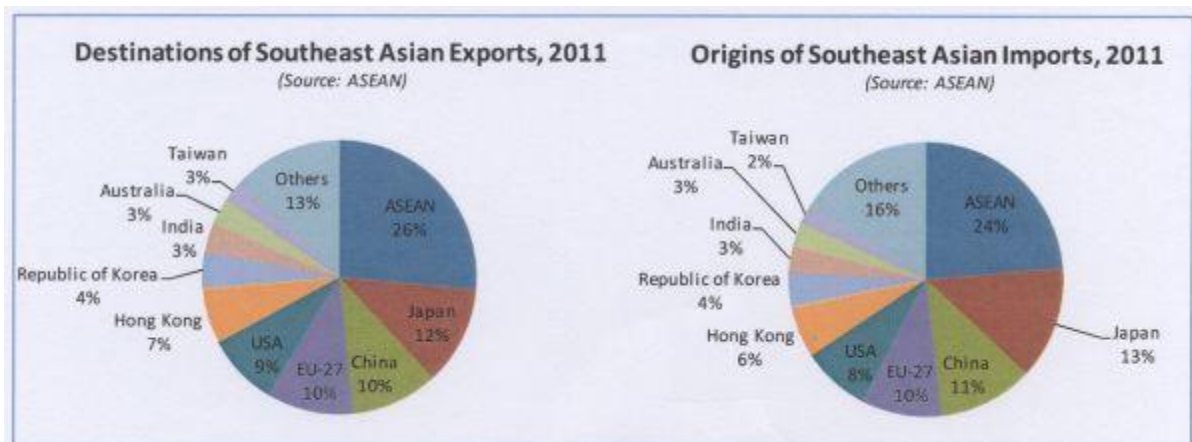
In addition, Japan will continue to play an important role in the development of regional markets and bonds, which will also promote and support economic stability and growth of the ASEAN. ASEAN's future depends on quality of their desire and determination to change the reform and development of integration in each country, which will strengthen the position of the countries in Asia and competitiveness on the world stage. (Kawai 2013)

Speaking about the overall integration of the Asian countries and the increasing Asian influence in the international arena, one must not forget that this is the only possibility in the case of reconciliation between China and Japan. The competition, which is actively supported by China and Japan for the past several ten years, could serve as a challenge for the development of integration. More specifically, it can make integration impossible in Asia, which has a negative impact not only on the ASEAN, but also it will be bad for the whole Asia.

### **5.2.2. China's position**

China's role as the Asian super power began to increase at the beginning of the 90s, at the time when the economic stagnation started in Japan, which lasted for 10 years (Mie 2014). The weakening of Japan helped to strengthen the influence of China, with its rapidly growing economy. Despite this, Japan continued to support ASEAN countries during the economic crisis; China was able to break away and to strengthen its position very much. But with the rapid development of China there was growing fear of its neighbors. To improve the situation China in the late 90s launched active diplomacy with neighboring countries, which served as a good start for trusting relationships between the two countries, but it was not for long (Mie 2014). In the early 2000s China began to show aggression towards the countries of the neighbors for territorial disputes and maritime borders. The situation was even more acute in the East-Chinese Sea between China and Japan in 2010 and in 2012 in particular. The reason was the Senkaku Islands ownership. The conflict between the two strongest Asian countries was bad for the economy and the ASEAN policy. For this reason, the ASEAN Foreign Ministers in July 2012 attempted to solve the conflict between the countries, but not much progress was achieved. Despite the conflict of interests, China continued its cooperation with ASEAN, as China's main task was to hold the leading position in Asia. Participation in the development of ASEAN also gave advantages for the development of its economy and

expanded the influence of China. For example, in 2011 China was almost on par with Japan on imports and exports within the ASEAN region (Mie 2014).



International trade with ASEAN in 2011 Figure 6 (Daite 2013).

It has to be mentioned that China was not for an aggressive policy in the early 2000s and in the situation with the Senkaku islands, but for the last years China has started to act differently. Most likely the Chinese government has decided to strengthen its position at the expense of the economic impact and development. An example of this is the active participation in the investment and cooperation in many economic organizations, including the ASEAN. Could it be the new direction of the Chinese government to achieve its influence via economic activities rather than through a policy of aggression?

Also, in support of China, in 2012 the Malaysia's Prime Minister Najib Razak said that China's importance for Asian neighbors was crucial. The Prime Minister noted that China had a positive impact on the economic development of the countries in Southeast Asia. The Vietnamese Prime Minister urged ASEAN countries to cooperate with China, because according Najib, China would promote positive effects and further development in the Asian region. Also it was said that the Republic of Laos received support in the development of China Mekong and other areas. In conclusion, the Prime Minister said that in the framework of the ASEAN summit, ASEAN and China could create a great alliance and to ensure prosperity for all. (Xinhua 2012)

This kind of support from other countries plays an important role in increasing of the Chinese authority not only in the ASEAN but also in the international arena and in Asia. On the one hand this demonstration shows China in its best light, as an economically strong



peaceful state, which is ready to cooperate. On the other hand, the probability that China is trying to increase its relevance and impact due to the support of other countries is also an integral part of its policy. And this, in turn, provokes the Japanese Government to continue to compete with China, which would not lose its importance in Asia and in the international arena.

Despite the positive impact of China and Japan on the economic development of ASEAN countries, there are issues that may adversely affect the further development. The first negative factor is the competition between China and Japan. The struggle for leadership and territorial disputes has a negative impact on the relationship of the countries that, in turn, will not contribute to the development of integration in the Asian region (CNA 2013).

The next problem is the Taiwan question. Taiwan is trying to act as a separate state, even though it is part of China and has certain responsibilities and boundaries. Despite that Taiwan wants to become a regional economic partner of ASEAN. Consideration of the request of Taiwan may have a negative impact on the attitude of China to ASEAN, which makes the situation dangerous enough. Another danger is that China might split into two parts, which will also have its consequences in the relations between countries in Asia.

### **5.3. APEC**

APEC is the Asia Pacific Economic Cooperation which was establishment in 1989 for promoting free trade and development in the Pacific Rim economies. The organization also deals with improving the operation of customs, assistance to developing countries, the development of economic integration, and much more. Currently, APEC members are 21 states. (APEC 2016)

Tensions between China and Japan have a negative impact on all countries, for this reason, for the last years APEC countries have been trying by any means to connect China and Japan. The reason is the economic factor that binds all Asian countries and plays an important role on the world stage. Asia accounts for about 1/3 of the world's economic output, which is a significant part. Despite this, at the APEC countries account there are about 60% of the total world GDP, which is more than half. For this reason, the importance of cooperation and peace among APEC countries is needed to maintain and improve their economies (Xinhua 2015). Therefore, when a conflict between China and Japan started for the Senkaku /

Diaoyu, APEC soon began to take steps to eliminate the threat "of large-scale conflict." Perhaps because of meetings at the APEC platform, China and Japan found a common language and were able to reach a warming in relations.

The OPEC has had and has a strong interest in the maintenance of peace among Asian countries, especially China and Japan. The economic potential of China and Japan plays an important role in the promotion of the Asian market to the east, as well as in the development of the region. For this reason, any conflict between the two Asian giants can affect the economy of the whole of Asia, especially if the conflict is escalated to a military one. For this reason, the OPEC has tried and will try to maintain a truce between China and Japan. An example to illustrate it is the summit on the basis of the OPEC in 2014.

One of the first summits to improve relations between China and Japan at the APEC platform was on November 10, 2014. One of the main objectives of the summit was to improve the two-party relations between China and Japan for the following purposes, some of which have been achieved, while others are planned to be.

1. First, at the time of the tense situation in the East - China Sea, the probability of war between China and Japan was very real. Meeting at the summit lowered the risk of accidental conflict and defused the situation.
2. Second, thanks to the improvement of relations between China and Japan, "the APEC diplomacy" helped China to improve relations with other countries of the Asian region. The summit could open new opportunities for cooperation and established new goals to improve the economic strength.
3. Third, after the summit, Chinese and Japanese ministers agreed to meet at the ministerial level. After a couple of days at the meeting they were able to come to a decision on the resumption of the issue of the construction and development of the Sino - Japanese maritime communication mechanism.
4. Fourth, to improve relations means the continuation of cooperation, both at the political and at the economic level, which plays an important role in the integration of APEC in Asia.
5. Fifth, tension easing in Sino-Japanese relations could serve to improve the Asian security. Now China and Japan could not devote resources to conflict between each other, but devote resources to improving global security: terrorism, natural disasters, and medicine.

Due to the APEC summit, China and Japan were able to come to a compromise and began the first developments to improve relations between the two countries and the cooling of the conflict. But even after this, the countries took great care and continue to be suspicious of each other. (Zhaokui 2014)

According to experts, cooperation between the three economic powers plays the role and is of the biggest importance and impact on the APEC. China, Japan and the United States have great economic potential, which can have a positive impact both on the world economy, and on the APEC economies. All this is possible only in case of joint work and cooperation. Despite the fact that China and Japan have made concessions and compromises, the problem is frozen and after a while the conflict can come loose again. The importance of cooperation between the three powers, is a necessity for the further development and achieving economic integration.

To maintain and develop the relationship between APEC countries and the improvement of the economy, even in Beijing in 2014 the issue of free trade among APEC countries was raised. Implementation of the "Trans-Pacific Partnership" is only possible if an agreement between all the APEC countries is reached. At the moment, there is an agreement between the US, Japan and 10 other APEC countries. Unfortunately, China and Russia are negative about this because of the United States (Xinhua 2015).. Despite some controversy, and the lack of agreement, a free trade zone will cover all 21 APEC members, which will be implemented by 2025, of course if all countries come to a compromise and agreement (Xinhua 2015).

The need to maintain the agreement of all countries is an important step for the development of friendly relations and cooperation among OPEC countries. Cooperation with the United States can also help in the implementation of trade promotion in the west, which is one of the goals of Asian countries. For this reason China should consider the prospects and opportunities rather than see the US threat.

Another problematic situation of APEC is the "Taiwan issue" and Taiwan's attempts to engage in dialogue with China during the summit. One such example is the November APEC Summit 2015. During the APEC summit the president of Taiwan wanted to meet with Chinese President Xi Jinping to discuss political issues, but it did not happen. (Bush III 2014) According to the Chinese President, the meeting at the APEC platform might look like a meeting between two countries, which might show the international identity of Taiwan.

Undoubtedly, it should be noted that the situation across the Taiwan Strait in recent years has achieved a positive shift in economic terms. This happened due to the new president of Taiwan Ma, who took office in 2008. One of its original goals was to improve relations with mainland China. Because of the efforts of Ma, the economic agreement (ECFA) was reached in 2010 for the mutual benefit between the parties (Bush III 2014). Unfortunately, not all responded positively to the actions of the new President of Taiwan. The opposition Democratic Party with the support of students - activists reacted negatively to the economic agreement. According to the opposition, such action could negatively affect the individual development of Taiwan's sovereignty. Such events may reflect badly on the further development of relations between China and Taiwan. After all, the desire of Beijing is to keep Taiwan under its jurisdiction, in its turn, Taiwan is trying to achieve sovereignty and separation (Bush III 2014). At the moment, due to the position of Taiwan and the 1992 consensus, there are two political systems in the country. That, in turn, creates problems at various types of meetings and attempts of Taiwan to establish relations with other countries on an international basis. To find a solution to this problem today is impossible, because in addition to the complex relations between China and Taiwan, there is another problem.

In recent years, Taiwan has started to improve its relations with Japan, which fully supports the desire of Taiwan to separate from China. Meetings between representatives of Taiwan and Japan began to occur on a regular basis, which is very critically perceived by the Beijing government. In addition, Japan claims that it will support Taiwan's desire to join the TPP (Smith 2016). This may damage not only recently improved relations between China and Japan, but it can also impact the development of economic relations in APEC and the integration process itself.

However, improvement of relations between Taiwan and Japan began in 2010 (the same year the first conflict over the Senkaku Islands between China and Japan took place) and gradually became better every year. The cause of this is the support coming from Japan and mutually beneficial economic relations. Also in October 2016, despite Beijing's objections, Prime Minister Tsai visited Japan in order to strengthen economic ties, as well as for support of the Japanese Government for Taiwan's participation in the TPP (Smith 2016).

In addition to the improvement of relations at the political level, there are good relations between people of Taiwan and Japan. One example is the survey conducted in 2011, in which about 67 Japanese people expressed positive attitude towards Taiwan (Smith 2016).

In economic terms, Japan is the second most important economic partner of Taiwan and Taiwan, in turn, is partner number 5 of Japan (Ministry of Foreign Affairs 2013). In addition to economic trade between the two countries, the development of tourism enriches both regions, which also strengthens the relationship between the Japanese and Taiwanese, and has a positive effect on the economy.

An earthquake in Japan, which occurred in 2011, also played an important role in strengthening relations between Japan and Taiwan. Taiwan donated nearly 3 million for the assistance and support of Japan (Smith 2016). This gesture of good will in a difficult situation for Japan had a positive impact on the future development of their relations, especially since Taiwan was the second largest party, which made such a donation for Japan (the first was the United States).

Although cooperation between Taipei and Tokyo is supported by the official diplomatic relations between them. Japan sees Taiwan as a good ally and partner, so it is willing to support it. One example to demonstrate it is the statement by MOFA: Japan cannot simply sit back and "expect" the issues surrounding Taiwan to be "resolved peacefully by direct dialogue between the concerned parties" (Smith 2016).

Despite the desire of the Japanese government to help Taiwan, there is a risk. First, a strong Japan intervention may aggravate relations between Beijing and Taipei. Second, it could hurt the already weak relationship between China and Japan.

Perhaps the best way to help Taiwan without the deterioration of relations between the two countries is to support Taiwan as a TPP participant. The development of free trade among APEC countries is also about Taiwan (Chinese Taipei) to provide a good economic base and to strengthen ties with other countries.

In any case, the possibility of conflict between China and Taiwan-Japan stays. Everything depends on the actions of Japan and Taiwan and the reaction of Beijing. The desire of Taiwan to become a separate state and be able to participate in international organizations and summits already reveals itself, thus causing concern in the PRC. In addition, Taipei has no time to ignore the request of Beijing, which could adversely affect the future development of relations between them.

## **5.4. Bilateral Political Relations**

Regardless of the contradictions between China - Taiwan and Japan, countries are dependent on each other in a variety of industries. Cultural exchange, trade, political discussions are continuing between the two countries, even in times of conflict. Naturally, the deterioration of relations between the two countries covers all aspects of the two-party relations, but it does not mean that they stop. To some extent, they may suspend, or decline, as it was in the period of 2010 and 2012 between China and Japan, but the full stop would have a negative impact on any of the parties. For this reason, countries continue to build relations on the basis of favorable structures for them.

## **5.5. China – Japan**

### **5.5.1. Trade**

In 2008, many countries were affected by the global crisis. In each country, the crisis affected in different ways, for some it was hardly noticeable, for others (the US, for example) it was a real shock. Despite the fact that China and Japan quite normally overcame the crisis, it impacted the economies and trade between the two countries. The conflict that broke out between China and Japan in 2010 and then in 2012 also left a large footprint in the relations of these countries on the economic basis. The following data on exports and imports between the two countries and its decline clearly demonstrates it.

According to the analysis of trade between China and Japan in 2015, based on the data obtained from the "Japan Trade Statistics" and from the Ministry of Finance and the "Chinese customs records," the volume of trade between China and Japan decreased by 11.8%. This decline was seen for the last time 6 years ago in connection with the financial crisis. Yet a 14.5% decline in the yen against the dollar should be noted as a key factor for imports fell to 11.3%, and exports to 12.3%. (JIFFA 2016)

Despite the decline in trade and the fall of the yen, the trade relations between China and Japan are ranked third in the world. For example, in 2014 the trade turnover between the countries amounted to \$ 340 billion. To consider the partnership between the two countries, China takes the first place as a trading partner of Japan, and Japan, in turn, is the second

trading partner of China. In addition, Japan is the biggest investor in China with an investment of about \$ 100 billion (30 billion and more than the US, which is located at the second place). (Drysdale 2015)

Notwithstanding the worsening in relations, countries continue to actively trade with each other. Perhaps the reason is also the factor that countries have different levels of industry and products that fit well in the economy of each country. For example, Japan is developing technologies that help fight environmental pollution, which is so necessary for China. In turn, China has a good technological leap in the engineering industry and other important industries. It can be said that the countries are interdependent on favorable terms.

As mentioned above, in the XXI century the interdependence between countries is an integral part of the economic growth. For this reason, China and Japan need each other for the improvement and promotion of their economies as well as for their further development. This is why, despite the existing conflict, the countries continue to trade and support economic ties. Certainly, the conflict can partially influence the economic relations with the introduction of small restrictions associated with the import of the imported goods and taxes on them. The termination of the economic relations may be too much to hit the economy of both countries.

However, due to the conflict in recent years, there is an economic downturn among the countries, which continues to increase. The question is whether the countries will be able to continue to maintain trade relations and whether the economic factor will connect China and Japan despite political differences? In fact, the probability of keeping trade relations between the two countries is rather high, especially since the countries are already moving towards compromises and solutions of political problems.

### **5.5.2. Political debate**

Despite the fact that the relationship between China and Japan are in the "defrost" process, there are frequent meetings, both in the international and internal levels, between representatives of both countries. When in 2012 the relationship between China and Japan deteriorated, the countries long refused to negotiate or hold meetings. But after almost a year and failed attempts to solve the problem, the countries went on a first compromise. The meeting took place on January 16, 2013 between the former Prime Minister of Japan Yukio Hatoyama and the representative of China Jia Qinglin (Yi 2014). This meeting was devoted to the islands Diaoyu / Senkaku, as the situation in the East - China Sea had not improved.

After the January 16 meeting between representatives of the countries it became a more common practice to meet and discuss the ways of resolving the conflict, as well as the further development of relations every month.

It has to be mentioned that there are changes in the relations between the two countries which resulted from the OPEC summit. The summit which was based on the OPEC base in 2014 in November was also important as members of the organization realized that they needed to try to solve the problem together, or try to reconcile China and Japan at the international level. At the summit in 2014, the countries for the first time in a long time found a compromise. From that point it was possible to say officially that there was warming in relations between China and Japan.

The next major step is 2015 with the establishment of the China-Japan special line communication in order to maintain stability in the East - China Sea for the coastal and marine protection. This point is of the rotary in the resolution of the conflict, as the issue over the islands, though not solved completely, was delayed and thus it defused the situation between the two countries.

There have been many examples and meetings in recent years between the two countries. This suggests that China and Japan are going to improve relations, resolve conflicts and reach compromises. Certainly, questions regarding the Senkaku Islands have not been resolved, the Chinese cannot forget the Second World War, but the questions will be discussed between the two countries to reduce some tension. Although there is also the likelihood that the support and influence of other countries, as well participations in organizations and compromises that China and Japan have already made, will be of help in future to solve the problem.

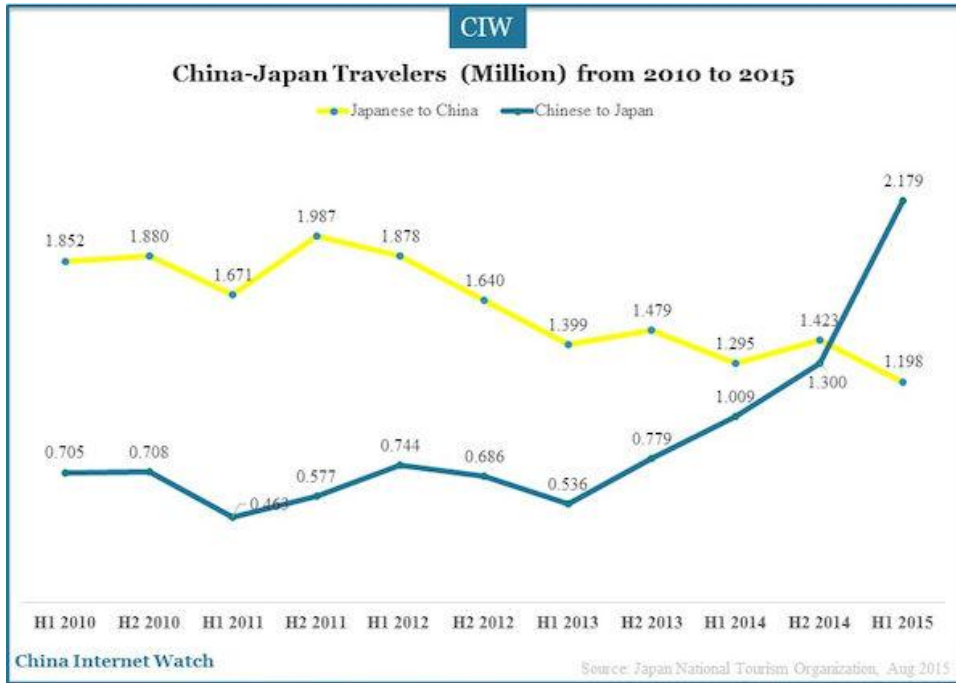
### **5.5.3. People exchanges**

Tourism has always been one of the ways of recreation, as well as knowledge of other cultures. In addition, tourism has a positive effect on the economy, as well as its prestige. China and Japan, despite the proximity of cultures are popular places of tourist destinations for each other. The year of 2015 is very characteristic to demonstrate such a tendency.

A record number of tourists from China to Japan were registered in 2015, which amounted to 2.179 million. The most interesting fact is that the number of Chinese tourists has not only gained a record amount, but also inspired visits to China by Japanese tourists. On



top of that with an increase in visits from Japan of Chinese tourists, China has become the number one market for Japan Tourism. Figure 7.



Increasing tourists from China is a good sign; due to historical factors and the issue of ownership of the islands there was a great hatred, which has a negative impact at the political level. The 2015 data also shows that the establishment of relations is not only at the political level, but also socially. This state of affairs is a good sign for the future development of relations between China and Japan. As for the decline of attendance of Japanese tourists in China, the most likely reason is the drop in the yen against the dollar. (CIW 2015)

Despite the recent conflicts and unresolved issues, bilateral relations between China and Japan continue and are improving and progressing. Meetings between representatives of the states have a positive aspect in the improvement of relations. As for the decline in trade between the two countries, then it could be affected by the yen fall and it is most likely a temporary phenomenon. Overall, the data indicate that the China-Japan relations thawed, which is a good sign for the future development of relations between the countries.

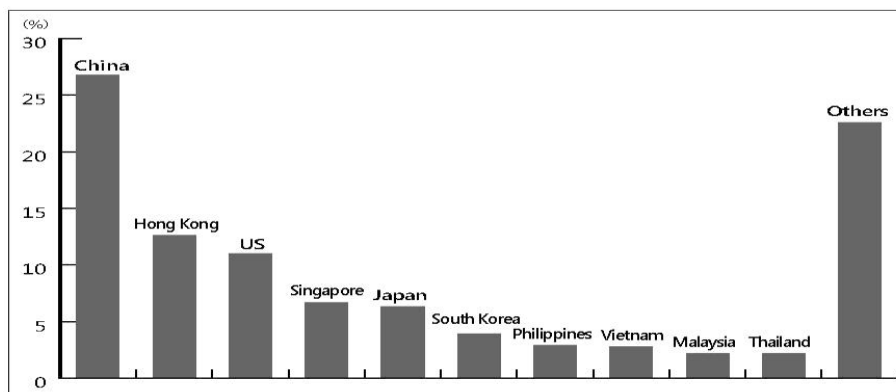
## 5.6. Taiwan - China and Japan – Taiwan

Trade and cultural relations that are built around Taiwan have a more competitive effect (from China) than a desire to create a strong relationship between the two countries. Most likely, that China wants to demonstrate its importance for Taiwan and in addition to take the place of Japan as an important trade partner of Taiwan. Although at this stage it is difficult to say with certainty, but the intensification of trade partnership with China has become very active in recent years.

### 5.6.1. Trade and investment

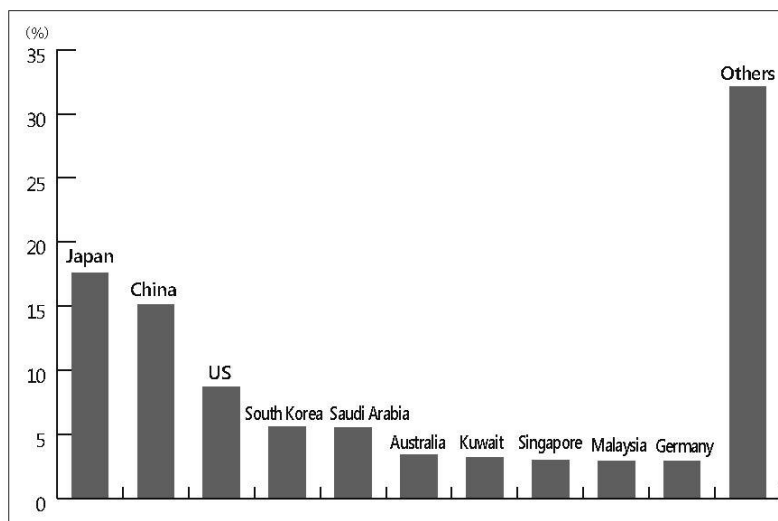
Today, China and Japan are the largest trading partners of Taiwan, as well as the largest investors. In the late 20th century, relations between Taiwan and Beijing were not the best, and despite the fact that in 1972, the cooperation between China and Taiwan were partially restored, big changes were not brought into the flesh until 2008. At the same time, between Taiwan and Japan there have been actively developing economic and cultural relations. Bilateral relations between Taiwan and Japan have developed well for the reason that, first, Taiwan is Japan's former colony (and during its rule Japan made large positive changes in Taiwan's development). Second, the government of Taiwan after sharing with Japan common political values, is associated with the development of democracy. This is build a strong trade relationship and continue to develop them. The following is a report on exports (Figure 1) and imports (Figure 2) for the year 2012.

**Taiwan's Exports top partners 2012. Figure 8.**



Despite the fact that economic relations between the countries are arranged well, today, Japan is the second largest trading partner of Taiwan and Taiwan ranked 5th on partnership with Japan. Although when compared to imports and exports between Taiwan - China and Japan, we can see that in 2012, Japan occupied the 1 place on imports from Taiwan (Figure 2). (Baatar 2014)

**Taiwan's Imports top partners 2012. Figure 9.**

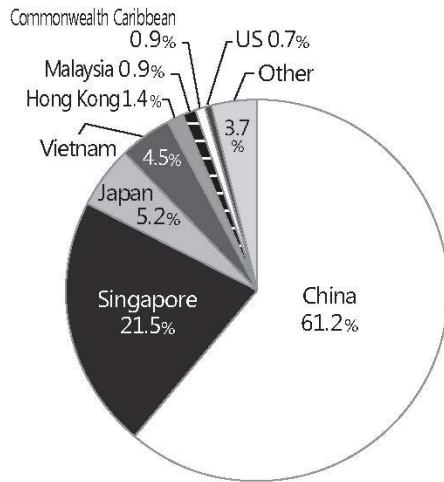


(Baatar 2014)

As can be seen from the graph, that trade relations between China and Japan are rapidly gaining momentum, the probable cause of this was the arrival of a new president of Taiwan in 2008, Ma Ying-jeou. The first thing the new president did he began to improve trade relations with mainland China, which proved noticeably in 2010.

This can be illustrated by the article published in 2011 on the 2010 data. Thirteen out of the 20 largest companies in Taiwan belonged to China, which began to play an important role, both for the Taiwan market, and for the Chinese economy. As the new President eased restrictions on investment from Taiwan in 2010, the inflow of capital investment amounted to 80% from Taiwan, in 2012, investments decreased to 60%, but they still retained at the 1st place (Figure 3). Japan, in turn, takes the 3rd place.

**Taiwan's Top Foreign Investment. Figure 10.**



The integration process between Chinese and Taiwanese economy will be further developed, which will contribute to the development of business, both in Taiwan and in China. In turn, according to Japanese analysts, the integration process between China and Taiwan, may bring to Japan and Taiwan new business opportunities. (Baatar 2014)

Interestingly, the competition between Japan and China over Taiwan continues. If to consider it closely, one might see how each country wants to do everything to show that Taiwan depends on it. Most likely, China's desire is to keep Taiwan as its territory. As for Japan, on the contrary, it wants to bring Taiwan to its side as an ally. But the fact is that the competition exists and it will continue.

### 5.6.2. People exchanges

Once in 2008 (with the arrival of a new president) Taiwan lifted its ban on the arrival of tourists from mainland China, in 2010 China took 1st place in the number of tourists visiting Taiwan. In 2010, the number of tourists from China to Taiwan reached 1.63 million and a total of about 1.1 million people from Japan visited Taiwan. It is necessary to add that it was in 2010. The decrease in visiting Taiwan by Japanese tourists (most likely after the time when the first conflict broke out because of the Senkaku Islands) was observed.

By 2012, the number of Chinese tourists to Taiwan had reached 2.59 million people, while from Japan it was only 1.5 million tourists. It is also worth noting that in 2012, one million Taiwanese citizens worked in China, at the same time, the number of Chinese citizens working in Taiwan enterprises in China exceeded 12 million. Most likely, such a jump in

tourism and the exchange was caused by the abolition of the ban on entry of tourists from China, but to the present day China is ranked no 1 on Taiwan's attendance. (Baatar 2014)

### **5.6.3. Political discussions**

Political discussions and meetings are a difficult topic for Taiwan. Taiwan's status is still not clearly defined. Despite the limited political activities in the international arena, Taiwan is trying to build "officially" relationships with Japan. At the moment Japan is the only powerful ally of Taiwan who may assist in the realization of the idea of Taiwan to gain independence from China. It is also worth noting that the meeting between the representatives of Taiwan and Japan are held behind closed doors, which raises a lot of questions and complaints on the part of China. The question is that how long China will tolerate "not official" two-party relations between Taiwan and Japan, and how much it can affect the relationship between Japan and China.

## **5.7. New world order?**

In 2015, an article was published which discussed the status quo of China and its future direction. The same question was raised about the possible establishment of China's new world order and leadership. The reason for these reflections and conclusions were the rapidly growing economy and increasing importance of China in the international arena. So, what to expect from China?

Most states consider China as a power that wants to establish a new world order, but it is believed that what Beijing says is wrong. China wants to maintain the status quo as it gives certain advantages. Despite this position of the status - quo small changes occurred. According to Professor Sheng Ding Li, the cause of these changes was Japan, with its provocative actions and political mood towards China (Tan 2015).

In fact, small changes in the status - quo may be a temporary necessity, as the conflict with Japan will not be allowed. On top of that, several positive theories from scientists and politicians about the future direction of China were made, which are demonstrated below.

"China has benefited from the international system ... (and) has no interest to challenge the existing international system," (Mr Li Cheng)

Another statement that was made in favor of Beijing, happened in 2013, at a meeting between Singapore's ambassador and president of the United States:

China is not seeking to challenge US 'global leadership, nor is Beijing "trying to evict the US from the Asia-Pacific". (Tommy Koh)

After that, the ambassador added that China wishes to be a respected country in the world and have an impact on world politics and the decision of the important international issues. China is not going to become a leader of America and does not want to try to have an economic war with it, as it is not in China's interest.

Another statement that deserves attention was made by the Pakistani - American banker who sees a positive story in the relationship between China and the United States.

"I do not look at China as a challenger to the US; I'd say more as a partner, that's how it should be." (Yaseen)

The American banker is of the opinion that the combining of these economic super powers, it could have a positive impact not only on China's and America's economy, but also it can play a significant role in all economies. Cooperation will bring much more benefit and development, rather than competition. (Tan, 2015)

However, statements in favor of China are being made by various parties and countries. The mostly visible prospect for China is its positive impact on the world economy and politics. Most likely, fears of the US and of some countries have been associated with an aggressive policy of China, but in view of political actions China conducts peacefully. This can be seen in the improvement of relations with Japan, the summit of G20, which means that countries have more confidence in China and they have revised their opinion of China. For this reason, the analysts' statement about China's peaceful development can be really true.

## **5.8. Analysis**

The impact of international and non-governmental organizations has great potential to improve and solve the problems between the two countries. Despite the fact that every organization has its own rules and criteria for a country to join it and to become a member, a country must comply with and adhere to the established code of the organization. A similar situation occurred with China and Japan at the APEC platform. When APEC realized the

possible continuation of the conflict and the deterioration of the situation between China and Japan, the APEC member organizations took steps to improve relations and they achieved success. Such case is not the only one, for comparison, we can take as an example the organization which often faces problems between the states - the UN. Sure, in some situations, a conflict of interest can occur between 3 parties. In this case, need to determine the role played by each party, and what rights and documents with regard to them can be given: that is what happened between China - Taiwan and Japan.

Despite the fact that Taiwan is a frequent topic of discussion at the global level, the impact of the Taiwan issue in the relations between China and Japan in the international arena, is insignificant. To be precise, the Taiwan issue is most often seen in certain cases. For example, when Taiwan must participate in the solution of some of the international issues (the crisis of 2008 and financial assistance to affected countries), but since Taiwan's status does not allow to operate on straight or open, it often creates difficulties in the solution of the problem.

In general, the Taiwan question can be divided into several parts:

1. The role of Taiwan in the international system
2. Relations between Taiwan and China in the international arena, and what problems it creates
3. Relations between Japan and Taiwan, and what is the reaction of China

First, despite the fact that Taiwan's status does not allow to operate openly in the international arena, Taiwan is still an important player in many economic and political issues. Of course the uncertainty with the status, influences Taiwan in many political situations (an example of the crisis of 2008), when Taiwan was able to provide assistance to the affected by the crisis countries but could not act directly. The other problem is the meeting and summit talks between Taiwan and other countries, which are also inaccessible.

Perhaps Taiwan could make a big contribution to the development of international relations, as well as becoming one of the leading "country", when receiving the status of an independent state, but it is not in China's interest.

Second, the relationship between China and Taiwan are also under question. On the one hand, there are significant improvements between the two countries, on the other hand, some layers of the population of Taiwan, according to the signing of an economic agreement in 2010, are against it. The weakness of the Taiwan government is one more issue. For this

reason, the increasing aggression on the part of residents, may adversely affect the further development of Taiwan - Beijing relations. Since any concessions on that go to Taiwan, it may delay the chances of the government to achieve the independence of Taiwan, according to Taiwan's opposition Democratic Party. One can also note that China suppresses any attempt of Taiwan to hold talks at the highest level, as it would look like a meeting between the two countries (an example of the APEC summit in 2015). Undoubtedly, the struggle between Taiwan and Beijing for the separation of Taiwan, is a very complicated process, as any mistake made by the one side lead to another's victory. For this reason, Taiwan needs the support of other countries and the establishment of friendly relations, which will support the zeal of Taiwan and help them achieve independence from mainland China.

Thirdly, in recent years, Taiwan is actively developing friendly relations with Japan, on top of that, Japan is the second most important economic partner in Taiwan. Despite the fact that Japan and Taiwan do not have any official diplomatic cooperation, meetings between representatives of the countries are very frequent. In addition, Japan supports and wants to help Taiwan become a member of TPP, which might be one of the important steps in future to obtain independence for Taiwan. As a cultural exchange, the increase in traffic of tourists and other exchanges have a positive impact on the development of relations between Japan and Taiwan, not only at the political level, but also at the social.

This situation has caused concerns, and Beijing has repeatedly manifested itself in the moments when the Taiwanese president visited Tokyo. In turn, this may mean that the improvement of relations between Taiwan and Japan may adversely affect the stabilization of relations between China and Japan. For this reason, Japan and Taiwan need to build relationships carefully, not to provoke Beijing and not to aggravate the situation in the East - China Sea.

It is likely that Taiwan plays a minor role in the relations between China and Japan, if one does not take time to improve relations between Taiwan and Japan. In other cases, the situations that arise in the international arena might cause problems between Beijing and Taiwan. The desire of Taiwan to become an independent and separate state from Beijing often manifests itself in a variety of situations that can badly affect the political situation in China. For this reason, until the status of Taiwan is not defined, China will often deal with the Taiwan issue in the international arena, which is probably one of the main headache of Beijing.



## CONCLUSION

The influence of the Taiwanese question on relationships between China and Japan has been present in greater or lesser degree at different historical stages of the relationships between these two countries. At each stage, one could see how much, if any, the impact of Taiwan was due to political and historical events, conflict situations and the contradictions between the two countries.

From the historical perspective, the impact of Taiwan plays a small role in the relations between China and Japan, but it is always necessary to view the chain of events in order to understand it. First, during the colonisation by Japan it had a strong influence on Taiwan, which in turn was one of the reasons for the establishment of the Taiwan issue. A further aspect to consider is the division of China into Beijing and Taiwan, as well as the creation of two Chinese governments existing separately. As a result, Taiwan was considered to be China's representative as a political system which was acceptable for Western countries in the international arena.. In turn, this also means that after WWII, Japan built a relationship in the first place with Taiwan, and then with China. In addition, the recognition of Taiwan as the representative of the whole of China was not only by Western countries, but also by Japan, which was perceived by China negatively. The last point was the signing of a peace treaty between Japan and Taiwan in 1952, which further distanced China from Japan (Kung-Chao and Kawada 1952). From this it follows that the recognition of Taiwan, and the improvement of relations between Japan and Taiwan, has a negative impact on the relations of Japan and China. There is also the likelihood that China is well aware that the Japanese colonisation period in Taiwan was one of the reasons for the establishment of the Taiwan issue, which in turn creates problems for China today. Hence, the emergence of Taiwan as a separate player after World War II served as a brake on the improvement of relations between China and Japan; the two countries have tried to find reconciliation after the war and to cooperate with each other as long as Japan does not recognize Taiwan and has not improved relations with it.

The next stage is the crisis in the East-China Sea. The role of Taiwan in this matter does not matter much until Taiwan can prove that the Senkaku Islands are part of Taiwan. Only in this case the negotiations between China and Japan may include Taiwan. But again, at this point, the question about the Senkaku Islands is solved at the highest level, where access

for Taiwan is closed and Taipei has no rights or influence here. On the other hand, it is necessary to remember and pay attention to the desire of Taiwan to defuse the situation and to find a compromise between China and Japan. An example is the idea of Taiwan about the allocation of resources which are located on the islands or about the creation of a mechanism which was also voiced by the president of Taiwan. In addition, the idea and the desire of Taiwan to help in solving the conflict between China and Japan, has been supported by the public and other countries, which in turn had a positive impact on the relationship between China and Japan. The reason was that the opinions of the compromise received from Chinese people and the Japanese forced the government not to go to the mortar not to aggravate relations with the population. It is in the interests of other countries too that Beijing and Tokyo would resolve the crisis associated with the islands, for this reason other countries create some pressure on China and Japan, and they even played some role in the improving of relations. In any case, Taiwan's place in the warming of relations has to be considered and cannot be ignored.

The last aspect is the possible impact of Taiwan in the international arena at the highest level between China and Japan. The desire for independence of Taiwan from mainland China very often manifests itself in the political arena, thus creating some problems both for China and for other countries. An example of this is the attempt by President of Taiwan to hold talks with the President of China on the basis of APEC, which could be viewed as a meeting between leaders of the two countries. For this reason, the Chinese President refused to meet at such official level, but the attempt of Taiwan still attracted attention. Another example is the crisis of 2008, when Taiwan offered assistance to countries affected by the crisis. Any attempt of Taiwan to transfer money through China could adversely affect future attempts to get independence. For this reason, it created a problem at the international level for Taiwan-China and for countries in need of assistance. If one studies problems associated with the influence of Taiwan on China and Japan, then the issue has to be considered in more detail. First, Taiwan is not entitled to enter into diplomatic relations with other countries, as it is still considered to be a part of China, not a separate country. It follows that any relationship between other countries are not official. An example is the relations between Taiwan and Japan. In recent years relations between Taipei and Tokyo are rapidly improving; there are regular visits of representatives of the countries to each other – almost every month. Despite the fact that at the moment Japan and Taiwan do not have any

diplomatic relations, they do have them informally behind closed doors. This state of things has repeatedly tried to cut short Beijing. China has more than once expressed their negative attitude to the fact that representatives of Taiwan pay regular visits to Japan. In addition, Japan has promised that Taiwan will help with the entry into the TPP, which also shows that Tokyo supports the aspiration of Taiwan's independence.

Just recently, relations between Japan and China after several years of tension have begun to become better, which was a positive step for the future of cooperation between the countries. At the same time the improvement of relations between Taiwan and Japan, as well as informal meetings between representatives may adversely affect the relations between China and Japan. Of course, it depends on the perception of China and the future actions of Taiwan and Japan. But the fact is that their actions provoke Taiwan; China is already talking about the fact that sooner or later Beijing will take actions or can deliver an ultimatum, which might be not liked neither by Taiwan nor Japan. Ultimately, this means that the probability of deterioration of relations between China and Japan is very high, and the reason for it might be Taiwan with its ambitions.

Doubtless, the impact of Taiwan on relations between China and Japan can be traced in its history and today. It would be correct to say that the Taiwan issue manifests itself in certain situations. At the moment, it is an informal relationship between Taiwan and Japan, which is a negative factor. On the other hand, one must not forget about the actions of Taiwan to improve relations between China and Japan to solve the Senkaku islands-related dispute. For this reason, it is very difficult to say what Taiwan is seeking and how it will end, but what is true that Taipei has impact on relations between Beijing and Tokyo, although this effect is likely to be relatively small.

The conducted analysis of background sources allows to conclude that the research aims have been achieved. The study has revealed that Taiwan has little impact on China and Japan relations in various sectors. Probably the greatest pressure is on what happens to Taiwan at the political level. In addition, both in the past and present any improvement between Taiwan and Japan immediately worsen the relations of Japan and China. Most likely this is due to Taiwan's policy, but it also can be the cause of Japan's desire to help Taiwan to achieve the objectives. In all other situations or cases between China and Japan, there is competition in all areas including in the international arena and the increase of the influence on Taiwan. Examples are the economic and tourist relations in Taiwan, China and Japan.

Most likely, both countries are pursuing specific goals, for this reason, the improvement of relations with Taiwan also may play a role in the policies of these countries. In any case, Taiwan's role should not be underestimated in relations between China and Japan, as it exists and it is not clear how it manifests itself in the future.

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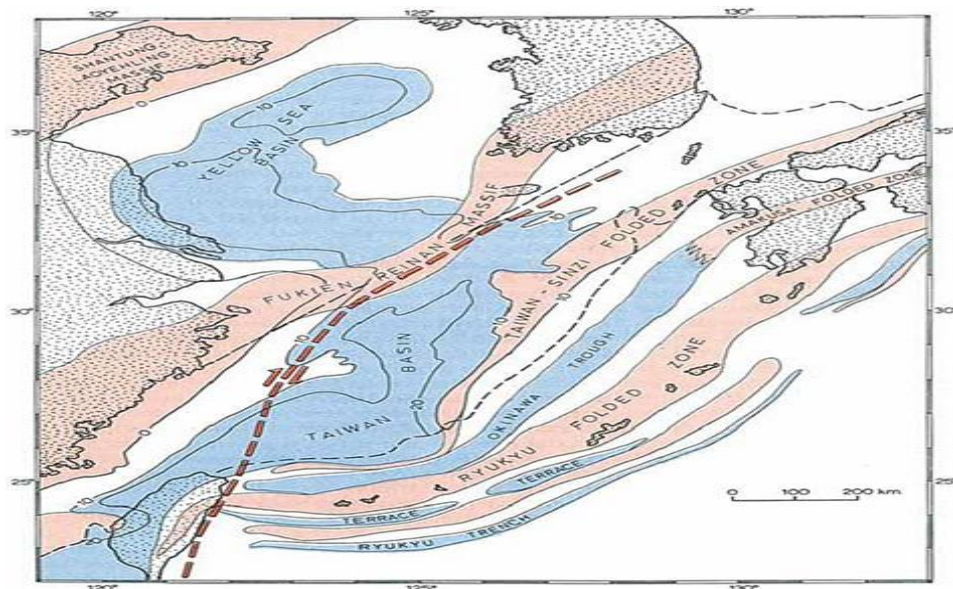
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## APPENDIX

Figure 1 Location of the Senkaku islands and distance between countries and regions in miles. (Sieff, 2014)



Figure 2.



Continental shelf between Taiwan and Japan. (Masahiro 2013)

(Figure 3)



Location of the Senkaku islands. (Wing 2012)