

Analyzing the interaction of China-Japan economic, trade, and political relations in the 1990s

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Abstract. This paper takes the China-Japan relations in the 1990s as the object of study, and through analyzing the historical situation of the two countries in the 1990s, it explores the interplay between the economic factors and political relations between China and Japan. Based on the state of China-Japan economic and political relations in the 1990s, this study analyzes the differences between Japan and China in the 1990s based on data and historical facts, and from the perspective of the political and economic development of Japan and China in the 1990s. At the same time, this study analyzes specific instances of ODA loan freezes and extensions triggered by political frictions between China and Japan based on data and historical facts, etc., to clarify the link between the two countries' economic and political aspects preliminarily. This study concludes that the economic and political relations between China and Japan are mutually influential and cannot be discussed only based on the influence of one side on the other, but should fully consider the combination of the two.

1 Introduction

As part of a country's comprehensive strength, economic strength is often linked to changes in national politics and international relations. Since the resumption of normal diplomatic relations between China and Japan, the relationship between the economy and politics of the two countries has become a hot topic of concern for all walks of life. The bursting of Japan's bubble economy in the early 1990s had a devastating impact on Japan's economy, and the Japanese economy began to stagnate since then, so the 1990s is also known as Japan's "lost decade". Therefore, the 1990s is also known as Japan's "lost decade". Although the Japanese prime ministers took turns introducing policies to promote the country's economic development, such as the revision of consumption tax, agricultural import policies, and the suppression of soaring land prices, etc., Japan's economic development is still not very optimistic. Meanwhile, with the smooth development of China's reform and opening up, China was at the peak of its economic growth in the 1990s.

Taking the mid-1990s as a dividing line, China-Japan relations have largely experienced a turning point. In the early 1990s, although the end of the Cold War led to changes in the East Asian order in line with the drastic changes in the world landscape, China-Japan relations were still in the honeymoon period, and China-Japan economic and trade relations developed comprehensively, with positive exchanges and cooperation in various fields, including culture, in addition to the signing of trade agreements and the China-Japan Peace and Friendship Treaty, among other

agreements. However, in the mid-1990s, a series of frictions began to arise between China and Japan due to various political factors, such as the Taiwan issue and the strengthening of the Japan-U.S. alliance.

2 Literature review

2.1 Overview of studies on China-Japan economic development in the 1990s

The China-Japan relations in the 1990s can be studied from two aspects, namely economic factors and political factors. These two aspects are also related to each other, i.e. economic factors may cause drastic changes in the relationship between China and Japan, while friction at the political level may also deal a blow to the economic and trade relations between China and Japan.

From the economic aspect, regarding the economic development in the "lost decade" after the collapse of Japan's bubble economy, Japanese scholar Kunio Sakai pointed out that the rapid development of China's economy contrasted with the stagnation of Japan's economy [1]. However, contrary to the situation of economic development between China and Japan, the diplomatic relations between China and Japan were still promoted amicably in the early 1990s. In this regard, Japanese scholar Tsuyoshi Kaiohara added that the increase in total trade between China and Japan and the establishment of investment promotion organizations on both sides of the border reflected the strong awareness of both China and Japan to deepen friendly relations [2].

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Meanwhile, domestic scholar Kim Hee-tak focuses on Japan's ODA policy toward China in the 1990s (government development assistance mainly in the form of yen loans). According to Kim, although Japan's ODA to China in the early 1990s played a certain role in promoting friendly relations between the two countries, since the mid-1990s, however, Japan's ODA to China has become politically oriented, and ODA has gradually turned into a means of political pressure, which has added a new type of political contradiction between China and Japan and aggravated the conflict in the relationship between China and Japan [3].

2.2 Overview of studies on China-Japan political relations in the 1990s

On the political level, China-Japan relations have changed dramatically due to changes in the social environment. Regarding China-Japan relations in the early 1990s, Japanese scholar Tsuyoshi Kairao Hara believes that a series of political dialogues such as the visit of General Secretary Jiang Zemin to Japan in April 1992 and the visit of the Japanese Emperor to China in November of that year demonstrated the attempts of both China and Japan to push forward further diplomatic and friendly relations [2]. However, after the mid-1990s, political friction continued to arise between China and Japan. According to Chinese scholar Qin Meng, the deterioration of political relations between China and Japan has also hurt the economic and trade relations between China and Japan, resulting in a weakening of the promotion of the original friendly relations on economic and trade relations between China and Japan [4].

In contrast, Chinese scholar Wang Xingyu suggests that the right-leaning political trend that emerged in Japan after the end of the Cold War has contributed to the conflict between China and Japan and that Japan's policy towards China has been continuously adjusted with the transformation of Japan's foreign strategy [5]. At the same time, Japan has gradually demonstrated a "high profile" attitude in the economic relations between the two sides, for example, attaching political conditions to economic cooperation, such as the Japanese government's opposition to China's nuclear tests and linking the matter to loans to China.

2.3 Review of research

From the viewpoint of domestic and foreign studies, the studies on China-Japan relations in the 1990s can be categorized into two perspectives: the economic dimension and the political dimension. Economic studies mainly focus on Japan's economic development and policies during the "lost decade" after the collapse of the Japanese bubble economy, as well as the economic and trade relations between China and Japan, etc. Political studies mainly focus on the impact of political factors on China-Japan diplomatic relations, such as the Taiwan issue, Japan's attitude towards the Taiwan issue, and Japan's foreign affairs. Political research has focused on

the impact of political factors on China-Japan diplomatic relations, such as the Taiwan issue, Japan's opposition to China's nuclear weapons, and other events that have caused friction between the two countries and tensions in China-Japan diplomatic relations, etc., and has yielded a series of rich research results.

However, from the point of view of research, there is still insufficient focus on the interaction between economic and political factors, such as the promotion of China-Japan economic and trade relations on foreign relations and the tension of China-Japan economic and trade relations caused by political friction, etc. The following problems still exist in the research: 1. For the research on economic factors, Chinese and foreign scholars mostly focus on exploring the economic development of the country and analyzing the economic policies, etc., but the connection between economic policies and foreign relations is still not deep enough. 2. For the research on political level, nowadays, most of the research focuses on the deepening of the impact of political friction on China-Japan relations caused by sensitive events, such as the visit of the Prime Minister to Yasukuni Shrine, which has deepened the historical conflicts between the two countries and caused tensions in China-Japan relations. 3. For example, the Japanese Prime Minister's visit to the Yasukuni Shrine has deepened the historical conflicts between the two countries and caused the decline of China-Japan diplomatic relations. However, there is still a lack of detailed research on the effects of political factors on the economic level, such as the obstruction of trade between the two countries. Based on this, this paper takes historical events and scholars' theories as the basis of analysis and further analyzes how economic factors have affected China-Japan political relations, while also discussing the impact of political friction on China-Japan economic and trade relations, to provide a reference for in-depth investigation of the links between China-Japan economic and trade relations and political relations.

3 Status of China-Japan relations in the 1990s

3.1 China-Japan economic and trade relations in the 1990s

3.1.1 Japan's trade

Between 1989 and 1991, the Japanese bubble economy burst, and Japan thus began to enter a period of economic depression. Japan's average GDP growth rate in the 1990s was only 1.6% and even dropped to 1% in the second half of the 1990s. Meanwhile, according to the World Bank, although the annual per capita GDP growth rate was still 4.5% in 1990, it fell rapidly thereafter and reached its first low point of 0.8% in 1993. 1993-1996, along with the implementation of a series of policies by the Japanese government to promote economic growth, Japan's economy slowly recovered, and the annual per capita GDP growth rate reached 2.9%

in 1996 [4]. reached 2.9% in 1996 [5]. However, with the Asian Financial Crisis, the Japanese economy underwent a drastic change and began to decline rapidly, 1998 The annual per capita GDP growth rate reached its lowest point of -1.5%, and with the end of the financial crisis, the Japanese economy entered a slow recovery phase again.

3.1.2 Trade in China

Meanwhile, comparing Japan and China, Japanese scholar Kunio Sakai pointed out that according to the data of the International Monetary Fund, after the bursting of the bubble economy in 1990, Japan, as a developed country, was plunged into economic stagnation, while China's economy, as a developing country, had a remarkable growth in the same period [1]. Along with the smooth development of China's reform and opening up, China entered a period of economic takeoff after 1990. A representative example is that, based on the World Bank data, China's annual per capita GDP growth rate jumped rapidly from 2.4% in 1990 to a peak of 12.8% in 1992, after which it still maintained an extremely high growth rate despite a slow decline, and even though the annual per capita GDP growth rate fell to a low of 6.7% in 1999, it was still much higher than the same period in the world data [6].

3.1.3 Economic and trade relations between China and Japan

In the early 1990s, China-Japan economic and trade relations remained relatively friendly. In this regard, scholar Yang Yishen believes that along with China's reform and opening up, China-Japan trade has also entered a smooth period [7]. During this period, Japan was the first country to resume ODA, or Japanese assistance yen loans to China. According to the research of Japanese scholar Tsuyoshi Kaihara, the total trade volume between China and Japan began to increase gradually in 1990 reached its highest level in 1992, and continued to grow until 1995. Meanwhile, Japan's investment in China also increased significantly in 1992, with an increase of about 200% compared with that of 1991, totaling 1,805 projects, and continued to grow at a high rate until 1995. However, in 1998, due to the impact of the Asian financial crisis, China-Japan trade decreased by 4.8% compared to the previous year and resumed the increasing trend in 1999 [2]. From this, it can be seen that the overall China-Japan trade in the 1990s showed an upward trend and produced some good effects, for example, Zhang Jifeng suggested that the growth of China-Japan trade played a role in Japan's foreign trade and exports, and even the recovery of the Japanese economy [8].

Also affected by the Asian financial crisis, Japan's investment in China also maintained a decline for four consecutive years from 1996 and continued to be in the doldrums. Japanese scholar Atsuo Shibata pointed out that in the first half of the 1990s, by Deng Xiaoping's southern tour speech on behalf of the acceleration of

China's market economization and the attraction of foreign capital, Japan's direct investment in China centered on South China has been increasing, and in the second half of the 1990s, although Japan's investment in China by the Asian financial turmoil, however, due to the financial crisis in China still maintains a Although Japanese investment in China was hit by the Asian financial turmoil in the second half of the 1990s, China maintained a relatively stable economic growth rate during the financial crisis, and the rapid development of the IT industry around the world, which triggered a new wave of Japanese investment in China [9]. Meanwhile, Chinese scholar Jia Yuping has argued that part of the rapid expansion of trade between China and Japan in the 1990s was due to the highly asymmetric economic growth between the two countries [10].

It can be seen that despite the almost opposite economic development of China and Japan in the 1990s and the Asian financial crisis, the economic and trade relations between China and Japan remained relatively close and were rarely affected by the country's economic development.

3.2 China-Japan political relations in the 1990s

Overall, China-Japan political and diplomatic relations in the 1990s can be divided into a total of three stages. The first phase was the honeymoon period in the early 1990s. This period was a continuation of the growing friendly relations between China and Japan since Kakuei Tanaka's visit to China in 1972. After the end of the Cold War, the world landscape changed abruptly, and so did the Asian landscape, but the abrupt change in the landscape did not have a significant negative impact on China-Japan relations during this period, but rather manifested itself in the mid-1990s after the political friction between China and Japan continued to arise. The second phase was the deterioration in the mid-1990s. Along with the intensification of a series of politically sensitive issues in this period, the political relations between China and Japan also deteriorated, and the economic and trade relations between China and Japan were also negatively affected to a certain extent. The third stage was the stabilization period in the late 1990s. Although there were still political frictions between the two countries, the Asian Financial Crisis in 1998 and the development of economic globalization, among other factors, prompted China and Japan to seek a stable relationship in practice.

In the 1990s, relations between China and Japan experienced a series of ups and downs. At the diplomatic level, in the early 1990s, China and Japan remained in the honeymoon period of diplomatic relations and were closer in various ways. The more obvious examples of this were the visit of Prime Minister Toshiki Kaifu to China in August 1991, followed by the visit of General Secretary Jiang Zemin to Japan in April 1992, and the visit of the Japanese Emperor to China in November. The succession of these diplomatic events indirectly proves that China and Japan made further attempts to deepen their friendly relations in the early 1990s.

However, friction between China and Japan began to arise after this period.

Since 1994, friction between China and Japan has gradually increased and conflicts have intensified. Four main factors created friction during this period. First, Japan's opposition to China's nuclear tests. Second, the Taiwan issue. Third, the historical issue of the Japanese government's side of the war of aggression against China. Fourth, the sensitive issues of Yasukuni Shrine worship and the sovereignty of the Diaoyu Islands. Under the influence of the above factors, the political and diplomatic relations between China and Japan have gradually deteriorated from the closeness of the previous honeymoon period. In this regard, Wang Xingyu believes that part of the reason for the decline in China-Japan relations during this period is the impact of Japan's gradual political shift to the right, and at the same time, the rise of Japan's right-wing forces also caused Japan to display a "high-profile" state in China-Japan economic relations, a typical manifestation of which is the addition of political factors to the two sides in the context of economic cooperation, such as, the Japanese government has linked China's nuclear tests to its loans to China to oppose them [5].

In the late 1990s, the relationship between China and Japan changed as a result of the impact of the Asian financial crisis and the call for economic globalization. Political dialogues between the heads of China and Japan continued, and mutual visits between the leaders of China and Japan were realized in 1997. Tsuyoshi Ebara points out that the political dialog between China and Japan during this period included ministerial talks and visits in addition to mutual visits and talks between the diplomatic heads of the two countries, especially in the fields of the environment, public security, and tourism, which are responsible for the practical exchanges between the two countries [2].

It can be seen that the complex and volatile political relations between China and Japan in the 1990s provided the background for the ups and downs of China-Japan economic and trade relations.

4 Interaction between China-Japan economic, trade and political relations

4.1 Political factors and reasons affecting China-Japan economic and trade relations

It is incorrect to say that economic and trade relations between China and Japan have a unilateral impact on political relations. First of all, due to the influence of theories such as "politics is cold and economics is hot" between China and Japan, it is widely believed that the negative impact of political friction between China and Japan on the growth of economic and trade relations between China and Japan is negligible. However, in reality, the economic and trade relations between China and Japan cannot be measured only by the economic value of the investment and trade relations between China and Japan, which have hardly been negatively affected, but the economic responses to political frictions

can also have negative policy impacts on the economic and trade relations between China and Japan. A more obvious example is that in the mid-1990s, the Japanese government froze a portion of its ODA to China and postponed the fourth yen loan for 1996-2000 as a sanctioning policy due to Japan's protests against China's nuclear tests. As a result, although trade between China and Japan continued to grow after this policy, at the official level, economic relations between China and Japan continued to suffer some negative impacts due to political friction between the two countries.

On the other hand, the political relationship between China and Japan also has a positive impact on economic and trade relations. In the early 1990s, the relationship between China and Japan in general continued to develop in a positive direction. The friendly tendency in political relations also led to the development of economic and trade relations between China and Japan. In this regard, Qin Meng believes that the frequent diplomatic activities and the improving political relations have led to the willingness of China and Japan to promote bilateral trade and cooperation, and the occasional political events have not had a huge negative impact on bilateral trade [7].

In sum, during the 1990s, economic and trade relations between China and Japan were negatively affected by political factors, mainly in terms of official policies, while at the same time receiving positive dividends from the development of friendly relations between the two countries.

4.2 Economic and trade factors and reasons affecting China-Japan political relations

At the same time, the economic and trade relations between China and Japan also have a twofold impact on political and diplomatic relations. One of the more important positive impacts is that Japan's economic upturn came to an abrupt end due to the Asian financial crisis of 1998, which devastated the entire Asian economic landscape, while China's economic growth, even though still negatively impacted by the financial crisis, showed a downward trend, but still maintained a relatively high growth rate compared to Japan's. Moreover, China's accession to the WTO in the late 1990s contributed to the relatively high economic demand for China-Japan relations. Moreover, China joined the WTO in the late 1990s, and the economic demand between China and Japan has contributed to the relative stability of the relationship between China and Japan. In this regard, Ivy Ebara believes that the expansion of China-Japan economic and trade exchanges in the 1990s, the increase of ministerial meetings, and the conclusion of bilateral agreements, especially China's accession to the WTO has contributed to the deepening of the economic and practical relations between China and Japan [2].

In contrast, an example of the negative impact on the political relationship between the two countries at the economic and trade level is the restructuring of Japan's ODA policy towards China. One of the most obvious

manifestations of this is that after the mid-1990s, Japan gradually transformed its ODA policy, or loans to China, into a political instrument to exert pressure on China in foreign relations. At the same time, Chinese scholar Kim Hee-tak's research indicated that the Japanese government intentionally allowed the Japanese right-wing forces to use ODA as propaganda material against China at the media level, which also led to the negative opinion of the Japanese people about Japan's ODA to China [3]. Therefore, from the economic and trade conflicts between China and Japan about ODA, it can be seen that the economic and trade policy between China and Japan not only affects public opinion but also has a certain impact on the political tendencies of the two countries.

5 Conclusion

To summarize, China-Japan relations in the 1990s were complex and volatile, not only in terms of political relations but also in terms of economic and trade relations. In the economic and trade needs between China and Japan to make the relationship between China and Japan to maintain relative stability at the same time, the political and diplomatic level of the relationship between China and Japan on the transformation of the relationship between China and Japan will also have an impact on China-Japan economic and trade relations, the two are complementary, indispensable relationship. As the political and diplomatic relations between China and Japan continue to fluctuate during this period, the economic and trade relations between China and Japan also continue to fluctuate.

The interaction between economic and trade relations and political relations between China and Japan is twofold. The positive effects are mainly reflected in the easing of political relations between the two countries through good economic and trade relations and the promotion of economic development through friendly diplomatic relations. Typically, Japan's economy, which deteriorated further in the late 1990s due to the onslaught of the Asian Financial Crisis, led Japan to seek stable trade relations with China, which was still growing economically and resulted in the conclusion of bilateral agreements and an increase in the number of ministerial meetings between China and Japan, among other things. In contrast, the negative impact is mainly reflected in the role of China-Japan political conflicts on economic and trade relations. For example, Japan's ODA policy towards China has been transformed from purely friendly economic assistance to a means of political pressure on China, influenced by the political sensitivities that began in the mid-1990s.

Nowadays, along with the arrival of the post-epidemic era, the relationship between China and Japan has also developed to a new stage, in this regard, the China-Japan relationship in the 1990s can also be used as a typical sample, which can provide a reference for the study of the mutual influence of economic, trade and diplomatic relations between China and Japan.

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