

## Abe's call to stand up to China : at what cost?

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## **Abe's Call to Stand up to China: At What Cost?**

By Benjamin Ho

### **Synopsis**

*Japanese Prime Minister Shinzo Abe issued a siren call at the recent World Economic Forum in Davos that the world must stand up to an increasingly assertive China. Will this resonate with the broader international community, especially the business fraternity which has made strong inroads into Chinese society?*

### **Commentary**

SINO-JAPANESE ties, strained by territorial and historical disputes, took a further beating the past week after a speech by Japanese PM Shinzo Abe at the World Economic Forum in Davos in which he called on the global community to stand up to an increasingly assertive China.

Likening Sino-Japanese rivalry to that between Britain and Germany before World War I, Abe warned that Chinese military expansion, if unchecked, could have grave consequences for the world. Not surprisingly, these remarks received a sharp rebuke from Beijing calling Japan the "Nazis of the East" deliberately skirting the issue of its wartime past.

### **China stands up**

Given China's growing prominence over the past decade, it is widely assumed that Beijing's assertive behaviour reflects its broader intentions in dominating the region. Indeed China's unilateral creation of an Air Defence Identification Zone (ADIZ) last November has been criticised by many observers, both within and outside Asia, as an act of hostility and not in accordance with the rules of the international system. In response, China simply – not surprisingly – reiterated its sovereign right to stake its claims, without bilateral or multilateral consensus.

Since 2009, China's foreign policy has discernibly been more forceful, thus marking a significant departure from China's post-Mao emphasis on peaceful rise. Yet part of the reason, according to some Chinese observers, is due to a rising nationalism that has increasingly challenged the Chinese Communist Party's decision-making process. The emerging social consequences of economic instability, combined with the widespread use of digital communication technologies, have raised concerns over the party's ability to sustain political stability and economic growth.

Robert Ross of Boston College describes China as a "militarily weak great power" and that its leaders are

“cautious politicians fixated on domestic stability”. As such, nationalist sentiments are used to “sustain their legitimacy rather than mobilise mass nationalism for foreign policy expansion”. In light of this, neighbouring countries may find it prudent not to over-react, but instead to respond with restraint, rather than alarm, to Chinese foreign policy pronouncements.

### **Standing up to China**

Japan aside, few countries are likely to take up Abe’s offer to stand up against China as their economic interest is at stake. In fact Japan itself has not been spared the economic consequences of its ongoing territorial spat with China. According to China’s Ministry of Commerce, bilateral trade between both countries was US\$312.6 billion in 2013, down five percent from a year earlier. China’s exports to Japan fell by one percent year-on-year, while imports from Japan fell 8.7 percent from a year earlier. Furthermore, during the height of the Senkaku/Diaoyu islands dispute in 2012, sales of Japanese cars in China plunged by as much as 40 per cent.

With statistics like that in mind, it is highly unlikely that regional countries would risk antagonising China by “standing up to it”, however that may be defined. Within ASEAN, there is no desire to see Sino-Japanese tensions spiral out of control and affect strong economic ties between countries involved. Both China and Japan are at present ASEAN’s largest and second-largest trading partners respectively and any protracted conflict between Beijing and Tokyo could have severe economic consequences for the region.

Furthermore with ASEAN focusing on realising its vision of an integrated ASEAN Economic Community by 2015, it would be highly detrimental for any ASEAN member to express explicit support for one country over the other. More than just economic consequences, such a move will also fracture the fragile ASEAN unity and centrality that has been painstakingly built over the years.

### **Standing up with China**

Policymakers as such, should explore other options in working with China. One group that has gleaned precious insights working with China is the international business community operating within the country. According to Paul Steidlmeier, who specialises in strategic management in China, there is a need for sensitivity not only to official pronouncements of actual policy but to the dynamic nature of the unofficial business environment itself. *In other words, what is official may not be the entire truth of the matter, while what is true may not always be expressed in official terms.*

Indeed, the majority of the questions which China’s leadership faces today have their roots in long-standing historical debates over the correct path for China’s modernisation. For instance the recent slew of reform pledges made during the CCP’s Third Plenum last November include the decision for markets to play a “decisive” role in China’s economy, a step up from the previous position from 1992 when markets played only a “basic” role, as reported by Xinhua.

While the actual extent of these reforms on the ground remain to be seen, it would seem that China’s top leadership is serious about ensuring that its economic growth, which has recently shown signs of slowing down, remain sustainable into the medium and long-term future.

High-profile arrests of corrupt officials have also been a regular occurrence over the past year as the Chinese government looks set to rein in corruption within its ranks. Already this has had effects on the ground as extravagant dinners for official purposes, long a feature of Chinese socialisation practices, are increasingly replaced by simpler ones. Overseas trips and expenditure made by Chinese government officials also come under increasing scrutiny to ensure financial accountability. All these suggest that domestic well-being and the party’s image remain utmost priorities of the Chinese government.

Beyond the muscular rhetoric witnessed at Davos the past week, it would seem that on present evidence, China continues to play a critical role in global governance. Last September, Premier Li Keqiang, also at Davos, spoke at length concerning Chinese economic policies and how Beijing was ready to assist the world to respond to global challenges. Already plenty of businesses operating in China have found highly creative ways relating with the Chinese; political leaders should also learn to take a leaf from them.

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