



BUSINESS

Bad memories stir Japan in chase for China

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By Michael Backman

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China surpassed the US last year as Japan's top trading partner for the first time. So Japan and China - Asia's two largest economies - are enjoying closer relations you might think? Nothing could be further from the truth.

Japan has shifted a lot of production to China in recent years, but a lot of this production is not for the Chinese market. It is exported, often to the US.

Meanwhile, there is much resistance to Japanese brands in China itself. The reason? Japan's appalling crimes in China during World War II and the years leading up to it. They might have been forgotten in Japan but not in China.

The Japanese bombed and murdered their way through Shanghai in 1937. That December, in Nanjing, 30,000 Chinese Nationalist soldiers and 12,000 civilians were killed by Japanese soldiers. More than 20,000 Chinese women were raped. Prisoners were used for bayonet practice. And many of the injured were buried alive in mass graves.

Chilling photographs of the sexually mutilated bodies of Chinese women and piles of the decapitated heads of their menfolk are an ever-present reminder of what the Japanese did in Nanjing.

Many Chinese regard the actions of the Japanese in Nanjing as on a par with the worst of the Nazi war crimes in Europe. But there's a difference. Germany was contrite afterwards and that contrition remains with many Germans who feel a deep sense of personal embarrassment about their country's recent history. Many Chinese find the dismissive attitude of the Japanese and their failure to fully admit to their war record bewildering.

The open dislike for Japan among ordinary Chinese was apparent at the Asian Cup football final staged in Beijing last August. Mobs simmered in the streets following Japan's defeat of China.

Local spectators booed the Japanese team and the Japanese national anthem in the stadium, while outside, thousands of Chinese fans clashed with police as they chanted anti-Japanese slogans.

The episode was fuelled by journalists in the state-controlled media who, before the match, supplied plenty of incendiary commentary that would see them fined or jailed under anti-racial vilification laws in most Western countries.

But why should anti-Japanese sentiment still be so strong among young Chinese? Anti-Japanese feeling that arose from the war has coalesced into a general prejudice against all Japanese. Many young Chinese believe they are not to be trusted and have twisted morals.

The Chinese Government helps foster anti-Japanese feeling by continuing to commission war-period television dramas showing Japanese maiming and torturing peasant Chinese men, women and children. They are shown regularly on state-run television. Schools focus on Japanese war atrocities and anti-Japanese sentiment is even actively encouraged by some teachers.

Japan did pay war reparations to China and other Asian countries but the common view in China is that the payments were inadequate. One Japanese involved in his country's foreign aid program recently told me of Japan's frustration at not being given adequate credit for the billions in aid that it gives the rest of Asia because the aid is usually seen as reparations, and not as aid at all.

One consequence of the hostility to Japan among ordinary Chinese is that Japanese firms have a more difficult time in China than other investors. When they get into trouble, it typically costs more to get out of it.

In 2001, when a problem was encountered with the brakes on Mitsubishi's Pajero, the Chinese Government put a two-year import ban on the vehicle. But the problem was not Mitsubishi's - the cars were being smuggled into China and improperly re-assembled, a fact well-known at the time.

Alistair Nicholas, a former senior Austrade commissioner and now a first-rate China hand is managing director of AC Capital Strategic Public Relations in Beijing. He says Japanese companies have to take extra care not to offend Chinese cultural sensitivities in China because of the anti-Japanese feeling.

They need to invest considerably more in corporate social responsibility programs than their Western counterparts and work hard to appear less Japanese and more international.

Nicholas believes that Japanese companies need to come out as strong allies of the Chinese to improve their stocks in China, in the same way that American companies did when they lobbied for China's admission to the World Trade Organisation.

He adds that they should pressure Japanese Prime Minister Junichiro Koizumi to end his annual visit to the Yasukuni Shrine which honours Japan's war dead, including its war criminals. This annual event is seen by the Chinese Government as an almost deliberate provocation.

Japan has done relatively well in China. But it could do much better. It is, after all, the world's second biggest economy and one of China's nearest neighbours. The US, on the other hand, is a world away but it is the US that has driven much of China's development.