

Economic Ties Bind Japan To Political Rival China

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troops stormed ashore, Shanghai is dotted with neighborhoods of Japanese residents. Japanese-language magazines cater to the wealthy Asian expatriates with everything from restaurant reviews to sex club listings, and the membership directory of the Japanese chamber of commerce reads like a who's who of the Japanese corporate world.

The comfortable veneer of life overseas was suddenly stripped away in April, however, when a large protest march against visits by Mr. Koizumi to the Yasukuni Shrine, which honors Japanese forces responsible for atrocities throughout Asia, degenerated into a riot. Crowds pelted the Japanese Consulate with stones.

Mr. Koizumi's landslide victory in the general elections in September suggests that the official relationship between China and Japan will remain rocky. However, a breakthrough could occur after Mr. Koizumi

sion of a rising China. Like the rest of the heavily industrialized Kansai region of Japan, Kobe, the port city that was devastated by an earthquake 10 years ago, has been economically depressed for years.

Sensing opportunity in China's rise, the city government has invested heavily in attracting Chinese businesses and promoting trade with China, especially the Shanghai region.

One businessman, Chen Jianjun, 43, is the founder of a biotechnology consulting firm, Shanghai Rundo Biotech Japan, in Kobe. After completing a graduate degree in Japan, Mr. Chen worked at Nestlé before going out on his own. Now he advises Japanese pharmaceutical companies on conducting clinical trials and marketing in China, giving him a broad perspective on the countries' problems. "China and Japan are close to each other but have a distant relationship," he said. "Each does not understand the other well."

That plaint is echoed by businesspeople from each country, pragmatists who basically want to make money. In Japan, business tends to support Mr. Koizumi for leading domestic economic change, but cringes at his government's antagonistic policy toward China. Businesspeople fear that after Mr. Koizumi retires next year, an even more nationalistic leader may replace him.

The gap in understanding extends to schools and universities. Even though more Chinese students are choosing Japanese universities over American ones, they are often surprised that their Asian neighbors are in many ways more foreign than the Americans.

"I think Chinese people understand American people better," said Gao Ruihong, 35, a Chinese student at Kobe University. "People hold parties at home and invite their friends and neighbors in China or the United States. I came to Japan nine years ago, but I have seldom been invited to friends' homes."

But like most of her classmates, Ms. Gao was optimistic. "The relationship between Japan and China will become closer in the future," she said, "and I'd like to act as a bridge between the two countries."

For many in Shanghai's large Japanese community, the best way to build a better future between the countries appears to be in taking advantage of huge opportunities for



Copies of ancient terra-cotta Chinese warriors were reflected recently in a bank window in the Chinatown section of Kobe, Japan.

Photographs by Charlie Portnow for The New York Times

A new codependence that clashes with centuries of ill will.

mi retires next year.

Mr. Hori of Tokyo-Mitsubishi Bank, who is also chairman of the Japanese chamber of commerce in Shanghai, said his worst fear was another protest, perhaps even nationwide. Still, he added, "it is meaningless to think Japanese companies would withdraw and go somewhere else, like Vietnam."

"The relationship is too big for that already," he said.

Among students at the Dalian University of Technology, many of whom will be vying for jobs at Japanese companies, there is a strong sense of pragmatism. "History problems are history problems, but I think you have to be realistic," said Zhang Shuai, a 22-year-old engineering student.

Here and there, the same kind of pragmatism can be found in Japan, in sharp contrast to the anxious, sometimes hysterical public discus-

prosperity today.

"We don't know what will happen to this market in the future, but we know that our development will depend on what happens here to a large extent," said Satoshi Tachikake, director of operations for Mazda in Shanghai. Japanese car companies arrived late in China compared with their European and American rivals, but today no one is investing more heavily in China than Japan.

Shanghai's official Japanese school has 2,214 students, a tenfold increase from a decade ago, and is expanding faster than ever. "We have zero space now," said the principal of the school, Kazuyuki Taichi, smiling as he displayed the model of a new school that is near completion.

Mr. Taichi, who came to Shanghai just before the April protests, expressed surprise at what he found on arriving in China. "I expected to see another transition from Commu-

nism," he said, not a booming city as big as Tokyo. "It's difficult to make Japanese, even your own brothers and sisters, understand that Japan's development depends on China and China's development depends on Japan. They are under the influence of the media back home, which is always blasting away at China."

Eriko Yamamoto, 26, believes that Japan can reinvigorate itself by building closer ties to China. After quitting her full-time job with Hitachi in Tokyo, she came to Shanghai recently to study at the China Europe International Business School.

"Initially I thought I should go to China and try things out, and if things didn't work here I could always go home," Ms. Yamamoto said. "But here I discovered if you have a bit of money you can do just about anything. In Japan, you don't have that feeling. There is a sense of so many rules."



Japanese students in Shanghai walking home from classes. Shanghai may include the largest overseas Japanese population in the world.