The rise of China in the late 20th century and the early 21st century is a significant phenomenon that surely will be recorded in the standard textbooks of world history. It is one of the most salient elements in the dynamics of the international society in the post-cold war era. Adding to the positive external factors such as the progress in globalisation, Chinese leaders that prevailed in the power struggle boldly promoted marketisation and opening-up of the economy believing that economic growth was necessary to avoid the collapse of the Communist rule that took place in Europe.

As far as their foreign policies are concerned, the Chinese leaders have striven to achieve and maintain a peaceful international environment ever since the late 1970s when they determined economic development as their prime goal and adopted reform and opening-up policies as the means to achieve it. At the same time, the paramount leader Deng Xiaoping emphasized repeatedly that economic development was primary and defence build-up was secondary. This set of policies looked fairly consistent in the eyes of the Chinese. Viewed from the neighbouring countries, however, it eventually turned out to contain a basic dilemma: China needed peace to achieve economic development, but once China developed, the awakening giant was perceived by its neighbours as a threat to their peace and development.

Partly in response to this dilemma, China made a significant shift in its foreign and security policies in the latter half of the 1990s. In their foreign policy, the Chinese switched from their traditional strategy to 'befriend distant states while attacking those nearby' (*yuanjiao jingong*), and started to deepen their friendly ties with their neighbours not only bilaterally but also in multilateral frameworks. The new policy is summarised in the phrase, 'having good relations with the neighbours, and having neighbours as partners' (*yu lin wei shan*, *yi lin wei ban*).

On the other hand, they launched the so-called new concept of security. This in content overlapped with cooperative security, as it consisted of elements such as mutual trust, mutual benefit, equality and cooperation between nations, and the peaceful solution of conflicts through dialogue. The formation of the Shanghai Cooperation Organization and the switch to a positive policy stance towards the ASEAN Regional Forum (ARF) were policies that were related to the advent of this new concept.

Another element of the so-called new concept of security is comprehensive security. Following such dramatic events as the Asian Financial Crisis in 1997, '9.11' in 2001 and the spreading of SARS in 2003, China has embraced the idea of comprehensive security and deeply understood that the state should deal with various transnational risks in the age of globalisation. This led China to promote the multilateral frameworks for dialogue in non-traditional as well as traditional areas of security, including its emphasis on regional cooperation under the ASEAN+3 framework.

Another factor that prompted China to enhancing regional cooperation and amity with its neighbours was its unstable relationship with the sole superpower, the United States, which was increasing its tendency for what the Chinese called hegemonism and power politics. Despite Jiang Zemin's efforts to establish an equal partnership with the US, a series of events in 1999 shattered his hopes. First, NATO decided on its new strategic concept, which stipulated that human rights were more important than state sovereignty, and bombed Yugoslavia. Then, Zhu Rongji failed to conclude the tough negotiation for China's admission into the WTO during his visit to the US. And finally, the Chinese embassy in Belgrade was bombed, after which the Chinese leaders had no illusions about the unstable nature of the US-China relations.

On the other hand, Japan and the United States face a basic dilemma on their part. In terms of security concerns, they do not like to see China develop its military might to challenge the *status quo* in the region. At the same time, Japan and the US are willing to strengthen their economic ties with China. This will contribute to China's economic development, which inevitably will lead to the expansion and modernisation of the Chinese military. The US may be able to bear this dilemma longer because of its wide lead in military capabilities and her geographical distance from China. Japan, however, lacks these conditions and will not be able to put up with the pressure for long.

Logically, there is only one way to solve this dilemma of strategic confrontation and economic engagement: that is to establish a multilateral security framework in the Asia-Pacific on top of the existing bilateral alliances. In this way, Japan will neither confront China strategically by depending exclusively on the United States, nor confront the United States by strengthening ties with China and the other countries of East Asia. Japan, together with China and the US, should take the initiative in implementing such an arrangement.

However, the Japanese are still uncertain about the desirable security arrangement in the region. Japan faces an enigmatic North Korea, and it cannot be denied that many Japanese are increasingly worried about a stronger China. Some regard that reinforcing the alliance with the US is essential in maintaining the power balance in the region. At the same time, there is an increasing number of people who believe that Japan should promote the formulation of a multilateral security framework in East Asia. Such people include scholars and politicians, among others the former Director of the Japan Defence Agency. The development of such thinking will certainly be helped by China's conciliatory approach towards regional issues of security and bilateral issues of history.