Since the 1990s, the social, political and economic dynamics of East Asia have been undergoing profound transformations. We have already observed significant restructuring of the political economy and strategic relationships in East Asia and as an integral part of post-Cold War geopolitical changes. In particular, the ‘rise of China’, which is marked by its growing economic and military power, expanding political influence and active involvement in regional diplomacy, is one of the key dimensions altering the dynamics of regional affairs in the Asia-Pacific and giving shape to a new geopolitical order in East Asia.

The rise of China, as a political and economic phenomenon, has had considerable impact on the balance of power in East Asia. Most importantly, it has shifted the terms of the relationship between China and Japan, the two great powers in the Asia-Pacific region. Since the end of the Second World War, political and security issues between China and Japan have remained a huge obstacle to enhancing bilateral ties between the two countries. Controversies over different interpretations of their histories have continued to overshadow the positive dimensions of their relationship, such as the growth in trade, investment and increased population flow between the two countries. Given the importance of their bilateral ties in the larger contexts of regional and global affairs, a shift in the balance of power in favour of China has critical reverberations for the geopolitical and economic order in East Asia and beyond.

The economic rise of China has particularly captured the world’s attention. China has established itself as the fastest-growing economy in the world, and has strengthened its links with the global economy through trade and direct investment since the 1970s, when it adopted

a reform-driven open-door economic policy. Moreover, it has achieved an annual rate of high economic growth averaging almost 10 per cent over the last two decades. Against the backdrop of China’s economic development, the countries of the Asia-Pacific have sought increased economic cooperation with China, and this has created a new trend in population movement: an increasing number of people are moving to big cities in China in search of social and economic opportunities.

This chapter highlights one such movement of population between the two countries: the migration of Japanese to Shanghai, the largest city of the People’s Republic of China (PRC). Wider geopolitical and security questions in East Asia will be explored. For example: How can the two countries reconcile their differences over interpretations of the past and improve their relations? Will it be possible for the two giants in the Asia-Pacific region to map an alternative future of mutual trust and cooperation rather than one clouded by fear, suspicion and threat?

Firstly, I will review recent developments in the Sino-Japanese relationship, paying particular attention to the politics of memories of the past which serve as political boundary markers between the two countries. Secondly, I will explore Shanghai’s rise towards being a global city in relation to China’s integration into the global economy. Since 1978 the country has implemented an open-door economic policy, and cities such as Shanghai or Beijing have been an important part of such development. Thirdly, I will look at shifting Japanese representations of China in the context of the rise of Shanghai and examine how such developments have played an integral part in increased population movements between the two countries. Fourthly, I will consider Shanghai’s role as a contact zone between China and Japan, facilitating transnational social and cultural ties, and opening up new spaces for reconfiguring the boundaries that have been dictated by the political and security imperatives of these countries. Pratt defines ‘contact zone’ as the space of encounters, ‘in which peoples geographically and historically separated come into contact with each other and establish ongoing relations.’ She further points out that a ‘contact’ perspective emphasizes how subjects are constituted in and by their relations with each other and that relations between subjects, viewed from this

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