



The tension is definitely increasing between these two super powers and that's bad news. Recent events are disturbing, in fact both China and Japan are beginning to become increasingly aggressive over this issue.

A war of words or an economic war? Could this become far more than a shooting war?

Members may find this interesting; here are the key events so far:

- Japan's Ambassador to China [died mysteriously, and Chinese police used tear gas and water cannons](#) on anti-Japan protesters.
- A senior advisor to the Chinese government has [called for an attack on the Japanese bond market](#) to precipitate a funding crisis and bring the country to its knees.
- Chinese hackers have [launched a cyber-attack against Japan](#), taking down at least 19 Japanese websites – including those of a government ministry, courts and a hospital – and adding messages proclaiming Chinese sovereignty over the islands.
- US Secretary of Defense Leon Panetta says that China and Japan may be [heading towards war](#)
- China's most powerful military leader, in an unusual public statement, [ordered military forces to prepare for combat](#), as Chinese warships deployed to waters near disputed islands. China is [stepping up military exercises, and drilling its air force in Tibet](#)
- After Japanese foreign minister Koichiro Gemba met with Panetta, Gemba told the press that [the Islands are covered by the security treaty between Japan and the US](#). In other words, Japan is claiming that America is siding with Japan
- Beijing protesters [surrounded the US ambassador to China's car](#). They inflicted some damage to his vehicle and briefly prevented it from entering the US Embassy compound in Beijing.
- The protesters [chanted slogans](#) such as (1) "down with the US imperialists"; (2) "The U.S. government is the mastermind", an apparent reference to the dispute over the island and the United States' security treaty with Japan; and (3) "return the money!", probably referring to the Chinese government's purchase of US government debt.

Having visited the links above one can clearly see that if things escalate any further, this could directly result in political, economic and financial problems.