

Japan-China Relations: Old Issues ... And New Approaches ?

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After a first quarter that featured a diplomatic flare-up over the Osaka conference on the Nanjing massacre, tensions over the March elections on Taiwan, and Chinese protests over missile defenses, the political leadership in both Tokyo and Beijing appeared intent on putting the bilateral relationship on a more even keel this quarter.

Foreign Ministers met to review outstanding political, economic, and security issues affecting the relationship. The agenda was familiar and the dialogue generally a reiteration of well-rehearsed talking points. The one new departure came when Foreign Minister Yohei Kono raised the possibility of Japan's taking a new tack on the issue of China's military modernization, suggesting that Japan's future levels of development assistance could be linked to China's military spending. Japan also voiced increasing interest in, and concern with, the activities of PLA navy ships and research vessels in Japan's Special Economic Zone.

At the political level, efforts to stabilize the relationship were most evident. An exchange of high-level visits by key political insiders continued throughout the quarter, and Beijing evidenced a marked shift on "history" related issues. In contrast to Jiang Zemin's November 1998 lectures and the strong protests over the Nanjing conference, Beijing's reaction to Prime Minister Yoshiro Mori's remarks about Japan as a "Divine Country" and about "*Kokutai*," its national structure, was markedly low-key. This shift was recognized in Tokyo, where analysts speculated over its significance.

At the same time, Japanese speculation over the implications of Beijing's role in advancing the historic North-South Summit turned quickly to recognition of China's growing influence on the Peninsula and to the future of U.S. forward-deployed forces both in South Korea and in Japan.

The Diplomatic Track--Old Issues...and a New Approach?

The major diplomatic event in Japan's relations with China came on May 10 with the Tokyo visit of China's Foreign Minister Tang Jiaxuan. Japan's Foreign Minister Yohei Kono met with Tang for almost three hours and covered a wide range of issues affecting the bilateral relationship. The key issues--trade and economic relations, cross-Strait relations, China's defense spending, the activities of China's research ships, the Senkakus, and the Korean Peninsula--represented a

familiar and well traveled agenda. With the one exception discussed below, the dialogue represented a repetition of well-worn talking points.

Shortly before the inauguration of Taiwan's new President Chen Shui-bian, Tang again emphasized Taiwan's acceptance of "one-China" as the pre-requisite for resumption of cross-Strait dialogue. Kono, in turn, made clear that Japan's position toward Taiwan was unchanging. As expressed in the 1972 Japan-China Joint Communiqué, Japan continued to respect Beijing's view that Taiwan was an indivisible part of China. Recognizing that Beijing had not abandoned the use of force as an instrument in effecting reunification, Kono called for the earliest possible resumption of cross-Strait dialogue. Tang expressed his appreciation for Japan's position with respect to Taiwan.

Both Foreign Ministers expressed satisfaction with the overall positive development of trade and economic relations. China appreciated Japan's support for its entry into the World Trade Organization (WTO) and its expectations that outstanding negotiations would soon be completed. (On May 19, the European Union announced agreement with China on a WTO accession protocol.) Kono, however, raised the need for China to improve its investment climate, noting that the failure of the Guangdong International Trust and Investment Corporation had adversely affected Japanese investors. (See "No Escaping the History-or the Future" *Comparative Connections* January-March 2000 http://www.csis.org/pacfor/cc/001Qjapan_china.html.) Improving the investment climate was essential to attracting Japanese investment to western China.

Exchanges over the Senkakus and the activities of China's research ships in Japan's Exclusive Economic Zone (EEZ) were short and sterile. Both sides claimed sovereignty over the islands, with Tang expressing concern about the shrine-building activities of Japanese political organizations (previous Chinese diplomatic protests were reported in the April 29 and May 1 *Sankei Shimbun*) and insisting that China's research ships were engaged in legitimate activities. Both sides hoped for progress in the development of Japan's relations with North Korea.

The one new departure came on issues related to money--China's military spending and Japan's official development assistance (ODA) support for China. Kono observed that the combination of China's increased military spending and high rate of economic growth was causing Japan to consider reviewing its ODA policy with respect to China. Given Japan's own financial picture, this was a matter of intense debate among the political parties, in particular within the Liberal Democratic Party (LDP), where voices for a review of Japan's ODA policy were rising. When Kono echoed Ambassador Tanino's March 27 remarks on the need for the Chinese government to inform its citizens of the content and effectiveness of Japan's ODA, Tang committed to do so. Kono also highlighted the importance of increased transparency with respect to China's military spending. An *Asahi Shimbun* report noted that this meeting was the first time that the Japanese government had linked concerns with China's military spending to a reconsideration of Japan's ODA.

At the conclusion of the meeting, the two governments announced that China's Premier Zhu Rongji would visit Japan in October. On May 11, Tang met with Japanese Prime Minister Mori and the leaders of the governing coalition, where the issues of China's military spending and Japan's ODA again were raised. Tang reportedly told LDP General Secretary Nonaka that the linking of military spending and ODA was "truly unexpected." At the same time, one LDP official stated that it was very difficult to gain public understanding for large-scale economic assistance prior to the coming election.

At the end of May, Japanese Vice Minister for Foreign Affairs Tetsuma Esaki traveled to China and Mongolia. In Beijing, Esaki met with Foreign Minister Tang to discuss issues related to regional peace and stability. High-level diplomacy continued at the June memorial ceremony for Japan's former Prime Minister Keizo Obuchi, with China's Vice Premier Qian Qichen meeting with Japan's Prime Minister Mori. At the working-level, the Seventh Japan-China Security Dialogue, with representatives from Foreign and Defense Ministries, met in Beijing at the end of June.

Economic Relations

Foreign Minister Kono, in his meeting with his Chinese counterpart, called on Beijing to take steps to improve investor confidence. Attracting Japanese investment to China's western interior is critical to the Western Development plan announced by Premier Zhu at the National People's Congress earlier this year.

In a May 10 interview with the *Asahi Shimbun*, Chinese officials from the interior recognized that the lack of foreign firms operating there was the result of below-standard investment and living conditions. To advance the growth of traditional industries and to develop a high-tech component, foreign investment was essential. It was also recognized as important to advancing environmental protection and raising standards of living. Likewise, the successful development of natural resources, hydroelectric power, chemical fertilizer, oil, and natural gas was tied to foreign direct investment. In May, Yamazakimazakku entered a joint venture with the Great Wall Industries Group (25%-75% basis) to produce numerical control devices in the Ning Xia Islamic Autonomous Region. The joint venture plans to produce 450 devices on a yearly basis. Local officials welcomed the announcement as a pump-priming instrument.

On May 30, Toyota announced that it had received final approval from Beijing for a joint venture with the Taijin Automobile Xiali Corporation. The joint venture will begin production in 2002, with a target of 30,000 automobiles annually.

There were also bumps in the road. On April 13, China's Ministry of Foreign Trade and Economic Cooperation handed down a preliminary dumping finding on stainless steel rods imported from South Korea and Japan. The finding affected nine Japanese and six South Korean companies. An appeal process is allowed under the finding.

At the same time, the struggling Japanese textile industry found itself confronted with a 16% increase (1999 over 1998) in the import of Chinese poplin and broadcloth, reaching a market penetration of 85%. Although the Japanese textile industry had, in 1995 and 1996, sought safeguard protection against such surges, China insisted on self-imposed restraint. On April 3, the Minister of International Trade and Industry addressed a note to his Chinese counterpart suggesting that Japan should recognize the import surge protection that exists in the bilateral U.S.-China textile agreement. At the same time, MITI proposed the formation of a government-industry joint commission to study the import problem.

Finally, Toshiba found itself embroiled in a heated dispute with Chinese users of its personal computers arising from compensation its U.S. subsidiary paid to settle a lawsuit in the U.S. dealing with potential loss of data stored on Toshiba floppy disks. In mid-May, Toshiba Vice President Seiichi Koga flew to China to try to put out the fire. At a Beijing press conference, he tried to explain why compensation was paid to American users and not Chinese. Citing U.S. legalism and the fact that, under normal operating conditions, problems had not occurred, he asked for understanding. Chinese media reported growing intensity and China's Consumer Cooperatives showed signs of getting involved.

Chinese Naval Activity

On April 22, Japan's Maritime Self Defense Force (JMSDF) informed the public of the stepped-up activity of Chinese warships or research vessels operating without prior notification in Japan's EEZ during the previous year. Thirty-one naval ships and 23 research ships were identified. Although the activity of foreign navies in Exclusive Economic Zones is not prohibited, the Japanese government views the operations of Chinese research vessels, without prior notification, as a violation of Japanese rights recognized by the Law of the Sea Treaty. One Defense Agency official viewed the increase as an attempt to increase China's influence.

Two days later, on April 24, the JMSDF reported 4 Chinese ships, including three missile frigates, were operating within Japan's Special Economic Zone in the East China Sea and suggested the possibility of some form of exercises being conducted. On May 16, Foreign Minister Kono testified before the Upper House Foreign Affairs and Defense Committee on the operation of Chinese research ships in Japan's Special Economic Zone in the vicinity of the Senkaku Islands. Kono indicated the area as falling within the "Far East" as defined by the U.S.-Japan Security Treaty and stated that both the U.S. and Japan shared this interpretation. (A Special Economic Zone was created by China to refer to areas that receive special treatment from Beijing and are market based. This differs from an Exclusive Economic Zone, which operates under the Law of the Sea Treaty.)

The following week, the Japan Defense Agency (JDA) submitted a draft of the 2000 Defense White Paper to the Defense Section of the LDP. The draft noted both a marked increase in People's Liberation Army (PLA) navy operations in the East China Sea as well as an expansion of its operational area. On May 25, the *Asahi Shimbun* reported that former Vice Minister for Foreign Affairs Takemi Keizo stated that a sense of danger could not help being felt as the PLA

navy had entered upon a new level of activity. He argued that, if warning actions are necessary, the public should be informed. At a June 9 meeting in Tokyo with the Chairman of China's State Council Press Office, LDP General Secretary Nonaka made clear that the continuing incursions of Chinese research ships into Japan's EEZ were not beneficial to China-Japan relations. JDA Vice Minister Sato suggested that the increasing activity of Chinese ships in the seas near Japan should be taken up at the Japan-China Security Dialogue that would resume in Beijing later in the month.

On May 25, the JDA confirmed that a Chinese intelligence ship operating in the Sea of Japan had transited the Tsugaru Strait between Honshu and Hokkaido and continued on to circumnavigate Japan. The passage marked the first transit of the Strait by a Chinese naval vessel. The *Sankei Shimbun* reported that JDA officials viewed the passage as an expansion of the PLA Navy's area of operations, from the South China Sea to the Pacific Ocean.

New Approaches: History Lite and the Search for the Go-to-Guy

Even as PLA naval activities continued to complicate relations, Chinese leaders appeared intent on showing a new face to Japan and Japanese leaders appeared bent on building bridges with Beijing. The dynamic began in April with the visits to Japan of Zeng Qinghong, Alternate Politburo Member and intimate of President Jiang Zemin, and General Fu Quanyou, Chief of the General Staff Department of the PLA. Included was restrained Chinese press reaction to a series of statements by Japan's new Prime Minister Yoshiro Mori; and culminated with Jiang Zemin hosting a dinner for 5,000 visiting Japanese delegates at a Culture and Tourism exchange conference.

At the invitation of the Japanese government and the LDP, Zeng arrived in Japan on April 4. In Tokyo, the lack of a political go-to-guy in Beijing familiar with Japan had become a matter of concern. Zeng's visit was widely viewed as a first step in filling the void. Furthermore, Zeng's handling and appointment schedule underscored the importance attached to the visit by Japan's political leaders.

Despite the political crisis occasioned by the sudden hospitalization of then-Prime Minister Obuchi, Zeng was met at the airport by LDP heavyweight Hirumi Nonaka. At both his departure from and return to Beijing on April 8, the Japanese Ambassador to China Sakutaro Tanino was present at the airport. During his visit, Zeng was accompanied by the Japanese Minister to China Yuji Miyamoto. In Tokyo, Zeng met twice with Nonaka and twice with Mori, first as LDP President and then after Mori had assumed the office of Prime Minister. This happenstance made Zeng the first foreign official to meet with the new Prime Minister.

Zeng had previously visited Japan in 1979, when he served as a member of China's National Planning Commission. Both the Foreign Ministry and the LDP took note of his interest in Japan. According to Japanese sources familiar with present-day Japan-China relations, Zeng remarked that his reception and treatment in Japan made him well aware of the importance with which Japan views China. And even where differences existed, such as on Taiwan, although he

expressed himself forcefully, Zeng was not perceived as overbearing. The bottom line was that Zeng left a good impression with his Japanese hosts who judged the attempt to find an effective go-to-guy in Beijing as “200% successful.”

Also in April, the Chief of the General Staff Department of the PLA, General Fu Quanyou arrived in Osaka--the site of the controversial February conference on the Nanjing Massacre--to begin a six-day visit to Japan. Although Beijing had strongly protested the Nanjing conference, General Fu did not raise the matter. Fu did not neglect history, but his references were few and, as judged by the Japanese officials with whom he interacted, voiced with sincerity in an atmosphere of friendship. Overall, his attitude was judged to be positive and future-oriented with respect to the development of the China-Japan defense relationship.

While Fu did refer to the U.S.- Japan Security Alliance--recognizing Japan's sovereign right to defend itself but expressing the view that the security guarantees should operate only on a bilateral basis--he did not raise issues related to the Defense Guidelines or ballistic missile defense, generally pet rocks of Chinese officials. In meetings at the Defense Agency, Director General Kawara and General Fu agreed to an early exchange of visits of Defense Ministers and to develop cooperation at the Vice Ministerial level. (Fu's Japanese counterpart, General Fujiwara, paid a return visit to China beginning on June 19.)

General Fu's restraint on history extended also to Beijing's handling of a series of statements by Japan's new Prime Minister Yoshiro Mori, remarks that in the past would have drawn the ire of the Chinese leadership and media. On April 26, in speaking before the Lower House Budget Committee, Mori addressed the issue of the war with China--whether or not it was a war of aggression. The Prime Minister stated that the issue had to be looked at within the context of the times and thus, whether it was a war of aggression or not, should be judged from the content of history. In Beijing, the Foreign Ministry spokesman briefly commented that speaking in vague terms about the nature of the war wounded the sensitivities of the Chinese people. Such misstatements were remembered with feelings of surprise and regret. (On May 22, Mori revised his remarks, acknowledging the war as a war of aggression.)

On May 15, in remarks to a Shinto political organization, Mori referred to Japan as a “divine country with the emperor at its center.” The remark set off a political and media fire-storm in Japan. Comments in Beijing, however, took an indirect approach. The Foreign Ministry expressed its regret and the hope that Japan would deal sincerely with the problems of history and in a way that is conscious of the sensitivities of the Chinese people and other Asian neighbors. In an interview with TV Asahi President Michisada Hirose, Foreign Minister Tang found that “such pronouncements, if frequently repeated, are not able to produce good effects.”

Mori, however, continued to raise troubling issues. On June 5, Mori raised the possibility that the coming election could produce a Democratic-Communist Party coalition and asked how, if this were to happen, Japan's “*Kokutai*” or national structure could be defended. His remarks produced a second firestorm in Japan. Editorial comment in the *Asahi Shimbun* recognized that the Prime Minister might be trying to energize the LDP's conservative supporters, but argued

that the reference to “*Kokutai*” could not be divorced from a past that is linked to external aggression and internal repression. In China, the *People’s Daily* simply observed that Mori’s remarks were drawing fierce criticism from the Japanese public and political opposition.

Reporting from Beijing, *Sankei Shimbun* correspondent Yoshihiza Komori observed that the Chinese media’s handling of the “Divine Country” and “*Kokutai*” remarks was strangely restrained in contrast to the past. The media confined itself to reporting on the debate inside Japan and completely refrained from an anti-Japan history campaign. Likewise, both China’s Communist party and government refrained from taking on Mori’s pronouncements.

At the end of May, LDP General Secretary Nonaka together with his ruling coalition counterparts, Tetsuzo Fuyushiba and Takeshi Noda, visited Beijing and met with Jiang Zemin and other members of the Chinese leadership. On June 7, the *Sankei Shimbun*’s Komori noted that foreign travel by three such political heavyweights together was unprecedented. In their meetings, China’s leaders refrained from raising Mori’s “Divine Country” remarks. Taking a positive note, Premier Zhu Rongji expressed China’s appreciation for Japan’s policy with respect to Taiwan and President Chen Shui-bian. He favorably contrasted Japan’s lack of government representation at the inauguration with the attitude of the United States. Nonaka reiterated Japan’s unwavering support for “one-China” and expressed his hope for a peaceful resolution between China and Taiwan. The only time the “Divine Country” issue came up in Beijing was at a Foreign Ministry press conference, where it was raised twice by a correspondent from Japan’s Communist paper, *Akahata*. Each time, the Chinese response was that China hopes that “Japan has learned lessons from its history and will follow the path of peaceful development.” Criticism of Mori was absent.

On May 20, 5,000 Japanese delegates at a Culture and Tourism exchange conference in Beijing, led by Minister of Transportation Toshihiro Nikai, were unexpectedly welcomed at dinner in the Great Hall of the People by President Jiang Zemin. Previously, Jiang and Vice Premier Hu Jintao had met for an hour with Nikai and, after a thirty-minute official ceremony, Jiang went down into the Great Hall to shake hands with the Japanese visitors to whom he animatedly explained the importance of Japan-China friendship. In his formal remarks, in contrast to his November 1998 lectures about “history” during his visit to Japan, Jiang focused on the future, making only two passing references to the past. That evening Jiang’s welcome and remarks were widely broadcasted in the Chinese media. The next day, China’s Vice Minister for Foreign Affairs Wang Wenqiang told his visiting Japanese counterpart, Testuma Esaki, that Jiang Zemin highly regarded the visit of the 5,000 Japanese delegates and made clear that he personally wanted to attend the meeting. As *Sankei*’s Komori observed, having both a President and Vice Premier meet with a single Minister and attend an assembly of foreign visitors is out of the ordinary--with respect to Japan, unprecedented.

As the quarter ends, a debate over the significance of this series of events is underway in Tokyo. Does it represent a fundamental reassessment and revision in China’s approach to Japan--an acceptance of the U.S.-Japan alliance and willingness to work China-Japan relations within that framework? Or is it merely a tactical adjustment, driven by a realization of growing anti-China

sentiment in Japan, by the implications of such sentiments for Japan's ODA support for China, by the deadlock in U.S.-China relations and improvement in U.S.-Japan ties, and the evolving situation on Taiwan?

Sunshine on the Korean Peninsula: China and Japan

No event of the past three months holds greater significance for Japan's strategic position in Northeast Asia, and its relations with China, than the June 13-15 North-South summit in Pyongyang. Over the three-month period, China's influence on North Korea was clearly manifested. This began with a March visit to the Chinese embassy in Pyongyang by North Korean leader Kim Jong-il. In early April, the head of the International Liaison Department of China's Communist Party visited Pyongyang, the first such visit in six years and a clear sign of warming relations. At the end of May, two weeks before the Pyongyang North-South Summit, Kim Jong-il made a secret visit to Beijing. Although the three Chief Secretaries of Japan's ruling coalition were in Beijing at the time, their Chinese hosts, according to a Japanese Foreign Ministry source, did not inform them that Kim was there also.

An *Asahi Shimbun* analysis of Kim's visit speculated about the amount of aid China might have extended to the North, recognizing that a significant amount would weaken Japan's own aid card in normalization negotiations with Pyongyang. China actions underscored its clout on the Peninsula, its intent to preserve its influence on the Peninsula, and to compete there with the United States. Beijing's assistance gave Pyongyang a "China card" with which to maneuver against Tokyo, Seoul, and Washington. At the same time, the Chinese leadership made clear its support for Japan's efforts to move ahead with North Korea. This message was communicated to Nonaka and his coalition counterparts during a dinner conversation with China's Vice Premier Qian Qichen and again to Prime Minister Mori on after the Obuchi funeral.

The security implications of the inter-Korean summit soon surfaced in the Japanese press. However, on June 15, the *Asahi Shimbun* published an article by Tian Zhongching of the Shanghai Institute of International Relations. Tian argued that the U.S. security structure in East Asia, including the presence of U.S. forces on the Peninsula and the new U.S.-Japan Defense Guidelines, could complicate a process of unification both on the Peninsula and with respect to Taiwan. The complete and immediate withdrawal of U.S. forces from the Peninsula would be difficult and thus, a gradual reduction was the realistic option. While China did not want to interfere with the deployment of U.S. forces, it did not believe such a presence was desired by the Korean people

In an op-ed piece in the *Sankei Shimbun*, Tiekyo University professor Shikata Toshihisa welcomed the beginnings of North-South dialogue. However, he cautioned against assuming that real change had occurred in Japan's security environment and took issue with the views which now argued that theater missile defense was no longer necessary, that the U.S. presence in Japan could be reduced, and that the alliance itself should be reconsidered. In terms of Japan's interest in stability on the Peninsula, either the withdrawal or reduction of U.S. forces stationed there would allow China's political and military influence to become overwhelming. This was

something he did not want to contemplate. An *Asahi Shimbun* analysis saw the first ripple effects to reach Japan being manifest in negotiations now underway with respect to Japanese host nation support for U.S. forces in Japan.

Implications for the United States

Efforts by both Japan and China to stabilize their bilateral relationship advance U.S. economic and security interests toward both countries. Over the long term, the implications of what appears to be a new Chinese approach to Japan will unfold. At present, analysts in Washington and Tokyo remain uncertain as to whether developments over the past quarter represent a fundamental shift in Beijing's attitude toward Japan or simply a tactical adjustment to secure more effectively China's objectives. Efforts to use a less strident approach to Tokyo to attenuate Japan's alliance with the United States would become a matter of concern in Washington.

Chronology of Japan-China Relations April-June 2000

Apr. 1-6, 2000: General Fu Quanyou, Chief of the General Staff Department of the PLA, visits Japan.

Apr. 4-8, 2000: Zeng Qinghong, Alternate Politburo Member visits Japan, meets with high-level Japanese political leaders.

Apr. 13, 2000: China's Ministry of Foreign Trade and Economic Cooperation issues preliminary dumping finding on stainless steel rods against six Japanese and six South Korean companies.

Apr. 22, 2000: Japan's Maritime Self Defense Force cites increased Chinese activity in Japan's Special Economic Zones.

Apr. 29, 2000: The *Sankei Shimbun* reports diplomatic protests about the shrine-building activities of Japanese political organization.

May 10, 2000: PRC Foreign minister Tang Jiaxuan meets with his Japanese counterpart, Yohei Kono, in Tokyo.

May 11, 2000: Chinese Foreign Minister Tang meets with Prime Minister Mori.

May 16, 2000: Foreign Minister Kono testifies in Diet on activities of Chinese ships in the Senkakus.

May 21-24, 2000: Vice Minister of Foreign Affairs Esaki travels to China and Mongolia.

May 23, 2000: Chinese naval vessel transits the Tsugaru Strait between Honshu and Hokkaido, a first for the PLA navy.

May 30, 2000: Banquet hosted by Alternate Politburo member Zeng Qinghong for visiting LDP Secretary Nonaka and counterparts from ruling coalition.

May 30, 2000: Toyota-Taijin Automobile Xiali Corporation joint venture receives final approval from Beijing.

Jun. 8, 2000: Vice Premier Qian Qichen meets Prime Minister Mori at Obuchi funeral.

Jun. 19, 2000: Seventh Round of Japan-China Security Dialogue meets in Beijing.

Jun. 19, 2000: General Fujiwara, Chief of JDA General Staff visits China.