

## Japan-China Relations: Waiting for Zhu ...

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Tokyo and Beijing worked to smooth the increasingly sharp political edges of their bilateral relationship this quarter in advance of PRC Premier Zhu Rongji's October visit to Japan. Of particular concern to Tokyo were the activities of Chinese maritime research ships in areas that Japan defines as within its Exclusive Economic Zone (EEZ) as well as the operations of People's Liberation Army (PLA) navy ships in international waters off Japan. Within Japan's ruling coalition and, in particular, within its dominant Liberal Democratic Party (LDP), these actions produced a backlash against the government's proposed special yen loan package for China, resulting in Tokyo's decision to postpone final consideration until after the Foreign Minister's August 28-31 visit to China.

Foreign Minister Kono's visit was the diplomatic highpoint of the quarter. In Beijing, Kono met with President Jiang Zemin, Premier Zhu Rongji, and Foreign Minister Tang Jiaxuan. However, an understanding to provide Tokyo with advance notification of Chinese activities within the disputed EEZ, reached during the Kono visit, did not long outlive his departure from Beijing. The reappearance of a Chinese research ship set off another round of China bashing within the LDP, even as both governments met to negotiate procedures for mutual prior notification.

History also remained very much alive. Contributing to the growing criticism of China within the LDP was Beijing's cancellation of Transport Minister Morita Hajime's visit to China. Although Beijing attributed the decision to scheduling difficulties, voices within the LDP attributed it to the Minister's August 15 visit to the Yasukuni Shrine to Japan's war dead. Meanwhile, the Japanese government began the excavation and recovery of chemical weapons left behind in China by the Imperial Army at the end of the war.

### **Defense White Paper ... A China Threat?**

The Japan Defense Agency (JDA) submitted its Defense White Paper 2000 to the Cabinet for final approval in early July. On China, the White Paper broke new ground, for the first time clearly stating that Japan falls within the range of China's missiles. The previous White Paper had lacked the country specific designation, preferring the ambiguous reference to Asia as being within China's missile range. The report also called attention to increasing Chinese maritime research and PLA naval activities in waters around Japan, and China's lack of transparency with regard to the PLA. Press

commentary in both Japan and China noted the White Paper's increasing focus on China.

In Japan, the *Mainichi Shimbun* found the attention and detail paid to China striking, in contrast to previous years. While the JDA argued that the report was simply a representation of reality, and not an effort to hype a China threat, the *Mainichi* speculated if this was actually the case, given the Agency's interest in the development of a theater missile defense (TMD) system and the acquisition of mid-air refueling capabilities. Nevertheless, the editorial recognized that concerns over China's missiles, its maritime activities, and lack of transparency were natural. The *Mainichi's* answer was to deepen and intensify Japan's security dialogue with China. The *Asahi Shimbun* suggested that, with the improving situation on the Korean Peninsula, the detailed references to China's missile threat represented an attempt by the Japanese government to pre-empt growing opposition to the development of ballistic missile defenses.

In China, *The People's Daily* labeled the report a pretext for Japan's participation in TMD development. The newspaper allowed that China was used to Japan's right wing politicians flogging a "China threat," but found the White Paper demanding attention because it marked the first time such implications had appeared in an official government document. The PLA's *Liberation Daily* stepped up the attack. In its analysis "Warnings of Separate and Hidden Plot," the newspaper argued that the detailed analysis of China's missile force was aimed at diverting the attention of neighboring Asian countries from Japan's own military expansion. The article went on to warn that Tokyo was shifting from the defense of the homeland to a broader regional strategy, using China's military activities as a pretext for Japan's military expansion. The commentary defended the Chinese military as appropriate in scale and within the bounds of international law.

### **Chinese ships, the Yasukuni Shrine, and the LDP**

The activities of Chinese maritime research vessels in areas that Japan considers within its own EEZ as well as the operations of PLA warships in international waters off Japan increasingly drew the attention of the Japanese government, political leadership, and media. Tokyo claims that the Japanese side of a line running midway between Japanese and Chinese shores is Japan's EEZ. Beijing, however, refuses to accept this position and argues that it has the right to conduct maritime research over the continental shelf that extends from China's mainland to the islands of the Okinawa chain.

Within the LDP, pressures were building for a reconsideration of the government's 17.2 billion special yen loan package for China in response to the research and naval activities. The strongest advocates for reconsideration were from among the LDP's next generation of political leaders and within its Foreign Affairs Department, where increasingly sharp and critical opinions of China were being voiced.

The fact that Chinese research activities, confirmed by Japan's Coast Guard and reported by the *Sankei Shimbun* on August 7, continued without notification did not improve the

political climate in Tokyo. The next day at an internal LDP Foreign Affairs meeting, former Postal Minister Hajio Eitaro found China's actions to be a threat to Japanese sovereignty and called for the most vigorous of protests. Takemi Keizo argued that for the government to decide now on the special loan package would be "to send China the wrong signal." At an August 9 meeting of the House of Councilors Foreign Affairs and Defense Committee, Takemi noted that China's maritime activities were damaging the foundations of Japan's relations with China. He went on to argue that, given the course of events to date, the government should not be talking about cooperative relations. An unidentified LDP operative called the May transit of the Tsugaru Strait by a PLA navy vessel an "openly provocative act."

On, August 27, the day before Foreign Minister Kono Yohei traveled to Beijing, the *Yomiuri Shimbun* carried an article, based on Foreign Ministry sources, which highlighted China's stepped up naval activities in Japan's EEZ, naming seven ships and giving dates and areas of activities since the beginning of July. Overall, since the beginning of the year, 19 such incursions, 17 by research ships and 2 by PLA navy, had been detected by the Japanese government.

Adding fuel to the smoldering political fire was Beijing's decision to put off the pending visit of Transportation Minister Morita Hajime. The decision came shortly after Morita made a private and unofficial visit on August 15 to Yasukuni Shrine where the spirits of Japan's war dead are venerated. Beijing asserted that the cancellation was the result of scheduling difficulties; however, within the LDP and the Foreign Ministry, not a few saw it as being tied up in the Yasukuni visit. In the face of the growing hawkish mood toward China within the LDP, the government was unable to secure final political approval for the special yen loan package in time for Foreign Minister Kono's visit to Beijing.

The LDP finally approved the special yen loan package at a coalition conference on September 7, after an intense two-hour debate. Addressing the meeting, Foreign Minister Kono asked the parties' understanding for the assistance package, while making it clear that he found China's naval activities "difficult to understand." The LDP's Shiozaki Yasuhisa argued that it would be difficult to explain the loan decision to the Japanese people while a Chinese ship was again operating within Japan's EEZ.

### **Kono in Beijing**

Kono's visit ran from August 28 through the end of the month. In an NHK broadcast before his departure, the Foreign Minister said that he thought it important to confirm if a relationship based on mutual trust and confidence is definitely being established. During his stay in Beijing, Kono met with his counterpart Tang Jiaxuan, President Jiang Zemin, Premier Zhu Rongji, and Vice Premier Qian Qichen.

Kono's visit was aimed at addressing outstanding bilateral issues, in particular the activities of Chinese research ships and PLA navy vessels, and thus laying, in Kono's words, a foundation for an improvement of Japan-China relations in advance of the October visit of China's premier Zhu Rongji. The *Nihon Keizai Shimbun* reported that it

was expected that Kono would express the view that, under the Law of the Sea Treaty, Tokyo should be given prior notice of the activities of Chinese maritime research ships in Japan's EEZ. As for the activities of the PLA navy in international waters around Japan, Kono was expected to argue that Japan viewed such actions not as violations of international law but as regrettable, coming as they did from a friendly neighboring country. Shortly before Kono's departure, Japan's *Kyodo News Service* reported the two governments had reached basic agreement on advanced notification procedures to cover the activities of Chinese research ships in Japan's EEZ.

At his August 28 meeting with Foreign Minister Tang, Kono told his counterpart that China's actions were impairing the development of a relationship based on mutual trust and asked that Beijing exercise self-restraint. Kono explained that, without prior notification, these activities could not be permitted. Moreover, the lack of any explanation from Beijing only served to feed discontent in Japan. Addressing the then yet to be approved special yen loan package, Kono expressed concerns about the increasingly critical atmosphere in Japan. In particular, he cited China's lack of transparency on defense policy and China's own on-going economic assistance programs to third countries, even as Beijing sought aid from Japan. In the final analysis, Kono noted that the support and understanding of the Japanese people were indispensable to economic cooperation.

In reply, Tang made clear that China considered its maritime research activities as perfectly normal. As for PLA naval activities in waters around Japan, Tang assured Kono that "the situation Japan is concerned about no longer exists." Tang cited the publication of China's Defense White Paper as evidence of its transparency and noted that Beijing had initiated its economic assistance programs long before the beginning of Sino-Japanese economic cooperation in 1979. Tang also urged Japan to deal carefully with a possible visit to Japan by Taiwan's former President Lee Teng-hui. He did not, however, raise sensitive issues relating to Japan's cooperation with the United States in missile defense research and development. Neither did he take up the history-related issue of the Yasukuni Shrine. The two Foreign Ministers set October 12-17 as the dates for the visit of Premier Zhu Rongji to Japan.

The three-hour meeting, an hour beyond the two hours scheduled, produced an agreement to establish a bilateral prior notification mechanism to deal with maritime research activities. Details were left to negotiations between working-level officials. (On September 15, the two sides met in Beijing and agreed to accelerate work on establishing a mutual prior notification mechanism.) Reporting on the August 28 meeting, the *Asahi Shimbun* observed that behind China's willingness to reach agreement on the research ships issues was Beijing's recognition of the indispensable nature of Japan's Official Development Assistance (ODA) to the future success of plans to develop its interior western provinces.

On Tuesday, Kono met with President Jiang Zemin. Kono told Jiang that the agreement on mutual prior notification would serve to advance the building of a relationship based on trust and mutual confidence, while Jiang, in turn, stressed the great importance he attached to Zhu's coming visit to Japan.

Jiang went on to say that, based on the respective positions of the two countries--Japan, as an economic superpower, and China, as the world's largest developing country--he saw no reason that the bilateral relationship should not continue to expand successfully in the coming century. He stressed the importance of thinking about the big picture and repeatedly emphasized the importance of China's relations with Japan. Jiang was optimistic about the future of Sino-Japanese relations and referred back to his warm welcome of 5,000 Japanese tourists at the Great Hall of the People in May as evidence of the importance he attached to relations with Japan. He considered friendly relations between the two neighboring countries as the normal state of affairs and could think of no reason for this to change. Should problems arise, the two countries should look for ways to address them in a spirit of understanding and friendship.

While Kono found relations "moving in the right direction," he also was clear and direct that "much remains for us to accomplish if we are to build the sense of trust between Japan and China." Kono referenced Beijing's negative reaction to the China section of Japanese Defense Agency's Annual Report, continuing concerns about a revival of Japanese militarism and criticism of Japan's ballistic missile defense cooperation with the U.S. At the same time, he recognized that from time to time some statements of a tiny minority of Japanese people regarding issues of past history have engendered distrust of Japan. The Foreign Minister underscored that Japan's defense policy is "exclusively devoted to defense" and found it "unfathomable to conceive that Japan would ever engage in competitive military expansion in Asia with China...." At the same time, Japan was concerned about China's ongoing military expansion and its missile force. This was causing some in Japan to view China as a threat. Kono also touched on the fact that "media reports state that it is virtually unknown to the people of China that Japan provides more than 30 billion yuan in economic cooperation ... and that such assistance is not properly appreciated." This, he noted, causes "bewilderment among the people of Japan."

During his meeting with Premier Zhu Rongji, Kono was told that neither the activities of China's research ships nor those of the PLA navy near Japan should be considered as expressions of hostile intent. Zhu noted that such activities were in accordance with international law and not of the sort to give rise to the unease and negative reactions that had developed in Japan. Zhu also touched on the postponing of Transport Minister Morita's visit to China, which, he said, was simply the result of scheduling problems. He was concerned lest this misunderstanding should affect China's relations with Japan.

Anonymous Chinese officials tried their hands at spin control, arguing that recent problems were the result of poor inter-governmental coordination. From Beijing, the *Asahi Shimbun* reported that a Communist Party official, upon receiving a PRC Foreign Ministry report of the PLA navy's activities prepared in response to a representation by

the Japanese ambassador, expressed his exasperation over the PLA's activities. Up to that time, according to the story, news of the navy's activities had not penetrated upper reaches of the party leadership. The story also quoted a Chinese military source as pointing out that the navy really does not think at all about the effect of its actions on Sino-Japanese relations and is totally separate from the government. The article went on to point out that the PLA is under the authority of the Central Military Commission. Thus differences between the PLA and the government often develop and problems arise because it is difficult for these differences to reach the upper levels of Party leadership. The story also cited a similar lack of coordination between China's Foreign Ministry and the Railways Ministry as the reason for postponing Transportation Minister Morita's visit.

### **Back in the EEZ ...**

On September 8, the Japanese press carried stories reporting the return of a Chinese research ship to Japan's EEZ. According to the reports, the Chinese ship had been operating in the area since September 5, less than a week after Kono's return to Japan. On September 7, the Japanese government through its ambassador in Beijing protested, calling for the immediate cessation of activities, withdrawal of the ship, and for the earliest possible meeting of the two sides to work out the details of the prior notification mechanism. Meeting with reporters that afternoon, Chief Cabinet Secretary Nakagawa announced that the government had not received "prior notification" of the ship's activities. This was "difficult to understand" in light of the Foreign Minister's recent visit to China. Meanwhile, in a meeting with Japanese reporters in Beijing, Chinese diplomatic officials emphasized the leadership's unity with respect to the importance attached to relations with Japan and placed the blame for the incident on the weakness of China's internal coordinating mechanisms.

On September 12, Vice Minister for Foreign Affairs Kawashima called in the Chinese ambassador to protest the incursion, which, in light of the agreement between the Foreign Ministers, he termed "extremely regrettable." The Vice Minister called for the earliest possible meeting at the working level to work out the details of the prior notification mechanism; until then, he urged self-restraint on the part of China. The Chinese ambassador replied that the incursion was accidental, the action of an individual, and not something the Chinese government wanted to see. Because the action was not intentional, the ambassador trusted that atmospherics of Sino-Japanese relations would not suffer.

On September 12, Zhu Rongji met with a group of visiting Japanese parliamentarians. The Japanese delegation asked that the resumption of research activities be suspended, particularly in light of the Kono-Tang agreement on prior notification. In reply, Zhu stated that the details of such activities were not known among China's top leadership but that they did conform to international law and held no hostile intent toward Japan. However, Zhu told the legislators that, "if such actions on the part of China invite negative feelings among the Japanese people, they should cease." Zhu's statement, the *Tokyo Shimbun* noted, marked the first time such expressions came from China's top

leadership. Zhu also noted that Japan's actions also gave rise to strong emotions in China, citing in example the visit of Cabinet-level officials to the Yasukuni Shrine.

In mid-September, Japan's Coast Guard Agency sent its 2000 White Paper to the cabinet for final approval. With regard to Chinese maritime research, the Agency reported a doubling of such activities within Japan's EEZ, from 16 ships in 1998 to 33 in 1999. Through September 10, the total for 2000 stood at 24 ships.

On September 26, LDP Secretary General Nonaka met in Tokyo with senior Chinese diplomats on the maritime research issue. Nonaka found it regrettable that the efforts of the two governments to work out a prior notification mechanism had repeatedly ended in failure and asked the Chinese to exercise self-restraint during the negotiations. The Chinese replied that careful attention had to be paid to details, if the mechanism were to be effective. The Secretary General also touched on the ODA issue, noting that Japanese thought that at least some part of the ODA program is being used by China for military purposes and expressing expectations for a higher degree of transparency.

### **Dealing with Remnants of History**

On September 13, Japanese chemical weapons experts, working together with PLA counterparts, began the process of recovering the chemical weapons left behind in China by the Imperial Army at the end of the Second World War. Under obligations assumed by Japan with the coming into force of the chemical weapons convention, Japan is committed to destroying an estimated 700,000 weapons by 2007. The initial operation is expected to last approximately two weeks. The recovered shells will be maintained in safe storage facilities pending construction of destruction plants and an agreement on neutralizing technologies.

The Japanese team consisted of 75 Japanese, including 8 defense officials, while the Chinese team totaled 200, including some 40 PLA soldiers. At the initial recovery site, Beian in Heilongjiang Province (Manchuria), 350 kilometers north of Harbin, 500 unexploded chemical artillery shells (among 150,000 conventional shells) are estimated to have been left behind by the Imperial Army.

### **On the Korean Peninsula...**

The historic June summit meeting between South Korea's President Kim Dae-jung and North Korea's leader Kim Jong-il highlighted China's growing influence on the Peninsula. Post-summit analysis in the Japanese press underscored this reality. Kim Jong-il's unexpected March visit to the Chinese embassy in Pyongyang, his secret visit to Beijing at the end of May, and his over three-hour meeting with Jiang Zemin were notable examples of China's influence in the North. At the same time, as noted by the *Asahi Shimbun*, China's briefing of the visit to embassies in Beijing, starting with South Korea, showed the importance China attached to relations with the South.

In Japan, the success of the summit immediately raised questions related to the presence of U.S. forces on the Peninsula, North Korea's willingness to address sensitive issues with Tokyo, and the necessity of ballistic missile defense. In a July 15 interview in the *Sankei Shimbun*, Sato Kastumi, President of the Modern Korea Research Institute, noted that China's political influence had gradually become clear. In contrast to the United States, China had played a major role in orchestrating the South-North summit.

On July 29, during his visit to China, Foreign Minister Kono met Vice Premier Qian Qichen. Qian touched on Japan's efforts to normalize relations with North Korea, observing that he felt some progress had been made, but that it will be difficult for North Korea to abandon plans for its own satellites and its missile program. As long as missile development continues, problems between the two countries are not likely to be resolved.

### **Economic Relations**

Japan's major automobile companies, Honda and Toyota, focused on developing the China market. Honda and its Chinese joint venture partner announced on July 4 a decision to expand production of the Honda Accord from the base of 30,000 vehicles annually to 50,000 annually beginning in the autumn of 2001. If the present favorable business environment continues, production could reach as high as 100,000 vehicles in a short time. Plans are also in the offing to seek Beijing approval to produce lower emission, compact models.

On July 12, Toyota President Okuda Hiro opened Toyota's Tientsin compact automobile assembly plant. At the opening ceremonies, Okuda announced that Toyota wanted to contribute to China's automotive age by supplying the market with a low cost, efficient, and economical automobile. Okuda also made clear that Toyota's late entry into the market had much to do with the length of time required to secure Beijing's approval for the manufacturing operation. The development of the Toyota-Tientsin automobile will be assisted by an infusion of technology from Daihatsu, a Toyota ally. Initial production target is for 100,000 vehicles annually.

During Foreign Minister Kono's August 30 meeting with Zhu Rongji, the Premier touched on China's plans for a high-speed rail line linking Beijing and Shanghai, a source of intense competition between Japanese and German companies. Zhu noted that reports in some Japanese newspapers that he was personally backing Germany's linear technology and giving no thought to Japanese technology "were not correct." (In June, during his visit to Germany, Zhu was present at the signing of an agreement providing for a linear technology test track to be built in Shanghai.) Zhu went on to say that in such a large-scale project decisions on technology should not be made in an "overly rash manner." Zhu's remarks were interpreted as evidence of his appreciation for Japanese proposals to construct the Beijing-Shanghai railroad based on its own *shinkansen* (bullet train) technology.



## **Implications for U.S. Policy**

A stable relationship between Tokyo and Beijing is one that comports with U.S. security interests in the Asia-Pacific. The efforts of the two governments to deal with the existing problems and put their relations on a firm, politically sustainable foundation thus works to support U.S. interests. A key test will come in October when Premier Zhu Rongji travels to Japan.

## **Chronology of Japan-China Relations July-September 2000**

**Early July:** Japan Defense Agency sends Defense White Paper 2000 to cabinet for final approval that reports, for first time specifically, that Japan falls within range of China's missiles and also focuses on Chinese maritime research activities in Japan's Exclusive Economic Zone (EEZ).

**Jul. 12, 2000:** Toyota-Tientsin joint venture begins operation.

**August:** Increasing criticism of China and Chinese maritime research activities within LDP. Prior to Foreign Minister Kono's departure for Beijing, Tokyo puts off efforts to secure Diet approval of special yen loan for China

**Aug. 9, 2000:** Japanese House of Councilors Foreign Affairs and Defense Committee meet to discuss China's maritime activities,

**Aug. 15, 2000:** Transportation Minister Morita visits the Yasukuni Shrine.

**Aug. 27, 2000:** The *Yomiuri Shimbun* reports that Chinese naval incursions into Japan's EEZ have increased, with 19 detected thus far this year.

**Aug. 28-31, 2000:** Foreign Minister Kono meets with President Jiang Zemin, Prime Minister Zhu Rongji, and Foreign Minister Tang Jiaxuan in Beijing. Foreign Ministers agree to establish mechanism for prior mutual notification of maritime research activities in respective EEZs

**Sept. 7, 2000:** Japanese Diet approves special yen loan for China.

**Sept. 7, 2000:** Japanese embassy in China protests the activities of Chinese ships in Japan's EEZ.

**Sept. 8, 2000:** Newspapers report that Chinese ships are once again active in Japan's EEZ despite the agreement for prior notification.

**Sept. 12, 2000:** Japanese Vice Minister for Foreign Affairs Kawashima calls in Chinese ambassador to protest Chinese ship incursions.

**Sept. 12, 2000:** Chinese Premier Zhu Rongji meets with a group of visiting Japanese parliamentarians.

**Sept. 13, 2000:** Japan begins excavation and recovery of chemical weapons abandoned in China by the Imperial Army at end of World War II.

**Mid-September:** Japan's Coast Guard Agency sends Coast Guard White Paper 2000 to Cabinet for final approval.

**Sept. 15, 2000:** Japanese and Chinese diplomats meet in Beijing; agree to accelerate efforts to reach agreement on mutual prior notification mechanism.

**Sept. 22, 2000:** Japanese Foreign Minister Kono welcomes the U.S. Senate vote to extend permanent normal trading status to China and expresses the belief that the vote will accelerate China's accession to the World Trade Organization (WTO). Tokyo has long regarded China's entry into the rules-based WTO as a key step in advancing China's participation as a "constructive partner" in the international economy.

**Sept. 25, 2000:** Sino-Japanese discussions resume on mutual prior notification mechanism.

**Sept. 26, 2000:** Liberal Democratic Party Secretary General Nonaka discusses maritime research issue with senior Chinese diplomats in Tokyo.