

COMPARATIVE

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RELATIONS IN THE INDO-PACIFIC

JAPAN-CHINA RELATIONS

EXTERNAL SMILES, INTERNAL ANGST

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Chinese and Japanese relations have been cordial during the summer months, but tensions over history, economics, disputed territories, and military expansion continue to simmer. Several meetings failed to reach consensus on issues. China continued to tighten its de facto control over disputed territories as Japan reinforced its capabilities to defend those areas. Several major Japanese corporations announced plans to move production out of China, citing concerns with the US-China trade war. Worsening relations between Seoul and Tokyo, and in particular Seoul's decision to end an intelligence-sharing agreement, could weaken plans for joint resistance to Chinese and North Korean activities. No date has been set for Chairman Xi Jinping's long-delayed reciprocal state visit to Japan.

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Politics

Both Chinese and Japanese defense ministers made [speeches](#) at the annual Shangri-La Dialogue in Singapore, pointedly refraining from criticizing each other. Yet domestically, a Japanese land surveyor in his 50s [convicted](#) of espionage received a 15-year prison term, the heaviest sentence yet in a string of spy cases involving Japanese in China. Nine Japanese have been indicted since 2015, with seven convicted thus far. The United States also continues to factor into China-Japan relations. Back-to-back opinion pieces in *Global Times* [accused](#) President Donald Trump of turning Japan into a pawn to contain China. In an [interview](#) with *Asahi*, Liu Mingfu, author of the controversial 2010 book *The China Dream*, stated his belief that the US is using Japan to help it counter China as the US declines. He advised Japan to move away from being controlled by the US and cooperate with China to create a new order in East Asia.



Figure 1 DAHL's Japan cartoon depicting Japan as mediator between China and the United States. Source: Japan Times

[Describing](#) the thaw in China-Japan relations as lacking content, a *Global Times* op-ed expressed concern that Article 5 of the US-Japan Security Treaty would mean the two would act together if either came under cyberattack by China. The author instead urged Abe to “steer China into a true partnership with its neighbor,” further describing China as “the last hope for Abe to gain brownie points in diplomacy.” Two days later, an op-ed in the same paper [argued](#) that China’s increased confidence had enabled it to shape the strategic environment on its own, and that developing better relations with Japan was naturally included in its policy agenda. It said that Japan had acknowledged the historical trend of China’s rise and that Japan need no longer play second fiddle to the United States to exercise international leadership – if it had a healthy relationship with China. It acknowledged that many sensitive issues remain so relations could deteriorate, but if these are managed, it asserted that the two countries could lead on the world stage. *Xinhua* [described](#) matter-of-factly Abe’s ritual offering to the Yasukuni Shrine on the 74th anniversary of Japan’s surrender in World War II, though noting that visits and offerings to the shrine “have consistently sparked strong criticism and hurts the feelings of China and South Korea and other countries brutalized by Japan during the war.” Yet two days prior,

praying at his father’s grave, Abe [vowed](#) to continue efforts to revise the constitution, to which China strenuously objects.

Papers in both countries [published](#) pictures of Xi and Abe shaking hands at the opening of the G20 conference in Osaka, noting that Abe had invited Xi for a state visit to Japan during the next cherry blossom season, which would be a long overdue reciprocal visit in return for Abe’s state visit to China last fall. According to an unnamed Asian diplomat, Chinese officials [requested](#) that Xi’s visit to the G20 not be disrupted by anti-China protests, which indeed did not occur. However, the Japanese government granted a visa to Rebiya Kadeer, an exiled Uyghur activist who is anathema to Beijing and whose visit would certainly call attention to the estimated 1 million Uyghurs held in Chinese concentration camps. Xi and Abe [met](#) at a hotel away from the G20 venue and reportedly had “frank discussions,” indicating that there had been no agreement on substantive matters, including the disputed Diaoyu/Senkaku Islands. Abe is said to have [raised](#) concerns about the proposed extradition law that caused more than a million Hong Kong residents to protest, and stressed the importance of freedom, human rights, and the rule of law.

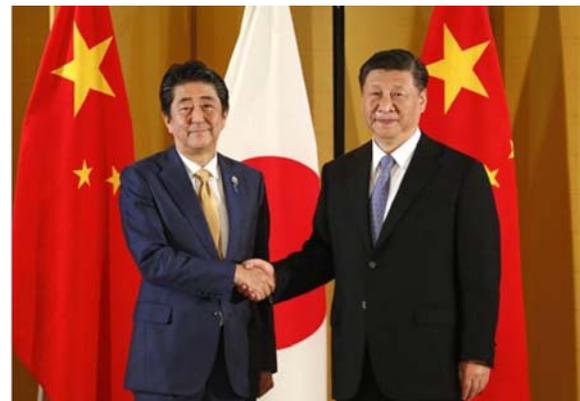


Figure 2 Prime Minister Abe Shinzo shakes hands with Chairman Xi Jinping at the opening of the G20 conference. Photo: Xinhua

The first China-Japan vice-ministerial level talks in seven years were [held](#) in Nagano, Japan, with the Chinese Foreign Ministry reporting that the officials had “candid exchanges about bilateral and regional issues,” again indicating that no agreement was reached. However, a state visit by Xi is likely to take place in spring 2020. *China Daily* [repeated](#) Japanese newspapers’ description of the vice-ministerial talks as “candid exchanges about bilateral and regional issues,” while adding that a Japanese official had said that a majority of Japanese know little about China and advocated more people-to-people exchanges. Japanese accounts did not mention the latter point.

In another gesture of good will, the Chinese government [acceded](#) to the Japanese government’s request to send a

representative higher than Politburo rank for an October ceremony related to the enthronement of the emperor; Vice-President Wang Qishan will attend.

Xinhua [reported](#) on a July 7 rally in Japan's Saitama Prefecture to mark the 82nd anniversary of the Marco Polo Bridge incident that was a prelude to the China-Japan war. It noted that only one member of the group, now 97 years old, actually lived through the war, and cited a Japanese member of the Sino-Japanese Friendship Association as saying that only about 20% of Japanese people knew the truth about Japan's war of aggression against China. In a separate report on the Chinese commemorative ceremony published the following day, *Xinhua* did not mention the presence of top leaders, leading to [speculation](#) that their absence indicated a desire for continued improvement in relations between the two nations. However, a few days later, at least 10 Chinese in two different provinces were [arrested](#) for being "spiritually Japanese" as a result of cartoons deemed to have insulted the Chinese people. In an [editorial](#) on Chinese fake news efforts in Hong Kong, the normally China-friendly *Japan Times* commented that although Japan has been largely immune to attempts to manipulate its public opinion, that was sure to change.



Figure 3 Chinese cartoons depict Chinese as pigs. Source: Inkstone

In a development likely to bolster Abe's desire to amend the constitution, to which China strenuously objects, the just [disclosed](#) diaries of a former Grand Steward of the Imperial Household Agency revealed that then-Emperor Hirohito favored rearmament after Japan regained sovereignty, though opposing a resurgence of the former military clique system. The diaries also show that Hirohito, known posthumously as the Showa Emperor, wanted to use the word "remorse" at a 1952 ceremony to celebrate Japan's recovery of sovereignty and fifth anniversary of the passage of the postwar constitution. China has repeatedly admonished Japan for its lack of remorse for World War II. Hirohito had been dissuaded against using "remorse" by then-Prime Minister Yoshida since he feared that it would lead to the emperor's abdication while the crown prince was only 20 years old.

A marine science professor at Tokai University [expressed](#) alarm at Chinese research activities inside Japan's EEZ without the prior permission required under

the United Nations Convention on the Law of the Sea. Although the numbers of incursions have declined, their quality has continued to improve, and the Chinese have taken over certain areas, raising fears that they will come even closer to Japan. In some cases, China has added a large, self-created territorial outline to maps of the survey results, reinforcing suspicions that the scientific research serves as a political tool.

Economics

Economic relations were mostly defined by the effects of the US-China trade dispute on the region. While there was little news that related directly to China-Japan trade over the summer months, both countries reacted to news with a growing sense of economic competition.

As a consequence of the US-China trade war and the general slowdown in the Chinese economy, Japan [overtook](#) China to become the second-largest user of the Panama Canal, after the United States. Several major Japanese corporations, including Nintendo, Sony, Sharp, Ricoh, and Kyocera have [announced](#) plans to move production out of China in response to higher tariffs. In June, for the first time in two years, Japan [surpassed](#) China as the top holder of US Treasuries.

Chinese interest in [purchasing](#) properties and residences in Tokyo and Osaka has surged as demand for US real estate cools. More than three-quarters are purchasing for investment reasons, with many anticipating a property boom because of the 2025 World Expo in Osaka and the opening of the country's first casino in the same region.

Chinese media [reported](#) that Japanese companies still consider the PRC "one of the top global markets despite the ongoing US-China trade war and other rising risks." They acknowledged, however, that the 2019 report of the Japanese Chamber of Commerce and Industry in China called for the government to treat foreign companies the same as Chinese companies and to further improve its competition laws. Meanwhile, Japan's Toyota and China's BYD [agreed](#) to work together to produce electric sedans and SUVs, as Toyota seeks to narrow Volkswagen's lead in the Chinese market. However, the 2019 report of Japan's Ministry of Economic Revitalization expressed [concern](#) about increasing dependence on China in the manufacture of information and communications equipment.

Xinhua, which has often disparaged Japan's economic record, [reported](#) that Japan had achieved its 57th consecutive month of surpluses in the current account. The Japanese economy [grew](#) by an annualized rate of 2.1% in the first quarter of 2019, exceeding expectations and marking its second straight quarter of expansion.

A former president of the Japan External Trade Organization's Institute of Developing Economies [likened](#) China's trade strategy to a go/weiqi player's

efforts at expanding his framework *myo*, even as other countries take steps to protect their *ji* territory. Criticizing Beijing for its attitude that other countries should keep silent while accepting financial rewards, he observed that as long as China continues to act in this way, the international community would resist any Sinocentric order in the region or world.

JXTC, Japan's largest oil refiner, [announced](#) it will close a refinery it jointly owns with PetroChina amid falling demand for crude products in Japan. Japanese firms, particularly those manufacturing semiconductor equipment and electronic parts producers, are [experiencing](#) declining earnings due to the slowdown in the Chinese economy. The president of the Japan Machine Tools Builders' Association advised industry to prepare for the effects of a prolonged slowdown.

China's ByteDance Technology will [invest](#) \$4.6 million in 2019 in a project to find Japanese stars for its popular video app TikTok. The app has [raised](#) privacy and security concerns, since it conveys locations, images, and biometric data to its Chinese parent, which is legally unable to refuse to share data with the Chinese government.

As a [counterweight](#) to China's heavy investment in Africa under its Belt and Road Initiative, and just ahead of the August triennial Tokyo International Conference on Africa Development, Japan's Defense Ministry announced its support for venture capital in Africa. Government encouragement notwithstanding, Japanese corporations remain reluctant to lend money to Africa due to concerns about failure to repay. Currently, China buys nearly five times more from Africa than Japan does.

Japan and India will [develop](#) Sri Lanka's Colombo port, the country's largest, thereby providing a counterweight to China's presence at Hambantota. Construction is to begin in March 2020, with Japan's Official Development Assistance financing part of the project. Some of Japan's primary maritime routes run through the Indian Ocean.

Defense

As the "new normal" of permanently positioning Coast Guard vessels in the Diaoyu/Senkaku region of the East China Sea has been firmly established, both China and Japan have focused on improving monitoring and response capabilities for maritime forces in the region. [Noting](#) that situation, a retired US Air Force officer predicted that the current de facto co-administration would soon become sole administration. However, Japan is committed to prevent that from happening. It has responded by increasing its Coast Guard budget and shoring up its southwest island defenses.

To [strengthen](#) the ability to transport military units to the Nansei Islands, a joint unit of the Ground and Maritime Self-Defense Forces will from 2023 operate small- and medium-size transport ships utilizing

artificial intelligence to determine what ammunition and other supplies to transport to the islands. The small ships can carry about five tanks each; the medium-sized ships, 15.

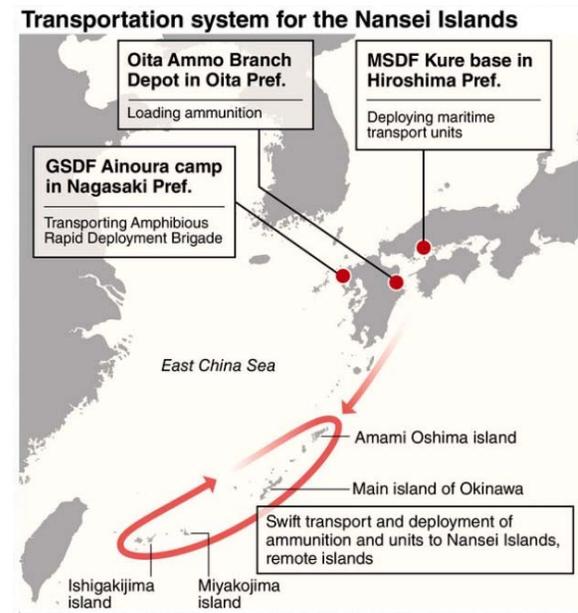


Figure 4 Japan plans to operate small- and medium-size transport ships utilizing artificial intelligence to determine supplies to transport to the Nansei Islands. Source: Yomiuri

An opinion piece in *Japan Times* [compared](#) Japan's position on the Senkakus to that of Britain in 1980s, with the author wondering if Japanese politicians would react as successfully as then-Prime Minister Margaret Thatcher had. He suggested that Japan demonstrate effective control over the islands through non-provocative, nonmilitary measures such as placing Japanese officials on the island and building a weather station, better lighthouse, heliport, and port for small vessels that might be in distress. Speaking in Washington, DC, Self-Defense Force (SDF) head Gen. Koji Yamazaki [stated](#) that the immediate threat facing Japan was China's ramped up maritime invasions into waters surrounding the Senkakus. Japan had responded to 20 intrusions so far this year, compared to 19 for all of 2018. Yamazaki also noted China's increasing gray zone activities, which are designed to expand its influence.

In [response](#) to China's broader maritime expansion, Japan will deploy about 20 large unmanned helicopters to Maritime Self-Defense Force destroyers over the next decade. The helicopters will strengthen Japan's early warning and surveillance activities around the Senkaku/Diaoyu Islands. Japan [began](#) deploying state-of-the-art *P-1* patrol aircraft nationwide from July 26, "taking into account China's increasing activities in the East China Sea and the Pacific Ocean," according to the Ministry of Defense. The ministry plans to increase the number of *P-1s* from 22 to 70.

An SDF space unit will be [launched](#) in 2020 in response to China's and Russia's developing satellites that can attack and disrupt the operations of those of other countries. SDF personnel will be dispatched to the US for training, and the unit will cooperate with US counterparts in monitoring the satellites. The Tokyo government also revealed that it will begin development of interceptor systems in response to China's and Russia's [possession](#) of "killer" satellites capable of disabling other countries' satellites.

Japan will also deepen [collaboration](#) with the US in space defense, with plans for Self-Defense Force liaison officers permanently based at the Combined Space Operations Center of Vandenberg Air Force Base to monitor satellite activity by China and Russia. Highly sophisticated ground radar will also be installed in Yamaguchi Prefecture for that purpose.

As Abe and Xi were meeting at the G20 in Osaka, the Japanese Coast Guard and Maritime Self-Defense Forces [conducted](#) their first joint drill in the South China Sea in what the China-friendly, center-left daily *Asahi Shimbun* decided were "apparently aimed at reining in China's aggressive behavior in the region." This was also the first Coast Guard/MSDF joint drill in five years. *Asahi* noted that incursions in the waters near the Senkakus were occurring more frequently, and that earlier in June, the aircraft carrier *Liaoning* had sailed between Okinawa's main island and Miyakojima to reach the Pacific. SDF sources [complained](#) that efforts to interdict North Korean smuggling were inhibited by the vessels fleeing into Chinese territorial waters.

Meanwhile, China has responded to Japan's buildup as part of its rationale for building its own more robust military capability. China's 2019 white paper on defense, the first in seven years, [described](#) Japan as "attempting to circumvent the post-war mechanism," i.e., forswearing the use of force to resolve international issues. It said Japan "had adjusted its military and security policies and increased input accordingly, thus becoming more outward-looking in its military endeavors." [Commenting](#) on the white paper, the center-right *Yomiuri Shimbun*, Japan's largest-circulation daily, editorialized that the PRC had expanded its military buildup beyond the scope of defensive aims, thereby undermining regional stability. China's July 1 launch of six ballistic missiles, believed to be *DF 21Ds*, into the South China Sea from the mainland likely sought to show off its offensive capabilities against freedom of navigation operations.

In late August, Beijing [announced](#) a grand military parade to demonstrate the PRC's growing capabilities. This was followed by the Japanese government [announcing](#) it would request a 1.2 percent increase in the FY2020 defense budget to a record \$5.32 billion. Uncharacteristically, Chinese media simply [repeated](#) AFP's coverage of the announcement with no added commentary.

Culture

A joint Chinese-Japanese [effort](#) began to save the grottoes of the Dunhuang cave complex from environmental degradation brought on by increasing numbers of tourists. Tokyo University of the Arts is using its proprietary cultural cloning technology to create exact replicas of the originals as well as repair past substandard efforts.

In a gesture of improved bilateral relations, *People's Daily* [reported](#) that the Oscar-winning Japanese anime film *Spirited Away* had been approved for showing in China, nearly 20 years after its initial release.

Taiwan

A former political adviser to the US Marines in Japan [suggested](#) the formation of a Taiwan-Japan-U.S.-Philippines disaster response team that would operate from hubs at air and sea ports with prepositioned equipment and supplies, noting that the skills developed in disaster mitigation are similar to those used in military operations.

CHRONOLOGY OF JAPAN-CHINA RELATIONS

MAY – AUGUST 2019

May 9, 2019: The 11th round of US, Japan, South Korea Defense Trilateral Talks (DTT) [is held](#) in Seoul to discuss regional security issues.

May 10, 2019: China's ByteDance Technology announces it will [invest](#) \$4.6 million in 2019 in a project to find Japanese stars for its popular video app TikTok.

May 14, 2019: *Xinhua* [reports](#) that Japan had achieved its 57th consecutive month of surpluses in the current account.

May 17, 2019: *People's Daily* [reports](#) that the Oscar-winning Japanese anime film *Spirited Away* had been approved for showing in China nearly 20 years after its initial release.

May 20, 2019: Japan and India announce they will [develop](#) Sri Lanka's Colombo port, the country's largest, providing a counterweight to China's presence at Hambantota.

May 20, 2019: Cabinet Office announces that Japan's economy [grew](#) by an annualized rate of 2.1% in the first quarter of 2019, marking the second straight quarter of expansion.

May 21, 2019: Japan and China [hold](#) bilateral talks on nuclear disarmament and nonproliferation in Beijing. It is the first time the countries have held bilateral talks on the issue in eight years.

May 21, 2019: A Japanese land surveyor is [convicted](#) of espionage and receives a 15-year prison term, the heaviest sentence yet in a string of spy cases in China.

May 23, 2019: *Global Times* op-ed [asks](#) rhetorically if Japan could stand up to the US request that it contain China. A second op-ed that appears the same day [interprets](#) the many meetings between Trump and Abe as indicative of Abe's attempt to balance between China and the US while making sure that its views on Korea are not further marginalized.

May 31-June 1, 2019: Chinese and Japanese defense ministers make [speeches](#) at the annual Shangri-La Dialogue in Singapore, pointedly refraining from criticizing each other.

June 16, 2019: Japanese Coast Guard [identifies](#) a ship dangling a cable into the sea about 50 nm off the largest of the Senkakus without seeking prior approval. The ship did not respond to requests to stop the survey, leaving the EEZ about two hours later.

June 17, 2019: Japan's Foreign Ministry [lodges](#) protest against Beijing for conducting an unauthorized maritime survey near the Senkaku Islands.

June 26, 2019: Japanese Coast Guard and Maritime Self-Defense Forces [conduct](#) their first joint drill in the South China Sea.

June 26, 2019: [Commenting](#) on China's just-released white paper, the center-right *Yomiuri Shimbun* editorializes that the PRC has expanded its military buildup beyond the scope of defensive aims, thereby undermining regional stability.

June 26, 2019: *Global Times* op-ed [argues](#) that China's increased confidence had enabled it to shape the strategic environment on its own, and that developing better relations with Japan was naturally included in its policy agenda.

June 27, 2019: Papers in both countries [publish](#) pictures of Chairman Xi Jinping and Prime Minister Abe Shinzo shaking hands at the opening of the G20 conference in Osaka.

July 7, 2019: *Xinhua* [reports](#) on a rally in Japan's Saitama Prefecture to mark the 82nd anniversary of the Marco Polo Bridge incident that was a prelude to the Sino-Japanese war.

July 13, 2019: Self-Defense Forces (SDF) sources [complain](#) that efforts to interdict North Korean smuggling were inhibited by the vessels fleeing into Chinese territorial waters.

July 20, 2019: Japan's Toyota and China's BYD [agree](#) to work together to produce electric sedans and SUVs, as Toyota seeks to narrow German automaker Volkswagen's lead in the Chinese market.

July 23, 2019: The 2019 report of the Japanese Ministry of Economic Revitalization expresses [concern](#) about increasing dependence on China in the manufacture of information and communications equipment.

July 23, 2019: JXTG, Japan's largest oil refiner, [announces](#) it will close a refinery it owns jointly with PetroChina amid falling demand for crude products in Japan.

July 24, 2019: China publishes 2019 [defense white paper](#), the first in five years.

July 30, 2019: Several Chinese are [arrested](#) for being "spiritually Japanese" as a result of cartoons deemed to have insulted the Chinese people.

Aug. 5, 2019: *Nikkei* reports that several major Japanese corporations, including Nintendo, Sony, Sharp, Ricoh, and Kyocera, have [announced](#) plans to move production out of China in response to higher tariffs.

Aug. 8, 2019: Japan and China are reported to be [vying](#) for influence in sports programs in the South Pacific, with China offering to train a large contingent of young athletes in several sports and Japan sending judo experts.

Aug. 11, 2019: First China-Japan vice-ministerial level talks in seven years are [held](#) in Nagano, Japan. Chinese Foreign Ministry reports the officials had "candid exchanges about bilateral and regional issues," and indicated that a state visit by Xi was likely to take place in spring 2020.

Aug. 11, 2019: Chinese government [accedes](#) to the Japanese government's request to send a representative higher than Politburo rank for an October ceremony related to the enthronement of the emperor: Vice-President Wang Qishan will attend.

Aug. 12, 2019: *China Daily* [repeats](#) Japanese newspapers' description of vice-ministerial talks as "candid exchanges about bilateral and regional issues," while adding that a Japanese official had said that a majority of Japanese know little about China and advocated more people-to-people exchanges.

Aug. 14, 2019: Praying at his father's grave, Abe [vows](#) to continue efforts to revise the constitution, to which China strenuously objects.

Aug. 15, 2019: Japan [surpasses](#) China as the top holder of US Treasuries for the first time since May 2017.

Aug. 19, 2019: In response to Chinese and Russian [possession](#) of "killer" satellites capable of disabling other countries' satellites, the Japanese government is to begin development of interceptor systems.

Aug. 27, 2019: Japanese Defense Ministry announced its [support](#) for venture capital in Africa.

Aug. 29, 2019: China [announces](#) that it would hold a grand military parade on National Day, Oct. 1, that would demonstrate its rising capabilities.

Aug. 30, 2019: Japanese government [announces](#) it will request a 1.2% increase in the FY2020 defense budget to a record \$5.32 billion, much of it for the purchase of advanced US weapons.

April 8, 2019: Japanese Coast Guard vessel *Kojima* embarks on a three-month training cruise that includes visit to Sri Lanka and Greece.

April 11, 2019: Chinese Foreign Ministry merges its Korean and Japanese divisions.

April 15, 2019: Talks held between Chinese and Japanese foreign ministers in Beijing.

April 15, 2019: Japan's Defense Ministry [reports](#) that its fighters scrambled 999 times in fiscal year 2018.

April 30, 2019: Japan [introduces](#) its version of Anti-Access/Area Denial (A2/AD). There was no immediate comment from Beijing.

