Politically, the major news in Japan–China relations was that Xi Jinping’s long-anticipated state visit was postponed. While the coronavirus was a factor, the two sides had also been unable to agree on the text of the Fourth Communiqué, and there was considerable opposition within Japan to the visit due to issues between them. Several major Japanese companies announced major investments in the People’s Republic of China, even as the Japanese government agreed to subsidize companies to move their supply chains out of the country.
Politically, the major news in Japan–China relations was that Chinese General Secretary Xi Jinping’s long-anticipated state visit was postponed. While the coronavirus outbreak was a factor, the two sides had been unable to agree on the text of a so-called Fourth Communiqué, and there was considerable opposition within Japan to the visit due to Beijing’s intransigence on issues between them.

Economically, the news was grim: due in large part to the coronavirus pandemic, China’s GDP shrank 6.8% in the first quarter of 2020—its worst performance since 1992—and Japan’s by 7.1%, its worst showing since 2014. Several major Japanese companies announced major investments in the People’s Republic of China even as the Japanese government agreed to subsidize companies to move their supply chains out of China.

The PRC continued patrols in areas under Japanese jurisdiction that are claimed by China, and Japan continued to complain. Both sides continued to enhance their military capabilities. A Chinese professor at a Japanese university was arrested by PRC authorities and charged with espionage, and a widely reported incident of anti-Japanese sentiment at a Shenyang restaurant resulted in the firing of the restaurant’s manager.

Politics

This reporting period was supposed to feature the first state visit by Xi Jinping to Japan, and at times it appeared that their mutual struggle with what was soon to be a global pandemic would bring Asia’s two biggest economies together. Neither came to pass, and while the virus itself is officially blamed for Xi’s missed state visit in April, undercurrents of tension were evident from early in the year at both the governmental and societal levels. Japanese media and politicians were especially vocal in their critiques of their neighbor, and at times the censure came from unexpected sources.

In January Japanese press agency Jiji, noting that the removal of an import ban has often been used as a political goal, hoped that the ban China has imposed on products from Tokyo and eight other prefectures plus a partial ban on a seventh, would be lifted prior to Xi’s since-postponed visit in the spring. Neither it nor Xi’s visit took place, however. That same month, China’s official news agency Xinhua reported that the University of Tokyo had fired a faculty member and owner of an artificial intelligence company after he said the company would not hire a Chinese and, separately, that the university favored those with leftwing political views.

Meanwhile, the controversy ahead of Xi’s planned visit continued. In a taste of things to come, January saw the Japanese Communist Party (JCP)’s first platform revision since 2004, which described Beijing’s quest for great-power chauvinism hegemonism as “problematic,” and JCP head Shii Kazuo adding that its actions in the East and South China seas indicate that the Chinese Communist Party (CCP) does not deserve the name “communist party.” A month later, a Nikkei columnist termed the rupture between the two parties the JCP’s “long goodbye.”

Tensions with China within Japanese politics only grew from there. On January 23, conservative Diet members expressed opposition to a state visit by Xi, saying that without improvement on such issues as intrusions of Chinese ships into Japan’s territorial waters and human rights, the event would send the wrong message both at home and abroad. Diet member Kishi Nobuo, who is also Prime Minister Abe Shinzo’s younger brother, flew to Beijing that month to point out the deleterious effect of the increasing number of Chinese ships in what Japan claims as its territorial waters.

Over the following month, as the anxiety surrounding the worsening COVID-19 outbreak expanded, Chinese officials began speaking more vociferously about the need for greater cooperation between the two Asian powers, and expressing gratitude for Japan’s support. A Japanese government source in February interpreted China’s relatively favorable statements about Japan as motivated by an effort to ease its international isolation, but added that Beijing had not compromised on security issues: a total of eight Chinese vessels entered the territorial waters around the Senkaku Islands on February 5 and 13, with sailbys in the islands’ contiguous zone for 15 days straight.

There were also clear limits to the generosity of at least some Japanese: Plans to deduct 5,000 yen ($45) from the salary of each LDP Diet member for coronavirus relief in China were modified at the end of February into voluntary
contributions after complaints from conservatives. State Minister for Foreign Affairs Suzuki Keisuke, for one, announced that, due to repeated Chinese intrusions into Japanese waters, he would decline to contribute as an individual.

Then, in early March, the announcement finally came that Xi’s visit had been postponed, presumably until fall, with Chief Cabinet Secretary Suga Yoshihide explaining that “it is necessary to make thorough preparations for [Xi’s] state visit in order to achieve sufficient results.” The center-right Yomiuri Shimbun, stating that the decision to postpone Xi’s visit was partly due to domestic opposition, urged China to take steps of improve Japanese sentiment toward China in order to ensure the success of a visit.

But Chinese sources were not unaware of such sentiment. Well before the summit cancellation, a January editorial in the state-run Global Times said that narrow minds were hindering China-Japan cooperation, and urged Japan to treat China’s rise rationally rather than regard its deepening ties with other Asian countries as a threat, because China does not intend to displace any other country. In February the same paper, thanking the Japanese government and civilians for aid in dealing with the coronavirus epidemic, stated that despite better government-to-government relations, “we cannot be overly optimistic about the prospect of bilateral relations.” Signals were mixed, though; that same month, fellow Chinese Communist Party mouthpiece The China Daily, declared that the fight against the spread of the coronavirus had brought China and Japan closer together. Shortly thereafter, Global Times accused The Yomiuri Shimbun, Japan’s largest circulation daily, of bias against China when its Beijing bureau chief said that the PRC should be held responsible for the outbreak.

And it was not just the media sending mixed messages. A Shenyang congee restaurant that hung a large banner over its door “welcoming” the coronavirus to the US and hoping it remained in Japan. Photo: Daily Mail

In the run up to the original summit, Abe was criticized for delayed imposed containment measures, hoping that Xi’s planned state visit could still take place; sure enough, entry restrictions on travelers from China were announced three hours after cancellation of the visit. In April, echoing distrust of China’s handling of the outbreak also seen in the US and Europe, a member of Japan’s National Security Secretariat, observing that just under 2% of returnees from China tested positive for coronavirus, opined that the China’s official infection rate was too low to be believed.

Even before the cancellation, signs of growing distrust were brewing: in February, it was revealed that the number of Japanese visiting China was far below the number of Chinese visiting Japan; polls showed that 84.7% of Japanese hold an unfavorable view of China compared to 45.9% of Chinese vis-à-vis Japan. That same month a former head of Japan’s National Graduate Institute for Policy Studies credited Abe’s China policy of hedging the risk of China’s unilateral attempt to change the regional order by force while engaging the PRC in multilateral norm- and rule-building and promoting cooperation in mutual and regional benefit projects such as infrastructure development. In March, the editor of conservative Japanese monthly Seiron urged the creation of a supra-partisan advisory body on the model of the United States Economic and Security Review Commission to consider the security threat from the PRC. Noting its tendency to use its influence for political ends and that Chinese nationals now led four of the United Nations’ 15 specialized agencies and had almost secured a fifth, Nikkei editorialized in
April that countries should be wary of the CCP’s strategic penetration of the leadership of international organizations.

Finally, in March, suspicions were confirmed when it was announced that Chinese citizen Yuan Keqing, a prominent scholar at Hokkaido University who disappeared while visiting his mother’s funeral in China in mid-June 2019, has been charged with espionage. That September, another Hokkaido University scholar, Iwatani Nobu, had been arrested on similar charges; he was released in November. This is the result of those who knew Yuan had feared; in January, his students and colleagues petitioned the Chinese consulate general in Sapporo asking for his return to Japan. Another academic in Japan noted that, since passing sweeping espionage legislation in 2014, China has arrested numerous Japanese nationals in China, along with Chinese nationals working in Japan on visits to the mainland. The details of accusations against Yuan have not been made public.

**Economics**

In February, in an implicit acknowledgement of the importance of China to the Japanese economy, the Bank of Japan appointed its top China expert to head the BOJ’s international department, a post previously dominated by officials with experience in Western financial centers. As the month ended, and confounding predictions that the trade war and Covid-19 epidemic would result in supply chains being transferred away from the PRC, Toyota announced it will build a new $1.22 billion electric vehicle plant in Tianjin with local partner FAW as well as expand its EV manufacturing in Guangzhou with another partner, the GAC Group. Chinese automakers are ramping up production in Myanmar in a challenge to entrenched Japanese rivals in the fast-growing market there.

After clinical trials in Wuhan and Shenzhen China approved Fujifilm Holdings’ Avigan (generic name Favipiravir) for treatment of Covid-19 even as doubts remained in Japan about its effectiveness.

Japan is seeking to persuade more Asian states to join the Trans-Pacific Partnership since Covid-19 exposed the risks of supply chains’ dependence on China. A total of 37% of auto parts shipped to Japan in 2019 came from the PRC, up from 18% in 2005. Japan relies on China for 21.1% of its imports of intermediate goods, much higher than other G7 nations, with the US at 16.3%, Germany 7%, and the UK at 5.9%. The Japanese government will provide an estimated ¥ 200 billion (about $1.9 billion) in subsidies for companies that move their production bases from the PRC to Japan and Southeast Asian countries. These are expected to cover companies in such fields as rare earths and the manufacture of masks. According to Nikkei, Chinese economic sources have voiced concerns about the measure, and fear that other foreign companies may be incentivized to do the same.

**Defense**

Aiming to counter China’s rapidly increasing presence, Japan’s Internal Affairs and Communications Industry is formulating an overseas expansion action plan covering areas such as the export of telecommunications infrastructure that includes specific policy to support submarine cables. As announced in January, private companies such as New, NTT, and KDDI will receive investment and financing from the public–private Fund Corporation for the Overseas Development of Japan’s ICT and Postal Services (JICT). Chinese companies’ successful 2018 completion of a 6,000 km submarine cable from South America to Africa is said to have shocked insiders.

According to the Japanese Coast Guard, Chinese government vessels sailed just outside Japan’s territorial waters near the disputed Senkaku Islands and in the East China Sea on 282 days in 2019, the highest since record–keeping began in 2008, with 126 ships entering the territorial waters around the Senkakus—56 more than in 2018. The provocations continued in 2020, with reports in February indicating that at least one of the four Chinese Coast Guard vessels in Japanese territorial waters seemed to have a cannon. In the same time frame, four Chinese H-6 bombers armed with cruise missiles flew over the Miyako Strait, causing the JSDF to scramble fighters. The center–right Sankei Shimbun editorialized that such provocations, never acceptable, were particularly insensitive given the efforts that Japan, along with the rest of the international community, had made to help China contain the coronavirus pandemic.

Citing sources in the Japanese Ministry of Defense, UPI reports in February that the Japanese military plans to introduce a
hypervelocity gliding projectile that is specifically designed to penetrate the deck of an aircraft carrier. The HVGP, said to be useful when an island has been invaded by an unnamed enemy force, is due to be put into operational service by 2026. A second phase of HVGP deployment in 2028 is to feature claw-shaped payloads, plus enhanced speeds and ranges. However, the Japanese daily Asahi criticized the Ground Self-Defense Force’s highly touted preparations for defending remote islands from Chinese encroachment, noting that the camp on Miyakojima still has no missiles or ammunition depots.

Mitsubishi Electric, a major supplier to the Japanese defense and SCADA sectors, revealed in January that its internal computer networks had been hit by a cyberattack believed to have been carried out by a Chinese-affiliated hacker group that targets defense-related classified information. Mitsubishi at first stated that no damage had been done by the attack, which was detected in June 2019, but later admitted that relevant data may have been leaked. Ten days later, NEC reported that it, too, had come under major cyberattacks over several years, including unauthorized access to files related to its business with the Defense Ministry, but that no damage had resulted.

Concerned about Chinese entities purchasing land near security-related facilities including military bases and nuclear plants, the Japanese government is considering a screening process for such sales. It will need approval from World Trade Organization member countries before imposing such restrictions. Japanese government sources announced that, due to security concerns about Chinese-made drones, it is expanding support for the domestic drone industry. Also, in the fiscal year beginning on April 1, the coast guard will replace its Chinese drones with versions produced either domestically or outside China.

In March, in a further move toward cooperation with the US military against China, the Japan Self-Defense Forces commissioned the Maya, their first ship equipped with the Cooperative Engagement Capability. CEC allows allies to instantly share the location of enemy missiles and aircraft, whereas conventional Aegis-equipped destroyers can respond only to missiles detected by their own radars. A second CEC-equipped destroyer, the Haguro, is to be commissioned in March 2021.

In January, warning Indonesia that China’s forbearance of its ships’ activities in Indonesia’s Exclusive Economic Zone around the Natuna Islands should not be taken as weakness, Beijing described newly announced plans for Indonesian–Japanese coast guard cooperation and President Joko Widodo’s plan to invite Japan to invest more in the Natunas and nearby areas as ill-fated efforts to pressure China into making concessions. A Chinese military website opined that Japan’s motive in selling the JFPS-3 air defense radar to the Philippines was, first, to fill the void created by US military withdrawal from Asia and, second, to expand its international diplomatic presence.

It predicted a “big challenge” for Japan to succeed in doing so. Little public attention was given by either side when at the end of March a Japanese destroyer and a Chinese fishing boat collided in the East China Sea about 400 miles west of Yakushima. Shortly thereafter, however, the Japanese Ministry of Defense revealed that a five-ship Chinese carrier defense force had transited the Miyako Strait toward the Philippine Sea. Responding to the PRC’s establishment of new administrative districts to exercise jurisdiction over islands in the South China Sea, People’s Liberation Army Navy (PLAN) naval exercises there, and the ramming of a Vietnamese fishing boat by a Chinese coast guard vessel, a Yomiuri editorial expressed concern that China was exploiting the pandemic to escalate tensions in the South China Sea.

Taiwan

In January, Abe, in his capacity as LDP chair rather than as prime minister, congratulated Taiwan President Tsai Ing-wen on her reelection. Tsai noted Japan’s participation, with the US, in the Global Cooperation and Training Framework as an example of deepening bilateral relations. A few weeks later, and speaking as prime minister in a Diet meeting, Abe referenced Taiwan three times, the first time in 14 years that a sitting prime minister has mentioned the country’s name in the Diet, with Diet members reportedly applauding after each mention.
Also in January, immediately after visiting Beijing to point out the importance of “stability” in the East China Sea, Abe’s younger brother and Diet member Kishi Nobuo flew to Taipei where he presented Tsai with Japanese newspapers’ front-page stories on her re-election, saying “Even the [Japanese] prime minister does not always get front page coverage.” A few weeks later, the headline of a front-page article in Yomiuri described Taiwan as a “nation of immigrants” and “model for democracy in Asia.” Referring to Taiwan as a “nation” is anathema to Beijing, which considers the island part of China.

A Taiwanese app that tracks inventories of face masks received much praise in Japanese media which suggested that Japan should learn from Taiwan’s use of technology for crisis management. The Chinese government lodged a protest against an exchange of tweets between Abe and Tsai in which they pledged to join hands to overcome the coronavirus threat.

Conclusion

Trends during the past four months portend a continuation of tensions in political, economic, and defense relations. Calls from Beijing on the need to work together to conquer the COVID-19 pandemic were undercut by its activities in disputed areas in the East China Sea and the consolidation of the PRC’s control over the South China Sea. Japan continued its modest military buildup and strengthened its defense ties to the United States. Possible successors to Abe are considered likely to continue these policies. Some Japanese corporations continued to seek business opportunities inside China, but supply chain disruptions resulting from the pandemic cut into profits and gave weight to Abe’s admonitions that the Japanese economy had become too dependent on China as well as enhancing the attractiveness of a 200 billion yen subsidy for companies that move their production bases to Japan and elsewhere. By contrast, and to China’s chagrin, the pandemic drew Japan close to Taiwan, much praised by Japanese media for its efforts in curbing the spread of the disease and held up as a model for Japan to emulate.
Jan. 4, 2020: Japanese press agency Jiji, noting that the removal of an import ban has often been used as a political goal, expresses hope that the ban China has imposed on products from Tokyo and other prefectures will be lifted prior to Xi Jinping’s visit in the spring.

Jan. 8, 2020: Aiming to counter China’s rapidly increasing presence, Japan’s Internal Affairs and Communications Industry formulates an overseas expansion action plan covering areas such as the export of telecommunications infrastructure that includes specific policy to support submarine cables.

Jan. 8, 2020: Japanese Coast Guard announces that Chinese government vessels sailed just outside Japan’s territorial waters near the disputed Senkaku Islands and in the East China Sea on 282 days in 2019, the highest since record-keeping began in 2008. 126 ships entered the territorial waters around the Senkakus, 56 more than in 2018.

Jan. 16, 2020: Xinhua reports that the University of Tokyo fired a faculty member and owner of an artificial intelligence company after he said the company would not hire a Chinese and, separately, that the university favored those with leftwing political views.

Jan. 17, 2020: Abe, in his capacity as Liberal Democratic Party chair, congratulates Taiwan’s President Tsai Ing-wen on her re-election. Tsai notes Japan’s participation, with the US, in the Global Cooperation and Training Framework as an example of deepening bilateral relations.

Jan. 18, 2020: Japanese Communist Party (JCP)’s first platform revision since 2004 describes Beijing’s quest for great-power chauvinism and hegemonism “problematic,” with JCP head Shii Kazuo adding that the Chinese Communist Party (CCP) does not deserve the name “communist party.”

Jan. 20, 2020: Mitsubishi Electric, a major supplier to the Japanese defense and SCADA sectors, reveals that its internal computer networks were hit by a cyberattack, believed to be by a Chinese-affiliated hacker group.

Jan. 20, 2020: Global Time states that narrow minds are hindering China-Japan cooperation, and urges Japan to treat China’s rise rationally rather than regard its deepening ties with other Asian countries as a threat.

Jan. 21, 2020: Concerned about Chinese entities purchasing land near security-related facilities including military bases and nuclear plants, the Japanese government considers a screening process for such sales.

Jan. 21, 2020: Global Times op-ed criticizes newly announced plans for Indonesian-Japanese coast guard cooperation and President Joko Widodo’s plan to invite Japan to invest more in the Natunas.

Jan. 21, 2020: Speaking in his capacity as prime minister in a Diet meeting, Abe references Taiwan three times, the first time in 14 years that a sitting prime minister has mentioned the country’s name in the Diet.

Jan. 23, 2020: Yomiuri reports that conservative Diet members applauded each mention of Taiwan, and that there was considerable opposition to a state visit by Xi Jinping without improvement on such issues as the intrusions of Chinese ships into Japan’s territorial waters and human rights.

Jan. 29, 2020: The headline of a front-page article in Yomiuri describes Taiwan as a “nation of immigrants” and “model for democracy in Asia.”

Jan. 31, 2020: NEC reports that it had come under major cyberattacks over several years, including unauthorized access to files related to its business with the Defense Ministry, but that no damage had resulted.
Feb. 2, 2020: Japanese government sources announce that expanding support for the domestic drone industry, and that in the fiscal year beginning April 1, the coast guard will replace its Chinese drones with versions produced domestically or outside China.

Feb. 8, 2020: Bank of Japan appoints its top China expert to head the BOJ’s international department, a post previously dominated by officials with experience in Western financial centers.

Feb. 9, 2020: Global Times, while thanking the Japanese government and civilians for aid in dealing with the coronavirus epidemic, states that despite better government–to–government relations, “we cannot be overly optimistic about the prospect of bilateral relations.”

Feb. 12, 2020: Reversing its Jan. 20 statement that no defense–related data had been affected by last year’s cyberattacks, Mitsubishi Electric states that some sensitive information may have been compromised.

Feb. 12, 2020: A former head of Japan’s National Graduate Institute for Policy Studies credits Abe’s China policy with hedging the risk of China’s unilateral attempt to change the regional order while engaging the PRC in multilateral norm- and rule-building, as well as promoting cooperation in beneficial projects.

Feb. 13, 2020: China Daily declares that the fight against the spread of the coronavirus has brought China and Japan closer together.

Feb. 17, 2020: A Nikkei columnist terms the rupture between the CCP and the Japan Communist Party the JCP’s “long goodbye.”

Feb. 21, 2020: A Japanese government source opines that China’s relatively favorable statements about Japan are motivated by an effort to ease its international isolation, but that Beijing has not compromised on security issues.

Feb. 22, 2020: Center-right Sankei Shimbun editorializes against Chinese provocations against the Senkakus and Taiwan, terming them particularly insensitive at a time when the PRC should be cooperating with the international community to prevent the spread of COVID-19.

Feb. 26, 2020: Citing sources in the Japanese Ministry of Defense, UPI reports that the Japanese military plans to introduce a hypervelocity gliding projectile that is specifically designed to penetrate the deck of an aircraft carrier.

Feb. 26, 2020: Plans to deduct 5,000 yen ($45) from the salary of each LDP Diet member for coronavirus relief in China are modified into voluntary contributions after complaints from conservatives.

March 1, 2020: Toyota announces it will build a new $1.22 billion electric vehicle plant in Tianjin with local partner FAW as well as expand its EV manufacturing in Guangzhou with another partner, the GAC Group.

March 5, 2020: Xi Jinping’s visit to Japan is postponed, presumably until fall, with Chief Cabinet Secretary Suga Yoshihide explaining “it is necessary to make thorough preparations for [Xi’s] state visit in order to achieve sufficient results.”

March 6, 2020: Yomiuri, stating that the decision to postpone Xi’s visit was partly due to domestic opposition, urges China to take steps to improve Japanese sentiment toward China in order to ensure the success of a visit.


March 18, 2020: After clinical trials in Wuhan and Shenzhen, China approves Fujifilm Holdings’ Avigan (Favipiravir) for treatment of COVID-19 even as doubts remain in Japan about its effectiveness.

March 20, 2020: In a further move toward cooperation with the US military against China, the MSDF commissions the Maya, its first ship equipped with the Cooperative Engagement Capability, allowing allies to instantly share the location of enemy missiles and aircraft.

March 21, 2020: Japan attempts to persuade more Asian states to join the Trans-Pacific Partnership since COVID-19 exposed the risks of supply chains that are overly dependent on China.
March 25, 2020: Chinese website China Military Online opines that Japan’s motive in selling the J/FPS–3 air defense radar to the Philippines is to fill the void created by the US military’s withdrawal from Asia and to expand its international diplomatic presence.

March 25, 2020: A Shenyang congee restaurant that hung a large banner over its door “welcoming” the coronavirus to the US and hoping it will remain in Japan for a long time is sharply criticized on Japanese social media. The restaurant later apologizes and takes down the banner. Global Times reports that the owner of the chain has fired the local manager.

March 26, 2020: Kyodo reports that Yuan Keqing, a prominent Chinese scholar at Hokkaido University who disappeared while visiting his mother’s funeral in China in mid-June, has been charged with espionage.

March 28, 2020: Japanese government will provide an estimated ¥ 200 billion in subsidies for companies that move their production bases from the PRC to Japan and Southeast Asian countries.

March 29, 2020: Nikkei reports that China is aggressively courting Japanese companies to gain access to their Internet of Things knowledge in manufacturing.

March 30, 2020: Japanese destroyer Shimakaze and a Chinese fishing boat collide in the East China Sea about 400 miles west of Yakushima, with one fisherman reportedly injured.

March 31, 2020: Taiwanese app that tracks inventories of face masks praise in the Japanese media, suggesting that Japan should learn from Taiwan’s use of technology for crisis management.

April 1, 2020: Nikkei editorializes that countries should be wary of the CCP’s strategic penetration of the leadership of international organizations.

April 11, 2020: Japan’s Ministry of Defense reveals that a five-ship Chinese carrier defense force transited the Miyako Strait toward the Philippine Sea.

April 12, 2020: Chinese automakers ramp up production in Myanmar in a challenge to dominant entrenched Japanese rivals in the fast-growing market there.

April 12, 2020: A Global Times editorial accuses Japan’s Yomiuri Shimbun of bias against China after its Beijing bureau chief wrote that the PRC should be held responsible for the coronavirus outbreak.

April 16, 2020: Nikkei cites Chinese economic sources expressing concerns about the Japanese government’s subsidies for relocating supply chains outside China, and worrying that other foreign companies may be incentivized to do the same.

April 29, 2020: Asahi criticizes the Ground Self-Defense Force’s highly-touted preparations for defending remote islands from Chinese encroachment, noting that the camp on Miyakojima still has no missiles or ammunition depots.

April 30, 2020: Yomiuri editorial expresses concern that the PRC is exploiting the pandemic to escalate tensions in the South China Sea.