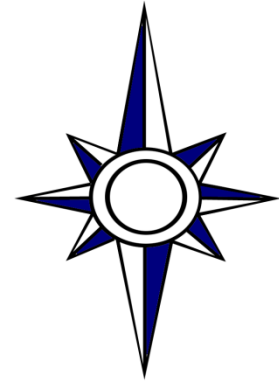


Comparative Connections

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Japan-China Relations: No Lack of Dialogue, Results – TBD

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There was no lack of high-level bilateral dialogue over the summer months. Foreign Minister Kishida and Foreign Minister Wang met three times between late April and the end of August. Wang also met LDP Secretary General Nikai in Beijing while National Security Advisor Yachi met Premier Li and State Councilor Yang. Liberal Democratic Party (LDP) Vice President Komura and Komeito Party leader Kitagawa led a parliamentary delegation to Beijing in May and met Tang Xiaxuan, president of the China-Japan Friendship Association, and Vice President Liu Yuanchao. Prime Minister Abe met Premier Li in July at the Asia-Europe Meeting in Ulaanbaatar. Despite the dialogue, strong policy differences continued to mark the relationship, in particular on issues related to the South China Sea and the East China Sea. Tensions heightened in June when a PLA Navy ship entered Japan's territorial waters off Kagoshima and in August when Chinese fishing boats and Coast Guard ships swarmed into the Senkakus, entering Japan's contiguous zone and territorial waters despite repeated high-level protests.

Diplomacy

Foreign Minister Kishida Fumio arrived in Beijing on April 29, marking the first visit of a Japanese foreign minister to the city in over four years. On April 30, Kishida met Chinese counterpart Wang Yi at the Diaoyutai Guest House to review the state of the relationship. At the end of the 4 hour and 20 minute meeting, the ministers agreed that the relationship was improving, that both sides needed to do more to keep it on its present course, and to cooperate in implementing the UN Security Council's sanctions resolution on North Korea.

Beyond that consensus, what followed was a frank exchange of views. Kishida reportedly raised issues related to the South China Sea, China's continuing efforts to develop military bases in the region, and China's repeated incursions into Japan's sovereign waters near the Senkaku Islands. Kishida described the exchange on the South China Sea as "candid." According to Japanese media reports of the exchange, Wang retreated to official talking points on the issues, but quoted Kishida as responding "Even a bureaucrat can speak only of official stances. You are the foreign minister, so you should state the differences in our official position and then propose what to do about them."

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Following the meeting, the Chinese Foreign Ministry released its report of the meeting, which made no mention of the exchange on the South China Sea. The report did, however, say that Wang had welcomed Kishida's visit, observing that over the past three years the relationship "has suffered various setbacks ... falling to a low ebb. The Japanese side knows clear the reason behind that. We have seen the Japanese side repeatedly expressing its hope of improving the relationship.... If you come with sincerity, we welcome you. As the Chinese saying goes, we should make a judgment based on not only what people say but also what they do. I am ready to listen to your opinion about how to improve China-Japan relations, and I am also going to see whether the Japanese side will match words with deeds."

Wang went on to set out a four point agenda for improving the bilateral relationship (a 101-year reply to the 21 Demands of 1915?) The four points called on Japan to:

- "Stick fast to the four political documents [that form the basis of the relationship], including the China-Japan Joint Statement, face up to and reflect upon history, and follow the one-China policy to the letter. No ambiguity or vacillation is allowed..."
- "Translate into concrete actions its consensus with China, that is the two countries are each other's cooperative partners rather than threats ... and stop spreading or echoing all kinds of 'China threat' or 'China economic recession' theories."
- In terms of economic exchange, "establish the concept of win-win cooperation."
- "In terms of regional and international affairs, the two sides should respect each other's legitimate interests ... The Japanese side should cast aside the confrontation mentality and work with China to maintain peace, stability and prosperity of the region."

On April 30, Foreign Minister Kishida met Premier Li Keqiang and State Councilor Yang Jiechi. Li told Kishida that he hoped "both sides reinforce a sense of responsibility, maintain the current momentum of improvement and undertake tasks of bringing bilateral ties to a normal track."

Commenting on the visit, China's Foreign Ministry spokesperson observed "There are sign of improvement in China-Japan relations at the moment, yet bilateral relations are still vulnerable and complex, we hope the Japanese side would meet China half way ... and make tangible efforts to improve and develop bilateral relations."

In his farewell press conference on May 9, Ambassador Kitera Masato expressed his confidence that "as relations between Japan and China are broadened and deepened, they will not be easily destroyed. Reflecting on his arrival in Beijing, which he characterized as the "worst days of the relationship normalization," the ambassador argued that the task ahead was "not to return to the past days of friendship but to build a new relationship with a larger China."

Japan's newly appointed ambassador, Yokoi Yutaka, a member of the Foreign Ministry's "China school," arrived in Beijing on May 16. Addressing the South China Sea issue, the ambassador told the press that he would "advocate what needed to be advocated." As for the overall bilateral relationship, he emphasized that differences should be addressed from a broad perspective so as not to negatively affect the relationship. He noted that the leadership in both China and Japan had placed importance on making progress in the relationship and that the September G20 Summit would provide an opportunity for the leaders to meet.

Foreign Minister Wang traveled to Tokyo on Aug. 24 for the Trilateral China-Japan-South Korea Foreign Ministers Meeting, his first trip to Japan in three years. The Chinese Foreign Ministry made clear that Wang's visit was not an "official" visit to Japan but to participate in the trilateral meeting. Nevertheless, Wang met separately with Kishida, where Kishida again raised the issue of Chinese government ships entering Japan's territorial waters in the Senkakus, calling for the "complete relaxation of tensions and prevention of the recurrence of similar incidents." (*Nihon Keizai Shimbun* reported that on the day of the meeting Chinese government ships had cleared Japan's territorial waters and entered the contiguous zone.) On the South China Sea, both retreated to familiar talking points. Kishida said that "if the situation in the East China Sea were to improve, Japan, from a broad perspective, wanted to improve relations, including an Abe-Xi meeting during the G20. Wang acknowledged the importance of "controlling the situation through discussions." The two ministers agreed to work toward an Abe-Xi summit during the coming G20 in Hangzhou and for the early implementation of a communication mechanism to avoid unexpected incidents in the maritime and aerial domains. (On Sept. 2, *Yomiuri Shimbun* reported that the two governments had reached agreement on the mechanism and that formal agreement could come during the G20 Summit.) Wang also met with LDP Secretary General Nikai Toshihiro during the visit.

At the same time, in Beijing, National Security Advisor Yachi Shotaro was meeting Premier Li and State Councilor Yang to advance an Abe-Xi summit. Japanese press reported that Li told Yachi that "it is necessary to put relations back on a normal track as soon as possible" and that Yachi and Yang had agreed to work toward an Abe-Xi meeting.

High-level political contact

Paralleling the Kishida visit in late April, LDP General Council Chairman Nikai Toshiro met State Councilor Yang Jiechi in the Great Hall of the People on April 28. In an attempt to advance an Abe-Xi summit, Nikai told Yang that "it is important for both leaders to meet often. Yang replied that there are "signs of improvement in bilateral relations" but "there are still sensitive areas. Mutual efforts are needed." Another group of Japanese, a delegation of 10 Diet members led by former LDP Vice President Yamasaki Taku, visited China from April 29-May 1. Yamasaki met Liu Yunshan, fifth-ranking member of the Standing Committee of the CCP's Politburo on April 29.

LDP Vice President Komura Masahiko and Komeito deputy leader Kitagawa Kazuo brought a supra-party delegation of the Parliamentary Union for Japan-China Friendship to Beijing in early May. The delegation met Tang Jiaxuan, former State Councilor and now president of the China-Japan Friendship Association, who welcomed the delegation by noting the parliamentary

association had long been a “gathering of friends.” Komura observed that bilateral ties are “in the process of improving, but this is still insufficient,” while Tang defended military construction in the South China Sea as a “legitimate activity.” Komura replied that the matter is “of concern not only for Japan, but also for the whole world.” On May 5, the delegation met Vice President Li Yuanchao. In his remarks, Komura emphasized the importance of “establishing trust between the two leaders” and called for regular summit meetings, observing that while relations had improved following the Abe-Xi summit at the APEC meeting in 2015, the speed of improvement was “not at all sufficient.” Addressing the South China Sea issue, Li called for peaceful resolution through dialogue. Last year the Komura–Kitagawa delegation met Zhang Dejiang, chairman of the Standing Committee of the National People’s Congress and third-ranking Communist Party official. Vice President Li is a member of the Politburo but not a member of the Politburo’s Standing Committee. A diplomatic source attributed the downgrade as an indication of China’s displeasure with the discussion of South China Sea issue at the April 30 Kishida-Wang meeting.

Maritime order at the G7

The G7 Summit was held in Ise, Japan on May 26-27. Maritime security was among the issues addressed in the leaders’ statement. In that section, the document reads:

We reiterate our commitment to maintaining a rules-based maritime order in accordance with the principles of international law as reflected in UNCLOS, to a peaceful dispute settlement supported by confidence building measures and including legal means as well as to sustainable uses of the seas and oceans, and to respecting freedom of navigation and overflight. We reaffirm the importance of states’ making and clarifying their claims based on international law, refraining from unilateral actions which could increase tensions and using force or coercion in trying to drive their claims, and seeking to settle disputes by peaceful means including through judicial procedures including arbitration.... We are concerned about the situations in the East and South China Seas and emphasize the fundamental importance of peaceful management and settlement of disputes.

Asked to comment on the G7 statement, China’s Foreign Ministry spokesperson asserted that,

China’s actions in the South China Sea are justifiable and beyond reproach, fall entirely within China’s sovereignty. China has long been an upholder of freedom of navigation and overflight in the South China Sea. However, freedom of navigation does not give others a license to do whatever they want. China is firmly against other countries slinging mud at China under the pretext of upholding freedom of navigation.... As host of the G7 Summit, Japan’s hyping up of the South China Sea issue and regional tensions does no good to stability in the area and is incompatible with the role played by the G-7 as an economic governance platform for developed countries. China is strongly dissatisfied with what Japan and the G-7 have done. It is hoped that Japan and the G-7 countries would take an unbiased and just position, honor their commitment of not taking sides on territorial disputes, stop making irresponsible remarks and do more things that contribute to regional peace and stability.

During a May 31 press conference, Foreign Minister Kishida revealed that China lodged a diplomatic protest over the G7 statement. He went on to explain that “after pointing out problems with Chinese side’s view, we explained the declaration and made a rebuttal.” The

South China Sea, he noted, is a shared international concern. In response to an inquiry from the *South China Morning Post* on June 1 regarding a declaration of an ADIZ in the South China Sea, China's Ministry of National Defense replied that China, as a sovereign state, had the right to designate an ADIZ: "regarding when to declare such a zone, it will depend on whether China is facing security threats from the air and what level the air safety threat is."

South China Sea at Shangri-La Dialogue

Discussion of the South China Sea carried over into the Shangri-La Dialogue in early June. In his address to the meeting, Japan's Minister of Defense Nakatani Gen, without naming China, called attention to unilateral conduct and the construction and militarization of artificial islands in the South China Sea as raising tensions in the region. Nakatani called for the strict observance of freedom of navigation in the maritime and air domains based on international law. The following day, the *Global Times* carried an article reporting on a conversation between China's Adm. Sun Jiang and a Japanese Ministry of Defense official in which Sun made clear that China "would not remain silent" if the United States and Japan were to engage in joint patrols in the South China Sea; such activity would not only raise uncertainties in the presently improving China-Japan relationship but also do great harm.

Earlier, China's Ambassador to Japan Cheng Yonghua addressed the South China Sea issue in a *Tokyo Shimbun* interview. He told the interviewer that "Japan is not a party to this issue in the first place. This does not constitute a bilateral issue between China and Japan. China discovered and named the Nansha Islands and put them under its administration as early as the Tang Dynasty. Japan also indicated in a government certified map after World War II that the islands were Chinese territory."

South China Sea and the Permanent Court of Arbitration

On July 12, an UNCLOS Tribunal at the Permanent Court of Arbitration issued its award on the case brought by the Philippines challenging China's Nine-Dash Line claim and activity in the South China Sea. The affirmative judgement in support of the Philippines case was immediately rejected by China, as "null, void, and without binding force."

In Tokyo, Foreign Minister Kishida issued a statement expressing Japan's support for the tribunal's judgment and the "rule of law and the use of peaceful means, not the use of force or coercion, in seeking settlement of maritime disputes." The statement cast the award as "final and legally binding," requiring the parties "to comply with the award" and the expectation that "compliance with this award will eventually lead to the peaceful resolution of disputes in the South China Sea." Chief Cabinet Secretary Suga Yoshihide echoed Kishida's statement.

In Beijing, the Foreign Ministry spokesperson told reporters that China had "noted the statement by Japan," arguing that, "[b]y unilaterally initiating and forging ahead with the arbitration case ... the Philippines intended to negate China's territorial sovereignty and maritime rights in the South China Sea and cover up its illegal occupation of Chinese territory." He went on to say that "as we all know, members of the Arbitral Tribunal were picked by the Japanese judge Shunji Yanai, former president of the International Tribunal for the Law of the Sea, who also serves as

Chairman of the Advisory Panel ... on Reconstruction of the Legal Basis for Security helping Shinzo Abe lift the ban on collective self-defense and challenge the post-war international order. We can tell that the Arbitral Tribunal has been politicized at the outset of its establishment. The Arbitral Tribunal is unlawful, and the so-called award it rendered by exceeding its jurisdiction is illegal, null and void.” The Chinese Foreign Ministry also called in the minister at the Japanese embassy to protest the Kishida statement.

Prime Minister Abe met Premier Li on July 15 for approximately 30 minutes on the sidelines of the Asia-Europe Meeting (ASEM) in Ulaanbaatar. While they agreed on the need to work positively to address common issues and make efforts to stabilize the relationship, the South China Sea remained an issue between the two countries. Abe reiterated Japan’s position on “the peaceful resolution of disputes under the rule of law, noting that “the situation of the South China Sea is a common concern of the international community” and that the “tribunal award of July 12 is final and legally binding.” According to *Xinhua*, Li, told Abe that “Japan is not a state directly involved in the South China Sea issue and should use caution in its words and deeds, and stop hyping up and interfering.” At the same time, China’s words and action in the South China Sea were “wholly in accord with international law.”

The statement issued at the conclusion of the ASEM referenced the importance of strict observance of the principles of international law, security of the seas, and freedom of navigation in the maritime and air domain. There was no reference to the South China Sea or the decision of the Arbitral Tribunal.

On July 25, Foreign Ministers Kishida and Wang met during the ASEAN Foreign Ministers Meeting in Vientiane, Laos. They took up issues related to the East China Sea, South China Sea, an Abe-Xi Summit, and North Korea. Kishida, noting the importance of commerce through the South China Sea to Japan, called on China to comply with the findings of the Arbitral Tribunal as “final and legally binding on the parties to the dispute and to refrain from raising tensions in the South China Sea.” Wang responded by pointing out that Japan “is not a party in question concerning the South China Sea” and cautioned Japan “to be careful about what it does and not repeat a similar mistake.” On the East China Sea, Kishida expressed Japan’s concern with China’s activities in the Senkaku Islands, called for the reopening of negotiations on joint development of resources, and for the early implementation of a maritime warning mechanism to avoid accidental incidents. Wang replied that China wanted to continue to exchange views on the related issues and to see the realization of the maritime mechanism. Kishida also proposed that preparations be made for an Abe-Xi summit during the September G20 meeting in China. Wang welcomed Kishida’s statement and an Abe visit to China. Both ministers agreed to cooperate on North Korea. At the end of the meeting, Kishida told Wang “Only true friends are able to discuss not only positive topics, but also difficult issues.” Wang replied that he saw the discussion in “a positive light.” Afterward, Kishida told reporters “we had a meaningful exchange of views.”

East China Sea

On June 2, Japan’s Foreign Ministry posted on its home page pictures of renewed Chinese gas exploration activities in the East China Sea. Chief Cabinet Secretary Suga found China’s

“unilateral activities,” in a still un-demarcated sea boundary area, “extremely regrettable.” Foreign Minister Kishida used the same talking points and told the press that Japan had lodged a diplomatic protest. During his July 25 meeting with Foreign Minister Wang, Kishida called for an early resumption of negotiations on joint development of resources. Wang replied that China wanted to continue to exchange views on the matter.

In early August, Japanese government sources revealed that China had installed radar and an observation camera on one of its 16 drilling platforms in the East China Sea near the mid-line boundary and that the government had protested, requesting withdrawal of the devices. Japanese sources expressed concern that the devices could be used for military purposes.

Senkaku Islands

The Japanese Coast Guard reported the following incursions into Japanese administered areas near the Senkaku/Diaoyu Islands over the summer months:

April 21-May 3: *Haijian 2308* and *31241* operated in Japan’s contiguous zone.

May 5-13: *Haijian 2102*, *2308*, and *31241* operated in Japan’s contiguous zone, entering territorial waters on May 9.

May 16-31: *Haijian 2115*, *2307*, *2401*, and *31239* operated in Japan’s contiguous zone, entering territorial waters on May 30. At the same time *Haijian 2151*, *2337*, and *31241* assumed patrol activities and continued on station through June 5.

June 8: *Haijian 2151*, *2337*, and *31241* successively entered Japan’s territorial waters.

June 12: *Haijian 312241*, *2151*, and *2337* operated in Japan’s contiguous zone, the 27th consecutive day of operations in the area.

June 15-16: *Haijian 2401* and *31239* operated in Japan’s contiguous zone.

June 21: PLAN intelligence gathering ship operated in the Senkaku region.

June 14-July 7: *Haijian 2146*, *2401*, and *31239* followed by *Haijian 2151*, *2307*, *31241* operated in Japan’s contiguous zone.

June 25-29: Chinese research ship #407 operated in Japan’s EEZ.

July 15-25: *Haijian 2306*, *2337*, and *31239* operated in Japan’s contiguous zone; on July 18 the ships entered territorial waters, marking the 19th incursion of 2016. Chinese maritime research ships #20 and #407 operated in Japan’s EEZ in waters near Okinawa Prefecture.

Aug. 2-18: *Haijian 2102*, *2166*, *2307*, *33115* and *44103* operated in Japan’s contiguous zone. On Aug. 17, *Haijian 2101*, *2102*, *2306*, and *31239* in succession entered Japan’s territorial zone, leading Director General Kanasugi to protest to Minister Guo Yan at the Chinese Embassy that

such violations of Japan's sovereignty "under no circumstances could be recognized." Kanasugi went on to point out that despite repeated protests, unilateral actions were only increasing tensions and were "completely unacceptable."

Aug. 21: *Haijian 2101, 2102, 2306, and 31239* entered Japanese waters north of Kubajina in the Senkakus, triggering another protest from Director General Kanasugi to Minister Guo.

Enter the PLA Navy

In mid-June, China upped the ante in the Senkakus/Dioayus by sending PLAN ships into Japan's contiguous zone on June 9 and into territorial waters off Kagoshima Prefecture on June 15.

On June 9, a *Jiangkai I*-class frigate ignored repeated warnings from the Japan Maritime Self-Defense Force (JMSDF) destroyer *Setogiri* and entered Japan's contiguous zone. At 2:00 am, Vice Foreign Minister Saiki Akitaka called in the China's ambassador to protest the action. Foreign Minister Kishida, following a Cabinet meeting on June 10, told a press conference that from the perspective of international law and history, the Senkaku Islands are part of Japan's territory. China's assertions are "completely unacceptable." Chief Cabinet Secretary Suga told reporters that "Beijing's action of sending a military ship for the first time would further escalate tensions unilaterally and we are gravely concerned about it." Suga noted that President Obama had affirmed that the alliance extends to the Senkaku islands. Defense Minister Nakatani called for the early establishment of the long-sought maritime communications mechanism to deal with such situations. China's Ministry of National Defense deflected Tokyo's protests, explaining that Chinese ships had the right to operate in waters under Chinese jurisdiction.

On June 15, a *Dongdiao*-class PLAN intelligence-gathering ship, trailing Indian warships engaged in the India-Japan-US trilateral *Malabar* naval exercise, entered Japan's territorial waters. The incursion was the first by a PLAN ship in 12 years. Foreign Minister Kishida observed that China's recent actions had "heightened tensions." On June 16, the LDP's National Defense Committee adopted a resolution calling on the government to sternly protest Chinese actions in Japan's territorial waters and contiguous zone, finding such unilateral actions as heightening tensions and completely unacceptable.

China's Ministry of National Defense defended the PLAN incursion as based on the "principle of Freedom of Navigation that is stipulated under the United Nations Convention on the Law of the Sea." The Foreign Ministry spokesperson argued that the Tokara Strait which the PLAN ship had transited is used for international navigation through which, under UNCLOS, all ships can pass without notifying bordering countries.

Defense Minister Nakatani said that "we have never held the kind of views raised by China." He told a June 17 press conference that "generally, prior communication and notification should be provided when a warship enters territorial waters." However, since Japan's domestic law allows innocent passage for warships through territorial waters without advanced notification and, given considerations of innocent passage under international law, Japan did not respond with a diplomatic protest as it did with regard to the June 9 incident, but simply expressed "concern" to the Chinese Embassy. Nevertheless a Japanese diplomat observed that "China is

trying to give the impression that it is following international law, while aiming for further maritime expansion.” Another official added that “the Tokara Strait has never been considered a strait for international navigation.”

Senkaku swarm

An estimated 230-300 Chinese fishing boats swarmed into the East China Sea and Japan’s contiguous zone in the Senkaku islands from Aug. 5-8. Fifteen Chinese Coast Guard ships accompanied the fishing armada into the contiguous zone, drawing repeated Japanese protests. Vice Foreign Minister Sugiyama Shinsuke called in China’s Ambassador Cheng Yonghua on Aug. 5. The Japanese Foreign Ministry reported that Sugiyama had made clear that “intrusions into the territorial waters are an invasion of our sovereignty” and “completely unacceptable.”

On Aug. 6, Japan’s Ambassador to China Yokoi protested the presence of the Chinese Coast Guard ships in Japan’s contiguous zone; the following day Minister Ito Kenichi called for their withdrawal from the area. Yokoi followed up with a protest to Assistant Foreign Minister Kong Xuanyou on the evening of Aug. 7. In Tokyo, Sugiyama again protested to China’s ambassador that that the series of China’s unilateral actions had conspicuously raised tensions and escalated the situation and “could never be accepted.”

On Aug. 8, Chief Cabinet Secretary Suga told a press conference that despite repeated protests, Chinese fishing boats and Coast Guard ships continued to swarm the area around and in the Senkakus contiguous zone; he announced that Japan would continue to urge China “not to escalate the situation.” At the same time, Japan would respond “firmly but calmly.” Meanwhile Asian and Oceanian Affairs Director General Kanasugi Kenji telephoned the Chinese Embassy and issued a similarly worded demarche. In Beijing, Minister Ito again lodged a protest at the Chinese Foreign Ministry.

The Japanese Coast Guard reported on Aug. 8 that the Chinese Coast Guard presence in the contiguous zone was the largest ever. On Aug. 9, Japan’s Foreign Ministry posted on its website the activities of the Chinese ships in the vicinity of the Senkakus and the Coast Guard reported that a total of 27 Chinese Coast Guard ships and 68 fishing boats had entered Japanese territorial waters from Aug. 5-9.

As the series of protests proved unsuccessful, the Abe government upped the protest level. On Aug. 9, Foreign Minister Kishida called in Ambassador Cheng and received him with an undiplomatic silent treatment, allowing the ambassador to wait for 8 minutes in view of the press corps before meeting him. Without apologizing for the delay and without making eye contact, Kishida showed him to a chair and went on to state the utmost limits of Japan’s dissatisfaction with China’s continuing violation of Japan’s clear sovereignty and that because of Chinese actions, “the situation surrounding Japanese-Chinese relations has markedly deteriorated.” Afterward, Kishida told reporters that he had summoned Cheng so that he could “firmly transmit Japan’s thinking to China.” Addressing the media, Cheng explained that the Diaoyu Islands were part of China’s sovereign territory and that activities of Chinese fishing boats in the area were “a matter of course.”

On Aug. 10, newly appointed LDP Secretary General Nikai Toshihiro, a political figure with strong ties to China, met Ambassador Cheng to transmit Japanese concerns over the repeated incursions by Chinese Coast Guard ships into Japan's territorial waters. Nikai noted that differences among countries are only natural and that it was up to political sides of the relationship to exhibit the magnanimity and discernment to surmount such problems. Both agreed on the importance of peaceful dialogue to safeguard friendly relations. Afterward, Nikai told reporters that Cheng, taking a Willie Sutton-like defense, had explained that the fishing boats were in the Senkakus because that's where the fish are.

Security

At the end of June, Japan's Ministry of Defense released figures for Japan Air Self-Defense Force (JASDF) scrambles against Chinese aircraft during April-June period, a total of 200 scrambles, an increase of 86 over the same period in 2015.

On July 4, China's Ministry of National Defense charged that two JASDF *F-15* fighters had used fire-control radars to "light up" two Chinese *SU-30* aircraft over the East China Sea on June 17, as the Chinese aircraft were passing through China's ADIZ. The statement charged the JASDF aircraft with "endangering the safety of personnel on both sides and destroying peace and stability in the region." Japan's Deputy Chief Cabinet Secretary Hagiuda Koichi denied that the JASDF aircraft had taken provocative actions toward the Chinese fighters, explaining that while the JASDF fighters had tuned on their radars, fire-control mechanisms were not "locked on."

On Aug. 2, Defense Minister Nakatani released the Cabinet approved *Defense of Japan 2016 White Paper*. The annual report expressed "strong concern" over China's increasing maritime activities in waters around Japan, including the Senkakus, in which China's "high-handed stance, including reckless and dangerous acts which could develop into an unexpected contingency with "unintended consequences." In contrast, the 2015 report only expressed "concern." Concerns were also expressed over China's land reclamation projects in the South China Sea – unilateral efforts to change the status quo by force and establish a fait accompli.

China's Ministry of National Defense charged that the report was "full of lousy clichés, makes irresponsible remarks on China's normal and legal national defense and military development, and hypes up the East and South China Sea issues." The Chinese statement went on to cast the report as "full of malice toward the Chinese military and deception to the international community as well as an intention to sow discord among China and its neighboring countries."

Beijing also had little good to say about Japan's newly appointed Defense Minister Inada Tomomi. At an inaugural press conference Inada refused to cast Japan's wartime action as an "invasion," observing it "depends on one's point of view. She thought it "inappropriate" to comment further. China's Ministry of National Defense expressed "indignation" over her performance and her "open denial of the ... facts is simply an attempt to cover up Japan's history of aggression and challenge the international order by reviving militarism.... If history is denied, China-Japan relations have no future." The ministry asserted that "the ultimate objective of Japan is to cook up excuses for adjusting by leaps and bounds its military and security policies and accelerating its arms expansion, even re-writing the pacifist constitution."

In mid-August, *Kyodo News* reported that the Abe government had decided to develop land-to-sea missiles with a range of 186nm to protect Japan's distant islands, including the Senkakus. Development costs are to be included in the Ministry of Defense budget request for FY 2017, which was released on Aug. 31. The ¥5.17 trillion request reflected a 2.3 percent increase over fiscal 2016. Approximately ¥75 billion is dedicated to the deployment of Ground Self-Defense Force units to Miyako and Anami islands in Japan's southwest island chain. The *Yomiuri Shimbun* reported that the government had also decided to station upgraded surface-to-air missiles to the southwest islands to enhance air defense capabilities, earmarking ¥17.7 billion to project with deployment targeted for 2021.

Business and economics

Japan's Foreign Ministry reported in early June that 3.78 million visas had been granted to Chinese nationals in 2015, an increase of 85 percent over 2014. The visas issued to Chinese nationals represented 80 percent of all visas issued in 2015.

On June 1, in Beijing, Mitsubishi Materials Corp. announced that it had reached agreement to provide both a direct apology and compensation to Chinese victims of forced labor brought to Japan during the World War II. Under the agreement, Mitsubishi will pay 100,000 yuan (\$15,000) to each of more than 3,000 Chinese victims and their families.

At the end of July, CSIS and Nikkei Virtual Think Tank released the results of a survey on the operations of Japanese business companies in China. Nearly 3,000 employees of Japanese companies, manager rank or higher, participated in the survey. Concerned with the political risks of operations in China, 40 percent recommended that Japanese companies "cut back on China operations in the future." Just under 50 percent of respondents were cautious about the future of the Chinese economy, foreseeing growth of 2-3 percent in 10 years' time. Overall, 55 percent called for "withdrawal or "cutting back"; 37 percent believed operations should "remain unchanged;" only 8 percent supported "expanding or developing." China's Ministry of Commerce reported a 25.2 percent drop in Japanese investment in 2015.

On Aug. 1-3, a Keizai Doyukai delegation, led by LDP Vice President Komura, traveled to Beijing to meet China's young business leaders. The delegation met Tang Jiaxuan at the Diaoyutai Guest House, who, commenting on Prime Minister Abe, observed that while Abe speaks of friendship, his actions do not necessarily correspond. At a time of "cold" politics, Tang found "hot" economics to be impossible; thus it was important that Abe government be moved to build a politically friendly environment. The Japanese delegation was reported to be surprised by the unexpected tone of Tang's remarks.

August 15 anniversary

On the 71st anniversary of the end of the war, Emperor Akihito in remarks at a memorial service in Tokyo's Nippon Budokan Hall expressed "deep remorse" over Japan's conduct. Prime Minister Abe focused his remarks on the future, pledging that Japan "shall never again repeat the horrors of war ... that "since the end of the war, our country has abhorred wars and walked along

a path as a nation that values peace ... going forward we will firmly keep this pledge, humbly face history and contribute to world peace and prosperity.” Abe did not pay homage at Yasukuni Shrine but did send an aide to bring a cash offering in the name of the LDP’s president. A supra-party delegation of parliamentarians did pay homage at Yasukuni as did Deputy Chief Cabinet Secretary Hagiuda, Minister for Internal Affairs and Communication Takaichi Sanae, and Minister in Charge of the Tokyo Olympics Marukawa Tamayo, and former Defense Minister Nakatani. Earlier Minister of Agriculture Yamamoto Yuji visited the shrine on Aug. 6 as did Minister of for Reconstruction Imamura Masahiro on Aug. 11. Addressing the activities, China’s Foreign Ministry spokesperson remarked that the visits again reflected Japan’s “wrong attitude towards the history issue.” China is “firmly opposed to this.”

Taiwan

The Japanese Coast Guard detained a Taiwanese fishing boat operating in Japan’s declared EEZ near Okinotori Island on April 24. While the boat and crew were released after paying a \$56,000 fine, President Ma Ying-jeou responded by sending two Coast Guard ships armed with water cannons and 20mm guns into the area to protect Taiwanese fishing boats. Tokyo responded by increasing Japanese Coast Guard presence in the area. Foreign Minister Kishida found the deployment of Taiwanese Coast Guard ships to be “extremely regrettable” and called for their immediate recall.

Frank Hsieh, former Executive Yuan president and newly appointed head of the Taipei Economic and Cultural Office in Japan, told the *Yomiuri Shimbun* that the Taiwan government had a responsibility to protect Taiwanese fishermen and that the matter “is also a security issue” that “should be resolved through discussion. Taiwan considers Okinotori a “rock” not an island, and, as such, not generating an EEZ. Asked to comment on the dispute, China’s Foreign Ministry spokesperson reiterated China’s long-standing position: “Okinotori is a rock ... far away from Japanese soil. To claim an Exclusive Economic Zone ... makes no sense and violates the UN Convention on the Law of the Sea.” On May 24, a spokesperson for Taiwan’s newly inaugurated President Tsai ing-wen announced that Taiwan would “not take a specific legal stance” on the status of Okinotori, paving the way for a resolution of the dispute with Japan.

Beijing, however, maintained its position. The Foreign Ministry spokesperson noted that “the above-water area of Okinotori is less than 10 square meters at high tide, or no bigger than two beds as some people put it. Japan’s illegal and greedy claim of jurisdiction over 700,000 square kilometers merely based on two beds constitutes a grave encroachment on the high seas and ... also puts international interests in great danger. Japan repeatedly declares itself as a champion of international law, and we hope that it would live up to its own words and abide by the law.”

Prospects

In a June 1 *Jiji Press* Public Opinion Poll respondents were asked to name three countries that they “liked.” Among major countries, China came in dead last at 1.3 percent. Asked which counties they “disliked,” China came in second place at 69.4 percent, only behind North Korea’s 83.5 percent – all this before the events of June and August in the Senkaku Islands.

Chronology of Japan – China Relations May – August 2016

May 4-5, 2016: LDP-Komeito delegation of Parliamentary Union for Japan-China Friendship visits Beijing.

May 9, 2016: Ambassador Kitera Masato holds farewell press conference; expresses hope for future oriented Japan-China relationship.

May 16, 2016: Ambassador Yokoi Yutaka arrives in Beijing.

May 26-27, 2016: G7 leaders meet in Ise, Japan and issue statement on maritime security.

May 31, 2016: Institute for Japanese Studies at the Chinese Academy of Social Sciences issues 2016 Blue Book Report on Japan; cites Abe government's security legislation as posing a grave threat to areas surrounding China.

June 1, 2016: Mitsubishi Material Corp. announces apology and compensation for Chinese victims of forced labor in Japan during World War II.

June 2, 2016: Japan's Foreign Ministry posts pictures of renewed Chinese oil and gas exploration in the East China Sea on its home page.

June 4, 2016: Defense Minister Nakatani Gen at Shangri-La Dialogue, without naming China, calls attention to island construction in the South China Sea.

June 9, 2016: People's Liberation Army Navy (PLAN) ships enter Japan's contiguous zone; Vice Minister Saiki Akitaka calls in China's Ambassador Cheng Yonghua to protest.

June 15, 2016: PLA Navy ship enters Japan's territorial waters.

June 16, 2016: LDP's National Defense Committee adopts resolution calling on the government to protest Chinese actions.

July 4, 2016: China's Ministry of National Defense issues statement charging Japan Air Self-Defense Force (JASDF) with using fire-control radar to lock onto Chinese aircraft.

July 7, 2016: Sixty-ninth anniversary of the Marco Polo Bridge incident; President Xi does not attend ceremonies.

July 12, 2016: Permanent Court of Arbitration issues ruling in favor of the Philippines in South China Sea case.

July 15, 2016: *China Daily* (electronic edition) reports former Prime Minister Hatoyama Yukio is appointed to serve on international advisory board of Asian Infrastructure Investment Bank.

July 15, 2016: Prime Minister Abe Shinzo meets Premier Li Keqiang during Asia-Europe Meeting (ASEM) in Ulaanbaatar.

July 16, 2016: Foreign Minister Kishida denies July 12 UNCLOS Arbitral Tribunal ruling affects status of Okinotori Island.

July 18-20, 2016: Newly appointed Vice Minister for Foreign Affairs Sugiyama Shinsuke visits China, meets Vice Minister of Foreign Affairs Zhang Yesui.

July 25, 2016: Foreign Ministers Kishida and Wang meet during ASEAN Foreign Ministers Meeting in Vientiane.

July 30-Aug. 3, 2016: Former Taiwan President Lee Teng-hui visits Japan.

Aug. 1-3, 2016: Keizai Doyukai delegation visits Beijing; meets with Tang Jiaxuan, former president of China-Japan Friendship Association.

Aug. 2, 2016: Abe government approves *Defense of Japan 2016 White Paper*. China's Ministry of National Defense brands paper as "full of lousy clichés."

Aug. 5-8, 2016: 200-300 Chinese fishing boats accompanied by Coast Guard ships enter Japan's contiguous zone near the Senkakus; incursions into Japanese territorial waters ensue.

Aug. 5, 2016: Vice Foreign Minister Sugiyama calls in China's Ambassador Cheng to protest.

Aug. 6-7, 2016: Ambassador Yokoi protests Chinese presence in Senkaku Islands.

Aug. 9, 2016: Foreign Minister Kishida calls in Ambassador Cheng to protest; charges that Chinese actions have led to a marked deterioration in relations.

Aug. 10, 2016: LDP Secretary General Nikai meets Ambassador Cheng to transmit Japanese concerns with China's repeated incursions into Japanese territorial waters.

Aug. 15, 2016: Seventy-first anniversary of the end of World War II.

Aug. 24, 2016: Foreign Minister Wang meets Foreign Minister Kishida in Tokyo.

Aug. 24, 2016: Foreign Minister Wang meets LDP Secretary General Nikai.

Aug. 24, 2016: National Security Advisor Yachi Shotaro meets Premier Li and State Councilor Yang in Beijing.

Aug. 31, 2016: Japan's Ministry of Defense requests 2.3 percent increase in defense spending in FY 2017.