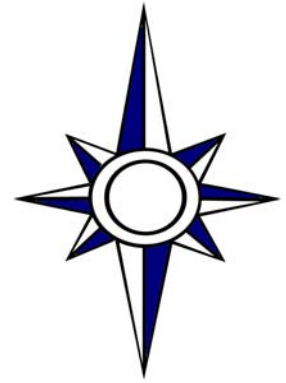


# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## Japan-China Relations: No End to History

James J. Przystup  
Institute for National Strategic Studies  
National Defense University

From the April anti-Japanese riots through Vice Premier Wu Yi's snubbing of Koizumi and the June debates over Yasukuni and China policy within the Liberal Democratic Party (LDP) and governing coalition, history demonstrated its power over the Japan-China relationship. The past influenced the present and future as sovereignty issues over the Senkaku islands and East China Sea were caught up in surging nationalisms in both countries. The Japanese prime minister's visits to the Yasukuni Shrine to pay homage to Japan's war dead touched almost every aspect of the relationship, including Japan's official development assistance (ODA) program. Even traditionally robust commercial and economic ties wobbled. History punctuated the end of the quarter as well, when, at the end of June, three Chinese residents of Guangzhou city were afflicted by poison gas leaking from shells abandoned by the Japanese Imperial Army and Chinese authorities in Dalian confiscated Japanese textbooks intended for use in the local Japanese school for inappropriate references to Taiwan.

### **April storm: anti-Japanese demonstrations**

The second quarter got off to a rocky start. On the weekend of April 2-3, demonstrators in Chengdu, Shenzhen, and Chongqing, energized by the Internet, took to the streets to protest Japan's efforts to become a permanent member of the United Nations Security Council (UNSC). The target in Chengdu was the Japanese supermarket Ito-Yokado. In Beijing, protests took the form of a campaign against the purchase of Japanese electronic products.

On April 4, Vice Minister of Foreign Affairs Yachi Shotaro called in Ambassador Wang Yi to express his "strong concern" and to request China's cooperation in protecting Japanese and other foreign residents in China. The ambassador replied that his government was not behind the string of demonstrations and that Chinese law would protect foreign residents. Meeting with the press at his official residence, Prime Minister Koizumi Junichiro made a similar request of the Chinese government.

Anti-Japanese sentiment brewed when Japan's Education Ministry on April 5 approved new middle-school history textbooks, which critics in China (and Japan) viewed as an attempt to rewrite history. The storm broke over the weekend of April 9-10. In Beijing as many as 10,000 demonstrators took to the streets, vandalizing Japanese shops and offices and later shattering windows and defacing the Japanese embassy and the ambassador's official residence (as Chinese police looked on) to protest Japan's Security Council bid, revised history texts, and claims to the Diaoyutai/Senkaku islands. In Shanghai, three Japanese students were attacked. Large-scale demonstrations also took place in Guangzhou and Shenzhen, where an estimated 30,000 protestors took to the streets. Again, China's Internet played a major role in organizing and energizing the demonstrators.

On April 9, Vice Foreign Minister Yachi called in China's Minister to Japan Cheng Yonghua to urge Beijing to strengthen security at Japan's embassy and diplomatic compound and to protect Japanese businesses and citizens. The following day, Foreign Minister Machimura summoned Ambassador Wang to the Foreign Ministry and lodged a formal protest, defining the attacks on the embassy, ambassador's residence, and Japanese businesses as a "serious problem." Machimura called for an apology and compensation. After reading his instructions from Beijing, Wang went to say that "behind the current problem are problems which Japan had raised."

### **Anti-Japanese demonstrations: serve and volley**

On April 13, Japan's Foreign Ministry spokesperson Takashima Hatsuhisa returned serve. Addressing the assertion that Japan, not China, was responsible for the violence, Takashima made clear that "such violent acts ... cannot be justified for any reason whatsoever." He went on to emphasize that "the Chinese government is obliged under international law to take responsibility to ensure the life and safety of foreigners, guarantee the legal activities of foreign enterprises, and protect diplomatic missions." The statements made by China, he noted, "ignore the rule and order of the international community and cannot be said to be the behavior of a responsible government." Takashima reiterated Japanese claims for an apology and compensation. As for history, Takashima referenced the 1995 apology of Prime Minister Murayama as a clear expression of Japan's understanding of history "from the moral standpoint."

LDP Secretary General Takebe Tsutomu urged the government to "strongly call on China to admit its guilt, pay compensation, and implement with sincerity measures to prevent recurrences" and charged that "it is no exaggeration to say that Chinese authorities neglected to prevent 'acts of vandalism'." He found China's actions "absolutely unforgivable." Meeting the Japanese press, Vice Minister Wu Dawei told reporters that the source of the current problem was Japan's "incorrect understanding of history" and there was "no reason for China to apologize."

As the week drew to a close, Japanese media reported that Chinese websites continued to call for nation-wide demonstrations for the weekend. At the same time, the media also reported that the Chinese government was actively engaged in efforts to bring the protests under control and that the police had taken into custody seven participants in the Beijing

demonstrations. Nevertheless, anti-Japanese demonstrations took place over the weekend of April 16-17 in 10 cities, including Shanghai, Shenyang, Amoi, and Hong Kong. In Beijing, strict security was maintained in advance of Foreign Minister Machimura's visit to China.

On April 19, the Chinese Communist Party's Propaganda Department held a briefing at the Great Hall of the People, bringing together 3,500 party officials including Foreign Minister Li Zhaoxing. The official television broadcast of the meeting stressed the importance of China's relations with Japan and called for an end to unauthorized demonstrations. Similar information sessions for party members, educators, and students were held in Taijin, Shanghai, and Guangzhou, where former ambassador to Japan Xu Dunxin spoke to an estimated 6,000 students.

### **Anti-Chinese actions in Japan**

Anti-Japanese demonstrations in China resulted in anti-Chinese protests in Japan. On April 11, the Chinese Consulate in Osaka received a cartridge case in the mail with the message "if anti-Japanese demonstrations continue, they will bring harm to Chinese people" written on the back of the envelope. Four days later, the Consulate received a razor blade in the mail accompanied by three threatening letters; a razor blade was also mailed to the Chinese Consulate in Fukuoka. On April 17, a man set himself on fire before the Osaka Consulate. The Yokohama office of the Bank of China was targeted by a Molotov cocktail-throwing unemployed self-described "right winger" on the morning of April 20. By April 19, Japan's National Public Safety Commission reported 25 acts of vandalism and harassment against Chinese interests and individuals nation-wide.

### **Foreign ministers meet**

Foreign Minister Machimura met for two hours with his counterpart Li Zhaoxing on April 17 at the official Diaoyutai Guest House. Machimura told Li that he hoped his visit would help to repair the currently strained relationship and, reflecting Prime Minister Koizumi's expectations, was intent to carry out wide ranging discussions of issues affecting the bilateral relationship. That brought Machimura to the anti-Japanese demonstrations and the "regrettable" and "destructive activities" directed at the Japanese embassy and violence endured by Japanese citizens over the past three weeks. Japan hoped China would respond "immediately and with sincerity, following international rules." Li replied that China attached "considerable importance" to relations with Japan but that China "has never done anything that requires an apology toward the Japanese people."

Machimura turned to Premier Wen's recent proposals to promote exchanges between the two countries. Li agreed on their importance but added that, "when it comes to the recent state of bilateral relationship, my view is that if it is left unattended, the public sentiment could landslide from worse to worst." Li defined the relationship as "at a crossing" and observed that both sides need to compromise "to move in a better direction." This brought Li to history, Yasukuni Shrine, and Japan's recently revised textbooks.

Machimura replied that Japan had experienced 60 years of peaceful postwar development and had addressed issues of the past through the Japan-China Joint Statement, Prime Minister Murayama's 1995 statement, and other documents. He explained that Japan's history texts reflected Japan's "various thinking" and called for cooperation to "bring their respective historical perceptions closer to each other." Li said that China would examine the proposal "positively."

While in Beijing, Machimura also met with State Council member and former Foreign Minister Tang Jiaxuan. Again, Machimura raised the issue of an apology, but Tang responded that the cause of the demonstrations rests in Japan, not China, asserting that "anti-Japanese education does not exist in China." Machimura did not back down, noting that "China's patriotic education apparently has culminated in anti-Japanese education." Tang also questioned whether Japan had changed its posture toward China over the years since normalization, now taking a "hard-edged policy." Machimura responded that Japan had "never changed its policy on such issues as history and Taiwan" and that Tang's claim "did not reflect the facts."

### **Summit in Jakarta**

A week after the foreign ministers' meeting, Prime Minister Koizumi met President Hu Jintao on April 22 at the Asia-Africa Summit in Jakarta. Before departing for Indonesia, Koizumi told reporters that the meeting with Hu "should not be made an occasion for trading accusations." To be meaningful, summit talks should be "based on a spirit of friendship...as well as from a broad perspective."

In a speech delivered during the Asia-Africa Summit on April 22, apparently a down payment on the next day meeting with President Hu, Koizumi told his audience that Japan expressed "deep remorse" and "heartfelt apology" for the "tremendous damage and suffering" caused by Japan's colonial rule and aggression. His remarks echoed the apology offered by Prime Minister Murayama in 1995.

True to his word, Koizumi refrained from raising the issues of an apology and compensation for the anti-Japanese demonstrations. Rather, he asked China to deal "appropriately" with the damage to the embassy caused by the demonstrations and asked that steps be taken to prevent a recurrence. Having asked Koizumi not to visit Yasukuni during their meeting at the APEC meeting in Chile last November, Hu refrained from directly raising the issue again. Referring to history, he did, however, ask that Japan translate "its remorse into action" and deal with the past "in a serious and cautious manner." To avoid rehashing the misdeeds of the past, Koizumi urged that both sides should look to the future and "develop bilateral ties into a friendly relationship." Taking a line from the Chinese talking point, he pledged that he would "look into a friendly relationship in the future by regarding history as a mirror."

Afterwards, a smiling prime minister told reporters that it was a "very great meeting" and that, despite the temporary differences of views and the anti-Japanese demonstrations, the two leaders shared a common understanding of the importance of the bilateral

relationship. As for visits to Yasukuni, Koizumi, using his post-APEC formulation, said that he would deal with the issue “appropriately” and that there was “no change” in his position on the matter. China’s Foreign Ministry spokesperson Qin Gang found the meeting to have been “of great significance” given current strains in the relationship. While Koizumi was meeting with Hu, 81 members of the Diet, including Aso Taro, minister of internal affairs and communications, visited the Yasukuni Shrine on the occasion of the Spring Festival; 88 members were represented by proxies.

### **Yasukuni and the Wu visit**

Following the summit, the Chinese Foreign Ministry announced State Council Vice Premier Wu Yi would visit Japan from May 17-24 to attend China Day at the Aichi Expo. Wu arrived in Japan, attended the Expo, then traveled to Tokyo to meet with senior business and political leaders including Koizumi. On May 23, Wu met with Kono Yohei, former foreign minister and currently speaker of the Lower House, attended a Keidanren luncheon, and then abruptly left for home, canceling a scheduled meeting with Koizumi.

The initial Chinese embassy cover story was that Wu had been called home because of “urgent public business”; however, upon her return, the Chinese Foreign Ministry made clear that the purpose of the cancellation was to send Koizumi and Japan a Yasukuni message. Spokesperson Kong Quan told reporters that during Wu’s visit Japanese leaders made “statements in succession against improving and developing China-Japan relations...This resulted in losing an atmosphere and conditions needed for a meeting.” The Chinese government was “very dissatisfied.”

On May 16, shortly before Wu arrived in Japan, the prime minister told the Lower House Budget Committee meeting that with respect to Yasukuni, “other countries should not interfere in our affairs.” Quite simply, the prime minister said he “could not understand” the opposition to his visits. As for the enshrinement of the Class-A war criminals, Koizumi took the line “detest the crime, but not the person.” Asked by a reporter if he thought his visits to the shrine have injured the feelings of the Chinese people, Koizumi replied “I myself do not think so.”

Trying to put a diplomatic gloss on the matter and reset relations, Foreign Minister Machimura told reporters that Japan’s “general standpoint is to maintain a friendly relationship with China.” While he found it “regrettable” that China continued to focus on Yasukuni, the issue “is not the entirety of Japan-China relations.” Foreign Ministry spokesperson Takashima took the line that Japan considered it “a very small incident vis-à-vis the wide range of deliberations” between the two countries. Takashima revealed that Japan would not protest the incident because “it is not productive to discuss this issue further.”

Political ire was also directed at Chinese views of history. Speaking at a Keidanren meeting on May 26, Machimura took up China’s (and South Korea’s) objections to Japan’s history textbooks and declared that “we don’t have any textbooks that deserve criticism,” attributing objections to the fact that critics in both countries get by “[with]

just looking at newspaper stories.” Former Prime Minister Mori Yoshiro took on the criticism that Japan’s textbooks were “prettifying” history and labeled the charges “baloney.”

### **Yasukuni and war criminals**

Also on May 26, during a meeting of LDP lawmakers, Parliamentary Secretary for the Ministry of Health, Labor and Welfare Morioka Mashahiro expressed the view that the Class-A war criminals enshrined at Yasukuni were “no longer regarded as criminals in Japan.” Turning to the verdict of the Tokyo War Crimes trials, he averred that “it is not true that winners are always just and losers are always bad.” In damage control mode, Chief Cabinet Secretary Hosoda told reporters that the government accepted the judgments of the Tokyo Tribunal and that, because of “many erroneous points” in Morioka’s statement, there was “no need to comment.”

Morioka’s views had no takers in Beijing. In a statement posted on the Foreign Ministry’s website, Spokesperson Kong Quan labeled the remarks “ridiculous” and an “obvious provocation to international justice and human conscience.” The statement went on to say, “The Class-A war criminals, headed by Hideki Tojo, whose hands are stained with the blood of people in Asia...have committed monstrous crimes...they are criminals in history.” As for the judgments of the International Military Tribunal for the Far East, Kong wrote that they make up an “important part of the postwar international basis.” Finally, taking a shot at Japan’s UN aspirations, Kong pointed out that “the absurd remarks made by Japanese politicians are not isolated or incidental” and raise questions “whether Japan can play a reasonable role in the international community.”

While Koizumi’s opposition called for Morioka’s dismissal, the prime minister took a relaxed attitude and suggested that the opposition chill out. Morioka’s remarks were those of an “individual lawmaker,” not a government official and as such ought not to be taken up “so intensely.”

### **Yasukuni and overseas development assistance**

On June 7, Foreign Minister Machimura told the Upper House Budget Committee that he and Foreign Minister Li had reached a basic understanding on the termination of Japan’s ODA program, agreeing that new yen loans would not be extended after the Beijing Olympics of 2008. The day before, Machimura managed to tie Yasukuni and ODA together. In opening remarks to a conference at the Foreign Ministry, Machimura labeled as “outrageous” the equation of Yasukuni visits with Japanese militarism. He went on to point out that a “big-hearted” Japan, through its ODA program, had continued until it was bleeding red ink to contribute to international society. Machimura considered ODA to Asian countries as evidence of Japan’s repentance.

In Beijing, Foreign Ministry Spokesperson Liu Jianchao made clear that China was not buying Machimura’s line; the war and ODA were “clearly” separate issues. “We can’t,” he said, “eliminate the period of history when Japan caused damage and catastrophe to

Asian countries just because Japan has provided aid to the relevant countries.” Liu acknowledged that Japan’s ODA program was a “positive effort” that benefited both countries, but visits to Yasukuni by Japan’s leaders represented “a ridiculous and wrong denial of history...”

### **Yasukuni: no exit in sight**

On June 1, Speaker of the Lower House (and former Foreign Minister) Kono invited five former prime ministers – Miyazawa Kiichi, Murayama Tomoichi, Hashimoto Ryutaro, Mori Yoshiro, and Kaifu Toshiki – to his official residence to discuss relations with China. Afterward, Kono let it be known that none had encouraged Koizumi to continue visiting Yasukuni. Calls for restraint also came from governing partner Kanzaki Takenori, New Komeito chief representative, who said that continuing visits to the shrine would have “a bad effect on the coalition.” Koizumi saw no direct impact.

On June 2, former Prime Minister Nakasone told supporters that Koizumi “should think more about national interests than about personal beliefs.” Even Koga Makoto, head of the Bereaved Families Association, while expressing the Association’s appreciation of Koizumi’s visits to the shrine, suggested he “give consideration and sensitivity to neighboring countries.” On June 3, the New Komeito called on the government to allocate funds in the FY 2006 budget to allow consideration of an alternate national memorial to replace Yasukuni. (In 2002, an Advisory Council to Chief Cabinet Secretary Fukuda recommended consideration of such a memorial but opposition within the LDP buried it. On June 17, Chief Cabinet Secretary Hosoda reaffirmed that the plan was not being resurrected.)

As the China debate heated up, Foreign Minister Machimura on June 6 took a shot at pro-China elements within the LDP. Referring to China visits of LDP leaders such as Noda Takeshi, Machimura asserted that the reason relations had suffered a down turn was attributable to lawmakers who “uselessly go to China to apple-polish.” Noda fired back that the foreign minister’s remarks about ODA and Yasukuni had only provoked China and that his charge of “apple-polishing” was “absurd.”

### **Sovereignty issues: exclusive economic zones**

At the end of March, a Japanese private research team landed on Okinotori Island, the southernmost island in the Senkaku island chain, to ascertain the health of the island’s coral and to determine ways in which the island can be utilized. Earlier in March, the Japanese government had decided to erect a lighthouse on Okinotori to support its claim to an extended EEZ. (Okinotori as an island is central to Japan’s EEZ claims. China asserts that Okinotori is a pile of rocks and not an island that can support EEZ claims.)

On April 28, Tokyo Gov. Ishihara Shintaro announced that he would conduct an inspection tour of Okinotori. (The Tokyo municipal government is responsible for the administration of Senkaku islands.) On May 20, Ishihara, with media support, landed on Okinotori. The purpose of his visit was to explore the economic and resource potential of

the island. For 2005 fiscal year, the Tokyo municipal government budgeted approximately ¥500 million to develop, with the Ogasawara Fisheries Cooperative, fishing activities in the area of the island.

On June 2, the *Yomiuri Shimbun* reported that a Chinese navy ship, the *Nandiao 411*, had been conducting survey activities since May 23 in international waters near Okinotori to the west of Japan's EEZ. Although operating as close as 1-2 kilometers from Japan's EEZ, the *Nandiao* left the area at the beginning of June and did not enter Japanese waters. China's challenge to Japan's EEZ claims in the East China Sea received help from Taiwan's fishing interests. In mid-June, Japanese Coast Guard aircraft and ships found an estimated 50 Taiwanese fishing ships on a protest mission inside Japan's EEZ. The ships departed without engaging in fishing activities. Later, Taiwan's Defense Ministry announced the deployment of a naval ship into the area, and, in a spirit of fraternity, Beijing announced that it attaches "great importance to the protection of the legitimate rights and interests of Chinese fishermen, with those of Taiwan region included."

### **Sovereignty issues: East China Sea**

At the end of March, the China National Offshore Oil Company (CNOOC) announced that production in the Chunxiao natural gas field near the mid-line maritime boundary would begin in the August-September timeframe. Addressing Japan's claimed boundary, CNOOC made clear that China does not recognize the mid-line boundary. Moreover, because the Chunxiao field was to the west of the mid-line, China had no responsibility to provide the exploration data requested by Japan.

On April 1, Nakagawa Shoichi, minister of economy, trade and industry, announced that Japan was preparing to grant exploratory drilling rights in the disputed waters of the East China Sea. On April 4, Director General for Asian and Oceanic Affairs Sasae told the minister at the Chinese embassy that Japan was moving to grant exploration rights. He again requested that China stop its activities and provide Japan with exploration data. Following working-level meetings between Chinese and Japanese diplomats in which China again proposed joint development, Nakagawa told reporters that Japan could not accept China's offer in its present form – what Japan needed before joint development could be considered was data on China's exploration activities. Absent the data, Japan would proceed independently to grant exploration rights.

On April 9, LDP, Komeito and Democratic Party members boarded a Coast Guard plane to observe China's continuing activities – and increase pressure on the government to move on exploration rights. Four days later, the government announced that it would issue procedures for granting exploration rights and begin to consider applications from private sector companies. Prime Minister Koizumi dismissed concerns that the decision could exacerbate relations with China. A Foreign Ministry official explained that it was thought best to begin the process before the scheduled foreign ministers' meeting rather than waiting until after the meeting.



In any case, Beijing found the decision to be “a serious provocation.” The following day, Foreign Ministry Spokesperson Qin warned that Japan would bear “full responsibility” for the consequences of the decision, which he emphasized “hinge on the Japanese side.” Senior Vice Foreign Minister Aisawa Ichiro told a news conference that Japan was simply acting “in line with domestic law.” Koizumi acknowledged that China and Japan had different views on the issue but called for discussions “from a broad perspective.” He hoped to see the East China Sea transformed from a “sea of confrontation to a sea of cooperation.” On April 28, Japan’s Teikoku Sekiyu became the first company to file for exploration rights.

At the end of May, Japanese and Chinese officials met in Beijing to discuss issues related to the East China Sea. Japan was represented by Director General for Asian and Oceanic Affairs Sasae and Kodaira Nobuyori, head of the Agency for Natural Resources and Energy and Cui Tiankai, director general of the Asian Affairs Department, led the Chinese delegation. The May 30-31 meeting was the first on East China Sea issues since October 2004.

Both sides agreed to seek resolution through continuing talks on joint development and to establish a working group composed of Foreign Ministry experts on international law and treaties to take up issues related to the East China Sea maritime boundary. That’s where agreement ended. Pending demarcation of the East China Sea boundary, China proposed joint development of natural resources on the eastern side (Japan side) of the mid-line – which Japan refused. Instead, Sasae called for joint development on both sides of the mid-line and reiterated requests that China provide data from its explorations and suspend unilateral development activities. The Chinese side rejected the Japanese proposals as without foundation and the Japanese left with the statement that, given the circumstances, Japan would continue to process applications for private sector exploration rights.

On the weekend before the Beijing meetings, METI Minister Nakagawa blasted China’s disregard for Japan’s protests, while continuing its own exploration and calling for talks as “outrageous” – the equivalent of “shaking hands with someone with the right hand and striking with the left.” On June 15, METI announced that it planned to move ahead to grant exploration rights to Teikoku Sekiyu, pending the approval of Kagoshima and Okinawa prefectural government, which have jurisdiction over the waters. Final go-ahead is expected sometime in July.

### **Business and economics: a bit of a wobble**

In mid-April, the Japanese Finance Ministry released trade statistics for 2004, revealing that, on a customs-clearance basis, Japan’s trade with China had surpassed trade with the U.S. Japanese exports to China increased 16.1 percent to a record total of ¥8.09 trillion, while imports from China grew 17.9 percent to another record total of ¥10.63 trillion. Trade with China, including Hong Kong, amounted to approximately 20 percent of Japan’s total trade, while trade with the U.S. amounted to 18 percent of Japan’s total trade. Commenting on the statistics, Chief Cabinet Secretary Hosoda told the press “the

data reflect how important the ties between our two countries are; we must deal with current problems.”

The current problems, of course, were those which resulted in over three weeks of anti-Japanese demonstrations, whose effects were soon reflected in business and commercial relations. On April 18, ANA President Yamamoto reported that from April 11 through April 15, ANA had experienced approximately 1,000 cancellations per day, with new reservations coming in at 600 per day. Projecting this difference out for a one-month period, ANA expected a fall of 12,000 tourist bookings.

On April 25, the Ministry of Land, Infrastructure and Transport released a report on the impact of the demonstrations on Japan’s tourist industry. The survey found that the cancellation rate of package tours to China and South Korea had increased to between 15-20 per cent for the months of April and May, involving more than 10,000 individuals. (A normal cancellation rate is between 1-2 percent.) Japan’s travel agencies reported that new reservations experienced a precipitous 50 percent drop over the same period in 2004. One agency, JALPAK, reported a 60 percent drop in new reservations during the week of April 13.

On April 22, officials from Japan’s METI and China’s Ministry of Commerce met in Beijing. The Japanese officials expressed concern that continuation of the demonstrations could significantly affect business activities and urged that the situation promptly be brought under control. Their Chinese counterparts said every effort would be made to do so and made clear that “Japanese companies are always welcomed.” *Xinhua* reported that China’s minister of commerce had explained that a boycott of Japanese goods, called for on the Internet, was “not in the mutual interest” of the two countries.

Nevertheless, concerns lingered. On May 30, JETRO released its monthly survey of Japanese companies operating in China. Conducted from May 9-15 with 256 Japanese companies responding, the survey’s index pointed to a China-wide falloff of 8.8 points in business activity, which was attributed to the anti-Japanese demonstrations. However, looking ahead 2 to 3 months, the prospects were for a rebound to exceed 10.9 on the index scale. A week later, on June 4, JETRO released the results of a second survey of Japanese business opinion (414 companies responded), which focused on the anticipated effects of the anti-Japanese demonstrations. Of the companies responding, 46.2 percent expected that the demonstrations would have some impact, while 4.1 percent or 17 companies reported that they were considering downsizing or terminating operations. The percentage of those contemplating expansion or new ventures fell markedly from 86.5 percent to 54.8 percent since the prior November-December 2004 survey. Major concerns were: falling sales, 19.1 percent; loss of image of Japanese products, 16.4 percent; and worsening labor-management relations, 9.7 percent. JETRO Director Watanabe Osamu attributed the downturn in business confidence to the fact that Beijing had “yet to make a clear message about the security of business activities in the future.”

On June 27, former Foreign Minister Komura Masahiko, head of the Japan-China Parliamentary Friendship Association, met in Beijing with Wu Bangguo, chairman of the Standing Committee of China's National People's Congress. Taking up the Beijing-Shanghai high-speed rail project – a Wu initiative – Wu told Komura that it was “regrettable that the project has not gone well,” indicating that the prospects for Japan's participation were not promising. Wu went on to suggest that the existing cold political relationship could adversely affect the currently hot economic relationship.

## **Outlook**

It is difficult to discern any light on the horizon in the Japan-China relationship. In both countries, issues and politics are moving against moderation and compromise. Storm warnings should be posted for the months ahead and seat belts fastened – Aug. 15 is almost at hand.

## **Chronology of Japan-China Relations April-June 2005**

**April 1, 2005:** Minister of Economy, Trade and Industry Nakagawa Soichi announces Tokyo is prepared to grant exploring rights in East China Sea to Japanese companies.

**April 2-3, 2005:** Anti-Japanese demonstrations, in Chengdu, Shenzhen, and Chongqing, express opposition to Japan's efforts to secure permanent seat in UN Security Council.

**April 4, 2005:** Director General for Asian and Oceanic Affairs Sasae Kenichiro informs Chinese embassy that Japan is moving ahead with exploration rights in East China Sea; asks China to suspend its exploration activities and provide data to Japan.

**April 4, 2005:** VM of Foreign Affairs Yachi Shotaro calls in Ambassador Wang Yi and expresses “concerns” and requests protection for Japanese residents in China.

**April 5, 2005:** Japan's Ministry of Education approves new middle-school history textbooks.

**April 8, 2005:** Japan's Ambassador to China Anami Koreshige requests protection for Japanese residents and businesses.

**April 9-10, 2005:** Large-scale anti-Japanese demonstrations in Beijing, Shanghai, Guangzhou, and Shenzhen.

**April 11, 2005:** PM Koizumi Junichiro calls demonstrations “truly regrettable,” asks Beijing to prevent recurrence; acting LDP secretary general calls China's response to demonstrations “insufficient.”

**April 11-19, 2005:** Twenty-five reported acts of vandalism and harassment against Chinese embassy, consulates, businesses, and schools take place in Japan.

**April 12, 2005:** Japan-China Friendship Organizations meet in Tokyo; Ambassador Wang tells members that taking history as a mirror is the key to unlocking the future.

**April 13, 2005:** Japan-China Directors General Sasae and Cui Tiankai meet in Beijing in advance of foreign ministers' April 17 meeting.

**April 14, 2005:** Lower House Speaker Kono Yohei meets with Vice Chairman of the Standing Committee of National People's Congress Lu Yongxiang; discussion focuses on anti-Japanese riots.

**April 14, 2005:** Premier Wen Jiabao calls on Japan to "profoundly reflect" on reasons for anti-Japanese demonstrations.

**April 16-17, 2005:** Anti-Japanese demonstrations in 10 Chinese cities, including Shanghai, Shenyang, and Amoi.

**April 17, 2005:** FMs Machimura and Li Zhaoxing meet in Beijing; while in Beijing Machimura also meets with former FM, now State Councilor, Tang Jiaxuan.

**April 17, 2005:** Minister Nakagawa calls on China to "prevent mobs attacking businesses."

**April 18, 2005:** Vice FM Wu Dawei attributes current problems to Japan's "incorrect understanding of history."

**April 19, 2005:** Former Minister of Economy, Trade and Industry Hiranuma Takeo meets with former Foreign Minister now State Councilor Tang to discuss demonstrations.

**April 19, 2005:** CCP Propaganda Department begins nation-wide campaign to rein in "unauthorized demonstrations"

**April 22, 2005:** Some 80 Diet members visit Yasukuni Shrine.

**April 23, 2005:** Koizumi meets President Hu on sidelines of Asia-Africa Summit in Jakarta.

**April 25, 2005:** Machimura tells *TV Asahi* talk show that Chinese textbooks are "extreme" in their interpretation of history.

**April 26, 2005:** Tokyo District Court dismisses a suit claiming that Koizumi's and Tokyo Gov. Ishihara Shintaro's August 2001 visits to Yasukuni Shrine violate the principle of separation of church and state.

**April 27, 2005:** Ambassador Wang Yi tells a meeting at LDP headquarters that Koizumi's visits to Yasukuni violate a "gentleman's agreement" given by then PM Nakasone, following his 1985 visit.

**April 28, 2005:** Former PM Nakasone says Wang's assertion is "completely at odds with reality," denies existence of agreement, and telephones the Chinese embassy to protest.

**April 28, 2005:** Japan's Teikoku Sekiyu becomes first company to apply for exploration rights in East China Sea.

**May 16, 2005:** Koizumi tells Lower House Budget Committee that he does not think his visits to Yasukuni Shrine have injured the feelings of the Chinese people.

**May 17-23, 2005:** State Council Vice Premier Wu Yi visits Japan to attend Aichi Expo and meet with Japan's leaders.

**May 21-23, 2005:** LDP and Komeito secretaries general visit China and meet with Wang Jiarui, head of CCP international department, State Councilor Tang, and President Hu.

**May 20, 2005:** Tokyo Gov. Ishihara lands on Okinotori island during inspection tour.

**May 23-June 2, 2005:** Chinese navy ship carries out survey activities within 1-2 kilometers of Okinotori.

**May 23, 2005:** Wu abruptly cancels meeting with Koizumi and returns to China to attend "urgent public business."

**May 24, 2005:** Chinese Foreign Ministry makes clear that cancellation was related to Koizumi's remarks about Yasukuni.

**May 25, 2005:** FM Machimura finds Wu incident "regrettable" but not the entirety of Japan's relations with China.

**May 26, 2005:** Parliamentary Secretary for Ministry of Health, Labor, and Welfare Morioka tells LDP lawmakers that Class-A war criminals are "no longer regarded as war criminals in Japan."

**May 26, 2005:** Middle school history textbook, "History to Open the Future," is published by a team of scholars and civic organizations from China, Japan, and ROK.

**May 30-31, 2005:** Foreign Ministry Director Generals Sasae and Cui meet in Beijing to discuss issues related to exploration and boundary demarcation in East China Sea.

**June 1, 2005:** Former Foreign Minister, presently Speaker of the Lower House, Kono meets with five former prime ministers to discuss relations with China; the *Asahi Shimbun* describes the meeting as "highly unusual."

**June 2, 2005:** Koizumi tells Lower House Budget Committee that he visits Yasukuni to pay respects to all who lost their lives during the war, not to pay respects to particular individuals and that he visits the shrine as a matter of personal belief not as prime minister.

**June 2, 2005:** Former PM Nakasone tells reporters that Koizumi should “think more about national interests than personal beliefs”; the next day in speech in Tokyo Nakasone again calls on Koizumi to place national interests first and make the difficult but courageous decision to stop paying homage at Yasukuni.

**June 3, 2005:** Noda Takeshi, president of the Japan-China Friendship Society, travels to Beijing and meets with Chinese leadership including State Councilor Tang and Vice Premier Zhen; on May 31 Noda called on Koizumi to discuss Yasukuni issues and disenshrinement of Class-A war criminals.

**June 11, 2005:** Bereaved Families Association issues statement calling on prime minister to pay consideration to neighboring countries and obtain their understanding with regard to visits to Yasukuni; later Association reaffirms position that PM should continue to visit the shrine.

**June 11, 2005:** Education Minister Nakayama, while acknowledging the terrible experiences of “comfort women,” tells Shizuoka town meeting that the title “comfort women” did not exist during the war years and accordingly this “incorrect” description was removed from history texts; Koizumi urges Nakayama to be cautious in his remarks.

**June 14, 2005:** Chief Cabinet Secretary Hosoda tells reporters that Nakayama had apologized during Cabinet meeting for “comfort women” remarks; Nakayama later denies making an apology.

**June 15, 2005:** METI announces intention to grant exploration rights in East China Sea to Teikoku Sekiyu pending approval of Kagoshima and Okinawa prefectural governments.

**June 16, 2005:** Japanese business delegation visits China and calls for measures to protect intellectual property.

**June 17, 2005:** PM Koizumi rejects call for new war memorial shrine to replace Yasukuni; Chief Cabinet Secretary Hosoda confirms that alternative shrine plan is not under consideration.

**June 20, 2005:** Lower House Speaker Kono leads Diet delegation to China, meets with Vice Premier Huang, State Councilor Tang, and head of CCP’s International Department Wang.

**June 21, 2005:** Ministry of Land, Infrastructure and Transport announces that on June 17 it placed address plate on Okinotori island, giving it the address of 1-banchi, Okinotori island, Ogesawara Village, Tokyo.

**June 21, 2005:** Taiwan sends warship with defense minister and legislators on board into East China Sea near Senkaku islands.

**June 21, 2005:** Three Guangzhou residents are exposed to poison gas shells abandoned by the Japanese Imperial Army during World War II.

**June 22, 2005:** Koizumi tells Upper House Budget and Administrative Oversight Committee that, contrary to ROK President Roh's statement, Yasukuni is not at the core of Japan's relations with the ROK and China; rather the core is to consider how relations can be developed while taking history as a mirror.

**June 22, 2005:** Parliamentary Secretary for Health Labor and Welfare Morioka repeats May remarks concerning validity of International Military Tribunal for the Far East judgment with respect to war crimes; Chief Cabinet Secretary Hosoda again reaffirms government's acceptance of the tribunal's decisions.

**June 27, 2005:** Former Foreign Minister Komura, chairman of the Japan-China Parliamentary Friendship Association meets in Beijing with Wu Bangguo, chairman of the Standing Committee of China's National People's Congress, Wu urges Koizumi to consider Yasukuni from a broad perspective; suggests Japan's prospects for participation in Beijing-Shanghai rail project are not promising in present political environment.

**June 27, 2005:** Chief Cabinet Secretary Hosoda calls Guangzhou poison-gas incident "extremely regrettable."

**June 27, 2005:** Former PM Nakasone tells television talk show that he opposes Koizumi's visits to Yasukuni if they harm national interests; Nakasone also announces opposition to the building of new war memorial to replace Yasukuni.

**June 28, 2005:** Chinese authorities in Dalian confiscate 128 Japanese social studies textbooks ordered from Japan and intended for use in local Japanese school on grounds that the texts contain 130 instances of "inappropriate" reference to Taiwan.