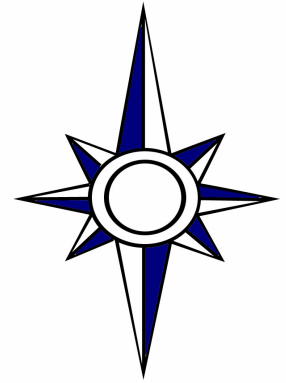


Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



Japan-China Relations: Spring Thaw

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For the first time in over a year, the foreign ministers of Japan and China met on May 23. Both ministers retreated to well-worn talking points on Yasukuni but agreed to move ahead in expanding exchange programs. Afterward, Foreign Minister Aso Taro announced that Japan's relations with China were moving toward normalcy and in early June, to further warm the atmosphere, the Koizumi government removed the freeze on loans to China. In turn, China's President Hu suggested that under the proper conditions and at an appropriate time, he would like to visit Japan.

The vice ministers of foreign affairs also met in Beijing to conduct the Fifth Japan-China Comprehensive Policy Dialogue. Meanwhile, director general-level discussions continued on the East China Sea. Beyond a desire to keep talking, little progress was evident.

In Japan, political leaders jockeyed for position in the post-Koizumi prime ministerial sweepstakes. Increasingly, foreign policy, Japan's relations with its Asian neighbors, and Yasukuni-related matters assume growing importance in the political debate, with candidates attempting to find their footing on the issues. In meetings with Japanese political figures, China's political leaders and diplomats worked to shape the post-Koizumi environment in Japan.

High-level meetings

Attempting to shape pending post-Koizumi succession politics, China's leadership hosted a number of Japanese political leaders during the first quarter of the year. The list included the LDP's Noda Takeshi, Nakagawa Hidenao, chairman of the LDP's Policy Research Committee, Nikai Toshiro, minister of Economy, Trade and Industry. At the end of March, at the invitation of the China-Japan Friendship Association, heads of seven Japan-China friendship organizations, including former Prime Minister Hashimoto Ryutaro, former Foreign Minister Komura Masahiko and former Home Affairs Minister Noda Takeshi arrived in Beijing on March 30. In anticipation of the trip, the Foreign Ministry on March 29 released the results of a nationwide public opinion survey on foreign policy issues; the survey was conducted Feb. 10-13. The survey revealed that only 6.9 percent of respondents thought Japan's relations with China were "good," while

66.7 percent thought the opposite; overall 77.9 percent thought relations should be improved. Top priority issues were identified as problems related to an understanding of history (58.9 percent); insufficient mutual understanding (32.1 percent); policy disagreements on international politics (30.2 percent) and problems related to international maritime rights (28.7 percent).

On March 31, the delegation met with Hu Jintao in the Great Hall of the People for approximately one hour. Hu made clear that the repeated visits by Japan's political leaders to Yasukuni Shrine, where the spirits of Japan's Class-A war criminals are enshrined, was the source of discord in the bilateral relationship. Such visits deeply wounded the feelings of Asian and Chinese peoples and damaged the political foundations of the China-Japan relationship. Nevertheless, Hu observed that should such visits cease, the door to a heads of government summit would be opened. Hu called for a strengthening and expansion of exchanges across the board. He reassured his guests that, China, as a developing country, was in no position economically to pursue an expansionist course and had no intention to challenge others militarily.

In reply, Hashimoto observed that, for many Japanese, Yasukuni is a personal matter and, noting the necessity of taking concrete actions, called for a frank exchange of views in order to move the relationship forward and overcome political obstacles. Noda turned the discussion to China's own patriotic education and asked that it not be tied to anti-Japanese sentiment.

Back in Tokyo, Koizumi took issue with Hu's Yasukuni-summit linkage, arguing that all countries have their differences on certain issues and asking "wouldn't it be better to get over them and develop friendly relations?" The prime minister did not consider Yasukuni to be a political or diplomatic issue. On April 4, Foreign Minister Aso told reporters that he thought Yasukuni-summit linkage to be "beyond comprehension." Later Aso told the House of Councilors Committee on Foreign and Defense Affairs that he expected the economic rivalry between Japan and China would increase.

In an April 15 speech in Hiroshima, Aso told his audience that, even if there is a resolution to Yasukuni, Japan should not expect smooth sailing in relations with China. In a region in which two economic superpowers live side-by-side, frictions are inevitable. What is important is for political leaders to meet. Turning to Yasukuni, the foreign minister emphasized that visits to the shrine cannot be stopped simply because China says they should be. Moreover, for the government to get involved in de-enshrining of the Class-A war criminals would be to involve itself in religious affairs and violate the constitution. Aso said that another way would have to be found.

On May 1, Vice Foreign Minister Yachi Shotaro announced that the Fifth Japan-China Comprehensive Policy Dialogue would take place in Beijing, May 7-9; China would be represented by Vice Minister for Foreign Affairs, Dai Bingguo. The talks ranged over issues in the bilateral relationship, including oil and gas exploration in the East China Sea, disposition of chemical weapons abandoned in China by the Imperial Army, and

expansion of cultural exchanges. Yachi also used the occasion to advance a foreign ministers' meeting in Qatar at the end of the month.

As the vice ministers met in Beijing, Koizumi, commenting on reports of a possible foreign ministers' meeting, suggested that "China is realizing that it is strange not to hold a summit meeting because of one controversial issue." Chief Cabinet Secretary Abe Shinzo told reporters that both countries would benefit from talks. And, in a May 9 speech in Tokyo, China's ambassador Wang Yi expressed the hope that a foreign ministers' meeting would be realized. "In order to put (Japan-China relations) in a virtuous cycle, dialogue at various levels will be essential," he told his audience. Wang also dismissed the idea of China becoming the leader of Asia as well as the premise that the two countries were destined to compete for leadership.

The foreign ministers met in Qatar May 23, with Aso observing that it would be more convenient to meet closer to home. Li made clear that China's view of the Yasukuni visits was unchanging, telling Aso that they "hurt the feelings of the Chinese people" and "damaged the foundation of political ties" between China and Japan. Aso replied that the prime minister visited the shrine to pay his respects to the war dead and to underscore his commitment that Japan will never again resort to war. Asked his intentions of visiting the shrine should he become prime minister, Aso said that he would "make a proper decision based on my principles and in consideration of my official capacity."

Aso reiterated that Japan welcomed China's peaceful rise but expressed concern about China's continuing military modernization and its lack of transparency. Li replied that the modernization efforts were defensive in nature. The ministers also agreed to resume, by the end of the year, the Japan-China Security Dialogue which has been in abeyance for over two years, to promote dialogue on issues related to the East China Sea, and to expand cultural, economic, and youth exchange activities between the two countries.

Afterward, Aso told reporters that the trend line in the bilateral relationship was moving in a positive direction. As the foreign minister saw it, China, in agreeing to the meeting, recognized the importance of Japan's trade and investment to China's economy, which, he observed, was "starting to show negative growth." Given the Chinese sense of values, "whether there is money to be made or not", it was a "wise" business decision to improve relations with Japan. Chief Cabinet Secretary Abe described the meeting as "extremely important" and the frank exchange of views as "extremely meaningful." That view was shared in Beijing. China's Foreign Ministry's spokesperson told reporters that the meeting was "beneficial," that China had "a positive opinion of Japan's attitude" and considered Aso to be "an important partner for improving and making progress in China-Japan relations."

On June 4, the media reported that Tokyo on June 3 had decided to lift the freeze on yen loans to China for FY 2006, an effort widely interpreted as an attempt to further warm the political environment. On June 6, the Council for Overseas Economic Cooperation approved the lifting of the freeze and extended a total of ¥74 billion to be used principally for environmental projects.

A week later, the atmosphere continued to warm. On June 10, Hu Jintao, meeting with the new Japanese ambassador Miyamoto Yuji, observed that under the proper conditions and at an appropriate time he would hope to visit Japan. Hu noted the current difficult stage of bilateral relations but made no reference to Yasukuni; he also stressed the importance China attaches to relations with Japan. The report was well received in Japan. Abe took it a positive sign that China “regards the relationship with Japan seriously.” Koizumi announced that Japan “is always open” and “ready any time” to engage in dialogue with China. Japan would set no conditions for dialogue – that would depend on China.

East China Sea

In early April, *Kyodo News Service* in a dispatch from Washington reported that Chinese aircraft had conducted reconnaissance across the median line boundary in waters claimed by Japan. Later in the month, it was learned that China’s Maritime Bureau had, on March 1, issued a notification prohibiting ships from entering areas near the median-line boundary while China conducted exploration activities from March 1 through Sept. 30.

In Tokyo concerns were expressed that the prohibition and exploration might extend into waters on the Japanese side of the median-line boundary. On April 16 during a *Fuji Television Sunday Morning* program, LDP Secretary General Takebe Tsutomu labeled the Chinese action “regrettable.” The next day, Chief Cabinet Secretary Abe told reporters that the action violated Japanese sovereignty and was also possibly in violation of the Law of the Sea Treaty, and that the government was considering a protest but that it first wanted to confirm reports.

Meanwhile, Koizumi told reporters that whatever the reality, he wanted to proceed calmly. Late in the evening of April 17, the Chinese Foreign Ministry, citing a “technical error,” explained that the area in which ship traffic was to be prohibited was only on the Chinese side of the median-line boundary. The following morning, Abe accepted the correction as a “simple mistake” but announced that even if the area was on China’s side of the line, Beijing would have to respect the “rights and obligations” of other states.

On April 22, METI Minister Nikai Toshiro met with China’s Vice President Zheng Qinghong in Boao, China; both agreed on the need to seek a peaceful resolution of the issue. Director general-level talks were scheduled to resume in Beijing in mid-May. On May 10, the *Sankei Shimbun* reported that the government had decided to formally reject the proposal for joint development made by China during a March 6-7 meeting and that it would again urge China to adopt Japan’s proposal for joint development on both sides of the median line boundary.

The two sides met May 18 in Beijing, with Sasa Kenichiro, director general for Asian and Oceanic Affairs, and Hu Zhengyue heading the delegations. Again, the talks went nowhere; each side rejected the position of the other and reiterated previous proposals. Both, however, agreed to continue the discussions. Both also agreed to work toward

measures that would prevent or expeditiously deal with unforeseen accidents or incidents in the area.

Post-Koizumi succession, foreign policy, and the debate over Yasukuni

As the September LDP elections draw near, the leading prime ministerial candidates, Chief Cabinet Secretary Abe, Foreign Minister Aso, and former Chief Cabinet Secretary Fukuda Yasuo, face the challenge of developing positions on a number of foreign policy issues; among them, relations with China and the Republic of Korea involve Yasukuni. Although Koizumi and Abe endeavored to fence-off Yasukuni from political discourse, the debate inevitably found a path back to Yasukuni.

Koizumi continued to fault China and South Korea for failing to respond to Japan's calls for a resumption of high-level meetings. Questioned about his visits to Yasukuni Shrine and the state of relations with China, he repeatedly answered that he found it "difficult to understand" or "strange" that China would refuse summit meetings over a single issue. They were, he observed, the only two countries to do so. As for his critics, their position against paying reverence at Yasukuni amounted to saying not to go because China says not to go; this was not the way to do business. The way to resolve differences between countries was through dialogue.

On April 2, both Abe and Aso appeared on Sunday morning talk shows. Both addressed the "Yasukuni for summit" offer made by President Hu to the Friendship delegations on March 31. Both turned it down.

Abe took Hu to task, saying "it's a wrong policy to use the option of not holding a summit meeting as a precondition for achieving political goals." He wondered "if it is a good thing to sacrifice our political and economic assertions to hold a summit meeting." To move the relationship ahead, China needed "to take another step forward." As to whether he would visit the shrine as prime minister, Abe replied that he had "no intention to make Yasukuni a political slogan." Moreover, he believed that it "should be eliminated from the diplomatic agenda."

Nevertheless, the political and policy debate in Japan continued.

On April 23, the New Komeito Party leader Kanzaki Takenori, speaking in Koemgo city in Tottori prefecture, told his audience that relations with China and South Korea "must be stabilized" and that Japan's relations with Asia would be a major issue for Koizumi's successor.

At the end of April, former Chief Cabinet Secretary Fukuda entered the discussion. In an April 25 address delivered in Tokyo, Fukuda, touching on the foreign policy legacy of his father, the 1977 Fukuda Doctrine toward Southeast Asia, called for a new policy toward Asia. In the context of Japan's Asia policy, Fukuda pointed out that Koizumi's visits to Yasukuni "were not a plus." He called attention to the need to improve relations with China and South Korea. Five days later on an NHK talk show, Fukuda expounded on his

foreign policy thinking. Noting the “deterioration of bilateral ties” with China and South Korea, relations which he described as being “in a somewhat abnormal situation,” Fukuda said that Japan “should think about what kind of action we must take. There is no other choice but to make a decision from a broad standpoint, looking at relations in the future.”

The business community entered the debate in early April. On April 4, IBM Japan President and Chairman of the Keizai Doyukai (Japan Association of Corporate Executives), Kitashiro Kakutaro, addressing President Hu’s Yasukuni-summit offer, told a press conference that he found Hu’s remarks “regrettable.” Kitashiro reasoned that stopping the Yasukuni visits would “become even more difficult once this turns into a political issue.”

However, a month later, on May 9, the Keizai Doyukai went public with a document that called for “self-restraint” on the part of the prime minister with regard to Yasukuni visits. Continuing the visits, the organization cautioned, “could lead to undermining what has been achieved in the postwar period” and “not benefit Japan’s national interests.” The document also called for the creation of a secular war memorial, a position earlier advanced by Fukuda. Koizumi dismissed the Doyukai proposal, saying that “business and politics are two separate matters.” He pointed to the fact that economic relations, as well as cultural exchanges, were expanding at an unprecedented pace.

On June 23, Japan’s Supreme Court dismissed an appeal of a 2005 Osaka High Court ruling seeking damages for Koizumi’s visits to Yasukuni which the plaintiffs alleged were unconstitutional. The court failed to find legal grounds to support claims for damages, “even if religious and emotional sentiments were hurt by another person’s visits.” At the same time, the court refrained from ruling on the issue of the constitutionality of the prime minister’s visits. Koizumi told reporters that the thought the decision “appropriate,” reaffirming his views on the nature of his visits.

The following day, the *Yomiuri Shimbun* released results of a June 17-18 public opinion survey. With regard to Yasukuni, 46 percent of respondents supported visits to Yasukuni by Koizumi’s successor and 43 percent opposed. Looking at relations with China, South Korea, and Japan’s Asian neighbors, 79 percent considered them important. But, asked if visits to Yasukuni should be stopped to improve relations with China, 51 percent opposed stopping Yasukuni visits, while 42 percent favored doing so. With regard to disputes with China and South Korea over the East China Sea and Takeshima/Dokdo, 68 percent supported a Japanese diplomacy that would consistently advocate Japan’s national interests, while 24 percent thought consideration should be given to the positions of China and South Korea

Security

On April 14, the Foreign Ministry released its annual Blue Book report on Japan’s diplomacy. The Blue Book called on China to improve transparency with regard to military spending. Although the report has in the past referenced China’s military

spending, the 2006 edition marked the first time that the document called on Beijing to improve transparency. Newly appointed ambassador to China Miyamoto Yuji echoed the call, citing China's lack of transparency as "the reason why China's image, for the most part comes out ... negative." Increased transparency would enhance China's "acceptance by the international community." At the same time, Miyamoto rejected the argument that China posed a threat to Japan.

That said, it was clear that activities of the PLA Air Force were extending into Japan's air space. In Japan's 2005 fiscal year (April-March), the Air Self-Defense Forces scrambled 107 times against Chinese planes as opposed to only 13 times in 2004. The first half of the fiscal year, the scrambles totaled 30, and the second half of the year October-March, the number significantly expanded to 77. The total of 107 scrambles represented the highest total since such statistics began to be recorded. By way of comparison, the number of scrambles in response to Chinese aircraft was 25 in 1997; 30 in 1998; 23 in 1999; 6 in 2000; and 13 in 2004. The Chinese activities were widely regarded as intelligence gathering in nature, particularly in the area of oil and natural gas exploration in the East China Sea.

On May 3, the *Asahi Shimbun* released the results of a public opinion, conducted April, on issues related to Japan's constitution. Sixty-two percent supported revision of the constitution to recognize the Self-Defense Forces (SDF); 28 percent opposed; 23 percent favored defining the SDF as a military, 34 percent opposed. On the right of collective self-defense, 53 percent favored continuation of the prohibition on the exercise of the right, 36 percent thought that Japan should be able to exercise the right.

Earlier on April 29, the Chief Cabinet Office published survey results on the SDF and security issues. Asked whether the respondents thought Japan would be involved in a conflict, 45 percent said yes; 32.6 percent said that it could not be ruled out, and 16.5 percent said no. With a 1.8 percent increase over three years of the affirmative response, the poll suggested increasing attention to security issues, in particular terrorism, the Korean Peninsula, and China's military buildup. On April 12, the Defense Agency presented a legislation outline that would transform the agency into a ministry. The Cabinet approved the legislation June 9 and submitted it to the Diet for consideration and debate. The Diet did not act on the legislation before adjourning June 18.

Business and economics

Even as political relations stagnated, the economic side of the relationship continued to expand. In early April, the Japan External Trade Organization (JETRO) released figures on Japan's 2005 international economic relations. In China, Japanese investment hit a record high of \$6.5 billion, a 19.8 percent increase over 2004. Japan's auto and electronics industries led the way. The report also noted that investment had slowed in response to anti-Japanese demonstrations in April 2005. While recognizing that Japanese companies had "renewed their recognition regarding the risks of investing in China," JETRO expected "no changes in the situation under which China remains Japanese companies' focus of investment."

Outlook

The foreign ministers' meeting in Qatar and President Hu's remarks about visiting Japan point to a thaw in relations. The political forecast calls for continued warming through the LDP's presidential election in September. The post-September forecast will depend in large part on the results of the election and the choices of the new prime minister.

Chronology of Japan-China Relations April-June 2006

March 30, 2006: Group of 40 Chinese sue Japanese government in Tokyo District Court for wounds/loss of life suffered during Japanese bombing of Chongqing.

March 31, 2006: Leaders of seven Japan-China Friendship Associations, including former Prime Minister Hashimoto and former Foreign Minister Komura meet with President Hu; Hu proposes ending Yasukuni visits in exchange for summit.

April 2, 2006: Chief Cabinet Secretary Abe Shinzo and Foreign Minister Aso Taro both reject Hu's linkage proposal.

April 2, 2006: Japan and China sign agreement to simplify customs administration.

April 4, 2006: FM Aso finds Yasukuni-summit linkage "beyond comprehension."

April 6, 2006: China's Smbassador to Japan Wang Yi says Hu's Yasukuni-summit proposal shows desire to improve relations; urges end to Yasukuni visits.

April 14, 2006: Foreign Ministry releases 2006 Diplomatic Blue Book; cites China for lack of transparency about military buildup.

April 15, 2006: Aso in speech at Hiroshima says that resolution of Yasukuni will not resolve all Japan-China issues.

April 16, 2006: LDP Secretary General Takebe expresses displeasure with reports that China has declared exclusion zone in East China Sea.

April 17, 2006: China's Foreign Ministry, citing technical error, says exclusion zone in East China Sea extends only to its side of the median-line boundary; Abe accepts correction as simple mistake on April 18.

April 22, 2006: METI Minister Nikai meets with China's Vice President Zheng in Boao China; both agree on peaceful resolution of East China Sea issues.

April 22, 2006: Ninety-six Diet members visit Yasukuni shrine; 87 from LDP.

April 23, 2006: Komeito party leader Kanzaki calls for stabilizing relations with China.

April 25, 2006: Former Chief Cabinet Secretary Fukuda calls for a new policy toward Asia; expresses negative view of Koizumi's visits to Yasukuni.

May 7-9, 2006: Fifth Japan-China Vice Ministers' Comprehensive Policy Dialogue takes place in Beijing.

May 9, 2006: China's ambassador to Japan Wang in speech in Tokyo calls for improving Japan-China relations; expresses hope that foreign ministers will soon meet.

May 9, 2006: Keizai Doyukai calls for separation of Class-A war criminals from war dead at Yasukuni.

May 10, 2006: Abe says that decision on separation must be made by shrine authorities, not government.

May 11, 2006: Advisor to Democratic Party of Japan Hata Tsutomu meets with PRC State Councilor Tang; Tang invites Ozawa to visit China.

May 18, 2006: Japanese-Chinese delegations meet in Beijing to discuss East China Sea issues; fail to make progress; but agree to meet again.

May 18, 2006: Former LDP Secretary General and head of War Bereaved Association Koga proposes separation of Class-A war criminals from war dead at Yasukuni.

May 23, 2006: Foreign Ministers Aso and Li meet in Qatar.

May 27, 2006: China and South Korea opt out of Japan Coast Guard sponsored six-nation exercise aimed at practicing pursuit of ships suspected of illegal activities.

May 28, 2006: Former PM Mori urges next prime minister not to pay homage at Yasukuni in order to improve Japan-China relations.

May 30, 2006: War Bereaved Association deadlocks on Koga's proposal; restates current policy that the issue must be decided by Yasukuni authorities, not politics.

June 3-4, 2006: Aso says relations with China are returning to normalcy.

June 5, 2006: Japanese and Chinese consular authorities meet in Tokyo; Japan renews protest of May 2004 suicide of Japanese consular official in Shanghai; Chinese officials deny government involvement.

June 6, 2006: Council for Overseas Economic Cooperation approves lifting of freeze on yen loans to China; approves loan package of ¥74 billion.

June 8, 2006: China notifies Japan of discovery of chemical weapons in Heilongjiang province and asks for fact-finding team; June 14, Abe announces plan to send team to China to ascertain if the weapons had been abandoned by the Imperial Army.

June 10, 2006: President Hu expresses interest in visiting Japan under proper conditions to Japanese ambassador.

June 15, 2006: Association to Consider a Secular War Memorial, chaired by Yamasaki Taku, issues report calling for inclusion of funds in coming fiscal year budget to study establishment of secular war memorial dedicated to those who died in war.

June 20, 2006: *Nihon Keizai Shimbun* public opinion poll reveals 37 percent of respondents against Aug. 15 visit to Yasukuni by Koizumi; 32 percent support visit but not on Aug. 15; 17 percent supporting visit on Aug. 15.

June 23, 2006: Japan's Supreme Court upholds Osaka High Court ruling dismissing claims for damages resulting from Koizumi's visits to Yasukuni; avoids ruling on constitutionality of prime minister's visits; Koizumi's finds ruling "appropriate."

June 24, 2006: Fukuda in speech delivered in Jakarta to the Indonesia-Japan-Friendship Association focuses on Asia policy; proposes Economic Partnership among Asian countries; stresses need for Japan, China and South Korea to cooperate in bringing about regional economic integration; again calls for Koizumi to stop visiting Yasukuni.

June 24, 2006: *Yomiuri Shimbun* releases results of June 17-18 public opinion survey.

June 25, 2006: Aso tells NHK broadcast audience that, without political pressure, Yasukuni authorities should reconsider the religious nature of the corporation; calls for government to consider propriety of separating Class-A war criminals from those enshrined at Yasukuni.

June 25, 2006: China-Japan mark 60th anniversary of Japanese repatriation from China; ceremonies held in Huludao, Liaoning province (formerly Japanese occupied Manchuria) and attended by former Foreign Minister Tang and former Ambassador to Japan Wu.