

# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## Japan-China Relations: Ice Breaks at the Summit

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

The long search for a Japan-China Summit was realized Oct. 8, when Japan's new Prime Minister Abe Shinzo arrived in Beijing and met China's President Hu Jintao and Premier Wen Jiabao. Abe and Hu agreed to build a "strategic, reciprocal relationship" aimed at enhancing cooperation and advancing a wide range of mutual interests. Both leaders agreed to address the difficult issues of history and the East China Sea, setting up expert panels to explore ways to resolve them. On the topic of visiting Yasukuni Shrine, Abe relied on strategic ambiguity, which the Chinese leadership appeared to tolerate, if not accept, in the interest of moving relations ahead. The joint history panel met in Beijing at the end of December and the East China Sea experts meeting was scheduled for early in the new year. After several years of tough going, the road ahead appears smoother and more promising.

### To the Summit

On Sept. 19, Abe Shinzo was elected president of the Liberal Democratic Party (LDP); a week later, on Sept. 26, he became prime minister of Japan. In the interim, Japanese and Chinese diplomats, led by Vice Minister Yachi Shotaro and Assistant Minister Cui Tiankai, met in Tokyo Sept. 23-24 to conduct the sixth Comprehensive Policy Dialogue and to explore paths to a summit meeting. Referring to Yasukuni, the Chinese called for "the removal of political obstacles" standing in the way of improved relations. In reply, Yachi explained that Abe was determined to leave his stance toward Yasukuni "ambiguous" and suggested a working date of Oct. 8 for the summit. Cui retreated to his talking points and urged Abe not to visit the shrine but promised to take Abe's Yasukuni "ambiguity" strategy back home for discussion. The Oct. 5 *Nihon Keizai Shimbun* reported that on the evening of Oct. 23, Nakagawa Hidenao, who became LDP secretary general the next day, had dinner with Cui and China's Ambassador to Japan Wang Yi and assured the Chinese officials that Abe would not visit Yasukuni during the 2007 spring festival. On Oct. 25, Yachi and Cui met again and Cui promised to consult with the Chinese leadership with regard to Yasukuni. The *Nikkei* report went on to note that Sept. 28 at the celebration of China's national day, Ambassador Wang was telling guests that "Prime Minister Abe is willing to improve relations with China. The Chinese government welcomes this attitude."

In a Sept. 27 interview with the *Yomiuri Shimbun*, marking the first day of the Abe government, Foreign Minister Aso Taro observed that the two leaders had not met in close to 18 months. That same day, Chief Cabinet Secretary Shiozaki Yasuhisa made clear that improving relations with China and South Korea were top priorities for the new prime minister, calling on all parties to “make efforts and use our wisdom to hold ...summit talks as soon as possible.” Referring to the new government, Shiozaki saw “momentum gathering to take advantage of this opportunity.” In his policy speech to the Diet Sept. 29, Abe committed his government to “strengthening bonds of trust” with China and South Korea, saying that it was “essential to make mutual efforts so that we can have future-oriented, frank discussions with each other.” On Abe’s assumption of office, Premier Wen Jiabao sent the prime minister a note of congratulations with the message that “Japan-China relations are at a crucial historic moment.” Abe’s policy speech to the Diet was regarded as a public response to Wen’s note.

On Oct. 2-3, Vice Foreign Minister Yachi and Ambassador Wang Yi met in Tokyo to advance coordination for a summit meeting. That evening, as reports of a pending summit spread throughout the media, Abe told reporters at his official residence that it was “important to create conditions that would allow the two leaders, without preconditions, to have a frank exchange of views.”

On Oct. 3, the *Sankei Shimbun* reported that earlier discussions had floundered on the Yasukuni issue, with the Chinese seeking assurances that Abe not visit the shrine during his term in office. Japanese officials countered that visits to the shrine should not become a “precondition” for a summit, requested Beijing to reconsider its position, and suggested the visit be put off from Oct. 8 to later in the month. Citing a source “familiar with Japan-China relations,” the *Sankei* reported that, on Sept. 30, Beijing, “following Hu’s firm order,” accepted the Oct. 8 date without the specific assurances it had sought on Yasukuni. The *Mainichi Shimbun* reported that China had accepted the Japanese Oct. 8 proposal on Sept. 28. With regard to Yasukuni, the *Mainichi* also reported that it would be a mistake for Japan to assume that China “had dropped its call for the Japanese leader to refrain from visiting the shrine.” The report went on to quote a “senior” LDP member saying “China expects Japan to come up with a convincing stance on the Yasukuni issue. The ball is in our court.” Later in the month, *Kyodo News Service* reported on a dinner meeting between Wang Jiarui, head of the CCP’s International Liaison Department, and opposition leader Ozawa Ichiro. Wang was quoted as saying “We don’t think it [Yasukuni] was left ambiguous. It will be a big problem if a visit is made.” Following the Cabinet meeting of Oct. 3, Abe and Aso met to confirm the schedule for the visits to China and South Korea. The next day, Deputy Chief Cabinet Secretary Shimomura Hakubun announced the visit at the opening of his press conference. China’s willingness to receive Abe on the eve of the Communist Party’s sixth plenary session of the Communist Party’s 16<sup>th</sup> Central Committee was considered sign of the importance Beijing attached to improving relations with Japan.

## Abe in Beijing

Premier Wen Jiabao welcomed Abe to China in a ceremony held in front of the Great Hall of the People. At the start of their meeting, Wen told Abe that “as a result of recent mutual efforts, we have overcome political obstacles that influence bilateral relations and agreed that we will develop our friendly relations soundly and steadily.” Abe and Wen agreed to work toward a trilateral investment treaty that would include the ROK.

Abe then met President Hu. Observing that Abe’s choice of China for his first overseas travel signaled his intention of “improving and developing China-Japan relations,” Hu expressed appreciation for Abe’s “highly forward-looking manner.” Abe replied that he was Japan’s first prime minister born after the end of the war and noted that since the end of the war Japan had engaged in “deep self-reflection that it caused massive damage and pain to Asian nations.” In turn, he sought “deep appreciation and understanding of the path Japan has followed ... as a pacifist nation.” Hu expressed hope that Japan would continue “to follow the path of peaceful development.” Looking to the future, the leaders agreed to build a “strategic, reciprocal relationship.”

Turning to Yasukuni, Abe explained that he visited the shrine to pray for “lasting peace” not to “glorify militarism.” Because Yasukuni had become “a political and diplomatic issue,” Abe determined that he would “not comment on whether I visited it or not or whether I will visit it or not.” A *Yomiuri Shimbun* poll, conducted Oct. 14-15 and published Oct. 17, asked whether Abe’s statement on Yasukuni was appropriate: 32.5 percent said “yes” 25.2 percent said “yes to a certain degree” 20.1 percent said “no” and 16.6 percent said “no to a certain degree.” In early December, when questioned on whether he would visit Yasukuni, Abe replied that he had “yet to make a decision.” He wanted to deal with the issue from “the perspective of overcoming political difficulties and promoting the sound development of both countries.” The two leaders agreed to initiate, by the end of the year, a joint study of history by Japanese and Chinese scholars. At the same time, they agreed to “enhance mutual trust in the area of security cooperation through [sic] Japan-China security dialogue and defense exchange.”

Abe and Hu also found common ground for cooperation with respect to the challenge posed by North Korea, agreeing on the importance of the six-party framework and calling on North Korea to return “immediately” to the talks. Similarly, the two leaders reaffirmed their countries’ commitment to a peaceful resolution of issues involved in the East China Sea and “to accelerate the process of consultation” toward the objective of “joint development” and “a resolution acceptable to both sides.” They also agreed to strengthen coordination and cooperation on international and regional issues and to expand cultural, economic and political and security exchanges.

Abe asked China’s support for Japan’s efforts to gain a permanent seat on the United Nations Security Council, which Hu deflected by calling for expanded dialogue on UN reform. Hu called attention to the importance of the Taiwan issue, and Abe replied that Japan’s position has been consistent and that there would be no change under his administration. Finally, Abe invited China’s leaders to visit Japan “at an early date” and

proposed that the leaders continue their meetings during the November APEC meeting in Hanoi and the December East Asia Summit in Manila. Hu agreed to Abe's proposal and added a proposal for a trilateral summit with South Korea.

At the conclusion of his meetings, Abe told a press conference that he had decided on China as the first country to visit as prime minister "with the aim of building relations with the leaders of China ... that will enable us to frankly discuss the future of our countries." It was also his aim "to strengthen the bonds of trust to open up the future of Japan-China relations." Two days later, a Chinese Foreign Ministry spokesman affirmed that the two leaders had a "serious and frank exchange of views" and that a "window of hope has been opened for the improvement and development of China-Japan relations." It was China's hope that "the window will remain open for a long time to come..."

### **Summitry in Hanoi**

The high-level meetings continued during the November APEC meeting in Hanoi. Foreign Minister Aso and Chinese counterpart Li Zhaoxing got together Nov. 16. The two ministers agreed to undertake a joint study of the two countries' history focusing on three areas: medieval, early modern, and contemporary history. Teams of 10 scholars from each country will conduct the study, with a 2008 completion date. The two also agreed to work to find the best approach to the joint development of the East China Sea. Li proposed that legal, technical, and defense experts be involved in the process. Both called for North Korea to return to the six-party process, underscoring the need for "concrete results." Aso emphasized the objective was not simply negotiations for negotiation's sake but the dismantling of North Korea's nuclear and missile programs.

Abe and Hu met Nov. 18. The agenda – the strategic reciprocal partnership, history, the East China Sea, and North Korea – represented a continuation of their Beijing discussions. Evidencing the warming post-Beijing atmosphere, Hu noted that the Hanoi meeting "embodies the improvement and development of bilateral relations," while Abe reiterated his determination to advance the strategic, reciprocal partnership.

Hu refrained from directly raising the Yasukuni issue, but observed that "China-Japan relations are coming to a significant stage" and that it was "important for the leaders of both nations to move forward in the right direction." Abe avoided a direct reply, saying that he wanted "to make even more efforts to elevate bilateral relations to strategic, reciprocal ones." Both agreed to expedite discussions of issues related to joint development in the East China Sea. (**See: East China Sea/Senkakus, below.**) Both also agreed on the need for North Korea's early return to the Six-Party Talks.

Abe reiterated Aso's call for "concrete results" in the Six-Party Talks, emphasizing that both dialogue and pressure were necessary elements in the diplomatic process. Abe also made clear that without resolution of the abductee issue, Japan would not be able to suspend its sanctions. Hu expressed concern with the debate over that nuclear option that developed in Japan following North Korea's Oct. 9 nuclear test, but, at the same time, expressed appreciation of Abe's insistence that Japan would uphold its three non-nuclear

principles. (**See: Nuclear Debate, below.**) Finally, Abe invited Hu to visit Japan at an early date; Hu replied that he would leave coordination to his diplomats.

The third Abe-Hu meeting of the quarter, scheduled for the EAS meeting in the Philippines, failed to materialize. In early December, the Philippine government postponed the EAS summit out of concern over a typhoon then moving toward the Philippines. However, the foreign ministers did meet Dec. 9; their talks focused on invitations to Chinese leaders to visit Japan in 2007, North Korea, the East China Sea, acid rain in China, Taiwan, and the joint history study.

### **East China Sea/Senkakus**

China's ongoing exploration activities in the East China Sea continued to attract Japanese attention. On Nov. 8, Chief Cabinet Secretary Shiozaki told reporters that the government had confirmed a Nov. 1 sighting of flames on a Chinese platform in the Pinghu gas field, located 60 km west of Japan's claimed median-line boundary. Consequently, Japan lodged a diplomatic protest expressing concern with "China's illegal moves to create a fiat accompli in waters within Japan's 200 nautical mile zone." On Nov. 2, Vice Minister Yachi met Ambassador Wang to protest the development. Wang replied that he could not accept the protest.

Meanwhile, sovereignty issues involving the disputed Senkaku/Diaoyutai islands again flared. On Oct. 22, Hong Kong activists, representing the Action Committee for Defending the Diaoyu Islands, departed Hong Kong aboard a fishing vessel for the Senkaku islands with the intention of landing on the islands to claim Chinese sovereignty. The *Sankei Shimbun* reported that Beijing had tried to persuade the activists to give up the protest and to place a higher priority on the improvement of Sino-Japanese relations. Reportedly, Beijing denied mainland members of the activist group permits to enter Hong Kong, thus reducing the size of the party from 40 to 26.

The day after the ship's departure, Chief Cabinet Secretary Shiozaki told a press conference that, from the perspective of history and international law, the Senkakus were Japanese territory and the government would take all appropriate steps to expel the intruders." On Oct. 27, the Japanese Coast Guard found that the Hong Kong vessel had entered Japanese waters and was within 13 km of the islands. When efforts to warn the ship off using bull horns failed, the Coast Guard resorted to water cannons to expel it. Beijing protested in response, reiterating its claim to the islands and accusing the Coast Guard of injuring the activists and damaging the ship.

### **History**

In early October, during plenary meetings of the House of Representatives, Abe faced his first interpolation. In responding to questions, he called for improved relations with Japan's Asian neighbors, but on the issue of Yasukuni, made clear that he would "not make public" whether he would go to the shrine. At the same time, he took his

predecessor's position that it was "strange" for countries to refuse meetings over a "single issue."

On the issue of history, Abe acknowledged Japan's "colonial rule and aggression" but stopped short of reiterating former Prime Minister Murayama's expression of "apology and remorse." While he had not thought to reissue the Murayama statement, Abe said that his government would "keep alive" the document. As for the Class-A war criminals, Abe expressed the view that they, including his grandfather, were "greatly responsible" for the war and the suffering inflicted on the people of Asia. He added that "since politics is responsible for the results, it is only natural that decisions made at the time were wrong." At the same time, he said that it was "not appropriate" for the government to make "a specific judgment."

With regard to the International Military Tribunal for the Far East, the prime minister said that Japan, in signing the San Francisco Peace Treaty, "had accepted the judgments handed down at the trials." He went on to say that "in view of state-to-state relations, Japan is not in a position to express objection to the judgements." He noted, however, that Class-A war criminals enshrined at Yasukuni were not criminals under Japanese law.

Abe also reaffirmed the 1993 statement by then Chief Cabinet Secretary Kono Yohei that the "former Imperial Japanese Army was directly or indirectly involved in establishing and managing facilities for the transport of comfort women."

The Abe government's commitment to the Kono statement, however, was soon called into question. Deputy Chief Cabinet Secretary Shimomura, in a speech delivered to the Foreign Correspondents Club in Tokyo Oct. 25 and in which he said he was expressing his personal views, suggested that the time may have come to reconsider the Kono statement. He called for "facts" to be examined "more carefully" and that time be taken to "collect objective and scientific knowledge when we think of the issue." Asked if the prime minister had changed his views on the issue, Shimomura replied that he thought it "only natural for the prime minister to change his views from those he held as a lawmaker." He went to add that "rather than accepting 100 percent the Kono statement and the so-called Murayama statement, the prime minister has given replies based on the position he holds."

A day later, Abe, observing that the deputy chief Cabinet secretary was speaking personally as a lawmaker, said that there was "no problem at all" with Shimomura's remarks. Abe noted that when he held Shimomura's position, he too expressed various opinions as a lawmaker. Meanwhile Chief Cabinet Secretary Shiozaki told reporters that Shimomura spoke in a "private capacity" and that the government's position "in honoring the 1993 Kono statement remains unchanged." On Oct. 27, Shimomura issued a clarification: he was speaking as a political figure, not as deputy chief Cabinet secretary

## **Yasukuni**

On Sept. 28, *Kyodo News Service* published the results of a poll taken Sept. 26-27 on popular expectations of the new Abe government. On the question of whether the new prime minister should visit Yasukuni Shrine, 51.3 percent said that he should not go, while 33.0 percent said that he should.

On Oct. 2, senior members of the War Bereaved Families Association met to consider the disenshrinement of the Class-A war criminals, as advocated by its chairman Koga Makoto. At issue was the question of setting up a study group at the executive meeting of the association scheduled for Nov. 15. The *Nihon Keizai Shimbun* regarded the study group as a way of putting off a resolution of the issue, noting that a decision on disenshrinement could split the association and affect the July Upper House election. At the same time, a study group would serve as a face-saving gesture for Koga.

Meanwhile, on Oct. 18, on the occasion of the autumn festival, 84 members of the Lower House visited the shrine, while 90 secretaries visited the shrine as representatives of 70 Lower House members and 20 Upper House members. Neither the prime minister nor members of his Cabinet visited. At the shrine, Chief Priest Nanbu Toshiaki reiterated the shrine's position that "separate enshrinement [of the Class-A war criminals] is impossible in view of religious creed."

In an Oct. 30 speech to the convention of the War Bereaved Families Association in Fukuoka, Koga turned to a discussion of alternatives to Yasukuni, either construction of a new secular war memorial, as advocated by former LDP Secretary General Yamasaki Taku, or the use of the existing Chidorigafuchi site. Koga's bottom line was that "we need to consider what to do to have a shrine to which all Japanese can visit without discomfort." Koga, however, refrained from taking up the issue of separation.

On Nov. 15, directors of the association agreed to establish a study group to review the history of the association and debates previously conducted on Yasukuni. In doing so, Vice Chairman Otsuji Hidehisa announced that "the idea of separately enshrining Class-A war criminals is not to be taken as a premise of the study," thus leaving open whether the issue will be considered at all. On Dec. 12, Koga told a meeting of the Diet's Asia Strategy Study Group that it is imperative for the shrine to study the question of whether the enshrinement of the Class-A war criminals was appropriate. As early as possible, he wanted to communicate to the shrine the thoughts of the association on the issue.

## **Nuclear debate**

North Korea's Oct. 9 nuclear test detonated a debate in Japan over nuclear weapons. On Oct. 15, Nakagawa Shoichi, chairman of the LDP Policy Research Council, told a *Sunday Asahi Television* audience that "possession of nuclear weapons is not prohibited by law." While acknowledging the possibility of Japan being attacked by a country possessing nuclear weapons as "low," he argued that a debate on the question of nuclear weapons is "appropriate." At the same time, he made clear that he was not advocating doing away

with Japan's three nonnuclear principles, that the debate should not be premised on the proposition that Japan should possess nuclear weapons, only that there were both "merits and demerits" in the possession of such weapons.

Nakagawa's statement drew fire from his LDP colleagues. Director General of the Defense Agency Kyuma Fumio told a meeting of the Lower House Committee on Antiterrorism that a discussion of the issue itself was "essentially no problem, but the discussion itself could send a wrong message to other countries." Chief Cabinet Secretary Shiozaki told the same meeting that Japan "is determined not to possess nuclear weapons under the three nonnuclear principles." Former LDP Vice President Yamasaki Taku, in a Tokyo speech, said that government officials needed to be "more prudent about making this kind of remark," while former LDP Secretary General Kato Koichi told an Osaka audience that Japan "must acquire an international way of thinking that is premised on being absolutely unacceptable to say something like Japan going nuclear."

By midday, Nakagawa was telling reporters that he personally was opposed to nuclear weapons, that he upheld the three nonnuclear principles, and that he was only calling for an intense debate on steps Japan could take to protect itself while upholding the three principles. He did not see the call for such a debate as contradicting the three principles. Meanwhile, Prime Minister Abe was making clear that his government would "observe the three nonnuclear principles as our country's national policy. He added "such a discussion will not be held in the government."

Later in the day, Abe met with Wang Jiarui, head of the CCP's International Liaison Department, on the grounds of the Diet. Wang expressed his appreciation for Abe's statement that Japan would strictly adhere to its three nonnuclear principles

On the Oct. 17, Foreign Minister Aso told the Lower House Committee on Security that it would be better to study the issue than not and that after studying the issue "not possessing nuclear weapons is one option." Meanwhile the prime minister was attempting to put an end to the discussion, announcing "we are through with this topic." However, on the Oct. 18, after reaffirming that the government's policy on the three principles had not changed, Aso told the Lower House Committee on Foreign Affairs that, at a time when neighboring countries possess nuclear weapons, to argue against debate was "one way of thinking." He thought it important to debate the issue from various perspectives; in short, "not debating any option is foolish." On Oct. 18, China's Foreign Ministry's Spokesperson Liu Jianchao told a regularly scheduled press conference that China hoped Japan "would abide by its three nuclear free-principles" and take "a responsible attitude in the maintenance of regional peace and stability."

Asked about Aso's statement, Abe replied that the foreign minister had said that the three principles "would be kept as is"; accordingly, his remarks "were in line with the Cabinet view." Abe did not think the matter was "worth talking about." On Nov. 20, at the conclusion of the APEC meeting in Hanoi, Abe reiterated that "formal panels in the LDP will never discuss the idea of Japan considering a nuclear option." He added that in light of the fact that Japan was the only country to suffer nuclear attack, it had a "sense of



mission to eliminate nuclear weapons from the world.” Japan, he stated, “has abandoned the policy option of nuclear armaments.” He did, however, allow that “individual lawmakers have the right of freedom of speech” – which they continued to exercise.

The debate ran heavily against debating nuclear options. LDP Diet Policy Committee Chairman Nikai Toshihiro urged restraint on the foreign minister given that his statements could cause “misunderstanding.” Hatoyama Yukio, secretary general of the opposition Democratic Party of Japan, called for Aso’s dismissal. On Nov. 1, Yamasaki Taku told a meeting of his faction that “at a time when the country is taking sanctions against North Korea following its nuclear test, discussing a nuclear option is utterly inappropriate. Debate must be blocked.” On Nov. 2, former Foreign Minister Komura Masahiko told an LDP factional meeting that “it is important for Japan to send the international community a message that Japan has no plan to have nuclear weapons.”

Nakagawa also came under similar attack. An unidentified LDP member was quoted as saying that Nakagawa “should not call for a nuclear debate from the position of Policy Research Council chairman.” On Nov. 23, Nakagawa took on his critics, telling a Gifu audience that in addition to the three nonnuclear principles, a fourth, “non-discussion” had recently been added. This was something he could not recognize. He went on to argue that those saying that the issue must not be debated, were in effect creating a fifth principal “non-thinking.”

## **Security**

In a Sept. 27 media interview, Director General of the Defense Agency Kyuma Fumio observed that China’s military power was “extremely great” and that it would be “impossible for Japan to deal with it single-handedly, no matter how much money we spent for our defense buildup.” Asked if Japan could fight China, Kyuma replied “I can say squarely that we can’t.” Kyuma underscored Japan’s concern with China’s 100 nuclear missiles as a source of “anxiety.” Kyuma saw the security treaty with the U.S. as a reason for China avoiding all-out war with the U.S. Japan’s continuing concern with China’s military build-up was reflected in Abe’s Nov. 21 meeting with the visiting Danish prime minister during which Abe made clear Japan’s opposition to the lifting of the EU’s arms embargo to China

On Nov. 29, as agreed during the Beijing summit, Japan and China resumed working-level defense talks in Tokyo. China was represented by Maj. Gen. Zhang Qinsheng, assistant to the chief of staff of the PLA, and Japan by Administrative Vice Minister of the JDA Moriya Takemasa. The meeting marked the first working-level defense dialogue since March 2005; ministerial level-meetings have not been held since September 2003. The two sides reached agreement on resuming Cabinet-level talks in the new year as well as an exchange of port calls by navy ships

## Business and economics

In early November, the *Nihon Keizai Shimbun* reported that, according to statistics released by China's Ministry of Commerce, the value of Japanese direct investment during the first nine months of the year had fallen 30 percent to \$3.27 billion over the same period in 2005. Reasons cited for the fall include completion of large-scale investment projects; rising labor and management costs; concerns over a proposed increase in corporate taxation; and rising interest in other countries, such as India. JETRO reported that Konica-Minolta would likely reduce investment in China by 38 percent and major air conditioner manufacturer Daikin in 2007 would cut investment 42 percent over 2006. The Chinese statistics revealed a worldwide decline of FDI in China, a negative 0.5 percent, in 2005, the first drop in six years and a continuation, negative 1.5 percent January-September 2006.

However, the Ministry of Finance's balance of payment numbers revealed that China is the second largest destination for Japanese FDI, commanding 14 percent of the total. (As a destination for Japan's FDI, the U.S. leads with 27 percent.) Looking at the January-August period, the Finance Ministry's statistics showed an increase of 18 percent over 2005. According to the *Nikkei* report, the disparity in the Chinese and Japanese reports lies in the fact that Japanese statistics include financial and insurance-related services and are yen-denominated, while the Chinese numbers exclude finance and insurance, focus on manufacturing and services, and are dollar denominated.

Notwithstanding the numbers debate, Japanese business continued to expand in China's booming market:

- In September, Honda (China), a wholly owned subsidiary of Honda Motor, began sales of the luxury Acura brand;
- Apparel retailer Fast Retailing, with six Uniqlo shops already doing business in Shanghai, opened its largest Uniqlo Shanghai outlet in December. The new Shanghai shop is second only to the New York outlet in terms of floor space;
- In December the *Asahi Shimbun* reported on the skyrocketing growth of commerce, a three-fold increase over the past five years, between the six northern prefectures on Honshu and China's northeast.

At the same time, the two governments moved to strengthen economic ties. During the APEC meeting in Hanoi, Abe and Hu agreed to an annual conference of economic ministers, and in December economic ministers, meeting in advance of the EAS, agreed to begin negotiations on a trilateral investment treaty, to include South Korea. China also proposed to initiate discussions on a trilateral Free Trade Agreement.

## **Looking ahead**

On Dec. 9, the Cabinet Office released the results of a public opinion survey on foreign relations. Confirming the upswing in Japanese sentiments toward China, the survey showed that 34.3 percent of Japanese feel positive toward China, an increase of 1.9 percent over the previous year. Those not feeling friendly to China fell 1.8 percent to 61.6 percent. At the same time, 21.7 percent regarded bilateral relations to be in good shape, an increase of 2.0 percent over 2005, while 70.7 percent disagreed. Where the relationship goes in the new year is anyone's guess. Developments over the last quarter are encouraging, but much of the future remains tied up in the past – and in Abe's decision on Yasukuni.

## **Chronology of Japan-China Relations October-December 2006**

**Sept. 19, 2006:** Abe elected president of the LDP.

**Sept. 23, 2006:** LDP Secretary General Nakagawa meets Chinese ambassador; assures that Abe will not visit Yasukuni Shrine during spring festival.

**Sept. 23-25, 2006:** Japanese and Chinese diplomats conduct Comprehensive Policy Dialogue in Tokyo; explore summit options.

**Sept. 26, 2006:** Abe becomes prime minister.

**Sept. 27, 2006:** New JDA Director General Kyuma acknowledges that Japan cannot compete with China militarily.

**Sept. 29, 2006:** Abe in policy speech to Diet calls for strengthening relations with China/South Korea.

**Oct. 2, 2006:** Senior members of War Bereaved Families Association consider study group to consider disenshrinement of Class-A war criminals from Yasukuni Shrine.

**Oct. 2-3, 2006:** Vice Minister Yachi and Ambassador Wang wrap-up summit coordination.

**Oct. 3, 2006:** Abe deals with issues of history during first Diet interpolation.

**Oct. 4, 2006:** Deputy Chief Cabinet Secretary Shimomura announces summit for Oct. 8.

**Oct. 8, 2006:** Abe arrives in Beijing; meets Premier Wen and President Hu.

**Oct. 8-10, 2006:** Diet members of Japan-Republic of China Parliamentary Discussion Council visit Taiwan for 10-10 National Day celebration.

**Oct. 10, 2006:** Fukuoka High Court upholds lower court decision rejecting claims for damages resulting from former Prime Minister Koizumi's 2001 and 2002 visits to Yasukuni Shrine; avoids discussion of constitutional issue.

**Oct. 15, 2006:** Chairman of LDP Policy Research Council Nakagawa Shoichi, in wake of North Korea's nuclear test, calls for debate on Japan's possession of nuclear weapons.

**Oct. 16, 2006:** Diet delegation, led by Upper House President Ogi Chikage, meets in Beijing with Wu Bangguo, chairman of National People's Congress Standing Committee; Oct. 18, Ogi meets President Hu; discussions focus on North Korea.

**Oct. 16, 2006:** Abe meets visiting Chinese Communist Party official Wang Jiarui; affirms Japan's commitment to its nonnuclear principles.

**Oct. 16-17, 2006:** Japan-China Ruling Parties Exchange Conference meets in Tokyo.

**Oct. 17-18, 2006:** Aso in remarks to Diet calls for study of nuclear issue; Abe restates his government's commitment to Japan's nonnuclear principles.

**Oct. 18, 2006:** 84 members of Lower House visit Yasukuni for autumn festival.

**Oct. 21-23, 2006:** Former Prime Minister Mori visits Taiwan.

**Oct. 21-23, 2006:** Association for Japan-China Friendship in the 21<sup>st</sup> Century meets in Beijing; on Oct. 18, Kobayashi, Japan chairman, meets Foreign Minister Li; on Oct. 23 Kobayashi, meets Premier Wen; discussion focuses on history and North Korea.

**Oct. 22, 2006:** Chinese activists depart Hong Kong for Senkaku islands.

**Oct. 23, 2006:** LDP's Aisawa Ichiro, Lower House Steering Committee chairman, meets in Beijing with Vice FM Wu Dawei; discussion focuses on Wu's trip to North Korea and six-party process.

**Oct. 25, 2006:** Deputy Chief Cabinet Secretary Shimomura raises "reconsideration" of comfort women issue in remarks to Foreign Correspondents Club.

**Oct. 26, 2006:** Abe sees no problems with Shimomura's remarks; notes he was speaking in personal, not official, capacity.

**Oct. 26, 2006:** Chief Cabinet Secretary Shiozaki reiterates Japan's claim to Senkaku islands.

**Oct. 27, 2006:** Ambassador Wang tells Yokohama audience that Abe's trip has overcome previous political obstacles.

**Oct. 27, 2006:** Shimomura affirms remarks on comfort women were made in personal capacity.

**Oct. 27, 2006:** Japanese Coast Guard drives off Hong Kong activists from Senkaku islands.

**Oct. 27, 2006:** Abe government begins consideration of legislation to upgrade Defense Agency to ministry.

**Oct. 27-28, 2006:** Democratic Party of Japan President Ozawa Ichiro meets Wu Bangguo, chairman of National People's Congress Standing Committee.

**Oct. 30, 2006:** LDP's Nakagawa Shoichi conducts video conference with Taiwan's President Chen; says peace and stability in Taiwan Strait is important to Japan; calls on China to account for increases in its military spending.

**Oct. 31, 2006:** Abe calls for reconsideration of Article 9 in *Financial Times* interview.

**Nov. 1, 2006:** JDA Director General Kyuma in remarks to Diet calls for reconsideration of Article 9.

**Nov. 1, 2006:** Flames spotted emanating from Chinese platform in East China Sea.

**Nov. 1-2, 2006:** LDP factions meet; general opposition to debate on nuclear issues.

**Nov. 2, 2006:** Vice Minister Yachi protests to Ambassador Wang Chinese activities in East China Sea.

**Nov. 7, 2006:** LDP Asia Policy Study Group holds inaugural meeting.

**Nov. 8, 2006:** Chief Cabinet Secretary Shiozaki announces confirmation of flames emanating from Chinese platform in East China Sea.

**Nov. 8, 2006:** *Kyodo News* reports opening of war resource center in Saitama Prefecture.

**Nov. 8, 2006:** Japan calls for China to assume larger share of UN dues.

**Nov. 11, 2006:** Dalai Lama in Tokyo; calls for democracy in China.

**Nov. 15, 2006:** Directors of War Bereaved Families Association approve study group on Yasukuni issues.

**Nov. 16, 2006:** FMs Aso and Li meet in Hanoi during APEC meeting.

**Nov. 18, 2006:** Abe and Hu meet in Hanoi.

**Nov. 20, 2006:** Abe, at APEC, reaffirms Japan's commitment to non-nuclear principles.

**Nov. 21, 2006:** Abe lobbies visiting Danish prime minister against EU lifting of China arms embargo.

**Nov. 23, 2006:** Nakagawa responds to critics.

**Nov. 23, 2006:** China's Foreign Ministry blasts former Prime Minister Mori's October visit to Taiwan and meeting President Chen.

**Nov. 27, 2006:** Director General for Asia and Oceanic Affairs Sasae meets in Beijing with Vice FM Wu Dawei and Assistant Minister Cui to discuss North Korea.

**Nov. 29, 2006:** Japan-China working-level defense talks held in Tokyo.

**Nov. 30, 2006:** Upper House passes legislation to raise JDA to ministry.

**Dec. 1, 2006:** Kobe court orders government to pay ¥468.6 million compensation to 61 plaintiffs in suit by war-displaced Japanese.

**Dec. 1, 2006:** Japanese and Chinese diplomats begin planning for Premier Wen's spring visit to Japan.

**Dec. 1, 2006:** Abe government appoints Tokyo University professor Kitaoka Shinichi to chair Japan team of joint history study.

**Dec. 3, 2006:** Environment Minister Wakabayashi calls for post-2008 extension of Japan's ODA program for China to protect environment.

**Dec. 6, 2006:** Song Jian, chairman of China-Japan Friendship Associations, meets FM Aso in Tokyo; praises Abe's visit to China.

**Dec. 6, 2006:** China arrests Chinese suspect in 2000 slaying of Japanese businessman in Yokosuka.

**Dec. 8, 2006:** Abe meets visiting members of China-Japan Friendship Association; calls for expanded grassroots exchanges.

**Dec. 9, 2006:** FM Aso and Li meet in Cebu; confirm experts history panel to meet Dec. 26-27; agree to set up experts panel on East China Sea.

**Dec. 9, 2006:** Cabinet Office public opinion survey confirms up-tick in Japan-China relations.

**Dec. 9, 2006:** Japan, China, and South Korea hold economic ministerial on Cebu in the Philippines.

**Dec. 15, 2006:** Upper House passes legislation to raise JDA to ministry.

**Dec. 21, 2006:** Japan and China agree to set up organization to recover and treat chemical weapons abandoned in China by Imperial Army.

**Dec. 22, 2006:** Japanese Foreign Ministry announces opening of new embassies in Malawi, Botswana, Mali, Lithuania, Bosnia, and Micronesia; decision interpreted by media as indication of intention to compete with China.

**Dec. 23, 2006:** Japanese emperor on 73<sup>rd</sup> birthday reaffirms importance of mourning war dead; but avoids mention of Yasukuni.

**Dec. 25, 2006:** FMs Aso and Li confer by telephone on North Korea.

**Dec. 25, 2006:** State Councilor Tang meets visiting Lower House Speaker Kono.

**Dec. 26-27, 2006:** Joint history panel meets in Beijing.