

## Japan-China Relations: The Past is Always Present

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This quarter witnessed a major diplomatic success, when in mid-February, Japanese and Chinese negotiators reached agreement on a prior notification mechanism for maritime research activities. The agreement promised to remove a long-standing irritant in the bilateral relationship. Military-to-military confidence building also advanced with the late February-early March visit to Japan of the PLA Air Force Chief of Staff.

However, even as Chinese officials were expressing appreciation for and understanding of pending Japanese Overseas Development Assistance (ODA) cuts, history, in the form of Japan's high-school history textbooks, and the remarks of the Chairman of the Diet's Lower House Budget Committee, again returned to bedevil the relationship.

At the same time, commercial relations were troubled by a series of events. The treatment of Chinese passengers by Japan's ANA airlines, brake failures on Mitsubishi automobiles in China, and failures in Matsushita portable telephones raised anti-Japanese sentiment in China. Meanwhile, as the quarter ended, sudden Chinese export surges resulted in calls for self-restraint on the part of China and the threat of safeguards from Tokyo.

### **Diplomatic Success: Agreement on Prior Notification of Maritime Research Activities**

On February 13 in Beijing, Japanese and Chinese negotiators exchanged documents establishing a system of mutual prior notification of maritime research activities in respective Chinese and Japanese Exclusive Economic Zones (EEZ). The agreement marked the successful conclusion of negotiations, which began in September 2000, following the late August visit of Japan's foreign minister to China

During the first six months of last year, the repeated incursions of Chinese maritime research vessels into Japan's claimed Exclusive Economic Zone, without prior

notification, had become a major irritant in Sino-Japanese relations. Tokyo viewed such Chinese actions as violations of the Law of the Sea Treaty, and, during his visit to Beijing, Foreign Minister Kono Yohei raised the issue with his Chinese counterpart Tang Jiaxuan. Both agreed on the need to develop a prior notification mechanism and left the

details to be worked out by lower-level officials. (See “Waiting for Zhu,” *Comparative Connections*, Vol. 2 No. 3. [http://www.csis.org/pacfor/cc/003Qjapan\\_china.html](http://www.csis.org/pacfor/cc/003Qjapan_china.html) )

The new mechanism requires that each government, two months prior to the beginning of maritime research activities, inform the other of the purpose and content of such activities as well as the designated ships and expected period of operation. However, the geographic area to which prior notification would extend was left deliberately vague. China agreed to prior notification of research activities in the “seas near Japan of concern to the Japanese side,” while Japan agreed to such notification “in the seas near to China.” A Japanese Foreign Ministry source explained that the text implicitly included Japan’s EEZ.

### **Diplomacy--Japan-hand to Return as Ambassador--and Confidence Building**

In early March 3, Chinese diplomatic sources in Beijing reported that the government had decided on Wu Dawei as the PRC’s next ambassador to Japan. Wu, currently serving as ambassador to Seoul, is considered one of China’s Japan experts, having served previously as First Secretary and Minister in the embassy in Tokyo and as Director of the Japan desk and Deputy Director General of the Asia Affairs Bureau in Beijing. Chinese sources pointed to the appointment of Wu, a diplomat fluent in Japanese and well connected to various circles in Japan, as an expression of the importance attached by PRC President Jiang Zemin to the stable development of Sino-Japanese relations.

Military-to-military contacts also moved ahead with the visit to Japan of PLA Air Force Chief of Staff Liu Shun Yao. From February 27 through March 5, Liu met with senior defense policy officials, including the Director General of the Defense Agency and Japanese military counterparts. JDA officials viewed the visit as enhancing mutual trust and understanding.

### **Regret but Understanding on ODA Cuts**

At the end of the year, Tokyo announced a 3 percent cut in its Overseas Development Assistance budget for the coming fiscal year. The cut was in line with recommendations made by a roundtable conference of 15 non-governmental officials after a six-month review of Japan’s ODA programs. With respect to China, rather than setting in advance a given aggregate amount of assistance, the report assessed China’s new development needs, priority areas, and individual projects to establish an overall figure.

In line with China’s increasing emphasis on Western Development, the report recommended a shift in ODA emphasis from the coastal regions to the interior, from infrastructure to environmental projects, human resource development, institution-building, and technical cooperation. The report likewise recommended support for China’s reform process and assistance with regard to China’s entry into the WTO. During his October visit to Japan, PRC Premier Zhu Rongji was apprised of the direction in which ODA funding was moving, particularly in light of Japan’s own economic and financial problems.

On January 8, China's Finance Minister Xiang Huaicheng, prior to a visit to Japan, met with the Japanese press corps in Beijing. Addressing the ODA decision, Xiang expressed his appreciation for Japan's assistance in promoting economic development and social progress in recipient countries. In this context the cut was "regrettable." Nevertheless, he noted that China was not singled out in the decision and that he respected the decision of the Japanese government. He regarded Japan's ODA program as "proof of its friendly policy toward China." Xiang went on to point out that bilateral economic cooperation extended to areas beyond ODA. On February 4, China's vice minister for foreign trade and economic cooperation expressed similar sentiment prior to visiting Japan.

### **History Strikes Back**

During his October visit to Japan, Zhu Rongji attempted to take a forward-looking view of the history issue in order to enhance prospects of future China-Japan cooperation. Zhu did not turn a blind eye to history, but he also made clear that China was not intent on ceaselessly asking Japan for an apology. However, by mid-February, the good vibrations of the Zhu visit began to dissipate, as Japan's Ministry of Education, Culture, Sports, Science, and Technology began a final authorization of proposed junior high-school texts for the 2002 academic year. History again was the heart of the issue.

In Japan, textbooks are developed by private entities and submitted for factual review. In the present instance, the Association for the Writing of New History Textbooks (hereafter New History Association), which had previously criticized existing Japanese texts for "self-torment," submitted a review application last April. At that time, the text contained language, which cast the Pacific War as a war to liberate Asia and asserted that the annexation of Korea served to stabilize East Asia and that it was all done legally. Subsequently, last December, the review process generated a request for over 100 revisions, which were made, and the text in mid-February submitted to the Ministry for final review and authorization.

Also in mid-February, Norota Hosei, Chairman of the Lower House Budget Committee and former Director General of the Defense Agency, added fuel to the smoldering fire. On February 18, in remarks critical of post-war education reforms, Norota argued that in 1941 Japan was unavoidably driven by the United States oil embargo to turn south in order to secure natural resources and thus in truth fell victim to the United States policy. This, he said, was the view of many historians. He went on to argue that the Greater East Asia War served to bring about an end to Western colonialism and with Japan's assistance, former colonies were able to achieve their independence.

In addition, Norota argued that defeat in the war gave rise to the truly mistaken belief that Japanese policies were wrong and that Japanese culture, history, and traditions were bad. Afterward, he defended his remarks, saying that he was only introducing what other critics were saying. He emphasized that, while it had been said that Japanese policy was mistaken, he was saying that it had not been. The response from Beijing, a *Xinhua* article headlined "Former Defense Minister Beautifies War of Aggression" came the same day.

While the government initially took a circumspect view, the next day, the Foreign Ministry's spokesperson commented that the remarks suggest an "ignorant and irresponsible attitude toward the problems of history among one element in Japan." He stated that the war of aggression caused great harm to the victim countries and that words could not describe its calamities. In addition, he noted that Norota's statement served to heighten cautions about a similar direction in Japan's politics. Later in the month, at a regularly scheduled news conference, Zhu returned to the issue. Zhu asked that the Japanese government take steps to prevent the appearance of textbooks that beautify aggression in order to protect earnestly Japan's larger relationship with China. He asked that Japan listen attentively to China's voices.

In China, the Japanese press reported that, as a result of the textbook review and Norota's remarks, warnings of right-ward drift in Japan were gaining strength and cautioned against a possible sudden outbreak of anti-Japanese sentiment. A Chinese source familiar with Sino-Japanese relations explained that while the textbook issues was Japan's own internal matter, the government could not overlook the feelings of the Chinese people should the content of the textbooks wound their feelings. Meanwhile, the Communist Party's newspaper, *The People's Daily*, took a moderate line on the controversy, noting that "a majority of Japanese had a good understanding of history and that those trying to distort history and cause confusion were a minority."

On March 3, Beijing returned to the textbook issue. According to Japanese embassy sources, PRC Vice Minister of Foreign Affairs Wang Yi represented to the acting minister at the embassy his government's concern that the text proposed by the New History Association would serve to "beautify aggression." He cautioned that a strong reaction by the victims of aggression was unavoidable. On March 7, Prime Minister Mori Yoshiro stated that he "did not desire the textbook review process would give rise to friction with neighboring countries."

Echoing explanations of the textbook review process set out by Japan's political leaders and diplomats, the *Yomiuri Shimbun* March 2 editorial, "Japan, a Country Which Allows Diversity of Thought" addressed Chinese and Korean protests. The editorial explained that Japan's review process was fundamentally unlike that of China and Korea that produced a state-compiled textbook. In Japan, including the New History Association, there are eight publishing companies, which have applied for review of their texts. After the textbooks pass review, individual school districts are free to make their choice from among the various texts. Thus, Japan's process was such that it yielded freedom of thought and speech.

This, the editorial pointed out, was unlike China where only one view of history exists, "that of the Communist Party and government," and where neither freedom of thought nor freedom of speech are allowed to exist. For Beijing to argue that because Japanese texts did not reflect China's view of history was tantamount to interference with the basic freedoms assured by Japan's constitution. The *Yomiuri* concluded by referencing Japan's negative reaction to Jiang Zemin's history-laden visit of 1998 and cautioned that China's continuing interference would only further harm Japan-China relations.

During a March 15 press conference at the Great Hall of the People in Beijing, Zhu Rongji addressed the issue of Sino-Japanese relations. While continuing to emphasize the importance of the relationship, Zhu also touched on the textbook issue. Noting that he had heard that revisions were made to the text of the New History Association submission, he also expressed the strong concern that “such changes were not sufficient.”

### **And Other Irritants**

History was not the only problem in Japan’s relations with China. Commerce too produced its share of irritants. A series of occurrences--break-failures in the Mitsubishi Pajero, ANA airlines treatment of Chinese passengers, and faulty parts in Matsushita portable telephones--raised the anti-Japanese temperature of Chinese consumers. The *Yomiuri Shimbun*, February 24, and the *Asahi Shimbun*, March 8, ran similar stories, which centered on these issues, emphasized the speed at which news moved in contemporary China, and a growing resentment of Japan.

On January 28, an ANA flight departing Beijing for Narita was diverted to Kansai airport in Osaka because of heavy snow at Narita. According to the *Asahi* and *Yomiuri* stories, the Chinese media reported that Japanese, American, and Western European, but not Chinese, passengers were allowed to leave the terminal. At the same time Chinese passengers were not provided lodging and confined to the terminal, where they had to spend the night with only sandwiches being distributed for nourishment. The Chinese press attacked such treatment as “racial discrimination.” Such treatment, it argued, “could not be permitted.”

In its initial response, ANA expressed its regret at the report of discrimination. It pointed out that it was not only Chinese passengers who had to remain at the terminal; that nearby hotels were almost completely booked; and that other passengers were satisfied with the light meals that had been served. Later, an ANA report on the incident admitted that service at the airport had not been attentive to the needs of the passengers, but maintained that this was not a case of racial discrimination. Moreover, with regard to the assertion that only Chinese passengers were not allowed to leave the terminal, the report that all of the 95 Chinese passengers were in transit, and because the connecting flights had not been re-scheduled, they were according to immigration regulations, not allowed to leave the airport.

Starting last autumn, brake failures began to be discovered in the Mitsubishi Pajero. In February, after a series of reported accidents attributed to brake failure, the Chinese government banned importation of the models. While Mitsubishi moved to a China-wide recall to repair the defective mechanism free of charge in the 72,000 vehicles and later to provide compensation to those injured in accidents involving the Pajero, the Chinese media went on the offensive. Stories appeared accusing Mitsubishi of “hiding the truth,” “avoiding responsibility,” “failing to apologize,” and offering “insufficient compensation.” Television and press reports characterized riding in a Pajero as tantamount to riding in a death trap. They defined the issue as one of Japanese disregard

for the Chinese consumer and asserted that Japanese products in the China market were not the same quality as Japan consumed internally or exported to the United States and Western Europe. The media cited lawyers who suggested that the failure was grounds for a class action suit.

At the same time, faulty parts in Matsushita portable telephones resulted in impaired connections. News of the failure was picked up in the Guangdong media and spread rapidly through Shanghai and Beijing. To manage the outcry, Matsushita published a public apology in the local media in each of the areas.

The Japanese media in China noted that, in contrast to the past when *The People's Daily* set the standard line for news coverage, in today's China such Japan-related stories served to expand readership for the mass circulation dailies sold at newsstands. Similarly, the rapid spread of the internet both facilitated the almost instantaneous and widespread dissemination of such stories and complicated the efforts of the Chinese government to manage the flow of information.

### **Chinese Military Power**

In early February, the conservative *Sankei Shimbun* ran a story headlined "The Causes of Instability in East Asia: China's Striking Increase in Military Preparations." The story, based on a report issued by the Nixon Center in Washington, outlined four causes of instability in the region: tensions involving China's missile build-up across the Taiwan Strait; China's build-up of its missile and nuclear forces, which, the report noted, would be taking place with or without U.S. restraint on missile defenses; the United States missile defense plans; and mistrust between China and Japan.

As for the China-Japan relationship, the story noted China's opposition to Japan's efforts to break with its post-war traditions and become a normal country with respect to national security and to contribute as such to international and regional security. Over the long term, the report argued that Japan's advocacy of nuclear disarmament in the face of China's nuclear modernization, its emphasis on multilateral structures, and reliance on U.S. forward-deployed forces would continue to be sources of tension between the two countries.

On March 6, the Chinese government announced a proposed 17 percent increase in defense spending for fiscal 2001. While slightly less than the 19.8 percent increase in overall spending, the figure made headlines in Japan. The Chinese leadership explained that high-tech emphasis was necessary to deal with changing military conditions across the globe and, closer to home, to constrain any movement by Taiwan toward independence. Of particular concern was the development of theater missile defense (TMD) by the United States and Japan and the possible sale of Aegis/TMD systems to Taiwan. To counter such moves, China was increasingly relying on high-tech warfare.

Two days later, the *Sankei Shimbun's* March 8 editorial, "Military Increases and Intolerable Anxieties," pointed to China's increased defense budget, its accelerating

modernization of its nuclear missile forces, and research in high-tech warfare as matters of deep concern. What raised Japanese suspicions was, on the one hand, China's advocacy of peace and criticism of national missile defense (NMD) for igniting an arms competition, while at the same time engaging in a continuing, large-scale military build-up and modernization. This, the editorial noted, was the essence of Zhu Rongji's March 5 report to the National People's Congress.

While Japan recognized the right of sovereign countries to maintain defense forces, it was resolutely opposed to the use of military might for political purposes. It was because of concerns about China that the countries of Asia set out to strengthen their own militaries during the past decade, and it is the speed of China's military build-up that is inviting Asia's military expansion. The editorial concluded by calling for self-restraint from Beijing.

Earlier, on March 1, Japan's National Institute for Defense Studies, the Defense Agency's think tank, released its annual Strategic Survey. Again in the 2001 edition, particular attention was paid to China's continuing military modernization.

Assessing the PLA Navy's stepped-up tempo of operation, the Institute posited that the activity was aimed at constraining the introduction of TMD in Japan and Taiwan, collecting signal intelligence against Japan's Self Defense Force and U.S. forces stationed in Japan, and collecting oceanic data for submarine warfare. The report expected increasing air and naval activities in the region by China's air force and navy.

At the strategic level, the Strategic Survey expressed concern with the expansion of China's intercontinental ballistic missile (ICBM) force, a development, the report noted, that would continue whether or not the United States deployed a national missile defense system. NMD, however, would accelerate the tempo of China's ICBM program. Accordingly, the report called for a U.S.-China strategic dialogue.

### **Bilateral Trade: Problems and Prospects**

Japan's increasing commercial interaction with China brought with it a number of problems for Japan's older, protected industries.

Increasing imports of 14 Chinese agricultural products, including onions, mushrooms, and garlic, led Japanese agricultural producers to call for safeguards against Chinese imports. On February 6, China's Vice Minister for Foreign Trade and International Economic Cooperation met in Tokyo with Japan's Minister of Agriculture, to discuss the issue. As a result, it was agreed that bilateral trade discussions on the import issue would take place later in the month.

The talks, however, failed to resolve the issue to Japan's satisfaction and, on March 22, the Ministry of Agriculture announced that it would, following consultations with the Treasury and Economics Ministries, seek application of temporary safeguards against the import surge. Also, pending agreement among the three ministries, the Agriculture

Ministry would seek to increase the duty on such imports. At the end of the month, inter-ministerial consultations were reported to be entering the final stages. During a March 28 press conference, Finance Minister Miyazawa Kiichi outlined a two-stage strategy--Japan would first ask China to exercise self-restraint and should that prove unavailing, it would then take steps to restrict imports.

Japan's salt industry, faced with liberalization of the salt market beginning in April 2002, grew concerned with the prospect of a rapid increase of low-price, quality salt from China. Japan's salt industry had enjoyed a monopoly from 1905 through 1997, when it was abolished and a five-year phase-in to complete liberalization established. To look at the consequences of the anticipated price competition on Japan's salt industry, the Finance Ministry began deliberations on a policy response. A report is expected in the autumn.

At the same time, other Japanese companies looked to China for profit. On January 9, Yamaha announced a tie-up, starting in March, with a Chinese venture aimed at providing music through the internet and portable phones. On February 8, six of Japan's major trading companies, Mitsubishi, Mitsui, Sumitomo, Itochu, Marubeni, and Nissho Iwai, along with 13 other companies, entered into bidding on a natural gas pipeline to be constructed as part of China's Western Development Plan. The pipeline will run some 4,200 kilometers, from China's interior to Shanghai. Related gas field development, pipeline construction and management, construction of electricity generating facilities, and fertilizer plants are estimated to exceed two billion yen. In a related Western development project, the Japanese government announced a decision to provide technical assistance to a coal liquefaction project; subsequent private sector participation is now under consideration.

Also indicative of the ability of the two countries to work together, Japanese companies and the Chinese city administration of Dalian joined together to attack the proliferation of counterfeit goods by establishing the Japan-China Association to Prevent Counterfeiting. Representing over 2,000 Japanese companies in Manchuria, the aim is to make the three Northern Provinces a model for anti-counterfeit cooperation.

### **Looking Ahead: External But Critical Factors**

Over the first three months of the year, factors external to Japan's bilateral relations with China have raised questions regarding the strategic evolution of East Asia. These factors center on the development of U.S.-Japan and Sino-U.S. relations under the new Bush administration.

While the Japanese media has pronounced itself generally pleased with the increased attention the new administration promises to pay to Japan and to the U.S.-Japan alliance, two issues, national missile defense and Taiwan, threaten to complicate Japan's already complex relations with China. At present, Tokyo is engaged in a TMD research program with the United States, to which Beijing has repeatedly made clear its official opposition.

Of immediate concern to Tokyo, however, is China's strong opposition and possible reaction to a sale by the Bush administration of TMD-capable Aegis-equipped destroyers to Taiwan. A worst-case scenario would posit conflict between the U.S. and China. During debate in the Diet over Japan's New Defense Guidelines, the issue of whether Taiwan was "in" or "out" of the geographic areas surrounding Japan, in which Tokyo would be required to assist the United States in a security contingency, was left ambiguous and unresolved. Thus, depending on China's response, the implications of an Aegis/TMD sale could pose strategic choices that Tokyo would prefer not to make.

In a December 30 *Mainichi Shimbun* column, former Japan Defense Agency Vice Minister and currently visiting fellow at Harvard University, Akiyama Masahiro looked at the dangers inherent in the Taiwan arms sales question and the uncertainties involved in the United States redefining its relations with China under the new Bush administration. He recognized that whatever policies are adopted by the Bush administration, managing relations with China would likely be difficult for Japan. And, given the importance of military affairs in the Japan-China relationship, Akiyama considered it essential both to increase participation in the bilateral defense exchanges to include lower ranking officers and defense officials and to expand the security dialogue.

### **Chronology of Japan-China Relations January-March 2001**

**Jan. 9, 2001:** Yamaha announces music/internet joint venture with Chinese partner.

**Jan.15-21, 2001:** DPRK leader Kim Jong-il visits Shanghai and Beijing.

**Jan. 28, 2001:** Air Nippon flight is diverted from Narita to Kansai Airport; Chinese passengers are not allowed to leave terminal.

**Feb. 6, 2001:** Japanese and Chinese officials meet in Tokyo to discuss surge in China's agricultural exports.

**Feb. 8, 2001:** Major Japanese trading companies announce intention to enter bidding on natural gas pipeline construction projects in China's interior.

**Feb. 13, 2001:** Japan and China reach agreement on prior notification mechanism for maritime research activities in respective EEZs.

**Mid Feb. 2001:** Approval of Japan's history textbook draws criticism from China and Korea for "beautifying" Pacific War.

**Mid Feb. 2001:** Mitsubishi and Matsushita face Chinese criticism for product failures.

**Feb. 18-19, 2001:** Norota Hosei, Chairman of Lower House Budget Committee, remarks on the Pacific War and post-war education reforms, draws Chinese criticism.

**Feb. 27-Mar. 1, 2001:** PLA Air Force Chief of Staff Liu Shun Yao visits Japan.

**Mar. 1, 2001:** Japan's National Institute for Defense Studies issues 2001 Strategic Survey; much attention is given to China's military expansion and modernization.

**Mar. 6, 2001:** China announces 17 percent increase in defense spending.

**Mar. 20, 2001:** Zheng Qinghong, Chief of the Communist Party's Organization Bureau and intimate of Jiang Zemin, visits North Korea to advance preparations for Jiang's visit.

**Mar. 22, 2001:** Agriculture Ministry announces intention to seek temporary safeguards against agricultural imports from China.

**Mar. 28, 2001:** Finance Minister Miyazawa Kiichi outlines two-phase strategy to deal with China's agricultural export surge: first, to ask self-restraint then, should China not cooperate, to impose safeguards.