

# COMPARATIVE

## CONNECTIONS

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JAPAN-CHINA RELATIONS

# FROM TALKING PAST EACH OTHER TO BARELY TALKING

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China's mid-August decision to allow group travel to Japan days ahead of the 45th anniversary of the Treaty of Peace and Friendship between the two nations as well as indications that China would be open to a meeting between Xi Jinping and Fumio Kishida on the sidelines of the Group of 20 (G20) leaders' summit in India in September gave hope for improvement in China-Japan ties. The optimism proved short-lived. Chinese media <a href="responded">responded</a> that Japan would first have to turn away from following the US lead, stop encouraging Taiwanese pro-independence forces, and strictly abide by the four communiques signed between Beijing and Tokyo. China's protests over Japan's release of radioactive water culminated in a total ban on Japanese marine products. The PRC also expressed annoyance with Japanese restrictions on the export of computer chips, the ministry of defense's release of its annual Defense of Japan 2023 white paper, Tokyo's closer relations with NATO, and its tripartite agreement with South Korea and the US. Japan expressed uneasiness with Russia-China cooperation and became concerned with renewed Chinese interest in Okinawa, with its purchases of Japanese land, cyberattacks, and its refusal to import Japanese seafood products.

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#### **Political**

China and Japan marked the 45th anniversary of the signing of a bilateral treaty of peace and friendship with no large official celebratory events. According to China Daily, visiting former Japanese Prime Minister Hatoyama Yukio described China-Japan relations as at a crossroads and urged both sides to acknowledge differences, mutual respect, and mutual understanding. The paper also quoted the China-friendly Hatoyama as saying that Japan should uphold its constitutional commitment to renounce war, respect the position that Taiwan is a part of China as outlined in the 1972 Sino-Japanese joint statement, and refrain from supporting Taiwan separatists. Chinese objections to Tokyo's release of water from the Fukushima nuclear power plant into the sea culminated in a total ban on imports of Japanese marine products. Japan's supportive statements about Taiwan, and ongoing territorial and trade disputes continued to rankle. China is also angry with Japan for signing on to US-led efforts to restrict access to computer chips, with Commerce Minister Wang Wentao urging Japan to halt its semiconductor export controls, terming them a "wrongdoing" that seriously violates international economic and trade rules. Japan responded that it was simply fulfilling its duty to contribute to international peace and security.



Figure 1 Signing of the Treaty of Sino-Japanese Treaty of friendship, Aug. 12 1978. Kyodo

China and Japan also sparred over the G7 meeting held in Hiroshima in May, with Vice Foreign Minister Sun Weidong <u>summoning</u> Japanese Ambassador to China Tarumi Hideo to

lodge representations against its harsh tone on China. Sun accused Japan of colluding with other countries in smearing and attacking China, and grossly interfering in China's internal affairs, thus violating the basic principles of international law and the spirit of the four political documents between China and Japan. Unapologetic, Tarumi replied that unless China changed its behavior, G7 countries would continue to voice their common concerns about Beijing. "If China does not want these issues to be referenced, it should first respond more positively." Japan also complained about Chinese cyberattacks on its defense facilities.

The annual tension-laden issue of high-ranking Japanese personages visiting the Yasukuni Shrine on the 78th anniversary of Japan's surrender on Aug. 15, was relatively low-key. Prime Minister Kishida did not visit but tendered his usual ritual tamaqushi offering through an agent at his own expense and presented as president of the ruling LDP rather than in his official capacity as prime minister. Economic Security Minister Takaichi Sanae and LDP policy leader Hagiuda Koichi visited in person, with the former also specifying that her tamagushi offering had been made at her own expense. About 70 lawmakers of a suprapartisan group visited the shrine as well, including former Environment Minister Koizumi Shiniiro and son of former prime minister Koizumi Junichiro. China's protest was its standard "serious representation" to the Japanese foreign ministry.

#### Water

Japan's release of contaminated water remained a source of tension throughout the reporting period, with Chinese media characterizing the release as turning the Pacific into a sewer and refusing to acknowledge an International Atomic Energy Agency (IAEA) report that recognized the validity of the ocean release. China's media stated there would be dangers to marine and human life from the contaminated water, and that the action was strongly opposed by other nations.

While Chinese sources continued to denounce the release, others opined that its opposition to the IAEA report was another of Beijing's challenges to international rules. In July, Minister of Economy, Trade and Industry Nishimura Yasutoshi reported Beijing had rebuffed repeated requests to have experts from both countries meet to discuss from a scientific standpoint the upcoming discharge of treated contaminated water. Although some countries, including Russia, backed China's position, it did not receive the support from South Korea that it hoped for, and opposition to release of the water has not spread widely. In late August, Qingdao police arrested a man for throwing eggs and stones onto the campus of a Japanese school, and the Japanese government and its embassy in Beijing reported receive many harassing phone calls after the release of water. The government termed the calls "extremely regrettable," while a spokesperson for China's foreign ministry claimed to have no knowledge of the matter. Chinese media accused the Japanese government and media as hyping the incidents to portray the country as a victim, pointing to the absence of demonstrations or riots. Taiwan has said nothing.

The Japanese government has remained committed to its discharge plan, scheduled to take place in stages. According to the Tokyo Electric Power Corporation, TEPCO, the initial release entails discharging 31,200 tons of water over four separate occasions during the current fiscal year but made clear that this would not make a dent in the massive amount of contaminated water that has accumulated in its tanks. The goal is completion by 2051 at which time the Fukushima plant is to be decommissioned.

#### Taiwan

Affirmations of Japanese support for Taiwan's continued de facto independence continued to draw Beijing's anger, with the Chinese ambassador to Tokyo saying in May that if Japan continued to link Taiwan to its own security, "the Japanese people would be dragged into the

fire," a statement Japan's foreign ministry protested through diplomatic channels. Foreign Minister Hayashi Yoshimasa stressed that peace and stability across the Taiwan Strait are important to Japan's security, stating that Japan had repeatedly conveyed its position to China along with Tokyo's wish that China-Taiwan resolved peacefully. issues be Semiconductor Manufacturing Company in June announced plans to build its second Japanese plant in Kumamoto Prefecture, while adding that it has no plans to introduce advanced chip manufacturing processes into the plant. The Japanese government will provide a subsidy of up to \$3.41 billion for the project, which has been joined by Sony and Denso corporations. In addition, Japanese financial firm SBI Holdings will create a company to help Taiwan's Powerchip Semiconductor Manufacturing Corp to establish a foundry and research lab to develop more advanced chips.

Warm Taiwan-Japan relations included Abe Akie—continuing the Taiwan-friendly policy of her late husband, former Prime Minister Abe Shinzo—visiting Taiwan in July, meeting with President Tsai Ing-wen and Vice President William Lai and pledging to do everything she can to foster a strong friendship between the two sides. Lai's attendance at Abe's funeral last year provoked a strong response from Beijing. A few weeks later, former prime minister and current LDP Vice-President Aso Taro visited Taiwan at the invitation of the Taiwan government, laying flowers at the grave of former President Lee Teng-hui and stating that Japan must be willing to fight to repel a Chinese invasion of the island. To queries about whether this represented official Japanese policy or simply reflected Aso's personal conviction, Suzuki Keisuke, an LDP lawmaker who accompanied Aso to Taiwan, told a talk show that Aso had discussed the issue with Japanese government officials beforehand, indicating that Aso's view was not Aso's personal remark, but a result of arrangements with government insiders, saying that "I think the Japanese government clearly regards this as the official line." Aso's visit marked the first time that an LDP vice president officially visited the island since Japan and Taiwan severed diplomatic ties in 1972.



Figure 2 Abe Akie (left) meets with Taiwanese President Tsai Ing-wen (right) at the presidential office in Taipei in July 2023. Photo: Office of the President Republic of China (Taiwan)

Two of the three leading contenders for Taiwan's presidency visited Japan for meetings with Diet members and to give lectures: Taiwan People's Party leader Ko Wen-je in June and KMT standard bearer Hou Yu-ih in July. Wary of China's provoking animosity over higher-ranking officials traveling abroad, Democratic Progressive Party head (William) Lai Ching-te, who is also Taiwan's vice-president, did not visit but instead hosted a delegation of more than 60, comprising members of the Diet, representatives, local government university students. In his welcome speech Lai noted that Taiwan is Japan's fourth-largest trading partner and Japan is Taiwan's third-largest trading partner, with total bilateral trade reaching a record \$88.2 billion last year. While in Taiwan, the group met with the other leading candidates, with all emphasizing the shared values of the two countries and the importance of maintaining peace and stability in the Taiwan Strait.

#### Okinawa

In June, while visiting the China National Archives of Publications and Culture, a facility established on the outskirts of Beijing last year to collect and preserve Chinese publications from different eras, Xi Jinping spoke of the "deep relations" between China and the Ryukyu Kingdom, today's Okinawa. He added that the 36 Clans of the Min-People went to the Ryukyu Islands and settled—a reference to the movement of people during Ming dynasty China in the 14th century. He emphasized the need to collect and sort such historic documents to inherit and develop Chinese civilization well.



Figure 3 Chinese President Xi Jinping, also general secretary of the Communist Party of China Central Committee and chairman of the Central Military Commission, visits the China National Archives of Publications and Culture in Beijing, capital of China, June 1, 2023. Xi participated in a meeting on cultural inheritance and development, and delivered an important speech on Friday. (Xinhua/Yao Dawei)

That *Renmin Ribao*, the newspaper of the Central Committee of the Chinese Communist Party, printed the remarks gave them an imprimatur of official legitimacy, setting off what one columnist called a "mini Ryukyu boom" of Chinese scholars issuing comments about the topic that mentioned that Okinawa was a tributary state of China. Tributary status has no bearing on sovereignty and during the Tokugawa, the Ryukyu kingdom also paid tribute to Japan, but the flurry of Chinese comments raised Japanese suspicions that they were the precursor of Chinese claims over Okinawa. The disputed Diaoyu/Senkaku Islands are administered as part of Okinawa. Concerns were deepened when Denny Tamaki, governor of Okinawa, paid a visit to China. The child of an Okinawan mother and a US marine who left the island before he was born, Tamaki is a strong opponent of US bases there, as is Beijing, thereby providing a convenient wedge issue for China. Kishida then paid a visit to Okinawa to plead for understanding on the base issue, but was told by Tamaki that the islands' inhabitants feared for their safety in time of war, remarks that the conservative daily *Sankei Shimbun* termed bizarre.

#### **Land Purchases**

In light of new revelations on Chinese acquisitions on Okinawa and elsewhere, the Japanese government introduced new measures to monitor foreign purchases of land. In an effort to address economic and national security concerns, foreign owners and buyers of farmland will be required to register their nationalities, with the amended regulations taking effect on Sept. 1. The nationality of the owner must be stated in the farmland registry and on documents when applying for permission to buy new farmland, after which the government will link the farmland registry system to the basic resident registry. Foreign nationals who already own farmland will have to register their nationality on the farmland registry. Under the new system, authorities may also periodically release statistics on the percentage of farmland held by foreign owners by country or region. Corporations that own farmland will also have to specify their nationality when reporting ownership status to the authorities every year. In addition to nationality, individuals will have to disclose their status of residence, while corporations will have to disclose the nationalities of their principal shareholders. The scope of previous surveys had previously been limited to foreign corporations or people believed to be foreigners living abroad, making it difficult to trace information on land acquired by foreigners in the past. In 2021, a law was enacted to regulate land use near Self-Defense Force bases, nuclear power plants, and on remote islands. Monitoring of agricultural land will be likewise strengthened, since it affects the country's food and economic security.

#### **Economic**

Chinese economic news dismal was dismal. In May, GDP growth forecasts were revised downward and the RMB fell below seven to the dollar for the first time in six months while Citi's economic surprise index had one of its steepest falls on record. In mid-August, property giant Country Garden defaulted and finance giant Zhongrong, one of the biggest players in a \$2.9 trillion dollar shadow finance market, failed to repay trust products while its parent Zhongzhi separately missed payments to investors its wealth management businesses. In the same month, faced with rising figures on youth unemployment, China stopped reporting the figures. A major bright spot was the automobile industry. In the first quarter of 2023, China, helped by demand for electric cars and sales to Russia, exported more cars than Japan for the first time. Industry data revealed that total sales of Japanese auto brands in China fell 32% year-on-year in the first quarter of 2023. Japanese firms now account for 18% of China's new vehicle sales, down from 20% in 2022, 22% in 2021, and 24% in 2020. Mazda, Nissan, and Honda have been particularly hard hit. Chinese sales are increasing even inside Japan: BYD Auto, helped by multibillion-dollar government subsidies, plans to have 100 showrooms in Japan by 2025, with its Dolphin hatchback and Seal sedans due to enter the market this year. Japanese companies will try to compensate for their tardy response to the manufacture of EVs: motor manufacturer Nidec and chipmaker Renesas will partner to develop power-efficient drive system for electric vehicles to keep pace with growing demand in China. A prototype is expected by the end of the vear.

In Japan, first-quarter GDP growth exceeded expectations with the Nikkei rising about 30,000 for the first time in 20 months and the broader Topix index hitting its highest level in 33 years. In the second quarter of 2023, in the third consecutive quarter of expansion and fueled by a strong performance by its export sector, the Japanese economy grew by an annualized rate of 6 %. Still, a decline in domestic consumption was a cause of concern. Only two days after the

release of GDP growth figures, other data showed Japan's 1st trade deficit in 2 1/2 years, reflecting a slowdown in the Chinese economy. Nonetheless, Japan's business sentiment improved in the second quarter of 2023 as raw material costs peaked and removal of pandemic curbs lifted consumption, indicating to financial experts that the economy is on course for a steady recovery.

That China's economic recovery after the removal of pandemic restrictions has been less than hoped for has led to a bear market in equities. While Japanese investors, like those of other countries, were wary of committing funds to the uncertain Chinese economy, others clearly remained optimistic. In July, more than 80 members of a Japan Association for the Promotion of International Trade (JAPIT) delegation led by its president, Kono Yohei, and including Okinawa Gov. Tamaki, visited Beijing. This was the first such visit in four years and, according to Beijing's Global Times, represented the Japanese business community's hope to enhance trade cooperation with China, adding a worrisome political note that "Okinawa's pro-peace voices will be heard." Tamaki was said to have expressed the desire for enhanced Okinawa-China economic and cultural exchanges.

Japanese companies operating in China were reportedly bracing for employee arrests and other risks after China's revised anti-espionage law took effect, with a particular source of concern being the definition of acts of espionage is opaque under the law. Another cause for concern for Japanese manufacturers was how stricter China's gallium export license requirements will affect Japan. One analysis concluded that Japan's cheap offshore wind technology might be undermined in the short term, but the impact of China's new export restrictions on defense and EV technology advancement will most likely be minimal and likely to have more of a price impact than an overall supply impact. So far, both the Japanese government and companies are

observing the situation, waiting to see how China enforces its restrictions. If Beijing is serious about locking Japan away from its gallium supplies, Japan would find ways to ensure that it is less dependent on Chinese critical minerals in the future. Japan joined Australia, Canada, New Zealand, the United Kingdom, and the United States in a Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices clearly directed against China and expressing "serious concern over trade-related economic coercion and non-market policies and practices that undermine the functioning of and confidence in the rules-based multilateral trading system" including the World Trade Organization and condemning the use of forced labor as a gross abuse of human rights.

Japan's Lawson chain, already the largest foreign and fifth largest convenience store in China, announced plans to increase its presence from 5,788 to 10,000 by 2025, and fast fashion giant Uniqlo, although <u>facing</u> a stumbling block from a trend among young Chinese shoppers for "China chic" (quochao) is pressing on with its ambitious goal of more than tripling sales to \$71 billion in 10 years. Huawei Technologies announced that it is seeking licensing fees from roughly 30 small to midsize Japanese companies for the use of patented technology. Wireless communication modules using Huawei's patented technology are indispensable for connected Internet of Things (IoT) networks, and are being adopted in autonomous driving, automated factories, medicine, power and logistics. Moving from high-tech to traditional handicrafts, in August 35 Chinese executives, many of whom run textile- and apparel-related businesses, visited Okabun Orimono, a 333-year old brocade-manufacturing company, to inquire about its secret for longevity. Private-sector companies in China were born after the country embarked on its reform and open-door policy in 1978: their founders, bereft of role-models, are now being replaced by successors who seek to establish legacies.

Apart from bilateral trade, each side sought to expand its trading relations with others. At the BRICS summit in Johannesburg in late August, the five members agreed to admit six additional states: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates, with dozens more countries voicing interest in joining an institution that aims at leveling the global playing field and, not incidentally, supporting Xi Jinping's plan to position China as the fulcrum of a new international order. Whether broadening an organization to include more members with disparate cultures and value systems will enhance this aim remains to be seen.

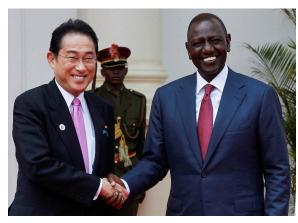


Figure 4 Kenya's President William Ruto meets Japanese Prime Minister Kishida Fumio at the State House in Nairobi. Presidential Press Service / Handout via Reuters

With China's increasingly hegemonic moves in mind, Kishida, visiting Nairobi, pledged Japanese support in developing Mombasa, the largest port in East Africa and facing the Indian Ocean. Chinese companies have been active in infrastructure there, resulting in massive debts to Kenya. To counter China's increasing expansion into the subcontinent, Japan is also providing full support to an 80-km road India is developing in its northeastern region bordering China that links to neighboring Bangladesh. Other related projects will result in creating a major logistics route from India to the Bay of Bengal. Aiming to counter Chinese restrictions on the free flow of data across borders, Japan and ASEAN have established a digital innovation center in Jakarta. In an effort to encourage

Middle East investment to shift from China to Japan as well as secure funds to help cover the massive cost of developing semiconductors, the Japanese government will begin working-level talks with a fund linked to the government of the United Arab Emirates. The aim is to tap the UAE's vast financial resources to support the growth of Japanese companies in this field. And, concerned with China's use of the Solomon Islands as a bridgehead to accelerate its advances in the South Pacific, Tokyo is cooperating with the United States and Australia infrastructure development, support measures against global warming and human resource development to help solidify the foundations of South Pacific states.

#### Defense

In mid-May, Minister of National Defense Li Shangfu and his counterpart Hamada Yasukazu talked for the first time via the long-delayed direct telephone line dedicated to the maritime and air liaison mechanism between the two ministries but there were no reported results. According to Global Times, implementing the line took more than a decade "because of Japanese politicians' so-called purchase of the Diaoyu Islands and their intention to 'nationalize' them, as well as other unfavorable political and technical factors from Japan."

Japanese concerns over kinetic confrontation with China were exacerbated by a number of developments during the reporting period. According to the Stockholm International Peace Research Institute's annual report issued in June, China increased its nuclear arsenal by 60 warheads in the 12 months to January 2023, more than in any of the other nine nuclear-armed states and is expected to continue growing to the point that Beijing could have at least as many intercontinental ballistic missiles as either the US or Russia by the turn of the decade. Xi has told China to be prepared for "extreme" scenarios, with state media proudly announcing the country's latest advances in such fields as hypersonic weapons, the creation of the world's longest wind tunnel with

capability of simulating missile flight environments, and drone swarms. Japanese military analysts pointed out that drone swarms would give China a significant advantage in a landing operation on the Japanese-administered but contested Diaoyu/Senkaku Islands.

In a display of power ahead of the G7 summit hosted by Japan, a four-ship flotilla led by one of the Chinese navy's most powerful warships, the Type 055 guided missile destroyer Lhasa, performed a 12-day counterclockwise circumnavigation of Japan beginning from the Strait of Tsushima, progressing through Tsugaru, and on to the Izu Island chain south of Tokyo. Japan's Coast Guard revealed that Chinese vessels had appeared in Japan's contiguous zone for a record 336 days in 2022, more than twice the tally from 2018. Since the China Coast Guard now has 157 vessels weighing at least 1,000 tons—twice as many as the Japan Coast Guard—it is feared that the ICG could not handle an incursion on its own. Yet if the MSDF and JCG responded jointly, the Chinese navy would be incentivized to join, escalating hostilities. As the report period closed, a Chinese reconnaissance drone flew between Yonaguni and Taiwan, the fourth recorded such flight, though there was no violation of Japan's territorial airspace.



The Yomium Shimbi A China Coast Guard vessel, center, is seen between Japan Coast Guard patrol vessels off Uotsuri Island the Senkaku Islands in January 202

Figure 5 Source: Yomiuri

Japan showed continued uneasiness with increased Russia-China military cooperation, particularly after the two conducted successive

naval exercises in the Sea of Japan. In June, Chinese and Russian bombers flew near Japan for two days in a row, and at the end of July 10 Chinese and Russian naval vessels passed through the Soya Strait between Cape Soya in Hokkaido and Sakhalin in the first China-Russia ioint naval vessel sailing near Japan since September 2022. At that time, seven Chinese and Russian ships traveled from the Tsugaru Strait between Hokkaido and Honshu to the Kagoshima prefecture, Strait in southwestern Japan. With Chinese and Russian killer satellites in mind, Japan affirmed its desire to participate in the Combined Space Operations Center operated by the US, Britain, Australia, and Canada, which monitors outer space including satellites and space debris around the clock. In addition, the Tokyo government will encourage private investment to develop the space industry.

Showing continued concern with a Chinese attack on Japan's outer islands, the Maritime SDF and coast guard staged a first-ever joint response in line with new guidelines that enable the defense minister to take command of the coast guard, normally overseen by the land ministry, in an emergency. The coast guard can share data gathered by US-made SeaGuardian drones with the maritime force in real time. The SDF is to respond to hostile advances in and around Japan's territorial waters, while the coast guard focuses on noncombat operations including evacuating and rescuing civilians, providing information to vessels, and monitoring terrorist threats on ports. Adding to Japanese anxiety over the islands, China in late June announced breakthroughs in unmanned ships including a model that can be carried by landing ships and released upon approaching beachheads, at which time the drone vessel will open up a passage for the landing troops by scattering explosives and breaching obstacles.

Japan also moved closer to NATO. Kishida attended the NATO summit meeting in Vilnius, Lithuania in June. A statement by

Secretary-General Jens Stoltenberg said that NATO is concerned with China's military buildup and its expansion of nuclear forces, and that no other partner is closer to NATO than Japan. Referencing NATO's planned liaison office in Tokyo, China's leading military newspaper accused Japan as applying for a job as "doorman" of NATO. It said that Kishida's participation at the Vilnius summit could result in Japan's permanent participation in the organization, allowing Tokyo to serve as a transit station from NATO and countries in the Asia-Pacific such as the Republic of Korea, Australia, and New Zealand, that Washington is trying to rally to its cause.

The Chinese <u>denounced</u> the release of the Japanese defense ministry's annual white paper *Defense of Japan 2023*, noting that China was mentioned 64 times in the 32-page document and constituting "an unprecedented greatest strategic challenge to Japan." PRC media detailed increases to Japan's defense budget in alleged contravention of its peace constitution, which Beijing's *China Daily* described as a typical example of a thief crying to others to catch a thief, just as Japan did before invading in 1931 and 1937.

In August, in a historic summit at Camp David, the leaders of long-term antagonists Japan and Korea met US President Biden pledging to increase their defense cooperation, work together on ballistic missile defense, hold at least one trilateral meeting annually, and cooperate on security and economic challenges facing their nations. More critical of China than anticipated, they renewed their opposition to changing the status quo in the Indo-Pacific, reaffirmed the importance of peace and stability in the Taiwan Strait "as an indispensable element of security and prosperity in the international community," and increasing economic cooperation. The latter will include building more resilient supply chains in semiconductors, batteries, and related technologies.

At a news conference, Biden said that the summit was not anti-China, but the Chinese leadership, who have long accused the US of seeking to encircle, contain, and suppress the rise of China, did not regard the gathering as benign. In Beijing's worst-case scenario, the trilateral relationship is a mini-NATO that could grow to include the Philippines and Vietnam, possibly drawing in India and Australia, the other members of the Quad, in effect creating an Indo-Pacific NATO. Chinese media have portrayed Japan and South Korea as being strong-armed by the United States into a position that will ultimately harm all of them—one cartoon showed Uncle Sam as the lead paddler in a canoe that is about to take all three over a waterfall. Chinese media attempted to drive a wedge between the already fragile grouping, with nationalistic commentator Hu Xijin emphasizing how South Korea's prosperity will be impacted by "becoming a more faithful servant of the US."

#### The Future

The scope for improvement in China-Japan relations is limited. The occasions that could have been used to restore more cordial bilateral relations—the 45th anniversary of the Treaty of Peace and Friendship in August and the 50th anniversary of the normalization of diplomatic relations in September 2022—passed with only perfunctory acknowledgement and each side reiterating its grievances with the other. China continues to put pressure on Japan regarding disputed territories and affirms its support for Russia, with whom Japan also has a territorial dispute. Japan has indicated interest in cooperating with NATO as well as moving closer to a tripartite arrangement with the United States and South Korea, thereby deepening fears in Beijing that the PRC is being encircled by hostile powers.

How long this situation can endure is problematic. Anti-Japanese sentiment in South Korea is strong and the release of allegedly radioactive water has given President Yoon's critics an additional issue to protest: it is not inconceivable that he could be replaced by a more China-friendly successor. Prime Minister Kishida's popularity ratings hover around the

50% mark, though if he is replaced, it is likely to be by someone more rather than less skeptical about China. And, despite the falling economy and doubts about his leadership after high-level personnel replacements in the foreign ministry and rocket forces, Xi Jinping appears firmly in charge of party, government, and military. Yet trade ties remain robust. As the report period closed, *Asahi* described China-Japan relations as spiraling out of control so quickly that it may take months, if not years, to restore ties to any semblance of normalcy.

### CHRONOLOGY OF JAPAN-CHINA RELATIONS

### MAY—AUGUST 2023

**May 1, 2023**: 80% of respondents to an *Asahi* survey <u>report</u> worry that Japan will be caught up in a US-China clash over Taiwan, with 56% saying that the SDFs role should be limited to rearguard support to the US military.

May 2, 2023: Aided by multibillion-dollar government subsidies, BYD Auto plans to have 100 showrooms in Japan by 2025, with its Dolphin hatchback and Seal sedans due to enter the market this year.

May 3, 2023: 61% of respondents to a *Yomiuri* poll <u>favor</u> amending the constitution while 33% are against doing so, with the gap between those in favor and against amendment widening to 28 percentage points.

May 3, 2023: Of 1,967 people who respond to an *Asahi* poll, 52% say the constitution is good, down from 58% last year, while another 52% said revisions are needed and 38% say the Constitution is not good, the highest rate since 2013.

May 3, 2023: Asahi editorializes against the government for failing to listen to the people of Ishigakijima. When the city of Ishigaki agreed to host a GSDF base in 2018, it was explained that the missiles to be deployed there would be of a "defensive nature" to prevent enemy landings on the island but now these missiles could have a range capable of reaching beyond Japan, possibly turning Ishigakijima into a target of enemy attack.

May 3, 2023: NATO reportedly plans to open a liaison office in Tokyo, the first of its kind in Asia, which will allow the alliance to conduct periodic consultations with Japan and key partners in the region such as South Korea, Australia, and New Zealand as China emerges as a new challenge,. Japan will in turn create an independent mission to NATO, separating it from the embassy in Belgium, where it is currently based.

May 4, 2023: Kishida, visiting Nairobi, <u>pledges</u> Japanese support in developing Mombasa, the largest port in East Africa and facing the Indian Ocean. Chinese companies have been active in infrastructure there, resulting in massive debts to Kenya.

May 4, 2023: Industry data <u>reveal</u> that total sales of Japanese auto brands in China fell 32% year-on-year in the first quarter of 2023. Japanese firms now account for 18% of China's new vehicle sales, down from 20% in 2022, 22% in 2021, and 24% in 2020. Mazda, Nissan, and Honda have been particularly hard hit.

May 9, 2023: Referencing a joint call by Kishida and South Korean leader Yoon that the two states will work with Washington to address "growing security threats in Asia" during the former's trip to Seoul, South China Morning Post reports that the Chinese government is concerned that a military alliance among South Korea, Japan, and the US may be developing.

May 10, 2023: Japan <u>protests</u> through diplomatic channels Chinese Ambassador Wu Jianghao's statement that if Japan links Taiwan to its own security, the Japanese people "would be dragged into the fire."

May 11, 2023: In a display of power ahead of the G7 summit hosted by Japan, a four-ship flotilla led by one of the Chinese navy's most powerful warships, the Type 055 guided missile destroyer *Lhasa*, performs a 12-day counterclockwise circumnavigation of Japan beginning from the Strait of Tsushima, progressing through Tsugaru, and on to the Izu Island chain south of Tokyo.

May 13, 2023: In an ominous sign, China's Coast Guard now <u>has</u> 157 large vessels, nearly quadruple the number of a decade ago, when Japan Coast Guard large ships outnumbered Chinese counterparts by 51 to 40.

May 16, 2023: Minister of National Defense Li Shangfu and counterpart Hamada Yasukazu talk for the first time via the long-delayed direct telephone line dedicated to the maritime and air liaison mechanism between the two ministries.

May 16, 2023: Reuters contrasts dismal economic news from China with a brighter picture in Japan. As GDP growth forecasts were revised downward, the RMB fell below seven to the dollar for the first time in six months while Citi's economic surprise index had one of its steepest falls on record. In Japan, first-quarter GDP growth exceeded expectations with the Nikkei rising about 30,000 for the first time in 20 months and the broader Topix index hitting its highest level in 33 years.

May 21, 2023: Chinese Vice Foreign Minister Sun Weidong <u>summons</u> Japanese Ambassador to China Tarumi Hideo to lodge representations over the G7 Hiroshima Summit that Japan chaired.

May 23, 2023: Draft edition of Japan's 2023 defense report <u>says</u> that China may move up its plan to build a world-class military by the mid-21st century and states that increasing Russian and Chinese military activities in waters around Japan seem "to clearly intend a show of force."

May 24, 2023: China's Ministry of Commerce terms Japan's decision to impose curbs on the shipment of 23 types of chipmaking technology an abuse of export control measures that goes against free trade and international trade regulations.

May 25, 2023: With Chinese and Russian killer satellites in mind, Japan reportedly plans to work with the United States and others to monitor outer space. Specifically, it will participate in the Combined Space Operations Center, operated by the US, Britain, Australia, and Canada, which monitors outer space around the clock, including satellites and space debris.

**May 25, 2023:** Referencing NATO's planned liaison office in Tokyo, China's leading military newspaper <u>accuses</u> Japan of applying for a job as doorman of NATO.

May 26, 2023: China's Foreign Ministry spokeswoman Mao Ning <u>warns</u> against Kishida's attendance at the NATO summit, says

that NATO's eastward foray into the Asia-Pacific "undermines regional peace and stability" and that countries in the area "should be on high alert."

May 28, 2023: Japan Coast Guard sources reveal that China Coast Guard vessels have been navigating around the contested Diaoyu/Senkaku Islands since March using automatic identification system (AIS) equipment.

May 29, 2023: Chinese Commerce Minister Wang Wentao urges Japan to halt its semiconductor export controls, terming them a "wrongdoing" that seriously violates international economic and trade rules.

June 1, 2023: Japan's new destroyers will be equipped with more vertical launchers that enable them to fire over 30% more interceptor missiles than existing destroyers as well as SM-6 missiles designed to shoot down hypersonic glide weapons.

June 3, 2023: Responding to questions from a Diet member, the government <u>discloses</u> that 39 students from six of China's so-called Seven Sons of National Defense—seven universities that are believed to have close ties to the Chinese military's weapons development programs—were studying at Japanese universities as of fiscal 2020.

June 3, 2023: Repeating the CCP mantra, Huang Xingyuan, representative director of the Japan-China Friendship Center, complains that Japan should cease following the US by labelling China its biggest strategic challenge and refrain from interfering in Taiwan. He stresses that under such circumstances, people-to-people diplomacy has become more significant.

June 4, 2023: In a 40-minute meeting on the sidelines of the Shangri-La Dialogue summit, Japanese DM Hamada expresses deep concerns about the situation in the East China and South China seas to counterpart Gen. Li Shangfu, with Li replying that China-Japan relations are "not all about the Diaoyu [Senkaku] Islands and should be viewed from a long-term and big picture perspective."

June 5, 2023: Yomiuri editorializes on the need to deepen multilateral cooperation in light of China's repeated provocations in and around the Taiwan Strait and the South China Sea.

June 7, 2023: To save Japan's dwindling domestic defense industrial sector, the Diet enacts a bill enabling it to buy the factories and other facilities of beleaguered companies that make equipment deemed indispensable for the Self-Defense Forces and outsource their operations to other companies.

June 7, 2023: Japan announces that it is joining the US and Australia in a \$95 million undersea cable project that will connect East Micronesia island nations to improve networks in the Indo-Pacific region where China is increasingly expanding its influence. Completion is expected around 2025.

June 7, 2023: Taiwan Semiconductor Manufacturing Co. <u>announces</u> plans to build its second Japanese plant in Kumamoto Prefecture, though has no plans to introduce advanced chip manufacturing processes into it. The government will <u>provide</u> a subsidy of up to \$3.41 billion for the project, which has been joined by Sony and Denso corporations.

June 7, 2023: Japanese companies Nidec and Renesas will <u>partner</u> to develop a power-efficient drive system for electric vehicles to keep pace with growing demand in China. A prototype is expected by the end of the year.

June 8, 2023: China, which has been concerned for several years about the formation of an Asian NATO, <u>criticizes</u> news that the US, Taiwan, and Japan are to share real-time data from naval reconnaissance drones to strengthen coordination in the event of a Chinese attack on Taiwan.

June 8, 2023: Japan conveys "strong concern" after a Chinese naval ship enters Japan's waters near Yakushima Island. Separately, two China Coast Guard vessels enter Japan's territorial waters around the Senkaku/Diaoyu Islands and attempt to approach a Japanese fishing boat.

June 9, 2023: Noting that China's aid donations have trapped recipient countries in debt while

allowing the Chinese access to local ports and other infrastructure, Japan approves a major revision to its development aid policy that focuses on maritime and economic security and its national interests while helping developing nations overcome compound challenges amid China's growing global influence. The revision to the Development Cooperation Charter comes two years early, underscoring the sense of urgency in addressing widening China concern and other global challenges such as the impact of Russia's war on Ukraine.

June 10, 2023: Japan joins Australia, Canada, New Zealand, the UK, and the US in a Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices, clearly directed against China, that expresses "serious concern over trade-related economic coercion and non-market policies and practices that undermine the functioning of and confidence in the rules-based multilateral trading system."

June 11, 2023: Japanese analysts <u>believe</u> that Xi Jinping's mention of "deep exchanges" between China and Okinawa in the context of the Diaoyu/Senkaku Islands are an <u>attempt</u> by the Chinese government to put pressure on Japan as Tokyo intensifies its involvement in the Taiwan issue.

June 12, 2023: Waseda University Professor Todo Yasuyuki <u>calculates</u> a disastrous drop in production from an 80% reduction in Chinese and Taiwanese imports for makers of electrical machinery and equipment such as household appliances, consumer electronics, and industrial equipment and producers of information and communications equipment due to conflict. He advocates risk reduction through friendshoring and reshoring, bearing in mind risks involved in domestic supply chains as well, such as earthquakes and volcano eruptions.

June 13, 2023: In a bid to counter China's increasing expansion into the subcontinent under its Belt and Road Initiative, Japan provides full support to an 80-km road India is developing in its northeastern region bordering China that links to neighboring Bangladesh.

June 14, 2023: Although global chip companies seeking to move their supply chains out of China have poured over \$14 billion dollars into Japan, problems of land acquisition have arisen. Taiwan's TSMC, wanting a second fab in Kumomoto since it prefers clusters of factories, not single ones, has run afoul of Japanese law limiting development of forests and land set aside for agriculture

June 14, 2023: Enabled by an April change in guidelines, the Japanese coast guard and MSDF are preparing for a joint response to an armed attack, due to concerns that the Chinese coast guard could work with the Chinese military in a potential invasion against Japan.

June 15, 2023: A lengthy article in *Nikkei* discusses the "mini Ryukyu boom" that followed Xi Jinping's comments on the "deep relationship" between China and Fujian and comments by a museum curator that referred to Chinese sovereignty and the Diaoyu/Senkaku islands.

June 16, 2023: A senior Chinese researcher employed by Japan's National Institute of Advanced Science and Technology is <u>arrested</u> on charges that he leaked AIST trade secrets to a Chinese company.

June 18, 2023: Huawei Technologies is seeking licensing fees from roughly small-to-midsize Japanese companies for the of patented technology, Wireless communication modules using Huawei's patented technology are indispensable for connected Internet of Things (IoT) networks, and are being adopted in autonomous driving, automated factories, medicine, power, and logistics.

June 19, 2023: Japanese retailer Uniqlo's ambitious goal of more than tripling sales to \$71 billion in 10 years <u>faces</u> a stumbling block from trend among young China shoppers for *guochao*, "China chic," in what had been a top market for Uniqlo.

June 22, 2023: In the 18th intrusion this year, four Chinese coast guard *Haijing* vessels <u>sail</u> near the contested Diaoyu/Senkaku Islands for around two hours.

June 23, 2023: To counter Chinese efforts to create anxiety over Japan's planned release of discharge of water from the damaged Fukushima No. 1 nuclear power plant, the Japanese government embarks on a major public relations campaign to stress the safety of the discharge.

June 24, 2023: Kishida, visiting Okinawa, stresses the need to strengthen defense capabilities on the Nansei Islands, "which now faces the harshest and most complicated security environment in the postwar era." Okinawa Gov. Denny Tamaki counters that strengthening defense capabilities is causing anxiety among the people of the prefecture; he opposes deployment of SDF long-range missiles, saying that Okinawa could become a target for attack.

June 25, 2023: In <u>response</u> to China and Russia strengthening capabilities to attack satellites, the SDF have been using SpaceX's Starlink satellite constellation on a trial basis since March and moving toward fully making use of them from the next fiscal year.

June 26, 2023: Sankei Shimbun terms Tamaki's remarks that preparedness for the safety of Okinawa residents causes them anxiety "bizarre" since China taking aim at Okinawa as evidence by Xi Jinping's June 4 remarks calling for deepening exchanges between "Ryukyu" and China.

June 28, 2023: LDP Secretary-General Motegi Toshimitsu holds talks with Taiwan Vice Premier Cheng Wen-tsan at the LDP's Tokyo headquarters where they are believed to have discussed China's increasing military pressure on Taiwan and the future of Japan-Taiwan relations.

June 28, 2023: A Chinese survey vessel is <u>detected</u> in the waters near the Senkaku Islands in Okinawa Prefecture, though there is no intrusion into Japanese territorial waters.

June 29, 2023: In an extended deterrence dialogue between Japanese and US diplomatic and defense officials held at a Missouri air force base, the US <u>conveys</u> its intention to visibly deploy strategic weapons around Japan. With South Korea seen as a vital partner and the US

and the ROK having agreed on the periodic deployment of strategic nuclear submarines there, Japan and the United States are believed to have discussed cooperation regarding extended deterrence among the three countries.

July 1, 2023: Chinese media announce that a PLAN flotilla led by a Type 075 amphibious assault ship recently broke the first island chain from straits south of Japan, marking the first time that this type of large warship was reported operating in vicinity of Japan. They report it "could" serve to give those with a guilty conscience a warning, including "Taiwan independence" secessionists and external interference forces.

**July 3, 2023**: Aiming to counter Chinese restrictions on the free flow of data across borders, Japan and ASEAN will <u>establish</u> a digital innovation center in Jakarta that will begin operations in late August.

July 3, 2023: Jiji reports that Japanese companies operating in China are bracing for employee arrests and other risks after China's revised anti-espionage law took effect. A particular source of concern is that what constitutes acts of espionage is opaque under the law.

**July 4, 2023**: A draft EU-Japan joint statement to be <u>released</u> at a summit scheduled for July 13 in Brussels sets out plans to bolster the EU-Japan security partnership in light of the threats posed by Beijing and Moscow.

July 4, 2023: More than 80 members of a Japan Association for the Promotion of International Trade (JAPIT) delegation <u>led</u> by President Yohei Kono and including Okinawa Gov. Denny Tamaki visit Beijing. This is the first such visit in four years and, according to *Global Times*, represents the Japanese business community's hope to enhance trade cooperation with China, "and Okinawa's pro-peace voices will be heard."

July 4, 2023: Speaking at a Taipei forum, former director-general of the Japan Defense Agency Tamazawa Tokuichiro says that China has insufficient strength to invade Taiwan, which would need at least 1.3 million troops, which it is not capable of transporting.

July 4, 2023: Attending the International Forum for Trilateral Cooperation, an annual event organized by Beijing, Tokyo, and Seoul since 2011, State Councillor Wang Yi urges Japan and South Korea to foster a sense of strategic autonomy from the West and cooperate with Beijing to revitalize Asia, saying "No matter how blonde you dye your hair, how sharp you shape your nose, you can never become a European or American, you can never become a Westerner."

July 5, 2023: In a further example of deepening Japanese relations with Taiwan, Japanese financial firm SBI Holdings will create a company to help Taiwan's Powerchip Semiconductor Manufacturing Corp to establish a foundry and research lab for the development of more advanced chips.

July 6, 2023: As part of efforts to reduce dependence on China, Japan, and the EU conclude a memorandum of understanding on sharing information on supply and demand for rare metals, wind power generators and other items, and for cooperation in research and development for mining and refining. This comes two days after they signed an MOU to strengthen cooperation in the field of semiconductors.

July 6, 2023: China's leading military newspaper describes Japan's desire for a NATO liaison office in Tokyo as the first step towards the establishment of a NATO military support mechanism for Japan, thereby exposing its ambition to elevate its own status with the help of external forces.

July 7, 2023: A Japanese professor of international security <u>rebuts</u> China's criticism of NATO opening an office in Tokyo, arguing that if Beijing really wants to forestall NATO or Europe from further security and defense engagement in the Indo-Pacific region, the best way would be to try to reassure Europeans that they will not need to pay attention to the region and will not be adversely affected by what happens here.

July 7, 2023: Citing Tokyo's <u>decision</u> to discharge treated radioactive water from the crippled Fukushima plant into the sea, China announces it will tighten its scrutiny on food from Japan and maintain curbs on some

Japanese imports. The UN's nuclear agency had earlier certified the safety of the decision.

July 8, 2023: China's customs authority announces it will ban food imports from 10 Japanese prefectures over Tokyo's plan to release treated nuclear wastewater into the ocean, despite the UN atomic agency's ruling that the water meets international safety standards.

July 11, 2023: Political science professor Nako Eto attributes recent assertive remarks by Chinese diplomats as examples of the international discourse power—meaning the power to make others accept what is being said—strategy being pursued by Xi Jinping's administration.

July 13, 2023: Japanese government <u>signs</u> a new partnership agreement with NATO to enhance security coordination with the organization with Secretary General Jens Stoltenberg explicitly referencing concern China's military buildup.

July 14, 2023: Chinese state media report that the country's coast guard has taken "necessary control measures" to drive away a Japanese fishing vessel that entered "territorial waters" around the disputed Diaoyu/Senkaku Islands and "urged the Japanese side to immediately cease all illegal activities in the waters and ensure that similar incidents do not recur."

July 15, 2023: Referencing concerns raised by the Chinese government's ordinance requiring foreign countries to fully disclose cosmetic products' ingredients and their ratios a Japanese government source advises (1) maintaining an overwhelming advantage in technological capabilities; (2) entering the market with sole capital as much as possible; (3) even when forming joint ventures, not readily handing over information on technology and suppliers; and (4) each company checking its supply chain, including parts manufacturers.

July 16, 2023: In a brief exchange at the ASEAN Plus Three meeting in Jakarta, State Councillor Wang Yi criticizes Japan for discharging allegedly contaminated water from the Fukushima nuclear plant into the ocean with Foreign Minister Hayashi objecting to Wang's politicization of the issue after a report by the

UN's International Atomic Energy Agency said that it met safety levels.

July 17, 2023: Kishida, in Jeddah as the first stop in a tour of the Middle East, <u>stresses</u> the need for a free and open Indo-Pacific and argues against unilateral attempts to "change the status quo," with China and Russia in mind.

July 17, 2023: Japan Forum for Strategic Studies holds its third simulation this year of a two-day war game in response to a supposed Chinese invasion of Taiwan.

July 18, 2023: In their first in-person exchange in four years, JSDF officers meet Chinese military personnel and reaffirm the need for dialogue despite what LTG Jing Jianfeng, deputy chief of staff at the Joint Staff Department of the Central Military Commission, calls severe difficulties between the two countries.

July 18, 2023: Industry Minister Nishimura Yasutoshi <u>says</u> that Beijing rebuffed the Japanese government's repeated requests to have experts from both countries meet to discuss from a scientific standpoint the upcoming discharge of treated contaminated water into the ocean.

July 20, 2023: Widow of former Prime Minister Abe Shinzo, Abe Akie, <u>visits</u> Taiwan, meeting President Tsai Ing-wen and Vice-President William Lai and pledging to do everything she can to foster a strong friendship between the two sides.

**July 23, 2023**: At the <u>behest</u> of the United States, Japan strengthens export regulations that block China from manufacturing cutting-edge semiconductor products.

July 23, 2023: As China is the largest export market for Japan's semiconductor equipment manufacturers, Chinese chip analysts <u>predict</u> that Japanese restrictions will undermine its companies' global competitiveness.

July 23, 2023: Japan's Minister of State for Defense Ino Toshiro <u>says</u> that Japan would likely come to Taiwan's aid if a Chinese invasion provoked the same outpouring in international support as for Ukraine but concedes that Tokyo had not yet decided what form that support would take.

**July 24, 2023**: Describing Ino's July 23 comments as carrying a provocative undertone, a *Global Times* editorial <u>asks</u> whether these were Ino's private opinions or whether they represent Japan's official stance.

July 24, 2023: According to the China Association of Automobile Association, Japanese automakers' market share in the region has fallen from 20% last year to 14.9% in the first half of 2023 even as EV sales in China reached over 2 million through the first five months of the year, up 51.5% year on year.

July 24, 2023: China and Russia conclude a four-day military exercise in the Sea of Japan to, according to the Chinese defense ministry, "enhance strategic cooperation between the two countries and strengthen their ability to jointly safeguard regional peace and stability."

July 25, 2023: A new report entitled "Asia's Future at a Crossroads: A Japanese Strategy for Peace and Sustainable Prosperity" advocates a new Shin-Bei Jiritsu policy親米自立 policy under which Japan will pursue a more pro-active middle power diplomacy to mitigate US-China rivalry, avoid a sharp division in Asia, and prevent great power conflict -- a more autonomous foreign policy that is close to but not solely dependent on the United States.

July 27, 2023: Referencing the abrupt replacement of Foreign Minister Qi Gang with his predecessor Wang Yi, an *Asahi* editorial <u>urges</u> an end to the "Wolf Warrior" diplomacy that has characterized Chinese diplomats, including both Qin and Wang.

July 28, 2023: Japan releases its 2023 Defense White Paper saying that the international community is facing its greatest trial since World War II and has entered a new era of crisis. This includes China rapidly enhancing its military capability qualitatively and quantitatively, including nuclear and missile forces.

July 29, 2023: Numerous Chinese publications denounce the Defense of Japan 2023 as grossly interfering in Chinese internal affairs and provoking regional tensions. Far from being a military threat, China is a staunch force for protecting world peace and stability, though

certain countries have frequently sent ships and aircraft to relevant waters to show off force for their own interests, which has seriously aggravated regional tensions. China and Russia's defense cooperation is on the basis of no alliance, no confrontation, and no targeting any third party, is committed to safeguarding regional and world peace and stability and poses no threat to any country. China has lodged stern representations with the Japanese side.

July 29, 2023: A professor at Dalian Maritime University's School of law <u>suggests</u> that China add more weight to its opposition to Japan's discharge of nuclear-contaminated water from the damaged Fukushima Daiichi Nuclear Power Plant into the sea.

July 30, 2023: Ten Chinese and Russian naval vessels <u>pass</u> through the Soya Strait between Cape Soya in the northernmost prefecture of Hokkaido and the Russian island of Sakhalin in the first China-Russia joint naval vessel sailing near Japan since September 2022.

**July 31, 2023**: Courting Beijing's further displeasure with Japan, Taiwan presidential candidate Hou Yu-ih begins a three-day visit to meet with Japanese lawmakers.

July 31, 2023: Center-left Asahi criticizes
Defense of Japan 2023 for insufficiently
answering the public's concerns about national
defense and for leaving ambiguities by saying
that decisions on the measures to be taken to
deal with individual strike capabilities will be
made "in light of individual and concrete
situations."

**July 31, 2023**: Owners of Japanese restaurants in China <u>fear</u> ruin from Chinese restrictions on Japanese seafood.

**Aug. 1, 2023**: For the first time since 2017, foreign investment inflows into Asian emerging-market stocks excluding China over the past year top the net buying of mainland China stocks.

**Aug. 2, 2023**: A new liaison organization between the Defense Ministry and private businesses is <u>established</u> to promote public-private cooperation to develop cybersecurity talent, based in Yokosuka

Research Park near the GSDF Signal School. The government plans to increase the total number of cybersecurity personnel for the Defense Ministry and the SDF to 20,000 and the organization will be established to help realize the plan.

Aug. 3, 2023: Following an incident in which a Chinese researcher at the National Institute of Advanced Technology allegedly leaked information to a Chinese company, the government intends to ascertain the quality of the systems and measures in place at universities and research facilities and call for improvements in cases of lax supervision.

**Aug. 3, 2023**: A *Yomiuri* editorial <u>laments</u> that defense capabilities cannot be strengthened unless there is an improvement in the current norm in which the number of SDF personnel are lower than the recruitment quota.

**Aug. 3, 2023**: A tabletop wargame simulating China's invasion of Taiwan <u>underscores</u> Japan's slow decision-making process, with the delay having implications for the ability to quell the situation.

**Aug. 3, 2023**: Japan will <u>monitor</u> foreign purchases of land in light of revelations on Chinese acquisitions on Okinawa.

**Aug. 6, 2023**: Anticipating the Camp David Summit, *Global Times* warns Japan and South Korea against Washington's rumored plans for a "historic joint statement."

Aug. 6, 2023: Mindful of the economic security implications of continued Chinese <u>acquisitions</u> of cobalt and other minerals in Africa, the Japanese government will encourage Japanese companies to develop mines and acquire interests in the continent.

Aug. 8, 2023: Under the new OSA cooperation agreement that allows provision of equipment and supplies to the armed forces of like-minded countries, the Japanese government is considering military aid totaling ¥5 billion (\$34 million) to Vietnam, the Philippines, Indonesia, Mongolia, Papua New Guinea and Djibouti, in fiscal 2024, with an eye to keeping China's maritime expansion and military buildup in check.

Aug. 8, 2023: Visiting Taiwan at the invitation of the Taiwan government, LDP vice-president Aso Taro <u>lays</u> flowers at the grave of former President Lee Teng-hui and <u>states</u> that Japan must be willing to fight to repel a Chinese invasion of the island. This is the first time that an LDP vice president officially visited the island since Japan and Taiwan severed diplomatic ties in 1972.

**Aug. 8, 2023**: *Washington Post* discloses unreported Chinese cyberhack of Japanese security systems in 2020.

Aug. 9, 2023: According to Beijing-based military expert Wei Dongxu, with the Japan-Australia reciprocal access agreement taking effect, enabling Japan to deploy troops in Australia, the SDF's area of operation is being extended from the East China Sea to the South China Sea, and now in the direction of the Indian Ocean.

Aug. 10, 2023: Suzuki Keisuke, an LDP lawmaker who accompanied Aso to Taiwan, <u>tells</u> the *BS Fuji* talk show that Aso had discussed the issue with Japanese government officials, indicating that Aso's view was not a personal remark, but a result of arrangements with government insiders, saying that "I think the Japanese government clearly regards this as the official line."

Aug. 10, 2023: China <u>lifts</u> its ban on group tours to Japan after a suspension of more than three years due to the novel coronavirus pandemic. The decision is expected to be a boon to Japan's tourism industry.

**Aug. 11, 2023**: Editorial in *Global Times* rejects optimistic predictions for improving China–Japan relations.

**Aug. 12, 2023**: Japan and China mark 45th anniversary of the signing of a bilateral treaty of peace and friendship quietly, with no official events.

**Aug. 13 2023:** According to *China Daily*, visiting former Japanese Prime Minister Hatoyama Yukio <u>describes</u> China-Japan relations as at a crossroads, urged both sides to rather than disliking each other due to differing values and

systems, acknowledge differences, mutual respect, and mutual understanding.

**Aug. 13 2023**: China's July automobile exports increase 63%, further extending its lead over Japan as the world's biggest vehicle-exporting economy

**Aug. 14, 2023**: In the third consecutive quarter of expansion and fueled by a strong performance by its export sector, the Japanese economy grows by an annualized rate of 6% in the second quarter of 2023. Still, a decline in domestic consumption is a cause of concern.

Aug. 14, 2023: Expert at the China Institutes for Contemporary International Relations <u>points</u> to contradictions in Japan's attitudes toward radioactive pollution: in the 1990s, Tokyo was a pioneer in opposing Russia's disposal of nuclear waste into the sea, but it is now promoting dumping of nuclear contaminated wastewater.

Aug. 15, 2023: Wu Qian, spokesman for China's Ministry of National Defense, <u>urges</u> Japan to stop meaningless interference and refrain from irresponsible words and deeds that harm healthy China-Japan bilateral ties and undermine regional peace and stability.

**Aug. 16, 2023**: Kishida does not personally <u>visit</u> the Yasukuni Shrine on the 78<sup>th</sup> anniversary of the end of World War II but tendered the ritual *tamagushi* offering through an agent and at his own expense as president of the ruling LDP rather than in his official capacity as prime minister.

**Aug. 16, 2023**: Chinese foreign ministry <u>makes</u> serious protestations with Japan after Kishida sends a ritual offering to the Yasukuni Shrine.

Aug. 17, 2023: In an effort to encourage Middle East investment to shift from China to Japan as well as secure funds to help cover the massive cost of developing semiconductors, the Japanese government will <a href="mailto:begin">begin</a> working-level talks with a fund linked to the government of the United Arab Emirates.

**Aug. 17, 2023**: Japan <u>logs</u> a customs-cleared trade deficit of ¥78.7 billion in July, the first year-on-year drop in exports in about two and a half years.

**Aug. 17, 2023**: 35 Chinese executives, many of whom run textile- and apparel-related businesses, <u>visit</u> Okabun Orimono, a 333-year old brocade-manufacturing company, to inquire about its secret for longevity.

**Aug. 18, 2023:** An analysis of how China's stricter gallium export license requirements will affect Japan concludes that while Japan's cheap offshore wind technology might be undermined in the short term, the impact of new export restrictions on defense and EV technology advancement will most likely be minimal and more of a price impact than an overall supply impact.

Aug. 19, 2023: Chinese sources denounce the spirit of Camp David—the meeting of President Biden, President Yoon, and Prime Minister Kishida—as "hypocritical anti-China pantomime with a mini-NATO in the making."

**Aug. 19, 2023**: According to statistics from Chinese customs authorities, imports of fish from Japan <u>decline</u> 34% month-on-month in July and are down 28% compared with July 2022. China's blanket radiation testing of all seafood imported from Japan was imposed July 8-9, and the declines are likely to continue.

Aug. 21, 2023: Citing China's use of the Solomon Islands as a bridgehead to accelerate advances in the South Pacific, *Yomiuri* editorializes on the importance of Japanese cooperation with the United States and Australia to help solidify the foundations of South Pacific states.

Aug. 22, 2023: LDP Diet member Suzuki Norikazu <u>leads</u> a 65-person LDP delegation comprising members of the Diet, local representatives, and university students on a four-day visit to Taiwan.

Aug. 22, 2023: With the increasingly hegemonic behavior of China in mind, the Japanese foreign ministry <a href="hosts">hosts</a> first Tokyo International Law Seminar with the aim of enhancing countries' ability to handle legal disputes over territorial waters and other matters, and to strengthen the rule of law in the Indo-Pacific region.

**Aug. 22, 2023**: In line with its previous pledge to boost total defense spending for the five years to fiscal 2027 to 43 trillion yen, more than 1.5 times

the previous amount, the Japanese defense ministry will <u>request</u> a 12% increase from the record spending approved for fiscal year 2024.

Aug. 23, 2023: Tokyo Electric Power Company (TEPCO) announces that it will provide compensation for damage linked to the ocean release of treated water from its Fukushima No. 1 nuclear power plant, such as a decline in marine product sales due to lower prices or consumers' reluctance to buy.

**Aug. 23, 2023**: According to TEPCO, the planned release of 31,200 tons of water over four separate occasions during the fiscal year will not make a dent in the massive amount of contaminated water accumulating there.

Aug. 24, 2023: Chinese Customs Authority bans all imports of all Japanese seafood the same day that TEPCO begins releasing treated water from the Fukushima No. 1 nuclear power plant into the ocean.

Aug. 24, 2023: Japan's government <u>considers</u> scrapping a long-held pacifistic principle to allow exporting weapons with lethal capabilities directly to third countries with next-generation fighter jets, which Japan is jointly developing with Britain and Italy, in mind.

**Aug. 26, 2023**: Air Self-Defense Force scrambles jet fighters to monitor two Chinese H-6 bombers flying between Okinawa and Miyako islands.

Aug. 26, 2023: China informs Yamaguchi Natsuo, head of junior partner Komeito in Japan's coalition government, that the timing of his planned visit is not appropriate considering the situation of Japan-China relations. Yamaguchi had planned to hand Xi Jinping a personal letter from Kishida.

**Aug. 27, 2023**: Chinese security guards <u>seize</u> a Chinese man who threw stones and eggs onto the premises of Japanese schools in Qingdao while reportedly objecting to the water release.

Aug. 27, 2023: As Tokyo <u>prepares</u> to sharply boost defense spending in the face of East Asia's worsening security situation, major defense contractors including Britain's BAE and America's Lockheed begin shifting the headquarters of their Asian operations to Japan.

Aug. 28, 2023: Chinese BZK-005 military reconnaissance drone <u>flies</u> between Japan's westernmost island of Yonaguni in Okinawa Prefecture and Taiwan, in the fourth recorded such flight. There is no violation of Japanese air space.

Aug. 28, 2023: Japan's government and its embassy in Beijing receive many harassment phone calls, likely from China, after release of treated radioactive water from the Fukushima nuclear power plant into the Pacific. Chinese media accuse the Japanese government and media of trying to portray Japan as a victim by hyping a few incidents by individuals that were not encouraged by either Chinese public opinion or the authorities.

Aug. 28, 2023: Chinese state-backed hackers are believed to be behind the attack on Japan's National Center of Incident Readiness and Strategy for Cybersecurity (NISC), beginning last autumn and not detected until June.

**Aug. 29, 2023:** *Asahi* opines that China's dismissal of Komeito's peace overture shows that China-Japan relations are spiraling out of control so quickly that it may take months, if not years, to restore any semblance of normalcy.

Aug. 30, 2023: Yomiuri reports that Xi Jinping's administration tacitly approved posts on Chinese social media sites that criticize the Japanese government and call for boycotts of Japanese products with the Publicity Department of the Chinese Communist Party's Central Committee apparently leading the campaign.

Aug. 30, 2023: Foreign Minister Hayashi says Japan may file a complaint against China over its blanket ban on Japanese seafood imports, adding that Japan has no desire to let this dispute escalate into a full-blown diplomatic row.

**Aug. 31, 2023**: Japan's military asks for the equivalent of a \$16 billion increase in its FY 2024 budget, up 15.5% over 2023, to sustain and maintain equipment, and increased its stores of ammunition.