

# Comparative Connections

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## Japan-China Relations: New Year, Old Problems

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The year 2008 ended with reports that China would begin construction of two conventionally powered aircraft carriers, while February brought news that China was planning to construct two nuclear-powered carriers. January marked the first anniversary of the contaminated *gyoza* controversy and despite concerted efforts to find the source of the contamination and the interrogation of several suspects, Chinese officials reported that the investigation was back at square one. Meanwhile, efforts to implement the June 2008 Japan-China joint agreement on the development of natural gas fields in the East China Sea made little progress and the long-standing territorial dispute over the Senkaku Islands found its way into the headlines following Prime Minister Aso's February visit to Washington. In mid-March, China's defense minister confirmed to his Japanese counterpart Beijing's decision to initiate aircraft carrier construction.

### Security

On Jan. 9, the Council on Security and Defense Capabilities met in Tokyo to begin discussions on revision of Japan's National Defense Program Outline. Issues under review included the size, disposition, and equipment of the Self-Defense Force; the situation on the Korean Peninsula; and the implications of China's military build-up.

The Chinese government released its 2008 Defense White Paper on Jan. 20. Although avoiding any specific mention of the late December 2008 decision to begin construction of aircraft carriers, the document did refer to the dispatch of PLA warships to deal with the threats posed by piracy off Somalia and the need to develop capabilities to deal with threats to security in "distant seas." With regard to the China-Japan defense relationship, the White Paper supported the development of the defense exchange program.

In Tokyo, Administrative Vice Minister of Defense Masuda Kohei welcomed the White Paper, noting that China had "shown their own efforts to improve the transparency of their national defense. However, Masuda found Beijing's transparency "somewhat insufficient" with regard to "descriptions of defense spending, equipment quantities, and procurement plans."

On Feb. 13, the *Asahi Shimbun*, citing military sources, reported that China is beginning to plan the construction of two nuclear-powered aircraft carriers for the period after 2020. The article noted the previously reported decision to begin the construction of two conventionally powered

carriers in 2009 and observed that while the conventionally powered carriers would extend the PLA Navy's reach beyond the first island chain (Okinawa, Taiwan, and the Philippines), nuclear-powered carriers would extend China's reach to the second island chain (the Japanese home islands, Guam, and Indonesia) out to the Indian Ocean and beyond, giving China the capability to cope with the U.S. Navy.

On March 4, China released its 2009 defense budget with a 14.9 percent increase in defense spending, the 21<sup>st</sup> consecutive year of double-digit increases. Chief Cabinet Secretary Kawamura Takeo observed that the increase represented a "significant sum" and called on China to increase transparency, which he found lacking in sections of the budget. The *Sankei Shimbun* noted that the increase, occurring at a time of unprecedented financial turmoil and despite the prospects of significant budget deficits, was certain to raise the specter of the "China Threat."

On March 20, Minister of Defense Hamada Yasukazu travelled to Beijing to meet Chinese counterpart Liang Guanglie. During the visit, which was the first by a Japanese defense minister in five years, Hamada raised the issue of North Korea's pending satellite launch and asked that China urge self-control on Pyongyang. Liang, in reply, urged all concerned parties to exercise restraint and act calmly. Liang also made clear that China was intent on the construction of aircraft carriers. Noting that China had wide ocean areas, and a heavy responsibility to defend them, Liang observed that "China is the only great power that does not have aircraft carriers" and that "China could not wait forever to be without them." At the same time, Liang acknowledged that "various factors had to be taken into account." With regard to antipiracy measures off Somalia, Liang offered that China and Japan could cooperate "at the administrative level" and exchange information on escort procedures. Hamada later met Wu Bangguo, chairman of the Standing Committee of the National People's Congress, and discussed North Korea and antipiracy operations off Somalia. The next day, Hamada visited the PLA's 196 brigade in Tientsin and attended a firing exercise.

## **East China Sea**

On Jan. 4, the *Sankei Shimbun* reported that China had unilaterally begun drilling in the Kashi (Tianwaitan) gas field in the East China Sea, an area that has been the subject of an ongoing dispute between Japan and China. The drilling reportedly occurred after the June 2008 agreement on joint development of gas fields in the East China Sea. Reacting quickly, the Chinese Foreign Ministry posted a statement on its website making clear that "The Tianwaitan gas field is located in waters controlled by China that are not under dispute. The development constitutes the exercising of its sovereign right."

The *Mainichi Shimbun* quoted a senior Japanese Foreign Ministry official as saying that "the finding will not affect future talks on the two gas fields that the two countries have already agreed to jointly develop." Foreign Minister Nakasone Hirofumi, however, told a press conference that he found the media reports to be "very disturbing," acknowledged that the government had protested China's actions, and made clear that Japan could not accept China's assertion of an "inherent right to development." Separately, Chief Cabinet Secretary Kawamura told reporters that Japan wanted to maintain "the current status of continuing discussions" and "could not allow China to proceed with the development unilaterally."

On Jan. 6, the Chinese Foreign Ministry's deputy spokesperson told a press conference that China's independent development of the Tianwaitan gas field did not contradict the principles of the June 2008 joint agreement.

In Tokyo on Jan. 9, Vice Foreign Minister Yabunaka Mitoji took up the issue with his Chinese counterpart, Vice Foreign Minister Wang Guangya. The two agreed to advance "speedily" discussions on the joint development agreement but were unable to narrow differences over China's unilateral actions in the areas subject to further negotiation. Foreign Ministers Nakasone and Yang Jiechi discussed the issue during their Feb. 28 meeting in Beijing. However, Nakasone's call for negotiations to implement the June 2008 agreement failed to produce concrete results.

On March 7, during a press conference held on the sidelines of the National People's Congress, Foreign Minister Yang made clear that China's development of the Tianwaitan/Kashi gas field was not covered by the June 2008 agreement. Tianwaitan, he explained, was within China's Exclusive Economic Zone and not a subject for joint development. The 2008 agreement, on the other hand, covered joint exploration and development of areas yet to be explored and provided for further negotiations to identify specific areas. Yang observed that the June agreement was "a reflection of an improvement in and development of bilateral relations" and called for the continuation of working-level discussions.

### **Senkaku Islands**

Early in January, the *Sankei Shimbun* reported that the Japanese Coast Guard, in response to the December 2008 incursion of two Chinese research vessels, was moving to strengthen its presence in the area of the Senkaku Islands. Beginning Feb. 1, in addition to a temporary increase in patrol ships on station in the area from two to three, a helicopter-bearing patrol ship would remain on station in the area.

The Coast Guard declined comment on the *Sankei* story. However, the Chinese Foreign Ministry attempted to confirm the story making it clear through the Japanese Embassy in Beijing that the reports "if true, would represent a serious infringement on Chinese sovereignty." The Feb. 20 *Nikkei Shimbun* reported that at a Feb. 16 meeting of China's Oceanic Administration in Beijing, Administrator Sun Zhihui, announced that the December incursion was a deliberate effort to demonstrate Chinese sovereignty, telling the officials that "our vessels navigated all the oceanic areas over which China holds sovereignty."

The Senkakus also figured in the Aso-Obama summit in Washington. On his return to Tokyo, Aso told the Lower House Budget Committee on Feb. 26 that "since the Senkaku Islands are Japan's inherent territory, the Japan-U.S. security treaty covers them." Aso's statement drew a strong rejoinder from China. The Foreign Ministry issued a statement that expressed "strong dissatisfaction" and cautioned the U.S. and Japan to recognize the extremely sensitive nature of the issue and called on Tokyo and Washington to be careful in words and actions so as not to harm regional stability and, from a broad perspective, their bilateral relations with China.

Meanwhile on Feb. 28, the American Institute on Taiwan weighed in, stating that since the security treaty “applies to the territories under the administration of Japan, [it] does apply to the island.” At the same time the U.S. took no position with regard to the ultimate sovereignty of the islands. Beijing again was quick to respond. In a website statement, Foreign Ministry spokesperson Ma Zhaoxu made clear that “the islets are Chinese territory, and China holds indisputable sovereignty over them.”

Silence from the State Department in Washington led to media speculation in Japan about the strength of the U.S. commitment and on March 4, in response to a question from the *Yomiuri Shimbun*, the State Department said that “The Senkaku Islands since the reversion of Okinawa have been under the administrative control of Japan. The U.S.-Japan Security Treaty is applicable to territories that fall under Japan’s administrative control.”

On the evening of March 5, Chief Cabinet Secretary Kawamura confirmed that there was “no change” in the U.S. position regarding the Senkakus. The next day, China’s Ambassador to Japan Cui Tainkai told a *Kyodo News Service* conference that China’s position had been consistent and unchanging – the U.S.-Japan alliance did not pertain to the Senkakus. To avoid fueling passion and antagonism in both countries, the ambassador advised against taking up problems that cannot be resolved at present and called for a deliberate approach to avoid adversely affecting the overall relationship.

### **Food security: gyoza strikes back**

Jan. 30 marked the first anniversary of the contaminated *gyoza* controversy. To commemorate the event, the Jan. 26 *Asahi Shimbun* ran front page and page 2 articles on the events of the past year. Despite bilateral efforts to resolve responsibility for the poisoned *gyoza*, little progress had been made. Chinese security officials had called in several suspects for questioning, but all had been released. An *Asahi* report from Beijing quoted one Chinese official as saying the investigation was “back at the beginning.”

In late January, the contaminated *gyoza* case took a Chinese twist. Japanese media reported that frozen *gyoza* manufactured by Tianyang Food, the company widely suspected in Japan as being the cause of food poisoning incident in 2008, again appeared to be the cause of illness; this time in China. The reports told of frozen *gyoza* being recalled from the market and then redistributed at no cost to various enterprises in China’s Hebei Province between April and June 2008. The Jan. 23 *Yomiuri Shimbun* reported that in June 2008 four employees of the Tangshan iron and Steel Company showed symptoms of food poisoning after eating the recalled *gyoza*.

A month later, on Feb. 23, the Japan Agency for International Cooperation opened a five-day conference in Chingdao aimed at strengthening China’s inspection regime on foods exported to Japan. An estimated 50 Chinese officials involved in food inspections attended the conference. Demonstrating its sensitivity to the food safety issue, China’s National People’s Congress (NPC), on Feb. 28, adopted legislation aimed at assuring food safety.

During the NPC, Wang Yifang, head of the Hebei Province delegation met with reporters to address questions related to both Japanese and Chinese *gyoza* poisoning cases. Wang made it

clear that “there is no substance to reports of distributing (contaminated) *gyoza*” and went on to accuse the reporters of “making up this reality.” The *Yomiuri Shimbun* later reported that postings on the Chinese internet expressed anger at the recycling of the recalled *gyoza* and supported the Japanese media’s line of inquiry, asking why the *gyoza* were distributed at no cost and accusing the company president of dodging reporters’ questions.

Foreign Minister Yang took a more diplomatic approach during his March 7 NPC press conference. He explained that China was making every effort to deal with the issue. After pointing out that the long-running investigation remained in progress, he observed that Japan too, after devoting much time to the issue, had likewise failed to resolve it. At the same time, he emphasized that China regarded food safety as being of great importance and called for the development of a long-term cooperative system to assure food safety.

### **Foreign ministers’ meeting**

On Feb. 28, Foreign Ministers Nakasone and Wang met in Beijing to review the bilateral relationship. Taking up the Senkaku Islands issue, the two ministers agreed not to allow the dispute to adversely affect the development of bilateral relations. With regard to North Korea, both called on Pyongyang to refrain from launching a long-range ballistic missile and agreed to cooperate in the denuclearization of North Korea and the resolution of Japan’s abductee issue. They also agreed to cooperate in addressing the global economic and financial crisis. Agreement was also reached to begin negotiations on developing a convention on the transfer of criminals and a criminal extradition treaty as well as on a teacher exchange program, ranging from elementary school to university, to provide for the exchange of 1,500 teachers over a three-year period with 1,000 from China and 500 from Japan.

Nakasone, however, expressed concern with the increase in China’s defense budget and its shortcomings in transparency. In reply, Yang stressed that China had been making efforts to improve transparency. When Nakasone raised the issue of the poisoned *gyoza*, Yang replied that Chinese officials were engaged in a thorough investigation of the matter and that results would be conveyed to Japan. On the East China Sea, Nakasone called for an early start to negotiations on the joint development of the gas fields, which Yang parried by noting that the issue was “sensitive and complex.”

On March 1, Nakasone met with Premier Wen Jiabao and State Councilor Dai Bingguo. Discussions focused on North Korea, the state of the international economy, the Senkakus, the poisoned *gyoza* case, and gas field development in the East China Sea. On the Senkakus, both sides reiterated their basic talking points. On the *gyoza* issue, Nakasone asked China to provide Japan with the results of their investigations and on the East China Sea, Nakasone made clear Japan’s interest in an early start to negotiations. Nakasone also expressed Prime Minister Aso’s interest in an early visit to China.

On March 17, however, Chief Cabinet Secretary Kawamura told reporters that with the April 2 G20 summit fast approaching preparations for the prime minister’s visit to China had run into scheduling problems. Speaking to media reports that the recent flare-up in the Senkaku dispute had complicated summit planning, Kawamura observed that “all sides are sensitive to the

territorial issue,” but he would not speculate as to whether the Senkaku issue was influencing visit preparations. Addressing summit scheduling, Foreign Minister Nakasone said that it was his understanding that “it would be difficult to realize in March.”

### **High-level visits**

On Feb. 23, Wang Jiarui, head of the Chinese Communist Party’s International Department, met Prime Minister Aso to discuss Japan-China relations. The discussion focused on the global economic crisis and steps the two countries should take to advance recovery; both leaders agreed on the need to stimulate domestic demand. Prior to meeting the prime minister, Wang met Chief Cabinet Secretary Kawamura, who asked for China’s assistance in resolving the abductee and missile issues with North Korea. Wang observed that the issues were complicated but assured Kawamura that China would “continue to make efforts to encourage the countries concerned to reach a settlement.”

At a news conference following the meetings, Wang told reporters that at the time of his January visit to Pyongyang, Kim Jong-il appeared to be in good health and that he had passed on to the North Korean leader Japan’s concern with the abductee and nuclear issues. He offered that “if both sides seriously put their heads together and talk it over, the problems will be resolved.”

Wang also met with Ozawa Ichiro, leader of the Democratic Party of Japan, at the party’s headquarters. The *Asahi Shimbun* reported that the Ozawa-Wang meeting lasted 75 minutes, 15 minutes longer than Wang’s one hour meeting with the prime minister and 45 minutes longer than Ozawa had spent with Secretary of State Clinton. During the meeting, Ozawa was reported to have told Wang of his “special close feeling toward China” and set out his idea of an isosceles triangle as the proper construct for the Japan-U.S.-China relationship.

### **Prospects**

With the dissolution of the Diet’s Lower House pending, Japan’s political leadership will be focused on electioneering. Significant progress in the Japan-China relationship should not be expected in the coming quarter. Treading water may be the best that can be expected.

## **Chronology of Japan-China Relations January-March 2009**

**Jan. 3, 2009:** Prime Minister Aso Taro visits Issei Shrine to pray for a prosperous 2009.

**Jan. 4, 2009:** *Yomuri Shimbun* reports that the Ministry of Agriculture, Forestry and Fisheries will set up mechanism to protect Japan’s intellectual property rights in farm, forestry, and fisheries sectors in China.

**Jan. 4, 2009:** *Sankei Shimbun* reports that China has unilaterally initiated drilling in the Kashi/Tianwaitan natural gas field in the East China Sea.

**Jan. 6, 2009:** China's Foreign Ministry states that independent development of the Tianwaitan/Kashi field does not contradict the June 2008 China-Japan agreement on joint development in East China Sea.

**Jan. 9, 2009:** Japan's Council on Security and Defense Capabilities begins discussions on revising the Defense Program Outline.

**Jan. 9, 2009:** Vice Foreign Ministers Yabunaka Mitoji and Wang Guangya meet in Beijing.

**Jan. 10, 2009:** Hong Kong's *Mingpao* reports Hunan provincial police prevent the opening of a conference sponsored by China's Defend the Senkakus Association.

**Jan. 20, 2009:** China releases its defense white paper.

**Jan. 21, 2009:** Marubeni Corp. reports scrap iron steel exports to China have quadrupled over past two months with export prices increasing 28 percent from January 2008.

**Jan. 22, 2009:** *Sankei Shimbun* reports that Japan has decided on a three-year freeze on construction of plants to dispose of chemical weapons abandoned in Jilin Province, China.

**Jan. 23, 2009:** *Yomiuri Shimbun* cites *Xinhua* reports that Hebei Province Middle Court has given death sentences to three defendants convicted in melamine milk poisoning cases.

**Jan. 29, 2009:** Japan releases its 2008 official development assistance white paper, which indicates that among OECD members Japan's standing has fallen from third to fifth place and records the second consecutive year that Japan's standing has fallen.

**Jan. 30, 2009:** First anniversary of *gyoza* controversy.

**Feb. 3, 2009:** *Sankei Shimbun*, citing China's *Legal Evening Report*, reports that China's Foreign Ministry has released documents indicating that in November 1956 Chairman Mao responded favorably to a request from visiting Japanese academicians to allow an early release of ill Japanese prisoners of war; Mao cautioned that given the emotional context in China, release would require some time to pass.

**Feb. 4, 2009:** *Xinhua* reports that a local Beijing court convicted four Chinese defendants involved in illegal departures of Chinese citizens to Japan

**Feb. 13, 2009:** *Asahi Shimbun* reports China is planning to build two nuclear-powered aircraft carriers some time after 2020.

**Feb. 17, 2009:** *Sankei Shimbun* reports that a Chinese think tank analyst was arrested in January for leaking classified information on North Korea and health of Kim Jong-il.

**Feb. 17, 2009:** China acts to investigate organ transplants allegedly given to 17 Japanese visitors. Chinese law prohibits organ transplants to foreigners.

**Feb.17, 2009:** Taiwan's Association to Defend the Senkakus announces May plans to land on islands to protest Japanese occupation.

**Feb. 19, 2009:**Japanese Fisheries Agency seizes Chinese fishing boat for operating in Japan's Exclusive Economic Zone off Nagasaki Prefecture.

**Feb. 22, 2009:**ASEAN Plus 3 finance ministers meet to expand funding mechanism of the Chiang Mai Initiative.

**Feb. 26-27, 2009:** Japan-Taiwan fisheries talks resume in Taipei after three-year hiatus.

**Feb. 27, 2009:**Taiwan's Foreign Ministry protests Prime Minister Aso's statements on the applicability of Japan-U.S. Security Treaty to Senkaku Islands.

**Feb. 23, 2009:**Wang Jiarui, head of Chinese Communist Party's International Department, meets Prime Minister Aso and Democratic Party of Japan President Ozawa Ichiro in Tokyo

**Feb. 26, 2009:** Prime Minister Aso tells the Lower House Budget Committee that the Japan-U.S. Security Treaty extends to Senkaku Islands.

**Feb. 27, 2009:**Former Prime Minister Fukuda Yasuo attends ground-breaking ceremony for the Japanese pavilion at the 2010 Shanghai Exposition.

**Feb. 28, 2009:**Foreign Ministers Nakasone and Yang meet in Beijing.

**Feb. 28, 2009:**American Institute on Taiwan issues a statement affirming that Japan-U.S. Security Treaty extends to Senkaku Islands.

**Feb. 28, 2009:** China's National People's Congress passes a law aimed at strengthening food safety that will take effect on June 1.

**March 1, 2009:** Foreign Minister Nakasone meets Premier Wen Jiabao and State Councilor Dai Bingguo in Beijing.

**March 3, 2009:** *Yomiuri Shimbun* reports that Beijing has informally asked Japan to allow construction of a consulate on Okinawa.

**March 4, 2009:** China announces large-scale April naval exercise off Chingdao to commemorate 60<sup>th</sup> anniversary of the founding of the PLA Navy, which is April 23. The announcement states that invitations to attend the exercise have been extended to foreign countries.

**March 4, 2009:** China releases its 2009 defense budget with a 14.9 percent increase, marking the 21<sup>st</sup> consecutive year of double-digit increases in defense spending.

**March 4, 2009:** U.S. State Department issues official statement that U.S.-Japan Security Treaty extends to the Senkaku Islands.

**March 5-13, 2009:** China's National People's Congress meets in Beijing.

**March 5, 2009:** Chief Cabinet Secretary Kawamura Takeo tells a press conference that there is no change in U.S. policy toward the Senkaku Islands.

**March 6, 2009:** Japan's Finance Ministry cites China as a major source of counterfeit goods seized by Japanese Customs.

**March 7, 2009:** Foreign Minister Yang holds a press conference during National People's Congress and addresses the East China Sea and *gyoza* issues.

**March 9, 2009:** Fukuoka High Court dismisses a suit by 45 Chinese seeking compensation for forced wartime labor. It rules that by signing that 1972 Japan-China Joint Communiqué, China waived the right of individual Chinese to seek war reparations from Japan.

**March 13, 2009:** Beijing press conference announces the joint Japan-China production of the Akutagawa Prize-winning novel "Wall of Dreams." Filming began in Hebei province in February with a target 2010 release date.

**March 16, 2009:** China announces that it will postpone compulsory certification system for information security technologies. Japanese and Western companies are concerned that compulsory registration would expose source codes.

**March 15-17, 2009:** Taiwan's Democratic Progressive Party President Tsai Ing-Wen visits Japan and calls on Japan to play the role of regional balancer.

**March 20-21, 2009:** Japan's Defense Minister Hamada Yasukazu visits China.

**March 23, 2009:** Saiki Akitaka, Foreign Ministry director general for Asian and Oceanic Affairs, meets Vice Foreign Minister Wu Dawei in Beijing to discuss Six-Party Talks and North Korea's pending ballistic missile launch.

**March 29-April 4, 2009:** Li Changchun, fifth-ranking member of the Politburo's Standing Committee who is said to be hard-liner toward Japan, visits Tokyo and meets Prime Minister Aso and Foreign Minister Nakasone.

**March 30, 2009:** Taiwan's Association of East Asian Relations announced plans to open a representative office in Hokkaido to support growing number of Taiwanese visitors to the northern island.