

EAST ASIA INSIGHTS

TOWARD COMMUNITY BUILDING

JCIE Japan Center for International Exchange

November 2010

The Senkaku Islands and Mending Japan-China Relations

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Despite increasing economic interdependence between Japan and China, there are still political disagreements between our two nations that have the potential to raise tensions and escalate conflicts. The recent incident involving the Senkaku Islands is one such issue, and it requires careful management so that we can prevent escalation of the conflict and build cooperative relations.

Japan's Historical Low-Key Approach

In 1978, Deng Xiaoping visited Japan for the ratification of the Treaty of Peace and Friendship between Japan and the People's Republic of China. During this visit, Deng made his now famous statement that the Senkaku Islands issue would be shelved for future generations to address.

Given Japan's effective control of the islands, Liberal Democratic Party governments took the view that there is no merit in disputing the issue with China. To this end, they took a number of measures to handle this volatile issue in a low-key manner, so as not to instigate unnecessary protests from China. For instance, in 2002 they implemented measures to prevent private Japanese citizens from visiting the islands—in

particular right-wing activists intent on making symbolic demonstrations of sovereignty—by entering into a long-term lease for the three islands that are owned by a private landowner, thereby exerting government control over all of the islands. Further, and more crucially, when the Japanese Coast Guard intercepted Chinese citizens attempting to make a forced landing, they were promptly expelled, rather than being placed before the Japanese legal process.

Rising Tensions

The most recent incident surrounding the Senkaku Islands has resulted in more confrontational relations between Japan and China over the issue. An altercation in September between a Chinese fishing boat and the Japanese Coast Guard triggered tensions, putting a diplomatic standoff in motion. After the fishing boat rammed into a Coast Guard vessel, causing substantial damage, the Coast Guard arrested the captain of the fishing boat, not for illegally fishing in Japanese waters but for obstructing the exercise of law enforcement. Still, the decision to arrest the captain and send the case to the prosecutor's office, putting him into the Japanese legal process, did appear in the eyes of the Chinese

authorities to be a departure from the past low-key practice on the part of Japan.

China's Tough Responses

In the wake of this perception that Japan had departed from its previous low-key approach, and in response to strong nationalist protests against the arrest at home, the Chinese government took a range of tough, coercive measures against Japan. From the outset, China demanded the “immediate and unconditional” release of the captain. Further, government-to-government consultations on matters such as a joint development project for gas in the East China Sea, and all government exchanges above the ministerial level, were suspended; large-scale tours from China to Japan and entries into China by Japanese residents planning to attend public functions were cancelled; Chinese rare earth exports to Japan were suspended; and four Japanese Fujita Corporation employees based in China were arrested on ambiguous charges of photographing military facilities. These responses have strengthened perceptions of a hard-line China willing to take extraordinarily tough measures in response to regional disputes.

Perceptions of Japan's Weak Diplomacy

Approximately two weeks later, Japan released the captain, and the explanation of the release was left to the Naha District Public Prosecutor's Office. In justifying the decision to the media, the deputy public prosecutor explained that consideration was given to the arrest's effect on “the future of Japan-China relations.”

Domestically, there has been a backlash. Complaining that the government has bowed to Chinese pressure and run away from its obligation to explain to the public how it is managing Japan's diplomacy, protesters took to the streets.

More broadly, the Kan administration's handling of the issue is indicative of a lack of strategic thinking on how to deal with the Senkaku issue specifically, a dearth of crisis management mechanisms to deal with such serious incidents as they unfold, and a lack of vision regarding the formulation of an overarching foreign policy strategy more generally. The government must make a more realistic assessment of the international environment and formulate a foreign policy

grand strategy that recognizes the reality that East Asia is a region in transition. Japan should have expected a strong reaction from China and calculated the impact before taking any action.

China's Growing Assertiveness

The Senkaku incident is just one indication of a broader trend of China's growing confidence in East Asia, born out of the relative decline of US power and China's awakening great-power consciousness. Also indicative of this trend are the expansion of the People's Liberation Army's (PLA) naval capabilities, China's increased maritime activities to explore potential energy resources, and China's declaration of the South China Sea as a “core interest.” Such actions have evoked concerns from other nations—particularly the United States with its commitment to open sea lanes—including from other regional actors with territorial disputes with China such as the Philippines and Vietnam.

Notably, tensions over control of the South China Sea were evident at the ASEAN Regional Forum (ARF) meeting held in Hanoi in July, where China felt blindsided by comments made by the United States and the ASEAN countries. US Secretary of State Hillary Clinton stated, “The United States has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea.” Her comments were echoed throughout the meeting by her ASEAN counterparts, despite reported Chinese requests to handle the issue bilaterally and keep it off the ARF agenda, as well as Chinese Foreign Minister Yang Jiechi's noticeable frustration.

My own experience recently as a panelist at the Singapore Global Dialogue in September also demonstrated China's growing confidence and heavy handedness, as well as international concern resulting from such conduct. A PLA major general launched a heated rebuke of my remarks regarding the Senkaku Islands. His comments at this dialogue, and a general increase in public comments by him and other senior PLA figures, have been picked up by those in the international media who are concerned about the PLA's growing influence over China's foreign policy.

Mending Japan-China Relations

It would be wise for both countries to stop their debates on the Senkaku Islands. Japan has no intention of shifting its policy and acknowledging that there is a territorial dispute, and it will continue to exert effective control over the islands. Therefore, there is no exit point, and further debate will only serve to raise tensions and escalate the conflict.

What is important at this juncture is not to lay blame or criticize but to actively move forward to diffuse confrontational stances and mend relations. The two governments must lead the bilateral relationship in a cooperative and constructive manner; antagonistic nationalism cannot be allowed to poison interactions. As a starting point, while the East Asia Summit at the end of October was an opportunity lost, the November 2010 meeting between Prime Minister Kan and Chinese President Hu Jintao at APEC was a positive step forward.

Beyond this, the governments of Japan and China must demonstrate why their bilateral relationship is important and cement a mutually beneficial strategic partnership that delineates concrete measures to be taken. Such measures should include the immediate resumption of all exchanges, including the exchange of ministers, joint public functions, and tourism; and negotiations for joint development of gas fields should be restarted. Further, confidence-building measures (CBMs) should be reinvigorated and expanded. This should include the resumption of military exchanges between the PLA and the Japan Self-Defense Forces and expansion of dialogue to higher levels.

Strengthening Regional Stability through Multilateral Cooperation

At the same time, the rise of China requires a more comprehensive approach than just implementing bilateral measures. As countries in East Asia seek to foster a stable, peaceful, and prosperous region, interdependence with China is inevitable. China is already the top trading partner for Japan, South Korea, and ASEAN as a whole, and this interdependence will only intensify in the future. China's growing power means that it is not just an expanding market

presenting economic opportunity; it also has the potential to destabilize the region. All regional actors thus need to be alert to and recognize East Asia's shifting power configuration and try to bring China into the fold as a constructive stakeholder in the international community.

A strategic realignment is needed to promote strengthened relations among other regional actors, such as Australia, India, Indonesia, Japan, South Korea, the United States, and Vietnam, and to guard against future unpredictability or any potential regional destabilization. Part of this strategic realignment needs to include deep strategic talks between Japan and the United States. A new future-oriented path forward for the US-Japan alliance must be charted, recognizing the shifting balance of power in East Asia. The agreement made between US President Barack Obama and Japanese Prime Minister Kan during the Yokohama APEC Summit—to unveil a new vision for the alliance next spring—is a positive step forward on this front. Another element of regional strategic realignment should be the establishment of a trilateral confidence-building mechanism among the United States, Japan, and China. Such a mechanism should include cooperation on military maneuvers, port visits, disaster relief, and regular defense program briefings while at the same time helping to ameliorate Chinese concerns regarding the US-Japan alliance.

Revitalizing Japan's Regional Economic Diplomacy

Another tool for promoting regional stability and harmonious interdependence with China is the advancement of inclusive mechanisms on economic issues. In this light, one positive outcome from the APEC Summit was Japan's decision to start consultations with relevant nations on the Trans-Pacific Strategic Economic Partnership (TPP). Previously, Japan aimed to achieve East Asian economic integration by negotiating bilateral Free Trade Agreements (FTAs) with ASEAN countries and by promoting former Prime Minister Yukio Hatoyama's East Asia Community idea. The decision to consider joining the TPP is seen as a move by Japan toward a broader regional sense of Asia

Pacific, but this does not need to be at the expense of East Asia.

To participate in the TPP, Japan will need to push forward on liberalizing agricultural markets. Agricultural protectionism has been a major hindrance to Japan's ability to conclude FTAs, as demonstrated by bilateral negotiations with the United States and Australia and trilateral negotiations with China and South Korea. Japanese participation in the TPP would represent a major step forward in eradicating Japanese agricultural protectionism, opening the door for Japanese leadership on multilateral free trade in East Asia. As Japan begins negotiating entry into the TPP and pushes forward on agricultural liberalization, it should not abandon economic integration in East Asia. Simultaneously chasing economic integration on these two fronts would be a wise strategy for Japan, where ultimately the two movements

can be linked together down the road to form a Free Trade Area of the Asia Pacific.

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Given Japan's effective control of the Senkaku Islands, the Kan administration should deal with China in a manner that is less likely to exacerbate tensions and escalate conflict. Japan and China must act quickly to diffuse the confrontational stances and mend bilateral relations, resuming and expanding mutual exchanges, negotiations, and CBMs. All countries in the region have a role to play in handling the rise of China in a peaceful manner by bringing it into the fold as a constructive stakeholder in the international community.

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East Asia Insights

East Asia Insights is an occasional newsletter focusing on East Asia community building from the Japanese perspective.

Published by: Tadashi Yamamoto, President, JCIE

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