

BULLETIN

No. 11 (228) • February 3, 2011 • © PISM

Editors: Marcin Zaborowski (Editor-in-Chief), Agnieszka Kopeć (Executive Editor),
Łukasz Adamski, Beata Górka-Winter, Artur Gradziuk, Leszek Jesień,
Beata Wojna, Ernest Wyciszkwicz

Sino-Japanese Relations in Light of the Senkaku Islands' Dispute

Justyna Szczudlik-Tatar

The Sino-Japanese tension that occurred in September 2010 (a dispute over the Senkaku Islands) could be perceived as a change in bilateral relations. China's unapologetic attitude towards Japan raises concerns not only in Tokyo but also among East Asian countries. They want to draw the international community's attention to China's assertiveness and strengthen cooperation with the U.S. as a guarantor of security in Asia. China perceives this approach as encirclement of the PRC, which vindicates its increase in military spending. The likelihood of similar disputes in the region has increased.

Background. Sino-Japanese relations are not very intimate. There are miscellaneous reasons for that from historical reminiscences to the current political and economic rivalry in the Asia Pacific region as well as the role each wants to play in the world.

Bilateral relations under Prime Minister Koizumi (2001-2006) were acrimonious. At the time disputes were mainly for historical reasons. The two flashpoints of these rows were textbooks approved for use in Japan's schools that bleached the record of crimes by the imperial army in China from 1931 to 1945, and Koizumi's visits to the Yasukuni Shrine, which commemorates, *inter alia*, Japanese war criminals. These incidents sparked severe public outrage in the PRC.

Koizumi's successors have refrained from visiting Yasukuni. This factor removed the obstacle to high-level official visits that improved Sino-Japanese relations. In October 2006, Prime Minister Abe visited China, resuming diplomatic dialogue. China called it an "ice-breaking" visit. In April 2007, Prime Minister Wen paid a so-called "ice-melting" visit to Japan. References to subsequent visits also indicated the diffusion of tensions between the sides. Prime Minister Fukuda's trip to Beijing in December 2007 was called the "spring-ushering" visit, and Hu's visit to Japan in May 2008 was the "warm spring trip."

After the overwhelming victory by the Democratic Party of Japan in parliamentary elections in August 2009, Japan seemed to have launched a more moderate foreign policy based on closer relations with China and somewhat looser ties with the U.S. But defeat in the negotiations on the relocation of the U.S. bases on Okinawa under Prime Minister Hatoyama in May 2010, and a recent dispute between Japan and China under Prime Minister Kan, could be perceived as a failure of this more balanced approach.

The dispute concerned the Senkaku islets and started in September 2010, resulting in a serious deterioration of bilateral relations. Furthermore, both sides went a step further—Japan detained the Chinese crew of a vessel in disputed waters and the PRC in turn imposed *de facto* economic sanctions on Japan.

Main Points of Disagreement. The latest spat should not be perceived only as a pure territorial dispute. This apparently insignificant incident demonstrates the climate of Sino-Japanese relations.

Taking into account the historical dimension, bilateral relations have many reminiscences concerning territorial disputes (the last series of disputes took place in the 1990s and in the early 2000s when both sides tried to install their own national flags on the islands) and, generally, Japan's role during wars in the 19th and 20th centuries. These include the above-mentioned issues with the history textbooks, the problem of so-called "comfort women," which is a euphemistic term for the sexual abuse of Chinese women by the Japanese army, and repeated demands for an apology for all damages made by Japan during the wars.

The dispute over the islets revealed that the PRC could use economic interdependence as an instrument of pressure on Japan. During the last spat, China *de facto* suspended the export of rare earth minerals, which are essential for high-tech manufacturing in Japan. It is worth mentioning that the Chinese government adopted guidelines according to which sector of rare earth minerals should be under tighter state control. Because China provides 97% of the world's rare earths demand and Japan imports 90% of what it needs from the PRC, it is a significant tool of pressure. The dispute over Senkaku also is perceived as a rivalry for access to energy resources. The area around the islets is rich in offshore oil and natural gas deposits. Both states are interested in accessing these resources. Moreover there are four gas and oil fields near islands in the Exclusive Economic zones. In 2008, the countries made a preliminary deal to mutually develop one of the fields despite the unresolved boundary issue. However, after the September incident China postponed the next round of talks about the deal. Furthermore, control of the islands ensures the safety of a trade route in the East China Sea, including the transportation of raw materials from Central Asia and the Middle East. The islands also provide access to Taiwan and Okinawa and hence, for the PRC, which has as a goal the future reunification of Taiwan and the balancing of U.S. influence in Asia (such as the U.S. military bases in Okinawa), the islands have a strategic importance.

China and Japan also differ in their perceptions of security. Japanese authorities and society are afraid of the growth of China's military potential, particularly the Chinese navy. It is widely acknowledged that disputes between Chinese and Japanese vessels near Senkaku islands occur quite often but without serious consequences. On one hand, it can be assumed that Japan's exaggerated reaction to the recent collision might be seen as a desire to draw the attention of the U.S., which is the guarantor of security for Japan, to the PRC's threat. On the other hand, it also could be seen as an attempt to prove the need for more active U.S. engagement in Asia in the face of China's growing status.

From the political perspective, recent changes in the global and regional arenas have an impact on Sino-Japanese relations. In August 2010, it was announced that China replaced Japan as the second biggest economy in the world (in terms of nominal GDP). Furthermore, increasing the role of the PRC and the so-called emerging powers vindicates an assumption about the growing importance of the G20 as a principal and permanent forum for shaping the global economic system. Japan prefers that the G8 plays the leading role in the global governance system, as a more cohesive group that shares similar values. In Japan's view, the G20 should be seen as another forum of cooperation but not one to replace or be used to neglect the G8. Additionally, China rather clearly says that it does not perceive Japan as a very important global and regional player. Even though this is only rhetoric, it shows the real acrimony of the current "climate" in bilateral relations.

Consequences and Prospects. Despite the fact that Sino-Japanese relations were normalized in October 2010 when Prime Ministers Kan and Wen resumed political dialogue between the states, the recent row could be perceived as a new stage in bilateral relations. The reaction of Japan, which was apparently aware of strong opposition from China, could be perceived as evidence of its increasing concern about China's unhindered economic, political and military rise.

The PRC, however, being aware of its stronger status in the region, becomes increasingly assertive when it comes time to show its strength and power of influence. There are some suppositions that the Chinese retaliation against Japan was a result of a rivalry inside the CPC (conservatives, such as those within military circles, vs. liberals) and evidence that the PRC was not prepared to manage this particular dispute. It is quite obvious that China's reaction was tougher than expected and such behaviour is damaging to China's image. Eventually, the PRC's conciliatory attitude to mute the dispute was probably the result of a fear of a loss of reputation. Furthermore, China is afraid of a growing distrust in the region, especially among countries with which the PRC has territorial disputes. Japan also did its best to improve bilateral relations. This should be perceived as a pragmatic move, designed to resolve the dispute, especially with a worsening economic situation.

However, this incident could have serious consequences not only for Sino-Japanese relations but also for the whole region. China's behaviour could raise concerns across Southeast Asia and prompt Japan and other countries to strengthen their alliances with the U.S. This approach is perceived in China as a process of encirclement (*baowei*) of the PRC and is used to justify increasing China's military modernization and strengthening its defence capability to protect national interests. At the same time, a sense of being strong and the rise of nationalist sentiments among the Chinese people influence the PRC's foreign policy, which evolves from passive to active. For this reason, the likelihood of similar disputes in the region is increased.