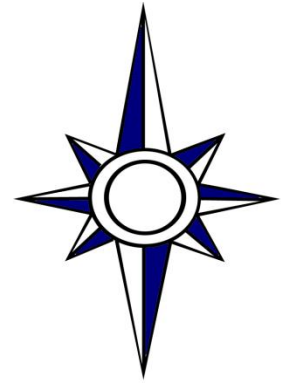


Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



Japan-China Relations: Treading Troubled Waters

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The Senkaku/Diaoyu Islands controversy continued to occupy center stage in the Japan-China relationship. Trying to find political traction and advance a possible summit, Prime Minister Abe, at the end of January, sent Yamaguchi Natsuo, leader of his coalition partner New Komeito Party, to Beijing, where he met Xi Jinping. The meeting produced agreement on the need for high-level talks, which, at the end of April, have yet to materialize. In response to Beijing's efforts to have Tokyo admit the existence of a dispute over the islands, the Abe government continued the policy line of the Noda government; namely, that a dispute does not exist. To demonstrate the contrary and challenge Japan's administration of the islands, China increased the number and frequency of maritime surveillance ships deployed to the region. At the end of April, China's Foreign Ministry for the first time applied the term "core interest" to the islands.

Prime Minister Abe on China

In a Dec. 30 interview with the *Sankei Shimbun*, Prime Minister Abe Shinzo called the Japan-China relationship "one of the most important bilateral relations in the world." Recognizing the benefits enjoyed by both countries as a result of their strong economic ties, Abe appealed for "calm" management of relations when the two countries' interests conflict. Regrettably, he noted this was not the case with recent Chinese behavior and asked Beijing to do its utmost to protect Japanese companies and nationals doing business in China. As for the Senkakus, Abe made clear that there would not be the slightest change in his determination to defend Japan's land and seas; that the issue was not negotiable, and that responsibility for the problem rested with China, which was intent on using the issue for its own political purposes.

Turning to history, Abe said that he was considering issuing a "future-oriented statement ... appropriate for the 21st century" regarding the 1995 Murayama statement. As for the 1993 Kono statement on "comfort women," Abe noted that in 2007 his previous government found no documentation that "directly proves that there was so-called recruitment by the military or government authority." He went on to say that the "chief Cabinet secretary will indicate a policy to international audiences by taking this statement into account." Responding to Abe's remarks, China's Foreign Ministry asked the new Abe government to honor the Murayama statement and deal properly with issues related to history.

* The views expressed in this article are the views of the author alone and do not necessarily represent the views or policy of the National Defense University, the Department of Defense, or the U.S. government.

In his inaugural speech to the Diet on Jan. 29, Abe declared “the biggest and most urgent item for our country is the revitalization of the economy.” He stayed clear of issues related to collective self-defense and did not specifically refer to China. However, he reiterated his determination to “resolutely defend ... the nation’s land, seas and skies and to “make all-out efforts” to strengthen control of Japan’s remote islands.

During Diet session interpolations, Abe responded to a question on the Kono statement by noting that the statement was made by Kono Yohei, as chief Cabinet secretary, and that he, as prime minister “would refrain from commenting further.” He would assign the matter to the chief Cabinet secretary. On the issue of Cabinet members paying homage at the Yasukuni Shrine, the prime minister said that he had no intention of taking up the issue and would leave the matter to the decision of each Cabinet member. As for the Senkakus, he reiterated that “there is no doubt that the Senkaku Islands are Japan’s inherent territory historically and under international law, and there is no territorial dispute that must be resolved.”

In a television interview following the Diet address, Abe reiterated that there is “no room for negotiations” over the Senkakus and called for a summit to address the “problems we have faced” and begin to rebuild the strategic partnership of mutual benefit. Abe repeated his call for a summit at a press conference during his Feb. 22 visit to Washington.

Before leaving for Washington, Abe gave an interview to the *Washington Post* in which he expressed concern with China’s “deeply ingrained” need to create tensions with its neighbors to build domestic political support. Abe observed that the Chinese Communist Party’s concern with its own legitimacy had resulted in its patriotic education campaign, “which is in effect focusing on anti-Japanese sentiment” and “in turn undermining their friendly relationship with Japan.” According to Chinese Foreign Ministry spokesperson Hong Lei, the *Washington Post* report had shocked Beijing. Hong observed that “it is rare that a country’s leader brazenly distorts facts, attacks its neighbor, and instigates antagonism between regional countries.” The following day, Hong added “China is strongly dissatisfied with the Japanese leader’s remarks that brazenly distorted facts, attacked and smeared China, and instigated antagonism between China and Japan.” “Stern representations” were made to Japan.

On Feb. 28, Abe delivered the prime minister’s annual policy address to the Diet. Without mentioning China by name, he cautioned against the use of force “to change the status quo” on territorial issues. He called on China to refrain from “any dangerous acts” and referred to former British Prime Minister Margaret Thatcher and her resolute defense of British sovereignty in the Falkland Islands and went on to underscore that Japan’s interests “are immutable forever,” that aggression must not be allowed to prevail; rather “international law, the fundamental rule for the entire world, must prevail against the use of force.”

China’s Foreign Ministry spokesperson Hua Chunying responded to Abe’s address by reasserting that “the Diaoyu Island and its affiliated islands have been China’s inherent territory since ancient times. China has indisputable sovereignty over them. All actions that Japan has taken over the Diaoyu Islands are based on its illegal occupation of Chinese territory, therefore, Japan’s so-called ‘status quo’ has been illegal and invalid since the very beginning.” Hua called on Japan to “give up its illusion” with respect to the Diaoyu Islands and “to face squarely history

and reality.” If the relations are to improve, Japan should “cease words and actions that insult China and by its actions make every effort to improve ties.”

Yasukuni

On Feb. 5 Takaichi Sanae, head of the Liberal Democratic Party’s (LDP) Policy Research Council, addressed a meeting of Japan’s War Bereaved Families at LDP headquarters. Takaichi told the families that she thought the prime minister and senior officials of the government should be able to pay respects to the war dead enshrined at Yasukuni during the Spring Festival at the end of April. On March 29, Chief Cabinet Secretary Suga Yoshihide announced that the prime minister would make an offering of *masakaki* during the Spring Festival. He went on to say that Abe deeply regretted that he had been unable to pay respects at the shrine during his first term in office; as for a decision by the prime minister to pay homage at the shrine during the Spring Festival, Suga said that he had “nothing at all on that.”

In remarks before the Lower House Budget Committee on April 10, Abe said that during the war soldiers would depart by agreeing to meet again at Yasukuni and that war-bereaved families now go to the shrine with the hope of meeting their deceased fathers and husbands. Abe observed that US presidents visit Arlington National Cemetery where Confederate soldiers are buried, and do so without affirming the system of slavery that the Confederate dead fought to uphold.

On the occasion of the Spring Festival, Internal Affairs and Communications Minister Shindo Yoshitaka visited the shrine on April 20; Deputy Prime Minister Aso Taro and State Minister in Charge of Abductions Furuya Keiji followed the next day. In addition, 168 members of the Diet visited the shrine, the largest number to do so in eight years. Asked about his views on the international impact of his visit, Aso said it would have hardly any effect.

Chief Cabinet Secretary Suga expressed his personal understanding of the visits – that they were made in a private capacity and represented a “problem of the heart,” an area that the government should not intrude on. China’s Ministry of Foreign Affairs had a different take on the visits. Spokesperson Hua told reporters that “only when the Japanese government faces history with the right attitude and can profoundly reflect on history will it march towards the future and develop a friendly and cooperative relationship with its neighboring countries and China.” Reacting to criticism of the Yasukuni visits, Abe made clear that his Cabinet “will not yield to any kind of intimidation.” He considered it only natural to “express one’s respect and worship the precious souls of the war dead” and said that his government would deal calmly with any tensions caused by the visit, reiterating Japan’s interest in improving relations with Beijing and Seoul.

History

During the March 14 Diet session, Abe expressed his view that judgments of the International Military Tribunal for the Far East represented “victors’ justice.” The following day, China’s Foreign Ministry spokesperson responded, observing that the Tribunal’s rulings reflected the “international community’s righteous judgment...” As for Japan, she observed that “There is always a force in Japan that is unwilling to accept its defeat ... and attempts to challenge the postwar international order,” emphasizing that history “brooks no revision.”

During a meeting of the Upper House Budget Committee on April 22, Abe again touched on history, saying that his government “will not inherit the Murayama statement as it is.” Earlier, in a February statement to the Upper House, Abe said that “our country has inflicted serious damages and pain on many countries in the past,” adding that he took “the same position as past Cabinets on this point.” The prime minister now explained “this is the one point in the Murayama statement that I share.” Meanwhile, he announced that his government would issue its own future-oriented statement on the 70th anniversary of the end of the war in 2015.

When asked the following day if Japan should apologize for its colonial past, the prime minister replied that “the definition of what constitutes aggression has yet to be established in academia or in the international community. Things that happened between nations will look differently depending on which side you view them from.” Chief Cabinet Secretary Suga accused the media of picking up only “fragments” of Abe’s remarks, explaining that the prime minister recognizes that South Korea and China are important neighbors and “does not want his remarks and issues surrounding Yasukuni to affect the overall relationships with the two countries.”

High-level interaction

In an effort to find political traction with Beijing, Prime Minister Abe sent Yamaguchi Natsuo, leader of his coalition partner New Komeito Party, to China. Before departing Tokyo on Jan. 22, Yamaguchi told reporters that he hoped his visit would serve as a “step toward opening the door to normalizing relations.” On the following day, Yamaguchi met former State Councilor Tang Jiaxuan, now serving as the president of the China-Japan Friendship Association. Tang observed that “shelving the [Diaoyu] dispute had served to preserve bilateral friendship,” that “prolongation of this situation will not benefit either side,” and that “resolution should be left to future generations.” Yamaguchi replied that “unforeseen incidents must be avoided” and that excessive focus on the Senkaku issue “will poison the sentiments of the people of both countries.” He urged “dialogue from a broad perspective” and went on to call for a resumption of Japan-China summit meetings. Tang remarked that he saw Yamaguchi’s visit as a step toward laying “the groundwork for high level talks.” Both agreed on the need for such engagement.

Yamaguchi advanced Abe’s call for a summit when he met Xi Jinping in the Great Hall of the People on Jan. 25. Xi replied that he highly valued Abe’s earlier efforts to improve relations and wanted to give “serious consideration” to the proposal, making it clear that high level meetings required a proper environment. Addressing the Diaoyu issue, Xi noted the importance of the issue for both countries and, despite differences in their respective positions, called for “dialogue and consultation.” During the meeting, Yamaguchi handed Xi a personal letter from Abe.

Japanese efforts to advance relations continued as a delegation led by former Prime Minister Murayama Tomiichi; LDP Deputy Secretary General Nakatani Gen; New Komeito Deputy Secretary General Tomita Shigeyuki, and former LDP Secretary General Kato Koichi, now chairman of the Japan-China Friendship Association, followed Yamaguchi to Beijing. The delegation met Tang Jiaxuan on Jan. 28. Tang referred to the Murayama statement of 1995 that expressed Japan’s deep remorse for its wartime aggression and atrocities and expressed concern

that there is now movement in Japan to deny its past. Murayama emphasized that his past statement stands, that no one individual can destroy it, and must be firmly protected.

Earlier, former Prime Minister Hatoyama Yukio tried his hand at repairing relations. On Jan. 16 Hatoyama met senior Chinese officials, including Jia Qinglin, chairman of the Chinese People's Political Consultative Conference, and Foreign Minister Yang Jiechi. Afterward, meeting with reporters, Hatoyama said it was important for both sides to "recognize the existence of a dispute" and return to the agreement reached at the time of normalization "to shelve the matter." According to Hatoyama, both Jia and Yang agreed. Reaction in Tokyo came the next day. Chief Cabinet Secretary Suga made clear that Hatoyama's remarks were contrary to government policy and "extremely regrettable." Minister of Defense Onodera Itsunori found Hatoyama's remarks "a big minus for Japan," which China would use to shape international public opinion. Onodera went on to remark that it had been sometime since the word "traitor" had crossed his mind. On Jan. 17, Hatoyama visited Nanjing and the war memorial dedicated to the victims of the Nanjing massacre. At the site, he expressed his deep remorse for the actions of the Imperial Army.

At the end of February, Keidanren Chairman Yonekura Hiromasa led a business delegation to Beijing. After meeting Tang Jiaxuan, he told reporters that Tang had expressed confidence in the development of bilateral relations and had called for promotion of private-sector exchanges. Yonekura expressed his support for Japan-China cooperation in addressing China's environmental problems.

Yonekura led another Keidanren delegation to Beijing at the end of March, the first Keidanren delegation to visit China following the National People's Congress. The delegation met Vice Minister of Commerce Chen Jian to discuss environmental cooperation. They met separately with Tang Jiaxuan, who was quoted as saying that "because of close economic ties ... the two countries should promote economic exchanges and cooperation as scheduled." Tang also said that the two countries "must control today's critical situation, cool down tensions and achieve a soft-landing ..." He urged Japan to "squarely face history" and "move in the same direction as China." The delegation also met Vice President Li Yuanchao. According to Yonekura, Li was "confident" that the Senkaku/Diaoyu issues could be overcome through "dialogue and consultations." Earlier, Vice Foreign Minister Zhang Yesui told the Keidanren delegation that China "highly values" its relations with Japan.

On April 16, former speaker of the Lower House and currently JETRO Chairman Kono Yohei met Deputy Prime Minister Wang Yang in Beijing. According to sources at the meeting, Wang expressed appreciation for Japan's assistance and cooperation in support of China's development and observed that cooperation benefited both countries while conflict would lead to their mutual ruin. Wang added that incorrect choices made by political leaders should not affect economic progress. Kono replied that the present unfortunate state of affairs "should be resolved without delay." The *Sankei Shimbun* reported that China's netizens had criticized Wang for his pro-Japanese remarks.

On April 19, Keidanren announced postponement of a planned May visit to China. Three days later, Komura Masahiko LDP deputy president and head of the Japan-China Friendship Parliamentarians' Union announced cancelation of a scheduled early May visit to China.

Japanese sources reported that the Union had been informed by Chinese counterparts that arranging an appointment with President Xi would be difficult.”

Senkaku incursions

As detailed in the chronology, the year began with multiple incursions by China’s Maritime Surveillance Agency (MSA) ships into Japan’s contiguous zone and territorial waters around the Senkaku/Diaoyu Islands. There were also at least two instances of a State Oceanic Administration (SOA) surveillance aircraft approaching Japanese airspace in the region, causing Japanese Air Self-Defense Force (ASDF) fighters to scramble. After four MSA ships entered Japanese territorial waters and remained for more than 13 hours, Chief Cabinet Secretary Suga described the incident as “a very unusual case.” Deputy Foreign Minister Saiki Akitaka called in Chinese Ambassador Cheng Yonghua to protest and demand that China “never repeat” the incursion. Cheng replied he could not accept the protest but would convey Saiki’s statement to his ministry. Prime Minister Abe responded to the Chinese activity by ordering the deputy chief Cabinet secretary for crisis management to consider measures to strengthen territorial surveillance of the Senkakus. Japanese media reported that among the measures to be considered was firing warning shots.

In Beijing, the Foreign Ministry made clear that China would watch Japan’s expanding activities with a “high degree of vigilance” and that Chinese aircraft and ships would carry out normal administrative functions. Meanwhile, China’s *Global Times* reported that the government had committed to building 36 modern surveillance vessels by 2015: among them seven of 1,500 tons, 15 of 1,000 tons, and 14 of 600 tons – all larger than ships currently operated by the SOA. Chinese media also reported that the PLA Navy had transferred decommissioned navy ships to the SOA. The *Yomiuri Shimbun* reported that one of the ships, a 3,000-ton vessel, had been among the ships that entered Japan’s territorial waters on Jan. 7. On Jan. 10, Beijing announced a policy decision to continue regular patrol activities in the Diaoyu Islands. *Xinhua* reported that the decision was made at the National Marine Work Conference. On Jan. 15, Foreign Ministry spokesperson Hong Lei announced that China would survey the Diaoyu Islands as part of a program initiated in 2009 to survey and map Chinese islands. No date was announced for the survey.

When two MSA ships entered Japanese territorial waters near the Senkakus in early February, Deputy Foreign Minister Saiki Akitaka called in Ambassador Cheng to protest the incursion, emphasizing that China’s actions “completely run counter to expectations on both sides for the improvement of bilateral relations.” The Abe government responded by setting up a “Planning and Liaison Office for Territorial and Sovereignty Issues” in the Cabinet Secretariat. In Beijing, Foreign Ministry spokesperson Hua said that the Chinese ships were simply carrying out normal patrol activities pursuant to their public responsibilities. This pattern was repeated in mid-February, when the Foreign Ministry explained that “Chinese maritime surveillance ships routine patrols and law-enforcement in waters off the Diaoyu Islands are normal performance of duty to exercise jurisdiction.” On Feb. 23, when an MSA ship entering Japanese territorial waters was challenged by Japan’s Coast Guard – the 29th incursion since the Japan nationalized three of the islands on Sept. 11 – the Chinese ship responded that the “Diaoyu islands are Chinese territory since ancient times.” On Feb. 28, *People’s Daily* electronic edition ran a front-page commentary

under the headline “Conduct on the Sea Draws a Clear Line.” The commentary asserted that China’s actions in the Diaoyus had shattered Japan’s effective control.

In Japan, the incursions were presented as a serious challenge to its security. In early February, Prime Minister Abe told a 700-member Self-Defense Force audience in Naha that “Japan is facing an increasingly harsh security environment in its periphery. There have been continuous challenges to its national territory and national sea and airspace and to its sovereignty.” Abe vowed to make continuous efforts to resolutely uphold Japanese sovereignty. At a March 5 press conference, Minister of Defense Onodera announced that the Maritime Self-Defense Force (MSDF) and Coast Guard had entered into discussions regarding the transfer of retired MSDF ships to the Coast Guard. Reacting to media reports that China planned to survey the Diaoyu Islands, Chief Cabinet Secretary Suga told reporters that the Senkakus are unmistakably Japanese sovereign territory; the report, “if true, was totally unacceptable.” Later, on March 17, Prime Minister Abe told the graduating class of the National Defense Academy in Yokosuka, that in light of North Korea’s nuclear and missile programs and Chinese actions in the Senkakus and East China Sea, Japan was facing “a crisis of the here and now.”

By mid-March, the Chinese were demonstrating increasing confidence in their assertions of sovereignty. On March 9, during a press conference on the sidelines of the National People’s Congress (NPC), Foreign Minister Yang accused Japan of “illegally seizing and occupying” the islands – a provocation at odds with the post-war international order – and asserted that Japan had “single-handedly” caused the downturn in relations. He urged Japan “to face up to reality ... and resolve relevant issues through dialogue and consultations, so as to prevent further escalation of the situation and not allow it to become unmanageable.” At the same time, Yang said China stood ready to advance the mutually beneficial strategic relationship. However, future development of relations depended on Japan’s correct understanding of history.

Also during the NPC, China announced plans to reorganize its maritime law enforcement agencies. The reorganization establishes a SOA with oversight of the Maritime Surveillance Agency, the coast guard forces of the Public Security Ministry, the Fisheries Law Enforcement Command of the Agriculture Ministry, and the maritime police of the General Administration of Customs. The new agency will be headed by the vice minister of the Public Security Ministry.

At the end of April, China’s presence in the Senkakus/Diaoyus was nearly continuous and its claim to sovereignty increasingly assertive. From April 8-17 and again from April 19-26, three MSA ships patrolled the region and regularly entered Japan’s contiguous zone. When warned against entering the area, one of the ships replied that it was operating in waters under Chinese administration. Addressing the Boao Forum, President Xi, while emphasizing that issues related to China’s sovereignty, territorial integrity, and security are not negotiable, urged dialogue as the proper way to manage maritime tensions in the South China Sea and East China Sea.

Meanwhile, on the evening of April 22, nine Japanese ships with approximately 80 passengers made up of regional lawmakers and media representatives departed Ishigaki bound for the Senkakus. The ships were followed and observed initially by three of China’s MSA ships; five additional ships were later diverted to the area. The eight Chinese ships represented the largest deployment to the region since September 2012. The Japanese Coast Guard reported that the

Chinese ships at intervals entered Japan's contiguous zone and territorial waters. Vice Minister of Foreign Affairs Kawai Chikao summoned Ambassador Cheng to protest, finding the incursion "regrettable in the context of efforts to improve relations." The ambassador refused to accept the protest but said he would report its content to Beijing. The Chinese Foreign Ministry announced its own protest, accusing Japanese rightwing elements of violating Chinese sovereignty.

During an Upper House Budget Committee meeting on April 23, Prime Minister Abe announced that to support effective management of the islands, the government, among the specific policy steps under review, would consider stationing public officials and the construction of ship facilities. Abe further stated that "if there is an instance where there is an intrusion into our territory or seems that there could be a landing on the islands, we would take decisive action. We would never allow [a landing]." In reply, Beijing made clear that China would continue to take strong measures to protect its territorial integrity, and on April 26, for the first time, Foreign Ministry spokesperson Hua used the term "core interest" with respect to the Daiyou Islands. Later, the official transcript of the remarks was amended to read "China firmly safeguards its core national interests, including national sovereignty, national security, territorial integrity, etc. The Diaoyu Islands issue concerns China's territorial sovereignty."

East China Sea: fire-control radar lock-on?

On Feb. 5, Minister of Defense Onodera announced that in late January PLA Navy frigates had locked on fire-control radars on a Japan Maritime Self-Defense Force (MSDF) helicopter (Jan. 19) and the MSDF destroyer, *Yudachi* (Jan. 30). The minister found the actions "dangerous" and "abnormal," with the potential to "develop into a very dangerous situation." The Abe government protested the incident through the Chinese Embassy. Later, on Feb. 7, Prime Minister Abe told the Diet that the lock-on was "an extremely dangerous act and was completely in violation of the rules of the international community." Abe called on China to abide by international rules and refrain for escalatory actions. At the same time, he made clear that Japan "will not close channels for dialogue" and called on China to "return to the starting point of the mutually beneficial strategic relationship."

In Beijing, the Foreign Ministry's initial response was that it lacked details of the alleged incident and referred reporters to the Ministry of National Defense. Meanwhile, the *Global Times* online edition blasted reports of the incident as a Japanese fabrication. On Feb. 7, the Ministry of National Defense informed the Japanese Embassy that the Japanese protest of the incident "did not correspond with the actual facts." The next day, the Chinese Foreign Ministry labeled the Japanese reports a "fabrication" and the spokesperson accused Japan of "stirring up a crisis, creating tensions and smearing China's image with mud." She urged that Japanese authorities carry out a detailed investigation and confirm the facts.

LDP Secretary General Ishiba Shigeru told reporters that the government had taken great time and care with respect to its analysis of the incident before going public with its announcement. Chief Cabinet Secretary Suga completely rejected China's explanations and Prime Minister Abe reiterated that the government had issued its public statement only after an "extremely careful investigation" of the incident. However, Ministry of Defense Director General for Defense Policy Nishi Masanori told a meeting of LDP Defense Policy Committees that the Chinese ships

had not aimed either missiles or guns at the Japanese ship. At the same time, the government, while citing proof of the incident from radar waves, imaging, and picture accounts, continued to debate whether making the data public would reveal intelligence capabilities and endanger Japan's national security.

In remarks to the Upper House on Feb. 27, Abe called for the establishment of a maritime communication mechanism to avoid future incidents and miscalculation. The following day, Foreign Ministry spokesperson Hua told reporters that "Both the Chinese Ministry of National Defense and State Oceanic Administration have clarified the facts and expounded China's solemn position on the so-called 'fire control radar' issue..." She pointed out that "recently the Japanese side has repeatedly distorted facts, hyped false information about China, instigated antagonism and smeared China." Japan should "respect the facts and show sincerity..." Later, *Kyodo News* reported that Chinese military officers had admitted the lock-on of fire-control radars. Asked for comment, Foreign Ministry spokesperson Hong replied that the Foreign Ministry and Ministry of National Defense "have long made clear our position" and the Ministry of National Defense had "once again reiterated China's solemn position."

Japan-Taiwan fisheries agreement

On April 10, Japan and Taiwan announced the conclusion of a fisheries agreement, under which Japan would allow Taiwanese fishing boats to operate in waters within Japan's exclusive economic Zone (EEZ) near the Senkakus, while Taiwanese authorities agreed that its fishing boats would not operate within Japan's territorial waters. Chief Cabinet Secretary Suga said that the agreement held "historical significance" by promoting "the maintenance of maritime order in the East China Sea." The agreement served to undercut Chinese efforts to build a united front strategy with Taiwan on the Diaoyu Islands. China's Taiwan Affairs Office reacted by calling on "compatriots on both side of the Taiwan" to act "to safeguard sovereignty together."

Security

The Jan. 1 *Sankei Shimbun* reported that the Ministry of Defense had initiated efforts to develop an integrated defense strategy to guide the development of the Ground, Maritime, and Air Self-Defense Force capabilities over the next two decades. Scenario-based planning involved attacks from North Korea and Russia, but focused on three scenarios involving Chinese landings on the Senkakus: invasion of the Senkakus, invasion of the Ishigaki and Miyako Islands, and invasion of Taiwan.

On Jan. 29, the Abe government announced Japan's first increase in defense biggest spending in 11 years. The defense budget for FY 2013, which begins April 1, will total ¥4.6804 trillion, a 0.8 percent increase of ¥40 billion over FY 2012. In addition, the budget includes plans to add 287 personnel to the current SDF force of approximately 228,000. The increase represents the largest increase in the SDF force in 20 years. Looking to the southwest islands and the Senkakus, the budget allocates ¥2.5 billion for the purchase of four amphibious vehicles, ¥13.5 billion for fuel and maintenance to boost operational effectiveness of *AWACS* or *E-2C* early warning aircraft, ¥6.2 billion for upgrading radars on Miyako Island, research on the possible deployment

of *F-15* fighter units and radar on Shimoji Island (closer than the present Naha base to the Senkakus), and preparation for stationing a Coast Guard unit on Yonagumi Island.

The Japanese Coast Guard budget will be increased 2 percent over FY 2012 to ¥176.5 billion; four patrol boats and six helicopters will be added to the Coast Guard's inventory. Coast Guard personnel will also be increased by a net of 199, the first time since 1981 that the Coast Guard personnel numbers have increased by more than 100.

The Abe government also announced that it will conduct a review of the 2010 National Defense Program Guidelines (NDPG) and the freeze spending under the Mid-Term Defense Program. The review of the NDPG is to be completed by summer 2013. The decision to review defense policies gained support from a report issued by the Institute for International Policy Studies, chaired by former Prime Minister Nakasone Yasuhiro. The report called for an increase in defense spending to enable Japan to deal with China's intensified maritime activities in the Senkakus, a "maritime alliance" based on the Japan-US alliance and expanded to include Australia and ASEAN states, and revision of Japan's prohibition on the exercise of the right of collective self-defense.

On Feb. 8, the government advisory panel on security issues, chaired by Yanai Shunji, former ambassador to the US, convened for the first time under the second Abe government. The panel is tasked with considering issues related to the exercise of the right of collective self-defense and revision of Japan's constitution.

There was also growing concern in Japan about the growth of China's military. On March 5, during the National People's Congress, when China announced a 10.7 percent increase in defense spending, amounting to \$114 billion, the third consecutive year of double-digit increases, an LDP Diet member found Japan "again astonished by the almost fourfold increase in 10 years." Questioned about his view during a plenary session of the Upper House, Abe replied that China's "military expansion and lack of transparency are sources of concern for Japan and other countries of the region." Japan, with other countries of the region, would continue to urge China to increase military transparency. At the same time, he emphasized that Japan "will take stronger precautions and security measures with the determination to protect Japan's national territory, territorial waters and airspace at any cost."

On March 29, Japan's National Institute for Defense Studies released its annual *East Asian Strategic Review*. The report found that "The rising might of China is causing it to act with increasing disregard toward its neighbors ... that it is increasingly taking actions that can cause frictions with neighboring countries without fear." In response, China's Foreign Ministry urged Japan to "come clean about its own defense policy."

Japan's Foreign Ministry released its annual Diplomatic Blue Book on April 5. The report stated that "by history and international law, the [Senkaku] islands are Japan's sovereign territory;" further that "a problem which needs to be resolved does not exist." The Blue Book noted China's increasing maritime activity, incursions into Japan's territorial waters, and violations of its air space and urged Beijing to exercise self-restraint and avoid escalating incidents.

Meanwhile, China's Ministry of National Defense released its 2013 Defense White Paper on April 16. Without naming names, the document criticized a "certain country" for efforts to strengthen alliances and raise tensions in the Asia-Pacific region, while specifically citing Japan for "stirring up trouble" over the Diaoyu Islands. In Tokyo, the white paper drew a protest from Deputy Chief Cabinet Secretary Seko Hiroshi who reiterated the government's position on the Senkakus; namely that "there is no sovereignty issue to be resolved. China's actions based on its own stance are absolutely unacceptable." Seko revealed that the government had protested the document through the Chinese Embassy.

In mid-April, Japan's Ministry of Defense announced that the ASDF scrambles against Chinese aircraft had doubled during the past year, increasing to 306 in 2012 from 156 in 2011. China replied by calling on Japan to end this practice. Foreign Ministry Spokesperson Hua told the media "We all know that when it comes to the Diaoyu Islands, Japan has been continuously taking provocative actions to raise tensions. This is the root cause of the present very tense situation over the islands." Rather than scrambling the ASDF, "Japan should show greater sincerity and take more concrete actions, and work with China to figure out a solution..."

Business and economics

According to figures released by China's General Administration of Customs, China's trade with Japan fell 3.9 percent to \$329 billion in 2012. Nissan, Toyota and Honda experienced declines in new car sales during 2012. Nissan's new car sales were off 5.3 percent to 1,181,500 units over 2011; Toyota sales dropped 4.9 percent to 840,500 units and Honda sales fell 3.1 percent to 598,577 units. The rate of decline slowed in December, when Nissan, Toyota, and Honda respectively experienced a drop in new car sales of 24 percent, 15.9 percent, and 19.2 percent. This improvement contrasted with October sales, which plummeted close to 50 percent in the wake of the Senkaku nationalization and anti-Japanese demonstrations. In January-February 2013, China's imports from Japan were off 15.5 percent.

The number of Chinese visitors to Japan, accounting for roughly 20 percent of all visitors, continued to fall in the months following Senkaku nationalization. Over the September-December period, Chinese tourists to Japan plunged 44 percent over 2011 to 190,000; the numbers for November and December fell below 60,000 each month. January 2013 figures recorded a 47.6 percent drop over January 2012. In March 2013, Chinese tourists to Japan fell to 102,000, a drop of 22.5 percent over March 2012. The March decline came against a background of increasing foreign visitors to Japan. South Korean tourists increased 37.4 percent to 206,900, representing the largest number of overseas tourists to Japan. Meanwhile, the number of Japanese visitors to China fell 23.6 percent in March to 261,500.

In a public opinion survey, released in January and conducted jointly by Shanghai-based Searchina and Nippon Research Center of Tokyo from late November through early December, more than 65 percent of Chinese and Japanese respondents said that they were not inclined to visit the other country since Sept. 11; two-thirds of Chinese respondents said that they had boycotted Japanese goods over the Diaoyu. The survey, also revealed that, while approximately one-third of Chinese respondents said they could still trust Japan even after the Senkaku

nationalization, only 5 percent of Japanese respondents said they could still trust China. The survey involved 1,000 respondents from both countries.

Looking ahead

At best, the Japan-China relationship may be entering a new period, one of lukewarm economics and ice-cold politics. And, that's at best.

Chronology of Japan – China Relations January – April 2013

Jan. 2, 2013: Chinese ships enter Japan's contiguous zone in Senkaku/Diaoyu Islands.

Jan. 4, 2013: Chief Cabinet Secretary Suga Yoshihide says the Abe government will issue a future-oriented 21st statement in line with the Murayama statement and that the government has no intention of turning Kono statement into a political or diplomatic problem.

Jan. 5, 2013: Japanese Air Self-Defense Force (ASDF) fighters scramble as a Chinese *Y-12* aircraft approaches the Senkaku/Diaoyu Islands.

Jan. 7-8, 2013: Chinese ships enter Japanese territorial waters near the Senkaku/Diaoyu Islands. Deputy Foreign Minister Saiki Naoko calls in Chinese Ambassador Cheng Yonghua to protest; Cheng refuses to accept the protest.

Jan. 10, 2013: China scrambles two *J-10* fighters to monitor activities of two JASDF *F-15s* tracking Chinese aircraft engaged in patrol activities over oil and natural gas fields in the East China Sea.

Jan. 10, 2013: Beijing announces its decision to regularize patrols in Diaoyu Islands.

Jan. 13, 2013: Ground Self-Defense Forces (GSDF) hold an exercise focused on protecting remote islands; an estimated 11,000 observers watch the exercise.

Jan. 16, 2013: Former Japanese Prime Minister (PM) Hatoyama Yukio visits China and meets Jia Qinglin, chairman of Chinese People's Political Consultative Conference and Foreign Minister Yang Jiechi; Hatoyama calls for shelving of Senkaku/Diaoyu dispute.

Jan. 17, 2013: Former PM Hatoyama visits the Nanjing War Memorial.

Jan. 18, 2013: Foreign Minister (FM) Kishida Fumio meets US Secretary of State Hillary Clinton, who states US opposition to any unilateral efforts to undermine Japan's administration of the Senkaku Islands.

Jan. 21, 2013: Three MSA ships enter Japanese territorial waters in the Senkaku/Diaoyu Islands.

Jan. 23-25, 2013: Komeito Party leader Yamaguchi Natsuo visits Beijing and meets Tang Jiaxuan, FM Yang, Wang Jiarui, head of the Central Committee's International Department, and President Xi Jinping. He hands Xi a personal letter from PM Abe Shinzo.

Jan. 24, 2013: Japanese and Taiwanese Coast Guard ships exchange water cannon volleys near the Senkakus/Diaoyus, discouraging a group of Taiwanese activists from landing on the islands to "maintain sovereignty."

Jan. 29, 2013: PLA Deputy Chief of Staff Qi Jianguo tells US legislators that China will resolve the Diaoyu Islands dispute through diplomacy not use of force.

Feb. 2, 2013: Chinese fishing vessel is detained by Japanese authorities near the Okinawa Prefecture for "unauthorized coral fishing."

Feb. 3, 2013: Japanese authorities release the detained Chinese fishing crew.

Feb. 4, 2013: Chinese ships enter Japanese territorial waters in Senkaku/Diaoyu Islands.

Feb. 5, 2013: Defense Minister Onodera Itsunori announces that Chinese warships locked fire-control radars on a Japanese helicopter and destroyer in the East China Sea, in late January.

Feb. 5, 2013: Deputy FM Saiki calls in Ambassador Cheng to protest the radar lock-on incident; Cheng declines to accept the protest.

Feb. 5, 2013: PM Abe establishes a Planning and Liaison Office for Territorial and Sovereignty Issues in Cabinet Secretariat.

Feb. 5, 2013: Head of LDP Policy Research Council Sanae Takaichi tells War Bereaved Families that the prime minister and other senior government officials should be able to visit Yasukuni Shrine.

Feb. 6, 2013: Deputy Chief Cabinet Secretary Kato Katsunobu calls for the resumption of talks on a maritime communications mechanism between Japan and China.

Feb. 7, 2013: Director General for Defense Policy Nishi tells LDP legislators that Chinese ships did not aim guns or missiles at the Japanese destroyer when they locked on their radar.

Feb. 8, 2013: China's Ministry of Defense rejects the radar lock-on allegation; Ministry of Foreign Affairs calls Japanese allegation a fabrication.

Feb. 8, 2013: Prime Minister's advisory panel on security issues holds its initial meeting; the panel is chaired by former Ambassador to the US Yanai Shunji.

Feb. 10, 2013: Four Chinese ships enter Japan's contiguous zone in the Senkaku/Diaoyu region.

Feb. 15-16, 2013: Chinese ships enter Japan's contiguous zone in the Senkaku/Diaoyu region; Chinese Foreign Ministry explains that ships are conducting routine operations in areas under Chinese jurisdiction.

Feb. 21, 2013: *Washington Post* publishes an interview with PM Abe in which he accuses Chinese leadership of stirring up anti-Japanese sentiment to support the Chinese Communist Party's claim to legitimacy.

Feb. 22, 2013: PM Abe calls for Japan-China summit during a press conference in Washington.

Feb. 23, 2013: Chinese ships enter Japan's territorial waters in the Senkaku/Diaoyu Islands.

Feb. 23, 2013: PM Abe calls for a maritime communications mechanism.

Feb. 23, 2013: Keidanren Chairman Yonekura Hiromasa leads a business delegation to Beijing and meets Tang Jiaxuan.

Feb. 28, 2013: Chinese ships enter Japanese territorial waters in the Senkaku/Diaoyu Islands. A Chinese *Y-12* aircraft heading toward the islands is intercepted by Japanese *F-4J* fighters.

Feb. 28, 2013: China rejects Japanese claim that their Maritime Surveillance ship, *Haijian 66*, aimed a machine gun at a Japanese fishing boat on Feb. 18.

Feb. 28, 2013: PM Abe delivers policy address to the Diet calling on China to refrain from dangerous actions and use of force to change the status quo.

March 3-12, 2013: Chinese ships enter Japan's contiguous zone and territorial waters in the Senkaku/Diaoyu Islands.

March 5, 2013: China announces a 10.7 percent increase in defense spending.

March 5, 2013: Japanese Coast Guard arrests a Chinese fishing boat captain on suspicion of fishing within its territorial borders, some 27 miles from Miyako Island.

March 6, 2013: Two Chinese Maritime Surveillance ships sighted within 12 nm of Senkakus/Diaoyus.

March 9, 2013: FM Yang accuses Japan of illegally seizing and occupying the Diaoyu Islands and of singlehandedly causing the downturn in relations.

March 14, 2013: PM Abe calls judgments of International Military Tribunal for the Far East victors' justice; China says the findings represent the righteous judgment of the international community.

March 17, 2013: PM Abe tells the graduating class of the National Defense Academy that Japan faces a crisis of the here and now in the Senkaku Islands and East China Sea.

March 16-18, 2013: Five MSA ships including the *Haijian 8002*, the newest and largest of its ships, accompanied by two ships of the Fisheries Law Enforcement Command, enter Japan's contiguous zone in the Senkakus/Diaoyus.

March 18, 2013: Three MSA ships enter Japan's territorial waters, the 34th since nationalization of the Senkakus.

March 21-April 1, 2013: Three MSA ships and one ship of the Fisheries Law Enforcement Command patrol Japan's contiguous zone in the Senkakus.

March 18, 2013: *Kyodo News* reports Chinese military admit to lock-on of radars; denials are repeated by Chinese Foreign Ministry.

March 21, 2013: Keidanren Chairman Yonekura leads a business delegation to Beijing and meets Vice Minister of Commerce Chen and Tang Jiaxuan; Tang urges Japan to face history squarely; also calls for close economic ties.

March 21-April 1, 2013: Chinese ships enter Japan's contiguous zone in the Senkakus/Diaoyus.

March 22, 2013: Keidanren delegation meets with Vice President Li Yuanchao.

March 29, 2013: Japan's National Institute for Defense Studies releases 2013 *East Asian Strategic Review*; report finds Chinese actions as causing friction with neighboring countries.

March 29, 2013: Chief Cabinet Secretary Suga announces that the prime minister will make an offering of *masakaki* during the Yasukuni Spring Festival.

April 5, 2013: Japanese Foreign Ministry releases Diplomatic Blue Book, which reasserts Japanese sovereignty over Senkakus and refers to island issues as a problem that does not exist.

April 10, 2013: PM Abe compares visiting Yasukuni to US presidents visiting Arlington National Cemetery, where Confederate soldiers are buried.

April 10, 2013: Japan and Taiwan announce conclusion of a fisheries agreement, allowing Taiwanese ships to operate in Japan's EEZ near the Senkakus/Diaoyus; Taiwanese authorities agree not to operate inside Japan's territorial waters.

April 16, 2013: Former Lower House speaker Kono Yohei visits Beijing and meets Deputy PM Wang Qishang.

April 16, 2013: China's Ministry of National Defense releases its 2013 Defense White Paper, which accuses Japan of stirring up trouble in the Diaoyus; Japan's Deputy Chief Cabinet Secretary Seko Hiroshige reasserts Japanese sovereignty and announces government protest.

April 19, 2013: Keidanren announces postponement of planned May visit to China.

April 20, 2013: Internal Affairs and Communications Minister Shindo Yoshitaka pays homage at Yasukuni Shrine.

April 21, 2013: Deputy Prime Minister Aso Taro and State Minister for Abductions Furuya Keiji pay homage at Yasukuni Shrine.

April 22, 2013: LDP Deputy President Komura, head of the Japan-China Parliamentarians' Union, cancels visit to China. Chinese counterparts say arranging meetings with President Xi would be difficult.

April 22-23, 2013: Japanese lawmakers and media representatives board ships and depart Ishigaki bound for the Senkaku/Diaoyu Islands.

April 23, 2013: PM Abe announces that the government is considering stationing of public servants and construction of ship facilities on the Senkaku Islands in order to strengthen effective management. Abe emphasizes that Japan will not allow foreign intrusions onto the islands.

April 23, 2013: Rear Adm. Song Xue announces China's plans for more aircraft carrier construction.

April 26, 2013: China's Foreign Ministry spokesperson for the first time refers to Diaoyu Islands as being a core interest of China; official transcript later amended to less direct reference.

April 26, 2013: Chinese and Japanese defense officials meet in Beijing; Japanese media report that consultations were to focus on maritime communications mechanism.

April 28, 2013: Administration Reform Minister Inada Tomomi pays homage at Yasukuni.

April 28, 2013: PM Abe declares that Japan will continue to improve ties with China and South Korea and will calmly deal with issues arising from senior political leaders visits to Yasukuni.