

Japan-China Relations:

Not Quite All about Sovereignty – But Close

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Issues related to sovereignty dominated the Japan-China political and diplomatic agenda. As the quarter began, politicians and diplomats were involved in the controversy generated by the landings of Chinese activists on Uotsuri Island in the Senkaku/Diaoyu Island chain. The quarter ended with politicians and diplomats dealing with Chinese efforts to test drill for natural gas in the East China Sea bordering the Japan-China demarcation. Tokyo was concerned that extraction could tap resources on the Japanese side of the demarcation line. In the interim, the issue of Chinese maritime research ships operating, without prior notification, in Japan's Exclusive Economic Zone (EEZ) kept the political-diplomatic spotlight focused on sovereignty claims.

At the same time, issues of history repeatedly surfaced. In April, the Fukuoka District Court ruled that Prime Minister Koizumi Junichiro's visits to the Yasukuni Shrine were tantamount to religious activity and violated the constitution. However, in May, the Osaka District Court, while not addressing the constitutional issue, found the visits to be private in nature, not the official action of a government officer. In either case, the prime minister made clear that he would continue to visit the shrine, and his foreign minister returned from China again without the prime minister's long-sought invitation for an official visit to China. In northeast China, chemical weapons abandoned by the Imperial Army again affected Chinese construction workers in Qiqihar.

Senkaku/Diaoyu Claims

Disputed sovereignty claims over Senkaku/Diaoyu Islands again riled bilateral relations, when, on March 24, seven Chinese activists landed on Uotsuri Island and were arrested by the Okinawa Prefectural Police. Rather than turn the activists over to the Office of the Prosecutor, Tokyo instead chose to deport them. The activists left Japan on the evening of March 26.

In Beijing, Chinese protesters burned the Japanese flag in front of the Japanese Embassy, while other Chinese activists announced plans for future trips to the islands. Chinese protests caused both governments to cancel bilateral talks on the United Nations Law of

the Sea Treaty, scheduled for the end of March. Tokyo had planned to use the talks to raise the issue of Chinese maritime research ships operating without prior notification in Japan's EEZ.

At the same time, the Japanese Diet moved to address the issue. On March 30, the Security Committee of the Lower House passed a resolution aimed at "preserving (Japan's) territorial integrity" and requesting the government "to take all possible precautionary and security steps" toward that end. The resolution went on to advise the government that it "should more forcefully promote all sorts of measures, including diplomatic efforts" to assure Japan's territorial integrity. Passage of the resolution marked the first time that the Diet had addressed the Senkakus as an issue of Japan's territorial integrity.

The government, in the person of Chief Cabinet Secretary Fukuda Yasuo, was initially cool to the resolution but, on the condition that language that might excessively irritate China be removed, acceded to its adoption by the committee as opposed to the Diet as a whole.

Beijing wasted no time in replying. On April 1, Foreign Ministry spokesperson Kong Quan, in responding to a question on the resolution, pointed out that the Diaoyu Islands have been Chinese territory since "ancient" times and the China had "indisputable sovereignty over them no matter in terms of history or international law." China's determination to "safeguard the integrity of the motherland is firm and unwavering." The spokesperson went on to assert that efforts by Tokyo "to enhance control" over the islands would be "illegal and null."

Meanwhile in Tokyo, on April 7, members of the Liberal Democratic Party (LDP) and Minshuto (DPJ) came together to establish the Association of Members of the Diet to Defend Japan's Territorial Integrity. The LDP's Morioka Masahiro was elected the first chairman. Earlier, on April 3, Land Minister Ishihara Nobuteru, in a speech delivered in Beppu, called on the government to build a lighthouse or heliport in the Senkakus to demonstrate Japanese sovereignty.

Chinese Maritime Research Ships and Japan's EEZ

The postponed March meeting on the UN Convention on the Law of Sea took place three weeks later, on April 22, in Beijing. The Japanese delegation raised the issue of Chinese activities in Japan's EEZ. Under a 2001 agreement, both countries had committed to advance notification of maritime research activities in the other country's EEZ. In 2003, Japan had detected eight incidents of Chinese ships operating in Japan's EEZ without prior notification; in the period January-April 2004, 11 such incidents had already been identified. The Beijing meeting focused on definitions under the Law of the Sea Convention, with Chinese officials insisting that Japan's southernmost island, Okinotori, is not an island but rocks, thus disallowing Japan's EEZ claim measured from that point and allowing the activities of maritime research vessels near Okinotori. Near half of the 11 violations of Japan's EEZ have taken place in the area north of Okinotori.

Despite the Beijing meeting, Chinese activities continued in the area claimed by Japan as belonging to its EEZ. On May 7, the Japanese Coast Guard found the Chinese research ship *Number 7 Fen Dou* operating, without advance notification, in Japan's EEZ near Uosturi Island in the Senkakus. Later that day, the Foreign Ministry asked the Chinese Embassy to end the survey activities. On May 13, the Foreign Ministry protested the activity. Chinese Foreign Ministry spokesperson Liu Jianchao made clear that "the waters where the Chinese vessel entered is disputed" and "not the EEZ of Japan," accordingly, "it is absolutely normal for Chinese vessels to conduct scientific research in the waters." On May 13, however, the Chinese ship left the area claimed by Japan.

At the end of May, the Japanese press reported that China had started construction of an exploration facility in the Chunxiao natural gas field, an area of the East China Sea near the demarcation line between China and Japan. The Japanese government confirmed press reports on June 7. Four days later, the LDP's Working Group on Maritime Interests, chaired by Takemi Keizo, issued a report advocating the creation of an intergovernmental committee, under the prime minister, to deal with maritime-related issues. The report also called on the government to develop a comprehensive national strategy and to begin immediately to survey natural resources on the Japanese side of the demarcation line. The report offered nine proposals for dealing with the illegal Chinese maritime research activities.

On June 9, a *Yomiuri Shimbun* editorial asserted that Chinese activities risked damage to Japan's interests and called on the government to protest. Failure to address the issue was attributed to the government's excessive concern toward China. The *Yomiuri* returned to maritime issues in a June 19 editorial, "China's Offensive Actions Require Urgent Plan." The commentary reviewed recent developments: illegal landings in the Senkakus, research ships operating in Japan's territorial waters, natural gas exploration in the East China Sea; found Japan to be slow in responding – due to the influence of pro-China forces and the "why bother?" attitude of the Foreign Ministry; and called on the Prime Minister's Office to exert strong leadership on the issues.

On June 21, Foreign Ministers Kawaguchi Yoriko and Li Zhaoxing met in Qingdao on the occasion of the Asia Cooperation Dialogue. A major topic of their discussion was China's natural gas exploration. Reflecting Japanese concerns that China's exploration might result in the tapping of natural gas fields in Japan's EEZ, Kawaguchi asked her counterpart for data relating to China's test sites. Li declined, but instead proposed joint development of the natural gas fields. The *Yomiuri* reported that sources accompanying the foreign minister were skeptical about the proposal, citing sovereignty concerns with respect to the Senkakus and that Tokyo would continue to request exploration data from Beijing, while reviewing Li's proposal.

Following a Cabinet meeting on June 29, Economic, Trade and Industry Minister Nakagawa Shoichi, told reporters that China had failed to respond adequately to Japan's requests for data regarding its exploration of the Chunxiao natural gas field. Nakagawa went on to say that he wanted to conduct a survey on the Japanese side of the demarcation line in the first half of July.

Despite sovereignty concerns in the East China Sea, Japan and China were able to demonstrate a willingness to cooperate on maritime security issues. From May 29 to May 31, a Chinese patrol ship, the *Haixun 21*, participated in a joint exercise conducted by the Japanese Coast Guard and focused on counter-terrorism, piracy and smuggling.

High-Level Contacts

On April 1, Chinese Foreign Ministry spokesperson Kong Quan announced that Japan's Foreign Minister Kawaguchi would travel to Beijing to meet Foreign Minister Li and State Councilor and former Foreign Minister Tang Jiaxuan, and held open the possibility that Kawaguchi would meet with other Chinese government leaders.

The spokesperson previewed the agenda for the meetings. Issues of history, he observed, "must be taken seriously" visits to Yasukuni being "in particular, a highly serious issue." Kong went on to reiterate China's long-standing policy of "taking history as a lesson and facing the future." He also used history as the basis for addressing the issue of the Diaoyu Islands, asserting that the islands and surrounding territory are "China's inherent territories," based on "compelling evidence from both history and international law." The spokesperson reiterated both China's "unshakable resolve on maintaining our sovereignty" and China's intention to resolve the issue peacefully through negotiations.

Previewing the Japanese approach to the foreign minister's visit and the likely agenda, a "senior Foreign Ministry official" was quoted by the *Nihon Keizai Shimbun* as saying that "Japan will have to put up strong resistance." The paper also went on to quote Prime Minister Koizumi's remarks on Yasukuni to a senior government official to the effect "China is really a different country. Historical issues are certainly important, but I wonder why that nation is always belly-aching."

Premier Wen Jiabao addressed the Yasukuni issue in a 50-minute meeting with the foreign minister on April 3. The premier referred to his meeting last April with her, when he urged Japan to "take history as a mirror while facing the future" as a principle for governing the relationship. He also returned to his meeting last October with Koizumi, when he asked for the prime minister's wisdom in dealing with bilateral issues. Yet, Wen found himself again having to ask that the prime minister refrain from visiting the shrine.

As for the disputed islands, Wen asserted Chinese sovereignty, while Kawaguchi characterized the illegal landings as "extremely regrettable" and asked China to prevent similar incidents of "unlawful entry." When Kawaguchi invited Wen to visit Japan as a step in preparing the political environment for a future visit of the prime minister to China, the premier responded that he hoped to visit Japan when the environment was "favorable," making clear that at the present it was not. The premier also refrained from extending to Koizumi the long-hoped-for invitation for an official visit to China.

In the afternoon, Kawaguchi met with Foreign Minister Li. *The Yomiuri Shimbun* reported that, over the course of the nearly two-hour meeting, the greater part was devoted to statements of principle on the territorial issue. When Kawaguchi asked her counterpart to take steps to prevent future unlawful entries, Li, responded that the Diaoyu Islands were Chinese territory. As for Yasukuni Shrine, the *Yomiuri* quoted Li as describing Koizumi's visits as a "sacrilege of history."

Kawaguchi also met State Councilor and former Foreign Minister Tang. The meeting was a replay of the meetings with Wen and Li, with Tang expressing China's concerns over Yasukuni, the Diaoyu Islands, and Taiwan, and the foreign minister repeating her talking points. Kawaguchi also invited Tang to visit Japan during the summer. Tang expressed his appreciation for the invitation but refrained from accepting.

Throughout the meetings, however, both sides expressed satisfaction with their cooperation in addressing North Korea's nuclear challenge and committed to working toward the early realization of the six-party working group. Afterward, Kawaguchi told reporters that China had agreed to meet with Japan and South Korea on regularly scheduled once a year basis. The trilateral dialogue will be in addition to the trilateral meetings that take place on the sidelines of ASEAN meetings.

While in Beijing, Kawaguchi met with Zhao Qizheng, the director of the State Council Information Office, and raised the issue of anti-Japanese sentiment on the Chinese internet. Zhao acknowledged the problem but pleaded the difficulty of controlling the content of websites and internet discussions. He did explain that China is "not necessarily" caught up in anti-Japanese sentiment. To deal with the issue, the foreign minister proposed a joint study to examine images projected by the media in both countries.

With the exception of meetings at international conferences, the foreign minister's visit was the first high-level visit between the two governments since the August 2003 visit of Fukuda Yasuo, then chief Cabinet secretary.

The Courts and Yasukuni

During the first quarter, District Courts in Osaka and Matsuyama dismissed Yasukuni-related suits seeking compensation on the grounds that the prime minister's visits to the shrine violated the constitutional separation of church and state. Without ruling on the constitutional question, the courts ruled that the petitioners' freedom of religion had not been infringed upon by the prime minister's visits and denied compensation.

In contrast, on April 7, the Fukuoka District Court ruled the visits to the Yasukuni Shrine unconstitutional, finding them tantamount to religious activity, prohibited by the Constitution. The court, however, rejected plaintiffs' demands for compensation.

The decision set off an uproar within the LDP. Koga Makoto, former LDP secretary general and chairman of the Bereaved Families Association told reporters that he “did not at all think that the prime minister’s visit to the Yasukuni Shrine violates the Constitution” and expressed his appreciation of Koizumi’s determination to visit the shrine.

Former LDP Vice President Yamasaki Taku quoted the prime minister as saying that visits to the shrine “do not constitute a violation of the constitution. Whenever I visit shrines around the nation, I enter my name as prime minister... I cannot understand why I am only accused regarding my visits to Yasukuni Shrine.” Koizumi also told reporters that his visits to the shrine were “personal and based on his personal beliefs.” Later the prime minister said that he visited the shrine “as an individual who is prime minister” and that he did not understand the “public-private distinction.” Koizumi went on to question “What is wrong with a Japanese individual visiting the Yasukuni Shrine?” He also made clear that he would continue to visit Yasukuni.

The next day, China’s Foreign Ministry spokesperson Kong Quan observed that “a correct perception of and approach to that period of history is the political basis of the China-Japan relationship and a key for Japan to truly win trust from Asia and the world.”

A month later, on May 13, the Osaka District Court found the prime minister’s visits to the shrine to be private in nature and dismissed a suit seeking compensation. Presiding judge Yoshikawa Shinichi ruled that “the visits cannot be identified as an official action by the prime minister as a state official. The visits did not force anything on plaintiffs or disadvantage them.” The court, however, did not address the question whether the prime minister’s visits violated the constitutional ban on religious activities by the state.

Chemical Weapons

On April 22, Japan and China reached final agreement on construction of facilities to manage the destruction of chemical weapons abandoned in China by the Imperial Army at the end of World War II. On May 25 the *Xinhua News Agency* reported that on the evening of the May 24, eight workers in Qiqihar city were hospitalized as a result of exposure to fumes escaping from canisters found at a construction site. PLA chemical weapons experts determined the canisters to contain chemical weapons abandoned by the Imperial Army. (In August 2003, a similar incident in Qiqihar resulted in the death of one worker and the hospitalization of 43 others.)

On June 6, Foreign Ministry spokesperson Liu Jianchao announced that diplomatic representation had been made to Tokyo and that Japanese chemical weapons experts, admitted to the site, had identified the canisters as belonging to the Imperial Army. Liu used the occasion to urge that Japan “take practical steps to accelerate the destruction process.” On June 25, the Japanese Embassy in Beijing reported that a Japanese chemical-weapons team had completed clean-up of the site.

Overseas Development Assistance (ODA)

In early April, the Japanese press reported that the government would finalize the March 10 decision of the LDP's foreign affairs councils to reduce ODA loans to China. The cut of ¥20 billion to an approximate ¥96.7 billion marked the third consecutive year of reductions in the ODA program for China and the first time in 14 years that total would fall below ¥100 billion.

Addressing the issue April 6, Foreign Ministry spokesperson Kong Quan characterized ODA as “an important symbol of Japan’s friendly policy” and noted that it had played a “positive role for years in promoting economic and trade cooperation ... on the basis of equality and mutual benefit.” While expressing understanding that the reduction was the result of Japan’s own domestic circumstances, Kong took exception to Japanese warnings of a “China threat” and concerns with a “lack of transparency of China’s military expense.” He labeled the accusations as “totally untrue” and went on to say that China “cannot accept linking these remarks with the decision made by the government.”

North Korea: Six-Party Talks and the Abductees

On April 22, China’s ambassador to Japan Wu Dawei delivered an address in Tokyo on Korea-related issues. Wu criticized the United States for what he considered its antagonistic stance toward Pyongyang and made clear that China would continue to support North Korea’s development with economic assistance. (He also took the opportunity to take a shot at the Yasukuni issue, expressing both the hope that the Japanese government would shed this “burden” and his concern that it would not.)

On April 28, Beijing announced that the six parties had agreed to a meeting of the working group and set the date for May 12. Also that day, the Japanese Foreign Ministry announced that China’s special ambassador to the nuclear talks with North Korea, Ning Fukui, would visit Japan May 6 to coordinate positions in advance of the May 12 meeting of the six-party working group. In Tokyo, Ning met with Yabunaka Mitoji, the director general of the Foreign Ministry’s Asian and Oceanic Affairs Bureau, and Vice Foreign Minister Takeuchi

At the same time, the Japanese government let it be known that Yabunaka would soon travel to Beijing to meet with North Korean officials to discuss the return of the abducted Japanese citizens

On May 22, Prime Minister Koizumi traveled to Pyongyang to meet with Kim Jong-il on the abductees issue and returned with five of the remaining eight family members. The next day, Foreign Minister Kawaguchi telephoned Foreign Minister Li to brief him on Koizumi’s visit to Pyongyang. She also sounded him about the possibility of using China as a site for a meeting between Soga Hitomi and her husband Charles Robert Jenkins, a U.S. army deserter, and their two daughters. Li reportedly told Kawaguchi that China “will play a constructive role to improve relations between Japan and North Korea.”

(*Kyodo News Service* later reported that, during Kim Jong-il's visit to Beijing in mid-April, China had offered to host a meeting of the Soga family.)

Reports of Beijing being proposed as a site for a Soga family reunion elicited a strong reaction from factions within the LDP. On May 27, the press counselor at the Chinese Embassy in Beijing, Huang Xingyuan, told the *Asahi Shimbun*, that, while his government was pleased to consider the Japanese government's request for a site for the Soga family meeting, he found subsequent remarks from certain Japanese political leaders regarding a Beijing site to be "regrettable."

Soga was also reported as having qualms about a meeting in Beijing, given China's close relations with North Korea. On May 30, Deputy Chief Cabinet Secretary Sugiura Seiken met with Soga. Afterward, Soga told the press she wanted to meet her family "in a place other than Beijing" and had conveyed her "true intention to Cabinet Secretariat official Nakayama Kyoko who had accompanied Sugiura. In June 16, the Japanese Foreign Ministry announced that the family reunion would take place outside China.

Business/Economy

In April, the Finance Ministry released 2003 trade statistics. The numbers for China, both Japanese exports to and imports from, set new records. Imports from China increased 13.3 percent to ¥9.01 trillion, surpassing Japan's imports from the United States for the second consecutive year. Meanwhile, Japan's exports to China increased 28.6 percent to ¥6.97 trillion. Overall, the numbers underscored the ever-expanding commercial ties.

The China-focused activities of Japanese auto, steel, electronics, convenience, and service industries also speak to the extent to which Japanese manufactures see China not only as a source of low-cost labor but also a booming consumer market for Japanese products.

- The June Beijing auto show attracted Japan's "Big Three," each eager to highlight environment-friendly models to China's ever-increasing number of motor enthusiasts.
- Japan's steel industry continued to benefit from China's surging growth and demand for steel. Yonezawa Toshio, executive vice president of Nippon Steel, observed that the pace of growth in China's demand for steel, 20 percent annually for the past three years, "is beyond our expectations."
- NEC, Matsushita, and Sanyo, leaders in Japan's cell-phone market, are developing products aimed at the world's largest, and fastest growing, market for mobile phones. According to a Fuji Economic Research survey, 270 million mobile phones are in use in China. This figure represents a six-fold increase in the past four years, and projections are for sales to increase by 100 million in subsequent years.

- Japan's Seven-Eleven opened its first store in Beijing in April, marking the start of a five-year plan aimed at opening 500 stores across China. Family Mart, a Seven-Eleven rival, announced plans to set up a joint venture in Shanghai to operate convenience stores in the region; the joint venture aims at opening 300 stores in the next three years. Supermarket leader Ito-Yokado announced a joint venture with Beijing Wangfujing Department Store Group, with a spring 2005 date for the opening of a Beijing store.
- Daiwa Securities became the first Japanese security company to open for business in China receiving in June approval from the China Securities Regulatory Commission to set up a joint venture with Shanghai Securities Company.

On June 2, a White Paper report compiled by the Ministry of Economy, Trade, and Industry, in conjunction with three other government ministries, made it official – China is increasingly viewed more as a market than simply a production base.

Chronology of Japan-China Relations April-June 2004

March 24-26, 2004: Chinese activists land on Uotsuri Island in the Senkakus, are arrested and deported.

March 30, 2004: Security Committee of Lower House passes resolution affirming Japanese sovereignty over Senkakus and requesting government to take all possible measures to protect Japan's territorial integrity.

March 30, 2004: China, citing Vice Foreign Minister Wang Yi's "tight schedule," cancels planned signing ceremony for Japan's yen loans. The loan was signed March 31.

April 1, 2004: Yamasaki Taku, former vice president of the LDP, and Hirasawa Katsuei, LDP member of the Lower House, travel to Beijing to meet with North Korean officials on abductees issue.

April 3, 2004: Minister of Land Ishihara Nobuteru urges government to build a lighthouse or heliport in the Senkakus to demonstrate Japanese sovereignty over the islands.

April 3-4, 2004: FM Kawaguchi travels to Beijing, meets with FM Li Zhaoxing, Premier Wen Jiabao, and State Councilor Tang Jiaxuan.

April 7, 2004: Members of LDP and Minshuto establish Association of Members of the Diet to Defend Japan's Territorial Integrity.

April 7, 2004: Fukuoka District Court rules prime minister's visit to Yasukuni unconstitutional.

April 20, 2004: Wen Jiabao meets with visiting former PM Hashimoto in the Great Hall of the People.

April 22, 2004: Japan-China meeting on Law of the Sea Convention takes place in Beijing.

April 22, 2004: Japan and China reach final agreement on construction of facilities to manage destruction of chemical weapons left in China by the Imperial Army

April 23, 2004: Rightwing Japanese activist rams loudspeaker truck into main gate of Chinese Consulate in Osaka; Chinese Foreign Ministry protests the “unscrupulous” act and expresses strong dissatisfaction with police protection.

April 28, 2004: Dalian Court sentences Japanese national, arrested in October 2003 and charged with intent to smuggle approximately 1kg of amphetamines from China to Japan, to indefinite confinement.

May 6, 2004: China’s ambassador for six-party talks, Ning Fukui, visits Japan to coordinate positions in advance of May 12 meeting.

May 7, 2004: Chinese maritime research ship detected operating without prior notification in Japan EEZ; Japan asks Chinese Embassy to end ship’s survey activities

May 9, 2004: Chinese female trainees of Tokushima gardening company report video cameras in their dormitory; Chinese Foreign Ministry orders consul general in Osaka to interview students and meet with local police.

May 12-15, 2004: Six-party working group meets in Beijing.

May 13, 2004: Japan protests activities of research ship to China’s Foreign Ministry.

May 13, 2004: Chinese research ship leaves area claimed by Japan as its EEZ.

May 13, 2004: Osaka District Court rules prime minister’s visit to Yasukuni Shrine as private in nature.

May 14, 2004: Finance Ministry announces discovery of counterfeit 500 yen coins sent in mail from China.

May 15, 2004: ASEAN Plus Three Finance Ministers meet in South Korea to discuss multilateral framework for currency swap issues.

May 17, 2004: Japan supports Taiwan entry as observer in World Health Organization.

May 18, 2004: Council on East Asian Community established in Tokyo; former PM Nakasone named chairman. The Council is aimed at building support in Japan for the development of an East Asian economic community.

May 18-21, 2004: Tokyo Gov. Ishihara Shintaro visits Taiwan for inauguration of President Chen Shui-bian (May 20); meets with Chen. Both agree to develop Japan-Taiwan relations.

May 18, 2004: First Shinkansen high-speed bullet train shipped to Taiwan; it is the first model built for overseas use and will connect Taipei and Kaohsiung. Japan is still awaiting China's decision on a high-speed train to connect Beijing and Shanghai.

May 18, 2004: Professor Koh Se-kai of Providence University Taiwan, appointed Taiwan unofficial representative to Japan.

May 23, 2004: FM Kawaguchi briefs FM Li on Koizumi's May 22 visit to Pyongyang.

May 24, 2004: Chemical weapons incident in Qiqihar.

May 25, 2004: Shinkansen train unloaded in Kaohsiung.

May 28, 2004: Japanese press reports that China has begun construction of a natural gas drilling facility in an area Tokyo considers to be within Japan's EEZ.

May 29-31, 2004: Chinese patrol ship, *Haixun 21*, participates in a joint exercise conducted by the Japanese Coast Guard and focused on counterterrorism, piracy, and smuggling.

June 1, 2004: Chinese FM spokesperson Liu Jianchao, touching on the Soga family, tells reporters that China is prepared "to play a constructive role" in improving Japan-North Korea relation but China does "not have a position" on the site for a meeting.

June 9, 2004: Japan communicates concern to China that construction of drilling sites for natural gas in East China Sea violates Law of the Sea Convention.

June 9-10, 2004: Japan, China, and South Korea energy ministers attend joint meeting with ASEAN counterparts meet during APEC meeting in Manila to discuss energy issues. This is the first energy ministerial of the ASEAN Plus Three.

June 10, 2004: LDP China Study Group is established; Kakuga Fukushi is appointed chairman of the approximately 20-member group.

June 11, 2004: LDP Working Group on Japan's Maritime Interests issues report calling on government to begin exploration of natural resources on Japan side of the Japan-China EEZ border and development of a comprehensive strategy to deal with issue, including the creation of an intergovernmental committee to deal with related issues.

June 17, 2004: Japan's Health Ministry lifts import restrictions on frozen spinach from China. In May 2003, the ministry asked Japanese companies voluntarily to restrict spinach imports from China because inspections had detected pesticide residue. In November, China responded by implementing a new inspection regime.

June 17, 2004: *Sankei Shimbun* and *Fuji Television* report Chinese construction of a second natural gas drilling test site.

June 21-22, 2004: Foreign ministers of China, Japan, and South Korea meet on the sidelines of Asian Cooperation Dialogue in Qingdao. Kawaguchi-Li, in June 21 bilateral, take up China's gas exploration in East China Sea.

June 23, 2004: Economic, Trade, and Industry Minister Nakagawa Shoichi confirms China natural gas exploration following observation from Coast Guard airplane.

June 25, 2004: Japanese Embassy in Beijing reports Japanese experts conclude chemical weapons clean-up in Qiqihar.

June 25, 2004: Japan Defense Agency sources report Chinese maritime research ship seen operating within Japan's EEZ.

June 22-26, 2004: Six-party talks on North Korea in Beijing.

June 28, 2004: Chinese court sentences Noguchi Takayuki, a member of Japanese NGO Life Funds for North Korean Refugees, to eight months in prison for helping North Korea refugees in China seek refuge in third countries. Noguchi was arrested in December and will be deported upon completion of sentence in August, having been credited with time already served in custody.

June 29, 2004: METI Minister Nakagawa tells reporters that China has failed adequately to respond to Japan's requests for data regarding exploration of the Chunxiao natural gas field and makes clear his intention to conduct survey on the Japanese side of the demarcation line in July.

June 30, 2004: Aichi Prefectural Police arrest Chinese national residing in Gifu City for counterfeiting and selling foreign residency documentation.